



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended December 31, 2024 and 2023

Port of Houston Authority

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Prepared by:

Office of the Controller, Port of Houston Authority

On the cover: Unloading for the future, Bayport Terminal is one of two container terminals operated by the Port of Houston Authority, handling 2.59 million TEUs in 2024.

Port of Houston Authority of Harris County, Texas

**Annual Comprehensive Financial Report
For the Years Ended December 31, 2024 and 2023**

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

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Port of Houston Authority of Harris County, Texas
Annual Comprehensive Financial Report
For the Years Ended December 31, 2024 and 2023

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INTRODUCTORY SECTION

April 29, 2025

Port Commission

Port of Houston Authority of Harris County, Texas

Houston, Texas

Port Commission Chairman, Members of the Port Commission and Citizens of Harris County:

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, 2024. 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 822 active, regular employees as of December 31, 2024 and utilized 649 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 other 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. It owns approximately 3,800 acres of developed properties and approximately 4,200 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 and used by third-parties.

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, which adjoins the city of Morgan's Point and is also partially within the city of La Porte, is located 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 to approximately 3 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 4 million TEUs.

Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, 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. 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 freight railroad carriers and the Authority that serve industry along the ship channel and the Authority.

The Authority also owns or manages approximately 12,000 acres of submerged land in and adjoining the County, which the Authority may lease to adjacent property owners and others.

As the Non-Federal Sponsor of the Houston Ship Channel, the Authority helps provide 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 adoption of the Water Resources Development Act of 2020. The project is expected to 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

2024 was a year of recalibration and continued movement toward post-COVID 19 normalization for the U.S. economy. Although GDP for the year grew at a 2.8% rate, nearly identical to the 2.9% in 2023, quarterly performance was more volatile. Q1 growth at 1.6% was then nearly doubled to 3.0% in Q2 and 3.1% in Q3, defying most economists' expectations, before moderating at 2.3% in Q4.

The U.S. trade imbalance widened during the year, finishing at \$918.4 billion, up \$133.5 billion from 2023. Exports rose \$119.8 billion while imports rose \$253.3 billion.

Labor markets remained strong during the year with unemployment rising only modestly from 3.8% to 4.1%. Higher productivity helped to offset some of the wage pressures, as non-farm business productivity was up 2.3% for the year, as output increased 2.9%. Although overall non-farm unit labor costs rose a commensurate 2.6% in 2024, hourly compensation rose 5.0%.

The Consumer Price Index for all items increased 2.9% for 2024. Within the index, the service component, less energy services, was up 4.4% for the year, well above the Fed's target rate of 2%. The all items less food and energy component rose 3.2% for the year. While energy costs abated in 2024, pricing pressures continued in food, housing and auto insurance costs, remaining well above the Fed's target rate of 2%.

The slow Q1 2024 GDP growth rate initially sparked concerns of recession. However, continued strength in consumer spending, investment, government spending and trade kept the economy healthy, and economists shifted to a consensus view that a soft landing was possible. The slow but steady decline in monthly inflation numbers prompted the Fed to shift focus from that of containing inflation to maintaining full employment; in the fall of 2024, the Fed lowered its target Fed Funds rate three times, from the 2023 range of 5.25%-5.5% to 4.25%-4.5%.

By year-end, continued healthy consumer spending and economic activity, along with persistent price pressures, caused the Fed to assume a more cautious outlook in determining future rate cuts.

Financial markets performed well during the year, with the S&P 500 generating a total return of 25%. The ten-year treasury bond traded within a range of 4.7% to 3.6%, finishing 2024 at 4.5%, from 3.9% at the end of 2023.

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 2025, the Authority has budgeted revenues of \$762 million. While representing a 13% increase from the 2024 budgeted revenues of \$676 million, this 2025 budget projects an increase of 2% from actual 2024 results. Budgeted nonoperating revenues in 2025 are down \$4 million versus the prior year budget, due primarily to lower interest income on securities and time deposits, partially offset by higher receipts related to grants. Total expenses are budgeted at \$505 million, an 11% increase versus the prior year budget, due primarily to increased operating expenses at our container terminals driven by volume growth, as well as increased depreciation expense driven by a large number of capital improvement projects. Excluding revenues and expenses related to property tax-supported debt and collection, the Authority projects net income of \$257 million for 2025 or 17% higher than the 2024 budget. The Authority also expects to generate operating cash flows of about \$310 million in 2025.

During 2024, the Authority awarded \$482 million in capital improvements, supported by available cash and investments as well as the Note Purchase Program described in Note 6, "Debt," in the Notes to the Financial Statements.

In 2025, the Authority expects to commit \$391 million for various capital projects. Approximately \$274 million will be allocated to its container terminals for continuing development of Bayport and modernization at BCT, while \$19 million relates to improvements at the general cargo and bulk terminals, and another \$21 million is designated for channel development projects. The remaining 2025 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 Channel, the Authority is also responsible for funding a portion of Project 11, which began construction in 2022.

Major Initiatives

Houston Ship Channel Expansion Channel Improvement Project

The Channel is a federally authorized deep draft navigation channel, which serves the greater Houston region. Located in Chambers, Galveston, and Harris Counties, Texas, the Channel is a high-use channel and the busiest waterway in the U.S. with over 8,000 deep draft and 200,000 barge transits per year. The Channel provides access to the Authority's eight public terminals and over 200 private docks and berthing areas.

As the non-federal sponsor of the Channel, the Authority is preparing now for the future needs of vessels and businesses, and with the U.S. Army Corps of Engineers-Galveston District (USACE-SWG), is accelerating the Channel expansion, also known as Project 11 (federally identified as the Houston Ship Channel Expansion Channel Improvement Project). Project 11, considered to be the 11th major improvement to the Channel, includes widening the channel by 170 feet (from 530 to 700 feet) along its Galveston Bay reach, widening the Bayport and Barbours Cut Channels to 455 feet, deepening some upstream segments (up to -46.5 feet MLLW), making other safety and efficiency improvements (i.e., bend easings), and constructing new environmental features including approximately 10-acres of bird islands, 276-acres of instant intertidal marsh, and 324-acres of oyster reefs, and over 600 acres or 12.4 million cubic yards of future Operation & Maintenance capacity.

The initial contracts were let in the fourth quarter of 2021 and construction commenced in 2022, and pending federal authorization, is expected to continue through 2028, making the Channel safer and more efficient and ensuring this waterway will continue to remain the national economic treasure it is today. The status of Authority-led contracts is summarized below.

- Beltway 8 Site Clearing and Grubbing (Package 2, Segment 4) was advertised in February 2021 and constructed between June 2021 and June 2022.
- Houston Ship Channel Dredging, Bolivar Roads to Redfish (Package 3/4A, Segment 1A) was advertised in July 2021. Construction commenced in April 2022 with dredging completed in March 2023. Construction of Long Bird Island was completed and accepted by the U.S. Army Corps of Engineers in August 2024.
- Abandoned Pipeline Removal (as required prior to Houston Ship Channel dredging in Segments 1B and 1C) was advertised in August 2021 and constructed between January and July 2022.
- Houston Ship Channel Dredging, Redfish to Bayport (Package 4B/5, Segments 1B, 1C, and 2) was advertised in November 2021, and awarded to two separate contractors for mechanical and hydraulic dredging work. Mechanical dredging work, including construction of the oyster reef mitigation, commenced in December 2022 and was completed February 2024. Hydraulic dredging work commenced in January 2023, Segment 2 was completed December 2023 and Segment 1B and southern portion of 1C were completed in December 2024. Work is expected to remain ongoing for the construction of Three Bird Island until Q3 2025.
- LBC ATON (aids to navigation) Relocation (Segment 2) was advertised in February 2024 and construction of new foundation structure and relocation of ATON was carried out between August and October 2024.

- Houston Ship Channel Dredging, Bayport to Barbours Cut (Package 6, Segment 1C) was advertised in October 2023 with construction commencing in August 2024. Dredging work is expected to be completed between Q1 and Q2 2025 and construction of Marsh Cell M11 will remain ongoing through Q3 2025.

Approved by the Port Commission in October 2021, the Authority issued \$322.1 million par value First Lien Revenue Bonds, Series 2021 (Non-AMT) ("Series 2021 Revenue Bonds") to finance a portion of the costs for the design, construction, property acquisition, and equipment for Project 11. In 2023, following Port Commission approval, the Authority issued \$393.6 million in First Lien Revenue Bonds, Series 2023 (Non-AMT) ("Series 2023 Revenue Bonds") to support remaining costs associated with Project 11.

Strategic Plan

In response to new challenges and opportunities, and the statutory requirement to re-evaluate the strategic plan every five years, the Authority recently adopted a five-year Strategic Plan for 2025 and beyond. This plan guides the pursuit of the Authority's mission, to move the world and drive regional prosperity, and revamped vision, to be the nation's premier maritime gateway for sustainable growth and opportunity.

Based on this plan, staff and resources are aligned under the strategic goals of Maritime Economic Development, Partnerships, and People and Organization. Driven by the focus areas of channel, cargo, and change, the Authority will continue to work to facilitate safe navigation and grow maritime commerce within the Channel complex. Connection and community are the focal points for partnerships and will guide the Authority in its long-time efforts to expand regional maritime opportunities and enhance collaboration with stakeholders. Finally, the focus areas of culture and capital will help foster a collaborative, results-oriented organization and a culture of shared leadership. Specific objectives for 2025 include, but are not limited to, supporting the completion of Project 11, continuing execution of the Authority's master plan to grow container capacity, conducting a needs assessment to inform community investments, enhancing organizational culture through employee experience and change management initiatives, and enhancing safety and security readiness.

Terminal Improvements

The Authority also evaluates its strategic plans to help maintain its competitive position in the global marketplace. This can 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 infrastructures and technologies.

Containerized cargo is handled by the Authority at BCT and Bayport. Today these terminals have a combined fleet of 35 wharf (STS) cranes, 147 Rubber Tired Gantry (RTG) cranes, 15 empty handlers, and additional heavy duty and other cargo handling equipment.

2024 was a busy year and 2025 promises to be just as busy with regards to capital projects and improvements for the container terminals. Improvements to wharves, yards, gates, and other areas of the terminals are expected to allow for more capacity and better service to Authority customers and encourage more business at the Authority as it continues to serve as a primary U.S. gateway for global cargo distribution.

The construction of Wharf 7 at Bayport began in mid-2023 and is scheduled to be completed in the fourth quarter of 2025. Four Super Post Panamax STS cranes will also be delivered in the first quarter of 2026 to support this wharf expansion. Three Super Post Panamax cranes

arrived in late 2024, increasing the fleet at Bayport to 18. Twelve additional RTGs arrived in the fourth quarter of 2024, which increased the Bayport fleet from 66 to 78.

Construction efforts began the second half of 2024 to expand the Bayport Truck Exit gate. Activities are scheduled to be completed in summer 2025.

Container Yard 1 North and Middle completed construction early 2024, bringing increased capacity to Bayport. Yards 1 South and 8 are set to begin construction early 2025 and are estimated to be completed in the fourth quarter of 2026. These yard expansion projects are necessary to keep up with business growth expectations in upcoming years.

The construction work for Wharf 4/5 at BCT began in the third quarter of 2023, with estimated completion for this wharf section in mid-2025. Four Super Post Panamax wharf cranes will be added as part of this project. Two older wharf cranes were demolished in 2024 to accommodate space for the new cranes. Wharf Rehabilitation for Wharf 5/6 will begin early 2026 and will include 4 STS cranes once completed.

Construction activities are also underway for Container yard areas 6 and 7. This large redevelopment project began in late 2023. Phase 1 of this project is set to be completed in summer 2025 with Phase 2 to be initiated upon completion of Phase 1. 14 new RTGs arrived in 2024, growing the BCT fleet to 69. Five additional RTGs are scheduled to arrive in 2025.

The West End Interim yard development was completed in early 2024, and was put into operations providing increased container stacking capacity to BCT. Design efforts have also been initiated for additional re-development of areas of the container yards, to allow for more efficient, safer and denser yard operations. These areas include the south rim of the facility, the C7 North Empty yard, and future use of the West End and Intermodal yards.

The new maintenance facility was completed in the third quarter of 2024. The maintenance staff and activities consolidated in this facility will better provide the terminal with efficient facility and equipment maintenance, as the former maintenance buildings are being evaluated for demolition or rehabilitation. Traffic light installation at the cul-de-sac area was completed in 2024, and helped provide a safer intersection at a main terminal entrance point.

Moving on to improvements at the multi-purpose facilities, there have been a series of major roof repairs to transit sheds 21 and 22 at the northside Turning Basin, which began in April 2024 and were completed in first quarter of 2025.

Roof repairs to transit sheds 18 and 19 are currently underway and scheduled to be completed by June 2025 (the Care Terminal shed also received a new roof along with new paneling and paint). Wharfs 9, 16, and 20 at the northside Turning Basin will receive new bulkheads that will help with the completion of Project 11. Wharf 16 began construction in January 2025 and is scheduled to be completed in summer 2025. Wharf 20 construction will start in the beginning of 2025 and is estimated to be completed at the end of 2025. Wharf 9 construction is expected to start in the first quarter of 2026 and estimated completion is at the end of 2026.

Regarding the southside Turning Basin, construction is underway for a new water line that replaces the current line from wharf 4 to wharf 48, and is expected to be complete in the first half of 2025. Construction of a new fender system at Wharf 1 west began in April 2023 and was completed in January 2024. Wharf 2 fender system installation is scheduled to begin Summer 2025 and be complete in the first quarter of 2026.

Environmental, Sustainability, Safety and Governance (ESSG)

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 into in 2019.

In 2021, the Authority developed its first Environment, Social, Safety, & Governance (ESSG) Report, which identifies current sustainability initiatives being undertaken by the Authority plus brand-new initiatives to explore. The new initiatives were agreed upon with local industry, academia, and community representatives, centered around air quality, clean energy, community strengthening, transparency, and circular economy. The Authority also developed an engagement model of "Lead, Partner, and Support." This outlines how the Authority stays involved with these initiatives. Progress has also been made in expanding the Authority's Maritime Education and Community Grants programs, and addressing drayage truck emissions and air quality effects from inside Authority property. For 2024, the Authority budgeted over \$100 million towards sustainability programs with plans to increase that funding as opportunities increase.

Tenants operating on Authority property are also audited periodically for compliance with the environmental terms of their leases. In 2024, the Authority conducted 100 compliance audits of tenant and Authority facilities.

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 nonoperational-related sources of income and expense outside of the Operating income section of the Statements of Revenues, Expenses and Changes in Net Position. During 2024, the Authority recognized \$88,700 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, 2024 and 2023 listed in the foregoing Table of Contents were audited by an independent audit firm appointed by the Port Commission. The audit opinion rendered by Forvis Mazars, LLP for December 31, 2024 is included in the Financial Section of this report.

Certificates of Achievement

The Government Finance Officers Association of the United States and Canada ("GFOA") awards a Certificate of Achievement for Excellence in Financial Reporting. 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. The Authority has received this award for 50 consecutive years.

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 approximately every two years thereafter. The Authority was last awarded this Certificate of Distinction in June of 2024. 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.



Charlie Jenkins
Chief Executive Officer



Tim Finley
Chief Financial Officer



Curtis E. Duncan
Controller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Port of Houston Authority
Texas**

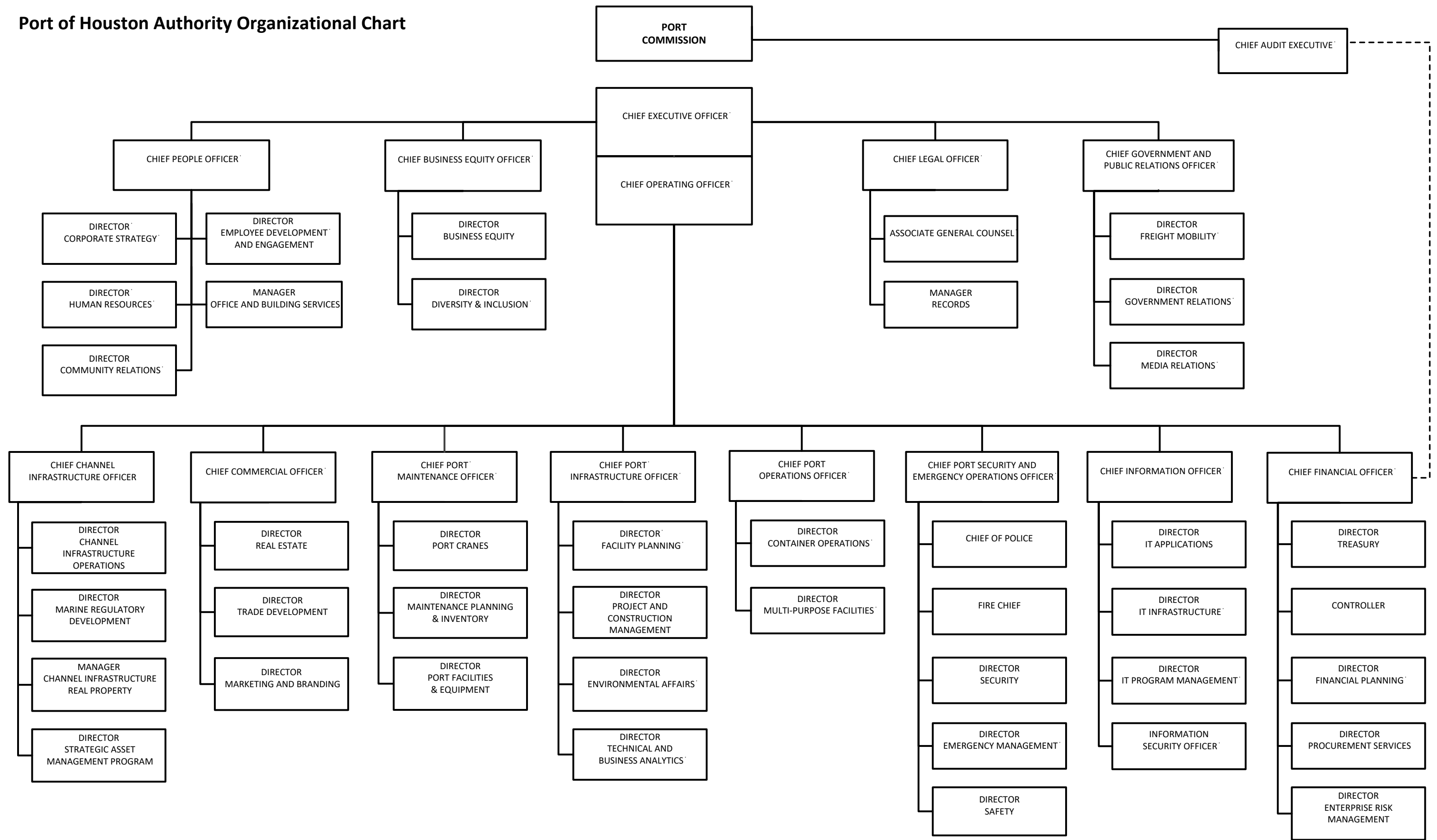
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

Christopher P. Morrill

Executive Director/CEO

Port of Houston Authority Organizational Chart



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
Alan A. Robb, Commissioner
Wendolynn "Wendy" Montoya Cloonan, Commissioner
Thomas Jones, Commissioner

Other Officials

Charlie Jenkins, Chief Executive Officer
Thomas J. Heidt, Chief Operating Officer
Lori Brownell, Chief Channel Infrastructure Officer
Rich Byrnes, Chief Port Infrastructure Officer
Curtis E. Duncan, Controller
Erik A. Eriksson, Secretary and Chief Legal Officer
Tim Finley, Chief Financial Officer
Kerrick Henny, Chief Government and Public Relations Officer
Ryan Mariacher, Chief Port Operations Officer
John Moseley, Chief Commercial Officer
Amy Seymour, Chief Port Security and Emergency Operations Officer
Jessica Shaver, Chief People Officer
Paulo Soares, Chief Port Maintenance Officer
Charles Thompson, Chief Information Officer
Shannon Williams, Chief Audit Executive
Carlecia Wright, Chief Business Equity Officer
Dr. Carla Wyatt, County Treasurer

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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 (Authority), as of and for the years ended December 31, 2024 and 2023, 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 Authority as of December 31, 2024 and 2023, and the respective changes in financial position and, where applicable, its cash flows 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 (*Government Auditing Standards*). 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 audits. 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 GAAS, 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 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 GAAS. 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 and additional bond disclosures but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 29, 2025 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.

Forvis Mazars, LLP

**Houston, Texas
April 29, 2025**

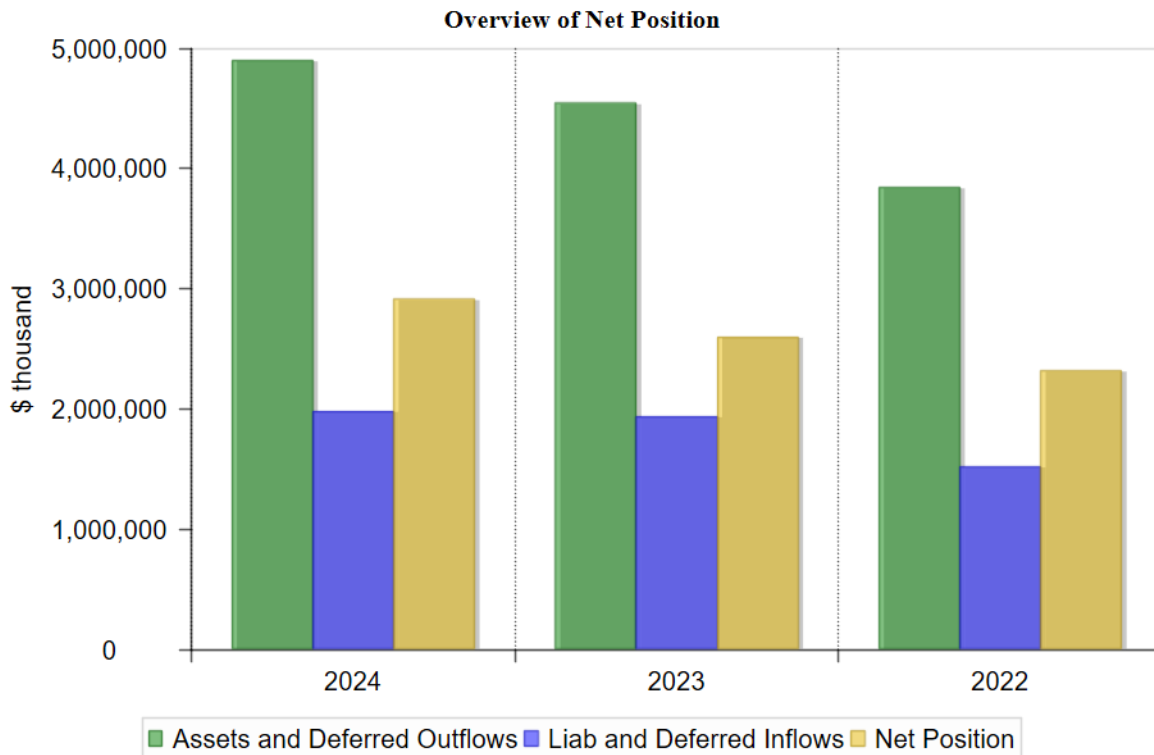
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Port of Houston Authority of Harris County, Texas
Management's Discussion and Analysis
For the Years Ended December 31, 2024 and 2023
(unaudited)

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, 2024 and 2023.

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 2024

- The net position of the Authority on December 31, 2024 was \$2,914,397, increasing \$312,680 or 12% over the prior year.
- The Authority's total assets and deferred outflows of resources increased by \$356,985 or 8% during the fiscal year ended December 31, 2024. The majority of this change stems from an increase in capital assets of \$472,960, current assets - cash and cash equivalents of \$177,238, long term lease receivables of \$85,725, receivables net of allowance for uncollectibles of \$21,254, and net Other Post-Employment Benefits (OPEB) asset of \$10,580. These are offset by a decrease in restricted assets - cash and cash equivalents of \$172,914, current assets - short term investments of \$131,756, deferred outflows of resources related to pensions of \$10,952, and deferred outflows of resources related to OPEB of \$3,142.
- The Authority's total liabilities and deferred inflows of resources increased by \$44,305 or 2%; the majority of this change stems from an increase in deferred inflows of resources related to leases of \$83,782, accounts payable and other current liabilities of \$9,905, and other noncurrent liabilities of \$1,587. This is offset by a decrease in long-term debt (Series 2023 Revenue Bonds), net of current maturities of \$46,511, and net pension liability of \$15,458.
- Current assets exceeded current liabilities by \$1,112,055.
- Net investment in capital assets (net of accumulated depreciation and debt) grew 20% to \$2,055,561.
- Operating revenues were \$634,491, increasing 8% over the prior year.
- Total operating expenses were \$443,012, reflecting a 12% increase over the prior year.
- The Authority generated operating income of \$191,479 in 2024 and \$190,153 in 2023.

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 (71%) 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 (3%) represents resources that are restricted for debt service and net OPEB asset. The remaining balance of unrestricted net position (26%) 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)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Assets			
Current and other assets	\$ 1,831,477	\$ 1,933,226	\$ 1,690,082
Capital assets	<u>3,063,270</u>	<u>2,590,310</u>	<u>2,118,625</u>
Total Assets	4,894,747	4,523,536	3,808,707
 Deferred Outflows of Resources	 <u>5,475</u>	 <u>19,701</u>	 <u>35,367</u>
Total Assets and Deferred Outflows of Resources	<u>4,900,222</u>	<u>4,543,237</u>	<u>3,844,074</u>
 Liabilities			
Long-term liabilities (including current portion)	1,299,321	1,358,318	959,276
Other liabilities	<u>164,145</u>	<u>148,757</u>	<u>121,593</u>
Total Liabilities	1,463,466	1,507,075	1,080,869
 Deferred Inflows of Resources	 <u>522,359</u>	 <u>434,445</u>	 <u>442,767</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,985,825</u>	<u>1,941,520</u>	<u>1,523,636</u>
 Net Position			
Net investment in capital assets	2,055,561	1,710,445	1,476,612
Restricted	100,658	89,810	71,179
Unrestricted	<u>758,178</u>	<u>801,462</u>	<u>772,647</u>
Total Net Position	<u>\$ 2,914,397</u>	<u>\$ 2,601,717</u>	<u>\$ 2,320,438</u>

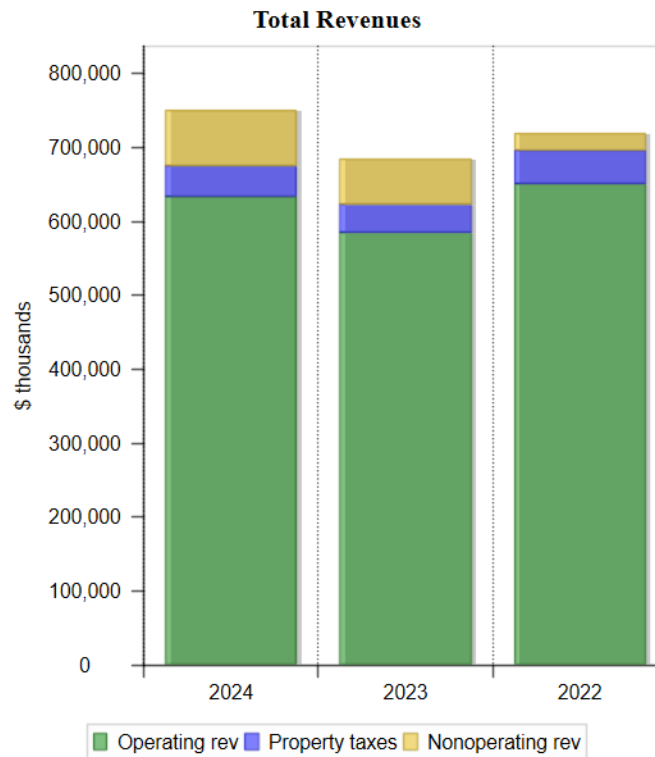
The Authority's net position increased by \$312,680 during the fiscal year ended December 31, 2024. Net investment in capital assets increased \$345,116, resulting primarily from a net increase in capital assets of \$472,960. During fiscal year 2024, restricted net position increased \$10,848, primarily due to an increase in net OPEB assets of \$10,580, and debt service of \$268. The unrestricted net position decreased \$43,284.

The Authority's restated net position increased by \$281,279 during the fiscal year ended December 31, 2023. Net investment in capital assets increased \$233,833, resulting primarily from a net increase in capital assets of \$471,685 and debt service proceeds of \$178,515, reduced by an increase in outstanding debt of \$389,300. Non-operating investment income increased \$33,133, primarily due to an increase in bank interest income of \$12,935, securities interest income of \$9,661, and an increase in the market value of investments of \$10,448. During fiscal year 2023, the restricted net position increased \$18,631, primarily due to an increase in net OPEB assets of \$19,705. The unrestricted net position increased \$28,815.

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)

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Operating revenues:			
Vessel and cargo services	\$ 593,000	\$ 547,976	\$ 614,714
Rental of equipment and facilities	19,642	19,737	22,886
Grain elevator	1,424	1,395	1,237
Bulk materials	3,774	4,556	4,288
Other	16,651	11,406	8,149
Nonoperating revenues:			
Investment income	58,575	51,602	11,515
Other	16,917	10,223	11,209
Nonoperating revenues related to property taxes:			
Property taxes	38,510	35,609	44,961
Investment income on bond proceeds	<u>2,467</u>	<u>2,213</u>	<u>531</u>
Total Revenues	<u>750,960</u>	<u>684,717</u>	<u>719,490</u>
Operating expenses:			
Maintenance and operations of facilities	259,212	240,332	236,575
General and administrative	73,793	57,415	54,335
Depreciation and amortization	110,007	97,170	85,588
Nonoperating expenses:			
Contributions to state and local agencies	89	1,463	8,414
Interest Expense on Revenue Bonds	26,918	17,750	9,681
Loss on disposal of assets	13,491	5	33
Other	1,046	223	76
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	12,317	12,229	13,002
Property tax collection expense	830	1,100	1,100
Other	<u>1,114</u>	<u>326</u>	<u>417</u>
Total Expenses	<u>498,817</u>	<u>428,013</u>	<u>409,221</u>
Income before capital contributions	252,143	256,704	310,269
Capital contributions from federal\state agencies	<u>60,537</u>	<u>24,575</u>	<u>10,030</u>
Changes in net position	312,680	281,279	320,299
Net position, January 1	<u>2,601,717</u>	<u>2,320,438</u>	<u>2,000,139</u>
Net position, December 31	<u><u>\$ 2,914,397</u></u>	<u><u>\$ 2,601,717</u></u>	<u><u>\$ 2,320,438</u></u>



In 2024, operating revenues increased \$49,421, or 8%, to \$634,491 due primarily to an increase in vessel and cargo services revenue, which included an increase in Loaded Container revenues of \$25,178, Export Storage fees of \$7,078, and Wharf Crane rental revenue of \$5,827. The Authority's container facilities volume increased to 4.13 million twenty-foot equivalent units ("TEUs") for the year, an increase of 8% from 2023, while total Authority tonnage increased 5% to 61.8 million tons in 2024. Other operating revenues increased \$5,245 or 46%, primarily due to higher submerged land rental income.

Nonoperating revenues related to property taxes in fiscal 2024 increased \$3,155, primarily due to an increase in tax rates from \$0.00574 in 2023 to \$0.00615 in 2024 per \$100 assessed valuation.

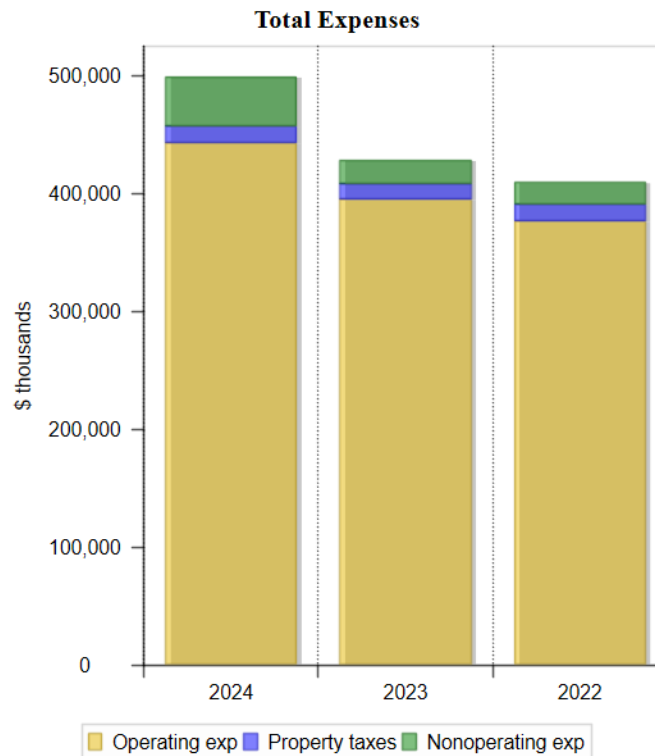
Nonoperating revenues in 2024 increased \$13,667, primarily due to increased interest income as a result of higher interest rates on deposits and investments, including the revenue bond fund, versus the prior year.

In 2023, operating revenues decreased \$66,204 or 10% to \$585,070 due primarily to a decrease in vessel and cargo services revenue, which included a decrease in Storage fees of \$94,796, partially offset by increased container revenues. The Authority's container facilities volume decreased to 3.82 million twenty-foot equivalent units ("TEUs") for the year, a decrease of 4% from 2022, while total Authority tonnage decreased 2% to 58.8 million tons in 2023. Other operating revenues increased \$3,257 or 40%, primarily due to higher dredged material placement fees and pipeline license fees.

Nonoperating revenues related to property taxes in fiscal 2023 decreased \$7,670 due to a decline in tax rates from \$0.00799 in 2022 to \$0.00574 in 2023 per \$100 assessed valuation.

Nonoperating revenues in 2023 increased \$39,101, primarily due to increased interest income as a result of higher interest rates on deposits and investments, including the revenue bond

fund, versus the prior year.



For fiscal 2024, Operating expenses increased \$48,095, or 12%, primarily due to increased wages driven by an increase in headcount of 7% and annual compensation increases. Engineering consulting fees for sediment sampling reporting and permitting, and equipment rental, also contributed to the increase. General and administrative expenses increased by \$16,378 or 29%, primarily due to a Port initiative upgrading our current enterprise system J.D. Edwards to a new cloud-based system, Workday. This upgrade is commonly referred to as 'NEXGEN'. There were also additional software costs, along with increased computer purchases and employee costs related to headcount. Depreciation\amortization increased by \$12,837 or 13% due primarily to higher depreciation costs of \$12,272 related to various Wharves, Container Cranes and RTG Cranes. Amortization is higher by \$565.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, increased \$606 due to bonds maturing; there were no new general obligation bonds issued in 2024.

Nonoperating expenses in 2024 increased \$22,103 primarily due to a loss on disposal for the Cruise Terminal Building of \$13,486 and an increase in revenue bond interest expense of \$9,168 partially offset by revenue bond premium amortization of \$1,416 and a decrease in Contributions to State and Local Governments of \$1,374.

For fiscal 2023, Operating expenses increased \$18,419, or 5%, primarily due to higher maintenance and operation of facilities expenses resulting from growth in container volumes, combined with chassis rentals, higher property insurance, and fees and services mainly related to crane inspections. General and administrative expenses increased by \$3,080 or 6%, primarily due to pension contributions along with an increase in expenses related to the annual Houston International Maritime Conference and incentive program expenses. Depreciation\amortization increased by \$11,582 or 14% due primarily to higher amortization

of \$8,376 related to maintenance dredging. Depreciation was higher by \$3,206.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased \$864 due to bonds maturing; there were no new general obligation bonds issued in 2023.

Nonoperating expenses in 2023 increased \$1,237, primarily due to an increase in revenue bond interest and bond issuance costs of \$6,287 and \$2,302, respectively, partially offset by revenue bond premium amortization of \$521 and a decrease in Contributions to State and Local Governments of \$6,951.

Capital Assets

The Authority's investment in capital assets as of December 31, 2024 totaled \$3,063,270 (net of accumulated depreciation/amortization), an increase of \$472,960 or 18% over the prior year.

Major capital asset activity (before depreciation) during 2024 included the following:

- Land and channel improvements increased by \$18,716 primarily due to the deepening and widening of berth 1 and berth 7 at Bayport Terminal.
- Improvements other than buildings increased \$182,456 primarily due to the construction of the container yard 1 North and the rail spur at Bayport Terminal; and the construction of the container yards 4 North and 5 North and the west-end interim container yard at Barbours Cut Terminal.
- Buildings increased \$7,385 primarily due to the construction of the new maintenance building at Barbours Cut Terminal, partially offset by the demolition of the Cruise Terminal Building.
- Machinery and equipment net increase totaled \$119,969 in 2024. This increase primarily consisted of \$80,028 purchase of several ship-to-shore cranes, rubber-tired-gantry cranes and dyna hoist drives retrofit for wharf 2, wharf 6, and container yard 1 north and middle at Bayport Terminal; and \$33,389 purchase of fourteen rubber-tired-gantry cranes for the Barbours Cut Terminal.
- Construction-in-progress increased \$217,226 in 2024 primarily due to the Houston Ship Channel Expansion Channel Project.
- Accumulated depreciation net of retirements increased by \$70,129 in 2024.

The Authority's investment in capital assets as of December 31, 2023, was \$2,590,310 (net of accumulated depreciation), an increase of \$471,685 or 22% over the prior year.

Major capital asset activity (before depreciation) during 2023 included the following:

- Land and channel improvements increased by \$18,683 primarily due to the deepening and widening at Bayport Channel and the land purchase for the new administration building.
- Improvements other than buildings increased \$119,894 primarily due to the construction of Wharf 6 at Bayport Terminal, and the gate expansion at Barbours Cut Terminal.
- Buildings increased \$10,061 primarily due to the restroom renovations at Turning

- Basin Terminal, and the expansion of the gate facility at Barbours Cut Terminal.
- Machinery and equipment net increase totaled \$11,655 in 2023. This increase primarily consisted of \$30,149 purchase of three Ship-to-shore cranes for Wharf 6 at Bayport and offset by capital asset write-offs.
- Construction-in-progress increased \$359,414 in 2023 primarily due to the Houston Ship Channel Expansion Channel Project.
- Accumulated depreciation net of retirements increased by \$60,858 in 2023.

Port of Houston Authority of Harris County, Texas
Capital Assets
(net of depreciation)
(in thousands)

	2024	2023	2022
Land and channel improvements	\$ 540,684	\$ 521,968	\$ 505,467
Land use rights - intangible	19,502	19,502	17,320
Buildings	84,834	57,898	51,852
Improvements other than buildings	1,110,018	984,267	912,683
Railroads	16,727	17,696	18,771
Machinery and equipment	371,155	282,187	272,346
Computer software - intangible	847	353	1,122
Construction-in-progress	912,631	695,405	335,991
Subscriptions - SBITA	146	1,455	3,073
Leases - machinery and equipment	6,726	9,579	-
	<u>\$ 3,063,270</u>	<u>\$ 2,590,310</u>	<u>\$ 2,118,625</u>
Total Capital Assets, net	<u>\$ 3,063,270</u>	<u>\$ 2,590,310</u>	<u>\$ 2,118,625</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 2024, the Authority had total debt outstanding of \$1,259,643 (net of premiums/discounts), consisting of \$370,992 in Series 2021 Revenue Bonds, \$418,624 in Series 2023 Revenue Bonds, and \$470,026 in Unlimited Tax Refunding Bonds ("General Obligation Bonds"). The General Obligation 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. Series 2021 Revenue Bonds and Series 2023 Revenue Bonds are first lien obligations and payable solely from the Authority's Net Revenues, as defined by the Authority's Master Resolution.

At the end of 2023, the Authority had total debt outstanding of \$1,304,769 (net of premiums/discounts), consisting of \$381,357 in Series 2021 Revenue Bonds, \$426,678 in Series 2023 Revenue Bonds, and \$496,734 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>2024</u>	<u>2023</u>	<u>2022</u>
General Obligation Bonds			
Unlimited Tax Refunding Bonds	\$ 470,026	\$ 496,734	\$ 523,850
Revenue Bonds	<u>789,617</u>	<u>808,035</u>	<u>391,619</u>
Total General Obligation and Revenue Bonds	1,259,643	1,304,769	915,469
Less Current Maturities	<u>(32,570)</u>	<u>(31,185)</u>	<u>(24,980)</u>
Long-Term Debt (net of unamortized premiums/discounts)	<u>\$1,227,073</u>	<u>\$ 1,273,584</u>	<u>\$ 890,489</u>

During 2024, the Authority issued no new debt. The Authority's total debt principal outstanding decreased \$19,625 and \$11,560 on General Obligation Bonds and revenue bonds, respectively, during 2024 due to scheduled debt service payments. Interest expense for 2024 on the General Obligation Bonds decreased \$113 and increased \$9,168 on revenue bonds.

During 2023, the authority issued \$393,585 in Series 2023 Revenue Bonds. The Series 2023 Revenue Bonds debt service is funded by the Authority's net revenues.

The below table provides Series 2021 and Series 2023 Revenue bond ratings:

<u>Year</u>	<u>Moody's</u>	<u>S & P</u>
2024	Aa3	AA+
2023	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 & P</u>
2024	AA	Aaa	AA+
2023	AA	Aaa	AA+

In October 2021, the Authority entered into a five year \$100,000 third lien note purchase financing agreement with Truist Bank. Additionally, in October 2024, the Authority entered into a new five year \$150,000 third lien note purchase financing agreement with Truist Bank. During the years of 2024 and 2023, the Authority made no draws against these facilities and both programs total commitment was unused.

In April 2022, the Authority established a \$300,000 Extendible Commercial Paper program but reduced the PAR amount of the program in October 2024 to \$150,000. In June 2024, the Authority established a new \$300,000 Extendible Commercial Paper program. During the years of 2024 and 2023, no extendible commercial paper was issued or outstanding.

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 2025 fiscal year, including inflation, the Treasury yield curve, 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.

The IMF projects global GDP growth to be 3.3% for both 2025 and 2026, slightly below the historical average of 3.7%. Global headline inflation is forecast to be 4.2% in 2025. Favorable to the IMF's outlook for 2025 is an upward adjustment to growth in the United States, offset by downside risks in other countries. The IMF recognized slowing growth in China, India, Japan and the Euro area.

The Consumer Price Index ("CPI") for all items increased 2.9% in 2024. The index for all items less food and energy also rose 3.2% over the 12-month period. The food index increased 2.5% in 2024 but the services less energy services index rose 4.4%. The energy price index fell 0.5%. Fuel oil prices dropped 13.1% from 2023 to 2024. The Authority uses CPI measures as the basis for periodic rate adjustments in many lease 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, 2024 and 2023 (in thousands)

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 728,459	\$ 551,221
Short-term investments	87,159	218,915
Receivables (net of allowance for uncollectibles)	90,161	68,907
Short term lease receivable	36,951	35,092
Accrued interest receivable - leases	1,050	715
Restricted assets		
Cash and cash equivalents	310,928	483,842
Property tax receivables	38,536	34,257
Prepaid and other current assets	15,526	55,064
Total Current Assets	1,308,770	1,448,013
Noncurrent Assets		
Investments	-	47,457
Net OPEB asset	57,763	47,183
Long term lease receivable	458,964	373,239
Prepaid and other noncurrent assets	5,980	17,334
Capital Assets (net of accumulated depreciation/amortization)		
Land and channel improvements	540,684	521,968
Land use rights - intangible	19,502	19,502
Buildings	84,834	57,898
Improvements other than buildings	1,110,018	984,267
Railroads	16,727	17,696
Machinery and equipment	371,155	282,187
Computer software - intangible	847	353
Subscriptions	146	1,455
Leases	6,726	9,579
Construction-in-progress	912,631	695,405
Total Capital Assets, net	3,063,270	2,590,310
Total Noncurrent Assets	3,585,977	3,075,523
Total Assets	4,894,747	4,523,536
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	4,133	15,085
Deferred outflows of resources related to OPEB	1,112	4,254
Deferred loss on bond refunding	230	362
Total Deferred Outflows of Resources	5,475	19,701
Total Assets and Deferred Outflows of Resources	\$ 4,900,222	\$ 4,543,237

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Net Position As of December 31, 2024 and 2023 (in thousands)

	<u>2024</u>	<u>2023</u>
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities	\$ 132,648	\$ 122,743
Fees received in advance and other reserves	18,381	12,663
Liabilities payable from restricted assets:		
Current maturities of long-term debt		
Revenue Bonds	12,135	11,560
Unlimited tax bonds	20,435	19,625
Accrued interest payable		
Revenue Bonds	8,336	8,480
Unlimited tax bonds	4,780	4,871
	<u>45,686</u>	<u>44,536</u>
Total Current Liabilities Payable from Restricted Assets		
	<u>45,686</u>	<u>44,536</u>
Total Current Liabilities	<u>196,715</u>	<u>179,942</u>
Noncurrent Liabilities		
Long-term debt, net of current maturities	1,227,073	1,273,584
Net pension liability	2,439	17,897
Other noncurrent liabilities	37,239	35,652
	<u>1,266,751</u>	<u>1,327,133</u>
Total Noncurrent Liabilities		
	<u>1,266,751</u>	<u>1,327,133</u>
Total Liabilities	<u>1,463,466</u>	<u>1,507,075</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	3,917	10
Deferred inflows of resources related to OPEB	27,262	26,493
Deferred inflows of resources related to leases	483,248	399,466
Deferred gain on bond refunding	7,932	8,476
	<u>522,359</u>	<u>434,445</u>
Total Deferred Inflows of Resources		
	<u>522,359</u>	<u>434,445</u>
Total Liabilities and Deferred Inflows of Resources	<u>1,985,825</u>	<u>1,941,520</u>
Net Position		
Net investment in capital assets	2,055,561	1,710,445
Restricted for:		
Debt Service	42,895	42,627
Net OPEB asset	57,763	47,183
Unrestricted	758,178	801,462
	<u>2,914,397</u>	<u>2,601,717</u>
Total Net Position		
	<u>2,914,397</u>	<u>2,601,717</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u><u>\$ 4,900,222</u></u>	<u><u>\$ 4,543,237</u></u>

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, 2024 and 2023
(in thousands)

	2024	2023
Operating revenues		
Vessel and cargo services	\$ 593,000	\$ 547,976
Rental of equipment and facilities	19,642	19,737
Grain elevator	1,424	1,395
Bulk materials	3,774	4,556
Other	16,651	11,406
Total operating revenues	634,491	585,070
Operating expenses		
Maintenance and operations of facilities	259,212	240,332
General and administrative	73,793	57,415
Depreciation and amortization	110,007	97,170
Total operating expenses	443,012	394,917
Operating income	191,479	190,153
Nonoperating revenues (expenses)		
Investment income	58,575	51,602
Interest Expense on Revenue Bonds	(26,918)	(17,750)
Contributions to state and local agencies	(89)	(1,463)
Loss on disposal of assets	(13,491)	(5)
Other, net	15,871	10,000
Total nonoperating revenues, net	33,948	42,384
Income before nonoperating revenues (expenses) related to property taxes	225,427	232,537
Nonoperating revenues (expenses) related to property taxes		
Property taxes, net of estimated uncollectible amounts	38,510	35,609
Investment income on bond proceeds	2,467	2,213
Interest expense on unlimited tax bonds	(12,317)	(12,229)
Property tax collection expense	(830)	(1,100)
Other, net	(1,114)	(326)
Total nonoperating revenues related to property taxes, net	26,716	24,167
Income before capital contributions	252,143	256,704
Capital contributions from federal\state agencies	60,537	24,575
Change in net position	312,680	281,279
Net position, January 1	2,601,717	2,320,438
Net position, December 31	<u>\$ 2,914,397</u>	<u>\$ 2,601,717</u>

See accompanying notes to the financial statements.

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Port of Houston Authority of Harris County, Texas

Statements of Cash Flows

For the Years Ended December 31, 2024 and 2023

(in thousands)

	2024	2023
Cash flows from operating activities:		
Cash received from customers	\$ 591,712	\$ 554,342
Cash paid to suppliers for goods and services	(66,533)	(154,034)
Cash paid to employees for services	(154,059)	(146,746)
Cash paid for employee benefits	(65,391)	(66,802)
Cash paid for other services	(101)	(33)
Cash received for other purposes	5,257	1,132
Net cash provided by operating activities	<u>310,885</u>	<u>187,859</u>
Cash flows from noncapital financing activities:		
Contributions paid to others	(89)	(1,463)
Property tax collection expenses paid	(1,122)	(1,080)
Net cash used in noncapital financing activities	<u>(1,211)</u>	<u>(2,543)</u>
Cash flows from capital and related financing activities:		
Property taxes received	34,410	37,838
Contributions received from federal agencies	46,291	20,318
Interim financing costs	(420)	(2,349)
Repayment of long-term debt	(31,185)	(24,980)
Interest payments received\paid on leases	10,224	8,963
Principal payments received on leases	38,640	38,770
Principal payments paid on leases	(2,799)	(2,945)
Interest payments paid on SBITAs	(479)	(64)
Principal payments paid on SBITAs	(340)	(2,061)
Proceeds from issuance of long-term debt	-	426,678
Interest on long-term debt	(48,954)	(28,519)
Acquisition and construction of capital assets	(593,194)	(525,195)
Proceeds from retirement of assets	524	300
Net cash (used in) capital and related financing activities	<u>(547,282)</u>	<u>(53,246)</u>
Cash flows from investing activities:		
Purchase of investments	(38,420)	(217,615)
Proceeds from maturities of investments	220,300	843,676
Interest on investments	60,052	44,981
Net cash provided by investing activities	<u>241,932</u>	<u>671,042</u>
Net increase (decrease) in cash and cash equivalents	4,324	803,112
Cash and cash equivalents, January 1	<u>1,035,063</u>	<u>231,951</u>
Cash and cash equivalents, December 31	<u>\$ 1,039,387</u>	<u>\$ 1,035,063</u>
Cash and cash equivalents Unrestricted	\$ 728,459	\$ 551,221
Cash and cash equivalents Restricted	310,928	483,842

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, 2024 and 2023

(in thousands)

	2024	2023
Reconciliation of net income to net cash provided by operating activities:		
Operating Income	\$ 191,479	\$ 190,153
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation\Amortization	110,007	97,170
Leases deferred inflows	(42,267)	(38,296)
Pension\OPEB deferred inflows	4,675	5,844
Pension\OPEB deferred outflows	14,093	15,534
Miscellaneous nonoperating income, net	4,971	815
Changes in assets and liabilities		
(Increase) \ decrease in trade and other receivables	(8,384)	6,756
Decrease \ (increase) in prepaids and other current assets	39,360	(44,377)
Decrease \ (increase) in dredging expenses paid in advance	810	(16,616)
Increase \ (decrease) in accounts payable and other liabilities	13,919	(7,772)
(Decrease) in net pension\OPEB liability (asset) and compensated absences	(24,086)	(23,058)
Increase in fees received in advance	6,308	1,706
Net cash provided by operating activities	\$ 310,885	\$ 187,859
Noncash investing, capital and financing activities		
(Decrease) in fair value of investments	\$ (1,684)	\$ (4,269)
Capital contributions from federal agencies	30,270	15,883
Capital asset acquisitions included in accounts payable, net change	(6,314)	26,227

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Fiduciary Net Position As of December 31, 2024 and 2023 (in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	2024	2023
Assets		
Cash and cash equivalents	\$ 3,750	\$ 3,313
Investment Securities		
Domestic Equity	151,974	129,772
International Equity	35,658	36,838
Fixed Income	125,552	117,842
Balanced Funds*	28,875	24,598
Accrued investment income	640	617
Total Assets	346,449	312,980
Liabilities		
Investment expenses	84	38
Total Liabilities	84	38
Net position restricted for pension / OPEB**	\$ 346,365	\$ 312,942

* Mutual Funds that include both equity and fixed income securities

**Net position restricted for OPEB	\$ 109,258	\$ 100,658
Net position restricted for Defined Contribution	14,946	10,929
Net Position restricted for Pension	222,161	201,355
	<u>\$ 346,365</u>	<u>\$ 312,942</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, 2024 and 2023

(in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	2024	2023
Additions:		
Employer contributions	\$ 11,558	\$ 11,752
Net investment income	37,256	28,529
Total additions	48,814	40,281
Deductions:		
Benefit payments	(14,898)	(22,363)
Administrative expenses	(493)	(444)
Total deductions	(15,391)	(22,807)
Net increase in net position	33,423	17,474
Net position restricted for pension / defined contribution / OPEB, beginning of year	312,942	295,468
Net position restricted for pension / defined contribution / OPEB, end of year	<u>\$ 346,365</u>	<u>\$ 312,942</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, 2024 and 2023
(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 ("the 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 ("the 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.

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

Port Houston Local Government Corporation ("LGC") was formed by the Authority pursuant to the provisions of Subchapter D of Chapter 431 of the Texas Transportation Code, as it now or may hereafter be amended, and Chapter 394 of the Texas Local Government Code, as it now or may hereafter be amended. LGC is a Texas public, nonprofit local government corporation. LGC is authorized to assist and act on behalf of the Authority to accomplish any governmental purpose of the Authority and to engage in activities in furtherance of the purposes for its creation. LGC is considered a blended component unit of the Authority as the governing boards of the Authority and LGC are the same, and the Authority has operational responsibility for the LGC and is able to impose its will on LGC, as defined in Governmental Accounting Standards Board ("GASB") Statement No. 14, *"The Financial Reporting Entity,"* as amended. LGC has been active since April 2023.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Fiduciary Component Units

The Port has three fiduciary component units. The Port of Houston Authority Restated Retirement Plan ("Pension Plan") is for eligible retirees and Authority employees hired before August 1, 2012. The Pension Plan has a variety of investment accounts that support the funds for the ongoing payment of benefits. The Other Post-Employment Benefits (OPEB) Plan primarily funds health insurance benefits for certain 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, with contribution percentages based on the employee's years of service. Each Fiduciary Trust Fund is not included as part of the primary government, as its activities are fiduciary in nature.

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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

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 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 LGIPs 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 and investments, excluding certain investments in LGIPs, 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.

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.

Lease Receivable

The Authority recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position. At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

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 2024 and 2023 amounted to \$10,043 and \$7,774, respectively, and is included in depreciation and amortization on the Statements of Revenues, Expenses and Changes in Net Position.

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 of each year, 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 the 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, 2024 and 2023 were \$830 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, 2024 and 2023 were \$0.00615 and \$0.00574, 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

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. The cost of normal maintenance and repairs that do not add value to the assets or materially extend asset lives are expensed.

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
Leases	5-10 years
Subscriptions	3-5 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Compensated Absences (continued)

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.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Statements of Net Position include a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and deferred inflows of resources represent an acquisition of net assets that applies to future periods.

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, leases that will be recognized as revenue over the term of the leases, the differences between expected and actual experience, net difference between expected 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 categories: net investment in capital assets, restricted, and unrestricted. The net investment in capital assets component of net position consists of capital assets (including lease and subscription assets), net of accumulated depreciation and amortization, reduced by outstanding debt attributable to the acquisition, construction, or improvement of those assets. 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

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 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.

Accounting Pronouncements - Current

In April 2022, GASB issued Statement No. 99, "*Omnibus 2022*." The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. This standard became effective in fiscal year 2023 for requirements related to leases, public private partnerships and subscription-based information technology arrangements (SBITAs).

The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Authority implemented this statement in fiscal year 2024, and there was no impact to the financial statements.

In June 2022, GASB issued Statement No. 100, "*Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*." The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles,

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Current (continued)

changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority implemented this statement in fiscal year 2024, and there was no impact to the financial statements.

In June 2022, GASB issued Statement No. 101, "*Compensated Absences*." The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The Authority implemented this statement in fiscal year 2024. The Authority recognized the applicable sections of this statement in the financial statements as current liabilities. The Authority has determined the associated liability for fiscal year 2023 to be immaterial for restatement.

Accounting Pronouncements - Future

In December 2023, GASB issued Statement No. 102, "*Certain Risk Disclosures*." This Statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future (continued)

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The Authority will assess the impact of this statement in fiscal year 2025.

In April 2024, GASB issued Statement No. 103, *"Financial Reporting Modeling Improvements."* The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The Authority will assess the impact of this statement in fiscal year 2025.

In September 2024, GASB issued Statement No. 104, *"Disclosure of Certain Capital Assets."* This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future (continued)

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The Authority will assess the impact of this statement in fiscal year 2025.

Reclassification of Prior Year Presentation

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the ending net position. An adjustment has been made to the Statement of Net Position for fiscal year ended December 31, 2023 to reclassify the certain cash and cash equivalents from restricted to unrestricted.

2. Cash and Investments

The Authority's cash and cash equivalents of \$1,039,387 and \$1,035,063 as of December 31, 2024 and 2023, respectively, are maintained in demand deposit accounts, LGIPs, and SLGS. Restricted cash includes \$283,183 in Series 2023 Revenue Bonds Construction Funds, \$10,270 in Series 2021 Revenue Bonds Construction Funds, \$6,865 in Series 2023 Revenue Bond Debt Service Funds, \$5,719 in Series 2021 Revenue Bonds Debt Service fund and \$4,891 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 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

Port of Houston Authority of Harris County, Texas

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2. Cash and Investments (continued)

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 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 2024 and 2023, 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 LGIPs 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 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

2. Cash and Investments (continued)

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, 2024 and 2023, the Authority had investments in LOGIC, Texas CLASS, TexSTAR, and TexPool Prime of \$249,358 and \$333,923; \$241,485 and \$334,289; \$0, and 107 and \$235,935 and \$338,350, 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 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, 2024 and 2023 included the following securities which

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Notes to the Financial Statements
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2. Cash and Investments (continued)

comprised more than 5% of the total portfolio (excluding cash and cash equivalents):

	<u>2024</u>	<u>2023</u>
Commercial Paper:		
Societe Generale	-	9%
Barclays Capital	-	9%
Municipal Bonds:		
City of Jersey City, NJ	14%	15%
Suffolk County Water Authority	11%	-
City of Topeka, KS	10%	-
Town of Swampscott, MA	8%	-
South Carolina Assn of Govt Org	-	8%
County of Riverside, CA	-	7%
U.S. Agency Securities:		
Federal Farm Credit Banks	28%	9%
Federal National Mortgage Association	28%	18%
U.S. Government Securities:		
United States Treasury Notes	-	18%

Including cash and cash equivalents, 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% of the overall portfolio may be invested 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, 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 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, 2024

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

2. Cash and Investments (continued)

and 2023.

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, 2024 and 2023, 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, 2024 and 2023 the indirect exposure to foreign currency risk for the defined benefit pension plan was \$23,976 and \$23,742 respectively, and for the OPEB Plan the indirect exposure was \$11,326 and \$12,960, 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*," 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 following hierarchy consists of three broad levels, 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.

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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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2. Cash and Investments (continued)

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, 2024 and December 31, 2023, the Authority had the following recurring fair value measurements for such financial instruments:

- LGIPs as of December 31, 2024 and December 31, 2023 totaled \$726,778 and \$1,006,669, respectively. The LGIPs LOGIC, TexSTAR, and TexPool use the amortized cost method to measure fair value of their investments for a combined total of \$485,293 and \$672,380 in 2024 and 2023, respectively. Texas CLASS uses net asset value method for valuation, totaling \$241,485 and \$334,289 in 2024 and 2023, respectively (not included in the fair value hierarchy table). As of December 31, 2024 \$282,627 of the Series 2023 bond proceeds were held in a State and Local Government Securities (SLGS) account custodied at Huntington Bank.
- U.S. Agency Securities, Commercial Paper, and Municipal Bonds as of December 31, 2024 and 2023, valued using the matrix pricing technique with quoted prices for similar assets in active markets, provided by JPMorgan Chase (Level 2 inputs - see below).
- U.S. Government Securities as of December 31, 2023, valued with quoted prices for identical assets in active markets, provided by JPMorgan Chase (Level 1 input - see below).

The Authority had no nonrecurring fair value measurements at December 31, 2024, or 2023, nor any changes in valuation technique with a significant impact to fair value.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

2. Cash and Investments (continued)

The following table summarizes the Authority's investments that are measured at fair value as of December 31, 2024 and 2023, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

Security Type	Level 1 12/31/24	Level 2 12/31/24	Level 3 12/31/24	Total
U.S. Agency Securities	\$ -	\$ 48,778	\$ -	\$ 48,778
Municipal Bonds	-	38,381	-	38,381
Total	<u>\$ -</u>	<u>\$ 87,159</u>	<u>\$ -</u>	<u>\$ 87,159</u>

Security Type	Level 1 12/31/23	Level 2 12/31/23	Level 3 12/31/23	Total
U.S. Agency Securities	\$ -	\$ 71,890	\$ -	\$ 71,890
Commercial Paper	-	49,677	-	49,677
U.S. Government Securities	49,269	-	-	49,269
Municipal Bonds	-	95,536	-	95,536
Total	<u>\$ 49,269</u>	<u>\$ 217,103</u>	<u>\$ -</u>	<u>\$ 266,372</u>

The following table summarizes the Authority's fiduciary fund's investments that are measured at fair value at their respective fiscal year end, for fiscal 2024 and 2023, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	Level 1 2024	Level 2 2024	Level 3 2024	Total
Domestic Equity	\$ 64,613	\$ -	\$ -	\$ 64,613
International Equity	10,037	-	-	10,037
Mutual Funds	206,383	-	-	206,383
U.S. Treasuries	16,348	-	-	16,348
U.S. Corporate Obligations	-	38,420	-	38,420
U.S. Government Agencies	-	6,233	-	6,233
International Fixed Income	-	25	-	25
Total	<u>\$ 297,381</u>	<u>\$ 44,678</u>	<u>\$ -</u>	<u>\$ 342,059</u>

	Level 1 2023	Level 2 2023	Level 3 2023	Total
Domestic Equity	\$ 71,695	\$ -	\$ -	\$ 71,695
International Equity	12,758	-	-	12,758
Mutual Funds	168,384	-	-	168,384
U.S. Treasuries	15,429	-	-	15,429
U.S. Corporate Obligations	-	35,213	-	35,213
Municipal Obligations	-	150	-	150
U.S. Government Agencies	-	5,372	-	5,372
International Fixed Income	-	49	-	49
Total	<u>\$ 268,266</u>	<u>\$ 40,784</u>	<u>\$ -</u>	<u>\$ 309,050</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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2. Cash and Investments (continued)

As of December 31, 2024 and 2023, fiduciary funds cash and cash equivalents totaled \$3,750 and \$3,313, respectively.

The following table details the U.S. Dollar holdings (excluding cash and cash equivalents) and their weighted average maturity as of December 31, 2024.

Security Type	<u>Ratings</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (In Years)</u>
Agency Securities:			
FFCB NOTE	AA+/Aaa	\$ 24,379	0.32
FNMA NOTE	AA+/Aaa	<u>24,399</u>	0.32
Total		<u>48,778</u>	
Municipal Bonds:			
City of Jersey City, NJ		12,631	0.27
Suffolk County Water Authority	AAA	9,853	0.11
City of Topeka, KS	A-1+	8,632	0.17
Town of Swampscott, MA	A-1+	<u>7,265</u>	0.15
Total		<u>38,381</u>	
Total Investment Fair Value		<u><u>\$ 87,159</u></u>	
Portfolio Weighted Average Maturity			0.66

The above calculation excludes cash and cash equivalents. As of December 31, 2024, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.05 years.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(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, 2023.

Security Type	Ratings	Fair Value	Weighted Average Maturity (In Years)
Agency Securities:			
FFCB NOTE	AA+/Aaa	\$ 23,456	0.54
FNMA NOTE	AA+/Aaa	25,001	0.17
FNMA NOTE	AA+/Aaa	<u>23,433</u>	0.53
Total		<u>71,890</u>	
Commercial Paper:			
Societe Generale	A-1/P-1	24,892	0.04
Barclays Capital Inc.	A-1/P-2	<u>24,785</u>	0.08
Total		<u>49,677</u>	
Government Securities:			
United States Treasury Notes	AA+/Aaa	24,606	0.25
United States Treasury Notes	AA+/Aaa	<u>24,663</u>	0.21
Total		<u>49,269</u>	
Municipal Bonds:			
Oxford Conn	Aa2	1,361	0.01
Suffolk VA	AAA/Aaa	1,297	0.00
City of Jersey City, NJ	MIG1	20,055	0.11
City of Jersey City, NJ	MIG1	19,317	0.16
New Rochelle NY City Schl	SP1+	5,404	0.01
County of Riverside CA	AA/Aa2	19,939	0.03
South Carolina Assn of Govt Org	MIG1	20,081	0.06
Topeka KS	SP1+	<u>8,082</u>	0.06
Total		<u>95,536</u>	
Total Investment Fair Value		<u>\$ 266,372</u>	
Portfolio Weighted Average Maturity			0.60

The above calculation excludes cash and cash equivalents. As of December 31, 2023, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.13 years.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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3. Receivables

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

	<u>2024</u>	<u>2023</u>
Trade Receivables, Net		
Trade receivables	\$ 60,720	\$ 53,486
Damage claims receivable	769	769
Allowance for doubtful accounts	<u>(2,034)</u>	<u>(3,491)</u>
Total trade receivables, net	<u>59,455</u>	<u>50,764</u>
Lease Receivables		
Short term lease receivable	36,951	35,092
Long term lease receivable	<u>458,964</u>	<u>373,239</u>
Total lease receivables, net	<u>495,915</u>	<u>408,331</u>
Property Tax Receivables		
Property tax receivables (net of allowance)	<u>38,536</u>	<u>34,257</u>
Other Receivables		
Interest receivable	421	2,099
Due from federal agencies	30,270	16,024
Accrued interest receivable - leases	1,050	715
Other	<u>15</u>	<u>20</u>
Total other receivables	<u>31,756</u>	<u>18,858</u>
Total Receivables, Net	<u>\$ 625,662</u>	<u>\$ 512,210</u>

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Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

4. Capital Assets

Capital asset activity for the year ended December 31, 2024 was as follows:

	Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets not being depreciated				
Land other than channel	\$ 132,733	\$ 1,991	\$ -	\$ 134,724
Land use rights - intangible	19,502	-	-	19,502
Channel land	389,235	16,725	-	405,960
Construction-in-progress	695,405	515,915	(298,689)	912,631
Total capital assets not being depreciated	1,236,875	534,631	(298,689)	1,472,817
Capital assets being depreciated/amortized				
Buildings	184,180	44,600	(37,215)	191,565
Improvements other than buildings	1,753,783	182,456	-	1,936,239
Railroads	63,996	90	-	64,086
Machinery and equipment	640,176	122,641	(2,672)	760,145
Computer software - intangible	17,889	1,176	-	19,065
Subscriptions	4,751	-	(3,929)	822
Leases - Machinery and Equipment	12,607	-	-	12,607
Total capital assets being depreciated/amortized	2,677,382	350,963	(43,816)	2,984,529
Less accumulated depreciation/amortization for				
Buildings	(126,282)	(4,276)	23,828	(106,730)
Improvements other than buildings	(769,516)	(56,705)	-	(826,221)
Railroads	(46,300)	(1,060)	-	(47,360)
Machinery and equipment	(357,989)	(33,570)	2,570	(388,989)
Computer software - intangible	(17,536)	(682)	-	(18,218)
Subscriptions	(3,296)	-	2,620	(676)
Leases - Machinery and Equipment	(3,028)	(2,854)	-	(5,882)
Total accumulated depreciation/amortization	(1,323,947)	(99,147)	29,018	(1,394,076)
Total capital assets being depreciated/amortized net	1,353,435	251,816	(14,798)	1,590,453
Total capital assets, net	\$ 2,590,310	\$ 786,447	\$ (313,487)	\$ 3,063,270

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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4. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets not being depreciated				
Land other than channel	\$ 125,934	\$ 6,799	\$ -	\$ 132,733
Land use rights - intangible	17,320	2,182	-	19,502
Channel land	379,533	9,702	-	389,235
Construction-in-progress	335,991	537,784	(178,370)	695,405
Total capital assets not being depreciated	858,778	556,467	(178,370)	1,236,875
Capital assets being depreciated/amortized				
Buildings	174,119	10,061	-	184,180
Improvements other than buildings	1,633,889	119,894	-	1,753,783
Railroads	63,996	-	-	63,996
Machinery and equipment	628,521	39,697	(28,042)	640,176
Computer software - intangible	17,889	-	-	17,889
Subscriptions	4,521	230	-	4,751
Leases - Machinery and Equipment	-	12,607	-	12,607
Total capital assets being depreciated/amortized	2,522,935	182,489	(28,042)	2,677,382
Less accumulated depreciation/amortization for				
Buildings	(122,267)	(4,015)	-	(126,282)
Improvements other than buildings	(721,206)	(48,310)	-	(769,516)
Railroads	(45,225)	(1,075)	-	(46,300)
Machinery and equipment	(356,175)	(29,851)	28,037	(357,989)
Computer software - intangible	(16,767)	(769)	-	(17,536)
Subscriptions	(1,448)	(1,848)	-	(3,296)
Leases - Machinery and Equipment	-	(3,028)	-	(3,028)
Total accumulated depreciation/amortization	(1,263,088)	(88,896)	28,037	(1,323,947)
Total capital assets being depreciated/amortized, net	1,259,847	93,593	(5)	1,353,435
Total capital assets, net	\$ 2,118,625	\$ 650,060	\$ (178,375)	\$ 2,590,310

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

5. Leases and Subscription Based Information Technology Arrangements (SBITAs)

Leases

The Authority leases office equipment as lessee under a variety of agreements and considers these agreements immaterial and are not considered under GASB 87, except for its Xerox and Chassis lease agreements. The immaterial lease payments are recorded as expenses during the life of the lease. GASB 87 was implemented in 2023 for the Xerox and Chassis lease agreements, whereby the Authority recognized a lease liability using present value of future lease payments for the remaining lease term and an equivalent lease asset. The lessee guidelines for re-measurements, borrowing rate, and exclusion of short-term leases mirror the guidelines used for GASB 87 lessor agreements. Rental expenses for the year ended December 31, 2024 and 2023 were \$225 and \$220, respectively.

As of December 31, 2024, future payments expected to be paid by the Authority under leases with initial or remaining noncancelable lease terms are as follows:

<u>Year Ending</u>	<u>Liability</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,670	\$ 96	\$ 2,766
2026	2,715	51	2,766
2027	1,477	9	1,486
Total	<u>\$ 6,862</u>	<u>\$ 156</u>	<u>\$ 7,018</u>

Additionally, the Authority leases certain assets as lessor to others. These leases pertain to land, buildings and improvements, and cargo handling equipment.

The Authority recognizes a receivable using present value of such future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Re-measurement of the lease receivable occurs when there are modifications to the lease agreements. The estimated incremental borrowing rate is used for the discount rate for leases. The terms of these leases range from 2 to 47 years. This recognition does not apply to short term leases. Some agreements include a variable revenue component based on Consumer Price Index and usage. The variable amount as of December 31, 2024 was \$3,709. Variable revenue is not included in the lease receivable measurement.

As of December 31, 2024, future payments anticipated to be received by the Authority under leases with initial or remaining non-cancelable lease terms are as follows:

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

5. Leases and Subscription Based Information Technology Arrangements (SBITAs) (continued)

Leases (continued)

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 36,951	\$ 12,502	\$ 49,453
2026	35,095	11,697	46,792
2027	31,931	10,914	42,845
2028	29,547	10,212	39,759
2029	28,821	9,444	38,265
2030-2034	136,983	35,997	172,980
2035-2039	103,582	19,583	123,165
2040-2044	62,483	8,054	70,537
2045-2049	16,176	2,835	19,011
2050-2054	4,973	1,425	6,398
2055-2059	2,839	1,000	3,839
2060-2064	3,215	624	3,839
2065-2069	3,245	205	3,450
2070-2074	74	1	75
Total	<u>\$ 495,915</u>	<u>\$124,493</u>	<u>\$ 620,408</u>

SBITAs

The Authority recognizes an intangible subscription asset, and a subscription liability calculated as the present value of future payments expected to be paid throughout the SBITA term. The subscription assets are amortized and expensed over the life of the term. Re-measurement of the subscription asset and liability occurs when there are modifications to the contracts. The estimated incremental borrowing rate is used for the discount rate applied to the subscription payment stream. The terms of these agreements range from 2 to 5 years. This recognition does not apply to short-term SBITAs.

6. Debt

(A) Short-Term Debt

Extendible Commercial Paper Program

In April 2022, the Authority established the Port of Houston Authority of Harris County, Texas Third Lien Revenue Extendible Commercial Paper (“ECP Notes”) Program, Series A-1 (“Tax-Exempt”) and A-2 (“Taxable”). The ECP Notes may be issued for a period not to exceed 90 days, which may be extended, but in no event later than 270 days following the date of issuance. The original authorized maximum PAR amount of the ECP Notes was \$300,000. In October 2024, the Port Commission approved a reduction of the ECP Notes authorized maximum PAR amount to

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

Extendible Commercial Paper Program (continued)

\$150,000. Therefore, the maximum principal amount outstanding may not exceed the current authorized amount of \$150,000.

In June 2024, the Authority established the Port of Houston Authority of Harris County, Texas Third Lien Revenue Extendible Commercial Paper ("ECP Notes") Program, Series B-1 (Tax-Exempt Governmental) (the "Tax-Exempt Governmental ECP Notes"), Third Lien Revenue Extendible Commercial Paper Notes, Series B-2 (Tax-Exempt PAB) (the "Tax-Exempt PAB ECP Notes"), and Third Lien Revenue Extendible Commercial Paper Notes, Series B-3 (Taxable) (the "Taxable ECP Notes," and together with the Tax-Exempt Governmental ECP Notes and Tax-Exempt PAB ECP Notes, the "ECP Notes"). The ECP Notes may be issued for a period not to exceed 90 days, which may be extended, but in no event later than 270 days following the date of issuance and the maximum principal amount outstanding may not exceed the authorized amount of \$300,000.

The ECP Notes, Series A and Series B, may be issued to finance various capital projects or Channel improvement projects. During 2024 and 2023, no ECP Notes were issued, and no notes were outstanding at December 31, 2024 or 2023.

Note Purchase Program

In October 2021, the Authority executed a five-year \$100,000 third lien variable rate note purchase program ("Note Program") with BB&T Community Holdings Co and Truist Bank ("Lender"). The Note Program third lien obligations are 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.

In October 2024, the Authority executed a five-year \$150,000 third lien variable rate note purchase program, Series B ("Note Program") with Truist Commercial Equity, Inc. and Truist Bank ("Lender"). 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 resolutions adopted by the Port Commission dated October 26, 2024.

The Authority may issue either taxable or tax-exempt variable rate notes, under both Note Programs, in an aggregate principal amount not to exceed \$100,000 and \$150,000, respectively. Each taxable program note will bear interest based on the taxable adjusted Secured Overnight Financing Rate ("SOFR") plus an applicable

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

(in thousands)

6. Debt (continued)

Note Purchase Program (continued)

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 for each Note Program. The Note Programs were 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, 2024 and 2023, no notes were issued and no notes were outstanding under either Note Program.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

(B) 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, 2024 and 2023.

Long-term liability activity for the year ended December 31, 2024 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	\$ 426,134	\$ -	\$ (19,625)	\$ 406,509	\$ 20,435	
Accreted interest on capital appreciation bonds	2,020	491	-	2,511	-	*
Revenue bonds	705,070	-	(11,560)	693,510	12,135	
Less unamortized premiums / discounts, net	<u>171,545</u>	<u>-</u>	<u>(14,432)</u>	<u>157,113</u>	<u>-</u>	
Total Bonds Payable	<u>\$1,304,769</u>	<u>\$ 491</u>	<u>\$ (45,617)</u>	<u>\$1,259,643</u>	<u>\$ 32,570</u>	
Net Pension Liability	<u>\$ 17,897</u>	<u>\$ 6,612</u>	<u>\$ (22,070)</u>	<u>\$ 2,439</u>	<u>\$ -</u>	
Other Noncurrent Liabilities						
Compensated absences	11,308	12,805	(10,853)	13,260	9,910	**
Fees received in advance	12,342	3,694	(2,742)	13,294	2,471	**
Claims liability	8,731	1,599	(1,596)	8,734	2,028	**
Subscriptions liability	860	-	(860)	-	-	***
Leases liability	9,661	-	(2,799)	6,862	2,670	***
Arbitrage liability	<u>7,276</u>	<u>4,892</u>	<u>-</u>	<u>12,168</u>	<u>-</u>	
Total Other Noncurrent Liabilities	<u>\$ 50,178</u>	<u>\$ 22,990</u>	<u>\$ (18,850)</u>	<u>\$ 54,318</u>	<u>\$ 17,079</u>	

* Accreted Interest is for the Series 2010C and 2010E Bonds

** Included in fees received in advance and other reserves

*** Included in accounts payable and other current liabilities

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

Long-term liability activity for the year ended December 31, 2023 was as follows:

	Restated Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	
Bonds Payable						
Unlimited tax bonds	\$ 445,749	\$ -	\$ (19,615)	\$ 426,134	\$ 19,625	
Accreted interest on capital appreciation bonds	1,621	399	-	2,020	-	*
Revenue bonds	316,850	393,585	(5,365)	705,070	11,560	
Less unamortized premiums / discounts, net	<u>151,249</u>	<u>33,807</u>	<u>(13,511)</u>	<u>171,545</u>	<u>-</u>	
Total Bonds Payable	<u>\$ 915,469</u>	<u>\$ 427,791</u>	<u>\$ (38,491)</u>	<u>\$1,304,769</u>	<u>\$ 31,185</u>	
Net Pension Liability	<u>\$ 21,937</u>	<u>\$ -</u>	<u>\$ (4,040)</u>	<u>\$ 17,897</u>	<u>\$ -</u>	
Other Noncurrent Liabilities						
Compensated absences	10,622	8,883	(8,197)	11,308	8,197	**
Fees received in advance	10,999	3,873	(2,530)	12,342	2,109	**
Claims liability	9,006	1,669	(1,944)	8,731	561	**
Subscriptions liability	2,691	230	(2,061)	860	860	***
Leases liability	-	12,606	(2,945)	9,661	2,799	***
Arbitrage liability	<u>-</u>	<u>7,276</u>	<u>-</u>	<u>7,276</u>	<u>-</u>	
Total Other Noncurrent Liabilities	<u>\$ 33,318</u>	<u>\$ 34,537</u>	<u>\$ (17,677)</u>	<u>\$ 50,178</u>	<u>\$ 14,526</u>	

* Accreted Interest is for the Series 2010C and 2010E Bonds

** Included in fees received in advance and other reserves

*** Included in accounts payables and other current liabilities

The Authority's revenue bond covenants require its net revenues available to pay 1.25x annual debt service for all outstanding first lien obligations. At December 31, 2024 and 2023, the Authority was in compliance with all Series 2023 Revenue Bonds and Series 2021 Revenue Bond covenants.

In addition to the Series 2023 Revenue Bonds and Series 2021 Revenue Bonds, the Authority's long-term debt includes 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 Net Revenues. Additional information on property taxes can be found in Note 1.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

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

Outstanding Long-Term Debt					December 31	
	Original Issue	Interest Rate % *	Issue Date	Maturity	2024	2023
Revenue Bonds						
Series 2021	\$ 322,180	4.00-5.00	12/9/2021	2051	\$ 305,850	\$ 311,485
Series 2023	393,585	5.00	8/31/2023	2053	387,660	393,585
Total Revenue Bonds					693,510	705,070
Unamortized premiums/discounts					96,107	102,966
Revenue Bonds, net					789,617	808,036
General Obligation Bonds						
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 2015A	62,805	3.125-5.00	8/26/2015	2031	7,220	8,675
Series 2015C	27,260	3.054-5.00	8/26/2015	2026	6,365	9,395
Series 2018A	176,555	3.00-5.00	7/18/2018	2038	174,380	176,555
Series 2020A-1	6,550	5.00	8/12/2020	2026	1,795	2,630
Series 2020A-2	222,925	3.00-5.00	8/12/2020	2039	208,520	216,750
Series 2020B	19,490	2.25	8/12/2020	2026	8,095	11,995
					406,509	426,134
Unamortized premiums					61,006	68,579
Series 2010C and 2010E CAB						
Accretion, net					2,511	2,020
General Obligation Bonds, net					470,026	496,733
Total Long-Term Debt					1,259,643	1,304,769
Less Current Maturities					(32,570)	(31,185)
Long-Term Debt (net of unamortized premiums)					<u>\$ 1,227,073</u>	<u>\$ 1,273,584</u>

* Interest rate of original issue

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

6. Debt (continued)

Debt Service Requirements

Total debt service requirements for outstanding bonds as of December 31, 2024 are as follows:

Year Ending December 31	Bond Principal	Bond Principal	Bond Interest	Bond Interest	Capital Appreciation Bond	Total
	Revenue	General Obligation	Revenue	General Obligation	Accreted Interest	
2025	\$ 12,135	\$ 20,435	\$ 33,343	\$ 18,665	\$ -	\$ 84,578
2026	12,740	21,285	32,737	17,803	-	84,565
2027	13,380	23,025	32,100	16,898	-	85,403
2028	14,045	24,290	31,431	15,746	-	85,512
2029	14,750	25,490	30,728	14,544	-	85,512
2030-2034	85,575	131,094	141,812	53,796	13,845	426,122
2035-2039	108,165	160,890	119,223	19,587	4,130	411,995
2040-2044	135,320	-	92,071	-	-	227,391
2045-2049	169,655	-	57,732	-	-	227,387
2050-2054	127,745	-	14,420	-	-	142,165
	<u>\$693,510</u>	<u>\$406,509</u>	<u>\$585,597</u>	<u>\$ 157,039</u>	<u>\$ 17,975</u>	<u>\$1,860,630</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 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 and \$393,585 Series 2023 Revenue Bonds. The proceeds on the bonds are being used to (i) pay a portion of the Authority's costs for the design, construction, property acquisition and equipment for the current Houston Ship Channel Expansion Project (Project 11) and (ii) pay the costs of issuance of the Bonds.

A debt service reserve fund, for Series 2021 Revenue Bonds and Series 2023 Revenue Bonds, is not required to be funded unless the debt service coverage ratio is below 3.0x. The total maximum annual debt service ("MADS") for the Series 2021 Revenue Bonds is \$19,877 and the all-in true interest cost is 2.796%, and the Series 2023 Revenue Bonds MADS is \$25,606 and the all-in interest cost is 4.347%. The Series 2021 Revenue Bonds and Series 2023 Revenue Bonds annual debt service is payable solely from, and equally and ratably secured by, a first lien on the Authority's net revenues.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

General Obligation Bonds

When projected cash flow was considered inadequate to fully cover the Authority's capital improvement plan, the Authority has periodically 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 address the shortfall. The Authority continues to have access and ability to request voter authorization to issue General Obligation Bonds, as provided by law. At the last bond referendum held in 2007, voters authorized the issuance of \$250,000 in General Obligation Bonds.

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 success in meeting the Authority's purposes.

The following table lists the Authority's bonds outstanding as of December 31, 2024, (including revenue bonds), 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 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)

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

6. Debt (continued)

General Obligation Bonds (continued)

Outstanding Bond Issue	Use of Proceeds
Unlimited Tax Refunding Bonds, Series 2020B (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2011A (AMT)

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 2024 and 2023, there were no General Obligation Bond refundings and there were no bonds defeased.

Bond Restrictions

The Bond resolutions for the General Obligation Bonds 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. Separately, the Authority makes a monthly contribution towards 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.

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. The Authority recorded an estimated arbitrage liability for each of the Series 2021 Revenue Bonds and the Series 2023 Revenue Bonds in the amount of \$6,357 and \$5,811 for 2024, \$4,732 and \$2,544 for 2023. The estimated liability is updated annually for any tax-exempt issuance or changes in yields until payment of the calculated liability is due.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

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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 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. PNC Bank serves as the 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.

In fiscal 2023, the Port Commission amended the Plan to permit a voluntary one-time lump-sum payment to each participant who was vested, no longer employed, and not yet receiving benefit payments, and increased the value of the optional single lump sum distribution to \$100,000, upon the participants retirement and election; 165 participants elected to receive distributions.

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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

8. Retirement Plans (continued)

Defined Benefit Plan Description (continued)

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 Normal Retirement Date or Early Retirement Date.

At the applicable measurement dates, the following participants were covered by the benefit terms:

	2024	2023
Retirees and beneficiaries receiving payments	561	555
Terminated vested participants not yet receiving benefits	56	56
Disabled participants	2	3
Active participants	227	251
Total	846	865

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.

Contributions by the Authority to the Plan were \$8,445 and \$8,887 for the years ended July 31, 2024 and 2023, respectively.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

8. Retirement Plans (continued)

Net Pension Liability

The Authority's net pension liability was measured as of July 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2023, rolled forward to the measurement date.

Actuarial assumptions. The total pension liability in the August 1, 2023 actuarial valuation report was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2024	2023
Valuation Date	August 1, 2023	August 1, 2022
Measurement Date	July 31, 2024	July 31, 2023
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar method	Level dollar method
Equivalent single amortization period of the unfunded liabilities	30 years	30 years
Asset valuation method	Market value	Market value
Investment rate of return	6.00%	6.00%
Projected salary increases	2.5% to 10.0%	2.5% to 10.0%
Inflation	2.31%	2.33%
Cost-of-living adjustment	None	None
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per MP-2021	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per MP-2021

Long Term Expected Rate of Return

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, 2024 and 2023 are summarized, respectively, in the following tables:

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

8. Retirement Plans (continued)

Long Term Expected Rate of Return (continued)

2024

Asset Class

	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
Large Cap US Equity	25.0 %	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	30.0 %	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:		5.30 %
Actuarial assumed long-term investment rate of return or discount rate:		6.00 %

2023

Asset Class

	<u>Target allocation</u>	<u>Long-term expected rate of return*</u>
Large Cap US Equity	25.0 %	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	30.0 %	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:		5.30 %
Actuarial assumed long-term investment rate of return or discount rate:		6.00 %

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

Discount rate. The discount rate used to measure the total pension liability was 6.00 percent for the years ended July 31, 2024 and 2023. 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 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 Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

8. Retirement Plans (continued)

Changes in the Net Pension (Asset) Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2024	\$ 219,254	\$ (201,357)	\$ 17,897
Service cost	3,222	-	3,222
Interest on total pension liability	12,992	-	12,992
Effect of liability gains or losses	1,188	-	1,188
Effect of assumption changes or inputs	(3)	-	(3)
Benefit payments	(12,053)	12,053	-
Administrative expenses	-	338	338
Expected investment income, net of investment expenses	-	(24,750)	(24,750)
Employer contributions	-	(8,445)	(8,445)
Balances as of December 31, 2024	<u>\$ 224,600</u>	<u>\$ (222,161)</u>	<u>\$ 2,439</u>
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2023	\$ 221,091	\$ (199,154)	\$ 21,937
Service cost	3,406	-	3,406
Interest on total pension liability	12,984	-	12,984
Effect of liability gains or losses	1,721	-	1,721
Effect of assumption changes or inputs	(17)	-	(17)
Benefit payments	(19,931)	19,931	-
Administrative expenses	-	316	316
Expected investment income, net of investment expenses	-	(13,563)	(13,563)
Employer contributions	-	(8,887)	(8,887)
Balances as of December 31, 2023	<u>\$ 219,254</u>	<u>\$ (201,357)</u>	<u>\$ 17,897</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

8. Retirement Plans (continued)

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

Sensitivity of the net pension (asset) liability to changes in the discount rate. The following presents the net pension (asset) liability of the Authority calculated using the discount rate of 6.00% for both 2024 and 2023, 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 or one percentage point higher than the current rate:

	1% decrease 5.00%	Current discount rate 6.00%	1% increase 7.00%
2024			
Net pension liability (asset)	\$ 27,537	\$ 2,439	\$ (19,003)
	1% decrease 5.00%	Current discount rate 6.00%	1% increase 7.00%
2023			
Net pension liability (asset)	\$ 44,223	\$ 17,897	\$ (4,490)

Pension plan fiduciary net position. Detailed information about the Plan's fiduciary net position is available in the separately issued Port of Houston Authority Restated Retirement Plan report on the Authority's website (www.porthouston.com).

Pension Expense and Deferred Outflows / Inflows of Resources

For the years ended December 31, 2024 and 2023, the Authority recognized pension expense of \$6,612 and \$11,385, respectively. At December 31, 2024 and 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Differences between expected and actual experience	\$ 1,070	\$ -
Changes of assumptions	-	5
Net difference between projected and actual earnings	-	3,912
Contributions made subsequent to measurement date	3,063	-
Total	\$ 4,133	\$ 3,917

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

8. Retirement Plans (continued)

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

<u>2023</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,354	\$ -
Changes of assumptions	1,618	10
Net difference between projected and actual earnings	7,816	-
Contributions made subsequent to measurement date	4,297	-
Total	<u>\$ 15,085</u>	<u>\$ 10</u>

The \$3,063 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31</u>	
2025	\$ (1,256)
2026	3,912
2027	(2,946)
2028	<u>(2,557)</u>
Total	<u>\$ (2,847)</u>

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 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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
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8. Retirement Plans (continued)

Defined Contribution Plan Description (continued)

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, *Fiduciary Funds* ("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.

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

	<u>July 31, 2024</u>	<u>July 31, 2023</u>
Total assets	\$ 14,946	\$ 10,929
Contributions during the year	3,113	2,865
Number of participants	632	569

9. Other Postemployment Retiree Benefits

Plan Description

In addition to retirement benefits as described in Note 8, it is the current policy of the

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Plan Description (continued)

Authority to provide certain other postemployment 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 issues 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. Additionally, 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 certain hospital, doctor, and prescription drug charges.

Basic life insurance coverage provided to retirees is \$15.

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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

9. Other Postemployment Retiree Benefits (continued)

The number of plan members consisted of the following on December 31, 2024 and 2023, the date of the last actuarial valuation on January 1, 2023:

	2024	2023
Active employees	738	738
Retired and disabled members	316	316
Covered spouses of retirees	224	224
	1,278	1,278

Funding Policy

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 actuarially determined contributions ("ADC") as calculated by the Authority's actuary. Alternatively, the Port Commission authorized a "funding holiday" if the funding status is 125% or greater. 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 OPEB 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.

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, 2024 and 2023, and the total OPEB liability used to calculate the net OPEB (asset) was determined by an actuarial valuation as of January 1, 2023, 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, 2024 and 2023
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Net OPEB (Asset) (continued)

The following table shows the components of the Authority's total OPEB liability, fiduciary net position and net OPEB Asset at December 31, 2024 and 2023.

	2024	2023
Total OPEB liability	\$ 51,495	\$ 53,475
Fiduciary net position	109,258	100,658
Net OPEB (asset)	(57,763)	(47,183)
Fiduciary net position as a % of total OPEB liability	212.17 %	188.23 %
Covered employee payroll	70,919	67,865
Net OPEB (asset) as a % of covered employee payroll	(81.45)%	(69.52)%

The total OPEB liability in the January 1, 2023 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

	2024	2023
Discount rate	6.00 %	6.00 %
Long-term expected rate of return, net of investment expense	6.00 %	6.00 %

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, 2024 and 2023 were based on the results of an actuarial experience study for the period August 1, 2014 - August 1, 2019 and August 1, 2007 - August 1, 2012, respectively.

Valuation date	January 1, 2023	January 1, 2023
Measurement date	December 31, 2024	December 31, 2023
Inflation	2.31%	2.35%
Salary increases including inflation	Age based	Age based
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021
Actuarial cost method	Entry age normal	Entry age normal

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

9. Other Postemployment Retiree Benefits (continued)

The health care cost trend rate used for the 2024 annual OPEB expense over 55 years was 6.50%, increasing to 6.80%, before trending down to 3.70% (pre-Medicare), and 5.90%, increasing to 6.50%, before trending down to 3.70% (post-Medicare). The health care cost trend rate used for the 2024 year end valuation of total and net OPEB liability (asset) over 55 years was 5.10%, declining to 3.70%, before trending down to 3.70% (pre-Medicare), and 5.10%, trending down to 3.70% (post-Medicare).

The health care cost trend rate used for the 2023 annual OPEB expense over 55 years was 6.10%, before trending down to 3.70% (pre-Medicare), and 8.20% trending down to 3.70% (post-Medicare). The health care cost trend rate used for the 2023 year end valuation of total and net OPEB liability (asset) over 55 years was 6.10%, before trending down to 3.70% (pre-Medicare), and 5.40%, trending down to 3.70% (post-Medicare).

Annual Money-Weighted Rate of Return

For the years ended December 31, 2024 and 2023, the annual money-weighted rate of return on the OPEB trust investments, net of investment expense, was 10.51% and 16.34%, 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.

Fiscal Year Ending December 31	Net Money- Weighted Rate of Return
2017	10.90%
2018	-5.80%
2019	16.61%
2020	11.98%
2021	10.92%
2022	-14.54%
2023	16.34%
2024	10.51%

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, 2024 and 2023, respectively, and are based on a 20-year investment horizon.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Long-Term Expected Rate of Return (continued)

2024

Asset Class	Index	Target Allocation	Long-Term Expected Rate of Return
US Core Fixed Income	Bloomberg Barclays Aggregate	30.00 %	2.50 %
High Yield Fixed Income	Merrill Lynch High Yield Master	5.00 %	2.50 %
Bank Loans	Merrill Lynch High Yield Master	5.00 %	2.50 %
US Large Cap Equity	S&P 500	25.00 %	7.50 %
US Mid Cap Equity	Russell Mid Cap	7.50 %	7.50 %
US Small Cap Equity	Russell 2000	10.00 %	7.50 %
Foreign Developed Equity	MSCI EAFE	7.50 %	8.50 %
Real Estate	FTSE Nareit all REITs TR	5.00 %	4.50 %
Global Tactical Asset Alloc	50% S&P 500/50% Bloomberg B:	5.00 %	5.00 %

Long-Term expected (weighted) rate of return 5.30 %

Actuarial Assumed Long-Term Investment Rate of Return or Discount Rate 6.00 %

2023

Asset Class	Index	Target Allocation	Long-Term Expected Rate of Return
US Core Fixed Income	Barclays Aggregate	30.00 %	2.10 %
US High Yield Bonds	OCE BofA US High Yield	5.00 %	3.40 %
US Bank/Leveraged Loans	Credit Suisse Leveraged Loan	5.00 %	3.40 %
US Large Cap Equity	S&P 500	25.00 %	3.60 %
US Mid Cap Equity	Russell Mid Cap	7.50 %	3.70 %
US Small Cap Equity	Russell 2000	10.00 %	4.20 %
Foreign Developed Equity	MSCI EAFE NR	7.50 %	4.90 %
US REITs	FTSE Nareit All Equity REIT	5.00 %	4.20 %
Hedge Funds - Relative Value	HFRI Relative Value	5.00 %	3.60 %

Long-Term expected (weighted) rate of return 6.00 %

Actuarial Assumed Long-Term Investment Rate of Return or Discount Rate 6.00 %

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Sensitivity Analysis

The following presents the net OPEB asset of the Authority as of December 31, 2024 and 2023, respectively, calculated using the discount rate of 6.00%, 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 or one percentage point higher than the current rate.

	1% Decrease	Current	1% Increase
	5.00%	Discount Rate	7.00%
		6.00%	
2024			
Net OPEB asset	\$ (52,383)	\$ (57,763)	\$ (62,353)
	1% Decrease	Current	1% Increase
	5.00%	Discount Rate	7.00%
		6.00%	
2023			
Net OPEB asset	\$ (41,429)	\$ (47,183)	\$ (52,094)

The following presents the net OPEB asset of the Authority as of December 31, 2024 and 2023, 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.

	1% Decrease	Current	1% Increase
		Trend Rate	
2024			
Net OPEB asset	\$ (64,178)	\$ (57,763)	\$ (49,849)
	1% Decrease	Current	1% Increase
		Trend Rate	
2023			
Net OPEB asset	\$ (53,541)	\$ (47,183)	\$ (39,371)

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

9. Other Postemployment Retiree Benefits (continued)

OPEB Expense and Deferred Inflows\Outflows of Resources

For the year ended December 31, 2024, the Authority recognized OPEB expense of \$(6,669). At December 31, 2024, the Authority reported deferred inflows\outflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (23,255)
Changes of assumption	(2,672)
Net difference between projected and actual earnings	(1,335)
Total	<u>\$ (27,262)</u>

	Deferred Outflows of Resources
Changes of assumption	\$ 1,112
Total	<u>\$ 1,112</u>

For the year ended December 31, 2023, the Authority recognized OPEB expense of \$(5,009). At December 31, 2023, the Authority reported deferred inflows\outflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	\$ (21,920)
Changes of assumption	(4,573)
Total	<u>\$ (26,493)</u>

	Deferred Outflows of Resources
Changes of assumption	\$ 1,326
Net difference between projected and actual earnings	2,928
Total	<u>\$ 4,254</u>

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
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(in thousands)

9. Other Postemployment Retiree Benefits (continued)

OPEB Expense and Deferred Inflows\Outflows of Resources (continued)

Amounts reported as deferred inflows and outflows of resources related to OPEB as of December 31, 2024 will be recognized in OPEB expenses as follows:

Year ending: December 31	
2025	\$ (5,972)
2026	(2,817)
2027	(6,431)
2028	(4,627)
2029	(2,324)
Thereafter	(3,979)
Total	<u><u>\$ (26,150)</u></u>

Changes in Net OPEB Asset

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances as of January 1, 2024	\$ 53,475	\$ 100,658	\$ (47,183)
Service cost	2,807	-	2,807
Effect of economic/demographic gains or losses	(6,308)	-	(6,308)
Interest on total OPEB liability	3,323	-	3,323
Benefit payments	(1,802)	(1,802)	-
Net investment income	-	10,478	(10,478)
Administrative expense	-	(76)	76
Balances as of December 31, 2024	<u><u>\$ 51,495</u></u>	<u><u>\$ 109,258</u></u>	<u><u>\$ (57,763)</u></u>

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances as of January 1, 2023	\$ 60,807	\$ 88,285	\$ (27,478)
Service cost	2,994	-	2,994
Effect of economic/demographic gains or losses	(12,280)	-	(12,280)
Interest on total OPEB liability	(3,774)	-	(3,774)
Benefit payments	(1,820)	(1,820)	-
Net investment income	-	14,262	(14,262)
Administrative expense	-	(69)	69
Balances as of December 31, 2023	<u><u>\$ 53,475</u></u>	<u><u>\$ 100,658</u></u>	<u><u>\$ (47,183)</u></u>

10. Enterprise 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 may damage or destroy assets and/or result in loss of revenue and

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

10. Enterprise Risk Management (continued)

operations. Casualty exposures include potential losses resulting from third-party claims for bodily injury and/or property damage, breach of contract, and employment arising from the Authority's operations, management, and/or ownership of its assets. Workers' compensation is a casualty coverage. All potential exposures are managed by both commercial insurance coverage and self-insurance as described below.

Effective March 1, 2010, the Authority created a self-insurance program to manage losses within the Authority's threshold of loss appetite. At December 31, 2024 self-insurance fund cash of \$13,869 was held for funding future obligations. The current self-insured retention (SIR) is \$1,000 and \$350 for claims involving workers' compensation and liability, respectively. Aggregate limits are \$500,000 for workers' compensation and \$20,000 in excess liability. The balance of claim liabilities at December 31, 2024 and 2023 was \$8,734 and \$8,731, respectively.

Plan Year	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year End
2023	\$ 9,006	\$ 1,669	\$ (1,944)	\$ 8,731
2024	\$ 8,731	\$ 1,599	\$ (1,596)	\$ 8,734

As a Texas political subdivision, the Authority has certain governmental immunity protections. As such, the Authority's monetary damages are capped for any single occurrence: \$100 per person for bodily injury or death and \$300 per occurrence for all persons for bodily injury or death, and the cap for property damage is limited to \$100 per occurrence.

Other arrangements limiting liability are the Authority's maritime tariffs which provide a limitation of liability for property damage claims.

The described 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 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.

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2024 and 2023
(in thousands)

10. Enterprise Risk Management (continued)

11. Commitments and Contingencies

Commitments

At December 31, 2024 and 2023, the Authority had commitments of approximately \$244,663 and \$131,916, 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 matter described below.

The Authority and Curtin Maritime Corp. ("Curtin") were parties to a Contract for Houston Ship Channel (HSC) Expansion Channel Improvement Project (ECIP) Project 11: Redfish to Bayport HSC Sta. 78+844 to HSC Sta. 16+000 & Bayport Ship Channel (Alternates C and D), dated June 17, 2022, with an original contract amount not to exceed approximately \$92.6 million, pursuant to which Curtin performed certain dredging services. The contract was subsequently amended to increase the not-to-exceed contract amount to approximately \$102.1 million.

During performance of its work, Curtin advised the Authority that it was encountering dredging or digging conditions that Curtin contended were more difficult than it had been expecting and, in May 2024, asserted a claim for approximately \$17.8 million for additional costs associated with those alleged unforeseen conditions. Setting aside the claim, the amount due to Curtin upon completion of the work was significantly lower than anticipated. As a result, Curtin's \$17.8 million claim was seeking to increase the not-to-exceed contract amount by approximately \$7.3 million.

The Port Authority disputed Curtin's claims, but reached a settlement resolving Curtin's claims in January 2025.

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

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements

For the Years Ended December 31, 2024 and 2023

(in thousands)

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 ("EDO").

For years ending 2024 and 2023, Harris County's gross tax and abated values were \$349,579 and \$350,404, and \$102,800 and \$102,800, respectively; therefore, under agreements entered into by Harris County, the Authority's abated property tax revenues remain the same at \$6 in 2024 and \$6 in 2023.

13. Subsequent Events

Beginning in early 2025 and continuing through the issuance of this report, the federal government and new administration have announced and begun to enact policy changes with the declared intention of reducing U.S. reliance on foreign imports and increasing domestic manufacturing and lowering federal spending. Such policy matters continue to unfold as of the issuance of this report and include, but are not limited to: (i) consideration and implementation of tariffs on goods imported from certain countries; (ii) proposed fees on U.S. port calls by Chinese-operated vessels, Chinese-built vessels, and other Chinese-linked vessels; (iii) potential pauses or reductions in federal funding, and (iv) suspension or elimination of federal programs. These policy changes and the consequences of such policy changes (e.g., the implementation of tariffs by foreign countries on U.S. imported goods) may affect the Authority and its operations. Although the Authority cannot estimate or predict the potential effects of these ongoing developments, management will continue to monitor such developments to attempt to assess potential impacts on the Authority and its operations.



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 Ten Years
in thousands
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service cost	3,222	3,406	3,224	3,428	3,424	3,321	3,402	3,198	3,229	3,186
Interest on total pension liability	12,992	12,984	12,976	12,664	12,782	12,592	12,454	12,251	11,883	10,940
Effect of economic / demographic gains or losses	1,188	1,722	1,261	909	1,000	(1,325)	(1,207)	(116)	(695)	(1,278)
Effects of assumption changes or inputs	(3)	(17)	6,307	(909)	(289)	3,516	(2,203)	5,012	-	9,569
Benefit payments	(12,053)	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)
Net change in total pension liability	5,346	(1,836)	12,354	4,960	6,368	7,778	2,361	10,487	4,865	12,827
Total pension liability - beginning	219,255	221,091	208,737	203,777	197,409	189,631	187,270	176,783	71,918	59,091
Total pension liability - ending (a)	224,601	219,255	221,091	208,737	203,777	197,409	189,631	187,270	76,783	71,918
Fiduciary net position:										
Employer contributions*	8,445	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500	4,094
Investment income net of investment expenses	24,750	13,563	(19,046)	40,210	7,024	6,031	12,378	14,220	1,741	7,786
Benefit payments	(12,053)	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)
Administrative expenses	(338)	(316)	(331)	(269)	(257)	(243)	(255)	(280)	(235)	(249)
Net change in fiduciary net position	20,804	2,203	(26,740)	34,643	6,843	120	7,295	13,682	(3,546)	2,041
Fiduciary net position, beginning	201,357	199,154	225,894	191,251	184,408	184,288	176,993	163,311	66,857	64,816
Fiduciary net position, ending (b)	222,161	201,357	199,154	225,894	191,251	184,408	184,288	176,993	63,311	66,857
Net pension liability (asset), ending = (a) - (b)	2,440	17,898	21,937	(17,157)	12,526	13,001	5,343	10,277	13,472	5,061
Fiduciary net position as a % of total pension liability	98.91 %	91.84 %	90.08 %	108.22 %	93.85 %	93.41 %	97.18 %	94.51 %	92.38 %	97.06 %
Covered Payroll	27,386	28,160	28,851	28,395	29,925	29,889	29,960	30,210	30,412	31,377
Net pension liability (asset) as a % of covered payroll	8.91 %	63.56 %	76.04 %	(60.42)%	41.86 %	43.50 %	17.83 %	34.02 %	44.30 %	16.13 %

* 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%.

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 8,445	\$ 8,887	\$ 3,858	\$ 5,834	\$ 5,374	\$ 4,437	\$ 5,007	\$ 5,153	\$ 4,481	\$ 4,094
Contributions in relation to the actuarially determined contribution	8,445	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500	4,094
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (193)</u>	<u>\$ -</u>	<u>\$ (5,251)</u>	<u>\$ (221)</u>	<u>\$ (250)</u>	<u>\$ (4,447)</u>	<u>\$ (19)</u>	<u>\$ -</u>
Covered payroll	\$ 27,803	\$ 28,160	\$ 26,896	\$ 26,635	\$ 27,419	\$ 29,889	\$ 29,960	\$ 30,210	\$ 30,412	\$ 31,377
Contributions as a percentage of covered payroll	30.37 %	31.56 %	15.06 %	21.90 %	38.75 %	15.58 %	17.55 %	31.78 %	14.80 %	13.06 %

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
Asset valuation method	Market value
Inflation	2.31%
Salary Increases	2.5% to 10.0%
Investment rate of return	6.00%
Cost of living adjustments	None
Retirement age	Ranging from 5% at age 55 to 100% at age 70
Turnover	Rates from most recent experience study performed in 2020
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants and Disabled Annuitants with generational projection per Scale MP-2021

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)

Fiscal Year Ending December 31,	Net Money- Weighted Rate of Return
2017	10.90 %
2018	(5.80)%
2019	16.61 %
2020	11.98 %
2021	10.92 %
2022	(14.54)%
2023	16.34 %
2024	10.51 %

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 Pension Plan
Schedule of Annual Money-Weighted Rate of Return
(unaudited)

Fiscal Year Ending December 31,	Net Money- Weighted Rate of Return
2015	3.04 %
2016	(0.65)%
2017	8.40 %
2018	5.60 %
2019	1.30 %
2020	1.66 %
2021	19.71 %
2022	(10.52)%
2023	7.04 %
2024	12.42 %

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)

	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability								
Service cost	2,807	2,994	2,473	2,374	3,212	3,081	3,289	3,081
Interest on total OPEB liability	3,323	3,774	3,540	4,168	4,727	5,145	4,864	4,593
Effect of economic / demographic (gains) or losses	(6,308)	(12,280)	-	(14,126)	-	(7,445)	-	-
Effect of assumption changes or inputs	-	-	1,754	(265)	(10,675)	(1,408)	-	-
Benefit payments	(1,802)	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,654)
Net change in total OPEB liability	(1,980)	(7,332)	5,568	(10,263)	(5,255)	(4,091)	4,069	4,020
Total OPEB liability - beginning	53,475	60,807	55,239	65,502	70,757	74,848	70,779	66,759
Total OPEB liability - ending (a)	51,495	53,475	60,807	55,239	65,502	70,757	74,848	70,779
Fiduciary Net Position								
Employer contributions	-	-	-	2,627	5,431	8,464	9,484	9,454
Net investment (loss) income	10,478	14,262	(15,130)	10,395	10,035	11,391	(3,915)	5,714
Benefit payments	(1,802)	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,655)
Administrative expense	(76)	(69)	(69)	(73)	(61)	(93)	(100)	-
Net change in plan fiduciary net position	8,600	12,373	(17,398)	10,535	12,886	16,298	1,385	11,513
Fiduciary net position - beginning	100,658	88,285	105,683	95,148	82,262	65,964	54,579	53,066
Fiduciary net position - ending (b)	109,258	100,658	88,285	105,683	95,148	82,262	55,964	64,579
Net OPEB liability/(asset) ending (a) - (b)	(57,763)	(47,183)	(27,478)	(50,444)	(29,646)	(11,505)	8,884	6,200
Fiduciary net position as a % of total OPEB liability	212	188	145	191	145	116	88	91
Covered-employee payroll for OPEB	70,919	67,865	60,201	57,608	49,778	49,778	40,287	40,287
Net OPEB liability/(asset) as a % of covered-employee payroll for OPEB	(81)	(70)	(46)	(88)	(60)	(23)	22	15

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.

Changes of assumptions and other inputs reflect the effects of changes in the discount rate, election, demographic and health assumptions each period.

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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2014
Actuarially determined contribution*	\$ -	\$ -	\$ -	\$ 2,627	\$ 3,494	\$ 3,324	\$ 4,384	\$ 5,402	\$ 5,798	\$ 5,537
Contributions in relation to the actuarially determined contribution	-	-	-	2,627	5,431	8,464	9,484	9,454	8,772	11,203
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ (1,937)	\$ (5,140)	\$ (5,100)	\$ (4,052)	\$ (2,974)	\$ (5,666)
Covered-employee payroll for OPEB	\$ 70,919	\$ 67,865	\$ 60,201	\$ 57,608	\$ 49,778	\$ 49,778	\$ 40,287	\$ 40,287	\$ 38,907	\$ 38,907
Contributions as a percentage of covered-employee payroll for OPEB	0.00 %	0.00 %	- %	4.56 %	10.91 %	17.00 %	23.54 %	23.47 %	22.55 %	28.79 %

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, 2023
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	Market Value
Inflation	2.31%
Salary Increases	Age based
Discount Rate	6.00%
Healthcare Cost Trend Rates	6.50% for 2023, gradually decreasing to an ultimate rate of 3.70%
Mortality	Pri-2012 Mortality for Employees, Healthy Annuitants, and Disabled Annuitants with generational projection per Scale MP-2021

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

* There were no required actuarially determined contributions for 2022 - 2024.



SUPPLEMENTARY INFORMATION

Port of Houston Authority of Harris County, Texas
Combining Statements of Fiduciary Net Position
As of December 31, 2024 and 2023
(in thousands)

	Defined Contribution 7/31/2024	Pension 7/31/2024	OPEB 12/31/2024	Total	Defined Contribution 7/31/2023	Pension 7/31/2023	OPEB 12/31/2023	Total
Assets								
Cash and cash equivalents	\$ 312	\$ 2,114	\$ 1,324	\$ 3,750	\$ 256	\$ 1,955	\$ 1,102	\$ 3,313
Investment Securities								
Domestic Equity	1,947	98,377	51,650	151,974	1,198	85,059	43,515	129,772
International Equity	389	23,943	11,326	35,658	161	23,742	12,935	36,838
Fixed Income	291	85,906	39,355	125,552	120	79,863	37,859	117,842
Balanced Funds *	12,007	11,520	5,348	28,875	9,194	10,426	4,978	24,598
Accrued Investment Income	-	365	275	640	-	348	269	617
Total Assets	14,946	222,225	109,278	346,449	10,929	201,393	100,658	312,980
Liabilities								
Investment Expenses	-	64	20	84	-	38	-	38
Total Liabilities	-	64	20	84	-	38	-	38
Net Position restricted for pension/OPEB	<u>\$ 14,946</u>	<u>\$ 222,161</u>	<u>\$ 109,258</u>	<u>\$ 346,365</u>	<u>\$ 10,929</u>	<u>\$ 201,355</u>	<u>\$ 100,658</u>	<u>\$ 312,942</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 Net Position
As of December 31, 2024 and 2023
(in thousands)

	Defined Contribution 7/31/2024	Pension 7/31/2024	OPEB 12/31/2024	Total	Defined Contribution 7/31/2023	Pension 7/31/2023	OPEB 7/31/2023	Total
Additions :								
Employer contributions	\$ 3,113	\$ 8,445	\$ -	\$ 11,558	\$ 2,865	\$ 8,887	\$ -	\$ 11,752
Net Investment Income	1,947	24,752	10,557	37,256	645	13,563	14,321	28,529
Total additions	5,060	33,197	10,557	48,814	3,510	22,450	14,321	40,281
Deductions:								
Benefits payments and withdrawals	(1,043)	(12,053)	(1,802)	(14,898)	(611)	(19,932)	(1,820)	(22,363)
Administrative Expenses	-	(338)	(155)	(493)	-	(317)	(127)	(444)
Total deductions	(1,043)	(12,391)	(1,957)	(15,391)	(611)	(20,249)	(1,947)	(22,807)
Net increase in net position	4,017	20,806	8,600	33,423	2,899	2,201	12,374	17,474
Net position restricted for pension/ OPEB, beginning of year	10,929	201,355	100,658	312,942	8,030	199,154	88,284	295,468
Net position restricted for pension/ OPEB, end of year	<u>\$ 14,946</u>	<u>\$ 222,161</u>	<u>\$ 109,258</u>	<u>\$ 346,365</u>	<u>\$ 10,929</u>	<u>\$ 201,355</u>	<u>\$ 100,658</u>	<u>\$ 312,942</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 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.

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FINANCIAL TRENDS

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net investment in capital assets	\$2,055,561	\$1,710,445	\$1,476,612	\$1,394,024	\$1,294,888	\$1,119,856	\$1,050,604	\$1,023,578	\$ 919,177	\$ 794,075
Restricted										
Debt Service	42,895	42,627	43,701	43,806	45,740	45,346	44,646	45,622	45,705	41,853
Net Pension asset	-	-	-	17,157	-	-	-	-	-	-
Net OPEB asset	57,763	47,183	27,478	50,444	29,646	-	-	-	-	-
Unrestricted	<u>758,178</u>	<u>801,462</u>	<u>772,647</u>	<u>494,708</u>	<u>396,505</u>	<u>473,731</u>	<u>416,108</u>	<u>311,127</u>	<u>312,363</u>	<u>383,422</u>
Total Net Position	<u><u>\$2,914,397</u></u>	<u><u>\$2,601,717</u></u>	<u><u>\$2,320,438</u></u>	<u><u>\$2,000,139</u></u>	<u><u>\$1,766,779</u></u>	<u><u>\$1,638,933</u></u>	<u><u>\$1,511,358</u></u>	<u><u>\$1,380,327</u></u>	<u><u>\$1,277,245</u></u>	<u><u>\$1,219,350</u></u>

Port of Houston Authority of Harris County, Texas
Changes in Net Position
Last Ten Fiscal Years
(in thousands)
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues:										
Vessel and cargo services	\$ 593,000	547,976	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703	\$ 267,277
Rental of equipment and facilities	19,642	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120
Grain elevator	1,424	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567
Bulk materials	3,774	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019
Other	16,651	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753
Nonoperating revenues:										
Investment income	58,575	51,602	11,515	1,062	9,810	13,017	9,319	4,553	4,896	4,142
Contribution in aid of construction	-	-	-	-	-	-	-	-	-	610
Other	16,917	10,223	11,209	7,627	833	1,282	345	1,703	2,690	1,279
Nonoperating revenues related to property taxes:										
Property taxes	38,510	35,609	44,961	43,702	48,965	51,061	50,951	53,842	55,749	51,280
Investment income / (loss) on bond proceeds	2,467	2,213	531	30	349	967	721	264	119	120
Total Revenues:	750,960	684,717	719,490	568,989	450,689	457,764	430,652	393,235	353,680	351,167
Operating expenses:										
Maintenance and operations of facilities	259,212	240,332	236,575	193,869	178,606	177,122	157,524	147,185	141,102	123,433
General and administrative	73,793	57,415	54,335	48,582	46,225	50,420	49,608	39,102	44,286	42,297
Depreciation and amortization	110,007	97,170	85,588	80,723	77,829	74,020	72,027	66,487	64,601	60,198
Impairment of Capital Assets	-	-	-	-	-	-	-	-	15,114	-
Nonoperating expenses:										
Interest expense on revenue bonds	26,918	17,750	9,681	2,783	-	-	-	-	-	-
Contributions to state and local agencies	89	1,463	8,414	10,985	235	4,327	2,095	4,243	2,127	2,147
Loss on disposal of assets	13,491	5	33	36	126	4	1	33	(2,976)	2,849
Other	1,046	223	76	-	-	107	1,440	2,187	1,033	338
Nonoperating expenses related to property taxes:										
Interest expense on unlimited tax bonds	12,317	12,229	13,002	13,483	23,526	24,451	28,927	30,010	31,548	33,114
Property tax collection expense	830	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,039
Other	1,114	326	417	355	384	410	420	400	303	455
Total Expenses:	498,817	428,013	409,221	351,916	328,031	331,961	313,142	290,747	298,238	265,870
Income before contributions	252,143	256,704	310,269	217,073	122,658	125,803	117,510	102,488	55,442	85,297
Capital contributions from federal/state agencies	60,537	24,575	10,030	16,287	5,188	1,772	5,219	8,896	2,453	56
Contributions from federal agency-FEMA	-	-	-	-	-	-	-	-	-	60
Total Contributions from federal and state agencies	60,537	24,575	10,030	16,287	5,188	1,772	5,219	8,896	2,453	116
Change in net position	312,680	281,279	320,299	233,360	127,846	127,575	122,729	111,384	57,895	85,413
Net position, January 1	2,601,717	2,320,438	2,000,139	1,766,779	1,638,933	1,511,358	1,388,629	1,277,245	1,219,350	1,133,937
Net position, December 31	\$ 2,914,397	\$ 2,601,717	\$ 2,320,438	\$ 2,000,139	\$ 1,766,779	\$ 1,638,933	\$ 1,511,358	\$ 1,388,629	\$ 1,277,245	\$ 1,219,350



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)

<u>Year Levied</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Less: Exemptions (a)</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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
2022	679,924,545	53,707,009	162,991,668	570,639,886	0.00799
2023	760,814,966	63,067,111	185,085,614	638,796,463	0.00574
2024	783,700,795	66,786,774	202,552,082	647,935,487	0.00615

- Source: Harris County Appraisal District Property Use Recap as of 12/2024
- 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 \$320,000.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Harris County										
General Fund	\$ 0.33454	\$ 0.30281	\$ 0.30105	\$ 0.33500	\$ 0.34028	\$ 0.34174	\$ 0.35000	\$ 0.34500	\$ 0.34500	\$ 0.34547
General Bonds Debt Service	0.05075	0.04726	0.04268	0.04193	0.05088	0.04711	0.05084	0.05234	0.05111	0.05237
Total Constitutional Funds	0.38529	0.35007	0.34373	0.37693	0.39116	0.38885	0.40084	0.39734	0.39611	0.39784
County - Wide Road Debt Service	-	-	-	-	-	0.01828	0.01774	0.02067	0.02045	0.02139
Total - Harris County	0.38529	0.35007	0.34373	0.37693	0.39116	0.40713	0.41858	0.41801	0.41656	0.41923
Flood Control District										
Maintenance	0.03774	0.02010	0.02043	0.02599	0.02649	0.02670	0.02738	0.02736	0.02745	0.02620
Debt Service	0.01123	0.01095	0.01012	0.00750	0.00493	0.00122	0.00139	0.00095	0.00084	0.00113
Total - Flood Control	0.04897	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733
Port of Houston Authority										
Debt Service	0.00615	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342
Hospital District										
General	0.16212	0.14206	0.14678	0.16047	0.16491	0.16491	0.17000	0.17000	0.17000	0.17000
Debt Service	0.00136	0.00137	0.00153	0.00174	0.00180	0.00100	0.00108	0.00110	0.00179	-
Total Hospital District	0.16348	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000
Total	\$ 0.60389	\$ 0.53029	\$ 0.53058	\$ 0.58135	\$ 0.59920	\$ 0.61170	\$ 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, 2024
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
County-Wide Taxing										
Jurisdiction										
Harris County	\$ 0.38529	\$ 0.35007	\$ 0.34373	\$ 0.37693	\$ 0.39116	\$ 0.40713	\$ 0.41858	\$ 0.41801	\$ 0.41656	\$ 0.41923
Harris County Flood Control										
District	0.04897	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733
Port of Houston Authority	0.00615	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342
Harris County Hospital										
District	0.16348	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000
Total County-wide	<u>\$ 0.60389</u>	<u>\$ 0.53029</u>	<u>\$ 0.53058</u>	<u>\$ 0.58135</u>	<u>\$ 0.59920</u>	<u>\$ 0.61170</u>	<u>\$ 0.62998</u>	<u>\$ 0.62998</u>	<u>\$ 0.62998</u>	<u>\$ 0.62998</u>
Cities										
Baytown	\$ 0.70042	\$ 0.72000	\$ 0.75000	\$ 0.78500	\$ 0.79515	\$ 0.80203	\$ 0.81203	\$ 0.82203	\$ 0.82203	\$ 0.82203
Bellaire	0.43330	0.43700	0.44730	0.44730	0.44730	0.44730	0.43130	0.41590	0.38740	0.38050
Deer Park	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.71435
Houston	0.51919	0.51919	0.53364	0.55083	0.56184	0.56792	0.58831	0.58421	0.58642	0.60112
La Porte	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
League City	0.36900	0.39500	0.41553	0.46553	0.51500	0.54858	0.56380	0.56500	0.57000	0.57350
Missouri City	0.57083	0.57083	0.57375	0.57804	0.59804	0.63000	0.63000	0.60000	0.56010	0.54468
Pasadena	0.47483	0.45551	0.49758	0.51591	0.53368	0.57034	0.61545	0.57539	0.57539	0.57539
Pearland	0.63500	0.65540	0.62377	0.70142	0.72000	0.74121	0.70916	0.68506	0.68120	0.70530
Seabrook	0.45516	0.45776	0.47653	0.52444	0.54361	0.55198	0.55198	0.57491	0.56518	0.61261
South Houston	0.56852	0.55266	0.63341	0.69000	0.69805	0.69991	0.65050	0.64330	0.63221	0.69954
Webster	0.37483	0.33394	0.36475	0.39334	0.37357	0.36200	0.34794	0.31725	0.28450	0.23447
West University Place	0.24193	0.26084	0.27740	0.27852	0.29407	0.30921	0.31680	0.31680	0.31680	0.33179
School Districts	.8683-1.2552	0.8683-1.2575	1.0372-1.4430	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

- Source: Harris County Appraisal District jurisdiction information as of 12/31/24; 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	2024			2015		
	2024 Taxable Valuations (a)	Rank	Percentage of Total 2024 Taxable Valuation (b)	2015 Taxable Valuations (a)	Rank	Percentage of Total 2015 Taxable Valuation (c)
CenterPoint Energy Inc.	\$ 5,967,413	1	0.92	\$ 2,706,997	2	0.72
EXXON Mobil Corp.	4,911,227	2	0.76	3,369,508	1	0.89
Chevron Chemical Co.	3,367,710	3	0.52	2,207,658	4	0.59
Equistar Chemicals LP	1,678,743	4	0.26	1,465,850	5	0.39
LYB Channelview Potba LLC	1,396,026	5	0.22	-	-	-
Enterprise	1,236,057	6	0.19	-	-	-
HEB Grocery Co. LP	1,124,061	7	0.17	-	-	-
Palmetto Transoceanic LLC	1,062,329	8	0.16	1,130,070	6	0.30
Walmart	1,031,573	9	0.16	904,217	9	0.24
Liberty Property	989,562	10	0.15	-	-	-
Lyondell Chemical Co.	942,111	11	0.15	612,806	12	0.16
Shell Oil Co.	919,939	12	0.14	2,336,677	3	0.62
Total Petrochemicals	846,825	13	0.13	-	-	-
Valero Energy	784,881	14	0.12	522,457	13	0.14
Oil Tanking Houston	782,747	15	0.12	-	-	-
Kinder Morgan	761,539	16	0.12	-	-	-
Intercontinental Terminal	701,694	17	0.11	-	-	-
EAN Holdings	698,676	18	0.11	-	-	-
Deer Park Refining	676,385	19	0.10	-	-	-
Kroger Co.	658,030	20	0.10	498,714	18	0.13
National Oilwell Inc.	-	-	-	998,661	7	0.26
Crescent Real Estate	-	-	-	939,427	8	0.25
United Airlines	-	-	-	795,237	10	0.21
Hewlett Packard	-	-	-	743,924	11	0.20
Amoco Chemical Co.	-	-	-	517,017	14	0.14
HG Galleria I II III LP	-	-	-	508,215	15	0.13
Busycon	-	-	-	505,450	16	0.13
1000 Louisiana LP	-	-	-	499,000	17	0.13
Southwestern Bell Telephone	-	-	-	481,973	19	0.13
Baker Hughes	-	-	-	480,288	20	0.13
Total	<u>\$ 30,537,528</u>		<u>4.71 %</u>	<u>\$ 22,224,146</u>		<u>5.89 %</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 6, 2024.
- Note (c) Based on the County's total taxable value as of December 18, 2015.

Port of Houston Authority of Harris County, Texas
Property Taxes Levies and Collections
For the Years 2015 through 2024

(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>
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	50,668	48,252	95.23 %	1,502	49,754	98.20 %
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 %	1,206	43,334	97.65 %
2022	45,635	42,892	93.99 %	1,746	44,638	97.82 %
2023	36,589	34,473	94.22 %	1,044	35,517	97.07 %
2024	39,864	37,609	94.34 %	N/A	N/A	N/A

- Source: Harris County Tax Assessor - Collector as of February 28, 2024
- 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Operating revenues: (a) (b) (c)										
Vessel and cargo services	\$ 593,000	\$ 547,976	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,703	\$ 267,277
Rental of equipment and facilities	19,642	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120
Grain elevator	1,424	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567
Bulk materials	3,774	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019
Other	16,651	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753
Total Operating Revenue	<u>\$ 634,491</u>	<u>\$ 585,070</u>	<u>\$ 651,274</u>	<u>\$ 516,568</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>
Revenue Tonnage (Short Tons)*										
General Cargo	43,606	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226	27,360
Bulk	9,460	9,378	13,133	10,095	9,980	9,063	9,210	9,396	9,621	8,384
Total Revenue Tonnage	<u>53,066</u>	<u>50,323</u>	<u>55,061</u>	<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>

- 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Cargo										
Barbours Cut										
All other	14,314,367	15,730,348	15,635,117	12,146,844	12,307,526	11,226,819	10,737,680	9,811,047	9,470,902	9,322,892
Lease	-	-	-	-	-	-	-	-	-	2,072,132
	<u>14,314,367</u>	<u>15,730,348</u>	<u>15,635,117</u>	<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>
Bayport Container Terminal	22,877,024	18,894,170	17,883,852	16,529,686	15,385,083	16,603,071	14,605,339	13,026,783	10,854,617	8,588,556
Turning Basin										
Autos import	13,439	190,946	113,973	98,014	85,344	117,531	127,448	119,081	161,246	167,383
Autos export	480	440	109	503	385	2,058	1,089	3,396	4,744	13,240
Steel imports	2,434,187	2,389,774	3,166,641	1,490,393	902,460	2,030,908	2,744,586	2,988,636	1,823,357	3,800,730
All other	764,686	697,464	1,611,193	1,327,242	447,881	513,023	375,924	474,629	492,551	707,345
	<u>3,212,792</u>	<u>3,278,624</u>	<u>4,891,916</u>	<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>
Jacintoport	1,088,220	934,860	1,312,055	1,040,505	1,225,999	1,466,353	1,553,325	1,737,072	1,883,785	1,751,839
Care Terminal	396,433	693,769	623,898	431,060	309,542	731,216	734,480	603,271	457,294	562,217
Woodhouse	1,717,278	1,413,706	1,580,726	1,373,584	1,043,911	1,382,598	768,830	113,888	77,299	373,497
Total General Cargo	<u>43,606,114</u>	<u>40,945,477</u>	<u>41,927,564</u>	<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>
Bulk										
Jacintoport	-	20,000	7,818	1,478	1,511	1,465	1,635	9,758	692	1,100
Care Terminal	40,736	221,012	41,910	22,446	13,802	12,340	112,975	162,014	130,545	18,298
Woodhouse	-	50,087	-	9,569	-	-	7,081	20,224	12,981	6,882
Sims Bayou	1,063,032	1,446,519	3,974,135	1,134,324	1,355,034	1,157,376	1,199,628	1,157,368	624,280	624,278
S.J.B. Liquid Facility	378,485	319,239	336,032	410,623	399,012	379,141	560,342	522,019	552,752	428,895
Turning Basin	2,919,705	3,231,796	3,253,144	3,356,088	2,881,677	2,157,920	2,157,461	2,154,936	2,097,919	2,046,714
	<u>4,401,958</u>	<u>5,288,653</u>	<u>7,613,039</u>	<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>
Bulk Materials Terminal	3,363,324	2,776,604	3,612,582	2,668,164	2,562,328	3,056,749	3,796,229	3,230,116	3,329,834	2,908,018
Grain Elevator #2	1,694,823	1,312,530	1,907,778	2,492,783	2,766,115	2,298,347	1,375,234	2,139,655	2,871,965	2,350,374
Total Bulk Cargo	<u>9,460,105</u>	<u>9,377,787</u>	<u>13,133,399</u>	<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>
Grand Total	<u>53,066,219</u>	<u>50,323,264</u>	<u>55,060,963</u>	<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>

- 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 Authority Customers
Current Year and Ten Years Ago

(amounts in thousands)
(unaudited)

Customer	2024			2015		
	2024 Revenue	Rank	% Operating Revenue	2015 Revenue	Rank	% Operating Revenue
CMA-CGM (America), Inc.	\$ 94,489	1	14.90 %	\$ 45,036	1	15.33 %
Maersk S/A	93,890	2	14.80	29,260	3	9.96
Mediterranean Shipping Co. (USA) Inc.	85,773	3	13.52	30,206	2	10.28
Hapag-Lloyd AG	63,315	4	9.98	28,379	4	9.66
Houston Terminal LLC	36,903	5	5.82	8,724	6	2.97
ONE Line	32,059	6	5.05	-	-	-
Cooper/Ports America, LLC	24,563	7	3.87	-	-	-
Evergreen Shipping Agency	17,516	8	2.76	-	-	-
Zim Integrated Shipping	17,510	9	2.76	-	-	-
Terminal Link	17,268	10	2.72	6,364	8	2.17
Shipper Stevedoring Co.	-	-	-	11,189	5	3.81
Ceres Gulf, Inc.	-	-	-	7,718	7	2.63
Seaboard Marine	-	-	-	6,008	9	2.05
Biehl & Company	-	-	-	5,658	10	1.93
Total Revenue for Top Ten Customers	<u>\$ 483,286</u>		<u>76.18 %</u>	<u>\$ 178,542</u>		<u>60.79 %</u>
Total Operating Revenue	<u>\$ 634,491</u>			<u>\$ 293,736</u>		

- Source: The Authority



DEBT CAPACITY

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

Fiscal Year	General Obligation Bonds			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 Bonds	Total Outstanding Debt	Percentage of Personal Income	Total Debt Per Capita
	Unlimited Tax Refunding Bonds	Unlimited Tax Port Improvement Bonds	Accreted Premiums (Discounts)										
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	0.22 %	132
2020	492,439	-	94,715	587,154	4,929	582,225	0.12	123	-	-	582,225	0.21 %	124
2021	469,434	-	86,120	555,554	13,626	541,928	0.11	115	322,180	79,858	957,592	0.31 %	118
2022	445,749	-	78,101	523,850	10,865	512,985	0.09	106	316,850	74,769	915,469	0.29 %	108
2023	426,134	-	70,599	496,733	9,327	487,406	0.08	101	705,070	102,966	1,304,769	0.39 %	103
2024	406,509	-	63,517	470,026	4,890	465,136	0.07	95	693,510	96,106	1,259,642	0.35 %	96

- 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.
- 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, 2024

(in thousands)
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Gross Revenues										
Operating Revenues										
Vessel and cargo services	\$ 593,000	\$ 547,976	\$ 614,714	\$ 483,477	\$ 357,386	\$ 365,086	\$ 344,272	\$ 309,058	\$ 266,266	\$ 266,305
Rental of equipment and facilities	19,642	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120
Grain Elevator	1,424	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567
Bulk materials	3,774	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019
Other	16,651	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753
Total	634,491	585,070	651,274	516,568	390,732	391,437	369,316	332,873	289,789	292,764
NonOperating Revenues										
Investment income	38,657	35,842	13,507	3,704	7,458	11,852	8,071	4,425	4,850	4,100
Other, net	16,371	9,693	11,100	7,626	833	1,281	345	10,599	5,144	2,004
Total	55,028	45,535	24,607	11,330	8,291	13,133	8,416	15,024	9,994	6,104
Total Gross Revenues	689,519	630,605	675,881	527,898	399,023	404,570	377,732	347,897	299,783	298,868
Operation Expenses										
Maintenance and Operation of Facilities										
Vessel and cargo services	238,496	222,667	219,011	177,885	163,776	162,518	143,401	141,857	131,998	115,757
Rental of port facilities	893	1,005	747	1,516	1,313	1,099	1,219	2,093	2,140	1,130
Grain Elevator	597	419	453	330	259	621	456	275	330	293
Bulk Materials Handling Plant	3	2	4	11	22	29	31	26	8	11
Other	19,223	16,239	16,360	14,127	13,236	12,854	8,617	7,915	7,107	7,114
Total	259,212	240,332	236,575	193,869	178,606	177,121	153,724	152,166	141,583	124,305
General and Administrative	73,793	57,415	54,335	48,582	46,225	50,420	49,608	42,423	44,286	42,297
Total Operating Expenses	333,005	297,747	290,910	242,451	224,831	227,541	203,332	194,589	185,869	166,602
Nonoperating Expenses	29,195	19,468	18,544	14,012	(2,036)	4,377	3,039	6,533	259	5,673
Total Expenses	362,200	317,215	309,454	256,463	222,795	231,918	206,371	201,122	186,128	172,275
Net Revenues Available for Debt Service on Revenue Obligations	<u>\$ 327,319</u>	<u>\$ 313,390</u>	<u>\$ 366,427</u>	<u>\$ 271,435</u>	<u>\$ 176,228</u>	<u>\$ 172,652</u>	<u>\$ 171,361</u>	<u>\$ 146,775</u>	<u>\$ 113,655</u>	<u>\$ 126,593</u>

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

Fiscal Year Ending December 31	Revenue	Unlimited Tax	Outstanding Debt Service Requirements
2025	\$ 45,478,250	\$ 39,099,561	\$ 84,577,811
2026	45,476,500	39,087,629	84,564,129
2027	45,479,500	39,922,906	85,402,406
2028	45,475,500	40,036,656	85,512,156
2029	45,478,250	40,033,875	85,512,125
2030	45,480,750	39,784,463	85,265,213
2031	45,476,250	39,774,519	85,250,769
2032	45,473,250	39,879,900	85,353,150
2033	45,479,750	39,576,150	85,055,900
2034	45,478,250	39,721,400	85,199,650
2035	45,477,000	39,737,900	85,214,900
2036	45,480,100	39,569,150	85,049,250
2037	45,477,300	39,566,750	85,044,050
2038	45,477,000	39,570,500	85,047,500
2039	45,477,100	26,162,000	71,639,100
2040	45,475,550	-	45,475,550
2041	45,480,250	-	45,480,250
2042	45,476,750	-	45,476,750
2043	45,477,000	-	45,477,000
2044	45,481,100	-	45,481,100
2045	45,476,300	-	45,476,300
2046	45,480,250	-	45,480,250
2047	45,474,750	-	45,474,750
2048	45,476,500	-	45,476,500
2049	45,478,750	-	45,478,750
2050	45,477,250	-	45,477,250
2051	45,477,750	-	45,477,750
2052	25,605,500	-	25,605,500
2053	25,604,250	-	25,604,250
Total	\$ 1,279,106,700	\$ 581,523,359	\$ 1,860,630,059

- The table sets forth the annual debt service requirements on the Authority's ad valorem tax bonds as of December 31, 2024, excluding bonds that have been refunded and defeased.

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DEMOGRAPHIC AND ECONOMIC INFORMATION

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

December 31, 2024
(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>
2024	2.3%	4.0%	2,064.0	3,267.0	622	76.63	49.3
2023	3.4%	3.7%	2,019.2	3,084.1	779	77.58	47.4
2022	2.9%	3.5%	3,009.7	3,957.8	779	76.44	48.4
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

- 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)

Calendar Year Ending December 31	Population	Unemployment Rate	Personal Income (amounts in thousands)	Per Capita Personal Income
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%	285,664,628	60,183
2021	4,728,030	6.5%	311,430,719	65,869
2022	4,780,913	4.5%	313,193,267	65,509
2023	4,826,539	4.4%	330,617,356	68,500
2024	4,888,913	4.5%	357,130,669	73,049

- Source: Harris County, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2024
- Population Estimate based on projected growth. U.S. Bureau of Economic Analysis/World Population Review.
- Unemployment Rate - Texas Workforce Commission
- Personal Income - U.S. Bureau of Labor Statistics

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

(amount in thousands)
(unaudited)

Employer	2024**			2014		
	Employees	Rank	Percentage of Area Employment	Employees	Rank	Percentage of Area Employment
Walmart Stores Inc.	34,000	1	1.01%	-		-
HEB	32,635	2	0.97%	-		-
Memorial Hermann Health System	29,130	3	0.87%	19,500	1	0.66%
Houston Methodist	28,304	4	0.84%	13,000	5	0.44%
UT MD Anderson Cancer Center	22,088	5	0.66%	19,290	2	0.65%
Amazon	20,000	6	0.60%	-		-
Kroger Company	15,000	7	0.45%	-		-
Texas Children's Hospital	14,378	8	0.43%	-		-
HCA Houston Healthcare	12,614	9	0.38%	-		-
United Airlines	11,834	10	0.35%	17,000	3	0.57%
National Oilwell Varco	-		-	10,000	7	0.34%
Exxon Mobil Corp	-		-	13,191	4	0.45%
Shell Oil Company	-		-	13,000	6	0.44%
Schlumberger Limited	-		-	10,000	8	0.34%
BP America	-		-	9,537	9	0.31%
Baylor College of Medicine	-		-	9,232	10	0.31%
	<u>219,983</u>		<u>6.56%</u>	<u>133,750</u>		<u>3.86%</u>

- Source: Greater Houston Partnership, Harris County, Texas Annual Comprehensive Financial Report for the fiscal year September 30, 2022.

- Note: Houston area employment for 2022 was approximately 3,355,000 and for 2013 was 2,972,910.

- * Based on calendar year

- ** Information for 2023 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>2024</u>	<u>2020</u>	<u>2016</u>	<u>2012</u>	<u>2008</u>
Registered Voters	2,664,202	2,431,457	2,182,980	1,942,566	1,974,177
Votes Cast	1,567,610	1,656,686	1,338,821	1,204,167	1,188,731
Percentage of Registered Voters Voting	58.84 %	68.14 %	61.33 %	61.99 %	60.21 %

Motor Vehicle Registration^(c)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Passenger Cars, Small Trucks and Misc.	3,572,633	3,513,903	3,304,054	3,289,391	3,219,855
Large Trucks	49,068	52,699	51,529	48,965	44,849
Total	<u>3,621,701</u>	<u>3,566,602</u>	<u>3,355,583</u>	<u>3,338,356</u>	<u>3,264,704</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)

	2024	2023	2022	2021	2020
Baylor College of Medicine	1,740	1,653	1,603	1,581	1,592
Houston Christian University	4,276	4,182	4,250	3,963	3,963
Houston Community College	43,719	40,255	39,201	38,653	37,676
Lone Star College System	78,274	76,672	73,556	72,090	70,738
Rice University	8,849	8,446	8,552	8,166	7,437
San Jacinto College:					
Central, South and North	31,607	31,255	30,425	31,434	30,840
South Texas College of Law	1,092	1,040	994	979	1,003
Texas Southern University	8,920	8,472	8,634	7,525	7,016
Texas Woman's University: Houston (f)	1,004	1,060	1,185	1,331	1,314
University of Houston:					
University Park	47,775	46,502	46,581	46,968	47,066
Downtown	13,732	14,113	14,212	15,081	15,251
Clear Lake	8,140	8,232	8,559	9,398	9,060
University of St. Thomas	4,301	3,816	3,590	3,877	3,693
University of Texas: (e)					
Dental Branch	566	570	569	573	574
Graduate School of Biomedical Sciences	499	489	473	465	480
Medical School	1,132	1,074	1,086	1,081	1,116
School of Biomedical Informatics	355	376	355	328	290
School of Nursing	1,034	1,067	1,258	1,602	1,637
School of Public Health	1,343	1,468	1,578	1,709	1,514
Total	<u>258,358</u>	<u>250,742</u>	<u>246,661</u>	<u>246,804</u>	<u>242,260</u>

Number of Employees

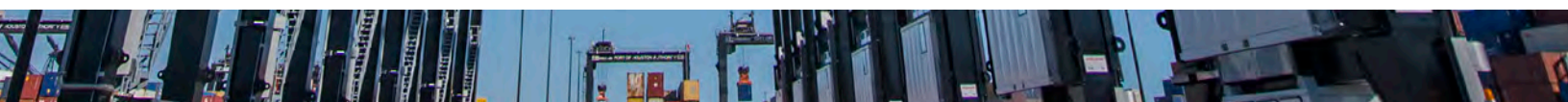
	2024	2023	2022	2021	2020
Harris County (g)	18,915	17,640	17,427	17,482	17,561
Flood Control District (g)	351	329	347	331	325
Port of Houston Authority	822	771	740	706	688

- Note (d) Source: Fall 2024 Enrollment Data from Texas Higher Education Coordinating Board and above school websites
- Note (e) Source: University of Texas Office of Registrar (Fact Book 2024)
- Note (f) Source: Texas Women's University Office of Institutional Research & Data Mgmt. (Fact Book 2024)
- Note (g) Source: Harris County Auditor's Office

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OPERATING INFORMATION



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

	Berth Lengths (Feet)	Water Depth Below Mean Lower Low Water (Feet)	Paved Marshalling Area (Acres)	Covered Storage (Sq. Feet)
Turning Basin				
34 general Cargo Wharves	376-624	28.5-37.5	36	1,150,000
4 Liquid Bulk Wharves	226-570	34.5-37.5	-	-
Wharf - 32 Project Cargo	806	39.5 (a)	20	-
Woodhouse Terminal**				
Wharf 1	660	40.5 (a)	2	-
Wharf 2 and 3 (RoRo Dock)	1,250	36.5	-	112,740
Grain Dock**	600	43.5	-	-
Dry Bulk Cargo Facility				
Wharf 1	800	43.5	-	-
Wharf 2	400	43.5	-	-
Jacintoport				
Wharves 1 - 3	1,830	41.5	8	82,500
Care Terminal				
Wharf 1	500	38.5	10	45,000
Wharf 2	618	40.5	4	-
Sims Bayou Liquid Bulk Facility				
Berths	320	35.5-41.5	-	-
San Jacinto Barge Terminal				
Berth	200-700	17.5*	-	-
Barbours Cut Terminal				
Container Berths 1 - 6	6,000	46.5	210	-
Bayport				
Container Berths 2 -6	5,000	46.5	390	-
BPT Auto Terminal	1,000	34.5	-	-

* 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) = 13 total (10 SPP and 3 PP)
- Rubber-Tire Gantry (RTG) = 69
- Empty Handling (Pencil/Side-pick) = 9
- Other load handling equipment (Top Loader) = 3

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 39
- Heavy-duty yard Chassis = 54

Bayport

Container Cranes:

- Ship to Shore (STS) = 18 total (12 SPP, 6 PP)
- Rubber-Tire Gantry (RTG) = 78
- Empty Handling (Pencil/Side-pick) = 7 (1 yard ran by PHA, 2 yards ran by 3rd parties)
- Other load handling equipment (Top Loader) = 2

Other Equipment:

- Heavy-duty yard tractors (UTR/PIT) = 18
- Heavy-duty yard Chassis (Bucket) = 21

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

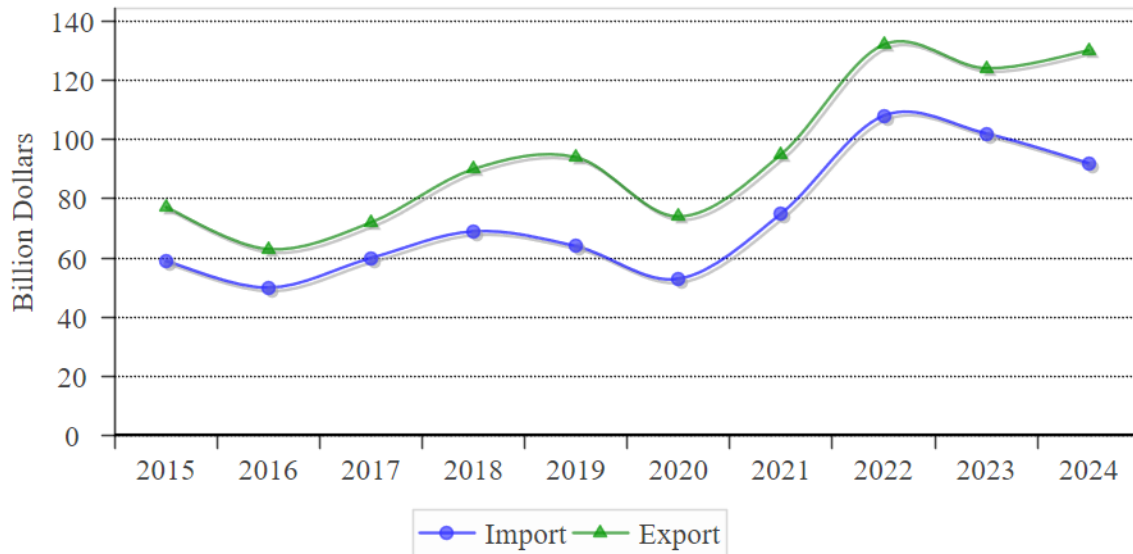
Port of Houston Authority of Harris County, Texas
Freight Traffic Statistics
(in thousands)
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Freight handled by the Authority only (excluding tonnages handled by private terminals) - short tons (a)										
Breakbulk cargo	5,373	5,388	6,977	4,753	2,958	5,030	5,065	4,587	3,423	5,796
Container cargo	38,233	35,558	34,951	29,685	28,751	29,043	26,588	24,291	21,960	21,564
Bulk grain	1,695	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350
Bulk plant	3,363	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330	2,905
Other bulk	13,150	13,798	15,305	12,339	9,816	8,714	9,855	10,033	13,254	12,550
Total	61,814	58,834	62,754	51,938	46,853	48,142	46,679	44,281	44,839	45,165
Freight handled by entire Port of Houston (includes tonnage handled by both the Authority and private terminals) - short tons (b) (c)										
Foreign										
Imports	(d)	(d)	68,759	60,860	56,971	65,561	73,863	72,386	69,110	71,388
Exports	(d)	(d)	140,890	129,802	139,792	144,190	117,220	100,825	94,876	92,024
Total Foreign (d)	-	-	209,649	190,662	196,763	209,751	191,083	173,211	163,986	163,412
Domestic										
Receipts	(d)	(d)	31,882	29,918	34,294	31,945	32,996	35,745	36,417	36,010
Shipments	(d)	(d)	33,800	28,454	27,689	26,054	25,630	30,058	26,635	24,375
Total Domestic (d)	-	-	65,682	58,372	61,983	57,999	58,626	65,803	63,052	60,385
Local	(d)	(d)	18,503	17,490	17,194	17,194	19,222	21,057	20,944	17,136
Total	-	-	293,834	266,524	275,940	284,944	268,931	260,071	247,982	240,933
Value of foreign trade handled by entire Port of Houston (c)										
Imports	\$ 92,470,069	\$ 101,923,336	\$ 108,448,229	\$ 74,922,028	\$ 52,513,714	\$ 63,704,252	\$ 69,090,105	\$ 59,594,077	\$ 49,616,268	\$ 59,493,988
Exports	130,053,228	124,021,235	131,596,257	94,737,917	74,035,317	93,841,724	90,159,307	71,905,598	63,303,533	76,535,738
Total	\$222,523,297	\$225,944,571	\$240,044,486	\$169,659,945	\$126,549,031	\$157,545,976	\$159,249,412	\$131,499,675	\$112,919,801	\$136,029,726

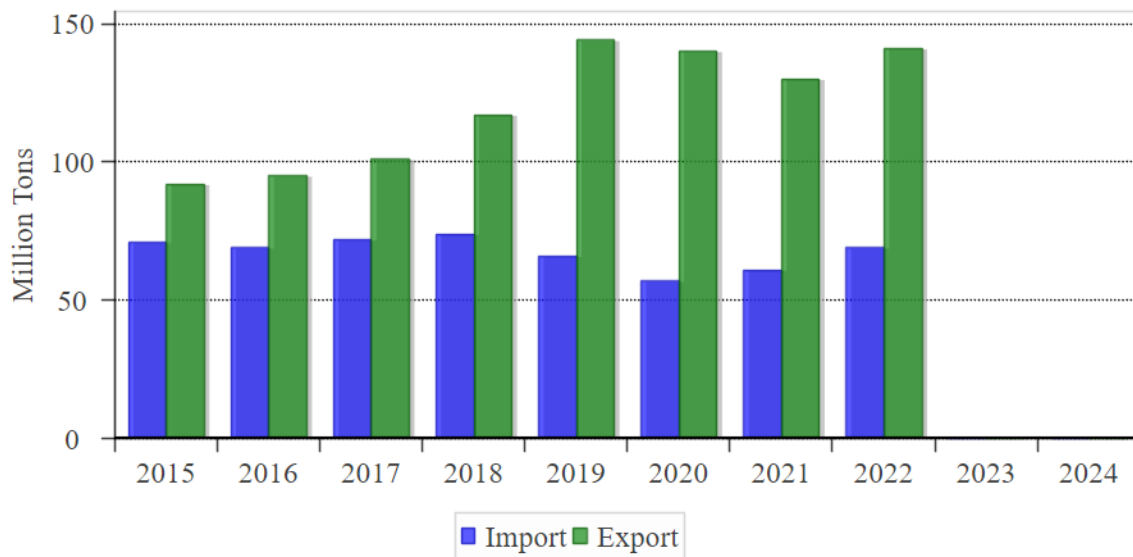
- Note (a) Source: The Authority
- Note (b) Source: U.S. Army Corps of Engineers, Waterborne Commerce of the U.S.
- Note (c) Source: Bureau of Census U.S. Department of Commerce
- Note (d) Amounts not available for 2023 and 2024.

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

Value of foreign freight handled by Port of Houston



Tons of foreign freight handled by Port of Houston



- Note: Foreign tonnage is not available for 2023 and 2024.

Port of Houston Authority of Harris County, Texas
Cargo Statistics

Last Ten Fiscal Years

(in thousands of short tons)
(unaudited)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Revenue Tonnage										
Including Bayport companies	61,814	58,831	62,754	51,938	46,853	48,142	46,679	44,281	44,839	45,168
Excluding Bayport companies	53,066	50,323	55,061	44,533	41,688	43,137	40,863	38,274	34,847	35,744
General Cargo (a)	43,606	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226	27,360
Bulk Materials Handling Plant	3,363	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330	2,908
Grain Elevator #2	1,695	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350
Other Bulk Movements										
Excluding Bayport companies (b)	4,402	5,289	7,613	4,935	4,651	3,708	4,039	4,026	3,419	3,126
Including Bayport companies	8,748	8,508	7,693	7,404	5,165	5,005	5,815	6,007	9,992	9,424
Barbours Cut Terminal										
Bulk (b)	6	6	24	-	15	42	51	3	3	-
General cargo (a)	14,308	15,725	15,612	12,147	12,293	11,185	10,687	9,808	9,467	11,395
Bayport Container Terminal										
General cargo (a)	22,877	18,894	17,884	16,530	15,385	16,603	14,605	13,027	10,855	8,589
Steel (a)										
Import	4,190	4,379	5,166	3,327	2,202	3,980	4,303	3,626	2,288	4,643
Export	342	84	38	38	51	72	61	68	80	141
Autos - Turning Basin										
Tons - import (a)	14	196	121	114	98	134	152	141	161	168
Tons - export (a)	1	2	1	2	1	4	4	3	8	14
Units - import	8	86	54	50	44	61	74	74	83	82
Units - export	-	-	-	-	-	1	1	1	2	6
Bagged Goods (a)										
Import	232	270	437	282	196	263	133	232	168	167
Export	5	-	6	20	18	18	84	45	40	46
Container TEU	4,140	3,825	3,975	3,453	2,989	2,987	2,700	2,459	2,183	2,131

- 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)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Houston Ship Channel										
Break bulk	476	466	545	549	565	623	642	667	744	883
Bulk carrier	779	722	927	784	724	773	743	860	827	876
Containers	978	1,051	948	977	1,091	1,041	962	912	940	1,003
Cruise	-	-	-	-	-	-	-	-	31	48
Roll-on/roll-off	-	-	-	-	-	-	6	30	35	12
Tankers	5,761	5,595	5,358	5,057	5,096	5,417	5,445	4,851	5,129	5,047
Tug Tow	383	320	445	438	443	412	450	503	448	384
Vehicle carrier	25	76	55	76	76	99	129	110	109	111
Other	7	8	2	5	12	10	10	13	6	12
Total Vessel Arrivals	8,409	8,238	8,280	7,886	8,007	8,375	8,387	7,946	8,269	8,376
PHA Public Wharves										
Turning Basin										
Ships	634	650	742	744	677	699	779	839	864	1,066
Barges	692	634	723	667	878	890	1,182	1,063	935	971
Bulk Plant, Jacintoport, Care, Woodhouse, and HPGE#2										
Ships	388	329	420	478	508	534	435	433	517	502
Barges	528	435	488	438	560	568	547	443	504	424
Sims Bayou and San Jacinto Barge Terminal										
Ships	36	29	47	33	75	12	23	15	24	29
Barges	709	641	703	764	730	742	890	771	641	570
Barbours Cut										
Ships	449	519	485	454	571	554	527	500	560	581
Barges	12	13	2	-	5	35	54	33	36	98
Bayport Container Terminal										
Ships	524	515	497	525	522	523	476	463	490	494
Barges	2	5	43	50	62	111	172	164	175	119
Bayport Cruise Terminal										
Cruise	-	-	-	-	-	-	-	-	31	48
Layberth	-	-	-	-	-	-	-	-	-	42
Bayport Companies										
Ships	784	833	725	624	744	843	765	777	793	856
Barges	1,827	1,827	1,911	1,815	1,291	1,327	1,635	1,679	2,402	2,166
Total PHA Arrivals										
Ships (a)	2,815	2,875	2,916	2,858	3,097	3,165	3,005	3,027	3,279	3,576
Barges	3,770	3,555	3,870	3,734	3,526	3,673	4,480	4,153	4,693	4,390

- 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

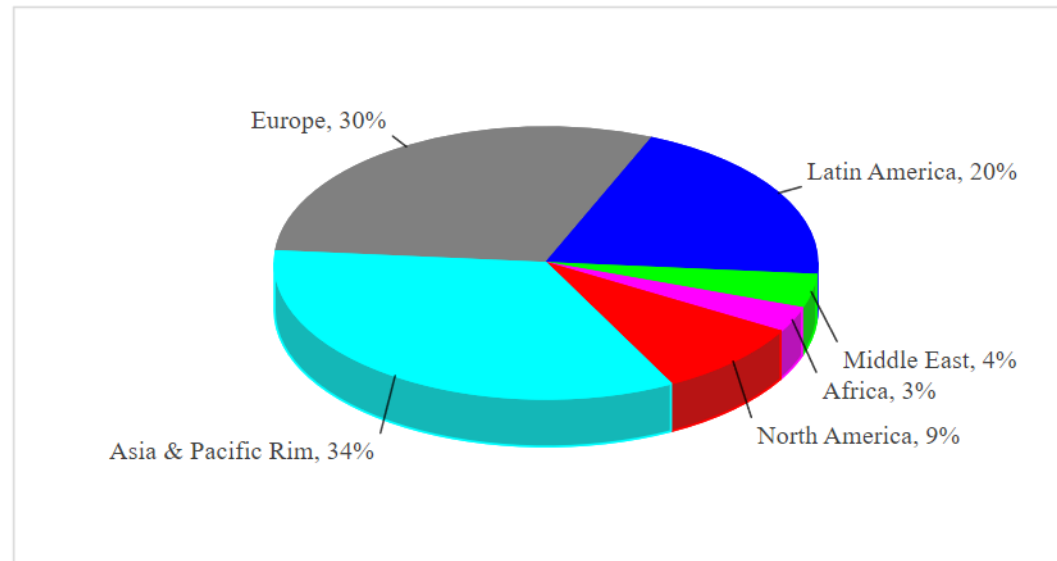
(in thousands)
(short tons)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Coke	3,363	2,736	3,079	2,212	2,562	2,439	3,012	2,898	3,313	2,809
Coal	-	41	534	456	-	618	784	333	16	100
Fertilizer	47	34	41	97	138	109	90	71	90	51
Grain	1,695	1,312	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350
Industrial Chemical	10,799	10,975	12,700	9,751	8,028	7,347	8,362	8,451	11,957	11,240
Molasses	184	260	371	321	336	367	301	242	243	255
Petroleum Products	222	324	308	312	286	444	645	554	508	458
Tallow	142	37	125	134	249	155	180	275	152	154
Dry Bulk	1,481	1,937	1,638	1,667	704	173	142	269	287	242
Vegetable Oil	275	230	123	55	76	119	135	170	175	150
Totals	18,208	17,886	20,827	17,498	15,145	14,069	15,026	15,403	19,613	17,809

- Source: The Authority

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

2024 Foreign Trade Through the Port of Houston by Region (\$ Value)

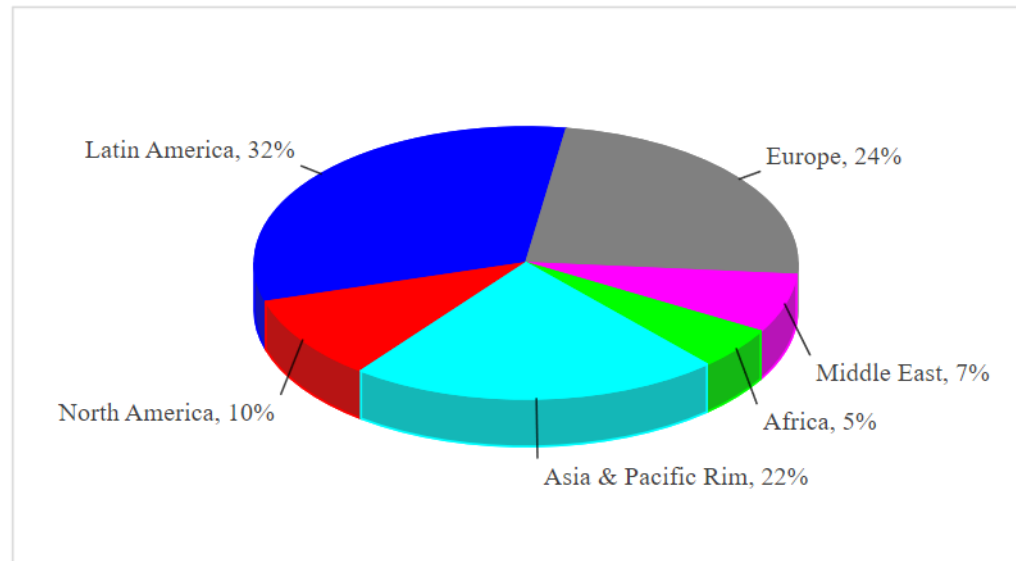


TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2024 (000s)

	Imports	Exports	Total	Percent of World Total
Asia & Pacific Rim	\$ 42,113,537	\$ 32,916,258	\$ 75,029,795	34 %
Europe	27,117,038	39,583,187	66,700,225	30 %
Latin America	12,237,954	32,669,072	44,907,026	20 %
North America	5,386,198	14,830,931	20,217,129	9 %
Middle East	4,487,951	4,419,444	8,907,395	4 %
Africa	1,127,390	5,634,336	6,761,726	3 %
Worldwide Totals	\$ 92,470,068	\$130,053,228	\$ 222,523,296	100 %

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

2015 Foreign Trade Through the Port of Houston by Region (\$ Value)



TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2015 (000s)

	Imports	Exports	Total	Percent of World Total
Europe	\$ 23,937,491	\$ 19,023,434	\$ 42,960,925	32 %
Latin America	7,784,125	25,005,537	32,789,662	24 %
Asia & Pacific Rim	16,220,466	13,775,396	29,995,862	22 %
North America	6,416,529	7,854,403	14,270,932	10 %
Middle East	3,689,379	5,500,319	9,189,698	7 %
Africa	1,483,846	5,611,727	7,095,573	5 %
Worldwide Totals	\$ 59,531,836	\$ 76,770,816	\$ 136,302,652	100 %

- 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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Exempt Employees	308	279	270	256	248	244	222	215	207	199
Non Exempt Maintenance	279	266	244	235	226	229	211	215	171	169
Non Exempt Employees	235	226	226	210	208	210	219	190	219	215
Total Active Employees	822	771	740	701	682	683	652	620	597	583

- Source: The Authority

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ADDITIONAL BOND DISCLOSURES

Port of Houston Authority of Harris County, Texas

For the Year Ended December 31, 2024

The Port of Houston Authority of Harris County, Texas reports updated disclosure to tables in the Series 2021 and Series 2023 (Non-AMT) Official Statement. These updates to the Authority's 2024 financial and operating data are provided as noted below. Each table in the Official Statement is referenced below to the page number in preceding sections of 2024 ACFR or included in this Additional Bond Disclosures section.

	PAGE
Table 1 - Physical Characteristics of the Port Facilities of the Authority	See page 112 of 2024 ACFR
Table 2 - Container Geographic Trade Lanes - Fiscal Year 2024	See page 122 in this section
Table 3 - Volumes of Containerized Import and Export Commodities - Fiscal Year 2024 (in TEUs)	See page 122 in this section
Table 4 - Revenue Tonnage	See page 102 of 2024 ACFR
Table 5 - Vessel Arrivals	See page 123 in this section
Table 6 - Operating Revenues by Type	See page 123 in this section
Table 7 - Revenue Cargo by Type	See page 124 in this section
Table 8 - Top Ten Authority Customers (Ten-Year Comparison)	See page 103 of 2024 ACFR
Table 9 - Top Ten Authority Exporters and Importers	See page 124 in this section
Table 10 - Top Ten Authority Tenants	See page 125 in this section
Table 11 - Statement of Revenues, Expenses and Changes in Net Position	See page 126 in this section
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Port of Houston Authority of Harris County, Texas

Table 2 - Container Geographic Trade Lanes - Year 2024
(unaudited)

	Imports	Exports
Asia	57 %	24 %
Americas	11 %	27 %
Europe	13 %	16 %
Africa / Middle East	3 %	15 %
Mediterranean	8 %	8 %
Indian Subcont.	7 %	6 %
Other	1 %	4 %

Source: The Authority

Table 3 - Volumes of Containerized Import and Export Commodities - Year 2024 (in TEUs)
(unaudited)

	Imports		Exports
Machinery, Appliances & Electronics	347,037	Resins & Plastics	637,412
Retail Consumer Goods	276,621	Chemicals & Minerals	252,204
Hardware & Construction Materials	235,552	Automotive	127,488
Furniture	211,676	Apparel & Accessories	99,045
Food & Drink	204,970	Food & Drink	76,759
Resins & Plastics	147,774	Steel & Metals	62,805
Steel & Metals	131,477	Machinery, Appliances & Electronics	62,222
Automotive	112,372	Fabrics including Raw Cotton	34,614
Chemicals & Minerals	104,978	Retail Consumer Goods	31,647
Apparel & Accessories	66,169	Hardware & Construction Materials	14,856
Fabrics including Raw Cotton	31,114	Furniture	9,325
Other	19,113	Other	15,933

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 5 - Vessel Arrivals
(unaudited)

	2024	2023	2022	2021	2020
Authority Public Wharves					
Turning Basin					
Ships	634	650	742	744	677
Barges	692	634	723	667	878
Bulk Plant, Jacintoport, Care, and Woodhouse					
Ships	388	329	420	478	508
Barges	528	435	488	438	560
Sims Bayou and San Jacinto Barge Terminal					
Ships	36	29	47	33	75
Barges	709	641	703	764	730
Barbours Cut					
Ships	449	519	485	454	571
Barges	12	13	2	-	5
Bayport Container Terminal					
Ships	471	467	413	450	437
Barges	2	5	43	50	62
Bayport Auto Terminal					
Ships	53	48	84	75	85
Barges	-	-	-	-	-
Total Authority Arrivals					
Ships	2,031	2,042	2,191	2,234	2,353
Barges	1,943	1,728	1,959	1,919	2,235

Note: Excludes vessel arrivals at private wharf at Bayport.

Table 6 - Operating Revenues by Type^(a)
(Dollar amounts in thousands; rounding differences may occur)
(unaudited)

	2024	2023	2022	2021	2020
Container Terminals	\$ 523,395	\$ 473,985	\$ 537,019	\$ 424,011	\$ 307,796
Turning Basin Terminals	71,263	76,008	79,338	59,699	49,606
Bulk	5,198	5,951	5,524	5,046	5,174
Leases	6,860	7,284	10,858	9,276	11,623
Other	27,775	21,842	18,535	18,536	16,533
Total operating revenues	634,491	585,070	651,274	516,568	390,732
Change from previous year	8 %	(10)%	26 %	32.2 %	- %

^(a) Revenue categories are aligned with internal management reporting.

^(b) Other revenues include submerged lands leases, Port Terminal Railroad Association revenues, and harbor fees associated with fire protection services.

Source: The Authority.

Port of Houston Authority of Harris County, Texas

Table 7 - Revenue Cargo by Type
(unaudited)

	2024	2023	2022	2021	2020
Revenue cargo statistics:					
Container TEUs	4,140	3,825	3,975	3,453	3,001
General cargo (short tons)	43,606	40,945	41,928	34,438	31,708
Bulk cargo (short tons)	9,460	9,378	13,133	10,095	9,980
Total Revenue tonnage	53,066	50,323	55,061	44,533	41,688

^(a) Includes container tonnage; short tons equal 2,000 pounds.

Source: The Authority

Table 9 - Top Ten Authority Exporters and Importers 2024
(unaudited)

Exporters

ExxonMobil	61,320
Shintech	43,604
Tricon Dry Chemicals	37,973
Vinmar International	29,010
Montachem International	27,305
Muehlstein International	16,015
Domtar Paper	8,610
Chevron Phillips Chemical	7,384
Ravago	6,345
Olam Agri America	5,925

Importers

First Solar	17,212
Walmart	15,256
Rooms To Go Furniture	15,007
Bechtel Energy	13,771
Heineken	9,420
Ikea	8,731
Tramontina USA	8,267
LG Electronics	8,169
Vestas	7,251
Living Spaces Furniture	6,167

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 10 - Top Ten Authority Tenants - Year 2024

(Dollar Amounts in thousands)

(unaudited)

Tenant ^(a)	Revenue	% Lease Revenue
Enstructure Richardson	\$ 9,001	17%
Enterprise	8,982	17%
Jacintoport International - Lease	4,601	9%
Cooper/Ports America, LLC	4,526	9%
Kinder Morgan Petcoke	3,774	7%
TPC Group LLC	3,090	6%
Texas Stevedoring Services, LLC	1,683	3%
Volkswagen of America - Lease	1,578	3%
Frontier Logistics	1,387	3%
Gulf Stream Marine, Inc.	1,361	3%
Total Revenue for Top Ten Tenants	\$ 39,983	77%
Total Lease Revenue^(b)	\$ 52,252	

^(a) Revenues reported under the tenant names referenced may include affiliated tenant lease revenues

^(b) In "---Table 6 --Operating Revenues by Type, " these revenues are included within the categories Container Terminals, Turning Basin Terminals, Bulk, and Other and in "FINANCIAL DATA -- Table 11 - Statement of Revenues, Expenses and Changes in Net Position," these lease revenues are included within the categories of Vessel and Cargo Services, Bulk Materials, and Other.

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 11 - Statement of Revenues, Expenses and Changes in Net Position
(Dollar amounts in thousands; rounding differences may occur)
(unaudited)

	2024	2023	2022	2021	2020
Operating revenues					
Vessel and cargo services	\$ 593,000	\$ 547,976	\$ 614,714	\$ 483,477	\$ 357,386
Rental of equipment and facilities	19,642	19,737	22,886	19,500	21,665
Grain elevator	1,424	1,395	1,237	1,035	1,263
Bulk materials	3,774	4,556	4,288	4,012	3,911
Other	16,651	11,406	8,149	8,544	6,507
Total operating revenues	634,491	585,070	651,274	516,568	390,732
Operating expenses					
Maintenance and operations of facilities	259,212	240,332	236,575	193,869	178,606
General and administrative	73,793	57,415	54,335	48,582	46,225
Depreciation and amortization	110,007	97,170	85,588	80,723	77,829
Total operating expenses	443,012	394,917	376,498	323,174	302,660
Operating income	191,479	190,153	274,776	193,394	88,072
Nonoperating revenues (expenses)					
Investment income	58,575	51,602	11,515	1,062	9,810
Interest Expense on Revenue Bonds ^(a)	(26,918)	(17,750)	(9,681)	(2,783)	-
Contributions to state and local agencies	(89)	(1,463)	(8,414)	(10,985)	(235)
Loss on disposal of assets	(13,491)	(5)	(33)	(36)	(126)
Other, net	15,871	10,000	11,133	7,627	833
Total nonoperating revenues	33,948	42,384	4,520	(5,115)	10,282
Income before nonoperating revenues (expenses) related to property taxes	225,427	232,537	279,296	188,279	98,354
Nonoperating revenues (expenses) related to property taxes					
Property taxes	38,510	35,609	44,961	43,702	48,965
Investment income / (loss) on bond proceeds	2,467	2,213	531	30	349
Interest expense on unlimited tax bonds	(12,317)	(12,229)	(13,002)	(13,483)	(23,526)
Property tax collection expense	(830)	(1,100)	(1,100)	(1,100)	(1,100)
Other, net	(1,114)	(326)	(417)	(355)	(384)
Total nonoperating revenues related to property taxes	26,716	24,167	30,973	28,794	24,304
Income before capital contributions	252,143	256,704	310,269	217,073	122,658
Capital contributions from federal agencies	60,537	24,575	10,030	16,287	5,188
Change in net position	312,680	281,279	320,299	233,360	127,846
Net position, January 1	2,601,717	2,320,438	2,000,139	1,766,779	1,638,933
Net position, December 31	\$ 2,914,397	\$ 2,601,717	\$ 2,320,438	\$ 2,000,139	\$ 1,766,779

^(a) Includes interest expense of approximately \$9,442 thousand on Series 2021 Revenue Bonds, and \$17,476 thousand on Series 2023 Revenue Bond.

Source: The audited financial statements of the Authority.

Port of Houston Authority of Harris County, Texas

Table 12 - Current Investment Distribution - Year End 2024
(unaudited)

Interest Bearing Bank Deposits ^(a)	3%
Local Government Investment Pools	90%
U.S. Government Agencies Securities	4%
Municipal Bonds	3%
	<hr/>
Total	100%

^(a) Collateralized in accordance with the Public Funds Collateral Act, Chapter 2257, Texas Government Code.
Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 13 - Series 2021 and Series 2023 Revenue Bond Debt Service Schedule
(unaudited)

Fiscal Year	The Bonds		Total Debt Service
	Series 2021	Series 2023	
2025	\$ 19,875,250	\$ 25,603,000	\$ 45,478,250
2026	19,874,500	25,602,000	45,476,500
2027	19,874,000	25,605,500	45,479,500
2028	19,873,000	25,602,500	45,475,500
2029	19,875,750	25,602,500	45,478,250
2030	19,876,250	25,604,500	45,480,750
2031	19,873,750	25,602,500	45,476,250
2032	19,872,500	25,600,750	45,473,250
2033	19,876,500	25,603,250	45,479,750
2034	19,874,500	25,603,750	45,478,250
2035	19,875,750	25,601,250	45,477,000
2036	19,875,350	25,604,750	45,480,100
2037	19,874,550	25,602,750	45,477,300
2038	19,872,750	25,604,250	45,477,000
2039	19,874,350	25,602,750	45,477,100
2040	19,873,550	25,602,000	45,475,550
2041	19,874,750	25,605,500	45,480,250
2042	19,875,250	25,601,500	45,476,750
2043	19,873,250	25,603,750	45,477,000
2044	19,875,850	25,605,250	45,481,100
2045	19,872,050	25,604,250	45,476,300
2046	19,876,250	25,604,000	45,480,250
2047	19,872,250	25,602,500	45,474,750
2048	19,873,750	25,602,750	45,476,500
2049	19,876,250	25,602,500	45,478,750
2050	19,872,750	25,604,500	45,477,250
2051	19,876,500	25,601,250	45,477,750
2052	-	25,605,500	25,605,500
2053	-	25,604,250	25,604,250
	<u>\$ 536,611,200</u>	<u>\$ 742,495,500</u>	<u>\$ 1,279,106,700</u>

Port of Houston Authority of Harris County, Texas

Table 14 - Historical Net Revenue Available for Debt Service
(Dollar amounts in thousands)
(unaudited)

	2024	2023	2022	2021	2020
Operating Revenues^(a)					
Container Terminals	\$ 523,395	\$ 473,985	\$ 537,019	\$ 424,011	\$ 307,796
Turning Basin Terminals	71,263	76,008	79,338	59,699	49,606
Bulk	5,198	5,951	5,524	5,046	5,174
Leases	6,860	7,284	10,858	9,276	11,623
Other	27,775	21,842	18,535	18,536	16,533
Total	634,491	585,070	651,274	516,568	390,732
Nonoperating Revenues (Expenses)	25,833	26,067	6,063	(2,682)	10,327
Gross Revenues	660,324	611,137	657,337	513,886	401,059
Less:					
Operating Expenses	259,212	240,332	236,575	193,869	178,606
G&A Expenses	73,793	57,415	54,335	48,582	46,225
Total Operations and Maintenance Expenses	333,005	297,747	290,910	242,451	224,831
Net Revenues Available For Debt Service on Revenue Obligations	327,319	313,390	366,427	271,435	176,228
Annual Debt Service on Outstanding First Lien Obligations^(b)	\$ 45,481				
First Lien Debt Service Coverage on Annual Debt Service^(b)	7.2x				
Maximum Annual Debt Service on Outstanding First Lien Obligations^(b)	\$ 45,481				
First Lien Debt Service Coverage on Maximum Annual Debt Service^(b)	7.2x				

^(a) Revenue categories are aligned with internal management reporting.

^(b) Represents the Annual Debt Service or Maximum Annual Debt Service on the Series 2021 Bonds and Series 2023 Bonds.
Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 15 - Projected Operating Results and First Lien Debt Service Coverage
(Dollar amounts in thousands)
(unaudited)

Fiscal Year	Gross Revenues ^(a)	Operation and Maintenance Expenses ^(b)	Net Revenues Available for Debt Service ^(c)	Debt Service Requirements		Total First Lien Debt Service Requirements	Projected First Lien Debt Service Coverage
				Series 2021	Series 2023		
2025	\$ 706,227	\$ 364,838	\$ 341,389	\$ 19,875	\$ 25,603	\$ 45,478	7.5x
2026	734,504	386,427	348,077	19,875	25,602	45,477	7.7x
2027	764,902	414,793	350,109	19,874	25,606	45,480	7.7x
2028	805,203	446,695	358,508	19,873	25,603	45,476	7.9x
2029	869,321	495,651	373,670	19,876	25,602	45,478	8.2x

^(a) Gross Revenues represent all projected revenues, income and receipts, including interest income, and any other revenues as defined in the Resolution. Fiscal Year 2025 Gross Revenues reflect current forecast for the fiscal year. The compounded annual growth rate ("CAGR"), for Fiscal Years 2025 through 2029, is projected to be 5.3% and is primarily impacted by container terminal volume growth. The CAGR for the Turning Basin Terminals for Fiscal Years 2025 through 2029 is projected at 1.5% annually.

^(b) Operation and Maintenance Expenses represent projected Operation and Maintenance Expenses as defined in the Resolution. Expense profiles generally follow the operating revenue profile, as approximately 80% of expenses are linked with operations. Operation and Maintenance Expenses in Fiscal Years 2025 through 2029 are projected to increase at a CAGR of 8.0%. General and Administrative ("G&A") overhead expenses are projected at a 6.7% growth rate assumption from Fiscal Years 2025 through 2029.

^(c) Net Revenues Available for Debt Service illustrate a CAGR of 2.3% over this time horizon.

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