



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended December 31, 2021 and 2020

**Port of Houston Authority**

111 East Loop North  
Houston, TX 77029

P: 713.670.2400

F: 713.670.2554

[porthouston.com](http://porthouston.com)

**Prepared by:**

*Office of the Controller, Port of Houston Authority*

**On the cover:** Port Houston is READY to meet the demand. The Port of Houston Authority's Barbours Cut Container Terminal.

# **Port of Houston Authority of Harris County, Texas**

**Annual Comprehensive Financial Report  
For the Years Ended December 31, 2021 and 2020**

**Prepared By:  
Office of the Controller  
Port of Houston Authority**

This page intentionally left blank

Port of Houston Authority of Harris County, Texas  
**Annual Comprehensive Financial Report**  
For the Years Ended December 31, 2021 and 2020

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>Introductory Section</b>	
Letter of Transmittal.....	1
GFOA Certificate of Achievement.....	10
Organizational Chart.....	11
Directory of Officials.....	12
<b>Financial Section</b>	
Independent Auditor's Report.....	13
Management's Discussion and Analysis (unaudited).....	17
<b>Basic Financial Statements</b>	
Statements of Net Position.....	28
Statements of Revenues, Expenses and Changes in Net Position.....	30
Statements of Cash Flows.....	31
Statements of Fiduciary Net Position.....	33
Statements of Changes in Fiduciary Net Position .....	34
Notes to the Financial Statements.....	35
<b>Required Supplementary Information</b>	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios.....	89
Schedule of Port Authority Contributions.....	90
Schedule of Annual Money-Weighted Rate of Return.....	91
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios.....	92
Schedule of Actuarially Determined Contributions.....	93
<b>Supplementary Information</b>	
Combining Statements of Fiduciary Net Position.....	94
Combining Statements of Changes in Fiduciary Net Position.....	95
<b>Statistical Section</b>	
Section Contents.....	96
<b>Financial Trends Information</b>	
Net Position by Component.....	97
Changes in Net Position.....	98
<b>Revenue Capacity Information</b>	
Assessed Value and Actual Value of Taxable Property.....	99
County-Wide Ad Valorem Tax Rates .....	100
Direct and Overlapping Debt and Property Tax Rates .....	101
Principal Property Tax Payers.....	102
Property Taxes Levies and Collections.....	103
Operating Revenues by Type.....	104
Revenue Tonnage .....	105
Top Ten Vessel and Cargo Customers.....	106
<b>Debt Capacity Information</b>	
Ratios of Net General Bonded Debt by Type.....	107
Net Revenues Available for Debt Service on Revenue Obligations.....	108
Table of Bonded Debt Service Requirements.....	109

Port of Houston Authority of Harris County, Texas  
**Annual Comprehensive Financial Report**  
For the Years Ended December 31, 2021 and 2020

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b>Demographic and Economic Information</b>	
Miscellaneous Statistical Data.....	110
Demographic and Economic Statistics.....	111
Principal Corporate Employers.....	112
Harris County Population Statistical Data.....	113
Harris County Miscellaneous Statistical Data.....	114
<b>Operating Information</b>	
Table of Physical Characteristics of the Port Facilities of the Authority.....	115
Freight Traffic Statistics.....	116
Freight Traffic Statistics Graph.....	117
Cargo Statistics.....	118
Vessel Arrivals.....	119
Bulk Commodity Statistics.....	120
Foreign Trade through the Port of Houston - 2021.....	121
Foreign Trade through the Port of Houston - 2012.....	122
Number of Regular Authority Employees by Type.....	123



## INTRODUCTORY SECTION





April 22, 2022

Port Commission

Port of Houston Authority of Harris County, Texas

Houston, Texas

Dear Commissioners:

We are pleased to present the Annual Comprehensive Financial Report of the Port of Houston Authority of Harris County, Texas ("Authority") for the year ended December 31, 2021. Dollar amounts are rounded to the nearest million within this letter of transmittal, and to the nearest thousand in the Management's Discussion and Analysis ("MD&A"), financial statements and the accompanying notes to the financial statements.

Responsibility for the accuracy of the data and the completeness and fairness of presentation, as well as all disclosures, rests with management of the Authority. To the best of its knowledge the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the Authority. We have included disclosures necessary to enable the reader to gain an understanding of the Authority's financial position.

### **Profile of the Authority**

Originally constituted in 1911, the Authority is an independent political subdivision of the state of Texas, operating as a navigation district under Chapter 5007, Texas Special District Local Laws Code, having boundaries generally coterminous with Harris County, Texas. Governance of the activities of the Authority is the responsibility of the Port Commission composed of seven commissioners. Two are appointed by Harris County Commissioners Court, two by the City Council of the City of Houston, one by the City Council of the City of Pasadena and one by the Harris County Mayors' and Councils' Association. The chairman of the Port Commission is jointly appointed by the governing bodies of Harris County and the City of Houston.

The Authority had 701 active, regular employees as of December 31, 2021 and in addition, utilized 519 full-time equivalent workers throughout the year hired from local longshoremen union halls.



The greater Port of Houston ("Port of Houston") opened as a deep draft port in November 1914. The Houston Ship Channel (the "Channel"), the heart of the Port of Houston complex, extends 52 miles inland from the Gulf of Mexico to the City of Houston. The Port of Houston consists of not only the Authority's public terminals and wharves, but also includes more than 200 privately-owned facilities along the upper half of the Channel. The Port of Houston is host to the world's second largest petrochemical complex and is ranked first in the nation in total tonnage and foreign waterborne tonnage.

Some of the privately-owned terminals within the Port of Houston compete directly with the Authority's terminals, but serve to increase commerce through competitive rates. The Authority neither regulates the tariffs charged by, nor derives any revenues from, any of the privately-owned terminals, except for certain lease payments, harbor fees for fire protection and emergency services, and certain payments that may be received from private terminals located at the Bayport Industrial Complex.

### **Business of the Authority**

The Authority owns and operates a diverse group of facilities designed to accommodate a variety of cargo, including general cargo, containers, grain, coal, pet coke, dry and liquid bulk and project and heavy-lift cargo. The Authority continues to make capital infrastructure improvements and operate its terminals to achieve optimum utilization of its assets. In addition to its 3,557 acres of developed properties, the Authority also owns 4,271 acres of undeveloped properties, including dredged material placement areas.

The Authority's Turning Basin Terminal in the upper Channel area is a multipurpose complex of breakbulk and general cargo wharves with substantial dockside facilities, as well as open and enclosed short-term storage space. Wharf 32, located within this terminal, was specifically designed for handling project and heavy-lift cargo, and has 36 acres of heavy-duty paved marshalling area.

The Manchester Terminal, considered part of the Turning Basin Terminal complex, is a liquid bulk facility on a 16-acre site leased to a third-party operator.

The Authority's container cargo facilities are Barbour's Cut Container Terminal ("BCT") and Bayport Container Terminal ("Bayport"), which handle approximately two-thirds of all the containerized cargo in the U.S. Gulf of Mexico area.

BCT is located in the cities of Morgan's Point and La Porte, and at the mouth of Galveston Bay, three and a half hours sailing time to the open waters of the Gulf of Mexico. In addition to its container handling and storage facilities, facilities for intermodal rail service and connecting terminal warehouses are available at BCT. A modernization program is underway to increase cargo handling efficiency and increase annual capacity from 1.8 million to 2.4 million twenty-foot equivalent units ("TEUs") when completed.

Bayport is located within an industrial complex in southeast Harris County linked by the Bayport Channel to the Houston Ship Channel. Bayport's proximity to BCT benefits the customers at Bayport due to competitive trucking charges and affordable ancillary services. At the completion of current development activities, Bayport is expected to annually handle 3.6 million TEUs.

Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, the grain elevator at Woodhouse Terminal, and the grain elevator at the Turning Basin Terminal are leased by the Authority to third-party operators. In addition, 58 acres at the Authority's Beltway 8 property is leased for petrochemical liquid bulk storage. The world's largest ethane export complex is

located in part on 16.3 acres of leased property along the north side of the Bayport channel and is now being developed to operate a liquid bulk dock to handle crude oil and condensate. Certain wharves at BCT, Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, Sims Bayou, and in the Turning Basin Terminal area may be subject to preferential, but not exclusive, berthing arrangements.

The Authority also provides railroad rights-of-way to rail operators, licenses pipeline rights-of-way and crossings, issues marine construction permits, and maintains expansive areas for dredged material.

The Authority owns approximately 165 miles of railroad track with operating rights on an additional 10 miles of track and 734 acres of rights-of-way with storage yard capacity for railroad cars near its facilities. These yards are located on property made available to the Port Terminal Railroad Association, an association of line railroads that serve the Port of Houston and the Authority.

The Authority also owns or manages over 12,750 acres of submerged land in Harris County. In 2021, the Authority continued to expand its leasing program to begin leasing these lands to owners of certain adjacent uplands property.

As the Non-Federal Sponsor of the Houston Ship Channel, the Authority has provided to the U.S. Army Corps of Engineers ("Corps") over 7,000 acres of land in Harris County and Galveston Bay as dredge material placement areas. The Authority performs certain management and operational oversight duties for these placement areas through professional services and maintenance contracts.

The Houston Ship Channel Expansion Channel Improvement Project ("Project 11") was authorized with the year-end adoption of the Water Resources Development Act of 2020. The project will enable deeper draft and generally larger ships to call further upstream to the heart of the Channel petrochemical reach, and allow for more efficient and safer transportation through Galveston Bay to the Channel endpoint at the Turning Basin. Additional widening of the ship channels serving the container terminals is expected to assure the capability of those channels to satisfy the growing demand for containerized cargo in the future.

For additional information, please refer to the Table of Physical Characteristics of the Port Facilities of the Authority in the Statistical Section of this Annual Report, under Operating Information (Schedule 18).

### **Economic Outlook**

The dominant economic theme of 2021 was again the COVID-19 crisis. Following supply chain shortages in 2020, businesses began to aggressively rebuild inventories during the year, pushing GDP up a strong 6.9% in the fourth quarter and 5.7% for the year. Emergence of the Omicron virus dampened year end-prospects, but efforts throughout the year to work around the global supply chain crisis caused input and commodity prices to increase sharply, triggering inflationary fears. Adding to these concerns was a year-end low unemployment rate of 3.9%. The economic rebound added 6.4 million jobs in 2021, but there still have been 68.9 million job separations since the pandemic began, of which 47.4 million were voluntary. The huge loss of workers as a result of this so called "great resignation" contributed to labor shortages and rising wages, further affecting inflation measures.

The Consumer Price Index ("CPI") for all items increased 7.0% in 2021. The index for all items less food and energy also rose 5.5% percent over the 12-month period. The food index increased 6.3% in 2021, a larger increase than the 2020 rise of 3.9%. The energy index rose

29.3% in 2021 after declining 7.0% in 2020. The Authority uses CPI measures as the basis for periodic rate adjustments in many lease agreements and marine terminal services agreements.

In January 2022 the Federal Open Market Committee decided to maintain its federal funds target range at 0.00% to 0.25%; however it also reported that “with inflation well above 2 percent and a strong labor market, the Committee expects it will soon be appropriate to raise the target range for the federal funds rate.” The Federal Reserve is now expected to transition from Quantitative Easing to Quantitative Tapering sometime in mid-2022, earlier than the previously expected end of 2022. This represents a massive shift in sentiment prompting some to speculate that the Federal Reserve may need to increase the Federal Fund rate by 0.25% potentially as many as seven times. Interest rates have risen since that time, though in anticipation of these developments, rates had been steadily rising since mid-year 2021. The one-year T-bill rose from approximately 0.08% in June of 2021 to almost 0.40% at year-end and stands at 1.13% in mid-February 2022.

### **Financial Planning**

In accordance with statutory requirements, the Port Commission reviews and approves an annual budget and a one-year capital plan. The Authority also develops a five-year forecast and a long-range plan addressing goals, strategies, and priorities.

For 2022, the Authority budgeted revenues of \$502 million. While representing a 19% increase from the 2021 budgeted revenues of \$422 million, this 2022 budget projects a decline of 7% from 2021 results which included increased storage revenue from supply chain issues related to the Covid-19 pandemic. Budgeted nonoperating revenues in 2022 are generally flat versus the prior year budget. Total expenses are budgeted at \$377 million, a 6% increase versus the prior year budget, due primarily to higher interest expense associated with financing a portion of Project 11, increased operating and labor costs, as well as higher fees and services, and utilities. Excluding revenues and expenses related to property tax-supported debt and collection, the Authority projects net income of \$126 million for 2022 or 89% higher than the 2021 budget. The Authority also expects to generate cash flows of about \$217 million in 2022.

During 2021, the Authority invested \$149 million in capital improvements, funded primarily from the Authority's general fund and in part from grant monies received from federal and other governmental programs.

In 2022, the Authority expects to commit \$327 million for various capital projects. Approximately \$224 million will be allocated to its container terminals for continuing development of Bayport and modernization at Barbours Cut, while \$38 million relates to improvements at the general cargo and bulk terminals, and another \$18 million is designated for channel development projects. The remaining 2022 capital budget funds are planned to be used for real estate purchases, building renovations, security and information technology investments. As described below in Major Initiatives, as local sponsor of the Houston Ship Channel, the Authority will also be responsible for funding a portion of the Houston Ship Channel Expansion Project, which began in 2021. Funding sources may include cash generated by operations, industry contributions, revenue-backed debt instruments or lines of credit of the Authority and appropriations from the federal government.

## **Major Initiatives**

### ***Houston Ship Channel Expansion Project***

Project 11 represents the eleventh major ship channel expansion project since the mid-nineteenth century, and is critical to safely and efficiently sustaining national energy security, domestic manufacturing growth, thriving U.S. exports, and expanding job opportunities. As the local sponsor of the nation's busiest waterway, the Authority is partnering with the U.S. Army Corps of Engineers as well as private industry on a plan to expand the channel at an accelerated pace. Project 11 will widen the channel by 170 feet along its Galveston Bay reach, from 530 feet to 700 feet. It will also deepen certain upstream segments to 45 feet, make other safety and efficiency improvements, and craft new environmental features. The initial contracts were let in the fourth quarter of 2021 and construction will begin in 2022, continuing through 2025, making the channel safer and more efficient and ensuring this waterway will continue to remain the national economic treasure it is today.

Approved by the Port Commission in October 2021, the Authority issued \$322 million par value First Lien Series 2021 Revenue Bonds (Non-amt) ("Series 2021 Revenue Bonds") to finance a portion of the Authority's costs for the design, construction, property acquisition, and equipment for Project 11.

### ***Strategic Plan***

In response to new challenges and opportunities, and in accordance with the statutory requirement to re-evaluate the strategic plan every five years, Port Houston adopted a five-year Strategic Plan in 2020. This plan guides the pursuit of Port Houston's mission, to *Move the World and Drive Regional Prosperity*, and vision, to become *America's Distribution Hub for the Next Generation*.

Based on this plan, staff and resources are aligned under the strategic goals of People, Infrastructure, Partnerships and Stewardship. In 2021, major initiatives aligned with these goals included: developing a Diversity, Equity and Inclusion (DEI) plan; completing key milestones in Project 11; launching a race- and gender-conscious Minority- and Woman-Owned Business (MWBE) program; expanding efforts to create a Sustainability Action Plan; updating Port Houston's Clean Air Strategy Plan; and publishing an Environment, Social, Safety & Governance Report.

### ***Terminal Improvements***

The Authority evaluates its strategic plans to ensure a competitive position in the global marketplace. This can only be accomplished by focusing on consistent and quality levels of service to all customers and stakeholders, optimizing expansion and redevelopment activities and investing in terminal infrastructure and technologies. Containerized cargo is handled by the Authority at the Barbours Cut (BCT) and Bayport (BPT) Container Terminals. Today, these terminals combined have 24 operating wharf cranes, 116 Rubber Tired Gantry (RTG) cranes, 17 Empty Handlers and additional heavy-duty tractors and other cargo handling equipment.

In 2021, development at BPT Container Terminal continued with the completion of an 18-acre grounded and wheeled container storage and marshaling area known as Container Yard 2 South (CY2 S.). It was placed into service Q4 2021. A 25-acre, tenant-leased empty container storage yard was placed into service in January of 2021. This new empty container yard returned to the Port Authority 19 acres of previously leased area. In Q3 2021, those 19 acres were put in service as additional loaded container storage, after minor upgrades. Redevelopment of Wharf 5 began in Q2 2021 to accommodate the now-delivered three new

Ship-To-Shore (STS) cranes. Three older STS cranes will be relocated to BCT keeping the total at 12.

Construction of Wharf 6, a 1,000-foot extension of the west side of the wharf face, was initiated in Q2 of 2021, with an expected completion date of Q3 2023. It will support six additional Super Post Panamax (SPP) cranes to be delivered in Q3 2023 and bring the total STS count at BPT to 18 from the current total of 12.

Outside the terminal and as a part of the master plan phasing, Port Road began expansion to a six-lane roadway to support terminal volume increases as well as developments south of Port Road, with an expected completion date of Q4 2022. As a part of the preparation for future developments south of Port Road, a dedicated right hand turn lane is currently being constructed as well. That project began in Q4 2021 with an estimated completion in Q3 2022. Construction projects south of Port Road continued throughout 2021 with the site prep work of more than 180 acres of land for future container terminal support. This space will be dedicated to tenant leased property such as warehousing, intermodal opportunities and maintenance and repair facilities. The Bayport South Rail Spur project continued construction efforts throughout 2021 with an anticipated completion date of 2022.

In Q4 2021 nine hybrid RTGs were delivered, raising the total fleet size at BPT to 66. These are in support of the combined 37 acres of additional loaded container storage areas brought on line in 2021.

At BCT, Entry Gate Facility expansion and construction continued throughout 2021. When completed in Q2 2022, this gate will consist of 29 entry lanes to increase velocity into the terminal and support the future growth of the facility. This will also transition the entry gate from a two-stage complex to a one stage complex, mirroring the processing found at BPT today.

Reconstruction of Container Yard 3 North continued throughout 2021 with a scheduled completion date of Q1 2022. This redevelopment addresses 18 acres of the most-utilized container yard at BCT with proximity to the BCT wharves. Reconstruction of Wharf 3, completed in Q2 2021, consists of 1,000 feet of wharf transformed from supporting 50 gage to 100 gage STS cranes. It now awaits the delivery of three 100-gage Post Panamax (PP) cranes that will be relocated from BPT in Q1 2022. Once commissioned, this will bring the fleet total at BCT to 15 (seven Super PP, three PP, and five 50-gage PP). To assist with empty containers flowing into the BCT facility, the Authority obtained an additional seven empty handling machines to help support the growing empty container demand, bringing the empty handling fleet size to 17.

### ***Port Security and Emergency Operations***

The Port Security and Emergency Operations Division (PSEO) worked on-site to provide all Public Safety services – police, fire, security, and emergency management – to employees and terminals even as the global COVID-19 pandemic carried on through 2021.

Emergency Management sourced Personal Protective Equipment such as masks, gloves, disinfectant wipes, and hand sanitizer, providing a constant logistics chain for the safety of on-site employees. The Emergency Management and Technology groups benefited from FEMA Port Security Grants totaling \$558,000, covering 75% of total costs, to purchase 50 specialized radios for the Fire Department and for enhanced cybersecurity capability.

To help with increasing containers volumes, the Security Department worked closely with the U.S. Coast Guard to quickly re-designate the BCT Rail Ramp for container storage.

Emergency Management and other PSEO Departments responded to the “big freeze” in February by activating our pre-positioned contracts to procure fire pumps, port-a-potties, generators, and bottled water, allowing terminals to safely reopen as soon as the roads were safe for operations.

### ***Environment***

The Environmental Affairs Department manages the Authority's environmental affairs through the administration of an environmental management system ("EMS") and various environmental programs, including air quality, waste management, drinking water, storm water, wastewater, remediation, and compliance auditing. The Authority was the world's first publicly owned port to certify its EMS under the newest international standard, ISO 14001:2015. The Authority has also committed to receiving 100% renewable energy through a 10-year electricity contract entered in 2020. In 2021, the Authority developed its first Environment, Social, Safety, & Governance (ESSG) Report which identifies the current sustainability initiatives being undertaken plus brand new initiatives to explore.

Tenants operating on Authority property are audited periodically for compliance with the environmental terms of their leases. In 2021, the Authority conducted 28 compliance audits of tenant and Authority facilities.

### ***Technology***

The principal responsibility of the Technology Division is to support Authority-wide applications, infrastructure, and information security. The Information Technology Master Plan for 2020-2022 is the blueprint for the division as an internal service provider. With support from Port Security Grants for cybersecurity and physical security initiatives, multi-project programs continue to be in flight and aligned to the Authority's Strategic Plan.

## **Financial Information**

The accounting policies of the Authority and this report conform to accounting principles generally accepted in the United States for local governmental units as prescribed by the Governmental Accounting Standards Board. A summary of significant accounting policies can be found in Note 1 of the financial statements.

It is the policy of the Authority to record nonoperation-related sources of income and expense outside of the Operating income section of the Statements of Revenues, Expenses and Changes in Net Position. Accordingly, during 2021 the Authority recognized \$10,985,000 of contributions to state and local agencies in the Nonoperating revenues (expenses) section of the statements.

The integrity and accuracy of data in these financial statements and supplemental schedules, including estimates and judgments relating to matters not concluded at year-end, are the responsibility of the management of the Authority. However, by state statute, the Harris County Treasurer serves as the treasurer of the Authority, with certain responsibilities related to bank accounts and funds of the Authority and tax bonds issued by the Authority.

We direct the reader's attention to the Management's Discussion and Analysis ("MD&A") section immediately following the independent auditor's report, which provides an analytical overview of the Authority's financial activities and serves as an introduction to the basic financial statements.

## **Internal Control**

Management, with the oversight of the Audit Committee of the Port Commission, is

responsible for establishing and maintaining internal controls. The Authority's Internal Audit Department ("IAD") helps enhance focus and provide structure to this function, along with other statutory duties. The IAD adheres to the International Standards for the Professional Practice of Internal Auditing as issued by the Institute of Internal Auditors (commonly referred to as the "Red Book"), and the Government Auditing Standards (commonly referred to as the "Yellow Book") as promulgated by the Government Accountability Office. Management utilizes IAD's annual internal audit plan, supported by an enterprise risk assessment, as a tool in fulfilling its responsibilities. Management also utilizes its best estimates and judgment to assess the expected benefits and related costs of controls.

In developing and evaluating the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. The objectives of internal controls are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States. Due to inherent limitations in any internal controls, misstatements arising from error or fraud may occur and not be detected. Projections of any evaluation of internal controls to future periods are also subject to the risk that internal controls may become inadequate because of changes in conditions or that the degree of compliance with policies or procedures may deteriorate.

All internal control evaluations occur within the above framework. Management believes the Authority's financial accounting controls, with ongoing internal audit reviews and statutory audit functions, adequately safeguard assets and provide reasonable assurance of properly recorded financial transactions.

### **Independent Audit**

The financial statements for the years ended December 31, 2021 and 2020 listed in the foregoing Table of Contents were audited by an independent audit firm appointed by the Port Commission. The audit opinion rendered by BKD, LLP for December 31, 2021 is included in the Financial Section of this report.

### **Certificates of Achievement**

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2020. This was the 47th consecutive year that the Authority has achieved this award. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual 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. Management believes the current report continues to meet the Certificate of Achievement Program's requirements.

The Government Treasurers' Organization of Texas ("GTOT") sponsors an Investment Policy Certification Program designed to provide assistance to local governments in developing policies that fully comply with the Texas Public Funds Investment Act, and to recognize outstanding examples of written investment policies. The Authority was first awarded a Certificate of Distinction for its investment policy in March 2013 and received additional certificates every two years thereafter, including in March of 2021. The GTOT certificate is valid for two years.



## Acknowledgements

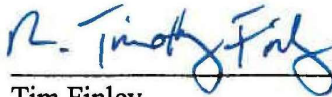
We express our appreciation to all who assisted and contributed to the preparation of this report.

In addition, we would like to thank the members of the Port Commission and the staff of the Authority for their support in planning and conducting the financial affairs of the Authority in a responsible manner, to ensure fiscal transparency and accountability, and to maintain the Authority's financial statements in conformance with the highest professional standards.



---

Roger Guenther  
Executive Director



---

Tim Finley  
Chief Financial Officer



---

Curtis Duncan  
Controller



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Port of Houston Authority  
Texas**

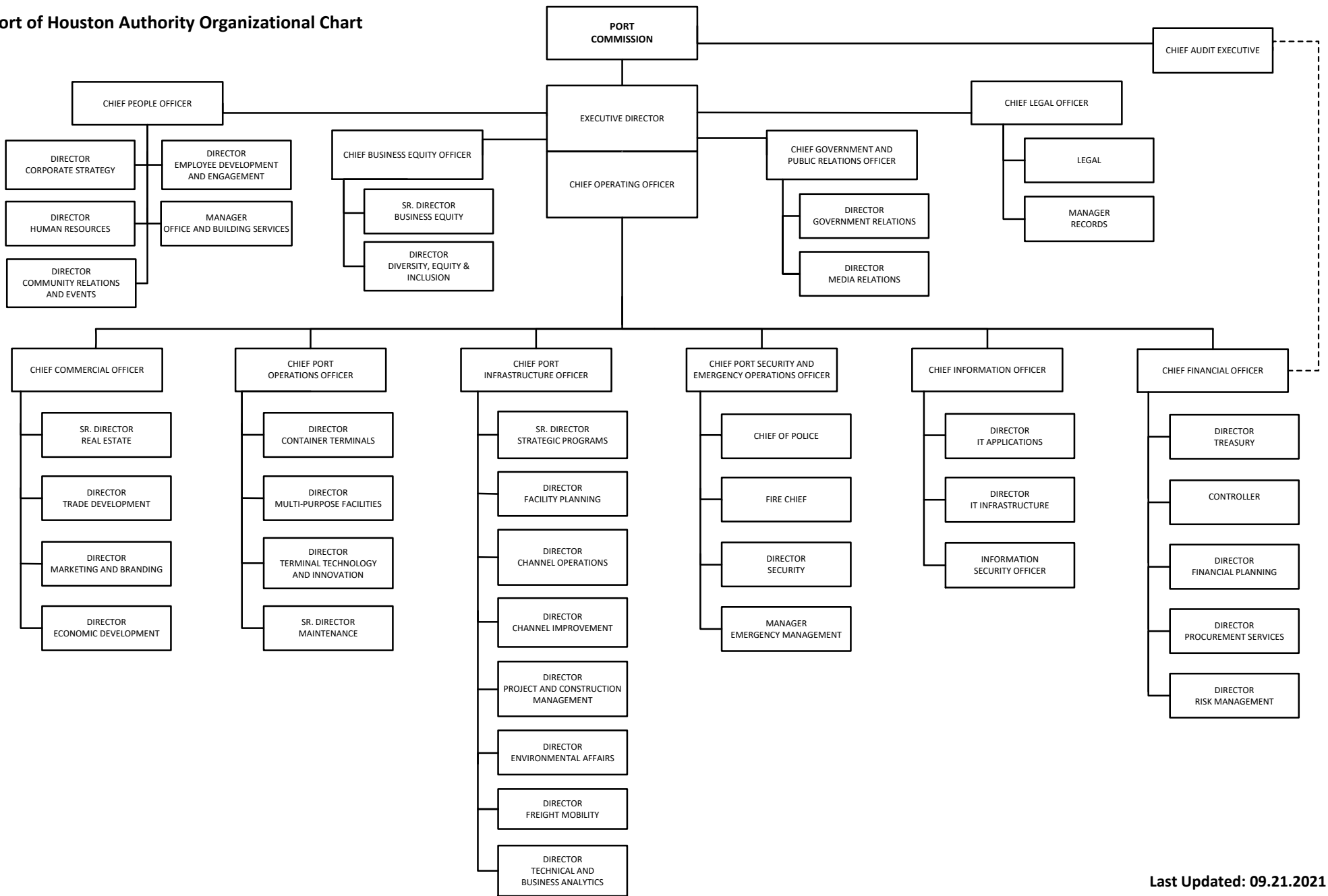
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

December 31, 2020

*Christopher P. Morrill*

Executive Director/CEO

# Port of Houston Authority Organizational Chart



Last Updated: 09.21.2021

**Port of Houston Authority of Harris County, Texas  
Directory of Officials**

**Port Commission**

Ric Campo, Chairman  
Dean E. Corgey, Commissioner  
Clyde E. Fitzgerald, Commissioner  
Stephen H. DonCarlos, Commissioner  
Roy D. Mease, Commissioner  
Wendolynn "Wendy" Montoya Cloonan, Commissioner  
Cheryl D. Creuzot, Commissioner

**Other Officials**

Roger D. Guenther, Executive Director  
Thomas J. Heidt, Chief Operating Officer  
Maxine N. Buckles, Chief Business Equity Officer  
Rich Byrnes, Chief Port Infrastructure Officer  
Jeff Davis, Chief Port Operations Officer  
Erik A. Eriksson, Secretary and Chief Legal Officer  
Tim Finley, Chief Financial Officer  
Kerrick Henny, Chief Government and Public Relations Officer  
John Moseley, Chief Commercial Officer  
Jessica Shaver, Chief People Officer  
Charles Thompson, Chief Information Officer  
Maxine N. Buckles, Chief Audit Officer  
Marcus Woodring, Chief Port Security and Emergency Operations Officer  
Curtis E. Duncan, Controller  
Dylan Osborne, County Treasurer



## FINANCIAL SECTION



## Independent Auditor's Report

Port Commission  
Port of Houston Authority of Harris County, Texas  
Houston, Texas

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the financial statements of the business-type activities and the fiduciary activities of the Port of Houston Authority of Harris County, Texas (the Authority), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the Port of Houston Authority of Harris County, Texas, as of December 31, 2021 and 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment benefit information be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining statements of fiduciary net position and combining statements of changes in fiduciary net position (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2022, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*BKD, LLP*

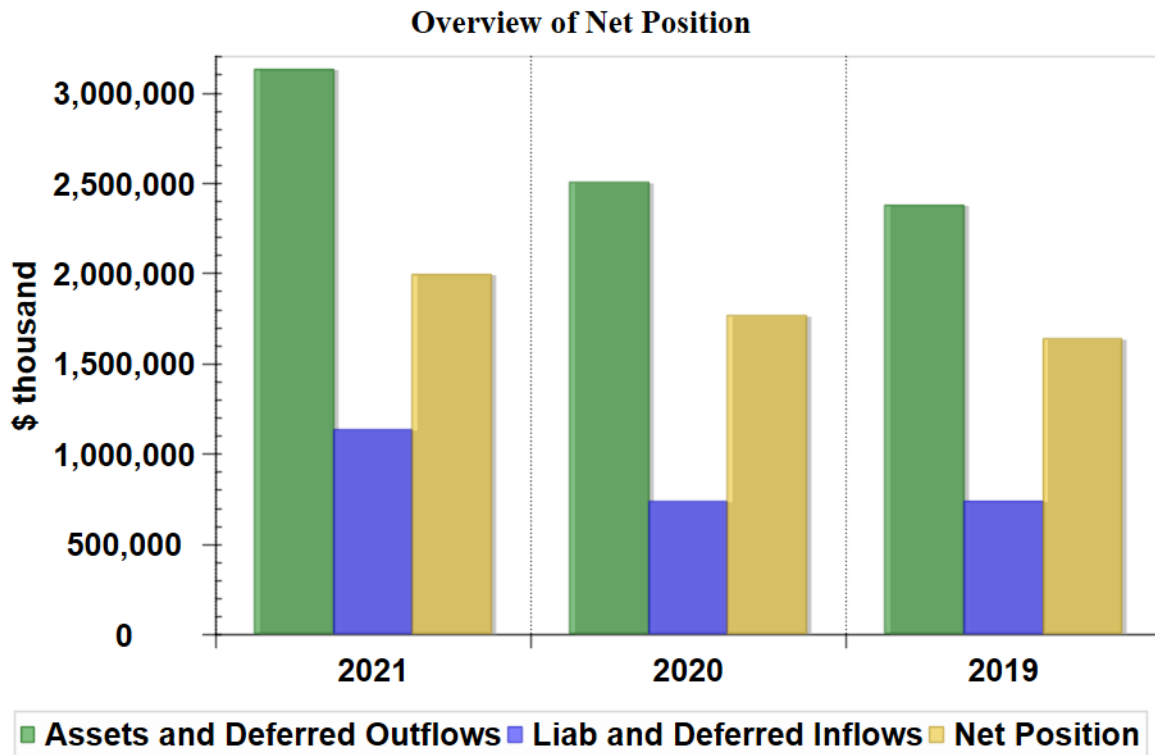
Houston, Texas  
April 22, 2022

**Port of Houston Authority of Harris County, Texas**  
**Management's Discussion and Analysis**  
**For the Years Ended December 31, 2021 and 2020**  
(unaudited)

The following Management's Discussion and Analysis ("MD&A") of the Port of Houston Authority of Harris County, Texas ("Authority") provides an overview of the activities and financial performance for the fiscal years ended December 31, 2021 and 2020.

The MD&A supplements the basic financial statements by presenting certain information regarding the statements and an analysis of the Authority's overall financial position and results of operations. Additionally, this section contains information surrounding capital assets and long-term debt activity during the year and concludes with a discussion regarding budgeting and economic factors effecting the Authority.

The information contained in this MD&A has been prepared by management and should be considered in conjunction with the financial statements and the accompanying notes, which follow this section and are integral to the data contained in the financial statements. All amounts, unless otherwise indicated, are expressed in thousands of dollars.



Net position is the difference between the Authority's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Over time, increases or decreases in net position may serve as an indicator of whether the Authority's financial position is improving or deteriorating.

## **Financial highlights for fiscal year 2021**

- The net position of the Authority at December 31, 2021 was \$1,997,091, increasing \$230,312 or 13% over the prior year.
- The Authority's total assets and deferred outflows of resources increased by \$628,293 or 25% during the fiscal year ended December 31, 2021. The majority of this change stems from an increase in restricted assets - cash and cash equivalents of \$409,193 from the issuance of revenue bonds, an increase in short term investments of \$110,825, an increase in capital assets of \$67,387, an increase in receivables, net of allowance of uncollectibles, of \$50,289, an increase in Net Other Postemployment Benefits ("OPEB") asset of \$20,798, an increase in net pension asset of \$17,157, and an increase in prepaid and other noncurrent assets of \$4,094. These are offset by a decrease in long term investments of \$24,727, a decrease in restricted assets, property tax receivable of \$11,757, and a decrease in deferred outflows of resources related to pensions of \$8,512, a decrease in cash and cash equivalents of \$5,001 and a decrease in prepaid and other current assets of \$1,122.
- The Authority's total liabilities and deferred inflows of resources increased by \$397,981 or 54%; the majority of this change stems from an increase in long-term debt, net of current maturities of \$364,428, an increase of \$17,537 in deferred inflows of resources related to pensions, increase of \$12,674 in deferred inflows of resources related to OPEB, an increase in current maturities of long term debt - revenue bonds of \$5,330, an increase of \$4,382 in accounts payable and other current liabilities, offset by a decrease of \$12,526 in net pension liability.
- Current assets exceeded current liabilities by \$881,182.
- Net investment in capital assets (net of accumulated depreciation and debt) grew 8% to \$1,394,024.
- Operating revenues were \$520,337, increasing 33% over the prior year.
- Total operating expenses were \$323,174, reflecting 7% increase over the prior year.
- The Authority generated operating income of \$197,163 in 2021 and \$88,072 in 2020.

## **Overview of the Financial Statements**

The Authority's basic financial statements consist of the following: 1) Statements of Net Position, 2) Statements of Revenues, Expenses, and Changes in Net Position, 3) Statements of Cash Flows, and 4) Notes to the Financial Statements. Fiduciary fund statements associated with the Authority's Defined Benefit Pension, Defined Contribution, and OPEB plans (each, a "Fiduciary Trust Fund") are included as well. This report also contains required supplementary information and supplementary information.

The Statements of Net Position present information on all of the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position.

The Statements of Revenues, Expenses, and Changes in Net Position present information showing how the Authority's net position changed during the fiscal year. Changes in net position are reported as soon as the underlying event giving rise to the change occurs,

regardless of the timing of the related cash flows. Thus revenues and expenses are reported in this statement for some items that are expected to result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused vacation leave).

The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of Governmental Accounting Standards Board ("GASB") pronouncements, hence there are Statements of Cash Flows included as part of the basic financial statements.

### Financial Analysis

The largest portion of the Authority's net position (70%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets. The Authority uses these assets to provide services to its customers; consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources 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 Authority's net position (5%) represents resources that are restricted for debt service, net pension asset, and net OPEB asset. The remaining balance of unrestricted net position (25%) may be used to meet the Authority's ongoing obligations.

### Port of Houston Authority of Harris County, Texas Condensed Statements of Net Position (in thousands)

	2021	2020	2019
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Current and other assets	\$ 1,170,042	\$ 600,492	\$ 623,109
Capital assets	<u>1,959,817</u>	<u>1,892,430</u>	<u>1,741,467</u>
Total Assets	3,129,859	2,492,922	2,364,576
<b>Deferred Outflows of Resources</b>	<u>3,560</u>	<u>12,204</u>	<u>15,616</u>
Total Assets and Deferred Outflows of Resources	<u>3,133,419</u>	<u>2,505,126</u>	<u>2,380,192</u>
<b>Liabilities</b>			
Long-term liabilities (including current portion)	980,046	616,630	650,123
Other liabilities	<u>96,234</u>	<u>91,335</u>	<u>79,121</u>
Total Liabilities	1,076,280	707,965	729,244
<b>Deferred Inflows of Resources</b>	<u>60,048</u>	<u>30,382</u>	<u>12,015</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,136,328</u>	<u>738,347</u>	<u>741,259</u>
<b>Net Position</b>			
Net investment in capital assets	1,394,024	1,294,888	1,119,856
Restricted	111,407	75,386	56,851
Unrestricted	<u>491,660</u>	<u>396,505</u>	<u>462,226</u>
Total Net Position	<u>\$ 1,997,091</u>	<u>\$ 1,766,779</u>	<u>\$ 1,638,933</u>

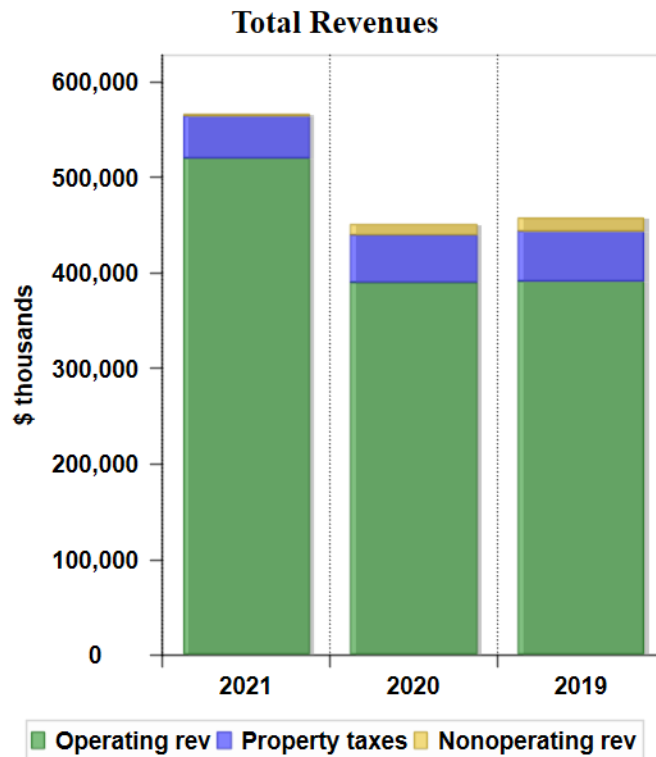
The Authority's net position increased by \$230,312 during the fiscal year ended December 31, 2021. Net investment in capital assets increased \$99,136 resulting primarily from a net increase in capital assets of \$67,387. During fiscal year 2021, restricted net position increased \$36,021 due to an increase in net OPEB asset of \$20,798, and an increase in net pension asset of \$17,157, offset by a decline in debt service of \$1,934, while the unrestricted net position increased \$95,155.

The Authority's net position increased by \$127,846 during the fiscal year ended December 31, 2020. Net investment in capital assets increased \$175,032, resulting primarily from a net increase in capital assets of \$150,963 and a decrease in outstanding bonds payable of \$36,073. During fiscal year 2020, the restricted net position increased \$18,535 resulting in an increase in net OPEB assets of \$18,141, while the unrestricted net position decreased \$65,721.

Key elements of these increases in net position are identified in the following schedule of Changes in Net Position and related explanations.

**Port of Houston Authority of Harris County, Texas**  
**Changes in Net Position**  
(in thousands)

	2021	2020	2019
<b>Operating revenues:</b>			
Vessel and cargo services	\$ 483,477	\$ 357,386	\$ 365,086
Rental of equipment and facilities	23,269	21,665	18,065
Grain elevator	1,035	1,263	1,439
Bulk materials	4,012	3,911	4,265
Other	8,544	6,507	2,582
<b>Nonoperating revenues:</b>			
Investment income	1,042	9,810	13,017
Other	809	833	1,282
<b>Nonoperating revenues related to property taxes:</b>			
Property taxes	43,702	48,965	51,060
Investment income on bond proceeds	51	349	967
<b>Total Revenues</b>	<u>565,941</u>	<u>450,689</u>	<u>457,763</u>
<b>Operating expenses:</b>			
Maintenance and operations of facilities	193,869	178,606	177,121
General and administrative	48,582	46,225	50,420
Depreciation and amortization	80,723	77,829	74,020
<b>Nonoperating expenses:</b>			
Contributions to state and local agencies	10,985	235	4,327
Loss on disposal of assets	36	126	4
Other	2,783	-	107
<b>Nonoperating expenses related to property taxes:</b>			
Interest expense on unlimited tax bonds	13,483	23,526	24,451
Property tax collection expense	1,100	1,100	1,100
Other	355	384	410
<b>Total Expenses</b>	<u>351,916</u>	<u>328,031</u>	<u>331,960</u>
<b>Income before capital contributions</b>	214,025	122,658	125,803
Capital contributions from federal\state agencies	16,287	5,188	1,772
<b>Changes in net position</b>	230,312	127,846	127,575
<b>Net position, January 1</b>	<u>1,766,779</u>	<u>1,638,933</u>	<u>1,511,358</u>
<b>Net position, December 31</b>	<u>\$ 1,997,091</u>	<u>\$ 1,766,779</u>	<u>\$ 1,638,933</u>



In 2021, operating revenues increased \$129,605, or 33%, to \$520,337 due primarily to an increase in vessel and cargo services revenue which includes an increase in Storage fees of \$71,226. The Authority's container facilities' volume increased to 3.5 million twenty-foot equivalent units ("TEUs") for the year, an increase of 15% from 2020, while total Authority tonnage increased 11% to 51.9 million tons in 2021. Other operating revenues increased \$2,037 or 31%, primarily due to growth in pipeline license fees, dredge material placement fees and submerged land rent/lease fees.

Nonoperating revenues related to property taxes in fiscal 2021 decreased \$5,561, due to a decline in tax rates from \$0.00991 in 2020 to \$0.00872 in 2021 per \$100 assessed valuation.

Nonoperating revenues in 2021 decreased \$8,792, due primarily to lower interest income as a result of lower interest rates and no gain on sale of investments compared to the prior year.

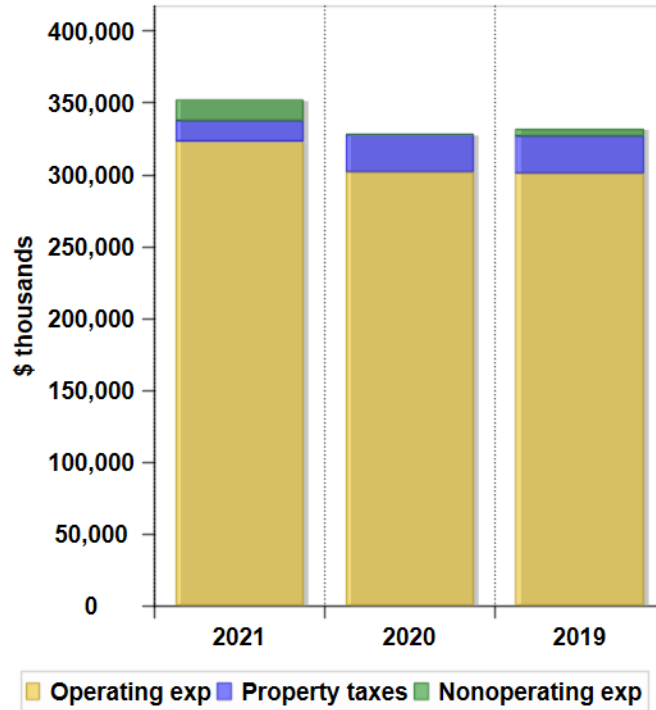
In 2020, operating revenues decreased \$705 to \$390,732 reflecting a less than one percent decline from prior year. This is due primarily to a decrease in Vessel and cargo services revenue, partially offset by other operating revenue. The Authority's container facilities' volume remained at 3.0 million TEUs for the year, with a slight decrease of less than 1% from 2019, while total Authority tonnage decreased 3% to 46.9 million tons in 2020. This decrease is primarily due to the worldwide pandemic. Other operating revenues increased \$3,925 or 152% primarily due to Submerged Land revenue.

Nonoperating revenues related to property taxes in fiscal 2020 decreased \$2,713 due to a decline in tax rates from \$0.01074 in 2019 to \$0.00991 in 2020 per \$100 assessed valuation. This is primarily due to the bond refunding highlighted in Note 6.

Nonoperating revenues in 2020 decreased \$3,656 due primarily to lower interest income as a result of lower interest rates.



### Total Expenses



For fiscal 2021, Operating expenses increased \$20,514, or 7%, primarily due to higher maintenance and operation of facilities expenses resulting from growth in container volumes. General and administrative expenses increased by \$2,357 or 5%, primarily due to the employee incentive program. Depreciation increased by \$2,894 or 4%.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased \$10,072 due to bond refunding in 2020.

Nonoperating expenses in 2021 increased \$13,443 primarily due to \$10,750 for Contributions to State or Local Governments of which \$9,996 was for the Port Road Expansion Project.

For fiscal 2020, Operating expenses increased \$1,099 or less than 1%.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased \$951 over 2019.

Nonoperating expenses in 2020 decreased \$4,077 due to fewer contributions primarily related to channel expansion.

## Capital Assets

The Authority's investment in capital assets as of December 31, 2021 totaled \$1,959,817 (net of accumulated depreciation), an increase of \$67,387 or 3.6% over the prior year.

Major capital asset activity (before depreciation) during 2021 included the following:

- Land and channel improvements and land use rights increased by \$7,827 primarily due to channel deepening at Barbours Cut.
- Improvements other than buildings increased \$118,978 primarily due to Wharf 3 construction and Container Yard 1 and 2 at Barbours Cut, and the Container Yard 2 South construction at Bayport.
- Buildings increased \$2,111 primarily due to construction of the Wharf 3 stevedore support building at Barbours Cut and the remodel of the gate services building at Bayport.
- Machinery and equipment net increase totaled \$40,863 in 2021. This increase primarily consisted of the purchase of 18 rubber-tired gantry ("RTG") cranes at Bayport and seven empty container handlers at Barbours Cut.
- Construction-in-progress decreased \$30,414 in 2021 primarily due to the substantial completion of Wharf 3 reconstruction and Container Yard 1 and 2 at Barbours Cut.
- Accumulated depreciation net of retirements increased by \$73,740 in 2021.

The Authority's investment in capital assets as of December 31, 2020, was \$1,892,430 (net of accumulated depreciation), an increase of \$150,963 or 8.7% over the prior year.

Major capital asset activity (before depreciation) during 2020 included the following:

- Land and channel improvements and land use rights increased by \$5,819 primarily due to the purchase of wetland mitigation credits and land acquisitions of eight acres at Turning Basin and nine acres at Bayport.
- Improvements other than buildings increased \$60,422 primarily due to construction of Container Yard 7 at Bayport and Wharf 46 pavement stabilization at Turning Basin.
- Machinery and equipment net increase totaled \$20,662 in 2020. This increase primarily consisted of the purchase of eight rubber-tired gantry ("RTG") cranes and six container handlers at Barbours Cut, and the purchase of vehicles Authority-wide.
- Intangible assets increased \$2,955 primarily due to the Smart GATE-3 Operating Systems at the container terminals, the PSIM Situational Awareness Software, and JD Edwards and Navis N4 improvements.
- Construction-in-progress increased \$125,651 in 2020 due to various projects including Wharf 3 reconstruction, gate expansion, and the Container Yard 1 and 2 rehabilitation at Barbours Cut, three container wharf cranes at Bayport, and Houston Ship Channel Expansion project expenditures.
- Accumulated depreciation net of retirements increased by \$64,546 in 2020.

**Port of Houston Authority of Harris County, Texas**

**Capital Assets**

(net of depreciation)

(in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land and channel improvements	\$ 494,911	\$ 487,273	\$ 483,987
Land use rights - intangible	16,050	15,861	13,328
Buildings	55,788	57,890	62,548
Improvements other than buildings	869,849	793,806	773,494
Railroads	19,777	19,250	20,533
Machinery and equipment	263,888	247,120	243,365
Computer software - intangible	2,041	3,303	1,936
Construction-in-progress	<u>237,513</u>	<u>267,927</u>	<u>142,276</u>
 Total Capital Assets, net	 <u>\$ 1,959,817</u>	 <u>\$ 1,892,430</u>	 <u>\$ 1,741,467</u>

Additional information on the Authority's capital assets can be found in Note 4 in the accompanying notes to the financial statements.

**Debt**

At the end of 2021, the Authority had total debt outstanding of \$957,592 (net of premiums/discounts), consisting of \$402,038 in Series 2021 Revenue Bonds and \$555,554 in Unlimited Tax Refunding Bonds ("General Obligation Bonds"). The Unlimited Tax Refunding Bonds debt service is funded from ad valorem taxes approved by Harris County taxpayers, levied by the Harris County Commissioners Court on behalf of the Authority, and collected by the Harris County Tax Assessor-Collector.

At the end of 2020, the Authority had total debt outstanding of \$587,154 (net of premiums/discounts), consisting of General Obligation Bonds.

**Port of Houston Authority of Harris County, Texas**

**Outstanding Debt**

**General Obligation and Revenue Bonds**

(net of premiums/discounts)

(in thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds			
Unlimited Tax Port Improvement Bonds	\$ -	\$ -	\$ 89,694
Unlimited Tax Refunding Bonds	555,554	587,154	533,533
Revenue Bonds	<u>402,038</u>	<u>-</u>	<u>-</u>
Total General Obligation and Revenue Bonds	957,592	587,154	623,227
Less Current Maturities	<u>(29,015)</u>	<u>(23,005)</u>	<u>(21,735)</u>
Long-Term Debt (net of unamortized premiums/discounts)	<u>\$ 928,577</u>	<u>\$ 564,149</u>	<u>\$ 601,492</u>

During the fourth quarter in 2021, the Authority issued \$322,180 in Series 2021 Revenue Bonds. The Series 2021 Revenue Bonds debt service is funded by the Authority's net revenues.

The Authority's total debt principal outstanding increased \$299,175 during 2021. The key factors for this increase were the issuance of \$322,180 of revenue bonds series 2021 offset by the scheduled debt service payment of \$23,005. Interest expense for 2021 on the unlimited tax bonds decreased by \$8,103.

During 2020, the Authority issued \$248,965 par value of Series 2020A-1, Series 2020A-2, and Series 2020B unlimited tax refunding bonds at a premium for substantial net present value savings (see Note 6). The bond proceeds net of issuance cost were used to current refund \$287,825 par value relating to Series 2010B, 2010C, 2010D1, 2010D2, 2010E, and advance refund \$19,535 par value related to Series 2011A. Interest expense for 2020 on the unlimited tax bonds decreased by \$925.

The below table provides Series 2021 Revenue bond ratings:

<u>Year</u>	<u>Moody's</u>	<u>S &amp; P</u>
2021	Aa3	AA+

A summary of the Authority's General Obligation bond ratings is provided in the table below:

<u>Year</u>	<u>Fitch</u>	<u>Moody's</u>	<u>S &amp; P</u>
2021	AA	Aaa	AA+
2020	AA	Aaa	AAA

In October 2021, the Authority terminated its \$100 million senior lien note purchase financing agreement with Regions Bank and entered into a new five year \$100 million third lien note purchase financing agreement with Truist Bank. As of December 2021, this new line of credit was outstanding and unused.

Additional information on the Authority's debt can be found in Note 6 in the accompanying notes to the financial statements.

**Economic Factors**

Several factors were considered in preparing the Authority's operating budget for the 2022 fiscal year, including the anticipated rate of recovery, both domestically and globally, from the COVID-19 pandemic; related cargo and tonnage projections; and expected growth in domestic and international trade. The Authority's budgets and other financial information are made available on its website (<https://porthouston.com>), as part of its commitment to financial transparency.

The Authority reviews information published by various research and advisory organizations, including the International Monetary Fund ("IMF") World Economic Outlook, the Federal Reserve Bank of Philadelphia's Survey of Professional Forecasters, and the Federal Reserve Bank of Dallas Regional and U.S. Economic Updates.

In 2022, the IMF is projecting global GDP to moderate to 4.4%, down from 5.9% in 2021. The Omicron COVID-19 variant may impact growth. Rising energy prices and continuing

supply chain constraints will have an impact, as well as the retrenchment of China's real estate sector and a slower than expected recovery of private consumption.

The Consumer Price Index ("CPI") for all items increased 7.0% in 2021. The index for all items less food and energy also rose 5.5% percent over the 12-month period. The food index increased 6.3% in 2021, a larger increase than the 2020 rise of 3.9%. The energy index rose 29.3% in 2021 after declining 7.0% in 2020. The Authority uses CPI measures as the basis for periodic rate adjustments in many lease agreements and marine terminal services agreements.

### **Requests for Information**

The financial report is designed to provide an overview of the Authority's finances for those with an interest in the Authority's finances. Questions concerning the information provided in this report, or requests for additional information, should be addressed to the Office of the Controller, Port of Houston Authority, 111 East Loop North, Houston, Texas 77029.

# Port of Houston Authority of Harris County, Texas

## Statements of Net Position As of December 31, 2021 and 2020 (in thousands)

	2021	2020
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 217,201	\$ 222,202
Short-term investments	220,545	109,920
Receivables (net of allowance for uncollectibles)	103,324	53,035
Restricted assets		
Cash and cash equivalents	424,307	15,114
Property tax receivables	34,688	46,445
Prepaid and other current assets	6,366	7,488
Total Current Assets	1,006,431	454,204
<b>Noncurrent Assets</b>		
Investments	84,893	109,619
Net pension asset	17,157	-
Net OPEB asset	50,444	29,646
Prepaid and other noncurrent assets	11,117	7,023
<b>Capital Assets (net of accumulated depreciation)</b>		
Land and channel improvements	494,911	487,273
Land use rights - intangible	16,050	15,861
Buildings	55,788	57,890
Improvements other than buildings	869,849	793,806
Railroads	19,777	19,250
Machinery and equipment	263,888	247,121
Computer software - intangible	2,041	3,302
Construction-in-progress	237,513	267,927
Total Capital Assets, net	1,959,817	1,892,430
Total Noncurrent Assets	2,123,428	2,038,718
Total Assets	3,129,859	2,492,922
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	2,935	11,447
Deferred loss on bond refunding	625	757
Total Deferred Outflows of Resources	3,560	12,204
<b>Total Assets and Deferred Outflows of Resources</b>	\$ 3,133,419	\$ 2,505,126

See accompanying notes to the financial statements.

# Port of Houston Authority of Harris County, Texas

## Statements of Net Position As of December 31, 2021 and 2020 (in thousands)

	2021	2020
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	\$ 79,626	\$ 75,244
Fees received in advance and other reserves	10,418	10,457
Liabilities payable from restricted assets:		
Current maturities of long-term debt		
Revenue Bonds	5,330	-
Unlimited tax bonds	23,685	23,005
Accrued interest payable		
Revenue Bonds	843	-
Unlimited tax bonds	5,347	5,634
	35,205	28,639
Total Current Liabilities Payable from Restricted Assets	35,205	28,639
Total Current Liabilities	125,249	114,340
<b>Noncurrent Liabilities</b>		
Long-term debt, net of current maturities	928,577	564,149
Net pension liability	-	12,526
Other noncurrent liabilities	22,454	16,950
	951,031	593,625
Total Noncurrent Liabilities	951,031	593,625
Total Liabilities	1,076,280	707,965
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	18,115	578
Deferred inflows of resources related to OPEB	32,367	19,693
Deferred gain on bond refunding	9,566	10,111
	60,048	30,382
Total Deferred Inflows of Resources	60,048	30,382
Total Liabilities and Deferred Inflows of Resources	1,136,328	738,347
<b>Net Position</b>		
Net investment in capital assets	1,394,024	1,294,888
Restricted for:		
Debt Service	43,806	45,740
Net Pension asset	17,157	-
Net OPEB asset	50,444	29,646
Unrestricted	491,660	396,505
	1,997,091	1,766,779
Total Net Position	1,997,091	1,766,779
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	\$ 3,133,419	\$ 2,505,126

See accompanying notes to the financial statements.

**Port of Houston Authority of Harris County, Texas**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended December 31, 2021 and 2020**  
(in thousands)

	2021	2020
<b>Operating revenues</b>		
Vessel and cargo services	\$ 483,477	\$ 357,386
Rental of equipment and facilities	23,269	21,665
Grain elevator	1,035	1,263
Bulk materials	4,012	3,911
Other	8,544	6,507
Total operating revenues	520,337	390,732
<b>Operating expenses</b>		
Maintenance and operations of facilities	193,869	178,606
General and administrative	48,582	46,225
Depreciation and amortization	80,723	77,829
Total operating expenses	323,174	302,660
<b>Operating income</b>	197,163	88,072
<b>Nonoperating revenues (expenses)</b>		
Investment income	1,042	9,810
Contributions to state and local agencies	(10,985)	(235)
Loss on disposal of assets	(36)	(126)
Other, net	(1,974)	833
Total nonoperating revenues (expenses)	(11,953)	10,282
<b>Income before nonoperating revenues (expenses) related to property taxes</b>	185,210	98,354
<b>Nonoperating revenues (expenses) related to property taxes</b>		
Property taxes, net of estimated uncollectible amounts	43,702	48,965
Investment income on bond proceeds	51	349
Interest expense on unlimited tax bonds	(13,483)	(23,526)
Property tax collection expense	(1,100)	(1,100)
Other, net	(355)	(384)
Total nonoperating revenues related to property taxes	28,815	24,304
<b>Income before capital contributions</b>	214,025	122,658
<b>Capital contributions from federal\state agencies</b>	16,287	5,188
<b>Change in net position</b>	230,312	127,846
<b>Net position, January 1</b>	1,766,779	1,638,933
<b>Net position, December 31</b>	\$ 1,997,091	\$ 1,766,779

See accompanying notes to the financial statements.



This page intentionally left blank

# Port of Houston Authority of Harris County, Texas

## Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(in thousands)

	2021	2020
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$ 481,808	\$ 387,683
Cash paid to suppliers for goods and services	(75,720)	(57,349)
Cash paid to employees for services	(117,398)	(108,902)
Cash paid for employee benefits	(57,267)	(56,267)
Cash paid for other services	(43)	(45)
Cash received for other purposes	1,848	8,202
Net cash provided by operating activities	233,228	173,322
<b>Cash flows from noncapital financing activities:</b>		
Contributions paid to others	(10,985)	(235)
Property tax collection expenses paid	(2,794)	(1,836)
Net cash used in noncapital financing activities	(13,779)	(2,071)
<b>Cash flows from capital and related financing activities</b>		
Property taxes received	56,728	47,462
Contributions received from federal agencies	5,628	946
Interim financing costs	(3,324)	(1,742)
Repayment of long-term debt and funding of escrow	(23,005)	(329,095)
Proceeds from issuance of long-term debt	402,037	299,080
Interest on long-term debt	(21,280)	(17,431)
Acquisition and construction of capital assets	(148,327)	(228,920)
Proceeds from retirement of assets	735	237
Net cash provided by (used in) capital and related financing activities	269,192	(229,463)
<b>Cash flows from investing activities:</b>		
Purchase of investments	(272,165)	(217,430)
Proceeds from maturities of investments	184,515	309,595
Interest on investments	3,201	9,913
Net cash (used in) provided by investing activities	(84,449)	102,078
<b>Net increase in cash and cash equivalents</b>	404,192	43,866
<b>Cash and cash equivalents, January 1</b>	237,316	193,450
<b>Cash and cash equivalents, December 31</b>	\$ 641,508	\$ 237,316
<b>Cash and cash equivalents Unrestricted</b>	\$ 217,201	\$ 222,202
<b>Cash and cash equivalents Restricted</b>	424,307	15,114

See accompanying notes to the financial statements.

**Port of Houston Authority of Harris County, Texas**

Statements of Cash Flows

For the Years Ended December 31, 2021 and 2020

(in thousands)

	2021	2020
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
Operating Income	\$ 197,163	\$ 88,072
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	80,723	77,829
Provision for doubtful accounts	1,440	812
Pension\OPEB deferred inflows	30,211	10,306
Pension\OPEB deferred outflows	8,512	(316)
Miscellaneous nonoperating income, net	70	596
Changes in assets and liabilities		
(Increase) in trade and other receivables	(41,359)	(7,226)
Decrease in prepaids and other current assets	1,510	1,465
(Increase) \ decrease in dredging expenses paid in advance	(4,488)	3,911
Increase in accounts payable and other liabilities	5,922	16,677
(Decrease) in net pension\OPEB liability and compensated absences	(49,669)	(22,841)
Increase in fees received in advance	3,193	4,037
<b>Net cash provided by operating activities</b>	<b>\$ 233,228</b>	<b>\$ 173,322</b>
Noncash investing, capital and financing activities		
Increase in fair value of investments	\$ 2,668	\$ (28)
Capital contributions from federal agencies	17,749	7,090
Capital asset acquisitions included in accounts payable	(5,706)	8,966

See accompanying notes to the financial statements.

**Port of Houston Authority of Harris County, Texas**

Statements of Fiduciary Net Position

As of December 31, 2021 and 2020

(in thousands)

**Pension (and other employee benefit) Trust Funds**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,378	\$ 3,020
Investment Securities		
Domestic Equity	132,343	115,649
International Equity	33,870	27,294
Fixed Income	143,534	130,915
Balanced Funds*	22,064	13,438
Accrued investment income	<u>572</u>	<u>371</u>
Total Assets	<u>338,761</u>	<u>290,687</u>
<b>Liabilities</b>		
Investment expenses	<u>58</u>	<u>52</u>
Total Liabilities	<u>58</u>	<u>52</u>
<b>Net position restricted for pension / OPEB**</b>	<u><u>\$ 338,703</u></u>	<u><u>\$ 290,635</u></u>

\* Mutual Funds that include both equity and fixed income securities

**Net position restricted for OPEB	\$ 105,683	\$ 95,148
Net position restricted for Defined Contribution	7,126	4,236
Net Position restricted for Pension	<u>225,894</u>	<u>191,251</u>
	<u><u>\$ 338,703</u></u>	<u><u>\$ 290,635</u></u>

See accompanying notes to the financial statements.

# Port of Houston Authority of Harris County, Texas

## Statements of Changes in Fiduciary Net Position

For the Years Ended December 31, 2021 and 2020

(in thousands)

	<u>2021</u>	<u>2020</u>
<b>Pension (and other employee benefit) Trust Funds</b>		
<b>Additions:</b>		
Employer contributions	\$ 10,382	\$ 17,130
Net investment income	<u>51,708</u>	<u>17,509</u>
Total additions	62,090	34,639
<b>Deductions:</b>		
Benefit payments and withdrawals	(13,656)	(13,196)
Administrative expenses	<u>(366)</u>	<u>(318)</u>
Total deductions	<u>(14,022)</u>	<u>(13,514)</u>
Net increase in net position	48,068	21,125
<b>Net position restricted for pension / OPEB, beginning of year</b>	<u>290,635</u>	<u>269,510</u>
<b>Net position restricted for pension / OPEB, end of year</b>	<u><u>\$ 338,703</u></u>	<u><u>\$ 290,635</u></u>

See accompanying notes to the financial statements.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies

### Reporting Entity

The Port of Houston Authority of Harris County, Texas ("Authority") is an independent political subdivision of the State of Texas, operating as a navigation district pursuant to Chapter 5007 of the Texas Special District Laws Code. The Port Commission, composed of seven commissioners, governs the Authority. Harris County, Texas ("County") and the City of Houston each appoint two commissioners to the Port Commission and jointly appoint the chairman. The City of Pasadena and the Harris County Mayors' and Councils' Association ("Association") each appoint one commissioner. Under state law, the County Treasurer serves as the treasurer of the Authority. The Authority is not a component unit of the County, the City of Houston, the City of Pasadena, or the Association, since none of these entities exercises financial control over the Authority. The Authority is considered a primary government entity satisfying the following criteria: (a) no entity appoints a voting majority of its governing body; (b) it is legally separate from other entities; and (c) it is fiscally independent of other state and local governments. Each Fiduciary Trust Fund is not included as part of the primary government, as its activities are fiduciary in nature.

The financial statements of the Authority include operations and activities of the Authority, and its blended component unit for which the Port Commission has financial accountability as defined below and its fiduciary component units, as described below. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

### Blended Component Unit

The Port Development Corporation ("PDC") was organized by the Authority under the State of Texas Development Corporation Act of 1979. PDC is a nonprofit corporation that previously issued industrial development revenue bonds to promote and develop commercial, industrial and manufacturing enterprises and to promote and encourage employment and public welfare and is currently legally active. PDC is considered a blended component unit of the Authority as the governing boards of the Authority and PDC are the same, and the Authority has operational responsibility for the PDC and is able to impose its will on PDC, as defined in Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, as amended. There has been no financial activity for PDC since 2007.

### Fiduciary Component Units

The Pension Plan is for eligible retirees and Port Houston employees hired before 2012. The Pension Plan has a variety of investment accounts that support the funds

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Fiduciary Component Units (continued)

for the ongoing payment of benefits. The Other Post-Employment Benefits (OPEB) Plan primarily funds health insurance benefits for retirees. The 401(a) Plan is to benefit eligible employees hired on or after August 1, 2012. Contributions are only made by the Authority, which also establishes the vesting schedule. In addition, contribution percentages are based on the employee's years of service.

### Basis of Accounting

The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and application of GASB pronouncements.

### Use of Estimates

The preparation of the Authority's financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are used to record certain transactions, such as pension benefits, other postemployment benefits, allowances for doubtful accounts, loss contingencies, and insurance recoveries. Actual results could differ from these estimates.

### Cash and Cash Equivalents

Cash, highly liquid time deposits, investments in local government investment pools ("LGIP"), money market mutual funds, and short-term investments with original maturities of three months or less when purchased are classified herein as cash and cash equivalents.

The requirements of GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*" (GASB 79), are applicable to the Authority. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes, and further outlines additional note disclosure requirements for governmental entities that participate in those pools.

GASB 79 delinks money market LGIPs from Securities and Exchange Commission

# **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## **1. Summary of Significant Accounting Policies (continued)**

### **Cash and Cash Equivalents (continued)**

Rule 2a-7, enabling such pools to continue to utilize amortized cost for valuation and financial reporting, so that the \$1.00 per unit value they pursue will not need to change to a fluctuating price. As a prerequisite to the continued use of amortized cost, GASB 79 puts forth risk-mitigating measures such as limits on certain repurchase collateral investments, daily and weekly liquidity buckets, and “Know Your Customer” provisions, among others. The Authority adheres to these provisions.

### **Investments**

The Authority's cash equivalents, excluding certain investments in LGIPs, and investments are recorded at fair value based upon quoted market prices in active or inactive markets for similar assets, with the difference between the purchase price and market price being recorded as investment income. Gains or losses due to market valuation changes as well as realized gains or losses are recognized in the Statements of Revenues, Expenses, and Changes in Net Position.

### **Accounts Receivable**

Trade receivables are shown net of an allowance for uncollectible accounts. Allowances are estimated at approximately 4% of total accounts receivable, based on historical experience. Bad debts are written off against the accounts receivable allowance when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of expenses when received.

### **Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

### **Maintenance Dredging**

The cost of periodic maintenance dredging of berthing areas adjacent to the Authority's wharves, and of certain ship channels not maintained by the federal government, is capitalized in prepaid and other current assets and amortized over two years. Amortization for 2021 and 2020 amounted to \$4,716 and \$5,351, respectively, and is included in depreciation and amortization in the Statements of Revenues, Expenses and Changes in Net Position.



# **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## **1. Summary of Significant Accounting Policies (continued)**

### **Property Taxes**

Property taxes (net of collection expenses) are used to pay debt service on outstanding General Obligation Bonds. Property is appraised, and a lien on such property becomes enforceable, as of January 1, subject to certain procedures generally in accordance with Harris County Appraisal District rules for rendition, appraisal, appraisal review, and judicial review. Property taxes are generally levied in October or November for the year in which assessed. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Property tax levied revenue and associated receivable is accrued evenly throughout the year and as property taxes are paid the receivable is reduced. The Harris County Tax Assessor-Collector bills and collects property taxes of the Authority for a fee and remits collections to the Authority. Property tax collection expenses incurred by the Authority for the years ended December 31, 2021 and 2020 were \$1,100 and \$1,100, respectively. These expenses are reflected as property tax expense in the Statements of Revenues, Expenses and Changes in Net Position. The tax rates levied on behalf of the Authority for the years ended December 31, 2021 and 2020 were \$0.00872 and \$0.00991, respectively, per one hundred dollars of assessed valuation.

### **Restricted Assets**

Assets which are use-restricted to specific purposes by bond indenture or otherwise are segregated on the Statements of Net Position. These assets, which may include cash and investments, are primarily restricted for construction and debt service purposes.

### **Capital Assets**

Capital assets are defined by the Authority as assets with an initial, individual cost of more than five thousand dollars and an estimated useful life of three years or greater. Property constructed or acquired by purchase is stated at cost. Property received as a contribution is stated at estimated acquisition value on the date received. Donated assets received in a service concession arrangement are reported at acquisition value rather than fair value. The cost of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are expensed.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Capital Assets (continued)

Depreciation is computed using the straight-line method over the following useful lives:

Railroads	25-40 years
Buildings	10-40 years
Improvements other than buildings	10-50 years
Machinery and equipment	3-20 years
Computer software - intangible	5 years

### Premiums (Discounts) on Bonds Payable and Issuance Costs

Bond premiums and discounts are amortized using the effective interest method. Bond issuance costs are expensed as incurred. Bonds payable are reported net of the applicable bond premium or discount.

### Deferred Compensation

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan, which is administered by the Nationwide Trust Company, permits employees to defer income taxation on retirement savings into future years. Amounts deferred under the plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

### Compensated Absences

Compensated absences, which include unpaid accrued vacation and sick leave, are accumulated during employment and are accrued over the first nine months of the calendar year. Employees earn vacation at rates of 10 to 25 days per year and may accumulate a maximum of 20 to 50 days, depending on their length of employment. Upon termination or retirement, employees are paid for any unused accumulated vacation days at their current pay rate. Employees earn sick leave at the rate of 12 days per year. Upon termination or retirement, employees are paid for any unused sick leave days at their current pay rate up to a maximum of 60 days. With sufficient accruals, employees are allowed to receive payments following year-end of up to a maximum of 12 days of their unused sick leave, at their current pay rate.

# **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## **1. Summary of Significant Accounting Policies (continued)**

### **Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the Statements of Net Position includes a separate section for deferred outflows and deferred inflows of resources. These separate financial statement elements represent consumption (outflow or asset) or acquisition (inflow or liability) of net position that applies to a future reporting period.

The Authority has several types of deferred outflows of resources that are included in this category: deferred losses on bond refundings, pension contributions made subsequent to measurement date, differences between expected and actual experience, net difference between projected and actual earnings and changes of assumptions. Deferred inflows of resources include deferred gains on bond refunding, the differences between expected and actual experience, net difference between projected and actual earnings and changes of assumptions.

### **Net Position**

Net position represents the residual interest in the Authority's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted and consist of three sections: net investment in capital assets; restricted; and unrestricted. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The remaining net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then unrestricted resources, as they are needed.

### **Operating Revenues and Expenses**

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the Authority. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing activities and result from non-exchange transactions or ancillary activities.

The Authority's operating revenues for vessel and cargo services are collected from

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Operating Revenues and Expenses (continued)

charges assessed pursuant to its tariffs and from lease revenues associated with facilities located within the operating terminals. These revenues are recognized and accrued during the period earned. Revenues from rental of equipment and facilities are derived from leases outside of the operating terminals combined with fees associated with an agreement with respect to use of railroad rights-of-way. These revenues are recognized during the period earned by accrual or prepayment amortization, as appropriate pursuant to agreement terms.

### Adopted Accounting Pronouncements

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost incurred Before the End of a Construction Period.* The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The Authority early implemented this standard in fiscal year 2020.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020.* The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Adopted Accounting Pronouncements (continued)

postemployment benefits

- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations ("AROs") in a government acquisition
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.

The portions of this Statement required to be implemented in fiscal year 2021 did not impact the Port.

In March 2020, GASB issued Statement No. 93, "*Replacement of Interbank Offered Rates*." Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate ("IBOR")—most notably, the London Interbank Offered Rate ("LIBOR"). As a result of global reference rate reform, LIBOR was expected to cease to exist in its current form at the end of 2020, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate.

The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Adopted Accounting Pronouncements (continued)

- Clarifying the definition of *reference rate*, as it is used in Statement 53, as amended

The statement provides an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. Therefore, those amounts are included in the asset's historical cost. That is, those activities enhance the service capacity of the capital asset. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021.

The Authority determined the impact of the applicable provisions of GASB 93 to be minimal, except for paragraphs 11b, 13, and 14, which are effective in fiscal year 2022.

In October 2021, GASB issued Statement No. 98, "*The Annual Comprehensive Financial Report*." This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectionable racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness. The Authority implemented this standard in fiscal year 2021 and modified its financial statements accordingly.

### Future Accounting Pronouncements

In June 2017, GASB issued Statement No. 87, "*Leases*." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Authority will implement this standard in fiscal year 2022.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Future Accounting Pronouncements (continued)

In May 2019, GASB issued Statement No. 91, "*Conduit Debt Obligations*." The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement also addresses arrangements, often characterized as leases, that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements. The Authority has determined that the requirements of GASB 91 are not applicable to the Authority.

In March 2020, GASB issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in that statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement ("SCA"), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The Authority will assess the impact of this statement in fiscal year 2023.

In May 2020, GASB issued Statement No. 96, "*Subscription-Based Information Technology Arrangements*." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Future Accounting Pronouncements (continued)

("SBITAs") for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology ("IT") software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will *not* exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The Authority will assess the impact of this statement in fiscal year 2023.

In June 2020, GASB issued Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No.14 and No 84, and A Supersession of GASB Statement No.32.*" The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a



# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 1. Summary of Significant Accounting Policies (continued)

### Future Accounting Pronouncements (continued)

governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or another employee benefit plan, depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of *all* Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances. The Authority will assess the impact of this statement in fiscal year 2022.

### Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassifications had no effect on the changes in net position.

## 2. Cash and Investments

The Authority's cash and cash equivalents of \$641,508 and \$237,316 as of December 31, 2021 and 2020, respectively, are maintained in demand deposit accounts and LGIPs. Restricted cash includes \$400,000 in Series 2021 Revenue Bonds Construction Funds, \$1,682 in Series 2021 Revenue Bonds Debt Service fund and \$15,417 in Unlimited Tax Refunding Bonds Debt Service funds held in bank deposits and LGIPs. Pursuant to the Texas Public Funds Collateral Act, Chapter 2257, Texas Government Code, the demand deposit account balances are fully covered by the Federal Deposit Insurance Corporation ("FDIC") or collateralized with securities deposited by the Authority's depository institution in a safekeeping

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

account at the Federal Reserve Bank in the Authority's name and under the Authority's control.

In accordance with its Investment Policy and the Texas Public Funds Investment Act, Chapter 2256, Texas Government Code ("PFIA"), the Authority may invest in fully-collateralized or insured time deposits, direct debt securities of the United States or its agencies, municipal and state obligations, commercial paper, money market mutual funds, guaranteed investment contracts, bankers' acceptances, collateralized mortgage obligations (the underlying security for which is guaranteed by an agency of the United States) and LGIPs.

The Authority's Investment Policy is formally reviewed and approved at least annually by the Port Commission. The policy emphasizes safety of principal and liquidity, outlines investment strategies by fund group, and includes guidelines for diversification, risk tolerance, yield, and maturity of investments. All investment transactions, except for demand and time deposits, investment pools and mutual funds, are settled on a delivery versus payment basis, with safekeeping at the Authority's custodian, JPMorgan Chase Bank N.A. A copy of the Investment Policy is available for download from the Authority's website (<http://porthouston.com>).

During 2020 and 2021, the Authority made investments in the Local Government Investment Cooperative ("LOGIC"), Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), Texas Local Government Investment Pool ("TexPool Prime") and the Interlocal Cooperation Act Texas Short Term Asset Reserve Program ("TexSTAR"). These LGIPs are subject to the PFIA, which requires the pools to have the following investment objectives, in order of priority: (i) preservation and safety of principal; (ii) liquidity; and (iii) yield. The investment policies for the pools specify that they will seek to maintain an "AAAm" credit rating by at least one nationally-recognized rating service. As they offer daily liquidity similar to money market mutual funds, the pools are classified as cash and cash equivalents. Deposits in the investment pools are not insured or guaranteed by any government or government agency. Authorized investments include U.S. government and agency securities, repurchase agreements, certain mutual funds, commercial paper, and certificates of deposit.

LOGIC assets are valued using the amortized cost valuation technique, which generally approximates the market value of the assets and has been deemed to be a proxy for fair value which meets criteria under GASB 79.

Texas CLASS utilizes Financial Accounting Standards Board ("FASB") Accounting Standards Topic (ASC) 820 "*Fair Value Measurement and Disclosure*" to define fair value, establish a framework for measuring fair value and expand disclosure

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

requirements regarding fair value measurements. ASC 820 does not require new fair value measurements but is applied to the extent that other accounting pronouncements require or permit fair value measurements. The standard emphasizes that fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability.

TexPool Prime uses amortized cost to value portfolio assets, consistent with the criteria and guidance established by GASB 79. Generally, it seeks to preserve principal and minimize market and credit risks by investing in a diversified pool of assets of high credit quality, with adequate collateralization and use of delivery versus payment procedures. The maturities of the investments are distributed such that there is a continuing stream of securities maturing at frequent intervals.

TexSTAR assets are valued using the amortized cost valuation technique, which generally approximates the market value of the assets and has been deemed to be a proxy for fair value which meets criteria under GASB 79.

At December 31, 2021 and 2020, the Authority had investments in LOGIC, Texas CLASS, TexSTAR, and TexPool Prime of \$212,157 and \$71,165; \$206,966 and \$68,268; \$100 and \$100; and \$195,931 and \$69,377, respectively.

In accordance with GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*," the Authority's financial statements are required to address credit risk, concentration of credit risk, interest rate risk and foreign currency risk of investments.

*Credit Risk* – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize this risk, the Authority's Investment Policy establishes minimum acceptable credit ratings for fixed income securities of "A" or its equivalent. U.S. government and agency securities are currently rated "AA+" by Standard & Poor's and "Aaa" by Moody's Investors Service. Commercial paper must be rated not less than "A-1", "P-1", or the equivalent by at least two nationally recognized credit rating organizations or must be rated at least "A-1", "P-1" or the equivalent by at least one nationally recognized credit rating agency and be fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state thereof.

Obligations of states, agencies, counties, cities, and other political subdivisions of any state must be rated not less than single "A" or its equivalent. Ratings of "SP-1" by Standard & Poor's or "MIG-1" by Moody's Investors Service are acceptable, as those are the highest ratings assigned to short-term municipal securities. Money market mutual funds and public funds investment pools must be rated "AAA" or its

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

equivalent by at least one nationally recognized rating firm.

*Concentration of Credit Risk* – Concentration of credit risk exists when investments are concentrated in the securities of a few issuers. The Authority mitigates such risks by emphasizing the importance of a diversified portfolio. The Authority's investments at December 31, 2021 and 2020 included the following securities which comprised more than 5% of the total portfolio (excluding cash and cash equivalents):

	<u>2021</u>	<u>2020</u>
<b>Commercial Paper:</b>		
Banco Santander SA/NY	5%	7%
Barclays Capital	5%	-
Exxon Mobil	-	7%
Goldman Sachs	5%	-
Natixis NY	-	9%
Royal Bank of Canada	-	5%
Santander UK PLC	10%	-
<b>Municipal Bonds:</b>		
California Sch Cash Res Prog	5%	-
Florida St Brd Admin	-	10%
Iowa State Brd Regents Hospital	5%	-
NYC Transitional Fina Auth	-	10%
<b>U.S. Agency Securities:</b>		
Federal Farm Credit Banks	8%	11%
Federal National Mortgage Association	8%	11%

These securities meet the diversification and credit quality requirements specified in the Investment Policy, including provisions requiring that no more than 20% of the overall portfolio may be invested in a single municipal security or commercial paper issuer, and no more than 30% in a single government agency issuer.

*Interest Rate Risk* - Interest rate risk occurs when changes in interest rates adversely affect the fair value of the Authority's investments. Generally speaking, the fair value of longer-dated securities have greater sensitivity to changes in market interest rates. The Authority minimizes its exposure to this risk by purchasing a mix of shorter-term investments and longer-term securities with maturities largely staggered to avoid undue concentration of assets in a specific maturity sector, and by structuring the portfolio to provide for stability of income and reasonable liquidity necessary to meet operational and capital needs.

The Investment Policy includes a general objective to hold investments to maturity,

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

with final maturity of up to five years for certain instruments, and no more than 40% of the portfolio invested beyond two years at the time of purchase. It also provides that the maximum weighted average maturity of the overall portfolio shall not exceed two years. See the tables on the following pages showing fair value and weighted average maturity of the Authority's investments for the fiscal years ended December 31, 2021 and 2020.

*Foreign Currency Risk* – Foreign currency risk occurs when changes in exchange rates adversely affect the fair value of an investment or a deposit. As of December 31, 2021 and 2020, the Authority had no foreign currency risk in its general cash and investment portfolio, which is denominated in U.S. dollars. The Authority's defined benefit plan and its OPEB Plan, as described in Notes 8 and 9 in the accompanying notes to the financial statements, respectively, have indirect exposure to foreign currency risk due to investments in American Depositary Receipts ("ADRs"); however, they are not included in foreign currency as they are denominated in U.S. dollars and accounted for at fair value. As of December 31, 2021 and 2020, the indirect exposure to foreign currency risk for the defined benefit plan was \$16,684 and \$15,303, respectively, and for the OPEB Plan the indirect exposure was \$7,450 and \$7,762, respectively.

The Authority has estimated the fair value of financial instruments in accordance with the guidance provided in GASB Statement No. 72, "*Fair Value Measurement and Application*," ("GASB 72") which requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Determining the level at which an asset falls within the hierarchy requires significant judgment considering the lowest level input that is significant to the fair value measurement as a whole. The hierarchy consists of three broad levels, as shown on following page, with Level 1 being the most observable:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Quoted market prices in active or inactive markets for similar assets or liabilities and inputs other than quoted prices that are observable.
- Level 3 - Unobservable inputs for an asset or liability, which reflect those that market participants would use.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

For its cash and investments, the Authority utilizes the market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. Within this approach, the matrix pricing technique is used principally to value some types of financial instruments, such as debt securities, without relying exclusively on quoted prices for the specific securities. Instead, matrix pricing relies on the securities' relationship to other benchmark quoted securities.

The Authority's significant financial instruments consist of cash and cash equivalents, and investment securities. As of December 31, 2021 and December 31, 2020, the Authority had the following recurring fair value measurements for such financial instruments:

- LGIPs as of December 31, 2021 and December 31, 2020 totaling \$615,154 and \$208,910, respectively.
- U.S. Agency Securities, Municipal Bonds, and Commercial Paper as of December 31, 2021 and 2020, valued using the matrix pricing technique with quoted prices for similar assets in active markets, provided by JPMorgan Chase (Level 2 inputs).

The Authority had no nonrecurring fair value measurements at December 31, 2021, nor any changes in valuation technique with a significant impact to fair value.

The following table summarizes the Authority's investments that are measured at fair value as of December 31, 2021 and 2020, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Security Type	Level 1 12/31/21	Level 2 12/31/21	Level 3 12/31/21	Total
U.S. Agency Securities	\$ -	\$ 48,865	\$ -	\$ 48,865
Commercial Paper	-	74,955	-	74,955
Municipal Bonds	-	181,593	-	181,593
<b>Total</b>	<b>\$ -</b>	<b>\$ 305,413</b>	<b>\$ -</b>	<b>\$ 305,413</b>

Security Type	Level 1 12/31/20	Level 2 12/31/20	Level 3 12/31/20	Total
U.S. Agency Securities	\$ -	\$ 50,079	\$ -	\$ 50,079
Commercial Paper	-	59,929	-	59,929
Municipal Bonds	-	109,531	-	109,531
<b>Total</b>	<b>\$ -</b>	<b>\$ 219,539</b>	<b>\$ -</b>	<b>\$ 219,539</b>

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

The following table summarizes the Authority's fiduciary net position investments that are measured at fair value at their respective fiscal year end, for fiscal 2021 and 2020, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	<b>Level 1 2021</b>	<b>Level 2 2021</b>	<b>Level 3 2021</b>	<b>Total</b>
Domestic Equity	\$ 79,211	\$ -	\$ -	\$ 79,211
International Equity	9,712	-	-	9,712
Mutual Funds	114,186	-	-	114,186
U.S. Treasuries	19,729	-	-	19,729
U.S. Corporate Obligations	-	85,619	-	85,619
Municipal Obligations	-	1,271	-	1,271
U.S. Government Agencies	-	9,665	-	9,665
International Fixed Income	-	6,357	-	6,357
Target Date Mutual Funds	-	6,061	-	6,061
<b>Total</b>	<b>\$ 222,838</b>	<b>\$ 108,973</b>	<b>\$ -</b>	<b>\$ 331,811</b>

	<b>Level 1 2020</b>	<b>Level 2 2020</b>	<b>Level 3 2020</b>	<b>Total</b>
Domestic Equity	\$ 73,379	\$ -	\$ -	\$ 73,379
International Equity	7,955	-	-	7,955
Mutual Funds	80,932	-	-	80,932
U.S. Treasuries	16,097	-	-	16,097
U.S. Corporate Obligations	-	70,095	-	70,095
Municipal Obligations	-	1,863	-	1,863
U.S. Government Agencies	-	20,283	-	20,283
International Fixed Income	-	8,628	-	8,628
Master Limited Partnerships	4,345	-	-	4,345
Target Date Mutual Funds	-	3,718	-	3,718
<b>Total</b>	<b>\$ 182,708</b>	<b>\$ 104,587</b>	<b>\$ -</b>	<b>\$ 287,295</b>

As of December 31, 2021 and 2020, fiduciary funds cash and cash equivalents totaled \$6,378 and \$3,020, respectively.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

The following table details the U.S. Dollar holdings (excluding cash and cash equivalents) and their weighted average maturity as of December 31, 2021.

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
<b>Agency Securities:</b>			
FNMA NOTE	AA+/Aaa	\$ 24,410	1.81
FFCB NOTE	AA+/Aaa	<u>24,455</u>	1.83
<b>Total</b>		<u>48,865</u>	
<b>Commercial Paper:</b>			
Banco Santander SA/NY	A-1/P-1	14,991	0.09
Barclays Capital	A-1	14,986	0.11
Goldman Sachs	A-1/P-1	14,987	0.11
Santander UK PLC	A-1/P-1	<u>29,991</u>	0.13
<b>Total</b>		<u>74,955</u>	
<b>Municipal Bonds</b>			
Alpine School District, UT	Aaa	6,070	0.01
Atlanta, GA	AA+/Aa1	409	0.00
Austin, TX Elect Util	AA/Aa3	8,260	0.04
Birmingham, AL Wtr Wrks Board	AA/Aa2	1,000	0.00
Boerne ISD, TX	Aaa	550	0.00
Brazos, TX Higher Edu Student Loan	AAA	692	0.00
California Sch Cash Res Prog	SP-1+	15,001	0.01
California State Dept Wtr Pwr Supply	AA+	2,513	0.00
City of Bessemer, AL	AA	550	0.00
City of Bessemer, AL	AA	499	0.00
City of Bloomington, MN	AA+	4,155	0.04
City of Derby, CT	AA-	1,120	0.00
City of Derby, CT	AA-	807	0.01
City of Frisco, TX	AAA/Aaa	2,793	0.00
City of Irving, TX	AAA/Aaa	500	0.00
City of Jersey City, NJ	MIG1	11,344	0.06
City of Kenosha, WI	AA	1,389	0.00
City of Kenosha, WI	AA	503	0.00
City of Lawrenceville, GA	AA+/Aa3	1,040	0.00

(Continued on Next Page)



## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
<b>Municipal Bonds:</b>			
City of Lewisville, AL	AAA	1,000	0.00
City of Marble Falls, TX	AA	460	0.00
City of Portland, OR	Aaa	7,225	0.02
City of San Antonio, TX	AAA/Aaa	1,000	0.01
City of Stevens Point, WI	Aa2	2,684	0.00
City of Suffolk, VA	AAA/Aaa	1,262	0.01
City of Suffolk, VA	AAA/Aaa	1,326	0.02
City of Waterbury, CT	AA	915	0.00
Clackamas County, OR School District	Aa2	500	0.00
Clarkston, MI Cmty Sch	Aa1	1,512	0.00
Clemson Univ	Aa3	1,124	0.00
Dallas Wtrwks & Swr	AAA	1,552	0.01
Dane County, WI	AAA	1,204	0.00
Denton ISD, TX	AAA	1,801	0.01
DFW Intl Airport	A1	700	0.00
Fort Bend Cty, TX	Aa1	1,050	0.01
Harris County Cultural EDU	AA-/A1	805	0.00
Honolulu City & Cnty, HI	Aa1	2,036	0.02
Iowa State Brd Regents Hospital	SP-1+/MIG1	14,975	0.06
Keller ISD, TX	AAA/Aaa	500	0.00
Keller ISD, TX	AAA/Aaa	496	0.00
Kirkwood Cmty Clg, IA	AA/Aa2	854	0.01
Lansing, MI Board of Water	AA-/Aa3	1,008	0.00
Leavenworth Cty, KS USD	Aa3	500	0.00
Leavenworth Cty, KS USD	Aa3	499	0.00
Leavenworth Cty, KS USD	Aa3	597	0.01
Leavenworth Cty, KS USD	Aa3	497	0.00
Massachusetts Clean Energy Coop	A1	525	0.00
Milwaukee Cty, WI	AA/Aa2	1,017	0.01
Montgomery Cty, MD	AA+/Aa1	1,336	0.01

(Continued on Next Page)

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
Nashville, TN	AA/Aa2	3,995	0.01
NYC Transitional Fina Auth	AAA/Aa1	11,985	0.06
Omaha-Douglas Bldg Comm	AA+/Aa3	1,241	0.00
Oregon Cmnty Clg Dist	AA	750	0.00
Palm Beach Cty, FL	AA+/Aa2	5,149	0.05
Riley Cty, KS USD	Aa2	520	0.00
Riverside USD, CA	AA-	499	0.00
San Francisco, CA Pub Utils Comm	AA-/Aa2	2,036	0.01
Seward Cty, KS USD	A+	499	0.00
Snohomish County, WA	AA+/Aa1	2,146	0.01
State of CA	AA-/Aa2	1,609	0.00
State of CT	A+/Aa3	7,311	0.00
State of Hawaii	AA+/Aa2	575	0.00
State of Mississippi	AA/Aa2	2,498	0.01
State of TX	AAA/Aaa	1,473	0.01
State of TX	AAA	1,000	0.00
Texas A&M Univ	AAA/Aaa	1,009	0.00
Town of Oxford, CT	Aa2	1,043	0.00
Town of Oxford, CT	Aa2	1,381	0.02
TX Pub Fin Auth	AA+/Aa1	4,831	0.00
TX Trans Comm	Aaa	6,400	0.03
Univ of CA	AA/Aa2	500	0.00
Univ of CA	AA/Aa2	3,001	0.02
Village of Waterford, WI	A+	5,369	0.07
West Haymarket Jt Pub Agcy, NE	AAA/Aa1	2,215	0.02
Ypsilanti Cmnty Schools, MI	AA	<u>2,403</u>	0.02
<b>Total</b>		<u>181,593</u>	
<b>Total Investment Fair Value</b>		<u>\$ 305,413</u>	
<b>Portfolio Weighted Average Maturity</b>			1.13

The above calculation excludes cash and cash equivalents. As of December 31, 2021, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.65 years.

This page intentionally left blank

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

The following table details the U.S. Dollar holdings (excluding cash and cash equivalents) and their weighted average maturity as of December 31, 2020.

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
<b>Agency Securities:</b>			
FNMA NOTE	AA+/Aaa	\$ 25,062	2.32
FFCB NOTE	AA+/Aaa	<u>25,017</u>	2.32
<b>Total</b>		<u>50,079</u>	
<b>Commercial Paper:</b>			
Banco Santander SA/NY	A-1/P-1	14,987	0.12
Exxon Mobil	A-1/P-1	14,978	0.17
Natixis	A-1/P-1	9,992	0.07
Natixis	A-1/P-1	9,986	0.11
Royal Bank of Canada	A-1/P-1	<u>9,986</u>	0.11
<b>Total</b>		<u>59,929</u>	
<b>Municipal Bonds</b>			
Bartow Cty, GA Dev Auth	AA-/Aa2	710	0.00
City of Bloomington, MN	AA+	4,156	0.10
City of Derby, CT	A+	1,135	0.02
City of Derby, CT	A+	819	0.02
City of Frisco, TX	AAA/Aaa	2,859	0.03
City of Gardner, KS	SP-1+	2,511	0.02
City of Lawrenceville, GA	AA+/Aa3	1,056	0.02
City of New Britain, CT	AA+/Aaa	808	0.00
City of Suffolk, VA	AAA/Aaa	1,286	0.02
City of Suffolk, VA	AAA/Aaa	1,355	0.04
City of Wausau, WI	MIG1	8,071	0.17

(Continued on Next Page)

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 2. Cash and Investments (continued)

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
<b>Municipal Bonds:</b>			
FL SBA Rev	AA/Aa3	22,082	0.10
Honolulu City & Cnty, HI	Aa1	2,090	0.05
Honolulu City & Cnty, HI	Aa3	1,701	0.01
Hurst-Euleless-Bedford ISD	AAA	1,014	0.01
Milwaukee Cty, WI	AA/Aa2	1,039	0.02
NYC Transitional Fina Auth	AA/Aa3	10,146	0.05
NYC Transitional Fina Auth	AAA/Aa1	12,239	0.21
Omaha-Douglas Bldg Comm	AA+/Aa3	1,259	0.02
Palm Beach Cty, FL	AA+/Aa2	1,014	0.01
State of CA	AA-	4,100	0.01
State of CA	AA-	1,640	0.02
State of CT	A/A1	7,478	0.07
Town of Oxford, CT	Aa2	1,050	0.02
Town of Oxford, CT	Aa2	1,410	0.05
Village of Waterford, WI	A+	5,427	0.16
West Haymarket Jt Pub Agcy, NE	AAA/Aa1	2,294	0.06
West Orange, NJ	SP-1+	6,329	0.01
Ypsilanti Cmnty Schools, MI	AA	<u>2,453</u>	0.05
<b>Total</b>		<u>109,531</u>	
<b>Total Investment Fair Value</b>		<u>\$ 219,539</u>	
<b>Portfolio Weighted Average Maturity</b>			1.88

The above calculation excludes cash and cash equivalents. As of December 31, 2020, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.92 years.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 3. Receivables

Receivables as of December 31, including the applicable allowances for uncollectible accounts, are as follows:

	<u>2021</u>	<u>2020</u>
<b>Trade Receivables, Net</b>		
Trade receivables	\$ 88,860	\$ 47,435
Damage claims receivable	674	742
Allowance for doubtful accounts	<u>(4,885)</u>	<u>(3,513)</u>
Total trade receivables, net	84,649	44,664
<b>Other Receivables</b>		
Interest receivable	779	1,135
Due from federal agencies	17,890	7,231
Other	<u>6</u>	<u>5</u>
Total other receivables	<u>18,675</u>	<u>8,371</u>
<b>Total Receivables, Net</b>	<u><u>\$ 103,324</u></u>	<u><u>\$ 53,035</u></u>

This page intentionally left blank

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 4. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated				
Land other than channel	\$ 115,298	\$ 1	\$ 79	\$ 115,378
Land use rights - intangible	15,861	189	-	16,050
Channel land	371,975	7,558	-	379,533
Construction-in-progress	267,927	138,523	(168,937)	237,513
<b>Total capital assets not being depreciated</b>	<b>771,061</b>	<b>146,271</b>	<b>(168,858)</b>	<b>748,474</b>
Capital assets being depreciated				
Buildings	171,953	2,111	-	174,064
Improvements other than buildings	1,425,438	118,978	-	1,544,416
Railroads	62,140	1,762	-	63,902
Machinery and equipment	551,512	42,875	(2,012)	592,375
Computer software - intangible	17,889	-	-	17,889
<b>Total capital assets being depreciated</b>	<b>2,228,932</b>	<b>165,726</b>	<b>(2,012)</b>	<b>2,392,646</b>
Less accumulated depreciation for				
Buildings	(114,063)	(4,213)	-	(118,276)
Improvements other than buildings	(631,632)	(42,935)	-	(674,567)
Railroads	(42,890)	(1,235)	-	(44,125)
Machinery and equipment	(304,391)	(26,063)	1,967	(328,487)
Computer software - intangible	(14,587)	(1,261)	-	(15,848)
<b>Total accumulated depreciation</b>	<b>(1,107,563)</b>	<b>(75,707)</b>	<b>1,967</b>	<b>(1,181,303)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,121,369</b>	<b>90,019</b>	<b>(45)</b>	<b>1,211,343</b>
<b>Total capital assets, net</b>	<b>\$ 1,892,430</b>	<b>\$ 236,290</b>	<b>\$ (168,903)</b>	<b>\$ 1,959,817</b>



## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 4. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2020 was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements / Transfers</b>	<b>Ending Balance</b>
Capital assets not being depreciated				
Land other than channel	\$ 112,012	\$ 3,319	\$ (33)	\$ 115,298
Land use rights - intangible	13,328	1,220	1,313	15,861
Channel land	371,975	-	-	371,975
Construction-in-progress	142,276	203,710	(78,059)	267,927
<b>Total capital assets not being depreciated</b>	<b>639,591</b>	<b>208,249</b>	<b>(76,779)</b>	<b>771,061</b>
Capital assets being depreciated				
Buildings	171,953	-	-	171,953
Improvements other than buildings	1,365,016	60,422	-	1,425,438
Railroads	62,140	-	-	62,140
Machinery and equipment	530,850	28,477	(7,815)	551,512
Computer software - intangible	14,934	2,955	-	17,889
<b>Total capital assets being depreciated</b>	<b>2,144,893</b>	<b>91,854</b>	<b>(7,815)</b>	<b>2,228,932</b>
Less accumulated depreciation for				
Buildings	(109,405)	(4,658)	-	(114,063)
Improvements other than buildings	(591,522)	(40,110)	-	(631,632)
Railroads	(41,607)	(1,283)	-	(42,890)
Machinery and equipment	(287,485)	(24,539)	7,633	(304,391)
Computer software - intangible	(12,998)	(1,589)	-	(14,587)
<b>Total accumulated depreciation</b>	<b>(1,043,017)</b>	<b>(72,179)</b>	<b>7,633</b>	<b>(1,107,563)</b>
<b>Total capital assets being depreciated, net</b>	<b>1,101,876</b>	<b>19,675</b>	<b>(182)</b>	<b>1,121,369</b>
<b>Total capital assets, net</b>	<b>\$ 1,741,467</b>	<b>\$ 227,924</b>	<b>\$ (76,961)</b>	<b>\$ 1,892,430</b>

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 5. Operating Leases

The Authority leases office equipment as lessee under a variety of agreements. Operating lease payments are recorded as expenses during the life of the lease. Rental expenses related to operating leases for the year ended December 31, 2021 and 2020 were \$212 and \$227, respectively. As of December 31, 2021, future minimum rental obligations to be paid by the Authority under noncancelable operating leases are as follows:

<u>Year Ending</u>	<u>Future Minimum Lease Payments</u>
2022	\$ 194
2023	17
Total	<u>\$ 211</u>

Additionally, the Authority leases certain assets as lessor to others. These leases pertain to land, buildings and improvements, and cargo handling equipment. As of December 31, 2021, future minimum rentals anticipated to be received by the Authority under the operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

<u>Year Ending</u>	<u>Future Minimum Lease Rentals</u>
2022	\$ 36,920
2023	34,726
2024	30,396
2025	28,242
2026	26,585
Thereafter	<u>380,032</u>
Total	<u>\$ 536,901</u>

This page intentionally left blank

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 6. Long-Term Debt and Noncurrent Liabilities

The following is a summary of bonds payable and other noncurrent liabilities, and the changes therein, which comprise the Authority's long-term liabilities for the years ended December 31, 2021 and 2020.

Long-term liability activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable					
Unlimited tax bonds	\$ 492,439	\$ -	\$ (23,005)	\$ 469,434	\$ 23,685
Accreted interest on capital appreciation bonds	1,035	263	-	1,298	-
Revenue bonds	-	322,180	-	322,180	5,330
Less unamortized premiums / discounts, net	<u>93,680</u>	<u>80,157</u>	<u>(9,157)</u>	<u>164,680</u>	<u>-</u>
Total Bonds Payable	<u>\$ 587,154</u>	<u>\$ 402,600</u>	<u>\$ (32,162)</u>	<u>\$ 957,592</u>	<u>\$ 29,015</u>
Net Pension Liability	<u>\$ 12,526</u>	<u>\$ -</u>	<u>\$ (12,526)</u>	<u>\$ -</u>	<u>\$ -</u>
Other Noncurrent Liabilities					
Compensated absences	8,388	7,060	(5,848)	9,600	5,800 *
Fees received in advance	8,046	7,476	(4,153)	11,369	1,682 *
Claims liability	<u>8,318</u>	<u>2,000</u>	<u>(1,239)</u>	<u>9,079</u>	<u>110</u> *
Total Other Noncurrent Liabilities	<u>\$ 24,752</u>	<u>\$ 16,536</u>	<u>\$ (11,240)</u>	<u>\$ 30,048</u>	<u>\$ 7,592</u>

\* Included in fees received in advance and other reserves

In December 2021, the Authority issued \$322,180 in Series 2021 Revenue Bonds. The Authority's revenue bond covenants require its net revenues available to pay 1.5x annual debt service for all outstanding first lien obligations. At December 31, 2021, the Authority was in compliance with all Series 2021 Revenue Bond covenants. A debt service reserve fund is not required to be funded unless the debt service coverage ratio is below 3.0x. The total maximum annual debt service is \$19,877 and the all-in true interest cost is 2.796%. The Series 2021 Revenue Bonds shall be payable solely from, and equally and ratably secured by a first lien on the Authority's net revenues.

In addition to the newly issued Series 2021 Revenue Bonds, the Authority's long-term debt includes Unlimited Tax Refunding Bonds ("General Obligation Bonds"). Repayment of the outstanding principal of these General Obligation Bonds and interest thereon is made solely from property taxes and not from the Authority's

**Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

**6. Long-Term Debt and Noncurrent Liabilities (continued)**

general funds. Additional information on property taxes can be found in Note 1.

Long-term liability activity for the year ended December 31, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Bonds Payable					
Unlimited tax bonds	\$ 572,569	\$ 248,965	\$ (329,095)	\$ 492,439	\$ 23,005
Accreted interest on capital appreciation bonds	821	214	-	1,035	-
Less unamortized premiums / discounts, net	<u>49,837</u>	<u>50,115</u>	<u>(6,272)</u>	<u>93,680</u>	<u>-</u>
Total Bonds Payable	<u>\$ 623,227</u>	<u>\$ 299,294</u>	<u>\$ (335,367)</u>	<u>\$ 587,154</u>	<u>\$ 23,005</u>
Net Pension Liability	<u>\$ 13,001</u>	<u>\$ 5,667</u>	<u>\$ (6,142)</u>	<u>\$ 12,526</u>	<u>\$ -</u>
Other Noncurrent Liabilities					
Compensated absences	7,212	6,584	(5,408)	8,388	5,400 *
Fees received in advance	6,391	5,007	(3,352)	8,046	1,593 *
Claims liability	<u>7,309</u>	<u>1,917</u>	<u>(908)</u>	<u>8,318</u>	<u>809 *</u>
Total Other Noncurrent Liabilities	<u>\$ 20,912</u>	<u>\$ 13,508</u>	<u>\$ (9,668)</u>	<u>\$ 24,752</u>	<u>\$ 7,802</u>

\* Included in fees received in advance and other reserves

**Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

**6. Long-Term Debt and Noncurrent Liabilities (continued)**

Long-term debt is summarized as follows (in thousands):

**Outstanding Long-Term Debt**

	Original Issue	Interest Rate % *	Issue Date	Maturity	December 31	
					2021	2020
<b>Revenue Bonds</b>						
Series 2021	\$322,180	4.00-5.00	12/9/2021	2051	\$ 322,180	\$ -
Total Revenue Bonds					322,180	-
Unamortized premiums					79,858	-
Revenue Bonds, net					<u>402,038</u>	<u>-</u>
<b>General Obligation Bonds</b>						
<b>Unlimited Tax Refunding Bonds</b>						
Series 2010C	30,254	2.00-5.00	2/3/2010	2038	119	119
Series 2010E	22,330	2.00-5.00	8/19/2010	2038	15	15
Series 2011A	47,345	1.00-5.00	10/20/2011	2026	-	3,360
Series 2015A	62,805	3.125-5.00	8/26/2015	2031	29,670	44,020
Series 2015B	25,905	5.00	8/26/2015	2023	1,600	1,600
Series 2015C	27,260	3.054-5.00	8/26/2015	2026	15,135	17,805
Series 2018A	176,555	3.00-5.00	7/18/2018	2038	176,555	176,555
Series 2020A-1	6,550	5.00	8/12/2020	2026	5,020	6,550
Series 2020A-2	222,925	3.00-5.00	8/12/2020	2039	221,830	222,925
Series 2020B	19,490	2.25	8/12/2020	2026	19,490	19,490
					<u>469,434</u>	<u>492,439</u>
Unamortized premiums / (discounts), net					84,822	93,680
Series 2010C and 2010E CAB Accretion, net					1,298	1,035
Unlimited Tax Refunding Bonds, net					<u>555,554</u>	<u>587,154</u>
Total Long Term Debt					957,592	587,154
Less Current Maturities					<u>(29,015)</u>	<u>(23,005)</u>
Long - Term Debt (net of unamortized premiums /( discounts))					<u>\$ 928,577</u>	<u>\$ 564,149</u>

\* Interest rate of original issue

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 6. Long-Term Debt and Noncurrent Liabilities (continued)

#### Debt Service Requirements

Total debt service requirements for outstanding bonds as of December 31, 2021 are as follows:

Year Ending December 31	Bond Principal		Bond Interest		Capital Appreciation Bond	Total
	Revenue	Unlimited Tax	Revenue	Unlimited Tax	Accreted Interest	
2022	\$ 5,330	\$ 23,685	\$ 11,986	\$ 21,386	\$ -	\$ 62,387
2023	5,365	19,615	14,510	20,303	-	59,793
2024	5,635	19,625	14,242	19,484	-	58,986
2025	5,915	20,435	13,960	18,665	-	58,975
2026	6,210	21,285	13,665	17,803	-	58,963
2027-2032	44,350	151,275	74,895	83,302	4,855	358,677
2033-2038	58,825	188,114	60,424	36,507	13,121	356,991
2039-2044	75,135	25,400	44,112	762	-	145,409
2045-2051	115,415	-	23,705	-	-	139,120
	<u>\$322,180</u>	<u>\$469,434</u>	<u>\$271,499</u>	<u>\$218,212</u>	<u>\$ 17,976</u>	<u>\$1,299,301</u>

#### Revenue Bonds

The Authority's cash flows from operations fully support its operating needs and a significant portion of its capital infrastructure investments required for its mandate to maintain the flow of cargo, job creation and positive economic impact for the region. To maintain the Authority's capital infrastructure investments funded, by its cash flow from operations, the Port Commission authorized the issuance of \$322,180 Series 2021 Revenue Bonds. The proceeds on the bonds will be used to (i) pay a portion of the Authority's costs for the design, construction, property acquisition and equipment of Project 11 and (ii) pay the costs of issuance of the Bonds.

#### General Obligation Bonds

Historically, when the projected cash flow was inadequate to fully cover the capital improvement plan, the Authority has often obtained approval from voters at bond elections for issuance of unlimited ad valorem tax General Obligation Bonds or unlimited ad valorem tax short-term commercial paper notes to supply the shortfall. The Authority continues to have access and ability to request voter authorization to issue General Obligation Bonds. At the last bond referendum held in 2007, voters authorized the issuance of \$250 million in General Obligation Bonds.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 6. Long-Term Debt and Noncurrent Liabilities (continued)

#### General Obligation Bonds (continued)

The proceeds of past General Obligation Bond issuances have been applied towards dredging of the Houston Ship Channel, acquisition of wharf cranes and other major equipment, security and environmental enhancements, and construction of docks, wharves and container facilities. The support of taxpayers, industry partners, and many other stakeholders have made these capital improvements possible. Such investments contribute to the Authority's mandate for economic development.

The following table lists the Authority's bonds outstanding as of December 31, 2021, along with the stated purpose for which the debt was issued:

Outstanding Bond Issue	Use of Proceeds
Unlimited Tax Refunding Bonds, Series 2010C (Non-AMT)	Refund a portion of the Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2010E (Non-AMT)	Refund a portion of the Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2015A (Tax Exempt Non-AMT)	Refund the Unlimited Tax Port Improvement Bonds, Series 2002A (Non-AMT), Unlimited Tax Refunding Bonds, Series 2005B (Non-AMT), and Unlimited Tax Refunding Bonds, Series 2006C (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2015B (AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2005A (AMT)
Unlimited Tax Refunding Bonds, Series 2015C (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2005A (AMT)
Unlimited Tax Refunding Bonds, Series 2018A (AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2006B (AMT), and Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2020A1 (Non-AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2010B (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2020A2 (Non-AMT)	Refund a portion of Unlimited Tax Refunding Bonds, Series 2010C (Non-AMT), Unlimited Tax Refunding Bonds, Series 2010D1 (Non-AMT), Unlimited Tax Port Improvement Bonds, Series 2010D2 (Non-AMT), and Unlimited Tax Refunding Bonds, Series 2010E (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2020B (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2011A (AMT)
Revenue Bonds, Series 2021 (Non-AMT)	Pay a portion of the Authority's costs for the design, construction, property acquisition and equipment of Project 11 and pay the costs of issuance of the Bonds



## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 6. Long-Term Debt and Noncurrent Liabilities (continued)

#### Bond Refundings

Bonds generally mature serially based on stated maturity dates. However, bonds may be redeemed prior to their maturities, if so provided for under the applicable bond indenture. At various times the Authority has defeased certain bonds by placing the proceeds of new bonds, together with other available funds, in an irrevocable escrow with a trustee to provide for future debt service on the refunded bonds. During 2021, there were no General Obligation Bond refundings.

During 2020, the Authority issued Unlimited Tax Refunding Bonds, Series 2020A-1 (NON-AMT) and 2020A-2 (NON-AMT) to current refund \$287,825 par value of bonds outstanding and issued Unlimited Tax Refunding Bonds, Series 2020B (Taxable) to advance refund \$19,535 par value of bonds outstanding. The transaction resulted in net present value debt service savings of \$98,135.

The table below illustrates the cash flow effect of and the economic gain on the bond refunding during 2020:

<u>Issue</u>	<u>Type of Refunding</u>	<u>Cash Flow Difference</u>	<u>Economic Gain</u>
Series 2020A-1 (NON-AMT)	Current Refunding	\$ (1,064)	\$ 1,044
Series 2020A-2 (NON-AMT)	Current Refunding	(115,792)	95,128
Series 2020B (TAXABLE)	Advanced Refunding	(2,019)	1,963
		<u>\$ (118,875)</u>	<u>\$ 98,135</u>

The Authority defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Authority's financial statements. At December 31, 2021 and 2020, \$0 and \$19.5 million, respectively, of bonds outstanding are considered defeased.

#### Bond Restrictions

The bond resolutions require that during the period in which the bonds are outstanding, the Authority must create and maintain certain segregated accounts or funds to receive the proceeds from the sale of the bonds and the ad valorem taxes levied and collected. Also, regarding the revenue bond, the Authority makes a monthly contribution towards the yearly revenue bond debt service. These assets can be used only in accordance with the terms of the bond resolutions to fund the capital costs of enlarging, extending or improving the Authority's facilities or to pay the debt service cost of the related bonds.

## **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### **6. Long-Term Debt and Noncurrent Liabilities (continued)**

#### **Note Purchase Program**

In October 2021, the Authority executed a five-year \$100 million third lien variable rate note purchase program (“Note Program”) with BB&T Community Holdings Co and Truist Bank (“Lender”) in place of its previous \$100,000 variable rate note purchase program. The Note Program third lien obligations shall be payable solely from and equally and ratably secured by a lien on the Authority’s net revenues, subject to the prior and superior liens of the first lien obligations and the second lien obligations, as provided in the Master Resolution adopted by the Port Commission dated October 26, 2021.

The Authority may issue either taxable or tax-exempt variable rate notes, under the Note Program, in an aggregate principal amount not to exceed \$100 million. Each taxable program note will bear interest based on the taxable adjusted Secured Overnight Financing Rate ("SOFR") plus an applicable margin and each tax-exempt program note will bear interest at the adjusted SOFR rate plus an applicable margin. The Authority is obligated to pay Lender a fee on the unused total commitment. The Note Program was executed to provide additional liquidity to the Authority for contingency and contract award capacity purposes. Both the taxable and tax-exempt Note Programs include customary events of default.

As of December 31, 2021, there were no notes outstanding.

#### **Arbitrage**

The Federal Tax Reform Act of 1986 requires issuers of tax-exempt debt to make payments to the U.S. Treasury of investment income received at yields that exceed the issuer's tax-exempt borrowing rates. The U.S. Treasury requires payment, if applicable, for each issue every five years. There was no arbitrage rebate liability for tax-exempt debt subject to the Tax Reform Act as of December 31, 2021 and 2020. The estimated liability is updated annually for any tax-exempt issuance or changes in yields until payment of the calculated liability is due.

### **7. Bayport Facilities**

Certain facilities at Bayport were acquired or constructed using the proceeds from the Special Purpose Revenue bonds, Series 1964, and advances from the developer of an adjacent industrial park. The developer also advanced to the Authority amounts necessary to cover bond repayments, and maintenance and operating expenses of these Bayport facilities.

Effective October 27, 1997, the Authority, the developer, and other operators within

## **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### **7. Bayport Facilities (continued)**

the Bayport area ("the Bayport operators") entered into an Agreement of Compromise and Settlement (the "Agreement") that resolved various legal disputes in connection with these arrangements.

Past liabilities under the Agreement were paid in full during fiscal 2012. The Agreement remains in effect with regards to user fees to be paid by the Bayport operators and the Authority, with such funds accumulated by the Authority in order to fund certain future capital expenditures associated with the Bayport Ship Channel.

### **8. Retirement Plans**

#### **Defined Benefit Plan Description**

The Authority sponsors the Port of Houston Authority Restated Retirement Plan ("Plan"), a single-employer defined benefit plan covering eligible employees hired prior to August 1, 2012. Employees hired on or after that date are covered by the Port of Houston Authority Defined Contribution Plan. The Plan is a governmental plan not subject to the federal Employee Retirement Income Security Act of 1974, and contributions are solely made by the Authority. The Port Commission maintains the authority to amend the Plan and Plan's investment policy. BBVA USA serves as trustee of the Plan. On October 8, 2021, BBVA merged with and into PNC Bank, an indirect, wholly-owned banking subsidiary of PNC Financial Service Group, Inc., with PNC Bank as the surviving entity and trustee of the plan. The Plan issues a stand-alone financial report that is available on the Authority's website and may also be obtained by requesting such report from the Port of Houston Authority, P.O. Box 2562, Houston, TX 77252, Attention: Controller.

Plan participants become vested after completion of five (5) years of employment. Vested employees are eligible to receive benefits upon Normal Retirement, Early Retirement, or Late Retirement (capitalized terms in this paragraph are from the plan documents). The Plan also provides for disability and survivor death benefits. The Normal Retirement Benefit (equal to 2.3% of the Average Monthly Compensation multiplied by the years of benefit service not to exceed 30.435 years) is payable monthly for a minimum of five years certain and for life thereafter, with other payment options available, if an employee retires on the Normal Retirement Date after attaining age 65. The Early Retirement Benefit is available upon completion of 30 years or more of vesting service, attainment of age 62, or when the sum of the employee's age and years of service equals 85 or more and the employee has attained the age of 55 or more. Late Retirement commences when an employee works beyond the Normal Retirement Date. Benefits are adjusted for both Early Retirement and Late Retirement. Vested employees whose employment ends for reasons other than for retirement, disability, or death receive a pension benefit upon reaching the

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 8. Retirement Plans (continued)

### Defined Benefit Plan Description (continued)

Normal Retirement Date or Early Retirement Date.

At July 31, 2021, the measurement date, the following participants were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Retirees and beneficiaries receiving payments	566	560
Terminated vested participants not yet receiving benefits	162	165
Disabled participants	4	4
Active participants	<u>292</u>	<u>318</u>
Total	<u>1,024</u>	<u>1,047</u>

### Contributions

Contributions to provide benefits under the Plan are made solely by the Authority. The Authority's funding policy adopted on September 14, 1997 prescribes a contribution equal to 100% of the actuarially determined contribution amount as provided by the plan's actuary. The funding policy was revised on July 28, 2015 to allow flexibility to fund the Plan throughout the year for an aggregate amount not to exceed 105% of the amount calculated by the actuary. The policy may be further amended by the Port Commission at its discretion. The implementation of this funding policy and the actuarial assumptions have been designed to provide sufficient funds to pay benefits as they become payable under the Plan.

In accordance with Texas Legislature Senate Bill No. 2224 (SB 2224), the Authority adopted a formal Pension Plan funding policy on December 11, 2019. This funding policy is intended to meet the requirements of SB 2224 and the guidelines set forth by the Texas Pension Review Board. SB 2224 mandates that the governing body of a public retirement system adopt a written funding policy that details the plan to achieve a funded ratio that is equal to or greater than 100%. The provisions in this funding policy cancel and supersede any conflicting provisions previously adopted by the Port Commission relating to funding of the Plan. Contributions by the Authority to the plan were \$5,834 and \$10,625 for the years ended December 31, 2021 and 2020, respectively.

### Net Pension Liability (Asset)

The Authority's net pension liability (asset) was measured as of July 31, 2021, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of August 1, 2020, rolled forward to the measurement date.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 8. Retirement Plans (continued)

*Actuarial assumptions.* The total pension liability in the August 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.20%
Investment rate of return	6.25%

Mortality rates were based on the Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per MP-2020.

These actuarial assumptions were based on the results of an actuarial experience study for the period August 1, 2009 – August 1, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future rates of return (expected returns, net of pension plan investment expense) are developed for each major asset class.

These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage. Best estimates of arithmetic rates of return for each major asset class included in the Plan's target asset allocation as of July 31, 2021 and 2020 are summarized, respectively, in the following tables:

#### 2021

<u>Asset Class</u>	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
Large Cap US Equity	20.0 %	7.5 %
Mid Cap US Equity	7.5 %	7.5 %
Small Cap US Equity	10.0 %	7.5 %
Developed Foreign Equity	7.5 %	8.5 %
Fixed Income	35.0 %	2.5 %
High Yield Fixed Income	5.0 %	2.5 %
Bank Loans	5.0 %	2.5 %
Real Estate	5.0 %	4.5 %
Global Tactical Asset Allocation	5.0 %	5.0 %
Long-term expected (weighted) rate of return:		5.05 %
Actuarial assumed long-term investment rate of return or discount rate:		6.25 %

\*Assumed rates of return utilized by the Plan's investment consultant for the fiscal period's allocation.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 8. Retirement Plans (continued)

<u>2020</u>	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
<u>Asset Class</u>		
Core Fixed Income	40.0 %	2.5 %
High Yield Fixed Income	5.0 %	2.5 %
Large Cap US Equity	20.0 %	7.5 %
Mid Cap US Equity	7.5 %	7.5 %
Small Cap US Equity	10.0 %	7.5 %
Developed Foreign Equities	7.5 %	8.5 %
Real Estate (REITs)	5.0 %	4.5 %
Global Tactical Asset Allocation	5.0 %	<u>5.0 %</u>
Long-term expected (weighted) rate of return:		5.05 %
Actuarial assumed long-term investment rate of return or discount rate:		6.25 %

*Discount rate.* The discount rate used to measure the total pension liability was 6.25 percent for the years ended December 31, 2021 and 2020, respectively. The projection of cash flows used to determine the discount rate assumed that the Authority's contributions will be made at rates equal to the actuarially-determined contribution. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

### Changes in the Net Pension Liability (Asset)

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balances as of January 1, 2021	\$ 203,777	\$ (191,251)	\$ 12,526
Service cost	3,428	-	3,428
Interest on total pension liability	12,664	-	12,664
Effect of liability gains or losses	909	-	909
Effect of assumption changes or inputs	(909)	-	(909)
Benefit payments	(11,132)	11,132	-
Administrative expenses	-	269	269
Expected investment income, net of investment expenses	-	(40,210)	(40,210)
Employer contributions	-	(5,834)	(5,834)
Balances as of December 31, 2021	<u>\$ 208,737</u>	<u>\$ (225,894)</u>	<u>\$ (17,157)</u>

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 8. Retirement Plans (continued)

#### Changes in the Net Pension Liability (Asset) (continued)

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances as of January 1, 2020	197,409	(184,408)	13,001
Service cost	3,424	-	3,424
Interest on total pension liability	12,782	-	12,782
Effect of economic\demographic gains or losses	1,000	-	1,000
Effect of assumption changes or inputs	(289)	-	(289)
Benefit payments	(10,549)	10,549	-
Administrative expenses	-	257	257
Expected investment income, net of investment expenses	-	(7,024)	(7,024)
Employer contributions	-	(10,625)	(10,625)
Balances as of December 31, 2020	\$ 203,777	\$ (191,251)	\$ 12,526

*Sensitivity of the net pension liability (asset) to changes in the discount rate.* The following presents the net pension liability (asset) of the Authority as of December 31, 2021 and 2020, respectively, calculated using the discount rate of 6.25 percent, as well as what the Authority's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.25 percent) or one percentage point higher (7.25 percent) than the current rate:

	<b>1% decrease 5.25%</b>	<b>Current discount rate 6.25%</b>	<b>1% increase 7.25%</b>
<b><u>2021</u></b>			
Net pension liability (asset)	\$ 7,031	\$ (17,157)	\$ (37,709)
<b><u>2020</u></b>			
Net pension liability (asset)	\$ 36,573	\$ 12,526	\$ (7,840)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Port of Houston Authority Restated Retirement Plan.

#### Pension Expense and Deferred Outflows / Inflows of Resources

For the years ended December 31, 2021 and 2020, the Authority recognized pension

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 8. Retirement Plans (continued)

#### Pension Expense and Deferred Outflows / Inflows of Resources (continued)

expense of \$1,321 and \$8,815, respectively. At December 31, 2021 and 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>2021</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Outflows / Inflows of Resources</b>		
Differences between expected and actual experience	\$ 982	\$ -
Changes of assumptions	-	711
Net difference between projected and actual earnings	-	17,404
Contributions made subsequent to measurement date	1,953	-
Total	\$ 2,935	\$ 18,115
<b>2020</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
<b>Deferred Outflows / Inflows of Resources</b>		
Differences between expected and actual experience	\$ 690	\$ 378
Changes of assumptions	1,040	200
Net difference between projected and actual earnings	6,892	-
Contributions made subsequent to measurement date	2,825	-
Total	\$ 11,447	\$ 578

The \$1,953 reported as deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31</b>	
2022	\$ (3,352)
2023	(3,401)
2024	(4,694)
2025	(5,686)
Total	\$ (17,133)

#### Defined Contribution Plan Description

In July of 2012, the Port Commission authorized the creation of the Port of Houston Authority Defined Contribution Plan ("DC Plan"). The DC Plan is a single-employer, defined contribution plan covering a single class of members, namely, all



# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 8. Retirement Plans (continued)

### Defined Contribution Plan Description (continued)

permanent, full-time employees of the Authority hired on or after August 1, 2012.

The Authority manages the operation and administration of the DC Plan, with third party custody, recordkeeping and other administrative services provided by Nationwide Retirement Solutions. The Authority's Chief Operating Officer serves as trustee. The Port Commission maintains the authority to terminate the DC Plan or amend its provisions, including revisions in contribution requirements and investment alternatives offered to employees.

The DC Plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code and all contributions are tax-deferred until time of withdrawal. Under the provisions of the DC Plan, employees do not contribute to the DC Plan and are not permitted to rollover any distributions from other qualified plans or individual retirement accounts to the DC Plan. The Authority, as Plan Sponsor, may make employer contributions to the DC Plan at its discretion.

The Authority revised contributions to an employee's account on May 1, 2020 based on a percentage of base salary:

<u>Years of Service</u>	<u>% Contribution by the Authority</u>
0 to 5	6.0%
Greater than 5 up to 10	6.5%
Greater than 10 up to 15	7.0%
Greater than 15 up to 20	7.5%
Greater than 20	8.0%

Effective May 1, 2020, DC Plan benefits are to be paid to employees with at least three years of service, or to their beneficiaries. Contributions on behalf of each employee are invested in accordance with the employee's instructions, entirely in one fund or in any combination of the investment options offered. Individual accounts are maintained for each DC Plan participant. If applicable, each employee's account is credited with the Authority's contribution and account investment earnings and charged with withdrawals and account investment losses. The Authority funds administrative expenses associated with the DC Plan from its general fund.

The DC Plan does not issue stand-alone financial reports; therefore, the Authority includes the DC Plan Net Position in the fiduciary fund statements, as a fiduciary activity under GASB 84. The criteria under GASB 84 focuses on whether a government is controlling the assets of the fiduciary activity and the beneficiaries with whom a fiduciary relationship exists.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 8. Retirement Plans (continued)

### Defined Contribution Plan Description (continued)

The DC Plan's assets, contributions and participants as of the last two fiscal years are as follows:

	<u>July 31, 2021</u>	<u>July 31, 2020</u>
Total assets	\$ 7,126	\$ 4,236
Contributions during the year	1,921	1,074
Number of participants	440	378

## 9. Postemployment Retiree Benefits

### Plan Description

In addition to retirement benefits as described in Note 8, it is the current policy of the Authority to provide certain postemployment health and welfare benefits ("OPEB") to eligible retired employees and their dependents (the "OPEB Plan"). This is a single-employer defined benefit plan administered by an irrevocable trust; the Port Commission is responsible for the administration of the trust and for the investment of the trust's assets. Historically the Authority funded all premiums for retiree life insurance and the majority of health insurance premiums, but as of August 2020 these costs are being paid from the OPEB trust fund. Notwithstanding any accounting and financial reporting characterization herein, continuation of these benefits and the Authority's contributions to the trust are dependent on the continued authorization of the Port Authority's current OPEB Plan by the Port Commission.

The OPEB Plan does not issue stand-alone financial reports, but the Authority includes the OPEB Plan Net Position in the fiduciary fund statements and presents the Net OPEB Asset in the noncurrent asset section of the Statements of Net Position.

The health insurance benefits provided to pre-Medicare retirees are the same as those offered to active employees. Medicare-eligible retirees have the option of enrolling in Medicare Risk plans offered by the Authority or in limited circumstances securing their own insurance and receiving a monthly reimbursement from the Authority towards the cost. The supplied benefits include hospital, doctor, and prescription drug charges.

Basic life insurance coverage provided to retirees is based upon the retirees' annual compensation at retirement and is valued at a flat \$5, \$10 or \$15.

Effective January 1, 2010, new hires become eligible for postemployment benefits

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 9. Postemployment Retiree Benefits (continued)

### Plan Description (continued)

after completion of twelve years of employment and upon retirement from the Authority. Employees hired prior to that date who reach their Early or Normal Retirement date and retire from the Authority are eligible for postemployment benefits. An eligible employee may also elect coverage for his or her eligible dependents, provided that such election is made at the time of the employee's retirement and not thereafter.

Disabled employees are covered in the Port of Houston Authority Group Health Plan from the date of disability.

The widow/widower of a retiree who has health care coverage through the Authority may in most instances continue coverage upon the death of the retiree.

At December 31, 2021 and 2020, the following participants were covered by the benefit terms:

	<u>2021</u>	<u>2020</u>
Actives	686	644
Retired and disabled members	317	319
Covered spouses of retirees	<u>219</u>	<u>209</u>
	1,222	1,172

### Funding Policy

Historically, the Authority's OPEB contribution has been based on a projected pay-as-you-go basis. As of August 2020, these costs are being paid from the OPEB trust fund. For the year ended December 31, 2020, the cost of retiree health benefits recorded on a pay-as-you-go basis was \$1,218. Retiree life-benefit costs for 2020 was \$114.

The Port Commission has approved a revised funding policy that allows flexibility to fund the OPEB trust throughout the year for an aggregate amount not to exceed 105% of the annually required contribution amount ("ARC") as calculated by the Authority's actuary. The policy may be further amended by the Port Commission at its discretion.

The Port Commission is authorized to retain professional consultants and investment managers to assist in the investment of the Trust's assets. The Port Commission also establishes investment guidelines and evaluates investment manager performance. The OPEB trust investment policy may be amended by the Port Commission by a majority vote of its members.

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 9. Postemployment Retiree Benefits (continued)

### Investment Valuation and Income Recognition

Investments are stated at fair value. If available, quoted fair value prices are used to value investments. In the case of any unlisted asset, the trustee will determine the fair value utilizing pricing obtained from independent pricing services. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

### Net OPEB (Asset)

The Authority's net OPEB (asset) was measured as of December 31, 2021 and 2020, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of January 1, 2021 and 2020, respectively, rolled forward to the measurement date.

The following table shows the components of the Authority's total OPEB liability, fiduciary net position and net OPEB Asset at December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Total OPEB liability	\$ 55,239	\$ 65,502
Fiduciary net position	105,683	95,148
Net OPEB (asset)	(50,444)	(29,646)
Fiduciary net position as a % of total OPEB liability	191.32 %	145.26 %
Covered payroll	57,608	49,778
Net OPEB (asset) as a % of covered payroll	(87.56)%	(59.56)%

The total OPEB liability in the January 1, 2021 and 2019 actuarial valuation was determined using the following actuarial assumptions. There have been no significant changes between the valuation date and the fiscal year end.

### Discount Rate

	<u>2021</u>	<u>2020</u>
Discount rate	6.25 %	6.25 %
Long-term expected rate of return, net of investment expense	6.25 %	6.25 %

The OPEB Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total OPEB liability is equal to the long-term expected rate of return.

The actuarial assumptions that determined the total OPEB liability as of December 31, 2021 and 2020 were based on the results of an actuarial experience study for the

**Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

**9. Postemployment Retiree Benefits (continued)**

period August 1, 2014 - August 1, 2019 and August 1, 2007 - August 1, 2012, respectively.

Valuation date	January 1, 2021	January 1, 2019
Measurement date	December 31, 2021	December 31, 2020
Inflation	2.20%	2.20%
Salary increases including inflation	Age based Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2020	Age based Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2019
Mortality	Entry Age Normal	Entry Age Normal
Actuarial cost method		

The health care cost trend rate used for the 2021 annual OPEB expense was 6.10% climbing to 5.40% before trending down to 3.70% (pre-Medicare) and 8.20% trending down to 3.70% (post-Medicare) over 55 years. The health care cost trend rate used for the 2021 year end valuation of total and net OPEB asset was 6.10% climbing to 3.70% before trending down to 3.70% (pre-Medicare) and 8.20% trending down to 3.70% (post-Medicare) over 55 years.

The health care cost trend rate used for the 2020 annual OPEB expense was 4.30% climbing to 5.10% before trending down to 4.00% (pre-Medicare) and 8.00% trending down to 4.50% (post-Medicare) over 55 years. The health care cost trend rate used for the 2020 year end valuation of total and net OPEB asset was 4.30% climbing to 5.10% before trending down to 3.80% (pre-Medicare) and 5.40% trending down to 3.80% (post-Medicare) over 55 years.

**Annual Money-Weighted Rate of Return**

For the year ended December 31, 2021 and 2020, the annual money-weighted rate of return on the OPEB trust investments, net of investment expense, was 10.92% and 11.98% respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested. The following table shows the money-weighted rate of return since the inception.

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 9. Postemployment Retiree Benefits (continued)

#### Annual Money-Weighted Rate of Return (continued)

<b>Fiscal Year Ending December 31</b>	<b>Net Money- Weighted Rate of Return</b>
2017	10.90%
2018	-5.80%
2019	16.61%
2020	11.98%
2021	10.92%

#### Long-Term Expected Rate of Return

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2021 and 2020, respectively, and are based on a 20-year investment horizon.

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Long Bonds	Barclays LT Gvt/Credit	20.00 %	0.66 %	(0.04)%
US Gvt Bonds	Barclays Gvt	20.00 %	0.25 %	0.13 %
Emerging Markets Bonds	JPM EMBI Plus	5.00 %	3.21 %	2.29 %
US Equity	S&P 500	15.00 %	4.83 %	3.33 %
US Large & Mid Caps	Russell 1000	7.50 %	4.91 %	3.32 %
US Small Caps	Russell 2000	10.00 %	6.27 %	3.58 %
Foreign Developed Equity	MSCI EAFE NR	7.50 %	6.06 %	4.32 %
Real Estate	FTSE NAREIT Equity REIT	5.00 %	5.33 %	3.16 %
Master Limited Partnerships	Alerian MLP	10.00 %	6.32 %	2.95 %
Assumed Inflation - Mean			2.20 %	2.20 %
Assumed Inflation - Standard Deviation			2.07 %	2.07 %
Portfolio Real Mean Return			3.51 %	2.94 %
Portfolio Nominal Mean Return			5.71 %	5.30 %
Portfolio Standard Deviation				9.29 %
<b>Long-Term Expected Rate of Return</b>				<b>6.25 %</b>

## Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### 9. Postemployment Retiree Benefits (continued)

#### Long-Term Expected Rate of Return (continued)

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Long Bonds	Barclays LT Gvt/Credit	20.00 %	2.45 %	1.98 %
US Gvt Bonds	Barclays Gvt	20.00 %	1.34 %	1.21 %
Emerging Markets Bonds	JPM EMBI Plus	5.00 %	3.48 %	2.54 %
US Large Caps	S&P 500	15.00 %	4.29 %	3.13 %
US Large & Mid Caps	Russell 1000	7.50 %	4.49 %	3.27 %
US Small Caps	Russell 2000	10.00 %	5.50 %	3.62 %
Foreign Developed Equity	MSCI EAFE NR	7.50 %	5.50 %	3.91 %
US REITs	FTSE NAREIT Equity REIT	5.00 %	5.01 %	3.27 %
Master Limited Partnerships	Alerian MLP	10.00 %	4.18 %	2.83 %
Assumed Inflation - Mean			2.20 %	2.20 %
Assumed Inflation - Standard Deviation			2.02 %	2.02 %
Portfolio Real Mean Return			3.40 %	2.98 %
Portfolio Nominal Mean Return			5.61 %	5.24 %
Portfolio Standard Deviation				9.08 %
<b>Long-Term Expected Rate of Return</b>				<b>6.25 %</b>

#### Sensitivity Analysis

The following presents the net OPEB asset of the Authority as of December 31, 2021 and 2020, respectively, calculated using the discount rate of 6.25%, as well as what the Authority's net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate.

	1% Decrease	Current	1% Increase
	5.25%	Discount Rate 6.25%	7.25%
<b>2021</b>			
Net OPEB asset	\$ (43,959)	\$ (50,444)	\$ (55,911)
<b>2020</b>			
Net OPEB asset	\$ (20,818)	\$ (29,646)	\$ (36,917)

**Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

**9. Postemployment Retiree Benefits (continued)**

**Sensitivity Analysis (continued)**

The following presents the net OPEB asset of the Authority as of December 31, 2021 and 2020, respectively, calculated using the current healthcare cost trend rates as well as what the Authority's net OPEB asset would be if it were calculated using trend rates that are one percentage point lower or one percentage point higher than the current trend rates.

<u>2021</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB asset	\$ (57,005)	\$ (50,444)	\$ (42,329)

<u>2020</u>	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Net OPEB asset	\$ (38,718)	\$ (29,646)	\$ (18,196)

**OPEB Expense and Deferred Inflows of Resources**

For the year ended December 31, 2021, the Authority recognized OPEB expense of \$(5,497). At December 31, 2021, the Authority reported deferred inflows of resources from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (16,657)
Changes of assumption	(8,376)
Net difference between projected and actual earnings	(7,334)
Total	<u>\$ (32,367)</u>

For the year ended December 31, 2020, the Authority recognized OPEB expense of (\$956). At December 31, 2020, the Authority reported deferred inflows of resources from the following sources:

	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ (5,317)
Changes of assumption	(10,013)
Net difference between projected and actual earnings	(4,363)
Total	<u>\$ (19,693)</u>



**Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

**9. Postemployment Retiree Benefits (continued)**

**OPEB Expense and Deferred Inflows of Resources (continued)**

Amounts reported as deferred inflows of resources related to OPEB as of December 31, 2021 will be recognized in OPEB expenses as follows:

Year ending: December 31	
2022	\$ (6,161)
2023	(7,851)
2024	(6,496)
2025	(5,576)
2026	(2,422)
Thereafter	<u>(3,861)</u>
Total	<u><u>\$ (32,367)</u></u>

**Changes in Net OPEB Asset**

	<b>Total OPEB Asset</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Asset</b>
Balances as of January 1, 2021	\$ 65,502	\$ 95,148	\$ (29,646)
Service cost	2,374	-	2,374
Effect of economic/demographic gains or losses	(14,126)	-	(14,126)
Effect of assumptions changes or inputs	(265)	-	(265)
Interest on total OPEB liability	4,168	-	4,168
Benefit payments	(2,414)	(2,414)	-
Employer contributions	-	2,627	(2,627)
Net investment income	-	10,395	(10,395)
Administrative expense	-	(73)	73
Balances as of December 31, 2021	<u>\$ 55,239</u>	<u>\$ 105,683</u>	<u>\$ (50,444)</u>

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability/(Asset)</b>
Balances as of January 1, 2020	\$ 70,757	\$ 82,262	\$ (11,505)
Service cost	3,212	-	3,212
Effect of assumptions changes or inputs	(10,675)	-	(10,675)
Interest on total OPEB liability	4,727	-	4,727
Benefit payments	(2,519)	(2,519)	-
Employer contributions	-	5,431	(5,431)
Net investment income	-	10,035	(10,035)
Administrative expense	-	(61)	61
Balances as of December 31, 2020	<u>\$ 65,502</u>	<u>\$ 95,148</u>	<u>\$ (29,646)</u>

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 10. Risk Management

The Authority is exposed to risk of financial loss from property and casualty exposures. Property exposures include potential losses due to fire, windstorm, and other perils that could damage or destroy assets and result in loss of income should specific assets be shut down for an extended period of time. Casualty exposures include potential losses resulting from third-party claims for bodily injury and/or property damage arising from the Authority's operations and/or ownership of its assets, as well as workers' compensation claims. These potential exposures are managed by both commercial and self-insurance.

Effective March 1, 2010, the Authority created a self-insurance program to manage losses within the Authority's appetite and any deductible or self-insured retentions (SIR), involving insurance contracts. The current SIR is \$1000 and \$350 for claims involving workers' compensation and liability, respectively. Above these SIR's, the coverage was increased with an excess layer of coverage of \$500 and \$20 for these exposures. The balance of claim liabilities at December 31, 2021 and 2020 was \$9,079 and \$8,318, respectively.

Plan Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2020	\$ 7,309	\$ 1,917	\$ (908)	\$ 8,318
2021	\$ 8,318	\$ 2,000	\$ (1,239)	\$ 9,079

The Authority has sovereign immunity under the State of Texas as a political subdivision. As such, the state limits the liability of monetary damages for any single occurrence involving certain circumstances. The limits cap the Port's liability at \$100 per person for bodily injury or death and a \$300 per occurrence for all persons for bodily injury or death. The cap for property damage is limited to \$100 per occurrence.

Another statute limiting liability is a maritime tariff which provides a limitation of liability for property damage claims. PHA's Tariff 15 Subrule No. 061.2 stipulates a limit of \$1 per cargo loss.

These claim liabilities include an estimate for incurred but not reported and allocated claims-adjustment expenses and assessment of loss development factors, trend rates, and loss costs. The liability is included in the other noncurrent liabilities on the Statements of Net Position.

Claims liability is based on the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance

# Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

## 10. Risk Management (continued)

*Issues*," which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Such liability is based upon actual reserves and is not considered material.

## 11. Commitments and Contingencies

### Commitments

At December 31, 2021 and 2020, the Authority had commitments of approximately \$98,657 and \$61,585, respectively, for supplies, services, and the purchase of equipment and the expansion of facilities.

### Litigation and Claims

The Authority is a defendant in various legal actions, and may become involved in other disputes arising in the normal course of business; it cannot predict the results of such matters. However, based on consultation with outside counsel, the Authority generally believes the outcome of such matters will not materially affect its financial position, except that it cannot reach such conclusion at this time regarding the matters described below.

The Authority has been named as defendant in a state district court action brought by Robert Jones. Mr. Jones alleges that the Authority unlawfully terminated his employment in retaliation for making internal allegations about practices he believes to be unlawful and reporting information about the removal of emergency equipment to the Texas Department of Insurance and Texas Department of State Health Services.

Mr. Jones seeks a determination regarding an alleged violation of the Texas Whistleblower Act, and damages in an unspecified amount and/or equitable relief authorized under that act, including lost wages and benefits from termination until trial, court costs, reasonable attorney's and expert fees, reinstatement or front pay, and compensatory damages for future pecuniary losses, and past and future emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life and other past and future nonpecuniary losses. The Authority has filed an answer disputing the claims.

The Authority intends to vigorously contest this action; however, it has not reached any judgment as to the likely outcomes or the ranges of potential loss with respect thereto.

## **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### **11. Commitments and Contingencies (continued)**

#### **Litigation and Claims (continued)**

The Authority is defending and indemnifying named Authority employee defendants in two actions brought by Stan Kozlowski, Jason Hall, Mike Stallings, Jason Roberts, Justin Meador, and Kyle Jordan (collectively, “Plaintiffs”). All of Plaintiffs’ claims were originally brought in federal court, but Plaintiffs later dismissed some of the claims and refiled the dismissed claims in state district court.

In the federal action, Plaintiffs allege that they were unlawfully suspended and terminated from positions at the Authority in violation of Plaintiffs’ rights to free speech and free association under 42 U.S.C. §1983. The federal trial has now been set for the week of April 18, 2022.

In the state action, Plaintiffs allege that their suspensions and terminations were also in violation of Texas Labor Code §§101.001, 101.052, and 101.301 and Texas Government Code Chapter 614 and §617.004. Plaintiffs seek compensatory damages in an unspecified amount for past and future lost wages, reputational harm, mental and emotional distress, anxiety, and all other general damages, plus additional amounts for attorneys’ fees, expert witness fees, interest, costs, and punitive damages. Plaintiffs further seek a declaratory judgment regarding the alleged violations of law, and injunctive relief undoing the adverse actions taken against Plaintiffs.

The Authority has filed an answer in both actions above disputing the claims. The state action is set for trial for the two-week period beginning March 7, 2022.

The Authority intends to vigorously contest these matters; however, it has not reached any judgment as to the likely outcomes or the ranges of potential loss with respect thereto.

Trans-Global Solutions, Inc. (“TGS”) has asserted claims against the Authority stemming from delays TGS claims to have incurred in connection with its December 2014 contract for the construction of a container yard at the Authority’s Bayport Container Terminal. As of February 2018, TGS has claimed damages in the amount of \$6,873,000. The Authority does not intend to pay the amount sought by TGS and intends to vigorously contest TGS’s claims; however, it has not reached any judgment as to the likely outcome or the range of potential loss in the event of litigation.

The Authority is a defendant in a state district court action brought by Standard Constructors, Inc. (“Standard”). The lawsuit arises out of a June 2020 contract between the Authority and Standard for land development preparation south of Port

## **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements  
For the Years Ended December 31, 2021 and 2020  
(in thousands)

### **11. Commitments and Contingencies (continued)**

#### **Litigation and Claims (continued)**

Road at Bayport Container Terminal. Standard alleges the authority breached the contract by failing to pay additional costs incurred by Standard and failing to grant Standard time extensions for delays resulting from differing site conditions encountered at the project site and from scope changes that were approved by the Authority. Standard seeks damages of approximately \$7 million, plus attorney's fees, costs, and interest. The Authority does not intend to pay the amount sought by Standard and intends to vigorously contest Standard's claims; however, it has not reached any judgment as to the likely outcome or the range of potential loss in the event of litigation.

### **12. Tax Abatement**

GASB Statement 77, "*Tax Abatement Disclosures*," defines a tax abatement as a reduction in tax revenues resulting from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement was entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The Authority is subject to tax abatements granted by Harris County under the Economic Development Opportunity Act ("EDOA").

For 2021 and 2020, Harris County's gross tax and abated values were \$411,971, \$463,434, and \$140,866, \$144,588, respectively; Therefore, under agreements entered into by Harris County, the Authority's property tax revenues were reduced by \$12 in 2021 and \$14 in 2020.

### **13. Subsequent Events**

In April 2022, the Authority established a Third Lien Revenue Extendible Commercial Paper Note Program (the "ECP Program"). The Authority is authorized, under this ECP Program, to issue commercial paper in an aggregate amount not to exceed \$300 million at any one time and at an original maturity of no more than 90 days with a potential extension of the original maturity to no more than 270 days, following the date of issuance. The Authority does not have any current plans to issue commercial paper under the ECP Program.

George Hedge Contractors, Inc. ("GHC") has asserted claims against the Port Authority stemming from delays GHC claims to have incurred in connection with its

# **Port of Houston Authority of Harris County, Texas**

Notes to the Financial Statements

For the Years Ended December 31, 2021 and 2020

(in thousands)

## **13. Subsequent Events (continued)**

March 2019 contract relating to the construction of a rail spur at the Port Authority's Bayport Container Terminal. GHC was a subcontractor of FUSED Industries, LLC ("FUSED"), the general contractor on the rail spur project. In February 2021, the Port Authority terminated the FUSED contract and now directly works with GHC. The April 2022 claims total \$1,063,517. The Port Authority does not intend to pay the amount sought by GHC and intends to vigorously contest GHC's claims; however, it has not reached any judgment as to the likely outcome or the range of potential loss in the event of litigation.



REQUIRED SUPPLEMENTARY INFORMATION







**Port of Houston Authority of Harris County, Texas**  
Required Supplementary Information

**Port of Houston Authority Restated Retirement Plan**  
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios  
Last Eight Years  
in thousands  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability:</b>								
Service cost	3,428	3,424	3,321	3,402	3,198	3,229	3,186	3,425
Interest on total pension liability	12,664	12,782	12,592	12,454	12,251	11,883	10,940	10,724
Effect of economic/demographic gains or losses	909	1,000	(1,325)	(1,207)	(116)	(695)	(1,278)	-
Effects of assumption changes or inputs	(909)	(289)	3,516	(2,203)	5,012	-	9,569	-
Benefit payments	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)	(9,509)
Net change in total pension liability	4,960	6,368	7,778	2,361	10,487	4,865	12,827	4,640
Total pension liability - beginning	203,777	197,409	189,631	187,270	176,783	171,918	159,091	154,451
Total pension liability - ending (a)	208,737	203,777	197,409	189,631	187,270	176,783	171,918	159,091
<b>Fiduciary net position:</b>								
Employer contributions*	5,834	10,625	4,658	5,257	9,600	4,500	4,094	8,282
Investment income net of investment expenses**	40,210	7,024	6,031	12,378	14,220	1,741	7,786	14,825
Benefit payments	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)	(9,509)
Administrative expenses	(269)	(257)	(243)	(255)	(280)	(235)	(249)	(237)
Net change in fiduciary net position	34,643	6,843	120	7,295	13,682	(3,546)	2,041	13,361
Fiduciary net position, beginning	191,251	184,408	184,288	176,993	163,311	166,857	164,816	151,455
Fiduciary net position, ending (b)	225,894	191,251	184,408	184,288	176,993	163,311	166,857	164,816
Net pension liability (asset), ending = (a) - (b)	(17,157)	12,526	13,001	5,343	10,277	13,472	5,061	(5,725)
Fiduciary net position as a % of total pension liability	108.22 %	93.85 %	93.41 %	97.18 %	94.51 %	92.38 %	97.06 %	103.60 %
Covered Payroll	28,395	29,925	29,889	29,960	30,210	30,412	31,377	33,690
Net pension liability (asset) as a % of covered payroll	(60.42)%	41.86 %	43.50 %	17.83 %	34.02 %	44.30 %	16.13 %	(16.99)%

\* The increase in employer contributions from 2019 to 2020 is due primarily to additional funding of \$5.0 million authorized by the Port Commission.

\* The increase in employer contributions from 2016 to 2017 is due primarily to additional funding of \$4.0 million authorized by the Port Commission to partially offset the increase in the Plan's unfunded actuarial accrued liability resulting from a reduction of the actuarial assumption rate from 7.00% to 6.75%.

Per GASB 68, until a 10-year trend is compiled, pension plans may present information for those years for which information available; information is not available under the GASB 68 methodologies for the fiscal years prior to 2014.

**Port of Houston Authority of Harris County, Texas**  
Required Supplementary Information

**Port of Houston Authority Restated Retirement Plan**  
**Schedule of Port Authority Contributions**  
Last Ten Fiscal Years  
in thousands  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 5,834	\$ 5,374	\$ 4,437	\$ 5,007	\$ 5,153	\$ 4,481	\$ 4,094	\$ 5,278	\$ 9,870	\$ 8,133
Contributions in relation to the actuarially determined contribution	5,834	10,625	4,658	5,257	9,600	4,500	4,094	8,282	9,870	8,133
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (5,251)</u>	<u>\$ (221)</u>	<u>\$ (250)</u>	<u>\$ (4,447)</u>	<u>\$ (19)</u>	<u>\$ -</u>	<u>\$ (3,004)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 26,635	\$ 27,419	\$ 29,889	\$ 29,960	\$ 30,210	\$ 30,412	\$ 31,377	\$ 33,690	\$ 35,082	\$ 35,571
Contributions as a percentage of covered payroll	21.90 %	38.75 %	15.58 %	17.55 %	31.78 %	14.80 %	13.05 %	24.59 %	28.14 %	22.86 %

**Notes to Schedule:**

Valuation timing	Actuarially determined contribution rates are calculated as of July 31 of the fiscal year in which the contributions are reported
Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Remaining amortization period	1 year at July 31, 2021, resulting from a net pension asset of \$17,157
Asset valuation method	Fair value
Inflation	2.20%
Salary Increases	2.5% to 10.0%
Investment rate of return	6.25%
Cost of living adjustments	None
Retirement age	Ranging from 5% at age 55 to 100% at age 70
Turnover	Rates from most recent assumption study performed in 2020
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants and Disabled Annuitants with generational projection per MP-2020

The table was updated to reflect current actuarial assumptions used.

**Port of Houston Authority of Harris County, Texas**  
Required Supplementary Information

**Port of Houston Authority OPEB Plan**  
**Schedule of Annual Money-Weighted Rate of Return**  
(unaudited)

<b>Fiscal Year Ending December 31,</b>	<b>Net Money- Weighted Rate of Return</b>
2016	10.50 %
2017	10.90 %
2018	(5.80)%
2019	16.61 %
2020	11.98 %
2021	10.92 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**Port of Houston Authority of Harris County, Texas**  
Required Supplementary Information

**Port of Houston Authority OPEB Plan**  
**Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios**  
Fiscal Year Ending December 31,  
in thousands  
(unaudited)

	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>					
Service cost	\$ 2,374	\$ 3,212	\$ 3,081	\$ 3,289	\$ 3,081
Interest on total OPEB liability	4,168	4,727	5,145	4,864	4,593
Effect of economic/demographic (gains) or losses	(14,126)	-	(7,445)	-	-
Effect of assumption changes or inputs	(265)	(10,675)	(1,408)	-	-
Benefit payments	(2,414)	(2,519)	(3,464)	(4,084)	(3,654)
Net change in total OPEB liability	(10,263)	(5,255)	(4,091)	4,069	4,020
Total OPEB liability - beginning	65,502	70,757	74,848	70,779	66,759
Total OPEB liability - ending (a)	55,239	65,502	70,757	74,848	70,779
<b>Fiduciary Net Position</b>					
Employer contributions	2,627	5,431	8,464	9,484	9,454
Net investment (loss) income	10,395	10,035	11,391	(3,915)	5,714
Benefit payments	(2,414)	(2,519)	(3,464)	(4,084)	(3,655)
Administrative expense	(73)	(61)	(93)	(100)	-
Net change in plan fiduciary net position	10,535	12,886	16,298	1,385	11,513
Fiduciary net position - beginning	95,148	82,262	65,964	64,579	53,066
Fiduciary net position - ending (b)	105,683	95,148	82,262	65,964	64,579
Net OPEB liability/(asset) ending (a) - (b)	\$ (50,444)	\$ (29,646)	\$ (11,505)	\$ 8,884	\$ 6,200
Fiduciary net position as a % of total OPEB liability	191.32 %	145.26 %	116.26 %	88.13 %	91.24 %
Covered-employee payroll for OPEB	\$ 57,608	\$ 49,778	\$ 49,778	\$ 40,287	\$ 40,287
Net OPEB liability/(asset) as a % of covered-employee payroll for OPEB	(87.56)%	(59.56)%	(23.11)%	22.05 %	15.39 %

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

**Port of Houston Authority of Harris County, Texas**

Required Supplementary Information

**Port of Houston Authority OPEB Plan**  
**Schedule of Actuarially Determined Contributions**

Last Ten Fiscal Years  
in thousands  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution*	\$ 2,627	\$ 3,494	\$ 3,324	\$ 4,384	\$ 5,402	\$ 5,798	\$ 5,537	\$ 6,568	\$ 6,909	\$ 7,913
Contributions in relation to the actuarially determined contribution	2,627	5,431	8,464	9,484	9,454	8,772	11,203	11,363	11,226	10,776
Contribution deficiency (excess)	\$ -	\$ (1,937)	\$ (5,140)	\$ (5,100)	\$ (4,052)	\$ (2,974)	\$ (5,666)	\$ (4,795)	\$ (4,317)	\$ (2,863)
Covered-employee payroll for OPEB	\$ 57,608	\$ 49,778	\$ 49,778	\$ 40,287	\$ 40,287	\$ 38,907	\$ 38,907	\$ 33,690	\$ 34,615	\$ 34,939
Contributions as a percentage of covered-employee payroll for OPEB	4.56 %	10.91 %	17.00 %	23.54 %	23.47 %	22.55 %	28.79 %	33.73 %	32.43 %	30.84 %

**Notes to Schedule**

Valuation timing	Actuarial valuations for funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2021
Actuarial cost method	Entry Age Normal
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Open
Amortization period at January 1, 2021	10 years
Asset valuation method	Fair Value
Inflation	2.20%
Salary Increases	Age based
Discount Rate	6.25%
Healthcare Cost Trend Rates	8.20% for 2021, gradually decreasing to an ultimate rate of 3.7%
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2020

\* Annual required contributions for 2017 and prior years are under GASB 45. Subsequent contributions are under GASB 74 and 75.

This page intentionally left blank



SUPPLEMENTARY INFORMATION





**Port of Houston Authority of Harris County, Texas**  
**Combining Statements of Fiduciary Trust Net Position**  
**As of December 31, 2021 and 2020**  
(in thousands)

	<u>Defined Contribution 7/31/2021</u>	<u>Pension 7/31/2021</u>	<u>OPEB 12/31/2021</u>	<u>Total</u>	<u>Defined Contribution 7/31/2020</u>	<u>Pension 7/31/2020</u>	<u>OPEB 12/31/2020</u>	<u>Total</u>
<b>Assets</b>								
Cash and cash equivalents	\$ 101	\$ 4,777	\$ 1,500	\$ 6,378	\$ 45	\$ 1,129	\$ 1,846	\$ 3,020
Investment Securities								
Domestic Equity	782	89,875	41,686	132,343	371	78,561	36,717	115,649
International Equity	122	22,110	11,638	33,870	64	16,214	11,016	27,294
Fixed Income	60	97,955	45,519	143,534	38	89,819	41,058	130,915
Balanced Funds *	6,061	10,930	5,073	22,064	3,718	4,981	4,739	13,438
Accrued Investment Income	-	305	267	572	-	599	(228)	371
Total Assets	<u>7,126</u>	<u>225,952</u>	<u>105,683</u>	<u>338,761</u>	<u>4,236</u>	<u>191,303</u>	<u>95,148</u>	<u>290,687</u>
<b>Liabilities</b>								
Investment Expenses	-	58	-	58	-	52	-	52
Total Liabilities	<u>-</u>	<u>58</u>	<u>-</u>	<u>58</u>	<u>-</u>	<u>52</u>	<u>-</u>	<u>52</u>
<b>Net Position restricted for pension/OPEB</b>	<u>\$ 7,126</u>	<u>\$ 225,894</u>	<u>\$ 105,683</u>	<u>\$ 338,703</u>	<u>\$ 4,236</u>	<u>\$ 191,251</u>	<u>\$ 95,148</u>	<u>\$ 290,635</u>

\* Mutual funds that include both equity and fixed income securities

**Port of Houston Authority of Harris County, Texas**  
**Combining Statements of Changes in Fiduciary Trust Net Position**  
**As of December 31, 2021 and 2020**  
(in thousands)

	<b>Defined Contribution 7/31/2021</b>	<b>Pension 7/31/2021</b>	<b>OPEB 12/31/2021</b>	<b>Total</b>	<b>Defined Contribution 7/31/2020</b>	<b>Pension 7/31/2020</b>	<b>OPEB 12/31/2020</b>	<b>Total</b>
<b>Additions :</b>								
Employer contributions	\$ 1,921	\$ 5,834	\$ 2,627	\$ 10,382	\$ 1,074	\$ 10,625	\$ 5,431	\$ 17,130
Net Investment Income	1,236	40,210	10,262	51,708	450	7,024	10,035	17,509
Total additions	3,157	46,044	12,889	62,090	1,524	17,649	15,466	34,639
<b>Deductions:</b>								
Benefits payments and withdrawals	(267)	(11,132)	(2,257)	(13,656)	(128)	(10,549)	(2,519)	(13,196)
Administrative Expenses	(269)	(269)	(97)	(366)	(257)	(257)	(61)	(318)
Total deductions	(267)	(11,401)	(2,354)	(14,022)	(128)	(10,806)	(2,580)	(13,514)
Net increase in net position	2,890	34,643	10,535	48,068	1,396	6,843	12,886	21,125
<b>Net position restricted for pension/ OPEB, beginning of year</b>	4,236	191,251	95,148	290,635	2,840	184,408	82,262	269,510
<b>Net position restricted for pension/ OPEB, end of year</b>	<u>\$ 7,126</u>	<u>\$ 225,894</u>	<u>\$ 105,683</u>	<u>\$ 338,703</u>	<u>\$ 4,236</u>	<u>\$ 191,251</u>	<u>\$ 95,148</u>	<u>\$ 290,635</u>



STATISTICAL SECTION



## Statistical Section

This part of the Authority's annual comprehensive financial report presents detailed information as a context to better understand what the information in the financial statements, note disclosures and required supplementary information discloses concerning the Authority's overall financial health.

### Contents

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.

#### **Revenue Capacity**

These schedules contain information to help the reader assess the Authority's two most significant revenue sources, operating revenues and property taxes.

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.

#### **Sources**

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

This page intentionally left blank



## FINANCIAL TRENDS





**Port of Houston Authority of Harris County, Texas**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
 (accrual basis of accounting)  
 (unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Net investment in capital assets</b>	\$1,394,024	\$1,294,888	\$1,119,856	\$1,050,604	\$1,023,578	\$ 919,177	\$ 794,075	\$ 749,755	\$ 685,717	\$596,224
<b>Restricted</b>										
Capital	-	-	-	-	-	-	-	-	7,195	29,713
Debt Service	43,806	45,740	45,346	44,646	45,622	45,705	41,853	43,290	44,598	44,916
Net Pension asset	17,157	-	-	-	-	-	-	-	-	-
Net OPEB asset	50,444	29,646	-	-	-	-	-	-	-	2,755
<b>Unrestricted</b>	491,660	396,505	473,731	416,108	311,127	312,363	383,422	340,892	324,466	320,673
<b>Total Net Position</b>	<u>\$1,997,091</u>	<u>\$1,766,779</u>	<u>\$1,638,933</u>	<u>\$1,511,358</u>	<u>\$1,380,327</u>	<u>\$1,277,245</u>	<u>\$1,219,350</u>	<u>\$1,133,937</u>	<u>\$1,061,976</u>	<u>\$994,281</u>

**Port of Houston Authority of Harris County, Texas**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

(in thousands)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Operating revenues:</b>										
Vessel and cargo services	\$ 483,477	357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703	\$ 267,277	\$ 238,083	\$ 200,101	\$ 190,618
Rental of equipment and facilities	23,269	21,665	18,065	18,079	15,976	15,869	17,120	17,763	25,114	23,077
Grain elevator	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821	592	683
Bulk materials	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270	2,665	2,485
Other	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960	5,201	8,512
<b>Nonoperating revenues:</b>										
Investment (loss) income	1,042	9,810	13,017	9,319	4,553	4,896	4,142	4,913	(435)	2,410
Contribution in aid of construction	-	-	-	-	-	-	610	-	5,000	-
Other	809	833	1,282	345	1,703	2,690	1,279	3,291	683	1,583
<b>Nonoperating revenues related to property taxes:</b>										
Property taxes	43,702	48,965	51,061	50,951	53,842	55,749	51,280	51,955	52,534	56,429
Investment income / (loss) on bond proceeds	51	349	967	721	264	119	120	162	348	302
<b>Total Revenues:</b>	<b>565,941</b>	<b>450,689</b>	<b>457,764</b>	<b>430,652</b>	<b>393,235</b>	<b>353,680</b>	<b>351,167</b>	<b>324,218</b>	<b>291,803</b>	<b>286,099</b>
<b>Operating expenses:</b>										
Maintenance and operations of facilities	193,869	178,606	177,122	157,524	147,185	141,102	123,433	121,899	103,353	101,095
General and administrative	48,582	46,225	50,420	49,608	39,102	44,286	42,297	37,812	41,845	43,875
Depreciation and amortization	80,723	77,829	74,020	72,027	66,487	64,601	60,198	57,190	56,057	56,551
Impairment of Capital Assets	-	-	-	-	-	15,114	-	-	-	-
<b>Nonoperating expenses:</b>										
Contributions to state and local agencies	10,985	235	4,327	2,095	4,243	2,127	2,147	1,464	1,949	882
Loss on disposal of assets	36	126	4	1	33	(2,976)	2,849	1,220	91	3,295
Other	2,783	-	107	1,440	2,187	1,033	338	-	-	98
<b>Nonoperating expenses related to property taxes:</b>										
Interest expense on unlimited tax bonds	13,483	23,526	24,451	28,927	30,010	31,548	33,114	33,459	33,188	33,803
Property tax collection expense	1,100	1,100	1,100	1,100	1,100	1,100	1,039	1,175	994	1,091
Other	355	384	410	420	400	303	455	408	477	442
<b>Total Expenses:</b>	<b>351,916</b>	<b>328,031</b>	<b>331,961</b>	<b>313,142</b>	<b>290,747</b>	<b>298,238</b>	<b>265,870</b>	<b>254,627</b>	<b>237,954</b>	<b>241,132</b>
<b>Income before contributions</b>	<b>214,025</b>	<b>122,658</b>	<b>125,803</b>	<b>117,510</b>	<b>102,488</b>	<b>55,442</b>	<b>85,297</b>	<b>69,591</b>	<b>53,849</b>	<b>44,967</b>
<b>Capital contributions from federal/state agencies</b>	<b>16,287</b>	<b>5,188</b>	<b>1,772</b>	<b>5,219</b>	<b>8,896</b>	<b>2,453</b>	<b>56</b>	<b>2,370</b>	<b>13,827</b>	<b>9,373</b>
<b>Contributions from federal agency-FEMA</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>-</b>	<b>19</b>	<b>60</b>
<b>Total Contributions from federal and state agencies</b>	<b>16,287</b>	<b>5,188</b>	<b>1,772</b>	<b>5,219</b>	<b>8,896</b>	<b>2,453</b>	<b>116</b>	<b>2,370</b>	<b>13,846</b>	<b>9,433</b>
<b>Change in net position</b>	<b>230,312</b>	<b>127,846</b>	<b>127,575</b>	<b>122,729</b>	<b>111,384</b>	<b>57,895</b>	<b>85,413</b>	<b>71,961</b>	<b>67,695</b>	<b>54,400</b>
<b>Net position, January 1</b>	<b>1,766,779</b>	<b>1,638,933</b>	<b>1,511,358</b>	<b>1,388,629</b>	<b>1,277,245</b>	<b>1,219,350</b>	<b>1,133,937</b>	<b>1,061,976</b>	<b>994,281</b>	<b>939,881</b>
<b>Net position, December 31</b>	<b>\$ 1,997,091</b>	<b>\$ 1,766,779</b>	<b>\$ 1,638,933</b>	<b>\$ 1,511,358</b>	<b>\$ 1,388,629</b>	<b>\$ 1,277,245</b>	<b>\$ 1,219,350</b>	<b>\$ 1,133,937</b>	<b>\$ 1,061,976</b>	<b>\$ 994,281</b>



REVENUE CAPACITY



**Port of Houston Authority of Harris County, Texas**  
**Assessed Value and Actual Value of Taxable Property**  
**Last Ten Fiscal Years**

(amounts in thousands)  
(unaudited)

Year Levied	Real Property	Personal Property	Less: Exemptions (a)	Total Taxable Assessed Value	Total Direct Tax Rate
2012	\$ 317,458,948	\$ 47,105,465	\$ 85,096,445	\$ 279,467,968	\$ 0.01952
2013	338,787,938	51,399,961	86,415,967	303,771,932	0.01716
2014	375,147,134	54,650,315	92,526,176	337,271,273	0.01531
2015	420,143,010	57,162,124	100,360,569	376,944,565	0.01342
2016	467,478,230	51,201,800	109,296,383	409,383,647	0.01334
2017	486,904,155	48,036,665	109,150,988	425,789,832	0.01256
2018	507,215,984	49,241,694	118,780,750	437,676,928	0.01155
2019	546,249,496	50,880,252	126,713,304	470,416,444	0.01074
2020	578,509,817	52,804,343	139,216,727	492,097,433	0.00991
2021	608,284,329	47,793,125	148,085,343	507,992,111	0.00872

- Source: Harris County Appraisal District Property Use Recap as of 12/2021

- Note: Property is assessed at actual value and is reassessed each year. Tax rates are per \$100 of assessed value.

- Note (a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of \$160,000.

**Port of Houston Authority of Harris County, Texas**  
**County-Wide Ad Valorem Tax Rates**  
**Last Ten Fiscal Years**  
**Year Levied**  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Harris County</b>										
General Fund	\$ 0.33500	\$ 0.34028	\$ 0.34174	\$ 0.35000	\$ 0.34500	\$ 0.34500	\$ 0.34547	\$ 0.34547	\$ 0.34547	\$ 0.33271
General Bonds Debt Service	0.04193	0.05088	0.04711	0.05084	0.05234	0.05111	0.05237	0.04802	0.05158	0.04468
Total Constitutional Funds	0.37693	0.39116	0.38885	0.40084	0.39734	0.39611	0.39784	0.39349	0.39705	0.37739
County - Wide Road Debt Service	0.00000	-	0.01828	0.01774	0.02067	0.02045	0.02139	0.02382	0.01750	0.02282
Total - Harris County	0.37693	0.39116	0.40713	0.41858	0.41801	0.41656	0.41923	0.41731	0.41455	0.40021
<b>Flood Control District</b>										
Maintenance	0.02599	0.02649	0.02670	0.02738	0.02736	0.02745	0.02620	0.02620	0.02620	0.02522
Debt Service	0.00750	0.00493	0.00122	0.00139	0.00095	0.00084	0.00113	0.00116	0.00207	0.00287
Total - Flood Control	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733	0.02736	0.02827	0.02809
<b>Port of Houston Authority</b>										
Debt Service	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342	0.01531	0.01716	0.01952
<b>Hospital District</b>										
General	0.16047	0.16491	0.16491	0.17000	0.17000	0.17000	0.17000	0.17000	0.17000	0.18216
Debt Service	0.00174	0.00180	0.00100	0.00108	0.00110	0.00179	-	-	-	-
Total Hospital District	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000	0.17000	0.17000	0.18216
Total	\$ 0.58135	\$ 0.59920	\$ 0.61170	\$ 0.62998	\$ 0.62998	\$ 0.62998	\$ 0.62998	\$ 0.62998	\$ 0.62998	\$ 0.62998

- Source: Harris County Appraisal District

- Note: Tax rates are stated per \$100 assessed valuation.

**Port of Houston Authority of Harris County, Texas**  
**Direct and Overlapping Debt and Property Tax Rates**

December 31, 2021  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>County-Wide Taxing</b>										
<b>Jurisdiction</b>										
Harris County	\$ 0.37693	\$ 0.39116	\$ 0.40713	\$ 0.41858	\$ 0.41801	\$ 0.41656	\$ 0.41923	\$ 0.41731	\$ 0.41455	\$ 0.40021
Harris County Flood Control District	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733	0.02736	0.02827	0.02809
Port of Houston Authority	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342	0.01531	0.01716	0.01952
Harris County Hospital District	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000	0.17000	0.17000	0.18216
<b>Total County-wide</b>	<b>\$ 0.58135</b>	<b>\$ 0.59920</b>	<b>\$ 0.61170</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>	<b>\$ 0.62998</b>
<b>Cities</b>										
Baytown	\$ 0.78500	\$ 0.79515	\$ 0.80203	\$ 0.81203	\$ 0.82203	\$ 0.82203	\$ 0.82203	\$ 0.82203	\$ 0.82203	\$ 0.82203
Bellaire	0.44730	0.44730	0.44730	0.43130	0.41590	0.38740	0.38050	0.39360	0.39990	0.39990
Deer Park	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.71435	0.72000	0.72000	0.72000
Houston	0.55083	0.56184	0.56792	0.58831	0.58421	0.58642	0.60112	0.63108	0.63875	0.63875
La Porte	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
League City	0.46553	0.51500	0.54858	0.56380	0.56500	0.57000	0.57350	0.59700	0.59700	0.59700
Missouri City	0.57804	0.59804	0.63000	0.63000	0.60000	0.56010	0.54468	0.56500	0.57375	0.54480
Pasadena	0.51591	0.53368	0.57034	0.61545	0.57539	0.57539	0.57539	0.57690	0.59159	0.59159
Pearland	0.70142	0.72000	0.74121	0.70916	0.68506	0.68120	0.70530	0.71210	0.70510	0.70510
Seabrook	0.52444	0.54361	0.55198	0.55198	0.57491	0.56518	0.61261	0.64003	0.65123	0.66523
South Houston	0.69000	0.69805	0.69991	0.65050	0.64330	0.63221	0.69954	0.64453	0.66988	0.70825
Webster	0.39334	0.37357	0.36200	0.34794	0.31725	0.28450	0.23447	0.24874	0.26960	0.28528
West University Place	0.27852	0.29407	0.30921	0.31680	0.31680	0.31680	0.33179	0.36179	0.37400	0.37411
<b>School Districts</b>	1.0944-1.4651	1.1331-1.5016	1.1367-1.5684	1.2067-1.6700	1.2067-1.6700	1.2067-1.6700	1.1967-1.6700	1.1967-1.6700	1.1867-1.6700	1.1567-1.5700

- Source: Harris County Appraisal District jurisdiction information as of 12/31/21; includes all tax bonds.

**Port of Houston Authority of Harris County, Texas**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**  
(amounts in thousands)  
(unaudited)

Tax Payers	2021			2012		
	2021 Taxable Valuations (a)	Rank	Percentage of Total 2021 Taxable Valuation (b)	2012 Taxable Valuations (a)	Rank	Percentage of Total 2012 Taxable Valuation (c)
CenterPoint Energy Inc.	\$ 4,164,243	1	0.82	\$ 2,458,242	2	0.88
EXXON Mobil Corp.	3,885,021	2	0.76	3,033,470	1	1.09 %
Chevron Chemical Co.	3,159,412	3	0.62	1,559,725	4	0.56
Equistar Chemicals LP	1,885,744	4	0.37	907,181	7	0.32
Shell Oil Co.	1,622,545	5	0.32	2,146,430	3	0.77
Enterprise	1,198,256	6	0.24	-	-	-
Palmetto Transoceanic LLC	1,012,329	7	0.20	-	-	-
Lyondell Chemical Co.	980,071	8	0.19	630,803	14	0.23
Walmart	949,463	9	0.19	815,968	8	0.29
Liberty Property	844,577	10	0.17	-	-	-
HEB Grocery Co. LP	833,438	11	0.16	-	-	-
Phillips 66 Co.	807,157	12	0.16	-	-	-
Oil Tanking Houston	745,843	13	0.15	-	-	-
Kinder Morgan	721,789	14	0.14	-	-	-
One Two and Three Allen Center Co LLC	718,399	15	0.14	-	-	-
Intercontinental Terminal	680,121	16	0.13	-	-	-
Enterprise Products	668,561	17	0.13	-	-	-
BSREP IHC-3HC	607,096	18	0.12	-	-	-
Braskem America, Inc.	602,888	19	0.12	-	-	-
HG Galleria I II III LP	599,348	20	0.12	-	-	-
Hines Interests LTD Partnership	-	-	-	1,393,328	5	0.50
Crescent Real Estate	-	-	-	1,222,765	6	0.44
BP America	-	-	-	800,308	9	0.29
Houston Refining	-	-	-	762,242	10	0.27
AT&T	-	-	-	758,853	11	0.27
Hewlett Packard	-	-	-	712,177	12	0.25
Halliburton Company	-	-	-	678,610	13	0.24
Valero Energy	-	-	-	571,888	15	0.20
National Oilwell Inc.	-	-	-	570,449	16	0.20
Continental Airlines Inc	-	-	-	476,269	17	0.17
TPG 2101	-	-	-	413,119	18	0.15
Rohm & Haas Co.	-	-	-	391,835	19	0.14
Oxy Vinyls LP	-	-	-	385,700	20	0.14
Total	<u>\$ 26,686,301</u>		<u>5.25 %</u>	<u>\$ 20,689,362</u>		<u>7.40 %</u>

- Source: Harris County Appraisal District

- Note (a) Amounts shown for these taxpayers do not include taxable valuations, which may be substantial, attributable to certain subsidiaries and affiliates which are not grouped on the tax rolls with the taxpayers shown.

- Note (b) Based on the County's total taxable value as of December 17, 2021;

- Note (c) Based on the County's total taxable value as of December 21, 2012.



**Port of Houston Authority of Harris County, Texas**  
**Property Taxes Levies and Collections**  
**For the Years 2012 through 2021**

(in thousands)  
(unaudited)

<u>Fiscal Year</u>	<u>Taxes Levied for Fiscal Year</u>	<u>Collections within the Fiscal Year of the Levy</u>		<u>Collections After One Year (a)</u>	<u>Total Collections After One Year (a)</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2012	\$ 54,624	\$ 51,755	94.75 %	\$ 1,917	\$ 53,672	98.26 %
2013	52,289	49,790	95.22 %	1,736	51,526	98.54 %
2014	51,860	49,400	95.26 %	1,654	51,054	98.45 %
2015	50,796	48,208	94.91 %	1,767	49,975	98.38 %
2016	54,806	51,946	94.78 %	1,981	53,926	98.39 %
2017	53,652	50,738	94.57 %	2,008	52,746	98.31 %
2018	48,760	48,252	98.96 %	1,502	49,754	102.04 %
2019	50,643	48,165	95.11 %	1,231	49,396	97.54 %
2020	48,994	45,656	93.19 %	2,127	47,783	97.53 %
2021	44,380	42,128	94.93 %	N/A	N/A	N/A

- Source: Harris County Tax Assessor - Collector as of February 28, 2022
- Note (a) Collections after one year reflect monies collected in the year following the levy and are not updated annually.
- N/A - Not Available

**Port of Houston Authority of Harris County, Texas**  
**Operating Revenues by Type**  
**Last Ten Fiscal Years**

(in thousands)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Operating revenues: (a) (b) (c)</b>										
Vessel and cargo services	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703	\$ 267,277	\$ 238,083	\$ 200,101	\$ 190,618
Rental of equipment and facilities	23,269	21,665	18,065	18,079	15,976	15,869	17,120	17,763	25,114	23,077
Grain elevator	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821	592	683
Bulk materials	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270	2,665	2,485
Other	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960	5,201	8,512
Total Operating Revenue	<u>\$ 520,337</u>	<u>\$ 390,732</u>	<u>\$ 391,437</u>	<u>\$ 369,316</u>	<u>\$ 332,873</u>	<u>\$ 290,226</u>	<u>\$ 293,736</u>	<u>\$ 263,897</u>	<u>\$ 233,673</u>	<u>\$ 225,375</u>
<b>Revenue Tonnage (Short Tons)*</b>										
General Cargo	34,438	31,708	34,074	31,653	28,878	25,226	27,360	26,854	24,735	25,278
Bulk	10,095	9,980	9,063	9,210	9,396	9,621	8,384	10,766	11,090	9,781
Total Revenue Tonnage	<u>44,533</u>	<u>41,688</u>	<u>43,137</u>	<u>40,863</u>	<u>38,274</u>	<u>34,847</u>	<u>35,744</u>	<u>37,620</u>	<u>35,825</u>	<u>35,059</u>

- Source: The Authority
- Note (a) Vessel and cargo services, grain elevator and bulk material revenues are generated by general cargo and bulk tonnage.
- Note (b) Revenues are defined by tariffs based upon terminal and type of services. Some units of measure used (depending on type of service) are units, weight, number of days and gallons.
- Note (c) Excludes Port Development Corporation and Port of Houston Authority International Corporation
- \* Short ton equals 2,000 pounds

**Port of Houston Authority of Harris County, Texas**  
**Revenue Tonnage**  
**Last Ten Fiscal Years**  
(in short tons)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>General Cargo</b>										
Barbours Cut										
All other	12,146,844	12,307,526	11,226,819	10,737,680	9,811,047	9,470,902	9,322,892	7,689,686	7,010,712	6,177,766
Lease	-	-	-	-	-	-	2,072,132	3,410,214	3,548,416	3,939,218
	<u>12,146,844</u>	<u>12,307,526</u>	<u>11,226,819</u>	<u>10,737,680</u>	<u>9,811,047</u>	<u>9,470,902</u>	<u>11,395,024</u>	<u>11,099,900</u>	<u>10,559,128</u>	<u>10,116,984</u>
Bayport Container Terminal	16,529,686	15,385,083	16,603,071	14,605,339	13,026,783	10,854,617	8,588,556	6,977,231	7,264,595	7,354,870
Turning Basin										
Autos import	98,014	85,344	117,531	127,448	119,081	161,246	167,383	128,564	143,132	175,553
Autos export	503	385	2,058	1,089	3,396	4,744	13,240	11,430	17,905	23,655
Steel imports	1,490,393	902,460	2,030,908	2,744,586	2,988,636	1,823,357	3,800,730	5,397,341	3,613,445	4,247,410
All other	1,327,242	447,881	513,023	375,924	474,629	492,551	707,345	607,127	519,978	723,762
	<u>2,916,152</u>	<u>1,436,070</u>	<u>2,663,520</u>	<u>3,249,047</u>	<u>3,585,742</u>	<u>2,481,898</u>	<u>4,688,698</u>	<u>6,144,462</u>	<u>4,294,460</u>	<u>5,170,380</u>
Jacintoport	1,040,505	1,225,999	1,466,353	1,553,325	1,737,072	1,883,785	1,751,839	1,411,724	1,579,197	1,428,240
Care Terminal	431,060	309,542	731,216	734,480	603,271	457,294	562,217	747,372	649,545	598,914
Woodhouse	1,373,584	1,043,911	1,382,598	768,830	113,888	77,299	373,497	473,389	388,133	608,369
<b>Total General Cargo</b>	<u>34,437,831</u>	<u>31,708,131</u>	<u>34,073,577</u>	<u>31,652,701</u>	<u>28,877,803</u>	<u>25,225,795</u>	<u>27,359,831</u>	<u>26,854,078</u>	<u>24,735,058</u>	<u>25,277,757</u>
<b>Bulk</b>										
Jacintoport	1,478	1,511	1,465	1,635	9,758	692	1,100	-	-	1,780
Care Terminal	22,446	13,802	12,340	112,975	162,014	130,545	18,298	82,016	253,942	408,225
Woodhouse	9,569	-	-	7,081	20,224	12,981	6,882	31,549	14,290	7,547
Sims Bayou	1,134,324	1,355,034	1,157,376	1,199,628	1,157,368	624,280	624,278	675,175	700,350	770,395
S.J.B. Liquid Facility	410,623	399,012	379,141	560,342	522,019	552,752	428,895	493,582	541,227	585,263
Turning Basin	3,356,088	2,881,677	2,157,920	2,157,461	2,154,936	2,097,919	2,046,714	1,982,330	2,164,880	2,022,492
	<u>4,934,528</u>	<u>4,651,036</u>	<u>3,708,242</u>	<u>4,039,122</u>	<u>4,026,319</u>	<u>3,419,169</u>	<u>3,126,167</u>	<u>3,264,652</u>	<u>3,674,689</u>	<u>3,795,702</u>
Bulk Materials Terminal	2,668,164	2,562,328	3,056,749	3,796,229	3,230,116	3,329,834	2,908,018	5,190,900	5,151,720	4,691,785
Grain Elevator #2	2,492,783	2,766,115	2,298,347	1,375,234	2,139,655	2,871,965	2,350,374	2,310,757	2,263,983	1,294,120
<b>Total Bulk Cargo</b>	<u>10,095,475</u>	<u>9,979,479</u>	<u>9,063,338</u>	<u>9,210,585</u>	<u>9,396,090</u>	<u>9,620,968</u>	<u>8,384,559</u>	<u>10,766,309</u>	<u>11,090,392</u>	<u>9,781,607</u>
<b>Grand Total</b>	<u>44,533,306</u>	<u>41,687,610</u>	<u>43,136,915</u>	<u>40,863,286</u>	<u>38,273,893</u>	<u>34,846,763</u>	<u>35,744,390</u>	<u>37,620,387</u>	<u>35,825,450</u>	<u>35,059,364</u>

- Source: The Authority

- Revenue tonnage is tonnage from which Authority revenues are derived; does not include non-Authority tonnage figures.

**Port of Houston Authority of Harris County, Texas**  
**Top Ten Vessel and Cargo Customers**  
**Current Year and Ten Years Ago**

(amounts in thousands)  
(unaudited)

<u>Customer</u>	<u>2021</u>			<u>2012</u>		
	<u>2021 Revenue</u>	<u>Rank</u>	<u>% V&amp;C Revenue</u>	<u>2012 Revenue</u>	<u>Rank</u>	<u>% V&amp;C Revenue</u>
Mediterranean Shipping Co. (USA)	\$ 85,592	1	23.95 %	\$ 29,269	1	16.50 %
Maersk Line	79,572	2	22.27	-		-
CMA-CGM (America), Inc.	62,100	3	17.38	15,147	3	8.54
Hapag-Lloyd AG	49,663	4	13.90	20,948	2	11.81
Cosco North America, Inc.	17,682	5	4.95	5,365	5	3.02
ONE Line	15,405	6	4.31	-		-
Evergreen Shipping Agency	12,062	7	3.38	-		-
Zim Integrated Shipping	11,407	8	3.19	-		-
OOCL(USA) Inc.	6,604	9	1.85	-		-
Norton Lily International	5,758	10	1.61	-		-
Hamburg Sud North America	-		-	9,430	4	5.32
Seaboard Marine, Ltd.	-		-	5,130	6	2.89
Biehl & Company - Vessel	-		-	5,001	7	2.82
Compania Sudamericana de Vapores SA	-		-	4,740	8	2.67
Star Shipping	-		-	3,780	9	2.13
Inchcape Shipping Services	-		-	3,771	10	2.13
Total	<u>\$ 345,845</u>		<u>71.53 %</u>	<u>\$ 102,581</u>		<u>53.81 %</u>

- Source: The Authority



# DEBT CAPACITY



**Port of Houston Authority of Harris County, Texas**  
**Ratios of Net General and Revenue Bonded Debt by Type**  
**Last Ten Fiscal Years**  
(in thousands, except per capita)  
(unaudited)

<b>General Obligation Bonds</b>													
Fiscal Year	Unlimited Tax Refunding Bonds	Unlimited Tax Port Improvement Bonds	Accreted Premiums (Discounts)	General Bonded Debt	Less Debt Service Funds Cash	Net General Bonded Debt	Percentage of Actual Property Value	GOB Debt per Capita	Revenue Bonds	Premiums (Discounts) Rev	Total Outstanding Debt	Percentage of Personal Income	Total Debt Per Capita
2012	\$ 641,324	\$ 90,645	\$ 39,160	\$ 771,129	\$ 8,784	\$ 762,345	0.27	\$ 179	\$ -	\$ -	\$ 762,345	0.34 %	\$ 179
2013	626,979	90,645	36,674	754,298	9,672	744,626	0.25	172	-	-	744,626	0.32 %	172
2014	611,734	90,645	34,366	736,745	13,854	722,891	0.21	163	-	-	722,891	0.29 %	163
2015	588,604	85,665	43,363	717,632	6,414	711,218	0.19	157	-	-	711,218	0.28 %	157
2016	572,329	85,665	39,129	697,123	6,983	690,140	0.17	150	-	-	690,140	0.29 %	150
2017	553,164	85,665	35,069	673,898	13,589	660,309	0.16	142	-	-	660,309	0.27 %	142
2018	508,089	85,665	56,709	650,463	11,402	639,061	0.15	136	-	-	639,061	0.24 %	136
2019	486,904	85,665	50,658	623,227	7,942	615,285	0.13	131	-	-	615,285	N/A	132
2020	492,439	-	94,715	587,154	4,929	582,225	0.12	123	-	-	587,154	N/A	124
2021	469,434	-	86,120	555,554	13,626	541,928	0.11	N/A	322,180	79,858	957,592	N/A	N/A

- Additional information on the Authority's debt can be found in the accompanying notes to the financial statements.
- Premiums (Discounts) are inclusive of accreted interest on capital appreciation bonds.
- Updates are made to prior years.
- See Schedule 3 for property value data.
- Population data can be found in Schedule 15.
- N/A - Not Available
- Total outstanding debt, total debt per capita, and percentage of personal income calculation changed in 2020 per GFOA comments

**Port of Houston Authority of Harris County, Texas**  
**Net Revenues Available for Debt Service on Revenue Obligations**  
**For each of the Ten Years in the Period Ended December 31, 2021**

(in thousands)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Gross Revenues</b>										
<b>Operating Revenues (a)</b>										
Vessel and cargo services	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,266	\$ 266,305	\$ 235,929	\$ 197,974	\$ 188,457
Rental of equipment and facilities	23,270	21,665	18,065	18,079	15,976	15,869	17,120	17,763	25,114	23,077
Grain Elevator	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821	592	683
Bulk materials	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270	2,665	2,485
Other	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960	5,201	8,512
Total	520,338	390,732	391,437	369,316	332,873	289,789	292,764	261,743	231,546	223,214
<b>NonOperating Revenues</b>										
Investment (loss) income	1,058	9,767	12,876	9,145	4,425	4,850	4,100	4,881	(452)	2,406
Other, net	17,096	6,021	3,053	5,564	10,599	5,144	2,004	5,661	19,529	11,014
Total	18,154	15,788	15,929	14,709	15,024	9,994	6,104	10,542	19,077	13,420
Total Gross Revenues	538,492	406,520	407,366	384,025	347,897	299,783	298,868	272,285	250,623	236,634
<b>Operation Expenses</b>										
<b>Maintenance and Operation of Facilities</b>										
Vessel and cargo services	177,885	163,776	162,518	143,401	141,857	131,998	115,757	115,341	93,483	91,534
Rental of port facilities	1,516	1,313	1,099	1,219	2,093	2,140	1,130	1,164	1,387	1,174
Grain Elevator	330	259	621	456	275	330	293	260	288	219
Bulk Materials Handling Plant	11	22	29	31	26	8	11	9	9	22
Other	14,127	13,235	12,854	8,617	7,915	7,107	7,114	8,223	9,919	9,958
Total	193,869	178,605	177,121	153,724	152,166	141,583	124,305	124,997	105,086	102,907
<b>General and Administrative</b>										
Total Operating Expenses	48,582	46,225	50,420	49,608	42,423	44,286	42,297	39,152	41,845	43,875
Total Operating Expenses	242,451	224,830	227,541	203,332	194,589	185,869	166,602	164,149	146,931	146,782
<b>Nonoperating Expenses</b>										
Total Expenses	14,400	368	4,446	3,489	6,533	259	5,673	2,694	2,998	3,906
Total Expenses	256,851	225,198	231,987	206,821	201,122	186,128	172,275	166,843	149,929	150,688
<b>Net Revenues Available For Debt Service on Revenue Obligations</b>										
	\$ 281,641	\$ 181,322	\$ 175,379	\$ 177,204	\$ 146,775	\$ 113,655	\$ 126,593	\$ 105,442	\$ 100,694	\$ 85,946

- Note (a) The Bayport user fees described in Note 7 were excluded from this calculation as per the bond documents.



**Port of Houston Authority of Harris County, Texas**  
**Table of Bonded Debt Service Requirements**  
(unaudited)

<b>Fiscal Year Ending December 31</b>	<b>Revenue</b>	<b>Unlimited Tax</b>	<b>Outstanding Debt Service Requirements</b>
2022	\$ 17,315,586	\$ 45,070,817	\$ 62,386,403
2023	19,875,250	39,918,180	59,793,430
2024	19,877,000	39,109,142	58,986,142
2025	19,875,250	39,099,561	58,974,811
2026	19,874,500	39,087,629	58,962,129
2027	19,874,000	39,922,906	59,796,906
2028	19,873,000	40,036,656	59,909,656
2029	19,875,750	40,033,875	59,909,625
2030	19,876,250	39,784,463	59,660,713
2031	19,873,750	39,774,519	59,648,269
2032	19,872,500	39,879,900	59,752,400
2033	19,876,500	39,576,150	59,452,650
2034	19,874,500	39,721,400	59,595,900
2035	19,875,750	39,737,900	59,613,650
2036	19,875,350	39,569,150	59,444,500
2037	19,874,550	39,566,750	59,441,300
2038	19,872,750	39,570,500	59,443,250
2039	19,874,350	26,162,000	46,036,350
2040	19,873,550	-	19,873,550
2041	19,874,750	-	19,874,750
2042	19,875,250	-	19,875,250
2043	19,873,250	-	19,873,250
2044	19,875,850	-	19,875,850
2045	19,872,050	-	19,872,050
2046	19,876,250	-	19,876,250
2047	19,872,250	-	19,872,250
2048	19,873,750	-	19,873,750
2049	19,876,250	-	19,876,250
2050	19,872,750	-	19,872,750
2051	19,876,500	-	19,876,500
<b>Total</b>	<b>\$ 593,679,036</b>	<b>\$ 705,621,498</b>	<b>\$ 1,299,300,534</b>

- The table sets forth the annual debt service requirements on the Authority's ad valorem tax bonds as of December 31, 2021, excluding bonds that have been refunded and defeased.

This page intentionally left blank



DEMOGRAPHIC AND ECONOMIC INFORMATION



**Port of Houston Authority of Harris County, Texas**  
**Miscellaneous Statistical Data**

December 31, 2021  
(unaudited)

Port of Houston Authority Facts:

**Date of Establishment:** 1911

**Form of Government:** A political subdivision of the State of Texas

**Area:** 1,778 Square Miles

**Altitude:** Harris County (generally coterminous with Port of Houston Authority) - Sea level to 310 feet  
City of Houston - Center of downtown area - 41 feet

**Selected Economic Statistics**

<u>Year</u>	<u>GDP (a)</u>	<u>National Unemployment (b)</u>	<u>Total U.S. Exports (c)</u>	<u>Total U.S. Imports (c)</u>	<u>U.S. Rig Count (d)</u>	<u>Oil Price \$/Bbl (e)</u>	<u>PMI (f)</u>
2021	6.9%	3.9%	2,528.5	3,387.7	586	71.71	58.8
2020	4.1%	6.7%	2,131.9	2,810.6	351	47.02	60.5
2019	2.1%	3.5%	2,499.8	3,116.5	805	59.88	47.8
2018	2.6%	3.9%	2,500.0	3,121.0	1,083	49.52	54.3
2017	2.6%	4.4%	2,329.3	2,895.3	989	57.88	59.1
2016	1.9%	4.9%	2,209.4	2,711.7	672	51.97	56.0
2015	0.7%	5.2%	2,230.3	2,761.8	738	37.21	48.2
2014	2.6%	5.6%	2,345.4	2,850.5	2,003	59.29	53.5
2013	3.2%	7.4%	2,272.3	2,743.9	1,862	97.63	57.0
2012	1.7%	7.6%	1,564.1	2,299.4	1,734	94.05	50.2

- Note (a) Gross Domestic Product percent change based on 2009 dollars; Source: Bureau of Economic Analysis
- Note (b) Average monthly unemployment rate per year; Source: Bureau of Labor Statistics
- Note (c) Billions of dollars; Source: Customs data from Department of Commerce, U.S. Census Bureau
- Note (d) Annual average total U.S. rig count; Source: Baker Hughes rig count data
- Note (e) Cushing, OK WTI spot price; Source: Energy Information Administration (EIA)
- Note (f) Purchasing Managers Index value above 50 means growth; Source: Institute for Supply Management

**Port of Houston Authority of Harris County, Texas**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**  
(unaudited)

<b>Calendar Year Ending December 31</b>	<b>Population</b>	<b>Unemployment Rate</b>	<b>Personal Income (amounts in thousands)</b>	<b>Per Capita Personal Income</b>
2012	4,253,700	6.0%	\$ 224,617,980	\$ 52,805
2013	4,336,853	5.5%	230,462,963	53,141
2014	4,441,370	4.0%	252,694,912	56,896
2015	4,538,028	4.6%	249,989,494	55,088
2016	4,589,928	5.3%	240,752,454	52,452
2017	4,652,980	5.0%	247,482,118	53,188
2018	4,698,619	4.4%	265,351,328	56,474
2019	4,713,325	3.8%	282,809,166	60,002
2020	4,746,600	8.0%	N/A	N/A
2021	N/A	N/A	N/A	N/A

- Source: Harris County, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended February 28, 2021
- N/A - Not Available

**Port of Houston Authority of Harris County, Texas**  
**Principal Corporate Employers**  
**Current Year and Nine Years Ago\***

(amount in thousands)  
(unaudited)

Employer	2020**			2012		
	Employees	Rank	Percentage of Area Employment	Employees	Rank	Percentage of Area Employment
Memorial Hermann Health System	35,360	1	1.11%	19,500	1	0.72%
Walmart Stores Inc.	29,797	2	0.93%	-		-
HEB	29,657	3	0.93%	-		-
Houston Methodist	26,098	4	0.82%	13,000	6	0.48%
UT MD Anderson Cancer Center	21,576	5	0.68%	19,290	2	0.72%
HCA Houston Healthcare	15,000	6	0.47%	-		-
Kroger Company	14,868	7	0.47%	12,000	7	0.45%
Exxon Mobil Corp	13,000	8	0.41%	15,000	4	0.56%
Texas Children's Hospital	13,000	9	0.41%	-		-
University of Houston	12,696	10	0.40%	-		-
United Airlines	-		-	17,000	3	0.63%
Shell Oil Company	-		-	13,000	5	0.48%
National Oilwell Varco	-		-	10,000	8	0.37%
Schlumberger Limited	-		-	10,000	9	0.37%
BP America	-		-	9,537	10	0.35%
	<u>211,052</u>		<u>6.63%</u>	<u>138,327</u>		<u>5.13%</u>

- Source: Greater Houston Partnership, Harris County, Texas Annual Comprehensive Financial Report for the fiscal year February 28, 2021.

- Note: Houston area employment for 2021 was approximately 3,147,500 and for 2012 was 2,691,400.

- \* Based on calendar year

- \*\* Information for 2021 is not available.

**Port of Houston Authority of Harris County, Texas**  
**Harris County Population Statistical Data**  
(unaudited)

**Regional Population (a)**

<u>Year</u>	<u>City of Houston</u>	<u>Harris County</u>	<u>Year</u>	<u>City of Houston</u>	<u>Harris County</u>
1890	27,557	37,249	1960	938,219	1,243,158
1900	44,633	63,786	1970	1,232,802	1,741,912
1910	78,800	115,693	1980	1,594,086	2,409,544
1920	138,276	186,667	1990	1,632,833	2,818,199
1930	292,352	359,328	2000	1,953,631	3,400,578
1940	384,514	528,961	2010	2,099,451	4,092,459
1950	596,163	806,701	2020	2,304,580	4,731,145

**Harris County Voters in Presidential Elections (b)**

	<u>2020</u>	<u>2016</u>	<u>2012</u>	<u>2008</u>	<u>2004</u>
Registered Voters	2,431,457	2,182,980	1,942,566	1,974,177	1,876,296
Votes Cast	1,656,686	1,338,821	1,204,167	1,188,731	1,088,793
Percentage of Registered Voters Voting	68.14 %	61.33 %	61.99 %	60.21 %	58.03 %

**Motor Vehicle Registration (c)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Passenger Cars, Small Trucks and Misc.	3,289,391	3,219,855	3,744,668	3,685,230	3,629,194
Large Trucks	48,965	44,849	48,256	47,689	46,076
Total	<u>3,338,356</u>	<u>3,264,704</u>	<u>3,792,924</u>	<u>3,732,919</u>	<u>3,675,270</u>

- Note (a) Source: Department of Commerce, U.S. Census Bureau
- Note (b) Source: Harris County Clerk - Elections Division/Harris County Clerk's Website
- Note (c) Source: Harris County Tax Assessor - Collector and Voter Registrar



**Port of Houston Authority of Harris County, Texas**  
**Harris County Miscellaneous Statistical Data**  
(unaudited)

## Students enrolled in colleges and universities located within Harris County (d)

	2021	2020	2019	2018	2017
Baylor College of Medicine	1,581	1,592	1,577	1,574	1,575
Houston Baptist University	3,963	3,963	3,741	3,432	3,325
Houston Community College	38,653	37,676	47,703	48,190	49,782
Lone Star College System	72,090	70,738	77,810	78,255	69,452
Rice University	8,166	7,437	7,135	6,955	7,052
San Jacinto College:					
Central, South and North	31,434	30,840	39,303	35,948	35,455
South Texas College of Law	979	1,003	975	946	931
Texas Southern University	7,525	7,016	9,034	10,188	10,237
Texas Woman's University: Houston (f)	1,331	1,314	1,184	1,181	1,281
University of Houston:					
University Park	46,968	47,066	46,137	46,327	45,364
Downtown	15,081	15,251	14,680	14,265	13,913
Clear Lake	9,398	9,060	9,092	8,967	8,542
University of St. Thomas	3,877	3,693	3,454	3,222	3,151
University of Texas: (e)					
Dental Branch	573	574	579	570	565
Graduate School of Biomedical Sciences	465	480	480	454	406
Medical School	1,081	1,116	1,071	1,097	1,077
School of Biomedical Informatics	328	290	254	255	289
School of Nursing	1,602	1,637	1,626	1,722	1,647
School of Public Health	1,709	1,514	1,302	1,237	1,257
Total	<u>246,804</u>	<u>242,260</u>	<u>267,137</u>	<u>264,785</u>	<u>255,301</u>

## Number of Employees

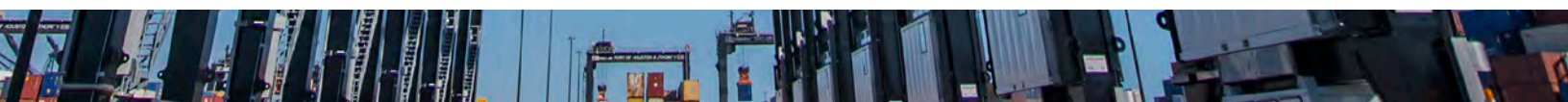
	2021	2020	2019	2018	2017
Harris County (g)	17,482	17,561	16,980	17,072	16,488
Flood Control District (g)	331	325	316	290	293
Port of Houston Authority	706	688	683	652	620

- Note (d) Source: Fall 2021 Enrollment Data from Texas Higher Education Coordinating Board and above school websites
- Note (e) Source: University of Texas Office of Registrar (Fact Book 2022)
- Note (f) Source: Texas Women's University Office of Institutional Research & Data Mgmt (Fact Book 2021)
- Note (g) Source: Harris County Auditor's Office

This page intentionally left blank



## OPERATING INFORMATION





**Port of Houston Authority of Harris County, Texas**  
**Table of Physical Characteristics of the Port Facilities of the Authority**  
(unaudited)

	<b>Berth Lengths (Feet)</b>	<b>Water Depth Below Mean Lower Low Tide (Feet)</b>	<b>Paved Marshalling Area (Acres)</b>	<b>Covered Storage (Sq. Feet)</b>
<b>Turning Basin</b>				
36 general Cargo Wharves	376-624	28.5-37.5	36	1,150,000
5 Liquid Bulk Wharves	226-570	34.5-37.5	-	-
Wharf - 32 Project Cargo	806	37.5	20	-
<b>Woodhouse Terminal**</b>				
Wharf 1	660	40.5	2	-
Wharf 2 and 3 (RoRo Dock)	1,250	36.5	-	112,740
Grain Dock**	600	43.5	-	-
<b>Dry Bulk Cargo Facility</b>				
Wharf 1	800	43.5	-	-
Wharf 2	400	43.5	-	-
<b>Jacintoport</b>				
Wharves 1 - 3	1,830	41.5	8	82,500
<b>Care Terminal</b>				
Wharf 1	500	38.5	10	45,000
Wharf 2	618	40.5	4	-
<b>Sims Bayou Liquid Bulk Facility</b>				
Berths	320	35.5-41.5	-	-
<b>San Jacinto Barge Terminal</b>				
Berth	200-700	17.5*	-	-
<b>Barbours Cut Terminal</b>				
Container Berths 1 - 6	6,000	46.5	210	-
<b>Bayport</b>				
Container Berths 2 - 5	3964	45.0	300	-
BPT Auto Terminal	1,000	32.0	-	-

\* The maximum depth allowable due to federally authorized channel project depths

\*\* Woodhouse Terminal is the location of Houston Public Grain Elevator No. 2.

**EQUIPMENT: (a)**

Turning Basin

- Privately-owned mobile cranes and additional cargo handling equipment are available for hire on an hourly basis.

Barbours Cut Terminal

Container Cranes:

- Ship to Shore (STS) = 12 total (7 SPP and 5 PP, 2 P, and 1 training crane)
- Rubber-Tire Gantry (RTG) = 50
- Empty Handling (Pencil/Side-pick) = 17
- Other load handling equipment (Top Loader) = 3

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 40
- Heavy-duty yard Chassis = 50

Bayport

Container Cranes:

- Ship to Shore (STS) = 12 total (6 SPP, 6 PP)
- Rubber-Tire Gantry (RTG) = 66
- Empty Handling (Pencil/Side-pick) = 0 (empty containers handled on terminal by 3rd party)
- Other load handling equipment (Top Loader) = 2

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 19
- Heavy-duty yard Chassis (Bucket) = 43

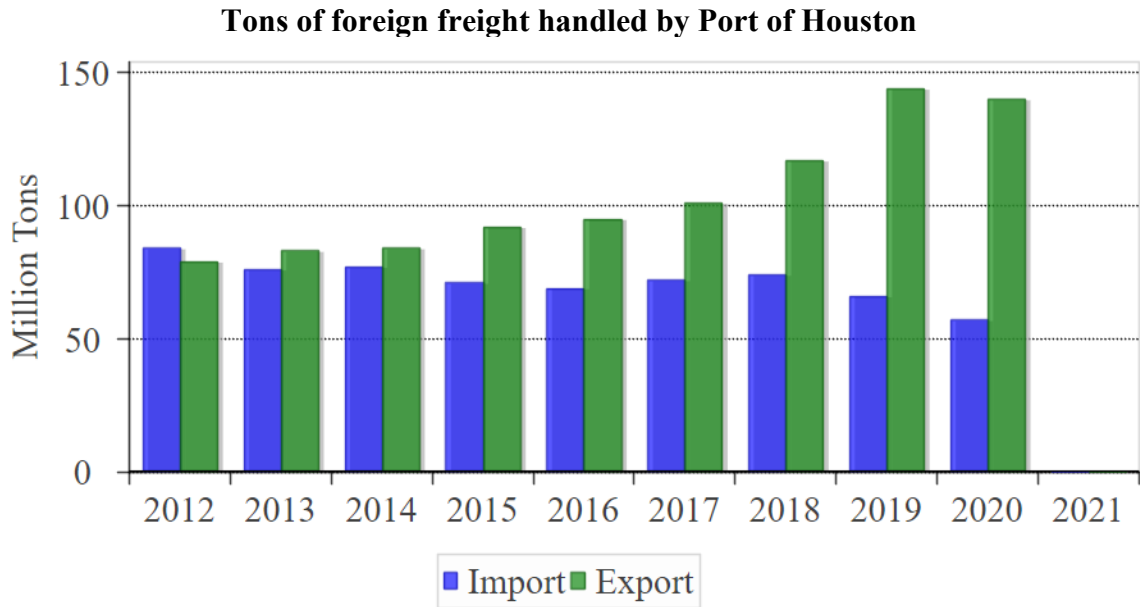
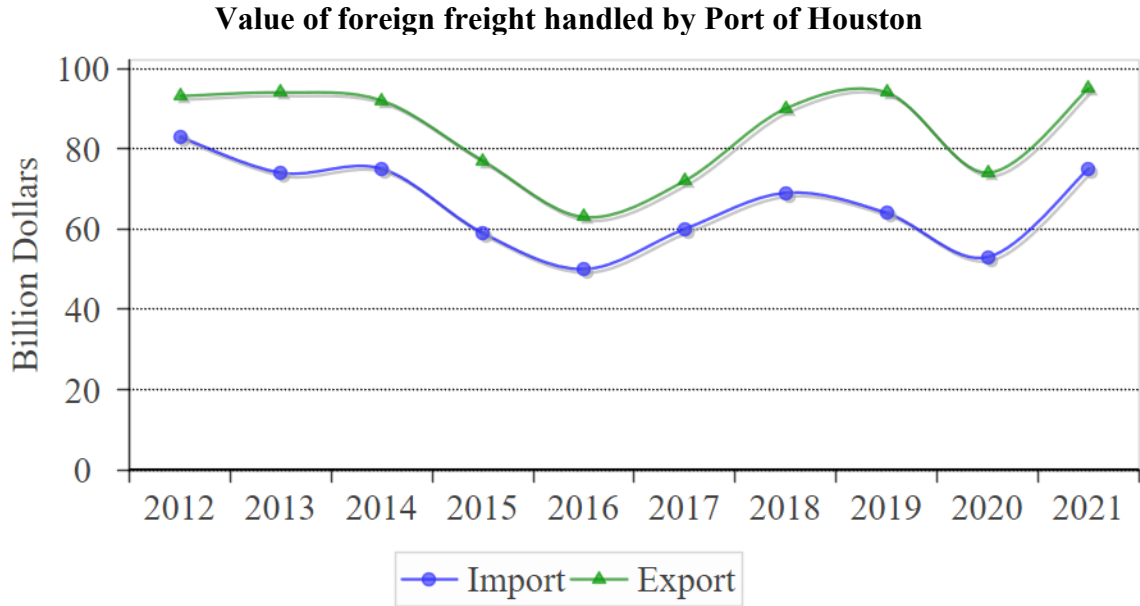
(a) SPP=Super Post Panamax, PP=Post Panamax, P=Panamax, UTR=Utility Truck, PIT=Powered Industrial Truck

**Port of Houston Authority of Harris County, Texas**  
**Freight Traffic Statistics**  
(in thousands)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Freight handled by the Authority only (excluding tonnages handled by private terminals) - short tons (a)</b>										
Breakbulk cargo	4,753	2,958	5,030	5,065	4,587	3,423	5,796	7,454	5,623	6,688
Container cargo	29,685	28,751	29,043	26,588	24,291	21,960	21,564	19,400	19,112	18,590
Bulk grain	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311	2,264	1,294
Bulk plant	2,668	2,562	3,057	3,796	3,230	3,330	2,905	5,191	5,152	4,692
Other bulk	12,339	9,816	8,714	9,855	10,033	13,254	12,550	12,281	12,518	12,771
<b>Total</b>	<b>51,938</b>	<b>46,853</b>	<b>48,142</b>	<b>46,679</b>	<b>44,281</b>	<b>44,839</b>	<b>45,165</b>	<b>46,637</b>	<b>44,669</b>	<b>44,035</b>
<b>Freight handled by entire Port of Houston (includes tonnages handled by both the Authority and private terminals) - short tons (b) (c)</b>										
<b>Foreign</b>										
Imports	(d)	56,971	65,561	73,863	72,386	69,110	71,388	76,688	76,449	83,816
Exports	(d)	139,792	144,190	117,220	100,825	94,876	92,024	83,849	83,102	78,627
<b>Total Foreign (d)</b>	<b>-</b>	<b>196,763</b>	<b>209,751</b>	<b>191,083</b>	<b>173,211</b>	<b>163,986</b>	<b>163,412</b>	<b>160,537</b>	<b>159,551</b>	<b>162,443</b>
<b>Domestic</b>										
Receipts	(d)	34,294	31,945	32,996	35,745	36,417	36,010	34,267	32,442	35,349
Shipments	(d)	27,689	26,054	25,630	30,058	26,635	24,375	23,194	22,116	23,338
<b>Total Domestic (d)</b>	<b>-</b>	<b>61,983</b>	<b>57,999</b>	<b>58,626</b>	<b>65,803</b>	<b>63,052</b>	<b>60,385</b>	<b>57,461</b>	<b>54,558</b>	<b>58,687</b>
Local	(d)	17,194	17,194	19,222	21,057	20,944	17,136	16,306	15,137	17,055
<b>Total</b>	<b>-</b>	<b>275,940</b>	<b>284,944</b>	<b>268,931</b>	<b>260,071</b>	<b>247,982</b>	<b>240,933</b>	<b>234,304</b>	<b>229,246</b>	<b>238,185</b>
<b>Value of foreign trade handled by entire Port of Houston (c)</b>										
Imports	\$ 74,922,028	\$ 52,513,714	\$ 63,704,252	\$ 69,090,105	\$ 59,594,077	\$ 49,616,268	\$ 59,493,988	\$ 75,023,441	\$ 74,287,778	\$ 83,252,965
Exports	94,737,917	74,035,317	93,841,724	90,159,307	71,905,598	63,303,533	76,535,738	92,016,308	94,050,299	93,407,834
<b>Total</b>	<b>\$169,659,945</b>	<b>\$126,549,031</b>	<b>\$157,545,976</b>	<b>\$159,249,412</b>	<b>\$131,499,675</b>	<b>\$112,919,801</b>	<b>\$136,029,726</b>	<b>\$167,039,749</b>	<b>\$168,338,077</b>	<b>\$176,660,799</b>

- Note (a) Source: The Authority
- Note (b) Source: U.S. Army Corps of Engineers, Waterborne Commerce of the U.S.
- Note (c) Source: Bureau of Census U.S. Department of Commerce
- Note (d) Amounts not available for 2021.

## Port of Houston Authority of Harris County, Texas Freight Traffic Statistics Graph Last Ten Years



- Note: Foreign tonnage is not available for 2021.

**Port of Houston Authority of Harris County, Texas**  
**Cargo Statistics**  
**Last Ten Fiscal Years**  
(in thousands of short tons)  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Total Revenue Tonnage</b>										
Including Bayport companies	51,938	46,853	48,142	46,679	44,281	44,839	45,168	46,637	44,669	44,035
Excluding Bayport companies	44,533	41,688	43,137	40,863	38,274	34,847	35,744	37,620	35,825	35,059
<b>General Cargo (a)</b>	34,438	31,708	34,074	31,653	28,878	25,226	27,360	26,854	24,735	25,278
<b>Bulk Materials Handling Plant</b>	2,668	2,562	3,057	3,796	3,230	3,330	2,908	5,191	5,152	4,692
<b>Grain Elevator #2</b>	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311	2,264	1,294
<b>Other Bulk Movements</b>										
Excluding Bayport companies (b)	4,935	4,651	3,708	4,039	4,026	3,419	3,126	3,265	3,675	3,796
Including Bayport companies	7,404	5,165	5,005	5,815	6,007	9,992	9,424	9,016	8,843	8,975
<b>Barbours Cut Terminal</b>										
Bulk (b)	-	15	42	51	3	3	-	-	-	-
General cargo (a)	12,147	12,293	11,185	10,687	9,808	9,467	11,395	11,100	10,559	10,117
<b>Bayport Container Terminal</b>										
General cargo (a)	16,530	15,385	16,603	14,605	13,027	10,855	8,589	6,977	7,265	7,355
<b>Steel (a)</b>										
Import	3,327	2,202	3,980	4,303	3,626	2,288	4,643	6,343	4,350	5,093
Export	38	51	72	61	68	80	141	236	303	391
<b>Autos - Turning Basin</b>										
Tons - import (a)	114	98	134	152	141	161	168	129	143	176
Tons - export (a)	2	1	4	4	3	8	14	13	21	28
Units - import	50	44	61	74	74	83	82	63	71	94
Units - export	-	-	1	1	1	2	6	5	8	11
<b>Bagged Goods (a)</b>										
Import	282	196	263	133	232	168	167	65	53	137
Export	20	18	18	84	45	40	46	57	191	88
<b>Container TEU</b>	3,453	2,989	2,987	2,700	2,459	2,183	2,131	1,951	1,950	1,935

- Source: The Authority

- Note (a) Tonnage included in General Cargo above

- Note (b) Tonnage included in Bulk Cargo above



**Port of Houston Authority of Harris County, Texas**  
**Vessel Arrivals**  
(unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Houston Ship Channel</b>										
Break bulk	549	565	623	642	667	744	883	987	1,019	998
Bulk carrier	784	724	773	743	860	827	876	1,003	809	729
Containers	977	1,091	1,041	962	912	940	1,003	1,012	966	1,013
Cruise	-	-	-	-	-	31	48	38	9	-
Roll-on/roll-off	-	-	-	6	30	35	12	9	29	49
Tankers	5,057	5,096	5,417	5,445	4,851	5,129	5,047	4,746	4,955	4,983
Tug Tow	438	443	412	450	503	448	384	386	369	454
Vehicle carrier	76	76	99	129	110	109	111	112	119	138
Other	5	12	10	10	13	6	12	46	16	31
<b>Total Vessel Arrivals</b>	<b>7,886</b>	<b>8,007</b>	<b>8,375</b>	<b>8,387</b>	<b>7,946</b>	<b>8,269</b>	<b>8,376</b>	<b>8,339</b>	<b>8,291</b>	<b>8,395</b>
<b>PHA Public Wharves</b>										
<b>Turning Basin</b>										
Ships	744	677	699	779	839	864	1,066	1,258	1,121	1,130
Barges	667	878	890	1,182	1,063	935	971	1,016	1,789	1,585
<b>Bulk Plant, Jacintoport, Care, Woodhouse, and HPGE#2</b>										
Ships	478	508	534	435	872	517	502	597	596	581
Barges	438	560	568	547	443	504	424	611	492	632
<b>Barbours Cut</b>										
Ships	454	571	554	527	500	560	581	664	822	771
Barges	-	5	35	54	33	36	98	113	23	88
<b>Bayport Container Terminal</b>										
Ships	525	522	523	476	463	490	494	356	349	355
Barges	50	62	111	172	164	175	119	107	68	63
<b>Bayport Cruise Terminal</b>										
Cruise	-	-	-	-	-	31	48	38	9	-
Layberth	-	-	-	-	-	-	42	39	42	48
<b>Bayport Companies</b>										
Ships	624	744	843	765	777	793	856	672	732	713
Barges	1,815	1,291	1,327	1,635	1,679	2,402	2,166	2,145	2,148	2,160
<b>Total PHA Arrivals</b>										
Ships (a)	2,858	3,097	3,165	3,005	3,027	3,248	3,528	3,654	3,661	3,593
Barges	3,734	3,526	3,673	4,480	4,153	4,693	4,348	4,611	4,521	4,533

- Source: Piers Global Intelligence Solutions

- Note (a) Included in Total Vessel Arrivals for the Houston Ship Channel

**Port of Houston Authority of Harris County, Texas**  
**Bulk Commodity Statistics**

**Last 10 Fiscal Years**

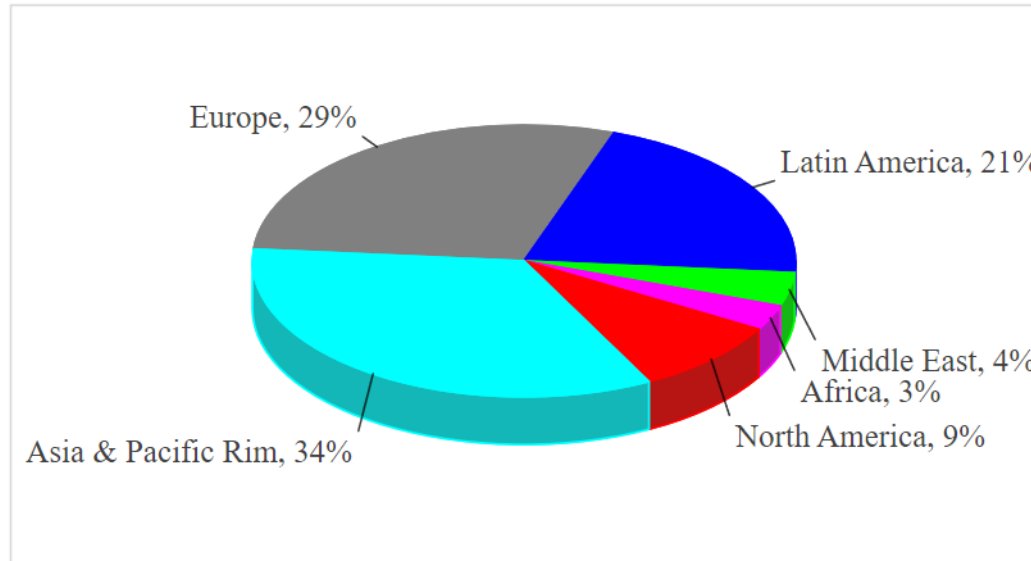
(in thousands)  
(short tons)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Coke	2,212	2,562	2,439	3,012	2,898	3,313	2,809	3,282	2,712	2,970
Coal	456	-	618	784	333	16	100	1,909	2,441	1,729
Fertilizer	97	138	109	90	71	90	51	62	75	18
Grain	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311	2,264	1,286
Industrial Chemical	9,751	8,028	7,347	8,362	8,451	11,957	11,240	10,864	10,563	10,895
Molasses	321	336	367	301	242	243	255	253	249	263
Petroleum Products	312	286	444	645	554	508	458	361	581	621
Tallow	134	249	155	180	275	152	154	191	182	251
Dry Bulk	1,667	704	173	142	269	287	242	356	525	601
Vegetable Oil	55	76	119	135	170	175	150	194	341	105
Miscellaneous Bulk	-	-	-	-	-	-	-	-	-	17
<b>Totals</b>	<b>17,498</b>	<b>15,145</b>	<b>14,069</b>	<b>15,026</b>	<b>15,403</b>	<b>19,613</b>	<b>17,809</b>	<b>19,783</b>	<b>19,933</b>	<b>18,756</b>

- Source: The Authority

**Port of Houston Authority of Harris County, Texas  
Foreign Trade through the Port of Houston**

**2021 Foreign Trade Through the Port of Houston by Region (\$ Value)**

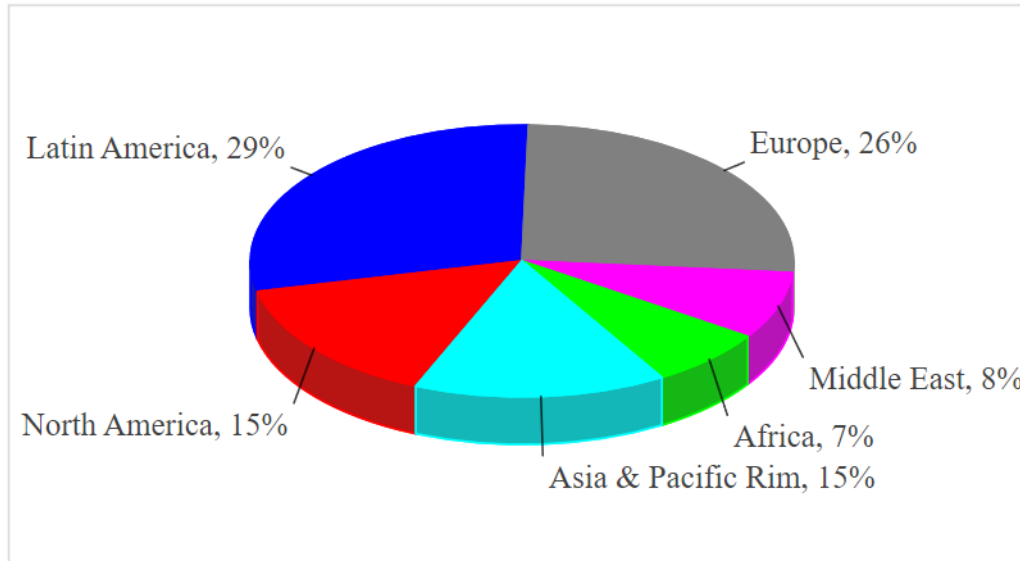


**TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2021 (000s)**

	<u>Imports</u>	<u>Exports</u>	<u>Total</u>	<u>Percent of World Total</u>
Asia & Pacific Rim	\$ 28,926,526	\$ 28,810,103	\$ 57,736,629	34 %
Europe	26,288,494	22,282,253	48,570,747	29 %
Latin America	10,462,401	25,333,202	35,795,603	21 %
North America	5,016,943	10,554,290	15,571,233	9 %
Middle East	2,905,765	3,466,611	6,372,376	4 %
Africa	1,321,899	4,291,458	5,613,357	3 %
<b>Worldwide Totals</b>	<b>\$ 74,922,028</b>	<b>\$ 94,737,917</b>	<b>\$ 169,659,945</b>	<b>100 %</b>

**Port of Houston Authority of Harris County, Texas  
Foreign Trade through the Port of Houston**

**2012 Foreign Trade Through the Port of Houston by Region (\$ Value)**



**TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2012 (000s)**

	Imports	Exports	Total	Percent of World Total
Latin America	\$ 12,839,070	\$ 37,937,637	\$ 50,776,707	29 %
Europe	23,854,542	21,306,954	45,161,496	26 %
Asia & Pacific Rim	15,111,990	12,235,731	27,347,721	15 %
North America	15,775,284	9,931,560	25,706,844	15 %
Middle East	9,274,180	5,329,956	14,604,136	8 %
Africa	6,397,899	6,665,996	13,063,895	7 %
<b>Worldwide Totals</b>	<b>\$ 83,252,965</b>	<b>\$ 93,407,834</b>	<b>\$ 176,660,799</b>	<b>100 %</b>

- Source: Global Trade Atlas, U.S. Dept. of Commerce, Bureau of Census

**Port of Houston Authority of Harris County, Texas**  
**Number of Regular Authority Employees by Type**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Exempt Employees	256	248	244	222	215	207	199	179	183	182
Non Exempt Maintenance	235	226	229	211	215	171	169	205	194	206
Non Exempt Employees	210	208	210	219	190	219	215	158	151	154
<b>Total Active Employees</b>	<b>701</b>	<b>682</b>	<b>683</b>	<b>652</b>	<b>620</b>	<b>597</b>	<b>583</b>	<b>542</b>	<b>528</b>	<b>542</b>

- Source: The Authority

This page intentionally left blank





**Port of Houston Authority**

111 East Loop North  
Houston, TX 77029

P: 713.670.2400

F: 713.670.2554

[porthouston.com](http://porthouston.com)