



City of Houston, Texas

**Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

Chris B. Brown, City Controller



OFFICE OF THE CITY CONTROLLER – 116 YEARS OF HOUSTON HISTORY



CITY OF HOUSTON, TEXAS

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019

Prepared by:

Chris B. Brown, City Controller

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**CITY OF HOUSTON, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 For the Year Ended June 30, 2019**

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CITY OF HOUSTON, TEXAS





Children's Museum of Houston





**2019 CITY OF HOUSTON
Comprehensive Annual Financial Report**

Office of the City Controller

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

The Treasury Division is responsible for managing the City’s \$4.5 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 2019, the Audit Division engaged in 27 Audits and Special Projects that produced 10 Audit Reports as posted on the Controller’s website. The audits and projects performed focused on risk assessment, contract compliance, performance and efficiency, process reviews, ongoing monitoring, consideration of fraud, waste or abuse, and quality assurance. These efforts resulted in city-wide policy and procedure changes, improved processes, and millions in potential recoveries. The Audit Division also provided updates to the City Controller regarding compliance efforts, fraud, waste or abuse reports and quality assurance results. In the most recent peer review, the Association of Local Government Auditors (ALGA) concluded “the internal quality control system of the Office of the City Controller’s Audit Division within the City of Houston was suitably designed and operating effectively to provide reasonable assurance of conformance with the Standards”.

The Operations and Technical Services Division is responsible for funding certification for contracts, accounts payable (AP), vendor payments and cash disbursement, travel advances, monthly bank account reconciliation, review and approval of City-wide personnel action requests (PAR), payroll payments processing, City-wide contract review, financial and accounting records retention and imaging retrieval, City-wide vendor liaison, and the Controller’s Office information technology (IT) operations. In the coming year, the division’s goals are to continue to coordinate the City’s move to a paperless approval system for invoices and reducing the number of paper checks issued, replace current out of date document retrieval system with an efficient system, and introduce a high-speed engine for server operation.

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



2019 CITY OF HOUSTON Comprehensive Annual Financial Report

Chris B. Brown **Houston City Controller**



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

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

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

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

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

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

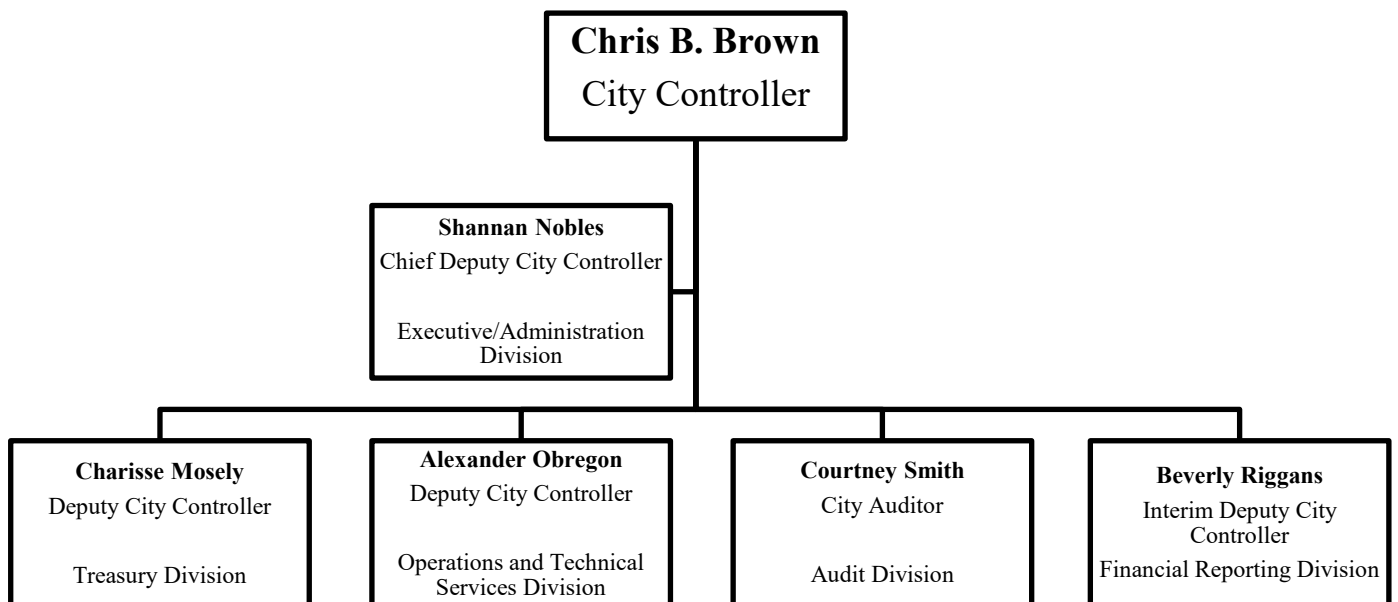
Controller Brown currently serves on the National League of Cities' Finance, Administration & Intergovernmental Relations (FAIR) Committee. He was appointed Chairman of the FAIR committee in 2019, a role in which he plays a key role in developing the organization's policy positions on a range of issues.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

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



City of Houston

The Office of the City Controller





**2019 CITY OF HOUSTON
Comprehensive Annual Financial Report**

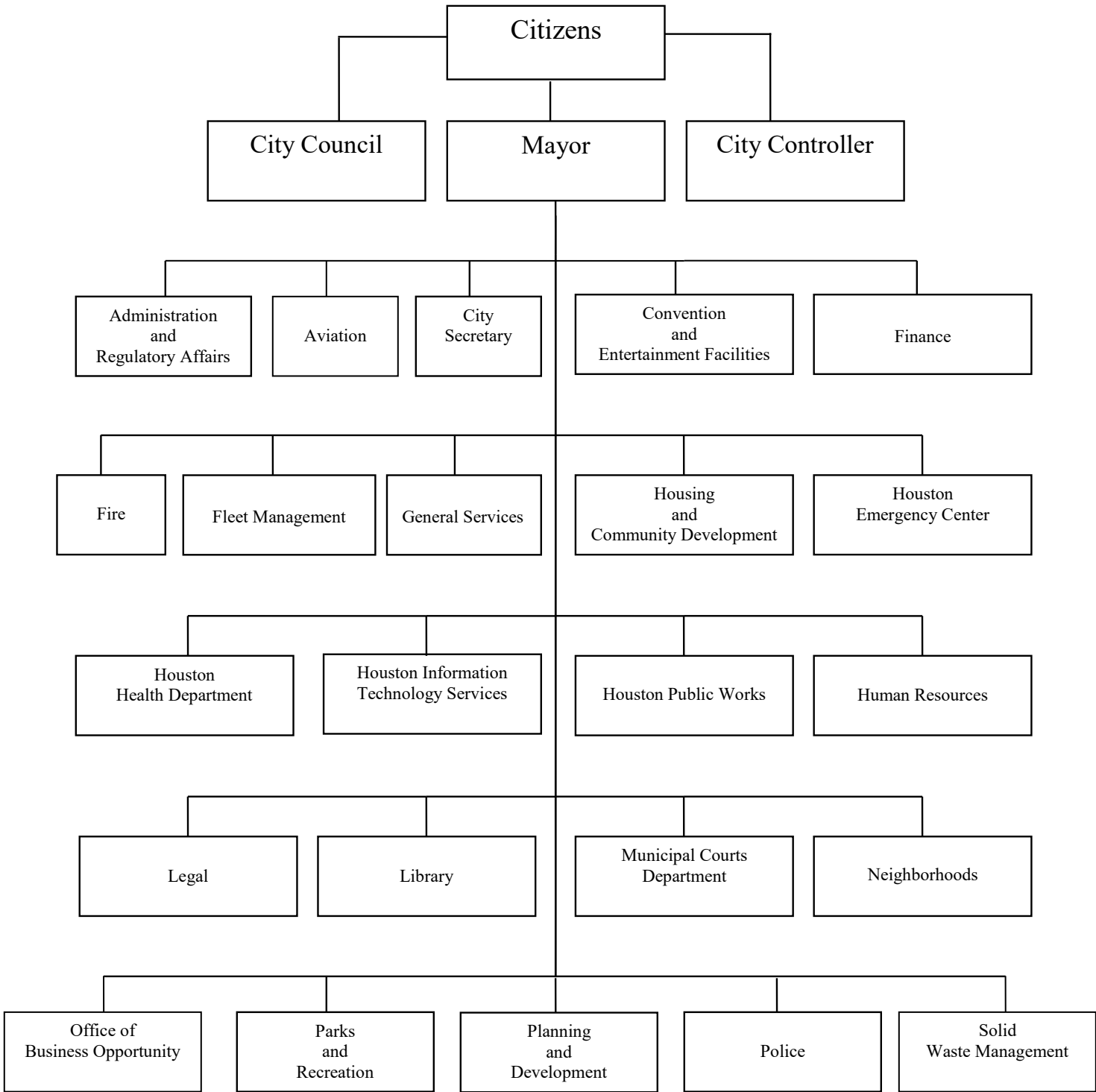
**Elected Officials
City of Houston, Texas**



2019 Houston City Council, Front row, left to right: Mike Knox, At Large, Position 1; Karla Cisneros, District H; Mike Laster, District J; Dave Martin, District E; Ellen Cohen, District C; Sylvester Turner, Mayor; Chris Brown, Controller; Brenda Stardig, District A; Steve Le, District F; Amanda Edwards, At Large, Position 4; Michael Kubosh, At-Large, Position 3; Greg Travis, District G; back row, left to right: Jack Christie, At Large, Position 5; Jerry Davis, District B; Martha Castex-Tatum, District K; Dwight Boykins, District D; Robert Gallegos, District I; David Robinson, At Large, Position 2.



Organization Chart City Government



CITY OF HOUSTON, TEXAS



Office of the City Controller
City of Houston, Texas



Chris B. Brown

December 17, 2019

Citizens of Houston, Honorable Mayor and City Council Members:

I am pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Houston, Texas, (the City) for the year ended June 30, 2019, including the independent auditor's report prepared by McConnell & Jones/Banks, Finley, White & Co. The CAFR was prepared by the City Controller's Office and satisfies my responsibilities under the City Charter and State law. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material respects and is organized in a manner which fairly sets forth the financial position and results of operations of the City as measured by the financial activity of its various funds.

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

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

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

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

The Reporting Entity and Its Services

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

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

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

History and Population

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

At the time of the first census in Texas in 1850, Houston had a population of 2,397 and Galveston, a bustling port 45 miles south of Houston, was the state's largest city. Today, Houston is the largest city in Texas and the fourth largest city in the U.S. In this first decade of the new century, a quarter million people from other U.S. cities and towns have relocated to Houston. Houston, with more than 2.3 million people, is a melting pot of ethnicities and remains the nation's most diverse metro area. The City is the seat of a burgeoning metropolitan area encompassing nine counties with a total population nearing 6.9 million.

Budgetary Information

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

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

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

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

and Non-profit Organizations,” and the State of Texas Uniform Grant Management Standards. These audits are conducted simultaneously with the City’s annual financial statement audit. Information related to these Single Audits, including the schedules of federal and state financial assistance, findings and recommendations, and auditors’ reports on the internal control structure and compliance with applicable laws and regulations is included in separate Single Audit reports.

The Area’s Economy

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

The downturn in oil prices from a high of \$100 per barrel began in early 2015 and was more rapid than the fall of oil prices seen in the 1980s. Per barrel oil prices hit a low of \$26 in February 2016, rose to the mid \$50s in 2017, and hovered around \$56 per barrel at the close of Fiscal Year 19. The rig count has risen from historical lows in early 2016, to 1,162 at the end of Fiscal Year 19.

The Houston metro area’s 2018 GDP of \$490.1 billion is flat from the year prior and keeps Houston as the seventh largest metro economy in the United States. If the Houston Metropolitan Statistical Area (MSA) were an independent nation, it would rank as the world’s 25th largest economy, behind Belgium (\$517.6 billion) and ahead of Iran (\$458.5 billion) and Austria (\$447.72 billion), per the International Monetary Fund.

Despite significant diversification since the last downturn, the energy sector continues to drive Houston’s overall economic health. While the rig count is up slightly year-over-year, crude oil price has remained relatively flat from the year prior. This slowing of momentum is set against the expectations of the United States entering a period of economic recession in the coming fiscal year.

Fortunately, the regional economy has shown resiliency during recent slowdowns, and optimism exists that the region will be able to weather future downturns. Despite a looming slowdown, the region’s economy will continue to be buoyed by a booming Port of Houston, an international airport system that services a record number of travelers every year, and a world-class medical center that is generating medical breakthroughs daily.

Employment: The regional economy continues to show that it is far better equipped to weather any coming downturn than it was in the 1980s. Houston’s economy at the end of FY 2019 is more than double what it was in the mid-1980s; over 13 percent of the entire work force was lost in the 1980s, while the job losses attributed to the recent downtrend crested at roughly 1.5 percent of the workforce.

The region’s employment rate is 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. A survey of employers conducted at the end of FY 2019 demonstrated that employment remains stable. The Houston metro area created more than 93,000 jobs in FY 2019, representing a 3 percent increase in job gains from FY 2018.

At the end of FY 2019, the Houston metro area economy has begun to show signs of slowing, as an economic slowdown looms on the horizon. How a recession might affect the region is yet to be seen but – as its shown in recent years – the Greater Houston area is much better prepared to weather a downturn today than it was near the end of the last century.

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 '10s.

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

Housing and real estate: At the end of FY 2019, the City's real estate market continues to hit all-time highs, as total single-family home sales reached 8,953 in the final month of the fiscal year. That number eclipses the previous record of 8,385 monthly single-family home sales set in Fiscal Year 2018.

Additionally, the single-family home median sales price of \$250,000 represents 2.2 percent increase from the same month prior year. As in last year's CAFR, sales volume has increased for homes at all price levels, with the high-end market seeing the most gains in FY 2019. Both the median and SFH average sales price of homes (\$250,000 and \$312,727, respectively) remain at record levels.

On the heels of a record-breaking FY 2018, Houston's real estate market continues to show significant strength in the current fiscal year. Low interest rates and a low cost of living continue to drive the strength of the region's real estate market at the end of FY 2019.

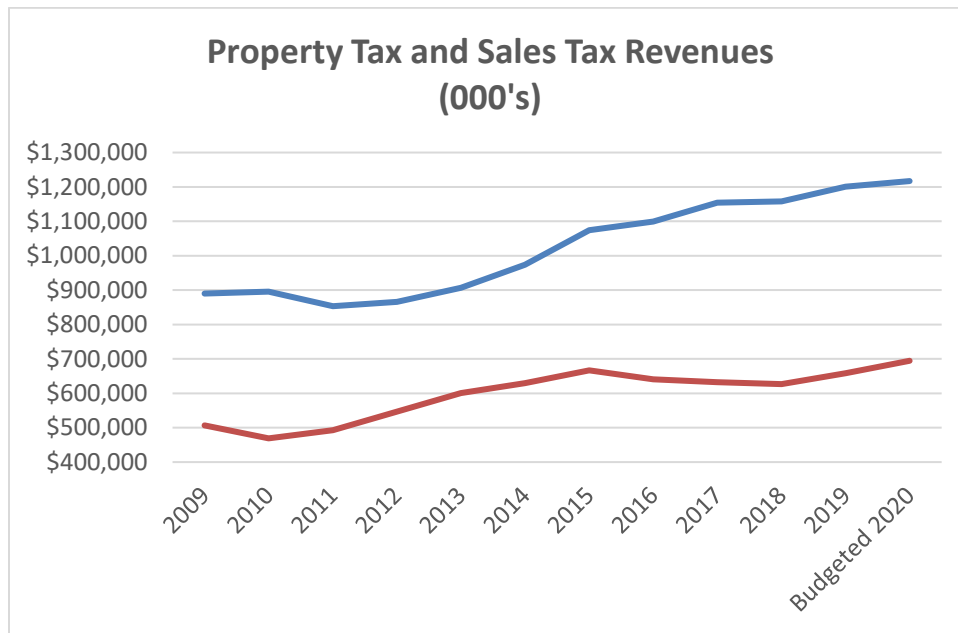
The Houston MSA continues to see a slow rise in the cost of living. While most of those costs remain below the national average – particularly as compared to other major metropolitan regions – that trend is expected to continue. With that, Houston is not as affordable as it once was. Per the Council for Community and Economic Research (C2ER), the cost of living in Houston was 12.3 percent below the national average in '07 but only 2 percent below at the end of FY 19. 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 low 50s at the end of FY 2019. This is a positive sign for the regional economy, as readings above 50 signal economic expansion for the next three to four months.

Vehicle sales at the end of FY 2019 were down 5.4 percent from the year prior.

Although the purchase price of a single-family home in metro Houston has risen 59 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 2019 was the fifth 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 2019. A slowing oil industry and looming recession play a guiding role in the stagnation of sales tax revenue as the city enters a new fiscal year.

Financial Policies and Planning

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

A 1983 resolution adopted by City Council requires the Mayor to develop and submit annually to the City Council for approval a continuous five-year Capital Improvement Plan (CIP). Each year, the Mayor must review the CIP, revise it as necessary, and obtain approval and adoption by City Council. The 2019 - 2023 CIP calls for the appropriation of \$8.99 billion over the five-year period for both enterprise and property tax supported projects. About \$7.25 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, 2019, 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 \$4.5 billion. The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity and return on investment. The success of this deliberate approach is evident in the ‘AAA’ credit quality rating and “V1” volatility rating assigned to the City’s General Investment Portfolio by Fitch Rating Services.

Long-term Financial Forecast and Major Initiatives

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

Retiree & Other-Post Employment Benefits (OPEB)

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

As of the last CAFR, the city’s unfunded OPEB liability sits at \$2.4 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 in Fiscal Year 2020. 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 be the foremost financial priority for the City of Houston.

Award

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Houston for its comprehensive annual financial report for the fiscal year ended June 30, 2018. This was the 22nd consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

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

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

Request for Information

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



Chris B. Brown
City Controller

Sources:

COH 2019 Operating Budget
COH 2019-2023 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

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Presented to

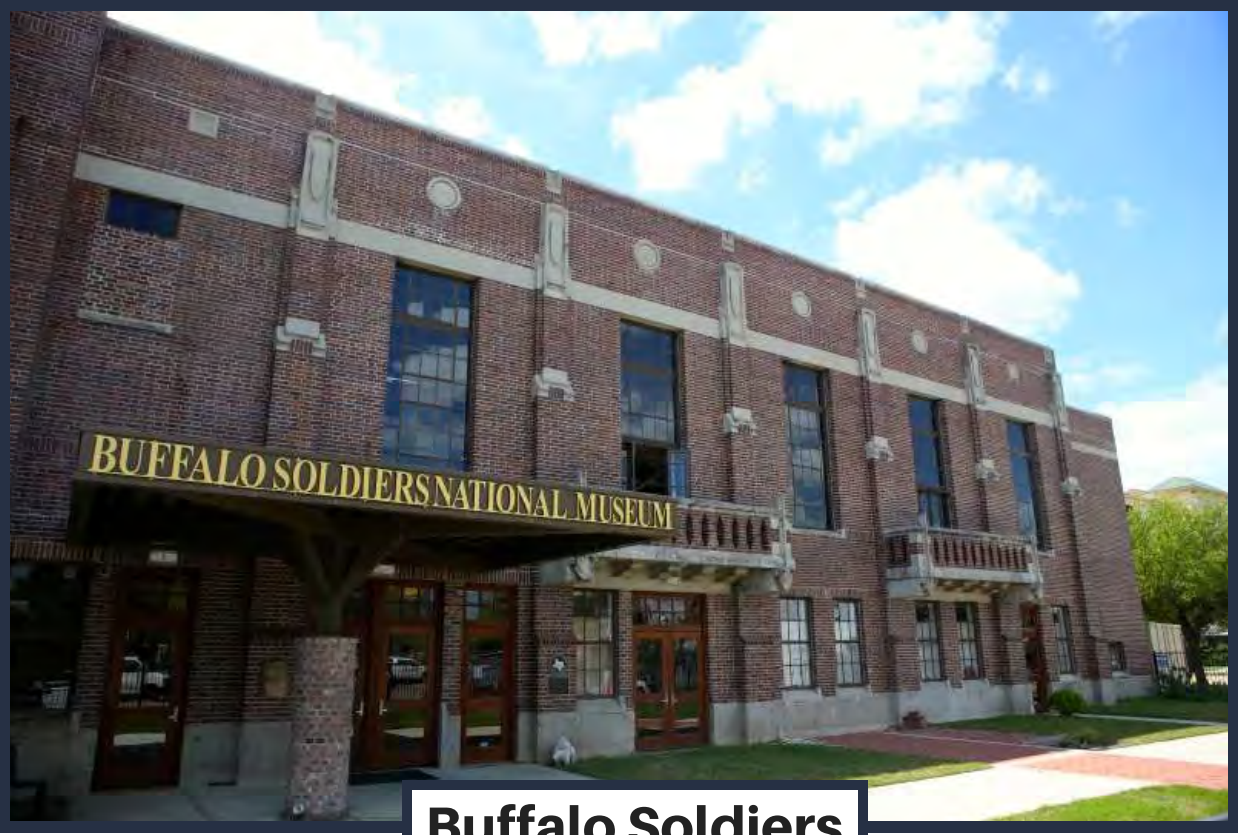
**City of Houston
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO



**Buffalo Soldiers
Museum**



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Firefighter's Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officer's Pension Trust Fund, blended component units of the City, which, in the aggregate, represent 100% of the assets and net position of the pension trust funds, within the fiduciary funds. Except for Houston Area Library Automated Network, and Lamar Terrace Public Improvement District, we did not audit the financial statements of any governmental discretely presented component units which represent 7.5%, (4.9%) and 8.7%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 5.7%, 15.4% and 14.8% 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, and the aggregate discretely presented component units and the aggregate remaining fund information of the City of Houston, Texas, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5 through 15), Schedule of Budgeted and Actual Revenues and Expenditures of the General Operating Fund (pages 132 through 135), Pension System Supplementary Information (pages 138 through 140), and Other Post-Employment Benefits Supplementary Information (pages 140 and 141) 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 and Schedules 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 and Schedules 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 17, 2019, 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 17, 2019

CITY OF HOUSTON, TEXAS

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City of Houston, Texas
Management's Discussion and Analysis
June 30, 2019
(Unaudited)

As management of the City of Houston, we offer readers of the City of Houston's financial statements this narrative overview and analysis of the financial activities of the City of Houston for the fiscal year ended June 30, 2019. Please read this information in conjunction with the basic financial statements that follow this section. The discussion and analysis includes comparative data for 2018. All amounts, unless otherwise indicated, are expressed in millions of dollars.

Financial Highlights

Some of the City's financial highlights for the fiscal year ending June 30, 2019 include:

- The assets and deferred outflows of resources of the City of Houston exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$972 million. This is a net increase from the prior year of \$101 million.
- The net position of governmental activities decreased by \$83 million. The decrease is primarily attributed to the amortization and change in assumptions related to pension and OPEB liabilities. See pages 8 and 9 for further discussion.
- The City's unrestricted net position is a deficit of \$6.7 billion. The deficit is the result of \$7.7 billion of all pension and OPEB related liabilities and net deferred outflows and inflows that are required to be presented by the Governmental Accounting Standards Board (GASB) pronouncements 68 and 75 in the government-wide financial statements. The implementation of these reporting standards had a significant negative impact upon the net position of the governmental activities, beginning in the year 2016.
- The City of Houston's total expenses were \$5.3 billion.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish between functions of the City of Houston that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Houston include general government, public safety, public works, health, housing and community development, parks and recreation, and library. The business-type activities of the City of Houston include the airport system, combined utility system and convention & entertainment facilities.

The government-wide financial statements include not only the City of Houston itself (known as the primary government), but also legally separate component units for which the City of Houston is financially accountable. With the exception of the three pension systems, financial information for the component units is reported separately from the financial information presented for the primary government itself. The pension systems, although also legally separate, function for all practical purposes as departments of the City of Houston, and therefore have been included as an integral part of the primary government.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Houston maintains nine individual governmental funds for financial reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund and the grants fund, all of which are considered to be major funds. Data from the other funds is combined in the column labeled "Nonmajor Governmental Funds" on both of these statements (see the separate tab labeled "Governmental Funds" for more information on these funds).

Proprietary funds. The City of Houston maintains two different types of proprietary funds: Enterprise funds (see separate tab of same name) and internal service funds (see separate tab of same name). Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Houston uses enterprise funds to account for its aviation system, combined utility system and the convention and entertainment facilities. The City of Houston uses internal service funds to account for health and benefits and long-term disability activities. Because both of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the aviation system, combined utility system and convention and entertainment facilities, all of which are considered to be major funds for the City of Houston. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

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

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning: General fund – budget vs. actual; the City of Houston’s progress in funding its obligation to provide pension benefits to its employees; and other post-employment benefits.

Net Position
June 30, 2019
(With comparative totals for 2018)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
			(as restated)		(as restated)	
Current and other assets	\$ 1,807	\$ 1,766	\$ 5,081	\$ 3,861	\$ 6,888	\$ 5,627
Capital assets	7,554	7,329	10,417	10,272	17,971	17,601
Total assets	9,361	9,095	15,498	14,133	24,859	23,228
Deferred outflows of resources	844	2,027	441	442	1,285	2,469
Long-term liabilities	9,630	9,797	12,826	11,735	22,456	21,532
Other liabilities	992	1,082	1,041	1,013	2,033	2,095
Total liabilities	10,622	10,879	13,867	12,748	24,489	23,627
Deferred inflows of resources	581	1,158	102	41	683	1,199
Net position						
Net investment in capital assets,	5,139	4,865	755	808	5,894	5,673
Restricted	367	187	1,416	1,353	1,783	1,540
Unrestricted (deficit)	(6,504)	(5,967)	(201)	(375)	(6,705)	(6,342)
Total net position (deficit)	\$ (998)	\$ (915)	\$ 1,970	\$ 1,786	\$ 972	\$ 871

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City of Houston, on a government-wide basis, assets and deferred outflows were higher than liabilities and deferred inflows by \$972 million at the close of the most recent fiscal year.

The largest portion of the City of Houston’s net position is net investment in capital assets of approximately \$5.9 billion (e.g., land, building, machinery, equipment and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City of Houston uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Houston’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Resources that are subject to external restrictions on how they may be used represents \$1.8 billion of the City of Houston’s net position.

In previous years, GASB issued pronouncements which had the effect of reporting pension related expenses in the financial statements. As a result of pension reform measures enacted into law in May of 2017, several changes occurred in the actuary assumptions used in determining pension liabilities. Any changes in actuarial assumptions creates net deferred inflows/outflows (which are more clearly described in Note 1F) and are amortized over a period of 5 years. As noted in Note 10D, during Fiscal Year 2019, the City recognized a total of \$924 million in pension expenses in the financial statements. Almost \$550 million of the expense is related to the amortization of net deferred outflows. As noted in Note 10E, the amortization of this deferred outflow is expected to be approximately \$358 million in 2020. Based on current year actuarial assumptions, the amount of the amortization expense related to these deferred outflows will continue to decrease through Fiscal Year 2024. As a result, if the operations remain consistent, the City's net position will improve.

For the Fiscal Year Ended June 30, 2019

With comparative totals for 2018

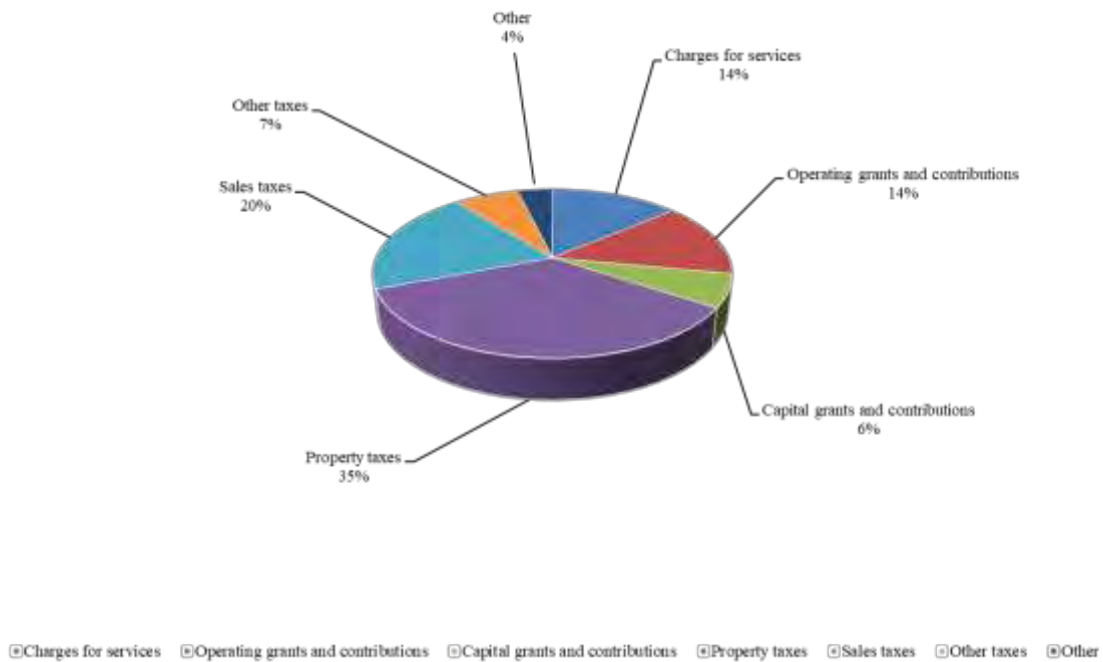
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018 (as restated)	2019	2018 (as restated)
Program Revenues:						
Charges for services	\$ 473	\$ 427	\$ 1,680	\$ 1,698	\$ 2,153	\$ 2,125
Operating grants and contributions	489	380	27	19	516	399
Capital grants and contributions	217	84	29	23	246	107
General revenues:						
Property taxes	1,196	1,172	-	-	1,196	1,172
Sales taxes	692	674	-	-	692	674
Other taxes	238	240	69	72	307	312
Other	129	221	179	69	308	290
Gain on sale of asset	13	-	(6)	12	7	12
Total revenues	3,447	3,198	1,978	1,893	5,425	5,091
Expenses:						
General government	412	421	-	-	412	421
Public safety	2,034	2,138	-	-	2,034	2,138
Public works	403	423	-	-	403	423
Health	165	172	-	-	165	172
Housing and community development	92	54	-	-	92	54
Parks and recreation	108	126	-	-	108	126
Library	50	51	-	-	50	51
Interest on Long-term Debt	165	160	-	-	165	160
Depreciation and amortization	156	153	-	-	156	153
Airport System	-	-	596	604	596	604
Convention & Entertainment Facilities	-	-	97	98	97	98
Combined Utility System	-	-	1,042	991	1,042	991
Total expenses	3,585	3,698	1,735	1,693	5,320	5,391
Change in net position before contributions, special items and transfers	(138)	(500)	243	200	105	(300)
Contributions	(4)	-	-	-	(4)	-
Transfers	59	65	(59)	(65)	-	-
Change in net position	(83)	(435)	184	135	101	(300)
Net assets, July 1 as previously reported	(915)	203	1,786	1,651	871	1,854
Cumulative effect of a change in accounting principle	-	(683)	-	(81)	-	(764)
Prior period adjustment	-	-	-	80	-	80
Beginning net position July 1	(915)	(480)	1,786	1,571	871	1,091
Net position (deficit) June 30	\$ (998)	\$ (915)	\$ 1,970	\$ 1,786	\$ 972	\$ 871

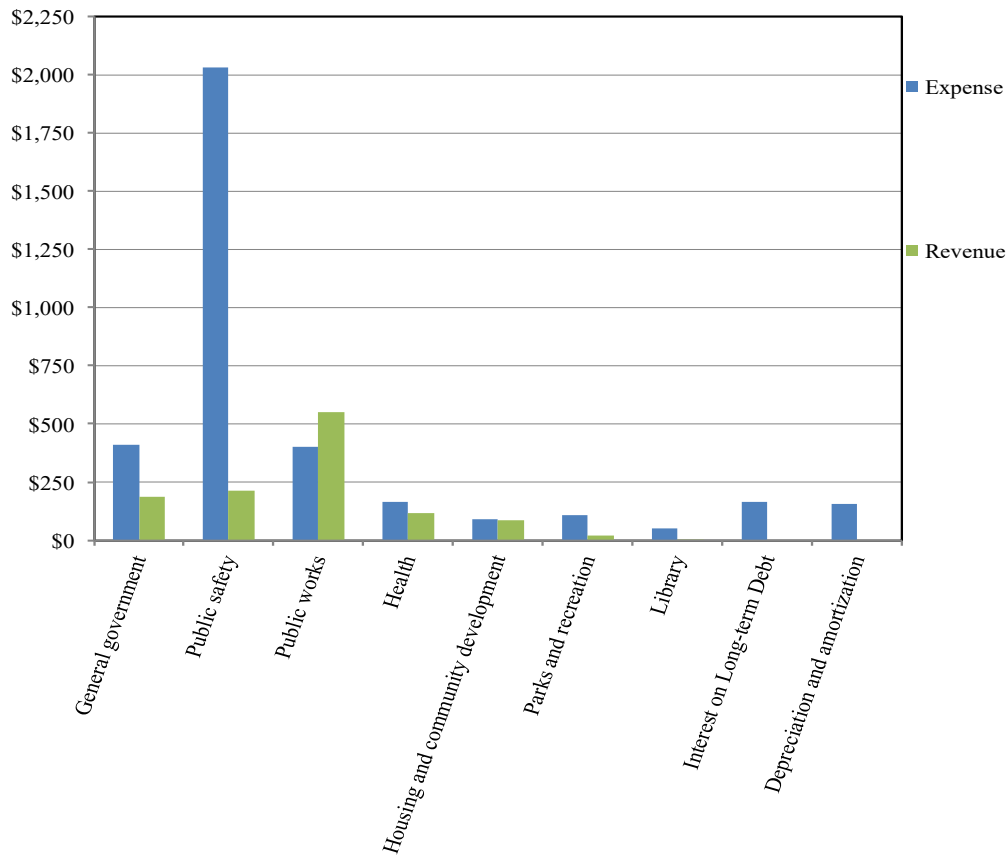
Governmental activities. Governmental activities decreased the City of Houston’s net position from Fiscal Year 2018 by \$83 million. The key elements of this change are as follows:

- Even though expenses were down from Fiscal Year 2018, expenses exceeded revenues in Fiscal Year 2019 by \$138 million. The majority of the excess in expenses over revenues is due to the amortization of pension related costs.
- Although revenues were higher in Fiscal Year 2019 than in the prior year, those revenues were not enough to cover current year costs.
- The City did not see as much of an increase in its primary revenues streams of property tax and sales tax as in previous years.

Revenue by Source - Governmental Activities



Program Revenue and Expense Governmental

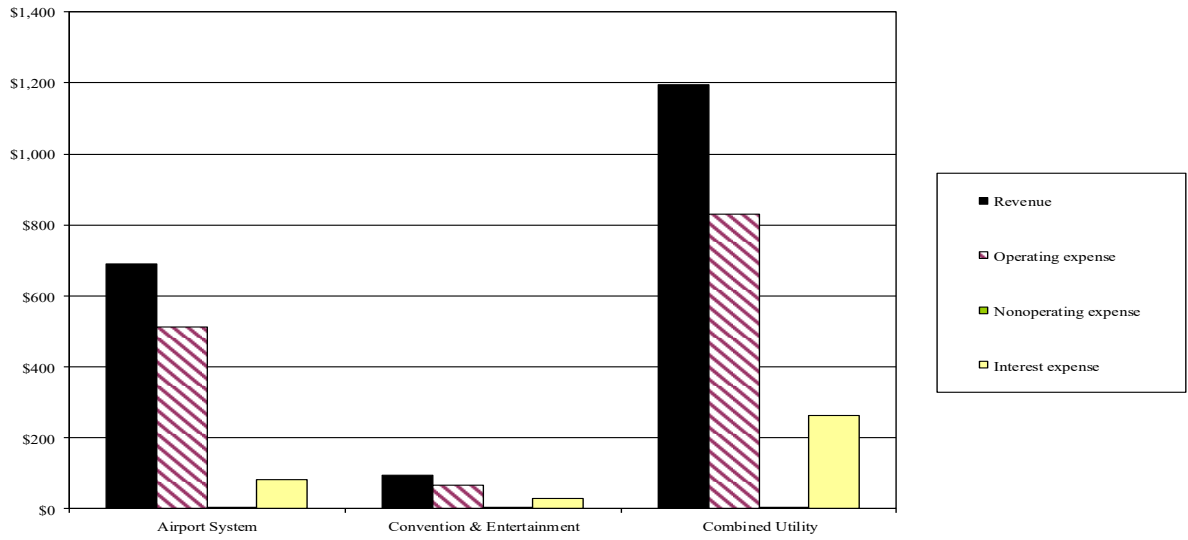


Business-type activities. Business-type activities increased the City of Houston’s net position during the year by \$184 million (see Note 16). The cumulative effect of the implementation of a prior period adjustment increased net position by \$79 million, resulting in a net increase from the prior year of \$263 million.

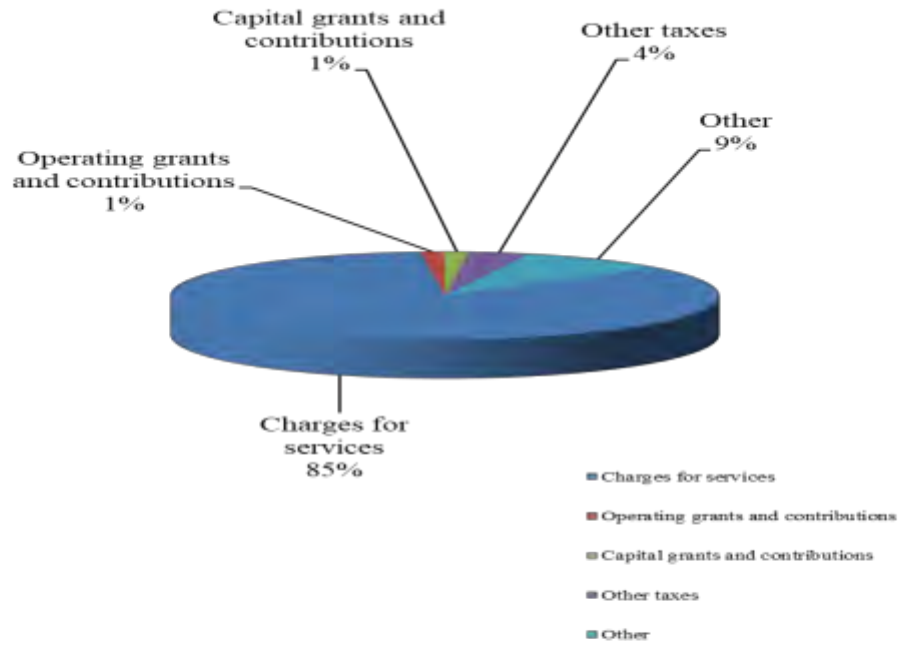
Key elements of this change are as follows:

- Airport systems operating expenses were up by 0.11%, from \$511.1 million to \$511.7 million. Operating revenues were down by 2.4% from \$511 million to \$498 million, predominantly due to increases in parking and concession fees which are being overshadowed by decreases in landing fees and ground rentals. Conversely, nonoperating revenues were up 126%, from \$40 million to \$89 million due mainly to increases in investment income and an increase in passenger facility charges.
- Convention & Entertainment operating expenses were down 4.3% from \$70 million to \$67 million. Operating revenues were up 35% from \$8 million to \$11 million due to increased parking revenues.
- The Combined Utility System operating expenses increased by 4% from \$744 million to \$774 million due to increases in asset condition assessments, water plant equipment purchases, Coastal Water Authority debt service expense (partially offset by contributions in) and a new water reservation fee for surface water. Operating revenues decreased by 1% from \$1.053 billion to \$1.042 billion primarily due to a decrease in metered water revenues.

**Program Revenue & Expense
Business-type**



Revenue by Source - Business-type



Financial Analysis of the Government's Funds

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

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

At the end of the current fiscal year, the City of Houston's governmental funds reported combined ending fund balances of \$1.017 billion. Approximately 34.3% of this total, or \$349 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, \$72 million; restricted to pay debt service, \$132 million; or a variety of other restricted purposes, \$464 million.

The general fund is the chief operating fund of the City of Houston. At the end of the current fiscal year, unassigned fund balance of the general fund was \$349 million, while the total fund balance reached \$389 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 16.3% of total general fund expenditures, while total fund balance represents 18.1% of that same amount.

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

- \$9 million increase in total revenues – primarily increased property tax by \$18 million, sales tax revenues by \$18 million and investment income of \$10 million. Decreases were primarily \$16 million in intergovernmental grants and \$31 million in other revenue
- \$871 million decrease in expenditures – reduction in public safety and retiree benefit costs
- \$915 million decrease in proceeds from issuance of debt

Debt service principal expenditures for the debt service fund decreased by \$273 million. In addition, debt service interest increased \$27 million while net proceeds from issuance of refunding debt decreased \$536 million. Fund balance decreased by \$870 thousand.

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 \$137 million. The net increase in fund balance during the current fiscal year was 32%.

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

At the end of the year, the Airport System had an unrestricted net deficit of \$138 million, Convention and Entertainment had an unrestricted net position of \$19 million and the Combined Utility System had an unrestricted net deficit of \$82 million. The increase in net position for the Airport System for the fiscal year was \$93 million. The Convention and Entertainment fund experienced a decrease in net position during the fiscal year of \$3 million. The Combined Utility System fund experienced an increase of \$93 million in net position during the fiscal year. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Houston's business-type activities.

General Fund Budgetary Highlights

Total revenues were above budget by \$46 million. The details of the more significant variances are highlighted below:

- \$11 million below budget in property taxes
- \$35 million above budget in sales tax
- \$6 million above budget in ambulance service
- \$3 million above budget in other revenues

Total expenditures for the General Fund were \$39 million below the final expenditure budget. The details of the more significant variances are highlighted below:

- \$14 million under budget in general government
- \$20 million under budget in public safety
- \$2 million under budget in public works
- \$2.6 million under budget in parks

Capital Asset and Debt Administration

Capital assets. The City of Houston's investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$18 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, equipment, storm drainage, streets and bridges. The City of Houston's net investment in capital assets was relatively stable.

Capital Assets June 30, 2019

(With comparative totals for 2018)
(net of accumulated depreciation in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land and right of way	\$ 2,247	\$ 2,219	\$ 472	\$ 469	\$ 2,719	\$ 2,688
Buildings, improvements and equipment	2,695	2,582	5,885	5,781	8,580	8,363
Construction in progress	521	400	1,054	840	1,575	1,240
Water rights	-	-	847	846	847	846
Runway rights	-	-	17	17	17	17
Garage rights	-	-	13	13	13	13
Infrastructure Assets	7,153	6,959	11,560	11,349	18,713	18,308
Less accumulated depreciation	(5,062)	(4,831)	(9,432)	(9,044)	(14,494)	(13,875)
Total	\$ 7,554	\$ 7,329	\$ 10,416	\$ 10,271	\$ 17,970	\$ 17,600

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 \$27.9 million in land and \$113.7 million in construction in process that was received from Uptown Redevelopment Authority. More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-term debt At the end of the current fiscal year, the City of Houston had total bonded debt outstanding of \$15 billion. The two largest portions of this total are made up of \$2.7 billion comprising debt backed by the full faith and credit of the government and \$10 billion comprising various enterprise fund revenue bonds which are payable from future revenues of the various operations of those enterprise funds. The remainder of the City of Houston's debt represents various long-term contracts.

Outstanding Debt

June 30, 2019

(With comparative totals for 2018)

(in millions)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds and commercial paper	\$ 2,455	\$ 2,541	\$ 233	\$ 241	\$ 2,688	\$ 2,782
Pension bonds	1,434	1,444	102	132	1,536	1,576
Inferior lien contract	-	-	-	-	-	-
Special facility bonds	-	-	80	86	80	86
Revenue bonds	-	-	9,447	9,444	9,447	9,444
Other borrowings	5	9	910	750	915	759
Total	\$ 3,894	\$ 3,994	\$ 10,772	\$ 10,653	\$ 14,666	\$ 14,647

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

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

Standard & Poor's, Moody's and Fitch's underlying ratings of the City's obligations as of June 30, 2019 are as follows:

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

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

Next Year's Budget and Rates

Highlights of the fiscal year 2020 budget are as follows:

- The property tax rate was decreased to 56.79 cents per \$100 of valuation.
- The general fund budget will increase spending by 2.2% from the fiscal 2019 budget. This is primarily due to contractually mandated increases including police and municipal pay raises for the current meet and confer agreements as well as health benefits and pension costs.

Request for Information

This financial report is designed to provide a general overview of the City of Houston's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Controller, Attention: Financial Reporting Division, 901 Bagby, 8th Floor, Houston, Texas 77002.

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

June 30, 2019
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units	
				Governmental	Business-type
Assets					
Cash and cash equivalents (Note 3A)	\$ 325,568	320,768	\$ 646,336	\$ 128,829	\$ 79,580
Investments (Note 3A)	930,328	1,899,190	2,829,518	218,339	19,452
Receivables, net of allowances					
Accounts receivable	228,063	201,992	430,055	43,128	17,955
Hotel occupancy tax receivable	-	22,785	22,785	-	-
Property taxes receivable	28,544	-	28,544	54,683	-
Sales taxes receivable	119,710	-	119,710	-	-
Mixed beverage taxes receivable	4,751	-	4,751	-	-
Franchise taxes receivable	16,296	-	16,296	-	-
Special assessments receivable	7,991	93	8,084	26	-
Accrued interest and other	-	-	-	-	588
Due from component units	-	64,138	64,138	-	-
Internal balances	(2,334)	2,334	-	-	-
Due from other governments	112,062	25,634	137,696	18,918	2,023
Inventory	20,238	15,028	35,266	-	-
Other receivables	-	-	-	49,060	60,537
Prepaid items	3,433	13,320	16,753	2,127	6,933
Notes receivable	12,500	-	12,500	-	-
Restricted					
Cash and cash equivalents (Note 3A)	-	50,840	50,840	-	29,044
Investments (Note 3A)	-	1,126,459	1,126,459	5,171	49,485
Due from component units	-	340,013	340,013	-	-
Receivables and deposits	-	1,494	1,494	1,857	83,765
Due from other governments	-	985,583	985,583	-	-
Amounts held by other governments	-	11,270	11,270	-	-
Due from primary government	-	-	-	12,690	-
Capital Assets					
Land and right-of-way	2,237,035	472,192	2,709,227	135,832	23,480
Buildings	1,336,784	3,798,024	5,134,808	110,159	717,434
Improvements and equipment	1,358,677	2,087,230	3,445,907	-	-
Construction in progress	520,722	1,054,137	1,574,859	58,348	88,840
Runway rights	-	17,471	17,471	-	-
Water rights	-	846,513	846,513	-	-
Garage rights	-	13,144	13,144	-	-
Rights & Intangibles	10,272	-	10,272	-	-
Infrastructure assets	7,152,741	11,560,044	18,712,785	-	-
Less accumulated depreciation and amortization	(5,062,462)	(9,432,099)	(14,494,561)	(23,406)	(218,361)
Total assets	\$ 9,360,919	15,497,597	\$ 24,858,516	\$ 815,761	\$ 960,755
Deferred outflows of resources					
Deferred outflows of resources	843,914	441,465	1,285,379	2,858	4,172
Total deferred outflows of resources	\$ 843,914	441,465	\$ 1,285,379	\$ 2,858	\$ 4,172

(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, 2019
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units	
				Governmental	Business-type
Liabilities					
Accounts payable and accrued expenditures	\$ 183,714	191,874	\$ 375,588	\$ 52,373	\$ 55,627
Accrued payroll liabilities	70,147	8,865	79,012	141	1,329
Cost of issuance	-	1,389	1,389	-	-
Accrued interest payable	54,273	132,233	186,506	7,281	3,278
Due to other governments	11,200	2,087	13,287	29,699	-
Other liabilities	-	-	-	7,161	920
Advances and deposits	11,054	47,977	59,031	33	-
Unearned revenue	241,719	4,347	246,066	1,719	887
Due to component units	-	29,769	29,769	-	-
Due to primary government	-	-	-	-	25,954
Contracts and retainages payable	-	65,617	65,617	6,669	1,639
Due within one year					
Notes payable	183	-	183	7,013	12,703
Bonds payable	213,040	343,972	557,012	25,695	-
Claims and judgments	38,012	1,486	39,498	-	-
Compensated absences	155,791	16,931	172,722	-	-
Special facility bonds payable	-	5,960	5,960	-	-
Commercial paper	-	185,000	185,000	-	-
Arbitrage rebate liability	-	257	257	-	-
Other liabilities	-	1,132	1,132	-	-
Pension bonds payable	12,073	1,637	13,710	-	-
Due in more than one year					
Notes payable	4,879	-	4,879	117,806	473,117
Bonds payable	2,076,581	9,102,549	11,179,130	476,914	-
Claims and judgments	121,053	2,052	123,105	-	-
Compensated absences	316,541	15,036	331,577	994	-
Contracts payable	-	891,276	891,276	-	-
Special facility bonds payable	-	74,425	74,425	-	-
Commercial paper	165,000	48,473	213,473	-	-
Other long-term liabilities	-	-	-	31,664	-
Unearned revenue	-	1,548,757	1,548,757	-	11,004
Due to primary government	-	-	-	633	-
Arbitrage rebate liability	370	3,629	3,999	-	-
SWAP liability	-	223,339	223,339	-	-
Pension obligation bonds payable	1,422,407	100,814	1,523,221	-	-
Other post employment benefits liability	2,039,993	227,088	2,267,081	-	-
Municipal net pension liability	1,546,413	588,721	2,135,134	-	-
Police officers' net pension liability	1,245,900	-	1,245,900	-	-
Firefighter's net pension liability	691,117	-	691,117	-	-
Total liabilities	\$ 10,621,460	13,866,692	\$ 24,488,152	\$ 765,795	\$ 586,458
Deferred inflows of resources					
Deferred inflows of resources	581,232	102,164	683,396	-	19,203
Total deferred inflows of resources	\$ 581,232	102,164	\$ 683,396	\$ -	\$ 19,203
Net position					
Net investment in capital assets	5,138,847	754,981	5,893,828	220,233	110,713
Restricted net position					
Restricted for debt service	85,186	529,511	614,697	75,249	367
Restricted for renewal and replacement	-	10,006	10,006	-	-
Restricted for maintenance and operations	-	166,719	166,719	3,076	-
Restricted for others' capital improvement	-	57,895	57,895	-	-
Restricted for capital improvement	212,548	651,664	864,212	47,930	-
Other restricted	69,804	-	69,804	103,884	73,599
Unrestricted (deficit)	(6,504,244)	(200,570)	(6,704,814)	(397,548)	174,587
Total net position (deficit)	\$ (997,859)	1,970,206	\$ 972,347	\$ 52,824	\$ 359,266

* 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, 2019
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	412,427	58,537	129,634	-
Public safety	2,034,121	152,061	60,725	1,044
Public works	402,857	232,423	112,790	205,849
Health	164,550	20,614	96,545	-
Housing and community development	91,997	-	85,040	-
Parks and recreation	107,788	7,483	3,933	10,387
Library	50,007	2,035	90	-
Interest on long-term debt	165,573	-	-	-
Unallocated Depreciation	156,412	-	-	-
Total governmental activities	<u>3,585,732</u>	<u>473,153</u>	<u>488,757</u>	<u>217,280</u>
Business-type activities				
Airport System	596,069	627,058	-	16,599
Convention & Entertainment facilities	96,486	10,655	-	-
Combined Utility System	1,042,141	1,042,442	26,731	12,330
Total business-type activities	<u>1,734,696</u>	<u>1,680,155</u>	<u>26,731</u>	<u>28,929</u>
Total primary government	<u><u>5,320,428</u></u>	<u><u>2,153,308</u></u>	<u><u>515,488</u></u>	<u><u>246,209</u></u>
Component Units				
Governmental	331,496	75,967	33,504	11,890
Business-type	267,995	170,838	154,514	-
Total component units activities	<u><u>599,491</u></u>	<u><u>246,805</u></u>	<u><u>188,018</u></u>	<u><u>11,890</u></u>

General Revenues:

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
Bingo tax
Hotel occupancy tax
Insurance proceeds
Investment earnings
Other
Gain (loss) on disposal of asset
Contributions
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Cumulative effect of prior period adjustment
Beginning net position, July 1
Net position ending

(Continued)

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Governmental	Business-type
(224,256)	-	(224,256)	\$ -	\$ -
(1,820,291)	-	(1,820,291)	-	-
148,205	-	148,205	-	-
(47,391)	-	(47,391)	-	-
(6,957)	-	(6,957)	-	-
(85,985)	-	(85,985)	-	-
(47,882)	-	(47,882)	-	-
(165,573)	-	(165,573)	-	-
(156,412)	-	(156,412)	-	-
<u>(2,406,542)</u>	<u>-</u>	<u>(2,406,542)</u>	<u>-</u>	<u>-</u>
-	47,588	47,588	-	-
-	(85,831)	(85,831)	-	-
-	39,362	39,362	-	-
<u>-</u>	<u>1,119</u>	<u>1,119</u>	<u>-</u>	<u>-</u>
<u>(2,406,542)</u>	<u>1,119</u>	<u>(2,405,423)</u>	<u>-</u>	<u>-</u>
-	-	-	(210,135)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,357</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(210,135)</u>	<u>57,357</u>
853,898	-	853,898	185,359	750
342,051	-	342,051	-	-
19,755	-	19,755	-	-
692,271	-	692,271	-	-
182,870	-	182,870	-	-
18,026	-	18,026	-	-
222	-	222	-	-
17,180	68,898	86,078	5,310	-
2,061	-	2,061	-	-
47,825	113,797	161,622	6,302	1,688
79,349	65,043	144,392	2,353	4,494
12,904	(5,664)	7,240	-	-
(4,165)	-	(4,165)	-	-
59,280	(59,280)	-	-	-
<u>2,323,527</u>	<u>182,794</u>	<u>2,506,321</u>	<u>199,324</u>	<u>6,932</u>
(83,015)	183,913	100,898	(10,811)	64,289
(914,844)	1,706,865	792,021	63,635	294,977
-	79,429	79,429	-	-
<u>(914,844)</u>	<u>1,786,294</u>	<u>871,450</u>	<u>63,635</u>	<u>294,977</u>
<u>(997,859)</u>	<u>1,970,207</u>	<u>972,348</u>	<u>\$ 52,824</u>	<u>\$ 359,266</u>

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

CITY OF HOUSTON, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019
(amounts expressed in thousands)

	General	Debt Service	Capital Projects
Assets			
Cash and cash equivalents	\$ 154,560	\$ 27,016	\$ 59,827
Investments	165,064	104,335	202,842
Receivables, net of allowances			
Accounts receivable	125,668	-	1
Contracts receivable	-	-	-
Property taxes receivable	28,544	-	-
Sales taxes receivable	119,710	-	-
Mixed beverage taxes receivable	4,751	-	-
Franchise taxes receivable	16,296	-	-
Special assessments receivable	7,991	-	-
Due from other funds	44,213	550	13,758
Due from other governments	1,642	-	37,965
Inventory	17,808	-	-
Prepaid items	2,579	-	229
Notes receivable	-	-	-
Total assets	\$ 688,826	\$ 131,901	\$ 314,622
Liabilities and fund balance			
Liabilities			
Accounts payable	84,874	68	52,713
Accrued payroll liabilities	61,877	-	-
Due to other funds	22,138	-	13,251
Due to other governments	4,257	-	-
Advances and deposits	4,160	-	-
Claims and judgments	2,061	-	-
Compensated absences	7,054	-	-
Unearned revenue	-	-	111,934
Total liabilities	186,421	68	177,898
Deferred inflows of resources			
Deferred inflow of resources	113,808	-	-
Total deferred inflows of resources	113,808	-	-
Fund balance			
Non-Spendable			
Prepays	2,579	-	229
Inventory	17,808	-	-
Notes receivable	-	-	-
Committed	17,942	-	-
Restricted	1,092	131,833	64,673
Assigned	-	-	71,822
Unassigned	349,176	-	-
Total fund balance	388,597	131,833	136,724
Total liabilities and fund balance	\$ 688,826	\$ 131,901	\$ 314,622

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

Revenues earned but not available are not recognized as revenues on the fund financial statements. Deferred inflows and outflows related to pension and debt are not recognized on the fund financial statements.

Internal service funds are used by management to charge the cost of health benefits and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.

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

Net position of governmental activities

(Continued)

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

		Nonmajor Governmental			
Grants		Funds		Total	
\$	34,716	\$	41,650	\$	317,769
	115,763		255,717		843,721
	48,089		54,301		228,059
	-		-		-
	-		-		28,544
	-		-		119,710
	-		-		4,751
	-		-		16,296
	-		-		7,991
	9,839		16,331		84,691
	53,010		19,435		112,052
	524		1,906		20,238
	575		50		3,433
	12,500		-		12,500
<u>\$</u>	<u>275,016</u>	<u>\$</u>	<u>389,390</u>	<u>\$</u>	<u>1,799,755</u>

	27,622		18,099		183,376
	2,448		5,684		70,009
	19,393		19,750		74,532
	6,009		934		11,200
	3,007		3,887		11,054
	-		-		2,061
	-		56		7,110
	126,607		-		238,541
<u></u>	<u>185,086</u>	<u></u>	<u>48,410</u>	<u></u>	<u>597,883</u>

<u></u>	<u>-</u>	<u></u>	<u>70,581</u>	<u></u>	<u>184,389</u>
<u></u>	<u>-</u>	<u></u>	<u>70,581</u>	<u></u>	<u>184,389</u>

	575		50		3,433
	524		1,906		20,238
	12,500		-		12,500
	-		77,580		95,522
	76,331		190,863		464,792
	-		-		71,822
	-		-		349,176
<u></u>	<u>89,930</u>	<u></u>	<u>270,399</u>	<u></u>	<u>1,017,483</u>
<u>\$</u>	<u>275,016</u>	<u>\$</u>	<u>389,390</u>		

7,553,367
184,389
262,682

33,581

(10,049,361)

(997,859)

* 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, 2019

(amounts expressed in thousands)

	General	Debt Service	Capital Projects
Revenues			
Taxes and assessments	\$ 2,120,114	\$ -	\$ -
Licenses and permits	36,192	-	-
Charges for services	154,381	-	-
Intergovernmental - grants	60,426	-	48,810
Fines and forfeits	25,635	-	-
Investment income	16,571	4,478	7,552
Other	25,404	2,913	9,110
Total revenues	<u>2,438,723</u>	<u>7,391</u>	<u>65,472</u>
Expenditures			
Current Expenditures			
General government	281,700	-	-
Public safety	1,430,600	-	-
Public works	213,356	-	-
Health	58,516	-	-
Housing and community development	612	-	-
Parks and recreation	75,203	-	-
Library	39,780	-	-
Retiree benefits	11,123	-	-
Capital outlay	30,999	-	266,396
Debt Service			
Debt service principal	-	216,600	-
Debt service interest	3,818	173,669	-
Debt service fiscal agent & fees	-	3,774	-
Total expenditures	<u>2,145,707</u>	<u>394,043</u>	<u>266,396</u>
Other financing sources (uses)			
Proceeds from issuance of debt	28,500	1,065	109,500
Sale of capital assets	26,763	-	-
Transfers in	76,206	384,717	124,908
Transfers out	(430,363)	-	(91)
Contributions out	-	-	-
Insurance proceeds	-	-	-
Total other financing sources (uses)	<u>(298,894)</u>	<u>385,782</u>	<u>234,317</u>
Changes in fund balance	(5,878)	(870)	33,393
Fund balances, July 1	394,475	132,703	103,331
Fund balances, June 30	<u><u>\$ 388,597</u></u>	<u><u>\$ 131,833</u></u>	<u><u>\$ 136,724</u></u>

(Continued)

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

Grants	Nonmajor Governmental Funds	Total
\$ -	\$ 453	\$ 2,120,567
-	87,063	123,255
-	157,206	311,587
334,391	93,775	537,402
-	10,772	36,407
6,930	9,477	45,008
-	41,609	79,036
<u>341,321</u>	<u>400,355</u>	<u>3,253,262</u>
34,673	39,092	355,465
22,606	49,128	1,502,334
34,999	134,663	383,018
63,002	33,366	154,884
89,557	229	90,398
1,798	7,538	84,539
59	-	39,839
-	-	11,123
16,707	43,318	357,420
3,164	-	219,764
317	-	177,804
-	766	4,540
<u>266,882</u>	<u>308,100</u>	<u>3,381,128</u>
-	-	139,065
3,263	35	30,061
5,118	63,445	654,394
(3,152)	(161,508)	(595,114)
-	(4,165)	(4,165)
2,061	-	2,061
<u>7,290</u>	<u>(102,193)</u>	<u>226,302</u>
81,729	(9,938)	98,436
8,201	280,337	919,047
<u>\$ 89,930</u>	<u>\$ 270,399</u>	<u>\$ 1,017,483</u>

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

CITY OF HOUSTON, TEXAS

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)**

Net change in fund balances - total governmental funds	\$	98,436
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation (\$277,221) and net disposal of assets (\$17,157) was less than the increase in capital assets (\$518,853) in the current period. For capital outlay, the Statement of Revenues, Expenditures and Changes in Fund Balance is \$357,420. Capital assets of \$19,840 are recorded in functional expenses in general government.</p>		224,317
<p>Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.</p>		184,389
<p>Generally, governmental funds report revenue when cash is actually received , or is expected 60 days after the close of the fiscal year. Cash received during the period relates to prior periods.</p>		(176,302)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report, as expenditures, the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		94,653
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Governmental funds report payments as expenditures in the period of disbursement. The liquidation of long-term liabilities previously accrued should not be reported in the statement of activities.</p>		(515,343)
<p>Internal service funds are used by management to charge the costs of certain activities, such as the cost of health benefits, to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.</p>		6,835
Change in net position of governmental activities	\$	(83,015)

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

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2019
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Assets			
Current Assets			
Cash and cash equivalents	\$ 144,076	\$ 8,097	\$ 168,595
Investments	290,965	51,014	1,557,211
Receivables, net of allowances			
Accounts receivable	30,758	62	171,172
Hotel occupancy tax receivable	-	22,785	-
Special assessments receivable	-	-	93
Due from component units	-	64,138	-
Due from other funds	486	-	5,467
Due from other governments	18,392	-	7,242
Inventory	1,739	-	13,289
Prepaid items	4,882	-	5,088
Restricted assets			
Cash and cash equivalents	5,593	189	28
Restricted accounts receivable	1,494	-	-
Total current assets	498,385	146,285	1,928,185
Noncurrent Assets			
Investments	971,015	36,120	119,324
Due from component units	-	340,013	-
Prepaid items	195	-	3,155
Due from other governments	-	-	985,583
Amounts held by other governments	-	-	11,270
Other interfund receivable	-	-	22,033
Restricted assets			
Cash and cash equivalents	45,030	-	-
Total noncurrent restricted assets	1,016,240	376,133	1,141,365
Capital assets			
Land	216,100	95,687	160,405
Buildings	3,066,213	577,527	154,284
Improvements and equipment	1,897,017	8,632	181,581
Infrastructure	569,516	334	10,990,194
Construction in progress	206,687	-	847,450
Intangibles	17,471	-	-
Water rights	-	-	846,513
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(3,207,696)	(310,775)	(5,913,628)
Net capital assets	2,765,308	384,549	7,266,799
Total noncurrent assets	3,781,548	760,682	8,408,164
Total assets	4,279,933	906,967	10,336,349
Deferred outflows of resources			
Deferred outflows	37,388	850	403,227
Total deferred outflows of resources	\$ 37,388	\$ 850	\$ 403,227

(Continued)

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

<u>Business-type Activities-Enterprise</u>		<u>Governmental Activities Internal Service Funds</u>	
<u>Total</u>			
\$	320,768	\$	7,799
	1,899,190		86,607
	201,992		4
	22,785		-
	93		-
	64,138		-
	5,953		629
	25,634		10
	15,028		-
	9,970		-
	5,810		-
	1,494		-
	<u>2,572,855</u>		<u>95,049</u>
	1,126,459		-
	340,013		-
	3,350		-
	985,583		-
	11,270		-
	22,033		-
	45,030		-
	<u>2,533,738</u>		<u>-</u>
	472,192		-
	3,798,024		957
	2,087,230		-
	11,560,044		-
	1,054,137		-
	17,471		-
	846,513		-
	13,144		-
	<u>(9,432,099)</u>		<u>(555)</u>
	<u>10,416,656</u>		<u>402</u>
	<u>12,950,394</u>		<u>402</u>
	<u>15,523,249</u>		<u>95,451</u>
	441,465		-
\$	<u>441,465</u>	\$	<u>-</u>

(Continued)

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

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2019
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Liabilities			
Current Liabilities			
Accounts payable	\$ 15,575	\$ 628	\$ 175,671
Accrued payroll liabilities	3,166	-	5,699
Accrued interest payable	49,339	5,796	77,098
Commercial paper	-	-	185,000
Contracts and retainages payable	46,518	-	-
Due to other funds	247	-	10,238
Due to component units	-	26,288	3,481
Due to other governments	571	-	1,516
Special facility bonds payable	5,960	-	-
Advances and deposits	2,439	-	45,538
Contracts payable - current maturities	-	-	19,099
Cost of issuance payable	-	79	1,310
Claims and judgments	904	-	582
Compensated absences	6,120	-	10,811
Arbitrage rebate	-	88	169
Pension obligation bonds payable	-	90	1,547
Other liabilities	1,132	-	-
Other interfund liabilities	-	-	1,002
Revenue bonds payable	80,110	56,752	207,110
Unearned revenue	4,347	-	-
Total current liabilities	216,428	89,721	745,871
Noncurrent liabilities			
Revenue bonds payable	2,034,592	665,583	6,402,374
Special facility bonds payable	74,425	-	-
Claims and judgments	902	-	1,150
Compensated absences	6,489	-	8,547
Contracts payable	-	-	891,276
Other interfund liabilities	-	-	21,031
Commercial paper	48,473	-	-
Arbitrage rebate liability	-	9	3,620
Municipal pension trust liability	229,757	6,086	352,878
Other post employment benefits	73,872	2,365	150,851
SWAP liability	-	-	223,339
Unearned revenue	-	6,317	1,542,440
Pension obligation bonds payable	2,006	3,379	95,429
Total noncurrent liabilities	2,470,516	683,739	9,692,935
Total liabilities	2,686,944	773,460	10,438,806
Deferred inflows of resources			
Deferred inflows	32,121	8,218	61,825
Total deferred inflows of resources	32,121	8,218	61,825
Net position (deficit)			
Net investment in capital assets	542,125	52,693	160,163
Restricted net position			
Restricted for debt service	428,856	36,309	64,346
Restricted for renewal and replacement	10,000	6	-
Restricted for maintenance and operations	60,525	17,707	81,621
Restricted for others' capital improvement	43,442	-	14,453
Restricted for capital improvements	651,664	-	-
Unrestricted	(138,356)	19,424	(81,638)
Total net position (deficit)	\$ 1,598,256	\$ 126,139	\$ 238,945

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

(Continued)

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

<u>Business-type Activities-Enterprise</u>		<u>Governmental Activities Internal Service Funds</u>	
<u>Total</u>			
\$	191,874	\$	337
	8,865		138
	132,233		-
	185,000		-
	46,518		-
	10,485		6,257
	29,769		-
	2,087		-
	5,960		-
	47,977		-
	19,099		-
	1,389		-
	1,486		22,954
	16,931		250
	257		-
	1,637		-
	1,132		-
	1,002		-
	343,972		-
	4,347		3,178
	<u>1,052,020</u>		<u>33,114</u>
	9,102,549		-
	74,425		-
	2,052		21,720
	15,036		170
	891,276		-
	21,031		-
	48,473		-
	3,629		-
	588,721		-
	227,088		-
	223,339		-
	1,548,757		-
	100,814		-
	<u>12,847,190</u>		<u>21,890</u>
	<u>13,899,210</u>		<u>55,004</u>
	102,164		-
	<u>102,164</u>		<u>-</u>
	754,981		402
	529,511		-
	10,006		-
	159,853		-
	57,895		-
	651,664		-
	(200,570)		40,045
	<u>1,963,340</u>		<u>\$ 40,447</u>
	6,866		
\$	<u>1,970,206</u>		

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

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Operating Revenues			
Landing area fees	\$ 87,767	\$ -	\$ -
Terminal space rentals	211,323	-	-
Parking	110,136	9,206	-
Concession	83,115	-	-
Other	6,123	-	-
Rental	-	1,449	-
Water/Sewer Billing	-	-	1,042,442
Health benefit premiums	-	-	-
Total operating revenue	<u>498,464</u>	<u>10,655</u>	<u>1,042,442</u>
Operating Expenses			
Administrative costs	-	-	-
Claims Costs	-	-	-
Maintenance and operating	337,477	53,235	516,504
Depreciation and amortization	174,266	13,508	257,430
Total operating expenses	<u>511,743</u>	<u>66,743</u>	<u>773,934</u>
Operating income (loss)	<u>(13,279)</u>	<u>(56,088)</u>	<u>268,508</u>
Nonoperating revenues (expenses)			
Investment income	45,067	13,560	55,170
Hotel occupancy tax	-	68,898	-
Other revenue	221	2,082	62,740
Gain (loss) on disposal of assets	119	-	(5,783)
Cost of issuance	(2,960)	(1,330)	(5,455)
Passenger facility charges	111,155	-	-
Interest expense on long-term debt	(81,575)	(28,417)	(263,253)
Contributions	-	-	26,731
Customer facility charges	17,439	-	-
Special facility cost	(43)	-	-
Total nonoperating revenues (expenses)	<u>89,423</u>	<u>54,793</u>	<u>(129,850)</u>
Income (loss) before capital contributions and transfers	<u>76,144</u>	<u>(1,295)</u>	<u>138,658</u>
Capital contributions	16,599	-	12,330
Transfers in	-	-	72
Transfers out	-	(1,449)	(57,903)
Total transfers	<u>-</u>	<u>(1,449)</u>	<u>(57,831)</u>
Change in net position	92,743	(2,744)	93,157
Beginning Net Position as previously reported	1,505,513	128,883	66,359
Cumulative effect of prior period adjustment	-	-	79,429
Total net position (deficit), July 1,	<u>1,505,513</u>	<u>128,883</u>	<u>145,788</u>
Total net position (deficit), June 30	<u>\$ 1,598,256</u>	<u>\$ 126,139</u>	<u>\$ 238,945</u>

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

Total change in net position business-type activities

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	
\$ 87,767	\$ -
211,323	-
119,342	-
83,115	-
6,123	994
1,449	-
1,042,442	-
-	390,996
<u>1,551,561</u>	<u>391,990</u>
-	6,609
-	380,553
907,216	-
445,204	54
<u>1,352,420</u>	<u>387,216</u>
<u>199,141</u>	<u>4,774</u>
113,797	2,817
68,898	-
65,043	-
(5,664)	-
(9,745)	-
111,155	-
(373,245)	-
26,731	-
17,439	-
(43)	-
<u>14,366</u>	<u>2,817</u>
<u>213,507</u>	<u>7,591</u>
<u>28,929</u>	<u>-</u>
72	-
(59,352)	-
<u>(59,280)</u>	<u>-</u>
183,156	7,591
1,700,755	-
79,429	-
	32,856
	<u>\$ 40,447</u>
<u>756</u>	
<u>\$ 183,912</u>	

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

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from operating activities			
Receipts from customers	\$ 511,854	\$ 9,206	\$ 1,010,612
Payments to employees	(103,091)	(261)	(182,931)
Payments to suppliers	(145,518)	487	(235,016)
Internal activity-payments (to) from other funds	(71,263)	2	(42,655)
Claims paid	(904)	-	(1,595)
Due to(from) other governments	-	-	-
Other receipts (payments)	221	1,792	62,859
Other payments	-	(71,527)	-
Receipts from component units	-	1,449	-
Receipts from other governments	-	-	72
Net cash provided by (used in) operating activities	<u>191,299</u>	<u>(58,852)</u>	<u>611,346</u>
Cash flows from investing activities			
Interest income on investments	1,754,930	13,560	55,170
Purchases of investments	(1,832,687)	(105,438)	(2,422,798)
Sales of investments	45,067	99,023	2,126,403
Net cash provided by (used in) investing activities	<u>(32,690)</u>	<u>7,145</u>	<u>(241,225)</u>
Cash flows from capital and related financing activities			
Retirement of revenue bonds	(719,586)	(31,779)	(213,810)
Retirement of special facility bonds	(5,715)	-	-
Refunding of revenue bonds	-	(70,150)	(586,600)
Retirement of commercial paper	-	-	(220,000)
Proceeds (uses of cash) from issuance of revenue bonds	653,881	122,975	884,026
Proceeds from issuance of commercial paper	27,000	-	185,000
Passenger facilities charges	110,892	-	-
Customer facilities charges	17,388	-	-
Proceeds from contracts payable	-	-	170,265
Interest expense on debt	(97,352)	(5,185)	(270,248)
Proceeds from disposition of assets	-	-	338
Grant receipts	19,377	-	-
Retirement of contracts payable	-	-	(8,792)
Acquisition of property, plant and equipment	(116,566)	-	(431,535)
Due from other governments	-	-	181,515
Cost of issuance on debt	(3,140)	(1,700)	(5,408)
Net cash provided by (used in) capital and related financing activities	<u>(113,821)</u>	<u>14,161</u>	<u>(315,249)</u>

(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			
\$	1,531,672	\$	390,999
	(286,283)		(4,401)
	(380,047)		(2,182)
	(113,916)		(591)
	(2,499)		(382,678)
	-		14
	64,872		995
	(71,527)		-
	1,449		-
	72		-
	<u>743,793</u>		<u>2,156</u>
	1,823,660		(7,087)
	(4,360,923)		-
	<u>2,270,493</u>		<u>-</u>
	<u>(266,770)</u>		<u>(7,087)</u>
	(965,175)		-
	(5,715)		-
	(656,750)		-
	(220,000)		-
	1,660,882		-
	212,000		-
	110,892		-
	17,388		-
	170,265		-
	(372,785)		-
	338		-
	19,377		-
	(8,792)		-
	(548,101)		(211)
	181,515		-
	(10,248)		-
	<u>(414,909)</u>		<u>(211)</u>

(Continued)

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

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2019
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds		
	Airport System	Convention & Entertainment	Combined Utility
Cash flows from noncapital financing activities			
Interest expense on pension obligation bonds	(715)	(221)	(5,132)
Retirement of Pension bonds	-	(80)	(1,405)
Payments from component unit	-	(46,002)	-
Hotel occupancy tax revenue	-	86,125	-
Proceeds from pension bonds	(27,610)	-	-
Transfers to debt service fund	-	-	(7,775)
Transfers to other funds	-	-	(50,128)
Net cash provided by (used in) noncapital financing activities	<u>(28,325)</u>	<u>39,822</u>	<u>(64,440)</u>
Net increase (decrease) in cash and cash equivalents	16,463	2,276	(9,568)
Cash and cash equivalents, July 1	178,236	6,010	178,191
Cash and cash equivalents, June 30	<u>\$ 194,699</u>	<u>\$ 8,286</u>	<u>\$ 168,623</u>
Cash and cash equivalents			
Pooled cash and cash equivalents (Note 3A)	\$ 144,076	\$ 8,097	\$ 168,595
Non-pooled cash and cash equivalents (Note 3A)	50,623	189	28
Total cash and cash equivalents, June 30	<u>\$ 194,699</u>	<u>\$ 8,286</u>	<u>\$ 168,623</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (13,279)	\$ (73,320)	\$ 268,509
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation and amortization	174,266	13,508	257,430
Other post employment benefits	36	52	69
Other revenues (expenses)	221	2,084	62,931
Terminal space revenue bond	-	(1,449)	-
Capital improvement plan expense	11,541	-	-
Changes in assets and liabilities			
Accounts receivable	19,619	-	(30,978)
Due from other funds	(210)	2	(2,495)
Inventory and prepaid insurance	(246)	-	1,107
Accounts payable	(1,199)	586	23,536
Accrued payroll liabilities	140	(8)	278
Due to other funds	(147)	-	(667)
Construction and retainages payable	-	-	-
Advances and deposits	(6,227)	-	(4,588)
Due from other governments	-	-	5,018
Claims and judgments-workers' compensation	(470)	-	(327)
Compensated absences	(450)	(35)	(265)
Other current liabilities	(8,868)	-	-
Pension obligation payable	16,572	19	33,375
Deferred revenue	-	(291)	-
Net cash provided by (used in) operating activities	<u>\$ 191,299</u>	<u>\$ (58,852)</u>	<u>\$ 611,346</u>
Non cash transactions			
Receivable from component unit	\$ -	\$ (52,825)	\$ -
Addition of HOT and Special Revenue Bond Series	-	122,975	-
Refunding of HOT And Special Revenue Bond Series	-	(70,150)	-
Bond amortization expense	14,868	-	-
Grants included in receivables	(4,198)	-	-
Unrealized gain on investments	-	1,191	-
Capital additions included in liabilities	10,927	-	-
Donated capital	-	-	(12,081)
Capitalized interest expense	7,500	-	14,234
CAB accretion interest	-	-	9,461
Gain (loss) on disposal of assets	220	-	5,783
Total non cash transactions	<u>\$ 29,317</u>	<u>\$ 1,191</u>	<u>\$ 17,397</u>

(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	
(6,068)	-
(1,485)	-
(46,002)	-
86,125	-
(27,610)	-
(7,775)	-
<u>(50,128)</u>	<u>-</u>
<u>(52,943)</u>	<u>-</u>
9,171	(5,142)
<u>362,437</u>	<u>11,323</u>
<u>\$ 371,608</u>	<u>\$ 6,181</u>
\$ 320,768	\$ 6,181
50,840	-
<u>\$ 371,608</u>	<u>\$ 6,181</u>
\$ 181,910	\$ 4,775
445,204	54
157	-
65,236	-
(1,449)	-
11,541	-
(11,359)	3
(2,703)	(629)
861	-
22,923	(204)
410	9
(814)	171
-	-
(10,815)	-
5,018	14
(797)	(2,085)
(750)	-
(8,868)	-
49,966	-
(291)	48
<u>\$ 743,793</u>	<u>\$ 2,156</u>
\$ (52,825)	\$ -
122,975	-
(70,150)	-
14,868	-
(4,198)	-
1,191	-
10,927	-
(12,081)	-
21,734	-
9,461	-
6,003	-
<u>\$ 47,905</u>	<u>\$ -</u>

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

CITY OF HOUSTON, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2019
(amounts expressed in thousands)

	Pension Trust Funds	Private Trust Funds	Agency Funds
Assets			
Cash and cash equivalents	\$ 37,501	\$ 234	\$ 22,419
Investments			
Investments held by trust	-	5,621	-
U.S. government and agency securities	100,319	-	-
Corporate bonds	198,302	-	-
Other fixed income securities	2,141,465	-	-
Commingled equity funds	646,384	-	-
Common and preferred stock	4,520,877	-	-
Real estate, partnerships and alternatives	4,288,709	-	-
Short-term investment funds	1,037,915	-	146,532
Invested securities lending collateral	181,284	-	-
Receivables, net of allowances			
Accounts receivable	5,064	-	8,766
Contributions	20,444	-	-
Accrued interest and other	13,882	-	-
Other	73,530	-	-
Other Assets	6,911	-	-
Land	483	-	-
Building	4,029	-	-
Total assets	<u>13,277,099</u>	<u>5,855</u>	<u>177,717</u>
Liabilities			
Accounts payable	77,204	-	177,586
Advances and deposits	-	-	131
Security lending collateral	181,284	-	-
Foreign funds contracts payable	1,089	-	-
Other liabilities	4,184	-	-
Total liabilities	<u>263,761</u>	<u>-</u>	<u>\$ 177,717</u>
Net position	<u>\$ 13,013,338</u>	<u>\$ 5,855</u>	<u>-</u>

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

CITY OF HOUSTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2019
(amounts expressed in thousands)

	Pension Trust	Private Purpose Trust
Additions		
Contributions:		
City of Houston	\$ 408,587	\$ -
Plan members	113,714	-
Private donations	-	1,566
Total Contributions	522,301	1,566
Investment earnings		
Interest and dividends	157,964	-
Net increase in the fair value of investments	634,254	-
Total investment income	792,218	-
Less investment expense	(29,122)	-
Net investment income	763,096	124
Total additions	1,285,397	1,690
Deductions		
Benefits	897,523	-
Refund of contributions	5,208	-
Administrative expense	15,160	-
Total deductions	917,891	-
Change in net position	367,506	-
Total net position restricted, July 1	12,645,832	4,165
Total net position restricted, June 30	\$13,013,338	\$ 5,855

* 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, 2019
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	\$ 18,312	\$ 1,124	\$ 8,900	230	\$ 3,831
Equity in pooled cash and investments	2,947	-	-	45,283	11,285
Receivables, net of allowances					
Accounts receivable	-	24	5,174	393	-
Property taxes receivable, net	11,252	-	-	2,960	15,116
Special assessments receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from primary government	-	565	-	-	-
Due from other governments	-	-	-	-	-
Prepaid items	-	184	-	526	-
Restricted assets					
Investments	-	-	-	-	-
Other receivables	-	474	-	-	-
Total current assets	<u>32,511</u>	<u>2,371</u>	<u>14,074</u>	<u>49,392</u>	<u>30,232</u>
Noncurrent Assets					
Restricted assets					
Investments	-	-	-	-	-
Deferred charges for issuance cost	-	-	-	-	-
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other assets, net of depreciation					
Other long-term receivables	-	-	-	-	-
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets					
Land	5,506	-	-	-	9,186
Buildings, improvements and equipment	8,233	37,465	-	-	-
Construction in progress	20,419	189	-	-	-
Less accumulated depreciation and amortization	<u>(4,125)</u>	<u>(2,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets	<u>30,033</u>	<u>35,319</u>	<u>-</u>	<u>-</u>	<u>9,186</u>
Total assets	<u>62,544</u>	<u>37,690</u>	<u>14,074</u>	<u>49,392</u>	<u>39,418</u>
Deferred outflows of resources\					
Deferred outflows of resources	-	-	-	-	-
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Liabilities					
Current Liabilities					
Accounts payable	5,039	1,140	275	6,256	2,616
Accrued payroll liabilities	-	-	-	-	-
Accrued interest payable	305	-	-	735	304
Contracts and retainages payable	1,314	-	67	-	388
Notes payable	-	-	-	-	-
Due to other governments	-	-	-	-	14,681
Advances and deposits	-	-	-	-	-
Other liabilities	-	259	-	-	-
Deferred Revenue	-	-	-	-	-
Current liabilities payable from restricted assets					
Bonds payable	1,735	-	-	2,100	3,345
Construction billings and retainages	-	-	-	-	-
Total current liabilities	<u>8,393</u>	<u>1,399</u>	<u>342</u>	<u>9,091</u>	<u>21,334</u>
Noncurrent liabilities					
Due to primary government	-	-	-	-	-
Notes payable	-	-	22,963	-	147
Bonds payable	20,422	-	-	52,228	27,150
Due to the City of Houston	-	-	-	-	-
Compensated absences	-	994	-	-	-
Other long-term liabilities	-	31,660	-	-	-
Total Noncurrent liabilities	<u>20,422</u>	<u>32,654</u>	<u>22,963</u>	<u>52,228</u>	<u>27,297</u>
Total liabilities	<u>28,815</u>	<u>34,053</u>	<u>23,305</u>	<u>61,319</u>	<u>48,631</u>
Net position					
Net investment in capital assets	20,526	3,400	-	-	9,039
Restricted net position					
Restricted for debt service	5,519	-	-	8,654	3,899
Restricted for maintenance and operations	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-
Other restricted	-	-	-	-	-
Unrestricted (deficit)	<u>7,684</u>	<u>237</u>	<u>(9,231)</u>	<u>(20,581)</u>	<u>(22,151)</u>
Total net position (deficit)	<u>\$ 33,729</u>	<u>\$ 3,637</u>	<u>\$ (9,231)</u>	<u>\$ (11,927)</u>	<u>\$ (9,213)</u>

(Continued)

	Midtown Redevelopment Authority	OST/Alameda Corridors Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
\$	12,326	\$ 72	\$ 3,486	\$ 196	\$ 45,871	\$ 34,481	\$ 128,829
	23,666	21,486	7,450	11,096	21,700	73,426	218,339
	-	-	-	13,837	251	23,449	43,128
	11,001	858	-	-	-	13,496	54,683
	-	-	-	-	-	26	26
	-	-	-	-	-	-	-
	-	-	8,353	-	-	3,772	12,690
	-	157	-	-	18,503	258	18,918
	-	-	265	-	-	1,152	2,127
	-	-	-	-	-	4,089	4,089
	902	-	-	-	-	481	1,857
	<u>47,895</u>	<u>22,573</u>	<u>19,554</u>	<u>25,129</u>	<u>86,325</u>	<u>154,630</u>	<u>484,686</u>
	-	-	-	-	-	1,082	1,082
	-	-	-	-	-	-	-
	-	-	-	-	-	1,082	1,082
	<u>49,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,060</u>
	<u>49,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>49,060</u>
	12,946	3,154	3,873	13,509	9,081	78,577	135,832
	51,848	35	-	-	6,015	6,563	110,159
	4,805	-	-	-	-	32,935	58,348
	(7,399)	(34)	-	-	(5,076)	(4,437)	(23,406)
	<u>62,200</u>	<u>3,155</u>	<u>3,873</u>	<u>13,509</u>	<u>10,020</u>	<u>113,638</u>	<u>280,933</u>
	<u>159,155</u>	<u>25,728</u>	<u>23,427</u>	<u>38,638</u>	<u>96,345</u>	<u>269,350</u>	<u>815,761</u>
	-	-	212	-	2,646	-	2,858
\$	<u>-</u>	<u>-</u>	<u>212</u>	<u>-</u>	<u>2,646</u>	<u>-</u>	<u>2,858</u>
	3,077	52	3,673	3,827	16,647	9,771	52,373
	-	-	-	-	-	141	141
	2,125	265	590	91	2,540	326	7,281
	941	-	-	554	-	1,962	5,226
	1,548	-	-	3,000	810	1,655	7,013
	-	-	-	-	14,333	685	29,699
	-	-	-	33	-	-	33
	-	-	-	-	-	6,902	7,161
	-	-	-	-	-	1,719	1,719
	3,410	1,500	1,455	-	12,150	-	25,695
	-	1,443	-	-	-	-	1,443
	<u>11,101</u>	<u>3,260</u>	<u>5,718</u>	<u>7,505</u>	<u>46,480</u>	<u>23,161</u>	<u>137,784</u>
	-	-	-	-	-	-	-
	9,031	-	-	36,000	7,799	41,866	117,806
	89,467	15,113	46,371	-	206,047	20,116	476,914
	-	-	-	-	-	633	633
	-	-	-	-	-	-	994
	-	-	-	-	-	4	31,664
	<u>98,498</u>	<u>15,113</u>	<u>46,371</u>	<u>36,000</u>	<u>213,846</u>	<u>62,619</u>	<u>628,011</u>
	<u>109,599</u>	<u>18,373</u>	<u>52,089</u>	<u>43,505</u>	<u>260,326</u>	<u>85,780</u>	<u>765,795</u>
	46,193	3,155	3,873	13,509	10,020	110,518	220,233
	15,535	4,755	1,538	3,717	31,779	(147)	75,249
	-	-	-	-	-	3,076	3,076
	7,000	-	4,618	451	21,026	14,835	47,930
	57,778	-	-	-	-	46,106	103,884
	(76,950)	(555)	(38,479)	(22,544)	(224,160)	9,182	(397,548)
\$	<u>49,556</u>	<u>7,355</u>	<u>(28,450)</u>	<u>(4,867)</u>	<u>(161,335)</u>	<u>183,570</u>	<u>52,824</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2019
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Greater Greenspoint Redevelopment Authority	Houston Forensic Science LGC	Lake Houston Redevelopment Authority
Component Units							
Greater Greenspoint Redevelopment Authority	5,458	-	-	-	(5,458)	-	-
Houston Forensic Science LGC, Inc.	27,925	25,620	936	-	-	(1,369)	-
Lake Houston Redevelopment Authority	22,861	-	6,000	-	-	-	(16,861)
Main Street Market Square Redevelopment Authority	15,875	-	-	-	-	-	-
Memorial City Redevelopment Authority	29,994	-	-	76	-	-	-
Midtown Redevelopment Authority	17,571	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	8,297	-	129	-	-	-	-
Southwest Houston Redevelopment Authority	6,613	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	9,281	1,232	3,375	-	-	-	-
Uptown Development Authority	103,302	23,799	-	-	-	-	-
Nonmajor component units	84,319	25,316	23,064	11,814	-	-	-
Total component units	<u>331,496</u>	<u>75,967</u>	<u>33,504</u>	<u>11,890</u>	<u>(5,458)</u>	<u>(1,369)</u>	<u>(16,861)</u>
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increments					11,252	-	17,010
Hotel occupancy tax					-	-	-
Unrestricted investment earnings (loss)					-	-	77
Other					534	(52)	-
Total general revenues and transfers					<u>11,786</u>	<u>(52)</u>	<u>17,087</u>
Change in net position					6,328	(1,421)	226
Net Position (deficit) beginning					27,401	5,058	(9,457)
Net Position (deficit) ending					<u>\$ 33,729</u>	<u>\$ 3,637</u>	<u>\$ (9,231)</u>

Net (Expense) Revenue and Change in Net Position

Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority	Midtown Redevelopment Authority	OST/Alameda Corridors Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total
-	-	-	-	-	-	-	-	(5,458)
-	-	-	-	-	-	-	-	(1,369)
-	-	-	-	-	-	-	-	(16,861)
(15,875)	-	-	-	-	-	-	-	(15,875)
-	(29,918)	-	-	-	-	-	-	(29,918)
-	-	(17,571)	-	-	-	-	-	(17,571)
-	-	-	(8,168)	-	-	-	-	(8,168)
-	-	-	-	(6,613)	-	-	-	(6,613)
-	-	-	-	-	(4,674)	-	-	(4,674)
-	-	-	-	-	-	(79,503)	-	(79,503)
-	-	-	-	-	-	-	(24,125)	(24,125)
<u>(15,875)</u>	<u>(29,918)</u>	<u>(17,571)</u>	<u>(8,168)</u>	<u>(6,613)</u>	<u>(4,674)</u>	<u>(79,503)</u>	<u>(24,125)</u>	<u>(210,135)</u>
18,834	15,911	21,992	10,958	8,353	10,777	45,588	24,684	185,359
-	-	-	-	-	-	-	5,310	5,310
860	393	699	356	262	345	1,014	2,296	6,302
-	-	(2,347)	10	-	-	-	4,208	2,353
<u>19,694</u>	<u>16,304</u>	<u>20,344</u>	<u>11,324</u>	<u>8,615</u>	<u>11,122</u>	<u>46,602</u>	<u>36,498</u>	<u>199,324</u>
3,819	(13,614)	2,773	3,156	2,002	6,448	(32,901)	12,373	(10,811)
<u>(15,746)</u>	<u>4,401</u>	<u>46,783</u>	<u>4,199</u>	<u>(30,452)</u>	<u>(11,315)</u>	<u>(128,434)</u>	<u>171,197</u>	<u>63,635</u>
<u>\$ (11,927)</u>	<u>\$ (9,213)</u>	<u>\$ 49,556</u>	<u>\$ 7,355</u>	<u>\$ (28,450)</u>	<u>\$ (4,867)</u>	<u>\$ (161,335)</u>	<u>\$ 183,570</u>	<u>\$ 52,824</u>

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Net Position
June 30, 2019
amounts expressed in thousands

	Houston First Corporation	Houston Housing Finance Corp	Houston Zoo, Inc	Total Component Units
ASSETS				
Cash	\$ 34,240	\$ 41,056	\$ 4,284	\$ 79,580
Equity in pooled cash and investments	-	-	19,452	19,452
Receivables, net of allowances				
Accounts receivable	10,342	4,220	3,393	17,955
Accrued interest and other	-	588	-	588
Prepaid items	5,848	-	1,085	6,933
Restricted assets				
Investments	30,840	-	-	30,840
Other receivables	8,551	159	51,827	60,537
Due from other governments - grants	-	2,023	-	2,023
Total current assets	<u>89,821</u>	<u>48,046</u>	<u>80,041</u>	<u>217,908</u>
Noncurrent Assets				
Restricted cash and cash equivalents	-	382	28,662	29,044
Investments	18,645	-	-	18,645
Receivable and deposits	73,776	9,989	-	83,765
Total noncurrent assets	<u>92,421</u>	<u>10,371</u>	<u>28,662</u>	<u>131,454</u>
Property, plant & equipment				
Land	14,824	8,656	-	23,480
Buildings, improvements and equipment	536,088	5,959	175,387	717,434
Construction in progress	44,169	44,671	-	88,840
Less accumulated depreciation and amortization	(155,154)	(5,462)	(57,745)	(218,361)
Total property, plant & equipment	<u>439,927</u>	<u>53,824</u>	<u>117,642</u>	<u>611,393</u>
Total assets	<u>622,169</u>	<u>112,241</u>	<u>226,345</u>	<u>960,755</u>
Deferred Outflow of Resources				
Deferred outflow of resources	4,172	-	-	4,172
Total deferred outflow of resources	<u>4,172</u>	<u>-</u>	<u>-</u>	<u>4,172</u>
LIABILITIES				
Current Liabilities				
Accounts payable	\$ 46,511	\$ 6,511	\$ 2,605	\$ 55,627
Accrued payroll liabilities	-	-	1,329	1,329
Accrued interest payable	3,278	-	-	3,278
Contracts and retainages payable	-	-	1,639	1,639
Due to primary government	25,954	-	-	25,954
Notes payable	12,703	-	-	12,703
Other liabilities - current	850	-	70	920
Deferred revenue	416	-	471	887
Total current liabilities	<u>89,712</u>	<u>6,511</u>	<u>6,114</u>	<u>102,337</u>
Long-term liabilities				
Notes payable	445,253	27,864	-	473,117
Deferred revenue	7,723	-	3,281	11,004
Total noncurrent liabilities	<u>452,976</u>	<u>27,864</u>	<u>3,281</u>	<u>484,121</u>
Total liabilities	<u>542,688</u>	<u>34,375</u>	<u>9,395</u>	<u>586,458</u>
Deferred Inflow of Resources				
Deferred inflow of resources	-	19,203	-	19,203
Total deferred inflow of resources	<u>-</u>	<u>19,203</u>	<u>-</u>	<u>19,203</u>
Net assets				
Investment in capital assets, net of related debt	107,995	2,718	-	110,713
Restricted net assets				
Restricted for debt service	367	-	-	367
Other restricted	715	-	72,884	73,599
Unrestricted (deficit)	(25,424)	55,945	144,066	174,587
Total equity and other credits	<u>83,653</u>	<u>58,663</u>	<u>216,950</u>	<u>359,266</u>
Total liabilities, equity and other credits	<u>\$ 626,341</u>	<u>\$ 112,241</u>	<u>\$ 226,345</u>	<u>\$ 964,927</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Activities
For the Year Ended June 30, 2019
amounts expressed in thousands

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Component Units			
Houston First Corporation	216,681	133,121	89,370
Houston Housing Finance Corp.	1,553	330	799
Houston Zoo Inc.	49,761	37,387	64,345
Totals	<u>\$ 267,995</u>	<u>\$ 170,838</u>	<u>\$ 154,514</u>

General Revenues:

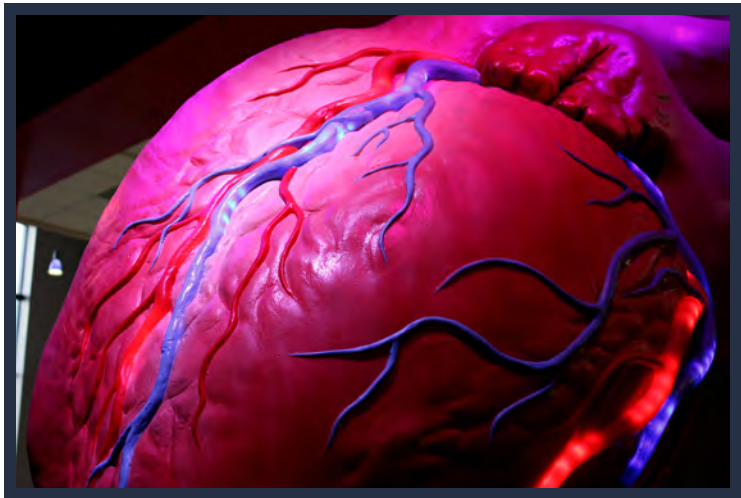
Taxes
Property Taxes levied for general purposes/tax increments
Unrestricted investment earnings
Other
Total general revenues and transfers
Change in net position
Net Position (deficit) beginning
Net Position (deficit) ending

Net (Expense) Revenue and Change in Net Position

Houston First Corporation	Houston Housing Finance Corp.	Houston Zoo, Inc.	Total
5,810	-	-	5,810
-	(424)	-	(424)
-	-	51,971	51,971
<u>5,810</u>	<u>(424)</u>	<u>51,971</u>	<u>57,357</u>
-	750	-	750
1,098	1,260	(670)	1,688
3,667	170	657	4,494
<u>4,765</u>	<u>2,180</u>	<u>(13)</u>	<u>6,932</u>
10,575	1,756	51,958	64,289
73,078	56,907	164,992	294,977
<u>\$ 83,653</u>	<u>\$ 58,663</u>	<u>\$ 216,950</u>	<u>\$ 359,266</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS TYPE
Statement of Cash Flows
For the Year Ended June 30, 2019
amounts expressed in thousands

	Houston First Corporation See Note 14	Houston Housing Finance Corp.	Houston Zoo Inc.	Total Component Units
Cash flows from operating activities				
Receipts from customers	\$ 148,484	\$ 2,203	\$ 10,998	\$ 161,685
Payments to employees	(58,422)	-	-	(58,422)
Payments to suppliers	(100,298)	-	-	(100,298)
Receipts from City of Houston	87,593	-	-	87,593
Other revenues (expenses)	(40,860)	857	-	(40,003)
Net cash provided by operating activities	<u>36,497</u>	<u>3,060</u>	<u>10,998</u>	<u>50,555</u>
Cash flows from investing activities				
Interest income on investments	1,098	128	-	1,226
Purchase of investments	(57,470)	(12,067)	(15,271)	(84,808)
Proceeds from sale of investments	78,049	-	14,839	92,888
Net cash provided by (used in) investing activities	<u>21,677</u>	<u>(11,939)</u>	<u>(432)</u>	<u>9,306</u>
Cash flows from capital and related financing activities				
Contributed capital	-	-	16,522	16,522
Acquisition of property, plant and equipment	(60,950)	-	(18,167)	(79,117)
Interest expense and cost of issuance	(11,481)	-	-	(11,481)
Payment for deposits held by others	(3,083)	-	-	(3,083)
Retirement of debt	(9,565)	-	-	(9,565)
Proceeds from debt financing	24,790	10,955	-	35,745
Net cash provided by (used for) capital and related financing activities	<u>(60,289)</u>	<u>10,955</u>	<u>(1,645)</u>	<u>(50,979)</u>
Cash flows from noncapital financing activities				
Payments for interest	(5,548)	-	-	(5,548)
Other revenues	-	533	-	533
Net cash provided by noncapital financing activities	<u>(5,548)</u>	<u>533</u>	<u>-</u>	<u>(5,015)</u>
Net increase in cash and cash equivalents	(7,663)	2,609	8,921	3,867
Cash and cash equivalents, July 1	41,903	38,829	24,025	104,757
Cash and cash equivalents, June 30	<u>\$ 34,240</u>	<u>\$ 41,438</u>	<u>\$ 32,946</u>	<u>\$ 108,624</u>
Non cash transactions				
Net change in fair value of investments	\$ (200)	\$ -	\$ -	\$ (200)
Total non cash transactions	<u>\$ (200)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (200)</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (Loss)	\$ (38,180)	\$ 1,630	\$ 51,958	\$ 15,408
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	16,877	249	8,429	25,555
Other revenues	89,370	-	(50,565)	38,805
Other expenses	(26,206)	-	-	(26,206)
Changes in assets and liabilities:				
Accounts receivable	(182)	1,700	1,026	2,544
Due to primary government	(1,813)	-	-	(1,813)
Deferred revenue	-	-	(227)	(227)
Hurricane Harvey accounts payable	(7,470)	-	-	(7,470)
Other assets	(1,846)	(325)	-	(2,171)
Accounts payable and accrued expenses	5,947	100	304	6,351
Accrued payroll liabilities	-	-	73	73
Advances and deposits	-	(235)	-	(235)
Accrued interest on contracts payable	-	(59)	-	(59)
Net cash provided by operating activities	<u>\$ 36,497</u>	<u>\$ 3,060</u>	<u>\$ 10,998</u>	<u>\$ 50,555</u>



**Houston Health
Museum**

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

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CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019



CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies of the City are as follows:

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

The accompanying financial statements include financial statements for related organizations in accordance with generally accepted accounting principles. Organizations are included if they are financially accountable to the City, or the nature and significance of their relationship with the City are such that exclusion would cause the financial statements to be misleading or incomplete. Inclusion is determined on the basis of the City's ability to exercise significant influence. Significant influence or accountability is based primarily on its operational or financial relationship with the City (as distinct from legal relationship).

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

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

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

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

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

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

B. Basis of Presentation - Financial Reporting Entity

1. Component Units

Most Component Units of the City issue separately audited financial statements and are reported in the CAFR. Additional information is available by contacting the entities at the addresses shown herein.

Blended Component Units are incorporated into the financial reports of the City.

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Following are the City's blended component units:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Discretely Reported Component Units

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

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

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

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

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

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

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

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

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

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

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.

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.

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.

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.

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

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Discretely Reported Component Units

Houston Downtown Park Corporation
1500 McKinney Street
Houston, TX 77010

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

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

Houston Media Source
410 Roberts Street
Houston, TX 77003

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

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

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

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

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

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

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

A 501(c)(3) non-profit corporation with a mission to making cultural arts accessible to all and creating unparalleled opportunities for education, inspiration and recreation. The Association allocates funding, holds free events and conducts marketing. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

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

CITY OF HOUSTON, TEXAS
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Discretely Reported Component Units

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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<u>Discretely Reported Component Units</u>	<u>Brief Description of Activities, Relationship to City, and Key Inclusion Criteria</u>
<p><i>Memorial-Heights Redevelopment Authority</i> <i>c/o John Kuhl, Attorney</i> SKLaw 1980 Post Oak Boulevard, Suite 1380 Houston, TX 77056</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial Heights Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>
<p><i>*Midtown Redevelopment Authority</i> 410 Pierce Street, Suite 355 Houston, TX 77002</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Midtown Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>
<p><i>Miller Theatre Advisory Board, Inc</i> 6000 Hermann Park Drive Houston, TX 77030-1702</p>	<p>A 501(c)(3) non-profit corporation with a mission to act as a steward of public and private funds to provide professional-caliber performances, free to the public, at the Miller Outdoor Theatre for the cultural enrichment of Houston's diverse communities and visitors to this great city. Miller Outdoor Theatre is owned by the City and the Board awards grants to various artistic and performing groups for performances at Miller Outdoor 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.</p>
<p><i>Old Sixth Ward Redevelopment Authority</i> <i>c/o City of Houston, Mayor's Office</i> of Economic Development 901 Bagby Street, 4th Floor Houston, TX 77002</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Old Sixth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, the operations provide financial benefits to the City, and the City has investment authority for the Authority's assets.</p>
<p><i>*OST/Almeda Corridors Redevelopment Authority</i> 5445 Almeda Road, Suite 545 Houston, TX 77004</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the OST/Almeda Corridors Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.</p>
<p><i>Saint George Place Redevelopment Authority</i> <i>c/o Hawes Hill & Associates, LLP</i> P.O. Box 22167 Houston, TX 77227-2167</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the St. George Place Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood in southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council. The operations provide financial benefits to the City and the City has investment authority for the Authority's assets.</p>
<p><i>South Post Oak Redevelopment Authority</i> <i>c/o City of Houston, Mayor's Office</i> of Economic Development 901 Bagby Street, 4th Floor Houston, TX 77002</p>	<p>Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the South Post Oak Tax Increment Reinvestment Zone Board in the development of an affordable housing project in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, and the operations provide financial benefits to the City.</p>

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Discretely Reported Component Units

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

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

Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Southwest Houston Tax Increment Reinvestment Zone Board (TIRZ 20) in the redevelopment of the Sharpstown Mall and adjacent neighborhoods southwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

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

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

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

A 501(c)(3) non-profit corporation with a mission to enhance the quality of life and tourism in the Houston region and beyond by supporting and promoting the Theater District programs, initiatives and communication efforts. Theater District Improvement distributes grants, holds an annual open house and conducts marketing. The City has financial accountability because it must approve the members of the board of directors and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City for the revenues provided from a portion of hotel occupancy tax.

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

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

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

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

2. Related Organizations

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

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

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

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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) **Grants Fund** - is used to account for grant resources received from various local, state and federal sources. The use of these resources is restricted to a particular function of the City by each grantor.

2. The City reports the following major enterprise funds:

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

3. The City reports the following additional funds:

- (a) **Nonmajor Special Revenue Funds** - are used to account for the proceeds of specific revenue sources (other than identified major fund) that are legally restricted to expenditures for specific purposes.
- (b) **Internal Service Funds** - are used to account for the financing of goods or services provided by one department to other departments of the City on a cost-reimbursement basis.
- (c) **Fiduciary Fund Types** - are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include the following:
 - (1) **Pension Trust Funds** - are used to account for the assets held in trust for the members and beneficiaries of the City's three defined benefit pension plans.
 - (2) **Agency Funds** - are custodial in nature and do not involve measurement of results of operations. They are relative to the City's payroll revolving and deposit funds, and activity relating to receipt and disbursement of taxes collected for entities outside of the City government.

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D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

CITY OF HOUSTON, TEXAS
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E. Assets and Liabilities

1. Deposits and Investments

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

Investments are carried at fair value as defined in GASB Statement 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.

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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 2019, the capitalized interest cost for the Airport System Facilities was \$7.5 million and Combined Utility System Fund was \$16.9 million. Depreciation on equipment begins in the year of acquisition.

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

<u>Assets</u>	<u>Years</u>
Airport System Facilities	3-50
Convention & Entertainment Facilities	5-45
Combined Utility System Facilities	5-50

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

4. Bond Premiums, Discounts and Issuance Costs

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

5. Reclassifications

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

F. Deferred Outflows and Inflows of Resources

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

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

	<u>Governmental</u> <u>Activities</u>	<u>Business Type Activities</u>			<u>Total</u>
		<u>Aviation</u>	<u>Convention & Entertainment</u>	<u>Combined Utility System</u>	
Deferred Outflows of Resources from:					
Municipal pension activities	\$ 107,507	\$ 17,720	\$ 657	\$ 22,480	\$ 148,364
Police pension activities	356,512	-	-	-	356,512
Firefighter's municipal pension activities	338,350	-	-	-	338,350
Deferred Outflows of Resources for pensions	<u>802,369</u>	<u>17,720</u>	<u>657</u>	<u>22,480</u>	<u>843,226</u>
OPEB activities - long-term disability	1,045	96	-	184	1,325
Unamortized bond refunding costs/SWAP liability	40,500	19,572	193	380,563	440,828
Total Deferred Outflows of Resources	<u>843,914</u>	<u>37,388</u>	<u>850</u>	<u>403,227</u>	<u>1,285,379</u>
Deferred Inflows of Resources from:					
Municipal pension activities	(35,187)	(5,800)	(215)	(7,358)	(48,560)
Police pension activities	(109,371)	-	-	-	(109,371)
Firefighter's municipal pension activities	(7,355)	-	-	-	(7,355)
	<u>(151,913)</u>	<u>(5,800)</u>	<u>(215)</u>	<u>(7,358)</u>	<u>(165,286)</u>
OPEB activities - health benefits	(428,518)	(26,321)	(791)	(54,467)	(510,097)
Unearned revenues	(801)	-	-	-	(801)
Unamortized cost on refunded debt	-	-	(7,212)	-	(7,212)
Total Deferred Inflows of Resources	<u>\$(581,232)</u>	<u>\$(32,121)</u>	<u>\$(8,218)</u>	<u>\$(61,825)</u>	<u>\$(683,396)</u>

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

G. Fund Balances and Budget Stabilization Arrangements

1. Fund Balance Descriptions

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

CITY OF HOUSTON, TEXAS
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2. Fund Balance Summary

A Summary of the nature and purpose of governmental fund balances at June 30, 2019 is as follows (in thousands):

	General	Debt Service	Capital Projects	Grant	Non-Major Special Revenue Funds					Total Nonmajor	Total
					Public Safety	Public Works	Health & Housing	Parks	Other		
Fund balances:											
Non-spendable:											
Inventory	17,808	-	-	524	-	1,906	-	-	-	1,906	20,238
Prepaid items	2,579	-	229	575	-	-	-	-	50	50	3,433
Notes receivable	-	-	-	12,500	-	-	-	-	-	-	12,500
Total non-spendable	20,387	-	229	13,599	-	1,906	-	-	50	1,956	36,171
Restricted for:											
Grants and other purposes	-	-	-	-	-	-	-	-	3,961	3,961	3,961
Police special purpose	452	-	-	-	10,013	-	-	-	-	10,013	10,465
Public transit operations	-	-	-	-	-	-	-	-	2,811	2,811	2,811
Affordable housing programs	-	-	-	-	-	-	8,789	-	-	8,789	8,789
Health services	640	-	-	76,331	-	-	-	-	86,768	86,768	163,739
Community development	-	-	-	-	-	-	-	159	582	741	741
Capital construction	-	-	64,673	-	-	67,241	-	-	10,539	77,780	142,453
Debt service	-	131,833	-	-	-	-	-	-	-	-	131,833
Total restricted	1,092	131,833	64,673	76,331	10,013	67,241	8,789	159	104,661	190,863	464,792
Committed to:											
Community development	2,991	-	-	-	6	-	-	1,040	393	1,439	4,430
Economic development	-	-	-	-	-	-	-	-	2,546	2,546	2,546
Court operations	-	-	-	-	962	-	-	-	-	962	962
Police special purpose	-	-	-	-	9,522	(4)	-	-	-	9,518	9,518
Emergency services	-	-	-	-	5,487	-	-	-	-	5,487	5,487
Capital construction	6,667	-	-	-	-	-	-	-	-	-	6,667
Public parks and preserves	8,284	-	-	-	-	1,897	-	3,903	-	5,800	14,084
Recycling programs	-	-	-	-	-	870	-	-	-	870	870
Development services	-	-	-	-	-	41,001	-	-	-	41,001	41,001
Health services	-	-	-	-	-	-	7,723	-	-	7,723	7,723
Affordable housing programs	-	-	-	-	-	-	-	-	101	101	101
Public transit operations	-	-	-	-	-	-	-	-	2,133	2,133	2,133
Total committed	17,942	-	-	-	15,977	43,764	7,723	4,943	5,173	77,580	95,522
Assigned:											
Capital construction	-	-	71,822	-	-	-	-	-	-	-	71,822
Disaster recovery	-	-	-	-	-	-	-	-	-	-	-
Total assigned	-	-	71,822	-	-	-	-	-	-	-	71,822
Unassigned:	349,176	-	-	-	-	-	-	-	-	-	349,176
Total	388,597	131,833	136,724	89,930	25,990	112,911	16,512	5,102	109,884	270,399	1,017,483

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

3. Budget Stabilization Arrangements

In accordance with the City's Financial Policies (as amended by Ordinance 2018-390), the City created a Budget Stabilization Fund in an amount not less than the greater of (a) 1% of Adopted Budget General Fund expenditures (excluding debt service payments and transfers for PAYGO capital expenditures) or (b) \$20 million, which may be used in accordance with the definition of the fund. Transfers necessary to meet this requirement shall occur by July 31 of each fiscal year. Any proposed use of the Budget Stabilization Fund shall be accompanied by a justification to City Council and shall require approval from two-thirds of the City Council present and voting. When an event causing use of the Budget Stabilization Fund has concluded, the City shall allocate sufficient funds by the end of the second subsequent full fiscal year to restore the Budget Stabilization Fund to at least minimum levels. Also, in accordance with the financial policies, the City will maintain Fund Balance as additional insurance against disasters, emergencies, and economic instability. The City's desired minimum unassigned Fund Balance for any given fiscal year is 7.5% of General Fund expenditures for that fiscal year, excluding debt service payments and transfers for pay-as-you-go (PAYGO) capital expenditures. These amounts are included in the General Fund's Unassigned Fund balance. On August 30, 2017, Ordinance 2017-667 was passed authorizing the appropriation of \$20 million from the Budget Stabilization Fund to the Disaster Recovery Fund for immediate relief during the Hurricane Harvey disaster. As of June 30, 2019, \$5 million has been replenished to the Budget Stabilization Fund. According to the financial policies, the balance of \$15 million must be returned to the Budget Stabilization Fund by June 30, 2020.

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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 also 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.

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I. Estimates

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

J. Internal Service Funds

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

K. New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, "Certain Asset Retirement Obligations". This statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain ARO's, including obligations that may not have been previously reported. The requirements of this statements are effective for financial statements for periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption. The City has determined that GASB No. 83 is not applicable to its CAFR.

In January 2017, the GASB issued Statement No. 84, "Fiduciary Activities". This statement will enhance consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

In March 2018, the GASB issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements". This statement will improve the information that is disclosed in notes of governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018. The City has implemented GASB No. 88 as 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, 2019. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In August 2018, the GASB issued Statement No. 90, "Majority Equity Interests". This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting periods beginning after December 15, 2018. The City 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 statements 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.

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June 30, 2019

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, 2019 were (in thousands):

Deferred outflows of resources	\$	843,914
Deferred inflows of resources		<u>(581,232)</u>
	\$	<u>262,682</u>
Internal Service Fund total assets	\$	95,451
Internal Service Fund liabilities		(55,004)
Allocation to Proprietary Funds		<u>(6,866)</u>
	\$	<u>33,581</u>
Bonds and notes payable	\$	(3,894,163)
Arbitrage rebate payable		(370)
Accrued interest		(54,273)
Compensated absences not reported at the fund level		(464,802)
Claims and judgments not reported at the fund level		(112,330)
Net pension liability		(3,483,430)
Other post employment benefits obligation		<u>(2,039,993)</u>
	\$	<u>(10,049,361)</u>

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

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

Balances at June 30, 2019 were (in thousands):

Debt issued:		
Public Improvement Bonds	\$	(139,065)
		<u>(139,065)</u>
Principal payments	\$	219,764
		<u>219,764</u>
Amortization of:		
Premium	\$	19,054
Deferred loss		<u>(5,100)</u>
Net adjustment	\$	13,954
Total	\$	<u>94,653</u>

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

Property taxes earned but not available	\$	25,720
Ambulance fees earned but not available		72,666
Fines and forfeits earned but not available		3,430
Other (primarily storm water drainage fees) earned but not available		<u>82,573</u>
Total revenue not reported at fund level	\$	<u><u>184,389</u></u>
Property taxes for prior periods	\$	(20,014)
Ambulance fees for prior periods		(70,282)
Fines and forfeits for prior periods		(3,927)
Other (primarily storm water drainage fees) earned but not available		<u>(82,079)</u>
Total revenue for prior period transactions	\$	<u><u>(176,302)</u></u>
Accrued interest	\$	3,188
Municipal Employees pension		(9,279)
Police Officers' pension		12,927
Firefighters' pension		(46,417)
Claims and judgments		(10,218)
Deferred inflow from pensions		757,061
Deferred outflow from pensions		(1,178,468)
Compensated absences		3,695
Arbitrage		(370)
Other post employment benefits		<u>(47,462)</u>
Total differences in accrued expenses	\$	<u><u>(515,343)</u></u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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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	\$154,467,505	\$165,064,001	\$319,531,506	\$92,361	-	\$319,623,867
Debt Service	26,986,472	99,818,499	126,804,971	29,606	4,516,352	131,350,929
Capital Projects	59,826,819	202,841,826	262,668,645	-	-	262,668,645
Grants	34,715,097	115,763,150	150,478,247	1,000	-	150,479,247
Non-major:						
Health and Housing	3,009,947	15,403,594	18,413,541	-	-	18,413,541
Other Special Revenue	21,148,223	81,082,429	102,230,652	-	-	102,230,652
Parks and Recreation	624,391	6,587,653	7,212,044	4,650	-	7,216,694
Public Safety	7,655,070	20,051,865	27,706,935	-	-	27,706,935
Public Works	9,205,579	132,591,748	141,797,327	2,100	-	141,799,427
Enterprise Funds:						
Airport System	144,070,828	1,261,979,730	1,406,050,558	50,628,473	-	1,456,679,031
Convention & Entertainment	8,096,824	87,134,139	95,230,963	188,912	-	95,419,875
Combined Utility	168,595,431	1,676,534,373	1,845,129,804	28,111	-	1,845,157,915
Internal Service:						
Health Benefits	809,330	84,254,286	85,063,616	-	-	85,063,616
Long-term Disability	6,989,829	2,353,326	9,343,155	-	-	9,343,155
Agency:						
City Deposits	11,448	119,793	131,241	-	-	131,241
Payroll Revolving	672,021	3,401,500	4,073,521	10	-	4,073,531
TIRZ Deposits	21,736,086	143,009,693	164,745,779	-	-	164,745,779
Trust Fund	-	-	-	-	5,855,398	5,855,398
Total	<u>\$668,620,900</u>	<u>\$4,097,991,605</u>	<u>\$4,766,612,505</u>	<u>\$50,975,223</u>	<u>10,371,750</u>	<u>\$4,827,959,478</u>

B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2019. The City held \$4.5 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

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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, 2019	Credit Quality Ratings (1)(2)	Fair Value (\$ in millions)	WAM* (years)
U.S. Treasury Securities	AAA	2,577.16	1.343
Govt. Agency Securities (3)	AAA	1,058.60	1.651
Govt. Agency Securities (3) (4)	Not Rated	228.00	2.574
Govt. Mortgaged Backed Securities (3) (4)	Not Rated	5.91	1.427
MMF - TexSTAR Cash Reserves	AAA Short Term	191.56	0.041
Commercial Paper	A-1/P-1 Short Term	248.79	0.215
Municipal Securities	AAA Long Term	86.93	1.120
Municipal Securities	AA Long Term	126.54	1.300
Municipal Securities	A Long Term	4.77	0.626
Total Investments		4,528.26	1.353

* 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, 2019, this investment portfolio's dollar-weighted average maturity was 1.35 years. Modified duration was 1.32 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 1.32 years would experience approximately a 1.32% 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 A. 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 270 days. The General Investment Pool maximum sector exposure are as follow: U.S. Treasuries up to 100%; Government Agency Securities up to 85% with maximum exposure to any one Agency issuer is 35%; Mortgage Backed Securities up to 20%; Municipal Securities up to 20% with a rating not less than A by a nationally recognized rating agency; Money Market Mutual Funds up to 25%; Certificates of Deposit up to 15%; and Commercial Paper up to 15%.

Credit Risk – Securities Lending. Under its securities lending program, the City receives 102% of fair value for its U.S. Treasury securities at the time the repurchase agreements are signed, and agreements are limited to 90 days by policy and have been less than 35 days by practice. At June 30, 2019 there were no securities lending agreements outstanding.

CITY OF HOUSTON, TEXAS
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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, 2019, 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 Measurements Using (\$ in millions)			
	6/30/19	Quoted prices (Level 1)	Other significant observable inputs (Level 2)	Significant observable inputs (Level 3)
Investments by fair value level				
U.S. Treasury Securities	\$ 2,577.16	\$ 2,577.16	\$ -	\$ -
Govt. Agency Securities	1,286.60	-	1,286.60	-
Govt. Mortgage Backed Securities	5.91	-	5.91	-
Municipal Securities	218.24	-	218.24	-
Commercial Paper	248.79	-	248.79	-
Total Investment by Fair Value Level	\$ 4,336.70	\$ 2,577.16	\$ 1,759.54	\$ -
Investments measured at the net asset value (NAV)				
MMF - TexSTAR Cash Reserves	\$ 191.56	\$ -	\$ 191.56	\$ -
Total investments measured at the net asset value (NAV)	\$ 191.56	\$ -	\$ 191.56	\$ -
Total investments measured at fair value and NAV	\$ 4,528.26	\$ 2,577.16	\$ 1,951.10	\$ -

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, 2019	Credit Quality Ratings	Fair Value (\$ in millions)	WAM
Municipal Securities	AAA Long Term	\$ 5.02	308 days
Municipal Securities	AA Long Term	1.00	259 days
Total Investments		\$ 6.02	300 days

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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, 2019, the pool's dollar-weighted average maturity was 300 days or 0.822 years. Modified duration was 0.605 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, 2019, 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:

	<u>Fair Value Measurements Using (\$ in millions)</u>			
	<u>Quoted prices (Level 1)</u>	<u>Other significant observable inputs (Level 2)</u>	<u>Significant observable inputs (Level 3)</u>	
	<u>6/30/19</u>			
Investments by fair value level				
Municipal Securities	\$ 6.01	\$ -	\$ 6.01	
Total Investment by Fair Value Level	<u>\$ 6.01</u>	<u>\$ -</u>	<u>\$ 6.01</u>	<u>\$ -</u>

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 Reuters 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.

<u>City of Houston Investments As of June 30, 2019</u>	<u>Credit Quality Ratings</u>	<u>Fair Value (\$ in millions)</u>	<u>WAM</u>
U.S. Treasury Bills	F1+	\$ 3.60	5 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, 2019, this investment portfolio's dollar-weighted average stated maturity was 5 days. Modified duration was 0.014 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, 2019, 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.

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

	Fair Value Measurements Using (\$ in millions)			
	6/30/19	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	\$ 3.60	\$ 3.60	\$ -	\$ -
Total Investment by Fair Value Level	\$ 3.60	\$ 3.60	\$ -	\$ -

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, 2019	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	50.616	32 days
JP Morgan US Treasury Securities Money Market Fund: Balances held for auction bonds debt service	AAA	-	31 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service	AAA	0.073	24 days
Total Miscellaneous Money Market Funds		50.689	32 days

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, 2019, 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.

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

	Fair Value Measurements Using (\$ in millions)			
	6/30/19	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	\$ 50.616	\$ -	\$ 50.616	\$ -
First American US Treasury MMF	0.073	-	0.073	
Total investment measured at the net asset value (NAV)	\$ 50.689	\$ -	\$ 50.689	\$ -

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, 2019	Credit Quality Ratings	Fair Value (\$ in millions)	WAM (years)
Cash and Equivalents	Not rated	0.141	N/A
Fixed Income	Not rated	0.813	8.30
Equities	N/A	3.054	N/A
Tangible Assets	N/A	0.047	N/A
Total Assets		4.055	8.30

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 less than 10.4 years. The weighted average maturity for the fixed income portfolio is 8.3 years, and the weighted average duration is 5.9 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, 2019 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.

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

	Fair Value Measurements Using (\$ in millions)			
	<u>6/30/19</u>	<u>Quoted prices (Level 1)</u>	<u>Other significant observable inputs (Level 2)</u>	<u>Significant observable inputs (Level 3)</u>
Investments by fair value level				
Cash and Equivalents	\$ 0.1412	\$ 0.1412	\$ -	\$ -
Fixed Income	0.8132	0.4257	0.3875	-
Equities	3.0538	1.4224	1.6313	-
Tangible Assets	0.0473	-	-	0.0473
Total Investment by Fair Value Level	\$ 4.0555	\$ 1.9893	\$ 2.0188	\$ 0.0473

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.

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The fair values of the System's investments at June 30, 2019, are presented by type, as follows:

Short-term investment funds	\$ 44,271,926
Government securities	100,318,852
Corporate bonds	198,302,026
Capital stocks	805,238,023
Commingled funds	646,384,175
Real assets	259,725,223
Alternative investments	1,019,691,808
Total investments	<u>\$ 3,073,932,033</u>

Custodial Credit Risk. For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial risk if the securities are uninsured, are not registered in the name of the System, and are held by either the counterparty or the counterparty's trust department or agent but not in the System's name.

Concentration Risk. The allocation of assets among various asset classes is set by the Board. For major asset classes (e.g., global equity, fixed income, real estate, private equity, inflation-linked, absolute return and private credit), the System will further diversify by employing managers with demonstrated skills in complementary areas of expertise.

The managers retained will utilize varied investment approaches, but, when combined will exhibit characteristics that are similar, but not identical, to the asset class proxy utilized in the strategic asset allocation plan. The Investment Policy Statement of the System provides that no public market investment manager shall have more than 20.0% (at fair value) of the System's assets.

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

As of June 30, 2019, across all asset classes, the System held two securities with a market value over 5.0% of the System's fiduciary net position. The security, BlackRock MSCI ACWI Minimum Volatility Index, had a fair value of \$249 million, representing 8.1% of the System's portfolio as of June 30, 2018. In addition, the BlackRock ACWI Index had a fair market value of \$224 million, representing 7.5% of the System's portfolio as of June 30, 2019. This investment also exceeded the 5% threshold last year.

At June 30, 2019, the following table shows the System's investments by type, amount and the effective duration rate.

	<u>Effective Duration</u>	<u>Domestic</u>	<u>International</u>	<u>Fair Value</u>
Collateralized mortgage obligations	5.3	\$ 9,811,982	\$ -	\$ 9,811,982
Convertible bonds	4.1	4,532,655	-	4,532,655
Corporate bonds	5.1	127,176,103	13,826,440	141,002,543
GNMA/FNMA/FHLMC	3.4	36,152,524	-	36,152,524
Municipal	6.4	2,431,904	-	2,431,904
Government issues	5.7	49,080,501	12,653,923	61,734,424
Misc. receivable (auto/credit card)	1.6	10,123,212	-	10,123,212
Other ABS	2.5	2,244,740	-	2,244,740
Bank Loan ¹	N/A	30,586,891	-	30,586,891
Total		<u>\$ 272,140,512</u>	<u>\$ 26,480,363</u>	<u>\$ 298,620,875</u>

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 market to fund leveraged buyouts.

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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, 2019 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	6,216,960	-	1,375,061	-	204,960	1,512,192	\$ 9,309,173	30.00%
AA	866,983	-	-	-	997,286	919,712	2,783,981	9.00%
A	202,318	16,936,221	-	-	2,314,931	-	19,453,470	63.00%
BBB	-	37,597,855	-	-	-	-	37,597,855	1.22%
BB	-	27,077,574	-	-	-	-	27,077,574	88.00%
B	-	27,845,346	-	-	-	-	27,845,346	91.00%
CCC	-	24,516,015	-	-	-	-	24,516,015	80.00%
C	-	2,210,300	-	-	-	-	2,210,300	7.00%
D	-	102,350	-	-	-	-	102,350	0.00%
NA*	5,081,691	39,836,428	8,436,921	36,152,524	58,217,247	-	147,724,811	4.81%
Total Fixed Securities	<u>\$ 12,367,952</u>	<u>\$ 176,122,089</u>	<u>\$ 9,811,982</u>	<u>\$ 36,152,524</u>	<u>\$ 61,734,424</u>	<u>\$ 2,431,904</u>	<u>\$ 298,620,875</u>	<u>9.71%</u>
Other Investments							<u>2,775,311,158</u>	<u>90.29%</u>
Total Investments							<u><u>3,073,932,033</u></u>	<u><u>100.00%</u></u>

*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, 2019 as follows:

	<u>Fair Value</u>
Australian Dollar	\$ 11,456,152
Brazilian Real	1,524,828
Canadian Dollar	12,041,517
Danish Krone	3,432,444
Euro Currency	102,071,240
Hong Kong Dollar	14,414,580
Hungarian Forint	467,026
Indonesian Rupiah	1,723,091
Japanese Yen	40,949,958
Malaysian Ringgit	754,701
Mexican Peso	1,973,101
New Israeli Sheqel	319,498
New Taiwan Dollar	654,218
Norwegian Krone	307,338
Philippine Peso	284,071
Polish Zloty	338,146
Pound Sterling	30,587,326
Singapore Dollar	1,842,899
South African Rand	5,655,662
South Korean Won	2,786,437
Swedish Krona	9,871,169
Swiss Franc	20,590,302
Thailand Baht	1,638,860
Turkish Lira	69,447
	<u><u>\$ 265,754,011</u></u>

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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 2019, the amount was \$44,272,000.00.

Level 1 inputs are quoted prices in active markets for identical assets	\$ 801,612
Level 2 inputs are significant other observable inputs	291,238
Level 3 inputs are significant unobservable inputs	12,686
Short Term Investments at cost	44,272
Investments measured at net asset value	<u>1,924,124</u>
TOTAL INVESTMENTS	<u>\$ 3,073,932</u>

Alternative Investments – As of June 30, 2019, the System was not invested in various partnerships, separate accounts, commingled funds, private equity funds, and hedge 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, 2019 by type are as follows:

Short-Term Investment Funds	\$ 70,726,108
Fixed Income-Government Securities	366,195,367
Fixed Income-Corporate Bonds	815,643,037
Fixed Income-Convertibles	870,444
Common Equity	1,819,409,410
Preferred Equity	584,883
Hedge Funds:	
Global Macro Hedge Fund	148,788,827
Multi-Strategy FOHFs	55,057,556
Private Equity:	
Buyout Partnerships/Funds	307,460,330
Credit Partnerships/Funds	13,630,517
Distressed Debt Partnerships/Funds	108,035,094
Direct Investments	1,075,000
Infrastructure Partnerships/Funds	2,448,304
Secondary Partnerships/Funds	138,863,142
Special Situations Investments	62,351,255
Venture Capital Partnerships/Funds	91,270,043
Real Estate	195,647,628
Total Investments	<u>\$ 4,198,056,945</u>

Custodial credit risk. Portions of the Fund’s investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in companies, partnerships and real estate are investments that are evidenced by contracts rather than securities.

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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, 2018 and 2017 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. 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, 2019, more than 5% of the Fund's net assets are in the MCM ACWI EX-U.S. Fund (12.85%), MCM Broad Market Stock Index Fund (8.92%), MCM Dynamic U.S. Equity Fund (8.07%), KKR Global Credit Opportunities Fund (7.37%), and BlackRock Russell 3000 Fund (5.83%). As of June 30, 2018, more than 5% of the Fund's net assets were in the MCM ACWI Ex-U.S. Fund (16.81%), MCM Dynamic U.S. Equity Fund (8.19%), MCM Broad Market Stock Index Fund (7.1%), and BlackRock Russell 3000 Fund (5.43%).

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 noninvestment 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, 2019, the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	<u>Weighted Average Maturity</u>	<u>Fair Value</u>
Commingled Funds	3.61	\$ 312,112,915
Non-U.S. Convertibles	30.53	12,248
Non-U.S. Corporate	3.76	62,490,200
Non-U.S. Treasuries	1.12	3,608,935
Taxable Municipals	10.15	3,001,925
TIPS	9.05	11,225,583
U.S. Agencies	28.67	212,588,602
U.S. Collateralized	19.53	21,578,175
U.S. Convertibles	12.19	858,196
U.S. Corporate	6.75	419,461,747
U.S. Treasuries	18.65	135,770,322
Total Fixed Income Securities		<u>\$ 1,182,708,848</u>

Credit risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Fund does not have a formal policy limiting investment credit risk, but rather mandates such limits within the investment management agreement of each manager as may be appropriate to strategy.

Foreign currency risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation (depreciation) in fair value of investments. The Fund's policy allows external investment managers to decide what action to take regarding their respective portfolio's foreign currency exposures subject to compliance with its respective investment management agreement of each manager as may be appropriate to strategy the Fund's Investment Policy Statement.

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The Fund's exposure to foreign currency fluctuation as of June 30, 2019 is as follows:

	<u>Fair Value</u>	<u>Percentage of Holdings</u>
Euro Currency Unit	\$ 45,873,568	1.09%
New Zealand Dollar	1,764,625	0.04%
Canadian Dollar	1,207,191	0.03%
Norwegian Krone	654,145	0.02%
Swiss Franc	92,713	0.00%
Japanese Yen	237	0.00%
Mexican Peso	-	-
Brazil Real	-	-
Pound Sterling	-	-
Czech Koruna	-	-
Total securities subject to foreign currency risk	<u>\$ 49,592,479</u>	<u>1.18%</u>

The Fund's exposure to investment credit risk in fixed income securities (which includes government securities, corporate bonds, convertibles) as of June 30, 2019 is as follows:

<u>Quality Rating</u>	<u>Fair Value</u>	<u>Percentage of Holdings</u>
AGY	\$ 212,588,602	5.08%
AAA	59,895,059	1.43%
AA1	7,345,157	0.18%
AA3	4,987,862	0.12%
A1	18,683,555	0.45%
A2	35,788,921	0.86%
A3	61,013,604	1.46%
BAA1	109,761,362	2.62%
BAA2	62,472,665	1.49%
BAA3	45,728,629	1.09%
BA1	1,523,377	0.04%
BA2	2,159,644	0.05%
BA3	1,222,038	0.03%
B1	801,491	0.02%
B2	614,543	0.01%
B3	1,083,118	0.03%
B	312,112,915	7.46%
CAA1	744,805	0.02%
CAA2	115,550	0.00%
CAA3	92,538	0.00%
CA	250,513	0.01%
Not rated	96,726,996	2.31%
Total credit risk debt securities*	<u>\$ 1,035,712,944</u>	<u>24.76%</u>

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

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

Level 1 inputs are quoted prices in active markets for identical assets	\$ 266,770,835
Level 2 inputs are significant other observable inputs	628,170,300
Level 3 inputs are significant unobservable inputs	2,245,000
Investments measured at net asset value	<u>3,300,870,809</u>
TOTAL INVESTMENTS	<u>\$ 4,198,056,944</u>

CITY OF HOUSTON, TEXAS
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Alternative Investments – As of June 30, 2019, the System was invested in various private equity funds and hedge funds as detailed in the table below.

<u>Investment Type</u>	<u>Fair Value (\$000's)</u>
Private Equity	\$ 725,133,685
Hedge Funds	203,846,383
Total	<u>\$ 928,980,068</u>

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

Summary of Significant Accounting Policies

Statutes of the State of Texas authorize the System to invest surplus funds in a manner provided by the Government Code, Title 8, Subtitle A, Subchapter C. These statutes stipulate that the governing body of the System is responsible for the management and administration of the funds of the System and shall determine the procedure it finds most efficient and beneficial for the management of the reserve fund of the System. The governing body may directly manage the investments of the System or may choose and contract for professional investment management services. Investments are reported at fair value in accordance with GASB 72, Fair Value Measurement and Application, which defines fair value, establishes a framework for measuring fair value, and establishes disclosures about fair value measurements.

Custodial Credit Risk for Deposits and Investments. Custodial credit risk for investments is the risk that in the event of a failure of the counterparty, the System will not be able to recover the value of the investment or collateral in possession of the counterparty. The System does not have an investment policy regarding custodial credit risk. The System considers only demand deposits as cash. As of June 30, 2019 and June 30, 2018, the System had a balance of \$239 thousand and \$33 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, 2019, none of the System’s bank balance of \$239 thousand was exposed to custodial credit risk. At June 30, 2019, the System did not have any other investments with other financial institutions subject to custodial credit risk.

Credit Risk. As of June 30, 2019 and 2018, the System’s fixed income assets that are not U.S. government guaranteed represented 98.9% and 93.7%, 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, 2019 and 2018.

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

<u>Fixed Income Security Type</u>	<u>Fair Value (\$000's)</u>	<u>Percent of Total</u>	<u>Weighted Average Credit Quality</u>
Corporate Bonds	\$ 295,145	16.7 %	BB
Mutual Bond Funds	643,687	36.3	Not Rated
Short Term Investment Funds	833,164	47.0	Not Rated
Total	<u>\$ 1,771,996</u>	<u>100.0 %</u>	

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

<u>Credit Rating Level</u>	<u>Corporate Bonds</u>	<u>Mutual Bond Funds</u>	<u>Short Term Investment Funds</u>
BBB	\$ 11,569	-	-
BB	159,224	-	-
B	106,892	-	-
CCC	12,403	-	-
NR	5,057	643,687	833,164
Total	<u>\$ 295,145</u>	<u>\$ 643,687</u>	<u>\$ 833,164</u>

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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, 2019, the System did not have any single investment in any one organization which represented greater than 5% of plan net position.

Interest Rate Risk. Interest rate risk is managed within the portfolio using the modified duration methodology. It is widely used in the management of fixed income portfolios and estimates the sensitivity of a bond's price to interest rate changes. The System's investment policy delegates the management of interest rate risk to the individual investment managers in accordance with each manager's designated strategy. Investment managers have full discretion in adopting investment strategies to deal with these risks, and all of the System's fixed income portfolios are managed in accordance with guidelines that are specific as to the degree of interest rate risk taken. The reporting of modified duration as of June 30, 2019, found in the tables below quantify the interest rate risk of the System's fixed income and short term investments.

Modified Duration by Security Type

<u>Security Type</u>	<u>Fair Value (\$000's)</u>	<u>Percent of Total</u>	<u>Weighted Average Modified Duration (years)</u>
US Treasuries	\$ 19,924	1.1%	0.7
Corporate Bonds	295,145	15.7	3.7
Mutual Bond Funds	643,687	34.2	5.3
Short Term Investment Funds	922,917	49.0	0.1
Total	<u>\$ 1,881,673</u>	<u>100.0%</u>	<u>2.6</u>

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Modified Duration Analysis by Security Type

<u>U.S. Treasuries</u>	<u>Fair Value (\$000's)</u>	<u>Average Modified</u>	<u>Contribution to Modified Duration</u>
Less than 1 year	\$ 19,924	0.7	0.7
<u>Corporate Bonds</u>			
Less than 1 year	\$ 2,784	0.7	0.0
1 to 5 years maturities	197,032	2.8	1.9
5 to 10 years maturities	91,552	5.4	1.7
Greater than 10 years maturities	3,777	9.4	0.1
Total	<u>\$ 295,145</u>		<u>3.7</u>
<u>Mutual Bond Funds</u>			
Less than 1 year	\$ 15,435	5.3	0.1
1 to 5 years maturities	294,500	5.3	2.4
5 to 10 years maturities	241,588	5.3	2.0
Greater than 10 years maturities	92,164	5.3	0.8
Total	<u>\$ 643,687</u>		<u>5.3</u>
<u>Short Term Investment Funds</u>			
Less than 1 year	\$ 908,564	0.1	0.1
1 to 5 years maturities	14,353	0.1	0.0
Total	<u>\$ 922,917</u>		<u>0.1</u>

Foreign Currency Risk. The books and records of the System are maintained in US dollars. Foreign currencies and non-US dollar denominated investments are translated into US dollars at the bid prices of such currencies against US dollars at each balance sheet date. Realized and unrealized gains and losses on investments which result from changes in foreign currency exchange rates have been included in the net appreciation in fair value of investments. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of investment securities transactions, foreign currency transactions and the difference between the amounts of interest and dividends recorded on the books of the System and the amount actually received. International and global managers have the permission to use currency forward and futures contracts to hedge currency against the U.S. dollar. Currency forwards and futures used for the purpose of hedging currency shall be subject to the following guidelines: 1) net forward and futures sales of any currency may not exceed total fair value of the assets denominated in that currency. This limitation does not apply to global fixed income managers and currency overlay managers if provided for in their contracts, 2) foreign currency exchange contracts with a maturity exceeding 12 months are not permitted, 3) currency options may be entered into in lieu of or in conjunction with forwards sales of currencies with the same limitations as currency forwards and futures. Cross hedging, the selling of one foreign currency for another foreign currency, which may or may not be the base currency of the portfolio, is permitted.

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The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2019, is shown in the table below.

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

Currency	Short Term	Fixed Income	Equities	Alternative	Total
Euro	\$ (124,910)	\$ 11	\$ 254,086	\$ 3,652	\$ 132,839
Canadian dollar	\$ 40,820	-	80,886	-	121,706
Chinese yuan renminbi	-	-	96,115	-	96,115
Japanese yen	(92,610)	-	185,687	-	93,077
British pound sterling	(65,578)	-	131,351	-	65,773
Australian dollar	-	-	55,779	6,784	62,563
New Taiwan dollar	-	-	52,784	-	52,784
Swiss franc	-	-	46,615	-	46,615
Hong Kong dollar	-	-	31,308	-	31,308
South Korean won	-	-	27,563	-	27,563
Indian rupee	-	-	27,352	-	27,352
Brazilian real	-	3,951	23,277	-	27,228
Thai baht	-	3,175	21,414	-	24,589
Swedish krona	-	-	22,027	-	22,027
South African rand	-	3,272	14,129	-	17,401
Russian ruble	-	2,664	12,284	-	14,948
Danish krone	-	-	13,434	-	13,434
Mexican peso	-	3,953	7,741	-	11,694
Indonesian rupiah	-	3,949	6,457	-	10,406
Malaysian ringgit	-	1,629	6,472	-	8,101
Turkish lira	-	1,233	5,442	-	6,675
Polish zloty	-	3,092	3,388	-	6,480
Norwegian krone	-	-	5,245	-	5,245
Singapore dollar	-	-	5,245	-	5,245
New Israeli shekel	-	-	4,576	-	4,576
Phillipine peso	-	1,166	3,398	-	4,564
Chilean peso	-	1,179	2,823	-	4,002
Colombian peso	-	1,812	1,284	-	3,096
Qatari riyal	-	-	2,916	-	2,916
Peruvian nuevo sol	-	1,208	1,237	-	2,445
Hungarian forint	-	1,146	884	-	2,030
New Zealand dollar	-	-	1,938	-	1,938
United Arab Emirates dirhar	-	-	1,831	-	1,831
Argentine austral	-	671	1,071	-	1,742
Czech koruna	-	1,134	478	-	1,612
Dominican peso	-	1,196	-	-	1,196
Uruguayan peso uruguayo	-	1,181	-	-	1,181
New Romanain Leu	-	1,150	-	-	1,150
Egyptian pound	-	-	421	-	421
Pakistan rupee	-	-	76	-	76
Total	<u>\$ (242,278)</u>	<u>\$ 38,772</u>	<u>\$ 1,159,014</u>	<u>\$ 10,436</u>	<u>\$ 965,944</u>

Securities Lending Program. The System's Board of Trustees' policies permit the System to lend securities (domestic and international equities and fixed income) to securities firms on a temporary basis through its custodian bank. The System receives fees for all loans and retains the right to all interest and dividend payments while the securities are on loan. Cash, letters of credit or various government securities having fair values equal to or exceeding 102% and 105% of the value of the loaned securities for domestic and international securities, respectively, collateralize all security loan agreements. Whenever the fair value of the securities on loan changes, the borrower must adjust the collateral accordingly. The System's bank pools all collateral received from securities lending transactions and invests any cash collateral. The System holds an undivided share of the collateral provided by the borrowers of the securities. At June 30, 2019 the weighted-average maturity of the collateral pool was 30 days. The relationship between the maturities of the collateral pool and the

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System's loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2019 and 2018, was \$64,316 thousand and \$109,070 thousand, respectively. The System also had non-cash collateral at June 30, 2019 and 2018, of \$6,096 thousand and \$14,284 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, 2019 and 2018 was \$69,133 thousand and \$120,404 thousand, respectively. At June 30, 2019, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers, \$70,412 thousand, exceeds the amounts the borrowers owe the System, \$69,133 thousand.

Derivatives. The System's investment managers may invest in derivatives if permitted by the guidelines established by the System's Board of Trustees. The System's staff monitors guidelines and compliance. From time to time the System's investment managers will invest in equity, fixed income and short term futures contracts along with foreign currency forward contracts. No derivatives are purchased with borrowed funds.

The fair value balance of posted margin and collateral and notional amounts of derivative instruments outstanding at June 30, 2019, 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, 2019

(\$000's)	Year ending June 30, 2019		As of June 30, 2019		
	Changes in		Collateral Held at		Collateral
	<u>Fair Value</u>	<u>Posted Margin</u>	<u>Custodian Bank</u>	<u>Held at Broker</u>	<u>Notional Value</u>
Equity Futures	\$ (21,213)	\$ 61,960	\$ 686,260	\$ -	\$ 1,056,836
Currency Futures	4,514	(63)	76,756	-	(246,045)
Fixed Income Futures	1,242	2	474	-	86,535
Equity Options	20,947	-	5,805	49,859	(456,413)

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.

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The System's derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2019, is shown in the table below (\$000's).

<u>Currency</u>	<u>Equity Derivatives</u>	<u>Currency Derivatives</u>	<u>Total</u>
Canadian dollar	40,552	37,053	77,605
Chinese yuan renminbi	46,806	-	46,806
Swiss franc	36,151	-	36,151
Australian dollar	27,685	-	27,685
South Korean won	18,284	-	18,284
New Taiwan dollar	16,100	-	16,100
Hong Kong dollar	15,539	-	15,539
Indian rupee	13,320	-	13,320
Brazilian real	11,335	-	11,335
Swedish krona	10,311	-	10,311
South African rand	8,807	-	8,807
Danish krone	6,668	-	6,668
Russian ruble	5,982	-	5,982
Singapore dollar	5,245	-	5,245
Thai baht	4,454	-	4,454
Mexican peso	3,770	-	3,770
Malaysian ringgit	3,152	-	3,152
Indonesian rupiah	3,144	-	3,144
Norwegian krone	2,603	-	2,603
Euro	122,358	(124,910)	(2,552)
New Israeli shekel	2,271	-	2,271
Phillippine peso	1,655	-	1,655
Polish zloty	1,650	-	1,650
Qatari riyal	1,420	-	1,420
Chilean peso	1,375	-	1,375
United Arab Emirates dirham	1,040	-	1,040
New Zealand dollar	962	-	962
Turkish lira	751	-	751
Colombian peso	625	-	625
Peruvian nuevo sol	602	-	602
Argentine austral	522	-	522
Japanese yen	92,164	(92,610)	(446)
Hungarian forint	430	-	430
British pound sterling	65,194	(65,578)	(384)
Czech koruna	233	-	233
Egyptian pound	205	-	205
Pakistan rupee	37	-	37
Total	<u>\$ 573,402</u>	<u>\$ (246,045)</u>	<u>\$ 327,357</u>

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Alternative Investments – As of June 30, 2019, the System was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

<u>Investment Type</u>	<u>Fair Value (\$000's)</u>
<i>Private Equity</i>	
Leveraged Buyouts	\$ 429,841
Energy	150,178
Special Situations	133,251
Private Equity Secondaries	90,764
Venture Capital	17,749
<i>Other Alternatives</i>	
Real Estate	381,559
Private Credit	279,765
<i>Hedge Funds</i>	
Portable alpha hedge funds	-
Global macro hedge funds	171,660
Multi-strategy hedge funds	126,435
Long/short credit hedge funds	49,646
Long/short equity hedge funds	28,533
Multi-strategy commingled funds	25,282
Total	\$ 1,884,663

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	\$ 106,307
Level 2 inputs are significant other observable inputs	1,456,213
Level 3 inputs are significant unobservable inputs	1,483,107
Investments measured at net asset value (NAV)	<u>2,616,354</u>
TOTAL INVESTMENTS	<u>\$ 5,661,981</u>

NOTE 4: ACCOUNTS RECEIVABLE

The following were the accounts receivable by fund as of June 30, 2019 (\$000's):

GOVERNMENTAL FUNDS	General	Capital Projects	Nonmajor	Grants	Internal Service Fund	Total Governmental Activities
Receivables:						
Accounts	\$ 639,403	\$ 1	\$ 180,587	\$ 74,816	\$ 7	894,814
Property tax	60,525	-	-	-	-	60,525
Sales tax	119,710	-	-	-	-	119,710
Mixed beverage	4,751	-	-	-	-	4,751
Franchise	16,296	-	-	-	-	16,296
Special assessment	156,979	-	-	-	-	156,979
Due from other governments	1,642	37,965	19,435	53,010	10	112,062
Gross receivables	999,306	37,966	200,022	127,826	17	1,365,137
Less allowance for doubtful accounts	(694,704)	-	(126,286)	(26,727)	(3)	(847,720)
Net total receivables	<u>\$ 304,602</u>	<u>\$ 37,966</u>	<u>\$ 73,736</u>	<u>\$ 101,099</u>	<u>\$ 14</u>	<u>\$ 517,417</u>

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ENTERPRISE FUNDS

	<u>Airport</u>	<u>Convention and Entertainment</u>	<u>Combined Utility</u>	<u>Total Enterprise Activities</u>
Receivables:				
Accounts	\$ 33,362	\$ 580	\$ 354,763	\$ 388,705
Hotel occupancy tax	-	22,785	-	22,785
Special assessment	-	-	93	93
Due from other governments	18,392	-	7,242	25,634
Gross receivables	51,754	23,365	362,098	437,217
Less allowance for doubtful accounts	(1,110)	(518)	(183,591)	(185,219)
Net total receivables	<u>\$ 50,644</u>	<u>\$ 22,847</u>	<u>\$ 178,507</u>	<u>\$ 251,998</u>

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 2018 tax year was \$0.588310 per \$100 of assessed value with \$0.419242 for operations and \$0.169068 for debt service.

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

Tax Increment Reinvestment Zones (TIRZs)

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

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.

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In fiscal year 2019, the City of Houston contributed \$142.6 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 \$71.7 million to the TIRZs. The City-led TIRZ budgets totaled \$417.9 million in expenditures for fiscal year 2019.

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

¹Included in the Harris County Interlocal Agreement

²Harris County no longer participates in TIRZ No. 1, 2, 5, 7, 8, 9, 10, 11 and 13; Harris County Hospital District and Port Authority no longer participate in TIRZ No. 3

³Houston Independent School District no longer participates in TIRZ No. 4, 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 2019, the total amount abated was \$800,763, to seven businesses.

Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax Abatement for Tax Year 2018 (COH tax rate-0.00588310)
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.	\$9,719,068	\$57,178
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 taxes on the improvements in the Zone.	\$6,656,280	\$39,160
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.	\$26,030,842	\$153,142

(Continued)

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Company Name	Abatement Project Information	Investment Requirement	City's Abatement Commitments	Amount Eligible for Abatement (HCAD Value)	Tax Abatement for Tax Year 2018 (COH tax rate-0.00588310)
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.	\$6,088,875	\$35,821
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.	\$41,000,000	City agrees to grant Kroger a Seventy five percent (75%) abatement of the ad valorem taxes on the Improvements in the Zone during the abatement period. The real property improvements subjects to tax abatement are \$17M.	\$3,640,105	\$21,415
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.	\$2,387,546	\$14,046
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.	\$81,589,635	\$480,000

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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, 2019 follows (in thousands):

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Governmental Activities					
Capital assets not being depreciated:					
Land	\$ 446,013	\$ 35,819	\$ (15,414)	\$ 4,521	\$ 470,939
Right of way	1,764,013	1,236	-	847	1,766,096
Construction Work in Progress	400,446	381,459	-	(261,183)	520,722
Total capital assets not being depreciated	<u>2,610,472</u>	<u>418,514</u>	<u>(15,414)</u>	<u>(255,815)</u>	<u>2,757,757</u>
Depreciable capital assets:					
Buildings	1,294,411	437	(174)	42,110	1,336,784
Rights & Intangibles - Amortizable	8,625	219	-	1,428	10,272
Improvements and Equipment	1,287,748	61,818	(23,801)	32,912	1,358,677
Infrastructure	6,959,388	37,865	(23,877)	179,365	7,152,741
Total other capital assets	<u>9,550,172</u>	<u>100,339</u>	<u>(47,852)</u>	<u>255,815</u>	<u>9,858,474</u>
Less accumulated depreciation for:					
Buildings	(476,711)	(35,499)	100	-	(512,110)
Rights and Intangibles	(8,075)	(752)	-	-	(8,827)
Improvements and Equipment	(871,718)	(84,554)	23,078	-	(933,194)
Infrastructure	(3,474,846)	(156,416)	22,931	-	(3,608,331)
Total accumulated depreciation	<u>(4,831,350)</u>	<u>(277,221)</u>	<u>46,109</u>	<u>-</u>	<u>(5,062,462)</u>
Depreciable capital assets, net	<u>4,718,822</u>	<u>(176,882)</u>	<u>(1,743)</u>	<u>255,815</u>	<u>4,796,012</u>
Governmental Activities capital assets, net	<u>\$ 7,329,294</u>	<u>\$ 241,632</u>	<u>\$ (17,157)</u>	<u>\$ -</u>	<u>\$7,553,769</u>

B. Business-type Activities

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Airport System					
Capital assets not being depreciated:					
Land	\$ 216,107	\$ -	\$ (7)	\$ -	\$ 216,100
Rights & Intangibles- Non Amortizable	12,679	-	-	95	12,774
Construction Work in Progress	182,844	119,871	-	(96,028)	206,687
Total capital assets not being depreciated	<u>411,630</u>	<u>119,871</u>	<u>(7)</u>	<u>(95,933)</u>	<u>435,561</u>
Depreciable capital assets:					
Buildings	2,985,527	23	(536)	81,199	3,066,213
Improvements and equipment	1,885,075	3,891	(2,234)	10,285	1,897,017
Infrastructure	565,067	-	-	4,449	569,516
Rights & Intangibles- Amortizable	4,697	-	-	-	4,697
Total other capital assets	<u>5,440,366</u>	<u>3,914</u>	<u>(2,770)</u>	<u>95,933</u>	<u>5,537,443</u>
Less accumulated depreciation for:					
Buildings	(1,425,400)	(98,497)	296	-	(1,523,601)
Improvements and equipment	(1,245,650)	(64,902)	2,226	-	(1,308,326)
Infrastructure	(361,133)	(10,092)	-	-	(371,225)
Rights & Intangibles	(3,769)	(775)	-	-	(4,544)
Total accumulated depreciation	<u>(3,035,952)</u>	<u>(174,266)</u>	<u>2,522</u>	<u>-</u>	<u>(3,207,696)</u>
Depreciable capital assets, net	<u>2,404,414</u>	<u>(170,352)</u>	<u>(248)</u>	<u>95,933</u>	<u>2,329,747</u>
Airport System capital assets, net	<u>\$ 2,816,044</u>	<u>\$ (50,481)</u>	<u>\$ (255)</u>	<u>\$ -</u>	<u>\$2,765,308</u>

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	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Convention and Entertainment Facilities					
Capital assets not being depreciated:					
Land	\$ 95,687	\$ -	\$ -	\$ -	\$ 95,687
Construction Work in Progress	-	-	-	-	-
Total capital assets not being depreciated	<u>95,687</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>95,687</u>
Depreciable capital assets:					
Buildings	577,527	-	-	-	577,527
Garage Rights	13,144	-	-	-	13,144
Improvements and equipment	8,880	-	(248)	-	8,632
Infrastructure	334	-	-	-	334
Total other capital assets	<u>599,885</u>	<u>-</u>	<u>(248)</u>	<u>-</u>	<u>599,637</u>
Less accumulated depreciation/amortization for:					
Buildings	(285,925)	(13,089)	-	-	(299,014)
Garage Rights	(5,078)	(343)	-	-	(5,421)
Improvements and equipment	(6,368)	(63)	248	-	(6,183)
Infrastructure	(142)	(15)	-	-	(157)
Total accumulated depreciation/amortization	<u>(297,513)</u>	<u>(13,510)</u>	<u>248</u>	<u>-</u>	<u>(310,775)</u>
Depreciable capital assets, net	<u>302,372</u>	<u>(13,510)</u>	<u>-</u>	<u>-</u>	<u>288,862</u>
Convention and Entertainment Facilities capital assets, net	<u>\$ 398,059</u>	<u>\$ (13,510)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384,549</u>

	Balance July 1, 2018	Additions	Retirements	Transfers	Balance June 30, 2019
Combined Utility System					
Capital assets not being depreciated:					
Land	\$ 157,064	\$ 1,417	\$ (242)	\$ 1,288	\$ 159,527
Right of way	427	411	-	40	878
Rights and Intangibles - Non-depreciable	845,975	39	-	499	846,513
Construction Work in Progress	657,016	439,548	-	(249,114)	847,450
Total capital assets not being depreciated	<u>1,660,482</u>	<u>441,415</u>	<u>(242)</u>	<u>(247,287)</u>	<u>1,854,368</u>
Depreciable capital assets:					
Buildings	152,725	445	-	1,114	154,284
Improvements other than Buildings	-	-	-	-	-
Improvements and equipment	171,053	14,786	(4,252)	(6)	181,581
Infrastructure	10,784,039	16,277	(56,299)	246,177	10,990,194
Water Rights	-	-	-	-	-
Total depreciable capital assets	<u>11,107,817</u>	<u>31,508</u>	<u>(60,551)</u>	<u>247,285</u>	<u>11,326,059</u>
Less accumulated depreciation/amortization for:					
Buildings	(80,709)	(4,376)	-	-	(85,085)
Improvements other than Buildings	-	-	-	-	-
Improvements and equipment	(124,276)	(12,758)	4,173	-	(132,861)
Infrastructure	(5,505,835)	(240,240)	50,499	-	(5,695,576)
Water Rights	(49)	(57)	-	-	(106)
Total accumulated depreciation/amortization	<u>(5,710,869)</u>	<u>(257,431)</u>	<u>54,672</u>	<u>-</u>	<u>(5,913,628)</u>
Depreciable capital assets, net	<u>5,396,948</u>	<u>(225,923)</u>	<u>(5,879)</u>	<u>247,285</u>	<u>5,412,431</u>
Combined Utility System capital assets, net	<u>7,057,430</u>	<u>215,492</u>	<u>(6,121)</u>	<u>(2)</u>	<u>7,266,799</u>
Business-type activities capital assets, net	<u>\$ 10,271,533</u>	<u>\$ 151,501</u>	<u>\$ (6,376)</u>	<u>\$ (2)</u>	<u>\$ 10,416,656</u>

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June 30, 2019

C. Depreciation Expense

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

Governmental activities	
General government	\$ 42,346
Public safety	33,654
Public works	14,760
Health	4,690
Housing	1,617
Parks and recreation	17,641
Library	6,101
Infrastructure	<u>156,412</u>
Total depreciation expense - governmental activities	<u>\$ 277,221</u>
Business-type activities	
Airport System	\$ 174,266
Convention & Entertainment Facilities	13,508
Combined Utility System	<u>257,430</u>
Total depreciation expense - business-type activities	<u>\$ 445,204</u>

D. Pension Trust Funds

In February 1998, the Firefighters' Relief and Retirement Fund purchased land in the amount of \$483,325 for use in the construction of a new office building for its operations and its members. In April of 2001, the construction of the new building was completed. The building's capitalized cost of \$9,882,445 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2019 amounted to \$5,853,658.

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

Short-term debt activity for the year ended June 30, 2019, was as follows (in thousands):

	Balance July 1, 2018	Issued	Redeemed	Balance June 30, 2019
Tax and Revenue Anticipation Notes	\$ -	\$ 225,000	\$ 225,000	\$ -

On July 11, 2018, the City closed on the sale of \$225,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2018. The proceeds of the TRANS were used to pay working capital expenditures until tax revenues were received. The stated rate was 4.06%, and the average yield 1.57%. The notes matured on June 30, 2019.

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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, 2019 are summarized as follows (in thousands):

	Balance June 30, 2018	Additions	Retirements/ Transfers	Balance June 30, 2019	Amounts Due within One Year
Governmental Activities					
Bonds and notes payable:					
General tax obligation debt	\$ 3,681,410	\$ 139,065	\$ (216,600)	\$ 3,603,875	\$ 225,113
HUD Section 108 Loans	8,226	-	(3,164)	5,062	183
Plus premium (discount) on bonds	304,280	-	(19,054)	285,226	-
Total bonds and notes payable	<u>3,993,916</u>	<u>139,065</u>	<u>(238,818)</u>	<u>3,894,163</u>	<u>225,296</u>
Other liabilities:					
Claims and judgments	150,057	326,457	(317,449)	159,065	38,012
Compensated absences	476,201	62,932	(66,801)	472,332	155,791
Arbitrage rebate	-	370	-	370	-
Other Post Employment Benefit obligation	2,172,678	1,478	(134,163)	2,039,993	-
Net Pension liability	3,440,660	54,173	(11,403)	3,483,430	-
Total other liabilities	<u>6,239,596</u>	<u>445,410</u>	<u>(529,816)</u>	<u>6,155,190</u>	<u>193,803</u>
Governmental Activities Long-Term Liabilities	<u>\$ 10,233,512</u>	<u>\$ 584,475</u>	<u>\$ (768,634)</u>	<u>\$ 10,049,353</u>	<u>\$ 419,099</u>
Discretely Presented Component Units:					
Notes payable	\$ 592,665	\$ 51,760	\$ (33,782)	\$ 610,643	\$ 19,717
Bonds payable	475,153	54,522	(27,066)	502,609	25,695
Discretely Presented Component Units Long-Term Liabilities	<u>\$ 1,067,818</u>	<u>\$ 106,282</u>	<u>\$ (60,848)</u>	<u>\$ 1,113,252</u>	<u>\$ 45,412</u>

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

	Balance June 30, 2018	Additions	Retirements/ Transfers	Balance June 30, 2019	Amounts Due within One Year
Business-type activities					
Bonds and notes payable:					
Airport System debt	\$ 2,224,184	\$ 596,110	\$ (753,980)	2,066,314	\$ 86,070
Convention and Entertainment debt	518,254	106,320	(102,010)	522,564	56,842
Combined Utility System debt	6,303,480	1,027,980	(1,021,815)	6,309,645	393,657
Long-term contracts - Combined Utility	741,482	170,265	(8,927)	902,820	19,099
Premiums, discounts amount	866,026	167,419	(61,584)	971,861	-
Total bonds and notes payable	<u>10,653,426</u>	<u>2,068,094</u>	<u>(1,948,316)</u>	<u>10,773,204</u>	<u>555,668</u>
Other liabilities:					
Claims and judgments	4,335	689	(1,486)	3,538	1,486
Compensated absences	32,717	16,406	(17,156)	31,967	16,931
Arbitrage rebate liability	136	3,774	(24)	3,886	256
Other Post Employment Benefit obligation	276,934	374	(50,220)	227,088	-
Net Pension liability	587,360	2,885	(1,524)	588,721	-
Total other liabilities	<u>901,482</u>	<u>24,128</u>	<u>(70,410)</u>	<u>855,200</u>	<u>18,673</u>
Business-type activities Long-Term Liabilities	<u>\$ 11,554,908</u>	<u>\$ 2,092,222</u>	<u>\$ (2,018,726)</u>	<u>\$ 11,628,404</u>	<u>\$ 574,341</u>
Total Reporting Entity Long-Term Liabilities	<u>\$ 22,856,238</u>	<u>\$ 2,782,979</u>	<u>\$ (2,848,208)</u>	<u>\$ 22,791,009</u>	<u>\$ 1,038,852</u>

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

	Stated Interest Rate Range, %	Face Value Outstanding 6/30/2018	FY19 Issued/ Increased
General Tax Obligation Debt			
Public improvement bonds	0.25 to 6.32	\$ 2,151,850	\$ 44,065
Pension obligations	5.31 to 6.29	1,444,890	-
Commercial paper	0.12 to 10.00	70,000	95,000
Tax and revenue certificates of obligation	4.00 to 5.00	14,670	-
Total General Tax Obligation Debt		\$ 3,681,410	\$ 139,065
HUD Section 108 Loans		\$ 8,226	\$ -
Revenue Bonded Debt			
Airport System Bonds			
Senior Lien Revenue bonds	5.00 to 5.50	\$ 420,420	\$ -
Subordinate lien revenue and refunding bonds	1.85 to 5.45	1,666,575	569,110
Special facility bonds (Note 1K)	2.687 to 6.88	86,100	-
Inferior lien contractual obligation		-	-
Pension obligations	2.203 to 5.31	29,616	-
Note obligation		-	-
Commercial paper	1.47 to 1.87	21,473	27,000
		\$ 2,224,184	\$ 596,110
Convention and Entertainment Facilities			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	\$ 514,705	\$ 106,320
Pension obligations	5.31 to 6.29	3,549	-
		\$ 518,254	\$ 106,320
Combined Utility System			
Combined Utility System first lien bonds	0.02 to 6.00	\$ 5,927,760	\$ 842,980
Water and Sewer System junior lien revenue bond	1.25 to 6.90	57,339	-
Combined Utility System commercial paper	0.12 to 10.00	220,000	185,000
Pension obligations	5.31 to 6.29	98,381	-
		\$ 6,303,480	\$ 1,027,980
Long-Term Contracts-Water and Sewer System			
Coastal Water Authority	2.00 to 7.50	\$ 64,300	\$ -
Other long term contracts	3.22 to 5.85	677,182	170,265
		\$ 741,482	\$ 170,265
Total Revenue Bonded Debt and Long-Term Contracts, Primary Government		\$ 9,787,400	\$ 1,900,675
Total Bonds and Long-Term Contracts Payable, Primary Government		\$ 13,477,036	\$ 2,039,740

(Continued)

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

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FY19 Redeemed/ Refunded (2)	Face Value Outstanding 6/30/2019	Adjustments (1)	Net Outstanding 6/30/2019
\$ 205,055	\$ 1,990,860	\$ 284,605	\$ 2,275,465
10,410	1,434,480	-	1,434,480
-	165,000	-	165,000
1,135	13,535	621	14,156
<u>\$ 216,600</u>	<u>\$ 3,603,875</u>	<u>\$ 285,226</u>	<u>\$ 3,889,101</u>
<u>\$ 3,164</u>	<u>\$ 5,062</u>	<u>\$ -</u>	<u>\$ 5,062</u>
\$ 420,420	\$ -	\$ -	\$ -
300,235	1,935,450	179,252	2,114,702
5,715	80,385	-	80,385
-	-	-	-
27,610	2,006	-	2,006
-	-	-	-
-	48,473	-	48,473
<u>\$ 753,980</u>	<u>\$ 2,066,314</u>	<u>\$ 179,252</u>	<u>\$ 2,245,566</u>
101,930	519,095	203,239	722,334
80	3,469	-	3,469
<u>\$ 102,010</u>	<u>\$ 522,564</u>	<u>\$ 203,239</u>	<u>\$ 725,803</u>
\$ 800,410	\$ 5,970,330	\$ 459,761	\$ 6,430,091
-	57,339	122,054	179,393
220,000	185,000	-	185,000
1,405	96,976	-	96,976
<u>\$ 1,021,815</u>	<u>\$ 6,309,645</u>	<u>\$ 581,815</u>	<u>\$ 6,891,460</u>
\$ 3,590	\$ 60,710	\$ 4,804	\$ 65,514
5,337	842,110	2,751	844,861
<u>\$ 8,927</u>	<u>\$ 902,820</u>	<u>\$ 7,555</u>	<u>\$ 910,375</u>
<u>\$ 1,886,732</u>	<u>\$ 9,801,343</u>	<u>\$ 971,861</u>	<u>\$ 10,773,204</u>
<u>\$ 2,106,496</u>	<u>\$ 13,410,280</u>	<u>\$ 1,257,087</u>	<u>\$ 14,667,367</u>

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C. Terms of Long-Term Debt

1. Public Improvement Bonds

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

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 has 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. Currently none are outstanding. 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, 2019, \$165 million 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 2019, the average interest rate for the outstanding General Obligation Notes, including dealer and credit fees, was 1.124%. This does not include Series K-1, K-2 and G-1 which was established mainly for appropriation purposes; therefore, there were no draws during fiscal year 2019. The average fees related to Series K-1 was 0.13%, K-2 is 0.13% and G-1 is 0.26% without any notes outstanding during fiscal year 2019. The Credit Agreements expire on the following dates: Series E-1 on July 15, 2021, Series E-2 on April 22, 2022, Series G-1 on February 12, 2021, Series G-2 on November 19, 2021, Series H-2 on November 13, 2020, Series J on May 20, 2020, Series K-1 on February 2, 2026, and Series K-2 on February 2, 2026.

4. Certificates of Obligation

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

5. HUD Section 108 Loan

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

6. Airport System Revenue Bonds

On June 30, 2019, the Houston Airport System has no senior lien revenue bonds outstanding. Any bonds issued on the senior lien would require net revenues totaling 125% of the debt service requirements for such fiscal year. The Houston Airport System has issued Subordinate Lien Bonds which are paid solely from a lien on the airport system's net revenues, which must total 110% of the debt service requirements for subordinate lien bonds for such fiscal year. On June 30, 2019, the subordinate lien bonds have a total \$1,935,450,000 outstanding balance with a final maturity in the year 2048. These bonds have a fixed interest rate except for the Airport System Revenue Refunding Bonds, Variable Rate Demand Obligations (VRDOs) Series 2010, with a 7-day reset, and an outstanding balance of \$92,305,000. The VRDO bonds may be converted to other modes including fixed rate bonds.

The City has a liquidity facility with Barclays Bank PLC for the Series 2010 bonds, with a termination date of December 22, 2020. If the Remarketing Agent is unable to resell the VRDO bonds, then the liquidity facility will pay the principal to the bondholders and the bonds will become bank bonds, subject to the greater of several options for interest rates. The maximum interest rate

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permitted under the ordinance is 10%. After 60 days, the bank bonds become a term loan, where the Airport System must pay six semi-annual principal payments over three years to retire the loan. Because the Series 2010 Bonds were issued as multi-modal bonds, the City can elect to convert the Bonds into long-term fixed rate that would not require a letter of credit.

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

The Airport System Subordinate Lien Revenue Refunding Bonds, Series 2018C (AMT) and the Airport System Subordinate Lien Revenue Refunding Bonds, Series 2018D (Non-AMT) were issued on August 2, 2018, with a combined par amount of \$569,110,000. The bonds have a coupon rate of 5.0%, a true interest cost of 3.34%, and an arbitrage yield of 2.86%. They mature in varying amounts from 2019 to 2039.

Series 2018C was issued with a par amount of \$212,820,000 to current refund the following auction rate bonds: Airport System Subordinate Lien Revenue Bonds, Series 2000P-1 (AMT) \$32,275,000; Airport System Subordinate Lien Revenue Bonds, Series 2000P-2 (AMT) \$32,050,000; Airport System Subordinate Lien Revenue Bonds, Series 2002C (AMT) \$71,175,000; Airport System Subordinate Lien Revenue Bonds, Series 2002D-1 (AMT) \$55,800,000; and Airport System Subordinate Lien Revenue Bonds, Series 2002D-2 (AMT) \$50,975,000, and to pay for costs of issuance. Net present value savings on the refunding were \$12.9 million or 5.3%, with total debt service reduced by \$15.6 million. Series 2018C will reach final maturity on July 1, 2032.

Series 2018D was issued with a par amount of \$356,290,000 to current refund \$409,685,000 in outstanding Airport System Senior Lien Revenue and Refunding Bonds Series 2009A (Non-AMT) and to pay costs of issuance. Series 2018D will reach final maturity on July 1, 2039. Net present value savings on the refunding were \$77.4 million or 18.9% of the refunded bonds. Total debt service was reduced by \$107.0 million.

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

7. Airport System Inferior Lien Contract

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

8. Airport System Special Facility Bonds

The Airport System Special Facilities Taxable Revenue Bonds, (Consolidated Rental Car Facility Project), Series 2001, and the Airport System Special Facilities Taxable Revenue Refunding Bonds (Consolidated Rental Car Facility Project), Series 2014, financed the design and construction at Intercontinental of a common car customer service building, a parking structure, maintenance, storage and administrative facilities for each car rental company lessee, a common bus fleet and maintenance facility, and related infrastructure. The City holds legal title to the completed Consolidated Rental Car Facility ("CRCF"), as it was constructed on airport property, but the facility is operated and maintained by IAH RACS, LLC, a limited liability company formed by various car rental companies. The bonds are payable from customer facility charges collected by the car rental companies from their customers and remitted to a trustee for payment of debt service and other uses allowable by a trust indenture. As of June 30, 2019, 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 customer facility

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charges. These bonds do not constitute a debt or pledge of the faith or credit of the City or the Airport System Fund. At June 30, 2019, Special Facilities Taxable Revenue and Refunding Bonds (CRCF) outstanding totaled \$80,385,000.

9. Airport System Commercial Paper Notes

On November 20, 2013, the Airport System Senior Lien Commercial Paper Notes Series A and B (the Notes) were re-authorized for \$150 million to establish, improve, enlarge, extend and repair the City's Airport System, acquire land, and pay interest and cost of issuance of the Notes. The notes were collateralized by a direct pay letter of credit issued by the Royal Bank of Canada on December 18, 2013, terminating on December 16, 2016. A new letter of credit was issued on December 15, 2016 by Sumitomo Mitsui Banking Corp. for \$150 million plus \$11.1 million in respect of 270 days accrued interest computed at 10%. 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%. This letter of credit will expire on December 15, 2021.

The Fund presently has three outstanding Senior Lien Debt Service Reserve Fund Surety Policies issued by Financial Guaranty Insurance Corporation (FGIC) and reinsured by National Public Finance Guarantee Corporation for any outstanding Senior Lien Notes. These policies have an aggregate maximum amount of \$12,374,996 and terminate on October 25, 2023 and July 1, 2030. There are \$48.47 million in outstanding commercial paper notes as of June 30, 2019.

10. Airport System Inferior Lien Forward Delivery Bond Purchase Agreement

On October 21, 2015, the City authorized the issuance of \$450 million in Airport System Inferior Lien Revenue Bonds in one or more series. The City also authorized the execution of a forward delivery bond purchase agreement. This authorization is valid until October 4, 2019 unless extended by a separate City Council action. On November 5, 2015, The City executed a forward delivery bond purchase agreement for the issuance of up to \$450 million of Airport System Inferior Lien Revenue Bonds with the Royal Bank of Canada. The agreement expires on November 5, 2022. No bonds have been issued as of June 30, 2019.

11. Airport System Note Obligation

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

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

12. Convention and Entertainment Facilities Bonds

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

Flexible Rate Notes from direct borrowings are paid from a lien on the pledged receipts of the Hotel Occupancy Tax (HOT). As of June 30, 2019, Flexible Rate Notes totaled \$115 million and contain a provision that in an event of default, outstanding amounts are due immediately.

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

13. Combined Utility System First Lien Revenue Bonds

City Council authorized creation of the Combined Utility System ("the System") on September 3, 2003. The Combined Utility System currently consists of the City's Water and Sewer System. In the future the City may elect to include other utility systems. Its bonds are special obligations of the City payable from Net Revenues of the System after payments for maintenance and operations and debt service on Water and Sewer Junior Lien bonds. Net Revenues must equal 110% of the First Lien Revenue Bonds debt service.

The Combined Utility System Revenue Refunding Bonds, Series 2004B and 2004C, were initially issued as Auction Rate

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

14. Combined Utility System Commercial Paper

The Combined Utility System established a Commercial Paper Notes Program Series B which has been authorized for \$700 million to finance costs of eligible projects for the City’s combined utility system, including acquisition or construction of improvements and additions or extension for the System, and costs of issuance. The program is structured as a revolving Commercial Paper Note program. The notes are issued as third lien obligations. 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 expires on October 22 2021, and Sumitomo Mitsui Banking Corporation, acting through its New York Branch (Series B-3) which expires on January 15, 2021, PNC Bank, N.A (Series B-4) with an expiration date of July 12, 2022 and Bank of America (Series B-6) which expire on October 22, 2021. As of June 30, 2019, the Series B Notes are outstanding in the principal amount of \$185 million.

The Series B Notes may be issued for a period 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 to three year repayment provision in the event of default or material adverse change.

Effective March 13, 2015, the City established a \$75 million Series B-2 Extendable Commercial Paper Note program (the “Series B-2 ECP Notes”) that provides for the issuance of Series B-2 ECP Notes as Third Lien Obligations through March 2022. In January 2019, the City established a \$250 million Series B-5 Extendable Commercial Paper Note program (the “Series B-5 ECP Notes”) that provides for the issuance of Series B-5 ECP Notes as Third Lien Obligations through 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 ECP Notes 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. No bonds have been issued as of June 30, 2019.

15. Combined Utility System SWAP Agreements

The City has determined the Swap liability to be a Level 2 measurement under the fair value hierarchy disclosure standards. A summary of the fair value follows:

<u>Change in Fair Value</u>	<u>Fair Value at June 30, 2019</u>	<u>Notional Amount</u>
\$131,594,522	\$223,339,430	\$902,400,000
(Reported as Deferred Outflow of Resources)	(Reported in SWAP Liability)	

General Terms:

Objective: The objective is to hedge against the potential of rising interest rates associated with the Bonds and to achieve a lower fixed rate than the market rate for traditional fixed rate debt at the time of issuance.

Hedging Relationship. Hedge accounting can be applied for derivatives that are found to be effective hedges under Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The City has determined that the swaps are effective hedges and the changes in the fair values are reported as deferred inflows/outflow on the statement of net assets.

Non-Performance Adjustments. Paragraph 62 of Statement No. 72, *Fair Value Measurement and Application*, requires a government to consider nonperformance risk when measuring the fair value of a derivative in a liability position. The fair market value listed below includes consideration of the City’s credit rating and an adjustment for nonperformance risk.

Credit risk. As of June 30, 2019, the City was not exposed to credit risk because the swaps had a negative fair value. However, should interest rates increase and the fair value of the swap become positive, the City would be exposed to credit risk on the swap in the amount of its fair value. The City’s swap policy generally requires that swap counterparties be rated double-A or better by at least one nationally recognized rating agency at inception. Under the agreements, if a counterparty’s credit rating falls below AA, collateral may be required in varying amounts depending on the credit rating and fair market value to the City of the swaps. No collateral has been required to date.

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Basis risk. The City is exposed to basis risk on the swap because the variable payment received is based on an index that is not tax-exempt. Should the relationship between one-month LIBOR and 10-year CMS or one-week SIFMA and 10-year CMS move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized.

Termination risk. The City may terminate for any reason. A counterparty may terminate a swap if the City fails to perform under the terms of the contract. The City's on-going payment obligations under the swap (and, to a limited extent, its termination payment obligations) are insured, and counterparties cannot terminate so long as the insurer does not fail to perform. If a swap should be terminated, the associated variable-rate bonds would no longer carry synthetic fixed interest rates. Also, if at the time of the termination the swap has a negative market value, the City would be liable to the counterparty for a termination payment equal to the swap's market value, which may not include any adjustment for non-performance risk that is included in the swap's fair value measurement.

Swap payments and associated debt. As of June 30, 2019, 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 also included with other Combined Utility System Bonds in 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.

Under the amended terms, the City will now receive variable payments based on 58.55% of 10-year CMS.

At June 30, 2019, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	<u>Initial Terms</u>	<u>Amended Terms</u>	<u>RATE (%) Received (Paid)</u>
Variable rate payment from counterparties	1M LIBOR x 57.6%	10Y CMS x 58.55%	1.4746
	+ Constant		<u>0.1233</u>
Swap receipt			1.5979
Fixed rate paid to counterparties	Fixed		<u>(3.7784)</u>
Net rate (paid)/received for swap			(2.1805)
Average variable rate on 2004B bonds, year end			(1.5076)
Plus dealer and credit fees on 2004B bonds			<u>(0.5804)</u>
Effective rate of 2004B bonds			<u>(4.2685)</u>

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

Fair value. Because long-term interest rates have changed since inception of the swaps, the swaps had a negative fair value of \$165,893,546 on June 30, 2019. After adjustment for the refunded portion, the value reported in the financial statements is negative \$161,337,847. 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.

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<u>Counterparty</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u> <u>(Moody's /S&P /Fitch)</u>
Goldman Sachs Capital Markets	\$353,325,000	(89,721,597)	A1/A+A+
JP Morgan Chase	150,000,000	(38,090,256)	Aa2/A+/AA
Wells Fargo	<u>150,000,000</u>	<u>(38,081,693)</u>	Aa2/A+/AA-
Total	<u>\$653,325,000</u>	<u>(165,893,546)</u>	

b. Combined Utility System Forward Interest Rate Swap

Combined Utility System Forward Starting Swap. On November 1, 2005, the City entered into a forward interest rate swap transaction with 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.

Under the amended contract, the City will now receive variable payments based on 58.55% of 10-year CMS.

At June 30, 2019, the effective rate on the 2018C Bonds associated with the swap was computed as follows:

	<u>Initial</u> <u>Terms</u>	<u>Amended</u> <u>Terms</u>	<u>RATE (%)</u> <u>Received</u> <u>(Paid)</u>
Variable rate payment from counterparties (Swap Receipt)	1M LIBOR x 70%	10Y CMS x 58.55%	1.5700
Fixed rate paid to counterparty	Fixed		<u>(3.7610)</u>
Net rate (paid)/received for swap			(2.1910)
Year-end variable rate on 2018C bonds			(1.9817)
Effective rate of 2004B bonds			<u>(4.1727)</u>

Fair value. The swap had a fair value of negative \$62,765,282 on June 30, 2019. After adjustment for the refunded portion, the value reported in the financial statements is negative \$62,001,583. The fair value is recorded on the balance sheet of the Combined Utility System in the SWAP liability. This value was calculated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These net payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swaps.

<u>Counterparty</u>	<u>Notional Amount</u>	<u>Fair Value</u>	<u>Counterparty Credit Rating</u> <u>(Moody's /S&P /Fitch)</u>
Wells Fargo	<u>249,075,000</u>	<u>(62,765,282)</u>	Aa2/A+/AA

16. Water and Sewer System Junior Lien Revenue Bonds

These bonds are paid solely from a lien on the net water and sewer system revenues, which must total 110% of the current debt service requirements on the junior lien bonds. As part of the restructuring to the new Combined Utility System, the City refunded a substantial portion of the outstanding junior lien bonds on June 10, 2004 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.

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17. Coastal Water Authority (“CWA”)

The contract payable relating to CWA represents the outstanding balance of \$60,710,000 at June 30, 2019 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, 2019 represents \$28,754,000 of State Participation Loan (maturing in 2047), \$28,000,000 of Series 2009 WIF Loan (maturing in 2029) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030) for a total of \$61,869,000. The annual debt service payments for the State Participation Loan started in FY 2015, Series 2009 started in FY 2019 and Series 2010 WIF Loan is deferred to 2020. In FY 2017, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou, in November 2015 and December 2016 for \$66,565,000 and \$136,460,000, respectively. The annual debt service payments for these bonds started in FY 2019 and their maturity is in 2050 and 2051, respectively. Additionally, in FY 2018, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou in November 2017 for \$24,180,000 and \$72,795,000, respectively. The annual debt service payments began in FY 2018 for the \$24.18 million issuance, while the first debt service payment on the \$72.80 million issuance is expected in June 2020. The bonds will mature in 2047 and 2052, respectively.

Luce Bayou & Mitigation Costs-ROW

Land and Mitigation Costs associated with the Luce Bayou Project relate to acquisition of land and costs of environmental mitigation. CWA advanced funds to pay for the City's share of Land and Mitigation costs from available CWA revenues in lump sums (\$6.4 million in 2009, \$3.2 million in 2010, \$3.2 million in 2012) for a total of \$12.8 million. Repayment of the loan was deferred until 2019, with the accrued interests during 2009-2019 rolled into principal to be amortized over the next 20 years. As of June 30, 2019, the current principal balance is \$17.04 million.

SWIFT TWDB Loans for the Northeast Plant Expansion and the Northeast Transmission Line

On December 2015 and December 2016, the City closed on a TWDB subordinate lien State Water Implementation Fund for Texas (SWIFT) Loan of \$25,915,000 and \$63,020,000, respectively. These loans were issued to fund the Northeast Plant Expansion and Northeast Transmission Line. The annual debt service payments began in May 2016 and May 2017, respectively and final payments are expected to be made on November 15, 2045 and November 15, 2046, respectively. Annual debt service is payable from the Combined Utility System General Purpose Fund. As of June 30, 2019, principal payments of \$1,925,000 and \$3,335,000 were made, for the 2015 and 2016 issuances, respectively. On November 2017 and June 2018 two new SWIFT loans were issued 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 are expected to mature in 2047. As of June 30, 2019, principal payment of \$2,125,000 was made for the November 2017 issuance. Additionally, in FY 2019, a new SWIFT loan was issued in November 2018 for \$170,265,000. Annual debt service began in May 2019, with the first principal payment due in November 2019. The bonds are expected to mature in 2049.

18. Other Contracts

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

On June 20, 1967, the City, TRA, and Chambers-Liberty Counties Navigation District contracted with the United States of America to have the U.S. Army Corps of Engineers build a salinity control barrier and recreation facilities at Wallisville Lake. Because of legal actions, construction was blocked for a long period, and the project was not completed until April 2003. The City's share of the project cost was \$10,580,707, which will be paid to the U.S. government over 50 years at 3.222% interest with final payment due January 1, 2053. Current principal balance as of June 30, 2019 is \$8.5 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 2022, and the final principal payment will be made in 2037. H.B. 2846,

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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.

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. It is anticipated the construction project will be completed in 2021.

The Combined Utility System recorded a long term Other Interfund receivable of \$22,033 as well as a current Other Interfund payable of \$1,002 and a long term Other Interfund payable of \$21,031 to reflect the obligations of this contract.

D. Schedule for Debt Service Requirements to Maturity:

The following debt service schedules have been adjusted to include refundings that occurred subsequent to June 30, 2019.

1. General Long-Term Tax Obligation Debt:

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2020	211,845	95,546	12,073	65,935
2021	209,830	85,370	22,279	65,333
2022	197,290	75,158	24,656	64,123
2023	183,015	65,506	27,155	62,800
2024	170,520	56,681	29,829	61,352
2025-2029	628,505	177,420	203,035	279,946
2030-2034	260,855	56,033	289,076	210,739
2035-2039	110,015	13,875	294,760	140,001
2040-2044	18,985	1,740	305,542	82,084
2045-2049	-	-	226,076	18,313
Total	\$ 1,990,860	\$ 627,329	\$ 1,434,481	\$ 1,050,626

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Year Ending	General Obligation		Tax and Revenue	
	Commercial Paper		Certificates of Obligation	
June 30	Principal	Interest	Principal	Interest
2020	-	5,458	1,195	619
2021	40,000	4,712	1,255	559
2022	125,000	1,468	1,315	496
2023	-	-	1,380	431
2024	-	-	8,390	181
2025-2029	-	-	-	-
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
2045-2049	-	-	-	-
Total	\$ 165,000	\$ 11,638	\$ 13,535	\$ 2,286

Year Ending	Total Future Requirements		
	Principal	Interest	Total Future Requirements
June 30			
2020	\$ 225,113	\$ 167,558	\$ 392,671
2021	273,364	155,974	429,338
2022	348,261	141,245	489,506
2023	211,550	128,737	340,287
2024	208,739	118,214	326,953
2025-2029	831,540	457,366	1,288,906
2030-2034	549,931	266,772	816,703
2035-2039	404,775	153,876	558,651
2040-2044	324,527	83,824	408,351
2045-2049	226,076	18,313	244,389
Total	\$ 3,603,876	\$ 1,691,879	\$ 5,295,755

2. HUD Section 108 Loans (in thousands):

Year Ending	HUD Section 108 Loans (in thousands)		
	Principal	Interest	Total Future Requirements
June 30			
2020	183	129	\$ 312
2021	189	149	338
2022	195	143	338
2023	201	139	340
2024	208	133	341
2025-2029	1,148	579	1,727
2030-2034	2,938	357	3,295
2035-2039	-	-	-
2040-2044	-	-	-
2045-2049	-	-	-
Total	\$ 5,062	\$ 1,629	\$ 6,691

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3. Enterprise Funds:

Year Ending June 30	Airport System Senior Lien Revenue Bonds		Airport System Senior Lien Commercial Paper		Airport System Subordinate Lien Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ -	\$ -	\$ 1,467	\$ 80,110	\$ 92,557
2021	-	-	-	1,466	89,090	88,330
2022	-	-	48,473	675	94,085	83,743
2023	-	-	-	-	96,375	78,961
2024	-	-	-	-	100,730	73,997
2025-2029	-	-	-	-	588,840	287,834
2030-2034	-	-	-	-	636,615	130,291
2035-2039	-	-	-	-	166,070	42,452
2040-2044	-	-	-	-	66,980	8,533
2045-2049	-	-	-	-	16,555	2,149
Total	\$ -	\$ -	\$ 48,473	\$ 3,608	\$ 1,935,450	\$ 888,847

Year Ending June 30	Airport System Inferior Lien Contract		Airport System Pension Obligations		Airport System Special Facility Bonds- Rental Car Facility	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ -	\$ -	\$ -	\$ 107	\$ 5,960	\$ 5,038
2021	-	-	-	107	6,240	4,877
2022	-	-	-	106	7,505	4,691
2023	-	-	-	106	8,165	4,175
2024	-	-	-	107	8,870	3,613
2025-2029	-	-	293	532	43,645	7,808
2030-2034	-	-	1,334	282	-	-
2035-2039	-	-	379	20	-	-
2040-2044	-	-	-	-	-	-
2045-2049	-	-	-	-	-	-
Total	\$ -	\$ -	\$ 2,006	\$ 1,367	\$ 80,385	\$ 30,202

Year Ending June 30	Airport System Note Southwest Airlines		Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest		Principal	Interest	Total
2020	\$ -	\$ -	2020	\$ 86,070	\$ 99,169	\$ 185,239
2021	-	-	2021	95,330	94,780	190,110
2022	-	-	2022	150,063	89,215	239,278
2023	-	-	2023	104,540	83,242	187,782
2024	-	-	2024	109,600	77,717	187,317
2025-2029	-	-	2025-2029	632,778	296,174	928,952
2030-2034	-	-	2030-2034	637,949	130,573	768,522
2035-2039	-	-	2035-2039	166,449	42,472	208,921
2040-2044	-	-	2040-2044	66,980	8,533	75,513
2045-2049	-	-	2045-2049	16,555	2,149	18,704
Total	\$ -	\$ -	Total	\$ 2,066,314	\$ 924,024	\$ 2,990,338

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Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Pension Obligations	
	Principal	Interest	Principal	Interest
2020	\$ 56,752	\$ 28,345	\$ 90	\$ 216
2021	24,513	27,424	185	211
2022	23,697	30,901	195	199
2023	26,276	30,896	210	187
2024	58,347	31,055	220	174
2025-2029	130,026	152,701	1,373	640
2030-2034	131,759	150,944	1,196	159
2035-2039	41,820	9,486	-	-
2040-2044	21,575	2,981	-	-
2045-2049	4,330	87	-	-
Total	\$ 519,095	\$ 464,820	\$ 3,469	\$ 1,786

Year Ending June 30	Convention and Entertainment Total Future Requirements	
	Principal	Interest
2020	\$ 56,842	\$ 28,561
2021	24,698	27,635
2022	23,892	31,100
2023	26,486	31,083
2024	58,567	31,229
2025-2029	131,399	153,341
2030-2034	132,955	151,103
2035-2039	41,820	9,486
2040-2044	21,575	2,981
2045-2049	4,330	87
Total	\$ 522,564	\$ 466,606

Year Ending June 30	Combined Utility System Revenue Bonds		Combined Utility System Swap Agreement	Combined Utility System Commercial Paper	
	Principal	Interest	Net Swap Payment	Principal	Interest
2020	\$ 199,720	\$ 233,376	20,708	\$ 185,000	\$ -
2021	212,555	225,822	21,395	-	-
2022	227,785	217,489	20,667	-	-
2023	235,830	208,197	20,517	-	-
2024	244,030	198,286	20,534	-	-
2025-2029	1,337,740	823,536	102,315	-	-
2030-2034	1,817,260	539,850	54,291	-	-
2035-2039	1,017,405	241,976	-	-	-
2040-2044	471,920	82,350	-	-	-
2045-2049	206,085	14,272	-	-	-
2050-2054	-	-	-	-	-
Total	\$ 5,970,330	\$ 2,785,154	\$ 260,427	\$ 185,000	\$ -

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Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds		Combined Utility System Pension Obligations	
	Principal	Interest	Principal	Interest
2020	\$ 7,390	\$ 16,130	\$ 1,547	\$ 5,049
2021	6,656	15,749	3,126	4,959
2022	4,347	11,133	3,369	4,771
2023	4,604	12,741	3,625	4,569
2024	4,767	14,239	3,901	4,353
2025-2029	29,576	112,289	24,770	17,929
2030-2034	-	-	23,989	9,610
2035-2039	-	-	9,431	5,736
2040-2044	-	-	12,953	3,647
2045-2049	-	-	10,264	831
2050-2054	-	-	-	-
Total	<u>\$ 57,340</u>	<u>\$ 182,281</u>	<u>\$ 96,975</u>	<u>\$ 61,454</u>

Year Ending June 30	Combined Utility System Total Future Requirements			
	Principal	Interest	Net Swap Payment	Total Future Requirements
2020	\$ 393,657	\$ 254,555	\$ 20,708	\$ 668,920
2021	222,337	246,530	21,395	490,262
2022	235,501	233,393	20,667	489,561
2023	244,059	225,507	20,517	490,083
2024	252,698	216,878	20,534	490,110
2025-2029	1,392,086	953,754	102,315	2,448,155
2030-2034	1,841,249	549,460	54,291	2,445,000
2035-2039	1,026,836	247,712	-	1,274,548
2040-2044	484,873	85,997	-	570,870
2045-2049	216,349	15,103	-	231,452
Total	<u>\$ 6,309,645</u>	<u>\$ 3,028,889</u>	<u>\$ 260,427</u>	<u>\$ 9,598,961</u>

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		Swift Loans	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 3,755	\$ 2,626	\$ 141	\$ 274	\$ -	\$ 1,497	\$ 11,090	\$ 11,449
2021	3,960	2,438	146	269	-	1,497	11,215	11,311
2022	4,125	2,251	151	265	-	1,497	11,355	11,160
2023	4,300	2,056	155	260	610	819	11,505	10,996
2024	4,515	1,835	160	255	645	783	11,670	10,818
2025-2029	21,940	5,342	883	1,194	3,830	3,309	61,390	50,906
2030-2034	14,800	2,140	1,035	1,042	5,090	2,054	68,365	43,774
2035-2039	3,315	66	1,213	864	3,825	458	78,280	33,776
2040-2044	-	-	1,421	656	-	-	90,790	21,107
2045-2049	-	-	1,665	412	-	-	86,235	6,156
2048-2052	-	-	1,536	126	-	-	-	-
2053-2057	-	-	-	-	-	-	-	-
Total	<u>\$ 60,710</u>	<u>\$ 18,754</u>	<u>\$ 8,506</u>	<u>\$ 5,617</u>	<u>\$ 14,000</u>	<u>\$ 11,914</u>	<u>\$ 441,895</u>	<u>\$ 211,453</u>

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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
2020	\$ 2,915	\$ 1,663	\$ 573	\$ 669	\$ 625	\$ 2,356	\$ 15,344	\$ 17,908
2021	2,975	1,805	596	645	635	3,143	15,567	18,670
2022	3,045	1,935	619	621	640	4,039	15,810	19,517
2023	3,120	1,959	644	596	645	5,331	16,680	19,960
2024	3,200	1,878	670	570	655	6,815	17,000	21,119
2025-2029	17,335	12,820	3,772	2,416	3,410	53,167	90,620	123,813
2030-2034	3,335	9,229	4,588	1,585	3,785	96,406	86,197	154,089
2035-2039	8,220	5,133	5,579	574	47,450	69,678	144,566	110,484
2040-2044	10,305	2,993	-	-	89,110	38,998	191,626	63,753
2045-2049	7,419	533	-	-	105,180	20,644	200,499	27,745
2048-2052	-	-	-	-	46,665	2,843	48,201	2,969
2053-2057	-	-	-	-	-	-	-	-
Total	\$ 61,869	\$ 39,948	\$ 17,041	\$ 7,676	\$ 298,800	\$ 303,420	\$ 842,110	\$ 580,027

E. Debt Issuances and Refundings

Public Improvement and Refunding Bonds

On September 14, 2018, the City issued \$44,065,000 of Public Improvement Bonds, Series 2018A as a Private Placement with the Texas Water Development Board with 0.0% coupons. The proceeds were placed in a project fund for Project Brays and to pay cost of issuance of the Bonds. The Bonds mature in varying amounts from 2020 to 2041.

Combined Utility System Revenue and Refunding Bonds

On August 1, 2018, the City issued \$249,075,000 of Combined Utility System First Lien Revenue Refunding Bonds, Series 2018C. The Bonds were issued as LIBOR-indexed floating rate notes at an interest cost of 70% of One Month LIBOR plus 0.36%. The proceeds were used to refund the entire Combined Utility System First Lien Revenue Refunding Bonds, Series 2016C and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2028 to 2034 and have a mandatory tender date of August 1, 2021.

On August 21, 2018, the City issued \$529,220,000 in Combined Utility System First Lien Revenue Refunding Bonds, Series 2018D and E (Taxable) with coupons ranging from 2.50% to 5.00%. The proceeds were placed in escrow to provide for future debt service payments on the refunded portions of the Combined Utility System First Lien Revenue Refunding Bonds, Series 2007A, 2007B, 2008B, 2008E, 2009A, 2011A and to refund \$220,000,000 of Combined Utility System Commercial Paper Notes and to pay costs of issuance of the Bonds. The true interest cost of the 2018D and E Bonds was 3.66%. The Bonds mature in varying amounts from 2019 to 2048. Net present value savings related to the bonds totaled \$27,432,955, or 8.13% of the refunded bonds and reduced debt service by \$38,638,866.

On November 16, 2018, the City issued \$170,265,000 of Combined Utility System Subordinate Lien Revenue Bonds Series 2018F as a Private Placement with the Texas Water Development Board, with coupons ranging from 1.48% - 3.42%. Proceeds will be used to pay for projects, a debt service reserve fund and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2019 to 2048.

On April 6, 2019, the City issued \$64,685,000 of Combined Utility System First Lien Revenue Bonds Series 2019A as a Private Placement with the Texas Water Development Board, with coupons ranging from 0.05% - 1.35%. Proceeds will be used to pay for projects, a debt service reserve fund and to pay costs of issuance of the Bonds. The Bonds mature in varying amounts from 2020 to 2048.

Houston Airport System Revenue and Refunding Bonds

On August 2, 2018, the City issued \$569,110,000 in Houston Airport System Subordinate Lien Revenue Refunding Bonds Series 2018C (AMT) and D (NON-AMT) with coupons at 5%. The proceeds were placed in Escrow for the purpose of generating resources for debt service payments of the refunded portions of HAS 2009A, 2000P-1 (AMT), 2000P-2 (AMT), 2002C (AMT), 2002D-1 (AMT), 2002D2 (AMT) and to pay costs of issuance of the Bonds. The true interest cost of the 2018 C & D Bonds was 3.34%. The Bonds mature in varying amounts from 2019 to 2039. Net present value savings related to the bonds totaled \$90,332,446.13 and reduced debt service by \$122,591,945.38.

CITY OF HOUSTON, TEXAS
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Prior Year Defeased Debt

In fiscal year 2017, the City defeased \$70,570,000 of the Series 2011D Combined Utility System First Lien Revenue Refunding Bonds, by placing new bond proceeds in an escrow to provide for future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. At June 30, 2019, \$70,750,000 of defeased bonds are still outstanding.

In fiscal year 2018, the City defeased \$313,730,000 of the 2007A, 2009A, 2009B, 2010A, 2010B, 2011A and 2012A Public Improvement Refunding Bonds by placing new bond proceeds in an escrow to provide for future debt payments on the defeased bonds. Accordingly, the escrowed assets and the liability for the defeased bonds are not included in the government section of the financial statements. As of June 30, 2019, \$159,540,000 of defeased bonds are still outstanding.

In fiscal year 2019, the City defeased \$337,525,000 of the Series 2007A, 2007B, 2008B, 2008E, 2009A, 2011A Combined Utility System First Lien Revenue Refunding Bonds, by placing new bond proceeds in an escrow to provide for the future debt service 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, 2019, \$337,525,000 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 2019 the City has complied with the requirements of all revenue bond ordinances and related bond restrictions.

G. Voter Authorized Obligations

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

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

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

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

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

H. Legal Debt Margin

At June 30, 2019, the City's legal debt limit was 10% of assessed property valuation totaling \$301,433,658,721. The City's legal debt margin less applicable outstanding debt was \$26,254,265,000.

NOTE 9: LEASES

Operating Leases

A. City as Lessee

The City has obtained office space, data processing and other equipment through long-term operating leases. The total cost for such leases was \$16,071,200 for the year ended June 30, 2019. The cost is \$9,953,035 for the General Fund, \$1,843,133 for the Grant Funds, \$2,956,944 for the Non-Major Governmental Funds, \$972,934 for the Combined Utility System Funds, \$310,845 for the Airport System Funds, \$0 for the Convention and Entertainment Facilities Funds and \$34,309 for the Internal Service Funds.

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

Year ended	Operating
June 30	Lease Payments
2020	8,192
2021	4,299
2022	3,291
2023	1,954
2024	1,159
2025-2029	6,597
2030-2034	1,865
2035-2039	1,865
2040-2044	1,866
2045-2049	1,866
2050-2054	1,866
2055-2058	1,866
2059-2063	801
2064-2068	801
Total	\$ 38,288

B. City as Lessor

The Convention and Entertainment Facilities Department is the lessor of all of their capital assets to Houston First Corporation, a component unit. The agreement is a cancellable operating lease, and the capital assets have a cost of \$695,324,435, accumulated depreciation of \$310,774,833, and a carrying value of \$384,549,602. All the capital assets are used for performance and entertainment purposes.

The Airport System is the lessor of approximately ten percent of its land and substantially all of its buildings and improvements. These lease agreements are non-cancelable operating leases with fixed minimum rentals and non-cancelable operating use and lease agreements with annually adjusted rates. Rental income is earned from leasing various parcels of land with asset costs of \$21,609,968 to airlines, fixed base operators and various corporations for hangars, aircraft maintenance facilities, flight kitchens and cargo buildings; to auto rental companies for their service facilities and storage lots; and to a variety of other entities for buildings and other permanent improvements. Airlines and airport concessionaires lease various sections of City owned airport buildings and improvements for ticket counters, passenger hold rooms, baggage carousels, restaurants, retail stores and other facilities. Leased buildings, improvements and equipment have asset costs of \$5,532,746,287 and carrying costs of \$2,325,049,950. Accumulated depreciation on all these assets is \$3,207,696,337.

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

Year ended	Operating Leases
June 30	Minimum Rental Income
2020	\$ 73,518
2021	62,037
2022	58,375
2023	57,813
2024	55,345
2025-2029	156,954
2030-2034	61,693
2035-2039	54,188
2040-2044	51,088
2045-2049	43,577
2050-2054	36,467
2055-2058	2,235
Total	\$ 713,290

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Contingent income associated with the Airport System non-cancelable operating leases was approximately \$12,308,101 for the year ended June 30, 2019. Contingent income is earned when a concessionaire's payment, based on a percentage of sales, is higher than the minimum amount guaranteed to the Airport System under the terms of the lease. In addition, income is earned from certain non-cancelable operating use and lease agreements for landing fees and terminal building rentals. Such income is adjusted annually based on a compensatory formula to recover certain operating and capital costs of the related facilities. Compensatory income for the year ended June 30, 2019 was \$270,362,986.

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, 2019. 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 for a cost of living adjustment between 0% and 4% for eligible members. A Deferred Retirement Option Plan (DROP) is available, generally, to members hired before October 9, 2004 with at least 20 years of service.

Contributions

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

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

	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Retirees and beneficiaries currently receiving benefits	3,312	10,834	4,494
Former members - entitled to but not receiving benefits	89	6,044	43
Active members:			
Vested	777	7,745	1,773
Non-vested	3,198	4,135	3,509
Total participants	<u>7,376</u>	<u>28,758</u>	<u>9,819</u>

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

B. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability" (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits related to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plans. The City's net pension liability, net pension liability and certain sensitivity information are based on an actuarial valuation performed as of July 1, 2018. The total pension liability was rolled forward from the valuation date to the measurement date of June 30, 2019 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, 2019	June 30, 2019	June 30, 2019
Total Pension Liability	\$ 4,928,809	\$ 5,236,133	\$ 6,920,548
Less: Fiduciary Net Position	(4,237,692)	(3,100,999)	(5,674,648)
Net Pension Liability	<u>\$ 691,117</u>	<u>\$ 2,135,134</u>	<u>\$ 1,245,900</u>

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information section on pages 138 and 139.

CITY OF HOUSTON, TEXAS
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C. Schedule of Changes in Net Pension Liability

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans. The Change in Net Pension Liability for Fire, Municipal, and Police pension plans for the Fiscal Year ended June 30, 2019 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	\$ 55,532	\$ -	\$ 55,532
Interest on the Total Pension Liability	343,416	-	343,416
Difference between Expected and Actual Experience	34,668	-	34,668
Employer Contributions	-	89,897	(89,897)
Employees Contributions	-	34,281	(34,281)
Pension Plan Net Investment Income	-	221,775	(221,775)
Assumptions Changes	(47,463)	-	(47,463)
Benefit Payments	(272,398)	(272,398)	-
Administrative Expense	-	(4,952)	4,952
Other	-	(1,265)	1,265
Net Change	<u>113,755</u>	<u>67,338</u>	<u>46,417</u>
Net Pension Liability Beginning	<u>4,815,054</u>	<u>4,170,354</u>	<u>644,700</u>
Net Pension Liability Ending	<u>\$ 4,928,809</u>	<u>\$ 4,237,692</u>	<u>\$ 691,117</u>

Houston Municipal Employees' Pension System

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 77,175	\$ -	\$ 77,175
Interest on the Total Pension Liability	349,593	-	349,593
Difference between Expected and Actual Experience	(11,538)	-	(11,538)
Employer Contributions	-	176,261	(176,261)
Employees Contributions	-	32,537	(32,537)
Pension Plan Net Investment Income	-	200,445	(200,445)
Benefit Payments	(291,061)	(291,061)	-
Refunds	(1,394)	(1,394)	-
Administrative Expense	-	(5,363)	5,363
Other	-	710	(710)
Net Change	<u>122,775</u>	<u>112,135</u>	<u>10,640</u>
Net Pension Liability Beginning	<u>5,113,358</u>	<u>2,988,864</u>	<u>2,124,494</u>
Net Pension Liability Ending	<u>\$ 5,236,133</u>	<u>\$ 3,100,999</u>	<u>\$ 2,135,134</u>

Houston Police Officers' Pension System

Change in Net Pension Liability (in thousands)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service Cost	\$ 66,750	\$ -	\$ 66,750
Interest on the Total Pension Liability	462,691	-	462,691
Difference between Expected and Actual Experience	(16,454)	-	(16,454)
Employer Contributions	-	142,429	(142,429)
Employees Contributions	-	46,896	(46,896)
Pension Plan Net Investment Income	-	340,167	(340,167)
Assumptions Changes	-	-	-
Benefit Payments	(335,600)	(335,600)	-
Refunds	(2,278)	(2,278)	-
Administrative Expense	-	(3,580)	3,580
Net Change	<u>175,109</u>	<u>188,034</u>	<u>(12,925)</u>
Net Pension Liability Beginning	<u>6,745,438</u>	<u>5,486,613</u>	<u>1,258,825</u>
Net Pension Liability Ending	<u>\$ 6,920,547</u>	<u>\$ 5,674,647</u>	<u>\$ 1,245,900</u>

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D. Pension Expense

For the year ended June 30, 2019, the City recognized total pension expense of \$923,777,411. 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	\$ 55,532	\$ 77,175	\$ 66,750
Interest	343,416	349,593	462,691
Difference between Expected and Actual Experience	(6,789)	149,067	162,689
Differences between Projected and Actual Earnings on plan investments	104,274	24,302	60,261
Member Contributions	(34,281)	(32,536)	(46,896)
Net Investment Income	(297,072)	(206,130)	(378,738)
Administrative Expense	4,952	5,363	3,580
Assumption Changes	56,019	-	-
Other	1,265	(710)	-
Total Pension Expense	\$ 227,316	\$ 366,124	\$ 330,337

CITY OF HOUSTON, TEXAS
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E. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at June 30, 2019 for each plan are as follows (in thousands):

	HFRRF			HMEPS			HPOPS			Total Deferred Outflows of Resources	Total Deferred Inflows of Resources	Total Deferred Inflow and Outflow of Resources
	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HFRRF	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HMEPS	Deferred Outflows of Resources	Deferred Inflows of Resources	Total HPOPS			
Differences between expected actual experience	\$ -	\$ 7,355	\$ (7,355)	\$ -	\$ 9,278	\$ (9,278)	\$ 77,660	\$ -	\$ 77,660	\$ 77,660	\$ (16,633)	\$ 61,027
Changes of assumptions	292,451	-	292,451	148,363	-	148,363	278,853	-	278,853	719,667	-	719,667
Net difference between projected and actual earnings on pension plan investments	45,899	-	45,899	-	39,282	(39,282)	-	109,371	(109,371)	45,899	(148,653)	(102,754)
Total	\$ 338,350	\$ 7,355	\$ 330,995	\$ 148,363	\$ 48,560	\$ 99,803	\$ 356,513	\$ 109,371	\$ 247,142	\$ 843,226	\$ (165,286)	\$ 677,940

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2019 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:				
2020	\$ 98,074	\$ 132,484	\$ 127,058	\$ 357,616
2021	23,501	(23,563)	(17,448)	(17,510)
2022	57,315	(10,256)	122,020	169,079
2023	67,784	1,138	18,470	87,392
2024	60,037	-	(2,699)	57,338
Thereafter	24,285	-	(260)	24,025
Total	\$ 330,996	\$ 99,803	\$ 247,141	\$ 677,940

A single discount rate of 7.00% was used to measure the total pension liability for the HMEPS and the HPOPS. This single discount rate was based on the expected rate of return on the respective pension plan's investments of 7.00% and the current municipal bond rate was not applicable. The projection of cash flows used to determine this single discount rate assumed that respective plan member contributions will be made at the current contribution rate and that City contributions will be made at the rate determined actuarially in the annual Risk Sharing Valuation Study (RSVS) which would become effective in the fiscal year beginning one year after the study date. Additionally, the first year of contributions includes an expected \$750 million in Pension Obligation Bonds (POB) for the HPOPS and \$250 million for the HMEPS. Based on these assumptions, the respective pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, a single discount rate of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability. For the June 30, 2018 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, 2018 measurement date, the single discount rate of 7.25% was used.

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

The following presents the 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):

Sensitivity	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Houston Firefighters' Pension - Net Pension Liability	\$ 1,192,934	\$ 691,117	\$ 279,424
Houston Municipal Employees' Pension	\$ 2,701,000	\$ 2,135,134	\$ 1,662,160
Houston Police Officers' Pension	\$ 2,003,251	\$ 1,245,901	\$ 627,017

G. Assumptions

<u>Schedule of Assumptions</u>	<u>Houston Firefighters' Pension</u>	<u>Houston Municipal Employees' Pension</u>	<u>Houston Police Officers' Pension</u>
Inflation	3%	2.25%	2.75%
Salary Changes	3%	3.00% to 5.25%	0% to 12%, plus a 2.75% inflation and productivity
Investment Rate of Return	7.25%	7.00%	7.00%
Valuation Date	7/1/2018	7/1/2018	7/1/2019
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	29 Years	29 Years	28 Years
Asset Valuation Method	Market value	5 Year smoothed, direct offset of deferred gains and losses	Market value of assets less a five-year phase in of the excess(shortfall) between expected investment return and actual income.
Ad hoc OPEB and Ad hoc COLA	2.5% Annually	3% - 6%	2%
Mortality Assumption	RP-2014 Table Scale MP-2018	RP-2000 Table scaled by 125% for males and 112% for females	RP-2014 Table combined healthy mortality tables with blue collar adjustment for males and no collar adjustment for females.

CITY OF HOUSTON, TEXAS
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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 \$95,170,571 for the year ended June 30, 2019. Retiree health care is accounted for in the Health Benefits Fund, an Internal Service Fund. At June 30, 2019, there were 11,606 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	\$ 132,172
Expected net benefits payments	<u>1,789</u>
Actuarially Determined Contribution	<u>133,961</u>
 Contribution made	 57,100
 Net OPEB liability, beginning	 2,438,572
Change in Net OPEB liability	<u>(184,383)</u>
Net OPEB liability, end of year	<u><u>\$2,254,189</u></u>

<u>Fiscal Year Ended 30-Jun</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
2018	\$ 166,044	23.98%	\$2,438,572
2019	\$ 103,249	55.30%	\$2,254,189

A. Post-Retirement Health Insurance Benefits

1. Membership

As of the most recent actuarial valuation of the net OPEB liability, membership data is as follows:

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

CITY OF HOUSTON, TEXAS
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2. Net OPEB Liability

The Net OPEB liability was measured as of June 30, 2018. The Total OPEB Liability was determined from an actuarial valuation as of June 30, 2018. 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.

Net OPEB Liability (in thousands)	
Measurement Date	June 30, 2018
Reporting Date	June 30, 2019
Total OPEB Liability	\$ 2,254,189
Less: Fiduciary Net Position	-
Net Pension Liability	\$ 2,254,189

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 141.

3. Schedule of Changes in Net OPEB Liability

Change in Net OPEB Liability (in thousands)	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Service Cost	\$ 110,793	\$ 57,100	\$ 53,693
Interest	90,245	-	90,245
Change of benefit terms	(5,007)	-	(5,007)
Difference between Expected and Actual Experience Assumptions Changes	(99,153)	-	(99,153)
Benefit Payments	(224,161)	-	(224,161)
Net Change	(57,100)	(57,100)	-
Beginning Net OPEB Liability	(184,383)	-	(184,383)
Ending Net OPEB Liability	2,438,572	-	2,438,572
	\$ 2,254,189	\$ -	\$ 2,254,189

4. OPEB Expense

For the reporting year ended June 30, 2019, the City recognized OPEB expense of \$103,249. OPEB expense recognized is as follows (in thousands):

Amounts Recognized in OPEB Expense (in thousands)	
Components of OPEB Expense:	
Service Cost	\$110,793
Interest	90,245
Current-period benefit changes	(5,007)
Difference between Expected and Actual Experience Recognition Deferred	(14,165)
Expensed Portion of Current Period Changes in Assumptions	(46,594)
OPEB Expense	(32,023)
	\$103,249

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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5. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources are differences between actual and expected experience that are not reflected in the current year's expenses. Deferred inflows and outflows of resources related to OPEB reported by the City at June 30, 2019 is as follows (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ -	\$ (367,430)
Difference between expected and actual earnings in the Total OPEB Liability	-	(142,667)
Total	\$ -	\$ (510,097)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to Net OPEB Liability at June 30, 2019 will be recognized in OPEB expense as follows (in thousands):

	and Inflows of Resources
Ended June 30:	
2019	N/A
2020	(92,782)
2021	(92,782)
2022	(92,782)
2023	(92,782)
2024	(92,782)
2025	(46,187)
Total	(\$510,097)

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

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

1% Decrease 2.87%	Current Discount Rate 3.87%	1% Increase 4.87%
\$ 2,627,916	\$ 2,254,189	\$ 1,954,903

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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7. Schedule of Assumptions

The total OPEB liability was rolled forward from an actuarial valuation as of July 1, 2017 using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary Increases	2.75% to 22.75%, varies by employee class and service/age
Discount Rate	3.87%
Measurement Date	June 30, 2018
Healthcare costs trends rates	
Medicare	6.00% trending down to 4.5%
Other Medical	7.50% trending down to 4.5%
Prescription drug	9.00% trending down to 4.5%
Administrative costs	2.00%
Healthy Mortality Rates	RP-2000 Combined Healthy Mortality Table for males and females.

B. Health Benefits Internal Service Fund

Effective May 1, 2011, the City elected to be substantially self-insured and on May 1, 2019 once again awarded CIGNA a five year contract with two (2) one-year renewal options for 3 new health plans. All have a heavy emphasis on a wellness component, and include; 1) a limited network HMO-type plan, 2) an open access PPO -type plan with out-of-network coverage, 3) a consumer driven high deductible health plan, partnered with a health reimbursement account, and 4) a specific plan for retirees, mostly those under age 65, who live outside the limited network service area but who live in Texas. 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 \$256,964,014 for the year ended June 30, 2019.

	CIGNA	
	Schedule of Changes in Liability	
	(in thousands)	
	June 30, 2019	June 30, 2018
Beginning actuarial estimate of claims liability reserve, July 1	\$ 23,067	\$ 19,136
Catastrophic claims reserve, July 1	15,000	13,000
Additional increase to Catastrophic claims reserve, August 2018	-	2,000
Incurred claims for fiscal year	312,477	295,713
Payments on claims - net of RX rebates and refunds	(312,710)	(296,573)
Actuarial adjustment	116	4,791
Ending actuarial estimate of claims liability including catastrophic claims liability, June 30	<u>\$ 37,950</u>	<u>\$ 38,067</u>

The City also provides 1 times the salary of basic life insurance, with a minimum of \$15,000, at no cost to the employee. The employee, at no cost to the City, may then obtain additional life insurance up to four times their annual salary. The current costs for active employees for both basic and voluntary life insurance totaled \$6,224,962 for the year ended June 30, 2019.

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 \$38 million and designated fund balance of \$37 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.

CITY OF HOUSTON, TEXAS
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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, 2019	June 30, 2018
Beginning actuarial estimate of claims liability, July 1	\$ 5,990	\$ 8,184
Incurred claims for fiscal year	1,510	1,481
Payments on claims	(957)	(976)
Actuarial adjustment	177	(2,699)
Ending actuarial estimate of claims liability, June 30	<u>\$ 6,720</u>	<u>\$ 5,990</u>

Actuarially Determined Contribution and Total Claim Liability (in thousands)

During fiscal year 2019, there was a decrease of \$730 thousand in the amount of disabled life reserves.

Total claim liability at beginning of period	\$ 5,990
Changes due to assumption changes	126
Increase attributable to additions	1,337
Decrease attributable to terminations	(324)
Change attributable to passage of time and adjustments	(409)
Net change	<u>730</u>
Total claim liability at end of period	<u>\$ 6,720</u>

Fiscal Year Ended 30-Jun	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
2018	\$ 1,092	120.24%	\$ 11,040
2019	\$ 1,329	6.85%	\$ 12,902

1. Changes in Net OPEB Liability (in thousands)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (NPL)
Balance at 06/30/2018	\$ 11,040	\$ -	\$ 11,040
Changes for the year			
Service Cost	776	-	776
Interest	409	-	409
Experience	1,369	-	1,369
Employer Contributor	-	957	(957)
Benefit Payments	(947)	(947)	-
Assumption Changes	255	-	255
Net Changes	<u>1,862</u>	<u>10</u>	<u>1,852</u>
Balance at 06/30/2019	<u>\$ 12,902</u>	<u>\$ 10</u>	<u>\$ 12,892</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

2. OPEB Expense Components (in thousands)

Service Cost	\$	776
Interest on TOL		409
Differences between expected and actual exp		134
Changes in Assumptions		<u>10</u>
Total OPEB Expense	\$	<u><u>1,329</u></u>

For the year ended June 30, 2019, the City will recognize OPEB expense of \$1,328,625. At June 30, 2019, 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)

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

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 1,222
Changes in assumptions	<u>103</u>
	<u>\$ 1,325</u>

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

Year Ended June 30:	
2020	144
2021	144
2022	144
2023	144
2024	144
Thereafter	<u>605</u>
	<u>\$ 1,325</u>

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

The following presents the net OPEB liability, calculated using the discount rate of 3.50%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1 percentage-point higher than the current rate:

	<u>1% Decrease 2.50%</u>	<u>Current Discount Rate of 3.50%</u>	<u>1% Decrease 4.50%</u>
City's Net OPEB Liability	<u>\$ 13,602</u>	<u>\$ 12,892</u>	<u>\$ 12,221</u>

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.

CITY OF HOUSTON, TEXAS
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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, 2019, the City has an accumulated liability in the amount of \$99 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, 2019	June 30, 2018
Beginning actuarial estimate of claims liability, July 1	\$ 87,502	\$ 61,244
Incurred claims for fiscal year	19,984	13,220
Payments on claims	(20,387)	(16,832)
Actuarial adjustment	11,635	29,870
Ending actuarial estimate of claims liability, June 30	<u>\$ 98,734</u>	<u>\$ 87,502</u>

NOTE 12: INTERFUND TRANSACTIONS

A. Transfers

Transfers during the year ended June 30, 2019 were as follows (in thousands):

Transferred from:	Transferred to:						Total Transfers Out
	General Fund	Nonmajor Governmental Funds	Debt Service	Capital Projects	Combined Utility System	Grants Fund	
General Fund	\$ -	\$ 62,815	\$ 363,825	\$ 1,642	\$ 72	\$ 2,009	\$ 430,363
Grants Fund	3,109	-	-	43	-	-	3,152
Nonmajor Funds	21,520	630	13,026	123,223	-	3,109	161,508
Debt Service	-	-	-	-	-	-	-
Capital Projects	-	-	91	-	-	-	91
Convention and Entertainment	1,449	-	-	-	-	-	1,449
Combined Utility System	50,128	-	7,775	-	-	-	57,903
Total transfers in	<u>\$ 76,206</u>	<u>\$ 63,445</u>	<u>\$ 384,717</u>	<u>\$ 124,908</u>	<u>\$ 72</u>	<u>\$ 5,118</u>	<u>\$ 654,466</u>

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 \$84,245,000 for the year ended June 30, 2019, 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 2019 total are charges to the funds for direct and indirect expenses as shown below (in thousands):

	Airport System	Combined Utility Sytem	Other Funds	Total
General Services	\$ 3,193	\$ 10,404	\$ 10,260	\$ 23,857
Fire Services	21,545	-	-	21,545
Police Services	31,955	-	-	31,955
Legal	-	666	75	741
Other	260	4,660	1,227	6,147
Total	<u>\$ 56,953</u>	<u>\$ 15,730</u>	<u>\$ 11,562</u>	<u>\$ 84,245</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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C. Schedule of Amounts Due To and Due From Other Funds

The interfund balances are primarily due to charges for services between funds during the fiscal year and settled shortly after year-end. The composition of interfund balances as of June 30, 2019 is as follows (in thousands):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Grants Revenue	\$ 15,624
	Combined Utility System	9,384
	Nonmajor Governmental Funds	5,035
	Capital Projects Fund	7,827
	Airport System	247
	Internal Service Fund	6,096
		<u>\$ 44,213</u>
Grants Revenue	General Fund	\$ 3,942
	Capital Projects Fund	5,336
	Nonmajor Governmental Funds	19
	Combined Utility System	396
	Internal Service Fund	147
	<u>\$ 9,840</u>	
Capital Projects Fund	Grants Revenue	\$ 3,005
	General Fund	15
	Nonmajor Governmental Funds	10,583
	Internal Service Fund	14
	Combined Utility System	141
	<u>\$ 13,758</u>	
Airport System	General Fund	\$ 485
	Nonmajor Governmental Funds	1
	<u>\$ 486</u>	
Internal Service Fund	General Fund	\$ 629
		<u>\$ 629</u>
Combined Utility System	Nonmajor Governmental Funds	\$ 4,047
	General Fund	1,304
	Grants Revenue	116
	<u>\$ 5,467</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 65
	General Fund	15,213
	Grants Revenue	648
	Combined Utility System	317
	Capital Projects Fund	88
	<u>\$ 16,331</u>	
Debt Service Fund	General Fund	\$ 550
		<u>\$ 550</u>

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13: COMMITMENTS AND CONTINGENCIES

A. Litigation and Claims

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its municipal and enterprise activities, certain of which seek substantial damages. That litigation includes lawsuits and claims alleging that the City caused personal injuries and wrongful deaths; class actions and other lawsuits and claims alleging discriminatory hiring and promotional practices and certain civil rights violations arising under the Federal Voting Rights Act; various claims from contractors for additional amounts under construction contracts; and claims involving property tax assessments and various other liability claims. Alleged damages in the lawsuits are approximately \$34.3 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 \$16.2 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 City Defendants (Mayor Turner and the City of Houston) filed a plea to the jurisdiction, which was denied by the district court. The City Defendants appealed the denial. On August 17, 2017, the appeals court affirmed the trial court's denial of the plea. The City Defendants filed a petition for review with the Texas Supreme Court, which was denied, and the case has been remanded to the trial court. The City Defendant's Supplemental Plea to the Jurisdiction/Motion for Summary Judgment and Motion for Reconsideration was heard on May 24, 2019; however, the judge allowed plaintiffs to file a counter-motion for summary judgment. The court granted the City Defendant's Motion for Summary Judgment on September 16, 2019 and denied plaintiffs' Motion for Summary Judgment. On October 4, 2019, the trial court held a bench trial on the remaining issues. On October 29, 2019, the trial court held for the City Defendants, ordering that the plaintiffs take nothing. The plaintiff has challenged the trial courts disposition.

In 2007, Houston voters approved several ballot propositions including Proposition G, which eliminated some of the most serious concerns created by the potential application of Proposition 2 by revising how the City's revenues limited by the Charter would be calculated (including the removal of the revenues of the City's Enterprise Funds from the revenues limited by the City Charter), and Proposition H, which allowed the City to raise revenues for police, fire, and emergency services in excess of the revenues allowed under any revenue limitations contained in the City Charter.

In 2013, the City commenced formal negotiations with the Environmental Protection Agency ("EPA") and the Department of Justice ("DOJ") (collectively the "United States") on a draft Clean Water Act consent decree relating to the City's Wastewater Treatment and Collection System ("System") that would contain specific remedial measures to address sanitary sewer overflows ("SSOs") and wastewater treatment plant permit exceedances and mitigate against future occurrences. The State of Texas ("State") has also been a party to the negotiations and resolution of this matter. Before the EPA, DOJ, State and the City could complete the consent decree negotiations, a citizen group called Bayou City Waterkeeper ("BCW") notified the City in July 2018 of BCW's Notice of Intent to Sue ("NOI") the City on the same matters being negotiated 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 have now concluded 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

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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. After consideration of any comments received, the United States and State may request the court to enter the Consent Decree, which will become effective on entry. It is possible that the Consent Decree could be challenged prior to its entry by the court or by appeal after the Consent Decree is entered. The City has posted a copy of the Consent Decree on its website at <https://www.publicworks.houstontx.gov/>.

While the total amount of the investment to be made in the wastewater system will not be known until the System completes the assessment work to identify the condition and remedial measures needed, it is estimated that the City may be required to invest an additional \$2 billion over 15 years to upgrade the wastewater system pursuant to the Consent Decree. The System is currently performing a water/wastewater rate study that will take into account this additional investment in wastewater infrastructure in evaluating impacts on future wastewater rates. However, initial estimates do not indicate a substantial rate increase and rates are expected to remain well below EPA's affordability guidelines. Other than the costs identified above that would be paid for resolution of all civil claims of the federal government and the State against the City for alleged wastewater violations since 2005, the City cannot predict the final financial impact on current and future long-term operations, annual maintenance and/or capital improvements costs that may be required. In addition, resolution of the issues related to the addressment of the City's Wastewater Treatment and Collection System could entail expenditures or payment of costs by the City that could be substantial. These costs could be immediate or could extend over a longer period of time.

For Fiscal Year 2020, the City will manage the System through capital investments, maintenance and assessment activities. These activities include enhanced sewer cleaning, restaurant inspections, system inspections and investigations, SSO response, and public outreach and education.

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

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

Jones v. Turner. On October 21, 2019, taxpayers filed suit in state district court alleging miscalculation by the City of required ad valorem tax contributions to Pay-As-You-Go-Fund resulting in alleged underpayments into the fund. The plaintiffs seek declaratory relief, an injunction, mandamus relief, attorneys' fees, and any other relief to which they may be entitled.

Pay-As-You-Go Fund Litigation. In December 2010, citizens filed an election contest in State district court seeking to have the voters' approval of the Pay-As-You-Go Fund charter amendment declared void. The citizen-initiated proposed charter amendment was put back on the ballot with revised language in November 2018, and was approved by the voters, resolving the dispute.

Drainage Utility Fee Litigation. In 2012, the owners of three apartment complexes filed a lawsuit against the City and the Director of Houston Public Works in their official capacity, challenging the validity of the Drainage Utility Fee and alleging ultra vires actions by the Director. The City filed a plea to the jurisdiction seeking dismissal of the suit. The City's plea was granted in part and denied in part. The apartment complexes' remaining ultra vires claims, declaratory judgment claims, and constitutional challenges to the ordinance remain pending in the district court. The apartment complexes appealed, the court of appeals affirmed the trial court's decision and the Supreme Court denied review.

Three railroad companies had intervened in the lawsuit to challenge the Drainage Utility Fee but, on the City's motion, the court struck the railroad companies' intervention. The railroad companies then filed their own lawsuit challenging the validity of various aspects of the assessment of the Drainage Utility Fee, alleging both ultra vires and constitutional claims, and asking for injunctive relief and attorneys' fees. The City filed a plea to the jurisdiction on all of the railroads' ultra vires claims, which was granted by the district court but denied on appeal by the Texas Supreme Court. The railroad companies' ultra vires claims, declaratory judgment claims, and constitutional challenges are currently pending in the district court.

A small business filed a lawsuit contending that the City and Mayor Sylvester Turner and the Director of Houston Public Works in their official capacities have illegally assessed, collected and spent hundreds of millions of dollars for drainage and street repairs from

CITY OF HOUSTON, TEXAS
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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 appealed and the dismissal of the case was affirmed on appeal. The plaintiff has filed a motion for rehearing in the appellate court.

B. Environmental Liabilities

The City is aware of various sites contaminated by asbestos or other hazardous materials. The City has recorded accrued liabilities of \$12.5 million, to be used for: assessment and remediation of asbestos, lead and mold; Phase I and II environmental site assessments and remediation; and remediation of radioactive material.

C. Commitments for Capital Facilities

At June 30, 2019, the City had appropriated but not yet spent from Capital Projects and Enterprise Funds approximately \$1,772,501,000 for capital projects.

The City leased a tract of land to the Houston Music Hall Foundation for 30 years with a 30-year renewal option. On this site, the Houston Music Hall Foundation constructed the facility named the Hobby Center for the Performing Arts, which was donated to the City.

Upon commencement of the lease, the City is obligated to pay from parking revenues \$1.1 million per year for 30 years. The City's annual obligation is secured by a pledge of the parking revenues from the Theater District and Tranquility Park Parking Garages equal to \$1.2 million per year for 30 years. This lease and the corresponding obligation has been assigned to Houston First Corporation.

D. Risk Management

The City purchases fidelity coverage to comply with City ordinance, boiler and machinery insurance with a per occurrence loss limit of \$100 million and commercial property insurance with a per occurrence loss limit of \$175 million. The commercial property insurance sublimit for flood is \$175 million. Property insurance provides deductibles as follows: \$500,000 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	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Unpaid claims, beginning of fiscal year	\$159,929	\$153,019
Incurred claims (including IBNRs)	898,403	654,107
Claim payments	<u>(626,948)</u>	<u>(647,197)</u>
Unpaid claims, end of fiscal year	<u><u>\$431,384</u></u>	<u><u>\$159,929</u></u>

E. Purchase Commitments for Electricity

At June 30, 2019, the City had entered into agreements to lock rates for part of the natural gas component of its expected electricity use from July 1, 2019 through June 30, 2019. The total committed price is approximately \$93 million for expected usage. The City may pay a different amount if actual electricity usage varies. This amount will be appropriated in future annual budgets.

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F. Purchase Commitment - Luce Bayou Inter-Basin Transfer Project

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, 2019 represents \$28,754,000 of State Participation Loan (maturing in 2047), \$28,000,000 of Series 2009 WIF Loan (maturing in 2029) and \$5,115,000 of Series 2010 WIF Loan (maturing in 2030) for a total of \$61,869,000. The annual debt service payments for the State Participation Loan started in FY 2015, Series 2009 started in FY 2019 and Series 2010 WIF Loan is deferred to 2020. In FY 2017, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou, in November 2015 and December 2016 for \$66,565,000 and \$136,460,000, respectively. The annual debt service payments for these bonds started in FY 2019 and their maturity is in 2050 and 2051, respectively. Additionally, in FY 2018, two new State Water Implementation Revenue Fund for Texas (SWIRFT) bonds were issued in relation to Luce Bayou in November 2017 for \$24,180,000 and \$72,795,000, respectively. The annual debt service payments began in FY 2018 for the \$24.18 million issuance, while the first debt service payment on the \$72.80 million issuance is expected in June 2020. The bonds will mature in 2047 and 2052, respectively.

G. 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.

H. Hurricane Harvey Disaster

The City experienced a substantial natural disaster in August 2017 resulting from Hurricane Harvey, when up to 50 inches of rain caused flooding in portions of the City. All financial activity related to Hurricane Harvey is recorded in the Disaster Recovery Fund. The fund is used to account for disaster related expenditures, insurance proceeds, and Federal Emergency Management Agency (FEMA) grant distributions for presidentially declared disasters impacting Houston. The City continues to evaluate the storm's effects and submit reimbursement requests to FEMA.

Several of the City's capital fixed assets incurred loss of service utility during the storm. Repairs to capital assets are underway. Assessments regarding structures, mitigation efforts and improvements are ongoing by City and FEMA engineers. The estimated costs will be determined in due course and will be reported upon FEMA project approval.

Advances received for Category B as of June 30, 2019 have been recognized as revenue. Advances received for Category A have been recognized as revenue to the extent of FEMA obligations. As the FEMA projects are obligated in subsequent years, the advances and additional inflows will be recognized as revenue as eligible expenditures are incurred.

NOTE 14: RELATED ORGANIZATION TRANSACTIONS

A. Metropolitan Transit Authority (Metro)

The City and Metro have an inter-local agreement covering shared costs of street maintenance/construction and traffic control during the fiscal year ended June 30, 2019. The City received \$100.798 million from Metro under this contract in the fiscal year ended June 30, 2019. The breakout was \$45.718 million to Capital Projects and \$55.080 million to Special Revenues. No payments were for the prior contract year. The City did not make any payments to Metro for transportation services during fiscal year 2019.

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, 2019 the City paid \$3.8 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, 2019 is \$74.1 million. The current portion of this receivable is \$3.5 million with the remaining \$70.6 million reflected as non-current.

CITY OF HOUSTON, TEXAS
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June 30, 2019

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 2019, the City paid CWA \$6.4 million for debt services and \$21.0 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, 2019. Eight discretely presented component units: Greater Houston Convention and Visitors Bureau, Houston Arts Alliance, Houston First Corporation, Houston Housing Finance Corporation, Houston Museum District Association, Houston Zoo, Inc., Miller Theatre Advisory Board, Inc., and Theater District Improvement, Inc. have fiscal years ended December 31, 2018. Subsequent to December 31, 2018, the City received interest payments of \$6,925 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. (successor to Continental Airlines, Inc.) a private company, to construct facilities at Intercontinental that were deemed to be in the public interest (Special Facilities). These bonds are limited special obligations of the City, payable solely from and secured by a pledge of revenues generated from lease agreements with United Airlines. Collected pledged revenues are remitted directly to a trustee by United Airlines. Under the terms of the related lease agreements, United Airlines operates, maintains, and insures the terminal, and manages and retains revenues from all concessions operated in the Terminal B and E Special Facilities. The City operates, maintains, insures, and manages and retains revenues from all concessions operated in all other terminal facilities.

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

Conduit debt outstanding at June 30, 2019 (in thousands):

	June 30, 2019
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT), \$113,305,000 original principal, matures in 2038	\$ 113,305
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project), Series 2014 (AMT), \$308,660,000 original principal, matures in 2029	308,660
Airport System Special Facilities Revenue Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-1 (AMT), \$176,650,000 original principal, matures in 2035	176,650
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT), \$47,390,000 original principal, matures in 2020	47,390
Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C (AMT), \$65,785,000 original principal, matures in 2020	65,785
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
Total conduit debt outstanding	\$ 848,865

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

CITY OF HOUSTON, TEXAS
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June 30, 2019

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

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

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Terminal Improvement Projects) Series 1997B and 1998B financed various leasehold improvements for United Airlines in Terminals B, C and D. On March 16, 2015, the City issued \$47,390,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal Improvement Projects), Series 2015B-2 (AMT) on behalf of United Airlines, with a 5.00% coupon rate, to mature on July 15, 2020. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997B and 1998B and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$12,049,244 or 18.36% of the refunded bonds and reduced total debt service by \$45,281,400.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc., Airport Improvement Projects) Series 1997C and 1998C, financed the construction of an aircraft hangar, maintenance and parts storage facility, mail sort facility, flight simulator, and inflight training facility. On March 26, 2015, the City issued \$65,785,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Airport Improvement Projects), Series 2015C, on behalf of United Airlines, with a coupon rate of 5.00%, to mature on July 15, 2020. Proceeds of the bonds were used to refund the outstanding Airport System Special Facilities Revenue Bonds, Series 1997C and 1998C, and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$14,553,627 or 20.95% of the refunded bonds and reduced total debt service by \$40,135,502.

The Airport System Special Facilities Revenue Bonds, (Continental Airlines, Inc. Terminal E Project), Series 2001, financed the construction of international Terminal E and related airport facilities for the exclusive use of United Airlines (Terminal E Special Facilities). On May 8, 2014, the City issued \$308,660,000 in Airport System Special Facilities Revenue Refunding Bonds (United Airlines, Inc. Terminal E Project) Series 2014 on behalf of United Airlines, at coupon rates ranging from 4.50% to 5.00%. The bonds mature in varying amounts from 2020 to 2029. Proceeds of the bonds were used to refund a portion of the City's outstanding Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal E project) Series 2001 and to pay costs of issuance. Net present value savings for United Airlines related to the refunded bonds totaled \$40,519,909 or 13.31% of the refunded bonds and reduced total debt service by \$58,675,823.

The Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 2011 (AMT) financed the replacement of two flight stations at Terminal B with a new South Concourse building to serve United Airlines' regional jet operations (Terminal B Special Facilities). The Terminal B Special Facilities went into service in March, 2014.

NOTE 16: PRIOR PERIOD ADJUSTMENT

The net position in the Combined Utility enterprise fund and primary government business-type activities as of the beginning of the fiscal year been adjusted to increase the due from other governments for a contractual arrangement with Trinity River Authority which was not reflected in the financial statements of the City. (See note 14B)

The correction resulted in an increase to net position of \$79.4 million dollars.

	<u>Combined Utility System</u>
July 1,2018 as previously reported	\$ (22,657)
Prior period adjustment	79,429
July 1,2018 as restated	\$ 56,772

CITY OF HOUSTON, TEXAS
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2019

NOTE 17: SUBSEQUENT EVENTS

A. Tax and Revenue Anticipation Notes

On July 26, 2019, the City closed the sale of \$200,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2019. The proceeds of the TRANS will be used to pay working capital expenditures until tax revenues are received in early 2020. The stated interest rate was 3.26%. The notes will mature on June 26, 2020.

B. Public Improvement Refunding Series 2019A and 2019B (Taxable)

On September 10, 2019, the City issued \$470,010,000 in Public Improvement Refunding Bonds Series 2019A and Series 2019B (Taxable) with coupons ranging from 1.785% to 5.00%. The proceeds were placed in Escrow for the purpose of generating resources for future debt service payments of the refunded portions of the PIB 2009A, 2009B, 2010B, 2011A, 2012A, 2013A bonds; to refund \$150,000,000 of General Obligation Commercial Paper Notes; and to pay costs of issuance of the Bonds. The true interest cost of the 2018 A&B Bonds is 2.17%. The Bonds mature in varying amounts from 2021 to 2048. Net present value savings related to the bonds totaled \$36,951,167 and reduced debt service by \$38,295,653.

C. Combined Utility System First Lien Revenue Refunding Bonds Series 2019B and 2019C (Taxable)

On September 17, 2019, the City issued \$690,845,000 in Combined Utility First Lien Revenue Refunding Bonds, Series 2019B and 2019C (Taxable), with coupons at 1.66% to 5.00%. The proceeds were placed in escrow to provide for future debt service payments on the refunded portions of the Combined Utility System First Lien Revenue Refunding Bonds, Series 2011D, 2011F, 2012D, 2012F; to refund \$185,000,000 of Combined Utility System Commercial Paper Notes; and to pay costs of issuance of the Bonds. The true interest cost of the 2019B Bonds is 3.01% and 2019C Bonds is 2.66%. The Bonds mature in varying amounts from 2020 to 2049. Net present value savings related to the bonds totaled \$94,963,546 or 19.05% of the refunded bonds. Total debt service was reduced by \$126,733,755.

D. Airport System Inferior Lien Forward Delivery Bond Purchase Agreement

On September 11, 2019, the City Council extended through October 3, 2020 its authorization of \$450 million in Inferior Lien Airport System Revenue Bonds, while confirming the forward delivery purchase agreement with the Royal Bank of Canada.

E. Debt

The Houston Airport System (HAS) executed two low-cost 2.0% reimbursement loan agreements with the Texas State Energy Conservation Office (SECO) in May 2019 to finance environmentally friendly projects that will conserve energy consumption at the IAH and HOU airports. HAS submitted on November 1st, 2019 its first two reimbursement requests totaling \$324 thousand to SECO, and on November 14th requested another \$300 thousand in reimbursements for both commercial airports. As of the cutoff for CAFR publishing, none of the costs have been approved (or disapproved) and reimbursed by SECO. The repayment of the two loans will commence individually shortly after completion of the maximum-length 18-month projects, and after the last reimbursement requests are processed by SECO. Repayment will occur over approximately ten years. The two loans are capped at \$7,991,463.00 and \$7,531,679.00.

F. Terminal Construction at IAH

HAS anticipates extending a payment to United Airlines in December 2019 for \$36.5 million related to the early termination of United's leasehold for the original north concourse at Terminal C, now referred to as "Old C North," so that Old C North can be demolished and the site used for a new international pier that will connect to the existing Mickey Leland International Terminal, also referred to as Terminal D. This deferred outflow will be recovered, plus interest, over an 8-year period from the airlines using this terminal.

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, 2019
amounts expressed in thousands
(unaudited)**

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Revenues				
Taxes and assessments				
Property Taxes	\$ 1,200,813	\$ 1,200,813	\$ 1,190,243	\$ (10,570)
Industrial Assessments	19,463	19,463	19,755	292
Sales Tax	657,700	657,700	692,271	34,571
Franchise Tax	176,845	176,845	182,417	5,572
Mixed Beverage Tax	17,703	17,703	18,026	323
Bingo Tax	308	308	222	(86)
Total taxes and assessments	<u>2,072,832</u>	<u>2,072,832</u>	<u>2,102,934</u>	<u>30,102</u>
Licenses and permits				
General	26,057	26,057	27,830	1,773
Health Permits	6,802	6,802	7,471	669
Total licenses and permits	<u>32,859</u>	<u>32,859</u>	<u>35,301</u>	<u>2,442</u>
Charges for services				
Ambulance service	40,338	40,338	45,904	5,566
Library fees	10	10	11	1
Parking	215	215	298	83
Services performed for other funds				
Direct	58,505	58,505	62,214	3,709
Indirect	29,246	29,246	26,603	(2,643)
Rents and royalties	1,559	1,559	1,429	(130)
Others	12,758	12,758	13,420	662
Total charges for services	<u>142,631</u>	<u>142,631</u>	<u>149,879</u>	<u>7,248</u>
Intergovernmental - grants	66,152	66,152	60,205	(5,947)
Fines and forfeits				
Municipal Courts	21,591	21,591	21,702	111
Others	3,978	3,978	3,933	(45)
Total fines and forfeits	<u>25,569</u>	<u>25,569</u>	<u>25,635</u>	<u>66</u>
Interest	6,011	6,011	15,386	9,375
Other				
Sale of Property	274	274	170	(104)
Other	20,542	20,542	23,673	3,131
Total Other	<u>20,816</u>	<u>20,816</u>	<u>23,843</u>	<u>3,027</u>
Total revenues	<u>2,366,870</u>	<u>2,366,870</u>	<u>2,413,183</u>	<u>46,313</u>
Other financing sources (uses)				
Transfers in	25,804	25,804	20,680	(5,124)
Sale of capital assets	2,123	2,123	26,021	23,898
Total other financing sources (uses)	<u>27,927</u>	<u>27,927</u>	<u>46,701</u>	<u>18,774</u>
Total revenues and other financing sources	<u>\$ 2,394,797</u>	<u>\$ 2,394,797</u>	<u>\$ 2,459,884</u>	<u>\$ 65,087</u>

* See Note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2019
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Expenditures				
General government				
Legislative and executive				
Legislative - Council				
Personnel services	7,222	7,615	7,344	271
Other current expenditures	3,107	3,187	1,671	1,516
Equipment acquisition	-	132	131	1
Total legislative - council	<u>10,329</u>	<u>10,934</u>	<u>9,146</u>	<u>1,788</u>
Legislative - Mayor's Office				
Personnel services	4,970	5,106	5,047	59
Other current expenditures	530	555	582	(27)
Total executive - mayor's office	<u>5,500</u>	<u>5,661</u>	<u>5,629</u>	<u>32</u>
Total legislative and executive	<u>15,829</u>	<u>16,595</u>	<u>14,775</u>	<u>1,820</u>
Office of Business Opportunity				
Personnel services	3,144	3,188	2,593	595
Other current expenditures	504	493	350	143
Total office of business opportunity	<u>3,648</u>	<u>3,681</u>	<u>2,943</u>	<u>738</u>
Municipal Courts Administration				
Municipal Courts				
Personnel services	23,290	23,703	22,676	1,027
Other current expenditures	6,572	6,387	5,656	731
Equipment acquisition	-	1	1	-
Total municipal courts	<u>29,862</u>	<u>30,091</u>	<u>28,333</u>	<u>1,758</u>
Elections	-	1,080	1,302	(222)
Finance administration				
Controller				
Personnel services	7,484	7,632	6,994	638
Other current expenditures	1,094	1,079	868	211
Total controller	<u>8,578</u>	<u>8,711</u>	<u>7,862</u>	<u>849</u>
Finance				
Personnel services	13,722	13,996	12,845	1,151
Other current expenditures	5,004	4,974	3,670	1,304
Equipment acquisition	-	-	6	(6)
Total finance	<u>18,726</u>	<u>18,970</u>	<u>16,521</u>	<u>2,449</u>
Administrative and Regulatory Affairs				
Personnel services	15,354	15,836	15,551	285
Other current expenditures	4,248	4,174	3,263	911
Equipment acquisition	13	13	43	(30)
Total administrative and regulatory affairs	<u>19,615</u>	<u>20,023</u>	<u>18,857</u>	<u>1,166</u>
Information Technology				
Personnel services	12,237	12,426	10,885	1,541
Other current expenditures	5,383	5,749	5,193	556
Equipment acquisition	-	6	6	-
Total information technology	<u>17,620</u>	<u>18,181</u>	<u>16,084</u>	<u>2,097</u>
Bond and Legal				
	2,085	1,585	1,280	305
Total finance administration	<u>66,624</u>	<u>67,470</u>	<u>60,604</u>	<u>6,866</u>

* See Note to Required Supplementary Information *

CITY OF HOUSTON, TEXAS
GENERAL OPERATING FUND
Schedule of Budgeted and Actual Revenues and Expenditures
For the Year Ended June 30, 2019
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Legal				
Personnel services	14,671	14,905	13,511	1,394
Other current expenditures	1,310	1,261	982	279
Equipment acquisition	18	26	-	26
Total legal	15,999	16,192	14,493	1,699
City Secretary				
Personnel services	699	763	734	29
Other current expenditures	230	205	91	114
Total city secretary	929	968	825	143
Planning and Development				
Personnel services	3,180	3,199	2,745	454
Other current expenditures	1,038	1,138	622	516
Total planning and development	4,218	4,337	3,367	970
Human Resources				
Personnel services	2,284	2,334	2,136	198
Other current expenditures	433	409	444	(35)
Equipment acquisition	3	9	10	(1)
Total human resources	2,720	2,752	2,590	162
Total general government	139,829	143,166	129,232	13,934
Public safety				
Police				
Personnel services	811,516	813,401	809,112	4,289
Other current expenditures	59,446	56,410	52,039	4,371
Equipment acquisition	300	965	778	187
Total police	871,262	870,776	861,929	8,847
Fire				
Personnel services	454,783	484,546	472,498	12,048
Other current expenditures	48,617	48,577	49,553	(976)
Equipment acquisition	60	1,257	1,176	81
Total fire	503,460	534,380	523,227	11,153
Total public safety	1,374,722	1,405,156	1,385,156	20,000
Public Works				
Administration				
Personnel services	905	926	684	242
Other current expenditures	26,795	30,469	28,706	1,763
Equipment acquisition	-	-	1	(1)
Total administration	27,700	31,395	29,391	2,004
General Services				
Personnel services	13,173	13,354	11,955	1,399
Other current expenditures	26,743	27,973	26,876	1,097
Equipment acquisition	-	2	4	(2)
Total general services	39,916	41,329	38,835	2,494

* 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, 2019
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget- Pos (Neg)
	Original	Final		
Solid Waste				
Personnel services	33,931	34,595	33,149	1,446
Other current expenditures	41,413	45,250	49,709	(4,459)
Equipment acquisition	1,000	1,164	944	220
Total solid waste	76,344	81,009	83,802	(2,793)
Total public works	143,960	153,733	152,028	1,705
Department of Neighborhoods				
Personnel services	8,934	8,737	8,113	624
Other current expenditures	2,322	2,637	2,796	(159)
Total department of neighborhoods	11,256	11,374	10,909	465
Health				
Personnel services	37,206	40,044	39,634	410
Other current expenditures	18,807	18,915	18,868	47
Equipment acquisition	28	32	24	8
Total health	56,041	58,991	58,526	465
Housing				
Personnel services	98	99	102	(3)
Other current expenditures	405	420	510	(90)
Total housing	503	519	612	(93)
Parks and Recreation				
Personnel services	43,620	44,389	43,241	1,148
Other current expenditures	31,466	32,077	30,620	1,457
Equipment acquisition	16	28	29	(1)
Total parks and recreation	75,102	76,494	73,890	2,604
Library				
Personnel services	31,529	32,407	30,970	1,437
Other current expenditures	5,387	5,231	5,134	97
Equipment acquisition	3,602	3,691	3,691	-
Total library	40,518	41,329	39,795	1,534
Retiree Benefits				
Hospital and life insurance	28,111	8,445	11,123	(2,678)
Total retiree benefits	28,111	8,445	11,123	(2,678)
Other current expenditures				
Tax appraisal fees	10,830	10,830	9,895	935
Limited-purpose Annexation Districts	57,905	57,905	59,951	(2,046)
Contingency	1,500	1,500	-	1,500
Claims and judgments	14,109	11,529	13,049	(1,520)
Membership dues	845	845	743	102
Advertising and promotion	529	529	379	150
Consultants	2,160	1,660	746	914
Miscellaneous support services	67,251	66,243	65,146	1,097
Total other current expenditures	155,129	151,041	149,909	1,132
Debt service				
Debt service interest	4,064	3,941	3,818	123
Total debt service	4,064	3,941	3,818	123
Total expenditures	2,029,235	2,054,189	2,014,998	39,191
Other financing sources (uses)				
Transfers out	450,179	447,228	447,212	16
Total other financing sources (uses)	450,179	447,228	447,212	16
Total expenditures and other financing uses	\$ 2,479,414	\$ 2,501,417	\$ 2,462,210	\$ 39,207

* 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, 2019
amounts expressed in thousands
(unaudited)

Revenues

Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 2,413,182
Revenues of non-budgeted funds	
Equipment Acquisition	1,045
Revolving Funds	1,924
Building Security	562
Grant Matching Fund	218
Storm Water	16
Bureau of Animal Regulation and Care	1,856
Forensic Transition	1,424
Civic Events	17,222
Renewal and Replacement	71
Health and Environmental	17
Total revenues of non-budgeted funds	<u>24,355</u>
Interest on pooled investments from non-budgeted revenues	<u>1,186</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 2,438,723</u>

Expenditures

Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 2,015,087
Expenditures of non-budgeted funds	
Equipment Acquisition	32,679
Revolving Funds	1,924
Building Security	589
Grant Matching Fund	329
Storm Water	41,571
Bureau of Animal Regulation and Care	11,055
Fleet maintenance	1,640
Forensic Transition	1,402
Civic Events	19,384
Renewal and Replacement	20,047
Health and Environmental	17
Total expenditures of non-budgeted funds	<u>130,620</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	<u>\$ 2,145,707</u>

Other financing sources (uses)

Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (400,531)
Proceeds from Issuance of Debt	28,500
Sale of Assets	742
Transfers of Non Budgeted Funds	<u>72,395</u>
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances-government funds	<u>\$ (298,894)</u>

CITY OF HOUSTON, TEXAS
REQUIRED NOTES TO THE SUPPLEMENTARY INFORMATION
June 30, 2019
(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 24, 2019, City Council approved the fiscal year 2019 general appropriation ordinance in the amount of \$2.501 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 2018 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	<u>Revenues</u>	<u>Expenditures</u>	<u>Other Sources (Uses)</u>
Budgeted Special Revenue Funds	\$ 391,552	\$ 282,485	\$ (99,019)
Non-budgeted Disaster Recovery Fund	903	-	-
Non-budgeted Grants Revenue Fund	179,592	320,211	93,772
Non-budgeted Health and Housing	71	62	-
Non-budgeted Other Funds	21,407	14,973	(496)
Total Special Revenue Funds - Actual	<u>\$ 593,525</u>	<u>\$ 617,731</u>	<u>\$ (5,743)</u>

2. General Fund Budgetary Highlights

Revenues were \$65 million above budget. This increase was mainly evident in taxes and assessments of \$30 million. In addition, increase in licenses and permits (\$2.4 million), charges for services (\$7.2 million), interest (\$9.4 million), other income (\$3 million) and other financing sources of \$18.8 million, were offset by decrease in intergovernmental – grants (\$6 million).

Significant differences between budgeted and actual taxes and assessments include:

- \$34.6 million increase in sales tax
- \$5.6 million increase in franchise tax
- \$.5 million increase in industrial assessments and mixed beverage
- \$10.6 million decrease in property taxes

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019
(unaudited)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 5 Fiscal Years
(in thousands)

	Fire				
	2019	2018	2017	2016	2015
Total Pension Liability					
Service Cost	\$55,532	\$52,579	\$80,002	\$76,407	\$68,145
Interest	343,416	332,357	389,938	369,708	353,405
Changes of benefit terms	-	-	(645,971)	-	-
Differences between expected and actual experience	34,668	62,117	(65,194)	(63,047)	(28,536)
Changes of assumptions	(47,463)	(16,572)	534,646	2,918	2,801
Benefit payments including refunds of employee contributions	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Refunds	-	-	-	-	-
Net change in total pension liability	113,755	141,373	44,027	174,313	199,453
Total pension liability - beginning	4,815,054	4,673,681	4,629,654	4,455,341	4,255,888
Total pension liability - ending (a)	4,928,809	4,815,054	4,673,681	4,629,654	4,455,341
Plan fiduciary net position					
Contributions-employer	89,897	83,010	93,658	94,279	92,610
Contributions-employee	34,281	35,622	25,404	25,511	25,092
Net investment income	221,775	322,306	432,948	(47,437)	51,801
Benefit payments, including refunds of employee contributions	(272,398)	(289,108)	(249,394)	(211,673)	(196,362)
Administrative expense	(4,952)	(4,890)	(4,898)	(6,771)	(6,640)
Refunds	-	-	-	-	-
Other	(1,265)	(1,676)	(2,298)	(1,890)	(1,676)
Net change in plan fiduciary net position	67,338	145,264	295,420	(147,981)	(35,175)
Plan fiduciary net position-beginning	4,170,354	4,025,090	3,729,670	3,877,651	3,912,826
Plan fiduciary net position-ending (b)	4,237,692	4,170,354	4,025,090	3,729,670	3,877,651
City's net pension liability-ending (a)-(b)	<u>\$691,117</u>	<u>\$644,700</u>	<u>\$648,591</u>	<u>\$899,984</u>	<u>\$577,690</u>
Plan fiduciary net position as percentage of the total pension liability	<u>85.98%</u>	<u>86.61%</u>	<u>86.12%</u>	<u>80.56%</u>	<u>87.03%</u>
Covered payroll	<u>\$272,498</u>	<u>\$260,345</u>	<u>\$279,836</u>	<u>\$281,865</u>	<u>\$274,999</u>
Net position liability as a percentage of covered payroll	<u>253.62%</u>	<u>247.63%</u>	<u>231.78%</u>	<u>319.30%</u>	<u>210.07%</u>

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

(1) The 2015 amounts are based on 8.0% per City actuary.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019
(unaudited)

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
Last 5 Fiscal Years
(in thousands)

Municipal					Police				
2019	2018	2017	2016	2015 (1)	2019	2018	2017	2016	2015
\$77,175	\$78,149	\$75,961	\$68,968	\$65,810	\$66,750	\$63,633	\$60,930	\$66,098	\$56,062
349,592	341,276	331,166	379,781	361,007	462,691	445,113	433,598	488,223	473,065
-	-	(724,683)	-	-	-	-	(1,006,000)	-	-
(11,538)	19,158	(38,387)	(16,194)	(23,380)	(16,454)	69,534	80,023	10,390	26,705
-	-	562,237	91,248	-	-	21,399	778,710	(676,151)	664,974
(291,060)	(283,928)	(280,456)	(253,178)	(234,955)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
(1,394)	(807)	(718)	(1,105)	(1,549)	(2,278)	(1,329)	(1,696)	(978)	(945)
122,775	153,848	(74,880)	269,520	166,933	175,109	237,317	(113,168)	(371,494)	994,205
5,113,358	4,959,510	5,034,390	4,764,870	4,597,937	6,745,438	6,508,121	6,621,289	6,992,783	5,998,578
5,236,133	5,113,358	4,959,510	5,034,390	4,764,870	6,920,547	6,745,438	6,508,121	6,621,289	6,992,783
176,261	421,562	182,558	159,958	145,007	142,429	887,143	133,805	137,392	113,665
32,536	27,905	15,902	15,874	16,198	46,896	45,254	40,104	39,017	37,719
200,445	231,815	290,911	27,639	73,370	340,167	463,079	667,476	(135,833)	35,339
(291,060)	(283,928)	(280,456)	(253,178)	(234,955)	(335,600)	(361,033)	(458,733)	(259,076)	(225,656)
(1,394)	(807)	(718)	(1,105)	(1,549)	(2,278)	(1,329)	(1,696)	(978)	(945)
(5,363)	(6,442)	(6,827)	(7,360)	(7,007)	(3,580)	(3,679)	(4,238)	(4,585)	(3,478)
710	(3,905)	1,272	1,651	1,041	-	-	-	-	-
112,135	386,200	202,642	(56,521)	(7,895)	188,034	1,029,435	376,718	(224,063)	(43,356)
2,988,865	2,602,665	2,400,023	2,456,544	2,464,439	5,486,611	4,457,176	4,080,458	4,304,521	4,347,877
3,101,000	2,988,865	2,602,665	2,400,023	2,456,544	5,674,645	5,486,611	4,457,176	4,080,458	4,304,521
<u>\$2,135,133</u>	<u>\$2,124,493</u>	<u>\$2,356,845</u>	<u>\$2,634,367</u>	<u>\$2,308,326</u>	<u>\$1,245,902</u>	<u>\$1,258,827</u>	<u>\$2,050,945</u>	<u>\$2,540,831</u>	<u>\$2,688,262</u>
<u>59.22%</u>	<u>58.45%</u>	<u>52.48%</u>	<u>47.67%</u>	<u>51.56%</u>	<u>82.00%</u>	<u>81.34%</u>	<u>68.49%</u>	<u>61.63%</u>	<u>61.56%</u>
<u>\$614,451</u>	<u>\$611,493</u>	<u>\$607,975</u>	<u>\$593,285</u>	<u>\$580,395</u>	<u>\$444,871</u>	<u>\$412,786</u>	<u>\$439,626</u>	<u>\$426,795</u>	<u>\$414,465</u>
<u>347.49%</u>	<u>347.43%</u>	<u>387.65%</u>	<u>444.03%</u>	<u>397.72%</u>	<u>280.06%</u>	<u>304.96%</u>	<u>466.52%</u>	<u>595.33%</u>	<u>648.61%</u>

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019
(unaudited)

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

	2019	2018	2017	2016	2015
Fire (1)					
Actuarially determined contribution	\$ 99,676	\$ 96,530	\$ 88,745	\$ 87,464	N/A
Contributions in relation to the actuarially determined contribution	89,897	83,010	93,658	94,279	92,610
Contribution deficiency (excess)	<u>\$ 9,779</u>	<u>\$ 13,520</u>	<u>\$ (4,913)</u>	<u>\$ (6,815)</u>	
Covered payroll	\$ 272,498	\$ 260,345	\$ 279,836	\$ 281,865	\$ 274,999
Contributions as a percentage of covered payroll	33.0%	31.9%	33.5%	33.4%	33.7%
Municipal					
Actuarially determined contribution	\$ 178,256	\$ 423,989	\$ 184,733	\$ 162,230	\$ 155,299
Contributions in relation to the actuarially determined contribution	176,261	421,562	182,558	159,959	145,007
Contribution deficiency (excess)	<u>\$ 1,995</u>	<u>\$ 2,427</u>	<u>\$ 2,175</u>	<u>\$ 2,271</u>	<u>\$ 10,292</u>
Covered payroll	\$ 614,451	\$ 611,493	\$ 607,975	\$ 593,285	\$ 580,395
Contributions as a percentage of covered payroll	28.7%	68.9%	30.0%	27.0%	25.0%
Police					
Actuarially determined contribution	\$ 141,202	\$ 131,142	\$ 167,980	\$ 161,154	\$ 150,949
Contributions in relation to the actuarially determined contribution	142,429	887,143	133,805	137,392	113,665
Contribution deficiency (excess)	<u>\$ (1,227)</u>	<u>\$ (756,001)</u>	<u>\$ 34,175</u>	<u>\$ 23,762</u>	<u>\$ 37,284</u>
Covered payroll	\$ 444,871	\$ 412,786	\$ 439,626	\$ 426,795	\$ 414,465
Contributions as a percentage of covered payroll	32.0%	214.9%	30.4%	32.2%	27.4%

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.

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

Schedule of OPEB Contributions (in thousands)

	<u>Health Benefits</u>		<u>Long-Term Disability</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Actuarially Determined Contribution	\$ 133,961	\$ 194,236	\$ 6,720	\$ 5,990
Contributions in relation to the actuarially determined contribution	(57,100)	(39,820)	(947)	(975)
Contribution deficiency (excess)	<u>\$ 76,861</u>	<u>\$ 154,416</u>	<u>\$ 5,773</u>	<u>\$ 5,015</u>
Covered payroll	\$ 1,285,000	\$ 1,234,545	\$ 611,493	\$ 611,493
Contribution as a percentage of covered payroll	10.42%	15.73%	1.10%	0.98%

The schedule is intended to show information for ten years. The additional years' information will be displayed as it becomes available.

CITY OF HOUSTON, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019
(unaudited)

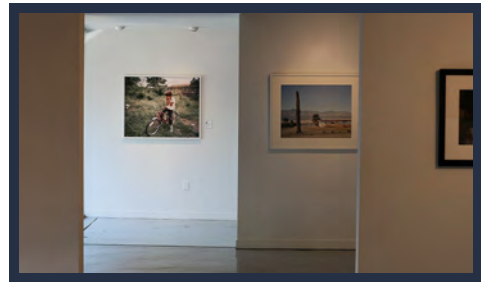
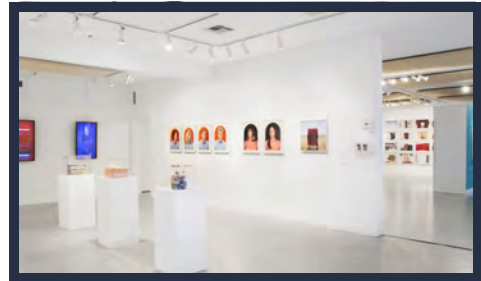
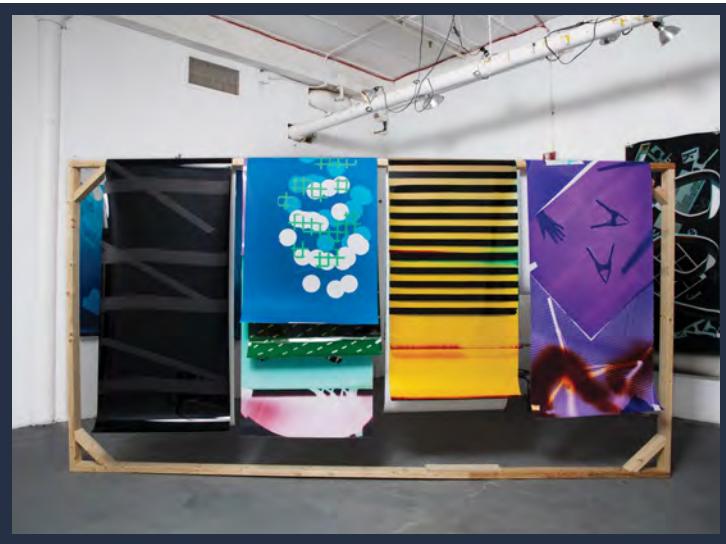
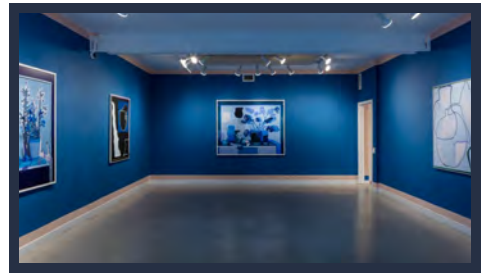
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
(in thousands)

	Health Benefits		Long-Term Disability	
	2019	2018	2019	2018
Total OPEB Liability				
Service Cost	\$110,793	\$139,332	\$776	\$730
Interest	90,245	73,306	409	379
Changes of benefit terms	(5,007)	-	-	-
Differences between expected and actual experience	(99,153)	(15,727)	1,369	(14)
Changes of assumptions	(224,161)	(310,431)	255	(158)
Benefit payments including refunds of employee contributions	(57,100)	(39,820)	(947)	(975)
Net change OPEB liability	(184,383)	(153,340)	1,862	(38)
Net OPEB liability - beginning	2,438,572	2,591,912	11,040	11,078
Net OPEB liability - ending (a)	2,254,189	2,438,572	12,902	11,040
Plan fiduciary net position				
Service Cost	57,100	39,820	-	-
Employer contributions	-	-	(975)	(975)
Benefit payments including refunds of employee contributions	(57,100)	(39,820)	975	975
Net change in plan fiduciary net position	-	-	-	-
Net OPEB liability - beginning	-	-	-	-
Net OPEB liability - ending (b)	-	-	-	-
City's net pension liability-ending (a)-(b)	\$2,254,189	\$2,438,572	\$12,902	\$11,040
Plan fiduciary net position as percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$1,285,000	\$1,235,000	\$611,493	\$611,493
Net OPEB liability as a percentage of covered payroll	175.42%	197.46%	2.11%	1.81%

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

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**Houston Center
for Photography**

**GOVERNMENTAL
FUNDS**

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.

Grants Fund - The Grants Fund is used to account for grant resources received from various local, state and national agencies and organizations. The use of these resources is restricted to a particular function of the city by the grantor.

Nonmajor Funds - Nonmajor Funds did not meet the established criteria for major fund status. They are used to account for the proceeds of specific revenue sources (other than capital projects) that are restricted to expenditures for special purposes. All Nonmajor Funds have been presented; however only certain sub-funds have legally adopted budgets. Nonmajor funds are:

- Public Safety Special Fund
 - Budgeted: Asset Forfeiture, Auto Dealers, Child Safety, Houston Emergency Center, Juvenile Case Manager Fee, Municipal Courts Technology Fee, and Police Special Services
 - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, FTA Special
- Public Works Special Fund
 - Budgeted: Building Inspection, Dedicated Drainage and Street Renewal, Historic Preservation, Planning and Development Special, and Recycling Expansion Program
 - Not budgeted: Mobility Response Team
- Health and Housing Special Fund
 - Budgeted: Essential Public Health Services, Health Special, Laboratory Services, Special Waste, and Swimming Pool Safety
 - Not budgeted: Housing Special, and HJTPC Self Insurance
- Parks and Recreation Special Fund
 - Budgeted: Bayou Greenway 2020, Parks Golf Special, Parks Special
 - Not budgeted: MacGregor Parks Endowment, Planting Tree
- Other Special Revenue Fund
 - Budgeted: Cable Television, Contractor Responsibility, Houston Transtar, and Parking Management Operating
 - Not budgeted: Disaster Recovery, MNC Memorial City Way, W.A.T.E.R., John Battaglia Trust, Inc. Fund, and Houston Foundation

CITY OF HOUSTON, TEXAS
GENERAL FUND
Balance Sheet
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Assets		
Cash and cash equivalents	\$ 154,560	\$ 181,329
Investments	165,064	123,601
Receivables, net of allowances		
Accounts receivable	125,668	128,108
Property taxes receivable, net	28,544	25,581
Sales taxes receivable	119,710	119,470
Mixed beverage taxes receivable	4,751	4,879
Franchise taxes receivable	16,296	16,697
Special assessments receivable	7,991	8,725
Due from other funds	44,213	52,264
Due from other governments	1,642	479
Inventory	17,808	16,359
Prepaid items	2,579	2,522
Total assets	\$ 688,826	\$ 680,014
Liabilities and fund balance		
Liabilities		
Accounts payable	84,874	73,912
Accrued payroll liabilities	61,877	58,643
Due to other funds	22,138	18,325
Due to other governments	4,257	4,908
Advances and deposits	4,160	2,440
Claims and judgments	2,061	3,885
Compensated absences	7,054	7,264
Total liabilities	186,421	169,377
Deferred inflows of resources		
Deferred inflow of resources	113,808	116,162
Total deferred inflows of resources	113,808	116,162
Fund balance		
Non-Spendable		
Prepays	2,579	2,522
Inventory	17,808	16,359
Restricted	1,092	1,164
Committed	17,942	16,901
Unassigned	349,176	357,529
Total fund balance	388,597	394,475
Total liabilities and fund balance	\$ 688,826	\$ 680,014

CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Revenues		
Taxes and assessments		
Property Taxes	\$ 1,190,243	\$ 1,172,543
Industrial Assessments	19,755	18,278
Sales Tax	692,271	674,279
Franchise Tax	182,417	185,774
Mixed Beverage Tax	18,026	17,296
Bingo Tax	222	73
Hotel Occupancy Tax	17,180	17,196
Licenses and permits	36,192	34,273
Charges for services	154,381	146,421
Intergovernmental - grants	60,426	76,585
Fines and forfeits	25,635	25,001
Investment income	16,571	6,092
Other	25,404	55,923
Total revenues	<u>2,438,723</u>	<u>2,429,734</u>
Expenditures		
Current		
General government	281,700	291,676
Public safety	1,430,600	2,136,766
Public works	213,356	203,464
Health	58,516	66,396
Housing and community development	612	439
Parks and recreation	75,203	76,077
Library	39,780	39,883
Retiree benefits	11,123	167,372
Capital outlay	30,999	27,225
Debt Service		
Debt service fiscal agent & fees	-	4,709
Debt service interest	3,818	2,221
Total expenditures	<u>2,145,707</u>	<u>3,016,228</u>
Other financing sources (uses)		
Proceeds from issuance of debt	28,500	943,051
Sale of capital assets	26,763	4,892
Transfers in	76,206	73,036
Transfers out	(430,363)	(391,895)
Total other financing sources (uses)	<u>(298,894)</u>	<u>629,084</u>
Change in fund balance	(5,878)	42,590
Fund balances, July 1	<u>394,475</u>	<u>351,885</u>
Fund balances, June 30	<u>\$ 388,597</u>	<u>\$ 394,475</u>

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Balance Sheet
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Assets		
Cash and cash equivalents	\$ 27,016	\$ 27,722
Investments	104,335	98,850
Accounts receivable	-	8
Due from other funds	550	6,136
Total assets	\$ 131,901	\$ 132,716
 Liabilities and fund balance		
Liabilities		
Accounts payable	68	13
Total liabilities	68	13
 Fund balance		
Restricted	131,833	132,703
Total fund balance	131,833	132,703
Total liabilities and fund balance	\$ 131,901	\$ 132,716

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, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ -	\$ -	\$ 4,478	\$ 4,478	\$ 1,051
Other	2,226	2,226	2,913	687	6,570
Total revenues	<u>2,226</u>	<u>2,226</u>	<u>7,391</u>	<u>5,165</u>	<u>7,621</u>
Expenditures					
Current					
Debt service principal	246,399	246,399	216,600	29,799	489,510
Debt service interest	175,089	175,089	173,669	1,420	146,533
Debt service fiscal agent & fees	6,272	6,272	3,774	2,498	5,967
Total expenditures	<u>427,760</u>	<u>427,760</u>	<u>394,043</u>	<u>33,717</u>	<u>642,010</u>
Other financing sources (uses)					
Net proceeds from issuance of refunding debt	-	-	1,065	1,065	537,270
Premium on refunding debt	-	-	-	-	76,336
Transfers in	389,020	389,020	384,717	(4,303)	361,605
Payment to escrow agent for refunded bonds	-	-	-	-	(336,191)
Total other financing sources (uses)	<u>389,020</u>	<u>389,020</u>	<u>385,782</u>	<u>(3,238)</u>	<u>639,020</u>
Change in fund balance	(36,514)	(36,514)	(870)	35,644	4,631
Fund balances, July 1	<u>132,703</u>	<u>132,703</u>	<u>132,703</u>	<u>-</u>	<u>128,072</u>
Fund balances, June 30	<u>\$ 96,189</u>	<u>\$ 96,189</u>	<u>\$ 131,833</u>	<u>\$ 35,644</u>	<u>\$ 132,703</u>

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Balance Sheet
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Assets		
Cash and cash equivalents	\$ 59,827	\$ 24,115
Investments	202,842	203,909
Receivables, net of allowances		
Accounts receivable	1	-
Due from other funds	13,758	15,835
Due from other governments	37,965	11,716
Prepaid items - Construction materials	229	405
Total assets	\$ 314,622	\$ 255,980
Liabilities and fund balance		
Accounts payable	52,713	54,876
Due to other funds	13,251	9,543
Advances and deposits	-	10
Unearned revenue	111,934	88,220
Total liabilities	177,898	152,649
Fund balance		
Prepays	229	405
Restricted	64,673	22,279
Assigned	71,822	80,647
Total fund balance	136,724	103,331
Total liabilities and fund balance	\$ 314,622	\$ 255,980

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Revenues		
Intergovernmental - grants	\$ 48,810	\$ 58,138
Investment income	7,552	1,199
Other	9,110	9,886
Total revenues	<u>65,472</u>	<u>69,223</u>
 Expenditures		
Current		
Capital outlay	<u>266,396</u>	<u>263,040</u>
Total expenditures	<u>266,396</u>	<u>263,040</u>
 Other financing sources (uses)		
Proceeds from issuance of debt	109,500	77,000
Transfers in	124,908	120,684
Transfers out	(91)	-
Total other financing sources (uses)	<u>234,317</u>	<u>197,684</u>
 Change in fund balance	33,393	3,867
Fund balances, July 1	<u>103,331</u>	<u>99,464</u>
 Fund balances, June 30	<u>\$ 136,724</u>	<u>\$ 103,331</u>

CITY OF HOUSTON, TEXAS
GRANTS FUND
Balance Sheet
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Assets		
Cash and cash equivalents	\$ 34,716	\$ 33,941
Investments	115,763	180,128
Receivables, net of allowances		
Accounts receivable	48,089	35,625
Due from other funds	9,839	1,682
Due from other governments	53,010	67,543
Inventory	524	461
Prepaid items	575	428
Notes receivable	12,500	-
Total assets	\$ 275,016	\$ 319,808
Liabilities and fund balance		
Liabilities		
Accounts payable	27,622	35,412
Accrued payroll liabilities	2,448	1,946
Due to other funds	19,393	33,840
Due to other governments	6,009	2,577
Advances and deposits	3,007	11
Unearned revenue	126,607	237,821
Total liabilities	185,086	311,607
Fund balance		
Non-Spendable		
Prepays	575	428
Inventory	524	461
Notes receivable	12,500	-
Restricted	76,331	7,312
Total fund balance	89,930	8,201
Total liabilities and fund balance	\$ 275,016	\$ 319,808

CITY OF HOUSTON, TEXAS
GRANTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Revenues		
Intergovernmental - grants	\$ 334,391	\$ 209,899
Investment income	6,930	865
Total revenues	<u>341,321</u>	<u>210,764</u>
Expenditures		
Current		
General government	34,673	36,516
Public safety	22,606	58,459
Public works	34,999	57,761
Health	63,002	63,694
Housing and community development	89,557	51,910
Parks and recreation	1,798	17,810
Library	59	182
Capital outlay	16,707	32,979
Debt service principal	3,164	870
Debt service interest	317	30
Total expenditures	<u>266,882</u>	<u>320,211</u>
Other financing sources (uses)		
Sale of capital assets	3,263	-
Transfers in	5,118	-
Insurance proceeds	2,061	93,778
Transfers out	(3,152)	(6)
Total other financing sources (uses)	<u>7,290</u>	<u>93,772</u>
Change in fund balance	81,729	(15,675)
Fund balances, July 1	<u>8,201</u>	<u>23,876</u>
Fund balances, June 30	<u>\$ 89,930</u>	<u>\$ 8,201</u>

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Assets			
Cash and cash equivalents	\$ 7,655	\$ 9,208	\$ 3,010
Investments	20,052	132,591	15,403
Receivables, net of allowances			
Accounts receivable	1,952	47,995	153
Due from other funds	775	1,013	952
Due from other governments	1,924	17,511	-
Inventory	-	1,906	-
Prepaid items	-	-	-
Total assets	<u>\$ 32,358</u>	<u>\$ 210,224</u>	<u>\$ 19,518</u>
Liabilities and fund balance			
Liabilities			
Accounts payable	2,475	9,753	789
Accrued payroll liabilities	1,358	3,183	747
Due to other funds	24	14,858	1,406
Due to other governments	1	-	-
Advances and deposits	1,165	1,933	-
Compensated absences	1	45	10
Unearned revenue	-	-	-
Total liabilities	<u>5,024</u>	<u>29,772</u>	<u>2,952</u>
Deferred inflows of resources			
Deferred inflow of resources	<u>1,344</u>	<u>67,541</u>	<u>54</u>
Total deferred inflows of resources	<u>1,344</u>	<u>67,541</u>	<u>54</u>
Fund balance			
Non-Spendable			
Imprest cash and prepaids	-	-	-
Inventory	-	1,906	-
Committed	15,977	43,764	7,723
Restricted	<u>10,013</u>	<u>67,241</u>	<u>8,789</u>
Total fund balance	<u>25,990</u>	<u>112,911</u>	<u>16,512</u>
Total liabilities and fund balance	<u>\$ 32,358</u>	<u>\$ 210,224</u>	<u>\$ 19,518</u>

(Continued)

Nonmajor Funds

Parks & Recreation Special Fund	Other Special Revenue Fund	2019	2018
\$ 629	\$ 21,148	\$ 41,650	\$ 22,801
6,588	81,083	255,717	269,407
209	3,992	54,301	47,678
-	13,591	16,331	17,778
-	-	19,435	28,319
-	-	1,906	1,794
-	50	50	50
<u>\$ 7,426</u>	<u>\$ 119,864</u>	<u>\$ 389,390</u>	<u>\$ 387,827</u>
336	4,747	18,100	13,178
155	241	5,684	5,592
1,201	2,260	19,749	23,924
7	926	934	911
580	209	3,887	3,608
-	-	56	123
-	-	-	14
<u>2,279</u>	<u>8,383</u>	<u>48,410</u>	<u>47,350</u>
45	1,597	70,581	60,140
<u>45</u>	<u>1,597</u>	<u>70,581</u>	<u>60,140</u>
-	50	50	50
-	-	1,906	1,794
4,943	5,173	77,580	78,705
159	104,661	190,863	199,788
5,102	109,884	270,399	280,337
<u>\$ 7,426</u>	<u>\$ 119,864</u>	<u>\$ 389,390</u>	<u>\$ 387,827</u>

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<i>Nonmajor Funds</i>		
	Public Safety Special Fund	Public Works Special Fund	Health & Housing Special Fund
Revenues			
Franchise Tax	\$ -	\$ 453	\$ -
Licenses and permits	3,048	78,531	4,998
Charges for services	4,927	130,610	2,940
Intergovernmental - grants	15,641	55,202	15,481
Fines and forfeits	838	10	-
Investment income	818	4,080	807
Other	20,123	2,140	140
Total revenues	45,395	271,026	24,366
Expenditures			
Current			
General government	-	-	-
Public safety	49,128	-	-
Public works	-	134,663	-
Health	-	-	33,366
Housing and community development	-	-	229
Parks and recreation	-	-	-
Capital outlay	1,330	38,946	733
Debt service fiscal agent & fees	-	766	-
Total expenditures	50,458	174,375	34,328
Other financing sources (uses)			
Net proceeds from issuance of debt	-	-	-
Sale of capital assets	1	34	-
Transfers in	10,972	51,273	400
Transfers out	(1,650)	(140,496)	(1,330)
Contributions out	-	-	-
Total other financing sources (uses)	9,323	(89,189)	(930)
Change in fund balance	4,260	7,462	(10,892)
Fund balances, July 1	\$ 21,730	\$ 105,449	\$ 27,404
Fund balances, June 30	\$ 25,990	\$ 112,911	\$ 16,512

(Continued)

<i>Nonmajor Funds</i>			
Parks & Recreation Special Fund	Other Special Revenue Fund	2019	2018
\$ -	\$ -	\$ 453	\$ 432
168	318	87,063	79,645
7,135	11,594	157,206	158,204
-	7,451	93,775	98,819
-	9,924	10,772	9,733
292	3,480	9,477	2,372
359	18,847	41,609	43,935
<u>7,954</u>	<u>51,614</u>	<u>400,355</u>	<u>393,140</u>
-	39,092	39,092	29,469
-	-	49,128	53,726
-	-	134,663	140,416
-	-	33,366	30,429
-	-	229	-
7,538	-	7,538	8,350
165	2,144	43,318	35,143
-	-	766	898
<u>7,703</u>	<u>41,236</u>	<u>308,100</u>	<u>298,431</u>
-	-	-	20,031
-	-	35	1,066
-	800	63,445	49,929
(4,105)	(13,927)	(161,508)	(148,846)
-	(4,165)	(4,165)	-
<u>(4,105)</u>	<u>(17,292)</u>	<u>(102,193)</u>	<u>(77,820)</u>
(3,854)	(6,914)	(9,938)	16,889
<u>\$ 8,956</u>	<u>\$ 116,798</u>	<u>\$ 280,337</u>	<u>263,448</u>
<u>\$ 5,102</u>	<u>\$ 109,884</u>	<u>\$ 270,399</u>	<u>\$ 280,337</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - ASSET FORFEITURE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Confiscations	\$ 5,103	\$ 5,103	\$ 6,964	\$ 1,861	\$ 9,048
Investment income	27	27	244	217	48
Other	-	-	-	-	-
Total revenues	<u>5,130</u>	<u>5,130</u>	<u>7,208</u>	<u>2,078</u>	<u>9,096</u>
Expenditures					
Current					
Public safety	10,600	8,804	5,465	3,339	8,328
Capital outlay	-	668	413	255	185
Total expenditures	<u>10,600</u>	<u>9,472</u>	<u>5,878</u>	<u>3,594</u>	<u>8,513</u>
Change in fund balance	(5,470)	(4,342)	1,330	5,672	583
Fund balances, July 1	<u>6,251</u>	<u>6,251</u>	<u>6,251</u>	<u>-</u>	<u>5,668</u>
Fund balances, June 30	<u>\$ 781</u>	<u>\$ 1,909</u>	<u>\$ 7,581</u>	<u>\$ 5,672</u>	<u>\$ 6,251</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - AUTO DEALERS
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 2,718	\$ 2,718	\$ 2,840	\$ 122	\$ 2,706
Charges for services	800	800	716	(84)	802
Investment income	31	31	99	68	21
Other	3,750	3,750	4,403	653	4,013
Total revenues	<u>7,299</u>	<u>7,299</u>	<u>8,058</u>	<u>759</u>	<u>7,542</u>
Expenditures					
Current					
Public safety	6,360	6,761	5,941	820	5,872
Capital outlay	1,463	1,061	394	667	335
Total expenditures	<u>7,823</u>	<u>7,822</u>	<u>6,335</u>	<u>1,487</u>	<u>6,207</u>
Other financing sources (uses)					
Transfers out	(1,650)	(1,650)	(1,650)	-	(1,586)
Total other financing sources (uses)	<u>(1,650)</u>	<u>(1,650)</u>	<u>(1,650)</u>	<u>-</u>	<u>(1,586)</u>
Change in fund balance	(2,174)	(2,173)	73	2,246	(251)
Fund balances, July 1	<u>2,044</u>	<u>2,044</u>	<u>2,044</u>	<u>-</u>	<u>2,295</u>
Fund balances, June 30	<u>\$ (130)</u>	<u>\$ (129)</u>	<u>\$ 2,117</u>	<u>\$ 2,246</u>	<u>\$ 2,044</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - CHILD SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Fines and forfeits	\$ 800	\$ 800	\$ 838	\$ 38	\$ 826
Interest	20	20	57	37	13
Other	2,585	2,616	2,640	24	2,622
Total revenues	<u>3,405</u>	<u>3,436</u>	<u>3,535</u>	<u>99</u>	<u>3,461</u>
Expenditures					
Current					
Public safety	3,405	3,556	3,556	-	3,350
Total expenditures	<u>3,405</u>	<u>3,556</u>	<u>3,556</u>	<u>-</u>	<u>3,350</u>
Change in fund balance	-	(120)	(21)	99	111
Fund balances, July 1	112	112	112	-	1
Fund balances, June 30	<u>\$ 112</u>	<u>\$ (8)</u>	<u>\$ 91</u>	<u>\$ 99</u>	<u>\$ 112</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - HOUSTON EMERGENCY CENTER
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 190	\$ 190	\$ 276	\$ 86	\$ 590
Intergovernmental - grants	16,182	16,182	15,292	(890)	15,422
Investment income	-	-	95	95	17
Total revenues	<u>16,372</u>	<u>16,372</u>	<u>15,663</u>	<u>(709)</u>	<u>16,029</u>
Expenditures					
Current					
Public safety	28,432	28,432	25,118	3,314	25,416
Total expenditures	<u>28,432</u>	<u>28,432</u>	<u>25,118</u>	<u>3,314</u>	<u>25,416</u>
Other financing sources (uses)					
Transfers in	9,762	9,762	9,762	-	9,762
Total other financing sources (uses)	<u>9,762</u>	<u>9,762</u>	<u>9,762</u>	<u>-</u>	<u>9,762</u>
Change in fund balance	(2,298)	(2,298)	307	2,605	375
Fund balances, July 1	<u>5,179</u>	<u>5,179</u>	<u>5,179</u>	<u>-</u>	<u>4,804</u>
Fund balances, June 30	<u>\$ 2,881</u>	<u>\$ 2,881</u>	<u>\$ 5,486</u>	<u>\$ 2,605</u>	<u>\$ 5,179</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - JUVENILE CASE MANAGER FEE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	<u>2019</u>			Variance with Final Budget- Pos (Neg)	<u>2018</u>
	<u>Budget Amounts</u>		<u>Actual</u>		
	<u>Original</u>	<u>Final</u>			
Revenues					
Charges for services	\$ 1,164	\$ 1,164	\$ 1,104	\$ (60)	\$ 1,071
Interest	12	12	26	14	5
Total revenues	<u>1,176</u>	<u>1,176</u>	<u>1,130</u>	<u>(46)</u>	<u>1,076</u>
Expenditures					
Current					
Public safety	1,520	1,520	824	696	1,295
Total expenditures	<u>1,520</u>	<u>1,520</u>	<u>824</u>	<u>696</u>	<u>1,295</u>
Change in fund balance	(344)	(344)	306	650	(219)
Fund balances, July 1	<u>656</u>	<u>656</u>	<u>656</u>	<u>-</u>	<u>875</u>
Fund balances, June 30	<u>\$ 312</u>	<u>\$ 312</u>	<u>\$ 962</u>	<u>\$ 650</u>	<u>\$ 656</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - MUNICIPAL COURTS TECHNOLOGY FEE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Interest	\$ 17	\$ 17	\$ 67	\$ 50	\$ 8
Other	1,098	1,098	1,049	(49)	1,074
Total revenues	<u>1,115</u>	<u>1,115</u>	<u>1,116</u>	<u>1</u>	<u>1,082</u>
Expenditures					
Current					
Public safety	749	802	764	38	562
Capital outlay	115	62	-	62	-
Total expenditures	<u>864</u>	<u>864</u>	<u>764</u>	<u>100</u>	<u>562</u>
Change in fund balance	251	251	352	101	520
Fund balances, July 1	<u>1,988</u>	<u>1,988</u>	<u>1,988</u>	<u>-</u>	<u>1,468</u>
Fund balances, June 30	<u>\$ 2,239</u>	<u>\$ 2,239</u>	<u>\$ 2,340</u>	<u>\$ 101</u>	<u>\$ 1,988</u>

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - POLICE SPECIAL SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Licenses and permits	\$ 300	\$ 300	\$ 208	\$ (92)	\$ 263
Charges for services	2,941	2,941	2,577	(364)	2,803
Intergovernmental - grants	377	377	349	(28)	377
Investment income	60	60	203	143	54
Other	1,745	1,745	5,067	3,322	2,247
Total revenues	<u>5,423</u>	<u>5,423</u>	<u>8,404</u>	<u>2,981</u>	<u>5,744</u>
Expenditures					
Current					
Public safety	8,275	9,205	7,394	1,811	8,764
Capital outlay	685	718	496	222	186
Total expenditures	<u>8,960</u>	<u>9,923</u>	<u>7,890</u>	<u>2,033</u>	<u>8,950</u>
Other financing sources (uses)					
Transfers in	980	980	1,210	230	980
Total other financing sources (uses)	<u>980</u>	<u>980</u>	<u>1,210</u>	<u>230</u>	<u>980</u>
Change in fund balance	(2,557)	(3,520)	1,724	5,244	(2,226)
Fund balances, July 1	<u>4,741</u>	<u>4,741</u>	<u>4,741</u>	<u>-</u>	<u>6,967</u>
Fund balances, June 30	<u>\$ 2,184</u>	<u>\$ 1,221</u>	<u>\$ 6,465</u>	<u>\$ 5,244</u>	<u>\$ 4,741</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - BUILDING INSPECTION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Taxes and assessments					
Franchise Tax	\$ 416	\$ 416	\$ 453	\$ 37	\$ 432
Licenses and permits	66,392	66,392	76,701	10,309	69,369
Charges for services	10,109	10,109	10,703	594	9,200
Fines and forfeits	7	7	10	3	7
Investment income	506	506	1,367	861	281
Other	483	483	636	153	547
Total revenues	<u>77,913</u>	<u>77,913</u>	<u>89,870</u>	<u>11,957</u>	<u>79,836</u>
Expenditures					
Current					
Public works	80,497	81,761	73,227	8,534	81,662
Capital outlay	6,892	5,628	5,838	(210)	1,398
Debt service principal	-	-	-	-	67
Total expenditures	<u>87,389</u>	<u>87,389</u>	<u>79,065</u>	<u>8,324</u>	<u>83,127</u>
Other financing sources (uses)					
Net proceeds from issuance	-	-	-	-	11,927
Transfers in	-	-	57	57	-
Sale of capital assets	218	218	27	(191)	45
Transfers out	(4,082)	(4,082)	(9,315)	5,233	(11,001)
Total other financing sources (uses)	<u>(3,864)</u>	<u>(3,864)</u>	<u>(9,231)</u>	<u>5,099</u>	<u>971</u>
Change in fund balance	(13,340)	(13,340)	1,574	14,914	(2,320)
Fund balances, July 1	<u>33,342</u>	<u>33,342</u>	<u>33,342</u>	<u>-</u>	<u>35,662</u>
Fund balances, June 30	<u>\$ 20,002</u>	<u>\$ 20,002</u>	<u>\$ 34,916</u>	<u>\$ 14,914</u>	<u>\$ 33,342</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - DEDICATED DRAINAGE & STREET RENEWAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Charges for services	\$ 111,787	\$ 111,787	\$ 111,540	\$ (247)	\$ 113,531
Licenses & Permits	2,003	2,003	1,345	(658)	1,665
Intergovernmental Revenue	56,080	56,080	55,202	(878)	50,599
Miscellaneous/Other	1,337	1,337	1,217	(120)	2,212
Investment income	800	800	2,427	1,627	555
Total revenues	<u>172,007</u>	<u>172,007</u>	<u>171,731</u>	<u>(276)</u>	<u>168,562</u>
Expenditures					
Current					
Public works	86,482	86,597	52,925	33,672	51,736
Capital outlay	14,051	13,936	33,107	(19,171)	30,794
Debt service fiscal agent & fees	811	811	766	45	831
Total expenditures	<u>101,344</u>	<u>101,344</u>	<u>86,798</u>	<u>14,546</u>	<u>83,361</u>
Other financing sources (uses)					
Net proceeds from issuance	-	-	-	-	8,104
Transfers in	50,540	50,540	47,422	(3,118)	34,486
Sale of capital assets	-	-	8	8	36
Transfers out	(126,627)	(139,127)	(127,967)	(11,160)	(119,902)
Total other financing sources (uses)	<u>(76,087)</u>	<u>(88,587)</u>	<u>(80,537)</u>	<u>(14,270)</u>	<u>(77,276)</u>
Change in fund balance	(5,424)	(17,924)	4,396	22,320	7,925
Fund balances, July 1	<u>64,753</u>	<u>64,753</u>	<u>64,753</u>	<u>-</u>	<u>56,828</u>
Fund balances, June 30	<u>\$ 59,329</u>	<u>\$ 46,829</u>	<u>\$ 69,149</u>	<u>\$ 22,320</u>	<u>\$ 64,753</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - HISTORIC PRESERVATION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 250	\$ 250	\$ 266	\$ 16	\$ 224
Investment income	20	20	62	42	12
Other	-	-	-	-	36
Total revenues	<u>270</u>	<u>270</u>	<u>328</u>	<u>58</u>	<u>272</u>
Expenditures					
Current					
Public Works	387	387	237	150	205
Total expenditures	<u>387</u>	<u>387</u>	<u>237</u>	<u>150</u>	<u>205</u>
Change in fund balance	(117)	(117)	91	208	67
Fund balances, July 1	<u>1,805</u>	<u>1,805</u>	<u>1,805</u>	<u>-</u>	<u>1,738</u>
Fund balances, June 30	<u><u>\$ 1,688</u></u>	<u><u>\$ 1,688</u></u>	<u><u>\$ 1,896</u></u>	<u><u>\$ 208</u></u>	<u><u>\$ 1,805</u></u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - PLANNING & DEVELOPMENT SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 350	\$ 350	\$ 413	\$ 63	\$ 371
Charges for services	6,395	6,395	7,405	1,010	6,997
Investment income	30	30	155	125	11
Other	-	-	1	1	-
Total revenues	<u>6,775</u>	<u>6,775</u>	<u>7,974</u>	<u>1,199</u>	<u>7,379</u>
Expenditures					
Current					
Public works	8,033	8,033	6,068	1,965	5,633
Total expenditures	<u>8,033</u>	<u>8,033</u>	<u>6,068</u>	<u>1,965</u>	<u>5,633</u>
Other financing sources (uses)					
Transfers out	-	-	(104)	(104)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(104)</u>	<u>(104)</u>	<u>-</u>
Change in fund balance	(1,258)	(1,258)	1,802	3,060	1,746
Fund balances, July 1	<u>3,742</u>	<u>3,742</u>	<u>3,742</u>	<u>-</u>	<u>1,996</u>
Fund balances, June 30	<u>\$ 2,484</u>	<u>\$ 2,484</u>	<u>\$ 5,544</u>	<u>\$ 3,060</u>	<u>\$ 3,742</u>

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - RECYCLING REVENUE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 122	\$ 122	\$ 73	\$ (49)	\$ 93
Investment income	-	-	51	\$ 51	15
Other	290	290	286	(4)	282
Total revenues	<u>412</u>	<u>412</u>	<u>410</u>	<u>(2)</u>	<u>390</u>
Expenditures					
Current					
Parks and recreation	2,511	2,511	2,205	306	1,170
Total expenditures	<u>2,511</u>	<u>2,511</u>	<u>2,205</u>	<u>306</u>	<u>1,170</u>
Other financing sources (uses)					
Transfers in	3,794	3,794	3,794	-	3,794
Transfers out	(2,771)	(2,771)	(2,643)	(128)	(2,771)
Total other financing sources (uses)	<u>1,023</u>	<u>1,023</u>	<u>1,151</u>	<u>(128)</u>	<u>1,023</u>
Change in fund balance	(1,076)	(1,076)	(644)	432	243
Fund balances, July 1	<u>1,514</u>	<u>1,514</u>	<u>1,514</u>	-	<u>1,271</u>
Fund balances, June 30	<u>\$ 438</u>	<u>\$ 438</u>	<u>\$ 870</u>	<u>\$ 432</u>	<u>\$ 1,514</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - ESSENTIAL PUBLIC HEALTH SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ -	\$ -	\$ 5	\$ 5	\$ -
Intergovernmental - grants	15,482	15,482	13,610	(1,872)	24,175
Investment income	150	150	441	291	119
Total revenues	<u>15,632</u>	<u>15,632</u>	<u>14,056</u>	<u>(1,576)</u>	<u>24,294</u>
Expenditures					
Current					
Health	28,982	28,982	22,598	6,384	21,399
Capital outlay	-	-	-	-	136
Total expenditures	<u>28,982</u>	<u>28,982</u>	<u>22,598</u>	<u>6,384</u>	<u>21,535</u>
Change in fund balance	(13,350)	(13,350)	(8,542)	4,808	2,759
Fund balances, July 1	<u>15,636</u>	<u>15,636</u>	<u>15,636</u>	<u>-</u>	<u>12,877</u>
Fund balances, June 30	<u>\$ 2,286</u>	<u>\$ 2,286</u>	<u>\$ 7,094</u>	<u>\$ 4,808</u>	<u>\$ 15,636</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - HEALTH SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 360	\$ 360	\$ 457	\$ 97	\$ 415
Charges for services	959	959	1,192	233	1,093
Intergovernmental - grants	1,588	1,588	1,870	282	1,125
Investment income	54	54	194	140	38
Other	184	184	90	(94)	265
Total revenues	<u>3,145</u>	<u>3,145</u>	<u>3,803</u>	<u>658</u>	<u>2,936</u>
Expenditures					
Current					
Health	5,477	5,467	4,223	1,244	3,210
Capital outlay	<u>280</u>	<u>290</u>	<u>196</u>	<u>94</u>	<u>-</u>
Total expenditures	<u>5,757</u>	<u>5,757</u>	<u>4,419</u>	<u>1,338</u>	<u>3,210</u>
Other financing sources (uses)					
Transfers in	400	400	400	-	400
Transfers out	<u>-</u>	<u>-</u>	<u>(668)</u>	<u>(668)</u>	<u>-</u>
Total other financing sources (uses)	<u>400</u>	<u>400</u>	<u>(268)</u>	<u>(668)</u>	<u>400</u>
Change in fund balance	(2,212)	(2,212)	(884)	1,328	126
Fund balances, July 1	<u>6,214</u>	<u>6,214</u>	<u>6,214</u>	<u>-</u>	<u>6,088</u>
Fund balances, June 30	<u>\$ 4,002</u>	<u>\$ 4,002</u>	<u>\$ 5,330</u>	<u>\$ 1,328</u>	<u>\$ 6,214</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - LABORATORY SERVICES
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 519	\$ 519	\$ 361	\$ (158)	\$ 414
Investment income	3	3	9	6	2
Other	50	50	50	-	62
Total revenues	<u>572</u>	<u>572</u>	<u>420</u>	<u>(152)</u>	<u>478</u>
Expenditures					
Current					
Health	569	539	465	74	411
Capital outlay	-	30	30	-	-
Total expenditures	<u>569</u>	<u>569</u>	<u>495</u>	<u>74</u>	<u>411</u>
Other financing sources (uses)					
Transfers in	-	-	-	-	7
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7</u>
Change in fund balance	3	3	(75)	(78)	74
Fund balances, July 1	<u>269</u>	<u>269</u>	<u>269</u>	<u>-</u>	<u>195</u>
Fund balances, June 30	<u>\$ 272</u>	<u>\$ 272</u>	<u>\$ 194</u>	<u>\$ (78)</u>	<u>\$ 269</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SPECIAL WASTE TRANSPORTATION & INSPECTION FUND
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 3,114	\$ 3,114	\$ 3,231	\$ 117	\$ 3,118
Charges for services	1,200	1,200	1,200	-	1,143
Investment income	31	31	78	47	14
Other	-	-	-	-	12
Total revenues	<u>4,345</u>	<u>4,345</u>	<u>4,509</u>	<u>164</u>	<u>4,287</u>
Expenditures					
Current					
Health	5,282	5,280	4,767	513	4,118
Capital outlay	<u>665</u>	<u>667</u>	<u>456</u>	<u>211</u>	<u>7</u>
Total expenditures	<u>5,947</u>	<u>5,947</u>	<u>5,223</u>	<u>724</u>	<u>4,125</u>
Change in fund balance	(1,602)	(1,602)	(714)	888	162
Fund balances, July 1	<u>2,682</u>	<u>2,682</u>	<u>2,682</u>	<u>-</u>	<u>2,520</u>
Fund balances, June 30	<u>\$ 1,080</u>	<u>\$ 1,080</u>	<u>\$ 1,968</u>	<u>\$ 888</u>	<u>\$ 2,682</u>

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SWIMMING POOL SAFETY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 1,152	\$ 1,152	\$ 1,310	\$ 158	\$ 1,150
Investment income	9	9	27	18	6
Total revenues	<u>1,161</u>	<u>1,161</u>	<u>1,337</u>	<u>176</u>	<u>1,156</u>
Expenditures					
Current					
Health	1,580	1,580	1,257	323	1,228
Capital outlay	105	105	50	55	-
Total expenditures	<u>1,685</u>	<u>1,685</u>	<u>1,307</u>	<u>378</u>	<u>1,228</u>
Other financing sources (uses)					
Transfers out	-	-	(49)	(49)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(49)</u>	<u>(49)</u>	<u>-</u>
Change in fund balance	(524)	(524)	(19)	505	(72)
Fund balances, July 1	<u>789</u>	<u>789</u>	<u>789</u>	<u>-</u>	<u>861</u>
Fund balances, June 30	<u>\$ 265</u>	<u>\$ 265</u>	<u>\$ 770</u>	<u>\$ 505</u>	<u>\$ 789</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - BAYOU GREENWAY 2020
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 1,338	\$ 1,338	\$ 1,328	\$ (10)	\$ 1,223
Investment income	9	9	29	20	10
Other	-	-	88	88	-
Total revenues	<u>1,347</u>	<u>1,347</u>	<u>1,445</u>	<u>98</u>	<u>1,233</u>
Expenditures					
Current					
Parks and recreation	1,147	1,137	886	251	973
Capital outlay	200	-	-	-	-
Total expenditures	<u>1,347</u>	<u>1,137</u>	<u>886</u>	<u>251</u>	<u>973</u>
Other financing sources (uses)					
Transfers out	-	(210)	(210)	-	(472)
Total other financing sources (uses)	<u>-</u>	<u>(210)</u>	<u>(210)</u>	<u>-</u>	<u>(472)</u>
Change in fund balance	-	-	349	349	(212)
Fund balances, July 1	<u>692</u>	<u>692</u>	<u>692</u>	<u>-</u>	<u>904</u>
Fund balances, June 30	<u>\$ 692</u>	<u>\$ 692</u>	<u>\$ 1,041</u>	<u>\$ 349</u>	<u>\$ 692</u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS GOLF
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Charges for services	\$ 5,243	\$ 5,243	\$ 4,007	\$ (1,236)	\$ 5,560
Investment income	10	10	41	31	7
Other	2	2	202	200	7
Total revenues	<u>5,255</u>	<u>5,255</u>	<u>4,250</u>	<u>(1,005)</u>	<u>5,574</u>
Expenditures					
Current					
Parks and recreation	<u>5,402</u>	<u>5,402</u>	<u>4,782</u>	<u>620</u>	<u>5,359</u>
Total expenditures	<u>5,402</u>	<u>5,402</u>	<u>4,782</u>	<u>620</u>	<u>5,359</u>
Change in fund balance	(147)	(147)	(532)	(385)	215
Fund balances, July 1	<u>1,263</u>	<u>1,263</u>	<u>1,263</u>	<u>-</u>	<u>1,048</u>
Fund balances, June 30	<u><u>\$ 1,116</u></u>	<u><u>\$ 1,116</u></u>	<u><u>\$ 731</u></u>	<u><u>\$ (385)</u></u>	<u><u>\$ 1,263</u></u>

CITY OF HOUSTON, TEXAS
PARKS & RECREATION SPECIAL FUND - PARKS SPECIAL
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Licenses and permits	\$ 175	\$ 175	\$ 168	\$ (7)	\$ 171
Charges for services	1,985	1,985	1,800	(185)	1,826
Investment income	81	81	216	135	64
Other	78	78	69	(9)	340
Total revenues	<u>2,319</u>	<u>2,319</u>	<u>2,253</u>	<u>(66)</u>	<u>2,401</u>
Expenditures					
Current					
Parks and recreation	2,944	2,864	1,871	993	2,000
Capital outlay	-	-	165	(165)	-
Total expenditures	<u>2,944</u>	<u>2,864</u>	<u>2,036</u>	<u>828</u>	<u>2,000</u>
Other financing sources (uses)					
Sale of Capital Assets	-	-	-	-	985
Transfers out	(2,615)	(2,695)	(3,895)	(1,200)	(2,000)
Total other financing sources (uses)	<u>(2,615)</u>	<u>(2,695)</u>	<u>(3,895)</u>	<u>(1,200)</u>	<u>(1,015)</u>
Change in fund balance	(3,240)	(3,240)	(3,678)	(438)	(614)
Fund balances, July 1	<u>6,849</u>	<u>6,849</u>	<u>6,849</u>	<u>-</u>	<u>7,463</u>
Fund balances, June 30	<u>\$ 3,609</u>	<u>\$ 3,609</u>	<u>\$ 3,171</u>	<u>\$ (438)</u>	<u>\$ 6,849</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CABLE TELEVISION
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Investment income	\$ 9	\$ 9	\$ 96	\$ 87	\$ 6
Other	4,571	4,571	4,163	(408)	4,637
Total revenues	<u>4,580</u>	<u>4,580</u>	<u>4,259</u>	<u>(321)</u>	<u>4,643</u>
Expenditures					
Current					
General government	3,921	3,921	3,879	42	3,890
Capital outlay	250	250	102	148	7
Total expenditures	<u>4,171</u>	<u>4,171</u>	<u>3,981</u>	<u>190</u>	<u>3,897</u>
Other financing sources (uses)					
Transfers in	-	-	800	800	500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>800</u>	<u>800</u>	<u>500</u>
Change in fund balance	409	409	1,078	669	1,246
Fund balances, July 1	<u>2,803</u>	<u>2,803</u>	<u>2,803</u>	<u>-</u>	<u>1,557</u>
Fund balances, June 30	<u>\$ 3,212</u>	<u>\$ 3,212</u>	<u>\$ 3,881</u>	<u>\$ 669</u>	<u>\$ 2,803</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - CONTRACTORS RESPONSIBILITY
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	2019			Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts		Actual		
	Original	Final			
Revenues					
Investment income	\$ 35	\$ 35	\$ 100	\$ 65	\$ 26
Other	1,156	1,156	448	(708)	742
Total revenues	<u>1,191</u>	<u>1,191</u>	<u>548</u>	<u>(643)</u>	<u>768</u>
Expenditures					
Current					
General government	925	1,059	482	577	443
Total expenditures	<u>925</u>	<u>1,059</u>	<u>482</u>	<u>577</u>	<u>443</u>
Other financing sources (uses)					
Transfers out	(400)	(630)	(630)	-	(400)
Total other financing sources (uses)	<u>(400)</u>	<u>(630)</u>	<u>(630)</u>	<u>-</u>	<u>(400)</u>
Change in fund balance	(134)	(498)	(564)	(66)	(75)
Fund balances, July 1	<u>3,111</u>	<u>3,111</u>	<u>3,111</u>	<u>-</u>	<u>3,186</u>
Fund balances, June 30	<u>\$ 2,977</u>	<u>\$ 2,613</u>	<u>\$ 2,547</u>	<u>\$ (66)</u>	<u>\$ 3,111</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - HOUSTON TRANSTAR
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

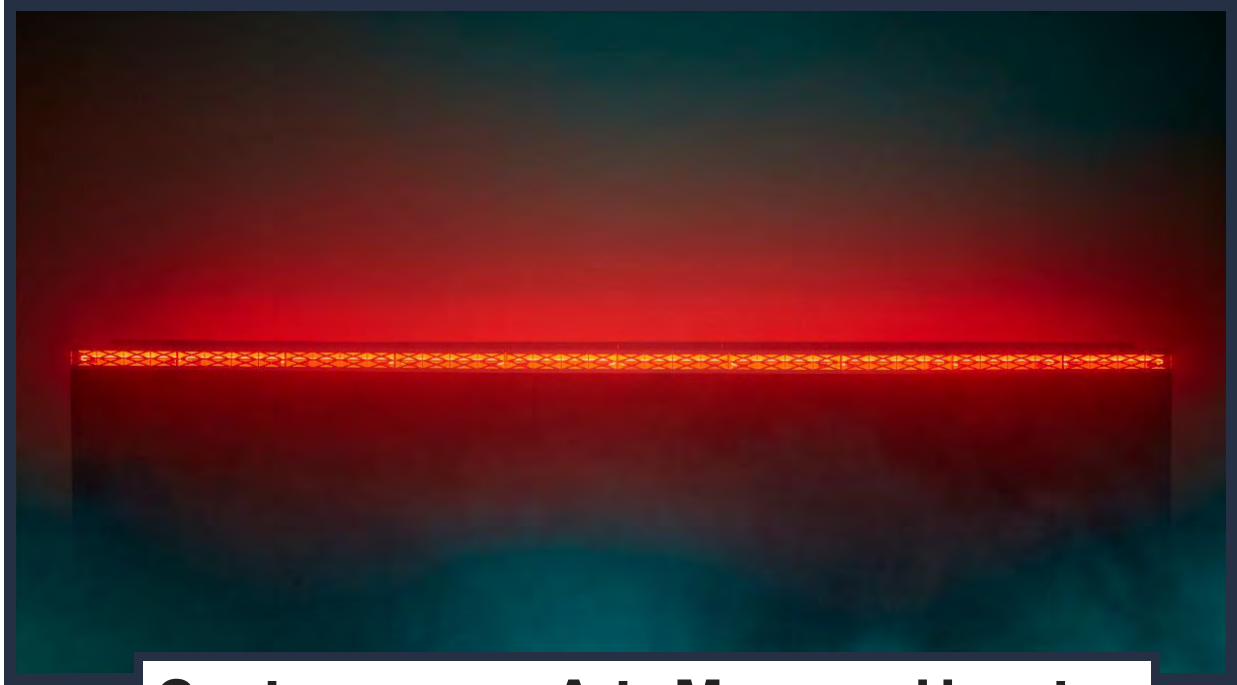
	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Charges for services	\$ 884	\$ 884	\$ 884	\$ -	\$ 694
Intergovernmental - grants	2,101	2,101	2,255	154	1,781
Investment income	15	15	69	54	8
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,208</u>	<u>208</u>	<u>2,483</u>
Expenditures					
Current					
General government	3,169	3,169	2,049	1,120	2,196
Total expenditures	<u>3,169</u>	<u>3,169</u>	<u>2,049</u>	<u>1,120</u>	<u>2,196</u>
Change in fund balance	(169)	(169)	1,159	1,328	287
Fund balances, July 1	<u>1,561</u>	<u>1,561</u>	<u>1,561</u>	<u>-</u>	<u>1,274</u>
Fund balances, June 30	<u>\$ 1,392</u>	<u>\$ 1,392</u>	<u>\$ 2,720</u>	<u>\$ 1,328</u>	<u>\$ 1,561</u>

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - PARKING MANAGEMENT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

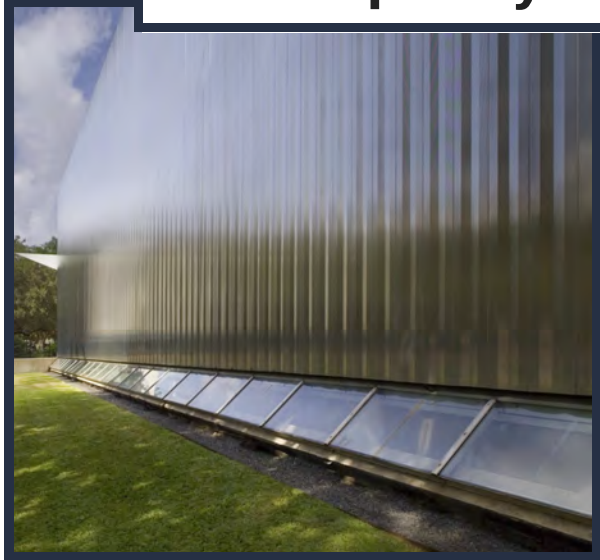
	2019		Actual	Variance with Final Budget- Pos (Neg)	2018 Actual
	Budget Amounts				
	Original	Final			
Revenues					
Taxes and assessments					
Parking Violations	\$ 9,768	\$ 9,768	\$ 9,924	\$ 156	\$ 8,900
Parking Fees	10,363	10,363	10,700	337	10,306
Permit Fees	342	342	318	(24)	325
Investment income	34	34	158	124	37
Other	19	19	12	(7)	466
Total revenues	<u>20,526</u>	<u>20,526</u>	<u>21,112</u>	<u>586</u>	<u>20,034</u>
Expenditures					
Current					
General government	13,336	13,214	10,499	2,715	10,116
Capital outlay	<u>545</u>	<u>667</u>	<u>359</u>	<u>308</u>	<u>102</u>
Total expenditures	<u>13,881</u>	<u>13,881</u>	<u>10,858</u>	<u>3,023</u>	<u>10,218</u>
Other financing sources (uses)					
Transfers out	<u>(8,068)</u>	<u>(8,068)</u>	<u>(10,189)</u>	<u>2,121</u>	<u>(10,217)</u>
Total other financing sources (uses)	<u>(8,068)</u>	<u>(8,068)</u>	<u>(10,189)</u>	<u>2,121</u>	<u>(10,217)</u>
Change in fund balance	(1,423)	(1,423)	65	1,488	(401)
Fund balances, July 1	<u>2,067</u>	<u>2,067</u>	<u>2,067</u>	<u>-</u>	<u>2,468</u>
Fund balances, June 30	<u>\$ 644</u>	<u>\$ 644</u>	<u>\$ 2,132</u>	<u>\$ 1,488</u>	<u>\$ 2,067</u>

CITY OF HOUSTON, TEXAS

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Contemporary Arts Museum Houston



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 Place, Hobby Center, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garages and various surface lots. Downtown parks include Sesquicentennial Park, Jones Plaza, Root Memorial Square, and Sabine Promenade.

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

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 144,076	\$ 134,358
Investments	290,965	259,813
Receivables, net of allowances		
Accounts receivable	30,758	50,114
Due from other funds	486	276
Due from other governments	18,392	22,397
Inventory	1,739	1,881
Prepaid items	4,882	4,495
Restricted assets		
Cash and cash equivalents	5,593	6,125
Restricted accounts receivable	1,494	1,444
Total current assets	498,385	480,903
Noncurrent Assets		
Investments	971,015	924,410
Prepaid items	195	929
Restricted assets		
Cash and cash equivalents	45,030	37,753
Total noncurrent assets	1,016,240	963,092
Capital assets		
Land	216,100	216,107
Buildings	3,066,213	2,985,527
Improvements and equipment	1,897,017	1,885,075
Construction in progress	206,687	182,844
Intangibles	17,471	17,376
Infrastructure	569,516	565,067
Less accumulated depreciation	(3,207,696)	(3,035,952)
Net capital assets	2,765,308	2,816,044
Total noncurrent assets	3,781,548	3,779,136
Total assets	\$ 4,279,933	\$ 4,260,039
Deferred Outflows of Resources		
Unamortized costs on refunded debt	19,572	20,499
Deferred outflows on pension liability	17,720	30,835
Deferred outflow on OPEB liability	96	-
Total Deferred Outflows of Resources	37,388	51,334

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 15,575	\$ 16,774
Accrued payroll liabilities	3,166	3,026
Accrued interest payable	49,339	43,464
Cost of issuance payable	-	180
Contracts and retainages payable	46,518	35,591
Due to other funds	247	394
Due to other governments	571	1,800
Pension obligation bonds payable	-	27,610
Advances and deposits	2,439	2,176
Claims and judgments	904	881
Compensated absences	6,120	6,127
Special facility bonds payable	5,960	5,715
Other liabilities	1,132	10,000
Revenue bonds payable	80,110	78,520
Unearned revenue	4,347	10,837
Total current liabilities	<u>216,428</u>	<u>243,095</u>
Noncurrent liabilities		
Revenue bonds payable, net	2,034,592	2,118,415
Special facility bonds payable	74,425	80,385
Claims and judgments	902	1,395
Compensated absences	6,489	6,932
Commercial paper	48,473	21,473
Municipal pension trust liability	229,757	230,999
Other post employment benefits	73,872	89,907
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	<u>2,470,516</u>	<u>2,551,512</u>
Total liabilities	<u>2,686,944</u>	<u>2,794,607</u>
Deferred Inflows of Resources		
Deferred inflows on pension liability	5,800	1,100
Deferred inflows on OPEB health benefits liability	26,321	10,153
Total Deferred Inflows of Resources	<u>32,121</u>	<u>11,253</u>
Net position		
Net investment in capital assets	542,125	531,232
Restricted net position		
Restricted for debt service	428,856	357,588
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	60,525	56,891
Restricted for special facility	43,442	36,049
Restricted for capital improvements	651,664	657,050
Unrestricted (deficit)	(138,356)	(143,297)
Total net position	<u>\$ 1,598,256</u>	<u>\$ 1,505,513</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Landing area fees	\$ 87,767	\$ 95,779
Rentals, building and ground areas	211,323	220,214
Parking	110,136	103,961
Concession	83,115	81,074
Other	6,123	9,836
Total operating revenue	<u>498,464</u>	<u>510,864</u>
Operating Expenses		
Maintenance and operating	337,477	335,104
Depreciation and amortization	174,266	176,053
Total operating expenses	<u>511,743</u>	<u>511,157</u>
Operating income (loss)	<u>(13,279)</u>	<u>(293)</u>
Nonoperating revenues (expenses)		
Investment income	45,067	8,591
Customer facility charges	17,439	17,374
Special facility cost	(43)	(294)
Other revenue (expenses)	221	(1,420)
Gain (Loss) on disposal of assets	119	(176)
Passenger facility charges	111,155	109,021
Interest expense on long-term debt	(81,575)	(89,944)
Cost of issuance for debt	(2,960)	(3,647)
Total Nonoperating revenues (expenses)	<u>89,423</u>	<u>39,505</u>
Income before contributions and transfers	<u>76,144</u>	<u>39,212</u>
Capital contributions	<u>16,599</u>	<u>13,784</u>
Change in net position	92,743	52,996
Beginning Net Position as previously reported	1,505,513	1,473,817
Cumulative effect of implementation of a new accounting principle	-	(21,300)
Total net position, July 1	<u>1,505,513</u>	<u>1,452,517</u>
Total net position, June 30	<u>\$ 1,598,256</u>	<u>\$ 1,505,513</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Receipts from customers	\$ 511,854	\$ 509,538
Payments to employees	(103,091)	(131,160)
Payments to suppliers	(145,518)	(127,244)
Internal activity-payments to other funds	(71,263)	(67,604)
Claims paid	(904)	(881)
Other receipts (payments)	221	(1,420)
Net cash provided by operating activities	<u>191,299</u>	<u>181,229</u>
Cash flows from investing activities		
Interest income on investments	1,754,930	1,711,524
Purchases of investments	(1,832,687)	(1,851,068)
Sales of investments	45,067	8,591
Net cash provided by (used in) capital and related financing activities	<u>(32,690)</u>	<u>(130,953)</u>
Cash flows from noncapital financing activities		
Proceeds from pension bonds	(27,610)	27,610
Cost of issuance expense on pension obligation bonds	-	(102)
Interest expense pension obligation bonds	(715)	(223)
Net cash provided by (used in) noncapital financing activities	<u>(28,325)</u>	<u>27,285</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(719,586)	(336,809)
Retirement of special facility bonds	(5,715)	(5,490)
Proceeds from issuance of commercial paper	27,000	18,000
Interest expense on debt	(97,352)	(103,296)
Retirement of inferior lien contract	-	(6,240)
Passenger facilities charges	110,892	108,220
Customer facilities charges	17,388	17,232
Proceeds from issuance of revenue bonds	653,881	475,472
Grant receipts	19,377	27,680
Retirement of note payable	-	(115,882)
Acquisition of property, plant and equipment	(116,566)	(106,263)
Retirement of commercial paper	-	(83,527)
Cost of issuance expense for revenue bonds	(3,140)	(3,365)
Net cash used in capital and related financing activities	<u>(113,821)</u>	<u>(114,268)</u>
Net increase(decrease) in cash and cash equivalents	16,463	(36,707)
Cash and cash equivalents, July 1	<u>178,236</u>	<u>214,943</u>
Cash and cash equivalents, June 30	<u>\$ 194,699</u>	<u>\$ 178,236</u>
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	144,076	\$ 134,358
Non-pooled cash and cash equivalents (Note 3A)	50,623	43,878
Total cash and cash equivalents, June 30	<u>\$ 194,699</u>	<u>\$ 178,236</u>
Reconciliation of operating income(loss) to net cash provided by operating activities		
Operating income(loss)	\$ (13,279)	\$ (293)
Adjustments to reconcile operating income(loss) to net cash provided by operating activities		
Depreciation and amortization	174,266	176,053
Capital improvement plan expense	11,541	7,027
Other post employment benefits	36	4,103
Other revenues(expenses)	221	(1,420)
Terminal space revenue bond	-	(461)
Changes in assets and liabilities		
Accounts receivable	19,619	(6,388)
Due from other funds	(210)	(75)
Inventory and prepaid insurance	(246)	(1,563)
Accounts payable	(1,199)	1,881
Accrued payroll liabilities	140	(341)
Due to other funds	(147)	(319)
Advances and deposits	(6,227)	5,525
Claims and judgments - workers' compensation	(470)	857
Compensated absences	(450)	438
Other current liabilities	(8,868)	-
Pension Obligation payable	16,572	(3,795)
Net cash provided by operating activities	<u>\$ 191,299</u>	<u>\$ 181,229</u>
Non cash transactions		
Bond amortization expense	\$ 14,868	\$ 3,438
Capital additions included in notes payable	-	(115,882)
Capitalized interest expense	7,500	8,832
Grants included in receivables	(4,198)	(13,895)
Capital additions included in liabilities	10,927	1,069
Gain (loss) on disposal of assets	220	(183)
Total non cash transactions	<u>\$ 29,317</u>	<u>\$ (116,621)</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,097	\$ 5,821
Investments	51,014	46,016
Receivables, net of allowances		
Accounts receivable	62	-
Hotel occupancy tax receivable	22,785	22,831
Due from component units	64,138	33,984
Due from other funds	-	2
Cash and cash equivalents	189	189
Total current assets	<u>146,285</u>	<u>108,843</u>
Noncurrent Assets		
Investments	36,120	34,703
Due from component units	<u>340,013</u>	<u>341,883</u>
Total noncurrent restricted assets	<u>376,133</u>	<u>376,586</u>
Capital assets		
Land	95,687	95,687
Buildings	577,527	577,528
Improvements and equipment	8,632	8,879
Infrastructure	334	334
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	<u>(310,775)</u>	<u>(297,513)</u>
Net capital assets	<u>384,549</u>	<u>398,059</u>
Total noncurrent assets	<u>760,682</u>	<u>774,645</u>
Total assets	<u>\$ 906,967</u>	<u>\$ 883,488</u>
Deferred Outflows of Resources		
Deferred outflow on pension liability	657	505
Deferred outflow for unamortized cost on refunded debt	<u>193</u>	<u>77</u>
Total Deferred Outflows of Resources	<u>850</u>	<u>582</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 628	\$ 43
Accrued payroll liabilities	-	8
Accrued interest payable	5,796	4,897
Due to component units	26,288	22,816
Arbitrage rebate	88	-
Cost of issuance payable	79	449
Compensated absences	-	35
Pension obligation bonds payable	90	80
Revenue bonds payable	56,752	21,779
Total current liabilities	<u>89,721</u>	<u>50,107</u>
Noncurrent liabilities		
Revenue bonds payable	665,583	677,906
Arbitrage rebate	9	111
Municipal pension trust liability	6,086	6,084
Other post employment benefits	2,365	2,856
Unearned revenue	6,317	6,608
Pension obligation bonds payable	3,379	3,469
Total noncurrent liabilities	<u>683,739</u>	<u>697,034</u>
Total liabilities	<u>773,460</u>	<u>747,141</u>
Deferred Inflows of Resources		
Deferred inflows on pension liability	215	45
Deferred inflows for unamortized cost on refunded debt	7,211	7,701
Deferred inflows on OPEB health benefits liability	792	300
Total Deferred Inflows of Resources	<u>8,218</u>	<u>8,046</u>
Net Position		
Net investment in capital assets	52,693	54,522
Restricted net position		
Restricted for debt service	36,309	34,703
Restricted for renewal and replacement	6	5
Restricted for maintenance and operations	17,707	16,135
Unrestricted	19,424	23,518
Total net position	<u>\$ 126,139</u>	<u>\$ 128,883</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Parking	\$ 9,206	\$ 6,434
Rental	1,449	1,449
Total operating revenue	<u>10,655</u>	<u>7,883</u>
Operating Expenses		
Maintenance and operating	53,235	56,529
Depreciation and amortization	13,508	13,599
Total operating expenses	<u>66,743</u>	<u>70,128</u>
Operating loss	<u>(56,088)</u>	<u>(62,245)</u>
Nonoperating revenue (expenses)		
Investment income	13,560	9,723
Hotel occupancy tax	68,898	72,221
Other revenue	2,082	989
Gain (loss) on disposal of assets	-	(251)
Interest on long-term debt	(28,417)	(27,575)
Cost of issuance for debt	(1,330)	(370)
Total Nonoperating revenues (expenses)	<u>54,793</u>	<u>54,737</u>
Income before contributions and transfers	<u>(1,295)</u>	<u>(7,508)</u>
Transfers out	<u>(1,449)</u>	<u>(1,449)</u>
Total transfers	<u>(1,449)</u>	<u>(1,449)</u>
Change in net position	(2,744)	(8,957)
Beginning Net Position as previously reported	128,883	136,544
Cumulative effect of the implementation of a new accounting principle	-	1,296
Total net position, July 1	<u>128,883</u>	<u>137,840</u>
Total net position, June 30	<u>\$ 126,139</u>	<u>\$ 128,883</u>

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Cash flows from operating activities		
Receipts from customers	\$ 9,206	\$ 6,434
Payments to employees	(261)	(213)
Payments to suppliers	487	(89)
Internal activity-payments to other funds	2	(2)
Other revenues	1,792	698
Other expenses	(71,527)	(74,795)
Receipts from component units	1,449	1,449
Net cash used in operating activities	(58,852)	(66,518)
Cash flows from investing activities		
Interest income on investments	13,560	9,723
Purchase of investments	(105,438)	(110,472)
Proceeds from sale of investments	99,023	115,688
Net cash provided by investing activities	7,145	14,939
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(31,779)	(32,070)
Refunding of revenue bonds	(70,150)	62
Proceeds from issuance of revenue bonds	122,975	-
Cost of issuance on debt	(1,700)	(250)
Interest expense on debt	(5,185)	(15,114)
Net cash provided by (used in) capital and related financing activities	14,161	(47,372)
Cash flows from noncapital financing activities		
Retirement of pension bonds	(80)	(75)
Payments from component unit	(46,002)	4,325
Hotel occupancy tax revenue	86,125	87,113
Interest expense on pension obligation bonds	(221)	(221)
Net cash provided by noncapital financing activities	39,822	91,142
Net decrease in cash and cash equivalents	2,276	(7,809)
Cash and cash equivalents, July 1	6,010	13,819
Cash and cash equivalents, June 30	\$ 8,286	\$ 6,010
Cash and cash equivalents		
Pooled cash and cash equivalents (Note 3A)	\$ 8,097	\$ 5,821
Non-pooled cash and cash equivalents (Note 3A)	189	189
Total cash and cash equivalents, June 30	\$ 8,286	\$ 6,010
Reconciliation of operating loss to net cash used in operating activities		
Operating loss	\$ (73,320)	\$ (79,441)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities		
Depreciation and amortization	13,508	13,599
Other post employment benefits	52	121
Other revenues	2,084	990
Other expenses	(1,449)	(1,449)
Due from other funds	2	(2)
Accounts payable	586	(17)
Accrued payroll liabilities	(8)	(5)
Compensated absences	(35)	(12)
Deferred revenue	(291)	(291)
Pension Obligation payable	19	(11)
Net cash used in operating activities	\$ (58,852)	\$ (66,518)
Non cash transactions		
Unrealized gain on investments	\$ 1,191	\$ 528
Receivable from component unit	(52,825)	(75,000)
Addition of Subordinate Lien Flexible Rate Notes	-	75,000
Addition of HOT and Special Revenue Series Bonds	122,975	13,796
Refunding of HOT and Special Revenue Bond Series	(70,150)	(13,735)
Total non cash transactions	\$ 1,191	\$ 589

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 168,595	\$ 178,163
Investments	1,557,211	1,264,631
Receivables, net of allowances		
Accounts receivable	171,172	140,194
Special assessments receivable	93	93
Due from other funds	5,467	2,972
Due from other governments	7,242	3,742
Inventory	13,289	14,873
Prepaid items	5,088	4,611
Restricted assets		
Cash and cash equivalents	28	28
Total current assets	<u>1,928,185</u>	<u>1,609,307</u>
Noncurrent Assets		
Investments	119,324	115,522
Prepays	3,155	5,082
Due from other governments	985,583	196,737
Other interfund receivable	22,033	-
Amounts held by other governments	11,270	10,973
Total noncurrent restricted assets	<u>1,141,365</u>	<u>328,314</u>
Capital assets		
Land	160,405	157,490
Buildings	154,284	152,726
Improvements and equipment	181,581	171,052
Plants, lines and rights	10,990,194	10,784,040
Construction in progress	847,450	657,016
Water rights	846,513	845,975
Less accumulated depreciation and amortization	<u>(5,913,628)</u>	<u>(5,710,870)</u>
Net capital assets	<u>7,266,799</u>	<u>7,057,429</u>
Total noncurrent assets	<u>8,408,164</u>	<u>7,385,743</u>
Total assets	<u>\$ 10,336,349</u>	<u>\$ 8,995,050</u>
Deferred outflows of resources		
Deferred outflow on pension liability	22,480	47,334
Deferred outflow on OPEB liability	184	-
SWAP liability/Unamortized cost on refunded debt	380,563	342,840
Total deferred outflows of resources	<u>403,227</u>	<u>390,174</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	2019	2018
Liabilities		
Current Liabilities		
Accounts payable	\$ 175,671	\$ 143,651
Accrued payroll liabilities	5,699	5,421
Accrued interest payable	77,098	58,670
Contracts payable	19,099	9,053
Due to other funds	10,238	10,905
Due to component units	3,481	3,481
Due to other governments	1,516	1,522
Advances and deposits	45,538	50,126
Pension obligation bonds payable ST	1,547	1,405
Cost of issuance payable	1,310	1,264
Claims and judgments	582	843
Compensated absences	10,811	10,596
Commercial paper payable	185,000	220,000
Arbitrage rebate	169	-
Revenue bonds payable	207,110	213,810
Other interfund liabilities	1,002	-
Total current liabilities	745,871	730,747
Noncurrent liabilities		
Revenue bonds payable	6,402,374	6,333,684
Claims and judgments	1,150	1,216
Compensated absences	8,547	9,027
Contracts payable	891,276	741,074
Other interfund liabilities	21,031	-
Arbitrage rebate	3,620	25
Municipal pension trust liability	352,878	350,277
Other post employment benefits	150,851	184,171
SWAP liability	223,339	184,777
Unearned revenue	1,542,440	585,128
Pension obligation bonds payable	95,429	96,976
Total noncurrent liabilities	9,692,935	8,486,355
Total liabilities	10,438,806	9,217,102
Deferred inflows of resources		
Deferred inflows on pension liability	7,358	1,440
Deferred inflows on OPEB liability	54,467	20,894
Total deferred inflows of resources	61,825	22,334
Net Position		
Net investment in capital assets	160,163	221,567
Restricted net position		
Restricted for maintenance and operations	81,621	78,497
Restricted for debt service	64,346	84,540
Restricted for capital improvements	14,453	16,083
Unrestricted	(81,638)	(254,899)
Total net position (deficit)	\$ 238,945	\$ 145,788

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands

	<u>2019</u>	<u>2018</u>
Operating Revenues		
Water/Sewer Billing	\$ 1,042,442	\$ 1,052,549
Total operating revenue	<u>1,042,442</u>	<u>1,052,549</u>
Operating Expenses		
Maintenance and operating	516,504	492,391
Depreciation and amortization	257,430	252,093
Total operating expenses	<u>773,934</u>	<u>744,484</u>
Operating income	<u>268,508</u>	<u>308,065</u>
Nonoperating revenue (expenses)		
Investment income	55,170	8,074
Other revenue	62,740	43,289
Gain (loss) on disposal of assets	(5,783)	11,960
Interest on long-term debt	(263,253)	(246,305)
Cost of issuance of debt	(5,455)	(1,979)
Contributions in	26,731	19,346
Total Nonoperating revenues (expenses)	<u>(129,850)</u>	<u>(165,615)</u>
Income before contributions and transfers	<u>138,658</u>	<u>142,450</u>
Capital contributions	<u>12,330</u>	<u>9,624</u>
Transfers in	72	-
Transfers out	(57,903)	(63,058)
Total transfers	<u>(57,831)</u>	<u>(63,058)</u>
Change in net position	93,157	89,016
Total net position, July 1, as previously reported	145,788	38,385
Cumulative effect of the implementation of a new accounting principle	-	(61,042)
Cumulative effect of prior period adjustment	-	79,429
Beginning net assets, July 1	<u>145,788</u>	<u>56,772</u>
Total net position, June 30	<u>\$ 238,945</u>	<u>\$ 145,788</u>

**CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2019
(With comparative amounts for 2018)
amounts expressed in thousands**

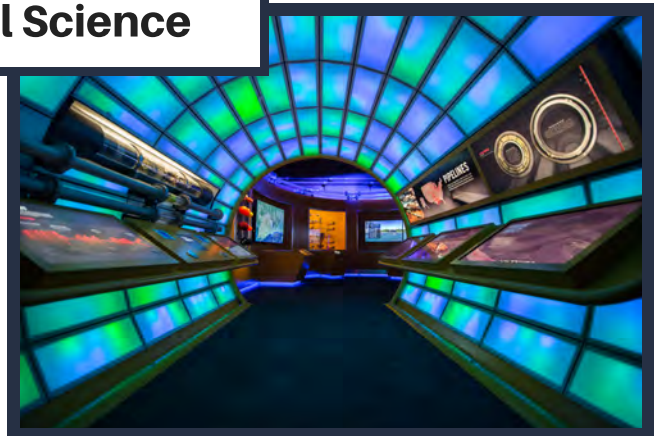
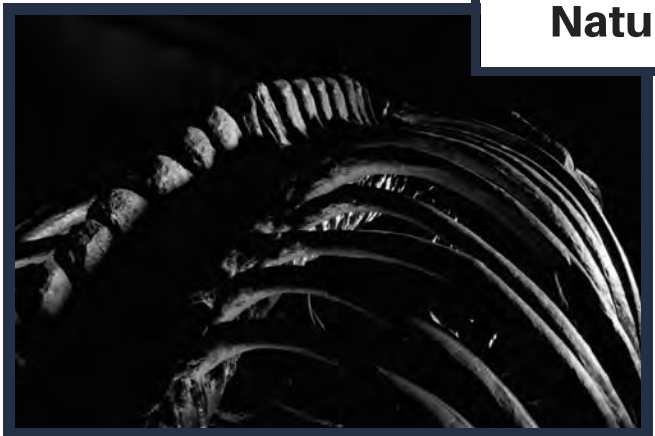
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Receipts from customers	\$ 1,010,612	\$ 1,041,264
Payments to employees	(182,931)	(225,128)
Payments to suppliers	(235,016)	(247,385)
Internal activity-payments to other funds	(42,655)	(33,945)
Claims paid	(1,595)	(1,247)
Other receipts	62,859	43,328
Receipts from other governments	72	133
Net cash provided by operating activities	<u>611,346</u>	<u>577,020</u>
Cash flows from investing activities		
Interest income on investments	55,170	8,074
Purchases of investments	(2,422,798)	(2,103,297)
Sales of investments	2,126,403	1,837,717
Net cash provided by (used in) investing activities	<u>(241,225)</u>	<u>(257,506)</u>
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(213,810)	(200,505)
Retirement of commercial paper	(220,000)	-
Refunding of revenue bonds	(586,600)	-
Retirement of contracts payable	(8,792)	(6,468)
Proceeds from issuance of revenue bonds	884,026	64,680
Proceeds from issuance of commercial paper	185,000	200,000
Proceeds from contracts payable	170,265	190,080
Interest expense on debt	(270,248)	(261,020)
Cost of revenue bond issuance	(5,408)	(3,234)
Proceeds from disposition of assets	338	14,607
Due from other governments	181,515	113,028
Acquisition of property, plant and equipment	(431,535)	(404,478)
Net cash used for capital and related financing activities	<u>(315,249)</u>	<u>(293,310)</u>
Cash flows from noncapital financing activities		
Proceeds from pension bonds	-	42,453
Interest expense on pension obligation bonds	(5,132)	(3,841)
Retirement of Pension bonds	(1,405)	(1,190)
Transfers to debt service fund	(7,775)	(9,080)
Transfers to other funds	(50,128)	(53,978)
Net cash used in noncapital financing activities	<u>(64,440)</u>	<u>(25,636)</u>
Net increase(decrease) in cash and cash equivalents	(9,568)	568
Cash and cash equivalents, July 1	178,191	94,759
Cash and cash equivalents, June 30	<u>\$ 168,623</u>	<u>\$ 95,327</u>
Cash and cash equivalents:		
Pooled cash and cash equivalents (Note 3A)	\$ 168,595	\$ 178,163
Non-pooled cash and cash equivalents (Note 3A)	28	28
Total cash and cash equivalents, June 30	<u>\$ 168,623</u>	<u>\$ 178,191</u>
Reconciliation of operating income to net cash provided by operating activities		
Operating income	\$ 268,509	\$ 308,065
Depreciation and amortization	257,430	252,093
Other post employment benefits	69	8,443
Other revenues	62,931	43,328
Changes in assets and liabilities		
Accounts receivable	(30,978)	(19,644)
Due from other funds	(2,495)	(1,056)
Due from other governments	5,018	207
Inventory & prepaid insurance	1,107	(4,407)
Accounts payable	23,536	(11,730)
Accrued payroll liabilities	278	(408)
Due to other funds	(667)	(2,171)
Advances and deposits	(4,588)	(3,529)
Claims and judgments-workers' compensation	(327)	351
Compensated absences	(265)	(353)
Pension obligation payable	33,375	(6,474)
Other long-term liabilities	(1,587)	14,305
Net cash provided by operating activities	<u>\$ 611,346</u>	<u>\$ 577,020</u>
Non cash transactions		
Capital additions included in liabilities	\$ -	\$ 96,975
CAB accretion interest	9,461	8,918
Donated capital	(12,081)	(9,612)
Capitalized interest	14,234	16,863
Gain (loss) on disposal of assets	5,783	(12)
Total non cash transactions	<u>\$ 17,397</u>	<u>\$ 113,132</u>

CITY OF HOUSTON, TEXAS

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**Houston Museum of
Natural Science**



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, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2019	2018
Assets				
Current assets				
Cash and cash equivalents	\$ 809	\$ 6,990	\$ 7,799	\$ 675
Investments	84,254	2,353	86,607	80,096
Receivables, net of allowances				
Accounts receivable	4	-	4	7
Due from other funds	-	629	629	-
Due from other governments	10	-	10	24
Total current assets	<u>85,077</u>	<u>9,972</u>	<u>95,049</u>	<u>80,802</u>
Capital assets				
Buildings, improvements and equipment	957	-	957	746
Total capital assets	<u>957</u>	<u>-</u>	<u>957</u>	<u>746</u>
Less accumulated depreciation	(555)	-	(555)	(502)
Net capital assets	<u>402</u>	<u>-</u>	<u>402</u>	<u>244</u>
Total noncurrent assets	<u>402</u>	<u>-</u>	<u>402</u>	<u>244</u>
Total Assets	<u>85,479</u>	<u>9,972</u>	<u>95,451</u>	<u>81,046</u>
Liabilities				
Current Liabilities				
Accounts payable	290	47	337	542
Accrued payroll liabilities	138	-	138	128
Due to other funds	5,628	629	6,257	14
Claims and judgments	22,954	-	22,954	23,070
Compensated absences	250	-	250	271
Unearned revenue	3,178	-	3,178	3,129
Total current liabilities	<u>32,438</u>	<u>676</u>	<u>33,114</u>	<u>27,154</u>
Noncurrent liabilities				
Claims and judgments	15,000	6,720	21,720	20,990
Compensated absences	170	-	170	46
Total noncurrent liabilities	<u>15,170</u>	<u>6,720</u>	<u>21,890</u>	<u>21,036</u>
Total liabilities	<u>47,608</u>	<u>7,396</u>	<u>55,004</u>	<u>48,190</u>
Net Position				
Net investment in capital assets	402	-	402	244
Unrestricted	37,469	2,576	40,045	32,612
Total net position	<u>\$ 37,871</u>	<u>\$ 2,576</u>	<u>\$ 40,447</u>	<u>\$ 32,856</u>

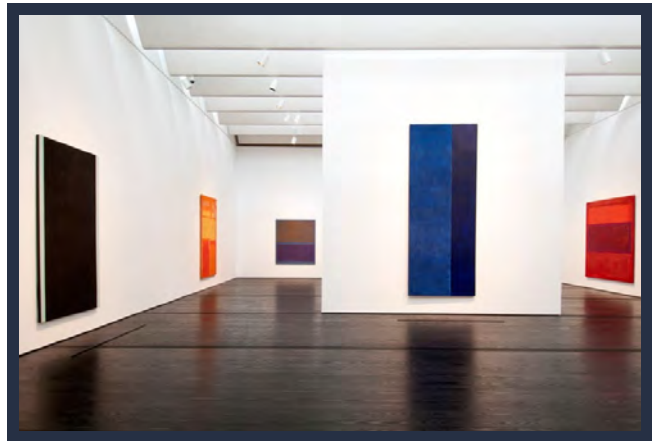
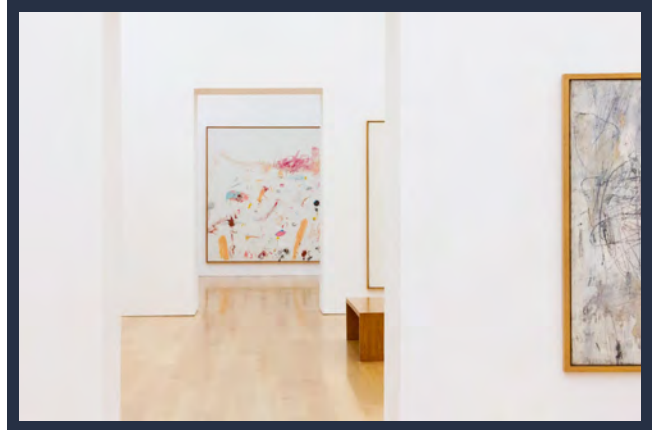
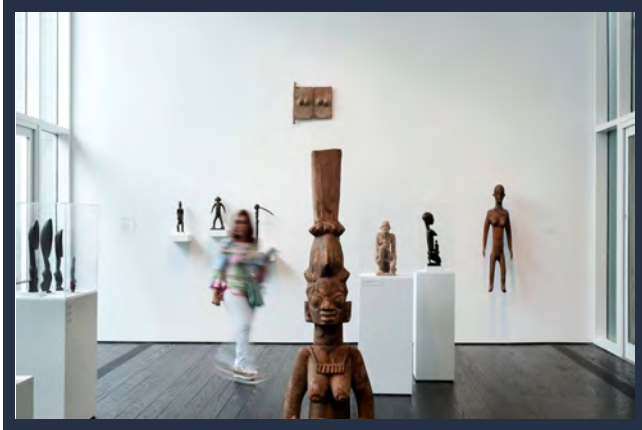
CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	<u>Health Benefits</u>	<u>Long-term Disability</u>	<u>2019</u>	<u>2018</u>
Operating Revenues				
Other	\$ 994	\$ -	\$ 994	\$ 895
Health benefit premiums	390,905	91	390,996	386,979
Total operating revenues	<u>391,899</u>	<u>91</u>	<u>391,990</u>	<u>387,874</u>
Operating Expenses				
Administrative costs	6,584	25	6,609	6,629
Claims costs	378,734	1,819	380,553	367,877
Depreciation and amortization	54	-	54	51
Total operating expenses	<u>385,372</u>	<u>1,844</u>	<u>387,216</u>	<u>374,557</u>
Operating income (loss)	<u>6,527</u>	<u>(1,753)</u>	<u>4,774</u>	<u>13,317</u>
Nonoperating revenues (expenses)				
Investment income	2,489	328	2,817	425
Total Nonoperating revenues (expenses)	<u>2,489</u>	<u>328</u>	<u>2,817</u>	<u>425</u>
Income (loss) before contributions and transfers	<u>9,016</u>	<u>(1,425)</u>	<u>7,591</u>	<u>13,742</u>
Change in net position	9,016	(1,425)	7,591	13,742
Total net position, July 1	<u>28,855</u>	<u>4,001</u>	<u>32,856</u>	<u>19,114</u>
Total net position, June 30	<u>\$ 37,871</u>	<u>\$ 2,576</u>	<u>\$ 40,447</u>	<u>\$ 32,856</u>

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2019	2018
Cash flows from operating activities				
Receipts from customers	\$ 390,908	\$ 91	\$ 390,999	\$ 389,052
Payments to employees	(4,401)	-	(4,401)	(4,548)
Payments to suppliers	(2,171)	(11)	(2,182)	(2,105)
Internal activity-payments to other funds	38	(629)	(591)	(93)
Claims paid	(378,865)	(3,813)	(382,678)	(366,251)
Due from other governments	14	-	14	(14)
Other receipts	995	-	995	895
Net cash provided by (used in) operating activities	<u>6,518</u>	<u>(4,362)</u>	<u>2,156</u>	<u>16,936</u>
Cash flows from investing activities				
Interest income on investments	2,489	328	2,817	426
Purchase of investments	(122,129)	-	(122,129)	(82,620)
Proceeds from sale of investments	112,225	-	112,225	79,199
Net cash provided by investing activities	<u>(7,415)</u>	<u>328</u>	<u>(7,087)</u>	<u>(2,995)</u>
Acquisition of property, plant and equipment	(211)	-	(211)	(54)
	<u>(211)</u>	<u>-</u>	<u>(211)</u>	<u>(54)</u>
Net increase in cash and cash equivalents	(1,108)	(4,034)	(5,142)	13,887
Cash and cash equivalents, July 1	299	11,024	11,323	675
Cash and cash equivalents, June 30	<u>\$ (809)</u>	<u>\$ 6,990</u>	<u>\$ 6,181</u>	<u>\$ 14,562</u>
Cash and cash equivalents				
Pooled cash and cash equivalents (Note 3A)	\$ 809	\$ 6,990	\$ 6,779	\$ 675
Total cash and cash equivalents, June 30	<u>\$ 809</u>	<u>\$ 6,990</u>	<u>\$ 6,779</u>	<u>\$ 675</u>
Reconciliation of operating income to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 6,528	\$ (1,753)	\$ 4,775	\$ 10,617
Depreciation	54	-	54	45
Accounts receivable	3	-	3	2,074
Due from other funds	-	(629)	(629)	-
Due from other governments	14	-	14	(15)
Inventory & prepaid insurance	-	-	-	3
Accounts payable	(193)	(11)	(204)	(249)
Accrued payroll liabilities	9	-	9	(32)
Due to other funds	171	-	171	(4)
Claims for workers' compensation	(116)	(1,969)	(2,085)	4,360
Compensated absences	-	-	-	(39)
Deferred revenue	48	-	48	176
Net cash provided by (used in) operating activities	<u>\$ 6,518</u>	<u>\$ (4,362)</u>	<u>\$ 2,156</u>	<u>\$ 16,936</u>

The Menil Collection



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, 2019
(With comparative totals for 2018)
amounts expressed in thousands

		Firefighters' Relief and Retirement Pension Trust Fund
Assets		
Cash and cash equivalents	\$	25,465
Investments		
U.S. government and agency securities		-
Corporate bonds		-
Other fixed income securities		1,182,709
Commingled equity funds		-
Common and preferred stock		1,819,994
Real estate, partnerships and alternatives		1,124,629
Short-term investment funds		70,726
Invested securities lending collateral		56,722
Receivables, net of allowances		
Due from broker		-
Contributions		5,400
Accrued interest and dividends		5,444
Other		61,490
Other assets		405
Land		483
Building		4,029
 Total assets		 <u><u>4,357,496</u></u>
 Liabilities and plan net position		
Liabilities		
Accounts payable		63,082
Securities lending collateral		56,722
Foreign funds contracts payable		-
Other liabilities		-
Total liabilities		<u><u>119,804</u></u>
 Deferred inflows of resources		
Deferred inflow of resources		-
Total deferred inflows of resources		<u><u>-</u></u>
 Net position restricted for pensions	 \$	 <u><u>4,237,692</u></u>

Municipal Employees' Pension Trust Fund		Police Officers' Pension Trust Fund		2019	2018
\$	11,797	\$	239	\$ 37,501	\$ 42,297
	100,319		-	100,319	69,615
	198,302		-	198,302	198,328
	-		958,756	2,141,465	1,538,551
	646,384		-	646,384	787,745
	805,238		1,895,645	4,520,877	4,629,274
	1,279,417		1,884,663	4,288,709	4,115,253
	44,272		922,917	1,037,915	1,219,328
	60,246		64,316	181,284	236,181
	1,088		3,976	5,064	27,709
	12,961		2,083	20,444	14,704
	-		8,438	13,882	13,397
	12,023		17	73,530	16,830
	185		6,321	6,911	6,725
	-		-	483	483
	-		-	4,029	4,351
	<u>3,172,232</u>		<u>5,747,371</u>	<u>13,277,099</u>	<u>12,920,771</u>
	5,940		8,182	77,204	24,449
	60,246		64,316	181,284	236,181
	1,089		-	1,089	2,098
	3,958		226	4,184	12,136
	<u>71,233</u>		<u>72,724</u>	<u>263,761</u>	<u>274,864</u>
	-		-	-	-
	-		-	-	-
\$	<u>3,100,999</u>	\$	<u>5,674,647</u>	<u>\$ 13,013,338</u>	<u>\$ 12,645,907</u>

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2019
(With comparative totals for 2018)
amounts expressed in thousands

	Firefighters' Relief and Retirement Pension Trust Fund	Municipal Employees' Pension Trust Fund
Additions:		
Contributions		
City of Houston	\$ 89,897	\$ 176,261
Members	34,281	32,537
Total Contributions	124,178	208,798
Investment income		
Interest	26,357	15,881
Net appreciation(depreciation) in fair value of investments	194,216	161,926
Dividends	5,720	28,780
Income on securities lending	508	1,309
Earnings from real estate, limited partnerships real estate investments, and other investments	1,320	1,604
Other income	518	710
Total investment and other income (loss)	228,639	210,210
Less - investment expense	(6,484)	(8,019)
Less - cost of securities lending	(379)	(1,037)
Total additions (reductions)	345,954	409,952
Deductions:		
Benefits paid to members	270,863	291,060
Refunds to members	1,536	1,394
Other	6,217	5,363
Total deductions	278,616	297,817
Net increase (decrease)	67,338	112,135
Net position restricted for pensions, beginning of year	4,170,354	2,988,864
Cumulative effect of prior year adjustments for OPEB	-	-
Total net position, as restated	4,170,354	2,988,864
Net position restricted for pensions, end of year	\$ 4,237,692	\$ 3,100,999

(Continued)

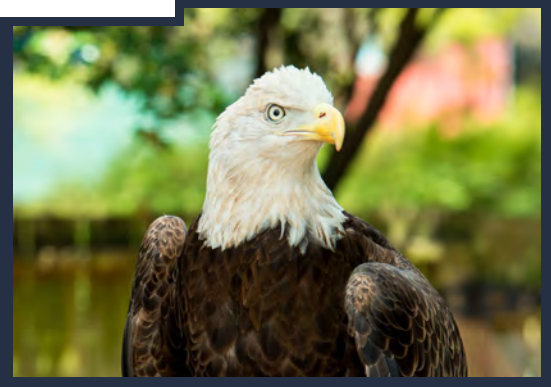
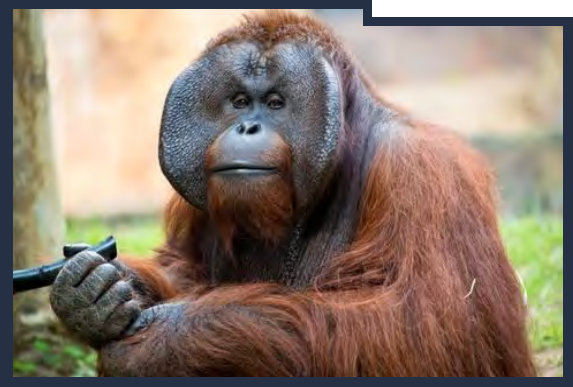
Police Officers' Pension Trust Fund	2019	2018
\$ 142,429	\$ 408,587	\$ 1,391,715
46,896	113,714	108,781
<u>189,325</u>	<u>522,301</u>	<u>1,500,496</u>
46,331	88,569	68,803
278,112	634,254	919,629
28,926	63,426	55,691
-	1,817	1,462
-	2,924	847
-	1,228	1,020
<u>353,369</u>	<u>792,218</u>	<u>1,047,452</u>
(13,499)	(28,002)	(28,906)
296	(1,120)	(645)
<u>529,491</u>	<u>1,285,397</u>	<u>2,518,397</u>
335,600	897,523	932,460
2,278	5,208	3,743
3,580	15,160	16,688
<u>341,458</u>	<u>917,891</u>	<u>952,891</u>
188,033	367,506	1,565,506
5,486,614	12,645,832	11,080,326
-	-	-
<u>5,486,614</u>	<u>12,645,832</u>	<u>11,080,326</u>
<u>\$ 5,674,647</u>	<u>\$ 13,013,338</u>	<u>\$ 12,645,832</u>

CITY OF HOUSTON, TEXAS
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2019
amounts expressed in thousands

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2019</u>
Payroll Revolving Fund				
Assets				
Cash and cash equivalents	\$ 420	\$ 4,901,661	\$ 4,901,409	\$ 672
Investments	7,917	-	4,515	3,402
Accounts receivable	2,194	2,184	2,060	2,318
Total assets	<u>\$ 10,531</u>	<u>\$ 4,903,845</u>	<u>\$ 4,907,984</u>	<u>\$ 6,392</u>
Liabilities				
Accounts payable	\$ 10,531	\$ 5,839,770	\$ 5,843,909	\$ 6,392
Total liabilities	<u>\$ 10,531</u>	<u>\$ 5,839,770</u>	<u>\$ 5,843,909</u>	<u>\$ 6,392</u>
City Deposit Fund				
Assets				
Cash and cash equivalents	\$ 12	6	\$ 7	\$ 11
Investments	118	2	-	120
Total assets	<u>\$ 130</u>	<u>\$ 8</u>	<u>\$ 7</u>	<u>\$ 131</u>
Liabilities				
Advances and deposits	\$ 130	1	-	\$ 131
Total liabilities	<u>\$ 130</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 131</u>
Tax Clearing Fund				
Assets				
Cash and cash equivalents	\$ 15,076	\$ 139,425	\$ 132,765	\$ 21,736
Investments	21,501	121,509	-	143,010
Accounts receivable	5,956	13,385	12,893	6,448
Total assets	<u>\$ 42,533</u>	<u>\$ 274,319</u>	<u>\$ 145,658</u>	<u>\$ 171,194</u>
Liabilities				
Accounts payable	\$ 42,533	\$ 382,416	\$ 253,755	\$ 171,194
Total liabilities	<u>\$ 42,533</u>	<u>\$ 382,416</u>	<u>\$ 253,755</u>	<u>\$ 171,194</u>
Totals - All Agency Funds				
Assets				
Cash and cash equivalents	\$ 15,508	\$ 5,041,092	\$ 5,034,181	\$ 22,419
Investments	29,536	121,511	4,515	146,532
Accounts receivable	8,150	15,569	14,953	8,766
Total assets	<u>\$ 53,194</u>	<u>\$ 5,178,172</u>	<u>\$ 5,053,649</u>	<u>\$ 177,717</u>
Liabilities				
Accounts payable	\$ 53,064	\$ 6,222,186	\$ 6,097,664	\$ 177,586
Advances and deposits	130	1	-	131
Total liabilities	<u>\$ 53,194</u>	<u>\$ 6,222,187</u>	<u>\$ 6,097,664</u>	<u>\$ 177,717</u>



Houston Zoo



Discretely Presented Component Units (Governmental-type)

Discretely Presented Component Units are legally separate organizations that the City of Houston must include as a part of its financial reporting entity for fair presentation. The City has twenty-two (22) governmental non major component units which are divided into six (6) major categories.

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

Arts & Cultural – Non-profit organizations with a mission to enhance the city’s quality of life through advancing and investing in the arts, diverse cultural programming, library service, tourist and film projects.

Educational & Research – Non-profit organizations with a mission to coordinate and develop public and educational cable access activities within the City of Houston.

Houston BARQ Foundation – A 501(c)(3) non-profit corporation with a mission to enhance the city’s quality of life through advancing and investing in the care and humane treatment of animals.

Houston Recovery Center LGC, Inc. – Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide management of the Houston Center for Sobriety.

CITY OF HOUSTON, TEXAS

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NON MAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2019
amounts expressed in thousands

	Redevelopment Authorities	Arts & Cultural Authorities	Educational & Research Authorities	BARC Foundation	Recovery Center, LGC	Nonmajor Component Units
Assets						
Current Assets						
Cash	\$ 16,476	\$ 12,564	\$ 3,836	\$ 283	\$ 1,322	\$ 34,481
Equity in pooled cash and investments	51,738	2,002	19,686	-	-	73,426
Receivables, net of allowances						
Accounts receivable	8,680	14,149	518	2	100	23,449
Property taxes receivable, net	13,496	-	-	-	-	13,496
Special assessments receivable	26	-	-	-	-	26
Due from Other Funds	-	-	-	-	-	-
Due from primary government	1,896	1,876	-	-	-	3,772
Prepaid items	281	774	15	3	79	1,152
Restricted assets						
Investments	1,016	3,073	-	-	-	4,089
Other receivables	371	110	-	-	-	481
Total current assets	<u>93,980</u>	<u>34,548</u>	<u>24,055</u>	<u>288</u>	<u>1,759</u>	<u>154,630</u>
Noncurrent Assets						
Restricted assets						
Investments	-	1,082	-	-	-	1,082
Total noncurrent assets	<u>-</u>	<u>1,082</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,082</u>
Capital assets						
Land	3,137	75,440	-	-	-	78,577
Buildings, improvements and equipment	1,213	5,195	-	-	155	6,563
Construction in progress	8,857	24,078	-	-	-	32,935
Less accumulated depreciation and amortization	(718)	(3,689)	-	-	(30)	(4,437)
Total capital assets	<u>12,489</u>	<u>101,024</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>113,638</u>
Total assets	<u>106,469</u>	<u>136,654</u>	<u>24,055</u>	<u>288</u>	<u>1,884</u>	<u>269,350</u>
Liabilities						
Current Liabilities						
Accounts payable	5,319	4,314	43	1	94	9,771
Accrued payroll liabilities	-	-	22	-	119	141
Accrued interest payable	326	-	-	-	-	326
Contracts and retainages payable	1,962	-	-	-	-	1,962
Notes payable	1,655	-	-	-	-	1,655
Due to other governments	-	685	-	-	-	685
Other liabilities	-	6,764	-	-	138	6,902
Deferred Revenue	26	1,646	-	-	47	1,719
Total current liabilities	<u>9,288</u>	<u>13,409</u>	<u>65</u>	<u>1</u>	<u>398</u>	<u>23,161</u>
Noncurrent liabilities						
Notes payable	41,866	-	-	-	-	41,866
Bonds payable	20,116	-	-	-	-	20,116
Due to the City of Houston	-	-	633	-	-	633
Other long-term liabilities	-	4	-	-	-	4
Total Noncurrent liabilities	<u>61,982</u>	<u>4</u>	<u>633</u>	<u>-</u>	<u>-</u>	<u>62,619</u>
Total liabilities	<u>71,270</u>	<u>13,413</u>	<u>698</u>	<u>1</u>	<u>398</u>	<u>85,780</u>
Net position						
Net investment in capital assets	9,384	101,009	-	-	125	110,518
Restricted net position						
Restricted for debt service	(147)	-	-	-	-	(147)
Restricted for maintenance and operations	-	3,076	-	-	-	3,076
Restricted for capital improvements	14,835	-	-	-	-	14,835
Other restricted	20,733	5,902	19,435	36	-	46,106
Unrestricted (deficit)	(9,606)	13,254	3,922	251	1,361	9,182
Total net position (deficit)	<u>\$ 35,199</u>	<u>\$ 123,241</u>	<u>\$ 23,357</u>	<u>\$ 287</u>	<u>\$ 1,486</u>	<u>\$ 183,570</u>

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2019
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Redevelopment Authorities	18,069	-	1,953	-
Arts & Cultural Authorities	56,800	25,204	12,053	11,814
Educational & Research Authorities	5,097	-	4,717	-
Houston BARC Foundation	833	112	328	-
Houston Recovery Center LGC, Inc.	3,514	-	4,007	-
Total nonmajor component units	84,313	25,316	23,058	11,814
Nonmajor component units	84,313	25,316	23,058	11,814
Variance	-	-	-	-
Total component units	331,496	75,967	33,504	11,890

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
Net Position (deficit) ending

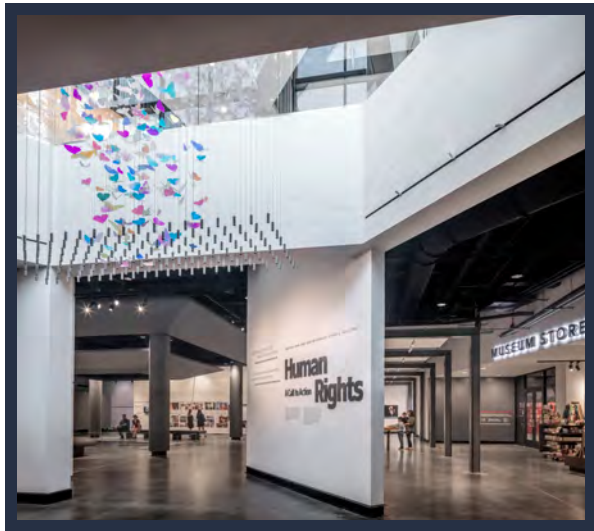
CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED NONMAJOR COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2019
amounts expressed in thousands

Net (Expense) Revenue and Change in Net Position

Sum of 1 TIRZ Redevelopment Authorities	Sum of 2 CUL Arts & Cultural Authorities	Sum of 3 Educational & Research Authorities	Houston BARC Foundation	Houston Recovery Center LGC	Total Nonmajor Component Units
(16,116)					(16,116)
	(7,729)				(7,729)
		(380)			(380)
			(393)		(393)
				493	493
					(24,125)
					(24,125)
					-
<u>(16,116)</u>	<u>(7,729)</u>	<u>(380)</u>	<u>(393)</u>	<u>493</u>	<u>(24,125)</u>
24,684	-	-	-	-	24,684
-	5,310	-	-	-	5,310
875	101	1,320	-	-	2,296
69	3,977	152	-	10	4,208
<u>25,628</u>	<u>9,388</u>	<u>1,472</u>	<u>-</u>	<u>10</u>	<u>36,498</u>
9,512	1,659	1,092	(393)	503	12,373
25,687	121,582	22,265	680	983	171,197
<u>\$ 35,199</u>	<u>\$ 123,241</u>	<u>\$ 23,357</u>	<u>\$ 287</u>	<u>\$ 1,486</u>	<u>\$ 183,570</u>

CITY OF HOUSTON, TEXAS

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Houston Holocaust Museum

Statistical Section

(Unaudited)

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

<u>Content</u>	<u>Page</u>
Financial Trends	212
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	224
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	229
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	239
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	246
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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Net investment in capital assets	\$ 3,677,425	\$ 3,696,510	\$ 3,783,152	\$ 3,959,260	\$ 4,102,861	\$ 4,250,590	\$ 4,434,420	\$ 4,593,229	\$ 4,865,143	\$ 5,138,847
Restricted	199,459	179,691	182,831	117,949	174,158	192,129	42,240	43,419	186,774	367,538
Unrestricted	(1,928,202)	(2,168,298)	(2,343,970)	(2,469,700)	(2,651,151)	(5,487,349)	(5,910,541)	(4,433,681)	(5,966,761)	(6,504,244)
Total governmental activities net position	\$ 1,948,682	\$ 1,707,903	\$ 1,622,013	\$ 1,607,509	\$ 1,625,868	\$ (1,044,630)	\$ (1,433,881)	\$ 202,967	\$ (914,844)	\$ (997,859)
Business-type activities										
Net investment in capital assets	\$ 893,832	\$ 733,936	\$ 666,936	\$ 573,460	\$ 240,888	\$ 546,551	\$ 629,382	\$ 742,298	\$ 823,404	\$ 754,981
Restricted	842,298	850,895	871,409	949,449	1,024,548	1,131,835	1,129,659	1,264,135	1,370,336	1,415,796
Unrestricted	(102,094)	25,183	(25,444)	(6,835)	280,879	(488,671)	(420,196)	(354,001)	(486,875)	(200,570)
Total business-type activities net position	\$ 1,634,036	\$ 1,610,014	\$ 1,512,901	\$ 1,516,074	\$ 1,546,315	\$ 1,189,715	\$ 1,338,845	\$ 1,652,432	\$ 1,706,865	\$ 1,970,207
Primary government										
Net investment in capital assets	\$ 4,571,257	\$ 4,430,446	\$ 4,450,088	\$ 4,532,720	\$ 4,343,749	\$ 4,797,141	\$ 5,063,802	\$ 5,335,527	\$ 5,688,547	\$ 5,893,828
Restricted	1,041,757	1,030,586	1,054,240	1,067,398	1,198,706	1,323,964	1,171,899	1,307,554	1,557,110	1,783,334
Unrestricted	(2,030,296)	(2,143,115)	(2,369,414)	(2,476,535)	(2,370,272)	(5,976,020)	(6,330,737)	(4,787,682)	(6,453,636)	(6,704,814)
Total primary government net position	\$ 3,582,718	\$ 3,317,917	\$ 3,134,914	\$ 3,123,583	\$ 3,172,183	\$ 145,085	\$ (95,036)	\$ 1,855,399	\$ 792,021	\$ 972,348

Source: Comprehensive Financial Annual Report

CITY OF HOUSTON, TEXAS

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities:										
General government	\$ 232,466	\$ 230,868	\$ 270,279	\$ 239,586	\$ 247,481	\$ 359,640	\$ 425,707	\$ 297,716	\$ 420,663	\$ 412,427
Public safety	1,485,999	1,393,450	1,431,987	1,514,034	1,598,854	1,858,766	1,993,340	229,891	2,137,632	2,034,121
Public works	305,768	308,506	289,395	298,462	318,888	336,311	343,657	341,257	423,137	402,857
Health	139,693	128,320	111,891	121,988	133,159	150,931	158,896	148,995	171,802	164,550
Housing and community development	96,349	95,730	71,417	88,143	51,626	65,275	61,707	61,608	53,965	91,997
Parks and recreation	93,676	91,492	89,379	90,261	93,637	112,844	98,994	89,457	126,416	107,788
Library	48,721	44,887	42,455	44,913	48,724	49,374	48,691	34,966	51,312	50,007
Interest in long-term debt	151,807	150,640	157,407	151,893	143,231	158,212	191,025	142,469	160,247	165,573
Depreciation and amortization	119,719	130,111	126,303	130,620	132,817	138,016	143,028	150,196	153,092	156,412
Total governmental activities expenses	2,674,198	2,574,004	2,590,515	2,679,900	2,768,417	3,229,368	3,465,044	1,496,555	3,698,266	3,585,732
Business-type activities :										
Airport System	504,472	537,253	542,387	530,070	561,443	556,844	581,022	526,662	605,653	596,069
Convention & Entertainment Facilities	105,703	107,523	42,387	42,418	113,316	123,371	117,906	110,765	115,255	96,486
Combined Utility System	849,674	866,336	913,503	898,725	919,547	924,793	942,176	850,363	991,167	1,042,141
Houston Area Water Corporation	9,949	-	-	-	-	-	-	-	-	-
Parking Management	6,969	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	1,476,767	1,511,112	1,498,277	1,471,213	1,594,306	1,605,008	1,641,104	1,487,790	1,712,075	1,734,696
Total primary government expenses	\$ 4,150,965	\$ 4,085,116	\$ 4,088,792	\$ 4,151,113	\$ 4,362,723	\$ 4,834,376	\$ 5,106,148	\$ 2,984,345	\$ 5,410,341	\$ 5,320,428
Program Revenues										
Governmental activities:										
Charges for services:										
General government	20,544	31,831	69,017	34,379	63,338	70,322	68,093	74,887	63,994	58,537
Public safety	143,274	132,220	141,965	139,087	188,521	171,996	181,888	142,052	120,104	152,061
Public works	45,011	45,211	171,177	238,836	266,422	215,038	222,236	215,824	212,743	232,423
Health	15,110	16,968	18,081	18,563	17,710	17,665	18,349	17,491	19,037	20,614
Housing	900	-	-	-	-	-	-	-	-	-
Parks and recreation	6,977	7,796	7,576	8,361	7,475	8,676	8,820	8,902	9,033	7,483
Library	1,261	919	979	1,356	1,681	1,637	1,966	2,040	1,867	2,035
Operating grants and contributions	346,945	293,350	303,085	312,959	277,700	305,363	323,686	346,243	380,094	488,757
Capital grants and contributions	109,190	68,801	-	-	-	67,533	53,860	99,487	83,727	217,280
Total governmental activities program revenues	689,212	597,096	711,880	753,541	822,847	858,230	878,898	906,926	890,599	1,179,190
Business-type activities:										
Charges for services:										
Airport System	406,579	410,402	417,550	432,994	452,107	476,282	609,544	609,780	637,259	627,058
Convention & Entertainment Facilities	31,833	25,456	8,934	10,372	11,124	12,390	12,431	12,283	7,883	10,655
Combined Utility System	691,162	879,176	917,238	924,690	953,408	927,424	1,002,582	1,025,795	1,052,549	1,042,442
Houston Area Water Corporation	-	-	-	-	-	-	-	-	-	-
Parking Management	13,676	-	-	-	-	-	-	-	-	-
Operating grants and contributions	10,710	22,858	12,014	10,834	10,692	10,768	13,348	20,187	19,346	26,731
Capital grants and contributions	58,672	46,616	22,984	19,800	50,382	46,415	32,906	52,773	23,408	28,929
Total business-type activities program revenues	1,212,632	1,384,508	1,378,720	1,398,690	1,477,713	1,473,279	1,670,811	1,720,818	1,740,445	1,735,815
Total primary government program revenues	\$ 1,901,844	\$ 1,981,604	\$ 2,090,600	\$ 2,152,231	\$ 2,300,560	\$ 2,331,509	\$ 2,549,709	\$ 2,627,744	\$ 2,631,044	\$ 2,915,005
Net (expense)/revenue										
Governmental activities	\$ (1,984,986)	\$ (1,976,908)	\$ (1,878,635)	\$ (1,926,359)	\$ (1,945,570)	\$ (2,371,138)	\$ (2,586,146)	\$ (589,629)	\$ (2,807,667)	\$ (2,406,542)
Business-type activities	(264,135)	(126,604)	(119,557)	(72,523)	(116,593)	(131,729)	29,707	233,028	28,370	1,119
Total primary government net expense	\$ (2,249,121)	\$ (2,103,512)	\$ (1,998,192)	\$ (1,998,882)	\$ (2,062,163)	\$ (2,502,867)	\$ (2,556,439)	\$ (356,601)	\$ (2,779,297)	\$ (2,405,423)

(Continued)

Source: Comprehensive Financial Annual Report

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

	2010	2011	2012	2013	2014	2015	2016	2017	*2018	*2019
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	\$ 895,779	\$ 853,277	\$ 866,143	\$ 906,761	\$ 973,902	\$ 1,074,070	\$ 1,099,411	\$ 1,152,420	\$ 1,172,313	\$ 1,195,949
Industrial assessments tax	15,817	14,458	37	29,845	16,534	16,736	19,238	19,291	18,278	19,755
Sales taxes	468,965	492,824	546,543	600,256	629,441	667,061	640,476	631,993	674,279	692,271
Franchise taxes	191,292	190,911	193,153	195,664	190,368	190,245	191,584	191,025	186,206	182,870
Mixed beverage taxes	10,382	10,283	9,525	9,887	13,869	15,784	16,064	16,662	17,296	18,026
Bingo taxes	195	167	193	196	187	209	207	234	73	222
Hotel occupancy tax	-	-	-	-	-	-	-	-	17,196	17,180
Investment earnings	16,673	6,666	8,944	1,086	9,737	7,639	11,925	6,181	12,004	47,825
Insurance proceeds	-	-	-	-	-	-	-	-	93,778	2,061
Other	53,101	79,633	67,313	55,737	83,677	74,585	99,567	95,848	116,814	79,349
Contributions	7,666	4,674	12,167	26,767	17,364	30,525	73,412	-	-	(4,165)
Gain (loss) on disposal of assets	-	-	-	-	-	32,525	-	1,752	-	12,904
Transfers	72,035	76,976	75,878	72,807	41,968	49,105	51,139	62,885	64,507	59,280
Total governmental activities	<u>1,731,905</u>	<u>1,729,869</u>	<u>1,779,896</u>	<u>1,899,006</u>	<u>1,977,047</u>	<u>2,158,484</u>	<u>2,203,023</u>	<u>2,178,291</u>	<u>2,372,744</u>	<u>2,323,527</u>
Business-type activities:										
Hotel occupancy taxes	54,917	61,603	68,623	76,325	90,119	90,711	88,632	82,882	72,221	68,898
Investment earnings	57,736	30,303	21,340	6,638	31,491	20,114	38,620	16,448	26,388	113,797
Other	105,462	92,172	98,017	122,755	158,577	170,555	62,682	59,183	61,474	65,043
Special Items - gain (loss) on sale of assets	-	-	(89,658)	(61,282)	-	-	-	1,614	11,533	(5,664)
Transfers	(72,035)	(81,496)	(75,878)	(55,891)	(41,968)	(49,105)	(51,139)	(62,885)	(64,507)	(59,280)
Total business-type activities	<u>146,080</u>	<u>102,582</u>	<u>22,444</u>	<u>88,545</u>	<u>238,219</u>	<u>232,275</u>	<u>138,795</u>	<u>97,242</u>	<u>107,109</u>	<u>182,794</u>
Total primary government	<u>\$ 1,877,985</u>	<u>\$ 1,832,451</u>	<u>\$ 1,802,340</u>	<u>\$ 1,987,551</u>	<u>\$ 2,215,266</u>	<u>\$ 2,390,759</u>	<u>\$ 2,341,818</u>	<u>\$ 2,275,533</u>	<u>\$ 2,479,853</u>	<u>\$ 2,506,321</u>
Change in Net Position										
Governmental activities	\$ (253,081)	\$ (247,039)	\$ (85,890)	\$ (14,504)	\$ 46,279	\$ (192,559)	\$ (363,751)	\$ 1,605,345	\$ (434,923)	\$ (83,015)
Business-type activities	(118,055)	(24,022)	(97,113)	3,173	106,824	80,431	149,130	313,587	135,479	183,912
Total primary government	<u>\$ (371,136)</u>	<u>\$ (271,061)</u>	<u>\$ (183,003)</u>	<u>\$ (11,331)</u>	<u>\$ 153,103</u>	<u>\$ (112,128)</u>	<u>\$ (214,621)</u>	<u>\$ 1,918,932</u>	<u>\$ (299,444)</u>	<u>\$ 100,897</u>

Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund				
Reserved	\$ 23,003	\$ -	\$ -	\$ -
Unreserved	201,019	-	-	-
Non-spendable	-	19,052	15,687	14,792
Restricted	-	1,665	35,868	63,696
Committed	-	20,698	8,547	6,892
Assigned	-	30	-	-
Unassigned	-	127,143	153,125	190,950
Total general fund	<u>\$ 224,022</u>	<u>\$ 168,588</u>	<u>\$ 213,227</u>	<u>\$ 276,330</u>
All other governmental funds				
Reserved	\$ 237,112	\$ -	\$ -	\$ -
Unreserved , reported in:				
Special revenue funds	82,713	-	-	-
Capital projects funds	-	-	-	-
Grant funds	19,196	-	-	-
Non-spendable	-	418	887	1,303
Restricted	-	176,457	338,997	350,827
Committed	-	73,636	52,351	59,693
Assigned	-	32,172	19,873	46,008
Total all other governmental funds	<u>\$ 339,021</u>	<u>\$ 282,683</u>	<u>\$ 412,108</u>	<u>\$ 457,831</u>

Source: Comprehensive Financial Annual Report

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

2014	2015	2016	2017	2018	2019
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
14,016	16,450	15,493	20,242	18,881	20,387
44,120	27,096	1,232	1,188	1,164	1,092
3,407	6,111	10,922	18,701	16,901	17,942
-	-	-	-	-	-
200,731	301,231	235,405	311,754	375,529	349,176
<u>\$ 262,274</u>	<u>\$ 350,888</u>	<u>\$ 263,052</u>	<u>\$ 351,885</u>	<u>\$ 412,475</u>	<u>\$ 388,597</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,290	2,436	2,395	2,495	3,138	15,784
327,576	266,501	339,991	350,868	362,082	463,700
71,969	87,040	77,709	82,599	78,705	77,580
106,607	125,061	109,131	78,898	80,647	71,822
<u>\$ 511,442</u>	<u>\$ 481,038</u>	<u>\$ 529,226</u>	<u>\$ 514,860</u>	<u>\$ 524,572</u>	<u>\$ 628,886</u>

CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2020
(amounts expressed in thousands)
(unaudited)

Budgeted Resources	Amount (in thousands)
Revenues:	
Ad Valorem Taxes (current and delinquent)	\$ 1,215,687
Sales and Use Tax	694,567
Franchise Fees	159,170
Municipal Courts Fines and Forfeits	22,572
Miscellaneous	308,102
Total Current Revenues	2,400,098
Beginning Fund Balance as of July 1, 2018(a)	299,212
Sale of Capital Assets	2,176
Transfers from Other Funds	15,707
Total Budgeted Resources	\$ 2,717,193
Budgeted Expenditures	
Administrative Services and Public Finance	\$ 104,466
Public Safety	1,446,403
Development and Maintenance Services	166,573
Human and Cultural Services	190,870
General Government	223,579
Debt Service and PAYGO Capital Projects	399,203
Total Budgeted Expenditures	2,531,094
Budgeted Ending Fund Balance as of June 30, 2019	186,099
Total Budgeted Expenditures and Reserves	\$ 2,717,193

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2020 Budget.

CITY OF HOUSTON, TEXAS
June 30, 2019
CONTINUING DEBT DISCLOSURE INFORMATION
(amounts expressed in thousands)
(unaudited)

Capital Improvement Plan

The 2020-2024 CIP consists of the projects and facilities described in the following chart. (The 2020-20204 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	\$ 644,400
Storm Sewers and Drainage	665,582
Parks and Recreation	100,071
Bayou Greenways	59,503
Police Department	82,507
Fire Department	51,207
General Government	95,976
Public Library	29,020
Public Health	68,172
Solid Waste Management	17,165
Homeless and Housing	4,400
Technology	48,858
Fleet	197,652
Total	<u>\$ 2,064,513</u> (*)

(*) The tax-supported component of the 2020-2024 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)
2019	26,603
2018	28,910
2017	27,399
2016	26,611
2015	25,328
2014	18,558
2013	16,908
2012	18,255
2011	16,328
2010	16,012

CITY OF HOUSTON
CONTINUING DEBT DISCLOSURE INFORMATION
June 30, 2019
Long Term Disability and Compensated Absence Liability
(unaudited)

Long-Term Disability Fund	Fiscal Year 2019 (in thousands)
Assets Available for Future Long-Term Disability Obligations	\$ 9,972
Claims Payable on Long-Term Disability Obligations	(7,396)
Unrestricted Net Assets	<u>\$ 2,576</u>

Compensated Absence Liability	Fiscal Year 2018 (in thousands)
General Fund Short-Term Liability	\$ 45,009
Other Governmental Short-Term Liability	105,852
Enterprise Funds Liability	32,716
Internal Service Funds Liability	318
Governmental Funds Long-Term Liability	325,021
Total	<u>\$ 508,916</u>

General Fund Specific Charges to Other City Funds
(unaudited)

An additional charge made by the General Fund to the Combined Utility System, Airport, the Capital Projects Fund and certain other funds of the City for specific services provided to such funds by the General Fund.

Fiscal Year	Total Direct Charges for Specific Services (in thousands)
2019	62,214
2018	54,449
2017	53,523
2016	53,934
2015	47,851
2014	43,257
2013	43,519
2012	41,469
2011	46,034
2010	46,906

CITY OF HOUSTON, TEXAS

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues					
Taxes	\$ 1,579,516	\$ 1,568,056	\$ 1,615,592	\$ 1,745,882	\$ 1,826,639
Licenses and permits	55,275	61,083	84,786	97,100	111,577
Intergovernmental	403,519	379,065	351,472	366,973	333,832
Charges for services	124,790	132,764	248,083	248,097	267,635
Fines	60,036	55,414	52,250	47,955	46,647
Investment earnings	16,673	6,666	8,944	1,086	9,737
Contributions	20	-	20	-	-
Other	55,599	72,126	72,180	70,001	98,189
Total revenues	<u>2,295,428</u>	<u>2,275,174</u>	<u>2,433,327</u>	<u>2,577,094</u>	<u>2,694,256</u>
Expenditures					
General Government	197,803	198,782	209,318	217,376	233,216
Public safety	1,244,163	1,230,623	1,212,975	1,267,523	1,355,369
Public Works	285,517	288,383	275,260	284,863	304,346
Health	126,968	119,192	102,304	111,986	122,446
Housing and Community Development	100,712	96,792	75,204	88,222	51,252
Parks and recreation	78,717	75,560	73,233	75,430	77,557
Library	38,711	36,715	34,115	35,433	38,421
Retiree benefits	18,897	15,996	10,360	11,907	10,920
*Capital Outlay	396,877	309,315	272,161	245,410	289,026
Principal	186,251	192,000	346,600	138,875	176,205
Interest	146,986	154,083	161,086	158,322	154,327
Fiscal agent and fees	6,599	7,792	10,161	6,212	4,528
Total expenditures	<u>2,828,201</u>	<u>2,725,233</u>	<u>2,782,777</u>	<u>2,641,559</u>	<u>2,817,613</u>
Excess of revenues over (under) expenditures	(532,773)	(450,059)	(349,450)	(64,465)	(123,357)
Other financing sources (uses)					
Transfers in	436,908	406,201	422,470	505,513	549,184
Transfers out	(364,873)	(329,225)	(346,592)	(449,222)	(507,217)
Proceeds from issuance of debt	926,780	740,696	806,685	438,276	119,000
Proceeds from refunded debt	-	-	-	-	-
Payment to escrow agent	(553,230)	(535,960)	(458,052)	(395,227)	(519)
Sale of land	9,092	21,054	4,844	5,818	2,464
Bond premium (discount)	34,166	35,521	81,310	51,617	-
Transfer to component unit	-	-	12,849	16,516	-
Contributions out	-	-	-	-	-
Insurance proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>488,843</u>	<u>338,287</u>	<u>523,514</u>	<u>173,291</u>	<u>162,912</u>
Net change in fund balances	<u>\$ (43,930)</u>	<u>\$ (111,772)</u>	<u>\$ 174,064</u>	<u>\$ 108,826</u>	<u>\$ 39,555</u>
Debt service as a percentage of noncapital expenditures	13.7%	14.3%	20.2%	12.4%	13.1%

Source: Comprehensive Financial Annual Report

*Capital outlay does not agree to amount of capital additions per the reconciliation because of items below the capitalization threshold and because capital expenditures were found in other functional expenditures.

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,964,470	\$ 1,966,483	\$ 2,013,196	\$ 2,068,675	\$ 2,120,567
121,636	126,020	118,899	113,918	123,255
373,006	377,546	404,276	443,441	537,402
296,694	304,438	299,748	304,625	311,587
41,350	42,472	37,407	34,734	36,407
7,639	11,925	6,034	11,579	45,008
-	-	-	-	-
95,129	117,442	112,245	133,510	79,036
<u>2,899,924</u>	<u>2,946,326</u>	<u>2,991,805</u>	<u>3,110,482</u>	<u>3,253,262</u>
295,439	319,160	297,501	357,661	353,912
1,374,859	1,418,763	1,446,775	2,248,951	1,502,334
314,313	329,572	348,229	401,641	383,018
139,016	145,976	157,968	160,519	154,884
71,167	62,539	60,656	53,249	90,398
101,718	85,252	89,654	102,237	84,539
38,170	39,271	39,932	40,065	39,839
11,059	11,390	11,521	167,372	11,123
358,969	334,555	338,946	358,387	358,973
191,355	290,805	192,656	489,510	219,764
153,972	151,260	144,068	148,754	177,804
5,289	6,785	3,343	11,574	4,540
<u>3,055,326</u>	<u>3,195,328</u>	<u>3,131,249</u>	<u>4,539,920</u>	<u>3,381,128</u>
(155,402)	(249,002)	(139,444)	(1,429,438)	(127,866)
587,207	622,988	553,680	605,254	654,394
(538,102)	(571,849)	(490,795)	(540,747)	(595,114)
117,740	65,000	140,000	1,577,352	139,065
-	557,615	-	-	-
(1,404)	(550,600)	0	(336,191)	0
48,171	8,792	11,026	5,958	30,061
-	102,908	-	76,336	-
-	-	-	-	-
-	-	-	-	(4,165)
-	-	-	93,778	2,061
<u>213,612</u>	<u>234,854</u>	<u>213,911</u>	<u>1,481,740</u>	<u>226,302</u>
<u>\$ 58,210</u>	<u>\$ (14,148)</u>	<u>\$ 74,467</u>	<u>\$ 52,302</u>	<u>\$ 98,436</u>
12.8%	15.5%	12.2%	15.5%	13.3%

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	Total Tax Collections
2010	\$ 895,779	\$ 468,965	\$ 191,292	\$ 15,817	\$ 10,382	\$ 195	\$ -	\$ 1,582,430
2011	\$ 853,277	\$ 492,824	\$ 190,911	\$ 14,458	\$ 10,283	\$ 167	\$ -	\$ 1,561,920
2012	\$ 866,143	\$ 546,543	\$ 193,153	\$ 37	\$ 9,525	\$ 193	\$ -	\$ 1,615,594
2013	\$ 906,761	\$ 600,256	\$ 195,664	\$ 29,845	\$ 9,887	\$ 196	\$ -	\$ 1,742,609
2014	\$ 973,902	\$ 629,441	\$ 190,368	\$ 16,534	\$ 13,869	\$ 187	\$ -	\$ 1,824,301
2015	\$ 1,074,070	\$ 667,061	\$ 190,245	\$ 16,736	\$ 15,784	\$ 209	\$ -	\$ 1,964,105
2016	\$ 1,099,411	\$ 640,476	\$ 191,584	\$ 19,238	\$ 16,064	\$ 207	\$ -	\$ 1,966,980
2017	\$ 1,152,420	\$ 631,993	\$ 191,025	\$ 19,291	\$ 16,662	\$ 234	\$ -	\$ 2,011,625
2018	\$ 1,172,313	\$ 674,279	\$ 186,206	\$ 18,278	\$ 17,296	\$ 73	\$ 17,196	\$ 2,085,641
2019	\$ 1,195,949	\$ 692,271	\$ 182,870	\$ 19,755	\$ 18,026	\$ 222	\$ 17,180	\$ 2,126,273

Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

**CITY OF HOUSTON
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
2010	\$ 72,222,000	\$ 50,789,000	\$ 2,989,000	\$ 24,094,000	\$ 150,094,000	6.3875
2011	\$ 70,818,000	\$ 46,977,000	\$ 2,751,000	\$ 22,360,000	\$ 142,906,000	6.3875
2012	\$ 71,304,000	\$ 48,618,000	\$ 2,825,000	\$ 22,279,000	\$ 145,026,000	6.3875
2013	\$ 72,490,000	\$ 52,418,000	\$ 3,196,000	\$ 23,690,000	\$ 151,794,000	6.3875
2014	\$ 76,750,000	\$ 60,835,000	\$ 4,127,000	\$ 25,749,000	\$ 167,461,000	6.3875
2015	\$ 87,461,000	\$ 68,223,000	\$ 4,509,000	\$ 27,003,000	\$ 187,196,000	6.3108
2016	\$ 97,070,000	\$ 73,598,000	\$ 4,947,000	\$ 28,362,000	\$ 203,977,000	6.0112
2017	\$ 106,995,000	\$ 80,515,000	\$ 5,050,000	\$ 28,133,000	\$ 220,693,000	5.8642
2018	\$ 113,401,000	\$ 81,423,000	\$ 5,457,000	\$ 27,238,000	\$ 227,519,000	5.8421
2019	\$ 116,204,000	\$ 81,425,000	\$ 5,455,000	\$ 26,546,000	\$ 229,630,000	5.8831

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

The taxable value of property is the appraised value less exemptions and is received from Harris, Fort Bend and Montgomery County.

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

Purpose	2019	2018	2017	2016	2015
City					
General Purposes	4.19242	4.20227	4.54458	4.42194	4.74635
Debt Service	1.69068	1.63983	1.31962	1.58926	1.56445
City of Houston (1)	5.88310	5.84210	5.86420	6.01120	6.31080
County					
Fort Bend County	4.6400	4.6900	4.7400	4.8600	4.9476
Harris County (2)	4.4735	4.4485	4.4485	4.4656	4.4467
Montgomery County	4.6670	4.6670	4.6670	4.7670	4.7670
School District					
Aldine I.S.D.	13.47115	13.73388	13.2338	12.8590	13.0590
Alief I.S.D.	13.3000	13.3000	13.0500	12.8000	12.8000
Clear Creek I.S.D.	13.1000	14.0000	14.0000	14.0000	14.0000
Conroe I.S.D.	12.8000	12.8000	12.8000	12.8000	12.8000
Crosby I.S.D.	16.5000	16.7000	16.7000	16.7000	16.7000
Cypress-Fairbanks I.S.D.	14.4000	14.4000	14.4000	14.4000	14.4000
Deer Park I.S.D.	15.3870	15.5670	15.5670	15.5670	15.5670
Fort Bend I. S. D.	13.2000	13.4000	13.4000	13.4000	13.4000
Galena Park I.S.D.	14.7165	15.6330	15.6330	15.1340	15.1340
Goose Creek I.S.D.	13.5428	14.3190	14.3190	14.3189	14.3189
Houston I.S.D.	12.0670	12.0670	12.0670	11.9670	11.9670
Huffman I.S.D.	14.0000	14.0000	14.0000	14.0000	14.0000
Humble I.S.D.	15.2000	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.1660	15.1660	15.1660	15.2660	15.2660
Klein I.S.D.	14.3000	14.1000	14.3000	13.9000	13.9000
New Caney I.S.D.	15.6840	16.7000	16.7000	16.7000	16.7000
North Forest I.S.D. (3)					
Pasadena I.S.D.	14.8000	14.8000	13.5000	13.5000	13.5000
Sheldon I.S.D.	14.4840	14.7000	14.1000	14.1000	14.1000
Spring I.S.D.	15.1000	15.1000	14.6996	14.7000	15.1000
Spring Branch I.S.D.	13.2098	13.9450	13.9450	13.9450	13.9450
Municipal Utility District					
Harris County MUD # 355	0.0600	0.0900	0.0900	1.2000	1.2000
Harris County MUD # 359	1.5000	1.6000	1.9000	2.6000	2.7000
Harris County MUD # 366	1.6000	1.6000	1.8000	2.0000	2.0000
Harris County MUD # 372	1.6000	1.6000	11.1000	1.6500	1.7500
Harris County MUD # 381	6.2000	6.3000	6.3000	7.4000	7.4000
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 393	7.0000	7.3000	7.5000	9.1000	9.1000
Harris County MUD # 404	8.4125	8.6125	8.6125	8.6125	8.6125
Harris County MUD # 410	5.6000	5.9000	5.9000	6.9000	6.9000
Harris County MUD # 411	6.6000	7.0000	7.5000	9.0000	9.0000
Harris County MUD # 415	8.0000	8.0000	8.0000		
Harris County MUD # 450	6.3000	7.85	8.1358	7.9888	7.6892
Harris County MUD # 451	9.1000	9.1579	9.1358	8.8000	8.8000
Harris County MUD # 460	7.4000	7.4000	7.4000	7.4000	7.4000
Harris County MUD # 499	9.1000	15.4000	9.1300		
Harris County MUD # 529	7.5000	7.5000	7.5000		
Harris County MUD # 537	5.0000	5.0000	5.0000		
Northwood MUD #1	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	2.8000
Fort Bend Parkway Road (4)					
Harris County Dept. of Education	0.0519	0.005195	0.005195	0.0600	0.0600
Harris County Hospital District	1.7108	1.7110			
Houston Community College	0.23512	1.02635	0.02498	0.2631	0.2984
Lee College District	2.5010	2.5040	2.1320	2.1570	2.2070
Lone Star College System	1.0780	1.0780	1.0780	1.0790	1.0810
Port of Houston Authority	0.1155	0.1256	0.1334	0.1342	0.1531
San Jacinto College District	17.9329	18.3335	18.2379	17.5783	18.5600

- (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.

2014	2013	2012	2011	2010
4.77085	4.6221	4.8071	4.6336	4.5728
<u>1.61665</u>	<u>1.7654</u>	<u>1.5804</u>	<u>1.7539</u>	<u>1.8147</u>
6.38750	6.3875	6.3875	6.3875	6.3875
4.9976	4.9976	4.9976	4.9976	5.0660
4.4300	4.2830	4.1926	4.1728	4.2146
4.8380	4.8380	4.8380	4.8380	4.8380
13.0580	13.2839	13.2839	13.0054	13.0054
12.9000	13.2000	13.3000	13.4000	13.4000
14.0000	13.6000	13.6000	13.6000	13.6000
12.9000	12.9500	12.9500	12.9500	12.8500
16.7000	14.4000	14.4000	14.4000	14.4000
14.5000	14.5000	14.3000	14.3000	14.1000
15.5670	15.2670	13.9670	13.9670	13.6670
13.4000	13.4000	13.4000	12.7000	12.7000
15.1340	15.1340	15.1340	15.1340	14.7840
13.3213	13.3213	13.3213	13.0213	12.8213
11.5670	11.5670	11.5670	11.5670	11.5670
14.2000	14.4500	14.7000	14.7000	14.7000
15.2000	15.2000	15.2000	15.2000	15.2000
15.2660	15.2660	15.2660	15.2660	15.2660
14.3000	14.4000	14.3000	14.1000	13.6000
15.4000	15.4000	15.4000	15.4000	14.8000
		14.6929	13.7000	13.5000
13.5000	13.5000	13.5000	13.5000	13.5000
14.3000	14.3000	14.3000	14.3000	14.3000
15.7000	15.7000	15.7000	14.6000	14.6000
13.9450	13.9450	13.9450	13.9450	13.9450
2.0000	2.3500	2.3500	2.5500	2.9500
3.0000	3.0500	3.0500	3.0500	2.9500
2.5000	2.5000	2.5000	2.5000	2.5000
1.9000	1.9000	1.9000	1.9000	1.9000
7.0000	7.0000	7.0000	7.0000	7.0000
7.6125	7.6125	7.7125	7.6125	7.6125
12.5000	12.5000	12.5000	12.5000	12.5000
2.8000	2.8000	2.8000	2.8000	2.8000
	0.5443	0.5443	0.5443	0.5443
0.0636	0.0658	0.0658	0.0658	0.0605
0.2012	0.1750	0.1382	0.9222	0.9222
2.6070	2.4100	2.5200	2.5200	2.2120
1.1600	1.2100	1.2100	1.1760	1.1010
0.1716	0.1952	0.1856	0.2054	0.1636
1.8560	1.8560	1.8560	1.7628	1.7080

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2019
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

Taxpayer	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Centerpoint Energy, Inc.	\$ 2,204,939	1	0.97%	\$ 1,415,048	1	0.95%
Chevron Chemical Company	1,032,609	2	0.45%	448,327	7	0.30%
PKY CITYWEST 1-4, POC, SAN FELIPE	843,913	3	0.37%			
Memorial City Medical, Mall, Towers	815,712	4	0.36%			
ONE TWO THREE ALLEN CENTER	788,054	5	0.35%			
BSREP (Brookfield Management)	786,878	6	0.35%			
SHELL	786,445	7	0.35%			
GWP (Greenway Plaza)	736,958	8	0.32%			
HG GALLERIA	713,931	9	0.31%			
Conoco Phillips CO	486,147	10	0.21%			
Crescent Real Estate				604,373	3	0.41%
Houston Refining				435,099	9	0.29%
Hines Interest Ltd. Partnership				1,071,150	2	0.72%
Cullen Allen Holdings LP				510,186	4	0.34%
Southwestern Bell				446,342	8	0.30%
Continental Airlines, Inc.				456,049	6	0.31%
Exxon Mobil Corp				502,016	5	0.34%
Anheuser Busch Inc.				412,310	10	0.28%
Total	\$ 9,195,586		4.05%	\$ 6,300,900		4.24%

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

Tax Bond Debt Service Fund for Fiscal Year 2019^(a)

	Amount
Budgeted Resources	(in thousands)
Beginning Fund Balance Estimate as of July 1, 2019	\$ 131,649
Interest Earnings on Debt Reserves and Bond Funds	-
Transfers in from:	
General Fund	352,100
Combined Utility System Operating Fund	20,103
Other sources	42,071
Third Party Reimbursements	-
Net Bond Proceeds	-
Other	-
Total Budgeted Resources	545,923
Budgeted Expenditures	
Debt Service Requirements	
Tax Bonds	\$ 403,043
Commercial Paper Paid from Third Party Reimbursements	
Miscellaneous	-
Total Budgeted Expenditures	403,043
Budgeted Ending Fund Balance as of June 30, 2020	146,222
Total Budgeted Expenditures and Reserves	\$ 549,265

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

CITY OF HOUSTON
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Governmental Activities

Business-type Activities

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income	Per Capita (a)
	Public Improvement Bonds	Pension Obligations	Commercial Paper	Tax and Revenue Certificates	Notes Payable	Other Borrowings	Combined Utility System Revenue Bonds	Houston Airport System Revenue Bonds	Convention & Entertainment Revenue Bonds	Long-Term Contracts			
2010	\$ 2,319,930	\$ 540,578	\$ 360,500	\$ 79,870	\$ -	\$ 10,010	\$ 5,635,438	\$ 2,537,166	\$ 569,569	\$ 175,259	\$ 12,228,320	23.57%	\$ 6,000
2011	\$ 2,468,160	\$ 540,578	\$ 237,400	\$ 75,990	\$ -	\$ 7,830	\$ 5,807,384	\$ 2,480,456	\$ 545,509	\$ 162,571	\$ 12,325,878	Not available	\$ 6,083
2012	\$ 2,582,320	\$ 540,728	\$ 226,900	\$ 17,365	\$ -	\$ 7,103	\$ 5,821,210	\$ 2,348,521	\$ 537,499	\$ 149,121	\$ 12,230,767	Not available	\$ 5,722
2013	\$ 2,561,515	\$ 540,728	\$ 176,900	\$ 11,870	\$ 11,135	\$ 6,458	\$ 6,023,556	\$ 2,290,936	\$ 509,249	\$ 135,585	\$ 12,267,932	Not available	\$ 5,585
2014	\$ 2,422,445	\$ 535,353	\$ 257,350	\$ 18,660	\$ 11,629	\$ 5,813	\$ 6,041,391	\$ 2,232,051	\$ 482,974	\$ 122,048	\$ 12,129,714	Not available	\$ 5,777
2015	\$ 2,658,664	\$ 529,603	\$ 141,900	\$ 17,671	\$ -	\$ 5,154	\$ 6,545,540	\$ 2,393,951	\$ 681,585	\$ 198,217	\$ 13,172,285	Not available	\$ 5,882
2016	\$ 2,603,712	\$ 523,443	\$ 99,900	\$ 17,479	\$ -	\$ 4,495	\$ 6,703,987	\$ 2,468,672	\$ 666,280	\$ 209,300	\$ 13,297,268	Not available	\$ 5,791
2017	\$ 2,401,047	\$ 516,858	\$ 239,900	\$ 16,682	\$ -	\$ 3,836	\$ 6,782,294	\$ 2,371,252	\$ 649,112	\$ 469,253	\$ 13,450,234	Not available	\$ 5,839
2018	\$ 2,455,354	\$ 1,444,890	\$ 70,000	\$ 15,446	\$ -	\$ 8,226	\$ 6,865,875	\$ 2,334,124	\$ 703,234	\$ 750,193	\$ 14,647,342	Not available	\$ 6,333
2019	\$ 2,275,465	\$ 1,434,480	\$ 165,000	\$ 14,156	\$ -	\$ 5,062	\$ 6,891,460	\$ 2,245,566	\$ 725,803	\$ 910,375	\$ 14,667,367	Not available	\$ 6,308

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 on page 233 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)

<u>Fiscal Year</u>	<u>General Tax Obligation Debt (1)</u>	<u>Less: Amounts Available in Debt Service Fund (4)</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value (2) of Property</u>	<u>Per Capita (3)</u>
2010	\$ 3,310,888	\$ 142,028	\$ 3,168,860	2.13%	\$ 1,433
2011	\$ 3,329,958	\$ 148,028	\$ 3,181,930	2.24%	\$ 1,455
2012	\$ 3,374,416	\$ 160,259	\$ 3,214,157	2.23%	\$ 1,565
2013	\$ 3,308,606	\$ 117,887	\$ 3,190,719	2.11%	\$ 1,522
2014	\$ 3,251,250	\$ 97,655	\$ 3,153,595	1.88%	\$ 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

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

1. General tax obligation debt repaid from property taxes.
2. See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 219 for property value data.
3. Population data can be found in the Schedule of Demographic and Economic Statistics on page 233.
4. Amounts available in Debt Service Fund changed beginning in 2009 to agree to restricted for debt service in the Statement of Net Position.

CITY OF HOUSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2019
(amounts expressed in thousands)
(unaudited)

City	Net Direct Debt		% of Debt Applicable to Houston	City of Houston Share of Debt
	Amount	As of		
City of Houston - direct	\$ 3,894,163	06/30/19	100.00%	\$ 3,894,163
County				
Fort Bend County	382,127	06/30/19	1.82%	6,955
Harris County (including Toll Road Bonds)	1,898,615	06/30/19	52.16%	990,318
Harris County Flood Control	529,086	06/30/19	52.16%	275,971
Montgomery County	498,197	06/30/19	1.32%	6,576
School District				
Aldine I.S.D.	1,719,853	06/30/19	44.13%	758,971
Alief I.S.D.	256,226	08/31/18	80.69%	206,749
Clear Creek I.S.D.	862,578	06/30/19	24.26%	209,261
Conroe I.S.D.	1,853,722	08/31/17	0.00%	0
Crosby I.S.D.	129,620	06/30/19	2.22%	2,878
Cypress-Fairbanks I.S.D.	2,751,168	06/30/19	15.58%	428,632
Deer Park I.S.D.	224,490	06/30/19	1.93%	4,333
Fort Bend I.S.D.	979,658	06/30/19	3.19%	31,251
Galena Park I.S.D.	313,535	08/31/18	7.99%	25,051
Goose Creek I.S.D.	436,048	06/30/19	0.00%	0
Houston I.S.D.	2,874,255	06/30/19	91.91%	2,641,728
Huffman I.S.D.	116,733	06/30/19	26.92%	31,425
Humble I.S.D.	592,440	06/30/19	35.09%	207,887
Katy I.S.D.	1,873,239	08/31/18	13.21%	247,455
Klein I.S.D.	1,115,308	06/30/19	3.01%	33,571
New Caney I.S.D.	453,655	08/31/18	18.28%	82,928
Pasadena I.S.D.	700,313	06/30/19	41.88%	293,291
Sheldon I.S.D.	380,875	06/30/19	1.58%	6,018
Spring I.S.D.	1,024,499	06/30/19	3.16%	32,374
Spring Branch I.S.D.	960,064	06/30/19	72.70%	697,967
Municipal Utility District				
Harris County MUD 355	5,254	06/30/19	100.00%	5,254
Harris County MUD 359	2,187	06/30/19	100.00%	2,187
Harris County MUD 372	4,602	06/30/19	100.00%	4,602
Harris County MUD 381	10,635	07/12/19	100.00%	10,635
Harris County MUD 390	34,939	06/30/19	100.00%	34,939
Harris County MUD 393	8,797	07/12/19	100.00%	8,797
Harris County MUD 404	8,019	06/30/19	100.00%	8,019
Harris County MUD 410	11,233	07/12/19	100.00%	11,233
Harris County MUD 411	6,743	07/12/19	100.00%	6,743
Harris County MUD 415	2,783	06/30/19	100.00%	2,783
Harris County MUD 450	14,131	06/12/19	100.00%	14,131
Harris County MUD 451	5,746	06/28/19	100.00%	5,746
Harris County MUD 460	9,841	06/28/19	100.00%	9,841
Harris County MUD 499	7,446	06/30/19	100.00%	7,446
Harris County MUD 529	11,217	06/30/19	100.00%	11,217
Harris County MUD 537	8,622	06/28/19	100.00%	8,622
Northwood MUD # 1	2,205	06/26/19	100.00%	2,205
Other Jurisdictions				
Clear Lake City Water Authority	108,907	06/30/19	63.57%	69,232
Harris County Hospital District	57,300	06/30/19	52.16%	29,888
Houston Community College	560,480	08/31/19	90.86%	509,252
Lee College District	65,177	07/15/19	0.00%	0
Lone Star College System	576,645	06/30/19	13.76%	79,346
Port of Houston Authority	558,150	06/30/19	52.16%	291,131
San Jacinto College District	864,636	06/30/19	15.44%	133,500
Total overlapping debt	25,871,999			8,488,338
Total direct and overlapping debt	<u>\$ 29,766,162</u>			<u>\$ 12,382,501</u>

The net direct debt amounts above, except for that which relates to the City of Houston, were provided by the individual government entities or the Municipal Advisory Council of Texas (MACTx). The percentage of debt applicable to the City was provided by MACTx. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

The percentage of overlapping debt applicable is estimated using (market or taxable) assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's (market or taxable) assessed value that is within the overlapping jurisdiction's boundaries and dividing it by the overlapping jurisdiction's total (market or taxable) assessed value.

City of Houston, Texas
AD VALOREM TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate ^(a)			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)
	General Purposes	Debt Service	Total					
2011	0.46336	0.17539	0.63875	912,808	891,910	27,684	919,594	100.7
2012	0.48071	0.15804	0.63875	927,886	907,472	24,177	931,649	100.4
2013	0.46221	0.17654	0.63875	970,157	949,784	30,555	980,339	101.0
2014	0.47709	0.16166	0.63875	1,071,503	1,053,287	25,100	1,078,387	100.6
2015	0.47464	0.15644	0.63108	1,183,204	1,156,298	23,578	1,179,876	99.7
2016	0.44219	0.15893	0.60112	1,228,563	1,206,449	9,000	1,215,449	98.9
2017	0.45446	0.13196	0.58642	1,299,973	1,276,573	16,500	1,293,073	99.5
2018	0.42023	0.16398	0.58421	1,329,129	1,307,863	4,941	1,312,804	98.8
2019	0.41924	0.16907	0.58831	1,347,166	1,326,810	10,187	1,336,997	99.2
2020	0.40413	0.16379	0.56792	1,384,414	1,362,263	10,369	1,372,632	99.1

(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 2020, which is as of August 02, 2019.

(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 totaled \$0.00 million in Fiscal Year 2019. 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 2020, the City has budgeted approximately \$161 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately \$42 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 2020 Budget includes a proposed tax rate of \$0.56792 (per \$100 assessed valuation) for Tax Year 2019 (Fiscal Year 2020). The City Charter provides that, in preparing the City's budget, provision shall first be made for the payment of debt service on the City's outstanding bond indebtedness, with the remaining revenues to be apportioned among the City's respective departments.

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)
2009	2010	3,324,065	150,270,904	2.21%	1,472	308,113	254,600
2010	2011	3,440,075	142,964,244	2.41%	1,639	342,966	232,545
2011	2012	3,471,590	145,042,978	2.39%	1,617	297,923	229,700
2012	2013	3,469,360	152,801,703	2.27%	1,613	300,124	241,100
2013	2014	3,392,510	167,460,662	2.03%	1,545	304,267	243,813
2014	2015	3,329,635	187,196,033	1.78%	1,487	337,756	264,500
2015	2016	3,225,240	204,300,968	1.58%	1,405	340,345	295,954
2016	2017	3,079,240	220,692,709	1.40%	1,337	339,639	258,415
2017	2018	3,978,830	227,519,681	1.75%	1,720	384,968	333,784
2018	2019	3,887,020	229,630,283	1.69%	1,671	427,761	342,205

- (a) With the exception of Tax Year 2018, 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 2018 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 5, 2019. As of July 05, 2019, the total assessed value for Tax Year 2018 (including exempt property values) was approximately \$301.4 billion, which is the appraised value used to determine the statutory limitation of approximately \$30.14 billion relating to total bond indebtedness.
- (b) Per capita figures are based on population estimates according to the U.S. Census Bureau.
- (c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.
- (d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.
- (e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.
- (f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

CITY OF HOUSTON, TEXAS

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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, 2019

Assessed Value (1)	\$ 301,433,659
Debt Limit (10% of assessed value)	\$ 30,143,366
Debt applicable to limit:	
Public Improvement Bonds	2,275,465
Pension Obligations	1,434,480
Commercial Paper - General Obligation	165,000
Tax and Revenue Certificates of Obligation	14,156
Total net debt applicable to limit	<u>\$ 3,889,101</u>
Legal debt margin	\$ 26,254,265

HISTORICAL LEGAL DEBT LIMITATION

	2010	2011
Legal debt limitation, 10% of assessed value(2)	\$ 19,581,736	\$ 18,798,571
Total net debt applicable to margin	<u>3,300,878</u>	<u>3,322,128</u>
Legal debt margin	<u>\$ 16,280,858</u>	<u>\$ 15,476,443</u>
Total net debt applicable to the limit as a percentage of debt limit	17%	18%

(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).

2012	2013	2014	2015	2016	2017	2018	2019
\$ 19,108,922	\$ 20,140,168	\$ 21,962,278	\$ 24,401,203	\$ 26,857,750	\$ 28,781,940	\$ 29,222,567	30,143,366.00
<u>3,367,313</u>	<u>3,291,013</u>	<u>3,233,808</u>	<u>3,135,203</u>	<u>3,244,534</u>	<u>3,174,499</u>	<u>3,985,690</u>	<u>3,889,101.00</u>
<u>\$ 15,741,609</u>	<u>\$ 16,849,155</u>	<u>\$ 18,728,470</u>	<u>\$ 21,266,000</u>	<u>\$ 23,613,216</u>	<u>\$ 25,607,441</u>	<u>\$ 25,236,877</u>	<u>\$ 26,254,265</u>
18%	16%	15%	13%	12%	11%	14%	13%

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

Airport System Bonds ⁽¹⁾

Fiscal Year	Operating & Non-Operating Revenues ⁽²⁾	Less: Operating Expenses	Net Pledged Revenue	Debt Service		Less Grants Available for Debt Service	Less PFC revenue Available for Debt Service	Coverage
				Principal	Interest ⁽³⁾			
2010	425,071	245,147	179,924	51,832	93,298	29,084	27,087	2.02
2011	423,632	262,668	160,964	61,136	97,546	17,999	38,828	1.58
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	0	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	0	54,673	2.13
2018	522,407	326,889	195,518	81,137	93,319	0	50,642	1.58
2019	518,191	326,863	191,328	80,110	96,202	0	60,646	1.65

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 \$51.1 million.

Combined Utility System Bonds ⁽⁵⁾

Fiscal Year	Operating & Non-Operating Revenues ⁽⁶⁾	Less: Total Expenses	Net Pledged Revenue	Debt Service		Coverage
				Principal	Interest	
2010	814,979	371,913	443,066	68,187	281,468	1.27
2011	921,218	363,649	557,569	72,389	284,800	1.56
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

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

Convention and Entertainment Center Bonds ⁽⁷⁾

Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue ⁽⁸⁾	Debt Service		Coverage
		Principal	Interest	
2010	59,804	21,230	15,747	1.62
2011	65,186	24,060	14,218	1.70
2012	71,957	21,835	6,194	2.57
2013	78,892	27,530	14,123	1.89
2014	89,145	26,215	10,743	2.41
2015	83,027	25,835	11,377	2.23
2016	82,116	24,524	18,307	1.92
2017	76,491	19,790	24,333	1.73
2018	77,406	21,815	24,797	1.66
2019	77,483	21,779	26,388	1.61

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	(1)	Personal Income (amount in thousands)	(2)	Per Capita Personal Income	(2)	Median Age	(2)	Education Level in Years of Formal Schooling	(2)	School Enrollment	(2)	Average Unemployment Rate (percentage)	(2)
2009	2,244,615		\$ 57,795,120		\$ 25,563		32.9		13.2		520,118	(3)	5.9	(2)
2010	2,257,926		\$ 51,886,111		\$ 24,623		32.8		12.4		525,506	(3)	7.0	(2)
2011	2,099,451	(7)	Not available		\$ 26,109		32.2		12.7		560,316	(3)	8.2	(4)
2012	2,145,146		Not available		\$ 26,179	(5)	33.2	(5)	13.0	(5)	576,020	(5)	7.5	(7)
2013	2,160,821		Not available		\$ 26,849	(5)	32.1	(5)	13.0	(3), (5)	548,061	(3)	6.5	(4)
2014	2,195,914		Not available		\$ 27,029	(5)	32.3	(5)	13.0	(5)	557,780	(5)	9.0	(8)
2015	2,239,558		Not available		\$ 27,305	(7)	32.4	(5)	13.0	(3), (5)	564,871	(5)	4.4	(8)
2016	2,296,224	(5)	Not available		\$ 27,938	(5)	32.6	(5)	13.0	(3), (5)	580,250	(5)	5.8	(6)
2017	2,303,482	(5)	Not available		\$ 28,503	(5)	32.6	(5)	13.1	(3), (5)	594,377	(5)	5.7	(6)
2018	2,312,717	(5)	Not available		\$ 29,224	(5)	32.7	(5)	13.2	(3)	597,728	(5)	5.1	(6)
2019	2,325,205	(5)	Not available		\$ 30,547	(5)	32.9	(5)	13.2	(3)	594,916	(5)	4.4	(6)

(1) Source: Population Estimate program, U. S. Census Bureau, as of the beginning of the fiscal year. (Fiscal year 2019 is as of July 1, 2018.)

(2) Source: American Community Survey, U. S. Census Bureau. (Fiscal year 2019 data is for calendar year 2018.)

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

(4) Source: Local Area Unemployment Statistics, Bureau of Labor Statistics Texas Workforce Commission

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

(6) Source: Bureau of Labor Statistics

(7) Source: American FactFinder

(8) Source: Texas Labor Market TRACER

**CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2019
Current Year and Nine Years Ago
(unaudited)**

Employer	2019			2010		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Walmart	37,000	1	3.15%			
Memorial Hermann Health System	24,108	2	2.05%	19,500	1	1.95%
HEB	23,732	3	2.02%			
The University of Texas MD Anderson Cancer Center	21,086	4	1.80%			
McDonald's Corp	20,918	5	1.78%			
Houston Methodist	20,000	6	1.70%			
Kroger	16,000	7	1.36%			
United Airlines	14,941	8	1.27%			
Schlumberger	12,069	9	1.03%			
Shell Oil Company	11,507	10	0.98%	13,000	4	1.30%
Continental Airlines, Incorporated				16,000	2	1.60%
ExonMobil				13,000	3	1.30%
United Space Alliance				10,185	5	1.02%
National Oilwell Varco				10,000	6	1.00%
The Methodist Hospital System				9,991	7	1.00%
Baylor College of Medicine				9,232	8	0.92%
HP				9,000	9	0.90%
St. Luke's Episcopal Health System				9,000	10	0.90%
	<u>201,361</u>		<u>17.14%</u>	<u>118,908</u>		<u>11.89%</u>
Total :						

Source: GHP Houston Facts - 2019; Houston newcommerguides.com

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:	2019	1,174,527
June 2019 Local Area Unemployment Statistics, Bureau of Labor Statistics	2010	998,885
U.S. Census Bureau, American communit Survey		

CITY OF HOUSTON, TEXAS

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**CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2019
(unaudited)**

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2009 through 2018 according to the Texas Employment Commission:

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

	<u>2009</u>	<u>2010</u>
Civilian Labor Force (A)	2,873	2,933
Employed	2,638	2,692
Unemployed	235	241
Percent unemployed	8.18%	8.20%
Nonfarm Payroll Employment (B)	2,530	2,594
Manufacturing	218	228
Mining	88	89
Contract construction	172	175
Transp/Trade/Pub Utils/Communications (C)	564	556
Finance/Insurance/Real Estate	138	134
Services & Miscellaneous	973	1,035
Government	377	377

(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.

2011	2012	2013	2014	2015	2016	2017	2018
3,075	3,110	3,180	3,244	3,287	3,323	3,412	3,444
2,843	2,901	3,009	3,098	3,106	3,147	3,255	3,313
232	210	171	146	180	176	157	131
7.50%	6.70%	5.40%	4.50%	5.50%	5.30%	4.60%	3.80%
2,693	2,793	2,895	2,991	3,002	3,061	3,132	3,185
237	252	261	250	232	234	228	241
97	106	115	109	87	86	80	88
180	188	197	205	216	215	237	230
579	602	616	645	647	635	661	661
140	143	146	146	155	156	164	167
1,097	1,135	1,800	1,261	1,282	1,321	1,353	1,382
364	367	379	381	388	414	410	418

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

Full-time Equivalent Employees as of June 30, 2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund/Department										
GENERAL FUND										
Public Safety										
Fire/Civilian	247.9	222.6	118.9	117.4	117.1	107.2	111.9	109.6	108.3	105.2
Fire/Classified	4,131.7	4,085.1	3,978.6	4,011.7	3,981.2	4,119.9	4,235.4	4,231.6	4,219.3	4,100.0
Fire/Cadets	53.0	53.1	14.2	26.7	123.0	139.1	107.1	94.6	41.4	80.2
Municipal Courts - (Administration) Department	269.8	301.7	271.2	268.8	291.6	299.2	290.7	280.0	268.4	257.8
Municipal Courts - (Justice) Department	50.9	-	-	-	-	-	-	-	-	-
Police/Civilian	1,528.4	1,393.1	1,119.9	1,194.9	1,157.8	1,133.2	1,134.7	1,141.7	1,099.8	986.8
Police/Classified	5,629.9	5,535.3	5,474.9	5,456.9	5,290.4	5,350.7	5,353.4	5,357.3	5,559.8	5,351.0
Police/Cadets	135.0	70.4	76.6	118.1	88.1	91.2	140.5	176.2	134.1	139.5
Total Public Safety	12,046.6	11,661.3	11,054.3	11,194.5	11,049.2	11,240.5	11,373.7	11,391.0	11,431.1	11,020.5
Development & Maintenance Services										
General Services (Formerly Building Services)	233.2	210.6	193.9	193.6	201.1	140.7	137.7	135.1	133.7	144.3
Planning & Development	107.0	97.5	75.7	75.2	76.1	71.9	59.8	32.3	28.0	25.9
Public Works & Engineering (PW&E)	529.0	505.6	9.1	15.0	13.6	14.6	12.5	13.8	13.0	7.3
Solid Waste Management	633.5	623.9	460.5	471.0	458.9	475.9	507.7	526.0	527.7	542.1
Total Development & Maintenance	1,502.7	1,437.6	739.2	754.8	749.7	703.1	717.7	707.2	702.4	719.6
Human & Cultural Services										
Convention & Entertainment Facilities	-	-	-	-	-	-	-	-	-	-
Health & Human Services	661.3	574.8	458.4	470.7	565.0	563.5	447.7	447.6	431.7	409.4
Housing & Community Development	2.5	2.9	2.1	2.0	2.0	1.3	0.7	0.7	2.5	0.4
Library	517.4	456.4	401.7	405.2	474.1	469.8	466.0	466.1	471.7	455.7
Neighborhoods	-	-	96.3	104.4	103.5	107.5	107.6	103.9	102.9	95.4
Parks & Recreation	838.8	774.2	627.6	644.4	670.3	663.7	657.9	693.5	689.0	648.0
Total Human & Cultural Services	2,020.0	1,808.3	1,586.1	1,626.7	1,814.9	1,805.8	1,679.9	1,711.8	1,697.8	1,608.9
Administrative Services										
Administration & Regulatory Affairs	375.9	362.9	268.1	240.3	201.5	202.1	205.6	209.1	191.7	184.8
City Secretary	11.4	11.9	10.9	10.7	10.7	10.3	9.2	8.9	9.9	9.8
Controller's Office	76.8	74.0	66.2	64.9	65.3	62.1	60.3	57.8	60.3	51.1
Council Office	72.4	72.8	74.6	77.7	74.6	76.5	77.6	76.2	73.2	71.8
Finance & Administration	-	-	-	-	-	-	-	-	-	-
Finance Department	76.9	70.7	72.6	60.4	107.8	111.4	106.8	102.2	103.1	101.1
Human Resources	41.8	40.0	35.9	34.4	31.1	32.0	33.2	29.0	26.7	23.4
Information Technology	169.6	158.8	150.8	144.3	156.3	161.8	156.8	145.3	107.1	93.8
Legal	161.0	155.3	119.1	116.4	119.7	121.6	120.0	114.0	107.2	106.6
Mayor's Office	35.2	35.1	23.3	56.3	58.5	48.6	49.5	49.1	45.5	43.4
Office of Business Opportunity (Formerly Affirm. Action)	35.8	31.6	23.3	25.1	26.4	28.1	28.2	27.7	27.7	26.7
Total Administrative Services	1,056.8	1,013.1	844.8	830.5	851.9	854.5	847.2	819.3	752.4	712.5
Total General Fund	16,626.1	15,920.3	14,224.4	14,406.5	14,465.7	14,603.9	14,618.5	14,629.3	14,583.7	14,061.5
ENTERPRISE FUNDS										
Aviation	1,544.7	1,528.5	1,415.0	1,339.5	1,368.7	1,292.0	1,245.2	1,211.5	1,190.0	1,156.3
Convention & Entertainment Facilities	118.8	117.6	69.0	23.0	22.7	-	-	-	-	-
PW&E - Combined Utility System	2,338.0	2,213.0	2,280.5	2,237.5	2,220.8	2,166.2	2,179.6	2,254.8	2,266.6	2,245.0
GSD - Parking Management (Formerly PW&E)	-	-	-	-	-	-	-	-	-	-
Total Enterprise Funds	4,001.5	3,859.1	3,764.5	3,600.0	3,612.2	3,458.2	3,424.8	3,466.3	3,456.6	3,401.3

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

Full-time Equivalent Employees as of June 30, 2019

Fund/Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
SPECIAL REVENUE FUNDS										
Administration & Regulatory Affairs	-	104.4	176.8	159.5	159.9	168.8	175.9	179.6	171.6	173.1
Finance	-	-	-	-	15.5	42.8	39.2	41.2	49.2	49.4
Fleet Management (Formerly PW&E - Fleet Management)	-	-	262.5	267.7	325.9	369.7	371.2	399.7	406.9	400.8
General Services (Formerly Building Services)	-	-	-	-	61.3	137.5	130.1	126.1	134.6	129.6
Health & Human Services	530.9	544.3	510.0	515.5	592.1	661.0	656.3	686.1	782.9	807.5
Housing & Community Development	148.2	129.5	129.3	159.0	161.8	163.4	158.3	146.1	142.9	189.1
Houston Emergency Center	256.8	248.0	234.3	242.5	243.8	242.5	247.5	243.2	246.1	248.0
Legal	-	-	11.0	7.6	35.2	-	-	53.6	52.7	50.1
Library	29.7	29.5	28.0	26.0	23.4	17.1	13.6	7.9	5.7	6.0
Mayor's Office	24.5	23.7	23.4	28.5	26.9	43.5	50.0	51.0	54.9	56.9
Municipal Courts - (Administration) Department	28.8	39.5	34.3	35.0	18.1	20.0	18.8	21.0	16.0	10.5
Municipal Courts - (Justice) Department	10.4	-	-	-	-	-	-	-	-	-
Neighborhoods	-	-	1.0	51.0	48.8	46.7	43.4	40.2	37.5	33.2
Office of Business Opportunity (Formerly Affirm. Action)	-	-	1.0	2.0	2.0	2.0	2.0	2.0	1.6	1.1
Parks Special Revenue	109.1	101.4	97.6	92.0	93.2	103.4	108.3	116.4	115.5	100.1
Planning & Development	9.0	8.4	10.2	11.9	11.6	8.2	21.9	49.9	51.6	51.1
Police - Auto Dealers/Civilian	-	-	7.0	8.0	8.0	39.7	7.1	7.7	8.0	8.7
Police - Auto Dealers/Classified	42.2	32.1	21.0	19.0	32.0	21.9	-	-	-	-
Police - Cadet	-	-	-	-	-	-	16.7	40.9	1.0	23.0
Police - Special Services/Civilian	148.3	128.4	124.0	26.5	35.7	24.0	2.2	2.2	1.7	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
Police - Federal Government/Classified	-	-	-	-	-	-	16.6	36.4	35.5	33.5
Police - Forensic Transition Special Service/Civilian	-	-	-	-	-	58.4	38.2	27.7	24.1	8.9
Police - Forensic Transition Special Service/Classified	-	-	-	-	-	51.1	43.5	31.6	27.4	4.4
PW&E - Building Inspection	940.4	907.3	814.0	647.6	571.5	560.6	577.1	616.1	604.2	581.4
PW&E - Sign Administration	-	-	-	-	-	-	-	-	-	-
PW&E - Project Recovery Fund	-	-	-	-	-	-	329.5	309.0	299.1	286.1
PW&E - Stormwater Utility	404.7	385.5	384.2	354.7	377.7	337.3	329.9	347.9	373.0	304.7
PW&E - Houston TransStar	13.2	6.9	7.0	6.6	8.0	7.9	7.8	8.1	7.1	7.3
PW&E - Drainage and Street Renewal	-	-	532.4	490.4	505.2	485.0	487.4	464.5	511.6	458.9
PW&E - TxDOT Signal Maintenance	-	-	-	-	-	-	-	-	-	-
Solid Waste Management	0.5	1.0	4.0	2.9	2.1	2.5	2.4	4.0	3.3	4.4
Total Special Revenue Funds	2,696.7	2,689.9	3,453.2	3,203.3	3,499.0	3,660.8	3,922.3	4,087.2	4,193.1	4,059.2
Total General, Enterprise and Special Funds	23,324.3	22,469.3	21,442.1	21,209.8	21,576.9	21,722.9	21,965.6	22,182.8	22,233.4	21,522.0
INTERNAL SERVICE/REVOLVING FUND										
Human Resources - Health Benefits	42.7	47.5	42.3	45.8	46.7	47.6	57.0	47.7	42.5	42.7
General Services - Central Svc Revolving	53.9	41.8	29.0	27.9	31.8	-	-	-	-	-
Human Resources - Central Svc Revolving	6.0	52.5	120.8	125.6	138.7	142.6	155.6	150.4	142.6	170.9
Admin. & Regulatory Affairs - Central Svc Revolving	-	-	-	-	-	-	-	-	-	-
Information Technology - Central Svc Revolving	15.6	28.3	44.2	45.6	53.7	51.8	54.9	50.0	83.5	82.6
General Services - In House Reconstruction	70.7	27.8	28.7	29.0	28.5	-	-	-	-	-
PW&E - CIP Salary Recovery	-	-	-	302.4	308.9	328.9	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	6.8	4.9	5.1	5.0	5.0	-	-	-	-	-
Legal - Property and Casualty	41.9	38.3	47.6	47.9	52.2	52.7	58.5	51.6	49.9	47.5
Human Resources - Workers Compensation	44.1	30.5	28.7	30.1	29.5	31.5	32.6	30.0	32.1	45.8
Legal - Workers Compensation	5.0	4.9	3.1	2.7	2.0	2.0	2.0	2.0	2.0	2.0
Total Internal Service/Revolving Funds	286.7	276.5	349.5	662.0	697.0	657.1	360.6	331.7	352.6	391.5
Total Full-time Equivalent Employees	23,611.0	22,745.8	21,791.6	21,871.8	22,273.9	22,380.0	22,326.2	22,514.5	22,586.0	21,913.5

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

CITY OF HOUSTON, TEXAS
OPERATING INDICATORS BY FUNCTION
June 30, 2019
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Police										
Physical arrests	141,525	130,376	109,368	96,058	138,007	54,490	61,749	51,910	51,288	58,401
Parking violations	208,970	196,702	201,341	197,253	195,822	188,570	203,941	194,595	187,047	201,142
Traffic violations filed	875,134	686,714	729,490	587,835	557,609	472,553	437,138	395,461	379,266	392,454
Fire										
Number of calls dispatched	270,312	273,444	285,287	294,278	308,264	327,417	336,170	335,693	346,023	337,613
Inspections (1)	86,561	87,511	84,826	82,515	85,945	88,367	74,906	11,000	25,742	30,579
Highways and streets										
Streets resurfaced (miles)	195	140	140	129	104	194	152	186	142	153
Tons of asphalt for pothole repair and skin patches	17,103	19,002	16,497	16,279	15,292	15,972	13,130	13,328	13,058	11,507
Parks and recreation										
Athletic field permits issued	2,490	2,490	1,985	2,375	2,344	2,312	2,270	2,423	2,300	2,342
Community center admissions	4,413,580	4,775,581	5,259,890	5,421,607	5,702,568	5,812,806	5,547,431	5,837,622	5,469,776	5,810,167
Sanitation										
Refuse collected (tons)	764,900	673,966	703,449	712,857	686,334	681,675	695,613	725,819	732,015	718,506
Recyclables collected (tons) (2)	74,616	110,079	113,332	111,602	115,143	116,575	127,421	120,324	76,024	99,697
Water										
New connections (7)	3,008	2,881	3,433	3,864	6,796	6,349	4,559	4,530	4,612	4,524
Water main breaks (3)	12,556	11,688	17,999	11,343	11,935	10,572	11,122	9,638	8,355	11,067
Average daily pumpage (millions of gallons)	401.0	446.0	483.0	446.4	455.0	428.0	445.0	458.0	461.0	454.0
Wastewater										
Wastewater line repairs	2,267	2,164	2,487	2,660	2,210	2,186	2,252	2,322	2,452	2,222
Average daily sewage treatment (millions of gallons)	239.5	220.0	217.0	209.0	225.0	256.6	256.1	252.8	251.7	270.2

- (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) Compostable bag program began in May 2010.
- (5) New connections increase is related to an increase in population growth and construction in the City.
- (6) Last year's arrests were especially high in an effort to clear open cases before implementing new system. Implementation of new system may have caused some arrests to go uncounted.

CITY OF HOUSTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2019
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Function										
Public safety										
Police										
Stations	17	17	17	17	17	17	16	17	17	17
Patrol units	960	915	838	856	903	1,282	1,338	1,416	1,448	1,470
Fire										
Stations	92	94	94	92	92	93	93	93	93	93
Highways and streets										
Streets (lane miles)	15,763	15,397	15,397	15,397	15,397	15,404	14,656	14,656	14,764	13,852
Streetlights	174,008	174,795	175,249	175,516	174,373	174,075	175,172	176,440	177,056	177,056
Traffic signals	2,391	2,395	2,439	2,449	2,467	2,467	2,491	2,495	2,491	2,491
Parks and recreation										
Parks acreage	38,992	37,846	37,846	37,851	37,851	37,859	37,856	35,733	37,942	39,501
Parks	545	527	527	527	528	533	537	542	545	546
Swimming pools	61	61	59	57	57	56	56	57	58	59
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	58	58	59	60	60	61 (4)	61	60	60	60
Sanitation										
Collection trucks	329	326	321	323	323	343	351	360	350	371
Water										
Water mains (miles)	7,466	7,500	7,146	7,143	7,198	7,128	7,128	7,128	7,144	7,210
Fire hydrants	57,500	57,013	57,000	58,162	58,984	N/A	N/A	60,420	60,543	61,524
Maximum daily capacity (millions of gallons)	773.0	842.0 (1)	905.0	853.0	885.0	803.0	808.1	798.95	782.41	795.31
Sewer										
Sanitary sewers (miles)	6,250	6,403 (2)	6,700	6,950	6,950	6,950	6,950	6,950	6,192 (3)	6,200
Storm sewers (miles)	3,618	3,698	3,700	3,789	3,838	3,838	3,894	3,946	3,987	3,987
Maximum daily treatment permitted (millions of gallons)	564.0	563.0	563.0	563.0	565.0	563.0	563.0	563.0	564.0	563.7

- (1) The maximum daily capacity for FY2008 to FY2010 were adjusted to reflect updated information received from the division.
(2) The sanitary sewers (miles) for FY2008 to FY2010 were adjusted to reflect updated information received from the division.
(3) The sanitary sewers (miles) for FY2013 to FY2018 were adjusted to reflect updated information received from Wastewater Operations Branch
(4) Includes new Memorial Running Center

CITY OF HOUSTON, TEXAS
June 30, 2019
INCREASES/DECREASES TO NET POSITION OF PENSION PLANS
(amounts expressed in thousands)
(unaudited)

	<u>Police</u>	<u>Fire</u>	<u>Municipal</u>	<u>Total</u>
Additions	529,491	345,954	409,952	1,285,397
Deductions	<u>341,458</u>	<u>278,616</u>	<u>297,817</u>	<u>917,891</u>
Net Increase	<u>188,033</u>	<u>67,338</u>	<u>112,135</u>	<u>367,506</u>
City's Total Contribution	<u><u>142,429</u></u>	<u><u>89,897</u></u>	<u><u>176,261</u></u>	<u><u>408,587</u></u>

The City's funding policies provide for actuarially determined periodic contributions at rates such that overtime will remain level as a percentage of payroll. The contribution rate for normal cost is determined by using the entry age normal cost method. The pension plans use the level percentage of payroll method to amortize the unfunded actuarially accrued liability (or surplus) over 40 years from January 1, 1993.

CITY OF HOUSTON, TEXAS
PRINCIPAL AND INTEREST PAYABLE FROM AD VALOREM TAXES
(EXCLUDING COMMERCIAL PAPER NOTES)
(unaudited)

The following schedule presents the City's debt service requirements for Fiscal Years 2020 through 2047 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)(d)}	Pension Obligations ^(b)	Tax Certificates ^(c)	Total Debt Service ^(e)
2020	307,390,718	78,008,362	2,518,087	387,917,167
2021	295,200,428	87,611,500	2,518,337	385,330,265
2022	272,447,551	88,778,460	2,515,587	363,741,598
2023	248,521,167	89,955,029	2,514,837	340,991,033
2024	227,201,252	91,181,179	180,805	318,563,236
2025	185,024,395	92,433,949		277,458,344
2026	163,897,382	93,730,708		257,628,090
2027	168,804,382	95,054,021		263,858,403
2028	160,355,632	96,419,189		256,774,821
2029	127,843,384	105,342,434		233,185,818
2030	90,461,046	106,794,258		197,255,304
2031	68,390,655	119,692,993		188,083,648
2032	59,372,155	121,218,258		180,590,413
2033	50,695,334	86,843,782		137,539,116
2034	47,968,480	65,265,728		113,234,208
2035	36,304,730	110,169,950		146,474,680
2036	34,930,032	101,573,226		136,503,258
2037	31,500,343	88,346,491		119,846,834
2038	12,078,147	66,433,107		78,511,254
2039	9,076,574	68,238,405		77,314,979
2040	6,521,200	70,088,291		76,609,491
2041	6,527,800	92,244,697		98,772,497
2042	4,520,900	73,069,196		77,590,096
2043	3,155,250	75,079,119		78,234,369
2044		77,145,038		77,145,038
2045		79,262,831		79,262,831
2046	-	81,442,536		81,442,536
2047	-	83,683,867		83,683,867
	<u>\$ 2,618,188,937</u>	<u>2,485,106,604</u>	<u>\$ 10,247,653</u>	<u>\$ 5,113,543,194</u>

Each Fiscal Year the City budgets for Commercial Paper Notes debt service and related reserve funds based on a calculation that assumes a certain amount of Commercial Paper Notes is expected to be issued during that Fiscal Year at an assumed rate of interest.

- (a) Total debt service does not include payments related to various leases for office space and equipment, which are not considered debt under Texas law. The terms and conditions of such leases and agreements vary.
- (b) GO portion only.
- (c) Adjusted to reflect the sinking fund payments for the Tax and Revenue Certificates of Obligation (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) Excludes estimated federal Build America Bond subsidy payment of 35% of interest paid in connection with the City's Public Improvement Refunding Bonds, Taxable Series 2009B and 2010B (Direct Subsidy-Build America Bonds).
- (e) Totals may reflect a variance due to rounding.

CITY OF HOUSTON, TEXAS
June 30, 2019
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.

<u>Purposes</u>	November 2001 Election				
	<u>Voter Authorized</u>	<u>Approved by City Council for Issuance as Commercial Paper Notes</u>	<u>Commercial Paper Issued ^(a)</u>	<u>Commercial Paper Notes Approved by City Council but Unissued</u>	<u>All Voter Authorized but Unissued</u>
Streets, Bridges, Traffic Control	\$ 474,000	\$ 474,000	\$ 471,300	\$ 2,700	\$ 2,700
Parks and Recreation	80,000	80,000	80,000	-	-
Police and Fire Departments	82,000	82,000	82,000	-	-
Permanent and General					
Improvements ^(b)	80,000	80,000	80,000	-	-
Public Libraries	40,000	40,000	40,000	-	-
Low Income Housing	20,000	20,000	20,000	-	-
Total	<u>\$ 776,000</u>	<u>\$ 776,000</u>	<u>\$ 773,300</u>	<u>\$ 2,700</u>	<u>\$ 2,700</u>
	November 2006 Election				
Streets, Bridges, Traffic Control	\$ 320,000	\$ 219,950	\$ 75,565	\$ 144,385	\$ 244,435
Parks and Recreation	55,000	55,000	55,000	-	-
Public Safety	135,000	135,000	135,000	-	-
Permanent and General					
Improvements ^(b)	60,000	60,000	60,000	-	-
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	18,000	6,031	11,969	11,969
Total	<u>\$ 625,000</u>	<u>\$ 524,950</u>	<u>\$ 368,596</u>	<u>\$ 156,354</u>	<u>\$ 256,404</u>
	November 2012 Election				
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	166,000	166,000	80,469	85,531	85,531
Public Safety	144,000	144,000	80,933	63,068	63,067
Permanent and General					
Improvements ^(b)	57,000	57,000	29,473	27,527	27,527
Public Libraries	28,000	28,000	27,509	491	491
Low Income Housing	15,000	5,308	8	5,300	14,992
Total	<u>\$ 410,000</u>	<u>\$ 400,308</u>	<u>\$ 218,392</u>	<u>\$ 181,917</u>	<u>\$ 191,608</u>
	November 2017 Election				
Streets, Bridges, Traffic Control	\$ -	\$ -	\$ -	\$ -	\$ -
Parks and Recreation	104,000	16,876	-	16,876	104,000
Public Safety	159,000	25,864	-	25,864	159,000
Permanent and General					
Improvements ^(b)	109,000	28,142	-	28,142	109,000
Public Libraries	123,000	27,084	-	27,084	123,000
Low Income Housing	-	-	-	-	-
Total	<u>\$ 495,000</u>	<u>\$ 97,966</u>	<u>\$ -</u>	<u>\$ 97,966</u>	<u>\$ 495,000</u>
Combined Total 2001, 2006, 2012 & 2017 Elections)	<u>\$ 2,306,000</u>	<u>\$ 1,799,224</u>	<u>\$ 1,360,288</u>	<u>\$ 438,937</u>	<u>\$ 945,712</u>

(a) As of June 30, 2019

(b) Includes Public Health and Solid Waste Management

CITY OF HOUSTON, TEXAS
June 30, 2019
(unaudited)

SALES AND USE TAX AND FRANCHISE CHARGES AND FEES

<u>Fiscal Year</u>	<u>Sales and Use Tax</u>	<u>Charges and Fees</u>
	(in thousands)	(in thousands)
2011	\$ 492,824	\$ 190,563
2012	\$ 546,543	\$ 192,760
2013	\$ 600,256	\$ 195,304
2014	\$ 629,441	\$ 189,989
2015	\$ 667,061	\$ 189,836
2016	\$ 640,476	\$ 191,584
2017	\$ 631,993	\$ 190,586
2018	\$ 674,279	\$ 185,774
2019	\$ 692,271	\$ 180,609
2020 (budgeted)	\$ 694,567	\$ 159,169

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

Total Annual Revenues Last Ten Fiscal Years	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Revenues				
Fees charged to users, net	\$ 20,298	\$ 22,877	\$ 8,934	\$ 10,372
Total Operating Revenues	<u>20,298</u>	<u>22,877</u>	<u>8,934</u>	<u>10,372</u>
Nonoperating Revenues				
Interest	11,971	9,562	10,010	9,080
Hotel occupancy tax (includes penalty and interest)	54,917	61,603	68,623	76,325
Other income	18,997	18,266	525	413
Total Nonoperating Revenues	<u>85,885</u>	<u>89,431</u>	<u>79,158</u>	<u>85,818</u>
Total Revenues	<u><u>\$ 106,183</u></u>	<u><u>\$ 112,308</u></u>	<u><u>\$ 88,092</u></u>	<u><u>\$ 96,190</u></u>
Total Annual Expenses Last Ten Fiscal Years	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Operating Expenses				
Maintenance and operating	\$ 39,817	\$ 40,229	\$ 1,885	\$ 1,780
Depreciation	14,958	15,227	14,703	14,488
Total Operating Expenses	<u>54,775</u>	<u>55,456</u>	<u>16,588</u>	<u>16,268</u>
Nonoperating Expenses				
Interest on long-term debt	26,032	25,194	25,799	26,150
Promotional contracts & other expenses	32,988	27,513	100,046	62,662
Total Nonoperating Expenses	<u>59,020</u>	<u>52,707</u>	<u>125,845</u>	<u>88,812</u>
Total Expenses	<u><u>\$ 113,795</u></u>	<u><u>\$ 108,163</u></u>	<u><u>\$ 142,433</u></u>	<u><u>\$ 105,080</u></u>

Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>	<u>2019</u>
\$ 11,124	\$ 12,390	\$ 12,431	\$ 12,283	\$ 7,883	\$ 10,655
11,124	12,390	12,431	12,283	7,883	10,655
9,637	4,933	12,708	9,091	9,723	13,560
90,119	90,711	88,632	82,882	89,417	86,078
292	818	-	291	989	2,082
100,048	96,462	101,340	92,264	100,129	101,720
<u>\$ 111,172</u>	<u>\$ 108,852</u>	<u>\$ 113,771</u>	<u>\$ 104,547</u>	<u>\$ 108,012</u>	<u>\$ 112,375</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,199	\$ 1,380	\$ 76,466	\$ 69,756	\$ 73,725	\$ 70,415
14,219	14,375	13,720	13,654	13,599	13,508
15,418	15,755	90,186	83,410	87,324	83,923
25,791	29,684	27,299	27,170	27,945	(29,747)
73,371	79,312	421	(177)	(251)	-
99,162	108,996	27,720	26,993	27,694	(29,747)
<u>\$ 114,580</u>	<u>\$ 124,751</u>	<u>\$ 117,906</u>	<u>\$ 110,403</u>	<u>\$ 115,018</u>	<u>\$ 54,176</u>

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

HISTORICAL PLEDGED REVENUES
(amounts expressed in thousands)

Fiscal Year	Pledged HOT (a)	% Change	Pledged Parking Revenues (b)	% Change	Tax Rebates (c)	% Change	Total (d)
2010	44,483	-10.5%	7,477	11.1%	7,844	-12.0%	59,804
2011	49,723	12.0%	7,286	-3.0%	8,177	4.0%	65,186
2012	55,388	11.4%	6,632	-9.0%	9,937	21.5%	71,957
2013	61,605	11.2%	7,892	19.0%	9,395	-5.0%	78,892
2014	72,739	18.1%	8,644	9.5%	7,762	-17.4%	89,145
2015	73,217	4.0%	9,810	5.0%	-	-100.0%	83,027
2016	72,265	-1.3%	9,851	0.4%	-	-100.0%	82,116
2017	66,898	-7.4%	9,593	-2.6%	-	-100.0%	76,491
2018	72,172	8.0%	5,234	-45.4%	-	-100.0%	77,406
2019	69,477	-3.7%	8,006	53.0%	-	-100.0%	77,483

- (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 FY2019.
- (d) Amounts shown do not include investment earnings on pledged revenues, which are also pledged.

(amounts expressed in thousands)

Fiscal Year	HOT Tax 15%	Sales Tax 8.25% (1)	Mixed Beverage Tax 3%	Total Tax Rebate
2010	5,287	2,374	183	7,844
2011	5,488	2,537	152	8,177
2012	7,185	2,566	186	9,937
2013	6,692	2,620	83	9,395
2014	6,043	1,664	55	7,762

(1) Includes taxes on food, telephone and other sales.

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)
2010	55.4%	88.66	7%	56,753
2011	63.0%	95.37	7%	63,629
2012	65.4%	95.35	7%	70,731
2013	68.0%	101.0	7%	79,736
2014	70.5%	108.8	7%	90,345
2015	70.3%	111.17	7%	90,711
2016	64.2%	105.55	7%	88,632
2017	61.5%	105.47	7%	82,961
2018	65.0%	108.18	7%	89,417
2019	64.6%	104.16	7%	86,078

(1) Source: Greater Houston Partnership.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2019
(unaudited)

Schedule of Hotel Occupancy Tax Collections

<u>The Twelve Largest Taxpayers</u>	<u>Gross Hotel Occupancy Tax Collections</u>
Hilton Americas-Houston	\$ 4,026,805
Houston Marriott Marquis	3,938,734
Hyatt Regency Hotel	2,198,280
Four Seasons Hotel Houston Center	1,832,515
JW Marriott Houston Downtown	1,601,898
Westin Galleria	1,506,243
Marriott Hotel (IAH)	1,452,046
Marriott Medical Center Hotel	1,373,368
Houston Marriott Westchase	1,356,538
JW Marriott Galleria	1,276,165
Hotel Zaza	1,263,138
Hilton Houston Post Oak	<u>1,169,336</u>
Total	<u>\$ 22,995,066</u>

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2019
(unaudited)

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	\$91.45	\$165.00 \$106.00 (3) \$140.29 (4)	\$6.00 per hour \$15.00 Maximum	\$12.00
Reserved parking		\$225.00		
City Hall Annex Parking Garage	\$51.76	\$106.00	n/a	\$12.00
Lots C and H	\$44.33	\$48.00	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	Series 2017 Bonds	Series 2019 Bonds	Total Debt Service
2020	17,160,000	7,991,544	4,394,750	10,787,625	33,799,250	306,765	10,862,750	\$ 85,302,684
2021	16,695,000	8,344,475	4,394,125	10,516,250	736,000	1,131,119	10,115,500	\$ 51,932,469
2022	22,720,000	3,366,625	4,396,125	10,719,500	736,000	1,169,061	11,486,125	\$ 54,593,436
2023	23,320,000	3,375,625	4,395,625	11,616,875	736,000	1,338,753	12,383,500	\$ 57,166,378
2024	24,220,000	3,356,225	4,392,625	11,714,000	32,736,000	1,360,320	11,408,500	\$ 89,187,670
2025	24,930,000	3,339,787	4,396,875	11,892,250	-	1,395,421	10,528,875	\$ 56,483,208
2026	25,850,000	3,334,575	4,393,250	12,014,750	-	1,418,993	9,517,750	\$ 56,529,318
2027	26,610,000	3,659,550	8,252,750	9,006,875	-	853,748	8,197,500	\$ 56,580,423
2028	27,355,000	3,624,081	7,991,750	9,336,125	-	914,368	7,349,375	\$ 56,570,699
2029	28,305,000	3,711,794	8,286,500	8,499,500	-	755,752	7,004,500	\$ 56,563,046
2030	29,065,000	3,590,737	8,040,875	8,578,375	-	773,476	6,526,250	\$ 56,574,713
2031	29,950,000	3,071,875	8,183,000	8,376,750	-	675,000	6,255,000	\$ 56,511,625
2032	30,530,000	2,877,750	8,073,750	8,376,125	-	738,541	5,965,000	\$ 56,561,166
2033	30,560,000	2,838,000	8,149,000	8,531,875	-	765,245	5,710,875	\$ 56,554,995
2034	30,550,000	2,706,000	9,529,750	7,806,625	-	627,905	5,281,000	\$ 56,501,280
2035	-	-	2,480,875	4,416,250	-	-	5,979,500	\$ 12,876,625
2036	-	-	2,479,250	4,416,750	-	-	5,991,375	\$ 12,887,375
2037	-	-	2,482,625	4,415,125	-	-	4,855,000	\$ 11,752,750
2038	-	-	2,480,750	4,416,000	-	-	-	\$ 6,896,750
2039	-	-	2,478,500	4,414,000	-	-	-	\$ 6,892,500
2040	-	-	2,480,500	4,413,750	-	-	-	\$ 6,894,250
2041	-	-	-	4,414,750	-	-	-	\$ 4,414,750
2042	-	-	-	4,416,200	-	-	-	\$ 4,416,200
2043	-	-	-	4,414,500	-	-	-	\$ 4,414,500
2044	-	-	-	4,416,400	-	-	-	\$ 4,416,400
2045	-	-	-	4,416,600	-	-	-	\$ 4,416,600
2046	-	-	-	-	-	-	-	\$ -
Total	387,820,000	59,188,643	112,153,250	196,343,825	68,743,250	14,224,465	145,418,375	983,891,808

(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 2020

Budgeted Resources

Operating Revenues

Facility Rentals	\$	1,449
Parking		<u>9,961</u>
Total Operating Revenues		<u><u>11,410</u></u>

Operating Expenses

Personnel		195
Services		<u>100</u>
Total Operating Expenses		<u>295</u>
Operating Income (Loss)		11,115

Nonoperating Revenues (Expenses)

Hotel Occupancy Tax		
Current		87,000
Delinquent		<u>1,500</u>
Net Hotel Occupancy Tax		<u>88,500</u>
Investment Income (Loss)		405
Other Interest		(216)
Other		<u>292</u>
Total nonoperating Rev (Exp)		<u>88,981</u>
Income (Loss) Before Operating Transfers		100,096

Transfers

Transfers to Interest		14,471
Transfers to Principal		13,185
Transfer to Debt Service		90
Transfers to Component Unit		75,399
Transfers to General Fund		<u>1,449</u>
Total Transfers		<u>104,594</u>
Net Income (Loss) Operating Fund	\$	<u><u>(4,498)</u></u>

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	2010	2011	2012	2013	2014
Operating Revenues					
Water sales	\$ 356,046	\$ 455,333	\$ 480,676	\$ 485,485	\$ 499,912
Waste water system user charges	320,722	410,941	421,370	426,888	441,300
Penalties and Other services and charges	14,370	12,901	15,192	12,317	12,195
Total Operating Revenues	691,138	879,175	917,238	924,690	953,407
Nonoperating Revenues					
Interest	15,160	11,041	5,696	(507)	10,688
Other income	34,912	33,202	45,448	52,355	80,062
Total Nonoperating Revenues	50,072	44,243	51,144	51,848	90,750
Total Revenues	\$ 741,210	\$ 923,418	\$ 968,382	\$ 976,538	\$ 1,044,157
Total Annual Expenses Last Ten Fiscal Years	2010	2011	2012	2013	2014
Operating Expenses					
Maintenance and operating	\$ 372,370	\$ 362,851	\$ 410,781	\$ 395,439	\$ 399,647
Depreciation and Amortization	203,695	215,186	211,170	217,622	223,381
Total Operating Expenses	576,065	578,037	621,951	613,061	623,028
Nonoperating Expenses					
Interest on long-term debt	273,609	286,674	290,882	282,466	291,122
Other expenses	-	1,625	670	286	5,397
Total Nonoperating Expenses	273,609	288,299	291,552	282,752	296,519
Total Expenses	\$ 849,674	\$ 866,336	\$ 913,503	\$ 895,813	\$ 919,547

- (1) In 2010, GASB No. 51 "Accounting and Financial Reporting for Intangible Assets" was implemented causing a restatement to beginning net assets of \$277,222 from the reversal of previously recorded amortization.
- (2) 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.
- (3) 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.
- (4) 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) .
- (5) In 2019, a prior period adjustment was recorded causing a restatement to beginning net assets of \$79,429.

2015	2016	2017	2018	2019
\$ 486,517	\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294
434,305	462,786	475,392	479,978	485,183
6,602	9,917	3,349	13,561	2,965
<u>927,424</u>	<u>1,002,582</u>	<u>1,025,795</u>	<u>1,052,549</u>	<u>1,042,442</u>
7,685	12,652	3,954	8,074	55,170
49,632	55,306	58,414	74,595	83,688
<u>57,317</u>	<u>67,958</u>	<u>62,368</u>	<u>82,669</u>	<u>138,858</u>
<u>\$ 984,741</u>	<u>\$ 1,070,540</u>	<u>\$ 1,088,163</u>	<u>\$ 1,135,218</u>	<u>\$ 1,181,300</u>

2015	2016	2017	2018	2019
\$ 428,732	\$ 451,342	\$ 354,396	\$ 492,391	\$ 516,503
231,048	236,841	246,218	252,093	257,430
<u>659,780</u>	<u>688,183</u>	<u>600,614</u>	<u>744,484</u>	<u>773,933</u>
265,013	252,116	248,920	248,284	268,708
-	1,877	-	-	-
<u>265,013</u>	<u>253,993</u>	<u>248,920</u>	<u>248,284</u>	<u>268,708</u>
<u>\$ 924,793</u>	<u>\$ 942,176</u>	<u>\$ 849,534</u>	<u>\$ 992,768</u>	<u>\$ 1,042,641</u>

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

	Fiscal Year 2019	Fiscal Year 2018
OPERATING REVENUES		
Sales of water	\$ 554,294	\$ 559,010
Sewer system user charges	485,183	479,978
Penalties, other services and charges	2,965	13,561
Total Operating Revenues	1,042,442	1,052,549
NON-OPERATING REVENUES		
Investment Earnings under Previous Ordinance	21,890	14,695
Investment Earnings under Master Ordinance	11,246	4,054
Other Non-Operating revenues	19,407	30,905
Total non-operating revenues	52,543	49,654
TOTAL GROSS REVENUES:	1,094,985	1,102,203
EXPENSES		
Contract Revenue Bonds Payments ⁽¹⁾		
Coastal Water Authority Debt Service	6,385	6,399
Total Contract Revenue Bonds Payments	6,385	6,399
Maintenance and Operating Expenses	461,859	432,152
Total Expenses	468,244	438,551
RESTRICTED RECEIPTS UNDER MASTER ORDINANCE	28,621	24,366
NET REVENUES UNDER MASTER ORDINANCE	\$ 655,362	\$ 688,018
BOND DEBT SERVICE:		
Previously Issued Bonds	-	-
First Lien Bonds	471,570	461,505
Total Debt Service	\$ 471,570	\$ 461,505
BOND DEBT SERVICE COVERAGE:		
Junior Lien Bond Coverage under Previous Ordinance ⁽²⁾	-	-
First Lien Bond Coverage under Master Ordinance ⁽³⁾	1.39	1.49
TOTAL COVERAGE ⁽⁴⁾	1.39	1.49

(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 2019
(amounts expressed in thousands)
(unaudited)

The following is the summary of the Fiscal Year 2019 Budget for the System as adopted by City Council:

Revenues	
Beginning Fund Balance (July 1, 2018)	\$ 819,398
Current Revenues	<u>1,184,897</u>
Total Revenues	<u><u>\$ 2,004,295</u></u>
Expenditures	
Maintenance and Operations	\$ 504,102
CWA Debt Service	10,988
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)	533,857
Interfund Transfers	<u>-</u>
Total Expenditures	1,048,947
Other	
General Purpose Fund (including Discretionary Debt Service)	183,872
Planned Fund Balance (June 30, 2019)	<u>771,476</u>
Total Expenditures and Reserves	<u><u>\$ 2,004,295</u></u>

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

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

	FY 2019
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) ⁽¹⁾	\$ 44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2034) ⁽¹⁾⁽²⁾	\$ 494,343,012
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2034)	\$ 494,343,012
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2019 ⁽³⁾	\$ 626,741,166
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2019 ⁽⁴⁾	\$ 655,362,014
Total Funds available for Debt Service Coverage **	\$ 774,284,437

Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds	14.21
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds	2.89
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bonds	2.89

(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 474,770 active water service accounts with 1,118,916 connections. 86% of source water is pulled from the San Jacinto and Trinity rivers while the remaining 14% originates from groundwater wells. In total, DWO has 919.61 million gallons per day (MGD) combined production capacity of groundwater and surface water. More specifically, the water production and storage system include 3 surface water plants, 49 groundwater plants, 129 groundwater wells, 7 surface water repressurization plants, and 137 water storage tanks and towers. Average water purification and production is 454 MGD, which is enough to fill the Astrodome almost twice per day. The water distribution network consists of 7,153 linear miles of piping, 61,524 fire hydrants, and over 162,991 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 2019 was 270 million gallons per day (mgd). The permitted treatment capacity of the wastewater treatment facilities, as reflected by State permits, is 564 mgd.

The System - Annexation Program - In - City Districts

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction.

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

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2020-2024 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in millions)
System Revenue Bonds (Net Proceeds and Interest Earnings) ⁽¹⁾	\$ 1,792,283
System Revenue	\$ 470,000
Swift Loan (subordinate Lien)	\$ 428,264
Contributed Capital	\$ 1,459,401
	4,149,948

- (1) The department's fiscal year 2020-2024 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, 2019:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds ⁽²⁾	\$ 60,710,000
Total - Contract Revenue Bonds	\$ 60,710,000
 System Revenue Bonds Payable from System Net Revenues	
Previous Ordinance Bonds	57,338,694
First Lien Bonds	5,970,330,000
Third Lien Obligations	185,000,000
Total - System Revenue Bonds	\$ 6,212,668,694
 Total - All Bonds Payable from System Revenues	 \$ 6,273,378,694

- (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 2020 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2020 (budgeted)	\$ 5.6
2019	7.8
2018	9.1
2017	9.2
2016	9.9
2015	12.0
2014	13.1
2013	15.8
2012	21.1
2011	21.7

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 2020 are reflected below:

Fiscal Year	General Purpose Fund Transfers (in millions)
2020 (budgeted)	\$ 58.8
2019	55.4
2018	54.0
2017	52.8
2016	42.2
2015	35.2
2014	45.5
2013	43.8
2012	44.4
2011	54.8

Indirect Charges Paid by the System

Fiscal Year	Indirect Charges (in thousands)
2020 (budgeted)	\$ 11,069
2019	10,404
2018	10,877
2017	9,988
2016	9,810
2015	9,776
2014	6,173
2013	3,479
2012	3,869
2011	3,034

CITY OF HOUSTON, TEXAS

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

Fiscal Years Consumption (in Thousand Gallons)	2010	2011	2012	2013
Residential	28,111,338	28,553,893	29,400,266	26,239,053
Multi-Family	25,586,924	25,069,764	24,811,699	25,173,568
Commercial	22,382,315	21,997,822	22,079,299	21,508,026
Government	5,197,448	4,807,824	4,835,549	4,686,403
Sewer Only	1,357,879	1,228,458	1,215,254	1,331,651
Other Accts	6,351,286	6,461,476	7,473,765	6,981,799
TOTAL	88,987,190	88,119,237	89,815,832	85,920,500
Revenue Amount	\$ 640,586,498	\$ 763,685,117	\$ 809,001,774	\$ 805,440,324
Average Rate / Water & Sewer	\$7.20	\$8.67	\$9.01	\$9.37

2014	2015	2016	2017	2018	2019
25,263,997	23,265,022	24,744,815	25,911,974	26,498,295	24,144,424
25,131,767	25,370,691	25,676,282	26,323,185	29,640,195	26,521,613
21,728,794	21,591,973	21,825,149	23,764,306	24,188,333	25,778,408
4,688,639	3,149,624	3,558,515	6,174,766	8,670,358	5,982,549
1,343,031	1,584,261	1,614,142	1,505,248	1,430,196	1,384,000
6,339,166	5,099,403	5,903,309	3,072,484	2,777,547	3,092,248
84,495,394	80,060,974	83,322,212	86,751,963	93,204,924	86,903,242
\$ 828,136,771	\$ 812,279,978	\$ 840,320,863	\$ 892,962,329	\$ 1,033,763,668	\$ 1,020,920,287
\$9.80	\$10.15	\$10.09	\$10.29	\$11.09	\$11.75

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2019
(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
June 30, 2019
(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, 2019. The total charges to such customers represent approximately 2.33% of the System Gross Revenue and 5.40% of Sewer Facilities gross charges during such period.

<u>Customer</u>	<u>Gross Charges</u>
1. City of Houston	\$ 5,585,681
2. Anheuser Busch	4,342,488
3. University of Houston	4,081,633
4. Harris County	3,794,923
5. HISD	3,444,907
6. Oak Farms Dairies	1,913,747
7. Coca Cola	1,368,698
8. MD Anderson	971,652
9. Methodist Hospital	518,589
10. Atlantic Coffee Industrial	474,444
	<u>\$ 26,496,762</u>

Water and Sewer Rate Adjustments

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

<u>Date of Change</u>	<u>Average Percent Rate Increase (Decrease)</u>	
	<u>Water</u>	<u>Sewer</u>
June 2010	19.1%	22.9%
April 2011	1.9%	1.9%
April 2012	3.3%	3.3%
April 2013	3.6%	3.6%
April 2014	1.2%	1.2%
April 2015	4.4%	4.4%
April 2016	1.4%	1.4%
April 2017	3.4%	3.4%
April 2018	2.8%	2.8%
April 2019	2.8%	2.8%

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 \$5.69 per thousand gallons for single-family customers to \$37.64 per ten thousand gallons for outdoor customers.

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 \$6.044 per thousand gallons for wholesale customers to \$67.95 for industrial sewer only customers. Additionally, industrial customers may be subject to a sewer surcharge based on the quality of their wastewater discharge.

The bill for a typical single family residential customer using 6,000 gallons per month would be \$92.63 for both water and sewer services. However, total water and sewer charges may range from \$23.19 for 1,000 gallons to \$77.30 for 5,000 gallons per month for single-family residential customers.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2019
Water Supply
(unaudited)

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2019 (million gallons per day):

	<u>Available</u>	<u>Capacity</u>	<u>Daily</u>	<u>Peak</u>	<u>Sales</u>
Ground	230	73	N/A	N/A	N/A
Surface	565	381	N/A	N/A	N/A
Total	<u>795</u>	<u>454</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
Treated					403
Untreated					215
					<u>618</u>

Sources of System Revenues - General

As of June 30, 2019, the Water Facilities and the Sewer Facilities served approximately 487,163 and 462,498 active service connections, respectively. During Fiscal Year 2019 approximately 48.7% of System Gross Revenues were derived from the sale of water (90% from treated water and 10% from untreated water), approximately 42.7% from providing wastewater treatment services 1.5% from interest income and the remaining 7.1% from various other sources. Of the treated water sales, 80.3% of revenues were from retail customers and 19.7% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2019
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, 2019. The total charges to such customers during such period represent approximately 4.61% of the System Gross Revenues and 9.37% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. North Harris Co. Regional Water Aut.	\$ 13,002,637
2. North Channel Water Auth	7,909,628
3. West Harris Co. Regional Water Aut.	7,569,955
4. North Fort Bend County WA	4,940,105
5. City of Pasadena	4,160,098
6. Gulf Coast Water Authority (Galveston)*	3,782,346
7. Anheuser Busch	3,409,031
8. City of Pearland	2,881,911
9. Clear Lake City	2,411,619
10. Memorial Villages Water Authority	2,390,415
	<u>\$ 52,457,745</u>

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June, 2019. The total of the contract payments by these ten customers during such period represents approximately 3.21% of the System Gross Revenue and 6.51% of total water sales revenues for such period.

<u>Customers</u>	<u>Gross Charges</u>
1. Equistar Chemicals LP CH11	\$ 6,358,013
2. Shell Oil	4,721,732
3. Air Liquide America Corp.	4,571,353
4. Battleground Water Company	4,229,324
5. Chevron Phillips Chemical Co,	3,668,831
6. Baytown Area	3,579,623
7. Houston Refining, LP (Lyondell -Citgo)	3,449,237
8. Hoescht Celanese	2,240,689
9. Occidental Chemical	1,912,415
10. TPC Group (formerly Texas Petrochemical)	1,724,471
	<u>\$ 36,455,688</u>

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

Fiscal Year Ending June 30	<u>Payable From System Net Revenues</u>			Total Debt Service (1) (2)	
	Total Payable From System Gross Revenues(1)	Previous Ordinance Bonds	First Lien Bonds(2)		Total Payable From System Net Revenues
2020	6,380,806	23,520,000	453,804,284	477,324,284	483,705,090
2021	6,397,931	22,405,000	459,771,665	482,176,665	488,574,597
2022	6,376,006	15,480,000	465,940,617	481,420,617	487,796,623
2023	6,355,581	17,345,000	464,543,527	481,888,527	488,244,108
2024	6,350,206	19,005,000	462,849,767	481,854,767	488,204,973
2025	6,338,956	17,990,000	463,154,600	481,144,600	487,483,556
2026	10,782,206	18,155,000	462,947,345	481,102,345	491,884,551
2027	3,378,081	30,815,000	450,275,104	481,090,104	484,468,185
2028	3,378,456	30,810,000	450,328,241	481,138,241	484,516,698
2029	3,404,306	44,095,000	436,885,356	480,980,356	484,384,662
2030	3,400,828	-	482,019,276	482,019,276	485,420,104
2031	3,396,313	-	479,205,825	479,205,825	482,602,137
2032	3,386,100	-	478,146,901	478,146,901	481,533,001
2033	3,381,000	-	477,686,097	477,686,097	481,067,097
2034	3,376,200	-	494,343,012	494,343,012	497,719,212
2035	3,381,300	-	302,459,190	302,459,190	305,840,490
2036	-	-	299,793,993	299,793,993	299,793,993
2037	-	-	259,022,256	259,022,256	259,022,256
2038	-	-	201,800,791	201,800,791	201,800,791
2039	-	-	196,304,287	196,304,287	196,304,287
2040	-	-	134,921,210	134,921,210	134,921,210
2041	-	-	134,199,205	134,199,205	134,199,205
2042	-	-	99,401,807	99,401,807	99,401,807
2043	-	-	99,395,821	99,395,821	99,395,821
2044	-	-	86,352,148	86,352,148	86,352,148
2045	-	-	72,866,160	72,866,160	72,866,160
2046	-	-	55,765,517	55,765,517	55,765,517
2047	-	-	38,413,809	38,413,809	38,413,809
2048	-	-	35,648,580	35,648,580	35,648,580
2049	-	-	17,662,815	17,662,815	17,662,815
2050	-	-	-	-	-
Total	\$ <u>79,464,276</u>	\$ <u>239,620,000</u>	\$ <u>9,015,909,206</u>	\$ <u>9,255,529,206</u>	\$ <u>9,334,993,483</u>

(1) Includes CWA Bonds.

(2) \$249,075,000 of the Series 2016C variable rate bond debt service is calculated at the fixed rate payor swap rate of 3.761%. This was refunded to Series 2018C in August 2018. Variable Rate Series 2004B and 2012AB 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.

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OPERATING REVENUES										
Sales of Water	\$ 356,046	\$ 455,333	\$ 485,307	\$ 485,485	\$ 499,912	\$ 486,517	\$ 529,879	\$ 547,054	\$ 559,010	\$ 554,294
Sewer system user charges	320,722	410,941	421,370	426,888	441,300	434,305	462,786	475,392	479,978	485,183
Penalties and Other services and charges	14,370	12,901	15,191	17,455	12,195	6,602	9,917	3,349	13,561	2,965
Total Operating Revenues	691,138	879,175	921,868	929,828	953,407	927,424	1,002,582	1,025,795	1,052,549	1,042,442
NON-OPERATING REVENUES	123,841	42,043	47,159	49,722	76,155	45,865	51,066	49,993	74,020	81,164
TOTAL GROSS REVENUES (A)	814,979	921,218	969,027	979,550	1,029,562	973,289	1,053,648	1,075,788	1,126,569	1,123,606
OPERATING EXPENSES										
Maintenance and Operating Expenses	348,796	342,364	397,226	380,192	387,398	406,619	419,161	431,126	432,152	461,859
Contractual Maintenance and Operating Expenses										
CWA Debt Service	23,117	21,285	20,389	19,663	18,875	18,064	17,684	7,204	6,399	6,385
TRA Debt Service	-	-	-	-	-	-	-	-	-	-
HAWC Debt Service	-	-	-	-	-	-	-	-	-	-
Total Contractual	23,117	21,285	20,389	19,663	18,875	18,064	17,684	7,204	6,399	6,385
TOTAL OPERATING EXPENSES (B)	371,913	363,649	417,615	399,855	406,273	424,683	436,845	438,330	438,551	468,244
NET REVENUES	\$ 443,066	\$ 557,569	\$ 551,412	\$ 579,695	\$ 623,289	\$ 548,606	\$ 616,803	\$ 637,458	\$ 688,018	\$ 655,362
GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)	2.191	2.533	2.320	2.450	2.534	2.292	2.412	2.454	2.569	2.400

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	2010	2011	2012	2013	2014
Operating Revenues					
Landing area fees	\$ 94,165	\$ 90,384	\$ 86,935	\$ 91,059	\$ 88,342
Building and ground area fees	182,105	181,182	182,320	181,701	186,505
Parking, concession and other revenues	130,309	138,836	148,295	160,234	177,260
Total Operating Revenues	<u>406,579</u>	<u>410,402</u>	<u>417,550</u>	<u>432,994</u>	<u>452,107</u>
Nonoperating Revenues					
Interest income	30,488	9,735	5,636	(1,934)	11,170
Passenger facility charges	66,383	63,138	63,550	61,195	62,602
Customer facility charges	10,981	13,478	15,904	17,104	17,152
Other nonoperating revenues	7,525	3,409	4,644	1,978	3,225
Total Nonoperating Revenues	<u>115,377</u>	<u>89,760</u>	<u>89,734</u>	<u>78,343</u>	<u>94,149</u>
Total Revenues	<u>\$ 521,956</u>	<u>\$ 500,162</u>	<u>\$ 507,284</u>	<u>\$ 511,337</u>	<u>\$ 546,256</u>
Total Annual Expenses Last Ten Fiscal Years	2010	2011	2012	2013	2014
Operating Expenses					
Maintenance and operating	\$ 245,051	\$ 284,307	\$ 264,060	\$ 272,091	\$ 285,212
Depreciation	166,788	165,657	193,266	173,448	174,825
Total Operating Expenses	<u>411,839</u>	<u>449,964</u>	<u>457,326</u>	<u>445,539</u>	<u>460,037</u>
Nonoperating Expenses					
Interest expense and others	103,602	97,945	95,546	94,812	112,350
Restatement	3,842	(430)	(1,534)	(1,063)	-
Total Nonoperating Expenses	<u>107,444</u>	<u>97,515</u>	<u>94,012</u>	<u>93,749</u>	<u>112,350</u>
Total Expenses	<u>\$ 519,283</u>	<u>\$ 547,479</u>	<u>\$ 551,338</u>	<u>\$ 539,288</u>	<u>\$ 572,387</u>
Contributions	<u>51,457</u>	<u>44,135</u>	<u>15,029</u>	<u>12,761</u>	<u>44,614</u>
Total Change in Net Position	<u>\$ 54,130</u>	<u>\$ (3,182)</u>	<u>\$ (29,025)</u>	<u>\$ (15,190)</u>	<u>\$ 18,483</u>
Net Position at Year End	2010	2011	2012	2013	2014
Net investment in capital assets	\$ 678,864	\$ 641,087	\$ 595,682	\$ 532,447	\$ 469,971
Restatement	(17,010)	(16,580)	(15,046)	(13,983)	-
Net investment in capital assets	<u>661,854</u>	<u>624,507</u>	<u>580,636</u>	<u>518,464</u>	<u>469,971</u>
Restricted net assets					
Restricted for debt service	\$ 160,873	\$ 168,841	\$ 189,966	\$ 213,064	\$ 242,558
Restricted for maintenance and operations	42,405	43,320	44,023	46,309	49,736
Restricted for special facility	12,444	15,081	20,025	26,026	30,986
Restricted for renewal and replacement	10,000	10,000	10,000	10,000	10,000
Restricted for capital improvements	526,446	549,091	537,165	552,762	581,857
Unrestricted (deficit)	-	-	-	-	-
Total Net Position	<u>\$ 1,414,022</u>	<u>\$ 1,410,840</u>	<u>\$ 1,381,815</u>	<u>\$ 1,366,625</u>	<u>\$ 1,385,108</u>

2015	2016	2017	2018	2019
\$ 93,575	\$ 86,870	\$ 88,046	\$ 95,779	\$ 87,767
197,039	216,018	221,181	220,214	211,323
185,668	186,009	184,814	194,871	199,374
<u>476,282</u>	<u>488,897</u>	<u>494,041</u>	<u>510,864</u>	<u>498,464</u>
7,496	13,260	3,403	8,591	45,067
85,392	104,230	101,539	109,021	111,155
17,535	16,417	14,200	17,374	17,439
7,969	124	5,596	(1,420)	340
<u>118,392</u>	<u>134,031</u>	<u>124,738</u>	<u>133,566</u>	<u>174,001</u>
<u>\$ 594,674</u>	<u>\$ 622,928</u>	<u>\$ 618,779</u>	<u>\$ 644,430</u>	<u>\$ 672,465</u>
2015	2016	2017	2018	2019
\$ 286,529	\$ 315,419	\$ 254,459	\$ 335,104	\$ 337,477
177,512	179,398	184,203	176,053	174,266
<u>464,041</u>	<u>494,817</u>	<u>438,662</u>	<u>511,157</u>	<u>511,743</u>
92,803	86,259	87,574	94,061	84,578
-	-	-	-	-
<u>92,803</u>	<u>86,259</u>	<u>87,574</u>	<u>94,061</u>	<u>84,578</u>
<u>\$ 556,844</u>	<u>\$ 581,076</u>	<u>\$ 526,236</u>	<u>\$ 605,218</u>	<u>\$ 596,321</u>
36,432	22,542	35,513	13,784	16,599
<u>\$ 74,262</u>	<u>\$ 64,394</u>	<u>\$ 128,056</u>	<u>\$ 52,996</u>	<u>\$ 92,743</u>
2015	2016	2017	2018	2019
\$ 466,196	\$ 537,172	\$ 542,363	\$ 531,232	\$ 542,125
-	-	-	-	-
<u>466,196</u>	<u>537,172</u>	<u>542,363</u>	<u>531,232</u>	<u>542,125</u>
\$ 303,371	\$ 333,635	\$ 287,858	\$ 357,588	\$ 428,856
53,912	54,942	54,805	56,891	60,525
25,732	26,944	29,369	36,049	43,442
10,000	10,000	10,000	10,000	10,000
600,159	561,071	676,360	657,050	651,664
(178,003)	(178,003)	(126,938)	(143,297)	(138,356)
<u>\$ 1,281,367</u>	<u>\$ 1,345,761</u>	<u>\$ 1,473,817</u>	<u>\$ 1,505,513</u>	<u>\$ 1,598,256</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics
(unaudited)

Domestic Passengers								
Fiscal Year	Bush Intercontinental		Hobby		Ellington Airport		Total	
	Enplanements	Percentage	Enplanements	Percentage	Enplanements	Percentage	Enplanements	Percentage
	& Deplanements	Change	& Deplanements	Change	& Deplanements	Change	& Deplanements	Change
	(in thousands)		(in thousands)		(in thousands)		(in thousands)	
2010	32,093	0.3%	8,755	5.7%	-	-	40,848	1.4%
2011	31,638	-1.4%	9,434	7.8%	-	-	41,072	0.6%
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	31,968	3.7%	11,837	2.0%	-	-	43,805	3.2%
2016	31,959	0.0%	12,209	3.1%	-	-	44,168	0.8%
2017	30,809	-3.6%	12,423	1.8%	-	-	43,232	-2.1%
2018	31,102	1.0%	12,864	3.5%	-	-	43,966	1.7%
2019	33,972	9.2%	13,628	5.9%	-	-	47,600	8.3%

International Passengers							
Bush Intercontinental		Hobby		Total		Total Passengers	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
8,138	6.5%	-	-	8,138	6.5%	48,986	2.2%
8,730	7.3%	-	-	8,730	7.3%	49,802	1.7%
8,686	-0.5%	-	-	8,686	-0.5%	50,656	1.7%
8,795	1.3%	-	-	8,795	1.3%	50,315	-0.7%
9,470	7.7%	-	-	9,470	7.7%	51,911	3.2%
10,018	5.8%	4	-	10,022	5.8%	53,827	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%	966	0.9%	11,905	4.8%	59,505	7.6%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Airline Market Shares
(unaudited)

Domestic Airlines	Bush Intercontinental				Hobby			
	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2019	
	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share
Alaska Airlines	185,838	0.4%	188,351	0.4%	-	0.0%	-	0.0%
American Airlines, Inc.	1,678,994	4.0%	2,126,489	4.7%	124	0.0%	-	0.0%
Atlantic Southeast - DL	-	0.0%	-	0.0%	26,900	0.2%	-	0.0%
Boutique Air	-	0.0%	2,918	0.0%	-	0.0%	-	0.0%
Charter Airlines	2,982	0.0%	4,122	0.0%	8,248	0.1%	4,686	0.0%
Compass Airlines - AE	132,886	0.3%	40,225	0.1%	-	0.0%	-	0.0%
Compass Airlines - DL	6,345	0.0%	6,345	0.0%	-	0.0%	-	0.0%
Delta	783,676	1.9%	1,159,756	2.7%	407,279	2.9%	436,104	3.0%
Endeavor (Pinnacle Airlines, Inc.) - DL	178,510	0.4%	156,440	0.3%	1,564	0.0%	-	0.0%
Envoy (American Eagle) - AA	101,030	0.2%	86,774	0.2%	30,889	0.2%	20,245	0.1%
ExpressJet Airlines, Inc. - AE	-	0.0%	-	0.0%	12,552	0.1%	12,693	0.1%
ExpressJet Airlines, Inc. - DL	23,525	0.1%	-	0.0%	-	0.0%	-	0.0%
ExpressJet Airlines, Inc. - UA	3,002,395	7.3%	2,883,776	6.4%	-	0.0%	-	0.0%
Frontier	285,337	0.7%	192,057	0.4%	-	0.0%	-	0.0%
GO JET - DL	69,655	0.2%	13,201	0.0%	-	0.0%	-	0.0%
JetBlue Airways	-	0.0%	-	0.0%	179,012	1.3%	176,990	1.2%
Kalitta Charters, LLC	16	0.0%	7	0.0%	4	0.0%	5	0.0%
Mesa Airlines, Inc. - AE	135,999	0.3%	118,240	0.3%	-	0.0%	57,496	0.4%
Mesa Airlines, Inc. - HP	-	0.0%	4,176	0.0%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - UA	3,170,575	7.7%	4,145,441	9.2%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - US	-	0.0%	14,379	0.0%	260,734	1.9%	165,816	1.1%
PSA Airlines - US	-	0.0%	11,199	0.0%	-	0.0%	-	0.0%
Republic Airlines - AE	179,472	0.4%	69,186	0.2%	-	0.0%	10,736	0.1%
Republic Airlines - DL	175,732	0.4%	98,807	0.2%	-	0.0%	-	0.0%
Republic Airlines - UA	1,477,664	3.6%	1,529,222	3.4%	-	0.0%	-	0.0%
SkyWest Airlines - AE	59,665	0.1%	7,855	0.0%	-	0.0%	33,628	0.2%
SkyWest Airlines - DL	290,692	0.7%	154,214	0.3%	-	0.0%	-	0.0%
SkyWest Airlines - UA	517,489	1.3%	715,846	1.6%	-	0.0%	-	0.0%
Southwest Airlines Company	-	0.0%	-	0.0%	11,937,077	86.4%	12,709,594	87.1%
Spirit Airlines	2,024,422	4.9%	2,244,010	5.0%	-	0.0%	-	0.0%
United Air Lines Inc.	16,619,285	40.3%	17,999,240	40.1%	-	0.0%	-	0.0%
Total Domestic	31,102,184	75.2%	33,972,276	75.6%	12,864,383	93.1%	13,627,993	93.4%
International	Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2019	
	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
AeroMexico	-	0.0%	142,906	0.3%	-	0.0%	-	0.0%
Air China	120,146	0.3%	156,832	0.3%	-	0.0%	-	0.0%
Air France	146,276	0.4%	156,864	0.3%	-	0.0%	-	0.0%
Air New Zealand	137,657	0.3%	144,018	0.3%	-	0.0%	-	0.0%
All Nippon Airways Compant, Ltd. - ANA	141,402	0.3%	153,685	0.3%	-	0.0%	-	0.0%
Atlas Air	8,318	0.0%	-	0.0%	-	0.0%	-	0.0%
BahamasAir	5,074	0.0%	9,805	0.0%	-	0.0%	-	0.0%
British Airways	226,636	0.5%	239,024	0.5%	-	0.0%	-	0.0%
Charter Airlines	1,170	0.0%	8,819	0.0%	-	0.0%	-	0.0%
Emirates	207,496	0.5%	261,321	0.6%	-	0.0%	-	0.0%
EVA Airways Corporation	183,622	0.4%	202,101	0.4%	-	0.0%	-	0.0%
ExpressJet Airlines, Inc. - UA	292,503	0.7%	261,267	0.5%	-	0.0%	-	0.0%
Interjet	168,409	0.4%	193,987	0.4%	-	0.0%	-	0.0%
Jazz Air - AC (Air Canada Jazz)	349,571	0.8%	329,540	0.7%	-	0.0%	-	0.0%
JetBlue Airways	-	0.0%	-	0.0%	-	0.0%	598	0.0%
Kalitta Charters, LLC	2	0.0%	-	0.0%	-	0.0%	-	0.0%
KLM	164,806	0.4%	174,729	0.4%	-	0.0%	-	0.0%
Korean Air lines Co. Ltd.	19,847	0.0%	-	0.0%	-	0.0%	-	0.0%
Lufthansa	279,421	0.7%	290,560	0.6%	-	0.0%	-	0.0%
Mesa Airlines, UA	780,774	1.9%	903,072	2.0%	-	0.0%	-	0.0%
Qatar Airways	154,917	0.4%	156,608	0.3%	-	0.0%	-	0.0%
Republic Airlines Inc.-UA	10,860	0.0%	-	0.0%	-	0.0%	-	0.0%
Singapore Airlines	94,029	0.2%	92,005	0.2%	-	0.0%	-	0.0%
SkyWest Airlines - UA	11,678	0.0%	-	0.0%	-	0.0%	-	0.0%
Southwest Airlines Company	-	0.0%	-	0.0%	956,910	6.9%	964,942	6.6%
Spirit Airlines	120,318	0.3%	182,717	0.4%	-	0.0%	-	0.0%
TACA	47,793	0.1%	63,021	0.1%	-	0.0%	-	0.0%
Turkish Airlines	189,048	0.5%	197,000	0.4%	-	0.0%	-	0.0%
United Air Lines Inc.	6,211,165	15.0%	6,355,437	14.2%	-	0.0%	-	0.0%
Viva Aerobus	38,072	0.1%	81,766	0.2%	-	0.0%	-	0.0%
Volaris Airlines	38,214	0.1%	57,754	0.1%	-	0.0%	-	0.0%
WestJet Airlines	99,371	0.2%	124,447	0.3%	-	0.0%	-	0.0%
Total International	10,248,595	24.8%	10,939,285	24.4%	956,910	6.9%	965,540	6.6%
Total Airlines	41,350,779	100.0%	44,911,561	100.0%	13,821,293	100.0%	14,593,533	100.0%

Ellington Airport				Houston Airport System			
Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2019	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
(in thousands)		(in thousands)		(in thousands)		(in thousands)	
	0.0%		0.0%	185,838	0.3%	188,351	0.3%
	0.0%		0.0%	1,679,118	3.1%	2,126,489	3.6%
	0.0%		0.0%	26,900	0.0%	-	0.0%
	0.0%		0.0%	-	0.0%	2,918	0.0%
	0.0%		0.0%	11,230	0.0%	8,808	0.0%
	0.0%		0.0%	132,886	0.2%	40,225	0.1%
	0.0%		0.0%	6,345	0.0%	6,345	0.0%
	0.0%		0.0%	1,190,955	2.2%	1,595,860	2.6%
	0.0%		0.0%	180,074	0.3%	156,440	0.3%
	0.0%		0.0%	131,919	0.2%	107,019	0.2%
	0.0%		0.0%	12,552	0.0%	12,693	0.0%
	0.0%		0.0%	23,525	0.0%	-	0.0%
	0.0%		0.0%	3,002,395	5.5%	2,883,776	4.8%
	0.0%		0.0%	285,337	0.5%	192,057	0.3%
	0.0%		0.0%	69,655	0.1%	13,201	0.0%
	0.0%		0.0%	179,012	0.3%	176,990	0.3%
	0.0%		0.0%	20	0.0%	12	0.0%
	0.0%		0.0%	135,999	0.2%	175,736	0.3%
	0.0%		0.0%	-	0.0%	4,176	0.0%
	0.0%		0.0%	3,170,575	5.7%	4,145,441	7.0%
	0.0%		0.0%	260,734	0.5%	180,195	0.3%
	0.0%		0.0%	-	0.0%	11,199	0.0%
	0.0%		0.0%	179,472	0.4%	79,922	0.1%
	0.0%		0.0%	175,732	0.3%	98,807	0.2%
	0.0%		0.0%	1,477,664	2.7%	1,529,222	2.6%
	0.0%		0.0%	59,665	0.1%	41,483	0.1%
	0.0%		0.0%	290,692	0.6%	154,214	0.3%
	0.0%		0.0%	517,489	0.9%	715,846	1.2%
	0.0%		0.0%	11,937,077	21.6%	12,709,594	21.4%
	0.0%		0.0%	2,024,422	3.7%	2,244,010	3.8%
	0.0%		0.0%	16,619,285	30.1%	17,999,240	30.2%
0	0.0%	0	0.0%	43,966,567	79.7%	47,600,269	80.0%

Fiscal Year 2018		Fiscal Year 2019		Fiscal Year 2018		Fiscal Year 2019	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
				-	0.0%	142,906	0.2%
				120,146	0.2%	156,832	0.3%
				146,276	0.3%	156,864	0.3%
				137,657	0.2%	144,018	0.2%
				141,402	0.3%	153,685	0.3%
				8,318	0.0%	-	0.0%
				5,074	0.0%	9,805	0.0%
				226,636	0.4%	239,024	0.4%
				1,170	0.0%	8,819	0.0%
				207,496	0.4%	261,321	0.4%
				183,622	0.3%	202,101	0.3%
				292,503	0.5%	261,267	0.4%
				168,409	0.3%	193,987	0.3%
				349,571	0.6%	329,540	0.6%
				-	0.0%	598	0.0%
				2	0.0%	-	0.0%
				164,806	0.3%	174,729	0.3%
				19,847	0.0%	-	0.0%
				279,421	0.5%	290,560	0.5%
				780,774	1.4%	903,072	1.5%
				154,917	0.3%	156,608	0.3%
				10,860	0.0%	-	0.0%
				94,029	0.2%	92,005	0.2%
				11,678	0.0%	-	0.0%
				956,910	1.7%	964,942	1.6%
				120,318	0.2%	182,717	0.3%
				47,793	0.1%	63,021	0.1%
				189,048	0.3%	197,000	0.3%
				6,211,165	11.4%	6,355,437	10.7%
				38,072	0.1%	81,766	0.1%
				38,214	0.1%	57,754	0.1%
				99,371	0.2%	124,447	0.2%
				11,205,505	20.3%	11,904,825	20.0%
0	0.0%	0	0.0%	55,172,072	100.0%	59,505,094	100.0%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information
Operating Fund Only
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	2010	2011	2012	2013
Operating Revenues				
Landing Area Fees:				
Landing Fees	\$ 91,443	\$ 87,413	\$ 83,895	\$ 87,660
Carrier Incentive Program	(411)	(250)	(836)	(749)
Aviation Fuel	1,329	1,378	1,382	1,444
Aircraft Parking	1,804	1,843	2,494	2,704
Subtotal	<u>94,165</u>	<u>90,384</u>	<u>86,935</u>	<u>91,059</u>
Building and Ground Area Revenues:				
Building Space	5,158	5,067	5,394	5,848
Terminal Space	161,960	160,563	160,247	158,237
Cargo Building	2,490	2,511	2,473	2,397
Hangar Rental	4,920	5,446	6,165	6,675
Ground Rental	7,577	7,595	8,041	8,544
Subtotal	<u>182,105</u>	<u>181,182</u>	<u>182,320</u>	<u>181,701</u>
Parking, Concession and other Revenues:				
Terminal Concessions	27,974	34,404	38,406	41,604
Auto Parking	70,127	70,681	72,833	77,596
Auto Rental	22,889	23,932	26,771	29,522
Ground Transportation	4,987	5,946	6,186	6,639
Special Events	22	22	23	-
Vending Machine	-	-	-	-
Other Operating Income	4,310	3,851	4,076	4,873
Subtotal	<u>130,309</u>	<u>138,836</u>	<u>148,295</u>	<u>160,234</u>
Total Operating Revenues	<u>\$ 406,579</u>	<u>\$ 410,402</u>	<u>\$ 417,550</u>	<u>\$ 432,994</u>
Nonoperating Revenues				
Interest on Investments	15,988	12,889	9,826	7,029
Other	2,504	341	2,289	1,222
Subtotal	<u>18,492</u>	<u>13,230</u>	<u>12,115</u>	<u>8,251</u>
Total Gross Revenues	<u>\$ 425,071</u>	<u>\$ 423,632</u>	<u>\$ 429,665</u>	<u>\$ 441,245</u>
Operation and Maintenance Expenses				
Personnel and Other Current Expenses	\$ 245,147	\$ 262,668	\$ 255,507	\$ 252,745
Bad Debt Expense	-	-	-	-
Total Operating and Maintenance Expenses	<u>\$ 245,147</u>	<u>\$ 262,668</u>	<u>\$ 255,507</u>	<u>\$ 252,745</u>
Net Revenue	<u>\$ 179,924</u>	<u>\$ 160,964</u>	<u>\$ 174,158</u>	<u>\$ 188,500</u>
Total Debt Service	\$ 145,130	\$ 158,682	\$ 151,311	\$ 153,938
Less: PFC available for debt service	(27,087)	(38,828)	(36,619)	(34,390)
Less: grant revenue available for debt service	(29,084)	(17,999)	(7,360)	-
Debt Service Requirement (per Bond Ordinance)	<u>\$ 88,959</u>	<u>\$ 101,855</u>	<u>\$ 107,332</u>	<u>\$ 119,548</u>
Coverage of debt Service	<u>2.02</u>	<u>1.58</u>	<u>1.62</u>	<u>1.58</u>

	2014	2015	2016	2017	2018	2019
\$	88,392	\$ 94,748	\$ 89,505	\$ 86,966	\$ 92,586	\$ 84,357
	(4,294)	(5,322)	(6,802)	(2,930)	(1,328)	(1,039)
	1,529	1,521	1,527	1,350	1,679	1,554
	2,715	2,628	2,640	2,660	2,842	2,895
	<u>88,342</u>	<u>93,575</u>	<u>86,870</u>	<u>88,046</u>	<u>95,779</u>	<u>87,767</u>
	6,174	6,252	6,808	6,453	6,460	6,454
	163,297	173,392	191,321	196,162	195,198	185,943
	2,432	2,506	2,484	2,448	2,390	2,391
	6,605	6,355	6,577	6,813	6,691	6,530
	7,997	8,534	8,828	9,305	9,475	10,005
	<u>186,505</u>	<u>197,039</u>	<u>216,018</u>	<u>221,181</u>	<u>220,214</u>	<u>211,323</u>
	41,434	41,830	35,189	39,969	41,231	41,491
	90,173	97,515	101,650	99,752	103,961	110,136
	32,783	31,991	30,737	28,735	28,767	28,949
	8,301	9,323	10,083	10,402	11,062	12,645
	10	25	26	20	14	15
	-	-	-	10	-	15
	4,559	4,984	8,324	5,926	9,836	6,123
	<u>177,260</u>	<u>185,668</u>	<u>186,009</u>	<u>184,814</u>	<u>194,871</u>	<u>199,374</u>
\$	<u>452,107</u>	<u>\$ 476,282</u>	<u>\$ 488,897</u>	<u>\$ 494,041</u>	<u>\$ 510,864</u>	<u>\$ 498,464</u>
	5,499	6,014	6,986	9,306	13,348	19,681
	3,162	7,526	(52)	7,177	(1,805)	46
	<u>8,661</u>	<u>13,540</u>	<u>6,934</u>	<u>16,483</u>	<u>11,543</u>	<u>19,727</u>
\$	<u>460,768</u>	<u>\$ 489,822</u>	<u>\$ 495,831</u>	<u>\$ 510,524</u>	<u>\$ 522,407</u>	<u>\$ 518,191</u>
\$	268,745	\$ 283,557	\$ 314,715	\$ 254,506	\$ 326,889	\$ 326,863
	-	-	-	-	-	-
\$	<u>268,745</u>	<u>\$ 283,557</u>	<u>\$ 314,715</u>	<u>\$ 254,506</u>	<u>\$ 326,889</u>	<u>\$ 326,863</u>
\$	<u>192,023</u>	<u>\$ 206,265</u>	<u>\$ 181,116</u>	<u>\$ 256,018</u>	<u>\$ 195,518</u>	<u>\$ 191,328</u>
\$	156,424	\$ 163,319	\$ 163,904	\$ 175,023	\$ 174,456	\$ 176,312
	(35,614)	(38,054)	(42,320)	(54,673)	(50,642)	(60,646)
	<u>(22,942)</u>	<u>(16,399)</u>	<u>(13,888)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>97,868</u>	<u>\$ 108,866</u>	<u>\$ 107,696</u>	<u>\$ 120,350</u>	<u>\$ 123,814</u>	<u>\$ 115,666</u>
	<u>1.96</u>	<u>1.89</u>	<u>1.68</u>	<u>2.13</u>	<u>1.58</u>	<u>1.65</u>

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations, Landing Weight and Cargo Activity
(unaudited)

Fiscal Year	Aircraft Operations (in thousands)			Aircraft Landed Weight (in million pounds)		
	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
2010	858	(34)	-3.81%	31,662	(245)	-0.77%
2011	861	3	0.35%	32,536	874	2.76%
2012	838	(23)	-2.67%	32,841	305	0.94%
2013	799	(39)	-4.65%	33,044	203	0.62%
2014	811	12	1.50%	33,881	837	2.53%
2015	816	5	0.62%	34,969	1,088	3.21%
2016	787	(29)	-3.55%	35,519	550	1.57%
2017	760	(27)	-3.43%	34,648	(871)	-2.45%
2018	735	(25)	-3.29%	34,814	166	0.48%
2019	752	17	2.31%	37,210	2,396	6.88%

Fiscal Year	Cargo Activity (in metric tons)				Total Cargo	Year - over Year Change
	Domestic Freight	International Freight	Mail			
2010	195,617	181,453	37,011	414,081	7.0%	
2011	205,174	208,748	33,897	447,819	8.1%	
2012	203,042	216,893	33,253	453,188	1.2%	
2013	203,082	216,693	27,142	446,917	-1.4%	
2014	193,776	225,400	27,333	446,509	-0.1%	
2015	192,331	252,876	30,026	475,233	6.4%	
2016	195,644	205,361	25,713	426,718	-10.2%	
2017	209,343	224,226	24,983	458,552	7.5%	
2018	231,670	234,384	23,790	489,844	6.8%	
2019	270,965	240,260	23,413	534,638	9.1%	

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
2020	172,666,720	172,666,720
2021	177,420,114	177,420,114
2022	177,827,905	177,827,905
2023	175,335,467	175,335,467
2024	174,727,100	174,727,100
2025	174,730,635	174,730,635
2026	174,454,171	174,454,171
2027	176,898,580	176,898,580
2028	175,117,224	175,117,224
2029	175,473,661	175,473,661
2030	180,813,392	180,813,392
2031	181,468,938	181,468,938
2032	179,568,881	179,568,881
2033	183,233,503	183,233,503
2034	41,820,875	41,820,875
2035	41,783,875	41,783,875
2036	41,743,625	41,743,625
2037	41,711,250	41,711,250
2038	41,663,000	41,663,000
2039	41,620,000	41,620,000
2040	41,582,625	41,582,625
2041	13,222,375	13,222,375
2042	13,206,125	13,206,125
2043	3,753,125	3,753,125
2044	3,749,000	3,749,000
2045	3,752,750	3,752,750
2046	3,744,125	3,744,125
2047	3,742,875	3,742,875
2048	3,733,625	3,733,625
2049	3,731,000	3,731,000
Total	\$ 2,824,296,543	\$ 2,824,296,543

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges
(unaudited)

	Bush Intercontinental		Hobby	
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2018	2019	2018	2019
Landing Rates (1) (5)	\$2.763	\$2.704	\$2.013	\$1.857
Terminal Space Rentals (2) (5)	\$24.26 - \$72.69	\$24.68 - \$66.92	\$48.10 - \$68.15	\$51.78 - \$70.17
Apron Rentals (2) (5)	\$2.453 - \$2.780	\$2.754 - \$2.933	\$1.791 - \$1.848	\$1.687 - \$1.738
Aircraft Parking (per day) (4)	\$100 - \$400	\$100 - \$400	\$100 - \$400	\$100 - \$400
Cargo (per day) (3)	\$200 - \$600	\$200 - \$600	\$200 - \$600	\$200 - \$600
Parking Rates (6)				
Ecopark Uncovered (7)	\$6.00	\$6.00	n/a	n/a
Ecopark Covered (7)	\$8.00	\$8.00	n/a	n/a
Ecopark2 Covered (8)	\$6.00	\$7.00	n/a	n/a
Ecopark (11)	n/a	n/a	n/a	n/a
Ecopark 2 (12)	n/a	n/a	\$10.00	\$10.00
Structured (9)	\$22.00	\$24.00	\$22.00	\$24.00
Sure Park (10)	\$24.00	\$26.00	n/a	n/a
Valet (10)	\$26.00	\$28.00	\$26.00	\$28.00

(1) Per 1,000 pounds of landing weight

(2) Range per square foot

(3) Daily cargo rates increased on August 1, 2011 at Intercontinental and Hobby to a range of \$200-\$600

(4) Daily aircraft parking rates increased on August 1, 2011 at Intercontinental and Hobby to a range of \$100-\$400

(5) 2010-2018 actual rates provided versus budgeted; 2019 budgeted rates provided

(6) Maximum per day

(7) New rates effective September 1, 2013

(8) New rates effective December 3, 2018

(9) New rates effective February 4, 2019

(10) New rates effective February 4, 2019

(11) Ecopark 1 at Hobby closed March 18, 2014

(12) New rates effective May 5, 2014

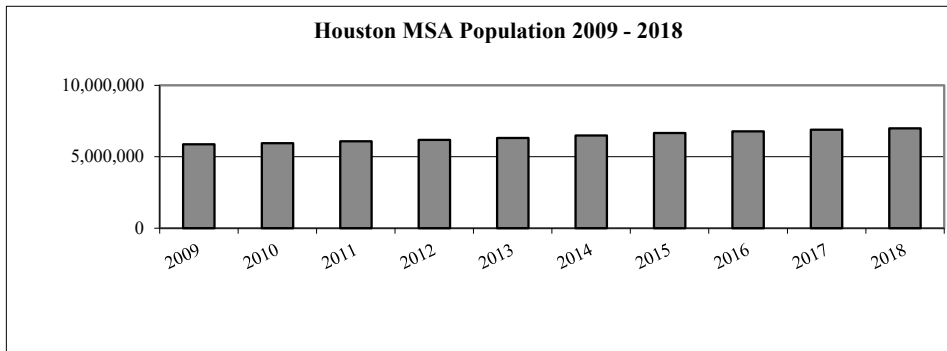
**CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Service Area
(unaudited)**

The airport service region for the Houston Airport System consists of (1) the nine county Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (Austin, Brazoria, Chambers, Fort Bend, Galveston, Harris, Liberty, Montgomery and Waller counties) -- referred to as the Houston MSA, and (2) a large secondary area surrounding the Houston MSA. The limits of this secondary area are generally defined by the range and quality of airline service at other air carrier airports, including Beaumont Jefferson County Airport to the east, Dallas/Fort Worth International Airport and Dallas Love Field to the north, Corpus Christi International Airport to the southwest and Austin-Bergstrom International Airport and San Antonio International Airport to the west.

Houston, the nation's fourth most populous city, is the largest in the South and Southwest. The Houston MSA ranks fifth in population among the nation's metropolitan areas.

Service Area Population

<u>Year</u>	<u>Houston MSA Population</u>
2009	5,867,489
2010	5,946,800
2011	6,086,538
2012	6,177,035
2013	6,313,158
2014	6,490,180
2015	6,656,947
2016	6,772,470
2017	6,892,427
2018	6,997,384



Source: Greater Houston Partnership and U.S. Census Bureau, Population Division

CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2019
(amounts expressed in thousands)
(unaudited)

Policy Number	Insurer	Term of Policy
929624721	Western Surety Company	01-02-2016 to 01-02-2020
929624722	Western Surety Company	01-02-2016 to 01-02-2020
61BSBJ1564	Hartford Casualty Insurance Company	01-02-2019 to 01-02-2020
106360496	Travelers Casualty Insurance Company	08-04-2019 to 08-04-2020
16BSBAR6948	Hartford Casualty Insurance Company	02-27-2019 to 02-27-2020
61BSBID9767	Hartford Casualty Insurance Company	07-01-2019 to 07-01-2020
6610	Texas Municipal League	05-15-2019 to 05-15-2020
ESP730205804	Arch Specialty Insurance Company	04-01-2019 to 04-04-2020
ESP200393200	First Specialty Insurance Corporation	04-01-2019 to 04-01-2020
42XPR30740601	National Fire & Marine Insurance Company	04-01-2019 to 04-01-2020
DF00006282	National Fire & Marine Insurance Company	01-01-2019 to 04-01-2020
LCP648088304	Tokio Marine American Insurance Company	04-01-2019 to 04-01-2020
MKLV10XPO03202	Evanston Insurance Company	04-01-2019 to 04-01-2020
HNYP19798645	Lloyd's of London (One Syndicate)	04-01-2019 to 04-01-2020
NOJY46283019	Lloyd's London(Multiple Syndicates)	04-01-2019 to 04-01-2020
NOJY46273019	Lloyd's London (Multiple Syndicates)	04-01-2019 to 04-01-2020
VLLCN000030503	Lloyd's of London (One Syndicate)	04-01-2019 to 04-01-2020
XP190079	Colony Insurance Company	04-01-2019 to 04-01-2020
D37362797011	Westchester Fire Insurance Company	04-01-2019 to 04-01-2020
BPR1800921	Colony Insurance Company	04-01-2019 to 04-01-2020
3485301	Ironshore Specialty Insurance Company	04-01-2019 to 04-01-2020
VISCN000030503	Independent Speciality Insurance Company	04-01-2019 to 04-01-2020
NOJY46271019	Lloyd's of London (Multiple Syndicates)	04-01-2019 to 04-01-2020
NOJY46270019	Lloyd's London (Multiple Syndicates)	04-01-2019 to 04-01-2020
DF00006282	National Fire & Marine Insurance Company	04-01-2019 to 04-01-2020
3485400	Ironshore Specialty Insurance Company	04-01-2018 to 04-01-2019
3485301	Ironshore Specialty Insurance Company	09-01-2019 to 09-01-2020
ESP30000289302	Endurance American Specialty Insurance Company	04-01-2019 to 04-01-2020
17001628	Lexington Insurance Company	04-01-2019 to 04-01-2020
SLSTPTY11156519	Starr Surplus Lines Insurance Company	04-01-2019 to 04-01-2020
VRXCN000030503	Interstate Fire & Casualty Company	04-01-2019 to 04-01-2020
NOJY46272019	Lloyd's of London (Multiple Syndicates)	04-01-2019 to 04-01-2020
NHD907542	RSUI Indemnity Company	04-01-2019 to 04-01-2020
NOJY46274019	Lloyd's of London (Great Lakes Insurance SE)	04-01-2019 to 04-01-2020
SLSTPTY11156519	Starr Surplus Lines Insurance Company	04-01-2019 to 04-01-2020
CA3X001313191	Everest Indemnity Insurance Company	04-01-2019 to 04-01-2020
MTP903747501	Indian Harbor Insurance Company	09-01-2019 to 09-01-2020
B0180PH1901642	Lloyd's of London	09-01-2019 to 09-01-2020
PRX10013662301	Endurance American Insurance	09-01-2019 to 09-01-2020
NOJY46284019	Lloyd's of London (Multiple Syndicates)	04-01-2019 to 04-01-2020
NOJY46285019	Lloyd's of London (Multiple Syndicates)	04-01-2019 to 04-01-2020
BM6076028407	Continental Casualty Company	03-18-2019 to 03-18-2020
6610	Texas Municipal League	07-01-2019 to 07-01-2020
01-333-42-11-00357	AXA Insurance Company	06-26-2019 to 06-26-2020
CA00001556809	Admiral Insurance Company	02-26-2019 to 02-29-2020
73652M194ALI	Starstone Specialty Insurance Company	02-26-2019 to 02-26-2020
01-333-42-11-00619	AXA Insurance Company	11-03-2018 to 11-03-2019
105324683	Travelers Casualty & Surety	12-30-2018 to 12-30-2019
14266605	Hannover Insurance Company	05-29-2019 to 05-29-2020
6610	Texas Municipal League	05-15-2019 to 05-15-2020
6610	Texas Municipal League	05-15-2019 to 05-15-2020
46BDDHQ9279	Hartford Insurance	07-01-2019 to 07-01-2020
Various (approximately 2,000)	Western Surety Company	Four Year Term per Bond
KKO0000022264000	National Casualty Company	11-20-2018 to 11-20-2019
L010478	Houston Casualty Company	06-24-2019 to 07-06-2019
61BDDHT0320	Hartford Casualty Insurance Company	10-29-2019 to 10-29-2020
61BDDHO5613	Hartford Casualty Insurance Company	02-11-2019 to 02-11-2020
AAPN11235487 003	ACE Property & Casualty Insurance Company	03-15-2019 to 03-15-2020

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
HMEPS Treasurer	Public Official Bond	\$ 250
City of Houston	Automobile Catastrophe	\$ 491,911
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 6,250
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 11,642
City of Houston	Property Insurance *	\$ 1,964
City of Houston	Property Insurance *	\$ 10,714
City of Houston	Property Insurance *	\$ 9,900
City of Houston	Property Insurance *	\$ 4,357
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 5,000
City of Houston	Property Insurance *	\$ 2,500
City of Houston	Property Insurance *	\$ 2,100
City of Houston	Property Insurance *	\$ 3,982
City of Houston	Property Insurance *	\$ 4,000
City of Houston	Property Insurance *	\$ 5,000
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 *	\$ 12,500
City of Houston	Property Insurance *	\$ 8,750
City of Houston	Property Insurance *	\$ 3,000
City of Houston	Property Insurance *	\$ 11,482
City of Houston	Property Insurance *	\$ 15,000
City of Houston	Property Insurance *	\$ 10,000
City of Houston	Property Insurance *	\$ 7,500
City of Houston	Property Insurance *	\$ 5,357
City of Houston	Cyber Liability Insurance Primary Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 1st Excess Layer	\$ 10,000
City of Houston	Cyber Liability Insurance 2nd Excess Layer	\$ 10,000
City of Houston	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	\$ 91,548
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	\$ 11,783
Holcombe Health Lab	Commercial General Liability	\$ 1,000
Holcombe Health Lab	Excess Liability	\$ 5,000
HoustonFirst Corporation	Fine Arts	\$ 31,166
City of Houston	Pole Attachment Bond, Centerpoint	\$ 250
City of Houston	Public Employee Dishonesty/Crime	\$ 2,000
City of Houston	Automobile Liability	\$ 500
City of Houston	Automobile Physical Damage	\$ 450
Houston Center for Literacy	Employee Dishonesty	\$ 375
Various City of Houston Notaries	Notary Public Bonds	\$ 3
City of Houston	Special Event Commercial General Liability	\$ 1,000
City of Houston	Adverse Weather Event Cancellation	\$ 889
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, 2019
(unaudited)

<u>Name and Title of Official</u>	<u>Authorized Annual Base Salary</u>
Sylvester Turner, Mayor	\$ 236,189
Chris Brown, City Controller	\$ 157,459
Brenda K. Stardig, Council Member - District A	\$ 62,983
Jerry V. Davis, Council Member - District B	\$ 62,983
Ellen N. Cohen, Council Member - District C	\$ 62,983
Dwight A. Boykins, Council Member - District D	\$ 62,983
David P. Martin, Council Member - District E	\$ 62,983
Duc M. Le, 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
Michael H. Laster, 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
Felix M. Kubosh, Council Member - At Large Position 3	\$ 62,983
Amanda K. Edwards, Council Member - At Large Position 4	\$ 62,983
John R. Christie, Council Member - At Large Position 5	\$ 62,983

CITY OF HOUSTON, TEXAS
Schedule of Credits
(unaudited)

Comprehensive Annual Financial Report:

Controller's Office

Executive/Administrative Divisions

Chris B. Brown, City Controller
Shannan Nobles, Chief Deputy City Controller
Max Moll, Director of Communications

Design Oversight and Writing

Financial Reporting Division

Beverly Riggans, Interim Deputy City Controller
Olatundun Akinsanya, Assistant City Controller
Alicia Cai, Assistant City Controller
Karel Irving, Assistant City Controller
Sharon Liu, Assistant City Controller
Chris Okeagu, Assistant City Controller
Maria G. Perez, Administrative Specialist
Courtney Satterwhite, Assistant City Controller
Suong "Su" Vu, Assistant City Controller
Bonita Wright, Assistant City Controller

Preparation and Coordination

Operations and Technical Services Division

Alexander Obregon, Deputy City Controller
Monika De Los Santos, Assistant City Controller
Brenda Jackson, System Support Analyst
Martina Lee, Assistant City Controller
Daniel Schein, System Support Analyst

Consulting and General Support

Treasury Division

Charisse Page Mosely, Deputy City Controller
Han Au, Treasury Manager
Ashlee Brown, Financial Analyst
Vernon Lewis, Assistant City Controller
Lillie Nobles, Management Analyst
Asha Patnaik, Debt Manager
Catherine Smith, Senior Treasury Analyst

Debt and Investment Management Disclosures

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued
(unaudited)

Finance Department

Tantri Emo, Director
Bukola Bayo, Financial Analyst
Kiran Chandu, Deputy Assistant Director
Beverly McFarlain, Division Manager
Gloria Moreno, Assistant Director
Sherry Mose, Division Manager
Vivien Nguyen, Staff Analyst
Bobby Qasim, Division Manager
Arif Rasheed, Deputy Director
Mohsin Raza, Staff Analyst
Alma Tamborello, Administration Manager
Mary Ann Yao, Financial Analyst

Preparation, Coordination, Analysis and Documentation

Administration & Regulatory Affairs Department

Tina Paez, Director
Valerie Berry, Assistant Director
Raymond Bradford, Senior Staff Analyst
Chia-Hsuan Chiou, Administration Manager
Vijay Govind, Financial Analyst II
Hannah Hoang, Senior Accountant
Maria Irshad, Assistant Director
Bethany Li, Administration Manager
Carlos Medel, Customer Services Supervisor
Tina Paquet, Assistant Director
Rosalinda Salazar, Senior Staff Analyst
Sreng Ung, Division Manager
Karen Davidson, Assistant Director

Analysis and Supporting Documentation

Houston Information Technology Services Department

Lisa Kent, Director
Susan Stone, Assistant Director

SAP/ ERP Consulting, Support & Development

Professional Consultants

Houston Independent School District Printing Services
Debbie Roberts, Outside Sales Representative

Project Management and Design

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

Independent Auditors

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Comprehensive Annual Financial Report. However, we have included the major participants who made the issuance of this document possible.

The Photographs

The City of Houston is home to one of the world's preeminent museum districts. Nestled in between midtown and the Medical Center, the Houston Museum District is home to 19 world-class museums, four walkable zones, and is one of the largest concentrations of cultural destinations in the country. The images chosen for the Fiscal Year 2019 Comprehensive Annual Financial Report highlight just a few of the city's world-class museums and underscore Houston's rich, diverse cultural offerings to the world.

The Greater Houston region is home to one of the largest child populations in the United States. The Children's Museum of Houston services that population by connecting children and families with enriching educational experiences and activities. These experiences are designed to offer foundational learning opportunities, provide parents with the support they need in their role, and reinforce learning that occurs in school. The Children's Museum of Houston serves an audience of more than one million children and families annually.

The Center for African-American Military History – d.b.a. Buffalo Soldiers National Museum – is dedicated to exploring and displaying the vast contributions of African-Americans in the military. Through its diverse offerings of visual arts, educational programming, and exhibitions, the Buffalo Soldiers Museum preserves and promotes the rich history and contributions of America's Buffalo Soldiers from the American Revolution to present day.

In the heart of Houston's Museum District, The Health Museum inspires passion and curiosity in health, the medical sciences and the human body. Next door to the Texas Medical Center, the Health Museum offers innovative and interactive health and science educational experiences through health fairs and community outreach, family science labs, school field trips, science mini-classes, and traveling exhibits. With over 2.5 million visitors, the Health Museum is the most interactive and popular science learning center of its kind.

Founded in 1981, the Houston Center for Photography is dedicated to the art of photography. The gallery, which is free to the public, features some of the finest works of contemporary photography, and offers over 300 photography classes and workshops year-round. Through its programmatic offerings, the Houston Center for Photography encourages artists, builds audiences, stimulates dialogue, and promotes curiosity about photography and related media through education, exhibitions, publications, fellowship programs, and community collaboration.

Founded in 1948, The Contemporary Arts Museum of Houston is dedicated to presenting a broad array of contemporary international, national, and regional art. The Contemporary Arts Museum of Houston is best known for its iconic stainless steel building, which was designed by renowned architect Gunnar Birkerts prior to its opening in 1972. The building's two floors of gallery offer six to eight exhibitions each year, and showcase work by leading internationally-recognized artists, as well as thematic exhibitions organized around questions central to the nature of art and life today.

One of the most heavily-attended museums in the United States, the Houston Museum of Natural Science serves as a pillar of the Houston Museum District. Founded in 1909, the purpose of the Houston Museum of Natural Science has always been to enhance in individuals the knowledge and delight in natural science and related subjects. Today, the museum houses the Burke Baker Planetarium, Wortham GIANT Screen Theatre, Cockrell Butterfly Center, along with its permanent and traveling exhibits. The Museum is a major science learning center with over a half million school children visiting annually, including every fourth grade and seventh grade class in the Houston Independent School District.

Situated in Houston's Montrose neighborhood, the Menil Collection serves as the anchor for a campus with four other museum buildings: two are dedicated to single artists (Cy Twombly and Dan Flavin), the Byzantine Fresco Chapel, and the Menil Drawing Institute. Known for displays that allow the objects and works of art to speak for themselves, the Menil philosophy is to foster a direct, personal encounter with works of art. The Menil seeks to make art more accessible, and charges no admission fee in that effort.

A host to more than two million visitors annually, the Houston Zoo is home to more than 6,000 animals. The mission of the world-class zoo is to connect communities – and Houstonians – with animals, and inspiring action to preserve and save wildlife. Through its preservation work, the Houston Zoo saves animals in the wild by partnering with like-minded programs and organizations, and supports long-term solutions that promote harmony between animals, people, and their shared ecosystem.

After two years and a \$34 million expansion, Holocaust Museum Houston, Lester and Sue Smith Campus reopened in June 2019 at its original home at 5401 Caroline St. after more than doubling in size to a total of 57,000 square feet. Ranked as the nation's fourth largest Holocaust museum and fully bilingual in English and Spanish, the new three-story structure houses a welcome center, four permanent galleries and two changing exhibition galleries, classrooms, research library, café, 187-seat indoor theater and 175-seat outdoor amphitheater. In becoming one of the top Holocaust museums in the country, the organization has broadened its mission as a superregional hub for Holocaust education and a national voice for human rights and social justice. In keeping with its mission, the Museum is free for children and students of all ages.

Photos provided by:

Buffalo Soldiers Museum
Children's Museum of Houston
Houston Health Museum

Houston Center for Photography
Contemporary Arts Museum Houston
Houston Museum of Natural Science

The Menil Collection
Houston Zoo
Houston Holocaust Museum



CITY OF HOUSTON, TEXAS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2019

CITY OF HOUSTON, TEXAS

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**Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Houston, Texas (the "City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2019.

Our report includes a reference to other auditors who audited the financial statements of the Firefighters' Relief and Retirement Pension Trust Fund, the Municipal Employees' Pension Trust Fund, and the Police Officers' Pension Trust Fund, blended component units of the City, which, in the aggregate, represent 100% of the assets and net position of the pension trust funds, within the fiduciary funds. Except for Houston Area Library Automated Network, , and Lamar Terrace Public Improvement District, we did not audit the financial statements of any governmental discretely presented component units which represent 7.5%, (4.9%) and 8.7%, respectively, of the assets, net position (deficit), and revenues of the governmental activities or any business-type discretely presented component units which represents 5.7%, 15.4% and 14.8%, respectively, of the assets, net position, and revenues of the business-type activities. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. Except for the Houston Forensic Science Center, Houston Recovery Center LGC, and Uptown Development Authority, which were audited under *Governmental Auditing Standards*, all other governmental and business-type discretely presented component units audited by other auditors were not audited in accordance with *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiency in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 17, 2019
Houston, Texas

**Independent Auditors' Report on Compliance for Each Major Federal and State Program and
Report on Internal Control over Compliance Required by the Uniform Guidance and the State of
Texas Uniform Grant Management Standards**

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

Report on Compliance for Each Major Federal and State Program

We have audited the City of Houston, Texas (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grants Management Standards* ("UGMS") that could have a direct and material effect on each of the City's major federal and state programs for the year ended June 30, 2019. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and State of Texas statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; 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 UGMS. Those standards, the Uniform Guidance and the State of Texas UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State of Texas UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies in internal control over compliance.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State of Texas UGMS. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas UGMS

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 17, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and the State of Texas UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures

applied in the audit of the 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. The City's basic financial statements include the operations of the aggregate discretely presented component units which are not included in the schedule during the year ended June 30, 2019. Our audit did not include the operations of the aggregate discretely presented component units because the entities engaged other auditors to perform their respective audits. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

December 17, 2019
Houston, Texas

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL AWARDS

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
US Department of Agriculture Food and Nutrition Services					
Direct Awards					
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	SNAP-FSUP-15-TX-01	-	\$ -	\$ 41,012
Total Direct Awards				\$ -	\$ 41,012
Pass-Through Awards					
<i>Texas Health and Human Services Commission</i>					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	186TX507W1003	2017-049799-001A	-	2,717,324
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	196TX507W1003	2017-049799-001A	-	7,003,423
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	186TX527W5003	2017-049799-001A	-	653,434
<i>Total Texas Health and Human Services Commission</i>				-	<u>10,374,181</u>
<i>Texas Department of Agriculture Food and Nutrition Services</i>					
Child and Adult Care Food Program	10.558	176TX332N1050	TX101100701525	-	95,561
Child and Adult Care Food Program	10.558	186TX332N1099	CE ID 01525	-	472,953
				-	<u>568,514</u>
Summer Food Service Program for Children	10.559	176TX332N1099	TX101100701525	-	432,076
Summer Food Service Program for Children	10.559	186TX332N1099	TX101100701525	-	99,787
				-	<u>531,863</u>
<i>Total Texas Department of Agriculture Food and Nutrition Services</i>				-	<u>1,100,377</u>
Total Pass-Through Awards				\$ -	\$ 11,474,558
Total US Department of Agriculture Food and Nutrition Services				\$ -	\$ 11,515,570
US Department of Commerce					
Pass-Through Award					
<i>Texas General Land Office</i>					
Coastal Zone Management Administration Awards	11.419	NA18NOS4190153	19-058-000-B092	\$ -	\$ 402
<i>Total Texas General Land Office</i>				-	<u>402</u>
Total Pass-Through Awards				\$ -	\$ 402
Total US Department of Commerce				\$ -	\$ 402
US Department of Housing and Urban Development					
Direct Awards					
Community Development Block Grants/Entitlement Grants	14.218	B-10-MC-48-0018	-	\$ -	\$ 57,487
Community Development Block Grants/Entitlement Grants	14.218	B-12-MC-48-0018	-	9,048	9,048
Community Development Block Grants/Entitlement Grants	14.218	B-13-MC-48-0018	-	43,567	318,444
Community Development Block Grants/Entitlement Grants	14.218	B-14-MC-48-0018	-	150,194	163,804
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-48-0018	-	-	358,684
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-48-0018	-	486,102	6,865,643
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-48-0018	-	1,858,147	4,135,729
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-48-0018	-	877,023	15,756,578
Community Development Block Grants/Entitlement Grants	14.218	TX24SPG501	-	-	31,098
Community Development Block Grants/Entitlement Grants	14.218	E-95-EZ-48-0006	-	-	574,832
Community Development Block Grants/Entitlement Grants	14.218	B-16-MH-48-0001	-	857,088	2,578,177
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	-	-	5,712
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	-	-	9,525
Community Development Block Grants/Entitlement Grants	14.218	E-95-EZ-48-0006	-	-	6,690,792

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
		4600012117, ADH0016, ADH0010, ADH0021, RRL0061, RRL0060, RRL0055, RRL0056, RRL2062, 4600011937, HPB0030, HPB0055, HPB0057, HPB0053, HNH0013, HNH0014, HPB0017, HPA0146, UHL0156, UHL0143, HNH0009, HPA0033, HPB0037,			
Community Development Block Grants/Entitlement Grants	14.218	UHL0170, UHL0127	-	-	24,901,730
				<u>4,281,169</u>	<u>62,457,283</u>
Emergency Solutions Grant Program	14.231	E-16-MC-48-0018	-	174,889	207,161
Emergency Solutions Grant Program	14.231	E-17-MC-48-0018	-	1,660,161	1,663,728
Emergency Solutions Grant Program	14.231	E-18-MC-48-0018	-	64,077	140,456
				<u>1,899,127</u>	<u>2,011,345</u>
Home Investment Partnerships Program	14.239	M07-MC-48-0206	-	-	93,239
Home Investment Partnerships Program	14.239	M11-MC-48-0206	-	-	176,834
Home Investment Partnerships Program	14.239	M12-MC-48-0206	-	-	1,268,836
Home Investment Partnerships Program	14.239	M13-MC-48-0206	-	-	5,226,437
Home Investment Partnerships Program	14.239	M14-MC-48-0206	-	-	1,333,935
Home Investment Partnerships Program	14.239	M15-MC-48-0206	-	-	2,731,183
Home Investment Partnerships Program	14.239	M16-MC-48-0206	-	2,230,211	2,237,728
Home Investment Partnerships Program	14.239	M17-MC-48-0206	-	-	738,008
Home Investment Partnerships Program	14.239	M18-MC-48-0206	-	-	1,395,925
Home Investment Partnerships Program	14.239	M-05-MC-48-0206	-	-	112,523
		4600010307, 4600012320, 4600010378, 4600007830, HWA0009, ADH0011, 4600010296, RRL0047, 4600008708, 4600011668, RRL0051, RRL0066, ADH0041, RRL0057, UHM0015, UHM0010,			
Home Investment Partnerships Program	14.239	HPA0070	-	-	18,297,349
				<u>2,230,211</u>	<u>33,611,997</u>
Housing Opportunities for Persons with AIDS	14.241	TXH15F003	-	378,417	378,417
Housing Opportunities for Persons with AIDS	14.241	TXH16F003	-	3,951,841	3,951,841
Housing Opportunities for Persons with AIDS	14.241	TXH17F003	-	4,606,928	5,282,136
Housing Opportunities for Persons with AIDS	14.241	TXH18F003	-	1,102,631	1,419,877
Housing Opportunities for Persons with AIDS	14.241	TXH05F003	-	-	2,446,494
				<u>10,039,817</u>	<u>13,478,765</u>
Community Development Block Grants Section 108 Loan Guarantees	14.248	4600014639	-	-	4,970,043
Community Development Block Grants Section 108 Loan Guarantees	14.248	B-94-MC-48-0018	-	-	3,472,067
				<u>-</u>	<u>8,442,110</u>
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0288-15	-	-	351,623
Lead Hazard Reduction Demonstration Grant Program	14.905	TXLHD0319-17	-	-	453,381
				<u>-</u>	<u>805,004</u>
Total Direct Awards				\$ 18,450,324	\$ 120,806,504
Pass-Through Awards					
<i>Texas General Land Office</i>					
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	13-181-000-7294	FC74485-A	\$ -	\$ 10,414,180
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	14-236-000-8329	B-08-D1-48-0001	449,301	5,322,673
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	B-16-DL-48-0001	19-076-008-B357	-	3,862
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	B-17-DM-48-0001	19-147-001-B489	-	7,799,631
<i>Total Texas General Land Office</i>				<u>449,301</u>	<u>23,540,346</u>
Total Pass-Through Awards				\$ 449,301	\$ 23,540,346
Total US Department of Housing and Urban Development				\$ 18,899,625	\$ 144,346,850

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
US Department of the Interior					
Pass-Through Awards					
<i>Texas Parks and Wildlife Department</i>					
Enhanced Hunter Education and Safety	15.626	492084	CT 433041	\$ -	\$ 27,788
Outdoor Recreation Acquisition, Development and Planning	15.916	48-001132	-	-	830,000
<i>Total Texas Parks and Wildlife Department</i>				-	857,788
Total Pass-Through Awards				\$ -	\$ 857,788
Total US Department of the Interior				\$ -	\$ 857,788
US Department of Justice					
Direct Awards					
Missing Children's Assistance	16.543	2015-MC-FX-K046	-	\$ -	\$ 127,291
Missing Children's Assistance	16.543	2018-MC-FX-K066	-	-	196,426
				-	323,717
Public Safety Partnership and Community Policing Grants	16.710	2014-ULWX0034	-	-	1,184,962
Public Safety Partnership and Community Policing Grants	16.710	2017-ULWX0017	-	-	622,167
				-	1,807,129
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DG-BX-K002	-	-	1,628
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DG-BX-K011	-	-	537
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0832	-	-	118,794
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0464	-	-	951,913
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0568	-	1,173,986	1,192,791
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0413	-	1,192,642	1,204,412
				2,366,628	3,470,075
Economic High-Tech and Cyber Crime Prevention	16.752	2016-ZP-BX-0002	-	-	49,480
Economic High-Tech and Cyber Crime Prevention	16.752	2018-IP-BX-0022	-	-	70,664
				-	120,144
Services for Trafficking Victims	16.320	2016-VT-BX-K010	-	-	332,953
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2015-MO-BX-0006	-	54,484	54,484
Comprehensive Opioid Abuse Site-Based Program	16.838	2018-AR-BX-K080	-	58,632	61,623
Equitable Sharing Program- Justice	16.922	-	-	-	1,730,896
Total Direct Awards				\$ 2,479,744	\$ 7,901,021
Pass-Through Awards					
<i>Office of the Texas Governor - Criminal Justice Division</i>					
Crime Victim Assistance	16.575	2016-VA-GX-0033	1359217	-	53,218
Crime Victim Assistance	16.575	2016-VA-GX-0033	3525301	-	382,649
Crime Victim Assistance	16.575	2016-VA-GX-0033	3327901	-	91,099
Crime Victim Assistance	16.575	2018-V2-GX-0040	3327902	14,867	66,653
				14,867	593,619
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0053	3593301	-	66,915
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0161	3593601	-	1,073
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0161	3067302	-	29,418
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0161	3067303	-	20,851
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0956	3054002	-	6,998
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-BX-0161	3054003	-	18,162
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-DJ-BX-0053	3565001	-	38,414
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015-DJ-BX-0956	2588606	-	10,638
				-	192,469

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Juvenile Justice and Delinquency Prevention	16.540	2016-JF-FX-0008	3110302	\$ -	\$ 2,988
<i>Total Office of the Texas Governor - Criminal Justice Division</i>				<u>14,867</u>	<u>789,076</u>
<i>Sam Houston State University</i> Office On Violence Against Women Research and Evaluation Program	16.026	2016-SI-AX-0005	-	-	31,691
<i>Total Sam Houston State University</i>				<u>-</u>	<u>31,691</u>
<i>International Association of Chiefs of Police</i> Crime Victim Assistance/Discretionary Grants	16.582	2016-MU-GX-K026	-	-	26,598
<i>Total International Association of Chiefs of Police</i>				<u>-</u>	<u>26,598</u>
Total Pass-Through Awards				\$ 14,867	\$ 847,365
Total US Department of Justice				\$ 2,494,611	\$ 8,748,386
US Department of Labor					
Direct Awards					
Homeless Veterans Reintegration Program	17.805	SD-31273-17-60-5-48	-	\$ -	\$ 6,200
Total Direct Awards				<u>\$ -</u>	<u>\$ 6,200</u>
Total US Department of Labor				<u>\$ -</u>	<u>\$ 6,200</u>
US Department of Transportation					
Direct Awards					
Airport Improvement Program	20.106	3-48-0111-100-2013	-	\$ -	\$ 254,612
Airport Improvement Program	20.106	3-48-0111-109-2017	-	-	170,194
Airport Improvement Program	20.106	3-48-0111-097-2013	-	-	56,501
Airport Improvement Program	20.106	3-48-0111-107-2016	-	-	1,590,212
Airport Improvement Program	20.106	3-48-0110-038-2013	-	-	41,621
Airport Improvement Program	20.106	3-48-0290-023-2015	-	-	8,686
				<u>-</u>	<u>2,121,826</u>
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	FM-MHP-0310-17-01-00	-	-	410,956
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	FM-MHP-0393-18-01-00	-	-	157,864
				<u>-</u>	<u>568,820</u>
National Infrastructure Investments	20.933	DTFH61-16-G-00004	-	-	2,293,740
Total Direct Awards				\$ -	\$ 4,984,386
Pass-Through Awards					
<i>Texas Department of Transportation</i>					
State and Community Highway Safety*	20.600	18X9204020TX17	2018-HOUSTONP-S-1YG-0043	\$ -	\$ 105,404
State and Community Highway Safety*	20.600	18X9204020TX17	2018-HOUSTONP-S-1YG-0009	-	293,731
State and Community Highway Safety*	20.600	69A37519300004020TX0	2019-HOUPD-S-CMV-00004	-	275,115
State and Community Highway Safety*	20.600	69A37519300004020TX0	2019-HOUSTPD-S-1YG-00022	-	682,685
				<u>-</u>	<u>1,356,935</u>
National Priority Safety Programs*	20.616	18X920405DTX17	2018-HOUSTONPD-IDM-00015	-	48,607
National Priority Safety Programs*	20.616	18X9204058TX19	2019HOUSTONPD-CIOT-00012	-	57,235
National Priority Safety Programs*	20.616	18X920405DTX1969A37519	2019-HOUSTONPD-IDM-00012	-	62,424
				<u>-</u>	<u>168,266</u>
Highway Planning and Construction	20.205	CM 2014(929)	CSJ#0912-72-308	-	208,642
Highway Planning and Construction	20.205	CSJ 0912-71-739	-	-	4,812,164
Highway Planning and Construction	20.205	481602657M30130	CSJ#0912-00-538	-	1,162,050
<i>Houston-Galveston Area Council</i>					
Highway Planning and Construction	20.205	CSJ # 912-00-529	TDOT.16.0608-01	-	2,372,989
Highway Planning and Construction	20.205	CSJ # 912-00-494	TDOT.17.0606-03	-	273,391
				<u>-</u>	<u>8,829,236</u>

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Public Transportation Emergency Relief Program	20.527	TX 2017-2	-	-	1,059,237
<i>Total Texas Department of Transportation</i>				-	11,413,674
Total Pass-Through Awards				\$ -	\$ 11,413,674
Total US Department of Transportation				\$ -	\$ 16,398,060
US Department of Treasury					
Direct Awards					
Equitable Sharing Program - Treasury	21.016	-	-	-	\$ 433,655
Total Direct Awards				\$ -	\$ 433,655
Total US Department of Treasury				\$ -	\$ 433,655
US Institute of Museum and Library Services					
Pass-Through Awards					
<i>Texas State Library and Archive Commission</i>					
Grants to States	45.310	LS-00-18-0044-18	TXT-19004	-	\$ 30,965
Grants to States	45.310	LS-00-17-0044-17	479-18007	-	23,335
Grants to States	45.310	LS-00-17-0044-17	475-18004	-	1,769
Grants to States	45.310	LS-00-17-0044-17	478-18010	-	2,487
Grants to States	45.310	LS-00-17-0044-17	475-18011	-	330
<i>Total Texas State Library and Archive Commission</i>				-	58,886
Total Pass-Through Awards				\$ -	\$ 58,886
Total US Institute of Museum and Library Services				\$ -	\$ 58,886
US Department of Veterans Affairs					
Direct Awards					
VA Grants for Adaptive Sports Program for Disabled Veterans and Disabled Members of the Armed Forces	64.034	2018-ASG-39	-	-	\$ 20,514
Total Direct Awards				\$ -	\$ 20,514
Total US Department of Veterans Affairs				\$ -	\$ 20,514
US Environmental Protection Agency					
Direct Awards					
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94801	00F94801	-	20,349
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	00F94701	00F94701	-	33,690
				-	54,039
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	01F41301	-	-	\$ 157,145
Total Direct Awards				\$ -	\$ 211,184
Pass-Through Awards					
<i>Texas Commission on Environmental Quality</i>					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	PM-00F77701	582-15-50041	-	\$ 14,213
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	225017	582-19-90029	-	83,823
				-	98,036
National Estuary Program	66.456	CE-00655006	582-19-90212	-	38,509
National Estuary Program	66.456	CE-00655006	582-18-80341	-	28,054
				-	66,563
Performance Partnership Grants	66.605	900638	582-18-80076	-	421,195
<i>Total Texas Commission on Environmental Quality</i>				-	585,794

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
<i>Texas Water Development Board</i>					
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000149	-	-	1,350,081
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000223	-	-	1,531,368
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000382	-	-	13,737,994
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000508	-	-	10,416,231
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000776	-	-	2,423,500
				-	29,459,174
Capitalization Grants for Drinking Water State Revolving Funds	66.468	L1000222	L1000222	-	78,254
<i>Total Texas Water Development Board</i>					
				-	29,537,428
Total Pass-Through Awards				\$ -	\$ 30,123,222
Total US Environmental Protection Agency				\$ -	\$ 30,334,406
US Department of Education					
Pass-Through Awards					
<i>Houston Independent School District</i>					
Teacher And School Leader Incentive Grants (Formerly The Teacher Incentive Fund)	84.374	-	U374A170050	\$ -	\$ 105,807
<i>Total Houston Independent School District</i>				-	105,807
Total Pass-Through Awards				\$ -	\$ 105,807
Total US Department of Education				\$ -	\$ 105,807
US Department of Health and Human Services					
Direct Awards					
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	6 NU52PS004670-04-01	-	-	900,237
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	5 NU52PS004670-05-00	-	-	861,153
				-	1,761,390
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NH28CE002395-02-03	-	-	109,103
Injury Prevention and Control Research and State and Community Based Programs	93.136	6 NH28CE002395-03-02	-	-	293,423
				-	402,526
Immunization Cooperative Agreements	93.268	6 NH23IP000734-05-02	-	-	3,252,758
Immunization Cooperative Agreements	93.268	CCH622532A	-	-	2,452,527
				-	5,705,285
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000368-04-04	-	22,702	342,177
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	5 NU50CK000368-05-00	-	-	1,739,159
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	6 NU50CK000368-03-04	-	52,736	639,007
				75,438	2,720,343
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	6 NU50CK000368-03-05	-	-	25,368
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	6NU50CK000368-04-01	-	-	59,512
				-	84,880
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	6 NU50CK000368-01-09	-	-	74,240
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815	6 NU50CK000368-03-03	-	-	(28)
				-	74,212

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
HIV Prevention Activities_Health Department Based	93.940	6 NU62PS924515-01-01	-	-	140,155
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924515-02-00	-	-	396,821
HIV Prevention Activities_Health Department Based	93.940	6 NU62PS924572-01-03	-	1,261,846	5,191,762
HIV Prevention Activities_Health Department Based	93.940	5 NU62PS924572-02-00	-	585,799	3,382,123
HIV Prevention Activities_Health Department Based	93.940	5NU62PS005050-03-03	-	-	1,295,242
				1,847,645	10,406,103
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004947-03-03	-	-	(6,614)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	5 NU62PS004947-04-01	-	-	594,345
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS004947-05-02	-	-	18,675
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS005092-03-06	-	-	372,516
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	6 NU62PS005092-04-03	-	67,115	147,405
				67,115	1,126,327
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073	6 NU50DD000045-01-01	-	-	139,632
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	6 NUE2EH001381-01-01	-	-	291,985
Substance Abuse And Mental Health Services Projects Of Regional And National Significance	93.243	H79SP080300	-	-	16,302
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	6 NU90TP921943-01-01	-	-	1,433,288
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – Financed in part by the Prevention and Public Health Fund (PPHF)	93.733	1 NH23IP922560-01-00	-	\$ -	\$ 125,440
Child Lead Poisoning Prevention Surveillance Financed in part by Prevention and Public Health (PPHF) Program	93.753	6 NUE1EH001259-03-02	-	-	61,776
Total Direct Awards				\$ 1,990,198	\$ 24,349,489
Pass-Through Awards					
<i>Texas Health and Human Services Commission</i>					
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	18AATX7FEA	539-16-0014-00001	\$ (2,247)	\$ (2,247)
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1901TXOAEA	539-16-0014-00001	15,963	15,963
				13,716	13,716
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	18AATX7TOM	539-16-0014-00001	49,128	49,128
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services for Older Individuals	93.042	1901TXOAOA	539-16-0014-00001	75,768	75,768
				124,896	124,896
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	18AATX3PH	539-16-0014-00001	58,506	58,598
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1901TXOAPH	539-16-0014-00001	140,723	140,723
				199,229	199,321
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	18AATX3SS	539-16-0014-00001	140,303	926,225
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers**	93.044	1901TXOASS	539-16-0014-00001	298,644	2,099,696
				438,947	3,025,921
Special Programs for the Aging_Title III, Part C_Nutrition Services**	93.045	18AATX3CM	539-16-0014-00001	566,842	693,826
Special Programs for the Aging_Title III, Part C_Nutrition Services**	93.045	1901TXOACM	539-16-0014-00001	1,433,895	1,815,491

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Special Programs for the Aging_Title III, Part C_Nutrition Services**	93.045	18AATX3HD	539-16-0014-00001	490,541	574,530
Special Programs for the Aging_Title III, Part C_Nutrition Services**	93.045	1901TXOAH	539-16-0014-00001	1,908,753	2,071,186
				<u>4,400,031</u>	<u>5,155,033</u>
National Family Caregiver Support, Title III, Part E	93.052	18AATX3FC	539-16-0014-00001	37,997	264,264
National Family Caregiver Support, Title III, Part E	93.052	1901TXOAF	539-16-0014-00001	226,788	792,386
				<u>264,785</u>	<u>1,056,650</u>
Nutrition Services Incentive Program**	93.053	18AATXNSIP	539-16-0014-00001	751,734	751,734
Nutrition Services Incentive Program**	93.053	1901TXOANS	539-16-0014-00001	1,575,727	1,575,727
				<u>2,327,461</u>	<u>2,327,461</u>
Medicare Enrollment Assistance Program	93.071	1701TXMIDR	539-16-0031-00003	-	17,582
Medicare Enrollment Assistance Program	93.071	1701TXMIDR	539-16-0031-00003	-	25,504
Medicare Enrollment Assistance Program	93.071	1701TXMIAA	539-16-0014-00001	-	1,475
Medicare Enrollment Assistance Program	93.071	1801TXMIAA	539-16-0014-00001	-	20,942
				<u>-</u>	<u>65,503</u>
State Health Insurance Assistance Program	93.324	90SAPG0015-01-00	539-16-0014-00001	-	(3,208)
State Health Insurance Assistance Program	93.324	90SAPG0015-02-02	539-16-0014-00001	-	140,313
State Health Insurance Assistance Program	93.324	90SAPG0015-03-00	539-16-0014-00001	-	25,399
				<u>-</u>	<u>162,504</u>
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS300151	539-16-0031-00003	-	18,642
Money Follows the Person Rebalancing Demonstration	93.791	1LICMS300151-01-15	539-16-0031-00003	-	112,870
				<u>-</u>	<u>131,512</u>
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30644	2016-003932-02	-	56,225
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30644	2016-003932	-	192,095
				<u>-</u>	<u>248,320</u>
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048	90DA2878-01	539-16-0014-00001	-	12,825
<i>Total Texas Health and Human Services Commission</i>				<u>7,769,065</u>	<u>12,523,662</u>
<i>Texas Department of State Health Services</i>					
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0167-00001	-	(4,329)
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0167-00001-01	-	1,232,704
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0132-00001	-	1,320
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0132-00001	-	230,675
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0185-00001	-	2,655
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness Aligned Cooperative Agreements	93.074	1 NU90TP921879-01-00	537-18-0185-00001	-	475,708
				<u>-</u>	<u>1,938,733</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	U50CK000378	537-17-0388-00001	-	35,103
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	U50CK000378	537-18-0345-00001	-	182,629
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	U50CK000378	537-18-0345-00001	-	38,235
				<u>-</u>	<u>255,967</u>
Public Health Emergency Preparedness	93.758	B010T009053	2016-003837-B	-	5,023
Public Health Emergency Preparedness	93.758	B010T009053	2016-003837	-	1,716
				<u>-</u>	<u>6,739</u>

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	6 NH25PS004360-04-05	2016-001348B	-	1,695,455
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	5 NH25PS004360-05-00	HHS000309100001	-	233,603
				-	1,929,058
Maternal and Child Health Services Block Grant to the States	93.994	B04MC29327	2016-003868B	-	32,271
Maternal and Child Health Services Block Grant to the States	93.994	B04MC30644-01-01	2016-048876-002A	-	45,792
				-	78,063
Public Health Emergency Preparedness	93.069	NU90TP921869-01-02	537-18-0345-00001	-	14,524
Preventive Health and Health Services Block Grant	93.991	1 NUB01OT009080-01-00	537-18-0226-00001	-	142,248
<i>Total Texas Department of State Health Services</i>				-	4,365,332
<i>Texas Department of Family and Protective Services</i>					
Temporary Assistance for Needy Families***	93.558	1801TXTANF	529-16-0003-00006	-	128,260
Temporary Assistance for Needy Families***	93.558	1901TXTANF	529-16-0003-00006-2	-	552,043
<i>Total Texas Department of Family and Protective Services</i>				-	680,303
<i>National Center for Healthy Housing</i>					
Strengthening Public Health Systems and Services through National Partnerships to Improve and Protect the Nation's Health	93.421	1NU38OT00-300-01-00	NCHH-19-1325	-	2,450
<i>Total National Center for Healthy Housing</i>				-	2,450
<i>The University of Texas Health Science Center</i>					
Environmental Health	93.113	5 R01ES023563-05	0010389A	-	21,818
<i>Total The University of Texas Health Science Center</i>				-	21,818
<i>Women's Family Planning and Health Association</i>					
Family Planning_Services	93.217	FPHPA066196-03	WHFPT17	-	33,672
Family Planning_Services	93.217	FPHPA006394-01	WHFPT17	-	423,260
Family Planning_Services	93.217	FPHPA6401-01	WHFPT	-	48,818
<i>Total Women's Family Planning and Health Association</i>				-	505,750
<i>American Association of Diabetes Educators</i>					
Scaling The National Diabetes Prevention Program To Priority Populations	93.261	17NU58DP006361-01-00	-	-	6,774
Scaling The National Diabetes Prevention Program To Priority Populations	93.261	17NU58DP006361-01-00	-	-	4,870
<i>Total American Association of Diabetes Educators</i>				-	11,645
<i>Gulf Coast Workforce Board</i>					
Child Care Mandatory and Matching Funds of the Child Care and Development Fund***	93.596	2818CCMC07	2816ABA000	-	205,068
Child Care Mandatory and Matching Funds of the Child Care and Development Fund***	93.596	74-6001164	2819CCMC07	-	14,299
Child Care Mandatory and Matching Funds of the Child Care and Development Fund***	93.596	2818CCMC07	2816ABA000	-	13,290
Child Care Mandatory and Matching Funds of the Child Care and Development Fund***	93.596	2818CCMC07	2816ABA000	-	18,926
<i>Total Gulf Coast Workforce Board</i>				-	251,583
<i>Dia De La Mujer Latina Incorporated</i>					
Mental and Behavioral Health Education and Training Grants	93.732	1 M01HP31266-01-00	M01HP31266	-	8,847
Mental and Behavioral Health Education and Training Grants	93.732	5 M01HP31266-02-00	M01HP31266	-	9,544
<i>Total Dia De La Mujer Latina Incorporated</i>				-	18,391
<i>Harris County Public Health Environment Services</i>					
HIV Emergency Relief Project Grants	93.914	H89HA00004	18GEN0124	-	68,427
HIV Emergency Relief Project Grants	93.914	H89HA00004	19GEN2238	-	29,832
<i>Total Harris County Public Health Environment Services</i>				-	98,259
Total Pass-Through Awards				\$ 7,769,065	\$ 18,479,193
Total U.S. Department of Health and Human Services				\$ 9,759,263	\$ 42,828,682

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Office of National Drug Control Policy					
Direct Awards					
High Intensity Drug Trafficking Areas Program	95.001	G17HN0001A	-	\$ -	\$ 431,190
High Intensity Drug Trafficking Areas Program	95.001	G18HN0001A	-	-	2,990,712
Total Direct Awards				\$ -	\$ 3,421,902
Total Office of National Drug Control Policy				\$ -	\$ 3,421,902
U.S. Department of Homeland Security					
Direct Awards					
Assistance to Firefighters Grant	97.044	EMW-2017-FO-05995	-	\$ -	\$ 673,137
Assistance to Firefighters Grant	97.044	EMW-2017-FP-00308	-	-	10,856
				-	683,993
Port Security Grant Program	97.056	EMW-2015-PU-00254	-	-	332,312
Port Security Grant Program	97.056	EMW-2016-PU-00107	-	-	30,000
Port Security Grant Program	97.056	EMW-2017-PU-00220-S01	-	-	517,213
Port Security Grant Program	97.056	EMW-2018-PU-00390-S01	-	-	64,193
				-	943,718
Securing the Cities Program	97.106	15DNSTC00002-03-01	-	-	3,632,054
Financial Assistance for Countering Violent Extremism	97.132	EMW-2016-CA-00158-S01	-	-	331,872
Preparing for Emerging Threats and Hazards	97.133	EMW-2016-GR-00117-S01	-	-	89,997
Total Direct Awards				\$ -	\$ 5,681,634
Pass-Through Awards					
<i>Texas WaterDevelopment Board</i>					
Flood Mitigation Assistance	97.029	EMT-2016-FM-E001(3)	1500011981	\$ -	\$ 2,458,033
Flood Mitigation Assistance	97.029	EMT-2017-FM-E001(2)	1600012122	-	759,374
Total Texas Development Board				-	3,217,407
<i>Office of the Texas Governor Division of Emergency Management</i>					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	-	-	380,609
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR-4269	-	-	170,952
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	-	-	4,630,945
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	DR 4332	-	-	121,887,431
Total Office of the Texas Governor Division of Emergency Management				-	127,069,937
<i>Texas Department of Public Safety</i>					
Hazard Mitigation Grant	97.039	DR-4272-015	201-35000-00	-	9,912
Hazard Mitigation Grant	97.039	DR-4223-069	DR-4223-069	-	201,802
				-	211,714
Emergency Management Performance Grants	97.042	EMT-2017-EP-00005-S01	17TX-EMPG-0357	-	12,383
Emergency Management Performance Grants	97.042	EMT-2018-EP-00008	18TX-EMPG-0357	-	233,015
				-	245,398
Homeland Security Grant Program	97.067	EMW-2011-SS-00019	11-GA-35000-25	-	140
Total Texas Department of Public Safety				-	457,252
<i>Texas General Land Office</i>					
Federal Disaster Assistance to Individuals and Households in Presidential Declared Disaster Areas	97.048	HSFE06-17-O-0002	18-210-007	-	13,686,080
Total Texas General Land Office				-	13,686,080
<i>Texas Office of the Governor, Homeland Security</i>					
Homeland Security Grant Program	97.067	EMW-2017-SS-00005	3400101;2960703	-	147,003
Homeland Security Grant Program	97.067	EMW-2018-SS-00022-S01	3664701;296074;3400102	-	60,810

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
Homeland Security Grant Program	97.067	EMW-2016-SS-00056	2974102;2973602;2975202; 2975902;2975302;2974002; 2973802;2975102;3154101; 3180301;2974802;3154001; 2975602;2975502;2974402; 3181601; 2973902; 2974302;2986002	-	3,453,963
Homeland Security Grant Program	97.067	EMW-2017-SS-00005	2973603;2973903;2974403; 3421501;2974602;3421701; 2975603;2975503;2974703; 2974103;2975203;2975303; 2974803;2974003;2975103; 2986003	-	5,158,293
Homeland Security Grant Program <i>Total Office of the Governor, Homeland Security</i>	97.067	EMW-2018-SS-00022-S01	2975204;2973604;2974804; 2975604;2975504;2974004; 2986004;2975104;3693801; 2974104;3693701;2974404; 3693001;3693201;3181602; 2974603;2973904;2974704; 3697601	-	1,879,226
<i>Texas Commission on Environmental Quality</i>	97.091	998117	582-16-60020	-	185,170
Homeland Security Biowatch Program	97.091	209119	582-19-90033	-	661,894
<i>Total Texas Commission on Environmental Quality</i>				-	847,064
Total Pass-Through Awards				\$ -	\$ 155,977,035
Total U.S. Department of Homeland Security				\$ -	\$ 161,658,669
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 31,153,499	\$ 420,735,777

<u>Cluster Title</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Awards Expenditures</u>
* Highway Safety Cluster	-	\$ 1,525,201
** Aging Cluster	7,166,439	10,508,415
*** Cluster 477	-	931,886
Total Cluster - Federal Awards	\$ 7,166,439	\$ 12,965,502

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

STATE AWARDS

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Awards Expenditures</u>
Office of the Texas Governor - Emergency Management Division				
Hurricane Harvey Recovery	DR 4332	-	-	4,255,177
Total Office of the Texas Governor's - Emergency Management Division			-	4,255,177
Office of the Texas Governor - Criminal Justice Division				
Internet Crimes Against Children Task Force-Houston Metro	2017-IC-ST-0001	-	-	253,075
Internet Crimes Against Children Task Force-Houston Metro	2019-IC-ST-0001	2745204	-	94,248
			-	347,323
Juvenile Case Manager Program Delinquency Prevention Initiative	2017-TP-ST-0000	3350901	-	19,593
Juvenile Case Manager Program Delinquency Prevention Initiative	2018-TP-ST-0002	3350902	-	224,790
			-	244,383
BG-Rifle-Resistant Body Armor Grant Program	2018-BG-ST-0025		-	3,930,651
National Incident Based Reporting System	2017-NB-ST-0024	-	-	77,595
			-	4,599,952
<i>Passed through Pasadena Independent School District</i>				
Summit Juvenile Intervention Program Gang Intervention Services	3095802	C77440	-	17,706
Summit Juvenile Intervention Program Gang Intervention Services	3095803	C77440	-	49,912
			-	67,618
Total Pasadena Independent School District			-	67,618
Total Office of the Texas Governor - Criminal Justice Division				
			-	4,667,570
Texas Automobile Theft Prevention Authority				
Houston Auto Crimes Task Force/26	608-18-HPD0000	-	-	185,524
Houston Auto Crimes Task Force/27	608-19-HPD0000	-	-	640,326
Total Texas Automobile Theft Prevention Authority			-	825,850
Texas Commission on Environmental Quality				
<i>Passed through Houston-Galveston Area Council</i>				
Solid Waste Implementation Program	TCEQ.18.0301	HGAC 18-16-03	-	20,829
Solid Waste Implementation Grant-Front End Loader for Reuse Cente	TCEQ.18.0301	HGAC 18-16-09	-	41,321
			-	62,150
Environmental Investigations Solid Waste Enforcement Expansion	TCEQ.18.0301	HGAC 18-16-01	-	49,432
Solid Waste Department Clean Up Grant	TCEQ.18.0301	HGAC-19-16-04	-	4,237
HGAC -Clean Rivers	582-18-80290	CE-17-075	-	69,716
Total Houston-Galveston Area Council			-	185,535
Total Texas Commission on Environmental Quality				
			-	185,535
Texas Department of Criminal Justice				
Texas Department of Criminal Justice Reentry Program	696-TC-16-17-L064	-	-	249,818
Total Texas Department of Criminal Justice			-	249,818
Texas Department of Family and Protective Services				
<i>Passed through Harris County Protective Services</i>				
Community Youth Development Campo Del Sol	24426974	17/0153	-	31,760
			-	31,760
Total Harris County Protective Services			-	31,760
Total Texas Department of Family and Protective Services				
			-	31,760

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

<u>Program Title</u>	<u>Grant Award Number</u>	<u>Award/Pass Through Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Awards Expenditures</u>
Texas Department of State Health Services				
Community Diabetes	2016-003872	-	-	83,750
Community Diabetes	2016-003872C	-	-	3,169
			-	<u>86,919</u>
Infectious Disease Control Unit - Surveillance	537-18-0288-00001	-	-	200,315
Infectious Disease Control Unit - Flu Laboratory	537-18-0337-00001	-	-	5,977
			-	<u>206,292</u>
Sexually Transmitted Diseases /Human Immunodeficiency Virus	2016-001348B	-	-	689,487
Sexually Transmitted Diseases /Human Immunodeficiency Virus	HHS000309100001	-	-	1,330,006
			-	<u>2,019,493</u>
Tuberculosis Prevention and Control-African American Project	537-18-0100-00001	-	-	336,697
Tuberculosis Prevention and Control-African American Project	537-18-0100-00001-01	-	-	1,458,042
			-	<u>1,794,739</u>
Immunization State	537-18-0084-00001	-	-	225,266
Immunization State	HHS000119700014	-	-	1,112,392
			-	<u>1,337,658</u>
Local Public Health Grant	537-18-0226-00001	-	-	161,960
Zoonosis: Animal Friendly	537-18-0379-00001	-	-	15,153
			-	<u>15,153</u>
Total Department of State Health Services			-	<u>5,622,214</u>
Texas Health and Human Services Commission				
CHS TTL V Prenatal Dental	2016-003884	-	-	20,031
CHS TTL V Prenatal Dental	2016-003884-02	-	-	17,109
			-	<u>37,140</u>
Healthy Texas Women	529-16-0132-00037-B	-	-	6,901
Healthy Texas Women	529-16-0132-00037-C	-	-	302,750
			-	<u>309,651</u>
ADRC Operations and Promoting Independence	539-16-0031-00003	-	-	690,146
State General Revenue	539-16-00014-00001	-	619,212	619,713
TV Family Alliance	529-17-0058-00014	-	-	91,458
			-	<u>91,458</u>
Total Texas Health and Human Services Commission			619,212	<u>1,748,108</u>
Texas Department of Housing and Community Affairs				
Texas Homeless Housing and Services Program General Revenue	63180002754	-	70,070	131,838
Texas Homeless Housing and Services Program General Revenue	63197000005	-	751,513	963,513
Total Texas Department of Housing and Community Affairs			<u>821,583</u>	<u>1,095,351</u>
Texas Parks and Wildlife Department				
Houston Park Adventure	52-000675	-	-	28,568
Emancipation Park (Rider)	55-000028	-	-	131,288
Total Texas Parks and Wildlife Department			-	<u>159,856</u>
Texas State University				
Tobacco Sting /7	TXST-1A-2019-3755-TSSC	-	-	28,187
Total Texas State University			-	<u>28,187</u>
TOTAL EXPENDITURES OF STATE AWARDS			\$ 1,440,795	\$ 18,869,426

See notes to the Schedule of Expenditures of Federal and State Awards

CITY OF HOUSTON, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

1. The accompanying schedules of expenditures of federal and state awards includes the federal and state grant activities, respectively, of the City of Houston, Texas (the “City”) under programs of the federal and state governments for the year ended June 30, 2019. The information in these schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS), respectively. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in, the preparation of the basic financial statements.
2. Expenditures reported on the schedules are presented on the modified accrual basis of accounting for the governmental funds and the accrual basis of accounting for the enterprise funds, which is described in Note 1 to the City's financial statement. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards Uniform Guidance, or UGMS, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
3. Federal and state awards provided to subrecipients are treated as expenditure when the City is notified by the subrecipient of the expenditure. Amounts reported in the schedule of expenditures of federal and state awards may not agree with the amounts reported in the related financial reports filed with grantor agencies because of accruals, which would be included in the next report filed with the agencies. Negative amounts shown on the schedules represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.
4. The City did not elect to use the 10% de minimis indirect cost rate since it either charges indirect cost specifically approved in a grant award document or, when allowed, allocates indirect cost rate previously approved from its cognizant agency. These rates determine the recovery of indirect costs incurred from the delivery of federal and state grant funded programs and Enterprise and Internal Service Fund charge backs.
5. Federal and state awards are reported in the City's Comprehensive Annual Financial Report (CAFR) as follows (in thousands):

	Federal	State
Grant Funds	\$ 329,606	\$ 18,869
Housing and Urban Development	57,306	-
Equitable Sharing Program (Special Revenue Funds)	2,165	-
Enterprise Fund-Combined Utility System (TX Water Board)	29,537	-
Enterprise Fund-Airport System Fund	2,122	-
Total	\$ 420,736	\$ 18,869

CITY OF HOUSTON, TEXAS
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

6. **Noncash Awards** – The City received donated vaccines directly from the federal government under CFDA No. 93.268 which were reported at assessed value provided by the federal agency. The amount of such donated vaccines issued/consumed for the year ended June 30, 2019 was \$2,452,527 and was reported as federal award expenditures in the schedule of expenditures of federal awards. The value of donated vaccines as of year ended June 30, 2019 is \$523,715.
7. **Loan Outstanding** – The City had the following direct federal loan balances outstanding at June 30, 2019 that were reported as federal award expenditures in the schedule of expenditures of federal awards.

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding June 30, 2019</u>
Community Development Block Grant	14.218	\$ 31,592,522
HOME Investment Partnerships Program	14.239	\$ 18,297,349
Housing Opportunities for Persons with HIV/AIDS	14.241	\$ 2,446,494
Section 108 Guaranteed Loan Program	14.248	\$ 4,970,043

8. **Federal Disaster Grant Assistance** – After a presidentially declared disaster, Federal Emergency Management Administration (FEMA) Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) and Federal Highway Administration (FHWA) (CFDA 20.527) provide Disaster Grants to reimburse eligible costs associated with repair, replacement or restoration of disaster-damaged facilities and other assets. The federal government makes reimbursement in the form of cost-shared grants. As of June 30, 2019, \$85.5M FEMA and \$1.059M FHWA approved eligible expenditures were incurred in the prior year(s) and are included in the schedule of expenditures of federal awards. Additional estimated expenditures in the amount of \$31.8M for FEMA were incurred in current and prior years but are not obligated as of yet.
9. **Contingencies** – The City receives various grants to cover costs of specified programs. Final determination of eligibility of costs will be made by the grantors. Should any costs be found ineligible, the City will be responsible for reimbursing the grantors for these amounts.
10. **Subsequent Event** – The City has evaluated subsequent events through December 17, 2019; the date the schedules of expenditures of federal and state awards were available to be issued. No changes were made, or necessary to be made, to these schedules as a result of this evaluation.

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statement Section

- | | |
|---|------------|
| 1. Type of auditor's report issued: | Unmodified |
| 2. Internal control over financial reporting: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| c) Noncompliance material to financial statements noted? | No |

Federal and State Awards Section

- | | |
|---|------------|
| 1. Internal control over major programs: | |
| a) Material weaknesses identified? | No |
| b) Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 2. Type of Auditor's report issued on compliance for major programs: | Unmodified |
| 3. Any audit findings disclosed, which are required to be reported in accordance with 2 CFR section 200.516(a)? | No |
| 4. Identification of major programs: | |

**Federal CFDA
Number**

Name of Federal Programs

- | | |
|--------|--|
| 16.738 | Edward Byrne Memorial Justice Assistance Grant Program |
| 20.933 | National Infrastructure Investments |
| | Aging Cluster: |
| 93.044 | - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers |
| 93.045 | - Special Programs for the Aging, Title III, Part C, Nutrition Services |
| 93.053 | - Nutrition Services Incentive Program |
| 93.940 | HIV Prevention Activities Health Department Based |
| 97.036 | Disaster Grants - Public Assistance (Presidentially Declared Disasters) |
| 97.048 | Federal Disaster Assistance to Individuals and Households in Presidential Declared Disaster Areas |

Award Number

Name of State Programs

- | | |
|-------------------|--|
| 4332DRTXP00000001 | Disaster Grant for Hurricane Harvey Recovery |
| 608-18-HPD0000 | |
| 608-19-HPD0000 | Houston Auto Crimes Task Force |

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

2018-BG-ST-0025	Rifle-Resistant Body Armor Grant Program
539-16-0014-00001	State General Revenue
2016-001348B	
HHS000309100001	Sexually Transmitted Diseases/Human Immunodeficiency Virus (STD/HIV)
63180002754	
63197000005	Texas Homeless Housing and Services Program

5. Dollar threshold used to distinguish between Type A and Type B programs:
 - Federal Award Programs (determined under Uniform Guidance) \$3,000,000
 - State Award Programs (determined under State of Texas Uniform Grant Management Standards) \$417,723

6. Auditee qualified as low-risk auditee under?
 - For Federal Award Programs (determined under 2 CFR section 200.520) Yes
 - For State Award Programs (determined under State of Texas Uniform Grant Management Standards) Yes

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

II. FINANCIAL STATEMENT FINDINGS SECTION

No findings were noted.

CITY OF HOUSTON, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

No findings were noted.

CITY OF HOUSTON, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

IV. STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

FISCAL YEAR ENDED JUNE 30, 2018

FINDING NO. 2018-001:

COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH REPORTING REQUIREMENTS

Community Development Block Grants/Entitlement Grants – CFDA #14.218

HOME Investment Partnerships Program – CFDA #14.239

Condition – During the course of our test for the City’s compliance with the reporting requirements, we noted that that the City filed its annual Section 3 reports 18 days late to the grantor agency.

Recommendation – Management should improve coordination among departmental personnel and strengthen internal control process for timely preparation and submittal of all required reports to the grantor.

Current status – *Management implemented its corrective action plan and, as such, this finding was resolved and not repeated in fiscal year 2019.*

FISCAL YEAR ENDED JUNE 30, 2018

FINDING NO. 2018-002:

COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH SPECIAL TESTS AND PROVISIONS (WAGE RATE REQUIREMENTS)

Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii – CFDA # 14.228

Condition – During the course of our test for the City’s compliance with the Wage Rate Requirements included under Special Tests and Provisions compliance, we reviewed prime and subcontractors’ agreements for 2 construction projects. Of the 7 subcontractors’ agreements that were reviewed for one of these projects, 6 did not include provisions requiring compliance with Davis Bacon Act. Upon further inquiry, it was noted that this particular project had 46 subcontractors of which 38 subcontractors (including the ones in our sample) had missing provisions related to compliance with Davis Bacon Act provisions.

Recommendation – Management should strengthen its compliance with all grant requirements. Additional inquiries should be conducted from the funding agency to ensure all compliance requirements are identified.

Current Status – *Management implemented its corrective action plan and, as such, this finding was resolved and not repeated in fiscal year 2019.*

CITY OF HOUSTON, TEXAS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

FISCAL YEAR ENDED JUNE 30, 2018

FINDING NO. 2018-003:

COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH SPECIAL TESTS AND PROVISIONS (WAGE RATE REQUIREMENTS)

Capitalization Grants for Clean Water State Revolving Funds – CFDA #66.458

Condition – During the course of our testing for the City’s compliance with the Wage Rate Requirements, we noted instances where weekly certified payrolls were not provided by prime and subcontractors for the selected testing period. Additionally, several instances were noted where subcontract agreements were either not obtained or were missing provisions requiring compliance with the Davis Bacon Act provisions.

Recommendation – City’s Office of Business Opportunity (OBO) should review current policies and the Wage Rate compliance requirement and strengthen its process to ensure receipt of subcontractors’ agreement from the Prime Contractor and certified payrolls on a timely basis. In cases non-compliance is identified, efforts need to be made to bring the prime and subcontractor in compliance. For a successful adherence to compliance requirement, improvement is also needed in communication between the department and OBO for receipt of information from the prime and subcontractors on a timely basis.

Current Status – *The City of Houston was not able to fully implement its proposed corrective action plan due to staff changes in fiscal year 2019, as such the finding was not resolved.*

In fiscal year 2020, the City intends to conduct a refresher training for contract compliance staff for contract payroll review as well as conduct quarterly meetings with Department staff to ensure no payments are made to non-compliant contractors. Additionally, the City is in the process of creating a standardized letter for communicating with contractor for noncompliance with wage rate requirements. The City now anticipates to complete implementation of the entire corrective action plan by June 30, 2020. The responsible party for resolution of this finding will be Johnnie Burns, Office of Business Opportunity, Division Manager.