

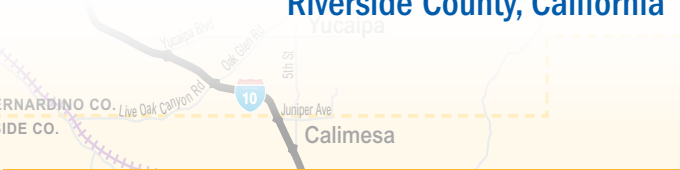


Riverside County Transportation Commission

Fiscal Year Ended June 30, 2012

COMPREHENSIVE ANNUAL FINANCIAL REPORT

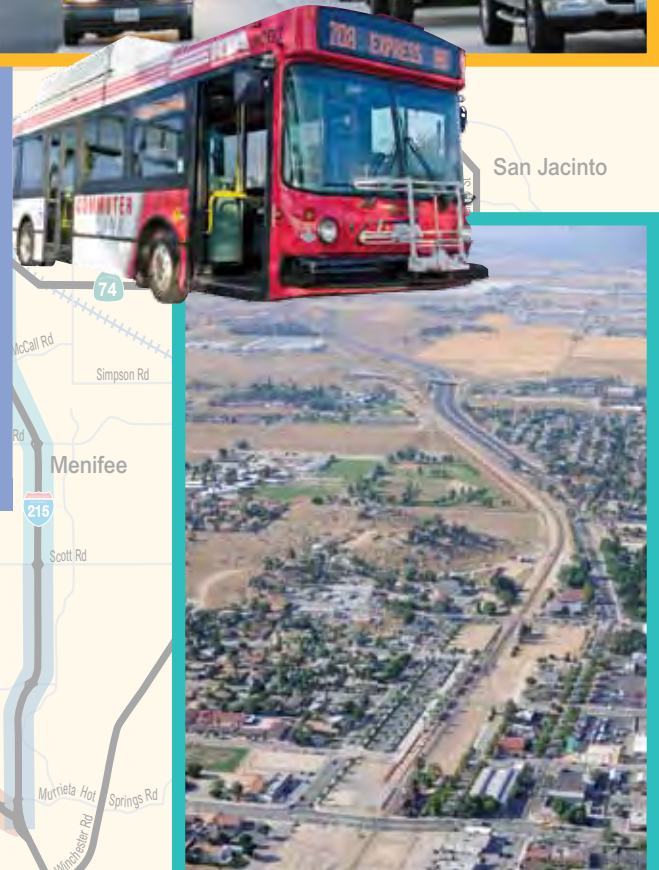
Riverside County Transportation Commission
Riverside County, California



15/91 INTERCHANGE



60/215 EAST JUNCTION PROJECT



San Jacinto

AERIAL VIEW OF PERRIS STATION



74/215 CONSTRUCTION

**RIVERSIDE COUNTY
TRANSPORTATION
COMMISSION**
RIVERSIDE COUNTY, CA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**
Fiscal Year Ended June 30, 2012

Submitted by:
Theresa Trevino,
Chief Financial Officer
Michele Cisneros,
Accounting and
Human Resources Manager



RCTC

Riverside County Transportation Commission



Riverside Transit Agency Commuter Link

CONTENTS

Introductory Section

Letter of Transmittal	i
Organizational Chart	xii
List of Principal Officials	xiii
Certificate of Achievement	xiv

Financial Section

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements	
Balance Sheet—Governmental Funds	18
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Notes to Financial Statements	22
Required Supplementary Information	
Budgetary Comparison Schedules	
General Fund	46
Major Special Revenue Funds	47
Schedule of Funding Progress for Postretirement Health Care	48
Notes to Required Supplementary Information	49
Other Supplementary Information	
Nonmajor Governmental Funds	51
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	53
Schedule of Revenues, Expenditures and Changes in Fund Balances—Budget and Actual:	
Nonmajor Special Revenue Funds	54
Capital Projects and Debt Service Funds	55
Schedule of Expenditures for Local Streets and Roads by Geographic Area—All Special Revenue Funds	56
Schedule of Expenditures for Transit and Specialized Transportation by Geographic Area and Source—All Special Revenue Funds	57

CONTENTS, CONTINUED

Statistical Section

Statistical Section Overview	59
Net Position by Component	61
Changes in Net Position	62
Fund Balances of Governmental Funds	64
Changes in Fund Balances of Governmental Funds	65
Sources of County of Riverside Taxable Sales by Business Type	66
Direct and Overlapping Sales Tax Rates	67
Principal Taxable Sales Generation by City	68
Measure A Sales Tax Revenues by Program and Geographic Area	69
Measure A Sales Tax by Economic Category	70
Measure A Revenues and Pledged Revenue Coverage	71
Ratios of Outstanding Debt by Type	72
Computation of Legal Debt Margin	73
Demographic and Economic Statistics for the County of Riverside	74
Employment Statistics by Industry for the County of Riverside	75
Full-time Equivalent Employees by Function/Program	76
Operating Indicators	77
Capital Asset Statistics by Program	78



91/71 INTERCHANGE

INTRODUCTORY SECTION



RCTC

Riverside County Transportation Commission

November 5, 2012

To the Riverside County Transportation Commission Commissioners
and Citizens of the County of Riverside:

Letter of Transmittal

State law requires that the Riverside County Transportation Commission (Commission or RCTC) publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by independent certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Commission for the fiscal year ended June 30, 2012.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report, based upon the Commission's comprehensive framework of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

McGladrey & Pullen, LLP, has issued an unqualified opinion on the Commission's financial statements for the year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Commission was established by state law in 1977 to oversee the funding and coordination of all public transportation services within the county of Riverside (County). The Commission's mission is to assume a leadership role in improving mobility in Riverside County and to maximize the cost effectiveness of transportation dollars in the County. The governing body is the Board of Commissioners (Board), which consists of all five members of the County Board of Supervisors, one elected official from each of the County's 28 cities, and one non-voting member appointed by the Governor. The Commission is responsible for setting policies, establishing priorities, and coordinating activities among the County's various transportation operators and agencies. The Commission also programs and/or reviews the allocation of federal, state, and local funds for highway, transit, rail, non-motorized travel (bicycle and pedestrian), and other transportation activities.

The Commission also serves as the tax authority and implementation agency for the voter-approved Measure A Transportation Improvement Program, which imposes a half-cent sales tax to fund transportation improvements. Originally approved in 1988, Riverside County's voters in 2002 approved a 30-year extension of Measure A commencing July 1, 2009 through June 30, 2039 (2009 Measure A).

The Commission is also legally responsible for allocating Transportation Development Act (TDA) funds, the major source of funds for transit in the County. The TDA provides two major sources of funding: Local Transportation Fund (LTF), which is derived from a one-quarter cent state sales tax, and State Transit Assistance, which is derived from the statewide sales tax on gasoline and diesel fuel.

Additionally, the Commission provides motorist aid services designed to expedite traffic flow. These services include the Service Authority for Freeway Emergencies (SAFE), a program that provides call box service for motorists, and the Freeway Service Patrol (FSP), a roving tow truck service to assist motorists with disabled vehicles on the main highways of the

County during peak rush hour traffic periods. The motorist aid program also includes the operation of the Inland Empire 511 (IE511) system which provides comprehensive real time traveler information for freeways, bus and rail transit, and rideshare services. All services are provided at no charge to motorists and are funded through a \$1 surcharge on vehicle registrations. The Commission is financially accountable for SAFE, a legally separate entity that is blended within the Commission's financial statements.

Finally, the Commission has been designated as the Congestion Management Agency (CMA) for the County. As the CMA, the Commission coordinates with local jurisdictions in the establishment of congestion mitigation procedures for the County's roadway system.

The Commission is required to adopt a budget prior to the beginning of each fiscal year. The annual budget, which includes all funds, serves as the foundation for the Commission's financial planning and control regarding staffing, operations, and capital plans. The budget is prepared by fund (financial responsibility unit), department, and function. Management has the discretion to transfer budgeted amounts within the financial responsibility unit according to function. During the fiscal year, all budget amendments requiring Board approval are presented to the Board for consideration and adoption.

Local Economy

Riverside County has a number of competitive advantages over other coastal counties (Los Angeles, Orange, and San Diego): (i) housing that was (and remains) more available and affordable; and (ii) plentiful commercial real estate and available development land at lower rates. Prior to the national recession, Riverside County's economy thrived, reflecting the area's competitive advantages over its neighboring counties, largely as a result of the County's continuing ability to draw jobs, residents, and affordable housing away from the Los Angeles, Orange, and San Diego county areas. As a result, the County enjoyed a more diversified employment and commercial base and an increasing share of the regional economy.

During the nationwide recession, the County experienced high unemployment; reduced personal income, taxable sales, and residential building permits; a decrease in the rate of home sales and the median price of single-family residences; and high rates of notices of default on mortgage loans secured by single-family residences. The impact of the recession was amplified in the Inland Empire (i.e., Riverside and San Bernardino counties) due to its relatively greater recent growth and the relatively lower average income levels when compared to coastal areas. These factors resulted in fluctuating Measure A and LTF sales tax revenues and Transportation Uniform Mitigation Fees (TUMF).

Recovery from the nationwide recession in the local Inland Empire economy has lagged the nation and the rest of California. Sales tax revenues have rebounded from the recent economic downturn's low point in 2010, with Measure A revenues growing 7.8% in FY 2010/11 and 9.4% in FY 2011/12. The Commission's outlook for FY 2012/13 continues to be cautiously optimistic, due to concerns regarding other economic indicators. Should Measure A and LTF sales tax revenues continue to fluctuate and the availability of federal and state revenues continue to be uncertain, the timing and scope of the Commission's projects and programs may be impacted.

Regardless of the future economic conditions, the Commission faces formidable ongoing challenges in terms of providing needed infrastructure enhancements to support a population and an economy that has outgrown the capacity of its existing infrastructure. Fortunately, the foundation of the regional economy continues to retain many of the fundamental positive attributes that fueled its earlier growth, including lower priced real estate with proximity to coastal communities, a large pool of skilled workers, and increasing wealth and education levels.

Long-term Financial Planning

Proactive financial planning is a critical element for the success of the Commission as it builds for the future. Continually reviewing revenues and projecting expenditures ensures that the Commission's expectations are realistic and goals are achievable. Scarce resources, especially at the state and federal level, can be directed to projects of regional significance or, with additional funding, project priorities can be expanded to address unfunded project requirements or developing needs.

At the state level, there continues to be concerns regarding California's overall budget situation. Governor Brown and the Legislature are faced with an ongoing, structural imbalance in the state budget which has impacted the state's ability to sell infrastructure bonds approved by the voters in 2006. The state budget uncertainty has also impacted cash flow for the State Transportation Improvement Program (STIP) which is also relied upon for funding several major projects.

The news on the federal level is somewhat less predictable. After years of delay, in June 2012, Congress finally approved a new comprehensive transportation bill known as Moving Ahead for Progress in the 21st Century (MAP-21); however, the bill spans only two years. This will lead to discussion of yet another long-term bill in the next Congressional session. In spite of the short duration of MAP-21, it does provide important improvements that could lead to a more streamlined approval process. Another provision of the bill expands the Transportation Infrastructure Finance and Innovation Act (TIFIA). The Commission is utilizing TIFIA funding for its upcoming project on State Route (SR) 91 in Corona and could seek additional financing from the program for other projects in the future.

In the meantime, the federal government will continue to be a source of highway funding through the Surface Transportation Program (STP) and the Congestion Mitigation Air Quality program since MAP-21 continues these programs at roughly the same funding level. Federal dollars are also needed by the Commission's transit partners for capital programs, and the Commission will utilize \$75 million in Federal Transit Administration (FTA) Small Starts funding to pay for its Metrolink expansion project to Perris. All of these programs depend on the authorization of federal funding by Congress and the President.

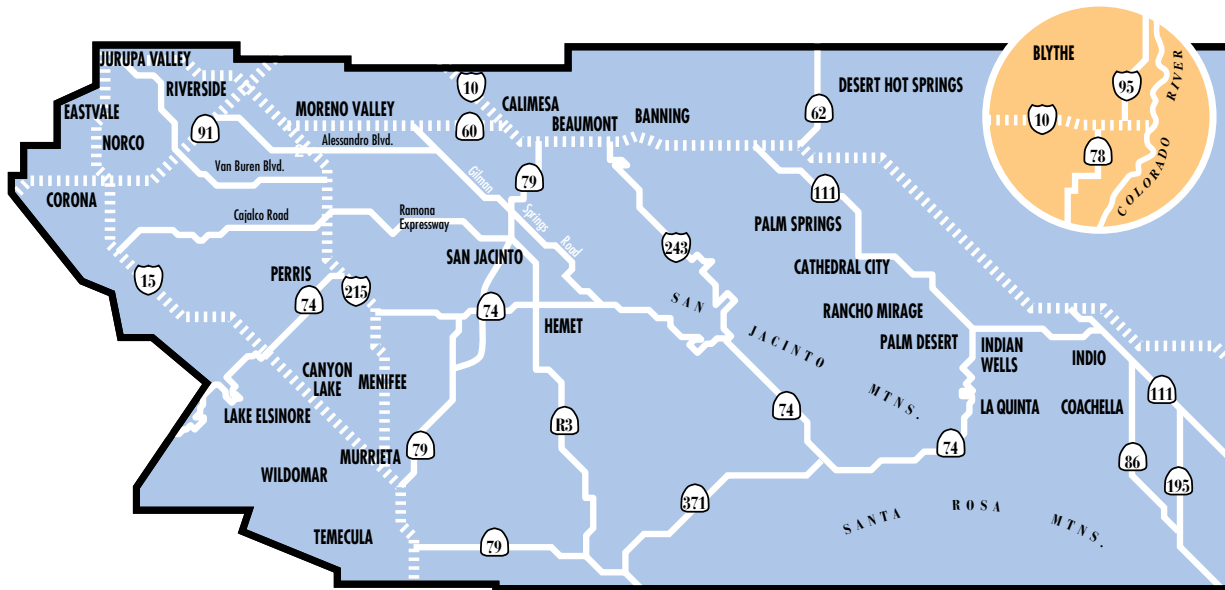
The widening of SR-91 is part of a multi-year Western Riverside County Delivery Plan (Delivery Plan) that focuses on investing more than \$2 billion in improvements along a number of major freeways during the first ten years of the 2009 Measure A program. The Delivery Plan was adopted by the Commission in December 2006 and was updated in January 2010 and February 2012. In order to make the needed investments, the plan relies on Measure A, STIP, and Proposition 1B dollars as well as the development of tolled express lanes on I-15 and the extension of the 91 Express Lanes into Riverside County.



91 Freeway at the 15 Freeway

While the Delivery Plan is ambitious, it is only one portion of a much larger program of projects and services the Commission will provide throughout the County. Additional responsibilities and challenges include working cooperatively with the Coachella Valley Association of Governments (CVAG) to fund projects, continued oversight and funding of transit services throughout the County, and a 24-mile expansion of Metrolink service to Perris.

The success of all of these efforts will require a combination of funding sources that will depend on the State's commitment to funding infrastructure and major investments from the federal government via the approval of a federal transportation bill. However, the primary—and most predictable—source of funding for the Commission will continue to be the Measure A half-cent sales tax program approved by Riverside County voters.



Major Initiatives

Capital Project Delivery and Implementation

The Capital Project Development and Delivery Department is responsible for major highway and rail capital projects from initial environmental study through preliminary engineering, final design, right of way acquisition, and construction. This past year was one of significant accomplishments for the Commission as progress was made on a number of major projects. Difficult funding decisions were made on how to spend millions of dollars on transportation projects to expand freeways, improve mobility on streets and roads, and improve rail passenger facilities.

Highways. The Commission is currently working on the few remaining projects yet to be completed from the 1989 Measure A program. For example, construction on the 60/215 East Junction High Occupancy Vehicle (HOV) connector project began in Summer 2011. This project will provide two HOV bridges that will connect the SR-60 HOV lanes constructed by the Commission in Moreno Valley to the HOV lanes that were constructed on the 60/91/215 interchange and corridor improvement project. The 60/215 East Junction project estimated completion date is Spring 2014. Another 60/215 project is the segment along I-215 from Blaine Street to Martin Luther King Boulevard; construction is expected to begin and be completed in 2013. This widening project also includes STP funding.



60/215 East Junction Interchange

The SR-91 HOV project in Riverside from Adams Street to the 60/91/215 interchange was approved for Proposition 1B Corridor Mobility Improvement Account (CMIA) funding of \$157.2 million related to the construction phase. The Commission and California Department of Transportation (Caltrans) District 8 partnered on the design and right of way activities, and construction began in Spring 2012 with an estimated completion date of Summer 2014.

Two other 1989 Measure A projects along SR-74 are the 74/215 interchange and the SR-74 curve widening. The 74/215 project in Perris, which was completed in Spring 2012, realigned and widened the on-ramps from SR-74 to I-215 and reconstructed a wider Redlands Avenue overcrossing. The project was funded with TUMF zonal funding and American Recovery and Reinvestment Act funding. With right of way acquisition underway, construction for the SR-74 curve widening near Hemet should begin in early 2013.



74/215 Interchange

The I-215 corridor from Murrieta to Perris will prove to be an important corridor for the Commission in the coming years, and three projects make up the I-215 widening projects included in the Delivery Plan. The first is the I-215 mixed flow lanes from I-15 to Scott Road. Construction of this south segment, which added a third mixed flow lane in each direction of the existing median of I-215, was recently completed in September 2012. The project was funded with STIP and CMIA funds. The second I-215 widening project is the I-215 mixed flow lanes from Scott Road to Nuevo Road. This central segment will also add a third mixed flow lane in each direction of I-215 resulting in three continuous lanes from the I-15 interchange to the SR-60 interchange. Construction is anticipated to start in early 2013. The project funding includes STIP and CMIA. The final project is the I-215 Southbound Connector Project which will widen the I-215 to I-15 southbound connector to three lanes. The preliminary engineering and environmental clearance phase began in Fall 2010, and construction is expected to begin in Summer 2015.

In February 2012 the Commission amended the Delivery Plan to include a truck climbing lanes safety project on SR-60 in the Badlands area in place of a similar nearby project on I-10. In partnership with Caltrans, the Commission is the project sponsor and Caltrans is the lead agency for preliminary engineering using federal funds. With a total project cost estimated at \$122 million, construction of the project is expected to be completed by 2018.

Commuter Rail. Since 1993 the Commission has held title to and managed the 38-mile San Jacinto Branch Line and several adjacent properties in anticipation of offering Metrolink commuter rail service to a wider area of the County, initially including Moreno Valley and Perris and ultimately to Hemet/San Jacinto. The first major expansion for commuter rail along this corridor is known as the Perris Valley Line. In July 2011 the Commission certified the Environmental Impact Report for the Perris Valley Line and approved the project. Federal environmental approval was obtained in May 2012.



Downtown Perris Station

In September 2007 a Small Starts application was submitted to the FTA requesting authorization to enter into project development for the Perris Valley Line rail extension project. In December 2007 the Commission received approval from the FTA with a project rating of medium-high. A total of \$75 million in FTA Section 5309 Small Starts funding has been appropriated by Congress for this project. An additional \$53 million in STIP funds is also identified for the project. The Commission anticipates that the project construction grant agreement will be in place by December 2012, and construction will begin in January 2013. New commuter rail service on the Perris Valley Line is anticipated to commence in late 2015.

With the continued growth of patronage, commuter rail's challenges for the future include the implementation of Positive Train Control to ensure safety, locomotive rehabilitation and emissions improvements, and additional train storage and maintenance facilities.

Toll Program Moves Forward

The State Route 91 Corridor Improvement Project (91 Project) through Corona continues to make progress despite a challenging economy and state and federal project funding environment. The 91 Project is planned to include two tolled express lanes in each direction in the median of SR-91. The extension of these lanes will provide more choices for Riverside County drivers; improve congestion on the general purpose lanes; and ensure a speedy, uncongested trip for drivers willing to pay a toll. The 91 Project also includes numerous non-toll lane improvements including an additional general purpose lane in each direction on SR-91 and substantive interchange improvements as detailed in the 2009 Measure A.

In October 2011 the Commission applied for federal Transportation Investment Generating Economic Recovery (TIGER) III grant funding to pay the estimated subsidy payment for a future federal TIFIA loan. This effort proved to be successful, and the Commission was awarded a \$20 million grant that will translate into a portion of the total loan needed by the Commission for the project. In December 2011 the Commission submitted a \$444 million loan request through the U.S. Department of Transportation's (USDOT) TIFIA loan program Letter of Interest process. This submittal marked the fourth time the Commission had requested this loan and represented significant, ongoing effort from Commission Board members; local, state, and federal elected officials; staff; and consultants. In April 2012 the Commission was invited to submit an application for the USDOT TIFIA loan program. This invitation was the long-awaited, critical step to obtain the last portion of funding needed to deliver the \$1.3 billion 91 Project. With this invitation, the Commission will proceed to work with the USDOT and Federal Highway Administration to submit a formal application, negotiate loan terms, obtain formal loan approval, and work toward funding the TIFIA loan by June 2013.

In addition to obtaining full project funding for the 91 Project, all phases of project development have moved forward. Environmental studies and preliminary engineering are proceeding as planned, and this work is expected to be completed in November 2012. The Commission executed several key interagency agreements that define the project's design and construction and future operation and maintenance. The Commission advanced the procurement planning for a design-build contractor, and a design-build contract award is anticipated in Spring 2013. The project's overall finance plan has been developed by a finance team, which includes Goldman Sachs and Bank of America Merrill Lynch serving as co-managing underwriters for a future toll revenue bond issue and a sales tax revenue bond issue. The Commission adopted a toll policy in June 2012 for the RCTC 91 Express Lanes and approved an investment-grade traffic and revenue study in connection with the financing strategy. Lastly, purchasing property needed for the project continues with efforts focused on open-market/willing seller and hardship transactions.

The Commission previously initiated a level 2 toll feasibility study for the Interstate 15 Corridor Improvement Project (I-15 CIP) in light of negative developments in the general economy, socio-economic factors, capital markets, Measure A sales tax revenues, and other factors. This study updated previous feasibility results using current factors, exploring project phasing options to implement the project over time, reviewing alternative project scopes of work, and similar efforts to ensure that a plan of improvements to I-15 can be maintained and is financially feasible. The I-15 CIP is planned to include two tolled express lanes in each direction in the median of I-15. The first phase of these lanes will likely extend from Cajalco Road in the south to SR-60 to the north. The lanes will have the same benefits mentioned previously for the 91 Project. Several ad hoc committee meetings to advance this work were conducted during FY 2011/12, and a final consensus is expected to be reached for a financially feasible first phase of the I-15 CIP in FY 2012/13. This project's environmental studies and preliminary engineering work continue to progress and are scheduled for completion in 2015.



91 in Santa Ana Canyon

TUMF Plays an Important Role

In the Coachella Valley, a TUMF program was established shortly after the passage of the 1989 Measure A. The program requires developers to pay a fee on new development to fund arterial improvements. Cities are required to participate in the program or forfeit Measure A local dollars to the CVAG, which oversees the arterial program and has been successful in funding a number of important arterial and freeway interchange projects.

With the passage of the 2009 Measure A, a TUMF program with participation requirements similar to that in the Coachella Valley is now in place in western Riverside County (Western County) and is administered by the Western Riverside Council of Governments (WRCOG). TUMF funds received by the Commission are split evenly between new corridors, including the Mid County Parkway, and regional arterials, including local projects and the SR-79 realignment project. To date, six projects have been completed, three projects are under construction, and three projects will begin construction in 2013.

Rail Development, Operations and Support

The County's participation in commuter rail service began with the 1989 Measure A. Riverside County voters were the first to specify commuter rail service in Southern California as a priority transportation improvement project. The subsequent passage of similar measures in adjoining counties and the passage of statewide rail infrastructure bonds in 1990 provided enough capital funding to build the initial system. As one of five funding partners in the Southern California Regional Rail Authority, which operates the Metrolink commuter rail service, the Commission is engaged in a continual exercise of consensus building with its partners. Now consisting of seven lines, serving origins and destinations in six counties, the system carries an average of 43,000 passengers each weekday. The Commission owns and operates five stations served by the three Metrolink lines operating through the County:



Downtown Riverside Station

- ➔ ***Riverside Line (1993):*** Originates in the Downtown Riverside station and stops at the Pedley station before proceeding through Ontario, Pomona, Industry, and Montebello to Los Angeles Union Station. Ridership approximates 5,100 daily riders.
- ➔ ***Inland Empire Orange County (IEOC) Line (1995):*** Begins in nearby San Bernardino with stops in the Downtown Riverside, La Sierra, North Main Corona, and West Corona stations before entering Orange County with stops in Anaheim Canyon, Orange, Santa Ana, Tustin, Irvine, Laguna Niguel/Mission Viejo, San Juan Capistrano, and Oceanside. When initiated, this service was described as the first suburb-to-suburb commuter rail service in the nation. The IEOC line has experienced a slight increase in patronage with an average daily ridership of 4,000.
- ➔ ***91 Line (2002):*** Provides another alternative to commute from Riverside to Los Angeles with stops in Riverside, Orange, and Los Angeles counties. Patronage on the line has increased slightly with an average daily ridership of 2,500. The Perris Valley Line project will extend this line to Perris in 2015.

The Commission also owns the Perris Transit Center, a multimodal facility currently serving Riverside Transit Agency bus operations and providing park and ride spaces. It will be one of four new Perris Valley Line commuter rail stations.

In addition to regular weekday service, the Commission partnered with the Orange County Transportation Authority (OCTA) and San Bernardino Associated Governments (SANBAG) to provide weekend service along the IEOC. With two round trip trains on weekends, the IEOC serves as another link between Orange and Riverside counties and provides an effective transportation alternative for weekend travel.

Planning for the Future

In terms of future progress, the Commission has given its unanimous support to the Riverside County Integrated Project (RCIP) and its transportation component, the Community and Environmental Transportation Acceptability Process (CETAP). The RCIP was intended to be a model for streamlining the environmental process while providing for the long-term development and economic growth of the County. The County and the Commission worked together in a first-of-its kind endeavor to provide for new transportation options and land use planning to support the economic growth of the County while providing for preservation of open space and protection for endangered species. CETAP addresses the impact of future population and economic growth on the existing transportation system by identifying and establishing new transportation corridors and arterial system improvements. The entire CETAP program was recognized under President Bush's Executive Order for Environmental Streamlining and Stewardship.

The Commission's CETAP effort focuses on four new transportation corridors: two located within the County and two that would link Riverside County with the neighboring counties of Orange and San Bernardino. Each of the corridors is progressing on differing schedules with the aforementioned improvements on the I-215 among the first to be completed. Environmental work is also progressing rapidly for the development of the Mid County Parkway between Perris and San Jacinto.

Another large planning effort affecting the Hemet and San Jacinto communities is the realignment of SR-79. This 2009 Measure A project is undergoing early project development funded through the TUMF program and federal earmarks. An environmental document is being prepared in cooperation with local, state, and federal agencies to allow the realignment of SR-79 between Domenigoni Parkway, south of SR-74, and Gilman Springs Road, north of San Jacinto. The project would realign the highway to provide a more direct route within the San Jacinto Valley.

Motorist Assistance Programs

In cooperation with the California Highway Patrol (CHP) and Caltrans, the Commission, in its capacity as the SAFE, assists motorists who experience accidents, mechanical breakdowns, or other unforeseen problems by providing access to cellular call boxes along the County's major highways. The Commission's system includes 600 call boxes serving more than 346 centerline miles of highways. The call box program is funded by an annual \$1 surcharge added to vehicle registrations. Each call box is a battery-powered, solar-charged roadside terminal containing a microprocessor and cellular telephone. Spacing between call boxes ranges from one mile in high traffic areas to two miles in remote areas of the County. Call boxes are installed on the three interstates, U.S. Route 95, and the 14 state routes located within the County. The phones are programmed to call a private call answer center, and the call box operator responds to the call by routing emergency calls to the CHP for appropriate services (i.e., ambulance, tow truck, fire, or police unit) or providing a direct connection to routine service through auto clubs or other private tow and service providers. Call box operators answered approximately 5,050 calls during FY 2011/12.



Freeway Service Patrol

In an effort to relieve congestion and reduce pollution, the Commission provides an additional motorist assistance program with the FSP. The FSP program is a special team of 21 tow trucks traveling along portions of SR-60, SR-91, I-15, and I-215 within the County during peak, weekday commuter hours to assist drivers when their vehicles break down or experience other mechanical problems. The purpose of the FSP is to clear debris and remove disabled vehicles from the freeway as quickly as possible to help keep freeway traffic moving during rush hour periods. Services provided are free to the motorist and include changing a flat tire, providing one gallon of fuel, taping radiator hoses, or towing the vehicle off the freeway to designated locations where the motorist can make other arrangements for repair. Another effort augments existing FSP service with additional tow trucks in construction areas as another means of construction-related congestion mitigation. The FSP is funded by the Riverside County SAFE and the State. During FY 2011/12, the FSP provided assistance to approximately 42,750 motorists.

To further promote mobility, the Commission, in partnership with SANBAG, provides motorists with access to real-time freeway travel information and incident information on Southern California highways through its Inland Empire 511 (IE511) Traveler Information system. IE511 is available via the telephone by dialing 511 from any land line or cell phone within Riverside or San Bernardino County or online at www.ie511.org. IE511 is designed to promote mobility by fostering more informed travel decisions to avoid congestion as well as provide more choices for the individual commuter by identifying all travel options available to Riverside and San Bernardino County residents. Inland Empire commuters can access transit, Metrolink, carpooling, vanpooling, carpool lane, and toll road information, as well as detailed park and ride lot information for the entire Southern California region. IE511 is funded with Riverside County SAFE funds in addition to SANBAG reimbursements. In FY 2011/12, IE511 serviced approximately 341,700 web visits and 363,000 phone calls.

Commuter Assistance Program

The Commission's Commuter Assistance Program provides a variety of rideshare services and programs both to employers and commuters. Through voluntary participation, commuters and employers receive a direct benefit from their sales tax dollars, and the entire region benefits from reduced traffic congestion and improved air quality as a result of trip elimination or use of alternative means of transportation. The Commission's continued success in serving commuters and employers within the County resulted in SANBAG's renewal of its contract with the Commission, for the 16th year, to provide an identical commuter assistance program for San Bernardino County residents.



At the core of the Commuter Assistance Program are employer partnerships. To support voluntary efforts by local employers in implementing and maintaining rideshare activities at work sites, there are several rideshare services, employee programs, and resources provided to Western Riverside and San Bernardino County employers. Using Job Access Reverse Commute (JARC) funds, the Commission also continued the provision of rideshare services and programs to employers in the Coachella Valley. Employer partners function as an efficient and effective channel for rideshare marketing and programs designed to reach and benefit their employees. The most prominent commuter product continues to be the Rideshare Incentives, a short-term incentive that offers \$2 per day for each day new ridesharers use an alternate mode of transportation in a three-month period. Long-term ridesharers are recognized and rewarded for their continuing commitment to use alternate modes of transportation to and from work with access to discounts at over 135,000 local and national merchants through RidesharePlus Rewards.

In providing commuter benefits to employers and employees, during FY 2011/12, the program attracted 1,262 drive alone commuters to rideshare and participate in the Rideshare Incentives program. RidesharePlus Rewards had 4,848 participants for the same period. In total, the Commuter Assistance program resulted in over 1.5 million one-way trips reduced, 39.5 million miles saved, and approximately 395,400 pounds of emissions reduced in Riverside County.

Another component of the Commuter Assistance program is the provision of leased park and ride lots to supplement Caltrans lots and to expand park and ride capacity. Working in partnership with Caltrans, which provides signage and insurance, the Commission leases excess parking from business and civic institutional partners at a reasonable rate. There are over 2,300 park and ride spaces available to Riverside County commuters.

Finally, the Commission's program also extends beyond the borders of the Inland Empire. To support coordinated and efficient ridematching throughout a five-county region that includes transportation agencies in Los Angeles, Orange, San Bernardino, and Ventura counties, the Commission operates the Regional Rideshare Database. This application serves as a central depository for all commuter transportation surveys and as the region's primary ridematching application.

Specialized Transit

The Commission has maintained a long-term commitment to assist in the mobility of those with specialized transit needs. Through its Specialized Transit Program, the Commission has provided millions of dollars to public and nonprofit transit operators to assist in the provision of special transit services to improve the mobility of seniors, persons with disabilities and persons with low incomes. Along with support of traditional dial-a-ride services, the Commission supports innovative programs providing transit assistance in hard-to-serve rural areas or for riders having very special transit needs.



Specialized Transit

Following the Commission's approval and adoption of the Public Transit-Human Services Coordinated Plan (Coordinated Plan) for Riverside County in 2008, the Commission became eligible for federal funding of specialized transit in the County. The 2011 Universal Call for Projects for Specialized Transit (Universal Call) provided funding awards to 21 public and nonprofit agencies using a combination of Measure A funding and new federal funds under the JARC and New Freedom (NF) programs. The 2011 Universal Call included approximately \$2.7 million in new federal funding to augment the \$4.1 million in Measure A funds committed locally by the Commission for FY 2011/12 and FY 2012/13. During FY 2011/12, the public and nonprofit operators

provided approximately 505,650 Measure A/JARC/NF one-way trips in both Western County and Coachella Valley—exceeding the countywide goal for the year by about 4%. The Commission will conduct another cycle of Universal Call for Projects for Specialized Transit in 2013 to cover funding for selected eligible projects in fiscal years 2014 and 2015.

Goods Movement

The impact of delays caused by freight trains traveling through Riverside County continues to be one of the area's most pressing transportation concerns. Southern California is the goods movement gateway to the nation because of the area's numerous advantages: deep-water marine ports, highly developed networks of highways and railways, an extensive concentration of warehousing and distribution facilities, as well as a local consumer market. Currently, there are 66 freight trains that pass through Riverside County on a daily basis; that number is projected to increase to 127 by 2035. Long waits at unimproved rail crossings create quality of life issues; productivity decreases, drivers become frustrated, local commerce suffers, and disruptions to public safety and emergency responses occur.

In October 2008, the Commission approved a goods movement funding strategy for 61 at-grade Alameda Corridor East (ACE) crossings in Riverside County presenting conflicts between rail and highway traffic. Since that time, significant progress has been made in eliminating 15 at-grade crossings. The California Transportation Commission allocated \$145.2 million in Proposition 1B funds under the Trade Corridor Improvements Funds (TCIF) program to grade separate 11 at-grade crossings located in Riverside County and one ground access improvement project at the I-215/Van Buren interchange. A requirement of the TCIF program is that all projects must start construction by December 2013. Since 2008, four at-grade crossings



Magnolia Avenue Grade Separation

have been constructed, two are under construction, and seven are projected to start construction by December 2013, due in large part to the Proposition 1B funding. An additional two at-grade crossings have been permanently closed due to roadway reconfiguration. In March 2012, the Commission adopted a Grade Separation Priority Update Study for ACE projects located in Riverside County. That study ranked the remaining 46 at-grade crossings into five priority tiers based on a set of criteria that included safety, congestion, air quality, noise, adjacent grade separations, local community preferences, project readiness, and isolated location. Eighteen of the 46 at-grade crossings were identified as priority projects. Information from the Grade Separation Priority Update study was used to develop a 2012 funding strategy for at-grade crossings which is expected to be approved by the Commission in late 2012. The cost of constructing grade separations at the 18 locations is currently estimated at \$955.3 million, yet only \$23.2 million is currently committed through federal, state, and local funding sources.

Although MAP-21 created a national freight network and a national freight strategic plan, it did not create a funding mechanism specifically for goods movement projects. The Commission will advocate that grade separations in Riverside County be included in the national freight network and strategic plan. When MAP-21 expires in September 2014, the Commission will continue to work with national coalitions and members of Congress to create a dedicated freight funding program that includes grade separations as eligible projects. The Commission's goal is to support a freight funding program that fills most of the funding gap identified in the 2012 funding strategy, as it represents the federal government's true responsibility for interstate commerce and its impacts.

Awards and Acknowledgements

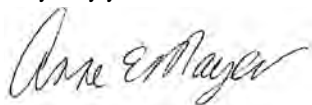
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Commission for its CAFR for the fiscal year ended June 30, 2011. This was the 19th straight year the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The CAFR each year is a collaborative effort by Commission staff and its independent auditors. The undersigned are grateful to all staff for their willingness to expend the effort necessary to ensure the financial information contained herein is informative and completed within established deadlines. Special thanks must be extended to the Finance staff, Commission's auditors, and the program management and staff for the time, effort, and commitment so vital for the final completion of the CAFR.

In closing, without the leadership and the support of the Board, preparation of this report would not have been possible. Its prudent management must be credited for the strength of the Commission's fiscal condition, and its vision ensures that the Riverside County Transportation Commission will be on the move planning for and building a better future for Riverside County residents and commuters.

Very truly yours,



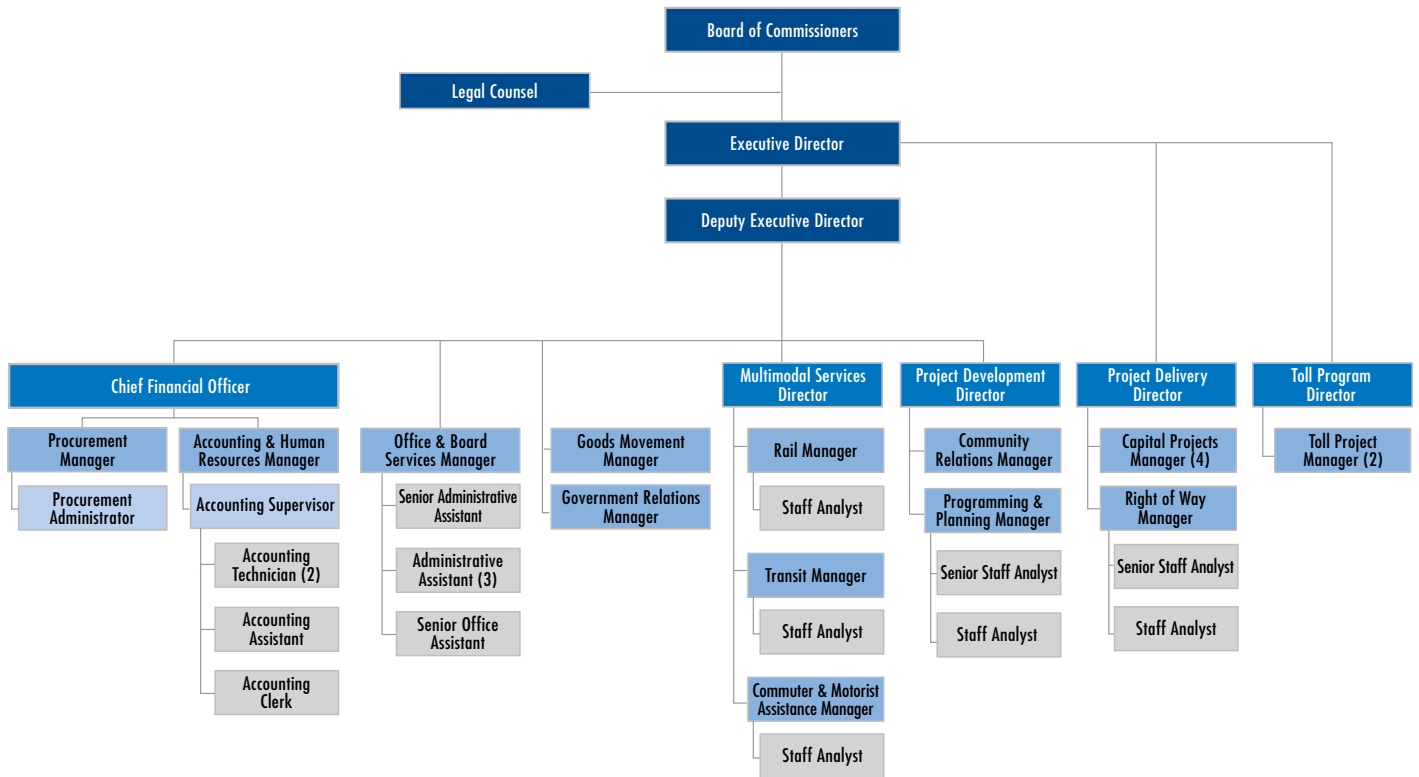
ANNE MAYER
Executive Director



THERESIA TREVIÑO
Chief Financial Officer

Riverside County Transportation Commission Organizational Chart

Fiscal Year 2011/12



Riverside County Transportation Commission
List of Principal Officials
As of June 30, 2012
Board of Commissioners

Name and Position	Title	Agency
John J. Benoit	Chair (Commission)	County of Riverside, District 4
Karen Spiegel	Vice Chair (Commission)	City of Corona
Marion Ashley	2nd Vice Chair (Commission)	County of Riverside, District 5
Bob Botts	Member	City of Banning
Roger Berg	Member	City of Beaumont
Joseph DeConinck	Member	City of Blythe
Ella Zanowic	Vice Chair (Budget & Implementation Committee)	City of Calimesa
Mary Craton	Member	City of Canyon Lake
Greg Pettis	Member	City of Cathedral City
Steven Hernandez	Member	City of Coachella
Scott Matas	Vice Chair (Eastern Riverside County Programs and Projects Committee)	City of Desert Hot Springs
Adam Rush	Chair (Western Riverside County Programs and Projects Committee)	City of Eastvale
Larry Smith	Member	City of Hemet
Douglas Hanson	Member	City of Indian Wells
Glenn Miller	Member	City of Indio
Frank Johnston	Member	City of Jurupa Valley
Terry Henderson	Chair (Eastern Riverside County Programs and Projects Committee)	City of La Quinta
Bob Magee	Member	City of Lake Elsinore
Darcy Kuenzi	Member	City of Menifee
Marcelo Co	Member	City of Moreno Valley
Rick Gibbs	Chair (Budget & Implementation Committee)	City of Murrieta
Berwin Hanna	Member	City of Norco
Jan Harnik	Member	City of Palm Desert
Ginny Foat	Member	City of Palm Springs
Daryl Busch	Member	City of Perris
Gordon Moller	Member	City of Rancho Mirage
Steve Adams	Member	City of Riverside
Andrew Kotyuk	Vice Chair (Western Riverside County Programs and Projects Committee)	City of San Jacinto
Ron Roberts	Member	City of Temecula
Ben Benoit	Member	City of Wildomar
Bob Buster	Member	County of Riverside, District 1
John F. Tavaglione	Member	County of Riverside, District 2
Jeff Stone	Member	County of Riverside, District 3
Basem Muallem	Governor's Appointee	Caltrans, District 8

Management Staff

Anne Mayer, Executive Director
John Standiford, Deputy Executive Director
Cathy Bechtel, Project Development Director
Michael Blomquist, Toll Programs Director
Marlin Feenstra, Project Delivery Director
Theresia Treviño, Chief Financial Officer
Robert Yates, Multimodal Services Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Riverside County Transportation Commission California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enner

Executive Director



I-10/INDIAN CANYON DRIVE

FINANCIAL SECTION





Independent Auditor's Report

Board of Commissioners
Riverside County Transportation Commission
Riverside, CA

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Riverside County Transportation Commission (the Commission) as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Commission as of June 30, 2012, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The combining and individual nonmajor fund financial statements, and the introductory and statistical section, listed in the table of contents as supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "McGladrey LLP". The signature is written in a cursive, flowing style.

Irvine, CA
November 5, 2012

Riverside County Transportation Commission
Management's Discussion and Analysis
Year Ended June 30, 2012

As management of the Riverside County Transportation Commission (Commission), we offer readers of the Commission's financial statements this narrative overview and analysis of the Commission's financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages i-xi and the Commission's financial statements which begin on page 16.

Financial Highlights

- Total net position of the Commission was \$683,532,081 and consisted of net investment in capital assets of \$327,277,502; restricted net position of \$572,183,941; and unrestricted net position (deficit) of (\$215,929,362).
- The unrestricted net position (deficit) results primarily from the recording of the debt issued for Measure A highway, local street and road, and regional arterial projects. As title to substantially most of those assets vests with the State of California (State) Department of Transportation (Caltrans) or local jurisdictions, there is no asset corresponding to the liability. Accordingly, the Commission does not have sufficient current resources on hand to cover current and long-term liabilities; however, future Measure A sales taxes are pledged to cover Measure A debt service payments when made.
- Net position increased by \$49,721,735 during fiscal 2012. General revenues consisting primarily of sales taxes and investment earnings are the major funding source for the governmental activities. The change in net position was higher than the prior year due to increased Measure A sales taxes and program revenues.
- Total capital assets, net of accumulated depreciation, were \$424,581,073 at June 30, 2012, representing an increase of \$57,248,114, or 16%, from June 30, 2011. The increase in capital assets was primarily related to the land acquisition and construction in progress costs related to the Perris Valley Line extension and tolled express lane projects.
- The Commission's governmental funds reported combined ending fund balances of \$575,578,619, a decrease of \$13,786,025 compared to fiscal 2011. Approximately 72% of the governmental fund balances represent amounts available for the Measure A program, including debt service and funding from the issuance of sales tax revenue bonds and commercial paper notes, and the TUMF program.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Commission's basic financial statements, which are comprised of three components consisting of government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commission's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Commission's assets, liabilities, and deferred inflows/outflows 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 Commission is improving or deteriorating.

The statement of activities presents information showing how the Commission'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 government-wide financial statements report the functions of the Commission that are principally supported by sales taxes and intergovernmental revenues, or governmental activities. The governmental activities of the Commission include general government, the Measure A program, CETAP, regional arterials, commuter rail, transit and specialized transportation services, planning and programming, bicycle and pedestrian facilities projects, and motorist assistance services. Measure A program services are divided within the three regions of Riverside County (County), namely Western County, Coachella Valley, and Palo Verde Valley.

The government-wide financial statements include only the Commission and its blended component unit. The government-wide financial statements can be found on pages 16-17 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All of the Commission's funds are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Since the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. As a result, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and related statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Commission maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the related statement of revenues, expenditures and changes in fund balances for the Commission's major governmental funds comprised of the General fund; Measure A Western County, Measure A Coachella Valley, Transportation Uniform Mitigation Fee, and Local Transportation Fund (LTF) Special Revenue funds; Commercial Paper and Sales Tax Bonds Capital Projects funds; and Debt Service fund. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the other supplementary information section.

The Commission adopts an annual appropriated budget for the General fund, all Special Revenue funds, all Capital Projects funds, and the Debt Service fund. Budgetary comparison schedules have been provided for the General fund and major Special Revenue funds as required supplementary information and for the nonmajor Special Revenue funds and the Capital Projects and Debt Service funds as other supplementary information to demonstrate compliance with these budgets.

The governmental fund financial statements, including the reconciliation between the fund financial statements and the government-wide financial statements, can be found on pages 18-21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-44 of this report.

Other Information

Other information is in addition to the basic financial statements and accompanying notes to the financial statements. This report also presents certain required supplementary information concerning the Commission's budgetary results for the General fund and major Special Revenue funds as well as the schedule of funding progress for postretirement health care benefits. Required supplementary information can be found on pages 46-49 of this report.

Other supplementary information is presented immediately following the required supplementary information. Other supplementary information includes the combining statements referred to earlier relating to nonmajor governmental funds; budgetary results for the nonmajor Special Revenue funds, all Capital Projects funds, and the Debt Service fund; and schedules of expenditures for local streets and roads and expenditures for transit and specialized transportation. This other supplementary information can be found on pages 52-57 of this report.

Government-wide Financial Analysis

As noted previously, net position may serve over time as a useful indicator of a government's financial position. At June 30, 2012, the Commission's assets exceeded liabilities by \$683,532,081, a \$49,721,735 increase from June 30, 2011. Our analysis below focuses on the net position and changes in net position of the Commission's governmental activities.

Net Position

Approximately 48%, compared to 54% in 2011, of the Commission's net position reflects its net investment in capital assets (i.e., construction and development in progress; land and improvements; rail operating easements; rail stations; office improvements; and office furniture, equipment, and vehicles), less any related outstanding debt used to acquire those assets, primarily related to land and tolled express lane projects in progress. The Commission uses these capital assets to provide transportation services to the residents and business community of the County. Although the Commission's investments in capital assets is reported net of related debt, the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The most significant portion of the Commission's net position represents resources subject to external restrictions on how they may be used. Restricted net position from governmental activities represented approximately 84% and 92% of the total net assets at June 30, 2012 and 2011, respectively. Restricted net position from governmental activities decreased by \$12,860,562, as a result of increased expenses for commuter rail cars, the tolled express lane projects, the Perris Valley Line project, local streets and roads allocations, and specialized transit allocations. These decreases to restricted assets were offset by increased Measure A, Local Transportation, and State Transit Assistance revenues.

Unrestricted net position represents the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Unrestricted net position from governmental activities changed from a \$293,146,251 deficit at June 30, 2011 to a \$215,929,362 deficit at June 30, 2012. This deficit results primarily from the impact of recording of the Commission's long-term debt, consisting of sales tax revenue bonds and commercial paper notes, issued for Measure A highway, local street and road, and regional arterial projects. While a significant portion of the debt has been incurred to build these projects which are capital assets, upon completion for most projects, these projects are transferred to Caltrans or the local jurisdiction. Accordingly, such projects are not assets of the Commission that offset the long-term debt in the statement of net position.

The following is condensed financial data related to net position at June 30, 2012 and June 30, 2011:

Net Position	June 30, 2012	June 30, 2011
Current and other assets	\$ 620,061,008	\$ 639,681,197
Capital assets not being depreciated	358,474,162	297,920,072
Capital assets being depreciated, net of accumulated depreciation	66,106,911	69,412,887
Total assets	1,044,642,081	1,007,014,156
Deferred outflows of resources	34,412,064	19,021,234
Total assets and deferred outflows of resources	1,079,054,145	1,026,035,390
Long-term obligations	317,698,003	324,044,547
Other liabilities	77,824,061	68,180,497
Total liabilities	395,522,064	392,225,044
Net position:		
Net investment in capital assets	327,277,502	341,912,094
Restricted	572,183,941	585,044,503
Unrestricted (deficit)	(215,929,362)	(293,146,251)
Total net position	\$ 683,532,081	\$ 633,810,346

Changes in Net Position

The Commission's total program and general revenues were \$280,529,182, while the total cost of all programs was \$230,807,447. Total revenues increased by 17%, and the total cost of all programs increased by 5%. Approximately 26% of the costs of the Commission's programs were paid by those who directly benefited from the programs or by other governments that subsidized certain programs with grants and contributions. Sales taxes ultimately financed a significant portion of the programs' net costs.

Governmental activities increased the Commission's net position by \$49,721,735, and condensed financial data related to the change in net position is presented in the table below. Key elements of this increase are as follows:

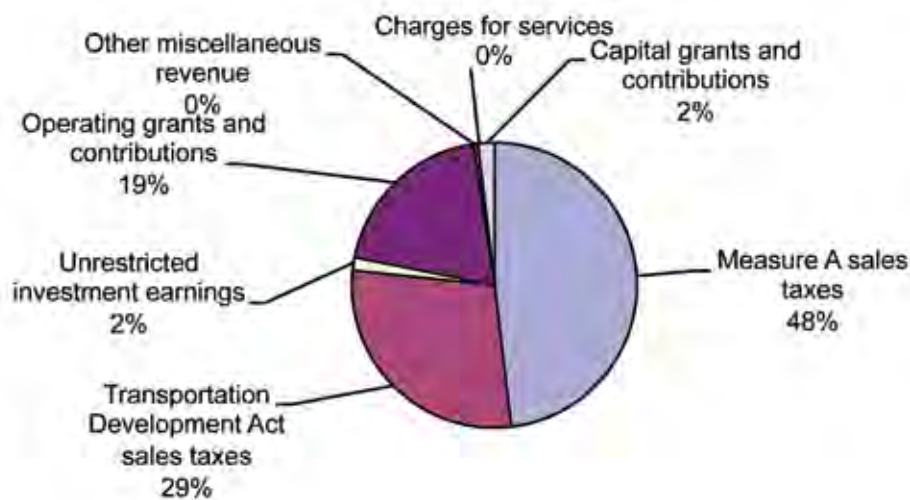
- Operating grants and contributions increased by \$14,755,307, or 37%, primarily due to federal and state reimbursements related to 1989 Measure A and 2009 Measure A highway projects, particularly the Interstate (I) 215 south segment project and the federal cash subsidy related to the 2010 Sales Tax Revenue Bonds (Bonds) Series B (Taxable Build America Bonds);
- Capital grants and contributions decreased by \$3,970,647, or 43%, because of a reduction in the Perris Valley Line project reimbursable federal expenses and Proposition 1B state allocations for commuter rail station security projects;
- Measure A sales tax revenues increased by \$11,544,474, or 9%, due to a modest economic recovery in the region;
- Transportation Development Act (TDA) sales taxes increased by \$19,271,336, or 32%, as a result of the state's reinstatement of the State Transit Assistance funds and an increase in Local Transportation fund revenues due to the modest economic recovery in the region;
- Unrestricted investment earnings decreased \$214,670, or 5%, because of lower interest rates and restricted cash investments;
- Other miscellaneous revenues decreased \$1,406,389, or 52% due to prior year revenues related to the State Route (SR) 91 Green River interchange project and Inland Empire 511 (IE511) implementation reimbursements.

Changes in Net Position	Year Ended	
	June 30, 2012	June 30, 2011
Revenues		
Program revenues:		
Charges for services	\$ 145,735	\$ 211,691
Operating grants and contributions	54,641,955	39,886,648
Capital grants and contributions	5,228,621	9,199,268
General revenues:		
Measure A sales taxes	134,984,307	123,439,833
Transportation Development Act sales taxes	80,044,131	60,772,795
Unrestricted investment earnings	4,196,452	4,411,122
Other miscellaneous revenue	1,287,981	2,694,370
Total revenues	280,529,182	240,615,727
Expenses		
General government	7,780,478	8,453,876
Bicycle and pedestrian facilities	1,389,567	1,940,499
CETAP	4,464,387	5,490,993
Commuter assistance	3,193,172	2,868,630
Commuter rail	21,480,248	28,888,546
Highways	72,341,578	41,647,276
Local streets and roads	40,127,890	36,856,925
Motorist assistance	3,846,245	3,530,695
Planning and programming	3,924,413	4,683,272
Regional arterials	5,816,666	29,362,894
Transit and specialized transportation	51,221,772	44,699,650
Interest expense	15,221,031	11,799,586
Total expenses	230,807,447	220,222,842
Increase in net position	49,721,735	20,392,885
Net position at beginning of year, as restated	633,810,346	613,417,461
Net position at end of year	\$ 683,532,081	\$ 633,810,346

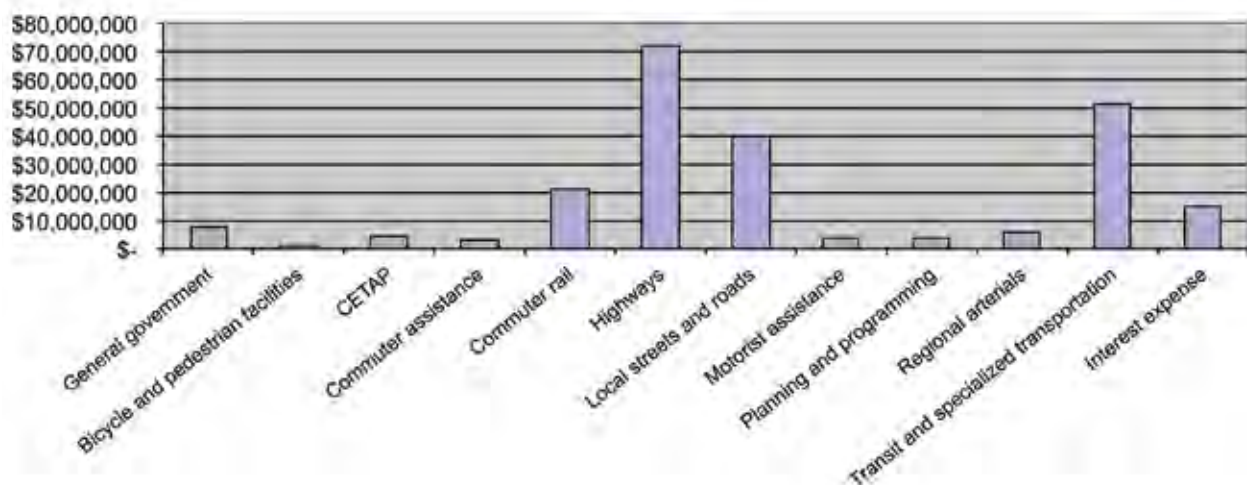
- General government expenses decreased by \$673,398, or 8%, primarily as a result of professional fees in the previous year related to liquidity facilities for the commercial paper program and 2009 variable rate sales tax revenue bonds;
- Bicycle and pedestrian facilities expenses decreased by \$550,932, or 28%, due to a decrease in claims for approved projects;
- CETAP expenses decreased by \$1,026,606, or 19%, due to a decrease in consultant efforts related to the Mid County Parkway project;
- Commuter assistance expenses increased by \$324,542, or 11%, due to the eRideguide/transit itinerary grant-funded project;
- Commuter rail expenses decreased by \$7,408,298, or 26%, as a result of increased right of way acquisitions related to the Perris Valley Line extension project in the previous year;
- Highway expenses increased by \$30,694,302, or 74%, due to preliminary engineering, right of way, construction, and design-build activities on various 1989 Measure A and 2009 Measure A Western County projects;
- Local streets and roads expenses increased by \$3,270,965, or 9%, because of an increase in the overall Measure A sales tax revenues which affect the local street and road distributions to local jurisdictions;

- Motorist Assistance expenses increased by \$315,550, or 9%, due to the newly implemented IE511 operations during the year;
- Planning and programming expenses decreased by \$758,859, or 16%, due to the decrease in goods movement activities;
- Regional arterial expenses decreased by \$23,546,228, or 80%, as a result of a decrease in reimbursements to local jurisdictions for approved regional arterial projects;
- Transit and specialized transportation expenses increased by \$6,522,122, or 15%, due to an increase in bus transit operating and capital claims in all three geographic areas; and
- Interest expenses increased by \$3,421,445 or 29%, primarily as a result of a full year's expense related to the 2010 Bonds.

The graph below presents the program and general revenues by source for the Commission's governmental activities for the fiscal year ended June 30, 2012:



The following graph depicts program expenses for the Commission's governmental activities for the fiscal year ended June 30, 2012:



Financial Analysis of the Commission's Funds

As of June 30, 2012, the Commission's governmental funds reported combined ending fund balances of \$575,578,619, a decrease of \$13,786,025 compared to 2011. About less than 1%, or \$1,638,976, and 1%, or \$5,412,830, are nonspendable and unrestricted fund balances, respectively. The nonspendable balances relate to prepaid amounts, and the unrestricted balances are assigned for general government administration activities. The remainder of the fund balance is restricted to indicate the following externally enforceable legal restrictions:

- \$3,296,219 in TDA funds that have been allocated to jurisdictions within the County for bicycle and pedestrian projects;
- \$43,636,376 for new CETAP corridors in Western County;
- \$13,856,135 for commuter assistance activities such as expansion of park-and-ride facilities and other projects and programs that encourage commuters to use alternative modes of transportation;
- \$68,981,298 for commuter rail capital projects including the Perris Valley Line extension which is expected to be completed in 2015;
- \$51,089,948 related to debt service that is to be paid over the next year and excess reserve funds remaining following the retirement of all debt related to the 1989 Measure A program;
- \$180,962,232 for highway, economic development, and new corridor projects related to the 1989 Measure A program and the 2009 Measure A program;
- \$3,075 for local streets and roads programs that are returned to the jurisdictions within the County for maintenance of their roads and local arterials under the 2009 Measure A program;
- \$7,255,289 for motorist assistance services;
- \$1,942,589 for planning and programming activities;
- \$53,951,536 for regional arterial projects in Western County;
- \$9,670,558 of Measure A funds for transit and specialized transportation in the Western County and \$1,283,912 for specialized transportation in the Coachella Valley; and
- \$132,597,646 in TDA funds available to the commuter rail and bus transit operations and capital in the County.

The following table presents the changes in fund balances for the governmental funds for the fiscal years ended June 30, 2012 and 2011:

	Fund Balances Year Ended June 30		% Change
	2012	2011	
General fund	\$ 13,685,227	\$ 13,524,354	1%
Special Revenue major funds:			
Measure A Western County	240,237,824	258,599,521	(7)%
Measure A Coachella Valley	17,346,594	10,162,008	71%
Transportation Uniform Mitigation Fee	73,224,071	73,294,737	0%
Local Transportation Fund	92,088,969	82,210,219	12%
Capital Projects major funds:			
Commercial Paper	31,143,594	33,227,032	(6)%
Sales Tax Bonds	5,651,884	25,226,581	(78)%
Debt Service fund	51,089,948	53,894,069	(5)%
Nonmajor governmental funds	51,110,508	39,226,123	30%

Key elements for the changes in fund balances are as follows:

- The 7% decrease in Measure A Western County Special Revenue fund was attributed to expenditures for highway projects in excess of 2009 Measure A revenues and state and federal reimbursements;
- The 71% increase in the Measure A Coachella Valley Special Revenue fund was attributed to excess 2009 Measure A revenues over expenditures for highway and regional arterial projects;
- The 12% increase in the Local Transportation Fund resulted from the excess of sales tax revenues over claims of allocations for transit operations and for bicycle and pedestrian facility projects;
- The 6% decrease in the Commercial Paper Capital Projects fund was attributed to the reduction in advances receivable due to scheduled payments;
- The 78% decrease in Sales Tax Bonds fund was attributed primarily to reimbursements to the Measure A Western County Special Revenue fund for the SR-91 corridor improvement project;
- The 5% decrease in the Debt Service fund was due primarily to the release of the \$14,381,746 2009 Bonds debt service reserve fund for project costs offset by the \$10,000,000 transfer of Measure A Western County bond financing funds for debt service; and
- The 30% increase in nonmajor governmental funds resulted from the excess State Transit Assistance sales tax revenues over claims of allocations for transit operations.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General fund resulted in a \$203,800 increase in appropriations and were related to the following changes:

- \$131,000 decrease to general government for a transfer to the Measure A Western County Special Revenue fund for bond financing costs;
- \$1,000 increase to the commuter rail program for various supplies and materials;
- \$416,000 increase for various planning and programming activities including allocations to local jurisdictions for grade separation projects;
- \$27,000 increase to debt service for capital lease payments; and
- \$100,000 decrease to capital outlay for a transfer to the Measure A Western County Special Revenue fund for bond financing costs.

During the year, General fund revenues were below budgetary estimates by \$471,606 primarily as a result of lower intergovernmental reimbursements. Expenditures were less than budgetary estimates resulting in no need to draw upon available fund balance reserves. General fund budgetary variances between the final amended budget and actual amounts are as follows:

Year Ended June 30, 2012			
General Fund Budgetary Variances	Final Amended Budget	Actual	% Variance
Revenues			
Sales taxes	\$ 2,700,000	\$ 2,700,000	0%
Intergovernmental	693,500	372,574	(46)%
Interest	66,600	55,207	(17)%
Other	187,200	47,913	(74)%
Total revenues	<u>\$ 3,647,300</u>	<u>\$ 3,175,694</u>	<u>(13)%</u>
Expenditures			
Current			
General government	\$ 4,821,000	\$ 4,188,591	13%
Commuter rail	21,538,900	20,180,544	6%
Planning and programming	7,428,300	3,378,765	55%
Transit and specialized transportation	317,600	255,808	19%
Debt service	27,000	25,241	7%
Capital outlay	110,200	67,481	39%
Total expenditures	<u>\$ 34,243,000</u>	<u>\$ 28,096,430</u>	<u>18%</u>
Other financing sources (uses)			
Transfers in	\$ 30,955,100	\$ 25,633,600	(17)%
Transfers out	(9,200)	(551,991)	(5900)%
Total other financing sources (uses)	<u>\$ 30,945,900</u>	<u>\$ 25,081,609</u>	<u>(19)%</u>

Significant budgetary variances between the final amended budget and actual amounts are as follows:

- \$320,926 negative variance for intergovernmental revenues primarily related to the lower intergovernmental reimbursements related to planning, programming and monitoring expenditures;
- \$11,393 negative variance for interest revenue related to low interest yield rates;
- \$139,287 negative variance for other revenues due to anticipated revenues for rail maintenance activities;
- \$632,409 positive variance for general government expenditures primarily related to professional services and other expenditures such as insurance, training, and travel;
- \$1,358,356 positive variance for commuter rail expenditures related to Metrolink operations and capital;
- \$4,049,535 positive variance for planning and programming expenditures related to grade separation project funding;
- \$61,792 positive variance for transit and specialized transportation expenditures related to personnel costs and legal and professional services;
- \$1,759 positive variance for debt service expenditures related to capital lease payments;
- \$42,719 positive variance for capital outlay expenditures;
- \$5,321,500 negative variance for transfers in related to the anticipated needs for administrative cost allocations as well as commuter rail and property management activities; and
- \$542,791 negative variance for transfers out from right of way management to the Measure A Western County Special Revenue fund.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2012, the Commission had \$424,581,073, net of accumulated depreciation, invested in a broad range of capital assets including construction in progress; land and land improvements; rail operating easements and stations; and office improvements, furniture, equipment, and vehicles. The total increase in the Commission's total capital assets, net for FY 2011/12 was 16%.

Major capital asset additions during 2012 included construction in progress related to preliminary engineering costs for the SR-91 and I-15 corridor improvement and the Perris Valley Line extension projects, design-build activities for the SR-91 corridor improvement project, and land acquisition for the Perris Valley Line extension and the SR-91 corridor improvement projects.

The table below is a comparative summary of the Commission's capital assets, net of accumulated depreciation:

	June 30, 2012	June 30, 2011
Capital Assets not being depreciated:		
Land and land improvements	\$ 186,866,554	\$ 154,926,116
Rail operating easements	39,484,143	39,484,143
Construction and development in progress	132,123,465	103,509,813
Total capital assets not being depreciated	358,474,162	297,920,072
Capital Assets being depreciated, net of accumulated depreciation:		
Rail stations	65,632,593	68,822,531
Office improvements, furniture, equipment, and vehicles	474,318	590,356
Total capital assets, net of accumulated depreciation	66,106,911	69,412,887
Total capital assets	\$ 424,581,073	\$ 367,332,959

More detailed information about the Commission's capital assets is presented in Note 4 to the financial statements.

Debt Administration

As of June 30, 2012, the Commission had \$318,200,000 outstanding in 2009 and 2010 Bonds. The Commission's bonds are rated "AA+" from Standard & Poor's (S&P), "Aa2" from Moody's Investors Service (Moody's), and "AA" from Fitch Ratings (Fitch).

In March 2005 the Commission established a \$185,000,000 commercial paper program to provide advance funding for 2009 Measure A capital projects; the program was reduced in February 2010 to \$120,000,000 as a result of the extension of the letter of credit and reimbursement agreement. The commercial paper notes are rated "A1+" by S&P and "P1" by Moody's. As of June 30, 2012, the Commission had no commercial paper notes outstanding.

The sales tax revenue debt limitation for the Commission under the 2009 Measure A program is \$975,000,000, which exceeds the total outstanding debt of \$318,200,000. The Commission has also authorized the issuance of toll revenue bonds not to exceed \$900,000,000.

Additional information on the Commission's long-term debt can be found in Note 6 to the financial statements.

Economic Factors and Other Factors

During its March 2012 Commission meeting, the Commission adopted guiding principles for use in the preparation of the FY 2012/13 Budget. These principles have been incorporated in goals of the Commission and will continue to be updated annually in response to the ever-changing social, political, and economic environment. The principles are a business planning tool designed to assist the Commission in implementing its strategic goals and objectives and lays the foundation for future financial planning for the annual budget process.

The Commission adopted the FY 2012/13 annual budget on June 7, 2012. Over 64% of the \$634,786,100 balanced budget is related to capital project expenditures, including: \$95,450,000 for preliminary engineering, right of way acquisition, and design-build activities related to the SR-91 corridor improvement project consisting of tolled express and general purpose lanes and interchange improvements; \$83,670,000 for the Perris Valley Line Metrolink extension project engineering, final design, construction, and right of way acquisition; \$39,661,000 for various Western County TUMF regional arterial projects; \$14,345,000 for final design and right of way acquisition related to the SR-91 high occupancy vehicle lanes from Adams Street to the 60/91/215 interchange; \$10,763,000 for final design, right of way acquisition, and construction related to the I-215 corridor improvements from Scott Road to Nuevo Road; \$8,000,000 for preliminary engineering services related to the I-15 corridor improvements; \$6,320,000 for construction related to the I-215 corridor improvements from I-15 to Scott Road; and \$5,250,000 for final design and right of way acquisition on the 91/71 interchange improvements project.

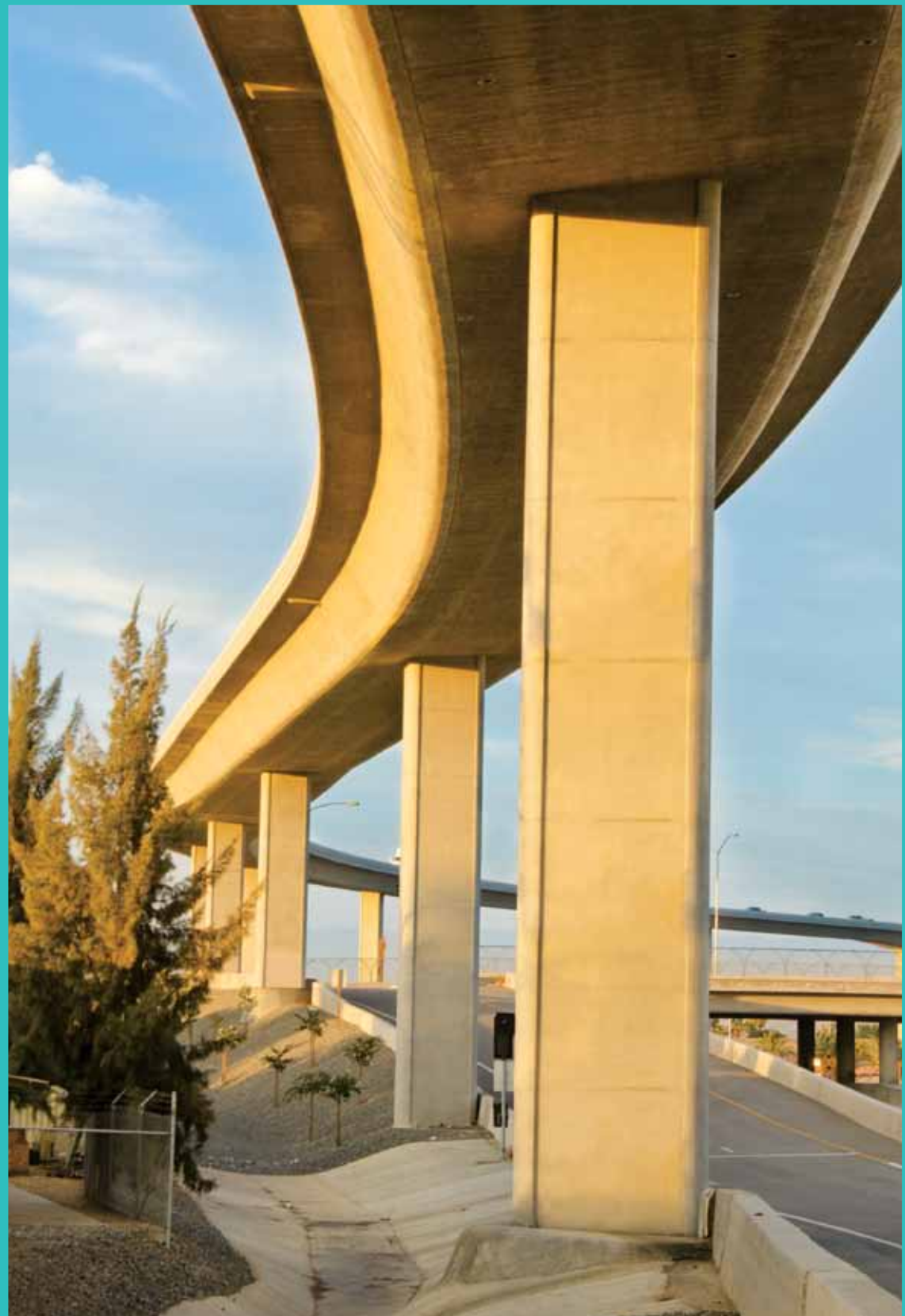
Distributions to the local jurisdictions for local streets and roads are budgeted at \$39,357,000. Budgeted expenditures related to funding of public bus transit operations and capital projects in the County aggregate \$84,049,300, and budgeted transfers out related to funding of commuter rail operations and capital are \$18,609,700. Debt service costs are \$143,413,000, or 23% of the budget.

Leading economic indicators show that the local economic outlook is encouraging with the stabilization of sales tax revenues. However, the state and federal budget issues continue to affect funding of the Commission's capital projects and programs. These factors were considered in preparing the Commission's 2013 fiscal year budget, including the sales tax and TUMF fee revenue projections.

There are obvious variables in terms of project financing available from federal and state funds. There is continuing uncertainty related to the fiscal condition of the state of California and the impact on transportation as well as the uncertainties regarding long-term federal transportation funding. The Commission continues to study alternative financing alternatives such as tolled express lane facilities and federal financing programs to support the delivery of 2009 Measure A projects.

Contacting the Commission's Management

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the government's finances and to show the Commission's accountability for the money it receives. Questions concerning any of the information provided 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, California 92502-2208.



60/91/215 Interchange



60/215 EAST JUNCTION CONSTRUCTION



Basic Financial Statements

Riverside County Transportation Commission

Statement of Net Position

June 30, 2012

	Governmental Activities
Assets	
Cash and investments	\$ 496,215,753
Receivables:	
Accounts	77,854,991
Advances to other governments	33,573,405
Interest	457,536
Due from other governments	248,509
Prepaid expenses and other assets	1,638,976
Restricted investments held by trustee	10,071,838
Capital assets not being depreciated	358,474,162
Capital assets, net of accumulated depreciation	66,106,911
Total assets	1,044,642,081
Deferred outflows of resources	
Accumulated decrease in fair value of derivatives	34,412,064
Total assets and deferred outflows of resources	1,079,054,145
Liabilities	
Accounts payable	41,159,814
Interest payable	1,248,782
Other liabilities	1,003,401
Derivative instrument-Swap	34,412,064
Long-term liabilities:	
Due within one year	7,035,715
Due in more than one year	310,662,288
Total liabilities	395,522,064
Net position	
Net investment in capital assets	327,277,502
Restricted for:	
Bicycle and pedestrian facilities	3,296,219
CETAP	43,636,385
Commuter assistance	13,859,395
Commuter rail	68,982,995
Debt service	51,089,948
Highways	178,002,397
Local streets and roads	6,603,611
Motorist assistance	7,255,420
Planning and programming	1,942,626
Regional arterials	53,962,829
Transit and specialized transportation	143,552,116
Unrestricted (deficit)	(215,929,362)
Total net position	\$ 683,532,081

See notes to financial statements

Riverside County Transportation Commission

Statement of Activities

Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary Government					
Governmental Activities:					
General government	\$ 7,780,478	\$ -	\$ 240,124	\$ -	\$ (7,540,354)
Bicycle and pedestrian facilities	1,389,567	-	-	-	(1,389,567)
CETAP	4,464,387	-	3,144,914	-	(1,319,473)
Commuter assistance	3,193,172	-	1,320,861	-	(1,872,311)
Commuter rail	21,480,248	145,735	177,299	5,228,621	(15,928,593)
Highways	72,341,578	-	42,000,278	-	(30,341,300)
Local streets and roads	40,127,890	-	-	-	(40,127,890)
Motorist assistance	3,846,245	-	4,216,385	-	370,140
Planning and programming	3,924,413	-	192,533	-	(3,731,880)
Regional arterials	5,816,666	-	3,264,674	-	(2,551,992)
Transit and specialized transportation	51,221,772	-	84,887	-	(51,136,885)
Interest expense	15,221,031	-	-	-	(15,221,031)
Total governmental activities	\$ 230,807,447	\$ 145,735	\$ 54,641,955	\$ 5,228,621	(170,791,136)

General Revenues:

Measure A sales taxes	134,984,307
Transportation Development Act sales taxes	80,044,131
Unrestricted investment earnings	4,196,452
Other miscellaneous revenue	1,287,981
Total general revenues	220,512,871
Change in net assets	49,721,735

Net position at beginning of year, as restated	633,810,346
Net position at end of year	\$ 683,532,081

See notes to financial statements

Riverside County Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2012

	Major Funds										Total
	Special Revenue					Capital Projects					
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund	Commercial Paper	Sales Tax Bonds	Debt Service	Other Nonmajor Governmental Funds		
Assets											
Cash and investments	\$ 14,879,679	\$ 220,230,494	\$ 15,091,005	\$ 74,793,304	\$ 79,798,943	\$ 274,385	\$ 29,960	\$ 43,904,949	\$ 47,213,034	\$ 496,215,753	
Receivables:											
Accounts	337,156	48,592,349	6,129,281	2,172,759	13,040,856	2,304,900	-	-	5,277,690	77,854,991	
Advances	-	-	-	-	-	30,633,808	2,939,597	-	300,000	33,873,405	
Interest	9,343	211,471	14,210	69,235	67,626	2,101	3,201	31,056	49,293	457,536	
Due from other funds	1,033,173	20,001	185,100	-	-	476,998	4,976	-	-	1,720,248	
Prepaid expenditures and other assets	157,957	1,480,880	-	9	-	-	-	-	130	1,638,976	
Restricted investments held by trustee	-	-	-	-	-	263	2,732,532	7,339,043	-	10,071,838	
Total assets	\$ 16,417,308	\$ 270,535,195	\$ 21,419,596	\$ 77,035,307	\$ 92,907,425	\$ 33,692,455	\$ 5,710,266	\$ 51,275,048	\$ 52,840,147	\$ 621,832,747	
Liabilities and Fund Balances											
Liabilities:											
Accounts payable	\$ 2,551,098	\$ 29,722,500	\$ 3,630,252	\$ 3,568,539	\$ 610,900	\$ -	\$ -	\$ -	\$ 1,076,525	\$ 41,159,814	
Advances payable	-	-	-	-	-	-	-	-	300,000	300,000	
Due to other funds	-	289,035	442,750	242,697	207,556	-	-	185,100	353,110	1,720,248	
Other liabilities	180,983	285,836	-	-	-	2,548,861	58,382	-	4	3,074,066	
Total liabilities	2,732,081	30,297,371	4,073,002	3,811,236	818,456	2,548,861	58,382	185,100	1,729,639	46,254,128	
Fund balances											
Nonspendable-prepaid amounts	157,957	1,480,880	-	9	-	-	-	-	130	1,638,976	
Restricted for:											
Bicycle and pedestrian facilities	-	-	-	-	3,296,219	-	-	-	-	3,296,219	
CETAP	-	-	-	43,636,376	-	-	-	-	-	43,636,376	
Commuter assistance	-	13,856,135	-	-	-	-	-	-	-	13,856,135	
Commuter rail	6,221,488	62,759,810	-	-	-	-	-	-	-	68,981,298	
Debt service	-	-	-	-	-	-	-	51,089,948	-	51,089,948	
Highways	-	128,105,631	16,061,123	-	-	31,143,594	5,651,884	-	-	180,962,232	
Local streets and roads	-	960	1,559	-	-	-	-	-	556	3,075	
Motorist assistance	-	-	-	-	-	-	-	-	7,255,289	7,255,289	
Planning and programming	1,892,952	-	-	-	49,637	-	-	-	-	1,942,589	
Regional arterials	-	24,363,850	-	29,587,686	-	-	-	-	-	53,951,536	
Transit and specialized transportation	-	9,670,558	1,283,912	-	88,743,113	-	-	-	43,854,533	143,552,116	
Assigned:											
General government	5,412,830	-	-	-	-	-	-	-	-	5,412,830	
Total fund balances	13,685,227	240,237,824	17,346,594	73,224,071	92,088,969	31,143,594	5,651,884	51,089,948	51,110,508	575,578,619	
Total liabilities and fund balances	\$ 16,417,308	\$ 270,535,195	\$ 21,419,596	\$ 77,035,307	\$ 92,907,425	\$ 33,692,455	\$ 5,710,266	\$ 51,275,048	\$ 52,840,147	\$ 621,832,747	
See notes to financial statements											

See notes to financial statements

Riverside County Transportation Commission
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2012

Total fund balances - Governmental funds (page 18)	\$ 575,578,619
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Amounts reported for governmental activities in the statement of net position (page 16) are different because:

Amounts due from other governments are not an available resource and therefore, is not reported in the funds.	248,509
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Deferred outflows of resources relate to the accumulated decrease in the fair value of derivatives, which is not recorded in the funds.	34,412,064
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Capital assets, less related accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	424,581,073
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Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.	2,070,665
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Interest payable on bonds outstanding is not due and payable in the current period and therefore is not reported in the funds.	(1,248,782)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Derivative instrument-swap	(34,412,064)
Compensated absences	(528,949)
Capital lease obligation	(30,943)
Debt issuance payable	(318,200,000)
Discount on debt issuances	1,061,889
Net adjustment	(352,110,067)

Net position of governmental activities (page 16)	<u>\$ 683,532,081</u>
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See notes to financial statements

Riverside County Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2012

	Special Revenue			Major Funds					Capital Projects			Total
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund	Commercial Paper	Sales Tax Bonds	Debt Service	Other Nonmajor Governmental Funds			
Revenues												
Sales taxes	\$ 2,700,000	\$ 100,382,683	\$ 30,999,105	\$ -	\$ 66,556,673	\$ -	\$ -	\$ -	\$ 14,389,977	\$ 215,028,438		
Transportation Uniform Mitigation Fee	-	1,826,592	-	6,289,828	-	-	-	-	-	8,116,420		
Intergovernmental	372,574	43,771,808	9,779	119,759	40,775	-	-	2,985,693	4,216,387	51,516,775		
Interest	55,207	1,040,692	63,068	326,548	317,831	2,056,240	74,283	155,620	218,906	4,308,395		
Other	47,913	1,274,551	-	-	-	-	-	-	107,731	1,430,195		
Total revenues	3,175,694	148,296,326	31,071,952	6,736,135	66,915,279	2,056,240	74,283	3,141,313	18,933,001	280,400,223		
Expenditures												
Current:												
General government	4,188,591	3,385,616	-	-	12,000	-	-	-	-	7,586,207		
Bicycle and pedestrian facilities	-	-	-	-	1,389,567	-	-	-	-	1,389,567		
CETAP	-	-	-	4,464,387	-	-	-	-	-	4,464,387		
Commuter assistance	-	3,157,480	-	-	-	-	-	-	-	3,157,480		
Commuter rail	20,180,544	19,690,126	-	-	-	-	-	-	-	39,870,670		
Highways	-	101,986,264	9,063,238	-	-	-	-	-	-	111,049,502		
Local streets and roads	-	28,375,684	10,849,687	-	-	-	-	-	-	40,127,890		
Motorist assistance	-	-	-	-	-	-	-	-	902,519	3,846,245		
Planning and programming	3,378,765	-	-	-	534,755	-	-	-	-	3,913,520		
Regional arterials	-	124	-	5,816,542	-	-	-	-	-	5,816,666		
Transit and specialized transportation	255,808	4,514,415	4,258,542	-	40,189,750	-	-	-	2,003,257	51,221,772		
Total programs	28,003,708	161,109,709	24,171,467	10,280,929	42,126,072	-	-	-	6,752,021	272,443,906		
Debt service:												
Principal	23,931	-	-	-	-	40,000,000	-	6,500,000	-	46,523,931		
Interest	1,310	-	-	-	-	3,803	-	15,003,582	-	15,008,695		
Total debt service	25,241	-	-	-	-	40,003,803	-	21,503,582	-	61,532,626		
Capital outlay	67,481	142,235	-	-	-	-	-	-	-	209,716		
Total expenditures	28,096,430	161,251,944	24,171,467	10,280,929	42,126,072	40,003,803	-	21,503,582	6,752,021	334,186,248		
Excess (deficiency) of revenues over (under) expenditures	(24,920,736)	(12,955,618)	6,900,485	(3,544,794)	24,789,207	(37,947,563)	74,283	(18,362,269)	12,180,980	(53,786,025)		
Other financing sources (uses):												
Debt issuance	-	-	-	-	-	40,000,000	-	-	-	40,000,000		
Transfers in	25,633,600	39,365,296	284,101	3,701,152	-	3,803	19,173,483	35,015,732	800,000	123,977,167		
Transfers out	(551,991)	(44,771,375)	-	(227,024)	(14,910,457)	(4,139,678)	(19,457,584)	(1,096,595)	(1,096,595)	(123,977,167)		
Total other financing sources (uses)	25,081,609	(5,406,079)	284,101	3,474,128	(14,910,457)	35,864,125	(19,648,980)	15,558,148	(296,595)	40,000,000		
Net change in fund balances	160,873	(18,361,697)	7,184,586	(70,666)	9,878,750	(2,083,438)	(19,574,697)	(2,804,121)	11,884,385	(13,786,025)		
Fund balances at beginning of year	13,524,354	258,599,521	10,162,008	73,294,737	82,210,219	33,227,032	25,226,581	53,894,069	39,226,123	589,364,644		
Fund balances at end of year	\$ 13,685,227	\$ 240,237,824	\$ 17,346,594	\$ 73,224,071	\$ 92,088,969	\$ 31,143,594	\$ 5,651,884	\$ 51,089,948	\$ 51,110,508	\$ 575,578,619		

See notes to financial statements

Riverside County Transportation Commission
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2012

Net change in fund balances - Total governmental funds (page 20) **\$ (13,786,025)**

Amounts reported for governmental activities in the statement of activities (page 17) are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The adjustment combines the net changes of the following amounts:

Capital outlay	60,756,021
Depreciation expense	(3,507,907)
Net adjustments	57,248,114

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	125,438
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The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The adjustment combines the net changes of the following amounts:

Principal payments for commercial paper notes	40,000,000
Principal payments for sales tax revenue bonds	6,500,000
Issuance of commercial paper notes	(40,000,000)
Amortization of bond discount	(101,037)
Capital lease payments	23,931
Change in accrued interest	(212,336)
Net adjustments	6,210,558

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. The adjustment combines the net changes of the compensated absences.	(76,350)
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Change in net assets of governmental activities (page 17)	\$ 49,721,735
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See notes to financial statements

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies

Reporting entity: The Riverside County Transportation Commission (Commission) was formed in 1976 under Division 12 (commencing with Section 130000) of the California Public Utilities Code. The Commission is a special district governed by a 34-member board of commissioners (Board) consisting of one representative from each city in the county, all five county supervisors, and a nonvoting state representative.

The Commission provides short-range transportation planning and programming for Riverside County (County), which includes the administration of the Local Transportation Fund (LTF) and the State Transit Assistance (STA) programs created under the Transportation Development Act (TDA) by the State of California (State). The LTF is administered by the Commission on behalf of the County. The purpose of this program is to allocate funds for public transportation needs, local streets and roads, bicycle and pedestrian facilities, and multimodal transportation terminals. The STA program allocates funds for public transportation purposes to those geographic areas with special public transportation needs, which cannot be met otherwise.

On November 8, 1988, the Commission was empowered by the voters of the County, under Ordinance No. 88-1 (1989 Measure A), to collect a one-half of one percent sales tax for the purpose of improving the transportation system of the County. Measure A was enacted, in part, pursuant to the provisions of Division 25 (commencing with Section 240000) of the California Public Utilities Code and Section 7252.22 of the Revenue and Taxation Code. On November 12, 2002 Riverside County's voters approved a 30-year renewal of Measure A under Ordinance No. 02-001 (2009 Measure A). The voter action ensures the replacement of the 1989 Measure A program when it expired in 2009 with a new 30 year program that will continue funding transportation improvements until June 2039.

In connection with the 2009 Measure A program, the County and cities in the Western County area implemented a Transportation Uniform Mitigation Fee (TUMF) program to fund a regional arterial system to handle the traffic demands in the Western Riverside County (Western County) area as a result of future development. Under the 2009 Measure A program, the Commission shall receive the first \$400 million of TUMF revenues to fund the regional arterial projects and new Community Environmental Transportation Acceptability Process (CETAP) corridors included in the 2009 Measure A Transportation Improvement Plan. Under the Memorandum of Understanding (MOU), the majority of net revenues are allocated in equal amounts to the Commission for regional arterial projects and to Western Riverside Council of Governments (WRCOG) for local arterial projects; a small percentage is allocated for public transit. In September 2008, the Commission approved an amendment to the MOU whereby the \$400 million cap was lifted and the Commission will continue to receive its share of TUMF revenues indefinitely.

Accounting principles generally accepted in the United States require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The basic financial statements include all funds of the Commission including those of the Service Authority for Freeway Emergencies (SAFE), a component unit, for which the Commission is considered financially accountable. SAFE was created under Chapter 14 (commencing with Section 2550) of Division 3 of the California Streets and Highways Code and Sections 2421.5 and 9250.1 of the Vehicle Code. SAFE receives monies from fees levied on registered vehicles to be used to implement and maintain an emergency motorist aid system, as specified, on portions of the California Freeway and Expressway System in the County. The governing body of SAFE is substantially identical to that of the Commission and is responsible for approval of SAFE's budget. SAFE is presented as a special revenue fund. Separate financial statements are not issued for SAFE.

There are many other governmental agencies, including the County of Riverside, providing services within the area served by the Commission. These other governmental agencies have independently elected governing boards and consequently

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies, Continued

are not under the direction of the Commission. Financial information for these agencies is not included in the accompanying financial statements.

Basis of presentation: The Commission's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide statements: The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the Commission. The effect of interfund activity has been removed from these statements. These statements report governmental activities, which normally are supported by taxes and intergovernmental revenues. The Commission does not have any business-type activities, which rely to a significant extent on charges and fees for support.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other internally dedicated resources, which are properly not included among program revenues, are reported instead as general revenues.

Fund financial statements: The fund financial statements provide information about the Commission's governmental funds; the Commission has no proprietary or fiduciary funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The Commission has categorized the Sales Tax Bonds Capital Projects Fund and Debt Service Fund as major funds for public interest reasons. The Commission believes that these judgmentally determined major funds are particularly important to the financial statement users. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Commission reports the following major governmental funds:

General Fund: The General Fund is the general operating fund of the Commission and accounts for financial resources not required to be accounted for in another fund.

Measure A Western County Special Revenue Fund: This fund accounts for the revenues from sales taxes which are restricted to expenditures for 1989 Measure A and 2009 Measure A Western County programs.

Measure A Coachella Valley Special Revenue Fund: This fund accounts for the revenues from sales taxes which are restricted to expenditures for 2009 Measure A Coachella Valley programs.

Transportation Uniform Mitigation Fee Special Revenue Fund: This fund accounts for TUMF revenues, which are restricted to expenditures for Western County regional arterial and CETAP projects.

Local Transportation Fund: This special revenue fund accounts for the one-quarter percent of the state sales tax collected within the County under TDA for planning and programming, bicycle and pedestrian facilities, and transit operations including the Commission's commuter rail operations.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies, Continued

Commercial Paper Capital Projects Fund: This fund records proceeds from the issuance of commercial paper notes and the use of these proceeds for capital projects included in the 2009 Measure A.

Sales Tax Bonds Capital Projects Fund: This fund records proceeds from the issuance of sales tax revenue bonds and the use of these proceeds for capital projects included in the 2009 Measure A.

Debt Service Fund: This fund accounts for the resources accumulated and payments made for principal and interest on the sales tax revenue bonds.

Measurement focus and basis of accounting: The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 180 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred; however, principal and interest expenditures on long-term debt as well as compensated absences and claims and judgments are recorded only when payment is due. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Those revenues susceptible to accrual include sales taxes collected and held by the State at year-end on behalf of the Commission, TUMF, intergovernmental revenues when all applicable eligibility requirements have been met, interest revenue, and vehicle registration user fees.

Cash and investments: The Commission maintains cash and investments in accordance with an investment policy adopted initially by the Board on September 13, 1995, and most recently amended June 7, 2012. The investment policy complies with, or is more restrictive than, applicable state statutes. Investments of bond and commercial paper proceeds as permitted by the applicable bond documents are maintained by U.S. Bank as custodial bank, and the earnings for each bond and commercial paper issue are accounted for separately. Cash from other Commission revenue sources is commingled for investment purposes, with investment earnings allocated to the different funds based on average monthly dollar balances in the funds.

The Commission's investment policy authorizes investments in U.S. Treasury notes and bonds, federal agency notes, repurchase agreements, corporate bonds, commercial paper, banker's acceptances, money market mutual funds, the Riverside County Pooled Investment Fund (RCPIF), the State of California Local Agency Investment Fund (LAIF), and certificates of deposit. Other investments permitted by the California Government Code (Code) are permitted but only with prior Board authorization; securities that could result in zero interest accrual if held to maturity are ineligible. LAIF is regulated by Code Section 16429 and is under the management of the State Treasurer with oversight provided by the Local Agency Investment Advisory Board. Oversight of the RCPIF is conducted by the County Treasury Oversight Committee. All investments, except for those related to bond reserve funds, are subject to a maximum maturity of five years unless specific direction to exceed the limit is given by the Board. Local Transportation Fund moneys are legally required to be deposited in the RCPIF.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies, Continued

The RCPIF and the LAIF are carried at fair value based on the value of each participating dollar as provided by the RCPIF and LAIF, respectively. The fair value of the Commission's position in the RCPIF and LAIF is the same as the value of the pool shares. Investments in U.S. government and agency securities are carried at fair value based on quoted market prices. Money market mutual funds are carried at fair value based on each fund's share price.

Bank balances are secured by the pledging of a pool of eligible securities to collateralize the Commission's deposits with the bank in accordance with the Code.

Accounts receivable: Accounts receivable consist primarily of Measure A and LTF sales tax revenues from the State Board of Equalization on all taxable sales within the County of Riverside, California through June 30, 2012.

Interfund transactions: During the course of operations, numerous transactions occur between individual funds involving goods provided or services rendered. There are also transfers of revenues from funds authorized to receive the revenue to funds authorized to expend it. Outstanding interfund balances are reported as due from/to other funds; internal financing balances are reported as advances to/from other funds.

Prepaid items and other assets: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements.

Restricted investments held by trustee: Restricted investments held by trustee represent unexpended bond proceeds, interest earnings thereon, and capitalized interest and reserve amounts of sales tax revenue bonds. Under the related bond resolutions and indentures, any remaining bond proceeds are restricted for the use of future construction improvements to the respective projects, for debt service, or for reserve requirements in accordance with applicable debt covenants.

Capital assets: Capital assets consisting of land and land improvements; construction in progress; rail easements; rail stations; and office furniture, equipment, and vehicles are reported in governmental activities in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of three years and are primarily included within the function of current expenditures in the fund financial statements. Such assets are recorded at historical costs or estimated historical costs if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Highway construction and certain purchases of right of way property, for which title vests with the California Department of Transportation, are included in highway program expenditures. Infrastructure consisting primarily of highway construction and right of way acquisition is not recorded as a capital asset, because the Commission does not have title to such assets or rights of way. However, costs related to the development of tolled express lanes are recorded as intangible assets within construction in progress. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Rail stations, furniture and equipment, and vehicles of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Useful Life</u>
Rail stations	10 to 30 years
Office furniture and equipment	3 to 5 years
Vehicles	5 years

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies, Continued

Compensated absences: Vacation leave in governmental funds that is due and payable at year-end is reported as an expenditure and a liability of the General fund. All earned vacation leave, including the amount that is not currently due, is reported as a long-term liability in the government-wide financial statements.

Sick leave is recorded as an expenditure in the General fund when taken by the employee. Employees with continuous five years of service have the option of being paid for sick leave accumulated in excess of 240 hours at a rate of 50% (i.e., one hour's pay for every two hours in excess of 240). Any sick leave in excess of 240 hours is accrued at fiscal year end, and a liability is reported in the government-wide financial statements. Sick leave that is due and payable at year-end is reported as an expenditure and a fund liability of the General fund.

Risk management: The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The Commission protects itself against such losses by a balanced program of risk retention, risk transfers, and the purchase of commercial insurance. Loss exposures retained by the Commission are treated as normal expenditures and include any loss contingency not covered by the Commission's purchased insurance policies. Construction projects and rail properties are protected through a combination of commercial insurance, insurance required of Commission consultants, and a self-insurance fund established by the Southern California Regional Rail Authority (SCRRA). Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

Deferred outflows of resources: In 2012, the Commission implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and their effects on the Commission's net position.

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources, or expenditure, until then. The Commission only has one item, accumulated decrease in fair value of derivatives, which qualifies for reporting in this category in the government-wide statement of net position. Because the terms of the derivatives qualify as a hedge, the change in the fair value of derivatives is deferred until termination or maturity of the derivatives.

Fund equity: In the fund financial statements, the governmental funds may report fund balances in various categories based on the nature of any limitations requiring the use of the resources for specific purposes:

Nonspendable fund balances cannot be spent, because they are in nonspendable form such as prepaid expenditures or are required to be maintained intact.

Restricted fund balances are restricted for specific purposes by third parties or enabling legislation.

Committed fund balances include amounts that can be used only for specific purposes determined by formal action of the Board. These committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use through the same type of formal action taken to establish the commitment.

Assigned fund balances comprise amounts intended to be used by the Commission for specific purposes but are not restricted or committed. The Board delegates the authority to assign amounts to be used for specific purposes to the Chief Financial Officer. Assignments generally only exist temporarily; an additional action does not have to be taken for the removal of an assignment.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 1. Summary of Significant Accounting Policies, Continued

Unassigned fund balances are residual positive net resources of the General Fund in excess of what can properly be classified in one of the other four categories.

When both restricted and unrestricted resources are available for an incurred expenditure, it is the Commission's policy to spend restricted resources first and then unrestricted resources, as necessary. When unrestricted resources are available for an incurred expenditure, it is the Commission's policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts. The Commission established a policy on reporting and classifying fund balance in the General fund in June 2012.

Net position: In the government-wide financial statements, net position represents the difference between assets and liabilities and is classified into three categories:

Net investment in capital assets consists of capital 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 the net position that is not accessible for general use because its use is subject to restrictions enforceable by third parties and enabling legislation.

Unrestricted—(deficit) represents the amount of unrestricted resources that will need to be provided for in future periods.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted—net position resources first and then unrestricted—net position resources, as they are needed.

Administration expenditures: The Commission's staff and resources are used in the performance of its responsibilities relating to the activities of the Commission and its component unit. Accordingly, the Commission allocates salaries and benefits to each applicable fund on the basis of actual hours spent by activity, and other indirect overhead is allocated based on a systematic basis. Administrative salaries and benefits of \$1,204,266 allocated to Measure A in 2012 were less than 1% of revenues and in compliance with the law.

Note 2. Cash and Investments

Cash and investments at June 30, 2012 consist of the following:

	Unrestricted			Restricted	
	Cash	Investments	Total	Investments	Total
Cash in bank	\$ 602,089	\$ —	\$ 602,089	\$ —	\$ 602,089
Petty cash	1,018	—	1,018	—	1,018
RCPIF	—	492,001,802	492,001,802	2,732,512	494,734,314
LAIF	—	3,610,844	3,610,844	—	3,610,844
Investments with fiscal agents	—	—	—	7,339,326	7,339,326
Total cash and investments	\$ 603,107	\$ 495,612,646	\$ 496,215,753	\$ 10,071,838	\$ 506,287,591

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 2. Cash and Investments, Continued

As of June 30, 2012, the Commission had the following investments:

Investment	Maturities	Fair Value
First American Government Obligations mutual fund	44 days average	\$ 7,339,306
LAIF	238 days average	3,610,844
RCPIF	438 days average	494,734,314
US Bank Money Market mutual fund	1 days average	20
Total investments		<u>\$ 505,684,484</u>

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 Commission has deposits with a bank balance of \$2,067,991 with a financial institution; 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.

Credit risk: As of June 30, 2012, the Commission's investment in the RCPIF was rated Aaa/MR1 by Moody's Investors Service (Moody's) and AAA/V1 by Fitch Ratings (Fitch). The investments in the US Bank Money Market mutual fund and First American Government Obligations mutual fund were both rated AAA by both Moody's and Standard & Poor's Rating Service (S&P). LAIF is not rated. The Commission's investment policy only requires credit quality ratings for repurchase agreements, U.S. corporate debt, commercial paper, bankers acceptances and certificates of deposit.

Concentration of credit risk: The Commission's investment policy places a limit of 10% on the amount of investment holdings with any one non-governmental issuer. More than five percent of the Commission's investments are in the RCPIF. This investment is 97.8% of the Commission's investments. The investments in the Sales Tax Bonds Capital Projects fund are unexpended bond proceeds invested in the RCPIF, First American Government Obligations Fund, and US Bank Money Market fund. The investments in the Debt Service fund are reserve funds invested in the First American Government Obligations fund and US Bank Money Market fund for interest and principal as required by the bond agreements.

Note 3. Advances

The Commission has approved interest-bearing advances to other governments, which may be funded by debt proceeds, to the cities of Blythe, Canyon Lake, and Indio and the Coachella Valley Association of Governments (CVAG) in the amounts of \$1,500,000, \$600,000, \$4,000,000, and \$43,300,000, respectively. The cities have pledged their share of 2009 Measure A local streets and roads revenues, and CVAG has pledged its share of 2009 Measure A highway and regional road revenue allocations in accordance with repayment terms specified in each agreement for actual advances. Repayment amounts are withheld from revenue allocations on a monthly basis. The final maturities of the cities of Blythe and Indio advances are due on or before September 1, 2019; the final maturity of the city of Canyon Lake advance is due within ten years following the initial advance; and the final maturities of the CVAG advances are due on or before September 1, 2029. Interest rates range

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 3. Advances, Continued

from 4.972% to 7.307%, excluding the portion of cash subsidy payments (as discussed in Note 6) that may be received by CVAG to reduce its repayment obligations. No amounts were advanced to the city of Canyon Lake as of June 30, 2012, and the available advances to CVAG are \$14,231,161 as of June 30, 2012. The outstanding advances, including capitalized interest of \$2,059,185, as of June 30, 2012 were as follows:

City of Blythe	\$ 1,398,208
City of Indio	3,985,967
Coachella Valley Associated Governments	28,189,230
Total loans receivable	<u>\$ 33,573,405</u>

Additionally, the Service Authority for Freeway Emergencies Special Revenue Fund advanced \$300,000 to the Freeway Service Patrol Special Revenue Fund on a short-term basis for cash flow purposes. This advance will be repaid during 2013 upon receipt of amounts due from the State.

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions/ Transfers	Retirements/ Transfers / Deletions	Balance June 30, 2012
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	\$154,926,116	\$32,016,918	\$ (76,480)	\$186,866,554
Construction in progress	103,509,813	29,917,298	(1,303,646)	132,123,465
Rail operating easements	39,484,143	–	–	39,484,143
Total capital assets not being depreciated	297,920,072	61,934,216	(1,380,126)	358,474,162
Capital assets being depreciated:				
Rail stations	98,541,887	167,287	–	98,709,174
Office improvements	72,782	–	–	72,782
Office furniture, equipment and vehicles	1,492,178	34,644	–	1,526,822
Total capital assets being depreciated	100,106,847	201,931	–	100,308,778
Less accumulated depreciation for:				
Rail stations	(29,719,356)	(3,357,225)	–	(33,076,581)
Office improvements	(49,284)	(10,114)	–	(59,398)
Office furniture, equipment and vehicles	(925,320)	(140,568)	–	(1,065,888)
Total accumulated depreciation	(30,693,960)	(3,507,907)	–	(34,201,867)
Total capital assets being depreciated, net	69,412,887	(3,305,976)	–	66,106,911
Governmental activities capital assets, net	<u>\$367,332,959</u>	<u>\$58,628,240</u>	<u>\$ (1,380,126)</u>	<u>\$424,581,073</u>

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 4. Capital Assets, Continued

Depreciation expense was charged to functions/programs of the Commission's governmental activities during the year ended June 30, 2012 as follows:

General government	\$ 99,209
Commuter rail	3,362,112
Commuter assistance	35,692
Planning and programming	10,894
Total depreciation expense	<u>\$ 3,507,907</u>

Note 5. Interfund Transactions

Due from/to other funds: The composition of balances related to due from other funds and due to other funds at June 30, 2012 is as follows:

Receivable Fund	Payable Fund	Amount	Explanation
General fund	Nonmajor Governmental funds	\$ 17,146	Fringe benefits allocation
General fund	Local Transportation Fund Special Revenue fund	187,555	Allocation for grade separation costs
General fund	Nonmajor Governmental funds	296,596	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	227,024	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	15,673	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	289,035	Fringe benefits allocation
General fund	Measure A Coachella Valley Special Revenue fund	144	Fringe benefits allocation
Measure A Western County Special Revenue fund	Local Transportation Fund Special Revenue fund	20,001	Allocation for commuter rail capital costs
Measure A Coachella Valley Special Revenue fund	Debt Service fund	185,100	Advance loan payment adjustment
Commercial Paper Capital Projects fund	Measure A Coachella Valley Special Revenue fund	437,630	Advance loan payment adjustment
Commercial Paper Capital Projects fund	Nonmajor Governmental funds	39,368	Advance loan payment adjustment
Sales Tax Bonds Capital Projects fund	Measure A Coachella Valley Special Revenue fund	4,976	Advance loan payment adjustment
Total due from/to other funds		<u>\$ 1,720,248</u>	

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 5. Interfund Transactions, Continued

Interfund transfers: During 2012, interfund transfers were as follows:

Transfers Out	Transfers In	Amount	Explanation
General fund	Measure A Western County Special Revenue fund	\$ 551,991	Right of way residual funds
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	3,701,152	Highway project costs
Measure A Western County Special Revenue fund	Debt Service fund	30,846,896	Debt service funding related to highways and economic development projects for Western County
Measure A Western County Special Revenue fund	General fund	10,219,524	Allocation for commuter rail costs
Measure A Western County Special Revenue fund	Commercial Paper Capital Projects fund	3,803	Interest payment
Transportation Uniform Mitigation Fee Special Revenue fund	General fund	227,024	Administrative cost allocation
Local Transportation Fund	General fund	14,890,457	Allocation for administration, planning and programming, commuter rail operating and station maintenance, and grade separation costs
Local Transportation Fund	Measure A Western County Special Revenue fund	20,000	Allocation for commuter rail capital costs
Commercial Paper Capital Projects fund	Debt Service fund	4,139,678	Debt service related to loan agreements for Coachella Valley and Palo Verde Valley jurisdictions
Sales Tax Bonds Capital Projects fund	Measure A Western County Special Revenue fund	38,793,305	Highway project costs
Sales Tax Bonds Capital Projects fund	Debt Service fund	29,158	Interest earnings
Debt Service fund	Sales Tax Bonds Capital Projects Fund	19,173,483	Release of debt service reserve for project purposes and reimbursement for prior year debt service payment
Debt Service fund	Measure A Coachella Valley Special Revenue fund	284,101	Transfer of remaining debt service reserve for project costs
Nonmajor Governmental funds	General fund	296,595	Administrative cost allocation
Nonmajor Governmental funds	Nonmajor Governmental funds	800,000	Call box program augmentation of freeway service patrol operations
Total transfers		<u>\$ 123,977,167</u>	

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events

The following is a summary of the changes in long-term obligations for the year ended June 30, 2012:

	Balance July 1, 2011	Additions	Reductions	Balance June 30, 2012	Due Within One Year
Bonds payable :					
2009 Bonds	\$174,700,000	\$ —	\$ (6,500,000)	168,200,000	\$ 6,800,000
2010 Bonds	150,000,000	—	—	150,000,000	—
Total bonds payable	324,700,000	—	(6,500,000)	318,200,000	6,800,000
Less: Bond discounts	(1,162,926)	—	101,037	(1,061,889)	(97,397)
Total bonds payable, net	323,537,074	—	(6,398,963)	317,138,111	6,702,603
Commercial paper notes	—	40,000,000	(40,000,000)	—	—
Capital lease	54,874	—	(23,931)	30,943	24,654
Compensated absences	452,599	281,625	(205,275)	528,949	308,458
Total long-term obligations	\$324,044,547	\$ 40,281,625	\$ (46,628,169)	\$ 317,698,003	\$ 7,035,715

The Commission has pledged a portion of future sales tax revenues through maturities of the bonds to repay \$168,200,000 and \$150,000,000 in sales tax revenue bonds payable issued in October 2009 and November 2010 and outstanding at June 30, 2012. The bonds and commercial paper notes are payable solely from the 2009 Measure A sales tax revenues. Annual principal and interest payments on the bonds and notes are expected to require less than 16% of 2009 Measure A revenues. For the current year, interest paid on the bonds and commercial paper notes was \$15,003,582 and \$3,803, respectively. Cash subsidies of \$2,985,693 related to the bonds were received from the United States Treasury during the current year and were recorded as intergovernmental revenues.

Toll revenue bonds payable: In July 2010, the Commission authorized the issuance and sale of not to exceed \$900 million of toll revenue bonds related to the SR-91 Corridor Improvement Project. No toll revenue bonds were issued as of June 30, 2012.

Sales tax revenue bonds payable: Under the provisions of the 2009 Measure A, as amended by Measure K approved by the voters in November 2010, the Commission has the authority to issue bonds subject to a bond debt limitation of \$975,000,000. The following is a summary of bonds issued and secured by 2009 Measure A revenues that are outstanding at June 30, 2012:

2009 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A, B, and C: In October 2009, the Commission issued sales tax revenue bonds consisting of the \$85,000,000 Series A, \$65,000,000 Series B, and \$35,000,000 Series C, for a total issuance of \$185,000,000 (2009 Bonds). A portion of the 2009 Bonds was used to current refund all, or \$126,395,000, of the 2008 Sales Tax Revenue Bonds (2008 Bonds) and retire \$53,716,000 of the outstanding commercial paper notes with the remaining proceeds used to fund a portion of the debt service reserve and pay costs of issuance for the 2009 Bonds. The 2009 Bonds mature in annual installments ranging from \$4,000,000 to \$13,700,000 on various dates through June 1, 2029 with variable interest rates set in connection with remarketing efforts on a weekly basis. The 2009 Bonds are integrated with the interest rate swaps that became effective in October 2009, thereby creating synthetic fixed rate debt.

The 2009 Bonds are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Commission's applicable remarketing agent. Barclays Capital Inc., E.J. De La Rosa & Co., Inc., and Backstrom McCarley Berry & Co., LLC are the

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events, Continued

remarketing agents for the 2009 Bonds Series A, B, and C, respectively. The remarketing agent is required to use its best efforts to sell the repurchased bonds at a price equal to 100% of the principal amount by adjusting the interest rate. The 2009 Bonds are secured by Standby Bond Purchase Agreements (SBPAs), as amended in July 2011, with JPMorgan Chase Bank (JPMorgan) which expire in September 2014. Under the SBPAs, if the 2009 Bonds are not successfully remarketed or repaid according to their terms or if the existing SBPAs are not renewed and the Commission does not replace the SBPAs or otherwise refinance the 2009 Bonds, JPMorgan is required to purchase the 2009 Bonds. Any of the 2009 Bonds purchased by JPMorgan constitute bank bonds that bear interest at the bank rate, which may not exceed the maximum rate of 18%. If the Commission does not reimburse JPMorgan within 180 days following JPMorgan's purchase of any 2009 Bonds or the expiration of the SBPAs, the Commission would be required to redeem the bank bonds over a period of five years. The Commission is required to pay to JPMorgan an annual commitment fee for the SBPAs of 0.79% of the outstanding principal amount of the 2009 Bonds plus 34 days of interest at an interest rate of 12%. Additionally the Commission is required to pay the remarketing agents an annual fee of 0.10% of the outstanding principal amount of the bonds. The required reserve amount of \$14,213,201 was released in its entirety for project purposes in October 2011 upon the effective date of the amendment of the SBPAs.

\$ 168,200,000

In accordance with the bond maturity schedule and assuming the bonds are remarketed, annual debt service requirements to maturity for the 2009 Bonds payable, based on the rates of the interest rate swaps and the costs of liquidity and the renewal or replacement of the SBPAs, throughout the term of the bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 6,800,000	\$ 7,194,368	\$ 13,994,368
2014	7,100,000	6,905,762	14,005,762
2015	7,400,000	6,604,707	14,004,707
2016	7,800,000	6,304,887	14,104,887
2017	8,100,000	5,960,107	14,060,107
2018-2022	46,400,000	24,321,800	70,721,800
2023-2027	57,800,000	13,551,556	71,351,556
2028-2029	26,800,000	1,838,879	28,638,879
	<u>\$ 168,200,000</u>	<u>\$ 72,682,066</u>	<u>\$ 240,882,066</u>

If the SBPAs with JPMorgan are not renewed or replaced upon expiration in September 2014 and the Commission does not otherwise refinance the 2009 Bonds, the annual debt service requirements for the succeeding fiscal years based on an assumed interest of 8.50% are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 15,430,000	\$ 8,476,566	\$ 23,906,566
2016	30,860,000	10,747,524	41,607,524
2017	30,860,000	8,095,677	38,955,677
2018	30,860,000	5,472,577	36,332,577
2019	30,860,000	2,849,477	33,709,477
2020	15,430,000	441,974	15,871,974
	<u>\$ 154,300,000</u>	<u>\$ 36,083,795</u>	<u>\$ 190,383,795</u>

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events, Continued

Although there can be no assurance, the Commission believes it is highly unlikely that the SBPAs will not be renewed or replaced and that the 2009 Bonds, in that event, would not be refinanced.

2010 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A (Tax-exempt) and Series B (Taxable Build America Bonds):

In November 2010, the Commission issued sales tax revenue bonds consisting of the \$37,630,000 Series A and \$112,370,000 Series B, for a total issuance of \$150,000,000 (2010 Bonds). For the Series B Build America Bonds (BABs), \$44,800,000 was designated as recovery zone economic development bonds (RZEDBs). A portion of the 2010 Bonds was used to retire \$103,284,000 of the outstanding commercial paper notes with the remaining proceeds used to fund 2009 Measure A Western County and Coachella Valley capital projects and pay costs of issuance for the 2010 Bonds. The 2010 Bonds Series A mature in annual installments ranging from \$12,105,000 to \$12,815,000 on various dates from June 1, 2030 through June 1, 2032 at an interest rate of 5.00%, and the 2010 Bonds Series B mature in annual installments ranging from \$530,000 to \$17,980,000 on various dates from June 1, 2032 to June 1, 2039 at an interest rate of 6.807%. The Commission expects to receive a cash subsidy from the United States Treasury equal to 35% of the interest payable on the BABs or 45% of the interest payable on the Series B bonds additionally designated as RZEDBs.

\$ 150,000,000

In accordance with the bond maturity schedule, annual debt service requirements to maturity for the 2010 Bonds payable throughout the term of the bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Subsidy</u>	<u>Total, net</u>
2013	\$ —	\$ 9,530,500	\$ 9,530,500	\$ (2,982,100)	\$ 6,548,400
2014	—	9,530,500	9,530,500	(2,982,100)	6,548,400
2015	—	9,530,500	9,530,500	(2,982,100)	6,548,400
2016	—	9,530,500	9,530,500	(2,982,100)	6,548,400
2017	—	9,530,500	9,530,500	(2,982,100)	6,548,400
2018-2022	—	47,652,600	47,652,600	(14,910,600)	32,742,000
2023-2027	—	47,652,600	47,652,600	(14,910,600)	32,742,000
2028-2032	38,160,000	45,806,600	83,966,600	(14,910,600)	69,056,000
2033-2037	76,530,000	28,096,900	104,626,900	(11,358,700)	93,268,200
2038-2039	35,310,000	3,627,500	38,937,500	(1,632,400)	37,305,100
	<u>\$ 150,000,000</u>	<u>\$ 220,488,700</u>	<u>\$ 370,488,700</u>	<u>\$ (72,633,400)</u>	<u>\$ 297,855,300</u>

Commercial paper notes payable: In February 2005, the Commission authorized the issuance of tax-exempt commercial paper notes in an amount not to exceed \$200,000,000 for the primary purpose of financing right of way and mitigation land acquisition and project development costs of capital projects under the 2009 Measure A. From inception through 2008, the Commission issued commercial paper notes aggregating \$110,005,000, which were refinanced in June 2008 by the 2008 Bonds. During 2009 the Commission issued \$110,000,000 in commercial paper notes, of which \$53,716,000 were retired by the 2009 Bonds. During 2010 and in September 2010, the Commission issued commercial paper notes of \$27,000,000 and \$20,000,000, respectively. In December 2010 the Commission retired \$103,284,000 representing all of the outstanding commercial paper notes with the proceeds of the 2010 Bonds. In February 2012, the Commission issued commercial paper notes of \$40,000,000, which were retired in March 2012 with commercial paper proceeds. At June 30, 2012, there were no outstanding commercial paper notes. The source of revenue to repay the commercial paper notes and any subsequent long-term debt refinancing is the 2009 Measure A sales tax. Interest is payable on the respective maturity dates of the commercial paper notes, which is up to 270 days from the date of issuance. The maximum allowable interest rate on the commercial paper notes is 12%.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events, Continued

As a requirement for the issuance of the commercial paper notes, the Commission entered into a \$190,000,000 irrevocable direct draw letter of credit and reimbursement agreement with Bank of America, N.A. (Bank of America) as credit and liquidity support for the commercial paper notes. In February 2010, the agreement was amended for \$121,500,000 and extended through March 2012; the agreement was terminated upon expiration. In April 2012, the Commission entered into two \$60,750,000, for an aggregate of \$121,500,000, irrevocable direct draw letters of credit and reimbursement agreements with Union Bank, N.A. and The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (collectively, the Banks), as credit and liquidity support for the commercial paper notes through October 2014. Funds are drawn under the letters of credit to pay debt service on the commercial paper notes, and the Commission is required to reimburse the Banks for such drawings. Amounts drawn on the letter of credit and not reimbursed within 30 days are not due until five years after the date of such draw. Accordingly, the commercial paper notes are classified as long-term liabilities in the Commission's government-wide financial statements. There were no unreimbursed draws by the Commission on these letters of credit authorization during the year ended June 30, 2012, nor were there any amounts outstanding under these letters of credit agreement at June 30, 2012.

The Commission's commercial paper program functions similar to bond anticipation notes for reporting purposes, as the commercial paper notes are issued and retired with long-term debt issuances. Commercial paper notes are classified as long-term debt as long as the Commission's letter of credit facility extends at least one year past its fiscal year end; otherwise, the commercial paper notes are classified as a fund liability.

In September 2012, the Commission issued \$20,000,000 in commercial paper notes.

Capital lease obligation: The Commission has entered into a lease agreement for financing the acquisition of office equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments. The office equipment book value of \$27,330 is recorded as a capital asset in the governmental activities. Total future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 are as follows:

<u>Year Ending June 30</u>	<u>Total</u>
2013	\$ 25,241
2014	6,321
Total minimum lease payments	31,562
Less amount representing interest	(619)
Present value of minimum lease payments	<u>\$ 30,943</u>

Interest rate swaps: As a means to achieve a greater level of interest rate stability, specifically rising interest rates that would negatively impact cash flows, the Commission entered into two forward-starting interest rate swaps in August 2006 for a total notional amount of \$185,000,000 whereby it swapped obligations to pay fixed rates for those that pay a floating rate. The swaps are part of a synthetic fixed rate financing with the Commission's 2009 Bonds. The floating rate receipts under the swaps correspond to the floating rate payments on the 2009 Bonds. The fixed rate payment remains for the Commission as its primary interest obligation.

The counterparty for the first swap (\$100,000,000 notional amount) is Bank of America, and the counterparty for the second swap (\$85,000,000 notional amount) is Deutsche Bank AG (Deutsche Bank). Under the swap agreements which became effective on October 1, 2009, the Commission will pay Bank of America and Deutsche Bank (Counterparties) a fixed rate of 3.679% and 3.206%, respectively, for twenty years, the term of the 2009 Bonds; the Counterparties will pay the Commission a floating rate equal to 67% of the one-month London Interbank Offer Rate (LIBOR).

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events, Continued

The Commission's interest rate swaps are derivative instruments that hedge identified financial risks. If the derivative instrument is determined to be effective in reducing the identified exposure, hedge accounting provides that changes in the fair value of the hedging instrument—in this instance, the interest rate swap—be reported as either deferred inflows or deferred outflows in a government's statement of net position. To evaluate the effectiveness of the swaps, the Synthetic Instrument Method prescribed by the standard was employed. The resulting analysis indicates the swaps are effective as hedging instruments. The fair value or marked-to-market value of the Bank of America and Deutsche Bank swaps as of June 30, 2012 are (\$20,601,744) and (\$13,810,320), respectively. This is the amount the Commission would owe as of this date should the swap be terminated. The terms and fair values (liabilities) of the outstanding swaps as of June 30, 2012 are as follows:

Associated Debt Issue	Counterparty	Notional Amount	Effective Date	Fixed Rate to be Paid	Variable Rate to be Received	Fair Value (Liability)	Swap Termination Date
2009 Bonds	Bank of America	\$ 90,900,000	10/01/2009	3.679%	67% of LIBOR	\$ (20,601,744)	06/01/2029
2009 Bonds	Deutsche Bank	77,300,000	10/01/2009	3.206%	67% of LIBOR	(13,810,320)	06/01/2029
		<u>\$ 168,200,000</u>				<u>\$ (34,412,064)</u>	

The fair value (liabilities) of the outstanding swaps at June 30, 2011 was (\$19,021,234), resulting in an increase in the liabilities of \$15,390,830 during the year ended June 30, 2012.

The interest rate swaps are, among other things, subject to credit, interest rate, basis, and termination risk.

Credit risk: The following table compares the counterparty credit ratings at June 30, 2012 against their threshold rating for termination:

	Bank of America	Moody's	S&P
Senior Debt		Aa3	A+
Threshold Amount		\$20,000,000	\$20,000,000
	Deutsche Bank	Moody's	S&P
Senior Debt		Aa3	A+
Threshold Amount		\$20,000,000	\$20,000,000

Under the agreements, a swap termination event may occur if the Counterparties' credit ratings fall to the threshold level and, after 30 days' notice, collateral in the form of U.S. treasury and certain federal agency securities as required by the agreements is not delivered in favor of the Commission.

Interest rate risk: The Commission is exposed to interest rate risk on its pay fixed, receive variable interest rate swaps. As LIBOR decreases, the District's net payments on the swaps increase. It is expected that this is offset partly by a decrease in payments on the 2009 Bonds.

Basis risk: The Commission is exposed to basis risk on the swaps because the variable rate payments received by the Commission are based on an index other than interest rates the Commission pays on hedged variable rate debt. For the year ended June 30, 2012, the Commission's 2009 Bonds, Series A, which are hedged by the Deutsche Bank swap, and 2009 Bonds, Series B and C, which are hedged by the Bank of America swap, had weighted average variable rates of 0.12% and 0.14%, respectively. Over the same period, the weighted average of 67% of one-month LIBOR was 0.16%, an approximate 4 and 2 basis point gain for the Commission related to the Deutsche Bank and Bank of America swaps, respectively.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 6. Long-term Obligations and Subsequent Events, Continued

Termination risk: The swaps may be terminated by the Commission or its Counterparties if the other party fails to perform under the terms of the contract or at the Commission's option to terminate the transaction. If, at the time of termination, the swap is in a liability position, the Commission would be obligated to pay the counterparty the liability position.

Arbitrage rebate: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds and commercial paper notes after August 31, 1986. In general, arbitrage regulations deal with the investment of all tax-exempt bond and commercial paper note proceeds at an interest yield greater than the interest yield paid to bondholders or noteholders. Failure to follow the arbitrage regulations could result in all interest paid to bondholders or noteholders retroactively rendered taxable. In accordance with the arbitrage regulations, if excess earnings were calculated, 90% of the amount calculated would be due to the Internal Revenue Service at the end of each five-year period. The remaining 10% would be recorded as a liability and paid after all bonds had been redeemed. During the current year, the Commission performed calculations of excess investment earnings on all bond and commercial paper financings. There was no arbitrage liability at June 30, 2012.

Note 7. Net Position and Fund Balances

Net position: Net investment in capital assets, as reported on the government-wide statement of net position, represents capital assets of \$424,581,073. The related debt of \$97,303,571 includes the portion of the sales tax revenues bonds that were used for the development of the tolled express lane capital assets. Additionally, the government-wide statement of net position reports \$572,183,941 of restricted—net position, of which \$571,355,592 is restricted by enabling legislation. As of June 30, 2012, the beginning net position, as previously reported, was restated due to implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. As a result, the Commission wrote off its unamortized issuance costs as of June 30, 2011. Statement No. 65 clarifies the appropriate reporting of deferred outflows of resources to ensure consistency in financial reporting.

Net position, as originally stated, June 30, 2011	Change	Net position, as restated, June 30, 2011
\$635,864,022	(\$2,053,676)	\$633,810,346

Fund balances

Measure A: Measure A sales tax revenues are allocated to the three defined geographic areas of Riverside County, consisting of Western County, Coachella Valley, and Palo Verde Valley in proportion to the funds generated within those areas. Revenues must then be allocated to the programs of the geographic areas according to percentages as defined by Measure A and are legally restricted for applicable program expenditures. Bond and commercial paper note proceeds are allocated to the geographic areas based on the estimated uses. Accordingly, the related fund balances are classified as follows:

Highways: Funds are to be used for project costs including engineering, right of way acquisitions, and construction of the Western County highways and Coachella Valley highways and regional arterials. Funds for new corridors are to be used for environmental clearance, right of way acquisition, and construction of four new Western County transportation corridors identified through CETAP. In order to attract commercial and industrial development and jobs in the Western County, funds are expended to create an infrastructure improvement bank to improve and construct interchanges, provide public transit linkages or stations, and make other improvements to the transportation system. Funds are also provided to support bond financing costs. These program funds are intended to supplement existing federal, state, and local resources. Coachella Valley highway and regional arterial funds are matched by TUMF revenues generated

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 7. Net Position and Fund Balances, Continued

in the Coachella Valley. Accordingly, funds for highways, Coachella Valley regional arterials, new corridors, economic development, and bond financing are reflected as restricted for these specific purposes as stipulated by the 1989 Measure A and 2009 Measure A.

Commuter rail: Commuter rail projects anticipate the use of existing rail lines, and 1989 Measure A funds are restricted for costs related to planning, capital improvements, right of way purchase, and/or use rights agreements. Funds for rail operations and to match federal funds for capital are restricted as stipulated by the 2009 Measure A Western County public transit program.

Regional arterials: Funds for regional arterials are used to implement the planned Western County regional arterial system, as defined by WRCOG.

Local streets and roads: Funds to be expended by local jurisdictions for the construction, repair, and maintenance of local streets and roads are reflected as restricted as stipulated by Measure A. The County and local cities are required to supplement those expenditures with other previously dedicated revenue sources to maintain road improvements. Monies are disbursed to the jurisdictions which comply with the requirements to maintain the same level of funding for streets and roads as existed prior to the passage of Measure A and participate in TUMF (as applicable in the Western County and Coachella Valley areas) and the Multiple Species Habitat Conservation Plan (MSHCP) in Western County and which annually submit a five-year capital improvement plan.

Commuter assistance and transit: Funds for public transit are used to promote and subsidize commuter assistance programs such as ridesharing and telecommuting and specialized transportation to guarantee reduced transit fares, expand existing transit services, and implement new transit services for seniors and persons with disabilities. These funds are restricted as stipulated by the 1989 Measure A and 2009 Measure A. Funds for intercity bus services in Western County and bus replacement and more frequent service in the Coachella Valley are restricted as stipulated by the 2009 Measure A.



Public Transit

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 7. Net Position and Fund Balances, Continued

Debt service: Certain bond proceeds that have been used to make required sinking fund payments in the Debt Service fund as required by the bond agreements are classified as restricted. Amounts held by the trustee equal to the maximum annual debt service are recorded in the Debt Service fund as restricted.

Transportation Development Act: Restricted fund balance for the Local Transportation Fund represents the apportionments related to transit programs by geographic area, bicycle and pedestrian facilities, and planning and programming services and unapportioned revenues. Restricted fund balance for the State Transit Assistance represents the apportionments for transit by geographic area. The TDA restrictions at June 30, 2012 are as follows:

	Local Transportation Fund	State Transit Assistance	Total
Bicycle and pedestrian facilities	\$ 3,296,219	\$ –	\$ 3,296,219
Planning and programming, allocated and unclaimed	\$ 49,637	\$ –	\$ 49,637
Transit and specialized transportation			
Western County:			
Bus transit:			
City of Banning	\$ –	\$ 596,119	\$ 596,119
City of Beaumont	–	725,983	725,983
City of Corona	–	1,067,668	1,067,668
City of Riverside	–	485,750	485,750
Riverside Transit Agency	11,528,416	12,335,639	23,864,055
Apportioned and unallocated	39,178,318	15,614,368	54,792,686
Commuter rail:			
Commission	3,639,007	100,000	3,739,007
Apportioned and unallocated	14,932,072	6,089,841	21,021,913
Total Western County	69,277,813	37,015,368	106,293,181
Coachella Valley:			
SunLine Transit Agency	836,298	3,353,831	4,190,129
Apportioned and unallocated	5,598,721	3,122,364	8,721,085
Total Coachella Valley	6,435,019	6,476,195	12,911,214
Palo Verde Valley:			
Palo Verde Valley Transit Agency	84,784	137,158	221,942
Apportioned and unallocated for transit and local streets and roads	733,172	225,812	958,984
Total Palo Verde Valley	817,956	362,970	1,180,926
Unapportioned funds	12,212,325	–	12,212,325
Total transit and specialized transportation	\$ 88,743,113	\$ 43,854,533	\$ 132,597,646

Commuter rail: Restricted fund balance in the General fund represents TDA monies to be used for commuter rail operations and capital.

Planning and programming: Restricted fund balance in the General fund represents TDA monies to be used for planning and programming services.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 7. Net Position and Fund Balances, Continued

Transportation Uniform Mitigation Fee: TUMF revenues to be received by the Commission are to be used for new CETAP corridors and the regional arterial system in Western County and are restricted as follows:

CETAP: Funds for the development of new transportation corridors are used to provide congestion relief and mobility within the County and between the County and its neighboring Orange and San Bernardino counties. Funds will be matched by revenues of \$370 million generated from the 2009 Measure A.

Regional arterials: Funds for regional arterials are used to implement the planned Western County regional arterial system. Funds will be matched by revenues of \$300 million generated from the 2009 Measure A.

Prepaid amounts: Prepaid amounts are reported as nonspendable fund balance as they are in nonspendable form.

Motorist assistance: Funds in the Service Authority for Freeway Emergencies and Freeway Service Patrol Special Revenue funds, which are reported as nonmajor governmental funds, of \$6,126,940 and \$828,349, respectively, to assist motorists on County roads are restricted as stipulated by the State.

General government: Funds allocated by Measure A, TUMF, LTF, and motorist assistance programs to the General Fund have been assigned by the Commission for general government administration.

Note 8. Commitments and Contingencies

Operating lease: The Commission has entered into an operating lease agreement for office facilities. The term of the lease is for a period of ten years expiring on October 30, 2012 and may be extended for two additional five-year terms. Rental expenditures for the fiscal year ended June 30, 2012 were \$357,545.

Real property and project agreements: The Commission has entered into other agreements in the ordinary course of business with companies and other governmental agencies for the acquisition of real property as well as the engineering and construction of certain highway and commuter rail projects. These agreements, which are significant, are funded with available and future revenues and debt proceeds.

Under the 2009 Measure A, the Commission is required to provide \$153,000,000 of Measure A funding under the Western County MSHCP. Through the current year, the Commission has fulfilled approximately \$129,000,000 of the funding requirement. In March 2012, the Commission authorized a \$24,000,000 commitment to the Western Riverside County Regional Conservation Authority (RCA) to provide funding for its remaining obligation to the MSHCP for its covered activities. Under the terms of the agreement, the commitment will be paid over the next eight years at \$3,000,000 per year through December 2019. However, if, within the first two years of the agreement, the RCA has received a federal loan guarantee related to the MSHCP or its revenues have returned to 2005 levels, the Commission may modify its commitment.

Project funding advances: In January 2006, the Commission authorized the TUMF Special Revenue fund to advance \$3,114,600 to the State to replace state and federal funding for the State Route (SR) 91/Green River interchange project. During the year ended June 30, 2012, there were no additional advances to the State from the TUMF Special Revenue fund for the SR-91/Green River interchange project.

In December 2004, the Commission authorized the TUMF Special Revenue fund to advance \$13,046,000 to the State to replace state and federal funding for the SR-60 widening project from Interstate (I) 15 to Valley Way. The final agreement with the State resulted in a reduction of the Commission's commitment to \$8,881,000. During the year ended June 30, 2012, there were no additional advances to the State from the TUMF Special Revenue fund for the SR-60 widening project.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 8. Commitments and Contingencies, Continued

Cumulative advances as of June 30, 2012 for the SR-91/Green River interchange and SR-60 widening projects were \$3,114,600 and \$8,640,939, respectively. The advances are to be repaid in the form of a commitment of future State funding on TUMF projects; in various actions since 2006, the Commission approved programming the County's share of State funding to the SR-91/Van Buren interchange, a TUMF project, and the future State funding commitment to the 60/215 East Junction high occupancy vehicle lane connectors project. The California Transportation Commission (CTC) allocated the funds for the SR-91/Van Buren interchange and the 60/215 East Junction projects in October 2009 and May 2010, respectively.

Litigation: Certain claims involving disputed construction costs have arisen in the ordinary course of business. Additionally, the Commission is a defendant in lawsuits. Although the outcome of these matters is not presently determinable, management does not expect that the resolution of these matters will have a material adverse impact on the financial condition of the Commission.

Note 9. Joint Agreements

Joint venture: The Commission is one of five members of the SCRRA, an independent joint powers authority created in June 1992. The SCRRA's board consists of one member from the Ventura County Transportation Commission; two each from the Orange County Transportation Authority (OCTA), the San Bernardino Associated Governments, and the Commission; and four members from the Los Angeles County Metropolitan Transportation Authority. The SCRRA is responsible for implementing and operating a regional commuter rail system (Metrolink) in five southern California counties. As a member of SCRRA, the Commission makes capital and operating contributions for its pro rata share of rail lines servicing the County. The Commission expended \$16,805,333 during 2012 for its share of Metrolink capital and operating costs. As of June 30, 2012, cumulative capital contributions were \$42,305,908. Other funds for rail service are contributed to the SCRRA by the State from state rail bonds on behalf of the Commission. Separate financial statements are prepared by and available from the SCRRA, which is located at One Gateway Plaza, 12th Floor, Los Angeles, California 90012.

Cooperative agreement: In May 2006 the Commission entered into a cooperative agreement, Riverside Orange Corridor Authority, with OCTA and the Transportation Corridor Agencies to jointly exercise the common powers of the parties to manage geotechnical studies regarding the Riverside Orange Corridor. The Commission is the recipient and administering entity of federal and state funds as may be necessary to accomplish this work, and the three agencies will share in meeting the local agency matching requirements. As of June 30, 2012, the Commission was not required to make any contributions.

Note 10. Employees' Pension Plans and Subsequent Events

Public Employees' Retirement System: The Commission contracts with the State of California Public Employees' Retirement System (PERS) to provide its employees retirement as well as death and retirement disability benefits, which are paid by the PERS under a cost sharing multiple-employer plan. Copies of the PERS' annual financial report may be obtained from its executive office located at 400 P Street, Sacramento, California 95814, or by visiting the PERS website at www.calpers.ca.gov.

Through the June 30, 2003 valuation, the PERS plan was an agent multiple-employer retirement plan. Effective July 1, 2003, due to the Commission having less than 100 active members, the Commission's PERS plan was converted from an agent multiple-employer plan (former plan) to a cost sharing multiple-employer plan. The former plan is an aggregation of single employer plans, where separate accounts are maintained for each employer and contributions by the employer benefit only the employees of the employer. Under this plan, separate actuarial valuations are performed for each employer, and the results are attributed to and accounted for by the employer. The cost sharing multiple-employer plan is a pooling arrangement whereby risks, rewards, and benefit costs are shared and not attributed individually to any single employer. Periodic employer pension expense can be significantly different between the plan types. The change to the pooling arrangement was initially effective for the Commission's required contribution rate during the fiscal year ended June 30, 2006.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 10. Employees' Pension Plans and Subsequent Events, Continued

At the time of joining the risk pool under the cost-sharing multiple-employer plan, a side fund (the amount that the Commission would owe PERS if it exited the plan) was created to account for the difference between the funded status of the pool and the funded status of the Commission's plan. As of the June 30, 2010 valuation (most current valuation available), the estimated amount of the side fund liability was \$1,629,459.

All permanent Commission employees are eligible to participate in PERS. Employees attaining the age of 55 with five years of credited California service (service) are eligible for normal retirement and are entitled to a monthly benefit of 2.7% of their final compensation for each year of service. Final compensation is defined as the highest annual salary earned. Retirement may begin at age 50 with a reduced benefit rate. The plan also credits employees for unused sick leave. Upon separation from the plan prior to retirement, members' accumulated contributions are refundable with interest credited through the date of separation.

The Commission pays the employees' required contribution of 8% of regular earnings. New employees hired after November 28, 2002 are responsible for 1% of the 8% required contribution. The Commission is required to contribute the remaining amounts necessary to fund the benefits of its members, using the actuarially determined rate, which was 22.368% for the fiscal year ended June 30, 2012.

Three-year trend information for PERS:

Fiscal Year Ended June 30	Annual Required Contribution (ARC)	Percentage of ARC Contributed	Net Pension Obligation
2012	\$ 994,806	100%	\$ -
2011	1,016,336	100%	-
2010	807,367	100%	-

In September 2012, the Governor signed Assembly Bill 340, the California Public Employees' Pension Reform Act of 2013 (PEPRA), which impacts most California retirement systems, including PERS effective January 1, 2013. The pension reform measure include equal sharing of the annual normal cost of benefits, required reduced retirement formulas and increased retirement ages, limitations on pensionable compensation, anti-spiking provisions, limitations on post-retirement employment, forfeiture of pension benefits upon the conviction of certain felonies, equal health benefits, and prohibition of pension funding holidays. While some of these pension reform measures will apply to all employees, most will only apply to new members.

The Commission has not taken any actions related to the implementation of PEPRA or determined the effects, if any, of its implementation.

401(a) plan: The Commission offers its employees a 401(a) defined contribution plan referred to as the Money Purchase Plan & Trust (Plan), which covers all permanent full-time employees. Employees are fully vested in the Plan after five years. The Plan, which is administered by the International City/County Management Association (ICMA), requires the Commission to make a contribution of 7.5% of the employees' earnings for the Plan year. Fiduciary responsibility and reporting of the Plan assets rests with ICMA. The Commission has the authority to amend the contribution requirements. Total payroll for covered employees for the current year was \$3,627,418. The Commission's contributions to the Plan were \$270,578 for the year ended June 30, 2012.

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 11. Other Postemployment Benefits (OPEB)

Plan information: Per Resolution of the Board, the Commission provides postretirement health benefits for eligible retirees and their dependents at retirement. For employees hired on or after January 1, 2007, retirees must have a minimum of 10 years of PERS service and no less than five years of Commission service in order to receive postretirement health benefits in accordance with PERS as per Government Code Section 22893. For employees hired prior to January 1, 2007, retirees are not required to meet the eligibility criteria and may receive postretirement health benefits at the monthly health benefit rate paid for active employees, which is currently at \$600. The Commission's contributions toward premiums for retiree health insurance are coordinated with Medicare and other benefits provided by federal and state law, when available, to the extent it reduces the cost of insurance premiums.

In June 2007 prior to the adoption of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, the Commission adopted a resolution for an election of the Commission to prefund postretirement health benefits through the California Employers' Retiree Benefit Trust (CERBT), an agent multiple-employer defined benefit health care plan administered by PERS. The System accepted the Commission's application to participate in the CERBT in September 2007. Copies of the CERBT Prefunding Plan annual financial report may be obtained from its executive office or its website.

Plan funding policy: The contribution requirements of plan members are established and may be amended by the Commission. Currently, OPEB contributions are not required from plan members.

The Commission has adopted a policy to fund 100% of the future ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the annual normal cost and the amortization of unfunded actuarial accrued liabilities (or funding excess) over a 20-year period. The Commission is required to contribute the amounts necessary to fund the benefits of its members, using the actuarially determined rate, which was 10.4% for the fiscal year ended June 30, 2012.

Annual OPEB cost: For 2012, the Commission's OPEB cost of \$397,000 was equal to the ARC. The Commission's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the preceding two years were as follows:

Fiscal Year Ended June 30	OPEB Annual Required Contribution (ARC)	Percentage of OPEB ARC Contributed	Net OPEB Obligation
2012	\$ 397,000	100%	\$ -
2011	249,000	100%	-
2010	241,000	100%	-

Funded status and funding progress: The funded status of the plan as of June 30, 2012, based on the June 30, 2011 actuarial valuation (most current valuation available), was as follows:

Actuarial accrued liability (AAL)	\$ 3,543,000
Actuarial value of plan assets	2,340,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 1,203,000</u>
Funded ratio (actuarial value of plan assets/AAL)	66.0%
Covered payroll (active plan members)	\$ 3,627,418
UAAL as a percentage of covered payroll	33.2%

Riverside County Transportation Commission
Notes to Financial Statements
June 30, 2012

Note 11. Other Postemployment Benefits (OPEB), Continued

Actuarial valuations: Actuarial valuations of an ongoing plan involve estimates of the value of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the Commission are subject to continual revision, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Commission and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Commission and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the AAL and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the June 30, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.75% investment rate of return and a 3% inflation rate assumption. The annual healthcare cost trend rate for non-Medicare eligible premiums were 9.5%; Medicare eligible premiums were 10.0%. The trend rate was reduced by decrements to an ultimate rate of 5.0% after ten years. A 3.25% annual rate of increase in future salaries is also assumed in the valuation. The Commission's UAAL will be amortized as a level percentage of projected covered payroll on a closed basis over a 20-year period.

Note 12. Measure A Conformance Requirements

Measure A requires that the sales taxes collected may only be used for transportation purposes including administration and the construction, capital acquisition, maintenance, and operation of streets, roads, highways including state highways, and public transit systems and for related purposes. These purposes include expenditures for planning, environmental reviews, engineering and design costs, and related right of way acquisition.

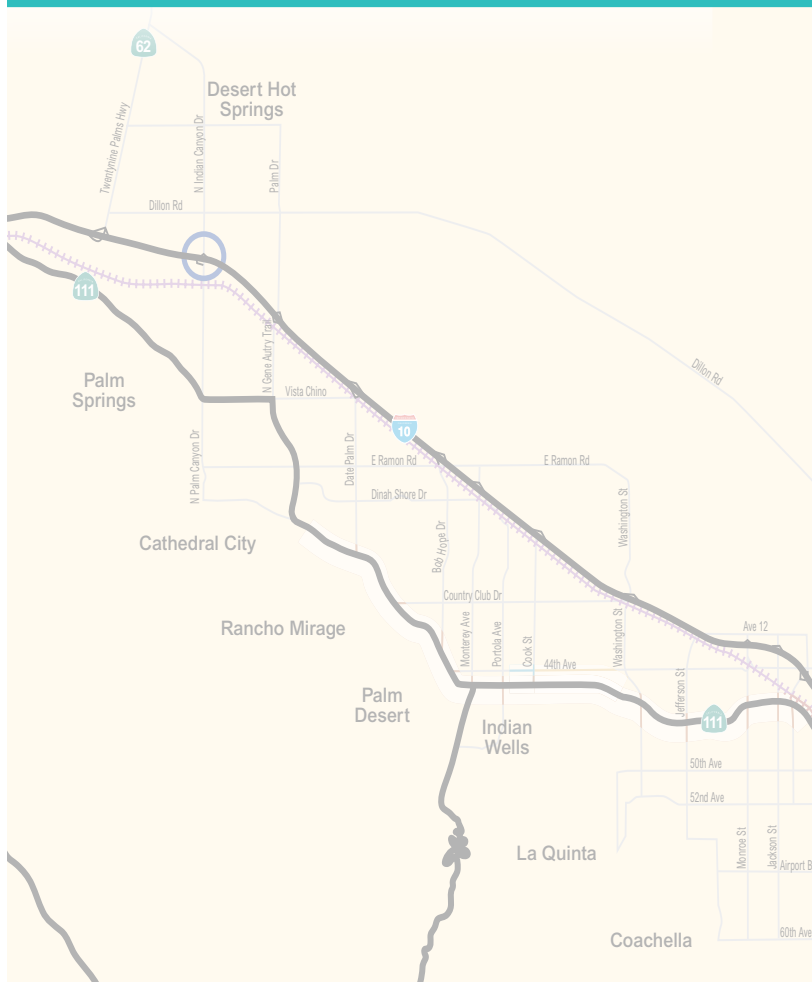
Note 13. Pronouncements Issued, Not Yet Effective

The GASB pronouncements issued prior to June 30, 2012 that have an effective date that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the Commission.

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, which is effective for periods beginning after December 15, 2011;
- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, which is effective for periods beginning after June 15, 2012;
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which is effective for periods beginning after December 15, 2011;
- GASB Statement No. 66, *Technical Correction—2012—an amendment of GASB Statements No. 10 and No. 62*, which is effective for periods beginning after December 15, 2012; and
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which is effective for periods beginning after June 15, 2014.



I-10 AT PALM BRIDGE



Required Supplementary Information

Riverside County Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended June 30, 2012

	General			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes	\$ 2,700,000	\$ 2,700,000	\$ 2,700,000	\$ -
Intergovernmental	693,500	693,500	372,574	(320,926)
Interest	66,600	66,600	55,207	(11,393)
Other	187,200	187,200	47,913	(139,287)
Total revenues	3,647,300	3,647,300	3,175,694	(471,606)
Expenditures				
Current:				
General government	4,952,000	4,821,000	4,188,591	632,409
Commuter rail	21,537,900	21,538,900	20,180,544	1,358,356
Planning and programming	7,012,300	7,428,300	3,378,765	4,049,535
Transit and specialized transportation	317,600	317,600	255,808	61,792
Total programs	33,819,800	34,105,800	28,003,708	6,102,092
Debt service:				
Principal	-	25,000	23,931	1,069
Interest	-	2,000	1,310	690
Total debt service	-	27,000	25,241	1,759
Capital outlay	210,200	110,200	67,481	42,719
Total expenditures	34,030,000	34,243,000	28,096,430	6,146,570
Excess (deficiency) of revenues over (under) expenditures	(30,382,700)	(30,595,700)	(24,920,736)	5,674,964
Other financing sources (uses)				
Transfers in	30,517,100	30,955,100	25,633,600	(5,321,500)
Transfers out	(9,200)	(9,200)	(551,991)	(542,791)
Total other financing sources (uses)	30,507,900	30,945,900	25,081,609	(5,864,291)
Net change in fund balances	\$ 125,200	\$ 350,200	160,873	\$ (189,327)
Fund balances at beginning of year			13,524,354	
Fund balances at end of year			<u>\$ 13,685,227</u>	

See notes to required supplementary information

Riverside County Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Major Special Revenue Funds

Year Ended June 30, 2012

	Measure A Western County			Measure A Coachella Valley			Transportation Uniform Mitigation Fee			Local Transportation Fund		
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues												
Sales taxes	\$ 84,667,000	\$ 91,812,000	\$ 100,382,683	\$ 8,570,683	\$ 26,529,000	\$ 28,621,000	\$ 30,999,105	\$ 2,378,105	\$ -	\$ -	\$ 66,556,673	\$ 5,556,673
Transportation Uniform Mitigation Fee	2,784,300	2,784,300	1,826,592	(957,708)	-	-	-	-	4,300,000	4,000,000	-	-
Intergovernmental	44,045,400	44,045,400	43,771,808	(273,592)	-	-	9,779	9,779	-	-	40,775	40,775
Interest	894,600	894,600	1,040,692	146,092	2,100	2,100	63,068	60,968	83,700	83,700	297,500	20,331
Other	405,200	405,200	1,274,551	869,351	-	-	-	-	-	-	-	-
Total revenues	132,796,500	139,941,500	148,296,326	8,354,826	26,531,100	28,623,100	31,071,952	2,448,852	4,383,700	4,083,700	61,297,500	5,617,779
Expenditures												
Current:												
General government	3,148,000	3,390,875	3,385,616	5,259	-	-	-	-	-	-	12,000	12,000
Bicycle and pedestrian facilities	-	-	-	-	-	-	-	-	-	-	2,830,000	1,389,567
CETAP	-	-	-	-	-	-	-	-	10,697,000	5,865,000	-	-
Commuter assistance	4,096,400	4,096,400	3,157,480	938,920	-	-	-	-	-	-	-	-
Commuter rail	37,355,400	37,376,540	19,690,126	17,686,414	-	-	-	-	-	-	-	-
Highways	145,350,300	126,519,160	101,986,264	24,532,896	15,029,600	16,076,600	9,063,238	7,013,362	-	-	-	-
Local streets and roads	23,987,600	28,375,684	28,375,684	-	8,612,600	10,849,687	10,849,687	-	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-	-	-	425,300	534,800
Regional artials	-	125	124	1	-	-	-	-	39,083,600	20,015,600	-	-
Transit and specialized transportation	5,023,300	5,005,300	4,514,415	490,885	4,346,800	4,346,800	4,258,542	88,258	-	-	54,620,000	14,430,250
Total programs	218,961,000	204,764,084	161,109,709	43,654,375	27,989,000	31,273,087	24,171,467	7,101,620	49,780,600	25,880,600	57,996,800	42,126,072
Capital outlay	265,000	275,000	142,235	132,765	-	-	-	-	-	-	-	-
Total expenditures	219,226,000	205,039,084	161,251,944	43,787,140	27,989,000	31,273,087	24,171,467	7,101,620	49,780,600	25,880,600	57,996,800	42,126,072
Excess (deficiency) of revenues over (under) expenditures	(86,429,500)	(65,097,584)	(12,955,618)	52,141,966	(1,457,900)	(2,649,987)	6,900,485	9,550,472	(45,396,900)	(21,796,900)	3,300,700	21,488,507
Other financing sources (uses)												
Transfers in	89,374,300	89,474,300	39,365,296	(50,109,004)	-	-	284,101	284,101	20,000,000	20,000,000	-	-
Transfers out	(35,678,600)	(49,893,688)	(44,771,375)	5,122,313	(2,869,200)	(920,800)	-	920,800	(27,619,900)	(1,829,900)	(17,877,900)	(14,910,457)
Total other financing sources (uses)	53,695,700	39,580,612	(5,406,079)	(44,986,691)	(2,869,200)	(920,800)	284,101	1,204,901	(7,619,900)	18,170,100	(17,439,900)	(14,910,457)
Net change in fund balances	\$ (32,733,800)	\$ (25,516,972)	(18,361,697)	\$ 7,155,275	\$ (4,327,100)	\$ (3,570,787)	7,184,586	\$ 10,755,373	\$ (63,016,800)	\$ (3,626,800)	\$ (14,577,200)	\$ 24,455,950
Fund balances at beginning of year			258,599,521				10,162,008				73,294,737	82,210,219
Fund balances at end of year			\$ 240,237,824				\$ 17,346,594				\$ 73,224,071	\$ 92,088,969

Riverside County Transportation Commission
Schedule of Funding Progress for Postretirement Health Care

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)- Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2011	\$ 2,340,000	\$ 3,543,000	\$ 1,203,000	66.0%	\$ 3,791,900	31.7%
January 1, 2009	1,583,000	2,145,000	562,000	73.8%	3,805,596	14.8%
June 30, 2007	-	1,794,000	1,794,000	0.0%	2,396,757	74.9%

See notes to required supplementary information

Riverside County Transportation Commission
Notes to Required Supplementary Information
June 30, 2012

Budgetary Data

In February of each year, department heads begin the process of compiling budget data for the upcoming fiscal year. Budget numbers along with supporting documentation are provided to the Chief Financial Officer by March 15. That budget data is compiled and presented to the Executive Director for review and approval and is submitted to the Budget and Implementation Committee at its April meeting. After review by the Budget and Implementation Committee, the proposed budget is scheduled for preliminary review and comment as well as public hearing at the Commission's May meeting. The final budget for the new fiscal year is then adopted by motion of the Board of Commissioners (Board) no later than June 15 of the current year. This appropriated budget covers substantially all Commission expenditures by financial responsibility unit [e.g., General fund and Measure A (for each of the three county areas), Local Transportation Fund, and Transportation Uniform Mitigation Fee special revenue funds] by fund. All appropriated amounts are as originally adopted or as amended by the Commission. Unexpended appropriations lapse at year-end. All budgets are adopted on a basis consistent with generally accepted accounting principles.

As adopted by the Board, expenditure activities of the funds with adopted budgets are controlled at the budgetary unit, which is the financial responsibility level, for each function (i.e., administration, programs, intergovernmental distributions, and capital outlay). These functions provide the legal level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount). Management has the discretion to transfer the budgeted amounts within the financial responsibility unit according to function. Supplemental budget appropriations were necessary during the year.

Funding Progress for Postretirement Health Benefits

The schedule of funding progress presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. The Commission obtains an actuarial valuation on a biennial basis. The most recent actuarial valuation performed was as of June 30, 2011.



JURUPA GRADE SEPARATION



Other Supplementary Information

Riverside County Transportation Commission

Nonmajor Governmental Funds Description

Special Revenue Funds

Measure A Palo Verde Valley: This fund is used to account for the revenues from sales taxes which are restricted to expenditures for Palo Verde Valley programs and activities.

Freeway Service Patrol: This fund is used to record the revenues received from state funds for the purpose of implementing a freeway service patrol for motorists.

Service Authority for Freeway Emergencies: This fund is used to record the revenues received from Department of Motor Vehicle user registration fees for the purpose of implementing an emergency call box system for motorists.

State Transit Assistance: This fund is used to account for revenues from sales taxes on gasoline restricted for transit projects.

Riverside County Transportation Commission
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2012

	Special Revenue				
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies	State Transit Assistance	Total Nonmajor Governmental Funds
Assets					
Cash and investments	\$ 556	\$ 469,499	\$ 5,859,437	\$ 40,883,542	\$ 47,213,034
Receivables:					
Accounts	178,165	1,041,680	643,342	3,414,503	5,277,690
Advances	-	-	300,000	-	300,000
Interest	-	227	5,579	43,487	49,293
Prepaid expenditures and other assets	-	16	114	-	130
Total assets	\$ 178,721	\$ 1,511,422	\$ 6,808,472	\$ 44,341,532	\$ 52,840,147
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 138,797	\$ 259,049	\$ 191,680	\$ 486,999	\$ 1,076,525
Advances payable	-	300,000	-	-	300,000
Due to other funds	39,368	124,004	189,738	-	353,110
Other liabilities	-	4	-	-	4
Total liabilities	178,165	683,057	381,418	486,999	1,729,639
Fund balances:					
Nonspendable-prepaid amounts	-	16	114	-	130
Restricted for:					
Local streets and roads	556	-	-	-	556
Motorist assistance	-	828,349	6,426,940	-	7,255,289
Transit and specialized transportation	-	-	-	43,854,533	43,854,533
Total fund balances	556	828,365	6,427,054	43,854,533	51,110,508
Total liabilities and fund balances	\$ 178,721	\$ 1,511,422	\$ 6,808,472	\$ 44,341,532	\$ 52,840,147

Riverside County Transportation Commission
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	Special Revenue				Total Nonmajor Governmental Funds
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies	State Transit Assistance	
Revenues					
Sales taxes	\$ 902,519	\$ -	\$ -	\$ 13,487,458	\$ 14,389,977
Intergovernmental	-	2,002,759	2,213,628	-	4,216,387
Interest	-	1,593	25,610	191,703	218,906
Other	-	885	106,846	-	107,731
Total revenues	902,519	2,005,237	2,346,084	13,679,161	18,933,001
Expenditures					
Current:					
Local streets and roads	902,519	-	-	-	902,519
Motorist assistance	-	2,458,165	1,388,080	-	3,846,245
Transit and specialized transportation	-	-	-	2,003,257	2,003,257
Total expenditures	902,519	2,458,165	1,388,080	2,003,257	6,752,021
Excess (deficiency) of revenues over (under) expenditures	-	(452,928)	958,004	11,675,904	12,180,980
Other financing sources (uses):					
Transfers in	-	800,000	-	-	800,000
Transfers out	-	(116,080)	(980,515)	-	(1,096,595)
Total other financing sources (uses)	-	683,920	(980,515)	-	(296,595)
Net change in fund balances	-	230,992	(22,511)	11,675,904	11,884,385
Fund balances at beginning of year	556	597,373	6,449,565	32,178,629	39,226,123
Fund balances at end of year	\$ 556	\$ 828,365	\$ 6,427,054	\$ 43,854,533	\$ 51,110,508

Riverside County Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual—Nonmajor Special Revenue Funds

Year Ended June 30, 2012

	Measure A Palo Verde Valley				Freeway Service Patrol				Service Authority for Freeway Emergencies				State Transit Assistance			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues																
Sales taxes	\$804,000	\$ 867,000	\$902,519	\$ 35,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,537,000	\$ 9,537,000	\$ 13,487,458	\$ 3,950,458
Intergovernmental	-	-	-	-	2,203,100	2,203,100	2,002,759	(200,341)	1,710,000	1,810,000	2,213,628	403,628	-	-	-	-
Interest	200	200	-	(200)	3,200	3,200	1,593	(1,607)	23,800	23,800	25,610	1,810	102,000	102,000	191,703	89,703
Other	-	-	-	-	600	600	885	285	15,000	15,000	106,846	91,846	-	-	-	-
Total revenues	804,200	867,200	902,519	35,319	2,206,900	2,206,900	2,005,237	(201,663)	1,748,800	1,848,800	2,346,084	497,284	9,639,000	9,639,000	13,679,161	4,040,161
Expenditures																
Current:																
Local streets and roads	567,800	902,519	902,519	-	-	-	-	-	-	-	-	-	-	-	-	-
Motorist assistance	-	-	-	-	3,045,900	3,047,900	2,458,165	589,735	2,117,700	2,115,700	1,388,080	727,620	-	-	-	-
Transit and specialized transportation	-	-	-	-	-	-	-	-	-	-	-	-	20,305,800	19,467,800	2,003,257	17,464,543
Total expenditures	567,800	902,519	902,519	-	3,045,900	3,047,900	2,458,165	589,735	2,117,700	2,115,700	1,388,080	727,620	20,305,800	19,467,800	2,003,257	17,464,543
Excess (deficiency) of revenues over (under) expenditures	236,400	(35,319)	-	35,319	(839,000)	(841,000)	(452,928)	388,072	(368,900)	(266,900)	958,004	1,224,904	(10,666,800)	(9,828,800)	11,675,904	21,504,704
Other financing sources (uses)																
Transfers in	-	-	-	-	1,150,000	1,150,000	800,000	(350,000)	-	-	-	-	-	-	-	-
Transfers out	(236,200)	-	-	-	(176,300)	(133,300)	(116,080)	17,220	(938,000)	(981,000)	(980,515)	485	-	(938,000)	-	938,000
Total other financing sources (uses)	(236,200)	-	-	-	973,700	1,016,700	683,920	(332,780)	(938,000)	(981,000)	(980,515)	485	-	(938,000)	-	938,000
Net change in fund balances	\$ 200	\$ (35,319)	-	\$ 35,319	\$ 134,700	\$ 175,700	230,992	\$ 55,292	\$ (1,306,900)	\$ (1,247,900)	(22,511)	\$ 1,225,389	\$ (10,666,800)	\$ (10,766,800)	11,675,904	\$ 22,442,704
Fund balances at beginning of year	556	556	556	556	597,373	597,373	597,373	597,373	6,449,565	6,449,565	6,449,565	6,449,565	32,178,629	32,178,629	32,178,629	32,178,629
Fund balances at end of year	\$ 756	\$ 520	\$ 556	\$ 591	\$ 732,073	\$ 773,073	\$ 895,365	\$ 1,194,665	\$ 5,142,665	\$ 5,201,665	\$ 6,472,080	\$ 7,674,954	\$ 21,504,000	\$ 21,432,000	\$ 43,854,533	\$ 54,621,333

Riverside County Transportation Commission
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual—Capital Projects and Debt Service Funds

Year Ended June 30, 2012

	Capital Projects Funds						Debt Service Fund			
	Commercial Paper			Sales Tax Bonds			Original Budget		Final Budget	
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget
Revenues										
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	156,600	156,600	2,056,240	1,899,640	12,200	12,200	74,283	62,083	181,700	181,700
Total revenues	156,600	156,600	2,056,240	1,899,640	12,200	12,200	74,283	62,083	181,700	181,700
Expenditures										
Current	-	-	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-	-	-
Total programs	-	-	-	-	-	-	-	-	-	-
Debt service:										
Principal	-	40,000,000	40,000,000	-	-	-	-	-	6,500,000	6,500,000
Interest	225,000	225,000	3,803	221,197	-	-	-	-	13,470,000	16,270,000
Total debt service	225,000	40,225,000	40,003,803	221,197	-	-	-	-	19,970,000	22,770,000
Total expenditures	225,000	40,225,000	40,003,803	221,197	6,900,000	6,900,000	-	(6,900,000)	19,970,000	22,770,000
Excess (deficiency) of revenues over (under) expenditures	(68,400)	(40,068,400)	(37,947,563)	2,120,837	(6,887,800)	(6,887,800)	74,283	6,962,083	(19,788,300)	(22,588,300)
Other financing sources (uses)										
Debt issuance	38,000,000	38,000,000	40,000,000	2,000,000	-	-	-	-	-	-
Transfers in	-	-	3,803	3,803	6,442,700	6,442,700	19,173,483	12,730,783	21,717,000	20,957,488
Transfers out	(35,843,000)	(34,876,000)	(4,139,678)	30,736,322	(37,856,000)	(38,823,000)	(38,822,463)	537	(9,696,800)	(22,896,800)
Total other financing sources (uses)	2,157,000	3,124,000	35,864,125	32,740,125	(31,413,300)	(32,380,300)	(19,648,980)	12,731,320	12,020,200	(1,739,312)
Net change in fund balances	\$ 2,088,600	\$ (36,944,400)	(2,083,438)	\$ 34,860,962	\$ (38,301,100)	\$ (39,268,100)	(19,574,697)	\$ 19,693,403	\$ (7,768,100)	\$ (24,327,612)
Fund balances at beginning of year			33,227,032				25,226,581			
Fund balances at end of year			\$ 31,143,594				\$ 5,651,884			

Riverside County Transportation Commission
Schedule of Expenditures for Local Streets and Roads
by Geographic Area - All Special Revenue Funds

Year Ended June 30, 2012

Western County:	
City of Banning	\$ 434,582
City of Calimesa	123,095
City of Canyon Lake	138,252
City of Corona	3,004,144
City of Eastvale	697,065
City of Hemet	1,326,464
City of Jurupa Valley	1,457,782
City of Lake Elsinore	915,846
City of Menifee	1,149,287
City of Moreno Valley	2,895,749
City of Murrieta	1,698,116
City of Norco	493,441
City of Perris	1,094,103
City of Riverside	5,462,802
City of San Jacinto	633,208
City of Temecula	2,247,401
City of Wildomar	450,069
Riverside County	4,154,278
	<u>28,375,684</u>
Coachella Valley:	
City of Cathedral City	1,153,591
City of Coachella	520,219
City of Desert Hot Springs	377,729
City of Indian Wells	202,040
City of Indio	1,360,448
City of Palm Desert	2,235,656
City of Palm Springs	1,685,641
City of Rancho Mirage	750,959
Riverside County	1,300,439
Coachella Valley Association of Governments	1,262,965
	<u>10,849,687</u>
Palo Verde Valley:	
City of Blythe	731,196
Riverside County	171,323
	<u>902,519</u>
Total local streets and roads expenditures	<u>\$ 40,127,890</u>

Riverside County Transportation Commission
Schedule of Expenditures for Transit and Specialized Transportation
by Geographic Area and Source - All Special Revenue Funds
Year Ended June 30, 2012

	Sales Taxes			Total
	Measure A	Local Transportation Fund	State Transit Assistance	
Western County:				
Blindness Support Services, Inc.	\$ 72,562	\$ -	\$ -	\$ 72,562
Boys and Girls Club of Southwest County	222,085	-	-	222,085
CASA for Riverside County	57,160	-	-	57,160
Care-A-Van	335,793	-	-	335,793
Care Connexus	224,482	-	-	224,482
City of Banning	-	1,130,537	196,790	1,327,327
City of Beaumont	-	1,260,000	524,307	1,784,307
City of Corona	-	1,494,077	-	1,494,077
City of Norco	67,200	-	-	67,200
City of Riverside	-	2,563,017	-	2,563,017
City of Wildomar	8,317	-	-	8,317
Community Connect	161,654	-	-	161,654
Friends of the Moreno Valley Senior Citizens	59,529	-	-	59,529
Independent Living Partnership	546,111	-	-	546,111
Inland Aids Project	76,177	-	-	76,177
Operation Safe House	18,700	-	-	18,700
Peppermint Ridge	6,767	-	-	6,767
Riverside Transit Agency	2,434,235	22,714,397	639,145	25,787,777
Other	223,643	-	-	223,643
	4,514,415	29,162,028	1,360,242	35,036,685
Coachella Valley:				
SunLine Transit Agency	4,256,881	10,258,596	475,679	14,991,156
Other	1,661	-	-	1,661
	4,258,542	10,258,596	475,679	14,992,817
Palo Verde Valley:				
Palo Verde Valley Transit Agency	-	769,126	167,336	936,462
	-	769,126	167,336	936,462
Total transit and specialized transportation expenditures	\$ 8,772,957	\$ 40,189,750	\$ 2,003,257	\$ 50,965,964



60/215 Interchange



91 HOV/14TH STREET BRIDGE

STATISTICAL SECTION



RIVERSIDE COUNTY TRANSPORTATION COMMISSION STATISTICAL SECTION OVERVIEW

This part of the Riverside County Transportation Commission's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission's overall financial health.

Financial Trends: These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. The schedules include:

- Net Assets By Component
- Changes in Net Position
- Fund Balances of Governmental Funds
- Changes in Fund Balances of Governmental Funds

Revenue Capacity: These schedules contain information to help the reader assess the government's most significant local revenue source, the Measure A sales tax. These schedules include:

- Sources of County of Riverside Taxable Sales by Business Type
- Direct and Overlapping Sales Tax Rates
- Principal Taxable Sales Generation by City
- Measure A Sales Tax Revenues by Program and Geographic Area
- Measure A Sales Tax by Economic Category

Debt Capacity: These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future. These schedules include:

- Pledged Revenue Coverage
- Ratios of Outstanding Debt by Type
- Computation of Legal Debt Margin

Demographic and Economic Information: These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place. These schedules include:

- Demographic and Economic Statistics for the County of Riverside
- Employment Statistics by Industry for the County of Riverside

Operating Information: These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs. These schedules include:

- Full-time Equivalent Employees by Function/Program
- Operating Indicators
- Capital Asset Statistics by Program



215 at Clinton Keith

Riverside County Transportation Commission

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
Net investment in capital assets	\$ 327,277,502	\$ 341,912,094	\$ 294,219,263	\$ 266,647,382	\$ 207,478,034	\$ 147,874,291	\$ 137,129,082	\$ 133,225,528	\$ 104,716,712	\$ 128,247,454
Restricted	572,183,941	587,093,179	549,781,414	505,474,075	521,711,172	531,154,177	442,129,220	325,504,623	232,719,198	154,913,051
Unrestricted	(215,929,362)	(293,145,251)	(229,888,408)	(205,658,986)	(149,004,964)	(118,675,049)	(102,074,881)	(124,274,292)	(121,829,477)	(174,443,946)
Total governmental activities net position	\$ 683,532,081	\$ 635,864,022	\$ 614,111,269	\$ 566,462,471	\$ 580,184,242	\$ 560,353,419	\$ 477,183,421	\$ 334,455,859	\$ 215,606,433	\$ 108,716,559

Source: Finance Department

¹ Beginning net position in 2003 was restated as a result of corrections to capital assets and revenue recognition, resulting in a net decrease of \$20,492,947. Additionally, certain components of beginning net position were reclassified to conform to the presentation in the 2003 financial statements. Prior year amounts in this presentation have not been revised to reflect these changes.

² The Local Transportation Fund, previously reported as a fiduciary fund, was reclassified as a special revenue fund in the 2004 financial statements, resulting in an increase to beginning net position of \$34,295,645. Additionally, certain components of beginning net position were reclassified to conform to the presentation in the 2004 financial statements. Prior year amounts in this presentation have not been revised to reflect these changes.

³ The beginning balance of net investment in capital assets was restated due to a correction in the accounting for certain rail capital assets in the 2005 financial statements, resulting in an increase of \$19,283,259. Prior year amounts in this presentation have not been revised to reflect these changes.

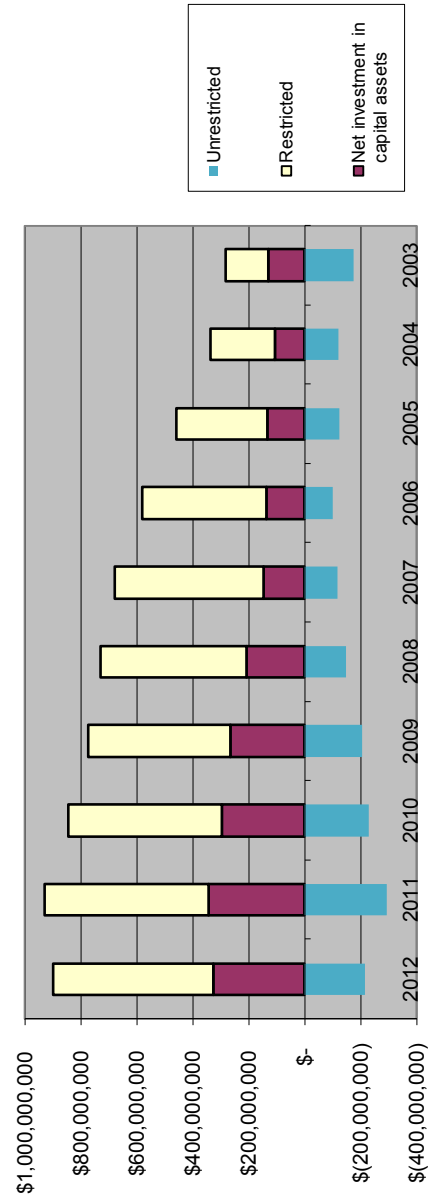
⁴ Net investment in capital assets increased in 2008 primarily as a result of right of way purchases related to the Mid County Parkway project.

⁵ Net investment in capital assets increased in 2009 primarily as a result of right of way purchases related to the Mid County Parkway project, the planning and development of toll projects, and the construction of a multimodal transit facility and a commuter rail station parking structure.

⁶ Net investment in capital assets increased in 2010 primarily as a result of the planning and development of toll projects and the completion of construction of the Perris Transit Center and North Main Corona station parking structure.

⁷ Net investment in capital assets increased in 2011 primarily as a result of the planning and development of toll projects and right of way acquisition for the SR-91 corridor improvement and Perris Valley Line extension projects.

Net Position by Component



Riverside County Transportation Commission

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis)

	Fiscal Year Ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Expenses										
Governmental activities:										
General government	\$ 7,780,478	\$ 8,453,876	\$ 7,024,517	\$ 5,525,963	\$ 5,299,048	\$ 5,592,637	\$ 4,848,292	\$ 4,115,907	\$ 3,909,942	\$ 4,307,544
Bicycle and pedestrian projects	1,389,567	1,940,499	317,048	2,747,151	1,436,710	760,840	848,959	1,021,637	927,138	-
CETAP	4,464,387	5,490,993	2,362,393	4,832,008	8,017,024	5,433,499	3,549,683	4,147,758	608,882	-
Commuter assistance	3,193,172	2,868,630	3,266,834	5,199,032	3,464,834	3,122,306	2,888,451	2,599,448	2,959,732	2,318,033
Commuter rail	21,480,248	27,792,375	20,544,634	16,038,028	14,832,473	12,458,895	11,350,220	8,907,828	8,702,803	5,659,863
Highways	72,341,578	40,113,092	24,828,958	143,532,009	59,988,334	42,436,979	36,226,705	35,362,793	35,456,330	29,812,083
Local streets and roads	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	60,099,526	60,389,876	53,333,169	46,208,968	40,256,464
Motorist assistance	3,846,245	3,530,695	2,987,136	2,623,184	3,983,252	2,408,612	2,280,646	2,191,061	1,978,380	1,843,017
Planning and programming	3,924,413	4,683,272	5,321,121	10,126,142	7,931,869	6,561,185	5,976,647	4,328,038	4,287,696	2,978,044
Right of way management	-	1,270,487	1,428,066	1,399,316	551,960	631,996	622,498	580,224	338,353	154,582
Regional arterials	5,816,666	29,362,894	26,371,339	31,131,731	30,756,287	17,164,803	17,621,505	13,996,300	13,996,300	8,428,021
Transit and specialized transportation	51,221,772	44,699,650	43,820,225	77,417,741	83,927,945	75,567,829	62,527,276	55,905,814	53,411,921	9,913,504
Interest expense	15,221,031	11,799,586	7,099,038	9,515,282	6,281,232	6,881,128	7,832,733	8,348,928	11,736,129	10,381,790
Total governmental activities expenses	230,807,447	218,862,974	179,629,622	345,565,541	281,366,527	252,711,719	216,506,789	198,464,110	184,522,574	116,052,945
Program Revenues										
Governmental activities:										
Charges for services										
Commuter assistance	-	-	-	-	-	-	-	-	573,864	948,532
Commuter rail	145,735	-	-	2,525,314	352,826	463	382	2,564	146,349	394,924
Right of way management	-	184,010	196,527	421,738	507,298	497,656	445,313	547,075	395,305	213,311
Highways	-	-	-	-	-	-	50	-	-	-
Motorist assistance	-	-	-	19,778	-	-	-	-	-	-
Other	-	27,681	-	46	2,331	2,367	26,273	24,972	55,255	4,498
Operating grants and contributions	54,641,955	39,886,648	23,130,456	90,280,426	28,391,787	47,313,916	90,389,018	72,202,430	61,412,882	10,489,860
Capital grants and contributions	5,228,621	9,199,268	12,257,099	25,321,886	9,742,280	620,292	997,362	877,665	1,183,922	21,190,027
Total governmental activities program revenues	60,016,311	49,297,607	35,584,082	118,569,188	38,996,522	48,434,694	91,858,398	73,654,706	63,767,577	33,241,152
Net Revenues (Expenses)										
Governmental activities	(170,791,136)	(169,565,367)	(144,045,540)	(226,996,353)	(242,370,005)	(204,277,025)	(124,648,391)	(124,809,404)	(120,754,997)	(82,811,793)
General Revenues										
Governmental activities:										
Measure A sales taxes	134,984,307	123,439,833	114,526,254	119,688,289	142,537,548	154,539,723	157,236,314	138,921,247	120,564,890	105,782,595
Transportation Development Act sales taxes	80,044,131	60,772,795	69,499,841	77,920,485	93,042,150	104,160,163	90,927,244	77,818,565	69,133,102	7,488,638
Unrestricted investment earnings	4,196,452	4,411,122	5,987,921	14,211,197	25,055,456	23,897,399	11,639,575	5,146,325	3,115,232	4,932,021
Other miscellaneous revenue	1,287,981	2,694,370	1,680,322	1,454,611	1,565,674	1,571,716	1,698,024	2,366,380	536,002	2,282,582
Gain on sale of capital assets	-	-	-	-	-	3,278,022	5,874,796	123,054	-	-
Total governmental activities general revenues	220,512,871	191,318,120	191,694,338	213,274,582	262,200,828	287,447,023	267,375,953	224,375,571	193,349,226	120,485,836
Changes in Net Position										
Governmental activities	\$ 49,721,735	\$ 21,752,753	\$ 47,648,798	\$ (13,721,771)	\$ 19,830,823	\$ 83,169,998	\$ 142,727,562	\$ 99,566,167	\$ 72,594,229	\$ 37,674,043
Source: Finance Department										

¹ The Local Transportation Fund, previously reported as a fiduciary fund, was reclassified as a special revenue fund in the 2004 financial statements, resulting in an increase in sales tax revenues as well as bicycle and pedestrian facilities and transit and specialized transportation expenditures. Prior year amounts in this presentation have not been revised to reflect these changes.

² The Transportation Uniform Mitigation Fee program was implemented in fiscal year 2004, resulting in a new revenue source for expenditures related to the CETAP and regional arterials programs.

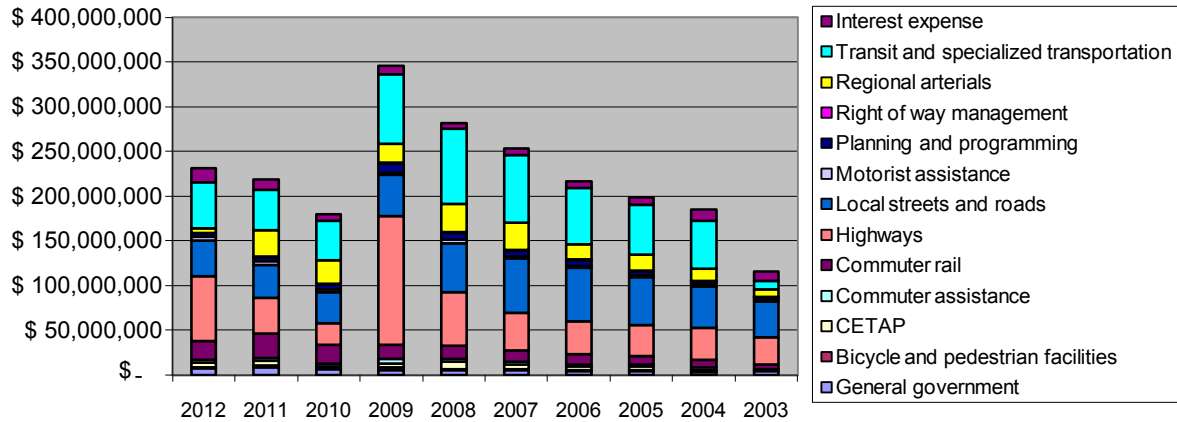
³ Right of way expenditures were classified as highways or commuter rail expenditures beginning in 2012.

⁴ In FY 2012 the Commission implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Prior year amounts in this presentation have not been revised to reflect this change.

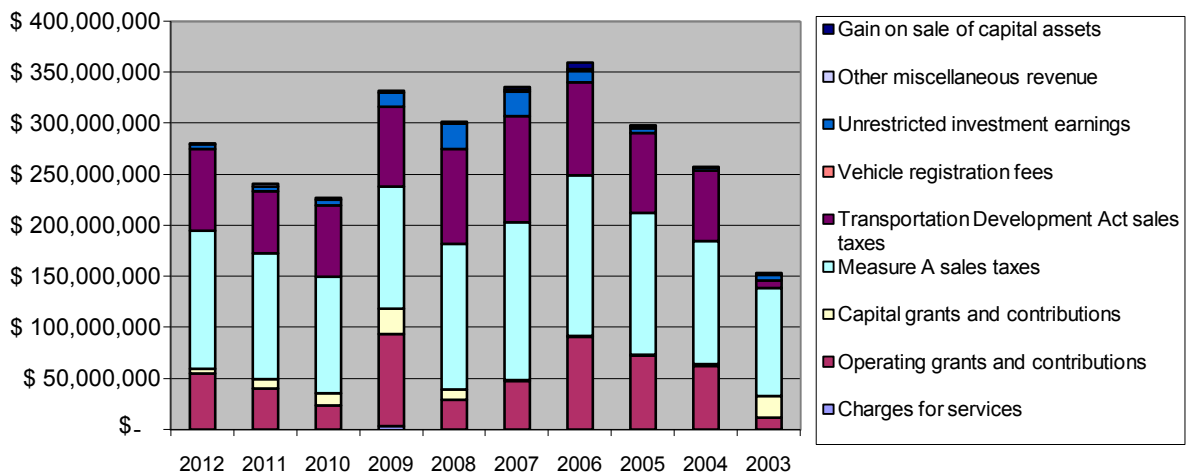
**Riverside County Transportation Commission
Changes in Net Position (Continued)**

**Last Ten Fiscal Years
(Accrual Basis)**

Expenses by Function



Revenues by Source



Riverside County Transportation Commission
Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
GENERAL FUND										
General fund:										
Nonspendable	\$ 157,957	\$ 143,397	\$ 253,819							
Restricted	8,114,440	7,110,013	7,266,584 ²							
Committed	-	-	1,606,976 ²							
Assigned	5,412,830	6,270,944	4,134,059 ²							
Total general fund	<u>\$ 13,685,227</u>	<u>\$ 13,524,354</u>	<u>\$ 13,261,438</u>							
General fund:										
Reserved				\$ 6,756,708	\$ 6,886,986	\$ 7,070,115	\$ 7,215,579	\$ 6,304,837	\$ 5,821,023	\$ 5,001,493
Unreserved				3,348,711	3,238,251	2,877,923	2,014,480	2,215,643	1,531,151	756,299
Total general fund				<u>\$ 10,105,419</u>	<u>\$ 10,125,237</u>	<u>\$ 9,948,038</u>	<u>\$ 9,230,059</u>	<u>\$ 8,520,480</u>	<u>\$ 7,352,174</u>	<u>\$ 5,757,792</u>
ALL OTHER GOVERNMENTAL FUNDS										
All other governmental funds:										
Nonspendable	\$ 1,481,019	\$ 5,389,775	\$ 2,554,136							
Restricted	560,412,373	570,450,515	535,752,354 ²							
Total all other governmental funds	<u>\$ 561,893,392</u>	<u>\$ 575,840,290</u>	<u>\$ 538,306,490</u>							
All other governmental funds:										
Reserved				\$ 487,425,652	\$ 520,874,648	\$ 533,276,158	\$ 438,453,362	\$ 323,219,025	\$ 233,973,154	\$ 149,911,558
Unreserved, reported in:										
Special revenue funds		8,289,036	7,297,744			6,936,417	5,745,792	4,895,792	4,049,038	3,225,168
Capital projects funds		(49,576,636)	(7,253,535)			-	-	-	-	-
Total all other governmental funds		<u>\$ 446,138,052</u>	<u>\$ 520,918,857</u>	<u>\$ 487,425,652</u>	<u>\$ 520,874,648</u>	<u>\$ 540,212,575</u>	<u>\$ 444,199,154</u>	<u>\$ 328,114,817</u>	<u>\$ 238,022,192 ¹</u>	<u>\$ 153,136,726</u>

Source: Finance Department

¹ The Local Transportation Fund, previously reported as a fiduciary fund, was reclassified as a special revenue fund in the 2004 financial statements, resulting in an increase to beginning fund balance of \$34,295,645.

² In FY 2010 the Commission implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Prior year amounts in this presentation have not been revised to reflect this change.

Riverside County Transportation Commission
Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis)

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Sales taxes	\$ 215,028,438	\$ 184,212,628	\$184,026,095	\$197,608,774	\$ 235,579,698	\$ 258,699,886	\$248,163,558	\$216,739,812	\$ 189,697,992	¹ \$ 117,982,195
Transportation Uniform Mitigation Fee	8,116,420	9,157,863	8,618,231	10,957,420	14,556,029	40,757,248	85,228,383	46,325,334	35,615,226	² -
Intergovernmental	51,516,775	40,012,488	26,769,324	105,512,656	22,249,107	5,498,660	4,365,183	25,241,083	23,276,534	26,765,599
Interest	4,308,395	4,524,219	5,663,178	13,567,938	23,744,305	23,897,399	11,639,575	5,146,325	3,115,232	4,932,021
Vehicle registration user fees	-	-	-	1,677,374	1,684,088	1,681,130	1,629,087	1,541,216	1,435,098	1,332,707
Other	1,430,195	2,878,380	1,853,641	1,876,349	2,072,972	2,175,372	2,143,330	3,118,002	3,976,721	2,714,466
Total revenues	280,400,223	240,785,578	226,930,469	331,200,511	299,886,199	332,709,695	353,169,116	298,111,772	257,116,803	153,726,988
Expenditures										
Current:										
General Government	7,586,207	8,340,263	6,920,479	5,368,677	5,290,616	5,545,466	4,674,157	3,827,427	3,663,957	4,120,493
Programs:										
Bicycle and pedestrian facilities	1,389,567	1,940,499	317,048	2,747,151	1,436,710	760,840	848,959	1,021,637	927,138	¹ -
CETAP	4,464,387	5,490,993	2,362,393	35,809,396	21,098,240	5,433,499	3,549,683	8,600,659	608,882	² -
Commuter assistance	3,157,480	2,816,392	3,228,709	5,155,263	3,377,881	3,097,534	2,883,352	2,583,679	2,943,963	2,296,177
Commuter rail	39,870,670	35,482,511	33,733,888	40,704,106	21,470,133	14,044,435	10,570,931	7,580,484	13,016,707	29,345,902
Highways	111,049,502	75,011,698	45,698,211	165,100,551	65,697,249	48,359,404	37,073,826	36,340,818	33,133,748	29,459,603
Local streets and roads	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	60,099,526	60,389,876	53,333,169	46,208,968	40,260,340
Motorist assistance	3,846,245	3,530,695	2,623,184	3,983,252	2,408,612	2,280,646	2,191,061	2,191,061	1,978,380	1,843,017
Planning and programming	3,913,520	4,674,397	5,312,246	9,193,944	6,939,409	5,586,992	4,884,556	3,621,810	3,537,513	2,310,810
Right of way management	-	1,270,487	1,428,066	1,399,316	551,960	631,996	622,498	580,224	338,353	154,582
Regional arterials	5,816,666	29,362,894	26,371,339	20,948,530	59,841,509	30,756,287	19,462,949	22,174,406	8,896,300	² 8,445,554
Transit and specialized transportation	51,221,772	44,699,650	43,820,225	77,417,741	83,927,945	75,567,829	62,527,276	55,905,814	53,411,921	¹ 9,913,503
Debt service:										
Principal	46,523,931	109,607,230	57,738,548	33,646,475	141,870,000	30,225,589	28,669,418	27,228,073	26,316,788	25,199,054
Interest	15,008,695	11,296,268	5,240,307	12,026,942	6,657,569	6,564,973	7,679,019	8,400,410	9,191,799	10,381,795
Cost of Issuance	-	1,493,196	675,464	-	1,261,668	-	236,058	2,580,124	-	-
Intergovernmental distributions	-	-	-	975,833	992,460	974,193	1,092,091	706,228	750,183	667,234
Capital outlay	209,716	147,297	124,080	1,055,997	335,023	161,268	290,461	179,818	8,000	315,240
Total expenditures	334,186,248	372,021,395	270,216,452	459,834,261	479,251,739	290,218,443	247,735,756	236,855,841	204,932,600	164,713,304
Other financing sources (uses):										
Sales of capital assets	-	-	-	-	-	4,240,148	11,360,556	-	-	-
Capital lease	-	-	-	117,127	-	-	-	-	-	-
Debt issuance	40,000,000	170,000,000	268,284,000	53,716,000	160,249,021	50,000,000	-	30,005,000	-	-
Discount on debt issuance	-	-	-	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	123,977,167	185,354,839	104,833,227	33,466,298	164,063,070	34,745,015	34,517,083	37,050,167	41,523,149	77,308,990
Transfers out	(123,977,167)	(185,354,839)	(104,833,227)	(33,466,298)	(164,063,070)	(34,745,015)	(34,517,083)	(37,050,167)	(41,523,149)	(77,308,990)
Total other financing sources (uses)	40,000,000	169,032,533	138,610,440	53,833,127	160,249,021	54,240,148	11,360,556	30,005,000	-	-
Net change in fund balances	\$ (13,786,025)	\$ 37,796,716	\$ 95,324,457	\$ (74,800,623)	\$ (19,116,519)	\$ 96,731,400	\$ 116,793,916	\$ 91,260,931	\$ 52,184,203	\$ (10,986,316)
Debt service as a percentage of noncapital expenditures	22.5%	32.5%	23.3%	9.9%	31.0%	12.7%	14.7%	15.0%	17.3%	21.6%

Source: Finance Department

¹ The Local Transportation Fund, previously reported as a fiduciary fund, was reclassified as a special revenue fund in the 2004 financial statements, resulting in an increase in sales tax revenues as well as bicycle and pedestrian facilities and specialized transportation.

² The Transportation Uniform Mitigation Fee program was implemented in fiscal 2004, resulting in a new revenue source for expenditures related to the CETAP and regional arterials programs.

³ Debt service as a percentage of noncapital expenditures in 2008 increased significantly as a result of the refinancing of \$110,005,000 of commercial paper, which is included in principal payments.

⁴ Debt service as a percentage of noncapital expenditures in 2010 increased significantly as a result of the retirement of \$53,716,000 of commercial paper, which is included in principal payments.

⁵ Debt service as a percentage of noncapital expenditures in 2011 increased significantly as a result of the retirement of \$103,284,000 of commercial paper, which is included in principal payments.

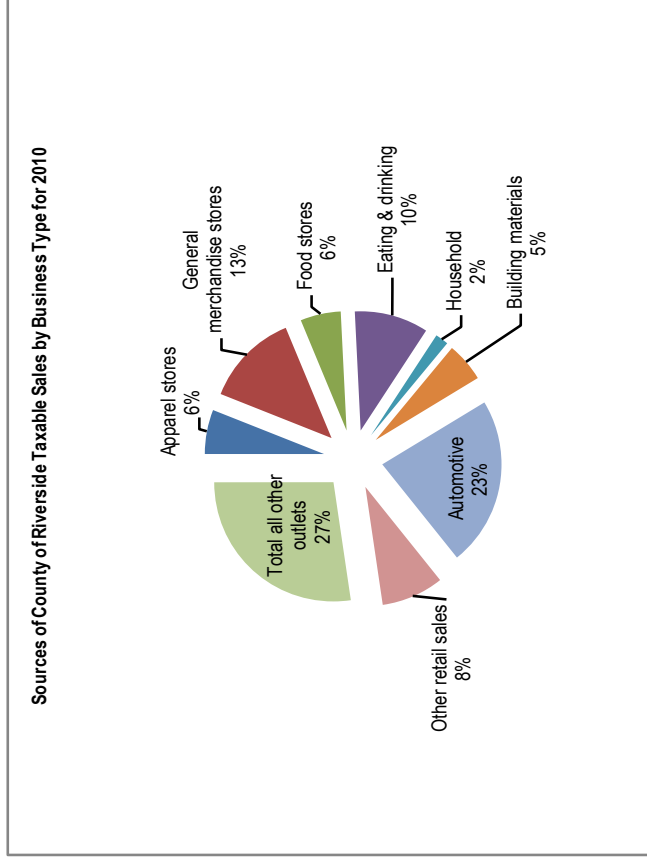
⁶ Right of way management expenditures were classified as highways or commuter rail expenditures beginning in 2012.

Riverside County Transportation Commission
Sources of County of Riverside Taxable Sales by Business Type
Last Ten Calendar Years (In Thousands)

	2010 ¹	2009	2008	2007	2006	2005	2004	2003	2002	2001
Apparel stores	\$ 1,391,174	\$ 1,293,271	\$ 1,121,543	\$ 1,171,013	\$ 1,080,385	\$ 990,129	\$ 867,276	\$ 746,015	\$ 610,388	\$ 565,295
General merchandise stores	2,947,905	2,855,733	3,389,936	3,593,134	3,553,554	3,304,474	3,026,335	2,671,971	2,459,046	2,275,736
Food stores	1,267,758	1,251,220	1,254,366	1,352,609	1,309,782	1,197,438	1,079,972	1,028,392	967,171	930,232
Eating & drinking	2,317,486	2,266,853	2,340,554	2,388,039	2,316,422	2,157,801	2,007,338	1,775,146	1,617,674	1,521,717
Household	412,325	858,098	816,379	843,945	948,217	964,629	862,551	691,051	594,049	526,083
Building materials	1,232,145	1,237,518	1,435,337	1,961,911	2,390,236	2,424,898	2,596,661	1,678,347	1,427,831	1,339,020
Automotive	5,306,408	4,749,994	6,126,512	7,137,075	6,956,756	6,751,648	6,240,712	5,198,391	4,803,171	4,358,688
Other retail sales	1,951,385	1,442,875	3,250,335	2,794,790	1,024,551	944,155	1,191,029	592,415	1,151,821	1,109,093
Total all other outlets	6,326,194	6,272,315	6,268,633	7,781,093	10,236,334	9,521,319	7,363,274	7,327,407	5,867,843	5,605,691
	\$ 23,162,780	\$ 22,227,877	\$ 26,003,595	\$ 29,023,609	\$ 29,816,237	\$ 28,256,491	\$ 25,237,148	\$ 21,709,135	\$ 19,498,994	\$ 18,231,555
Measure A Ordinance 88-1 direct sales tax rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%

Source: State Board of Equalization

¹ Year represents most recent data available.



Riverside County Transportation Commission

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Measure A Direct Rate ¹</u>	<u>County of Riverside</u>	
2012	0.50%	7.75%	³
2011	0.50%	8.75%	
2010	0.50%	8.75%	
2009	0.50%	8.75%	²
2008	0.50%	7.75%	
2007	0.50%	7.75%	
2006	0.50%	7.75%	
2005	0.50%	7.75%	
2004	0.50%	7.75%	
2003	0.50%	7.75%	

Source: Commission Finance Department and California State Board of Equalization.

¹ The Measure A sales tax rate may be changed only with the approval of 2/3 of the voters.

² The State of California increased the state sales tax rate 1% in April 2009.

³ Effective July 1, 2011, the State of California decreased the state sales tax rate by 1%.

Riverside County Transportation Commission

Principal Taxable Sales Generation by City

Current Year and Nine Years Ago

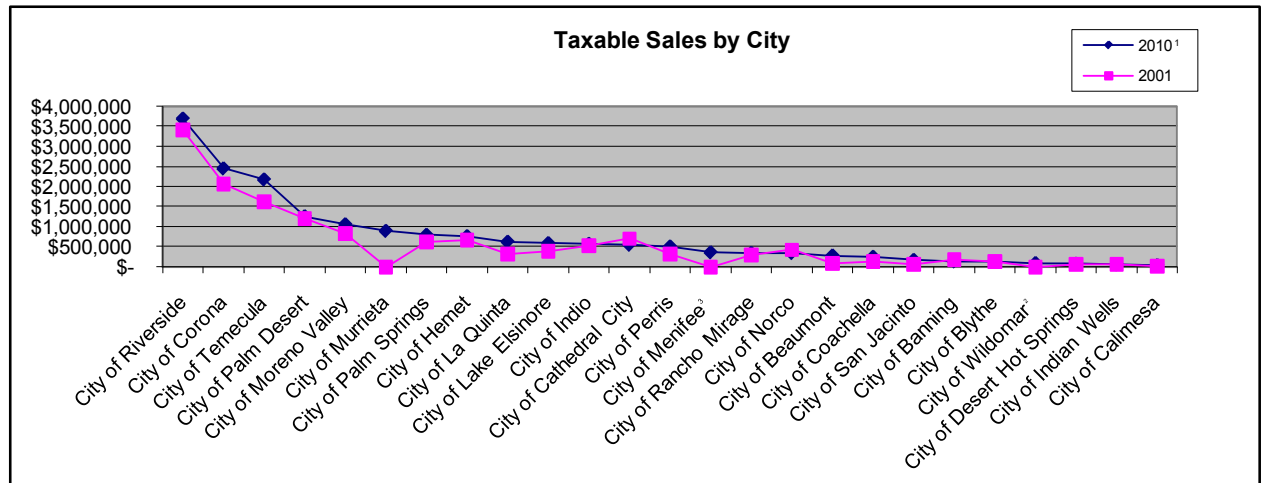
	2010 ¹			2001		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
City of Riverside	\$ 3,692,302	2	15.9%	\$ 3,407,252	2	18.7%
City of Corona	2,454,989	3	10.6%	2,055,770	3	11.3%
City of Temecula	2,180,304	4	9.4%	1,621,447	4	8.9%
City of Palm Desert	1,266,834	5	5.5%	1,211,069	5	6.6%
City of Moreno Valley	1,067,546	6	4.6%	824,707	6	4.5%
City of Murrieta	903,640	7	3.9%	-	-	N/A
City of Palm Springs	806,540	8	3.5%	623,956	9	3.4%
City of Hemet	772,608	9	3.3%	673,955	8	3.7%
City of La Quinta	633,545	10	2.8%	333,840	13	1.8%
City of Lake Elsinore	599,836	11	2.7%	394,323	12	2.2%
City of Indio	582,332	12	2.5%	531,686	10	2.9%
City of Cathedral City	559,069	13	2.4%	707,465	7	3.9%
City of Perris	516,944	14	2.2%	331,046	14	1.8%
City of Menifee ³	370,469	15	1.6%	-	-	N/A
City of Rancho Mirage	355,204	16	1.5%	298,849	15	1.6%
City of Norco	354,729	17	1.5%	428,851	11	2.4%
City of Beaumont	292,339	18	1.3%	91,387	19	0.5%
City of Coachella	259,829	19	1.1%	146,254	17	0.8%
City of San Jacinto	182,110	20	0.8%	76,532	20	0.4%
City of Banning	146,742	21	0.6%	177,761	16	1.0%
City of Blythe	135,094	22	0.6%	140,223	18	0.8%
City of Wildomar ²	104,184	23	0.5%	-	-	N/A
City of Desert Hot Springs	89,328	24	0.4%	66,584	21	0.4%
City of Indian Wells	74,996	25	0.3%	62,958	22	0.3%
City of Calimesa	51,057	26	0.2%	31,544	23	0.2%
City of Canyon Lake	14,010	27	0.1%	11,055	24	0.1%
Incorporated	18,466,580		79.8%	14,248,514		78.2%
Unincorporated	4,686,200	1	20.2%	3,983,041	1	21.8%
Countywide	<u>\$ 23,152,780</u>		<u>100.1%</u>	<u>\$ 18,231,555</u>		<u>100.0%</u>
California	<u>\$ 477,347,986</u>			<u>\$ 441,517,560</u>		

Source: California State Board of Equalization for the calendar year indicated.

¹ Year represents most recent data available.

² City of Wildomar was incorporated on July 1, 2008.

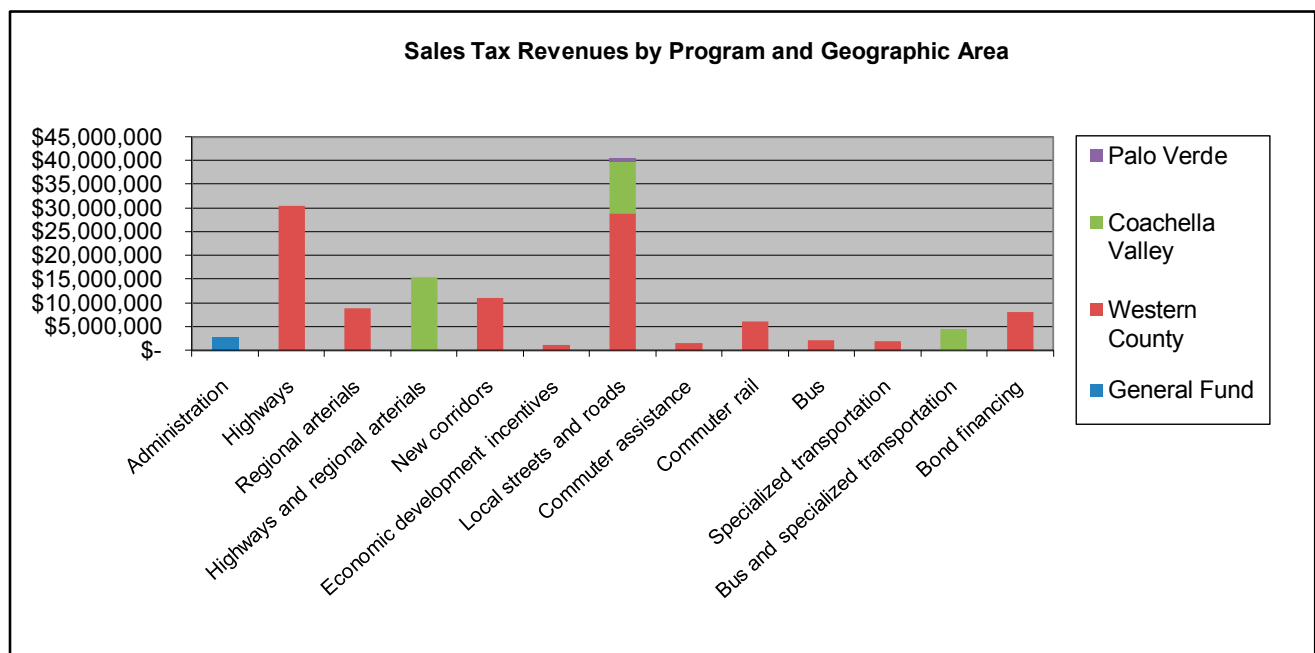
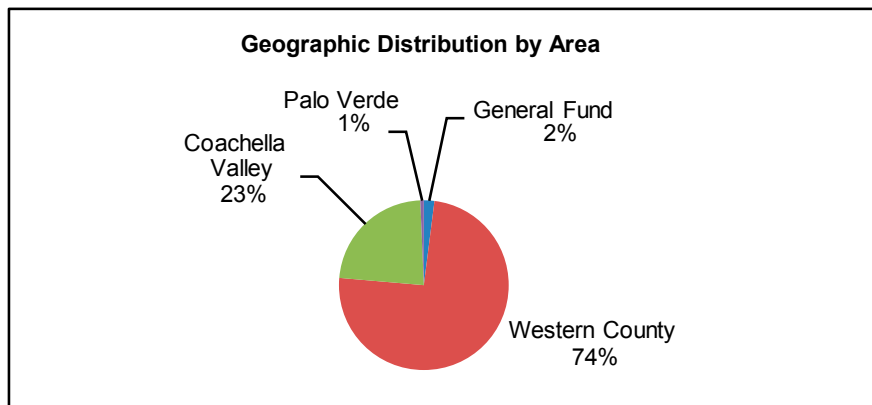
³ City of Menifee was incorporated on October 1, 2008.



Riverside County Transportation Commission
Measure A Sales Tax Revenues by Program and Geographic Area
Year Ended June 30, 2012

	Special Revenue Funds				Total
	General Fund	Western County	Coachella Valley	Palo Verde	
Administration	\$ 2,700,000	\$ -	\$ -	\$ -	\$ 2,700,000
Highways	-	30,473,314	-	-	30,473,314
Regional arterials	-	8,962,740	-	-	8,962,740
Highways and regional arterials	-	-	15,499,552	-	15,499,552
New corridors	-	11,054,045	-	-	11,054,045
Economic development incentives	-	1,195,032	-	-	1,195,032
Local streets and roads	-	28,979,524	10,849,687	902,519	40,731,730
Public transit:					
Commuter assistance	-	1,493,790	-	-	1,493,790
Commuter rail	-	6,094,663	-	-	6,094,663
Bus	-	2,158,527	-	-	2,158,527
Specialized transportation	-	1,904,582	-	-	1,904,582
Bus and specialized transportation	-	-	4,649,866	-	4,649,866
Bond financing	-	8,066,466	-	-	8,066,466
	<u>\$ 2,700,000</u>	<u>\$ 100,382,683</u>	<u>\$ 30,999,105</u>	<u>\$ 902,519</u>	<u>\$ 134,984,307</u>

Source: Finance Department



Riverside County Transportation Commission
Measure A Sales Tax by Economic Category
Last Six Calendar Years

Economic Category	% of Total					
	2011 ¹	2010	2009	2008	2007	2006
General retail	29.8	30.9	30.9	28.2	26.8	25.5
Transportation	27.1	25.0	22.8	24.9	26.1	26.5
Food products	16.4	17.0	17.8	16.0	14.4	13.3
Business to business	14.1	14.5	15.2	16.4	15.9	15.3
Construction	10.5	10.5	11.1	12.3	14.4	16.9
Miscellaneous	2.1	2.1	2.2	2.2	2.4	2.5
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: MuniServices LLC. Prior years' information is not available.

¹ Year represents most recent data available.

Riverside County Transportation Commission
Measure A Revenues and Pledged Revenue Coverage ¹
Last Ten Fiscal Years

Sales Tax Revenue Bonds

Fiscal Year	Net Measure A Sales Tax Revenues²	Measure A Sales Tax Revenue Growth (Decline) Rate	Senior Lien Debt Service	Senior Lien Coverage Ratio	Subordinate Lien Debt Service	Total Debt Service	Total Debt Service Coverage Ratio
2012	\$ 134,984,307	9.35%	\$ 21,503,582	6.28	\$ -	\$ 21,503,582	6.28
2011	123,439,833	7.78%	12,651,386	9.76	-	12,651,386	9.76
2010 ³	114,526,253	-4.31%	8,918,183	12.84	-	8,918,183	12.84
2009 ⁴	119,688,289	-16.03%	34,020,724	3.52	1,452,634	35,473,358	3.37
2008	142,537,548	-7.77%	34,002,732	4.19	1,470,388	35,473,120	4.02
2007	154,539,723	-1.71%	34,005,357	4.54	1,469,588	35,474,945	4.36
2006	157,236,314	13.18%	34,012,634	4.62	1,470,587	35,483,221	4.43
2005	138,921,247	15.23%	34,013,294	4.08	1,472,237	35,485,531	3.91
2004	120,564,890	17.69%	34,004,981	3.55	1,472,237	35,477,218	3.40
2003	102,442,647	6.95%	34,076,553	3.01	1,472,925	35,549,478	2.88

Source: Finance Department

¹ This schedule meets the requirements for Continuing Disclosure of historical Measure A sales tax revenues.

² Sales tax revenue bonds are backed by the sales tax revenues, net of Board of Equalization fees, during the fiscal year.

³ In FY 2010 the 2008 bonds related to the 2009 Measure A program were current refunded. The payment to escrow agent is excluded from debt service.

⁴ In FY 2009 all bonds related to the 1989 Measure A program matured as the 1989 Measure A program expired on June 30, 2009.

Riverside County Transportation Commission

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Year	Governmental Activities					Percentage of Personal Income ¹	Debt per Capita ¹
	Sales Tax Revenue Bonds	Commercial Paper	Contract Payable	Capital Leases	Total Governmental Activities		
2012	\$ 317,138,111	\$ -	\$ -	\$ 30,943	\$ 317,169,054	N/A	\$ 142.38
2011	323,537,074	-	-	54,874	323,591,948	N/A	145.91
2010	180,731,699	83,284,000	-	78,104	264,093,803	N/A	121.16
2009	127,538,888	110,000,000	-	100,652	237,639,540	0.38%	111.01
2008	163,738,235	-	1,100,000	-	164,838,235	0.26%	78.39
2007	65,495,000	80,005,000	2,100,000	-	147,600,000	0.24%	72.00
2006	95,695,000	30,005,000	3,100,000	25,591	128,825,591	0.22%	65.20
2005	124,335,000	30,005,000	4,100,000	55,009	158,495,009	0.30%	83.61
2004	151,535,000	-	5,100,000	83,082	156,718,082	0.32%	86.37
2003	177,352,519	-	-	109,870	177,462,389	0.39%	102.57

Sources: Finance Department for outstanding debt for the fiscal year ended June 30 and California State Department of Finance for population as of January 1.

¹ See the Schedule of Demographic and Economic Statistics on page 74 for personal income and population data.

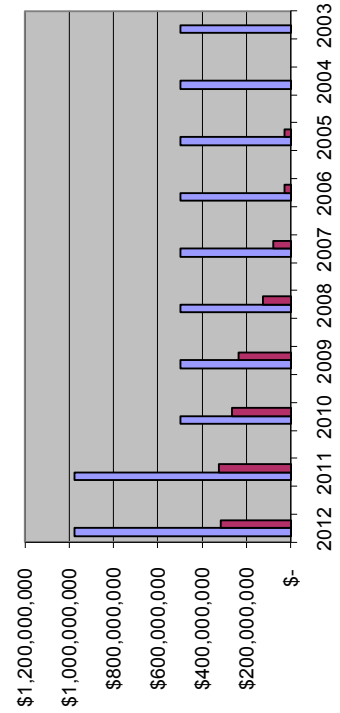
Riverside County Transportation Commission
Computation of Legal Debt Margin¹
Last Ten Fiscal Years

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002²										
Total debt limit authorized	\$ 975,000,000	\$ 975,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000	\$ 500,000,000
Amount of debt applicable to debt limit	318,200,000	324,700,000	264,284,000	236,395,000	126,395,000	80,005,000	30,005,000	30,005,000	-	-
Legal debt margin	\$ 656,800,000	\$ 650,300,000	\$ 235,716,000	\$ 263,605,000	\$ 373,605,000	\$ 419,995,000	\$ 469,995,000	\$ 469,995,000	\$ 500,000,000	\$ 500,000,000
% of debt to legal debt limit	32.6%	33.3%	52.9%	47.3%	25.3%	16.0%	6.0%	6.0%	0.0%	0.0%
Measure A Ordinance No. 88-1, as amended by Ordinance 92-1³										
Total debt limit authorized				\$ 525,000,000	\$ 525,000,000	\$ 525,000,000	\$ 525,000,000	\$ 525,000,000	\$ 525,000,000	\$ 525,000,000
Amount of debt applicable to debt limit			-	33,630,000	65,495,000	95,695,000	124,335,000	151,535,000	177,352,519	
Legal debt margin			\$ 525,000,000	\$ 491,370,000	\$ 459,505,000	\$ 429,305,000	\$ 400,665,000	\$ 373,465,000	\$ 347,647,481	
% of debt to legal debt limit			0.0%	6.4%	12.5%	18.2%	23.7%	28.9%	33.8%	

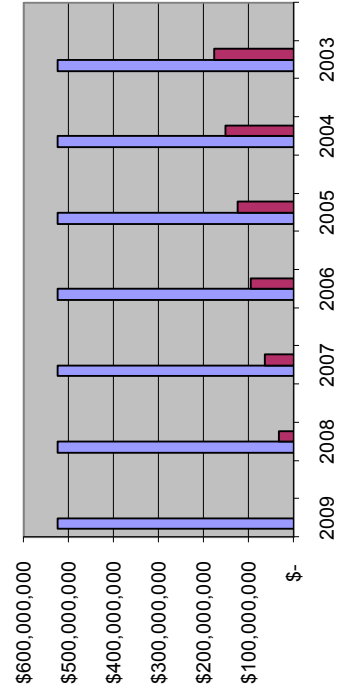
Source: Finance Department

- ¹ The Commission's debt limits were approved by the voters of Riverside County as part of the sales tax ordinances and are specific to the Commission; accordingly, there are no overlapping debt considerations.
- ² Ordinance No. 02-001 was approved by a 2/3 majority of the voters in November 2002. In November 2010, a majority of the voters approved Ordinance No. 10-002 to increase the debt limit from \$500 million to \$975 million.
- ³ Ordinance No. 88-1 expired on June 30, 2009. All outstanding debt related to Ordinance 88-1 matured prior to the expiration date.

Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002



Measure A Ordinance No. 88-1, as amended by Ordinance 92-1



Riverside County Transportation Commission
Demographic and Economic Statistics for the County of Riverside
Last Ten Calendar Years

Calendar Year	Population¹	Personal Income (thousands)²	Per Capita Personal Income²	Unemployment Rate³
2012	2,227,577	N/A	N/A	N/A
2011	2,217,778	N/A	N/A	12.4%
2010	2,179,692	\$ 64,376,498	\$ 29,222	14.7%
2009	2,140,626	63,228,086	29,748	13.4%
2008	2,102,741	64,503,728	30,676	8.5%
2007	2,049,902	61,023,518	29,769	6.0%
2006	1,975,913	57,666,983	29,185	5.0%
2005	1,895,695	52,850,398	28,157	5.4%
2004	1,814,485	49,443,185	27,827	6.0%
2003	1,730,219	45,016,790	26,393	6.5%

Sources:

¹ California State Department of Finance as of January 1.

² U.S. Department of Commerce Bureau of Economic Analysis. Represents most recent data available.

³ Riverside County Economic Development Agency. Represents most recent data available.

Riverside County Transportation Commission
Employment Statistics by Industry for the County of Riverside
Calendar Year 2010 and Nine Years Prior

Industry Type	2010 ¹	% of Total Employment	2001	% of Total Employment
Agricultural services, forestry, fishing and other	12,400	2.3%	16,700	3.4%
Mining	400	0.1%	500	0.1%
Construction	35,400	6.6%	53,400	11.0%
Manufacturing	37,900	7.1%	50,600	10.4%
Transportation, warehousing, and public utilities	19,400	3.6%	10,500	2.2%
Wholesale trade	19,100	3.6%	15,000	3.1%
Retail trade	78,500	14.6%	62,400	12.9%
Professional & business services	50,300	9.4%	42,500	8.8%
Education & health services	58,000	10.8%	45,300	9.4%
Leisure & hospitality	67,700	12.6%	57,200	11.8%
Finance, insurance, and real estate	19,300	3.6%	16,900	3.5%
Other services	28,500	5.3%	24,000	5.0%
Federal government, civilian	7,600	1.4%	6,300	1.3%
State government	15,900	3.0%	13,300	2.7%
Local government	85,600	16.0%	69,700	14.4%
Total employment	<u>536,000</u>	<u>100.0%</u>	<u>484,300</u>	<u>100.0%</u>

Source: State of California Economic Development Department

¹ Year represents most recent data available.

Riverside County Transportation Commission
Full-time Equivalent Employees by Function/Program
Last Ten Fiscal Years

Function/Program	As of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Management services and administration	13.9	12.7	8.9	12.7	17.6	15.0	12.2	12.7	12.5	13.0
Planning and programming	5.13	5.2	5.5	5.1	5.4	6.4	5.0	3.4	3.7	3.6
Rail operations	3.3	3.1	3.3	2.9	3.1	2.8	3.1	1.6	2.0	2.4
Specialized transit/transportation	2.5	2.6	2.6	2.2	2.0	2.4	2.3	1.4	1.3	1.2
Commuter assistance	1.64	1.6	1.8	1.2	1.3	1.3	2.1	2.1	2.5	2.2
Motorist assistance	1.23	0.9	0.7	0.8	0.7	0.7	0.8	0.8	0.8	1.0
Capital project development and delivery	12.3	11.9	14.2	11.1	7.9	6.4	4.7	3.0	2.2	1.6
Total full-time equivalents	<u>40.0</u>	<u>38.0</u>	<u>37.0</u>	<u>36.0</u>	<u>38.0</u>	<u>35.0</u>	<u>30.2</u>	<u>25.0</u>	<u>25.0</u>	<u>25.0</u>

Source: Finance Department

Riverside County Transportation Commission

Operating Indicators

Last Ten Fiscal Years

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
	As of June 30									
Commuter rail operations:										
Weekday trips	11,675	11,321	11,340	12,224	12,304	11,696	11,391	9,721	9,532	8,818
Growth of average daily ridership on commuter lines:										
Riverside line	5,279	5,177	5,124	5,269	5,184	4,769	4,370	4,566	4,462	4,241
IEOC line	4,142	3,855	4,011	4,611	4,859	4,651	4,149	3,634	3,641	3,169
91 line	2,254	2,289	2,205	2,344	2,261	2,276	2,107	1,876	1,700	1,557
Farebox recovery ratio:										
Riverside line	58.5%	59.8%	52.5%	51.0%	53.01%	67.07%	48.5%	46.9%	51.1%	49.8%
IEOC line	31.3%	31.1%	28.3%	37.3%	42.60%	42.19%	45.5%	48.7%	56.6%	49.3%
91 line	49.7%	54.6%	49.3%	53.0%	45.53%	49.02%	57.2%	107.0%	101.4%	71.3%
Specialized transit/transportation:										
Specialized transit grants awarded	21	22	22	22	14	15	9	10	8	10
Commuter assistance:										
Club Ride members	N/A	N/A	N/A	7,378	5,860	4,436	3,901	2,837	1,994	1,960
Rideshare Incentive members	1,056	1,061	1,131	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Rideshare Plus Rewards members	4,848	5,518	7,080	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Incoming 1-866-RIDESHARE telephone calls	1,531	1,257	2,145	2,423	3,709	2,613	2,433	801	829	1,243
Rideshare Connection bulletins produced	11	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RideSmart Tips produced	N/A	N/A	N/A	N/A	N/A	45,304	27,790	32,379	9,335	N/A
Rideguides produced	15,628	29,052	43,319	34,940	23,121	24,676	N/A	N/A	N/A	N/A
Commuter Exchange events	52	52	50	73	71	60	23	5	9	8
Motorist assistance:										
Call boxes	594	613	614	614	630	682	979	1,058	1,083	1,090
Calls made from call boxes	5,043	5,251	5,934	6,574	7,543	9,595	15,390	19,945	23,713	28,404
Contracted Freeway Service Patrol vehicles	21	22	22	20	20	17	15	15	15	13
Vehicles assisted by Freeway Service Patrol	42,748	45,751	48,312	43,119	45,500	40,025	31,838	32,542	32,564	27,485
IE511 web visits	341,716	244,277	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
IE511 call volumes	362,957	489,036	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Transportation Uniform Mitigation Fee program:										
Approved regional arterial projects	24	24	24	24	24	24	24	24	-	-
Measure A program:										
Highways	\$ 111,049,502	\$ 75,011,698	\$ 45,698,211	\$ 165,100,551	\$ 65,697,249	\$ 48,359,404	\$ 37,073,826	\$ 36,340,818	\$ 33,133,748	\$ 29,459,603
Commuter rail	19,690,126	22,632,065	20,312,056	32,089,238	12,419,675	14,044,435	2,784,423	2,250,187	8,116,270	24,973,615
Regional arterials	124	8,638,637	11,920,846	12,645,090	18,220,540	30,756,287	10,350,500	10,066,326	8,246,797	8,445,554
Local streets and roads	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	59,202,631	60,389,876	53,333,169	46,208,968	40,260,340
Specialized transit and commuter assistance	11,930,437	11,262,588	10,161,780	9,838,990	9,071,302	6,358,224	7,887,298	7,458,994	7,238,299	6,295,180
Total program expenditures	\$ 182,798,079	\$ 154,401,913	\$ 122,351,206	\$ 265,335,024	\$ 159,928,881	\$ 158,720,981	\$ 118,485,923	\$ 109,439,494	\$ 102,944,082	\$ 109,434,292

Riverside County Transportation Commission
Capital Asset Statistics by Program
Last Ten Fiscal Years

	As of June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Commuter rail:										
Transit centers owned and managed	1	1	-	-	-	-	-	-	-	-
Commuter rail stations owned and managed	5	5	5	5	5	5	5	5	5	5
Miles of commuter rail easements	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6	104.6
Commuter Assistance:										
Commuter Exchange Vehicle	1	1	1	1	1	1	1	1	1	1

Source: Commission Departments



LA SIERRA STATION

(951) 787-7141
www.rctc.org

4080 Lemon Street, 3rd Floor
 P.O. Box 12008
 Riverside, CA 92502-2208

