ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended December 31, 2023 and 2022

Port of Houston Authority
111 East Loop North
Houston, TX 77029

P: 713.670.2400
F: 713.670.2554

porthouston.com

Prepared by:
Office of the Controller, Port of Houston Authority

On the cover: A container vessel arriving to the Bayport Container Terminal with the Houston Petrochemical Complex in the background.

Port of Houston Authority
of Harris County, Texas

Annual Comprehensive Financial Report
For the Years Ended December 31, 2023 and 2022

Prepared By:
Office of the Controller
Port of Houston Authority

This page intentionally left blank

Port of Houston Authority of Harris County, Texas
Annual Comprehensive Financial Report
For the Years Ended December 31, 2023 and 2022

TABLE OF CONTENTS

PAGE

Introductory Section

Letter of Transmittal....1

GFOA Certificate of Achievement....10

Organizational Chart....11

Directory of Officials....12

Financial Section

Independent Auditor's Report....13

Management's Discussion and Analysis (unaudited)....17

Basic Financial Statements

- Statements of Net Position....28
- Statements of Revenues, Expenses and Changes in Net Position....30
- Statements of Cash Flows....31
- Statements of Fiduciary Net Position....33
- Statements of Changes in Fiduciary Net Position....34
- Notes to the Financial Statements....35

Required Supplementary Information - Unaudited

- Schedule of Changes in Net Pension Liability (Asset) and Related Ratios....87
- Schedule of Port Authority Contributions....88
- Schedule of Annual Money-Weighted Rate of Return....89
- Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios....90
- Schedule of Actuarially Determined Contributions....91

Supplementary Information

- Combining Statements of Fiduciary Net Position....92
- Combining Statements of Changes in Fiduciary Net Position....93

Statistical Section - Unaudited

Section Contents....94

Financial Trends Information

- Net Position by Component....95
- Changes in Net Position....96

Revenue Capacity Information

- Assessed Value and Actual Value of Taxable Property....97
- County-Wide Ad Valorem Tax Rates....98
- Direct and Overlapping Debt and Property Tax Rates....99
- Principal Property Tax Payers....100
- Property Taxes Levies and Collections....101
- Operating Revenues by Type....102
- Revenue Tonnage....103
- Top Ten Authority Customers....104

Debt Capacity Information

- Ratios of Net General and Revenue Bonded Debt by Type....105
- Net Revenues Available for Debt Service on Revenue Obligations....106
- Table of Bonded Debt Service Requirements....107

CONTENTS

	PAGE
Demographic and Economic Information	
Miscellaneous Statistical Data	108
Demographic and Economic Statistics	109
Principal Corporate Employers	110
Harris County Population Statistical Data	111
Harris County Miscellaneous Statistical Data	112
Operating Information	
Table of Physical Characteristics of the Port Facilities of the Authority	113
Freight Traffic Statistics	114
Freight Traffic Statistics Graph	115
Cargo Statistics	116
Vessel Arrivals	117
Bulk Commodity Statistics	118
Foreign Trade through the Port of Houston - 2023	119
Foreign Trade through the Port of Houston - 2014	120
Number of Regular Authority Employees by Type	121
Additional Bond Disclosures	122

INTRODUCTORY SECTION

Port of **Houston** Authority
111 East Loop North
Houston, Texas 77029-4326
Office: 713.670.2400
portofhouston.com

April 29, 2024

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, 2023. 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 771 active, regular employees as of December 31, 2023 and utilized 611 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 Barbours 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 adjoins the city of Morgan's Point and partially within the city of La Porte, and at the mouth of Galveston Bay, three and a half hours sailing time to the open waters of the Gulf of Mexico. In addition to its container handling and storage facilities, facilities for intermodal rail service and connecting terminal warehouses are available at BCT. A modernization program is underway to increase cargo handling efficiency and increase annual capacity 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 and is now being developed to operate a liquid bulk dock to handle crude oil and condensate. Certain wharves at BCT, Care Terminal, Jacintoport Terminal, the Bulk Materials Handling Plant, Sims Bayou, and in the Turning Basin Terminal area may be subject to preferential, but not exclusive, berthing arrangements.

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

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

The Authority also owns or manages approximately 12,000 acres of submerged lands 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

Financial markets started 2023 with continued concern over high inflation readings that carried over from the conditions of 2022. A strong jump in post-Covid consumer spending in the leisure market space (restaurants, travel and accommodation) was partly responsible for the inflation. Robust corporate earnings reports and positive economic data prompted the Federal Reserve ("Fed") to maintain its program of rising interest rates during the year, though at a slower pace. The Fed Funds rate was increased from 4.25%-4.50% on December 15, 2022 to 5.25%-5.50% on July 27, 2023, and remained at this upper level through the remainder of the year. In March 2023, the accelerated push to higher interest rates contributed to the failure of Silicon Valley Bank, the second largest bank failure in history.

For the full year 2023, inflation registered 3.4% versus 2022's 6.5%, both well above the Fed's targets. Of continuing concern to the Fed is the inflation rate for services, which closed the year at an annual rate of 5.3%. The unemployment rate was steady at 3.7% in December versus 3.5% in December 2022. Over the course of 2023, job numbers began to show a slowing pattern. Total payroll employment increased by 2.7 million jobs, less than the 4.8 million jobs created in 2022. For 2023, the goods and services trade deficit decreased $178 billion, or 18.7%, from 2022. Exports increased $35 billion, or 1.2 percent. Imports decreased $143 billion, or 3.6%. Preliminary full year GDP for 2023 is reported to be 2.5%, compared to 1.9% for 2022.

The erratic trend of generally slowing economic data in the second half of the year prompted debate on the economic glide path and whether to expect a hard or soft landing. Expectations for a possible recession pushed the yield curve into an inverted state. One-year Treasury rates rose, from 4.73% to a high of 5.49% then fell back and ended the year unchanged at 4.79%. The five-year Treasury note rose from nearly 4.0% to touch 5.0%, but then declined to 3.84%. The 10-year bond rose from 3.88% to a high of 4.81%, to close the year unchanged at 3.88%. The 3-month to 10-year yield curve reached a maximum inversion of -2.42% in May and ended the year at -1.72%. However, for most of the year, Local Government Investment Pools offered the best opportunity with yields consistently over 5.5%.

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 2024, the Authority has budgeted revenues of $676 million. While representing a 3% increase from the 2023 budgeted revenues of $654 million, this 2024 budget only projects an increase of 1% from actual 2023 results. Budgeted nonoperating revenues in 2024 are up $48 million versus the prior year budget, due primarily to higher interest income on securities and time deposits, as well as higher receipts related to grants. Total expenses are budgeted at $457 million, a 3% increase versus the prior year budget, due primarily to increased interest expense related to the second revenue bond issuance in August 2023, as well as increased expenses related to strategic planning initiatives and higher medical insurance costs. Excluding revenues and expenses related to property tax-supported debt and collection, the Authority projects net income of $219 million for 2024 or 4% higher than the 2023 budget. The Authority also expects to generate operating cash flows of about $253 million in 2024.

During 2023, the Authority awarded $379 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 2024, the Authority expects to commit $613 million for various capital projects. Approximately $490 million will be allocated to its container terminals for continuing development of Bayport and modernization at Barbours Cut, while $52 million relates to improvements at the general cargo and bulk terminals, and another $8 million is designated for channel development projects. The remaining 2023 capital budget funds are planned to be used for real estate purchases, building renovations, security, and information technology investments. As described below in Major Initiatives, as local sponsor of the Houston Ship Channel, the Authority is also responsible for funding a portion of the Houston Ship Channel Expansion Project, which began in 2021. Future funding sources may include cash generated by operations, industry contributions, revenue-backed debt instruments or lines of credit of the Authority and appropriations from the federal government.

Major Initiatives

Houston Ship Channel Expansion Project

Project 11 is arguably the eleventh major ship channel expansion project since the mid-nineteenth century and is critical to safely and efficiently sustaining domestic manufacturing growth, thriving U.S. exports, and expanding job opportunities. As the local sponsor of the nation's busiest waterway, the Authority is partnering with the U.S. Army Corps of Engineers as well as private industry on plans to expand the channel at an accelerated pace. Project 11 is widening the channel by 170 feet along its Galveston Bay reach, from 530 feet to 700 feet. It will also deepen certain upstream segments to 45 feet, make other safety and efficiency improvements, and craft new environmental features.

The initial contracts were let in the fourth quarter of 2021 and construction commenced in 2022, and pending federal authorization would continue through 2027, 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 the current Authority-led contracts, completing in Quarter 1 2025, 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 February 2022 with dredging completed in March 2023. Construction of Long Bird Island is anticipated to be completed in April 2024.
- Abandoned Pipeline Removal (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. Construction commenced in December 2022 and the anticipated completion date is October 2024.
- Houston Ship Channel Dredging, Bayport to Barbours Cut (Package 6, Segment 1C) was advertised in October 2023 with anticipated construction between April 2024 and January 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 most recently adopted a five-year Strategic Plan in 2020. This plan guides the pursuit of the Authority's mission, to *Move the World and Drive Regional Prosperity*, and vision, to become A*merica's Distribution Hub for the Next Generation*. Based on this plan, staff and resources are aligned under the strategic goals of People, Infrastructure, Partnerships and Stewardship. Major initiatives aligned with these goals in 2023 included executing Diversity, Equity, and Inclusion ("DEI") and leadership development programs designed to strengthen organizational culture; improving organizational efficiency through the commencement of implementing new enterprise resource planning technology; continuing to execute the workplan for Project 11 construction; supporting growth and optimizing operational capacity by executing planning projects; advancing the Authority's Business Equity program; and continuing to advance its sustainability and safety focus.

Terminal Improvements

The Authority 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 Barbours Cut and Bayport Container Terminals. Today, these terminals have a combined fleet of 29 wharf (STS) cranes, 123 Rubber Tired Gantry (RTG) cranes, 15 empty handlers, and additional heavy duty and other cargo handling equipment.

2023 was a busy year and 2024 is proving 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 6 at Bayport began in mid-2021 and completed in the fourth quarter of 2023. Three Super Post Panamax STS cranes were also delivered in the fourth quarter of 2023 to support this wharf expansion. Three additional Super Post Panamax cranes have been ordered and are expected to arrive in April 2024. Twelve additional RTGs have been ordered to arrive mid-year 2024, which will increase the Bayport fleet from 66 to 78.

Design efforts began late 2022 for an Exit Gate expansion at Bayport to help support the increased gate activity resulting from additional yard and wharf capacity. This design and construction effort involves collaboration with U.S. Customs and Border Protection, with construction planned to begin in April 2024.

Design of the East end of Bayport is underway to help develop and plan use of yard 1 South, 8 and 9. These areas should bring container stacking capacity needed to keep up with business growth expectations in upcoming years.

The construction work for Wharf 4/5 at Barbours Cut 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, and two older wharf cranes are set for demolition to accommodate space for the new cranes.

Reconstruction of yard areas 4 and 5 North at Barbours Cut was completed in the fourth quarter of 2023 and pairs with a complement of 14 new RTGs, expected to arrive in early 2024. Container yard areas 6 and 7 began redevelopment in late 2023. This 87 acres will be reconfigured to provide more efficient use of the space as well as additional capacity for refrigerated units. Five additional RTGs have also been ordered and are scheduled to arrive in 2025.

The West End Interim yard development is near completion. This effort will provide approximately 26 acres of container stacking space and is scheduled for completion in the second quarter of 2024. Design efforts have also been initiated for additional re-development areas of the container yards, to allow for more efficient, safer and denser yard operations. These areas include the truck entrance cul-de-sac, the south rim of the facility, the "slag yard", and future use of the West End interim yard.

The new maintenance facility is also nearing completion by Summer 2024, which will be an area to help consolidate some of the maintenance activities for Barbours Cut terminal. Additionally, teams are evaluating measures to improve traffic around the cul-de-sac on Barbours Cut Blvd., as well as installation of a new fire protection system in 2024.

Regarding improvements at the general cargo and bulk terminals, the rehabilitation of wharf 8 on the northside of the Turning Basin began in late 2022 and was completed in late 2023. A large restoration project for restrooms at wharves 8, 32, and various sheds began in the middle of 2022 and was completed in late 2023. Also, on the northside, a major roof repair at transit sheds 30 and 31 began in 2022 and completed in early 2023. Major roof repairs to transit sheds 21 and 22 began in late 2023 with an expected completion in mid-2024.

Regarding two large projects on the southside of the Turning Basin, rehabilitation of wharves 47, 48, and 1 East began in late 2022 and completed in late 2023, and construction of a new fender system at wharf 1 west began in early 2023 with an expected completion in the first quarter of 2024. At Care Terminal, the rehabilitation of the transit shed roof began in late 2023 with expected completion in mid-2024.

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 2020.

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, addressing drayage truck emissions, and reducing air quality effects from inside Authority property. For 2023, the Authority budgeted over $80 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 2023, the Authority conducted 80 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 2023, the Authority recognized $1.5 million 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, 2023 and 2022 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, LLP for December 31, 2023 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 49 consecutive years, as FY 2021 was received after an administrative delay and FY 2022 was received in normal course.

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

Roger Guenther Executive Director	Tim Finley Chief Financial Officer	Curtis Duncan Controller

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Houston Authority
Texas

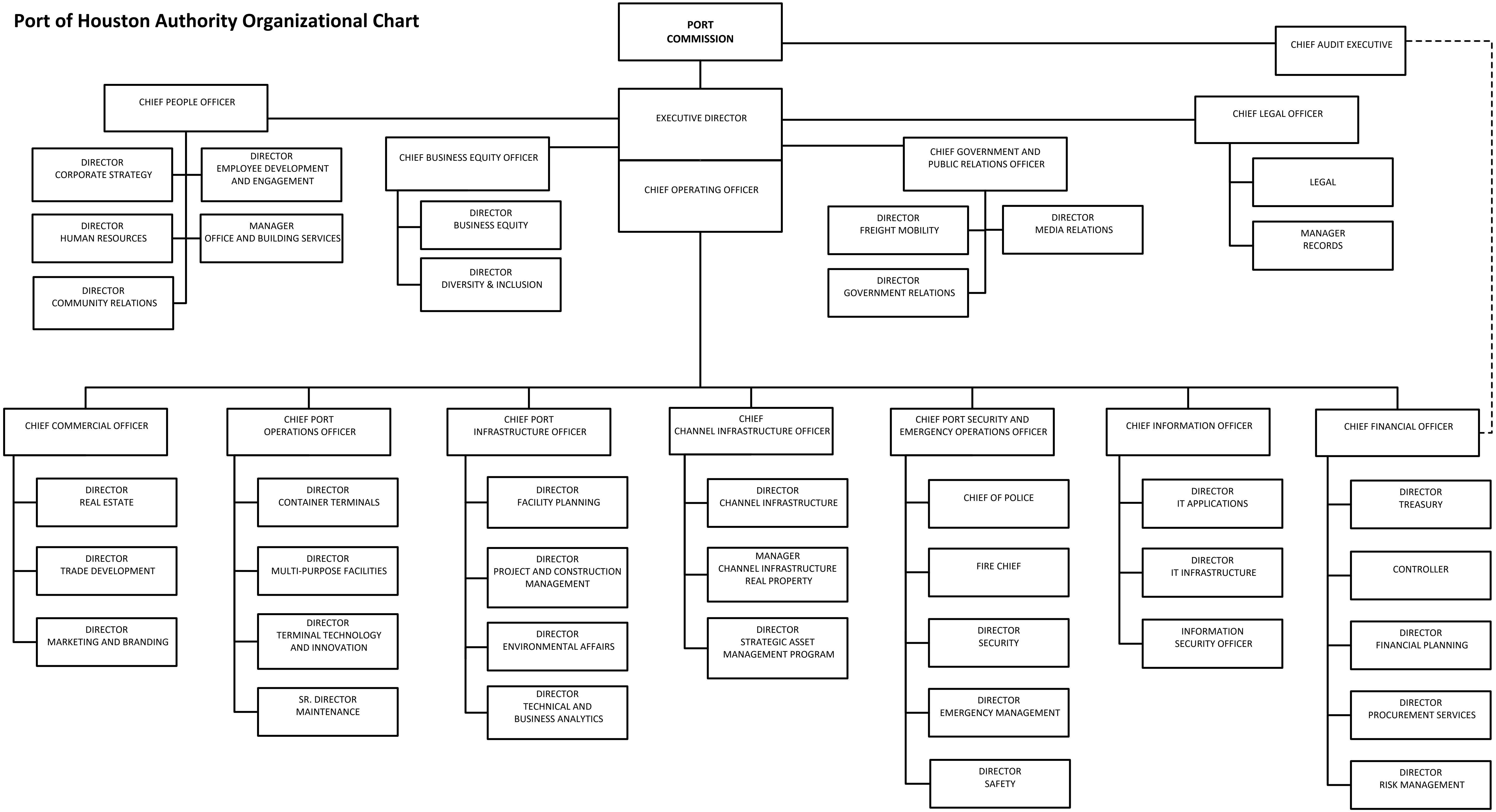
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2022

Christopher P. Morrill

Executive Director/CEO

Port of Houston Authority Organizational Chart



Last Updated: 01.03.2024

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
Cheryl D. Creuzot, Commissioner

Other Officials

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

FINANCIAL SECTION

FORVIS

2700 Post Oak Boulevard, Suite 1500 / Houston, TX 77056
P 713.499.4600 / **F** 713.499.4699
forvis.com

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 Port of Houston Authority of Harris County, Texas (Authority), as of and for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Authority adopted Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements,* in fiscal year 2023. Our opinions are not modified with respect to this matter.

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 introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024 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, LLP

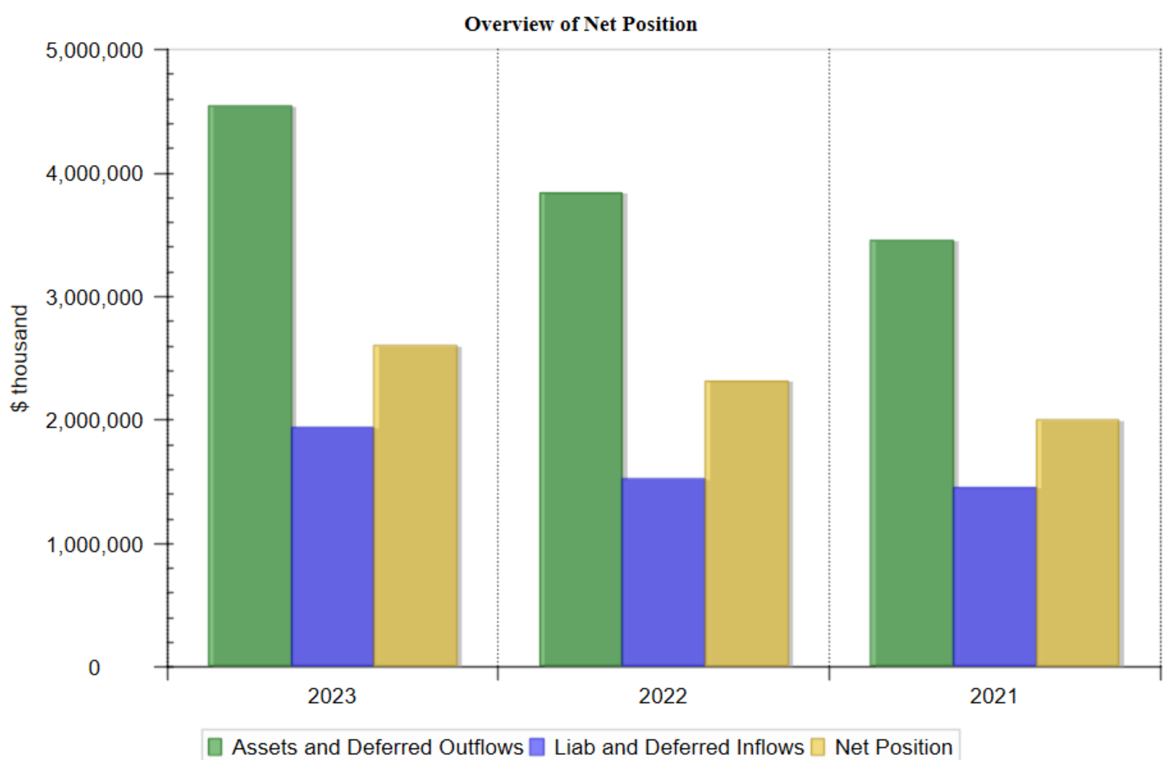
Houston, Texas
April 29, 2024

Port of Houston Authority of Harris County, Texas
Management's Discussion and Analysis
For the Years Ended December 31, 2023 and 2022
(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, 2023 and 2022.

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 2023

- The net position of the Authority at December 31, 2023 was $2,601,717, increasing $281,279 or 12% over the prior year.

- The Authority's total assets and deferred outflows of resources increased by $699,163 or 18% during the fiscal year ended December 31, 2023. The majority of this change stems from an increase in capital assets of $471,685, restricted assets - cash and cash equivalents of $434,114, currents assets - cash and cash equivalents of $368,998, prepaid and other current assets of $44,378, and net Other Post-Employment Benefits (OPEB) asset of $19,705. These are offset by a decrease in current assets - short term investments of $366,556, restricted assets - short term investments of $247,708, long term lease receivables of $8,831, deferred outflows of resources related to OPEB of $8,549, receivables, net of allowance for uncollectibles, of $3,899 and deferred outflows of resources related to pensions of $6,985.

- The Authority's total liabilities and deferred inflows of resources increased by $417,884 or 27%; the majority of this change stems from an increase in long-term debt (Series 2023 Revenue Bonds), net of current maturities of $383,095, accounts payable and other current liabilities of $21,795, and other noncurrent liabilities of $13,782. This is offset by a decrease in deferred inflows of resources related to leases of $13,621 and net pension liability of $4,040.

- Current assets exceeded current liabilities by $1,268,071.

- Net investment in capital assets (net of accumulated depreciation and debt) grew 16% to $1,710,445.

- Operating revenues were $585,070, decreasing 10% over the prior year.

- Total operating expenses were $394,917, reflecting 5% increase over the prior year.

- The Authority generated operating income of $190,153 in 2023 and $274,776 in 2022.

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 (66%) 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 (31%) 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)

	2023	Restated 2022	2021
Assets			
Current and other assets	$ 1,933,226	$ 1,690,082	$ 1,492,323
Capital assets	2,590,310	2,118,625	1,959,817
Total Assets	4,523,536	3,808,707	3,452,140
Deferred Outflows of Resources	19,701	35,367	3,560
Total Assets and Deferred Outflows of Resources	4,543,237	3,844,074	3,455,700
Liabilities			
Long-term liabilities (including current portion)	1,358,318	959,276	980,046
Other liabilities	148,757	121,593	96,234
Total Liabilities	1,507,075	1,080,869	1,076,280
Deferred Inflows of Resources	434,445	442,767	379,281
Total Liabilities and Deferred Inflows of Resources	1,941,520	1,523,636	1,455,561
Net Position			
Net investment in capital assets	1,710,445	1,476,612	1,394,024
Restricted	89,810	71,179	111,407
Unrestricted	801,462	772,647	494,708
Total Net Position	$ 2,601,717	$ 2,320,438	$ 2,000,139

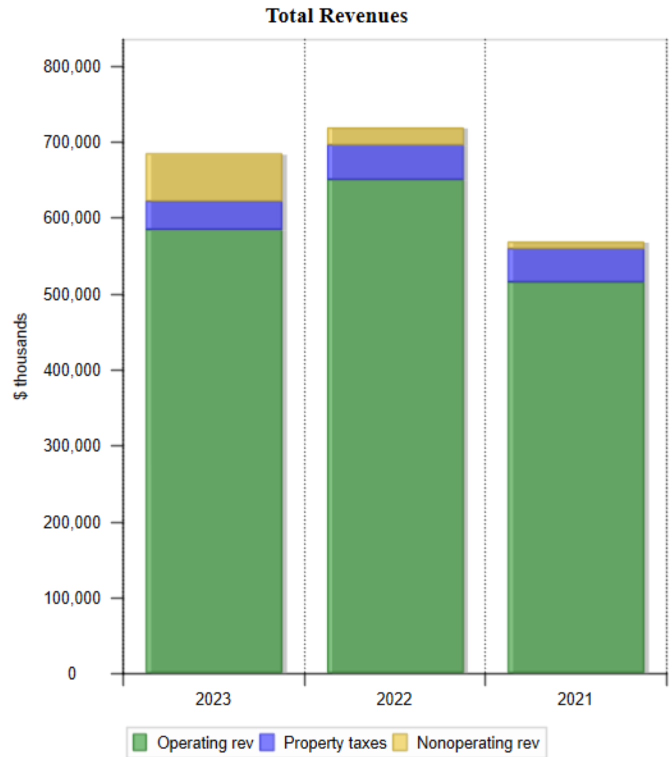
The Authority's net position increased by $281,279 during the fiscal year ended December 31, 2023. Net investment in capital assets increased $233,833, resulting primarily from a net increase in capital assets of $471,685 and debt service proceeds of $178,515, reduced by an increase in outstanding debt 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, 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.

The Authority's restated net position increased by $320,299 during the fiscal year ended December 31, 2022. Net investment in capital assets increased $82,588, resulting primarily from a net increase in capital assets of $158,808 and a decrease in outstanding debt of $42,123. These were offset by a decrease in debt service proceeds. Non-operating investment income increased $9,386, primarily due to an increase in lease interest income of $7,368 recognized related to lease receivables (from the implementation of GASB 87). During fiscal year 2022, the restricted net position decreased $40,228, primarily due to a decrease in net OPEB assets, and net pension assets of $22,966 and $17,157, respectively. This was directly related to the decline in the market value of assets, as the S&P 500 declined over 18%. The unrestricted net position increased $277,939.

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)

	2023	Restated 2022	2021
Operating revenues:			
Vessel and cargo services	$ 547,976	$ 614,714	$ 483,477
Rental of equipment and facilities	19,737	22,886	19,500
Grain elevator	1,395	1,237	1,035
Bulk materials	4,556	4,288	4,012
Other	11,406	8,149	8,544
Nonoperating revenues:			
Investment income	43,561	10,428	1,042
Other	18,264	12,296	7,647
Nonoperating revenues related to property taxes:			
Property taxes	35,609	44,961	43,702
Investment income on bond proceeds	2,213	531	30
Total Revenues	684,717	719,490	568,989
Operating expenses:			
Maintenance and operations of facilities	240,332	236,575	193,869
General and administrative	57,415	54,335	48,582
Depreciation and amortization	97,170	85,588	80,723
Nonoperating expenses:			
Contributions to state and local agencies	1,463	8,414	10,985
Loss on disposal of assets	5	33	36
Other	17,973	9,757	2,783
Nonoperating expenses related to property taxes:			
Interest expense on unlimited tax bonds	12,229	13,002	13,483
Property tax collection expense	1,100	1,100	1,100
Other	326	417	355
Total Expenses	428,013	409,221	351,916
Income before capital contributions	256,704	310,269	217,073
Capital contributions from federal\state agencies	24,575	10,030	16,287
Changes in net position	281,279	320,299	233,360
Net position, January 1	2,320,438	2,000,139	1,766,779
Net position, December 31	$ 2,601,717	$ 2,320,438	$ 2,000,139



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.

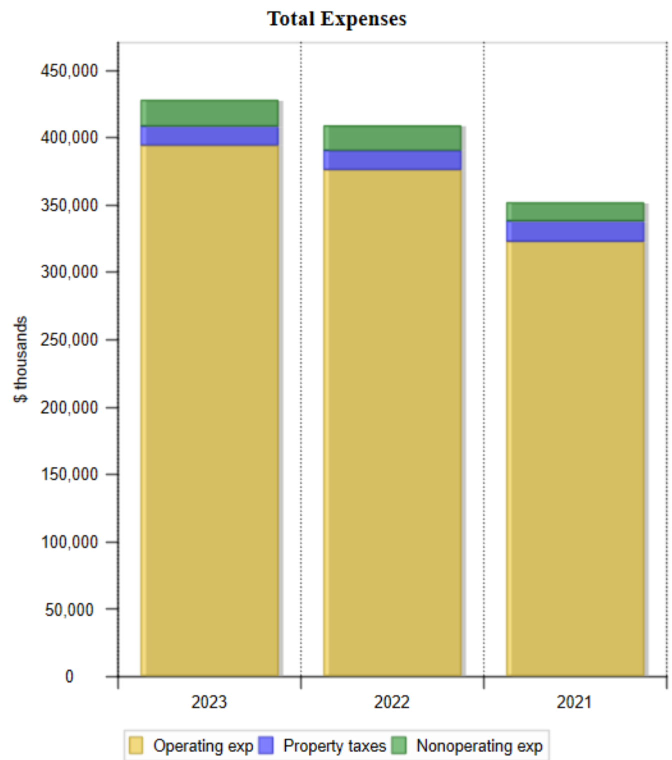
Nonoperating revenues related to property taxes in fiscal 2023 decreased $7,670, due to a decline in tax rates from $0.00799 in 2022 to $0.00574 in 2023 per $100 assessed valuation.

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.

In 2022, operating revenues increased $134,706 or 26% to $651,274 due primarily to an increase in vessel and cargo services revenue, which included an increase in Storage fees of $48,089. The Authority's container facilities volume increased to 3.97 million TEUs for the year, an increase of 14% from 2021, while total Authority tonnage increased 19% to 62.8 million tons in 2022. Other operating revenues decreased $395 or 5%, primarily due to lower dredged material placement fees, partially offset by higher submerged land rental income.

Nonoperating revenues related to property taxes in fiscal 2022 increased $1,760 due to a 14% increase in property valuations, which were slightly offset by a decrease in tax rates from $0.00872 in 2021 to $0.00799 in 2022 per $100 assessed valuation.

Nonoperating revenues in 2022 increased $14,035, 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 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 is 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 are 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.

For fiscal 2022, Operating expenses increased $53,324, or 17%, primarily due to higher maintenance and operation of facilities expenses resulting from growth in container volumes, combined with pavement replacement and higher fuel costs. General and administrative expenses increased by $5,753 or 12%, primarily due to pension adjustments along with consultant costs for data storage and increased maintenance agreements for cybersecurity. Depreciation increased by $4,865 or 6%.

Nonoperating expenses related to property taxes, reflecting predominantly interest expense on unlimited tax bonds, decreased $419 due to a bond maturing in 2021.

Nonoperating expenses in 2022 increased $4,400 primarily due to an increase of $14,770 Bond interest expense, partially offset by bond premium amortization of $5,089 and a decrease in Contributions from State and Local Governments of $1,615, combined with no comparable bond issuance costs in 2022.

Capital Assets

The Authority's investment in capital assets as of December 31, 2023 totaled $2,590,310 (net of accumulated depreciation/amortization), an increase of $471,685 or 22.3% 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 Terminal 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 the $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 project.
- Accumulated depreciation net of retirements increased by $60,858 in 2023.

The Authority's investment in capital assets as of December 31, 2022, was $2,118,625 (net of accumulated depreciation), an increase of $158,808 or 8.1% over the prior year.

Major capital asset activity (before depreciation) during 2022 included the following:

- Land and channel improvements increased by $11,826 primarily due to the purchase of 31.4 acres for the Bayport Terminal expansion.
- Improvements other than buildings increased $89,473 primarily due to Gate expansion at Barbours Cut, and additionally, due to the 160 acres South Property development and the Wharf 4 and 5 strengthening project at Bayport.
- Machinery and equipment net increase totaled $36,146 in 2022. This increase primarily consisted of the purchase of three Ship-to-shore cranes for Wharf 5 at Bayport.
- Construction-in-progress increased $98,478 in 2022 primarily due to the Houston Ship Channel Expansion project.
- Accumulated depreciation net of retirements increased by $81,786 in 2022.

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

	2023	Restated 2022	2021
Land and channel improvements	$ 521,968	$ 505,467	$ 494,911
Land use rights - intangible	19,502	17,320	16,050
Buildings	57,898	51,852	55,788
Improvements other than buildings	984,267	912,683	869,849
Railroads	17,696	18,771	19,777
Machinery and equipment	282,187	272,346	263,888
Computer software - intangible	353	1,122	2,041
Construction-in-progress	695,405	335,991	237,513
Subscriptions - SBITA	1,455	3,073	-
Leases - machinery and equipment	9,579	-	-
Total Capital Assets, net	$ 2,590,310	$ 2,118,625	$ 1,959,817

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 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 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 2022, the Authority had total debt outstanding of $915,469 (net of premiums/discounts), consisting of $391,619 in Series 2021 Revenue Bonds and $523,850 in General Obligation Bonds.

Port of Houston Authority of Harris County, Texas
Outstanding Debt
General Obligation and Revenue Bonds
(net of premiums/discounts)
(in thousands)

	2023	2022	2021
General Obligation Bonds			
Unlimited Tax Refunding Bonds	$ 496,734	$ 523,850	$ 555,554
Revenue Bonds	808,035	391,619	402,038
Total General Obligation and Revenue Bonds	1,304,769	915,469	957,592
Less Current Maturities	(31,185)	(24,980)	(29,015)
Long-Term Debt (net of unamortized premiums/discounts)	$1,273,584	$ 890,489	$ 928,577

The Authority's total debt principal outstanding decreased $19,615 and $5,365 on General Obligation Bonds and revenue bonds, respectively, during 2023 due to scheduled debt service payments. Interest expense for 2023 on the General Obligation Bonds decreased $773 and increased $8,158 on revenue bonds.

During 2022, the Authority issued no new debt.

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

Year	Moody's	S & P
2023	Aa3	AA+
2022	Aa3	AA+

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

Year	Fitch	Moody's	S & P
2023	AA	Aaa	AA+
2022	AA	Aaa	AA+

In October 2021, the Authority terminated its $100 million senior lien note purchase financing agreement with Regions Bank and entered into a new five year $100 million third lien note purchase financing agreement with Truist Bank. During the years of 2023 and 2022, the Authority made no draws against this facility and the entire commitment was unused. In April 2022, the Authority established a $300 million Extendible Commercial Paper program. During the years of 2023 and 2022, no 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 2024 fiscal year, including inflation, the war in Ukraine, residential mortgage rates, related cargo and tonnage projections, and expected growth in domestic and international trade. The Authority’s budgets and other financial information are made available on its website (https://porthouston.com), as part of its commitment to financial transparency.

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

In 2023, the IMF projected global GDP growth to remain unchanged, from an estimated 3.1% in 2023 to 3.1% in 2024, and then rise slightly to 3.2% in 2025. A favorable factor for the IMF’s outlook for 2024 is the faster-than-expected fall in inflation rates. This decline reflects the fading of relative price shocks and easing in labor markets tightness. However, global growth is expected to be resilient but below long-term trends.

The Consumer Price Index ("CPI") for all items increased 3.4% in 2023, and the index for all items less food and energy rose 3.9% over the 12-month period. The food index increased 2.7% in 2023 while the services less energy services index rose 5.3%. The energy price index fell 2.0%, as fuel oil prices dropped 14.7% from 2022 to 2023. The Authority uses CPI measures as the basis for periodic rate adjustments in many leases and its 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, 2023 and 2022
(in thousands)

	2023	Restated 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 539,474	$ 170,476
Short-term investments	218,915	585,471
Receivables (net of allowance for uncollectibles)	68,907	72,806
Short term lease receivable	35,092	36,681
Accrued interest receivable - leases	715	730
Restricted assets		
Cash and cash equivalents	495,589	61,475
Short-term investments	-	247,708
Property tax receivables	34,257	36,488
Prepaid and other current assets	55,064	10,686
Total Current Assets	1,448,013	1,222,521
Noncurrent Assets		
Investments	47,457	49,020
Net OPEB asset	47,183	27,478
Long term lease receivable	373,239	382,070
Prepaid and other noncurrent assets	17,334	8,993
Capital Assets (net of accumulated depreciation/amortization)		
Land and channel improvements	521,968	505,467
Land use rights - intangible	19,502	17,320
Buildings	57,898	51,852
Improvements other than buildings	984,267	912,683
Railroads	17,696	18,771
Machinery and equipment	282,187	272,346
Computer software - intangible	353	1,122
Subscriptions - SBITA	1,455	3,073
Leases	9,579	-
Construction-in-progress	695,405	335,991
Total Capital Assets, net	2,590,310	2,118,625
Total Noncurrent Assets	3,075,523	2,586,186
Total Assets	4,523,536	3,808,707
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	15,085	22,070
Deferred outflows of resources related to OPEB	4,254	12,803
Deferred loss on bond refunding	362	494
Total Deferred Outflows of Resources	19,701	35,367
Total Assets and Deferred Outflows of Resources	$ 4,543,237	$ 3,844,074

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Net Position
As of December 31, 2023 and 2022
(in thousands)

	2023	Restated 2022
Liabilities		
Current Liabilities		
Accounts payable and other current liabilities	$ 122,743	$ 100,948
Fees received in advance and other reserves	12,663	11,941
Liabilities payable from restricted assets:		
Current maturities of long-term debt		
Revenue Bonds	11,560	5,365
Unlimited tax bonds	19,625	19,615
Accrued interest payable		
Revenue Bonds	8,480	3,628
Unlimited tax bonds	4,871	5,076
Total Current Liabilities Payable from Restricted Assets	44,536	33,684
Total Current Liabilities	179,942	146,573
Noncurrent Liabilities		
Long-term debt, net of current maturities	1,273,584	890,489
Net pension liability	17,897	21,937
Other noncurrent liabilities	35,652	21,870
Total Noncurrent Liabilities	1,327,133	934,296
Total Liabilities	1,507,075	1,080,869
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	10	313
Deferred inflows of resources related to OPEB	26,493	20,346
Deferred inflows of resources related to leases	399,466	413,087
Deferred gain on bond refunding	8,476	9,021
Total Deferred Inflows of Resources	434,445	442,767
Total Liabilities and Deferred Inflows of Resources	1,941,520	1,523,636
Net Position		
Net investment in capital assets	1,710,445	1,476,612
Restricted for:		
Debt Service	42,627	43,701
Net OPEB asset	47,183	27,478
Unrestricted	801,462	772,647
Total Net Position	2,601,717	2,320,438
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 4,543,237	$ 3,844,074

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, 2023 and 2022
(in thousands)

	2023	Restated 2022
Operating revenues		
Vessel and cargo services	$ 547,976	$ 614,714
Rental of equipment and facilities	19,737	22,886
Grain elevator	1,395	1,237
Bulk materials	4,556	4,288
Other	11,406	8,149
Total operating revenues	585,070	651,274
Operating expenses		
Maintenance and operations of facilities	240,332	236,575
General and administrative	57,415	54,335
Depreciation and amortization	97,170	85,588
Total operating expenses	394,917	376,498
Operating income	190,153	274,776
Nonoperating revenues (expenses)		
Investment income	43,561	10,428
Contributions to state and local agencies	(1,463)	(8,414)
Loss on disposal of assets	(5)	(33)
Other, net	291	2,539
Total nonoperating revenues (expenses)	42,384	4,520
Income before nonoperating revenues (expenses) related to property taxes	232,537	279,296
Nonoperating revenues (expenses) related to property taxes		
Property taxes, net of estimated uncollectible amounts	35,609	44,961
Investment income on bond proceeds	2,213	531
Interest expense on unlimited tax bonds	(12,229)	(13,002)
Property tax collection expense	(1,100)	(1,100)
Other, net	(326)	(417)
Total nonoperating revenues (expenses) related to property taxes	24,167	30,973
Income before capital contributions	256,704	310,269
Capital contributions from federal\state agencies	24,575	10,030
Change in net position	281,279	320,299
Net position, January 1	2,320,438	2,000,139
Net position, December 31	$ 2,601,717	$ 2,320,438

See accompanying notes to the financial statements.

This page intentionally left blank

Port of Houston Authority of Harris County, Texas

Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(in thousands)

	2023	Restated 2022
Cash flows from operating activities:		
Cash received from customers	$ 554,342	$ 642,654
Cash paid to suppliers for goods and services	(198,434)	(104,135)
Cash paid to employees for services	(146,746)	(135,621)
Cash paid for employee benefits	(22,402)	(58,497)
Cash paid for other services	(33)	-
Cash received for other purposes	1,132	1,929
Net cash provided by operating activities	187,859	346,330
Cash flows from noncapital financing activities:		
Contributions paid to others	(1,463)	(8,414)
Property tax collection expenses paid	(1,080)	(1,429)
Net cash used in noncapital financing activities	(2,543)	(9,843)
Cash flows from capital and related financing activities:		
Property taxes received	37,838	43,202
Contributions received from federal agencies	20,318	16,152
Interim financing costs	(2,349)	(318)
Repayment of long-term debt	(24,980)	(29,015)
Interest payments received\paid on leases	8,963	7,175
Principal payments received on leases	38,770	34,403
Principal payments paid on leases	(2,945)	-
Interest payments paid on SBITAs	(64)	(38)
Principal payments paid on SBITAs	(2,061)	(1,830)
Proceeds from issuance of long-term debt	426,678	-
Interest on long-term debt	(28,519)	(33,371)
Acquisition and construction of capital assets	(525,195)	(216,969)
Proceeds from retirement of assets	300	2,001
Net cash (used in) capital and related financing activities	(53,246)	(178,608)
Cash flows from investing activities:		
Purchase of investments	(217,615)	(1,373,546)
Proceeds from maturities of investments	843,676	782,400
Interest on investments	44,981	23,710
Net cash provided by (used in) investing activities	671,042	(567,436)
Net increase (decrease) in cash and cash equivalents	803,112	(409,557)
Cash and cash equivalents, January 1	231,951	641,508
Cash and cash equivalents, December 31	$ 1,035,063	$ 231,951
Cash and cash equivalents Unrestricted	$ 539,474	$ 170,476
Cash and cash equivalents Restricted	495,589	61,475

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, 2023 and 2022
(in thousands)

	2023	2022
Reconciliation of net income to net cash provided by operating activities:		
Operating Income	$ 190,153	$ 274,776
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	88,895	82,263
Leases deferred inflows	(38,296)	(37,558)
Pension\OPEB deferred inflows	5,844	(29,823)
Pension\OPEB deferred outflows	15,534	(31,938)
Miscellaneous nonoperating income, net	815	1,780
Changes in assets and liabilities		
Decrease in trade and other receivables	6,756	27,116
(Increase) in prepaids and other current assets	(43,875)	(6,176)
(Increase) \ decrease in dredging expenses paid in advance	(8,842)	4,359
(Decrease) in accounts payable and other liabilities	(6,768)	(1,246)
(Decrease) \ increase in net pension\OPEB liability (asset) and compensated absences	(24,063)	61,690
Increase in fees received in advance	1,706	1,087
Net cash provided by operating activities	$ 187,859	$ 346,330
Noncash investing, capital and financing activities		
(Decrease) \ increase in fair value of investments	$ (4,269)	$ 6,179
Capital contributions from federal agencies	15,883	11,626
Capital asset acquisitions included in accounts payable, net change	26,227	20,904

See accompanying notes to the financial statements.

Port of Houston Authority of Harris County, Texas

Statements of Fiduciary Net Position
As of December 31, 2023 and 2022
(in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	2023	2022
Assets		
Cash and cash equivalents	$ 3,313	$ 5,316
Investment Securities		
Domestic Equity	129,772	113,664
International Equity	36,838	31,242
Fixed Income	117,842	123,218
Balanced Funds*	24,598	21,332
Accrued investment income	617	770
Total Assets	312,980	295,542
Liabilities		
Investment expenses	38	74
Total Liabilities	38	74
Net position restricted for pension / OPEB**	$ 312,942	$ 295,468

* Mutual Funds that include both equity and fixed income securities

**Net position restricted for OPEB	$ 100,658	$ 88,284
Net position restricted for Defined Contribution	10,929	8,030
Net Position restricted for Pension	201,355	199,154
	$ 312,942	$ 295,468

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, 2023 and 2022
(in thousands)

	Pension and Other Postemployment Benefit Trust Funds	
	2023	2022
Additions:		
Employer contributions	$ 11,752	$ 6,245
Net investment income (loss)	28,529	(34,906)
Total additions	40,281	(28,661)
Deductions:		
Benefit payments and withdrawals	(22,363)	(14,121)
Administrative expenses	(444)	(453)
Total deductions	(22,807)	(14,574)
Net (decrease) increase in net position	17,474	(43,235)
Net position restricted for pension / defined contribution / OPEB, beginning of year	295,468	338,703
Net position restricted for pension / defined contribution / OPEB, end of year	$ 312,942	$ 295,468

See accompanying notes to the financial statements.

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

Blended Component Unit

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.

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 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.

Basis of Accounting

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

Use of Estimates

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

Cash and Cash Equivalents

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

The requirements of GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*" (GASB 79), are applicable to the Authority. GASB 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents (continued)

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.

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 2023 and 2022 amounted to $7,774 and $3,359, respectively, and is included in depreciation and amortization in 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, subject to certain procedures generally in accordance with Harris County Appraisal District rules for rendition, appraisal, appraisal review, and judicial review. Property taxes are generally levied in October or November for the year in which assessed. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. Property tax levied revenue and associated receivable is accrued evenly throughout the year, and as property taxes are paid the receivable is reduced. The Harris County Tax Assessor-Collector bills and collects property taxes of the Authority for a fee and remits collections to the Authority. Property tax collection expenses incurred by the Authority for the years ended December 31, 2023 and 2022 were $1,100 and $1,100, respectively. These expenses are reflected as property tax expense in the Statements of Revenues, Expenses and Changes in Net Position. The tax rates levied on behalf of the Authority for the years ended December 31, 2023 and 2022 were $0.00574 and $0.00799, respectively, per one hundred dollars of assessed valuation.

Restricted Assets

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

Capital Assets

Capital assets are defined by the Authority as assets with an initial, individual cost of

(in thousands)

1. Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

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

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
Lease assets	5-10 years
Subscription assets	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.

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 position that applies to future periods and deferred inflows of resources represent an acquisition of net position 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 and leases that will be recognized as revenue over the term of the leases, the differences between expected and actual experience, 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position. Net position is reported as restricted when constraints are imposed by third parties and consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. The remaining net position that does not meet the definition of net investment in capital assets or restricted is classified as unrestricted. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first and then

1. Summary of Significant Accounting Policies (continued)

Net Position (continued)

unrestricted resources, as they are needed.

Operating Revenues and Expenses

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

The Authority's operating revenues for vessel and cargo services are collected from 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 March 2020, GASB issued Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*." The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements ("PPPs"). As used in that statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement ("SCA"), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The Authority has determined that the requirements of GASB 94 are not applicable to the Authority.

In May 2020, GASB issued Statement No. 96, "*Subscription-Based Information*

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Current (continued)

Technology Arrangements." This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. The Authority implemented this standard in fiscal year 2023.

Accounting Pronouncements - Future

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 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 will assess the impact of this statement in fiscal year 2024.

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,

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future (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 will adopt this statement in fiscal year 2024.

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 will assess the impact of this statement in fiscal year 2024.

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. 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

(in thousands)

1. Summary of Significant Accounting Policies (continued)

Accounting Pronouncements - Future (continued)

with a concentration or constraint that could cause the substantial impact 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.

Restatements

The 2022 financial statements were restated due to the implementation of GASB 96. The Authority has recognized subscription assets, subscription liability, interest expense, and amortization related to SBITAs. As of December 31, 2022, the subscription asset balance of $4.5 million, net of accumulated amortization of $1.4 million, totaled an asset restatement of $3.1 million. Also included in the restatement were subscription liabilities of $2.7 million and change in net position was restated by $343. There was no impact to beginning net position as of January 1, 2022 as a result of adoption of GASB 96.

	As previously stated at 12/31/22	GASB 96 Implementation	Restated for 12/31/22
Capital Assets (net of accum deprec)			
Subscription SBITA	$ -	$ 3,073	$ 3,073
Liabilities			
Accounts payable and other current liabilities	98,967	1,981	100,948
Other noncurrent liabilities	21,122	748	21,870
Operating Expenses			
General and administrative	55,734	(1,399)	54,335
Depreciation and amortization	84,609	979	85,588
Nonoperating revenues (expenses)			
Other, net	2,615	(76)	2,539
Change in Net Position	$ 319,955	$ 344	$ 320,299

2. Cash and Investments

The Authority's cash and cash equivalents of $1,035,063 and $231,951 as of December 31, 2023 and 2022, respectively, are maintained in demand deposit accounts and LGIPs. Restricted cash includes $433,028 in Series 2023 Revenue Bonds Construction Funds, $29,092 in Series 2021 Revenue Bonds Construction

2. Cash and Investments (continued)

Funds, $6,945 in Series 2023 Revenue Bond Debt Service Funds, $5,360 in Series 2021 Revenue Bonds Debt Service fund and $9,327 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 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 2022 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

2. Cash and Investments (continued)

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.

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, 2023 and 2022, the Authority had investments in LOGIC, Texas CLASS, TexSTAR, and TexPool Prime of $333,923 and $73,513; $334,289 and $72,643; $107 and $102; and $338,350 and $58,432, 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.

(in thousands)

2. Cash and Investments (continued)

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, 2023 and 2022 included the following securities which comprised more than 5% of the total portfolio (excluding cash and cash equivalents):

	2023	2022
Commercial Paper:		
Societe Generale	9%	-
Barclays Capital	9%	6%
Municipal Bonds:		
City of Jersey City, NJ	15%	-
County of Riverside CA	7%	-
South Carolina Assn of Govt Org	8%	-
U.S. Agency Securities:		
Federal Farm Credit Banks	9%	8%
Federal Home Loan Banks	-	36%
Federal National Mortgage Association	18%	-
U.S. Government Securities:		
United States Treasury Bill	-	6%
United States Treasury Notes	18%	13%

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

2. Cash and Investments (continued)

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, 2023 and 2022.

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, 2023 and 2022, 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, 2023 and 2022 the indirect exposure to foreign currency risk for the defined benefit pension plan was $23,553 and $15,556 respectively, and for the OPEB Plan the indirect exposure was $12,960 and $6,946, 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:

2. Cash and Investments (continued)

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 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, 2023 and December 31, 2022, the Authority had the following recurring fair value measurements for such financial instruments:

- LGIPs as of December 31, 2023 and December 31, 2022 totaled $1,006,669 and $204,690, respectively. The LGIPs LOGIC, TexStar and Texas Class use net asset value to measure fair value of their investments for a combined total of $668,319 and $146,258 in 2023 and 2022, respectively. TexPool uses the amortized cost method for valuation, totaling $338,350 and $58,432 in 2023 and 2022, respectively (not included in the fair value hierarchy table).
- U.S. Agency Securities, Commercial Paper, and Municipal Bonds as of December 31, 2023 and 2022, 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 and 2022, 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, 2023, nor any changes in valuation technique with a significant impact to fair value.

(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, 2023 and 2022, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

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	$ 49,269	$ 217,103	$ -	$ 266,372

Security Type	Level 1 12/31/22	Level 2 12/31/22	Level 3 12/31/22	Total
U.S. Agency Securities	$ -	$ 415,762	$ -	$ 415,762
Commercial Paper	-	147,253	-	147,253
U.S. Government Securities	163,568	-	-	163,568
Municipal Bonds	-	155,616	-	155,616
Total	$ 163,568	$ 718,631	$ -	$ 882,199

(in thousands)

2. Cash and Investments (continued)

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 2023 and 2022, and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value.

	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	$ 268,266	$ 40,784	$ -	$ 309,050

	Level 1 2022	Level 2 2022	Level 3 2022	Total
Domestic Equity	$ 64,848	$ -	$ -	$ 64,848
International Equity	9,370	-	-	9,370
Mutual Funds	121,906	-	-	121,906
U.S. Treasuries	24,274	-	-	24,274
U.S. Corporate Obligations	-	58,933	-	58,933
Municipal Obligations	-	1,036	-	1,036
U.S. Government Agencies	-	7,584	-	7,584
International Fixed Income	-	1,505	-	1,505
Total	$ 220,398	$ 69,058	$ -	$ 289,456

As of December 31, 2023 and 2022, fiduciary funds cash and cash equivalents totaled $3,313 and $5,316, respectively.

(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	23,433	0.53
Total		71,890	
Commercial Paper:			
Societe Generale	A-1/P-1	24,892	0.04
Barclays Capital	A-1/P-2	24,785	0.08
Total		49,677	
Government Securities:			
United States Treasury Notes	AA+/Aaa	24,606	0.25
United States Treasury Notes	AA+/Aaa	24,663	0.21
Total		49,269	
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+	8,082	0.06
Total		95,536	
Total Investment Fair Value		$ 266,372	
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.

(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, 2022.

Security Type	Ratings	Fair Value	Weighted Average Maturity (In Years)
Agency Securities:			
FFCB NOTE	A-1+/Aaa	$ 49,950	0.11
FFCB NOTE	AA+/Aaa	22,533	0.14
FHLB NOTE	A-1+/P-1	48,535	0.07
FHLB NOTE	A-1+/P-1	49,958	0.08
FHLB NOTE	A-1+/P-1	24,042	0.05
FHLB NOTE	AA+/Aaa	49,972	0.11
FHLB NOTE	A-1+/P-1	24,735	0.01
FHLB NOTE	A-1+/P-1	49,994	0.04
FHLB NOTE	A-1+/P-1	24,533	0.02
FHLB NOTE	A-1+/P-1	48,873	0.06
FNMA NOTE	AA+/Aaa	22,637	0.14
Total		415,762	
Commercial Paper:			
Banco Santander, SA	A-1/P-1	24,594	0.06
Barclays Capital Inc.	A-1/P-2	49,297	0.11
BofA Securities, Inc.	A-1/P-1	24,590	0.06
Canadian Imperial Holdings Inc.	A-1/P-1	24,384	0.09
The Toronto-Dominion Bank	A-1/P-1	24,388	0.09
Total		147,253	
Government Securities:			
United States Treasury Bill	A-1+/P-1	49,022	0.13
United States Treasury Notes	AA+/Aaa	14,974	0.01
United States Treasury Notes	AA+/Aaa	49,915	0.03
United States Treasury Notes	AA+/Aaa	49,657	0.07
Total		163,568	
Municipal Bonds:			
Alpine Utah Sch Dist	Aaa	2,992	0.00
Ann Arbor Mich Sch Dist Pub Schs	Aa1	3,527	0.01
Bergen Cnty N J	MIG1	4,970	0.01
Berkeley Cnty S C Sch Dist	A-1+/MIG1	3,442	0.00
Bessemer Ala	AA	499	0.00
Bloomfield Twp N J	MIG1	3,126	0.00
Bloomington Minn Hsg & Redev Auth Lease Rev	AA+	4,114	0.02

(Continued on Next Page)

(in thousands)

2. Cash and Investments (continued)

Security Type	Ratings	Fair Value	Weighted Average Maturity (In Years)
Municipal Bonds:			
Boerne Tex Indpt Sch Dist	Aaa	548	0.00
Camden Cnty N J Impt Auth Rev	AA/Aa1	1,049	0.00
Charleston Cnty S C Sch Dist	MIG1	5,407	0.01
Davie Fla Edl Facs Rev	A3	9,115	0.01
Denton Tex Indpt Sch Dist	AA	1,958	0.01
Derby Conn	AA-/Aa2	779	0.00
Fort Bend Cnty Tex	Aa1	1,001	0.00
Grafton Mass	SP-1+	2,212	0.00
Green Bay Wis Redev Auth Lease Rev	A2	2,855	0.01
Honolulu Hawaii City & Cnty	Aa1	1,968	0.01
Islip N Y	MIG1	2,508	0.01
Keller Tex Indpt Sch Dist	AAA/Aaa	498	0.00
Kirkwood Cmnty Coll Iowa New Jobs Trng Ctfs	AA/Aa1	838	0.00
Leavenworth Cnty Kans Uni Sch Dist No 453	Aa3	584	0.00
Leavenworth Cnty Kans Uni Sch Dist No 458	Aa3	487	0.00
Lincoln Neb West Haymarket Jt Pub Agy	AAA/Aa1	2,100	0.01
Marble Falls TX Econ Dev Corp Sales Tax Rev	AA	440	0.00
Massachusetts (Commonwealth Of)	Aa1	9,936	0.03
Mount Kisco N Y	MIG1	9,474	0.03
Oxford Conn	Aa2	1,328	0.01
Palm Beach Cnty Fla Solid Waste Auth Rev	AA+/Aa2	4,923	0.02
Richland Cnty S C Sch Dist No 001	A-1+	18,146	0.02
San Antonio Tex	AAA/Aaa	997	0.00
San Antonio Tex Elec & Gas Rev	AA-/Aa2	823	0.00
South Carolina Assn Governmental Org Ctf	MIG1	20,027	0.04
Suffolk Va	AAA/Aaa	1,243	0.00
Suffolk Va	AAA/Aaa	1,267	0.01
University Calif Revs	AA/Aa2	2,958	0.01
Waterford Wis	A+	5,188	0.04
West New York N J	SP-1+	4,963	0.01
Woolwich Twp N J	SP-1+	14,979	0.04
Ypsilanti Mich Sch Dist	AA	2,347	0.00
Total		155,616	
Total Investment Fair Value		$ 882,199	
Portfolio Weighted Average Maturity			0.58

The above calculation excludes cash and cash equivalents. As of December 31, 2022, the Authority's weighted average maturity of the portfolio as defined in the Investment Policy including cash and cash equivalents was 0.47 years.

(in thousands)

3. Receivables

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

	2023	2022
Trade Receivables, Net		
Trade receivables	$ 53,486	$ 61,277
Damage claims receivable	769	697
Allowance for doubtful accounts	(3,491)	(4,454)
Total trade receivables, net	50,764	57,520
Lease Receivables		
Short term lease receivable	35,092	36,681
Long term lease receivable	373,239	382,070
Total lease receivables, net	408,331	418,751
Property Tax Receivables		
Property tax receivables	34,256	36,488
Other Receivables		
Interest receivable	2,099	3,499
Due from federal agencies	16,024	11,768
Accrued interest receivable - leases	715	730
Other	21	19
Total other receivables	18,859	16,016
Total Receivables, Net	$ 512,210	$ 528,775

This page intentionally left blank

Port of Houston Authority of Harris County, Texas

Notes to the Financial Statements
For the Years Ended December 31, 2023 and 2022
(in thousands)

4. Capital Assets

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

	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 - SBITA	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 - SBITA	(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

(in thousands)

4. Capital Assets (continued)

Capital asset activity for the year ended December 31, 2022 was as follows:

	Restated Beginning Balance	Additions	Retirements / Transfers	Ending Balance
Capital assets not being depreciated				
Land other than channel	$ 115,378	$ 10,975	$ (419)	$ 125,934
Land use rights - intangible	16,050	1,270	-	17,320
Channel land	379,533	-	-	379,533
Construction-in-progress	237,513	222,120	(123,642)	335,991
Total capital assets not being depreciated	748,474	234,365	(124,061)	858,778
Capital assets being depreciated/amortized				
Buildings	174,064	55	-	174,119
Improvements other than buildings	1,544,416	89,473	-	1,633,889
Railroads	63,902	94	-	63,996
Machinery and equipment	592,375	36,656	(510)	628,521
Computer software - intangible	17,889	-	-	17,889
Subscriptions - SBITA	3,299	1,222	-	4,521
Total capital assets being depreciated/amortized	2,395,945	127,500	(510)	2,522,935
Less accumulated depreciation/amortization for				
Buildings	(118,276)	(3,991)	-	(122,267)
Improvements other than buildings	(674,567)	(46,639)	-	(721,206)
Railroads	(44,125)	(1,100)	-	(45,225)
Machinery and equipment	(328,487)	(28,165)	477	(356,175)
Computer software - intangible	(15,848)	(919)	-	(16,767)
Subscriptions - SBITA	-	(1,448)	-	(1,448)
Total accumulated depreciation/amortization	(1,181,303)	(82,262)	477	(1,263,088)
Total capital assets being depreciated/amortized, net	1,214,642	45,238	(33)	1,259,847
Total capital assets, net	$ 1,963,116	$ 279,603	$ (124,094)	$ 2,118,625

(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, 2023 and 2022 were $220 and $243, respectively.

As of December 31, 2023, future payments expected to be paid by the Authority under leases with initial or remaining noncancelable lease terms are as follows:

Year Ending	Liability	Interest	Total
2024	$ 2,799	$ 142	$ 2,941
2025	2,670	96	2,766
2026	2,715	51	2,766
2027	1,477	9	1,486
Total	$ 9,661	$ 298	$ 9,959

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 71 years. This recognition does not apply to short term leases. Some agreements include a variable revenue component based on Consumer Price Index and usage. Variable amount as of December 31, 2023 was $3,075. Variable revenue is not included in the lease receivable measurement.

As of December 31, 2023, future payments anticipated to be received by the Authority under leases with initial or remaining noncancelable lease terms are as follows:

(in thousands)

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

Leases (continued)

Year Ending	Principal	Interest	Total
2024	$ 35,093	$ 8,516	$ 43,609
2025	31,486	7,880	39,366
2026	30,063	7,296	37,359
2027	27,600	6,729	34,329
2028	22,835	6,241	29,076
2029-2033	95,903	24,566	120,469
2034-2038	79,218	14,715	93,933
2039-2043	51,027	7,302	58,329
2044-2048	19,180	2,991	22,171
2049-2053	6,027	1,502	7,529
2054-2058	2,769	1,070	3,839
2059-2063	3,136	703	3,839
2064-2068	3,431	291	3,722
2069	563	9	572
Total	$ 408,331	$ 89,811	$ 498,142

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.

As of December 31, 2023, future liabilities anticipated to be distributed by the Authority under subscription-based IT agreements with initial or remaining noncancelable subscription terms are as follows:

Year Ending	Principal	Interest	Total
2024	$ 860	$ 18	$ 878
2025	-	-	-
2026	-	-	-
Total	$ 860	$ 18	$ 878

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 and the maximum principal amount outstanding may not exceed the authorized amount of $300,000. The ECP Notes may be issued to finance various capital projects or Channel improvement projects. During 2023 and 2022, no ECP Notes were issued, and no notes were outstanding at December 31, 2023 or 2022.

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") in place of its previous $100,000 variable rate note purchase program. 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, as provided in the Master Resolution adopted by the Port Commission dated October 26, 2021.

The Authority may issue either taxable or tax-exempt variable rate notes, under the Note Program, in an aggregate principal amount not to exceed $100,000. Each taxable program note will bear interest based on the taxable adjusted Secured Overnight Financing Rate ("SOFR") plus an applicable margin and each tax-exempt program note will bear interest at the adjusted SOFR rate plus an applicable margin. The Authority is obligated to pay Lender a fee on the unused total commitment. The Note Program was executed to provide additional liquidity to the Authority for contingency and contract award capacity purposes. Both the taxable and tax-exempt Note Programs include customary events of default.

During 2023 and 2022, no Note Program notes were issued, and no notes were outstanding at December 31, 2023 or 2022.

(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

This page intentionally left blank

(in thousands)

6. Debt (continued)

ended December 31, 2023 and 2022.

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

	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	151,249	33,807	(13,511)	171,545	-	
Total Bonds Payable	$ 915,469	$ 427,791	$ (38,491)	$1,304,769	$ 31,185	
Net Pension Liability	$ 21,937	$ -	$ (4,040)	$ 17,897	$ -	
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	*
SBITA liability	2,691	230	(2,061)	860	860	**
Leases liability	-	12,606	(2,945)	9,661	2,799	
Arbitrage liabilities	-	7,276	-	7,276	-	
Total Other Noncurrent Liabilities	$ 33,318	$ 34,537	$ (17,677)	$ 50,178	$ 14,526	

* Included in fees received in advance and other reserves
** Included in accounts payable and other current liabilities

(in thousands)

6. Debt (continued)

Long-term liability activity for the year ended December 31, 2022 was as follows:

	Restated Beginning Balance	Additions	Deductions	Ending Balance	Current Portion	
Bonds Payable						
Unlimited tax bonds	$ 469,434	$ -	$ (23,685)	$ 445,749	$ 19,615	
Accreted interest on capital appreciation bonds	1,298	323	-	1,621	-	
Revenue bonds	322,180	-	(5,330)	316,850	5,365	
Less unamortized premiums / discounts, net	164,680	-	(13,431)	151,249	-	
Total Bonds Payable	$ 957,592	$ 323	$ (42,446)	$ 915,469	$ 24,980	
Net Pension Liability	$ -	$ 21,937	$ -	$ 21,937	$ -	
Other Noncurrent Liabilities						
Compensated absences	9,600	8,215	(7,193)	10,622	7,193	*
Fees received in advance	11,369	2,394	(2,764)	10,999	1,750	*
Claims liability	9,079	1,168	(1,241)	9,006	561	*
SBITA liability	3,299	1,222	(1,830)	2,691	1,944	**
Total Other Noncurrent Liabilities	$ 33,347	$ 12,999	$ (13,028)	$ 33,318	$ 11,448	

* 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, 2023 and 2022, 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.

6. Debt (continued)

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

Outstanding Long-Term Debt

	Original Issue	Interest Rate % *	Issue Date	Maturity	December 31 2023	December 31 2022
Revenue Bonds						
Series 2021	$ 322,180	4.00-5.00	12/9/2021	2051	$ 311,485	$316,850
Series 2023	393,585	5.00	8/31/2023	2053	393,585	-
Total Revenue Bonds					705,070	316,850
Unamortized premiums/discounts					102,966	74,769
Revenue Bonds, net					808,036	391,619
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	8,675	15,240
Series 2015B	25,905	5.00	8/26/2015	2023	-	1,600
Series 2015C	27,260	3.054-5.00	8/26/2015	2026	9,395	12,335
Series 2018A	176,555	3.00-5.00	7/18/2018	2038	176,555	176,555
Series 2020A-1	6,550	5.00	8/12/2020	2026	2,630	3,415
Series 2020A-2	222,925	3.00-5.00	8/12/2020	2039	216,750	220,675
Series 2020B	19,490	2.25	8/12/2020	2026	11,995	15,795
					426,134	445,749
Unamortized premiums / (discounts), net					68,579	76,480
Series 2010C and 2010E CAB Accretion, net					2,020	1,621
General Obligation Bonds, net					496,733	523,850
Total Long Term Debt					1,304,769	915,469
Less Current Maturities					(31,185)	(24,980)
Long - Term Debt (net of unamortized premiums /(discounts))					$1,273,584	$890,489

* Interest rate of original issue

(in thousands)

6. Debt (continued)

Debt Service Requirements

Total debt service requirements for outstanding bonds as of December 31, 2023 are as follows:

	Bond Principal		Bond Interest		Capital Appreciation Bond	
Year Ending December 31	Revenue	General Obligation	Revenue	General Obligation	Accreted Interest	Total
2024	$ 11,560	$ 19,625	$ 33,921	$ 19,484	$ -	$ 84,590
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
2029-2033	81,500	129,209	145,888	60,129	9,710	426,436
2034-2038	103,405	162,865	123,985	27,036	8,265	425,556
2039-2043	129,340	25,400	98,047	762	-	253,549
2044-2048	161,990	-	65,399	-	-	227,389
2049-2053	164,975	-	22,667	-	-	187,642
	$705,070	$426,134	$619,518	$ 176,523	$ 17,975	$1,945,220

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 will be 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 shall be payable solely from, and equally and ratably secured by, a first lien on the Authority's net revenues.

(in thousands)

6. Debt (continued)

General Obligation Bonds

When the 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. 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 Authority's purposes.

The following table lists the Authority's bonds outstanding as of December 31, 2023, (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 2015B (AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2005A (AMT)
Unlimited Tax Refunding Bonds, Series 2015C (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2005A (AMT)
Unlimited Tax Refunding Bonds, Series 2018A (AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2006B (AMT), and Unlimited Tax Refunding Bonds, Series 2008A (AMT)
Unlimited Tax Refunding Bonds, Series 2020A1 (Non-AMT)	Refund the Unlimited Tax Refunding Bonds, Series 2010B (Non-AMT)

(in thousands)

6. Debt (continued)

General Obligation Bonds (continued)

Outstanding Bond Issue	Use of Proceeds
Unlimited Tax Refunding Bonds, Series 2020A2 (Non-AMT)	Refund a portion of Unlimited Tax Refunding Bonds, Series 2010C (Non-AMT), Unlimited Tax Refunding Bonds, Series 2010D1 (Non-AMT), Unlimited Tax Port Improvement Bonds, Series 2010D2 (Non-AMT), and Unlimited Tax Refunding Bonds. Series 2010E (Non-AMT)
Unlimited Tax Refunding Bonds, Series 2020B (Taxable)	Refund the Unlimited Tax Refunding Bonds, Series 2011A (AMT)
Revenue Bonds, Series 2021(Non-AMT)	Pay a portion of the Authority's costs for the design, construction, property acquisition and equipment of Project 11 and pay the costs of issuance of the bonds
Revenue Bonds, Series 2023 (Non-AMT)	Pay a portion of the Authority's costs for the design, construction, property acquisition and equipment of Project 11 and pay the costs of issuance of the bonds

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 2023 and 2022, 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

6. Debt (continued)

Arbitrage (continued)

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 $4,732 and $2,544, respectively. The estimated liability is updated annually for any tax-exempt issuance or changes in yields until payment of the calculated liability is due.

7. Bayport Facilities

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

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

8. Retirement Plans (continued)

Defined Benefit Plan Description (continued)

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 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:

	2023	2022
Retirees and beneficiaries receiving payments	555	561
Terminated vested participants not yet receiving benefits	56	160
Disabled participants	3	3
Active participants	251	272
Total	865	996

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

(in thousands)

8. Retirement Plans (continued)

Contributions (continued)

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 $8,887 and $4,051 for the years ended December 31, 2023 and 2022, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of July 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 1, 2022, 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:

	2023	2022
Valuation Date	August 1, 2022	August 1, 2021
Measurement Date	July 31, 2023	July 31, 2022
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	2.33%	2.40%
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-2020

(in thousands)

8. Retirement Plans (continued)

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, 2023 and 2022 are summarized, respectively, in the following tables:

2023

Asset Class	**Target allocation**	**Long-term expected rate of return***
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 %

2022

Asset Class	**Target allocation**	**Long-term expected rate of return***
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 December 31, 2023 and 2022. The projection of cash

(in thousands)

8. Retirement Plans (continued)

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.

Changes in the Net Pension Liability

	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	$ 219,254	$ (201,357)	$ 17,897

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances as of January 1, 2022	$ 208,737	$ (225,894)	$ (17,157)
Service cost	3,224	-	3,224
Interest on total pension liability	12,976	-	12,976
Effect of liability gains or losses	1,261	-	1,261
Effect of assumption changes or inputs	6,307	-	6,307
Benefit payments	(11,414)	11,414	-
Administrative expenses	-	331	331
Expected investment income, net of investment expenses	-	19,046	19,046
Employer contributions	-	(4,051)	(4,051)
Balances as of December 31, 2022	$ 221,091	$ (199,154)	$ 21,937

(in thousands)

8. Retirement Plans (continued)

Changes in the Net Pension Liability (continued)

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Authority calculated using the discount rate of 6.00% for both 2023 and 2022, 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:

2023	**1% decrease 5.00%**	**Current discount rate 6.00%**	**1% increase 7.00%**
Net pension liability (asset)	$ 44,223	$ 17,897	$ (4,490)

2022	**1% decrease 5.00%**	**Current discount rate 6.00%**	**1% increase 7.00%**
Net pension liability	$ 47,593	$ 21,937	$ 145

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, 2023 and 2022, the Authority recognized pension expense of $11,385 and $8,696, respectively. At December 31, 2023 and 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

2023	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
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	$ 15,085	$ 10

(in thousands)

8. Retirement Plans (continued)

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

2022	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 1,156	$ -
Changes of assumptions	3,963	313
Net difference between projected and actual earnings	12,510	-
Contributions made subsequent to measurement date	4,441	-
Total	$ 22,070	$ 313

The $4,297 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31	
2024	$ 4,127
2025	845
2026	6,196
2027	(390)
Total	$ 10,778

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

(in thousands)

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:

Years of Service	% Contribution by the Authority
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:

	July 31, 2023	July 31, 2022
Total assets	$ 10,929	$ 8,030
Contributions during the year	2,865	2,194
Number of participants	569	484

9. Other Postemployment Retiree Benefits

Plan Description

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

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 issued stand-alone financial reports for the first time in 2022. 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 hospital, doctor, and prescription drug charges.

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

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

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

At December 31, 2023 and 2022, the following participants were covered by the benefit terms:

	2023	2022
Active employees	738	686
Retired and disabled members	316	317
Covered spouses of retirees	224	219
	1,278	1,222

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, 2023 and 2022, 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.

The following table shows the components of the Authority's total OPEB liability, fiduciary net position and net OPEB Asset at December 31, 2023 and 2022.

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Net OPEB (Asset) (continued)

	2023	2022
Total OPEB liability	$ 53,475	$ 60,807
Fiduciary net position	100,658	88,285
Net OPEB (asset)	(47,183)	(27,478)
Fiduciary net position as a % of total OPEB liability	188.23 %	145.19 %
Covered employee payroll	67,865	60,201
Net OPEB (asset) as a % of covered employee payroll	(69.52)%	(45.64)%

The total OPEB liability in the January 1, 2023 and 2022 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

	2023	2022
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, 2023 and 2022 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, 2021
Measurement date	December 31, 2023	December 31, 2022
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

The health care cost trend rate used for the 2023 annual OPEB expense 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) over 50 years.

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

The health care cost trend rate used for the 2023 year end valuation of total and net OPEB liability 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) over 55 years.

The health care cost trend rate used for the 2022 annual OPEB expense was 6.10% before trending down to 3.70% (pre-Medicare) and 8.20% trending down to 3.70% (post-Medicare) over 55 years. The health care cost trend rate used for the 2022 year end valuation of total and net OPEB liability was 6.10% before trending down to 3.70% (pre-Medicare) and 5.40% trending down to 3.70% (post-Medicare) over 55 years.

Annual Money-Weighted Rate of Return

For the years ended December 31, 2023 and 2022, the annual money-weighted rate of return on the OPEB trust investments, net of investment expense, was 16.34% and (14.54%), 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
2016	10.50%
2017	10.90%
2018	-5.80%
2019	16.61%
2020	11.98%
2021	10.92%
2022	-14.54%
2023	16.34%

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, 2023 and 2022, respectively, and are based on a 20-year investment horizon.

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Long-Term Expected Rate of Return (continued)

2023

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	30.00 %	2.20 %	2.06 %
US High Yield Bonds	ICE BofA US High Yield	5.00 %	3.95 %	3.40 %
US Bank/Leveraged Loans	Credit Suisse Leveraged Loan	5.00 %	3.74 %	3.38 %
US Large Cap Equity	S&P 500	25.00 %	5.14 %	3.57 %
US Mid Cap Equity	Russell Mid Cap	7.50 %	5.75 %	3.70 %
US Small Cap Equity	Russell 2000	10.00 %	6.74 %	4.20 %
Foreign Developed Equity	MSCI EAFE NR	7.50 %	6.70 %	4.92 %
US REITs	FTSE Nareit All Equity REIT	5.00 %	6.38 %	4.24 %
Hedge Funds - Relative Value	HFRI Relative Value	5.00 %	3.98 %	3.63 %
Assumed Inflation - Mean			2.31 %	2.31 %
Assumed Inflation - Standard Deviation			1.44 %	1.44 %
Portfolio Real Mean Return			4.45 %	3.80 %
Portfolio Nominal Mean Return			6.76 %	6.23 %
Portfolio Standard Deviation				10.98 %
Long-Term Expected Rate of Return				**6.00 %**

2022

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Core Fixed Income	Barclays Aggregate	30.00 %	2.24 %	2.10 %
US High Yield Bonds	ICE BofA US High Yield	5.00 %	4.32 %	3.76 %
US Bank/Leveraged Loans	Credit Suisse Leveraged Loan	5.00 %	3.88 %	3.51 %
US Large Cap Equity	S&P 500	25.00 %	5.44 %	3.89 %
US Mid Cap Equity	Russell Mid Cap	7.50 %	5.83 %	3.78 %
US Small Cap Equity	Russell 2000	10.00 %	7.05 %	4.47 %
Foreign Developed Equity	MSCI EAFE NR	7.50 %	6.69 %	4.94 %
US REITs	FTSE Nareit All Equity REIT	5.00 %	6.44 %	4.23 %
Hedge Funds - Relative Value	HFRI Relative Value	5.00 %	3.76 %	3.35 %
Assumed Inflation - Mean			2.35 %	2.35 %
Assumed Inflation - Standard Deviation			1.41 %	1.41 %

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Long-Term Expected Rate of Return (continued)

2022

Asset Class	Index	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
Portfolio Real Mean Return			4.59 %	3.94 %
Portfolio Nominal Mean Return			6.94 %	6.42 %
Portfolio Standard Deviation				10.92 %
Long-Term Expected Rate of Return				**6.00 %**

Sensitivity Analysis

The following presents the net OPEB asset of the Authority as of December 31, 2023 and 2022, 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.

2023	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB asset	$ (41,429)	$ (47,183)	$ (52,094)

2022	1% Decrease 5.00%	Current Discount Rate 6.00%	1% Increase 7.00%
Net OPEB asset	$ (20,269)	$ (27,478)	$ (33,534)

The following presents the net OPEB asset of the Authority as of December 31, 2023 and 2022, 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.

(in thousands)

9. Other Postemployment Retiree Benefits (continued)

Sensitivity Analysis (continued)

2023	1% Decrease	Current Trend Rate	1% Increase
Net OPEB asset	$ (53,541)	$ (47,183)	$ (39,371)

2022	1% Decrease	Current Trend Rate	1% Increase
Net OPEB asset	$ (35,258)	$ (27,478)	$ (17,777)

OPEB Expense and Deferred Inflows\Outflows of Resources

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	$ (26,493)

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

For the year ended December 31, 2022, the Authority recognized OPEB expense of $(1,858). At December 31, 2022, the Authority reported deferred inflows\outflows of resources from the following sources:

	Deferred Inflows of Resources
Differences between expected and actual experience	$ (13,871)
Changes of assumption	(6,475)
Total	$ (20,346)

	Deferred Outflows of Resources
Changes of assumption	$ 1,540
Net difference between projected and actual earnings	11,263
Total	$ 12,803

(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, 2023 will be recognized in OPEB expenses as follows:

Year ending: December 31	
2024	$ (5,250)
2025	(4,331)
2026	(1,176)
2027	(4,790)
2028	(2,986)
Thereafter	(3,706)
Total	$ (22,239)

Changes in Net OPEB Asset

	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	$ 53,475	$ 100,658	$ (47,183)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
Balances as of January 1, 2022	$ 55,239	$ 105,683	$ (50,444)
Service cost	2,473	-	2,473
Effect of assumptions changes or inputs	1,754	-	1,754
Interest on total OPEB liability	3,540	-	3,540
Benefit payments	(2,199)	(2,199)	-
Net investment loss	-	(15,130)	15,130
Administrative expense	-	(69)	69
Balances as of December 31, 2022	$ 60,807	$ 88,285	$ (27,478)

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

(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. 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, 2023 and 2022 was $8,731 and $9,006, respectively.

Plan Year	**Beginning of Fiscal Year Liability**	**Current Year Claims and Changes in Estimates**	**Claim Payments**	**Balance at Fiscal Year End**
2022	$ 9,079	$ 1,168	$ (1,241)	$ 9,006
2023	$ 9,006	$ 1,669	$ (1,944)	$ 8,731

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.

11. Commitments and Contingencies

Commitments

At December 31, 2023 and 2022, the Authority had commitments of approximately $131,916 and $87,804, respectively, for supplies, services, and the purchase of equipment and the expansion of facilities.

Litigation and Claims

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

The Authority has been named as defendant in a state district court action brought by Robert Jones. Mr. Jones alleges the Authority engaged in disability harassment, discrimination, and retaliation. Mr. Jones further alleges the Authority wrongfully failed to promote him and wrongfully terminated his employment in retaliation for making internal allegations about practices he believes to be unlawful and reporting information to the Texas Department of Insurance and Texas Department of State Health Services.

Mr. Jones seeks a determination regarding an alleged violation of the Texas Whistleblower Act, and damages in an unspecified amount and/or equitable relief authorized under that act, including lost wages and benefits from termination until trial, court costs, reasonable attorney’s and expert fees, reinstatement or front pay, and compensatory damages for future pecuniary losses, and past and future emotional pain, suffering, inconvenience, mental anguish, loss of enjoyment of life and other past and future nonpecuniary losses. The Authority has filed an answer disputing the claims. The action is set for trial for the two-week period beginning October 14, 2024.

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

The Authority has been named as defendant in a federal district court action brought by a dredging company, Diamond Services Corporation ("Diamond"). Diamond has filed the action to challenge the federal government’s approval of a dredging vessel, the DB Avalon, utilized by its competitor, Curtin Maritime Corp. (“Curtin"). Diamond alleges the approval of the DB Avalon for use in the United States violates

11. Commitments and Contingencies (continued)

Litigation and Claims (continued)

46 U.S.C. § 12101, 46 U.S.C. § 12112, 46 U.S.C. § 55109, 46 C.F.R. § 67.97, and 46 C.F.R. § 67.177. Diamond further alleges the Authority awarded a project to Curtin for the expansion of the Houston Ship Channel for which Curtin intended to use the DB Avalon. Diamond seeks to enjoin the Authority from awarding any funds or work to Curtin Maritime for the use of the DB Avalon.

The Authority filed an answer disputing the claims and moved to dismiss the action. On March 6, 2023, the Federal Magistrate Judge in this matter issued his Memorandum and Recommendation, recommending that the District Judge grant various motions filed by the defendants, and on March 22, 2023, the District Judge adopted it, resulting in the dismissal of the case. Diamond subsequently filed its notice of appeal with the United States Court of Appeals for the Fifth Circuit and the parties provided oral arguments to the Fifth Circuit on November 7, 2023.

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

The Authority and Curtin Maritime Corp. ("Curtin") are 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 of approx. $92.6 million, pursuant to which Curtin performed certain dredging services.

During performance of its work, Curtin advised the Authority that it was encountering dredging or digging conditions which Curtin contended were more difficult than it had been expecting. Curtin has not asserted any claim over the matter, but, based on repeated representations from Curtin that it does intend to submit a claim, the Port Authority believes that assertion of a claim in some form or fashion is probable.

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

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

12. Tax Abatement (continued)

governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement was entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

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

For years ending 2023 and 2022, Harris County's gross tax and abated values were \$350,404 and \$440,274, and \$102,800 and \$102,800, respectively; therefore, under agreements entered into by Harris County, the Authority's property tax revenues reduced to \$6 in 2023 and \$8 in 2022.

This page intentionally left blank

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	3,406	3,224	3,428	3,424	3,321	3,402	3,198	3,229	3,186	3,425
Interest on total pension liability	12,984	12,976	12,664	12,782	12,592	12,454	12,251	11,883	10,940	10,724
Effect of economic / demographic gains or losses	1,722	1,261	909	1,000	(1,325)	(1,207)	(116)	(695)	(1,278)	-
Effects of assumption changes or inputs	(17)	6,307	(909)	(289)	3,516	(2,203)	5,012	-	9,569	-
Benefit payments	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)	(9,509)
Net change in total pension liability	(1,836)	12,354	4,960	6,368	7,778	2,361	10,487	4,865	12,827	4,640
Total pension liability - beginning	221,091	208,737	203,777	197,409	189,631	187,270	176,783	171,918	159,091	154,451
Total pension liability - ending (a)	219,255	221,091	208,737	203,777	197,409	189,631	187,270	176,783	171,918	159,091
Fiduciary net position:										
Employer contributions*	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500	4,094	8,282
Investment income net of investment expenses**	13,563	(19,046)	40,210	7,024	6,031	12,378	14,220	1,741	7,786	14,825
Benefit payments	(19,931)	(11,414)	(11,132)	(10,549)	(10,326)	(10,085)	(9,858)	(9,552)	(9,590)	(9,509)
Administrative expenses	(316)	(331)	(269)	(257)	(243)	(255)	(280)	(235)	(249)	(237)
Net change in fiduciary net position	2,203	(26,740)	34,643	6,843	120	7,295	13,682	(3,546)	2,041	13,361
Fiduciary net position, beginning	199,154	225,894	191,251	184,408	184,288	176,993	163,311	166,857	164,816	151,455
Fiduciary net position, ending (b)	201,357	199,154	225,894	191,251	184,408	184,288	176,993	163,311	166,857	164,816
Net pension liability (asset), ending = (a) - (b)	17,898	21,937	(17,157)	12,526	13,001	5,343	10,277	13,472	5,061	(5,725)
Fiduciary net position as a % of total pension liability	91.84 %	90.08 %	108.22 %	93.85 %	93.41 %	97.18 %	94.51 %	92.38 %	97.06 %	103.60 %
Covered Payroll	28,160	28,851	28,395	29,925	29,889	29,960	30,210	30,412	31,377	33,690
Net pension liability (asset) as a % of covered payroll	63.56 %	76.04 %	(60.42)%	41.86 %	43.50 %	17.83 %	34.02 %	44.30 %	16.13 %	(16.99)%

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

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

The 2023 actuarial assumption for discount rate calculation is 6.00%, consistent with 2022.

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 8,887	$ 3,858	$ 5,834	$ 5,374	$ 4,437	$ 5,007	$ 5,153	$ 4,481	$ 4,094	$ 5,278
Contributions in relation to the actuarially determined contribution	8,887	4,051	5,834	10,625	4,658	5,257	9,600	4,500	4,094	8,282
Contribution deficiency (excess)	$ -	$ (193)	$ -	$ (5,251)	$ (221)	$ (250)	$ (4,447)	$ (19)	$ -	$ (3,004)
Covered payroll	$ 28,160	$ 26,896	$ 26,635	$ 27,419	$ 29,889	$ 29,960	$ 30,210	$ 30,412	$ 31,377	$ 33,690
Contributions as a percentage of covered payroll	31.56 %	15.06 %	21.90 %	38.75 %	15.58 %	17.55 %	31.78 %	14.80 %	13.05 %	24.59 %

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	2.33%
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
2016	10.50 %
2017	10.90 %
2018	(5.80)%
2019	16.61 %
2020	11.98 %
2021	10.92 %
2022	(14.54)%
2023	16.34 %

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

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

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

	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	2,994	2,473	2,374	3,212	3,081	3,289	3,081
Interest on total OPEB liability	3,774	3,540	4,168	4,727	5,145	4,864	4,593
Effect of economic/demographic (gains) or losses	(12,280)	-	(14,126)	-	(7,445)	-	-
Effect of assumption changes or inputs	-	1,754	(265)	(10,675)	(1,408)	-	-
Benefit payments	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,654)
Net change in total OPEB liability	(7,332)	5,568	(10,263)	(5,255)	(4,091)	4,069	4,020
Total OPEB liability - beginning	60,807	55,239	65,502	70,757	74,848	70,779	66,759
Total OPEB liability - ending (a)	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	14,262	(15,130)	10,395	10,035	11,391	(3,915)	5,714
Benefit payments	(1,820)	(2,199)	(2,414)	(2,519)	(3,464)	(4,084)	(3,655)
Administrative expense	(69)	(69)	(73)	(61)	(93)	(100)	-
Net change in plan fiduciary net position	12,373	(17,398)	10,535	12,886	16,298	1,385	11,513
Fiduciary net position - beginning	88,285	105,683	95,148	82,262	65,964	64,579	53,066
Fiduciary net position - ending (b)	100,658	88,285	105,683	95,148	82,262	65,964	64,579
Net OPEB liability/(asset) ending (a) - (b)	(47,183)	(27,478)	(50,444)	(29,646)	(11,505)	8,884	6,200
Fiduciary net position as a % of total OPEB liability	188.23 %	145.19 %	191.32 %	145.26 %	116.26 %	88.13 %	91.24 %
Covered-employee payroll for OPEB	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	(69.52)%	(45.64)%	(87.56)%	(59.56)%	(23.11)%	22.05 %	15.39 %

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

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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution*	$ -	$ -	$ 2,627	$ 3,494	$ 3,324	$ 4,384	$ 5,402	$ 5,798	$ 5,537	$ 6,568
Contributions in relation to the actuarially determined contribution	-	-	2,627	5,431	8,464	9,484	9,454	8,772	11,203	11,363
Contribution deficiency (excess)	$ -	$ -	$ -	$ (1,937)	$ (5,140)	$ (5,100)	$ (4,052)	$ (2,974)	$ (5,666)	$ (4,795)
Covered-employee payroll for OPEB	$ 67,865	$ 60,201	$ 57,608	$ 49,778	$ 49,778	$ 40,287	$ 40,287	$ 38,907	$ 38,907	$ 33,690
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 %	33.73 %

Notes to Schedule

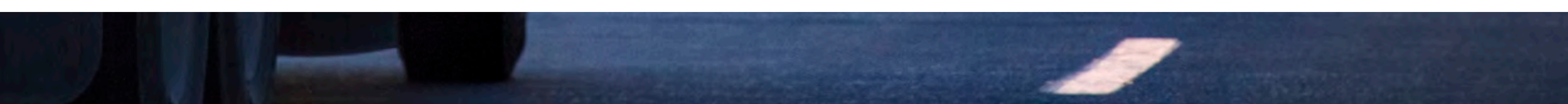
Valuation timing	Actuarial valuations for funding purposes are performed biennially as of January 1. The most recent valuation was performed as of January 1, 2023
Actuarial cost method	Entry Age Normal
Amortization method	
Level percent or level dollar	Level dollar
Closed, open, or layered periods	Open
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 2023.

This page intentionally left blank

SUPPLEMENTARY INFORMATION



Port of Houston Authority of Harris County, Texas
Combining Statements of Fiduciary Net Position
As of December 31, 2023 and 2022
(in thousands)

	Defined Contribution 7/31/2023	Pension 7/31/2023	OPEB 12/31/2023	Total	Defined Contribution 7/31/2022	Pension 7/31/2022	OPEB 12/31/2022	Total
Assets								
Cash and cash equivalents	$ 256	$ 1,955	$ 1,102	$ 3,313	$ 167	$ 3,997	$ 1,152	$ 5,316
Investment Securities								
Domestic Equity	1,198	85,059	43,515	129,772	895	76,267	36,502	113,664
International Equity	161	23,742	12,935	36,838	99	20,334	10,809	31,242
Fixed Income	120	79,863	37,859	117,842	75	88,053	35,090	123,218
Balanced Funds *	9,194	10,426	4,978	24,598	6,794	10,058	4,480	21,332
Accrued Investment Income	-	348	269	617	-	519	251	770
Total Assets	10,929	201,393	100,658	312,980	8,030	199,228	88,284	295,542
Liabilities								
Investment Expenses	-	38	-	38	-	74	-	74
Total Liabilities	-	38	-	38	-	74	-	74
Net Position restricted for pension/OPEB	$ 10,929	$ 201,355	$ 100,658	$ 312,942	$ 8,030	$ 199,154	$ 88,284	$ 295,468

* 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
For the Fiscal Years Ended December 31, 2023 and 2022
(in thousands)

	Defined Contribution 7/31/2023	Pension 7/31/2023	OPEB 12/31/2023	Total	Defined Contribution 7/31/2022	Pension 7/31/2022	OPEB 7/31/2022	Total
Additions :								
Employer contributions	$ 2,865	$ 8,887	$ -	$ 11,752	$ 2,194	$ 4,051	$ -	$ 6,245
Net Investment Income (Loss)	645	13,563	14,321	28,529	(804)	(19,046)	(15,056)	(34,906)
Total additions	3,510	22,450	14,321	40,281	1,390	(14,995)	(15,056)	(28,661)
Deductions:								
Benefits payments and withdrawals	(611)	(19,932)	(1,820)	(22,363)	(486)	(11,414)	(2,221)	(14,121)
Administrative Expenses		(317)	(127)	(444)		(331)	(122)	(453)
Total deductions	(611)	(20,249)	(1,947)	(22,807)	(486)	(11,745)	(2,343)	(14,574)
Net increase (decrease) in net position	2,899	2,201	12,374	17,474	904	(26,740)	(17,399)	(43,235)
Net position restricted for pension/ OPEB, beginning of year	8,030	199,154	88,284	295,468	7,126	225,894	105,683	338,703
Net position restricted for pension/ OPEB, end of year	$ 10,929	$ 201,355	$ 100,658	$ 312,942	$ 8,030	$ 199,154	$ 88,284	$ 295,468

STATISTICAL SECTION

Statistical Section

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

Contents

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

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

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

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

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

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

This page intentionally left blank

FINANCIAL TRENDS

Schedule 1

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

	2023	Restated 2022	2021	2020	2019	2018	2017	2016	2015	2014
Net investment in capital assets	$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	$ 749,755
Restricted										
Debt Service	42,627	43,701	43,806	45,740	45,346	44,646	45,622	45,705	41,853	43,290
Net Pension asset	-	-	17,157	-	-	-	-	-	-	-
Net OPEB asset	47,183	27,478	50,444	29,646	-	-	-	-	-	-
Unrestricted	801,462	772,647	494,708	396,505	473,731	416,108	311,127	312,363	383,422	340,892
Total Net Position	$2,601,717	$2,320,438	$2,000,139	$1,766,779	$1,638,933	$1,511,358	$1,380,327	$1,277,245	$1,219,350	$1,133,937

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

	2023	Restated 2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating revenues:										
Vessel and cargo services	$ 547,976	614,714	$ 483,477	$ 357,386	$ 365,086	$ 344,272	$ 309,058	$ 266,703	$ 267,277	$ 238,083
Rental of equipment and facilities	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120	17,763
Grain elevator	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821
Bulk materials	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270
Other	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960
Nonoperating revenues:										
Investment (loss) income	43,561	10,428	1,042	9,810	13,017	9,319	4,553	4,896	4,142	4,913
Contribution in aid of construction	-	-	-	-	-	-	-	-	610	-
Other	18,264	12,296	7,647	833	1,282	345	1,703	2,690	1,279	3,291
Nonoperating revenues related to property taxes:										
Property taxes	35,609	44,961	43,702	48,965	51,061	50,951	53,842	55,749	51,280	51,955
Investment income / (loss) on bond proceeds	2,213	531	30	349	967	721	264	119	120	162
Total Revenues:	684,717	719,490	568,989	450,689	457,764	430,652	393,235	353,680	351,167	324,218
Operating expenses:										
Maintenance and operations of facilities	240,332	236,575	193,869	178,606	177,122	157,524	147,185	141,102	123,433	121,899
General and administrative	57,415	54,335	48,582	46,225	50,420	49,608	39,102	44,286	42,297	37,812
Depreciation and amortization	97,170	85,588	80,723	77,829	74,020	72,027	66,487	64,601	60,198	57,190
Impairment of Capital Assets	-	-	-	-	-	-	-	15,114	-	-
Nonoperating expenses:										
Contributions to state and local agencies	1,463	8,414	10,985	235	4,327	2,095	4,243	2,127	2,147	1,464
Loss on disposal of assets	5	33	36	126	4	1	33	(2,976)	2,849	1,220
Other	17,973	9,757	2,783	-	107	1,440	2,187	1,033	338	-
Nonoperating expenses related to property taxes:										
Interest expense on unlimited tax bonds	12,229	13,002	13,483	23,526	24,451	28,927	30,010	31,548	33,114	33,459
Property tax collection expense	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,039	1,175
Other	326	417	355	384	410	420	400	303	455	408
Total Expenses:	428,013	409,221	351,916	328,031	331,961	313,142	290,747	298,238	265,870	254,627
Income before contributions	256,704	310,269	217,073	122,658	125,803	117,510	102,488	55,442	85,297	69,591
Capital contributions from federal\state agencies	24,575	10,030	16,287	5,188	1,772	5,219	8,896	2,453	56	2,370
Contributions from federal agency-FEMA	-	-	-	-	-	-	-	-	60	-
Total Contributions from federal and state agencies	24,575	10,030	16,287	5,188	1,772	5,219	8,896	2,453	116	2,370
Change in net position	281,279	320,299	233,360	127,846	127,575	122,729	111,384	57,895	85,413	71,961
Net position, January 1	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	1,061,976
Net position, December 31	$ 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

REVENUE CAPACITY

Port of Houston Authority of Harris County, Texas
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years
(amounts in thousands)
(unaudited)

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

- Source: Harris County Appraisal District Property Use Recap as of 12/2023
- Note: Property is assessed at actual value and is reassessed each year. Tax rates are per $100 of assessed value.
- Note (a) Exemptions are primarily made up of the homestead property exemption of 20%. In addition, persons 65 years of age or older receive an exemption up to a maximum individual amount of $160,000.

Schedule 4

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Harris County										
General Fund	$ 0.30281	$ 0.30105	$ 0.33500	$ 0.34028	$ 0.34174	$ 0.35000	$ 0.34500	$ 0.34500	$ 0.34547	$ 0.34547
General Bonds Debt Service	0.04726	0.04268	0.04193	0.05088	0.04711	0.05084	0.05234	0.05111	0.05237	0.04802
Total Constitutional Funds	0.35007	0.34373	0.37693	0.39116	0.38885	0.40084	0.39734	0.39611	0.39784	0.39349
County - Wide Road Debt Service	0.00000	0.00000	0.00000	0.00000	0.01828	0.01774	0.02067	0.02045	0.02139	0.02382
Total - Harris County	0.35007	0.34373	0.37693	0.39116	0.40713	0.41858	0.41801	0.41656	0.41923	0.41731
Flood Control District										
Maintenance	0.02010	0.02043	0.02599	0.02649	0.02670	0.02738	0.02736	0.02745	0.02620	0.02620
Debt Service	0.01095	0.01012	0.00750	0.00493	0.00122	0.00139	0.00095	0.00084	0.00113	0.00116
Total - Flood Control	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733	0.02736
Port of Houston Authority										
Debt Service	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342	0.01531
Hospital District										
General	0.14206	0.14678	0.16047	0.16491	0.16491	0.17000	0.17000	0.17000	0.17000	0.17000
Debt Service	0.00137	0.00153	0.00174	0.00180	0.00100	0.00108	0.00110	0.00179	-	-
Total Hospital District	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000	0.17000
Total	$ 0.53029	$ 0.53058	$ 0.58135	$ 0.59920	$ 0.61170	$ 0.62998	$ 0.62998	$ 0.62998	$ 0.62998	$ 0.62998

- Source: Harris County Appraisal District
- Note: Tax rates are stated per $100 assessed valuation.

Schedule 5

Port of Houston Authority of Harris County, Texas
Direct and Overlapping Debt and Property Tax Rates
December 31, 2023
(unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County-Wide Taxing Jurisdiction										
Harris County	$ 0.35007	$ 0.34373	$ 0.37693	$ 0.39116	$ 0.40713	$ 0.41858	$ 0.41801	$ 0.41656	$ 0.41923	$ 0.41731
Harris County Flood Control District	0.03105	0.03055	0.03349	0.03142	0.02792	0.02877	0.02831	0.02829	0.02733	0.02736
Port of Houston Authority	0.00574	0.00799	0.00872	0.00991	0.01074	0.01155	0.01256	0.01334	0.01342	0.01531
Harris County Hospital District	0.14343	0.14831	0.16221	0.16671	0.16591	0.17108	0.17110	0.17179	0.17000	0.17000
Total County-wide	$ 0.53029	$ 0.53058	$ 0.58135	$ 0.59920	$ 0.61170	$ 0.62998	$ 0.62998	$ 0.62998	$ 0.62998	$ 0.62998
Cities										
Baytown	$ 0.72000	$ 0.75000	$ 0.78500	$ 0.79515	$ 0.80203	$ 0.81203	$ 0.82203	$ 0.82203	$ 0.82203	$ 0.82203
Bellaire	0.43700	0.44730	0.44730	0.44730	0.44730	0.43130	0.41590	0.38740	0.38050	0.39360
Deer Park	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.72000	0.71435	0.72000
Houston	0.51919	0.53364	0.55083	0.56184	0.56792	0.58831	0.58421	0.58642	0.60112	0.63108
La Porte	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000	0.71000
League City	0.39500	0.41553	0.46553	0.51500	0.54858	0.56380	0.56500	0.57000	0.57350	0.59700
Missouri City	0.57083	0.57375	0.57804	0.59804	0.63000	0.63000	0.60000	0.56010	0.54468	0.56500
Pasadena	0.45551	0.49758	0.51591	0.53368	0.57034	0.61545	0.57539	0.57539	0.57539	0.57690
Pearland	0.65540	0.62377	0.70142	0.72000	0.74121	0.70916	0.68506	0.68120	0.70530	0.71210
Seabrook	0.45776	0.47653	0.52444	0.54361	0.55198	0.55198	0.57491	0.56518	0.61261	0.64003
South Houston	0.55266	0.63341	0.69000	0.69805	0.69991	0.65050	0.64330	0.63221	0.69954	0.64453
Webster	0.33394	0.36475	0.39334	0.37357	0.36200	0.34794	0.31725	0.28450	0.23447	0.24874
West University Place	0.26084	0.27740	0.27852	0.29407	0.30921	0.31680	0.31680	0.31680	0.33179	0.36179
School Districts	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	1.1967-1.6700

- Source: Harris County Appraisal District jurisdiction information as of 12/31/23; 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	2023 Taxable Valuations (a)	2023 Rank	Percentage of Total 2023 Taxable Valuation (b)	2014 Taxable Valuations (a)	2014 Rank	Percentage of Total 2014 Taxable Valuation (c)
CenterPoint Energy Inc.	$ 5,128,946	1	0.80	$ 2,780,025	2	0.82
EXXON Mobil Corp.	4,620,765	2	0.72	3,190,218	1	0.95
Chevron Chemical Co.	3,421,093	3	0.54	2,004,198	5	0.59
Lyondell Chemical Co.	2,351,773	4	0.37	2,127,570	4	0.63
Equistar Chemicals LP	1,811,983	5	0.28	-		-
Enterprise	1,269,165	6	0.20	-		-
Shell Oil Co.	1,194,268	7	0.19	2,502,412	3	0.74
Palmetto Transoceanic LLC	1,121,239	8	0.18	534,722	13	0.16
Phillips 66 Co.	1,091,643	9	0.17	-		-
Walmart	1,073,237	10	0.17	875,506	8	0.26
HEB Grocery Co. LP	1,026,928	11	0.16	-		-
Liberty Property	954,334	12	0.15	-		-
Oil Tanking Houston	915,321	13	0.14	-		-
Total Petrochemicals	880,678	14	0.14	-		-
Kinder Morgan	820,348	15	0.13	-		-
Intercontinental Terminal	808,476	16	0.13	-		-
Valero Energy	796,776	17	0.12	493,872	17	0.15
Magellan Terminal Holdings	715,908	18	0.11	-		-
Deer Park Refining	714,903	19	0.11	-		-
One Two and Three Allen Center Co LLC	691,832	20	0.11	-		-
BP America	-		-	965,729	6	0.29
Crescent Real Estate	-		-	917,216	7	0.27
Hewlett Packard	-		-	855,261	9	0.25
Nov Wilson LP	-		-	829,255	10	0.25
United Airlines	-		-	652,102	11	0.19
Busycon	-		-	536,990	12	0.16
Southwestern Bell Telephone	-		-	517,939	14	0.15
1000 Louisiana LP	-		-	504,064	15	0.15
Texas Tower LTD	-		-	499,469	16	0.15
Rohm & Haas Co.	-		-	481,876	18	0.14
HG Galleria I II III LP	-		-	475,503	19	0.14
Four Oaks Place Operating LP	-		-	464,134	20	0.14
Total	$ 31,409,616		4.92 %	$ 22,208,061		6.58 %

- 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 8, 2023;
- Note (c) Based on the County's total taxable value as of December 19, 2014.

Port of Houston Authority of Harris County, Texas
Property Taxes Levies and Collections
For the Years 2014 through 2023

(in thousands)
(unaudited)

		Collections within the Fiscal Year of the Levy			Total Collections After One Year (a)	
Fiscal Year	Taxes Levied for Fiscal Year	Amount	Percentage of Levy	Collections After One Year (a)	Amount	Percentage of Levy
2014	$ 51,860	$ 49,400	95.26 %	$ 1,654	$ 51,054	98.45 %
2015	50,796	48,208	94.91 %	1,767	49,975	98.38 %
2016	54,806	51,946	94.78 %	1,981	53,926	98.39 %
2017	53,652	50,738	94.57 %	2,008	52,746	98.31 %
2018	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 %	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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating revenues: (a) (b) (c)										
Vessel and cargo services	$ 547,976	$ 614,714	$ 483,477	$ 357,386	$ 365,086	$ 344,272	$ 309,058	$ 266,703	$ 267,277	$ 238,083
Rental of equipment and facilities	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120	17,763
Grain elevator	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821
Bulk materials	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270
Other	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960
Total Operating Revenue	$ 585,070	$ 651,274	$ 516,568	$ 390,732	$ 391,437	$ 369,316	$ 332,873	$ 290,226	$ 293,736	$ 263,897
Revenue Tonnage (Short Tons)*										
General Cargo	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226	27,360	26,854
Bulk	9,378	13,133	10,095	9,980	9,063	9,210	9,396	9,621	8,384	10,766
Total Revenue Tonnage	50,323	55,061	44,533	41,688	43,137	40,863	38,274	34,847	35,744	37,620

- 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

Schedule 9

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Cargo										
Barbours Cut										
All other	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	7,689,686
Lease	-	-	-	-	-	-	-	-	2,072,132	3,410,214
	15,730,348	15,635,117	12,146,844	12,307,526	11,226,819	10,737,680	9,811,047	9,470,902	11,395,024	11,099,900
Bayport Container Terminal	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	6,977,231
Turning Basin										
Autos import	190,946	113,973	98,014	85,344	117,531	127,448	119,081	161,246	167,383	128,564
Autos export	440	109	503	385	2,058	1,089	3,396	4,744	13,240	11,430
Steel imports	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	5,397,341
All other	697,464	1,611,193	1,327,242	447,881	513,023	375,924	474,629	492,551	707,345	607,127
	3,278,624	4,891,916	2,916,152	1,436,070	2,663,520	3,249,047	3,585,742	2,481,898	4,688,698	6,144,462
Jacintoport	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	1,411,724
Care Terminal	693,769	623,898	431,060	309,542	731,216	734,480	603,271	457,294	562,217	747,372
Woodhouse	1,413,706	1,580,726	1,373,584	1,043,911	1,382,598	768,830	113,888	77,299	373,497	473,389
Total General Cargo	40,945,477	41,927,564	34,437,831	31,708,131	34,073,577	31,652,701	28,877,803	25,225,795	27,359,831	26,854,078
Bulk										
Jacintoport	20,000	7,818	1,478	1,511	1,465	1,635	9,758	692	1,100	-
Care Terminal	221,012	41,910	22,446	13,802	12,340	112,975	162,014	130,545	18,298	82,016
Woodhouse	50,087	-	9,569	-	-	7,081	20,224	12,981	6,882	31,549
Sims Bayou	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	675,175
S.J.B. Liquid Facility	319,239	336,032	410,623	399,012	379,141	560,342	522,019	552,752	428,895	493,582
Turning Basin	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	1,982,330
	5,288,653	7,613,039	4,934,528	4,651,036	3,708,242	4,039,122	4,026,319	3,419,169	3,126,167	3,264,652
Bulk Materials Terminal	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	5,190,900
Grain Elevator #2	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	2,310,757
Total Bulk Cargo	9,377,787	13,133,399	10,095,475	9,979,479	9,063,338	9,210,585	9,396,090	9,620,968	8,384,559	10,766,309
Grand Total	50,323,264	55,060,963	44,533,306	41,687,610	43,136,915	40,863,286	38,273,893	34,846,763	35,744,390	37,620,387

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

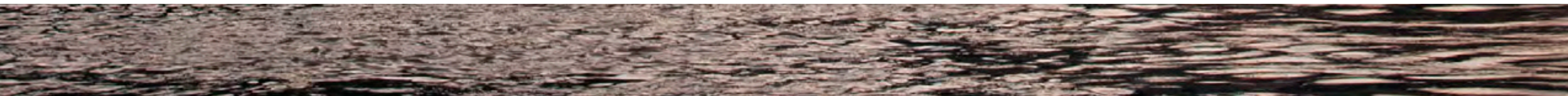
Port of Houston Authority of Harris County, Texas
Top Ten Authority Customers
Current Year and Ten Years Ago

(amounts in thousands)
(unaudited)

	2023			2014		
Customer	2023 Revenue	Rank	% Operating Revenue	2014 Revenue	Rank	% Operating Revenue
Maersk S/A	$ 89,589	1	15.31 %	$ 18,626	3	7.06 %
Mediterranean Shipping Co. (USA) Inc.	76,901	2	13.14	32,667	1	12.38
CMA-CGM (America), Inc.	59,660	3	10.20	18,353	4	6.95
Hapag-Lloyd AG	53,420	4	9.13	26,147	2	9.91
Houston Terminal LLC	36,201	5	6.19	7,267	7	2.75
Cosco Shipping Lines	28,455	6	4.86	14,892	5	5.64
ONE Line	24,819	7	4.24	-		-
Texas Stevedoring Services, LLC	21,646	8	3.70	-		-
Zim Integrated Shipping	18,414	9	3.15	-		-
Evergreen Shipping Agency	16,886	10	2.89	-		-
Ceres Gulf, Inc.	-		-	10,884	6	4.12
Shipper Stevedoring Co.	-		-	6,654	8	2.52
Seaboard Marine	-		-	5,698	9	2.16
Hanjin Shipping Company	-		-	5,321	10	2.02
Total Revenue for Top Ten Customers	$ 425,991		72.81 %	$ 146,509		55.51 %
Total Operating Revenue	$ 585,070			$ 263,897		

- Source: The Authority
- Excludes Revenues from tenants and stevedores.

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)

	General Obligation Bonds													
Fiscal Year	Unlimited Tax Refunding Bonds	Unlimited Tax Port Improvement Bonds	Accreted Premiums (Discounts)	General Bonded Debt	Less Debt Service Funds Cash	Net General Bonded Debt	Percentage of Actual Property Value	GOB Debt per Capita	Revenue Bonds	Premiums (Discounts) Rev	Total Outstanding Debt	Percentage of Personal Income	Total Debt Per Capita
2014	$ 611,734	$ 90,645	$ 34,366	$ 736,745	$ 13,854	$ 722,891	0.21	$ 163	$ -	$ -	$ 722,891	0.29 %	$ 163
2015	588,604	85,665	43,363	717,632	6,414	711,218	0.19	157	-	-	711,218	0.28 %	157
2016	572,329	85,665	39,129	697,123	6,983	690,140	0.17	150	-	-	690,140	0.29 %	150
2017	553,164	85,665	35,069	673,898	13,589	660,309	0.16	142	-	-	660,309	0.27 %	142
2018	508,089	85,665	56,709	650,463	11,402	639,061	0.15	136	-	-	639,061	0.24 %	136
2019	486,904	85,665	50,658	623,227	7,942	615,285	0.13	131	-	-	615,285	0.22 %	132
2020	492,439	-	94,715	587,154	4,929	582,225	0.12	123	-	-	587,154	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	N/A	108
2023	426,134	-	70,599	496,733	9,327	487,406	0.08	N/A	705,070	102,966	1,304,769	N/A	N/A

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

Schedule 12

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, 2023

(in thousands)
(unaudited)

	2023	Restated 2022	2021	2020	2019	2018	2017	2016	2015	2014
Gross Revenues										
Operating Revenues (a)										
Vessel and cargo services	$ 547,976	$ 614,714	$ 483,477	$ 357,386	$ 365,086	$ 344,272	$ 309,058	$ 266,266	$ 266,305	$ 235,929
Rental of equipment and facilities	19,737	22,886	19,500	21,665	18,065	18,079	15,976	15,869	17,120	17,763
Grain Elevator	1,395	1,237	1,035	1,263	1,439	1,182	902	1,199	1,567	1,821
Bulk materials	4,556	4,288	4,012	3,911	4,265	4,131	4,004	3,941	4,019	4,270
Other	11,406	8,149	8,544	6,507	2,582	1,652	2,933	2,514	3,753	1,960
Total	585,070	651,274	516,568	390,732	391,437	369,316	332,873	289,789	292,764	261,743
NonOperating Revenues										
Investment (loss) income	35,842	13,507	3,704	7,458	11,852	8,071	4,425	4,850	4,100	4,881
Other, net	9,693	11,100	7,626	833	1,281	345	10,599	5,144	2,004	5,661
Total	45,535	24,607	11,330	8,291	13,133	8,416	15,024	9,994	6,104	10,542
Total Gross Revenues	630,605	675,881	527,898	399,023	404,570	377,732	347,897	299,783	298,868	272,285
Operation Expenses										
Maintenance and Operation of Facilities										
Vessel and cargo services	222,667	219,011	177,885	163,776	162,518	143,401	141,857	131,998	115,757	115,341
Rental of port facilities	1,005	747	1,516	1,313	1,099	1,219	2,093	2,140	1,130	1,164
Grain Elevator	419	453	330	259	621	456	275	330	293	260
Bulk Materials Handling Plant	2	4	11	22	29	31	26	8	11	9
Other	16,239	16,360	14,127	13,236	12,854	8,617	7,915	7,107	7,114	8,223
Total	240,332	236,575	193,869	178,606	177,121	153,724	152,166	141,583	124,305	124,997
General and Administrative	57,415	54,335	48,582	46,225	50,420	49,608	42,423	44,286	42,297	39,152
Total Operating Expenses	297,747	290,910	242,451	224,831	227,541	203,332	194,589	185,869	166,602	164,149
Nonoperating Expenses	19,468	18,544	14,012	(2,036)	4,377	3,039	6,533	259	5,673	2,694
Total Expenses	317,215	309,454	256,463	222,795	231,918	206,371	201,122	186,128	172,275	166,843
Net Revenues Available For Debt Service on Revenue Obligations	$ 313,390	$ 366,427	$ 271,435	$ 176,228	$ 172,652	$ 171,361	$ 146,775	$ 113,655	$ 126,593	$ 105,442

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

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

Fiscal Year Ending December 31	Revenue	Unlimited Tax	Outstanding Debt Service Requirements
2024	$ 45,481,250	$ 39,109,142	$ 84,590,392
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	**$ 1,324,587,950**	**$ 620,632,501**	**$ 1,945,220,451**

- The table sets forth the annual debt service requirements on the Authority's ad valorem tax bonds as of December 31, 2023, excluding bonds that have been refunded and defeased.

This page intentionally left blank

DEMOGRAPHIC AND ECONOMIC INFORMATION

Port of Houston Authority of Harris County, Texas
Miscellaneous Statistical Data
December 31, 2023
(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

Year	GDP (a)	National Unemployment (b)	Total U.S. Exports (c)	Total U.S. Imports (c)	U.S. Rig Count (d)	Oil Price $/Bbl (e)	PMI (f)
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
2014	2.6%	5.6%	2,345.4	2,850.5	2,003	59.29	53.5

- 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
2014	4,441,370	4.0%	$ 252,694,912	$ 56,896
2015	4,538,028	4.6%	249,989,494	55,088
2016	4,589,928	5.3%	240,752,454	52,452
2017	4,652,980	5.0%	247,482,118	53,188
2018	4,698,619	4.4%	265,351,328	56,474
2019	4,713,325	3.8%	282,809,166	60,002
2020	4,746,600	8.0%	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

- Source: Harris County, Texas Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2023
- Population Estimate based on projected growth. U.S. Bureau of Economic Analyis/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	2022** Employees	2022** Rank	2022** Percentage of Area Employment	2014 Employees	2014 Rank	2014 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	0.32%
Baylor College of Medicine	-		-	9,232	10	0.31%
	219,983		6.56%	133,750		4.52%

- 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]

Year	City of Houston	Harris County	Year	City of Houston	Harris County
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]

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

Motor Vehicle Registration[c]

	2023	2022	2021	2020	2019
Passenger Cars, Small Trucks and Misc.	3,513,903	3,304,054	3,289,391	3,219,855	3,744,668
Large Trucks	52,699	51,529	48,965	44,849	48,256
Total	3,566,602	3,355,583	3,338,356	3,264,704	3,792,924

- 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]

	2023	2022	2021	2020	2019
Baylor College of Medicine	1,653	1,603	1,581	1,592	1,577
Houston Baptist University	4,182	4,250	3,963	3,963	3,741
Houston Community College	40,255	39,201	38,653	37,676	47,703
Lone Star College System	76,672	73,556	72,090	70,738	77,810
Rice University	8,446	8,552	8,166	7,437	7,135
San Jacinto College:					
Central, South and North	31,255	30,425	31,434	30,840	39,303
South Texas College of Law	1,040	994	979	1,003	975
Texas Southern University	8,472	8,634	7,525	7,016	9,034
Texas Woman's University: Houston (f)	1,060	1,185	1,331	1,314	1,184
University of Houston:					
University Park	46,502	46,581	46,968	47,066	46,137
Downtown	14,113	14,212	15,081	15,251	14,680
Clear Lake	8,232	8,559	9,398	9,060	9,092
University of St. Thomas	3,816	3,590	3,877	3,693	3,454
University of Texas: (e)					
Dental Branch	570	569	573	574	579
Graduate School of Biomedical Sciences	489	473	465	480	480
Medical School	1,074	1,086	1,081	1,116	1,071
School of Biomedical Informatics	376	355	328	290	254
School of Nursing	1,067	1,258	1,602	1,637	1,626
School of Public Health	1,468	1,578	1,709	1,514	1,302
Total	250,742	246,661	246,804	242,260	267,137

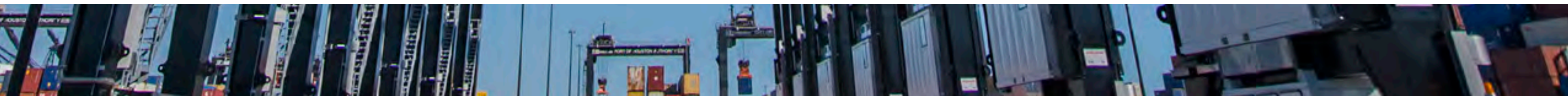
Number of Employees

	2023	2022	2021	2020	2019
Harris County (g)	17,640	17,427	17,482	17,561	16,980
Flood Control District (g)	329	347	331	325	316
Port of Houston Authority	773	740	706	688	683

- Note (d) Source: Fall 2023 Enrollment Data from Texas Higher Education Coordinating Board and above school websites
- Note (e) Source: University of Texas Office of Registrar (Fact Book 2023)
- Note (f) Source: Texas Women's University Office of Institutional Research & Data Mgmt (Fact Book 2023)
- Note (g) Source: Harris County Auditor's Office

This page intentionally left blank

OPERATING INFORMATION



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

	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) = 14 total (10 SPP and 4 PP)
- Rubber-Tire Gantry (RTG) = 64 (14 of these will be commissioned and in service within 30-45 days)
- 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) = 15 total (9 SPP, 6 PP)
- Rubber-Tire Gantry (RTG) = 66
- 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

Schedule 19

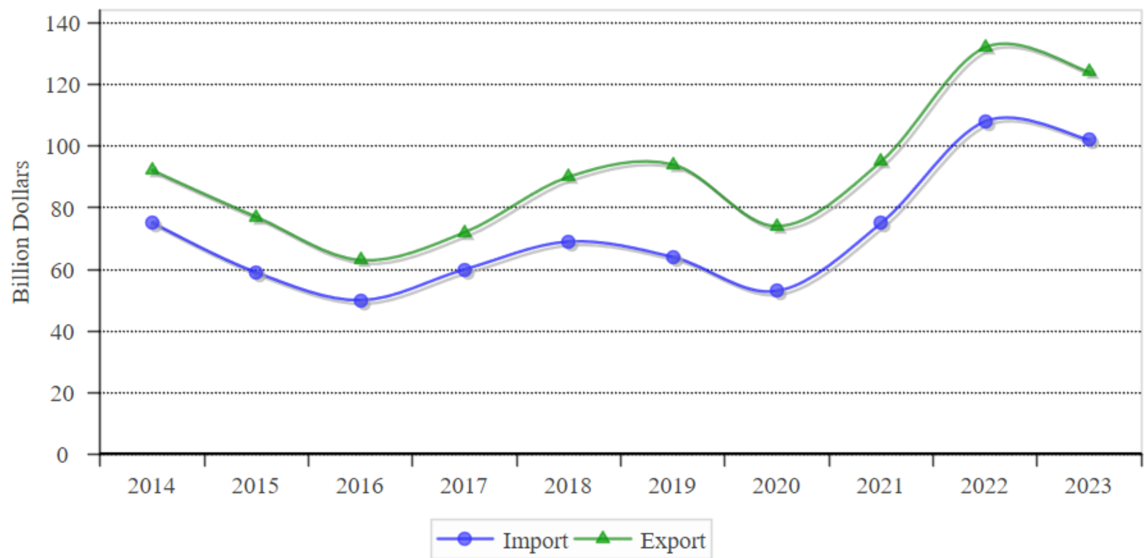
Port of Houston Authority of Harris County, Texas
Freight Traffic Statistics
(in thousands)
(unaudited)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Freight handled by the Authority only (excluding tonnages handled by private terminals) - short tons (a)										
Breakbulk cargo	5,388	6,977	4,753	2,958	5,030	5,065	4,587	3,423	5,796	7,454
Container cargo	35,558	34,951	29,685	28,751	29,043	26,588	24,291	21,960	21,564	19,400
Bulk grain	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311
Bulk plant	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330	2,905	5,191
Other bulk	13,798	15,305	12,339	9,816	8,714	9,855	10,033	13,254	12,550	12,281
Total	58,834	62,754	51,938	46,853	48,142	46,679	44,281	44,839	45,165	46,637
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)	60,860	56,971	65,561	73,863	72,386	69,110	71,388	76,688
Exports	(d)	(d)	129,802	139,792	144,190	117,220	100,825	94,876	92,024	83,849
Total Foreign (d)	-	-	190,662	196,763	209,751	191,083	173,211	163,986	163,412	160,537
Domestic										
Receipts	(d)	(d)	29,918	34,294	31,945	32,996	35,745	36,417	36,010	34,267
Shipments	(d)	(d)	28,454	27,689	26,054	25,630	30,058	26,635	24,375	23,194
Total Domestic (d)	-	-	58,372	61,983	57,999	58,626	65,803	63,052	60,385	57,461
Local	(d)	(d)	17,490	17,194	17,194	19,222	21,057	20,944	17,136	16,306
Total	-	-	266,524	275,940	284,944	268,931	260,071	247,982	240,933	234,304
Value of foreign trade handled by entire Port of Houston (c)										
Imports	$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	$ 75,023,441
Exports	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	92,016,308
Total	$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	$167,039,749

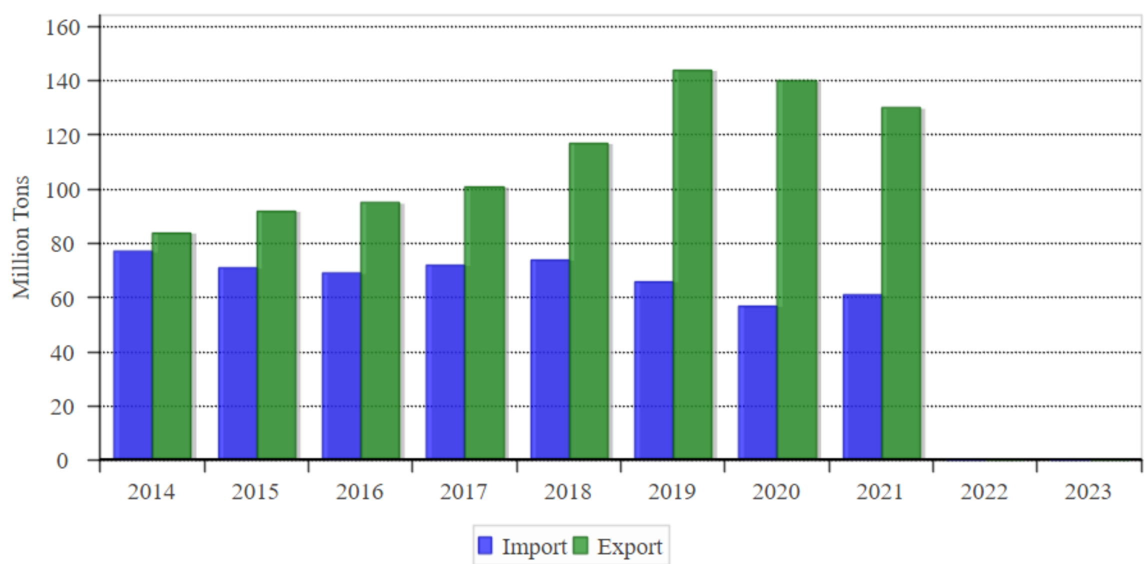
- Note (a) Source: The Authority
- Note (b) Source: U.S. Army Corps of Engineers, Waterborne Commerce of the U.S.
- Note (c) Source: Bureau of Census U.S. Department of Commerce
- Note (d) Amounts not available for 2022 and 2023.

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 2022 and 2023.

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Revenue Tonnage										
Including Bayport companies	58,831	62,754	51,938	46,853	48,142	46,679	44,281	44,839	45,168	46,637
Excluding Bayport companies	50,323	55,061	44,533	41,688	43,137	40,863	38,274	34,847	35,744	37,620
General Cargo (a)	40,945	41,928	34,438	31,708	34,074	31,653	28,878	25,226	27,360	26,854
Bulk Materials Handling Plant	2,777	3,613	2,668	2,562	3,057	3,796	3,230	3,330	2,908	5,191
Grain Elevator #2	1,313	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311
Other Bulk Movements										
Excluding Bayport companies (b)	5,289	7,613	4,935	4,651	3,708	4,039	4,026	3,419	3,126	3,265
Including Bayport companies	8,508	7,693	7,404	5,165	5,005	5,815	6,007	9,992	9,424	9,016
Barbours Cut Terminal										
Bulk (b)	6	24	-	15	42	51	3	3	-	-
General cargo (a)	15,725	15,612	12,147	12,293	11,185	10,687	9,808	9,467	11,395	11,100
Bayport Container Terminal										
General cargo (a)	18,894	17,884	16,530	15,385	16,603	14,605	13,027	10,855	8,589	6,977
Steel (a)										
Import	4,379	5,166	3,327	2,202	3,980	4,303	3,626	2,288	4,643	6,343
Export	84	38	38	51	72	61	68	80	141	236
Autos - Turning Basin										
Tons - import (a)	196	121	114	98	134	152	141	161	168	129
Tons - export (a)	2	1	2	1	4	4	3	8	14	13
Units - import	86	54	50	44	61	74	74	83	82	63
Units - export	-	-	-	-	1	1	1	2	6	5
Bagged Goods (a)										
Import	270	437	282	196	263	133	232	168	167	65
Export	-	6	20	18	18	84	45	40	46	57
Container TEU	3,825	3,975	3,453	2,989	2,987	2,700	2,459	2,183	2,131	1,951

- 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)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Houston Ship Channel										
Break bulk	466	545	549	565	623	642	667	744	883	987
Bulk carrier	722	927	784	724	773	743	860	827	876	1,003
Containers	1,051	948	977	1,091	1,041	962	912	940	1,003	1,012
Cruise	-	-	-	-	-	-	-	31	48	38
Roll-on/roll-off	-	-	-	-	-	6	30	35	12	9
Tankers	5,595	5,358	5,057	5,096	5,417	5,445	4,851	5,129	5,047	4,746
Tug Tow	320	445	438	443	412	450	503	448	384	386
Vehicle carrier	76	55	76	76	99	129	110	109	111	112
Other	8	2	5	12	10	10	13	6	12	46
Total Vessel Arrivals	8,238	8,280	7,886	8,007	8,375	8,387	7,946	8,269	8,376	8,339
PHA Public Wharves										
Turning Basin										
Ships	650	742	744	677	699	779	839	864	1,066	1,258
Barges	634	723	667	878	890	1,182	1,063	935	971	1,016
Bulk Plant, Jacintoport, Care, Woodhouse, and HPGE#2										
Ships	329	420	478	508	534	435	433	517	502	597
Barges	435	488	438	560	568	547	443	504	424	611
Sims Bayou and San Jacinto Barge Terminal										
Ships	29	47	33	75	12	23	15	24	29	30
Barges	641	703	764	730	742	890	771	641	570	619
Barbours Cut										
Ships	519	485	454	571	554	527	500	560	581	664
Barges	13	2	-	5	35	54	33	36	98	113
Bayport Container Terminal										
Ships	515	497	525	522	523	476	463	490	494	356
Barges	5	43	50	62	111	172	164	175	119	107
Bayport Cruise Terminal										
Cruise	-	-	-	-	-	-	-	31	48	38
Layberth	-	-	-	-	-	-	-	-	42	39
Bayport Companies										
Ships	833	725	624	744	843	765	777	793	856	672
Barges	1,827	1,911	1,815	1,291	1,327	1,635	1,679	2,402	2,166	2,145
Total PHA Arrivals										
Ships (a)	2,875	2,916	2,858	3,097	3,165	3,005	3,027	3,279	3,576	3,615
Barges	3,555	3,870	3,734	3,526	3,673	4,480	4,153	4,693	4,390	4,650

- Source: Piers Global Intelligence Solutions
- Note (a) Included in Total Vessel Arrivals for the Houston Ship Channel

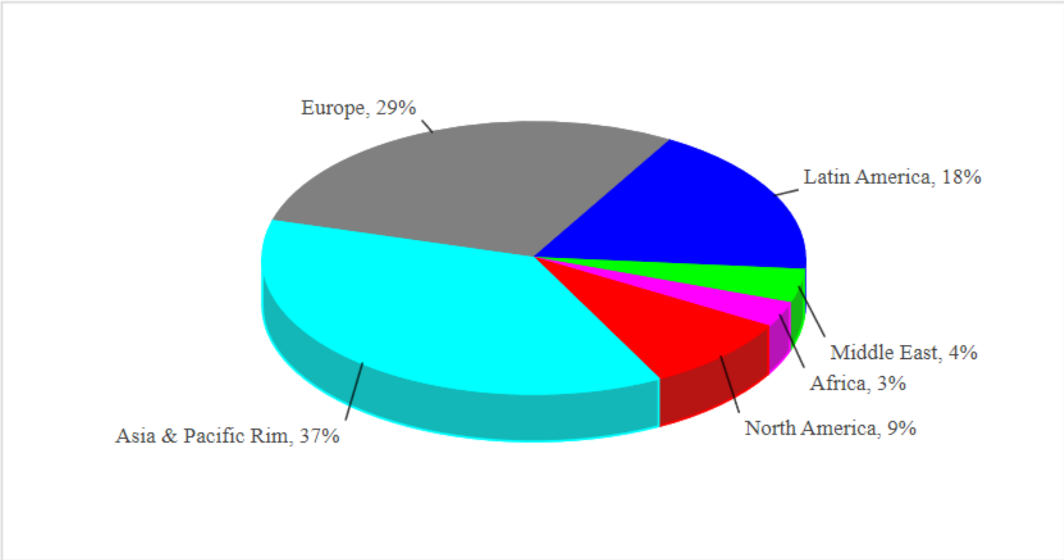
Port of Houston Authority of Harris County, Texas
Bulk Commodity Statistics
Last 10 Fiscal Years
(in thousands)
(short tons)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Coke	2,736	3,079	2,212	2,562	2,439	3,012	2,898	3,313	2,809	3,282
Coal	41	534	456	-	618	784	333	16	100	1,909
Fertilizer	34	41	97	138	109	90	71	90	51	62
Grain	1,312	1,908	2,493	2,766	2,298	1,375	2,140	2,872	2,350	2,311
Industrial Chemical	10,975	12,700	9,751	8,028	7,347	8,362	8,451	11,957	11,240	10,864
Molasses	260	371	321	336	367	301	242	243	255	253
Petroleum Products	324	308	312	286	444	645	554	508	458	361
Tallow	37	125	134	249	155	180	275	152	154	191
Dry Bulk	1,937	1,638	1,667	704	173	142	269	287	242	356
Vegetable Oil	230	123	55	76	119	135	170	175	150	194
Totals	17,886	20,827	17,498	15,145	14,069	15,026	15,403	19,613	17,809	19,783

- Source: The Authority

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

2023 Foreign Trade Through the Port of Houston by Region ($ Value)

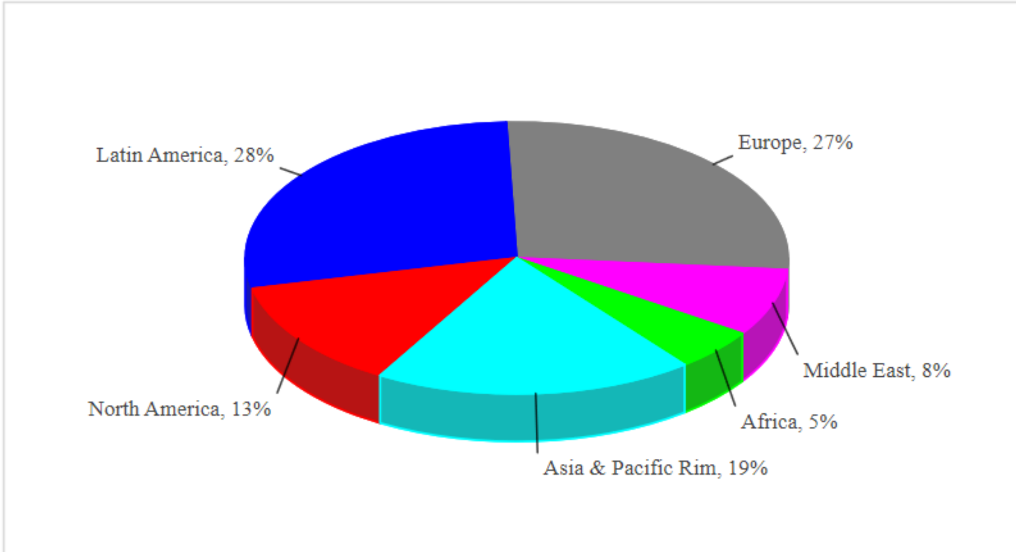


TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2023 (000s)

	Imports	Exports	Total	Percent of World Total
Asia & Pacific Rim	$ 47,505,950	$ 36,033,845	$ 83,539,795	37 %
Europe	30,542,852	33,653,578	64,196,430	29 %
Latin America	11,803,672	29,709,619	41,513,291	18 %
North America	5,761,991	15,103,033	20,865,024	9 %
Middle East	4,937,610	4,396,524	9,334,134	4 %
Africa	1,371,261	5,124,636	6,495,897	3 %
Worldwide Totals	$101,923,336	$124,021,235	$ 225,944,571	100 %

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

2014 Foreign Trade Through the Port of Houston by Region ($ Value)



TRADE THROUGH THE PORT OF HOUSTON BY REGION IN 2014 (000s)

	Imports	Exports	Total	Percent of World Total
Europe	$ 24,769,416	$ 21,284,869	$ 46,054,285	28 %
Latin America	10,715,326	35,000,081	45,715,407	27 %
Asia & Pacific Rim	15,322,106	14,503,584	29,825,690	19 %
North America	14,235,502	8,189,777	22,425,279	13 %
Middle East	8,363,401	5,517,271	13,880,672	8 %
Africa	1,617,690	7,520,726	9,138,416	5 %
Worldwide Totals	$ 75,023,441	$ 92,016,308	$ 167,039,749	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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Exempt Employees	279	270	256	248	244	222	215	207	199	179
Non Exempt Maintenance	266	244	235	226	229	211	215	171	169	205
Non Exempt Employees	226	226	210	208	210	219	190	219	215	158
Total Active Employees	771	740	701	682	683	652	620	597	583	542

- Source: The Authority

This page intentionally left blank

ADDITIONAL BOND DISCLOSURES

Port of Houston Authority of Harris County, Texas

For the Year Ended December 31, 2023

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 2023 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 2023 ACFR or included in this Additional Bond Disclosures section.

	PAGE
Table 1 - Physical Characteristics of the Port Facilities of the Authority	See page 113 of 2023 ACFR
Table 2 - Container Geographic Trade Lanes - Fiscal Year 2023	See page 123 in this section
Table 3 - Volumes of Containerized Import and Export Commodities - Fiscal Year 2023 (in TEUs)	See page 123 in this section
Table 4 - Revenue Tonnage	See page 103 of 2023 ACFR
Table 5 - Vessel Arrivals	See page 124 in this section
Table 6 - Operating Revenues by Type	See page 124 in this section
Table 7 - Revenue Cargo by Type	See page 125 in this section
Table 8 - Top Ten Authority Customers (Ten-Year Comparison)	See page 104 of 2023 ACFR
Table 9 - Top Ten Authority Exporters and Importers	See page 125 in this section
Table 10 - Top Ten Authority Tenants	See page 126 in this section
Table 11 - Statement of Revenues, Expenses and Changes in Net Position	See page 127 in this section
Table 12 - Current Investment Distribution	See page 128 in this section
Table 13 - Debt Service Schedule	See page 129 in this section
Table 14 - Historical Net Revenue Available for Debt Service	See page 130 in this section
Table 15 - Projected Operating Results and First Lien Debt Service Coverage	See page 131 in this section

This page intentionally left blank

Table 2 - Container Geographic Trade Lanes - Year 2023
(unaudited)

	Imports	Exports
Asia	57 %	28 %
Americas	11 %	25 %
Europe	13 %	15 %
Africa / Middle East	3 %	15 %
Mediterranean	8 %	8 %
Indian Subcont.	7 %	7 %
Other	1 %	2 %

Source: The Authority

Table 3 - Volumes of Containerized Import and Export Commodities - Year 2023 (in TEUs)
(unaudited)

	Imports		Exports
Machinery, Appliances & Electronics	366,506	Resins & Plastics	602,780
Retail Consumer Goods	235,734	Chemicals & Minerals	230,310
Hardware & Construction Materials	206,647	Automotive	113,502
Food & Drink	188,121	Apparel & Accessories	98,714
Furniture	176,581	Steel & Metals	73,903
Resins & Plastics	133,817	Machinery, Appliances & Electronics	68,837
Steel & Metals	130,506	Food & Drink	68,387
Automotive	111,076	Fabrics including Raw Cotton	33,612
Chemicals & Minerals	91,857	Retail Consumer Goods	19,972
Apparel & Accessories	64,284	Hardware & Construction Materials	14,649
Fabrics including Raw Cotton	29,169	Furniture	6,599
Other	17,997	Other	10,574

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 5 - Vessel Arrivals
(unaudited)

	2023	2022	2021	2020	2019
Authority Public Wharves					
Turning Basin					
Ships	650	742	744	677	699
Barges	634	723	667	878	890
Bulk Plant, Jacintoport, Care, and Woodhouse					
Ships	329	420	478	508	534
Barges	435	488	438	560	568
Sims Bayou and San Jacinto Barge Terminal					
Ships	29	47	33	75	12
Barges	641	703	764	730	742
Barbours Cut					
Ships	519	485	454	571	554
Barges	13	2	-	5	35
Bayport Container Terminal					
Ships	467	413	450	437	450
Barges	5	43	50	62	111
Bayport Auto Terminal					
Ships	48	84	75	85	73
Barges	-	-	-	-	-
Total Authority Arrivals					
Ships	2,042	2,191	2,234	2,353	2,322
Barges	1,728	1,959	1,919	2,235	2,346

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)

	2023	2022	2021	2020	2019
Container Terminals	$ 473,985	$ 537,019	$ 424,011	$ 307,796	$ 305,607
Turning Basin Terminals	76,008	79,338	59,699	49,606	54,928
Bulk	5,951	5,524	5,046	5,174	5,704
Leases	7,284	10,858	9,276	11,623	12,519
Other[(b)]	21,842	18,535	18,536	16,533	12,679
Total operating revenues	585,070	651,274	516,568	390,732	391,437
Change from previous year	(10)%	26 %	32 %	(0.2)%	6 %

(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)

	2023	2022	2021	2020	2019
Revenue cargo statistics:					
Container TEUs	3,825	3,975	3,453	3,001	2,990
General cargo (short tons)	40,945	41,928	34,438	31,708	34,074
Bulk cargo (short tons)	9,378	13,133	10,095	9,980	9,063
Total Revenue tonnage	50,323	55,061	44,533	41,688	43,137

[a] Includes container tonnage; short tons equal 2,000 pounds.
Source: The Authority

Table 9 - Top Ten Authority Exporters and Importers 2023
(unaudited)

Exporters	
ExxonMobil	98,084
Shintech	37,354
Vinmar International	34,808
Montachem International	22,564
Tricon	20,248
Muehlstein International	14,231
Ravago	10,138
Domtar Paper	8,240
Olam Agri America	7,484
Allenberg Cotton	7,302
Importers	
First Solar	17,217
RTG Furniture	12,660
Walmart	12,221
Heineken	10,304
LG Electronics	10,227
Boviet Solar USA	9,643
Ikea	9,340
Trina Solar	8,598
Hanwha Q Cells America	7,262
Tesla	6,439

Source: The Authority

Port of Houston Authority of Harris County, Texas

Table 10 - Top Ten Authority Tenants - Year 2023
(Dollar Amounts in thousands)
(unaudited)

Tenant[(a)]	Revenue	**% Lease Revenue**
Enterprise	$ 8,281	15%
Enstructure Richardson	8,196	15%
Kinder Morgan Petcoke	5,110	9%
Jacintoport International - Lease	4,578	8%
Cooper/Ports America, LLC	4,186	8%
TPC Group LLC	3,078	6%
Volkswagen of America - Lease	2,427	5%
Texas Stevedoring Services, LLC	1,664	3%
Gulf Stream Marine, Inc.	1,321	3%
Frontier Logistic	1,315	2%
Total Revenue for Top Ten Tenants	$ 40,156	74%
Total Lease Revenue[(b)]	$ 54,597	

(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)

	2023	Restated 2022	2021	2020	2019
Operating revenues					
Vessel and cargo services	$ 547,976	$ 614,714	$ 483,477	$ 357,386	$ 365,086
Rental of equipment and facilities	19,737	22,886	19,500	21,665	18,065
Grain elevator	1,395	1,237	1,035	1,263	1,439
Bulk materials	4,556	4,288	4,012	3,911	4,265
Other	11,406	8,149	8,544	6,507	2,582
Total operating revenues	585,070	651,274	516,568	390,732	391,437
Operating expenses					
Maintenance and operations of facilities	240,332	236,575	193,869	178,606	177,121
General and administrative	57,415	54,335	48,582	46,225	50,420
Depreciation and amortization	97,170	85,588	80,723	77,829	74,020
Total operating expenses	394,917	376,498	323,174	302,660	301,561
Operating income	190,153	274,776	193,394	88,072	89,876
Nonoperating revenues (expenses)					
Investment income	43,561	10,428	1,042	9,810	13,017
Contributions to state and local agencies	(1,463)	(8,414)	(10,985)	(235)	(4,327)
Loss on disposal of assets	(5)	(33)	(36)	(126)	(4)
Other, net	291	2,539	4,864	833	1,175
Total nonoperating revenues	42,384	4,520	(5,115)	10,282	9,861
Income before nonoperating revenues (expenses) related to property taxes	232,537	279,296	188,279	98,354	99,737
Nonoperating revenues (expenses) related to property taxes					
Property taxes	35,609	44,961	43,702	48,965	51,060
Investment income / (loss) on bond proceeds	2,213	531	30	349	967
Interest expense on unlimited tax bonds	(12,229)	(13,002)	(13,483)	(23,526)	(24,451)
Property tax collection expense	(1,100)	(1,100)	(1,100)	(1,100)	(1,100)
Other, net	(326)	(417)	(355)	(384)	(410)
Total nonoperating revenues related to property taxes	24,167	30,973	28,794	24,304	26,066
Income before capital contributions	256,704	310,269	217,073	122,658	125,803
Capital contributions from federal agencies	24,575	10,030	16,287	5,188	1,772
Change in net position	281,279	320,299	233,360	127,846	127,575
Net position, January 1	2,320,438	2,000,139	1,766,779	1,638,933	1,511,358
Net position, December 31	$ 2,601,717	$ 2,320,438	$ 2,000,139	$ 1,766,779	$ 1,638,933

[a] Includes interest expenses of approximately $9,547 thousand on Series 2021 Revenue Bonds, and $5,901 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 2023
(unaudited)

Interest Bearing Bank Deposits[a]	2%
Local Government Investment Pools	77%
U.S. Government Agencies Securities	6%
U.S. Treasury	4%
Municipal Bonds	7%
Commercial Paper	4%
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)

	The Bonds		
Fiscal Year	Series 2021	Series 2023	Total Debt Service
2024	$ 19,877,000	$ 25,604,250	$ 45,481,250
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
	$ 556,488,200	$ 768,099,750	$ 1,324,587,950

Port of Houston Authority of Harris County, Texas

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

	2023	Restated 2022[c]	2021	2020	2019
Operating Revenues[b]					
Container Terminals	$ 473,985	$ 537,019	$ 424,011	$ 307,796	$ 310,042
Turning Basin Terminals	76,008	79,338	59,699	49,606	54,928
Bulk	5,951	5,524	5,046	5,174	5,704
Leases	7,284	10,858	9,276	11,623	8,084
Other	21,842	18,535	18,536	16,533	12,679
Total	585,070	651,274	516,568	390,732	391,437
Nonoperating Revenues (Expenses)	26,067	6,063	(2,682)	10,327	8,756
Gross Revenues	611,137	657,337	513,886	401,059	400,193
Less:					
Operating Expenses	240,332	236,575	193,869	178,606	177,121
G&A Expenses	57,415	54,335	48,582	46,225	50,420
Total Operations and Maintenance Expenses	297,747	290,910	242,451	224,831	227,541
Net Revenues Available For Debt Service on Revenue Obligations	313,390	366,427	271,435	176,228	172,652
Annual Debt Service on Outstanding First Lien Obligations[d]	$ 21,570				
First Lien Debt Service Coverage on Annual Debt Service[d]	14.5x				
Maximum Annual Debt Service on Outstanding First Lien Obligations[d]	$ 45,481				
First Lien Debt Service Coverage on Maximum Annual Debt Service[d]	6.9x				

(a) The reported Net Revenues Available for Debt Service on Revenue Obligations has been reduced for the fiscal years ending December 31, 2022 and 2021 due to the removal of interest on revenue bond proceeds from the calculation of Net Revenues available for Debt Service on Revenue Obligations.

(b) Revenue categories are aligned with internal management reporting.

(c) Restated as a result of the adoption of GASB Statement 96, Subscription-Based Information Technology Arrangements.

(d) 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: Series 2021	Series 2023	Total First Lien Debt Service Requirements[(d)]	Projected First Lien Debt Service Coverage
2024	$ 628,047	$ 331,155	$ 296,892	$ 19,877	$ 25,604	$ 45,481	6.5x
2025	616,842	338,927	277,915	19,875	25,603	45,478	6.1x
2026	636,595	347,671	288,924	19,875	25,602	45,477	6.4x
2027	646,718	356,304	290,414	19,874	25,606	45,480	6.4x
2028	667,169	368,630	298,539	19,873	25,603	45,476	6.6x

(a) Gross Revenues represent all projected revenues, income and receipts, including interest income, and any other revenues as defined in the Resolution. Fiscal Year 2024 Gross Revenues reflect current forcast for the fiscal year. The compounded annual growth rate ("CAGR"), for Fiscal Years 2024 through 2028, is projected to be 1.5% and is primarily impacted by container terminal volume growth. The CAGR for the Turning Basin Terminals for Fiscal Years 2024 through 2028 is projected at 2.5% 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 2024 through 2028 are projected to increase at a CAGR of 2.7%. General and Administrative ("G&A") overhead expenses are projected at a 3.1% growth rate assumption from Fiscal Years 2024 through 2028.

(c) Net Revenues Available for Debt Service illustrate a CAGR of 0.1% over this time horizon.

This page intentionally left blank

PORT HOUSTON℠

Port of Houston Authority
111 East Loop North
Houston, TX 77029

P: 713.670.2400
F: 713.670.2554

porthouston.com