FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Financial Statements

June 30, 2025 and 2024

(With Independent Auditor's Report Thereon)

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Foothill/Eastern Transportation Corridor Agency
Irvine, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Foothill/Eastern Transportation Corridor Agency ("Agency"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of June 30, 2025 and 2024, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

(Continued)

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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of net pension liability and related ratios, and schedule of Agency contributions, as listed in the table of contents, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Crowe LLP

Crowe LLP

Costa Mesa, California
September 15, 2025

This discussion and analysis of the financial performance of the Foothill/Eastern Transportation Corridor Agency (the Agency) provides an overview of the Agency's financial activities for the fiscal years ended June 30, 2025 and 2024. This report is intended to be read in conjunction with the Agency's financial statements and accompanying notes.

Background

The Agency was formed in January 1986 as a joint powers authority by the County of Orange and cities in Orange County, California to provide traffic relief to Orange County through the construction and operation of toll roads. The Agency was created to plan, design, finance, construct, and operate the Foothill (State Route 241) and Eastern (State Route 241, State Route 261, and State Route 133) toll roads. The Agency's primary focus is the operation of the facilities and collection of tolls to repay the tax-exempt revenue bonds that were issued to construct the toll roads.

Planning began in the 1970s when local transportation studies identified the need for new highways, including the Foothill and Eastern Transportation Corridors (State Route 241, State Route 261, and State Route 133), to serve Orange County's growing population. In the early 1980s, the corridor was envisioned as a free highway funded through state or federal gas-tax revenue, but with a shortage of gas-tax revenue to fund transportation improvements and increasing costs of building new roads, local officials began to study alternative ways to fund road projects.

In the mid-1980s, two state laws were passed authorizing the Agency to collect tolls and development impact fees to fund road construction. With a pledged revenue stream from future tolls and development impact fees, the Agency issued nonrecourse, toll-revenue bonds to fund road construction, rather than relying on the uncertainty of state gas-tax revenue. The Agency also reached an agreement with the California Department of Transportation (Caltrans) for Caltrans to assume ownership, liability, and maintenance of the State Route 241, State Route 261, and State Route 133 toll roads as part of the state highway system. This agreement eliminated the need for the Agency to seek additional funding sources for road maintenance.

In 1993, the first 3.2-mile segment of the Foothill (State Route 241) toll road opened to traffic, the first toll road in Southern California to use FasTrak®, an electronic toll collection system that allowed drivers to pay tolls without stopping at a toll booth. The State Route 241, State Route 261, and State Route 133 toll roads serve as important, time-saving alternative routes to local freeways and arterial roads.

Financial Highlights

Toll transactions have increased to 67.5 million during the year ended June 30, 2025, compared to 66.4 million during the year ended June 30, 2024, an increase of 1.7%. Tolls, fees, and fines earned in fiscal year 2025 (FY25) totaled $239,208 compared to $225,849 in fiscal year 2024 (FY24), an increase of 5.9%.

As of June 30, 2025 and 2024, the Agency had $388,671 and $378,902, respectively, of restricted cash and investments that were restricted by their purpose or subject to master indentures of trust for the bonds outstanding at each date. The Agency also had $638,579 and $448,207, respectively, of unrestricted cash and investments.

The Agency's net position at June 30, 2025 and 2024 was ($1,141,751) and ($1,283,806), respectively. The negative net position results from the inclusion in the Agency's financial statements of its long-term debt obligations (toll revenue bonds), which were used to fund design, planning and construction of the corridors, but not the related capital assets, since ownership of the corridors was transferred to Caltrans upon completion of construction.

(In thousands)

The Agency adopted Government Accounting Standards Board (GASB) Statement No. 94 in fiscal year 2023 (FY23), and the Agency's cooperative agreement with Caltrans was deemed to meet the definition of a Public-Public Partnership (PPP) agreement. This resulted in the recognition of an intangible right-to-use asset (included in capital assets, net) and liability of $82.4 million at the measurement date of July 1, 2021, related to the present value of future installment payments the Agency is required to make to Caltrans beginning in Fiscal Year 2041 and ending in Fiscal Year 2053. This resulted in a restatement of the Agency's previously reported Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows for the year ended June 30, 2022 to recognize the right-to-use asset and the PPP liability as well as one year of amortization of the asset and liability discount. More detailed information about the Agency's PPP is presented in note 9 to the financial statements.

Overview of the Financial Statements

The Agency's financial statements include its statements of net position, statements of revenues, expenses, and changes in net position, statements of cash flows, and notes to the financial statements. The statements of net position and statements of revenues, expenses, and changes in net position, present the financial picture of the Agency from the economic resources measurement focus using the accrual basis of accounting. The statements of cash flows provide information about the Agency's cash receipts, cash payments, and net changes in cash resulting from operating, capital, and related financing, and investing activities during the reporting period.

The statements of net position and the statements of revenues, expenses, and changes in net position report the Agency's net position and related changes. Net position is the difference between the total of recorded assets and deferred outflows and the total of liabilities and deferred inflows. The recorded activities include all toll revenue and operating expenses related to the operation of the Foothill/Eastern Transportation Corridors, as well as the Agency's design and construction-related activities and related financing costs. Activities are financed by toll revenue, development impact fees, fees and fines, and investment income.

Financial Analysis

The following table summarizes the net position of the Agency as of June 30, 2025, 2024, and 2023:

	2025	Percentage increase (decrease)	2024	Percentage increase (decrease)	2023
Assets and deferred outflows:					
Current assets	$ 609,541	23.5 %	$ 493,513	18.0 %	$ 418,385
Capital assets, net	168,617	1.7	165,807	1.7	163,026
Net pension asset	1,897	70.1	1,115	191.1	383
Other noncurrent assets	564,673	11.7	505,602	5.6	478,890
Deferred outflows	279,006	(4.9)	293,496	(4.7)	308,051
Total assets and deferred outflows	1,623,734	11.3	1,459,533	6.6	1,368,735
Liabilities and deferred inflows:					
Current liabilities *	97,745	11.4	87,773	5.6	83,129
Bonds payable	2,571,932	0.3	2,563,260	(1.7)	2,607,720
PPP liability and interest payable	95,314	3.7	91,909	3.7	88,625
Deferred inflows	494	24.4	397	(27.9)	551
Total liabilities and deferred inflows	2,765,485	0.8	2,743,339	(1.3)	2,780,025
Net position	$ (1,141,751)	11.1	$ (1,283,806)	9.0	$ (1,411,290)

* Excludes current portion of bonds payable which is included within Bonds payable.

(In thousands)

The increase in current and other noncurrent assets in FY25 is primarily attributable to increased cash collections. The Agency has continued to accumulate additional cash reserves, as cash generated from operations has continued to surpass its immediate debt service requirements. In addition, the Agency received its first scheduled payment, amounting to $34,997, of the Note Receivable from San Joaquin Hills Transportation Corridor Agency (SJHTCA) in January 2025.

The increase in net pension asset is primarily attributable to the Agency's deferred inflows/outflows of resources resulting from differences between projected and actual earnings on pension plan investments per the actuarial valuation of the Orange County Employees Retirement System (OCERS) pension plan.

The increase in current liabilities is primarily attributable to the timing of bond principal payments as scheduled per the bond indentures.

The following is a summary of the Agency's revenue, expenses, and changes in net position for the years ended June 30, 2025, 2024, and 2023:

	2025	Percentage increase (decrease)	2024	Percentage increase (decrease)	2023
Operating revenues:					
Tolls, fees, and fines	$ 239,208	5.9 %	$ 225,849	6.4 %	$ 212,324
Development impact fees	18,944	90.5	9,944	7.1	9,285
Other revenues	617	0.5	614	2.0	602
Total operating revenues	258,769	9.5	236,407	6.4	222,211
Operating expenses	38,661	16.1	33,313	8.1	30,803
Operating income	220,108	8.4	203,094	6.1	191,408
Nonoperating expenses, net	(78,053)	3.2	(75,610)	(51.9)	(157,168)
Change in net position	142,055		127,484		34,240
Net position at beginning of year	(1,283,806)	9.0	(1,411,290)	2.4	(1,445,530)
Net position at end of year	$ (1,141,751)	11.1	$ (1,283,806)	9.0	$ (1,411,290)

Tolls, fees, and fines comprised 92.4% and 95.5% of total revenue in FY25 and FY24, respectively. Tolls, fees, and fines increased by 5.9% in FY25 after an increase of 6.4% in FY24. The increase was primarily due to increased traffic on the system and fees for transaction and violation processing for the San Bernadino County Transportation Authority (SBCTA) Express Lanes that opened in August 2024. Development impact fees increased by 90.5% after an increase of 7.1% in FY24. The amounts of development impact fees collected fluctuate from year to year depending on residential and nonresidential development in Orange County within the area of benefit.

Operating expenses were $38,661 in FY25 compared to $33,313 in FY24, an increase of 16.1%. Included in operating expenses in FY25 is noncash depreciation and amortization expense on capital assets of $4,744, compared to $4,820 in FY24, and noncash pension contra-expense recorded in salaries and wages related to the OCERS pension of ($186), compared to ($444) in FY24. Excluding depreciation and amortization and the noncash pension contra-expense, operating expenses were $34,103 in FY25 and $28,937 in FY24. The increase in operating expenses is primarily due to the aforementioned increase in traffic and related toll revenue. This increase is also attributable to the increase in customer care and toll compliance services directly related to increased revenue, call volume, and transaction and violation processing for the SBCTA Express Lanes, for which a fee is received as described above.

Net nonoperating expenses for FY25 include investment income of $54,992 compared to $41,277 in FY24 with the increase primarily due to increased yields attributable to maturities of lower yielding securities and new security purchases invested at higher rates; interest expenses of $131,806 compared to $115,191 in FY24; and a contribution of capital improvements to Caltrans and the County of $1,880 in FY25.

(In thousands)

Capital Assets, Net

The following table summarizes the Agency's capital assets, net of accumulated depreciation, at June 30:

	2025	2024	2023
Construction in progress	$ 69,436	61,737	54,954
Right-of-way acquisitions, grading, or improvements	18,689	18,689	18,689
Intangible right-to-use asset	71,962	74,573	77,184
Furniture and equipment	8,530	10,808	12,199
Total capital assets, net	$ 168,617	165,807	163,026

Right-of-way acquisitions, grading, or improvements include easements and environmental mitigation parcels. Furniture and equipment includes facility and toll revenue equipment related to the corridor operations facility, transponders, toll and violations collection equipment, buildings, and changeable message signs.

More detailed information about the Agency's capital assets is presented in note 5 to the financial statements.

Debt Administration

At June 30, 2025, 2024, and 2023, the Agency had outstanding bonds payable of $2,571,932, $2,563,260, and $2,607,720, respectively.

All of the Agency's tolls, fees, fines, and development impact fee revenue, less certain expenses, as defined in the indentures of trust, are pledged to repay these bonds. The Agency has several debt covenants contained in the master indentures of trust. Management of the Agency represents that the Agency was in compliance with all of its covenants as of and for the years ended June 30, 2025, 2024 and 2023.

More detailed information about the Agency's bonds is presented in note 7 to the financial statements.

Economic Factors

The Agency continues to see increases in traffic on the system, evidenced by the 5.9% increase in tolls, fees, and fines in FY25. Additionally, due to the Agency's demonstrated financial discipline and actions taken in recent years to further strengthen the finances, the Agency has very strong liquidity and is well positioned to meet its continued financial obligations.

In accordance with the Agency's toll policy, new toll rates were implemented effective July 1, 2024. New toll rates reflect a 2.0% inflationary increase at all toll points.

In July 2022, the Agency completed a $125,000 early paydown of a portion of its bonds, which resulted in a recognized gain of $4,849 due to the write-off of net bond premiums. This resulted in a reduction of the Agency's future debt service interest payments by $181,953.

In January 2023, the Board authorized the Agency's Open Market Bond Buyback Program. In February and March 2023, the Agency purchased and retired a portion of its 2021 Bonds on the open market. The $107,353 of outstanding bonds were purchased for a total acquisition price of $92,305, which resulted in a recognized gain on retirement of bonds of $15,121. This resulted in a reduction of the Agency's future debt service interest payments by $115,240.

In January 2024, the Agency completed a $60,000 early paydown of the Series 2013 Senior Term Current Interest Bonds, which resulted in accelerated amortization of the related bond discount and prepaid bond insurance of $3,752. This resulted in a reduction of the Agency's future debt service interest payments by $54,000.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller, Foothill/Eastern Transportation Corridor Agency at 125 Pacifica, Suite 100, Irvine, CA 92618.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Net Position
June 30, 2025 and June 30, 2024
(In thousands)

	2025	2024
Assets		
Current Assets		
Cash and investments	$ 510,886	$ 406,072
Restricted cash and investments	69,795	64,725
Receivables		
Accounts, net of allowance of $6,184 and $5,133 respectively	14,242	12,474
Fees	13	42
Interest	8,035	6,067
Due from San Joaquin Hills Transportation Corridor Agency	5,599	2,944
Other assets	971	1,189
Total Current Assets	609,541	493,513
Non Current Assets		
Cash and investments	127,693	42,135
Restricted cash and investments	318,876	314,177
Non-depreciable capital assets	89,964	82,265
Depreciable capital assets, net	78,653	83,542
Unamortized prepaid bond insurance	14,620	15,442
Net pension asset	1,897	1,115
Note receivable – San Joaquin Hills Transportation Corridor Agency	103,484	133,848
Total Non Current Assets	735,187	672,524
Deferred Outflows of Resources		
Unamortized deferral of bond refunding costs	277,339	291,305
Pension costs	1,667	2,191
Total Assets and Deferred Outflows of Resources	**1,623,734**	**1,459,533**
Liabilities		
Current Liabilities		
Accounts payable	16,560	20,322
Unearned revenue	38,954	33,817
Employee compensated absences payable	557	493
Interest payable	41,674	33,141
Current portion of bonds payable	14,053	5,194
Total Current Liabilities	111,798	92,967
PPP liability	82,406	82,406
PPP interest payable	12,908	9,503
Long-term bonds payable	2,557,879	2,558,066
Total Liabilities	2,764,991	2,742,942
Deferred Inflows of Resources		
Pension costs	494	397
Total Liabilities and Deferred Inflows of Resources	**2,765,485**	**2,743,339**
Net position		
Net investment in capital assets	(2,208,382)	(2,188,554)
Restricted	332,310	329,128
Unrestricted	734,321	575,620
Total Net Position	**$ (1,141,751)**	**$ (1,283,806)**

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION
CORRIDOR AGENCY

Statements of Revenues, Expenses, and Changes in Net Position
Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Operating Revenues		
Tolls, fees, and fines	$ 239,208	$ 225,849
Development impact fees	18,944	9,944
Other revenues	617	614
Total Operating Revenues	258,769	236,407
Operating Expenses		
Toll compliance and customer service	20,166	16,659
Salaries and wages	4,182	4,048
Professional services	2,681	1,352
Toll systems	2,564	2,650
Depreciation and amortization	4,744	4,820
Insurance	1,764	1,634
Toll facilities	764	780
Facilities operations, maintenance, and repairs	326	326
Other operating expenses	1,470	1,044
Total Operating Expenses	38,661	33,313
Operating Income	**220,108**	**203,094**
Nonoperating Revenues (Expenses)		
Investment income	54,992	41,277
Insurance recovery income	—	1,125
Miscellaneous income	641	974
Loss on retirement of bonds	—	(3,752)
Contribution of capital improvements to Caltrans/County	(1,880)	—
Write off of construction in progress	—	(43)
Interest expense	(131,806)	(115,191)
Net Nonoperating Expenses	**(78,053)**	**(75,610)**
Change in Net Position	**142,055**	**127,484**
Net Position at Beginning of Period	(1,283,806)	(1,411,290)
Net Position at End of Period	**$ (1,141,751)**	**$ (1,283,806)**

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Cash Flows
Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Cash Flows from Operating Activities		
Cash received from toll road patrons	$ 239,922	$ 224,508
Cash received from development impact fees	18,973	9,979
Cash received from other revenue	617	614
Cash payments to suppliers	(33,280)	(21,400)
Cash payments to employees	(4,279)	(4,404)
Net Cash from Operating Activities	221,953	209,297
Cash Flows from Capital and Related Financing Activities		
Cash payments for acquisition of capital assets	(9,434)	(7,644)
Cash payments for interest and principal	(96,406)	(143,569)
Cash received from miscellaneous income	641	974
Cash receipt for interest and principal on note receivable	34,997	—
Cash receipt on insurance recovery income	—	1,125
Net Cash used in Capital and Related Financing Activities	(70,202)	(149,114)
Cash Flows from Investing Activities		
Cash receipts for interest and dividends	29,706	21,826
Cash receipts from the maturity and sale of investments	260,232	386,622
Cash payments for purchase of investments	(448,977)	(496,013)
Net Cash used in Investing Activities	(159,039)	(87,565)
Net Decrease in Cash and Cash Equivalents	(7,288)	(27,382)
Cash and Cash Equivalents at Beginning of Year	117,915	145,297
Cash and Cash Equivalents at End of Period	$ 110,627	$ 117,915
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$ 220,108	$ 203,094
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	4,744	4,820
Changes in operating assets and liabilities		
Accounts receivable	(1,769)	52
Fees receivable	29	35
Due from San Joaquin Hills Transportation Corridor Agency	(2,655)	(8,020)
Other assets	218	30
Accounts payable	(3,762)	3,015
Unearned revenue	5,137	6,627
Net pension asset	(782)	(732)
Deferred outflows of resources related to pensions	524	462
Deferred inflows of resources related to pensions	97	(154)
Employee compensated absences payable	64	68
Total adjustments	1,845	6,203
Net Cash from Operating Activities	$ 221,953	$ 209,297

See accompanying notes to financial statements.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Statements of Cash Flows
Years ended June 30, 2025 and 2024
(In thousands)

	2025	2024
Non Cash Capital and Related Financing and Investing Activities		
Interest expense recorded for accretion of bonds outstanding	$ (17,603)	$ (28,376)
Amortization of bond discount/premium recorded as reduction of interest expense	3,737	3,652
Amortization of deferred bond refunding cost recorded as interest expense	(13,966)	(14,093)
Amortization of prepaid bond insurance recorded as interest expense	(822)	(795)
Amortization of PPP liability discount recorded as interest expense	(3,405)	(3,284)
Contribution of capital improvements to Caltrans/County	(1,880)	—
Write off of construction in progress	—	(43)
Interest accrued on note receivable from San Joaquin Hills Transportation Corridor Agency	4,633	2,662
Change in unrealized gain on investments	12,998	9,865
Loss on retirement of bonds	—	(3,752)
Amortization of discount on investments	5,685	5,561

See accompanying notes to financial statements.

(1) Reporting Entity

In recognition of the regional transportation needs in the County of Orange (County), the California State Legislature enacted various amendments to the California Government Code to authorize the financing of bridges and major thoroughfares by joint powers agencies. Pursuant to such authorization, the Foothill/Eastern Transportation Corridor Agency (the Agency) was created in January 1986 by a joint exercise of powers agreement. Current members are the County and the cities of Anaheim, Dana Point, Irvine, Lake Forest, Mission Viejo, Orange, Rancho Santa Margarita, San Juan Capistrano, Santa Ana, Tustin, and Yorba Linda (collectively, the member agencies). The purpose of the Agency is to plan, design, construct, finance, administer funds for, and operate the Foothill and Eastern Transportation Corridors. The Agency is governed by a board of directors comprising representatives from the member agencies. The Agency has the power to, among other things, incur debt and establish and collect tolls.

The financial statements comprise the activities of the Agency. There are no other organizations for which the Agency is financially accountable or for which it is fiscally responsible. The Agency and the San Joaquin Hills Transportation Corridor Agency (SJHTCA) are under common management and together are called the Transportation Corridor Agencies (TCA). However, each agency has an independent governing board. Refer to note 2 of the financial statements for interagency transactions detail.

(2) Summary of Significant Accounting Policies

The accounting policies of the Agency are in conformity with U.S. Generally Accepted Accounting Principles (U.S. GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles.

Basis of Presentation

The Agency records revenue in part from fees and other charges for services to external users and, accordingly, has chosen to present its financial statements using the reporting model for special-purpose governments engaged in business-type activities as an enterprise fund. This model allows all financial information for the Agency to be reported in a single column in each of the accompanying financial statements.

The Agency distinguishes operating revenue and expenses from nonoperating items in the preparation of its financial statements. Operating revenue and expenses generally result from the collection of tolls, fees, and fines on the corridor. The Agency's operating expenses include depreciation, materials, services, and other expenses related to the operation of the corridor, in addition to costs associated with the Agency's ongoing obligations for environmental mitigation and certain costs related to construction administration. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Revenue is recognized when earned, and expenses are recognized when incurred.

Restricted resources are used in accordance with the Agency's master indentures of trust. Unrestricted resources are used at the Agency's discretion. When both restricted and unrestricted resources are available for use, it is the Agency's policy to determine on a case-by-case basis when to use restricted or unrestricted resources.

(2) Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement

During the year ended June 30, 2025, GASB Statement No. 101 and GASB Statement No. 102 became effective.

GASB Statement No. 101, *Compensated Absenses*, enhances the recognition and measurement criteria of all compenesated absence balances. The requirements of this statement are effective for fiscal years beginning December 15, 2023, and all reporting periods thereafter.

GASB Statement No. 102, *Certain Risk Disclosures*, improves financial reporting with disclosures on information regarding certain concentrations or constraints and related events that may have occurred or have begun to occur that make the Agency vulnerable to a substantial financial impact. The requirements of this statement are effective for fiscal years beginning June 15, 2024, and all reporting periods thereafter.

The Agency has adopted all required paragraphs during the aforementioned fiscal years. The adoption of the above requirements has no material impact on the Agency's financial statements.

Budget

Fiscal year budgets are prepared by the Agency's staff for estimated revenue and expenses. The board of directors adopts the annual budget prior to the fiscal year commencing each July. The approval of the budget requires the consent of at least two-thirds of the board members. No expenditures in excess of the total budget for each board-designated category are made without the approval of a budget amendment of at least two-thirds of the board members. All budgets are adopted on a basis consistent with U.S. GAAP. All budget appropriations lapse at year-end. Any budgeted expenses not incurred by each year-end must be reappropriated in the next fiscal year.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Agency classifies cash and cash equivalents as current or noncurrent based on intended use and/or restriction for construction or debt service in accordance with GASB Statement No. 62.

Investments

Investments, except for money market funds, are stated at fair value on a recurring basis. Money market funds are recorded at amortized cost.The Agency classifies investments as current or noncurrent based on intended use and/or restriction for construction or debt service in accordance with GASB Statement No. 62.

Receivables

Receivables include amounts due from member agencies for development impact fees collected on behalf of the Agency, credit card receivables, interoperable receivables due from other California toll agencies, receivables from patrons for tolls and interest.

(2) Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets include construction in progress, environmental mitigation sites, easements, the corridor operations facility, transponders, toll and violations collection equipment, buildings, changeable message signs, vehicles, and furniture. Capital assets are defined by the Agency as assets with an initial individual cost of at least five thousand dollars and an estimated useful life in excess of one year. Capital assets with an individual acquisition cost less than five thousand dollars will be capitalized if the assets, in aggregate, are significant. The cost of capital assets includes ancillary charges necessary to place the assets into their intended location and condition for use.

As described further in note 5, the Foothill/Eastern Transportation Corridor and the related purchases of rights of way, for which title vests with the California Department of Transportation (Caltrans), are not included as capital assets because the Agency does not have title to these assets. The Agency holds the title and capitalizes these projects while in construction until project completion, at which point the title is transferred to Caltrans to be maintained as part of the state highway system. The costs of normal maintenance and repairs and mitigation that do not add value to the assets or materially extend asset useful lives are not capitalized.

Capital assets are recorded at cost and are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life
Buildings	20 – 30 years
Changeable message signs	15 years
Toll revenue equipment	5 years
Vehicles	5 years
Right-to-use assets	31 years
Leasehold improvement, other equipment, and furniture	5 – 10 years

Assets determined to be impaired are recorded at the lower of cost or estimated net realizable value.

Unearned Revenue

Unearned revenue primarily represents prepaid tolls collected from patrons, including those using FasTrak®, an electronic toll collection system.

Unamortized Deferral of Bond Refunding Costs

Deferred bond refunding costs represent certain costs related to the issuance of bonds. In refunding debt resulting in the legal defeasance of the old debt, the difference in the carrying value of the refunded debt and its reacquisition price is reported as deferred outflows or deferred inflows of resources in the Statements of Net Position and amortized over the life of the old or the new debt, whichever is shorter.

(2) Summary of Significant Accounting Policies (Continued)

Pension Plan

Qualified permanent employees of the Agency participate in a cost-sharing, multiple-employer defined benefit pension plan administered by the Orange County Employees Retirement System (OCERS). For purposes of measuring the Agency's net pension asset, deferred (outflows) inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by OCERS.

For this purpose, plan contributions are recognized when they are due and payable in accordance with plan terms. Investments are reported at fair value.

Revenue Recognition

Toll revenue is recognized at the time each vehicle passes through the toll plaza. Violation revenue is recognized upon receipt of payment. Development impact fees are earned when building permits are issued, funds are collected by the member agencies, and upon collection by the Agency. Other revenue is recognized when earned.

Transactions with SJHTCA

Expenses directly related entirely to the Agency are charged to the Agency, and those incurred on behalf of both the Agency and SJHTCA are allocated between the two agencies based on the estimated benefit to each. Tolls, fees, and fines collected by Transporation Corridor Agencies (TCA), and not specifically related to a particular Agency, are allocated between Foothill Eastern and San Joaquin Hills Transporation Corridor Agencies based on the estimated benefits to each agency. At June 30, 2025 the Agency had an amount due from SJHTCA of $5,599 and at June 30, 2024, $2,944.

A note receivable from SJHTCA was established when the Agency's board of directors and the board of directors of SJHTCA approved an agreement that provided for the termination of the Mitigation Payment and Loan Agreement between the agencies, concurrently with the closing of its refinance transaction proposed by SJHTCA. The termination agreement also provided for SJHTCA to pay $120,000, plus accrued interest, to the Agency, in annual installments beginning January 15, 2025 equal to 50.00% of SJHTCA's surplus funds.

On January 15, 2025 the note receivable balance was $136,675, against which an amount of $34,997 was received; $19,442 in principal and $15,555 in interest. At June 30, 2025, and June 30, 2024, the Agency had a note receivable of $103,484 and $133,848, respectively.

Net Position

The Agency's net position is classified within the following categories:

- *Net investment in capital assets*: Represents the Agency's capital assets, net of accumulated depreciation and unamortized bond refunding costs, reduced by the outstanding principal balances of debt attributable to the acquisition, construction, and improvement of the Agency's capital assets and capital assets related to construction, rights-of-way, grading and improvements that were transferred to Caltrans, see note 5.
- *Restricted*: Represents the Agency's assets subject to externally imposed conditions, related primarily to restricted bond proceeds and the Agency's tolls, fees, fines, and development impact fee revenue, less certain expenses, in accordance with the Agency's master indentures of trust.
- *Unrestricted:* Represents the remainder of the Agency's net position not included in the categories above.

(In thousands)

(2) Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

There have been no reclassifications made in these financial statements.

(3) Development Impact Fees

The sources of development impact fees for the periods ended June 30, 2025 and 2024 were as follows:

	2025	2024
City of Irvine	$ 16,225	$ 5,928
City of Tustin	1,241	99
City of Lake Forest	757	574
City of Orange	20	25
City of San Clemente	54	66
City of Anaheim	36	1,376
City of Yorba Linda	25	16
County of Orange	672	341
City of Dana Point	7	-
City of Mission Viejo	1	187
City of San Juan Capistrano	-	136
City of Santa Ana [1]	(94)	1,196
Total	**$ 18,944**	$ 9,944

[1] 2025 represents a refund issued due to fee calculation correction.

(4) Cash and Investments

Cash and investments as of June 30, 2025 and 2024, are classified in the accompanying financial statements as follows:

	2025	2024
Current cash and investments	$ 510,886	$ 406,072
Noncurrent cash and investments	127,693	42,135
Current restricted cash and investments	69,795	64,725
Noncurrent restricted cash and investments	318,876	314,177
Total	**$ 1,027,250**	$ 827,109

(In thousands)

(4) Cash and Investments (Continued)

Cash and investments as of June 30, 2025 consists of the following:

	Cash and cash equivalents	Investments	**Total**
Deposit accounts	$ 3,253	$ -	$ 3,253
Money market funds	20,003	-	20,003
California Asset Management Trust Cash Reserve Portfolio (CAMP)	41,642	-	41,642
Local Agency Investment Fund (LAIF)	689	-	689
Corporate notes	-	136,840	136,840
U.S. Treasury securities	-	436,177	436,177
Federal agency, U.S. government sponsored enterprise and supranational notes	-	62,680	62,680
Investments held with trustee per debt agreements:			
U.S. Treasury securities	15,745	155,940	171,685
Money market funds	29,295	-	29,295
Federal agency, U.S. government sponsored enterprise and supranational notes and bonds	-	54,528	54,528
Corporate notes	-	70,458	70,458
Total	$ 110,627	$ 916,623	$ **1,027,250**

(In thousands)

(4) Cash and Investments (Continued)

Cash and investments as of June 30, 2024 consist of the following:

	Cash and cash equivalents	Investments	Total
Deposit accounts	$ 1,035	$ -	$ 1,035
Money market funds	27,157	-	27,157
CAMP	45,314	-	45,314
LAIF	658	-	658
Orange County Investment Pool (OCIP)	124	-	124
Certificates of deposit	-	20,013	20,013
Commercial paper	189	-	189
Corporate notes	-	121,776	121,776
U.S. Treasury securities	-	239,018	239,018
Federal agency, U.S. government sponsored enterprise and supranational notes	-	66,404	66,404
Investments held with trustee per debt agreements:			
U.S. Treasury securities	15,838	133,718	149,556
Money market funds	22,333	-	22,333
Commercial paper	5,267	-	5,267
Federal agency and U.S. Government-sponsored enterprise notes and bonds	-	59,698	59,698
Corporate notes	-	68,567	68,567
Total	$ 117,915	$ 709,194	$ **827,109**

Cash Deposits

Custodial Credit Risk Related to Cash Deposits

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the Agency will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party.

The Agency's custodial credit risk is mitigated in that the full amounts of the deposit accounts above are insured by federal depository insurance or collateralized in accordance with Section 53652 of the California Government Code with securities held by the pledging financial institution in the Agency's name.

(In thousands)

(4) Cash and Investments (Continued)

Investments

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Agency mitigates this risk by matching maturity dates, to the extent possible, with the Agency's expected cash flow.

A summary of the Agency's investments held at June 30, 2025 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $49,298, CAMP of $41,642, and LAIF $689 that are considered cash equivalents, is as follows:

		Remaining maturity in years	
	Total	Less than one year	One to five years
Federal agency, U.S. government sponsored enterprise and supranational notes and bonds	$ 117,208	$ 42,420	$ 74,788
Corporate notes	207,298	103,775	103,523
U.S. Treasury securities	607,862	166,688	441,174
CAMP	41,642	41,642	-
Money market funds	49,298	49,298	-
LAIF	689	689	-
Total	$ **1,023,997**	$ 404,512	$ 619,485

(In thousands)

(4) Cash and Investments (Continued)

Investments (Continued)

Interest Rate Risk (Continued)

A summary of the Agency's investments held at June 30, 2024 that are governed by the Agency's investment policy and its bond agreements, including money market funds of $49,490, U.S Treasury securities of $15,838, CAMP of $45,314, LAIF of $658, OCIP of $124, and commercial paper of $5,456 that are considered cash equivalents, is as follows:

		Remaining maturity in years	
	Total	Less than one year	One to five years
Federal agency, U.S. government sponsored enterprise and supranational notes and bonds	$ 126,102	$ 32,471	$ 93,631
Corporate notes	190,343	38,242	152,101
U.S. Treasury securities	388,574	142,417	246,157
Certificates of deposit	20,013	20,013	-
Commercial paper	5,456	5,456	-
CAMP	45,314	45,314	-
Money market funds	49,490	49,490	-
LAIF	658	658	-
OCIP	124	124	
Total	$ **826,074**	$ 334,185	$ 491,889

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the holder of the investment. The Agency's investment policy sets specific parameters by type of investment for credit quality, maximum maturity, and maximum percentage investment. Both the policy and the Agency's debt agreements generally require that securities must be issued by companies with credit ratings in one of the three highest rating categories by at least two Nationally Recognized Statistical Rating Organizations (NRSRO).

The investment of debt proceeds and toll revenue held by the Agency's bond trustee is governed by provisions of the debt agreements, rather than by the general provisions of the California Government Code or the Agency's investment policy.

At June 30, 2025 and June 30, 2024, all of the Agency's investments were rated at or above the minimum levels required by its investment policy and debt agreements.

(4) Cash and Investments (Continued)

Investments (Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Agency mitigates these risks by holding a diversified portfolio of high-quality investments. Further, the Agency's investment policy generally limits the amount of the portfolio that can be invested in a single issuer to no more than 5.00% of the portfolio, with the exception of securities and deposits issued or guranteed by the U.S. Treasury, federal agency institutions and government sponsored enterprises.

At June 30, 2025, with the exception of investments issued or explicitly guaranteed by the U.S. government, money market mutual funds and external investment pools, there were no investments in any issuers that accounted for 5.00% or more of the Agency's total investments, other than investments with the Federal Farm Credit Bank that represented approximately 7.80% of the Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

At June 30, 2024, with the exception of investments issued or explicitly guaranteed by the U.S. government, money market mutual funds and external investment pools, there were no investments in any issuers that accounted for 5.00% or more of the Agency's total investments, other than investments with Federal Home Loan Bank, Federal Farm Credit Bank, and Federal National Mortgage Association that represented approximately 5.45%, 8.20%, and 5.70%, respectively, of the Agency's total investments, as permitted by the Agency's investment policy and the applicable bond indentures.

Custodial Credit Risk

Custodial credit risk for investments is the risk that the Agency will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Agency are deposited in the Agency's trustee bank with the exception of a money market account deposited in the Agency's primary bank, and CAMP, LAIF, and OCIP funds. Securities are not held in broker accounts.

Fair Value Measurements

Because investing is not a core part of the Agency's mission, the Agency has determined that the disclosures related to these investments only need to be disaggregated by major type and has chosen a tabular format for disclosing the levels within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

- 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.

All debt securities classified as Level 2 in the fair value hierarchy, other than money market mutual funds that are priced daily when the fund calculates the net asset value, are valued using a matrix pricing technique. Matrix pricing is used to value securities determined by market-based inputs. Commercial paper and certificates of deposit are valued based on quoted prices in active markets of similar securities.

(In thousands)

(4) Cash and Investments (Continued)

Investments (Continued)

Fair Value Measurements (continued)

At June 30, 2025 and June 30, 2024, the Agency had the following fair value measurements:

		2025		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Federal agency, U.S. government sponsored enterprise and supranational notes and bonds	$ 117,208	$ -	$ 117,208	$ -
Corporate notes	207,298	-	207,298	-
U.S. Treasury securities	607,862	-	607,862	-
Total	$ **932,368**	$ -	$ 932,368	$ -

Excluded from the table above are money market funds of $49,298, that are reported at amortized cost, and funds on deposit with CAMP totaling $41,642, LAIF totaling $689, and deposits of $3,253 that are not subject to fair value measurement categorization.

		2024		
	Fair value	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Federal agency, U.S. government sponsored enterprise and supranational notes and bonds	$ 126,102	$ -	$ 126,102	$ -
Corporate notes	190,343	-	190,343	-
U.S. Treasury securities	388,574	-	388,574	-
Certificates of deposit	20,013	-	20,013	-
Commercial paper	5,456	-	5,456	-
Total	$ **730,488**	$ -	$ 730,488	$ -

(In thousands)

(4) Cash and Investments (Continued)

Investments (Continued)

Fair Value Measurements (continued)

Excluded from the table above are money market funds of $49,490, that are reported at amortized cost, and funds on deposit with CAMP totaling $45,314, LAIF totaling $658, OCIP totaling $124, and deposits of $1,035 that are not subject to fair value measurement categorization.

(5) Capital Assets

Capital assets activity for the year ended June 30, 2025 was as follows:

	Balance at beginning of year	Additions	Transfers / deletions	**Balance at end of year**
Construction in progress	$ 61,737	$ 7,699	$ -	$ 69,436
Right-of-way acquisitions, grading or improvements	18,689	-	-	18,689
Furniture and equipment	1,839	-	-	1,839
Non-depreciable capital assets	82,265	7,699	-	**89,964**
Land, building, furniture, and equipment	32,562	1,735	(3,582)	30,715
Right-to-use asset	82,406	-	-	82,406
Accumulated depreciation and amortization	(31,426)	(4,744)	1,702	(34,468)
Depreciable capital assets, net	83,542	(3,009)	(1,880)	**78,653**
Capital assets, net	$ 165,807	$ 4,690	$ (1,880)	$ **168,617**

Capital assets activity for the year ended June 30, 2024 was as follows:

	Balance at beginning of year	Additions	Transfers / deletions	**Balance at end of year**
Construction in progress	$ 54,954	$ 6,826	$ (43)	$ 61,737
Right-of-way acquisitions, grading or improvements	18,689	-	-	18,689
Furniture and equipment	4,535	-	(2,696)	1,839
Non-depreciable capital assets	78,178	6,826	(2,739)	**82,265**
Land, building, furniture, and equipment	30,418	818	1,326	32,562
Right-to-Use asset	82,406	-	-	82,406
Accumulated depreciation and amortization	(27,976)	(4,820)	1,370	(31,426)
Depreciable capital assets, net	84,848	(4,002)	2,696	**83,542**
Capital assets, net	$ 163,026	$ 2,824	$ (43)	$ **165,807**

(5) Capital Assets (Continued)

Right-of-way acquisitions, grading and improvements include easements and environmental mitigation parcels. Furniture and equipment include transponders, toll and violations collection equipment, buildings, vehicles, leasehold improvements, and capitalized software that are not yet placed in service are reported as non-depreciable.

Transfers/Deletions

Ownership of the Foothill/Eastern Transportation Corridor construction, rights-of-way, grading, and improvements were transferred to Caltrans during the year ended June 30, 1997, upon satisfaction of all conditions contained within the Cooperative Agreement between the Agency and Caltrans. The Agency incurs additional costs for improvements and enhancements to the thoroughfares previously transferred to Caltrans. These improvements and enhancements are covered by separate project-specific cooperative agreements with Caltrans and are transferred to Caltrans and recognized as contribution expense upon completion. They are transferred to Caltrans on an ongoing basis and are recognized as contribution expenses. For the year ended June 30, 2025 expenses amounting to $1,880 were recognized for transfer of capital improvements to Caltrans and the County related to a signage improvement and upgrade project. The balance of construction in progress represents capital improvement projects, most of which will also be transferred to Caltrans upon completion and recognized as a contribution expense.

(6) Mitigation Payment and Loan Agreement

On November 10, 2005, the Agency's board of directors and the board of directors of SJHTCA entered into a Mitigation Payment and Loan Agreement (the Agreement). The terms of the Agreement called for the Agency to make payments totaling $120,000 over four years to SJHTCA to mitigate for anticipated loss of revenue due to the construction of the State Route 241 to I-5 connection project. All scheduled payments totaling $120,000 were made to SJHTCA as of June 2009 and were recorded as construction in progress.

In addition, the Agency committed to provide loans to SJHTCA on an as-needed basis up to $1,040,000, subject to the terms of the Agreement, to assist SJHTCA in achieving its required debt service coverage ratio. Payments of accrued interest and outstanding principal would begin in the fiscal year when SJHTCA achieved a surplus in revenue in excess of the amount needed to meet the debt coverage requirement. All principal and accrued interest would be due and payable on January 1, 2037 to the extent that SJHTCA had surplus revenue available to pay all amounts due. The Agreement also stipulated that the Agency would not be obligated to make loans to SJHTCA prior to securing the necessary funds for constructing the State Route 241 to I-5 connection project unless the Agency determined that it would not build the project. If the commencement and diligent pursuit of the construction of the State Route 241 to I-5 connection project did not occur by June 30, 2015, the mitigation payments would be added to the principal amount of the loan. No amounts were loaned in connection with this arrangement.

On August 14, 2014, the Agency's board of directors and the board of directors of SJHTCA approved an agreement that provided for termination of the Agreement concurrently with the closing of a refinance transaction proposed by SJHTCA. The closing of this refinance transaction occurred on November 6, 2014. The termination agreement also provided for SJHTCA to pay $120,000 to the Agency, in annual installments beginning January 15, 2025 equal to 50% of SJHTCA's surplus funds as defined in the agreement. Interest accrual based on the average annual yield of the State of California Pooled Money Investment Account commenced upon closing of the transaction and interest is payable annually beginning January 15, 2025.

On January 15, 2025 the note receivable balance was $136,675, against which an amount of $34,997 was received; $19,442 in principal and $15,555 in interest. At June 30, 2025 and June 30, 2024, the Agency's note receivable balance was $103,484 and $133,848, respectively.

(In thousands)

(7) Long-Term Obligations

The following is a summary of changes in long-term obligations during the year ended June 30, 2025:

	Balance at beginning of year	Additions / accretions	Reductions	Balance at end of year	Due within one year
Series 2021 Toll Road Refunding Revenue Bonds:					
Junior Term Current Interest Bonds	$ 221,465	$ -	$ (564)	$ 220,901	$ 4,293
Senior Term Current Interest Bonds	535,442	-	-	535,442	-
Series 2019 Toll Road Refunding Revenue bonds:					
Senior Term Current Interest Bonds	804,225	-	-	804,225	-
Series 2015 Toll Road Refunding Revenue Bonds:					
Capital Appreciation Bonds	118,662	5,143	-	123,805	-
Series 2013 Toll Road Refunding Revenue Bonds:					
Senior Term Current Interest Bonds	248,000	-	-	248,000	-
Capital Appreciation Bonds	185,651	12,460	-	198,111	-
Converted Capital Appreciation Bonds – Senior Term Current Interest Bonds (1)	358,165	-	(4,630)	353,535	9,760
	$ 2,471,610	$ 17,603	$ (5,194)	$ 2,484,019	$ 14,053
Plus: unamortized bond discount / premium, net	91,650	-	(3,737)	87,913	
Total bonds payable	**$ 2,563,260**	**17,603**	**(8,931)**	**2,571,932**	

(1) Converted from Convertible Capital Appreciation Bonds on January 15, 2024.

(In thousands)

(7) Long-Term Obligations (Continued)

The following is a summary of changes in long-term obligations during the year ended June 30, 2024:

	Balance at beginning of year	Additions / accretions	Reductions	**Balance at end of year**	Due within one year
Series 2021 Toll Road Refunding Revenue Bonds:					
Junior Term Current Interest Bonds	$ 221,829	$ -	$ (364)	$ 221,465	$ 564
Senior Term Current Interest Bonds	535,442	-	-	535,442	-
Series 2019 Toll Road Refunding Revenue bonds:					
Senior Term Current Interest Bonds	804,225	-	-	804,225	-
Series 2015 Toll Road Refunding Revenue Bonds:					
Capital Appreciation Bonds	113,732	4,930	-	118,662	-
Series 2013 Toll Road Refunding Revenue Bonds:					
Senior Term Current Interest Bonds	308,000	-	(60,000)	248,000	-
Capital Appreciation Bonds	184,623	11,948	(10,920)	185,651	-
Converted Capital Appreciation Bonds – Senior Term Current Interest Bonds [(1)]	346,667	11,498	-	358,165	4,630
	$ 2,514,518	$ 28,376	$ (71,284)	$ 2,471,610	$ 5,194
Plus: unamortized bond discount / premium, net	93,202	-	(1,552)	91,650	
Total bonds payable	**$ 2,607,720**	**28,376**	**(72,836)**	**2,563,260**	

(1) Converted from Convertible Capital Appreciation Bonds on January 15, 2024.

Toll Road Revenue Bonds

In January 2024, the Agency completed a $60,000 early paydown of the Series 2013 Senior Term Current Interest Bonds. $60,000 of bonds, which resulted in accelerated amortization of the related bond discount and prepaid bond insurance of $3,752. This resulted in a reduction of the Agency's future debt service interest payments by $54,000.

In February and March 2023, the Agency purchased and retired a portion of its 2021 Bonds, 2019 Bonds, 2015 Bonds, and 2013 Bonds on the open market. The $107,353 of outstanding bonds were purchased for a total acquisition price of $92,305, which resulted in a recognized gain on retirement of bonds of $15,121.

The following information has been provided for additional historical context and details for our current outstanding bonds:

In July 2022, the Agency completed a $125,000 early pay-down of its 2013 Bonds, which resulted in a recognized gain on retirement of bonds of $4,849.

(7) Long-Term Obligations (Continued)

In February 2021, the Agency exchanged $519,242 of tax-exempt Series 2021 Toll Road Revenue Refunding Bonds with qualified institutional bondholders, issued $187,585 of federally taxable Series 2021 Toll Road Refunding Revenue Bonds, and issued $52,945 of tax-exempt Series 2021 Toll Road Revenue Refunding Bonds (collectively, "2021 Bonds"). The proceeds of the issuance were used to refund $186,835 and exchange $505,370 of certain 2013 Senior and Junior Term current interest bonds.

The reacquisition price of the refunded bonds exceeded their net carrying amount by $143,984; this amount was considered a deferred outflow of resources for accounting purposes and is being amortized through 2043 and 2046, the remaining periods during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $3,201, which are being amortized over the life of the 2021 Bonds. The 2021 Bonds were issued at a total premium of $88,495 and mature in annual installments from January 2023 to January 2046. Interest on the 2021 Bonds is payable semi-annually at rates ranging from 1.16% to 5.00%. The 2021 Bonds are subject to early redemption on or after January 15, 2031 at the option of the Agency by payment of principal and accrued interest.

A portion of the net proceeds of the bond refunding totaling $183,922 from the issuance of the federally taxable bonds were used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to the portion of the 2013 bonds which were refunded in their entirety on January 15, 2024. The transaction resulted in a present value savings of approximately $156,990 and cash flow savings of approximately $214,400.

In December 2019, the Agency issued $897,055 of federally taxable Series 2019 Toll Road Refunding Revenue Bonds (2019 Bonds); the proceeds of the issuance were used to refund $820,285 of certain 2013 Senior Term current interest bonds. The reacquisition price of the refunded bonds exceeded their net carrying amount by $195,558; this amount was considered a deferred outflow of resources for accounting purposes and is being amortized through 2053, the remaining period during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $7,608, which are being amortized over the life of the 2019 Bonds. The 2019 Bonds were issued at par and mature in annual installments from January 2049 to January 2053. Interest on the 2019 Bonds is payable semi-annually at rates ranging from 3.82% to 4.09%. The 2019 Bonds are subject to early redemption on or after January 15, 2030 at the option of the Agency by payment of principal and accrued interest.

The net proceeds of the bond refunding along with $75,000 of unrestricted cash were used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to the 2013 bonds which are to be refunded in their entirety on January 15, 2024. The transaction resulted in a present value savings of approximately $210,000 and cash flow savings of approximately $335,000. As of September 30, 2024 there were no more bonds outstanding.

In February 2015, the Agency issued $87,008 of Senior Lien Toll Road Refunding Revenue Bonds (2015 Capital Appreciation Bonds); together with certain funds held in trust, the proceeds of the issuance were used to refund certain outstanding revenue bonds. The bonds accrue interest at rates ranging from 4.21% to 4.42%, compounded semiannually, and are scheduled to mature in annual installments from January 2033 to January 2035.

(7) Long-Term Obligations (Continued)

In December 2013, the Agency issued $2,274,617 of Series 2013 Toll Road Refunding Revenue Bonds (2013 Bonds); the proceeds of the issuance were used to refund certain outstanding revenue bonds. The reacquisition price of the refunded bonds exceeded their net carrying amount by $14,534; this amount was considered a deferred loss for accounting purposes and is being amortized through 2040, the remaining period during which the refunded bonds were scheduled to be repaid. In addition, the Agency incurred bond insurance premiums of $9,533, which are being amortized over the life of the 2013 bonds. The 2013 Bonds were issued at a discount of $41,009, which are being amortized over the life of the bonds.

The 2013 current interest bonds include $1,374,440 of Senior Term Bonds that mature in installments from January 2042 through January 2053; $375,000 of Term Rate Bonds that mature in installments from January 2050 through January 2053; and $198,050 of Junior Lien Bonds that mature in installments from January 2023 through January 2043. Interest on the 2013 current interest bonds is payable semi-annually at rates ranging from 5.00% to 6.50%. The Senior Term Bonds and the Junior Lien Bonds are subject to early redemption on or after January 15, 2024, at the option of the Agency, by payment of principal and accrued interest. The Term Rate Bonds are subject to early redemption, at the option of the Agency, by payment of principal and accrued interest, on or after dates ranging from July 15, 2017 through July 15, 2022.

During August 2017, $125,000 of the 2013 Term Rate Bonds were remarketed, resulting in a reduction in the applicable interest rate from 5.00% to 3.95%.

During July 2019, $125,000 of the 2013 Term Rate Bonds (Subseries B-2) were remarketed, resulting in a reduction in the applicable interest rate from 5.00% to 3.50%.

The 2013 capital appreciation bonds accrue interest at rates ranging from 3.75% to 7.13%, compounded semiannually, and are scheduled to mature in annual installments from January 2020 to January 2042. The bonds are subject to early redemption, at the option of the Agency, based on an independent make-whole calculation.

The 2013 convertible capital appreciation bonds accrue interest, compounded semi-annually based on payable semiannually based on accreted amounts. In January 2024, the convertible capital appreciation bonds converted to current interest bonds. The bonds are scheduled to mature in annual installments from January 2025 to January 2042. The bonds are subject to early redemption on or after January 15, 2031, at the option of the Agency, by payment of the accreted amounts and accrued interest.

Included in principal at June 30, 2025 and June 30, 2024, is $314,596 and $296,992 respectively, related to accreted principal on convertible capital appreciation bonds and capital appreciation bonds.

A portion of the net proceeds of a prior bond refunding was used to purchase U.S. government securities, which were placed in an irrevocable escrow fund to be used for the debt service payments related to a previously refunded portion of the 1995 bonds. As of June 30, 2025 and June 30, 2024, the amounts of the previously refunded 1995 bonds outstanding, which were previously eliminated from the financial statements as a result of the refunding, are $470,913 and $540,456, respectively.

The master indentures of trust require the trustee to hold bond proceeds, pledged revenue, and any other amounts pledged for repayment of the bond debt described above. The balance of pledged funds held by the trustee are included in restricted cash and investments.

(In thousands)

(7) Long-Term Obligations (Continued)

The following is a summary of the annual debt service requirements by fiscal year for the Agency's long-term debt obligations, as of June 30, 2025:

	Principal	Interest (1)	Junior lien interest (1)	Total
2026	$ 14,053	$ 82,800	$ 7,785	$ 104,638
2027	20,378	82,062	7,654	110,094
2028	27,312	80,947	7,491	115,750
2029	34,791	79,521	7,297	121,609
2030	42,821	77,799	7,068	127,688
2031 – 2035	289,049	416,872	30,551	736,472
2036 – 2030	229,885	678,744	17,715	926,344
2041 – 2045	672,335	216,393	3,056	891,784
2046 – 2040	742,785	151,882	-	894,667
2051 – 2053	410,610	21,454	-	432,064
Total	$ 2,484,019	$ 1,888,474	$ 88,617	$ **4,461,110**

(1) Includes payments scheduled on January 15 of the indicated fiscal year and July 15 of the following fiscal year, to coincide with the annual debt service calculations used for covenant compliance purposes.

(8) Commitments and Contingencies

Toll Collection and Revenue Management System Agreements

The Agency and SJHTCA have entered into agreements with contractors for various services, including toll collection systems operation and maintenance. The agreements expire on various dates through October 2031 and are cancelable by the Agency, without further obligation, with advance written notice.

Project Costs

As of June 30, 2025 and June 30, 2024, the Agency has outstanding commitments and contracts related to construction activities of approximately $147,840 and $62,600, respectively.

Litigation

The agency is a defendant in various legal actions. Management believes that the ultimate resolution of these actions will not have a significant effect on the agency's financial position or results of operations.

Risk Management

The Agency maintains insurance coverage for various risks, including but not limited to property, liability, earthquake, and flood coverage. Coverage is purchased in accordance with the Agency's master indentures of trust, as applicable. No losses have exceeded insurance coverage in the past three fiscal years.

(In thousands)

(9) Public-Public Partnership (PPP) Arrangement for State Highways

As discussed in Notes 2 and 5, the Agency entered into an agreement with the California Department of Transportation, under which the Agency would design, build, and finance state highways and be granted the right to operate the highways as toll roads until January 15, 2053. The Agency has the right to set, collect, and retain tolls during this period. The Agency recognizes highway improvements as construction in progress, and transfers title to the constructed assets to the State as each segment is completed. The Agency will also make payments to the State totaling $212,897 over fiscal years 2041-2053 in monthly installment payments. The Agency recognized a liability and an intangible right-to-use asset of $82,406, which was the net present value of the future installment payments as of July 1, 2021, the measurement date used for the implementation of GASB Statement No. 94. The discount rate applied to the future installment payments is 3.70%, which is the Agency's estimated incremental borrowing rate as of the implementation date, and amortization of the discount is recognized as interest expense. For the years ended June 30, 2025 and 2024, total interest expense related to the PPP liability discount was $3,405 and $3,283 respectively, and total amortization expense of the right-to-use asset was $2,611 for both years.

The following is a summary of the installment payment requirements by fiscal year for the Agency's PPP liability as of June 30, 2025:

	Principal	Interest	**Total**
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030	-	-	-
2031 – 2035	-	-	-
2036 – 2040	-	-	-
2041 – 2045	-	73,918	73,918
2046 – 2050	30,940	52,680	83,620
2051 – 2053	51,466	3,893	55,359
Total	$ 82,406	$ 130,491	**$ 212,897**

(10) Corridor Operations Facility Rental

In January 2000, the Agency, along with SJHTCA, relocated to the corridor operations facility. At that time, a rental agreement was executed between the Agency and SJHTCA. The agreement expires at the earliest occurrence of 1) dissolution of the Agency, 2) sale of the facility, or 3) dissolution of SJHTCA. Rental payments are based on the estimated fair market rental value and are adjusted annually. The Agency received rental revenue for the period ended June 30, 2025 and 2024 of $617 and $614, respectively.

(11) Employees' Retirement Plans

Defined Contribution Plan – The Agency sponsors a defined contribution plan under the provisions of Internal Revenue Code Section 457 that permits employees to defer portions of their pre-tax compensation. The Agency provides matching contributions to a related Section 401(a) plan, at a rate of 50.00% of the employees' deferral contributions, up to a maximum of 2.00% of each employee's related compensation. In connection with this plan, the Agency incurred $99 and $84 of expense for the years ended June 30, 2025 and 2024, respectively. Benefit terms, including contribution rates, for the 401(a) plan are established and may be amended by the Agency. Mission Square Retirement administers the 401(a) plan.

Defined Benefit Plan – Qualified permanent employees of the Agency participate in a cost-sharing multiple-employer defined benefit pension plan (the Plan) administered by OCERS, a public employee retirement system established in 1945. The Plan is subject to the provisions of the County Employees Retirement Law of 1937 (California Government Code Section 31450 et. seq.), the California Public Employees' Pension Reform Act of 2013 (Government Code Section 7522 et. seq.), and other applicable statutes.

Benefits

The Plan provides retirement, disability and death benefits to eligible plan members and their beneficiaries. Monthly retirement benefits are determined by benefit formulas that depend upon the classification of employees, the date of entering membership in OCERS or a reciprocal plan, retirement age, years of service, and final average compensation. The Agency's members hired prior to January 1, 2013 are subject to a benefit formula of 2.00% of final average compensation per year of service, based upon retirement at age 55. Members hired on or after January 1, 2013 are subject to a benefit formula of 2.50% at 67.

Amounts payable for retired members are subject to annual cost-of-living adjustments based upon changes in the Consumer Price Index (CPI) for the prior calendar year. Adjustments are limited to a maximum increase or decrease of 3.00% per year. Any CPI increase greater than 3.00% is banked and may be used in years when the CPI is less than 3.00%. The increase is established and approved annually by OCERS.

Contributions

Employer and employee contribution requirements are determined as percentages of covered payroll amounts and vary based upon the age of each employee at the date of entering membership in OCERS or a reciprocal plan. Employer contribution rates are determined using the entry age normal actuarial cost method based upon a level percentage of payroll. OCERS employer contribution rates ranged from 11.63% to 60.35% for the year ended December 31, 2024, and from 11.82% to 58.70% for the year ended December 31, 2023. Employee contributions are established by OCERS and guided by applicable state statutes. OCERS employee contribution rates ranged from 9.75% to 17.63% for the year ended December 31, 2024, and from 9.77% to 17.39% for the year ended December 31, 2023.

The contributions from the Agency recognized by the Plan and actuarially determined, measured as the total amounts of additions to the Plan's fiduciary net position for the years ended December 31, 2024 and 2023, were $601 and $512, respectively, and equaled 100.00% of the required contributions, and represented 12.40% and 12.50% of the Agency's covered payroll, respectively.

(In thousands)

(11) Employees' Retirement Plans (Continued)

Contributions (Continued)

The actuarially determined contributions from the Agency for the years ended June 30, 2025 and 2024, were $601 and $512, respectively and represented 12.40% and 12.50%, respectively of the Agency's covered payroll.

The Agency paid off its portion of TCA's unfunded actuarial accrued liability (UAAL), totaling $8,920, on July 1, 2019. This is included in the Agency's total contributions during the year ended June 30, 2020.

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources

For purposes of reporting under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* OCERS arranged for determination of the Plan's collective net pension liability; deferred outflows and inflows of resources related to pensions; and pension expense, as well as the proportionate share of each amount applicable to the Plan's participating employers, using measurement dates of December 31, 2024 and 2023, with respective actuarial valuations as of December 31, 2023 and 2022 and standard procedures to roll forward to the respective measurement dates that correspond with the Agency's reporting dates of June 30, 2025 and 2024. The proportionate share of the total pension liability attributable to TCA has been determined by OCERS's actuary based upon actual employer contributions within each rate group and TCA is the only employer within its rate group.

TCA's proportionate share is further allocated between the Agency and SJHTCA on the basis of their respective shares of covered payroll to determine the amounts reportable by the Agency, as indicated below:

	2025	2024
Collective net pension (asset) liability – OCERS	$ 3,974,694	$ 4,846,713
- Proportionate share attributable to Transportation Corridor Agencies	(3,110)	(1,890)
- Share allocable to Foothill/Eastern Transportation Corridor Agency	(1,897)	(1,115)
- Agency's proportion (percentage) of the collective net pension liability	-0.05%	-0.02%
Collective deferred outflow of resources – OCERS	552,086	1,027,065
- Proportionate share attributable to Transportation Corridor Agencies	2,252	3,247
- Share allocable to Foothill/Eastern Transportation Corridor Agency	1,374	1,915
Collective deferred inflow of resources – OCERS	273,001	165,360
- Proportionate share attributable to Transportation Corridor Agencies	810	672
- Share allocable to Foothill/Eastern Transportation Corridor Agency	494	397
Collective pension expense (income)	556,948	474,975
- Proportionate share attributable to Transportation Corridor Agencies	837	208
- Share allocable to Foothill/Eastern Transportation Corridor Agency	511	123

(In thousands)

(11) Employees' Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows / Inflows of Resources (Continued)

The Agency's deferred outflows of resources related to pensions are attributable to the following:

		2025		2024
Net difference between projected and actual earnings on pension plan investment	$	-	$	871
Change of assumptions		220		292
Difference between expected and actual experience		1,154		752
Contribution to the plan subsequent to the measurement date of the collective net liability pension liability		293		276
Total	**$**	**1,667**	$	2,191

The Agency's deferred inflows of resources related to pensions are attributable to the following:

		2025		2024
Difference between expected and actual experience	$	259	$	397
Net difference between projected and actual earnings on pension plan investments		235		-
Total	**$**	**494**	$	397

Deferred outflows of resources, amounting to $293 relate to contributions subsequent to the measurement date and will be recognized as an increase in the net asset in the year ended June 30, 2026. The Agency's balances of deferred outflows and deferred inflows of resources will be recognized as changes to the net pension asset / liability for the year ended June 30, as follows:

		2025
2026	$	267
2027		968
2028		(320)
2029		(82)
2030		46
Total	**$**	**879**

The table above represents a deferred outflow of resources related to employer contributions subsequent to the measurement date and will be recognized as an adjustment to the net pension asset in the year ended June 30, 2026.

(11) Employees' Retirement Plans (Continued)

Actuarial Assumptions and Other Inputs

The following significant methods and assumptions were used to measure the Plan's total pension liability as of December 31, 2024 and 2023:

- Actuarial experience study – three-year period ended December 31, 2022;
- Inflation rate of 2.50%;
- Projected salary increases for general members of 3.90% - 10.25% and safety members from 4.50% - 15.00%; and
- Mortality rate based on Pub-2010 mortality tables, projected generationally using two-dimensional MP-2021 scale, adjusted separately for healthy and disabled for both general and safety members.

The mortality assumptions were based, on the results of the actuarial experience studies for the period January 1, 2020 through December 31, 2022 using the Public Retirement Plans Mortality tables (Pub-2010) published by the Society of Actuaries. Within the Pub-2010 family of mortality tables, OCERS has adopted both the General and Safety Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally using the two-dimensional mortality improvements scale MP-2021.

The discount rate used to measure the Plan's total pension liability as of December 31, 2024 and 2023 was 7.00%. The projection of cash flows used to determine the discount rates assumed that plan member contributions will be made at the current contribution rates and that employer contributions will be made at actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return should be determined without reduction for plan administrative expense. The investment return assumptions are net of administrative expenses, assumed to be 14 basis points.

The investment rate of return assumptions remained the same for reporting purposes due to the immaterial impact administrative expenses has on the overall assumed rate of return. The long-term expected rates of return on plan investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and by adding expected inflation and deducting expected investment expenses. Additional information on the target allocation and projected arithmetic real rate of return for each major asset class is available in the OCERS' Annual Comprehensive Financial Report for the year ended December 31, 2024.

(In thousands)

(11) Employees' Retirement Plans (Continued)

Actuarial Assumptions and Other Inputs (Continued)

The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation but before deducting investment expenses, used in the derivation of the long-term expected rate of return assumptions for each measurement date are summarized in the following table:

	December 31, 2024	
	Target allocation	Long-term expected real rate of return
Asset Class:		
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Solutions Lending	1.50%	8.96%
Total	**100.00%**	

(In thousands)

(11) Employees' Retirement Plans (Continued)

Actuarial Assumptions and Other Inputs (Continued)

	December 31, 2023	
	Target allocation	Long-term expected real rate of return
Asset Class:		
Global Equity	45.00%	7.05%
Investment Grade Bonds	9.00%	1.97%
High Yield Bond	0.50%	4.63%
TIPS	2.00%	1.77%
Emerging Market Debt	0.50%	4.72%
Long-Term Government Bonds	3.30%	2.82%
Real Estate	3.00%	3.86%
Private Equity	15.00%	9.84%
Private Credit	3.50%	6.47%
Value Added Real Estate	3.00%	7.38%
Opportunistic Real Estate	1.00%	9.74%
Energy	2.00%	10.89%
Infrastructure (Core Private)	1.00%	5.98%
Infrastructure (Non-Core Private)	3.00%	8.88%
Global Macro	1.70%	3.17%
CTA (Trend Following)	3.30%	3.15%
Alternative Risk Premia	1.70%	3.24%
Special Solutions Lending	1.50%	8.96%
Total	**100.00%**	

The following table presents the Agency's proportionate share of the Plan's net pension (asset) liability, calculated using the discount rates used in each year's actuarial valuation (7.00% for 2024 and 2023), as well as what its proportionate share of the net pension liability would be if it were calculated using a discount rate one percentage point lower (6.00%) or one percentage point higher (8.00%) than the assumed discount rate:

	2025	2024
Net pension (asset) liability, as calculated:		
With assumed discount rate	$ (1,897)	$ (1,115)
With 1.00% decrease	3,791	4,073
With 1.00% increase	(6,549)	(5,356)

Plan's Fiduciary Net Position

OCERS provides publicly available financial information, including comprehensive annual financial reports and actuarial valuations at www.ocers.org. Detailed information about the Plan's fiduciary net position is included in the comprehensive annual financial report for the fiscal year ended December 31, 2024, which may also be obtained by calling (714) 558-6200.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Required Supplementary Information (unaudited)
(In thousands)

Schedule of Net Pension Liability and Related Ratios

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Agency's proportion (percentage) of the collective net pension liability	-0.05%	-0.02%	-0.01%	-0.32%	-0.05%	-0.02%	0.15%	0.15%	0.17%	0.16%
Agency's proportionate share (amount) of the collective net pension liability	$ (1,897)	(1,115)	(383)	(6,529)	(2,213)	(933)	9,226	7,417	8,742	8,918
Agency's covered payroll	$ 4,861	4,097	4,100	4,012	4,363	4,093	3,971	4,191	3,908	4,083
Agency's proportionate share of the collective net pension liability as a percentage of its covered payroll	-39.0%	-27.2%	-9.3%	-162.7%	-50.7%	-22.8%	232.3%	177.0%	223.7%	218.4%
Plan's fiduciary net position as a percentage of the total pension liability	104.5%	102.9%	101.1%	119.2%	107.1%	103.4%	71.8%	76.8%	69.9%	67.1%

Note - GASB Statement No. 68 requires a 10-year schedule presenting the items above. The applicable information has been presented for the periods since the statement was adopted, and will be supplemented as the same information becomes available for future periods.

Change in Assumptions and Methods

2024

- Projected salary increases for general members of 3.90% - 8.00% changed to 3.90% - 10.25% and safety members remained unchanged.

2023

- Actuarial experience study – three-year period ended December 31, 2022;
- Projected salary increases for general members of 4.00% - 11.00% changed to 3.90% - 8.00% and safety members changed from 4.60% - 15.00% to 4.50% - 15.00%; and
- The mortality assumptions used at December 31, 2023, were based on the results of the actuarial experience study for the period January 1, 2020 through December 31, 2022, using the Public Retirement Plans Mortality tables (Pub-2010) published by the Society of Actuaries. Within the Pub-2010 family of mortality tables, OCERS has adopted both the General and Safety Amount-Weighted Above-Median Mortality Tables (adjusted for OCERS experience), projected generationally using the two-dimensional mortality improvement scale MP-2021, adjusted separately for healthy and disabled for both general and safety members. experience studies for the period January 1, 2014 through December 31, 2016 using the Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally using the two-dimensional Scale MP-2016.

2020

- Actuarial experience study – three-year period ended December 31, 2019;
- The inflation rate was decreased from 2.75% to 2.50%;
- Projected salary increases for general members of 4.25% - 12.25% changed to 4.00% - 11.00% and safety members changed from 4.75% - 17.25% to 4.60% - 15.00%; and
- Mortality rate tables changed to Pub-2010 mortality tables, projected generationally using two-dimensional MP-2019 scale, adjusted separately for healthy and disabled for both general and safety members. Previously, mortality rate tables were based, respectively, on the results of the actuarial.

2017

- The assumed rate of return was decreased from 7.25% to 7.00%;
- The inflation rate was decreased from 3.00% to 2.75%;
- Projected salary increases for general members of 4.25% - 13.50% changed to 4.25% - 12.25% and safety members changed from 5.00% - 17.50% to 4.75% - 17.25%;
- Mortality rate tables changed to a Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table, projected generationally using two-dimensional MP-2016 scale, adjusted separately for healthy and disabled for both general and safety members; and
- Impact due to assumption changes to be phased-in over three years.

FOOTHILL/EASTERN TRANSPORTATION CORRIDOR AGENCY

Required Supplementary Information (unaudited)
(In thousands)

Schedule of Agency Contributions

		2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contributions	$	601	512	477	497	498	612	944	1,024	1,038	949
Contributions recognized		(601)	(512)	(477)	(497)	(498)	(9,532)	(944)	(1,024)	(1,038)	(949)
Contribution deficiency (excess)	$	-	-	-	-	-	(8,920)	-	-	-	-
Agency's covered payroll	$	4,861	4,097	4,100	4,012	4,363	4,093	3,971	4,191	3,908	4,083
Contributions recognized as a percentage of covered payroll		12.4%	12.5%	11.6%	12.4%	11.4%	134.8%	23.8%	24.4%	26.6%	23.2%

Note - GASB Statement No. 68 requires a 10-year schedule presenting the items above. The applicable information has been presented for the periods since the statement wa applicable information has been presented for the periods since the statement was adopted,