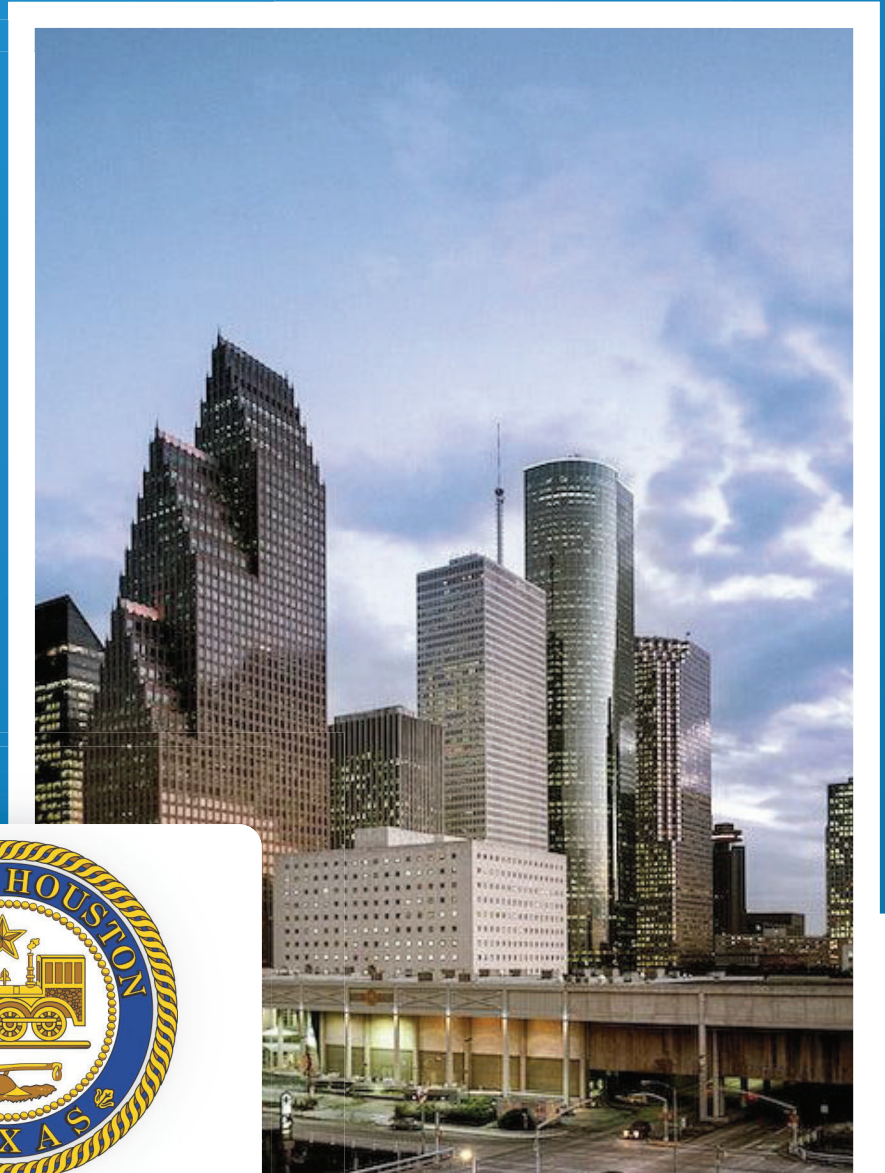


City of Houston , Texas

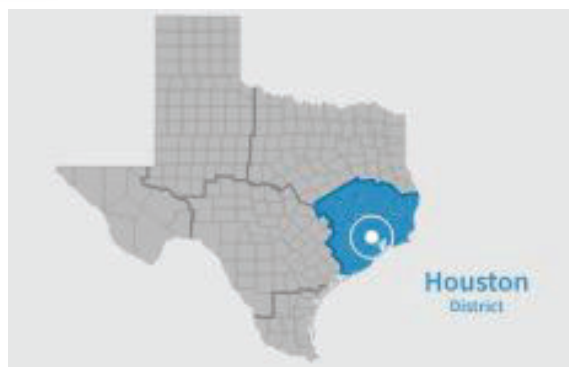
POPULAR ANNUAL FINANCIAL REPORT

FISCAL YEAR 2022



Popular Annual Financial Reports

These reports offer a simplified overview of Houston City's financial information.





Prepared By:

Pooya Setoodeh.



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Introduction

Welcome to the City of Houston's Annual Popular Financial Report for fiscal year 2022. This report summarizes the city's financial performance and major accomplishments during the year. Our aim is to increase transparency, foster public involvement, and ensure that citizens have access to and understanding of the city's financial activities.

1.1 Transparency and public involvement are important

Transparency and public involvement are core elements of accountable governance. The purpose of this report is to empower the community with a deeper understanding of how their tax dollars are utilized, the city's economic health, and the impact of city policies and initiatives. By promoting transparency, we aim to:

1. Engage the Community:

- Provide citizens with opportunities to participate actively in civic affairs.
- Assist in facilitating informed discussions about the city's priorities and spending.

2. Establish trust:

- Report financial information in a transparent and honest manner.
- Enhance public trust in the city administration.

3. Facilitate decision-making:

- Ensure stakeholder decision-making is based on accurate information.
- Facilitate the assessment and planning of future strategies by policymakers.

1.2 The Importance of Public Participation

Engaged and informed citizens are essential to a thriving democracy. Residents' input and perspectives are invaluable as we navigate the complexities of municipal finance. Therefore, this report invites community participation and feedback. By involving the public in financial decision-making, we aim to:

1. Provide services tailored to the needs of the community:

- Recognize our diverse population's priorities and expectations.
- Adapt city services to Houston's evolving needs.

2. Strengthen Accountability:

- Make public officials accountable for their fiscal decisions.
- Make sure taxpayer dollars are spent responsibly and efficiently.

3. Promote civic pride:

- Recognize the city's achievements and contributions to its residents' well-being.
- Encourage Houstonians to feel proud of their city and to feel responsible.

Houston, Texas: A City with a Rich History and Vibrant Governance

Houston, Texas, is a city with a rich history and unique governance.

Historical Foundation:

Houston, Texas, was officially incorporated in 1837, and it boasts a storied history.

City Location:

Houston is strategically located in southeastern Texas, not Florida. It sits near the Gulf of Mexico and is known for its vital role as a major port city.

City Founding:

Houston was founded by the Allen brothers, Augustus Chapman and John Kirby Allen. The city's development and growth have deep historical roots.

City Governance:

Houston's governance follows a mayor-council system, where residents elect both the mayor and city council members. The mayor's role includes overseeing city operations, but decisions are typically made in collaboration with the city council.

City Charter and Legal Framework:

The city operates under Texas state law, and the adoption of the City Charter would have followed Texan legal provisions.

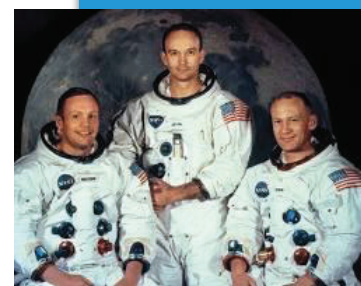
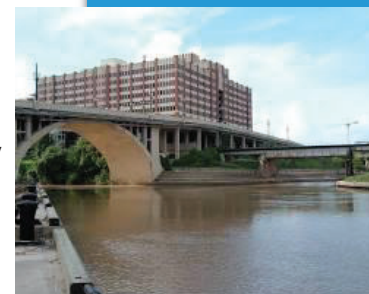
Julia Tuttle:

Julia Tuttle was indeed a remarkable figure, but her legacy is associated with Miami, Florida, not Houston. Her vision played a crucial role in the early development of Miami.

City Services:

Houston offers a comprehensive range of services to its residents, including police and fire protection, public works, solid waste collection, building inspections, licenses, permits, code compliance, street construction and maintenance, housing and community development, recreational and cultural activities, human services, and sustainability and resilience initiatives.

In summary, Houston, Texas, is a vibrant city with a rich history and a unique governance system. Its accurate description enhances its unique character and historical significance.





Mission Statement: The City of Houston's mission statement is to provide an outstanding quality of life for all its residents through exceptional services, effective and open government, and a commitment to improving the community's social, economic, and environmental well-being.

Vision: The vision for the City of Houston is to be a diverse, dynamic, and thriving metropolis where all residents have the opportunity to achieve their dreams. Houston aims to be a place where innovation, economic growth, and cultural vibrancy intersect to create a world-class city.

Short-term goals:

- Address Facility Condition Assessments (FCA) priority 1 and priority 2 deficiencies.
- Continue restoration of facilities damaged by Hurricane Harvey.
- Expand network remote CCTV capabilities.

Slide 4: Long-term goals

Long-term goals:

- Work with the Mayor's Office, city departments, and other governmental agencies to identify opportunities for co-location of city facilities and shared resources.
- Take advantage of market conditions to reduce rental expenses.
- Continue to implement LEED standards to improve building quality and their impact on the environment.



City Services :

The City of Houston is a municipality, which means that it is a self-governing local body. It is the largest city in Texas and the fourth-largest city in the United States. The city provides a wide range of services to its residents, including:

- Public safety: police, fire, and emergency medical services
- Infrastructure: water, sewer, and roads
- Parks and recreation
- Libraries
- Cultural and convention facilities
- Airports

The city also provides a variety of other services, such as health and human services, building and maintenance, and code enforcement.

It is important to note that the City of Houston does not operate hospitals, schools, or public transportation. These services are provided by independent special districts and governmental entities.



HOUSTON CITY COUNCIL

ELECTED OFFICIALS AS OF JUNE 30, 2022



SYLVESTER TURNER
MAYOR



CHRIS BROWN
CONTROLLER



AMY PECK
DISTRICT A



TARSHA JACKSON
DISTRICT B



ABBIE KAMIN
DISTRICT C



CAROLYN EVANS-SHABAZZ
DISTRICT D



DAVE MARTIN
DISTRICT E



TIFFANY D. THOMAS
DISTRICT F



MARY NAN HUFFMAN
DISTRICT G



KARLA CISNEROS
DISTRICT H



ROBERT GALLEGOS
DISTRICT I



EDWARD POLLARD
DISTRICT J



MARITHA CASTEX-TATUM
DISTRICT K



MIKE KNOX
AT-LARGE POSITION 1



DAVID ROBINSON
AT-LARGE POSITION 2



MICHAEL KUBOSH
AT-LARGE POSITION 3

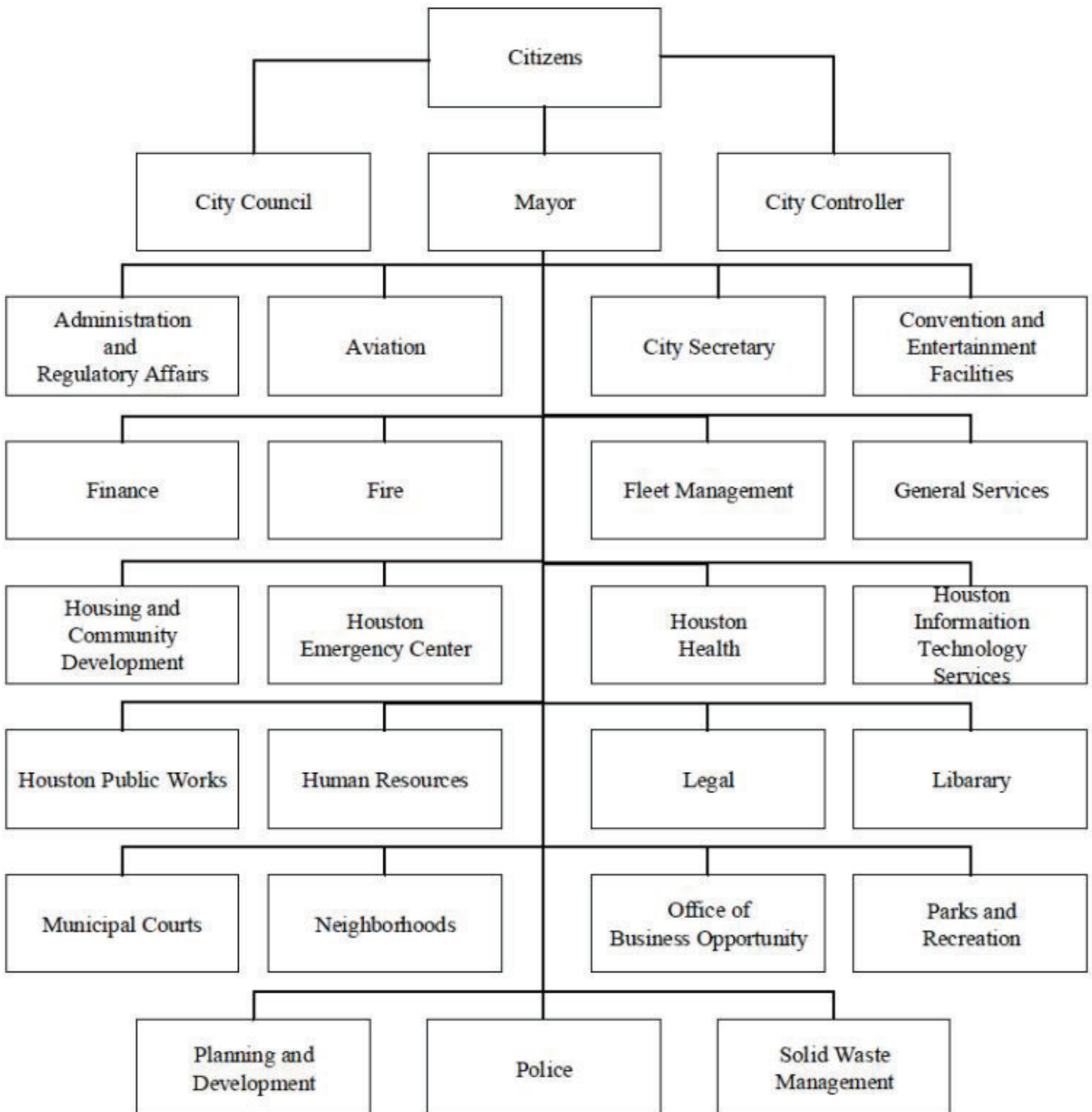


LETITIA PLUMMER
AT-LARGE POSITION 4



SALLIE ALCORN
AT-LARGE POSITION 5

ORGANIZATION CHART CITY GOVERNMENT



GEOGRAPHIC LOCATION AND POPULATION

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

| Fiscal Year | (1) (2) Population | (3) Personal Income (amount in thousands) | (3) Per Capita Income | (4) Median Age | (4) Education Level in Years of Formal Schooling | (4) School Enrollment | (5) Average Unemployment Rate (percentage) |
|--------------------|-------------------------------|--|--|-------------------------------|---|--------------------------------------|---|
| 2013 | 2,158,700 | \$ 332,017 | \$ 52,471 | 32.1 | 13.0 | 1,794,210 | 6.6 |
| 2014 | 2,196,367 | \$ 360,298 | \$ 55,436 | 32.3 | 13.0 | 1,790,150 | 5.4 |
| 2015 | 2,238,653 | \$ 366,978 | \$ 55,013 | 32.4 | 13.0 | 1,829,867 | 4.8 |
| 2016 | 2,283,616 | \$ 351,012 | \$ 51,572 | 32.6 | 13.0 | 1,849,065 | 5.6 |
| 2017 | 2,306,360 | \$ 377,978 | \$ 54,788 | 32.6 | 13.1 | 1,874,344 | 5.2 |
| 2018 | 2,313,079 | \$ 403,674 | \$ 57,875 | 32.7 | 13.2 | 1,893,312 | 4.7 |
| 2019 | 2,314,478 | \$ 415,920 | \$ 58,884 | 32.9 | 13.2 | 1,932,292 | 4.0 |
| 2020 | 2,315,720 | \$ 428,501 | \$ 59,893 | 32.9 | 13.44 | 1,915,864 | 11.6 |
| 2021 | 2,300,027 | Not available | Not available | 33.4 | 13.38 | 1,920,741 | 7.4 |
| 2022 | 2,288,250 | Not available | Not available | 35.3 | 13.40 | 1,911,456 | 4.8 |

(1) Source: U.S. Census Bureau - City and Town Populations, Subcounty Resident Population Estimates: April 1, 2012 to July 1, 2019.

(2) Source: U.S. Census Bureau - Annual Estimates of the Resident Population for Incorporated Places of 50,000 or More: estimate as of July 1, 2020 and July 1, 2021 for fiscal year 2021 and 2022, respectively.

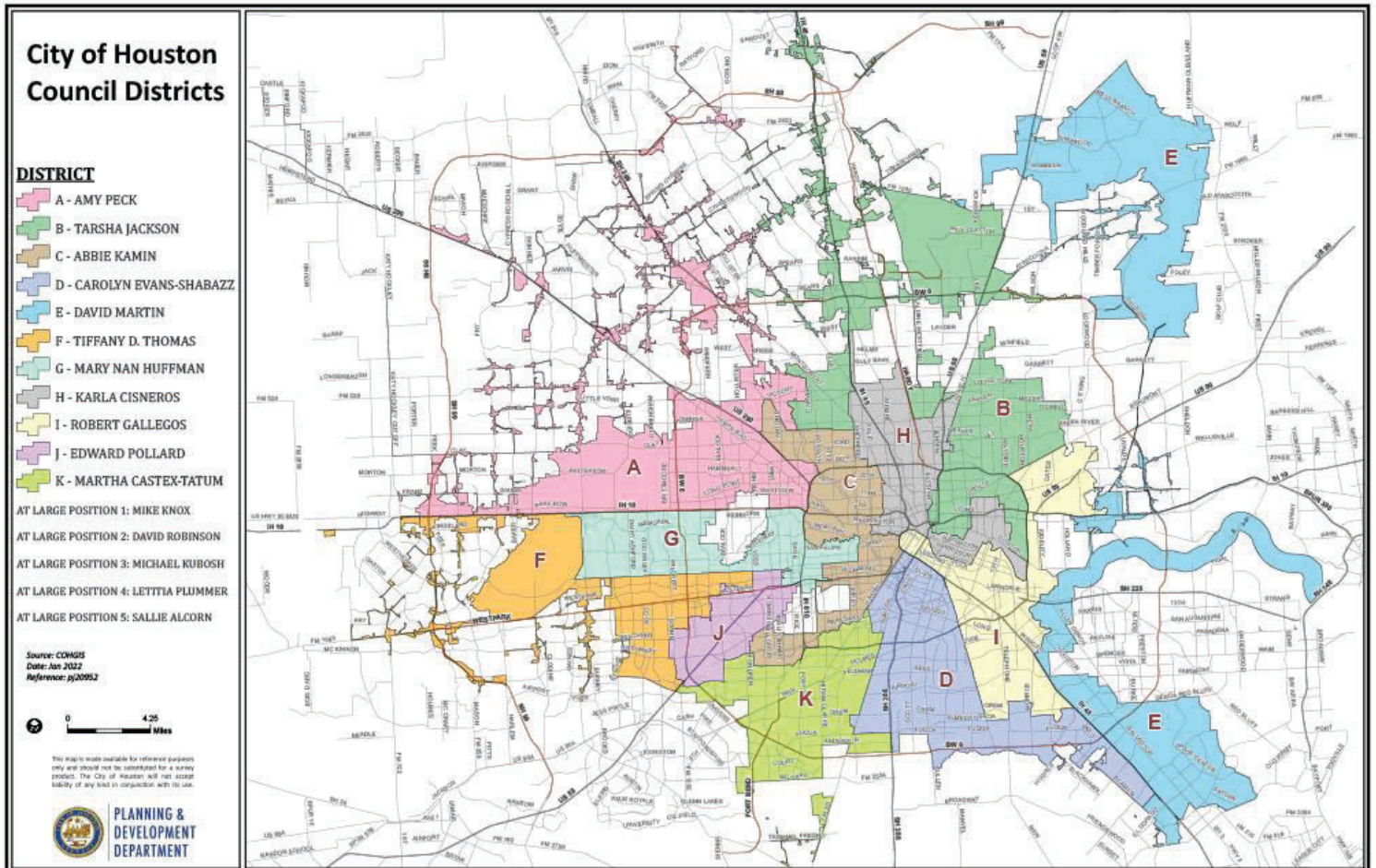
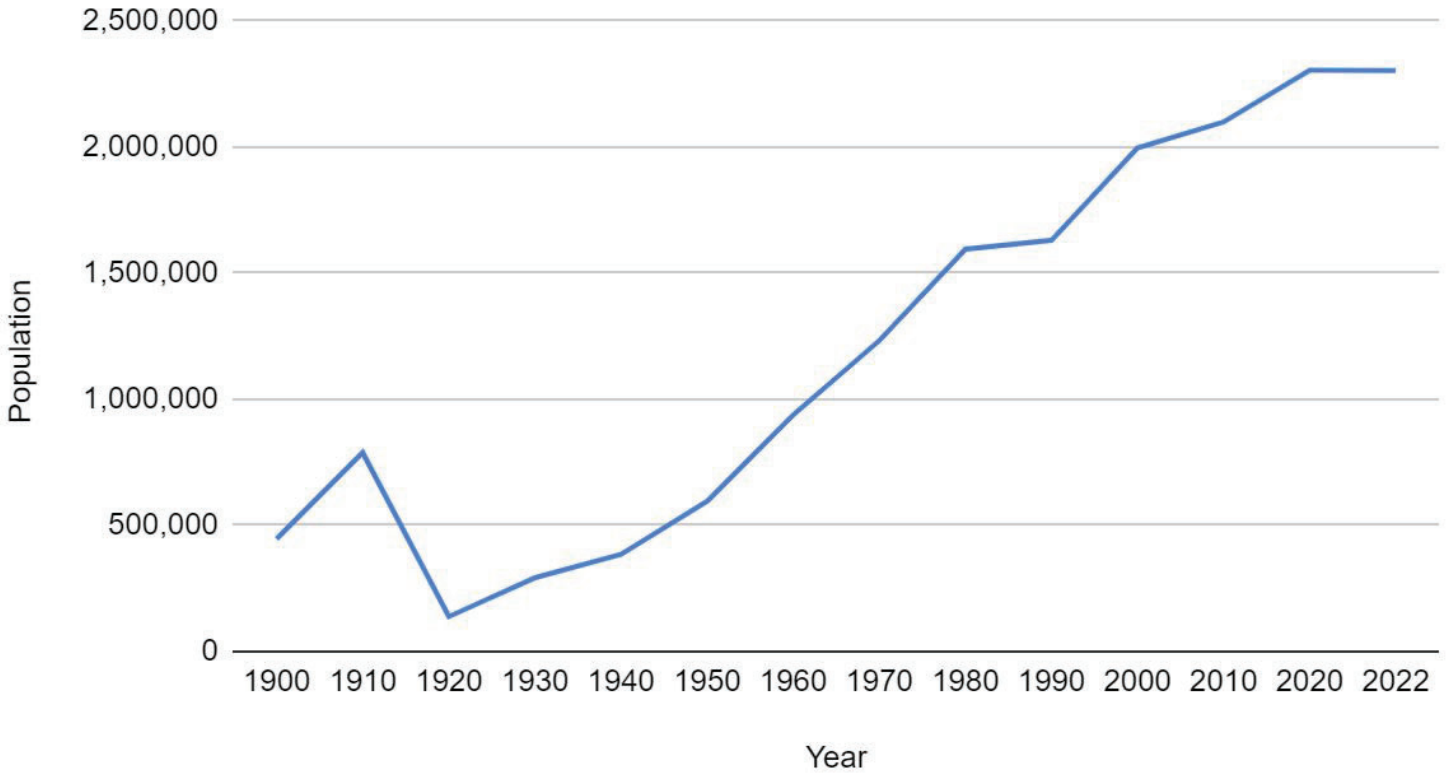
(3) Source: U.S. Department of Commerce, Bureau of Economic Analysis. Amounts as of year ended December 31 for the nine-county Metropolitan Statistical Area (MSA). Information for the years ended December 31, 2022 and 2021 are not yet available.

(4) Source: U.S. Census Bureau - ACS Demographic and Housing Estimates for or the nine-county Metropolitan Statistical Area.

(5) Source: U.S. Bureau of Labor Statistics. Information as of June each year for the nine-county Metropolitan Statistical Area.

According to the U.S. Census Bureau, the City of Houston's population in 1900 was 44,633 people. In 2022, it is a city rich in cultural and ethnic diversity with a population of approximately 2,288,250 residents, making it the fourth-most populous city in the United States. In physical size, the City is not small, encompassing 607 square miles. In population, the City is the largest of the 68 municipalities that make up the Greater Houston metropolitan area.

Population vs. Year



EMPLOYMENT STATISTICS

**CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2022
(unaudited)**

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2012 through 2021 according to the Texas Employment Commission:

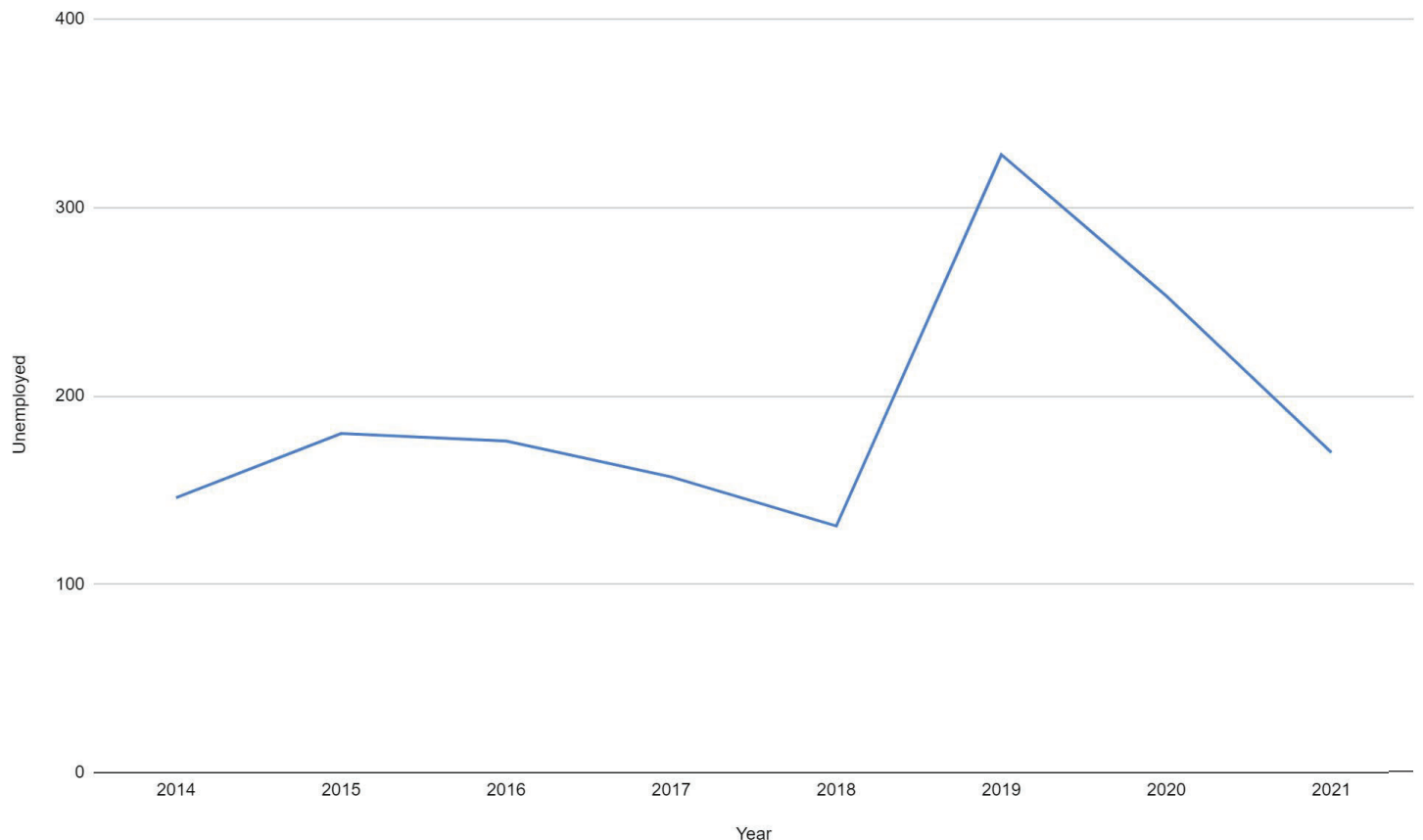
**Houston PMSA Labor Force Estimates
(Employees in thousands)**

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

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

(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.

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



Houston's Largest Employers



Houston, Texas by the Numbers

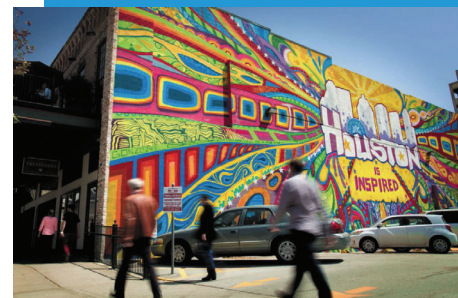
- Population: 2,288,250 (2022)
- Area: 607 square miles
- Density: 3,796 people per square mile
- Median household income: \$62,254
- Unemployment rate: 3.9% (September 2022)
- Poverty rate: 13.8%
- Race and ethnicity: 45.2% White, 23.8% Hispanic or Latino, 13.4% Asian, 12.9% Black or African American, 0.8% American Indian or Alaska Native, and 3.9% two or more races.
- Largest employers: MD Anderson Cancer Center, United Airlines Holdings, Houston Methodist Hospital, Memorial Hermann Health System, and Sysco Corporation
- Major industries: Energy, healthcare, aerospace and defense, transportation and logistics, and manufacturing
- There are 115 fire stations in Houston.
- There are 13 police stations in Houston.

Economic outlook

Over the past five years leading up to 2022, Houston's economic outlook has changed significantly. Houston is known as the "Energy Capital of the World" due to its strong oil and gas industry ties. Over the past few years, however, the city has undergone a transformation driven by a variety of factors, such as fluctuating energy markets, diversification efforts, and demographic changes.

1. **Houston's economic landscape has been impacted most significantly by the energy industry.** Due to its close ties to the oil and gas industry, the city has experienced the ebbs and flows associated with this sector. A major oil price slump led to layoffs and a slowdown in Houston's energy sector between 2014 and 2022. In spite of these challenges, Houston's energy industry remained resilient.
2. **Diversification:** Houston's leaders and entrepreneurs have been actively diversifying their businesses in response to the volatile energy sector. The city has sought to expand its economic base by encouraging growth in other industries, such as healthcare, technology, aerospace, and manufacturing. By diversifying its economy, the city has helped mitigate the impact of fluctuations in the energy market.
3. **Tech and Innovation:** Houston's technology and innovation sector has been growing. In the past few years, there has been an increase in the number of tech startups and innovation hubs in the city. A major driver of technological advancements in healthcare has been the Texas Medical Center, one of the world's largest medical complexes. Johnson Space Center has also contributed to the growth of the aerospace industry.
4. **Construction and Real Estate:** Construction and real estate projects have been steadily increasing in Houston. Due to its affordability and job opportunities, the city's population has continued to grow. Residential and commercial real estate have been in high demand as a result.
5. **Changes in demographics:** As a result of immigrants from different backgrounds, the city's demographics have become more diverse. Besides enriching Houston's cultural fabric, this demographic shift has also brought new ideas, entrepreneurial spirit, and a more dynamic workforce. Forty-four percent of Houston's immigrants were Mexican, and another 13 percent were from the Northern Triangle of Central America.
6. **Resilience and Recovery:** Since Hurricane Harvey struck Houston in 2017, the city has faced challenges including natural disasters. Despite adversity, the city has demonstrated resilience. Houston's long-term economic prospects have been boosted by efforts to rebuild and invest in infrastructure. Hurricane Harvey caused an estimated \$125 billion in damage, making it the second-most costly hurricane to hit the U.S. mainland since 1900.
7. **Trade and International Connections:** The port city's role has continued to drive Houston's economy. With its connections to Latin America, in particular, the city serves as a gateway for international trade. 21.2% of jobs in Houston are in the trade, transportation, and utilities sector.

As a result, Houston's economic outlook has changed significantly over the past five years. The energy sector remains an important part of Houston's economy, but diversification efforts, technological advancements, and demographic shifts have made the city more resilient and adaptable. As a result of the city's ability to weather economic challenges and embrace change, it has continued to grow and prosper.



ACHIEVEMENTS

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

CITY OF HOUSTON, TEXAS



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Houston
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

Budget Process Report

The City of Houston's fiscal year 2022 budget process began in **February** 2021, when city departments submitted their budget requests to the Mayor's Office of Budget and Research (MOB). The MOB then reviewed the department requests and developed a proposed budget for the Mayor's consideration.

In **March** 2021, the Mayor presented his proposed budget to the Houston City Council. The proposed budget included \$5.1 billion in expenditures, which was an increase of 5.0% from the previous year. The budget also included a 6.0% pay increase for fire fighters, a 4.0% increase for Houston Police Department officers, and a 3.0% increase for municipal employees.

The Houston City Council held a series of public hearings on the proposed budget in **April and May** 2021. The Council also held budget workshops to discuss specific aspects of the budget with city departments and other stakeholders.

On **June 1**, 2021, the Houston City Council approved the fiscal year 2022 budget. The approved budget included \$5.7 billion in expenditures, which was an increase of 9.3% from the previous year. The budget also included \$160 million in American Rescue Plan Act funds, which were used to offset revenue losses due to the COVID-19 pandemic.

The fiscal year 2022 budget includes the following key priorities:

- **Public safety:** The budget includes \$2.1 billion for public safety, which represents 37.2% of the total budget. This includes funding for the Houston Police Department, the Houston Fire Department, and the Houston Emergency Center.
- **Transportation and mobility:** The budget includes \$864 million for transportation and mobility, which represents 15.3% of the total budget. This includes funding for road maintenance, traffic improvements, and public transportation.
- **Recreation and culture:** The budget includes \$703 million for recreation and culture, which represents 12.5% of the total budget. This includes funding for parks and recreation, libraries, and cultural attractions.
- **General government:** The budget includes \$588 million for general government, which represents 10.5% of the total budget. This includes funding for the Mayor's Office, the City Council, and other administrative functions.
- **Health and society:** The budget includes \$509 million for health and society, which represents 9.1% of the total budget. This includes funding for the Houston Health Department, social services programs, and public safety initiatives.
- **Economic development:** The budget includes \$319 million for economic development, which represents 5.7% of the total budget. This includes funding for business development programs, job training programs, and infrastructure improvements.

The City of Houston's fiscal year 2022 budget is a balanced budget that provides funding for the City's essential services and key priorities. The budget also includes a significant investment in public safety, which is a priority for the Mayor and the City Council.

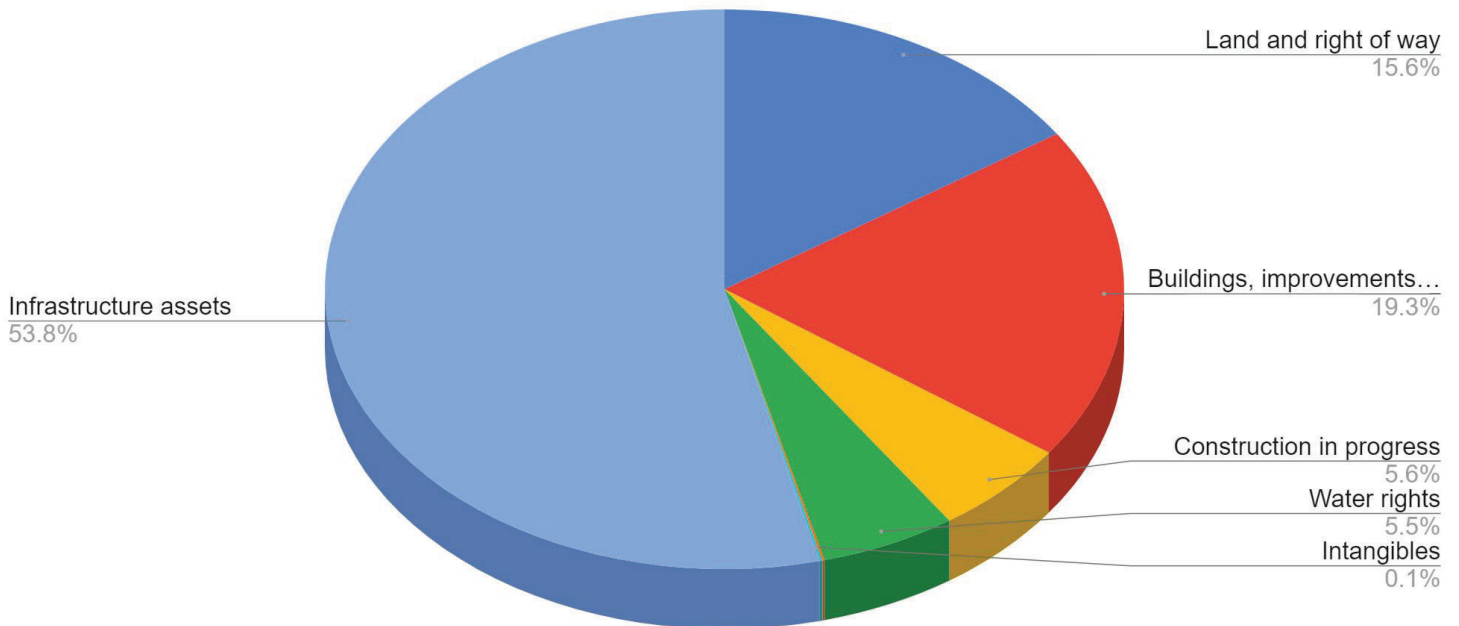
CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2022
(With comparative amounts for 2021)
(amounts expressed in thousands)

| | <u>2022</u> | <u>2021</u> |
|---------------------------------------|-------------------|-------------------|
| Revenues | | |
| Taxes and assessments | | |
| Property Taxes | \$ 1,244,722 | \$ 1,254,016 |
| Industrial Assessments | 24,086 | 25,435 |
| Sales Tax | 820,622 | 706,829 |
| Franchise Tax | 149,519 | 153,600 |
| Mixed Beverage Tax | 21,585 | 14,561 |
| Hotel Occupancy Tax | 15,588 | 7,444 |
| Licenses and permits | 33,694 | 32,136 |
| Charges for services | 165,372 | 152,553 |
| Intergovernmental - grants | 200,762 | 67,281 |
| Fines and forfeits | 20,186 | 18,016 |
| Contributions | - | 500 |
| Investment income (loss) | (6,991) | 1,314 |
| Other | 18,051 | 14,150 |
| Total revenues | <u>2,707,196</u> | <u>2,447,835</u> |
| Expenditures | | |
| Current | | |
| General government | 292,604 | 251,611 |
| Public safety | 1,536,217 | 1,460,875 |
| Public works | 220,501 | 209,759 |
| Health | 59,636 | 57,208 |
| Housing and community development | 276 | 320 |
| Parks and recreation | 73,301 | 54,465 |
| Library | 40,607 | 38,504 |
| Retiree benefits | 11,837 | 13,290 |
| Capital outlay | 36,352 | 35,653 |
| Debt Service | | |
| Debt service interest | 1,632 | 2,268 |
| Total expenditures | <u>2,272,963</u> | <u>2,123,953</u> |
| Other financing sources (uses) | | |
| Proceeds from issuance of debt | 31,000 | 23,000 |
| Lease financing principal | 6,833 | 11,610 |
| Sale of capital assets | 6,998 | 3,694 |
| Transfers in | 70,037 | 69,596 |
| Transfers out | (477,968) | (440,986) |
| Total other financing sources (uses) | <u>(363,100)</u> | <u>(333,086)</u> |
| Change in fund balance | 71,133 | (9,204) |
| Fund balances, July 1 | <u>349,526</u> | <u>358,730</u> |
| Fund balances, June 30 | <u>\$ 420,659</u> | <u>\$ 349,526</u> |

Capital Assets

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

Governmental Activities, Business-type Activities and Total



Capital Assets

June 30, 2022

(in millions)

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

Financial Position Statement

The City of Houston's financial position statement, also known as the Statement of Net Position, provides a snapshot of the City's financial condition at a specific point in time. The statement shows the City's assets, liabilities, and equity.

**Net Position
June 30, 2022
(in millions)**

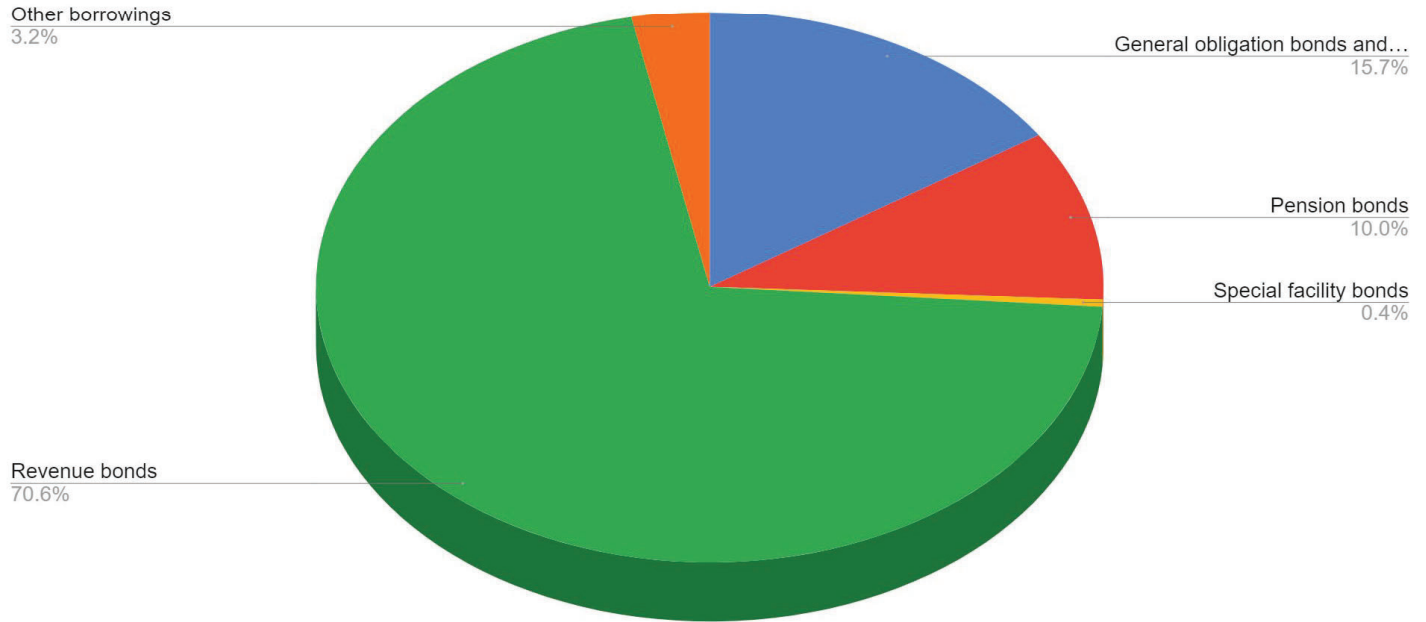
| | Governmental | | Business-type | | Total | |
|-----------------------------------|-----------------|---------------|-----------------|-----------------|--------------------|-----------------|
| | Activities | | Activities | | Primary Government | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
|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

Outstanding Debt

The city's total debt remained stable in FY2022, with a total bonded debt of \$14.7 billion outstanding at the end of the year. The two largest portions of this total were \$2.1 billion in debt backed by the full faith and credit of the government and \$10.4 billion in revenue bonds payable from the three enterprise funds' revenues. The remainder of the city's debt represents various long-term contracts and \$1.5 billion in pension bonds.

New debt issued during FY2022 included \$327.3 million in Public Improvement Bonds and Certificates of Obligations and \$130 million in Combined Utility System First Lien Revenue Bonds. In addition, the outstanding balance of the Airport System's commercial paper increased to \$185 million from \$20 million.

Overall, the city's debt situation remains stable, with a good mix of debt instruments and sources of repayment.



Outstanding Debt
June 30, 2022
(in millions)

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

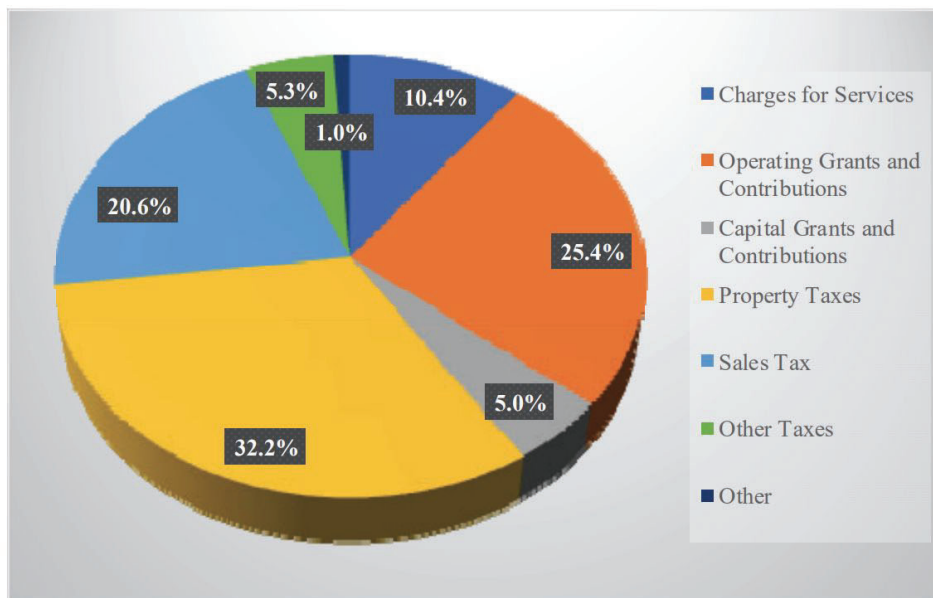
Governmental activities:

In fiscal year 2022, the City's net position increased by approximately \$1.1 billion compared to 2021, driven by the following factors:

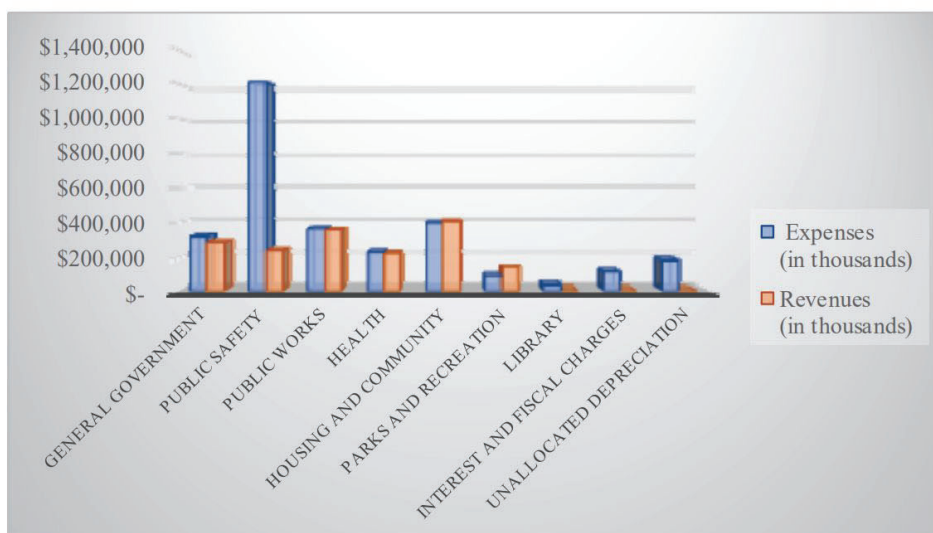
1. Decreased operating grants and contributions of \$126.9 million due to reduced federal spending.
2. Increased sales tax revenue by \$115.8 million as the City's economy rebounded post-pandemic.
3. A \$361.3 million reduction in total expenses, primarily due to savings in pension and OPEB benefits, partially offset by increased public safety spending.

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

FY2022 Governmental Activities – Revenue by Source



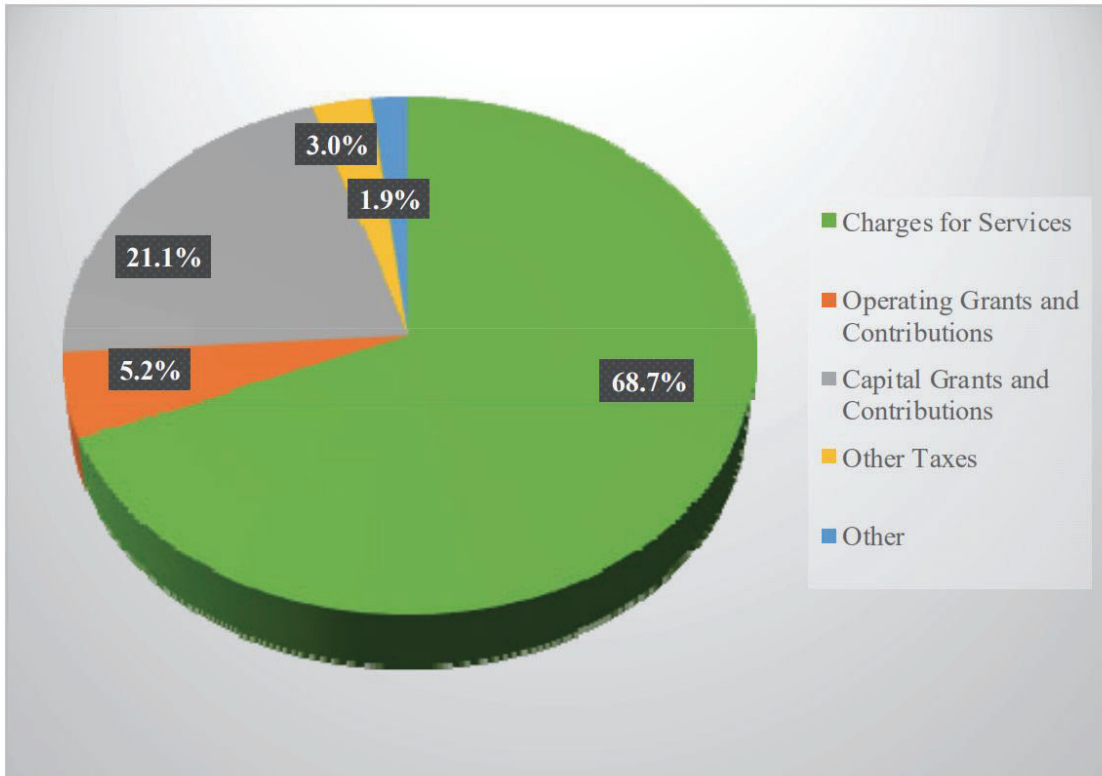
FY2022 Governmental Activities – Program Revenues and Expenses



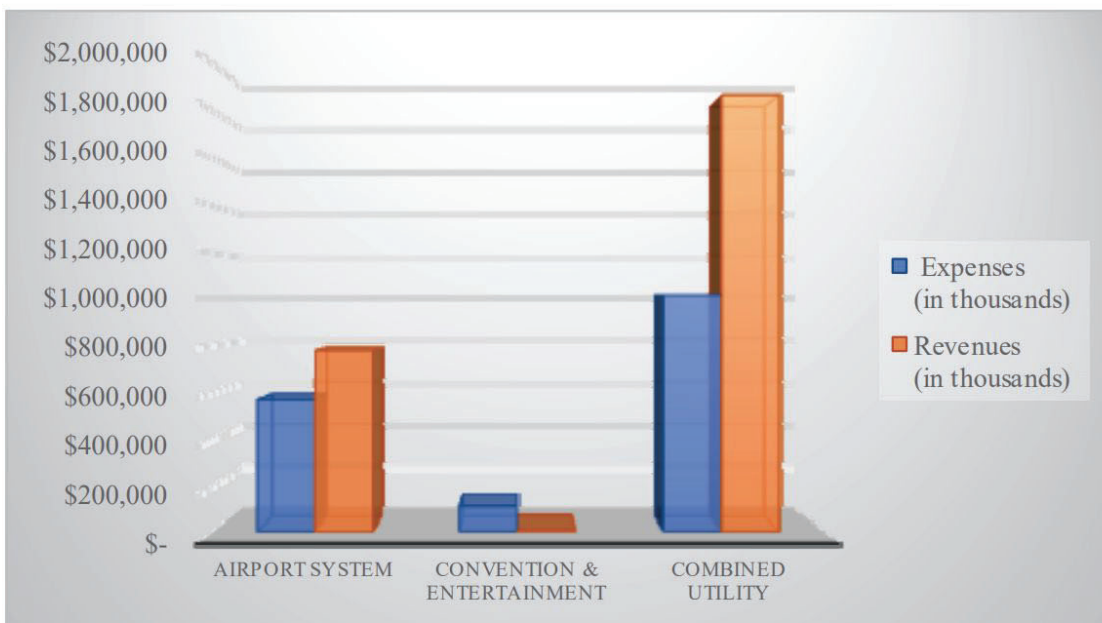
Business-type activities :

In fiscal year 2022, the City's business-type activities saw a net position increase of \$1,048.7 million. The total net position grew from \$3,330.4 million in FY 2021 to \$4,379.1 million in FY 2022. The Airport System represented 41.1% of this total at approximately \$1,797.7 million, and the Combined Utility accounted for 56.6% at roughly \$2,478.1 million.

FY2022 Business-Type Activities – Revenue by Source



FY2022 Business-Type Activities – Program Revenues & Expenses



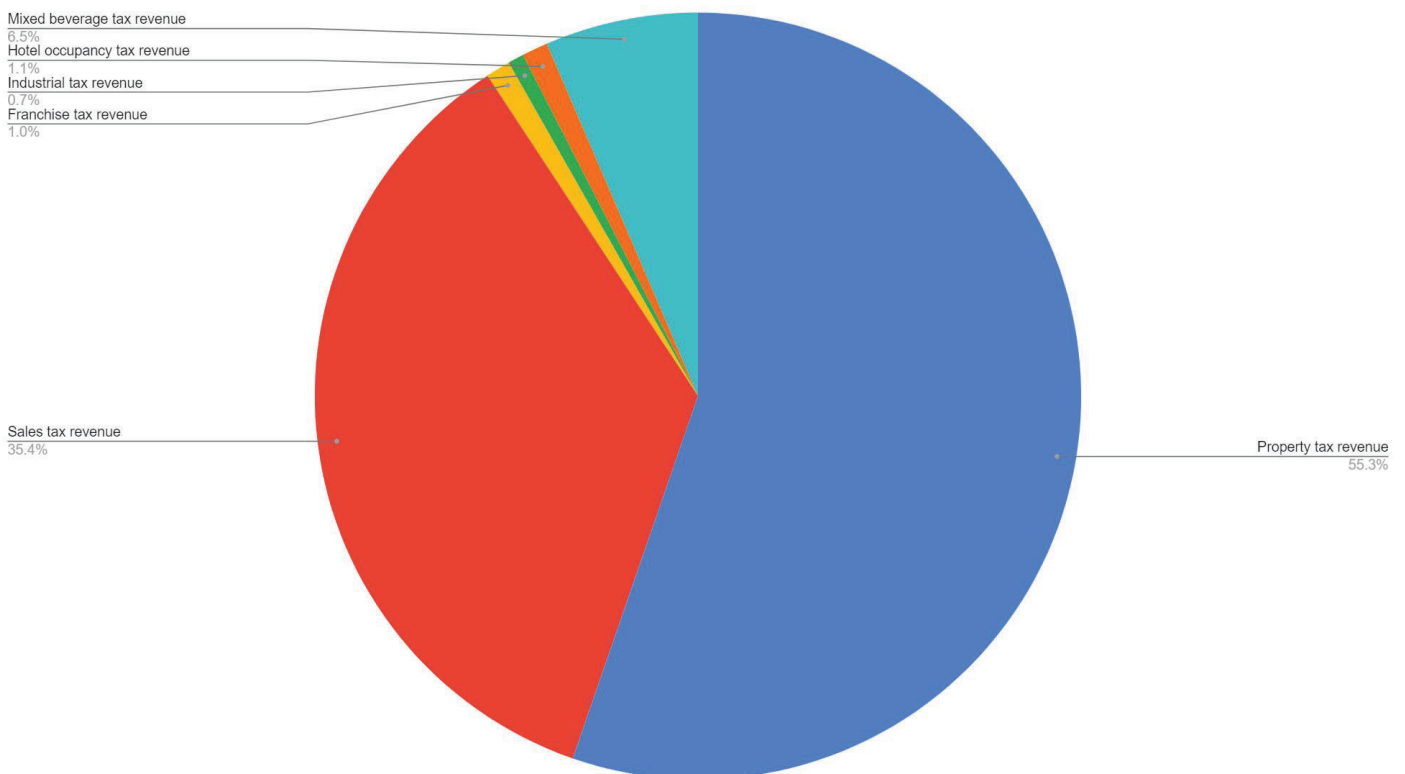
CITY OF HOUSTON, TEXAS
TAX REVENUE BY SOURCE - GOVERNMENTAL FUNDS
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)
(unaudited)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Industrial Assessments | Mixed Beverage Tax | (1) Bingo Tax | (2) Hotel Occupancy Tax | Total Tax Collections |
|-------------|--------------|------------|---------------|------------------------|--------------------|---------------|-------------------------|-----------------------|
| 2013 | \$ 906,761 | \$ 600,256 | \$ 195,664 | \$ 29,845 | \$ 9,887 | \$ 196 | \$ - | \$ 1,742,609 |
| 2014 | \$ 973,902 | \$ 629,441 | \$ 190,368 | \$ 16,534 | \$ 13,869 | \$ 187 | \$ - | \$ 1,824,301 |
| 2015 | \$ 1,074,070 | \$ 667,061 | \$ 190,245 | \$ 16,736 | \$ 15,784 | \$ 209 | \$ - | \$ 1,964,105 |
| 2016 | \$ 1,099,411 | \$ 640,476 | \$ 191,584 | \$ 19,238 | \$ 16,064 | \$ 207 | \$ - | \$ 1,966,980 |
| 2017 | \$ 1,152,420 | \$ 631,993 | \$ 191,025 | \$ 19,291 | \$ 16,662 | \$ 234 | \$ - | \$ 2,011,625 |
| 2018 | \$ 1,172,313 | \$ 674,279 | \$ 186,206 | \$ 18,278 | \$ 17,296 | \$ 73 | \$ 17,196 | \$ 2,085,641 |
| 2019 | \$ 1,195,949 | \$ 692,271 | \$ 182,870 | \$ 19,755 | \$ 18,026 | \$ 222 | \$ 17,180 | \$ 2,126,273 |
| 2020 | \$ 1,222,846 | \$ 684,425 | \$ 168,556 | \$ 24,797 | \$ 15,379 | \$ - | \$ 16,922 | \$ 2,132,925 |
| 2021 | \$ 1,269,935 | \$ 706,829 | \$ 154,093 | \$ 25,435 | \$ 14,561 | \$ - | \$ 7,444 | \$ 2,178,297 |
| 2022 | \$ 1,283,942 | \$ 822,656 | \$ 149,978 | \$ 24,086 | \$ 21,890 | \$ - | \$ 15,588 | \$ 2,318,140 |

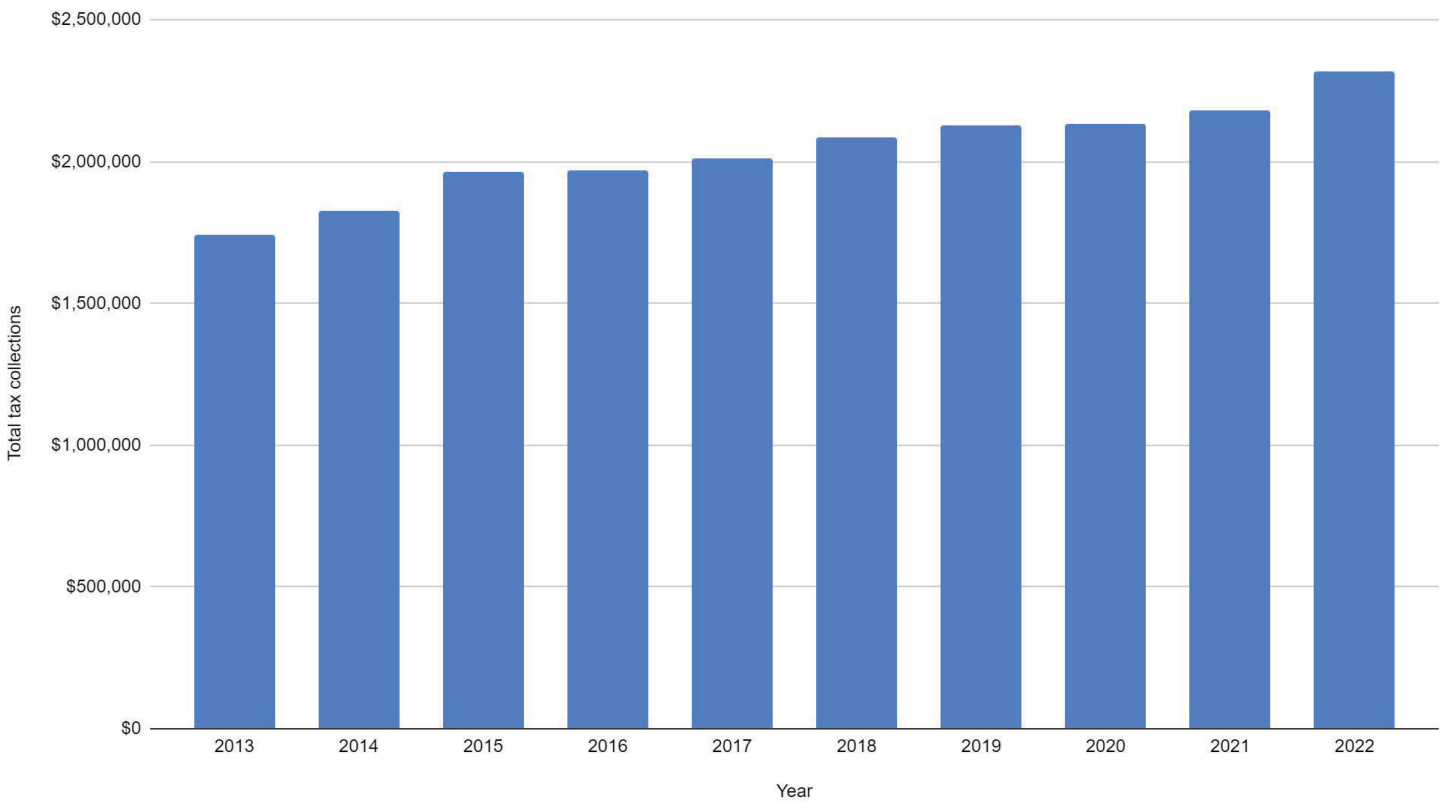
(1) Beginning in Fiscal Year 2018, the City began reflecting the 19.3% of the hotel occupancy tax that was designated to the General Fund in the General Fund as opposed to the Convention and Entertainment Fund. The amount here represents the 81% available to cover bond covenants.

(2) Beginning in Fiscal Year 2020, Bingo revenue was no longer considered a tax. It is now considered a fee and reported in Other Miscellaneous Revenues.

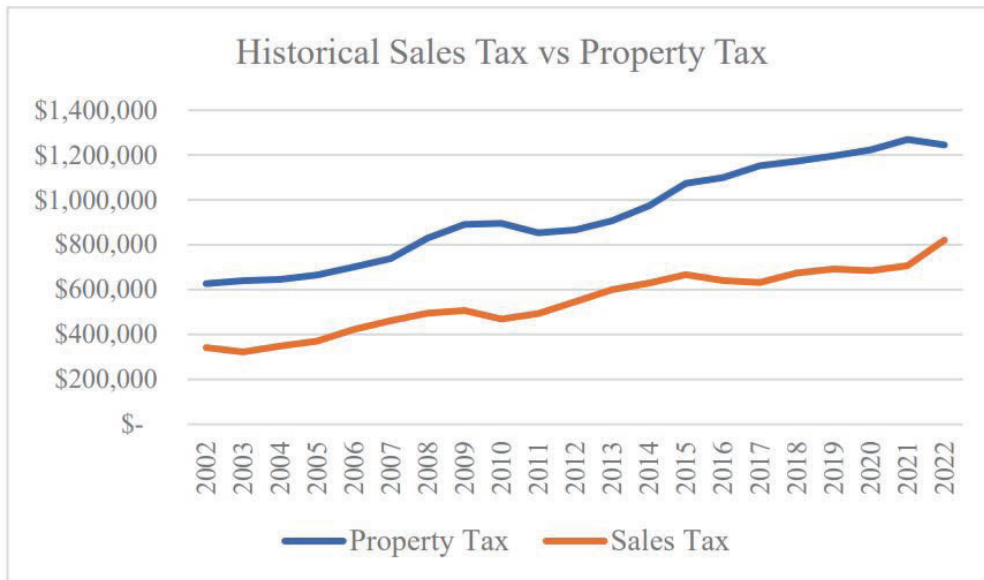
2022 Tax Revenue Sources



Total tax



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



Property and Sales Taxes

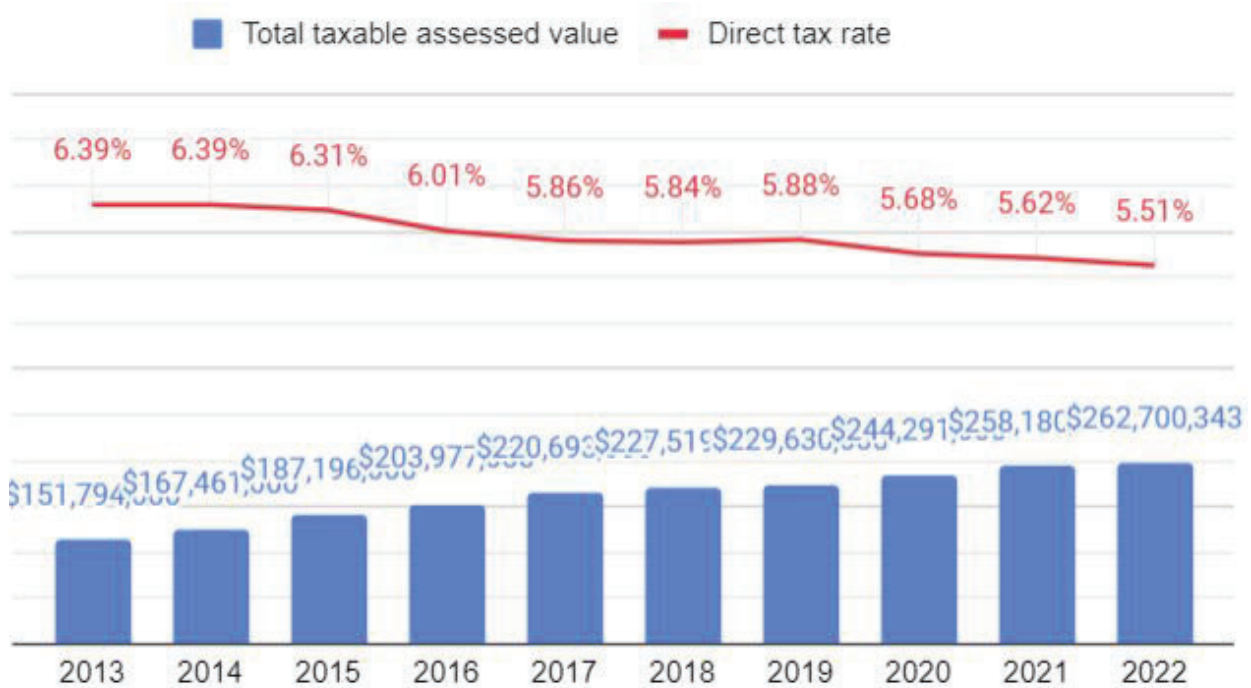
Property tax is the City's single largest source of revenue. Fiscal year 2022 was the eighth year the City was affected by the Proposition One revenue cap, which resulted in the lowering of the property tax rate.

**CITY OF HOUSTON
TAXABLE VALUE OF PROPERTY
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)**

| Fiscal Year | Residential Property | Commercial Property | Industrial Property | Personal Property | Total Taxable Assessed Value | Total Direct Tax Rate |
|-------------|----------------------|---------------------|---------------------|-------------------|------------------------------|-----------------------|
| 2013 | \$ 72,490,000 | \$ 52,418,000 | \$ 3,196,000 | \$ 23,690,000 | \$ 151,794,000 | 6.3875 |
| 2014 | \$ 76,750,000 | \$ 60,835,000 | \$ 4,127,000 | \$ 25,749,000 | \$ 167,461,000 | 6.3875 |
| 2015 | \$ 87,461,000 | \$ 68,223,000 | \$ 4,509,000 | \$ 27,003,000 | \$ 187,196,000 | 6.3108 |
| 2016 | \$ 97,070,000 | \$ 73,598,000 | \$ 4,947,000 | \$ 28,362,000 | \$ 203,977,000 | 6.0112 |
| 2017 | \$ 106,995,000 | \$ 80,515,000 | \$ 5,050,000 | \$ 28,133,000 | \$ 220,693,000 | 5.8642 |
| 2018 | \$ 113,401,000 | \$ 81,423,000 | \$ 5,457,000 | \$ 27,238,000 | \$ 227,519,000 | 5.8421 |
| 2019 | \$ 116,204,000 | \$ 81,425,000 | \$ 5,455,000 | \$ 26,546,000 | \$ 229,630,000 | 5.8831 |
| 2020 | \$ 126,456,000 | \$ 84,519,000 | \$ 5,661,000 | \$ 27,655,000 | \$ 244,291,000 | 5.6792 |
| 2021 | \$ 136,018,000 | \$ 88,843,000 | \$ 5,881,000 | \$ 27,438,000 | \$ 258,180,000 | 5.6184 |
| 2022 | \$ 142,582,020 | \$ 88,769,592 | \$ 5,653,203 | \$ 25,695,528 | \$ 262,700,343 | 5.5083 |

The tax rates are based on a 100% assessment ratio. Tax rates are stated per \$1,000 assessed value.

The taxable value of property is the appraised value less exemptions and is received from Harris, Fort Bend, and Montgomery County.



| Year | Total taxable assessed value | Direct tax rate |
|------|------------------------------|-----------------|
| 2013 | \$151,794,000 | 6.39% |
| 2014 | \$167,461,000 | 6.39% |
| 2015 | \$187,196,000 | 6.31% |
| 2016 | \$203,977,000 | 6.01% |
| 2017 | \$220,693,000 | 5.86% |
| 2018 | \$227,519,000 | 5.84% |
| 2019 | \$229,630,000 | 5.88% |
| 2020 | \$244,291,000 | 5.68% |
| 2021 | \$258,180,000 | 5.62% |
| 2022 | \$262,700,343 | 5.51% |

Governmental Activities

| Fiscal Year | Public | Pension Obligations | Commercial Paper | Tax and | Notes Payable | Other Borrowings |
|-------------|-------------------|---------------------|------------------|----------------------|---------------|------------------|
| | Improvement Bonds | | | Revenue Certificates | | |
| 2013 | \$ 2,561,515 | \$ 540,728 | \$ 176,900 | \$ 11,870 | \$ 11,135 | \$ 6,458 |
| 2014 | \$ 2,422,445 | \$ 535,353 | \$ 257,350 | \$ 18,660 | \$ 11,629 | \$ 5,813 |
| 2015 | \$ 2,658,664 | \$ 529,603 | \$ 141,900 | \$ 17,671 | \$ - | \$ 5,154 |
| 2016 | \$ 2,603,712 | \$ 523,443 | \$ 99,900 | \$ 17,479 | \$ - | \$ 4,495 |
| 2017 | \$ 2,401,047 | \$ 516,858 | \$ 239,900 | \$ 16,682 | \$ - | \$ 3,836 |
| 2018 | \$ 2,455,354 | \$ 1,444,890 | \$ 70,000 | \$ 15,446 | \$ - | \$ 8,226 |
| 2019 | \$ 2,275,465 | \$ 1,434,480 | \$ 165,000 | \$ 14,156 | \$ - | \$ 5,062 |
| 2020 | \$ 2,165,078 | \$ 1,422,407 | \$ 131,900 | \$ 12,806 | \$ - | \$ 19,355 |
| 2021 | \$ 1,959,806 | \$ 1,400,128 | \$ 244,600 | \$ 11,396 | \$ - | \$ 28,889 |
| 2022 | \$ 1,940,414 | \$ 1,375,473 | \$ 168,000 | \$ 12,846 | \$ - | \$ 28,637 |

outstanding debts in Houston, Texas, for the last ten fiscal years (2013-2022). The primary types of debt are governmental activities bonds, public improvement and tax notes, pension obligations, commercial revenue obligations, and other categories. Notably, Houston's total outstanding debt decreased from \$5.4 billion in 2013 to \$4.8 billion in 2022. The rates of outstanding debt remained mostly stable, with pension obligations showing a significant increase.

Highlights:

- Houston's outstanding debt types include Governmental Activities Bonds, Public Improvement and Tax Notes, Pension Obligations, Commercial Revenue Obligations, and other categories.
- Governmental Activities Bonds finance projects related to infrastructure, public safety, and cultural facilities.
- Public Improvement and Tax Notes support public projects like roads, bridges, and parks, often repaid with tax revenue.
- Pension Obligations represent the city's liability for employee pension benefits.
- Commercial Revenue Obligations cover debt for projects like airports and convention centers, repaid with project-generated revenue.
- Total outstanding debt decreased from \$5.4 billion in 2013 to \$4.8 billion in 2022.
- The rate of pension obligations increased from 10.2% in 2013 to 11.7% in 2022 due to an aging workforce and rising pension costs.
- Houston's debt is manageable and diversified among different types, with stable rates over time.

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2022
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

| Taxpayer | 2022 | | | 2013 | | |
|---|------------------|------|--------------------------------------|------------------|------|--------------------------------------|
| | Taxable Assessed | Rank | Percentage of Total Taxable Assessed | Taxable Assessed | Rank | Percentage of Total Taxable Assessed |
| | Value | | Value | Value | | Value |
| Centerpoint Energy, Inc. | \$ 2,691,485 | 1 | 1.02% | \$ 1,441,169 | 1 | 0.95% |
| Chevron Chemical Company | 914,040 | 2 | 0.35% | 678,608 | 2 | 0.45% |
| BSREP 1HC-4HC | 708,763 | 3 | 0.27% | | | |
| GWP (Greenway Plaza) | 700,477 | 4 | 0.27% | | | |
| One Two Three Allen Center | 698,342 | 5 | 0.27% | | | |
| PKY Citywest, POC, San Felipe Plaza | 692,204 | 6 | 0.26% | | | |
| Shell Oil Co | 634,225 | 7 | 0.24% | 408,982 | 7 | 0.27% |
| Four Five Oaks Place | 621,259 | 8 | 0.24% | | | |
| Camden | 609,473 | 9 | 0.23% | 363,275 | 9 | 0.24% |
| HG Galleria I II III, LP | 587,078 | 10 | 0.22% | | | |
| Valero Energy Corp | | | | 576,170 | 3 | 0.38% |
| Continental Airlines, Inc. | | | | 523,433 | 4 | 0.35% |
| ExxonMobil Corp. | | | | 503,235 | 5 | 0.33% |
| Crescent HC Investors LP (Crescent Real Estate) | | | | 486,999 | 6 | 0.32% |
| Houston Refining | | | | 384,922 | 8 | 0.26% |
| Southwestern Bell | | | | 354,283 | 10 | 0.24% |
| Total | \$ 8,857,346 | | 3.37% | \$ 5,721,076 | | 3.79% |

Comparison of General Fund Expenditures and Revenues in the City of Houston, Texas, from 2018 to 2022

Expenditures

The City of Houston's General Fund expenditures increased by 7.8% from 2018 to 2022. The largest expenditure categories are:

- Public Safety: 36.5%
- Parks and Recreation: 12.5%
- Streets and Bridges: 10.5%
- Solid Waste Management: 7.2%
- General Government: 6.9%

Revenues

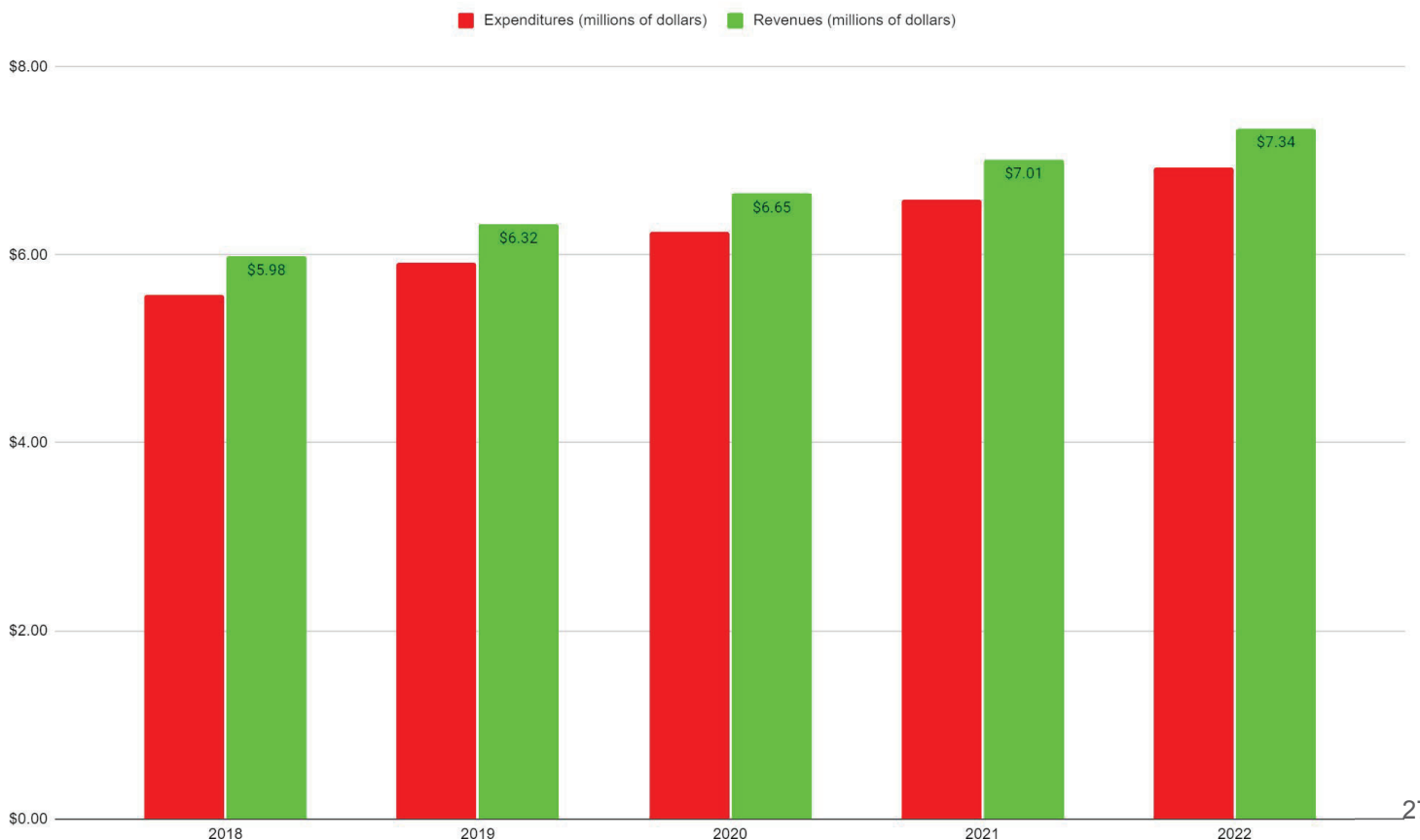
The City of Houston's General Fund revenues increased by 8.0% from 2018 to 2022. The largest revenue sources are:

- Property Taxes: 41.3%
- Sales Taxes: 30.9%
- Franchise Fees: 10.8%
- Other Taxes: 8.0%
- Federal Grants: 5.4%

Overall Fiscal Condition

The City of Houston's General Fund has been in a strong fiscal position in recent years, with revenues consistently exceeding expenditures. The city has also built up a healthy reserve fund, which provides a cushion against unexpected financial challenges.

However, the city is facing some challenges in the coming years, including rising costs for public safety and infrastructure maintenance. The city will need to continue to manage its budget carefully and invest in long-term sustainability.



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>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|--|------------------|------------------|------------------|------------------|-------------------|
| Revenues | | | | | |
| Taxes | \$ 2,068,675 | \$ 2,120,567 | \$ 2,133,402 | \$ 2,162,378 | \$ 2,317,905 |
| Licenses and permits | 113,918 | 123,255 | 119,354 | 112,795 | 113,344 |
| Intergovernmental | 443,441 | 537,402 | 656,699 | 1,183,307 | 1,085,470 |
| Charges for services | 304,625 | 311,587 | 310,695 | 319,012 | 335,572 |
| Fines | 34,734 | 36,407 | 29,664 | 28,341 | 30,852 |
| Investment earnings | 11,579 | 45,008 | 45,567 | 2,709 | (33,257) |
| Other | 133,510 | 79,036 | 56,394 | 62,672 | 70,879 |
| Total revenues | <u>3,110,482</u> | <u>3,253,262</u> | <u>3,351,775</u> | <u>3,871,214</u> | <u>3,920,765</u> |
| Expenditures | | | | | |
| General Government | 357,661 | 353,912 | 446,217 | 430,689 | 393,107 |
| Public safety | 2,248,951 | 1,502,334 | 1,546,820 | 1,580,922 | 1,626,241 |
| Public Works | 401,641 | 383,018 | 377,394 | 399,629 | 392,056 |
| Health | 160,519 | 154,884 | 156,884 | 289,724 | 239,397 |
| Housing and Community Development | 53,249 | 90,398 | 135,419 | 369,216 | 387,329 |
| Parks and recreation | 102,237 | 84,539 | 83,058 | 77,574 | 83,998 |
| Library | 40,065 | 39,839 | 40,435 | 41,062 | 40,675 |
| Retiree benefits | 167,372 | 11,123 | 14,196 | 13,290 | 11,837 |
| *Capital Outlay | 358,387 | 358,973 | 339,363 | 396,816 | 429,148 |
| Debt Service | | | | | |
| Principal | 489,510 | 219,764 | 228,668 | 213,148 | 265,097 |
| Interest | 148,754 | 177,804 | 164,793 | 151,787 | 144,772 |
| Fiscal agent and fees | 11,574 | 4,540 | 5,760 | 3,738 | 4,996 |
| Total expenditures | <u>4,539,920</u> | <u>3,381,128</u> | <u>3,539,007</u> | <u>3,967,595</u> | <u>4,018,653</u> |
| Excess of revenues over (under) expenditures | (1,429,438) | (127,866) | (187,232) | (96,381) | (97,888) |
| Other financing sources (uses) | | | | | |
| Transfers in | 605,254 | 654,394 | 660,650 | 659,617 | 752,414 |
| Transfers out | (540,747) | (595,114) | (608,280) | (596,184) | (693,018) |
| Proceeds from issuance of debt | 1,577,352 | 139,065 | 624,690 | 123,724 | 482,181 |
| Proceeds from refunded debt | - | - | - | - | - |
| Payment to escrow agent | (336,191) | - | (552,367) | - | (338,940) |
| Sale of land | 5,958 | 30,061 | 22,306 | 3,786 | 6,998 |
| Bond premium (discount) | 76,336 | - | 61,685 | - | 35,170 |
| Transfer to component unit | - | - | - | - | - |
| Contributions out | - | (4,165) | - | - | - |
| Insurance proceeds | 93,778 | 2,061 | 982 | - | - |
| Total other financing sources (uses) | <u>1,481,740</u> | <u>226,302</u> | <u>209,666</u> | <u>190,943</u> | <u>244,805</u> |
| Net change in fund balances | <u>\$ 52,302</u> | <u>\$ 98,436</u> | <u>\$ 22,434</u> | <u>\$ 94,562</u> | <u>\$ 146,917</u> |
| Debt service as a percentage of noncapital expenditures | 15.5% | 13.3% | 12.5% | 10.3% | 11.6% |

Source: Annual Comprehensive Financial Report

*Capital outlay does not agree to amount of capital additions per the reconciliation because of items below the capitalization threshold and because capital expenditures were found in other functional expenditures.

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

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

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

HOUSTON AT A GLANCE



The City of Houston was founded on August 30, 1836, by brothers Augustus Chapman Allen and John Kirby Allen, and named after General Sam Houston. The City of Houston's simple 19th century city seal – the noble locomotive (heralding Houston's spirit of progress) and the humble plow (symbol of the agricultural empire of Texas from which Houston would draw her wealth), clearly speaks to the roots of Houston's economy and to the visionary leadership of its citizens.

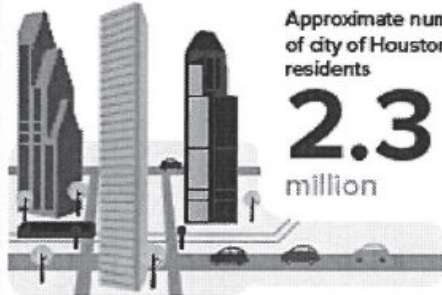
POPULATION AND DEMOGRAPHICS

7.1 million

residents in the 9-county
Houston-The Woodlands-Sugar Land MSA

Nation's 5th most
populous metro area

Larger than Missouri or Maryland



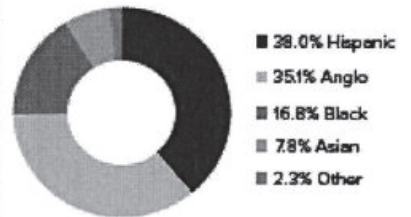
Approximate number
of city of Houston
residents

2.3
million

Houston is the nation's
4th most populous city

Race/Ethnicity: Houston MSA

Houston today mirrors the U.S. in 4 decades



Nearly 1 in 4
Houstonians
are foreign born

GLOBAL PRESENCE

15 foreign
governments

maintain trade and commercial offices
in Houston

41 active foreign
chambers of commerce

17.3%
of the region's
economy is
tied to exports

exports
support
330,000
jobs

2 international airports
George Bush Intercontinental (IAH)
William P. Hobby Airports (HOU)

IAH ranked 5th in nation in
number of international flights per week
prior to COVID-19

Prior to COVID-19,
Houston Airport System

67 international
destinations **117** domestic
destinations

184 nonstop destinations

\$197 billion

in trade was handled by the
Houston-Galveston Customs Districts in '20

\$67
billion
in imports (in '20)

\$130
billion
in exports (in '20)



Houston has the largest
export market in the U.S.

Port Houston ranks

1st
in foreign
tonnage for
23 straight
years

Largest
Gulf Coast
container port

1st
in total
waterborne
tonnage

5,000+
Houston companies
doing business abroad

1,700+
Houston establishments
report foreign ownership

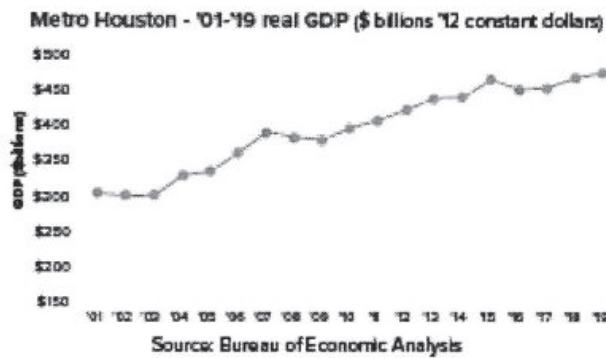
78 nations
have consular representation
in Houston

3rd largest representation
in the nation

16 foreign banks
are located in Houston from 9 nations

ECONOMY

If Houston were a country, it would rank as the 27th largest economy in the world, behind Belgium and ahead of Nigeria.



Houston – The Woodlands – Sugarland MSA GDP has grown at a

2.6 percent
compound annual growth rate
Since '01

7TH
largest
U.S. metro
economy

23 Fortune 500 Companies
call Houston home

EMPLOYMENT

3.1
million

jobs in the
Houston MSA



Health, Education, and
Business & Professional
Services account for nearly

1 in 3
of the region's jobs

The goods-producing
sector accounts for
more than

1 in 6
of the region's jobs



Industry Share of Houston MSA Employment

- 21%** Trade, Transportation, and Utilities
- 17%** Professional and Business Services
- 14%** Government
- 13%** Educational and Health Services
- 10%** Leisure and Hospitality
- 9%** Mining, Logging and Construction
- 7%** Manufacturing
- 6%** Finance and Insurance
- 1%** Information
- 3%** Other Services

Source: Texas Workforce Commission

INDUSTRIES

The Texas Medical Center is
the world's largest medical complex.



\$3 billion
in construction
projects underway

50 million
developed square foot

10 million
annual patient visits

180,000+
annual surgeries

Houston is home to 84,560
engineers and architects.



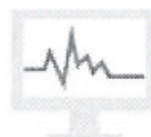
Approximately **230,300**
people work in the region's manufacturing industry

Houston has more than

350 
aviation and aerospace-related
companies

Houston is home to

8,800 
tech-related firms, including more
than 700 venture-backed startups



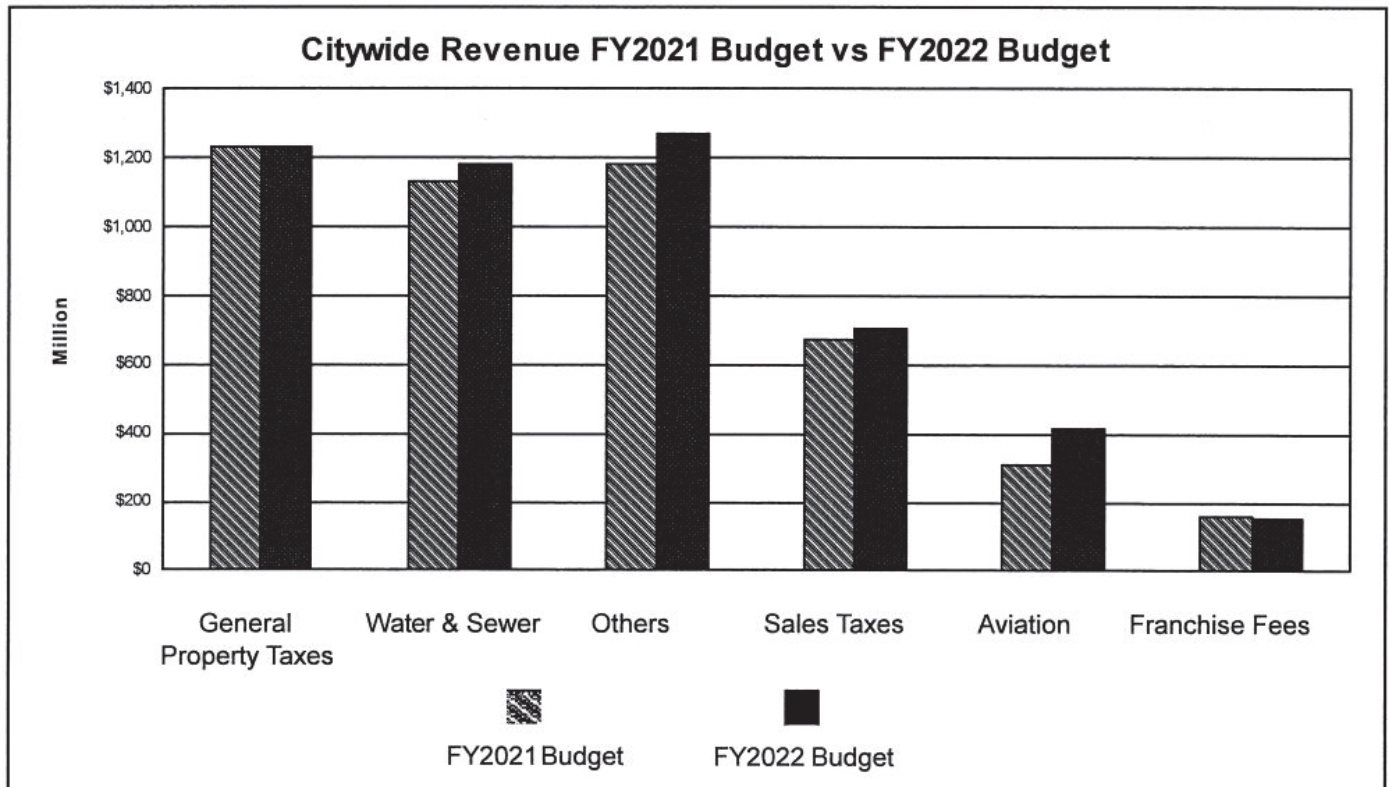
Houston employs 84,000+ workers in
computer & mathematical occupations

**TABLE II
CITYWIDE REVENUE SUMMARY**

Listed below are the resources for all City funds by category. All City funds include General, Special and Enterprise, as well as interfund eliminations. Totals do not include Service Chargeback and Internal Service Funds. The largest revenue source for the City is general property taxes, which are projected to decrease by approximately 0.16%. The second largest source of revenues is collection from the City's Combined Utility System for water and sewer charges, which are projected to increase by approximately 4.15%. Together these two sources account for approximately 48.63% of all City revenues.

| CITYWIDE REVENUE BY SUMMARY (\$ in Millions) | | | | | | |
|--|----------------------|------------------------------|------------------------|----------------------|--------------------------------|-------------------|
| Revenue Category | FY2020 Actual | FY2021 Current Budget | FY2021 Estimate | FY2022 Budget | FY2022 vs FY2021 Budget | % of Total |
| General Property Taxes | 1,222 | 1,233 | 1,245 | 1,231 | -0.16% | 24.83% |
| Water & Sewer | 1,108 | 1,133 | 1,120 | 1,180 | 4.15% | 23.80% |
| Sales Taxes | 684 | 675 | 675 | 703 | 4.15% | 14.18% |
| Aviation | 471 | 308 | 308 | 417 | 35.39% | 8.41% |
| Intergovernmental | 137 | 162 | 179 | 361 | 122.84% | 7.28% |
| Other | 286 | 355 | 330 | 288 | -18.87% | 5.83% |
| Charges for Services | 237 | 265 | 235 | 247 | -6.79% | 4.98% |
| Franchise Fees | 172 | 162 | 158 | 153 | -5.56% | 3.09% |
| Licenses and Permits | 123 | 126 | 119 | 117 | -7.14% | 2.36% |
| Interfund Services | 97 | 96 | 96 | 94 | -2.08% | 1.90% |
| Other Tax | 83 | 83 | 45 | 75 | -9.64% | 1.51% |
| Interest Income | 53 | 40 | 34 | 41 | 2.50% | 0.83% |
| Fines and Forfeits | 31 | 36 | 25 | 28 | -22.22% | 0.56% |
| Industrial Assessment | 25 | 19 | 22 | 22 | 15.79% | 0.44% |
| Total Revenue | 4,729 | 4,693 | 4,591 | 4,957 | 5.63% | 100.00% |

Total may reflect slight variances due to rounding.

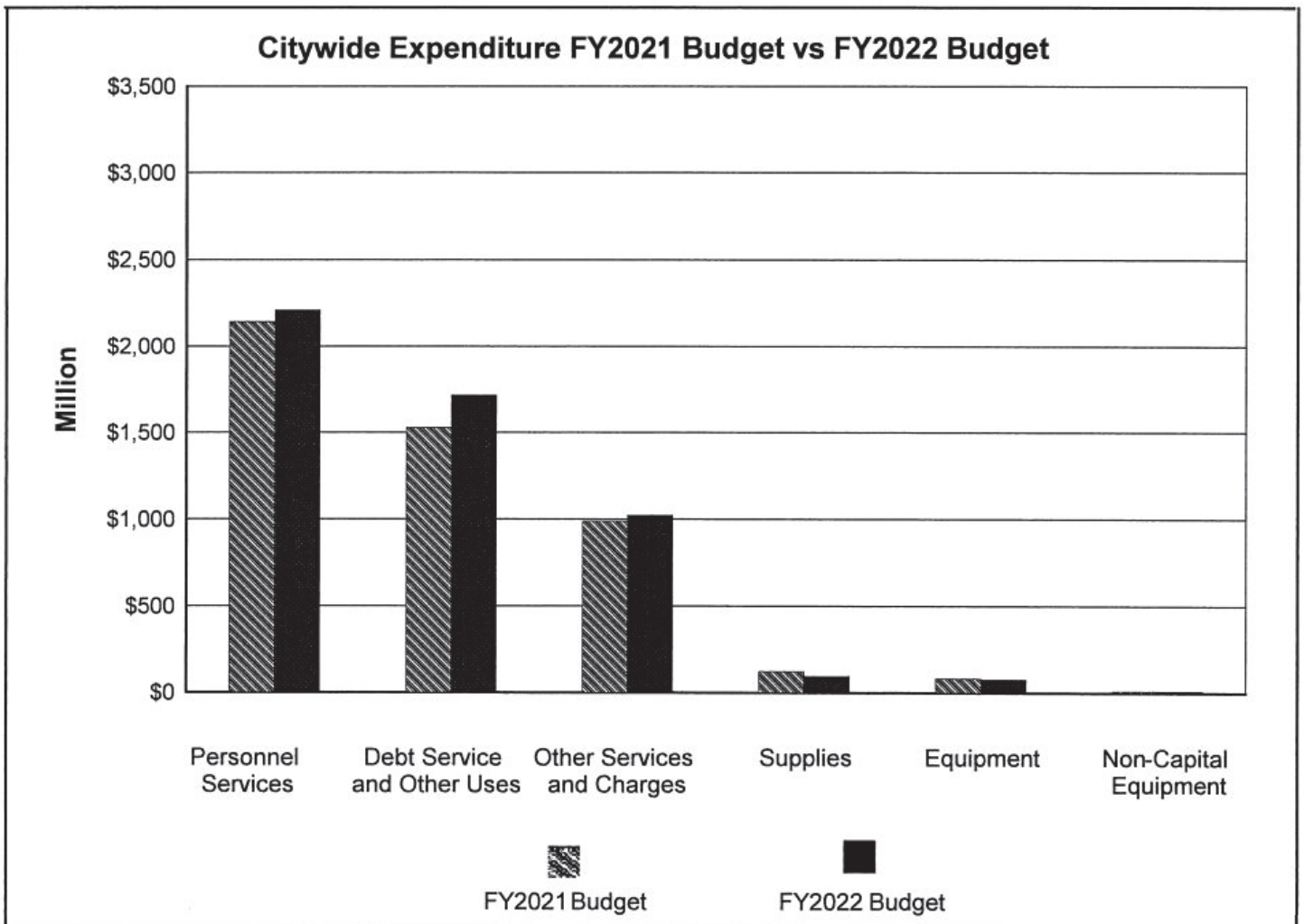


**TABLE III
CITYWIDE EXPENDITURE SUMMARY**

Listed below are the expenditures for all City funds by category. All City funds include General, Special, and Enterprise, as well as interfund eliminations. Totals do not include Service Chargeback and Internal Service Funds. Personnel services, accounting for less than 50%, is the largest expenditure category projected at 43.01%. The second largest City expenditure is payment of principal and interest on long-term debt, which is 33.44% of total expenditures. Together these two categories account for approximately 76.45% of all City expenditures.

| CITYWIDE EXPENDITURE BY CATEGORY (\$ in Millions) | | | | | | |
|--|---------------|-----------------------|-----------------|---------------|-------------------------|----------------|
| Expenditure Category | FY2020 Actual | FY2021 Current Budget | FY2021 Estimate | FY2022 Budget | FY2022 vs FY2021 Budget | % of Total |
| Personnel Services | 2,043 | 2,142 | 2,093 | 2,208 | 3.08% | 43.01% |
| Debt Service and Other Uses | 1,463 | 1,527 | 1,518 | 1,717 | 12.44% | 33.44% |
| Other Services and Charges | 916 | 989 | 947 | 1,022 | 3.34% | 19.91% |
| Supplies | 109 | 123 | 112 | 97 | -21.14% | 1.89% |
| Equipment | 67 | 83 | 46 | 78 | -6.02% | 1.52% |
| Non-Capital Equipment | 12 | 12 | 11 | 12 | 0.00% | 0.23% |
| Total Expenditure | 4,610 | 4,876 | 4,727 | 5,134 | 5.29% | 100.00% |

Total may reflect slight variances due to rounding.



Sources

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