HARRIS COUNTY
SPORTS & CONVENTION
CORPORATION

(A Component Unit of Harris County, Texas)

Basic Financial Statements as of and for the Seven Months Ended September 30, 2023

And Independent Auditor's Report

HARRIS COUNTY SPORTS & CONVENTION CORPORATION

(A Component Unit of Harris County, Texas)

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Harris County Sports & Convention Corporation

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Harris County Sports & Convention Corporation (the "Corporation"), a component unit of Harris County, Texas, as of and for the seven months ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as of September 30, 2023, and the changes in its financial position for the seven months then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the NRG Park Operating Account, maintained by SMG Holdings, Inc. (a Pennsylvania general partnership), which represents 78% and 32% of the Corporation's receivables and revenues, respectively, in the governmental fund's balance sheet as of September 30, 2023, and statement of revenues, expenditures, and changes in fund balance for the seven months ended September 30, 2023. Those financial statements were audited as of and for the year ended February 28, 2023, by other auditors, whose report thereon has been furnished to us. We have applied audit procedures to the transactions incurred for the period from March 1, 2023 to September 30, 2023. Our opinion, insofar as it relates to the amounts included in receivables of the basic financial statements, prior to this period, is based solely on the report of the other auditors.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Corporation 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 opinion.

Responsibilities of Management for the Financial Statements

The Corporation's 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 Corporation's ability to continue as a going concern for twelve 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 opinion. 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 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, 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 Corporation'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 Corporation'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 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.

Melton & Melton LLP

Houston, Texas
March 7, 2024

Management's Discussion and Analysis (Unaudited)

Introduction of the Report

This report consists of two parts: Management's Discussion and Analysis (MD&A), and the Basic Financial Statements, including Notes to the Basic Financial Statements.

The Harris County Sports & Convention Corporation ("Corporation" or "HCSCC") is a component unit of Harris County, Texas (the "County"), and is included as a blended unit in the County's basic financial statements. This analysis presents information about the Corporation and the operations and activities of the Corporation only, not the entire County.

Management's Discussion and Analysis

The MD&A section of the Corporation's report presents an overview of the Corporation's financial performance during the seven months ended September 30, 2023. The seven month period facilitated the change in the Corporation's fiscal year end from February 28 to September 30. It provides an assessment of how the Corporation's position has improved and identifies the factors that, in management's review, significantly affected the Corporation's overall financial position.

The Basic Financial Statements include:

- The Statement of Net Position and Balance Sheet, which provides information about the nature and amounts of investments in resources (assets) and the obligations to the Corporation's creditors (liabilities).
- The Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance, which account for the current period's revenues and expenditures. It also measures the success of the Corporation's operations over the past seven months and can be used to determine how the Corporation has funded its costs.

The Notes to the Basic Financial Statements provide:

- Information that is essential to understanding the basic financial statements, such as the Corporation's accounting methods and policies.
- Details of contractual obligations, future commitments, and contingencies of the Corporation.
- Any other events or developing situations that could materially affect the Corporation's financial position.

The Corporation's Business

The Corporation was created in January 1999 by the Commissioners Court of Harris County, Texas as a public nonprofit corporation for the purpose of managing, operating, maintaining, and developing the sports and entertainment complex located on the property owned by the County, currently known as NRG

Park. In addition to generating revenue from park activities, the redevelopment of NRG Park generates sales and hotel tax revenues and provides an economic stimulus to the area surrounding NRG Park.

The Harris County Sports & Convention Corporation, in an effort to provide transparent and equitable access to contracting opportunities at NRG Park, adopted a Historically Underutilized Business policy. This policy is intended to open contracting opportunities to qualified contractors and vendors on an equal level.

The leadership of the HCSCC Board of Directors, HCSCC and NRG Park, continue to lead the effort to combat human trafficking in all forms. NRG Park, as a designated No Trafficking Zone, helps patrons attending NRG Park events be assured that measures are in place to deter, and eventually eliminate all forms of human trafficking.

NRG Stadium (formerly Reliant Stadium) – The 1.9 million square foot, retractable roof, facility is the home of the National Football League ("NFL") Houston Texans, and the Houston Livestock Show and Rodeo ("HLS&R"). NRG Stadium hosted the 2004 and 2017 Super Bowl NFL Championship football games, the 2010 and 2015 National Collegiate Athletic Association ("NCAA") Men's Basketball Regionals, and the 2011 and 2016 NCAA Men's Basketball Finals.

In addition to the HLS&R, NRG Park hosted the NCAA Men's Basketball Final 4, three Taylor Swift concerts and two Beyoncé concerts during the seven months ended September 30, 2023. NRG Stadium was transformed from a rodeo arena to NCAA Men's Final 4 Basketball to Disney on Ice to Taylor Swift all within a month. NRG Park also hosted world class soccer in June and July 2023. We are looking forward to hosting the NCAA College Football Championship game in 2024, and an International Federation of Association Football ("FIFA") Soccer World Cup host in 2026. Numerous concerts are already planned for 2024 including The Rolling Stones, Zach Bryan and Luke Combs. NRG Stadium is a versatile venue that can accommodate sports, concerts, rodeo, graduations and most anything in between.

NRG Center – At 1.37 million square feet, NRG Center can host many types of expositions with meeting room facilities to accommodate conferences and conventions. NRG Center is home to the Offshore Technology Conference and the Houston Ballet Nutcracker Market. Many other trade shows, conferences, and entertainment opportunities were hosted throughout the year.

NRG Arena – A facility with exhibit halls, meeting rooms, and a club room. This facility includes 350,000 square feet of meeting space. Included in NRG Arena is an 8,000 seat general session meeting area and a 2,000 seat general session meeting area in the Arena Pavilion. Many activities throughout the year and upcoming include concerts, comedy shows, and the Harlem Globetrotters.

NRG Astrodome – The world's first domed sports stadium. This 131,000 square foot facility is currently not available for public use. The future of the NRG Astrodome is currently being evaluated by the Harris County Commissioners Court. Plans regarding the NRG Astrodome must be approved by the Texas Historic Commission prior to implementation.

NRG Park – NRG Park is a 350-acre sports and entertainment complex with over 26,000 parking spaces available to event patrons. In addition to the four facilities discussed above, NRG Park has outdoor spacing that is available for festivals and concerts. In October 2022, NRG Park celebrated its 20th anniversary.

The Harris County Sports & Convention Corporation and Harris County entered a sustainability and energy efficiency project that is estimated to generate more than $54 million in energy savings over the 29-year contract period. The savings is guaranteed by the company responsible for managing the contract.

Financial Analysis

The following sections will discuss the significant changes in the Corporation's financial position for the seven months ended September 30, 2023. Additionally, the report provides economic factors and industry trends that contribute to the Corporation's operations. For purposes of the MD&A, summaries of the basic financial statements and the various exhibits presented are in conformity with the Corporation's basic financial statements in accordance with accounting principles generally accepted in the United States of America.

Highlights

The Corporation's net position increased by $3,539,236, during the seven months ended September 30, 2023.

Exhibit I
Government-Wide Condensed Statements of Net Position

	September 30, 2023	February 28, 2023
Current Assets	$ 30,541,955	$ 30,618,567
Capital Assets - Net	2,927,298	2,853,637
Other Long-term Assets	5,463,290	5,458,673
Total Assets	38,932,543	38,930,877
Deferred Outflows of Resources	200,892	150,622
Current Liabilities	7,591,554	9,559,836
Long-term Liabilities	1,519,019	3,038,037
Total Liabilities	9,110,573	12,597,873
Deferred Inflows of Resources	74,730	74,730
Net Position	$ 29,948,132	$ 26,408,896

Exhibit II
Government-Wide Condensed Statements of Activities

	For the Seven Months Ended September 30, 2023	Year Ended February 28, 2023
Revenues:		
Program Revenues	$ 8,543,321	$ 15,904,066
Investment Earnings	277,156	263,073
Federal Grants	-	5,379,391
Miscellaneous Revenue	277,746	154,391
Total Revenues	9,098,223	21,700,921
Expenses:		
Park Operations	500,356	6,086,323
General Administration	1,260,412	1,887,907
Interest on Long-term Liabilities	132,072	284,743
Facilities & Grounds	3,666,147	6,100,035
Total Expenses	5,558,987	14,359,008
Increase in Net Position	$ 3,539,236	$ 7,341,913

Exhibit III
Governmental Fund Condensed Balance Sheet

	September 30, 2023	February 28, 2023
Assets - Unrestricted	$ 31,572,197	$ 31,422,750
Assets - Restricted	4,194,758	4,420,817
Total	35,766,955	35,843,567
Liabilities and Unearned Revenue	6,042,779	7,892,494
Fund Balance	29,724,176	27,951,073
Total	$ 35,766,955	$ 35,843,567

Exhibit IV
Governmental Fund Condensed Statements of Revenues, Expenditures, and Changes in Fund Balance

	For the Seven Months Ended September 30, 2023	Year Ended February 28, 2023
Revenues	$ 1,963,946	$ 16,569,516
Expenditures	5,801,484	16,047,471
Excess (Deficiency) of revenue over (under) expenditures	(3,837,538)	522,045
Other Financing Sources	7,129,660	5,123,530
Other Financing Uses	(1,519,019)	(1,519,019)
Net Other Financing Sources	5,610,641	3,604,511
Excess of revenue and other financing sources over expenditures	1,773,103	4,126,556
Fund Balance - beginning of year	27,951,073	23,824,517
Fund Balance - end of year	$ 29,724,176	$ 27,951,073

Economic Factors

According to the United States Census Bureau, Harris County is the third most populous county in the Country. Houston, Texas ("Houston"), located in Harris County, is home to sports organizations from the NFL - Houston Texans, Major League Baseball ("MLB") - Houston Astros, National Basketball Association ("NBA") - Houston Rockets, Major League Soccer ("MLS") – Houston Dynamo, National Women's Soccer League ("NWSL") - Houston Dash, and a founding member of Major League Rugby ("MLR") – Houston Sabercats. In addition, Houston also is the home to both USFL and XFL football teams. Each of these organizations is located in its own facility that not only allows for highly competitive sporting events but also provides venues for concerts and other entertainment. These facilities have resulted in the revitalization of surrounding neighborhoods within the Houston area. In addition, attendance at these events helps boost local sales, hotel occupancy, mixed beverage, and automobile rental taxes that in turn benefit the Houston economy. The Harris County Sports & Convention Corporation is actively researching ways to further invigorate the area surrounding NRG Park that will provide many options for patrons to attend before and after events at NRG Park, creating a "world class" atmosphere for NRG Park. There are two major tenants at NRG Park, the NFL Houston Texans and the Houston Livestock Show and Rodeo. The Houston Texans rank 12th overall in team value of the 32 teams in the NFL according to "*Forbes Magazine*." The 2023 team value is estimated at $5.5 billion. The Houston Texans, through their Foundation, has raised over $41 million in their efforts to give back to the community. They support several nonprofit and educational programs throughout the Houston area. The Houston Livestock Show and Rodeo, a Houston favorite, supports youth, education, and agriculture practices. The 2023 Show had paid concert attendance of 1.3 million patrons, paid contestants over $2 million and committed $22 million to the youth of Texas. Since it began in 1932, the Houston Livestock Show and Rodeo has committed over $600 million to the youth in Texas and education.

Houston has a versatile infrastructure that supports a growing economy. The Port of Houston operates the 52 mile Houston Ship Channel, one of the world's busiest waterways. Over 1.5 million jobs in Texas and nearly 20% of the Texas gross domestic product are attributed to the Port of Houston. The Houston Airports form one of North America's largest systems. Three airports, George Bush Intercontinental Airport, Hobby Airport, and Ellington Airport serving over 60 million passengers on an annual basis, contribute over $36 billion annually to the local economy and over 190,000 jobs. Intercontinental Airport is in the process of a major redevelopment program including a new international terminal. Ellington Airport is home to Houston's Spaceport, the nation's 10th licensed commercial spaceport and supports activities of the U.S. Military and NASA. The Texas Medical Center, the largest medical complex in the world, is located in Houston. It is the home of the world's largest children's hospital, Texas Children's Hospital, and the world's largest cancer hospital, MD Anderson. It sees over 10 million patients per year and supports over 120,000 employees. In addition, the Texas Medical Center is the 8th largest business district in the United States.

NRG Park is a proud contributor to the many Houston cultural offerings with varied offerings all year long. From sports to rodeo to shopping to concerts and everything in between, there is something for everyone at NRG Park.

Capital Assets

The Corporation has oversight responsibility for the capital assets at NRG Park under a lease agreement initially entered into in 1999 with the owner of NRG Park – Harris County. Ownership of the facilities that have been constructed and improved upon at NRG Park remains with the County and are accounted for by them. The Corporation, on behalf of the County, has retained title and control over most equipment purchased and used in the operations of the NRG Park complex. At the end of September 2023, the Corporation had Capital Assets of $2,927,298 (net of accumulated depreciation of $10,855,893). These capital assets primarily consist of groundskeeping equipment, food preparation and serving equipment, a marquee, and ground transportation vehicles.

Budgetary Controls

The Board of Directors ("Board") of the Corporation approves an operating budget on an annual basis. Once approved, the budget is formally transmitted to the Harris County Commissioners Court. Monthly, monitoring of the budget is performed and the results reported to the Board. This process helps ensure the Corporation's financial performance and provides assurance that operational goals are maintained.

Request for Information

Questions concerning any of the information provided in this report or requests for additional financial information may be addressed to the Director of Finance & Administration, One NRG Park, Houston, TX, 77054.

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2023

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	$ 13,569,868
Restricted Cash & Cash Equivalents	4,194,758
Due from Harris County	38,033
Accrued Interest Receivable	59,109
Other Receivables	12,541,892
Prepaid Expenses	197,404
Pension Plan Asset	179,181
Notes Receivable	5,225,000
Equipment - Net of Accumulated Depreciation	2,927,298
TOTAL ASSETS	38,932,543
DEFERRED OUTFLOWS OF RESOURCES	
Pension Plan Contributions After Measurement Date	64,633
Differences between expected and actual experience	54,055
Net difference between projected and actual earnings	50,593
Changes in Assumptions	31,611
TOTAL DEFERRED OUTFLOWS OF RESOURCES	200,892
LIABILITIES & NET POSITION	
Accounts Payable	1,092,302
Due to Harris County	406,203
Salaries Payable	43,026
Unearned Revenue - Other	4,501,248
Accrued Interest Payable	29,756
Long-Term Liabilities:	
Due in one year	
Video Board Loan	1,519,019
Due in more than one year	
Video Board Loan	1,519,019
Total Liabilities	9,110,573
DEFERRED INFLOWS OF RESOURCES	
Changes in Assumptions	777
Differences between expected and actual experience	73,953
TOTAL DEFERRED INFLOWS OF RESOURCES	74,730
NET POSITION	
Investment in Capital Assets	2,927,298
Restricted	4,194,758
Unrestricted	22,826,076
Net Position	$ 29,948,132

See notes to the financial statements

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

STATEMENT OF ACTIVITIES
FOR THE SEVEN MONTHS ENDED SEPTEMBER 30, 2023

	Expenses	Charges for Services	Capital Grants And Contributions	Governmental Activities
GOVERNMENTAL ACTIVITIES				
Park Operations	$ 500,356	$ 610,418	$ 2,464,008	$ 2,574,070
General and Administration	1,260,412	-	-	(1,260,412)
Facilities & Grounds	3,666,147	803,243	4,665,652	1,802,748
Interest on Long-Term Liabilities	132,072	-	-	(132,072)
TOTAL	$ 5,558,987	$ 1,413,661	$ 7,129,660	$ 2,984,334
GENERAL REVENUES				
Investment Earnings				272,539
Miscellaneous				277,746
Interest on Note Receivable				4,617
TOTAL GENERAL REVENUES AND CONTRIBUTIONS				554,902
CHANGE IN NET POSITION				3,539,236
Net Position - Beginning of Year				26,408,896
Net Position - End of Year				$ 29,948,132

See notes to the financial statements

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

BALANCE SHEET - GOVERNMENTAL FUND
AS OF SEPTEMBER 30, 2023

ASSETS	
Cash and Cash Equivalents	$ 13,569,868
Restricted Cash & Cash Equivalents	4,194,758
Due from Harris County	38,033
Other Receivables	12,541,892
Prepaid Expenses	197,404
Notes Receivable	5,225,000
TOTAL ASSETS	35,766,955
LIABILITIES AND FUND BALANCE	
Accounts Payable	1,092,302
Due to Harris County	406,203
Salaries Payable	43,026
Unearned Revenue - Naming Rights	436,012
Total Liabilities	1,977,543
DEFERRED INFLOW OF RESOURCES	
Unavailable Revenue - NFL Escrow	4,065,236
FUND BALANCE	
Non-spendable	5,422,404
Restricted	4,194,758
Unassigned	20,107,014
Total Fund Balance	29,724,176
TOTAL LIABILITIES AND FUND BALANCE	$ 35,766,955

See notes to the financial statements

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF SEPTEMBER 30, 2023

TOTAL FUND BALANCE FOR GOVERNMENTAL FUND	$ 29,724,176
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:	
Capital Activities used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of $13,783,191 Equipment - net of $10,855,893 accumulated depreciation.	2,927,298
Pension Plan Asset	179,181
Long-term liabilities applicable to the Corporation are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term and deferred outflows and inflows are reported in the statement of net position. Balances as of September 30, 2023 were:	
DEFERRED OUTFLOWS (INFLOWS):	
Deferred Outflow - Pension contributions after measurement date	64,633
Deferred Outflow - Difference in expected and actual pension experience	54,055
Deferred Outflow - Changes in Pension Assumptions	31,611
Deferred Outflow - Net difference between projected and actual earnings	50,593
Deferred Inflow - Changes in Pension Assumptions	(777)
Deferred Inflow - Difference in expected and actual pension experience	(73,953)
	126,162
NOTES PAYABLE	
Video Board Loan	(3,038,038)
Accrued Interest on Video Board Loan	(29,756)
Total notes payable and deferred outflows/inflows	(2,941,632)
Corporation assets not available to pay current expenditures:	
Accrued Interest on notes receivable	59,109
TOTAL NET POSITION FOR GOVERNMENTAL FUND	$ 29,948,132

See notes to the financial statements

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE SEVEN MONTHS ENDED SEPTEMBER 30, 2023

	General Fund
Revenues:	
Revenues from Operations - NRG Park	$ 635,097
Revenues from Operations - Naming Rights	610,417
Interest And Other	718,432
Total Revenues	1,963,946
Expenditures:	
Operations	500,356
General and Administrative	1,310,682
Facilities & Grounds	3,990,446
Total Expenditures	5,801,484
Other Financing Sources (Uses)	
Capital Contribution and Grants	7,129,660
Loan Payments	(1,519,019)
Total other net financing sources	5,610,641
Excess of Revenues and Other Financing over Expenditures	1,773,103
Fund Balance - Beginning of year	27,951,073
Fund Balance - End of year	$ 29,724,176

See notes to the financial statements

HARRIS COUNTY SPORTS & CONVENTION CORPORATION
(A Component Unit of Harris County, Texas)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE SEVEN MONTHS ENDED SEPTEMBER 30, 2023

NET CHANGE IN FUND BALANCE - Governmental Fund	$ 1,773,103
Governmental fund reports capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay of $419,870 exceeded depreciation expense of $346,209 in the current period.	73,661
Payments of principal on long-term liabilities	1,519,019
Some adjustments to expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an adjustment to expenditures in the governmental fund.	50,269
Under modified accrual basis of accounting used in the governmental fund, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term liabilities is recognized as it accrues rather than when due under the modified accrual basis of accounting.	
Video Board Loan Accrued Interest - Prior Year	148,323
Video Board Loan Accrued Interest - Current Year	(29,756)
	118,567
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	4,617
CHANGE IN NET POSITION	$ 3,539,236

See notes to the financial statements

1. THE FINANCIAL REPORTING ENTITY

The Harris County Sports & Convention Corporation (the "Corporation" or "HCSCC"), a component unit of Harris County, Texas (the "County"), was created by the Commissioners Court of Harris County, Texas (the "Court") on January 26, 1999, as a local government corporation under the Texas Transportation Act for the purposes of aiding and acting on behalf of the County in managing, operating, maintaining and developing the sports and entertainment complex located on property owned by the County, known as the Astrodomain Complex which is currently known as the NRG Park ("Complex"). This includes developing and implementing a long term management plan for the facility, development of other sports and entertainment facilities and other site development and transportation issues related to the management and development of the Complex.

The Corporation is a public nonprofit corporation incorporated under the Texas Nonprofit Corporation Act. The Corporation is governed by a Board of Directors ("Board") consisting of five members, appointed and approved by the Court. The Corporation is a component unit of the County, under the Governmental Accounting Standards Board ("GASB") Statement No. 14, which defines the reporting entity. The basic financial statements of the Corporation are included as a blended component unit of the County's basic financial statements as the members of the Corporation's governing board are appointed by the Court.

The Corporation entered into a lease agreement with the County on April 7, 1999, in which the County transferred and assigned to the Corporation its rights, title and interest in a leasehold purchase agreement for the management and development of the Complex and letter agreement dated October 19, 1998, between the County, Harris County Houston Sports Authority ("Sports Authority"), the Houston Livestock Show and Rodeo, Inc. (the "HLS&R"), Houston NFL Holdings, L.P. (the "NFL Club"), the City of Houston and the Metropolitan Transit Authority of Harris County relating to the development and management of a 69,000-seat stadium facility for use by a National Football League ("NFL") team.

In October 2000, the Corporation entered into an agreement with Reliant Energy to transfer the naming rights for the Complex, known as Reliant Park. This 32 year agreement transferred the naming rights for the Complex and associated buildings to Reliant Energy, including the football stadium, exposition center, Astrodome and Astroarena. Reliant Energy was subsequently acquired by NRG Energy and the naming rights transferred. In March 2014, NRG Energy and the Corporation's Board agreed to rename the Park and all facilities NRG Park.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Corporation conform to accounting principles generally accepted in the United States of America ("U.S. GAAP") applicable to governmental units as promulgated by the GASB. A summary of the Corporation's more significant accounting policies follows.

Financial Statement Presentation, Measurement Focus and Basis of Presentation

Corporation-Wide Statements – Corporation-wide basic financial statements consist of the statement of net position and the statement of activities. The basic financial statements report information on all of the non-fiduciary activities of the Corporation. The Corporation reports operating activities only, which normally are supported by revenues from operations. The Corporation-wide basic financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Under this measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of cash flows. Grants are recognized as revenue when eligibility requirements imposed by the grantor have been met.

The statement of activities demonstrates the degree to which the direct expenses of the Corporation's programs are offset by those programs' revenues. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by the program and grants and contributions that are restricted to meeting the operational and/or capital requirements of a particular program. Program revenues are generated from events held at NRG Park.

Fund Accounting – The Corporation's accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Corporation's available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with activities or objectives specified for those resources. The Corporation is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenditures.

Governmental funds are used to account for the Corporation's activities using the flow of current financial resources measurement focus. The Corporation uses the General Fund, a governmental fund type, to account for its operations. The Corporation is responsible for overseeing the development and improvement of capital facilities at the Complex, under the terms of the lease agreement with the County. Capital expenditures for the development and improvement of the Complex are financed either by the County or the Sports Authority. Ownership of all capital improvements remains with the County, under terms of the lease agreement. Expenditures for capital improvements made by the Corporation with County funds are recorded as capital expenditures by the County at the time the funds are transferred to the Corporation and the County includes those expenditures as additions to the County's fixed assets. Capital expenditures related to the construction of the NFL stadium were recorded and disbursed by the Sports Authority and were not reflected as expenditures by the Corporation.

Basis of Accounting – Basis of accounting refers to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenditures are recognized in the accounts and reported in the basic financial statements. The fund financial statements of the Corporation are presented on the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance expenditures of the current period. Expenditures are recognized when the related fund liability is incurred. Those revenues susceptible to accrual prior to receipt are grant revenue and interest earnings on the Corporation's demand deposit account and the money market account and have a 60 day availability period.

Cash and Cash Equivalents – The Corporation considers all financial instruments with a maturity of three months or less at the time of purchase to be cash equivalents.

Investments – Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

Capital Assets – Capital expenditures are recorded in the Governmental Fund type. At the government-wide level, the Corporation capitalized equipment that is relatively permanent and of significant value. Relatively permanent is defined as a useful life of one year or longer. Significant value is defined as $5,000 or more. All costs related to the construction and improvement of capital assets at the Corporation are considered additions to the County's capital assets and are not accounted for as capital expenditures by the Corporation.

Capital assets, consisting of equipment, are stated at historical cost and depreciated in the government-wide financial statements using the straight line method over 3 – 25 years.

Land, buildings and improvements are considered assets of the County and are reported on their financial statements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows consist of pension contributions after measurement date, differences between expected and actual pension experience, net differences between projected and actual pension earnings, and changes in pension assumptions. The pension contributions after measurement date are deferred and recognized in the following fiscal year. The differences between expected and actual pension experience are amortized over the average of the expected remaining service lives of all employees that are provided with pension benefits through the pension plan (active and inactive employees). The net differences between projected and actual pension earnings are amortized over a closed five year period. Pension assumption changes are recognized over the average remaining service life for all members.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows consist of changes in pension assumptions and differences between expected and actual pension experience.

Net Position and Fund Balances

Net Position Classifications – Net position in the government-wide financial statements are classified in three categories: (1) net position invested in capital assets, net of related debt, (2) restricted net position, and (3) unrestricted net position. Net position is shown as restricted, if constraints placed on its use are either (1) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The Corporation's restricted net position is restricted for debt service and certain capital items.

Classification of Fund Balance – In the fund financial statements, the governmental fund reports fund balance in the following three categories: (1) non-spendable, (2) restricted, and (3) unassigned. Non-spendable amounts cannot be spent because they are not in spendable form. This includes prepaid amounts and long-term receivables. Fund balance should be reported as restricted when constraints placed on those resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation. The Corporation's resources held on behalf of a third party are restricted based on the terms of the documents governing those resources. The Corporation's lease agreement for the facilities owned by the County specifies funding requirements for the capital repair and replacement expenditures in those facilities. The funds to pay for those expenditures are restricted.

For the classification of fund balances, the Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (unassigned) amounts are available.

Use of Estimates

The preparation of 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 and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. DEPOSITS AND SHORT-TERM INVESTMENTS

Deposits – Chapter 2257 of the Texas Government Code is known as the Public Funds Collateral Act. This act provides guidelines for the amount of collateral that is required to secure the deposit of public funds. Federal Deposit Insurance Corporation ("FDIC") coverage is available for funds deposited at any one financial institution up to a maximum of $250,000 each for demand deposits, time and savings deposits, and deposits pursuant to indenture. The Public Funds Collateral Act requires that the deposit of public funds be collateralized in an amount not less than the total deposit, reduced by the amount of FDIC insurance available.

The custodial credit risk for deposits is the risk that the Corporation will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial risk if they are not insured or collateralized. The Corporation's deposits are not exposed to custodial risk since all deposits are either covered by FDIC insurance or collateralized with securities held by the Corporation or its agent in the Corporation's name, in accordance with the Public Funds Collateral Act.

Investments – Chapter 2256 of the Texas Government Code is known as the Public Funds Investment Act ("Investment Act"). This act authorizes the Corporation to invest its funds pursuant to a written investment policy which primarily emphasizes the safety of principal and liquidity, addresses investment diversification, yield and maturity.

The Corporation's investment policy is reviewed and approved annually by the Board of Directors. The investment policy includes a list of authorized investment instruments, a maximum allowable stated maturity by fund type, and the maximum weighted-average maturity of the overall portfolio. Guidelines for diversification and risk tolerance are also detailed within the policy. Additionally, the policy includes specific investment strategies for fund groups that address each group's investment options and describes the priorities for suitable investments.

Corporation funds may be invested in the following investment instruments provided that such instruments meet the guidelines of the investment policy:

a. Direct obligations of the United States, its agencies, and instrumentalities.

b. Other obligations, the principal and interest of which are unconditionally guaranteed, insured by or backed by the full faith and credit of the State of Texas, the United States, or any obligation fully guaranteed or fully insured by the FDIC.

c. Direct obligations of the State of Texas or its agencies provided the agency has the same debt rating as the State of Texas.

d. Obligations of states, agencies, counties, cities, and other political subdivisions located in the United States and rated not less than A, or its equivalent, by a nationally recognized investment rating firm.

e. Fully insured or collateralized certificates of deposit/share certificates issued by state and national banks, or a savings bank, a state or federal credit union (having its main or branch office in Texas) guaranteed or insured by the FDIC or its successor; and secured by obligations as stated on Item a of this section. In addition to the Corporation's authority to invest funds in certificates of deposit and share certificates as stated above, an investment in certificates of deposit made in accordance with the following conditions is an authorized investment under the Texas Gov't. Code, Section 2256.010 (b): (1) the funds are invested by the Corporation through a clearing broker registered with the Securities and Exchange Commission (SEC) and operating pursuant to SEC, Rule 15c3-3 (17 C.F.R., Section 240.15c3-3) with its main office or branch office in Texas and selected from a list adopted by the Corporation as required by Section 2256.025; or a depository institution that has its main office or a branch office in this state and that is selected by the Corporation; (2) the broker or the depository institution selected by the Corporation arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the Corporation; (3) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States; (4) the broker or depository institution selected by the Corporation acts as custodian for the Corporation with respect to the certificates of deposit issued for the account of the Corporation.

f. Fully collateralized repurchase agreements, provided the Corporation has on file, a signed Master Repurchase Agreement detailing eligible collateral, collateralization ratios, standards for collateral custody and control, collateral valuation, and conditions for agreement termination. The repurchase agreement must have a defined termination date and be secured by obligations as stated on Item a of this section. It is required that the securities purchased as part of the repurchase agreement must be assigned to the Corporation, held in the Corporation's name, and deposited at the time the investment is made with the Corporation's custodian or with a third-party approved by the Corporation. Securities purchased as part of a repurchase agreement shall be marked-to-market no less than weekly. All repurchase agreements must be conducted through a primary government securities dealer as defined by the Federal Reserve or a financial institution doing business in Texas. Maturities shall be limited to 90 days. The 90-day limit may be exceeded in the case of flexible repurchase agreements ("flex repos") provided the investment type is specifically authorized within individual bond ordinances and final maturity does not exceed the anticipated spending schedule of bond proceeds.

g. Securities lending programs, if the loan is fully collateralized, including accrued income, by securities described in Texas Gov't. Code, Section 2256.009, by irrevocable bank letters of credit issued by a bank under the laws of the United States or any other state, continuously rated not less than A by at least one nationally recognized investment rating firm, or by cash invested in accordance with the Investment Act. Securities held as collateral must be pledged to the investing entity, held in the investing entity's name, and deposited at the time the investment is made. A loan must be placed through a primary government securities dealer or a financial institution doing business in Texas. A loan must allow for termination at any time and must have a term of one year or less.

h. Commercial paper with a stated maturity of 270 days or fewer from the date of issuance, as authorized by the Public Funds Investment Act, and rated A-1 or P-1 or an equivalent rating by at least two nationally recognized rating agencies and not under review for possible downgrade at the time of purchase.

i. Local government investment pools with a dollar weighted average maturity of 60 days or less, approved through resolution of the Board to provide services to the Corporation, continuously rated no lower than AAA or equivalent by at least one nationally recognized rating service. The Corporation may not invest an amount that exceeds 10 percent of the total assets of any one local government investment pool. On a monthly basis, the Investment Officer shall review a list of securities held in the portfolio of any pool in which Corporation funds are being held. To be eligible to receive funds from and invest funds on behalf of the Corporation, an investment pool must furnish to the Investment Officer or other authorized representative an offering circular or other similar disclosure instrument that contains information required by the Tex. Gov't. Code, Sec. 2256.016. Investments will be made in a local government investment pool only after a thorough investigation of the pool and review by the Finance Committee.

j. SEC registered, no load money market mutual fund which has a dollar weighted average stated maturity of 60 days or less. Furthermore, it must be rated not less than AAA or equivalent by at least one nationally recognized rating service and HCSCC through the County must be provided with a prospectus and other information required by the SEC Act of 1934 or the Investment Company Act of 1940. The Corporation may not invest an amount that exceeds 10 percent of the total assets of any one fund. Investments will be made in a money market mutual fund only after a thorough investigation of the fund and review by the Finance Committee.

k. Interest-bearing banking deposits that are guaranteed or insured by: (A) the FDIC or its successor; or (B) the National Credit Union Share Insurance Fund or its successor; and interest-bearing banking deposits other than described above if: (A) the funds invested in the banking deposits are invested through: (i) a broker with a main office or branch office in Texas that the Corporation selects from a list of that its governing body or designated investment committee adopts as required by Section 2256.025; or (ii) a depository institution with a main office or branch office in Texas that the Corporation selects; (B) the broker or depository institution selected as described above arranges for the deposit of the funds in one or more federally insured depository institutions, regardless of where located, for the Corporation's account; (C) the full amount of the principal and accrued interest of the deposits is insured by the United States or an instrumentality of the United States; and (D) the Corporation appoints as the custodian of the bank deposits issued for the Corporation's account: (i) the depository institution selected as described above; (ii) an entity described by Section 2257.041(d); or (iii) a clearing broker dealer registered with the SEC and operating under SEC Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

Summary of Cash and Investments - The Corporation's cash and investments are stated at fair value. A summary of cash and investments on September 30, 2023, held by the Corporation is as follows:

	Governmental Funds
Cash and cash equivalents	$ 13,569,868
Restricted cash and cash equivalents	4,194,758
	$ 17,764,626

The Corporation reports unexpended cash received from the Sports Authority and the NFL Club for Stadium operations, maintenance and repairs, that is held in escrow, as restricted cash on the balance sheet and statement of net position. The disbursement of these funds is overseen by a committee consisting of representatives from the Corporation and the NFL Club.

The table below indicates the fair value and maturity value of the Corporation's investments as of September 30, 2023, summarized by security type. Also demonstrated are the percentage of total portfolio and the modified duration in years for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Duration (Years)	Credit Rating S&P/Moody's
Money Market Mutual Fund:					
Fidelity Investments Money Market Treasury Portfolio Class I	$ 4,180,600	100.00%	$ 4,180,600	N/A	AAAm/Aaa
Total Investments	4,180,600		4,180,600		
Deposits - FDIC Insured Institutions	$ 14,802,717				
Outstanding Items	(1,218,691)				
Total Cash and Investments	$ 17,764,626				

Fair Value Measurements

The Corporation categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of September 30, 2023, the Corporation has recurring fair value measurements for Money Market Mutual Fund totaling $4,180,600, all of which are valued using quoted prices for similar assets in active markets (Level 2).

Risk Disclosures

Interest Rate Risk — All investments carry the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Corporation manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by matching cash flows from maturities so that a portion of the portfolio is maturing evenly over time as necessary to provide the cash flow and liquidity needed for operations.

According to the Corporation's investment policy, no more than 50% of the portfolio, excluding those investments held for future capital expenditures, debt service payments, bond fund reserve accounts and capitalized interest funds, may be invested beyond three years. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed three years.

Credit Risk and Concentration of Credit Risk — Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Corporation mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. In particular, no more than 25% of the overall portfolio may be invested in time deposits, including certificates of deposit, of a single issuer. Concentration by issuer for other investment instruments is not specifically addressed in the investment policy. However, the policy does specify that acceptable investment instruments must have high quality credit ratings and, consequently, risk is minimal.

The Corporation's investment policy establishes minimum acceptable credit ratings for certain investment instruments. Securities of states, agencies, counties, cities, and other political subdivisions must be rated as to investment quality by a nationally recognized investment rating firm as A or its equivalent. Money market mutual funds and public funds investment pools must be rated AAA or equivalent by at least one nationally recognized rating firm.

Custodial Credit Risk — Investments are exposed to custodial credit risk if the investments are uninsured, are not registered in the Corporation's name and are held by the counterparty. In the event of the failure of the counterparty, the Corporation may not be able to recover the value of its investments that are held by the counterparty. As of September 30, 2023, all of the Corporation's investments are held in the Corporation's name.

Foreign Currency Risk — Foreign currency risk is the risk that fluctuations in the exchange rate will adversely affect the value of investments denominated in a currency other than the U.S. dollar. The Corporation's investment policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the Corporation is not exposed to foreign currency risk.

Fund Investment Considerations — The investment policy outlines specific investment strategies for each fund or group of funds identified on the Corporation's basic financial statements. The investment strategies employed by the Corporation are the Matching Approach, the Laddered Approach, and the Barbell Approach. The Matching Approach is an investment method that matches maturing investments with known predictable cash needs. Matching requires a reasonably accurate forecast of cash flow and disbursement requirements. The Laddered Approach is an investment strategy that positions maturities occurring in regular intervals and providing a known stream of cash. The Barbell Approach is an investment method where maturities are concentrated at two points, one at the short end of the investment horizon and the other at the long end. All current investments for the Corporation utilized the Matching Approach.

4. CURRENT AND LONG-TERM NOTES AND RECEIVABLES

Receivables

As of September 30, 2023, receivables included $38,033 due from Harris County. Additional receivables include, $2,464,008 due from Verizon, $125,629 due from the NFL Club, $103,256 from Lone Star Sports & Entertainment, $19,463 due from Aramark Sports and Entertainment Services, $42,330 due from the Houston Livestock Show and Rodeo, and $9,765,813 from ASM Global (formerly SMG) for operations of the Complex. Other receivables totaling $21,393 relate to sponsorship and park operations. No allowance for uncollectible accounts has been recorded as management believes all receivables will be collected.

Long-Term Notes

A long-term note in the amount of $225,000 is due from the Houston South Gateway Improvement District. The note, originating in 2015, has an unspecified due date, interest at 3.5%, and requires one principal and interest payment at the end of the note term.

Harris County Capital Funding Advance

In November 2002, the Court approved funding the Corporation's $12 million capital improvement request originally approved on July 24, 2001 that would secure a subordinate funding commitment from the Sports Authority.

In November 2003, the Corporation and the Sports Authority executed the First Omnibus Modification of $12,000,000 Lien Notes, maturing February 15, 2032 and March 1, 2032 and secured by an irrevocable subordinate lien on and pledge of the residual revenues of the Sports Authority. Under the terms of the Modification, the principal amount on the Series 2001C-1 Note was reduced from $9,000,000 to $7,000,000, and the interest rate was reduced from 9.5% to 7%; and the principal amount on the Series 2001C-2 Note was increased from $3,000,000 to $5,000,000, and the interest rate was reduced to 0%. As consideration for this transaction, the Sports Authority paid the Corporation $5,000,000 to be used for stadium improvement purposes. In October 2018, the Sports Authority made the final payment on the Series 2001C-1 Note and related accrued interest. Only the Series 2001C-2 Note remains outstanding as of September 30, 2023.

The Series 2001C-2 Note is not in compliance with the Public Funds Investment Act since it does not receive a rating from at least one nationally recognized rating firm. The outstanding balance on the investment is still held by the Corporation and is included in Notes Receivable in the Corporation's financial statements.

5. CAPITAL ASSETS

Capital asset transactions are summarized as follows:

	Balance March 1, 2023	Additions	Disposals & Transfers	Balance September 30, 2023
Equipment	$ 13,363,321	$ 419,870	$ -	$ 13,783,191
Accumulated depreciation	(10,509,684)	(346,209)	-	(10,855,893)
Total	$ 2,853,637	$ 73,661	$ -	$ 2,927,298

Depreciation expense totaled $346,209 which is recorded in facilities and grounds expenses in the statement of activities.

The County has assigned the responsibility of overseeing capital repairs in NRG Park to the Corporation as part of the lease agreement entered into with the Corporation for the operations and maintenance of NRG Park. The County has also requested that the Corporation oversee the acquisition and management of the property insurance coverage at NRG Park.

6. LONG-TERM DEBT AND UNEARNED/UNAVAILABLE REVENUE

Changes to the Corporation's long-term debt obligations were as follows:

	Principal Balance March 1, 2023	Issued	Payment	Principal Balance September 30, 2023	Current Portion
Video Board Loan	$ 4,557,057	-	$ 1,519,019	$ 3,038,038	$ 1,519,019
Total	$ 4,557,057	$ -	$ 1,519,019	$ 3,038,038	$ 1,519,019

Outstanding debt as of September 30, 2023 is as follows:

	Original Issue Amount	Interest Rates (%)	Issue Date	Outstanding as of September 30, 2023
Video Board Loan	$ 16,709,208	5.50%	September 2014	$ 3,038,038
	$ 16,709,208			$ 3,038,038

NFL Club/HLS&R Video Board Loan – On December 19, 2012, the Corporation entered into an agreement with Mitsubishi Electric Power Products, Inc. to manufacture and install a large-scale video display board above each end zone in NRG Stadium. The video display board was completed in fiscal year 2014. The Corporation financed the project with loans from the HLS&R and the NFL Club. Terms for the promissory notes totaling $16,709,208 were approved by the Corporation's Board of Directors in May 2014. In July 2015, revised payment schedules were submitted by the HLS&R and NFL Club. The final payments are due during the Corporation's fiscal year ending 2025.

Annual debt service requirements to maturity as of September 30, 2023, are as follows:

	Equipment Financing		
Period	Principal	Interest	Total
2024	1,519,019	167,550	1,686,569
2025	1,519,019	83,546	1,602,565
	$ 3,038,038	$ 251,096	$ 3,289,134

Unearned/Unavailable Revenue — The Corporation has unearned and unavailable revenue in the governmental funds of $4,501,248 as of September 30, 2023 consisting of $436,012 from the NFL Club relating to Naming Rights funding received but not earned, and $4,065,236 in escrow funding for stadium project expenses directed by the NFL Club. The Corporation receives naming rights income as specified in the Stadium Tri-Party Agreement dated May 17, 2001, between the NFL Club, HLS&R, and the Corporation. The various related agreements expire in 2032 and entitle the Corporation to certain allocated naming rights income through the termination date. The Corporation recognizes this revenue as it is earned.

7. RETIREMENT PLAN

Plan Description. As of January 1, 2016, the Corporation provides retirement, disability, and survivor benefits for all of its employees through a non-traditional defined benefit pension plan in the statewide Texas County & District Retirement System ("TCDRS"). The Board of Trustees of TCDRS governs TCDRS and is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS issues an annual comprehensive financial report on a calendar year basis and can be found at the TCDRS website at www.TCDRS.org.

Benefits Provided. The approval of plan provisions is the responsibility of the Corporation's Board, within the options available in the state statutes governing TCDRS ("TCDRS Act"). Plan members must work eight years to be vested. Once vested, an employee has earned the right to receive a lifetime monthly retirement benefit and is eligible to retire at either age 60, after 30 years of service, or when the sum of their age and years of service totals 75. Benefits are determined by the sum of the employee's contributions to the plan, with interest and employer-financed monetary credits. The level of these credits is approved by the Corporation's Board within the actuarial constraints imposed by the TCDRS Act. As a result, benefits can be expected to be adequately financed by the Corporation's commitment to contribute. By law, employee accounts earn 7% interest. At retirement, death, or disability, the benefit is calculated by converting the sum of the employee's accumulated contributions and the employer-financed monetary credits to a monthly annuity using annuity purchase rates prescribed by the TCDRS Act. The Corporation's current match is 225%.

Employees Covered by Benefit Terms. At the measurement date, the following employees were covered by the benefit terms:

	12/31/2021	12/31/2022
Inactive employees or beneficiaries currently receiving benefits	2	2
Active employees	6	6
Total	8	8

Contributions. The Corporation has elected the annually determined contribution rate plan under provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the Corporation based on the covered payroll of employee members. Regulated by the TCDRS Act, the contribution rate of the Corporation is actuarially determined annually as of December 31, two years prior to the end of the fiscal year in which contributions are reported. The Corporation contributed using an actuarially determined rate of 11.76% of covered payroll for the months of the calendar year 2022. The required employee contribution rate is 7% as approved by the Corporation's Board.

The financing objective for the plan is to provide benefits for the employee members that can be adequately financed by a fixed employer contribution rate that remains level as a percentage of covered payroll. Employee and Corporation contribution rates may be changed by the Corporation's Board with options available in the TCDRS Act.

Actuarial Assumptions. For the Corporation's seven months ended September 30, 2023, the net pension asset was measured as of December 31, 2022; and the total pension liability used to calculate net pension asset was determined by an actuarial valuation as of that date.

The total pension asset in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Valuation Timing	Actuarially determined contribution rates are calculated on a calendar year basis as of December 31, two years prior to the end of the fiscal year in which the contributions are reported.
Actuarial Cost Method	Entry Age (level percent of pay)
Amortization Method	
Recognition of economic/demographic gains or losses	Straight-line amortization over Expected Working Life
Recognition of assumptions changes or inputs	Straight-line amortization over Expected Working Life
Asset Valuation Method	
Smoothing period	5 years
Recognition method	Non-asymptotic
Corridor	None

Inflation	2.50%
Salary Increases	4.70% average over career including inflation. The annual salary increase rates assumed for individual members vary by length of service and by entry-age group. The annual rates consist of a general wage inflation component of 3.00% (made up of 2.50% inflation and 0.5% productivity increase assumptions) and a merit, promotion, and longevity component that on average approximates 1.7% per year for a career employee.
Investment Rate of Return	7.50%, net of investment and administrative expenses
Cost-of-Living Adjustments	Cost-of-Living adjustments for the Corporation are not considered to be substantively automatic under GASB 68. Therefore, no assumption for future cost-of-living adjustments is included in the GASB calculations. No assumption for future cost-of-living adjustments is included in the funding valuation.
Retirement Age	Members are assumed to retire at the later of age 60 or earliest retirement eligibility.
Turnover	Turnover for eligible members ages 75 and later, retirement is assumed to occur immediately.
Mortality	Depositing Members – 135% of the Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Employees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Service retirees, beneficiaries, and non-depositing members – 135% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% of the Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees - 160% of Pub-2010 General Disabled Retirees Amount-Weighted Mortality Table for males and 125% Pub-2010 General Disabled Retirees Amount-Weighted Mortality

Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.

Long-Term Expected Rate of Return. Long –term expected rate of return of TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions and information are provided by TCDRS' investment consultant, Cliffwater LLC. The numbers are based on January 2023 information for a 10-year time horizon. The valuation assumption for the long-term expected return is re-assessed at a minimum of every four years and is set based on a long-term time horizon. The TCDRS Board of Trustees adopted the current assumption at their March 2023 meeting. The assumption for the long-term expected return is reviewed annually for continued compliance with the relevant actuarial standards of practice.

Asset Class	**Benchmark**	**Target Allocation**[1]	**Geometric Real Rate of Return**[2]
U.S. Equities	Dow Jones U.S. Total Stock Market Index	11.50%	4.95%
Global Equities	MSCI World (net) Index	2.50%	4.95%
Int'l Equities – Developed Markets	MSCI World Ex USA (net) Index	5.00%	4.95%
Int'l Equities – Emerging Markets	MSCI Emerging Markets (net) Index	6.00%	4.95%
Investment Grade Bonds	Bloomberg U.S. Aggregate Bond Index	3.00%	2.40%
Strategic Credit	FTSE High-Yield Cash-Pay Index	9.00%	3.39%
Direct Lending	Morningstar LSTA US Leveraged Loan TR USD Index	16.00%	6.95%
Distressed Debt	Cambridge Associates Distressed Securities Index[3]	4.00%	7.60%
REIT Equities	67% FTSE NAREIT All Equity REITs Index + 33% S&P Global REIT (net) Index	2.00%	4.15%
Master Limited Partnerships (MLPs)	Alerian MLP Index	2.00%	5.30%
Private Real Estate Partnerships	Cambridge Associates Real Estate Index[4]	6.00%	5.70%
Private Equity	Cambridge Associates Global Private Equity & Venture Capital Index[5]	25.00%	7.95%
Hedge Funds	Hedge Fund Research, Inc. (HFRI) Fund of Funds Composite Index	6.00%	2.90%
Cash Equivalents	90-Day U.S. Treasury	2.00%	.20%

(1) Target Asset allocation adopted at the March 2023 TCDRS Board Meeting.
(2) Geometric real rates of return equal the expected return for the asset class minus the assumed inflation rate of 2.3%, per Cliffwater's 2023 capital market assumptions.
(3) Includes vintage years 2005-present of Quarter Pooled Horizon IRRs.
(4) Includes vintage years 2007-present of Quarter Pooled Horizon IRRs.

(5) Includes vintage years 2006-present of Quarter Pooled Horizon IRRs.

Discount Rate. The discount rate used to measure the total pension asset was 7.60%. This rate reflects the long-term rate of return on assets for funding valuation assumption of 7.50%, plus 0.10% adjustment to be gross of administrative expenses as required by GASB Statement No. 68. The plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active, inactive, and retired members. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return, and the municipal bond rate does not apply.

Funding Policy

- TCDRS has a funding policy where the Unfunded Actuarial Accrued Liability (UAAL) shall be amortized as a level percent of pay over 20-year closed layered periods.
- Pursuant to state law (TCDRS Act), employers participating in the system must pay 100% of their actuarially determined required contributions on an annual basis.
- The employer's assets are projected to exceed its accrued liabilities in 20 years or less. When this point is reached, the employer is still required to contribute at least the normal cost.
- Any increased cost due to the adoption of a Cost of Living Adjustment ("COLA") is required to be funded over a period of 15 years, if applicable.

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances as of December 31, 2021	$ 791,428	$ 1,108,288	$ (316,860)
Changes for the year:			
Service Cost	117,298	-	117,298
Interest on total pension liability	68,972	-	68,972
Effect of plan changes	-	-	-
Effect of economic/demographic gains or losses	24,688	-	24,688
Effect of assumptions changes or inputs	-	-	-
Refund of contributions	-	-	-
Benefit payments	(2,444)	(2,444)	-
Administrative expenses	-	(690)	690
Member contributions	-	48,837	(48,837)
Net investment income	-	(75,923)	75,923
Employer contributions	-	82,046	(82,046)
Other	-	19,009	(19,009)
Balances as of December 31, 2022	$ 999,942	$ 1,179,123	$ (179,181)

Sensitivity analysis. The following presents the net pension liability (asset) of the employer, calculated using the discount rate of 7.60%, as well as what the Corporation's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.60%) or 1 percentage point higher (8.60%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.60%	7.60%	8.60%
Total pension liability	$ 1,153,678	$ 999,942	$ 871,227
Fiduciary net position	1,179,123	1,179,123	1,179,123
Net pension liability (asset)	$ (25,445)	$ (179,181)	$ (307,896)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued TCDRS financial report.

Pension Expense and Deferred Inflows/Outflows of Resources related to Pensions. For the measurement period ended December 31, 2022, the Corporation recognized pension expense of $36,997. The measurement period is still the same for the seven months ended September 30, 2023, therefore, no pension expense was recognized during the period. As of September 30, 2023, the Corporation reported deferred inflows and outflows of resources related to the pension from the following sources:

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions, excluding contributions made subsequent to the measurement date, will be recognized in pension expense as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ 73,953	$ 54,055
Changes of assumptions	777	31,611
Net difference between projected and actual earnings	-	50,593
Contributions made subsequent to measurement date	-	64,633
	$ 74,730	$ 200,892

Year ending December 31:	
2023	$ 1,233
2024	6,481
2025	4,046
2026	36,630
2027	3,506
After	9,633

Payable to the Pension Plan. At September 30, 2023, the Corporation reported a payable of $11,456 for outstanding contributions to the pension plan.

8. NRG PARK COMPLEX

NRG Park Concessions Agreement — In March 2016, the Corporation's Board awarded the Food, Beverage and Merchandise Concession Contract to Aramark Sports and Entertainment Services. Along with the Corporation, the NFL Houston Texans, and the Houston Livestock Show and Rodeo are also parties to the agreement. The term of the agreement began on April 1, 2016 and shall end on May 31, 2032. Aramark shall invest $50,000,000 for the purchase of improvements to the Complex over the term of the agreement. As of September 30, 2023, approximately $39.6 million of this commitment has been invested in NRG Park.

NRG Park Complex Management (Facilities Management) — The Corporation has a facilities management agreement with ASM Global (formerly SMG) to provide management services for the facilities at the Complex.

The facilities manager is obligated to pay all expenditures in connection with the maintenance, use, repair, and occupancy of the facilities at the Complex, except for capital expenditures and utilities. Capital expenditures and utility expenditures are to be funded by the County.

The Corporation entered into the Facilities Management Agreement effective May 1, 2015. The initial expiration date was February 29, 2020. The Corporation may renew and extend the agreement for two additional five year periods. The Corporation and ASM Global are currently operating under the first of two, five year renewal extensions. This first renewal period expires in February 2025. The annual base Management Fee is $595,000 payable over the fiscal year. This fee may be subsequently adjusted, at the end of each fiscal year, according to the terms set forth in the agreement. In addition, Performance Compensation shall be paid, in arrears, on an annual basis. This amount shall not exceed $300,000 and will be based on the Corporation's evaluation of ASM Global's performance under certain measures. These weighted measures are Operating Revenue (40%), Client Satisfaction (30%), and Facility Maintenance (30%). The fiscal year for this agreement begins March 1 and ends of the last day of February in the following calendar year. The Corporation expensed $386,330 for the facilities management services during the seven months ended September 30, 2023. As of September 30, 2023, the annual performance bonus for the fiscal year ended February 28, 2023 had not been remitted pending completion of the annual assessment.

Included in the new agreement, is a provision for ASM Global to pay capital contributions in the amounts of $1,225,000 for capital improvements and equipment purchases, $1,225,000 to establish a reserve fund for NRG Center, $550,000 for furniture, fixtures, and equipment for NRG Park facilities and $500,000 for redevelopment efforts of the NRG Astrodome. However, the Corporation may utilize such funds at its discretion notwithstanding the purposes indicated above. In addition, at the beginning of each renewal period, ASM Global shall contribute $500,000 for capital improvements and equipment purchases. HCSCC received the first $500,000 renewal payment in FY 2022. As of September 30, 2023, $375,290 of the total to date $4,000,000 capital contribution remains unexpended. In July 2023, the HCSCC Board of Directors approved the second extension.

National Football League Stadium — On October 19, 1998, Houston, the County, the Metropolitan Transit Authority of Harris County, the HLS&R, the NFL Club, and the Harris County Houston Sports Authority entered into a letter agreement (the "Project Agreement") that governs entertainment facility (the "Stadium") designed to support the occupancy of a NFL franchise by the NFL Club, the annual rodeo of the HLS&R and other sporting and entertainment events.

On February 16, 2000, a second letter agreement, (the "Second Letter Agreement") was entered into between the Corporation (the successor-in-interest to the County), the Sports Authority, the HLS&R, and the NFL Club. This letter agreement modified and supplemented the terms of the agreement dated October 19, 1998, and together provided the basis by which the parties finalized the Project Agreement, the principal definitive document governing the development and construction of the Stadium.

The Second Letter Agreement provides that the Stadium will be located on property owned by the County at and adjacent to the Complex, with additional parking facilities to be located on property made available by HLS&R.

On May 17, 2001, the Corporation, the Sports Authority, HLS&R, and the NFL Club entered into several principal project development agreements. Under the terms of the agreements, the Corporation is responsible for constructing, operating, and maintaining the project.

NRG Stadium Lease Agreements — In May 2001, the Corporation entered into 30-year lease agreements with the HLS&R and the NFL Club for the use of NRG Stadium. Under terms of the lease, the NFL Club will pay a guaranteed payment of $4,010,000 and HLS&R will pay a guaranteed payment of $1,500,000 annually for the use of the facility. In connection with the issuance of the Sports Authority Bonds issued to finance certain costs of acquiring, constructing and equipping the Stadium, the Corporation assigned all NFL Club guaranteed payments and additional club payments to the Sports Authority and assigned all HLS&R Lease payments to the Harris County Houston Sports Authority for the payment of principal and interest on the Miscellaneous Club Revenue Bonds, Additional Landlord/Tenant Bonds, and the Miscellaneous Rodeo Revenue Bonds.

9. CONTINGENCIES

The Corporation is subject to claims and contingent liabilities in the normal course of its operations. The Corporation does not believe the resolution of these matters will have a material effect on its financial position.