

2024

BASIC FINANCIAL STATEMENTS

Fiscal Year Ending:
September 30, 2024

Prepared By:
Michael Post, CPA, CIA
Harris County Auditor



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

*Financial Statements As of September 30, 2024
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, 2024
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**MICHAEL POST, CPA, CIA
HARRIS COUNTY AUDITOR**

March 28, 2025

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, 2024. 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 government'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, 2024, 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.

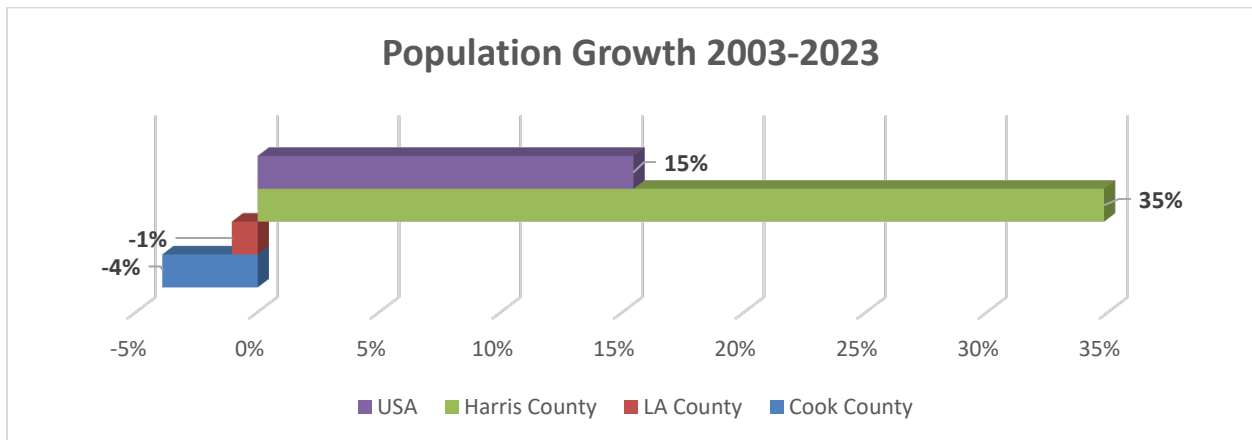
PROFILE OF THE AUTHORITY

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 4.8 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 35% growth since 2003. 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, 2024, the Authority had 949 full-time employees; in addition, the Authority had 138 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 \$696.9 billion. Twenty-four companies on the 2024 Fortune 500 list are headquartered in the Houston area. No single industry dominates Houston employment.

The current price of West Texas Intermediate (WTI) crude oil as of September 2024 is approximately \$70 per barrel, which is a decrease from September 2023 per the U.S. Energy Information Administration. Oil prices decreased in the last year due to many factors in the economy.

The preliminary September 2024 unemployment rate for the Houston MSA was 4.4% compared to the national average of 4.1%. The State's preliminary unemployment rate for September 2024 was 4.1%.

The Houston-The Woodlands-Sugar Land, Texas area had a Consumer Price Index (CPI) that was .2% higher than other large urban areas as calculated for September 2024 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. The Port of Houston is one of the largest ports in the world. The Port of 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 62.6 million passengers in the 12 months ending October 2024, 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 1.7% in September of 2024 versus September of 2023. Inventory expanded from a 3.4-months supply to 4.4-months over the last 12 months, remaining unchanged from the previous month and 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 investment 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, 2024, was \$411,921,227 which includes the Authority's net pension liability of \$16,033,757. The County currently provides a postemployment healthcare plan; the Total OPEB liability was \$3,889,013,413 at September 30, 2024, which includes \$166,679,414 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 conversion of the County's toll road system to an all-electronic tolling implementation is currently underway as approved by Commissioners Court. In January 2023 Commissioners Court approved a Toll Setting Policy to address the Authority's current operational structure, specifically the elimination of cash tolls in the lanes, and approved to lower the proposed tolls by providing a 10% discount for 2-axle EZ Tag account holders, the updated policy with the discount went into effect September 4, 2023. The Authority foresees that the updated Toll Setting Policy and the EZ Tag discount will encourage additional customers to sign up to obtain an EZ Tag and the traffic in the toll road to increase. In addition, the Authority continues to focus on a strategic plan to chart a roadmap for the future of the agency with these main areas of focus: 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, www.co.harris.tx.us.



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"), as of and for the year ended September 30, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority of Harris County, Texas, as of September 30, 2024, and the changes in its financial position, and cash flows thereof 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 County, 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, 2024, 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 image shows a handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, slightly slanted style.

March 28, 2025

***Toll Road Authority Enterprise Fund of Harris County, Texas
Management’s Discussion and Analysis
For the Fiscal Year Ended September 30, 2024***

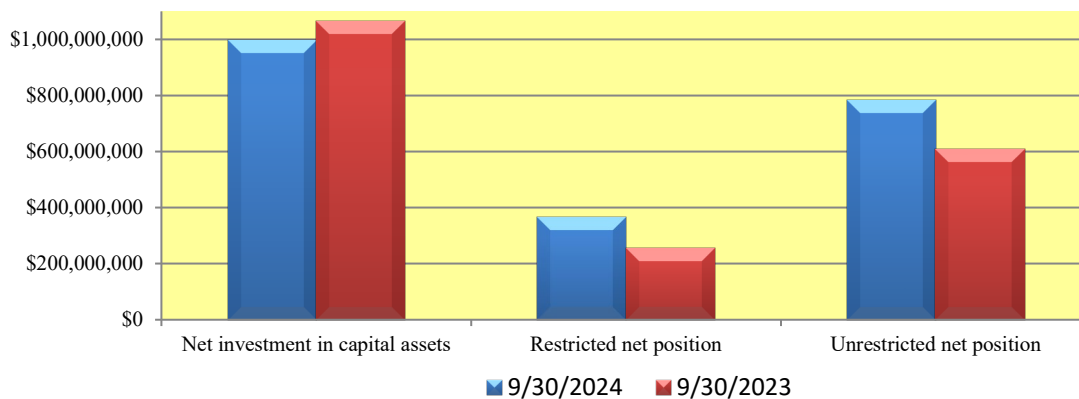
This section of the Toll Road Authority Enterprise Fund of Harris County financial statements presents management’s discussion and analysis (MD&A) of the financial performance of the Harris County Toll Road Authority (the “Authority”) during the fiscal year ended September 30, 2024.

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 \$995,684,516, 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 \$69,256,497 from the previous year, primarily due to an increase in bonds payable.
 - (2) Net position of \$366,194,071 is restricted by constraints imposed from outside the Authority such as debt obligations, laws, or regulations. Restricted net position increased by \$110,462,534 from the prior year, primarily due to a larger debt issuance in the current year.
 - (3) Unrestricted net position of \$781,988,574 represents the portion available to meet ongoing obligations of the Authority. Unrestricted net position increased \$172,443,755 from the previous 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.

***Toll Road Authority Enterprise Fund of Harris County, Texas
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2024***

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 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, 2024 was \$2,143,867,161 and \$1,930,217,369 as of September 30, 2023. Revenues exceeded expenses and transfers out, increasing net position by \$213,649,792 from last year.

**Harris County Toll Road Authority Enterprise Fund
Condensed Statement of Net Position
September 30, 2024 and September 30, 2023
(Amounts in thousands)**

	9/30/2024	9/30/2023
Current assets	\$ 2,085,771	\$ 1,181,479
Capital assets, net	3,491,158	3,322,409
Other non-current assets	193,432	177,194
Total assets	5,770,361	4,681,082
Deferred outflows of resources	113,251	93,152
Current liabilities	406,832	365,386
Non-current liabilities	3,286,345	2,423,003
Total liabilities	3,693,177	2,788,389
Deferred inflows of resources	46,568	55,628
Net position:		
Net investment in capital assets	995,685	1,064,941
Restricted	366,194	255,731
Unrestricted	781,988	609,545
Total net position	\$ 2,143,867	\$ 1,930,217

The largest portion of the Authority's current fiscal year 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, 2024***

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, 2024 and September 30, 2023**

	<u>9/30/2024</u>	<u>9/30/2023</u>
Revenues:		
Operating revenues:		
Toll revenues	\$ 874,475	\$ 896,351
Nonoperating Revenues:		
Investment income	86,026	36,901
Lease income	8	8
Miscellaneous income	1,777	1,944
Gain on disposal of capital assets	337	-
Total revenues	<u>962,623</u>	<u>935,204</u>
Expenses:		
Operating Expenses:		
Salaries	95,939	80,707
Materials and supplies	23,358	29,376
Services and fees	210,496	213,417
Utilities	4,503	4,255
Transportation and travel	4,165	4,356
Depreciation and amortization	126,783	113,765
Nonoperating Expenses:		
Interest expense	84,303	73,092
Debt service fees	4,926	1,435
Amortization expense	1,098	1,315
Loss on disposal of capital assets	-	3,392
Total expenses	<u>555,571</u>	<u>525,110</u>
Income before transfers	407,052	410,094
Transfers out	<u>(193,402)</u>	<u>(369,300)</u>
Change in net position	<u>213,650</u>	<u>40,794</u>
Net position - beginning	<u>1,930,217</u>	<u>1,889,423</u>
Net position - ending	<u>\$ 2,143,867</u>	<u>\$ 1,930,217</u>

Revenues

Total revenues for fiscal year 2024 were \$962,623,848 an increase of \$27,419,134 compared to the previous fiscal year. Revenues for fiscal year 2023 were \$935,204,714. This increase was largely related to the investment income and gain on disposal of capital assets.

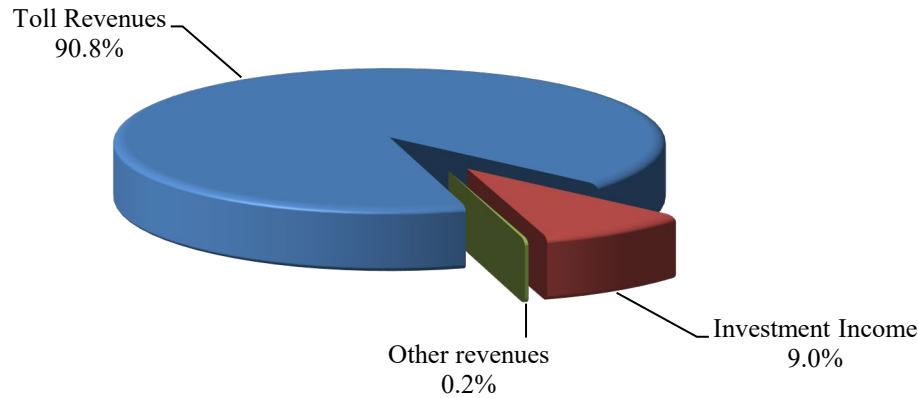
The largest revenue source is toll revenue of \$874,474,774 or 90.8% of total revenues. This revenue category decreased \$21,876,320 from fiscal year 2023 due to an increase in allowance for toll violations, which aged past 120 days and have become deemed uncollectible.

Investment income for fiscal year 2024 totaled \$86,026,416 and comprises approximately 9.0% of total revenues. This revenue source increased by \$49,125,434 compared to \$36,900,982 for fiscal year 2023, due to an increase in interest earned from investments. Other revenues totaled \$2,122,658 or 0.2% of total

***Toll Road Authority Enterprise Fund of Harris County, Texas
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2024***

revenues. Other revenues include lease revenue of \$7,840, gain on disposal of capital assets of \$337,771, and miscellaneous revenue of \$1,777,047 for reimbursements and recovery of revenue losses.

REVENUES BY SOURCE
Fiscal Year Ended September 30, 2024



Expenses

For the fiscal year ended September 30, 2024, expenses totaled \$555,571,882 an increase of \$30,461,458 compared to the prior fiscal year. For the prior fiscal year ended September 30, 2023, expenses totaled \$525,110,424.

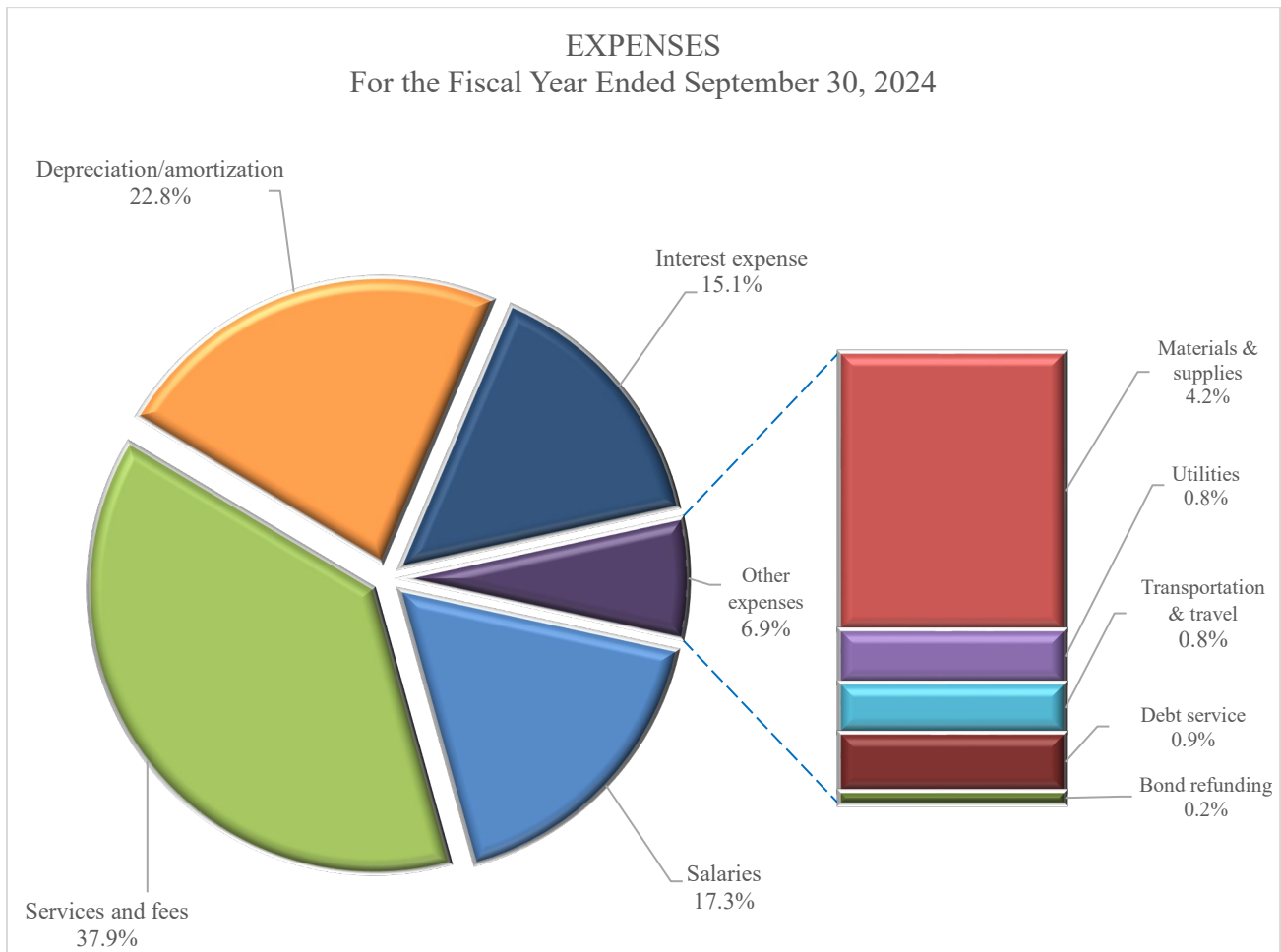
Services and fees of \$210,496,049 is the largest expense category and is 37.9% of total expenses. This is a decrease of \$2,920,693 from the prior year due to reducing the timing of temp-to-hire contracts and the associated labor costs.

Interest expense of \$84,302,579 is 15.1% of total expenses. Interest expense reflects the interest incurred on outstanding debt balances and activities during the year.

Salaries expense is \$95,939,282 or 17.3% of total expenses. This represents an increase of \$15,232,268 over the fiscal year 2023. This increase is largely related to countywide cost-of-living adjustment (COLA) increase in fiscal year 2024 approved by Harris County Commissioners Court along with a slight increase in employee headcount.

The remaining 29.7% of expenses represent depreciation/amortization (22.8%), and other expenses (6.9%) which consists of outlays relative to materials and supplies, utilities, transportation and travel, bond refunding loss amortization, and debt service fees. All of 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, 2024***



Transfers

Transfers out in the amount of \$193,402,174 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, 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, 2024 and September 30, 2023, amounted to \$3,491,157,620 and \$3,322,409,141 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 \$168,748,479 from prior fiscal year ended September 30, 2023.

***Toll Road Authority Enterprise Fund of Harris County, Texas
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2024***

	Balance	Balance
	September 30, 2024	September 30, 2023
Land	\$ 392,291,184	\$ 384,825,003
Easement	1,989,062	1,989,062
Construction in progress	1,241,228,962	1,007,521,731
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	3,599,020,502
Other tangible assets	6,898,941	6,898,941
Buildings	30,550,414	20,728,052
Equipment	57,081,213	58,381,234
Lease right-to-use assets	22,086,785	28,726,247
Subscription right-to-use assets	23,223,714	12,026,238
	<u>5,706,083,068</u>	<u>5,420,020,781</u>
Less: Accumulated depreciation/amortization	<u>(2,214,925,448)</u>	<u>(2,097,611,640)</u>
Total capital assets, net	<u>\$ 3,491,157,620</u>	<u>\$ 3,322,409,141</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 \$3,395,536,989. Refer to Note 6 to the financial statements for further detail on the Authority's long-term liabilities.

	Outstanding at	Outstanding at
	September 30, 2024	September 30, 2023
Bonds payable	\$ 3,113,867,962	\$ 2,245,527,863
Commercial paper payable	62,380,000	111,930,000
Compensatory time payable	1,401,551	1,522,873
Arbitrage rebate payable	4,118,449	-
Lease payable	16,659,668	25,809,497
Subscription payable	13,702,024	8,326,158
Total OPEB liability	166,679,414	120,276,191
Net pension liability	16,033,757	24,261,768
Pollution remediation obligation	694,164	1,224,000
Totals	<u>\$ 3,395,536,989</u>	<u>\$ 2,538,878,350</u>

***Toll Road Authority Enterprise Fund of Harris County, Texas
Management's Discussion and Analysis
For the Fiscal Year Ended September 30, 2024***

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, and Fitch IBCA, Inc. 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.

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 the Port of 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. Similarly for jobs, the region is expected to create an additional 2 million jobs. 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.co.harris.tx.us.

BASIC FINANCIAL STATEMENTS

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

ASSETS	
Current assets:	
Cash and cash equivalents	\$ 1,223,022,136
Investments	697,093,975
Receivables, net	36,658
Accrued interest receivable	5,660,315
Other receivables, net	154,896,595
Due from other funds	65,413
Prepays and other assets	3,725,452
Inventories	1,270,465
Total current assets	<u>2,085,771,009</u>
Non-current assets:	
Restricted cash and cash equivalents	81,718,115
Restricted investments	111,714,430
Capital Assets:	
Land and construction in progress	1,635,509,208
License agreement/Intangibles/Right-to-use, net of amortization	172,643,316
Other capital assets, net of depreciation	1,683,005,096
Total non-current assets	<u>3,684,590,165</u>
Total assets	<u>5,770,361,174</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refundings	34,526,340
Pension contributions after measurement date	6,859,520
Differences between expected and actual pension experience	375,747
Net difference between projected and actual earnings on pension assets	998,305
Changes of pension assumptions	5,642,420
Changes of OPEB assumptions and differences between expected and actual experience	64,848,955
Total deferred outflows of resources	<u>113,251,287</u>
LIABILITIES	
Current liabilities:	
Vouchers payable	96,688,634
Accrued payroll	5,310,223
Retainage payable	15,816,576
Customer deposits	161,411
Due to primary government	11,940,960
Due to other governmental units	46,325,392
Unearned revenue	96,549,826
Accrued Interest	24,847,046
Current portion of long-term liabilities	109,192,282
Total current liabilities	<u>406,832,350</u>
Non-current liabilities:	
Bonds payable	3,017,182,962
Pollution remediation payable	694,164
Commercial paper payable	62,380,000
Compensatory time payable	679,083
Arbitrage rebate payable	4,118,449
Lease liability	12,846,726
Subscription liability	8,579,152
Total OPEB liability	163,830,414
Net pension liability	16,033,757
Total non-current liabilities	<u>3,286,344,707</u>
Total liabilities	<u>3,693,177,057</u>
DEFERRED INFLOWS OF RESOURCES	
Differences between expected and actual pension experience	1,246,596
Changes of OPEB assumptions	45,321,647
Total deferred inflows of resources	<u>46,568,243</u>
NET POSITION	
Net investment in capital assets	995,684,516
Restricted for capital projects	111,601,801
Restricted for debt service	162,832,249
Restricted for bond covenant and other purposes	91,760,021
Unrestricted	781,988,574
Total net position	<u>\$ 2,143,867,161</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, 2024**

OPERATING REVENUES

Toll revenues	\$ 874,474,774
Total operating revenues	874,474,774

OPERATING EXPENSES

Salaries	95,939,282
Materials and supplies	23,358,441
Services and fees	210,496,049
Utilities	4,503,268
Transportation and travel	4,164,769
Depreciation and amortization	126,782,879
Total operating expenses	465,244,688

Operating income/(loss)	409,230,086
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NONOPERATING REVENUES (EXPENSES)

Earnings on investments	86,026,416
Lease income	7,840
Interest expense	(84,302,579)
Debt service fees	(4,926,267)
Gain (Loss) on disposal of capital assets	337,771
Bond refunding loss amortization	(1,098,348)
Miscellaneous income	1,777,047
Total nonoperating revenues (expenses)	(2,178,120)

Income (loss) before transfers	407,051,966
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Transfers out	(193,402,174)
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Change in net position	213,649,792
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Net position, beginning	1,930,217,369
Net position, ending	\$ 2,143,867,161

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, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 838,122,744
Payments to employees for salaries and benefits	(87,826,850)
Payments to suppliers and providers	(224,501,023)
Receipts from other governmental units	5,340,208
Receipts from other sources	1,777,047
Net cash provided by operating activities	<u>532,912,126</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers to other funds	(193,402,174)
Net cash used for noncapital financing activities	<u>(193,402,174)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Receipts from lease of capital assets	11,181
Acquisition and construction of capital assets	(307,803,372)
Proceeds from sale of capital assets	44,809
Principal paid on capital debt	(93,440,000)
Interest paid on capital debt	(100,112,620)
Bond proceeds	1,001,338,838
Lease payable	(9,149,829)
Subscription payable	5,375,866
Commercial paper proceeds	168,880,000
Commercial paper paid	(218,430,000)
Pollution payable	(529,836)
Bond issuance cost	(4,926,267)
Net cash provided by capital and related financing activities	<u>441,258,770</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(1,122,879,709)
Proceeds from sale and maturity of investments	969,857,107
Interest on investments	83,827,504
Net cash used for investing activities	<u>(69,195,098)</u>
Net increase in cash and cash equivalents	711,573,624
Cash and cash equivalents, beginning	593,166,627
Cash and cash equivalents, ending	<u>\$ 1,304,740,251</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 409,230,086
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation and amortization expenses	126,782,879
Other nonoperating revenues	1,777,047
(Increase) in accounts receivable	(19,044)
(Increase) in other receivables	(37,685,534)
Decrease in due from other funds	77,287
(Increase) in prepaid items	(940,284)
Decrease in inventories	613,040
Decrease in pension deferred outflows	4,584,781
(Increase) in OPEB deferred outflows	(25,782,010)
Increase in vouchers payable	26,193,425
Increase in accrued payroll	311,073
(Decrease) in retainage payable	(1,265,173)
(Decrease) in due to primary government	(10,697,953)
Increase in due to other governmental units	5,340,208
Increase in customer deposits	1,305
Increase in unearned revenue	1,273,956
(Decrease) in compensated absences	(121,322)
(Decrease) in net pension liability/Asset	(8,228,011)
Increase in Arbitrage rebate payable	4,118,449
Increase in total OPEB liability	46,403,223
(Decrease) in pension deferred inflows	(307,738)
(Decrease) in OPEB deferred inflows	(8,747,564)
Total adjustments	<u>123,682,040</u>
Net cash provided by operating activities	<u>\$ 532,912,126</u>
Noncash capital and related financing and investing activities:	
Increase in fair value of investments	\$ 15,788,706
Purchases of capital assets on account	(2,125,382)

See notes to the financial statements.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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. 99, *Omnibus 2022* – (“GASB 99”), the objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Other than what was implemented as of September 30, 2022, GASB 99 was implemented by the Authority and had no material impact on the Authority’s financial statements.

GASB Statement No. 100, *Accounting Changes and Error Corrections — an amendment of GASB Statement No. 62* – (“GASB 100”), the primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. GASB 100 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. 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 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.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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, 2024, 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, 2024 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 watershed improvements along SH 249, and interchange improvements at SH 249 and the Grand Parkway and SH 225 and Beltway 8.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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, 2024.

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 Risk Management 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 Office 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.

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 \$1,502.50 per employee based on the estimated full cost of health benefits.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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 - Accumulated compensatory absences are recorded as an expense and liability as the benefit accrues for the employee.

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. 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.

Non-exempt employees earn compensatory time at one and one-half times their worked hours in excess of 40 hours per week. Non-exempt employees may accrue up to 240 hours of compensatory time. Compensatory time in excess of the 240 hours maximum is paid at the regular rate of pay on the current pay period. Upon termination, non-exempt employees will be paid for any compensatory time balances.

Exempt employees earn compensatory time at a rate of one times their worked hours in excess of 40 hours a week. Exempt employees can accumulate up to 240 hours of compensatory time. Upon termination, exempt employees are paid one-half of the compensatory time earned at the wage rate at time of termination.

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, net difference between projected and actual investment earnings on pension assets, changes of pension assumptions, and changes of 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, differences between expected and actual experience and net differences between projected and actual earnings for pension are amortized over a closed 5-year period.

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 deferred revenue related to leases (related to GASB 87), the differences between expected and actual experience for Pension and changes of

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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). 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, 2024, the balance per various financial institutions was \$181,477,443. 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.

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.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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 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.

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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).

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, 2024.

	Totals
Cash and Cash Equivalents	\$ 1,223,022,136
Investments	697,093,975
Restricted Cash and Cash Equivalents	81,718,115
Restricted Investments	111,714,430
Total Cash, Cash Equivalents & Investments	\$ 2,113,548,656

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The table below indicates the fair value and maturity value of the Authority's investments as of September 30, 2024, summarized by security type. Also demonstrated are the percentages of the total portfolio, the modified duration in years, and the credit ratings for each summarized security type.

Security	Fair Value	Percentage of Portfolio	Maturity Amount	Modified Duration (Years)	Credit Rating S&P/ Moody's/Fitch
<i>US Agency Notes</i>					
FFCB	\$ 53,050,606	2.60%	\$ 53,000,000	0.0037	AA+/AAA
FHLB	72,715,882	3.57%	73,000,000	0.0257	AA+/Aaa
FHLMC	11,813,926	0.58%	12,000,000	0.0004	AA+/Aaa
FNMA	7,997,440	0.39%	8,000,000	0.0002	AA+/Aaa
<i>Total US Agency Notes</i>	<u>145,577,854</u>		<u>146,000,000</u>		
<i>Commercial Paper</i>					
BARCLAYS CAPITAL INC DISC CP	11,724,033	0.58%	12,000,000	0.0003	A1
BARCLAYS US DISC CP	29,902,530	1.47%	30,000,000	0.0003	A1+/P-1
BAYERISCHE LANDESBK GIRO DISC CP	49,355,650	2.42%	50,000,000	0.0036	P1
<i>Total Commercial Paper</i>	<u>90,982,213</u>		<u>92,000,000</u>		
<i>Local Governments</i>					
AVERILL PARK NY CENTRL SCH DIST	16,144,320	0.79%	16,000,000	0.0057	MIG1
BATAVIA NY BANS	14,262,660	0.70%	14,160,000	0.0020	MIG1
BLOOMFIELD CT	10,787,088	0.53%	10,750,000	0.0017	SP-1
DALLAS TX ISD	4,181,148	0.21%	4,100,000	0.0013	AAA/Aaa
DUBLIN OH CITY SCH DIST	6,016,889	0.30%	5,900,000	0.0025	AAA
GRAND PRAIRIE TX LT GO	2,153,606	0.11%	2,160,000	0.0004	AAA/AA+
HURST EULESS BEDFORD TX ISD	1,048,200	0.05%	1,000,000	0.0009	AAA
LYNDHURST TWP NJ	10,029,100	0.49%	10,000,000	0.0016	SP-1+
NEW BRAUNFELS TX UTIL REV	1,549,463	0.08%	1,515,000	0.0004	Aa1
NORTH EAST ISD TX UT GO	290,058	0.01%	290,000	0.0001	AAA
NORTH MIDDLESEX MA REGL SCH DIST	10,753,233	0.53%	10,721,711	0.0017	MIG1
OREGON ST LOTTERY REV	2,228,360	0.11%	2,250,000	0.0007	AAA/Aa2
SAN DIEGO CA CMNTY CLG DIST	525,175	0.03%	500,000	0.0004	AAA/Aa1
SAN FRANCISCO CITY & CO CA GO	2,033,920	0.10%	2,000,000	0.0007	AAA/Aaa
SAUQUOIT VLY NY CENTRL SCH DIST	10,829,142	0.53%	10,740,000	0.0013	MIG1
ST OF MASSACHUSETTS *ESG*	2,989,260	0.15%	3,000,000	0.0004	Aa1
SUMITOMO MIT/SINGAPORE	39,680,600	1.95%	40,000,000	0.0031	A1/P1
TEXAS A&M UNIV REV	4,099,690	0.20%	4,195,000	0.0053	AAA/Aaa
TEXAS ST TRANSPRTN COMMISSION	21,001,400	1.03%	20,000,000	0.0195	AAA/Aaa
UNIV OF TEXAS	2,058,650	0.10%	2,000,000	0.0009	AAA/Aaa
<i>Total Local Governments</i>	<u>162,661,962</u>		<u>161,281,711</u>		
<i>US Treasury Bills</i>					
US Treasury Bills	3,953,021	0.19%	4,000,000	0.0005	AA+/Aaa
<i>Total US Treasury Bills</i>	<u>3,953,021</u>		<u>4,000,000</u>		
<i>US Treasury Notes</i>					
US Treasury Notes	405,249,841	19.91%	410,000,000	0.1525	AA+/Aaa
<i>Total US Treasury Notes</i>	<u>405,249,841</u>		<u>410,000,000</u>		

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<u>Security</u>	<u>Fair Value</u>	<u>Percentage of Portfolio</u>	<u>Maturity Amount</u>	<u>Modified Duration (Years)</u>	<u>Credit Rating S&P/ Moody's/Fitch</u>
<i>Money Market Funds</i>					
LOGIC Pool	477,305,581	23.45%	477,305,581	N/A	AAAm
LoneStar Pool	68,132,818	3.35%	68,132,818	N/A	AAAm/AAAmmf
TexasCLASS Pool	498,642,146	24.49%	498,642,146	N/A	AAAm
TRA Cadence (DDA)	97,103,328	4.77%	97,103,328	N/A	NA
TRA DSR (BKNY)	13,250,304	0.65%	13,250,304	N/A	NA
US Bank (Trust)	61,883,430	3.04%	61,883,430	N/A	NA
State and Local Government Series	11,029,221	0.54%	11,029,221	N/A	NA
<i>Total Money Market Funds</i>	<u>1,227,346,828</u>		<u>1,227,346,828</u>		
Total Investments & Cash Equivalents	2,035,771,719	100.00%	\$ 2,040,628,539		
<i>Outstanding items/deposits</i>	<u>77,776,937</u>				
Total Cash, Cash Equivalents & Investments	<u>\$ 2,113,548,656</u>				

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, 2024, the County has the recurring fair value measurements for U.S. Agency Notes, Commercial Paper, Local Governments, U.S. Treasury Bills and Notes totaling \$808,424,891 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 \$1,227,346,828 have been valued at amortized cost or fair value in accordance with GASB Nos. 72 and 79. LOGIC and Lone Star Investment pools and BKNY Money Market Funds 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 Cadence, 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.

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As of September 30, 2024, 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 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, 2024, 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	5	\$ 546,605,000	0.76
Toll Road Renewal/Replacement	Matching/Barbell/Laddered	5	157,000,000	1.45
Toll Road Bond Reserve	Matching	Final maturity of the bonds	109,676,711	1.00
Money Market Mutual Funds	N/A	N/A	1,227,346,828	N/A
Total			\$ 2,040,628,539	

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

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3. OTHER RECEIVABLES AND UNEARNED REVENUE

Other receivables as of September 30, 2024 are comprised of credit card receivables and toll violations for EZ tag collections. The other receivables amount of \$154,896,595 is reported net of allowance for doubtful accounts of \$748,655,366.

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, 2024, the Authority reported \$96,549,826 in unearned EZ tag revenues.

4. PREPAIDS AND OTHER ASSETS

Prepays and other assets as of September 30, 2024, are \$3,725,452 which includes the costs of hardware and software subscriptions as well as the unexpired portion of insurance premiums paid upfront for future fiscal years.

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5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2024, was as follows:

	Balance October 1, 2023	Additions	Deletions	Transfers/ Other	Balance September 30, 2024
Capital assets not being depreciated:					
Land	\$ 384,825,003	\$ 7,466,181	\$ -	\$ -	\$ 392,291,184
Easement	1,989,062	-	-	-	1,989,062
Construction in progress	1,007,521,731	265,515,750	-	(31,808,519)	1,241,228,962
Total capital assets not depreciated	<u>1,394,335,796</u>	<u>272,981,931</u>	<u>-</u>	<u>(31,808,519)</u>	<u>1,635,509,208</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	3,599,020,502	-	-	31,808,520	3,630,829,022
Other tangible assets	6,898,941	-	-	-	6,898,941
Buildings	20,728,052	9,822,362	-	-	30,550,414
Equipment	58,381,234	8,229,182	(9,529,203)	-	57,081,213
Total depreciable capital assets:	<u>3,984,932,500</u>	<u>18,051,544</u>	<u>(9,529,203)</u>	<u>31,808,520</u>	<u>4,025,263,361</u>
Less accumulated depreciation for:					
License agreement/Intangible asset	(128,730,466)	(9,160,875)	-	-	(137,891,341)
Land improvements	(10,986,329)	(916,361)	-	-	(11,902,690)
Infrastructure	(1,891,764,841)	(102,953,092)	-	-	(1,994,717,933)
Other tangible assets	(6,894,999)	(1,101)	-	-	(6,896,100)
Buildings	(6,203,753)	(636,542)	-	-	(6,840,295)
Equipment	(45,973,047)	(4,333,749)	9,443,515	-	(40,863,281)
	<u>(2,090,553,435)</u>	<u>(118,001,720)</u>	<u>9,443,515</u>	<u>-</u>	<u>(2,199,111,640)</u>
Total capital assets being depreciated, net	<u>1,894,379,065</u>	<u>(99,950,176)</u>	<u>(85,688)</u>	<u>31,808,520</u>	<u>1,826,151,721</u>
Lease right-to-use assets:					
Buildings	28,604,717	5,034,052	(13,882,260)	2,258,200	22,014,709
Equipment	121,530	-	(44,477)	(4,977)	72,076
Total lease right-to-use assets	<u>28,726,247</u>	<u>5,034,052</u>	<u>(13,926,737)</u>	<u>2,253,223</u>	<u>22,086,785</u>
Less accumulated amortization for:					
Buildings	(3,156,108)	(3,118,777)	507,868	(527,478)	(6,294,495)
Equipment	(72,631)	(15,503)	44,477	689	(42,968)
Total accumulated amortization	<u>(3,228,739)</u>	<u>(3,134,280)</u>	<u>552,345</u>	<u>(526,789)</u>	<u>(6,337,463)</u>
Lease right-to-use assets, net	<u>25,497,508</u>	<u>1,899,772</u>	<u>(13,374,392)</u>	<u>1,726,434</u>	<u>15,749,322</u>
Subscription right-to-use assets:					
Subscriptions	12,026,238	7,868,597	-	3,328,879	23,223,714
Less accumulated amortization for:					
Subscription right-to-use assets	(3,829,466)	(5,646,879)	-	-	(9,476,345)
Subscription right-to-use assets, net	<u>8,196,772</u>	<u>2,221,718</u>	<u>-</u>	<u>3,328,879</u>	<u>13,747,369</u>
Total capital assets, net	<u>\$ 3,322,409,141</u>	<u>\$ 177,153,245</u>	<u>\$ (13,460,080)</u>	<u>\$ 5,055,314</u>	<u>\$ 3,491,157,620</u>

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
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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, 2024 were as follows:

	Outstanding October 1, 2023	Issued/ Increased	Paid/ Decreased	Outstanding September 30, 2024	Due Within One Year
Senior Lien Revenue Bonds	\$ 1,151,415,000	\$ -	\$ (60,635,000)	\$ 1,090,780,000	\$ 42,015,000
First Lien Revenue Bonds	717,340,000	950,000,000	(11,640,000)	1,655,700,000	42,600,000
Tax Bonds	130,635,000	-	(21,165,000)	109,470,000	12,070,000
Total Bond Principal	1,999,390,000	950,000,000	(93,440,000)	2,855,950,000	96,685,000
Unamortized Premium, Senior Revenue Bonds	116,452,391	-	(13,195,674)	103,256,717	-
Unamortized Premium, First Revenue Bonds	114,427,842	51,338,838	(14,046,356)	151,720,324	-
Unamortized Premium, Tax Bonds	3,573,524	-	(632,603)	2,940,921	-
Accrued Interest Payable	11,684,106	106,635,784	(118,319,890)	-	-
Total Bonds Payable	2,245,527,863	1,107,974,622	(239,634,523)	3,113,867,962	96,685,000
Commercial Paper Payable	111,930,000	168,880,000	(218,430,000)	62,380,000	-
Compensatory Time Payable	1,522,873	1,195,836	(1,317,158)	1,401,551	722,468
Arbitrage Rebate Payable	-	4,118,449	-	4,118,449	-
Lease Payable	25,809,497	5,034,052	(14,183,881)	16,659,668	3,812,942
Subscription Payable	8,326,158	7,868,597	(2,492,731)	13,702,024	5,122,872
Total OPEB Liability	120,276,191	46,403,223	-	166,679,414	2,849,000
Net Pension Liability	24,261,768	-	(8,228,011)	16,033,757	-
Pollution Remediation Obligation	1,224,000	-	(529,836)	694,164	-
Totals - Toll Road Fund Liabilities	<u>\$ 2,538,878,350</u>	<u>\$ 1,341,474,779</u>	<u>\$ (484,816,140)</u>	<u>\$ 3,395,536,989</u>	<u>\$ 109,192,282</u>

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A. Outstanding Bonded Debt – September 30, 2024 – Pertinent Information by Issue

<u>Issue</u>	<u>Original Issue Amount</u>	<u>Interest Rate Range %</u>	<u>Year Issued</u>	<u>Maturity Range</u>	<u>Outstanding Balance September 30, 2024</u>
Senior Lien Revenue Bonds					
Refunding Series 2015B	\$ 161,575,000	5.00	2015	2020-2036	\$ 121,450,000
Refunding Series 2016A	530,105,000	2.75-5.00	2016	2019-2047	432,080,000
Refunding Series 2018A	559,900,000	4.00-5.00	2018	2019-2048	457,500,000
Refunding Series 2019A	90,255,000	3.00-5.00	2019	2020-2049	79,750,000
Total Principal Senior Lien Revenue Bonds					1,090,780,000
Unamortized Premiums and Discounts					103,256,717
Total Senior Lien Revenue Bonds					<u>\$ 1,194,036,717</u>
First Lien Revenue Bonds					
Refunding Series 2021	\$ 424,925,000	3.00-5.00	2021	2021-2050	\$ 398,145,000
Refunding Series 2022A	194,030,000	5.00	2022	2022-2033	190,060,000
Refunding Series 2023A	119,495,000	5.00	2023	2024-2035	117,495,000
Refunding Series 2024A	950,000,000	4.00-5.25	2024	2025-2054	950,000,000
Total Principal First Lien Revenue Bonds					1,655,700,000
Unamortized Premiums and Discounts					151,720,324
Total First Lien Revenue Bonds					<u>\$ 1,807,420,324</u>
Unlimited Tax and Subordinate Lien Bonds (Tax Bonds)					
Refunding Series 2007C	\$ 321,745,000	5.25	2007	2014-2033	\$ 109,470,000
Total Principal Tax Bonds					109,470,000
Unamortized Premiums and Discounts					2,940,921
Total Tax Bonds					<u>\$ 112,410,921</u>

B. Covenants and Conditions

The Senior Lien Revenue Bonds and First Lien Revenue Bonds are payable from operating 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 6.06 as of September 30, 2024.

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C. Debt Service Requirements

Total interest expense was \$84,302,579 for the fiscal year ended September 30, 2024. The following are the debt service requirements for bonds payable:

Fiscal Year	Principal	Interest	Total
2025	\$ 96,685,000	\$ 141,437,821	\$ 238,122,821
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
2030-2034	645,520,000	456,539,537	1,102,059,537
2035-2039	441,600,000	323,145,925	764,745,925
2040-2044	439,300,000	227,177,425	666,477,425
2045-2049	477,620,000	123,582,301	601,202,301
2050-2054	285,400,000	38,344,674	323,744,674
	\$ 2,855,950,000	\$ 1,790,731,296	\$ 4,646,681,296

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, 2024, 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, 2024 there was no outstanding principal balance of these defeased bonds in trust.

F. Debt Issuances

On June 11, 2024, the County issued \$950,000,000 in Toll Road First Lien Revenue Refunding Bonds, Series 2024A, to defease the County’s outstanding Series K & K-2 Toll Road System First Lien Revenue Commercial Paper Notes, to fund Harris County Toll Road projects and to pay cost of such issuance. The issuance had a premium of \$51,338,838. The interest accrues semiannually, and the bonds mature in 2054. No savings or economic loss is recognized due to the defeasance of commercial paper.

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, 2024, Toll Road had outstanding \$62,380,000 of commercial paper combined in Series K and Series K-2 Notes.

For Commercial Paper Series K, Toll Road entered into a Letter of Credit Reimbursement Agreement (the “Series K Letter of Credit”) with PNC Bank, National Association, 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’

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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 April 22, 2025. For this reimbursement agreement the Authority will be assessed a fee of 0.25% 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 twelve (12) substantially equal quarterly installments on each Amortization Payment Date, commencing with the first such installment on the Term Loan Commencement Date.

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 \$250 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, 2024, the Authority had \$62,380,000 outstanding principal balance on the commercial paper lines of credit.

<u>Fiscal year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 662,830	\$ 662,830
2026	8,716,667	3,258,913	11,975,580
2027	17,774,167	5,721,364	23,495,531
2028	20,793,333	4,051,331	24,844,664
2029	12,076,666	1,607,077	13,683,743
2030	3,019,167	114,791	3,133,958
	<u>\$ 62,380,000</u>	<u>\$ 15,416,306</u>	<u>\$ 77,796,306</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 2024. As of September 30, 2024, the arbitrage rebate liability amounted to the total of \$4,118,449 for the Toll Road. The Debt Service Funds have typically been used to liquidate arbitrage liabilities in previous years.

I. Subsequent Debt Related Activity

No subsequent events noted.

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J. Lease Liability

The Authority leases buildings and equipment, the terms of which expire in various years through 2034. 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, 2024:

Fiscal Year Ending September 30,	Total to Be Paid	Principal	Interest
2025	\$ 4,180,627	\$ 3,812,942	\$ 367,685
2026	3,661,971	3,381,390	280,581
2027	3,639,255	3,441,814	197,441
2028	2,792,521	2,673,229	119,292
2029	1,900,567	1,842,071	58,496
2030-2034	1,564,694	1,508,222	56,472
	<u>\$ 17,739,635</u>	<u>\$ 16,659,668</u>	<u>\$ 1,079,967</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, 2024:

Fiscal Year Ending September 30,	Total to Be Paid	Principal	Interest
2025	\$ 5,431,276	\$ 5,122,872	\$ 308,404
2026	3,950,953	3,772,172	178,781
2027	2,353,924	2,259,918	94,006
2028	2,415,281	2,388,809	26,472
2029	158,714	158,253	461
	<u>\$ 14,310,148</u>	<u>\$ 13,702,024</u>	<u>\$ 608,124</u>

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.

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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 3.80%.

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:

	12/31/22	12/31/23
Inactive employees or beneficiaries currently receiving benefits	10,705	11,202
Inactive employees entitled but not yet receiving benefits	11,802	11,836
Active employees	19,088	20,346
Total	41,595	43,384

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 contributed using an actuarially determined rate of 15.7% of covered payroll for the months of the calendar year 2022, 15.1% for the calendar year 2023 and the first 9 months of 2024.

The contribution rate payable by the employee members for 2023 and 2024 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, 2024, the net pension (asset)/liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation as of that date.

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The total pension liability in the December 31, 2023 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, 2023 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 2024 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 2024. The geometric real rate of return is net of inflation, assumed at 2.2%.

Asset Class	Target Allocation	Geometric Real Rate of Return
U.S. Equities	11.50%	4.75%
Global Equities	2.50%	4.75%
International Equities - Developed Markets	5.00%	4.75%
International Equities - Emerging Markets	6.00%	4.75%
Investment-Grade Bonds	3.00%	2.35%
Strategic Credit	9.00%	3.65%
Direct Lending	16.00%	7.25%
Distressed Debt	4.00%	6.90%
REIT Equities	2.00%	4.10%
Master Limited Partnerships	2.00%	5.20%
Private Real Estate Partnerships	6.00%	5.70%
Private Equity	25.00%	7.75%
Hedge Funds	6.00%	3.25%
Cash Equivalents	2.00%	0.60%
	100.00%	

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):

	Harris County		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balances as of December 31, 2022	\$ 8,419,267	\$ 7,705,899	\$ 713,368
Changes for the year:			
Service cost	198,189	-	198,189
Interest on total pension liability	638,180	-	638,180
Effect of economic/demographic gains or losses	2,150	-	2,150
Refund of contributions	(19,748)	(19,748)	-
Benefit payments	(429,172)	(429,172)	-
Administrative expenses	-	(4,379)	4,379
Member contributions	-	93,188	(93,188)
Net investment income	-	845,347	(845,347)
Employer contributions	-	200,510	(200,510)
Other	-	(5,059)	5,059
Balances as of December 31, 2023	<u>\$ 8,808,866</u>	<u>\$ 8,386,586</u>	<u>\$ 422,280</u>

The net pension liability allocated to the Authority at December 31, 2023, was \$16,033,757 and the Authority contributions for the same period was \$7,613,260.

Sensitivity Analysis. The following presents the net pension (asset)/liability of the County, calculated using the discount rate of 7.6%, 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 (6.6%) or 1-percentage-point higher (8.6%) 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	\$ 9,969,370	\$ 8,808,866	\$ 7,837,193
Fiduciary net position	8,386,586	8,386,586	8,386,586
Net pension (asset)/liability	<u>\$ 1,582,784</u>	<u>\$ 422,280</u>	<u>\$ (549,393)</u>

Toll Road Authority:

	1% Decrease	Current	1% Increase
	6.60%	Discount Rate 7.60%	8.60%
Total pension liability	\$ 378,532	\$ 334,468	\$ 297,574
Fiduciary net position	318,434	318,434	318,434
Net pension (asset)/liability	<u>\$ 60,098</u>	<u>\$ 16,034</u>	<u>\$ (20,860)</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, 2024, the County recognized pension expense of \$88,585,295, the Authority's share was \$3,229,172. 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	\$ 32,831	\$ 9,896
Changes of assumptions	-	148,604
Net difference between projected and actual earnings	-	26,292
Contributions made subsequent to the measurement date	-	174,298
Total	\$ 32,831	\$ 359,090

Toll Road Authority's Allocation:	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 1,247	\$ 376
Changes of assumptions	-	5,642
Net difference between projected and actual earnings	-	998
Contributions made subsequent to the measurement date	-	6,860
Total	\$ 1,247	\$ 13,876

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:	
2025	\$ 9,550	2025	\$ 363
2026	36,733	2026	1,395
2027	158,416	2027	6,015
2028	(52,738)	2028	(2,004)
Total	\$ 151,961	Total	\$ 5,769

Payable to the Pension Plan. At September 30, 2024, the County reported a payable of \$25,836,201 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, 2024 was \$10,139,271.

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The deferred inflows and outflows of resources reported for CS at September 30, 2024 were (amounts in thousands):

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	\$ 788	\$ 238
Changes of assumptions	-	3,568
Net difference between projected and actual earnings	-	631
Contributions made subsequent to the measurement date	-	4,292
Total	\$ 788	\$ 8,729

For the measurement period ended December 31, 2023, CS recognized pension expense of \$1,418,509.

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 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

The County maintains the same healthcare plans for its retirees as for its active employees. As of September 30, 2024, KelseyCare plan became available to employees and a Medicare Advantage PPO and Prescription Drug (MAPD) plan became available to retirees effective January 1, 2025. 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.

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.

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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.

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 3, 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 or be at least age 65 and have at least 10 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.

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.

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

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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.

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.

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 are within 10 years of their retiree health eligibility date and have 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.

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	<u>18,362</u>
Total	<u><u>24,886</u></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, 2024, 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.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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
Valuation of fiduciary net position	No assets held in an irrevocable trust as of the measurement date.
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases (average)	3.00 percent
Inflation rate	2.50 percent
Healthcare cost trend rate	7.50 percent for 2024 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.

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.

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 ^a
September 30, 2023	September 30, 2023	4.63%	4.75%
September 30, 2024	September 30, 2024	3.81%	3.75%

^a Municipal Index rounded to nearest 25 basis points

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

Schedule of Changes in Total OPEB Liability (September 30, 2023 to September 30, 2024)

	Total OPEB Liability
Balances as of September 30, 2023	\$ 2,822,480,679
Changes for the year:	
Service cost	100,940,826
Interest	136,995,833
Differences between expected and actual experience	189,832,338
Changes of assumptions	739,705,132
Benefit payments ⁽¹⁾	(79,519,941)
Balances as of September 30, 2024	\$ 3,910,434,867

⁽¹⁾ Includes \$79,519,941 of pay-as-you-go contributions.

There was an increase in the total OPEB liability mainly due to changes of assumptions during the fiscal year.

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 (2.75 percent) or 1-percentage-point higher (4.75 percent) than the current discount rate:

	1% Decrease 2.75%	Discount Rate 3.75%	1% Increase 4.75%
Harris County:			
Total OPEB liability	\$ 4,669,473,102	\$ 3,910,434,867	\$ 3,311,157,889
Toll Road:			
Total OPEB liability	\$ 198,907,983	\$ 166,679,414	\$ 141,155,296

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:

	1% Decrease ⁽²⁾	Trend Rate	1% Increase ⁽³⁾
Harris County:			
Total OPEB liability	\$ 3,247,215,678	\$ 3,910,434,867	\$ 4,783,290,719
Toll Road:			
Total OPEB liability	\$ 138,192,828	\$ 166,679,414	\$ 204,000,452

⁽²⁾ Trend rate for each future year reduced by 1.00%.

⁽³⁾ Trend rate for each future year increased by 1.00%.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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

For the fiscal year ended September 30, 2024, the County recognized OPEB expense of \$339,254,473, and the Authority's share was \$14,855,071. At September 30, 2024, the County's deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources are:

Harris County:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 317,359,824
Changes in assumptions or other inputs	1,057,521,563	1,219,597,692
Total	<u>\$ 1,057,521,563</u>	<u>\$ 1,536,957,516</u>

Toll Road's Allocation:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 13,390,384
Changes in assumptions or other inputs	45,321,647	51,458,571
Total	<u>\$ 45,321,647</u>	<u>\$ 64,848,955</u>

Amounts reported as deferred inflows/outflows of resources will be recognized in OPEB expense as follows:

<u>Harris County</u>		<u>Toll Road</u>	
Fiscal Year Ending September 30:		Fiscal Year Ending September 30:	
2025	\$ 101,317,814	2025	\$ 4,126,650
2026	101,317,814	2026	4,126,650
2027	94,125,044	2027	3,833,690
2028	15,004,533	2028	611,131
2029	(16,344,096)	2029	(665,691)
Thereafter	184,014,844	Thereafter	7,494,878
Total	<u>\$ 479,435,953</u>	Total	<u>\$ 19,527,308</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, 2024 is \$21,421,454.

The deferred inflows and outflows reported for CS and 911 at September 30, 2024, were:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 1,650,722
Changes in assumptions or other inputs	4,272,316	6,343,641
Total	<u>\$ 4,272,316</u>	<u>\$ 7,994,363</u>

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

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 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 \$201,655,472.

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 \$694,164 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.

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

10. TRANSFERS AND ADVANCES

Transfers out amounted to \$193.4 million for the fiscal year ended September 30, 2024 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, 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. 101, *Compensated Absences* – (“GASB 101”), The primary 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 will be implemented by the Authority as of the year ended September 30, 2025 and the impact has not yet been determined.

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 will be implemented by the Authority as of the year ended September 30, 2025 and the impact has not yet been determined.

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 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.

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
TOTAL OPEB LIABILITY							
Service cost	\$ 79,163	\$ 81,736	\$ 251,727	\$ 209,843	\$ 118,068	\$ 105,268	\$ 100,941
Interest cost	70,460	74,038	69,221	91,781	53,688	128,192	136,996
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
Benefit payments	(55,161)	(58,457)	(62,087)	(67,710)	(40,931)	(73,614)	(79,520)
Net change in total OPEB liability	94,462	830,980	742,525	449,703	(1,164,926)	42,641	1,087,954
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
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>
Covered payroll	\$ 1,042,892	\$ 1,112,112	\$ 1,164,474	\$ 1,195,886	\$ 1,214,294	\$ 1,337,993	\$ 1,384,395
Total OPEB liability as a % of covered payroll	184.25%	247.51%	300.14%	329.86%	228.93%	210.95%	282.47%

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 NINE MEASUREMENT YEARS
(Amounts in thousands)

	Year Ended December 31								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
TOTAL PENSION LIABILITY									
Service cost	\$ 131,567	\$ 149,334	\$ 146,841	\$ 148,122	\$ 151,462	\$ 163,444	\$ 199,137	\$ 202,068	\$ 198,189
Interest on total pension liability	411,525	437,989	468,982	496,916	524,085	553,564	583,779	612,984	638,180
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
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,112)	(413,279)	(448,920)
Net change in total pension liability	337,800	321,610	355,645	348,433	364,644	\$ 828,541	\$ 396,642	\$ 352,900	\$ 389,599
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
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
FIDUCIARY NET POSITION									
Employer contributions	\$ 132,346	\$ 136,391	\$ 142,896	\$ 149,663	\$ 167,499	\$ 182,824	\$ 189,304	\$ 198,225	\$ 200,510
Member contributions	66,878	68,371	71,869	72,343	77,914	85,012	88,129	88,572	93,188
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
Benefit payments/refunds of contributions	(220,100)	(238,220)	(263,941)	(288,552)	(321,909)	(347,776)	(382,113)	(413,279)	(448,920)
Administrative expenses	(3,419)	(3,799)	(3,797)	(4,443)	(4,844)	(5,068)	(4,504)	(4,515)	(4,379)
Other	363	(7,961)	(605)	(1,386)	(1,750)	(1,963)	(1,049)	(10,981)	(5,059)
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
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
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
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
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%
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
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%
Toll Road's Portion:									
Allocated share	3.655%	3.551%	3.761%	3.687%	3.547%	3.457%	3.220%	3.401%	3.797%
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
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

Note: The County implemented GASB 68 in fiscal year 2016. Information prior to fiscal year 2016 is not available; ten years of data will accumulate over time.

**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
2015	\$ 106,802,688	\$ 110,837,562	(4,034,874)	871,490,916	12.7%
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%

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
2015	\$ 3,970,459	\$ 4,112,878	\$ (142,419)	\$ 32,340,485	12.7%
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%

(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.

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

**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**

Remaining amortization period	16.3 years (based on contribution rate calculated in 12/31/2023 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: No changes in plan provisions were reflected in the Schedule.</p> <p>2019: No changes in plan provisions were reflected in the Schedule.</p> <p>2020: No changes in plan provisions were reflected in the Schedule.</p> <p>2021: No changes in plan provisions were reflected in the Schedule.</p> <p>2022: No changes in plan provisions were reflected in the Schedule.</p> <p>2023: 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

Component/Segment (a)	February 28 2021 (c)	February 28 2022	September 30 2022 (d)	September 30 2023	September 30 2024
Hardy Toll Road-North	17,482,032	25,733,847	17,136,593	28,958,568	29,859,649
Hardy Toll Road-South	18,020,039	28,151,054	18,400,673	32,040,280	34,653,541
Sam Houston Tollway-South	70,947,261	87,856,146	51,704,213	87,616,841	87,844,416
Sam Houston Tollway-Central	53,118,468	66,203,205	39,612,189	67,473,544	67,818,472
Sam Houston Tollway-North	71,793,756	86,962,566	52,201,005	88,597,047	88,314,470
Sam Houston Ship Channel Bridge	17,197,670	21,346,309	13,638,387	23,474,721	21,663,073
Sam Houston Tollway-NorthEast	28,650,612	36,018,557	22,352,587	38,707,342	37,493,924
Sam Houston Tollway-East	24,725,798	30,745,492	20,062,138	35,149,200	35,195,383
Sam Houston Tollway-South/East	34,045,308	43,184,077	26,541,363	45,099,587	45,965,706
Sam Houston Tollway-South/West	42,486,196	52,861,714	31,859,245	54,703,087	55,386,596
Westpark Tollway	43,279,703	59,716,443	36,744,797	63,888,381	65,648,065
Fort Bend Parkway Extension (Spur 90A)	4,377,608	5,492,986	3,347,600	5,974,632	6,445,939
Katy Managed Lanes (b)	15,361,123	28,610,665	18,671,130	34,074,955	36,711,995
Tomball Tollway	19,783,085	26,589,442	16,326,520	32,327,669	35,285,932
Total	<u>461,268,659</u>	<u>599,472,503</u>	<u>368,598,440</u>	<u>638,085,854</u>	<u>648,287,161</u>

- (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 significant decrease from 2020 to 2021 is due to the COVID-19 pandemic impact.
- (d) 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

Toll Rate Schedule Effective September 4, 2023

	EZ TAG and other AVI ^{(a)(e)}	Pre-Registered Plate ^(b)	3rd Party Service ^(c)	Invoiced Image ^(d)
<u>Two Axle Vehicles</u>				
Sam Houston Tollway and Hardy Toll Road Plazas	\$ 0.45 - 1.50	\$ 0.65 - 1.80	\$ 0.70 - 1.88	\$ 1.00 - 3.00
Sam Houston Ship Channel Bridge	1.35 - 1.50	1.80	1.88	3.00
Westpark Tollway	0.36 - 1.50	0.55 - 1.80	0.60 - 1.88	0.90 - 3.00
Fort Bend Parkway Extension (Spur 90A)	1.35 - 1.50	1.80	1.88	3.00
Tomball Tollway	0.45 - 1.50	0.65 - 1.80	0.70 - 1.88	1.00 - 3.00
<u>Three to Eight Axle Vehicles</u>				
Sam Houston Tollway and Hardy Toll Road Plazas	1.00 - 12.25	1.30 - 14.70	1.40 - 15.33	2.00 - 24.50
Sam Houston Ship Channel Bridge	4.00 - 14.00	4.80 - 16.80	5.00 - 17.50	8.00 - 28.00
Westpark Tollway	1.00 - 12.25	1.30 - 14.70	1.40 - 15.33	2.00 - 24.50
Fort Bend Parkway Extension (Spur 90A)	3.50 - 12.25	4.20 - 14.70	4.38 - 15.33	7.00 - 24.50
Tomball Tollway	1.00 - 12.25	1.30 - 14.70	1.40 - 15.33	2.00 - 24.50

- (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

	February 28 2021	February 28 2022	September 30 2022 (b)	September 30 2023	September 30 2024
Operating Revenues					
Toll revenues	\$ 551,278,046	\$ 808,931,881	\$ 532,151,298	\$ 896,351,094	\$ 874,474,774
Total Operating Revenues	<u>551,278,046</u>	<u>808,931,881</u>	<u>532,151,298</u>	<u>896,351,094</u>	<u>874,474,774</u>
Operating Expenses					
Salaries	84,322,777	74,372,273	40,501,868	80,707,014	95,939,282
Materials and supplies	16,626,507	26,143,034	13,233,260	29,375,689	23,358,441
Services and fees	143,149,145	164,090,917	106,470,753	213,416,742	210,496,049
Utilities	2,443,633	3,267,504	2,000,241	4,255,000	4,503,268
Transportation and travel	2,636,579	3,639,196	2,430,384	4,356,186	4,164,769
Depreciation and Amortization	76,551,284	109,661,003	52,549,680	113,765,482	126,782,879
Total Operating Expenses	<u>325,729,925</u>	<u>381,173,927</u>	<u>217,186,186</u>	<u>445,876,113</u>	<u>465,244,688</u>
Income from Operations	<u>225,548,121</u>	<u>427,757,954</u>	<u>314,965,112</u>	<u>450,474,981</u>	<u>409,230,086</u>
Nonoperating Revenues					
Investment income	11,028,413	3,289,821	1,562,418	36,900,982	86,026,416
Lease revenues	8,640	8,640	4,946	8,479	7,840
Miscellaneous Income	1,158,968	2,571,734	1,653,068	1,944,159	1,777,047
Gain on disposal of capital assets	22,789	56,208	181,937	454,570	359,401
Total Nonoperating Revenues	<u>12,218,810</u>	<u>5,926,403</u>	<u>3,402,369</u>	<u>39,308,190</u>	<u>88,170,704</u>
Nonoperating Expenses					
Interest expense	73,769,602	83,303,263	50,466,318	73,091,761	84,302,579
Debt service fees	2,937,367	34,537	1,540,276	1,435,466	4,926,267
Bond refunding loss amortization	4,056,039	3,487,377	1,676,709	1,315,068	1,098,348
Loss on disposal of capital assets	-	-	-	3,846,586	21,630
Total Nonoperating Expenses	<u>80,763,008</u>	<u>86,825,177</u>	<u>53,683,303</u>	<u>79,688,881</u>	<u>90,348,824</u>
Net Income Before Transfers Out	157,003,923	346,859,180	264,684,178	410,094,290	407,051,966
Transfers Out (a)	(545,148,289)	(253,954,915)	(123,907,635)	(369,300,000)	(193,402,174)
Change in Net Position	<u>\$ (388,144,366)</u>	<u>\$ 92,904,265</u>	<u>\$ 140,776,543</u>	<u>\$ 40,794,290</u>	<u>\$ 213,649,792</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

FY/Period Ended	Project Revenues	(a) Other Earnings	Debt Service Senior & 1st Lien Revenue Bonds	Coverage Ratio On Senior & 1st Lien Revenue Bonds	(b) O & M Expenses	Revenues Available For Unlimited Subordinate Lien Tax Bonds	Debt Service Tax Bonds	Coverage Ratio On Unlimited Subordinate Lien Tax Bonds
2016	\$ 759,275,927	\$ 18,979,897	\$ 142,199,571	5.473	\$ 203,809,584	\$ 432,246,669	\$ 58,516,811	7.387
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

(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

Component/Segment (a)	February 28 2021	February 28 2022	September 30 2022 (d)	September 30 2023	September 30 2024
Hardy Toll Road-North	\$ 24,849,542	\$ 40,482,057	\$ 27,909,614	\$ 43,683,294	\$ 45,102,764
Hardy Toll Road-South (b)	23,854,633	41,476,186	27,838,734	44,558,745	47,954,734
Sam Houston Tollway-South	83,248,148	120,574,460	74,704,542	116,105,595	115,785,581
Sam Houston Tollway-Central	70,099,960	101,735,211	63,790,529	99,742,384	100,535,927
Sam Houston Tollway-North	90,148,025	129,143,357	81,745,873	126,530,326	127,928,561
Sam Houston Ship Channel Bridge	26,771,401	39,015,609	26,133,519	41,310,317	39,833,297
Sam Houston Tollway-East	32,271,153	46,928,255	32,118,434	51,962,394	51,821,170
Sam Houston Tollway-South/East	43,726,878	65,054,773	42,165,941	66,099,847	66,856,876
Sam Houston Tollway-South/West	48,895,404	72,607,308	46,400,924	73,729,011	74,578,655
Sam Houston Tollway-North/East	34,141,237	49,348,796	32,190,129	51,673,029	48,147,558
Westpark Tollway	47,193,811	73,466,948	47,010,044	76,297,447	76,422,868
Fort Bend Parkway Extension (Spur 90A)	5,707,999	8,149,768	5,078,911	8,474,676	8,894,264
Katy Managed Lanes	8,867,781	18,648,110	12,399,470	20,442,233	20,967,661
Tomball Tollway	25,223,306	37,611,849	23,569,371	44,165,933	48,243,545
Administration (c)	(33,242,723)	(67,179,469)	(32,512,204)	(10,553,090)	(44,699,806)
IOP-CTRMA	783,391	1,407,012	965,522	1,786,141	1,967,756
IOP-CCRMA	-	-	-	-	90,000
IOP-Fort Bend County	3,580,328	4,751,940	2,943,124	5,391,543	5,739,327
IOP-KTA	31,769	44,123	30,059	54,360	124,299
IOP-MCTRA	784,863	1,228,090	812,774	1,598,189	1,839,494
IOP-METRO	160,008	357,013	266,379	531,967	503,472
IOP-NTTA	3,300,657	4,880,037	3,507,770	6,605,113	7,794,194
IOP-TTA	10,407,622	15,601,249	10,306,606	20,454,626	21,662,660
IOP-OTA	51,538	88,696	84,288	250,664	340,757
IOP - BCTRA	114,515	794,878	632,924	1,229,074	1,319,516
IOP - BTG	306,799	2,715,625	2,058,021	4,227,276	4,719,644
Total	<u>\$ 551,278,046</u>	<u>\$ 808,931,881</u>	<u>\$ 532,151,298</u>	<u>\$ 896,351,094</u>	<u>\$ 874,474,774</u>

- (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 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, 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
2025	\$ 12,070,000	\$ 5,747,175	\$ 17,817,175	\$ 84,615,000	\$ 135,690,646	\$ 220,305,646	\$ 96,685,000	\$ 141,437,821	\$ 238,122,821
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
Total	\$ 109,470,000	\$ 28,813,050	\$ 138,283,050	\$2,746,480,000	\$1,761,918,246	\$4,508,398,246	\$2,855,950,000	\$1,790,731,296	\$4,646,681,296

**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”.

<u>Issue</u>	<u>Date Issued</u>	<u>Outstanding Principal Amount at September 30, 2024</u>
Harris County, Texas, Toll Road Unlimited Tax and Subordinate Lien Revenue Refunding Bonds, Series 2007C	August 2007	\$ 109,470,000
TOTAL		\$ 109,470,000

**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”.

Issue	Outstanding Principal Amount at September 30, 2024
Harris County, Texas, Toll Road Senior Lien Revenue	
Refunding Bonds Series 2015B	\$ 121,450,000
Refunding Bonds Series 2016A	432,080,000
Refunding Bonds Series 2018A	457,500,000
Refunding Bonds Series 2019A	79,750,000
Harris County, Texas, Toll Road First Lien Revenue	
Refunding Bonds Series 2021	398,145,000
Refunding Bonds Series 2022A	190,060,000
Refunding Bonds Series 2023A	117,495,000
Refunding Bonds Series 2024A	950,000,000
TOTAL	\$ 2,746,480,000

**TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
OPERATING FUNDS BUDGET FOR THE COUNTY'S FISCAL YEAR 2024-2025
Schedule 9**

On September 19, 2024 the Commissioners Court adopted the budget for the County for the Fiscal Year 2024-2025. 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 2024-2025 budget for the County's Current Operating Fund:

Cash Balance as of October 1, 2024	\$ 289,661,547
Estimated Revenues:	
Ad Valorem and Miscellaneous Taxes	2,134,090,374
Charges for Services	295,726,983
Fines and Forfeitures	11,476,000
Intergovernmental Revenues	85,392,690
Interest	32,375,200
Other	58,346,337
Total Cash and Estimated Revenues	<u><u>\$2,907,069,131</u></u>
Appropriations:	
Current Operating Expenses	\$2,900,472,753
Capital Outlay:	
Roads	5,171,549
Parks	1,424,829
Total Appropriations	<u><u>\$2,907,069,131</u></u>

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, 2024 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	\$ 252,697,278
Permanent Improvements	486,189,633
Flood Control	<u>255,867,840</u>
Total	<u><u>\$ 994,754,751</u></u>

TOLL ROAD AUTHORITY ENTERPRISE FUND OF HARRIS COUNTY, TEXAS
COUNTY TAX DEBT OUTSTANDING
Schedule 11

	<u>County's Total Outstanding Tax Debt (a)</u>
Limited Tax Debt	\$ 1,361,694,000
Unlimited Tax Debt	821,310,000
Flood Control	285,365,000
Toll Road Tax Bonds	<u>109,470,000</u>
Total	\$ 2,577,839,000
Less: Toll Road Tax Bonds	<u>(109,470,000)</u>
Total (Approximately 0.29% of 2023 Assessed Value)	<u><u>\$ 2,468,369,000</u></u>

(a) Excluding Flood Control District debt of \$987,825,000 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 COUNTY-WIDE 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 County-Wide Tax Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 82,624	\$ 77,517	\$ 160,141	\$ 59,130	\$ 38,658	\$ 97,788	\$ 12,070	\$ 5,747	\$ 17,817	\$ 57,625	\$ 55,349	\$ 112,974	\$ 211,449	\$ 177,271	\$ 388,720
2026	70,845	59,808	130,653	55,000	34,726	89,726	12,090	5,113	17,203	53,675	52,725	106,400	191,610	152,372	343,982
2027	98,320	55,659	153,979	59,665	31,911	91,576	12,115	4,479	16,594	58,040	50,122	108,162	228,140	142,171	370,311
2028	63,090	65,320	128,410	60,505	28,925	89,430	12,135	3,843	15,978	61,675	47,136	108,811	197,405	145,224	342,629
2029	73,365	48,468	121,833	61,510	25,895	87,405	12,160	3,206	15,366	64,385	43,992	108,377	211,420	121,561	332,981
2030	55,300	45,293	100,593	52,130	23,074	75,204	12,185	2,567	14,752	65,210	40,759	105,969	184,825	111,693	296,518
2031	57,920	42,526	100,446	50,525	20,529	71,054	12,210	1,928	14,138	54,365	37,947	92,312	175,020	102,930	277,950
2032	60,615	39,647	100,262	51,685	18,027	69,712	12,240	1,286	13,526	42,750	35,696	78,446	167,290	94,656	261,946
2033	36,415	36,798	73,213	28,170	16,093	44,263	12,265	644	12,909	44,890	33,561	78,451	121,740	87,096	208,836
2034	34,385	34,977	69,362	29,575	14,692	44,267	-	-	-	47,045	31,416	78,461	111,005	81,085	192,090
2035	36,075	33,267	69,342	15,230	13,222	28,452	-	-	-	49,200	29,220	78,420	100,505	75,709	176,214
2036	37,855	31,472	69,327	15,980	12,489	28,469	-	-	-	51,460	26,984	78,444	105,295	70,945	176,240
2037	37,850	29,656	67,506	16,685	11,780	28,465	-	-	-	53,700	24,699	78,399	108,235	66,135	174,370
2038	39,665	27,831	67,496	17,390	11,078	28,468	-	-	-	56,050	22,300	78,350	113,105	61,209	174,314
2039	41,565	25,929	67,494	18,120	10,345	28,465	-	-	-	58,515	19,855	78,370	118,200	56,129	174,329
2040	43,525	23,953	67,478	18,835	9,624	28,459	-	-	-	60,960	17,362	78,322	123,320	50,939	174,259
2041	45,560	21,900	67,460	19,585	8,873	28,458	-	-	-	48,175	15,133	63,308	113,320	45,906	159,226
2042	37,605	20,027	57,632	20,370	8,090	28,460	-	-	-	50,000	13,296	63,296	107,975	41,413	149,388
2043	39,285	18,356	57,641	21,155	7,307	28,462	-	-	-	51,870	11,321	63,191	112,310	36,984	149,294
2044	41,015	16,594	57,609	21,995	6,463	28,458	-	-	-	53,970	9,171	63,141	116,980	32,228	149,208
2045	38,630	14,847	53,477	22,925	5,541	28,466	-	-	-	56,190	6,915	63,105	117,745	27,303	145,048
2046	40,240	13,238	53,478	23,915	4,539	28,454	-	-	-	58,505	4,567	63,072	122,660	22,344	145,004
2047	38,840	11,606	50,446	24,965	3,492	28,457	-	-	-	44,850	2,444	47,294	108,655	17,542	126,197
2048	38,925	9,967	48,892	23,500	2,427	25,927	-	-	-	30,085	901	30,986	92,510	13,295	105,805
2049	25,475	8,405	33,880	4,815	1,638	6,453	-	-	-	-	-	-	30,290	10,043	40,333
2050	26,550	7,335	33,885	5,060	1,397	6,457	-	-	-	-	-	-	31,610	8,732	40,342
2051	27,875	6,008	33,883	5,310	1,144	6,454	-	-	-	-	-	-	33,185	7,152	40,337
2052	29,275	4,614	33,889	5,575	879	6,454	-	-	-	-	-	-	34,850	5,493	40,343
2053	30,735	3,150	33,885	5,855	600	6,455	-	-	-	-	-	-	36,590	3,750	40,340
2054	32,270	1,614	33,884	6,150	308	6,458	-	-	-	-	-	-	38,420	1,922	40,342
Total	\$ 1,361,694	\$ 835,782	\$ 2,197,476	\$ 821,310	\$ 373,766	\$ 1,195,076	\$ 109,470	\$ 28,813	\$ 138,283	\$ 1,273,190	\$ 632,871	\$ 1,906,061	\$ 3,565,664	\$ 1,871,232	\$ 5,436,896

(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
COUNTY-WIDE AUTHORIZED BUT UNISSUED BONDS
Schedule 13
(Amounts in Thousands)

As of September 30, 2024, the following County-wide ad valorem tax bonds authorized by the voters at the elections held in September 1983, November 1999, November 2007, November 2015, August 2018, and November 2022 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	210,683	
Forensic Lab	5,180	
Public Safety	<u>100,000</u>	
Total Limited Tax Bonds		\$ 348,863
Unlimited Tax:		
Road Bonds	<u>1,187,400</u>	
Total Unlimited Tax Bonds		1,187,400
Combination Unlimited Tax and Revenue:		
Toll Roads	<u>15,148</u>	
Total Toll Road Unlimited Tax Bonds		15,148
Harris County Flood Control District Limited Tax Bonds:		
Flood Bonds	<u>1,491,775</u>	
Total Flood Control Limited Tax Bonds		<u>1,491,775</u>
Total Harris County Ad Valorem Tax Bonds		<u><u>3,043,186</u></u>
 <u>Harris County Hospital District Bonds</u>		
Harris County Hospital District Bond	<u>2,500,000</u>	
Total Harris County Hospital District Bonds		<u><u>2,500,000</u></u>
 Total Authorized but Unissued Bonds		 <u><u>\$ 5,543,186</u></u>

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

	2016	2017	2018	2019	2020	2021	2022	9/30/22 *	2023	2024
Administration of Justice	9,768	9,824	10,275	10,181	10,909	11,194	11,115	10,937	10,883	11,517
Parks	867	892	913	924	899	613	587	554	614	640
County Administration	3,280	3,406	3,460	3,481	3,054	3,222	3,331	3,416	3,587	3,870
Health and Human Services	1,432	1,450	1,488	1,487	1,622	1,582	1,653	1,667	1,793	2,098
Flood Control	287	293	290	316	325	331	347	350	329	351
Tax Administration	368	353	368	365	418	382	377	371	392	388
Roads and Bridges	451	563	568	542	659	489	364	381	371	402

Note: (1) As of September 30, 2024, it is estimated that approximately 5,599 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