CITY OF HOUSTON, TEXAS

SINGLE AUDIT REPORT

For the year ended June 30, 2014

MJ McCONNELL & JONES LLP CERTIFIED PUBLIC ACCOUNTANTS

BANKS, FINLEY, WHITE & CO. CERTIFIED PUBLIC ACCOUNTANTS

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 21, 2014.

Our report includes a reference to other auditors who audited the financial statements of the Firefighter's 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. We did not audit the financial statements of any governmental discretely presented component units (except for Houston Area Library Automated Network, and Lamar Terrace Public Improvement District), which represent 8.0%, 11.0% and 8.5%, respectively, of the assets, net position, and revenues of the governmental activities or any business-type discretely presented component units which represents 2.5%, 17.3% and 12.2%, 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.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 charge with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned cost as item 2014-001 to be a material weakness.

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*.

We noted certain other matters that were reported to management of the City in a separate letter dated November 21, 2014.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Brooks, Finley, White & Co.

November 21, 2014
Houston, Texas

Independent Auditor's Report on Compliance for Each Major Federal and State Program and Report on Internal Control over Compliance Required by OMB Circular A-133 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 Circular A-133 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 30,2014. 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 the requirements of laws, regulations, contracts, and grants 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; *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations* and UGMS. Those standards, OMB Circular A-133 and 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, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and UGMS and which are described in the accompanying schedule of findings and questioned costs as item 2014-002. Our opinion on each major federal and state program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133, 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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-002 that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by OMB Circular A-133 and 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 City of Houston, Texas, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise City's basic financial statements. Our report on those financial statements is dated November 21, 2014. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by OMB Circular A-133 and UGMS and is not a required part of the 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 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 financial statements or to the 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, 2014. 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.

December 22, 2014
Houston, Texas

McConnell & Jones LLP

Brooks, Finley, White & Co.

CITY OF HOUSTON, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Office of National Drug Control Policy			
Direct Awards			
Office of National Drug Control Policy	7.000	G10HN0001A	$ 10,758
Total Office of National Drug Control Policy			**$ 10,758**
Executive Office of the President			
Direct Awards			
High Intensity Drug Trafficking Areas Program			
High Intensity Drug Trafficking Areas Program	95.001	G11HN0001A	$ (145)
High Intensity Drug Trafficking Areas Program	95.001	G11HN0001A	174
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	(7,316)
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	766
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	3,537
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	16,203
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	37,694
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	62,955
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	64,534
High Intensity Drug Trafficking Areas Program	95.001	G12HN0001A	80,509
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	16,116
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	316,531
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	155,494
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	164,756
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	230,490
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	468,533
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	787,093
High Intensity Drug Trafficking Areas Program	95.001	G13HN0001A	929,121
High Intensity Drug Trafficking Areas Program	95.001	G14HN0001A	1,495
Total High Intensity Drug Trafficking Areas Program			**3,328,540**
Total Executive Office of the President			**$ 3,328,540**
U.S. Department of Agriculture Food and Nutrition Service			
Pass-Through Awards			
Texas Department of State Health Service			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2012-039983	$ (3,110)
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2013-042768	2,692,913
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	2014-045059	7,617,716
Total Texas Department of State Health Service			**10,307,519**
Texas Department of Agriculture Food and Nutrition Service			
Child and Adult Care Food Program	10.558	CE ID 01525	5,568
Child and Adult Care Food Program	10.558	CE ID 01525	1,065,746
Summer Food Service Program for Children	10.559	CE ID 01525	847,683
Summer Food Service Program for Children	10.559	CE ID 01525	1,479,827
Total Texas Department of Agriculture Food and Nutrition Service			**3,398,824**
Total Pass-Through Awards			**$ 13,706,343**
Total U.S. Department of Agriculture Food and Nutrition Service			**$ 13,706,343**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
U.S. Department of Housing and Urban Development			
Direct Awards			
Office of Community Planning and Development			
Community Development Block Grants/Entitlement Grants	14.218	B00MC480018	$ 4,140
Community Development Block Grants/Entitlement Grants	14.218	B02MC480018	30,761
Community Development Block Grants/Entitlement Grants	14.218	B04MC480018	79,674
Community Development Block Grants/Entitlement Grants	14.218	B06MC480018	2,590
Community Development Block Grants/Entitlement Grants	14.218	B07MC480018	365,445
Community Development Block Grants/Entitlement Grants	14.218	B08MC480018	(5,214)
Community Development Block Grants/Entitlement Grants	14.218	B-08-MN-48-0400	712
Community Development Block Grants/Entitlement Grants	14.218	B09MC480018	231,291
Community Development Block Grants/Entitlement Grants	14.218	B10MC480018	602,622
Community Development Block Grants/Entitlement Grants	14.218	B11MC480018	1,075,507
Community Development Block Grants/Entitlement Grants	14.218	B-11-MN-48-0400	1,039,047
Community Development Block Grants/Entitlement Grants	14.218	B12MC480018	1,698,737
Community Development Block Grants/Entitlement Grants	14.218	B13MC480018	12,277,253
Total Community Development Block Grant			**17,402,565**
Emergency Solutions Grant Program			
Emergency Solutions Grant Program	14.231	E11MC480002	498,188
Emergency Solutions Grant Program	14.231	E12MC480002	1,963,117
Emergency Solutions Grant Program	14.231	E13MC480002	560,697
Total Emergency Solutions Grant Program			**3,022,002**
Home Investment Partnerships Program			
Home Investment Partnerships Program	14.239	M00MC480206	122,486
Home Investment Partnerships Program	14.239	M01MC480206	526,122
Home Investment Partnerships Program	14.239	M03MC480206	413,161
Home Investment Partnerships Program	14.239	M04MC480206	15,008
Home Investment Partnerships Program	14.239	M05MC480206	470,216
Home Investment Partnerships Program	14.239	M06MC480206	334,954
Home Investment Partnerships Program	14.239	M07MC480206	116,950
Home Investment Partnerships Program	14.239	M08MC480206	869,424
Home Investment Partnerships Program	14.239	M09MC480206	548,133
Home Investment Partnerships Program	14.239	M10MC480206	(95,867)
Home Investment Partnerships Program	14.239	M11MC480206	4,390,921
Home Investment Partnerships Program	14.239	M12MC480206	640,547
Home Investment Partnerships Program	14.239	M13MC480206	1,415,919
Home Investment Partnerships Program	14.239	M94MC480206	618,191
Home Investment Partnerships Program	14.239	M95MC480206	5,725
Home Investment Partnerships Program	14.239	M96MC480206	1,000
Home Investment Partnerships Program	14.239	M97MC480206	12,338
Home Investment Partnerships Program	14.239	M99MC480206	671
Total Home Investment Partnerships Program			**10,405,899**
Housing Opportunities for Persons with AIDS			
Housing Opportunities for Persons with AIDS	14.241	TX21H02-F003	40
Housing Opportunities for Persons with AIDS	14.241	TX21H05-F003	41,893
Housing Opportunities for Persons with AIDS	14.241	TX21H06-F003	13,284
Housing Opportunities for Persons with AIDS	14.241	TX21H07-F003	15,000
Housing Opportunities for Persons with AIDS	14.241	TX-H08-F004	78,148
Housing Opportunities for Persons with AIDS	14.241	TXH09F003	220,098
Housing Opportunities for Persons with AIDS	14.241	TXH10F003	353,079
Housing Opportunities for Persons with AIDS	14.241	TXH11F003	762,248
Housing Opportunities for Persons with AIDS	14.241	TXH12F003	5,166,528
Housing Opportunities for Persons with AIDS	14.241	TXH13F003	1,578,861
Total Housing Opportunities for Persons with AIDS			**8,229,179**
CDBG/Brownfield Economic Development Initiative			
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	E95EZ480006	5,550,000
Total CDBG/Brownfield Economic Development Initiative			**5,550,000**
Economic Development Initiative-Special Project			
Economic Development Initiative-Special Project	14.251	B-09-SP-TX-0128	4,675
Total Economic Development Initiative-Special Project			**4,675**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Lead-Based Paint Hazard Control in Privately-Owned Housing			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	TXLHB0459-09	(4,177)
Total Lead-Based Paint Hazard Control in Privately Owned Housing			**(4,177)**
Lead Hazard Reduction Demonstration Grant Program			
Lead Hazard Reduction Demostration Grant Program	14.905	TXLHD0202-09	2,338
Lead Hazard Reduction Demostration Grant Program	14.905	TXLHD0231-11	871,795
Lead Hazard Reduction Demostration Grant Program	14.905	TXLHD0260-13	304,292
Total Lead Hazard Reduction Demonstration Grant Program			**1,178,425**
Total Direct Awards			**$ 45,788,568**
Pass-Through Awards			
Texas Department Of Housing and Community Affair			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	70090001	$ 1,723,929
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	B-06-DG-48-0002	(333)
Total Texas Department of Housing and Community Affair			**1,723,596**
Texas General Land Office			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	702,873
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	134,491
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070	834,546
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	14-236-000-8329	2,476
Total Texas General Land Office			**1,674,386**
Texas Department Of Rural Affairs			
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	DRS010070 HUD TDRA-DR	692,743
Total Texas Department of Rural Affairs			**692,743**
Total Pass-Through Awards			**$ 4,090,725**
Total U.S. Department of Housing and Urban Development			**$ 49,879,293**
U.S. Department of the Interior National Park Services			
Texas Parks and Wildlife Department			
Outdoor Recreation_Acquisition, Development and Planning	15.916	48-001129	220,000
Total Texas Parks and Wildlife Department			**220,000**
Total U.S. Department of the Interior National Park Services			**$ 220,000**
U.S. Department of Justice			
Direct Awards			
Shared Forfeiture Property- Justice	16.000		**$ 2,180,408**
Office of Juvenile Justice and Delinquency Prevention			
Missing Children's Assistance	16.543	2012-MC-FX-K053	409,338
Total Office of Juvenile Justice and Delinquency Prevention			**409,338**
National Institute of Justice			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2011-DN-BX-0002	409,426
DNA Backlog Reduction Program	16.741	2010-DN-BX-K112	116,131
DNA Backlog Reduction Program	16.741	2011-DN-BX-K427	1,354,184
DNA Backlog Reduction Program	16.741	2012-DN-BX-0068	877,383
DNA Backlog Reduction Program	16.741	2013-DN-BX-0067	490,834
Total National Institute of Justice			**3,247,958**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Crime Laboratory Improvement Combined Offender			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2008-DD-BX-0471	52
Total Crime Laboratory Improvement Combined Offender			**52**
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0537	600,000
Public Safety Partnership and Community Policing Grants	16.710	2010ULWX0026	3,538,676
Public Safety Partnership and Community Policing Grants	16.710	2009CKWX0536	1,000,000
Public Safety Partnership and Community Policing Grants	16.710	2011ULWX0028	1,469,527
Total Office of Community Oriented Policing Services			**6,608,203**
Bureau of Justice Assistance			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX0119	(2,142)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010-DJ-BX-1032	970,799
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011-DJ-BX-3222	1,463,801
Economic High-Tech and Cyber Crime Prevention	16.752	2013-ZP-BX-0006	95,510
Total Bureau of Justice Assistance			**2,527,968**
Total Direct Awards			**$ 14,973,927**
Pass-Through Awards			
State of Texas - Governor's Office Criminal Justice Division			
Juvenile Accountability Block Grants	16.523	JB-10-J20-13322-14	$ (19,358)
Juvenile Accountability Block Grants	16.523	JB-11-J20-13322-15	74,555
Crime Victim Assistance	16.575	VA-10-V30-13592-13	720
Crime Victim Assistance	16.575	VA-12-V30-13592-14	34,826
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DH-06-A10-18445-01	925
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25810-01	11,162
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25810-02	45,109
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25886-01	22,682
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-10-A10-25886-02	52,391
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-26445-01	12,924
Edward Byrne Memorial Justice Assistance Grant Program	16.738	DJ-11-A10-26679-01	57,878
Total State of Texas - Governor's Office Criminal Justice Division			**293,814**
Sam Houston State University			
Project Safe Neighborhoods	16.609	22055C	6,375
Project Safe Neighborhoods	16.609	321-20-C52C	2,999
Project Safe Neighborhoods	16.609	321-20-C52K	(385)
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CD-12-A10-17319-09	8,294
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CD-13-A10-17319-10	81,895
Total Sam Houston State University			**99,178**
Total Pass-Through Awards			**$ 392,992**
Total U.S. Department of Justice			**$ 15,366,919**
U.S. Department of Transportation			
Direct Awards			
Federal Aviation Administration			
Airport Improvement Program	20.106	3-48-0111-081	$ 1,222,517
Airport Improvement Program	20.106	3-48-0111-091	272,505
Airport Improvement Program	20.106	3-48-0111-98	9,880,000
Airport Improvement Program	20.106	3-48-0111-99	13,841,014
Airport Improvement Program	20.106	3-48-0111-96-2013	13,062,533
Total Federal Aviation Administration			**38,278,569**
Federal Highway Administration			
Highway Planning and Construction	20.205	TCSE010-Q680	22,798
Highway Planning and Construction	20.205	TCSP2001(001)	550,129
Total Federal Highway Administration			**572,927**
Federal Railroad Administration			
Rail Line Relocation and Improvement	20.320	2012-0474	20,489
Total Federal Railroad Administration			**20,489**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Federal Transit Administration			
Alternative Analysis	20.522	TX-39-0006-00	401,442
Total Federal Transit Administration			**401,442**
Office of the Secretary (OST) Administration Secretariate			
National Infrastructure Investments	20.933	DTFH61-13-G-00004	1,473,148
Total Office of the Secretary (OST) Administration Secretariate			**1,473,148**
Federal Motor Carrier Safety Administration			
National Motor Carrier Safety	20.218	FM-MHP-0080-12	201,099
National Motor Carrier Safety	20.218	FM-MHP-0129-13-01	329,815
Total Federal Motor Carrier Safety Administration			**530,914**
Total Direct Awards			**$ 41,277,489**
Pass-Through Awards			
State of Texas - Department of Transportation			
Highway Planning and Construction	20.205	0912-70-064	$ 368,216
Highway Planning and Construction	20.205	0912-72-195	1,380,834
Highway Planning and Construction	20.205	0912-72-004	1,681,711
Highway Planning and Construction	20.205	0912-70-065	4,616,949
Highway Planning and Construction	20.205	CSJ 0912-00-447	1,028,926
Highway Planning and Construction	20.205	CSJ 0912-70-078	48,650
Highway Planning and Construction	20.205	CSJ 0912-72-197	52,647
State and Community Highway Safety	20.600	583EGF6023	203,388
State and Community Highway Safety	20.600	584EGF6310	50,132
State and Community Highway Safety	20.600	583EGF6024	71,630
State and Community Highway Safety	20.600	584EGF6019	229,819
State and Community Highway Safety	20.600	FC74433	(62,162)
State and Community Highway Safety	20.600	584EGF6018	542,658
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2014-HOUSTONPD-IDM-0012	66,408
Alcohol Impaired Driving Countermeasures Incentive Grants	20.601	2013-HOUSTONPD-IDM-00002	88,258
Occupant Protection Incentive Grants	20.602	2012-HOUSTONPD-CIOT00025	(149)
Total State of Texas Department of Transportation			**10,367,915**
Total Pass-Through Awards			**$ 10,367,915**
Total U.S. Department of Transportation			**$ 51,645,404**
U.S. Department of Treasury			
Shared Forfeiture Property - Treasury	21.000		**$ 1,006,336**
Total U.S. Department of Treasury			**$ 1,006,336**
National Aeronautics and Space Administration			
Pass-Through Awards			
University Corporation for Atomspheric Research Science	43.001	Z11-87947	$ 188
Total National Aeronautics and Space Administration			**$ 188**
U.S. Institute of Museum and Library Services			
Pass-Through Awards			
Texas State Library and Archive Commission			
Grants to States	45.310	470-10014	$ (3,300.00)
Grants to States	45.310	470-11032	62
Grants to States	45.310	771-11040	20
Total Texas State Library and Archive Commission			**(3,218)**
Institute of Museum and Library Services			
National Leadership Grants	45.312	LG-30-12-0685-12	97,000
Total Institute of Museum and Library Services			**97,000**
Total U.S. Institute of Museum and Library Services			**$ 93,782**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
U. S. Environmental Protection Agency			
Direct Awards			
Office of Air and Radiation			
Climate Showcase Communities Grant Program	66.041	AF83453001-0	$ (3)
Total Office of Air and Radiation			**(3)**
Office of Chemical Safety and Pollution Prevention			
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716	X8-00F30801	41,599
Total Office of Chemical Safety and Pollution Prevention			**41,599**
Total Direct Awards			**$ 41,596**
Pass-Through Awards			
Department of Veterans Affairs			
VA Assistance to United States Paralympic Integrated Adaptive Sports Program	64.034	USOC-74985	$ 3,396
Total Department of Veterans Affairs			**3,396**
Texas Commission on Environmental Quality			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activites Relating to the Clean Air Act	66.034	582-11-86422	79,516
Nonpoint Source Implementation Grants	66.460	582-10-90464	294,282
Performance Partnership Grants	66.605	582-12-10016	64,979
Performance Partnership Grants	66.605	582-12-40054	304,076
Total Texas Commission on Environmental Quality			**742,853**
Texas Water Development Board			
Capitalization Grants for Clean Water State Revolving Funds	66.458	132500	563,076
Capitalization Grants for Clean Water State Revolving Funds	66.458	L100067	3,973,701
Capitalization Grants for Clean Water State Revolving Funds	66.458	L110062	21,061,635
Capitalization Grants for Clean Water State Revolving Funds	66.458	L120030	23,790,686
Capitalization Grants for Clean Water State Revolving Funds	66.458	L1000149	5,277,833
Total Texas Water Development Board			**54,666,931**
Total Pass-Through Awards			**$ 55,413,180**
Total U. S. Environmental Protection Agency			**$ 55,454,776**
U.S. Department Of Health and Human Services			
Direct Awards			
Centers for Disease Control and Prevention			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-32	$ 887,889
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	PS600445-33	788,418
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-01	684
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-02	79,745
Injury Prevention and Control Research and State and Community Based Programs	93.136	CE002063-03	187,100
Immunization Cooperative Agreements	93.268	CCH622532A	2,155,654
Immunization Cooperative Agreements	93.268	IP000734-01	1,778,493
Immunization Cooperative Agreements	93.268	IP000734-02	1,249,776
Immunization Cooperative Agreements	93.268	IP622532-10	1
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-01	(135)
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	CK000226-02	65,779
National Public Health Improvement Initiative	93.292	CD001272-04	195,741
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	CD001272-03	112,890
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	CI000918-02S2	1,188,654
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	CK000226-01S1	25,371
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003278-01	(379)
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	PS003626-01	14,640
PPHF 2012: Community Transfromation Grants and National Dissemination and Support for Community Transformation Grants-Financed solely by 2012 Prevention and Public Health Funds	93.531	DP003528-03	214,963

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
PPHF 2012: Community Transfromation Grants and National Dissemination and Support for Community Transformation Grants-Financed solely by 2012 Prevention and Public Health Funds	93.531	DP003528-02	297,272
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance Financed in part by 2012 Prevention and Public Health Funds	93.539	IP000549-01	120
HIV Prevention Activities_Health Department Based	93.940	PS003255-04	159,690
HIV Prevention Activities_Health Department Based	93.940	PS003626-02	379,507
HIV Prevention Activities_Health Department Based	93.940	PS003672-01	29,622
HIV Prevention Activities_Health Department Based	93.940	PS003672-02	3,218,609
HIV Prevention Activities_Health Department Based	93.940	PS003672-03	3,400,032
HIV Prevention Activities_Health Department Based	93.940	PS023512-06	20
HIV Prevention Activities_Health Department Based	93.940	PS023512-	(162)
HIV Prevention Activities_Health Department Based	93.940	PS023512-07	1,876
HIV Prevention Activities_Health Department Based	93.940	U1BPS003255-03	227,552
HIV Demonstration, Research, Public and Professional Education Projects	93.941	PS001552-03	42,028
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	PS003212-02	2,633
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001020-05	8,562
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-03	(435)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-04	(24,536)
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-05	530,985
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS001611-06	32,422
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-01	619,112
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	PS004027-02	519,129
Total Centers for Disease Control and Prevention			**18,389,322**
National Institute of Health			
Cancer Cause and Prevention Research	93.393	CA137802-02	20,353
Total National Institute of Health			**20,353**
Total Direct Awards			**$ 18,409,675**
Pass-Through Awards			
Texas Department of Aging and Disability Services			
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	2014-EAP-14	$ 36,544
Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Servives for Older Individuals	93.042	2014-OAG-14	107,368
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2014-3D-14	60,693
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	2013-3D-13	48,803
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-13	1,368,413
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-ADM-14	597,783
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2014-3B-VISTA	2,194
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-13	630,640
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-3B-AWLW-13	7,505
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	2013-ADM-13	226,749
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2014-3C1-14	1,302,962
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2014-3C2-14	1,930,671
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2013-3C1-13	493,266
Special Programs for the Aging_Title III, Part C_Nutrition Services	93.045	2013-3C2-13	580,143
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	2013-ADRCDP-13	6,080
National Family Caregiver Support, Title III, Part E	93.052	2014-3E-14	819,099

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, 2014

Program Title		Federal CFDA Number	Grant Award Number	Expenditures
	National Family Caregiver Support, Title III, Part E	93.052	2013-3E-13	358,496
	Nutritional Services Incentive Program	93.053	2014-NSIP-14	799,970
	Nutritional Services Incentive Program	93.053	2013-NSIP-13	373,064
	Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA2	13,475
	Medicare Enrollment Assistance Program	93.071	2014-ACA-MIPPA3	27,007
	State Health Insurance Assistance Program	93.324	2015-CMS-17	23,318
	Medical Assistance Program	93.778	2014CMS-MFP-14	41,026
	Medical Assistance Program	93.778	ADRC-MFP-14	149,829
	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2013-CMS-MFP-13	116,708
	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2012-CMS-16	(1,824)
	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	2014-CMS-16	98,386
	Money Follows the Person Rebalancing Demonstration	93.791	ADRC-SGR/ACL-14	64,585
	Money Follows the Person Rebalancing Demonstration	93.791	2013-MFPD-13	2,473
	Money Follows the Person Rebalancing Demonstration	93.791	2014-MFPD-14	10,904
	Total Texas Department of Aging and Disability Services			**10,296,330**
Texas Department of State Health Services				
	Public Health Emergency Preparedness	93.069	2014-045397	127,019
	Public Health Emergency Preparedness	93.069	2014-001159	167,411
	Public Health Emergency Preparedness	93.069	2014-001208	335,650
	Public Health Emergency Preparedness	93.069	2011-038795	(1)
	Public Health Emergency Preparedness	93.069	2011-038940	(497)
	Public Health Emergency Preparedness	93.069	2011-038941	11,905
	Public Health Emergency Preparedness	93.069	2014-001219	978,756
	Public Health Emergency Preparedness	93.069	2013-041160-002	38,874
	Public Health Emergency Preparedness	93.069	2013-041160-004	147,115
	Public Health Emergency Preparedness	93.069	2013-041160-007	425,975
	Environmental Public Health and Emergency Response	93.070	2012-040142	61,865
	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	2013-041160-006	451,190
	Hansen's Disease National Ambulatory Care Program	93.2014	2014-001077	83,169
	Hansen's Disease National Ambulatory Care Program	93.2013	2013-041160-009	16,775
	Immunization Cooperative Grants	93.268	2014-001078	1,120,267
	Immunization Cooperative Grants	93.268	2013-041160-010	275,008
	Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	2012-110803	5,500
	National Bioterrorism Hospital Preparedness Program	93.889	2014-001196	29,175
	National Bioterrorism Hospital Preparedness Program	93.889	2013-041160-001	5,848
	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2010-034551	156
	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2011-037547	(1,250)
	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2012-040465	(685)
	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2013-041160-012	342,287
	Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	2014-001348	1,355,718
	Maternal and Child Health Services Block Grant to the States	93.994	2012-039475	(181)
	Maternal and Child Health Services Block Grant to the States	93.994	12HSP0833	13,924
	Maternal and Child Health Services Block Grant to the States	93.994	2014-044575	26,990
	Maternal and Child Health Services Block Grant to the States	93.994	2014-001490	74,984
	Maternal and Child Health Services Block Grant to the States	93.994	2014-044628	102,194
	Maternal and Child Health Services Block Grant to the States	93.994	2013-041539	82,022
	Maternal and Child Health Services Block Grant to the States	93.994	2013-042423	39,823
	Total Texas Department of State Health Services			**6,316,986**
Food and Drug Administration _Research				
	Institute of Food Technologists	93.103	Free-B-2014	3,399
	Total Food and Drug Administration _Research			**3,399**
Houston-Galveston Area Council				
	Social Services Block Grant	93.667	755.1-10	(12,187)
	Total Houston-Galveston Area Council			**(12,187)**
Women's Family Planning and Health Association				
	Family Planning_Services	93.217	WHFPT13	313,858
	Total Women's Family Planning and Health Association			**313,858**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Gulf Coast Workforce Board			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	06260C07FY14	14,255
Total Gulf Coast Workforce Board			**14,255**
University of California UCLA Fielding School of Public Health			
PPHF 2012: Racial and Ethnic Approaches to Community Health Program financed solely by 2012 Public Prevention and Health Funds	93.738	1916GRA237	54,918
Total University of California UCLA Fielding School of Public Health			**54,918**
United Way of Tarrant County			
PPHF 2013: Cooperative Agreement to Support Navigators in Federally facilitated and State Partnership Exchanges	93.750	CHIMES-14	837,776
Total United Way of Tarrant County			**837,776**
Fred Hutchinson Cancer Research Center			
Allergy, Immunology and Transplantation Research	93.855	750168	25,987
Total Fred Hutchinson Cancer Research Center			**25,987**
Harris County Public Health Environment Services			
HIV Emergency Relief Project Grants	93.914	11GEN1987-12GEN 1494	851
HIV Emergency Relief Project Grants	93.914	14GEN0070	81,181
HIV Emergency Relief Project Grants	93.914	13GEN0040	86,419
Total Harris County Public Health Environment Services			**168,451**
Total Pass-Through Awards			**$ 18,019,773**
Total U.S. Department Of Health and Human Services			**$ 36,429,448**
Corporation for National and Community Service			
Social Innovation Fund	94.019	11SIHDC001	$ 113,763
Total Corporation for National and Community Service			**$ 113,763**
U.S. Department of Homeland Security			
Direct Awards			
Department of Homeland Security			
Port Security Grant Program	97.056	EMW-2012-PU-00285-S01	$ 460,876
Port Security Grant Program	97.056	EMW-2013-PU-00259-S01	138,210
Total Department of Homeland Security			**599,086**
Total Direct Awards			**$ 599,086**
Pass-Through Awards			
Texas Department of Public Safety			
Hazard Mitigation Grant	97.039	FEMA-1780-DR-TX	$ (8,250)
Emergency Management Performance Grants	97.042	13TX-EMPG-0357	202,234
Homeland Security Grant Program	97.067	10-SR 35000-01	260,068
Homeland Security Grant Program	97.067	10-SR 35000-01	(76,083)
Homeland Security Grant Program	97.067	11-SR 35000-08	8,225
Homeland Security Grant Program	97.067	11-SR 35000-02	11,864,937
Homeland Security Grant Program	97.067	12-SR 35000-01	4,764,091
Homeland Security Grant Program	97.067	13-SR 35000-01	49,962
Homeland Security Grant Program	97.067	13-SR 35000-02	1,265,636
Homeland Security Grant Program	97.067	13-SR 35000-05	13,213
Metropolitan Medical Response System	97.071	10-SR-35000-01	57,121
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	10-SR35000-01	1,690,815
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	11-SR35000-01	262,549
Total Texas Department of Public Safety			**20,354,518**
Department of Justice			
Homeland Security Grant Program	97.067	11-SR 35000-04	4,531
Total Department of Justice			**4,531**

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, 2014

Program Title	Federal CFDA Number	Grant Award Number	Expenditures
Governor's Division of Emergency Management			
Non-Profit Security Program	97.008	09-SR 35000-05	4,025
Regional Catastrophic Preparedness Grant Program (RCPGP)	97.111	09-35000-01	3
Total Governor's Division of Emergency Management			**4,028**
Texas Commission on Environmental Quality			
Homeland Security Biowatch Program	97.091	582-10-86407	3,055
Homeland Security Biowatch Program	97.091	582-13-30019	697,494
Total Texas Commission on Environmental Quality			**700,549**
Harris County			
Port Security Grant Program	97.056	2008-GB-T8-K006	(411,949)
Port Security Grant Program	97.056	2009-PU-T9-K011	8,350,116
Port Security Grant Program	97.056	2010-PU-T0-K002	667,561
Port Security Grant Program	97.056	EMW-2011-PU-K00146	1,673,627
Total Harris County			**10,279,355**
Total Pass-Through Awards			**$ 31,342,981**
Total U.S. Department of Homeland Security			**$ 31,942,067**
TOTAL EXPENDITURES OF FEDERAL Non-ARRA AWARDS			**$ 259,197,617**
American Recovery and Reinvestment Act	**ARRA**		
U.S. Department of Commerce			
Pass-Through Awards			
Texas State Library and Archive Community			
Broadband Technology Opportunities Program	11.557	461-11018	**$ 353,697**
Total U.S. Department of Commerce			**$ 353,697**
U.S. Department of Energy			
Direct Awards			
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-EE0000965	$ 1,626,382
Total U.S. Department of Energy			**$ 1,626,382**
TOTAL EXPENDITURES OF FEDERAL ARRA AWARDS			**$ 1,980,079**
TOTAL EXPENDITURES OF FEDERAL AWARDS			**$ 261,177,696**

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, 2014

STATE AWARDS

Program Title	Grant Award Number	Expenditures
Direct Award		
Office of the Governor Criminal Justice Division		
Asset Forfeiture	NA	$ 5,503,746
Gang Disruption INIT	CO-11-A10-24292-01	(91)
Internet Crimes A/C-T/F	IC-14-A10-27452-01	112,329
JCMP	SF-13-J20-26861-01	66,508
Gang Reduction	SF-13-J20-24646-02	(18,591)
Gang Reduction	SF-13-J20-24646-03	33,100
Total Office of the Governor Criminal Justice Division		**5,697,001**
Texas Automobile Theft Prevention Authority		
HACTF /21	SA-T04-10054-13	163,747
HACTF /22	SA-T04-10054-22	825,443
Total Texas Automobile Theft Prevention Authority		**989,190**
Office of the Attorney General		
Victim Coord/ Liaison	OAG-1442391	36,166
Total Office of the Attorney General		**36,166**
Texas Department of Health State Services		
HIV Rapid Testing	2010-034649	(10)
HIV Rapid Testing	2011-035183	10
HIV Rapid Testing	2013-041160-003	278,188
HIV Rapid Testing	2014-001355	633,143
IDCU FLU-Lab	2013-041160-008	1,521
IDCU FLU-Lab	2014-001097	2,767
Local Public Services	2012-039507	(26)
Local Public Services	2013-041160-011	141,441
Local Public Services	2014-001186	230,236
Milk and Dairy Product Testing	2014-044058	50,502
Milk and Dairy Product Testing	2013-041775	9,440
Syndromic Surveilnce	2014-045084	135,258
Tuberculosis Elimination Prevention	2011-036067	(2,800)
Tuberculosis Elimination Prevention	2013-041160-005	242,182
Tuberculosis Elimination Prevention	2014-001451	1,406,697
Total Texas Department of Health State Services		**3,128,549**
Texas Department of Aging and Disability Services		
ADRC Promot Independ	2013-PI-13	(72,541)
Life Span Resp Care	539-12-0000065728-M1	102,866
State General Revenue	2013-SGR-13	23,167
State General Revenue	2014-SGR-14	571,783
Total Texas Department of Aging and Disability Services		**625,275**
Texas Department of Housing and Community Affair		
HHSP HTF 2	66130001661	70,118
HHSP BR	65130001611	581,880
AYBR	1001995	4,694
Total Texas Department of Housing and Community Affair		**656,692**
Texas Health and Human Services Commission		
Nurse Family Partnership Program	529-08-0110-00012B	112,041
Nurse Family Partnership Program	HHSC 529-08-0110-00012A	(426)
Nurse Family Partnership Program	529-08-0110-00012C	464,378
Total Texas Health and Human Services Commission		**575,993**
Texas Parks and Wildlife Department		
Emancipation Park	55-000019	(8,872)
Sam Houston Park	55-000012	58,818
Townwood Park	50-000402	163,615
Total Texas Parks and Wildlife Department		**213,561**

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, 2014

Program Title	Grant Award Number	Expenditures
Texas State University		
Tabacco Sting /2	C74992	24,194
Tabacco Sting /3	C74992	127,287
Total Texas State University		**151,481**
Houston-Galveston Area Council		
HGAC-Clean Rivers	C-74366	40,537
Total Houston-Galveston Area Council		**40,537**
Total Direct Awards		**$ 12,114,445**
Pass-Through Awards		
Harris County		
CYD Campo Del Sol	C73996-NCA	$ (250)
CYD Campo Del Sol	C75786	8,403
CYD Campo Del Sol	C75302	25,053
Gulfton Mentor Program	C74878	12,510
CYD United Minds	C74877	10,314
CYD United Minds		12,308
Total Harris County		**68,338**
Texas General Land Office		
CDBG DR Rental H R 2	13-181-000-7294	382,861
CDBG DR Rental H R 2	13-181-000-7295	2,520,972
Total Texas General Land Office		**2,903,833**
Houston - Galveston Area Council		
HGAC-Clean Rivers	CR 73605	328
HGAC-Clean Rivers	C75404-NCA	36,026
Total Houston - Galveston Area Council		**36,354**
Texas Department of Housing and Community Affair		
HHSP-HTF	66120001333	105,251
Total Texas Department of Housing and Community Affair		**105,251**
William March Rice University		
Rice-Ambient Air	381200039001	13,349
Total William March Rice University		**13,349**
Total Pass-Through Awards		**$ 3,127,125**
TOTAL EXPENDITURES OF STATE AWARDS		**$ 15,241,570**

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, 2014

1. The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activities of the City of Houston, Texas (the "City") and is 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. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB A-133) and the State of Texas *Uniform Grant Management Standards* (UGMS). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

   Federal and state awards provided to subrecipients are treated as an expenditure when the City is notified by the subrecipient of the expenditure.

2. Federal and state awards are reported in the City's Comprehensive Annual Financial Report (CAFR) as follows (in thousands):

	Federal	State
Grant Funds	$ 162,638	$ 9,738
FEMA Assistant Grant - Hurricane IKE	316	-
Capital Projects Funds	2,091	-
Asset Forfeiture (Special Revenue Funds)	3,187	5,504
Enterprise Fund - Combined Utility System (TX Water Board)	54,667	-
Enterprise Fund - Airport System Fund	38,279	
Total	$ 261,178	$15,242

3. 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.

4. **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.

5. **Noncash Awards** – Certain federal financial award programs do not involve cash awards to the City. These programs include donated vaccines for the year ended June 30, 2014 as follows:

	CFDA Number	Amount
U.S. Department of Health and Human Services: Value of vaccines issued	93.268	$2,155,654
Value of vaccines on hand	93.268	$320,514

6. **Loans Outstanding** – The City had the following loan balances outstanding at June 30, 2014. Loans made during the year are included in the federal expenditures presented in the schedule.

Program Title	CFDA Number	Amount Outstanding
Community Development Block Grant	14.218	$26,581,674
HOME Investment Partnerships Program	14.239	$12,335,371
Section 108 Guaranteed Loan Program	14.248	$1,927,969
Capitalization Grants for Clean Water State Revolving Funds	66.458	$141,792,470
Capitalization Grants for Drinking Water State Revolving Funds	66.468	$70,754,904

7. The following is the federal subrecipient cash disbursements for the year ended June 30, 2014:

Program Title	CFDA Number	Amount Provided to Subrecipient
Community Development Block Grants/Entitlement Grants	14.218	$ 3,345,352
Emergency Solutions Grant Program	14.231	3,022,002
Housing Opportunities for Persons with AIDS	14.241	7,783,522
Public Safety Partnership and Community Policing Grants	16.710	52,246
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	36,544
Special Programs for the Aging_Title VII, Chapter 2_ Long Term Care Ombudsman Services for Older Individuals	93.042	107,368
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	82,076
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	453,274
Special Programs for the Aging_Title III, Part C_Nutrition	93.045	4,089,773
National Family Caregiver Support, Title III, Part E_	93.052	371,927
Nutritional Services Incentive Program	93.053	1,173,034
Money Follows the Person Rebalancing Demonstration	93.791	13,377
HIV Prevention Activities_Health Department Based	93.940	2,167,408
Total		$ 22,697,903

8. The following is the federal American Recovery and Reinvestment Act subrecipient cash disbursements for the year ended June 30, 2014:

Program Title	CFDA Number	Amount Provided to Subrecipient
Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	$1,626,382
Total		$1,626,382

9. The following is the state subrecipient cash disbursements for the year ended June 30, 2014:

Program Title	Grant Award Number	Amount Provided to Subrecipients
HHSP-HTF	66120001333	$ 105,251
State General Revenue	2014-SGR-14	571,783
HIV Rapid Testing	2013-041160-003	243,999
HIV Rapid Testing	2014-001355	470,378
Total		$1,391,411

10. The following is the schedule of expenditures of federal awards for the year ended June 30, 2014 by cluster:

Cluster Title	Federal CFDA Number	Expenditures
CHILD NUTRITION CLUSTER		
Summer Food Service Program for Children	10.559	$ 2,327,510
Total Child Nutrition Cluster		**$ 2,327,510**
CDBG-ENTITLEMENT GRANT CLUSTER		
Community Development Block Grants/Entitlement Grants	14.218	$ 17,402,565
Total CDBG-Entitlement Grant Cluster		**$ 17,402,565**
CDBG- STATE-ADMINISTERED CDBG CLUSTER		
Community Development Block Grants/State Programs and Non-Entitlement Grants in Hawaii	14.228	$ 4,090,725
Total CDBG-State-Administered CDBG Cluster		**$ 4,090,725**
JAG PROGRAM CLUSTER		
Edward Byrne Memorial Justice Assistance Grant Program (JAG)	16.738	$ 2,635,529
Total JAG Program Cluster		**$ 2,635,529**
HIGHWAY PLANNING AND CONSTRUCTION CLUSTER		
Highway Planning and Construction	20.205	$ 9,750,860
Total Highway Planning and Construction Cluster		**$ 9,750,860**
HIGHWAY SAFETY CLUSTER		
State and Community Highway Safety	20.600	$ 1,035,465
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	154,666
Occupant Protection	20.602	(149)
Total Highway Safety Cluster		**$ 1,189,982**
CLEAN WATER STATE REVOLVING FUND CLUSTER		
Capitalization Grants for Clean Water State Revolving Funds	66.458	$ 54,666,931
Total Clean Water State Revolving Fund Cluster		**$ 54,666,931**
AGING CLUSTER		
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	$ 2,833,284
Special Programs for the Aging_Title III, Part C_ Nutrition Services	93.045	4,307,042
Nutritional Services Incentive Program	93.053	1,173,034
Total Aging Cluster		**$ 8,313,360**
MEDICAID CLUSTER		
Medical Assistance Program	93.778	$ 190,855
Total Medicaid Cluster		**190,855**
Grand Total of Cluster Federal Awards		**$100,568,317**

CITY OF HOUSTON, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2014

I. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report on the basic financial statements expressed an unmodified opinion.

2. A material weakness in internal control over financial reporting was identified. No significant deficiency in internal control over financial reporting was noted.

3. No instances of noncompliance considered material to the basic financial statements were disclosed in the audit.

4. A significant deficiency in internal control over compliance with requirements applicable to federal and state award programs was identified but was not considered to be a material weakness.

5. The independent auditors' report on compliance with requirements applicable to major federal and state award programs expressed an unmodified opinion for all major programs.

6. The audit disclosed a finding required to be reported by OMB Circular A-133.

7. The City's major programs were:

Name of Major Federal/State Program	CFDA Number
Emergency Solutions Grant Program	14.231
Housing Opportunities for Persons with AIDS	14.241
Community Development Block Grants/Brownfields Economic Development Initiative	14.246
Airport Improvement Program	20.106
Highway Planning and Construction	20.205
Capitalization Grants for Clean Water State Revolving Funds	66.458
High Intensity Drug Trafficking Areas Program	95.001
Port Security Grant Program	97.056
CDBG DR Rental H R 2	State
HIV Rapid Testing	State
Nurse Family Partnership Program	State

8. For federal awards and state awards, a dollar threshold of $3,000,000 and $457,247, respectively, was used to distinguish between Type A and Type B programs, as defined in OMB Circular A-133 and State of Texas UGMS.

9. The City did not qualify as a low-risk auditee, as defined in OMB Circular A-133. However, it qualified as a low risk auditee as defined by the State of Texas UGMS.

II. FINANCIAL STATEMENT FINDINGS SECTION

FINDING NO. 2014-001 – MATERIAL WEAKNESS IN INTERNAL CONTROL OVER FINANCIAL REPORTING PROCESS

Condition – Various departments within the City did not adjust certain accounts to reflect appropriate year-end balances on the financial statements on a timely basis. Management subsequently correctly recorded the transactions and account balances and as a result the City's financial statements are fairly presented.

In connection with the ongoing construction projects, the City is not timely closing out completed projects to capital asset accounts and begins the process of depreciating the completed projects. In testing the City's status of work-in-process (WIP) accounts in connection with the current year's audit, we noted most of the IT/Radio completed projects remained in WIP as of June 30, 2014 and for which no depreciation was recorded. For this particular project, some of the project phases/milestones were completed in prior years.

While these adjustments were made in the 2014 financial statements, the WIP balance was initially overstated by $107 million and components of capital assets were understated by the corresponding amount in several funds resulting in a depreciation expense and accumulated depreciation being understated by $1.3 million.

Criteria – Effective internal controls over financial reporting include processes and procedures for proper recording of transactions, timely reconciliation of general ledger account details to control accounts, proper cut-off procedures and effective supervision, review and approval processes to ensure preparation of financial statements in conformity with U.S. GAAP.

GAAP also requires that capital asset records be maintained by public entities in a complete, accurate and detailed manner and that governments report all capital assets with the consideration of depreciation, including infrastructure assets.

Cause – Inadequate and deficient controls over year-end close processes and over monitoring WIP projects and recording them appropriately in the general ledger.

Effect or Potential Effect – The absence of control policies and procedures, including analytic reviews as noted in prior audit findings, to prevent, detect, and correct material misstatements in the financial statements on a timely basis increases the risk that the City's financial statements could contain material misstatements.

Future reporting, tracking and management of capital assets and computations of depreciation will be adversely affected by capital asset records that do not contain enough detail to completely summarize and transfer construction in progress costs to completed assets by proper component.

Recommendation – The department's accounting staff has reduced the number of post-closing audit entries substantially from prior years. We recommend that the City continue to develop procedures, including analytic reviews of interim financial reports, to insure that material misstatements are detected on a timelier basis.

Further, we recommend that the City perform a more detailed/in-depth review of projects that are in WIP. The review of projects by finance management should include corroboration with the project managers, when possible, to determine on a timely basis whether the projects are on-going or complete and whether the costs should be transferred. Based on such reviews, management should transfer the WIP costs to capital assets or expense such costs. Management should also consider lowering the threshold applied to these reviews in order to identify projects that may, in the aggregate, be material.

Views of Responsible Officials – Management does not disagree with this finding.

Corrective Action Plan – A process will be implemented which includes reviewing the WIP monthly, meeting with project managers through a City-wide roundtable for updates, and developing forms for use in preparation of WIP project status. In addition, the recent approval by City Council on December 3, 2014 of the City's Financial Policies provides additional guidance for financial reporting for all departments.

Estimated Completion Date – June 30, 2015

City Contact Person – Deputy Assistant Director (Fixed Assets), Financial Reporting and Operation Division of Finance Department

III. FEDERAL AND STATE AWARDS FINDINGS AND QUESTIONED COSTS SECTION

Program	Finding/Noncompliance	Questioned Costs
	FINDING NO. 2014-002: COMPLIANCE AND SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE WITH DAVIS BACON ACT REQUIREMENTS	
Capitalization Grants for Clean Water State Revolving Funds – CFDA #66.458	**Conditions** – During the course of our test for the City's compliance with the - Davis- Bacon Act related to obtaining weekly certified payrolls from its prime and subcontractors, we noted 1 (one) and twenty-one (21) instances where weekly certified payroll submissions were not obtained from prime and subcontractors, respectively.	None

Criteria – The Davis Bacon Act requires that certified payroll information be submitted on a weekly basis. This documentation should be reviewed for compliance and maintained by the City.

Perspective – 30 samples were selected to test compliance with the Davis Bacon Act of which 9 samples had exceptions.

Cause – Lack of controls in place to ensure subcontractors are submitting payroll certifications on time.

Effect – The City is not in compliance with the requirements set forth in the grant agreement and the Davis-Bacon compliance requirement.

Recommendation – The Office of Business Opportunity (OBO) should review current policies and the Davis-Bacon compliance requirement. OBO should implement a process that promotes communication between the department and the contractor and identifies missing or untimely certified payroll submissions.

Views of Responsible Officials – Management does not disagree with this finding.

Corrective Action Plan of Management – Standards have been implemented requiring Office of Business Opportunity (OBO) staff to notify the assigned contracting department project manager, in writing of missing items. Should escalation of the issue occur, a meeting with the prime contractor to obtain the required compliance will occur. It is recommended that all COH contracts include sanctions to ensure compliance with Davis-Bacon requirements. Until this is implemented, OBO will continue to notify the prime contractor and assigned project manager, in writing, of their requirements and escalate the issues to compel contractors to comply.

Estimated Completion Date – June 30, 2015

City Contact Person – Division Manager, Contract Compliance Section, Office of Business Opportunity

IV. STATUS OF PRIOR-YEAR FINDINGS AND QUESTIONED COSTS

Finding 2013-001 – Significant Deficiency in Internal Control over Financial Reporting Process

Finding – While there was significant improvement in the City's financial reporting process in the current year, the City should enhance this process by requiring responsible financial reporting personnel, at the department level, to perform analytical reviews of financial results on a periodic basis, and also review and approve material journal entries that affect their respective departmental financial results.

Recommendation – Due to the City's diverse operations, there is a need to perform high level analytical reviews at a department level, where the departmental management has a clearer picture of the financial results of the respective department. In addition, the review and approval of material journal entries at a high level of management within a department should mitigate the risk that a material misstatement to the financial statements could occur.

Status – Communications regarding the guidance on analysis and timely posting of departmental journal entries were forwarded to Departmental staff. Key points included the following requirements: 1) posting entries within 5 business days of occurrence and/or period end whichever is earlier; 2) departmental reviews on a monthly, quarterly and yearly basis to ensure all material entries are recorded prior to the period close; 3) establishment of a $50,000 threshold of entries for review; and 4) defining key transactions as those based on timing, size or nature of transaction. In addition, any unusual transactions are to be reviewed by Finance and Controller's Office as they occur. In addition, comprehensive financial policies were approved by City Council on December 3, 2014. These policies provide additional guidance for financial reporting for all departments.

FINDING 2013-002 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL: SECURITY POLICIES AND PROCEDURES

Finding – During the course of the audit procedures for the City of Houston, several IT security deficiencies were identified. Although no single audit deficiency individually constituted a significant deficiency, when viewed in the aggregate they constitute a significant deficiency over the IT environment. These IT observations were noted across various departments and did not meet information security good practices.

Recommendation – It is recommended that management develop and implement policies and procedures, or reinforce existing policies and procedures to address the above deficiencies, as well as monitor the compliance with these policies and procedures. Additionally, management should consider additional training for relevant personnel to improve compliance with IT security policies and procedures; additional oversight responsibilities could also be considered to monitor compliance.

Status – The City of Houston's Chief Information Security Officer has established the following:

- Executive Order — 1-48 IT Security Policy
- Administrative Procedure (AP) 8.1 — Appropriate Use of City Information and City Information Technology Resources was signed by Mayor Parker on October 17, 2014.
- AP 8.2 — Cybersecurity Program was signed by Mayor Parker on October 17, 2014.

Administrative Procedures for Mobile Device Security, Mobile Devise Management and Bring Your Own Device are in final draft and in the approval process with an estimated completion date of February 15, 2015. Additionally, Cybersecurity User Awareness Training has been completed by over 90% of City of Houston employees. The Municipal Courts application that was slated to be complete by September 2014 was delayed until December 15, 2014 and is still further delayed until April 2, 2015.

CITY OF HOUSTON, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2014

Program	Finding/Noncompliance	Questioned Costs
	Significant Deficiency Control Finding **2013-003: Allowable Costs/Cost Principles**	
Energy Efficiency and Conservation Block Grant (EECBG) - CFDA #81.128	**Finding** – During fiscal year 2012, the US Department of Energy (DoE) performed an audit of the EECBG program for fiscal year 2011 program activity. During the audit, the DoE identified $455,156 worth of costs that were not permissible under the grant agreement and did not reimburse the City for the items. The City then recorded an entry to move the costs from the grant fund to the capital projects fund. During fiscal year 2013, it became apparent that the correcting entry to move the expense across funds was erroneously recorded as an expenditure recovery (revenue) item rather than an expense in the proper funds. The recovery entry was reversed, but the expenditures remained in the grant fund rather than the capital projects fund until the issue was re-identified during the fiscal year 2013 external audit. **Recommendation** – The City should review current policies to determine if additional review processes for grant related expenditures should be included. The General Services Department should thoroughly monitor all grant expenditures to ensure they meet the allowability requirement. **Status** – The General Services Department initiated and completed an adjusting entry to correct the reporting allocation in accordance with the grant guidelines. This grant is now closed.	$455,156

CITY OF HOUSTON, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2014

Program	Finding/Noncompliance	Questioned Costs
	Compliance and Significant Deficiency Control Finding 2013-004: Reporting	
Emancipation Park – State Grant	**Finding –** The City did not comply with reporting requirements by the grant. Three of four quarterly status submission reports were not submitted within the required time frame. There was no evidence of review of the quarterly status reports and the City did not seek reimbursement for any of the properties purchased with Emancipation Park grant funds. **Recommendation** – The City should review current policies and the grant agreement reporting requirements. The Houston Parks and Recreation Department (HPARD) should be aware of the reporting requirements and filing deadlines set forth in the grant agreement. In addition, the City should create a reporting process which includes a control that provides evidence of review by someone other than the preparer of the report. HPARD should be aware of the reimbursement requirements and deadlines set forth in the grant agreement. HPARD should make an effort to reduce the time between payment for grant activity and reimbursement requests to ensure timely reimbursement for grant funds and compliance with grant requirements. **Status** – The Houston Parks and Recreation Department (HPARD) has prepared and maintains a schedule of reporting requirements and reviews procedures for each grant. Further HPARD will maintain a checklist to ensure effective internal controls. These tools have been communicated to staff to ensure that all appropriate personnel have a proper understanding of the policies and procedures pertaining to expenditures, reimbursements and reporting requirements.	N/A

CITY OF HOUSTON, TEXAS

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2014

Program	Finding/Noncompliance	Questioned Costs
	Compliance and Significant Deficiency Control Finding 2013-005: Davis Bacon Act	
Sam Houston Park – State Grant	**Finding –** Two of 25 selected certified payroll submissions had not been submitted by the contractor. The files were unavailable for our review because they had not been submitted to the City. **Recommendation** – The Office of Business Opportunity (OBO) should review current policies and the Davis-Bacon compliance requirement. OBO should implement a process that promotes communication between the department and the contractor and identifies missing or untimely certified payroll submissions. **Status** – All projects now require certified payrolls be submitted electronically through the Office of Business Opportunity (OBO) payroll portal. During the current fiscal year, this portal allowed the contractors for this program to submit certified payrolls to OBO electronically. Additionally, mandatory language has been inserted into construction contracts to comply with this new requirement.	N/A

City of Houston, Texas

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2014

Ronald C. Green, City Controller

OFFICE OF THE CITY CONTROLLER – 111 YEARS OF HOUSTON HISTORY

City of Houston, Texas

Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014

Prepared by:
Ronald C. Green, City Controller
Carl Medley, Deputy City Controller

CITY OF HOUSTON, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2014

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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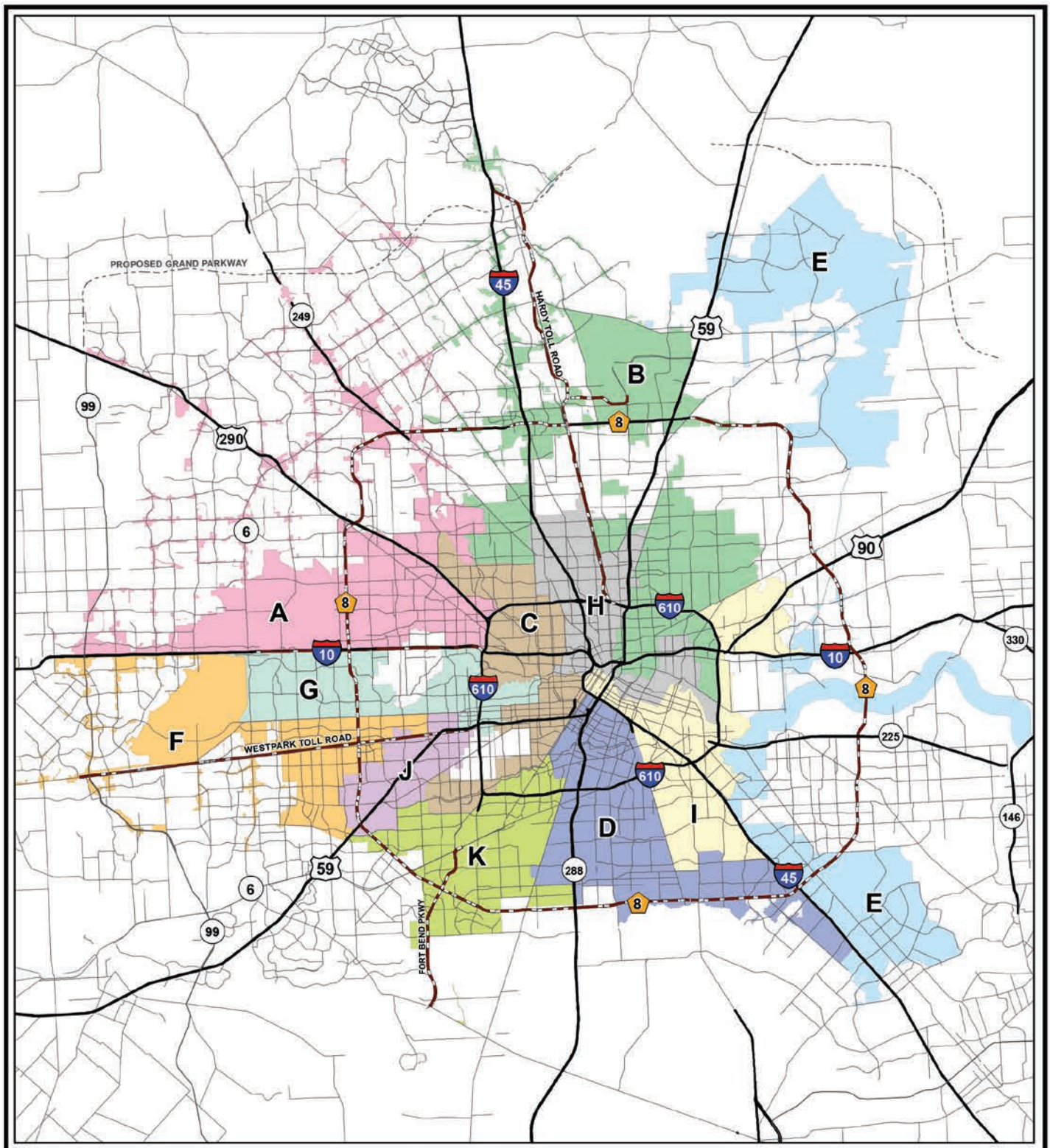
CITY OF HOUSTON, TEXAS



A : Brenda Stardig
B : Jerry Davis
C : Ellen Cohen
D : Dwight Boykins
E : Dave Martin
F : Richard Nguyen
G : Oliver Pennington
H : Ed Gonzalez
I : Robert Gallegos
J : Mike Laster
K : Larry Green

At Large 1: Stephen Costello
At Large 2: David Robinson
At Large 3: Michael Kubosh
At Large 4: C.O. Bradford
At Large 5: Jack Christie

City of Houston Council Districts

0 3.25 6.5 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_Council

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

Police Station

Police Storefront

Fire Station

Library

Community Center

Park

District A

City of Houston
Council District A
Brenda Stardig

0 1.5 3 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_A

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

Office of the City Controller

Houston City Controller Ronald C. Green 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 Green thus serves as an independently elected "financial watchdog" over City government's fiscal affairs.

The Treasury Division is responsible for managing the City's $3.2 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 $13 billion. The City has 16 commercial paper programs totaling $1.750 billion**,** seven auction-rate security issues, six series of variable rate demand obligation bonds, three SIFMA indexed notes, and two interest rate swaps with a total notional amount of $902 million and credit agreements totaling $ 2.65 billion. The City's general obligation debt is rated Aa2 by Moody's; AA+ by Standard and Poor's; and AA by Fitch Ratings. In its most recent general obligation ratings report, Moody's cited the City's large tax base, demographic trends and above average economic outlook as strengths. Standard and Poor's affirmed the City's AA rating on its general obligation debt based on the City's "sizable, deep, and diverse economic base."

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 2014, the Audit Division engaged in 18 Audits and Special Projects that produced seven 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. The Audit Division continued its role in performing all detail testing required by the OMB Circular A-133 for Federal and State grants which is a key component of the Single Audit. Together, these efforts resulted in over $5 million dollars in direct cost-savings realized or identified and approximately $500,000 in hard dollar recoveries. The Association of Local Government Auditors (ALGA) completed an audit of the Office of the City Controller's Audit Division for the period July 1, 2010, through June 30, 2013, and concluded the Audit Division is in full compliance with Governmental Auditing Standards. ALGA also noted the Audit Division has an internal quality control system suitably designed and operating effectively to provide reasonable assurance of compliance during the review period.

The Operations and Technical Services Division is responsible for funding certification for contracts; accounts payable (AP), vendor payments and cash disbursement; bank accounts and travel advances, monthly reconciliation, review and approval of City-wide personnel action requests (PAR); payroll payments processing; City-wide contract, financial and accounting records retention and imaging retrieval; vendor liaison function; the Controller's Office information technology (IT) operations and related administrations. In the coming year, the division's goals are to develop AP streamline processing via an on-line vendor invoice interfacing feature in SAP-AP module with the related City-wide teams to reduce manual effort; continue to coordinate the City's move to a paperless approval system for invoices and encouraging direct deposit payment by City vendors and employees; replace current out of date document retrieval system with an efficient and sufficient system and 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.

Ronald C. Green
Houston City Controller

Ronald C. Green was elected Houston's City Controller on December 12, 2009, after serving three terms on Houston City Council, At-Large, Position Four. On City Council he chaired the Budget and Fiscal Affairs Committee, overseeing the City's annual budget of nearly $4 billion. He was unopposed for his second term as City Controller which began January 2012 and was re-elected for his third and final term in November 2013. As Controller, Mr. Green has the following responsibilities:

- Accurately and timely reporting on the City's financial condition;
- Assessing the City's future financial condition with accurate forecasts of projected revenues and expenses;
- Certifying to City Council that funds are available for all appropriations and commitments of funds and keeping accurate books of account to reflect these commitments;
- Certifying that vendors with City contracts are not delinquent on City taxes;
- Auditing the financial activities of City departments;
- Ensuring that every City dollar is fully and wisely invested at all times; and
- Serving as the financial voice for City government and informing the citizens.

As City Controller, Mr. Green oversees a $13 billion debt portfolio and over $3 billion of investments. With rates at historic lows during the past three years, the Controller's Office has sought out several refinancing opportunities that have generated over $450 million in savings without extending the life of the debt. In addition to management of the City's treasury functions, every payment issued by the City of Houston is processed by the Controller's Office. The Office also prepares several reports to provide financial data and operational statistics regarding the City, including the Monthly Financial and Operations Report, The Comprehensive Annual Financial Report, and an annual Trends Report.

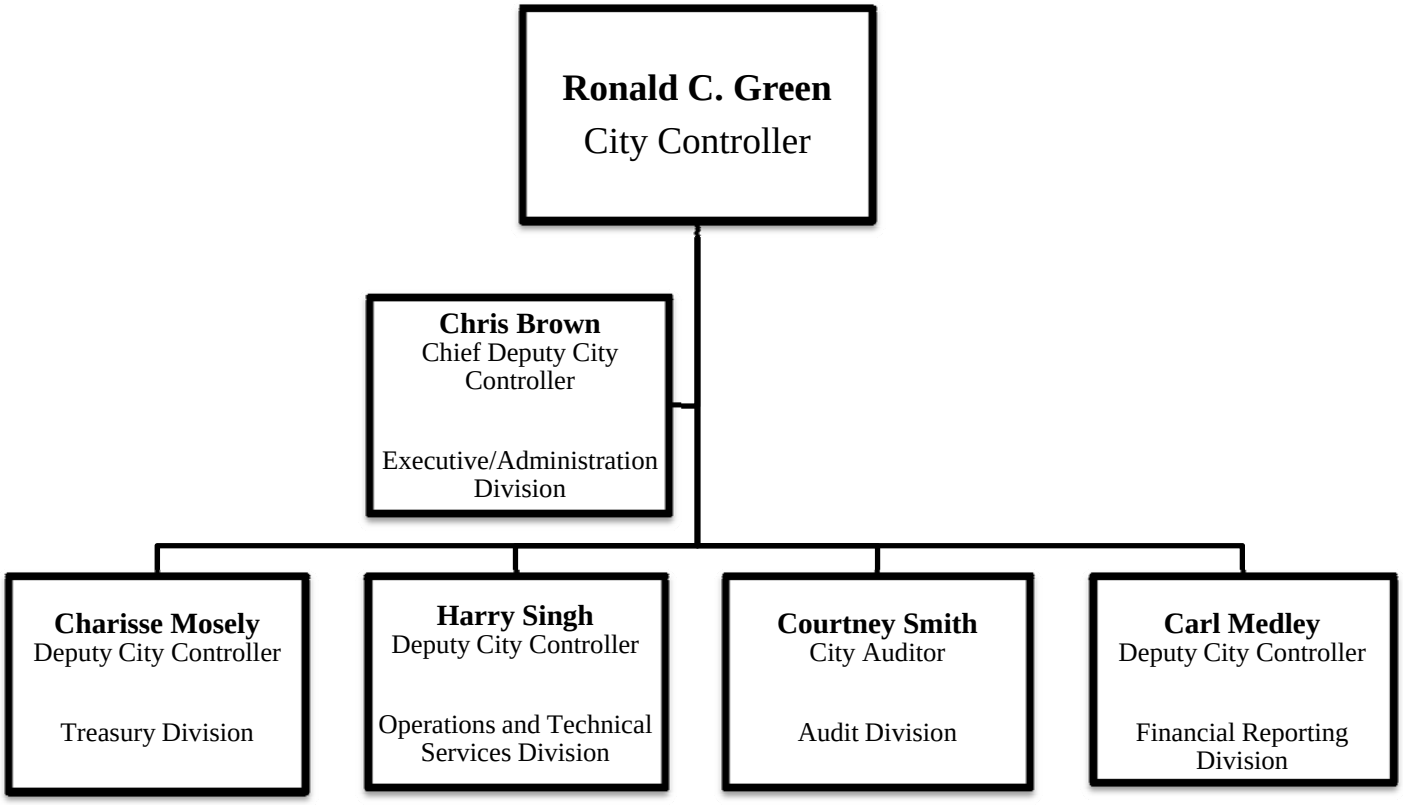
The Controller's Office also includes the Audit Division, which has primarily concentrated on identifying inefficiencies and evaluating the City's outside contracts. Through Audit's efforts during Mr. Green's tenure as Controller, the City has realized $7 million in savings.

Mr. Green is a native Houstonian. He earned both a Bachelor of Science and a Master of Business Administration from the University of Houston, as well as a law degree from Texas Southern University's Thurgood Marshall School of Law. He is also a licensed real estate broker.

Mr. Green is a founding partner of his own law firm and is a member of the Government Finance Officers Association, National Association of Bond Lawyers, the Houston Lawyers Association, Alpha Phi Alpha Fraternity, Inc., and 100 Black Men of America, Inc. He was elected to the National League of Cities Board of Directors in November 2013 and was appointed to the Governmental Accounting Standards Advisory Council (GASAC) in January 2013. He is married to Judge Hilary Harmon Green, Justice of the Peace, Harris County Precinct Seven, Place 1. They have a son and are active in their community and Windsor Village United Methodist Church.

City of Houston

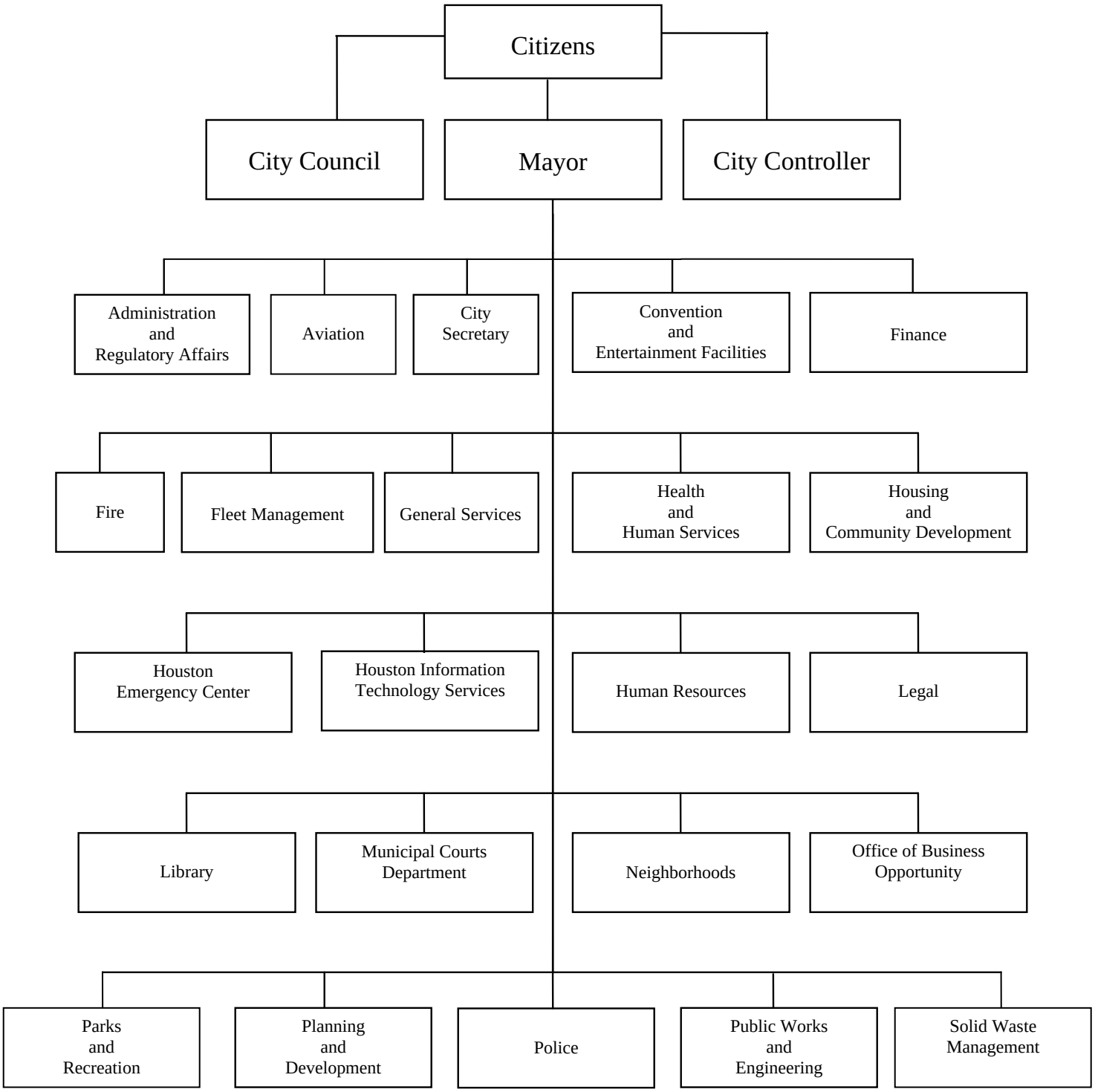
The Office of the City Controller



Elected Officials
City of Houston, Texas

2014 Houston City Council, Front row, left to right: Mike Laster, District J; David Robinson, At-Large Position 2; Ellen Cohen, District C; Richard Nguyen, District F; Ed Gonzalez, District H; Annise Parker, Mayor; Ronald Green, City Controller; Oliver Pennington, District G; Brenda Stardig, District A; Dave Martin, District E; Michael Kubosh, At-Large Position 3; back row, left to right: Larry Green, District K; Stephen Costello, At-Large, Position 1; Dwight Boykins, District D; Jerry Davis, District B; C.O. Bradford, At-Large, Position 4; Robert Gallegos, District I; Jack Christie, At-Large, Position 5.

Organization Chart
City Government



CITY OF HOUSTON, TEXAS

Office of the City Controller
City of Houston, Texas

Ronald C. Green

November 21, 2014

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, 2014, 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, combining 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 for local governments as prescribed by the 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 City's 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. The Mayor, City Controller and Council Members are limited to three two-year elected terms.

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 systems or higher education systems. Special districts and governmental entities with independent taxing authority are responsible for administering 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 and NASA's Johnson Space Center. Houston also has a number of fine 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 second decade of the new century, a quarter million people from other U.S. cities and towns have relocated to Houston. Houston, with more than 2.1 million people, is a melting pot of ethnicities where no single group comprises a majority. The City is the seat of a burgeoning metropolitan area encompassing six counties with a total population approaching 6 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 Local Economy

For Houston, the economic recession of 2009-2011 seems almost a distant memory. Job growth influences all other aspects of the economy. For every job lost in the Houston metro area during the recession, 2.4 jobs have been added. The Houston metro area added 93,000 jobs for the year ending May 15, 2014, and had a total non-farm payroll of 2,883,000 jobs, the highest in the history of the area. Importantly, the average wages for all work groups—professional, skilled and non-skilled— have shown significant increases over the last three years. Most economists expect approximately 70,000 new jobs annually in the next few years. The accepted economic forecast for Houston is that the gross regional product will double by the year 2040.

Houston's population increase during 2013 (137,692) was more than any other metro area in the country, followed by New York, Dallas and Los Angeles. I do want to give some perspective: in regards to the statistics that we cite, it is important to note that the Houston Metropolitan Statistical Area (MSA) includes Harris county and eight surrounding counties; various entities, including the U.S. Department of Labor and the Texas Workforce Commission, use statistics that apply to the MSA. Approximately 60 percent of the area's population resides in Harris County, approximately 4.2 million individuals; half of the county's population resides within the city limits of Houston, approximately 2.1 million people. The computerized Multiple Listing Service of the Houston Association of Realtors includes residential properties and new homes listed by 27,000 realtors throughout Harris, Fort Bend and Montgomery counties, as well as parts of Brazoria, Galveston, Waller and Wharton counties.

Houston's housing market is beginning to reflect the sort of prices you see in other cities, but nowhere near the astronomical prices of New York, San Francisco and parts of Miami, Los Angeles and Chicago. At the end of the City's fiscal year, June 30, 2014, the supply of housing (how long it will take to sell the single-family homes on the market) was 2.6 months; the expected supply of homes in Houston has typically been six months. So, with this shortage, it is definitely a seller's market—hence the rising costs of both homes and apartments.

For the City of Houston, the most significant economic indicators are the property and sales tax revenues. Together, sales and property taxes account for 77 percent of the City's General Fund revenue. Clearly, the positive trends in the real estate market and employment are beneficial for the City.

The table below illustrates the City's two major sources of revenue, property and sales taxes, pre-recession and post-recession (low points are bolded):

	2009	2010	2011	2012	2013	2014	proj. 2015
Property Tax ($ millions)	890.3	895.7	**853.2**	866.1	906.7	974.3	1,067.3
Sales Tax ($ millions)	507.1	**468.9**	492.8	546.5	600.2	629.6	666.9

The projected 2015 revenue increases from property and sales taxes are 25 percent and 42 percent respectively, compared to the low points in the recession. That's a remarkable turnaround, especially when compared to other American cities where sales and property taxes increased in the single digits.

Recent rankings:

MOST COMPETITIVE METROS IN AMERICA
Forbes – July 2, 2014

BEST CITIES FOR MANUFACTURING
Forbes – June 19, 2014

TOP DESTINATION CITY – FIFTH CONSECUTIVE YEAR
U-Haul International – April 10, 2014

BEST CITIES FOR YOUNG ENTREPRENEURS
CreditDonkey – February 19, 2014

BEST CITIES FOR YOUNG COUPLES
CreditDonkey - January 22, 2014

TOP U.S. MANUFACTURING CITIES
Manufacturers' News – January 2014

TOP BLUE-COLLAR HOT SPOTS
Forbes – January 30, 2014

BEST CITIES FOR JOBS THIS FALL
Forbes – September 10, 2013

TOP GLOBAL UNIVERSITY BUSINESS INCUBATOR – RICE UNIVERSITY
University Business Incubator – June 10, 2013

TOP CITIES FOR GLOBAL TRADE
Global Trade – August 2013

BEST DOMESTIC AIRPORT – IAH
Executive Travel – July/August 2013

OUTSTANDING PORT AWARD FOR CUSTOMER SATISFACTION – PORT OF HOUSTON AUTHORITY Railway Industrial Clearance Association
– July 15, 2013

LARGEST EXPORT MARKET IN U.S.
U.S. Department of Commerce, International Trade Administration – June 2013

HIGHEST DEMAND FOR ENGINEERING JOBS IN 2013
Monster.com – May 21, 2013

BEST CITY IN AMERICA
Business Insider – May 30, 2013

MOST WALKABLE CITY AMONG LARGE TEXAS CITIES
Walk Score – April 2013

TOP METROS OF 2012
Site Selection Magazine – March 4, 2013

TOP METRO FOR WOMEN-OWNED FIRMS - BY REVENUE
The State of Women-Owned Businesses Report (commissioned by American Express OPEN) – March 2013

FASTEST REAL GDP GROWTH AMONG LARGE MSAS
Bureau of Economic Analysis – February 22, 2013

MOST MULTI-FAMILY CONSTRUCTION - HOUSTON MSA
AXIOMetrics Inc. - January 30, 2013

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 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 2014-2018 CIP calls for the appropriation of $5.54 billion over the five-year period for both enterprise and property tax supported projects. About $3.07 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 September 30, 2014, the City's outstanding debt payable from taxes and other revenue sources totaled $13.0 billion. This is in compliance with all applicable financial policies and considered manageable.

The City has investments totaling approximately $3.3 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, pension responsibilities 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.

Employee Pension Funds

There continues to be considerable discussion about municipal pensions, here in Houston and in most large cities. I believe a lot of this public discussion has been triggered by other municipalities' insolvencies and the dire circumstances in other cities' pension plans. There is no question that the City of Houston has a significant challenge; in the Controller's Office Monthly Financial and Operating Report, we use the term "unfunded accrued liability" to designate the funded status of each of the pension funds—the word "unfunded" tells the story.

The City has three pension programs that cover all full-time City employees: The Houston Municipal Employees Pension System (HMEPS) for municipal employees, the Houston Police Officers' Pension System (HPOPS) for classified police officers and the Houston Firefighters' Relief and Retirement Fund (HFRRF) for classified firefighters. As you can see in Note 10 in the Notes to Financial Statements in this report, the total unfunded liability for the three plans as of June 30, 2014 was $3.218 billion, with $532.7 million attributable to HFRRF, $939 million attributable to HPOPS and $1.75 billion attributable to HMEPS.

Another way of illustrating the challenge of meeting our pension obligations is simply to compare a previous year to the current. As you can see in the ratios below, the number of retirees has significantly increased in eight years

	Date	
	7/1/2005	7/1/2013
Houston Municipal Employees (HMEPS)		
Actives	14,364	11,781
Retirees	4,441	9,427
Ratio (active to retiree)	3.2:1	1.2:1
Houston Police Officers (HPOPS)		
Actives	4,921	5,364
Retirees	2,335	3,349
Ratio	2.1:1	1.6:1
Houston Fire Fighters (HFRRF)		
Actives	3,084	3,745
Retirees	1,491	2,906
Ratio	2.1:1	1.3:1

In Fiscal Year 2014, the City's contributions to the pension plans totaled $296.3 million, an increase of $36.7 million over the FY2013 contributions of $259.6. Further escalation of future pension contributions are projected to continue. The projected levels of pension contributions should be worrisome to anyone concerned about the City's financial health in another decade and the City's bond ratings which are so crucial for our ability to borrow in order to proceed with much needed infrastructure improvements.

There is a need to restructure the pension plans. However, the plans are intractable—the City is legally bound to honor these contracts. Any re-negotiated plans would almost certainly apply to only newly hired employees and have little impact on the current and near term City contribution levels. Further, pension negotiations would, out of necessity, require consent with the pension boards through meet and confer agreement and/or approval of the Texas Legislature.

Prior negotiated changes in pension benefits, increased employee contributions and the use of pension obligation bonds have helped somewhat to mitigate the increase in this unfunded liability in recent years.
Clearly, the options—service and employee reductions, increasing property tax, restructuring the pension plans—are not easy choices for elected officials. Just as clearly, at some point (hopefully, sooner rather than later) the City's administration and City Council, pension boards and Texas Legislature will need to work together to ensure fair pensions for City employees who have invested years of dedicated service, at a price that is not an unfair burden upon taxpayers.

Retiree benefits

The City also provides certain health care benefits for its retired employees, their spouses and survivors. Beginning with the Fiscal Year 2008 CAFR, the City is required by the Government Accounting Standards Board Statement No. 45 (GASB 45) to report an actuarially determined cost of other post-employment benefits (OPEBs), other than pensions, such as health and life insurance for current and future retirees. The most recent actuarial report indicates $2.1 billion accrued liability for retiree health benefits. It is the City's

practice to fund the cost of OPEBs on an annual pay-as-you-go basis (FY 2013: $35.7 million) and account for OPEB costs as a current operating expense in the fiscal year in which the OPEB cost is paid.

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, 2013. This was the 17th 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, 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, Division of Financial Reporting, 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.

Ronald C. Green
City Controller

Sources:
COH FY 2014 Operating Budget
COH 2014-2018 Capital Improvement Plan
Greater Houston Partnership
Houston Association of Realtors
UH Institute for Regional Planning
Center for State and Local Government Excellence

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

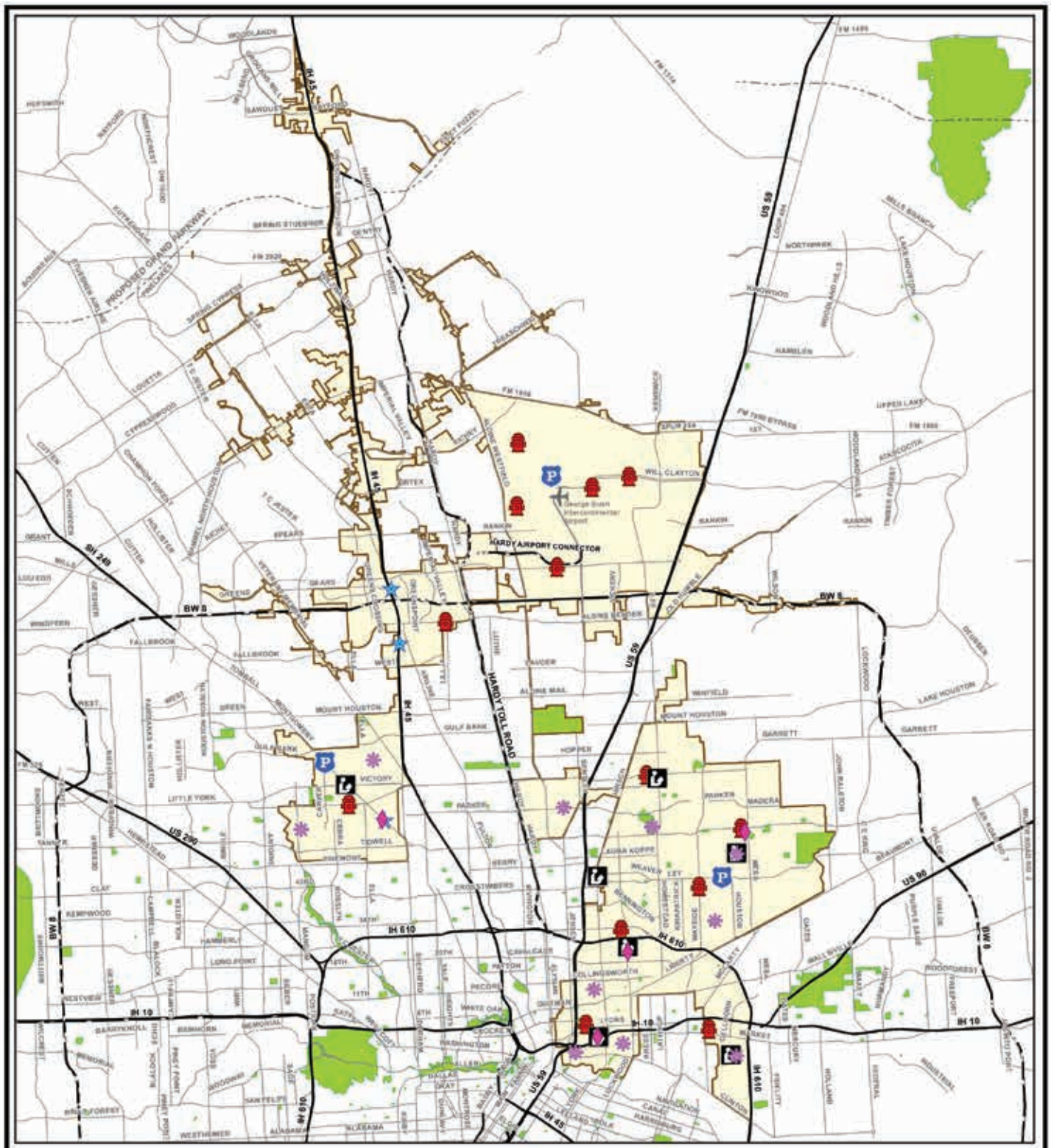
City of Houston

Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO



City of Houston
Council District B
Jerry Davis

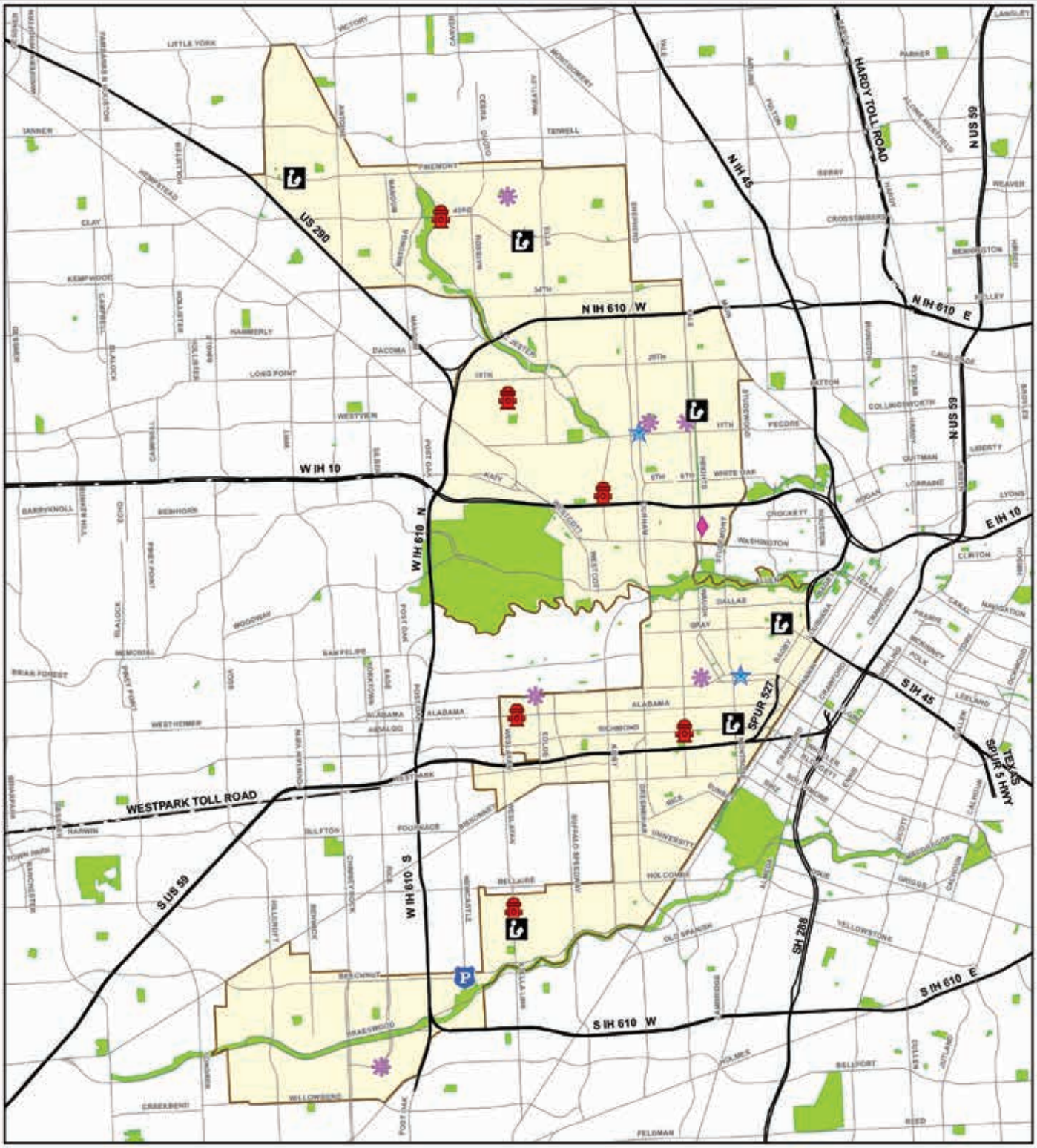
- Police Station
- Police Storefront
- Fire Station
- Multi Service Center
- Library
- Community Center
- Park
- District B

0 1.75 3.5 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_B

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT



City of Houston
Council District C
Ellen R. Cohen

- Police Station
- Police Storefront
- Fire Station
- Multi Service Center
- Library
- Community Center
- Park
- District C

0 0.875 1.75 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_C

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

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

Independent Auditors' Report

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 remaining fund information of the City of Houston Texas (the "City"), as of and for the year ended June 30, 2014, 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 statement 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 8.0%, 11.0% and 8.5%, respectively, of the assets, net position, and revenues of the governmental activities or any business-type discretely presented component units which represents 2.5%, 17.3% and 12.2%, respectively, of the assets, net position, and revenues of the business-type activities. Those financials were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for such pension trust funds, governmental discretely presented component units, and business-type discretely presented component units, is based solely on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and aggregate discretely presented component units and the aggregate remaining fund information of the City of Houston, Texas, as of June 30, 2014 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 3 through 13), Schedule of Budgeted and Actual Revenues and Expenditures of the General Operating Fund (pages 113 through 118), Pension System Supplementary Information (page 119), and Other Post-Employment Benefits Supplementary Information (page 120) be presented to supplement the basic financials 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 Individual Fund Statements and Schedules, and the Introductory Section 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 statement 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.

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

November 21, 2014

City of Houston, Texas
Management's Discussion and Analysis
June 30, 2014
(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, 2014. Please read this information in conjunction with the basic financial statements that follow this section. The discussion and analysis includes comparative data for 2013. 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, 2014 include:

- The assets of the City of Houston exceeded its liabilities at the close of the most recent fiscal year by $3.172 billion.
- The City's total net position increased during the year by $153 million.
- Unrestricted net position is a deficit of $2.370 billion.
- The City of Houston's total expenses were $4.362 billion.
- Program revenues of $2.301 billion reduced the net cost of the City's functions to be financed from the City's general revenues to $2.062 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 and liabilities, with the difference between the assets and liabilities reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City 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, 2014
(With comparative totals for 2013)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 1,374	$ 1,211	$ 2,747	$ 2,654	$ 4,121	$ 3,865
Capital assets	6,881	6,769	9,202	9,134	16,083	15,903
Total assets	8,255	7,980	11,949	11,788	20,204	19,768
Deferred outflows of resources	48	-	331	51	379	51
Long-term liabilities	5,678	5,512	9,900	9,749	15,578	15,261
Other liabilities	833	860	830	574	1,663	1,434
Total liabilities	6,511	6,372	10,730	10,323	17,241	16,695
Deferred inflows of resources	166	-	4	-	170	-
Net position						
Net investment in capital assets	4,103	3,959	241	574	4,344	4,533
Restricted	174	107	1,024	949	1,198	1,056
Unrestricted (deficit)	(2,651)	(2,458)	281	(7)	(2,370)	(2,465)
Total net position	$ 1,626	$ 1,608	$ 1,546	$ 1,516	$ 3,172	$ 3,124

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 exceeded liabilities and deferred inflows by $3.172 billion at the close of the most recent fiscal year.

By far the largest portion of the City of Houston's net position (136.9%) reflects its investment in capital assets (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. An additional portion of the City of Houston's net position (37.8%) represents resources that are subject to external restrictions on how they may be used.

Change in Net Position
For the Fiscal Year Ended June 30, 2014
With comparative totals for 2013
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Program Revenues:						
Charges for services	$ 545	$ 441	$ 1,417	$ 1,368	$ 1,962	$ 1,809
Operating grants and contributions	278	313	11	11	289	324
Capital grants and contributions	-	-	50	19	50	19
General revenues:						
Property taxes	974	907	-	-	974	907
Sales taxes	629	600	-	-	629	600
Other taxes	221	236	90	76	311	312
Other	108	70	175	117	283	187
Total revenues	2,755	2,567	1,743	1,591	4,498	4,158
Expenses:						
General government	247	238	-	-	247	238
Public safety	1,599	1,513	-	-	1,599	1,513
Public works	319	298	-	-	319	298
Health	133	122	-	-	133	122
Housing and community development	51	89	-	-	51	89
Parks and recreation	94	91	-	-	94	91
Library	49	45	-	-	49	45
Interest on Long-term Debt	143	152	-	-	143	152
Depreciation and amortization	133	131	-	-	133	131
Airport System	-	-	561	530	561	530
Convention & Entertainment Facilities	-	-	113	42	113	42
Combined Utility System	-	-	920	899	920	899
Total expenses	2,768	2,679	1,594	1,471	4,362	4,150
Change in net position before contributions, special items and transfers	(13)	(112)	149	120	136	8
Contributions	17	25	-	-	17	25
Special items	-	17	-	(61)	-	(44)
Transfers	42	56	(42)	(56)	-	-
Change in net position	46	(14)	107	3	153	(11)
Net assets, July 1 as previously reported	1,608	1,708	1,516	1,610	3,124	3,318
Cumulative effect of change in accounting principle	(28)	-	(77)		-	-
Beginning net position July 1	1,580	1,622	1,439	1,513	3,019	3,135
Net position June 30	$ 1,626	$ 1,608	$ 1,546	$ 1,516	$ 3,172	$ 3,124

Governmental activities. Governmental activities increased the City of Houston's net position by $46 million. Key elements of this change are as follows:

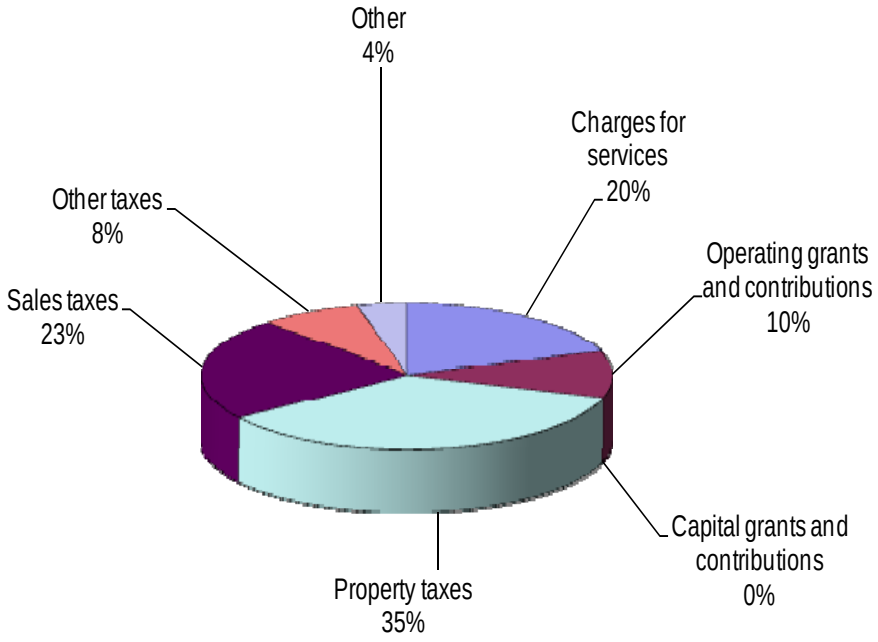
- Sales tax revenue has remained strong during fiscal year 2014, providing a 5% increase for the year, from $600 million to $629 million.

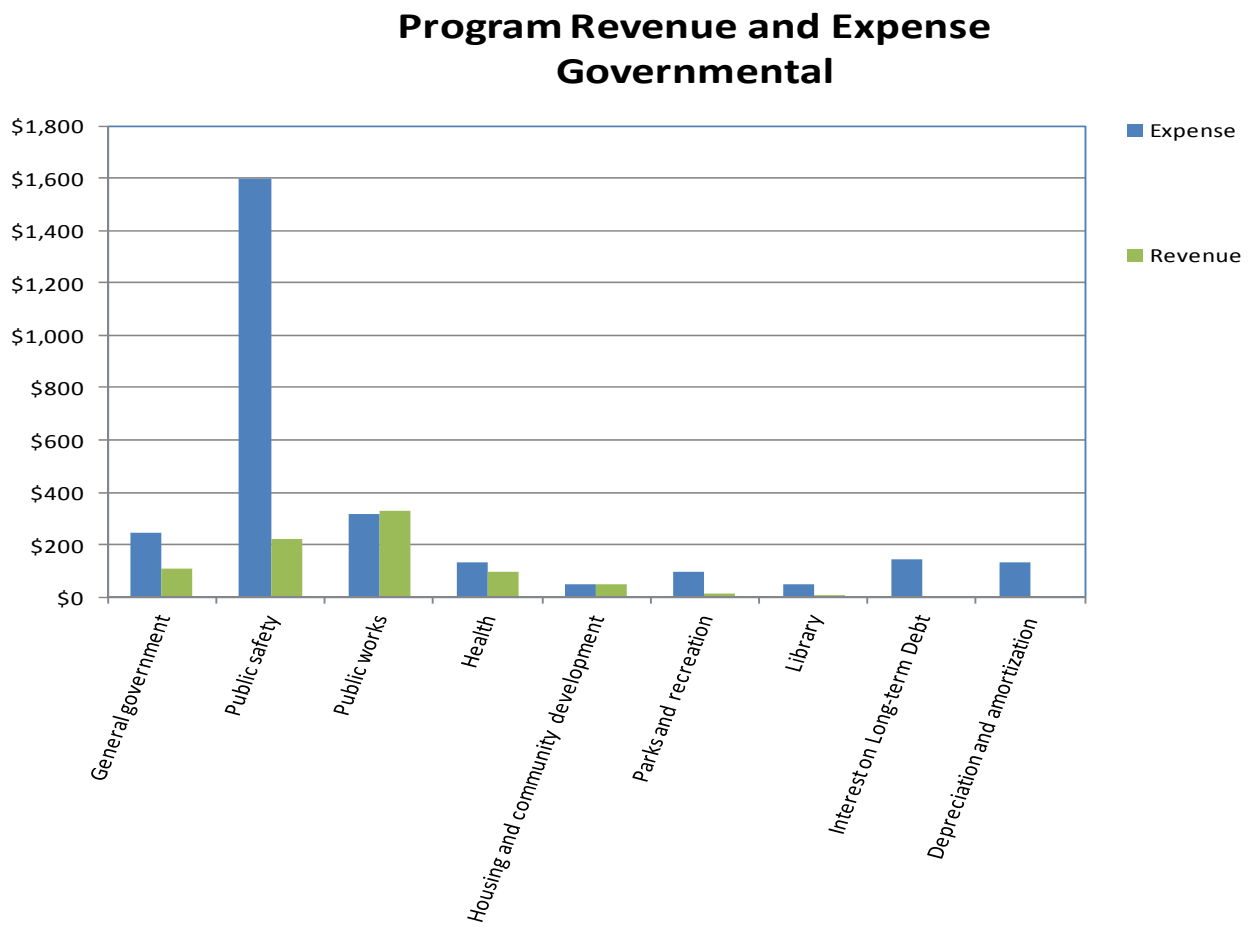
- The City's property tax rate remained at $0.63875 per $100 assessed value. Property tax revenue increased by $67 million because of the City's rising property values combined with continued effort in the collection of delinquent taxes.

- The largest decrease in expenses was in the area of Housing - $38 million.

- The largest increase in expenses was in the area of Public Safety - $86 million.

Revenue by Source - Governmental Activities



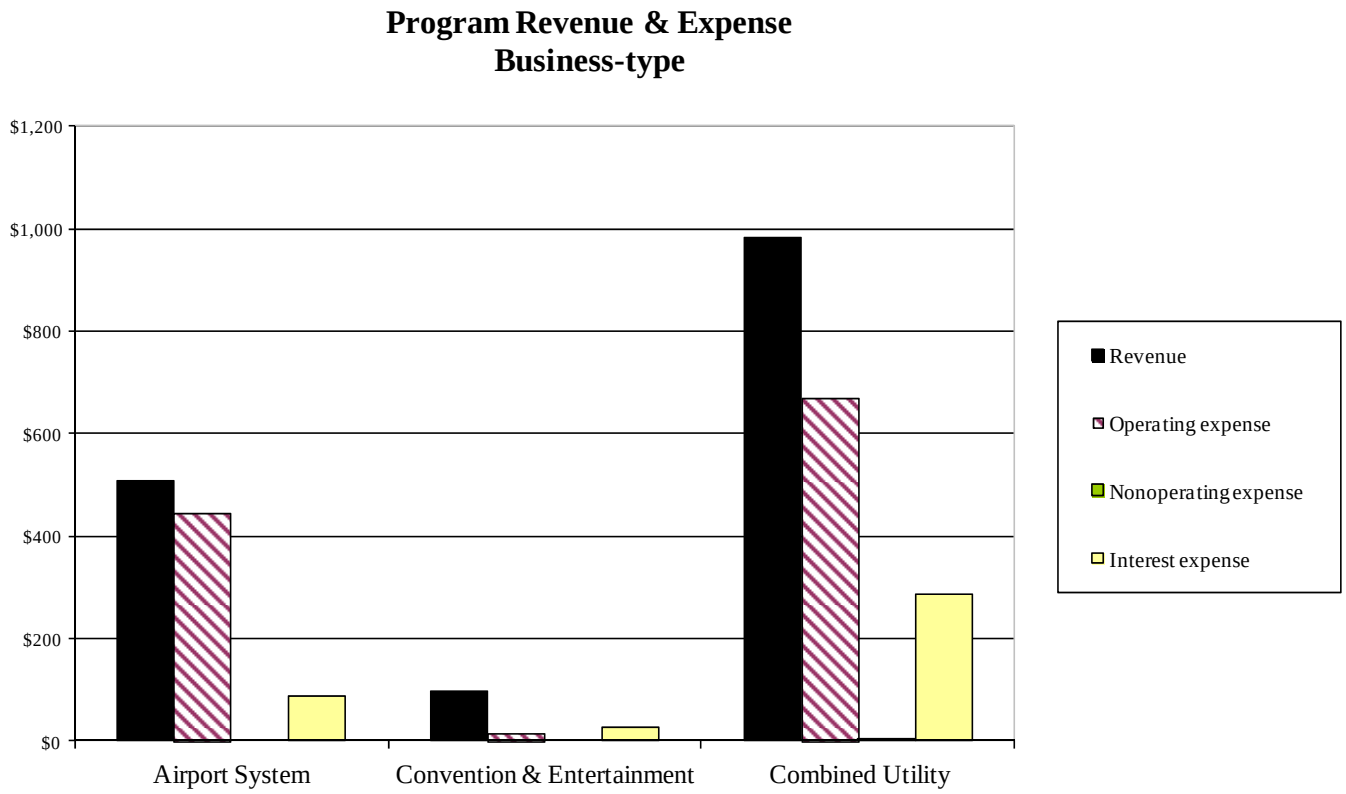


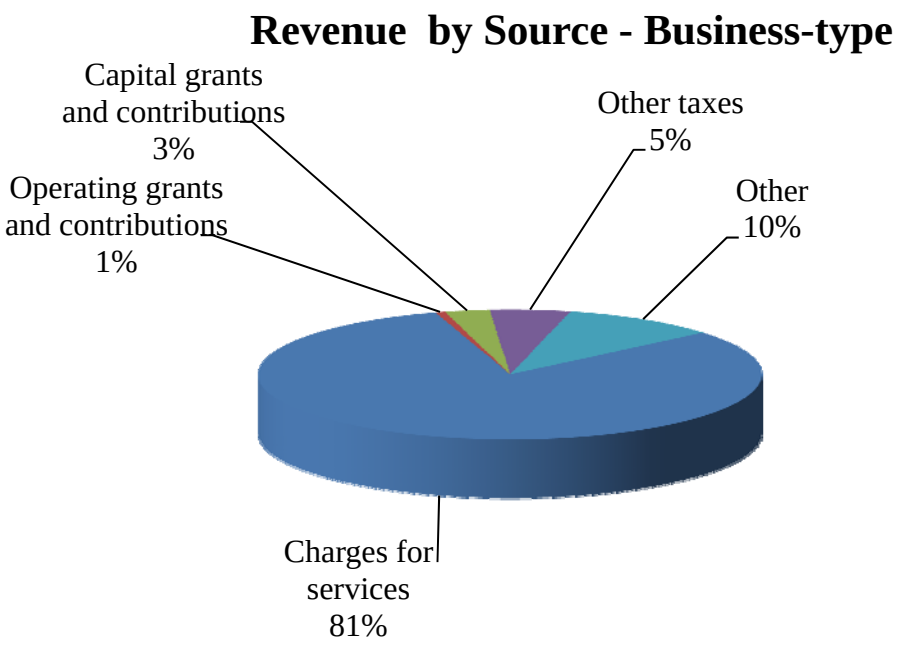
Business-type activities. Business-type activities increased the City of Houston's net position by $107 million. Key elements of this change are as follows:

- Airport systems operating expenses were up by 3.3%, from $443 million to $457 million, for higher personnel costs. Operating revenues for these facilities were up by 4.4%, from $433 million to $452 million.

- Convention & Entertainment operating expenses were up 12.7% from $77.6 million to $87.4 million. Operating revenues were up by 7.3%, from $10.4 million to $11.1 million. Hotel occupancy taxes increased by 18.1%, from $76.3 million to $90.1 million, from higher hotel occupancy rates.

- The Combined Utility System operating expenses increased by 1.6% from $613 million to $623 million. Operating revenues increased by 3.1% from $925 million to $953 million.


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


Revenue by Source - Business-type
Capital grants and contributions 3%
Operating grants and contributions 1%
Other taxes 5%
Other 10%
Charges for services 81%

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.

As of the end of the current fiscal year, the City of Houston's governmental funds reported combined ending fund balances of $774 million. Approximately 25.9% of this total amount ($201 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 ($107 million), restricted to pay debt service ($135 million), or (3) a variety of other restricted purposes ($331 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 $201 million, while the total fund balance reached $262 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 10.6% of total general fund expenditures, while total fund balance represents 13.8% of that same amount.

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

- $116.9 million increase in total revenues – rebound in local economy increasing Property Tax and Sales Tax revenues
- $154.4 million increase in expenditures – additional Capital Outlay and Public Safety costs
- $12.6 million decrease in proceeds for issuance of debt – hold on projects reduced need for debt
- $20.3 million increase in transfers to other funds – rebound in economy increased funds

Interest expenditures for the debt service fund decreased by $4 million. The net decrease in fund balance was $21.9 million.

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 $142 million. The net increase in fund balance during the current fiscal year was 112%.

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, unrestricted net position was $0 for the Airport System, $2 million net position for Convention and Entertainment, and $279 million for the Combined Utility System . The total increase in net position for the Airport System was $12 million. The Convention and Entertainment fund experienced a decrease of $4 million and Combined Utility System fund experienced an increase of $90 million in net position. 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 $62 million. The details of the more significant variances are detailed below:

- $30.8 million above budget in property taxes
- $4 million above budget in mixed beverage taxes
- $1.5 million above budget in industrial assessments

Total expenditures for the General Fund were $20 million below the final expenditure budget. This was achieved with numerous cost savings. The details of the more significant variances are detailed below:

- $6.7 million below budget in total general government expenditures
- $1.7 million below budget in retiree benefits

Capital Asset and Debt Administration

Capital assets (see Note 6)**.** The City of Houston's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to $16.1 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, 2014
(With comparative totals for 2013)
(net of accumulated depreciation in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land and right of way	$ 2,119	$ 2,104	$ 449	$ 437	$ 2,568	$ 2,541
Buildings, improvements and equipment	2,208	2,036	5,661	5,540	7,869	7,576
Construction in progress	387	386	458	352	845	738
Water rights	-	-	462	462	462	462
Runway rights	-	-	3	11	3	11
Garage rights	-	-	13	13	13	13
Infrastructure Assets	6,115	6,011	9,706	9,547	15,821	15,558
Less accumulated depreciation	(3,948)	(3,769)	(7,550)	(7,227)	(11,498)	(10,996)
Total	$ 6,881	$ 6,768	$ 9,202	$ 9,135	$ 16,082	$ 15,903

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

- Business-type activities construction in process balance reflects a $158 million increase.
- Business-type activities buildings, improvements & equipment reflects a $195 million increase
- Business-type activities infrastructure assets reflects a $378 million increase
- Governmental-type activities infrastructure assets reflects a $272 million increase

More detailed information about the City's capital assets is presented in Note 6 to the financial statements.

Long-term debt (Note 8). At the end of the current fiscal year, the City of Houston had total bonded debt outstanding of $12.2 billion. The two largest portions of this total are made up of $3.1 billion comprising debt backed by the full faith and credit of the government and $9.1 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, 2014
(With comparative totals for 2013)
(in millions)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds and commercial paper	$ 2,884	$ 2,902	$ 223	$ 42	$ 3,107	$ 2,944
Pension notes	535	541	66	66	601	607
Inferior lien contract	-	-	23	28	23	28
Revenue bonds	-	-	9,085	8,835	9,085	8,835
Other borrowings	18	18	-	-	18	18
Total	$ 3,437	$ 3,461	$ 9,448	$ 8,971	$ 12,885	$ 12,432

The City's total debt increased by $453 million or 3.6% during the current fiscal year.

During the current fiscal year, the City issued the following debt:

- $119 million of general obligation debt to fund capital projects and equipment purchases.
- $1.5 billion of combined utility system debt to fund system projects.
- $42 million of convention & entertainment debt to fund capital projects.

Standard & Poor's, Moody's and Fitch's underlying ratings of the City's obligations as of June 30, 2014 are as follows:

	Std & Poor's	Moody's	Fitch's
General Obligation	AA+	Aa2	AA
Water & Sewer System Junior Lien	AA+	Aa1	AA+
Combined Utility System First Lien	AA	Aa2	AA
Houston Airport System-Senior Lien	AA-	Aa3	n/r
Houston Airport System-Subordinate Lien	AA-	A2	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 $21.9 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 2015 budget are as follows:

- The property tax rate was reduced to 63.108 cents per $100 of valuation.
- The public safety budget included funding to primarily provide resources for three police cadet classes, six fire cadet classes, and three paramedic classes.

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, 8th Floor, Houston, Texas 77002.

CITY OF HOUSTON, TEXAS
STATEMENT OF NET POSITION

June 30, 2014
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units Governmental	Component Units Business-type
Assets					
Equity in pooled cash and investments	$ 968,703	$ 1,100,674	$ 2,069,377	$ 356,332	$ 211,856
Receivables, net of allowances					
Accounts receivable	140,575	115,546	256,121	34,049	12,751
Contracts receivable	-	-	-	120	-
Hotel occupancy tax receivable	-	25,078	25,078	-	-
Property taxes receivable	30,110	-	30,110	-	-
Sales taxes receivable	107,872	-	107,872	-	-
Mixed beverage taxes receivable	3,818	-	3,818	-	-
Franchise taxes receivable	18,263	-	18,263	-	-
Special assessments receivable	14,054	93	14,147	-	-
Accrued interest and other	-	-	-	182	52
Due from component units	1,928	5,556	7,484	-	-
Internal balances	(7,545)	7,545	-	-	-
Due from other governments	76,608	14,197	90,805	280	1,479
Inventory	13,989	13,747	27,736	38,250	146
Prepaid items	5,320	25,106	30,426	1,696	2,152
Investments	-	78	78	29,808	12,290
Other receivables	-	-	-	3,650	2,365
Noncurrent investments	-	1,166,343	1,166,343	21,692	-
Due from component units	-	258,091	258,091	-	-
Accrued interest receivable	-	-	-	-	213
Receivables and deposits	-	-	-	-	24,601
Due from other governments	-	4,321	4,321	-	-
Due from affiliates	-	-	-	-	32,820
Amounts held by other government	-	10,861	10,861	-	-
Other assets					
Other long-term receivables	-	-	-	-	10,505
Capital Assets					
Land and right-of-way	2,119,257	440,818	2,560,075	135,072	14,818
Buildings	1,120,672	3,326,713	4,447,385	47,583	400,180
Improvements and equipment	1,088,100	2,334,496	3,422,596	6,894	-
Construction in progress	387,025	457,774	844,799	3,607	-
Runway rights	-	10,782	10,782	-	-
Water rights	-	462,065	462,065	-	-
Garage rights	-	13,144	13,144	-	-
Infrastructure assets	6,114,502	9,705,666	15,820,168	-	-
Less accumulated depreciation and amortization	(3,948,291)	(7,549,638)	(11,497,929)	(11,952)	(117,887)
Total assets	$ 8,254,960	$ 11,949,056	$ 20,204,016	$ 667,263	$ 608,341
Deferred outflows of resources					
Unamortized costs on SWAP liability/refunded debt	48,251	330,715	378,966	-	1,581
Total deferred outflows of resources	$ 48,251	$ 330,715	$ 378,966	$ -	$ 1,581

(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, 2014
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total	Component Units Governmental	Component Units Business-type
Liabilities					
Accounts payable and accrued expenditures	$ 152,078	$ 124,335	$ 276,413	$ 22,144	$ 25,179
Accrued payroll liabilities	37,031	5,548	42,579	68	1,243
Accrued interest payable	37,446	89,033	126,479	7,248	2,646
Contracts and retainages payable	-	-	-	2,258	2,139
Notes payable	-	-	-	6,174	-
Inferior lien contracts	-	5,315	5,315	-	-
Due to component units	-	38,443	38,443	-	-
Due to other governments	11,913	863	12,776	2,120	-
Advances and deposits	9,920	53,997	63,917	923	-
Other liabilities	2	-	2	3,699	-
Unearned revenue	-	2,287	2,287	438	806
Noncurrent liabilities					
Due within one year					
Contracts payable	-	50,764	50,764	-	4,958
Notes payable	-	-	-	-	7,840
Bonds payable	180,355	218,780	399,135	18,775	-
Claims and judgments	37,881	1,827	39,708	-	-
Compensated absences	138,452	15,353	153,805	3	-
Pension bonds payable	-	1,950	1,950	-	
Commercial paper	227,350	222,000	449,350	-	-
Other liabilities	659	-	659	-	-
Due in more than one year					
Notes payable	16,783	-	16,783	77,723	277,956
Bonds payable	2,447,082	8,785,958	11,233,040	343,647	-
Claims and judgments	79,239	2,611	81,850	-	-
Compensated absences	314,447	17,035	331,482	-	-
Contracts payable	-	150,280	150,280	1,721	-
Commercial paper	30,000	1,200	31,200	-	-
Arbitrage rebate liability	18	483	501	-	-
Inferior lien contracts	-	17,760	17,760	-	-
Municipal net pension obligation	339,946	137,066	477,012	-	-
Police officers' net pension obligation	668,714	-	668,714	-	-
Firefighter's net pension obligation	51,176	-	51,176	-	-
SWAP liability	-	215,742	215,742	-	-
Unearned revenue	-	335,778	335,778	240	10,976
Other post employment benefits obligation	1,195,407	170,434	1,365,841	-	-
Pension obligation bonds payable	535,203	65,037	600,240	-	-
Other long-term liabilities	-	-	-	135	9,454
Total liabilities	$ 6,511,102	$ 10,729,879	$ 17,240,981	$ 487,316	$ 343,197
Deferred inflows of resources					
Deferred inflows of resources	166,241	3,577	169,818	-	
Total deferred inflows of resources	$ 166,241	$ 3,577	$ 169,818	$ -	$ -
Net position					
Net investment in capital assets	4,102,861	240,888	4,343,749	127,130	4,331
Restricted net position					
Restricted for debt service	97,655	284,135	381,790	53,824	14,997
Restricted for renewal and replacement	-	11,044	11,044	-	-
Restricted for maintenance and operations	-	146,028	146,028	32,815	-
Restricted for capital improvement	66,865	583,341	650,206	99,331	-
Other restricted	9,638	-	9,638	80,015	31,755
Unrestricted (deficit)	(2,651,151)	280,879	(2,370,272)	(213,168)	215,642
Total net position (deficit)	$ 1,625,868	$ 1,546,315	$ 3,172,183	$ 179,947	$ 266,725

* 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, 2014
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	$ 247,481	$ 63,338	$ 42,464	$ -
Public safety	1,598,854	188,521	35,841	-
Public works	318,888	266,422	63,674	-
Health	133,159	17,710	79,386	-
Housing and community development	51,626	-	49,707	-
Parks and recreation	93,637	7,475	5,680	-
Library	48,724	1,681	948	-
Interest on long-term debt	143,231	-	-	-
Unallocated Depreciation	132,817	-	-	-
Total governmental activities	2,768,417	545,147	277,700	-
Business-type activities				
Airport System	561,443	452,107	-	44,614
Convention & Entertainment facilities	113,316	11,124	-	-
Combined Utility System	919,547	953,408	10,692	5,768
Total business-type activities	1,594,306	1,416,639	10,692	50,382
Total primary government	$ 4,362,723	$ 1,961,786	$ 288,392	$ 50,382
Component Units				
Governmental	189,307	24,306	69,957	-
Business-type	158,124	210,110	20,742	-
Total component units activities	$ 347,431	$ 234,416	$ 90,699	$ -

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
Investment earnings
Other
Contributions
Transfers
Total general revenues and transfers
Change in net position
Net position beginning, as previously reported
Cumulative effect of change in accounting principle (see Note 1K)
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
$ (141,679)	$ -	$ (141,679)	$ -	$ -
(1,374,492)	-	(1,374,492)	-	-
11,208	-	11,208	-	-
(36,063)	-	(36,063)	-	-
(1,919)	-	(1,919)	-	-
(80,482)	-	(80,482)	-	-
(46,095)	-	(46,095)	-	-
(143,231)	-	(143,231)	-	-
(132,817)	-	(132,817)	-	-
(1,945,570)	-	(1,945,570)	-	-
-	(64,722)	(64,722)	-	-
-	(102,192)	(102,192)	-	-
-	50,321	50,321	-	-
-	(116,593)	(116,593)	-	-
(1,945,570)	(116,593)	(2,062,163)	-	-
-	-	-	(95,044)	-
-	-	-	-	72,728
-	-	-	(95,044)	72,728
726,820	-	726,820	132,994	750
247,082	-	247,082	-	-
16,534	-	16,534	-	-
629,441	-	629,441	-	-
190,368	-	190,368	-	-
13,869	-	13,869	-	-
187	-	187	-	-
-	90,119	90,119	-	-
9,737	31,491	41,228	5,724	4,261
98,479	143,775	242,254	2,742	(23,791)
17,364	-	17,364	-	-
41,968	(41,968)	-	-	-
1,991,849	223,417	2,215,266	141,460	(18,780)
46,279	106,824	153,103	46,416	53,948
1,607,509	1,516,074	3,123,583	152,669	212,740
(27,920)	(76,583)	(104,503)	(19,138)	37
1,579,589	1,439,491	3,019,080	133,531	212,777
$ 1,625,868	$ 1,546,315	$ 3,172,183	$ 179,947	$ 266,725

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

CITY OF HOUSTON, TEXAS
BALANCE SHEET — GOVERNMENTAL FUNDS
June 30, 2014
amounts expressed in thousands

	General	Debt Service	Capital Projects
Assets			
Equity in pooled cash and investments	$ 248,330	$ 104,578	$ 271,206
Receivables, net of allowances			
Accounts receivable	83,862	-	2
Property taxes receivable	30,110	-	-
Sales taxes receivable	107,872	-	-
Mixed beverage taxes receivable	3,818	-	-
Franchise taxes receivable	18,263	-	-
Special assessments receivable	14,054	-	-
Due from component units	-	-	-
Due from other funds	16,772	31,368	16,460
Due from other governments	596	3,549	156
Inventory	11,895	-	-
Prepaid items	2,121	-	3,062
Total assets	$ 537,693	$ 139,495	$ 290,886
Liabilities and fund balance			
Liabilities			
Accounts payable	82,148	1,245	37,889
Accrued payroll liabilities	32,797	-	-
Due to other funds	36,871	-	3,255
Due to other governments	286	-	-
Advances and deposits	6,994	-	31
Claims and judgments	1,800	-	-
Compensated absences	3,680	-	-
Other liabilities	-	-	-
Total liabilities	164,576	1,245	41,175
Deferred inflows of resources			
Deferred inflow of resources	110,843	3,549	107,272
Total deferred inflows of resources	110,843	3,549	107,272
Fund balance			
Non-Spendable			
Imprest cash and prepaids	2,121	-	3,062
Inventory	11,895	-	-
Restricted	44,120	134,701	32,770
Committed	3,407	-	-
Assigned	-	-	106,607
Unassigned	200,731	-	-
Total fund balance	262,274	134,701	142,439
Total liabilities and fund balance	$ 537,693	$ 139,495	$ 290,886

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.
Assets not available to pay for current-period expenditures are deferred in the funds.
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 *

Grants	Nonmajor Governmental Funds	Total
$ 23,321	$ 246,445	$ 893,880
28,848	26,464	139,176
-	-	30,110
-	-	107,872
-	-	3,818
-	-	18,263
-	-	14,054
1,928	-	1,928
1,253	1,610	67,463
58,805	13,443	76,549
321	1,773	13,989
134	-	5,317
$ 114,610	$ 289,735	$ 1,372,419
17,850	11,324	150,456
1,159	2,982	36,938
16,909	17,971	75,006
10,524	1,103	11,913
180	2,715	9,920
-	-	1,800
-	244	3,924
-	2	2
46,622	36,341	289,959
58,216	28,864	308,744
58,216	28,864	308,744
134	-	5,317
321	1,773	13,989
9,317	150,788	371,696
-	71,969	75,376
-	-	106,607
-	-	200,731
9,772	224,530	773,716
$ 114,610	$ 289,735	
		6,881,085
		145,223
		31,631
		(6,205,787)
		1,625,868

* 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, 2014
amounts expressed in thousands

	General	Debt Service	Capital Projects
Revenues			
Taxes and assessments	$ 1,826,260	$ -	$ -
Licenses and permits	36,633	-	-
Charges for services	121,621	-	-
Intergovernmental - grants	21,595	-	56,210
Fines and forfeits	35,177	-	-
Investment income	3,687	1,269	2,195
Other	44,325	5,679	7,796
Total revenues	2,089,298	6,948	66,201
Expenditures			
Current Expenditures			
General government	207,182	-	-
Public safety	1,248,286	-	-
Public works	202,556	-	-
Health	53,005	-	-
Housing and community development	1,015	-	-
Parks and recreation	64,810	-	-
Library	37,861	-	-
Retiree benefits	10,920	-	-
Capital outlay	69,583	-	187,415
Debt Service			
Debt service principal	-	176,205	-
Debt service interest	3,040	151,238	-
Debt service fiscal agent & fees	-	3,766	-
Total expenditures	1,898,258	331,209	187,415
Other financing sources (uses)			
Issuance of debt	55,000	71	63,929
Sale of capital assets	2,364	-	-
Transfers in	72,663	302,856	132,542
Transfers out	(335,123)	-	-
Payment to escrow agent for refunded bonds	-	(519)	-
Total other financing sources (uses)	(205,096)	302,408	196,471
Changes in fund balance	(14,056)	(21,853)	75,257
Fund balances, July 1	276,330	156,554	67,182
Fund balances, June 30	$ 262,274	$ 134,701	$ 142,439

(Continued)

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

Grants	Nonmajor Governmental Funds	Total
$ -	$ 379	$ 1,826,639
-	74,944	111,577
-	146,014	267,635
170,844	85,183	333,832
-	11,470	46,647
31	2,555	9,737
-	40,389	98,189
170,875	360,934	2,694,256
2,842	23,192	233,216
53,154	53,929	1,355,369
10,840	90,950	304,346
56,195	13,246	122,446
48,265	1,972	51,252
5,852	6,895	77,557
560	-	38,421
-	-	10,920
-	32,028	289,026
-	-	176,205
-	49	154,327
-	762	4,528
177,708	223,023	2,817,613
-	-	119,000
-	100	2,464
-	41,123	549,184
(70)	(172,024)	(507,217)
-	-	(519)
(70)	(130,801)	162,912
(6,903)	7,110	39,555
16,675	217,420	734,161
$ 9,772	$ 224,530	$ 773,716

* 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, 2014
(amounts expressed in thousands)

Net change in fund balances - total governmental funds	$	39,555
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the depreciation ($218,580) was less than the increase in capital assets ($331,090) in the current period.		112,510
Revenue in the statement of activities that do not provide current financial resources are deferred as revenues in the funds.		145,223
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.		(84,436)
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 issuance costs, 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.		71,798
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.		(260,352)
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.		21,981
Change in net position of governmental activities	$	46,279

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

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CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Net Position
June 30, 2014
amounts expressed in thousands

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Assets			
Current Assets			
Equity in pooled cash and investments	$ 304,175	$ 76,439	$ 720,060
Receivables, net of allowances			
Accounts receivable	6,937	76	104,728
Hotel occupancy tax receivable	-	25,078	-
Special assessments receivable	-	-	93
Due from component units	-	5,556	-
Due from other funds	1,544	113	12,195
Due from other governments	11,678	1,035	1,484
Inventory	1,489	-	12,258
Prepaid items	3,306	859	3,563
Restricted assets			
Investments	78	-	-
Total current assets	329,207	109,156	854,381
Noncurrent Assets			
Equity in pooled cash	790,722	51,042	317,990
Investments	6,589	-	-
Due from component units	-	258,091	-
Prepaid items	1,705	-	15,673
Due from other governments	-	-	4,321
Amounts held by other governments	-	-	10,861
Total noncurrent restricted assets	799,016	309,133	348,845
Capital assets			
Land	209,967	96,311	134,540
Buildings	2,570,624	557,952	198,137
Improvements and equipment	2,167,938	12,471	154,087
Infrastructure	-	334	9,705,332
Construction in progress	120,187	788	336,799
Runway rights	10,782	-	-
Water rights	-	-	462,065
Garage rights	-	13,144	-
Less accumulated depreciation and amortization	(2,302,394)	(245,654)	(5,001,590)
Net capital assets	2,777,104	435,346	5,989,370
Total noncurrent assets	3,576,120	744,479	6,338,215
Total assets	3,905,327	853,635	7,192,596
Deferred outflows of resources			
Deferred outflows	35,972	-	294,743
Total deferred outflows of resources	$ 35,972	$ -	$ 294,743

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

Business-type Activities-Enterprise Total	Governmental Activities Internal Service Funds
$ 1,100,674	$ 74,823
111,741	1,457
25,078	-
93	-
5,556	-
13,852	1
14,197	-
13,747	-
7,728	3
78	-
1,292,744	76,284
1,159,754	-
6,589	-
258,091	-
17,378	-
4,321	-
10,861	-
1,456,994	-
440,818	-
3,326,713	514
2,334,496	-
9,705,666	-
457,774	8
10,782	-
462,065	-
13,144	-
(7,549,638)	(342)
9,201,820	180
10,658,814	180
11,951,558	76,464
330,715	-
$ 330,715	$ -

* 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, 2014
amounts expressed in thousands

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Liabilities			
Current Liabilities			
Accounts payable	$ 10,262	$ 217	$ 113,856
Accrued payroll liabilities	2,159	43	3,346
Accrued interest payable	47,179	4,323	37,531
Commercial paper	-	42,000	180,000
Contracts payable	36,370	-	14,394
Due to other funds	314	176	5,817
Due to component units	-	38,443	-
Due to other governments	-	-	863
Advances and deposits	1,876	4	52,117
Inferior lien contracts	5,315	-	-
Claims and judgments	1,096	-	731
Compensated absences	5,511	49	9,793
Pension obligation bonds payable	-	65	1,885
Revenue bonds payable	54,965	22,415	141,400
Unearned revenue	2,287	-	-
Total current liabilities	167,334	107,735	561,733
Noncurrent liabilities			
Revenue bonds payable	2,229,504	553,875	6,002,579
Claims and judgments	1,588	-	1,023
Compensated absences	6,535	185	10,315
Contracts payable	32,803	-	117,477
Inferior lien contracts	17,760	-	-
Commercial paper	1,200	-	-
Arbitrage rebate liability	-	180	303
Municipal pension trust liability	51,988	4,938	80,140
Other post employment benefits	60,445	3,866	106,123
SWAP liability	-	-	215,742
Unearned revenue	415	9,253	326,110
Pension obligation bonds payable	2,006	3,759	59,272
Total noncurrent liabilities	2,404,244	576,056	6,919,084
Total liabilities	2,571,578	683,791	7,480,817
Deferred inflows of resources			
Deferred inflows	-	3,577	-
Total deferred inflows of resources	-	3,577	-
Net position (deficit)			
Net investement in capital assets	490,712	96,145	(345,969)
Restricted net position			
Restricted for debt service	237,416	46,719	-
Restricted for renewal and replacement	10,000	1,044	-
Restricted for maintenance and operations	49,736	20,711	71,776
Restricted for capital improvements	581,857	-	1,484
Unrestricted	-	1,648	279,231
Total net position (deficit)	$ 1,369,721	$ 166,267	$ 6,522

Cumulative liability resulting from internal service funds' undercharging proprietary funds
Net position of business-type activities

(Continued)

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

Business-type Activities-Enterprise Total	Governmental Activities Internal Service Funds
$ 124,335	$ 226
5,548	93
89,033	-
222,000	-
50,764	-
6,307	2
38,443	-
863	-
53,997	-
5,315	-
1,827	22,053
15,353	224
1,950	-
218,780	-
2,287	2,720
836,802	25,318
8,785,958	-
2,611	19,294
17,035	221
150,280	-
17,760	-
1,200	-
483	-
137,066	-
170,434	-
215,742	-
335,778	-
65,037	-
9,899,384	19,515
10,736,186	44,833
3,577	-
3,577	-
240,888	180
284,135	-
11,044	-
142,223	-
583,341	-
280,879	31,451
1,542,510	$ 31,631
3,805	
$ 1,546,315	

* 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, 2014
amounts expressed in thousands

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Operating Revenues			
Landing area fees	$ 88,342	$ -	$ -
Terminal space rentals	186,505	-	-
Parking	90,173	9,744	
Concession	82,528	-	-
Other	4,559	-	-
Rental	-	1,380	-
Water/Sewer Billing	-	-	953,408
Health benefit premiums	-	-	-
Total operating revenue	452,107	11,124	953,408
Operating Expenses			
Administrative costs	-	-	-
Claims Costs	-	-	-
Maintenance and operating	285,212	73,190	399,647
Depreciation and amortization	172,218	14,219	223,381
Total operating expenses	457,430	87,409	623,028
Operating income (loss)	(5,323)	(76,285)	330,380
Nonoperating revenue (expenses)			
Investment income	11,166	9,637	10,688
Hotel occupancy tax	-	90,119	-
Other revenue	3,225	292	69,370
Gain (Loss) on disposal of assets	(17,267)	-	(5,397)
Interest on long-term debt	(86,746)	(25,907)	(291,122)
Passenger facility charges	62,602	-	-
Contributions	-	-	10,692
Total nonoperating revenues (expenses)	(27,020)	74,141	(205,769)
Income (loss) before capital contributions and transfers	(32,343)	(2,144)	124,611
Capital contributions	44,614	-	5,768
Transfers in	-	-	70
Transfers out	-	(1,380)	(40,658)
Total transfers	-	(1,380)	(40,588)
Change in net position	12,271	(3,524)	89,791
Liability resulting from internal service fund's undercharging proprietary funds			
Net change			
Total net position (deficit), July 1,	1,357,450	169,791	(83,269)
Total net position (deficit), June 30	$ 1,369,721	$ 166,267	$ 6,522

Cumulative liability resulting from internal service funds' undercharging proprietary funds
Total net position business-type activities

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities Internal Service Funds
Total	
$ 88,342	$ -
186,505	-
99,917	-
82,528	-
4,559	4,282
1,380	-
953,408	-
-	336,361
1,416,639	340,643
-	6,352
-	312,946
758,049	-
409,818	72
1,167,867	319,370
248,772	21,273
31,491	708
90,119	-
72,887	-
(22,664)	-
(403,775)	-
62,602	-
10,692	-
(158,648)	708
90,124	21,981
50,382	-
70	-
(42,038)	-
(41,968)	-
98,538	21,981
4,310	
102,848	
1,443,972	9,650
$ 1,546,820	$ 31,631
(505)	
$ 1,546,315	

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

CITY OF HOUSTON, TEXAS
PROPRIETARY FUNDS
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2014
amounts expressed in thousands

	Business-type Activities - Enterprise Funds		
	Airport System	**Convention & Entertainment**	**Combined Utility**
Cash flows from operating activities			
Receipts from customers	$ 451,165	$ 11,129	$ 966,372
Payments to employees	(97,177)	(489)	(154,079)
Payments to suppliers	(105,221)	(673)	(163,423)
Internal activity-payments (to) from other funds	(49,539)	279	(23,214)
Claims paid	(1,096)	(1)	(1,342)
Due to(from) other governments	-	(74)	-
Other revenues	3,224	-	69,369
Other expenses	-	(73,371)	-
Receipts from component units	-	1,380	-
Net cash provided by operating activities	201,356	(61,820)	693,683
Cash flows from investing activities			
Interest income on investments	11,167	9,637	10,688
Purchase of investments	(7,999)	-	-
Proceeds from sale of investments	8,033	-	-
Net cash used in investing activities	11,201	9,637	10,688
Cash flows from capital and related financing activities			
Retirement of revenue bonds	(55,045)	(26,215)	(148,425)
Refunding of revenue bonds	-	(60)	(1,594)
Retirement of commercial paper	-	-	180,000
Proceeds (uses of cash) from issuance of revenue bonds	-	-	113,455
Proceeds from issuance of commercial paper	1,200	-	-
Passenger facilities charges	62,602	-	-
Deferred bond issuance cost	-	-	(48,598)
Interest expense on debt	(97,530)	(13,805)	(292,396)
Retirement of inferior lien contract	(5,040)	-	-
Proceeds from disposition of assets	-	-	2,123
Contributed capital	41,550	-	2,197
Acquisition of property, plant and equipment	(112,632)	-	(351,509)
Due from other governments	-	-	(40)
Net cash used in capital and related financing activities	(164,895)	(40,080)	(544,787)

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Funds
$ 1,428,666	$ 334,967
(251,745)	(4,037)
(269,317)	(3,476)
(72,474)	(13,525)
(2,439)	(303,072)
(74)	108
72,593	4,282
(73,371)	-
1,380	-
833,219	15,247
31,492	708
(7,999)	-
8,033	-
31,526	708
(229,685)	-
(1,654)	-
180,000	-
113,455	-
1,200	-
62,602	-
(48,598)	-
(403,731)	-
(5,040)	-
2,123	-
43,747	-
(464,141)	17
(40)	-
(749,762)	17

(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, 2014
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	(107)	(10)	(4,705)
Pension bond payable	-	-	(975)
Payments from component unit	-	12,275	-
Hotel occupancy tax revenue	-	86,839	-
Transfers to debt service fund	-	-	(13,094)
Transfers to other funds	-	-	(27,420)
Net cash provided by (used in) noncapital financing activities	(107)	99,104	(46,194)
Net increase (decrease) in cash and cash equivalents	47,555	6,843	113,390
Cash and cash equivalents, July 1	1,047,342	120,638	924,660
Cash and cash equivalents, June 30	$ 1,094,897	$ 127,481	$ 1,038,050
Non cash transactions			
Unrealized gain on investments	-	492	-
Contributions of capital assets	-	-	(5,768)
Capitalize interest expense	5,858	-	13,132
CAB accretion interest	-	-	8,371
Gain (loss) on disposal of assets	(17,267)	-	5,397
Total non cash transactions	$ (11,409)	$ 492	$ 21,132
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	$ (5,323)	$ (76,285)	$ 330,380
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation and amortization	172,218	14,219	223,381
Impairment of capital asset	7,710	-	-
Other post employment benefits	3,179	210	12,078
Other revenues	3,224	292	69,371
Capital improvement plan expense	8,864	-	-
Changes in assets and liabilities			
Net due from component unit	-	-	-
Accounts receivable	4,025	3	8,447
Arbitrage rebate	-	44	-
Due from other funds	237	103	(1,973)
Due from other governments	-	-	104
Inventory and prepaid insurance	5,075	-	1,268
Accounts payable	175	(122)	34,733
Accrued payroll liabilities	351	(8)	378
Due to other funds	(58)	176	4,084
Due to other governments	-	(74)	-
Advances and deposits	(4,967)	-	4,520
Claims and judgments-workers' compensation	(161)	-	689
Compensated absences	556	(168)	354
Other post employment benefits	-	-	-
Pension obligation payable	6,251	80	5,869
Deferred revenue	-	(290)	-
Net cash provided by operating activities	$ 201,356	$ (61,820)	$ 693,683

(Continued)

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

Business-type Activities Enterprise Funds	Governmental Activities
Total	Internal Service Funds
(4,822)	-
(975)	-
12,275	-
86,839	-
(13,094)	-
(27,420)	-
$ 52,803	-
167,786	15,972
2,092,640	58,851
$ 2,260,426	$ 74,823
492	-
(5,768)	-
18,990	-
8,371	-
(11,870)	-
$ 10,215	$ -
$ 248,772	$ 21,273
409,818	72
7,710	-
15,467	-
72,887	-
8,864	-
-	-
12,475	(1,394)
44	-
(1,633)	716
104	108
6,343	-
34,786	(1,286)
721	25
4,202	(14,116)
(74)	-
(447)	-
528	9,908
742	57
-	-
12,200	-
(290)	(116)
$ 833,219	$ 15,247

* 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, 2014
amounts expressed in thousands

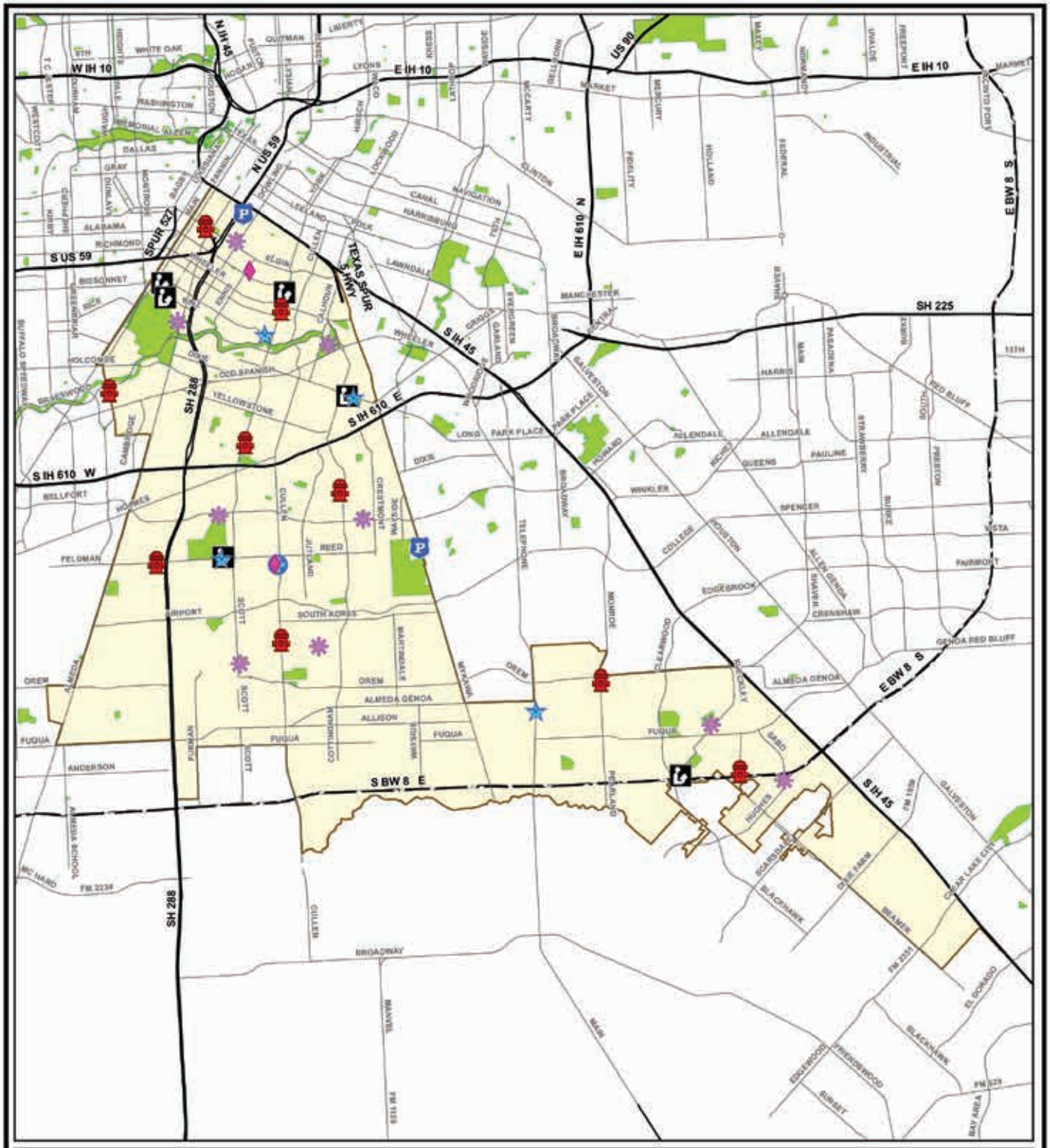
	Pension Trust Funds	Agency Funds
Assets		
Equity in pooled cash and investments	$ 4,850	$ 31,804
Investments		
U.S. government and agency securities	83,700	-
Corporate bonds	223,849	-
Other fixed income securities	1,604,236	-
Commingled equity funds	382,672	-
Common and preferred stock	3,421,672	-
Real estate, partnerships and alternatives	3,958,352	-
Short-term investment funds	1,003,585	-
Invested securities lending collateral	319,456	-
Receivables, net of allowances		
Accounts receivable	62,085	190
Contributions	29,684	-
Accrued interest and other	18,638	-
Other	39,958	-
Other Assets	1,025	-
Land	483	-
Building	5,208	-
Total assets	11,159,453	31,994
Liabilities		
Accounts payable	101,252	31,863
Advances and deposits	-	131
Security lending collateral	319,456	-
Foreign funds contracts payable	7,585	-
Other liabilities	6,019	-
Total liabilities	434,312	$ 31,994
Net position		
Held in trust for pension benefits and other purposes	$ 10,725,141	

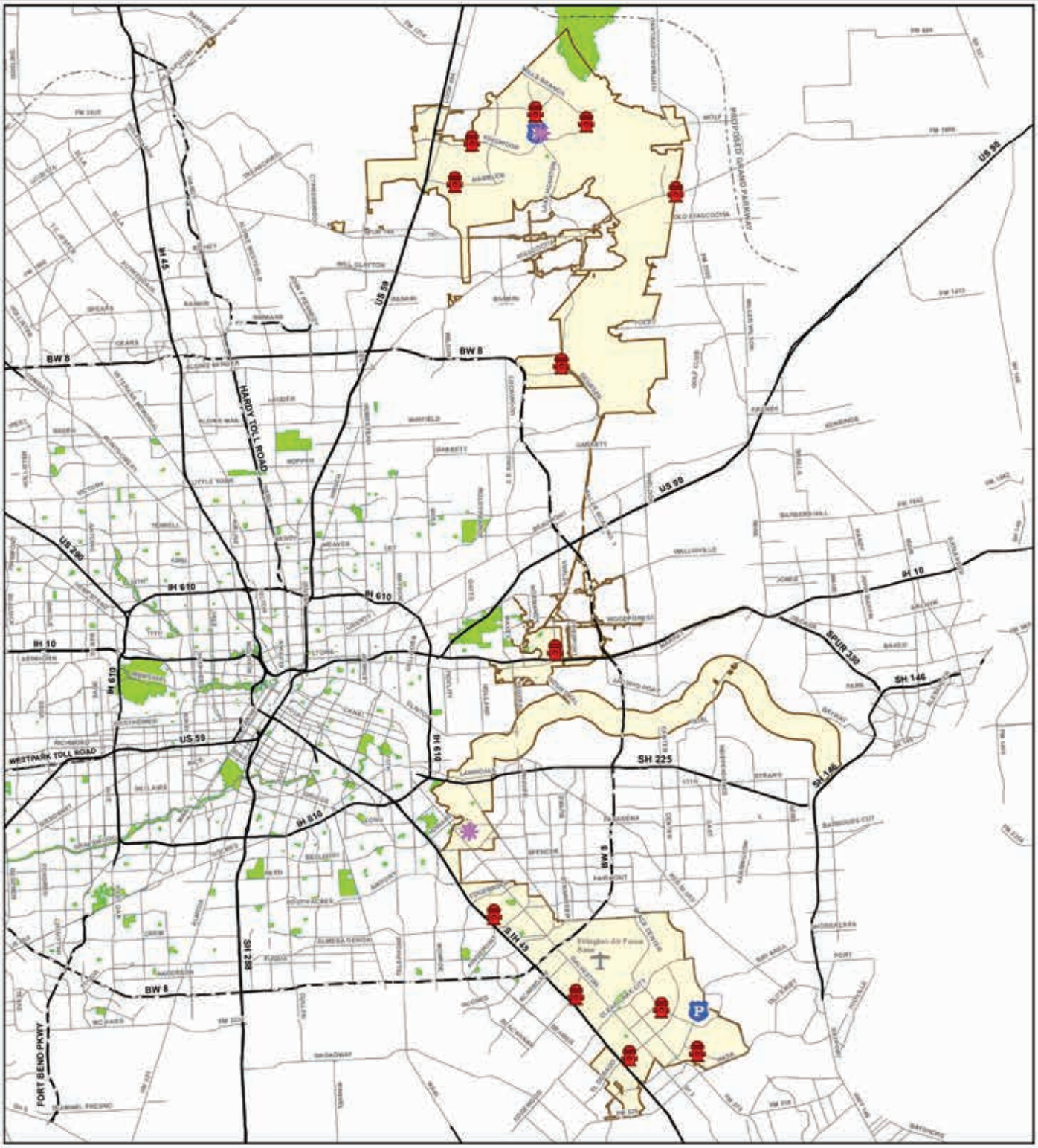
* The notes to the basic financial statements are an integral part of this statement *

CITY OF HOUSTON, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
PENSION TRUST FUNDS
For the Year Ended June 30, 2014
amounts expressed in thousands

		2014
Additions		
Contributions:		
City of Houston	$	295,984
Plan members		77,586
Total Contributions		373,570
Investment earnings		
Interest and dividends		190,291
Net increase in the fair value of investments		1,441,623
Total investment income		1,631,914
Less investment expense		(40,721)
Net investment income		1,591,193
Total additions		1,964,763
Deductions		
Benefits		619,948
Refund of contributions		2,904
Administrative expense		18,197
Total deductions		641,049
Change in net position		1,323,714
Total net position, July 1		9,401,427
Total net position, June 30	$	10,725,141

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


W IH 10
E IH 10
N IH 45
N US 59
S US 59
SPUR 527
TEXAS SPUR
S HWY
S IH 45
E IH 610 N
S IH 610 E
S IH 610 W
US 90
SH 225
SH 288
E BW 8 S
S BW 8 E
WHITE OAK
WASHINGTON
DALLAS
ALABAMA
RICHMOND
BISSONNET
HOLCOMBE
YELLOWSTONE
OLD SPANISH
LONG PARK PLACE
PARK PLACE
ALLENDALE
HARRIS
PAULINE
SPENCER
WINKLER
COLLEGE
EDGEBROOK
CRENSHAW
ALMEDA GENOA
GENOA RED BLUFF
FUQUA
ANDERSON
OREM
REED
SOUTH AORES
ALLISON
BROADWAY
GALVESTON
HUGHES
BLACKHAWK
BEAMER
EL DORADO
FM 2234
FM 2351
FM 1959
FM 1960
FM 1959
FM 529
Police Station
Police Storefront
Fire Station
Multi Service Center
Health Center
Library
Community Center
Park
District D
City of Houston
Council District D
Dwight Boykins
0
1.125
2.25
Miles
Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_D
This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.
PLANNING & DEVELOPMENT DEPARTMENT



Police Station

Fire Station

Community Center

Park

District E

City of Houston
Council District E
Dave Martin

0 2.5 5 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_E

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

CITY OF HOUSTON, TEXAS
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June 30, 2014

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The significant accounting policies of the City are as follows:

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

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

The City is financially accountable if it appoints a voting majority of an organization's governing body and is able to impose its will on that organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City. Blended component units (although legally separate entities) are, in substance, part of the City's operations. Blended component units provide services exclusively or almost exclusively for the City. Both governmental and business-type discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize their legal separateness from the City.

B. Basis of Presentation - Financial Reporting Entity

1. Component Units

Most component units of the City issue separately audited financial statements. Component units are reported in the City's Comprehensive Annual Financial Report (CAFR) as shown in the following tables. Additional information is available from the addresses shown.

There are three specific tests for determining whether a particular legally separate entity is a component unit of a primary government's financial reporting entity. Those tests involve 1) appointment of the unit's governing board (accompanied by either the potential imposition of will or ongoing financial benefit/burden), 2) fiscal dependence on the primary government, and 3) the potential that exclusion would result in misleading financial reporting. For this last test, special attention must be paid 1) to certain special financing authorities and 2) to the nature and significance of a legally separate, tax-exempt entity's relationship with the primary government and its component units.

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 & 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, Suite900*** ***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.

Following are the City's discretely presented business-type component units:

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Houston First Corporation ***1001 Avenida De Las Americas*** ***Houston, TX 77010***	On June 1, 2011, City of Houston City Council approved the consolidation of the City's Convention & Entertainment Facilities Department ("Department") operations into the Hotel Corporation ("Consolidation"), effective July 1, 2011, in order to bring various entities responsible for generating and spending City hotel occupancy tax (HOT) revenues under one governing body. In connection with the Consolidation, the Hotel Corporation reconstituted and renamed itself as "Houston First Corporation," and Houston First Corporation (HFC) assumed the primary roles and responsibilities of the Department. To accomplish this, the Hotel Corporation amended its bylaws and articles of incorporation to broaden its authority to accomplish its expanded duties and responsibilities. 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. HFC has a December 31 year end.
Houston Housing Finance Corporation ***9545 Katy Freeway, Suite 105*** ***Houston, TX 77024***	Non-profit corporation incorporated by the City in accordance with the Texas Housing Finance Corporation Act to finance residential mortgage loans to low or moderate-income persons through the sale of revenue bonds collateralized by the mortgage loans. The Board is nominated by the Mayor and confirmed by City Council. The City has financial accountability because it appoints a voting majority of the Board and a financial benefit/burden relationship exists, allowing the City to impose its will.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Houston Zoo, Inc. ***1513 Cambridge*** ***Houston, TX 77030***	Houston Zoo, Inc. (HZI) is a 501(c)(3) nonprofit corporation and has a contract with Houston Zoo Development Corp 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. There is a fiscal dependency on the City, as well as a financial burden on the City, and there is the potential that exclusion would result in misleading financial reporting.

Following are the City's discretely presented governmental fund component units.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
City Park Redevelopment Authority ***c/o City of Houston – Mayor's Office of Economic Development*** ***901 Bagby, 4th Floor*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the City Park Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood northwest of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by the City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.
East Downtown Redevelopment Authority ***c/o Bracewell & Giuliani, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the East Downtown Tax Increment Zone Board in the redevelopment of a blighted neighborhood east of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. In addition, there is a fiscal dependence on the City.
Fifth Ward Redevelopment Authority ***c/o Fifth Ward Community Redevelopment Corporation*** ***Zone Administrator*** ***P. O. Box 21502*** ***Houston, TX 77226-1502***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fifth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.
Fourth Ward Redevelopment Authority ***410 Pierce Street, Suite 355*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Fourth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will. The City has investment authority for the Zone's assets.
Greater Greenspoint Redevelopment Authority ***16800 Greenspoint Park Drive, 160S*** ***Houston, TX 77060***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Greater Greenspoint Tax Increment Reinvestment Zone Board in the redevelopment of the Greenspoint Mall and a blighted adjacent neighborhood in North Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.
Greater Houston Convention and Visitors Bureau ***1331 Lamar Street, Suite 700*** ***Houston, TX 77010***	A non-profit organization established in 1963 and funded by both private sector memberships and a portion of the hotel occupancy tax. Their mission is to improve the economy of Greater Houston by attracting conventions, tourists, film projects and international government officials to the area through sales and marketing efforts. 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.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Gulfgate Redevelopment Authority ***c/o Bracewell & Giuliani, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Gulfgate Tax Increment Reinvestment Zone Board in the redevelopment of the Gulfgate Mall and a blighted adjacent neighborhood southeast of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists allowing the City to impose its will.
Hardy/Near Northside Redevelopment Authority ***c/o Bracewell & Giuliani, LLP*** ***711 Louisiana Street, Suite 2300*** ***Houston, TX 77002***	A non-profit 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.
Houston Area Library Automated Network ***Houston Central Library*** ***500 McKinney*** ***Houston, TX 77002***	Provides review and guidance to the operation, funding and development of the Houston Area Library Automated Network, which provides library services to Houston and surrounding communities. Three members are appointed by City Council, two by the County, and one elected by the smaller libraries. The City does not appoint a voting majority, but is financially accountable for this organization because HALAN is fiscally dependent on the City for revenues, allowing the City the ability to impose its will.
Houston Arts Alliance ***3201 Allen Parkway, Suite 250*** ***Houston, TX 77019***	A non-profit organization that is the officially designated arts agency of the City. The City does not appoint a voting majority, but is financially accountable because the Alliance is fiscally dependent on the revenues provided from a portion of hotel occupancy tax, which is levied by the City. This fiscal dependency allows the City to impose its will.
Houston Downtown Park Corporation ***1500 McKinney*** ***Houston, TX 77010***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to aid and act on behalf of the City to accomplish the City's governmental purpose of providing for the acquisition, development, operation, and maintenance of a new public park, open space and related amenities and facilities to provide recreational, educational and tourism opportunities within, and beautification of the Central Business District of the City. Additionally, the corporation maintains an enterprise fund to account for the activities of the Discovery Green Parking Garage. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.
Houston Forensic Science Center, Inc ***1200 Travis Street, 20th Floor*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to provide forensic science services previously provided by the Houston Police Department. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting.
Houston MediaSource ***410 Roberts Street*** ***Houston, TX 77003***	A Non-Profit organization organized to coordinate and develop all public and educational cable access activities within the City of Houston. Funding is provided by Public and Educational and Government Access (PEG) payments made to the city by cable operators under the City's cable franchises with respect to the annual support of the PEG Channels for the support of public, educational, and governmental access programming. Board members are appointed by the City and a financial benefit/burden relationship exists, allowing the City to impose its will. There is the potential that exclusion would result in misleading financial reporting

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
The Houston Parks Board, Inc. ***300 N. Post Oak Lane*** ***Houston, TX 77024***	Solicits and manages funds raised privately for park acquisitions and improvements, on behalf of Houston Parks Board LGC., Inc. (see below), which 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. Upon dissolution, all assets revert to the City. There is a potential that exclusion would result in misleading financial reporting.
Houston Parks Board LGC, Inc. ***300 N. Post Oak Lane*** ***Houston, TX 77024***	Solicits and manages funds raised privately for park acquisitions and advises the Mayor and City Council on park acquisitions and improvements, which 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. Upon dissolution, all assets revert to the City. There is a potential that exclusion would result in misleading financial reporting.
Houston Public Library Foundation ***Houston Central Library*** ***P.O. Box 2109*** ***Houston, TX 77252-2109***	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 City of Houston – Mayor's Office of Economic Development*** ***901 Bagby, 4th Floor*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist 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*** ***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.
Land Assemblage Redevelopment Authority ***City of Houston*** ***P.O. Box 1562*** ***Houston, TX 77251-1562***	The 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 LARA 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.
Leland Woods Redevelopment Authority ***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.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Leland Woods Redevelopment Authority II ***c/o Bracewell & Guiliani, LLP*** ***711 Louisiana, Suite 2300*** ***Houston, TX 77002-2770***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act and Chapter 394 of the Texas Local government Code to assist the City, Leland Woods Redevelopment Authority and Tax Increment Reinvestment Zone Number 22 in the redevelopment of a blighted neighborhood. The City has financial accountability because the voting majority of the board members are nominated by City Council and a financial benefit/burden relationship exists, allowing the City to impose its will.
Main Street Market Square Redevelopment Authority ***909 Fannin, Suite1650*** ***Houston, TX 77010***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Main St./Market Square Tax Increment Reinvestment Zone Board in the redevelopment of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.
Memorial City Redevelopment Authority ***8955 Katy Freeway, Suite 215*** ***Houston, TX 77024***	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 theTown & 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.
Memorial-Heights Redevelopment Authority ***c/o John Kuhl, Attorney*** ***SK Law*** ***1980 Post Oak Boulevard, Suite 1380*** ***Houston, TX 77056***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Memorial Heights Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.
Midtown Redevelopment Authority ***410 Pierce Street, Suite 355*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Midtown Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.
Miller Theatre Advisory Board, Inc. ***6000 Hermann Park Drive*** ***Houston, TX 77030-1719***	Miller Theatre Advisory Board, Inc. (the Board) is a Texas nonprofit corporation with the primary objective to advance the educational and cultural interests of the people of Houston through a continuing program of artistic, educational, and cultural events at the Miller Outdoor Theatre which is owned by the City. This is accomplished by various artistic and performing groups providing programs at the Theatre supported by grants awarded by the Board. The City has financial accountability because the directors are appointed by the Mayor and approved by City Council, and its primary source of funding is from Hotel Occupancy taxes which the Board receives from the City through the Houston Arts Alliance.
Old Sixth Ward Redevelopment Authority ***c/o City of Houston*** ***611 Walker, 10th Floor*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the Old Sixth Ward Tax Increment Reinvestment Zone Board in the redevelopment of a neighborhood adjacent to Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, the operations provide financial benefits to the City, and the City has investment authority for the Authority's assets.
OST/Almeda Corridors Redevelopment Authority ***5445 Almeda Road, Suite 545*** ***Houston, TX 77004***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the OST/Almeda Corridors Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood south of Downtown Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council and the operations provide financial benefits to the City.

Discretely Reported Component Units	Brief Description of Activities, Relationship to City, and Key Inclusion Criteria
Saint George Place Redevelopment Authority ***c/o Hawes Hill Calderon LLP*** ***P.O. Box 22167*** ***Houston, TX 77227-2167***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the St. George Place Tax Increment Reinvestment Zone Board in the redevelopment of a blighted neighborhood in southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council. The operations provide financial benefits to the City and the City has investment authority for the Authority's assets.
South Post Oak Redevelopment Authority ***c/o City of Houston – Mayor's Office of Economic Development*** ***901 Bagby, 4th Floor*** ***Houston, TX 77002***	Local government corporation created by the City in accordance with Chapter 431 of the Texas Transportation Corporation Act to assist the South Post Oak Tax Increment Reinvestment Zone Board in the development of an affordable housing project in Southwest Houston. The City has financial accountability because the voting majority of the board members are nominated by City Council, and the operations provide financial benefits to the City.
Southwest Houston Redevelopment Authority ***c/o Hawes Hill Calderon 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 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.
Upper Kirby Redevelopment Authority ***3015 Richmond Avenue, Suite 250*** ***Houston, TX 77098-3114***	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 Blvd., Suite 1580*** ***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 has been removed from these statements. *Governmental activities,* which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable and is a financial burden/benefit.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The accounts of the City are organized on the basis of funds, each of which is accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows, liabilities, deferred inflows, fund balance/net position, revenues, and expenditures/expenses. Government resources are allocated to and accounted for in individual funds for the purpose of carrying on specific activities in accordance with special regulations, restrictions, or limitations. The type and purpose of funds is described below.

Fund Accounting

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

   (a) ***General Fund*** - is the principal operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund.

   (b) ***Debt Service Fund*** **-** is used to account for the accumulation of resources for, and the payment of principal, interest, and related costs of tax supported debt.

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

   (d) ***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.

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.

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 "Equity in pooled cash and investments" and in accordance with GASB Statement No. 31 "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", are carried at fair value. 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.

"Equity in pooled cash and investments" is 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".

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 Asset valuation is based on historical costs, if purchased or constructed, or estimated historical costs, if original costs are not available.

Capital acquisition and construction are reflected as expenditures in governmental funds and are capitalized in the Governmental Activities column in the government-wide financial statements.

Capital Assets, which include land; building and improvements; improvements other than buildings, machinery and equipment; construction in progress; and infrastructure (e.g. storm drainage, streets and bridges), are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. These capital assets include the estimated historical cost of infrastructure acquired prior to fiscal year 1981. Capital assets are defined by the government as assets with an initial cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of one year.

Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as work-in-progress projects as constructed.

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 30 years
Equipment	Range from 3 to 15 years
Storm drainage	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 2014, the capitalized interest cost for the Airport System Facilities was $5.9 million and Combined Utility System Fund was $13.1 million. Depreciation on equipment begins in the year of acquisition.

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

Assets	Years
Airport System Facilities	4-45
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

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 re-classed from long-term debt to deferred outflows.

F. 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 of committed. City Council may assign fund balance through approval of budget appropriations.

e. Unassigned – residual net resources

2. Fund Balance Summary

A Summary of the nature and purpose of fund balances at June 30, 2014 is as follows (in thousands):

Governmental Fund Balances

					Non-Major Special Revenue Funds						
	General	Debt Service	Capital Projects	Grant	Public Safety	Public Works	Health & Housing	Parks	Other	Total Nonmajor	Total
Fund balances:											
Non-spendable:											
Inventory	11,895	-	-	321	-	1,773	-	-	-	1,773	13,989
Prepaid items	2,121	-	3,062	134	-	-	-	-	-	-	5,317
Total non-spendable	14,016	-	3,062	455	-	1,773	-	-	-	1,773	19,306
Restricted for:											
Grants and other purposes	-	-	-	-	-	-	-	-	4,510	4,510	4,510
Police special purpose	709	-	-	-	6,904	-	-	-	-	6,904	7,613
Public transit operations	-	-	-	-	-	-	-	-	2,506	2,506	2,506
Capital construction	-	-	-	-	-	67,766	-	-	-	67,766	67,766
Affordable housing programs	-	-	-	-	-	-	9,079	-	-	9,079	9,079
Health services	607	-	-	9,317	-	-	-	-	50,309	50,309	60,233
Community development	-	-	-	-	-	-	-	344	192	536	536
Capital construction	42,804	-	32,770	-	-	-	-	-	9,178	9,178	84,752
Debt service	-	134,701	-	-	-	-	-	-	-	-	134,701
Total restricted	44,120	134,701	32,770	9,317	6,904	67,766	9,079	344	66,695	150,788	371,696
Committed to:										-	
Community development	1,277	-	-	-	6	-	-	-	731	737	2,014
Economic development	-	-	-	-	-	-	-	-	2,050	2,050	2,050
Court operations	-	-	-	-	1,770	-	-	-	209	1,979	1,979
Police special purpose	-	-	-	-	10,769	-	-	-	-	10,769	10,769
Emergency services	-	-	-	-	3,809	-	-	-	-	3,809	3,809
Capital construction	2,130	-	-	-	-	-	-	-	-	-	2,130
Public parks and preserves	-	-	-	-	-	1,023	-	-	-	1,023	1,023
Recycling programs	-	-	-	-	-	2,509	-	-	-	2,509	2,509
Development services	-	-	-	-	-	27,237	-	-	-	27,237	27,237
Health services	-	-	-	-	-	-	10,540			10,540	10,540
Affordable housing programs	-	-	-	-	-	-	-	-	879	879	879
Public parks and preserves	-	-	-	-	-	-	-	8,224	-	8,224	8,224
Public transportation operations	-	-	-	-	-	-	-	-	2,213	2,213	2,213
Total committed	3,407	-	-	-	16,354	30,769	10,540	8,224	6,082	71,969	75,376
Assigned:											
Capial construction	-	-	106,607	-	-	-	-	-	-	-	106,607
Unassigned:	200,731	-	-	-	-	-	-	-	-	-	200,731
Total	262,274	134,701	142,439	9,772	23,258	100,308	19,619	8,568	72,777	224,530	773,716

3. Budget Stabilization Arrangements

In accordance with City Ordinance 2003-474, the City created a Rainy Day Fund in an amount not less than $20 million with funds available to respond in the event of an emergency; and to provide for unanticipated or unforeseen extraordinary needs. Any use of the Rainy Day fund shall be approved by a vote of two-thirds of the City Council present and voting. The City shall allocate sufficient funds during the subsequent two fiscal years to replenish any use of the Rainy Day funds in the previous year.

In accordance with City Ordinance 1997-776, the excess fund balance in the General Fund shall be maintained at a level sufficient to provide for temporary financing of unforeseen needs of an emergency nature and to permit orderly adjustment to changes resulting from the termination of revenue sources. The level of the unassigned fund balance in the General Fund will be a minimum of 5% of total expenditures less debt service, beginning not later than Fiscal Year 1989. To the extent that funds in the General Fund exceed 7.5% of total expenses less debt service, the excess funds are available upon appropriation for non-recurring expense.
These amounts are included in the General Fund's Unassigned Fund balance.

G. 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 is essentially a clearing account for income, expenses, assets and liabilities of the City's health benefits and long-term disability programs.

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.

H. 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.

I. 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 dependants 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.

J. New Accounting Pronouncements

In March 2012, the GASB issued Statement No. 65, "Items Previously Reported as Assets and Liabilities". This statement will improve financial reporting by reclassifying certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources, or as outflows or inflows of resources. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 65 in this annual report.

In March 2012, the GASB issued Statement No. 66, "Technical Corrections-2012". This statement will improve financial reporting by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No.54 "Fund Balance Reporting and Governmental Fund Type Definitions", and No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements". The requirements of this statement are effective for financial statements for periods beginning after December 15, 2012. The City has implemented GASB No. 66 in this annual report.

In June 2012, the GASB issued Statement No. 67, "Financial Reporting for Pension Plans". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The respective pension plans have implemented GASB No. 67 as part of their separate reporting.

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions". This statement will improve financial reporting of public employee pensions by state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In April 2013, the GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The City has implemented GASB No. 70 in this annual report, however, it does not have any current impact on the City.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

K. Prior Period Restatement

As a result of implementing GASB 65, net position/(deficit) was restated at July 1, 2013. With the adoption of GASB 65, the City is reporting the deferred loss on bond refunding as a deferred outflow. Bond issuance costs (excluding the portion related to bond insurance) are expensed and no longer amortized annually as other assets.

	Governmental Activities	Business Type Activities		
		Aviation	Convention & Entertainment	Combined Utility System
July 1, 2013, as previously reported	$1,607,509	$1,371,433	$171,247	$(26,101)
Adjustment for GASB 65	(27,920)	(13,983)	(1,456)	(57,168)
July 1, 2013, as restated	$1,579,589	$1,357,450	$169,791	$(83,269)

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, 2014 were (in thousands):

Other deferred revenue	$	145,223
	$	145,223
Internal Service Fund total assets	$	76,464
Internal Service Fund liabilities		(44,833)
	$	31,631
Bonds and notes payable	$	(3,389,181)
Arbitrage rebate payable		(18)
Accrued interest		(37,446)
Compensated absences not reported at the fund level		(448,530)
Claims and judgments not reported at the fund level		(75,369)
Net pension obligation		(1,059,836)
Other post employment benefits obligation		(1,195,407)
	$	(6,205,787)

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, 2014 were (in thousands):

Debt issued:		
Certificates of Obligations	$	9,000
Notes Payable		494
Commercial paper		110,000
	$	119,494
Repayments:		
Refunded commercial paper	$	(29,550)
Principal payments		(147,300)
	$	(176,850)
Amortization of:		
Discount	$	16
Premium		(14,458)
Net adjustment	$	(14,442)
Total	$	(71,798)

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	$	21,682
Ambulance fees earned but not available		61,374
Fines and forfeits earned but not available		3,845
Other (primarily assessments) earned but not available		58,322
Total revenue not reported at fund level	$	145,223
Property taxes for prior periods	$	(24,019)
Ambulance fees for prior periods		(10,982)
Fines and forfeits for prior periods		(3,178)
Other (primarily assessments) for prior periods		(46,257)
Total revenue for prior period transactions	$	(84,436)
Interest on long-term debt	$	1,221
Municipal Employees pension		(21,351)
Police Officers' pension		(55,180)
Firefighters' pension		(25,192)
Claims and judgments		(5,643)
Compensated absences		(15,781)
Other liabilities		(503)
Other post employment benefits		(138,177)
Decrease in other receivables		254
Total differences in accrued expenses	$	(260,352)

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.

B. Investments and Risk Disclosures

The following describes the investment positions of the City's operating funds as of June 30, 2014. The City held $3.2 billion in high grade, fixed income investments in three separate investment pools, each serving a specific purpose as described below. All investments are governed by state law and the City's Investment Policy, which dictates the following objectives, in order of priority:

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

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

1. General Investment Pool

The General Investment Pool consists of all working capital, construction, and debt service funds not subject to yield restriction under IRS arbitrage regulations. The funds of the City's enterprise systems, as well as the general fund, are commingled in this pool to gain operational efficiency. Approximately 99% of the City's total investable funds are held in this portfolio.

City of Houston Investments As of June 30, 2014	Credit Quality Ratings (1)(2)	Fair Value	WAM* (years)
U.S. Treasury Notes	N/A	$ 728,410,952	1.964
Housing and Urban Development Notes	N/A	10,066,389	0.589
Agency Notes (3)	AAA	1,689,517,421	1.339
Agency Notes (3) (4)	Not Rated	119,179,254	2.389
Agency Notes (State of Israel Bond)	A	5,001,579	1.088
Mortgaged Backed Securities (3) (4)	Not Rated	52,433,238	2.449
Money Market Funds	AAA Short Term	24,080,428	0.003
Certificates of Deposit	FDIC Insured	1,002,100	0.238
Commercial Paper Notes	A-1+/P-1 Short Term	279,732,108	0.252
Municipal Bonds	AAA Long Term	78,283,817	1.863
Municipal Bonds	AA Long Term	220,701,586	1.837
Municipal Bonds	A Long Term	7,062,289	0.126
Total Investments		**$ 3,215,471,161**	**1.474**

* 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 V1 volatility rating to the City's General Investment Pool. The AAA signifies the highest level of credit protection, and the V1 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, 2014, this investment portfolio's dollar-weighted average maturity was 1.474 years. Modified duration was 1.44 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 1.44 years would experience approximately a 1.44% change in market price for every 100 basis point change in yield.

Credit Risk – Investments. The US Treasury Notes and Housing and Urban Development Notes are direct obligations of the United States government and therefore do not have credit ratings. The Agency Notes, Collateralized Mortgage Obligations, 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. Long term municipal securities were rated at least A. Municipal securities considered short-term securities had the highest short-term rating of A-1+.

Credit Risk – Securities Lending. Under the securities lending program, the City receives 102% of market 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, 2014 there were no securities lending agreements outstanding.

Custodial Credit Risk. The custodial credit risk for investments is the risk that in the event of the failure of 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, 2014, none of the City's investments in the General Investment Pool were subject to custodial credit risk.

Foreign Currency Risk. Foreign currency risk is the risk that investments will change value due to changes in exchanges rates between time of purchase and reporting or sale. The City's General Investment Pool is limited by policy to US dollar denominated investments and not subject to this risk.

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 tax-exempt money market fund.

City of Houston Investments As of June 30, 2014	Credit Quality Ratings	Market Value	WAM
Fidelity Tax-Exempt Money Market Mutual Fund	SEC 2a-7 Fund	2,377,503	37 days
Municipal Bonds	A-1+Short Term	-	-
Municipal Bonds	AAA Long Term	5,237,848	92 days
Total Investments		**$ 7,615,351**	

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, 2014, the pool's dollar-weighted average maturity was 75 days. Modified duration was 0.206 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 if the yield is reasonably higher than that of a tax-exempt money market mutual fund. Otherwise, funds are invested in one or more tax-exempt money market mutual funds that are SEC registered and regulated under Rule 2a-7. Rule 2a-7 requires that the fund have a weighted average maturity of less than 60 days to maturity, that individual securities cannot be more than 397 days to maturity, and that securities have rating by a nationally recognized rating agencies in one of the two highest short-term rating categories.

Custodial Credit Risk. As of June 30, 2014, 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.

3. Housing Department Section 108 Pool

The Housing Department Pool was created to comply with rules of the US Department of Housing and Urban Development ("HUD"), which requires that funds provided by HUD must be held in a separate custodial account for HUD's benefit. The primary goal of this fund is to meet the cash flow and investment needs of the City's Housing and Community Development HUD program.

City of Houston Investments As of June 30, 2014	Credit Quality Ratings	Market Value	WAM (years)
U.S. Treasury Bills	N/A	$ 9,999,340	62 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, 2014, this investment portfolio's dollar-weighted average stated maturity is 62 days. Modified duration is 0.172 years.

Credit Risk. The HUD pool consists only of U.S. Treasury Bills with maturities less than 6 months. HUD requires that investment of these funds must be in direct obligations of the United States Government.

Custodial Credit Risk. As of June 30, 2014 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.

4. Miscellaneous Money Market Accounts

City of Houston Investments As of June 30, 2014	Credit Quality Ratings	Market Value	WAM
JP Morgan US Government Money Market Fund: Airport System Special Facilities Revenue Bonds Series 1997A Reserve Fund	AAA	6,588,756	47 days
JP Morgan US Treasury Securities Money Market Fund: Balances held for auction bonds debt service	AAA	92,717	54 days
First American US Treasury Money Market Fund: Balances held for commercial paper debt service	AAA	47,692	40 days
Total Miscellaneous Money Market Funds		**$ 6,729,165**	

The City maintains several separate money market accounts outside the pools as described below:

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, 2014, 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.

5. Houston Foundation

City of Houston Investments As of June 30, 2014	Credit Quality Ratings	Market Value	WAM (years)
Cash and Equivalents	Not rated	116,769	n/a
Fixed Income	Not rated	303,727	7.37
Equities	N/A	2,197,351	n/a
Hedge Funds	N/A	465,744	n/a
Real Estate	N/A	261,491	n/a
Tangible Assets	N/A	275,768	n/a
Total Assets		**$ 3,620,849**	

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.

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 eight years. The weighted average maturity for the fixed income portfolio is 7.37 years, and the weighted average duration is 4.76 years.

Credit Risk. The allocation 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 and money market mutual funds, accordingly, there is no credit risk.

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, 2014 all of the Foundation's holdings in the above noted mutual funds, corporate bonds, and common stocks 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.

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, employed State Street Bank and Trust Company (Custodian) as custodian of the investment assets of the System, and in said capacity, the Custodian is a fiduciary of the System's investments assets with respect to its discretionary duties including safekeeping the System's investment 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 investment 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's Board.

In holding all System investment assets, the Custodian shall act with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of this type would use in the conduct of an enterprise with a like character and with like aims. Further, the Custodian shall hold, manage and administer the System's assets for the exclusive purpose of providing the benefits to the members and the qualified survivors of 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 (IPS) 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.

Portions of the System's investments are classified as security investments. A security is a transferable financial instrument that evidences ownership or creditorship. Investments in commingled funds, limited partnerships, real estate trusts, and loans and mortgages are investments that are evidenced by contracts rather than securities.

The fair values of the System's investments at June 30, 2014, are presented by type, as follows:

Short-term investment funds	$	48,569, 270
Government securities		83,699,960
Corporate bonds		223,848,665
Capital stocks		866,082,050
Commingled funds		382,671,667
Real assets		207,977,789
Alternative investments		651,778,839
	$	2,464,628,240

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. At June 30, 2014 and 2013, the System's investments that were not subject to custodial credit risk were the investments in U.S. government securities and corporate bonds as they are registered in the name of the System and held in possession of the Custodian.

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, and absolute return), 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 of the System provides that no public market investment manager shall have more than 20% (at market value) of the System's assets.
Representative guidelines by type of investment are as follows:

U.S. Equity Managers

1. A manager's portfolio shall contain a minimum of twenty-five issues.
2. No more than 5% of the manager's portfolio at market shall be invested in American Depository Receipts (ADRs).
3. No individual holding in a manager's portfolio may constitute more than 5% of the outstanding shares of an issuer.
4. No individual holding may constitute more than 5% of a manager's portfolio at cost or 10% at market.
5. Short sales, purchases on margin, non-negotiable or otherwise restricted securities are prohibited, other than where expressly permitted.
6. While there are no restrictions on cash, a manager must notify the System if the cash position exceeds 10%.

International Equity Managers

1. Not more than 5% at cost and 10% at market value of a manager's portfolio shall be invested in the securities of any one issuer.
2. Not more than 30% of the assets of a manager's portfolio (at market value) shall be invested in any one country with the exception of Japan.
3. While there are no restrictions on cash, a manager must notify the System if the cash position exceeds 10%.
4. Forward foreign currency exchange contracts will be limited as follows:
   a. Forward and future exchange contracts of any currency may be used to hedge up to 100% of the currency exposure of the portfolio in aggregate or of the currency exposure to any single country,
   b. Foreign exchange contracts with a maturity exceeding 12 months may not be made, and
   c. Currency options may be entered into in lieu of or in conjunction with forward sales of currencies. The same effective limitations specified in (a) and (b) above will apply to currency options.

Fixed Income Managers

1. No more than 10% of a manager's portfolio at market shall be invested in the securities of any single issuer, with the exception of the U.S. government and its agencies.

2. No individual holding in a manager's portfolio shall constitute more than 10% of the market value of an issue.

Global Opportunistic Fixed Income/High Yield Managers

1. No more than 5% at cost and 10% at market value of a manager's portfolio shall be invested in the securities of any single issuer, with the exception of the U.S. government and its agencies.

As of June 30, 2014, across all asset classes, the System held one security with a market value over 5% of the System's fiduciary net position. The security, BlackRock MSCI ACWI Minimum Volatility Index, had a fair value of $219,124,566, representing 9% of the System's portfolio as of June 30, 2014. There were no securities held by the System from a single issuer that exceeded 5% in FY 2013.

Interest Rate Risk. The System invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its management agreement and the Investment Policy.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. Duration is a measure of a debt investment's exposure to fair value changes arising from changes in interest rates. It uses the present value of cash flows, weighted for those cash flows as a percentage of the investment's full price. The greater the duration of a bond, or a portfolio of bonds, the greater its price volatility will be in response to a change in interest rates and vice-versa. Duration is the measure of a bond price's sensitivity to a 100-basis point change in interest rates. The duration of the System's debt securities is managed by the active managers.

At June 30, 2014, the following table shows the System's investments by type, amount and the effective duration rate.

	Effective Duration	Domestic	International	Fair Value
Collateralized mortgage obligations	2.71	$ 11,478,113	$ -	$ 11,478,113
Convertible bonds	3.46	8,575,931	270,681	8,846,612
Corporate bonds	5.74	149,018,769	4,986,053	154,004,822
GNMA/FNMA/FHLMC	3.40	27,545,254	-	27,545,254
Municipal	8.35	1,123,974	-	1,123,974
Government issues	4.68	51,593,009	3,437,722	55,030,731
Misc. receivable (auto/credit card)	3.28	4,399,278	-	4,399,278
Other asset backed securities	4.32	270,290	-	270,290
Bank Loan[1]	N/A	44,849,551	-	44,849,551
		$298,854,169	$ 8,694,456	$ 307,548,625

1The 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 tap this market to fund leveraged buyouts.

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

1. All issues purchased by investment grade fixed income managers must be of investment grade quality Baa (Moody's) or BBB (S&P) unless expressly authorized by the Board, in which case a minimum B rating shall apply, with a maximum limit of non-investment grade credits of 20% at market.

2. For global opportunistic fixed income/high yield securities, more than 50% of a manager's portfolio at market shall be invested in non-investment grade fixed income securities, i.e. those with ratings of BA1 (Moody's), BB+ (Standard & Poor's), or lower, or unrated bonds, including but not limited to corporate bonds, convertible bonds, and preferred stocks.

The quality ratings of investments in fixed income securities as described by nationally recognized statistical rating organizations at June 30, 2014 are as follows:

Quality Rating	CMO	Convertible Bonds	Corporate Bonds	Sponsored Agencies	Municipals	Governmental Issues (Int)	Other	Other Asset Backed	Grand Total Fair Value	Percentage of Holdings
AM	$ 6,560,487	-	-	-	373,998	-	1,712,068	270,290	$ 8,916,843	0.36%
AA	1,092,383	-	289,966	-	-	-	120,056	-	1,502,405	0.06%
NIL+	-	-	206,962	-	164,774	-	506,821	-	878,557	0.04%
NI,	522,784	-	200,700	-	-	-	2,030,513	-	2,753,997	0.11%
A	-	-	4,990,064	-	399,794	3,437,722	-	-	8,827,580	0.36%
A+	292,661	-	911,266	-	185,408	-	-	-	1,389,335	0.06%
A-	364,515	-	6,794,624	-	-	-	-	-	7,159,139	0.29%
BBB	-	406,364	7,922,699	-	-	-	-	-	8,329,063	0.34%
E100+	-	-	8,676,582	-	-	-	-	-	8,676,582	0.35%
BOB-	-	1,449,578	7,486,956	-	-	-	-	-	8,936,534	0.36%
BB	-	398,086	9,092,440	-	-	-	-	-	9,490,526	0.39%
BB+	-	2,163,837	4,161,935	-	-	-	-	-	6,325,772	0.26%
BB-	-	1,237,070	14,464,409	-	-	-	-	-	15,701,479	0.64%
B	-	1,409,156	11,155,930	-	-	-	-	-	12,565,086	0.51%
B+	-	1,101,461	12,071,208	-	-	-	-	-	13,172,669	0.53%
B-	-	592,200	13,734,265	-	-	-	-	-	14,326,465	0.58%
Below C	-	-	46,467,801	-	-	-	-	-	46,467,801	1.89%
NA	2,645,283	88,860	5,377,015	27,545,254	-	-	44,879,372	-	80,535,784	3.27%
Subtotal	$11,478,113	$ 8,846,612	$ 154,004,822	$27,545,254	$1,123,974	$ 3,437,722	$49,248,830	$ 270,290	$ 255,955,617	10.39%
Total credit risk debt securities									255,955,617	10.39%
U.S. government fixed income securities									51,593,009	2.09%
Total fixed income securities									307,548,626	12.48%
Other investments									2,157,079,614	87.52%
Total investments									$2,464,628,240	100.00%

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. Each investment manager, through the purchase of units in a commingled investment trust fund or international equity mutual fund, establishes investments in international equities.

The System has an indirect exposure to foreign currency fluctuation as of June 30, 2014 as follows:

	Fair Value	Percentage
Australian Dollar	6,530,823	2.49%
Brazilian Real	4,079,402	1.56%
Canadian Dollar	9,943,001	3.80%
Danish Krone	3,057,432	1.17%
Euro Currency	75,980,144	29.02%
Hong Kong Dollar	16,525,949	6.31%
Indonesian Rupiah	2,218,419	0.85%
Japanese Yen	28,551,480	10.91%
Malaysian Ringgit	1,449,651	0.55%
Mexican Peso	4,814,958	1.84%
New Taiwan Dollar	1,101,554	0.42%
Norwegian Krone	9,111,966	3.48%
Pound Sterling	54,963,868	20.99%
Singapore Dollar	2,357,802	0.90%
South African Rand	1,774,264	0.68%
South Korean Won	6,026,879	2.30%
Swedish Krona	6,752,853	2.58%
Swiss Franc	21,310,188	8.14%
Thailand Baht	1,941,093	0.74%
Turkish Lira	3,310,304	1.26%
	261,802,030	100%

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 in any investment or investments that are deemed "prudent" by the Board. The investment policy of the Board does not restrict the types of investments authorized to be made on behalf of the Fund; however, 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 has employed BNY Mellon (Custodian) as Custodian of the assets of the Fund, and in said capacity, the Custodian is a fiduciary of the Fund's assets with respect to its discretionary duties including safekeeping the Fund's assets. The Custodian has established and maintains a custodial account to hold, or direct its agents to hold, for the account of the Fund, all assets that the Board deposits with the Custodian from time to time. All rights, title and interest in and to the Fund's assets at all times vests with the Fund's Board.

In holding all Fund assets, the Custodian acts with the same care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in like capacity and familiar with matters of this type would use in the conduct of an enterprise with a like character and with like aims. Further, the Custodian holds, manages and administers the Fund's assets for the exclusive purpose of providing the benefits to the members and the qualified survivors of the Fund.
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, 2014 by type are as follows:

Short-Term Investment Funds	$ 123,988,309
Fixed Income-Government Securities	308,026,064
Fixed Income-Corporate Bonds	857,960,645
Fixed Income-Convertibles	54,903,126
Common Equity	1,548,126,663
Preferred Equity	9,731,014
Hedge Funds:	
Global Macro Hedge Fund	223,260,243
Multi-Strategy FOHFs	221,929,251
Private Equity:	
Buy Out Partnerships/Funds	88,993,623
Distressed Debt Partnerships/Funds	69,098,570
Direct Investments	1,075,000
Secondary Partnerships/Funds	101,490,343
Special Situations Investments	27,508,515
Venture Capital Partnerships/Funds	79,000,492
Real Estate	195,472,077
Total investments	$ 3,910,563,935

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 partnerships and real estate are investments that are evidenced by contracts rather than securities. The fair value shown here may differ from reported net position due to payables, receivables, and trades pending settlement.

Custodial credit risk. For an investment, custodial credit 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 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 uninsured, are not registered in the name of the Fund, and are held by either the counterparty or the counterparty's trust department or agent but not in the Fund's name. At June 30, 2014 and 2013, the Fund's security investments that were not subject to custodial credit risk were the investments not registered on an exchange.

Concentration of credit risk. 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, alternative investments, private equity and real estate), the Fund further diversifies by employing investment managers who implement the strategies selected by the Investment Committee.

Significant risk management asset allocation guidelines are as follows:

Public market and alternative investments

1. Specific guidelines along with contractual requirements for each manager will be developed cooperatively by the Fund's investment staff, legal counsel, and the investment manager and shall be incorporated into an Investment Management Agreement or other binding agreement as is appropriate for the investment.

2. In case of conflict between the specific manager guidelines and the general guidelines, the specific guidelines, as approved by the Investment Committee, shall supersede. The general guidelines are as follows:

   a. Manager investment philosophy, style, strategy, and structure shall remain consistent and shall not change without the Investment Committee's approval. The manager shall have discretion to manage the portfolio consistent with the style presented to the Investment Committee at the time of selection and further subject to the restrictions established by the policy herein.

   b. The following transactions are prohibited: short sales, selling on margin, put and call options, and the use of derivatives for speculation unless authorized by the Investment Committee.

   c. Transactions that involve a broker acting as a principal, where such broker is also affiliated with the manager who is making the transaction are prohibited, unless specifically approved by the Investment Committee.

   d. Transactions shall be executed at competitive costs, or best execution.

e. Managers shall maintain cash levels consistent with their style as presented to the Investment Committee at the time of selection. Any deviation shall be allowed only after notifying the Chief Investment Officer and should be related to unusual market conditions. The maximum cash level to be held by each manager will be addressed in the Investment Management Agreement or other binding agreement as is appropriate for the investment.

As of June 30, 2014 and 2013, the Fund investment portfolio had no single holdings in excess of 5% of Fund net assets.

Interest rate risk. The Fund invests in fixed income securities including, but not limited to, investments representing instruments with an obligated fixed rate of interest including public and private debentures, mortgages, investments in life insurance general accounts and guaranteed investment contracts, with maturities greater than one year, and options/futures. Instruments may have an investment grade or non-investment grade rating. Purchases and sales, investment selection and implementation of investment strategies are delegated to the discretion of the investment manager, subject to compliance with its 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 Investment Management Services Contract.

At June 30, 2014, the following table shows the Fund's investments by type, with weighted average maturity and fair value:

	Weighted Average Maturity		Fair Value
Asset Backed Securities	9.1	$	29,321,986
CMBS	29.23		841,134
CMO Corporate	8.88		864,225
Consumer Discretionary	6.25		4,510,197
Consumer Staples	1.92		1,619,800
Corporate Debt	16.78		625,982,236
Energy	14.9		5,139,289
Financials	6.64		10,012,044
General Obligations Bonds	24.79		16,037,320
Healthcare	20.93		3,202,890
Industrials	22.62		1,996,959
Information Technology	15.81		16,571,404
Materials	1.61		2,555,621
Non-U.S. Corporate	5.34		66,588,844
Non-U.S. Government Issues	1.31		25,477,037
Revenue Bonds	28.88		65,266,558
Telecommunication Services	0.71		5,181,750
TIPS (Treasury Inflation Protected)	8.55		5,275,768
U. S. Preferred Stock	1.31		897,680
U.S. Government Issues	8.58		211,142,922
U.S. Private Placements	12.21		90,344,911
U.S. Taxable Muni Bonds	54.63		30,738,636
Utilities	15.30		1,320,624
Total fixed income securities		$	1,220,889,835

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 Services Contract.

The Fund's exposure to investment credit risk in fixed income securities (which includes government securities, corporate securities, corporate bonds, convertibles) as of June 30, 2014 is as follows:

Quality Rating	Fair Value	Percentage of Holdings
A1	$ 47,651,209	1.22%
A2	102,945,895	2.63%
A3	141,043,222	3.60%
AA1	12,289,382	0.31%
AA2	38,090,445	0.97%
AA3	57,218,601	1.46%
AAA	86,382,566	2.21%
B1	29,206,527	0.75%
B2	28,477,044	0.73%
B3	38,756,219	0.99%
BA1	41,325,527	1.06%
BA2	53,569,093	1.37%
BA3	38,605,451	0.99%
BAA1	72,855,074	1.86%
BAA2	103,500,104	2.64%
BAA3	63,734,122	1.63%
CA	1,456,000	0.04%
CAA1	14,066,730	0.36%
CAA2	23,282,923	0.59%
D	499,200	0.01%
Not rated	9,515,813	0.24%
Total credit risk debt securities*	$ 1,004,471,147	25.66%

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

Foreign currency risk. 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 Services Contract and the Fund's Investment Policy Statement.

The Fund's exposure to foreign currency fluctuation as of June 30, 2014 is as follows:

	Fair Value	Percentage of Holdings
Euro Currency Unit	$ 176,244,955	4.50%
Japanese Yen	79,638,856	2.03%
Pound Sterling	70,217,760	1.79%
Swiss Franc	54,939,133	1.40%
Canadian Dollar	49,264,258	1.26%
Hong Kong Dollar	23,844,159	0.61%
Mexican New Peso	19,328,596	0.49%
South Korean Won	18,886,807	0.48%
Norwegian Krone	17,496,280	0.45%
New Zealand Dollar	16,859,414	0.43%
Australian Dollar	16,540,329	0.42%
Thailand Baht	12,629,616	0.32%
Swedish Krona	10,106,141	0.26%
Danish Krone	8,461,734	0.22%
Singapore Dollar	4,416,393	0.11%
brazil Real	4,160,895	0.11%
New Turkish Lira	2,476,119	0.06%
Indonesian Rupiah	2,095,103	0.05%
Israeli Shekel	2,019,753	0.05%
Czech Koruna	952,150	0.02%
Total securities subject to foreign currency risk	$ 590,578,451	15.06%

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

Summary of Significant Accounting Policies

Investment Valuation. 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 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Administrative Costs. All administrative costs of the System are paid from the System's assets.

Federal Income Tax. A favorable determination that the System is qualified and exempt from Federal income taxes was received June 20, 2013. The System's Board of Trustees believes that the System is designed and continues to operate in compliance with the applicable requirements of the Internal Revenue Code.

Use of Estimates. The preparation of the System's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make significant estimates and assumptions that affect the reported amounts and net plan assets at the date of the financial statements and the actuarial information included in the footnotes to the financial statements as of the benefit information date, the changes in the System's net assets during the reporting period and, when applicable, disclosures of the contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that in the event of a bank failure, the System's deposits may not be returned to them. The System considers only demand deposits as cash. The System does not have a deposit policy regarding custodial credit risk. As of June 30, 2014 and June 30, 2013, the System had a balance of $701 thousand and $234 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 intuition. Therefore, as of June 30, 2014, $451 thousand of the System's bank balance of $701 thousand was exposed to custodial credit risk. At June 30, 2014, the System did not have any other deposits with other financial institutions subject to custodial credit risk.

Credit Risk. Credit risk is the risk that the counterparty will not fulfill its obligations. As of June 30, 2014, the System's fixed income assets that are not U. S. government guaranteed represented 100.0% of the System's fixed income plus short term investments portfolio. The tables below summarize the System's fixed income portfolio exposure levels and credit qualities.

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

Fixed Income Security Type	Market Value ($000's)	Percent of Total	Weighted Average Credit Quality
Corporate Bonds	$ 84,612	7.0 %	BB
Corporate Convertible Bonds	177	-	Not Rated
Mutual Bond Funds	298,557	24.6	Not Rated
Short Term Investment Funds	831,028	68.4	Not Rated
Total	$ 1,214,374	100.0 %	

Ratings Dispersion Detail
($000's)

Credit Rating Level	Corporate Bonds	Corporate Convertible Bonds	Mutual Bond Funds	Short Term Investment Funds
BBB	$ 1,064	$ -	$ -	$ -
BB	40,035	-	-	-
B	26,029	-	-	-
CCC	-	-	-	-
D	-	-	-	-
NR	17,484	177	298,557	831,028
Total	$ 84,612	$ 177	$ 298,557	$ 831,028

The System's investment policy allows investment managers full discretion in adopting investment strategies to deal with these risks. Unless otherwise provided in the individual investment manager agreement, the average quality rating of each individual fixed income portfolio on a weighted value basis shall be A-rated or higher, and no issue should have a rating below investment grade (Baa or higher). Certain managers, such as high yield managers, may be exempted from these requirements as provided for in their contracts.

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. Concentration of credit risk is the risk of loss attributable to the magnitude of the System's investment in a single issue. The System's investment policy for each specific portfolio limits investments in any one single domestic equity issue to 15% of each portfolio at market value and for any one single international equity issue to 5% of the System's investments. For fixed income investments, the System's policy limits, by each specific portfolio, investment in any one single fixed income security to 10% of each portfolio at market value. As of June 30, 2014, the System did not have any single investment in any one organization which represented greater than 5% of plan net assets.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the System's financial instruments. This 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 does not have an investment policy specifically regarding interest rate risk. 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 found in the tables below quantifies the interest rate risk of the System's fixed income investments. Interest rate risks associated with derivative instruments are found in the derivatives disclosures of these notes.

Modified Duration by Security Type

Security Type	Market Value ($000's)	Percent of Total	Weighted Average Modified Duration (years)
Corporate Bonds	$ 84,612	7.0%	5.3
Corporate Convertible Bonds	177	0.0	2.4
Mutual Bond Funds	298,557	24.6	4.8
Short Term Investment Funds	831,028	68.4	0.1
Total	$ 1,214,374	100.0%	0.4

Modified Duration Analysis by Security Type

Corporate Bonds	Market Value ($000's)	Average Modified Duration	Contribution to Modifed Duration
Less than 1 year	$ 100	0.5	0.0
1 to 10 years maturities	82,724	5.0	4.9
10 to 20 years maturities	1,788	19.0	0.4
Total	$ 84,612		5.3
Corporate Covertible Bonds			
1 to 10 years maturities	$ 177	2.4	2.4
Mutual Bond Funds			
Less than 1 year	$ 8,909	4.8	0.1
1 to 10 years maturities	$ 280,328	4.8	4.5
10 to 20 years maturities	$ 9,320	4.8	0.2
Total	$ 298,557		4.8
Short Term Investment Funds			
Less than 1 year	$ 746,679	0.1	0.1
1 to 10 years maturities	84,349	0.1	0.0
Total	$ 831,028		0.1

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. 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 market value of the assets denominated in that currency. This limitation does not apply to global fixed income managers and currency overlay managers if provided for in their contracts, 2) foreign currency exchange contracts with a maturity exceeding 12 months are not permitted, 3) currency options may be entered into in lieu of or in conjunction with forwards sales of currencies with the same limitations as currency forwards and futures. Cross hedging, the selling of one foreign currency for another foreign currency, which may or may not be the base currency of the portfolio, is permitted.

The System's exposure to foreign currency risk in U.S. dollars as of June 30, 2014, is shown in the table below.

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

Currency	Short Term Investments	Fixed Income	Equities	Alternative Investments	Total
Euro	$ 82,021	$ -	$ 224,388	$ 29,872	$ 336,281
British pound sterling	(48,828)	-	133,341	-	84,513
Japanese yen	(45,942)	-	127,673	-	81,731
Australian dollar	-	-	48,469	4,163	52,632
Hong Kong dollar	-	-	44,976	-	44,976
Canadian dollar	1,484	-	30,019	-	31,503
Brazilian real	-	9,655	21,695	-	31,350
South Korean won	-	-	31,316	-	31,316
New Taiwan dollar	-	-	26,358	-	26,358
Swiss franc	-	-	25,758	-	25,758
Mexican peso	-	11,148	11,502	-	22,650
South African rand	-	5,698	15,200	-	20,898
Indian rupee	-	4,678	15,081	-	19,759
Swedish krona	-	-	18,815	-	18,815
Russian ruble	-	7,170	8,063	-	15,233
Malaysian ringgit	-	5,800	7,946	-	13,746
Thai baht	-	5,479	4,769	-	10,248
Danish krone	-	-	9,529	-	9,529
Turkish lira	-	5,479	3,821	-	9,300
Polish zloty	-	5,683	3,485	-	9,168
Singapore dollar	-	-	9,027	-	9,027
Chinese yuan renminbi	-	-	8,202	-	8,202
Norwegian krone	-	-	5,326	-	5,326
Indonesian rupiah	-	-	5,049	-	5,049
Other (less than $5 million)	-	49,224	13,170	-	62,394
Total	$ (11,265)	$ 110,014	$ 852,978	$ 34,035	$ 985,762

Contributions Receivable. The June 30, 2011 Agreement with the City provided that for fiscal year 2013 the amount to be contributed would be an $93,000 thousand fixed payment, with any shortfall in the fixed payment not to exceed $8,500 thousand, and for fiscal year 2012, an $83,000 thousand fixed payment, with any shortfall in the fixed payment not to exceed $17,000 thousand. Therefore, the total contribution receivable is $25,500 thousand, which is secured by an undivided interest (Property interest) in real property owned by the City knows as the Houston Police Department Headquarters located at 1200 Travis Street, Houston, Texas, and a parking garage located at 801 Polk Street, Houston, Texas (Real Property) and is further discussed in footnote 2.

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 market 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 market 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, 2014 the weighted-average maturity of the collateral pool was 50 days. The relationship between the maturities of the collateral pool and the System's loans has not been determined. Cash collateral invested in the custodian bank collateral pool at June 30, 2014 and 2013, was $41,986 thousand and $190,616 thousand, respectively. The System also had non-cash collateral at June 30, 2014 and 2013, of $123 thousand and $302 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 market value of securities on loan at June 30, 2014 and 2013 was $41,230 thousand and $186,818 thousand, respectively. At June 30, 2014, the System had no credit risk exposure to borrowers because the amounts the System owes the borrowers, $42,109 thousand, exceeds the amounts the borrowers owe the System, $41,230 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 and notional amounts of derivative instruments outstanding at June 30, 2014, 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, 2014

($000's)	**Year ending June 30, 2014 Changes in Fair Value**	**Posted Margin**	**As of June 30, 2014 Collateral held at Custodian Bank**	**Notional Value**
Equity Futures	$ 69,367	$ 56,951	$ 727,626	$ 1,035,979
Currency Futures	(7,756)	2,760	3,357	247,572
Fixed Income Future	(241)	-	-	-
Options	$ 5,621	-	16,428	143,731

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 for feited 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 derivatives are used to enhance yields and provide incremental income.

These derivative instruments are subject to the following risks:

- *Custodial Credit Risk* – Custodial credit risk for derivative instruments is the risk that, in the event of the failure of the counterparty to a transaction, the System will not be able to recover the value of the derivative instruments or collateral securities that are in the possession of an outside party. Consistent with the System's investment policy, the System's derivative instruments were held by the counterparty that was acting as the System's agent.

- *Credit Risk* – Credit risk is the risk that the counterparty will not fulfill its obligations. The System does not have an investment policy specifically regarding credit risk for derivative instruments. The System's investment policy allows investment managers full discretion in adopting investment strategies to deal with this risk. The System's investment managers seek to control this risk through counterparty credit evaluations and approvals, counterparty credit limits, and exposure monitoring procedures.

- *Interest Rate Risk* – Interest rate risk is the risk that changes in interest rates will adversely affect the fair values of the System's derivative instruments.

• *Foreign Currency Risk* – Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of derivative instruments. The System's exposure to foreign currency risk derives from its positions in foreign currency denominated international equity and fixed income investments as outlined in the following schedule. The System has a currency hedging program in place that hedges fifty percent of the exposure to the Euro, Pound, and Yen exposure in these investment programs. This hedging program is disclosed elsewhere in this footnote. The System's derivative instruments exposure to foreign currency risk in U.S. dollars as of June 30, 2014, is shown in the table below.

	($000's)		
Currency	**Equity Derivatives**	**Currency Derivatives**	**Total**
British pound sterling	$ 75,641	$ (48,828)	$ 26,813
Japanese yen	73,206	(45,942)	27,264
Euro	139,222	79,277	218,499
Australian dollar	27,676	-	27,676
Hong Kong dollar	11,528	-	11,528
Swedish krona	10,624	-	10,624
Danish krone	5,504	-	5,504
singapore dollar	5,258	-	5,258
Other (less than $5 million)	11,864	1,123	12,987
Total	$ 360,523	$ (14,370)	$ 346,153

Alternative Investments – As of June 30, 2014, the System was invested in various partnerships, separate accounts and commingled funds across various types of alternative investments as detailed in the table below.

Investment Type	**Fair Value ($000's)**
Private Equity	
Leveraged Buyouts	$ 155,087
Secondary Funds	4,864
Special Situations	95,388
Venture Capital	60,051
Other Alternatives	-
Hedge Funds	485,198
Real Estate Funds	148,359
Commodities	833,634
Risk Parity	232,843
Opportunistic Credit	75,343
Opportunistic Funds	-
Total	$ 2,090,767

NOTE 4: ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following were the allowances for doubtful accounts receivable by fund as of June 30, 2014 ($000's):

Fund	**Amount**
General	
Uncollectible general property taxes	$ 43,613
Ambulance charges	157,071
Fines and forfeits	34,454
Demolition liens	113,123
Others	6,528
Grant revenue	29,605
Airport System	4,614
Convention and Entertainment Facilities	521
Combined Utility System	123,081
	$ 512,610

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 2013 tax year was $0.63875 per $100 of assessed value with $0.477085 for operations and $0.161665 for debt service.

The City Charter limits the property tax rate to $0.50 per $100 of assessed valuation excluding taxes levied for "debt service," as that term is defined in Section 1 of Article III of the City Charter. 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.

NOTE 6: CAPITAL ASSETS

A. Governmental activities of the Primary Government

A summary of changes in capital assets for the year ended June 30, 2014 follows (in thousands):

	Balance July 1, 2013	Additions	Retirement	Transfers	Balance June 30, 2014
Governmental Activities					
Capital assets not being depreciated:					
Land	$ 367,429	$ 9,480	$ -	$ 2,462	$ 379,371
Right of way	1,737,059	1,062	(43)	1,808	1,739,886
Construction Work in Progress	386,414	256,024	-	(255,421)	387,017
Total capital assets not being depreciated	2,490,902	266,566	(43)	(251,151)	2,506,274
Other capital assets:					
Buildings	1,109,890	-	(106)	10,888	1,120,672
Improvements and Equipment	925,835	40,825	(36,853)	157,779	1,087,586
Infrastructure	6,010,801	26,020	(4,279)	81,960	6,114,502
Total other capital assets	8,046,526	66,845	(41,238)	250,627	8,322,760
Less accumulated depreciation for:					
Buildings	(323,676)	(29,876)	106	1,342	(352,104)
Improvements and Equipment	(639,110)	(55,887)	34,901	(990)	(661,086)
Infrastructure	(2,806,067)	(132,817)	4,135	172	(2,934,577)
Total accumulated depreciation	(3,768,853)	(218,580)	39,142	524	(3,947,767)
Other capital assets, net	4,277,673	(151,735)	(2,096)	251,151	4,374,993
Governmental Activities capital assets, net	$6,768,575	$ 114,831	$ (2,139)	$ -	$6,881,267

B. Business-type Activities

	Balance July 1, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Airport System					
Capital assets not being depreciated:					
Land	$ 209,967	$ -	$ -	$ -	$ 209,967
Rights & Intangibles- Non Depreciable	8,070	-	-	301	8,371
Construction Work in Progress	114,439	135,866	-	(130,118)	120,187
Total capital assets not being depreciated	332,476	135,866	-	(129,817)	338,525
Other capital assets:					
Buildings and building improvements	2,524,091	60	(2,320)	48,793	2,570,624
Improvements and equipment	2,112,082	3,289	(28,987)	81,554	2,167,938
Rights & Intangibles- Amortizable	2,492	(75)	-	(6)	2,411
Total other capital assets	4,638,665	3,274	(31,307)	130,341	4,740,973
Less accumulated depreciation for:					
Buildings and building improvements	(905,675)	(91,744)	1,138	(8)	(996,289)
Improvements and equipment	(1,229,573)	(80,110)	5,193	(522)	(1,305,012)
Rights & Intangibles	(735)	(364)	-	6	(1,093)
Total accumulated depreciation	(2,135,983)	(172,218)	6,331	(524)	(2,302,394)
Other capital assets, net	2,502,682	(168,944)	(24,976)	129,817	2,438,579
Airport System capital assets, net	$ 2,835,158	$ (33,078)	$ (24,976)	$ -	$2,777,104
Convention and Entertainment Facilities					
Capital assets not being depreciated:					
Land	$ 96,311	$ -	$ -	$ -	$ 96,311
Construction Work in Progress	788	-	-	-	788
Total capital assets not being depreciated	97,099	-	-	-	97,099
Other capital assets:					
Buildings	557,953	-	-	-	557,953
Garage Rights	13,144	-	-	-	13,144
Improvements and equipment	12,603	-	(132)	-	12,471
Infrastructure	334	-	-	-	334
Total other capital assets	584,034	-	(132)	-	583,902
Less accumulated depreciation/amortization for:					
Buildings	(219,704)	(13,343)	-	-	(233,047)
Garage Rights	(3,343)	(353)	-	-	(3,696)
Improvements and equipment	(8,451)	(508)	132	-	(8,827)
Infrastructure	(68)	(15)	-	-	(83)
Total accumulated depreciation/amortization	(231,566)	(14,219)	132	-	(245,653)
Other capital assets, net	352,468	(14,219)	-	-	338,249
Convention and Entertainment Facilities capital assets, net	$ 449,567	$ (14,219)	$ -	$ -	$ 435,348

	Balance July 1, 2013	Additions	Retirements	Transfers	Balance June 30, 2014
Combined Utility System					
Capital assets not being depreciated:					
Land	$ 129,065	$ 1,617	$ (797)	$ 3,213	$ 133,098
Right of way	1,422	-	-	21	1,443
Rights & Intangibles - Non-depreciable	462,065	-	-	-	462,065
Construction Work in Progress	236,672	347,243	-	(247,116)	336,799
Total capital assets not being depreciated	829,224	348,860	(797)	(243,882)	933,405
Other capital assets:					
Buildings	194,816	42	(154)	3,434	198,138
Improvements and equipment	138,490	12,675	(7,907)	10,829	154,087
Infrastructure	9,547,114	8,833	(80,233)	229,618	9,705,332
Total other capital assets	9,880,420	21,550	(88,294)	243,881	10,057,557
Less accumulated depreciation/amortization for:					
Buildings	(66,623)	(5,607)	141	108	(71,981)
Improvements and equipment	(95,212)	(9,393)	7,857	(64)	(96,812)
Infrastructure	(4,697,946)	(208,381)	73,573	(43)	(4,832,797)
Total accumulated depreciation/amortization	(4,859,781)	(223,381)	81,571	1	(5,001,590)
Other capital assets, net	5,020,639	(201,831)	(6,723)	243,882	5,055,967
Combined Utility System capital assets, net	5,849,863	147,029	(7,520)	-	5,989,372
Business-type activities capital assets, net	$ 9,134,588	$ 99,732	$ (32,496)	$ -	$ 9,201,824

C. Depreciation Expense

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

Governmental activities	
General government	$ 10,925
Public safety	31,172
Public works	18,282
Health	5,201
Housing	1,752
Parks and recreation	12,405
Library	6,026
Infrastructure	132,817
Total depreciation expense - governmental activities	$ 218,580
Business-type activities	
Airport System	$ 172,218
Convention & Entertainment Facilities	14,219
Combined Utility System	223,381
Total depreciation expense - business-type activities	$ 409,818

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 $9,304,155 is being depreciated over 30 years. The accumulated depreciation for the building as of June 30, 2014 amounted to $3,776,727.

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

Short-term debt activity for the year ended June 30, 2014, was as follows (in thousands):

	Balance July 1, 2013	Issued	Redeemed	Balance June 30, 2014
Tax and revenue Anticipation notes		$ 180,000	$ 180,000	$ -

On July 2, 2013, the City closed on the sale of $180,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2013. The proceeds of the TRANS were used to pay finance City's general operating expenditures until tax revenues were received. The average yield true interest cost was 0.16%. The principal and the interest of the notes matured on June 30, 2014.

NOTE 8: LONG-TERM LIABILITIES

A. General Long-Term Liabilities

Changes in General Long-Term Liabilities for the year ended June 30, 2014 are summarized as follows (in thousands):

	Balance July 1, 2013	Additions	Retirements/ Transfers	Balance June 30, 2014	Amounts Due within One Year
Governmental Activities					
Bonds and notes payable					
General tax obligation debt	$ 3,291,013	$ 119,000	$ (176,205)	$ 3,233,808	$ 407,705
Note Payable CWA	11,135	494	-	11,629	-
HUD Section 108 Loans	6,458	-	(645)	5,813	659
Plus premium (discount) on bonds	200,624	-	(14,442)	186,182	-
Total bonds and notes payable	3,509,230	119,494	(191,292)	3,437,432	408,364
Other liabilities:					
Claims and judgments	102,934	271,298	(255,716)	118,516	37,881
Compensated absences	437,491	74,357	(58,949)	452,899	138,452
Arbitrage rebate	20	-	(2)	18	-
Other Post Employment Benefit obligation	1,057,230	168,933	(30,756)	1,195,407	-
Net Pension obligation	958,113	362,693	(260,970)	1,059,836	-
Total other liabilities	2,555,788	877,281	(606,393)	2,826,676	176,333
Governmental Activities Long-Term Liabilities	$ 6,065,018	$ 996,775	$ (797,685)	$ 6,264,108	$ 584,697
Discretely Presented Component Units:					
Notes payable	$ 311,722	$ 10,422	$ (25,202)	$ 296,943	$ 16,044
Revenue bonds	274,949	135,055	(48,771)	361,233	9,000
Discretely Presented Component Units Long-Term Liabilities	$ 586,671	$ 145,477	$ (73,973)	$ 658,176	$ 25,044

(Continued)

	Balance July 1, 2013	Additions	Retirements/ Transfers	Balance June 30, 2014	Amounts Due within One Year
Business-type activities					
Bonds and notes payable					
Airport System debt	$ 2,290,936	$ 1,200	$ (60,085)	$ 2,232,051	$ 60,280
Convention and Entertainment debt	509,249	42,000	(68,275)	482,974	67,900
Combined Utility System debt	6,023,556	1,543,085	(1,525,250)	6,041,391	321,660
Long-term contracts - Combined Utility	135,585	-	(13,537)	122,048	13,531
Premiums, discounts amount	481,929	128,976	(41,292)	569,613	-
Total bonds and notes payable	9,441,255	1,715,261	(1,708,439)	9,448,077	463,371
Other liabilities:					
Claims and judgments	3,911	2,353	(1,826)	4,438	1,826
Compensated absences	31,647	16,311	(15,569)	32,389	15,794
Arbitrage rebate liability	614	44	(175)	483	-
Other Post Employment Benefit obligation	151,895	23,179	(4,990)	170,084	-
Net Pension obligation	128,913	44,129	(35,976)	137,066	-
Total other liabilities	316,980	86,016	(58,536)	344,460	17,620
Business-type activities Long-Term Liabilities	$ 9,758,235	$ 1,801,277	$ (1,766,975)	$ 9,792,537	$ 480,991
Total Reporting Entity Long-Term Liabilities	$ 16,409,924	$ 2,943,529	$ (2,638,633)	$ 16,714,821	$ 1,090,732

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

	Stated Interest Rate Range, %	Face Value Outstanding 6/30/2013	FY14 Issued/ Increased
General Tax Obligation Debt			
Public improvement bonds	0.25 to 6.24	$ 2,561,515	$ -
Pension obligations	5.31 to 6.29	540,728	-
Commercial paper	0.12 to 10.00	176,900	110,000
Tax and revenue certificates of obligation	4.00 to 5.00	11,870	9,000
Total General Tax Obligation Debt		$ 3,291,013	119,000
HUD Section 108 Loans		$ 6,458	
Note Payable CWA		$ 11,135	$ 494
Revenue Bonded Debt			
Airport System Bonds			
Senior Lien Revenue Bonds	5.00 to 5.50	$ 449,660	$ -
Subordinate lien revenue and refunding bonds	0.14 to 5.45	1,811,155	-
Inferior lien contractual obligation	5.38 to 5.50	28,115	-
Pension obligations	5.31	2,006	-
Commercial paper	.13	-	1,200
		$ 2,290,936	1,200
Convention and Entertainment Facilities			
Senior lien hotel occupancy tax/parking facilities	1.12 to 5.75	$ 463,365	$ -
Hotel and parking revenue commercial paper	0.08 to 10.00	42,000	42,000
Pension obligations	5.31 to 6.29	3,884	-
		$ 509,249	42,000
Combined Utility System			
Combined Utility System first lien bonds	0.02 to 6.00	$ 5,751,435	$ 1,363,085
Water and Sewer System junior lien revenue bond	1.25 to 6.90	210,964	-
Combined Utility System commercial paper	0.12 to 10.00	-	180,000
Pension obligations	5.31 to 6.29	61,157	-
		$ 6,023,556	1,543,085
Long-Term Contracts-Water and Sewer System			
Coastal Water Authority	2.00 to 7.50	$ 112,320	$ -
Other long term contracts	3.22 to 5.85	23,265	-
		$ 135,585	-
Total Revenue Bonded Debt and Long-Term Contracts, Primary Government		$ 8,959,326	$ 1,586,285
Total Bonds and Long-Term Contracts Payable, Primary Government		$ 12,267,932	$ 1,705,779

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

FY14 Redeemed/ Refunded	Face Value Outstanding 6/30/2014	Adjustments[1]	Net Outstanding 6/30/2014
$ 139,070	$ 2,422,445	$ 184,680	$ 2,607,125
5,375	535,353	-	535,353
29,550	257,350	-	257,350
2,210	18,660	1,502	20,162
$ 176,205	3,233,808	186,182	$ 3,419,990
$ 645	$ 5,813		$ 5,813
	$ 11,629		$ 11,629
$ -	$ 449,660	$ (878)	$ 448,782
55,045	1,756,110	79,577	1,835,687
5,040	23,075	-	23,075
-	2,006	-	2,006
-	1,200	-	1,200
60,085	2,232,051	78,699	$ 2,310,750
$ 26,215	$ 437,150	$ 139,141	$ 576,291
42,000	42,000	-	42,000
60	3,824	-	3,824
68,275	482,974	139,141	$ 622,115
$ 1,513,610	$ 5,600,910	$ 263,303	$ 5,864,213
10,730	200,234	79,532	279,766
-	180,000	-	180,000
910	60,247	-	60,247
1,525,250	6,041,391	342,835	$ 6,384,226
$ 13,420	$ 98,900	$ 3,474	$ 102,374
117	23,148	5,464	28,612
13,537	122,048	8,938	$ 130,986
$ 1,667,147	$ 8,878,464	$ 569,613	$ 9,448,077
$ 1,843,997	$ 12,129,714	$ 755,795	$ 12,885,509

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 2041. 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 may issue Commercial Paper Notes ("Notes") under its $825 million General Obligation Commercial Paper, $200 million Series E Program, $200 million Series G Program, $100 million Series H-2 Program, $125 million Series J, $100 million Series K-1 and $100 million Series K-2 Program. 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.

During fiscal year 2014 the average interest rate for the outstanding General Obligation Notes, including dealer and credit fees, was 0.73%. The average year-end rate for the outstanding notes, including fees, was 0.64%. This does include Series K-1 and K-2 which was established mainly for appropriation purpose; therefore there were no draws during the Fiscal Year 2014. The average fees only related to Series K-1 is 0.23% and K-2 is 0.19% without any notes outstanding during Fiscal Year 2014. The Credit Agreements expire on the following dates: Series E-1 on June 15, 2015, Series E-2 on April 28, 2016, Series G-1 on November 28, 2014, Series G-2 on November 28, 2014, Series H-2 on August 15, 2014, Series J on May 20, 2017, Series K-1 on December 26, 2014 and Series K-2 on December 27, 2014.

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. Generally, these certificates are not subject to redemption prior to final maturity, except for the Certificates of Obligation Series 2005D which are subject to optional redemption on or after March 1, 2015.

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

The Houston Airport System has $449,660,000 of senior lien bonds outstanding that mature in varying amounts from 2015 to 2039. Bonds issued on the senior lien require net revenues total 125% of the debt service requirements for such fiscal year. The Houston Airport System has also 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. The bonds have a final maturity in the year 2032. Airport System Subordinate Lien Revenue Bonds, Series 2000P1 and 2000P2, 2002C, 2002D-1, and 2002D-2, have been issued as auction rate securities with current 7-day resets. In December 2010, the Airport System issued approximately $93.7 million of Variable Rate Demand Obligations (VRDO's), Series, 2010, with a 7-day reset to refund its 2005 VRDO's which were subject to alternative minimum tax. These bonds may all be converted to other modes including fixed rate bonds. The City has liquidity facility with Barclay in place for the Series 2010 bonds with a termination date of December 22, 2014. The maximum interest rate permitted under the ordinance is 10%.

The City has purchased municipal debt service reserve fund policies that unconditionally guarantee the payment of principal and interest on 9 of the 14 current outstanding airport system subordinate lien issues. The reserve policies terminate upon final maturities on various dates in the future. Each of the draws made against the reserve policy 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 City cash funded a reserve fund for its Houston Airport System 2009 Senior Lien Revenue Bonds.

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 are payable from Airport System net revenues on the same priority as inferior lien bonds. Accordingly, the principal amount remaining on the 1997A Special Facilities Bonds, totaling $23,075,000 is recorded as an Inferior Lien Contract.

8. Airport System Commercial Paper

Between July 1, 2013 and December 20, 2013, Airport System Senior Lien Commercial Paper Notes Series A and B (the Notes) were collateralized by a direct pay letter of credit issued by Bank of America N. A. On December 18, 2013 the Series A and B Notes were authorized with a revolving credit agreement convertible to direct pay letters of credit issued by Royal Bank of Canada, and a lien on the net revenues of the Airport System. The Letter of Credit will terminate on December 16, 2016 for Series A and B. The authorization is 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 outstanding notes as of June 30, 2014 are $1.2 million.

9. 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), revenues collected from seven City-owned parking facilities, and rebates of certain taxes derived from operation of the Convention Center Hotel and Parking Garage. 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, 2033.

The City has obtained a debt service reserve insurance policy for the Senior Lien Hotel Occupancy Tax Revenue Bonds. The surety policy provides insurance sufficient to pay maximum annual debt service of the Bonds. The surety policy expires upon final maturity of all outstanding Bonds, September 1, 2033. The City of Houston Convention Center Revenue Bonds, Series 2001C-1 and 2002C-2, have been issued as 7-day auction rate securities and are subject to conversion at the option of the City and subject to certain restrictions, to bonds that bear interest at rates other than auction rates. The maximum interest rate permitted under the ordinance is 10%.

10. Convention and Entertainment Hotel and Parking Revenue Commercial Paper

Hotel Occupancy Tax and Parking Revenue Flexible Rate Notes, Series A have been authorized for $75 million to finance the costs of site acquisition, construction, and improvements for convention center facilities. The notes are issued as subordinate lien debt. The maturity of the Notes may not exceed 270 days and the maximum interest rate may not exceed 10%. Upon maturity, the Notes will be remarketed by the commercial paper dealer or extinguished with long-term debt. The Notes are collateralized by a Letter of Credit with Regions Capital Advantage that expires on December 16, 2016.

11. 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 Securities. All of the 2004B auction rate securities were converted to variable rate demand bonds in April 2008. The Combined Utility System Revenue Refunding bonds Series, 2012A, 1212B and 2012C were issued as SIFMA index floating rate. Series 2012A bonds refunded $125M and Series 2012B bonds refunded $100M of Series 2004B-1 bonds. The Series 1212C were used to refund $249M bonds of Series 2010B.

12. 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 notes are issued as third lien obligations. The maturity of the Notes may not exceed 270 days and the maximum interest rate may not exceed 10%. Principal on the Notes is payable from the issuance of new commercial paper, bond proceeds and other funds provided under separate letters of credit with J.P. Morgan Bank; Wells Fargo; Bank of Tokyo; State Street; Royal Bank of Canada and U.S. Bank totaling $700 million. The letters of credit with JP Morgan expire on December 16, 2015, Wells Fargo on December 15, 2014, and Bank of Tokyo expires on January 16, 2015. The agreements with State Street and U.S. Bank expire on July 15, 2016. The agreement with RBC expires November 30, 2018. Interest on the Notes is payable from net revenues of the System and loans under the credit agreement.

13. 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%.

Objective. The objective of the swaps is to hedge against the potential of rising interest rates in conjunction with the City's Combined Utility System 2004B variable rate interest bonds ("2004B Bonds").

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. The termination date is May 15, 2034.

At June 30, 2014, the effective rate on the 2004B Bonds associated with the swap was computed as follows:

	Terms	RATE (%) Received (Paid)
Variable rate payment from counterparties	LIBOR x 57.6%	0.0954
	+ Constant	0.3700
Swap receipt		0.4654
Fixed rate paid to counterparties	Fixed	(3.7784)
Net rate (paid)/received for swap		(3.3130)
Average variable rate on 2004B bonds, year end		(0.0537)
Plus dealer and credit fees on 2004B bonds		(0.5746)
Effective rate of 2004B bonds		(3.9413)

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 $147,966,976 on June 30, 2014. After adjustment for the refunded portion, the value reported in the financial statements is $154,180,139 (see note 8E). 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.

Credit risk. As of June 30, 2014, 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.

Counterparty	Notional Amount	Fair Value	Counterparty Credit Rating (Moody's /S&P /Fitch)
Goldman Sachs Capital Markets	$353,325,000	($80,022,090)	Baa1/A/A
JP Morgan Chase	150,000,000	(33,972,443)	Aa3/A+/A+
UBS AG	150,000,000	(33,972,443)	A2 /A /A
Total	$653,325,000	(147,966,976)	
Adjustment for refunded portion (see Note 8E)		(6,213,163)	
Total reported value		$154,180,139	

Basis risk. The City is exposed to basis risk on the swaps because the variable payment received is based on an index other than SIFMA. Should the relationship between LIBOR and SIFMA move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized. The City has issued variable rate demand bonds with an average rate of 0.18% (not including dealer and credit fees) as of June 30, 2014, whereas the associated LIBOR-based rate of the swap was 0.50%.

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 fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Remarketing risk. The City faces a risk that the remarketing agent will not be able to sell the variable rate bonds at a competitive rate. At times rates vary as investors shift portfolios in and out of the tax-exempt variable rate sector.

Swap payments and associated debt. As of June 30, 2014, debt service requirements for the swap agreements are reported in Note 8D, 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 Combined Utility System 2004B bonds are included with other Combined Utility System Bonds on Note 8D.

14. 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 transaction was conducted through a competitive bid process.

Objective. The City entered the swap agreement to hedge against the potential of rising interest rates associated with underlying variable rate bonds of $249,075,000.

Terms. Under the terms of the 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 LIBOR. The City's scheduled net swap payments are insured by Ambac Assurance Corporation.

At June 30, 2014, the effective rate on the 2012C Bonds associated with the swap was computed as follows:

	Terms	RATE (%) Received (Paid)
Variable rate payment from counterparties (Swap Receipt)	LIBOR x 70%	0.1240
Fixed rate paid to counterparty	Fixed	(3.7610)
Net rate (paid)/received for swap		(3.6370)
Year-end variable rate on 2012C bonds		(0.0594)
Plus credit fees on 2012C bonds		(.6000)
Effective rate of 2012C bonds		(4.2964)

Fair value. The swap had a fair value of negative $55,697,309 on June 30, 2014. After adjustment for the refunded portion, the value reported in the financial statements is $61,562,193 (see note 8E). 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.

Credit risk. As of June 30, 2014, the City was not exposed to credit risk because the fair market value of the swap was negative to the City. As of June 30, 2014, RBC was rated Aa3, AA- and AA by Moody's, Standard and Poor's, and Fitch respectively. Under the agreement, if RBC's credit rating falls below double-A, collateral must be posted in varying amounts depending on the credit rating if the fair value of the swap is positive to the City. No collateral has been required to date.

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 LIBOR and SIFMA move to convergence (because of reductions in tax rates, for example), the expected cost savings may not be realized. At June 30, 2014 the interest rate in effect for the underlying variable rate bonds was 0.13% while the rate in effect for the swap receipts was 0.15%.

Termination risk. The City may terminate for any reason. RBC 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 RBC 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 fair value, the City would be liable to the counterparty for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2014, 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 Combined Utility System 2012C bonds are included with other Combined Utility System Bonds on Note 8D.

15. 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.

16. Coastal Water Authority ("CWA")

The contract payable relating to CWA represents the outstanding principal balance of $24,345,000 at June 30, 2014 of City of Houston Water Conveyance System Contract Certificates of Participation, Series 1993G, 1993H and 1993J, representing contract payments owed by the City to pay debt service on bonds issued by CWA, plus $74,555,000 of CWA Revenue Refunding Bonds, Series 1999A, Series 2004, and Series 2010 (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 Certificates 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 bonds mature on December 15, 2034.

17. 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.

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 will be partially deferred to later years. Principal payments will begin in 2022, and the final principal payment will be made in 2036.

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, 2014.

1. General Long-Term Tax Obligation Debt (adjusted for Capital Appreciation and Deferred Interest Bonds reclassification of principal & interest) (in thousands):

Year Ending June 30	Public Improvement Bonds		Pension Obligation Bonds	
	Principal	Interest	Principal	Interest
2015	$ 172,305	$ 118,218	$ 5,750	$ 31,797
2016	177,645	117,988	6,160	31,435
2017	211,265	110,401	6,585	31,048
2018	222,945	101,833	7,050	30,633
2019	207,885	91,646	7,540	30,190
2020-2024	859,460	318,980	83,195	139,826
2025-2029	530,145	142,471	131,851	107,741
2030-2034	167,560	38,583	12,900	25,799
2035-2039	55,455	10,983	101,116	14,412
2040-2044	14,980	1,740	20,250	1,761
Total	$ 2,619,645	$ 1,052,843	$ 382,397	$ 444,641

Year Ending June 30	General Obligation Commercial Paper		Tax and Revenue Certificates of Obligation	
	Principal	Interest	Principal	Interest
2015	$ 227,350	$ 847	$ 2,300	$ 871
2016	30,000	156	-	756
2017	-	-	-	756
2018	-	-	1,080	756
2019	-	-	1,135	702
2020-2024	-	-	14,145	2,404
2025-2029	-	-	-	-
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
Total	$ 257,350	$ 1,003	$ 18,660	$ 6,245

Year Ending June 30	Total Future Requirements		
	Principal	Interest	Total Future Requirements
2015	$ 407,705	$ 151,733	$ 559,438
2016	213,805	150,335	364,140
2017	217,850	142,205	360,055
2018	231,075	133,222	364,297
2019	216,560	122,538	339,098
2020-2024	956,800	461,210	1,418,010
2025-2029	661,996	250,212	912,208
2030-2034	180,460	64,382	244,842
2035-2039	156,571	25,395	181,966
2040-2044	35,230	3,501	38,731
Total	$ 3,278,052	$ 1,504,733	$ 4,782,785

2. HUD Section 108 Loans (in thousands):

Year Ending June 30	HUD Section 108 Loans (in thousands) Principal	Interest	Total Future Requirements
2015	$ 659	$ 306	$ 965
2016	659	271	930
2017	659	235	894
2018	672	198	870
2019	672	160	832
2020-2024	2,492	296	2,788
2025-2029	-	-	-
Total	$ 5,813	$ 1,466	$ 7,279

3. Note Payable CWA

Year Ending June 30	Note Payable CWA (in thousands) Principal	Interest	Total Future Requirements
2015	$ -	$ 386	$ 386
2016	-	386	386
2017	11,629	386	12,015
2018	-	-	-
2019	-	-	-
2020-2024	-	-	-
2025-2029	-	-	-
Total	$ 11,629	$ 1,158	$ 12,787

4. Enterprise Funds (adjusted for capital appreciation and deferred reclassification of principal and interest) (in thousands):

Year Ending June 30	Airport System Senior Lien Revenue Bonds Principal	Interest	Airport System Senior Lien Commercial Paper Principal	Interest	Airport System Subordinate Lien Revenue Bonds Principal	Interest
2015	$ -	$ 23,819	$ -	$ 2	$ 54,965	$ 69,993
2016	9,275	23,587	-	1	56,455	67,689
2017	9,740	23,112	1,200	1	64,925	65,141
2018	10,225	22,613	-	-	67,630	62,398
2019	10,735	22,089		-	67,785	59,510
2020-2024	62,295	101,618	-	-	411,045	248,784
2025-2029	79,530	83,933	-	-	531,265	153,803
2030-2034	102,535	60,138	-	-	502,040	45,482
2035-2039	133,955	27,834	-	-		
2040-2044	31,370	862	-	-	-	-
Total	$ 449,660	$ 389,605	$ 1,200	$ 4	$ 1,756,110	$ 772,800

Year Ending June 30	Airport System Inferior Lien Contract Principal	Interest	Airport System Pension Obligations Principal	Interest
2015	$ 5,315	$ 1,123	$ -	$ 106
2016	5,605	823	-	107
2017	5,915	506	-	106
2018	6,240	171	-	107
2019	-	-	-	106
2020-2024	-	-	-	533
2025-2029	-	-	293	533
2030-2034	-	-	1,334	282
2035-2039	-	-	379	20
2040-2044	-	-	-	-
Total	$ 23,075	$ 2,623	$ 2,006	$ 1,900

Year Ending June 30	Airport System Total Future Requirements		
	Principal	Interest	Total
2015	$ 60,280	$ 95,043	$ 155,323
2016	71,335	92,207	163,542
2017	81,780	88,866	170,646
2018	84,095	85,289	169,384
2019	78,520	81,705	160,225
2020-2024	473,340	350,935	824,275
2025-2029	611,088	238,269	849,357
2030-2034	605,909	105,902	711,811
2035-2039	134,334	27,854	162,188
2040-2044	31,370	862	32,232
Total	$ 2,232,051	$ 1,166,932	$ 3,398,983

Year Ending June 30	Convention and Entertainment Facilities Revenue Bonds		Convention and Entertainment Facilities Commercial Paper		Convention and Entertainment Pension Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 25,835	$ 11,900	$ 42,000	$ 331	$ 65	$ 239
2016	23,474	14,158	-	-	65	235
2017	18,871	19,893	-	-	70	230
2018	19,750	19,634	-	-	75	226
2019	20,659	19,255	-	-	80	221
2020-2024	104,260	106,817	-	-	900	986
2025-2029	109,661	124,641	-	-	1,373	640
2030-2034	114,639	131,528	-	-	1,161	159
2035-2039	-	-	-	-	36	2
2040-2044	-	-	-	-	-	-
Total	-	-	-	-	-	-
Total	$ 437,149	$ 447,826	$ 42,000	$ 331	$ 3,825	$ 2,938

Year Ending June 30	Convention and Entertainment Total Future Requirements		Total Future Requirements
	Principal	Interest	
2015	$ 67,900	$ 12,470	$ 80,370
2016	23,539	14,393	37,932
2017	18,941	20,123	39,064
2018	19,825	19,860	39,685
2019	20,739	19,476	40,215
2020-2024	105,160	107,803	212,963
2025-2029	111,034	125,281	236,315
2030-2034	115,800	131,687	247,487
2035-2039	36	2	38
2040-2044	-	-	-
Total	$ 482,974	$ 451,095	$ 934,069

Year Ending June 30	Combined Utility System Revenue Bonds Principal	Combined Utility System Revenue Bonds Interest	Combined Utility System Swap Agreement Net Swap Payment	Combined Utility System Commercial Paper Principal	Combined Utility System Commercial Paper Interest
2015	129,615	248,450	32,284	180,000	
2016	156,525	241,598	32,221		
2017	179,675	234,851	32,230		
2018	190,310	226,361	30,735		
2019	201,610	217,409	30,735		
2020-2024	1,030,565	974,234	153,659		
2025-2029	1,275,355	725,272	153,376		
2030-2034	1,804,275	445,348	81,887		
2035-2039	928,110	159,763	-		
2040-2044	238,335	25,977	-		
2045-2049	14,515	363	-		
Total	$ 6,148,890	$ 3,499,625	$ 547,126	$ 180,000	$ -

Year Ending June 30	Water and Sewer Jr. Lien Revenue Bonds Principal	Water and Sewer Jr. Lien Revenue Bonds Interest	Combined Utility System Pension Obligations Principal	Combined Utility System Pension Obligations Interest
2015	11,070	4,273	975	3,756
2016	11,410	3,975	1,040	3,695
2017	11,775	3,656	1,115	3,630
2018	12,150	3,314	1,190	3,560
2019	12,530	2,948	1,275	3,485
2020-2024	96,618	78,463	14,080	15,541
2025-2029	44,681	112,552	21,538	10,110
2030-2034			18,395	2,549
2035-2039			639	34
2040-2044				
2045-2049				
Total	$ 200,234	$ 209,181	$ 60,247	$ 46,360

Combined Utility System Total Future Requirements

Year Ending June 30	Principal	Interest	Net Swap Payment	Total Future Requirements
2015	321,660	256,480	32,284	610,424
2016	168,975	249,268	32,221	450,464
2017	192,565	242,137	32,230	466,931
2018	203,650	233,234	30,735	467,619
2019	215,415	223,842	30,735	469,992
2020-2024	1,141,263	1,068,238	153,659	2,363,159
2025-2029	1,341,574	847,933	153,376	2,342,883
2030-2034	1,822,670	447,897	81,887	2,352,454
2035-2039	928,749	159,797	-	1,088,546
2040-2044	238,335	25,977	-	264,312
2045-2049	14,515	363	-	14,878
Total	$ 6,589,371	$ 3,755,165	$ 547,126	$ 10,891,663

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

Year Ending June 30	Coastal Water Authority Maintenance & Operation Lien Principal	Interest	Total Future Requirements
2015	$ 13,410	$ 4,654	$ 18,064
2016	14,025	3,826	17,851
2017	4,060	3,312	7,372
2018	3,420	3,152	6,572
2019	3,550	3,005	6,555
2020-2024	20,375	12,336	32,711
2025-2029	21,580	6,531	28,111
2030-2034	15,030	2,669	17,699
2035-2039	3,450	82	3,532
2040-2044			-
Total	$ 98,900	$ 39,567	$ 138,467

Year Ending June 30	Other Water & Sewer System Contracts: US Army Corps of Engineers Principal	Interest	Texas Water Development Board Principal	Interest	Other Contracts Total Future Requirements Principal	Interest
2015	$ 121	$ 295	$ -	$ 818	$ 121	$ 1,113
2016	124	291	-	1,497	124	1,788
2017	128	287	-	1,497	128	1,784
2018	133	283	-	1,497	133	1,780
2019	136	278	-	1,497	136	1,775
2020-2024	754	1,323	1,255	6,092	2,009	7,415
2025-2029	883	1,194	3,830	3,309	4,713	4,503
2030-2034	1,035	1,041	5,090	2,054	6,125	3,095
2035-2039	1,213	864	3,825	458	5,038	1,322
2040-2044	1,421	656			1,421	656
2045-2049	1,665	412			1,665	412
2050-2054	1,536	126			1,536	126
Total	$ 9,149	$ 7,050	$ 14,000	$ 18,719	$ 23,149	$ 25,769

E. Debt Issuances and Refundings

Throughout its history, the City has issued refunding bonds from time to time when there has been an operational or economic gain for the City. These refundings have been structured as legal defeasances of the old debt as ruled by the Texas Attorney General, and such debt, including the debt balances refunded during fiscal 2014 described below, has been removed from the City's books.

Public Improvement Refunding Bonds

On October 17, 2013, the City issued 9,000,000 in Tax and Revenue Certificate of Obligation Series 2013Q with coupon of 4.31%. The obligation will mature in September 1, 2023, the proceeds of the obligation will be used to acquire, construct, equip, retrofit, repair, renovate, rehabilitate and / or install equipment, machinery and improvements to enhance and improve energy efficiency of certain systems of building including particularly lighting fixtures and water conservation fixtures in the City's libraries and government buildings.

Combined Utility System Revenue and Refunding Bonds

On February 12, 2014, the City issued $65,000,000 in Combined Utility System, Texas Water Development Board Bonds, Series 2014A at coupons ranging from .19% to 2.68%. The bonds mature in varying amounts from 2015 to 2044. Proceeds will be used to fund future projects, and pay costs of issuance.

On March 27, 2014, the City issued $605,195,000 in Combined Utility System, First Lien Revenue and Refunding Bonds, Series 2014B at coupons ranging from 0.25% to 3.83%. The bonds mature in varying amounts from 2015 to 2028. Proceeds of the Series 2014B will be used, together with other available funds for refunding a portion of the City's outstanding Combined Utility System, First Lien Revenue Refunding Bonds, Series 2004A and to pay costs of issuance. Net present value saving related to the refunded bonds totaled $77,633,329 or 12.99% of the refunded bonds and reduced total debt service by $96,936,061.

On April 15, 2014, the City issued $692,890,000 in Combined Utility System, First Lien Revenue and Refunding Bonds, Series 2014C at coupons ranging from 2.00% to 5.00%. The bonds mature in varying amounts from 2015 to 2028. Proceeds of the Series 2014C will be used, together with other available funds for refunding a portion of the City's outstanding Combined Utility System, First Lien Revenue Refunding Bonds, Series 2004A and to pay costs of issuance. Net present value savings related to the refunded bonds totaled $129,818,355 or 16.38% of the refunded bonds and reduced total debt service by $166,648,485.

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 2014 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 $520,583,000 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 of Council has authorized issuance of $73,021,000 as General Obligation Commercial Paper Series G1, G2, 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, 2014, the City's legal debt limit was 10% of assessed property valuation totaling $219,622,778,000. The City's legal debt margin less applicable outstanding debt was $18,728,470,000.

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 $12,298,499 for the year ended June 30, 2014. The cost is $9,390,595 for the General Fund, $1,248,498 for the Grant Funds, $656,740 for the Non-Major Governmental Funds, $573,747 for the Combined Utility System Funds, $273,744 for the Airport System Funds, $71,422 for the Convention and Entertainment Facilities Funds and $83,753 for the Internal Service Funds.

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

Year ended June 30	Operating Lease Payments
2015	$ 6,350
2016	5,432
2017	4,674
2018	4,212
2019	4,077
2020-2024	5,522
Total	$ 30,267

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 $681,001,373, accumulated depreciation of $245,654,777, and a carrying value of $435,346,596. 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 $20,996,739 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 $4,738,562,153 and carrying costs of $2,437,261,092. Accumulated depreciation on all these assets is $2,301,301,061.

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

Year ended June 30	Operating Leases Minimum Rental Income
2015	$ 55,174
2016	52,579
2017	52,122
2018	51,752
2019	51,663
2020-2024	209,466
2025-2029	139,032
2030-2034	59,648
2035-2039	52,865
2040-2044	48,919
2045-2049	38,625
2050-2054	31,627
Total	$ 843,472

Contingent income associated with the Airport System non-cancelable operating leases was approximately $12,886,170 for the year ended June 30, 2014. 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, 2014 was $250,260,216.

NOTE 10: PENSION PLANS

A. Plan Descriptions

The City has two single employer defined benefit pension plans (Firefighters' Relief and Retirement Fund, and the Police Officers' Pension System), and one multi-employer plan (Municipal Employees' Pension System) which cover substantially all of its employees. These pension plans were established under the authority of Texas statutes (Vernon's Texas Civil Statutes, Articles 6243.e2 (1), 6243g, 6243g-4, respectively), which establish the various benefit provisions. All plans provide for service-connected disability and death benefits to survivors, with no age or service eligibility requirements. Employer and employee obligations to contribute, as well as employee contribution rates, are included in the statutes, and for the Municipal Employees' Pension System and the Houston Police Officers' Pension System, some requirements are delineated in new (September '04) meet and confer agreements. Additionally, these laws provide that employer funding be based on periodic actuarial valuations, statutorily approved amounts or, in the cases of the Municipal Employees' Pension System and the Police Officers' Pension System, amounts agreed to in meet and confer agreements. All pension plans provide service, disability, death, and vesting 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. The specific summary plan description for each Plan is available at the plan offices.

Each of the plans have stand-alone financial reports. See page 40 for the addresses where the reports can be obtained.

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. Actuarially Determined Contribution Requirements and Contributions Made

Historically, the City's funding policies have provided for actuarially determined periodic contributions at rates such that, over time, they will remain level as a percent of payroll, except for the police officers pension system, which has had a statutorily limited level of employer contributions. The contribution rate for normal cost is determined using the entry age normal actuarial cost method. The firefighters' and municipal pension plans use the level percentage of payroll method to amortize the unfunded actuarially accrued liability (or surplus) over 30 years from July 1, 2004 and the police pension uses the level percentage of payroll method to amortize the unfunded actuarially accrued liability over 30 years (constant).

The reported contributions to the pension funds for the year ended June 30, 2014, were different from the actuarially determined requirements based on July 1, 2013 actuarial valuation for Municipal, Fire, and Police. Contributions are as follows:

Percentage of Payroll	Firefighters	Municipal	Police
City of Houston normal cost	19.4%	5.9%	20.8%
Amortization of unfunded actuarial accrued liability (surplus)	13.8%	21.6%	15.2%
Required employer contribution rate	33.2%	27.5%	36.0%
Employer contribution made	23.9%	21.5%	25.5%
Employee contribution made	9.0%	5.0%	9.0%
Contribution Amounts (in thousands)			
Net contribution required	$ 112,566	$ 169,771	$ 182,195
Total City contribution	63,758	130,188	103,000
Total employee contribution	23,994	16,580	37,012
Total contribution	$ 87,752	$ 146,768	$ 140,012

C. Annual Pension Cost and Net Pension (Obligation) Asset

The annual pension cost associated with the City's three pension funds for the current year is as follows (in thousands):

	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Annual required contribution	$ 88,572	$ 153,191	$ 145,183
Interest on net pension obligation	2,209	38,038	52,150
Adjustment to annual required contribution	(1,831)	(31,537)	(39,153)
Annual pension cost	88,950	159,692	158,180
Contribution made	63,758	130,188	103,000
Change in net pension obligation	(25,192)	(29,504)	(55,180)
Net pension asset(obligation), beginning of year	(25,984)	(447,508)	(613,534)
Net pension asset(obligation), end of year	$ (51,176)	$ (477,012)	$ (668,714)

D. Schedule of Funding Progress (in millions)

	Houston Firefighters' Pension	Houston Municipal Employees' Pension	Houston Police Officers' Pension
Actuarial Valuation Date	July 1, 2013	July 1, 2013	July 1, 2013
Actuarial Value of Plan Assets (a)	$ 3,430.4	$ 2,382.6	$ 4,071.0
Actuarial Accrued Liability (AAL) Entry Age (b)	$ 3,963.1	$ 4,129.6	$ 5,010.0
Unfunded AAL (b - a)	$ 532.7	$ 1,747.0	$ 939.0
Funded Ratio (a/b)	87%	58%	81%
Projected Annual Covered Payroll (c)	$ 271.8	$ 550.0	$ 392.0
UAAL as Percentage of Covered Payroll ((b - a)/c)	196%	318%	240%

E. Houston Firefighters' Pension System

Schedule of Employer Contributions (in millions)

Year Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension (Asset) Obligation	Annual Required Contribution as a % of Base Pay
2012	$61.4	123.3%	$0.3	23.9%
2013	$80.7	77.0%	$26.0	31.1%
2014	$89.0	71.7%	$51.2	33.2%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as to the actuarial valuation used for purposes of the financial statements is as follows:

Valuation date	July 1, 2013
Actuarial cost method	Entry age Normal Cost
Amortization method	Level percent of payroll over an open period of 30 years
Remaining amortization period	Rolling 30 year
Asset valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return	8.5%, net of expenses
Inflation rate	3.0%
Payroll growth rate	3.0%
Annual increase attributable to seniority/merit	3.0% to 7%
Cost of living adjustment	3% annually

F. Houston Municipal Pension System Information

Schedule of Employer Contributions (in millions)

Year Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Required Contribution as a % of Base Pay
2012	$127.4	61.4%	$417.1	23.5%
2013	$144.1	78.9%	$447.5	26.1%
2014	$159.7	81.5%	$477.0	27.5%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as to the actuarial valuation used for purposes of the financial statements is as follows:

Valuation date	July 1, 2013
Actuarial cost method	Entry Age Normal cost
Amortization method	Level percentage of payroll over an open period of 30 years
Remaining amortization period	30 years
Asset valuation method	20% adjustment method
Actuarial assumptions: investment rate of return	8.5%, net of expenses
Payroll growth factor	3.0%
Projected individual salary increases	Graded rates based on years of service
General inflation rate	3.0%

G. Houston Police Officer's Pension System Information

Schedule of Employer Contributions (in millions)

Year Ended June 30	Annual Pension Cost	Percentage Contributed	Net Pension Obligation	Annual Required Contribution as a % of Base Pay
2012	$137.1	48.1%	$551.8	32.7%
2013	$146.3	57.8%	$613.5	34.5%
2014	$158.2	65.1%	$668.7	36.0%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as to the actuarial valuation used for purposes of the financial statements is as follows:

Valuation date	July 1, 2013
Actuarial cost method	Projected Unit Credit
Amortization method	Level percent of payroll Amortized over a constant open period of 30 years
Remaining amortization period	30 years
Asset valuation method	20% adjustment method
Actuarial assumptions: Investment rate of return	8.5%, net of expenses
Payroll growth rate, attributable entirely to inflation	3.5 %
Annual increase attributable to seniority/merit	0.0% to 9.5%
Annual cost of living adjustment	2.8%
Projected salary increases	Graded rates based on years of service

NOTE 11: OTHER EMPLOYEE BENEFITS

A. Post-Retirement Health Insurance 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.

Pursuant to a City Ordinance, the City provides certain health care benefits for retired employees. 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 $60,816,919 for the year ended June 30, 2014. Retiree health care is accounted for in the Health Benefits Fund, an Internal Service Fund. At June 30, 2014, there were 10,066 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.

No stand-alone financial report is issued on the plan.

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made into the future.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Annual Other Post Employment Benefits (OPEB) Cost and Net OPEB Obligation

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

	OPEB
Annual required contribution	$ 211,931
Interest on net OPEB obligation	54,411
Adjustment to annual required contribution	(74,230)
Annual OPEB cost	192,112
Contribution made	(35,746)
Change in net OPEB obligation	156,366
Net OPEB obligation, beginning of year	1,209,125
Net OPEB obligation, end of year	$ 1,365,491

Fiscal Year Ended June 30	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012	$183,204	16.8%	$1,030,015
2013	$214,037	16.3%	$1,209,125
2014	$192,112	18.6%	$1,365,491

Schedule of Funding Progress (in millions)

Year Ended June 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio	Covered Payroll (C)	UAAL as a % of Covered Payroll ((b-a)/c)
2012	$0	$1,984	$1,984	0%	$1,164.5	170.4%
2013	$0	$2,090	$2,090	0%	$1,178.1	177.4%
2014	$0	$2,090	$2,090	0%	$1,227.2	170.3%

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the date indicated. Additional information as to the actuarial valuation used for purposes of the financial statements is as follows:

Valuation date	June 30, 2012
Actuarial cost method	Entry age Normal Cost
Amortization method	Level percent of payroll over an open period of 30 years
Discount Rate	4.5%
Inflation rate	3.0%
Annual increase attributable to seniority/merit	3.0% to 10.0%
Medical trend rates	5.0% to 8.5%

B. Health Benefits Internal Service Fund

Effective May 1, 2011, the City elected to be substantially self-insured and on May 1, 2014 once again awarded CIGNA a three year contract with two (2) one-year renewal options for 4 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 no longer purchases individual and aggregate stop-loss coverage. The City has assumed the financial risk of catastrophic and overall claim liability.

In addition to the IBNR, to mitigate claim volatility, the city has funded a catastrophic claim liability of $13 million and designated fund balance of $30 million for claim volatility.

Premiums paid (employer and subscriber) for current employees to third party administrators including claim liability totaled $230,920,743 for the year ended June 30, 2014.

CIGNA
Schedule of Changes in Liability
(in thousands)

	June 30, 2014	June 30, 2013
Beginning actuarial estimate of claims liability, July 1	$ 22,483	$ 23,273
Incurred claims for fiscal year	271,941	244,353
Catastrophic claims reserve	13,000	-
Payments on claims	(275,637)	(245,143)
Ending estimate of claims liability, June 30	$ 31,787	$ 22,483

The City also provides one 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 $5,447,999 for the year ended June 30, 2014.

C. Long-Term Disability Plan (LTD)

The long-term disability plan, accounted for as an internal service fund, is a part of the Income Protection Plan implemented effective September 1, 1985 (renamed the Compensable Sick Leave Plan (CSL) in October, 1996) and is provided at no cost to City employees who are members of CSL. Coverage is effective the later of September 1, 1985 or upon completion of one year of continuous service. When an employee cannot work because of injury or illness, the plan provides income equal to 50% of base pay plus longevity or 70% of base plus longevity when combined with income benefits available from other sources. Plan benefits may be payable after all CSL scheduled sick leave benefits, including frozen sick leave days, have been used, however, not before six months absence from work. The plan is administered by 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, 2014	**June 30, 2013**
Beginning actuarial estimate of claims liability, July 1	$ 8,882	$ 8,054
Incurred claims for fiscal year	1,093	1,092
Payments on claims	(986)	(952)
Actuarial adjustment	(920)	688
Ending actuarial estimate of claims liability, June 30	$ 8,069	$ 8,882

D. 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 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.

E. 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 Cambridge Integrated Services Group, Inc. Funds are wire transferred to Cambridge as needed to pay claims.

At June 30, 2014 the City has an accumulated liability in the amount of $62 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, 2014	**June 30, 2013**
Beginning actuarial estimate of claims liability, July 1	$ 63,055	$ 57,022
Incurred claims for fiscal year	9,433	16,534
Payments on claims	(19,279)	(14,963)
Actuarial adjustment	8,601	4,462
Ending actuarial estimate of claims liability, June 30	$ 61,810	$ 63,055

NOTE 12: INTERFUND TRANSACTIONS

A. Transfers

Transfers during the year ended June 30, 2014 were as follows (in thousands):

	Transferred to:						
Transferred from:	General Fund	Nonmajor Governmental Funds	Debt Service	Captial Projects	Combined Utility System	Convention & Entertainment Facilities	Total Transfers Out
General Fund	$ -	$ 40,323	$ 288,800	$ 6,000	$ -	$ -	$ 335,123
Grants Fund	-	-	-	-	70	-	70
Nonmajor Funds	43,719	800	963	126,542	-	-	172,024
Convention and Entertainment	1,380	-	-	-	-	-	1,380
Combined Utility System	27,564	-	13,093	-	-	-	40,657
Total transfers in	$ 72,663	$ 41,123	$ 302,856	$132,542	$ 70	$ -	$ 549,254

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. Transfers to Component Units

Transfers to Houston First from the Convention and Entertainment Facilities during the year ended June 30, 2014 totaled $73,370,787. Transfers from Houston First to the General Fund during the year ended June 30, 2014 totaled $13,853,555. The amounts are reported as expenses and revenues within the Convention and Entertainment Facilities Fund.

C. Interfund Charges

The General Fund charges the Airport System, Convention and Entertainment Facilities, Combined Utility System, Capital Project, Sign Administration, Auto Dealer's and Cable Television Funds for services provided by the General Fund on behalf of these funds. Such charges totaled $61,860,000 for the year ended June 30, 2014, 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 2014 total are charges to the funds for direct and indirect expenses as shown below (in thousands):

	Airport System	Convention & Entertainment Facilities	Combined Utility Sytem	Other Funds	Total
General Services	$ 2,652	$ -	$ 6,173	$ 9,733	$ 18,558
Fire Services	16,582	-	-	-	16,582
Police Services	22,026	-	-	-	22,026
Legal	-	-	1,212	-	1,212
Other	324	-	1,424	1,734	3,482
Total	$ 41,584	$ -	$ 8,809	$ 11,467	$ 61,860

D. 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, 2014 is as follows (in thousands):

Receivable Fund	Payable Fund	Amount
General Fund	Grants revenue	$ 6,674
	Combined Utility System	5,117
	Nonmajor Governmental Funds	2,437
	Capital Projects Fund	2,463
	Airport System	79
	Internal Service Fund	2
		$ 16,772
Grants Revenue	General Fund	$ 99
	Combined Utility System	692
	Airport System	235
	Capital Projects Fund	63
	Nonmajor Governmental Funds	164
		$ 1,253
Capital Projects Fund	General Fund	$ 251
	Grants revenue	992
	Nonmajor Governmental Funds	15,217
		$ 16,460
Airport System	General Fund	$ 1,030
	Grants revenue	514
		$ 1,544
Convention and Entertainment Facilities	Grants revenue	$ 113
		$ 113
Combined Utility System	Grants revenue	$ 8,574
	Nonmajor Governmental Funds	154
	General Fund	3,467
		$ 12,195
Nonmajor Governmental Funds	General Fund	$ 831
	Combined Utility System	7
	Grants revenue	42
	Capital Projects Fund	730
		$ 1,610
Internal Service Fund	General Fund	$ 1
		$ 1
Debt Service Fund	General Fund	$ 31,192
	Convention and Entertainment Facilities	$ 176
		$ 31,368

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 $29.3 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 $19.4 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. The Texas Supreme Court vacated a judgment of the trial court in favor of the Proposition 2 supporters, and without reference to the merits dismissed the case for want of jurisdiction. The supporters refiled their lawsuit in the State District Court in April 2014.

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. A supporter of Proposition 2 filed a suit in State District court seeking to invalidate Propositions G and H. The court dismissed the lawsuit, but the Court of Appeals reversed and remanded to the State District Court, in order to give the plaintiff an opportunity to amend his pleadings to establish standing. The Texas Supreme Court denied the City's petition for review of the Court of Appeals ruling, and the case was remanded to the State District Court where a judgment of nonsuit was entered against the Plaintiff in May 2014. Therefore, there is no active litigation related to Proposition G or H.

The City is currently in an agreed order (the "Agreed Order") with the Texas Commission on Environmental Quality (TCEQ), which started in fiscal year 2005 and will end in 2016. The City committed within the Agreed Order to rehabilitate or replace 600,000 linear feet ("LF") of sanitary sewer lines and clean another 2 million LF of sewer lines annually in order to reduce sanitary sewer overflows ("SSO"). The estimated cost of the required actions was approximately $755.4 million over 10 years. The repairs and replacements are included in the CUS Capital Improvement Program. As of the date of this report, the City is in compliance with the Agreed Order and has made significant improvements in reducing SSO. If the City were to fail to comply with the Agreed Order, both the TCEQ and the EPA could impose fines and penalties, which could be significant. EPA also referred this matter to the U. S. Department of Justice (DOJ) for enforcement. DOJ sent a draft consent decree to the City in September 2013, and the parties are continuing to negotiate its terms. The outcome of these negotiations cannot reasonably be predicted at this time.

B. Environmental Liabilities

The City is aware of various sites contaminated by asbestos or other hazardous materials. The City has recorded accrued liabilities of $10.7 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, 2014, the City had appropriated but not yet spent from Capital Projects and Enterprise Funds approximately $1,309,435,000 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 $75 million, of which $50 million may apply to locations within the City in the 100-year flood plain (Flood Zone A). Property insurance provides deductibles as follows: $2.5 million per occurrence for all perils except; 3% of the damaged insured value for windstorm or hail from a named storm, subject to a $2.5 million minimum and a $20 million maximum deductible; and 5% of the damaged insured value for flood, subject to a $5 million minimum and a $20 million maximum deductible. Should a named storm event occur that involves both perils of windstorm and flood, the maximum deductible is $20 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.

The City, effective May 1, 2013, elected to discontinue stop-loss insurance and to self-insure for adverse loss experience.

For unemployment claims, the City pays claims as they are settled. Unemployment claim activity is as follows:

	Unemployment Claim Activity	
	June 30, 2014	**June 30, 2013**
Unpaid claims, beginning of fiscal year	$138,598	$294,052
Incurred claims (including IBNRs)	700,360	868,458
Claim payments	(662,608)	(1,023,912)
Unpaid claims, end of fiscal year	$176,350	$138,598

E. Purchase Commitments for Electricity

At June 30, 2014 the City had entered into agreements to lock rates for part of the natural gas component of its expected electricity use from July 1, 2014 through June 30, 2015. The total committed price is approximately $105 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.

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

On January 29, 2009 City Council approved a contract establishing the terms for cooperation between Coastal Water Authority (CWA) and Houston for planning, design, permitting, property acquisition, construction and financing of the Luce Bayou Inter-Basin Transfer project. The project will include a pump station, pipeline and canal system that will transport up to 450 MGD of untreated water from the Trinity River to Lake Houston. To date CWA has attained two Texas Water Development Board (TWDB) Water Infrastructure Loans totaling $33,115,000 for permitting and planning and one TWDB state participation loan of $28,754,000 for pump station design. The Houston Combined Utility System pleaded payments from the Combined Utility System's general purpose fund. After loans are repaid and contract obligations are fulfilled, upon request of the City, CWA will assign to the City all the CWA's rights, titles, and interest in the project property.

G. Federal and State

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

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, 2014. The City received $120.210 million from Metro under this contract in the fiscal year ended June 30, 2014. The breakout was $64.003 million to Capital Projects and $56.207 million to Special Revenues. None of these payments were for the prior contract year.

B. Trinity River Authority (TRA)

As described in Note8C, the City and TRA have 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 Lake Livingston dam and reservoir. During the fiscal year 2008 all debt service was paid off. During fiscal year ending June 30, 2014 the City paid $3.7 million for maintenance and operating expenses under the terms of the contract.

C. Coastal Water Authority (CWA)

The City has a long-term contract for untreated water conveyance and operation of Lake Houston. During the fiscal year ending on June 30, 2014, the City paid CWA $18.9 million for debt service and $22.5 million for maintenance and operating expenses.

D. Houston First Corporation

Upon formation of the Houston Convention Center Hotel Corporation (HCCHC), the City entered into various agreements with HCCHC. As part of the agreements, the City agreed to loan HCCHC $310 million of the Convention & Entertainment Facility Department Bonds, primarily for construction of the Hilton Americas Hotel. Repayment terms of the loan (including interest rates) coincide with the City's scheduled debt service payments.

In accordance with the Interlocal Agreement and the hotel management agreement, after meeting certain other funding and reserve requirements, the City can require the distribution of a preferred return from available cash flow (as defined) equal to the preferred return amount (approximately $1 million for 2003, $20 million for 2004, and $25 million per year thereafter) minus the debt service for the applicable year.

On July 1, 2011, the HCCHC changed their name to Houston First Corporation and in accordance with a new Interlocal Agreement, leased all the facilities of the City's Convention and Entertainment Facilities Department. As a part of that agreement, the preferred return payment is now maintained by the Corporation and used for the operation and maintenance of the faculties.

E. Component Units

As described in note 16, the City has a number of component units, most of which have fiscal years ended June 30, 2014. Five discretely presented component units: Greater Houston Convention and Visitors Bureau (GHCVB), Houston First Corporation [(HFC), formerly Houston Convention Center Hotel Corporation], Houston Housing Finance Corporation (HHFC), Houston Zoo, Inc (HZI) and Miller Theatre Advisory Board, Inc (MTAB) have fiscal years ended December 31, 2013. Subsequent to December 31, 2013, the City received interest payments of $3,957 thousand from HFC, none from GHCVB, none from HHFC, none from HZI, none from MTAB. During the fiscal year ended June 30, 2014, one new component unit was added: Lake Houston Redevelopment Authority.

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 George Bush Intercontinental Airport 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 has also authorized the issuance of taxable Special Facilities Bonds for the purpose of constructing a Consolidated Car Rental Facility at Intercontinental, with the facility to be operated and maintained by IAH RACS, LLC, a limited liability company formed by various car rental companies. These bonds are limited special obligations of the City, payable solely from and secured by a pledge of customer service charges to be collected by the car rental companies and delivered directly to a trustee. None of the Special Facilities Bonds constitute a debt or pledge of the faith or credit of the City or the Airport System Fund.

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 Special Facilities Bonds 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, 2014 (in thousands):

	June 30, 2014
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1997B, $71,200,000 original principal, matures in 2027	$ 49,400
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1997C, $44,600,000 original principal, matures in 2027	44,600
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Terminal Improvement Projects), Series 1998B, $20,630,000 original principal, matures in 2029	20,630
Airport System Special Facilities Revenue Bonds (Continental Airlines, Inc. Airport Improvement Projects), Series 1998C, $25,675,000 original principal, matures in 2029	24,875
Airport System Special Facilities Taxable Revenue Bonds, (Consolidated Rental Car Facility Project), Series 2001, $130,250,000 original principal, matures in 2028	105,430
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
Total Conduit Debt Outstanding	$ 666,900

The Airport System Special Facilities Revenue Bonds, Series 1997B and 1998B financed various leasehold improvements for United Airlines in Terminals B, C and D. 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.

The Airport System Special Facilities Revenue Bonds, (Consolidated Rental Car Facility Project), Series 2001 financed the design and construction of a common car customer service building, a parking structure, maintenance, storage and administrative facilities for each car rental company lessee, a common bus fleet and maintenance facility, and related infrastructure. This facility replaced multiple facilities operated individually by each car rental company. The bonds are payable from customer facility charges charged and collected by the car rental companies to their customers and remitted to a trustee for payment of debt service and other uses allowable by a trust indenture. The collection and disbursement of the customer facility charges in the trustee account are not included in the accompanying financial statements. As of June 30, 2014, 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. The bonds are payable solely from pledged customer facility charges. There is no pledge of the car rental companies' revenues, or against any general revenue of the City or the Airport System Fund. See Subsequent Event Note 17.

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 March, 2014.

NOTE 16: MAJOR DISCRETELY PRESENTED COMPONENT UNITS

The following discretely presented component units represent major component units. For reporting purposes, the City considers a component unit to be major if assets, liabilities, revenues or expenses exceed 10% of that component unit's class and exceed 5% of all component units combined.

Net Position
Major Component Units - Discretely Presented Governmental
June 30, 2014
(in thousands)

	Greater Houston Convention & Visitor's Bureau	Houston Downtown Park Corporation	Houston Parks Board
Cash, receivable and other current assets	$ 11,600	$ -	$ 38,758
Noncurrent assets	505	-	-
Capital assets, net of accumulated depreciation	741	76,305	11,869
Total assets	12,846	76,305	50,627
Current liabilities	1,850	3,839	545
Long-term liabilities	135	16,226	-
Total liabilities	1,985	20,065	545
Net position			
Net investment in capital assets	-	56,240	-
Restricted	-	-	38,155
Unrestricted (deficit)	10,861	-	11,927
Total net position (deficit)	$ 10,861	$ 56,240	$ 50,082

Change in Net Position
Major Component Units - Discretely Presented Governmental
For the Year Ended June 30, 2014
(in thousands)

Component Units	Expenses	Charges for Services	Operating Grants and Contributions	Greater Houston Convention & Visitors Bureau
Greater Houston Convention & Visitors Bureau	18,748	590	17,563	(595)
Houston Downtown Park Corporation	1,295	1,252	54	-
Houston Parks Board	10,359	530	23,339	-
Midtown Redevelopment Authority	19,280	-	-	-
Southwest Houston Redevelopment Authority	4,037	-	-	-
Uptown Redevelopment Authority	29,512	-	1,773	-
Nonmajor Component Units	106,075	21,934	27,228	-
Total component units	$189,306	$ 24,306	$ 69,957	$ (595)

General Revenues:	
Taxes	
Property taxes levied for general purposes	$ -
Hotel occupancy tax	-
Contributions	-
Unrestricted investment earnings	1,125
Other	-
Transfers	60
Total general revenues and transfers	1,185
Change in net position	590
Net position beginning	10,271
Change in accounting principle	-
Net position ending	$ 10,861

Midtown Redevelopment Authority	Southwest Houston Redevelopment Authority	Uptown Development Authority	Nonmajor Component Units	Total Component Units
$ 82,269	$ 33,779	$ 87,048	$ 209,522	$ 462,976
-	-	318	22,260	23,083
20,292	-	12,337	59,660	181,204
102,561	33,779	99,703	291,442	667,263
7,742	3,724	19,482	26,668	63,850
79,641	46,950	111,099	169,415	423,466
87,383	50,674	130,581	196,083	487,316
8,251	-	12,338	50,301	127,130
61,187	26,590	72,455	67,598	265,985
(54,260)	(43,485)	(115,671)	(22,540)	(213,168)
$ 15,178	$ (16,895)	$ (30,878)	$ 95,359	$ 179,947

Net (Expense) Revenue and Change In Net Position

Houston Downtown Park Corporation	Houston Parks Board	Midtown Redevelopment Authority	Southwest Houston Redevelopment Authority	Uptown Redevelopment Authority	Non-Major Component Units	Total Component Units
-	-	-	-	-	-	(595)
11	-	-	-	-	-	11
-	13,510	-	-	-	-	13,510
-		(19,280)	-	-	-	(19,280)
-		-	(4,037)	-	-	(4,037)
-	-	-	-	(27,739)	-	(27,739)
-	-	-	-	-	(56,913)	(56,913)
$ 11	$ 13,510	$ (19,280)	$ (4,037)	$ (27,739)	$ (56,913)	$ (95,043)
$ -	-	$ 18,812	$ 5,331	$ 32,287	76,563	$ 132,993
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	812	-	31	21	3,735	5,724
-	-	580	-	-	2,162	2,742
-	-	-	-	-	(60)	-
-	812	19,392	5,362	32,308	82,400	141,459
11	14,322	112	1,325	4,569	25,487	46,416
56,229	35,760	16,449	(18,220)	(35,447)	87,627	152,669
-	-	(1,383)	-	-	(17,755)	(19,138)
$ 56,240	$ 50,082	$ 15,178	$ (16,895)	$ (30,878)	$ 95,359	$ 179,947

Net Position
Major Component Units - Discretely Presented Business-type
June 30, 2014
(in thousands)

	Houston First Corporation	Houston Zoo Inc.	Nonmajor Component Units	Total
Cash, receivable and other current assets	$ 163,135	$ 35,888	$ 31,778	$ 230,801
Noncurrent assets	51,666	12,290	16,473	80,429
Capital assets, net of accumulated depreciation	219,882	75,477	1,752	297,111
Total assets	434,683	123,655	50,003	608,341
Deferred outflow of Resources	1,581	-	-	1,581
Current liabilities	40,016	4,748	47	44,811
Long-term liabilities	298,374	-	12	298,386
Total liabilities	338,390	4,748	59	343,197
Net position				
Net investment in capital assets	2,590	-	1,741	4,331
Restricted	14,997	31,755	-	46,752
Unrestricted	80,287	87,152	48,203	215,642
Total net position	$ 97,874	$ 118,907	$ 49,944	$ 266,725

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Change in Net Position
Major Component Units - Discretely Presented Business-type
For the Year Ended June 30, 2014
(in thousands)

Component Units	Expenses	Charges for Services	Operating Grants and Contributions
Houston First Corporation	$ 122,170	$ 181,098	$ -
Houston Zoo Inc.	34,705	28,647	20,737
Nonmajor Component Units	1,249	365	4
Totals	$ 158,124	$ 210,110	$ 20,741

General Revenues:
Taxes
Property Taxes levied for general purposes
Unrestricted investment earnings
Other
Total general revenues and transfers
Change in net position
Net position beginning
New Component Unit & Restatement
Net position ending

Continued

Net (Expense) Revenue and Change in Net Position

Houston First Corporation	Houston Zoo Inc.	Non-Major Component Units	Total
$ 58,928	$ -	$ 1	$ 58,929
-	14,679	-	14,679
-	-	(880)	(880)
$ 58,928	$ 14,679	$ (879)	$ 72,728
$ -	$ -	$ 750	$ 750
608	1,247	2,406	4,261
(23,791)	-	-	(23,791)
(23,183)	1,247	3,156	(18,780)
35,745	15,926	2,277	53,948
62,129	102,981	47,630	212,740
-	-	37	37
$ 97,874	$ 118,907	$ 49,944	$ 266,725

NOTE 17: SUBSEQUENT EVENTS

A. Tax and Revenue Anticipation Notes

On July 2, 2014, the City closed the sale of $200,000,000 Tax and Revenue Anticipation Notes (TRANS), Series 2014. The proceeds of the TRANS will be used to finance City's general operating expenditures until tax revenues are received in early 2015. The average - true interest cost was .10%. The principal and the interest of the notes will mature on June 30, 2015.

B. Combined Utility System First Lien Revenue Refunding Bonds, Series 2014D

On July 9, 2014 the City issued 547,980,000 in Combined Utility System First Lien Revenue and Refunding Bonds, Series 2014D (CUS2014D) at coupons ranging from 3.00% to 5.00%. The true interest cost was 3.591%. The bonds mature in varying amounts from 2015 to 2044. The proceeds of the Series, CUS 2014D will use, together with other available funds for paying the costs of the extension, construction, improvement or repair of the System, and refunding of all of the City's outstanding Combine Utility System Commercial Paper Notes, Series B. The series 2014D bonds also includes refunding of a portion of the City's outstanding Water and Sewer System Junior Lien Revenue Refunding Bonds, Series 2004A-1, 2004A-2 and Combine Utility System First Lien Revenue and Refunding Bonds, Series 2005, 2007A, 2007B. The proceeds includes making cash deposit into the First Lien Reserve Fund, and to pay costs of issuance. Net present value saving related to the refunded bonds totaled $24,372,132 or 7.24% of the refunded bonds and reduced total debt service by $34,802,240.

C. General Obligation Public Improvement Refunding Bonds, Series 2014A

On Aug 19, 2014 the City issued $257,365,000 in Public Improvement Refunding Bonds Series 2014A (PIB2014) at coupon ranging from 3.00%-5.00%. The Bonds will mature in varying amount from 2019-2034. The true interest cost for the Public Improvement 2014A Bonds was 2.946%. The proceeds of the PIB2014 Bonds will be used to refund Public Improvement Bonds Series 2006B, 2006D, 2006F, 2007A and $232,450,000 of General Obligation Commercial Paper Series E-1, E-2, G-2 and Series J. Net present value saving related to the refunded bonds totaled $5,938,204 or 9.87% of the refunded bonds and reduced total debt service by $8,215,137.

D. Convention & Entertainment Hotel Occupancy Tax & Special Revenue Bonds, Series 2014

On Aug 20, 2014, the City issued $73,725,000 in Convention & Entertainment Hotel Occupancy Tax and Special Revenue Bonds Series, 2014 (C&E2014) at coupons ranging from 2.00% to 5.00%. The true interest cost was 3.95%. The bonds mature in varying amounts from 2015 to 2039. The proceeds of the bonds will be used to refund a portion of the City's outstanding Convention & Entertainment Hotel Occupancy Tax and Special Revenue Bonds, Series 2012, finance certain eligible project costs and to pay costs of issuance. Net present value saving related to the refunded bonds totaled $4,583,916 or 11.04% of the refunded bonds and reduced total debt service by $6,781,642. The series, C&E 2014 also consist of a component for new money in the amount for $39,200,000. The new money will be utilized to redesign Avenida De Las Americas and the front entrance of the George R. Brown Convention Center.

E. Houston Airport System Special Facilities Taxable Revenue Refunding Bonds, Series 2014

On Sep 4, 2014, the City issued $38,225,000 in Airport System Special Facilities Taxable Revenue Refunding Bonds (Consolidated Rental Car Facility Project) Series 2014 at coupons ranging from 6.49% to 7.13%. The true interest cost was 2.529%. The bonds mature in varying amounts from 2015 to 2021. Proceeds of The bonds will be used to refund a portion of the City's outstanding Airport System Special Facilities Taxable Revenue Bonds (Consolidated Rental Car Facility Project) Series 2001 and to pay costs of issuance. Net present value saving related to the refunded bonds totaled $5,078,199 or 13.63% of the refunded bonds and reduced total debt service by $6,110,108.

F. Fitch Ratings Change

On September 17, 2014, Fitch downgraded its "A+" rating to "A" on the Airport System's Subordinate Lien Revenue Bonds.

G. Letter of Credit

On October 14, 2014, the City extended the letter of credit from Barclay's Bank, related to the City's Airport System Subordinate Lien Revenue Refunding Bonds, Series 2010 through December 22, 2017.

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, 2014
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual Budget	Variance with
	Original	Final	Basis	Final Budget- Pos (Neg)
Revenues				
Taxes and assessments				
Property Taxes	$ 945,408	$ 945,408	$ 976,240	$ 30,832
Industrial Assessments	15,000	15,000	16,534	1,534
Sales Tax	629,602	629,602	629,441	(161)
Franchise Tax	188,453	188,453	189,989	1,536
Mixed Beverage Tax	9,800	9,800	13,869	4,069
Bingo Tax	195	195	187	(8)
Total taxes and assessments	1,788,458	1,788,458	1,826,260	37,802
Licenses and permits				
General	25,912	25,912	28,583	2,671
Health Permits	6,907	6,907	7,174	267
Total licenses and permits	32,819	32,819	35,757	2,938
Charges for services				
Ambulance service	32,335	32,335	38,744	6,409
Library fees	10	10	9	(1)
Parking	206	206	253	47
Services performed for other funds				
Direct	46,455	46,103	43,257	(2,846)
Indirect	20,558	20,558	18,558	(2,000)
Rents and royalties	1,808	1,808	1,626	(182)
Others	13,400	13,400	15,426	2,026
Total charges for services	114,772	114,420	117,873	3,453
Intergovernmental - grants	21,063	21,063	20,897	(166)
Fines and forfeits				
Municipal Courts	33,799	33,799	30,493	(3,306)
Others	4,648	4,648	4,683	35
Total fines and forfeits	38,447	38,447	35,176	(3,271)
Interest	3,000	3,000	2,972	(28)
Other				
Sale of Property	362	362	471	109
Other	7,696	7,696	29,284	21,588
Total Other	8,058	8,058	29,755	21,697
Total revenues	2,006,617	2,006,265	2,068,690	62,425
Other financing sources (uses)				
Transfers in	27,770	27,770	12,316	(15,454)
Sale of capital assets	2,500	2,500	1,017	(1,483)
Other financing sources (uses)	-	-	-	-
Total other financing sources (uses)	30,270	30,270	13,333	(16,937)
Total revenues and other financing source	$ 2,036,887	$ 2,036,535	$ 2,082,023	$ 45,488

* 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, 2014
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Budget Basis	Pos (Neg)
General government				
Legislative and executive				
Legislative - Council				
Personnel services	6,065	6,150	5,826	324
Other current expenditures	548	506	377	129
Equipment acquisition	-	26	5	21
Total legislative - council	6,613	6,682	6,208	474
Legislative - Mayor's Office				
Personnel services	6,268	6,265	6,237	28
Other current expenditures	804	894	836	58
Total executive - mayor's office	7,072	7,159	7,073	86
Total legislative and executive	13,685	13,841	13,281	560
Office of Business Opportunity				
Personnel services	2,219	2,161	2,118	43
Other current expenditures	355	477	432	45
Equipment acquisition	-			-
Total office of business opportunity	2,574	2,638	2,550	88
Municipal Courts Administration				
Municipal Courts				
Personnel services	21,009	20,852	20,707	145
Other current expenditures	4,219	4,197	3,752	445
Equipment acquisition	8	31	27	4
Total municipal courts	25,236	25,080	24,486	594
Elections	2,000	2,000	2,268	(268)
Finance administration				
Controller				
Personnel services	7,004	7,021	7,031	(10)
Other current expenditures	1,394	1,377	1,103	274
Equipment acquisition				-
Total controller	8,398	8,398	8,134	264
Finance				
Personnel services	11,823	12,140	10,893	1,247
Other current expenditures	5,849	7,038	5,495	1,543
Equipment acquisition		12		12
Total finance	17,672	19,190	16,388	2,802
Administrative and Regulatory Affairs				
Personnel services	15,279	15,033	14,438	595
Other current expenditures	3,556	3,671	3,721	(50)
Equipment acquisition	1	31	24	7
Total administrative and regulatory affairs	18,836	18,735	18,183	552
Information Technology				
Personnel services	16,301	16,688	16,409	279
Other current expenditures	4,962	7,947	7,276	671
Equipment acquisition		15	11	4
Total information technology	21,263	24,650	23,696	954
Bond and Legal	1,085	1,085	1,117	(32)
Total finance administration	67,254	72,058	67,518	4,540

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, 2014
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	**Final**	**Budget Basis**	**Pos (Neg)**
Legal				
Personnel services	14,013	14,198	13,883	315
Other current expenditures	1,220	1,250	1,028	222
Equipment acquisition		20	20	-
Total legal	15,233	15,468	14,931	537
City Secretary				
Personnel services	713	713	662	51
Other current expenditures	149	149	93	56
Total city secretary	862	862	755	107
Planning and Development				
Personnel services	7,232	6,855	6,723	132
Other current expenditures	763	889	783	106
Equipment acquisition				-
Total planning and development	7,995	7,744	7,506	238
Human Resources				
Personnel services	2,849	2,877	2,790	87
Other current expenditures	640	658	492	166
Equipment acquisition	5	24	18	6
Total human resources	3,494	3,559	3,300	259
Total general government	138,333	143,250	136,595	6,655
Public safety				
Police				
Personnel services	675,913	678,764	673,125	5,639
Other current expenditures	46,529	48,324	56,592	(8,268)
Equipment acquisition	140	623	531	92
Total police	722,582	727,711	730,248	(2,537)
Fire				
Personnel services	409,835	418,890	414,557	4,333
Other current expenditures	37,544	38,650	37,417	1,233
Equipment acquisition		344	342	2
Total fire	447,379	457,884	452,316	5,568
Total public safety	1,169,961	1,185,595	1,182,564	3,031
Public Works				
Administration				
Personnel services	1,337	1,332	1,191	141
Other current expenditures	31,913	31,554	30,845	709
Equipment acquisition				-
Total administration	33,250	32,886	32,036	850
General Services				
Personnel services	14,135	13,920	13,882	38
Other current expenditures	31,096	32,745	31,993	752
Equipment acquisition	14	608	365	243
Total general services	45,245	47,273	46,240	1,033

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, 2014
amounts expressed in thousands
(unaudited)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	**Final**	**Budget Basis**	**Pos (Neg)**
Solid Waste				
Personnel services	29,117	29,519	29,471	48
Other current expenditures	39,461	39,147	40,001	(854)
Equipment acquisition		1,506	1,427	79
Total solid waste	68,578	70,172	70,899	(727)
Total public works	147,073	150,331	149,175	1,156
Department of Neighborhoods				
Personnel services	8,040	7,935	7,688	247
Other current expenditures	3,287	3,468	3,440	28
Equipment acquisition		30	26	4
Total department of neighborhoods	11,327	11,433	11,154	279
Health				
Personnel services	38,039	35,991	35,968	23
Other current expenditures	17,793	17,110	16,840	270
Equipment acquisition		316	177	139
Total health	55,832	53,417	52,985	432
Housing				
Personnel services	277	277	235	42
Other current expenditures	1,071	1,071	1,050	21
Total housing	1,348	1,348	1,285	63
Parks and Recreation				
Personnel services	38,445	37,985	38,042	(57)
Other current expenditures	26,427	27,480	26,768	712
Equipment acquisition				-
Total parks and recreation	64,872	65,465	64,810	655
Library				
Personnel services	27,958	27,857	27,708	149
Other current expenditures	5,013	4,971	4,660	311
Equipment acquisition	5,374	5,531	5,538	(7)
Total library	38,345	38,359	37,906	453
Retiree Benefits				
Hospital and life insurance	15,112	12,612	10,920	1,692
Total retiree benefits	15,112	12,612	10,920	1,692
Other current expenditures				
Tax appraisal fees	7,650	7,650	7,788	(138)
Limited-purpose Annexation Districts	44,117	47,117	47,191	(74)
Contingency	9,100	2,755	-	2,755
Claims and judgments	10,277	14,777	16,525	(1,748)
Membership dues	1,685	1,685	1,367	318
Advertising and promotion	500	500	323	177
Management Initiative Savings				-
Consultants	1,581	1,531	1,579	(48)
Miscellaneous support services	39,199	30,380	27,721	2,659
Total other current expenditures	114,109	106,395	102,494	3,901
Debt service				
Debt service interest	4,428	4,428	3,040	1,388
Total debt service	4,428	4,428	3,040	1,388
Total expenditures	1,760,740	1,772,633	1,752,928	19,705
Other financing sources (uses)				
Transfers out	310,455	319,503	312,487	7,016
Total other financing sources (uses)	310,455	319,503	312,487	7,016
Total expenditures and other financing uses	$ 2,071,195	$ 2,092,136	$ 2,065,415	$ 26,721

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, 2014
amounts expressed in thousands
(*unaudited*)

Revenues	
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	$ 2,068,690
Revenues of non-budgeted funds	
Equipment Acquisition	13,576
Building Security	829
Grant Matching Fund	296
Storm Water	2
Bureau of Animal Regulation and Care	1,711
Fleet Maintenance	45
Forensic Transition	3,434
Total revenues of non-budgeted funds	19,893
Interest on pooled investments from non-budgeted revenues	715
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances	$ 2,089,298
Expenditures	
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	$ 1,752,928
Expenditures of non-budgeted funds	
Equipment Acquisition	78,868
Building Security	773
Grant Matching Fund	452
Special Non-Recurring	
Fleet Maintenance	50
Storm Water	40,849
Bureau of Animal Regulation and Care	8,430
Forensic Transition	15,908
Total expenditures of non-budgeted funds	145,330
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances	$ 1,898,258
Other financing sources (uses)	
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	$ (299,154)
Proceeds from Issuance of Debt	55,000
Sale of Assets	1,347
Transfers of Non Budgeted Funds	37,711
Total other financing sources and uses as reported on the statement of revenues, expenditures, and changes in fund balances--governmental funds	$ (205,096)

See note to Required Supplementary Information

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 29, 2014, City Council approved the Fiscal Year 2014 general appropriation ordinance in the amount of $2.092 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 2014 results for both budgeted and non-budgeted Special Revenue Funds (in thousands):

	Revenues	Expenditures	Other Sources (Uses)
Budgeted Special Revenue Funds	$ 325,109	$ 197,226	$ (132,512)
Non-budgeted Disaster Recovery Fund	32	-	-
Non-budgeted Grants Revenue Fund	170,875	177,708	(70)
Non-budgeted Health and Housing	20,848	15,405	800
Non-budgeted Other Funds	9,855	1,201	1,641
Total Special Revenue Funds - Actual	$ 526,719	$ 391,540	$ (130,141)

2. General Fund Budgetary Highlights

Revenues were $62 million above budget. This increase was mainly evident in taxes and assessments of $37.8 million. In addition, increases in licenses and permits ($3 million), charges for services ($3.4 million) and other income ($21 million), were offset by decreases in fines and forfeits ($3.2 million).

Significant differences between budgeted and actual taxes and assessments include:

- $30.8 million increase in property tax
- $1.5 million increase in industrial assessments
- $1.5 million increase in franchise tax
- $4 million increase in mix beverage tax

Total expenditures were $20 million below budget, with a $7 million decrease in general government, and a $4 million decrease in Other current expenditures.

CITY OF HOUSTON, TEXAS
REQUIRED PENSION SYSTEM
SUPPLEMENTARY INFORMATION
June 30, 2014
(*unaudited)*

Houston Firefighters' Pension System Supplementary Information (unaudited)
Schedule of Funding Progress *(in millions)*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Surplus UAAL) (b-a)	Funded Ratio (a/b)	Projected Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$2,945.1	$3,080.5	$135.4	96%	$239.2	57%
July 1, 2009	$3,062.2	$3,209.7	$147.5	95%	$258.9	57%
July 1, 2010	$3,116.8	$3,337.5	$220.7	93%	$265.8	83%
July 1, 2011	$3,222.3	$3,558.2	$335.9	91%	$272.5	123%
July 1, 2012	$3,263.3	$3,752.9	$489.6	87%	$270.9	181%
July 1, 2013	$3,430.4	$3,963.1	$532.7	87%	$271.8	196%

Houston Municipal Pension System Supplementary Information (unaudited)
Schedule of Funding Progress *(in millions)*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Surplus UAAL) (b-a)	Funded Ratio (a/b)	Projected Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$2,310.4	$3,296.4	$986.0	70%	$483.8	204%
July 1, 2009	$2,284.4	$3,451.4	$1,167.0	66%	$539.0	217%
July 1, 2010	$2,273.1	$3,632.5	$1,359.4	63%	$550.7	247%
July 1, 2011	$2,328.8	$3,790.3	$1,461.5	61%	$544.7	268%
July 1, 2012	$2,344.1	$3,966.9	$1,622.8	59%	$534.4	304%
July 1, 2013	$2,382.6	$4,129.6	$1,747.0	58%	$550.0	318%

Houston Police Officers' Pension System Supplementary Information (unaudited)
Schedule of Funding Progress *(in millions)*

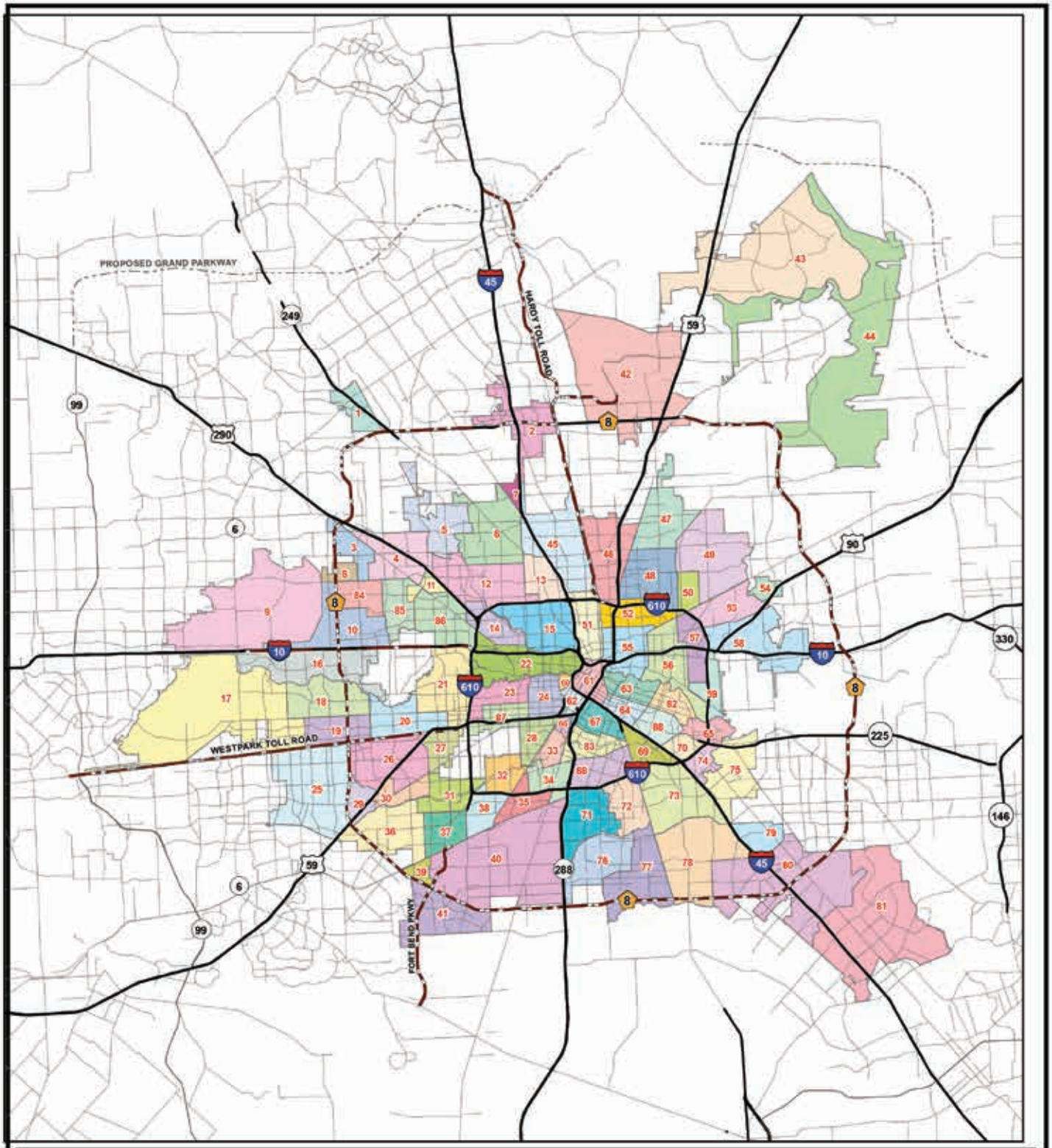
Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Surplus UAAL) (b-a)	Funded Ratio (a/b)	Projected Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
July 1, 2008	$3,337.6	$4,079.0	$741.4	82%	$351.5	211%
July 1, 2009	$3,430.9	$4,368.5	$937.6	79%	$366.9	256%
July 1, 2010	$3,526.7	$4,232.7	$706.0	83%	$377.8	187%
July 1, 2011	$3,718.1	$4,488.1	$770.0	83%	$388.4	198%
July 1, 2012	$3,888.5	$4,747.2	$858.7	82%	$389.9	220%
July 1, 2013	$4,071.0	$5,010.0	$939.0	81%	$392.0	240%

CITY OF HOUSTON, TEXAS
REQUIRED OTHER POST EMPLOYMENT BENEFITS
SUPPLEMENTARY INFORMATION
June 30, 2014
(*unaudited*)

Houston Other Post Employment Benefits Supplementary Information (unaudited)

Schedule of Funding Progress *(in millions)*

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Surplus UAAL) (b-a)	Funded Ratio (a/b)	Projected Annual Covered Payroll (c)	UAAL as Percentage of Covered Payroll ((b-a)/c)
June 30, 2008	$0	$3,096	$3,096	0%	$1,136.5	272.4%
June 30, 2009	$0	$3,031	$3,031	0%	$1,193.5	254.1%
June 30, 2010	$0	$1,984	$1,984	0%	$1,208.9	164.1%
June 30, 2010	$0	$1,984	$1,984	0%	$1,164.5	170.4%
June 30, 2012	$0	$2,090	$2,090	0%	$1,178.1	177.4%
June 30, 2012	$0	$2,090	$2,090	0%	$1,227.2	170.3%



City of Houston Super Neighborhoods

See Over for List.

Super Neighborhoods

0 3.25 6.5 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_snb

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

List of Super Neighborhoods

A super neighborhood is a geographically designated area where residents, civic organizations, institutions and businesses work together to identify, plan, and set priorities to address the needs and concerns of their community. The boundaries of each super neighborhood rely on major physical features (bayous, freeways, etc.) to group together contiguous communities that share common physical characteristics, identity or infrastructure. The super neighborhood elects a council comprised of area residents and stakeholders that serves as a forum to discuss issues and identify and implement priority projects for the area.

1	WILLOWBROOK
2	GREATER GREENSPOINT
3	CARVERDALE
4	FAIRBANKS / NORTHWEST CROSSING
5	GREATER INWOOD
6	ACRES HOME
7	HIDDEN VALLEY
8	WESTBRANCH
9	ADDICKS PARK TEN
10	SPRING BRANCH WEST
11	LANGWOOD
12	CENTRAL NORTHWEST
13	INDEPENDENCE HEIGHTS
14	LAZYBROOK / TIMBERGROVE
15	GREATER HEIGHTS
16	MEMORIAL
17	ELDRIDGE / WEST OAKS
18	BRIAR FOREST
19	WESTCHASE
20	MID WEST
21	GREATER UPTOWN
22	WASHINGTON AVENUE COALITION / MEMORIAL PARK
23	AFTON OAKS / RIVER OAKS AREA
24	NEARTOWN - MONTROSE
25	ALIEF
26	SHARPSTOWN
27	GULFTON
28	UNIVERSITY PLACE
29	WESTWOOD
30	BRAEBURN
31	MEYERLAND AREA
32	BRAESWOOD
33	MEDICAL CENTER AREA
34	ASTRODOME AREA
35	SOUTH MAIN
36	BRAYS OAKS
37	WESTBURY
38	WILLOW MEADOWS / WILLOWBEND AREA
39	FONDREN GARDENS
40	CENTRAL SOUTHWEST
41	FORT BEND HOUSTON
42	IAH / AIRPORT AREA
43	KINGWOOD AREA
44	LAKE HOUSTON
45	NORTHSIDE/NORTHLINE
46	EASTEX - JENSEN AREA
47	EAST LITTLE YORK / HOMESTEAD
48	TRINITY / HOUSTON GARDENS
49	EAST HOUSTON
50	SETTEGAST
51	NEAR NORTHSIDE
52	KASHMERE GARDENS
53	EL DORADO / OATES PRAIRIE
54	HUNTERWOOD
55	GREATER FIFTH WARD
56	DENVER HARBOR / PORT HOUSTON
57	PLEASANTVILLE AREA
58	NORTHSHORE
59	CLINTON PARK TRI-COMMUNITY
60	FOURTH WARD
61	DOWNTOWN
62	MIDTOWN
63	SECOND WARD
64	GREATER EASTWOOD
65	HARRISBURG / MANCHESTER
66	MUSEUM PARK
67	GREATER THIRD WARD
68	GREATER OST / SOUTH UNION
69	GULFGATE RIVERVIEW / PINE VALLEY
70	PECAN PARK
71	SUNNYSIDE
72	SOUTH PARK
73	GOLFCREST / BELLFORT / REVEILLE
74	PARK PLACE
75	MEADOWBROOK / ALLENDALE
76	SOUTH ACRES / CRESTMONT PARK
77	MINNETEX
78	GREATER HOBBY AREA
79	EDGEBROOK AREA
80	SOUTH BELT / ELLINGTON
81	CLEAR LAKE
82	MAGNOLIA PARK
83	MACGREGOR
84	SPRING BRANCH NORTH
85	SPRING BRANCH CENTRAL
86	SPRING BRANCH EAST
87	GREENWAY / UPPER KIRBY AREA
88	LAWNDALE / WAYSIDE

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, Digital Automated Red Light, Juvenile Case Manager, Police Special Services, Houston Emergency Center, Municipal Courts Technology Fee, and Child Safety
  - Not budgeted: Helmets for Bicycle Safety, Nuisance Abatement, FTA Special
- Public Works Special Fund
  - Budgeted: Building Inspection, Dedicated Drainage & Street Renewal, Historic Preservation, and Recycling Expansion Program
  - Not budgeted: Mobility Response Team, Street Maintenance and Traffic Control
- Health and Housing Special Fund
  - Budgeted: Essential Public Health, Health Special, Laboratory Services, Special Waste, and Swimming Pool Safety
  - Not budgeted: Housing Special, Homeless Families Program and Housing Replacement Insurance, Housing Non-Grant Venture and HJTPC Self Insurance
- Parks & Recreation Special Fund
  - Budgeted: Parks Golf Special, Parks Special
  - Not budgeted: MacGregor Parks Endowment, Planting Tree
- Other Special Revenue Fund
  - Budgeted: Cable Television, Contractor Responsibility, Digital Houston, Houston Transtar, Parking Management, and Supplemental Environmental Protection
  - Not budgeted: Disaster Recovery, Compaq Center, MNC Memorial City Way, W.A.T.E.R., Special City Deposit, John Battaglia Trust, Inc. Fund, AAA Contingency, Houston Foundation and March of Dimes

CITY OF HOUSTON, TEXAS
GENERAL FUND
Balance Sheet
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Assets		
Equity in pooled cash and investments	$ 248,330	$ 226,782
Receivables, net of allowances		
Accounts receivable	83,862	62,952
Property taxes receivable, net	30,110	31,223
Sales taxes receivable	107,872	106,418
Mixed beverage taxes receivable	3,818	2,717
Franchise taxes receivable	18,263	17,938
Special assessments receivable	14,054	14,721
Due from other funds	16,772	26,107
Due from other governments	596	598
Inventory	11,895	12,701
Prepaid items	2,121	2,011
Total assets	$ 537,693	$ 504,168
Liabilities and fund balance		
Liabilities		
Accounts payable	82,148	49,076
Accrued payroll liabilities	32,797	28,120
Due to other funds	36,871	43,156
Due to other governments	286	278
Advances and deposits	6,994	7,623
Claims and judgments	1,800	1,769
Compensated absences	3,680	4,278
Total liabilities	164,576	134,300
Deferred inflows of resources		
Deferred inflow of resources	110,843	93,538
Total deferred inflows of resources	110,843	93,538
Fund balance		
Non-Spendable		
Imprest cash and prepaids	2,121	2,091
Inventory	11,895	12,701
Restricted	44,120	63,696
Committed	3,407	6,892
Unassigned	200,731	190,950
Total fund balance	262,274	276,330
Total liabilities and fund balance	$ 537,693	$ 504,168

CITY OF HOUSTON, TEXAS
GENERAL FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Revenues		
Taxes and assessments		
Property Taxes	$ 976,240	$ 910,034
Industrial Assessments	16,534	29,845
Sales Tax	629,441	600,256
Franchise Tax	189,989	195,305
Mixed Beverage Tax	13,869	9,887
Bingo Tax	187	196
Licenses and permits	36,633	35,051
Charges for services	121,621	102,965
Intergovernmental - grants	21,595	19,146
Fines and forfeits	35,177	36,480
Investment income	3,687	1,598
Other	44,325	31,639
Total revenues	2,089,298	1,972,402
Expenditures		
Current		
General government	207,182	194,775
Public safety	1,248,286	1,162,652
Public works	202,556	189,874
Health	53,005	43,977
Housing and community development	1,015	2,483
Parks and recreation	64,810	63,033
Library	37,861	33,315
Retiree benefits	10,920	11,907
Capital outlay	69,583	38,934
Debt service interest	3,040	2,952
Total expenditures	1,898,258	1,743,902
Other financing sources (uses)		
Proceeds from issuance of debt	55,000	67,666
Sale of capital assets	2,364	5,102
Transfers in	72,663	76,641
Transfers out	(335,123)	(314,806)
Total other financing sources (uses)	(205,096)	(165,397)
Change in fund balance	(14,056)	63,103
Fund balances beginning, as previously reported	276,330	213,227
Fund balances, July 1	276,330	213,227
Fund balances, June 30	$ 262,274	$ 276,330

CITY OF HOUSTON, TEXAS
DEBT SERVICE FUND
Balance Sheet
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Assets		
Equity in pooled cash and investments	$ 104,578	$ 124,954
Due from other funds	31,368	32,983
Due from other governments	3,549	3,549
Total assets	$ 139,495	$ 161,486
Liabilities and fund balance		
Liabilities		
Accounts payable	$ 1,245	$ 1,383
Total liabilities	1,245	1,383
Deferred inflows of resources		
Deferred inflow of resources	3,549	3,549
Total deferred inflows of resources	3,549	3,549
Fund balance		
Restricted	134,701	156,554
Total fund balance	134,701	156,554
Total liabilities and fund balance	$ 139,495	$ 161,486

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ -	$ -	$ 1,269	$ 1,269	$ (57)
Other	-	-	5,679	5,679	5,873
Total revenues	-	-	6,948	6,948	5,816
Expenditures					
Current					
Debt service principal	150,325	150,325	176,205	(25,880)	138,875
Debt service interest	149,280	149,280	151,238	(1,958)	155,255
Debt service fiscal agent & fees	4,662	4,662	3,766	896	5,447
Total expenditures	304,267	304,267	331,209	(26,942)	299,577
Other financing sources (uses)					
Net proceeds from issuance of debt	-	-	71	71	343,610
Premium on long-term debt	-	-	-	-	51,617
Transfers in	296,266	296,266	302,856	6,590	302,141
Payment to(from) escrow agent for refunded bonds	-	-	(519)	(519)	(395,227)
Total other financing sources (uses)	296,266	296,266	302,408	6,142	302,141
Change in fund balance	(8,001)	(8,001)	(21,853)	(13,852)	8,380
Fund balances, July 1	148,128	148,128	156,554	8,426	148,174
Fund balances, June 30	$ 140,127	$ 140,127	$ 134,701	$ (5,426)	$ 156,554

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Balance Sheet
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Assets		
Equity in pooled cash and investments	$ 271,206	$ 192,832
Receivables, net of allowances		
Accounts receivable	2	-
Due from other funds	16,460	337
Due from other governments	156	741
Prepaid items - Construction materials	3,062	143
Total assets	$ 290,886	$ 194,053
Liabilities and fund balance		
Liabilities		
Accounts payable	37,889	26,100
Accrued payroll liabilities	-	1
Due to other funds	3,255	1,689
Advances and deposits	31	31
Total liabilities	41,175	27,821
Deferred inflows of resources		
Deferred inflow of resources	107,272	99,050
Total deferred inflows of resources	107,272	99,050
Fund balance		
Imprest cash and prepaids	3,062	143
Restricted	32,770	21,031
Assigned	106,607	46,008
Total fund balance	142,439	67,182
Total liabilities and fund balance	$ 290,886	$ 194,053

CITY OF HOUSTON, TEXAS
CAPITAL PROJECTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014	2013
Revenues		
Intergovernmental - grants	$ 56,210	$ 53,943
Investment income	2,195	(609)
Other	7,796	7,654
Total revenues	66,201	60,988
Expenditures		
Current		
Capital outlay	187,415	181,147
Total expenditures	187,415	181,147
Other financing sources (uses)		
Proceeds from issuance of debt	63,929	27,000
Transfers in	132,542	96,260
Transfers out	-	(2,349)
Total other financing sources (uses)	196,471	120,911
Change in fund balance	75,257	752
Fund balances, July 1	67,182	66,430
Fund balances, June 30	$ 142,439	$ 67,182

CITY OF HOUSTON, TEXAS
GRANTS FUND
Balance Sheet
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Assets		
Cash		
Equity in pooled cash and investments	$ 23,321	$ 1,355
Receivables, net of allowances		
Accounts receivable	28,848	8,547
Due from other funds	1,253	1,745
Due from component units	1,928	1,965
Due from other governments	58,805	85,313
Inventory	321	290
Prepaid items	134	-
Total assets	$ 114,610	$ 99,215
Liabilities and fund balance		
Liabilities		
Accounts payable	17,850	17,064
Accrued payroll liabilities	1,159	997
Due to other funds	16,909	15,091
Due to other governments	10,524	3,611
Advances and deposits	180	221
Total liabilities	46,622	36,984
Deferred inflows of resources		
Deferred inflow of resources	58,216	45,556
Total deferred inflows of resources	58,216	45,556
Fund balance		
Non-Spendable		
Imprest cash and prepaids	134	-
Inventory	321	290
Restricted	9,317	16,385
Total fund balance	9,772	16,675
Total liabilities and fund balance	$ 114,610	$ 99,215

CITY OF HOUSTON, TEXAS
GRANTS FUND
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Revenues		
Intergovernmental - grants	$ 170,844	$ 225,974
Investment income	31	291
Total revenues	170,875	226,265
Expenditures		
Current		
General government	2,842	2,957
Public safety	53,154	57,258
Public works	10,840	8,215
Health	56,195	62,596
Housing and community development	48,265	85,026
Parks and recreation	5,852	5,848
Library	560	2,118
Total expenditures	177,708	224,018
Other financing sources (uses)		
Transfers out	(70)	(229)
Total other financing sources (uses)	(70)	(229)
Change in fund balance	(6,903)	2,018
Fund balances, July 1	16,675	14,657
Fund balances, June 30	$ 9,772	$ 16,675

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Nonmajor Funds		
	Public Safety Special Fund	**Public Works Special Fund**	**Health & Housing Special Fund**
Assets			
Equity in pooled cash and investments	$ 24,605	$ 113,501	$ 20,463
Receivables, net of allowances			
Accounts receivable	506	24,382	57
Due from other funds	49	1,457	27
Due from other governments	2,632	10,811	-
Inventory	-	1,773	-
Total assets	$ 27,792	$ 151,924	$ 20,547
Liabilities and fund balance			
Liabilities			
Accounts payable	$ 2,313	$ 4,345	$ 655
Accrued payroll liabilities	858	1,684	191
Due to other funds	607	15,416	28
Due to other governments	2	-	-
Advances and deposits	597	1,751	-
Compensated absences	78	107	1
Other liabilities	-	-	-
Total liabilities	4,455	23,303	875
Deferred inflows of resources			
Deferred inflow of resources	79	28,313	53
Total deferred inflows of resources	79	28,313	53
Fund balance			
Non-Spendable			
Inventory	-	1,773	-
Committed	16,354	30,769	10,540
Restricted	6,904	67,766	9,079
Total fund balance	23,258	100,308	19,619
Total liabilities and fund balance	$ 27,792	$ 151,924	$ 20,547

(Continued)

Nonmajor Funds			
Parks & Recreation Special Fund	**Other Special Revenue Fund**	**2014**	**2013**
$ 9,278	$ 78,598	$ 246,445	$ 224,279
(132)	1,651	26,464	20,617
1	76	1,610	10,683
-	-	13,443	9,819
-	-	1,773	870
$ 9,147	$ 80,325	$ 289,735	$ 266,268
$ 365	$ 3,646	$ 11,324	$ 6,705
91	158	2,982	2,273
2	1,918	17,971	8,635
13	1,088	1,103	1,117
82	285	2,715	2,556
-	58	244	75
-	2	2	6
553	7,155	36,341	21,367
26	393	28,864	27,481
26	393	28,864	27,481
-	-	1,773	870
8,224	6,082	71,969	59,693
344	66,695	150,788	156,857
8,568	72,777	224,530	217,420
$ 9,147	$ 80,325	$ 289,735	$ 266,268

CITY OF HOUSTON, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Nonmajor Funds		
	Public Safety Special Fund	**Public Works Special Fund**	**Health & Housing Special Fund**
Revenues			
Franchise Tax	$ -	$ 379	$ -
Licenses and permits	3,182	66,939	4,169
Charges for services	4,392	123,579	1,332
Intergovernmental - grants	12,397	56,103	12,015
Fines and forfeits	1,430	9	-
Investment income	264	1,227	185
Other	18,745	2,866	3,147
Total revenues	40,410	251,102	20,848
Expenditures			
Current			
General government	-	-	-
Public safety	53,929	-	-
Public works	-	90,950	-
Health	-	-	13,246
Housing and community development	-	-	1,972
Parks and recreation	-	-	-
Capital outlay	2,094	25,967	187
Debt service interest	-	49	-
Debt service fiscal agent & fees	-	762	-
Total expenditures	56,023	117,728	15,405
Other financing sources (uses)			
Sale of capital assets	-	100	-
Transfers in	17,533	22,790	800
Transfers out	(1,883)	(158,115)	-
Total other financing sources (uses)	15,650	(135,225)	800
Change in fund balance	37	(1,851)	6,243
Fund balances, July 1	23,221	102,159	13,376
Fund balances, June 30	$ 23,258	$ 100,308	$ 19,619

(Continued)

Nonmajor Funds			
Parks & Recreation Special Fund	**Other Special Revenue Fund**	**2014**	**2013**
$ -	$ -	$ 379	$ 359
293	361	74,944	62,049
7,192	9,519	146,014	145,132
-	4,668	85,183	67,910
-	10,031	11,470	11,475
87	792	2,555	(137)
625	15,006	40,389	41,351
8,197	40,377	360,934	328,139
-	23,192	23,192	19,644
-	-	53,929	47,613
-	-	90,950	86,774
-	-	13,246	5,413
-	-	1,972	713
6,895	-	6,895	6,549
53	3,727	32,028	25,329
-	-	49	115
-	-	762	765
6,948	26,919	223,023	192,915
-	-	100	716
-	-	41,123	30,471
-	(12,026)	(172,024)	(131,838)
-	(12,026)	(130,801)	(100,651)
1,249	1,432	7,110	34,573
7,319	71,345	217,420	182,847
$ 8,568	$ 72,777	$ 224,530	$ 217,420

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Confiscations	$ 6,578	$ 6,578	$ 8,829	$ 2,251	$ 9,142
Investment income	51	51	74	23	4
Total revenues	6,629	6,629	8,903	2,274	9,146
Expenditures					
Current					
Public safety	12,600	12,266	8,416	3,850	6,385
Capital outlay	-	334	275	59	384
Total expenditures	12,600	12,600	8,691	3,909	6,769
Change in fund balance	(5,971)	(5,971)	212	6,183	2,377
Fund balances, July 1	6,493	6,493	6,493	-	4,116
Fund balances, June 30	$ 522	$ 522	$ 6,705	$ 6,183	$ 6,493

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 3,264	$ 3,264	$ 2,911	$ (353)	$ 3,151
Charges for services	462	462	481	19	436
Investment income	42	42	51	9	3
Other	3,027	3,027	3,635	608	3,593
Total revenues	6,795	6,795	7,078	283	7,183
Expenditures					
Current					
Public safety	5,114	5,295	4,897	398	4,639
Capital outlay	400	219	28	191	607
Total expenditures	5,514	5,514	4,925	589	5,246
Other financing sources (uses)					
Transfers out	(1,262)	(1,262)	(1,533)	(271)	(1,095)
Total other financing sources (uses)	(1,262)	(1,262)	(1,533)	(271)	(1,095)
Change in fund balance	19	19	620	601	842
Fund balances, July 1	3,755	3,755	3,755	-	2,913
Fund balances, June 30	$ 3,774	$ 3,774	$ 4,375	$ 601	$ 3,755

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Taxes and assessments					
Franchise Tax	$ 385	$ 385	$ 379	$ (6)	$ 359
Licenses and permits	49,854	49,854	65,158	15,304	53,100
Charges for services	10,812	10,812	9,563	(1,249)	10,070
Investment income	171	171	284	113	10
Other	731	731	451	(280)	290
Total revenues	61,953	61,953	75,835	13,882	63,829
Expenditures					
Current					
Public works	58,948	58,369	54,699	3,670	48,223
Capital outlay	6,603	2,592	2,208	384	608
Total expenditures	65,551	60,961	56,907	4,054	48,831
Other financing sources (uses)					
Transfers out	(962)	(6,824)	(6,824)	-	(10,962)
Total other financing sources (uses)	(962)	(6,824)	(6,824)	-	(10,962)
Change in fund balance	(4,560)	(5,832)	12,104	17,936	4,036
Fund balances, July 1	15,131	15,131	15,131	-	11,095
Fund balances, June 30	$ 10,571	$ 9,299	$ 27,235	$ 17,936	$ 15,131

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 32	$ 32	$ 19	$ (13)	$ 2
Other	4,182	4,182	4,276	94	4,106
Total revenues	4,214	4,214	4,295	81	4,108
Expenditures					
Current					
General government	6,298	6,640	3,827	2,813	3,442
Capital outlay	342	-	2,513	(2,513)	367
Total expenditures	6,640	6,640	6,340	300	3,809
Other financing sources (uses)					
Transfers out	(358)	(303)	(303)	-	-
Total other financing sources (use	(358)	(303)	(303)	-	-
Change in fund balance	(2,784)	(2,729)	(2,348)	381	299
Fund balances, July 1	2,886	2,886	2,886	-	2,587
Fund balances, June 30	$ 102	$ 157	$ 538	$ 381	$ 2,886

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Fines and forfeits	$ 770	$ 770	$ 834	$ 64	$ 862
Interest	20	20	12	(8)	1
Other	2,300	2,300	2,454	154	2,424
Total revenues	3,090	3,090	3,300	210	3,287
Expenditures					
Current					
Public safety	3,090	3,444	3,444	-	3,314
Total expenditures	3,090	3,444	3,444	-	3,314
Change in fund balance	-	(354)	(144)	210	(27)
Fund balances, July 1	206	206	206	-	233
Fund balances, June 30	$ 206	$ (148)	$ 62	$ 210	$ 206

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 13	$ 13	$ 30	$ 17	$ (3)
Other	459	459	371	(88)	710
Total revenues	472	472	401	(71)	707
Expenditures					
Current					
General government	711	711	620	91	498
Capital outlay	-	-	-	-	-
Total expenditures	711	711	620	91	498
Other financing sources (uses)					
Transfers out	(400)	(800)	(800)	-	-
Total other financing sources (uses)	(400)	(800)	(800)	-	-
Change in fund balance	(639)	(1,039)	(1,019)	20	209
Fund balances, July 1	3,044	3,044	3,044	-	2,835
Fund balances, June 30	$ 2,405	$ 2,005	$ 2,025	$ 20	$ 3,044

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Taxes and assessments					
Charges for services	$ 108,124	$ 108,124	$ 113,675	$ 5,551	$ 112,409
Licenses & Permits	918	918	1,780	862	1,104
Metro Intergovernmental Revenue	56,103	56,103	56,103	-	51,200
Miscellaneous/Other	162	162	1,365	1,203	1,725
Total revenues	165,307	165,307	172,923	7,616	166,438
Expenditures					
Current					
Public works	61,328	61,377	35,926	25,451	37,585
Capital outlay	3,429	3,880	23,805	(19,925)	22,929
Debt service fiscal agent & fees	800	800	762	38	765
Total expenditures	65,557	66,057	60,493	5,564	61,279
Other financing sources (uses)					
Interest Income	500	500	911	411	(52)
Transfers in	11,100	11,100	22,110	11,010	12,097
Transfers out	(120,000)	(125,000)	(150,439)	25,439	(105,867)
Total other financing sources (uses)	(108,400)	(113,400)	(127,418)	36,860	(93,822)
Change in fund balance	(8,650)	(14,150)	(14,988)	(838)	11,337
Fund balances, July 1	84,407	84,407	84,407	-	73,070
Fund balances, June 30	$ 75,757	$ 70,257	$ 69,419	$ (838)	$ 84,407

CITY OF HOUSTON, TEXAS
PUBLIC SAFETY SPECIAL FUND - DIGITAL AUTOMATED RED LIGHT ENFORCEMENT PROGRAM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 20	$ 20	$ 2	$ (18)	$ -
Other	3,032	3,032	596	(2,436)	159
Total revenues	3,052	3,052	598	(2,454)	159
Expenditures					
Current					
Public safety	2,513	2,513	598	1,915	281
Total expenditures	2,513	2,513	598	1,915	281
Change in fund balance	539	539	-	(539)	(122)
Fund balances, July 1	(349)	(349)	(349)	-	(227)
Fund balances, June 30	$ 190	$ 190	$ (349)	$ (539)	$ (349)

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - DIGITAL HOUSTON WIFI
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 12	$ 12	$ 10	$ (2)	$ (3)
WIFI Revenues	-	-	-	-	0
Total revenues	12	12	10	(2)	(3)
Expenditures					
Current					
General government	598	598	503	95	419
Capital outlay	-	-	-	-	-
Total expenditures	598	598	503	95	419
Change in fund balance	(586)	(586)	(493)	93	(422)
Fund balances, July 1	1,108	1,108	1,108	-	1,530
Fund balances, June 30	$ 522	$ 522	$ 615	$ 93	$ 1,108

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Intergovernmental - grants	$ 14,279	$ 14,279	$ 12,015	$ (2,264)	$ 2,564
Investment income	-	-	62	62	(4)
Total revenues	14,279	14,279	12,077	(2,202)	2,560
Expenditures					
Current					
Health	15,932	14,399	6,967	7,432	1
Capital outlay	-	205	87	118	-
Total expenditures	15,932	14,604	7,054	7,550	1
Change in fund balance	(1,653)	(325)	5,023	5,348	2,559
Fund balances, July 1	2,560	2,560	2,560	-	1
Fund balances, June 30	$ 907	$ 2,235	$ 7,583	$ 5,348	$ 2,560

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 540	$ 540	$ 305	$ (235)	$ 342
Charges for services	902	902	920	18	1,006
Investment income	42	42	54	12	(4)
Other	1,004	1,004	1,531	527	878
Total revenues	2,488	2,488	2,810	322	2,222
Expenditures					
Current					
Health	3,141	3,314	2,448	866	2,030
Capital outlay	365	192	42	150	-
Total expenditures	3,506	3,506	2,490	1,016	2,030
Other financing sources (uses)					
Transfers in	400	400	800	400	-
Total other financing sources (uses)	400	400	800	400	-
Change in fund balance	(618)	(618)	1,120	1,738	192
Fund balances, July 1	4,432	4,432	4,432	-	4,240
Fund balances, June 30	$ 3,814	$ 3,814	$ 5,552	$ 1,738	$ 4,432

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 200	$ 200	$ 10	$ (190)	$ (1)
Other	13	13	341	328	240
Total revenues	213	213	351	138	239
Expenditures					
Current					
Public Works	652	652	262	390	158
Capital outlay	-	-	-	-	-
Total expenditures	652	652	262	390	158
Other financing sources (uses)					
Transfers in	-	-	-	-	5
Total other financing sources (uses)	-	-	-	-	5
Change in fund balance	(439)	(439)	89	528	86
Fund balances, July 1	934	934	934	-	848
Fund balances, June 30	$ 495	$ 495	$ 1,023	$ 528	$ 934

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 393	$ 393	$ 3	$ (390)	$ 416
Intergovernmental - grants	12,625	12,625	12,004	(621)	10,954
Investment income	-	-	37	37	25
Total revenues	13,018	13,018	12,044	(974)	11,395
Expenditures					
Current					
Public safety	25,190	25,402	23,794	1,608	22,384
Capital outlay	-	13	6	7	-
Total expenditures	25,190	25,415	23,800	1,615	22,384
Other financing sources (uses)					
Transfers in	12,171	12,171	12,171	-	11,855
Total other financing sources (uses)	12,171	12,171	12,171	-	11,855
Change in fund balance	(1)	(226)	415	641	866
Fund balances, July 1	3,394	3,394	3,394	-	2,528
Fund balances, June 30	$ 3,393	$ 3,168	$ 3,809	$ 641	$ 3,394

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 629	$ 629	$ 629	$ -	$ 603
Intergovernmental - grants	1,861	1,861	1,789	(72)	1,626
Investment income	23	23	28	5	(3)
Other	-	-	1	1	-
Total revenues	2,513	2,513	2,447	(66)	2,226
Expenditures					
Current					
General government	2,725	2,703	2,252	451	2,010
Capital outlay	136	157	57	100	-
Total expenditures	2,861	2,860	2,309	551	2,010
Change in fund balance	(348)	(347)	138	485	216
Fund balances, July 1	2,283	2,283	2,283	-	2,067
Fund balances, June 30	$ 1,935	$ 1,936	$ 2,421	$ 485	$ 2,283

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Interest	$ 18	$ 18	$ 19	$ 1	$ (3)
Other	1,227	1,227	1,328	101	1,226
Total revenues	1,245	1,245	1,347	102	1,223
Expenditures					
Current					
Public safety	1,406	1,406	1,325	81	1,117
Total expenditures	1,406	1,406	1,325	81	1,117
Change in fund balance	(161)	(161)	22	183	106
Fund balances, July 1	1,728	1,728	1,728	-	1,622
Fund balances, June 30	$ 1,567	$ 1,567	$ 1,750	$ 183	$ 1,728

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 395	$ 395	$ 409	$ 14	$ 379
Investment income	4	4	3	(1)	1
Other	-	-	50	50	103
Total revenues	399	399	462	63	483
Expenditures					
Current					
Health	593	593	477	116	477
Total expenditures	593	593	477	116	477
Change in fund balance	(194)	(194)	(15)	179	6
Fund balances, July 1	325	325	325	-	319
Fund balances, June 30	$ 131	$ 131	$ 310	$ 179	$ 325

CITY OF HOUSTON, TEXAS
PUBLIC WORKS SPECIAL FUND - MOBILITY RESPONSE TEAM
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ -	$ -	$ -	$ -	$ (4)
Total revenues	-	-	-	-	(4)
Expenditures					
Current					
Public works	-	-	-	-	-
Total expenditures	-	-	-	-	-
Other financing sources (uses)					
Transfers out	-	-	-	-	(2,098)
Total other financing sources (uses)	-	-	-	-	(2,098)
Change in fund balance	-	-	-	-	(2,102)
Fund balances, July 1	(162)	(162)	(162)	-	1,940
Fund balances, June 30	$ (162)	$ (162)	$ (162)	$ -	$ (162)

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Interest	$ 5	$ 5	$ 5	$ -	$ -
Other	1,205	1,205	1,368	163	1,164
Total revenues	1,210	1,210	1,373	163	1,164
Expenditures					
Current					
Public safety	1,010	972	952	20	1,045
Capital outlay	-	38	38	-	-
Total expenditures	1,010	1,010	990	20	1,045
Other financing sources (uses)					
Operating transfers out	(350)	(350)	(350)	-	(350)
Total other financing sources (uses)	(350)	(350)	(350)	-	(350)
Change in fund balance	(150)	(150)	33	183	(231)
Fund balances, July 1	1,609	1,609	1,609	-	1,840
Fund balances, June 30	$ 1,459	$ 1,459	$ 1,642	$ 183	$ 1,609

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Taxes and assessments					
Parking Violations	$ 10,022	$ 10,022	$ 10,031	$ 9	$ 10,443
Parking Fees	8,390	8,390	8,731	341	8,396
Permit Fees	312	312	361	49	308
Investment income	50	50	56	6	8
Other	10	10	41	31	18
Total revenues	18,784	18,784	19,220	436	19,173
Expenditures					
Current					
General government	11,762	11,723	8,897	2,826	7,803
Capital outlay	94	133	272	(139)	13
Debt service principal	1,519	1,519	1,519	-	1,513
Total expenditures	13,375	13,375	10,688	2,687	9,329
Other financing sources (uses)					
Transfers out	(7,500)	(7,500)	(9,403)	1,903	(9,494)
Total other financing sources (uses)	(7,500)	(7,500)	(9,403)	1,903	(9,494)
Change in fund balance	(2,091)	(2,091)	(871)	1,220	350
Fund balances, July 1	1,556	1,556	1,556	-	1,206
Fund balances, June 30	$ (535)	$ (535)	$ 685	$ 1,220	$ 1,556

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 6,086	$ 6,086	$ 5,781	$ (305)	$ 5,979
Investment income	5	5	12	7	-
Other	43	43	19	(24)	26
Total revenues	6,134	6,134	5,812	(322)	6,005
Expenditures					
Current					
Parks and recreation	6,174	6,174	5,529	645	5,296
Total expenditures	6,174	6,174	5,529	645	5,296
Change in fund balance	(40)	(40)	283	323	709
Fund balances, July 1	1,083	1,083	1,083	-	374
Fund balances, June 30	$ 1,043	$ 1,043	$ 1,366	$ 323	$ 1,083

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 202	$ 202	$ 293	$ 91	$ 463
Charges for services	1,719	1,719	1,411	(308)	1,673
Investment income	70	70	71	1	(8)
Other	36	36	606	570	114
Total revenues	2,027	2,027	2,381	354	2,242
Expenditures					
Current					
Parks and recreation	2,252	2,243	1,420	823	1,260
Capital outlay	-	9	-	9	-
Total expenditures	2,252	2,252	1,420	832	1,260
Change in fund balance	(225)	(225)	961	1,186	982
Fund balances, July 1	6,304	6,304	6,304	-	5,322
Fund balances, June 30	$ 6,079	$ 6,079	$ 7,265	$ 1,186	$ 6,304

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Charges for services	$ 2,697	$ 2,697	$ 3,213	$ 516	$ 2,476
Investment income	200	200	58	(142)	(13)
Other	915	915	2,459	1,544	910
Total revenues	3,812	3,812	5,730	1,918	3,373
Expenditures					
Current					
Public safety	12,023	10,204	10,242	(38)	8,447
Capital outlay	-	1,819	1,786	33	78
Total expenditures	12,023	12,023	12,028	(5)	8,525
Other financing sources (uses)					
Transfers in	4,925	4,925	5,362	437	6,513
Total other financing sources (uses)	4,925	4,925	5,362	437	6,513
Change in fund balance	(3,286)	(3,286)	(936)	2,350	1,361
Fund balances, July 1	6,861	6,861	6,861	-	5,500
Fund balances, June 30	$ 3,575	$ 3,575	$ 5,925	$ 2,350	$ 6,861

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 38	$ 38	$ 21	$ (17)	$ (3)
Other	2,042	2,042	1,158	(884)	986
Total revenues	2,080	2,080	1,179	(901)	983
Expenditures					
Current					
Parks and recreation	810	810	186	624	854
Capital outlay	-	-	-	-	-
Total expenditures	810	810	186	624	854
Other financing sources (uses)					
Transfers in	-	-	680	680	-
Transfers out	(1,882)	(1,882)	(852)	(1,030)	(460)
Total other financing sources (uses)	(1,882)	(1,882)	(172)	(1,710)	(460)
Change in fund balance	(612)	(612)	821	1,433	(331)
Fund balances, July 1	1,687	1,687	1,687	-	2,018
Fund balances, June 30	$ 1,075	$ 1,075	$ 2,508	$ 1,433	$ 1,687

CITY OF HOUSTON, TEXAS
HEALTH & HOUSING SPECIAL FUND - SPECIAL WASTE
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 2,557	$ 2,557	$ 2,743	$ 186	$ 2,434
Investment income	31	31	38	7	(4)
Total revenues	2,588	2,588	2,781	193	2,430
Expenditures					
Current					
Health	3,303	4,403	2,479	1,924	2,071
Capital outlay	1,577	477	59	418	-
Total expenditures	4,880	4,880	2,538	2,342	2,071
Change in fund balance	(2,292)	(2,292)	243	2,535	359
Fund balances, July 1	3,326	3,326	3,326	-	2,967
Fund balances, June 30	$ 1,034	$ 1,034	$ 3,569	$ 2,535	$ 3,326

CITY OF HOUSTON, TEXAS
OTHER SPECIAL REVENUE FUND - SUPPLEMENTAL ENVIRONMENTAL PROJECT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Investment income	$ 2	$ 2	$ 2	$ -	$ -
Other	102	102	115	13	85
Total revenues	104	104	117	13	85
Expenditures					
Current					
General government	90	133	39	94	75
Capital outlay	110	67	-	67	-
Total expenditures	200	200	39	161	75
Change in fund balance	(96)	(96)	78	174	10
Fund balances, July 1	133	133	133	-	123
Fund balances, June 30	$ 37	$ 37	$ 211	$ 174	$ 133

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	2014			Variance with	
	Budget Amounts			Final Budget-	2013
	Original	Final	Actual	Pos (Neg)	Actual
Revenues					
Licenses and permits	$ 974	$ 974	$ 1,121	$ 147	$ 854
Charges for services	-	-	-	-	128
Investment income	1	1	7	6	-
Total revenues	975	975	1,128	153	982
Expenditures					
Current					
Health	916	916	789	127	711
Capital outlay	12	12		12	-
Total expenditures	928	928	789	139	711
Change in fund balance	47	47	339	292	271
Fund balances, July 1	460	460	460	-	189
Fund balances, June 30	$ 507	$ 507	$ 799	$ 292	$ 460

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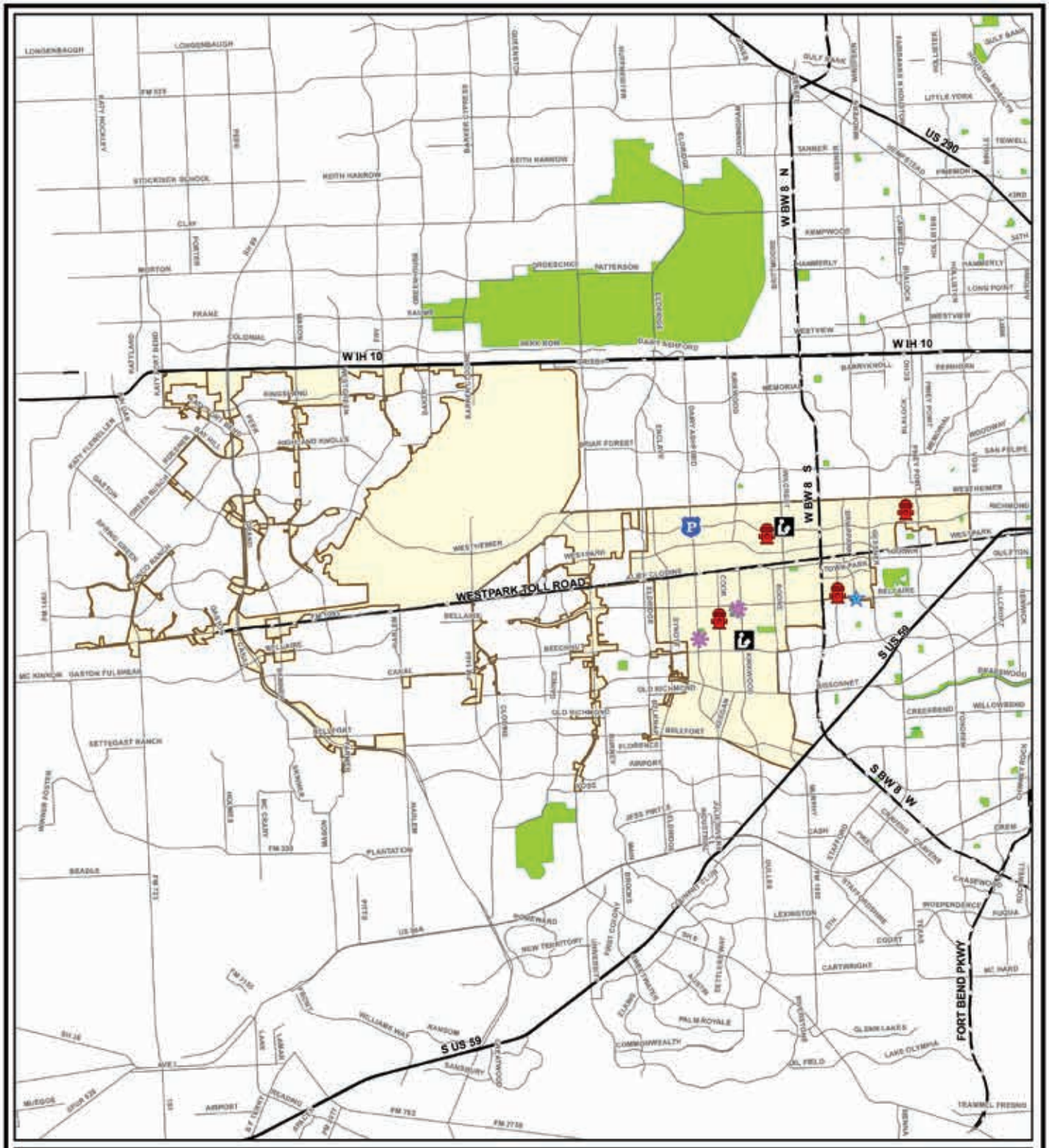


Police Station
Police Storefront
Fire Station
Library
Community Center
Park
District F

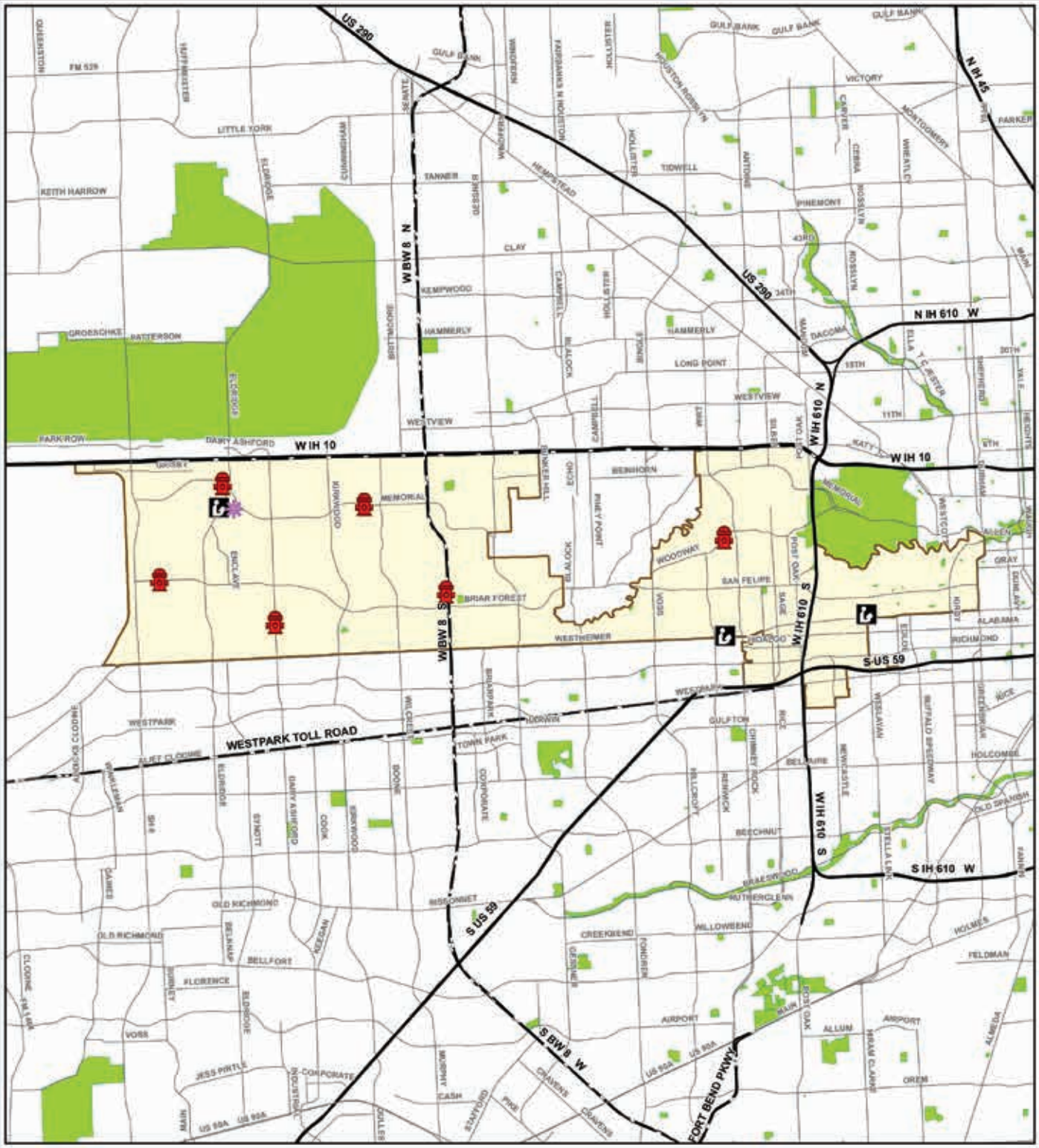
City of Houston
Council District F
Richard Nguyen

0 1.5 3 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_F

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT



Fire Station

Library

Community Center

Park

District G

City of Houston
Council District G
Oliver Pennington

0 1.125 2.25 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_G

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

Enterprise Funds

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

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

Convention and Entertainment Facilities — This fund is used to account for the operations 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, Houston Center for the Arts, Talento Bilingue de Houston, and Miller Outdoor Theater. The parking facilities include the Theater District Parking Garage, the Convention District Garage 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, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Assets		
Current Assets		
Equity in pooled cash and investments	$ 304,175	$ 293,890
Receivables, net of allowances		
Accounts receivable	6,937	10,963
Due from other funds	1,544	1,781
Due from other governments	11,678	8,614
Inventory	1,489	1,758
Prepaid items	3,306	8,112
Restricted assets		
Investments	78	112
Total current assets	329,207	325,230
Noncurrent Assets		
Equity in pooled cash and investments	790,722	753,452
Investments	6,589	6,589
Prepaid items	1,705	1,860
Total noncurrent restricted assets	799,016	761,901
Capital assets		
Land	209,967	209,967
Buildings	2,570,624	2,524,091
Improvements and equipment	2,167,938	2,112,082
Construction in progress	120,187	114,439
Runway rights	10,782	10,562
Less accumulated depreciation	(2,302,394)	(2,135,983)
Net capital assets	2,777,104	2,835,158
Total noncurrent assets	3,576,120	3,597,059
Total assets	$ 3,905,327	$ 3,922,289
Deferred Outflows of Resources		
Unamortized costs on refunded debt	35,972	38,961
Total Deferred Outflows of Resources	35,972	38,961

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Net Position
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Liabilities		
Current Liabilities		
Accounts payable	$ 10,262	$ 10,097
Accrued payroll liabilities	2,159	1,808
Accrued interest payable	47,179	48,362
Contracts and retainages payable	36,370	39,244
Due to other funds	314	372
Advances and deposits	1,876	1,584
Inferior lien contract	5,315	5,040
Claims and judgments	1,096	959
Compensated absences	5,511	5,559
Revenue bonds payable	54,965	55,045
Unearned revenue	2,287	7,546
Total current liabilities	167,334	175,616
Noncurrent liabilities		
Revenue bonds payable, net	2,229,504	2,291,452
Claims and judgments	1,588	1,886
Compensated absences	6,535	5,931
Contracts payable	32,803	-
Inferior lien contracts	17,760	23,075
Commercial paper	1,200	-
Municipal pension trust liability	51,988	48,809
Other post employment benefits	60,445	54,194
Unearned revenue	415	831
Pension obligation bonds payable	2,006	2,006
Total noncurrent liabilities	2,404,244	2,428,184
Total liabilities	2,571,578	2,603,800
Net position		
Net investment in capital assets	490,712	540,279
Restricted net position		
Restricted for debt service	237,416	208,100
Restricted for renewal and replacement	10,000	10,000
Restricted for maintenance and operations	49,736	46,309
Restricted for capital improvements	581,857	552,762
Total net position	$ 1,369,721	$ 1,357,450

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Operating Revenues		
Landing area fees	$ 88,342	$ 91,059
Rentals, building and ground areas	186,505	181,701
Parking	90,173	77,596
Concession	82,528	77,765
Other	4,559	4,873
Total operating revenue	452,107	432,994
Operating Expenses		
Maintenance and operating	285,212	272,091
Depreciation and amortization	172,218	170,846
Total operating expenses	457,430	442,937
Operating loss	(5,323)	(9,943)
Nonoperating revenues (expenses)		
Investment income(loss)	11,166	(1,935)
Other revenue	3,225	1,978
Gain (Loss) on disposal of assets	(17,267)	225
Passenger facility charges	62,602	61,195
Interest expense on long-term debt	(86,746)	(86,295)
Total Nonoperating revenues (expenses)	(27,020)	(24,832)
Loss before contributions and transfers	(32,343)	(34,775)
Capital contributions	44,614	12,761
Change in net position	12,271	(22,014)
Beginning Net Position as previously reported	1,357,450	1,394,510
Cumulative effect of a change in accounting principle	-	(15,046)
Total net position, July 1	1,357,450	1,379,464
Total net position, June 30	$ 1,369,721	$ 1,357,450

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Cash flows from operating activities		
Receipts from customers	$ 451,165	$ 448,169
Payments to employees	(97,177)	(92,792)
Payments to suppliers	(105,221)	(93,390)
Internal activity-payments to other funds	(49,539)	(49,695)
Claims paid	(1,096)	(960)
Other receipts	3,224	1,978
Net cash provided by (used in) operating activities	201,356	213,310
Cash flows from investing activities		
Interest income on investments	11,167	(1,935)
Purchase of investments	(7,999)	(8,294)
Proceeds from sale of investments	8,033	8,340
Net cash provided by (used for) investing activities	11,201	(1,889)
Cash flows from noncapital financing activities		
Interest expense pension obligation bonds	(107)	(107)
Net cash provided by (used in) noncapital financing activities	(107)	(107)
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(55,045)	(52,805)
Proceeds (uses of cash) from issuance of revenue bonds	-	(651)
Proceeds from issuance of commercial paper	1,200	-
Interest expense on debt	(97,530)	(93,629)
Retirement of inferior lien contract	(5,040)	(4,780)
Passenger facilities charges	62,602	61,195
Contributed capital	41,550	8,860
Acquisition of property, plant and equipment	(112,632)	(82,176)
Net cash provided by (used in) capital and related financing activities	(164,895)	(163,986)
Net increase in cash and cash equivalents	47,555	47,328
Cash and cash equivalents, July 1	1,047,342	1,000,014
Cash and cash equivalents, June 30	$ 1,094,897	$ 1,047,342
Non cash transactions		
Capitalized interest expense	5,858	9,189
Gain (loss) on disposal of assets	(17,267)	225
Total non cash transactions	$ (11,409)	$ 9,414
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (5,323)	$ (9,943)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation and amortization	172,218	170,846
Impairment of capital asset	7,710	6,513
Capital improvement plan expense	8,864	12,939
Other post employment benefits	3,179	3,332
Other revenues	3,224	1,978
Changes in assets and liabilities		
Accounts receivable	4,025	14,705
Due from other funds	237	(499)
Inventory and prepaid insurance	5,075	4,242
Accounts payable	175	3,137
Accrued payroll liabilities	351	187
Due to other funds	(58)	(1,480)
Advances and deposits	(4,967)	469
Claims and judgments - workers' compensation	(161)	55
Compensated absences	556	(476)
Pension Obligation payable	6,251	7,305
Net cash provided by operating activities	$ 201,356	$ 213,310

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Assets		
Current Assets		
Equity in pooled cash and investments	$ 76,439	$ 74,740
Receivables, net of allowances		
Accounts receivable	76	80
Hotel occupancy tax receivable	25,078	21,799
Due from component units	5,556	16,695
Due from other funds	113	216
Due from other governments	1,035	1,035
Prepaid items	859	859
Total current assets	109,156	115,424
Noncurrent Assets		
Equity in pooled cash and investments	51,042	45,898
Due from component units	258,091	261,406
Total noncurrent restricted assets	309,133	307,304
Capital assets		
Land	96,311	96,311
Buildings	557,952	557,952
Improvements and equipment	12,471	12,603
Infrastructure	334	334
Construction in progress	788	788
Garage rights	13,144	13,144
Less accumulated depreciation and amortization	(245,654)	(231,567)
Net capital assets	435,346	449,565
Total noncurrent assets	744,479	756,869
Total assets	$ 853,635	$ 872,293

(Continued)

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Net Position
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Liabilities		
Current Liabilities		
Accounts payable	$ 217	$ 339
Accrued payroll liabilities	43	52
Accrued interest payable	4,323	4,577
Commercial paper	42,000	42,000
Due to other funds	176	-
Due to component units	38,443	40,622
Due to other governments	-	74
Advances and deposits	4	4
Compensated absences	49	106
Pension obligation bonds payable	65	60
Revenue bonds payable	22,415	26,215
Total current liabilities	107,735	114,049
Noncurrent liabilities		
Revenue bonds payable	553,875	563,761
Compensated absences	185	297
Arbitrage rebate	180	135
Municipal pension trust liability	4,938	4,858
Other post employment benefits	3,866	3,656
Unearned revenue	9,253	8,164
Pension obligation bonds payable	3,759	3,824
Total noncurrent liabilities	576,056	584,695
Total liabilities	683,791	698,744
Deferred Inflows of Resources		
Deferred Inflows	3,577	3,758
Total Deferred Inflows of Resources	3,577	3,758
Net Position		
Net investment in capital assets	96,145	108,215
Restricted net position		
Restricted for debt service	46,719	39,865
Restricted for renewal and replacement	1,044	1,033
Restricted for maintenance and operations	20,711	18,967
Unrestricted	1,648	1,711
Total net position	$ 166,267	$ 169,791

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Operating Revenues		
Parking	$ 9,744	$ 8,992
Rental	1,380	1,380
Total operating revenue	11,124	10,372
Operating Expenses		
Maintenance and operating	73,190	63,062
Depreciation and amortization	14,219	14,488
Total operating expenses	87,409	77,550
Operating loss	(76,285)	(67,178)
Nonoperating revenue (expenses)		
Investment income	9,637	9,080
Hotel occupancy tax	90,119	76,325
Other revenue	292	413
Interest on long-term debt	(25,907)	(26,150)
Total Nonoperating revenues (expenses)	74,141	59,668
Income before contributions and transfers	(2,144)	(7,510)
Transfers out	(1,380)	(1,380)
Total transfers	(1,380)	(1,380)
Change in net position	(3,524)	(8,890)
Beginning Net Position as previously reported	169,791	180,137
Cumulative effect of a change in accounting principle	-	(1,456)
Total net position, July 1	169,791	178,681
Total net position, June 30	$ 166,267	$ 169,791

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Cash flows from operating activities		
Receipts from customers	$ 11,129	$ 10,372
Payments to employees	(489)	(367)
Payments to suppliers	(673)	(933)
Internal activity-payments to other funds	279	(31)
Claims paid	(1)	2
Due to (from) other governments	(74)	(15)
Other revenues	-	412
Other expenses	(73,371)	(62,662)
Receipts from component units	1,380	(294)
Net cash provided by for operating activities	(61,820)	(53,516)
Cash flows from investing activities		
Interest income on investments	9,637	9,080
Net cash provided by (used in) investing activities	9,637	9,080
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(26,215)	(27,530)
Retirement of pension bonds	(60)	-
Refunding of revenue bonds	-	(41,245)
Proceeds from issuance of revenue bonds	-	41,525
Retirement of commercial paper	-	(1,000)
Interest expense on debt	(13,805)	(13,727)
Acquisition of property, plant and equipment, net	-	(1,880)
Net cash used in for capital and related financing activities	(40,080)	(43,857)
Cash flows from noncapital financing activities		
Payments from component unit	12,275	5,934
Hotel occupancy tax revenue	86,839	74,606
Interest expense on pension obligation bonds	(10)	(10)
Net cash provided by (used in) noncapital financing activities	99,104	80,530
Net decrease in cash and cash equivalents	6,843	(7,763)
Cash and cash equivalents, July 1	120,638	128,401
Cash and cash equivalents, June 30	$ 127,481	$ 120,638

(Continued)

CITY OF HOUSTON, TEXAS
CONVENTION & ENTERTAINMENT
Statement of Cash Flows
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Non cash transactions		
Unrealized gain on investments	$ 492	$ 1,374
Total non cash transactions	$ 492	$ 1,374
Reconciliation of operating loss to net cash provided by operating activities		
Operating loss	$ (76,285)	$ (67,178)
Depreciation and amortization	14,219	14,488
Other post employment benefits	210	324
Other revenues	292	413
Changes in assets and liabilities		
Accounts receivable and prepaids	3	(1)
Arbitrage Rebate	44	-
Due from other funds	103	53
Accounts payable	(122)	283
Accrued payroll liabilities	(8)	(24)
Due to other funds	176	(69)
Due to other governments	(74)	(15)
Compensated absences	(168)	(251)
Deferred revenue	(290)	(1,674)
Pension Obligation payable	80	135
Net cash provided by operating activities	$ (61,820)	$ (53,516)

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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Assets		
Current assets		
Equity in pooled cash and investments	$ 720,060	$ 650,828
Receivables, net of allowances		
Accounts receivable	104,728	113,175
Special assessments receivable	93	93
Due from other funds	12,195	10,222
Due from other governments	1,484	1,442
Inventory	12,258	12,784
Prepaid items	3,563	4,305
Total current assets	854,381	792,849
Noncurrent Assets		
Equity in pooled cash and investments	317,990	273,832
Prepaids	15,673	16,440
Due from other governments	4,321	4,321
Amounts held by other governments	10,861	10,867
Total noncurrent restricted assets	348,845	305,460
Capital assets		
Land	134,540	130,486
Buildings	198,137	194,816
Improvements and equipment	154,087	138,490
Plants, lines and rights	9,705,332	9,547,114
Construction in progress	336,799	236,672
Water rights	462,065	462,065
Less accumulated depreciation and amortization	(5,001,590)	(4,859,781)
Net capital assets	5,989,370	5,849,862
Total noncurrent assets	6,338,215	6,155,322
Total assets	7,192,596	6,948,171
Deferred outflows of resources		
SWAP liability/Unamortized cost on refunded debt	294,743	316,450
Total dererred outflows of resources	$ 294,743	$ 316,450

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Net Position
June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

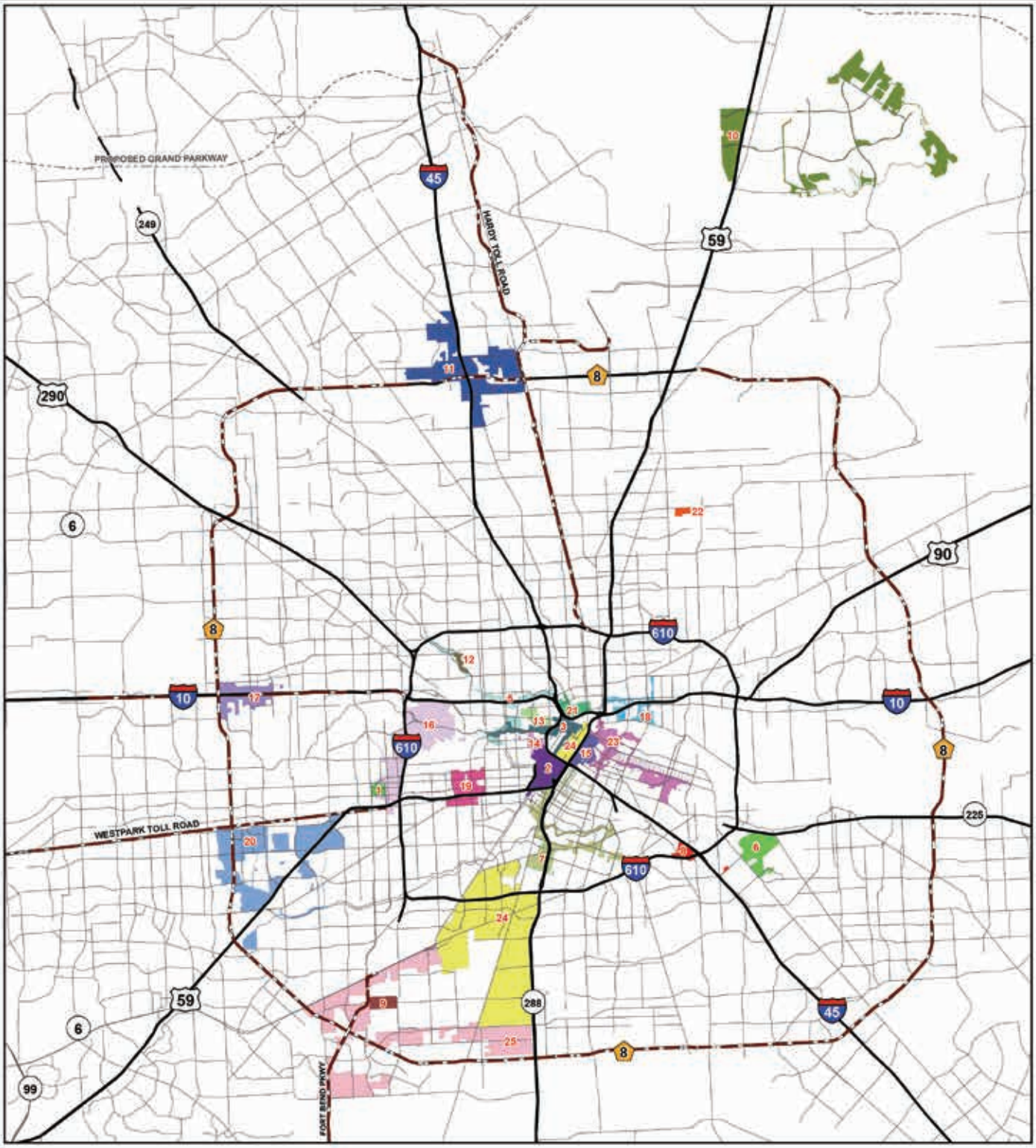
	2014	RESTATED 2013
Liabilities		
Current Liabilities		
Accounts payable	$ 113,856	$ 79,119
Accrued payroll liabilities	3,346	2,968
Accrued interest payable	37,531	36,761
Contracts payable	14,394	14,401
Due to other funds	5,817	1,732
Due to other governments	863	765
Advances and deposits	52,117	47,598
Pension obligation bonds payable ST	1,885	910
Claims and judgments	731	395
Compensated absences	9,793	9,019
Commercial paper payable	180,000	-
Arbitrage rebate	-	152
Revenue bonds payable	141,400	134,030
Total current liabilities	561,733	327,850
Noncurrent liabilities		
Revenue bonds payable	6,002,579	6,088,774
Claims and judgments	1,023	670
Compensated absences	10,315	10,735
Contracts payable	117,477	132,159
Arbitrage rebate	303	327
Municipal pension trust liability	80,140	75,246
Other post employment benefits	106,123	94,045
SWAP liability	215,742	212,700
Unearned revenue	326,110	345,137
Pension obligation bonds payable	59,272	60,247
Total noncurrent liabilities	6,919,084	7,020,040
Total liabilities	7,480,817	7,347,890
Deferred inflows of resources		
Deferred inflow on SWAP liability	-	-
Total deferred inflows of resources	-	-
Net Position		
Net investment in capital assets	(345,969)	(146,185)
Restricted net position		
Restricted for maintenance and operations	71,776	70,020
Restricted for capital improvements	1,484	1,442
Unrestricted	279,231	(8,546)
Total net position (deficit)	$ 6,522	$ (83,269)

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	RESTATED 2013
Operating Revenues		
Water/Sewer Billing	$ 953,408	$ 924,690
Total operating revenue	953,408	924,690
Operating Expenses		
Maintenance and operating	399,647	395,439
Depreciation and amortization	223,381	217,622
Total operating expenses	623,028	613,061
Operating income	330,380	311,629
Nonoperating revenue (expenses)		
Investment income	10,688	(507)
Other revenue	69,370	41,521
Loss on disposal of assets	(5,397)	(286)
Interest on long-term debt	(291,122)	(282,466)
Contributions in	10,692	10,834
Total Nonoperating revenues (expenses)	(205,769)	(230,904)
Income before contributions and transfers	124,611	80,725
Capital contributions	5,768	7,039
Transfers in	70	70
Transfers out	(40,658)	(54,581)
Total transfers	(40,588)	(54,511)
Change in net position	89,791	33,253
Total net position, July 1, as previously reported	(83,269)	(56,442)
Cumulative effect of a change in an accounting principal	-	(60,080)
Beginning net assets, July 1	(83,269)	(116,522)
Total net position, June 30	$ 6,522	$ (83,269)

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM
Statement of Cash Flows
For the Year Ended June 30, 2014
(With comparative amounts for 2013)
amounts expressed in thousands

	2014	2013
Cash flows from operating activities		
Receipts from customers	$ 966,372	$ 922,338
Payments to employees	(154,079)	(149,804)
Payments to suppliers	(163,423)	(204,994)
Internal activity-payments to other funds	(23,214)	(29,715)
Claims paid	(1,342)	(1,329)
Other revenues	69,369	41,521
Receipts from other governments	-	(1,765)
Net cash provided by operating activities	693,683	576,252
Cash flows from investing activities		
Interest income on investments	10,688	(507)
Net cash provided by (used in) investing activities	10,688	(507)
Cash flows from capital and related financing activities		
Retirement of revenue bonds	(148,425)	(136,157)
Retirement of commercial paper	180,000	(110,400)
Refunding of revenue bonds	(1,594)	(350,246)
Proceeds from issuance of revenue bonds - net	113,455	790,222
Interest expense on debt	(292,396)	(274,979)
Proceeds from disposition of assets	2,123	596
Deferred bond issuance cost	(48,598)	(1,911)
Contributed capital	2,197	14,210
Due from other governments	(40)	(114)
Acquisition of property, plant and equipment	(351,509)	(302,443)
Net cash used for capital and related financing activities	(544,787)	(371,222)
Cash flows from noncapital financing activities		
Interest expense on pension obligation bonds	(4,705)	(3,814)
Pension bond payable	(975)	(910)
Transfers to debt service fund	(13,094)	(15,807)
Transfers to other funds	(27,420)	(38,704)
Net cash used in noncapital financing activities	(46,194)	(59,235)
Net increase(decrease) in cash and cash equivalents	113,390	145,288
Cash and cash equivalents, July 1	924,660	779,372
Cash and cash equivalents, June 30	$ 1,038,050	$ 924,660
Non cash transactions		
Contributed Capital	(5,768)	(7,039)
Capitalized interest expense	13,132	11,039
CAB accretion interest	8,371	8,371
Gain on disposal of assets	5,397	286
Total non cash transactions	$ 21,132	$ 12,657
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 330,380	$ 311,629
Depreciation and amortization	223,381	217,622
Other post employment benefits	12,078	13,809
Other revenues	69,371	41,521
Accounts receivable	8,447	(5,608)
Due from other funds	(1,973)	(1,384)
Due from other governments	104	(1,694)
Inventory & prepaid insurance	1,268	(2,739)
Accounts payable	34,733	(3,956)
Accrued payroll liabilities	378	336
Due to other funds	4,084	(1,538)
Advances and deposits	4,520	3,258
Claims and judgments-workers' compensation	689	(310)
Compensated absences	354	(858)
Pension obligation payable	5,869	6,164
Net cash provided by operating activities	$ 693,683	$ 576,252



City of Houston
Tax Incremental Reinvestment Zones

See Over for List.

TIRZ

0 2.25 4.5 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_tirz

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PLANNING & DEVELOPMENT DEPARTMENT

List of TIRZ Locations

Tax Increment Reinvestment Zones (TIRZs) are special zones created by City Council to attract new investment to an area. TIRZs help finance the cost of redevelopment and encourage development in an area that would otherwise not attract sufficient market development in a timely manner. Taxes attributable to new improvements (tax increments) are set-aside in a fund to finance public improvements within the boundaries of the zone.

1	ST. GEORGE PLACE
2	MIDTOWN
3	MARKET SQUARE
5	MEMORIAL HEIGHTS
6	EASTSIDE
7	O.S.T./ALMEDA
8	GULFGATE
9	SOUTH POST OAK
10	LAKE HOUSTON
11	GREENSPOINT
12	CITY PARK
13	OLD SIXTH WARD
14	FOURTH WARD
15	EAST DOWNTOWN
16	UPTOWN
17	MEMORIAL CITY
18	FIFTH WARD
19	UPPER KIRBY
20	SOUTHWEST HOUSTON
21	HARDY/NEAR NORTHSIDE
22	LELAND WOODS
23	HARRISBURG
24	GREATER HOUSTON
25	HIRAM CLARKE/FB HOUSTON

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2014	2013
Assets				
Current assets				
Cash and cash equivalents				
Equity in pooled cash and investments	$ 65,242	$ 9,581	$ 74,823	$ 58,851
Receivables, net of allowances				
Accounts receivable	1,398	-	1,398	3
Due from other funds	1	-	1	718
Due from other	59	-	59	167
Prepaid items	3	-	3	3
Total current assets	66,703	9,581	76,284	59,742
Capital assets				
Buildings, improvements and equipment	514	-	514	514
Construction in progress	8	-	8	25
Total capital assets	522	-	522	539
Less accumulated depreciation	(342)	-	(342)	(270)
Accumulated depreciation	(342)	-	(342)	(270)
Net capital assets	180	-	180	269
Total noncurrent assets	180	-	180	269
Total Assets	66,883	9,581	76,464	60,011
Liabilities				
Current Liabilities				
Accounts Payable	191	35	226	1,512
Accrued payroll liabilities	93	-	93	68
Due to other funds	2	-	2	14,117
Claims and judgments	20,278	1,775	22,053	25,037
Compensated absences	224	-	224	202
Unearned revenue	2,720	-	2,720	2,836
Total current liabilities	23,508	1,810	25,318	43,772
Noncurrent liabilities				
Claims and judgments	13,000	6,294	19,294	6,402
Compensated absences	221	-	221	187
Total noncurrent liabilities	13,221	6,294	19,515	6,589
Total liabilities	36,729	8,104	44,833	50,361
Net Position				
Net investment in capital assets	180	-	180	269
Unrestricted	29,974	1,477	31,451	9,381
Total net position	$ 30,154	$ 1,477	$ 31,631	$ 9,650

CITY OF HOUSTON, TEXAS
INTERNAL SERVICE FUNDS
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2014	2013
Operating Revenues				
Other	$ 4,282	$ -	$ 4,282	$ 4,753
Health benefit premiums	335,104	1,257	336,361	332,556
Total operating revenues	339,386	1,257	340,643	337,309
Operating Expenses				
Administrative costs	6,330	22	6,352	5,121
Claims Costs	312,661	285	312,946	309,744
Depreciation and amortization	72	-	72	61
Total operating expenses	319,063	307	319,370	314,926
Operating income (loss)	20,323	950	21,273	22,383
Nonoperating revenues (expenses)				
Investment income	607	101	708	(5)
Total Nonoperating revenues (expenses)	607	101	708	(5)
Income (loss) before contributions and transfers	20,930	1,051	21,981	22,378
Change in net position	20,930	1,051	21,981	22,378
Total net position (deficit), July 1	9,224	426	9,650	(12,728)
Total net position (deficit), June 30	$ 30,154	$ 1,477	$ 31,631	$ 9,650

INTERNAL SERVICE FUNDS
Combining Statement of Cash Flows
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Health Benefits	Long-term Disability	2014	2013
Cash flows from operating activities				
Receipts from customers	$ 333,710	$ 1,257	$ 334,967	$ 332,553
Payments to employees	(4,037)	-	(4,037)	(3,643)
Payments to suppliers	(3,471)	(5)	(3,476)	(4,210)
Internal activity-payments to other funds	(13,525)	-	(13,525)	13,310
Claims paid	(301,953)	(1,119)	(303,072)	(309,721)
Due from other governments	108	-	108	4,459
Other revenues	4,282	-	4,282	4,753
Net cash provided by (used in) operating activities	15,114	133	15,247	37,501
Cash flows from investing activities				
Interest income on investments	607	101	708	(5)
Net cash provided by investing activities	607	101	708	(5)
Cash flows from capital and related financing activities				
Acquisition of property, plant and equipment	17	-	17	(185)
Net cash provided by (used for) capital and related financing activities	17	-	17	(185)
Net increase (decrease) in cash and cash equivalents	15,738	234	15,972	37,311
Cash and cash equivalents, July 1	49,504	9,347	58,851	21,540
Cash and cash equivalents, June 30	$ 65,242	$ 9,581	$ 74,823	$ 58,851
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	$ 20,323	$ 950	$ 21,273	$ 22,383
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation	72	-	72	61
Changes in assets and liabilities				
Accounts receivable	(1,394)	-	(1,394)	(2)
Due from other funds	716	-	716	(713)
Due from other governments	108	-	108	4,459
Accounts payable	(1,281)	(5)	(1,286)	(2,950)
Accrued payroll liabilities	25	-	25	6
Due to other funds	(14,116)	-	(14,116)	14,078
Claims for workers' compensation	10,720	(812)	9,908	51
Compensated absences	57	-	57	6
Deferred revenue	(116)	-	(116)	122
Net cash provided by operating activities	$ 15,114	$ 133	$ 15,247	$ 37,501

Police Station
Police Storefront
Fire Station
Multi Service Center
Health Center
Library
Community Center
Park
District H

City of Houston
Council District H
Ed Gonzalez

0 0.875 1.75 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_H

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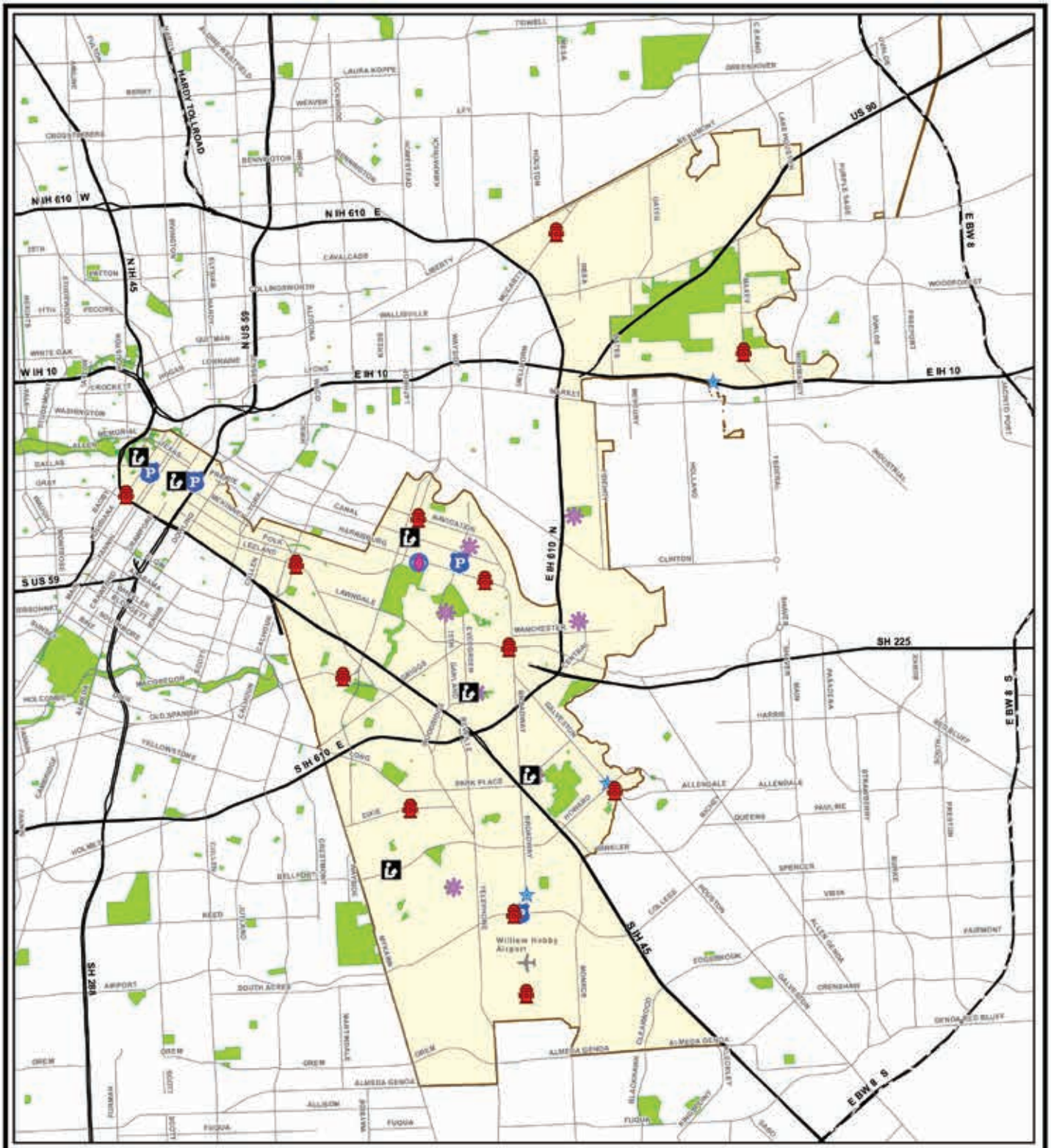
PLANNING & DEVELOPMENT DEPARTMENT



Police Station
Police Storefront
Fire Station
Multi Service Center
Health Center
Library
Community Center
Park
District I

City of Houston
Council District I
Robert Gallegos

0 1 2 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_I

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PLANNING & DEVELOPMENT DEPARTMENT

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, 2014
(With comparative totals for 2013)
amounts expressed in thousands

	Firefighters' Relief and Retirement Pension Trust Fund
Assets	
Cash	$ 3,748
Investments	
U.S. government and agency securities	-
Corporate bonds	-
Other fixed income securites	1,220,890
Commingled equity funds	-
Common and preferred stock	1,557,858
Real estate, partnerships and alternatives	1,007,828
Short-term investment funds	123,988
Invested secuities lending collateral	137,966
Receivables, net of allowances	
Due from broker	12
Contributions	3,145
Accrued interest and dividends	16,457
Other	21,456
Other assets	581
Land	483
Building	5,208
Total assets	4,099,620
Liabilities and plan net position	
Liabilities	
Accounts payable	41,572
Securities lending collateral	137,966
Foreign funds contracts payable	7,207
Other liabilities	50
Total liabilities	186,795
Plan net position held in trust for pension benefits	$ 3,912,825

(Continued)

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2014	2013
$ 401	$ 701	$ 4,850	$ 14,551
83,700	-	83,700	64,523
223,849	-	223,849	233,868
-	383,346	1,604,236	1,849,495
382,672	-	382,672	279,271
866,082	997,732	3,421,672	2,838,950
859,757	2,090,767	3,958,352	3,378,419
48,569	831,028	1,003,585	707,176
139,504	41,986	319,456	500,142
378	61,695	62,085	5,410
-	26,539	29,684	28,593
-	2,181	18,638	22,398
18,495	7	39,958	25,778
444	-	1,025	1,309
-	-	483	483
-	-	5,208	5,446
2,623,851	4,435,982	11,159,453	9,955,812
14,147	45,533	101,252	47,211
139,504	41,986	319,456	500,142
378	-	7,585	1,301
5,383	586	6,019	5,732
159,412	88,105	434,312	554,386
$ 2,464,439	$ 4,347,877	$ 10,725,141	$ 9,401,426

CITY OF HOUSTON, TEXAS
PENSION TRUST FUNDS
Combining Statement of Changes in Plan Net Position
For the Year Ended June 30, 2014
(With comparative totals for 2013)
amounts expressed in thousands

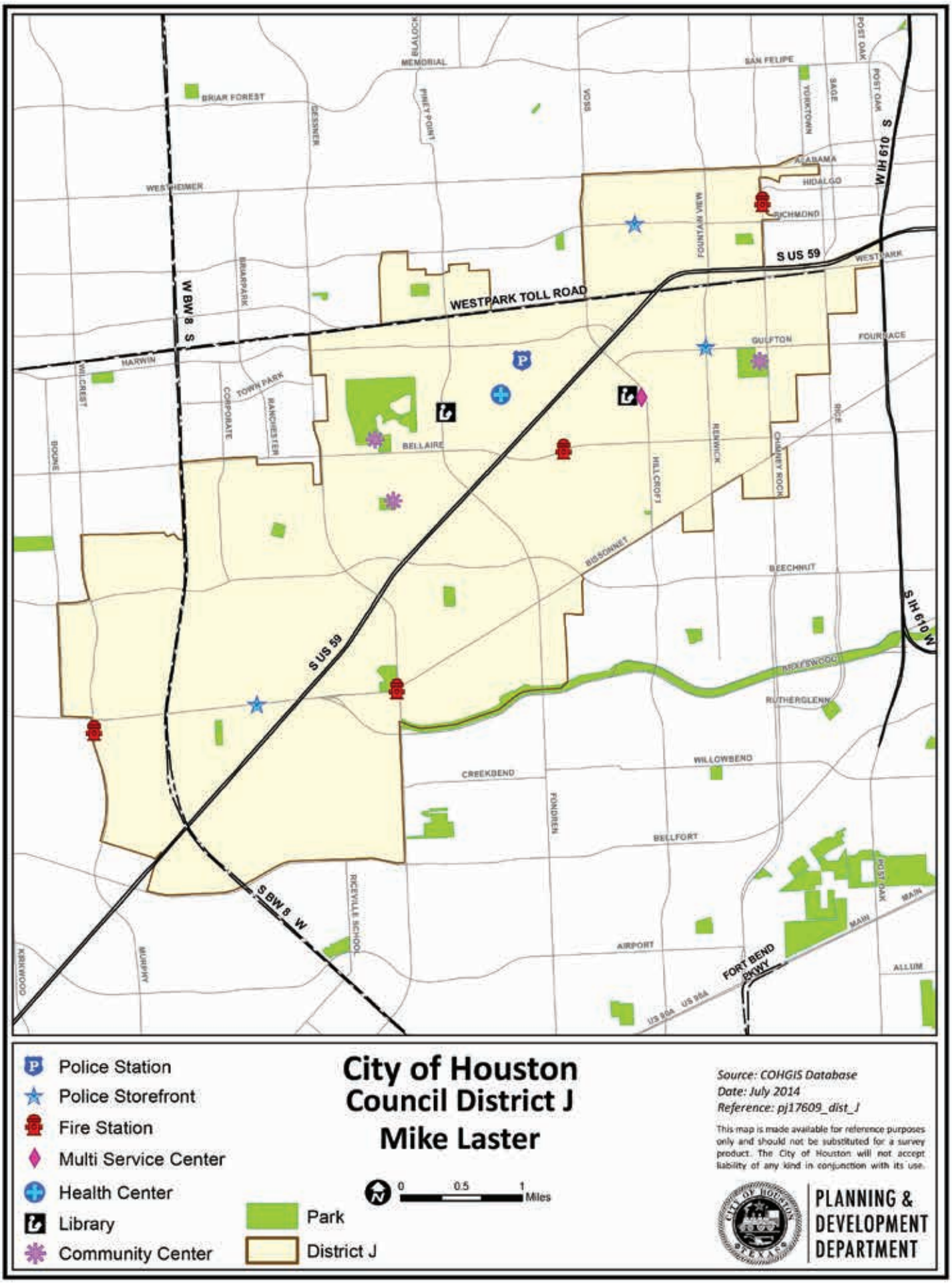
	Firefighters' Relief and Retirement Pension Trust Fund
Additions:	
Contributions	
City of Houston	$ 64,338
Members	23,994
Total Contributions	88,332
Investment income	
Interest	59,396
Net appreciation(depreciation) in fair value of investments	504,461
Dividends	29,494
Income on securities lending	120
Earnings from real estate, limited partnerships real estate investments, and other investments	4,888
Other income	486
Total investment and other income (loss)	598,845
Less - investment expense	(9,701)
Less - cost of securities lending	374
Total additions (reductions)	677,850
Deductions:	
Benefits paid to members	186,333
Refunds to members	785
Other	8,343
Total deductions	195,461
Net increase (decrease)	482,389
Plan net position held in trust for pension benefits, beginning of year	3,430,437
Plan net position held in trust for pension benefits, end of year	$ 3,912,826

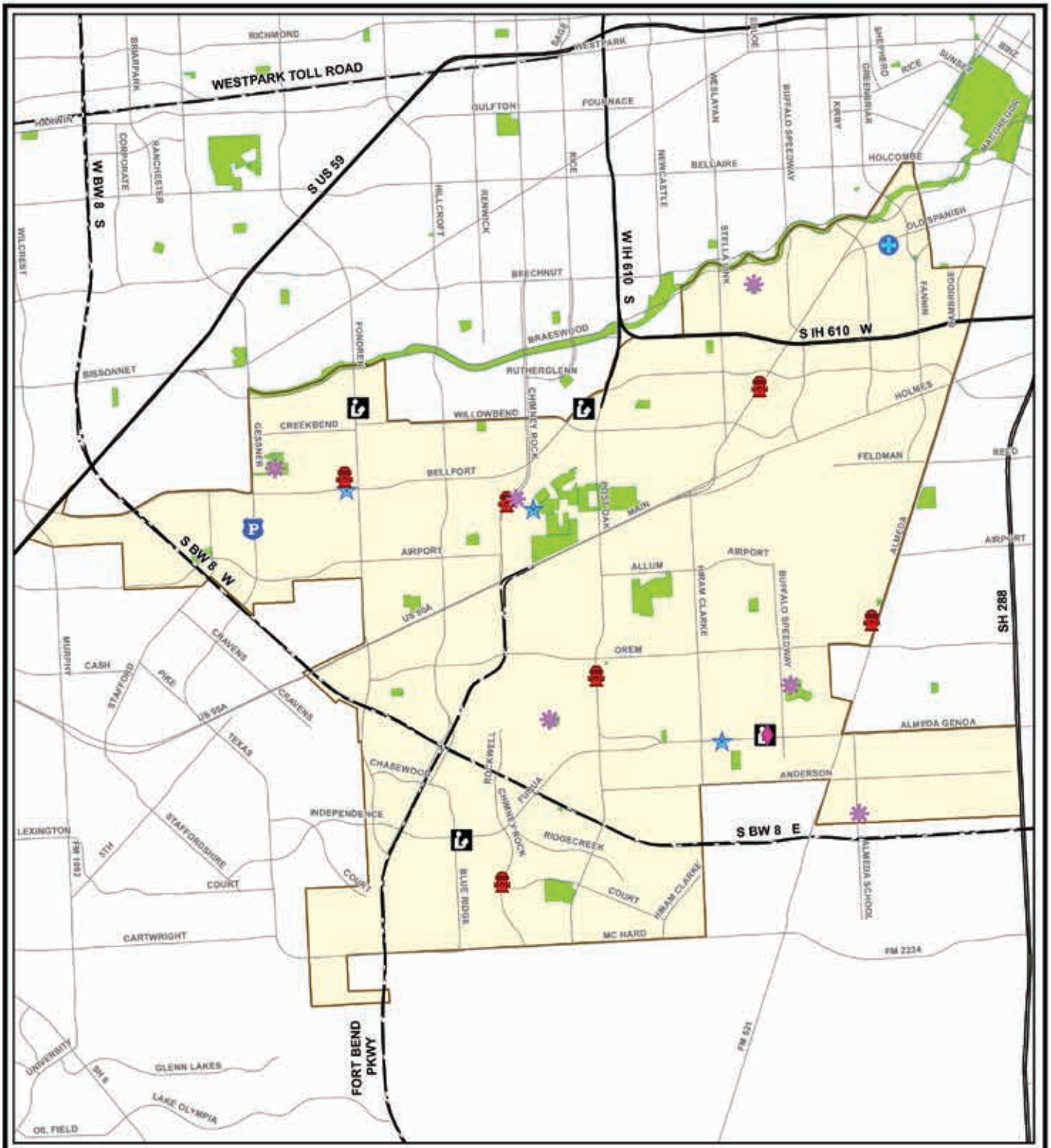
(Continued)

Municipal Employees' Pension Trust Fund	Police Officers' Pension Trust Fund	2014	2013
$ 128,274	$ 103,372	$ 295,984	$ 267,379
16,580	37,012	77,586	76,009
144,854	140,384	373,570	343,388
24,080	25,288	108,764	110,891
311,189	625,973	1,441,623	735,047
19,523	18,119	67,136	66,175
829	175	1,124	1,674
4,996	-	9,884	13,546
730	2,167	3,383	4,699
361,347	671,722	1,631,914	932,032
(8,585)	(22,525)	(40,811)	(31,217)
(240)	(44)	90	(122)
497,376	789,537	1,964,763	1,244,081
221,925	211,690	619,948	587,662
1,213	906	2,904	2,438
6,415	3,439	18,197	18,889
229,553	216,035	641,049	608,989
267,823	573,502	1,323,714	635,092
2,196,615	3,774,375	9,401,427	8,766,334
$ 2,464,438	$ 4,347,877	$ 10,725,141	$ 9,401,426

CITY OF HOUSTON, TEXAS
AGENCY FUNDS
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2014
amounts expressed in thousands

	July 1, 2013	Additions	Deletions	June 30, 2014
Payroll Revolving Fund				
Assets				
Equity in pooled cash and investments	$ 6,723	$ 7,238,864	$ 7,238,935	$ 6,652
Accounts receivable	128	192	130	190
Due from other funds	(7)	-	(7)	-
Total assets	$ 6,844	$ 7,239,056	$ 7,239,058	$ 6,842
Liabilities				
Accounts payable	$ 6,844	$ 2,674,220	$ 2,674,222	$ 6,842
Total liabilities	$ 6,844	$ 2,674,220	$ 2,674,222	$ 6,842
City Deposit Fund				
Assets				
Equity in pooled cash and investments	$ 131	$ -	$ -	$ 131
Total assets	$ 131	$ -	$ -	$ 131
Liabilities				
Advances and deposits	$ 131	$ -	$ -	$ 131
Total liabilities	$ 131	$ -	$ -	$ 131
Tax Clearing Fund				
Assets				
Equity in pooled cash and investments	$ 12,858	$ 192,950	$ 180,787	$ 25,021
Total assets	$ 12,858	$ 192,950	$ 180,787	$ 25,021
Liabilities				
Accounts payable	$ 12,858	$ 338,061	$ 325,898	$ 25,021
Total liabilities	$ 12,858	$ 338,061	$ 325,898	$ 25,021
Totals - All Agency Funds				
Assets				
Equity in pooled cash and investments	$ 19,712	$ 7,431,814	$ 7,419,722	$ 31,804
Accounts receivable	128	192	130	190
Due from other funds	(7)	-	(7)	-
Total assets	$ 19,833	$ 7,432,006	$ 7,419,845	$ 31,994
Liabilities				
Accounts payable	$ 19,702	$ 3,012,281	$ 3,000,120	$ 31,863
Advances and deposits	131	-	-	$ 131
Total liabilities	$ 19,833	$ 3,012,281	$ 3,000,120	$ 31,994


City of Houston
Council District J
Mike Laster
Police Station
Police Storefront
Fire Station
Multi Service Center
Health Center
Library
Community Center
Park
District J
0 0.5 1 Miles
Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_J
This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.
PLANNING & DEVELOPMENT DEPARTMENT
WESTPARK TOLL ROAD
S US 59
W BW 8 S
S BW 8 W
W IH 610 S
S IH 610 W
FORT BEND PKWY
US 90A
MEMORIAL
SAN FELIPE
WESTHEIMER
ALABAMA
HIDALGO
RICHMOND
WESTPARK
GULFTON
FOUR PACE
HARWIN
BELLAIRE
BIGSONNET
BEECHNUT
RUTHERGLEN
WILLOWBEND
CREEKBEND
BELLFORT
AIRPORT
ALLUM
MAIN
POST OAK
BRIAR FOREST
BLALOCK
PINEY POINT
DESSNER
VOSS
YORKTOWN
SAGE
FOUNTAIN VIEW
BRIARPARK
TOWN PARK
CORPORATE
RANCHESTER
WILCREST
BOONE
HILLCROFT
RENWICK
CHIMNEY ROCK
RICE
FONDREN
RICEVILLE SCHOOL
MURPHY
KIRKWOOD



City of Houston
Council District K
Larry Green

Source: COHGIS Database
Date: July 2014
Reference: pj17609_dist_K

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

Discretely Presented Component Units
(Governmental and Business-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.

Governmental – This category is primarily comprised of advisory boards and redevelopment authorities:

- City Park Redevelopment Authority
- East Downtown Redevelopment Authority
- Fifth Ward Redevelopment Authority
- Fourth Ward Redevelopment Authority
- Greater Greenspoint Redevelopment Authority
- Greater Houston Convention and Visitors Bureau
- Gulfgate Redevelopment Authority
- Hardy Near Northside Redevelopment Authority
- Houston Area Library Automated Network (HALAN)
- Houston Arts Alliance
- Houston Downtown Park Corporation
- Houston Forensic Science LGC, Inc.
- Houston Media Source
- Houston Parks Board, Inc.
- Houston Parks Board LGC, Inc.
- Houston Public Library Foundation
- Houston Recovery Center LGC
- Lake Houston Redevelopment Authority
- Lamar Terrace Public Improvement District
- Land Assemblage Redevelopment Authority
- Leland Woods Redevelopment Authority I
- Leland Woods Redevelopment Authority II
- Main Street Market Square Redevelopment Authority
- Memorial City Redevelopment Authority
- Memorial-Heights Redevelopment Authority
- Midtown Redevelopment Authority
- Miller Theatre Advisory Board
- Old Sixth Ward Redevelopment Authority
- OST/Almeda Corridors Redevelopment Authority
- Saint George Place Redevelopment Authority
- South Post Oak Redevelopment Authority
- Southwest Houston Redevelopment Authority
- Upper Kirby Redevelopment Authority
- Uptown Development Authority

Business-type – This category is comprised of:

- Houston First Corporation
- Houston Housing Finance Corporation
- Houston Zoo Inc.

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2014
amounts expressed in thousands

	City Park Redevelopment Authority	East Downtown Redevelopment Authority	Fifth Ward Redevelopment Authority	Fourth Ward Redevelopment Authority	Greater Greenspoint Redevelopment Authority	Greater Houston Convention & Visitors Bureau
Assets						
Current Assets						
Cash	$ 555	$ 4,288	$ 396	$ 2,229	$ 20,426	$ 7,147
Equity in pooled cash and investments	-	795	-	8,576	12,942	-
Receivables, net of allowances						
Accounts receivable	-	126	51	-	-	4,206
Accrued interest and other	-	-	-	-	-	-
Due from primary government	-	-	-	-	-	-
Inventory	-	-	-	-	-	5
Prepaid items	-	-	-	1	-	242
Restricted assets						
Investments	-	-	-	-	-	-
Other receivables	4	-	-	-	-	-
Total current assets	559	5,209	447	10,806	33,368	11,600
Noncurrent Assets						
Investments	-	-	-	-	-	505
Deferred charges for issuance cost	-	-	-	-	-	-
Total noncurrent assets	-	-	-	-	-	505
Land	-	315	177	200	4,613	-
Buildings, improvements and equipment	1,199	-	-	-	60	1,519
Plants, lines and rights	-	-	-	-	6,493	-
Construction in progress	-	57	-	-	-	-
Total capital assets	1,199	372	177	200	11,166	1,519
Less accumulated depreciation						
Buildings, improvements and equipment	(480)	-	-	-	(60)	(778)
Accumulated depreciation	(480)	-	-	-	(60)	(778)
Net capital assets	719	372	177	200	11,106	741
Total noncurrent assets	719	372	177	200	11,106	1,246
Total assets	1,278	5,581	624	11,006	44,474	12,846
Liabilities						
Current Liabilities						
Accounts payable	-	225	15	27	396	1,132
Accrued payroll liabilities	-	-	-	-	-	-
Accrued interest payable	-	-	-	-	399	574
Contracts and retainages payable	-	-	-	-	890	-
Notes payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	144
Current liabilities payable from restricted assets						
Revenue bonds payable	-	-	-	-	1,460	-
Advances and deposits	-	-	-	-	-	-
Total current liabilities	-	225	15	27	3,145	1,850
Noncurrent liabilities						
Notes payable	3,943	-	-	-	-	-
Revenue bonds payable	-	-	-	-	28,631	-
Contracts payable	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	135
Deferred revenue	-	-	-	-	-	-
Total Noncurrent liabilities	3,943	-	-	-	28,631	135
Total liabilities	3,943	225	15	27	31,776	1,985
Net position						
Net investment in capital assets	-	372	177	-	5,872	-
Restricted net position						
Restricted for debt service	-	-	-	-	5,524	-
Restricted for maintenance and operations	-	-	-	-	-	-
Restricted for capital improvements	-	-	-	10,868	-	-
Other restricted	-	2,356	-	-	-	-
Unrestricted (deficit)	(2,665)	2,628	432	111	1,302	10,861
Total net position (deficit)	$ (2,665)	$ 5,356	$ 609	$ 10,979	$ 12,698	$ 10,861

(Continued)

Gulfgate Redevelopment Authority	Hardy Near Northside Redevelopment Authority	Houston Area Library Automated Network Bd	Houston Arts Alliance	Houston Business Development Corporation	Houston Downtown Park Corporation	Houston Forensic Science, LGC	Houston Media Source
$ 1,104	$ 289	$ -	$ 291	$ -	$ -	$ 3,103	$ 1,257
-	602	1,778	1,839	-	-	-	-
-	-	-	1,993	-	-	-	1,103
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	18	-	-	-	36
-	-	-	-	-	-	-	1,950
-	-	-	588	-	-	-	-
1,104	891	1,778	4,729	-	-	3,103	4,346
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,417	-	-	-	-	56,986	-	-
-	-	-	755	-	23,173	1,750	1,470
-	123	-	-	-	-	-	-
-	-	-	-	-	-	-	-
5,417	123	-	755	-	80,159	1,750	1,470
-	-	-	(530)	-	(3,854)	(53)	(481)
-	-	-	(530)	-	(3,854)	(53)	(481)
5,417	123	-	225	-	76,305	1,697	989
5,417	123	-	225	-	76,305	1,697	989
6,521	1,014	1,778	4,954	-	76,305	4,800	5,335
8	13	17	342	-	-	-	33
-	-	23	-	-	-	31	-
401	-	-	-	-	-	-	-
87	-	-	-	-	-	-	-
425	-	-	-	-	3,839	-	-
-	-	-	-	-	-	-	-
-	-	1	-	-	-	-	-
-	-	-	1,345	-	-	2,236	-
-	-	-	-	-	-	36	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
921	13	41	1,687	-	3,839	2,303	33
3,401	-	-	-	-	16,226	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,401	-	-	-	-	16,226	-	-
4,322	13	41	1,687	-	20,065	2,303	33
3,427	123	-	-	-	56,240	1,697	990
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	2,915	-	-	36	2,200
(1,228)	878	1,737	352	-	-	764	2,112
$ 2,199	$ 1,001	$ 1,737	$ 3,267	$ -	$ 56,240	$ 2,497	$ 5,302
				See Note 14e		**See Note 14e**	**See Note 14e**

(Continued)

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2014
amounts expressed in thousands

	Houston Parks Board, Inc.	Houston Parks Board LGC, Inc	Houston Public Library Foundation	Houston Recovery Center, LGC	Lake Houston Redevelopment Authority	Lamar Terrace Public Improvement District	Land Assemblage Redevelopment Authority
Assets							
Current Assets							
Cash	$ 7,187	$ 512	$ 697	$ 690	$ 3,689	$ -	$ 3,282
Equity in pooled cash and investments	-	-	-	-	-	53	-
Receivables, net of allowances							
Accounts receivable	11,208	526	143	-	15	26	2
Accrued interest and other	155	-	-	-	-	-	-
Due from primary government	-	-	-	280	-	-	-
Inventory	-	-	-	6	-	-	-
Prepaid items	-	-	-	-	-	1	1
Restricted assets							
Investments	20,208	-	-	-	-	-	7,650
Other receivables	-	-	-	-	-	-	-
Total current assets	38,758	1,038	840	976	3,704	80	10,935
Noncurrent Assets							
Restricted assets							
Investments	-	-	21,187	-	-	-	-
Deferred charges for issuance cost	-	-	-	-	-	-	-
Total noncurrent restricted assets	-	-	21,187	-	-	-	-
Land	11,869	5,470	-	-	-	-	-
Buildings, improvements and equipment	-	4,887	-	-	-	-	-
Plants, lines and rights	-	-	278	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets	11,869	10,357	278	-	-	-	-
Less accumulated depreciation							
Buildings, improvements and equipment	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
Net capital assets	11,869	10,357	278	-	-	-	-
Total noncurrent assets	11,869	10,357	21,465	-	-	-	-
Total assets	50,627	11,395	22,305	976	3,704	80	10,935
Liabilities							
Current Liabilities							
Accounts payable	224	902	81	107	61	-	46
Accrued payroll liabilities	-	-	-	-	-	11	-
Accrued interest payable	-	-	-	-	53	-	-
Contracts and retainages payable	203	-	-	-	-	-	-
Notes payable	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Compensated absences	-	-	-	-	-	-	-
Other liabilities	118	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	26	-
Current liabilities payable from restricted assets							
Revenue bonds payable	-	-	-	-	-	-	-
Advances and deposits	-	-	-	-	-	-	-
Total current liabilities	545	902	81	107	114	37	46
Noncurrent liabilities							
Notes payable	-	-	-	-	18,053	-	-
Revenue bonds payable	-	-	-	-	-	-	-
Contracts payable	-	-	-	-	-	-	-
Other long-term liabilities	-	-	-	-	-	-	-
Deferred revenue	-	133	107	-	-	-	-
Total Noncurrent liabilities	-	133	107	-	18,053	-	-
Total liabilities	545	1,035	188	107	18,167	37	46
Net position							
Net investment in capital assets	-	10,357	-	-	-	-	-
Restricted net position							
Restricted for debt service	-	-	-	-	-	-	-
Restricted for maintenance and operations	32,815	-	-	-	-	-	-
Restricted for capital improvements	-	-	-	-	-	-	-
Other restricted	5,340	-	16,991	-	-	-	9,534
Unrestricted (deficit)	11,927	3	5,126	869	(14,463)	43	1,355
Total net position (deficit)	$ 50,082	$ 10,360	$ 22,117	$ 869	$ (14,463)	$ 43	$ 10,889
				See Note 14e	**See Note 14e**		

(Continued)

Leland Woods Redevelopment Authority I	Leland Woods Redevelopment Authority II	Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority	Memorial-Heights Redevelopment Authority	Midtown Redevelopment Authority	Miller Theatre Advisory Board, Inc.	Old Sixth Ward Redevelpoment Authority	OST/Almeda Corridors Redevelopment Authority
$ 81	$ 2	$ 765	$ 30,545	5,121	$ 18,706	$ 913	$ 814	$ 80
-	-	8,922	4,734	-	23,916	-	-	37,485
-	-	12,696	-	-	1,408	582	35	-
-	-	27	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	38,239	-	-	-
-	4	-	-	1	-	-	1	-
-	-	-	-	.	-	-	-	-
20	-	-	-	-	-	38	-	3,000
101	6	22,410	35,279	5,122	82,269	1,533	850	40,565
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	1,073
-	-	-	-	-	-	-	-	1,073
-	1,016	-	9,071	-	12,946	-	-	4,402
-	-	-	-	-	7,159	-	-	34
-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,550	-	-	-
-	1,016	-	9,071	-	23,655	-	-	4,436
-	-	-	-	-	(3,363)	-	-	(32)
-	-	-	-	-	(3,363)	-	-	(32)
-	1,016	-	9,071	-	20,292	-	-	4,404
-	1,016	-	9,071	-	20,292	-	-	5,477
101	1,022	22,410	44,350	5,122	102,561	1,533	850	46,042
13	-	7	824	471	1,682	7	20	1,826
-	3	-	-	-	-	-	-	-
-	-	185	586	-	1,931	-	44	389
-	-	-	344	-	229	164	-	-
-	-	475	-	-	95	-	115	-
-	-	-	-	-	-	-	-	-
-	-	-	2	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	1,850	2,660	-	3,805	-	-	1,335
-	-	-	-	-	-	-	-	-
13	3	2,517	4,416	471	7,742	171	179	3,550
-	865	1,025	-	-	6,075	-	2,302	-
-	-	17,175	42,090	-	73,566	-	-	22,891
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	865	18,200	42,090	-	79,641	-	2,302	22,891
13	868	20,717	46,506	471	87,383	171	2,481	26,441
-	152	-	9,072	-	8,251	149	-	4,404
-	-	2,301	3,782	-	15,737	-	-	4,961
-	-	-	-	-	-	-	-	-
-	-	-	-	-	5,647	-	-	3,000
-	-	-	-	-	39,803	862	-	-
88	2	(608)	(15,010)	4,651	(54,260)	351	(1,631)	7,236
$ 88	$ 154	$ 1,693	$ (2,156)	$ 4,651	$ 15,178	$ 1,362	$ (1,631)	$ 19,601

(Continued)

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Net Position
June 30, 2014
amounts expressed in thousands

	Saint George Place Redevelopment Authority	South Post Oak Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Total
Assets						
Current Assets						
Cash	$ 1,048	$ 998	$ 5,377	$ 179	$ 87,048	$ 208,819
Equity in pooled cash and investments	1,526	-	28,360	15,985	-	147,513
Receivables, net of allowances						
Accounts receivable	7	-	42	-	-	34,169
Accrued interest and other	-	-	-	-	-	182
Due from primary government	-	-	-	-	-	280
Inventory	-	-	-	-	-	38,250
Prepaid items	-	-	-	-	-	305
Restricted assets						
Investments	-	-	-	-	-	29,808
Other receivables	-	-	-	-	-	3,650
Total current assets	2,581	998	33,779	16,164	87,048	462,976
Noncurrent Assets						
Restricted assets						
Investments	-	-	-	-	-	21,692
Deferred charges for issuance cost	-	-	-	-	318	1,391
Total noncurrent restricted assets	-	-	-	-	318	23,083
Land	-	-	-	13,509	9,081	135,072
Buildings, improvements and equipment	-	-	-	-	5,577	47,583
Plants, lines and rights	-	-	-	-	-	6,894
Construction in progress	-	-	-	-	-	3,607
Total property, plant & equipment	-	-	-	13,509	14,658	193,156
Less accumulated depreciation and						
Buildings, improvements and equipment	-	-	-	-	(2,321)	(11,952)
Accumulated depreciation	-	-	-	-	(2,321)	(11,952)
Net capital assets	-	-	-	13,509	12,337	181,204
Total noncurrent assets	-	-	-	13,509	12,655	204,287
Total assets	2,581	998	33,779	29,673	99,703	667,263
Liabilities						
Current Liabilities						
Accounts payable	1,157	3	590	1,268	10,647	22,144
Accrued payroll liabilities	-	-	-	-	-	68
Accrued interest payable	25	2	504	330	1,825	7,248
Contracts and retainages payable	-	-	-	341	-	2,258
Notes payable	-	-	-	1,225	-	6,174
Due to other governments	-	-	-	-	2,120	2,120
Compensated absences	-	-	-	-	-	3
Other liabilities - current	-	-	-	-	-	3,699
Deferred revenue	232	-	-	-	-	438
Current liabilities payable from restricted assets						
Revenue bonds payable	145	-	2,630	-	4,890	18,775
Advances and deposits	-	923	-	-	-	923
Total current liabilities	1,559	928	3,724	3,164	19,482	63,850
Noncurrent liabilities						
Notes payable	4,803	-	-	21,030	-	77,723
Revenue bonds payable	1,245	-	46,950	-	111,099	343,647
Contracts payable	-	1,721	-	-	-	1,721
Other long-term liabilities	-	-	-	-	-	135
Deferred revenue	-	-	-	-	-	240
Total Noncurrent liabilities	6,048	1,721	46,950	21,030	111,099	423,466
Total liabilities	7,607	2,649	50,674	24,194	130,581	487,316
Net Position						
Investment in capital assets	-	-	-	13,509	12,338	127,130
Restricted net assets						
Restricted for debt service	501	-	1,630	263	19,125	53,824
Restricted for maintenance and operations	-	-	-	-	-	32,815
Restricted for capital improvements	-	-	24,960	1,526	53,330	99,331
Other restricted	(22)	-	-	-	-	80,015
Unrestricted	(5,505)	(1,651)	(43,485)	(9,819)	(115,671)	(213,168)
Total net position (deficit)	$ (5,026)	$ (1,651)	$ (16,895)	$ 5,479	$ (30,878)	$ 179,947

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CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2014
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**	**City Park Redevelopment Authority**	**East Downtown Redevelopment Authority**	**Fifth Ward Redevelopment Authority**	**Fourth Ward Redevelopment Authority**
Component Units								
City Park Redevelopment Authority	$ 203	$ -	$ -	$ -	$ (203)	$ -	$ -	$ -
East Downtown Redevelopment Authority	1,959	-	-	-	-	(1,959)	-	-
Fifth Ward Redevelopment Authority	315	-	-	-	-	-	(315)	
Fourth Ward Redevelopment Authority	1,297	-	-	-	-	-	-	(1,297)
Greater Greenspoint Redevelopment Authority	14,007	-	-	-	-	-	-	-
Greater Houston Convention and Visitors Bureau	18,748	590	17,563		-	-	-	-
Gulfgate Redevelopment Authority	719	-	-	-	-	-	-	-
Hardy Near Northside Redevelopment Authority	69	-	-	-	-	-	-	-
Houston Area Library Automated Network	2,092	-	1,631	-	-	-	-	-
Houston Arts Alliance	7,822	-	7,910	-	-	-	-	-
Houston Downtown Park Corporation	1,295	1,252	54	-	-	-	-	-
Houston Forensic Science LGC, Inc.	17,673	19,721	-		-	-	-	-
Houston Media Source, Inc.	1,330	2,213	-		-	-	-	-
Houston Parks Board, Inc.	10,359	530	23,339	-	-	-	-	-
Houston Parks Board, LGC, Inc.	363	-	4,735	-	-	-	-	-
Houston Public Library Foundation	2,988	-	702	-	-	-	-	-
Houston Recovery Center LGC, Inc.	1,851	-	2,462		-	-	-	-
Lake Houston Redevelopment Authority	11,618	-	-	-	-	-	-	-
Lamar Terrace Public Improvement District	-	-	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	941	-	547	-	-	-	-	-
Leland Woods Redevelopment Authority I	472	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority II	45	-	-	-	-	-	-	-
Main Street Market Square Redevelopment Authority	4,135	-	-	-	-	-	-	-
Memorial City Redevelopment Authority	11,762	-	-	-	-	-	-	-
Memorial-Heights Redevelopment Authority	2,792	-	-	-	-	-	-	-
Midtown Redevelopment Authority	19,280	-	-	-	-	-	-	-
Miller Theatre Advisory Board, Inc.	2,556	-	2,840	-	-	-	-	-
Old Sixth Ward Redevelopment Authority	438	-	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	8,864	-	6,401	-	-	-	-	-
Saint George Place Redevelopment Authority	753	-	-	-	-	-	-	-
South Post Oak Redevelopment Authority	150	-	-	-	-	-	-	-
Southwest Houston Redevelopment Authority	4,037	-	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	8,861	-	-	-	-	-	-	-
Uptown Development Authority	29,512	-	1,773	-	-	-	-	-
Total component units	189,306	24,306	69,957	$ -	(203)	(1,959)	(315)	(1,297)
	General Revenues:							
	Taxes							
	Property Taxes - general purposes / tax increments				526	2,436	364	2,085
	Property Taxes levied for debt service				-	-	-	-
	Industrial assessments tax				-	-	-	-
	Sales tax				-	-	-	-
	Franchise tax				-	-	-	-
	Mixed beverage tax				-	-	-	-
	Bingo tax				-	-	-	-
	Hotel occupancy tax				-	-	-	-
	Intergovernmental - grant				-	-	-	-
	Contributions				-	-	-	-
	Unrestricted investment earnings (loss)				-	4	4	5
	Other				1	-	-	-
	Special Items - Loss on sale of assets				-	-	-	-
	Transfers				-	-	-	-
	Total general revenues and transfers				527	2,440	368	2,090
	Change in net position				324	481	53	793
	Net Position (deficit) beginning				(2,989)	4,875	556	10,186
	Change in Accounting Principle				-	-	-	-
	Change in Reporting Entity				-	-	-	-
	Net Position (deficit) ending				$ (2,665)	$ 5,356	$ 609	$ 10,979

(Continued)

Net (Expense) Revenue and Change in Net Position

Greater Greenspoint Redevelopment Authority	Greater Houston Convention & Visitors Bureau	Gulfgate Redevelopment Authority	Hardy Near Northside Redevelopment Authority	Houston Area Library Automated Network	Houston Arts Alliance	Houston Downtown Park Corporation	Houston Forensic Science LGC
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(14,007)	-	-	-	-	-	-	-
-	(595)	-	-	-	-	-	-
-	-	(719)	-	-	-	-	-
-	-	-	(69)	-	-	-	-
-	-	-	-	(461)	-	-	-
-	-	-	-	-	88	-	-
-	-	-	-	-	-	11	-
-	-	-	-	-	-	-	2,048
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2014
amounts expressed in thousands

	Net (Expense) Revenue and Change in Net Position						
Functions/Programs	**Houston Media Source**	**Houston Parks Board, Inc**	**Houston Parks Board LGC**	**Houston Public Library Foundation**	**Houston Recovery Center LGC**	**Lake Houston Redevelopment Authority**	**Lamar Terrace Public Improvement District**
Component Units							
City Park Redevelopment Authority	$ -	$ -	$ -	$ -	$ -	$ -	$ -
East Downtown Redevelopment Authority	-	-	-	-	-	-	-
Fifth Ward Redevelopment Authority	-	-	-	-	-	-	-
Fourth Ward Redevelopment Authority	-	-	-	-	-	-	-
Greater Greenspoint Redevelopment Authority	-	-	-	-	-	-	-
Greater Houston Convention and Visitors Bureau	-	-	-	-	-	-	-
Gulfgate Redevelopment Authority	-	-	-	-	-	-	-
Hardy Near Northside Redevelopment Authority	-	-	-	-	-	-	-
Houston Area Library Automated Network	-	-	-	-	-	-	-
Houston Arts Alliance	-	-	-	-	-	-	-
Houston Downtown Park Corporation	-	-	-	-	-	-	-
Houston Forensic Science LGC, Inc.	-	-	-	-	-		
Houston Media Source, Inc.	883	-	-	-	-		
Houston Parks Board, Inc.	-	13,510	-	-	-	-	-
Houston Parks Board, LGC, Inc.	-	-	4,372	-	-	-	-
Houston Public Library Foundation	-	-	-	(2,286)	-	-	-
Houston Recovery Center LGC, Inc.	-	-	-	-	611		-
Lake Houston Redevelopment Authority	-	-	-	-	-	(11,618)	-
Lamar Terrace Public Improvement District	-	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority I	-	-	-	-	-	-	-
Leland Woods Redevelopment Authority II	-	-	-	-	-	-	-
Main Street Market Square Redevelopment Authority	-	-	-	-	-	-	-
Memorial City Redevelopment Authority	-	-	-	-	-	-	-
Memorial-Heights Redevelopment Authority	-	-	-	-	-	-	-
Midtown Redevelopment Authority	-	-	-	-	-	-	-
Miller Theatre Advisory Board, Inc.	-	-	-	-	-	-	-
Old Sixth Ward Redevelopment Authority	-	-	-	-	-	-	-
OST/Almeda Corridors Redevelopment Authority	-	-	-	-	-	-	-
Saint George Place Redevelopment Authority	-	-	-	-	-	-	-
South Post Oak Redevelopment Authority	-	-	-	-	-	-	-
Southwest Houston Redevelopment Authority	-	-	-	-	-	-	-
Upper Kirby Redevelopment Authority	-	-	-	-	-	-	-
Uptown Development Authority	-	-	-	-	-	-	-
Total component units	883	13,510	4,372	(2,286)	611	(11,618)	-
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increments	-	-	-	-	-	13,669	-
Property Taxes levied for debt service	-	-	-	-	-	-	-
Industrial assessments tax	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-
Mixed beverage tax	-	-	-	-	-	-	-
Bingo tax	-	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-	-
Intergovernmental - grant	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Unrestricted investment earnings (loss)	-	812	-	3,407	-	15	1
Other	-	-	-	-	-	827	-
Special Items - Loss on sale of assets	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total general revenues, special items, and transfers	-	812	-	3,407	-	14,511	1
Change in net Position	883	14,322	4,372	1,121	611	2,893	1
Net Position (deficit) beginning	4,419	35,760	5,988	20,996	258	-	42
Change in Accounting Principle	-	-	-	-	-	-	-
Change in Reporting Entity	-	-	-	-	-	(17,356)	-
Net Position (deficit) ending	$ 5,302	$ 50,082	$ 10,360	$ 22,117	$ 869	$ (14,463)	$ 43
	See Note 14e				**See Note 14e**	**See Note 14e**	

(Continued)

Net (Expense) Revenue and Change in Net Position

Land Assemblage Redevelopment Authority	Leland Woods Redevelopment Authority I	Leland Woods Redevelopment Authority II	Main Street Market Square Redevelopment Authority	Memorial City Redevelopment Authority	Memorial-Heights Redevelopment Authority	Midtown Redevelopment Authority	Miller Theatre Advisory Board, Inc.	Old Sixth Ward Redevelopment Authority
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(394)	-	-	-	-	-	-	-	-
-	(472)	-	-	-	-	-	-	-
-	-	(45)	-	-	-	-	-	-
-	-	-	(4,135)	-	-	-	-	-
-	-	-	-	(11,762)	-	-	-	-
-	-	-	-	-	(2,792)	-	-	-
-	-	-	-	-	-	(19,280)	-	-
-	-	-	-	-	-	-	284	-
-	-	-	-	-	-	-	-	(438)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
(394)	(472)	(45)	(4,135)	(11,762)	(2,792)	(19,280)	284	(438)
-	14	-	12,697	10,190	3,390	18,812	-	715
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3	-	-	121	58	10	-	-	1
1	-	-	-	-	-	580	1	35
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
4	14	-	12,818	10,248	3,400	19,392	1	751
(390)	(458)	(45)	8,683	(1,514)	608	112	285	313
11,279	546	199	(6,531)	(642)	4,043	16,449	1,077	(1,944)
-	-	-	(459)	-	-	(1,383)	-	-
-	-	-	-	-	-	-	-	-
$ 10,889	$ 88	$ 154	$ 1,693	$ (2,156)	$ 4,651	$ 15,178	$ 1,362	$ (1,631)

(Continued)

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - GOVERNMENTAL
Combining Statement of Activities
For the Year Ended June 30, 2014
amounts expressed in thousands

Functions/Programs	Net (Expense) Revenue and Change in Net Position						
	OST/Almeda Corridors Redevelopment Authority	Saint George Place Redevelopment Authority	South Post Oak Redevelopment Authority	Southwest Houston Redevelopment Authority	Upper Kirby Redevelopment Authority	Uptown Development Authority	Total
Component Units							
City Park Redevelopment Authority	$ -	$ -	$ -	$ -	$ -	$ -	$ (203)
East Downtown Redevelopment Authority	-	-	-	-	-	-	(1,959)
Fifth Ward Redevelopment Authority	-	-	-	-	-	-	(315)
Fourth Ward Redevelopment Authority	-	-	-	-	-	-	(1,297)
Greater Greenspoint Redevelopment Authority	-	-	-	-	-	-	(14,007)
Greater Houston Convention and Visitors Bureau	-	-	-	-	-	-	(595)
Gulfgate Redevelopment Authority	-	-	-	-	-	-	(719)
Hardy Near Northside Redevelopment Authority	-	-	-	-	-	-	(69)
Houston Area Library Automated Network	-	-	-	-	-	-	(461)
Houston Arts Alliance	-	-	-	-	-	-	88
Houston Downtown Park Corporation	-	-	-	-	-	-	- 11
Houston Forensic Science LGC, Inc.	-	-	-	-	-	-	2,048
Houston Media Source, Inc.	-	-	-	-	-	-	883
Houston Parks Board, Inc.	-	-	-	-	-	-	13,510
Houston Parks Board, LGC, Inc.	-	-	-	-	-	-	4,372
Houston Public Library Foundation	-	-	-	-	-	-	(2,286)
Houston Recovery Center LGC, Inc.	-	-	-	-	-	-	611
Lake Houston Redevelopment Authority	-	-	-	-	-	-	(11,618)
Lamar Terrace Public Improvement District	-	-	-	-	-	-	-
Land Assemblage Redevelopment Authority	-	-	-	-	-	-	(394)
Leland Woods Redevelopment Authority I	-	-	-	-	-	-	(472)
Leland Woods Redevelopment Authority II	-	-	-	-	-	-	(45)
Main Street Market Square Redevelopment Authority	-	-	-	-	-	-	(4,135)
Memorial City Redevelopment Authority	-	-	-	-	-	-	(11,762)
Memorial-Heights Redevelopment Authority	-	-	-	-	-	-	(2,792)
Midtown Redevelopment Authority	-	-	-	-	-	-	(19,280)
Miller Theatre Advisory Board, Inc.	-	-	-	-	-	-	284
Old Sixth Ward Redevelopment Authority	-	-	-	-	-	-	(438)
OST/Almeda Corridors Redevelopment Authority	(2,463)	-	-	-	-	-	(2,463)
Saint George Place Redevelopment Authority	-	(753)	-	-	-	-	(753)
South Post Oak Redevelopment Authority	-	-	(150)	-	-	-	(150)
Southwest Houston Redevelopment Authority	-	-	-	(4,037)	-	-	(4,037)
Upper Kirby Redevelopment Authority	-	-	-	-	(8,861)	-	(8,861)
Uptown Development Authority	-	-	-	-	-	(27,739)	(27,739)
Total component units	(2,463)	(753)	(150)	(4,037)	(8,861)	(27,739)	(95,043)
General Revenues:							
Taxes							
Property Taxes - general purposes / tax increments	8,361	1,517	1,032	5,331	7,990	32,287	132,993
Property Taxes levied for debt service	-	-	-	-	-	-	-
Industrial assessments tax	-	-	-	-	-	-	-
Sales tax	-	-	-	-	-	-	-
Franchise tax	-	-	-	-	-	-	-
Mixed beverage tax	-	-	-	-	-	-	-
Bingo tax	-	-	-	-	-	-	-
Hotel occupancy tax	-	-	-	-	-	-	-
Intergovernmental - grant	-	-	-	-	-	-	-
Contributions	-	-	-	-	-	-	-
Unrestricted investment earnings (loss)	17	5	1	31	9	21	5,724
Other	25	2	-	-	1	-	2,742
Special Items - Loss on sale of assets	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Total general revenues, special items, and transfers	8,403	1,524	1,033	5,362	8,000	32,308	141,459
Change in net Position	5,940	771	883	1,325	(861)	4,569	46,416
Net Position (deficit) beginning	13,661	(5,797)	(2,534)	(18,220)	6,340	(35,447)	152,669
Change in Accounting Principle	-	-	-	-	-	-	(1,782)
Change in Reporting Entity	-	-	-	-	-	-	(17,356)
Net Position (deficit) ending	$ 19,601	$ (5,026)	$ (1,651)	$ (16,895)	$ 5,479	$ (30,878)	$ 179,947

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS TYPE
Combining Statement of Net Position
June 30, 2014
amounts expressed in thousands

	Houston First Corporation See Note 14	Houston Housing Finance Corp	Houston Zoo Inc.	Total
Assets				
Current assets				
Cash	$ 60,880	$ 23,673	$ 17,942	$ 102,495
Investments	93,757	-	15,604	109,361
Receivables, net of allowances				
Accounts receivable	3,573	7,673	1,505	12,751
Accrued interest and other	-	52		52
Due from other governments	1,479	-	-	1,479
Inventory	-	-	146	146
Prepaid items	1,461	-	691	2,152
Restricted assets				
Investments	-	-	-	-
Other receivables	1,985	380	-	2,365
Total current assets	163,135	31,778	35,888	230,801
Noncurrent Assets				
Cash and cash equivalents	-	-	-	-
Investments	-	-	12,290	12,290
Assessments receivable	-	-	-	-
Accrued interest receivable	-	213	-	213
Due from affliliates	32,820	-	-	32,820
Amounts held by other governments	-	-	-	-
Receivable and deposits	10,827	13,774	-	24,601
Deferred charges for issuance cost	-	-	-	-
Other long-term receivables	8,019	2,486	-	10,505
Total noncurrent assets	51,666	16,473	12,290	80,429
Capital assets				
Land	14,818	-	-	14,818
Buildings, improvements and equipment	296,370	5,971	97,839	400,180
Total capital assets	311,188	5,971	97,839	414,998
Less accumulated depreciation				
Buildings, improvements and equipment	(91,306)	(4,219)	(22,362)	(117,887)
Accumulated depreciation	(91,306)	(4,219)	(22,362)	(117,887)
Net capital assets	219,882	1,752	75,477	297,111
Total noncurrent assets	271,548	18,225	87,767	377,540
Total assets	434,683	50,003	123,655	608,341
Deferred Outflow of Resources	1,581	-	-	$ 1,581
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	23,835	47	1,297	25,179
Accrued payroll liabilities	-	-	1,243	1,243
Due to City of Houston	4,958	-	-	4,958
Contracts and retainages payable	-	-	2,139	2,139
Notes payable	7,840	-	-	7,840
Deferred revenue	737	-	69	806
Current liabilities payable from restricted assets				
Accrued interest payable	2,646	-	-	2,646
Total current liabilities	40,016	47	4,748	44,811
Noncurrent liabilities				
Notes payable	277,956	-	-	277,956
Other long-term liabilities	9,442	12	-	9,454
Deferred revenue	10,976	-	-	10,976
Total noncurrent liabilities	298,374	12	-	298,386
Total liabilities	338,390	59	4,748	343,197
Net position				
Net Investment in capital assets	2,590	1,741	-	4,331
Restricted net position				
Restricted for debt service	14,997	-	-	14,997
Other restricted	-	-	31,755	31,755
Unrestricted (deficit)	80,287	48,203	87,152	215,642
Total net position (deficit)	$ 97,874	$ 49,944	$ 118,907	$ 266,725

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS-TYPE
Combining Statement of Activities
For the Year Ended June 30, 2014
amounts expressed in thousands

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Component Units			
Houston First Corporation	122,170	181,098	-
Houston Housing Finance Corp.	1,249	365	4
Houston Zoo Inc.	34,705	28,647	20,737
Totals	$ 158,124	$ 210,110	$ 20,741

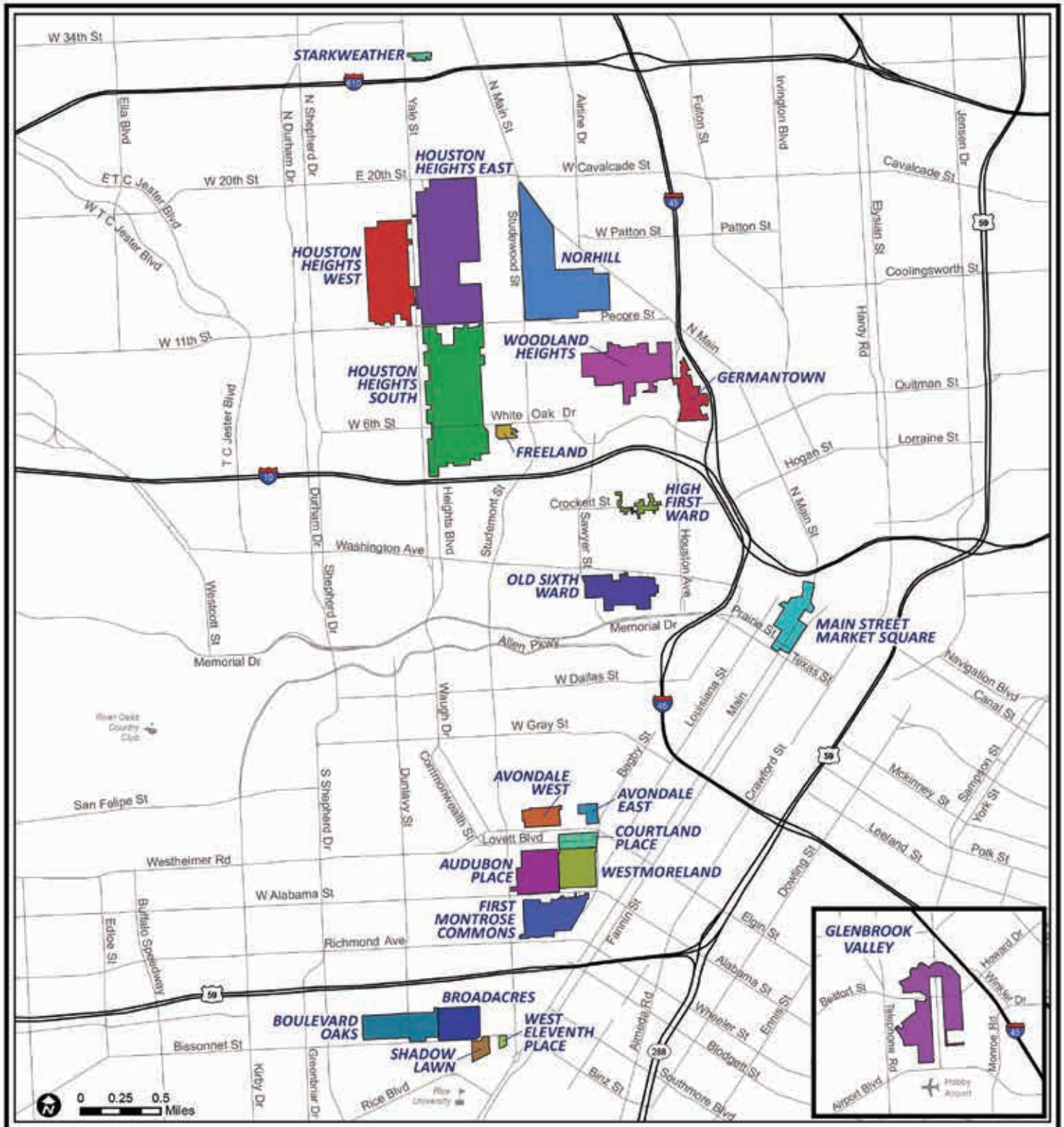
General Revenues:
Taxes
Property Taxes levied for general purposes/tax increments
Unrestricted investment earnings
Other
Total general revenues and transfers
Change in net position
Net Position (deficit) beginning
Change in Accounting Principle
Net Position (deficit) ending

(Continued)

Net (Expense) Revenue and Change in Net Position			
Houston First Corporation See Note 14	Houston Housing Finance Corp.	Houston Zoo, Inc.	Total
58,928	-	-	58,929
-	(880)	-	(880)
-	-	14,679	14,679
58,928	(880)	14,679	72,728
-	750	-	750
608	2,406	1,247	4,261
(23,791)	-	-	(23,791)
(23,183)	3,156	1,247	(18,780)
35,745	2,277	15,926	53,948
62,129	47,630	102,981	212,740
-	37	-	37
$ 97,874	$ 49,944	$ 118,907	$ 266,725

CITY OF HOUSTON, TEXAS
DISCRETELY PRESENTED COMPONENT UNITS - BUSINESS TYPE
Statement of Cash Flows
For the Year Ended June 30, 2014
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	$ 117,192	$ 1,973	$ 33,735	$ 152,900
Payments to employees	(38,328)	-	(15,797)	(54,125)
Payments to suppliers	(62,036)	-	(18,645)	(80,681)
Other revenues	-	-	-	-
Receipts from City of Houston	60,246	-	8,859	69,105
Other revenues (expenses)	(37,334)	(1,003)	322	(38,015)
Net cash provided by operating activates	39,740	970	8,474	49,184
Cash flows from investing activities				
Advances on long-term receivables	(31,897)	(16,390)	-	(48,287)
Interest income on investments	(193)	8,137	-	7,944
Purchase of investments	(66,999)	-	(8,047)	(75,046)
Proceeds from sale of investments	49,970	-	5,153	55,123
Change in cash restricted for capital acquisition	-	-	-	-
Net cash provided by (used in) investing activities	(49,119)	(8,253)	(2,894)	(60,266)
Cash flows from capital and related financing activities				
Contributed capital	(1,420)	-	10,636	9,216
Acquisition of property, plant and equipment	(7,979)	-	(12,150)	(20,129)
Interest expense	(9,085)	-		(9,085)
Receipt of tax rebates	9,682	-	-	9,682
Payments to the City of Houston	(9,875)	-	-	(9,875)
Proceeds from sale of fixed assets	-	-	-	-
Proceeds from refunding	6,278	-	-	6,278
Net cash provided by (used for) capital and related financing activities	(12,399)	-	(1,514)	(13,913)
Cash flows from noncapital financing activities				
Promotional contract paid from hotel occupancy tax revenues to component units	-	-	-	-
Contributions to others	-	-	-	-
Transfers	-	-	-	-
Other revenues	-	1,846	-	1,846
Payments to Hotel Corporation	-	-	-	-
Hotel occupancy tax revenue	-	-	-	-
Contributions to others	-	-	-	-
Excess funds from Bond Series	31,897	-	-	31,897
Payments on notes payable	(1,232)	-	-	(1,232)
Net cash provided by noncapital financing activities	30,665	1,846	-	32,511
Net increase in cash and cash equivalents	8,887	(5,437)	4,066	7,516
Cash and cash equivalents, July 1	51,993	29,110	13,876	94,979
Cash and cash equivalents, June 30	$ 60,880	$ 23,673	$ 17,942	$ 102,495
Non cash transactions				
Amortization expense	-	-	-	-
Transfer of property - Urban Homesteading Program	-	-	-	-
Contributions	-	-	-	-
Capitalized interest expense				-
Gain (Loss) on disposal of assets	-	-	-	-
Total non cash transactions	$ -	$ -	$ -	$ -
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (Loss)	$ 4,848	$ 1,137	$ 15,925	21,910
Adjustments to reconcile operating income to net cash provided by operating activities				
Depreciation and amortization	9,136	11	4,390	13,537
Bad debt expense			-	-
Other revenues	29,893	-	(634)	29,259
Other expenses	-	-	(10,826)	(10,826)
Net due from component unit	-	1	-	1
Changes in assets and liabilities:				
Contracts receivable				
Accounts receivable	1,682	45	304	2,031
Contracts receivable	(7,339)		(147)	(7,486)
Inventory	-	-	41	41
Other assets	(525)	-	(125)	(650)
Accounts payable and accrued expenses	1,809	-	(433)	1,376
Accrued payroll liabilities	874	-	(21)	853
Advances and deposits			-	-
Accrued interest on contracts payable		(224)	-	(224)
Other revenues				
Construction and retainages payable				
Other long-term liabilities	(637)	-	-	(637)
Net cash provided by operating activities	$ 39,741	$ 970	$ 8,474	$ 49,185



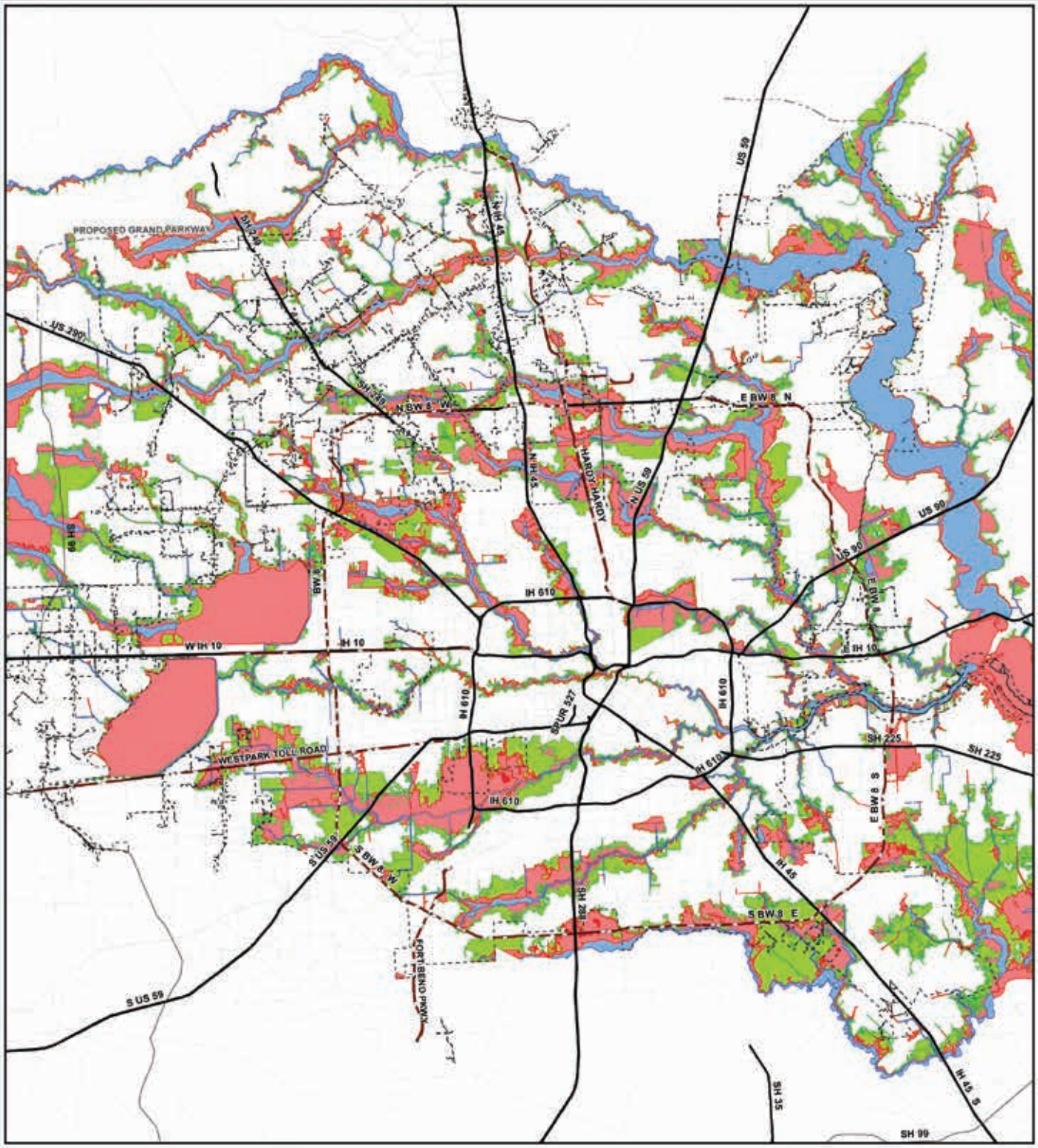
City of Houston Historic Districts

- Audubon Place
- Avondale East
- Avondale West
- Boulevard Oaks
- Broadacres
- Courtland Place
- First Montrose Commons
- Freeland
- Germantown
- Glenbrook Valley
- High First Ward
- Houston Heights East
- Houston Heights South
- Houston Heights West
- Main Street/Market Square
- Norhill
- Old Sixth Ward
- Shadow Lawn
- Starkweather
- West Eleventh Place
- Westmoreland
- Woodland Heights

Source: GIS Services Division
Date: 5/19/2014
Reference: pj17567_HFW

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT



City of Houston Flood Zones

City Limits

100-year floodplain

500-year floodplain

Floodway

0 3 6 Miles

Source: COHGIS Database
Date: July 2014
Reference: pj17609_flod

This map is made available for reference purposes only and should not be substituted for a survey product. The City of Houston will not accept liability of any kind in conjunction with its use.

PLANNING & DEVELOPMENT DEPARTMENT

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.

Content	Page
Financial Trends	204
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	216
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	
Debt Capacity	221
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	231
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	238
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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Net investment in capital assets	$ 3,531,764	$ 3,340,355	$ 3,480,924	$ 3,515,596	$ 3,670,130	$ 3,677,425	$ 3,696,510	$ 3,783,152	$ 3,959,260	$ 4,102,861
Restricted	168,803	159,092	170,297	213,567	161,147	199,459	179,691	182,831	117,949	174,158
Unrestricted	(861,603)	(727,282)	(969,830)	(1,310,289)	(1,629,514)	(1,928,202)	(2,168,298)	(2,343,970)	(2,469,700)	(2,651,151)
Total governmental activities net position	$ 2,838,964	$ 2,772,165	$ 2,681,391	$ 2,418,874	$ 2,201,763	$ 1,948,682	$ 1,707,903	$ 1,622,013	$ 1,607,509	$ 1,625,868
Business-type activities										
Net investment in capital assets	$ 1,138,154	$ 976,834	$ 745,459	$ 551,820	$ 668,465	$ 893,832	$ 733,936	$ 666,936	$ 573,460	$ 240,888
Restricted	461,738	545,792	641,613	784,895	824,219	842,298	850,895	871,409	949,449	1,024,548
Unrestricted	87,494	99,666	104,542	135,860	(17,815)	(102,094)	25,183	(25,444)	(6,835)	280,879
Total business-type activities net position	$ 1,687,386	$ 1,622,292	$ 1,491,614	$ 1,472,575	$ 1,474,869	$ 1,634,036	$ 1,610,014	$ 1,512,901	$ 1,516,074	$ 1,546,315
Primary government										
Net investment in capital assets	$ 4,669,918	$ 4,317,189	$ 4,226,383	$ 4,067,416	$ 4,338,595	$ 4,571,257	$ 4,430,446	$ 4,450,088	$ 4,532,720	$ 4,343,749
Restricted	630,541	704,884	811,910	998,462	985,366	1,041,757	1,030,586	1,054,240	1,067,398	1,198,706
Unrestricted	(774,109)	(627,616)	(865,288)	(1,174,429)	(1,647,329)	(2,030,296)	(2,143,115)	(2,369,414)	(2,476,535)	(2,370,272)
Total primary government net position	$ 4,526,350	$ 4,394,457	$ 4,173,005	$ 3,891,449	$ 3,676,632	$ 3,582,718	$ 3,317,917	$ 3,134,914	$ 3,123,583	$ 3,172,183

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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)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
Governmental activities:										
General government	$ 143,477	$ 130,807	$ 130,026	$ 193,928	$ 219,584	$ 232,466	$ 230,868	$ 270,279	$ 239,586	$ 247,481
Public safety	1,127,663	1,102,253	1,230,266	1,400,837	1,460,992	1,485,999	1,393,450	1,431,987	1,514,034	1,598,854
Public works	282,767	266,723	275,165	317,749	417,953	305,768	308,506	289,395	298,462	318,888
Health	124,267	102,716	101,865	129,197	136,766	139,693	128,320	111,891	121,988	133,159
Housing and community development	78,867	318,450	80,171	59,182	62,793	96,349	95,730	71,417	88,143	51,626
Parks and recreation	83,945	72,309	85,274	102,758	97,398	93,676	91,492	89,379	90,261	93,637
Library	49,084	37,242	39,180	49,687	48,015	48,721	44,887	42,455	44,913	48,724
Retiree benefits	28,997	-	-	-	-	-	-	-	-	-
Interest in long-term debt	116,180	136,563	135,134	126,349	129,324	151,807	150,640	157,407	151,893	143,231
Depreciation and amortization	96,355	125,517	111,918	110,174	115,050	119,719	130,111	126,303	130,620	132,817
Total governmental activities expenses	2,131,602	2,292,580	2,188,999	2,489,861	2,687,875	2,674,198	2,574,004	2,590,515	2,679,900	2,768,417
Business-type activities :										
Airport System	406,908	431,392	442,757	459,521	472,253	504,472	537,253	542,387	530,070	561,443
Convention & Entertainment Facilities	133,622	99,271	105,846	110,576	114,110	105,703	107,523	42,387	42,418	113,316
Combined Utility System	762,209	752,122	818,831	846,368	842,518	849,674	866,336	913,503	898,725	919,547
Houston Area Water Corporation	169	17,428	20,568	17,485	14,867	9,949	-	-	-	-
Parking Management	-	-	-	-	4,919	6,969	-	-	-	-
Total business-type activities expenses	1,302,908	1,300,213	1,388,002	1,433,950	1,448,667	1,476,767	1,511,112	1,498,277	1,471,213	1,594,306
Total primary government expenses	$ 3,434,510	$ 3,592,793	$ 3,577,001	$ 3,923,811	$ 4,136,542	$ 4,150,965	$ 4,085,116	$ 4,088,792	$ 4,151,113	$ 4,362,723
Program Revenues										
Governmental activities:										
Charges for services:										
General government	25,074	52,083	34,839	11,104	22,601	20,544	31,831	69,017	34,379	63,338
Public safety	139,814	103,719	110,222	131,221	136,450	143,274	132,220	141,965	139,087	188,521
Public works	43,652	49,797	53,856	53,375	46,404	45,011	45,211	171,177	238,836	266,422
Health	13,624	12,574	13,563	17,093	16,836	15,110	16,968	18,081	18,563	17,710
Housing	-	-	-	-	-	900	-	-	-	-
Parks and recreation	6,009	6,687	6,930	4,683	7,578	6,977	7,796	7,576	8,361	7,475
Library	1,187	1,010	675	1,035	1,056	1,261	919	979	1,356	1,681
Operating grants and contributions	162,310	467,956	246,737	232,203	393,157	346,945	293,350	303,085	312,959	277,700
Capital grants and contributions	37,591	69,438	101,099	76,497	45,354	109,190	68,801	-	-	-
Total governmental activities program revenues	429,261	763,264	567,921	527,211	669,436	689,212	597,096	711,880	753,541	822,847
Business-type activities:										
Charges for services:										
Airport System	353,641	393,861	416,138	447,176	386,777	406,579	410,402	417,550	432,994	452,107
Convention & Entertainment Facilities	19,175	19,599	20,554	22,306	20,902	31,833	25,456	8,934	10,372	11,124
Combined Utility System	598,874	642,662	615,465	648,269	687,238	691,162	879,176	917,238	924,690	953,408
Houston Area Water Corporation	-	-	-	13,045	13,250	-	-	-	-	-
Parking Management	-	-	-	-	-	13,676	-	-	-	-
Operating grants and contributions	4,297	4,020	2,740	4,749	4,574	10,710	22,858	12,014	10,834	10,692
Capital grants and contributions	106,484	109,728	61,717	132,728	192,815	58,672	46,616	22,984	19,800	50,382
Total business-type activities program revenues	1,082,471	1,169,870	1,116,614	1,268,273	1,305,556	1,212,632	1,384,508	1,378,720	1,398,690	1,477,713
Total primary government program revenues	$ 1,511,732	$ 1,933,134	$ 1,684,535	$ 1,795,484	$ 1,974,992	$ 1,901,844	$ 1,981,604	$ 2,090,600	$ 2,152,231	$ 2,300,560
Net (expense)/revenue										
Governmental activities	$ (1,702,341)	$ (1,529,316)	$ (1,621,078)	$ (1,962,650)	$ (2,018,439)	$ (1,984,986)	$ (1,976,908)	$ (1,878,635)	$ (1,926,359)	$ (1,945,570)
Business-type activities	(220,437)	(130,343)	(271,388)	(165,677)	(143,111)	(264,135)	(126,604)	(119,557)	(72,523)	(116,593)
Total primary government net expense	$ (1,922,778)	$ (1,659,659)	$ (1,892,466)	$ (2,128,327)	$ (2,161,550)	$ (2,249,121)	$ (2,103,512)	$ (1,998,192)	$ (1,998,882)	$ (2,062,163)

(Continued)

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

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes										
Property taxes	$ 664,831	$ 700,788	$ 738,578	$ 829,837	$ 890,308	$ 895,779	$ 853,277	$ 866,143	$ 906,761	$ 973,902
Industrial assessments tax	14,635	14,314	15,823	17,787	19,133	15,817	14,458	37	29,845	16,534
Sales taxes	370,583	422,598	461,417	495,173	507,103	468,965	492,824	546,543	600,256	629,441
Franchise taxes	162,263	186,508	189,551	190,518	190,800	191,292	190,911	193,153	195,664	190,368
Mixed beverage taxes	8,343	9,000	9,713	10,479	10,587	10,382	10,283	9,525	9,887	13,869
Bingo taxes	270	279	279	256	226	195	167	193	196	187
Investment earnings	13,179	19,889	32,017	36,516	30,087	16,673	6,666	8,944	1,086	9,737
Other	27,652	33,674	23,261	58,743	66,459	53,101	79,633	67,313	68,586	98,479
Contributions	11,216	-	-	-	17,047	7,666	4,674	12,167	26,767	17,364
Special Items - gain (loss) on sale of as	2,071	4,816	2,071	-	-	-	-	-	-	-
Transfers	58,383	70,651	57,594	60,824	69,578	72,035	76,976	75,878	72,807	41,968
Total governmental activities	1,333,426	1,462,517	1,530,304	1,700,133	1,801,328	1,731,905	1,729,869	1,779,896	1,911,855	1,991,849
Business-type activities:										
Hotel occupancy taxes	42,266	54,765	58,709	66,232	62,383	54,917	61,603	68,623	76,325	90,119
Investment earnings	43,866	54,212	88,658	96,492	88,737	57,736	30,303	21,340	6,638	31,491
Other	30,138	26,923	45,552	44,738	63,863	105,462	92,172	98,017	109,906	143,775
Contributions	-	-	-	-	-	-	-	-	-	-
Special Items - gain (loss) on sale of as	-	-	5,385	-	-	-	-	(89,658)	(61,282)	-
Transfers	(58,383)	(70,651)	(57,594)	(60,824)	(69,578)	(72,035)	(81,496)	(75,878)	(55,891)	(41,968)
Total business-type activities	57,887	65,249	140,710	146,638	145,405	146,080	102,582	22,444	75,696	223,417
Total primary government	$ 1,391,313	$ 1,527,766	$ 1,671,014	$ 1,846,771	$ 1,946,733	$ 1,877,985	$ 1,832,451	$ 1,802,340	$ 1,987,551	$ 2,215,266
Change in Net Position										
Governmental activities	$ (368,915)	$ (66,799)	$ (90,774)	$ (262,517)	$ (217,111)	$ (253,081)	$ (247,039)	$ (85,890)	$ (14,504)	$ 46,279
Business-type activities	(162,550)	(65,094)	(130,678)	(19,039)	2,294	(118,055)	(24,022)	(97,113)	3,173	106,824
Total primary government	$ (531,465)	$ (131,893)	$ (221,452)	$ (281,556)	$ (214,817)	$ (371,136)	$ (271,061)	$ (183,003)	$ (11,331)	$ 153,103

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

	2005	2006	2007	2008	2009
General fund					
Reserved	$ 27,449	$ 51,671	$ 21,489	$ 22,040	$ 22,836
Unreserved	142,695	198,759	256,610	309,466	281,111
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total general fund	$ 170,144	$ 250,430	$ 278,099	$ 331,506	$ 303,947
All other governmental funds					
Reserved	$ 200,374	$ 179,267	$ 193,924	$ 235,074	$ 201,334
Unreserved , reported in:					
Special revenue funds	67,691	66,407	94,056	119,482	111,454
Capital projects funds	-	-	-	-	-
Grant funds	-	9,963	8,258	7,553	(9,762)
Non-spendable	-	-	-	-	-
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Total all other governmental funds	$ 268,065	$ 255,637	$ 296,238	$ 362,109	$ 303,026

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

2010	2011	2012	2013	2014
$ 23,003	$ -	$ -	$ -	$ -
201,019	-	-	-	-
-	19,052	15,687	14,792	14,016
-	1,665	35,868	63,696	44,120
-	20,698	8,547	6,892	3,407
-	30	-	-	-
-	127,143	153,125	190,950	200,731
$ 224,022	$ 168,588	$ 213,227	$ 276,330	$ 262,274
$ 237,112	$ -	$ -	$ -	$ -
82,713	-	-	-	-
-	-	-	-	-
19,196	-	-	-	-
-	418	887	1,303	5,290
-	176,457	338,997	350,827	327,576
-	73,636	52,351	59,693	71,969
-	32,172	19,873	46,008	106,607
$ 339,021	$ 282,683	$ 412,108	$ 457,831	$ 511,442

CITY OF HOUSTON
GENERAL FUND BUDGET FOR FISCAL YEAR 2015
(amounts expressed in thousands)
(unaudited)

Budgeted Resources	**Amount (in thousands)**
Revenues:	
Ad Valorem Taxes (current and delinquent)	$ 1,067,338
Sales and Use Tax	666,968
Franchise Fees	185,098
Municipal Courts Fines and Forfeits	31,308
Miscellaneous	227,560
Total Current Revenues	2,178,272
Beginning Fund Balance as of July 1, 2014 (a)	199,782
Sale of Capital Assets	2,500
Transfers from Other Funds	30,139
Total Budgeted Resources	$ 2,410,693

Budgeted Expenditures	
Administrative Services and Public Finance	$ 125,179
Public Safety	1,305,609
Development and Maintenance Services	157,377
Human and Cultural Services	180,085
General Government	218,120
Transfers to Debt Service Fund	273,000
Total Budgeted Expenditures	2,259,370
Budgeted Ending Fund Balance as of June 30, 2015	151,323
Total Budgeted Expenditures and Reserves	$ 2,410,693

(a) This amount represents an estimate of the beginning fund balance which was used in preparing the Fiscal Year 2015 Budget.

CITY OF HOUSTON, TEXAS
June 30, 2014
CONTINUING DEBT DISCLOSURE INFORMATION
(amounts expressed in thousands)
(unaudited)

Capital Improvement Plan

The 2014-2018 CIP consists of the projects and facilities described in the following chart. (The 2014-2018 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	$ 743,928
Storm Sewers and Drainage	411,734
Parks and Recreation	217,393
Police Department	74,885
Fire Department	48,676
General Government	16,482
Public Library	59,157
Public Health	77,706
Solid Waste Management	34,925
Homeless and Housing	99,216
Technology	67,536
Fleet	155,466
Equipment and Other	27,318
Total	$ 2,034,422 (*)

(*) The tax-supported component of the 2014-2018 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 Convention and Entertainment Facilities Funds, 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)
2014	18,558
2013	16,908
2012	18,255
2011	16,328
2010	16,012
2009	13,190
2008	10,950

CITY OF HOUSTON
CONTINUING DEBT DISCLOSURE INFORMATION

Long Term Disability and Compensated Absence Liability
(unaudited)

Long-Term Disability Fund	Fiscal Year 2014 (in thousands)
Assets Available for Future Long-Term Disability Obligations	$ 9,581
Claims Payable on Long-Term Disability Obligations	(8,104)
Unrestricted Net Assets	$ 1,477

Compensated Absence Liability	Fiscal Year 2014 (in thousands)
General Fund Short-Term Liability	$ 47,945
Other Governmental Short-Term Liability	90,507
Enterprise Funds Liability	32,389
Internal Service Funds Liability	445
Governmental Funds Long-Term Liability	314,447
Total	$ 485,733

General Fund Specific Charges to Other City Funds
(unaudited)

An additional charge made by the General Fund to the Combined Utility System, Airport, Convention and Entertainment Facilities Funds, 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)**
2014	43,257
2013	43,519
2012	41,469
2011	46,034
2010	46,906
2009	47,890
2008	41,395

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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)

	2005	2006	2007	2008	2009
Revenues					
Taxes	$ 1,227,388	$ 1,338,651	$ 1,425,575	$ 1,545,102	$ 1,617,937
Licenses and permits	40,240	42,524	55,912	62,132	58,126
Intergovernmental	187,372	512,279	319,864	300,717	435,715
Charges for services	156,290	133,161	119,250	112,554	121,418
Fines	53,464	51,441	57,305	57,001	57,037
Investment earnings	13,179	19,889	32,017	36,516	30,087
Contributions	1,780	-	-	-	737
Other	30,445	34,971	23,555	55,535	62,714
Total revenues	1,710,158	2,132,916	2,033,478	2,169,557	2,383,771
Expenditures					
General Government	163,738	241,772	236,638	144,337	178,064
Public safety	907,201	1,012,747	1,088,922	1,107,522	1,221,713
Public Works	316,428	335,598	330,296	281,433	398,506
Health	104,389	97,237	96,063	108,830	123,421
Housing and Community Development	57,076	323,199	89,320	77,702	79,215
Parks and recreation	70,720	79,602	82,648	77,354	80,438
Library	39,273	39,570	48,842	36,555	39,248
Retiree benefits	28,997	42,203	18,801	18,506	18,463
Other Current Expenditures	-	-	-	-	-
Capital Outlay	39,396	61,606	57,337	332,655	372,472
Debt Service					
Principal	139,607	220,510	172,166	197,790	487,690
Interest	94,188	113,556	122,680	129,992	133,288
Fiscal agent and fees	3,316	6,302	4,661	3,700	8,949
Advanced refunding escrow	-	-	-	-	-
Total expenditures	1,964,329	2,573,902	2,348,374	2,516,376	3,141,467
Excess of revenues over (under) expenditures	(254,171)	(440,986)	(314,896)	(346,819)	(757,696)
Other financing sources (uses)					
Transfers in	278,743	337,127	339,549	396,660	462,793
Transfers out	(223,863)	(272,726)	(281,936)	(328,873)	(391,143)
Proceeds from issuance of debt	274,721	433,514	313,771	387,051	626,205
Proceeds from refunded debt	173,062	169,230	229,168	219,238	324,030
Payment to escrow agent	(183,566)	(181,652)	(241,612)	(225,740)	(355,885)
Sale of land	-	6,439	8,356	8,757	5,381
Bond premium (discount)	10,546	16,912	15,870	9,004	(327)
Transfer to component unit	-	-	-	-	-
Proceeds from capital lease	-	-	-	-	-
Total other financing sources (uses)	329,643	508,844	383,166	466,097	671,054
Net change in fund balances	$ 75,472	$ 67,858	$ 68,270	$ 119,278	$ (86,642)
Debt service as a percentage of noncapital expenditures	12.1%	13.3%	12.9%	15.0%	22.4%

2010	2011	2012	2013	2014
$ 1,579,516	$ 1,568,056	$ 1,615,592	$ 1,745,882	$ 1,826,639
55,275	61,083	84,786	97,100	111,577
403,519	379,065	351,472	366,973	333,832
124,790	132,764	248,083	248,097	267,635
60,036	55,414	52,250	47,955	46,647
16,673	6,666	8,944	1,086	9,737
20	-	20	-	-
55,599	72,126	72,180	70,001	98,189
2,295,428	2,275,174	2,433,327	2,577,094	2,694,256
197,803	198,782	209,318	217,376	233,216
1,244,163	1,230,623	1,212,975	1,267,523	1,355,369
285,517	288,383	275,260	284,863	304,346
126,968	119,192	102,304	111,986	122,446
100,712	96,792	75,204	88,222	51,252
78,717	75,560	73,233	75,430	77,557
38,711	36,715	34,115	35,433	38,421
18,897	15,996	10,360	11,907	10,920
-	-	-	-	-
396,877	309,315	272,161	245,410	289,026
186,251	192,000	346,600	138,875	176,205
146,986	154,083	161,086	158,322	154,327
6,599	7,792	10,161	6,212	4,528
-	-	-	-	-
2,828,201	2,725,233	2,782,777	2,641,559	2,817,613
(532,773)	(450,059)	(349,450)	(64,465)	(123,357)
436,908	406,201	422,470	505,513	549,184
(364,873)	(329,225)	(346,592)	(449,222)	(507,217)
926,780	740,696	806,685	438,276	119,000
-	-	-	-	-
(553,230)	(535,960)	(458,052)	(395,227)	(519)
9,092	21,054	4,844	5,818	2,464
34,166	35,521	81,310	51,617	-
-	-	12,849	16,516	-
-	-	-	-	-
488,843	338,287	523,514	173,291	162,912
$ (43,930)	$ (111,772)	$ 174,064	$ 108,826	$ 39,555
13.7%	14.3%	20.2%	12.4%	13.1%

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	Total Tax Collections
2005	$ 664,831	$ 370,583	$ 162,263	$ 14,635	$ 8,343	$ 270	$ 1,220,925
2006	$ 700,788	$ 422,598	$ 186,508	$ 14,314	$ 9,000	$ 279	$ 1,333,487
2007	$ 738,578	$ 461,417	$ 189,551	$ 15,823	$ 9,713	$ 279	$ 1,415,361
2008	$ 829,837	$ 495,173	$ 190,518	$ 17,787	$ 10,479	$ 256	$ 1,544,050
2009	$ 890,308	$ 507,103	$ 190,800	$ 19,133	$ 10,587	$ 226	$ 1,618,157
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

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Personal Property	Less: Tax Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate
2005	$ 67,298,102	$ 44,051,724	$ 7,923,377	$ 2,532,851	$ 15,924,828	$ 105,881,226	6.5000
2006	$ 71,997,166	$ 60,214,783	$ 8,149,890	$ 2,023,823	$ 31,298,860	$ 111,086,802	6.4750
2007	$ 76,997,953	$ 65,711,310	$ 9,198,065	$ 2,568,995	$ 33,880,872	$ 120,595,451	6.4500
2008	$ 84,322,788	$ 75,245,892	$ 11,740,472	$ 2,515,631	$ 38,060,662	$ 135,764,121	6.4375
2009	$ 90,065,098	$ 88,374,034	$ 12,148,055	$ 2,380,333	$ 44,198,187	$ 148,769,333	6.3875
2010	$ 91,451,713	$ 89,110,300	$ 12,911,034	$ 2,344,315	$ 46,805,799	$ 149,011,563	6.3875
2011	$ 89,957,336	$ 84,250,876	$ 11,500,552	$ 2,276,946	$ 46,201,271	$ 141,784,439	6.3875
2012	$ 90,484,912	$ 86,617,837	$ 11,826,503	$ 2,159,964	$ 47,104,376	$ 143,984,840	6.3875
2013	$ 91,402,063	$ 93,629,148	$ 14,232,884	$ 2,143,660	$ 50,417,778	$ 150,989,977	6.3875
2014	$ 96,665,925	$ 103,323,330	$ 17,601,808	$ 2,341,556	$ 52,006,243	$ 167,926,376	6.3108

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

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

Purpose	2014	2013	2012	2011	2010
City					
General Purposes	4.74635	4.6221	4.8071	4.6336	4.5728
Debt Service	1.56445	1.7654	1.5804	1.7539	1.8147
City of Houston (1)	6.31080	6.3875	6.3875	6.3875	6.3875
County					
Fort Bend County	4.9976	4.9976	4.9976	4.9976	5.0660
Harris County (2)	4.4300	4.2830	4.1926	4.1728	4.2146
Montgomery County	4.8380	4.8380	4.8380	4.8380	4.8380
School District					
Aldine I.S.D.	13.0580	13.2839	13.2839	13.0054	13.0054
Alief I.S.D.	12.9000	13.2000	13.3000	13.4000	13.4000
Clear Creek I.S.D.	14.0000	13.6000	13.6000	13.6000	13.6000
Conroe I.S.D.	12.9000	12.9500	12.9500	12.9500	12.8500
Crosby I.S.D.	16.7000	14.4000	14.4000	14.4000	14.4000
Cypress-Fairbanks I.S.D.	14.5000	14.5000	14.3000	14.3000	14.1000
Deer Park I.S.D.	15.5670	15.2670	13.9670	13.9670	13.6670
Fort Bend I. S. D.	13.4000	13.4000	13.4000	12.7000	12.7000
Galena Park I.S.D.	15.1340	15.1340	15.1340	15.1340	14.7840
Goose Creek I.S.D.	13.3213	13.3213	13.3213	13.0213	12.8213
Houston I.S.D.	11.5670	11.5670	11.5670	11.5670	11.5670
Huffman I.S.D.	14.2000	14.4500	14.7000	14.7000	14.7000
Humble I.S.D.	15.2000	15.2000	15.2000	15.2000	15.2000
Katy I.S.D.	15.2660	15.2660	15.2660	15.2660	15.2660
Klein I.S.D.	14.3000	14.4000	14.3000	14.1000	13.6000
New Caney I.S.D.	15.4000	15.4000	15.4000	15.4000	14.8000
North Forest I.S.D. (3)			14.6929	13.7000	13.5000
Pasadena I.S.D.	13.5000	13.5000	13.5000	13.5000	13.5000
Sheldon I.S.D.	14.3000	14.3000	14.3000	14.3000	14.3000
Spring I.S.D.	15.7000	15.7000	15.7000	14.6000	14.6000
Spring Branch I.S.D.	13.9450	13.9450	13.9450	13.9450	13.9450
Municipal Utility District					
Harris County MUD # 355	2.0000	2.3500	2.3500	2.5500	2.9500
Harris County MUD # 359	3.0000	3.0500	3.0500	3.0500	2.9500
Harris County MUD # 366	2.5000	2.5000	2.5000	2.5000	2.5000
Harris County MUD # 372	1.9000	1.9000	1.9000	1.9000	1.9000
Harris County MUD # 390	7.0000	7.0000	7.0000	7.0000	7.0000
Harris County MUD # 450	7.6125	7.6125	7.7125	7.6125	7.6125
Northwood MUD #1	12.5000	12.5000	12.5000	12.5000	12.5000
Other Jurisdictions					
Clear Lake City Water Authority	2.8000	2.8000	2.8000	2.8000	2.8000
Fort Bend Parkway Road	(4)	0.5443	0.5443	0.5443	0.5443
Harris County Dept. of Education	0.0636	0.0658	0.0658	0.0658	0.0605
Houston Community College	0.2012	0.1750	0.1382	0.9222	0.9222
Lee College District	2.6070	2.4100	2.5200	2.5200	2.2120
Lone Star College System .	1.1600	1.2100	1.2100	1.1760	1.1010
Harris County Port of Houston Authority	0.1716	0.1952	0.1856	0.2054	0.1636
San Jacinto Jr. College	1.8560	1.8560	1.8560	1.7628	1.7080

(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.

2009	2008	2007	2006	2005
4.5460	4.6198	4.5927	4.6359	4.6573
1.8415	1.8178	1.8573	1.8391	1.8427
6.3875	6.4375	6.4500	6.4750	6.5000
4.9976	5.1674	5.1674	5.1674	5.2374
3.8923	3.9239	4.3480	4.3308	7.6340
4.8380	4.8880	4.9130	4.9630	4.9630
12.9200	12.7700	16.0400	17.0900	16.8900
13.4000	15.9000	15.9000	17.2000	16.9000
13.6000	13.2000	16.3000	16.3000	17.4500
12.7000	12.4000	15.9000	17.6000	17.3250
13.4000	10.4000	18.0800	18.7000	18.8000
13.5000	13.2400	16.5400	18.0000	17.9000
13.3670	13.1765	16.6230	18.0550	18.0550
12.7000	12.5000	15.4000	17.0750	17.0750
14.5590	14.3090	14.3090	18.1500	17.9500
12.8213	13.0196	15.9562	17.2750	16.8371
15.9900	15.9900	15.9900	15.9900	15.9900
14.7000	13.8000	16.0000	17.5500	18.5000
15.2000	13.1000	16.4000	17.7000	17.4000
15.2660	15.2700	18.1500	20.0000	20.0000
13.1000	12.6000	15.8000	17.0000	17.0000
14.4000	14.4000	14.1500	17.9000	17.7000
13.1434	12.3670	17.1250	17.1250	17.4440
14.3000	13.5000	16.9000	17.7500	17.7500
14.3000	14.3000	16.3400	17.5000	17.4600
14.6000	14.4000	17.1000	17.1000	18.7000
13.8250	12.8500	16.3150	18.1000	18.1000
3.0000	3.1000	3.7000	3.8000	4.0000
2.8500	2.7000	3.0000	3.2500	3.7000
2.5000	3.2000	3.5000	4.4000	5.0000
No data	No data	No data	No data	No data
7.0000	7.0000	7.0000	7.0000	7.0000
No data	No data	No data	No data	No data
12.5000	12.5000	12.5000	12.5000	12.5000
2.8000	2.8000	2.9000	2.9000	2.9000
0.5443	0.4153	0.4153	0.4153	1.1448
0.0585	0.0585	0.0629	0.0629	0.0629
0.1493	0.1493	0.8133	0.8133	0.8133
2.0677	2.0677	2.0228	2.0677	2.0813
1.1440	1.1440	1.1670	1.2070	1.1450
0.1437	0.1437	0.1302	0.1474	0.1673
1.4536	1.4536	1.4536	1.3913	1.3913

CITY OF HOUSTON, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
June 30, 2014
Current Year and Nine Years Ago
(amounts expressed in thousands)
(unaudited)

	2014			2005		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Centerpoint Energy, Inc. (Reliant H L & P)	$ 1,654,700	**1**	0.99%	$ 1,527,791	**1**	1.44%
Chevron Chemical Company	1,013,970	**2**	0.60%	307,238	**7**	0.29%
Crescent HC Investors LP	776,216	**3**	0.46%	868,962	**2**	0.82%
Shell Oil Company	770,380	**4**	0.46%			
United Airlines, Inc.	714,957	**5**	0.43%			
Busycon Properties LLC	536,990	**6**	0.32%			
1000 Louisiana LP	504,064	**7**	0.30%			
Texas Tower Ltd	499,469	**8**	0.30%			
Amoco Chemical Company	497,306	**9**	0.30%			
HG Galleria I II III, LP	475,504	**10**	0.28%	266,443	**10**	0.25%
Hines Interests Ltd Partnership				851,876	**3**	0.80%
Southwestern Bell				689,507	**4**	0.65%
Anheuser Busch, Inc.				473,881	**5**	0.45%
Trizechahn Allen Center LP				415,503	**6**	0.39%
Lyondell-Citgo Refining L.P.				305,048	**8**	0.29%
Continental Airlines, Inc.				302,384	**9**	0.29%
Total	$ 7,443,556		4.44%	$ 6,008,633		5.67%

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

Tax Bond Debt Service Fund for Fiscal Year 2015 [(a)]

		Amount (in thousands)
Budgeted Resources		
Beginning Fund Balance Estimate as of July 1, 2014	$	154,506
Interest Earnings on Debt Reserves and Bond Funds		-
Transfers in from:		
General Fund		273,000
Combined Utility System Operating Fund		26,190
Other sources		25,047
Third Party Reimbursements		3,600
Total Budgeted Resources	$	482,343
Budgeted Expenditures		
Debt Service Requirements		
Tax Bonds	$	337,756
Commercial Paper Paid from Third Party Reimbursements		
Miscellaneous		-
Total Budgeted Expenditures		337,756
Budgeted Ending Fund Balance as of June 30, 2014		144,587
Total Budgeted Expenditures and Reserves	$	482,343

(a) This fund includes the debt service for the City's Tax Bonds, Pension Obligations, and Commercial Paper Notes.

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	General Obligation Bonds	Capital Leases	Notes and Loans	Other Borrowings	Combined Utility System Revenue Bonds	Houston Airport System Revenue Bonds	Convention & Entertainment Revenue Bonds	Long-Term Contracts	Total Primary Government	Percentage of Personal Income	Per Capita (a)
2005	$ 2,415,988	$ 51,253	$ -	$ 23,395	$ 4,451,525	$ 2,279,443	$ 671,094	$ 266,799	$ 10,159,497	23.22%	$ 5,038
2006	$ 2,694,363	$ -	$ -	$ 21,880	$ 4,695,148	$ 2,260,462	$ 665,402	$ 248,368	$ 10,585,623	22.14%	$ 5,099
2007	$ 2,851,948	$ -	$ -	$ 20,200	$ 5,022,310	$ 2,266,018	$ 672,091	$ 231,710	$ 11,064,277	21.02%	$ 5,329
2008	$ 3,057,921	$ -	$ -	$ 15,060	$ 5,227,465	$ 2,263,676	$ 671,848	$ 211,016	$ 11,446,986	21.08%	$ 5,513
2009	$ 3,179,667	$ -	$ -	$ 13,315	$ 5,545,291	$ 2,193,246	$ 663,154	$ 221,260	$ 11,815,933	20.44%	$ 5,691
2010	$ 3,395,560	$ -	$ -	$ 10,010	$ 5,715,279	$ 2,506,253	$ 652,052	$ 178,844	$ 12,457,998	24.01%	$ 6,000
2011	$ 3,430,179	$ -	$ -	$ 7,830	$ 5,932,169	$ 2,449,485	$ 638,733	$ 170,937	$ 12,629,333	Not available	$ 6,083
2012	$ 3,506,196	$ -	$ -	$ 7,103	$ 5,411,031	$ 2,316,620	$ 490,615	$ 149,121	$ 11,880,686	Not available	$ 5,722
2013	$ 3,433,140	$ -	$ 11,135	$ 6,458	$ 5,751,435	$ 2,267,715	$ 463,364	$ 135,121	$ 12,068,368	Not available	$ 5,585
2014	$ 3,419,990	$ -	$ 11,629	$ 5,813	$ 6,041,391	$ 2,230,851	$ 483,034	$ 122,048	$ 12,128,574	Not available	$ 5,777

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 231 for personal income and population data.

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

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value (1) of Property	Per Capita (2)
2005	$ 2,415,988	$ 106,864	$ 2,309,124	2.18%	$ 1,145
2006	$ 2,694,363	$ 110,824	$ 2,583,539	2.33%	$ 1,244
2007	$ 2,851,948	$ 109,661	$ 2,742,287	2.27%	$ 1,279
2008	$ 3,057,921	$ 131,477	$ 2,926,444	2.16%	$ 1,325
2009	$ 3,179,667	$ 161,414	$ 3,018,253	2.03%	$ 1,346
2010	$ 3,395,560	$ 181,958	$ 3,213,602	2.16%	$ 1,433
2011	$ 3,430,179	$ 143,287	$ 3,286,892	2.32%	$ 1,455
2012	$ 3,506,196	$ 148,174	$ 3,358,022	2.33%	$ 1,565
2013	$ 3,444,275	$ 156,554	$ 3,287,721	2.18%	$ 1,522
2014	$ 3,431,619	$ 134,525	$ 3,297,094	1.96%	$ 1,566

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. See the schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 217 for property value data.
2. Population data can be found in the Schedule of Demographic and Economic Statistics on page 231.

CITY OF HOUSTON, TEXAS
COMPUTATION OF DIRECT AND OVERLAPPING DEBT
June 30, 2014
(amounts expressed in thousands)
(unaudited)

	Net Direct Debt		% of Debt Applicable to Houston	City of Houston Share of Debt
	Amount	As of		
City				
City of Houston - direct	$ 3,297,094	06/30/14	100.00%	$ 3,297,094
County				
Fort Bend County	319,938	06/30/14	1.92%	6,143
Harris County (including Toll Road Bonds)	1,935,528	06/30/14	53.18%	1,029,314
Harris County Flood Control	628,042	06/30/14	53.18%	333,993
Montgomery County	413,260	06/30/14	1.19%	4,918
School District				
Aldine I.S.D.	367,435	06/30/14	48.54%	178,353
Alief I.S.D.	184,529	08/31/13	77.19%	142,438
Clear Creek I.S.D.	743,959	06/30/14	47.32%	352,041
Conroe I.S.D.	932,571	08/31/13	0.00%	0
Crosby I.S.D.	113,991	06/30/14	0.23%	262
Cypress-Fairbanks I.S.D.	1,793,340	06/30/14	11.25%	201,751
Deer Park I.S.D.	371,763	06/30/14	0.12%	446
Fort Bend I.S.D.	903,483	06/30/14	1.89%	17,076
Galena Park I.S.D.	199,677	08/31/13	13.49%	26,936
Houston I.S.D.	2,356,214	06/30/14	90.95%	2,142,977
Huffman I.S.D.	45,113	06/30/14	26.02%	11,738
Humble I.S.D.	573,755	06/30/14	43.25%	248,149
Katy I.S.D.	1,199,581	08/31/13	19.16%	229,840
Klein I.S.D.	760,103	07/14/14	1.26%	9,577
New Caney I.S.D.	269,764	06/30/14	18.28%	49,313
Pasadena I.S.D.	543,845	06/30/14	41.35%	224,880
Sheldon I.S.D.	124,171	06/30/14	0.44%	546
Spring I.S.D.	562,549	06/30/14	1.67%	9,395
Spring Branch I.S.D.	719,859	06/30/14	70.46%	507,213
Municipal Utility District				
Harris County MUD 355	9,012	06/30/14	99.08%	8,929
Harris County MUD 359	7,611	06/30/14	100.00%	7,611
Harris County MUD 366	0	06/30/14	89.27%	0
Harris County MUD 372	9,917	08/31/13	100.00%	9,917
Harris County MUD 390	16,442	06/30/14	100.00%	16,442
Harris County MUD 450	7,596	06/09/14	100.00%	7,596
Northwood MUD # 1	2,255	09/29/14	100.00%	2,255
Other Jurisdictions				
Clear Lake City Water Authority	76,178	05/31/14	68.69%	52,327
Harris County Dept. of Education	0	06/30/14	53.18%	0
Houston Community College	661,385	08/31/14	90.86%	600,934
Lee College District	50,235	07/23/14	0.00%	0
Lone Star College System	440,860	06/30/14	11.64%	51,316
Port of Houston Authority	682,830	06/30/14	53.18%	363,129
San Jacinto Jr. College	288,045	06/30/14	15.44%	44,474
Total overlapping debt	18,314,836			6,892,229
Total direct and overlapping debt	$ 21,611,930			$ 10,189,323

The net direct debt amounts above, except for that which relates to the City of Houston, were provided by the individual government entities or the Municipal Advisory Council of Texas (MACTx). The percentage of debt applicable to the City was provided by MACTx. Net Direct Debt is equal to the outstanding principal amount less sinking fund balances.

The percentage of overlapping debt applicable is estimated using (market or taxable) assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's (market or taxable) assessed value that is within the overlapping jurisdiction's boundaries and dividing it by the overlapping jurisdiction's total (market or taxable) assessed value.

City of Houston, Texas
AD VALOREM TAX LEVIES AND COLLECTIONS
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Rate[a] General Purposes	Tax Rate[a] Debt Service	Tax Rate[a] Total	Net Current Year Tax Levy [b] [d] (in thousands)	Current Collections Prior to End of Fiscal Year [c] [d] [e] (in thousands)	Prior Years' Delinquent Collections[e] (in thousands)	Total Collection [c] [d] [e] (in thousands)	Total Collections Percentage of Net Levy [d]
2006	0.46359	0.18391	0.64750	719,287	688,486	31,718	720,204	100.1
2007	0.45927	0.18573	0.64500	777,841	751,882	36,007	787,889	101.3
2008	0.46198	0.18178	0.64375	874,230	845,817	34,772	880,589	100.7
2009	0.45460	0.18415	0.63875	961,059	926,956	32,395	959,351	99.8
2010	0.45728	0.18147	0.63875	960,083	932,952	23,672	956,624	99.6
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	1,172,951	1,145,974	25,078	1,171,052	99.8

(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 2015, which is as of August 15, 2014.

(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 2014. 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 2015, the City has budgeted approximately $100 million of tax increments to be transferred to special funds for such zones, as required by State law, of which approximately $8 million will be transferred back to the City for affordable housing projects and an administrative fee 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 2015 Budget includes a proposed tax rate of $0.63108 (per $100 assessed valuation) for Tax Year 2014 (Fiscal Year 2015). 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]
2004	2005	2,432,724	105,881,225	2.30%	1,181	233,354	188,000
2005	2006	2,644,366	111,225,839	2.38%	1,274	248,105	195,000
2006	2007	2,833,037	120,595,451	2.35%	1,306	262,523	209,000
2007	2008	3,016,248	135,764,121	2.22%	1,365	279,277	229,600
2008	2009	3,174,023	149,627,515	2.12%	1,418	254,513	251,700
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

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(a) With the exception of Tax Year 2011, 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 2013 amount represents the Appraisal Districts' estimate of certified taxable valuations based on tax rolls available as of July 11, 2014. As of July 11, 2014, the total assessed value for Tax Year 2013 (including exempt property values) was approximately $221billion, which is the appraised value used to determine the statutory limitation of approximately $22 billion relating to total bond indebtedness.

(b) Per capita figures are based on population estimates according to the U.S. Census Bureau.

(c) These amounts have not been reduced by the combined ending fund balances in the General Debt Service Fund.

(d) These amounts include principal and interest payments for Tax Obligations, except it only includes interest for Commercial Paper Notes at an assumed rate appropriate for each Fiscal Year.

(e) Sources of funds for the general obligation debt service requirement include the tax levy and transfers from Enterprise and Special Revenue Funds.

(f) Information as reported in the City's Monthly Operations and Financial Report dated as of December 31 of each Fiscal Year.

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CITY OF HOUSTON, TEXAS
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

LEGAL DEBT MARGIN CALCULATION AT JUNE 30, 2014

Assessed Value (1)	$ 219,622,778
Debt Limit (10% of assessed value)	$ 21,962,278
Debt applicable to limit:	
Public Improvement Bonds	2,422,445
Pension Obligations	535,353
Commercial Paper - General Obligation	257,350
Tax and Revenue Certificates of Obligation	18,660
Total net debt applicable to limit	$ 3,233,808
Legal debt margin	$ 18,728,470

HISTORICAL LEGAL DEBT LIMITATION

	2005	2006	2007
Legal debt limitation, 10% of assessed value(2)	$ 12,180,606	$ 14,238,567	$ 15,447,632
Total net debt applicable to margin	2,462,578	2,732,439	2,877,360
Legal debt margin	$ 9,718,028	$ 11,506,128	$ 12,570,272
Total net debt applicable to the limit as a percentage of debt limit	20%	19%	19%

(1) Assessed Value for the 2013 tax year (fiscal year 2014) 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 2014.

(2) See Vernon's Annotated Civil Statues, Article 835p, Section 1 and 2.

2008	2009	2010	2011	2012	2013	2014
$ 17,382,478	$ 19,296,752	$ 19,581,736	$ 18,798,571	$ 19,108,922	$ 20,140,168	$ 21,962,278
3,078,103	3,109,000	3,300,878	3,322,128	3,367,313	3,291,013	3,233,808
$ 14,304,375	$ 16,187,752	$ 16,280,858	$ 15,476,443	$ 15,741,609	$ 16,849,155	$ 18,728,470
18%	16%	17%	18%	18%	16%	15%

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

Airport System Bonds [1]

Fiscal Year	Operating & Non-Operating Revenues [2]	Less: Operating Expenses	Net Pledged Revenue	Debt Service Principal	Debt Service Interest	Less Grants Available for Debt Service [3]	Coverage
2005	367,940	191,093	176,847	28,182	84,066	25,506	2.04
2006	411,545	205,565	205,980	31,737	108,601	46,621	2.20
2007	443,295	217,720	225,575	33,377	111,118	20,679	1.82
2008	477,330	221,309	256,021	45,996	111,250	28,022	1.98
2009	409,721	242,449	167,272	49,692	100,746	54,682	1.75
2010	425,071	245,147	179,924	51,832	93,298	56,171	2.02
2011	423,632	262,668	160,964	61,136	97,546	56,827	1.58
2012	429,665	255,507	174,158	59,575	91,736	43,979	1.62
2013	441,245	252,745	188,500	56,800	97,138	34,390	1.58
2014	460,768	268,745	192,023	60,419	96,005	58,556	1.96

1. Including Sr. Lien Commercial Paper, Subordinate Lien Bonds, and Inferior Lien Obligations.
2. Income and revenues derived from the operation of the Airport System with limited exclusions.
3. Debt service is net of amounts paid by grant funds and capitalized interest.

Combined Utility System Bonds [4]

Fiscal Year	Operating & Non-Operating Revenues [5]	Less: Total Expenses	Net Pledged Revenue	Debt Service Principal	Debt Service Interest	Coverage
2005	668,391	309,343	359,048	14,031	175,789	1.89
2006	721,243	349,135	372,108	31,570	196,461	1.63
2007	701,813	357,403	344,410	26,618	232,048	1.33
2008	722,918	378,919	343,999	27,088	248,900	1.25
2009	867,329	379,458	487,871	37,683	258,129	1.65
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	969,028	417,616	551,412	68,285	299,436	1.50
2013	979,550	399,855	579,695	80,278	308,204	1.49
2014	1,035,372	406,274	629,098	134,030	273,484	1.54

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

Convention and Entertainment Center Bonds [6]

Fiscal Year	Pledged Hotel Occupancy Tax & Other Revenue [7]	Debt Service Principal	Debt Service Interest	Coverage
2005	47,325	6,590	22,715	1.61
2006	58,171	13,680	23,326	1.57
2007	61,420	14,775	24,004	1.58
2008	69,743	17,540	23,926	1.68
2009	65,334	18,620	19,451	1.72
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

6. Including Revenue Bonds and Commercial Paper.
7. 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)	(3)
2005	2,016,582		$ 43,748,970		$ 22,534		31.9		12.7		392,846		6.3	
2006	2,076,189		$ 47,805,874		$ 23,041		32.3		12.6		409,937		5.5	(4)
2007	2,144,491		$ 52,642,282		$ 25,719		32.2		12.8		425,015		4.6	(4)
2008	2,208,180		$ 54,306,140		$ 26,836		32.8		Not available		811,154	(5)	4.2	(2)
2009	2,242,193		$ 57,795,120		$ 25,563		32.9		13.2		520,118	(6)	5.9	(2)
2010	2,257,926	(2)	$ 51,886,111		$ 24,623		32.8		12.4		525,506	(6)	7.0	(2)
2011	2,107,208	(2)	Not available		$ 26,109		32.2		12.7		560,316	(6)	8.2	(7)
2012	2,145,933	(8)	Not available		$ 26,179	(8)	33.2	(9)	13.0	(9)	576,020	(8)	7.5	(10)
2013	2,160,821	(8)	Not available		$ 26,849	(8)	32.1	(8)	13.0	(6), (8)	548,061	(6)	6.5	(7)
2014	2,099,451	(8)	Not available		$ 27,029	(8)	32.3	(8)	13.0	(8)	557,780	(8)	9.0	(8)

(1) Source: Population Estimate program, U. S. Census Bureau, as of the beginning of the fiscal year. (Fiscal year 2002 is as of July 1, 2001.)

(2) Source: American Community Survey, U. S. Census Bureau. (Fiscal year 2002 data is for calendar year 2001.)

(3) Source: University of Houston, Center for Public Policy. (Data for fiscal year 2002 is calendar year 2001.)

(4) Source: Texas Workforce Commission

(5) School enrollment for the City of Houston is not available. The number reflects the Houston metropolitan area.

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

(7) Source: Local Area Unemployment Statistics, Bureau of Labor Statistics Texas Workforce Commission

(8) Source: U. S. Census Bureau Fact Finder

(9) This is the average for the MSA (Metropolitan Service Area).

(10) Source: Bureau of Labor Statistics

CITY OF HOUSTON, TEXAS
PRINCIPAL EMPLOYERS
June 30, 2014
Current Year and Nine Years Ago
(unaudited)

	2014			2005		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**	**Employees**	**Rank**	**Percentage of Total City Employment**
Memorial Hermann Health System	19,500	**1**	1.92%	16,300	**1**	1.72%
Univ of Tx M. D. Anderson Cancer Center	19,290	**2**	1.90%	16,000	**3**	1.68%
United Airways	17,000	**3**	1.67%	16,000	**2**	1.68%
ExxonMobil Corporation	13,191	**4**	1.30%			
Shell Oil Company	13,000	**5**	1.28%			
The Houston Methodist Hospital System	13,000	**6**	1.28%	8,598	**10**	0.91%
Kroger Company	12,000	**7**	1.18%	12,000	**6**	1.26%
National Oilwell Varco	10,000	**8**	0.98%			
Schlumberger Limited	10,000	**9**	0.98%			
B. P. America, Inc.	9,537	**10**	0.94%			
Halliburton K. B. R.				14,000	**4**	1.47%
Univ of Tx Medical Branch in Galveston				12,318	**5**	1.30%
ARAMARK Corp.				10,000	**7**	1.05%
H. C. A. Health				9,000	**8**	0.95%
Hewlett-Packard Corporation				9,000	**9**	0.95%
Total :	136,518		13.43%	123,216		12.97%

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:	2014	1,015,817
Bureau of Labor Statistics	2005	949,998

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CITY OF HOUSTON, TEXAS
EMPLOYMENT STATISTICS
June 30, 2014
(unaudited)

Employment

The following table indicates the Houston PMSA estimated annual average labor force for the years 2004 through 2013 according to the Texas Employment Commission:

Houston PMSA Labor Force Estimates
(Employees in thousands)

	2004	2005	2006	2007
Civilian Labor Force[(A)]	2,577	2,614	2,674	2,723
Employed	2,417	2,468	2,540	2,606
Unemployed	160	146	134	117
Percent unemployed	6.21%	5.59%	5.01%	4.30%
Nonfarm Payroll Employment[(B)]	2,290	2,349	2,446	2,545
Manufacturing	208	212	223	233
Mining	68	71	78	84
Contract construction	165	169	182	197
Transp/Trade/Pub Utils/Communications[(C)]	640	653	673	699
Finance/Insurance/Real Estate	89	91	91	92
Services & Miscellaneous	923	962	1,014	1,063
Government	335	339	345	352

(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.

2008	2009	2010	2011	2012	2013
2,781	2,873	2,933	3,075	3,110	2,180
2,647	2,638	2,692	2,843	2,901	3,009
134	235	241	232	210	171
4.82%	8.18%	8.20%	7.50%	6.70%	5.40%
2,603	2,530	2,594	2,693	2,793	2,895
241	218	228	237	252	261
90	88	89	97	106	115
205	172	175	180	188	197
715	564	556	579	602	616
91	138	134	140	143	146
1,087	973	1,035	1,097	1,135	1,800
361	377	377	364	367	379

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

Full-time Equivalent Employees as of June 30, 2014

Fund/Department	2005	2006	2007 Restated	2008 Restated	2009	2010	2011	2012	2013	2014
GENERAL FUND										
Public Safety										
Fire/Civilian	320.3	288.7	287.0	270.2	270.5	247.9	222.6	118.9	117.4	117.1
Fire/Classified	3,716.0	4,123.5	4,070.3	3,997.5	4,058.3	4,131.7	4,085.1	3,978.6	4,011.7	3,981.2
Fire/Cadets	181.5	38.5	103.0	113.5	95.7	53.0	53.1	14.2	26.7	123.0
Municipal Courts - (Administration) Department	347.1	343.7	290.9	262.2	284.8	269.8	301.7	271.2	268.8	291.6
Municipal Courts - (Justice) Department	41.6	45.3	47.6	49.4	50.6	50.9	-	-	-	-
Police/Civilian	1,115.6	1,173.1	1,237.8	1,289.5	1,572.3	1,528.4	1,393.1	1,119.9	1,194.9	1,157.8
Police/Classified	5,118.3	5,125.3	5,287.3	5,382.7	5,703.2	5,629.9	5,535.3	5,474.9	5,456.9	5,290.4
Police/Cadets	26.7	81.8	130.9	176.8	221.6	135.0	70.4	76.6	118.1	88.1
Total Public Safety	10,867.1	11,219.9	11,454.8	11,541.8	12,257.0	12,046.6	11,661.3	11,054.3	11,194.5	11,049.2
Development & Maintenance Services										
General Services (Formerly Building Services)	181.2	211.3	228.2	237.8	242.1	233.2	210.6	193.9	193.6	201.1
Planning & Development	104.3	99.6	96.6	97.1	105.1	107.0	97.5	75.7	75.2	76.1
Public Works & Engineering	841.3	539.9	548.4	556.7	568.3	529.0	505.6	9.1	15.0	13.6
Solid Waste Management	576.9	576.4	546.6	655.0	667.2	633.5	623.9	460.5	471.0	458.9
Total Development & Maintenance	1,703.7	1,427.2	1,419.8	1,546.6	1,582.7	1,502.7	1,437.6	739.2	754.8	749.7
Human & Cultural Services										
Convention & Entertainment Facilities	-	63.0	54.8	0.4	3.5	-	-	-	-	-
Health & Human Services	767.1	797.9	725.8	684.5	741.3	661.3	574.8	458.4	470.7	565.0
Housing & Community Development	-	-	-	1.3	2.3	2.5	2.9	2.1	2.0	2.0
Library	443.0	473.1	484.5	497.3	530.5	517.4	456.4	401.7	405.2	474.1
Neighborhoods	-	-	-	-	-	-	-	96.3	104.4	103.5
Parks & Recreation	741.0	772.8	814.1	815.8	869.4	838.8	774.2	627.6	644.4	670.3
Total Human & Cultural Services	1,951.1	2,106.8	2,079.2	1,999.3	2,147.0	2,020.0	1,808.3	1,586.1	1,626.7	1,814.9
Administrative Services										
Administration & Regulatory Affairs	-	-	-	264.1	292.0	375.9	362.9	268.1	240.3	201.5
City Secretary	12.1	12.1	11.6	11.1	11.5	11.4	11.9	10.9	10.7	10.7
Controller's Office	74.9	70.7	73.7	74.7	76.3	76.8	74.0	66.2	64.9	65.3
Council Office	61.5	71.3	68.1	71.4	73.3	72.4	72.8	74.6	77.7	74.6
Finance & Administration	313.5	303.8	310.0	-	-	-	-	-	-	-
Finance Department	-	-	-	54.9	68.9	76.9	70.7	72.6	60.4	107.8
Human Resources	38.6	38.2	37.9	39.1	39.3	41.8	40.0	35.9	34.4	31.1
Information Technology	143.5	127.2	129.0	140.3	154.9	169.6	158.8	150.8	144.3	156.3
Legal	146.4	144.0	152.8	158.7	168.1	161.0	155.3	119.1	116.4	119.7
Mayor's Office	20.2	48.8	43.5	39.6	37.1	35.2	35.1	23.3	56.3	58.5
Office of Business Opportunity (Formerly Affirm. Action	27.2	25.7	25.8	32.4	34.1	35.8	31.6	23.3	25.1	26.4
Total Administrative Services	837.9	841.8	852.4	886.3	955.5	1,056.8	1,013.1	844.8	830.5	851.9
Total General Fund	15,359.8	15,595.7	15,806.2	15,974.0	16,942.2	16,626.1	15,920.3	14,224.4	14,406.5	14,465.7
ENTERPRISE FUNDS										
Aviation	1,516.8	1,569.6	1,622.7	1,587.2	1,604.8	1,544.7	1,528.5	1,415.0	1,339.5	1,368.7
Convention & Entertainment Facilities	104.7	109.3	116.5	124.3	124.1	118.8	117.6	69.0	23.0	22.7
PW&E - Combined Utility System	2,220.3	2,158.6	2,243.8	2,288.9	2,350.7	2,338.0	2,213.0	2,280.5	2,237.5	2,220.8
GSD - Parking Management (Formerly PW&E)	-	-	-	54.0	53.9	-	-	-	-	-
Total Enterprise Funds	3,841.8	3,837.5	3,983.0	4,054.4	4,133.5	4,001.5	3,859.1	3,764.5	3,600.0	3,612.2

Administration & Regulatory Affairs and the Finance Department were Finance and Administration.
Municipal Courts - Administration and Municipal Courts - Justice consolidated as the Department.
Fleet Management was established as a new department in FY 2012. It is no longer part of Public Works & Engineering.

Full-time Equivalent Employees as of June 30, 2014

Fund/Department	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
SPECIAL REVENUE FUNDS										
Administration & Regulatory Affairs	-	-	-	-	-	-	104.4	176.8	159.5	159.9
Cable Television	10.5	9.3	-	-	-	-	-	-	-	-
Finance	-	-	-	-	-	-	-	-	-	15.5
Fleet Management (Formerly PW&E - Fleet Management	74.1	170.7	-	-	-	-	-	262.5	267.7	325.9
General Services (Formerly Building Services)	-	-	-	-	-	-	-	-	-	61.3
Health & Human Services	-	-	435.7	490.9	530.9	530.9	544.3	510.0	515.5	592.1
Housing & Community Development	-	-	126.5	136.9	140.1	148.2	129.5	129.3	159.0	161.8
Houston Emergency Center	219.3	239.6	248.0	264.6	275.6	256.8	248.0	234.3	242.5	243.8
Legal	-	-	-	-	-	-	-	11.0	7.6	35.2
Library	-	-	3.4	9.9	28.4	29.7	29.5	28.0	26.0	23.4
Mayor's Office	-	-	24.7	24.2	22.7	24.5	23.7	23.4	28.5	26.9
Municipal Courts - (Administration) Department	19.4	21.5	22.8	24.4	28.7	28.8	39.5	34.3	35.0	18.1
Municipal Courts Department - Justice	-	-	-	-	3.3	10.4	-	-	-	-
Neighborhoods	-	-	-	-	-	-	-	1.0	51.0	48.8
Office of Business Opportunity (Formerly Affirm. Action	-	-	-	-	-	-	-	1.0	2.0	2.0
Parks Special Revenue	98.0	106.0	105.7	107.0	112.9	109.1	101.4	97.6	92.0	93.2
Planning & Development	-	-	-	3.4	6.5	9.0	8.4	10.2	11.9	11.6
Police - Asset Forfeiture	15.9	21.3	-	-	-	-	-	-	-	-
Police - Auto Dealers/Civilian	8.2	6.3	73.7	113.8	88.6	-	-	7.0	8.0	8.0
Police - Auto Dealers/Classified	18.0	22.0	21.1	37.0	25.6	42.2	32.1	21.0	19.0	32.0
Police - Special Services/Civilian	117.7	6.3	-	-	-	148.3	128.4	124.0	26.5	35.7
Police - Special Services/Classified	-	40.8	-	-	-	-	-	40.2	49.4	139.3
PW&E - Building Inspection	308.5	380.0	1,313.8	1,362.2	1,373.6	940.4	907.3	814.0	647.6	571.5
PW&E - Sign Administration	27.5	31.6	-	-	-	-	-	-	-	-
PW&E - Stormwater Utility	403.5	413.6	-	-	-	404.7	385.5	384.2	354.7	377.7
PW&E - Houston TransStar	5.9	5.5	-	-	-	13.2	6.9	7.0	6.6	8.0
PW&E - Drainage and Street Renewal	-	-	-	-	-	-	-	532.4	490.4	505.2
PW&E - TxDOT Signal Maintenance	0.5	-	-	-	-	-	-	-	-	-
Solid Waste Management	-	-	-	-	-	0.5	1.0	4.0	2.9	2.1
Total Special Revenue Funds	1,327.0	1,474.5	2,375.4	2,574.3	2,636.9	2,696.7	2,689.9	3,453.2	3,203.3	3,499.0
Total General, Enterprise and Special Funds	20,528.6	20,907.7	22,164.6	22,602.7	23,712.6	23,324.3	22,469.3	21,442.1	21,209.8	21,576.9
INTERNAL SERVICE/REVOLVING FUND										
Human Resources - Health Benefits	37.1	36.2	74.2	69.9	70.7	42.7	47.5	42.3	45.8	46.7
General Services - Central Svc Revolving	1.5	4.0	24.8	-	-	53.9	41.8	29.0	27.9	31.8
Human Resources - Central Svc Revolving	4.8	4.5	-	-	-	6.0	52.5	120.8	125.6	138.7
Admin. & Regulatory Affairs - Central Svc Revolving	5.5	5.9	6.0	-	-	-	-	-	-	-
Information Technology - Central Svc Revolving	1.6	2.0	-	3.3	2.9	15.6	28.3	44.2	45.6	53.7
General Services - In House Reconstruction	29.1	28.8	57.4	66.6	70.0	70.7	27.8	28.7	29.0	28.5
PW&E - CIP Salary Recovery	-	-	-	-	-	-	-	-	302.4	308.9
General Services - CIP Salary Recovery	-	19.6	-	-	-	-	-	-	-	-
Admin. and Regulatory Affairs - Property and Casualty	4.0	5.1	-	4.9	5.8	6.8	4.9	5.1	5.0	5.0
Legal - Property and Casualty	28.4	27.2	41.0	43.4	40.6	41.9	38.3	47.6	47.9	52.2
Human Resources - Workers Compensation	30.3	28.9	-	-	-	44.1	30.5	28.7	30.1	29.5
Legal - Workers Compensation	5.2	4.4	-	-	-	5.0	4.9	3.1	2.7	2.0
Total Internal Service/Revolving Funds	147.5	166.6	203.4	188.1	190.0	286.7	276.5	349.5	662.0	697.0
Total Full-time Equivalent Employees	20,676.1	21,074.3	22,368.0	22,790.8	23,902.6	23,611.0	22,745.8	21,791.6	21,871.8	22,273.9

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, 2014
(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Police										
Physical arrests	103,917	100,795	121,834	110,058	132,121	141,525	130,376	109,368	96,058	138,007
Parking violations	241,324	203,591	255,690	210,607	217,795	208,970	196,702	201,341	197,253	195,822
Traffic violations filed	841,494	851,573	939,932	867,535	920,341	875,134	686,714	729,490	587,835	557,609
Fire										
Number of calls dispatched	267,171	284,231	278,713	281,574	281,103	270,312	273,444	285,287	294,278	308,264
Inspections	40,540	38,937	32,694	31,800	84,378 (1)	86,561	87,511	84,826	82,515	85,945
Highways and streets										
Streets resurfaced (miles)	374	334	325	307	235	195	140	140	129	104
Tons of asphalt for pothole repair and skin patches	18,272	16,104	16,178	16,647	17,323	17,103	19,002	16,497	16,279	15,292
Parks and recreation										
Athletic field permits issued	1,850	1,995	2,073	2,494	2,331	2,490	2,490	1,985	2,375	2,344
Community center admissions	2,859,414	3,332,920	3,618,818	4,146,502	3,924,751	4,413,580	4,775,581	5,259,890	5,421,607	5,702,568
Sanitation										
Refuse collected (tons)	835,054	825,915	837,008	796,926	803,428	764,900	673,966	703,449	712,857	686,334
Recyclables collected (tons)	20,607	15,352	15,703	21,312	53,151 (2)	74,616	110,079 (4)	113,332	111,602	115,143
Water										
New connections	7,806	5,235	6,871	5,660	3,400	3,008	2,881	3,433	3,864	6,796 (5)
Water main breaks	3,381	4,939	5,623	2,797	9,822 (3)	12,556	11,688	17,999 (3)	11,343	11,935
Average daily pumpage (millions of gallons)	363.1	399.9	374.5	372.0	378.7	401.0	446.0	483.0	446.4	455.0
Wastewater										
Wastewater line repairs	2,577	2,413	2,315	2,160	2,059	2,267	2,164	2,487	2,660	2,210
Average daily sewage treatment (millions of gallons)	252.0	227.0	244.0	268.0	230.0	239.5	220.0	217.0	209.0	225.0

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

CITY OF HOUSTON, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
June 30, 2014
(unaudited)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function										
Public safety										
Police										
Stations	14	15	15	17	17	17	17	17	17	17
Patrol units	730	919	829	851	932 (1)	960	915	838	856	903
Fire										
Stations	88	90	90	91	91	92	94	94	92	92
Highways and streets										
Streets (lane miles)	15,645	15,645	15,645	15,645	15,763	15,763	15,397	15,397	15,397	15,397
Streetlights	175,000	176,000	172,300	173,000	173,520	174,008	174,795	175,249	175,516	174,373
Traffic signals	2,355	2,400	2,430	2,450	2,399 (2)	2,391	2,395	2,439	2,449	2,467
Parks and recreation										
Parks acreage	18,620	24,493	38,934	38,934	38,970	38,992	37,846	37,846	37,851	37,851
Parks	523	533	539	540	546	545	527	527	527	528
Swimming pools	43	40	58	62	62	61	61	59	57	57
Tennis Centers	3	3	3	3	3	3	3	3	3	3
Community centers	57	56	56	58	58	58	58	59	60	60
Sanitation										
Collection trucks	347	338	326	337	322	329	326	321	323	323
Water										
Water mains (miles)	7,354	7,354	7,501	6,500	6,500	7,466	7,500	7,146 (5)	7,143	7,198
Fire hydrants	52,879	54,829	54,522	56,950	57,432	57,500	57,013	57,000	58,162	58,984
Maximum daily capacity (millions of gallons)	750.0	750.0	750.0	750.0	740.0	773.0	842.0 (3)	905.0	853.0	885.0
Sewer										
Sanitary sewers (miles)	6,250	6,250	6,250	6,250	6,250	6,250	6,403 (4)	6,700	6,950	6,950
Storm sewers (miles)	3,300	3,420	3,487	3,513	3,513	3,618	3,698	3,700	3,789	3,838
Maximum daily treatment permitted (millions of gallons)	564.0	564.0	564.0	564.0	564.0	564.0	563.0	563.0	563.0	565.0

(1) The number of patrol units greatly increased due to Hurricane Ike.
(2) The number of traffic signals decreased because FY2008 included assuming responsibility from TXDOT for additional signals. This did not happen.
(3) The maximum daily capacity for FY 2002 to FY 2010 were adjusted to reflect updated information received from the division. FY 2005 to FY 2008 are estimated.
(4) The sanitary sewers (miles) for FY2005 to FY2010 were adjusted to reflect updated information received from the division.
(5) The water mains (miles) for FY2012 was adjusted to reflect updated information received from the division.

CITY OF HOUSTON, TEXAS
June 30, 2014
INCREASES/DECREASES TO NET POSITION OF PENSION PLANS
(amounts expressed in thousands)
(unaudited)

	Police	Fire	Municipal	Total
Additions	789.5	677.9	497.4	1,964.8
Deductions	216.0	195.5	229.6	641.1
Net Increase	573.5	482.4	267.8	1,323.7
City's Total Contribution	103.4	64.3	128.3	296.0

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 2015 through 2044 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[b][e]	Pension Obligations[c]	Tax Certificates[d]	Total Debt Service[f]
2015	$ 286,964,377	$ 42,688,252	$ 3,954,651	$ 333,607,280
2016	286,329,161	42,736,161	1,539,651	330,604,973
2017	312,362,286	42,784,193	1,539,651	356,686,130
2018	315,473,690	42,840,460	2,619,651	360,933,801
2019	274,981,568	42,897,446	2,620,651	320,499,665
2020	267,826,371	42,962,951	2,623,901	313,413,223
2021	224,899,880	52,989,143	2,624,151	280,513,174
2022	205,900,515	53,017,022	2,621,401	261,538,938
2023	210,620,857	53,033,446	2,620,651	266,274,954
2024	153,547,317	53,059,012	977,701	207,584,030
2025	152,322,635	53,087,743		205,410,378
2026	114,843,698	53,118,665		167,962,363
2027	131,184,075	53,150,488		184,334,563
2028	124,771,888	53,176,606		177,948,494
2029	87,503,009	61,545,416		149,048,425
2030	49,420,858	61,591,516		111,012,374
2031	27,350,299	73,050,274		100,400,573
2032	28,576,643	73,088,498		101,665,141
2033	19,895,653	30,715,357		50,611,010
2034	17,167,380	6,505,750		23,673,130
2035	18,491,899	50,850,750		69,342,649
2036	17,110,820	39,478,572		56,589,392
2037	13,679,887	24,547,367		38,227,254
2038	10,078,990	880,470		10,959,460
2039	7,076,574	880,470		7,957,044
2040	4,521,200	880,470		5,401,670
2041	4,522,800	21,130,470		25,653,270
2042	4,520,900			4,520,900
2043	3,155,250			3,155,250
2044				
Total	$ 3,375,100,480	$ 1,126,686,968	$ 23,742,060	$ 4,525,529,508

(a) 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.

(b) 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.

(c) A portion of the debt service for the Pension Obligations is paid by the City's Combined Utility System and Airport System.

(d) The City's $9,000,000 Certificate of Obligation (Demolition Program), Series 2014Q, is reflected at an assumed rate of 4.310%

(e) 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).

(f) Totals may reflect a variance due to rounding.

CITY OF HOUSTON, TEXAS
June 30, 2014
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") and November of 2012 (the "2012 Election"), the amount of each such authorization approved by City Council for issuance as Commercial Paper Notes, the amount of commercial paper issued as of year-end, and the amount of commercial paper approved but unissued. The City has issued all bonds authorized at the election held in November of 1997.

November 2001 Election

Purposes	Voter Authorized	Approved by City Council for Issuance as Commercial Paper Notes	Commercial Paper Issued [a]	Commercial Paper Notes Approved by City Council but Unissued	All Voter Authorized but Unissued
Streets, Bridges, Traffic Control and Storm Sewers and Drainage	$ 474,000	$ 474,000	$ 473,000	$ 1,000	$ 1,000
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	13,185	6,815	6,815
Total	$ 776,000	$ 776,000	$ 768,185	$ 7,815	$ 7,815

November 2006 Election

Purposes	Voter Authorized	Approved by City Council for Issuance as Commercial Paper Notes	Commercial Paper Issued [a]	Commercial Paper Notes Approved by City Council but Unissued	All Voter Authorized but Unissued
Streets, Bridges, Traffic Control and Storm Sewers and Drainage	$ 320,000	$ 219,950	$ 76,560	$ 143,390	$ 243,440
Parks and Recreation	55,000	55,000	50,000	5,000	5,000
Public Safety	135,000	135,000	98,055	36,945	36,945
Permanent and General Improvements [b]	60,000	60,000	53,450	6,550	6,550
Public Libraries	37,000	37,000	37,000	-	-
Low Income Housing	18,000	13,633	1,000	12,633	17,000
Total	$ 625,000	$ 520,583	$ 316,065	$ 204,518	$ 308,935

November 2012 Election

Purposes	Voter Authorized	Approved by City Council for Issuance as Commercial Paper Notes	Commercial Paper Issued [a]	Commercial Paper Notes Approved by City Council but Unissued	All Voter Authorized but Unissued
Streets, Bridges, Traffic Control and Storm Sewers and Drainage	$ -	$ -	$ -	$ -	$ -
Parks and Recreation	166,000	24,190	-	24,190	166,000
Public Safety	144,000	21,793	-	21,793	144,000
Permanent and General Improvements [b]	57,000	18,843	550	18,293	56,450
Public Libraries	28,000	8,195	1,350	6,845	26,650
Low Income Housing	15,000	-	-	-	15,000
Total	$ 410,000	$ 73,021	$ 1,900	$ 71,121	$ 408,100
Combined Total (2001, 2006 and 2012 Elections)	$ 1,811,000	$ 1,369,604	$ 1,086,150	$ 283,454	$ 724,850

(a) As of June 30, 2014
(b) Includes Public Health and Solid Waste Management.

CITY OF HOUSTON, TEXAS
June 30, 2014
(unaudited)

SALES AND USE TAX AND FRANCHISE CHARGES AND FEES

Fiscal Year		Sales and Use Tax (in thousands)	Charges and Fees (in thousands)
2006		$ 422,598	$ 186,508
2007		$ 461,467	$ 189,551
2008		$ 495,173	$ 190,193
2009		$ 507,103	$ 190,322
2010		$ 468,965	$ 190,868
2011		$ 492,824	$ 190,563
2012		$ 546,543	$ 192,760
2013		$ 600,256	$ 195,304
2014		$ 629,441	$ 189,989
2015	(budgeted)	$ 666,968	$ 185,099

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	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Revenues					
Fees charged to users, net	$ 19,175	$ 19,599	$ 20,554	$ 22,306	$ 20,902
Total Operating Revenues	19,175	19,599	20,554	22,306	20,902
Nonoperating Revenues					
Interest	15,926	16,729	18,704	19,186	17,688
Hotel occupancy tax (including penalty & interest)	42,266	54,765	58,709	66,232	62,383
Other income	7,279	4,190	13,215	5,669	113,265
Total Nonoperating Revenues	65,471	75,684	90,628	91,087	193,336
Total Revenues	$ 84,646	$ 95,283	$ 111,182	$ 113,393	$ 214,238

Total Annual Expenses Last Ten Fiscal Years	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Expenses					
Maintenance and operating	$ 32,797	$ 33,437	$ 35,342	$ 37,276	$ 39,142
Depreciation	10,372	10,984	11,925	12,084	14,888
Total Operating Expenses	43,169	44,421	47,267	49,360	54,030
Nonoperating Expenses					
Interest on long-term debt	29,468	30,970	32,859	33,150	29,740
Promotional contracts & other expenses	61,694	23,880	21,119	28,659	30,840
Total Nonoperating Expenses	91,162	54,850	53,978	61,809	60,580
Total Expenses	$ 134,331	$ 99,271	$ 101,245	$ 111,169	$ 114,610

2010	2011	2012	2013	2014
$ 20,298	$ 22,877	$ 8,934	$ 10,372	$ 11,124
20,298	22,877	8,934	10,372	11,124
11,971	9,562	10,010	9,080	9,637
54,917	61,603	68,623	76,325	90,119
18,997	18,266	525	413	292
85,885	89,431	79,158	85,818	100,048
$ 106,183	$ 112,308	$ 88,092	$ 96,190	$ 111,172

2010	2011	2012	2013	2014
$ 39,817	$ 40,229	$ 1,885	$ 1,780	$ 1,199
14,958	15,227	14,703	14,488	14,219
54,775	55,456	16,588	16,268	15,418
26,032	25,194	25,799	26,150	25,791
32,988	27,513	100,046	62,662	73,371
59,020	52,707	125,845	88,812	99,162
$ 113,795	$ 108,163	$ 142,433	$ 105,080	$ 114,580

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	% Change	Total (c)
2005	34,115	-10.5%	6,682	-6.2%	6,528	[N/A] (e)	47,325
2006	44,204	29.6%	6,734	0.8%	7,233	10.8%	58,171
2007	47,387	7.2%	6,810	1.1%	7,223	-0.1%	61,420
2008	53,459	12.8%	7,333	7.7%	8,951	23.9%	69,743
2009	49,694	-7.0%	6,727	-8.3%	8,913	-0.4%	65,334
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

(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.

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

(e) From Fiscal Year 2004 to Fiscal Year 2005, the Pledged Tax rebates increased by 251.5% due to a partial year of collections in Fiscal Year 2004 (December 2003 - June 2004).

(amounts expressed in thousands)

Fiscal Year	HOT Tax 15%	Sales Tax 8.25% (1)	Mixed Beverage Tax 3%	Total Tax Rebate
2005	4,579	1,807	142	6,528
2006	5,403	1,659	171	7,233
2007	5,351	1,769	103	7,223
2008	6,436	2,268	247	8,951
2009	6,225	2,471	217	8,913
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)
2005	66.7%	77.27	7%	43,902
2006	65.6%	85.26	7%	56,735
2007	65.8%	92.23	7%	60,777
2008	67.2%	100.78	7%	68,413
2009	55.6%	92.38	7%	64,486
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

(1) Source: Greater Houston Partnership.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2014
(unaudited)

Schedule of Hotel Occupancy Tax Collections

The Twelve Largest Taxpayers		Gross Hotel Occupancy Tax Collections
Hilton Americas-Houston		$ 3,947,338
Hyatt Regency Hotel		2,708,395
Four Seasons Hotel Houston Center		1,988,919
JW Marriott Galleria		1,884,283
Westin Galleria		1,725,578
Hilton Houston Post Oak		1,475,488
Houston Marriott Briarpark		1,466,835
Westin Oaks		1,346,750
Marriott Hotel		1,341,117
Marriott Medical		1,299,383
Houstonian Hotel		1,298,717
Hotel Zara		1,298,394
	Total	$ 21,781,197

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
June 30, 2014
(unaudited)

Parking Facilities Rates

Facility	City Employee Monthly Contract (1)	Other Monthly Contract (2)	Daily Transient (2)	Event Rate (2)
Theater District Garage	$81.00	$145.00	$3.00 per hour	$10.00
		$93.00 (3)	$15.00 Maximum	
		$120.00 (4)		
Reserved parking		$225.00		
City Hall Annex Parking Garage	$51.76	$93.00	n/a	$5.00
Lots C and H	$44.33	$48.00	n/a	$3.00

(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 2001C-1 Bonds	Series 2001C-2 Bonds	Series 2011A Bonds	Series 2011B Bonds	Series 2012A Bonds	Total Debt Service
2015		1,575,000	1,575,000	21,795,238	13,481,381	2,076,250	40,502,869
2016	6,555,000	1,579,315	1,579,315	15,532,988	13,084,506	2,076,250	40,407,374
2017	18,050,000	1,575,000	1,575,000	5,099,738	13,155,881	2,076,250	41,531,869
2018	17,760,000	1,575,000	1,575,000	6,050,488	13,135,825	2,076,250	42,172,563
2019	17,285,000	3,949,494	3,949,494	6,994,988	8,371,894	2,076,250	42,627,120
2020	17,160,000	3,973,783	3,973,783	7,991,544	8,368,269	2,076,250	43,543,629
2021	16,695,000	3,985,337	3,985,337	8,344,475	8,012,644	2,076,250	43,099,043
2022	22,720,000	4,019,863	4,019,863	3,366,625	8,278,019	2,076,250	44,480,620
2023	23,320,000	3,362,668	3,362,668	3,375,625	9,464,394	2,076,250	44,961,605
2024	24,220,000	3,245,227	3,245,227	3,356,225	9,583,672	2,076,250	45,726,601
2025	24,930,000	3,148,138	3,148,138	3,339,788	9,817,506	2,076,250	46,459,820
2026	25,850,000	3,053,638	3,053,638	3,334,575	9,981,538	2,076,250	47,349,639
2027	26,610,000	2,959,138	2,959,138	3,659,550	6,035,894	6,263,875	48,487,595
2028	27,355,000	2,866,192	2,866,192	3,624,081	6,462,819	6,000,375	49,174,659
2029	28,305,000	2,770,138	2,770,138	3,711,794	5,359,863	6,300,000	49,216,933
2030	29,065,000	2,675,638	2,675,638	3,590,738	5,471,488	6,046,875	49,525,377
2031	29,950,000	2,581,138	2,581,138	3,071,875	5,206,113	6,194,250	49,584,514
2032	30,530,000	2,487,156	2,487,156	2,877,750	5,201,363	6,087,875	49,671,300
2033	30,560,000	2,392,138	2,392,138	2,838,000	5,401,831	6,159,000	49,743,107
2034	30,550,000	2,297,638	2,297,638	2,706,000	4,451,213	7,538,875	49,841,364
Total	$ 447,470,000	$ 56,071,639	$ 56,071,639	$ 114,662,085	$ 168,326,113	$ 75,506,125	$ 918,107,601

(1) Assumes an interest rate of 4.2% for the Series 2001C-1 Auction Rate Certificates and the 2001 C-2 Auction Rate Certificates.

CITY OF HOUSTON, TEXAS
CONVENTION AND ENTERTAINMENT FACILITIES STATISTICS
(amounts expressed in thousands)
(unaudited)
Convention & Entertainment Budget for Fiscal Year 2015

Budgeted Resources	
Operating Revenues	
Facility Rentals	$ 1,380
Parking	8,904
Food and Beverage Concessions	-
Contract Cleaning	-
Total Operating Revenues	10,284
Operating Expenses	
Personnel	204
Supplies	-
Services	163
Total Operating Expenses	367
Operating Income (Loss)	9,917
Nonoperating Revenues (Expenses)	
Hotel Occupancy Tax	
Current	89,750
Delinquent	1,300
Advertising Services	-
Promotion Contracts	-
Contracts/Sponsorships	-
Net Hotel Occupancy Tax	91,050
Investment Income (Loss)	240
Capital Outlay	-
Non-Capital Outlay	-
Other Interest	(1,060)
Other	292
Total nonoperating Rev (Exp)	90,522
Income (Loss) Before Operating Transfers	100,439
Transfers	
Transfers to Interest	5,775
Transfers to Principal	16,031
Interfund Transfers	-
Miller Outdoor Theater Transfer	-
Transfers to Component Unit	76,925
Transfers to General Fund	1,380
Total Transfers	100,111
Net Income (Loss) Operating Fund	$ 328

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	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Revenues					
Water sales	$ 301,227	$ 324,878	$ 308,046	$ 328,435	$ 351,608
Waste water system user charges	288,459	307,764	295,423	305,748	323,301
Penalties	4,605	5,085	6,736	7,760	6,651
Other services and charges	4,583	4,935	5,260	6,324	5,678
Total Operating Revenues	598,874	642,662	615,465	648,267	687,238
Nonoperating Revenues					
Interest	12,972	18,650	36,014	35,436	33,436
Other income	24,707	26,557	54,572	84,228	51,262
Total Nonoperating Revenues	37,679	45,207	90,586	119,664	84,698
Total Revenues	$ 636,553	$ 687,869	$ 706,051	$ 767,931	$ 771,936

Total Annual Expenses Last Ten Fiscal Years	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Expenses					
Maintenance and operating	$ 332,800	$ 302,955	$ 315,348	$ 346,652	$ 371,770
Depreciation and Amortization	224,074	228,665	257,722	220,202	204,919
Total Operating Expenses	556,874	531,620	573,070	566,854	576,689
Nonoperating Expenses					
Interest on long-term debt	201,142	214,880	242,282	267,505	260,396
Other expenses	4,193	5,622	3,478	19,515	5,432
Total Nonoperating Expenses	205,335	220,502	245,760	287,020	265,828
Total Expenses	$ 762,209	$ 752,122	$ 818,830	$ 853,874	$ 842,517

2010	2011	2012	2013	2014
$ 356,046	$ 459,261	$ 480,676	$ 485,485	$ 499,913
320,722	410,941	421,370	426,888	441,300
8,391	9,871	10,004	9,456	9,456
5,979	3,949	5,188	2,861	2,739
691,138	884,022	917,238	924,690	953,408
15,160	10,090	5,696	(507)	10,688
65,077	20,453	45,448	41,521	69,370
80,237	30,543	51,144	41,014	80,058
$ 771,375	$ 914,565	$ 968,382	$ 965,704	$ 1,033,466

2010	2011	2012	2013	2014
$ 372,365	$ 363,260	$ 410,781	$ 395,439	$ 399,647
203,695	214,956	211,170	217,622	223,381
576,060	578,216	621,951	613,061	623,028
273,609	-	290,882	282,465	295,254
-	12,273	670	286	5,397
273,609	12,273	291,552	282,751	300,651
$ 849,669	$ 590,489	$ 913,503	$ 895,812	$ 923,679

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

	Fiscal Year 2014	Fiscal Year 2013
OPERATING REVENUES		
Sales of water, net	$ 499,913	$ 485,485
Sewer system user charges, net	441,300	426,888
Penalties, other services and charges	12,195	12,317
Total Operating Revenues:	953,408	924,690
NON-OPERATING REVENUES		
Investment Earnings under Previous Ordinance	5,385	6,809
Investment Earnings under Master Ordinance	1,401	1,392
Non-Operating Revenues: Contributions from Water Authorities	-	4,458
Transfer from General Purpose Fund	-	-
Other Non-Operating revenues	33,682	20,315
Total non-operating revenues	40,468	32,974
TOTAL GROSS REVENUES:	993,876	957,664
EXPENSES		
Contract Revenue Bonds Payments [1]		
Houston Area Water Corporation Debt Service	-	-
Coastal Water Authority Debt Service	18,875	19,663
Trinity River Authority Debt Service	-	-
Total Contract Revenue Bonds Payments	18,875	19,663
Maintenance and Operating Expenses	387,398	380,192
Total Expenses	406,273	399,855
RESTRICTED RECEIPTS UNDER MASTER ORDINANCE	35,687	21,206
NET REVENUES UNDER MASTER ORDINANCE	$ 623,290	$ 579,015
BOND DEBT SERVICE:		
Previously Issued Bonds	15,293	70,220
First Lien Bonds	387,750	319,805
Total Debt Service	$ 403,043	$ 390,025
BOND DEBT SERVICE COVERAGE:		
Junior Lien Bond Coverage under Previous Ordinance [2]	38.33 x	7.92 x
First Lien Bond Coverage under Master Ordinance [3]	1.57 x	1.59 x
TOTAL COVERAGE [4]	1.55 x	1.48 x

(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 2015
(amounts expressed in thousands)
(unaudited)

The following is the summary of the Fiscal Year 2015 Budget for the System as adopted by City Council:

Revenues		
Beginning Fund Balance (July 1, 2014)	$	589,976
Current Revenues		1,027,796
Total Revenues	$	1,617,772
Expenditures		
Maintenance and Operations	$	431,447
CWA Debt Service		18,064
Debt Service (including Prior Lien Bonds, Junior Lien Bonds and Commercial Paper)		444,981
Interfund Transfers		-
Total Expenditures		894,492
Other		
General Purpose Fund (including Discretionary Debt Service)		132,014
Planned Fund Balance (June 30, 2015)		591,266
Total Expenditures and Reserves	$	1,617,772

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 2014
Maximum Annual Debt Service Requirements on Previous Ordinance Bonds (2029) (1)	$	44,095,000
Maximum Annual Debt Service Requirements on First Lien Bonds (2030) (1) (2)	$	471,069,261
Combined Maximum Annual Principal and Interest Requirements on Previous Ordinance Bonds and First Lien Bonds (2025)	$	472,122,720
Net Revenues under Previous Ordinance for Fiscal Year ended June 30, 2012 (3)	$	592,010,000
Net Revenues under Master Ordinance for Fiscal Year ended June 30, 2013 (4)	$	629,098,000
Funds Available from General Purpose Fund at June 30, 2013	$	456,128,599
Total Funds available for Debt Service Coverage	$	1,085,226,599
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds		13.43
Coverage of Maximum Annual Debt Service Requirements on First Lien Bonds		2.30
Coverage of Maximum Annual Debt Service Requirements on Previous Ordinance Bonds and First Lien Bond		2.30

(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) Series 2008D-1 variable rate bond debt service is calculated using current market fixed rates. Debt service is calculated based on an assumed taxable rate with a maturity on the expected tax-exempt conversion date, December 1, 2012. After the applicable tax-exempt conversion date, debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

(3) Excludes Investment Earnings under Master Ordinance and 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) Coverage under Master Ordinance for combined debt service on Previous Ordinance Bonds and First Lien Bonds.

THE SYSTEM - Sewer Facilities General

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 590 square miles within the City of Houston and serves a population of about 2.2 million people. The Wastewater System consists of over 6,924 miles of sanitary sewer lines, 40 wastewater treatment plants, over 400 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 2014 was 225 million gallons per day (mgd). The permitted treatment capacity of the wastewater treatment facilities, as reflected by State permits, is 565 mgd.

THE SYSTEM - Annexation Program - In - City Districts

The City has created reinvestment zones and public improvement districts in which infrastructure improvements, including water and wastewater facilities, will be financed by the respective district or zone through bonds supported by assessments within the districts and by a tax increment fund into which will be deposited the amount of ad valorem taxes collected in the reinvestment zones in excess of the amount calculated on the basis of the property tax appraisals in effect at the time of creation of the particular reinvestment zone. Under State law, the City can create a public improvement district both within the corporate limits of the City and within its extraterritorial jurisdiction.

Funding of Proposed System Improvements

It is anticipated that the system improvements contemplated in the Department's Fiscal Year 2015 - 2019 CIP will be financed approximately as follows:

Proposed Source of Funding	Amount (in millions)
System Revenue Bonds (Net Proceeds and Interest Earnings) [1]	$ 2,083.7
	$ 2,083.7

(1) The department's fiscal year 2015-2019 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, 2014:

Contract Revenue Bonds Payable from System Gross Revenues	Amount
CWA Bonds (2)	$ 98,900,000
Total - Contract Revenue Bonds	$ 98,900,000
System Revenue Bonds Payable from System Net Revenues	
Previous Ordinance Bonds	200,233,694
First Lien Bonds	5,600,910,000
Third Lien Obligations	-
Total - System Revenue Bonds	$ 5,801,143,694
Total - All Bonds Payable from System Revenues	$ 5,900,043,694

(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. CWA has reserved the right to issue an unlimited amount of additional bonds on parity with those currently outstanding, however, such issuances are subject to the approval of the City.

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 2015 is set forth below:

Fiscal Year	Discretionary Debt Service (in millions)
2015 (budgeted)	$ 12.0
2014	13.1
2013	15.8
2012	21.1
2011	21.7
2010	26.9
2009	28.4
2008	25.8
2007	24.7
2006	26.3

Combined Utility System General Purpose Fund Transfers for Drainage

Since Fiscal Year 2006 the Combined Utility System has made transfers from its General Purpose Fund to the Storm Water Fund as shown below.

Fiscal Year	General Purpose Fund Transfers (in millions)
2015 (budgeted)	$ 42.0
2014	45.5
2013	43.8
2012	44.4
2011	54.8
2010	40.6
2009	39.4
2008	36.5
2007	34.1
2006	31.3

Indirect Charges Paid by the System

Fiscal Year	Indirect Charges (in thousands)
2015 (budgeted)	$ 8,441
2014	6,173
2013	3,479
2012	3,869
2011	3,034
2010	3,148
2009	590
2008	923
2007	2,309
2006	2,157

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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	**2005**	**2006**	**2007**	**2008**	**2009**
Consumption (in Thousand Gallons)					
RESIDENTIAL	28,089,881	29,372,166	26,094,949	26,312,961	26,970,248
MULTI-FAMILY	25,197,120	25,917,787	24,961,804	25,156,968	25,012,299
COMMERCIAL	21,879,224	23,106,449	21,941,537	22,748,096	21,972,495
GOVERNMENT	4,510,130	5,151,211	4,614,053	4,710,923	4,713,905
SEWER ONLY	1,180,975	1,242,852	1,324,905	1,381,145	1,361,135
OTHER ACCTS	4,503,243	5,808,363	4,394,176	4,573,030	5,678,987
TOTAL	85,360,573	90,598,828	83,331,424	84,883,123	85,709,069
Revenue Amount	$ 536,457,992	$ 582,872,263	$ 558,078,148	$ 581,130,048	$ 597,498,813
Average Rate / Water & Sewer	$6.28	$6.43	$6.70	$6.85	$6.97

2010	2011	2012	2013	2014
28,111,338	28,553,893	29,400,266	26,239,053	25,263,997
25,586,924	25,069,764	24,811,699	25,173,568	25,131,767
22,382,315	21,997,822	22,079,299	21,508,026	21,728,794
5,197,448	4,807,824	4,835,549	4,686,403	4,688,639
1,357,879	1,228,458	1,215,254	1,331,651	1,343,031
6,351,286	6,461,476	7,473,765	6,981,799	6,339,166
88,987,190	88,119,237	89,815,832	85,920,500	84,495,394
$ 640,586,498	$ 763,685,117	$ 809,001,774	$ 805,440,324	$ 828,136,771
$7.20	$8.67	$9.01	$9.37	$9.80

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CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
(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, 2014. The total charges to such customers represent approximately 2.61% of the System Gross Revenues and 5.91% of Sewer Facilities gross charges during such period.

	Customer	Gross Charges
1.	Anheuser - Busch, Inc.	$ 4,164,213
2.	Harris County	4,032,244
3.	City of Houston	3,695,925
4.	Houston Independent School District	2,936,357
5.	University of Houston	2,790,050
6.	Oak Farms Dairies	2,154,286
7.	Maximus Coffee Group	1,947,153
8.	Methodist Hospital	1,661,057
9.	Hermann Hospital	1,644,795
10.	Dr. Pepper Bottling	1,072,051
		$ 26,098,131

Water and Sewer Rate Adjustments

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

	Average Percent Rate Increase (Decrease)	
Date of Change	**Water**	**Sewer**
April 2005	3.5%	3.5%
April 2006	3.6%	3.6%
April 2007	2.8%	2.8%
April 2008	1.8%	1.8%
April 2009	5.1%	5.1%
April 2010	0.3%	0.3%
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%

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
Water Supply
(unaudited)

Capacity, Production, and Sales

The following schedule sets forth information concerning Water Facilities capacity, production and sales for Fiscal Year 2014 (million gallons per day):

	Available	Capacity	Daily	Peak	Sales
Ground	93	230	58		N/A
Surface	1,172	1,193	397		N/A
Total	1,265	1,423	455	0	591

Treated	378
Untreated	213
	591

Sources of System Revenues - General

As of June 30, 2014, the Water Facilities and the Sewer Facilities served approximately 457,536 and 439,495 active service connections, respectively. During Fiscal Year 2014 approximately 49.29% of System Gross Revenues were derived from the sale of water (90.4% from treated water and 9.6% from untreated water), approximately 43.52% from providing wastewater treatment services, 0.5% from interest income and the remaining 6.69% from various other sources. Of the treated water sales, 91.69% of revenues were from retail customers and 8.31% from bulk sales to other governmental entities.

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
June 30, 2014
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, 2014. The total charges to such customers during such period represent approximately 5.46% of the System Gross Revenues and 10.92% of total water sales revenues for such period.

	Customers	Charges
1.	North Harris Co. Regional Water Authority	$ 14,664,078
2.	North Fort Bend County Water Authority	8,631,052
3.	West Harris Co. Regional Water Authority.	7,746,876
4.	North Channel Water Authority	6,315,829
5.	City of Pasadena	4,612,713
6.	Anheuser Busch, Inc	3,353,549
7.	Gulf Coast Water Authority (Galveston)	3,119,213
8.	Clear Lake City	2,362,127
9.	City of Pearland	2,061,151
10.	Memorial Villages Water Authority	1,722,227
		$ 54,588,815

Largest Untreated Water Customers

The following schedule presents information concerning the ten largest untreated water customers of the System for a twelve month period ended June 30, 2014 The total of the contract payments by these ten customers during such period represents approximately 3.3% of the System Gross Revenues and 6.61% of total water sales revenues for such period.

	Customers	Gross Charges
1.	Equistar Chemicals LP	$ 7,075,794
2.	Shell Oil	4,722,631
3.	Air Liquide America Corp.	3,782,934
4.	Battleground Water Company	3,600,881
5.	Baytown Area	3,092,767
6.	Houston Refining, LP (Lyondell-Citgo)	2,960,033
7.	Chevron Phillips Chemical Company	2,748,417
8.	Hoechst Celanese	2,026,709
9.	Occidental Chemical Corporation	1,709,612
10.	E. I. DuPont De Nemours & Company	1,308,716
		$ 33,028,494

CITY OF HOUSTON, TEXAS
COMBINED UTILITY SYSTEM STATISTICS
Debt Service Schedule
(unaudited)

The following schedule sets forth the principal and interest requirements on all outstanding bonds payable from revenues of the System for each of the City's fiscal years ending June 30 as shown below, based on footnoted assumptions. The following schedule also does not include Discretionary Debt Service Payments or interest on Commercial Paper notes issued as Third Lien Obligations under the Master Ordinance.

		Payable From System Net Revenues			
Fiscal Year Ending June 30	**Total Payable From System Gross Revenues(1)**	**Previous Ordinance Bonds**	**First Lien Bonds(2)**	**Total Payable From System Net Revenues**	**Total Debt Service (1) (2)**
2015	18,063,946	15,343,435	410,349,068	425,692,503	443,756,449
2016	17,851,148	15,385,120	430,343,581	445,728,701	463,579,849
2017	7,372,240	15,430,576	446,755,761	462,186,337	469,558,577
2018	6,571,513	15,463,558	447,405,933	462,869,491	469,441,004
2019	6,554,975	15,478,113	449,754,222	465,232,335	471,787,310
2020	6,552,700	39,011,315	424,789,830	463,801,145	470,353,845
2021	6,567,025	37,892,053	429,207,537	467,099,590	473,666,615
2022	6,547,850	30,954,474	436,073,807	467,028,281	473,576,131
2023	6,525,300	32,797,360	434,828,575	467,625,935	474,151,235
2024	6,518,050	34,425,914	433,557,491	467,983,405	474,501,455
2025	6,510,050	33,357,575	434,820,428	468,178,003	474,688,053
2026	10,951,675	18,155,000	440,193,309	458,348,309	469,299,984
2027	3,551,050	30,815,000	426,255,940	457,070,940	460,621,990
2028	3,550,050	30,810,000	424,705,068	455,515,068	459,065,118
2029	3,547,925	44,095,000	428,027,720	472,122,720	475,670,645
2030	3,547,844		471,069,261	471,069,261	474,617,105
2031	3,544,844		469,871,166	469,871,166	473,416,010
2032	3,540,550		464,457,729	464,457,729	467,998,279
2033	3,534,725		463,011,206	463,011,206	466,545,931
2034	3,532,013		463,100,359	463,100,359	466,632,372
2035	3,531,938		275,871,900	275,871,900	279,403,838
2036			276,135,545	276,135,545	276,135,545
2037			237,778,871	237,778,871	237,778,871
2038			151,897,991	151,897,991	151,897,991
2039			146,188,630	146,188,630	146,188,630
2040			76,930,808	76,930,808	76,930,808
2041			76,211,158	76,211,158	76,211,158
2042			41,404,154	41,404,154	41,404,154
2043			41,404,709	41,404,709	41,404,709
2044			28,361,463	28,361,463	28,361,463
2045			14,877,875	14,877,875	14,877,875
Total	$ 138,467,411	$ 409,414,493	$ 10,195,641,095	$ 10,605,055,588	$ 10,743,522,999

1) Includes CWA Bonds.

(2) Series 2008D-1 variable rate bond debt service is calculated using current market fixed rates. Debt service is calculated based on an assumed taxable rate with a maturity on the expected tax-exempt conversion date, December 1, 2012. After the applicable tax-exempt conversion date, debt service is calculated using a long term tax-exempt rate to maturity. $249,075,000 of the Series 2010B variable rate bond debt service is calculated at the rate of 5.061% through March 2013 and thereafter at the fixed rate payor swap rate of 3.761%. Series 2004B debt service is adjusted to take into account expected payments under the Series 2004B Qualified Hedge Agreements.

CITY OF HOUSTON
COMBINED UTILITY SYSTEM STATISTICS
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Revenues and Expenses of the Water and Sewer System

The following schedule sets forth the revenues and expenses (exclusive of certain non-cash transactions, primarily depreciation and amortization of the "Water and Sewer System," as defined in the Coastal Water Authority Official Statements, for fiscal years ending June 30, 2005 through June 30, 2014.

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
OPERATING REVENUES										
Sales of Water, net	$ 301,227	$ 324,878	$ 308,046	$ 332,032	$ 351,608	$ 356,046	$ 455,333	$ 480,676	$ 485,485	$ 499,913
Sewer system user charges, net	288,459	307,764	295,423	305,748	323,301	320,722	410,941	421,370	426,888	441,300
Penalties	4,605	5,085	6,736	7,759	6,651	8,391	9,871	10,004	9,456	9,456
Other services and charges	4,583	4,935	5,260	6,325	5,678	5,979	3,030	5,188	2,861	2,739
Total Operating Revenues	598,874	642,662	615,465	651,864	687,238	691,138	879,175	917,238	924,690	953,408
NON-OPERATING REVENUES	19,771	26,557	54,572	37,779	36,405	44,407	40,662	51,144	41,014	80,058
TOTAL GROSS REVENUES (A)	618,645	669,219	670,037	689,643	723,643	735,545	919,837	968,382	965,704	1,033,466
OPERATING EXPENSES										
Maintenance and Operating Expenses	270,299	301,646	322,083	318,349	383,056	377,858	373,028	393,413	380,192	387,398
Contractual Maintenance and Operating Expenses										
CWA Debt Service	29,192	29,871	30,653	30,545	28,103	23,117	21,285	20,389	19,663	18,875
TRA Debt Service	2,354	2,212	2,221	2,096	-	-	-	-	-	-
HAWC Debt Service	6,710	6,242	8,999	-	-	-	-	-	-	-
Total Contractual	38,256	38,325	41,873	32,641	28,103	23,117	21,285	20,389	19,663	18,875
TOTAL OPERATING EXPENSES (B)	308,555	339,971	363,956	350,990	411,159	400,975	394,313	413,802	399,855	406,273
NET REVENUES	$ 310,090	$ 329,248	$ 306,081	$ 338,653	$ 312,484	$ 334,570	$ 525,524	$ 554,580	$ 565,849	$ 627,193
GROSS REVENUES (A) DIVIDED BY TOTAL EXPENSES (B)	2.005	1.968	1.841	1.965	1.760	1.834	2.333	2.340	2.415	2.544

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	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Revenues					
Landing area fees	$ 102,072	$ 101,758	$ 92,140	$ 99,017	$ 82,823
Building and ground area fees	151,417	179,951	199,720	211,786	174,433
Parking, concession and other revenues	100,152	112,152	124,278	136,373	128,501
Total Operating Revenues	353,641	393,861	416,138	447,176	385,757
Nonoperating Revenues					
Interest income	14,968	18,507	33,722	41,694	37,332
Passenger facility charges	-	-	6,530	11,608	32,398
Other nonoperating revenues	4,295	56	541	514	1,093
Total Nonoperating Revenues	19,263	18,563	40,793	53,816	70,823
Total Revenues	$ 372,904	$ 412,424	$ 456,931	$ 500,992	$ 456,580

Total Annual Expenses Last Ten Fiscal Years	**2005**	**2006**	**2007**	**2008**	**2009**
Operating Expenses					
Maintenance and operating	$ 223,972	$ 202,496	$ 214,611	$ 229,551	$ 241,303
Depreciation	105,891	134,150	126,953	125,951	136,554
Total Operating Expenses	329,863	336,646	341,564	355,502	377,857
Nonoperating Expenses					
Interest expense and others	75,908	94,586	101,193	104,019	93,376
Total Nonoperating Expenses	75,908	94,586	101,193	104,019	93,376
Total Expenses	$ 405,771	$ 431,232	$ 442,757	$ 459,521	$ 471,233

2010	2011	2012	2013	2014
$ 94,165	$ 90,384	$ 86,935	$ 91,059	$ 88,342
182,105	181,182	182,320	181,701	186,505
130,309	138,836	148,295	160,234	177,260
406,579	410,402	417,550	432,994	452,107
30,487	9,700	5,634	(1,935)	11,166
66,383	63,138	63,550	61,195	62,602
7,525	3,409	4,644	1,978	3,225
104,395	76,247	73,828	61,238	76,993
$ 510,974	$ 486,649	$ 491,378	$ 494,232	$ 529,100

2010	2011	2012	2013	2014
$ 245,051	$ 284,307	$ 264,060	$ 272,091	$ 285,212
164,186	163,054	190,664	170,846	172,218
409,237	447,361	454,724	442,937	457,430
95,235	89,892	87,663	86,070	104,013
95,235	89,892	87,663	86,070	104,013
$ 504,472	$ 537,253	$ 542,387	$ 529,007	$ 561,443

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Passenger Statistics
(unaudited)

	Domestic Passengers					
	Intercontinental		**Hobby**		**Ellington Airport**	
Fiscal Year	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
2005	31,609	7.2%	8,247	2.0%	14	-82.5%
2006	34,105	7.9%	8,423	2.1%	-	-100.0%
2007	35,260	3.4%	8,642	2.6%	-	-
2008	35,200	-0.2%	9,097	5.3%	-	-
2009	31,995	-9.1%	8,286	-8.9%	-	-
2010	32,093	0.3%	8,755	5.7%	-	-
2011	31,666	-1.3%	9,434	7.8%	-	-
2012	31,778	0.4%	10,192	8.0%	-	-
2013	30,830	-3.0%	10,690	4.9%	-	-
2014	30,836	0.0%	11,609	8.6%	0.003	100.0%

Domestic Passengers		International Passengers			
Total		Intercontinental		Total Passengers	
Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change	Enplanements & Deplanements (in thousands)	Percentage Change
39,870	5.9%	6,818	14.5%	46,688	7.1%
42,528	6.7%	7,126	4.5%	49,654	6.4%
43,902	3.2%	7,555	6.0%	51,457	3.6%
44,297	0.9%	7,976	5.6%	52,273	1.6%
40,281	-9.1%	7,642	-4.2%	47,923	-8.3%
40,848	1.4%	8,138	6.5%	48,986	2.2%
41,100	0.6%	8,732	7.3%	49,832	1.7%
41,970	2.1%	8,686	-0.5%	50,656	1.7%
41,520	-1.1%	8,795	1.3%	50,315	-0.7%
42,445	2.2%	9,470	7.7%	51,915	3.2%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Airline Market Shares
(unaudited)

Domestic	Intercontinental				Hobby			
	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2014	
Airlines	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	115,472	0.3%	111,310	0.3%	-	0.0%	-	0.0%
Air Tran	-	0.0%	-	0.0%	429,447	4.0%	348,419	3.0%
American Airlines, Inc.	965,121	2.4%	1,072,177	2.7%	-	0.0%	-	0.0%
Envoy (American Eagle) - AA	241,516	0.6%	234,385	0.6%	234,064	2.2%	268,743	2.3%
Atlantic Southeast - DL	221,321	0.6%	205,529	0.5%	65,209	0.6%	5,002	0.0%
Charter Airlines	6,785	0.0%	17,785	0.0%	5,422	0.1%	6,770	0.1%
Chautauqua Airlines - DL	44	0.0%	7,916	0.0%	-	0.0%	-	0.0%
Colgan - Air Inc, - CO	5,915	0.0%	-	0.0%	-	0.0%	-	0.0%
Comair - DL	10,814	0.0%	-	0.0%	-	0.0%	-	0.0%
Compass Airlines - DL	180,240	0.5%	229,226	0.6%	-	0.0%	-	0.0%
Continental	10,859,087	27.4%	10,055,411	24.9%	-	0.0%	-	0.0%
Delta	585,425	1.5%	661,586	1.6%	224,574	2.1%	403,841	3.5%
ExpressJet Airlines, Inc. - CO	6,248,541	15.8%	6,445,204	16.0%	-	0.0%	-	0.0%
Frontier	149,634	0.4%	236,060	0.6%	2,866	0.0%	-	0.0%
GO JET - DL	815	0.0%	-	0.0%	-	0.0%	-	0.0%
GO JET - UA	-	0.0%	39	0.0%	-	0.0%	-	0.0%
JetBlue	-	0.0%	-	0.0%	134,806	1.3%	203,237	1.8%
Mesa Airlines, Inc. - UA	62	0.0%	3,955	0.0%	-	0.0%	-	0.0%
Mesa Airlines, Inc. - US	339	0.0%	1,987	0.0%	-	0.0%	-	0.0%
Endeavor (Pinnacle Airlines, Inc.) - DL	73,497	0.2%	86,562	0.2%	112,845	1.1%	532	0.0%
Republic Airlines - US	6,961	0.0%	4,795	0.0%	-	0.0%	-	0.0%
Shuttle America Corporation - CO	58,184	0.1%	651,749	1.6%	-	0.0%	-	0.0%
Shuttle America Corporation - DL	43,764	0.1%	48,503	0.1%	-	0.0%	-	0.0%
Shuttle America Corporation - UA	15,555	0.0%	-	0.0%	-	0.0%	-	0.0%
SkyWest Airlines - CO	2,014,213	5.1%	1,551,854	3.9%	-	0.0%	-	0.0%
SkyWest Airlines - DL	181,609	0.5%	123,425	0.3%	-	0.0%	-	0.0%
Southwest Airlines Company	-	0.0%	-	0.0%	9,480,769	88.6%	10,372,453	89.3%
Spirit Airlines	292,159	0.7%	665,785	1.7%	-	0.0%	-	0.0%
Sun Air (EAS)	4,573	0.0%	5,456	0.0%	-	0.0%	-	0.0%
Trans States - UA	330,783	0.8%	322,356	0.8%	-	0.0%	-	0.0%
United Air Lines Inc.	6,881,599	17.4%	6,773,473	16.8%	-	0.0%	-	0.0%
US Airways	1,336,283	3.4%	1,319,262	3.3%	-	0.0%	-	0.0%
Total Domestic	30,830,311	77.8%	30,835,790	76.5%	10,690,002	100.0%	11,608,997	100.0%

International	Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2014	
	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
AeroMexico	167,922	0.4%	219,483	0.5%				
Jazz Air - AC (Air Canada Jazz)	238,810	0.6%	251,713	0.6%				
Air China	-	0.0%	122,593	0.3%				
Air France	147,784	0.4%	151,932	0.4%				
American	44	0.0%	599	0.0%				
Atlas Air	32,729	0.1%	35,122	0.1%				
British Airways	270,814	0.7%	281,057	0.7%				
Charter Airlines	822	0.0%	1,002	0.0%				
Continental	4,878,827	12.3%	4,479,939	11.1%				
Emirates	186,130	0.5%	199,903	0.5%				
ExpressJet Airlines, Inc.	1,171,274	3.0%	1,038,120	2.6%				
KLM	173,936	0.4%	177,853	0.4%				
Korean Air lines Co. Ltd.	-	0.0%	18,286	0.0%				
Lufthansa	305,906	0.8%	300,824	0.8%				
Qatar Airways	164,737	0.4%	163,910	0.5%				
Shuttle America Corporation - CO	18,831	0.0%	43,094	0.1%				
Shuttle America Corporation - UA	14,632	0.0%	-	0.0%				
Singapore Airlines	112,831	0.3%	105,204	0.3%				
SkyWest Airlines - CO	79,557	0.2%	208,976	0.5%				
TACA	57,393	0.1%	56,386	0.1%				
Turkish Airlines	29,323	0.1%	177,674	0.4%				
United Air Lines Inc.	698,436	1.8%	1,389,731	3.5%				
Viva Aerobus	44,309	0.1%	46,595	0.1%				
Total International	8,795,047	22.2%	9,469,996	23.5%				
Total Airlines	39,625,358	100.0%	40,305,786	100.0%	10,690,002	100.0%	11,608,997	100.0%

Ellington Airport				Houston Airport System			
Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2014	
Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share	Total Passengers (in thousands)	Market Share
	0.0%		0.0%	115,472	0.2%	111,310	0.2%
	0.0%		0.0%	429,447	0.9%	348,419	0.7%
	0.0%		0.0%	965,121	1.9%	1,072,177	2.1%
	0.0%		0.0%	475,580	1.0%	503,128	1.0%
	0.0%		0.0%	286,530	0.6%	210,531	0.4%
	0.0%		0.0%	12,207	0.0%	24,555	0.1%
	0.0%		0.0%	44	0.0%	7,916	0.0%
	0.0%		0.0%	5,915	0.0%	-	0.0%
	0.0%		0.0%	10,814	0.0%	-	0.0%
	0.0%		0.0%	180,240	0.4%	229,226	0.4%
	0.0%		0.0%	10,859,087	21.5%	10,055,411	19.3%
	0.0%		0.0%	809,999	1.6%	1,065,427	2.1%
	0.0%		0.0%	6,248,541	12.4%	6,445,204	12.4%
	0.0%		0.0%	152,500	0.3%	236,060	0.5%
	0.0%		0.0%	815	0.0%	-	0.0%
	0.0%		0.0%	-	0.0%	39	0.0%
	0.0%		0.0%	134,806	0.3%	203,237	0.4%
	0.0%		0.0%	62	0.0%	3,955	0.0%
	0.0%		0.0%	339	0.0%	1,987	0.0%
	0.0%		0.0%	186,342	0.4%	87,094	0.2%
	0.0%		0.0%	6,961	0.0%	4,795	0.0%
	0.0%		0.0%	58,184	0.1%	651,749	1.3%
	0.0%		0.0%	43,764	0.1%	48,503	0.1%
	0.0%		0.0%	15,555	0.0%	-	0.0%
	0.0%		0.0%	2,014,213	4.0%	1,551,854	3.0%
	0.0%		0.0%	181,609	0.4%	123,425	0.2%
	0.0%		0.0%	9,480,769	18.7%	10,372,453	19.9%
	0.0%		0.0%	292,159	0.6%	665,785	1.3%
	0.0%		0.0%	4,573	0.0%	5,456	0.0%
	0.0%		0.0%	330,783	0.7%	322,356	0.6%
	0.0%		0.0%	6,881,599	13.7%	6,773,473	13.1%
	0.0%		0.0%	1,336,283	2.7%	1,319,262	2.5%
0	0.0%	0	0.0%	41,520,313	82.5%	42,444,787	81.8%

Fiscal Year 2013		Fiscal Year 2014		Fiscal Year 2013		Fiscal Year 2014	
Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share	Total Passengers	Market Share
				167,922	0.3%	219,483	0.4%
				238,810	0.5%	251,713	0.5%
				-	0.0%	122,593	0.2%
				147,784	0.3%	151,932	0.3%
				44	0.0%	599	0.0%
				32,729	0.1%	35,122	0.1%
				270,814	0.5%	281,057	0.5%
				822	0.0%	1,002	0.0%
				4,878,827	9.7%	4,479,939	8.6%
				186,130	0.4%	199,903	0.4%
				1,171,274	2.3%	1,038,120	2.0%
				173,936	0.4%	177,853	0.4%
				-	0.0%	18,286	0.0%
				305,906	0.6%	300,824	0.6%
				164,737	0.3%	163,910	0.3%
				18,831	0.0%	43,094	0.1%
				14,632	0.0%	-	0.0%
				112,831	0.2%	105,204	0.2%
				79,557	0.2%	208,976	0.4%
				57,393	0.1%	56,386	0.1%
				29,323	0.1%	177,674	0.3%
				698,436	1.4%	1,389,731	2.7%
				44,309	0.1%	46,595	0.1%
				8,795,047	17.5%	9,469,996	18.2%
0	0.0%	0	0.0%	50,315,360	100.0%	51,914,783	100.0%

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Selected Financial Information
Operating Fund Only
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

	2005	2006	2007	2008	2009
Operating Revenues					
Landing Area Fees:					
Landing Fees	$ 99,197	$ 98,385	$ 88,933	$ 95,730	$ 81,596
Carrier Incentive Program	-	-	-	-	(1,176)
Aviation Fuel	1,400	1,559	1,540	1,522	1,313
Aircraft Parking	1,475	1,814	1,667	1,765	1,090
Subtotal	102,072	101,758	92,140	99,017	82,823
Building and Ground Area Revenues:					
Building Space	-	3,741	5,037	5,054	5,017
Terminal Space	136,074	162,491	182,113	193,375	155,396
Cargo Building	893	1,553	2,011	2,469	2,374
Other Rental	3,354	60	-	-	-
Hangar Rental	2,077	2,349	3,394	3,473	4,051
Ground Rental	9,018	9,757	7,165	7,415	7,595
Concourse Security	1	-	-	-	-
Subtotal	151,417	179,951	199,720	211,786	174,433
Parking, Concession and other Revenues:					
Terminal Concessions	19,823	21,030	26,953	29,435	27,003
Auto Parking	55,444	62,377	65,453	72,958	66,565
Auto Rental	18,065	21,438	22,950	24,529	24,389
Ground Transportation	3,954	3,999	4,617	4,806	4,724
Special Events	-	20	21	19	20
Vending Machine	-	20	-	-	-
Other Operating Income	2,866	3,268	4,284	4,626	5,800
Subtotal	100,152	112,152	124,278	136,373	128,501
Total Operating Revenues	$ 353,641	$ 393,861	$ 416,138	$ 447,176	$ 385,757
Nonoperating Revenues					
Interest on Investments	10,499	17,742	26,847	30,064	23,664
Other	3,800	(58)	310	90	300
Subtotal	14,299	17,684	27,157	30,154	23,964
Total Gross Revenues	$ 367,940	$ 411,545	$ 443,295	$ 477,330	$ 409,721
Operation and Maintenance Expenses					
Personnel and Other Current Expenses	$ 191,093	$ 205,565	$ 217,720	$ 221,309	$ 242,449
Bad Debt Expense	-	-	-	-	-
Total Operating and Maintenance Expenses	$ 191,093	$ 205,565	$ 217,720	$ 221,309	$ 242,449
Net Revenue	$ 176,847	$ 205,980	$ 225,575	$ 256,021	$ 167,272
Total Debt Service	$ 112,248	$ 140,338	$ 144,495	$ 157,246	$ 150,438
Less: grant revenue available for debt service	(25,506)	(46,621)	(20,679)	(28,022)	(54,682)
Debt Service Requirement (per Bond Ordinance)	$ 86,742	$ 93,717	$ 123,816	$ 129,224	$ 95,756
Coverage of debt Service	2.04 x	2.20 x	1.82 x	1.98 x	1.75

2010	2011	2012	2013	2014
$ 91,443	$ 87,413	$ 83,895	$ 87,660	$ 88,392
(411)	(250)	(836)	(749)	(4,294)
1,329	1,378	1,382	1,444	1,529
1,804	1,843	2,494	2,704	2,715
94,165	90,384	86,935	91,059	88,342
5,158	5,067	5,394	5,848	6,174
161,960	160,563	160,247	158,237	163,297
2,490	2,511	2,473	2,397	2,432
-	-	-	-	-
4,920	5,446	6,165	6,675	6,605
7,577	7,595	8,041	8,544	7,997
-	-	-	-	-
182,105	181,182	182,320	181,701	186,505
27,974	34,404	38,406	41,604	41,434
70,127	70,681	72,833	77,596	90,173
22,889	23,932	26,771	29,522	32,783
4,987	5,946	6,186	6,639	8,301
22	22	23	-	10
-	-	-	-	-
4,310	3,851	4,076	4,873	4,559
130,309	138,836	148,295	160,234	177,260
$ 406,579	$ 410,402	$ 417,550	$ 432,994	$ 452,107
15,988	12,889	9,826	7,029	5,499
2,504	341	2,289	1,222	3,162
18,492	13,230	12,115	8,251	8,661
$ 425,071	$ 423,632	$ 429,665	$ 441,245	$ 460,768
$ 245,147	$ 262,668	$ 255,507	$ 252,745	$ 268,745
-	-	-	-	-
$ 245,147	$ 262,668	$ 255,507	$ 252,745	$ 268,745
$ 179,924	$ 160,964	$ 174,158	$ 188,500	$ 192,023
$ 145,130	$ 158,682	$ 151,311	$ 153,938	$ 156,424
(56,171)	(56,827)	(43,979)	(34,390)	(58,556)
$ 88,959	$ 101,855	$ 107,332	$ 119,548	$ 97,868
x 2.02	x 1.58	x 1.62	x 1.58	x 1.96

CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Total Aircraft Operations and Aircraft Landing Weight
(unaudited)

	Aircraft Operations (in thousands)			Aircraft Landed Weight (in million pounds)		
Fiscal Year	Total	Increase (Decrease)	Percentage Change	Total	Increase (Decrease)	Percentage Change
2005	887	31	3.62%	32,543	1,099	3.50%
2006	933	46	5.19%	32,808	265	0.81%
2007	983	50	5.36%	33,930	1,122	3.42%
2008	974	(9)	-0.88%	34,096	166	0.49%
2009	892	(82)	-8.42%	31,907	(2,189)	-6.42%
2010	858	(34)	-3.86%	31,707	(200)	-0.63%
2011	861	3	0.34%	32,564	857	2.70%
2012	838	(23)	-2.65%	32,844	280	0.86%
2013	799	(39)	-4.62%	33,041	197	0.60%
2014	810	11	1.34%	33,878	837	2.53%

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)	Senior Lien Bonds Debt Service	Subordinate Lien Bonds Debt Service	Total Bonds Debt Service	Inferior Lien Obligations	Bonds plus Inferior Lien Obligations
2015	23,818,994	144,036,877	167,855,871	6,437,963	174,293,834
2016	32,862,119	142,774,395	175,636,514	6,427,663	182,064,177
2017	32,851,744	146,457,032	179,308,776	6,420,863	185,729,639
2018	32,837,619	145,511,676	178,349,295	6,411,600	184,760,895
2019	32,823,619	145,940,638	178,764,257		178,764,257
2020	32,813,369	146,124,777	178,938,146		178,938,146
2021	32,795,619	145,094,726	177,890,345		177,890,345
2022	32,783,994	146,435,763	179,219,757		179,219,757
2023	32,766,994	145,561,445	178,328,439		178,328,439
2024	32,753,119	145,560,746	178,313,865		178,313,865
2025	32,735,744	144,678,212	177,413,956		177,413,956
2026	32,718,244	144,357,908	177,076,152		177,076,152
2027	32,698,869	146,215,784	178,914,653		178,914,653
2028	32,665,459	143,375,482	176,040,941		176,040,941
2029	32,644,981	143,117,193	175,762,174		175,762,174
2030	32,608,156	144,395,956	177,004,112		177,004,112
2031	32,562,213	144,442,459	177,004,672		177,004,672
2032	32,532,300	141,650,329	174,182,629		174,182,629
2033	32,502,163	145,139,228	177,641,391		177,641,391
2034	32,468,500		32,468,500		32,468,500
2035	32,432,875		32,432,875		32,432,875
2036	32,396,575		32,396,575		32,396,575
2037	32,360,613		32,360,613		32,360,613
2038	32,320,863		32,320,863		32,320,863
2039	32,278,063		32,278,063		32,278,063
2040	32,232,675		32,232,675		32,232,675
Total	$ 839,265,483	$ 2,750,870,626	$ 3,590,136,109	$ 25,698,089	$ 3,615,834,198

AIRPORT SYSTEM STATISTICS
Summary of Certain Fees and Charges
(unaudited)

	Bush Intercontinental		Hobby	
	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2014
Landing Rates (1)	$2.870	$2.985	$1.987	$2.037
Terminal Space Rentals (2)	$23.71 - $82.23	$22.50 - $74.82	$88.28 - $90.78	$90.02 - $92.52
Apron Rentals (2)	$1.976 - $2.802	$2.202 - $2.784	$1.936	$2.058
Parking Rates (3)				
Economy (Ecopark)				
Covered	$7.00	$8.00		
Uncovered	$5.00	$6.00		
Ecopark 1 (4)			$10.00	$12.00
Ecopark 2			$6.00	$10.00
Structured	$17.00	$19.00	$17.00	$19.00
Sure Park	$20.00	$23.00	n/a	n/a
VALET Premier	$23.00	$25.00	$23.00	$25.00

(1) Per 1,000 pounds for landing weight
(2) Range per square foot
(3) Maximum per day
(4) Facility closed March 2014

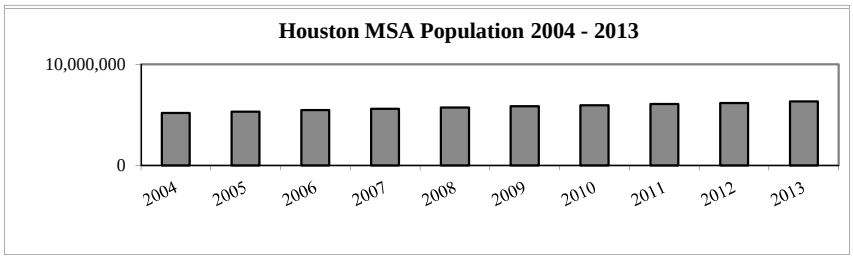
CITY OF HOUSTON, TEXAS
AIRPORT SYSTEM STATISTICS
Service Area
(unaudited)

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

Year	Houston MSA Population
2004	5,190,444
2005	5,299,567
2006	5,484,883
2007	5,597,674
2008	5,726,705
2009	5,867,489
2010	5,946,800
2011	6,086,538
2012	6,177,035
2013	6,313,158



Source: Greater Houston Partnership and U.S. Census Bureau, Population Division

CITY OF HOUSTON, TEXAS
SURETY BOND AND INSURANCE COVERAGE
June 30, 2014
(amounts expressed in thousands)
(unaudited)

Policy Number	Insurer	Term of Policy
70846103	Western Surety Company	01-02-2014 to 01-02-2016
70846110	Western Surety Company	01-02-2014 to 01-02-2016
61BSBDV0123	Hartford Casualty Insurance Company	12-15-2013 to 12-15-2014
61BSBFQ0813	Hartford Casualty Insurance Company	01-02-2014 to 01-02-2016
61BSBFW9293	Hartford Casualty Insurance Company	11-30-2013 to 11-30-2014
61BSBGM4960	Hartford Casualty Insurance Company	04-11-2014 to 04-11-2015
61BSBDT7808	Hartford Casualty Insurance Company	12-09-2013 to 12-09-2014
6610	Texas Municipal League	05-15-2014 to 05-15-2015
D37362797006	Westchester Fire Insurance Co. (Primary)	04-01-2014 to 04-01-2015
PU000606d	Underwriters at Lloyds & Ironshore Europe Ltd.	04-01-2014 to 04-01-2015
42PRP00021901	National Fire & Marine	04-01-2014 to 04-01-2015
PU000601d	Underwriters at Lloyds (First Excess Layer)	04-01-2014 to 04-01-2015
EAF70044614	Axis Surplus	04-01-2014 to 04-01-2015
ESP004900202	Arch Specialty Insurance Company	04-01-2014 to 04-01-2015
NHD386405	RSUI Indemnity Insurance Company	04-01-2014 to 04-01-2015
PU000608d	Great Lakes Re (UK) Place	04-01-2014 to 04-01-2015
MQL9L437312034	Liberty Mutual Fire	04-01-2014 to 04-01-2015
PU000612d	Underwriters at Lloyds	04-01-2014 to 04-01-2015
PU000603d	Underwriters at Lloyds (Second Excess Layer)	04-01-2014 to 04-01-2015
MKLX13XP000434	Essex Insurance Company	04-01-2014 to 04-01-2015
ESP004900102	Arch Specialty Insurance Company	04-01-2014 to 04-01-2015
TBD	Underwriters at Lloyds	04-01-2014 to 04-01-2015
TBD	RSUI Indemnity Insurance Company	04-01-2014 to 04-01-2015
31377054	Westport Insurance Corp.	04-01-2014 to 04-01-2015
100008188402	Liberty Surplus Insurance Corp.	04-01-2014 to 04-01-2015
PU000604d	Underwriters at Lloyds & Ironshore Europe Ltd. (Third Excess Layer)	04-01-2014 to 04-01-2015
31377054	Westport Insurance Corp.	04-01-2014 to 04-01-2015
NHD386406	RSUI Indemnity Insurance Company	04-01-2014 to 04-01-2015
TBD	Liberty Surplus Insurance Corp.	04-01-2014 to 04-01-2015
PU000605d	Underwriters at Lloyds - HCC 4141 (Fourth Excess Layer)	04-01-2014 to 04-01-2015
PU000609d	Underwriters at Lloyds- HDU 382	04-01-2014 to 04-01-2015
PU000613d	Underwriters at Lloyds - AXIS 1686	04-01-2014 to 04-01-2015
XPP915556300	Steadfast Insurance Company	04-01-2014 to 04-01-2015
PD1022200	Underwriters at Lloyds - Brit	04-01-2014 to 04-01-2015
LCP648088300	Tokio Fire and Marine	04-01-2014 to 04-01-2015
URS252863714	Underwriters at Lloyds - Hiscox	04-01-2014 to 04-01-2015
PU000610d and PU000611d	Underwriters at Lloyds (Primary and Excess)	04-01-2014 to 04-01-2015
YB2-L9L-458619-014	Liberty Mutual Fire Insurance Company	02-18-2014 to 02-18-2015
6610	Texas Municipal League	07-01-2013 to 07-01-2014
1333421100357	AXA Insurance Company	06-26-2014 to 06-26-2015
CA 1556804	Admirable Insurance Company	02-26-2014 to 02-26-2015
86878C142ALI	Torus National Insurance Company	02-26-2014 to 02-26-2015
1333421100619	AXA Insurance Company	11-03-2013 to 11-03-2014
105324683	Travelers Casualty & Surety	12-30-2013 to 12-30-2014
01 915 51 04	Chartis	05-29-2014 to 05-29-2015
61BPEAM5075	Hartford Casualty Insurance Company	10-29-2013 to 10-29-2014
61BPEAI9468	Hartford Casualty Insurance Company	02-11-2014 to 02-11-2015
61BPEC12302	Hartford Insurance	07-01-2013 to 07-01-2014
Various (approximately 2,000)	Western Surety Company	Four Year Term per Bond
	National Casualty Company	06-24-2014 to 07-08-2014
	Underwriters at Lloyds London	06-13-2014 to 07-05-2014
CPS1896960	Scottsdale Insurance Company	11-17-2013 to 11-29-2013
6610	Texas Municipal League	11-06-2013 to 07-01-2015

Property at Risk	Type of Coverage	Coverage (in thousands)
Mayor	Public Official Bond	$ 50
City Controller	Public Official Bond	$ 50
City Treasurer	Public Official Bond	$ 25
Deputy Controller	Public Official Bond	$ 25
Municipal Courts	Public Official Bond	$ 25
Tax Collector	Public Official Bond	$ 25
HMEPS (Pension) Treasurer	Public Official Bond	$ 250
City of Houston	Automobile Catastrophe	$ 1,418
City of Houston	Property Insurance *	$ 10,000
City of Houston	Property Insurance *	$ 8,250
City of Houston	Property Insurance *	$ 6,750
City of Houston	Property Insurance *	$ 6,000
City of Houston	Property Insurance *	$ 5,000
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 1,250
City of Houston	Property Insurance *	$ 5,000
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 2,750
City of Houston	Property Insurance *	$ 19,165
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 5,000
City of Houston	Property Insurance *	$ 5,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 12,835
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 26,000
City of Houston	Property Insurance *	$ 16,500
City of Houston	Property Insurance *	$ 5,000
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 1,875
City of Houston	Property Insurance *	$ 750
City of Houston	Property Insurance *	$ 7,500
City of Houston	Property Insurance *	$ 5,000
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 2,500
City of Houston	Property Insurance *	$ 4,875
City of Houston	Terrorism Insurance	$ 100,000
City of Houston	Boiler & Machinery	$ 100,000
City of Houston	Information Technology Radio Equipment and Towers	$ 76,427
City of Houston Library	Business Electronic Eq., Valuable Papers, Fine Arts	$ 11,023
Holcombe Health Lab	Commercial General Liability	$ 1,000
Holcombe Health Lab	Excess Liability	$ 5,000
Houston First Corp.	Fine Arts	$ 14,353
City of Houston	Pole Attachment Bond, Centerpoint	$ 250
City of Houston	Public Employee Dishonesty/Crime	$ 2,000
Parks Board	Public Employee Dishonesty	$ 10
Library Board	Public Employee Dishonesty	$ 10
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	$ 946
City of Houston	Special Event Commercial General Liability	$ 1,000
City of Houston	Property Insurance - Floats	$ 1,000

* The property insurance is provided by insurance carriers that underwrite varying pro-rata shares of coverage that total to the policy loss limit.

CITY OF HOUSTON, TEXAS
SALARIES OF ELECTED OFFICIALS
June 30, 2014
(unaudited)

Name and Title of Official	Authorized Annual Base Salary	
Annise D. Parker, Mayor	$ 234,032	
Ronald C. Green, City Controller	156,021	
Brenda K. Stardig, Council Member - District A	62,409	
Jerry V. Davis, Council Member - District B	62,409	
Ellen N. Cohen, Council Member - District C	62,409	
Dwight A. Boykins, Council Member - District D	24,000	(1)
David P. Martin, Council Member - District E	62,409	
Richard A. Nguyen, Council Member - District F	62,409	
Olin "Oliver" Pennington, Council Member - District G	62,409	
Edward Gonzalez, Council Member - District H	62,409	
Robert Gallegos, Council Member - District I	62,409	
Michael H. Laster, Council Member - District J	62,409	
Larry V. Green, Council Member - District K	62,409	
Stephen C. Costello, Council Member - At Large Position 1	62,409	
David W. Robinson, Council Member - At Large Position 2	62,409	
Felix M. Kubosh, Council Member - At Large Position 3	62,409	
Clarence O. "Brad" Bradford, Council Member - At Large Position 4	62,409	
John R. Christie, Council Member - At Large Position 5	55,770	(1)

(1) Council Members Dwight Boykins and John Christie voluntarily took smaller salaries.

CITY OF HOUSTON, TEXAS
Schedule of Credits
(unaudited)

Comprehensive Annual Financial Report:

Controller's Office

Executive/Administrative Divisions — **Design Oversight and Writing**

Ronald C. Green, City Controller
- Chris Brown, Chief Deputy City Controller
- Roger Widmeyer, Director of Communications

Financial Reporting Division — **Preparation and Coordination**

Carl Medley, Deputy City Controller
- Michael Abbott, Assistant City Controller
- Alicia Cai, Assistant City Controller
- Rosa Henderson, Assistant City Controller
- Larry Liu, Assistant City Controller
- Chris Okeagu, Assistant City Controller
- Maria G. Perez, Administrative Assistant
- Irma Rodriguez, Assistant City Controller
- Courtney Satterwhite, Assistant City Controller
- Andrew Vasquez, Deputy Director
- Suong "Su" Vu, Assistant City Controller
- Dinah Walter, Assistant City Controller
- Bonita Wright, Assistant City Controller

Operations and Technical Services Division — **Consulting and General Support**

Harry Singh, Deputy City Controller
- Monika De Los Santos, Assistant City Controller
- Brenda Jackson, System Support Analyst
- Brenda Johnson, Administrative Coordinator
- Martina Lee, Assistant City Controller
- Annie Nguyen, Administrative Supervisor
- Nam Nguyen, Micro Computer Analyst
- Daniel Schein, System Support Analyst
- Lillie Stewart, Administration Manager
- Anthony Tran, LAN Specialist

Treasury Division — **Debt and Investment Management Disclosures**

Charisse Page Mosely, Deputy City Controller
- Han Au, Treasury Manager
- Vivien Nguyen, Senior Treasury Analyst
- Lillie Nobles, Management Analyst
- Asha Patnaik, Debt Manager
- Catherine Smith, Senior Treasury Analyst
- Martin Troupe, Assistant City Controller
- Kedrick Winfield, Assistant City Controller

CITY OF HOUSTON, TEXAS
Schedule of Credits - Continued
(unaudited)

Finance Department — **Preparation, Coordination, Analysis and Documentation**

Kelly Dowe, Director
- Adela Bautista, Division Manager
- Silvia Diaz, Financial Analyst
- Joe Dumas, Deputy Assistant Director
- LaToya Jasper, Deputy Assistant Director
- Isis Mathoslah, Financial Analyst
- Gloria Moreno, Deputy Assistant Director
- Nikky Nguyen, Division Manager
- Arif Rasheed, Deputy Director

Administration & Regulatory Affairs Department — **Analysis and Supporting Documentation**

Tina Paez, Director
- Raymond Bradford, Senior Staff Analyst
- Annabelle Chen, Assistant Director
- Hannah Hoang, Senior Accountant
- Bethany Li, Administration Manager
- Denejra Milborn, Senior Accountant
- Juan Olguin, Assistant Director
- Rosalinda Salazar, Senior Staff Analyst
- Sreng Ung, Division Manager
- Bill Wickliffe, Division Manager

Houston Information Technology Services Department — **SAP/ ERP Consulting, Support & Development**

Charles Thompson, Director
- Ron Headley, Division Manager
- Sindhu Menon, Assistant Director

Professional Consultants — **Project Management and Design**

Houston Independent School District Printing Services
Debbie Roberts, Outside Sales Representative

McConnell & Jones LLP/Banks, Finley, White & Co. — **Independent Auditors**

This schedule by no means gives credit to all of the individuals who have some part in the development and production of this Comprehensive Annual Financial Report. However, we have included the major participants who made the issuance of this document possible.

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