

Houston Parks Board LGC, Inc.
(A Component Unit of the City of Houston)

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2021 and 2020

Houston Parks Board LGC, Inc.

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Independent Auditors' Report

To the Board of Directors of
Houston Parks Board LGC, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Houston Parks Board LGC, Inc. (a component unit of the City of Houston), as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise Houston Parks Board LGC, Inc.'s basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major funds of Houston Parks Board LGC, Inc., as of June 30, 2021 and 2020, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Blazek & Vetterling

September 21, 2021

Houston Parks Board LGC, Inc.
Management's Discussion and Analysis
For the years ended June 30, 2021 and 2020
(unaudited)

The following discussion and analysis of Houston Parks Board LGC, Inc.'s (the LGC) financial performance provides an overview of the financial activities for the years ended June 30, 2021 and 2020. This discussion should be read in conjunction with the LGC's financial statements, which follow this section.

Financial Highlights

The LGC is a local government corporation created in 2008 by the City of Houston (the City) to provide support for the City's park system by acquiring land for new public parks and to develop and improve new and existing public parks and bayou greenways. The Houston Parks Board (HPB) acts as management for the LGC, providing project management and operational support.

Financial highlights for the fiscal year ending June 30, 2021 include:

- The LGC received approximately \$12.0 million in conveyances and funding for land and capital assets from HPB.
- The LGC received approximately \$14.2 million in funding from the City for capital projects related to the Bayou Greenways 2020 Project, which includes Sims, Greens, Hunting and Halls Bayous.
- The LGC expended approximately \$13.9 million for capital projects related to the Bayou Greenways 2020 Project, which includes Buffalo, Greens, Halls, Hunting, Sims, and White Oak Bayous.
- The LGC expended approximately \$5.1 million to purchase land related to the Bayou Greenways 2020 Project.
- The LGC transferred approximately \$33.2 million of land and capital improvements to the City for completed Bayou Greenways 2020 Projects.

Financial highlights for the fiscal year ending June 30, 2020 include:

- The LGC received approximately \$13.0 million in conveyances and funding for land and capital assets from HPB.
- The LGC received approximately \$7.9 million in funding from the City for capital projects related to the Bayou Greenways 2020 Project, which includes Sims, Greens, Hunting and Halls Bayous.
- The LGC expended approximately \$8.6 million for capital projects related to the Bayou Greenways 2020 Project, which includes Buffalo, Greens, Halls, Hunting, Sims, and White Oak Bayous.
- The LGC expended approximately \$6.5 million to purchase land related to the Bayou Greenways 2020 Project.
- The LGC transferred approximately \$12.6 million of land and capital improvements to the City for completed Bayou Greenways 2020 Projects.

Overview of the Financial Statements

Management’s discussion and analysis is intended to serve as an introduction to the LGC’s basic financial statements. The basic financial statements present combined government-wide and governmental fund financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-wide financial statements reflect an economic resources measurement focus and are prepared using the accrual basis of accounting. The government-wide financial statements are designed to provide readers with a broad overview of the LGC’s finances, in a manner similar to a private-sector business.

The statement of net position presents the financial position of the LGC at year end by presenting the LGC’s assets and liabilities, with net position representing the difference between assets and liabilities. The statement of activities presents information showing changes in the LGC’s net position during the year. Changes in net position are reported when an underlying event giving rise to a change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Governmental fund financial statements reflect a current financial resources measurement focus and are prepared using the modified accrual basis of accounting. Unlike the government-wide financial statements, the governmental fund financial statements present information showing the near-term inflows and outflows of spendable resources and the balances of spendable resources at year end. Reconciliation between the government-wide financial statements and the governmental fund financial statements is reflected in a separate adjustments column.

Condensed Government-Wide Financial Information and Financial Analysis

Condensed Statements of Net Position:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Assets:			
Cash	\$ 6,501,043	\$ 3,183,042	\$ 630,185
Receivable from HPB	248,488	946,666	
Receivable from the City and governmental agencies	347,019	1,132,008	2,451,582
Capital assets	<u>43,947,500</u>	<u>52,016,526</u>	<u>42,531,737</u>
Total assets	<u>\$ 51,044,050</u>	<u>\$ 57,278,242</u>	<u>\$ 45,613,504</u>
Liabilities:			
Payable to HPB			\$ 518,704
Construction payables	\$ 3,436,981	\$ 2,888,327	2,219,456
Deferred revenue – City capital improvement funds	<u>3,630,819</u>	<u>2,341,910</u>	<u>315,555</u>
Total liabilities	<u>\$ 7,067,800</u>	<u>\$ 5,230,237</u>	<u>\$ 3,053,715</u>
Net position:			
Invested in capital assets	\$ 43,947,500	\$ 52,016,526	\$ 42,531,737
Unrestricted	<u>28,750</u>	<u>31,479</u>	<u>28,052</u>
Total net position	<u>\$ 43,976,250</u>	<u>\$ 52,048,005</u>	<u>\$ 42,559,789</u>

Condensed Statements of Activities:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses/Conveyances:			
Conveyance of capital improvements to the City	\$ 21,451,722	\$ 11,439,638	\$ 25,295,158
Conveyance of land to the City	14,768,585	2,002,021	1,775,510
Programmatic park improvement projects	<u>929,879</u>	<u>624,616</u>	<u>843,068</u>
Total expenses/conveyances	<u>37,150,186</u>	<u>14,066,275</u>	<u>27,913,736</u>
Revenues/Conveyances:			
Conveyance of capital assets from HPB	2,267,732	4,259,826	4,515,596
HPB funded land and capital assets	9,725,451	8,698,007	5,062,294
City and government agencies capital improvement contracts	16,544,918	10,322,199	17,305,856
Other park improvement contracts	152,187	240,196	1,245,863
Contributions of parkland	<u>388,143</u>	<u>34,263</u>	<u>2,236,252</u>
Total revenues/conveyances	<u>29,078,431</u>	<u>23,554,491</u>	<u>30,365,861</u>
CHANGES IN NET POSITION	(8,071,755)	9,488,216	2,452,125
Net position, beginning of year	<u>52,048,005</u>	<u>42,559,789</u>	<u>40,107,664</u>
Net position, end of year	<u>\$ 43,976,250</u>	<u>\$ 52,048,005</u>	<u>\$ 42,559,789</u>

The assets of the LGC consist primarily of cash, receivables from HPB and City and government agencies, land, and capitalized work in progress funded through HPB from private contributions and several interlocal agreements with the City and the County that are expected to be developed as City parks and for the Bayou Greenways 2020 initiative, a regional plan for interconnected parks, trails, and green spaces along Houston's bayou system. During 2021, approximately \$20.3 million of Bayou Greenways 2020 capital projects, approximately \$2.4 million of other park improvement capital projects, approximately \$5.1 million of Bayou Greenways 2020 land and approximately \$400,000 of other park land was added. Approximately \$36.2 million of capital projects and land were transferred to the City.

Contacting the LGC's Financial Management

The financial report is designed to discuss issues that may be material to the operation of the LGC. Questions concerning any of the information in this report or requests for additional information should be addressed to Houston Parks Board LGC, Inc., 300 North Post Oak Lane, Houston, Texas 77024.

Houston Parks Board LGC, Inc.

Governmental Fund Balance Sheet and Statement of Net Position as of June 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL	ADJUSTMENTS (NOTE 5)	STATEMENT OF NET POSITION
ASSETS:					
Cash	\$ 28,750	\$ 6,472,293	\$ 6,501,043		\$ 6,501,043
Receivable from HPB (Note 3)		248,488	248,488		248,488
Receivable from the City and governmental agencies		347,019	347,019		347,019
Capital assets (Note 4)				<u>\$43,947,500</u>	<u>43,947,500</u>
TOTAL ASSETS	<u>\$ 28,750</u>	<u>\$ 7,067,800</u>	<u>\$ 7,096,550</u>	<u>\$43,947,500</u>	<u>\$51,044,050</u>
LIABILITIES:					
Construction payables		\$ 2,946,428	\$ 2,946,428	\$ 490,553	\$ 3,436,981
Deferred revenue – City capital improvement funds		<u>4,121,372</u>	<u>4,121,372</u>	<u>(490,553)</u>	<u>3,630,819</u>
TOTAL LIABILITIES		<u>7,067,800</u>	<u>7,067,800</u>	<u>0</u>	<u>\$ 7,067,800</u>
FUND BALANCES AND NET POSITION:					
Fund balances:					
Unassigned	<u>\$ 28,750</u>	<u>0</u>	<u>28,750</u>	<u>(28,750)</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,750</u>	<u>\$ 7,067,800</u>	<u>\$ 7,096,550</u>		
NET POSITION:					
Invested in capital assets (Note 4)				43,814,274	\$43,814,274
Invested in restricted capital assets (Note 4)				133,226	133,226
Unrestricted				<u>28,750</u>	<u>28,750</u>
TOTAL NET POSITION				<u>\$43,976,250</u>	<u>\$43,976,250</u>

See accompanying notes to financial statements.

Houston Parks Board LGC, Inc.

Governmental Fund Balance Sheet and Statement of Net Position as of June 30, 2020

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL	ADJUSTMENTS (NOTE 5)	STATEMENT OF NET POSITION
ASSETS:					
Cash	\$ 31,479	\$ 3,151,563	\$ 3,183,042		\$ 3,183,042
Receivable from HPB (Note 3)		946,666	946,666		946,666
Receivable from the City and governmental agencies		1,132,008	1,132,008		1,132,008
Capital assets (Note 4)				<u>\$52,016,526</u>	<u>52,016,526</u>
TOTAL ASSETS	<u>\$ 31,479</u>	<u>\$ 5,230,237</u>	<u>\$ 5,261,716</u>	<u>\$52,016,526</u>	<u>\$57,278,242</u>
LIABILITIES:					
Construction payables		\$ 2,888,327	\$ 2,888,327		\$ 2,888,327
Deferred revenue – City capital improvement funds		<u>2,341,910</u>	<u>2,341,910</u>		<u>2,341,910</u>
TOTAL LIABILITIES		<u>5,230,237</u>	<u>5,230,237</u>		<u>\$ 5,230,237</u>
FUND BALANCES AND NET POSITION:					
Fund balances:					
Unassigned	<u>\$ 31,479</u>		<u>31,479</u>	<u>\$ (31,479)</u>	
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 31,479</u>	<u>\$ 5,230,237</u>	<u>\$ 5,261,716</u>		
NET POSITION:					
Invested in capital assets (Note 4)				51,883,300	\$51,883,300
Invested in restricted capital assets (Note 4)				133,226	133,226
Unrestricted				<u>31,479</u>	<u>31,479</u>
TOTAL NET POSITION				<u>\$52,048,005</u>	<u>\$52,048,005</u>

See accompanying notes to financial statements.

Houston Parks Board LGC, Inc.

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities for the year ended June 30, 2021

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL	ADJUSTMENTS (NOTE 5)	STATEMENT OF ACTIVITIES
EXPENDITURES AND EXPENSES:					
Programmatic park improvement projects	\$ 2,729	\$ 927,150	\$ 929,879		\$ 929,879
Capital expenditures		<u>19,866,884</u>	<u>19,866,884</u>	\$(19,866,884)	
Total expenditures and expenses	<u>2,729</u>	<u>20,794,034</u>	<u>20,796,763</u>	<u>(19,866,884)</u>	<u>929,879</u>
REVENUES:					
HPB funded land and capital assets		4,587,482	4,587,482	5,137,969	9,725,451
Government agencies capital improvement contracts		2,387,079	2,387,079		2,387,079
City capital improvement contracts		13,667,286	13,667,286	490,553	14,157,839
Other park improvement contracts		152,187	152,187		152,187
Contributions of parkland				<u>388,143</u>	<u>388,143</u>
Total revenues		<u>20,794,034</u>	<u>20,794,034</u>	<u>6,016,665</u>	<u>26,810,699</u>
CHANGES IN NET POSITION BEFORE CONVEYANCES	(2,729)	0	(2,729)	25,883,549	25,880,820
OTHER CHANGES:					
Conveyance of capital improvements to the City				(21,451,722)	(21,451,722)
Conveyance of land to the City				(14,768,585)	(14,768,585)
Conveyance of capital assets from HPB				<u>2,267,732</u>	<u>2,267,732</u>
CHANGES IN NET POSITION	(2,729)	0	(2,729)	(8,069,026)	(8,071,755)
Fund balances and net position, beginning of year	<u>31,479</u>	<u>0</u>	<u>31,479</u>	<u>52,016,526</u>	<u>52,048,005</u>
Fund balances and net position, end of year	<u>\$ 28,750</u>	<u>\$ 0</u>	<u>\$ 28,750</u>	<u>\$ 43,947,500</u>	<u>\$ 43,976,250</u>

See accompanying notes to financial statements.

Houston Parks Board LGC, Inc.

Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities for the year ended June 30, 2020

	GENERAL FUND	CAPITAL PROJECTS FUND	TOTAL	ADJUSTMENTS (NOTE 5)	STATEMENT OF ACTIVITIES
EXPENDITURES AND EXPENSES:					
Programmatic park improvement projects		\$ 624,616	\$ 624,616		\$ 624,616
Capital expenditures		<u>12,127,736</u>	<u>12,127,736</u>	\$(12,127,736)	<u> </u>
Total expenditures and expenses		<u>12,752,352</u>	<u>12,752,352</u>	<u>(12,127,736)</u>	<u>624,616</u>
REVENUES:					
HPB funded land and capital assets		2,193,384	2,193,384	6,504,623	8,698,007
Government agencies capital improvement contracts		2,455,057	2,455,057		2,455,057
City capital improvement contracts		7,867,142	7,867,142		7,867,142
Other park improvement contracts	\$ 3,427	236,769	240,196		240,196
Contributions of parkland				34,263	34,263
Total revenues	<u>3,427</u>	<u>12,752,352</u>	<u>12,755,779</u>	<u>6,538,886</u>	<u>19,294,665</u>
CHANGES IN NET POSITION BEFORE CONVEYANCES	3,427	0	3,427	18,666,622	18,670,049
OTHER CHANGES:					
Conveyance of capital improvements to the City				(11,439,638)	(11,439,638)
Conveyance of land to the City				(2,002,021)	(2,002,021)
Conveyance of capital assets from HPB				<u>4,259,826</u>	<u>4,259,826</u>
CHANGES IN NET POSITION	3,427	0	3,427	9,484,789	9,488,216
Fund balances and net position, beginning of year	<u>28,052</u>	<u>0</u>	<u>28,052</u>	<u>42,531,737</u>	<u>42,559,789</u>
Fund balances and net position, end of year	<u>\$ 31,479</u>	<u>\$ 0</u>	<u>\$ 31,479</u>	<u>\$ 52,016,526</u>	<u>\$ 52,048,005</u>

See accompanying notes to financial statements.

Houston Parks Board LGC, Inc.

Notes to Financial Statements for the years ended June 30, 2021 and 2020

NOTE 1 – ORGANIZATION

Organization – Houston Parks Board LGC, Inc. (the LGC) was created in 2008 by the City of Houston (the City) to provide support for the City’s park system by acquiring land for new public parks and to develop and improve new and existing public parks, trails, and green spaces. The Board of Directors (the Board) is appointed by the Mayor of the City, subject to City Council’s approval. The LGC is a governmental component unit of the City and is included in the City’s Comprehensive Annual Financial Report.

The Houston Parks Board (HPB), an independent nonprofit corporation, and the LGC have entered into an agreement for the management of construction projects and on-going operations of the LGC. Under this agreement, HPB will acquire, manage, develop, and improve park properties on behalf of the LGC and contract for the design, development, improvement, construction, and installation of parks and open spaces.

Federal income tax status – The LGC is a local government corporation created to accomplish a governmental purpose of the City and is not subject to federal income tax. Contributions to the LGC are deductible under §170(c)(1) of the Internal Revenue Code.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation – These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB).

Measurement focus and basis of accounting – Measurement focus refers to *what* is being expressed in reporting financial position and performance, that is, *which* resources are being measured. The financial resources measurement focus measures only financial resources while the economic resources measurement focus measures both financial and capital resources. The measurement focus determines *whether* a fund balance sheet or statement of net position reports financial or economic resources. Basis of accounting refers to *when* those resources and commitments and uses of those resources should be recognized. It relates to the timing of the measurements made regardless of the measurement focus applied.

Government-wide financial statements – Governmental fund activities in the government-wide financial statements are accounted for using the economic resources measurement focus and are presented on the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when earned and becomes measurable and expenses are recognized in the period incurred, regardless of the timing of related cash flows.

Fund financial statements – Governmental funds in the fund financial statements are reported using a current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it is measurable and available. *Measurable* means the amount of the transaction is known or reasonably estimable. *Available* refers to amounts collected in the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days after year end. Expenditures are recognized when the related liability is incurred.

The LGC reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenses applicable to the general operations of the LGC that are not required either legally or by governmental accounting standards to be accounted for in another fund.
- The *Capital Projects Fund* is used to account for financial resources to be used for the construction of major capital facilities and improvements (park and bayou greenways construction projects) other than those financed by other funds. Capital projects are conveyed to the City after completion.

Cash includes demand deposits with banks. Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the LGC might be unable to recover deposits. At June 30, 2021, the carrying amount and the bank balance of the LGC's demand deposits was \$6,501,043. As of June 30, 2021, this exceeded the federal depository insurance coverage by \$6,251,043 and was otherwise not insured. At June 30, 2021, \$3,117,176 is included in cash that is restricted for the Bayou Greenways 2020 Project (Bayou Greenways) from the proceeds of the City's parks bond proposition.

Capital assets are reported at cost if purchased or at HPB's cost if transferred. Contributed land is reported at estimated fair value as of the date of the contribution. Capital assets maintained as part of the Capital Projects Fund are capitalized as constructed and are expected, upon completion at a subsequent agreed-upon date, to be transferred to the City.

Unassigned fund balance includes amounts that are available for future use for any purpose.

Net position represents the difference between assets and liabilities. Restricted net position can only be used for purposes specified by resource providers. Unrestricted net position is available for general use.

Contributions received are recognized as revenue at fair value when all eligibility requirements are met and the contributions are considered measurable and collectible.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue, expenditures, and expenses. Actual results could vary from the estimates that were used.

Subsequent event – Subsequent to June 30, 2021, the LGC entered into an agreement for \$1.2 million to buy land along Sims Bayou.

NOTE 3 – TRANSACTIONS WITH HPB AND THE CITY

On November 6, 2012, Houston voters approved a \$166 million parks bond proposition of which \$100 million was designated to support Bayou Greenways for interconnected parks, trails, and green spaces within City limits. The estimated cost to complete Bayou Greenways was approximately \$220 million over 7 years. The LGC and HPB, acting as management for the LGC, entered into an interlocal agreement with the City in which HPB agreed to fund a matching commitment of \$105 million in private and other sources including federal, state and other government funding to complete Bayou Greenways. HPB has exceeded both the matching obligation to the City and its Bayou Greenways Capital Campaign goal of \$120 million by raising, in private and other sources of government funding, over \$125 million (including conditional pledges of approximately \$1.4 million) to complete the campaign. In 2021, HPB conveyed approximately \$2,300,000 in capital assets and provided approximately \$9,700,000 in private funding to the LGC for Bayou Greenways. In 2020, HPB conveyed approximately \$4,300,000 in capital assets and provided approximately \$8,700,000 in private funding to the LGC for Bayou Greenways.

Cumulatively, as of June 30, 2021, HPB has funded or conveyed approximately \$8.2 million of Bayou Greenways construction and land directly to the City. HPB has also funded another \$60.13 million in land, design, construction management and due diligence costs that are included in Bayou Greenways' related expenses and reported by the LGC as construction in progress. HPB has added over 788 acres of new parks and greenspace to the Bayou Greenways system, including purchases, licenses and agreements, and expects Bayou Greenways to be 94% complete or under construction by the end of calendar year 2021 resulting in over 163 miles of new or connected trails at completion.

In fiscal year 2014, the LGC and HPB, acting as management for the LGC, entered into an interlocal agreement with the City in which HPB agrees to raise private funds for the design costs, acquire the necessary right-of-way and real property and cover cost overruns for the Transportation Enhancement (TE) project, currently estimated at \$6.5 million. Cumulatively, HPB has expended approximately \$2.1 million of design costs for the TE project as of June 30, 2021.

In fiscal year 2014, HPB entered into a 30-year agreement with the City to provide maintenance and capital replacement for Bayou Greenways, which constitutes an integrated system of connected linear parks with walking, running, and bicycle trails along the 9 major bayous within the City limits. During fiscal years 2021 and 2020, HPB conveyed approximately \$1,100,000 and \$2,600,000, respectively, in capital assets to the LGC under the terms of this agreement.

In fiscal year 2018, the LGC and HPB, acting as management for the LGC, entered into an infrastructure management agreement with the Gulfgate Redevelopment Authority and Tax Increment Reinvestment Zone Eight to complete improvement projects along the Sims Bayou. The Gulfgate Redevelopment Authority is funding \$4,148,750 to the LGC for this project. At June 30, 2021, approximately \$2,900,000 has been funded and expended by the LGC for this project.

In fiscal year 2019, the LGC and HPB, acting as management for the LGC, entered into an infrastructure management agreement with South Post Oak Redevelopment Authority and Tax Increment Reinvestment Zone Nine to complete bus stop and pedestrian crossing improvements along the Sims Bayou. The South Post Oak Redevelopment Authority is funding \$477,000 to the LGC for this project. At June 30, 2021, approximately \$46,000 has been funded by the South Post Oak Redevelopment Authority for this project to the LGC.

In fiscal year 2019, the LGC and HPB, acting as management for the LGC, entered into an infrastructure management agreement with Spring Branch Management District (SBMD) for the design and construction of the Spring Branch Trail Project, a system of hike and bike trails along the CenterPoint easement in Spring Branch. In fiscal year 2021, the LGC and HPB, acting as management for the LGC, entered into another infrastructure management agreement with SBMD for the design and construction of phase 2 of the Spring Branch Trail Project. The SBMD is funding \$3,000,000 and \$2,665,000, respectively, under these agreements to the LGC for this project. At June 30, 2021, approximately \$2,300,000 has been funded under phase 1 and \$31,000 has been funded under phase 2 by SBMD for this project to the LGC.

In fiscal year 2020, the LGC and HPB, acting as management for the LGC, entered into an agreement with Harris County (the County) to construct segments of Bayou Greenways along Halls Bayou Greenway and Sims Bayou Greenway. The County is funding \$5,000,000 to the LGC for this project.

In fiscal year 2020, the LGC and HPB, acting as management for the LGC, entered into an infrastructure management agreement with the Southwest Houston Redevelopment Authority and Tax Increment Reinvestment Zone Twenty for the design and construction of hike and bike trails in Sharpstown and

along the CenterPoint easement in Sharpstown. The Southwest Houston Redevelopment Authority is funding \$2,924,500 for this project. At June 30, 2021, approximately \$400,000 has been funded to the LGC by the Southwest Houston Redevelopment Authority for this project.

In fiscal year 2021, the LGC and HPB, acting as management for the LGC, entered into an agreement with City departments, Houston Parks and Recreation Department (HPARD), and Houston Public Works Department (HPW), and the County to complete construction of phase I of the Inwood Forest Project. The LGC is funding up to \$3,000,000 for this project. The County and HPW are funding \$1,000,000 and \$2,000,000, respectively, for this project.

In fiscal year 2021, the LGC and HPB, acting as management for the LGC, entered into an interlocal agreement with the County for the design and construction of phase 1 of the Hill at Sims regional park. The County is funding \$639,400 to the LGC for this project. At June 30, 2021, approximately \$198,000 has been funded by the County for this project.

In fiscal year 2021, the LGC and HPB, acting as management for the LGC, entered into an agreement with Buffalo Bayou Partnership for the construction of the Buffalo Bayou Downtown Trail East Project. The Downtown Redevelopment Authority is funding up to \$906,332. At June 30, 2021, approximately \$152,000 has been funded by the Downtown Redevelopment Authority for this project.

In fiscal year 2021, the LGC and HPB, acting as management for the LGC, entered into an interlocal agreement with the County to provide integrated planning and programming studies for Carpenters Bayou. The County is funding \$289,300 to the LGC for this project. At June 30, 2021, approximately \$125,000 has been funded by the County for this project.

NOTE 4 – CAPITAL ASSETS

The LGC’s investment in capital assets at June 30, 2021 consists of the following:

	BALANCE <u>JULY 1, 2020</u>	ADDITIONS	TRANSFER TO CITY AND <u>OTHER DISPOSITIONS</u>	BALANCE <u>JUNE 30, 2021</u>
Land	\$ 22,984,539	\$ 5,529,077	\$ (14,768,585)	\$ 13,745,031
Construction in progress:				
Bayou Greenways	26,389,509	19,124,325	(17,194,122)	28,319,712
Bayou Greenways maintenance capital replacement	521,870	1,141,335	(1,204,876)	458,329
Lee LeClear Tennis Center	353,682			353,682
Sims Bayou improvement projects	197,207	155,098	(17,401)	334,904
Sharpstown trail project	99,225	227,487		326,712
Hill at Sims regional park		179,658		179,658
Spring Branch CenterPoint trails	1,076,820	1,129,136	(2,205,956)	
Hogg Bird Sanctuary	316,526	4,200	(320,726)	
Other parks	77,148	660,965	(508,641)	229,472
Total capital assets	<u>\$ 52,016,526</u>	<u>\$ 28,151,281</u>	<u>\$ (36,220,307)</u>	<u>\$ 43,947,500</u>

The LGC's investment in capital assets at June 30, 2020 consists of the following:

	BALANCE JULY 1, 2019	ADDITIONS	TRANSFER TO CITY AND OTHER DISPOSITIONS	BALANCE JUNE 30, 2020
Land	\$ 18,453,673	\$ 6,532,887	\$ (2,002,021)	\$ 22,984,539
Construction in progress:				
Bayou Greenways	21,969,194	11,971,524	(7,551,209)	26,389,509
Bayou Greenways maintenance agreement	958,676	2,598,170	(3,034,976)	521,870
Lee LeClear Tennis Center	352,480	1,202		353,682
Sims Bayou improvement projects	193,253	3,954		197,207
Sharpstown trail project		99,225		99,225
Spring Branch CenterPoint trails	138,704	938,116		1,076,820
Hogg Bird Sanctuary	298,777	17,749		316,526
CenterPoint bike and hike trail	58,116		(58,116)	
Other parks	108,864	763,621	(795,337)	77,148
Total capital assets	<u>\$ 42,531,737</u>	<u>\$ 22,926,448</u>	<u>\$ (13,441,659)</u>	<u>\$ 52,016,526</u>

Permanently restricted land

The LGC received donor-restricted passive land contributions totaling approximately \$600,000 from HPB in 2014 that were to provide for purchasing permanent parkland. Approximately \$467,000 of the permanent parkland purchased has been transferred to the City, leaving a remaining balance of approximately \$133,000 that is reported as a restricted capital asset.

Commitments

At June 30, 2021, the LGC had outstanding commitments of approximately \$12.3 million for construction projects in progress.

NOTE 5 – EXPLANATION OF DIFFERENCES BETWEEN THE GOVERNMENTAL FUND BALANCE SHEETS AND STATEMENTS OF NET POSITION AND THE GOVERNMENTAL FUND STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE AND STATEMENTS OF ACTIVITIES

Total fund balances of the LGC differ from net position of the LGC reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus on the LGC's governmental fund balance sheet. The provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, imposed this change in focus.

General capital assets and receivables and liabilities that are not due to be received within the short-term are not reported in governmental funds. The governmental funds report the financial resources flows that arise from capital acquisition or disposition. Capital assets acquired with cash or debt are reported as capital expenditures equal to the amount of cash paid or debt incurred. Transactions in which capital assets are acquired without financial resources, such as through donation or transfer from HPB, do not affect and are not reported in the governmental fund financial statements. Sales of general capital assets are reported in the governmental funds only to the extent cash or a receivable is generated by the transaction. The adjustments show the differences between the fund financial statements and government-wide financial statements that arise from capital asset transactions and the resulting net position.