City of Houston, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2021

Chris B. Brown, City Controller

OFFICE OF THE CITY CONTROLLER – 118 YEARS OF HOUSTON HISTORY

CITY OF HOUSTON, TEXAS

Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021

Prepared by:

Chris B. Brown, City Controller

Beverly Riggans, Deputy City Controller

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For the Year Ended June 30, 2021

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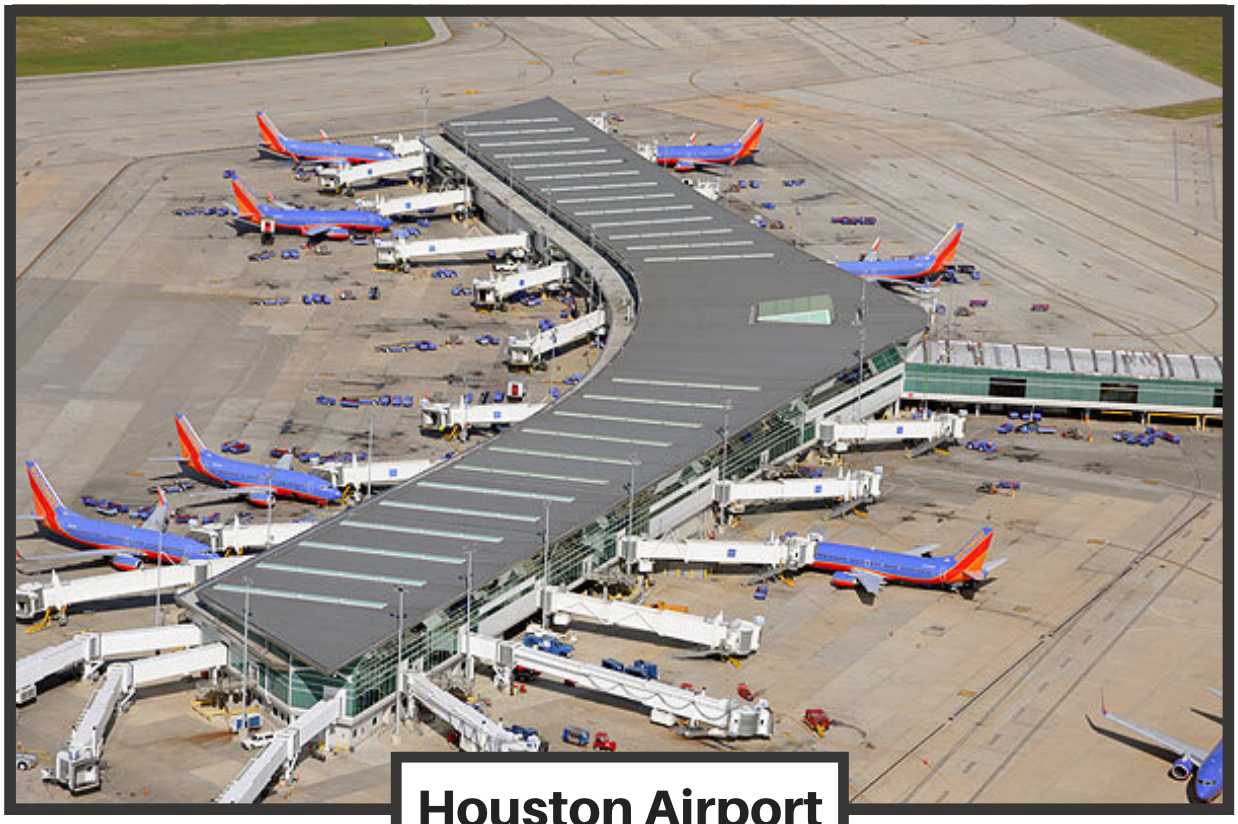


Houston Airport System

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 2021, the Audit Division engaged in 24 Audits and Special Projects that produced 7 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 complete the implementation of a financial transparency solution dubbed "Checkbook HOU", continue the City's move to a paperless approval system for invoices and agreements, and reduce the number of paper checks issued.

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

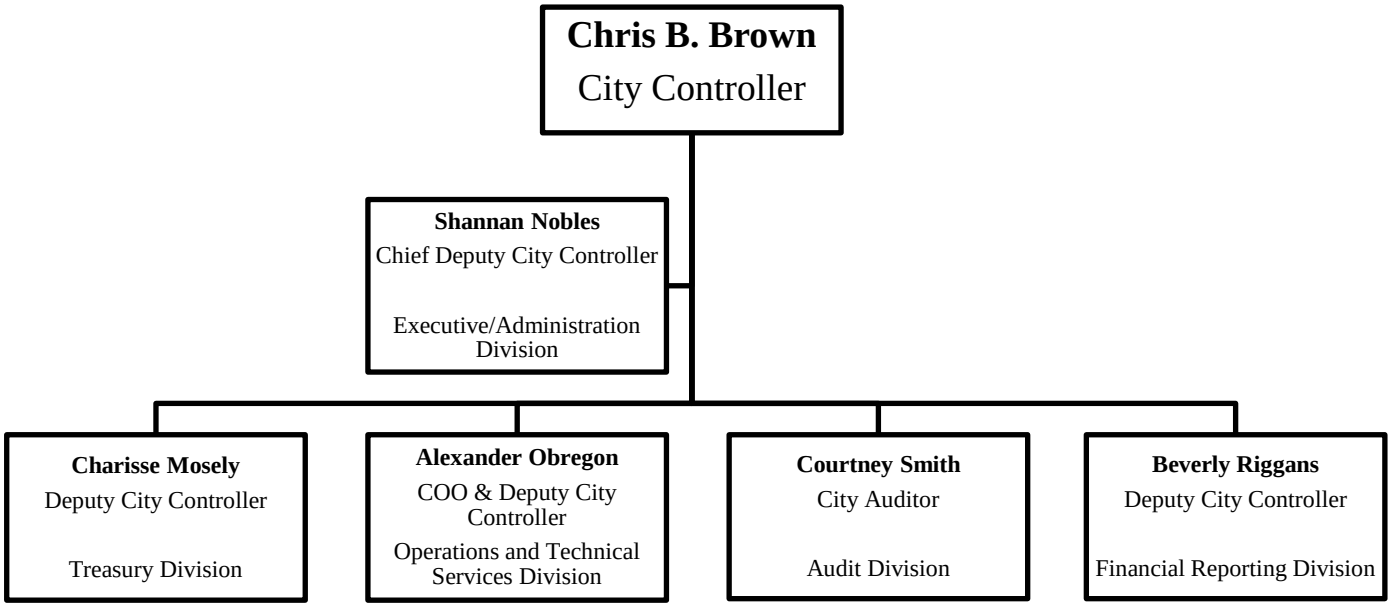
In addition to his professional experience, Chris is actively involved with several organizations in a leadership capacity.

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 played 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



Elected Officials
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Controller Chris B. Brown

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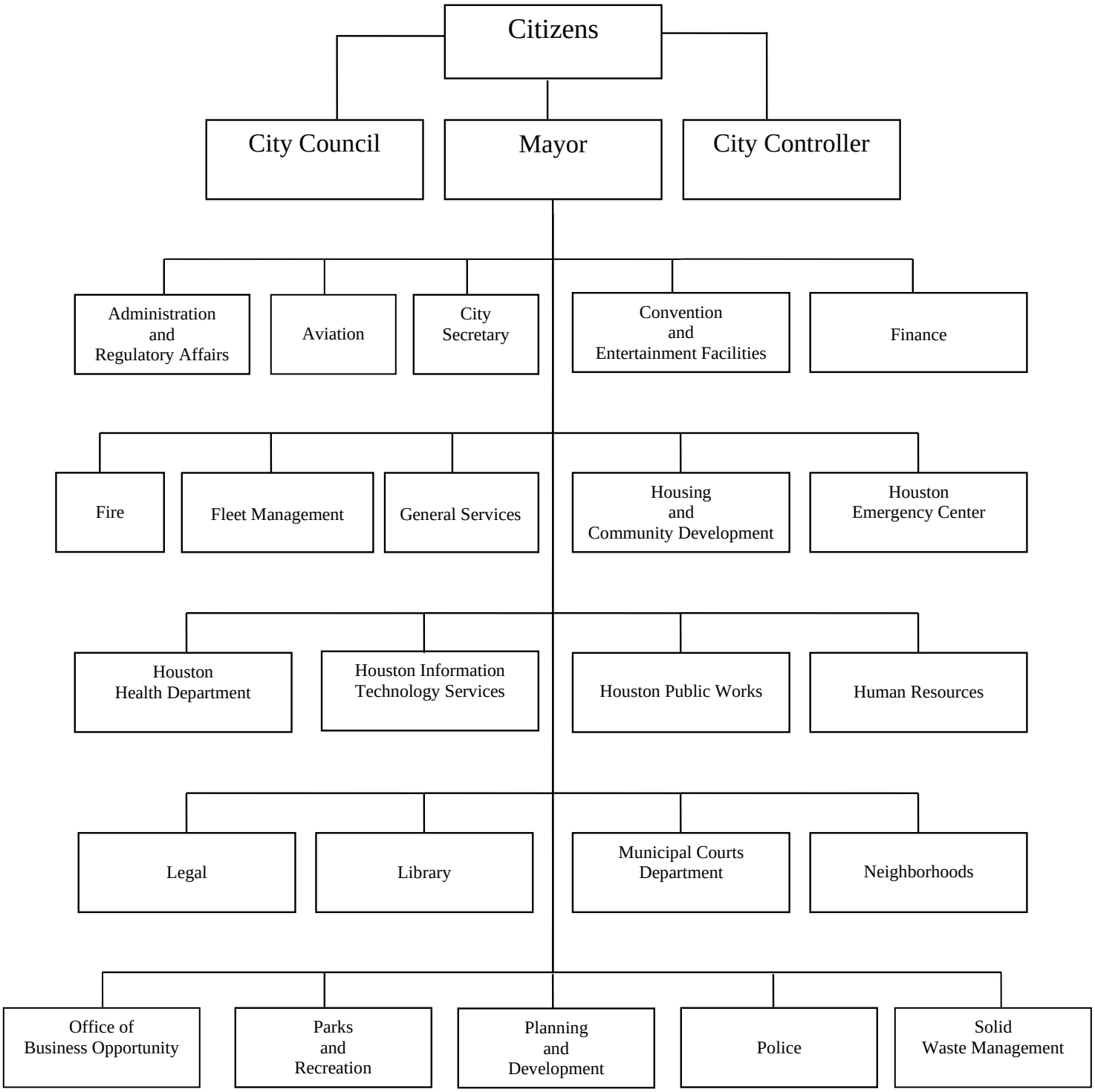
Organization Chart
City Government



Office of the City Controller
City of Houston, Texas

Chris B. Brown

December 10, 2021

Citizens of Houston, Honorable Mayor and City Council Members:

I am pleased to provide you with the Annual Comprehensive Financial Report (ACFR) of the City of Houston, Texas, (the City) for the year ended June 30, 2021, including the independent auditor's report prepared by McConnell & Jones/Banks, Finley, White & Co. The ACFR was prepared by the City Controller's Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the 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 ACFR 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 the 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the audit requirements of the State of Texas *Uniform Grants Management Standards*. These audits are conducted simultaneously with the City's annual financial statement audit. Information related to these Single Audits, including the schedules of 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 2010s 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.

Over the past 18 months, the region has been tasked with responding to the COVID-19 pandemic. The onset of the pandemic at the beginning of calendar year 2020 had a 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 2021, 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 severe and as the region continues the ongoing recovery, it must make supporting the small business community one of its foremost economic priorities.

Even with the pronounced downturn at the outset of the pandemic, the economic recovery has been quicker and more robust than initially expected. More than halfway through the recovery at the end of FY 2021, the region has regained more than half of the jobs lost due to the pandemic. The sectors most impacted by social distancing early in the pandemic are at or near full recovery. How much more room the economy has to run and the extent of the recovery is still tied to the status and spread of the virus, so mitigation measures will continue to be vital to the success of the regional economy going forward.

The Houston metro area's GDP of $512.20 billion 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 uncertainty 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 2021 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 2021, 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. While hiring has picked up steam since the onset of the COVID-19 pandemic, labor shortages are still plaguing the recovery efforts. How effective employers are at recruiting and retaining workers will play an outsized role in reaching a full economic recovery as the acute phase of the pandemic continues to wane.

Population growth: The Houston MSA has seen a loss of population only once in the past 40 years, in 1988 following the loss of 220,000 jobs during that recession. 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-2010s.

Even with that, the Greater Houston region has added just under 100,000 people in each of the past three 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 2021, the City's real estate market continues to hit all-time highs despite – and in parts, because 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 2021, the region saw 10,638 single-family homes sold as compared to 9,362 for the same month year prior. Additionally, the single-family home median sales price of $314,500 represents a 20 percent increase from the same month prior year. As in last year's ACFR, sales volume has increased for homes at all price levels, with the homes priced over $750,000 leading the way. Both the median and SFH average sales price of homes ($314,500 and $395,316, respectively) remain at record levels.

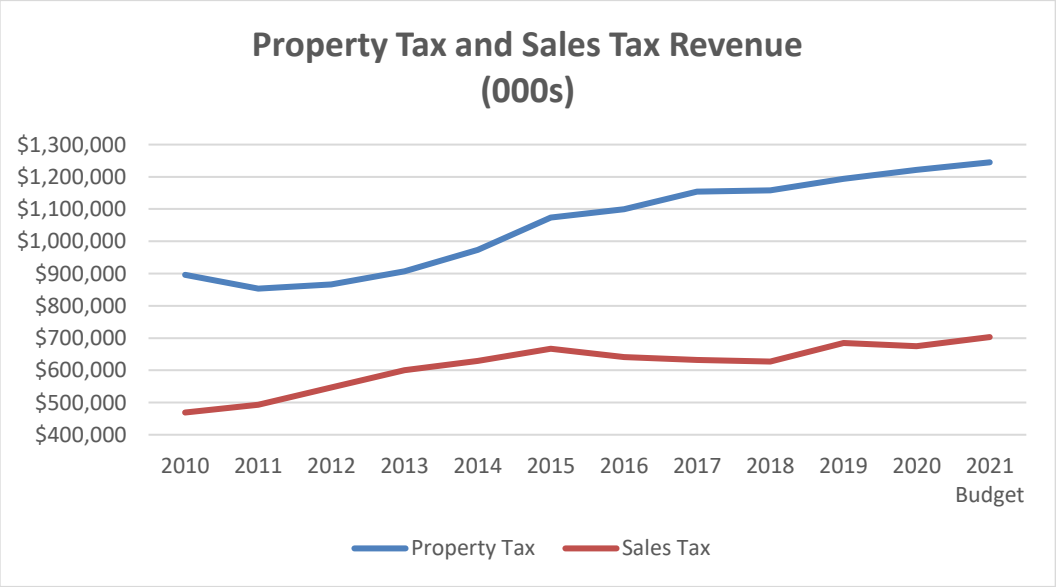
Houston's real estate market continues to be a bright spot for the regional economy as we enter a new fiscal year. Low interest rates, a desire for more space, and a relatively low cost of living continue to drive the strength of the region's real estate market at the end of FY 2021.

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 6 percent below at the end of FY 21. 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, but has reached 60.1 at the end of FY 2021. This is an encouraging sign for the ongoing economic recovery, as readings above 50 signal economic expansion for the next three to four months.

Although the purchase price of a single-family home in metro Houston has risen 70 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 2021 was the seventh 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. The city's sales tax revenue picked up in-line with the rising price of oil but has begun to flatten out as we close out FY 2020. The economic recession caused by the COVID-19 pandemic and a struggling energy sector caused a significant drop in sales tax revenue. That said, the city saw a sharp rebound in sales tax revenue as FY 2021 ended, due in part to the more than $5 trillion in economic stimulus injected into the economy in response to the pandemic, the rapid rollout of vaccines, and increased household spending supported by government stimulus programs.

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 2021 – 2025 CIP calls for the appropriation of $9.15 billion over the five-year period for both enterprise and property tax supported projects. About $7.32 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, 2021, 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 ACFR, the city's unfunded OPEB liability is in excess $2.2 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 annual comprehensive financial report for the fiscal year ended June 30, 2020. This was the 24th 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 annual comprehensive 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 annual comprehensive 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, Aviation, Houston First (formerly, Convention and Entertainment Facilities), and Houston Public Works departments who assisted and contributed to the preparation of this report.

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

Request for Information

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

Chris B. Brown
City Controller

Sources:

COH 2020 Operating Budget
COH 2021-2025 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, 2020

Christopher P. Morrill

Executive Director/CEO

Houston Fire Department

Independent Auditors' 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, 2021, 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.

Auditors' 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 8.9%, (6.4%) and 7.6%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 6.3%, 11.5% and 7.6%, 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, 2021, 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, an error in the revenue recognition methodology for long-term-term joint venture construction contracts, was discovered by management. The error resulted in the misstatement of amounts previously reported for capital contributions, investment income, and their related liabilities as of June 30, 2020. The management of the City appropriately adopted the percentage of completion method during the current fiscal year. Accordingly, amounts reported for capital contributions, investment income and related liabilities have been restated in the year 2020, and an adjustment has been made to net position as of June 30, 2020, to correct the misstatement. 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 140 through 145), Pension System Supplementary Information (pages 146 through 150), and Other Post-Employment Benefits Supplementary Information (pages 150 and 151) 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 10, 2021, 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 10, 2021

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City of Houston, Texas
Management's Discussion and Analysis
June 30, 2021
(Unaudited)

As management of the City of Houston (the "City"), we offer readers of this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2021. Please read this information in conjunction with the basic financial statements that follow this section. The discussion and analysis includes comparative data for the year ended June 30, 2020. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Since the COVID-19 pandemic began, the Federal Government infused more than $5 trillion in economic stimulus into the economy in response to the COVID-19 global pandemic. Of the $404.8 million of CARES Act funds the City received in quarter four of Fiscal Year 2020 from the Federal Government, $393 million has been spent. The funds were used for directly responding to the COVID-19 pandemic but could not be used for revenue replacement.

The Federal Government stimulus programs resulted in the rapid rollout of vaccines and increased household spending, which was great for the Houston economy. As a result, the City saw increased revenue in some areas at almost pre-COVID-19 levels, with revenues increasing by $831 million.

The City was awarded $304 million of the American Rescue Plan Act (ARPA) grant in the last quarter of Fiscal Year 2021, none of which were spent in this reporting period. These funds will be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic.

In addition, the City was awarded a $100 million grant to be used by the City's Housing and Community Development Department for single family affordable housing projects as required by Chapter 311 of the Texas Tax Code. None of those funds were spent in this reporting period.

The Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") signed into law on March 27, 2020 provided $10 billion of assistance to U.S. airports, which was apportioned among such airports based on various formulas. The Houston Airport System, (the "Airport System"), a department of the City is eligible to receive a total of $200.2 million of CARES Act funds, on a reimbursement basis, through the Federal Aviation Administration (the "FAA") over a four-year period per the CARES Act. In addition, the Coronavirus Response and Relief Supplemental Appropriation Act ("CRRSA Act"), passed by the U.S. Congress on December 27, 2020, provided relief to airports to prevent, prepare for, and respond to the COVID-19 pandemic, including relief from rent and minimum annual guarantees for eligible airport concessions at various airports. The Airport System and its airport concessions are eligible to receive approximately $45.8 million and $6.2 million, respectively, of CRRSA Act funds on a reimbursement basis over a four-year period. Furthermore, the American Rescue Plan Act of 2021 ("ARPA") was signed into law by the President of the United States on March 11, 2021 to provide additional financial assistance to the airports. The Airport System and its concessions are eligible to receive approximately a total of $181.0 million and $24.8 million, respectively, of ARP Act funds, on a reimbursement basis, over a 4-year period. As of and for the year ended June 30, 2021, no CRRSA Act or ARP Act funds were expended by the Airport System. The Airport System has appropriated through the CARES Act, $200 million on a reimbursement basis. The Airport System 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, 2021 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources $3.6 billion. This is a net increase from the prior year of $2 billion and is mainly attributed to $404 million in unspent grant funds, $750 million in amounts due from other governments and firefighter's net pension asset of $291 million.
- The net position of governmental activities increased by $877 million. The increase is primarily attributed to reductions in the pension liability.
- The City's unrestricted net position is a deficit of $7.3 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's total expenses were $5 billion compared to $5.5 billion in the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City basic financial statements are comprised of three components: (1) government-wide financial statements, (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's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, 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 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 that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health, housing and community development, parks and recreation, and library. The business-type activities of the City include the airport system, combined utility system and convention & entertainment facilities.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate component units for which the City 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, and therefore have been included as an integral part of the primary government.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the 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 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 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 uses enterprise funds to account for its aviation system, combined utility system and the convention and entertainment facilities. The City 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 airport system, combined utility system and convention and entertainment facilities, all of which are considered to be major funds for the City. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

Notes to the financial statements. The notes (see separate tab of same name) provide additional information that is essential to a full understanding of the data provided in the 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's progress in funding its obligation to provide pension benefits to its employees; and other post- employment benefits.

Net Position
June 30, 2021
(With comparative totals for 2020)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	$ 2,798	$ 2,110	$ 5,347	$ 4,886	$ 8,145	$ 6,996
Capital assets	8,455	8,283	11,626	10,959	20,081	19,242
Total assets	11,253	10,393	16,973	15,845	28,226	26,238
Deferred outflows of resources	841	1,043	417	529	1,258	1,572
Long-term liabilities	7,509	10,253	12,670	12,978	20,179	23,231
Other liabilities	1,500	1,277	891	1,143	2,391	2,420
Total liabilities	9,009	11,530	13,561	14,121	22,570	25,651
Deferred inflows of resources	2,808	506	499	98	3,307	604
Net position						
Net investment in capital assets,	6,333	5,993	1,521	1,111	7,854	7,104
Restricted	1,713	412	1,356	1,440	3,069	1,852
Unrestricted (deficit)	(7,769)	(7,005)	453	(396)	(7,316)	(7,401)
Total net position (deficit)	$ 277	$ (600)	$ 3,330	$ 2,155	$ 3,607	$ 1,555

Government-wide Financial Analysis

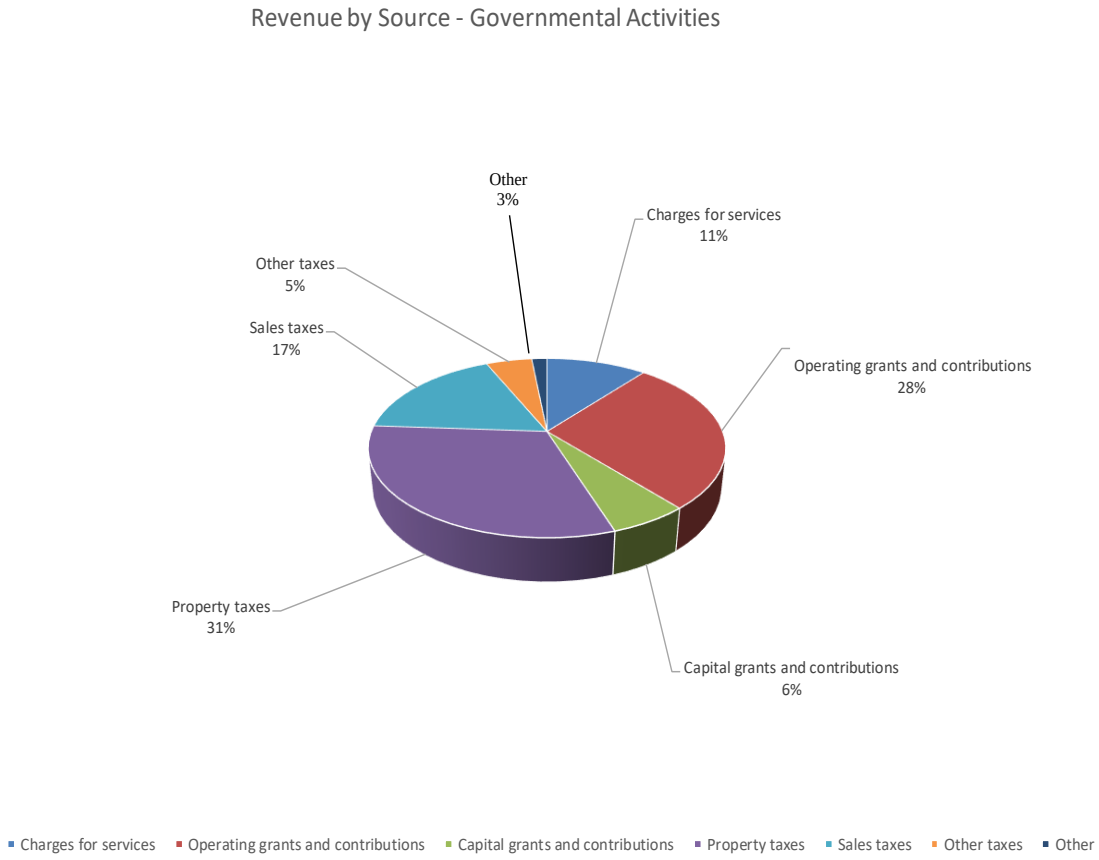
As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, on a government-wide basis, assets and deferred outflows were higher than liabilities and deferred inflows by $3.6 billion at the close of the most recent fiscal year.

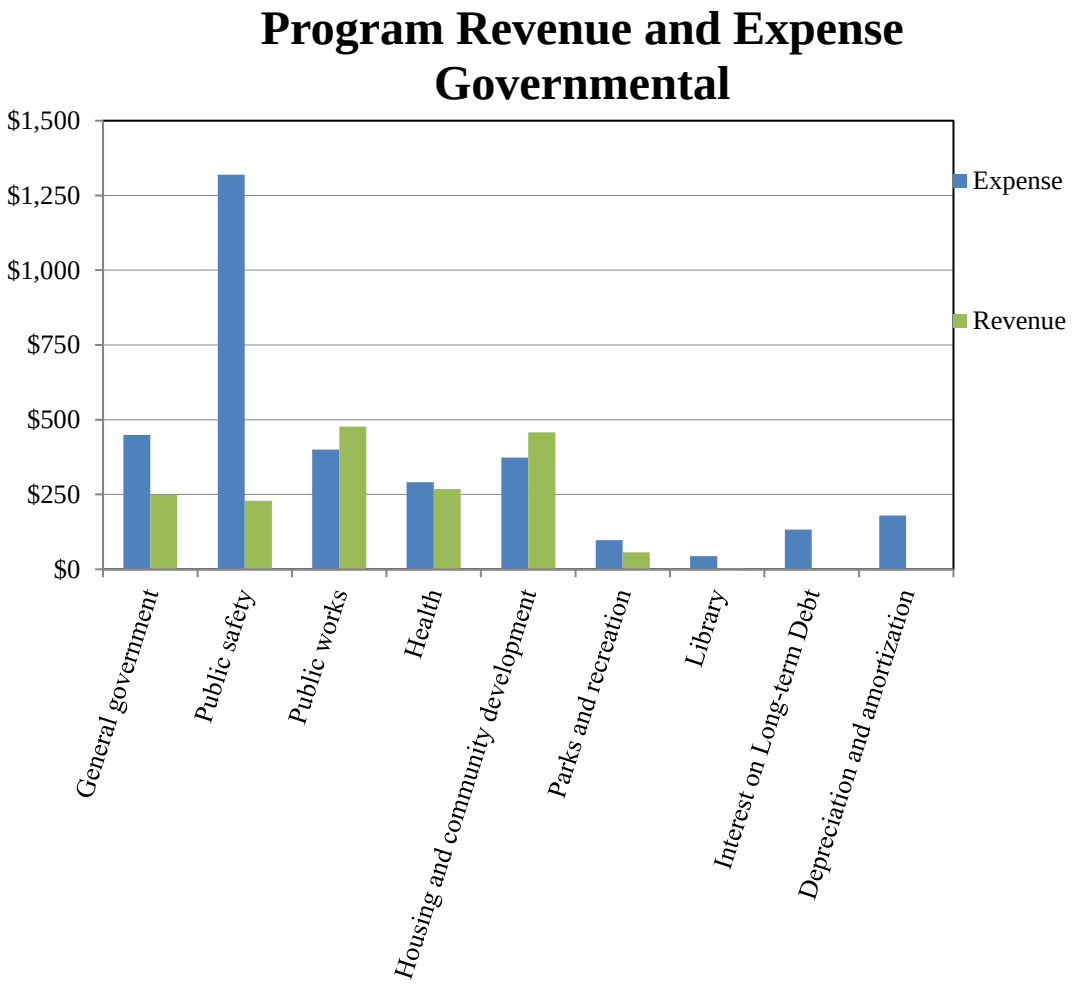
The largest portion of the City's net position is net investment in capital assets of approximately $7.9 billion (e.g., land, building, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used represents $3 billion of the City's net position.

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program Revenues:						
Charges for services	$ 440	$ 478	$ 1,489	$ 1,673	$ 1,929	$ 2,151
Operating grants and contributions	1,139	592	222	25	1,361	617
Capital grants and contributions	246	208	433	36	679	244
General revenues:						
Property taxes	1,270	1,223	-	-	1,270	1,223
Sales taxes	707	684	-	-	707	684
Other taxes	201	228	47	67	248	295
Other	67	106	77	172	144	278
Gain (loss) on sale of asset	1	16	-	-	1	16
Total revenues	4,071	3,535	2,268	1,973	6,339	5,508
Expenses:						
General government	447	519	-	-	447	519
Public safety	1,298	2,058	-	-	1,298	2,058
Public works	397	408	-	-	397	408
Health	290	172	-	-	290	172
Housing and community development	372	137	-	-	372	137
Parks and recreation	97	112	-	-	97	112
Library	43	55	-	-	43	55
Interest on Long-term Debt	134	143	-	-	134	143
Depreciation and amortization	179	163	-	-	179	163
Airport System	-	-	586	631	586	631
Convention & Entertainment Facilities	-	-	76	90	76	90
Combined Utility System	-	-	1,052	1,033	1,052	1,033
Total expenses	3,257	3,767	1,714	1,754	4,971	5,521
Change in net position before contributions, special items and transfers	814	(232)	554	219	1,368	(13)
Contributions	-	-	-	-	-	-
Transfers	63	52	(63)	(52)	-	-
Change in net position	877	(180)	491	167	1,368	(13)
Net assets, July 1 as previously reported	(600)	(998)	2,155	1,970	1,555	972
Prior period adjustment	-	578	684	18	684	596
Beginning net position July 1	(600)	(420)	2,839	1,988	2,239	1,568
Net position (deficit) June 30	$ 277	$ (600)	$ 3,330	$ 2,155	$ 3,607	$ 1,555

Governmental activities. Governmental activities increased the City's net position from Fiscal Year 2020 by $877 million. The key elements of this change are as follows:

- Revenues were up from Fiscal Year 2020 by 536 million, while expenses decreased by $510 million.
- The City saw increases 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.





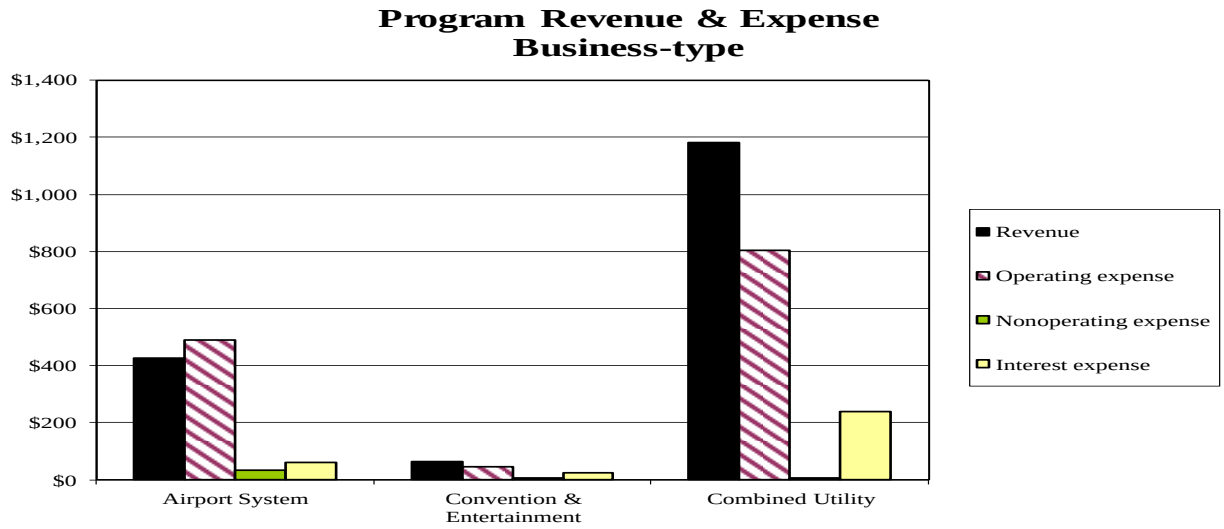
Business-type activities. Business-type activities increased the City's net position during the year by $493 million. The cumulative effect of the implementation of a prior period adjustment in the Combined Utility System (see note 16) increased net position by $684 million, resulting in an overall increase from the prior year of $1.177 million.

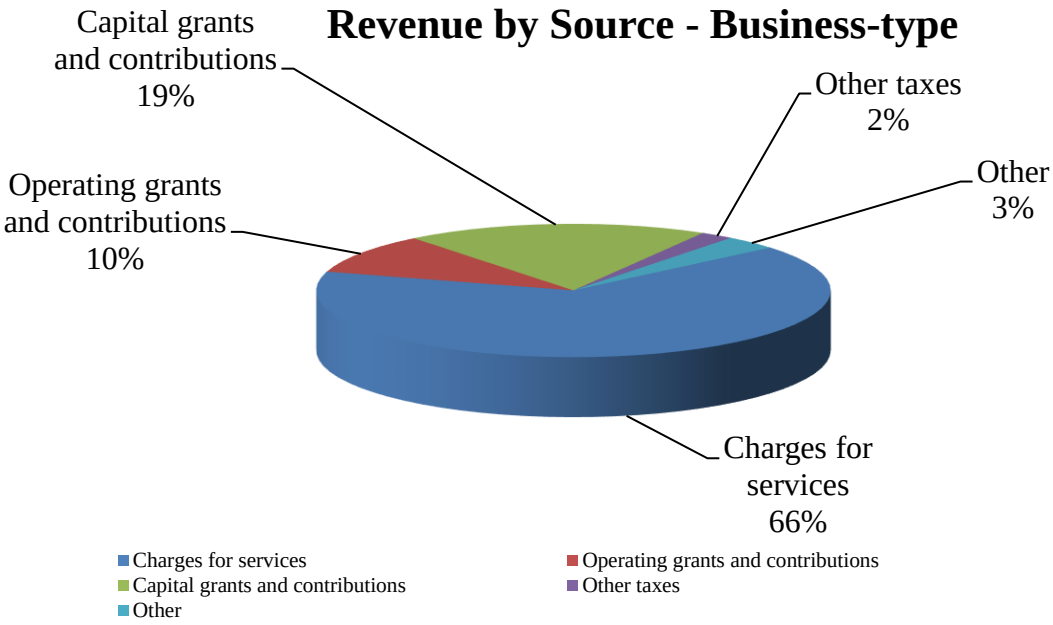
Key elements of this change are as follows:

- The Airport System's operating expenses were down by 10.4%, from $546 million to $489 million. Operating revenues were down by 32.5% from $472 million to $319 million, due to decreases in landing fees, rentals, parking, and concession fees as enplaned passengers decreased by approximately 31.9% due to COVID-19 pandemic. Nonoperating revenues were up 75.8%, from $154 million to $272 million due mainly to an increase in CARES Act grant, partially offset by decreases in Passenger Facility Charges and Customer Facility Charges.

- Convention & Entertainment operating expenses were down 29% from $62 million to $44 million. Operating revenues were down 33% from $9 million to $6 million due to decreased parking revenue. Hotel occupancy tax was down $20 million.

- The Combined Utility System operating expenses increased by 2.6% from $784 million to $804 million due to an increase in the depreciation and amortization of assets as well as personnel services. Operating revenues decreased by 0.6% from $1.100 billion to $1.093 billion due to a decrease in metered water revenues.


Program Revenue & Expense
Business-type
$1,400
$1,200
$1,000
$800
$600
$400
$200
$0
Airport System
Convention & Entertainment
Combined Utility
Revenue
Operating expense
Nonoperating expense
Interest expense


Revenue by Source - Business-type
Capital grants and contributions 19%
Other taxes 2%
Other 3%
Operating grants and contributions 10%
Charges for services 66%
Charges for services
Operating grants and contributions
Capital grants and contributions
Other taxes
Other

Financial Analysis of the Governmental Funds

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

Governmental funds (see separate tab of same name). The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $1.247 billion. Approximately 25% of this total, or $312 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, $92 million; restricted to pay debt service, $149 million; or a variety of other restricted purposes, $694 million.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was $312 million, while the total fund balance reached $349 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 15% of total general fund expenditures, while total fund balance represents 16% of that same amount. Revenues increased by $26 million while expenditures decreased by $5 million.

Key differences between the general fund activity between prior and current year are as follows:

- Property tax revenue increased by $32 million. Total assessed value of property increased by $14 billion even though the tax rate decreased.
- Sales tax revenue increased by $22 million in part due to the more than $5 trillion in economic stimulus injected into the economy in response to the pandemic, the rapid rollout of vaccines, and increased household spending supported by government stimulus programs.
- Franchise revenue decreased by $15 million due to a 4% decrease in kilowatt hour consumption because of lower commercial and electric demand due to the COVID-19 pandemic.
- Hotel occupancy decreased by $10 million due to the effects of COVID-19.
- Intergovernmental grants increased by $23 million due to ambulance supplemental reimbursements and municipal service fees from tax incremental reinvestment zones.
- Investment income decreased by $16 million due to unrealized losses and lower interest rates.
- $16 million decrease in expenditures due to savings in personnel, supplies and services, and retiree health benefits.

Debt service expenditures for the debt service fund decreased by $30 million. The decrease is due to no new general obligation bond issuances and no debt refunding.

The CARES Act Fund is used to account for the approximately $404.8 million received in fiscal year 2020 from the federal government pursuant to the Coronavirus Aid Relief & Economic Security Act (CARES Act). The funds are to be used for public health expenses such as contact tracing and testing, rent relief for vulnerable populations, 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. As of June 30, 2021, $387.4 million has been spent.

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 $153 million as compared to $169 million a year ag, a decrease of $3 million. Intergovernmental grants decreased by $19 million primarily due a reduction in the completion of Metro projects. Capital outlay increased by $29 million primarily due to an increase in the number and completion of various projects throughout the City.

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 $165 million, a 49% increase. This increase is due primarily to increased housing assistance and health costs related to the COVID-19 pandemic.

The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Plan Act of 2021. The City was awarded $304 million during fiscal year 2021.

The Affordable Housing TIRZ 2021 fund is used by the City's Housing and Community Development Department for single family affordable housing projects as required by Chapter 311 of the Texas Tax Code. The $100 million grant was not spent in Fiscal Year 2021.

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

At the end of the year, the Airport System had an unrestricted fund balance of $10 million, Convention and Entertainment had an unrestricted net position of $32 million and the Combined Utility System had an unrestricted net position of $411 million. The increase in net position for the Airport System for the fiscal year was $29 million. The Convention and Entertainment fund experienced a decrease in net position during the fiscal year of $13 million. The Combined Utility System fund experienced an increase of $481 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's business-type activities.

General Fund Budgetary Highlights

Revenues were above the final budget by $26 million due to increases in property tax by $21 million as a result of increased assessed value of property; increases in sales tax, industrial district and intergovernmental grants totaling $51 million due to the influx of Federal funds into the economy to encourage spending. The decreases in franchise fees, mixed beverage tax, ambulance and charges for services, fines and forfeits and licenses and permits totaled $38 million due to disruptions in services and stay-at-home orders from State Government as a result of the COV-19 pandemic. Additionally, total interest income was $8 million lower because of lower interest rates. The details of the more significant variances are highlighted below:

- $21 million above budget in property tax
- $6 million above budget in industrial assessments
- $32 million above budget in sales taxes
- $4 million below budget in franchise fees
- $5 million below budget in mixed beverage tax
- $8 million below budget in interest revenue
- $5 million below budget in ambulance services
- $15 million below budget in charges for services
- $13 million above budget in intergovernmental grants
- $6 million below budget in fines and forfeits
- $3 million below budget in licenses and permits

Total expenditures for the General Fund were $24 million below the final expenditure budget and is mainly due to savings in personnel, supplies, services and retiree benefits. The details of the more significant variances are highlighted below:

- $13 million under budget in general government
- $2 million above budget in public safety
- $3 million above budget in neighborhoods
- $1 million under budget in health
- $9 million under budget in parks
- $3 million under budget in library
- $4 million under budget in retiree benefits
- $2 million below above in current expenditures

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2021 totaled $20 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges. The City's net investment in capital assets was relatively stable.

Capital Assets
June 30, 2021
(With comparative totals for 2020)
(net of accumulated depreciation, in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land and right of way	$ 2,344	$ 2,318	$ 500	$ 492	$ 2,844	$ 2,810
Buildings, improvements and equipment	2,921	2,817	5,949	5,979	8,870	8,796
Construction in progress	689	567	2,236	1,556	2,925	2,123
Water rights	-	-	847	847	847	847
Runway rights	-	-	-	18	-	18
Garage rights	-	-	13	13	13	13
Intangibles	-	-	23	-	23	-
Infrastructure Assets	8,132	7,934	12,224	11,898	20,356	19,832
Less accumulated depreciation	(5,631)	(5,354)	(10,166)	(9,844)	(15,797)	(15,198)
Total	$ 8,455	$ 8,282	$ 11,626	$ 10,959	$ 20,081	$ 19,241

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

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

- Governmental fund activities recorded a $173 million increase in capital assets for the current year. Buildings, improvements, and equipment increased $104 million, infrastructure assets increased $198 million, while accumulated depreciation increased $277 million.
- Enterprise fund activities increased $667 million for the current year, with construction in progress increasing by $680 million.

Long-term debt: At the end of the current fiscal year, the City had total bonded debt outstanding of $15 billion. The two largest portions of this total are made up of $2.2 billion comprising debt backed by the full faith and credit of the government and $10.7 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's debt represents various long-term contracts and $1.5 billion in pension bonds.

Outstanding Debt
June 30, 2021
(With comparative totals for 2020)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds and commercial paper	$ 2,216	$ 2,310	$ 20	$ 408	$ 2,236	$ 2,718
Pension bonds	1,400	1,422	98	101	1,498	1,523
Special facility bonds	-	-	69	74	69	74
Revenue bonds	-	-	10,650	9,275	10,650	9,275
Other borrowings	29	19	462	891	491	910
Total	$ 3,645	$ 3,751	$ 11,299	$ 10,749	$ 14,944	$ 14,500

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, Fitch's and Kroll's underlying ratings of the City's obligations as of June 30, 2021 are as follows:

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation. The current debt limitation for the City is $30.1 billion, which is significantly in excess of the City's outstanding general obligation debt.

Next Year's Budget and Rates

Highlights of the fiscal year 2022 budget are as follows:

- The property tax rate was decreased to 55.083 cents per $100 of valuation.
- The general fund budget will increase spending by 3.74% from the fiscal 2021 budget. The change is primarily driven by the increase of sales tax revenue due to the economic stimulus program which greatly impacted the economy and the City's budget.
- The Houston economy is expected to see one of its best years ever as the energy and manufacturing sectors continue to rebound from the short recession, bolstering other industries devastated by the COVID-19 pandemic. FY2021 year-over-year sales tax revenue was higher by $22 million. The City expects sales tax revenue to continue to increase in FY2022.
- The FY2022 budget provides funding for health benefits and pension contributions. In addition, the budget includes four new cadet classes for the Fire Department and six new cadet classes for the Police Department, as well as the continuation of one paramedic training class, and the restoration of prior year's funding level from COV-19 eligible redeployment costs that were funded out of the Coronavirus Relief Fund under the 2020 CARES Act.

Request for Information

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

CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION

June 30, 2021
(amounts expressed in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
Assets					
Cash and cash equivalents (Note 3A)	$ 810,474	$ 898,404	$ 1,708,878	$ 142,589	$ 52,531
Investments (Note 3A)	735,605	1,380,595	2,116,200	339,444	25,864
Receivables, net of allowances					
Accounts receivable	262,633	226,690	489,323	44,473	20,073
Hotel occupancy tax receivable	-	17,484	17,484	-	-
Property taxes receivable	43,674	-	43,674	146,792	-
Sales taxes receivable	132,924	-	132,924	-	-
Mixed beverage taxes receivable	3,302	-	3,302	-	-
Franchise taxes receivable	10,276	-	10,276	-	-
Special assessments receivable	8,049	93	8,142	26	-
Accrued interest and other	-	-	-	1,420	629
Due from component units	-	45,431	45,431	-	-
Internal balances	32,626	(32,626)	-	-	-
Due from other governments	298,048	611,909	909,957	699	100
Inventory	23,654	14,670	38,324	251	-
Prepaid items	3,395	14,918	18,313	2,953	7,265
Notes receivable	30,100	-	30,100	-	-
Restricted:					
Cash and cash equivalents (Note 3A)	-	260,205	260,205	-	26,485
Investments (Note 3A)	-	1,290,723	1,290,723	12,745	63,441
Receivables and deposits	-	15,415	15,415	834	125,086
Due from component units	-	305,957	305,957	-	-
Property held for sale	-	-	-	44,186	-
Amounts held by other governments	-	12,070	12,070	-	
Lease asset receivable	38,141	284,344	322,485	-	61,594
Lease ROU, net of accumulated amortization	73,746	262	74,008	205	14,260
Due from primary government	-	-	-	17,687	-
Firefighter's net pension asset	291,003	-	291,003	-	-
Capital assets:					
Land and right-of-way	2,326,946	500,221	2,827,167	141,950	42,680
Buildings	1,405,842	3,777,674	5,183,516	199,254	947,170
Improvements and equipment	1,515,140	2,170,726	3,685,866	-	-
Construction in progress	688,938	2,236,013	2,924,951	35,575	5,143
Water rights	-	847,495	847,495	-	-
Garage rights	-	13,144	13,144	-	-
Rights and intangibles	16,858	23,030	39,888	-	-
Infrastructure assets	8,132,274	12,224,083	20,356,357	-	-
Less accumulated depreciation and amortization	(5,630,975)	(10,166,301)	(15,797,276)	(36,745)	(261,502)
Total assets	$ 11,252,673	$ 16,972,629	$ 28,225,302	$ 1,094,338	$ 1,130,819
Deferred outflows of resources					
Deferred outflows of resources	840,953	416,721	1,257,674	2,277	4,093
Total deferred outflows of resources	$ 840,953	$ 416,721	$ 1,257,674	$ 2,277	$ 4,093

(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, 2021
(amounts expressed in thousands)

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Governmental	Business-type
Liabilities					
Accounts payable and accrued expenditures	$ 218,822	225,230	$ 444,052	$ 55,275	$ 18,846
Accrued payroll liabilities	91,132	11,679	102,811	192	1,284
Cost of issuance	-	1,196	1,196	-	-
Accrued interest payable	53,955	81,221	135,176	9,220	4,811
Due to other governments	5,073	3,028	8,101	12,579	-
Other liabilities	-	-	-	-	1,384
Advances and deposits	17,791	55,970	73,761	1,247	-
Unearned revenue	534,945	8,278	543,223	4,835	1,027
Due to component units	-	30,654	30,654	-	-
Due to primary government	-	-	-	-	44,939
Contracts and retainages payable	-	66,044	66,044	31,701	10,673
Contracts payable - debt current maturities	-	8,581	8,581	-	-
Non-current liabilities					
Due within one year					
Notes payable	195	1,068	1,263	27,457	20,402
Bonds payable	164,926	362,305	527,231	52,761	-
Claims and judgments	44,142	3,572	47,714	-	-
Compensated absences	167,650	15,763	183,413	-	-
Lease liability	6,574	143	6,717	728	2,212
Construction billings and retainages	-	-	-	3,570	-
Special facility bonds payable	-	7,505	7,505	-	-
Commercial paper	173,600	-	173,600	-	-
Arbitrage rebate liability	-	2,818	2,818	-	-
Other liabilities	-	1,947	1,947	-	-
Pension bonds payable	21,374	3,554	24,928	-	
Due in more than one year					
Notes payable	28,694	13,353	42,047	95,818	490,112
Bonds payable	1,806,276	10,287,853	12,094,129	783,673	-
Claims and judgments	152,957	3,699	156,656	-	-
Compensated absences	340,846	19,038	359,884	1,458	-
Contracts payable	-	441,265	441,265	-	-
Special facility bonds payable	-	60,680	60,680	-	-
Commercial paper	71,000	20,000	91,000	-	-
Due to other governments	-	8,228	8,228	-	-
Unearned revenue	-	701,215	701,215	-	15,579
Lease liabilities	75,066	123	75,189	31,783	12,017
Arbitrage rebate liability	-	2,883	2,883	-	-
Accrued interest payable	-	49,398	49,398	-	-
SWAP liability	-	214,123	214,123	-	-
Pension obligation bonds payable	1,378,754	93,948	1,472,702	-	-
Other post employment benefits liability	2,323,042	306,602	2,629,644	-	-
Municipal net pension liability	1,125,621	447,355	1,572,976	-	-
Police officers' net pension liability	206,586	-	206,586	-	-
Total liabilities	$ 9,009,021	$ 13,560,319	$ 22,569,340	$ 1,112,297	$ 623,286
Deferred inflows of resources					
Deferred inflows of resources	2,808,059	498,641	3,306,700	-	78,754
Total deferred inflows of resources	$ 2,808,059	$ 498,641	$ 3,306,700	$ -	$ 78,754
Net position					
Net investment in capital assets	6,333,063	1,521,493	7,854,556	246,572	326,621
Restricted net position					
Restricted for debt service	107,530	492,371	599,901	97,265	6,230
Restricted for renewal and replacement	-	10,000	10,000	-	-
Restricted for maintenance and operations	-	159,416	159,416	3,555	-
Restricted for others' capital improvement	-	52,362	52,362	-	-
Restricted for capital improvement	365,868	642,248	1,008,116	47,415	-
Other restricted	1,239,143	-	1,239,143	97,584	67,492
Unrestricted (deficit)	(7,769,058)	452,500	(7,316,558)	(508,073)	32,529
Total net position (deficit)	$ 276,546	$ 3,330,390	$ 3,606,936	$ (15,682)	$ 432,872

* 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, 2021
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 446,806	$ 57,546	$ 193,291	$ -
Public safety	1,298,153	120,269	108,287	-
Public works	396,938	231,258	112,451	128,294
Health	289,922	21,463	247,250	-
Housing and community development	372,492	-	457,740	100,000
Parks and recreation	96,721	9,372	16,597	17,627
Library	43,135	295	2,908	-
Interest and fiscal charges	134,277	-	-	-
Unallocated depreciation expense	179,046	-	-	-
Total governmental activities	3,257,490	440,203	1,138,524	245,921
Business-type activities				
Airport System	585,528	389,865	187,369	24,757
Convention & Entertainment facilities	75,561	6,100	-	-
Combined Utility System	1,052,061	1,092,740	34,559	408,344
Total business-type activities	1,713,150	1,488,705	221,928	433,101
Total primary government	$ 4,970,640	$ 1,928,908	$ 1,360,452	$ 679,022
Component Units				
Governmental	$ 428,133	$ 21,976	$ 61,712	$ 30,065
Business-type	200,855	85,851	82,739	-
Total component units activities	$ 628,988	$ 107,827	$ 144,451	$ 30,065

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 on disposal of asset
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Change in reporting entity
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					
Governmental Activities	Business-type Activities	Total	Component Units		
			Governmental	Business-type	
$ (195,969)	$ -	$ (195,969)	$ -	$ -	
(1,069,597)	-	(1,069,597)	-	-	
75,065	-	75,065	-	-	
(21,209)	-	(21,209)	-	-	
185,248	-	185,248	-	-	
(53,125)	-	(53,125)	-	-	
(39,932)	-	(39,932)	-	-	
(134,277)	-	(134,277)	-	-	
(179,046)	-	(179,046)	-	-	
(1,432,842)	-	(1,432,842)	-	-	
-	16,463	16,463	-	-	
-	(69,461)	(69,461)	-	-	
-	483,582	483,582	-	-	
-	430,584	430,584	-	-	
(1,432,842)	430,584	(1,002,258)	-	-	
-	-	-	(314,380)	-	
-	-	-	-	(32,265)	
-	-	-	(314,380)	(32,265)	
960,257	-	960,257	214,412	748	
309,678	-	309,678	-	-	
25,435	-	25,435	-	-	
706,829	-	706,829	-	-	
154,093	-	154,093	-	-	
14,561	-	14,561	-	-	
7,444	47,449	54,893	1,575	-	
2,463	13,916	16,379	4,784	4,566	
64,537	63,371	127,908	245	13,778	
799	-	799	-	-	
63,433	(63,433)	-	-	-	
2,309,529	61,303	2,370,832	221,016	19,092	
876,687	491,887	1,368,574	(93,364)	(13,173)	
(600,141)	2,154,856	1,554,715	69,301	460,930	
-	-	-	833	(14,885)	
-	683,647	683,647	7,548	-	
(600,141)	2,838,503	2,238,362	77,682	446,045	
(600,141)	2,838,503	2,238,362	77,682	446,045	
$ 276,546	$ 3,330,390	$ 3,606,936	$ (15,682)	$ 432,872	

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

CITY OF HOUSTON, TEXAS

BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2021
(amounts expressed in thousands)

	General	Debt Service	Capital Projects	CARES Act
Assets				
Cash and cash equivalents	$ 129,172	$ 102,603	$ 71,841	$ 22,891
Investments	112,133	46,204	192,715	-
Receivables, net of allowances				
Accounts receivable	115,583	-	1	-
Property taxes receivable	43,674	-	-	-
Sales taxes receivable	132,924	-	-	-
Mixed beverage taxes receivable	3,302	-	-	-
Franchise taxes receivable	10,276	-	-	-
Special assessments receivable	8,049	-	-	-
Lease asset receivable	38,141	-	-	-
Due from other funds	79,759	250	6,757	17
Due from other governments	8,185	300	37,745	-
Inventory	20,893	-	-	-
Prepaid items	2,734	-	61	-
Notes receivable	-	-	7,600	-
Total assets	$ 704,825	$ 149,357	$ 316,720	$ 22,908
Liabilities and fund balance				
Liabilities				
Accounts payable	$ 81,994	$ 72	$ 43,530	$ 1,454
Accrued payroll liabilities	79,926	-	-	-
Due to other funds	12,624	-	20,119	4,680
Due to other governments	3,536	-	-	-
Advances and deposits	10,583	-	-	-
Claims and judgments	2,472	-	-	-
Compensated absences	6,400	-	-	-
Unearned revenue	-	-	100,048	16,220
Total liabilities	197,535	72	163,697	22,354
Deferred inflows of resources				
Deferred inflow of resources	157,764	-	-	-
Total deferred inflows of resources	157,764	-	-	-
Fund balance				
Non-Spendable				
Prepaids	2,734	-	61	-
Inventory	20,893	-	-	-
Committed	12,615	-	-	-
Restricted	1,072	149,285	60,636	554
Assigned	-	-	92,326	-
Unassigned	312,212	-	-	-
Total fund balance	349,526	149,285	153,023	554
Total liabilities and fund balance	$ 704,825	$ 149,357	$ 316,720	$ 22,908

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

ARPA Fiscal Recovery Fund	Grants	Affordable Housing TIRZ 2021	Nonmajor Governmental Funds	Total
$ 303,888	$ 26,148	$ 29,534	$ 99,017	$ 785,094
-	-	71,104	260,665	682,821
-	96,574	-	50,472	262,630
-	-	-	-	43,674
-	-	-	-	132,924
-	-	-	-	3,302
-	-	-	-	10,276
-	-	-	-	8,049
-	-	-	-	38,141
-	2,414	-	10,568	99,765
-	227,147	-	24,641	298,018
-	82	-	2,679	23,654
-	600	-	-	3,395
-	22,500	-	-	30,100
$ 303,888	$ 375,465	$ 100,638	$ 448,042	$ 2,421,843
$ -	$ 76,779	$ -	$ 13,362	$ 217,191
-	4,059	-	6,981	90,966
-	17,313	-	10,210	64,946
-	487	-	1,050	5,073
-	262	-	6,946	17,791
-	-	-	-	2,472
-	-	-	28	6,428
303,884	111,744	-	-	531,896
303,884	210,644	-	38,577	936,763
-	-	-	80,727	238,491
-	-	-	80,727	238,491
-	600	-	-	3,395
-	82	-	2,679	23,654
-	-	-	68,760	81,375
4	164,139	100,638	257,299	733,627
-	-	-	-	92,326
-	-	-	-	312,212
4	164,821	100,638	328,738	1,246,589
$ 303,888	$ 375,465	$ 100,638	$ 448,042	

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

1. Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	8,454,691
2. Revenues earned but not available are not recognized as revenues on the fund financial statements	201,022
3. Deferred inflows and outflows related to pension and debt are not recognized on the fund financial statements	(1,929,637)
4. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	21,602
6. Lease assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	73,746
5. Liabilities, including bonds payable, not due and payable in the current period are not reported in the funds	(7,791,467)
Net position of governmental activities	276,546

* 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, 2021
(amounts expressed in thousands)

	General	Debt Service	Capital Projects	CARES Act
Revenues				
Taxes and assessments	$ 2,161,885	$ -	$ -	$ -
Licenses and permits	32,136	-	-	-
Charges for services	152,553	-	-	-
Intergovernmental - grants	67,281	-	44,925	317,370
Fines and forfeitures	18,016	-	-	-
Contributions	500	-	-	-
Investment income (loss)	1,314	(560)	(238)	222
Other	14,150	2,068	14,700	-
Total revenues	2,447,835	1,508	59,387	317,592
Expenditures				
Current				
General government	251,611	-	-	111,408
Public safety	1,460,875	-	-	45,345
Public works	209,759	-	-	12,445
Health	57,208	-	-	83,762
Housing and community development	320	-	-	36,629
Parks and recreation	54,465	-	-	13,660
Library	38,504	-	-	2,475
Retiree benefits	13,290	-	-	-
Capital outlay	35,653	-	290,188	11,496
Debt Service				
Debt service principal	-	212,959	-	-
Debt service interest	2,268	149,349	-	-
Debt service fiscal agent & fees	-	3,348	-	-
Total expenditures	2,123,953	365,656	290,188	317,220
Excess (deficiency) of revenues over (under) expenditures	323,882	(364,148)	(230,801)	372
Other financing sources (uses)				
Issuance of debt	23,000	-	91,000	-
Issuance of debt for capital lease	11,610	-	-	-
Debt service fiscal agent & fees	-	-	-	-
Premium on sale of refunding bonds	-	-	-	-
Sale of capital assets	3,694	-	-	-
Transfers in	69,596	355,163	128,050	-
Transfers out	(440,986)	-	(4,308)	-
Payment to escrow agent for refunded bonds	-	-	-	-
Insurance proceeds	-	-	-	-
Total other financing sources (uses)	(333,086)	355,163	214,742	-
Changes in fund balance	(9,204)	(8,985)	(16,059)	372
Fund balances, July 1	358,730	158,270	169,082	182
Fund balances, June 30	$ 349,526	$ 149,285	$ 153,023	$ 554

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

ARPA Fiscal Recovery Fund	Grants	Affordable Housing TIRZ 2021	Nonmajor Governmental Funds	Total	2020
$ -	$ -	$ -	$ 493	$ 2,162,378	$ 2,133,402
-	-	-	80,659	112,795	119,354
-	-	-	166,459	319,012	310,695
-	620,886	-	132,845	1,183,307	656,699
-	-	-	10,325	28,341	29,664
-	-	100,000	-	100,500	-
4	209	638	1,120	2,709	45,567
-	-	-	31,754	62,672	56,394
4	621,095	100,638	423,655	3,971,714	3,351,775
-	22,515	-	45,155	430,689	447,770
-	25,406	-	49,296	1,580,922	1,546,820
-	17,701	-	159,724	399,629	377,394
-	125,778	-	22,976	289,724	156,884
-	332,127	-	140	369,216	135,419
-	1,442	-	8,007	77,574	83,058
-	83	-	-	41,062	40,435
-	-	-	-	13,290	14,196
-	24,097	-	35,382	396,816	337,810
-	189	-	-	213,148	228,668
-	170	-	-	151,787	164,793
-	-	-	390	3,738	5,760
-	549,508	-	321,070	3,967,595	3,539,007
4	71,587	100,638	102,585	4,119	(187,232)
-	9,724	-	-	123,724	624,690
-	-	-	-	11,610	-
-	-	-	-	-	-
-	-	-	-	-	61,685
-	-	-	92	3,786	22,306
-	-	-	106,808	659,617	660,650
-	(10)	-	(150,880)	(596,184)	(608,280)
-	-	-	-	-	(552,367)
-	-	-	-	-	982
-	9,714	-	(43,980)	202,553	209,666
4	81,301	100,638	58,605	206,672	22,434
-	83,520	-	270,133	1,039,917	1,017,483
$ 4	$ 164,821	$ 100,638	$ 328,738	$ 1,246,589	$ 1,039,917

* 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, 2021
(amounts expressed in thousands)

Net change in fund balances - total governmental funds	$	206,672
Amounts reported for governmental activities in the statement of activities are different because:		
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 $310,285 and net disposal of assets of $2,987 was less than the increase in capital assets of $485,772 in the current period. For capital outlay, the Statement of Revenues, Expenditures and Changes in Fund Balance is $396,816 of which $11,610 is related to right of use assets which were offset by proceeds from financing related to leases. The City also recorded donated capital assets of $100,496 which is recorded as capital contributions in the Statement of Activities.		172,430
Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		201,022
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.		(203,041)
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.		106,726
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.		412,674
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.		(15,114)
Net effect of lease transactions		(4,682)
Change in net position of governmental activities	$	876,687

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

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CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Assets			
Current Assets			
Cash and cash equivalents	$ 275,677	$ 24,258	$ 598,469
Investments	10,260	31,054	1,339,281
Receivables, net of allowances			
Accounts receivable	55,708	13	170,969
Hotel occupancy tax receivable	-	17,484	-
Special assessments receivable	-	-	93
Due from component units	-	45,431	-
Due from other funds	1,523	-	368
Due from other governments	31,934	-	7,242
Inventory	2,079	-	12,591
Prepaid items	5,705	-	6,363
Lease receivable	15,687	1,407	-
Restricted assets			
Cash and cash equivalents	260,168	-	37
Restricted accounts receivable	15,415	-	-
Investments	7,783	-	-
Total current assets	681,939	119,647	2,135,413
Noncurrent Assets			
Investments	6,084	36,136	64,959
Due from component units	-	305,957	-
Prepaid items	173	-	2,677
Lease asset receivable	260,575	6,675	-
Lease right-of-use assets, net of accumulated amortization	235	-	27
Due from other governments	-	-	572,733
Amounts held by other governments	-	-	12,070
Restricted assets	-	-	-
Investments	1,175,761	-	-
Total noncurrent restricted assets	1,442,828	348,768	652,466
Capital assets			
Land	216,100	93,860	190,261
Buildings	3,036,287	566,149	175,238
Improvements and equipment	1,968,479	8,409	193,838
Infrastructure	553,970	334	11,669,779
Construction in progress	409,680	-	1,826,333
Intangibles	23,030	-	-
Water rights	-	-	847,495
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(3,462,330)	(329,998)	(6,373,973)
Net capital assets	2,745,216	351,898	8,528,971
Total noncurrent assets	4,188,044	700,666	9,181,437
Total assets	4,869,983	820,313	11,316,850
Deferred outflows of resources			
Deferred outflows	31,340	1,154	384,227
Total deferred outflows of resources	$ 31,340	$ 1,154	$ 384,227

(Continued)

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

Business-type Activities-Enterprise	Governmental Activities Internal Service Funds
Total	
$ 898,404	$ 25,380
1,380,595	52,784
226,690	3
17,484	-
93	-
45,431	-
1,891	79
39,176	30
14,670	-
12,068	-
17,094	-
260,205	-
15,415	-
7,783	-
2,936,999	78,276
107,179	-
305,957	-
2,850	-
267,250	-
262	-
572,733	-
12,070	-
-	-
1,175,761	-
2,444,062	-
500,221	-
3,777,674	963
2,170,726	-
12,224,083	-
2,236,013	7
23,030	-
847,495	-
13,144	-
(10,166,301)	(638)
11,626,085	332
14,070,147	332
17,007,146	78,608
416,721	-
$ 416,721	$ -

(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, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Liabilities			
Current Liabilities			
Accounts payable	$ 10,383	$ 3	$ 214,844
Accrued payroll liabilities	4,161	-	7,518
Accrued interest payable	41,334	5,270	34,617
Notes payable	1,068	-	-
Contracts and retainages payable	66,044	-	-
Due to other funds	99	-	36,651
Due to component units	-	30,654	-
Due to other governments	1,846	-	1,182
Special facility bonds payable	7,505	-	-
Advances and deposits	2,320	-	53,650
Contracts payable - debt current maturities	-	-	8,581
Cost of issuance payable	1,117	79	-
Claims and judgments	903	-	2,669
Compensated absences	5,477	-	10,286
Arbitrage rebate	-	-	2,818
Pension obligation bonds payable	-	185	3,369
Other liabilities	1,947	-	-
Current lease liability	128	-	15
Revenue bonds payable	75,580	22,058	264,667
Unearned revenue	8,278	-	-
Total current liabilities	228,190	58,249	640,867
Noncurrent liabilities			
Accrued interest payable	-	-	49,398
Revenue bonds payable	2,346,426	612,390	7,329,037
Special facility bonds payable	60,680	-	-
Claims and judgments	2,174	-	1,525
Compensated absences	8,541	-	10,497
Contracts payable	-	-	441,265
Commercial paper	20,000	-	-
Arbitrage rebate liability	-	-	2,883
Due to other governments	-	-	8,228
Lease liabilities	111	-	12
Municipal pension trust liability	161,545	4,719	281,091
Other post employment benefits	83,494	9,149	213,959
Notes payable	13,353	-	-
SWAP liability	-	-	214,123
Unearned revenue	-	5,733	695,482
Pension obligation bonds payable	2,006	3,009	88,933
Total noncurrent liabilities	2,698,330	635,000	9,336,433
Total liabilities	2,926,520	693,249	9,977,300
Deferred inflows of resources			
Deferred inflows	341,420	17,612	139,609
Total deferred inflows of resources	341,420	17,612	139,609
Net position			
Net investment in capital assets	495,497	31,208	994,788
Restricted net position			
Restricted for debt service	384,267	36,136	71,968
Restricted for renewal and replacement	10,000	-	-
Restricted for maintenance and operations	54,232	11,756	91,195
Restricted for others' capital improvement	52,362	-	-
Restricted for capital improvements	627,464	-	14,784
Unrestricted	9,561	31,506	411,433
		-	
Total net position	$ 1,633,383	$ 110,606	$ 1,584,168
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 *

Business-type Activities-Enterprise Total	Governmental Activities Internal Service Funds
$ 225,230	$ 1,631
11,679	166
81,221	-
1,068	-
66,044	-
36,750	39
30,654	-
3,028	-
7,505	-
55,970	-
8,581	-
1,196	-
3,572	34,587
15,763	189
2,818	-
3,554	-
1,947	-
143	-
362,305	-
8,278	3,049
927,306	39,661
49,398	-
10,287,853	-
60,680	-
3,699	15,000
19,038	112
441,265	-
20,000	-
2,883	-
8,228	-
123	-
447,355	-
306,602	-
13,353	-
214,123	-
701,215	-
93,948	-
12,669,763	15,112
13,597,069	54,773
498,641	-
498,641	-
1,521,493	332
492,371	-
10,000	-
157,183	-
52,362	-
642,248	-
452,500	23,503
3,328,157	$ 23,835
2,233	
$ 3,330,390	

* 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, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Operating Revenues			
Landing area fees	$ 70,578	$ -	$ -
Terminal space rentals	155,598	-	-
Parking	43,815	4,651	-
Concession	42,093	-	-
Other	6,471	-	-
Rental	-	1,449	-
Water/Sewer billing	-	-	1,092,740
Health benefit premiums	-	-	-
Total operating revenue	318,555	6,100	1,092,740
Operating Expenses			
Administrative costs	-	-	-
Claims costs	-	-	-
Maintenance and operating	318,568	30,441	529,971
Depreciation and amortization	170,820	13,418	273,747
Total operating expenses	489,388	43,859	803,718
Operating income (loss)	(170,833)	(37,759)	289,022
Nonoperating revenues (expenses)			
Investment income	1,523	9,083	3,310
Hotel occupancy tax	-	47,449	-
Other revenue	11,078	431	51,862
Gain (loss) on disposal of assets	(27,601)	(5,753)	(1,970)
Interest expense	(62,107)	(25,475)	(239,067)
Cost of issuance	(6,020)	-	(3,502)
CARES grant	187,369	-	-
Passenger facility charges	62,541	-	-
Contributions	-	-	34,559
Customer facility charges	8,769	-	-
Special facility cost	(75)	-	-
Total nonoperating revenues (expenses)	175,477	25,735	(154,808)
Income (loss) before capital contributions and transfers	4,644	(12,024)	134,214
Capital contributions	24,757	-	408,344
Transfers out	-	(1,449)	(61,984)
Total transfers	-	(1,449)	(61,984)
Change in net position	29,401	(13,473)	480,574
Liability resulting from internal service fund's undercharging proprietary funds			
Net change			
Beginning Net Position as previously reported	1,603,982	124,079	419,947
Prior period adjustment	-	-	683,647
Total net position, July 1,	1,633,383	110,606	1,103,594
Total net position, June 30	$ 1,633,383	$ 110,606	$ 1,584,168

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

Total change in net position business-type activities

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	
$ 70,578	$ -
155,598	-
48,466	-
42,093	-
6,471	1,357
1,449	-
1,092,740	-
-	385,662
1,417,395	387,019
-	6,356
-	400,109
878,980	-
457,985	37
1,336,965	406,502
80,430	(19,483)
13,916	(246)
47,449	-
63,371	-
(35,324)	-
(326,649)	-
(9,522)	-
187,369	-
62,541	-
34,559	-
8,769	-
(75)	-
46,404	(246)
126,834	(19,729)
433,101	-
(63,433)	-
(63,433)	-
496,502	(19,729)
	43,564
	-
	23,835
	$ 23,835
(4,615)	
$ 491,887	

* 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, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Cash flows from operating activities			
Receipts from customers	$ 327,039	$ 6,502	$ 1,120,175
Payments to employees	(106,283)	(546)	(196,170)
Payments to suppliers	(168,061)	-	(254,927)
Internal activity-payments (to) from other funds	(69,604)	5	(21,284)
Claims paid	-	-	(2,190)
Due to(from) other governments	-	-	-
Other receipts	6,470	141	51,845
Other payments	-	(26,288)	-
Receipts from component units	-	1,449	-
Receipts from other governments	-	-	58
Net cash provided by (used in) operating activities	(10,439)	(18,737)	697,507
Cash flows from investing activities			
Interest income on investments	15,388	(7,001)	3,310
Purchases of investments	(2,233,546)	(119,878)	(3,397,479)
Sales of investments	2,066,830	136,666	3,452,148
Net cash provided by (used in) investing activities	(151,328)	9,787	57,979
Cash flows from capital and related financing activities			
Retirement of revenue bonds	(795,780)	(88,872)	(221,985)
Lease liabilities	(192)	-	-
Retirement of special facility bonds	(6,240)	-	-
Proceeds from SECO Loan	14,097	-	-
Refunding of revenue bonds	-	-	(401,935)
Retirement of commercial paper	(496,773)	-	(590,000)
Proceeds from issuance of revenue bonds	1,216,043	20,000	1,224,579
Retirement of subordinate lien bonds	-	-	(11,215)
Proceeds from issuance of commercial paper	383,800	-	315,000
Passenger facilities charges	50,319	-	-
Customer facilities charges	8,191	-	-
Retirement of Junior Lien bonds	-	-	(22,405)
Interest expense on debt	(99,233)	23,464	(288,767)
Other income items	11,078	-	-
Proceeds from disposition of assets	-	-	1,901
Proceeds of subordinate lien bonds	-	-	38,000
Grant receipts	4,197	-	-
Retirement of contracts payable	-	-	(8,312)
Acquisition of property, plant and equipment	(174,533)	-	(933,040)
Due from other governments	-	-	331,504
Cost of issuance on debt	(6,020)	-	(4,811)
Special facility cost	(75)	-	-
Net cash provided by (used in) capital and related financing activities	108,879	(45,408)	(571,486)

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Funds
$ 1,453,716	385,499
(302,999)	(6,280)
(422,988)	(424)
(90,883)	(95)
(2,190)	(394,973)
-	(5)
58,456	1,356
(26,288)	-
1,449	-
58	-
668,331	(14,922)
11,697	(246)
(5,750,903)	(131,272)
5,655,644	144,665
(83,562)	13,147
(1,106,637)	-
(192)	-
(6,240)	-
14,097	-
(401,935)	-
(1,086,773)	-
2,460,622	-
(11,215)	-
698,800	-
50,319	-
8,191	-
(22,405)	-
(364,536)	-
11,078	-
1,901	-
38,000	-
4,197	-
(8,312)	-
(1,107,573)	(7)
331,504	-
(10,831)	-
(75)	-
(508,015)	(7)

(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, 2021
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Cash flows from noncapital financing activities			
Proceeds from interfund receivable	-	-	2,005
Interest expense on pension obligation bonds	-	-	(4,959)
CARES grant	180,867	-	-
Retirement of pension bonds	-	(95)	(3,126)
Payments from component unit	-	22,301	-
Hotel occupancy tax revenue	-	35,658	-
Retirement of interfund payable	-	-	(1,003)
Transfers to debt service fund	-	-	(5,049)
Transfers to other funds	-	-	(56,935)
Net cash provided by (used in) noncapital financing activities	180,867	57,864	(69,067)
Net increase in cash and cash equivalents	127,979	3,506	114,933
Cash and cash equivalents, July 1	407,866	20,752	483,573
Cash and cash equivalents, June 30	$ 535,845	$ 24,258	$ 598,506
Cash and cash equivalents			
Pooled cash and cash equivalents (Note 3A)	$ 275,677	$ 24,258	$ 598,469
Current restricted cash and cash equivalents (Note 3A)	260,168	-	37
Total cash and cash equivalents, June 30	$ 535,845	$ 24,258	$ 598,506
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	$ (170,833)	$ (37,759)	$ 289,022
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	170,820	13,418	273,747
Other post employment benefits	(6,623)	9,808	33,143
Other revenues (expenses)	-	431	51,845
Terminal space revenue bond	-	(1,588)	-
Receipts from other governments	-	-	58
Changes in assets and liabilities			
Net due from component unit	-	5	-
Accounts receivable	19,794	4	2,411
Due from other funds	223	-	9,150
Inventory and prepaid insurance	(600)	-	(1,629)
Lease receivable	(11,649)	-	-
Accounts payable	(1,808)	2	(8,624)
Accrued payroll liabilities	610	-	729
Due to (from) other funds	(548)	-	16,088
Advances and deposits	685	-	7,094
Due from other governments	-	-	(832)
Claims and judgments-workers' compensation	1,555	-	1,492
Compensated absences	725	(546)	496
Other current liabilities	841	-	-
Pension obligation payable	(17,899)	(2,220)	4,241
Deferred revenue	-	(292)	-
Deferred inflow - leases	4,268	-	-
Other long-term liabilities	-	-	19,076
Net cash provided by (used in) operating activities	$ (10,439)	$ (18,737)	$ 697,507
Non cash transactions			
Capital additions included in notes payable	$ (67,161)	$ -	$ -
Bond amortization expense	(15,948)	-	-
Unrealized loss on investments	(13,865)	-	-
Donated capital	-	-	(15,817)
Capitalized interest expense	10,248	-	25,832
CAB accretion interest	-	-	8,491
Gain (loss) on disposal of assets	(27,601)	-	1,970
Total non cash transactions	$ (114,327)	$ -	$ 20,476

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Funds
2,005	-
(4,959)	-
180,867	-
(3,221)	-
22,301	-
35,658	-
(1,003)	-
(5,049)	-
(56,935)	-
169,664	-
246,418	(1,782)
912,191	27,163
$ 1,158,609	$ 25,381
$ 898,404	$ 25,381
260,205	-
$ 1,158,609	$ 25,381
$ 80,430	$ (19,483)
457,985	37
36,328	-
52,276	-
(1,588)	-
58	-
5	-
22,209	1
9,373	(79)
(2,229)	-
(11,649)	-
(10,430)	(460)
1,339	(3)
15,540	13
7,779	-
(832)	(8)
3,047	5,237
675	(12)
841	-
(15,878)	-
(292)	(165)
4,268	-
19,076	-
$ 668,331	$ (14,922)
$ (67,161)	$ -
(15,948)	-
(13,865)	-
(15,817)	-
36,080	-
8,491	-
(25,631)	-
$ (93,851)	$ -

* 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, 2021
(amounts expressed in thousands)

	Pension Trust Funds	Private Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	$ 17,779	$ 246	$ 4,781
Investments			
Investments held by trust	-	7,411	-
U.S. government and agency securities	-	-	-
Corporate bonds	-	-	-
Other fixed income securities	2,741,478	-	-
Commingled equity funds	2,295,280	-	-
Common and preferred stock	4,729,348	-	-
Real estate, partnerships and alternatives	5,070,099	-	-
Short-term investment funds	1,364,572	-	10,914
Invested securities lending collateral	226,943	-	-
Receivables, net of allowances			
Accounts receivable	7,111	-	279,594
Contributions	24,217	-	-
Accrued interest and other	10,091	-	-
Other	4,347	-	-
Other Assets	15,024	-	-
Land	5,805	-	-
Building	3,442	-	-
Total assets	16,515,536	7,657	295,289
Liabilities			
Accounts payable	19,803	-	295,160
Advances and deposits	-	-	129
Security lending collateral	226,943	-	-
Foreign funds contracts payable	311	-	-
Other liabilities	7,379	-	-
Total liabilities	254,436	-	295,289
Net position			
Net position held in trust for pension benefits and other purposes	$ 16,261,100	$ 7,657	$ -

* 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, 2021
(amounts expressed in thousands)

	Pension Trust	Private Purpose Trust
Additions		
Contributions:		
City of Houston	$ 413,351	$ -
Plan members	112,947	-
Total contributions	526,298	-
Investment earnings		
Interest and dividends	140,731	-
Net decrease in the fair value of investments	4,070,746	-
Total investment income	4,211,477	-
Less investment expense	(23,446)	-
Net investment income	4,188,031	1,687
Total additions	4,714,329	1,687
Deductions		
Benefits	993,032	-
Refund of contributions	5,260	-
Administrative expense	12,132	-
Total deductions	1,010,424	-
Change in net position	3,703,905	-
Total net position restricted, July 1	12,557,195	5,970
Total net position restricted, June 30	$16,261,100	$ 7,657

* 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, 2021
amounts expressed in thousands

	Greater Greenspoint Redevelopment Authority	Houston Forensic Science, LGC	Lake Houston Redevelopment Authority	Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority
Assets					
Current Assets					
Cash	$ 9,573	$ 1,984	$ 50,497	257	$ 3
Investments					
Equity in pooled cash and investments	15,090	-	-	12,722	19,184
Receivables, net of allowances					
Accounts receivable	-	33	5,648	415	-
Property taxes receivable, net	14,824	-	-	20,484	17,241
Special assessments receivable	-	-	-	-	-
Accrued interest and other	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from primary government	-	400	-	-	-
Due from other governments	-	-	-	-	-
Inventory	-	-	-	-	-
Property Held for resale	-	-	-	-	-
Prepaid items	-	371	-	451	260
Restricted assets					
Investments	-	-	-	-	-
Other receivables	76	-	-	-	1
Due from other governments - grants	-	-	-	-	-
Total current assets	39,563	2,788	56,145	34,329	36,689
Noncurrent Assets					
Restricted assets					
Investments	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-
Right to use assets, net of amortization					
Right to use assets	-	-	-	-	-
Total right to use assets	-	-	-	-	-
Capital assets					
Land	5,506	-	-	-	6,971
Buildings, improvements and equipment	35,126	38,633	-	-	-
Construction in progress	-	-	-	-	-
Less accumulated depreciation and amortization	(8,269)	(5,244)	-	-	-
Total capital assets	32,363	33,389	-	-	6,971
Total assets	71,926	36,177	56,145	34,329	43,660
Deferred outflows of resources					
Deferred outflows of resources	-	-	-	-	-
Total deferred outflows of resources	$ -	$ -	$ -	$ -	$ -
Liabilities					
Current Liabilities					
Accounts payable	2,569	1,722	607	5,887	39
Accrued payroll liabilities	-	-	-	-	-
Accrued interest payable	425	-	-	699	685
Contracts and retainages payable	-	-	24,584	669	100
Notes payable	-	-	-	-	19,231
Lease payable	-	659	-	-	-
Due to other governments	-	-	-	-	2,257
Advances and deposits	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Current liabilities payable from restricted assets					
Bonds payable	1,495	-	-	2,200	5,360
Construction billings and retainages	-	-	-	-	-
Total current liabilities	4,489	2,381	25,191	9,455	27,672
Noncurrent liabilities					
Notes payable	-	-	-	-	-
Bonds payable	30,410	-	49,073	47,437	49,128
Lease payable	-	31,673	-	-	-
Compensated absences	-	1,458	-	-	-
Total Noncurrent liabilities	30,410	33,131	49,073	47,437	49,128
Total liabilities	34,899	35,512	74,264	56,892	76,800
Net position					
Net investment in capital assets	18,221	1,056	-	-	6,971
Restricted net position					
Restricted for debt service	2,734	-	-	8,639	19,074
Restricted for maintenance and operations	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-
Other restricted	-	-	-	-	-
Unrestricted (deficit)	16,072	(391)	(18,119)	(31,202)	(59,185)
Total net position (deficit)	$ 37,027	$ 665	$ (18,119)	$ (22,563)	$ (33,140)

Midtown Redevelopment Authority	OST/Almeda Corridors Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
$ 5,777	$ 69	$ 3,445	$ 221	$ 24,058	$ 46,705	$ 142,589
15,664	64,980	37,024	20,635	-	154,145	339,444
-	-	-	15,510	3,488	19,379	44,473
23,732	10,056	-	-	39,070	21,385	146,792
-	-	-	-	-	26	26
-	-	-	-	1,420	-	1,420
-	-	-	-	-	-	-
-	-	9,552	-	-	7,735	17,687
-	12	-	-	130	557	699
-	-	-	-	-	251	251
44,186	-	-	-	-	-	44,186
-	-	241	-	7	1,623	2,953
-	-	-	-	-	11,663	11,663
528	-	-	-	-	229	834
-	-	-	-	-	-	-
89,887	75,117	50,262	36,366	68,173	263,698	753,017
-	-	-	-	-	1,082	1,082
-	-	-	-	-	1,082	1,082
-	-	-	-	-	205	205
-	-	-	-	-	205	205
14,945	3,154	6,938	13,509	17,101	73,826	141,950
87,486	36	-	-	30,568	7,405	199,254
-	-	-	-	-	35,575	35,575
(11,073)	(35)	-	-	(6,958)	(5,166)	(36,745)
91,358	3,155	6,938	13,509	40,711	111,640	340,034
181,245	78,272	57,200	49,875	108,884	376,625	1,094,338
-	-	194	-	2,083	-	2,277
$ -	$ -	$ 194	$ -	$ 2,083	$ -	$ 2,277
3,078	951	3,033	5,001	20,242	12,146	55,275
-	-	-	-	-	192	192
2,272	795	1,050	72	2,386	836	9,220
4,257	-	-	137	-	1,954	31,701
2,256	-	-	3,000	901	2,069	27,457
-	-	-	-	-	69	728
-	-	-	-	8,690	1,632	12,579
-	-	-	33	-	1,214	1,247
-	-	-	-	-	4,835	4,835
3,640	2,310	2,640	-	32,836	2,280	52,761
-	3,570	-	-	-	-	3,570
15,503	7,626	6,723	8,243	65,055	27,227	199,565
18,934	-	-	30,000	8,972	37,912	95,818
81,364	61,639	81,853	-	290,453	92,316	783,673
-	-	-	-	-	110	31,783
-	-	-	-	-	-	1,458
100,298	61,639	81,853	30,000	299,425	130,338	912,732
115,801	69,265	88,576	38,243	364,480	157,565	1,112,297
63,677	3,154	6,938	13,509	24,658	108,388	246,572
12,541	4,651	2,647	1,926	44,154	899	97,265
-	-	-	-	-	3,555	3,555
3,081	-	28,460	-	-	15,874	47,415
47,408	-	-	-	-	50,176	97,584
(61,263)	1,202	(69,227)	(3,803)	(322,325)	40,168	(508,073)
$ 65,444	$ 9,007	$ (31,182)	$ 11,632	$ (253,513)	$ 219,060	$ (15,682)

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

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2021
amounts expressed in thousands

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Greenspoint Redevelopment Authority	Houston Forensic Science LGC	Lake Houston Redevelopment Authority
Component Units							
Greater Greenspoint Redevelopment Authority	16,982	-	-	-	(16,982)	-	-
Houston Forensic Science LGC, Inc.	30,958	-	30,250	-	-	(708)	
Lake Houston Redevelopment Authority	25,374	-	-	-	-	-	(25,374)
Main Street Market Square Redevelopment Authority	26,552	-	-	-	-	-	-
Memorial City Redevelopment Authority	10,538	-	-	-	-	-	-
Midtown Redevelopment Authority	17,077	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	14,236	-	129	-	-	-	-
Southwest Houston Redevelopment Authority	12,484	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	5,888	1,959	-	-	-	-	-
Uptown Development Authority	169,032	-	-	17,685.00	-	-	-
Nonmajor component units	99,012	20,017	31,333	12,380	-	-	-
Total component units	428,133	21,976	61,712	30,065	(16,982)	(708)	(25,374)
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increments					14,824	-	18,270
Hotel occupancy tax					-	-	-
Unrestricted investment earnings (loss)					-	-	40
Other					176	(92)	-
Total general revenues and transfers					15,000	(92)	18,310
Change in net position					(1,982)	(800)	(7,064)
Net Position (deficit) beginning					39,009	1,465	(11,055)
Net Position (deficit) ending					$ 37,027	$ 665	$ (18,119)
						-	

Net (Expense) Revenue and Change in Net Position

Market Square Redevelopment Authority	Memorial City Redevelopment Authority	Midtown Redevelopment Authority	Corridors Redevelopment Authority	Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
-	-	-	-	-	-	-	-	(16,982)
-	-	-	-	-	-	-	-	(708)
-	-	-	-	-	-	-	-	(25,374)
(26,552)	-	-	-	-	-	-	-	(26,552)
-	(10,538)	-	-	-	-	-	-	(10,538)
-	-	(17,077)	-	-	-	-	-	(17,077)
-	-	-	(14,107)	-	-	-	-	(14,107)
-	-	-	-	(12,484)	-	-	-	(12,484)
-	-	-	-	-	(3,929)	-	-	(3,929)
-	-	-	-	-	-	(151,347)	-	(151,347)
-	-	-	-	-	-	-	(35,282)	(35,282)
(26,552)	(10,538)	(17,077)	(14,107)	(12,484)	(3,929)	(151,347)	(35,282)	(314,380)
20,422	18,148	25,403	11,913	9,551	12,511	46,087	37,283	214,412
-	-	-	-	-	-	-	1,575	1,575
193	27	38	56	86	20	9	4,315	4,784
-	-	(1,737)	106	-	-	-	1,792	245
20,615	18,175	23,704	12,075	9,637	12,531	46,096	44,965	221,016
(5,937)	7,637	6,627	(2,032)	(2,847)	8,602	(105,251)	9,683	(93,364)
(16,626)	(40,777)	58,817	11,039	(28,335)	3,030	(148,262)	200,996	69,301
$ (22,563)	$ (33,140)	$ 65,444	$ 9,007	$ (31,182)	$ 11,632	$ (253,513)	$ 219,060	$ (15,682)

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

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Net Position
June 30, 2021
amounts expressed in thousands

	Houston First Corporation	Houston Housing Finance Corp	Houston Zoo, Inc	Total Component Units
ASSETS				
Cash	$ 15,731	$ 31,885	$ 4,915	$ 52,531
Investments	-	-	25,864	25,864
Receivables, net of allowances				
Accounts receivable	8,138	7,563	4,372	20,073
Accrued interest and other	-	629		629
Prepaid items	6,175	117	973	7,265
Lease receivable	1,884			1,884
Restricted assets				
Investments	39,509	-	-	39,509
Other receivables	3,295	144	54,799	58,238
Due from other governments - grants	-	100	-	100
Total current assets	74,732	40,438	90,923	206,093
Noncurrent Assets				
Restricted cash and cash equivalents	-	384	26,101	26,485
Investments	23,932	-	-	23,932
Receivable and deposits	60,382	6,466	-	66,848
Lease receivable	59,710	-	-	59,710
Right to use lease asset	14,260			14,260
Total noncurrent assets	158,284	6,850	26,101	191,235
Property, plant & equipment				
Land	14,824	27,856	-	42,680
Buildings, improvements and equipment	649,512	54,436	243,222	947,170
Construction in progress	5,143	-	-	5,143
Less accumulated depreciation and amortization	(181,229)	(5,568)	(74,705)	(261,502)
Total property, plant & equipment	488,250	76,724	168,517	733,491
Total assets	721,266	124,012	285,541	1,130,819
Deferred Outflow of Resources				
Deferred outflow of resources	4,093	-	-	4,093
Total deferred outflow of resources				
LIABILITIES				
Current Liabilities				
Accounts payable	$ 16,903	$ 645	$ 1,298	$ 18,846
Accrued payroll liabilities			1,284	1,284
Accrued interest payable	4,811	-	-	4,811
Contracts and retainages payable			10,673	10,673
Due to primary government	44,939	-	-	44,939
Notes payable	19,969	433	-	20,402
Lease payable	2,212			2,212
Other liabilities - current	773	551	60	1,384
Deferred revenue	337	-	690	1,027
Total current liabilities	89,944	1,629	14,005	105,578
Long-term liabilities				
Notes payable	430,291	46,570	13,251	490,112
Lease payable	12,017	-	-	12,017
Deferred revenue	7,050	-	8,529	15,579
Total noncurrent liabilities	449,358	46,570	21,780	517,708
Total liabilities	539,302	48,199	35,785	623,286
Deferred Inflow of Resources				
Deferred inflow of resources	59,551.00	19,203	-	78,754
Total deferred inflow of resources				
Net assets				
Investment in capital assets, net of related debt	162,707	29,720	134,194	326,621
Restricted net assets				
Restricted for debt service	6,230	-	-	6,230
Other restricted	-	-	67,492	67,492
Unrestricted (deficit)	(42,431)	26,890	48,070	32,529
Total equity and other credits	126,506	56,610	249,756	432,872
Total liabilities, equity and other credits	$ 725,359	$ 124,012	$ 285,541	$ 1,134,912

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

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Activities
For the Year Ended June 30, 2021
amounts expressed in thousands

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Component Units			
Houston First Corporation	145,334	52,983	60,712
Houston Housing Finance Corp.	10,183	607	490
Houston Zoo Inc.	45,338	32,261	21,537
Totals	$ 200,855	$ 85,851	$ 82,739

General Revenues:
Taxes
Property Taxes levied for general purposes/tax increments
RG
Contributions
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			
Houston First Corporation	**Houston Housing Finance Corp.**	**Houston Zoo, Inc.**	**Total**
(31,639)	-	-	(31,639)
-	(9,086)	-	(9,086)
-	-	8,460	8,460
(31,639)	(9,086)	8,460	(32,265)
-	748	-	748
-	-	-	-
-	-	-	-
1,562	881	2,123	4,566
8,787	5,213	(222)	13,778
10,349	6,842	1,901	19,092
(21,290)	(2,244)	10,361	(13,173)
147,796	58,854	239,395	446,045
$ 126,506	$ 56,610	$ 249,756	$ 432,872

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Houston Health Department

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2021

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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 Annual Comprehensive Financial Report "(Annual Report)". 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 Annual Report. 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.

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.

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

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Houston First Corporation** ***701 Avenida de las Americas** ***Houston, TX 77010	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.
Houston Housing Finance Corporation** ***9545 Katy Freeway, Suite 105** ***Houston, TX 77024	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.
Houston Zoo, Inc** ***1513 Cambridge Street** ***Houston, TX 77030	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.

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

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
City Park Redevelopment Authority ***c/o TIFWorks, LLC*** ***P.O. Box 10330*** ***Houston, TX 77002***	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.
East Downtown Redevelopment Authority ***c/o Bracewell & Giuliani, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002***	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.
Fifth Ward Redevelopment Authority ***c/o Fifth Ward Community Redevelopment Corporation*** ***4300 Lyons Avenue, Suite 300*** ***Houston, TX 77020***	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.
Fourth Ward 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 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.
****Greater Greenspoint Redevelopment Authority*** ***16800 Greenspoint Park Drive, #160S*** ***Houston, TX 77060***	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.
Greater Houston Convention and Visitors Bureau ***701 Avenida De Las Americas*** ***Houston, TX 77010***	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.
Gulfgate Redevelopment Authority ***c/o Bracewell & Giuliani, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002***	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.

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, 13th Floor*** ***Houston, TX 77002***	A 501(c)(3) non-profit corporation with a mission to enhance the city's quality of life through advancing and investing in the care and humane treatment of animals. The Foundation solicits funds, gifts, and bequests for use at BARC. It promotes awareness to Houston area residents on responsible pet ownership, and the humane treatment of all animals. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will.
Houston Civic Events, Inc ***c/o City of Houston, Mayor's Office of Special Events*** ***901 Bagby Street, 1st Floor*** ***Houston, TX 77002***	A 501(c)(3) non-profit, local government corporation and component unit created specifically to support the City's Civic Celebration Program. Under the existing structure, donations and sponsorship revenues received by the Mayor's Office of Special Events are currently housed with two component units, Houston Parks Board, Inc. and Central Houston Civic Improvement, Inc. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Houston Downtown Park Corporation ***1500 McKinney Street*** ***Houston, TX 77010***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to aid and act on behalf of the City to accomplish the City's governmental purpose of providing for the acquisition, development, operation, and maintenance of a new public park, open space and related amenities and facilities to provide recreational, educational and tourism opportunities within, and beautification of the Central Business District of the City. Additionally, the corporation maintains an enterprise fund to account for the activities of the Discovery Green Parking Garage. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.
****Houston Forensic Science Center, Inc*** ***500 Jefferson Street, 13th Floor*** ***Houston, TX 77002***	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.
Houston Land Bank ***c/o City of Houston, Housing and Community Department*** ***1919 Decatur*** ***Houston, TX 77007***	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.
Houston Media Source ***410 Roberts Street*** ***Houston, TX 77003***	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.
Houston Parks Board LGC, Inc ***300 N. Post Oak Lane*** ***Houston, TX 77024***	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.
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.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
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, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002-2770***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local Government Code to assist the City and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.
Leland Woods Redevelopment Authority II ***c/o Bracewell, LLP*** ***711 Louisiana, Suite 2300*** ***Houston, TX 77002-2770***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local government Code to assist the City, Leland Woods Redevelopment Authority and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.
****Main Street Market Square Redevelopment Authority*** ***909 Fannin, Suite1650*** ***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.

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.
Montrose Redevelopment Authority ***8588 Katy Freeway, Suite 441*** ***Houston, TX 77024***	Montrose Redevelopment Authority was set up as a local government corporation pursuant to provisions of Chapter 431 of the Texas Transportation Code and Chapter 394 of the Texas Local Government Code. The Authority is organized as a public non-profit corporation for the purpose of aiding, assisting, and acting on behalf of the City in the performance of its governmental function to promote the common good and general welfare of Reinvestment Zone Number Twenty-Seven (the "Zone") and neighboring areas and to promote, develop, encourage and maintain housing, educational facilities, employment, commerce and economic development in the City. The Authority may issue bonds with consent of City Council. The Authority is managed by a Board of Directors consisting of seven members who are appointed by the Mayor with the approval of City Council.
Old Sixth Ward Redevelopment Authority ***c/o City of Houston, Mayor's Office of Economic Development*** ***901 Bagby Street, 4th 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/Almeda Corridors Redevelopment Authority*** ***5445 Almeda 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/Almeda Corridors Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.
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.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
South Post Oak Redevelopment Authority ***c/o City of Houston, Mayor's Office of Economic Development*** ***901 Bagby Street, 4th 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.
****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.
****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.

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) ***Capital Projects Fund*** - is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). Such resources are derived principally from proceeds of public improvement bonds and from special assessments.

   (d) ***CARES Act 2020 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.

   (e) ***ARPA Fiscal Recovery Fund*** - The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Plan Act of 2021.

   (f) ***Affordable Housing TIRZ 2021*** - The Affordable Housing TIRZ 2021 fund is used by the City's Housing and Community Development Department for single family affordable housing projects as required by Chapter 311 of the Texas Tax Code.

   (g) ***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 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.

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.

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

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.

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

Assets	Useful Life
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 2021, the capitalized interest cost for the Airport System was $10.2 million and Combined Utility System Fund was $25.8 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:

Assets	Years
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. Leases

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

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

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

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

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

5. Bond Premiums, Discounts and Issuance Costs

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

F. Deferred Outflows and Inflows of Resources

In accordance with 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.

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

		Business Type Activities			
	Governmental Activities	Aviation	Convention & Entertainment	Combined Utility System	Total
Deferred Outflows of Resources from:					
Municipal pension activities	$ 14	$ 2	$ -	$ 3	$ 19
Police pension activities	240,913	-	-	-	240,913
Firefighter's municipal pension activities	325,553	-	-	-	325,553
Deferred Outflows of Resources for pensions	566,480	2	-	3	566,485
OPEB activities - long-term disability	3,107	293	-	566	3,966
OPEB activities - health benefits	247,723	8,827	981	22,699	280,230
Leases	-	-	5	-	5
Unamortized bond refunding costs/SWAP liability	23,643	22,218	168	360,959	406,988
Total Deferred Outflows of Resources	840,953	31,340	1,154	384,227	1,257,674
Deferred Inflows of Resources from:					
Municipal pension activities	(392,506)	(56,331)	(1,646)	(98,017)	(548,500)
Police pension activities	(942,467)	-	-	-	(942,467)
Firefighter's municipal pension activities	(982,285)	-	-	-	(982,285)
Deferred Inflows of Resources for pensions	(2,317,258)	(56,331)	(1,646)	(98,017)	(2,473,252)
OPEB activities - health benefits	(451,124)	(16,075)	(1,786)	(41,336)	(510,321)
OPEB activities - long term disability	(1,407)	(133)	-	(256)	(1,796)
Unearned revenues	(801)	-	-	-	(801)
Unamortized cost on refunded debt	-	-	(6,232)	-	(6,232)
Leases	(37,469)	(268,881)	(7,948)	-	(314,298)
Total Deferred Inflows of Resources	$ (2,808,059)	$ (341,420)	$ (17,612)	$ (139,609)	$ (3,306,700)

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.

2. Fund Balance Summary

A summary of the nature and purpose of governmental fund balances at June 30, 2021 is as follows (in thousands):

								Non-Major Special Revenue Funds						
	General	Debt Service	Capital Projects	Grant	CARES ACT	ARPA	Affordable Housing	Public Safety	Public Works	Health & Housing	Parks	Other	Total Nonmajor	Total
Fund balances:														
Non-spendable:														
Inventory	20,893	-	-	82	-	-	-	-	2,679	-	-	-	2,679	23,654
Prepaid items	2,734	-	61	600	-	-	-	-	-	-	-	-	-	3,395
Total non-spendable	23,627	-	61	682	-	-	-	-	2,679	-	-	-	2,679	27,049
Restricted for:														
Grants and other purposes	-	-	-	-	-	-	-	-	-	-	-	5,275	5,275	5,275
Police special purpose	432	-	-	-	-	-	-	6,196	-	-	-	-	6,196	6,628
Public transit operations	-	-	-	-	-	-	-	-	-	-	-	3,946	3,946	3,946
Affordable housing programs	-	-	-	-	-	-	100,638	-	-	25,919	-	-	25,919	126,557
Health services	640	-	-	164,139	554	4	-	-	-	-	-	60,813	60,813	226,150
Community development	-	-	-	-	-	-	-	-	-	-	163	965	1,128	1,128
Capital construction	-	-	60,636	-	-	-	-	-	141,065	-	-	12,957	154,022	214,658
Debt service	-	149,285	-	-	-	-	-	-	-	-	-	-	-	149,285
Total restricted	1,072	149,285	60,636	164,139	554	4	100,638	6,196	141,065	25,919	163	83,956	257,299	733,627
Committed to:														
Community development	2,023	-	-	-	-	-	-	6	-	-	1,341	423	1,770	3,793
Economic development	-	-	-	-	-	-	-	-	-	-	-	1,945	1,945	1,945
Court operations	-	-	-	-	-	-	-	792	-	-	-	-	792	792
Police special purpose	-	-	-	-	-	-	-	13,598	(4)	-	-	-	13,594	13,594
Emergency services	-	-	-	-	-	-	-	4,996	-	-	-	-	4,996	4,996
Capital construction	7,273	-	-	-	-	-	-	-	-	-	-	-	-	7,273
Public parks and preserves	3,319	-	-	-	-	-	-	-	1,772	-	2,877	-	4,649	7,968
Recycling programs	-	-	-	-	-	-	-	-	1,272	-	-	-	1,272	1,272
Development services	-	-	-	-	-	-	-	-	30,402	-	-	-	30,402	30,402
Health services	-	-	-	-	-	-	-	-	-	7,095	-	-	7,095	7,095
Affordable housing programs	-	-	-	-	-	-	-	-	-	-	-	99	99	99
Public transit operations	-	-	-	-	-	-	-	-	-	-	-	2,146	2,146	2,146
Total committed	12,615	-	-	-	-	-	-	19,392	33,442	7,095	4,218	4,613	68,760	81,375
Assigned:														
Capital construction	-	-	92,326	-	-	-	-	-	-	-	-	-	-	92,326
Total assigned	-	-	92,326	-	-	-	-	-	-	-	-	-	-	92,326
Unassigned:	312,212	-	-	-	-	-	-	-	-	-	-	-	-	312,212
Total	349,526	149,285	153,023	164,821	554	4	100,638	25,588	177,186	33,014	4,381	88,569	328,738	1,246,589

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 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. On February 24, 2021, Ordinance 2021-144 was passed authorizing the appropriation of $10 million from the Budget Stabilization Fund to the Disaster Recovery Fund for immediate relief during Winter Storm Uri. In FY2022, the Budget Stabilization Fund will be fully replenished.

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.

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. Reclassifications

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

K. Internal Service Funds

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

L. New Accounting Pronouncements

In June 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. The City has implemented GASB 87 in this annual report.

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, 2020 as postponed by GASB 95. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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 has implemented GASB 92 in this annual report.

In March 2020, the GASB issued Statement No. 93, "Replacement of Interbank Offered Rates". This Statement establishes accounting and financial reporting requirements related to the replacement of IBORs in hedging derivative instruments and leases. It also identifies 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. 96, "Subscription-Based Information Technology Arrangements". This Statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs)for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

In October 2021, the GASB issued Statement No. 98, "The Annual Comprehensive Annual Report". The statement addresses references in authoritative literature to the term comprehensive annual financial report. The Statement replaces an existing term but does not otherwise establish new accounting and financial reporting requirements. Comprehensive annual financial report has been replaced with annual comprehensive financial report (ACFR). The requirements of this statement are effective for fiscal years ending after December 15, 2021 with earlier application encouraged. The City has implemented GASB 98 in this annual report.

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, 2021 were (in thousands):

Deferred outflows of resources	$	840,953
Deferred inflows of resources		(2,770,590)
	$	(1,929,637)
Internal Service Fund total assets	$	78,608
Internal Service Fund liabilities		(54,773)
Allocation to Proprietary Funds		(2,233)
	$	21,602
Bonds and notes payable	$	(3,644,819)
Accrued interest		(53,955)
Compensated absences not reported at the fund level		(501,767)
Claims and judgments not reported at the fund level		(145,040)
Net pension liability		(1,041,204)
Lease liability		(81,640)
Other post employment benefits obligation		(2,323,042)
	$	(7,791,467)

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, 2021 were (in thousands):

Debt issued:		
Commercial paper	$	(114,000)
Section 108 loans		(9,724)
	$	(123,724)
Repayments:		
Principal payments	$	213,148
	$	213,148
Amortization of:		
Premium	$	17,302
Net adjustment	$	17,302
Total	$	106,726

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

Property taxes earned but not available	$	42,330
Ambulance fees earned but not available		62,782
Fines and forfeits earned but not available		2,917
Other (primarily storm water drainage fees) earned but not available		92,993
Total revenue not reported at fund level	$	201,022
Property taxes for prior periods	$	(26,411)
Ambulance fees for prior periods		(80,510)
Fines and forfeits for prior periods		(2,926)
Other (primarily storm water drainage fees) earned but not available		(93,194)
Total revenue for prior period transactions	$	(203,041)
Accrued interest	$	159
Municipal Employees pension		648,524
Police Officers' pension		1,304,899
Firefighters' pension		1,272,784
Claims and judgments		(13,519)
Deferred inflow from pensions		(2,301,064)
Deferred outflow from pensions		(190,997)
Compensated absences		(21,067)
Arbitrage		605
Other post employment benefits		(287,650)
Total differences in accrued expenses	$	412,674

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
Governmental Funds:						
General	$ 129,081,795	$ 112,132,451	$ 241,214,246	$90,473	$ -	$ 241,304,719
Debt Service	102,573,829	40,278,930	142,852,759	29,606	5,924,809	148,807,174
CARES Act 2020 Fund	22,891,221	-	22,891,221	-	-	22,891,221
ARPA Fiscal Recovery Fund	303,888,224	-	303,888,224	-	-	303,888,224
Affordable Housing	29,533,696	71,104,051	100,637,747	-	-	100,637,747
Capital Projects	71,840,776	192,715,090	264,555,866	-	-	264,555,866
Grants	26,146,589	-	26,146,589	1,000	-	26,147,589
Non-major:						
Health and Housing	9,946,488	23,950,603	33,897,091	-	-	33,897,091
Other Special Revenue	27,940,428	53,343,341	81,283,769	-	-	81,283,769
Parks and Recreation	1,607,762	3,765,087	5,372,849	4,650	-	5,377,499
Public Safety	9,341,649	17,416,394	26,758,043	-	-	26,758,043
Public Works	50,173,605	162,190,629	212,364,234	2,100	-	212,366,334
Enterprise Funds:						
Airport System	484,805,017	1,199,888,433	1,684,693,450	51,039,974	-	1,735,733,424
Convention & Entertainment	24,257,903	67,190,582	91,448,485	-	-	91,448,485
Combined Utility	598,468,988	1,404,240,274	2,002,709,262	37,053	-	2,002,746,315
Internal Service:						
Health Benefits	22,514,529	46,770,196	69,284,725	-	-	69,284,725
Long-term Disability	2,865,913	6,014,408	8,880,321	-	-	8,880,321
Agency:						
City Deposits	36,914	92,348	129,262	-	-	129,262
TIRZ Deposits	4,744,152	10,821,606	15,565,758	-	-	15,565,758
Trust Fund	-	-	-	245,794	7,411,114	7,656,908
Total	$ 1,922,659,478	$3,411,914,423	$ 5,334,573,901	$51,450,650	$ 13,335,923	$5,399,360,474

B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2021. The City held $5.18 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

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

City of Houston Investments As of June 30, 2021	Credit Quality Ratings (1)(2)	Fair Value ($ in millions)	WAM* (years)
U.S. Treasury Securities	AAA	$ 1,605.40	2.513
Govt. Agency Securities (3)	AAA	1,116.87	2.233
Govt. Agency Securities (State of Israel Bond)	AA	10.00	0.088
Govt. Agency Securities (3) (4)	Not Rated	400.61	2.260
Govt. Mortgaged Backed Securities (3) (4)	Not Rated	1.63	0.970
MMF - TexSTAR Cash Reserves	AAA Short Term	708.02	0.101
Commercial Paper	A-1/P-1 Short Term	969.55	0.273
Municipal Securities	AAA Long Term	191.43	2.228
Municipal Securities	AA Long Term	181.49	2.144
Total Investments		$ 5,185.00	

* 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, 2021, this investment portfolio's dollar-weighted average maturity was 1.65 years. Modified duration was 1.63 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 1.63 years would experience approximately a 1.63% 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 20%.

Credit Risk – Securities Lending. Under its securities lending program, the City receives 102% of fair value for its U.S. Treasury securities at the time the repurchase agreements are signed, and agreements are limited to 90 days by policy and have been less than 35 days by practice. At June 30, 2021 there were no securities lending agreements outstanding.

Custodial Credit Risk. The custodial credit risk for investments is the risk that in the event of failure of a counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are not registered in the name of the City, and are held by either the counterparty or the

counterparty's trust department or agent but not in the City's name. As of June 30, 2021, 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:

	Fair Value Measuments Using ($ in millions)			
	6/30/21	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
U.S. Treasury Securities	$ 1,605.40	$ 1,605.40	$ -	$ -
Govt. Agency Securities	1,517.47	-	1,517.47	-
Govt. Agency Securities (Sate of Israel bd)	10.00	-	-	10.00
Govt. Mortgage Backed Securities	1.63	-	1.63	-
Municipal Securities	372.92	-	372.92	-
Commercial Paper	969.55	-	969.55	-
Total Investment by Fair Value Level	$ 4,476.97	$ 1,605.40	$ 2,861.57	$ 10.00
Investments measured at the net asset value (NAV)				
MMF - TexSTAR Cash Reserves	$ 708.02	$ -	$ 708.02	$ -
Total investments measured at the net asset value (NAV)	$ 708.02	$ -	$ 708.02	$ -
Total investments measured at fair value and NAV	**$ 5,184.99**	**$ 1,605.40**	**$ 3,569.59**	**$ 10.00**

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.

City of Houston Investments As of June 30, 2021	Credit Quality Ratings	Fair Value ($ in millions)	WAM
Municipal Securities	AAA Long Term	$ 7.70	485

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, 2021, the pool's dollar-weighted average maturity was 485 days or 1.329 years. Modified duration was 1.231 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, 2021, 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:

	Fair Value Measurements Using ($ in millions)			
	6/30/21	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
Municipal Securities	$ 7.70	$ -	$ 7.70	$ -
Total Investment by Fair Value Level	**$ 7.70**	**$ -**	**$ 7.70**	**$ -**

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.

City of Houston Investments As of June 30, 2021	Credit Quality Ratings	Fair Value ($ in millions)	WAM
U.S. Treasury Bills	F1+	$ 8.00	88 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, 2021, this investment portfolio's dollar-weighted average stated maturity was 88 days. Modified duration was 0.244 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, 2021, 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:

		Fair Value Measurements Using ($ in millions)		
	6/30/21	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
Debt Securities				
U.S. Treasury Bills	$ 8.00	$ 8.00	$ -	$ -
Total Investment by Fair Value Level	**$ 8.00**	**$ 8.00**	**$ -**	**$ -**

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:

City of Houston Investments As of June 30, 2021	Credit Quality Ratings	Fair Value ($ in millions)	WAM
BlackRock Institutional Temporary Liquidity Fund: Balances held for Consolidated Rental Car Facility operations, improvements, debt service	AAA	$ 51.024	36 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service	AAA	0.087	37 days
Total Miscellaneous Money Market Funds		$ 51.111	

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, 2021, 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 investment under the fair value hierarchy follows:

		Fair Value Measurements Using ($ in millions)		
	6/30/21	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments measured at the net asset value (NAV)				
BlackRock FedFund-Institutional	$ 51.024	$ -	$ 51.024	$ -
First American US Treasury MMF	0.087	-	0.087	-
Total investment measured at the net asset value (NAV)	**$ 51.111**	**$ -**	**$ 51.111**	**$ -**

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.

City of Houston Investments As of June 30, 2021	Credit Quality Ratings	Fair Value ($ in millions)	WAM (years)
Cash and Equivalents	Not rated	$ 0.062	N/A
Fixed Income	Not rated	0.986	7.10
Equities	N/A	4.302	N/A
Tangible Assets	N/A	0.022	N/A
Total Assets		$ 5.372	

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 9.7 years. The weighted average maturity for the fixed income portfolio is 7.1 years, and the weighted average duration is 5.3 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, 2021 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.

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

	Fair Value Measurements Using ($ in millions)			
	6/30/21	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
Cash and Equivalents	$ 0.0624	$ 0.0624	$ -	$ -
Fixed Income	0.9863	0.2973	0.6889	-
Equities	4.3024	1.8062	2.4962	-
Tangible Assets	0.0217	-	-	0.0217
Total Investment by Fair Value Level	$ 5.3728	$ 2.1659	$ 3.1851	$ 0.0217

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.

The fair values of the System's investments at June 30, 2021, are presented by type, as follows:

Short-Term Investment Funds	$ 125,346,459
Global Equity	1,185,060,244
Fixed Income	298,808,110
Absolute Return	144,475,395
Inflation Linked	495,943,783
Private Credit	97,343,729
Private Equity	1,110,219,835
Real Estate	383,623,381
Total Investments	$ 3,840,820,936

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, 2021, 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 $262.8 million, representing 6.8% of the System's portfolio as of June 30, 2021. This investment also exceeded the 5% threshold last year. The second security, Blackrock Equity Index Fund A, had a fair value of $224.1 million, representing 5.8% of the portfolio.

At June 30, 2021, the following table shows the System's investments by type, amount and the effective duration rate.

	Effective Duration	Domestic	International	Fair Value
Collateralized mortgage obligations	3.9	$ 11,009,455	$ -	$ 11,009,455
Convertible bonds	0.8	4,702,199	-	4,702,199
Corporate bonds	5.0	109,602,096	23,435,466	133,037,562
GNMA/FNMA/FHLMC	3.2	22,441,035	-	22,441,035
Municipal	N/A	-	-	-
Government issues	8.5	29,903,714	931,460	30,835,173
Misc. receivable (auto/credit card)	1.6	4,974,214	-	4,974,214
Other ABS	N/A	1,742,431	-	1,742,431
Bank Loan[1]	N/A	27,430,921	344,612	27,775,533
Total		$ 211,806,064	$ 24,711,538	$ 236,517,602

[1]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 marker to fund leveraged buyouts.

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

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2021 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	3,026,433	-	1,819,065	-	-	-	$ 4,845,498	0.13%
AA	580,904	-	-	-	-	-	580,904	0.02%
A	-	4,441,138	-	-	-	-	4,441,138	0.12%
BBB	-	37,587,805	-	-	248,332	-	37,836,137	0.99%
BB	-	26,072,209	-	-	203,044	-	26,275,253	0.68%
B	-	34,919,453	-	-	-	-	34,919,453	0.91%
CCC	-	26,982,090	-	-	-	-	26,982,090	0.70%
CC	-	-	-	-	-	-	-	0.00%
C	-	-	-	-	-	-	-	0.00%
D	-	664,378	-	-	-	-	664,378	0.02%
NA*	3,109,308	34,848,222	9,190,390	22,441,034	30,383,797	-	99,972,751	2.60%
Total Fixed Income Securities	$ 6,716,645	$ 165,515,295	$ 11,009,455	$ 22,441,034	$ 30,835,173	$ -	$ 236,517,602	6.16%
Other Investments							3,604,304,013	93.84%
Total Investments							$ 3,840,821,615	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, 2021 as follows:

	Fair Value
Australian Dollar	$ 11,200,924
Brazilian Real	4,188,462
Canadian Dollar	19,433,511
Chilean Peso	-
Danish Krone	3,997,134
Euro Currency	136,399,257
Hong Kong Dollar	23,200,587
Hungarian Forint	487,898
Indian Rupee	178,677
Indonesian Rupiah	1,714,580
Japanese Yen	51,248,351
Mexican Peso	1,451,775
New Israeli Sheqel	84,731
New Taiwan Dollar	9,358,831
Norwegian Krone	1,783,876
Philippine Peso	336,920
Polish Zloty	696,028
Pound Sterling	46,828,886
Singapore Dollar	1,755,648
South African Rand	5,076,223
South Korean Won	8,109,319
Swedish Krona	17,896,977
Swiss Franc	16,506,526
Thailand Baht	-
Turkish Lira	831,236
	$ 362,766,357

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 2021, the amount was $125,347,000.00.

Level 1 inputs are quoted prices in active markets for identical assets	$ 854,670
Level 2 inputs are significant other observable inputs	229,947
Level 3 inputs are significant unobservable inputs	12,050
Short Term Investments at cost	125,347
Investments measured at net asset value	2,618,808
Total Investments	$ 3,840,822

Alternative Investments – As of June 30, 2021, 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, 2021 by type are as follows:

Short-Term Investment Funds	$ 160,416,145
Fixed Income-Government Securities	127,776,917
Fixed Income-Corporate Bonds	693,934,305
Fixed Income-Convertibles	3,490,302
Common Equity	2,061,653,985
Preferred Equity	674,442
Hedge Funds:	
Equity Hedge Funds	20,274,136
Global Macro Hedge Fund	151,707,497
Inflation Hedge Fund	81,030,668
Multi-Strategy FOHFs	692,470
Private Equity:	
Buyout Partnerships/Funds	842,311,229
Co-Investments	139,844,570
Credit Partnerships/Funds	97,629,387
Distressed Debt Partnerships/Funds	90,619,904
Direct Investments	1,075,000
Infrasturcture Partnerships/Funds	48,468,330
Mixed Strategies	42,591,227
Secondary Partnerships/Funds	180,191,392
Special Situations Investments	76,256,139
Venture Capital Partnerships/Funds	154,908,979
Real Estate	266,573,705
Total Investments	$ 5,242,120,729

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.

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, 2021 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, 2021, more than 5% of the Fund's net assets are in the Mellon Dynamic ex-U.S. Equity Fund (10.82%), Mellon Dynamic U.S. Equity Fund (7.39%), KKR Global Credit Opportunities Fund (6.95%), Mellon ACWI Ex-U.S. Fund (6.26%), and Mellon Broad Market Stock Index Fund (6.21%). 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%).

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, 2021, the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	Weighted Average Maturity	Fair Value
Commingled Funds	3.02	$ 365,300,980
Non-U.S. Collateralized	20.92	697,345
Non-U.S. Convertibles	21.97	400,842
Non-U.S. Corporate	6.78	76,595,597
Non-U.S. Treasuries	18.07	3,847,300
Taxable Municipals	15.48	7,167,425
U.S. Agencies	27.29	31,485,957
U.S. Collateralized	17.51	10,110,533
U.S. Convertibles	9.38	3,089,460
U.S. Corporate	6.22	241,229,850
U.S. Treasuries	12.79	85,276,235
Total Fixed Income Securities		$ 825,201,524

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, 2021 is as follows:

	Fair Value	Percentage of Holdings
Euro Currency Unit	$ 162,201,469	3.09%
Mexican Peso	521,300	0.01%
Indian Rupee	240,459	0.00%
Brazil Real	120,860	0.00%
Norwegian Krone	497	-
swiss Franc	-	-
Japanese Yen	-	-
Total securities subject to foreign currency risk	$ 163,084,585	3.10%

The Fund's exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2021 is as follows:

Quality Rating	Fair Value	Percentage of Holdings
AGY	$ 31,485,957	0.60%
AAA	4,459,390	0.09%
AA1	185,328	0.00%
AA2	926,148	0.02%
AA3	8,513,587	0.16%
A1	7,377,237	0.14%
A2	39,891,110	0.76%
A3	39,481,607	0.75%
BAA1	60,310,715	1.15%
BAA2	49,413,494	0.94%
BAA3	39,562,854	0.75%
BA1	6,122,826	0.12%
BA2	6,326,067	0.12%
BA3	5,864,812	0.11%
B1	5,311,606	0.10%
B2	6,170,902	0.12%
B3	5,511,932	0.11%
B	365,300,980	6.97%
CAA1	3,665,549	0.07%
CAA2	1,832,316	0.03%
CAA3	334,758	0.01%
CA	70,756	0.00%
C	-	0.00%
DEF	-	0.00%
Not rated	51,805,358	0.99%
Total credit risk debt securities*	$ 739,925,289	14.11%

*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	$ 381,640,835
Level 2 inputs are significant other observable inputs	327,474,244
Level 3 inputs are significant unobservable inputs	2,245,000
Investments measured at net asset value	4,530,760,650
Total Investments	$ 5,242,120,729

Alternative Investments – As of June 30, 2021, the System was invested in various private equity funds and hedge funds as detailed in the table below.

Investment Type	Fair Value ($000's)
Private Equity	$ 1,673,896,157
Hedge Funds	253,704,771
Total	$ 1,927,600,928

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, 2021, the System had a balance of $24 thousand and $482 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, 2021, none of the System's bank balance of $24 thousand was exposed to custodial credit risk. At June 30, 2021, the System did not have any other investments with other financial institutions subject to custodial credit risk.

Credit Risk. As of June 30, 2021, the System's fixed income assets that are not U.S. government guaranteed represented 100% and 96.2%, 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, 2021.

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

Fixed Income Security Type	Fair Value ($000's)	Percent of Total	Weighted Average Credit Quality
Corporate Bonds	$ 252,011	12.3%	B
Corporate Convertible Bonds	129,605	6.3	BB
Mutual Bond Funds	595,434	29.0	Not Rated
Short Term Investment Funds	1,078,809	52.4	Not Rated
Total	$ 2,055,859	100.0%	

Ratings Dispersion Detail ($000's)

Credit Rating Level	Corporate Bonds	Corporate Convertible Bonds	Mutual Bond Funds	Short Term Investment Funds
A	$ -	$ 3,279	$ -	$ -
BBB	8,777	5,630	-	-
BBB	128,973	2,873	-	-
BBB	81,569	2,228	-	-
CCC	25,046	3,181	-	
Not Rated	7,646	112,414	595,434	1,078,809
Total	$ 252,011	$ 129,605	$ 595,434	$ 1,078,809

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, 2021, 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, 2021, 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

Security Type	Fair Value ($000's)	Percent of Total	Weighted Average Modified Duration (years)
Corporate Bonds	$ 252,011	12.30%	4.6
Corporate Convertible Bonds	129,605	6.3	4.9
Mutual Bond Funds	595,434	29.0	6.1
Short Term Investment Funds	1,078,809	52.4	0.1
Total	$ 2,055,859	100.0%	0.0

Modified Duration Analysis by Security Type

Corporate Bonds	Fair Value ($000's)	Average Modified	Contribution to Modified Duration
Less than 1 year	$ 5,267	0.6	0.0
1 to 5 years maturities	131,034	3.2	1.6
5 to 10 years maturities	100,779	5.7	2.3
Greater than 10 years maturities	14,931	11.2	0.7
Total	$ 252,011		4.6
Corporate Convertible Bonds			
Less than 1 year	$ 3,484	0.7	0.0
1 to 5 years maturities	90,444	3.8	2.6
5 to 10 years maturities	30,629	6.3	1.5
Greater than 10 years maturities	5,048	21.8	0.8
Total	$ 129,605		4.9
Mutual Bond Funds			
Less than 1 year	$ 13,604	6.1	0.1
1 to 5 years maturities	274,862	6.1	2.8
5 to 10 years maturities	227,893	6.1	2.4
Greater than 10 years maturities	79,075	6.1	0.8
Total	$ 595,434		6.1
Short Term Investment Funds			
Less than 1 year	$ 1,002,011	0.1	0.1
1 to 5 years maturities	76,798	0.1	0.0
Total	$ 1,078,809		0.1

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.

The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2021, is shown in the table below.

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

Currency	Short Term Investments	Fixed Income	Equities	Alternative Investments	Total
Canadian dollar	$ 57,775	$ -	$ 99,400	$ -	$ 157,175
Chinese yuan renminbi	-	-	146,055	-	146,055
Euro	(152,020)	-	278,175	2,756	128,911
Japanese yen	(107,521)	-	202,478	-	94,957
Australian dollar	-	-	62,838	-	62,838
Swiss franc	-	-	65,191	6,855	72,046
Thai baht	-	-	60,596	-	60,596
New Taiwan dollar	-	-	42,344	-	42,344
Hong Kong dollar	-	-	35,038	-	35,038
Kuwaiti dinar	-	-	34,709	-	34,709
Swedish krona	-	-	28,363	-	28,363
Indonesian rupiah	-	-	27,892	-	27,892
South Korean won	-	-	25,657	-	25,657
Brazilian real	-	-	22,653	-	22,653
Danish krone	-	-	22,616	-	22,616
Singapore dollar	-	-	18,178	-	18,178
Indian rupee	-	-	17,587	-	17,587
New zealand dollar	-	-	16,056	-	16,056
Saudi riyal	-	-	14,511	-	14,511
British pound sterling	(66,523)	-	79,949	-	13,426
Hungarian forint	-	-	10,510	-	10,510
Turkish lira	-	-	6,967	-	6,967
Pakistan rupee	-	-	6,709	-	6,709
Mexico peso	-	-	5,326	-	5,326
New Israeli shekel	-	-	5,236	-	5,236
Norwegian krone	-	-	4,179	-	4,179
South African rand	-	-	3,638	-	3,638
Russian ruble	-	-	2,746	-	2,746
Polish zloty	-	-	2,663	-	2,663
Qatari riyal	-	-	2,459	-	2,459
Malaysian ringgit	-	-	2,166	-	2,166
Chilean peso	-	-	1,894	-	1,894
United Arab Emirates dirham	-	-	1,015	-	1,015
Phillipine peso	-	-	788	-	788
Colombian peso	-	-	633	-	633
Argentine austral	-	-	540	-	540
Czech koruna	-	-	446	-	446
Egyptian pound	-	-	280	-	280
Peruvian nuevo sol	-	-	80	-	80
Total	$ (268,289)	$ -	$ 1,358,561	$ 9,611	$ 1,099,883

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, 2021, 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, 2021, was $125,217 thousand and $34,741 thousand, respectively. The System also had non-cash collateral at June 30, 2021, of $8,095 thousand and $722 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.

The fair value of securities on loan at June 30, 2021, was $130,019 thousand and $34,933 thousand, respectively. At June 30, 2021, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers, $133,312 thousand, exceeds the amounts the borrowers owe the System, $130,019 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. These investments derivatives are primarily classified in Level 1 of the fair value hierarchy as futures contracts are price base on market quotes.

The fair value balance of posted margin and collateral and notional amounts of derivative instruments outstanding at June 30, 2021, 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, 2021

($000's)	Year ending June 30, 2021 Changes in Fair Value	As of June 30, 2021 Posted Margin	Collateral Held at Custodian Bank	Collateral Held at Broker	Notional Value
Equity Futures	$ 368,793	$ 82,417	$ 782,721	$ -	$ 1,364,025
Currency Futures	(2,047)	1,150	67,708	-	(270,275)
Fixed Income Futures	(1,837)	(72)	10,422	-	40,122

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.

The System's derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2021, is shown in the table below ($000's).

Currency	Equity Derivatives	Currency Derivatives	Total
Canadian dollar	$ 60,800	$ 55,789	$ 116,589
Chinese yuan renminbi	88,298	-	88,298
Swiss franc	52,454	-	52,454
Australian dollar	38,484	-	38,484
Thai baht	36,631	-	36,631
Kuwaiti dinar	34,709	-	34,709
Euro	178,742	(152,020)	26,722
Indonesian rupiah	25,994	-	25,994
Swedish krona	20,072	-	20,072
Hong Kong dollar	17,395	-	17,395
Japanese yen	124,016	(107,521)	16,495
Danish krone	13,863	-	13,863
Brazilian real	13,691	-	13,691
Singapore dollar	13,250	-	13,250
British pound sterling	78,747	(66,523)	12,224
Hungarian forint	10,125	-	10,125
New Taiwan dollar	9,188	-	9,188
Saudi riyal	8,770	-	8,770
Pakistan rupee	4,574	-	4,574
Turkish lira	4,207	-	4,207
Norwegian krone	3,372	-	3,372
Mexican peso	3,225	-	3,225
New Israeli shekel	3,211	-	3,211
South Korean won	2,954	-	2,954
Qatari riyal	1,828	-	1,828
Russian ruble	1,660	-	1,660
Polish zloty	1,610	-	1,610
New Zealand dollar	1,338	-	1,338
Malaysian ringgit	1,310	-	1,310
Chilean peso	1,148	-	1,148
United Arab Emirates dirham	614	-	614
Indian rupee	580	-	580
Phillipine peso	475	-	475
Colombian peso	381	-	381
Argentine austral	326	-	326
Czech koruna	270	-	270
Egyptian pound	171	-	171
Peruvian nuevo sol	47	-	47
Total	$ 858,530	$ (270,275)	$ 588,255

Alternative Investments – As of June 30, 2021, the System was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

Investment Type	Fair Value ($000's)
Private Equity	
Leveraged Buyouts	$ 728,478
Energy	129,797
Special Situations	161,880
Private Equity Secondaries	106,570
Venture Capital	14,961
Other Alternatives	
Real Estate	564,338
Private Credit	381,541
Hedge Funds	
Global macro hedge funds	105,365
Multi-strategy hedge funds	161,126
Long/short credit hedge funds	3,937
Long/short equity hedge funds	36,964
Total	$ 2,394,957

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	$ 18
Level 2 inputs are significant other observable inputs	1,600,102
Level 3 inputs are significant unobservable inputs	2,085,582
Investments measured at net asset value (NAV)	3,432,134
Total Investments	$ 7,117,836

NOTE 4: ACCOUNTS RECEIVABLE

The following were the accounts receivable by fund as of June 30, 2021 ($000's):

GOVERNMENTAL FUNDS	General	Capital Projects	Debt Service	Nonmajor	Grants	Internal Service Fund	Total Governmental Activities
Receivables:							
Accounts	$ 796,539	$ 1	$ -	$ 161,647	$ 119,192	$ 77	1,077,456
Property tax	75,810	-		-	-	-	75,810
Sales tax	132,924	-		-	-	-	132,924
Mixed beverage	3,302	-		-	-	-	3,302
Franchise	10,276	-		-	-	-	10,276
Special assessment	8,049	-		-	-	-	8,049
Due from other governments	8,185	37,745	300	24,641	227,147	30	298,048
Gross receivables	1,035,085	37,746	300	186,288	346,339	107	1,605,865
Less allowance for doubtful accounts	(713,092)	-	-	(111,175)	(22,618)	(74)	(846,959)
Net total receivables	$ 321,993	$ 37,746	$ 300	$ 75,113	$ 323,721	$ 33	$ 758,906

ENTERPRISE FUNDS	Airport	Convention and Entertainment	Combined Utility	Total Enterprise Activities
Receivables:				
Accounts	$ 78,854	$ 531	$ 396,560	$ 475,945
Hotel occupancy tax	-	17,484	-	17,484
Special assessment	-	-	93	93
Due from other governments	31,934	-	7,242	39,176
Gross receivables	110,788	18,015	403,895	532,698
Less allowance for doubtful accounts	(7,731)	(518)	(225,591)	(233,840)
Net total receivables	$ 103,057	$ 17,497	$ 178,304	$ 298,858

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 2020 tax year was $0.561840 per $100 of assessed value with $0.423094 for operations and $0.138746 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.

TIRZ #	TIRZ Name	TIRZ #	TIRZ Name	TIRZ #	TIRZ Name
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.

In fiscal year 2021, the City of Houston contributed $163.8 million in tax increments to the City-led TIRZs. A summary of taxing units that participate in various TIRZs through interlocal agreements are listed below. These taxing units contributed a combined $43.7 million to the TIRZs. The City-led TIRZ budgets totaled $535.7 million in expenditures for fiscal year 2021.

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

[1]Included in the Harris County Interlocal Agreement
[2]Harris County no longer participates in TIRZ No. 1, 2, 5, 7, 8, 9, 10, 11 and 13

[3]Harris County Hospital District and Harris County Flood Control no longer participates in TIRZ No. 2 and 3
[4]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 2021, the total amount abated was $1,219,524, to nine businesses.

Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax abatement for Tax Year 2020 (COH tax rate - 0.0056184)
BVSW Garden Oaks	To renovate, develop, upgrade, and expand the existing 136 units of deteriorated, vacant apartment property into 166 units of upscale multi-family housing accommodations.	$8,000,000	City agrees to grant the Owner a fifty percent (50%) of the ad valorem taxes levied on the Improvements in the Zone.	$12,199,464	$68,541
Brittmoore Founders District	Development of a multi-use facility including office space, co-working space, retail, regional community events center, 250+ units of multi-family apartments, athletic facilities and park amenities; the use of the facility is to create a 32 acre mixed-use entrepreneurial hub for startups, technology firms, and other high-growth businesses.	$150,000,000	City agrees to grant the Owner a ninety percent (90%) of the ad valorem taxes levied on the Improvements in the Zone.	$12,107,589	$68,025
UPS	The facility will be approximately 400,000 to 500,000 square feet comprising package handling and distribution center and ancillary office facilities.	$59,000,000	City agrees to grant the Owner a seventy-five percent (75%) of the ad valorem taxes levied on the Improvements in the Zone.	$78,363,098	$440,275
Emerson Process LLLP	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 and personal property taxes on the improvements in the Zone.	$7,308,425	$41,062

(continued)

CyrusOne	CyrusOne will invest a minimum of $10,000,000.00 in constructing and installing the improvements in the Zone by Effective date of Abatement and $90,000,000.00 by the end of 2017. If, at the end of 2017, CyrusOne has not invested at least 70% of the $90,000,000 investment commitment or $63,000,000 the City will reduce the tax abatement percentage to 40%.	$90,000,000	City agrees to grant CyrusOne a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The tax abatement will apply to the appraised value up to $72,000,000.00 and is capped at that value. Any value in excess of $72,000,000.00 will not be subject to the abatement.	$22,781,245	$127,994
Halliburton	The Owner represents that it will complete construction of the Facility on the Real Property no later than December 31,2015. The Owner represents and warrants that it will invest a minimum of $145,000,000 in designing, construction, and installing the Improvements by the Effective Date of Abatement.	$145,000,000	City agrees to grant Halliburton a fifty percent (50%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. Maximum abatement amount is $1,500,000.	$10,159,001	$57,077
Kroger	The Company represents and warrants that it will invest approx. $24M related to an upgrade of the Facility and approx. $17M related to the expansion of the Facility in the Zone by the Effective Date of Abatement.	$10,097,947	City agrees to grant Kroger a Seventy five percent (75%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The real property improvements subjects to tax abatement are $17M.	$3,460,860	$19,445
Cullen SH Apartments	The Company represents and warrants that it will invest a minimum of $22M in acquiring the Real Property and constructing and installing the Improvements in the Zone by the Effective Date of Abatement.	$22,000,000	City agrees to grant Cullen SH Apartments 90% abatement of the improvements.	$22,855,313	$128,410
Converge Midstream Services (formerly Fairway Energy)	The Company represents and warrants that it will invest a minimum of $218M in capital improvements to the Facility by the Effective Date of Abatement and has provided a pro forma of projected annual Net Operating Income.	$218,000,000	City agrees to grant a 50% abatement of the ad valorem taxes on the Improvements in the Zone during the Abatement Period.	$47,824,110	$268,695

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NOTE 6: CAPITAL ASSETS

A. Governmental Activities of the Primary Government

A summary of changes in capital assets for the year ended June 30, 2021 follows (in thousands):

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 535,473	$ 11,780	$ (932)	$ 1,504	$ 547,825
Right of way	1,768,846	9,434	(201)	1,042	1,779,121
Construction Work in Progress	566,784	310,488	-	(188,334)	688,938
Total capital assets not being depreciated	2,871,103	331,702	(1,133)	(185,788)	3,015,884
Depreciable capital assets:					
Buildings	1,394,254	898	(2,109)	12,799	1,405,842
Rights & Intangibles - Amortizable	14,400	82	-	2,376	16,858
Improvements and Equipment	1,423,221	80,601	(24,721)	36,039	1,515,140
Infrastructure	7,933,747	72,419	(8,466)	134,574	8,132,274
Total other capital assets	10,765,622	154,000	(35,296)	185,788	11,070,114
Less accumulated depreciation for:					
Buildings	(549,832)	(37,743)	2,011	-	(585,564)
Rights and Intangibles	(10,312)	(2,751)	-	-	(13,063)
Improvements and Equipment	(997,468)	(90,396)	23,250	-	(1,064,614)
Infrastructure	(3,796,520)	(179,395)	8,181	-	(3,967,734)
Total accumulated depreciation	(5,354,132)	(310,285)	33,442	-	(5,630,975)
Depreciable capital assets, net	5,411,490	(156,285)	(1,854)	185,788	5,439,139
Governmental Activities capital assets, net	$ 8,282,593	$ 175,417	$ (2,987)	$ -	$ 8,455,023

B. Business-type Activities

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Airport System					
Capital assets not being depreciated:					
Land	$ 216,100	$ -	$ -	$ -	$ 216,100
Rights & Intangibles- Non Amortizable	13,394	-	-	4,939	18,333
Construction Work in Progress	255,070	202,807	-	(48,197)	409,680
Total capital assets not being depreciated	484,564	202,807	-	(43,258)	644,113
Depreciable capital assets:					
Buildings	3,076,131	49	(68,380)	28,487	3,036,287
Improvements and Equipment	1,955,324	8,876	(748)	5,027	1,968,479
Infrastructure	587,314	126	(43,214)	9,744	553,970
Rights & Intangibles- Amortizable	4,697	-	-	-	4,697
Total other capital assets	5,623,466	9,051	(112,342)	43,258	5,563,433
Less accumulated depreciation for:					
Buildings	(1,623,380)	(95,299)	56,909	-	(1,661,770)
Improvements and Equipment	(1,366,636)	(64,710)	748	-	(1,430,598)
Infrastructure	(381,746)	(10,603)	27,084	-	(365,265)
Rights & Intangibles	(4,685)	(12)	-	-	(4,697)
Total accumulated depreciation	(3,376,447)	(170,624)	84,741	-	(3,462,330)
Depreciable capital assets, net	2,247,019	(161,573)	(27,601)	43,258	2,101,103
Airport System capital assets, net	$ 2,731,583	$ 41,234	$ (27,601)	$ -	$ 2,745,216

	Balance July 1, 2020	Additions	Retirements	Balance June 30, 2021
Convention and Entertainment Facilities				
Capital assets not being depreciated:				
Land	$ 95,687	$ -	$ (1,827)	$ 93,860
Construction Work in Progress	-	-	-	-
Total capital assets not being depreciated	95,687	-	(1,827)	93,860
Depreciable capital assets:				
Buildings	577,527	-	(11,379)	566,148
Garage Rights	13,144	-	-	13,144
Improvements and Equipment	8,632	-	(223)	8,409
Infrastructure	334	-	-	334
Total other capital assets	599,637	-	(11,602)	588,035
Less accumulated depreciation/amortization for:				
Buildings	(312,099)	(13,026)	7,469	(317,656)
Garage Rights	(5,764)	(343)	(2)	(6,109)
Improvements and Equipment	(6,218)	(34)	206	(6,046)
Infrastructure	(172)	(15)	1	(186)
Total accumulated depreciation/amortization	(324,253)	(13,418)	7,674	(329,997)
Depreciable capital assets, net	275,384	(13,418)	(3,928)	258,038
Convention and Entertainment Facilities capital assets, net	$ 371,071	$ (13,418)	$ (5,755)	$ 351,898

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Combined Utility System					
Capital assets not being depreciated:					
Land	$ 179,545	$ 703	$ (265)	$ 9,222	$ 189,205
Right of way	923	-	-	133	1,056
Rights and Intangibles - Non-depreciable	845,785	-	-	-	845,785
Construction Work in Progress	1,300,959	916,320	-	(390,946)	1,826,333
Total capital assets not being depreciated	2,327,212	917,023	(265)	(381,591)	2,862,379
Depreciable capital assets:					
Buildings	171,324	-	(2,260)	6,174	$ 175,238
Improvements and Equipment	190,223	7,934	(4,078)	(241)	193,838
Infrastructure	11,309,882	24,815	(40,576)	375,658	11,669,779
Rights & Intangibles - depreciable	1,613	97	-	-	1,710
Total depreciable capital assets	11,673,042	32,846	(46,914)	381,591	12,040,565
Less accumulated depreciation/amortization for:					
Buildings	(88,519)	(3,665)	1,733	-	$ (90,451)
Improvements and Equipment	(140,698)	(13,423)	3,999	41	(150,081)
Infrastructure	(5,914,053)	(256,266)	37,577	(41)	(6,132,783)
Rights & Intangibles	(280)	(378)	-	-	(658)
Total accumulated depreciation/amortization	(6,143,550)	(273,732)	43,309	-	(6,373,973)
Depreciable capital assets, net	5,529,492	(240,886)	(3,605)	381,591	5,666,592
Combined Utility System capital assets, net	7,856,704	676,137	(3,870)	-	8,528,971
Business-type activities capital assets, net	$ 10,959,358	$ 703,953	$ (37,226)	$ -	$ 11,626,085

C. Depreciation and Amortization Expense

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

Governmental activities		
General government	$	43,251
Public safety		38,124
Public works		12,127
Health		5,116
Housing		1,548
Parks and recreation		24,851
Library		6,222
Infrastructure		179,046
Total depreciation expense - governmental activities	$	310,285
Business-type activities		
Airport System	$	170,624
Convention & Entertainment Facilities		13,418
Combined Utility System		273,732
Total depreciation expense - business-type activities	$	457,774

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

Governmental activities		
General government	$	2,753
Public safety		746
Public works		1,889
Health		969
Housing		1,607
Total amortization expense - governmental activities	$	7,964
Business-type activities		
Airport System	$	196
Combined Utility System		15
Total amortization expense - business-type activities	$	211

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 $9,940,771 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2021 amounted to $6,559,173.

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

Short-term debt activity for the year ended June 30, 2021, was as follows (in thousands):

	Balance July 1, 2020	Issued	Redeemed	Balance June 30, 2021
Tax and Revenue Anticipation Notes	$ -	$ 230,000	$ 230,000	$ -

On July 21, 2020, the City closed on the sale of $230,000,000 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% and the average yield was .296%. The notes matured on June 30, 2021.

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NOTE 8: LONG-TERM LIABILITIES

A. General Long-Term Liabilities

Changes in General Long-Term Liabilities for the year ended June 30, 2021 are summarized as follows (in thousands):

	Balance June 30, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021	Amounts Due within One Year
Governmental Activities					
Bonds and notes payable:					
General tax obligation debt	$ 3,455,082	$ 114,000	$ (212,959)	$ 3,356,123	$ 359,900
HUD Section 108 Loans	19,354	9,724	(189)	28,889	195
Plus premium (discount) on bonds	277,109	-	(17,302)	259,807	-
Total bonds and notes payable	3,751,545	123,724	(230,450)	3,644,819	360,095
Other liabilities:					
Claims and judgments	177,872	352,150	(332,923)	197,099	44,142
Compensated absences	488,518	80,495	(60,517)	508,496	167,650
Arbitrage rebate	605	-	(605)	-	-
Other Post Employment Benefit obligation	2,013,883	310,313	(1,154)	2,323,042	-
Net Pension liability	4,267,411	-	(2,935,204)	1,332,207	-
Total other liabilities	6,948,289	742,958	(3,330,403)	4,360,844	211,792
Governmental Activities Long-Term Liabilities	$ 10,699,834	$ 866,682	$ (3,560,853)	$ 8,005,663	$ 571,887
Discretely Presented Component Units:					
Notes payable	$ 660,897	$ 61,270	$ 88,378	$ 633,789	$ 47,859
Bonds payable	578,872	327,790	70,228	836,434	52,761
Discretely Presented Component Units Long-Term Liabilities	$ 1,239,769	$ 389,060	$ 158,606	$ 1,470,223	$ 100,620

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

	Balance June 30, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021	Amounts Due within One Year
Business-type activities					
Bonds and notes payable:					
Airport System debt	$ 2,065,068	$ 1,547,582	$ (1,298,793)	2,313,857	$ 84,153
Convention and Entertainment debt	453,512	6,000	(24,698)	434,814	22,243
Combined Utility System debt	6,860,208	1,409,790	(1,234,918)	7,035,080	268,036
Long-term contracts - Combined Utility	452,916	-	(8,312)	444,604	8,581
Premiums, discounts amount	917,559	267,459	(113,261)	1,071,757	-
Total bonds and notes payable	10,749,263	3,230,831	(2,679,982)	11,300,112	383,013
Other liabilities:					
Claims and judgments	4,223	3,048	-	7,271	3,572
Compensated absences	34,127	16,627	(15,953)	34,801	15,763
Arbitrage rebate liability	7,972	-	(2,271)	5,701	2,818
Other Post Employment Benefit obligation	219,741	86,861	-	306,602	-
Net Pension liability	676,932	-	(229,577)	447,355	-
Total other liabilities	942,995	106,536	(247,801)	801,730	22,153
Business-type activities Long-Term Liabilities	$ 11,692,258	$ 3,337,367	$ (2,927,783)	$ 12,101,842	$ 405,166
Total Reporting Entity Long-Term Liabilities	$ 23,631,861	$ 4,593,109	$ (6,330,031)	$ 21,577,729	$ 1,079,090

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

	Stated Interest Rate Range, %	Face Value Outstanding 6/30/2020	FY21 Issued/ Increased
General Tax Obligation Debt			
Public improvement bonds	0.25 to 6.32	$ 1,888,435	$ -
Pension obligations	5.31 to 6.29	1,422,407	-
Commercial paper	0.12 to 10.00	131,900	114,000
Tax and revenue certificates of obligation	4.00 to 5.00	12,340	-
Total General Tax Obligation Debt		$ 3,455,082	$ 114,000
HUD Section 108 Loans		$ 19,354	$ 9,724
Note Payable CWA		$ -	$ -
Revenue Bonded Debt			
Airport System Bonds			
Subordinate lien revenue and refunding bonds	0.883 to 5.70	$ 1,855,340	$ 1,149,685
Special facility bonds	0.40 to 6.88	74,425	-
Pension obligations	5.31	2,006	-
State Energy Conservation (SECO) Loans	2.00	324	14,097
Commercial paper	0.11 to 1.4	132,973	383,800
		$ 2,065,068	$ 1,547,582
Convention and Entertainment Facilities			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	$ 450,133	$ 6,000
Pension obligations	5.31 to 6.29	3,379	-
		$ 453,512	$ 6,000
Combined Utility System			
Combined Utility System first lien bonds	0.02 to 6.00	$ 6,009,025	$ 1,056,790
Water and Sewer System junior lien revenue bond	1.25 to 6.90	49,949	-
Combined Utility System commercial paper	0.12 to 10.00	275,000	315,000
Combined Utility System subordinate lien bonds	0.22 to 3.42	430,805	38,000
Pension obligations	5.31 to 6.29	95,429	-
		$ 6,860,208	$ 1,409,790
Long-Term Contracts-Water and Sewer System			
Coastal Water Authority	2.00 to 7.50	$ 56,955	$ -
Other long term contracts	3.22 to 5.85	395,961	-
		$ 452,916	$ -
Total Revenue Bonded Debt and Long-Term Contracts, Primary Government		$ 9,831,704	$ 2,963,372
Total Bonds and Long-Term Contracts Payable, Primary Government		$ 13,306,140	$ 3,087,096

(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.

FY21 Redeemed/ Refunded (2)	Face Value Outstanding 6/30/2021	Adjustments (1)	Net Outstanding 6/30/2021
$ 188,125	$ 1,700,310	$ 259,496	$ 1,959,806
22,279	1,400,128	-	1,400,128
1,300	244,600	-	244,600
1,255	11,085	311	11,396
$ 212,959	$ 3,356,123	$ 259,807	$ 3,615,930
$ 189	$ 28,889	$ -	$ 28,889
$ -	$ -	$ -	$ -
$ 795,780	$ 2,209,245	$ 212,761	$ 2,422,006
6,240	68,185	-	68,185
-	2,006	-	2,006
-	14,421	-	14,421
496,773	20,000	-	20,000
$ 1,298,793	$ 2,313,857	$ 212,761	$ 2,526,618
$ 24,513	431,620	$ 202,828	$ 634,448
185	3,194	-	3,194
$ 24,698	$ 434,814	$ 202,828	$ 637,642
$ 623,920	$ 6,441,895	$ 542,992	$ 6,984,887
6,656	43,293	107,934	151,227
590,000	-	-	-
11,215	457,590	-	457,590
3,127	92,302	-	92,302
$ 1,234,918	$ 7,035,080	$ 650,926	$ 7,686,006
$ 3,960	$ 52,995	$ 3,848	$ 56,843
4,352	391,609	1,394	393,003
$ 8,312	$ 444,604	$ 5,242	$ 449,846
$ 2,566,721	$ 10,228,355	$ 1,071,757	$ 11,300,112
$ 2,779,869	$ 13,613,367	$ 1,331,564	$ 14,944,931

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, 2021, $244.6 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 2021, the average interest rate for the outstanding General Obligation Notes was 0.13933. 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 2021. The average fees related to Series K-1 was 0.13%, K-2 is 0.13% and G-1 is 0.22% without any notes outstanding during fiscal year 2021. 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 April 11, 2024 Series G-2 on November 19, 2021, Series H-2 on November 13, 2023, Series J on May 20, 2023, Series K-1 on February 2, 2026, and Series K-2 on February 2, 2026.

4. Certificates of Obligation

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

5. HUD Section 108 Loan

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

6. Airport System Revenue Bonds

At June 30, 2021, the Airport System has no senior lien revenue bonds outstanding. Any bonds issued on the senior lien would require net revenues, as defined by the Master Bond Ordinance, totaling 125% of the debt service requirements for such fiscal year. The Airport System has issued subordinate lien revenue bonds which are paid solely from a lien on the Airport System's net revenues, which must total 110% of the debt service requirements for subordinate lien revenue bonds for such fiscal year. At June 30, 2021, the subordinate lien revenue bonds have an outstanding balance totaling $2,209,245,000 with a final maturity in 2048.

7. Airport System Inferior Lien Contract

On October 21, 2015, the City authorized up to $450 million in Airport System Inferior Lien Revenue Bonds, in one or more series. On November 5, 2015 the City authorized execution of a forward delivery purchase agreement with the Royal Bank of Canada ("RBC"), to expire November 5, 2022, for the issuance of $450 million in Inferior Lien Revenue Bonds. City Council must reauthorize this liquidity arrangement annually. For the year ended June 30, 2021, no Inferior Lien Revenue Bonds have been issued and outstanding.

8. Airport System Special Facility Bonds

The Airport System Special Facilities Taxable Revenue Bonds, (CRCF Project), Series 2001, original par value $130,250,000, financed the design and construction of a common car customer service building, a parking structure, maintenance, storage and administrative facilities for each car rental company lessee, a common bus fleet and maintenance facility, and related infrastructure at Intercontinental. The City holds legal title to the completed CRCF, as it was constructed on airport property, but the facility is operated and maintained by IAH RACS, LLC, a limited liability company formed by various car rental companies. The bonds are payable from Customer Facility Charges ("CFC") collected by the car rental companies from their customers and remitted to a trustee for payment of debt service and other uses allowable by a trust indenture. As of June 30, 2021, the daily usage charge per customer is set at $4.00. The trust indenture determines when and how the City is responsible for changing the rate, which under the Bond covenants must be set to provide a debt service coverage ratio of at least 125%. The bonds are limited special obligations of the City, payable solely from and secured by pledged CFC. There is no pledge of car rental company revenues, or of any general revenue of the City.

On September 4, 2014, the City issued $38,225,000 in Airport System Special Facilities Taxable Revenue Refunding Bonds (CRCF Project), Series 2014, at coupons ranging from 0.40% to 2.99%. The bonds mature in varying amounts from 2015 to 2021. Proceeds of the bonds were used to refund $37,245,000 of the City's outstanding Airport System Special Facilities Taxable Revenue Bonds (CRCF), Series 2001, and to pay costs of issuance. Net present value savings related to the refunded bonds totaled $5,078,199 and reduced total debt service by $6,110,108. The bonds are limited special obligations of the City, payable solely from and secured by pledged CFC. These bonds do not constitute a debt or pledge of the faith or credit of the City or the Fund.

At June 30, 2021, special facilities revenue and refunding bonds (CRCF) outstanding totaled $68.2 million.

9. Airport System Commercial Paper Notes

During the year ended June 30, 2013, the City authorized up to $150 million in Airport System Commercial Paper Notes ("Commercial Paper"). On November 20, 2013, the City re-authorized and amended the Series A and B Commercial Paper. A new direct pay letter of credit was issued on December 18, 2013, covering $150 million in face value of Series A and B Commercial Paper, plus $11.1 million in respect of 270 days accrued interest computed at 10%. This letter of credit expired on December 16, 2016 and was replaced by a letter of credit for the same amount issued by Sumitomo Mitsui Banking Corporation ("SMBC"), which expires on December 15, 2021. Any advances made under the letter of credit and not repaid within 90 days will be converted to term loans payable in twenty quarterly installments, subject to the greater of several options for interest rates. The maximum interest rate permitted under the ordinance is 15%.

On April 1, 2020, the agreement with SMBC was expanded to $350 million, plus interest. During the year ended June 30, 2020, HAS drew down $84.5 million, bringing the total outstanding balance at June 30, 2020 to $133.0 million, with interest rates ranging from 0.20% to 1.40%.

On Oct 20, 2020 and June 22, 2021, the outstanding balance of Commercial Paper in the amount of $151.0 million and $345.8 million was refunded by the issuance of Series 2020A and Series 2021A bonds, respectively. At June 30, 2021, the outstanding balance of Commercial Paper was $20.0 million, with interest rate of 0.11%, and the available limit for additional borrowings was approximately $330.0 million.

10. Airport System Loans

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

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

Loan No. 1 has a maximum amount of $8.0 million to be repaid over approximately ten years, with repayment to commence once all projects are completed. Loan #2 has a maximum amount of $7.5 million, and similar terms to Loan No. 1. At June 30, 2021, the Airport System has a total of $14.4 million loan balance outstanding. The replacement projects continued throughout the year ended June 30, 2021 and have not completed as of June 30, 2021.

There are no unique default provisions, payment provisions, or collateral pledged to either of these loans. In the event of default, such as failing to make timely payments in accordance with the agreements, the outstanding balances, including accrued interest, may become due immediately. As of June 30, 2021, the Airport System is in compliance with terms and conditions of these loan agreements.

11. Convention and Entertainment Facilities Bonds

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

Flexible Rate Notes from direct borrowings are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT), as of June 30, 2021, Flexible Rate Notes totaled $27 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.

12. Water and Sewer System Junior Lien Revenue Bonds

The City's Water and Sewer System Junior Lien Revenue Bonds are all bonds outstanding under the Previous Ordinance. On June 10, 2004, as part of the restructuring to the new Combined Utility System, the City refunded a substantial portion of its outstanding junior lien bonds and reissued bonds as Combined Utility System bonds. Debt service payments on remaining Water and Sewer Junior Lien Revenue Bonds ("Junior Lien Bonds") will be made after payment of operating expenses and prior to any debt service payments on the Combined Utility System bonds. The final maturity date for the remaining junior lien bonds is December 1, 2028. No additional Junior Lien Bonds may be issued. As of June 30, 2021, the current principal balance outstanding is $43.29 million.

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. 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 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:

Notional Amount	Change in Fair Value	Fair Value at June 30, 2021
$902,400,000	$140,689,862	$214,122,717
	(Deferred Outflow)	(SWAP Liability)

General Terms:

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

Hedging Relationship (GASB 53): Hedge accounting can be applied for 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, 2021, 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, 2021, debt service requirements for the swap agreements are reported in Note 8D as if the swap was in effect, assuming current interest rates remain the same. As rates vary, variable rate bond interest payments and net swap payments will vary. Expected debt service payments on the associated bonds are included with other Combined Utility System Bonds on Note 8D.

a. Combined Utility System Synthetic Fixed Rate Swap Agreements

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

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

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

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

At June 30, 2021, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	Amended Terms	RATE (%) Received (Paid)
Variable rate payment from counterparties	58.55% 10Y CMS	0.6418
Swap Receipt		0.6418
Fixed rate paid to counterparties		(3.7784)
Net rate (paid)/received for swap		(3.1366)
Year-end variable rate on 2004B bonds, year-end		(0.0830)
Plus: dealer and credit fees on 2004B bonds		(0.5945)
Effective rate of 2004B bonds		(3.8141)

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 $156,631,196 on June 30, 2021. After adjustment for the refunded portion, the value reported in the financial statements is negative $160,129,154. 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.

Counterparty	Notional Amount	GAAP Fair Value	Counterparty Rating (Moody's/S&P/Fitch)
Goldman Sachs	$353,325,000	$(84,712,330)	A1/A+/A+
JP Morgan Chase	150,000,000	(35,963,629)	Aa2/A+/AA
Wells Fargo	150,000,000	(35,955,237)	Aa2/A+/AA-
Total	$653,325,000	$(156,631,196)	

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.

At June 30, 2021, the effective rate on the 2018C Bonds associated with the swap was computed as follows:

	Initial Terms	Amended Terms	RATE (%) Received (Paid)
Variable rate payment from counterparties		58.55% 10Y CMS	0.6418
Swap Receipt			
Fixed rate paid to counterparties	Fixed		(3.7610)
Net rate (paid)/received for swap			(3.1192)
Year-end variable rate on 2018C bonds			(0.4766)
Effective rate of 2018C bonds			(3.5958)

Fair value. The swap had a fair value of negative $57,491,521 on June 30, 2021. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

Counterparty	Notional Amount	Fair Value	Counterparty Rating (Moody's/S&P/Fitch)
Wells Fargo	$ 249,075,000	$ (57,491,521)	Aa2/A+/AA-

15. Combined Utility System Commercial Paper

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

A portion of the Series B Notes, in the amount of $375 million, is secured by credit facilities from Bank of America (Series B-1 and Series B-6) with an expiration date of August 19, 2027, Sumitomo Mitsui Banking Corporation, acting through its New York Branch (Series B-3) with an expiration date of January 10, 2025, and PNC Bank, N.A (Series B-4) with an expiration date of July 12, 2022. As of June 30, 2021, the System has no outstanding in Series B commercial paper notes.

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

16. Combined Utility Subordinate Liens

On December 2015 and December 2016, the City closed on a TWDB subordinate lien State Water Implementation Fund for Texas (SWIFT) Loans of $25,915,000 and $63,020,000, respectively. These loans were issued to fund the Northeast Plant Expansion and Northeast Transmission Line. Annual debt service is payable from the Combined Utility System, General Purpose Fund. The annual debt service payments began in May 2016 and May 2017, respectively. As of June 30, 2021, $3,230,000 and $6,705,000 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, 2021, $6,415,000 of principal has been paid for 2017C and $5,335,000 of principal has been made paid for 2018B. A new SWIFT loan was issued in November 2018 (2018F) for $170,265,000. As of June 30, 2021, $8,005,000 of principal was paid for this bond. This bond matures in fiscal year 2049.

Additionally, a new SWIFT loan was issued in November 2020 (2020E) for $38,000,000. As of June 30, 2021, $0 of principal was paid for this bond. This bond matures in fiscal year 2049.

17. Coastal Water Authority ("CWA")

The contract payable relating to CWA represents the outstanding balance of $52,995,000 at June 30, 2021 for Series 2010 and Series 2014 (both refunding) issued by CWA, a governmental agency of the State of Texas, to finance the construction of a water conveyance system. Pursuant to a series of exchange agreements with CWA, the City issued the Certificate and endorsed the bonds and is unconditionally obligated to pay from the gross revenues of the City's Combined Utility System all debt service payments on these Certificates and Bonds, as well as amounts necessary to restore deficiencies in funds required to be accumulated under the CWA bond resolutions. The outstanding bonds mature on December 15, 2025 and December 15, 2034, respectively.

Luce Bayou

In January 2009, the City entered into a contract with CWA for the project design, property acquisition, construction and financing of the Luce Bayou Interbasin Transfer Project. This would include the construction of infrastructure sized to transfer approximately 450,000 acre feet per year of the City's permitted surface water from Trinity River to Lake Houston. The funding for this project is to be financed and paid through the Texas Water Development Board (TWDB) financing program. The WIF Bonds are secured by the City's pledged revenues to pay Debt Service. The current contract payable out of the General Purpose Fund relating to Luce Bayou as of June 30, 2021 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 $22,945,000 as of June 30, 2021) and $5,115,000 of Series 2010 WIF Loan (maturing in 2030, outstanding principal balance of $4,280,000 as of June 30, 2021). The annual debt service payments for the State Participation Loan started in FY 2015, Series 2009 started in FY2019 and Series 2010 WIF Loan started in FY 2020. In FY 2017, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou on November 2015 and December 2016 for $66,565,000 and $136,460,000, respectively. The annual debt service payments for these bonds started in FY 2019 and their maturity is in 2050 and 2051, respectively. Additionally in FY 2018, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou on November 2017 for $72,795,000 and $24,180,000, respectively. The annual debt service payments for the $72.795 million bond started in FY 2019. This bond matures in 2052. The annual debt service payments for the $24.1million bond started in FY 2018, with a current outstanding principal balance of $21,720,000 as of June 30, 2021. This bond matures in 2047.

Luce Bayou-Land & Mitigation Costs-ROW

Land and Mitigation Costs associated with the Luce Bayou Project relate to acquisition of land and costs of environmental mitigation. CWA advanced funds to pay for the City's share of Land and Mitigation costs from available CWA revenues in lump sums ($6.4 million in 2009, $3.2 million in 2010, $3.2 million in 2012) for a total of $12.8 million. Repayment of the loan started in FY 2019 with the accrued interests during 2009-2020 rolled into principal to be amortized over the next 20 years. As of June 2021, the current principal balance is $15.873 million.

18. Other Contracts

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

On June 20, 1967, the City, TRA, and Chambers-Liberty Counties Navigation District contracted with the United States of America to have the U.S. Army Corps of Engineers build a salinity control barrier and recreation facilities at Wallisville Lake. Because of legal actions, construction was blocked for a long period, and the project was not completed until April 2003. The City's share of the project cost was $10,580,707, which will be paid to the U.S. government over 50 years at 3.222% interest with final payment due January 1, 2053. Current principal balance outstanding as of June 30, 2021 is $8.2 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.

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.

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

D. Schedule for Debt Service Requirements to Maturity:

Aggregate future debt service payments to maturity as of June 30, 2021 are as follows (in thousands):

1. General Long-Term Tax Obligation Debt:

	Public Improvement Bonds		Pension Obligation Bonds	
Year Ending June 30	Principal	Interest	Principal	Interest
2022	196,330	73,963	24,655	64,123
2023	192,000	64,999	27,154	62,800
2024	178,580	57,366	29,829	61,352
2025	143,605	50,457	32,670	59,764
2026	128,445	44,488	35,697	58,034
2027-2031	531,945	131,562	266,043	257,260
2032-2036	211,550	44,821	304,319	180,752
2037-2041	78,315	13,442	270,143	115,208
2042-2046	26,270	5,315	329,123	56,876
2047-2051	13,270	1,077	80,495	3,188
Total	$ 1,700,310	$ 487,490	$ 1,400,128	$ 919,357

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2022	173,600	1,436	1,315	135
2023	-	504	1,380	69
2024	71,000	188	8,390	-
2025	-	-	-	-
2026	-	-	-	-
2027-2031	-	-	-	-
2032-2036	-	-	-	-
2037-2041	-	-	-	-
2042-2046	-	-	-	-
2047-2051	-	-	-	-
Total	$ 244,600	$ 2,128	$ 11,085	$ 204

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2022	$ 395,900	139,657	$ 535,557
2023	220,534	128,372	348,906
2024	287,799	118,906	406,705
2025	176,275	110,221	286,496
2026	164,142	102,522	266,664
2027-2031	797,988	388,822	1,186,810
2032-2036	515,869	225,573	741,442
2037-2041	348,458	128,650	477,108
2042-2046	355,393	62,191	417,584
2047-2051	93,765	4,265	98,030
Total	$ 3,356,123	$ 1,409,179	$ 4,765,302

2. HUD Section 108 Loans (in thousands):

Year Ending June 30	HUD Section 108 Loans (in thousands)		
	Principal	Interest	Total Future Requirements
2022	195	144	$ 339
2023	201	139	340
2024	208	133	341
2025	215	128	343
2026	222	122	344
2027-2031	1,225	509	1,734
2032-2036	2,424	177	2,601
2037-2041	-	-	-
2042-2046	-	-	-
2047-2051	-	-	-
Total	$ 4,690	$ 1,352	$ 6,042

3. Enterprise Funds:

Year Ending	Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
June 30	Principal	Interest	Principal	Interest
2022	$ -	$ 2,360	$ 75,580	$ 78,788
2023	-	2,360	77,700	81,237
2024	-	2,367	119,710	78,193
2025	20,000	1,772	122,925	74,809
2026	-	-	126,350	71,218
2027-2031	-	-	720,960	281,622
2032-2036	-	-	480,095	143,439
2037-2041	-	-	254,320	75,604
2042-2046	-	-	145,485	32,412
2047-2051	-	-	86,120	5,037
Total	$ 20,000	$ 8,859	$ 2,209,245	$ 922,359

Year Ending	Airport System Pension Obligations		Airport System Special Facility Bonds- Rental Car Facility	
June 30	Principal	Interest	Principal	Interest
2022	$ -	$ 107	$ 7,505	$ 4,691
2023	-	106	8,165	4,175
2024	-	106	8,870	3,613
2025	-	106	9,630	3,003
2026	-	107	10,445	2,340
2027-2031	925	485	23,570	2,465
2032-2036	1,081	137	-	-
2037-2041	-	-	-	-
2042-2046	-	-	-	-
2047-2051	-	-	-	-
Total	$ 2,006	$ 1,154	$ 68,185	$ 20,287

Year Ending	SECO Direct Placement		Year Ending	Airport System Total Future Requirements		
June 30	Principal	Interest	June 30	Principal	Interest	Total
2022	$ 1,068	$ 288	2022	$ 84,153	$ 86,234	$ 170,387
2023	1,089	267	2023	86,954	88,145	175,099
2024	1,111	245	2024	129,691	84,524	214,215
2025	1,133	223	2025	153,688	79,913	233,601
2026	1,156	200	2026	137,951	73,865	211,816
2027-2031	6,134	646	2027-2031	751,589	285,218	1,036,807
2032-2036	2,730	167	2032-2036	483,906	143,743	627,649
2037-2041	-	-	2037-2041	254,320	75,604	329,924
2042-2046	-	-	2042-2046	145,485	32,412	177,897
2047-2051	-	-	2047-2051	86,120	5,037	91,157
Total	$ 14,421	$ 2,036	Total	$ 2,313,857	$ 954,695	$ 3,268,552

Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Pension Obligations		Convention and Entertainmen Total Future Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 22,058	$ 30,963	$ 185	$ 199	$ 22,243	$ 31,162
2023	27,915	30,958	220	187	28,135	31,145
2024	52,138	31,117	220	174	52,358	31,291
2025	26,153	30,330	235	160	26,388	30,490
2026	26,012	30,517	250	145	26,262	30,662
2027-2031	129,545	153,316	1,617	461	131,162	153,777
2032-2036	100,979	94,402	467	85	101,446	94,487
2037-2041	30,495	6,356	-	-	30,495	6,356
2042-2046	16,325	1,339	-	-	16,325	1,339
Total	$ 431,620	$ 409,298	$ 3,194	$ 1,411	$ 434,814	$ 410,709

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement
	Principal	Interest	Principal	Interest	Net Swap Payment
2022	$ 4,347	$ 11,133	$ 247,845	$ 223,443	23,825
2023	4,604	12,741	260,605	223,489	23,675
2024	4,766	14,239	268,690	213,308	23,693
2025	4,274	13,716	279,810	202,567	23,658
2026	4,085	14,070	285,995	191,007	23,675
2027-2031	21,217	84,502	1,628,515	774,861	107,846
2032-2036	-	-	1,710,835	483,853	25,603
2037-2041	-	-	925,700	228,893	-
2042-2046	-	-	539,630	103,686	-
2047-2051	-	-	279,795	22,364	-
2052-2056	-	-	14,475	244	-
Total	$ 43,293	$ 150,401	$ 6,441,895	$ 2,667,715	$ 251,975

Year Ending June 30	Combined Utility System Subordinate Lien		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2022	$ 12,475	$ 11,750	$ 3,369	$ 4,771
2023	12,625	11,584	3,625	4,569
2024	12,795	11,405	3,901	4,353
2025	12,975	11,211	4,195	4,121
2026	13,180	11,001	4,503	3,872
2027-2031	69,565	51,220	29,475	14,875
2032-2036	78,055	42,609	14,309	7,184
2037-2041	89,625	31,027	10,327	4,974
2042-2046	103,925	16,516	14,942	2,582
2047-2051	52,370	2,214	3,656	145
2052-2056	-	-	-	-
Total	$ 457,590	$ 200,537	$ 92,302	$ 51,446

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2022	$ 268,036	$ 251,097	$ 23,825	$ 542,958
2023	281,459	252,383	23,675	557,517
2024	290,152	243,305	23,693	557,150
2025	301,254	231,615	23,658	556,527
2026	307,763	219,950	23,675	551,388
2027-2031	1,748,772	925,458	107,846	2,782,076
2032-2036	1,803,199	533,646	25,603	2,362,448
2037-2041	1,025,652	264,894	-	1,290,546
2042-2046	658,497	122,784	-	781,281
2047-2051	335,821	24,723	-	360,544
2052-2056	14,475	244	-	14,719
Total	$7,035,080	$3,070,099	$ 251,975	$ 10,357,154

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

Year Ending June 30	Coastal Water Authority Maintenance and Operation Lien		US Army Corps of Engineers		Texas Water Development Board	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 4,125	$ 2,251	$ 152	$ 265	$ -	$ 1,497
2023	4,300	2,056	154	260	610	819
2024	4,515	1,835	160	255	645	783
2025	4,735	1,604	166	250	680	746
2026	9,535	1,247	171	244	725	706
2027-2031	13,285	3,673	941	1,136	4,290	2,850
2032-2036	12,500	1,025	1,102	974	5,700	1,440
2037-2041	-	-	1,292	785	1,350	79
2042-2046	-	-	1,514	563	-	-
2047-2051	-	-	1,774	303	-	-
2052-2056	-	-	792	38	-	-
Total	$ 52,995	$ 13,691	$ 8,218	$ 5,073	$ 14,000	$ 8,920

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
2022	$ 3,045	$ 1,935	$ 619	$ 621	$ 640	$ 4,039	$ 8,581	$ 10,608
2023	3,120	1,959	644	596	645	5,331	9,473	11,021
2024	3,200	1,878	670	570	655	6,815	9,845	12,136
2025	3,280	2,325	697	542	660	8,367	10,218	13,834
2026	3,375	2,768	724	514	670	9,918	15,200	15,397
2027-2031	11,205	12,542	4,080	2,103	3,540	72,110	37,341	94,414
2032-2036	5,880	6,691	4,961	1,204	7,235	96,105	37,378	107,439
2037-2041	8,990	4,340	3,477	212	76,210	50,294	91,319	55,710
2042-2046	11,295	1,980	-	-	96,065	32,085	108,874	34,628
2047-2051	2,589	61	-	-	104,930	12,620	109,293	12,984
2052-2056	-	-	-	-	6,290	237	7,082	275
Total	$ 55,979	$ 36,479	$ 15,872	$ 6,362	$ 297,540	$ 297,921	$ 444,604	$ 368,446

E. Debt Issuances and Refunding

Combined Utility System Revenue and Refunding Bonds

On July 1, 2020, the City issued $610,720,000 of Combined Utility First Lien Revenue Refunding Bonds Series 2020C and 2020D (Taxable) with coupons ranging from 0.455% to 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of Combined Utility System First Lien Revenue Refunding Bonds, Series 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 2021 to 2049. Net Present Value Savings related to the Bonds totaled $36,118,143, or 17.29% of the refunded bonds, and reduced debt service by $45,646,937.

On August 19, 2020, the City issued $80,120,000 of Combined Utility First Lien Revenue Refunding Series 2020A (Forward Delivery) with coupons at 5%. The proceeds were place in Escrow for the purpose of generating resources for debt service payments of the refunded portion of CUS 2011A and to pay costs of issuance of the Bonds. The true interest cost of the 2020A Bonds is 2.465%. The Bonds mature in varying amounts from 2033 to 2034. Net Present Value Savings related to the Bonds totaled $26,599,994 or 26.34% of the refunded bonds, and reduced debt service by $34,159,661.

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 the Texas Water Development Board with coupons ranging from 0.120% to 2.480%. 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.
On May 27, 2021, the City remarketed $100,000,000 of Combined Utility System First Lien Revenue Bonds, Series 2012B to variable rate demand bonds.

On June 24, 2021, the City issued $365,950,000 of Combined Utility First Lien Revenue Refunding Bonds Series 2021A and 2021B (Taxable) with coupons ranging from 2.375% to 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of Combined Utility System First Lien Revenue Refunding Bonds, Series 2012D and 2013B; to refund $315,000,000 of Combined Utility System Commercial Paper Notes and to pay costs of issuance of the Bonds. The true interest cost of the 2021A Bonds is 2.434% and 2021B Bonds is 2.077%. The Bonds mature in varying amounts from 2021 to 2051. Net Present Value Savings related to the Bonds totaled $11,262,778 or 12.32% of the refunded bonds and reduced debt service by $13,805,364.

Houston Airport System Subordinate Lien Revenue Refunding Bonds

On October 20, 2020, the City issued $863,675,000 in Houston Airport Subordinate Lien Revenue Refunding Bonds Series 2020A (AMT), 2020B (NON-AMT) and 2020C (Taxable) with coupons at .0883% to 5%. The proceeds were placed in escrow for the purpose of generating resources for debt service payments of the refunded portions of HAS 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 Bonds is 2.086%. The Bonds mature in varying amounts from 2022 to 2047. Net Present Value Savings related to the Bonds totaled $94,799,712 and reduced debt service by $98,213,180.

On June 22, 2021, the City issued $286,010,000 in Houston Airport Subordinate Lien Revenue Refunding Bonds Series 2021A (AMT), with coupons at 4.0% to 5%. The proceeds were used to refund $345,800,000 of Houston Airport System Commercial Paper Notes and to pay costs of issuance of the Bonds. The true interest cost of the 2021A Bonds is 2.637%. The Bonds mature in varying amounts from 2023 to 2048.

Prior Year Defeased Debt

In fiscal year 2018, the City issued Public Improvement Bonds Series 2017A to defease $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, 2021, $57,770,000 of defeased bonds are still outstanding.

In fiscal year 2020, the City issued Combined Utility System First Lien Revenue Refunding Bonds Series 2019 B&C to defease $498,615,000 of the outstanding CUS Series 2011D, 2011F, 2012D and 2012F 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, 2021, $44,720,000 of defeased bonds are still outstanding.

In fiscal year 2020, the City issued Public Improvement Bonds Series 2019 A, B & C to defease $380,505,000 of Bonds by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2021, $194,775,000 of defeased bonds are still outstanding.

In fiscal year 2021, the City issued Combined Utility System First Lien Revenue Refunding Bonds Series 2020 C&D to defease $208,885,000 of the outstanding CUS Series 2008C, 2010A, 2011C, 2012D and 2013B Bonds, by placing new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2021, $114,680,000 of defeased bonds are still outstanding.

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

In fiscal year 2021, the City issued Houston Airport System Subordinate Lien Revenue Refunding Bonds Series 2020 A, B & C to defease $706,690,000 of Bonds by placing a portion of new bond proceeds in an escrow to provide for the future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the enterprise section of the financial statements. As of June 30, 2021, $596,585,000 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 2021 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.

F. Legal Debt Margin

At June 30, 2021, the City's legal debt limit was 10% of assessed property valuation totaling $338,485,344. The City's legal debt margin less applicable outstanding debt was $30,232,604.

NOTE 9: LEASES

Operating Leases

A. City as Lessee

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

At June 30, 2021, operating leases consisted of the following:

	Beg. Balance June 30, 2020	Additions	Retirements	Transfers	Ending Balance June 30, 2021
Governmental					
Leases					
Right of Use - Land	$ 168	$ -	$ -	$ -	$ 168
Right of Use - Buildings	58,548	11,610	-	-	70,158
Right of Use - Equipment	11,384	-	-	-	11,384
Total leases	70,100	11,610	-	-	81,710
Less accumulated amortization for:					
Right of Use - Land	$ -	$ (17)	$ -	$ -	$ (17)
Right of Use - Buildings	-	(5,173)	-	-	(5,173)
Right of Use - Equipment	-	(2,774)	-	-	(2,774)
Total accumulated amortization	-	(7,964)	-	-	(7,964)
Governmental leases, net	70,100	3,646	-	-	73,746

	Beg. Balance June 30, 2020	Additions	Retirements	Transfers	Ending Balance June 30, 2021
Airport System					
Leases					
Right of Use - Buildings	$ 192	$ -	$ -	$ -	$ 192
Right of Use - Equipment	239	-	-	-	239
Total leases	431	-	-	-	431
Less accumulated amortization for:					
Right of Use - Buildings	$ -	$ (55)	$ -	$ -	$ (55)
Right of Use - Equipment	-	(141)	-	-	(141)
Total accumulated amortization	-	(196)	-	-	(196)
Airport System leases, net	431	(196)	-	-	235

	Beg. Balance June 30, 2020	Additions	Retirements	Transfers	Ending Balance June 30, 2021
Combined Utility System					
Leases					
Right of Use - Equipment	$ 42	$ -	$ -	$ -	$ 42
Total leases	42	-	-	-	42
Less accumulated amortization for:					
Right of Use - Equipment	$ -	$ (15)	$ -	$ -	$ (15)
Total accumulated amortization	-	(15)	-	-	(15)
Combined Utility System leases, net	42	(15)	-	-	27
Business-type leases, net	$ 473	$ (211)	$ -	$ -	$ 262

Principal and interest requirements to maturity for the lease liability at June 30, 2021 are as follows (in thousands):

General Government

Year ended June 30	Principal	Interest	Total
2022	$ 6,574	$ 1,290	$ 7,864
2023	5,643	1,208	6,851
2024	5,275	1,131	6,406
2025	5,438	1,054	6,492
2026	5,576	975	6,551
2027 - 2031	23,619	3,688	27,307
2032 - 2036	6,063	2,644	8,707
2037 - 2041	7,798	1,980	9,778
2042 - 2046	9,935	1,067	11,002
2047 - 2049	5,719	149	5,868
Total	$ 81,640	$ 15,186	$ 96,826

Airport System

Year ended June 30	Principal	Interest	Total
2022	$ 128	$ 6	$ 134
2023	77	2	79
2024	34	1	35
Total	$ 239	$ 9	$ 248

Combined Utility System

Year ended June 30	Principal	Interest	Total
2022	$ 15	$ 2	$ 17
2023	12	1	13
Total	$ 27	$ 3	$ 30

Total Reporting Entity

Year ended June 30	Principal	Interest	Total
2022	$ 6,717	$ 1,298	$ 8,015
2023	5,732	1,211	6,943
2024	5,309	1,132	6,441
2025	5,438	1,054	6,492
2026	5,576	975	6,551
2027 - 2031	23,619	3,688	27,307
2032 - 2036	6,063	2,644	8,707
2037 - 2041	7,798	1,980	9,778
2042 - 2046	9,935	1,067	11,002
2047 - 2049	5,719	149	5,868
Total	$ 81,906	$ 15,198	$ 97,104

B. City as Lessor

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

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

For the year ended June 30, 2021, payments are as follows (in thousands):

Governmental

	Fixed Payments
Rentals, bldgs	$ 1,319
	$ 1,319

Enterprise

	HAS		C&E	
	Fixed Payments	Variable Payments	Fixed Payments	Total
Rentals, bldgs	$ 20,621	$ -	$ 1,449	$ 22,070
Concessions	1,608	16,637	-	18,245
Interest revenue	10,193	-	-	10,193
	$ 32,422	$ 16,637	$ 1,449	$ 50,508

Principal and interest requirements to maturity for the lease receivable at June 30, 2021 are as follows: (in thousands):

General Government

Year ended June 30	Principal	Interest	Total
2022	$ 767	$ 750	$ 1,517
2023	784	736	1,520
2024	801	721	1,522
2025	819	705	1,524
2026	754	690	1,444
2027 - 2031	4,701	3,200	7,901
2032 - 2036	6,063	2,644	8,707
2037 - 2041	7,798	1,980	9,778
2042 - 2046	9,935	1,067	11,002
2047 - 2051	5,719	149	5,868
2052 - 2056	-	-	-
2057 - 2059	-	-	-
Total	$ 38,141	$ 12,642	$ 50,783

Airport System

Year ended June 30	Principal	Interest	Total
2022	$ 15,687	$ 9,776	$ 25,463
2023	13,860	9,237	23,097
2024	11,495	8,775	20,270
2025	11,025	8,365	19,390
2026	11,062	7,968	19,030
2027 - 2031	42,447	34,632	77,079
2032 - 2036	33,058	28,062	61,120
2037 - 2041	39,239	21,589	60,828
2042 - 2046	36,836	14,372	51,208
2047 - 2051	40,800	7,467	48,267
2052 - 2056	19,279	1,495	20,774
2057 - 2059	1,474	46	1,520
Total	$ 276,262	$ 151,784	$ 428,046

Convention & Entertainment

Year ended June 30	Principal	Interest	Total
2022	$ 1,407	$ 115	$ 1,522
2023	1,431	90	1,521
2024	1,456	65	1,521
2025	1,482	40	1,522
2026	1,508	14	1,522
2027 - 2031	798	-	798
2032 - 2036	-	-	-
2037 - 2041	-	-	-
2042 - 2046	-	-	-
2047 - 2051	-	-	-
2052 - 2056	-	-	-
2057 - 2059	-	-	-
Total	$ 8,082	$ 324	$ 8,406

Total Reporting Entity

Year ended June 30	Principal	Interest	Total
2022	$ 17,861	$ 10,641	$ 28,502
2023	16,075	10,063	26,138
2024	13,752	9,561	23,313
2025	13,326	9,110	22,436
2026	13,324	8,672	21,996
2027 - 2031	47,946	37,832	85,778
2032 - 2036	39,121	30,706	69,827
2037 - 2041	47,037	23,569	70,606
2042 - 2046	46,771	15,439	62,210
2047 - 2051	46,519	7,616	54,135
2052 - 2056	19,279	1,495	20,774
2057 - 2059	1,474	46	1,520
Total	$ 322,485	$ 164,750	$ 487,235

C. Regulated Leases

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

Under the agreements with United, United has exclusive and preferential use of certain space and facilities of terminals A, B, C, and E at Intercontinental Airport and preferential use of certain apron areas. And under these agreements, all or part of the concession revenues and related costs generated from terminals B, C, and E of Intercontinental Airport are excluded from the Airport System Fund's concession revenues and operating expenses on the statements of revenues, expenses, and changes in net position, as United operates, retains revenues, and pay related costs of operations for those concessions in accordance with the agreements. In addition, one of the agreements with Southwest grants Southwest preferential use of West Terminal/West Concourse, boarding gates, and other areas at Hobby Airport. Another agreement grants Southwest exclusive and preferential use of certain terminal areas of terminal A at Intercontinental Airport. No other airlines have exclusive or preferential use of more than ten (10) percent of terminal space or other areas of the Airport System as of June 30, 2021. Exclusive and preferential use of space are summarized as follows:

George Bush Intercontinental Airport (IAH)

	United	Southwest	Total IAH
Terminal areas - leasable airline space (in thousands)	1,941 sq. ft.	32 sq. ft.	3,216 sq. ft.
Apron - leasable airline space (in thousands)	2,728 sq. ft.	85 sq. ft.	3,871 sq. ft.
Number of gates and remote stands	96	3	135

William P. Hobby Airport (HOU)

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

	Fixed Payments	Variable Payments
United	$ 73,107	$ 24,064
Southwest	$ 19,720	$ 16,839
Other Signatory Airlines	$ 12,842	$ 6,099

Expected future minimum lease payments from Regulated Leases at June 30, 2021 are as follows (in thousands), projected by management of the Airport System using the following assumptions: 1) revenues earned from the Signatory Airlines during the year ended June 30, 2021, 2) through the expiration of the agreements with the Signatory Airlines or the next five (5) years, whichever is longer, 3) compounded at three (3) percent per annum without considering possible effect of the ongoing COVID-19 pandemic, and 4) without considering future expansion and changes in operations by the Airport System or the Signatory Airlines:

Year ending June 30	Total
2022	$ 156,812
2023	161,516
2024	166,362
2025	171,352
2026	176,493
2027 - 2031	842,007
2032 - 2036	976,117
2037 - 2041	1,067,198
2042 - 2046	180,767
Total	$ 3,898,624

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

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.

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	3,038	11,373	4,786
Former members - entitled to but not receiving benefits	29	7,059	55
Active members:			
Vested	665	7,605	1,571
Non-vested	3,410	3,989	3,358
Total participants	7,142	30,026	9,770

B. Net Pension Liability (Asset)

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, 2020. The total pension liability was rolled forward from the valuation date to the measurement date of June 30, 2021 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, 2021	June 30, 2021	June 30, 2021
Total Pension Liability	$ 4,965,760	$ 5,440,061	$ 7,343,837
Less: Fiduciary Net Position	(5,256,763)	(3,867,085)	(7,137,251)
Net Pension Liability (Asset)	$ (291,003)	$ 1,572,976	$ 206,586

A schedule of Net Pension Liability (Asset), 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 146 through 149.

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

Changes in the City's net pension liability (asset) presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability (Asset) for Fire, Municipal, and Police pension plans for the Fiscal Year ended June 30, 2021 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	$ 55,596	$ -	$ 55,596
Interest on the Total Pension Liability	362,472	-	362,472
Difference between Expected and Actual Experience	(94,948)	-	(94,948)
Employer Contributions	-	77,495	(77,495)
Employees Contributions	-	29,873	(29,873)
Pension Plan Net Investment Income	-	1,338,230	(1,338,230)
Assumptions Changes	(155,659)	-	(155,659)
Benefit Payments	(286,414)	(286,414)	-
Administrative Expense	-	(4,213)	4,213
Other	-	(1,140)	1,140
Net Change	(118,953)	1,153,831	(1,272,784)
Net Pension Liability Beginning	5,084,713	4,102,932	981,781
Net Pension Liability (Asset) Ending	$ 4,965,760	$ 5,256,763	$ (291,003)

Houston Municipal Employees' Pension System

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	$ 78,564	$ -	$ 78,564
Interest on the Total Pension Liability	363,611	-	363,611
Difference between Expected and Actual Experience	(20,427)	-	(20,427)
Employer Contributions	-	184,762	(184,762)
Employees Contributions	-	33,325	(33,325)
Pension Plan Net Investment Income	-	1,084,386	(1,084,386)
Benefit Payments	(314,150)	(314,150)	-
Refunds	(402)	(402)	-
Administrative Expense	-	(3,111)	3,111
Other	-	487	(487)
Net Change	107,196	985,297	(878,101)
Net Pension Liability Beginning	5,332,865	2,881,788	2,451,077
Net Pension Liability Ending	$ 5,440,061	$ 3,867,085	$ 1,572,976

Houston Police Officers' Pension System

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	$ 73,040	$ -	$ 73,040
Interest on the Total Pension Liability	484,527	-	484,527
Difference between Expected and Actual Experience	99,635	-	99,635
Employer Contributions	-	151,094	(151,094)
Employees Contributions	-	49,749	(49,749)
Pension Plan Net Investment Income	-	1,764,927	(1,764,927)
Assumptions Changes	-	-	-
Benefit Payments	(394,893)	(394,893)	-
Refunds	(2,433)	(2,433)	-
Administrative Expense	-	(3,669)	3,669
Net Change	259,876	1,564,775	(1,304,899)
Net Pension Liability Beginning	7,083,961	5,572,476	1,511,485
Net Pension Liability Ending	$ 7,343,837	$ 7,137,251	$ 206,586

D. Pension Expense

For the year ended June 30, 2021, the City recognized a decrease in total pension expense of $88,665,000. 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	$ 55,596	$ 78,564	$ 73,040
Interest	362,472	363,611	484,527
Difference between Expected and Actual Experience	(9,632)	(148,785)	91,190
Differences between Projected and Actual Earnings	(192,132)	(198,257)	(307,249)
Member Contributions	(29,873)	(33,325)	(49,749)
Net Investment Income	(290,895)	-	(383,068)
Administrative Expense	4,213	3,111	3,669
Assumption Changes	33,654	-	-
Other	1,140	(487)	-
Total Pension Expense	$ (65,457)	$ 64,432	$ (87,640)

E. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City on June 30, 2021 for each plan are as follows (in thousands):

	HFRRF			HMEPS			HPOPS					
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HFRRF	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HMEPS	Deferred Outflows of Resources	Deferred Inflows of Resources	Net HPOPS	Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total Deferred Inflow and Outflow of Resources
Differences between expected actual experience	$ 108,491	$ (126,450)	$ (17,959)	$ 19	$ (30,181)	$ (30,162)	$ 118,246	$ (24,346)	$ 93,900	$ 226,756	$ (180,977)	$ 45,779
Changes of assumptions	217,062	(169,944)	47,118	-	-	-	122,667	-	122,667	339,729	(169,944)	169,785
Net difference between projected and actual earnings on pension plan investments	-	(685,891)	(685,891)	-	(518,319)	(518,319)	-	(918,121)	(918,121)	-	(2,122,331)	(2,122,331)
Total	$ 325,553	$ (982,285)	$ (656,732)	$ 19	$ (548,500)	$ (548,481)	$ 240,913	$ (942,467)	$ (701,554)	$ 566,485	$ (2,473,252)	$ (1,906,767)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2021 will be recognized in pension expense as follows (in thousands):

	Houston Firefighters' Relief and Retirement	Houston Municipal Employees' Pension	Houston Police Officers' Pension	Pension Total
Year ended June 30:				
2022	$ (134,296)	$ (135,478)	$ (76,593)	$ (346,367)
2023	(123,827)	(121,097)	(180,142)	(425,066)
2024	(131,572)	(114,680)	(201,312)	(447,564)
2025	(209,523)	(177,228)	(264,936)	(651,687)
2026	(26,075)	-	14,387	(11,688)
Thereafter	(31,439)	-	7,042	(24,397)
Total	$ (656,732)	$ (548,483)	$ (701,554)	$ (1,906,769)

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. 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, 2021 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, 2021 measurement date, the single discount rate of 7.25% was used.

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):

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Houston Firefighters' Pension - Net Pension Liability (Asset)	$ 232,147	$ (291,003)	$ (721,889)
	6.00%	**7.00%**	**8.00%**
Houston Municipal Employees' Pension Liability	$ 2,143,095	$ 1,572,976	$ 1,095,299
	6.00%	**7.00%**	**8.00%**
Houston Police Officers' Pension Liability (Asset)	$ 989,884	$ 206,586	$ (434,122)

G. Assumptions

Schedule of Assumptions	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Inflation	3%	2.25%	2.30%
Salary Changes	3%	3.00% to 5.25%	0% to 20%, plus a 2.75% inflation and productivity
Investment Rate of Return	7.25%	7.00%	7.00%
Valuation Date	7/1/2020	7/1/2020	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	27 Years	26 Years
Asset Valuation Method	Market value	5 Year smoothed market, direct offset of deferred gains and losses	Market value of assets less a five-year phase in of the excess(shortfall) between expected investment return and actual income.
Ad hoc OPEB and Ad hoc COLA	2.50% Annually	3% - 6%	4%
Mortality Assumption	Mortality Improvement Scale MP-2019	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.

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 $92,603,093 for the year ended June 30, 2021. Retiree health care is accounted for in the Health Benefits Fund, an Internal Service Fund. On June 30, 2021 there were 11,147 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	$ 312,311
Expected net benefits payments	-
Actuarially Determined Contribution	312,311
Contribution made	62,372
Net OPEB liability, beginning	2,218,057
Change in Net OPEB liability	396,042
Net OPEB liability, end of year	$2,614,099

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	10,726
Active members	21,057
Total participants	31,783

2. Net OPEB Liability

The Net OPEB liability was measured as of June 30, 2020. The Total OPEB Liability was determined from an actuarial valuation as of June 30, 2020. The Net OPEB Liability is the Total OPEB Liability less the Plan Fiduciary Net Position. The Total OPEB Liability is the present value of all future benefit payments for current retirees and active employees, considering assumptions about demographics, turnover, mortality, disability, retirement, health care trends, and other actuarial assumptions.

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Measurement Date	June 30, 2020
Reporting Date	June 30, 2021
Total OPEB Liability	$ 2,614,099
Less: Fiduciary Net Position	-
Net OPEB Liability	$ 2,614,099

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 140.

3. Schedule of Changes in Net OPEB Liability

Change in Net OPEB Liability (in thousands)	Net OPEB Liability
Service Cost	$ 115,672
Interest	80,598
Change of benefit terms	-
Difference between Expected and Actual Experience	(64,790)
Assumptions Changes	326,935
Benefit Payments	(62,373)
Net Change	396,042
Beginning Net OPEB Liability	2,218,057
Ending Net OPEB Liability	$ 2,614,099

4. OPEB Expense

For the reporting year ended June 30, 2021, the City recognized OPEB expense of $114,887,000. OPEB expense recognized is as follows (in thousands):

Amounts Recognized in OPEB Expense (in thousands)	
Components of OPEB Expense:	
Service Cost	$ 115,672
Interest	80,598
Current-period benefit changes	-
Difference between Expected and Actual Experience	(9,256)
Recognition Deferred	(118,832)
Expensed Portion of Current Period Changes in Assumptions	46,705
OPEB Expense	$ 114,887

5. Schedule of Deferred Outflows and Inflows of Resources

Deferred inflows and outflows of resources related to OPEB reported by the City at June 30, 2021 is as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	$ 280,230	$ (378,814)
Net difference between projected and and actual earnings on investments	-	-
Difference between expected and actual earnings in the Total OPEB Liability	-	(131,507)
City of Houston contributions subsequent to the measurement date	-	-
Total	$ 280,230	$ (510,321)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Net OPEB Liability at June 30, 2021 will be recognized in OPEB expense as follows (in thousands):

Year Ended June 30:	Deferred Outflows and Inflows of Resources
2022	$ (81,383)
2023	(81,383)
2024	(81,383)
2025	(34,789)
2026	11,398
Thereafter	37,449
Total	$ (230,091)

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 and the healthcare cost trend 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 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
$ 3,114,149	$ 2,614,099	$ 2,227,874

1% Decrease in Health Care Cost Trend Rates	Current Health Care Cost Trend Rates	1% Decrease in Health Care Cost Trend Rates
$ 2,170,812	$ 2,614,099	$ 3,208,231

7. Schedule of Assumptions

The total OPEB liability is based on an actuarial valuation as of June 30, 2020 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Schedule of Assumptions

Inflation	2.25%
Salary Increases	3.00% to 5.25%, varies by job classification, service an age
Discount Rate	2.21%
Measurement Date	June 30, 2020
Healthcare costs trends rates	
Medical	7.00% grading down to 4.5% by 0.25% per annum
Prescription drug	8.00% grading down to 4.5% by 0.25% per annum
Medicare Advantage	6.00% grading down to 4.5% by 0.25% per annum
Medicare Supplement	6.00% grading down to 4.5% by 0.25% per annum
Administrative costs	2.00%
Healthy Mortality Rates	Rates that vary by job classification and employee status. The rates are consistent with the pension plans valuation assumptions for the same employees.

B. Health Benefits Internal Service Fund

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 includes: 1) a limited network HMO-type plan, 2) an open access PPO-type plan with out-of-network coverage, 3) a consumer driven

high deductible health plan, partnered with a health reimbursement account. 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.

Premiums paid (employer and subscriber) for current employees to third party administrators including claim liability totaled $279,119,770 for the year ended June 30, 2021.

CIGNA
Schedule of Changes in Liability
(in thousands)

	June 30, 2021	June 30, 2020
Beginning actuarial estimate of claims liability reserve, July 1	$ 22,100	$ 22,950
Catastrophic claims reserve, July 1	15,000	15,000
Incurred claims for fiscal year	341,950	304,635
Payments on claims - net of RX rebates and refunds	(331,184)	(306,335)
Actuarial adjustment	(5,383)	850
Ending actuarial estimate of claims liability including catastrophic claims liability, June 30	$ 42,483	$ 37,100

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 $6,582,428 for the year ended June 30, 2021.

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 $42 million and designated fund balance of $21 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.

Schedule of Changes in Liability
(in thousands)

	June 30, 2021	June 30, 2020
Beginning actuarial estimate of claims liability, July 1	$ 7,248	$ 6,720
Incurred claims for fiscal year	940	1,200
Payments on claims	(940)	(899)
Actuarial adjustment	(147)	227
Ending actuarial estimate of claims liability, June 30	$ 7,101	$ 7,248

Actuarially Determined Contribution and Total Claim Liability (in thousands)

During fiscal year 2021, there was a decrease of $147 thousand in the amount of disabled life reserves.

Total claim liability at beginning of period	$ 7,248
Changes due to assumption changes	19
Increase attributable to additions	771
Decrease attributable to terminations	(357)
Change attributable to passage of time and adjustments	(580)
Net change	(147)
Total claim liability at end of period	$ 7,101

1. Changes in Total OPEB Liability (in thousands)

	Increase (Decrease) Total OPEB Liability
Balance at 06/30/2020	$ 15,568
Changes for the year	
Service Cost	1,434
Interest	365
Experience	(914)
Benefit Payments	(941)
Assumption Changes	33
Net Changes	(23)
Balance at 06/30/2021	$ 15,545

2. OPEB Expense Components (in thousands) for the year ended June 30, 2021, the City will recognize OPEB expense of $2,092,591.

Service Cost	$ 1,436
Interest on TOL	365
Differences between expected and actual exp	(63)
Changes in Assumptions	354
Total OPEB Expense	$ 2,092

At June 30, 2021, the City reports deferred outflows of resources and deferred inflows of resources related to OPEB expense from the following sources:

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 963	$ (1,699)
Changes in assumptions	3,003	(97)
	$ 3,966	$ (1,796)

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:	
2022	291
2023	291
2024	291
2025	291
2026	291
Thereafter	715
	$ 2,170

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

The following presents the total OPEB liability, calculated using the discount rate of 2.16%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage-point higher than the current rate:

	1% Decrease 1.16%	Current Discount Rate of 2.16%	1% Increase 3.16%
City's Total OPEB Liability	$ 16,190	$ 15,545	$ 13,879

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, 2021, the City has an accumulated liability in the amount of $136 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.

Schedule of Changes in Liability (in thousands)

	June 30, 2021	June 30, 2020
Beginning actuarial estimate of claims liability, July 1	$ 114,216	$ 98,734
Incurred claims for fiscal year	34,284	23,603
Payments on claims	(27,318)	(22,501)
Actuarial adjustment	14,338	14,380
Ending actuarial estimate of claims liability, June 30	$ 135,520	$ 114,216

NOTE 12: INTERFUND TRANSACTIONS

A. Transfers

Transfers during the year ended June 30, 2021 were as follows (in thousands):

	Transferred to:				
Transferred from:	General Fund	Nonmajor Governmental Funds	Debt Service	Capital Projects	Total Transfers Out
General Fund	$ -	$ 106,168	$ 332,838	$ 1,980	$ 440,986
Grants Fund	-	10	-	-	10
Nonmajor Funds	11,606	630	12,967	125,677	150,880
Capital Projects	-	-	4,308	-	4,308
Convention and Entertainment	1,449	-	-	-	1,449
Combined Utility System	56,541	-	5,050	393	61,984
Total transfers in	$ 69,596	$ 106,808	$ 355,163	$ 128,050	$ 659,617

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 $81,872,000 for the year ended June 30, 2021 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 2021 total are charges to the funds for direct and indirect expenses as shown below (in thousands):

	Airport System	Combined Utility System	Other Funds	Total
General Services	$ 3,063	$ 9,503	$ 10,825	$ 23,391
Fire Services	20,039	-	-	20,039
Police Services	32,196	-	-	32,196
Legal	95	56	304	455
Other	281	4,046	1,464	5,791
Total	$ 55,674	$ 13,605	$ 12,593	$ 81,872

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, 2021 is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Grants Revenue	$ 16,525
	CARES ACT Fund	3,858
	Combined Utility System	36,522
	Nonmajor Governmental Funds	3,712
	Capital Projects Fund	19,005
	Airport System	98
	Internal Service Fund	39
		$ 79,759
Grants Revenue	General Fund	$ 1,147
	Capital Projects Fund	1,112
	Nonmajor Governmental Funds	8
	CARES ACT Fund	140
	Combined Utility System	7
		$ 2,414
Capital Projects Fund	Grants Revenue	$ 413
	Nonmajor Governmental Funds	6,344
		$ 6,757
Airport System	General Fund	$ 1,389
	Combined Utility System	29
	Nonmajor Governmental Funds	6
	CARES ACT Fund	99
		$ 1,523
Combined Utility System	Nonmajor Governmental Funds	$ 84
	General Fund	6
	CARES ACT Fund	278
		$ 368
Nonmajor Governmental Funds	Nonmajor Governmental Funds	$ 56
	General Fund	9,797
	CARES ACT Fund	254
	Grants Revenue	365
	Combined Utility System	93
	Capital Projects Fund	2
	Airport System	1
		$ 10,568
CARES ACT Fund	General Fund	$ 7
	Grants Revenue	10
		$ 17
Internal Service Fund	General Fund	$ 28
	CARES ACT Fund	51
		$ 79
Debt Service Fund	General Fund	$ 250
		$ 250

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 $4 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 $16.8 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 parties cross appealed and the case has been fully briefed. Oral arguments were held on June 2, 2021.

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.

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 signed an Order on March 31, 2021 approving the Consent Decree as lodged on August 27, 2019. The City has posted a copy of the Consent Decree and related documents on its website at https://www.publicworks.houstontx.gov/. The BWC separate lawsuit (United States District Court for the Southern District of Texas; Civil Action No. 4:18-cv-03369) was dismissed with prejudice on April 8, 2021 by joint motion filed with the court by the City and BCW after the Consent Decree was entered

While the total amount of the investment to be made in the wastewater system will not be known until the System completes the assessment work to identify the condition and remedial measures needed, it is estimated that the City may be required to invest an additional $2 billion over 15 years to upgrade the wastewater system pursuant to the Consent Decree. In Fiscal Year 2019, the System engaged a utility rate consultant to review the water and wastewater cost of service and rate design, and water and wastewater impact fee update, which would, among other things, take into account the additional investment requirements in the then-proposed Consent Decree. (SEE NOTE 17 – SUBSEQUENT EVENTS). The City sought court validation of the water and wastewater rates excluding contract rates and on October 4, 2021, a final judgment was entered by a Travis County District Court validating the water and wastewater rates for which the City sought validation. Other than the costs identified above that have been paid for resolution of all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005, the City cannot predict the 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. The Consent Decree terms cause stipulated penalties to accrue in certain situations; it is unclear at this time whether, or how much, stipulated penalty monies may be demanded from the City under the Consent Decree. The City continues to manage the System, including Consent Decree commitments, through capital investments, maintenance and assessment activities. These activities include enhanced sewer cleaning, restaurant inspections, system inspections and investigations, SSO response, and public outreach and education.

In 2011, City Council passed an ordinance that imposed an assessment upon benefitted properties that receive drainage services (the "Drainage Utility Fee") to assist with the provision, maintenance and improvement of the City's drainage and street drainage systems. Certain properties are exempt from the Drainage Utility Fee, including State government agency facilities, public and private institutions of higher education, and churches existing at the time of passage. Exempted properties comprise approximately 2.55% of the drainage service area.

The Drainage Utility Fee is deposited into a segregated drainage account in the "Dedicated Pay-As-You-Go Fund for Drainage and Streets" (the "Pay-As-You-Go Fund"), which also includes ad valorem tax revenue, certain grants, and a developer impact fee. All funding in the Pay-As-You-Go Fund that is not derived from ad valorem taxes is excluded from the revenue limitations in the City Charter.

Jones v. Turner. On October 21, 2019, taxpayers filed suit in state district court alleging miscalculation by the City of required ad valorem tax contributions to Pay-As-You-Go-Fund resulting in alleged underpayments into the fund. The plaintiffs seek declaratory relief, an injunction, mandamus relief, attorneys' fees, and any other relief to which they may be entitled. The trial court denied the City's plea to the jurisdiction in December 2019, and the Fourteenth Texas Court of Appeals reversed in the City's favor and rendered a decision dismissing Jones' claims. Jones had filed a motion for rehearing/en banc rehearing which was denied on March 11. 2021. Jones has filed a petition for review in the Texas Supreme Court. The City filed a response and is awaiting a decision from the Court on whether it will grant review.

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 parties reached a settlement during the second round of court-ordered mediation. All parties signed a Mutual Release and Settlement Agreement governing the Railroads' payment to Houston for drainage service and establishing a framework for resolution of future disputes regarding drainage. The case is now closed.

A small business filed a lawsuit contending that the City and Mayor Sylvester Turner and the Director of Houston Public Works in their official capacities have illegally assessed, collected and spent hundreds of millions of dollars for drainage and street repairs from Houston taxpayers and landowners for the past seven years, pursuant to a void Charter Amendment and/or a void City Ordinance. The case was abated pending the resolution of a similar case challenging the drainage fee ordinance.

An additional lawsuit has been filed against the City seeking a declaratory judgment that the Drainage Utility Fee is illegal and asking that the City reimburse residents who have paid the fee in prior years. The lawsuit seeks to certify such residents as a class. The trial

court dismissed the case; the plaintiff has appealed, and the dismissal of the case was affirmed on appeal. The plaintiffs have filed a petition for review in the Texas Supreme Court. The Supreme Court has asked for full briefing but not yet decided whether to grant review.

B. Environmental Liabilities

The City is aware of various sites contaminated by asbestos or other hazardous materials. The City has recorded accrued liabilities of $13.9 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, 2021, the City had appropriated but not yet spent from Capital Projects and Enterprise Funds approximately $2,357,759,000 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 $200 million. The commercial property insurance sublimit for flood is $200 million. The commercial Property Insurance provides deductibles as follows: $2 million per occurrence for all perils except; 3% of the damaged insured value for windstorm or hail from a named storm, subject to a $2.5 million minimum and a $15 million maximum deductible; and 3% of the damaged insured value for flood, subject to a $2.5 million minimum and a $15 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is $15 million.

Self-insured claims are reported as liabilities in the accompanying financial statements when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. This determination is based on reported pending claims, estimates of claims incurred but not yet reported, actuarial reports and historical analysis. All claims are accounted for in the 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:

	Unemployment Claim Activity	
	June 30, 2021	June 30, 2020
Unpaid claims, beginning of fiscal year	$751,277	$431,385
Incurred claims (including IBNRs)	544,493	1,741,934
Claim payments	(1,285,683)	(1,422,042)
Unpaid claims, end of fiscal year	$10,087	$751,277

E. Purchase Commitments for Electricity

On July 1, 2020, the City entered into an electricity supply agreement with Reliant Energy Retail Services, Inc. for a 5-year term with two 1-year options, with locked rates for the duration of the contract terms. The total committed price is approximately $634 million for expected usage of the potentially 7-year contract.

On November 13, 2015, the City entered into a solar energy supply agreement with ENGIE to supply solar power to the City from a facility located in Alpine, Texas, for a 20-year term starting in April 2017. The contract value is approximately $124.7 million.

F. Federal and State

Amount received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, could be a liability of the City.

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 ("CDC") 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 (the "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 the County. Also on March 11, 2020, the Mayor of the City 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 COVID-19.

On March 17, 2020, the City Council of the City 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 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 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 pandemic continues to have a negative financial impact on local, state and national economies, in a manner that have affected and may 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 $404.9 million from the U.S. Department of Treasury pursuant to the Coronavirus Aid Relief & Economic Security Act (the "CARES Act").

In addition, 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 2021 and 2020 the Airport System received $187.3 million and $8.1 million, respectively, and used the proceeds to offset against its Subordinate Lien Bond debt service.

H. Affordable Housing Tax Increment Zone Contribution

On March 24, 2021, City Council adopted and passed an Ordinance creating the Uptown TIRZ Series 2021 Affordable Homes Fund for use by the City's Housing and Community Development Department for single family affordable housing projects. Uptown TIRZ issued $100,000,000 in bonds and contributed the funds to the City on May 4,2021. The City will reimburse Uptown TIRZ by reducing the amount Uptown TIRZ pays to the City each year.

The funds will be used by the City as follows:

- Homebuyer Choice Program – 410 units for $52,787.500
- Homebuyer Assistance Program 15 units for $495,000
- New Home Development Program – 660 units for $46,717,500

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, 2021 the City received $90.638 million from METRO under this contract. The breakout was $24.624 million to Capital Projects and $66.014 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, 2021 the City paid $4.1 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, 2021 is $67.0 million. The current portion of this receivable is $3.5 million with the remaining $63.5 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 2021, 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, 2021. Six discretely presented component units: Greater Houston Convention and Visitors Bureau, Houston Arts Alliance, Houston First Corporation, Houston Housing Finance Corporation, Houston Media Source, and Houston Zoo, Inc., have fiscal years ended December 31, 2020. Subsequent to December 31, 2020, the City received interest payments of $9,227 thousand from Houston First Corporation.

NOTE 15: CONDUIT DEBT OBLIGATIONS

The City has authorized various issues of Special Facilities Bonds to enable United Airlines, Inc. ("United") (formerly known as Continental Airlines, Inc.), a publicly traded company, to construct facilities at the George Bush Intercontinental Airport ("Special Facilities") that were deemed to be in the public interest. These bonds are limited special obligations of the City, payable solely from and secured by a pledge of revenues generated from lease agreements with United. Collected pledged revenues are remitted directly to a trustee by United. Under the terms of the related lease agreements, United operates, maintains, and insures the terminals, and manages and retains revenues from all concessions operated in the Terminal B and E Special Facilities. The City operates, maintains, insures, and manages and retains revenues from all concessions operated in all other terminal facilities.

The City holds legal title to the completed facilities, as they are constructed on airport property, but the constructed facilities are operated and controlled by United through long-term leases, and the Fund will enjoy no direct financial benefit from these facilities for the term of the lease agreements. Accordingly, the Fund accounts for the Special Facilities Bonds shown in the following table as conduit debt, and neither the debt nor the related assets have been recorded in the accompanying financial statements.

Conduit Debt Outstanding at June 30, 2021 (in thousands)	**June 30, 2021**
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	274,480
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
Total Conduit Debt Outstanding	$ 850,035

On June 29, 2020, the City issued $34,165,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020A (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020A costs of issuance. The bonds were issued as a 5% Term Bond due July 1, 2027, with a yield of 4.375%.

On June 29, 2020, the City issued $47,470,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020B-2 (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020B-2 costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.375%.

On June 29, 2020, the City issued $66,890,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2020C (AMT) on behalf of United, to refund certain outstanding Special Facilities Revenue Bonds, and to pay the Series 2020C costs of issuance. The bonds were issued as a 5% Term Bond due July 15, 2027, with a yield of 4.625%.

On February 20, 2018, the City issued $90,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Technical Operations Center Project), Series 2018 (AMT) on behalf of United, to finance the construction of a technical operations center and related facilities at IAH. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On February 20, 2018, the City issued $46,425,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2018C (AMT) on behalf of United, to finance the improvement, renovation, expansion and repair of certain special facilities at IAH, including improvements to an existing aircraft maintenance hangar facility, construction of an aircraft shops facility, and renovation of a maintenance and parts storage facility. The bonds were issued as a 5% Term Bond due July 15, 2028, with a yield of 3.60%.

On March 16, 2015, the City issued $176,650,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT) on behalf of United, to finance the construction of a new North Concourse building at Terminal B with jet bridge loading, and to make improvements to related facilities. The bonds were issued with a coupon rate of 5.00%, and a yield of 4.75%, to mature in varying amounts from 2026 to 2035.

On May 8, 2014, the City issued $308,660,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 on behalf of United, at coupon rates ranging from 4.50% to 5.00%. The bonds mature in varying amounts from 2020 to 2029. Proceeds of the bonds were used to refund a portion of the City's outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal E project) Series 2001 and to pay costs of issuance.

On November 17, 2011, the City issued $113,305,000 in Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT), at coupon rates ranging from 6.50% to 6.625%, to finance the replacement of two flight stations at Terminal B, with a new South Concourse building to serve United Airlines' regional jet operations.

NOTE 16: PRIOR PERIOD ADJUSTMENT

The net position in the Combined Utility System enterprise fund as of the beginning of the fiscal year has been increased due to the City's adoption of the percentage of completion method of revenue recognition for long term joint venture construction contracts (see note 1D). This increase was partially offset by a retroactive reduction to investment income on the capital contributions for these contracts. The investment income has been reclassified to Due to other governments.

These changes resulted in a net increase to net position of $683.65 million dollars.

The table below presents the effects of these changes on the Statement of Revenues, Expenses and Changes in Net Position and Statement of Net Position:

Combined Utility System (in thousands)	July 1, 2020 as previously reported	July 1,2020 as re-stated
Statement of Net Position		
Noncurrent Liabilites		
Unearned Revenue	$ 1,620,723	$ 931,220
Due to other governments	-	5,855
Statement of Revenue, Expenses, and changes in Net Position		
Investment Income	58,243	54,988
Capital Contributions	16,691	319,627
Change in Net Position	163,314	462,995
Total Net Position before adjustments	256,633	640,599
Cumulative effect of prior period adjustment	-	383,966
Net Position after adjustments	$ 419,947	$ 1,103,594

NOTE 17: SUBSEQUENT EVENTS

A. Tax and Revenue Anticipation Notes

On September 20, 2021, the City closed the sale of $75,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2021. The proceeds of the TRANS will be used to pay working capital expenditures until tax revenues are received in early 2022. The stated interest rate was .076%. The notes will mature on June 30, 2022.

B. Combined Utility System First Lien Revenue and Refunding Bonds Series 2018C

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

C. Water Sewer Rate Study and Impact Fee Study

Approximately every five years, the City commissions water and wastewater rate studies to assess the adequacy and equitability of its rates. Additionally, every 10 years, the City commissions impact fee studies to assess the adequacy and equitability of these fees. In Fiscal Year 2019, the City engaged Carollo Engineers, Inc. as the City's utility rate and impact fee consultant, to review the System's water and wastewater cost of service and rate design, and water and wastewater impact fee update, which would, among other things, take into account the additional investment requirements of the then-proposed Consent Decree.

The study was completed in Fiscal Year 2021 and was presented to the Budget and Fiscal Affairs Committee on April 27, 2021. On June 23, 2021, based on the studies' recommendations, City Council approved an ordinance authorizing the implementation of the new impact fees on July 1, 2021 and new water and wastewater rates on September 1, 2021. A copy of the final report, incorporating an executive summary, prepared by the consultant, is available on the City Secretary's website: https://www.houstontx.gov/citysec/HPW/serviceratestudy.pdf and https://www.houstontx.gov/citysec/HPW/impactfeereport.pdf.

D. General Obligation Public Improvement Bonds Series 2021D and Series 2021E (TWDB FIF Loans)

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

E. Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2021

On August 5, 2021, the City issued $31,165,000 of Convention & Entertainment Facilities Department Hotel Occupancy Tax and Special Revenue Refunding Bonds, Series 2021 with coupons from 3% to 4%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of C&E 2011A and 2015 and to pay costs of issuance of the Bonds.

F. Public Improvement Refunding Bonds Series 2021A and 2021B (Taxable); Certificates of Obligation (Demolition Program) Series 2021C

On August 31, 2021, the City issued $306,070,000 of Public Improvement Refunding Bonds Series 2021A and 2021B (Taxable); and $2,595,000 of Certificates of Obligation (Demolition Program) Series 2021C with coupons from 0.166% to 5%. The proceeds were used to refund $222,000,000 of General Obligation Commercial Paper Notes Series G-2, H-2, E-1 and E-2; placed in Escrow for the purpose of generating resources for debt service payments of the refunded portion of PIB Series 2012A and 2014A; demolish dangerous structures within the City; and pay costs of issuance related to the Bonds. The true interest cost of the 2021A Bonds is 1.66%, 2021B Bonds is 1.90% and CO 2021C Bonds is 0.353%. The Bonds mature in varying amounts from year 2022 to 2042. Net present value savings related to the bonds refunded totaled $12,316,695.29 and reduced debt service by $12,313,212.17.

G. Airport System CARES Act, CRRSA Act, and ARP Act Federal Assistance Federal Assistance

For the period from July 1, 2021 through December 10, 2021, the Airport System received no additional CARES Act reimbursements.

On December 27, 2020, the United States Congress passed the Coronavirus Response and Relief Supplemental Appropriation Act ("CRRSA Act") with the purpose of relief to airports to prevent, prepare for, and respond to the COVID-19 pandemic, including relief from rent and minimum annual guarantees for eligible airport concessions at various airports. Under the CRRSA Act, the FAA provides funding through the Airport Coronavirus Relief Grant Program ("ACRGP").

On April 21, 2021, the City, for and on behalf of the Airport System, executed a ACRGP Grant with the FAA and is eligible to receive a total of $45.7 million. This grant may be used for costs related to eligible operating expenses and debt service payment.

On May 20, 2021, the City, for and on behalf of the Airport System, executed a ACRGP Concessions Relief Addendum with the FAA and is eligible to receive a total of $6.2 million. This grant may be used to provide credit relief to eligible concessions based on criteria established by the FAA. A portion of these funds, up to two (2) percentage, may be used to reimburse the Airport System for administrative costs.

On March 11, 2021, the American Rescue Plan Act of 2021 ("ARP Act") was signed into law by the President of the United States. ARP Act includes $8 billion in funds to be awarded as economic assistance to eligible U.S. airports to prevent, prepare for, and respond to the COVID-19 pandemic. To distribute these funds, the FAA has established the Airport Rescue Grants ("ARG").

On August 19, 2021, the City, for and on behalf of the Airport System, executed a ARG Grant with the FAA and is eligible to receive a total of $181.0 million. This grant may be used for costs related to eligible operating expenses and debt service payment.

For the period from July 1, 2021 through December 10, 2021, the Airport System received approximately a total of $34.4 million and $7.8 million in ACRGP and ARG reimbursements, respectively.

H. Conduit Debt Obligations

On August 25, 2021, the City issued $70,175,000 and $219,320,000 in Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal E Project and Terminal Improvement Projects), Series 2021A and 2021B-1, respectively, on behalf of United, for the purpose of 1) financing the costs of development, construction, and acquisition of a new multi-terminal baggage handling system and other infrastructure improvements at George Bush Intercontinental Airport and 2) paying related costs of issuance. Interest rate for both series is 4% per annum. Maturity dates are July 1, 2041 and July 15, 2041 for Series 2021A and 2021B-1, respectively.

NOTE 18: CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2020, the City adopted GASB's No. 87 – Leases, using the facts and circumstances that existed at the beginning of the period of implementation. The standard requires that it is applied retroactively unless it is impractical to do so. Due to the sheer number of leases the City considered it impractical to do so. As a result, there was no impact to the City's beginning net position upon adoption of the new accounting standard.

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, 2021
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Revenues				
Taxes and assessments				
Property Taxes	$ 1,233,391	$ 1,233,391	$ 1,254,016	$ 20,625
Industrial Assessments	19,311	19,311	25,435	6,124
Sales Tax	675,000	675,000	706,829	31,829
Franchise Tax	157,259	157,259	153,600	(3,659)
Mixed Beverage Tax	19,528	19,528	14,561	(4,967)
Total taxes and assessments	2,104,489	2,104,489	2,154,441	49,952
Licenses and permits				
General	26,220	26,220	24,385	(1,835)
Health Permits	7,769	7,769	7,001	(768)
Total licenses and permits	33,989	33,989	31,386	(2,603)
Charges for services				
Ambulance service	51,000	51,000	46,366	(4,634)
Library fees	10	10	4	(6)
Parking	325	325	123	(202)
Services performed for other funds				
Direct	63,175	63,175	59,308	(3,867)
Indirect	24,258	24,258	24,688	430
Rents and royalties	1,568	1,568	1,461	(107)
Others	29,294	29,294	17,641	(11,653)
Total charges for services	169,630	169,630	149,591	(20,039)
Intergovernmental - grants	54,682	54,682	67,258	12,576
Fines and forfeits				
Municipal Courts	19,744	19,744	14,993	(4,751)
Others	3,846	3,846	3,023	(823)
Total fines and forfeits	23,590	23,590	18,016	(5,574)
Interest	9,011	9,011	1,603	(7,408)
Other				
Sale of Property	191	191	400	209
Other	13,787	13,787	12,890	(897)
Total Other	13,978	13,978	13,290	(688)
Total revenues	2,409,369	2,409,369	2,435,585	26,216
Other financing sources (uses)				
Transfers in	10,199	10,199	6,031	(4,168)
Sale of capital assets	2,500	2,500	2,543	43
Lease financing principal	-	-	11,610	11,610
Total other financing sources (uses)	12,699	12,699	20,184	7,485
Total revenues and other financing sources	$ 2,422,068	$ 2,422,068	$ 2,455,769	$ 33,701

* 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, 2021
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Budget Basis	Pos (Neg)
Expenditures				
General government				
Legislative and executive				
Legislative - Council				
Personnel services	7,372	7,208	7,160	48
Other current expenditures	3,468	3,605	1,496	2,109
Equipment acquisition	3	37	14	23
Total legislative - council	10,843	10,850	8,670	2,180
Legislative - Mayor's Office				
Personnel services	4,891	4,767	4,859	(92)
Other current expenditures	749	806	699	107
Total executive - mayor's office	5,640	5,573	5,558	15
Total legislative and executive	16,483	16,423	14,228	2,195
Office of Business Opportunity				
Personnel services	3,412	3,261	3,177	84
Other current expenditures	408	416	303	113
Equipment acquisition	-	1	1	-
Total office of business opportunity	3,820	3,678	3,481	197
Municipal Courts Administration				
Municipal Courts				
Personnel services	23,567	22,721	21,652	1,069
Other current expenditures	6,336	6,153	5,428	725
Equipment acquisition	14	14	13	1
Total municipal courts	29,917	28,888	27,093	1,795
Elections	-	900	807	93
Finance administration				
Controller				
Personnel services	7,334	7,051	6,748	303
Other current expenditures	1,344	1,319	1,066	253
Total controller	8,678	8,370	7,814	556
Finance				
Personnel services	13,982	13,398	12,424	974
Other current expenditures	4,973	5,040	3,873	1,167
Equipment acquisition	-	16	21	(5)
Total finance	18,955	18,454	16,318	2,136
Administrative and Regulatory Affairs				
Personnel services	16,338	15,599	14,021	1,578
Other current expenditures	3,723	3,627	3,248	379
Equipment acquisition	7	7	-	7
Total administrative and regulatory affairs	20,068	19,233	17,269	1,964
Bond and Legal	2,085	2,085	972	1,113
Total finance administration	49,786	48,142	42,373	5,769

* 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, 2021
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Budget Basis	Pos (Neg)
Legal				
Personnel services	14,561	14,536	13,361	1,175
Other current expenditures	1,498	1,465	1,107	358
Equipment acquisition	-	107	108	(1)
Total legal	16,059	16,108	14,576	1,532
City Secretary				
Personnel services	892	808	608	200
Other current expenditures	121	171	152	19
Total city secretary	1,013	979	760	219
Planning and Development				
Personnel services	3,089	2,989	2,847	142
Other current expenditures	359	348	345	3
Total planning and development	3,448	3,337	3,192	145
Human Resources				
Personnel services	2,107	2,544	2,124	420
Other current expenditures	420	430	290	140
Equipment acquisition	2	7	6	1
Total human resources	2,529	2,981	2,420	561
Total general government	123,055	121,436	108,930	12,506
Public safety				
Police				
Personnel services	864,538	845,366	846,831	(1,465)
Other current expenditures	66,096	73,017	71,311	1,706
Equipment acquisition	300	808	1,926	(1,118)
Total police	930,934	919,191	920,068	(877)
Fire				
Personnel services	458,221	447,687	444,251	3,436
Other current expenditures	51,730	58,418	56,155	2,263
Equipment acquisition	-	54	6,710	(6,656)
Total fire	509,951	506,159	507,116	(957)
Total public safety	1,440,885	1,425,350	1,427,184	(1,834)
Public Works				
Administration				
Personnel services	919	890	747	143
Other current expenditures	26,238	20,588	23,584	(2,996)
Total administration	27,157	21,478	24,331	(2,853)
General Services				
Personnel services	13,245	12,125	11,283	842
Other current expenditures	28,447	29,018	26,034	2,984
Equipment acquisition	-	20	523	(503)
Total general services	41,692	41,163	37,840	3,323

* 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, 2021
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	**Final**	**Budget Basis**	**Pos (Neg)**
Solid Waste				
Personnel services	37,677	39,194	39,214	(20)
Other current expenditures	46,386	43,772	42,877	895
Equipment acquisition	1,000	1,715	1,680	35
Total solid waste	85,063	84,681	83,771	910
Total public works	153,912	147,322	145,942	1,380
Department of Neighborhoods				
Personnel services	8,335	7,991	7,613	378
Other current expenditures	3,184	2,973	2,258	715
Equipment acquisition	-	-	3,718	(3,718)
Total department of neighborhoods	11,519	10,964	13,589	(2,625)
Health				
Personnel services	39,742	36,095	35,432	663
Other current expenditures	22,914	22,290	21,705	585
Equipment acquisition	137	31	39	(8)
Total health	62,793	58,416	57,176	1,240
Housing				
Personnel services	92	91	82	9
Other current expenditures	424	417	238	179
Total housing	516	508	320	188
Parks and Recreation				
Personnel services	44,517	40,100	33,600	6,500
Other current expenditures	20,626	21,945	19,311	2,634
Equipment acquisition	16	20	4	16
Total parks and recreation	65,159	62,065	52,915	9,150
Library				
Personnel services	33,489	31,708	29,023	2,685
Other current expenditures	5,809	6,124	5,783	341
Equipment acquisition	3,602	3,602	3,595	7
Total library	42,900	41,434	38,401	3,033
Retiree Benefits				
Hospital and life insurance	17,285	17,285	13,290	3,995
Total retiree benefits	17,285	17,285	13,290	3,995
Other current expenditures				
Tax appraisal fees	10,430	10,430	10,372	58
Limited-purpose Annexation Districts	58,317	58,317	66,151	(7,834)
Claims and judgments	12,609	12,609	12,396	213
Membership dues	453	453	348	105
Advertising and promotion	528	528	187	341
Consultants	1,660	1,660	1,290	370
Miscellaneous support services	51,758	63,974	59,267	4,707
Total other current expenditures	135,755	147,971	150,011	(2,040)
Debt service				
Debt service interest	4,443	1,543	2,268	(725)
Total debt service	4,443	1,543	2,268	(725)
Total expenditures	2,058,222	2,034,294	2,010,026	24,268
Other financing sources (uses)				
Transfers out	454,523	450,172	449,994	178
Total other financing sources (uses)	454,523	450,172	449,994	178
Total expenditures and other financing uses	$ 2,512,745	$ 2,484,466	$ 2,460,020	$ 24,446

* 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, 2021
amounts expressed in thousands
(*unaudited*)

Revenues		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	$	2,435,585
Revenues of non-budgeted funds		
Equipment Acquisition		498
Revolving Funds		1,296
Building Security		520
Grant Matching Fund		82
Storm Water		17
Bureau of Animal Regulation and Care		1,432
Forensic Transition		672
Civic Events		7,453
Renewal and Replacement		509
Health and Environmental		60
Total revenues of non-budgeted funds		12,539
Interest on pooled investments from non-budgeted revenues		(289)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	$	2,447,835
Expenditures		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	$	2,010,026
Expenditures of non-budgeted funds		
Equipment Acquisition		21,993
Revolving Funds		1,296
Building Security		410
Grant Matching Fund		178
Storm Water		42,973
Bureau of Animal Regulation and Care		11,505
Fleet maintenance		606
Forensic Transition		674
Civic Events		9,371
Renewal and Replacement		24,876
Health and Environmental		45
Total expenditures of non-budgeted funds		113,927
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	$	2,123,953
Other financing sources (uses)		
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	$	(429,810)
Proceeds from Issuance of Debt		23,000
Sale of Assets		1,151
Transfers of Non Budgeted Funds		72,573
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-government funds	$	(333,086)

CITY OF HOUSTON, TEXAS
REQUIRED NOTES TO THE SUPPLEMENTARY INFORMATION
June 30, 2021
(*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 28, 2021, City Council approved the fiscal year 2021 general appropriation ordinance in the amount of $2.484 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 2021 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	Revenues	Expenditures	Other Sources (Uses)
Budgeted Special Revenue Funds	$ 391,224	$ 291,916	$ (44,036)
Non-budgeted Disaster Recovery Fund	-	-	-
Non-budgeted Grants Revenue Fund	621,095	549,508	9,714
Non-budgeted Health and Housing	1,529	463	196
Non-budgeted Other Funds	30,993	28,690	(232)
Total Special Revenue Funds - Actual	$ 1,044,841	$ 870,577	$ (34,358)

2. General Fund Budgetary Highlights

Revenues were $33.7 million above budget. This increase was mainly evident in taxes and assessments of $50 million. Additionally, increases in intergovernmental grants of $12.6 million and other financing sources of $7.5 million was offset by decreases in licenses and permits of $2.6 million, charges for services of $20 million, fines and forfeits of $5.5 million, interest of $7.4 million, other income of $1 million.

Significant differences between budgeted and actual taxes and assessments include:

- $20.6 million increase in property tax
- $6.1 million increase in industrial assessments
- $32 million increase in sales tax
- $3.7 million decrease in franchise tax
- $5 million decrease in mixed beverage tax

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2021
(*unaudited*)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 7 Fiscal Years

(in thousands)

	Fire						
	2021	2020	2019	2018	2017	2016	2015 (1)
Total Pension Liability							
Service Cost	$ 55,596	$ 57,743	$ 55,532	$ 52,579	$ 80,002	$ 76,407	$ 68,145
Interest	362,472	349,760	343,416	332,357	389,938	369,708	353,405
Changes of benefit terms	-	-	-	-	(645,971)	-	-
Differences between expected and actual experience	(94,948)	78,724	34,668	62,117	(65,194)	(63,047)	(28,536)
Differences between expected and actual earnings on plan investments	(155,659)	-	-	-	-	-	-
Changes of assumptions	-	-	(47,463)	(16,572)	534,646	2,918	2,801
Benefit payments including refunds of employee contributions	(286,414)	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Refunds	-	-	-	-	-	-	-
Net change in total pension liability	$ (118,953)	$ 155,904	$ 113,755	$ 141,373	$ 44,027	$ 174,313	$ 199,453
Total pension liability - beginning	5,084,713	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341	4,255,888
Total pension liability - ending (a)	4,965,760	5,084,713	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341
Plan fiduciary net position							
Contributions-employer	$ 77,495	$ 83,837	$ 89,897	$ 83,010	$ 93,658	$ 94,279	$ 92,610
Contributions-employee	29,873	33,441	34,281	35,622	25,404	25,511	25,092
Net investment income	1,338,230	84,115	221,775	322,306	432,948	(47,437)	51,801
Benefit payments, including refunds of employee contributions	(286,414)	(330,323)	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Administrative expense	(4,213)	(4,516)	(4,952)	(4,890)	(4,898)	(6,771)	(6,640)
Refunds	-	-	-	-	-	-	-
Other	(1,140)	(1,314)	(1,265)	(1,676)	(2,298)	(1,890)	(1,676)
Net change in plan fiduciary net position	$ 1,153,831	$ (134,760)	$ 67,338	$ 145,264	$ 295,420	$ (147,981)	$ (35,175)
Plan fiduciary net position-beginning	4,102,932	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651	3,912,826
Plan fiduciary net position-ending (b)	5,256,763	4,102,932	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651
City's net pension liability (asset) -ending (a)-(b)	$ (291,003)	$ 981,781	$ 691,117	$ 644,700	$ 648,591	$ 899,984	$ 577,690
Plan fiduciary net position as percentage of the total pension liability	105.86%	80.69%	85.98%	86.61%	86.12%	80.56%	87.03%
Covered payroll	$ 243,045	$ 259,235	$ 272,498	$ 260,345	$ 289,947	$ 280,436	$ 277,745
Net position liability as a percentage of covered payroll	-119.73%	378.72%	253.62%	247.63%	223.69%	320.92%	207.99%

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, 2021
(*unaudited*)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 7 Fiscal Years

(in thousands)

	Municipal						
	2021	2020	2019	2018	2017	2016	2015 (1)
Total Pension Liability							
Service Cost	$ 78,564	$ 77,819	$ 77,175	$ 78,149	$ 75,961	$ 68,968	$ 65,810
Interest	363,611	356,430	349,592	341,276	331,166	379,781	361,007
Changes of benefit terms	-	-	-	-	(724,683)	-	-
Differences between expected and actual experience	(20,427)	(28,865)	(11,538)	19,158	(38,387)	(16,194)	(23,380)
Differences between expected and actual earnings on plan investments	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	562,237	91,248	-
Benefit payments including refunds of employee contributions	(314,150)	(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Refunds	(402)	(650)	(1,394)	(807)	(718)	(1,105)	(1,549)
Net change in total pension liability	$ 107,196	$ 96,732	$ 122,775	$ 153,848	$ (74,880)	$ 269,520	$ 166,933
Total pension liability - beginning	5,332,865	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870	4,597,937
Total pension liability - ending (a)	5,440,061	5,332,865	5,236,133	5,113,358	4,959,510	5,034,390	4,764,870
Plan fiduciary net position							
Contributions-employer	$ 184,762	$ 176,430	$ 176,261	$ 421,562	$ 182,558	$ 159,958	$ 145,007
Contributions-employee	33,325	32,582	32,536	27,905	15,902	15,874	16,198
Net investment income	1,084,388	(115,165)	200,445	231,815	290,911	27,639	73,370
Benefit payments, including refunds of employee contributions	(314,150)	(308,002)	(291,060)	(283,928)	(280,456)	(253,178)	(234,955)
Administrative expense	(402)	(4,891)	(1,394)	(807)	(718)	(1,105)	(1,549)
Refunds	(3,111)	(650)	(5,363)	(6,442)	(6,827)	(7,360)	(7,007)
Other	487	484	710	(3,905)	1,272	1,651	1,041
Net change in plan fiduciary net position	$ 985,299	$ (219,212)	$ 112,135	$ 386,200	$ 202,642	$ (56,521)	$ (7,895)
Plan fiduciary net position-beginning	2,881,788	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544	2,464,439
Plan fiduciary net position-ending (b)	3,867,087	2,881,788	3,101,000	2,988,865	2,602,665	2,400,023	2,456,544
City's net pension liability-ending (a)-(b)	$1,572,974	$2,451,077	$2,135,133	$2,124,493	$2,356,845	$2,634,367	$2,308,326
Plan fiduciary net position as percentage of the total pension liability	71.09%	54.04%	59.22%	58.45%	52.48%	47.67%	51.56%
Covered payroll	$642,917	$625,056	$614,451	$611,493	$604,895	$640,529	$624,205
Net position liability as a percentage of covered payroll	244.66%	392.14%	347.49%	347.43%	389.63%	411.28%	369.80%

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, 2021
(*unaudited*)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last 7 Fiscal Years

(in thousands)

	Police						
	2021	2020	2019	2018	2017	2016	2015 (1)
Total Pension Liability							
Service Cost	$ 73,040	$ 70,081	$ 66,750	$ 63,633	$ 60,930	$ 66,098	$ 56,062
Interest	484,527	474,376	462,691	445,113	433,598	488,223	473,065
Changes of benefit terms	-	-	-	-	(1,006,000)	-	-
Differences between expected and actual experience	99,635	(23,461)	(16,454)	69,534	80,023	10,390	26,705
Differences between expected and actual earnings on plan investments	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	21,399	778,710	(676,151)	664,974
Benefit payments including refunds of employee contributions	(394,893)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Refunds	(2,433)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
Net change in total pension liability	$ 259,876	$ 163,414	$ 175,109	$ 237,317	$ (113,168)	$ (371,494)	$ 994,205
Total pension liability - beginning	7,083,961	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783	5,998,578
Total pension liability - ending (a)	7,343,837	7,083,961	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783
Plan fiduciary net position							
Contributions-employer	$ 151,094	$ 149,078	$ 142,429	$ 887,143	$ 133,805	$ 137,392	$ 113,665
Contributions-employee	49,749	49,062	46,896	45,254	40,104	39,017	37,719
Net investment income	1,764,927	61,193	340,167	463,079	667,476	(135,833)	35,341
Benefit payments, including refunds of employee contributions	(394,893)	(355,373)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
Administrative expense	(2,433)	(2,209)	(2,278)	(1,329)	(1,696)	(978)	(945)
Refunds	(3,669)	(3,922)	(3,580)	(3,679)	(4,238)	(4,585)	(3,478)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	$ 1,564,775	$ (102,171)	$ 188,034	$ 1,029,435	$ 376,718	$ (224,063)	$ (43,354)
Plan fiduciary net position-beginning	5,572,476	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523	4,347,877
Plan fiduciary net position-ending (b)	7,137,251	5,572,476	5,674,647	5,486,613	4,457,178	4,080,460	4,304,523
City's net pension liability-ending (a)-(b)	$ 206,586	$ 1,511,485	$ 1,245,900	$ 1,258,825	$ 2,050,943	$ 2,540,829	$ 2,688,260
Plan fiduciary net position as percentage of the total pension liability	97.19%	78.66%	82.00%	81.34%	68.49%	61.63%	61.56%
Covered payroll	$ 473,801	$ 464,301	$ 444,871	$ 412,786	$ 424,300	$ 407,058	$ 395,360
Net position liability as a percentage of covered payroll	43.60%	325.54%	280.06%	304.96%	483.37%	624.19%	679.95%

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, 2021
(*unaudited*)

Schedule of City Contributions for Pension Plans
for the Fiscal Years ended June 30, (in thousands)

	2021	2020	2019	2018	2017	2016	2015
Fire (1)							
Actuarially determined contribution	$ 88,104	$ 96,332	$ 99,676	$ 96,530	$ 88,745	$ 87,464	N/A
Contributions in relation to the actuarially determined contribution	77,495	83,837	89,897	83,010	93,658	94,279	92,610
Contribution deficiency (excess)	$ 10,609	$ 12,495	$ 9,779	$ 13,520	$ (4,913)	$ (6,815)	$ 92,610
Covered payroll	$ 243,045	$ 259,235	$ 272,498	$ 260,345	$ 289,947	$ 280,436	$ 277,745
Contributions as a percentage of covered payroll	31.9%	32.3%	33.0%	31.88%	32.3%	33.6%	33.3%
Municipal							
Actuarially determined contribution	$ 188,294	$ 182,950	$ 178,256	$ 423,989	$ 184,733	$ 162,230	$ 155,299
Contributions in relation to the actuarially determined contribution	184,762	176,430	176,261	421,562	182,558	159,959	145,007
Contribution deficiency (excess)	$ 3,532	$ 6,520	$ 1,995	$ 2,427	$ 2,175	$ 2,271	$ 10,292
Covered payroll	$ 642,917	$ 625,056	$ 614,451	$ 611,493	$ 604,895	$ 640,529	$ 624,205
Contributions as a percentage of covered payroll	28.74%	28.23%	28.69%	68.94%	30.18%	24.97%	23.23%
Police							
Actuarially determined contribution	$ 140,292	$ 146,626	$ 141,202	$ 131,142	$ 167,980	$ 161,154	$ 150,949
Contributions in relation to the actuarially determined contribution	151,094	149,078	142,429	887,143	133,805	137,392	113,665
Contribution deficiency (excess)	$ (10,802)	$ (2,452)	$ (1,227)	$ (756,001)	$ 34,175	$ 23,762	$ 37,284
Covered payroll	$ 473,801	$ 464,301	$ 444,871	$ 412,786	$ 424,300	$ 407,058	$ 395,360
Contributions as a percentage of covered payroll	31.9%	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)

	Health Benefits			
	2021	**2020**	**2019**	**2018**
Actuarially Determined Contribution	$ 204,586	$ 133,961	$ 194,236	$ 188,579
Contributions in relation to the actuarially determined contribution	(62,373)	(45,811)	(57,100)	(39,820)
Contribution deficiency (excess)	$ 142,213	$ 88,150	$ 137,136	$ 148,759
Covered payroll	$ 1,308,459	$ 1,332,000	$ 1,285,000	$ 1,235,000
Contribution as a percentage of covered payroll	4.77%	3.44%	4.44%	3.22%

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, 2021
(*unaudited*)

	Long-Term Disability			
	2021	**2020**	**2019**	**2018**
Actuarially Determined Contribution	$ 7,101	$ 7,248	$ 6,720	$ 5,990
Contributions in relation to the actuarially determined contribution	(941)	(899)	(947)	(975)
Contribution deficiency (excess)	$ 6,160	$ 6,349	$ 5,773	$ 5,015
Covered payroll	$ 642,917	$ 625,056	$ 614,451	$ 611,493
Contribution as a percentage of covered payroll	1.10%	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.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(in thousands)

	Health Benefits			
	2021	2020	2019	2018
Total OPEB Liability				
Service Cost	$ 115,672	$ 118,901	$ 110,793	$ 139,332
Interest	80,598	90,952	90,245	73,306
Changes of benefit terms	-	(17,819)	(5,007)	-
Differences between expected and actual experience	(64,790)	(17,603)	(99,153)	(15,727)
Changes of assumptions	326,935	(164,752)	(224,161)	(310,431)
Benefit payments including refunds of employee contributions	(62,373)	(45,811)	(57,100)	(39,820)
Net change OPEB liability	396,042	(36,132)	(184,383)	(153,340)
Net OPEB liability - beginning	2,218,057	2,254,189	2,438,572	2,591,912
Net OPEB liability - ending (a)	$ 2,614,099	$ 2,218,057	$ 2,254,189	$ 2,438,572
Plan fiduciary net position as percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 1,308,459	$ 1,332,000	$ 1,285,000	$ 1,235,000
Net OPEB liability as a percentage of covered payroll	199.78%	166.52%	175.42%	197.46%

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, 2021
(*unaudited*)

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(in thousands)

	Long-Term Disability			
	2021	2020	2019	2018
Total OPEB Liability	$ 1,436	$ 719	$ 776	$ 730
Service Cost	365	461	409	379
Interest	-	-	-	-
Changes of benefit terms	-	(1,079)	1,369	(14)
Differences between expected and actual experience	(914)	3,476	255	(158)
Changes of assumptions	33			
Benefit payments including refunds of employee contributions	(942)	(901)	(957)	(975)
Net change OPEB liability	(22)	2,676	1,852	(38)
Net OPEB liability - beginning	15,568	12,892	11,030	11,068
Net OPEB liability - ending (a)	$ 15,546	$ 15,568	$ 12,892	$ 11,030
Plan fiduciary net position as percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	$ 642,917	$ 625,056	$ 614,451	$ 611,493
Net OPEB liability as a percentage of covered payroll	2.42%	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.

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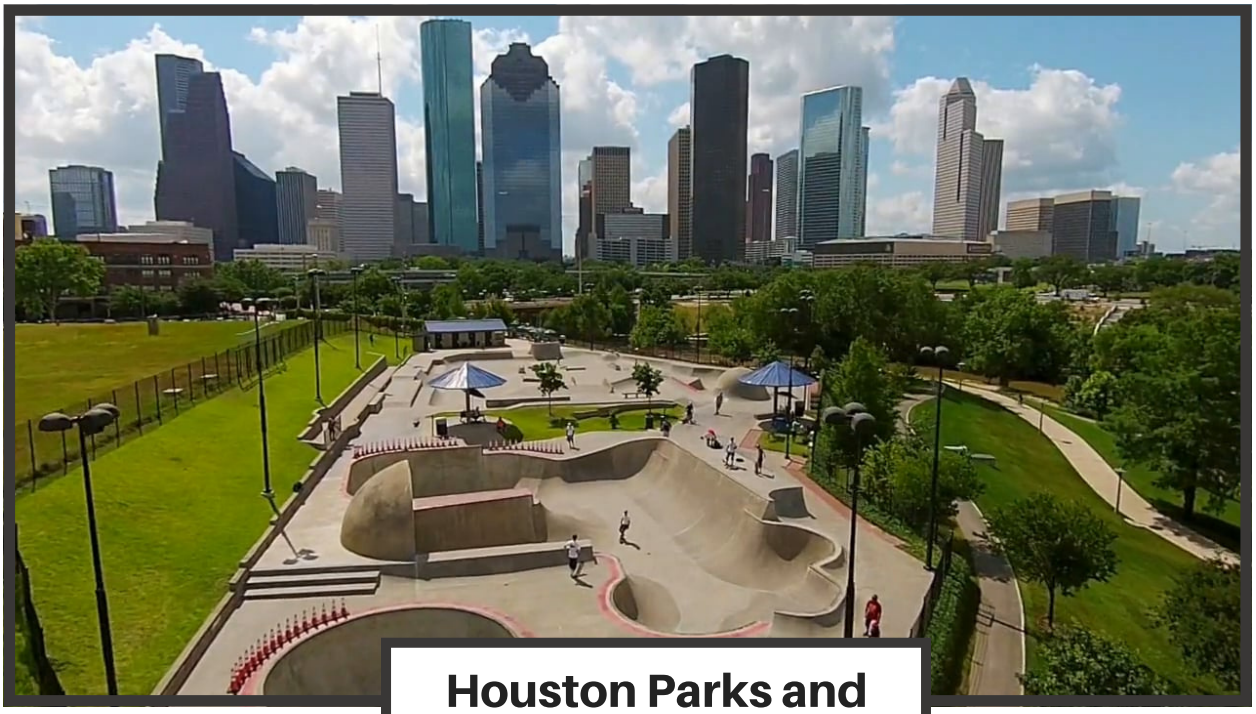

Houston Parks and Recreation

Governmental Funds

General Fund – The General Fund is used to account for sources and uses of financial resources applicable to the general government operation of the City. All general operating revenues and expenditures that are not restricted and, therefore, accounted for in another fund, are recorded in the General Fund.

Debt Service Fund – The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt other than debt issued for and serviced by Enterprise Funds.

Capital Projects Fund – The Capital Projects Fund accounts for all resources used for the acquisition and/or construction of capital facilities by the City, except those financed by Enterprise Funds.

CARES Act 2020 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, specifically the Coronavirus Relief Fund (CRF), pursuant to the Coronavirus Aid, Relief, and Economic Security Act.

ARPA Fiscal Recovery Fund – The ARPA Fiscal Recovery Fund is used to receive funds from the U.S. Department of Treasury to be used for the response efforts relating to local fiscal recovery from the COVID-19 pandemic pursuant to the American Rescue Plan Act of 2021.

Affordable Housing TIRZ 2021 – The Affordable Housing TIRZ 2021 fund is used by the City's Housing and Community Development Department for single family affordable housing projects as required by Chapter 311 of the Texas Tax Code.

G**rant Funds** – 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, Municipal Jury, 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: 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, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 129,172	$ 166,829
Investments	112,133	120,467
Receivables, net of allowances		
Accounts receivable	115,583	114,407
Property taxes receivable, net	43,674	35,609
Sales taxes receivable	132,924	109,521
Mixed beverage taxes receivable	3,302	1,758
Franchise taxes receivable	10,276	10,812
Special assessments receivable	8,049	8,426
Lease asset receivable	38,141	-
Due from other funds	79,759	72,027
Due from other governments	8,185	8,208
Inventory	20,893	20,024
Prepaid items	2,734	2,643
Total assets	$ 704,825	$ 670,731
Liabilities and fund balance		
Liabilities		
Accounts payable	81,994	78,556
Accrued payroll liabilities	79,926	73,280
Due to other funds	12,624	17,036
Due to other governments	3,536	9,598
Advances and deposits	10,583	1,811
Claims and judgments	2,472	2,001
Compensated absences	6,400	7,467
Total liabilities	197,535	189,749
Deferred inflows of resources		
Deferred inflow of resources	157,764	122,252
Total deferred inflows of resources	157,764	122,252
Fund balance		
Non-Spendable		
Prepaids	2,734	2,643
Inventory	20,893	20,024
Restricted	1,072	1,044
Committed	12,615	18,792
Unassigned	312,212	316,227
Total fund balance	349,526	358,730
Total liabilities and fund balance	$ 704,825	$ 670,731

CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Revenues		
Taxes and assessments		
Property Taxes	$ 1,254,016	$ 1,222,154
Industrial Assessments	25,435	24,797
Sales Tax	706,829	684,425
Franchise Tax	153,600	168,135
Mixed Beverage Tax	14,561	15,379
Hotel Occupancy Tax	7,444	16,922
Licenses and permits	32,136	33,314
Charges for services	152,553	156,067
Intergovernmental - grants	67,281	44,530
Fines and forfeits	18,016	20,413
Contributions	500	-
Investment income	1,314	17,348
Other	14,150	18,187
Total revenues	2,447,835	2,421,671
Expenditures		
Current		
General government	251,611	265,885
Public safety	1,460,875	1,435,006
Public works	209,759	220,894
Health	57,208	57,546
Housing and community development	320	560
Parks and recreation	54,465	69,687
Library	38,504	39,892
Retiree benefits	13,290	14,196
Capital outlay	35,653	22,374
Debt Service		
Debt service interest	2,268	2,547
Total expenditures	2,123,953	2,128,587
Other financing sources (uses)		
Proceeds from issuance of debt	23,000	29,000
Lease financing principal	11,610	-
Sale of capital assets	3,694	22,059
Transfers in	69,596	64,833
Transfers out	(440,986)	(438,843)
Total other financing sources (uses)	(333,086)	(322,951)
Change in fund balance	(9,204)	(29,867)
Fund balances, July 1	358,730	388,597
Fund balances, June 30	$ 349,526	$ 358,730

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 102,603	$ 90,576
Investments	46,204	67,694
Due from other funds	250	-
Due from other governments	300	-
Total assets	$ 149,357	$ 158,270
Liabilities and fund balance		
Liabilities		
Accounts payable	72	-
Total liabilities	72	-
Fund balance		
Restricted	149,285	158,270
Total fund balance	149,285	158,270
Total liabilities and fund balance	$ 149,357	$ 158,270

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, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income (loss)	$ 3,586	$ 3,586	$ (560)	$ (4,146)	$ 6,503
Other	455	455	2,068	1,613	3,559
Total revenues	4,041	4,041	1,508	(2,533)	10,062
Expenditures					
Debt service principal	212,959	212,959	212,959	-	228,485
Debt service interest	146,782	146,782	149,349	(2,567)	161,730
Debt service fiscal agent & fees	6,401	6,401	3,348	3,053	5,370
Total expenditures	366,142	366,142	365,656	486	395,585
Other financing sources (uses)					
Net proceeds from issuance of refunding debt	-	-	-	-	493,315
Premium on refunding debt	-	-	-	-	61,685
Transfers in	356,423	356,423	355,163	(1,260)	409,327
Payment to escrow agent for refunded bonds	(300)	(300)	-	300	(552,367)
Total other financing sources (uses)	356,123	356,123	355,163	(960)	411,960
Change in fund balance	(5,978)	(5,978)	(8,985)	(3,007)	26,437
Fund balances, July 1	158,270	158,270	158,270	-	131,833
Fund balances, June 30	$ 152,292	$ 152,292	$ 149,285	$ (3,007)	$ 158,270

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 71,841	$ 69,776
Investments	192,715	202,542
Receivables, net of allowances		
Accounts receivable	1	1
Due from other funds	6,757	13,082
Due from other governments	37,745	12,315
Interfund receivable	-	21,031
Prepaid items - Construction materials	61	7
Notes receivable	7,600	8,900
Total assets	$ 316,720	$ 327,654
Liabilities and fund balance		
Accounts payable	43,530	37,060
Due to other funds	20,119	11,526
Interfund payable	-	22,033
Unearned revenue	100,048	87,953
Total liabilities	163,697	158,572
Fund balance		
Prepaids	61	7
Restricted	60,636	58,034
Assigned	92,326	111,041
Total fund balance	153,023	169,082
Total liabilities and fund balance	$ 316,720	$ 327,654

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Revenues		
Intergovernmental - grants	$ 44,925	$ 64,174
Investment income (loss)	(238)	7,914
Other	14,700	9,523
Total revenues	59,387	81,611
Expenditures		
Current		
Capital outlay	290,188	261,051
Total expenditures	290,188	261,051
Other financing sources (uses)		
Proceeds from issuance of debt	91,000	87,900
Sale of capital assets	-	126
Transfers in	128,050	123,793
Insurance proceeds	-	982
Transfers out	(4,308)	(1,003)
Total other financing sources (uses)	214,742	211,798
Change in fund balance	(16,059)	32,358
Fund balances, July 1	169,082	136,724
Fund balances, June 30	$ 153,023	$ 169,082

CITY OF HOUSTON, TEXAS
CARES ACT 2020 FUND
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 22,891	$ 365,927
Due from other funds	17	10,060
Total assets	$ 22,908	$ 375,987
Liabilities and fund balance		
Liabilities		
Accounts payable	1,454	4,866
Accrued payroll liabilities	-	39
Due to other funds	4,680	36,018
Due to other governments	-	231
Unearned revenue	16,220	334,651
Total liabilities	22,354	375,805
Fund balance		
Non-Spendable		
Restricted	554	182
Total fund balance	554	182
Total liabilities and fund balance	$ 22,908	$ 375,987

CITY OF HOUSTON, TEXAS
CARES ACT 2020 FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Revenues		
Intergovernmental - grants	$ 317,370	$ 70,218
Investment income	222	158
Total revenues	317,592	70,376
Expenditures		
Current		
General government	111,408	7,461
Public safety	45,345	36,185
Public works	12,445	951
Health	83,762	6,729
Housing and community development	36,629	14,851
Parks and recreation	13,660	3,498
Library	2,475	519
Capital outlay	11,496	-
Total expenditures	317,220	70,194
Change in fund balance	372	182
Fund balances, July 1	182	-
Fund balances, June 30	$ 554	$ 182

CITY OF HOUSTON, TEXAS
ARPA Fiscal Recovery Fund
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 303,888	$ -
Total assets	$ 303,888	$ -
Liabilities and fund balance		
Liabilities		
Unearned revenue	303,884	-
Total liabilities	303,884	-
Fund balance		
Non-Spendable		
Restricted	4	-
Total fund balance	4	-
Total liabilities and fund balance	$ 303,888	$ -

CITY OF HOUSTON, TEXAS
ARPA Fiscal Recovery Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Revenues		
Investment income	$ 4	$ -
Total revenues	4	-
Change in fund balance	4	-
Fund balances, July 1	-	-
Fund balances, June 30	$ 4	$ -

CITY OF HOUSTON, TEXAS
GRANTS FUND
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 26,148	$ 43,785
Investments	-	66,408
Receivables, net of allowances		
Accounts receivable	96,574	68,200
Due from other funds	2,414	1,164
Due from other governments	227,147	12,238
Inventory	82	499
Prepaid items	600	615
Notes receivable	22,500	12,500
Total assets	$ 375,465	$ 205,409
Liabilities and fund balance		
Liabilities		
Accounts payable	76,779	26,788
Accrued payroll liabilities	4,059	3,046
Due to other funds	17,313	6,083
Due to other governments	487	15,761
Advances and deposits	262	1,565
Unearned revenue	111,744	68,646
Total liabilities	210,644	121,889
Fund balance		
Non-Spendable		
Prepaids	600	615
Inventory	82	499
Restricted	164,139	82,406
Total fund balance	164,821	83,520
Total liabilities and fund balance	$ 375,465	$ 205,409

CITY OF HOUSTON, TEXAS
GRANTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Revenues		
Intergovernmental - grants	$ 620,886	$ 364,841
Investment income	209	4,914
Total revenues	621,095	369,755
Expenditures		
Current		
General government	22,515	123,951
Public safety	25,406	23,744
Public works	17,701	20,286
Health	125,778	67,131
Housing and community development	332,127	119,897
Parks and recreation	1,442	1,808
Library	83	24
Capital outlay	24,097	16,320
Debt service principal	189	183
Debt service interest	170	516
Total expenditures	549,508	373,860
Other financing sources (uses)		
Net proceeds from issuance of debt	9,724	14,475
Transfers out	(10)	(16,780)
Total other financing sources (uses)	9,714	(2,305)
Change in fund balance	81,301	(6,410)
Fund balances, July 1	83,520	89,930
Fund balances, June 30	$ 164,821	$ 83,520

CITY OF HOUSTON, TEXAS
Affordable Housing TIRZ 2021
Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Cash and cash equivalents	$ 29,534	$ -
Investments	71,104	-
Total assets	$ 100,638	$ -
Fund balance		
Restricted	100,638	-
Total fund balance	100,638	-
Total liabilities and fund balance	$ 100,638	$ -

CITY OF HOUSTON, TEXAS
Affordable Housing TIRZ 2021
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Contributions	$ -	$ -	$ 100,000	$ 100,000	$ -
Interest	-	-	638	$ 638	-
Total revenues	-	-	100,638	100,638	-
Expenditures					
Current					
Housing and development	100,000	100,000	-	100,000	-
Total expenditures	100,000	100,000	-	100,000	-
Change in fund balance	(100,000)	(100,000)	100,638	200,638	-
Fund balances, July 1	-	-	-	-	-
Fund balances, June 30	$ (100,000)	$ (100,000)	$ 100,638	$ 200,638	$ -

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	Nonmajor Funds		
	Public Safety Special Fund	**Public Works Special Fund**	**Health & Housing Special Fund**
Assets			
Cash and cash equivalents	$ 9,342	$ 50,176	$ 9,946
Investments	17,416	162,190	23,951
Receivables, net of allowances			
Accounts receivable	1,024	43,067	265
Due from other funds	2,361	278	143
Due from other governments	1,871	19,079	-
Inventory	-	2,679	-
Total assets	$ 32,014	$ 277,469	$ 34,305
Liabilities and fund balance			
Liabilities			
Accounts payable	1,549	8,654	474
Accrued payroll liabilities	1,593	4,137	741
Due to other funds	260	7,096	8
Due to other governments	1	-	-
Advances and deposits	2,817	3,102	27
Compensated absences	2	18	7
Total liabilities	6,222	23,007	1,257
Deferred inflows of resources			
Deferred inflow of resources	204	77,276	34
Total deferred inflows of resources	204	77,276	34
Fund balance			
Non-Spendable			
Inventory	-	2,679	-
Committed	19,392	33,442	7,095
Restricted	6,196	141,065	25,919
Total fund balance	25,588	177,186	33,014
Total liabilities and fund balance	$ 32,014	$ 277,469	$ 34,305

(Continued)

Nonmajor Funds			
Parks & Recreation Special Fund	**Other Special Revenue Fund**	**2021**	**2020**
$ 1,612	$ 27,941	$ 99,017	$ 67,241
3,765	53,343	260,665	222,454
266	5,850	50,472	62,001
3	7,783	10,568	2,762
-	3,691	24,641	39,369
-	-	2,679	2,185
$ 5,646	$ 98,608	$ 448,042	$ 396,012
258	2,427	13,362	14,661
211	299	6,981	6,945
-	2,846	10,210	18,466
16	1,033	1,050	933
673	327	6,946	4,046
-	1	28	39
1,158	6,933	38,577	45,090
107	3,106	80,727	80,789
107	3,106	80,727	80,789
-	-	2,679	2,185
4,218	4,613	68,760	74,219
163	83,956	257,299	193,729
4,381	88,569	328,738	270,133
$ 5,646	$ 98,608	$ 448,042	$ 396,012

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	Nonmajor Funds		
	Public Safety Special Fund	**Public Works Special Fund**	**Health & Housing Special Fund**
Revenues			
Franchise Tax	$ -	$ 493	$ -
Licenses and permits	2,964	72,512	4,869
Charges for services	3,740	142,189	4,690
Intergovernmental - grants	16,673	66,014	28,819
Fines and forfeits	1,122	7	-
Investment income	(54)	712	281
Other	13,440	2,364	80
Total revenues	37,885	284,291	38,739
Expenditures			
Current			
General government	-	-	-
Public safety	49,296	-	-
Public works	-	159,724	-
Health	-	-	22,976
Housing and community development	-	-	140
Parks and recreation	-	-	-
Capital outlay	861	33,693	388
Debt service fiscal agent & fees	-	390	-
Total expenditures	50,157	193,807	23,504
Other financing sources (uses)			
Sale of capital assets	-	89	-
Transfers in	14,927	90,085	596
Transfers out	(1,750)	(144,486)	-
Total other financing sources (uses)	13,177	(54,312)	596
Change in fund balance	905	36,172	15,831
Fund balances, July 1	$ 24,683	$ 141,014	$ 17,183
Fund balances, June 30	$ 25,588	$ 177,186	$ 33,014

(Continued)

Nonmajor Funds			
Parks & Recreation Special Fund	**Other Special Revenue Fund**	**2021**	**2020**
$ -	$ -	493	$ 421
85	229	80,659	86,040
9,086	6,754	166,459	155,797
-	21,339	132,845	112,936
-	9,196	10,325	9,251
8	173	1,120	8,730
496	15,374	31,754	25,125
9,675	53,065	423,655	398,300
-	45,155	45,155	50,473
-	-	49,296	51,885
-	-	159,724	135,263
-	-	22,976	25,478
-	-	140	111
8,007	-	8,007	8,065
16	424	35,382	38,065
-	-	390	390
8,023	45,579	321,070	309,730
-	3	92	121
-	1,200	106,808	62,697
(216)	(4,428)	(150,880)	(151,654)
(216)	(3,225)	(43,980)	(88,836)
1,436	4,261	58,605	(266)
$ 2,945	$ 84,308	$ 270,133	270,399
$ 4,381	$ 88,569	$ 328,738	$ 270,133

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Confiscations	$ 4,100	$ 4,100	$ 3,167	$ (933)	$ 7,478
Income (loss)	23	23	(59)	(82)	298
Other	-	-	-	-	185
Total revenues	4,123	4,123	3,108	(1,015)	7,961
Expenditures					
Current					
Public safety	9,188	7,970	6,260	1,710	7,445
Capital outlay	312	575	574	1	568
Total expenditures	9,500	8,545	6,834	1,711	8,013
Change in fund balance	(5,377)	(4,422)	(3,726)	696	(52)
Fund balances, July 1	7,529	7,529	7,529	-	7,581
Fund balances, June 30	$ 2,152	$ 3,107	$ 3,803	$ 696	$ 7,529

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 2,733	$ 2,733	$ 2,759	$ 26	$ 2,647
Charges for services	790	790	856	66	688
Investment income	50	50	12	(38)	84
Other	4,300	4,300	4,544	244	4,110
Total revenues	7,873	7,873	8,171	298	7,529
Expenditures					
Current					
Public safety	6,738	6,820	6,535	285	6,201
Capital outlay	745	663	-	663	9
Total expenditures	7,483	7,483	6,535	948	6,210
Other financing sources (uses)					
Transfers out	(1,750)	(1,750)	(1,750)	-	(1,648)
Total other financing sources (uses)	(1,750)	(1,750)	(1,750)	-	(1,648)
Change in fund balance	(1,360)	(1,360)	(114)	1,246	(329)
Fund balances, July 1	1,788	1,788	1,788	-	2,117
Fund balances, June 30	$ 428	$ 428	$ 1,674	$ 1,246	$ 1,788

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Fines and forfeits	$ 800	$ 800	$ 659	$ (141)	$ 659
Income (loss)	45	45	(14)	(59)	72
Other	2,615	2,615	2,811	196	2,416
Total revenues	3,460	3,460	3,456	(4)	3,147
Expenditures					
Current					
Public safety	3,460	2,974	2,974	-	3,191
Total expenditures	3,460	2,974	2,974	-	3,191
Change in fund balance	-	486	482	(4)	(44)
Fund balances, July 1	47	47	47	-	91
Fund balances, June 30	$ 47	$ 533	$ 529	$ (4)	$ 47

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 250	$ 250	$ 281	$ 31	$ 281
Intergovernmental - grants	17,171	17,171	16,357	(814)	15,399
Investment income	-	-	12	12	55
Total revenues	17,421	17,421	16,650	(771)	15,735
Expenditures					
Current					
Public safety	30,088	30,088	26,264	3,824	25,821
Capital outlay	-	-	24	(24)	-
Total expenditures	30,088	30,088	26,288	3,800	25,821
Other financing sources (uses)					
Transfers in	9,617	9,617	9,617	-	9,617
Total other financing sources (uses)	9,617	9,617	9,617	-	9,617
Change in fund balance	(3,050)	(3,050)	(21)	3,029	(469)
Fund balances, July 1	5,017	5,017	5,017	-	5,486
Fund balances, June 30	$ 1,967	$ 1,967	$ 4,996	$ 3,029	$ 5,017

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	2020
	Budget Amounts			Final Budget-	
	Original	Final	Actual	Pos (Neg)	
Revenues					
Charges for services	$ 446	$ 446	$ 134	$ (312)	$ 657
Fines and forfeits	519	519	453	(66)	125
Income (loss)	22	22	(2)	(24)	32
Total revenues	987	987	585	(402)	814
Expenditures					
Current					
Public safety	1,481	1,481	779	702	802
Total expenditures	1,481	1,481	779	702	802
Change in fund balance	(494)	(494)	(194)	300	12
Fund balances, July 1	974	974	974	-	962
Fund balances, June 30	$ 480	$ 480	$ 780	$ 300	$ 974

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Income (loss)	$ 44	$ 44	$ (2)	$ (46)	$ 64
Other	980	980	764	(216)	849
Total revenues	1,024	1,024	762	(262)	913
Expenditures					
Current					
Public safety	1,200	1,200	1,095	105	1,058
Total expenditures	1,200	1,200	1,095	105	1,058
Change in fund balance	(176)	(176)	(333)	(157)	(145)
Fund balances, July 1	2,195	2,195	2,195	-	2,340
Fund balances, June 30	$ 2,019	$ 2,019	$ 1,862	$ (157)	$ 2,195

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 300	$ 300	$ 205	$ (95)	$ 297
Charges for services	4,101	4,101	2,250	(1,851)	3,392
Intergovernmental - grants	357	357	316	(41)	356
Income (loss)	130	130	(3)	(133)	208
Other	2,324	2,324	2,153	(171)	1,549
Total revenues	7,212	7,212	4,921	(2,291)	5,802
Expenditures					
Current					
Public safety	11,294	11,294	5,335	5,959	7,256
Capital outlay	-	-	241	(241)	255
Total expenditures	11,294	11,294	5,576	5,718	7,511
Other financing sources (uses)					
Sale of assets	-	-	-	-	52
Transfers in	980	980	5,310	4,330	1,210
Total other financing sources (uses)	980	980	5,310	4,330	1,262
Change in fund balance	(3,102)	(3,102)	4,655	7,757	(447)
Fund balances, July 1	6,018	6,018	6,018	-	6,465
Fund balances, June 30	$ 2,916	$ 2,916	$ 10,673	$ 7,757	$ 6,018

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Taxes and assessments					
Franchise Tax	$ 513	$ 513	$ 493	$ (20)	$ 421
Licenses and permits	76,962	76,962	70,765	(6,197)	75,900
Charges for services	10,816	10,816	9,251	(1,565)	10,103
Fines and forfeits	7	7	7	-	10
Income (loss)	727	727	(90)	(817)	1,384
Other	461	461	372	(89)	425
Total revenues	89,486	89,486	80,798	(8,688)	88,243
Expenditures					
Current					
Public works	90,116	93,807	77,832	15,975	76,527
Capital outlay	16,801	5,518	3,766	1,752	1,587
Total expenditures	106,917	99,325	81,598	17,727	78,114
Other financing sources (uses)					
Sale of capital assets	62	62	58	(4)	69
Transfers out	(4,561)	(12,153)	(12,081)	(72)	(9,373)
Total other financing sources (uses)	(4,499)	(12,091)	(12,023)	(76)	(9,304)
Change in fund balance	(21,930)	(21,930)	(12,823)	9,107	825
Fund balances, July 1	35,741	35,741	35,741	-	34,916
Fund balances, June 30	$ 13,811	$ 13,811	$ 22,918	$ 9,107	$ 35,741

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF-DRAINAGE CHARGE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 111,695	$ 111,695	$ 123,736	$ 12,041	$ 112,602
Licenses & Permits	-	-	-	-	1,863
Intergovernmental Revenue	-	-	-	-	73,755
Miscellaneous/Other	2	2	-	(2)	1,539
Income (Loss)	100	100	729	629	2,433
Total revenues	111,797	111,797	124,465	12,668	192,192
Expenditures					
Current					
Public works	7,867	14,867	23,711	(8,844)	50,212
Capital outlay	-	10,172	-	10,172	33,895
Debt service fiscal agent & fees	415	415	390	25	390
Total expenditures	8,282	25,454	24,101	1,353	84,497
Other financing sources (uses)					
Transfers in	-	-	7	7	46,509
Transfers out	(155,737)	(138,565)	(136,575)	1,990	(128,126)
Total other financing sources (uses)	(155,737)	(138,565)	(136,568)	1,997	(81,617)
Change in fund balance	(52,222)	(52,222)	(36,204)	16,018	26,078
Fund balances, July 1	95,227	95,227	95,227	-	69,149
Fund balances, June 30	$ 43,005	$ 43,005	$ 59,023	$ 16,018	$ 95,227

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF - AD VALOREM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Income (loss)	75	75	214	139	-
Total revenues	75	75	214	139	-
Expenditures					
Current					
Public works	3,910	3,910	4,328	(418)	-
Capital outlay	13,993	13,993	6,590	7,403	-
Total expenditures	17,903	17,903	10,918	6,985	-
Other financing sources (uses)					
Transfers in	135,121	135,121	135,121	-	-
Transfers out	(58,610)	(58,610)	(41,626)	(16,984)	-
Total other financing sources (uses)	76,511	76,511	93,495	(16,984)	-
Change in fund balance	58,683	58,683	82,791	24,108	-
Fund balances, July 1	-	-	-	-	-
Fund balances, June 30	$ 58,683	$ 58,683	$ 82,791	$ 24,108	$ -

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DDSRF -METRO ET AL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	2020
	Budget Amounts			Final Budget-	
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 100	$ 100	$ 225	$ 125	$ -
Licenses & Permits	2,003	2,003	1,230	(773)	-
Intergovernmental Revenue	79,200	79,200	66,014	(13,186)	-
Miscellaneous/Other	1,322	1,322	1,609	287	-
Income (loss)	-	-	(132)	(132)	-
Total revenues	82,625	82,625	68,946	(13,679)	-
Expenditures					
Current					
Public works	79,582	79,984	43,518	36,466	-
Capital outlay	637	147	23,441	(23,294)	-
Total expenditures	80,219	80,131	66,959	13,172	-
Other financing sources (uses)					
Sale of capital assets	-	-	31	(31)	-
Transfers out	(1,070)	(1,158)	(88)	(1,070)	-
Total other financing sources (uses)	(1,070)	(1,158)	(57)	(1,101)	-
Change in fund balance	1,336	1,336	1,930	594	-
Fund balances, July 1	-	-	-	-	-
Fund balances, June 30	$ 1,336	$ 1,336	$ 1,930	$ 594	$ -

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 200	$ 200	$ 58	$ (142)	$ 203
Income (loss)	36	36	(1)	(37)	62
Total revenues	236	236	57	(179)	265
Expenditures					
Current					
Public Works	719	719	158	561	168
Capital outlay	-	-	-	-	120
Total expenditures	719	719	158	561	288
Change in fund balance	(483)	(483)	(101)	382	(23)
Fund balances, July 1	1,873	1,873	1,873	-	1,896
Fund balances, June 30	$ 1,390	$ 1,390	$ 1,772	$ 382	$ 1,873

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 399	$ 399	$ 437	$ 38	$ 380
Charges for services	7,189	7,189	8,278	1,089	7,434
Income (Loss)	90	90	4	(86)	215
Other	45	45	56	11	61
Total revenues	7,723	7,723	8,775	1,052	8,090
Expenditures					
Current					
Public works	13,071	13,071	8,441	4,630	6,914
Capital outlay	-	-	2	(2)	-
Total expenditures	13,071	13,071	8,443	4,628	6,914
Change in fund balance	(5,348)	(5,348)	332	5,680	1,176
Fund balances, July 1	6,720	6,720	6,720	-	5,544
Fund balances, June 30	$ 1,372	$ 1,372	$ 7,052	$ 5,680	$ 6,720

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 137	$ 137	$ 80	$ (57)	$ 70
Income (loss)	30	30	(14)	(44)	59
Other	230	230	327	97	325
Total revenues	397	397	393	(4)	454
Expenditures					
Current					
Parks and recreation	2,366	2,366	1,629	737	1,441
Total expenditures	2,366	2,366	1,629	737	1,441
Other financing sources (uses)					
Transfers in	3,794	3,794	3,794	-	3,794
Transfers out	(2,321)	(2,321)	(2,321)	-	(2,643)
Total other financing sources (uses)	1,473	1,473	1,473	-	1,151
Change in fund balance	(496)	(496)	237	733	164
Fund balances, July 1	1,034	1,034	1,034	-	870
Fund balances, June 30	$ 538	$ 538	$ 1,271	$ 733	$ 1,034

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 18	$ 18	$ 23	$ 5	$ 2
Intergovernmental - grants	22,807	22,807	25,767	2,960	13,734
Investment income	271	271	268	(3)	319
Other	-	-	-	-	5
Total revenues	23,096	23,096	26,058	2,962	14,060
Expenditures					
Current					
Health	16,215	16,215	11,410	4,805	14,435
Total expenditures	16,215	16,215	11,410	4,805	14,435
Change in fund balance	6,881	6,881	14,648	7,767	(375)
Fund balances, July 1	6,719	6,719	6,719	-	7,094
Fund balances, June 30	$ 13,600	$ 13,600	$ 21,367	$ 7,767	$ 6,719

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 459	$ 459	$ 448	$ (11)	$ 448
Charges for services	1,317	1,317	1,184	(133)	1,132
Intergovernmental - grants	2,218	2,218	3,052	834	2,559
Income (Loss)	123	123	(2)	(125)	164
Other	110	110	59	(51)	67
Total revenues	4,227	4,227	4,741	514	4,370
Expenditures					
Current					
Health	6,870	6,589	5,017	1,572	4,886
Capital outlay	152	433	388	45	155
Total expenditures	7,022	7,022	5,405	1,617	5,041
Other financing sources (uses)					
Transfers in	400	400	400	-	400
Total other financing sources (uses)	400	400	400	-	400
Change in fund balance	(2,395)	(2,395)	(264)	2,131	(271)
Fund balances, July 1	5,059	5,059	5,059	-	5,330
Fund balances, June 30	$ 2,664	$ 2,664	$ 4,795	$ 2,131	$ 5,059

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 486	$ 486	$ 401	$ (85)	$ 406
Income (Loss)	5	5	1	(4)	7
Other	-	-	31	31	-
Total revenues	491	491	433	(58)	413
Expenditures					
Current					
Health	567	567	378	189	382
Total expenditures	567	567	378	189	382
Change in fund balance	(76)	(76)	55	131	31
Fund balances, July 1	225	225	225	-	194
Fund balances, June 30	$ 149	$ 149	$ 280	$ 131	$ 225

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 2,992	$ 2,992	$ 2,972	$ (20)	$ 2,824
Charges for services	1,200	1,200	1,550	350	1,536
Income (Loss)	40	40	3	(37)	51
Total revenues	4,232	4,232	4,525	293	4,411
Expenditures					
Current					
Health	5,664	5,664	4,598	1,066	4,440
Capital outlay	108	108	-	108	22
Total expenditures	5,772	5,772	4,598	1,174	4,462
Other financing sources (uses)					
Transfers in	350	350	-	(350)	-
Total other financing sources (uses)	350	350	-	(350)	-
Change in fund balance	(1,190)	(1,190)	(73)	1,117	(51)
Fund balances, July 1	1,917	1,917	1,917	-	1,968
Fund balances, June 30	$ 727	$ 727	$ 1,844	$ 1,117	$ 1,917

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 1,338	$ 1,338	$ 1,448	$ 110	$ 1,246
Income (Loss)	17	17	4	(13)	27
Total revenues	1,355	1,355	1,452	97	1,273
Expenditures					
Current					
Health	1,853	1,853	1,249	604	1,063
Capital outlay	81	81	-	81	22
Total expenditures	1,934	1,934	1,249	685	1,085
Change in fund balance	(579)	(579)	203	782	188
Fund balances, July 1	958	958	958	-	770
Fund balances, June 30	$ 379	$ 379	$ 1,161	$ 782	$ 958

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 1,392	$ 1,392	$ 1,228	$ (164)	$ 1,295
Income (Loss)	19	19	2	(17)	41
Total revenues	1,411	1,411	1,230	(181)	1,336
Expenditures					
Current					
Parks and recreation	1,171	1,143	909	234	890
Capital outlay	302	165	-	165	-
Total expenditures	1,473	1,308	909	399	890
Other financing sources (uses)					
Transfers out	-	(165)	(165)	-	(302)
Total other financing sources (uses)	-	(165)	(165)	-	(302)
Change in fund balance	(62)	(62)	156	218	144
Fund balances, July 1	1,185	1,185	1,185	-	1,041
Fund balances, June 30	$ 1,123	$ 1,123	$ 1,341	$ 218	$ 1,185

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 6,447	$ 6,447	$ 6,848	$ 401	$ 3,181
Income (Loss)	17	17	31	14	(19)
Other	3	3	-	(3)	2
Total revenues	6,467	6,467	6,879	412	3,164
Expenditures					
Current					
Parks and recreation	6,436	6,436	5,664	772	4,893
Total expenditures	6,436	6,436	5,664	772	4,893
Other financing sources (uses)					
Transfers in	-	-	-	-	1,200
Total other financing sources (uses)	-	-	-	-	1,200
Change in fund balance	31	31	1,215	1,184	(529)
Fund balances, July 1	202	202	202	-	731
Fund balances, June 30	$ 233	$ 233	$ 1,417	$ 1,184	$ 202

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 183	$ 183	$ 85	$ (98)	$ 124
Charges for services	1,961	1,961	1,010	(951)	1,413
Income (Loss)	95	95	(25)	(120)	124
Other	54	54	496	442	65
Total revenues	2,293	2,293	1,566	(727)	1,726
Expenditures					
Current					
Parks and recreation	3,571	2,534	1,434	1,100	2,282
Capital outlay	45	50	16	34	23
Total expenditures	3,616	2,584	1,450	1,134	2,305
Other financing sources (uses)					
Transfers out	-	(51)	(51)	-	(1,200)
Total other financing sources (uses)	-	(51)	(51)	-	(1,200)
Change in fund balance	(1,323)	(342)	65	407	(1,779)
Fund balances, July 1	1,392	1,392	1,392	-	3,171
Fund balances, June 30	$ 69	$ 1,050	$ 1,457	$ 407	$ 1,392

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Income (Loss)	$ 12	$ 12	$ 12	$ -	$ 125
Other	3,781	3,781	3,531	(250)	3,878
Total revenues	3,793	3,793	3,543	(250)	4,003
Expenditures					
Current					
General government	5,073	4,638	3,749	889	3,850
Capital outlay	-	435	78	357	134
Total expenditures	5,073	5,073	3,827	1,246	3,984
Other financing sources (uses)					
Transfers in	1,039	1,039	800	(239)	800
Total other financing sources (uses)	1,039	1,039	800	(239)	800
Change in fund balance	(241)	(241)	516	757	819
Fund balances, July 1	4,700	4,700	4,700	-	3,881
Fund balances, June 30	$ 4,459	$ 4,459	$ 5,216	$ 757	$ 4,700

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Income (Loss)	$ 43	$ 43	$ (1)	$ (44)	$ 85
Other	452	452	677	225	629
Total revenues	495	495	676	181	714
Expenditures					
Current					
General government	546	500	438	62	293
Total expenditures	546	500	438	62	293
Other financing sources (uses)					
Transfers out	(400)	(630)	(630)	-	(630)
Total other financing sources (uses)	(400)	(630)	(630)	-	(630)
Change in fund balance	(451)	(635)	(392)	243	(209)
Fund balances, July 1	2,338	2,338	2,338	-	2,547
Fund balances, June 30	$ 1,887	$ 1,703	$ 1,946	$ 243	$ 2,338

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 925	$ 925	$ 934	$ 9	$ 892
Intergovernmental - grants	2,051	2,051	2,158	107	2,148
Income (Loss)	25	25	13	(12)	92
Total revenues	3,001	3,001	3,105	104	3,132
Expenditures					
Current					
General government	3,171	3,171	2,431	740	2,378
Capital outlay	-	-	52	(52)	247
Total expenditures	3,171	3,171	2,483	688	2,625
Other financing sources (uses)					
Sale of capital assets	-	-	3	(3)	-
Total other financing sources (uses)	-	-	3	3	-
Change in fund balance	(170)	(170)	625	795	507
Fund balances, July 1	3,227	3,227	3,227	-	2,720
Fund balances, June 30	$ 3,057	$ 3,057	$ 3,852	$ 795	$ 3,227

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	2021			Variance with	
	Budget Amounts			Final Budget-	2020
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Taxes and assessments					
Parking Violations	$ 9,657	$ 9,657	$ 9,195	$ (462)	$ 8,454
Parking Fees	11,015	11,015	5,807	(5,208)	8,293
Permit Fees	342	342	229	(113)	240
Income (Loss)	68	68	(1)	(69)	128
Other	22	22	381	359	89
Total revenues	21,104	21,104	15,611	(5,493)	17,204
Expenditures					
Current					
General government	12,829	12,929	10,215	2,714	10,433
Capital outlay	240	140	-	140	119
Total expenditures	13,069	13,069	10,215	2,854	10,552
Other financing sources (uses)					
Transfers out	(8,043)	(1,822)	(3,798)	1,976	(8,236)
Total other financing sources (uses)	(8,043)	(1,822)	(3,798)	1,976	(8,236)
Change in fund balance	(8)	6,213	1,598	(4,615)	(1,584)
Fund balances, July 1	548	548	548	-	2,132
Fund balances, June 30	$ 540	$ 6,761	$ 2,146	$ (4,615)	$ 548

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Houston Police Department

Enterprise Funds

Enterprise funds are established to account for City operations that are financed and operated in a manner similar to private business enterprises where the cost of providing goods or services to the general public is financed primarily through user charges.

Airport System — This fund is used to account for the operations of the City's Airport System. The system is comprised of George Bush Intercontinental Airport, William P. Hobby Airport and Ellington Airport.

Convention and Entertainment Facilities — This fund is used to account for the managements of the City's major convention and entertainment centers, as well as parking facilities and selected downtown parks. These centers include George R. Brown Convention Center, Jones Hall, Wortham Theater Center, Bayou Places, Hobby Center, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garages and various surface lots. Downtown parks include Sesquicentennial Park, Jones Plaza, Root Memorial Square, and Sabine Promenade.

Combined Utility System — This fund is used to account for the production and transmission of water and the treatment of wastewater for City residents and businesses as well as for other governmental entities located in the Houston area.

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 275,677	$ 149,223
Investments	10,260	20,353
Receivables, net of allowances		
Accounts receivable	55,708	75,502
Due from other funds	1,523	1,746
Due from other governments	31,934	4,871
Inventory	2,079	2,002
Prepaid items	5,705	5,171
Lease receivable	15,687	-
Restricted assets		
Cash and cash equivalents	260,168	258,643
Investments	7,783	27,834
Restricted accounts receivable	15,415	2,615
Total current assets	681,939	547,960
Noncurrent Assets		
Investments	6,084	15,972
Prepaid items	173	184
Lease receivable	260,575	-
Lease right-of-use assets, net of accumulated amortization	235	-
Restricted assets		
Investments	1,175,761	982,879
Total noncurrent assets	1,442,828	999,035
Capital assets		
Land	216,100	216,100
Buildings	3,036,287	3,076,131
Improvements and equipment	1,968,479	1,955,324
Construction in progress	409,680	255,070
Intangibles	23,030	18,091
Infrastructure	553,970	587,314
Less accumulated depreciation	(3,462,330)	(3,376,447)
Net capital assets	2,745,216	2,731,583
Total noncurrent assets	4,188,044	3,730,618
Total assets	$ 4,869,983	$ 4,278,578
Deferred Outflows of Resources		
Unamortized costs on refunded debt	22,218	17,263
Deferred outflows on pension liability	2	25,876
Deferred outflow on OPEB liability	9,120	1,809
Total Deferred Outflows of Resources	31,340	44,948

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	$ 10,383	$ 12,191
Accrued payroll liabilities	4,161	3,551
Accrued interest payable	41,334	47,201
Contracts and retainages payable	66,044	40,085
Due to other funds	99	646
Due to other governments	1,846	-
Notes payable	1,068	-
Cost of issuance payable	1,117	-
Advances and deposits	2,320	1,636
Lease liabilities	128	-
Claims and judgments	903	928
Compensated absences	5,477	5,681
Special facility bonds payable	7,505	6,240
Other liabilities	1,947	2,965
Revenue bonds payable	75,580	89,090
Unearned revenue	8,278	8,267
Total current liabilities	228,190	218,481
Noncurrent liabilities		
Revenue bonds payable, net	2,346,426	1,928,601
Special facility bonds payable	60,680	68,185
Claims and judgments	2,174	593
Compensated absences	8,541	7,612
Commercial paper	20,000	132,973
Arbitrage rebate	-	109
Lease liabilities	111	-
Municipal pension trust liability	161,545	258,223
Notes payable	13,353	324
Other post employment benefits	83,494	71,512
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	2,698,330	2,470,138
Total liabilities	2,926,520	2,688,619
Deferred Inflows of Resources		
Deferred inflows on pension liability	56,331	3,425
Deferred inflows on OPEB health benefits liability	16,208	27,500
Deferred inflows from leases	268,881	-
Total Deferred Inflows of Resources	341,420	30,925
Net position		
Net investment in capital assets	495,497	514,164
Restricted net position		
Restricted for debt service	384,267	464,280
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	54,232	54,807
Restricted for special facility	52,362	55,105
Restricted for capital improvements	627,464	619,884
Unrestricted (deficit)	9,561	(114,258)
Total net position	$ 1,633,383	$ 1,603,982

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Operating Revenues		
Landing area fees	$ 70,578	$ 95,862
Rentals, building and ground areas	155,598	223,301
Parking	43,815	81,173
Concession	42,093	65,737
Other	6,471	5,839
Total operating revenue	318,555	471,912
Operating Expenses		
Maintenance and operating	318,568	370,430
Depreciation and amortization	170,820	175,573
Total operating expenses	489,388	546,003
Operating income (loss)	(170,833)	(74,091)
Nonoperating revenues (expenses)		
Investment income	1,523	43,701
Customer facility charges	8,769	13,320
Special facility cost	(75)	(37)
Other revenues (expenses)	11,078	10,820
Loss on disposal of assets	(27,601)	(10,856)
Passenger facility charges	62,541	78,418
Interest expense	(62,107)	(74,533)
CARES Act grant	187,369	8,057
Cost of issuance for debt	(6,020)	-
Total Nonoperating revenues (expenses)	175,477	68,890
Income before contributions and transfers	4,644	(5,201)
Capital contributions	24,757	10,927
Change in net position	29,401	5,726
Total net position, July 1	1,603,982	1,598,256
Total net position, June 30	$ 1,633,383	$ 1,603,982

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statements of Cash Flows
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Cash flows from operating activities		
Receipts from customers	$ 327,039	$ 407,437
Payments to employees	(106,283)	(103,654)
Payments to suppliers	(168,061)	(183,762)
Internal activity-payments to other funds	(69,604)	(70,139)
Other receipts	6,470	5,839
Net cash provided by operating activities	(10,439)	55,721
Cash flows from investing activities		
Interest income on investments	15,388	28,019
Purchase of investments	(2,233,546)	(1,723,912)
Sales of investments	2,066,830	1,954,537
Net cash provided by (used in) capital and related financing activities	(151,328)	258,644
Cash flows from noncapital financing activities		
CARES Act grant	180,867	8,057
Net cash provided by (used in) noncapital financing activities	180,867	8,057
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(795,780)	(80,110)
Lease liabilities	(192)	-
Retirement of special facility bonds	(6,240)	(5,960)
Proceeds from SECO Loan	14,097	324
Proceeds from issuance of commercial paper	383,800	84,500
Interest expense on debt	(99,233)	(100,304)
Other income items	11,078	10,820
Passenger facilities charges	50,319	92,773
Customer facilities charges	8,191	14,281
Proceeds from issuance of revenue bonds	1,216,043	-
Grant receipts	4,197	24,447
Special facility cost	(75)	(37)
Acquisition of property, plant and equipment	(174,533)	(149,989)
Retirement of commercial paper	(496,773)	-
Cost of issuance expense for revenue bonds	(6,020)	-
Net cash used in capital and related financing activities	108,879	(109,255)
Net increase(decrease) in cash and cash equivalents	127,979	213,167
Cash and cash equivalents, July 1	407,866	194,699
Cash and cash equivalents, June 30	$ 535,845	$ 407,866
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	275,677	149,223
Current restricted cash and cash equivalents (Note 3A)	260,168	258,643
Total cash and cash equivalents, June 30	$ 535,845	$ 407,866
Reconciliation of operating income(loss) to net cash provided by operating activities		
Operating income(loss)	$ (170,833)	$ (74,091)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities		
Depreciation and amortization	170,820	175,573
Other post employment benefits	(6,623)	(2,891)
Changes in assets and liabilities		
Accounts receivable	19,794	(61,182)
Due from other funds	223	(1,260)
Inventory and prepaid insurance	(600)	(539)
Lease receivable	(11,649)	-
Accounts payable	(1,808)	(3,383)
Accrued payroll liabilities	610	384
Due to other funds	(548)	400
Advances and deposits	685	(804)
Claims and judgments - workers' compensation	1,555	(286)
Compensated absences	725	683
Other current liabilities	841	5,181
Pension Obligation payable	(17,899)	17,936
Deferred inflow - leases	4,268	-
Net cash provided by operating activities	$ (10,439)	$ 55,721
Non cash transactions		
Bond amortization expense	$ (15,948)	$ (16,901)
Capital additions included in notes payable	(67,161)	(40,085)
Capitalized interest expense	10,248	9,150
Unrealized gain and (loss) on investments	(13,865)	15,683
Loss on disposal of assets	(27,601)	(10,856)
Total non cash transactions	$ (114,327)	$ (43,009)

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 24,258	$ 20,752
Investments	31,054	31,387
Receivables, net of allowances		
Accounts receivable	13	15
Hotel occupancy tax receivable	17,484	5,693
Due from component units	45,431	57,711
Lease asset receivable	1,407	
Total current assets	119,647	115,563
Noncurrent Assets		
Investments	36,136	36,510
Due from component units	305,957	313,880
Total noncurrent restricted assets	342,093	350,390
Lease receivable receivable	6,675	-
Capital assets		
Land	93,860	95,687
Buildings	566,149	577,527
Improvements and equipment	8,409	8,632
Infrastructure	334	334
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	(329,998)	(324,253)
Net capital assets	358,573	371,071
Total noncurrent assets	700,666	721,461
Total assets	$ 820,313	$ 837,024
Deferred Outflows of Resources		
Deferred outflow on pension liability	-	902
Deferred outflow on OPEB liability	981	45
Deferred outflow for leases	5	-
Deferred outflow for unamortized cost on refunded debt	168	180
Total deferred outflows of resources	1,154	1,127

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	$ 3	$ -
Accrued interest payable	5,270	5,681
Due to component units	30,654	28,557
Cost of issuance payable	79	78
Compensated absences	-	274
Pension obligation bonds payable	185	185
Revenue bonds payable	22,058	24,513
Total current liabilities	58,249	59,288
Noncurrent liabilities		
Revenue bonds payable	612,390	628,374
Compensated absences	-	273
Municipal pension trust liability	4,719	6,939
Other post employment benefits	9,149	2,289
Unearned revenue	5,733	6,025
Pension obligation bonds payable	3,009	3,194
Total noncurrent liabilities	635,000	647,094
Total liabilities	693,249	706,382
Deferred Inflows of Resources		
Deferred inflows on pension liability	1,646	144
Deferred inflows for unamortized cost on refunded debt	6,232	6,722
Deferred inflows on OPEB health benefits liability	1,786	824
Deferred inflows for leases	7,948	-
Total deferred inflows of resources	17,612	$ 7,690
Net Position		
Net investment in capital assets	31,208	49,570
Restricted net position		
Restricted for debt service	36,136	36,510
Restricted for maintenance and operations	11,756	11,617
Unrestricted	31,506	26,382
Total net position	$ 110,606	$ 124,079

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Operating Revenues		
Parking	$ 4,651	$ 8,037
Rental	1,449	1,449
Total operating revenue	6,100	9,486
Operating Expenses		
Maintenance and operating	30,441	48,935
Depreciation and amortization	13,418	13,480
Total operating expenses	43,859	62,415
Operating loss	(37,759)	(52,929)
Nonoperating revenue (expenses)		
Investment income	9,083	12,000
Hotel occupancy tax	47,449	67,348
Other revenue	431	292
Gain (loss) on disposal of assets	(5,753)	-
Interest on long-term debt	(25,475)	(27,321)
Cost of issuance for debt	-	(1)
Total nonoperating revenues (expenses)	25,735	52,318
Income before contributions and transfers	(12,024)	(611)
Transfers out	(1,449)	(1,449)
Total transfers	(1,449)	(1,449)
Change in net position	(13,473)	(2,060)
Total net position, July 1	124,079	126,139
Total net position, June 30	$ 110,606	$ 124,079

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Cash flows from operating activities		
Receipts from customers	$ 6,502	$ 8,087
Payments to employees	(546)	(217)
Payments to suppliers	-	(23)
Internal activity-payments (to) from other funds	5	(5)
Other revenues	141	-
Other expenses	(26,288)	(49,147)
Receipts from component units	1,449	1,449
Net cash used in operating activities	(18,737)	(39,856)
Cash flows from investing activities		
Interest income on investments	(7,001)	12,000
Purchase of investments	(119,878)	(92,187)
Proceeds from sale of investments	136,666	111,424
Net cash provided by investing activities	9,787	31,237
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(88,872)	(99,735)
Proceeds from issuance of revenue bonds	20,000	20,000
Cost of issuance on debt	-	(629)
Interest expense on debt	23,464	(17,525)
Net cash provided by (used in) capital and related financing activities	(45,408)	(97,889)
Cash flows from noncapital financing activities		
Retirement of pension bonds	(95)	(90)
Payments from component unit	22,301	34,828
Hotel occupancy tax revenue	35,658	84,440
Interest expense on pension obligation bonds	-	(203)
Net cash provided by noncapital financing activities	57,864	118,975
Net decrease in cash and cash equivalents	3,506	12,467
Cash and cash equivalents, July 1	20,752	8,285
Cash and cash equivalents, June 30	$ 24,258	$ 20,752
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	$ 24,258	$ 20,752
Total cash and cash equivalents, June 30	$ 24,258	$ 20,752
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	$ (37,759)	$ (52,929)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	13,418	13,480
Other post employment benefits	9,808	(89)
Other revenues	431	292
Other expenses	(1,588)	(1,449)
Changes in assets and liabilities		
Net due from component unit	5	-
Accounts receivable and prepaids	4	50
Accounts payable	2	-
Due to (from) other funds	-	(5)
Compensated absences	(546)	547
Deferred revenue	(292)	(291)
Pension obligation payable	(2,220)	538
Net cash used in operating activities	$ (18,737)	$ (39,856)
Non cash transactions		
Unrealized gain on investments	$ -	$ 859
Receivable from component unit	-	(20,000)
Addition of Subordinate Lien Flexible Rate Notes	-	20,000
Addition of HOT and Special Revenue Series Bonds	-	-
Refunding of HOT and Special Revenue Bond Series	-	-
Total non cash transactions	$ -	$ 859

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020 (restated)
Assets		
Current assets		
Cash and cash equivalents	$ 598,469	$ 483,542
Investments	1,339,281	1,330,039
Receivables, net of allowances		
Accounts receivable	170,969	173,380
Special assessments receivable	93	93
Due from other funds	368	9,518
Due from other governments	7,242	7,242
Inventory	12,591	11,901
Prepaid items	6,363	5,424
Restricted assets		
Cash and cash equivalents	37	31
Total current assets	2,135,413	2,021,170
Noncurrent Assets		
Investments	64,959	128,870
Prepaids	2,677	3,009
Due from other governments	572,733	719,931
Interfund receivable	-	22,033
Amounts held by other governments	12,070	12,318
Lease right-of-use assets, net of accumulated amortization	27	-
Total noncurrent restricted assets	652,466	886,161
Capital assets		
Land	190,261	180,468
Buildings	175,238	171,324
Improvements and equipment	193,838	190,223
Infrastructure	11,669,779	11,309,882
Construction in progress	1,826,333	1,300,959
Rights and intangibles	847,495	847,398
Less accumulated depreciation and amortization	(6,373,973)	(6,143,550)
Net capital assets	8,528,971	7,856,704
Total noncurrent assets	9,181,437	8,742,865
Total assets	$ 11,316,850	$ 10,764,035
Deferred outflows of resources		
Deferred outflow on pension liability	3	39,353
Deferred outflow on OPEB liability	23,265	3,545
SWAP liability/Unamortized cost on refunded debt	360,959	440,667
Total deferred outflows of resources	384,227	483,565

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020 (restated)
Liabilities		
Current Liabilities		
Accounts payable	$ 214,844	$ 239,771
Accrued payroll liabilities	7,518	6,789
Accrued interest payable	34,617	33,222
Contracts payable	8,581	8,312
Due to other funds	36,651	20,563
Due to other governments	1,182	1,060
Advances and deposits	53,650	46,556
Pension obligation bonds payable ST	3,369	3,126
Cost of issuance payable	-	1,309
Claims and judgments	2,669	960
Compensated absences	10,286	10,200
Commercial paper payable	-	275,000
Arbitrage rebate	2,818	197
Bonds payable	264,667	239,856
Interfund liabilities	-	1,002
Current lease liability	15	-
Total current liabilities	640,867	887,923
Noncurrent liabilities		
Accrued interest payable	49,398	41,291
Bonds payable	7,329,037	6,795,978
Claims and judgments	1,525	1,742
Compensated absences	10,497	10,087
Contracts payable	441,265	451,003
Other interfund liabilities	-	20,029
Due to other governments	8,228	5,855
Arbitrage rebate	2,883	7,666
Lease liability	12	-
Municipal pension trust liability	281,091	411,770
Police officers' pension trust liability	-	-
Other post employment benefits	213,959	145,940
SWAP liability	214,123	282,004
Unearned revenue	695,482	931,221
Pension obligation bonds payable	88,933	92,303
Total noncurrent liabilities	9,336,433	9,196,889
Total liabilities	9,977,300	10,084,812
Deferred inflows of resources		
Deferred inflows on pension liability	98,017	2,446
Deferred inflows on OPEB liability	41,592	56,748
Total deferred inflows of resources	139,609	59,194
Net Position		
Net investment in capital assets	994,788	539,019
Restricted net position		
Restricted for maintenance and operations	91,195	85,001
Restricted for debt service	71,968	70,005
Restricted for capital improvements	14,784	15,358
Unrestricted	411,433	394,211
Total net position	$ 1,584,168	$ 1,103,594

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020 (restated)
Operating Revenues		
Water/Sewer billing	$ 1,092,740	$ 1,100,092
Total operating revenue	1,092,740	1,100,092
Operating Expenses		
Maintenance and operating	529,971	518,591
Depreciation and amortization	273,747	265,306
Total operating expenses	803,718	783,897
Operating income	289,022	316,195
Nonoperating revenue (expenses)		
Investment income	3,310	54,988
Other revenue	51,862	47,016
Gain (loss) on disposal of assets	(1,970)	(1,280)
Interest expense	(239,067)	(242,914)
Cost of issuance of debt	(3,502)	(4,526)
Contributions in	34,559	24,810
Total nonoperating revenues (expenses)	(154,808)	(121,906)
Income before contributions and transfers	134,214	194,289
Capital contributions	408,344	319,627
Transfers out	(61,984)	(50,921)
Total transfers	(61,984)	(50,921)
Change in net position	480,574	462,995
Cumulative effect of prior period adjustment	-	383,966
Beginning position, July 1	1,103,594	256,633
Total net position, June 30	$ 1,584,168	$ 1,103,594

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2021
(With comparative amounts for 2020)
amounts expressed in thousands

	2021	2020
Cash flows from operating activities		
Receipts from customers	$ 1,120,175	$ 1,097,371
Payments to employees	(196,170)	(188,765)
Payments to suppliers	(254,927)	(235,516)
Internal activity-payments to other funds	(21,284)	(35,541)
Claims paid	(2,190)	(1,867)
Other receipts	51,845	45,943
Receipts from other governments	58	(3,651)
Net cash provided by operating activities	697,507	677,974
Cash flows from investing activities		
Interest income on investments	3,310	58,242
Purchases of investments	(3,397,479)	(2,362,736)
Sales of investments	3,452,148	2,580,361
Net cash provided by investing activities	57,979	275,867
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(221,985)	(199,720)
Retirement of commercial paper	(590,000)	(185,000)
Refunding of revenue bonds	(401,935)	(498,615)
Retirement of contracts payable	(8,312)	(8,009)
Proceeds from issuance of revenue bonds	1,224,579	771,076
Proceeds from issuance of commercial paper	315,000	275,000
Retirement of junior lien bonds	(22,405)	(23,520)
Interest expense on debt	(288,767)	(314,170)
Cost of issuance for debt	(4,811)	(4,527)
Proceeds from disposition of assets	1,901	679
Retirement of subordinate lien bonds	(11,215)	(11,090)
Proceeds of subordinate lien bonds	38,000	-
Due from other governments	331,504	384,965
Acquisition of property, plant and equipment	(933,040)	(767,440)
Net cash used for capital and related financing activities	(571,486)	(580,371)
Cash flows from noncapital financing activities		
Proceeds from interfund receivable	2,005	-
Interest expense on pension obligation bonds	(4,959)	(5,050)
Retirement of pension bonds	(3,126)	(1,547)
Retirement of interfund payable	(1,003)	(1,002)
Transfers to debt service fund	(5,049)	(5,577)
Transfers to other funds	(56,935)	(45,344)
Net cash used in noncapital financing activities	(69,067)	(58,520)
Net increase in cash and cash equivalents	114,933	314,950
Cash and cash equivalents, July 1	483,573	168,623
Cash and cash equivalents, June 30	$ 598,506	$ 483,573
Cash and cash equivalents:		
Pooled cash and cash equivalents (Note 3A)	$ 598,469	$ 483,542
Non-pooled cash and cash equivalents (Note 3A)	37	31
Total cash and cash equivalents, June 30	$ 598,506	$ 483,573
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 289,022	$ 316,195
Depreciation and amortization	273,747	265,306
Other post employment benefits	33,143	(5,993)
Other revenues and expense	51,845	45,943
Receipts from other governments	58	(3,651)
Changes in assets and liabilities		
Accounts receivable	2,411	(26,977)
Due from other funds	9,150	(4,051)
Due from other governments	(832)	2,396
Inventory & prepaid insurance	(1,629)	1,052
Accounts payable	(8,624)	16,806
Accrued payroll liabilities	729	1,090
Due to other funds	16,088	10,325
Advances and deposits	7,094	1,018
Claims and judgments-workers' compensation	1,492	971
Compensated absences	496	929
Pension obligation payable	4,241	37,106
Other long-term liabilities	19,076	19,509
Net cash provided by operating activities	$ 697,507	$ 677,974
Non cash transactions		
Capital additions included in liabilities	$ -	$ (19,407)
CAB accretion interest	8,491	9,268
Donated capital	(15,817)	(16,566)
Capitalized interest	25,832	21,668
Gain on disposal of assets	1,970	1,280
Total non cash transactions	$ 20,476	$ (3,757)

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Houston Public Works

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

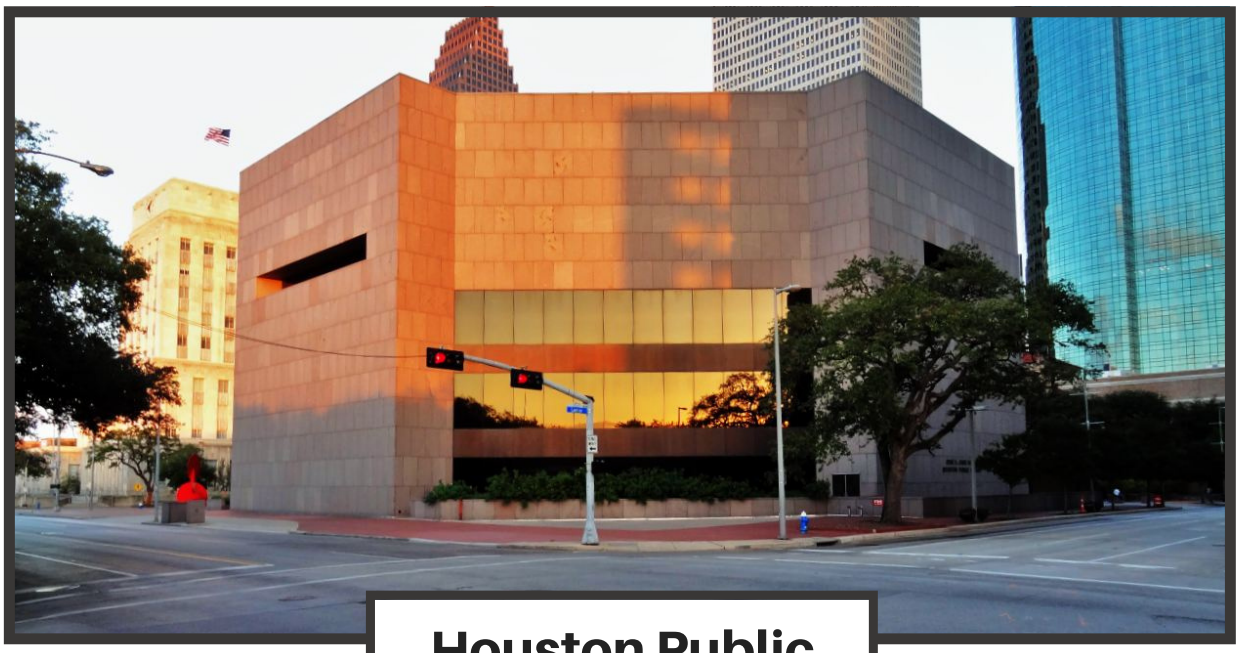
	Health Benefits	Long-term Disability	2021	2020
Assets				
Current assets				
Cash and cash equivalents	$ 22,514	$ 2,866	$ 25,380	$ 27,164
Investments	46,770	6,014	52,784	66,177
Receivables, net of allowances				
Accounts receivable	3	-	3	2
Due from other funds	79	-	79	-
Due from other governments	30	-	30	22
Total current assets	69,396	8,880	78,276	93,365
Capital assets				
Buildings, improvements and equipment	963	-	963	963
Construction in progress	7	-	7	-
Total capital assets	970	-	970	963
Less accumulated depreciation	(638)	-	(638)	(601)
Net capital assets	332	-	332	362
Total noncurrent assets	332	-	332	362
Total Assets	69,728	8,880	78,608	93,727
Liabilities				
Current Liabilities				
Accounts payable	1,593	38	1,631	2,091
Accrued payroll liabilities	166	-	166	170
Due to other funds	39	-	39	26
Claims and judgments	27,486	7,101	34,587	29,350
Compensated absences	189	-	189	312
Unearned revenue	3,049	-	3,049	3,214
Total current liabilities	32,522	7,139	39,661	35,163
Noncurrent liabilities				
Claims and judgments	15,000	-	15,000	15,000
Compensated absences	112	-	112	-
Total noncurrent liabilities	15,112	-	15,112	15,000
Total liabilities	47,634	7,139	54,773	50,163
Net Position				
Net investment in capital assets	332	-	332	362
Unrestricted	21,762	1,741	23,503	43,202
Total net position	$ 22,094	$ 1,741	$ 23,835	$ 43,564

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2021	2020
Operating Revenues				
Other	$ 1,355	$ 2	$ 1,357	$ 1,330
Health benefit premiums	385,583	79	385,662	374,950
Total operating revenues	386,938	81	387,019	376,280
Operating Expenses				
Administrative costs	6,328	28	6,356	6,329
Claims costs	399,208	901	400,109	370,016
Depreciation and amortization	37	-	37	46
Total operating expenses	405,573	929	406,502	376,391
Operating income (loss)	(18,635)	(848)	(19,483)	(111)
Nonoperating revenues (expenses)				
Investment income	(259)	13	(246)	3,228
Total Nonoperating revenues (expenses)	(259)	13	(246)	3,228
Income (loss) before contributions and transfers	(18,894)	(835)	(19,729)	3,117
Change in net position	(18,894)	(835)	(19,729)	3,117
Total net position, July 1	40,988	2,576	43,564	40,447
Total net position, June 30	$ 22,094	$ 1,741	$ 23,835	$ 43,564

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2021	2020
Cash flows from operating activities				
Receipts from customers	$ 385,417	$ 82	$ 385,499	$ 374,988
Payments to employees	(6,280)	-	(6,280)	(2,642)
Payments to suppliers	(424)	-	(424)	(1,737)
Internal activity-payments to other funds	(95)	-	(95)	385
Claims paid	(393,896)	(1,077)	(394,973)	(370,378)
Due from (to) other governments	(8)	3	(5)	(12)
Other receipts	1,356	-	1,356	1,330
Net cash provided by (used in) operating activities	(13,930)	(992)	(14,922)	1,934
Cash flows from investing activities				
Interest income on investments	(259)	13	(246)	3,227
Purchase of investments	(116,457)	(14,815)	(131,272)	(113,539)
Proceeds from sale of investments	128,443	16,222	144,665	127,747
Net cash provided by investing activities	11,727	1,420	13,147	17,435
Acquisition of property, plant and equipment	(7)	-	(7)	(5)
	(7)	-	(7)	(5)
Net increase in cash and cash equivalents	(2,210)	428	(1,782)	19,364
Cash and cash equivalents, July 1	24,725	2,438	27,163	7,799
Cash and cash equivalents, June 30	$ 22,515	$ 2,866	$ 25,381	$ 27,163
Cash and cash equivalents				
Pooled cash and cash equivalents (Note 3A)	$ 22,515	$ 2,866	$ 25,381	$ 27,163
Total cash and cash equivalents, June 30	$ 22,515	$ 2,866	$ 25,381	$ 27,163
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	$ (18,635)	$ (848)	$ (19,483)	$ (112)
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	37	-	37	46
Accounts receivable	1	-	1	2
Due from other funds	(79)	-	(79)	629
Accounts payable	(463)	3	(460)	1,755
Accrued payroll liabilities	(3)	-	(3)	32
Due to other funds	13	-	13	(159)
Due to other governments	(8)	-	(8)	(12)
Claims for workers' compensation	5,384	(147)	5,237	(324)
Compensated absences	(12)	-	(12)	41
Deferred revenue	(165)	-	(165)	36
Net cash provided by (used in) operating activities	$ (13,930)	$ (992)	$ (14,922)	$ 1,934



Houston Public Library

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, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	Firefighters' Relief and Retirement Pension Trust Fund
Assets	
Cash and cash equivalents	$ 6,102
Investments	
U.S. government and agency securities	-
Corporate bonds	-
Other fixed income securites	825,201
Commingled equity funds	-
Common and preferred stock	2,062,328
Real estate, partnerships and alternatives	2,194,175
Short-term investment funds	160,416
Invested secuities lending collateral	77,687
Receivables, net of allowances	
Due from broker	-
Contributions	8,005
Accrued interest and dividends	2,462
Other	126
Other assets	820
Land	483
Building	3,382
Total assets	5,341,187
Liabilities and plan net position	
Liabilities	
Accounts payable	6,634
Securities lending collateral	77,687
Foreign funds contracts payable	-
Other liabilities	104
Total liabilities	84,425
Net position restricted for pensions	$ 5,256,762

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2021	2020
$ 11,653	$ 24	$ 17,779	$ 19,669
-	-	-	46,657
-	-	-	211,421
939,227	977,050	2,741,478	1,665,193
2,295,280	-	2,295,280	608,648
-	2,667,020	4,729,348	4,214,532
480,967	2,394,957	5,070,099	4,637,032
125,347	1,078,809	1,364,572	1,107,695
24,039	125,217	226,943	101,674
1,885	5,226	7,111	9,030
13,648	2,564	24,217	24,853
-	7,629	10,091	19,477
4,145	76	4,347	16,681
6,407	7,797	15,024	10,489
-	5,322	5,805	483
-	60	3,442	3,705
3,902,598	7,271,751	16,515,536	12,697,239
4,218	8,951	19,803	25,992
24,039	125,217	226,943	101,674
311	-	311	6,905
6,943	332	7,379	5,473
35,511	134,500	254,436	140,044
$ 3,867,087	$ 7,137,251	$ 16,261,100	$ 12,557,195

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2021
(With comparative totals for 2020)
amounts expressed in thousands

	Firefighters' Relief and Retirement Pension Trust Fund
Additions:	
Contributions	
City of Houston	$ 77,495
Members	29,873
Total Contributions	107,368
Investment income	
Interest	14,523
Net appreciation(depreciation) in fair value of investments	1,330,057
Dividends	1,010
Income on securities lending	55
Earnings from real estate, limited partnerships real estate investments, and other investments	607
Other income	22
Total investment and other income (loss)	1,346,274
Less - investment expense	(8,106)
Less - cost of securities lending	61
Total additions (reductions)	1,445,597
Deductions:	
Benefits paid to members	283,989
Refunds to members	2,425
Other	5,353
Total deductions	291,767
Net increase (decrease)	1,153,830
Net position restricted for pensions, beginning of year	4,102,932
Net position restricted for pensions, end of year	$ 5,256,762

(Continued)

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2021	2020
$ 184,762	$ 151,094	$ 413,351	$ 409,345
33,325	49,749	112,947	115,085
218,087	200,843	526,298	524,430
13,104	24,677	52,304	77,546
1,028,223	1,712,466	4,070,746	(78,180)
23,417	34,748	59,175	52,642
140	-	195	822
27,941	-	28,548	698
487	-	509	630
1,093,312	1,771,891	4,211,477	54,158
(8,390)	(7,110)	(23,606)	(23,136)
(47)	146	160	(395)
1,302,962	1,965,770	4,714,329	555,057
314,150	394,893	993,032	990,699
402	2,433	5,260	5,858
3,110	3,669	12,132	14,643
317,662	400,995	1,010,424	1,011,200
985,300	1,564,775	3,703,905	(456,143)
2,881,787	5,572,476	12,557,195	13,013,338
$ 3,867,087	$ 7,137,251	$ 16,261,100	$ 12,557,195

CITY OF HOUSTON, TEXAS
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2021
amounts expressed in thousands

	June 30, 2020	Additions	Deletions	June 30, 2021
Payroll Revolving Fund				
Assets				
Accounts receivable	9,118	-	1,033	8,085
Total assets	$ 9,118	$ -	$ 1,033	$ 8,085
Liabilities				
Accounts payable	$ 9,118	$ -	$ 1,033	$ 8,085
Total liabilities	$ 9,118	$ -	$ 1,033	$ 8,085
City Deposit Fund				
Assets				
Cash and cash equivalents	$ 32	$ 5	$ -	$ 37
Investments	100	-	8	92
Total assets	$ 132	$ 5	$ 8	$ 129
Liabilities				
Advances and deposits	$ 132	$ -	$ 3	$ 129
Total liabilities	$ 132	$ -	$ 3	$ 129
Tax Clearing Fund				
Assets				
Cash and cash equivalents	$ 3,960	$ 784	$ -	$ 4,744
Investments	11,595	-	773	10,822
Accounts receivable	234,818	36,691	-	271,509
Total assets	$ 250,373	$ 37,475	$ 773	$ 287,075
Liabilities				
Accounts payable	$ 250,373	$ 36,702	$ -	$ 287,075
Total liabilities	$ 250,373	$ 36,702	$ -	$ 287,075
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	$ 3,992	$ 789	$ -	$ 4,781
Investments	11,695	-	781	10,914
Accounts receivable	243,936	36,691	1,033	279,594
Total assets	$ 259,623	$ 37,480	$ 1,814	$ 295,289
Liabilities				
Accounts payable	$ 259,491	$ 36,702	$ 1,033	$ 295,160
Advances and deposits	132	-	3	129
Total liabilities	$ 259,623	$ 36,702	$ 1,036	$ 295,289

Municipal Courts

Discretely Presented Component Units (Governmental-type)

Discretely Presented Component Units are legally separate organizations that the City of Houston must include as a part of its financial reporting entity for fair presentation. The City has twenty-eight (28) governmental non major component units which are divided into five (5) major categories.

Redevelopment – Local government corporations created by the City to redevelop blighted neighborhoods adjacent to Downtown Houston and other areas of the City.

Arts & Cultural – Non-profit organizations with a mission to enhance the city's quality of life through advancing and investing in the arts, diverse cultural programing, 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.

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2021
amounts expressed in thousands

	Redevelopment Authorities	Arts & Cultural Authorities	Educational & Research Authorities	BARC Foundation	Recovery Center, LGC	Nonmajor Component Units
Assets						
Current Assets						
Cash	$ 21,246	$ 22,368	$ 2,336	$ 304	$ 451	$ 46,705
Equity in pooled cash and investments	129,737	2,141	22,267	-	-	154,145
Receivables, net of allowances						
Accounts receivable	8,690	10,347	338	4	-	19,379
Property taxes receivable, net	21,385	-	-	-	-	21,385
Sales taxes receivable	-	-	-	-	-	-
Mixed beverage taxes receivable	-	-	-	-	-	-
Franchise taxes receivable	-	-	-	-	-	-
Special assessments receivable	26	-	-	-	-	26
Accrued interest and other	-	-	-	-	-	-
Due from component units	-	-	-	-	-	-
Due from primary government	6,530	1,205	-	-	-	7,735
Due from other governments	-	-	-	-	557	557
Property Held for resale	-	251	-	-	-	251
Prepaid items	1,040	492	7	-	84	1,623
Restricted assets						
Investments	9,053	2,610	-	-	-	11,663
Other receivables	56	123	-	-	50	229
Due from other governments - grants	-	-	-	-	-	-
Total current assets	197,763	39,537	24,948	308	1,142	263,698
Noncurrent Assets						
Restricted assets						
Investments	-	1,082	-	-	-	1,082
Assessments receivable	-	-	-	-	-	-
Accrued interest receivable	-	-	-	-	-	-
Other long-term receivables	-	-	-	-	-	-
Due from other Funds	-	-	-	-	-	-
Due from other governments - grants	-	-	-	-	-	-
Amounts held by other governments	-	-	-	-	-	-
Total noncurrent assets	-	1,082	-	-	-	1,082
Other assets, net of depreciation						
Other long-term receivables	-	205	-	-	-	205
Total other assets	-	205	-	-	-	205
Capital assets						
Land	3,095	70,731	-	-	-	73,826
Buildings, improvements and equipment	1,208	5,970	-	-	227	7,405
Construction in progress	5,372	30,203	-	-	-	35,575
Less accumulated depreciation and amortization	(813)	(4,265)	-	-	(88)	(5,166)
Total capital assets	8,862	102,639	-	-	139	111,640
Total assets	206,625	143,463	24,948	308	1,281	376,625
Deferred outflows of resources						
Deferred outflows of resources	-	-	-	-	-	-
Total deferred outflows of resour	-	-	-	-	-	-
Liabilities						
Current Liabilities						
Accounts payable	7,966	3,947	103	-	130	12,146
Accrued payroll liabilities	-	-	32	-	160	192
Accrued interest payable	836	-	-	-	-	836
Contracts and retainages payable	1,954	-	-	-	-	1,954
Notes payable	2,000	69	-	-	-	2,069
Lease payable - current	-	69	-	-	-	69
Due to other funds	-	-	-	-	-	-
Due to the City of Houston	-	-	-	-	-	-
Due to other governments	-	1,632	-	-	-	1,632
Advances and deposits	74	223	917	-	-	1,214
Claims for workers' compensation	-	-	-	-	-	-
Claims and judgments	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Deferred Revenue	26	4,809	-	-	-	4,835
Current liabilities payable from restricted assets						
Accounts payable	-	-	-	-	-	-
Bonds payable	2,280	-	-	-	-	2,280
Notes payable	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	-	-
Advances and deposits	-	-	-	-	-	-
Construction billings and retainages	-	-	-	-	-	-
Due to other funds/Internal balances	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Due to component units	-	-	-	-	-	-
Total current liabilities	15,136	10,749	1,052	-	290	27,227
Noncurrent liabilities						
Due to primary government	-	-	-	-	-	-
Notes payable	37,912	-	-	-	-	37,912
Bonds payable	92,316	-	-	-	-	92,316
Compensated absences	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-
General tax obligation debt	-	-	-	-	-	-
Commercial paper	-	-	-	-	-	-
Arbitrage rebate	-	-	-	-	-	-
Other long-term liabilities	-	110	-	-	-	110
Accrued maintenance, repair and replacement cost	-	-	-	-	-	-
Due to City of Houston	-	-	-	-	-	-
Municipal pension trust liability	-	-	-	-	-	-
Police officers' pension trust liability	-	-	-	-	-	-
Fire fighter's pension trust liability	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-
Total Noncurrent liabilities	130,228	110	-	-	-	130,338
Total liabilities	145,364	10,859	1,052	-	290	157,565
Net position						
Net investment in capital assets	5,855	102,394	-	-	139	108,388
Restricted net position						
Restricted for debt service	899	-	-	-	-	899
Restricted for renewal and replacement	-	-	-	-	-	-
Restricted for maintenance and operations	-	3,555	-	-	-	3,555
Restricted for others' capital improvement	-	-	-	-	-	-
Restricted for capital improvements	15,874	-	-	-	-	15,874
Other restricted	19,206	11,382	19,550	2	36	50,176
Unrestricted (deficit)	19,427	15,273	4,346	306	816	40,168
Total net position (deficit)	$ 61,261	$ 132,604	$ 23,896	$ 308	$ 991	$ 219,060

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2021
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**
Redevelopement Authorities	35,634	-	10,194	-
Arts & Cultural Authorities	54,922	20,011	15,017	12,380
Educational & Research Authorities	4,111	-	1,884	-
Houston BARC Foundation	130	6	87	-
Houston Recovery Center LGC, Inc.	4,210	-	4,146	-
Total nonmajor component units	99,007	20,017	31,328	12,380

General Revenues:
Taxes
Property Taxes - general purposes / tax increments
Hotel occupancy tax
Unrestricted investment earnings (loss)
Other
Total general revenues and transfers
Change in net position
Net Position (deficit) beginning
Change in Accounting entity
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

TIRZ Redevelopment Authorities	CUL Arts & Cultural Authorities	Educational & Research Authorities	Houston BARC Foundation	Houston Recovery Center LGC	Total Nonmajor Component Units
(25,440)	-	-	-	-	(25,440)
-	(7,514)	-	-	-	(7,514)
-	-	(2,227)	-	-	(2,227)
-	-	-	(37)	-	(37)
-	-	-	-	(64)	(64)
(25,440)	(7,514)	(2,227)	(37)	(64)	(35,282)
37,283	-	-	-	-	37,283
-	1,575	-	-	-	1,575
79	75	4,161	-	-	4,315
1,643	105	36	-	8	1,792
39,005	1,755	4,197	-	8	44,965
13,565	(5,759)	1,970	(37)	(56)	9,683
38,976	138,701	21,927	345	1,047	200,996
1,171	(338)	-	-	-	833
7,549	-	(1)	-	-	7,548
$ 61,261	$ 132,604	$ 23,896	$ 308	$ 991	$ 219,060

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Solid Waste Management Division

Statistical Section
(Unaudited)

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

Content	Page
Financial Trends	230
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	242
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	247
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	257
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	265
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)

	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	$ 3,783,152	$ 3,959,260	$ 4,102,861	$ 4,250,590
Restricted	182,831	117,949	174,158	192,129
Unrestricted	(2,343,970)	(2,469,700)	(2,651,151)	(5,487,349)
Total governmental activities net position	$ 1,622,013	$ 1,607,509	$ 1,625,868	$ (1,044,630)
Business-type activities				
Net investment in capital assets	$ 666,936	$ 573,460	$ 240,888	$ 546,551
Restricted	871,409	949,449	1,024,548	1,131,835
Unrestricted	(25,444)	(6,835)	280,879	(488,671)
Total business-type activities net position	$ 1,512,901	$ 1,516,074	$ 1,546,315	$ 1,189,715
Primary government				
Net investment in capital assets	$ 4,450,088	$ 4,532,720	$ 4,343,749	$ 4,797,141
Restricted	1,054,240	1,067,398	1,198,706	1,323,964
Unrestricted	(2,369,414)	(2,476,535)	(2,370,272)	(5,976,020)
Total primary government net position	$ 3,134,914	$ 3,123,583	$ 3,172,183	$ 145,085

Source: Annual Comprehensive Financial Report

2016	2017	2018	2019	2020	2021
$ 4,434,420	$ 4,593,229	$ 4,865,143	$ 5,138,847	$ 5,992,469	$ 6,333,063
42,240	43,419	186,774	367,538	412,184	1,712,541
(5,910,541)	(4,433,681)	(5,966,761)	(6,504,244)	(7,004,794)	(7,769,058)
$ (1,433,881)	$ 202,967	$ (914,844)	$ (997,859)	$ (600,141)	$ 276,546
$ 629,382	$ 742,298	$ 823,404	$ 754,981	$ 1,111,081	$ 1,521,493
1,129,659	1,264,135	1,370,336	1,415,795	1,440,243	1,356,397
(420,196)	(354,001)	(486,875)	(200,570)	(396,468)	452,500
$ 1,338,845	$ 1,652,432	$ 1,706,865	$ 1,970,206	$ 2,154,856	$ 3,330,390
$ 5,063,802	$ 5,335,527	$ 5,688,547	$ 5,893,828	$ 7,103,550	$ 7,854,556
1,171,899	1,307,554	1,557,110	1,783,333	1,852,427	3,068,938
(6,330,737)	(4,787,682)	(6,453,636)	(6,704,814)	(7,401,262)	(7,316,558)
$ (95,036)	$ 1,855,399	$ 792,021	$ 972,347	$ 1,554,715	$ 3,606,936

CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2012	2013	2014
Expenses			
Governmental activities:			
General government	$ 270,279	$ 239,586	$ 247,481
Public safety	1,431,987	1,514,034	1,598,854
Public works	289,395	298,462	318,888
Health	111,891	121,988	133,159
Housing and community development	71,417	88,143	51,626
Parks and recreation	89,379	90,261	93,637
Library	42,455	44,913	48,724
Interest in long-term debt	157,407	151,893	143,231
Depreciation and amortization	126,303	130,620	132,817
Total governmental activities expenses	2,590,515	2,679,900	2,768,417
Business-type activities:			
Airport System	542,387	530,070	561,443
Convention & Entertainment Facilities	42,387	42,418	113,316
Combined Utility System	913,503	898,725	919,547
Total business-type activities expenses	1,498,277	1,471,213	1,594,306
Total primary government expenses	$ 4,088,792	$ 4,151,113	$ 4,362,723
Program Revenues			
Governmental activities:			
Charges for services:			
General government	69,017	34,379	63,338
Public safety	141,965	139,087	188,521
Public works	171,177	238,836	266,422
Health	18,081	18,563	17,710
Parks and recreation	7,576	8,361	7,475
Library	979	1,356	1,681
Operating grants and contributions	303,085	312,959	277,700
Capital grants and contributions	-	-	-
Total governmental activities program revenues	711,880	753,541	822,847
Business-type activities:			
Charges for services:			
Airport System	417,550	432,994	452,107
Convention & Entertainment Facilities	8,934	10,372	11,124
Combined Utility System	917,238	924,690	953,408
Operating grants and contributions	12,014	10,834	10,692
Capital grants and contributions	22,984	19,800	50,382
Total business-type activities program revenues	1,378,720	1,398,690	1,477,713
Total primary government program revenues	$ 2,090,600	$ 2,152,231	$ 2,300,560
Net (expense)/revenue			
Governmental activities	$ (1,878,635)	$ (1,926,359)	$ (1,945,570)
Business-type activities	(119,557)	(72,523)	(116,593)
Total primary government net expense	$ (1,998,192)	$ (1,998,882)	$ (2,062,163)

Source: Annual Comprehensive Financial Report

2015	2016	2017	2018	2019	2020	2021
$ 359,640	$ 425,707	$ 297,716	$ 420,663	$ 412,427	$ 519,746	$ 446,622
1,858,766	1,993,340	229,891	2,137,632	2,034,121	2,057,684	1,298,378
336,311	343,657	341,257	423,137	402,857	407,569	397,085
150,931	158,896	148,995	171,802	164,550	171,950	289,855
65,275	61,707	61,608	53,965	91,997	137,035	372,473
112,844	98,994	89,457	126,416	107,788	112,225	96,661
49,374	48,691	34,966	51,312	50,007	54,956	43,093
158,212	191,025	142,469	160,247	165,573	142,711	134,277
138,016	143,028	150,196	153,092	156,412	163,454	179,046
3,229,368	3,465,044	1,496,555	3,698,266	3,585,732	3,767,330	3,257,490
556,844	581,022	526,662	605,653	596,069	631,435	585,528
123,371	117,906	110,765	115,255	96,486	89,737	75,561
924,793	942,176	850,363	991,167	1,042,141	1,032,629	1,052,061
1,605,008	1,641,104	1,487,790	1,712,075	1,734,696	1,753,801	1,713,150
$ 4,834,376	$ 5,106,148	$ 2,984,345	$ 5,410,341	$ 5,320,428	$ 5,521,131	$ 4,970,640
70,322	68,093	74,887	63,994	58,537	64,160	57,546
171,996	181,888	142,052	120,104	152,061	153,159	120,269
215,038	222,236	215,824	212,743	232,423	232,059	231,258
17,665	18,349	17,491	19,037	20,614	21,062	21,463
8,676	8,820	8,902	9,033	7,483	6,210	9,372
1,637	1,966	2,040	1,867	2,035	1,421	295
305,363	323,686	346,243	380,094	488,757	592,484	1,138,524
67,533	53,860	99,487	83,727	217,280	208,212	245,921
858,230	878,898	906,926	890,599	1,179,190	1,278,767	1,824,648
476,282	609,544	609,780	637,259	627,058	563,650	389,865
12,390	12,431	12,283	7,883	10,655	9,486	6,100
927,424	1,002,582	1,025,795	1,052,549	1,042,442	1,100,092	1,092,740
10,768	13,348	20,187	19,346	26,731	24,810	221,928
46,415	32,906	52,773	23,408	28,929	35,675	433,101
1,473,279	1,670,811	1,720,818	1,740,445	1,735,815	1,733,713	2,143,734
$ 2,331,509	$ 2,549,709	$ 2,627,744	$ 2,631,044	$ 2,915,005	$ 3,012,480	$ 3,968,382
$ (2,371,138)	$ (2,586,146)	$ (589,629)	$ (2,807,667)	$ (2,406,542)	$ (2,488,563)	$ (1,432,842)
(131,729)	29,707	233,028	28,370	1,119	(20,088)	430,584
$ (2,502,867)	$ (2,556,439)	$ (356,601)	$ (2,779,297)	$ (2,405,423)	$ (2,508,651)	$ (1,002,258)

CITY OF HOUSTON, TEXAS
CHANGES IN NET POSITION
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2012	2013	2014	2015
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes				
Property taxes	$ 866,143	$ 906,761	$ 973,902	$ 1,074,070
Industrial assessments tax	37	29,845	16,534	16,736
Sales taxes	546,543	600,256	629,441	667,061
Franchise taxes	193,153	195,664	190,368	190,245
Mixed beverage taxes	9,525	9,887	13,869	15,784
Bingo taxes	193	196	187	209
Hotel occupancy tax	-	-	-	-
Investment earnings	8,944	1,086	9,737	7,639
Insurance proceeds	-	-	-	-
Other	67,313	55,737	83,677	74,585
Contributions	12,167	26,767	17,364	30,525
Gain (loss) on disposal of assets	-	-	-	32,525
Transfers	75,878	72,807	41,968	49,105
Total governmental activities	1,779,896	1,899,006	1,977,047	2,158,484
Business-type activities:				
Hotel occupancy taxes	68,623	76,325	90,119	90,711
Investment earnings	21,340	6,638	31,491	20,114
Other	98,017	122,755	158,577	170,555
Special Items - gain (loss) on sale of assets	(89,658)	(61,282)	-	-
Transfers	(75,878)	(55,891)	(41,968)	(49,105)
Total business-type activities	22,444	88,545	238,219	232,275
Total primary government	$ 1,802,340	$ 1,987,551	$ 2,215,266	$ 2,390,759
Change in Net Position				
Governmental activities	$ (85,890)	$ (14,504)	$ 46,279	$ (192,559)
Business-type activities	(97,113)	3,173	106,824	80,431
Total primary government	$ (183,003)	$ (11,331)	$ 153,103	$ (112,128)

*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.

2016	2017	*2018	*2019	*2020	*2021
$ 1,099,411	$ 1,152,420	$ 1,172,313	$ 1,195,949	$ 1,222,846	$ 1,269,935
19,238	19,291	18,278	19,755	24,797	25,435
640,476	631,993	674,279	692,271	684,425	706,829
191,584	191,025	186,206	182,870	169,725	154,093
16,064	16,662	17,296	18,026	15,379	14,561
207	234	73	222	-	-
-	-	17,196	17,180	16,922	7,444
11,925	6,181	12,004	47,825	48,795	2,463
-	-	93,778	2,061	-	-
99,567	95,848	116,814	79,349	57,019	64,537
73,412	-	-	(4,165)	-	-
-	1,752	-	12,904	15,753	799
51,139	62,885	64,507	59,280	52,370	63,433
2,203,023	2,178,291	2,372,744	2,323,527	2,308,031	2,309,529
88,632	82,882	72,221	68,898	67,348	47,449
38,620	16,448	26,388	113,797	113,944	13,916
62,682	59,183	61,474	65,043	58,128	63,371
-	1,614	11,533	(5,664)	-	-
(51,139)	(62,885)	(64,507)	(59,280)	(52,370)	(63,433)
138,795	97,242	107,109	182,794	187,050	61,303
$ 2,341,818	$ 2,275,533	$ 2,479,853	$ 2,506,321	$ 2,495,081	$ 2,370,832
$ (363,751)	$ 1,605,345	$ (434,923)	$ (83,015)	$ (180,532)	$ 876,687
149,130	313,587	135,479	183,912	166,962	491,887
$ (214,621)	$ 1,918,932	$ (299,444)	$ 100,897	$ (13,570)	$ 1,368,574

CITY OF HOUSTON, TEXAS
FUND BALANCES - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2012	2013	2014	2015
General fund				
Non-spendable	$ 15,687	$ 14,792	$ 14,016	$ 16,450
Restricted	35,868	63,696	44,120	27,096
Committed	8,547	6,892	3,407	6,111
Unassigned	153,125	190,950	200,731	301,231
Total general fund	$ 213,227	$ 276,330	$ 262,274	$ 350,888
All other governmental funds				
Unreserved , reported in:				
Non-spendable	$ 887	$ 1,303	$ 5,290	$ 2,436
Restricted	338,997	350,827	327,576	266,501
Committed	52,351	59,693	71,969	87,040
Assigned	19,873	46,008	106,607	125,061
Total all other governmental funds	$ 412,108	$ 457,831	$ 511,442	$ 481,038

Source: Annual Comprehensive Financial Report

In 2011, the City implemented GASB Statement No. 54, which changed the fund balance classifications.

2016	2017	2018	2019	2020	2021
$ 15,493	$ 20,242	$ 18,881	$ 20,387	$ 22,667	$ 23,627
1,232	1,188	1,164	1,092	1,044	1,072
10,922	18,701	16,901	17,942	18,792	12,615
235,405	311,754	375,529	349,176	316,227	312,212
$ 263,052	$ 351,885	$ 412,475	$ 388,597	$ 358,730	$ 349,526
$ 2,395	$ 2,495	$ 3,138	$ 15,784	$ 3,306	$ 3,422
339,991	350,868	362,082	463,700	492,621	732,555
77,709	82,599	78,705	77,580	74,219	68,760
109,131	78,898	80,647	71,822	111,041	92,326
$ 529,226	$ 514,860	$ 524,572	$ 628,886	$ 681,187	$ 897,063

CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2022
(amounts expressed in thousands)
(unaudited)

Budgeted Resources	**Amount (in thousands)**
Revenues:	
Ad Valorem Taxes (current and delinquent)	$ 1,230,985
Sales and Use Tax	703,000
Franchise Fees	149,319
Municipal Courts Fines and Forfeits	15,090
Miscellaneous	493,284
Total Current Revenues	2,591,678
Beginning Fund Balance as of July 1, 2021(a)	214,175
Sale of Capital Assets	3,305
Transfers from Other Funds	6,772
Total Budgeted Resources	$ 2,815,930
Budgeted Expenditures	
Administrative Services and Public Finance	$ 104,604
Public Safety	1,530,097
Development and Maintenance Services	157,135
Human and Cultural Services	183,989
General Government	218,501
Debt Service and PAYGO Capital Projects	415,633
Total Budgeted Expenditures	2,609,959
Budgeted Ending Fund Balance as of June 30, 2022	205,971
Total Budgeted Expenditures and Reserves	$ 2,815,930

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2022 Budget.

CITY OF HOUSTON, TEXAS
June 30, 2021
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).

	Amount (in thousands)	
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	$ 2,556,441	(*)

(*) 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.

Fiscal Year	Total Indirect Charges (in thousands)
2021	24,688
2020	27,789
2019	26,603
2018	28,910
2017	27,399
2016	26,611
2015	25,328
2014	18,558
2013	16,908
2012	18,255

CITY OF HOUSTON
CONTINUING DEBT DISCLOSURE INFORMATION
June 30, 2021
Long Term Disability and Compensated Absence Liability
(unaudited)

Long-Term Disability Fund	Fiscal Year 2021 (in thousands)
Assets Available for Future Long-Term Disability Obligations	$ 8,880
Claims Payable on Long-Term Disability Obligations	(7,139)
Unrestricted Net Assets	$ 1,741

Compensated Absence Liability	Fiscal Year 2021 (in thousands)
Governmental Short-Term Liability	$ 167,650
Enterprise Funds Liability	34,802
Internal Service Funds Liability	300
Governmental Funds Long-Term Liability	340,846
Total	$ 543,598

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.

Fiscal Year	**Total Direct Charges for Specific Services (in thousands)**
2021	59,308
2020	59,174
2019	62,214
2018	54,449
2017	53,523
2016	53,934
2015	47,851
2014	43,257
2013	43,519
2012	41,469

CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Industrial Assessments	Mixed Beverage Tax	Bingo Tax	*Hotel Occupancy Tax	Total Tax Collections
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	$ 168,556	$ 24,797	$ 15,379	$ -	$ 16,922	$ 2,132,925
2021	$ 1,269,935	$ 706,829	$ 154,093	$ 25,435	$ 14,561	$ -	$ 7,444	$ 2,178,297

*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)

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate
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
2021	$ 136,018,000	$ 88,843,000	$ 5,881,000	$ 27,438,000	$ 258,180,000	5.6184

The tax rates are based on a 100% assessment ratio. Tax rates are stated per $1,000 assessed value.
The taxable value of property is the appraised value less exemptions and is received from Harris, Fort Bend and Montgomery County.

CITY OF HOUSTON, TEXAS
CHANGES IN FUND BALANCES IN GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

	2012	2013	2014	2015	2016
Revenues					
Taxes	$ 1,615,592	$ 1,745,882	$ 1,826,639	$ 1,964,470	$ 1,966,483
Licenses and permits	84,786	97,100	111,577	121,636	126,020
Intergovernmental	351,472	366,973	333,832	373,006	377,546
Charges for services	248,083	248,097	267,635	296,694	304,438
Fines	52,250	47,955	46,647	41,350	42,472
Investment earnings	8,944	1,086	9,737	7,639	11,925
Contributions	20	-	-	-	-
Other	72,180	70,001	98,189	95,129	117,442
Total revenues	2,433,327	2,577,094	2,694,256	2,899,924	2,946,326
Expenditures					
General Government	209,318	217,376	233,216	295,439	319,160
Public safety	1,212,975	1,267,523	1,355,369	1,374,859	1,418,763
Public Works	275,260	284,863	304,346	314,313	329,572
Health	102,304	111,986	122,446	139,016	145,976
Housing and Community Development	75,204	88,222	51,252	71,167	62,539
Parks and recreation	73,233	75,430	77,557	101,718	85,252
Library	34,115	35,433	38,421	38,170	39,271
Retiree benefits	10,360	11,907	10,920	11,059	11,390
*Capital Outlay	272,161	245,410	289,026	358,969	334,555
Principal	346,600	138,875	176,205	191,355	290,805
Interest	161,086	158,322	154,327	153,972	151,260
Fiscal agent and fees	10,161	6,212	4,528	5,289	6,785
Total expenditures	2,782,777	2,641,559	2,817,613	3,055,326	3,195,328
Excess of revenues over (under) expenditures	(349,450)	(64,465)	(123,357)	(155,402)	(249,002)
Other financing sources (uses)					
Transfers in	422,470	505,513	549,184	587,207	622,988
Transfers out	(346,592)	(449,222)	(507,217)	(538,102)	(571,849)
Proceeds from issuance of debt	806,685	438,276	119,000	117,740	65,000
Proceeds from refunded debt	-	-	-	-	557,615
Payment to escrow agent	(458,052)	(395,227)	(519)	(1,404)	(550,600)
Sale of land	4,844	5,818	2,464	48,171	8,792
Bond premium (discount)	81,310	51,617	-	-	102,908
Transfer to component unit	12,849	16,516	-	-	-
Contributions out	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total other financing sources (uses)	523,514	173,291	162,912	213,612	234,854
Net change in fund balances	$ 174,064	$ 108,826	$ 39,555	$ 58,210	$ (14,148)
Debt service as a percentage of noncapital expenditures	20.2%	12.4%	13.1%	12.8%	15.5%

Source: Annual Comprehensive Financial Report
*Capital outlay does not agree to amount of capital additions per the reconciliation because of items below the capitalization threshhold and because capital expenditures were found in other functional expenditures.

2017	2018	2019	2020	2021
$ 2,013,196	$ 2,068,675	$ 2,120,567	$ 2,133,402	$ 2,162,378
118,899	113,918	123,255	119,354	112,795
404,276	443,441	537,402	656,699	1,183,307
299,748	304,625	311,587	310,695	319,012
37,407	34,734	36,407	29,664	28,341
6,034	11,579	45,008	45,567	2,709
-	-	-	-	-
112,245	133,510	79,036	56,394	62,672
2,991,805	3,110,482	3,253,262	3,351,775	3,871,214
297,501	357,661	353,912	446,217	430,695
1,446,775	2,248,951	1,502,334	1,546,820	1,580,922
348,229	401,641	383,018	377,394	399,623
157,968	160,519	154,884	156,884	289,724
60,656	53,249	90,398	135,419	369,216
89,654	102,237	84,539	83,058	77,574
39,932	40,065	39,839	40,435	41,062
11,521	167,372	11,123	14,196	13,290
338,946	358,387	358,973	339,363	396,816
192,656	489,510	219,764	228,668	213,148
144,068	148,754	177,804	164,793	151,787
3,343	11,574	4,540	5,760	3,738
3,131,249	4,539,920	3,381,128	3,539,007	3,967,595
(139,444)	(1,429,438)	(127,866)	(187,232)	(96,381)
553,680	605,254	654,394	660,650	659,617
(490,795)	(540,747)	(595,114)	(608,280)	(596,184)
140,000	1,577,352	139,065	624,690	123,724
-	-	-	61,685	-
-	(336,191)	-	(552,367)	-
11,026	5,958	30,061	22,306	3,786
-	76,336	-	-	-
-	-	-	-	-
-	-	(4,165)	-	-
-	93,778	2,061	982	-
213,911	1,481,740	226,302	209,666	190,943
$ 74,467	$ 52,302	$ 98,436	$ 22,434	$ 94,562
12.2%	15.5%	13.3%	12.5%	10.3%

CITY OF HOUSTON
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(unaudited)

Purpose	2021	2020	2019	2018	2017	2016
City						
General Purposes	4.23094	4.04129	4.19242	4.20227	4.54458	4.42194
Debt Service	1.38746	1.63791	1.69068	1.63983	1.31962	1.58926
City of Houston (1)	5.61840	5.67920	5.88310	5.84210	5.86420	6.01120
County						
Fort Bend County	4.5321	4.6000	4.6400	4.6900	4.7400	4.8600
Harris County (2)	4.2258	4.3505	4.4735	4.4485	4.4485	4.4656
Montgomery County	4.3120	4.4750	4.6670	4.6670	4.6670	4.7670
School District						
Aldine I.S.D.	12.7440	13.4712	13.4712	13.7339	13.2338	12.8590
Alief I.S.D.	12.0480	12.4410	13.3000	13.3000	13.0500	12.8000
Clear Creek I.S.D.	12.6590	13.1000	13.1000	14.0000	14.0000	14.0000
Conroe I.S.D.	12.1250	12.3000	12.8000	12.8000	12.8000	12.8000
Crosby I.S.D.	14.4030	15.4835	16.5000	16.7000	16.7000	16.7000
Cypress-Fairbanks I.S.D.	13.5550	13.7000	14.4000	14.4000	14.4000	14.4000
Deer Park I.S.D.	13.4960	14.1510	15.3870	15.5670	15.5670	15.5670
Fort Bend I. S. D.	12.4000	12.7000	13.2000	13.4000	13.4000	13.4000
Galena Park I.S.D.	14.5810	14.5810	14.7165	15.6330	15.6330	15.1340
Goose Creek I.S.D.	13.6860	13.4110	13.5428	14.3190	14.3190	14.3189
Houston I.S.D.	11.3310	11.3700	12.0670	12.0670	12.0670	11.9670
Huffman I.S.D.	13.4210	13.4210	14.0000	14.0000	14.0000	14.0000
Humble I.S.D.	14.1835	14.1835	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	14.4310	15.1660	15.1660	15.1660	15.1660	15.2660
Klein I.S.D.	13.4000	13.6000	14.3000	14.1000	14.3000	13.9000
New Caney I.S.D.	14.6030	15.6840	15.6840	16.7000	16.7000	16.7000
North Forest I.S.D. (3)						
Pasadena I.S.D.	13.8300	13.7840	14.8000	14.8000	13.5000	13.5000
Sheldon I.S.D.	15.0160	15.2840	14.4840	14.7000	14.1000	14.1000
Spring I.S.D.	13.8430	14.3000	15.1000	15.1000	14.6996	14.7000
Spring Branch I.S.D.	13.0730	13.2100	13.2098	13.9450	13.9450	13.9450
Municipal Utility District						
Harris County MUD # 355	0.0600	0.0600	0.0600	0.0900	0.0900	1.2000
Harris County MUD # 359	1.4500	1.4500	1.5000	1.6000	1.9000	2.6000
Harris County MUD # 366	1.6000	1.6000	1.6000	1.6000	1.8000	2.0000
Harris County MUD # 372	1.6750	1.6000	1.6000	1.6000	11.1000	1.6500
Harris County MUD # 381	5.6000	6.0000	6.2000	6.3000	6.3000	7.4000
Harris County MUD # 390	6.9650	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 393	6.4000	6.8000	7.0000	7.3000	7.5000	9.1000
Harris County MUD # 404	8.6125	8.6125	8.4125	8.6125	8.6125	8.6125
Harris County MUD # 410	5.6000	5.6000	5.6000	5.9000	5.9000	6.9000
Harris County MUD # 411	5.8000	6.0000	6.6000	7.0000	7.5000	9.0000
Harris County MUD # 415	8.0000	8.0000	8.0000	8.0000	8.0000	
Harris County MUD # 450	5.8500	6.3000	6.3000	7.8500	8.1358	7.9888
Harris County MUD # 451	9.0000	9.0000	9.1000	9.1579	9.1358	8.8000
Harris County MUD # 460	7.4000	7.4000	7.4000	7.4000	7.4000	7.4000
Harris County MUD # 499	8.8000	9.1000	9.1000	15.4000	9.1300	
Harris County MUD # 529	7.0000	7.5000	7.5000	7.5000	7.5000	
Harris County MUD # 537	5.0000	5.0000	5.0000	5.0000	5.0000	
Northwood MUD #1	10.0000	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions						
Clear Lake City Water Authority	2.7000	2.7000	2.7000	2.7000	2.7000	2.7000
Fort Bend Parkway Road (4)						
Harris County Dept. of Education	0.0499	0.0519	0.0519	0.0520	0.0520	0.0600
Harris County Hospital District	1.6671	1.7904	1.7108	1.7110		
Houston Community College	0.2106	1.0026	0.2351	1.0264	0.0250	0.2631
Lee College District	2.3010	2.5010	2.5010	2.5040	2.1320	2.1570
Lone Star College System .	1.0780	1.0780	1.0780	1.0780	1.0780	1.0790
Port of Houston Authority	0.0991	0.1074	0.1155	0.1256	0.1334	0.1342
San Jacinto College District	16.9358	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
4.74635	4.77085	4.6221	4.8071
1.56445	1.61665	1.7654	1.5804
6.31080	6.38750	6.3875	6.3875
4.9476	4.9976	4.9976	4.9976
4.4467	4.4300	4.2830	4.1926
4.7670	4.8380	4.8380	4.8380
13.0590	13.0580	13.2839	13.2839
12.8000	12.9000	13.2000	13.3000
14.0000	14.0000	13.6000	6.3875
12.8000	12.9000	12.9500	6.3875
16.7000	16.7000	14.4000	6.3875
14.4000	14.5000	14.5000	6.3875
15.5670	15.5670	15.2670	6.3875
13.4000	13.4000	13.4000	6.3108
15.1340	15.1340	15.1340	6.0112
14.3189	13.3213	13.3213	5.8642
11.9670	11.5670	11.5670	5.8421
14.0000	14.2000	14.4500	5.8831
15.2000	15.2000	15.2000	15.2000
15.2660	15.2660	15.2660	15.2660
13.9000	14.3000	14.4000	14.3000
16.7000	15.4000	15.4000	15.4000
			14.6929
13.5000	13.5000	13.5000	13.5000
14.1000	14.3000	14.3000	14.3000
15.1000	15.7000	15.7000	15.7000
13.9450	13.9450	13.9450	13.9450
1.2000	2.0000	2.3500	2.3500
2.7000	3.0000	3.0500	3.0500
2.0000	2.5000	2.5000	2.5000
1.7500	1.9000	1.9000	1.9000
7.4000			
7.0000	7.0000	7.0000	7.0000
9.1000			
8.6125			
6.9000			
9.0000			
7.6892	7.6125	7.6125	7.7125
8.8000			
7.4000			
12.5000	12.5000	12.5000	12.5000
2.8000	2.8000	2.8000	2.8000
		0.5443	0.5443
0.0600	0.0636	0.0658	0.0658
0.2984	0.2012	0.1750	0.1382
2.2070	2.6070	2.4100	2.5200
1.0810	1.1600	1.2100	1.2100
0.1531	0.1716	0.1952	0.1856
18.5600	1.8560	1.8560	1.8560

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2021
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

	2021			2012		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Centerpoint Energy, Inc.	$ 2,426,630	**1**	0.95%	$ 1,441,639	**1**	1.00%
Chevron Chemical Company	924,128	**2**	0.36%	691,201	**3**	0.48%
One Two Three Allen Center	718,399	**3**	0.28%			
BSREP 1HC-4HC	717,796	**4**	0.28%			
GWP (Greenway Plaza)	702,313	**5**	0.27%			
PKY Citywest, POC, San Felipe Plaza	698,163	**6**	0.27%			
HG Galleria 1 11 111 LP	690,813	**7**	0.27%	363,275	**10**	0.25%
Shell Oil Co	664,945	**8**	0.26%	405,613	**9**	0.28%
Finger FSC	557,863	**9**	0.22%			
Conoco Phillips Co	509,902	**10**	0.20%			
Crescent Real Estate				629,284	**4**	0.44%
Houston Refining				439,307	**8**	0.31%
Hines Interest Ltd. Partnership				1,393,328	**2**	0.97%
Valero Energy				577,211	**5**	0.40%
Continental Airlines, Inc.				523,433	**6**	0.36%
Exxon Mobil Corp				506,634	**7**	0.35%
Total	$ 8,610,952		3.36%	$ 6,970,925		4.84%

CITY OF HOUSTON
TAX SUPPORTED DEBT SERVICE FUNDS
(amounts expressed in thousands)
(unaudited)

Tax Bond Debt Service Fund for Fiscal Year 2021

		Amount (in thousands)
Budgeted Resources		
Beginning Fund Balance Estimate as of July 1, 2021	$	151,257
Transfers in from:		
General Fund		339,739
Combined Utility System Operating Fund		20,039
Other sources		24,687
Third Party Reimbursements		3,313
Other		12,600
Total Budgeted Resources	$	551,635
Budgeted Expenditures		
Debt Service Requirements		
Tax Bonds	$	398,565
Total Budgeted Expenditures	$	398,565
Budgeted Ending Fund Balance as of June 30, 2021		153,070
Total Budgeted Expenditures and Reserves	$	551,635

(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

Fiscal Year	Public Improvement Bonds	Pension Obligations	Commercial Paper	Tax and Revenue Certificates	Notes Payable	Other Borrowings
2012	$ 2,582,320	$ 540,728	$ 226,900	$ 17,365	$ -	$ 7,103
2013	$ 2,561,515	$ 540,728	$ 176,900	$ 11,870	$ 11,135	$ 6,458
2014	$ 2,422,445	$ 535,353	$ 257,350	$ 18,660	$ 11,629	$ 5,813
2015	$ 2,658,664	$ 529,603	$ 141,900	$ 17,671	$ -	$ 5,154
2016	$ 2,603,712	$ 523,443	$ 99,900	$ 17,479	$ -	$ 4,495
2017	$ 2,401,047	$ 516,858	$ 239,900	$ 16,682	$ -	$ 3,836
2018	$ 2,455,354	$ 1,444,890	$ 70,000	$ 15,446	$ -	$ 8,226
2019	$ 2,275,465	$ 1,434,480	$ 165,000	$ 14,156	$ -	$ 5,062
2020	$ 2,165,078	$ 1,422,407	$ 131,900	$ 12,806	$ -	$ 19,355
2021	$ 1,959,806	$ 1,400,128	$ 244,600	$ 11,396	$ -	$ 28,889

Business-type Activities

Fiscal Year	Combined Utility System Revenue Bonds	Houston Airport System Revenue Bonds	Convention & Entertainment Revenue Bonds	Long-Term Contracts	Total Primary Government	Percentage of Personal Income	Per Capita (a)
2012	$ 5,821,210	$ 2,348,521	$ 537,499	$ 149,121	$ 12,230,767	Not available	$ 5,722
2013	$ 6,023,556	$ 2,290,936	$ 509,249	$ 135,585	$ 12,267,932	Not available	$ 5,585
2014	$ 6,041,391	$ 2,232,051	$ 482,974	$ 122,048	$ 12,129,714	Not available	$ 5,777
2015	$ 6,545,540	$ 2,393,951	$ 681,585	$ 198,217	$ 13,172,285	Not available	$ 5,882
2016	$ 6,703,987	$ 2,468,672	$ 666,280	$ 209,300	$ 13,297,268	Not available	$ 5,791
2017	$ 6,782,294	$ 2,371,252	$ 649,112	$ 469,253	$ 13,450,234	Not available	$ 5,839
2018	$ 6,865,875	$ 2,334,124	$ 703,234	$ 750,193	$ 14,647,342	Not available	$ 6,333
2019	$ 6,891,460	$ 2,245,566	$ 725,803	$ 910,375	$ 14,667,367	Not available	$ 6,308
2020	$ 6,975,458	$ 2,227,419	$ 656,266	$ 890,120	$ 14,500,809	Not available	$ 6,250
2021	$ 6,984,887	$ 2,422,006	$ 634,448	$ 850,593	$ 14,536,753	Not available	$ 6,276

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
(a) See the Schedule of Demographic and Economic Statistics for personal income and population data.

CITY OF HOUSTON, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)
(unaudited)

Fiscal Year	General Tax Obligation Debt (1)	Less: Amounts Available in Debt Service Fund (4)	Total	Percentage of Estimated Actual Taxable Value (2) of Property	Per Capita (3)
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
2021	$ 3,615,930	$ 107,530	$ 3,508,400	1.13%	$ 1,509

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 for property value data.
3. Population data can be found in the Schedule of Demographic and Economic Statistics
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, 2021
(amounts expressed in thousands)
(unaudited)

	Net Direct Debt		% of Debt Applicable to	City of Houston
	Amount	As of	Houston	Share of Debt
City				
City of Houston - direct	$ 3,644,819	06/30/21	100.00%	$ 3,644,819
County				
Fort Bend County	598,108	06/30/21	1.67%	9,988
Harris County (including Toll Road Bonds)	1,476,169	06/30/21	51.80%	764,656
Harris County Flood Control	743,804	06/30/21	51.80%	385,290
Montgomery County	462,819	06/30/21	1.16%	5,369
School District				
Aldine I.S.D.	1,573,663	06/30/21	43.42%	683,284
Alief I.S.D.	319,578	08/31/21	80.82%	258,283
Clear Creek I.S.D.	973,616	06/30/21	23.13%	225,197
Conroe I.S.D.	1,820,907	08/31/21	0.00%	0
Crosby I.S.D.	117,550	06/30/21	2.44%	2,868
Cypress-Fairbanks I.S.D.	3,331,377	06/30/21	14.61%	486,714
Deer Park I.S.D.	266,948	06/30/21	2.06%	5,499
Fort Bend I.S.D.	1,347,095	06/30/21	1.67%	22,496
Galena Park I.S.D.	365,498	08/31/20	7.68%	28,070
Goose Creek I.S.D	343,365	06/30/21	0.00%	0
Houston I.S.D.	2,449,788	06/30/21	92.35%	2,262,379
Huffman I.S.D.	94,399	06/30/21	27.72%	26,167
Humble I.S.D.	685,349	06/30/21	33.71%	231,031
Katy I.S.D.	2,051,285	08/31/20	12.94%	265,436
Klein I.S.D.	999,439	06/30/21	2.76%	27,585
New Caney I.S.D.	550,299	09/01/21	18.28%	100,595
Pasadena I.S.D.	660,374	06/30/21	41.31%	272,800
Sheldon I.S.D.	367,667	06/30/21	1.59%	5,846
Spring I.S.D.	884,427	06/30/21	3.29%	29,098
Spring Branch I.S.D.	1,228,797	06/30/21	73.75%	906,238
Municipal Utility District				
Harris County MUD 355	4,274	09/02/21	100.00%	4,274
Harris County MUD 359	1,084	06/30/21	100.00%	1,084
Harris County MUD 372	2,775	06/30/21	100.00%	2,775
Harris County MUD 381	12,191	06/30/21	100.00%	12,191
Harris County MUD 390	34,418	06/30/21	100.00%	34,418
Harris County MUD 393	8,081	06/30/21	100.00%	8,081
Harris County MUD 404	7,473	06/30/21	100.00%	7,473
Harris County MUD 410	15,391	06/30/21	100.00%	15,391
Harris County MUD 411	6,262	06/30/21	100.00%	6,262
Harris County MUD 415	3,883	06/30/21	100.00%	3,883
Harris County MUD 450	15,096	06/14/21	100.00%	15,096
Harris County MUD 451	5,058	06/23/21	100.00%	5,058
Harris County MUD 460	15,533	06/30/21	100.00%	15,533
Harris County MUD 499	12,162	06/15/21	100.00%	12,162
Harris County MUD 529	10,680	06/10/21	100.00%	10,680
Harris County MUD 537	13,388	06/30/21	100.00%	13,388
Northwood MUD # 1	2,290	06/30/21	100.00%	2,290
Other Jurisdictions				
Clear Lake City Water Authority	96,285	06/30/21	64.47%	62,075
Harris County Hospital District	66,341	06/30/21	51.80%	34,365
Houston Community College	506,270	06/30/21	90.86%	459,997
Lee College District	58,113	08/31/20	0.00%	0
Lone Star College System	496,685	06/30/21	13.72%	68,145
Port of Houston Authority	456,449	06/30/21	51.80%	236,441
San Jacinto College District	521,105	06/30/21	15.44%	80,459
Total overlapping debt	26,083,608			8,116,411
Total direct and overlapping debt	$ 29,728,427			$ 11,761,230

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[a] General Purposes	Tax Rate[a] Debt Service	Total	Net Current Year Tax Levy [b] [d] (in thousands)	Current Collections Prior to End of Fiscal Year [c] [d] [e] (in thousands)	Prior Years' Delinquent Collections[e] (in thousands)	Total Collection [c] [d] [e] (in thousands)	Total Collections Percentage of Net Levy [d]
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	1,450,559	1,414,585	14,399	1,428,984	98.5
2022	0.40247	0.14836	0.55083	1,455,050	1,406,306	8,798	1,415,104	97.3

(a) The Texas Constitution limits the maximum ad valorem tax rate to $2.50 per $100 of assessed valuation for home-rule cities such as the City; however, for a discussion of the more restrictive City Charter Limitations, see "PROPERTY TAXES – City Charter Tax and Revenue Limitations."

(b) The figures represent net adjusted levies, including the late certification and correction rolls from the Appraisal District, through June 30 of each Fiscal Year, except for Fiscal Year 2022, which is as of August 06, 2021.

(c) These amounts do not include revenues from various types of Industrial District Contracts entered into by the City with industrial property owners outside of the City's corporate limits. Such Industrial District Contracts have a term of fifteen years (currently scheduled to terminate in Tax Year 2027) and allow property owners to make payments to the City in lieu of paying ad valorem taxes.

(d) Includes all ad valorem tax receipts received by the City, including tax increment revenues that are deposited into special funds designated for various tax increment reinvestment zones. By virtue of contracts among the City, the Zones and the local government corporations that manage the zones, the tax increments are transferred to the respective local government corporation and are available to fund authorized projects in the Zone and to be pledged to obligations issued by the local government corporation on behalf of the Zone. Bonds and other obligations issued by the local government are not debt of the City. In Fiscal Year 2022, the City has budgeted approximately $193.2 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately $47.4 million will be transferred back to the City for affordable housing projects, an administrative fee and a fee for municipal service costs attributable to development in such Zones. Much of the tax increments transferred to the zones are used to promote economic developments through the acquisition and construction of public improvements to spur development in certain areas of the City. Additionally, the zones provide affordable housing and funds for certain City capital improvement projects.

(e) The City's Fiscal Year 2022 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)

Tax Year	Fiscal Year	Tax-Supported Debt at December 31 (in thousands) [f]	Tax Roll[a] (in thousands)	Tax-Supported Debt as a Percentage of Tax Roll	Tax-Supported Per Capita Debt[b]	Debt Service Requirement Payable from Taxes[c][d] (in thousands)	Tax Levy for Debt Service (in thousands)[e]
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
2020	2021	3,603,895	258,180,081	1.40%	1,553	382,854	311,353

(a) With the exception of Tax Year 2020, 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 2020 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 02, 2021. As of July 02, 2021, the total assessed value for Tax Year 2020 (including exempt property values) was approximately $338.5 billion, which is the appraised value used to determine the statutory limitation of approximately $33.8 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.

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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, 2021

Assessed Value (1)	$	338,485,344
Debt Limit (10% of assessed value)	$	33,848,534
Debt applicable to limit:		
Public Improvement Bonds		1,959,806
Pension Obligations		1,400,128
Commercial Paper - General Obligation		244,600
Tax and Revenue Certificates of Obligation		11,396
Total net debt applicable to limit	$	3,615,930
Legal debt margin	$	30,232,604

HISTORICAL LEGAL DEBT LIMITATION

	2012	2013	2014
Legal debt limitation, 10% of assessed value(2)	$ 19,108,922	$ 20,140,168	$ 21,962,278
Total net debt applicable to margin	3,367,313	3,291,013	3,233,808
Legal debt margin	$ 15,741,609	$ 16,849,155	$ 18,728,470
Total net debt applicable to the limit as a percentage of debt limit	18%	16%	15%

(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).

2015	2016	2017	2018	2019	2020	2021
$ 24,401,203	$ 26,857,750	$ 28,781,940	$ 29,222,567	$ 30,143,366	$ 32,030,547	$ 33,848,534
3,135,203	3,244,534	3,174,499	3,985,690	3,889,101	3,732,189	3,615,930
$ 21,266,000	$ 23,613,216	$ 25,607,441	$ 25,236,877	$ 26,254,265	$ 28,298,358	$ 30,232,604
13%	12%	11%	14%	13%	12%	11%

CITY OF HOUSTON, TEXAS
PLEDGED - REVENUE COVERAGE
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Airport System Bonds [1]

Fiscal Year	Operating & Non-Operating Revenues [2]	Less: Operating Expenses	Net Pledged Revenue	Debt Service Principal	Debt Service Interest [3]	Less Grants Available for Debt Service	Less PFC revenue Available for Debt Service	Coverage
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 [4]	256,018	82,707	92,316	-	54,673	2.13
2018	522,407	326,889	195,518	81,137	93,319	-	50,642	1.58
2019	518,192	315,153	203,039	80,110	96,202	-	60,646	1.76
2020	491,537	314,034	177,504	89,090	91,641	14,169	55,040	1.59
2021	329,108	251,830	77,280	75,580	69,769	88,984	56,365	(*) not calculated

1. Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
2. Income and revenue derived from the operation of the Airport System with limited exclusions.
3. Debt service is net of amounts paid by grant fund, capitalized interest and passenger facility charges revenue.
4. The decrease in net pension liability recorded as negative expense in FY2017 was $67.4 million.

(*) Calculations not performed for the year ended 6/30/21 as HAS paid all debt service in fiscal year 2021 from PFC's and CARES Act proceeds

Combined Utility System Bonds [5]

Fiscal Year	Operating & Non-Operating Revenues [6]	Less: Total Expenses	Net Pledged Revenue	Debt Service Principal	Debt Service Interest	Coverage
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
2021	1,154,660	505,931	648,729	228,641	262,231	1.32

5. Including Water and Sewer System Bonds, Combined Utility System Bonds, and Commercial Paper interest.
6. Income and revenues derived from the operation of the Combined Utility System with limited exclusions.

Convention and Entertainment Center Bonds [7]

Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue [8]	Debt Service Principal	Debt Service Interest	Coverage
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	77,460	21,815	24,797	1.66
2019	77,483	21,779	26,388	1.61
2020	61,196	56,842	28,561	0.72
2021	41,749	23,222	33,154	0.74

7. Including Revenue Bonds and Commercial Paper.
8. Includes the 5.65%/7% of collected hotel occupancy tax, certain parking revenues, and certain tax rebates.

CITY OF HOUSTON, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population		Personal Income (amount in thousands)	Per Capital Income		Median Age		Education Level in Years of Formal Schooling		School Enrollment		Average Unemployment Rate (percentage)	
2012	2,145,146		Not available	$ 26,179	(3)	33.2	(5)	13.0	(5)	576,020	(5)	7.5	(7)
2013	2,160,821		Not available	$ 26,849	(3)	32.1	(5)	13.0	(1), (5)	548,061	(1)	6.5	(2)
2014	2,195,914		Not available	$ 27,029	(3)	32.3	(5)	13.0	(5)	557,780	(5)	9.0	(6)
2015	2,239,558		Not available	$ 27,305	(7)	32.4	(5)	13.0	(3), (5)	564,871	(5)	4.4	(6)
2016	2,296,224	(3)	Not available	$ 27,938	(5)	32.6	(5)	13.0	(3), (5)	580,250	(5)	5.8	(6)
2017	2,303,482	(3)	Not available	$ 28,503	(5)	32.6	(5)	13.1	(3), (5)	594,377	(5)	5.7	(6)
2018	2,312,717	(3)	Not available	$ 29,224	(5)	32.7	(5)	13.2	(3)	597,728	(5)	5.1	(6)
2019	2,325,205	(3)	Not available	$ 30,547	(5)	32.9	(5)	13.2	(3)	594,916	(5)	4.4	(6)
2020	2,320,268	(3)	Not available	$ 31,576	(5)	32.9	(5)	13.44	(7)	1,889,245	(7)	10.0	(2)
2021	2,316,120	(5)	Not available	$ 33,377	(5)	33.4	(5)	13.38	(7)	1,528,493	(7)	8.1	(2)

(1) School enrollment includes nursery school through graduate school.

(2) Source: Local Area Unemployment Statistics, Bureau of Labor Statistics

(3) Source: U. S. Census Bureau FactFinder

(4) Source: Bureau of Labor Statistics

(5) Source: U.S Census Data

(6) Source: Texas Labor Market TRACER

(7) Source: Census data school based on MSA (Metro Area Houston-The Woodlands- Sugar Land)

CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2021
Current Year and Nine Years Ago
(unaudited)

	2021			2012		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Memorial Hermann Health System	35,360	**1**	3.10%	19,500	**1**	2.02%
Walmart	29,797	**2**	2.61%			
HEB	29,657	**3**	2.60%			
Houston Methodist	26,098	**4**	2.29%	13,000	**5**	1.35%
The University of Texas MD Anderson Cancer Center	21,576	**5**	1.89%			
HCA Houston Healthcare	15,000	**6**	1.32%			
Kroger	14,868	**7**	1.30%	12,000	**6**	1.24%
ExxonMobil	13,000	**8**	1.14%	15,000	**3**	1.55%
United Airlines	11,900	**9**	1.04%			
Schlumberger Limited	11,700	**10**	1.03%	10,000	**7**	1.04%
Shell Oil Company				13,000	**4**	1.35%
United Continental Holdings				17,000	**2**	1.76%
B.P. America, Inc.				9,537	**9**	0.99%
National Oilwell Varco				10,000	**8**	1.04%
Baylor College of Medicine				9,232	**10**	0.96%
Total :	208,956		18.32%	128,269		13.30%

Source: GHP Houston Facts - 2021

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:		
June 2020 Local Area Unemployment Statistics, Bureau of Labor Statistics	2021	1,140,335
U.S. Census Bureau, American Community Survey	2012	964,664

CITY OF HOUSTON, TEXAS
June 30, 2021
INCREASES/DECREASES TO NET POSITION OF PENSION PLANS
(amounts expressed in thousands)
(unaudited)

	Fire	Municipal	Police	Total
Additions	1,445,597	1,302,962	1,965,770	4,714,329
Deductions	291,767	317,662	400,995	1,010,424
Net Increase	1,153,830	985,300	1,564,775	3,703,905
City's Total Contribution	77,495	184,762	151,094	413,351

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
June 30, 2021
(unaudited)

SALES AND USE TAX AND FRANCHISE CHARGES AND FEES

Fiscal Year		Sales and Use Tax (in thousands)	Charges and Fees (in thousands)
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		$ 706,829	$ 153,600
2022	(budgeted)	$ 703,000	$ 149,319

CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2021
(unaudited)

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2011 through 2020 according to the Texas Employment Commission:

Houston PMSA Labor Force Estimates
(Employees in thousands)

	2011	2012	2013
Civilian Labor Force (A)	3,075	3,110	3,180
Employed	2,843	2,901	3,009
Unemployed	232	210	171
Percent unemployed	7.50%	6.70%	5.40%
Nonfarm Payroll Employment (B)	2,693	2,793	2,895
Manufacturing	237	252	261
Mining	97	106	115
Contract construction	180	188	197
Transp/Trade/Pub Utils/Communications (C)	579	602	616
Finance/Insurance/Real Estate	140	143	146
Services & Miscellaneous	1,097	1,135	1,800
Government	364	367	379

(A) Includes resident wage and salary workers, self-employed, unpaid family workers and domestics in private households, agricultural workers, and workers involved in labor-management disputes.

(B) Includes the non-agricultural wage and salary jobs estimated to exist in Houston PMSA without reference to place of residence of workers.

(C) Trade has been included with Transportation, Public Utilities and Communications.

2014	2015	2016	2017	2018	2019	2020
3,244	3,287	3,323	3,412	3,444	3,381	3,418
3,098	3,106	3,147	3,255	3,313	3,053	3,165
146	180	176	157	131	328	253
4.50%	5.50%	5.30%	4.60%	3.80%	9.70%	7.40%
2,991	3,002	3,061	3,132	3,185	2,980	3,047
250	232	234	228	241	220	207
109	87	86	80	88	62	69
205	216	215	237	230	219	204
645	647	635	661	661	637	666
146	155	156	164	167	165	163
1,261	1,282	1,321	1,353	1,382	1,281	1,005
381	388	414	410	418	399	411

CITY OF HOUSTON, TEXAS
Last Ten Years
CITY OF HOUSTON EMPLOYMENT INFORMATION
(unaudited)

Full-time Equivalent Employees as of June 30, 2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Fund/Department										
GENERAL FUND										
Public Safety										
Fire/Civilian	118.9	117.4	117.1	107.2	111.9	109.6	108.3	105.2	95.3	85.3
Fire/Classified	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	4,055.6
Fire/Cadets	14.2	26.7	123.0	139.1	107.1	94.6	41.4	80.2	49.7	98.4
Municipal Courts - (Administration) Department	271.2	268.8	291.6	299.2	290.7	280.0	268.4	257.8	252.4	241.2
Municipal Courts - (Justice) Department	-	-	-	-	-	-	-	-	-	-
Police/Civilian	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	851.3
Police/Classified	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	5,293.0
Police/Cadets	76.6	118.1	88.1	91.2	140.5	176.2	134.1	139.5	139.7	140.3
Total Public Safety	11,054.3	11,194.5	11,049.2	11,240.5	11,373.7	11,391.0	11,431.1	11,020.5	11,103.3	10,765.1
Development & Maintenance Services										
General Services (Formerly Building Services)	193.9	193.6	201.1	140.7	137.7	135.1	133.7	144.3	142.6	136.0
Planning & Development	75.7	75.2	76.1	71.9	59.8	32.3	28.0	25.9	21.3	23.8
Public Works & Engineering (PW&E)	9.1	15.0	13.6	14.6	12.5	13.8	13.0	7.3	6.6	8.4
Solid Waste Management	460.5	471.0	458.9	475.9	507.7	526.0	527.7	542.1	530.2	534.3
Total Development & Maintenance	739.2	754.8	749.7	703.1	717.7	707.2	702.4	719.6	700.7	702.5
Human & Cultural Services										
Convention & Entertainment Facilities	-	-	-	-	-	-	-	-	-	-
Health & Human Services	458.4	470.7	565.0	563.5	447.7	447.6	431.7	409.4	391.4	374.9
Housing & Community Development	2.1	2.0	2.0	1.3	0.7	0.7	2.5	0.4	0.5	0.3
Library	401.7	405.2	474.1	469.8	466.0	466.1	471.7	455.7	440.0	415.6
Neighborhoods	96.3	104.4	103.5	107.5	107.6	103.9	102.9	95.4	87.8	86.5
Parks & Recreation	627.6	644.4	670.3	663.7	657.9	693.5	689.0	648.0	595.5	523.1
Total Human & Cultural Services	1,586.1	1,626.7	1,814.9	1,805.8	1,679.9	1,711.8	1,697.8	1,608.9	1,515.2	1,400.4
Administrative Services										
Administration & Regulatory Affairs	268.1	240.3	201.5	202.1	205.6	209.1	191.7	184.8	172.2	170.8
City Secretary	10.9	10.7	10.7	10.3	9.2	8.9	9.9	9.8	9.4	7.6
Controller's Office	66.2	64.9	65.3	62.1	60.3	57.8	60.3	51.1	48.3	50.0
Council Office	74.6	77.7	74.6	76.5	77.6	76.2	73.2	71.8	70.2	72.8
Finance & Administration	-	-	-	-	-	-	-	-	-	-
Finance Department	72.6	60.4	107.8	111.4	106.8	102.2	103.1	101.1	97.9	99.4
Human Resources	35.9	34.4	31.1	32.0	33.2	29.0	26.7	23.4	19.3	16.5
Information Technology	150.8	144.3	156.3	161.8	156.8	145.3	107.1	93.8	28.8	-
Legal	119.1	116.4	119.7	121.6	120.0	114.0	107.2	106.6	113.5	97.6
Mayor's Office	23.3	56.3	58.5	48.6	49.5	49.1	45.5	43.4	43.1	39.5
Office of Business Opportunity (Formerly Affirm. Action)	23.3	25.1	26.4	28.1	28.2	27.7	27.7	26.7	30.0	34.0
Total Administrative Services	844.8	830.5	851.9	854.5	847.2	819.3	752.4	712.5	632.7	588.2
Total General Fund	14,224.4	14,406.5	14,465.7	14,603.9	14,618.5	14,629.3	14,583.7	14,061.5	13,951.9	13,456.2
ENTERPRISE FUNDS										
Aviation	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	1,163.2
Convention & Entertainment Facilities	69.0	23.0	22.7	-	-	-	-	-	-	-
PW&E - Combined Utility System	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	2,289.0
GSD - Parking Management (Formerly PW&E)	-	-	-	-	-	-	-	-	-	
Total Enterprise Funds	3,764.5	3,600.0	3,612.2	3,458.2	3,424.8	3,466.3	3,456.6	3,401.3	3,384.7	3,452.2

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.

Fund/Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
SPECIAL REVENUE FUNDS										
Administration & Regulatory Affairs	176.8	159.5	159.9	168.8	175.9	179.6	171.6	173.1	181.8	179.8
Finance	-	-	15.5	42.8	39.2	41.2	49.2	49.4	50.2	59.3
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	392.9
General Services (Formerly Building Services)	-	-	61.3	137.5	130.1	126.1	134.6	129.6	117.6	113.9
Health & Human Services	510.0	515.5	592.1	661.0	656.3	686.1	782.9	807.5	764.2	966.9
Housing & Community Development	129.3	159.0	161.8	163.4	158.3	146.1	142.9	189.1	278.1	307.0
Houston Emergency Center	234.3	242.5	243.8	242.5	247.5	243.2	246.1	248.0	241.9	242.9
Legal	11.0	7.6	35.2	-	-	53.6	52.7	50.1	52.4	52.5
Library	28.0	26.0	23.4	17.1	13.6	7.9	5.7	6.0	9.8	11.4
Mayor's Office	23.4	28.5	26.9	43.5	50.0	51.0	54.9	56.9	56.1	69.8
Municipal Courts - (Administration) Department	34.3	35.0	18.1	20.0	18.8	21.0	16.0	10.5	10.2	10.5
Neighborhoods	1.0	51.0	48.8	46.7	43.4	40.2	37.5	33.2	29.8	30.4
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	2.0
Parks Special Revenue	97.6	92.0	93.2	103.4	108.3	116.4	115.5	100.1	93.4	95.8
Planning & Development	10.2	11.9	11.6	8.2	21.9	49.9	51.6	51.1	52.7	61.7
Police - Auto Dealers/Civilian	7.0	8.0	8.0	39.7	7.1	7.7	8.0	8.7	8.2	8.7
Police - Auto Dealers/Classified	21.0	19.0	32.0	21.9	-	-	-	-	-	-
Police - Cadet	-	-	-	-	16.7	40.9	1.0	23.0	-	-
Police - Special Services/Civilian	124.0	26.5	35.7	24.0	2.2	2.2	1.7	2.0	1.9	2.0
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	46.0
Police - Federal Government/Classified	-	-	-	-	16.6	36.4	35.5	33.5	32.4	24.1
Police - Forensic Transition Special Service/Civilian	-	-	-	58.4	38.2	27.7	24.1	8.9	7.0	7.0
Police - Forensic Transition Special Service/Classified	-	-	-	51.1	43.5	31.6	27.4	23.0	23.9	23.7
PW&E - Building Inspection	814.0	647.6	571.5	560.6	577.1	616.1	604.2	581.4	627.4	638.7
PW&E - Project Recovery Fund	-	-	-	-	329.5	309.0	299.1	286.1	301.0	308.3
PW&E - Stormwater Utility	384.2	354.7	377.7	337.3	329.9	347.9	373.0	304.7	342.1	322.0
PW&E - Houston TransStar	7.0	6.6	8.0	7.9	7.8	8.1	7.1	7.3	8.1	8.5
PW&E - Drainage and Street Renewal	532.4	490.4	505.2	485.0	487.4	464.5	511.6	458.9	492.2	508.9
Solid Waste Management	4.0	2.9	2.1	2.5	2.4	4.0	3.3	4.4	2.4	2.7
Total Special Revenue Funds	3,453.2	3,203.3	3,499.0	3,660.8	3,922.3	4,087.2	4,193.1	4,077.8	4,216.7	4,497.4
Total General, Enterprise and Special Funds	21,442.1	21,209.8	21,576.9	21,722.9	21,965.6	22,182.8	22,233.4	21,540.6	21,553.3	21,405.8
INTERNAL SERVICE/REVOLVING FUND										
Human Resources - Health Benefits	42.3	45.8	46.7	47.6	57.0	47.7	42.5	42.7	45.1	39.8
General Services - Central Svc Revolving	29.0	27.9	31.8	-	-	-	-	-	-	-
Human Resources - Central Svc Revolving	120.8	125.6	138.7	142.6	155.6	150.4	142.6	170.9	167.4	168.8
Information Technology - Central Svc Revolving	44.2	45.6	53.7	51.8	54.9	50.0	83.5	82.6	95.3	126.8
General Services - In House Reconstruction	28.7	29.0	28.5	-	-	-	-	-	-	-
PW&E - CIP Salary Recovery	-	302.4	308.9	328.9	-	-	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	5.1	5.0	5.0	-	-	-	-	-	-	-
Legal - Property and Casualty	47.6	47.9	52.2	52.7	58.5	51.6	49.9	47.5	48.4	45.8
Human Resources - Workers Compensation	28.7	30.1	29.5	31.5	32.6	30.0	32.1	45.8	51.5	47.0
Legal - Workers Compensation	3.1	2.7	2.0	2.0	2.0	2.0	2.0	2.0	1.8	1.6
Total Internal Service/Revolving Funds	349.5	662.0	697.0	657.1	360.6	331.7	352.6	391.5	409.5	429.8
Total Full-time Equivalent Employees	21,791.6	21,871.8	22,273.9	22,380.0	22,326.2	22,514.5	22,586.0	21,932.1	21,962.8	21,835.60

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
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2022 through 2050 for the outstanding Tax Bonds, Pension Obligations, and Tax Certificates. Debt service on commercial paper notes is not reflected in the schedule below.

Fiscal Year Ended June 30	Tax Bonds[(a)]	Pension Obligations[(b)]	Tax Certificates[(c)]	Total Debt Service[(d)]
2022	$ 270,293,229	$ 97,419,202	$ 2,515,587	$ 370,228,018
2023	256,999,168	98,652,956	2,514,837	358,166,961
2024	235,946,417	99,934,772	885,033	336,766,222
2025	194,062,399	101,250,714	-	295,313,114
2026	172,932,757	102,607,216	-	275,539,974
2027	177,840,422	104,001,132	-	281,841,554
2028	169,395,647	105,426,207	-	274,821,854
2029	137,277,777	115,232,047	-	252,509,825
2030	100,310,777	116,755,090	-	217,065,868
2031	78,682,277	129,726,814	-	208,409,091
2032	64,790,327	131,324,920	-	196,115,248
2033	56,114,781	90,551,979	-	146,666,760
2034	53,391,440	67,991,967	-	121,383,407
2035	41,723,440	114,023,057	-	155,746,497
2036	40,351,242	104,392,373	-	144,743,615
2037	36,951,242	91,243,023	-	128,194,264
2038	17,577,067	69,409,249	-	86,986,316
2039	14,621,542	71,296,510	-	85,918,051
2040	11,300,342	73,230,382	-	84,530,724
2041	11,307,286	95,473,340	-	106,780,626
2042	9,299,436	76,386,596	-	85,686,032
2043	7,936,591	78,487,772	-	86,424,363
2044	4,782,800	80,647,485	-	85,430,285
2045	4,781,600	82,861,427	-	87,643,027
2046	4,784,400	85,140,092	-	89,924,492
2047	4,780,800	87,483,182	-	92,263,982
2048	4,780,800	-	-	4,780,800
2049	4,784,000	-	-	4,784,000
2050	-	-	-	-
	$ 2,187,800,006	$ 2,470,949,504	$ 5,915,457	$ 4,664,664,967

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 (QECB - 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
OPERATING INDICATORS BY FUNCTION
June 30, 2021
(unaudited)

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function											
Police											
Physical arrests		109,368	96,058	138,007	54,490	61,749	51,910	51,288	58,401	51,054	41,351
Parking violations		201,341	197,253	195,822	188,570	203,941	194,595	187,047	201,142	169,439	187,482
Traffic violations filed		729,490	587,835	557,609	472,553	437,138	395,461	379,266	392,454	280,399	235,349
Fire											
Number of calls dispatched		285,287	294,278	308,264	327,417	336,170	335,693	346,023	337,613	347,409	363,767
Inspections	(1)	84,826	82,515	85,945	88,367	74,906	11,000	25,742	30,579	34,582	36,160
Highways and streets											
Streets resurfaced (miles)		140	129	104	194	152	186	142	153	158	136
Tons of asphalt for pothole repair and skin patches		16,497	16,279	15,292	15,972	13,130	13,328	13,058	11,507	15,026	11,379
Parks and recreation											
Athletic field permits issued		1,985	2,375	2,344	2,312	2,270	2,423	2,300	2,342	1,715	608
Community center admissions		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	1,636,706
Sanitation											
Refuse collected (tons)		703,449	712,857	686,334	681,675	695,613	725,819	732,015	718,506	753,879	773,596
Recyclables collected (tons)	(2)	113,332	111,602	115,143	116,575	127,421	120,324	76,024	99,697	127,160	124,075
Water											
New connections (4)		3,433	3,864	6,796	6,349	4,559	4,530	4,612	4,524	3,083	3,805
Water main breaks	(3)	17,999	11,343	11,935	10,572	11,122	9,638	8,355	11,067	8,178	9,427
Average daily pumpage (millions of gallons)		483.0	446.4	455.0	428.0	445.0	458.0	461.0	454.0	455.2	447.1
Wastewater											
Wastewater line repairs		2,487	2,660	2,210	2,186	2,252	2,322	2,452	2,222	1,893	2,152
Average daily sewage treatment (millions of gallons)		217.0	209.0	225.0	256.6	256.1	252.8	251.7	270.2	245.0	263.5

(1) The Fire Department now has a better system to record inspections. For example, a ten-building apartment complex is now counted as ten inspections, not one.
(2) The Solid Waste Department started the tree recycling program in January 2009, which greatly increased the tons of recyclables collected.
(3) A dry year caused a higher than usual number of breaks.
(4) New connections represents all water connection types as meters (physical connections) to the water supply, not the regulatory definition of a connection

CITY OF HOUSTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2021
(unaudited)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Function										
Public safety										
Police										
Stations	17	17	17	17	16	17	17	17	17	17
Patrol units	838	856	903	1,282	1,338	1,416	1,448	1,470	1,326	1,427
Fire										
Stations	94	92	92	93	93	93	93	93	93	93
Highways and streets										
Streets (lane miles)	15,397	15,397	15,397	15,404	14,656	14,656	14,764	13,852	13,852	15,991
Streetlights	175,249	175,516	174,373	174,075	175,172	176,440	177,056	177,056	177,056	177,056
Traffic signals	2,439	2,449	2,467	2,467	2,491	2,495	2,491	2,491	2,491	2,534
Parks and recreation										
Parks acreage	37,846	37,851	37,851	37,859	37,856	35,733	37,942	39,501	39,501	39,501
Parks	527	527	528	533	537	542	545	546	547	547
Swimming pools	59	57	57	56	56	57	58	59	59	59
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	59	60	60	61 (2)	61	60	60	60	60	60
Sanitation										
Collection trucks	321	323	323	343	351	360	350	371	413	323
Water										
Water mains (miles)	7,146	7,143	7,198	7,128	7,128	7,128	7,144	7,210	7,174	7,640
Fire hydrants	57,000	58,162	58,984	N/A	N/A	60,420	60,543	61,524	61,876	61,991
Maximum daily capacity (millions of gallons)	905.0	853.0	885.0	803.0	808.1	798.95	782.41	795.31	790.00	764
Sewer										
Sanitary sewers (miles)	6,700	6,950	6,950	6,950	6,950	6,950	6,192 (1)	6,200	6,300	6,396
Storm sewers (miles)	3,700	3,789	3,838	3,838	3,894	3,946	3,987	3,987	3,987	3,987
Maximum daily treatment permitted (millions of gallons)	563.0	563.0	565.0	563.0	563.0	563.0	564.0	563.7	563.7	563.7

(1) The sanitary sewers (miles) for FY2013 to FY2018 were adjusted to reflect updated information received from Wastewater Operations Branch

(2) Includes new Memorial Running Center

CITY OF HOUSTON, TEXAS
June 30, 2021
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 Council for Issuance as Commercial Paper Notes	Commercial Paper Issued [a]	Commercial Paper Notes Approved by City Council but Unissued	All Voter Authorized but Unissued
Streets, Bridges, Traffic Control	$ 474,000	$ 474,000	$ 471,300	$ 2,700	$ 2,700
Parks and Recreation	80,000	80,000	80,000	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General Improvements [b]	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	20,000	-	-
Total	$ 776,000	$ 776,000	$ 773,300	$ 2,700	$ 2,700

November 2006 Election

Streets, Bridges, Traffic Control	$ 320,000	$ 219,950	$ 78,565	$ 141,385	$ 241,435
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	135,000	-	-
Permanent and General Improvements [b]	60,000	60,000	60,000	-	-
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	18,000	7,531	10,469	10,469
Total	$ 625,000	$ 524,950	$ 373,096	$ 151,854	$ 251,904

November 2012 Election

Streets, Bridges, Traffic Control	$ -	$ -	$ -	$ -	$ -
Parks and Recreation	166,000	166,000	127,511	38,489	38,489
Public Safety	144,000	144,000	129,097	14,903	14,903
Permanent and General Improvements [b]	57,000	57,000	41,974	15,026	15,026
Public Libraries	28,000	28,000	28,000	-	-
Low Income Housing	15,000	7,068	3,708	3,360	11,292
Total	$ 410,000	$ 402,068	$ 330,290	$ 71,778	$ 79,710

November 2017 Election

Streets, Bridges, Traffic Control	$ -	$ -	$ -	$ -	$ -
Parks and Recreation	104,000	47,457	-	47,457	104,000
Public Safety	159,000	108,299	-	108,299	159,000
Permanent and General Improvements [b]	109,000	79,021	7,206	71,815	101,794
Public Libraries	123,000	48,082	16,353	31,729	106,647
Low Income Housing	-	-	-	-	-
Total	$ 495,000	$ 282,859	$ 23,559	$ 259,300	$ 471,441
Combined Total (2001, 2006, 2012 & 2017 Elections)	$ 2,306,000	$ 1,985,877	$ 1,500,245	$ 485,632	$ 805,755

(a) As of June 30, 2021

(b) Includes Public Health and Solid Waste Management

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	**2012**	**2013**	**2014**
Operating Revenues			
Fees charged to users, net	$ 8,934	$ 10,372	$ 11,124
Total Operating Revenues	8,934	10,372	11,124
Nonoperating Revenues			
Interest	10,010	9,080	9,637
Hotel occupancy tax (includes penalty and interest)	68,623	76,325	90,119
Other income	525	413	292
Total Nonoperating Revenues	79,158	85,818	100,048
Total Revenues	$ 88,092	$ 96,190	$ 111,172

Total Annual Expenses Last Ten Fiscal Years	**2012**	**2013**	**2014**
Operating Expenses			
Maintenance and operating	$ 1,885	$ 1,780	$ 1,199
Depreciation	14,703	14,488	14,219
Total Operating Expenses	16,588	16,268	15,418
Nonoperating Expenses			
Interest on long-term debt	25,799	26,150	25,791
Gain (loss) on disposal of assets			
Promotional contracts & other expenses	100,046	62,662	73,371
Total Nonoperating Expenses	125,845	88,812	99,162
Total Expenses	$ 142,433	$ 105,080	$ 114,580

*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.

2015	2016	2017	2018	2019	2020	2021
$ 12,390	$ 12,431	$ 12,283	$ 7,883	$ 10,655	$ 9,486	$ 6,100
12,390	12,431	12,283	7,883	10,655	9,486	6,100
4,933	12,708	9,091	9,723	13,560	12,000	9,083
90,711	88,632	82,882	89,417	86,078	67,348	47,449
818	-	291	989	2,083	292	431
96,462	101,340	92,264	100,129	101,721	79,640	56,963
$ 108,852	$ 113,771	$ 104,547	$ 108,012	$ 112,376	$ 89,126	$ 63,063

2015	2016	2017	2018	2019	2020	2021
$ 1,380	$ 76,466	$ 69,756	$ 73,725	$ 70,470	$ 48,935	$ 30,441
14,375	13,720	13,654	13,599	13,508	13,480	13,418
15,755	90,186	83,410	87,324	83,978	62,415	43,859
29,684	27,299	27,170	27,945	29,747	27,322	25,475
						5,753
79,312	421	177	251	-	-	-
108,996	27,720	27,347	28,196	29,747	27,322	31,228
$ 124,751	$ 117,906	$ 110,757	$ 115,520	$ 113,725	$ 89,737	$ 75,087

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)

HISTORICAL PLEDGED REVENUES
(amounts expressed in thousands)

Fiscal Year	Pledged HOT (a)	% Change	Pledged Parking Revenues (b)	% Change	Tax Rebates (c)	% Change	Total (d)
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%	77,460
2019	69,477	-3.7%	8,006	53.0%	-	-100.0%	77,483
2020	54,359	-21.8%	6,837	-14.6%	-	-100.0%	61,196
2021	38,298	-29.5%	3,451	-49.5%	-	-100.0%	41,749

(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 FY2021.

(d) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.

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CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Last Ten Fiscal Years
(unaudited)

Schedule of Hotel Occupancy Tax and Occupancy Rates

Fiscal Year	Occupancy % Rate (1)	Average Daily Rate (1)	Tax % Rate	Gross Hotel Occupancy Tax Revenues (in thousands)
2012	65.4%	95.35	7%	70,731
2013	68.0%	101.0	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
2021	52.4%	84.93	7%	47,449

(1) Source: Greater Houston Partnership.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2021
(unaudited)

Schedule of Hotel Occupancy Tax Collections

The Twelve Largest Taxpayers		Gross Hotel Occupancy Tax Collections
Airbnb, Inc.	$	2,948,798
The Post Oak Hotel		1,043,797
Houston Marriott Marquis		868,768
Jesse H. Jones Rotary House		757,769
MARRIOTT HOTEL IAH		729,451
Westin Oaks Houston		439,098
Hotel Zaza		419,931
Hilton Americas-Houston		402,497
Doubletree Guest Suites		379,359
JW MARRIOTT GALLERIA		374,254
JW Marriot Houston Downtown		341,760
Hotel Derek		298,829
Total	$	9,004,312

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2021
(unaudited)

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	$101.40	$185.00	$8.00 per hour	$12.00
		$185.00 (3)	$18.00 Maximum	
		$140.29 (4)		
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, COH, Convention & Entertainment Facilities Department.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Convention & Entertainment Revenue Bonds Outstanding assuming scheduled mandatory redemption of any term bonds.

Fiscal Year Ending June 30	Series 2001 Bonds	Series 2011A Bonds	Series 2014 Bonds	Series 2015 Bonds	Regions Notes	JP Morgan Chase Note	Series 2017 Bonds	Series 2019 Bonds	Total Debt Service
2022	$ 22,720,000	$ 3,366,625	$ 4,396,125	$ 7,994,500	$ 600,000	$ 23,000	$ 1,169,061	$ 11,486,125	$ 51,755,436
2023	23,320,000	3,375,625	4,395,625	11,616,875	600,000	23,000	1,338,753	12,383,500	$ 57,053,378
2024	24,220,000	3,356,225	4,392,625	11,714,000	26,600,000	1,023,000	1,360,320	11,408,500	$ 84,074,670
2025	24,930,000	3,339,788	4,396,875	11,892,250	-	-	1,395,421	10,528,875	$ 56,483,209
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	3,590,738	8,040,875	8,578,375	-	-	773,476	6,526,250	$ 56,574,714
2031	29,950,000	3,071,875	8,183,000	8,376,750	-	-	736,009	6,255,000	$ 56,572,634
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	-	-	-		-	-	-	-	$ -
Total	$353,965,000	$ 42,852,626	$103,364,375	$ 172,314,950	$ 27,800,000	$ 1,069,000	$ 12,847,592	$124,440,125	$ 838,653,668

(1) Assumes an interest rate of 2.3% for the Regions Notes.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
(amounts expressed in thousands)
(unaudited)

Convention & Entertainment Budget for Fiscal Year 2022

Budgeted Resources	
Operating Revenues	
Facility Rentals	$ 1,521
Parking	5,635
Total Operating Revenues	7,156
Operating Expenses	
Personnel	250
Services	104
Total Operating Expenses	354
Operating Income (Loss)	6,802
Nonoperating Revenues (Expenses)	
Hotel Occupancy Tax	
Current	57,500
Delinquent	1,000
Net Hotel Occupancy Tax	58,500
Investment Income (Loss)	125
Other Interest	-
Other	292
Total nonoperating Rev (Exp)	58,917
Income (Loss) Before Operating Transfers	65,719
Transfers	
Transfers to Interest	19,272
Transfers to Principal	9,997
Transfer to Debt Service	195
Transfers to Component Unit	54,572
Transfers to General Fund	1,521
Total Transfers	85,557
Net Income (Loss) Operating Fund	$ (19,838)

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	2012	2013	2014	2015	2016
Operating Revenues					
Water sales	$ 480,676	$ 485,485	$ 499,912	$ 486,517	$ 529,879
Waste water system user charges	421,370	426,888	441,300	434,305	462,786
Penalties and Other services and charges	15,192	12,317	12,195	6,602	9,917
Total Operating Revenues	917,238	924,690	953,407	927,424	1,002,582
Nonoperating Revenues					
Interest	5,696	(507)	10,688	7,685	12,652
Other income	45,448	52,355	80,062	49,632	55,306
Total Nonoperating Revenues	51,144	51,848	90,750	57,317	67,958
Total Revenues	$ 968,382	$ 976,538	$ 1,044,157	$ 984,741	$ 1,070,540

Total Annual Expenses Last Ten Fiscal Years	2012	2013	2014	2015	2016
Operating Expenses					
Maintenance and operating	$ 410,781	$ 395,439	$ 399,647	$ 428,732	$ 451,342
Depreciation and Amortization	211,170	217,622	223,381	231,048	236,841
Total Operating Expenses	621,951	613,061	623,028	659,780	688,183
Nonoperating Expenses					
Interest on long-term debt	290,882	282,466	291,122	265,013	252,116
Other expenses	670	286	5,397	-	1,877
Total Nonoperating Expenses	291,552	282,752	296,519	265,013	253,993
Total Expenses	$ 913,503	$ 895,813	$ 919,547	$ 924,793	$ 942,176

(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.

2017	2018	2019	2020	2021
$ 547,054	$ 559,010	$ 554,294	$ 591,611	$ 584,594
475,392	479,978	485,183	509,315	510,832
3,349	13,561	2,965	(834)	(2,686)
1,025,795	1,052,549	1,042,442	1,100,092	1,092,740
3,954	8,074	55,170	58,243	3,310
58,414	74,595	83,688	70,546	84,451
62,368	82,669	138,858	128,789	87,761
$ 1,088,163	$ 1,135,218	$ 1,181,300	$ 1,228,881	$ 1,180,501

2017	2018	2019	2020	2021
$ 354,396	$ 492,391	$ 516,503	$ 518,591	$ 529,971
246,218	252,093	257,430	265,306	273,747
600,614	744,484	773,933	783,897	803,718
248,920	248,284	268,708	247,440	242,569
-	-	-	-	-
248,920	248,284	268,708	247,440	242,569
$ 849,534	$ 992,768	$ 1,042,641	$ 1,031,337	$ 1,046,287

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM REVENUE BOND COVERAGE
(amounts expressed in thousands)
(unaudited)

	Fiscal Year 2021	Fiscal Year 2020
OPERATING REVENUES		
Sales of water	$ 584,594	$ 591,611
Sewer system user charges	510,832	509,315
Penalties, other services and charges	(2,680)	(834)
Total Operating Revenues	1,092,746	1,100,092
NON-OPERATING REVENUES		
Investment Earnings under Previous Ordinance	14,479	23,679
Investment Earnings under Master Ordinance	5,967	13,184
Other Non-Operating revenues	9,070	18,438
Total non-operating revenues	29,516	55,301
TOTAL GROSS REVENUES:	1,122,262	1,155,393
EXPENSES		
Contract Revenue Bonds Payments [1]		
Coastal Water Authority Debt Service	6,398	6,381
Total Contract Revenue Bonds Payments	6,398	6,381
Maintenance and Operating Expenses	499,533	459,410
Total Expenses	505,931	465,791
RESTRICTED RECEIPTS UNDER MASTER ORDINANCE	32,398	28,960
NET REVENUES UNDER MASTER ORDINANCE	$ 648,729	$ 718,562
BOND DEBT SERVICE:		
Previously Issued Bonds	22,405	23,520
First Lien Bonds	468,467	452,339
Total Debt Service	$ 490,872	$ 475,859
BOND DEBT SERVICE COVERAGE:		
Junior Lien Bond Coverage under Previous Ordinance [2]	27.24	28.76
First Lien Bond Coverage under Master Ordinance [3]	1.34	1.54
TOTAL COVERAGE [4]	1.32	1.51

(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 2022
(amounts expressed in thousands)
(unaudited)

The following is the summary of the Fiscal Year 2022 Budget for the System as adopted by City Council:

Revenues		
Beginning Fund Balance (July 1, 2022)	$	835,488
Current Revenues		1,232,266
Total Revenues	$	2,067,754
Expenditures		
Maintenance and Operations	$	541,311
CWA Debt Service		11,678
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)		578,421
Total Expenditures		1,131,410
Other		
General Purpose Fund (including Discretionary Debt Service)		174,352
Planned Fund Balance (June 30, 2022)		761,992
Total Expenditures and Reserves	$	2,067,754

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2021
(unaudited)

Water Right Permit

As of the date of this Official Statement, the City has received the following water rights permits:

	Rights in MGD
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
(unaudited)

The following calculation shows coverage by Net Revenues of Maximum Annual Debt Service on the Previous Ordinance and First Lien Bonds.

		FY 2021
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)	$ 524,607,477
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2023)		$ 525,114,266
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2021	(3)	$ 616,331,381
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2021	(4)	$ 648,729,381
Total Funds available for Debt Service Coverage at July 1, 2021	(5)	$ 883,271,304

Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	13.98
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	2.92
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	2.92

(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 488,853 active water service accounts with 969,432 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 856 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 447 MGD, which is enough to fill the Astrodome almost twice per day. The water distribution network consists of 7,640 linear miles of piping, 61,991 fire hydrants, and over 163,954 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 2021 was 263 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.

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2022-2026 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in millions)
System Revenue Bonds (Net Proceeds and Interest Earnings) [1]	2,200,943,000
System Revenue	500,000,000
Swift Loan (subordinate Lien)	-
Contributed Capital	391,518,000
	$ 3,092,461,000

(1) The department's fiscal year 2022-2026 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, 2021:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds [2]	$ 52,995,000
Total - Contract Revenue Bonds	$ 52,995,000
System Revenue Bonds Payable from System Net Revenues	
Previous Ordinance Bonds	43,292,000
First Lien Bonds	6,514,400,000
Third Lien Obligations	-
Total - System Revenue Bonds	$ 6,557,692,000
Total - All Bonds Payable from System Revenues	$ 6,610,687,000

(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 2022 is set forth below:

Fiscal Year		Discretionary Debt Service (in millions)
2022	(budgeted)	$ 4.9
2021		5.0
2020		5.6
2019		7.8
2018		9.1
2017		9.2
2016		9.9
2015		12.0
2014		13.1
2013		15.8

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 2022 are reflected below:

Fiscal Year		General Purpose Fund Transfers (in millions)
2022	(budgeted)	$ 57.1
2021		66.5
2020		58.8
2019		55.4
2018		54.0
2017		52.8
2016		42.2
2015		35.2
2014		45.5
2013		43.8

Indirect Charges Paid by the System

Fiscal Year		Indirect Charges (in thousands)
2022	(budgeted)	$ 8,824
2021		9,503
2020		11,069
2019		10,404
2018		10,877
2017		9,988
2016		9,810
2015		9,776
2014		6,173
2013		3,479

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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
TREATED WATER & WASTE WATER CONSUMPTION
(NOT INCLUDING WHOLESALE NOR RAW WATER)
Last Ten Fiscal Years
(unaudited)

Fiscal Years **Water Consumption (in Thousand Gallons)**	**2012**	**2013**	**2014**	**2015**
Residential	29,400,266	26,239,053	25,263,997	23,265,022
Multi-Family	24,811,699	25,173,568	25,131,767	25,370,691
Commercial	22,079,299	21,508,026	21,728,794	21,591,973
Government	4,835,549	4,686,403	4,688,639	3,149,624
Other Accts	7,473,765	6,981,799	6,339,166	5,099,403
Total	88,600,578	84,588,849	83,152,363	78,476,713

Fiscal Years **Waste Water Consumption (in Thousand Gallons)**	**2012**	**2013**	**2014**	**2015**
Residential	29,299,770	26,147,597	25,171,385	23,176,519
Multi-Family	24,753,469	25,109,884	25,072,775	25,290,180
Commercial	22,387,592	22,090,300	22,234,061	22,165,594
Government	506,648	609,651	521,190	428,287
Total	76,947,479	73,957,432	72,999,411	71,060,580

2016	2017	2018	2019	2020	2021
24,744,815	25,911,974	26,498,295	24,144,424	25,495,741	26,166,947
25,676,282	26,323,185	29,640,195	26,521,613	27,766,727	29,532,580
21,825,149	23,764,306	24,188,333	25,778,408	29,590,893	21,200,453
3,558,515	6,174,766	8,670,358	5,982,549	5,566,938	5,347,518
5,903,309	3,072,484	2,777,547	3,092,248	3,270,522	2,528,725
81,708,070	85,246,715	91,774,728	85,519,242	91,690,821	84,776,223

2016	2017	2018	2019	2020	2021
24,545,897	24,729,939	25,368,705	23,107,362	24,305,681	25,058,608
25,520,422	25,669,642	29,017,348	25,860,847	27,100,348	28,918,302
22,375,995	19,777,267	20,008,565	22,373,928	20,236,691	17,472,601
400,109	3,799,206	6,865,830	4,030,345	3,402,662	3,251,174
72,842,423	73,976,054	81,260,448	75,372,482	75,045,382	74,700,685

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2021
(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, 2021. The total charges to such customers represent approximately 1.57% of the System Gross Revenue and 3.61% of Sewer Facilities gross charges during such period.

	Customer	Gross Charges
1.	City of Houston	$ 4,410,092
2.	HISD	3,525,233
3.	Harris County	3,044,496
4.	University of Houston	2,520,017
5.	Memorial Hermann	2,173,096
6.	Rice University	1,149,482
7.	MD Anderson	893,481
8.	Methodist Hospital	294,934
9.	Republic Service	221,842
10.	Houston Baptist University	187,255
		$ 18,419,928

Water and Sewer Rate Adjustments

In recent years, the water and sewer rates have been adjusted on the average as follows:

	Average Percent Rate Increase (Decrease)	
Date of Change	Water	Sewer
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%
April 2021	1.5%	1.5%

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 $60.18 per ten thousand gallons.

Usage of the Sewer Facilities is not metered for rate purposes but also includes a fixed charge based on meter size and an additional charge based on the volume of the water usage. Sewer rates vary from $6.349 per thousand gallons for wholesale customers to $71.39 for industrial sewer only customers. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge.

The bill for typical single family residential customer using 6,000 gallons per month would be $83.00 for both water and sewer services. However, total water and sewer charges may range from $18.55 for 1,000 gallons to $68.66 for 5,000 gallons per month for single-family residential customers

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2021
Water Supply
(unaudited)

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2021 (million gallons per day):

	Available Capacity	Production Planned	Actual Production
Ground	204	82	59
Surface	560	422	387
Total	764	504	446

	Total Sales
Treated	410
Untreated	232
	642

Sources of System Revenues - General

As of June 30, 2021, the Water Facilities and the Sewer Facilities served approximately 494,080 and 468,524 active service connections, respectively. During Fiscal Year 2021 approximately 49.9% of System Gross Revenues were derived from the sale of water, (88.1% from treated water and 11.9% from untreated water), approximately 43.6% from providing wastewater treatment services 1.1% from interest income and the remaining 5.4% from various other sources. Of the treated water sales, 91.8% of revenues were from retail customers and 8.2% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2021
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, 2021. The total charges to such customers during such period represent approximately 5.22% of the System Gross Revenues and 10.45% of total water sales revenues for such period.

	Customers	Charges
1.	North Harris Co. Regional Water Aut.	$ 13,699,075
2.	North Channel Water Auth	8,679,934
3.	City of Pasadena	7,534,553
4.	West Harris Co. Regional Water Aut.	6,868,837
5.	Gulf Coast Water Authority (Galveston)*	6,352,839
6.	North Fort Bend County WA (New Cus)	4,929,048
7.	Clear Lake City	4,172,064
8.	Anheuser Busch	3,307,753
9.	Memorial Villages Water Authority	2,827,131
10.	City of Pearland	2,741,056
		$ 61,112,290

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, 2021. The total of the contract payments by these ten customers during such period represents approximately 3.99% of the System Gross Revenue and 7.98% of total water sales revenues for such period.

	Customers	Gross Charges
1.	Equistar Chemicals LP CH11	$ 13,884,473
2.	Chevron Phillips Chemical Co,	5,037,927
3.	Air Liquide America Corp.	4,727,220
4.	Shell Oil	4,659,809
5.	Baytown Area	4,427,730
6.	Battleground Water Company	4,315,246
7.	Houston Refining, LP (Lyondell -Citgo) CH11	3,506,636
8.	Equistar Chemicals LP CH11	2,107,441
9.	Hoescht Celanese	2,044,156
10.	Occidental Chemical	1,967,643
		$ 46,678,281

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.

		Payable From System Net Revenues			
Fiscal Year Ending June 30	Total Payable From System Gross Revenues(1)	Previous Ordinance Bonds	First Lien Bonds (2)	Total Payable From System Net Revenues	Total Debt Service
2022	$ 6,376,006	$ 15,480,000	$ 495,113,314	$ 510,593,314	$ 516,969,320
2023	6,355,581	17,345,000	507,769,266	525,114,266	531,469,847
2024	6,350,206	19,005,000	505,690,732	524,695,732	531,045,938
2025	6,338,956	17,990,000	506,034,617	524,024,617	530,363,573
2026	10,782,206	18,155,000	500,677,420	518,832,420	529,614,626
2027	3,378,081	30,815,000	492,721,711	523,536,711	526,914,792
2028	3,378,456	30,810,000	492,750,425	523,560,425	526,938,881
2029	3,404,306	44,095,000	479,285,860	523,380,860	526,785,166
2030	3,400,828	-	524,607,477	524,607,477	528,008,305
2031	3,396,312	-	521,856,963	521,856,963	525,253,275
2032	3,386,100	-	519,737,533	519,737,533	523,123,633
2033	3,381,000	-	508,854,934	508,854,934	512,235,934
2034	3,376,200	-	507,825,720	507,825,720	511,201,920
2035	3,381,303	-	343,244,434	343,244,434	346,625,737
2036	-	-	340,628,915	340,628,915	340,628,915
2037	-	-	319,563,419	319,563,419	319,563,419
2038	-	-	242,672,902	242,672,902	242,672,902
2039	-	-	237,924,191	237,924,191	237,924,191
2040	-	-	177,405,053	177,405,053	177,405,053
2041	-	-	177,027,481	177,027,481	177,027,481
2042	-	-	141,547,220	141,547,220	141,547,220
2043	-	-	141,548,970	141,548,970	141,548,970
2044	-	-	133,731,613	133,731,613	133,731,613
2045	-	-	121,795,379	121,795,379	121,795,379
2046	-	-	104,692,782	104,692,782	104,692,782
2047	-	-	87,342,893	87,342,893	87,342,893
2048	-	-	84,573,459	84,573,459	84,573,459
2049	-	-	66,592,080	66,592,080	66,592,080
2050	-	-	48,927,416	48,927,416	48,927,416
2051	-	-	14,722,718	14,722,718	14,722,718
2052	-	-	14,718,716	14,718,716	14,718,716
Total	$ 66,685,541	$ 193,695,000	$ 9,361,585,613	$ 9,555,280,613	$ 9,621,966,154

(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.

	2012	2013	2014	2015	2016
OPERATING REVENUES					
Sales of Water	$ 485,307	$ 485,485	$ 499,912	$ 486,517	$ 529,879
Sewer system user charges	421,370	426,888	441,300	434,305	462,786
Penalties and Other services and charges	15,191	17,455	12,195	6,602	9,917
Total Operating Revenues	921,868	929,828	953,407	927,424	1,002,582
NON-OPERATING REVENUES	47,159	49,722	76,155	45,865	51,066
TOTAL GROSS REVENUES (A)	969,027	979,550	1,029,562	973,289	1,053,648
OPERATING EXPENSES					
Maintenance and Operating Expenses	397,226	380,192	387,398	406,619	419,161
Contractual Maintenance and Operating Expenses					
CWA Debt Service	20,389	19,663	18,875	18,064	17,684
Total Contractual	20,389	19,663	18,875	18,064	17,684
TOTAL OPERATING EXPENSES (B)	417,615	399,855	406,273	424,683	436,845
NET REVENUES	$ 551,412	$ 579,695	$ 623,289	$ 548,606	$ 616,803
GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)	2.320	2.450	2.534	2.292	2.412

2017	2018	2019	2020	2021
$ 547,054	$ 559,010	$ 554,294	$ 591,611	$ 584,594
475,392	479,978	485,183	509,315	510,832
3,349	13,561	2,965	(834)	(2,680)
1,025,795	1,052,549	1,042,442	1,100,092	1,092,746
49,993	74,020	81,164	84,261	61,914
1,075,788	1,126,569	1,123,606	1,184,353	1,154,660
431,126	432,152	461,859	459,410	499,533
7,204	6,399	6,385	6,381	6,398
7,204	6,399	6,385	6,381	6,398
438,330	438,551	468,244	465,791	505,931
$ 637,458	$ 688,018	$ 655,362	$ 718,562	$ 648,729
2.454	2.569	2.400	2.543	2.282

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM FUND REVENUES AND EXPENSES
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Total Annual Revenues Last Ten Fiscal Years	**2012**	**2013**	**2014**	**2015**	**2016**
Operating Revenues					
Landing area fees	$ 86,935	$ 91,059	$ 88,342	$ 93,575	$ 86,870
Building and ground area fees	182,320	181,701	186,505	197,039	216,018
Parking, concession and other revenues	148,295	160,234	177,260	185,668	186,009
Total Operating Revenues	417,550	432,994	452,107	476,282	488,897
Nonoperating Revenues					
Interest income	5,636	(1,934)	11,170	7,496	13,260
Passenger facility charges	63,550	61,195	62,602	85,392	104,230
Customer facility charges	15,904	17,104	17,152	17,535	16,417
Other nonoperating revenues	4,644	1,978	3,225	7,969	124
Total Nonoperating Revenues	89,734	78,343	94,149	118,392	134,031
Total Revenues	$ 507,284	$ 511,337	$ 546,256	$ 594,674	$ 622,928

Total Annual Expenses Last Ten Fiscal Years	**2012**	**2013**	**2014**	**2015**	**2016**
Operating Expenses					
Maintenance and operating	$ 264,060	$ 272,091	$ 285,212	$ 286,529	$ 315,419
Depreciation	193,266	173,448	174,825	177,512	179,398
Total Operating Expenses	457,326	445,539	460,037	464,041	494,817
Nonoperating Expenses					
Interest expense and others	95,546	94,812	112,350	92,803	86,259
Restatement	(1,534)	(1,063)	-	-	-
Total Nonoperating Expenses	94,012	93,749	112,350	92,803	86,259
Total Expenses	$ 551,338	$ 539,288	$ 572,387	$ 556,844	$ 581,076
Contributions	15,029	12,761	44,614	36,432	22,542
Total Change in Net Position	$ (29,025)	$ (15,190)	$ 18,483	$ 74,262	$ 64,394

Net Position at Year End	**2012**	**2013**	**2014**	**2015**	**2016**
Net investment in capital assets	$ 595,682	$ 532,447	$ 469,971	$ 466,196	$ 537,172
Restatement	(15,046)	(13,983)	-	-	-
Net investment in capital assets	580,636	518,464	469,971	466,196	537,172
Restricted net assets					
Restricted for debt service	$ 189,966	$ 213,064	$ 242,558	$ 303,371	$ 333,635
Restricted for maintenance and operations	44,023	46,309	49,736	53,912	54,942
Restricted for special facility	20,025	26,026	30,986	25,732	26,944
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	537,165	552,762	581,857	600,159	561,071
Unrestricted (deficit)	-	-	-	(178,003)	(178,003)
Total Net Position	$ 1,381,815	$ 1,366,625	$ 1,385,108	$ 1,281,367	$ 1,345,761

2017	2018	2019	2020	2021
$ 88,046	$ 95,779	$ 87,767	$ 95,862	$ 70,578
221,181	220,214	211,323	223,301	155,598
184,814	194,871	199,374	152,749	92,379
494,041	510,864	498,464	471,912	318,555
3,403	8,591	45,067	43,701	1,523
101,539	109,021	111,155	78,418	62,541
14,200	17,374	17,439	13,320	8,769
5,596	(1,420)	340	18,877	198,447
124,738	133,566	174,001	154,316	271,280
$ 618,779	$ 644,430	$ 672,465	$ 626,228	$ 589,835

2017	2018	2019	2020	2021
$ 254,459	$ 335,104	$ 337,477	$ 370,430	$ 318,568
184,203	176,053	174,266	175,573	170,820
438,662	511,157	511,743	546,003	489,388
87,574	94,061	84,578	85,426	95,803
-	-	-	-	-
87,574	94,061	84,578	85,426	95,803
$ 526,236	$ 605,218	$ 596,321	$ 631,429	$ 585,191
35,513	13,784	16,599	10,927	24,757
$ 128,056	$ 52,996	$ 92,743	$ 5,726	$ 29,401

2017	2018	2019	2020	2021
$ 542,363	$ 531,232	$ 542,125	$ 514,164	$ 495,497
-	-	-	-	-
542,363	531,232	542,125	514,164	495,497
$ 287,858	$ 357,588	$ 428,856	$ 464,280	$ 384,267
54,805	56,891	60,525	54,807	54,232
29,369	36,049	43,442	55,105	52,362
10,000	10,000	10,000	10,000	10,000
676,360	657,050	651,664	619,884	627,464
(126,938)	(143,297)	(138,356)	(114,258)	9,561
$ 1,473,817	$ 1,505,513	$ 1,598,256	$ 1,603,982	$ 1,633,383

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics
(unaudited)

	Domestic Passengers							
	Bush Intercontinental		Hobby		Ellington Airport		Total	
Fiscal Year	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
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	9.2%	13,629	5.9%	-	-	47,601	8.3%
2020	25,068	-26.2%	9,998	-26.6%	-	-	35,066	-26.3%
2021	17,648	-29.6%	7,738	-22.6%	-	-	25,386	-27.6%

International Passengers							
Bush Intercontinental		**Hobby**		**Total**		**Total Passengers**	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
8,686	-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	5.1%	965	0.8%	11,904	4.8%	59,505	7.6%
7,969	-27.2%	591	-38.8%	8,560	-28.1%	43,626	-26.7%
3,885	-51.2%	421	-28.8%	4,306	-49.7%	29,692	-31.9%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
AIRLINE MARKET SHARES
(unaudited)

MAJOR AIRLINE MARKET SHARE

CARRIER	FY2021	%	FY2020	%	FY2019	%	FY2018	%	FY2017	%
United Airlines	14,864,106	50.1%	25,081,324	57.5%	34,793,301	58.5%	32,094,388	58.0%	32,130,930	58.7%
Southwest Airlines	7,829,259	26.4%	9,994,165	22.9%	13,674,536	23.0%	12,893,987	23.3%	12,344,834	22.5%
Spirit Airlines	1,869,558	6.3%	1,948,341	4.5%	2,426,727	4.1%	2,144,740	3.9%	1,889,818	3.5%
American Airlines	1,383,845	4.7%	1,992,113	4.6%	2,764,225	4.6%	2,592,345	4.7%	2,542,485	4.6%
Delta Air Lines	1,050,260	3.5%	1,567,170	3.6%	2,024,867	3.4%	1,963,878	3.5%	1,922,778	3.5%
Frontier Airlines	314,269	1.1%	297,303	0.7%	192,057	0.3%	285,337	0.5%	421,754	0.8%
Lufthansa	52,200	0.2%	186,610	0.4%	290,560	0.5%	279,421	0.5%	291,713	0.5%
British Airways	12,858	0.0%	160,264	0.4%	239,024	0.4%	226,636	0.4%	240,874	0.4%
Emirates	53,558	0.2%	177,930	0.4%	261,321	0.4%	207,496	0.4%	202,812	0.4%
Air Canada	12,833	0.0%	231,407	0.5%	329,540	0.6%	349,571	0.6%	353,721	0.6%
Other Airlines	2,252,847	7.5%	1,989,713	4.5%	2,508,936	4.2%	2,289,531	4.2%	2,412,279	4.5%
	29,695,593	100.0%	43,626,340	100.0%	59,505,094	100.0%	55,327,330	100.0%	54,753,998	100.0%

CARRIER	FY2016	%	FY2015	%	FY2014	%	FY2013	%	FY2012	%
United Airlines	33,251,479	59.8%	33,603,263	62.4%	32,963,901	64%	33,275,496	66.1%	35,047,482	69.2%
Southwest Airlines	11,791,308	21.2%	10,886,616	20.2%	10,720,872	21%	9,910,216	19.7%	9,203,937	18.2%
Spirit Airlines	1,896,577	3.4%	1,192,125	2.2%	675,458	1%	292,159	0.6%	0	0.0%
American Airlines	2,951,244	5.3%	3,057,991	5.7%	2,898,507	6%	2,784,328	5.5%	2,496,729	4.9%
Delta Air Lines	1,889,715	3.4%	1,897,776	3.5%	1,772,122	3%	1,700,158	3.4%	1,577,466	3.1%
Frontier Airlines	494,804	0.9%	307,506	0.6%	236,060	1%	152,663	0.3%	200,467	0.4%
Lufthansa	278,409	0.5%	281,261	0.5%	300,824	1%	305,906	0.6%	207,739	0.4%
British Airways	243,464	0.4%	264,830	0.5%	281,057	1%	270,814	0.5%	255,237	0.5%
Emirates	253,140	0.5%	221,455	0.4%	199,903	0%	186,130	0.4%	234,842	0.5%
Air Canada	293,193	0.5%	278,194	0.5%	251,713	1%	238,810	0.5%	247,680	0.5%
Other Airlines	2,247,663	4.1%	1,835,436	3.5%	1,610,928	3.0%	1,198,682	2.4%	1,184,245	2.3%
	55,590,996	100.0%	53,826,453	100.0%	51,911,345	100.0%	50,315,362	100.0%	50,655,824	100.0%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
AIRLINE MARKET SHARES
(unaudited)

CARRIERS by AIRPORT

IAH			HOU		
Mainline Carriers	Regional Carriers	Cargo Carriers	Mainline Carriers	Regional Carriers	Cargo Carriers
Aeromexico	Champlain Enterprises	Air France Cargo	Allegiant Air	Envoy Air*	
Air Canada	Envoy Air	AirBridgeCargo*	American Airlines	Mesa Airlines	
Air France	ExpressJet Airlines*	Atlas Air/ Southern Air	Delta Airlines	Skywest Airlines*	
Alaska Airlines	Mesa Airlines	C.A.L Cargo	Southwest Airlines		
All Nippon Airways	PSA Airlines	Cargolux			
American Airlines	Republic Airlines	Cathay Pacific Cargo			
AVIANCA S.A.	Sky Regional*	DHL			
Boutique Air*	Skywest Airlines	Emirates Sky Cargo			
British Airways		Federal Express			
Delta Airlines		Lufthansa Cargo			
Emirates		Qatar Airways Cargo			
EVA Air		Turkish Cargo			
Frontier Airlines		UPS			
JetBlue Airways					
KLM Royal Dutch Airlines					
Lufthansa					
Qatar Airways					
Southwest Airlines					
Spirit Airlines					
Sun Country					
Turkish Airlines					
United Airlines					
VivaAerobus					
Volaris					

*Flights are discontinued or suspended at the end of 6/30/21

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information
Operating Fund Only
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	2012	2013	2014	2015
Operating Revenues				
Landing Area Fees:				
Landing Fees	$ 83,895	$ 87,660	$ 88,392	$ 94,748
Carrier Incentive Program	(836)	(749)	(4,294)	(5,322)
Aviation Fuel	1,382	1,444	1,529	1,521
Aircraft Parking	2,494	2,704	2,715	2,628
Subtotal	86,935	91,059	88,342	93,575
Building and Ground Area Revenues:				
Building Space	5,394	5,848	6,174	6,252
Terminal Space	160,247	158,237	163,297	173,392
Cargo Building	2,473	2,397	2,432	2,506
Hangar Rental	6,165	6,675	6,605	6,355
Ground Rental	8,041	8,544	7,997	8,534
Subtotal	182,320	181,701	186,505	197,039
Parking, Concession and other Revenues:				
Terminal Concessions	38,406	41,604	41,434	41,830
Auto Parking	72,833	77,596	90,173	97,515
Auto Rental	26,771	29,522	32,783	31,991
Ground Transportation	6,186	6,639	8,301	9,323
Special Events	23	-	10	25
Vending Machine	-	-	-	-
Other Operating Income	4,076	4,873	4,559	4,984
Subtotal	148,295	160,234	177,260	185,668
Total Operating Revenues	$ 417,550	$ 432,994	$ 452,107	$ 476,282
Nonoperating Revenues				
Interest on Investments	9,826	7,029	5,499	6,014
Other	2,289	1,222	3,162	7,526
Subtotal	12,115	8,251	8,661	13,540
Total Gross Revenues	$ 429,665	$ 441,245	$ 460,768	$ 489,822
Operation and Maintenance Expenses				
Personnel and Other Current Expenses	$ 255,507	$ 252,745	$ 268,745	$ 283,557
Total Operating and Maintenance Expenses	$ 255,507	$ 252,745	$ 268,745	$ 283,557
Net Revenue	$ 174,158	$ 188,500	$ 192,023	$ 206,265
Total Debt Service	$ 151,311	$ 153,938	$ 156,424	$ 163,319
Less: PFC available for debt service	(36,619)	(34,390)	(35,614)	(38,054)
Less: grant revenue available for debt service	(7,360)	-	(22,942)	(16,399)
Debt Service Requirement (per Bond Ordinance)	$ 107,332	$ 119,548	$ 97,868	$ 108,866
Coverage of debt Service	1.62	1.58	1.96	1.89

(1) Calculations not performed for the year ended 6/30/21 as HAS paid all debt service in fiscal year 2021 from PFC's and CARES Act proceeds

2016	2017	2018	2019	2020	2021
$ 89,505	$ 86,966	$ 92,586	$ 84,357	$ 92,045	$ 67,169
(6,802)	(2,930)	(1,328)	(1,039)	(774)	(1,619)
1,527	1,350	1,679	1,554	1,249	1,302
2,640	2,660	2,842	2,895	3,343	3,726
86,870	88,046	95,779	87,767	95,863	70,579
6,808	6,453	6,460	6,454	6,574	6,256
191,321	196,162	195,198	185,943	196,844	129,527
2,484	2,448	2,390	2,391	2,378	2,164
6,577	6,813	6,691	6,530	6,821	6,338
8,828	9,305	9,475	10,005	10,684	11,312
216,018	221,181	220,214	211,323	223,301	155,598
35,189	39,969	41,231	41,491	32,265	14,460
101,650	99,752	103,961	110,136	81,172	43,814
30,737	28,735	28,767	28,949	23,400	20,596
10,083	10,402	11,062	12,645	10,072	6,913
26	20	14	15	10	106
-	10	-	15	18	18
8,324	5,926	9,836	6,123	5,811	6,471
186,009	184,814	194,871	199,374	152,748	92,379
$ 488,897	$ 494,041	$ 510,864	$ 498,464	$ 471,912	$ 318,555
6,986	9,306	13,348	19,681	19,503	10,403
(52)	7,177	(1,805)	47	122	152
6,934	16,483	11,543	19,728	19,625	10,555
$ 495,831	$ 510,524	$ 522,407	$ 518,192	$ 491,537	$ 329,108
$ 314,715	$ 254,506	$ 326,889	$ 315,153	$ 314,034	$ 251,830
$ 314,715	$ 254,506	$ 326,889	$ 315,153	$ 314,034	$ 251,830
$ 181,116	$ 256,018	$ 195,518	$ 203,039	$ 177,504	$ 77,280
$ 163,904	$ 175,023	$ 174,456	$ 176,312	$ 180,731	$ 145,349
(42,320)	(54,673)	(50,642)	(60,646)	(55,040)	(56,365)
(13,888)	-	-	-	(14,169)	(88,984)
$ 107,696	$ 120,350	$ 123,814	$ 115,666	$ 111,522	-
1.68	2.13	1.58	1.76	1.59	**(1) not calculated**

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations, Landing Weight and Cargo Activity
(unaudited)

Fiscal Year	Aircraft Operations (in thousands) Total	Increase (Decrease)	Percentage Change	Aircraft Landed Weight (in million pounds) Total	Increase (Decrease)	Percentage Change
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%	30,345	(6,865)	-18.45%
2021	512	(112)	-17.95%	23,438	(6,907)	-22.76%

	Cargo Activity (in metric tons)				
Fiscal Year	Domestic Freight	International Freight	Mail	Total Cargo	Year - over Year Change
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	303,119	181,244	19,857	504,220	-5.7%
2021	331,151	129,560	21,197	481,908	-4.4%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
System Debt Service Schedule
(unaudited)

The following table sets forth the Debt Service Requirements on all Airport Revenue Bonds Outstanding, assuming scheduled mandatory redemption of any term bonds and using rates in effect at year-end for auction rate securities and variable rate demand obligations. The amounts do not include the Airport System's Senior Lien Commercial Paper Notes.

Fiscal Year (ending June 30)	Subordinate Lien Bonds Debt Service	Total Bonds Debt Service
2022	$ 154,368,348	$ 154,368,348
2023	158,937,119	158,937,119
2024	197,903,471	197,903,471
2025	197,733,979	197,733,979
2026	197,568,457	197,568,457
2027	198,730,631	198,730,631
2028	198,597,232	198,597,232
2029	198,398,918	198,398,918
2030	203,504,371	203,504,371
2031	203,350,489	203,350,489
2032	204,346,880	204,346,880
2033	203,742,634	203,742,634
2034	71,841,075	71,841,075
2035	71,786,825	71,786,825
2036	71,816,825	71,816,825
2037	71,768,250	71,768,250
2038	71,704,800	71,704,800
2039	71,646,400	71,646,400
2040	71,592,225	71,592,225
2041	43,212,575	43,212,575
2042	43,182,925	43,182,925
2043	33,711,125	33,711,125
2044	33,686,500	33,686,500
2045	33,671,550	33,671,550
2046	33,644,425	33,644,425
2047	33,623,275	33,623,275
2048	33,586,225	33,586,225
2049	23,947,400	23,947,400
Total	$ 3,131,604,929	$ 3,131,604,929

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges
(unaudited)

	Bush Intercontinental		Hobby	
	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2020	Fiscal Year 2021
Landing Rates (1) (3)	$3.108	$4.560	$2.722	$5.143
Terminal Space Rentals (2) (3)	$24.63 - $68.98	$20.71 - $52.92	$55.04 - $66.46	$41.89 - $45.86
Apron Rentals (2) (3)	$2.447 - $2.675	$2.749 - $2.854	$2.139 - $2.149	$1.852 - $1.890
Aircraft Parking (per day)	$100 - $400	$100 - $400	$100 - $400	$100 - $400
Cargo (per day)	$200 - $600	$200 - $600	$200 - $600	$200 - $600
Parking Rates (4)				
Ecopark Uncovered (5)	$6.00	$6.00	n/a	n/a
Ecopark Covered (5)	$8.00	$8.00	n/a	n/a
Ecopark2 Covered (6)	$7.00	$7.00	n/a	n/a
Ecopark (9)	n/a	n/a	n/a	n/a
Ecopark 2 (10)	n/a	n/a	$10.00	$10.00
Structured (7)	$10.00	$15.00	$10.00	$15.00
Sure Park (8) (11)	$26.00	$26.00	n/a	n/a
Valet (8)	$28.00	$28.00	$28.00	$28.00

(1) Per 1,000 pounds of landing weight
(2) Range per square foot
(3) 2012-2020 actual rates provided versus budgeted; 2021 budgeted rates provided
(4) Maximum per day
(5) New rates effective September 1, 2013
(6) New rates effective December 3, 2018
(7) Covid 19 Temporary rates March 20 - May 30, 2020 $5/Day; June 1 - June 30, 2020 $10/Day; December 1, 2020 - June 30, 2021 $15.00/Day
(8) New rates effective February 4, 2019
(9) Ecopark 1 at Hobby closed March 18, 2014
(10) New rates effective May 5, 2014
(11) Sure Park ceased as an offered product in March 2021

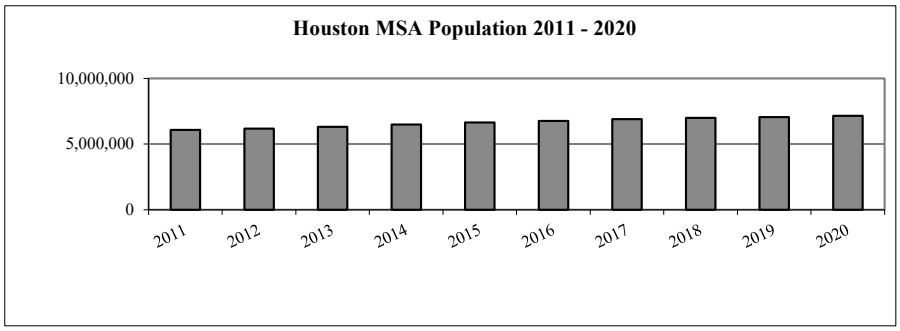
CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Service Area
(unaudited)

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

Year	Houston MSA Population
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
2020	7,154,478



Source: Greater Houston Partnership and U.S. Census Bureau, Population Division

CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2021
(amounts expressed in thousands)
(unaudited)

Policy Number	Insurer	Term of Policy
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	01-02-2021 to 01-02-2022
106360496	Travelers Casualty Insurance Company	08-04-2021 to 08-04-2022
16BSBAR6948	Hartford Casualty Insurance Company	02-27-2021 to 02-27-2022
61BSBID9767	Hartford Casualty Insurance Company	07-01-2021 to 07-01-2022
61BSBHO1810	Hartford Casualty Insurance Company	09-19-2021 to 09-19-2022
6610	Texas Municipal League	05-15-2021 to 05-15/2022
ESP730205806	Arch Specialty Insurance Company	04-01-2021 to 04-01-2022
ESP200393202	First Specialty Insurance Corporation	04-01-2021 to 04-01-2022
DF00001691	National Fire & Marine Insurance Company	04-01-2021 to 04-01-2022
42PRP31447701	National Fire & Marine Insurance Company	04-01-2021 to 04-01-2022
MKLV1XPR000070	Evanston Insurance Company	04-01-2021 to 04-01-2022
NOJY47728021	Lloyd's of London (Various)	04-01-2021 to 04-01-2022
NOJY47839021	Lloyd's (Various)	04-01-2021 to 04-01-2022
NOJY47731021	Lloyd's(Various)	04-01-2021 to 04-01-2022
VRNCN000030505	Lloyd's (Various)	04-01-2021 to 04-01-2022
VNBCN000030505	Lloyd's (Various)	04-01-2021 to 04-01-2022
XP1407890	Colony Insurance Company	04-01-2021 to 04-01-2022
D37362797013	Westchester Fire Insurance Company	04-01-2021 to 04-01-2022
100038902302	Ironshore Specialty Insurance Company	04-01-2021 to 04-01-2022
VUXCN000030505	Independent Speciality Insurance Company	04-01-2021 to 04-01-2022
EAF65228821	AXIS Surplus Insurance Company	04-01-2021 to 04-01-2022
NOJY47736021	Lloyd's (Various)	04-01-2021 to 04-01-2022
NOJY47737021	Lloyd's (Various)	04-01-2021 to 04-01-2022
1000389023202	Ironshore Specialty Insurance Company	04-01-2021 to 04-01-2022
PX00LCM21	Aspen Specialty Insurance Company	04-01-2021 to 04-01-2022
SLSTPTY11433521	Starr Surplus Insurance Company	04-01-2021 to 04-01-2022
ESP30000289304	Endurance American Specialty Insurance Company	04-01-2021 to 04-01-2022
658921	Lexington Insurance Company	04-01-2021 to 04-01-2022
SLSTPTY11433521	Starr Surplus Insurance Company	04-01-2021 to 04-01-2022
VRXCN000030505	Interstate Fire & Casualty Company	04-01-2021 to 04-01-2022
NOJY47734021	Lloyd's (Various)	04-01-2021 to 04-01-2022
NHD917357	RSUI Indemnity Company	04-01-2021 to 04-01-2022
LMPRP21926645	Lloyd's of London Syndicate 33	04-01-2021 to 04-01-2022
SLSTPTY11433521	Starr Surplus Insurance Company	04-01-2021 to 04-01-2022
CA3X001313211	Everest Indemnity Insurance Company	04-01-2021 to 04-01-2022
PPP911085	Crum & Forster Specialty Insurance Company	04-01-2021 to 04-01-2022
MTP90374775 03	Indian Harbor Insurance Company	09-01-2021 to 09-01-2022
B0180FN2104316	Lloyd's of London	09-01-2021 to 09-01-2022
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
NOJY47740021	Lloyd's of London (Multiple Syndicates)	04-01-2021 to 04-01-2022
NOJY47742021	Lloyd's of London (Multiple Syndicates)	04-01-2021 to 04-01-2022
BM6076028407	Continental Casualty Company	03-18-2021 to 03-18-2022
6610	Texas Municipal League	07-01-2021 to 07-01-2022
UMA0012386SP21A	XL Specialty Insurance Company	06-26-2021 to 06-26-2022
CA00001556811	Admiral Insurance Company	02-26-2021 to 02-26-2022
73652M516ALI	Starstone Specialty Insurance Company	02-26-2021 to 02/26/2022
UMA0012093SP20A	XL Specialty Insurance Company	11-03-2020 to 11-03-2021
105324683	Travelers Casualty & Surety	12-30-2020 to 12-30-2021
6610	Texas Municipal League	05-15-2021 to 05-15-2022
6610	Texas Municipal League	05-15-2021 to 05-15-2022
6610	Texas Municipal League	05-15-2021 to 05-15-2022
46BDDHQ9279	Hartford Insurance	07-01-2021 to 07-01-2022
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	07-01-2021 to 07-01-2022
13012685	National Union Fire Insurance Company of Pittsburgh, PA	05-29-2021 to 05-29-2022
61BDDHT0320	Hartford Casualty Insurance Company	10-29-2020 to 10-29-2021
61BDDHO5613	Hartford Casualty Insurance Company	02-11-2021 to 02-11-2022
PR00275602	Old Republic insurance Company through Old Republic Aerospace	03-15-2021 to 03-15-2022

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 *	$ 8,781
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 *	$ 1,428
City of Houston	Property Insurance *	$ 10,023
City of Houston	Property Insurance *	$ 15,000
City of Houston	Property Insurance *	$ 3,857
City of Houston	Property Insurance *	$ 3,428
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 7,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 5,228
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 6,000
City of Houston	Property Insurance *	$ 14,000
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 15,000
City of Houston	Property Insurance *	$ 12,000
City of Houston	Property Insurance *	$ 4,628
City of Houston	Property Insurance *	$ 6,095
City of Houston	Property Insurance *	$ 19,833
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 *	$ 2,195
City of Houston	Cyber Liability Insurance Primary Layer	$ 10,000
City of Houston	Cyber Liability Insurance 1st Excess Layer	$ 5,000
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	$ 96,180
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	$ 13,192
Holcombe Health Lab	Commercial General Liability	$ 1,000
Holcombe Health Lab	Excess Liability	$ 5,000
HoustonFirst Corporation	Fine Arts	$ 31,186
City of Houston	Pole Attachment Bond, Centerpoint	$ 250
City of Houston	Automobile Liability	$ 500
City of Houston	Automobile Physical Damage	$ 450
City of Houston	Automobile Catastrophe	$ 885
Houston Center for Literacy	Employee Dishonesty	$ 375
Various City of Houston Notaries	Notary Public Bonds	$ 3
Various City of Houston	Dentist Professional Liabilty	$ 1,000
City of Houston	Medical Professional Liability	$ 1,000
City of Houston	Special Event Mobile Equipment	$ 300
City of Houston	Public Employee Dishonesty/Crime Insurance	$ 2,000
City of Houston	Public Employee Dishonesty, Parks Board	$ 10,000
City of Houston	Public Employee Dishonesty,Library Board	$ 10,000
City of Houston HAS Ellington Field Fuel Resale	Airport Liability	$ 500

* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

CITY OF HOUSTON, TEXAS
SALARIES OF ELECTED OFFICIALS
June 30, 2021
(unaudited)

Name and Title of Official	Authorized Annual Base Salary
Sylvester Turner, Mayor	$ 236,189
Chris Brown, City Controller	$ 157,459
Amy Peck, Council Member - District A	$ 62,983
Tarsha Jackson, Council Member - District B	$ 62,983
Abbie Kamin, Council Member - District C	$ 62,983
Carolyn Evans-Shabazz, Council Member - District D	$ 62,983
David P. Martin, Council Member - District E	$ 62,983
Tiffany D Thomas, Council Member - District F	$ 62,983
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)

Annual Comprehensive Financial Report:

Controller's Office

Executive/Administrative Divisions — **Design Oversight and Writing**
Chris B. Brown, City Controller
- Shannan Nobles, Chief Deputy City Controller
- Max Moll, Deputy Director

Financial Reporting Division — **Preparation and Coordination**
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

Operations and Technical Services Division — **Consulting and General Support**
Alexander Obregon, Chief Operating Officer & Deputy City Controller
- Monika De Los Santos, Assistant City Controller
- Brenda Jackson, System Support Analyst
- Ray Korey, Accountant
- Martina Lee, Assistant City Controller
- Paul Lord, Administrative Assistant
- Daniel Schein, System Support Analyst
- Lillie Stewart, Administration Manager

Treasury Division — **Debt and Investment Management Disclosures**
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

Finance Department — **Preparation, Coordination, Analysis and Documentation**
Tantri Emo, Director
- Veda Aaron, Division Manager
- Kiran Chandu, Deputy Assistant Director
- Clint Jones, Division Manager
- Robert Martinez, Deputy Assistant Director
- Beverly McFarlin, Division Manager
- Sherry Mose, Division Manager
- Vivien Nguyen, Staff Analyst
- Bobby Qasim, Division Manager
- Arif Rasheed, Deputy Director
- Mohsin Raza, Division Manager
- Adela Rice, Division Manager
- Alma Tamborello, Division Manager

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued
(unaudited)

Administration & Regulatory Affairs Department	**Analysis and Supporting Documentation**
Tina Paez, Director	
Valerie Berry, Assistant Director	
Chia-Hsuan Chiou, Administration Manager	
Vijay Govind, Financial Analyst	
Hannah Hoang, Senior Accountant	
Maria Irshad, Assistant Director	
Bethany Li, Administration Manager	
Chris Lutz Senior Staff Analyst	
Tina Paquet, Assistant Director	
Rosalinda Salazar, Senior Staff Analyst	
Sreng Ung, Division Manager	
Karen Davidson, Assistant Director	
Houston Information Technology Services Department	**SAP/ ERP Consulting, Support & Development**
Lisa Kent, Director	
Susan Stone, Assistant Director	
Professional Consultants	**Project Management and Design**
Bayside Printing	
Sherri Tyndall, Outside Sales Representative	
McConnell & Jones LLP/Banks, Finley, White & Co.	**Independent Auditors**

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Annual Comprehensive Financial Report. However, we have included the major participants who made the issuance of this document possible.

The Photographs

The Houston Airport System (HAS) services more than 60 million travelers per year and is a gateway to the world. Together, Houston Airports form one of North America's largest public airport systems and position Houston as the international passenger and cargo gateway to the south-central United States and a primary gateway to Latin America. The Greater Houston region's three airports - George Bush Intercontinental Airport (IAH), William P. Hobby Airport (HOU), and Ellington Airport (EFD) - service more than 30 passenger airlines and nearly 300 domestic and international destinations. Looking into the future (and into the stars) Ellington Airport is also home to the Houston Spaceport, a focal point for aerospace innovations and the 10th commercially licensed spaceport in the nation.

The Houston Fire Department was established in 1838 with one station, Protection Company No. 1. It grew to a volunteer fire department status with three stations by 1859. After having provided volunteer firefighting services for 57 years, the City of Houston Fire Department began paying its firefighters in 1895. HFD is the third largest fire department in the United States and is responsible for preserving life and property to a population of more than 2 million in an area totaling 654 square miles.

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 the COVID-19 pandemic, the Houston Health Department's work has been indispensable to the region. Over the course of the past year, the department has been responsible for getting people vaccinated, pushing out important COVID-19 information, and managing the city's many testing sites.

Created by city ordinance on March 15, 1916, the Department of Public Parks, as it was called at the time, began with two facilities, Sam Houston Park and Hermann Park. Today, the Houston Parks and Recreation Department (H.P.A.R.D.) system includes 380 developed parks and more than 167 greenspaces totaling over 39,501 acres, aligning with our mission to enhance the quality of life by providing safe, well-maintained parks and offering affordable programming for our community. The Houston Parks and Recreation Department also seeks the pursuit of a park system that is equitable and balanced and provides engaging recreation programming for people of all abilities, ages, and socio-economic levels.

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

Houston Public Works is the largest and most diverse public works organization in the country. Houston Public Works is responsible for streets, drainage, producing and distributing water, collecting and treating wastewater, and permitting and regulation of construction. Accredited by the American Public Works Association, its over 4,000 dedicated public servants work together to create a strong foundation for Houston to thrive.

The Houston Public Library system is a dynamic organization that serves one of the largest service areas – both population and area – in the country. 2.3 million residents in the City of Houston are the primary beneficiaries of a comprehensive customer-focused service delivery strategy. The system is comprised of 44 public service units including 31 Neighborhood Libraries, four Regional Libraries, three Special Collection Libraries and four Express Libraries, the HPL Mobile Express and a satellite library located at the Children’s Museum of Houston. Our flagship facility, Central Library, located in downtown Houston, anchors this constellation of service points.

The Mission of the Municipal Courts Department is to provide an accessible legal forum for individuals to have their court matters heard in a fair and efficient manner, while providing a high level of integrity, professionalism and customer service.

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. Through this, the department looks to make Houston a cleaner, greener place to live.

Photos provided by:

Houston Airport System
Houston Chronicle
Houston Fire Department
Houston Health Department
Houston Parks and Recreation
Houston Police Department
Houston Public Works
Houston Public Library
Municipal Courts
Solid Waste Management Division

CITY OF HOUSTON
CITY CONTROLLER