

# 2025

## BASIC FINANCIAL STATEMENTS



**FISCAL YEAR ENDING:**  
September 30, 2025

**PREPARED BY:**  
Michael Post, CPA, CIA  
Harris County Auditor

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***Toll Road Authority  
Enterprise Fund of Harris  
County, Texas***

*Financial Statements As of September 30, 2025  
and for the Year Then Ended and Independent  
Auditor's Report*

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
 BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025  
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**Leslie Wilks, M.Jur., CPA, CFE**  
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**MICHAEL POST, CPA, CIA**  
**HARRIS COUNTY AUDITOR**

April 7, 2026

Honorable District Judges of Harris County, Honorable Members of the Harris County Commissioners Court, and Citizens of Harris County, Texas

The Harris County Auditor's Office (the "Auditor's Office") is pleased to present the Basic Financial Statements of the Harris County Toll Road Authority Enterprise Fund (the "Authority"), a department of Harris County, Texas (the "County") for the fiscal year ended September 30, 2025. This report is submitted in accordance with Section 114.025 of the Texas Local Government Code and was prepared by the staff of the County Auditor's Office. The Basic Financial Statements of the Authority includes all disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities. The information and data contained herein are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the Authority in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The Financial Statements consist of management's representations concerning the finances of the Authority, a department of the County, and management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the Authority has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement.

The Authority's financial statements were audited by Deloitte & Touche LLP, an independent audit firm. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended September 30, 2025, are free of material misstatement. The independent auditor concluded based upon the audit that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements are fairly presented in conformity with GAAP in all material respects. The independent auditor's report is presented as the first component of the financial section of this report. Management's discussion and analysis (MD&A), which immediately follows the independent auditor's report, provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

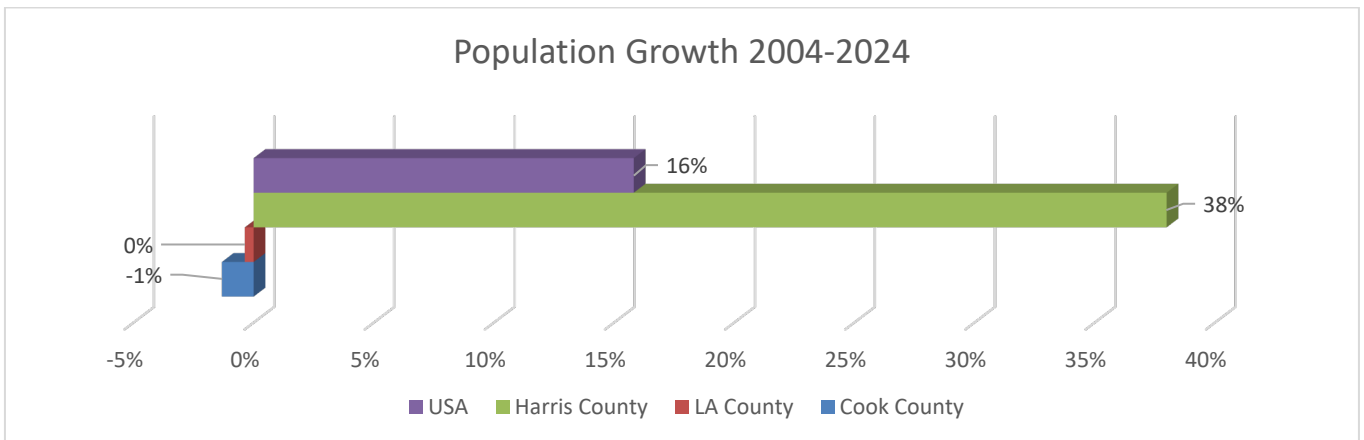
## PROFILE OF THE AUTHORITY

### *History, Location, and Population*

The Authority was established in 1983 by the Harris County Commissioners Court pursuant to Chapter 284 of the Texas Transportation Code. Also in 1983, Harris County voters authorized issuance of up to \$900 million in bonds to construct, operate and maintain toll roads in Harris County.

The Authority operates and maintains the following roadways. The six-mile Tomball Tollway opened in 2015 along the State Highway 249 corridor between Spring Cypress Road and Farm to Market Road 2920. The Katy Managed Lanes extend 12 miles from State Highway 6 to Interstate 610. The Sam Houston Tollway is the second-most outer loop encompassing the City of Houston and surrounding areas within Harris County and spans a distance of approximately 70 miles. Harris County's 13 mile segment of the Westpark Tollway begins at Interstate 610 and extends to the County line and offers an alternative east-west corridor for West Houston residents. The Hardy Toll Road generally parallels Interstate 45 and spans approximately 21 miles with an additional 2-mile connection to George Bush Intercontinental Airport. The Fort Bend Parkway extension (Spur 90A) covers a distance of approximately 2 miles.

Harris County is located in the upper Gulf Coast in Southeast Texas approximately 50 miles from the Gulf of Mexico. The County's population has grown to an estimated 5 million residents. Harris County continues to be the nation's third largest county in terms of population and one of the fastest growing counties with 38% growth since 2004. Over a 20-year period, Harris County's population has grown more than twice as fast as the nation's population. This growth has created transportation challenges that the Authority is responding to by connecting communities and improving mobility through a commitment to excellence in the operation of a toll road system.



### *Authority Structure and Services*

The Authority relies on charges from users of the toll road system to fund operations, debt service, and future projects.

The Authority is organized into multiple operating units, all of which report directly to the Executive Director, as follows: (i) Administration; (ii) Capital Planning; (iii) Capital Projects & Infrastructure; (iv) Tolling Operations; (v) Public Safety & Operations; (vi) Communications; and (vii) Finance & Strategic Operations Support. The Authority is provided legal services by the County Attorney's Office and other support services, such as law enforcement and traffic incident management, by the County. As of September 30, 2025, the Authority had 944 full-time employees; in addition, the Authority had 143 open full-time positions that it plans to fill during the next fiscal year.

### ***Budget Process***

In accordance with Chapter 111 of the Texas Local Government Code, the County prepares and adopts an annual operating budget, which serves as a financial plan for the Authority for the new fiscal year beginning October 1. The County Auditor is responsible for the preparation of the annual estimate of available resources for the County (including the Authority) to be used in the preparation of the annual budget. The County budget (including the Authority's budget) may not exceed the available resources of the County funds as determined by the County Auditor. After adoption of the budget by Commissioners Court, the County Auditor is responsible for ensuring the expenditures/expenses are made in compliance with budgeted appropriations. The level of budgetary control for the Authority is at the fund level. Commissioners Court may also adopt supplemental budgets for the limited purposes of spending grant or aid money, for capital projects through the issuance of debts, for intergovernmental contracts, and for new sources of revenue not anticipated at the original budget adoption. Encumbrance accounting is utilized to ensure effective budgetary control and accountability.

## **INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION**

### ***Local Economy***

Economic conditions have a direct impact on the County's revenues and demand for services. Harris County has experienced tremendous growth since the start of the 21st century with an expanding, diversified local economy that has outperformed most of the country. The energy business has played a large part in this growth, along with the relatively low cost of living, affordable housing, and an expanding transportation system.

The Houston region is designated as the Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (MSA), and it comprises Harris County and eight other counties. The U.S. Bureau of Economic Analysis estimates metro Houston's Gross Domestic Product (GDP) at approximately \$697 billion. Twenty-six companies on the 2025 Fortune 500 list are headquartered in the Houston area. No single industry dominates Houston employment.

The price of West Texas Intermediate (WTI) crude oil as of September 2025 is approximately \$63 per barrel, which is a decrease from September 2024 per the U.S. Energy Information Administration. Oil prices decreased in the last year due to many factors in the economy.

The preliminary September 2025 unemployment rate for the Houston MSA was 4.8% compared to the national average of 4.4%. The State's preliminary unemployment rate for September 2025 was 4.1%.

The Houston-The Woodlands-Sugar Land, Texas area had a Consumer Price Index (CPI) that was 1.1% higher than other large urban areas as calculated for September 2025 by the Bureau of Labor Statistics. The Houston area's higher CPI-Urban is due in part to a higher CPI for all items, less food and energy, than other large urban areas.

Houston has one of the world's busiest ports and an excellent airport system that are integral components of the regional economy. Port Houston is one of the largest ports in the world. Port Houston includes the Houston Ship Channel, which connects the Houston area terminals and the Gulf of Mexico, and is the location of one of the world's largest petrochemical complexes. The Houston Airport System includes three airports and has nonstop flights from Houston to more than 182 destinations and five continents. The airport system served over 62.4 million passengers in the 12 months ending October 2025 and is recognized worldwide as a key global gateway with strong connectivity to Latin America.

Per the Multiple Listing Service of the Houston Association of Realtors, sales of single-family homes increased 3.8% in September of 2025 versus September of 2024. Inventory expanded from a 4.4-months supply to 5.4 months over the last 12 months, the highest since September 2012.

***Financial Policies and Long-Term Financial Planning***

Key elements in maintaining the County’s financial strength and high bond rating are the County’s management of investments and debt (including the investments and debt of the Authority). The Harris County Investment Policy, including investment strategies, is reviewed and approved at least annually by Commissioners Court. Additional information regarding the County’s investments and debt management has been included in Note 2 of the notes to the Authority’s financial statements, Deposits and Investments, and Note 6 of the notes to the Authority’s financial statements, Long-Term Liabilities.

Risk management and self-insurance with stop-loss policies (as applicable) for medical, workers’ compensation, and property continue to be effective. Various actuarial studies are periodically performed to aid in liability calculation, as well as financial planning.

The County provides retirement for all of its employees (excluding temporary employees) through the Texas County and District Retirement System (TCDRS). The County’s net pension liability at September 30, 2025, was \$138,292,915 which includes the Authority’s net pension liability of \$5,632,757 The County currently provides a postemployment healthcare plan; the Total OPEB liability was \$2,552,736,244 at September 30, 2025, which includes \$110,718,696 for the Authority. Additional information regarding the County’s retirement plan and postemployment healthcare plan is located in Notes 7 and 8 of the notes to the Authority’s financial statements.

***Major Initiatives***


The Authority’s focus remains on completing construction of the new Ship Channel Bridge, implementation of the Barrier-Free Program (conversion to an all-electronic tolling system), implementation of the Hardy Downtown Connector, evaluating and developing opportunities for improvements along the Westpark Corridor, leveraging strategic partnerships to improve operational efficiencies and a strategic plan that charts a roadmap for the future of the agency. The strategic plan focuses on a framework for resiliency and sustainability programming, and long-range capital planning which advances projects in line with Commissioners Court’s overall vision for transportation for the County.

**ACKNOWLEDGMENTS**

The timely completion of this report could not have been achieved without the dedicated efforts of the Auditor’s Office and the professional services provided by our independent auditor, Deloitte & Touche LLP. I wish to express my gratitude to Commissioners Court, District Judges, and other County officials and departments for their interest and support in planning and conducting the financial affairs of the Authority in a responsible and professional manner.

**REQUEST FOR INFORMATION**

This financial report is designed to provide an overview of the Authority’s finances for individuals who are interested in this information. Questions concerning any of the data provided in this report should be addressed to the County Auditor’s Office, 1001 Preston, Suite 800, Houston, Texas 77002. Additional financial information is provided on the County Auditor’s webpage, which can be accessed from the County’s website, <https://www.harriscountytexas.gov>.



Michael Post, CPA, CIA  
County Auditor

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## **INDEPENDENT AUDITOR'S REPORT**

County Judge Lina Hidalgo  
and Members of Commissioners  
Court of Harris County, Texas:

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the Toll Road Authority Enterprise Fund (the "Authority") of Harris County, Texas (the "County"), which comprise the Statement of Net Position as of September 30, 2025, and the related Statement of Revenue, Expenses and Changes in Net Position, and Statement of Cash Flows for the year then ended, and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority of Harris County, Texas, as of September 30, 2025, and results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***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 Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Emphasis of Matter—Presentation***

As discussed in Note 1, the financial statements present only the Authority and do not purport to, and do not, present fairly the financial position of Harris County, Texas, as of September 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

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

#### ***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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

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 Management's Discussion and Analysis, Schedule of Changes in Total OPEB liability and Related Ratios, Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios, and the Texas County and District Retirement System – Schedule of Employer Contributions 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.

#### ***Other Information***

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

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

The logo for Deloitte & Touche LLP, featuring the company name in a stylized, handwritten-style font.

April 7, 2026



***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management’s Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

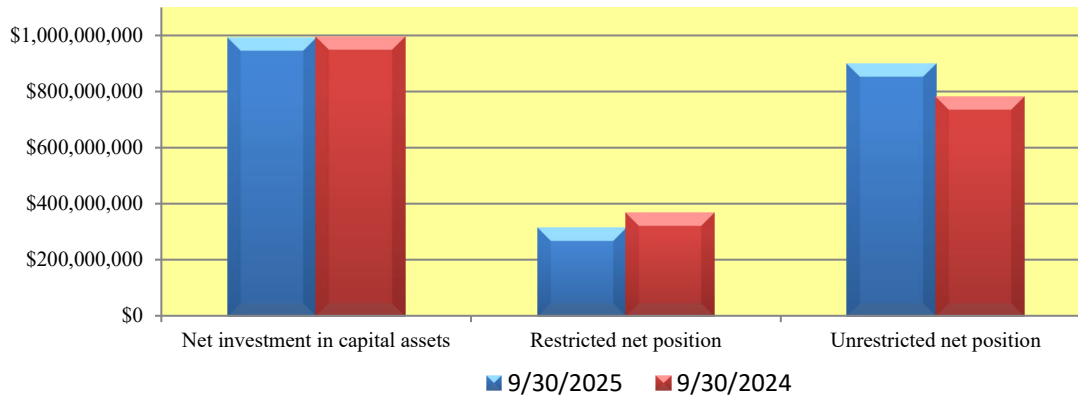
This section of the Toll Road Authority Enterprise Fund of Harris County financial statements presents management’s discussion and analysis (MD&A) of the financial performance of the Harris County Toll Road Authority (the “Authority”) during the fiscal year ended September 30, 2025.

The Authority is an enterprise fund of Harris County, Texas (the “County”) and is included in the County’s financial statements. This analysis presents information about the Authority and its operations and activities only and is not intended to provide information about the entire County. Please read this section in conjunction with the financial statements and related notes following this section.

**FINANCIAL HIGHLIGHTS**

- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$991,363,849, includes total capital assets, less accumulated depreciation/amortization, less all outstanding principal of capital-related borrowings, capital-related liabilities, plus capital-related deferred outflows and any unspent debt proceeds. This category of net position decreased \$4,320,667 in fiscal year 2025. The decrease was primarily due to a reduction in unspent bond proceeds that were used for ongoing capital projects.
  - (2) Net position of \$312,444,860 is restricted by constraints imposed from outside the Authority such as debt obligations, laws, or regulations. Restricted net position decreased by approximately \$53,749,211 million in fiscal year 2025, primarily due to the use of restricted resources for capital project expenditures. The decrease was partially offset by increases in debt service and operating reserve balances.
  - (3) Unrestricted net position of \$898,015,784 represents the portion available to meet ongoing obligations of the Authority. Unrestricted net position increased \$116,027,210 from the previous year due to more toll revenues received in current fiscal year.

**Net Position Comparison**



**OVERVIEW OF THE FINANCIAL STATEMENTS**

MD&A is intended to serve as an introduction to the Authority’s basic financial statements. The Authority’s basic financial statements are comprised of 1) Financial Statements and 2) Notes to the Financial Statements.

**Financial Statements** for the Authority include the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows. Since the Authority is an enterprise

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

fund, its financial statements are presented with a flow of economic resources measurement focus and use the accrual basis of accounting. Funds are a self-balancing set of accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to account for resources that are segregated for specific purposes in accordance with special regulations, restrictions, or limitations. The Authority is used to account for the acquisition, operation and maintenance of toll roads within Harris County.

**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes can be found beginning on page 18 of this report.

**FINANCIAL ANALYSIS**

The total net position of the Authority as of September 30, 2025 was \$2,201,824,493 and \$2,143,867,161 as of September 30, 2024. Revenues exceeded expenses and transfers out, increasing net position by \$57,957,332 from last year.

**Harris County Toll Road Authority Enterprise Fund  
Condensed Statement of Net Position  
September 30, 2025 and September 30, 2024  
(Amounts in thousands)**

	<b>9/30/2025</b>	<b>9/30/2024</b>
Current assets	\$ 1,950,698	\$ 2,085,771
Capital assets, net	3,678,280	3,491,158
Other non-current assets	204,419	193,432
Total assets	5,833,397	5,770,361
Deferred outflows of resources	96,166	113,251
Current liabilities	453,831	406,832
Non-current liabilities	3,173,555	3,286,345
Total liabilities	3,627,386	3,693,177
Deferred inflows of resources	100,353	46,568
Net position		
Net investment in capital assets	991,363	995,685
Restricted	312,445	366,194
Unrestricted	898,016	781,988
Total net position	\$ 2,201,824	\$ 2,143,867

The largest portion of the Authority's current fiscal year's net position is net investment in capital assets. The remaining balance of the Authority's current fiscal year net position represents unrestricted, which is used for the ongoing operations of the Authority, and restricted net position, which is subject to external restrictions on how it may be used. The Authority's restricted net position is for capital projects, debt service, and operating reserve per debt covenants and other purposes.

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

The following table reflects how the Authority's net position changed during the year:

**Harris County Toll Road Authority Enterprise Fund  
Statement of Revenues, Expenses and Changes in Net Position  
(In Thousands)  
For the Fiscal Year Ended September 30, 2025 and September 30, 2024**

	2025	2024
Revenues:		
Operating revenues:		
Toll revenues	\$ 1,027,573	\$ 874,475
Nonoperating Revenues:		
Investment income	95,248	86,026
Lease income	9	8
Miscellaneous income	2,231	1,777
Gain on disposal of capital assets	-	337
Total revenues	1,125,061	962,623
Expenses:		
Operating Expenses:		
Salaries	101,798	95,939
Materials and supplies	33,826	23,358
Incurred claims	65	-
Services and fees	282,621	210,496
Utilities	4,886	4,503
Transportation and travel	3,971	4,165
Depreciation and amortization	115,505	126,783
Nonoperating Expenses:		
Interest expense	107,677	84,303
Debt service fees	132	4,926
Amortization expense	851	1,098
Loss on disposal of capital assets	17,158	-
Total expenses	668,490	555,571
Income before transfers	456,571	407,052
Transfers out	(398,614)	(193,402)
Change in net position	57,957	213,650
Net position - beginning	2,143,867	1,930,217
Net position - ending	\$ 2,201,824	\$ 2,143,867

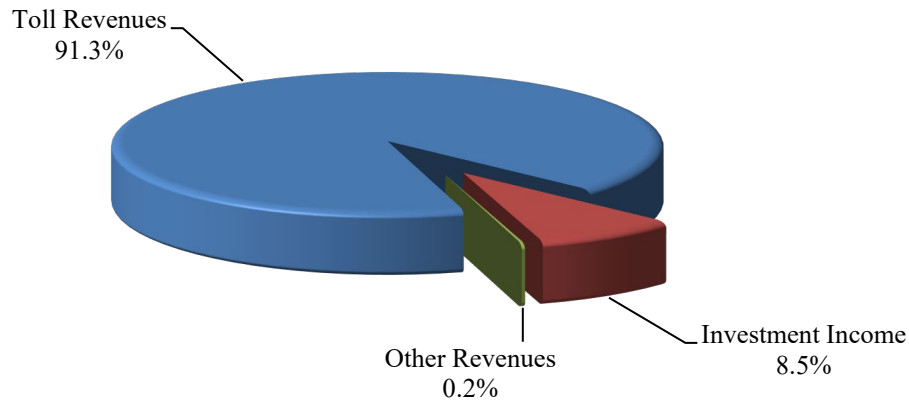
***Revenues***

Total revenues for fiscal year 2025 were \$1,125,062,412 an increase of \$162,438,564 compared to the previous fiscal year. Revenues for fiscal year 2024 were \$962,623,848. This increase was largely due to HCTRA's cost recovery efforts associated with the invoicing services provided under the tolling service agreements. Toll revenues totaled \$1,027,573,290, which represents 91.3% of total revenues in fiscal year 2025. This revenue category increased \$153,098,516 from fiscal year 2024 due to an increase in toll rate fees and addition of interoperability authorities in the current year.

Investment income for fiscal year 2025 totaled \$95,248,292 and comprises approximately 8.5% of total revenues. This revenue source increased by \$9,221,876 compared to \$86,026,416 for fiscal year 2024, due to an increase in interest earned from investments. Other revenues totaled \$2,240,830 or 0.2% of total revenues. Other revenues include lease revenue of \$9,360 and miscellaneous revenue of \$2,231,470 for reimbursements and recovery of revenue losses.

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

REVENUES BY SOURCE  
Fiscal Year Ended September 30, 2025



***Expenses***

For the fiscal year ended September 30, 2025, expenses totaled \$668,491,406 an increase of \$112,919,524 compared to the prior fiscal year. For the prior fiscal year ended September 30, 2024, expenses totaled \$555,571,882.

Services and fees of \$282,622,142 is the largest expense category and is 42.3% of total expenses. This is an increase of \$72,126,093 from the prior year due to processing additional transactions tied to the onboarding of the Toll Services Agreement and additional resources needed for agency growth.

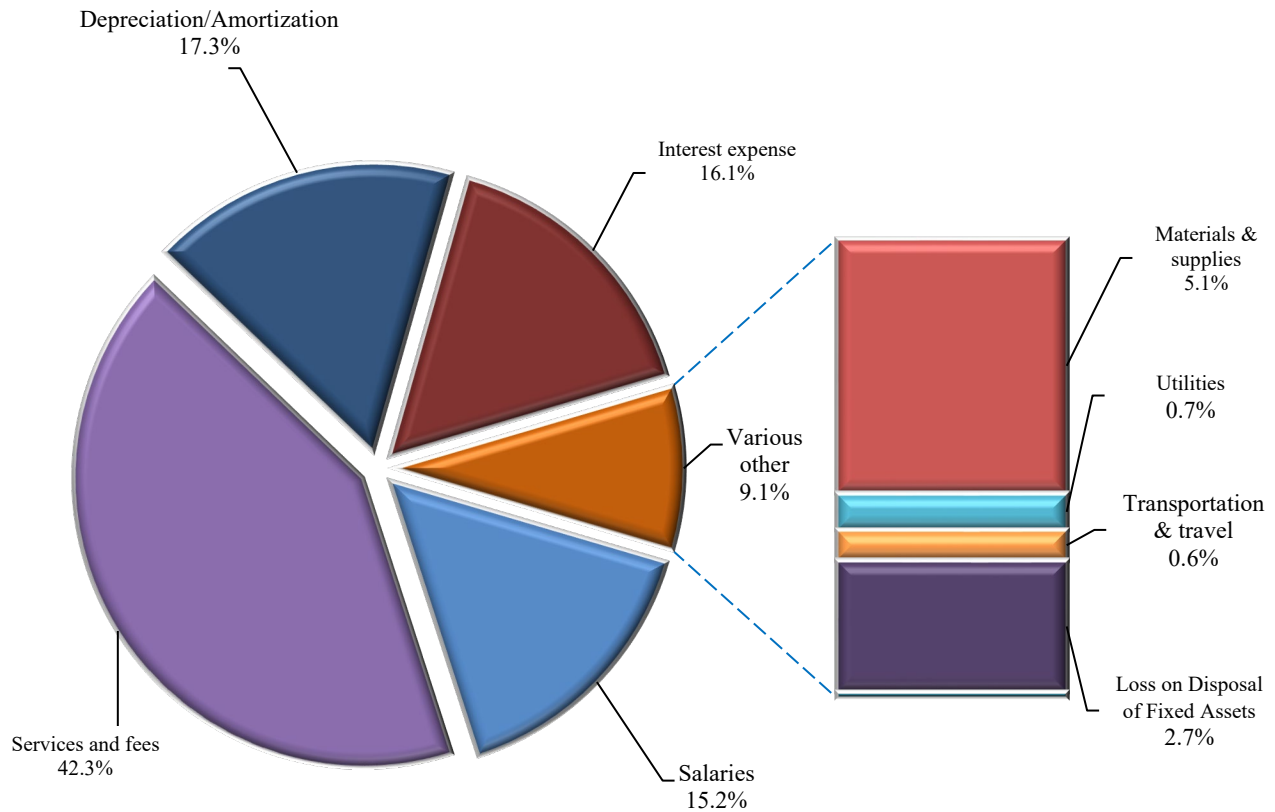
Interest expense of \$107,676,539 is 16.1% of total expenses. Interest expense reflects the interest incurred on outstanding debt balances and activities during the year.

Salaries expense is \$101,798,051 or 15.2% of total expenses. This represents an increase of 5,858,769 over the fiscal year 2024. This increase is primarily due to merit and market salary adjustments, along with transitioning temporary positions to full-time staff.

The remaining 26.4% of expenses represent depreciation/amortization (17.3%), and various other expenses (9.1%) which consist of outlays relative to materials and supplies, incurred claims, utilities, transportation and travel, bond refunding loss amortization, loss on disposal of capital assets and debt service fees. All these expense categories are necessary for the operation of the toll road.

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

**EXPENSES  
For the Fiscal Year Ended September 30, 2025**



***Transfers***

Transfers out in the amount of \$398,613,674 consisted of transfers of surplus revenue of the Authority, including the annual mobility transfer, approved by Commissioners Court in accordance with the existing Authority bond indenture and Section 284.0031, Texas Transportation Code, to pay or finance costs of roads, streets, highways, or other related facilities that are not part of the Authority's toll road system.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

The Authority's capital assets net of depreciation/amortization as of September 30, 2025 and September 30, 2024, amounted to \$3,678,280,387 and \$3,491,157,620 respectively. These capital assets include land, construction in progress, intangibles, buildings, equipment, and infrastructure. The Authority's capital assets, net of accumulated depreciation/amortization increased \$187,122,767 from prior fiscal year ended September 30, 2024.

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

	<b>Balance September 30, 2025</b>	<b>Balance September 30, 2024</b>
Land	\$ 391,112,024	\$ 392,291,184
Easement	3,336,250	1,989,062
Construction in progress	1,528,703,930	1,241,228,962
License agreement	237,500,000	237,500,000
Intangible assets - software	43,537,966	43,537,966
Land improvements	18,865,805	18,865,805
Infrastructure	3,633,701,320	3,630,829,022
Buildings	30,550,414	30,550,414
Equipment	66,804,693	63,980,154
Lease right-to-use assets	24,939,179	22,086,785
Subscription right-to-use assets	19,474,341	23,223,714
	<u>5,998,525,922</u>	<u>5,706,083,068</u>
Less: Accumulated depreciation/amortization	<u>(2,320,245,535)</u>	<u>(2,214,925,448)</u>
Total capital assets, net	<u>\$ 3,678,280,387</u>	<u>\$ 3,491,157,620</u>

For further information regarding capital assets, see Note 5 to the financial statements.

***Long-term liabilities***

At the end of the fiscal year, the balance of the Authority's total outstanding long-term liabilities was \$3,297,321,567. Refer to Note 6 to the financial statements for further detail on the Authority's long-term liabilities.

	<b>Long-term Liabilities</b>	
	<b>Outstanding at September 30, 2025</b>	<b>Outstanding at September 30, 2024</b>
Bonds payable	\$ 2,988,135,398	\$ 3,113,867,962
Commercial paper payable	154,720,000	62,380,000
Compensatory time payable	1,530,870	1,401,551
Arbitrage rebate payable	7,926,754	4,118,449
Lease payable	18,182,643	16,659,668
Subscription payable	8,649,519	13,702,024
Total OPEB liability	110,718,696	166,679,414
Net pension liability	5,632,757	16,033,757
Pollution remediation obligation	1,824,930	694,164
Totals	<u>\$ 3,297,321,567</u>	<u>\$ 3,395,536,989</u>

***Toll Road Authority Enterprise Fund of Harris County, Texas  
Management's Discussion and Analysis  
For the Fiscal Year Ended September 30, 2025***

The Authority has a continuing goal to upgrade or maintain the Authority's debt rating. The bond rating services of Moody's Investor's Service, Inc., Standard & Poor's Ratings Services, Fitch IBCA, Inc., and Kroll Bond Rating Agency have assigned the Authority long term bond ratings of Aa2, and AA, respectively, for First Lien Bonds and Aa1, AA-, and AA, respectively, for the Senior Lien Revenue Bonds, and Aa1, and AA, respectively, for the Hotel and Occupancy Senior Lien Revenue Bonds.

See Note 7 and Note 8 to the financial statements for further information on the Authority's Net Pension Liability/(Asset) and Total OPEB Liability.

**ECONOMIC FACTORS**

- Harris County has a vibrant and diverse economy driven largely by the region's energy industry, international export and import shipping through Port Houston, two major airports, the Medical Center, and a variety of other industries. These other industries primarily include banking, technology, construction, manufacturing, and education.
- The Houston region has experienced dramatic changes in its population size and composition over the last few decades, and these trends are expected to continue. In the 2020, the Houston region had 7.2 million residents and 3.5 million jobs. According to a forecast provided by the Houston Galveston Area Council, population is expected to reach 10.72 million by 2050, growing by nearly 3.6 million people over the next 30 years (2020-2050). That is an average increase of 1.4 percent growth each year. These underlying factors drive strong demand for transportation infrastructure in the region.
- METRO, a regional transit authority, currently operates an extensive bus and rail fleet serving Harris County and the City of Houston. METRO also offers "park-and-ride" services, which include free automobile parking at suburban METRO lots and bus service to and from Houston's various employment centers. METRO's High Occupancy Toll ("HOT") lanes and expanded rail service provide some additional alternatives to the Toll Road System.

**Major Construction Projects by the Authority:**

The Authority continues to move forward with projects authorized by Commissioners Court including the Hardy Toll Road Downtown Connector, the Ship Channel Bridge, and the widening of portions of the Sam Houston Tollway.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the County Auditor's Office, 1001 Preston, Suite 800, Houston, Texas 77002, or visit the County's website at [www.harriscountytexas.gov](http://www.harriscountytexas.gov)

# **BASIC FINANCIAL STATEMENTS**

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2025**

<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 868,172,298
Investments	857,929,118
Receivables, net	43,475
Accrued interest receivable	5,608,064
Other receivables, net	212,390,278
Due from other funds	3,893
Prepays and other assets	5,415,759
Inventories	1,135,276
Total current assets	<u>1,950,698,161</u>
Non-current assets	
Restricted:	
Cash and cash equivalents	127,580,524
Investments	76,838,669
Capital Assets:	
Land and construction in progress	1,923,152,204
Intangible asset, net of amortization	159,388,052
Other capital assets, net of depreciation	1,595,740,131
Total non-current assets	<u>3,882,699,580</u>
Total assets	<u>5,833,397,741</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refundings	33,674,969
Pension contributions after measurement date	7,539,922
Differences between expected and actual pension experience	382,327
Changes of pension assumptions	2,944,086
Changes of OPEB assumptions and differences between expected and actual experience	51,624,820
Total deferred outflows of resources	<u>96,166,124</u>
<b>LIABILITIES</b>	
Current liabilities:	
Vouchers payable	94,005,556
Accrued payroll	6,072,339
Retainage payable	25,186,956
Customer deposits	163,106
Due to primary government	20,858,480
Due to other governmental units	45,381,758
Unearned revenue	122,153,644
Accrued Interest	16,243,386
Current portion of long-term liabilities	123,766,178
Total current liabilities	<u>453,831,403</u>
Non-current liabilities:	
Bonds payable	2,878,245,398
Pollution remediation payable	1,824,930
Commercial paper payable	154,720,000
Compensatory time payable	214,212
Arbitrage rebate payable	6,817,683
Lease liability	13,787,733
Subscription liability	4,806,980
Total OPEB liability	107,505,696
Net pension liability	5,632,757
Total non-current liabilities	<u>3,173,555,389</u>
Total liabilities	<u>3,627,386,792</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Differences between expected and actual pension experience	844,098
Changes of OPEB assumptions	95,897,489
Net difference between projected and actual earnings for pension	3,610,993
Total deferred inflows of resources	<u>100,352,580</u>
<b>NET POSITION</b>	
Net investment in capital assets	991,363,849
Restricted for capital projects	52,827,196
Restricted for debt service	166,117,829
Restricted for bond covenant and other purposes	93,499,835
Unrestricted	898,015,784
Total net position	<u>\$ 2,201,824,493</u>

*See notes to the financial statements*

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

**OPERATING REVENUES**

Toll revenues	\$ 1,027,573,290
Total operating revenues	1,027,573,290

**OPERATING EXPENSES**

Salaries	101,798,051
Materials and supplies	33,825,911
Incurred claims	65,427
Services and fees	282,622,142
Utilities	4,886,434
Transportation and travel	3,970,984
Depreciation and amortization	115,504,655
Total operating expenses	542,673,604

Operating income/(loss)	484,899,686
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**NONOPERATING REVENUES (EXPENSES)**

Earnings on investments	95,248,292
Lease income	9,360
Interest expense	(107,676,539)
Debt service fees	(132,000)
(Loss) on disposal of capital assets	(17,157,892)
Bond refunding loss amortization	(851,371)
Miscellaneous income	2,231,470
Total nonoperating revenues (expenses)	(28,328,680)

Income (loss) before transfers	456,571,006
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**CONTRIBUTIONS**

Transfers out	(398,613,674)
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Change in net position	57,957,332
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Net position, beginning	2,143,867,161
Net position, ending	\$ 2,201,824,493

*See notes to the financial statements*

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 995,739,823
Payments to employees for salaries and benefits	(97,250,205)
Payments to suppliers and providers	(307,512,889)
Receipts from other governmental units	187,132
Receipts from other sources	2,231,470
Net cash provided by operating activities	<u>593,395,331</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Transfers to other funds	<u>(398,613,674)</u>
Net cash used for noncapital financing activities	<u>(398,613,674)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Receipts from lease of capital assets	9,360
Acquisition and construction of capital assets	(315,269,617)
Proceeds from sale of capital assets	66,701
Principal paid on capital debt	(96,685,000)
Interest paid on capital debt	(145,327,763)
Lease payable	(1,821,349)
Subscription payable	(5,166,111)
Commercial paper proceeds	249,520,000
Commercial paper paid	(157,180,000)
Bond issuance cost	(132,000)
Net cash used by capital and related financing activities	<u>(471,985,779)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of investments	(1,788,775,903)
Proceeds from sale and maturity of investments	1,661,692,053
Interest on investments	95,300,543
Net cash used for investing activities	<u>(31,783,307)</u>
Net increase in cash and cash equivalents	(308,987,429)
Cash and cash equivalents, beginning	1,304,740,251
Cash and cash equivalents, ending	<u>\$ 995,752,822</u>
<b>Reconciliation of operating income to net cash</b>	
Operating income	<u>\$ 484,899,686</u>
Adjustments to reconcile operating income to net cash	
Depreciation and amortization expenses	115,504,655
Other nonoperating revenues	2,231,470
(Decrease) in accounts receivable	(6,817)
(Decrease) in other receivables	(57,493,683)
Increase in due from other funds	61,520
(Decrease) in prepaid items	(1,690,307)
Increase in inventories	135,189
Increase in pension deferred outflows	3,009,657
Increase in OPEB deferred outflows	13,224,135
(Decrease) in vouchers payable	(2,683,078)
Increase in accrued payroll	762,116
Increase in retainage payable	9,370,380
Increase in due to primary government	8,917,520
(Decrease) in due to other governmental units	(943,634)
Increase in customer deposits	1,695
Increase in unearned revenue	25,603,818
Increase in compensated absences	129,319
(Decrease) in net pension liability/Asset	(10,401,000)
Increase in pollution payable	1,130,766
Increase in Arbitrage rebate payable	3,808,305
(Decrease) in total OPEB liability	(55,960,718)
Increase in pension deferred inflows	3,208,495
Increase in OPEB deferred inflows	50,575,842
Total adjustments	<u>108,495,645</u>
Net cash provided by operating activities	<u>\$ 593,395,331</u>
<b>Noncash capital and related financing and investing activities:</b>	
(Decrease) in fair value of investments	\$ (1,124,467)
Purchases of capital assets on account	(8,348,302)
Right -to-use leases and subscriptions	3,457,928

*See notes to the financial statements*

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization** - The Harris County Toll Road Authority (the “Authority” or “Toll Road”) was created by Harris County, Texas, (the “County”) by order of the Harris County Commissioners Court on September 22, 1983, with the Commissioners Court designated as the governing body and the operating board of the Authority. The Authority is a department and fund of the County and is charged with overseeing the acquisition, construction, improvement, operation and maintenance of the County toll road facilities (the “Toll Road Project”). The Commissioners Court has full oversight responsibility for the Authority, and the Toll Road Project is an integral part of the County’s financial statements. Construction of the Hardy Toll Road, the Sam Houston Tollway, Westpark Tollway, Fort Bend Parkway extension (Spur 90A), Tomball Tollway, and acquisition of the Jesse H. Jones Toll Bridge, now referred to as the “Sam Houston Ship Channel Bridge” (the “Toll Roads”) have been financed with a combination of unlimited tax and subordinate lien revenue bonds and senior lien revenue bonds. When all of the debt service, as discussed in Note 6, has been paid or provided for in a trust fund, the Toll Roads will become a part of the State of Texas Highway System.

**Implementation of New Standards** - In the current fiscal year, the Authority implemented the following standards issued by the Governmental Accounting Standards Board (“GASB”):

GASB Statement No. 101, *Compensated Absences* – (“GASB 101”), the objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB 101 was implemented by the Authority and the Authority recorded appropriate journal entries and updated applicable general ledger accounts for the current fiscal year. The Authority reviewed relevant regulations, policies, and applicable accounts’ transactions and balances for the prior year and determined that there is no material impact.

GASB Statement No. 102, *Certain Risk Disclosures* – (“GASB 102”), the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. GASB 102 was implemented by the Authority and had no material impact on the Authority’s financial statements.

**Basis of Presentation and Measurement Focus**- The accompanying basic financial statements have been prepared on the full accrual basis of accounting as prescribed by the GASB. Full accrual accounting uses a flow of economic resources measurement focus.

The basic financial statements of the Authority consist of Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows, and Notes to the Financial Statements.

**Enterprise Fund** – Revenues are recognized in the period earned. The Authority’s operating revenues are derived from charges to users of the Toll Roads in the County and from fees earned from handling operations for other tolling authorities. When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources to the extent they are needed.

Expenses are recognized in the period incurred. The Authority’s operating expenses consist primarily of direct charges attributable to the operations of the Authority, including depreciation/amortization. Interest expense and other charges not directly related to the Authority’s operations are reported as non-operating expenses.

**Deposits and Investments** – Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date of 90 days or less from date of purchase. All investments are recorded

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

at amortized cost or at fair value based upon quoted market prices as of the Authority's fiscal year ended, with the difference between the purchase price and market price being recorded as investment income/loss.

***Restricted Assets and Restricted Net Position***– Certain assets of the Authority are required to be segregated under terms of various bond indentures. These assets are legally restricted for certain purposes, including operations and maintenance, debt service and construction. The Authority purchased surety policies to satisfy certain reserve fund requirements. During the fiscal year ended September 30, 2025, the Authority was in compliance with these covenants.

In the financial statements, restricted net position is reported for amounts that are externally restricted by 1) creditors (e.g. bond covenants), grantors, contributors, or laws and regulations of other governments or 2) law through constitutional provision or enabling legislation.

***Inventories*** – Inventory is stated at the lower of cost or market value, using the first-in, first-out method. EZ tags are recorded as inventory based on the number of tags by type (sticker, license plate, or motorcycle) as of September 30, 2025 multiplied by the cost per tag type.

***Capital Assets*** – Capital assets include land, construction in progress, intangibles, buildings, equipment and infrastructure that are used in the Authority's operations and benefit more than a single fiscal year. Infrastructure assets are long-lived assets that are generally stationary in nature and can typically be preserved for a significantly greater number of years than most other capital assets. Infrastructure assets of the Authority include roads, bridges, sewers and right-of-way.

Capital assets of the Authority are defined as assets with individual costs of \$5,000 or more and estimated useful lives in excess of one year. Exceptions to the \$5,000 capitalization threshold are as follows: all land and easements over \$1 are capitalized. Purchased software greater than \$100,000 is capitalized and internally developed software greater than \$1,000,000 is capitalized. The threshold for capitalizing buildings is \$100,000 and the threshold for infrastructure ranges from \$25,000 to \$250,000, depending on the asset.

All capital assets are stated at historical cost or estimated fair value at the date of purchase. Donated capital assets are stated at their estimated acquisition value on the date donated. Depreciation is computed using the straight-line method over the estimated useful life of the asset ranging from 3 to 45 years. Infrastructure is depreciated over a 30-year useful life. Equipment is depreciated over 3 to 20 years, depending on the type. Buildings are depreciated over 45 years. Amortization of the intangible license agreement is based upon the revenues received and will continue until the license is fully amortized.

Harris County (acting through the Harris County Toll Road Authority) entered into a tri-party agreement in March 2003 with the Texas Department of Transportation ("TxDOT") and Federal Highway Administration to participate in the reconstruction of a portion of the IH10 Katy Freeway. Under this agreement, the Authority funded \$237.5 million for the license to the real property for the right to operate a toll facility known as the Katy Tollway (Managed Lanes) and paid an additional \$12.5 million for the design and construction, and other allowable expenses related to such toll facility.

In April 2012, the County approved a memorandum of understanding with TxDOT (the "MOU") that contained a general outline regarding the development, funding, construction, operation and maintenance of various transportation projects in the region, including proposed toll projects along US 290 and SH 288 and Grand Parkway toll segments being constructed by TxDOT. The County's responsibilities were further clarified in subsequent correspondence between the parties in March 2018 and June 2019. As a result of the MOU and subsequent negotiations with TxDOT, the County agreed to contribute an aggregate of \$400 million in Project revenues, in multiple installments over the span of several years, to assist in the funding of certain TxDOT projects in the region, including the reconstruction of the US 290 corridor, frontage road and

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

watershed improvements along SH 249, and interchange improvements at SH 249 and the Grand Parkway and SH 225 and Beltway 8.

The County also agreed to waive its primacy development rights for certain toll projects in the region, including a proposed toll project along US 290 that was ultimately removed from the corridor reconstruction plans and the northern segment of a toll project in the SH 288 corridor that was ultimately financed and constructed by a private developer pursuant to a TxDOT comprehensive development agreement. In addition to agreeing to fund certain Medical Center related infrastructure in connection with the County's waiver of primacy on the SH 288 toll project, TxDOT agreed that the County could provide tolling services on TxDOT's tolled segments of the Grand Parkway, subject to a mutually agreeable fee. The County and TxDOT have had intermittent discussions about terms for a Grand Parkway tolling services agreement but to date have been unable to reach a final agreement.

***Lease Assets*** – Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

***Subscription Assets*** – Subscription assets are initially recorded at the initial measurement of the subscription liability, plus payments made at or before the commencement of the subscription term. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying asset.

***Asset Impairments*** - The Authority evaluates capital and lease assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital and lease asset has occurred. If a lease asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation/amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the fiscal year ended September 30, 2025.

***Premiums (Discounts) on Bonds Payable*** - Premiums (discounts) on bonds payable are amortized using the effective interest method over the term of the bonds.

***Risk Management*** - The Authority's risk-of-loss exposures include exposure to liability and accidental loss of real and personal property as well as human resources. Toll Road operations involve a variety of high-risk activities including, but not limited to, cash collections, construction and maintenance activities. The County's Office of Management and Budget-Risk Management division is responsible for identifying, evaluating and managing the Authority's risk in order to reduce the exposure from liability and accidental loss of property and human resources. The Authority is treated as a County department by the County's Risk Management division and is assessed premiums and charges similar to those assessed to other County departments.

The Authority is covered by the Harris County workers' compensation program. The County is self-insured for workers' compensation medical and indemnity payments. Claims adjusting services are provided by a third-party administrative claims adjusting service. Interfund premiums on workers' compensation are determined by position class code, at actuarially determined rates.

The County has excess insurance coverage for medical liability. No claims settled during the last three fiscal years have exceeded this coverage.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

Through the County, the Authority provides medical, dental, vision and basic life and disability insurance to eligible employees and retirees. The Authority pays a flat monthly rate of \$1,581.67 per employee based on the estimated full cost of health benefits.

The Authority's group insurance premiums, as well as employee payroll deductions for premiums for dependents and optional coverage, are paid into the County's Health Insurance Management Fund, which in turn makes disbursements to contracted insurance providers based upon monthly enrollment and premium calculations.

Billings to the Authority for property insurance, professional liability insurance and crime and fidelity policies are handled through the County's General Fund as are payments to the insurance carriers. Claim payments made up to the deductible limit are expensed by the Authority when paid by the General Fund. Payments for the Authority's general, vehicle and property damage liability claims, for which the County is self-insured, are made through the General Fund and billed to the Authority.

***Compensated Absences*** - The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or during or upon separation from employment.

The liability for compensated absences is reported as incurred. The liability for compensated absences includes salary-related benefits, where applicable. Leave earned in the current period is considered used before unused leave from prior years based on valuation method of Last-In First-Out, or LIFO.

*Vacation:* Employees accrue from 3.08 to 7.7 hours of vacation per pay period depending on years of service and may accumulate a maximum of 280 hours of vacation benefits. Upon termination, employees are paid the balance of unused vacation benefits.

*Compensatory:* Exempt and non-exempt employees may accrue up to 240 hours of compensatory time. Exempt employees earn compensatory time at a rate of one times their worked hours in excess of 40 hours a week, and upon termination, are paid one-half of the compensatory time earned. Non-exempt employees earn compensatory time at one and one-half times their worked hours in excess of 40 hours per week. Compensatory time in excess of the 240-hour maximum is paid during current pay period, and upon termination, any compensatory time balances are paid.

*Sick:* Regular employees accrue 13 days of sick leave per year. Sick leave benefits are recognized as they are used by the employees. Employees may accumulate up to 720 hours of sick leave. Unused sick leave benefits are not paid at termination.

*Other:* In addition to regular paid holidays, employees accrue 8 hours of floating holiday during the payroll year and may accumulate a maximum of 24 hours. Unused floating holiday benefits are not paid at termination. Eligible regular employees may receive up to 12 weeks of parental leave, which is not paid upon termination, and must be paid back to the Authority if employee does not maintain full-time employment for at least 180 consecutive calendar days of continuous services immediately after the expiration of approved leave.

***Statement of Cash Flows*** – All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

***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 assets that applies to a future period(s) and therefore, will not be recognized as an outflow of resources (expense) until that time. The Authority's deferred outflows, when applicable, consist of deferred charge on refundings, pension contributions made after measurement date, difference between expected and actual pension experience, changes of pension assumptions, and changes of

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

OPEB assumptions and differences between expected and actual experience. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or refunding debt. The pension contributions made after measurement date are deferred and recognized in the following fiscal year. Pension and OPEB assumption changes and differences between expected and actual 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 employees and inactive employees).

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 assets that applies to a future period(s) and therefore, will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The Authority's deferred inflows, when applicable, consist of the differences between expected and actual experience for Pension and changes of OPEB assumptions for which 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 employees and inactive employees). Net differences between projected and actual earnings for pension, which are amortized over a closed 5-year period. Leases are amortized over the life of the lease

*Use of Estimates* - The preparation of financial statements in conformity with generally accepted accounting principles 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 these estimates.

## **2. DEPOSITS AND 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 Depository Insurance (FDIC) is available for funds deposited at a 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 Authority will not be able to recover deposits that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or collateralized. As of September 30, 2025, the balance per various financial institutions was \$803,233,559. The Authority's deposits are not exposed to custodial credit risk since all deposits are either covered by FDIC insurance or an irrevocable standby letter of credit with the Federal Home Loan Bank, in accordance with the Public Funds Collateral Act.

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

The Harris County Investment policy is reviewed and approved annually by Commissioners Court. 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.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

*AUTHORIZED INVESTMENTS*

Funds of Harris County (including Authority funds) may be invested as authorized by the Public Funds Investment Act which is located in Chapter 2256 of the Texas Government Code. Allowable investments include:

1. Direct obligations of the United States, its agencies and instrumentalities.
2. Other obligations, the principal and interest of which are unconditionally guaranteed, insured 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.
3. Direct obligations of the State of Texas or its agencies provided the agency has the same debt rating as the State of Texas.
4. Obligations of states, agencies, counties, cities, and other political subdivisions located in the United States, rated not less than A, or its equivalent, by a nationally recognized investment rating firm.
5. 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 in number 1 above. In addition to the County's authority to invest funds in certificates of deposit and share certificates as stated above, made in accordance with the following conditions is an authorized investment under Texas Government Code Section 2256.010(b): (1) the funds are invested by the County 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 County 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 County; (2) the broker or the depository institution selected by the County 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 County; (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 County acts as custodian for the County with respect to the certificates of deposit issued for the account of the County.
6. Fully collateralized repurchase agreements, provided the County 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 in number 1 above. It is required that the securities purchased as part of the repurchase agreement must be assigned to the County, held in the County's name, and deposited at the time the investment is made with the County's custodian or with a third-party approved by the County. 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.
7. Securities lending programs if the loan is fully collateralized, including accrued income, by securities described in Texas Government 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

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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.

8. Commercial paper with a stated maturity of 270 days or less from the date of issuance, rated A-1 or P-1 or an equivalent rating by at least two nationally recognized agencies, and not under review for possible downgrade at the time of purchase. Regardless of whether commercial paper is purchased directly from the issuer or from a broker/dealer in the secondary market, a competitive bid process is required, in which the investment yield is compared to other available commercial paper having a comparable maturity and credit rating. An exception may be made to the competitive offer process when seeking to purchase municipal commercial paper securities due to very limited quantity.
9. Local government investment pools with a dollar weighted average maturity of 60 days or less, approved through resolution of Commissioners Court to provide services to the County, continuously rated no lower than AAA or equivalent by at least one nationally recognized rating service. The County 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 County funds are being held. To be eligible to receive funds from and invest funds on behalf of the County 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 Texas Government Code Section 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.
10. A Securities and Exchange Commission (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 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 County 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.
11. Interest-bearing banking deposits that are guaranteed or insured by: (A) the Federal Deposit Insurance Corporation 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 County selects from a list of 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 County 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 County'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 County appoints as the custodian of the bank deposits issued for the County'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 Securities and Exchange Commission and operating under Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3).

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Summary of Cash and Investments

The Authority's cash and investments are stated at fair value or amortized cost. The following is a summary of the Authority's cash, cash equivalents and investments at September 30, 2025.

	<b>Totals</b>
Cash and Cash Equivalents	\$ 868,172,298
Investments	857,929,118
Restricted Cash and Cash Equivalents	127,580,524
Restricted Investments	76,838,669
<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>\$ 1,930,520,609</b>

The table below indicates the fair value and maturity value of the Authority's investments as of September 30, 2025, summarized by investment type. Also demonstrated are the percentages of the total portfolio, the modified duration in years, and the credit ratings for each summarized investment type.

Investment Type	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P/ Moody's/Fitch
<i>US Agency Notes</i>					
FFCB	\$ 41,101,370	2.16%	\$ 41,000,000	0.0066	AA+/Aa1
FHLB	279,730,520	14.63%	280,000,000	0.1221	AA+/Aa1
FHLMC	101,898,120	5.33%	102,000,000	0.0224	AA+/Aa1
<i>Total US Agency Notes</i>	422,730,010		423,000,000		
<i>Commercial Paper</i>					
BARCLAYS CAPITAL INC	65,585,940	3.43%	66,000,000	0.0036	A1/F1
SUMITOMO MIT/SINGAPORE	29,692,800	1.55%	30,000,000	0.0012	A1+/P-1
<i>Total Commercial Paper</i>	95,278,740		96,000,000		
<i>Local Governments</i>					
ANDOVER NY CENTRL SCH DIST	7,697,721	0.40%	7,600,000	0.0029	MIG1
BOCES NY 2ND SUPERVISORY DIST	6,867,912	0.36%	6,800,000	0.0021	SP-1
BRADFORD NY CENTRL SCH DIST	9,088,353	0.48%	9,000,000	0.0035	MIG1
CALEDONIA-MUMFORD NY CENTRL SC	8,586,003	0.45%	8,500,000	0.0033	MIG1
DALLAS TX ISD	2,013,900	0.11%	2,000,000	0.0004	AAA/Aaa
DUBLIN OH CITY SCH DIST	4,077,602	0.21%	4,065,000	0.0004	AAA
FORT BEND TX INDEP SCH DIST	3,064,055	0.16%	3,000,000	0.0014	AAA/AAA
GREENE NY CENTRL SCH DIST	11,279,324	0.59%	11,200,000	0.0048	MIG1
HURST EULESS BEDFORD TX ISD	1,022,040	0.05%	1,000,000	0.0005	AAA
NEW BRAUNFELS TX UTIL REV	442,838	0.02%	435,000	0.0002	Aa1
OREGON ST LOTTERY REV	996,380	0.05%	1,000,000	0.0003	AAA/Aa2
SAN DIEGO CA CMNTY CLG DIST	512,422	0.03%	500,000	0.0002	AAA/Aa1
TEXAS A&M UNIV REV	4,135,557	0.22%	4,195,000	0.0037	AAA/Aaa
TEXAS ST TRANSPRTN COMMISSION	20,459,000	1.07%	20,000,000	0.0103	AAA/Aaa
UNIV OF TEXAS	1,018,377	0.05%	1,000,000	0.0004	AAA/Aaa
<i>Total Local Governments</i>	81,261,484		80,295,000		
<i>US Treasury Bills</i>					
US Treasury Bills	65,830,370	3.44%	66,800,000	0.0133	AA+/Aa1
<i>Total US Treasury Bills</i>	65,830,370		66,800,000		
<i>US Treasury Notes</i>					
US Treasury Notes	268,554,790	14.05%	273,100,000	0.1568	AA+/Aa1
<i>Total US Treasury Notes</i>	268,554,790		273,100,000		
<i>Money Market Funds</i>					
LOGIC Pool	76,062,093	3.98%	76,062,093	N/A	AAAm
LoneStar Pool	27,835,317	1.46%	27,835,317	N/A	AAAm
TexasCLASS Pool	50,266,338	2.63%	50,266,338	N/A	AAAm
TRA DDA Chase	233,080,487	12.19%	233,080,487	N/A	NA
TR Debt Service Reserve BKNY	112,440,373	5.88%	112,440,373	N/A	NA
US Bank Trust	457,769,961	23.95%	457,769,961	N/A	NA
State and Local Governmental Series	20,528,222	1.07%	20,528,222	N/A	NA
<i>Total Money Market Funds</i>	977,982,791		977,982,791		
Total Investments & Cash Equivalents	1,911,638,185	100.00%	\$ 1,917,177,791		
<i>Demand and Time Deposits</i>	18,882,424				
<b>Total Cash, Cash Equivalents &amp; Investments</b>	<b>\$ 1,930,520,609</b>				

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Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. 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, 2025, the County has the recurring fair value measurements for U.S. Agency Notes, Commercial Paper, Local Governments, U.S. Treasury Bills and Notes totaling \$933,655,394 all of which are valued using quoted prices for similar assets in active markets (Level 2 inputs). The Money Market Funds through External Investment Pools totaling \$977,982,791 have been valued at amortized cost or fair value in accordance with GASB Nos. 72 and 79. LOGIC and Lone Star Investment pools are valued at amortized cost, which approximates fair value. The recorded position of the pool for Texas CLASS is measured at net asset value to approximate fair value, which is designed to approximate the share value; however, the net asset value is not guaranteed or insured. TRA Demand Deposit Accounts at Chase, Trust at US Bank and State and Local Government Series preserves cash and liquidity and is considered cash value.

*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 County 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 County investment policy, no more than 50% of the portfolio, excluding those investments held for construction/capital projects, special revenue, flood control, proprietary and enterprise, Public Improvement Contingency, District Clerk Registry, County Clerk Registry, and bond reserves may be invested beyond three years. Additionally, at least 15% of the portfolio, excluding those investments held for future major capital expenditures, debt service payments, bond fund reserve accounts, and capitalized interest funds, shall be invested in overnight instruments or in marketable securities which can be sold to raise cash within one day's notice. Overall, the average maturity of the portfolio, with the previous exceptions, shall not exceed three years.

As of September 30, 2025, the Authority was in compliance with all of these guidelines to manage interest rate risk.

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 County mitigates these risks by emphasizing the importance of a diversified portfolio. All funds must be sufficiently diversified to minimize 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 County'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

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mutual funds and public funds investment pools must be rated AAA or its 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 County’s name and are held by the counterparty. In the event of the failure of the counterparty, the County may not be able to recover the value of its investments that are held by the counterparty. As of September 30, 2025, all of the Authority’s investments are held in the County’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 US dollar. The County Investment Policy does not list securities denominated in a foreign currency among the authorized investment instruments. Consequently, the Authority 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 Harris County and Authority’s financial statements. The three investment strategies employed by Harris County are the Matching Approach, the Barbell Approach and the Laddered Approach. The Matching Approach is an investment method that matches maturing investments with disbursements. Matching requires an accurate forecast of disbursement requirements. 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. The Laddered Approach is an investment method that positions maturities that occur in regular intervals, providing a known stream of cash. The investment strategies and maturity criteria are outlined in the following table.

Fund Type	Investment Strategy	Maximum Maturity Per Policy (Years)	Maturity Amount	Average Remaining Years To Maturity
Toll Road Project Funds	Matching/Barbell/Laddered	6	\$ 733,695,000	1.15
Toll Road Renewal/Replacement	Matching/Barbell/Laddered	6	130,400,000	1.20
Toll Road Bond Reserve	Matching	Final maturity of the bonds	75,100,000	0.74
Money Market Mutual Funds	N/A	N/A	977,982,791	N/A
<b>Total</b>			<b>\$ 1,917,177,791</b>	

Note: Money Market Mutual Funds are excluded from the various fund types, which may affect the average remaining days to maturity.

**3. OTHER RECEIVABLES AND UNEARNED REVENUE**

Other receivables as of September 30, 2025 are comprised of credit card receivables and toll violations for EZ tag collections. The other receivables amount of \$212,390,278 is reported net of allowance for doubtful accounts. The allowance increased by \$133,935,800 (a contra to revenues) to \$882,591,166 in the current fiscal year.

Proprietary funds report unearned revenue in connection with resources that have been received, but not yet earned. At the end of the fiscal year September 30, 2025, the Authority reported \$122,153,644 in unearned EZ tag revenues.

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**4. PREPAIDS AND OTHER ASSETS**

Prepays and other assets as of September 30, 2025, are \$5,415,759 which includes the costs of hardware and software as well as the unexpired portion of insurance premiums paid upfront for future fiscal years.

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended September 30, 2025, was as follows:

	<u>Balance</u> <u>October 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfers/ Other</u>	<u>Balance</u> <u>September 30, 2025</u>
Capital assets not being depreciated:					
Land	\$ 392,291,184	\$ 168,028	\$ -	\$ (1,347,188)	\$ 391,112,024
Easement	1,989,062	-	-	1,347,188	3,336,250
Construction in progress	1,241,228,962	307,662,208	(17,314,942)	(2,872,298)	1,528,703,930
Total capital assets not depreciated	<u>1,635,509,208</u>	<u>307,830,236</u>	<u>(17,314,942)</u>	<u>(2,872,298)</u>	<u>1,923,152,204</u>
Depreciable capital assets:					
License agreement	237,500,000	-	-	-	237,500,000
Intangible assets - software	43,537,966	-	-	-	43,537,966
Land improvements	18,865,805	-	-	-	18,865,805
Infrastructure	3,630,829,022	-	-	2,872,298	3,633,701,320
Buildings	30,550,414	-	-	-	30,550,414
Equipment	63,980,154	6,432,828	(3,551,499)	(56,790)	66,804,693
Total depreciable capital assets:	<u>4,025,263,361</u>	<u>6,432,828</u>	<u>(3,551,499)</u>	<u>2,815,508</u>	<u>4,030,960,198</u>
Less accumulated depreciation for:					
License agreement/Intangible asset	(137,891,341)	(9,832,251)	-	-	(147,723,592)
Land improvements	(11,902,690)	(908,729)	-	-	(12,811,419)
Infrastructure	(1,994,717,933)	(89,974,393)	-	-	(2,084,692,326)
Buildings	(6,840,295)	(672,920)	-	-	(7,513,215)
Equipment	(47,759,381)	(4,880,673)	3,418,123	56,790	(49,165,141)
	<u>(2,199,111,640)</u>	<u>(106,268,966)</u>	<u>3,418,123</u>	<u>56,790</u>	<u>(2,301,905,693)</u>
Lease right-to-use assets:					
Buildings	22,014,709	3,344,322	(491,928)	-	24,867,103
Equipment	72,076	-	-	-	72,076
Total lease right-to-use assets	<u>22,086,785</u>	<u>3,344,322</u>	<u>(491,928)</u>	<u>-</u>	<u>24,939,179</u>
Less accumulated amortization for:					
Buildings	(6,294,495)	(4,117,671)	2,846,676	-	(7,565,490)
Equipment	(42,968)	(16,633)	-	-	(59,601)
Total accumulated amortization	<u>(6,337,463)</u>	<u>(4,134,304)</u>	<u>2,846,676</u>	<u>-</u>	<u>(7,625,091)</u>
Lease right-to-use assets, net	<u>15,749,322</u>	<u>(789,982)</u>	<u>2,354,748</u>	<u>-</u>	<u>17,314,088</u>
Subscription right-to-use assets:					
Subscriptions	23,223,714	113,606	(3,862,979)	-	19,474,341
Less accumulated amortization for:					
Subscription right-to-use assets	(9,476,345)	(5,101,385)	3,862,979	-	(10,714,751)
Subscription right-to-use assets, net	<u>13,747,369</u>	<u>(4,987,779)</u>	<u>-</u>	<u>-</u>	<u>8,759,590</u>
Depreciable/Amortized capital assets, net	<u>1,855,648,412</u>	<u>(105,613,899)</u>	<u>2,221,372</u>	<u>2,872,298</u>	<u>1,755,128,183</u>
Total capital assets, net	<u>\$ 3,491,157,620</u>	<u>\$ 202,216,337</u>	<u>\$ (15,093,570)</u>	<u>\$ -</u>	<u>\$ 3,678,280,387</u>

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**6. LONG-TERM LIABILITIES**

The Authority has financed the Toll Road Projects with a combination of unlimited tax and subordinate lien revenue bonds, senior and first lien revenue bonds, and commercial paper. The proceeds from such debts, including the interest earned thereon, are being used to finance the construction costs, the related debt service, and a portion of the maintenance and operating expenses.

Changes in the Authority's Long-Term Liabilities for the fiscal year ended September 30, 2025 were as follows:

	Outstanding October 1, 2024	Issued/ Increased	Paid/ Decreased	Outstanding September 30, 2025	Due Within One Year
Senior Lien Revenue Bonds	\$ 1,090,780,000	\$ -	\$ (42,015,000)	\$ 1,048,765,000	\$ 42,655,000
First Lien Revenue Bonds	1,655,700,000	-	(42,600,000)	1,613,100,000	55,145,000
Tax Bonds	109,470,000	-	(12,070,000)	97,400,000	12,090,000
Total Bond Principal	2,855,950,000	-	(96,685,000)	2,759,265,000	109,890,000
Unamortized Premium, Senior Revenue Bonds	103,256,717	-	(11,769,083)	91,487,634	-
Unamortized Premium, First Revenue Bonds	151,720,324	-	(16,703,165)	135,017,159	-
Unamortized Premium, Tax Bonds	2,940,921	-	(575,316)	2,365,605	-
Total Bonds Payable	3,113,867,962	-	(125,732,564)	2,988,135,398	109,890,000
Commercial Paper Payable	62,380,000	249,520,000	(157,180,000)	154,720,000	-
Compensatory Absences Payable*	1,401,551	129,319	-	1,530,870	1,316,658
Arbitrage Rebate Payable	4,118,449	3,808,305	-	7,926,754	1,109,071
Lease Payable	16,659,668	3,344,322	(1,821,347)	18,182,643	4,394,910
Subscription Payable	13,702,024	113,606	(5,166,111)	8,649,519	3,842,539
Total OPEB Liability	166,679,414	-	(55,960,718)	110,718,696	3,213,000
Net Pension Liability	16,033,757	-	(10,401,000)	5,632,757	-
Pollution Remediation Obligation	694,164	1,130,766	-	1,824,930	-
Totals - Toll Road Fund Liabilities	<u>\$ 3,395,536,989</u>	<u>\$ 258,046,318</u>	<u>\$ (356,261,740)</u>	<u>\$ 3,297,321,567</u>	<u>\$ 123,766,178</u>

\* The change in compensated absences above is a net change for the year

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**A. Outstanding Bonded Debt**

	<u>Original Issue Amount</u>	<u>Interest Rate Range (%)</u>	<u>Date Series</u>		<u>Outstanding Balance September 30, 2025</u>
			<u>Issued</u>	<u>Matures</u>	
<b><u>Senior Lien Revenue Bonds</u></b>					
Refunding Series 2015B	\$ 161,575,000	5.00	2015	2036	\$ 108,830,000
Refunding Series 2016A	530,105,000	2.75-5.00	2016	2047	406,695,000
Refunding Series 2018A	559,900,000	4.00-5.00	2018	2048	453,490,000
Refunding Series 2019A	90,255,000	3.00-5.00	2019	2049	79,750,000
Total Principal Senior Lien Revenue Bonds	<u>1,341,835,000</u>				<u>1,048,765,000</u>
Unamortized Premiums and Discounts					<u>91,487,634</u>
Total Senior Lien Revenue Bonds					<u>1,140,252,634</u>
<b><u>First Lien Revenue Bonds</u></b>					
Refunding Series 2021	424,925,000	3.00-5.00	2021	2050	390,065,000
Refunding Series 2022A	194,030,000	5.00	2022	2033	169,250,000
Refunding Series 2023A	119,495,000	5.00	2023	2035	110,995,000
Refunding Series 2024A	950,000,000	4.00-5.25	2024	2054	942,790,000
Total Principal First Lien Revenue Bonds	<u>1,688,450,000</u>				<u>1,613,100,000</u>
Unamortized Premiums and Discounts					<u>135,017,159</u>
Total First Lien Revenue Bonds					<u>1,748,117,159</u>
<b><u>Unlimited Tax and Subordinate Lien Bonds (Tax Bonds)</u></b>					
Refunding Series 2007C	<u>321,745,000</u>	5.25	2007	2033	<u>97,400,000</u>
Total Principal Tax Bonds	<u>321,745,000</u>				<u>97,400,000</u>
Unamortized Premiums and Discounts					<u>2,365,605</u>
Total Tax Bonds					<u>99,765,605</u>
Total Bonds Principal					2,759,265,000
Total Unamortized Premiums and Discounts					228,870,398
TOTAL	<u>\$ 3,352,030,000</u>				<u>\$ 2,988,135,398</u>

**B. Covenants and Conditions**

The Senior Lien Revenue Bonds and First Lien Revenue Bonds are payable from revenues generated from the Toll Roads. The Tax Bonds are secured by and payable from a pledge of the County's unlimited ad valorem taxing power and are also secured by a pledge of and lien on the revenues of the Toll Roads, subordinate to the lien of the Senior Lien Revenue Bonds and First Lien Revenue Bonds. The Authority has covenanted to assess a maintenance tax to pay project expenses if revenues, after paying debt service, are insufficient. The Authority also has covenanted to collect tolls to produce revenues at the beginning of the third fiscal year following completion of the Toll Roads equal to at least 1.25 times the aggregate debt service on all Senior Lien Revenue Bonds and First Lien Revenue Bonds accruing in such fiscal year. The 1.25 revenue coverage covenant went into effect during fiscal year 1994. The revenue coverage ratio was 5.10 as of September 30, 2025.

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**C. Debt Service Requirements**

Total interest expense was \$107,676,539 for the fiscal year ended September 30, 2025. The following are the debt service requirements for bonds payable:

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 109,890,000	\$ 128,621,925	\$ 238,511,925
2027	114,750,000	123,147,200	237,897,200
2028	119,880,000	117,379,413	237,259,413
2029	125,305,000	111,355,075	236,660,075
2030	131,030,000	105,059,425	236,089,425
2031-2035	602,120,000	424,386,088	1,026,506,088
2036-2040	438,665,000	303,262,725	741,927,725
2041-2045	453,865,000	207,658,675	661,523,675
2046-2050	449,565,000	103,077,487	552,642,487
2051-2054	214,195,000	25,345,462	239,540,462
	<u>\$ 2,759,265,000</u>	<u>\$ 1,649,293,475</u>	<u>\$ 4,408,558,475</u>

**D. Unissued Authorized Bonds**

In an election held on September 13, 1983, the voters of the County endorsed using toll roads to alleviate the County's traffic problems by authorizing the County to issue up to \$900,000,000 of bonds secured by a pledged of its unlimited ad valorem taxing power. As of September 30, 2025, the unissued authorized bonds for the toll road project are \$15,148,000.

**E. Defeasance of Debt**

In prior years, the Authority has defeased certain bonds by placing the proceeds of the refunding bonds in an irrevocable trust to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the financial statements. As of September 30, 2025 there was no outstanding principal balance of these defeased bonds in trust.

**F. Debt Issuances and Retirements**

On May 29, 2025, the County utilized toll road revenue to defease \$78,590,000 in Series K Toll Road First Lien Commercial Paper notes.

On June 18, 2025, the County utilized toll road revenue to defease \$78,590,000 in Series K-2 Toll Road First Lien Commercial Paper notes.

**G. Commercial Paper**

In addition to the outstanding long-term debt of the Toll Road, the Commissioners Court has established a commercial paper program secured by and payable from Toll Road revenues. On March 22, 2022, Commissioners Court authorized a new commercial paper program, for \$200 million, designated as the Harris County Toll Road System First Lien Revenue Commercial Paper Notes, Series K, to finance capital projects of Toll Road. On May 16, 2023, Commissioners Court authorized a second commercial paper program, for \$150 million, designated as the Harris County Toll Road System First Lien Revenue Commercial Paper Notes, Series K-2. As of September 30, 2025, Toll Road had outstanding \$154,720,000 of commercial paper combined in Series K and Series K-2 Notes.

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For Commercial Paper Series K, Toll Road entered into a Letter of Credit Reimbursement Agreement (the “Series K Letter of Credit”) with Truist Bank, whereby the Bank supports the Series K Notes by issuing a letter of credit in the original stated amount of \$214,794,521 (representing an amount supporting the total aggregate principal amount of \$200,000,000 plus \$14,794,521 which is 270 days’ accrued interest on such principal amount at the rate of ten percent (10%) per annum computed on a 365 day basis) for the timely payment of the principal of and interest on the Series K Notes at maturity. The Series K Letter of Credit expires May 19, 2030. For this reimbursement agreement the Authority will be assessed a fee of 0.23% per annum on the stated amount of the letter of credit. If converted to a term loan, the principal amount of each term loan will be paid in twelve (12) substantially equal installments due quarterly on the last business day of the month in which such payment is due, commencing with the first such installment due on the term loan commencement date; provided however, that any remaining portion of the term loan shall be due and payable no later than the amortization end date; and provided further, that no term loan shall mature after the maximum maturity date. Any term loans made by the Bank under the available commitment shall be evidenced by the Bank note.

For Commercial Paper Series K-2, Toll Road entered into a Letter of Credit Reimbursement Agreement (the “Series K-2 Letter of Credit”) with Barclays Bank PLC, whereby the Bank supports the Series K-2 Notes by issuing a letter of credit in the original stated amount of \$161,095,891 (representing an amount supporting the total aggregate principal amount of \$150,000,000 plus \$11,095,891 which is 270 days’ accrued interest on such principal amount at the rate of ten percent (10%) per annum calculated on the basis of a 365 day year) for the timely payment of the principal of and interest on the Series K-2 Notes at maturity. The Series K-2 Letter of Credit expires June 19, 2026. For this reimbursement agreement the Authority will be assessed a fee of 0.29% per annum on the stated amount of the letter of credit. The Authority also agrees to pay the Bank a non-refundable drawing fee of \$350 for each drawing under the letter of credit. If converted to a term loan, the principal amount of each term loan will be paid in equal semi-annual installments.

**DEBT SERVICE TO MATURITY-COMMERCIAL PAPER**

As of September 30, 2025, the Authority had \$154,720,000 outstanding principal balance on the commercial paper lines of credit.

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ -	\$ -	\$ -
2027	14,835,000	6,204,430	21,039,430
2028	19,780,000	5,640,391	25,420,391
2029	19,780,000	2,632,182	22,412,182
2030	4,945,000	1,396,822	6,341,822
2031-2033	95,380,000	22,362,967	117,742,967
	<u>\$ 154,720,000</u>	<u>\$ 38,236,792</u>	<u>\$ 192,956,792</u>

**H. Arbitrage Rebate Liability**

The Tax Reform Act of 1986 established regulations for the rebate to the federal government of arbitrage earnings on certain local government bonds issued after December 31, 1985, and all local governmental bonds issued after August 31, 1986. Issuing governments must calculate any rebate due and remit the amount due at least every five years. There were no arbitrage rebate payments made during fiscal year 2025. As of September 30, 2025, the arbitrage rebate liability amounted to the total of \$7,926,754 for the Toll Road.

**I. Subsequent Long-Term Debt Related Activities**

On December 4, 2025, the County issued \$227,440,000 in Toll Road First Lien Revenue Refunding Bonds, Series 2025A, to defease the County’s outstanding Series K & K-2 Toll Road System First Lien Revenue Commercial Paper notes, to refund Series 2015B Toll Road Senior Lien Revenue Refunding bonds, and to pay cost of such issuance. The issuance had a premium of \$17,987,787. The interest accrues

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semiannually, and the bonds mature in 2055. The refunding resulted in savings of \$34,073,301 due to a decrease in cash flow requirements and had an economic gain of \$9,296,500.

**J. Lease Liability**

The Authority leases buildings and equipment, the terms of which expire in various years through 2035. Variable payments of certain leases are based upon the Consumer Price Index (CPI). The leases were measured based upon the CPI at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

The following is a schedule of payments under the leases as of September 30, 2025:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total to Be Paid</b>
2026	\$ 4,394,910	\$ 399,060	\$ 4,793,970
2027	4,483,018	293,365	4,776,383
2028	3,742,733	192,046	3,934,779
2029	2,569,201	109,174	2,678,375
2030	950,624	69,032	1,019,656
2031-2035	2,042,157	107,921	2,150,078
	<u>\$18,182,643</u>	<u>\$1,170,598</u>	<u>\$19,353,241</u>

**K. Subscription Liability**

The Authority has multi-year information technology subscriptions, the terms of which expire in various years through 2029. Variable payments of certain subscriptions are based upon the CPI. The subscriptions were measured based upon the CPI at lease commencement. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

The following is a schedule of payments under the subscriptions as of September 30, 2025:

<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total to Be Paid</b>
2026	\$ 3,842,539	\$ 180,336	\$ 4,022,875
2027	2,259,918	94,006	2,353,924
2028	2,388,809	26,472	2,415,281
2029	158,253	461	158,714
	<u>\$ 8,649,519</u>	<u>\$ 301,275</u>	<u>\$ 8,950,794</u>

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**7. RETIREMENT PLAN**

Plan Description. Harris County provides retirement, disability, and survivor benefits for all of its employees (excluding temporary) through a non-traditional defined benefit pension plan in the statewide Texas County and District Retirement System (“TCDRS”). This is accounted for as an agent multiple employer defined benefit pension plan. The Board of Trustees of TCDRS is responsible for the administration of the statewide agent multiple-employer public employee retirement system. TCDRS in the aggregate issues an annual comprehensive financial report on a calendar year basis. The annual report is available upon written request from the TCDRS, Finance Division, Barton Oaks Plaza IV, Ste. 500, 901 S. MoPac Expy., Austin, TX 78746 or the website at [www.TCDRS.org](http://www.TCDRS.org).

Harris County’s pension plan includes Toll Road and three other participating employers. Toll Road Authority has reported its participation in the Harris County plan as a cost sharing employer. The Harris County plan is allocated to participating employers based upon contributions. The Authority’s allocated share was 3.96232%.

Benefits Provided. The plan provisions are adopted by Commissioners Court of the County, within the options available in the state statutes governing TCDRS (“TCDRS Act”). Members can retire at ages 60 and above with eight or more years of service, with 30 years of service regardless of age, when the sum of their age and years of service equals 75 or more, or if they become disabled. Members are vested after eight years of service but must leave their accumulated contributions in the plan to receive any employer-financed benefit. Members who withdraw their personal contributions in a lump sum are not entitled to any amounts contributed by the County.

Benefit amounts are determined by the sum of the employee’s contributions to the plan, with interest and employer-financed monetary credits. The level of these monetary credits is adopted by Commissioners Court, within the actuarial constraints imposed by the TCDRS Act so that the resulting benefits can be expected to be adequately financed by the employer’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 County’s current match is 225%.

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

	12/31/23	12/31/24
Inactive employees or beneficiaries currently receiving benefits	11,202	11,577
Inactive employees entitled but not yet receiving benefits	11,836	13,574
Active employees	20,346	19,805
Total	43,384	44,956

Contributions. The County has elected the annually determined contribution rate (“ADCR”) plan provisions of the TCDRS Act. The plan is funded by monthly contributions from both employee members and the County based on the covered payroll of employee members. Under the TCDRS Act, the contribution rate of the County is actuarially determined annually as of December 31, two years prior to the end of the fiscal year in which contributions are reported. The County’s annual contribution rate is actuarially determined, and the County can at this rate elect to contribute or a higher rate. The County contributed at a rate of 15.1% of covered payroll for the months of the calendar year 2023, 15.4% for the calendar year 2024 and 15.1% for the calendar year 2025.

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The contribution rate payable by the employee members for 2024 and 2025 is 7% as adopted by Commissioners Court. The employee contribution rate and the employer contribution rate may be changed by Commissioners Court, within the options available in the TCDRS Act.

Actuarial Assumptions. For the County's fiscal year ended September 30, 2025, the net pension (asset)/liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary Increases (average)	4.7%
Investment rate of return	7.5%
(Investment rate of return is net of administrative expenses)	

The County has no automatic cost-of-living adjustments ("COLA") and one is not considered to be substantively automatic under GASB No. 68, *Accounting and Financial Reporting for Pensions* ("GASB 68"). Therefore, no assumption for future COLA is included in the GASB calculation or in the funding valuation. Each year, the County may elect an ad-hoc COLA for its retirees.

The annual salary increases 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.

Mortality rates for depositing members were 135% of Pub-2010 General Employees Amount-Weighted Mortality Table for males and 120% 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 were 135% of Pub-2010 General Retirees Amount-Weighted Mortality Table for males and 120% Pub-2010 General Retirees Amount-Weighted Mortality Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010. Disabled retirees were 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.

The actuarial cost method was Entry Age Normal, as required by GASB 68. The actuarial assumptions used in the December 31, 2024 valuation for the County were developed from an actuarial experience investigation of TCDRS over the years 2017-2020, except where required to be different by GASB 68.

The long-term expected rate of return on TCDRS assets is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The numbers shown are based on January 2025 information for a 10-year time horizon and are 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 2021 meeting. The assumption is reviewed annually for continued compliance with relevant standards of practice.

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The following target asset allocation was adopted by the TCDRS board in March 2025. The geometric real rate of return is net of inflation, assumed at 2.35%.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	13.00%	5.35%
Global Equities	4.00%	5.15%
International Equities - Developed Markets	6.00%	4.75%
International Equities - Emerging Markets	0.00%	4.75%
Investment-Grade Bonds	3.00%	2.55%
Strategic Credit	9.00%	3.70%
Direct Lending	16.00%	6.85%
Distressed Debt	4.00%	6.80%
REIT Equities	2.00%	3.95%
Master Limited Partnerships	2.00%	4.95%
Commodities	2.00%	1.00%
Private Real Estate Partnerships	6.00%	5.75%
Private Equity	25.00%	8.15%
Hedge Funds	6.00%	3.60%
Cash Equivalents	2.00%	1.10%
	<u>100.00%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.6%. Using the alternative method, the projected fiduciary net position is determined to be sufficient compared to projected benefit payments based on the funding requirements under the County’s funding policy and the legal requirements under the TCDRS Act.

1. TCDRS has a funding policy where the unfunded actuarial accrued liability (“UAAL”) is amortized on a level-dollar basis as of and after December 31, 2023, and on a level percent of pay basis prior to December 31, 2023, over a 20-year closed period using a layered approach.
2. Under the TCDRS Act, the County is legally required to make the contribution specified in the funding policy.
3. The County’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.
4. Any increased cost due to the adoption of a COLA is required to be funded over a period of 15 years, if applicable.

Since the projected fiduciary net position is projected to be sufficient to pay projected benefit payments in all future years, the discount rate for purposes of calculating the total pension liability and net pension (asset)/liability of the employer is equal to the long-term assumed rate of return on investments.

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Changes in Net Pension Liability/(Asset) (amounts in thousands):

	<b>Harris County</b>		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2023	\$ 8,808,866	\$ 8,386,586	\$ 422,280
Changes for the year:			
Service cost	218,178	-	218,178
Interest on total pension liability	668,503	-	668,503
Effect of economic/demographic gains or losses	6,485	-	6,485
Refund of contributions	(17,637)	(17,637)	-
Benefit payments	(452,874)	(452,874)	-
Administrative expenses	-	(4,948)	4,948
Member contributions	-	103,767	(103,767)
Net investment income	-	851,922	(851,922)
Employer contributions	-	227,728	(227,728)
Other	-	(5,181)	5,181
Balances as of December 31, 2024	<u>\$ 9,231,521</u>	<u>\$ 9,089,363</u>	<u>\$ 142,158</u>

The net pension liability allocated to the Authority at December 31, 2024, was \$5,632,757 and the Authority contributions for the same period was \$9,023,338.

*Sensitivity Analysis.* The following presents the net pension (asset)/liability of the County, calculated using the discount rate of 7.60%, as well as what the County's net pension (asset)/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 (amounts in thousands):

Harris County:

	1% Decrease	Current	1% Increase
	6.60%	Discount Rate 7.60%	8.60%
Total pension liability	\$ 10,446,113	\$ 9,231,521	\$ 8,215,350
Fiduciary net position	9,089,363	9,089,363	9,089,363
Net pension (asset)/liability	<u>\$ 1,356,750</u>	<u>\$ 142,158</u>	<u>\$ (874,013)</u>

Toll Road Authority:

	1% Decrease	Current	1% Increase
	6.60%	Discount Rate 7.60%	8.60%
Total pension liability	\$ 413,908	\$ 365,782	\$ 325,518
Fiduciary net position	360,150	360,150	360,150
Net pension (asset)/liability	<u>\$ 53,758</u>	<u>\$ 5,632</u>	<u>\$ (34,632)</u>

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

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Pension Expense and Deferred Inflows/Outflows of Resources Related to Pension. For the fiscal year ending September 30, 2025, the County recognized pension expense of \$128,052,581, the Authority's share was \$5,073,856. The County reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources (amounts in thousands):

Harris County:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 21,303	\$ 9,649
Changes of assumptions	-	74,302
Net difference between projected and actual earnings	91,133	-
Contributions made subsequent to the measurement date	-	180,994
Total	\$ 112,436	\$ 264,945
Toll Road Authority's Allocation:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 844	\$ 382
Changes of assumptions	-	2,944
Net difference between projected and actual earnings	3,611	-
Contributions made subsequent to the measurement date	-	7,540
Total	\$ 4,455	\$ 10,866

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 for the Harris County plan as follows (amounts in thousands):

County		Toll Road	
Fiscal Year Ending September 30:		Fiscal Year Ending September 30:	
2026	\$ (5,991)	2026	\$ (237)
2027	115,692	2027	4,584
2028	(95,462)	2028	(3,783)
2029	(42,724)	2029	(1,693)
Total	\$ (28,485)	Total	\$ (1,129)

Payable to the Pension Plan. At September 30, 2025, the County reported a payable of \$26,771,665 for the outstanding amount of contributions to the pension plan.

The above information includes four participating employers to the agent multiple employer defined benefit pension plan. One of the employers, Community Supervision ("CS") is not considered a department or a component unit of the County and thus is presented below for consideration as part of the total pension balances. The net pension liability for CS at September 30, 2025 was \$3,511,144.

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The deferred inflows and outflows of resources reported for CS at September 30, 2025 were (amounts in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 526	\$ 238
Changes of assumptions	-	1,835
Net difference between projected and actual earnings	2,251	-
Contributions made subsequent to the measurement date	-	4,343
Total	\$ 2,777	\$ 6,416

For the measurement period ended December 31, 2024, CS recognized pension expense of \$2,492,622.

The Required Supplementary Information (“RSI”) following the notes to the financial statements contains: the schedule of changes in the County’s net pension (asset)/liability and related ratios, and the schedule of County contributions.

**8. OTHER POSTEMPLOYMENT BENEFITS**

**THE PLAN:**

Plan Description

Harris County administers an agent multiple-employer defined benefit postemployment healthcare plan that covers retired employees of participating governmental entities. The employers in the plan are: Harris County, Flood Control District, Toll Road Authority, Juvenile Board, Community Supervision, and Emergency 911. The plan provides medical, dental, vision, and basic life insurance benefits to plan members. Local Government Code Section 175.002 entitles County employees to purchase continued health coverage at retirement. Local Government Code Section 157.101 assigns the authority to establish and amend benefit provisions to Commissioners Court. Harris County’s defined OPEB plan is not considered a trust.

Benefits Provided

Effective January 1, 2025, the County provided employees with three medical plan options: Base PPO, Plus PPO and the KelseyCare ACO plan. The County provided retirees with three options: Base PPO, Plus PPO and Medicare Advantage PPO. Prescription drug coverage for all retiree Medicare members not enrolled in the Humana Medicare Advantage PPO, will be provided coverage through Aetna’s SilverScript (a fully insured Employer Group Waiver Plan), available to retirees effective February 1, 2026. The County's contribution depends on age and years of service with the County at the time of retirement. Employees of Harris County are eligible to retire from the County either: (i) upon being vested with 8 years of creditable Texas County and District Retirement System (TCDRS) service and reaching age 60, or (ii) upon satisfying the "Rule of 75" (age plus vested service equals at least 75.)

As a separate Harris County requirement for eligibility for retiree healthcare benefit contributions, after March 1, 2002 an employee's age plus Harris County service must equal 75 with a minimum of 10 years of County service in order to receive 100% of the County contribution for retiree and dependent coverage.

Retirees whose age plus Harris County service equals 70 but less than 75 are required to pay 20% of the County contribution for retiree and dependent coverage. Employees who retire and whose age plus Harris County service is less than 70 are required to pay 50% of the County contribution for retiree and dependent coverage.

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In addition, there are other scenarios where employees may retire using other creditable service such as time from other retirement systems, reinstated service, or disability retirement and still qualify for partial County healthcare contributions. For retirements after March 1, 2002, retirees are required to have a minimum of 4 consecutive years of County service while covered under the County's medical plan immediately prior to retirement to be eligible for County healthcare contributions.

The level of the County's contribution varies by age at retirement and years of service completed according to the following schedule:

Years of Service	0-3	4-7	8	9	10+
Less than 70 Points	0%	50%	50%	50%	50%
70-74 Points	0%	50%	80%	80%	80%
75 Points or More	0%	50%	80%	80%	100%

Harris County only pays 50% of the dependent premium if: 1) the dependent was insured at least one year before the employee retired; and 2) if the retiree qualifies for 100% contribution. If an employee retires paying a portion of their own premium (i.e., 20%) then they would pay a proportionately higher premium for their dependents. For example, an employee paying 20% of their own coverage would pay 60% of their dependent coverage (20% more than an employee retiring with 100% contribution).

*Changes pursuant to Commissioners Court Order dated September 26, 2006:*

1. Current retirees are grandfathered under the contribution rule under which they retired;
2. Employees who were eligible to retire by February 28, 2011 are grandfathered under the rule they would have been entitled to had they retired as of that date;
3. All other employees must have age plus service of at least 80 points or be at least age 65 and have at least 10 years of creditable County service to receive 100% of the County approved contribution for retiree and dependent coverage. They must also pay a contribution for retiree healthcare prior to Medicare eligibility as determined by the Commissioners Court each year. In 2016, Commissioners Court approved this amount to be \$100; and
4. Employees hired after February 28, 2007 must pay a monthly contribution for retiree healthcare as determined by the Commissioners Court each year. The Court's policy also required this group of retirees to pay the full premiums (for both retiree and dependents) for all coverages.

*Retiree Healthcare Contribution Policy Update dated October 11, 2011:*

Beginning March 1, 2012, retiree-paid premiums for the medical/prescription plans are greater for non-Medicare retirees than for retirees with Medicare, and a new tier was added (retiree plus child and retiree plus spouse now have separate rates).

*Retiree Healthcare Contribution Policy Update dated February 14, 2017:*

Effective March 1, 2017, employees hired after February 28, 2007 are entitled to retiree healthcare contributions upon reaching eligibility. They must have age plus creditable County service of at least 80 points with a minimum of 20 years of creditable service or be at least age 65 and have at least 15 years of creditable County service to receive 100% of the County contribution for retiree and dependent coverage. They must also pay a monthly contribution of \$100 for retiree healthcare.

Effective March 1, 2019, surviving spouses of retirees and employees who are “vested” with eight (8) years of service or who choose to take a vested survivor benefit under the TCDRS retirement plan with a minimum of four (4) years, and who were covered as a dependent at the time of the retiree’s or employee’s death, are eligible to continue coverage under the Harris County health and related benefit plans until they are age 65 or Medicare eligible. The cost of this coverage would be the total internal monthly rate for Employee coverage or Retiree coverage. The total internal monthly rate would be the current County

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
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portion and the Employee or Retiree contribution as approved and amended by Commissioners Court.

*Retiree Healthcare Contribution Policy Update dated October 23, 2018:*

The following contribution rules are effective March 1, 2019.

Current retirees are “grandfathered” under the contribution rule they retired under. Grandfathered employees are those who were retired or eligible to retire under the existing rules as of February 28, 2011. It was assumed that an additional contribution for non-grandfathered, under age 65 retirees would be a minimum of the Federal Medicare Part B premium at the beginning of the plan year. In 2016 Commissioners Court approved this amount to be \$100.

Employees hired prior to March 1, 2007 have to attain a combination of age plus a minimum of 10 years of non-forfeited Harris County/TCDRS service equal to 80 or be at least age 65 or Medicare age, with a minimum of 10 years of non-forfeited Harris County/TCDRS service to receive the approved County contribution for retiree and dependent healthcare coverage.

Employees hired after March 1, 2007 have to attain a combination of age plus a minimum of 20 years of non-forfeited Harris County/TCDRS service equal to 80 or be at least age 65 or Medicare age, with a minimum of 15 years of non-forfeited Harris County/TCDRS service to receive the approved County contribution for retiree and dependent healthcare coverage.

All employees will be required to have had continuous employment as a Regular employee or to have been covered under the Harris County medical plan as an Active Employee for four consecutive years prior to retirement to be eligible for any County premium contribution. When calculating whether the retiree meets this requirement, the following absences are included: 1) Qualified leave of absence (LOA) only if the person elected COBRA coverage during the LOA; (2) Approved Military Leave; and (3) A break in service of no more than four months only if the person elected COBRA coverage.

Effective March 1, 2019, employees who have fully repurchased previously forfeited Harris County/TCDRS service are allowed to have that service included towards eligibility for County retiree healthcare contributions. Repurchased amounts must be the minimum of what the employee had withdrew from their account at the time of separation. Partial repayments of previously forfeited service are eligible if made prior to October 23, 2018.

On February 22, 2022, Commissioners Court approved to provide Harris County retiree health benefits and contributions to Harris County Sheriff’s Office correctional healthcare employees who become employed with Harris Health System or the University of Houston and who were within 10 years of their retiree health eligibility date and had at least 10 years of Harris County service. Changes in membership or the impact of extending retiree benefit will be reflected in the Total OPEB Liability when the change or impact can be determinable.

The County has reserved the right to amend its benefits (including required contributions) at any time.

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Plan Membership

At September 30, 2024, the most recent valuation date, membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	6,524
Active plan members	18,362
Total	<u>24,886</u>

Contributions

Local Government Code Section 157.102 assigns to Commissioners Court the authority to establish and amend contribution requirements of the plan members and the participating employers.

Total OPEB Liability

The County's Total OPEB Liability was measured as of September 30, 2025, and was determined by an actuarial valuation as of September 30, 2024. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

Actuarial Assumptions

The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age, Level Percent of Pay				
Recognition of deferred inflows and outflows of resources for experience and assumptions	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB				
Salary increases	3.00 percent				
Inflation rate	2.50 percent				
Healthcare cost trend rate	7.00 percent for 2025 decreasing to 5.40 percent for 2029, 5.25 percent for 2030-2034, 4.60 percent for 2035-2049, 4.50 percent for 2050-2064, 4.25 percent for 2065-2074, and 4.00 percent for 2075 and later years; Medicare ages: 4.50 percent for all years.				
Preretirement Mortality					
Males	135% of Pub-2010 General Employees Headcount-Weighted.				
Females	120% of Pub-2010 General Employees Headcount-Weighted.				
Postretirement Mortality					
Males	135% of Pub-2010 General Retirees Headcount-Weighted.				
Females	120% of Pub-2010 General Retirees Headcount-Weighted.				
Mortality Improvement:	100% of the MP-2021 Ultimate Projection Scale.				
Medical Claims Cost (Annual per Retiree or Spouse)	Age	Medical - Self- Funded	Medical - MAPD	Medical - EGWP	Dental, Vision, & Life
	50	\$ 10,560	\$ 10,560	\$ 10,560	\$ 660
	55	13,212	13,212	13,212	660
	60	16,332	16,332	16,332	660
	64	19,560	19,560	19,560	660
	65	8,664	1,656	5,688	660
	70	8,340	1,596	5,472	660
	75	8,940	1,716	5,868	660

Actuarial assumptions used in the September 30, 2024 valuation were based on a review of plan experience during the period March 1, 2022 to September 30, 2024.

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Discount Rate

For OPEB Plans That Are Not Administered through Trusts That Meet the Criteria in Paragraph 4, GASB 75 requires a discount rate that is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The discount rate used to measure the County's Total OPEB liability is based on the following information:

Reporting Date	Measurement Date	Fidelity GO AA 20 Years Municipal Index	Discount Rate
September 30, 2024	September 30, 2024	3.81%	3.75%
September 30, 2025	September 30, 2025	4.90%	5.00%

Schedule of Changes in Total OPEB Liability (September 30, 2024 to September 30, 2025)

	Total OPEB Liability
Balances as of September 30, 2024	\$ 3,910,434,867
Changes for the year:	
Service cost	164,408,495
Interest	147,624,021
Changes of assumptions*	(1,565,348,609)
Benefit payments <sup>(1)</sup>	(90,598,022)
Balances as of September 30, 2025	<u>\$ 2,566,520,752</u>

<sup>(1)</sup> Includes \$90,598,022 of pay-as-you-go contributions made from sources outside of trust.

\* Change in assumptions or other inputs:

Impact of adopting Humana Medicare Advantage PPO	\$ (93,320,699)
Impact of implementing Aetna's SilverScript (Employer Group Waiver Plan)	(898,507,483)
Change in discount rate from 3.75% to 5.00% as of September 30, 2025	(573,520,427)
Total	<u>\$ (1,565,348,609)</u>

There was a decrease in the total OPEB liability mainly due to the changes in assumptions during the fiscal year. The changes in assumptions include the impact of adopting the Humana Medicare Advantage PPO, implementing Aetna's SilverScript (Employer Group Waiver Plan) and a change in discount rate from 3.75% to 5.00%.

*Sensitivity of the Total OPEB liability to changes in the discount rate.* The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.00 percent) or 1-percentage-point higher (6.00 percent) than the current discount rate:

Harris County:	1% Decrease 4.00%	Discount Rate 5.00%	1% Increase 6.00%
Total OPEB liability	\$ 3,011,885,558	\$ 2,566,520,752	\$ 2,209,835,332
Toll Road:	1% Decrease 4.00%	Discount Rate 5.00%	1% Increase 6.00%
Total OPEB liability	\$ 129,964,268	\$ 110,718,696	\$ 95,265,909

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
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*Sensitivity of the Total OPEB liability to changes in the healthcare cost trend rates.* The following presents the Total OPEB liability, as well as what the Total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Harris County:	1% Decrease <sup>(2)</sup>	Trend Rate	1% Increase <sup>(3)</sup>
Total OPEB liability	\$ 2,152,749,029	\$ 2,566,520,752	\$ 3,102,580,640
Toll Road:	1% Decrease <sup>(2)</sup>	Trend Rate	1% Increase <sup>(3)</sup>
Total OPEB liability	\$ 92,651,936	\$ 110,718,696	\$ 134,042,945

<sup>(2)</sup> Trend rate for each future year reduced by 1.00%.

<sup>(3)</sup> Trend rate for each future year increased by 1.00%.

**OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB**

For the fiscal year ended September 30, 2025, the County recognized OPEB expense of \$210,058,303 and the Authority's share was \$11,283,669. At September 30, 2025, the County's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

<u>Harris County:</u>	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 261,661,531
Changes in assumptions or other inputs	2,214,353,176	968,753,202
Total	\$ 2,214,353,176	\$ 1,230,414,733
<u>Toll Road's Allocation:</u>	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 10,978,599
Changes in assumptions or other inputs	95,897,489	40,646,221
Total	\$ 95,897,489	\$ 51,624,820

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
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Amounts reported as deferred inflows/outflows of resources will be recognized in OPEB expense as follows:

<b>Harris County</b>		<b>Toll Road</b>	
Fiscal Year Ending September 30:		Fiscal Year Ending September 30:	
2026	\$ (101,974,213)	2026	\$ (4,588,367)
2027	(109,166,983)	2027	(4,912,008)
2028	(188,287,494)	2028	(8,472,064)
2029	(219,636,123)	2029	(9,882,607)
2030	(103,780,589)	2030	(4,669,645)
Thereafter	(261,093,041)	Thereafter	(11,747,978)
Total	<u>\$ (983,938,443)</u>	Total	<u>\$ (44,272,669)</u>

The above information includes five participating employers to the agent multiple employer defined benefit postemployment healthcare plan. Two of the employers, Community Supervision (“CS”) and Emergency 911 (“911”) are not considered departments or component units of the County. The Total OPEB liability for CS and 911 at September 30, 2025 is \$13,784,508.

The deferred inflows and outflows reported for CS and 911 at September 30, 2025, were:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,349,926
Changes in assumptions or other inputs	9,619,619	4,997,852
Total	<u>\$ 9,619,619</u>	<u>\$ 6,347,778</u>

**Additional Disclosures**

Texas Local Government Code, Chapter 175 allows counties to make available continued health benefits coverage under certain circumstances to retirees and their dependents beyond the end of an individual's employment with the County ("Continuation Coverage") by permitting covered employees to purchase continued health benefits coverage in retirement. Texas Law does not require counties to fund all or any portion of such coverage.

Because the County is given the authority to pay OPEB for its retired employees, it may incur a debt obligation to pay for OPEB so long as the County follows the constitutional requirement that it have sufficient taxing authority available at the time such debt is incurred to provide for the payment of the debt and has in fact levied a tax for such purpose concurrently with the incurrence of the debt. Any debt incurred in contravention of this constitutional requirement is considered void and payment will not be due. The County has not incurred a legal debt obligation for OPEB and has not levied a tax for the same and this is not a practice the County participates in. The County funds the costs associated with OPEB on a current “pay as you go” basis for a single fiscal year through an annual appropriation authorized by Commissioners Court during the County’s annual budget adoption process.

GASB Statement No. 75 requires governmental organizations to recognize an actuarially calculated accrued liability for OPEB, even though it may not have a legally enforceable obligation to pay OPEB benefits. Accordingly, information and amounts presented in the County’s Annual Comprehensive Financial Report relative to OPEB expense/expenditures, related liabilities (assets), note disclosures, and supplementary information are only intended to achieve compliance with the requirements of generally

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

accepted accounting principles and does not constitute or imply that the County has made a commitment or is legally obligated to provide the OPEB benefit.

**9. COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

The Authority is committed under various contracts in connection with the construction of Authority facilities, buildings, and roads of \$296,565,540.

**Litigation and Claims**

The Authority is involved in lawsuits and other claims in the ordinary course of operations. Although the outcome of such pending lawsuits and other claims are not presently determinable, management of the Authority believes that the resolution of these matters is not expected to have a materially adverse effect on the financial condition of the Authority. There are several civil cases that have resulted in settlements, consent decrees or are expected to have financial impact on the Authority in subsequent fiscal years.

**Pollution Remediation**

The Authority is subject to numerous Federal, State and Local environmental laws and regulations. GAAP established standards for the accounting and reporting of obligations incurred to address current or potential detrimental effects of existing pollution. The Authority recorded pollution remediation liability of \$1,824,930 in the financial statements.

**METRO Agreement**

An amended agreement between METRO and the County related to the Westpark Corridor was approved by Commissioners Court on May 7, 2013. Per this agreement the County is obligated to reimburse METRO for certain increased project costs if incurred. The County's liability to METRO under the agreement shall not exceed the cap of \$41 million and the escalation thereof. Ad valorem taxes are irrevocably pledged to the payment.

**10. TRANSFERS AND ADVANCES**

Transfers out amounted to \$398.6 million for the fiscal year ended September 30, 2025 which consisted of transfers of surplus revenue of the HCTRA toll road system, including the annual mobility transfer, approved by Commissioners Court in accordance with the existing bond indenture and Section 284.0031, Texas Transportation Code, to pay or finance costs of roads, streets, highways, or other related facilities that are not part of the Authority's toll road system.

**11. RECENT ACCOUNTING PRONOUNCEMENTS**

GASB Statement No. 103, *Financial Reporting Model Improvements* – (“GASB 103”), The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. GASB 103 will be implemented by the Authority as of the year ended September 30, 2026 and the impact has not yet been determined.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* – (“GASB 104”), State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**September 30, 2025**

about certain types of capital assets. GASB 104 will be implemented by the Authority as of the year ended September 30, 2026 and the impact has not yet been determined.

GASB Statement No. 105, Subsequent Events – (“GASB 105”), This statement (1) clarifies the subsequent events time frame and the subsequent events that constitute recognized and nonrecognized events and (2) specifies the information items that are required to be disclosed about subsequent events. GASB 105 defines subsequent events as transactions or other events that occur after the date of the financial reporting statements but before the date the financial statements are available to be issued. GASB 105 will be implemented by the Authority in the fiscal year ending September 30, 2027 and the impact has not yet been determined.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**A DEPARTMENT OF HARRIS COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**(Amounts in thousands)**

	Year Ended February 28 2019	Year Ended February 29 2020	Year Ended February 28 2021	Year Ended February 28 2022	Period Ended September 30 2022	Year Ended September 30 2023	Year Ended September 30 2024	Year Ended September 30 2025
<b>TOTAL OPEB LIABILITY</b>								
Service cost	\$ 79,163	\$ 81,736	\$ 251,727	\$ 209,843	\$ 118,068	\$ 105,268	\$ 100,941	\$ 164,409
Interest cost	70,460	74,038	69,221	91,781	53,688	128,192	136,996	147,624
Difference between expected and actual experience	-	-	85,687	-	165,734	-	189,832	-
Effect of assumption changes or inputs	-	733,663	397,977	215,789	(1,461,485)	(117,205)	739,705	(1,565,349)
Benefit payments	(55,161)	(58,457)	(62,087)	(67,710)	(40,931)	(73,614)	(79,520)	(90,598)
Net change in total OPEB liability	94,462	830,980	742,525	449,703	(1,164,926)	42,641	1,087,954	(1,343,914)
Total OPEB liability, beginning	1,827,096	1,921,558	2,752,538	3,495,063	3,944,766	2,779,840	2,822,481	3,910,435
Total OPEB liability, ending (a)	<u>\$ 1,921,558</u>	<u>\$ 2,752,538</u>	<u>\$ 3,495,063</u>	<u>\$ 3,944,766</u>	<u>\$ 2,779,840</u>	<u>\$ 2,822,481</u>	<u>\$ 3,910,435</u>	<u>\$ 2,566,521</u>
Covered payroll	\$ 1,042,892	\$ 1,112,112	\$ 1,164,474	\$ 1,195,886	\$ 1,214,294	\$ 1,337,993	\$ 1,384,395	\$ 1,494,283
Total OPEB liability as a % of covered payroll	184.25%	247.51%	300.14%	329.86%	228.93%	210.95%	282.47%	171.76%

**Notes to schedule**

There are no assets in a qualifying trust, as defined by GASB 75, to pay related benefits.

The above schedule represents Harris County's Total OPEB Liability as a whole.

The County implemented GASB 75 in fiscal year 2019. Information prior to fiscal year 2019 is not available; therefore, ten years of data will accumulate over time.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS**  
**LAST TEN MEASUREMENT YEARS**  
**(Amounts in thousands)**

	Year Ended December 31									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>TOTAL PENSION LIABILITY</b>										
Service cost	\$ 131,567	\$ 149,334	\$ 146,841	\$ 148,122	\$ 151,462	\$ 163,444	\$ 199,137	\$ 202,068	\$ 198,189	\$ 218,178
Interest on total pension liability	411,525	437,989	468,982	496,916	524,085	553,564	583,779	612,984	638,180	668,503
Effect of plan changes	(28,883)	-	-	-	-	-	-	-	-	-
Effect of assumption changes or inputs	51,149	-	10,614	-	-	440,283	4,607	-	-	-
Effect of economic/demographic (gains) or loss	(7,458)	(27,493)	(6,851)	(8,053)	11,006	19,026	(8,769)	(48,873)	2,150	6,485
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,112)	(413,279)	(448,920)	(470,511)
Net change in total pension liability	337,800	321,610	355,645	348,433	364,644	\$ 828,541	\$ 396,642	\$ 352,900	\$ 389,599	\$ 422,655
Total pension liability, beginning	5,113,052	5,450,852	5,772,462	6,128,107	6,476,540	6,841,184	7,669,725	8,066,367	8,419,267	8,808,866
Total pension liability, ending (a)	\$ 5,450,852	\$ 5,772,462	\$ 6,128,107	\$ 6,476,540	\$ 6,841,184	\$ 7,669,725	\$ 8,066,367	\$ 8,419,267	\$ 8,808,866	\$ 9,231,521
<b>FIDUCIARY NET POSITION</b>										
Employer contributions	\$ 132,346	\$ 136,391	\$ 142,896	\$ 149,663	\$ 167,499	\$ 182,824	\$ 189,304	\$ 198,225	\$ 200,510	\$ 227,728
Member contributions	66,878	68,371	71,869	72,343	77,914	85,012	88,129	88,572	93,188	103,767
Investment income net of investment expenses	(30,646)	349,499	733,526	(107,132)	908,411	656,508	1,509,284	(477,235)	845,347	851,922
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,113)	(413,279)	(448,920)	(470,511)
Administrative expenses	(3,419)	(3,799)	(3,797)	(4,443)	(4,844)	(5,068)	(4,504)	(4,515)	(4,379)	(4,948)
Other	363	(7,961)	(605)	(1,386)	(1,750)	(1,963)	(1,049)	(10,981)	(5,059)	(5,181)
Net change in fiduciary net position	(54,578)	304,281	679,948	(179,507)	825,321	569,537	1,399,051	(619,213)	680,687	702,777
Fiduciary net position, beginning	4,781,059	4,726,481	5,030,762	5,710,710	5,531,203	6,356,524	6,926,061	8,325,112	7,705,899	8,386,586
Fiduciary net position, ending (b)	\$ 4,726,481	\$ 5,030,762	\$ 5,710,710	\$ 5,531,203	\$ 6,356,524	\$ 6,926,061	\$ 8,325,112	\$ 7,705,899	\$ 8,386,586	\$ 9,089,363
Net pension liability/(asset), ending = (a) - (b)	\$ 724,371	\$ 741,700	\$ 417,397	\$ 945,337	\$ 484,660	\$ 743,664	\$ (258,745)	\$ 713,368	\$ 422,280	\$ 142,158
Fiduciary net position as a % of total pension liability	86.71%	87.15%	93.19%	85.40%	92.92%	90.30%	103.21%	91.53%	95.21%	98.46%
Pension covered payroll	\$ 953,501	\$ 974,217	\$ 1,020,708	\$ 1,032,142	\$ 1,110,437	\$ 1,211,895	\$ 1,255,581	\$ 1,263,558	\$ 1,328,252	\$ 1,481,875
Net pension liability/(asset) as a % of covered payroll	75.97%	76.13%	40.89%	91.59%	43.65%	61.36%	-20.61%	56.46%	31.79%	9.59%
<b>Toll Road's Portion:</b>										
Allocated share	3.655%	3.551%	3.761%	3.687%	3.547%	3.457%	3.220%	3.401%	3.797%	3.962%
Employer contribution	\$ 4,836,751	\$ 4,843,872	\$ 5,374,391	\$ 5,517,510	\$ 5,940,756	\$ 6,319,736	\$ 6,095,363	\$ 6,741,683	\$ 7,613,260	\$ 9,023,338
Net pension liability/(asset), ending	\$ 26,473,095	\$ 26,341,183	\$ 15,698,382	\$ 34,851,024	\$ 17,189,553	\$ 25,706,453	\$ (8,331,301)	\$ 24,261,768	\$ 16,033,757	\$ 5,632,757

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
REQUIRED SUPPLEMENTARY INFORMATION  
TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Actuarially Determined Contribution (1)	Actual Employer Contribution (1)	Contribution Deficiency (Excess)	Pensionable Covered Payroll (2)	Actual Contribution as a % of Covered Payroll
2016	\$ 132,345,738	\$ 128,702,142	\$ 3,643,596	\$ 925,999,776	13.9%
2017	132,006,399	137,799,357	(5,792,958)	984,281,203	14.0%
2018	140,449,509	143,768,463	(3,318,954)	1,021,330,992	14.1%
2019	148,112,422	152,053,334	(3,940,912)	1,041,771,836	14.6%
2020	157,570,971	169,342,839	(11,771,868)	1,121,475,025	15.1%
2021	180,814,784	185,368,474	(4,553,690)	1,227,928,655	15.1%
2022 (3)	189,304,375	190,456,110	(1,151,735)	1,261,574,010	15.1%
2023	198,225,380	197,327,647	897,733	1,295,515,500	15.2%
2024	199,370,632	224,403,716	(25,033,084)	1,466,189,581	15.3%
2025	227,728,501	234,309,649	(6,581,148)	1,546,134,136	15.2%

Toll Road is an enterprise fund of the County and is included in the above table. The following table contains Toll Road specific information:

Fiscal Year	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Pensionable Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	\$ 4,836,615	\$ 4,696,207	\$ 140,408	\$ 33,788,248	13.9%
2017	4,843,872	4,905,697	(61,825)	35,040,708	14.0%
2018	5,374,391	5,410,071	(35,680)	38,434,810	14.1%
2019	5,517,510	5,562,930	(45,420)	38,120,469	14.6%
2020	5,940,756	5,994,354	(53,598)	39,711,011	15.1%
2021	6,319,736	6,330,209	(10,473)	41,922,038	15.1%
2022 (3)	6,095,363	6,101,690	(6,327)	40,412,464	15.1%
2023	6,741,683	7,260,139	(518,456)	47,695,046	15.2%
2024	7,613,260	8,852,058	(1,238,798)	57,844,319	15.3%
2025	9,023,338	9,699,161	(675,823)	64,121,943	15.1%

(1) TCDRS calculated actuarially determined contributions on a calendar year basis. GASB Statement No. 68 indicates the employer should report employer contribution amounts on a fiscal year basis.

(2) Payroll is calculated based on contributions as reported to TCDRS for the fiscal year.

(3) As of September 30, 2022 there was no new actuarial valuation for TCDRS. The actual employer contribution for the 7 month period ended September 30, 2022 was \$121,477,256 for the County and \$4,164,508 for the Authority.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 TEXAS COUNTY AND DISTRICT RETIREMENT SYSTEM  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS  
 LAST TEN FISCAL YEARS**

**Notes to Schedule**

Valuation date: Actuarially determined contribution rates are calculated each December 31, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	14.1 years (based on contribution rate calculated in 12/31/2024 valuation)
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	Varies by age and service. 4.7% average over career including inflation.
Investment rate of return	7.50%, net of administrative and investment expenses, including inflation.
Retirement age	Members who are eligible for service retirement are assumed to commence receiving benefit payments based on age. The average age at service retirement for recent retirees is 61.
Mortality	135% of the Pub-2010 General Retirees Table for males and 120% of the Pub-2010 General Retirees Table for females, both projected with 100% of the MP-2021 Ultimate scale after 2010.
Changes in Assumptions and Methods Reflected in the Schedule of Employer Contributions*	<p>2015: New inflation, mortality and other assumptions were reflected.</p> <p>2017: New mortality assumptions were reflected.</p> <p>2019: New inflation, mortality and other assumptions were reflected.</p> <p>2022: New investment return and inflation assumption were reflected.</p>
Changes in Plan Provisions Reflected in the Schedule of Employer Contributions*	<p>2015: Employer contributions reflect that the member contribution rate was increased to 7%.</p> <p>2016: No changes in plan provisions were reflected in the Schedule.</p> <p>2017: New Annuity Purchase Rates were reflected for benefits earned after 2017.</p> <p>2018-2024: No changes in plan provisions were reflected in the Schedule.</p>

\*Only changes that affect the benefit amount and that are effective 2015 and later are shown in the Notes to Schedule.



## **OTHER INFORMATION**

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**

**Traffic Count Table**

**Schedule 1**

<b>Component/Segment (a)</b>	<b>February 28 2022</b>	<b>September 30 2022 (c)</b>	<b>September 30 2023</b>	<b>September 30 2024</b>	<b>September 30 2025</b>
Hardy Toll Road-North	25,733,847	17,136,593	28,958,568	29,859,649	30,937,677
Hardy Toll Road-South	28,151,054	18,400,673	32,040,280	34,653,541	37,113,126
Sam Houston Tollway-South	87,856,146	51,704,213	87,616,841	87,844,416	88,365,965
Sam Houston Tollway-Central	66,203,205	39,612,189	67,473,544	67,818,472	68,849,830
Sam Houston Tollway-North	86,962,566	52,201,005	88,597,047	88,314,470	88,179,152
Sam Houston Ship Channel Bridge	21,346,309	13,638,387	23,474,721	21,663,073	23,986,027
Sam Houston Tollway-NorthEast	36,018,557	22,352,587	38,707,342	37,493,924	39,760,593
Sam Houston Tollway-East	30,745,492	20,062,138	35,149,200	35,195,383	36,877,024
Sam Houston Tollway-South/East	43,184,077	26,541,363	45,099,587	45,965,706	47,165,095
Sam Houston Tollway-South/West	52,861,714	31,859,245	54,703,087	55,386,596	55,937,313
Westpark Tollway	59,716,443	36,744,797	63,888,381	65,648,065	67,718,260
Fort Bend Parkway Extension (Spur 90A)	5,492,986	3,347,600	5,974,632	6,445,939	6,958,203
Katy Managed Lanes (b)	28,610,665	18,671,130	34,074,955	36,711,995	37,765,038
Tomball Tollway	26,589,442	16,326,520	32,327,669	35,285,932	37,842,325
<b>Total</b>	<b>599,472,503</b>	<b>368,598,440</b>	<b>638,085,854</b>	<b>648,287,161</b>	<b>667,455,628</b>

(a) Some transactions occurred during toll waiver periods as approved by Commissioners Court.

(b) Katy Managed Lanes include High Occupancy Vehicle non-toll transactions.

(c) The Authority changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**

**Toll Rate Schedule**

**Schedule 2**

	<u>EZ TAG and other AVI (a)(e)</u>	<u>Pre-Registered Plate (b)</u>	<u>3rd Party Service (c)</u>	<u>Invoiced Image (d)</u>
<b><u>Two Axle Vehicles</u></b>				
Sam Houston Tollway and Hardy Toll Road Plazas	\$ 0.50 - 1.50	\$ 0.65 - 1.80	\$ 0.70 - 1.88	\$ 1.00 - 3.00
Sam Houston Ship Channel Bridge	1.50	1.80	1.88	3.00
Westpark Tollway	0.40 - 1.50	0.55 - 1.80	0.60 - 1.88	0.90 - 3.00
Fort Bend Parkway Extension (Spur 90A)	1.50	1.80	1.88	3.00
Tomball Tollway	0.50 - 1.50	0.65 - 1.80	0.70 - 1.88	1.00 - 3.00
<b><u>Three to Six Axle Vehicles</u></b>				
Sam Houston Tollway and Hardy Toll Road Plazas	1.00 - 8.75	1.30 - 10.50	1.40 - 10.95	2.00 - 17.50
Sam Houston Ship Channel Bridge	4.00 - 10.00	4.80 - 12.00	5.00 - 12.50	8.00 - 20.00
Westpark Tollway	1.00 - 8.75	1.30 - 10.50	1.40 - 10.95	2.00 - 17.50
Fort Bend Parkway Extension (Spur 90A)	3.50 - 8.75	4.20 - 10.50	4.38 - 10.95	7.00 - 17.50
Tomball Tollway	1.00 - 8.75	1.30 - 10.50	1.40 - 10.95	2.00 - 17.50

- (a) EZ TAG and Other AVI: A ten percent EZ Tag discount rate applies solely to two-axle vehicles with EZ Tag transponders. Image transactions where license plates are linked to existing AVI accounts are charged the same rate as AVI transactions.
- (b) Pre-Registered Plate: Image transactions for license plate numbers which have been pre-registered in a HCTRA operated guaranteed payment system, which are charged a rate which is 1.2 times the AVI rate.
- (c) 3rd Party Service: Image transactions for which guaranteed toll payment is made by a third-party service provider, which are charged a rate which is 1.25 times the AVI rate.
- (d) Invoiced Image: Image transactions which do not fall into any of the above categories and require HCTRA invoicing of vehicle owners and collection of payments, which are charged a rate which is 2.0 times the AVI rate.
- (e) Katy Managed Lanes: The toll rates for the Katy Managed Lanes are excluded from the table above because they are managed rates set based upon "time of day" pricing and vehicle occupancy, not the Toll Policy.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**

**Toll Road Selected Financial Information**

**Schedule 3**

	<u>February 28 2022</u>	<u>September 30 2022 (b)</u>	<u>September 30 2023</u>	<u>September 30 2024</u>	<u>September 30 2025</u>
<b>Operating Revenues</b>					
Toll revenues	\$ 808,931,881	\$ 532,151,298	\$ 896,351,094	\$ 874,474,774	\$ 1,027,573,290
Total Operating Revenues	<u>808,931,881</u>	<u>532,151,298</u>	<u>896,351,094</u>	<u>874,474,774</u>	<u>1,027,573,290</u>
<b>Operating Expenses</b>					
Salaries	74,372,273	40,501,868	80,707,014	95,939,282	101,798,051
Materials and supplies	26,143,034	13,233,260	29,375,689	23,358,441	33,825,911
Incurred claims					65,427
Services and fees	164,090,917	106,470,753	213,416,742	210,496,049	282,622,142
Utilities	3,267,504	2,000,241	4,255,000	4,503,268	4,886,434
Transportation and travel	3,639,196	2,430,384	4,356,186	4,164,769	3,970,984
Depreciation and Amortization	109,661,003	52,549,680	113,765,482	126,782,879	115,504,655
Total Operating Expenses	<u>381,173,927</u>	<u>217,186,186</u>	<u>445,876,113</u>	<u>465,244,688</u>	<u>542,673,604</u>
<b>Income from Operations</b>	<u>427,757,954</u>	<u>314,965,112</u>	<u>450,474,981</u>	<u>409,230,086</u>	<u>484,899,686</u>
<b>Nonoperating Revenues</b>					
Investment income	3,289,821	1,562,418	36,900,982	86,026,416	95,248,292
Lease revenues	8,640	4,946	8,479	7,840	9,360
Miscellaneous Income	2,571,734	1,653,068	1,944,159	1,777,047	2,231,470
Gain on disposal of capital assets	56,208	181,937	454,570	359,401	196,755
Total Nonoperating Revenues	<u>5,926,403</u>	<u>3,402,369</u>	<u>39,308,190</u>	<u>88,170,704</u>	<u>97,685,877</u>
<b>Nonoperating Expenses</b>					
Interest expense	83,303,263	50,466,318	73,091,761	84,302,579	107,676,539
Debt service fees	34,537	1,540,276	1,435,466	4,926,267	132,000
Bond refunding loss amortization	3,487,377	1,676,709	1,315,068	1,098,348	851,371
Loss on disposal of capital assets	-	-	3,846,586	21,630	17,354,647
Total Nonoperating Expenses	<u>86,825,177</u>	<u>53,683,303</u>	<u>79,688,881</u>	<u>90,348,824</u>	<u>126,014,557</u>
<b>Net Income Before Transfers</b>	<u>346,859,180</u>	<u>264,684,178</u>	<u>410,094,290</u>	<u>407,051,966</u>	<u>456,571,006</u>
Transfers Out (a)	(253,954,915)	(123,907,635)	(369,300,000)	(193,402,174)	(398,613,674)
<b>Change in Net Position</b>	<u>\$ 92,904,265</u>	<u>\$ 140,776,543</u>	<u>\$ 40,794,290</u>	<u>\$ 213,649,792</u>	<u>\$ 57,957,332</u>

(a) Commissioners Court annually authorizes the transfer of Harris County Toll Road Authority net income for funding of County thoroughfares that enhance traffic flow to current and proposed toll facilities and to increase mobility.

(b) The Authority changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**Historical Toll Road Operating Results and Coverages**  
**Schedule 4**

<b>FY/Period Ended</b>	<b>Project Revenues</b>	<b>Other Earnings (a)</b>	<b>Debt Service Senior &amp; 1st Lien Revenue Bonds</b>	<b>Coverage Ratio On Senior &amp; 1st Lien Revenue Bonds</b>	<b>O &amp; M Expenses (b)</b>	<b>Revenues Available For Unlimited Subordinate Lien Tax Bonds</b>	<b>Debt Service Tax Bonds</b>	<b>Coverage Ratio On Unlimited Subordinate Lien Tax Bonds</b>
2017	\$ 774,025,958	\$ 26,195,433	\$ 148,479,580	5.389	\$ 215,238,531	\$ 436,503,280	\$ 42,799,012	10.199
2018	740,272,353	14,522,053	148,108,962	5.096	184,590,613	422,094,831	41,737,732	10.113
2019	828,453,739	37,403,371	162,106,225	5.341	208,141,566	495,609,319	41,187,050	12.033
2020	854,849,072	41,990,110	158,131,539	5.671	226,793,851	511,913,792	40,622,562	12.602
2021	551,278,046	11,037,053	156,572,551	3.591	226,169,213	179,573,335	40,049,775	4.484
2022	808,931,881	5,926,403	182,769,421	4.458	241,622,422	390,466,441	28,930,612	13.497
9/30/2022 (c)	532,151,298	3,402,369	111,310,085	4.811	144,247,701	279,995,881	24,727,591	11.323
2023	896,351,094	38,853,620	156,393,815	5.980	266,578,207	512,232,692	28,622,863	17.896
2024	874,474,774	88,149,074	158,900,900	6.058	280,107,669	523,615,279	28,011,944	18.693
2025	1,027,573,290	97,489,122	220,305,646	5.107	350,134,681	554,622,085	17,817,175	31.129

(a) Total investment income less interest revenue from the Office Building. Includes lease revenue income and intergovernmental income.

(b) O&M expenses are from TRA Operations and Maintenance funds.

(c) The Authority changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**

**Revenues by Toll Road Components/Segments**

**Schedule 5**

<b>Component/Segment (a)</b>	<b>February 28 2022</b>	<b>September 30 2022 (d)</b>	<b>September 30 2023</b>	<b>September 30 2024</b>	<b>September 30 2025</b>
Hardy Toll Road-North	\$ 40,482,057	\$ 27,909,614	\$ 43,683,294	\$ 45,102,764	\$ 49,332,971
Hardy Toll Road-South (b)	41,476,186	27,838,734	44,558,745	47,954,734	52,499,567
Sam Houston Tollway-South	120,574,460	74,704,542	116,105,595	115,785,581	118,878,758
Sam Houston Tollway-Central	101,735,211	63,790,529	99,742,384	100,535,927	104,830,298
Sam Houston Tollway-North	129,143,357	81,745,873	126,530,326	127,928,561	132,055,831
Sam Houston Ship Channel Bridge	39,015,609	26,133,519	41,310,317	39,833,297	45,066,099
Sam Houston Tollway-East	46,928,255	32,118,434	51,962,394	51,821,170	55,127,313
Sam Houston Tollway-South/East	65,054,773	42,165,941	66,099,847	66,856,876	70,001,411
Sam Houston Tollway-South/West	72,607,308	46,400,924	73,729,011	74,578,655	77,519,253
Sam Houston Tollway-North/East	49,348,796	32,190,129	51,673,029	48,147,558	54,123,434
Westpark Tollway	73,466,948	47,010,044	76,297,447	76,422,868	80,927,222
Fort Bend Parkway Extension (Spur 90A)	8,149,768	5,078,911	8,474,676	8,894,264	9,660,383
Katy Managed Lanes	18,648,110	12,399,470	20,442,233	20,967,661	22,283,257
Tomball Tollway	37,611,849	23,569,371	44,165,933	48,243,545	53,027,370
Administration (c)	(67,179,469)	(32,512,204)	(10,553,090)	(44,699,806)	5,392,110
IOP-CTRMA	1,407,012	965,522	1,786,141	1,967,756	10,383,779
IOP-CCRMA	-	-	-	90,000	302,028
IOP-Fort Bend County	4,751,940	2,943,124	5,391,543	5,739,327	6,823,408
IOP-KTA	44,123	30,059	54,360	124,299	421,587
IOP-MCTRA	1,228,090	812,774	1,598,189	1,839,494	2,154,895
IOP-METRO	357,013	266,379	531,967	503,472	654,500
IOP-NTTA	4,880,037	3,507,770	6,605,113	7,794,194	10,338,085
IOP-TTA	15,601,249	10,306,606	20,454,626	21,662,660	62,550,182
IOP-OTA	88,696	84,288	250,664	340,757	631,240
IOP - BCTRA	794,878	632,924	1,229,074	1,319,516	1,467,797
IOP - BTG	2,715,625	2,058,021	4,227,276	4,719,644	1,052,358
IOP - MDX	-	-	-	-	2,717
IOP - LCF	-	-	-	-	490
IOP - THEA	-	-	-	-	2,438
IOP - FTE	-	-	-	-	41,145
IOP - E-470	-	-	-	-	21,364
<b>Total</b>	<b>\$ 808,931,881</b>	<b>\$ 532,151,298</b>	<b>\$ 896,351,094</b>	<b>\$ 874,474,774</b>	<b>\$ 1,027,573,290</b>

- (a) IOP toll revenue is accounted for in the respective Toll Road Toll Plaza for each IOP Agency during FY 2018-FY2022. IOP toll revenue and IOP fee Revenues are attributable to the Toll Interoperability Program, pursuant to various agreements.
- (b) Includes toll revenues collected for the Airport Connector.
- (c) This line consists of allowance for uncollectible accounts on toll violation (VEC) revenue administrative fees (excluding tolls), EZ tag sales fees, and other miscellaneous revenues.
- (d) The Authority changed its fiscal year-end from February 28 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**Toll Road Bonds Debt Service Requirements**  
**Schedule 6**

Fiscal Year	Total Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Total Toll Road Senior & 1st Lien Revenue Bonds			Total Toll Road Bonds Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 12,090,000	\$ 5,113,500	\$ 17,203,500	\$ 97,800,000	\$ 123,508,425	\$ 221,308,425	\$ 109,890,000	\$ 128,621,925	\$ 238,511,925
2027	12,115,000	4,478,775	16,593,775	102,635,000	118,668,425	221,303,425	114,750,000	123,147,200	237,897,200
2028	12,135,000	3,842,738	15,977,738	107,745,000	113,536,675	221,281,675	119,880,000	117,379,413	237,259,413
2029	12,160,000	3,205,650	15,365,650	113,145,000	108,149,425	221,294,425	125,305,000	111,355,075	236,660,075
2030	12,185,000	2,567,250	14,752,250	118,845,000	102,492,175	221,337,175	131,030,000	105,059,425	236,089,425
2031	12,210,000	1,927,537	14,137,537	124,765,000	96,549,925	221,314,925	136,975,000	98,477,462	235,452,462
2032	12,240,000	1,286,513	13,526,513	131,045,000	90,311,675	221,356,675	143,285,000	91,598,188	234,883,188
2033	12,265,000	643,912	12,908,912	137,565,000	83,759,425	221,324,425	149,830,000	84,403,337	234,233,337
2034	-	-	-	84,400,000	77,001,125	161,401,125	84,400,000	77,001,125	161,401,125
2035	-	-	-	87,630,000	72,905,975	160,535,975	87,630,000	72,905,975	160,535,975
2036	-	-	-	94,600,000	68,654,425	163,254,425	94,600,000	68,654,425	163,254,425
2037	-	-	-	87,200,000	64,225,825	151,425,825	87,200,000	64,225,825	151,425,825
2038	-	-	-	90,905,000	60,581,875	151,486,875	90,905,000	60,581,875	151,486,875
2039	-	-	-	81,265,000	56,777,825	138,042,825	81,265,000	56,777,825	138,042,825
2040	-	-	-	84,695,000	53,022,775	137,717,775	84,695,000	53,022,775	137,717,775
2041	-	-	-	80,800,000	49,099,625	129,899,625	80,800,000	49,099,625	129,899,625
2042	-	-	-	87,545,000	45,547,425	133,092,425	87,545,000	45,547,425	133,092,425
2043	-	-	-	91,255,000	41,740,425	132,995,425	91,255,000	41,740,425	132,995,425
2044	-	-	-	95,005,000	37,767,175	132,772,175	95,005,000	37,767,175	132,772,175
2045	-	-	-	99,260,000	33,504,025	132,764,025	99,260,000	33,504,025	132,764,025
2046	-	-	-	103,355,000	29,191,989	132,546,989	103,355,000	29,191,989	132,546,989
2047	-	-	-	107,695,000	24,741,175	132,436,175	107,695,000	24,741,175	132,436,175
2048	-	-	-	96,330,000	20,097,625	116,427,625	96,330,000	20,097,625	116,427,625
2049	-	-	-	70,980,000	16,047,487	87,027,487	70,980,000	16,047,487	87,027,487
2050	-	-	-	71,205,000	12,999,213	84,204,213	71,205,000	12,999,213	84,204,213
2051	-	-	-	49,975,000	9,910,300	59,885,300	49,975,000	9,910,300	59,885,300
2052	-	-	-	52,285,000	7,600,987	59,885,987	52,285,000	7,600,987	59,885,987
2053	-	-	-	54,700,000	5,182,962	59,882,962	54,700,000	5,182,962	59,882,962
2054	-	-	-	57,235,000	2,651,212	59,886,212	57,235,000	2,651,212	59,886,212
<b>Total</b>	<b>\$ 97,400,000</b>	<b>\$ 23,065,875</b>	<b>\$ 120,465,875</b>	<b>\$ 2,661,865,000</b>	<b>\$ 1,626,227,600</b>	<b>\$ 4,288,092,600</b>	<b>\$ 2,759,265,000</b>	<b>\$ 1,649,293,475</b>	<b>\$ 4,408,558,475</b>

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
 OUTSTANDING TOLL ROAD TAX BONDS  
 Schedule 7**

The Series 2007C Tax Bonds is referred to as the "Toll Road Tax Bonds".

<b>Issue</b>	<b>Date Issued</b>	<b>Outstanding Principal Amount at September 30, 2025</b>
Harris County, Texas, Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 2007C	August 2007	\$ 97,400,000
TOTAL		\$ 97,400,000

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
OUTSTANDING TOLL ROAD SENIOR FIRST LIEN REVENUE BONDS  
Schedule 8**

The Series 2015B, Series 2016A, Series 2018A, and Series 2019A are referred to as the “Senior Lien Revenue Bonds”.  
The Series 2021, Series 2022A, Series 2023A and Series 2024A are referred to as the “First Lien Revenue Bonds”.

<b>Issue</b>	<b>Outstanding Principal Amount at September 30, 2025</b>
Harris County, Texas, Toll Road Senior Lien Revenue	
Refunding Bonds Series 2015B	\$ 108,830,000
Refunding Bonds Series 2016A	406,695,000
Refunding Bonds Series 2018A	453,490,000
Refunding Bonds Series 2019A	79,750,000
Harris County, Texas, Toll Road First Lien Revenue	
Refunding Bonds Series 2021	390,065,000
Refunding Bonds Series 2022A	169,250,000
Refunding Bonds Series 2023A	110,995,000
Refunding Bonds Series 2024A	942,790,000
TOTAL	\$ 2,661,865,000

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2025-2026  
Schedule 9**

On September 18, 2025 the Commissioners Court adopted the budget for the Flood Control District and on September 24, 2025 for Harris County and Toll Road Authority for the Fiscal Year 2025-2026. The Fiscal Year budget included appropriations for some capital projects, which are financed from current revenues. The following is a summary of the Fiscal Year 2025-2026 budget for the County's Current Operating Fund:

Cash Balance as of October 1, 2025	\$	383,644,980
Estimated Revenues:		
Ad Valorem and Miscellaneous Taxes		2,226,049,368
Charges for Services		293,663,872
Fines and Forfeitures		12,915,200
Intergovernmental Revenues		88,598,061
Interest		38,962,150
Other		70,643,580
Total Cash and Estimated Revenues	\$	3,114,477,211
Appropriations:		
Current Operating Expenses	\$	3,111,265,182
Capital Outlay:		
Roads		2,479,440
Parks		732,589
Total Appropriations	\$	3,114,477,211

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**COUNTY CAPITAL PROJECTS FUNDS BUDGETING**  
**Schedule 10**

County Capital Projects Funds are used in projects including construction of roads, office and court buildings, jails, juvenile home facilities, parks and libraries. Cash and investments on hand in the Capital Projects Funds at September 30, 2025 derived from the sale of bonds and other sources and the investment income (except investment income may be used for debt service) thereon, are designated to be spent over a period of several years for the following purposes:

Roads	\$	315,030,085
Permanent Improvements		474,433,405
Flood Control		95,619,646
Total	<u>\$</u>	<u>885,083,136</u>

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
COUNTY TAX DEBT OUTSTANDING**

**Schedule 11**

	County's Total Outstanding Tax Debt (a)
Limited Tax Debt	\$ 1,453,050,000
Unlimited Tax Debt	829,130,000
Flood Control	248,065,000
Toll Road Tax Bonds	97,400,000
Total	\$ 2,627,645,000
Less: Toll Road Tax Bonds	(97,400,000)
Total (Approximately 0.29% of 2025 Assessed Value)	\$ 2,530,245,000

(a) Excluding Flood Control District debt of \$958,695,000 paid for by the District's ad valorem tax revenues. Amounts expressed at gross value, not considering unamortized premium or discount or accretion of capital appreciation bonds.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
SCHEDULE OF COUNTYWIDE AD VALOREM TAX DEBT SERVICE REQUIREMENTS**

**Schedule 12  
(Amounts in thousands)**

Fiscal Year	Limited Tax Debt			Unlimited Tax Debt			Toll Road Unlimited Tax & Subordinate Lien Revenue Bonds			Flood Control (a)			Total Countywide Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 70,845	\$ 69,831	\$ 140,676	\$ 85,000	\$ 39,028	\$ 124,028	\$ 12,090	\$ 5,113	\$ 17,203	\$ 72,975	\$ 53,100	\$ 126,075	\$ 240,910	\$ 167,072	\$ 407,982
2027	98,235	64,978	163,213	58,455	34,717	93,172	12,115	4,479	16,594	57,250	49,834	107,084	226,055	154,008	380,063
2028	62,405	74,617	137,022	59,795	31,786	91,581	12,135	3,843	15,978	63,060	46,884	109,944	197,395	157,130	354,525
2029	76,150	57,721	133,871	50,675	28,789	79,464	12,160	3,206	15,366	64,065	43,684	107,749	203,050	133,400	336,450
2030	58,100	54,415	112,515	49,285	26,248	75,533	12,185	2,567	14,752	53,770	40,433	94,203	173,340	123,663	297,003
2031	61,570	51,498	113,068	50,465	23,775	74,240	12,210	1,928	14,138	37,425	37,693	75,118	161,670	114,894	276,564
2032	63,425	48,412	111,837	32,800	21,273	54,073	12,240	1,286	13,526	42,750	35,696	78,446	151,215	106,667	257,882
2033	39,400	45,418	84,818	29,885	19,771	49,656	12,265	644	12,909	44,890	33,561	78,451	126,440	99,394	225,834
2034	38,995	43,457	82,452	31,375	18,284	49,659	-	-	-	47,045	31,416	78,461	117,415	93,157	210,572
2035	40,915	41,530	82,445	17,120	16,724	33,844	-	-	-	49,200	29,220	78,420	107,235	87,474	194,709
2036	41,260	39,506	80,766	17,965	15,896	33,861	-	-	-	51,460	26,984	78,444	110,685	82,386	193,071
2037	43,285	37,486	80,771	18,770	15,088	33,858	-	-	-	53,700	24,699	78,399	115,755	77,273	193,028
2038	45,375	35,399	80,774	19,580	14,281	33,861	-	-	-	56,050	22,300	78,350	121,005	71,980	192,985
2039	47,560	33,222	80,782	20,415	13,439	33,854	-	-	-	58,515	19,855	78,370	126,490	66,516	193,006
2040	49,825	30,954	80,779	21,245	12,604	33,849	-	-	-	60,960	17,362	78,322	132,030	60,920	192,950
2041	43,085	28,593	71,678	22,120	11,732	33,852	-	-	-	48,175	15,133	63,308	113,380	55,458	168,838
2042	45,100	26,597	71,697	23,030	10,822	33,852	-	-	-	50,000	13,296	63,296	118,130	50,715	168,845
2043	47,160	24,546	71,706	23,945	9,906	33,851	-	-	-	51,870	11,321	63,191	122,975	45,773	168,748
2044	49,295	22,383	71,678	24,925	8,923	33,848	-	-	-	53,970	9,171	63,141	128,190	40,477	168,667
2045	47,335	20,217	67,552	26,005	7,854	33,859	-	-	-	56,190	6,915	63,105	129,530	34,986	164,516
2046	49,390	18,162	67,552	27,145	6,698	33,843	-	-	-	58,505	4,567	63,072	135,040	29,427	164,467
2047	48,475	16,046	64,521	28,365	5,482	33,847	-	-	-	44,850	2,444	47,294	121,690	23,972	145,662
2048	49,075	13,899	62,974	27,080	4,238	31,318	-	-	-	30,085	901	30,986	106,240	19,038	125,278
2049	36,165	11,800	47,965	8,585	3,262	11,847	-	-	-	-	-	-	44,750	15,062	59,812
2050	34,430	10,166	44,596	9,025	2,823	11,848	-	-	-	-	-	-	43,455	12,989	56,444
2051	36,165	8,425	44,590	9,485	2,362	11,847	-	-	-	-	-	-	45,650	10,787	56,437
2052	38,000	6,596	44,596	9,970	1,877	11,847	-	-	-	-	-	-	47,970	8,473	56,443
2053	39,920	4,674	44,594	10,480	1,368	11,848	-	-	-	-	-	-	50,400	6,042	56,442
2054	41,935	2,655	44,590	11,015	832	11,847	-	-	-	-	-	-	52,950	3,487	56,437
2055	10,175	534	10,709	5,125	269	5,394	-	-	-	-	-	-	15,300	803	16,103
<b>Total</b>	<b>\$ 1,453,050</b>	<b>\$ 943,737</b>	<b>\$ 2,396,787</b>	<b>\$ 829,130</b>	<b>\$ 410,151</b>	<b>\$ 1,239,281</b>	<b>\$ 97,400</b>	<b>\$ 23,066</b>	<b>\$ 120,466</b>	<b>\$ 1,206,760</b>	<b>\$ 576,469</b>	<b>\$ 1,783,229</b>	<b>\$ 3,586,340</b>	<b>\$ 1,953,423</b>	<b>\$ 5,539,763</b>

(a) Includes Flood Control District debt paid for by the District's ad valorem tax revenues and debt paid for by the County's ad valorem tax revenues as a result of refunded commercial paper.

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS  
COUNTYWIDE AUTHORIZED BUT UNISSUED BONDS**

**Schedule 13  
(Amounts in thousands)**

As of September 30, 2025, the following Countywide ad valorem tax bonds authorized by the voters at the elections held in September 1983, November 1999, November 2007, November 2015, August 2018, November 2022 and November 2023 remain unissued.

This table reflects the County’s use of voted authority when it issues general obligation bonds and commercial paper notes pursuant to its Series B (parks and libraries), Series C and C-2 (roads and bridges), and Series D, D-2, and D-3 (parks, libraries, and public safety) programs. It also reflects the Flood Control District's use of voted authority when it issues limited tax bonds and commercial paper notes pursuant to its Series H and H-2 programs.

This table also shows Harris County Hospital District Bond that was authorized by the voters at the election held in November 2023 but remains unissued. Harris County has no legal responsibility for repayment of this bond.

<u>County Ad Valorem Tax Bonds</u>		
Limited Tax:		
Civil Justice Center	\$ 33,000	
Parks	206,113	
Forensic Lab	5,180	
Public Safety	97,613	
Total Limited Tax Bonds		\$ 341,906
Unlimited Tax:		
Road Bonds	1,079,180	
Total Unlimited Tax Bonds		1,079,180
Combination Unlimited Tax and Revenue:		
Toll Roads	15,148	
Total Toll Road Unlimited Tax Bonds		15,148
Harris County Flood Control District Limited Tax Bonds:		
Flood Bonds	1,491,775	
Total Flood Control Limited Tax Bonds		1,491,775
Total Harris County Ad Valorem Tax Bonds		2,928,009
<u>Harris County Hospital District Bonds</u>		
Harris County Hospital District Bond	1,691,495	
Total Harris County Hospital District Bonds		1,691,495
Total Authorized but Unissued Bonds		<b>\$ 4,619,504</b>

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS**  
**FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
**Schedule 14**

	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>9/30/22*</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Administration of Justice	9,824	10,275	10,181	10,909	11,194	11,115	10,937	10,883	11,517	11,888
Parks	892	913	924	899	613	587	554	614	640	646
County Administration	3,406	3,460	3,481	3,054	3,222	3,331	3,416	3,587	3,870	4,054
Health and Human Services	1,450	1,488	1,487	1,622	1,582	1,653	1,667	1,793	2,098	2,182
Flood Control	293	290	316	325	331	347	350	329	351	382
Tax Administration	353	368	365	418	382	377	371	392	388	419
Roads and Bridges	563	568	542	659	489	364	381	371	402	449

**Notes:**

- (1) As of September 30, 2025, it is estimated that approximately 5,817 of the County's employees were members of various labor organizations, some of which are unions affiliated with the AFL-CIO. The County does not maintain collective bargaining agreements with any unions.
- (2) This schedule represents the number of County employees at the end of each fiscal year.

\* The Authority changed its fiscal year-end from February 28/29 to September 30 year-end. This reflects a short 7-month period, and then subsequent to that a full 12 months ended 9/30.

**Source:** Harris County HR and Payroll system