



RIVERSIDE
COUNTY
TRANSPORTATION
COMMISSION

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RiversideExpress



FISCAL YEAR ENDED JUNE 30, 2025

15 EXPRESS LANES FUND FINANCIAL STATEMENTS

(Enterprise Fund of the Riverside County Transportation Commission)

Riverside County Transportation Commission
Riverside County, California



**15 Express Lanes Fund
(Enterprise Fund of the Riverside County Transportation Commission)
Financial Statements**
For the Year Ended June 30, 2025

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Independent Auditor's Report







Independent Auditor's Report

Board of Commissioners
Riverside County Transportation Commission
Riverside, California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the 15 Express Lanes Fund (Fund), an enterprise fund of the Riverside County Transportation Commission (Commission), as of and for the year ended June 30, 2025, 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 15 Express Lanes Fund of the Commission, as of June 30, 2025, and the changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission, 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

As discussed in Note 1, the financial statements present only the 15 Express Lanes Fund, and do not purport to, and do not, present fairly the financial position of the Commission, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 Commission'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 the management's discussion and analysis, 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 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.

A handwritten signature in black ink that reads "Eddie Baily, LLP". The signature is fluid and cursive, with "Eddie" and "Baily" connected by a single stroke, and "LLP" in a smaller, separate area.

Rancho Cucamonga, California
October 31, 2025



Management's Discussion & Analysis





15 Express Lanes Fund
Management's Discussion and Analysis
For the Year Ended June 30, 2025

As management of the 15 Express Lanes Fund (the Fund), an enterprise fund of the Riverside County Transportation Commission, we offer readers of the Fund financial statements this narrative overview and analysis of the Fund's financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider information on financial performance presented in conjunction with the financial statements that begin on page 11.

Financial Highlights

- At the end of fiscal year (FY) 2024/25, the total net position of the Fund was \$357,658,058, consisting of net investment in capital assets of \$332,279,000, restricted net position of \$46,752 and unrestricted net position of \$25,332,306. The net position increased \$74,740,159 due to strong operating financial performance, lower than anticipated operating expenditures and prepayment of the Transportation Innovation Finance and Infrastructure Act (TIFIA) Loan.
- Net position of \$357,658,058 during FY 2024/25 reflects the position after the fourth full year of toll operations. The 15-mile stretch that includes two express lanes in each direction of the center median along the Interstate (I) 15 corridor between Cajalco Road in Corona and State Route (SR) 60 in Jurupa Valley achieved final acceptance in FY 2022/23.
- In FY 2024/25, total operating revenues of \$54,334,277 increased 23% from the prior fiscal year and include toll, violation penalty, and account fees. Total operating expenses of \$24,836,858 increased 5% when compared to the prior fiscal year and include but not limited to: roadway and toll systems maintenance, customer service, back-office operations, other support costs, and depreciation and amortization.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Fund's financial statements. The financial statements are comprised of the Fund financial statements and notes to the financial statements.

The statement of net position presents information on all the Fund's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Fund is improving or deteriorating.

The statement of revenues, expenses and changes in fund net position presents information showing how the Fund's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

The statement of cash flows presents information on the cash flows related to operating, noncapital financing, capital and related financing, and investing activities.

The Fund financial statements can be found on pages 11-16 of this report.

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 to the financial statements can be found on pages 11-25 of this report.

15 Express Lanes Fund
Management's Discussion and Analysis
For the Year Ended June 30, 2025

15 Express Lanes Financial Analysis

As noted previously, net position may serve over time as a useful indicator of the Fund's financial position. At June 30, 2025, the Fund's net position was \$357,658,058. The analysis below focuses on net position and changes in net position of the Fund's financial activities.

15 Express Lanes Fund
Net Position

	2025	2024
Current and other assets	\$ 78,749,932	\$ 10,240,430
Restricted assets	-	113,647,084
Capital assets, net	332,279,000	344,802,218
Total assets	<u>411,028,932</u>	<u>468,689,732</u>
Deferred outflows of resources	313,992	355,834
Total assets and deferred outflows of resources	<u>411,342,924</u>	<u>469,045,566</u>
Current liabilities	2,951,582	4,589,003
Long-term liabilities	50,304,387	181,004,578
Total liabilities	<u>53,255,969</u>	<u>185,593,581</u>
Deferred inflows of resources	428,897	534,086
Total liabilities and deferred inflows of resources	<u>53,684,866</u>	<u>186,127,667</u>
Net position		
Net investment in capital assets	332,279,000	192,587,959
Restricted	46,752	90,329,940
Unrestricted	<u>25,332,306</u>	-
Total net position	<u>\$ 357,658,058</u>	<u>\$ 282,917,899</u>

FY 2024/25 represents the fourth full year of toll operations for the Fund. Total assets and deferred outflows of resources decreased \$57,702,642 or 12%. Total liabilities and deferred inflows of resources decreased \$132,442,801, or 71%. Both changes were primarily due to the prepayment of the TIFIA Loan which had an outstanding principal balance of \$171,814,288 at the close of the prior fiscal year. Restricted Assets also are down when compared to the prior year also due to the repayment of the TIFIA loan while current and other assets increased. In connection with the transaction to pay off the TIFIA loan, a combination of restricted assets were utilized to pay down the existing debt obligations offset by the establishment of an Inter-Fund loan (long-term liabilities) Furthermore, also as a result of paying off the TIFIA loan, existing cash is no longer considered restricted and is classified as current and other assets.

The Fund's net investment in capital assets was \$332,279,000 in FY 2024/25. The Fund's net position reflects its investment in capital assets (i.e., land and land improvements; buildings; toll infrastructure; equipment, furniture and fixtures; and toll facility franchise), less any related outstanding debt used to acquire these assets. The Fund uses these capital assets, which include intangible assets, to provide improved mobility for the Fund customers and commuters along the I-15 corridor.

15 Express Lanes Fund
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Restricted net position, representing resources subject to external restrictions on how they may be used, and unrestricted net position, representing resources which may be used for any lawful purpose of the enterprise, was \$25,379,058 and represents 7% of the total net position at June 30, 2025. Net investment in capital assets increased when compared to the prior year due to the pay off of the TIFIA loan reflecting the facilities value in the asset.

The analysis below focuses on the changes in net position.

15 Express Lanes Fund
Changes in Net Position

	2025	2024
Operating revenues		
Toll, penalties, and fees	\$ 54,334,277	\$ 43,996,293
Total operating revenues	<u>54,334,277</u>	<u>43,996,293</u>
Operating expenses		
Management and operational services	9,895,600	9,384,855
Administrative overhead	505,500	354,500
Other operating expenses	277,133	268,697
Professional services	841,438	481,843
General and administrative	776,188	670,394
Depreciation and amortization	12,540,999	12,517,271
Total operating expenses	<u>24,836,858</u>	<u>23,677,560</u>
Operating income	<u>29,497,419</u>	<u>20,318,733</u>
Nonoperating revenues (expenses)		
Investment income	4,077,596	4,739,233
Interest expense	<u>(2,874,971)</u>	<u>(5,210,429)</u>
Total nonoperating revenues (expenses)	<u>1,202,625</u>	<u>(471,196)</u>
Income before contributions and transfers	30,700,044	19,847,537
Contributions from Commission governmental funds	-	389,255
Transfers from Commission governmental funds	<u>44,040,115</u>	<u>204</u>
Total contributions and transfers	<u>44,040,115</u>	<u>389,459</u>
Change in net position	74,740,159	20,236,996
Total net position at beginning of year, as previously reported	282,917,899	262,717,804
Change in accounting principle	-	(36,901)
Net position at beginning of year, as restated	<u>282,917,899</u>	<u>262,680,903</u>
Total net position at end of year	<u>\$ 357,658,058</u>	<u>\$ 282,917,899</u>

15 Express Lanes Fund
Management's Discussion and Analysis
For the Year Ended June 30, 2025

The Fund's operating revenues increased \$10,337,984 or 23%, due to higher toll and violation, resulting from increased traffic volumes. Total operating expenses increased \$1,159,298, or 5% primarily due to program operations and professional services related to pavement analysis. Nonoperating incomes and expenses, net increase of \$1,673,821, or 355%, is due to investment income, offset by reduced interest expenses related to the prepayment of the TIFIA Loan. Contributions and transfers from the Commission increased by \$43,650,656, or 11,208%, due to contributions and transfers in from Commission funds related to the prepayment of the TIFIA Loan. Total traffic volume on the 15 Express Lanes Fund during FY 2024/25 was approximately 34,513,104 transactions compared to 29,718,912 in FY2023/24.

Capital Assets

As of June 30, 2025, the Fund had \$332,279,000, net of accumulated depreciation and amortization, invested in a broad range of capital assets including: land and land improvements; construction easements, construction in progress; buildings; toll infrastructure comprised of communication equipment; computer hardware and software; equipment, furniture, and fixtures; and toll facility franchise.

15 Express Lanes Fund
Capital Assets, Net of Depreciation

	2025	2024
Land and land improvements	\$ 558,405	\$ 558,405
Construction easements	53,350	53,350
Construction in progress	17,781	-
Toll infrastructure	3,531,989	8,241,309
Toll facility franchise	324,767,117	331,865,851
Buildings	3,345,221	4,066,943
Equipment, furniture, and fixtures	5,137	16,360
Total capital assets, net	<u>\$ 332,279,000</u>	<u>\$ 344,802,218</u>

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

Debt Administration

As of June 30, 2025, the Fund had \$50,090,748 outstanding from an advance from other Commission Measure A revenues. The decrease in outstanding debt when compared to prior year is due to prepayment of the TIFIA Loan and forgiveness of the \$9,000,000 advance from Commission Measure A revenues.

15 Express Lanes Fund
Outstanding Debt

	2025	2024
TIFIA loan	\$ -	\$ 171,814,288
Advance from Commission fund	<u>50,090,748</u>	<u>9,000,000</u>
Total outstanding debt	<u>\$ 50,090,748</u>	<u>\$ 180,814,288</u>

Additional information on advances can be found in note 6 and long-term debt can be found in note 7 to the financial statements.

15 Express Lanes Fund
Management's Discussion and Analysis
For the Year Ended June 30, 2025

Economic and Other Factors

The Fund makes up \$67,357,400 or 7% of Commission's FY 2025/26 revenue budget. In FY 2025/26, toll and non-toll revenues are forecasted to increase 37% over the FY 2024/25 budget. This increase is due to higher than anticipated revenues received during FY 2024/25 largely as a result of tolls collected within the southern terminus of the Enterprise. Specifically, the FY 2025/26 revenue budget is in alignment with current performance for the facility. The average projected long-term rate of growth for toll road revenues beyond FY 2025/26 is 2.01%.

The majority of expenses related to the Fund within FY 2025/26 budget are on-going general costs related to day-to-day operations of the toll facility. As a fully electronic toll facility, motorists pay tolls through the convenient use of FasTrak® transponders that automatically deduct toll charges from a prepaid account.

I-15 Corridor Freight and Express Lanes Project: The Commission and San Bernardino County Transportation Agency (SBCTA) entered into a Cooperative Agreement (Agreement) on May 24, 2023, formalizing the coordination of the toll facilities between Riverside and San Bernardino counties; collectively referred to as the I-15 Corridor Freight and Express Lanes project or I-15 Next. Specifically, the Agreement requires the Commission to assign approximately 2.2 miles of its existing RCTC 15 Toll Lanes to SBCTA in exchange for annual toll revenue payments payable by SBCTA.

The assignment is made by the Commission to SBCTA in preparation for planning and constructing a toll facility within the median of I-15. Construction by SBCTA started in January 2025 with project completion estimated to occur in calendar year 2028.

As of June 30, 2025, no impacts have been incurred by the existing RCTC 15 Express Lanes as a result of entering into this Agreement. However, SBCTA will reimburse RCTC 15 Express Lanes for any impacts during construction phase of the project. Furthermore, assignment of the RCTC 15 Express Lanes will not occur until sixty (60) days prior to project completion estimated to occur during calendar year 2028.

Contacting 15 Express Lane's Management

This financial report is designed to provide a general overview of the Fund's finances for all those with an interest in the government's finances and to demonstrate the Fund's accountability for the money it receives. Questions concerning any of the information provide in this report or requests for additional information should be addressed to the Chief Financial Officer, Finance Department at the Riverside County Transportation Commission, 4080 Lemon Street, 3rd Floor, P.O. Box 12008, Riverside, CA 92502-2208.





Financial Statements





15 Express Lanes Fund
(Enterprise Fund of the Riverside County Transportation Commission)
Statement of Net Position
June 30, 2025

Assets		
Current assets:		
Cash and investments	\$	72,879,517
Receivables		
Accounts	4,633,158	
Interest	653,084	
Lease	100,077	
Prepaid expenses	142,914	
Total current assets		<u>78,408,750</u>
Noncurrent assets:		
Lease receivable	294,430	
Other post-employment benefits assets	46,752	
Capital assets, net		
Nondepreciable	629,536	
Depreciable and amortizable	331,649,464	
Total noncurrent assets		<u>332,620,182</u>
Total assets		<u>411,028,932</u>
Deferred outflows of resources		
Pension benefits	203,917	
Other post-employment benefits	110,075	
Total deferred outflows of resources		<u>313,992</u>
Total assets and deferred outflows of resources		<u>411,342,924</u>
Liabilities		
Current liabilities:		
Accounts payable	2,243,928	
Due to other Commission funds	140,752	
Other liabilities	526,389	
Compensated absences liability	40,513	
Total current liabilities		<u>2,951,582</u>
Noncurrent liabilities:		
Net pension liability	143,478	
Compensated absences liability	70,161	
Advance from other Commission funds	50,090,748	
Total noncurrent liabilities		<u>50,304,387</u>
Total liabilities		<u>53,255,969</u>
Deferred inflows of resources		
Pension benefits	48,021	
Other post-employment benefits	13,295	
Lease revenues	367,581	
Total deferred inflows of resources		<u>428,897</u>
Total liabilities and deferred inflows of resources		<u>53,684,866</u>
Net position		
Net investment in capital assets	332,279,000	
Restricted for other post-employment benefits	46,752	
Unrestricted for express lanes	25,332,306	
Total net position	<u>\$</u>	<u>357,658,058</u>

See notes to financial statements

15 Express Lanes Fund
(Enterprise Fund of the Riverside County Transportation Commission)
Statement of Revenues, Expenses and Change in Fund Net Position
For the Year Ended June 30, 2025

Operating revenues	
Tolls, penalties, and fees	\$ 54,334,277
Operating expenses	
Management and operational services	9,895,600
Administrative overhead	505,500
Other operating expenses	277,133
Professional services	841,438
General and administrative expenses	776,188
Depreciation and amortization	12,540,999
	<hr/>
Total operating expenses	24,836,858
Operating income	<hr/> <hr/>
Nonoperating revenues (expenses)	
Investment income (loss)	4,077,596
Interest expense	(2,874,971)
	<hr/>
Total nonoperating revenues (expenses)	1,202,625
Income before contributions and transfers	30,700,044
Contributions and transfers	
Transfers from Commission governmental activities	44,040,115
	<hr/>
Total contributions and transfers	44,040,115
	<hr/>
Change in net position	74,740,159
Net position at beginning of year	<hr/> 282,917,899
Net position at end of year	<hr/> \$ 357,658,058

See notes to financial statements

15 Express Lanes Fund
(Enterprise Fund of the Riverside County Transportation Commission)
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities	
Receipts from customers and users	\$ 55,095,364
Payments to vendors	(10,385,926)
Payments to employees	(762,720)
Payments for RCTC interfund services used	(640,128)
Reimbursements received for lease costs	95,950
Net cash provided by operating activities	<u>43,402,540</u>
Cash flows from noncapital financing activities	
Transfers from Commission governmental activities	44,040,115
Advance from other Commission fund	39,700,000
Net cash provided by noncapital financing activities	<u>83,740,115</u>
Cash flows from capital and related financing activities	
Principal payment on long-term debt	(171,814,288)
Interest paid on long-term debt	(3,608,130)
Payment for acquisition of capital assets	(17,781)
Net cash used for capital and related financing activities	<u>(175,440,199)</u>
Cash flows from investing activities	
Interest received	3,505,247
Net cash provided by investing activities	<u>3,505,247</u>
Net decrease in cash and cash equivalents	(44,792,297)
Cash and investments at beginning of year	117,671,814
Cash and investments at end of year	<u>\$ 72,879,517</u>

See notes to financial statements

15 Express Lanes Fund
(Enterprise Fund of the Riverside County Transportation Commission)
Statement of Cash Flows, Continued
For the Year Ended June 30, 2025

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating income	\$ 29,497,419
Adjustments to reconcile operating income to net cash provided by (used for) operating activities	
Depreciation and amortization expense	12,540,999
Change in assets and liabilities	
(Increase) Decrease in accounts receivable, net	761,682
(Increase) Decrease in due from other funds	(178,722)
(Increase) Decrease in prepaid assets	98,360
(Increase) Decrease in lease receivable, net of deferred items	(2,071)
Increase (Decrease) in pension and post-employment benefit liabilities, net of deferred items	8,621
Increase (Decrease) in accounts payable	305,550
Increase (Decrease) in due to other funds	258,127
Increase (Decrease) in compensated absences	15,150
Increase (Decrease) in other liabilities	97,425
Total adjustments	<u>13,905,121</u>
Net cash provided by operating activities	<u><u>\$ 43,402,540</u></u>
Noncash capital, financing and investing activities	
Net increase (decrease) in the fair value of investments	218,113

See notes to financial statements

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 1. Reporting Entity

After more than a decade of work, which includes approximately three years of construction, the Riverside County Transportation Commission (Commission) achieved substantial completion on the I-15 Express Lanes Project on April 10, 2021. In achieving substantial completion, the 15 Express Lanes opened to traffic; tolling commenced on April 14, 2021. The 15-mile stretch includes two lanes in each direction of the center median along the Interstate (I) 15 corridor between Cajalco Road in Corona and State Route (SR) 60 in Jurupa Valley.

The 15 Express Lanes Fund (Fund) is reported as a major enterprise fund in the Commission's basic financial statements. The accompanying financial statements present the net position, changes in net position, and cash flows of the Fund only. They do not purport to, and do not, present the overall financial position of the Commission or its changes in net position as of June 30, 2025.

Note 2. Summary of Significant Accounting Policies

The accounting policies of the Fund are in conformity with generally accepted accounting principles 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 Accounting: The financial statements of the Fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues consisting substantially of tolls and fees, are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Toll revenue is recognized when the customers utilize the toll road facility and payment is collected.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with an enterprise fund's principal and ongoing operations. The principal operating revenues of the Fund are charges to customers for use of the toll facility. Operating expenses for the Fund include the cost of services, administrative expenses, and depreciation and amortization on capital and intangible assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Violations: Violations consist of uncollected violation tolls and penalties. Unpaid violations of \$55,498,777 as of June 30, 2025, are not recognized as revenue until payment is received. If violations and penalties remain owed for more than 90 days, they are attached to the registration for the violation vehicle. Unpaid violations will remain recorded for a period of four years in accordance with the statute of limitations, at which time, they will be deemed uncollectible.

Cash and investments: The Commission maintains cash and investments in accordance with the Investment Policy adopted by the Board of Commissioners in December 2024. The Investment Policy complies with the California Government Code (Code). The Fund participates in the Riverside County Pooled Investment Fund (RCPIF). Cash from other Commission revenue sources is commingled for investment purposes in the RCPIF, with investment earnings allocated to the different accounts based on average daily account balances.

The Commission holds investments that are measured at fair value on a recurring basis. The RCPIF is carried at fair value based on the value of each participating dollar as provided by RCPIF.

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 2. Summary of Significant Accounting Policies, Continued

Cash and cash equivalents: For the purpose of the statement of cash flows, the Commission considers all short-term investments with an initial maturity of three months or less to be cash equivalents. All deposits, commercial paper notes, money market funds, negotiable certificates of deposit, and the Fund's share of the RCPIF represent cash and cash equivalents for cash flow purposes.

Receivables: Accounts receivables include amounts due from other California toll road agencies related to their customers' use of the 15 Express Lanes.

Capital assets: Capital assets include land and land improvements; toll infrastructure; buildings; equipment, furniture and fixtures; and toll facility franchise. Capital assets are defined by the Fund as assets with an initial, individual cost of more than \$100,000 and a useful life in excess of three years. Such assets are recorded at historical cost. The costs of normal maintenance and repairs that do not add value to the asset or materially extend asset lives are not capitalized.

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

Asset Type	Useful Life
Buildings	10 years
Equipment, furniture and fixtures	3 to 5 years
Toll facility franchise	50 years
Toll infrastructure	5 to 10 years

The Commission entered into a toll facility agreement with California's Department of Transportation (Caltrans) and obtained authority to toll the I-15 corridor between Cajalco Road and SR-60 for 50 years commencing as of the first day on which the 15 Express Lanes open for public use and toll operations through April 2071. The 15 Express Lanes opened on April 10, 2021.

Deferred outflows 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 represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense) until then. As of June 30, 2025, the Fund has deferred outflows of resources related to pension and other post-employment benefits (OPEB).

Due to other Commission funds: During the course of operations, transactions occur between Commission governmental funds involving goods provided and services rendered.

Compensated absences: Sick, vacation, and administrative hours earned and accumulated that have not been taken at year-end is reported as a long-term liability, net of current portion, in the Fund.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Commission's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deduction from Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 2. Summary of Significant Accounting Policies, Continued

Post-employment benefits other than pensions: For purposes of measuring the net OPEB asset, deferred outflows/inflows of resources related to the OPEB asset and OPEB expense, information about the fiduciary net position of the Commission's OPEB plan, and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust administered by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money markets and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which is reported at cost.

Deferred inflows of resources: In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources, or revenue, until then. The Fund has deferred inflows of resources related to pension, OPEB, and leases.

Risk management: The Fund purchases commercial property insurance including business interruption, earthquake, and flood coverage related to the toll facility.

Net position: Net position represents the difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources and is classified into three categories:

- *Net investment in capital assets* consists of capital and intangible assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets and excludes unspent debt proceeds.
- *Restricted net position* represents restricted assets less liabilities related to those assets. Restricted assets are recorded when there are limitations imposed by creditors (such as through debt covenants).
- *Unrestricted net position* represents the portion of net position that is not restricted by external parties. This balance may be used for any lawful purpose of the Toll Enterprise.

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. As such, actual results could differ from those estimates.

Note 3. Cash and Investments

Cash and investments are comprised of the following at June 30, 2025:

Cash in bank	\$ 1,202,944
Investments	
With RCPIF	71,676,573
Total cash and investments	<u><u>\$ 72,879,517</u></u>

Total cash and investments are reported in the financial statements as:

Unrestricted cash and investments	\$ 72,879,517
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15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 3. Cash and Investments, Continued

Fair Value Hierarchy: The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are based on similar observable assets either directly or indirectly, which may include inputs in markets that are not considered to be active; and Level 3 inputs are significant unobservable inputs (the Commission does not value any of its investments using Level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the Fund as of June 30, 2025:

Investments by fair value level:	June 30, 2025
Investments not subject to fair value hierarchy:	
RCPIF	\$ 71,676,573

As of June 30, 2025, the Fund has the following investments:

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Years)
RCPIF	\$ 71,676,573	\$ 71,500,325	0.497% - 6.197%	6/30/25 - 6/17/30	1.28

The weighted average maturity is calculated using the investment's effective duration weighted by the investment's fair value.

Deposits and withdrawals in the RCPIF are made on the basis of \$1.00 (cost basis) and not fair value. Accordingly, the Fund's investment at June 30, 2025, is uncategorized, not defined as Level 1, Level 2, or Level 3 input.

Interest rate risk: While the Commission does not have a formal policy related to the interest rate risk of investments, the Commission's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Commission's investment policy requires that a third-party bank trust department hold all securities owned by the Commission. All trades are settled on a delivery versus payment basis through the Commission's safekeeping agent. The Fund's cash deposits are included in the overall Commission's deposits. Bank balances over \$5,000,000 are swept daily into a money market account. Of the bank balance, up to \$250,000 is federally insured under the Federal Depository Insurance Corporation with balances in excess of \$250,000 collateralized in accordance with the Code; however, the collateralized securities are not held in the name of the Commission.

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 3. Cash and Investments, Continued

Credit risk: The Commission's investment policy sets minimum acceptable credit ratings for investments from any of the three nationally recognized statistical rating organizations. The following table is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each category's fair value at June 30, 2025; securities denoted as NR are not rated by one of the nationally recognized statistical rating organizations.

Investments	Moody's	S&P	% of Portfolio
RCPIF	Aa-bf	NR	100.00%

Concentration of credit risk: The Commission's investment policy places a limit of 10% on the amount of investment holdings with any one non-U.S. Government or non-federal agency issuer. As of June 30, 2025, the Commission did not have investments in any one issuer that represents more than 5% of the Commission's total investments.

Note 4. Lease Receivable

The 15 Express Lanes is the owner of a building within the City of Corona which is leased by both Orange County Transportation Authority (OCTA) and the Riverside Transportation Commission (RCTC) 91 Express Lanes. The Fund has the following lease receivables as of June 30, 2025:

On November 1, 2019, the Fund entered a 120-month lease for the use of 301 Corporate Terrace Circle, Corona, Ca with the Orange County Transportation Authority. An initial lease receivable was recorded in the amount of \$379,833. As of June 30, 2025, the value of the lease receivable is \$197,254. The lessee is required to make quarterly fixed payments of \$13,224. The lease has an interest rate of 1.7670%. The value of the deferred inflow of resources as of June 30, 2025, was \$183,790 and the Fund recognized lease revenue of \$49,011.

On November 1, 2019, the Fund entered a 120-month lease for the use of 301 Corporate Terrace Circle, Corona, Ca with the RCTC 91 Express Lanes Enterprise Fund. An initial lease receivable was recorded in the amount of \$379,833. As of June 30, 2025, the value of the lease receivable is \$197,253. The lessee is required to make quarterly fixed payments of \$13,224. The lease has an interest rate of 1.7670%. The value of the deferred inflow of resources as of June 30, 2025, was \$183,791 and the Fund recognized lease revenue of \$49,011.

In accordance with the standard, the principal and interest expected to maturity is as follows:

Year ending June 30	Principal	Interest	Total
2026	\$ 100,077	\$ 6,314	\$ 106,391
2027	103,977	4,518	108,495
2028	107,337	2,661	109,998
2029	83,116	735	83,850
Total lease receivable	\$ 394,507	\$ 14,228	\$ 408,734

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 5. Capital Assets

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

	Balance	Capital		Balance	
	June 30, 2024	Contributions	Additions	Deletions	June 30, 2025
Capital assets not being depreciated:					
Land and land improvements	\$ 558,405	\$ -	\$ -	\$ -	\$ 558,405
Construction easements	53,350	-	-	-	53,350
Construction in progress	-	-	17,781	-	17,781
Total capital assets not being depreciated	611,755	-	17,781	-	629,536
Capital assets being depreciated and amortized:					
Toll infrastructure	21,559,002	-	-	-	21,559,002
Buildings	6,451,978	-	-	-	6,451,978
Equipment, furniture, and fixtures	115,121	-	-	-	115,121
Toll facility franchise	354,745,758	-	-	-	354,745,758
Total capital assets being depreciated and amortized	382,871,859	-	-	-	382,871,859
Less accumulated depreciation and amortization for:					
Toll infrastructure	(13,317,693)	-	(4,709,320)	-	(18,027,013)
Buildings	(2,385,035)	-	(721,722)	-	(3,106,757)
Equipment, furniture, and fixtures	(98,761)	-	(11,223)	-	(109,984)
Toll facility franchise	(22,879,907)	-	(7,098,734)	-	(29,978,641)
Total accumulated depreciation	(38,681,396)	-	(12,540,999)	-	(51,222,395)
Total capital assets being depreciated and amortized, net	344,190,463	-	(12,540,999)	-	331,649,464
Capital assets, net	\$ 344,802,218	\$ -	\$ (12,523,218)	\$ -	\$ 332,279,000

On September 29, 2016, the Commission entered into a toll facilities agreement with Caltrans providing the Commission with authorization to toll the I-15 from Cajalco Road to SR-60 for 50 years commencing as of the first day on which the 15 Express Lanes open for public use and toll operations. The agreement also set forth the Commission's rights to Caltrans' right of way and Caltrans' oversight role in the operations and maintenance of the 15 Express Lanes.

Note 6. Interfund Transactions

Due from/to other Commission funds: The composition of balances related to due from other funds and due to other funds of the Commission at June 30, 2025, is as follows:

Payable Fund	Receivable Fund	Amount	Explanation
15 Express Lanes Enterprise fund	Commission's General fund	\$ (73,200)	Administrative cost allocation
15 Express Lanes Enterprise fund	Commission's General fund	(67,552)	Fringe benefits allocation
Total due from (to) other Commission funds, net		<u><u>\$ (140,752)</u></u>	

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 6. Interfund Transactions, Continued

Contributions and transfers to/from other Commission funds: During 2025, contributions and transfers to/from other Commission funds were as follows:

Transfer Out	Transfer In	Amount	Explanation
Commission's Special Revenue fund	15 Express Lanes Enterprise fund	\$ 31,190,000	Transfer from Commission fund for TIFIA Loan prepayment
Measure A Western County Special Revenue fund	15 Express Lanes Enterprise fund	9,000,000	Forgiveness of TIFIA debt service reserve advance
Bonds Capital Projects fund	15 Express Lanes Enterprise fund	<u>3,850,115</u>	Transfer from debt service fund for TIFIA Loan prepayment
Total transfers in from (out to) other Commission funds		<u><u>\$44,040,115</u></u>	

Advances from other funds: A Commission governmental fund advanced \$9,000,000 to the 15 Express Lanes Fund to establish an \$18,000,000 TIFIA debt service reserve for the I-15 Express Lanes project as required no later than June 30, 2024. On October 9, 2024, the Commission authorized the prepayment of the TIFIA Loan including forgiveness of the \$9,000,000 advance and establishment of a new advance in the form of a Measure A Inter-Fund Loan (Inter-Fund Loan) to the I-15 Express Lanes totaling \$50,090,748. Annual payments are required for the Inter-Fund Loan with the balance due in four fiscal years or by August 31, 2028. The Inter-Fund Loan is assessed interest annually, which is indexed to RCTC's portfolio rate of return at the Riverside County Treasurer-Tax Collector.

7. Long-Term Obligations

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

	Balance June 30, 2024	Additions / Accretion	Reductions	Balance June 30, 2025	Due Within One Year
TIFIA loan	\$ 171,814,288	\$ 1,919,813	\$ (173,734,101)	\$ -	\$ -
Compensated absences liability	95,524	15,150	-	110,674	40,513
Total long-term obligations	<u><u>\$ 171,909,812</u></u>	<u><u>\$ 1,934,963</u></u>	<u><u>\$ (173,734,101)</u></u>	<u><u>\$ 110,674</u></u>	<u><u>\$ 40,513</u></u>

In May 2017, the Commission authorized the issuance and sale of not to exceed \$165 million of toll revenue bonds related to the 15 Express Lanes Project. The TIFIA loan was a senior toll revenue bond per the I-15 Express Lanes Project indenture. On October 9, 2024, the Commission authorized the prepayment of the TIFIA Loan in full totaling \$173,734,101 which included compounded interest through October 23, 2024. The TIFIA Loan was paid with a combination of 15 Express Lanes toll revenues and established reserves, a contribution from Measure A, and establishment of a Inter-Fund Loan to the I-15 Express Lanes totaling \$48,700,000.

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 8. Commitments and Contingencies

Cooperative agreements: In January 2017 the Commission entered into a toll operator agreement, for the operations of the 15 Express Lanes. The toll operator is responsible for day-to-day operations of the toll collection system. The toll operator agreement expires in April 2031. In August 2024, the ten-year extension options were exercised, and the agreement will expire April 2041. The toll operator agreement provides operating services to the Commission in the annual amount of \$7,755,600 for the first two years of operations. Thereafter, annual amounts are based on variable pricing.

I-15 Corridor Freight and Express Lanes Project: The Commission and San Bernardino County Transportation Agency (SBCTA) entered into a Cooperative Agreement (Agreement) on May 24, 2023, formalizing the coordination of the toll facilities between Riverside and San Bernadino counties; collectively referred to as the I-15 Corridor Freight and Express Lanes project or I-15 Next. Specifically, the Agreement requires the Commission to assign approximately 2.2 miles of its existing RCTC 15 Toll Lanes to SBCTA in exchange for annual toll revenue payments payable by SBCTA.

The assignment is made by the Commission to SBCTA in preparation for planning and constructing a toll facility within the median of I-15. Construction by SBCTA started in January 2025 with project completion estimated to occur in calendar year 2028

As of June 30, 2025, no impacts have been incurred by the existing RCTC 15 Express Lanes as a result of entering into this Agreement. However, SBCTA will reimburse RCTC 15 Express Lanes for any impacts during construction phase of the project. Furthermore, assignment of the RCTC 15 Express Lanes will not occur until sixty (60) days prior to project completion estimated to occur during calendar year 2028.

Purchase commitments: The Fund has entered into other agreements in the ordinary course of business with companies and other governmental agencies related to operations and maintenance. These agreements, which are significant, are funded with available and future revenues.

Note 9. Pensions and Other Post-Employment Benefits Other Than Pensions

The Fund participates in the Commission's cost-sharing multiple employers defined benefit pension plan administered by the California Public Employees' Retirement System and the Commission's OPEB. Employees of the Fund are employees of the Commission as a whole. The required note disclosures regarding pension plans and OPEB are included in the Commission's financial statements. Please see those financial statements for information about the pension plans and OPEB as a whole.

The net pension liability of \$143,478 and net OPEB assets of \$46,752, reported by the Fund, represent the Fund's proportional share of the Commission's net pension liabilities of \$3,204,274 and net OPEB asset of \$1,044,100. The Fund's net pension liabilities and OPEB assets each represent approximately 4% of the Commission's net pension liabilities and OPEB assets. For the year ended June 30, 2025, the Fund's contributions(credits) recognized as part of pension and OPEB expenses were \$51,933 and (\$43,312), respectively.

15 Express Lanes Fund
Notes to Financial Statements
June 30, 2025

Note 10. Pronouncements Issued, Not Yet Effective

The GASB pronouncements issued prior to June 30, 2025, that have an effective date that may impact future financial presentations include:

- GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.









RIVERSIDE
COUNTY
TRANSPORTATION
COMMISSION

**Riverside County
Transportation Commission**

(951) 787-7141 · www.rctc.org
4080 Lemon Street, 3rd Floor
P.O. Box 12008 · Riverside, CA
92502-2208