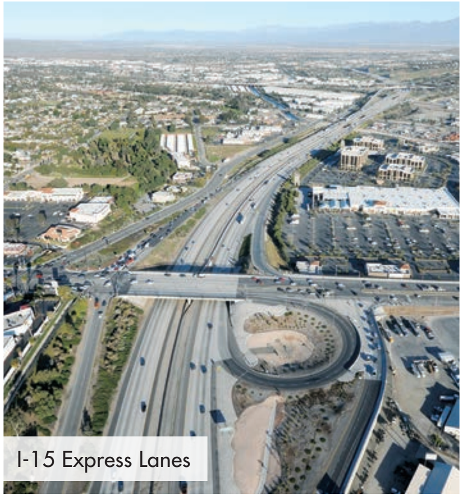
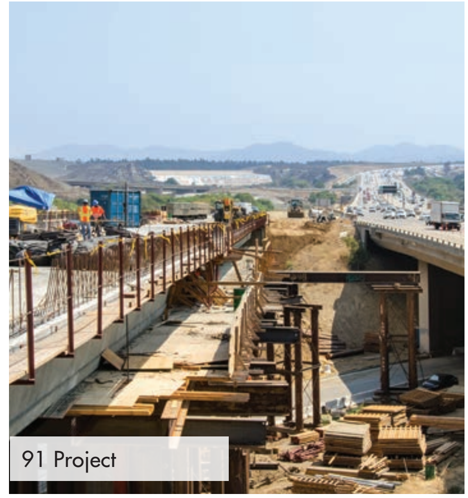

I-15 Express Lanes

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2016


91 Project


91 Project with direct connector to I-15


I-215 Central Project

40 YEARS 1976-2016 RCTC
Riverside County Transportation Commission

Perris Valley Line

Riverside County Transportation Commission

Riverside County, California

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

RIVERSIDE COUNTY, CA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
June 30, 2016

Submitted by:

Theresia Treviño,
Chief Financial Officer

Michele Cisneros,
Deputy Director of Finance

40 YEARS 1976-2016 RCTC

Riverside County Transportation Commission

91 Project

CONTENTS

Introductory Section

Financial Section

CONTENTS, CONTINUED

Statistical Section

Perris Valley Line Ribbon Cutting

Introductory Section

40 YEARS 1976-2016 RCTC

Riverside County Transportation Commission

RCTC
Riverside County Transportation Commission
4080 Lemon Street, 3rd Floor • Riverside, CA
Mailing Address: P. O. Box 12008 • Riverside, CA 92502-2208
(951) 787-7141 • Fax (951) 787-7920 • www.rctc.org

October 28, 2016

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, 2016.

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.

Macias Gini & O'Connell LLP has issued an unmodified opinion on the Commission's financial statements for the year ended June 30, 2016. 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.

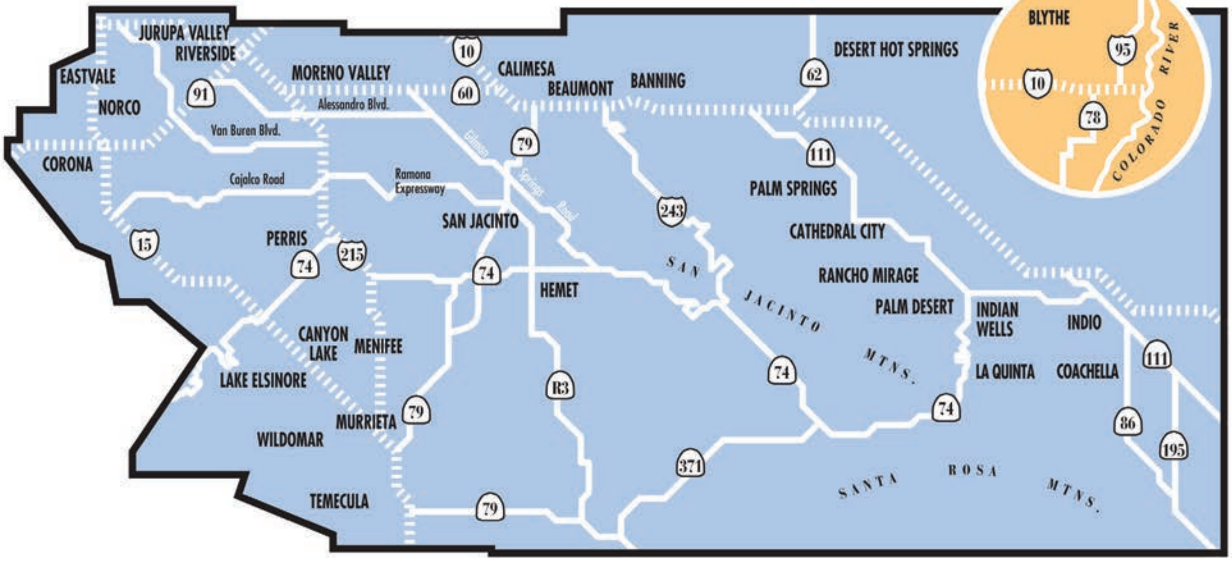
Profile of RCTC's Governance and Responsibilities

The Commission was established by state law in 1976 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 (1989 Measure A), 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 specific competitive advantages over nearby coastal counties (Los Angeles, Orange, and San Diego) including housing that was (and remains) more available and affordable and plentiful commercial real estate and land available for development at lower costs. Riverside County's economy has 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's employment and commercial base is diversified, and the County's share of the regional economy has increased.

Riverside County's local economy is experiencing significant improvement since the nationwide recession, which impact was amplified in the Inland Empire (i.e., San Bernardino and Riverside counties). Sales tax revenues have rebounded from the economic downturn's low point in 2010, with Measure A revenues growing 2.8% and LTF revenues increasing 3% in FY 2015/16. Transportation Uniform Mitigation Fee (TUMF) revenues increased 13.7%, reflecting continued residential and commercial development activity in the County. The Commission's outlook for FY 2016/17 continues to be cautiously optimistic; however, the state and federal budget issues continue to affect funding of the Commission's capital projects and programs.

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, transportation funding is a source of continuing debate regarding future priorities. Governor Brown's transportation secretary is in the midst of an effort to reform the California Department of Transportation (Caltrans) and has clearly stated a preference for a "Fix it First" orientation that stresses ongoing maintenance over capacity enhancement. In addition to a focus on maintenance, the State has made active transportation projects such as bicycle and pedestrian facilities a priority. Sustainability has become a statewide priority and will likely impact the direction of state funding for many years into the future, and California's Cap and Trade program (which is also uncertain) could prove to be a source of funding for transit services.

The news on the federal level is somewhat less predictable. The comprehensive transportation bill known as Moving Ahead for Progress in the 21st Century (MAP-21) expired in June 2014 and was extended twice. One important provision of MAP-21 expanded the Transportation Infrastructure Finance and Innovation Act (TIFIA). The Commission is utilizing TIFIA funding for its current project on State Route (SR) 91 in Corona and is seeking additional financing from the program for the Interstate (I) 15 Express Lanes Project.

In the meantime, the federal government will continue to be a source of highway funding through the Surface Transportation Block Grant Program (formerly, Surface Transportation Program) and the Congestion Mitigation Air Quality program, since the Fixing America's Surface Transportation (FAST) Act continues these programs at roughly the same funding level. Federal dollars are also needed by the Commission's transit partners for capital programs.

Measure A Western Riverside County Western County Delivery Plan – Continuing to Move Riverside County

The widening of SR-91 and a number of other major freeway corridors comprise a multi-year Western Riverside County (Western County) Delivery Plan (Delivery Plan) that focuses on investing more than $2 billion in improvements 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, State Transportation Improvement Program (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.

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 and continued oversight and funding of transit services throughout the County.

The success of all of these efforts will require a combination of funding sources that will depend on the federal government and State commitments to funding infrastructure. 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.

Capital Project Delivery and Implementation—Completing a Promise

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.

The Commission is currently in the midst of an unprecedented era of transportation investment. The results can be seen throughout Riverside County with numerous projects under construction, successful transit service, and promises of more on the way in the near future. There are also a number of notable projects which have been completed in the past year which can be seen as tangible examples of the Commission completing promises that were made to voters who approved Measure A. The Commission has developed a track record of success which is taking shape throughout the County as evidenced in the following project types.

Highways: The Commission and Caltrans District 8 (Caltrans) recently completed the last project from the 1989 Measure A program which is the widening of SR-91 through Downtown Riverside. The SR-91 high occupancy vehicle lane project construction in Riverside from Adams Street to the 60/91/215 interchange was approved for Proposition 1B Corridor Mobility Improvement Account funding. The Commission and Caltrans partnered on the design and right of way activities, and the lanes opened in early 2016.

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: New rail service has been launched on the Perris Valley Line. It adds 24 miles of commuter rail service in Riverside County with stops in Riverside/Hunter Park University California Riverside (UCR), Moreno Valley/March Field, Downtown Perris and South Perris. The newly named 91/Perris Valley Line, which includes the recently-completed extension, is expected to serve more than 4,200 riders per day.

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 completion of the Perris Valley Line project completes yet another promise made to voters in Measure A and will provide Riverside County with a foundation for better transit service involving a combination of commuter rail, local buses and active transportation improvements. The project used a combination of federal Small Starts Grant funding, Measure A and STIP dollars.

Toll Program Moves Forward

91 Project – An Immense Investment Nearing Completion: The SR-91 Corridor Improvement Project (91 Project) through Corona has been in construction since early 2014. Prior to the beginning of construction, the Commission obtained all necessary environmental approvals; executed a number of agreements with Caltrans, the Orange County Transportation Authority (OCTA), and a toll operator; approved and entered into a $632 million design-build contract; and successfully financed the $1.4 billion project. The highlight of the financing plan included the approval of a $421 million TIFIA loan through the U.S. Department of Transportation. The 91 Project's plan of finance was developed by a financial team for the issuance of $176.7 million in toll revenue bonds and $462.2 million in sales tax revenue bonds.


91 Project

Construction on the project is expected to be completed in 2017, and more than 80% of the overall construction project has been completed. All of the necessary right of way parcels have been acquired for construction, and work continues on a wide variety of bridges, connectors and other improvements.

The 91 Project includes two tolled express lanes in each direction in the median of SR-91. The extension of these lanes will provide a seamless connection to the OCTA 91 Express Lanes; expand the 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.

I-15—The Next Project: The I-15 Express Lanes Project is planned to include two tolled express lanes in each direction in the median of I-15. The first phase of these lanes will extend from the south near Cajalco Road to the north at SR-60. The express lanes will have the same benefits mentioned previously for the 91 Project. The I-15 Express Lanes Project environmental studies and preliminary engineering work were completed in Spring 2016, and the environmental document was adopted by the Commission in July 2016. Construction is expected to commence in 2018 after the completion of the 91 Project in 2017.

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 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 in place in Western County and administered by the Western Riverside Council of Governments. 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, 13 projects have been completed, one project is under construction, and three projects have completed pre-construction activities.

Regional Projects Receive Significant Funding

In 2014, the Commission awarded more than $152 million to local jurisdictions for a wide variety of street improvements, expanded freeway interchanges, and active transportation improvements for bicyclists and pedestrians. A number of funding sources were combined to fund as many projects as possible, and the effort utilized Measure A and two federal funding sources. A total of 33 projects received funding and 18 local jurisdictions including local cities, the County, and the RTA will move forward with the various projects. Among the higher profile projects are the widening of Clinton Keith Avenue in Murrieta, the construction of a truck climbing lane in the Banning Pass on SR-60, widening Magnolia Street in the city of Riverside, widening Highway 111 in Indio, and constructing a new freeway interchange at I-215/Newport Road in Menifee. Additionally, a number of active transportation projects received funding including the Santa Ana River Trail, the CV link project in the Coachella Valley, and a Bike Share Program in the city of Riverside.

Rail Development, Operations and Support

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 to provide effective regional service. Now consisting of seven lines serving six counties, the system carries an average of 40,000 passengers each weekday. The Commission owns and operates nine stations served by the three Metrolink lines operating through the County, including four new stations along the Perris Valley Line which commenced carrying passengers in June 2016:

Perris Valley Line Station

- *Riverside Line:* Originates in the Riverside Downtown station and stops at the Jurupa Valley/Pedley station before proceeding through Ontario, Pomona, Industry, and Montebello to Los Angeles Union Station. Ridership approximates 4,400 daily riders.

- *Inland Empire Orange County (IEOC) Line:* Begins in nearby San Bernardino with stops at the Riverside/Downtown, Riverside/La Sierra, Corona/North Main, and Corona/West stations before entering Orange County with stops in Anaheim Canyon, Orange, Santa Ana, Tustin, Irvine, Laguna Niguel/Mission Viejo, San Juan Capistrano, San Clemente and Oceanside. When initiated, this service was described as the first suburb-to-suburb commuter rail service in the nation. Ridership on the IEOC line remained steady in the past year with an average daily ridership of 4,500. This line also provides weekend service.

- *91/Perris Valley Line:* Provides service from Perris to Los Angeles with stops in South Perris, Downtown Perris, Moreno Valley/March Field, Riverside/Hunter Park/UCR, La Sierra, North Main Corona, West Corona, Fullerton, Buena Park, Norwalk, and Commerce before terminating at Union Station. Daily patronage on the line averages 2,800.

The Commission Perris/Downtown station is a multimodal facility also serving RTA bus operations and providing park and ride spaces. It continues to serve as an important regional bus terminal. In April 2016, the Riverside Downtown Operations Control Center was completed; it provides monitoring of closed circuit televisions at the stations as well as facilities for train crews.

Commuter Services

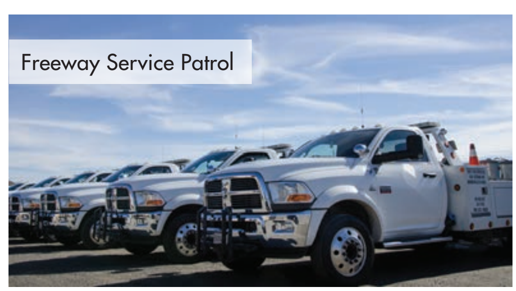
Acting in its capacity as the regional transportation planning agency (RTPA) and the SAFE for Riverside County, the Commission provides a variety of commuter services to increase mobility, safety, and air quality throughout the region. As the RTPA, the Commission applies Measure A funds to administer the Commuter Assistance Program (CAP) to ease congestion, maximize the efficiency of its transportation investments and reduce emissions from single occupant vehicle trips with the following programs and services:

Commuter/Employer Rideshare Services: IE Commuter, the flagship of the CAP, helps commuters discover their best commute. In just a few clicks, www.iecommuter.org users can access all of their time and money saving transportation options (carpool partners, bus, and rail) and incentives available to them. Additionally, through IE Commuter, the Commission partners heavily with local employers to implement and maintain rideshare activities at work sites throughout Riverside and San Bernardino counties. IE Commuter continues to leverage technology and cost effectively to increase awareness, consideration, and use of alternative modes to improve mobility and air quality throughout the region.

Rideshare Incentives: The most prominent commuter incentive continues to be the Rideshare Incentives, a short-term incentive that offers $2 per day for each day new ride sharers use an alternate mode of transportation in a three-month period. Long-term ride sharers 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 Rideshare Plus.

Park and Rides: Working in partnership with Caltrans, the Commission leases excess parking from business and civic institutional partners to facilitate ridesharing and expand the systems park and ride capacity. There are approximately 2,700 park and ride spaces available in Riverside County.

Motorist Assistance: As the SAFE, the Commission also administers the Motorist Assistance Program to provide the following services designed to promote mobility and safety for motorist traveling through Riverside County:


Freeway Service Patrol

Freeway Service Patrol: The FSP program is a special team of 21 tow trucks roving 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. 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 2015/16, the FSP provided 36,711 assists.

Call Boxes: In cooperation with the California Highway Patrol and Caltrans, the Commission assists motorist who experience accidents, mechanical breakdowns, or other unforeseen problems by providing access to cellular call boxes with enhanced reception along the County's major highways. The Commission's system includes approximately 680 call boxes serving more than 346 centerline miles of highways and is funded by an annual $1 surcharge added to vehicle registrations. Call box operators answered approximately 3,050 calls during FY 2015/16 from active call boxes, averaging 5.6 calls per call box per year. In response to the proliferation and growth of cell phone usage and declining demand and use of call boxes, the Commission approved in October 2016 a substantial reduction that retains a cost effective backbone of 250 call box units.

Traveler Information: To further promote mobility, the Commission in partnership with the San Bernardino Associated Governments (SANBAG), provides motorists with access to real-time freeway travel information and incident information on Southern California highways through its IE511 Traveler Information system. IE511 is designed to promote mobility by fostering more informed travel decisions to avoid congestion and is available via the telephone by dialing 511 from any landline or cell phone within Riverside or San Bernardino County, online at www.ie511.org, or the IE511 mobile app. To date, the IE511 mobile app has been downloaded by over 50,000 users. IE511 is funded with Riverside County SAFE funds in addition to SANBAG reimbursements. In FY 2015/16, IE511 serviced approximately 473,000 web visits and 234,000 phone calls.

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.

Following the Commission's approval and adoption of the Public Transit–Human Services Coordinated Plan for Riverside County in 2008, the Commission identified additional qualified populations as well as underserved areas of Riverside County in need of transit services. The 2015 Universal Call for Projects for Specialized Transit (Universal Call) provided funding awards in Western County approximating $8 million to 17 public and nonprofit agencies using Measure A funding over a three-year period through FY 2017/18. During FY 2015/16, public and nonprofit operators provided approximately 315,300 Measure A and/or federally funded one-way trips in Western County.

Planning for the Future – Environmental Document Approved for Mid County Parkway

In terms of future progress, the Commission gave 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 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 improvements on the I-215 within the County among the first to be completed.

In April 2015, the Commission approved the Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) for the Mid County Parkway (MCP), a new 16 mile east-west corridor between San Jacinto and Perris. The Commission's approval and adoption of the EIR has been legally challenged and settlement talks are underway.

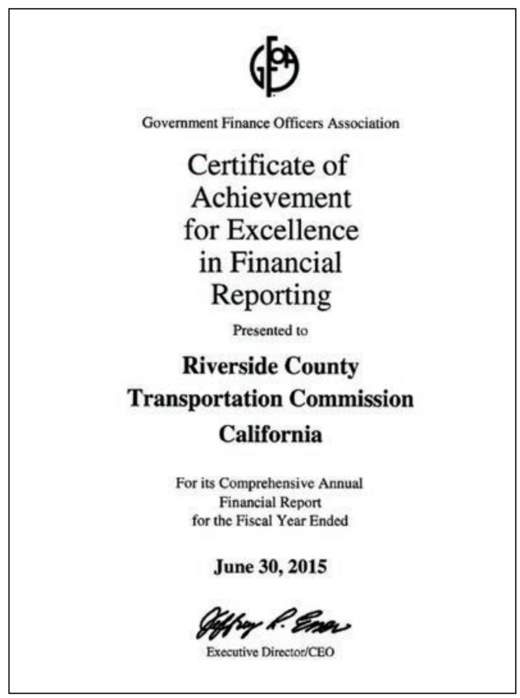
Another large planning effort affecting the Hemet and San Jacinto communities is the realignment of SR-79. This 2009 Measure A project is undergoing early project development, which was partially funded through the TUMF program and federal earmarks. An environmental document is being prepared in cooperation 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. In response to a number of comments, the Commission issued a re-circulated draft EIR/EIS which included a public hearing in September 2015. This will be incorporated into a final EIR/EIS. The project would realign the highway to provide a more direct route within the San Jacinto Valley.

Need for a Countywide Plan

Another upcoming Commission effort will be the development of a countywide transportation plan. Over the course of several months in 2015, the Commission conducted a strategic assessment to ascertain upcoming transportation needs and the Commission's ability to address them. The study was presented to the Commission in January 2016 and identified key funding and project gaps. It will be the basis of a comprehensive countywide plan effort to begin in 2017.

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, 2015. This was the 23rd consecutive 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.



Government Finance Officers Association

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, 2015

Executive Director/CEO

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, program management and staff, and Commission's auditors 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 E Mayer

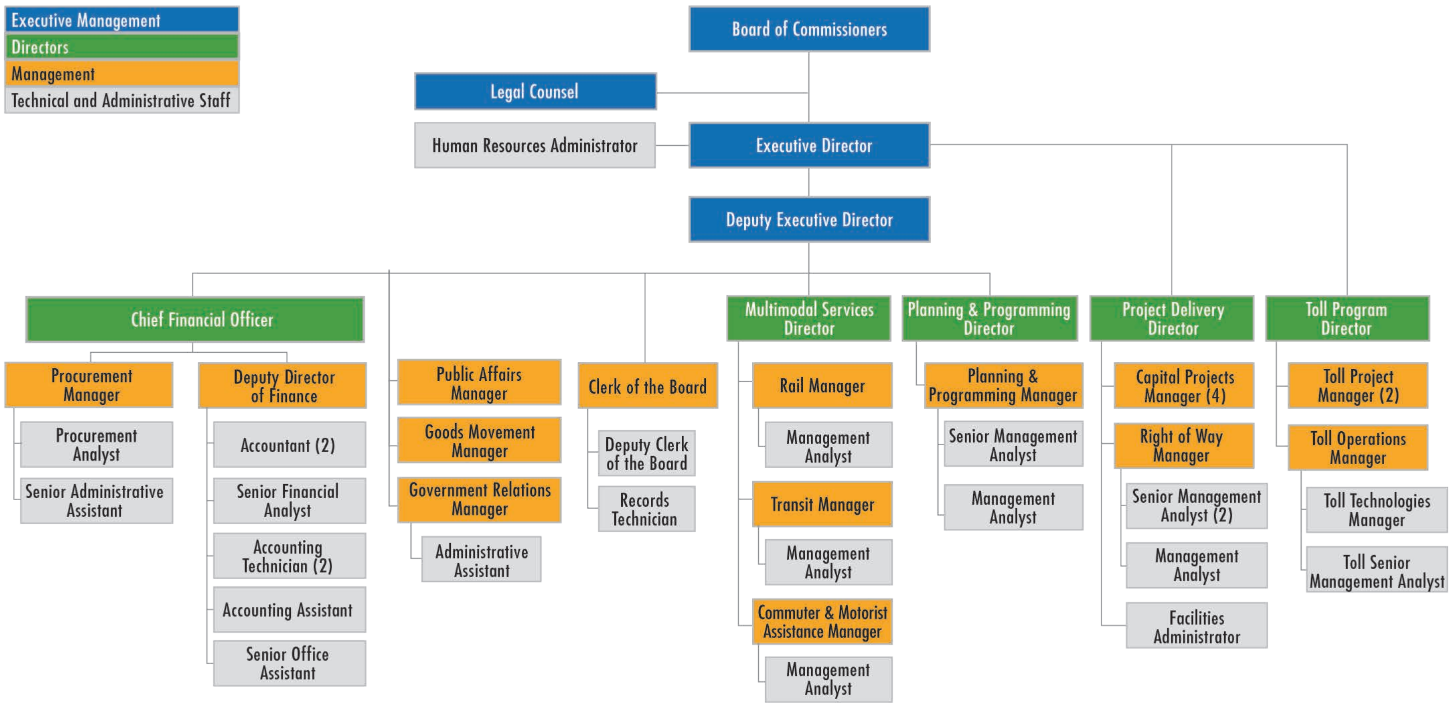
ANNE MAYER
Executive Director

Theresia Treviño

THERESIA TREVIÑO
Chief Financial Officer

15/91 Interchange

Riverside County Transportation Commission Organizational Chart
Fiscal Year 2015/16



Riverside County Transportation Commission

List of Principal Officials
As of June 30, 2016

Board of Commissioners		
Name	**Title**	**Agency**
Kevin Jeffries	Member	County of Riverside, District 1
John F. Tavaglione	Vice Chair (Commission)	County of Riverside, District 2
Chuck Washington	Member	County of Riverside, District 3
John J. Benoit	Member	County of Riverside, District 4
Marion Ashley	Member	County of Riverside, District 5
Deborah Franklin	Vice Chair (Western Riverside County Programs and Projects Committee)	City of Banning
Lloyd White	Member	City of Beaumont
Joseph DeConinck	Member	City of Blythe
Ella Zanowic	Member	City of Calimesa
Dawn Haggerty	Member	City of Canyon Lake
Greg Pettis	Member	City of Cathedral City
Steven Hernandez	Member	City of Coachella
Karen Spiegel	Member	City of Corona
Scott Matas	Chair (Commission) and Vice Chair (Eastern Riverside County Programs and Projects Committee)	City of Desert Hot Springs
Adam Rush	Member	City of Eastvale
Linda Krupa	Member	City of Hemet
Dana Reed	2nd Vice Chair (Commission)	City of Indian Wells
Michael Wilson	Member	City of Indio
Frank Johnston	Member	City of Jurupa Valley
Robert Radi	Member	City of La Quinta
Bob Magee	Chair (Budget and Implementation Committee)	City of Lake Elsinore
Scott Mann	Member	City of Menifee
Yxstian Gutierrez	Member	City of Moreno Valley
Rick Gibbs	Member	City of Murrieta
Berwin Hanna	Member	City of Norco
Jan Harnik	Vice Chair (Budget and Implementation Committee)	City of Palm Desert
Ginny Foat	Member	City of Palm Springs
Daryl Busch	Member	City of Perris
Ted Weill	Member	City of Rancho Mirage
Rusty Bailey	Member	City of Riverside
Andrew Kotyuk	Member	City of San Jacinto
Michael S. Naggar	Member	City of Temecula
Ben Benoit	Chair (Western Riverside County Programs and Projects Committee)	City of Wildomar
John Bulinski	Governor's Appointee	Caltrans, District 8

Management Staff

Anne Mayer, Executive Director
John Standiford, Deputy Executive Director
Michael Blomquist, Toll Program Director
Marlin Feenstra, Project Delivery Director
Shirley Medina, Planning and Programming Director
Theresia Treviño, Chief Financial Officer
Robert Yates, Multimodal Services Director

I-215 Central Project

Financial Section

40 YEARS 1976-2016 RCTC
Riverside County Transportation Commission

Certified
Public
Accountants

Century City
Los Angeles
Newport Beach
Oakland
Sacramento
San Diego
San Francisco
Walnut Creek
Woodland Hills

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, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above 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, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
4675 MacArthur Court, Suite 600
Newport Beach, CA 92660

www.mgocpa.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparisons and information related to the pension and other postemployment benefit plans, 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.

Other Information

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, budgetary comparison schedules, schedules of expenditures, and schedule of uses of debt proceeds and fund balances, as listed in the table of contents as supplementary information, and other information, such as the introductory and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, schedules of expenditures and schedule of uses of debt proceeds and fund balances are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has 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, budgetary comparison schedules, schedules of expenditures and schedule of uses of debt proceeds and fund balances are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have 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 them.

Macias Gini & O'Connell LLP

Newport Beach, California
October 28, 2016

Riverside County Transportation Commission

Management's Discussion and Analysis
Year Ended June 30, 2016

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, 2016. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages i-ix and the Commission's financial statements which begin on page 16.

Financial Highlights

- Total net position of the Commission was $336,707,968 and consisted of net investment in capital assets of $389,646,370; restricted net position of $615,457,192; and unrestricted net position (deficit) of ($668,395,594).

- 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 decreased by $126,836,579 during fiscal 2016. General revenues consisting primarily of sales taxes are the major funding source for the governmental activities. The decrease in net position was lower than the prior year primarily as a result of an estimate for the portion of the State Route 91 (SR-91) corridor improvement project (91 Project) costs that are not capitalizable and not related to the tolled express lanes.

- Total capital assets, net of accumulated depreciation, were $891,211,628 at June 30, 2016, representing an increase of $181,629,135, or 26%, from June 30, 2015. The increase in capital assets was primarily related to the land acquisition and construction in progress costs for the 91 Project and the completion of construction on the Perris Valley Line extension project.

- The Commission's governmental funds reported combined ending fund balances of $740,421,402, a decrease of $63,381,042 compared to fiscal 2015 primarily due to the use of debt proceeds related to the 91 Project. Approximately 71% of the governmental fund balances represent amounts available for the Measure A program, including debt service and funding from the issuance of debt, 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 outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the 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, Community and Environmental Transportation Acceptability Process (CETAP), commuter assistance, 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 14 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 (TUMF), and Local Transportation Fund (LTF) Special Revenue funds; Commercial Paper and Bonds Capital Projects funds; and Debt Service fund. Data from the other six 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 18-25 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 26-61 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 schedules of funding progress for postretirement health care benefits, proportionate share of net pension liability, and contributions. Required supplementary information can be found on pages 65-71 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; schedules of expenditures for local streets and roads and expenditures for transit and specialized transportation; and schedule of uses of debt proceeds and fund balances. This other supplementary information can be found on pages 74-86 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, 2016, the Commission's assets exceeded liabilities by $336,707,968, a $126,836,579 decrease from June 30, 2015. Our analysis below focuses on the net position and changes in net position of the Commission's governmental activities.

Net Position

Approximately 116%, compared to 110% in 2015, of the Commission's net position reflects its net investment in capital assets (i.e., construction in progress; land and improvements; construction and rail operating easements; rail stations; rail tracks; 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 183% and 125% of the total net position at June 30, 2016 and 2015, respectively. Restricted net position from governmental activities increased by $37,249,250, as a result of decreased expenses for transit and specialized transportation allocations and an increase due to the issuance of commercial paper proceeds.

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 $623,769,876 deficit at June 30, 2015 to a $668,395,594 deficit at June 30, 2016. This deficit results primarily from the impact of recording of the Commission's long-term debt, consisting of bonds 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 with the exception of tolled express lanes, 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, 2016 and June 30, 2015:

Net Position	June 30, 2016	June 30, 2015
Current and other assets	$ 836,821,360	$ 928,343,681
Capital assets not being depreciated	608,231,376	652,690,238
Capital assets being depreciated, net of accumulated depreciation	282,980,252	56,892,255
Total assets	1,728,032,988	1,637,926,174
Deferred outflows of resources	29,699,210	23,125,840
Total assets and deferred outflows of resources	1,757,732,198	1,661,052,014
Long-term obligations	1,278,695,617	1,038,769,250
Other liabilities	141,272,525	157,231,074
Total liabilities	1,419,968,142	1,196,000,324
Deferred inflows of resources	1,056,088	1,507,143
Total liabilities and deferred inflows of resources	1,421,024,230	1,197,507,467
Net position:		
Net investment in capital assets	389,646,370	509,106,481
Restricted	615,457,192	578,207,942
Unrestricted (deficit)	(668,395,594)	(623,769,876)
Net position at end of year	$ 336,707,968	$ 463,544,547

Changes in Net Position

The Commission's total program and general revenues were $376,802,057, while the total cost of all programs was $503,638,636. Total revenues decreased by 4%, and the total cost of all programs increased by 5%. Approximately 19% 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 decreased the Commission's net position by $126,836,579, and condensed financial data related to the change in net position is presented in the table below. Key elements of this decrease are as follows:

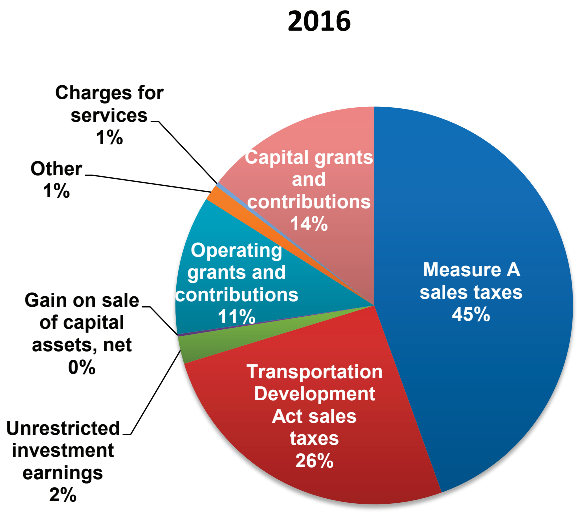
- Charges for services increased by $433,738, or 48%, primarily due to freeway service patrol services provided for the 91 Project construction during peak travel demands;
- Operating grants and contributions decreased by $15,215,378, or 26%, primarily due to a state allocation received in the previous year related to the I-215 corridor improvement project;
- Capital grants and contributions decreased by $16,070,807, or 23%, primarily due to a decrease in federal reimbursements received in the previous year related to the Perris Valley Line project;
- Measure A sales tax revenues increased by $4,537,463, or 3%, due to the continued economic recovery in the region;
- Transportation Development Act (TDA) sales taxes increased by $2,317,780, or 2%, as a result of an increase in LTF revenues due to the continued economic recovery in the region;
- Unrestricted investment earnings increased $2,323,332, or 38%, due to higher interest rates and unrealized gains on investments;
- Other miscellaneous revenues increased $3,307,886, or 201% due to the sale of surplus commuter rail property; and
- Gain on sale of capital assets in 2016 is related to the sale of surplus rail property.

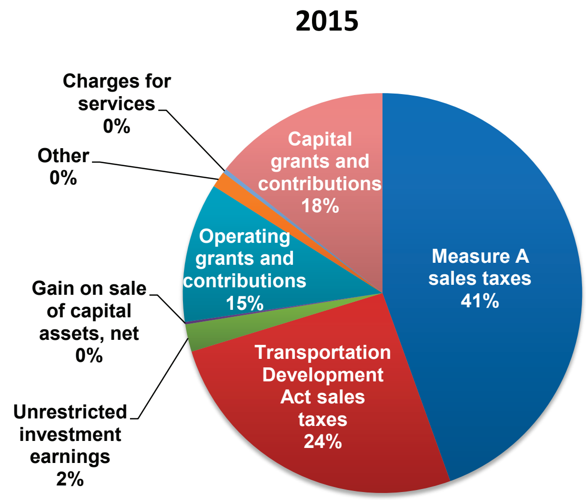
Changes in Net Position	Year Ended June 30, 2016	Year Ended June 30, 2015
Revenues		
Program revenues:		
Charges for services	$ 1,333,019	$ 899,281
Operating grants and contributions	42,568,860	57,784,238
Capital grants and contributions	54,062,314	70,133,121
General revenues:		
Measure A sales taxes	167,630,239	163,092,776
Transportation Development Act sales taxes	97,134,594	94,816,814
Unrestricted investment earnings	8,383,732	6,060,400
Other miscellaneous revenue	4,950,964	1,643,078
Gain on sale of capital assets, net	738,335	–
Total revenues	376,802,057	394,429,708
Expenses		
General government	6,614,285	7,402,725
Bicycle and pedestrian facilities	212,547	1,747,090
CETAP	1,871,426	4,130,374
Commuter assistance	2,615,610	2,914,990
Commuter rail	41,449,269	20,455,178
Highways	245,668,543	228,857,938
Local streets and roads	49,826,564	48,615,708
Motorist assistance	4,149,320	4,314,601
Planning and programming	3,965,071	3,064,115
Regional arterials	23,095,562	21,010,980
Transit and specialized transportation	70,611,967	86,712,958
Interest expense	53,558,472	50,037,270
Total expenses	503,638,636	479,263,927
Decrease in net position	(126,836,579)	(84,834,219)
Net position at beginning of year	463,544,547	553,854,373
Prior period adjustment	–	(5,475,607)
Net position at beginning of year, as restated	463,544,547	548,378,766
Net position at end of year	$ 336,707,968	$ 463,544,547

- General government expenses decreased by $788,440, or 11%, due to implementation of new pension accounting standards in the previous year;
- Bicycle and pedestrian facilities expenses decreased by $1,534,543, or 88%, due to a decrease in claims for approved projects;
- CETAP expenses decreased by $2,258,948, or 55%, due to a decrease in consultant efforts related to the Mid County Parkway project;
- Commuter assistance expenses decreased by $299,380 or 10%, due to the modifications to ridematching software in the previous year;
- Commuter rail expenses increased by $20,994,091, or 103%, as a result of increased commuter rail station operating and rehabilitation costs and Perris Valley Line extension project;
- Highway expenses increased by $16,810,605, or 7%, due to the 91 Project and I-15 Express Lanes project costs;
- Local streets and roads expenses increased by $1,210,856, or 3%, because of an increase in the overall Measure A sales tax revenues which affects the local street and road distributions to local jurisdictions;
- Motorist Assistance expenses decreased by $165,281, or 4%, due to implementation of new pension accounting standards in the previous year;

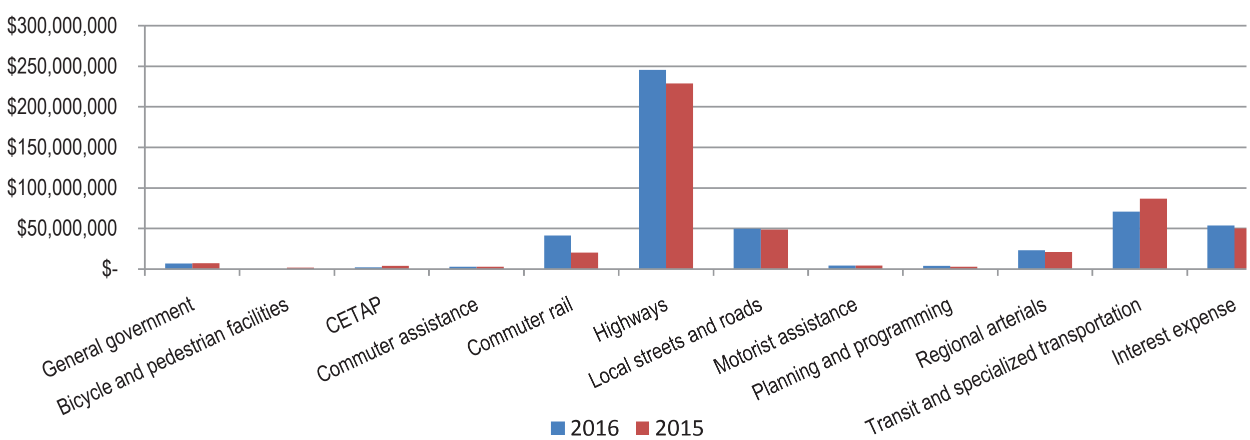
- Planning and programming expenses increased by $900,956, or 29%, due to increased planning and programming activities;
- Regional arterial expenses increased by $2,084,582, or 10%, as a result of an increase in reimbursements to local jurisdictions for approved regional arterial projects;
- Transit and specialized transportation expenses decreased by $16,100,991, or 19%, due to a decrease in bus transit operating and capital claims in all three geographic areas; and
- Interest expenses increased by $3,521,202, or 7%, primarily as a result of the accretion in toll revenue capital appreciation bonds.

The graphs below present the program and general revenues by source for the Commission's governmental activities for the fiscal years ended June 30, 2016 and June 30, 2015:





The following graph depicts program expenses for the Commission's governmental activities for the fiscal years ended June 30, 2016 and 2015:



Financial Analysis of the Commission's Funds

As of June 30, 2016, the Commission's governmental funds reported combined ending fund balances of $740,421,402, a decrease of $63,381,042 compared to 2015. About 1%, or $11,040,849, and less than 1%, or $3,456,111, are nonspendable and assigned fund balances, respectively. The nonspendable balances relate to prepaid amounts, and the assigned fund balances are for general government administration activities. The remainder of the fund balance is restricted to indicate the following externally enforceable legal restrictions:

- $6,179,960 in TDA funds that have been allocated to jurisdictions within the County for bicycle and pedestrian projects;
- $39,448,385 of TUMF funds for new CETAP corridors in Western County;
- $15,279,893 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 under the Measure A program;
- $40,889,504 in TDA, Measure A, and Proposition 1B funds for commuter rail operations and capital projects and $3,509,978 in TDA and Proposition 1B funds for Coachella Valley/San Gorgonio Pass rail corridor;
- $78,316,055 in 2009 Measure A funds and toll bonds proceeds available to pay sales tax and toll revenue bonds debt service over the next year;
- $269,479,630 for highway, economic development, and new corridor projects related to the 1989 Measure A and the 2009 Measure A programs;
- $2,817 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;
- $8,722,808 in state funds for motorist assistance services;
- $4,098,825 of TDA funds for planning and programming activities;
- $67,712,964 for regional arterial projects in Western County related to the TUMF and 2009 Measure A programs;
- $8,805,106 of Measure A funds for transit and specialized transportation in the Western County and $1,272,322 for specialized transportation in the Coachella Valley; and
- $182,206,195 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, 2016 and 2015:

	Fund Balances Year Ended June 30		
	2016	2015	% Change
General fund	$ 10,792,190	$ 10,182,797	6%
Special Revenue major funds:			
Measure A Western County	201,722,613	248,871,517	(19)%
Measure A Coachella Valley	42,644,404	35,713,138	19%
Transportation Uniform Mitigation Fee	70,616,683	61,486,038	15%
Local Transportation Fund	116,816,853	112,103,274	4%
Capital Projects major funds:			
Commercial Paper	42,033,114	26,830,382	57%
Bonds	93,265,967	129,292,053	(28)%
Debt Service fund	78,316,055	106,199,703	(26)%
Nonmajor governmental funds	84,213,523	73,123,542	15%

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

- The 6% increase in the General fund resulted from decreased capital outlay expenses;
- The 19% decrease in Measure A Western County Special Revenue fund was attributed to expenditures for highway and rail projects in excess of 2009 Measure A revenues and available bond proceeds and state and federal reimbursements;
- The 19% 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 15% increase in the Transportation Uniform Mitigation Fee Special Revenue fund was attributable to increased TUMF revenues and decreased reimbursements to local jurisdictions for approved projects;
- The 4% increase in the Local Transportation Fund resulted from the excess of sales tax revenues over claims of allocations for transit operations and capital projects and for bicycle and pedestrian facility projects;
- The 57% increase in the Commercial Paper Capital Projects fund was attributed to the issuance of commercial paper notes for the I-15 Express Lanes project costs;
- The 28% decrease in Bonds Capital Projects fund was attributed to the use of bond proceeds for the 91 Project costs;
- The 26% decrease in the Debt Service fund was due to the annual debt service payments offset by the transfer of 2009 Measure A Western County bond financing funds for debt service; and
- The 15% increase in nonmajor governmental funds resulted from the excess of sales tax revenues over claims of allocations for transit capital projects.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General fund resulted in a $34,925 decrease in expenditure appropriations and were related to the following changes:

- $157,000 decrease to general government for various operations support services;
- $419,300 decrease to the commuter rail program for program management activities;
- $197,800 increase for various planning and programming activities;
- $59,700 increase for transit and specialized transportation activities;
- $283,875 increase to capital outlay for furniture and equipment.

RTA CommuterLink

During the year, General fund revenues were below budgetary estimates by $3,512,419; expenditures were less than budgetary estimates by $9,632,001. General fund budgetary variances between the final amended budget and actual amounts are as follows:

General Fund Budgetary Variances	Year Ended June 30, 2016 Final Amended Budget	Actual	% Variance
Revenues			
Sales taxes	$ 3,000,000	$ 3,000,000	0%
Intergovernmental	5,341,200	1,133,963	(79)%
Investment income	11,100	71,553	545%
Other	375,000	1,009,365	169%
Total revenues	8,727,300	5,214,881	(40)%
Expenditures			
Current			
General government	7,044,500	5,322,520	24%
Commuter rail	23,145,900	19,127,189	17%
Planning and programming	6,762,200	3,322,493	51%
Transit and specialized transportation	459,300	406,536	11%
Debt service	24,900	24,858	0%
Capital outlay	577,375	178,578	69%
Total expenditures	38,014,175	28,382,174	25%
Other financing sources (uses)			
Transfers in	26,593,400	23,776,686	(11)%
Transfers out	(57,900)	–	100%
Net change in fund balance	$ (2,751,375)	$ 609,393	(122)%

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

- $4,207,237 negative variance for intergovernmental revenues primarily related to lower intergovernmental reimbursements related to commuter rail and planning, programming and monitoring expenditures;
- $60,453 positive variance for increased investment income related to conservative investment yield estimates;
- $634,365 positive variance for other revenues related to maintenance of way and dispatching revenues from commuter rail services;
- $1,721,980 positive variance for general government expenditures primarily related to lower professional services and other expenditures such as insurance, training, and travel;
- $4,018,711 positive variance for commuter rail expenditures related to lower station maintenance and repairs and Metrolink operations;
- $3,439,707 positive variance for planning and programming expenditures related to lower grade separation project claims;
- $52,764 positive variance for transit and specialized transportation expenditures related to lower personnel costs and legal and professional services;
- $42 positive variance for debt service related to capital lease expenditures;
- $398,797 positive variance for capital outlay expenditures due to delayed acquisition of Commission hardware and software improvements and station improvements;
- $2,816,714 negative variance for transfers in related to the anticipated needs for administrative cost allocations as well as commuter rail and planning and programming activities; and
- $57,900 positive variance for transfers out related to anticipated needs for planning, programming and monitoring activities.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2016, the Commission had $891,211,628, net of accumulated depreciation, invested in a broad range of capital assets including construction in progress; land and land improvements; construction rail operating easements, stations, and tracks; and office improvements, furniture, equipment, and vehicles. The total increase in the Commission's total capital assets, net for FY 2015/16 was 26%.

Major capital asset additions during 2016 included construction in progress related to preliminary engineering costs for the I-15 Express Lanes and design-build activities for the 91 Project; addition of four new commuter rail stations including rail track improvements; and land acquisition for the 91 Project and other highway projects.

The construction in progress related to the 91 Project consists of approximately $309,834,174 in costs related to the tolled express lanes, which will be an intangible asset upon commencement of operations anticipated in 2017. The portion of 91 Project costs that will not remain as a capital, or intangible, asset of the Commission have been estimated and are not capitalized through construction.

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

	June 30, 2016	June 30, 2015
Capital Assets not being depreciated:		
Land and land improvements	$ 188,986,613	$ 184,944,512
Construction easements	1,304,203	1,304,203
Rail operating easements	63,839,142	63,839,142
Construction in progress	354,065,984	402,602,381
Development in progress	35,434	–
Total capital assets not being depreciated	608,231,376	652,690,238
Capital Assets being depreciated, net of accumulated depreciation:		
Rail stations	143,265,850	55,974,021
Rail tracks	138,959,812	–
Temporary construction easements	214,225	513,538
Office improvements, furniture, equipment, and vehicles	540,365	404,696
Total capital assets, net of accumulated depreciation	282,980,252	56,892,255
Total capital assets	$ 891,211,628	$ 709,582,493

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

Debt Administration

As of June 30, 2016, the Commission had $1,265,835,756 outstanding in sales tax, toll revenue bonds, TIFIA loan, and commercial paper notes. The total debt increased from the $1,022,758,292 outstanding as of June 30, 2015, primarily as a result of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan draw of $228,792,225 for the 91 Project and issuance of commercial paper notes of $20,000,000 for the I-15 Express Lanes project. The Commission's sales tax revenue bonds received ratings of "AA+" from Standard & Poor's Rating Service (S&P), "Aa2" from Moody's Investors Service (Moody's), and "AA" from Fitch Ratings (Fitch), and the toll revenue bonds received ratings of "BBB" from S&P and Fitch. The TIFIA loan received a rating of "BBB-" from Fitch.

In March 2005 the Commission established a commercial paper program, currently authorized at $60,000,000 to provide advance funding for 2009 Measure A capital projects. The commercial paper notes are rated "A1" by S&P and "P1" by Moody's. As of June 30, 2016, the Commission had $20,000,000 in 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 $751,300,000. The Commission has also authorized the issuance of toll revenue bonds not to exceed $900,000,000, which is in excess of the total outstanding debt of $187,827,922. The TIFIA loan, which is a toll revenue bond that is subordinate to the senior toll revenue bonds, provides federal funding up to $421,054,409 which may be drawn upon after certain conditions have been met.

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 2016 Commission meeting, the Commission adopted guiding principles for use in the preparation of the FY 2016/17 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 2016/17 annual budget on June 8, 2016. Approximately 49% of the $680,712,100 balanced budget is related to capital project expenditures, including: $189,357,900 for right of way acquisition, construction, and design-build activities related to the 91 Project consisting of tolled express and general purpose lanes and interchange improvements; $41,971,600 for various Western County Measure A and TUMF regional arterial projects; $30,500,000 for preliminary engineering and right of way acquisition for the Mid County Parkway project; $11,520,000 for construction and right of way acquisition related to the Pachappa Underpass project; and $25,750,000 for preliminary engineering services, right of way support services, and design-build activities related to the I-15 Express Lanes project.

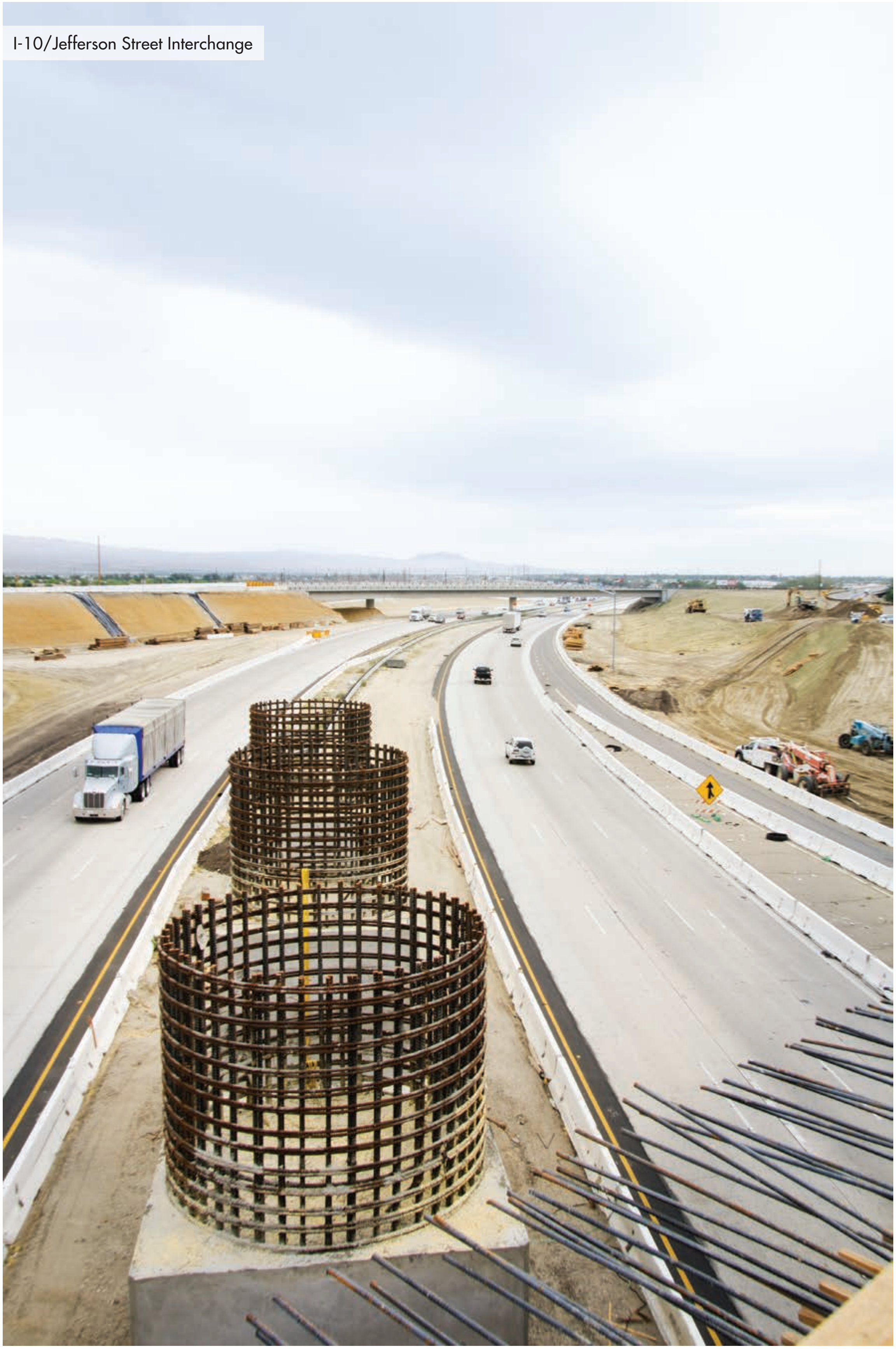
Distributions to the local jurisdictions for local streets and roads are budgeted at $51,358,000. Budgeted expenditures related to funding of public bus transit operations and capital projects in the County aggregate $111,281,600, and budgeted transfers out related to funding of commuter rail operations and capital are $19,800,000. Debt service costs are $54,015,800, or 8% 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 2017 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.



I-10/Jefferson Street Interchange

Basic Financial Statements

40 YEARS 1976-2016 RCTC
Riverside County Transportation Commission

Riverside County Transportation Commission
Statement of Net Position
June 30, 2016

	Governmental Activities
Assets	
Cash and investments	$ 497,155,008
Receivables:	
Accounts	98,081,037
Advances to other governments	30,230,448
Interest	1,214,706
Due from other governments	231,362
Prepaid expenses and other assets	11,040,849
Restricted investments held by trustee	198,867,950
Capital assets not being depreciated	608,231,376
Capital assets, net of accumulated depreciation	282,980,252
Total assets	1,728,032,988
Deferred outflows of resources	
Accumulated decrease in fair value of derivatives	26,644,474
Differences between contributions and proportionate share of contributions	643,879
Differences between actual and expected experience	65,573
Changes in Commission's proportion	1,212,891
Pension contributions subsequent to measurement date	1,132,393
Total assets and deferred outflows of resources	1,757,732,198
Liabilities	
Accounts payable	91,377,578
Interest payable	13,518,497
Other liabilities	3,433,924
Derivative instrument-swap	26,644,474
Pension liabilities	6,298,052
Long-term liabilities:	
Due within one year	33,493,801
Due in more than one year	1,245,201,816
Total liabilities	1,419,968,142
Deferred inflows of resources	
Changes in assumptions	620,383
Changes in Commission's proportion	124,700
Net differences between projected and actual earnings on pension plan investments	311,005
Total liabilities and deferred inflows of resources	1,421,024,230
Net position	
Net investment in capital assets	389,646,370
Restricted for:	
Bicycle and pedestrian facilities	6,179,960
CETAP	39,448,385
Commuter assistance	15,279,893
Commuter rail	43,398,079
Debt service	10,518,510
Highways	227,725,434
Local streets and roads	74,211
Motorist assistance	8,722,808
Planning and programming	4,113,325
Regional arterials	67,712,964
Transit and specialized transportation	192,283,623
Unrestricted (deficit)	(668,395,594)
Total net position	$ 336,707,968

See notes to financial statements

Riverside County Transportation Commission

Statement of Activities

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Primary Government					
Governmental Activities:					
General government	$ 6,614,285	$ 421	$ -	$ -	$ (6,613,864)
Bicycle and pedestrian facilities	212,547	-	-	-	(212,547)
CETAP	1,871,426	-	9,894,604	-	8,023,178
Commuter assistance	2,615,610	-	1,134,484	-	(1,481,126)
Commuter rail	41,449,269	255,847	338,620	54,062,314	13,207,512
Highways	245,668,543	-	16,113,742	-	(229,554,801)
Local streets and roads	49,826,564	-	-	-	(49,826,564)
Motorist assistance	4,149,320	1,076,751	4,142,210	-	1,069,641
Planning and programming	3,965,071	-	1,050,595	-	(2,914,476)
Regional arterials	23,095,562	-	9,894,605	-	(13,200,957)
Transit and specialized transportation	70,611,967	-	-	-	(70,611,967)
Interest expense	53,558,472	-	-	-	(53,558,472)
Total governmental activities	$ 503,638,636	$ 1,333,019	$ 42,568,860	$ 54,062,314	(405,674,443)

General Revenues:	
Measure A sales taxes	167,630,239
Transportation Development Act sales taxes	97,134,594
Unrestricted investment earnings	8,383,732
Other miscellaneous revenue	4,950,964
Gain on sale of capital assets, net	738,335
Total general revenues	278,837,864
Change in net position	(126,836,579)
Net position at beginning of year	463,544,547
Net position at end of year	$ 336,707,968

See notes to financial statements

Riverside County Transportation Commission

Balance Sheet - Governmental Funds

June 30, 2016

	Major Funds				
		Special Revenue			
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund
Assets					
Cash and investments	$ 10,018,481	$ 197,105,952	$ 38,878,697	$ 69,264,672	$ 101,176,448
Receivables					
Accounts	794,422	58,453,605	7,065,877	5,278,985	15,702,809
Advances	-	280,820	-	-	-
Interest	19,572	325,472	66,902	121,793	140,946
Due from other funds	1,382,471	20,693,945	175,084	1,359,026	-
Prepaid expenditures and other assets	192,235	10,848,614	-	-	-
Restricted investments held by trustee	-	-	-	-	-
Total assets	$ 12,407,181	$ 287,708,408	$ 46,186,560	$ 76,024,476	$ 117,020,203
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,305,701	$ 81,491,622	$ 2,927,290	$ 4,120,022	$ 203,350
Due to other funds	-	2,023,181	614,866	1,287,771	-
Other liabilities	309,290	2,470,992	-	-	-
Total liabilities	1,614,991	85,985,795	3,542,156	5,407,793	203,350
Fund balances					
Nonspendable-prepaid amounts	192,235	10,848,614	-	-	-
Restricted for					
Bicycle and pedestrian facilities	-	-	-	-	6,179,960
CETAP	-	-	-	39,448,385	-
Commuter assistance	-	15,279,893	-	-	-
Commuter rail	3,455,898	37,433,606	-	-	-
Debt service	-	-	-	-	-
Highways	-	92,809,774	41,370,775	-	-
Local streets and roads	-	954	1,307	-	-
Motorist assistance	-	-	-	-	-
Planning and programming	3,687,946	-	-	-	-
Regional arterials	-	36,544,666	-	31,168,298	-
Transit and specialized transportation	-	8,805,106	1,272,322	-	110,636,893
Assigned					
General government	3,456,111	-	-	-	-
Total fund balances	10,792,190	201,722,613	42,644,404	70,616,683	116,816,853
Total liabilities and fund balances	$ 12,407,181	$ 287,708,408	$ 46,186,560	$ 76,024,476	$ 117,020,203

See notes to financial statements

Riverside County Transportation Commission

Balance Sheet - Governmental Funds

June 30, 2016

	Major Funds				
	Capital Projects				
	Commercial Paper	Bonds	Debt Service	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments	$ 296,550	$ 35,770	$ 5,314,345	$ 75,064,093	$ 497,155,008
Receivables					
Accounts	-	-	-	10,785,339	98,081,037
Advances	26,191,664	3,757,964	-	-	30,230,448
Interest	6,052	160,386	240,842	132,741	1,214,706
Due from other funds	585,743	67,894	-	281	24,264,444
Prepaid expenditures and other assets	-	-	-	-	11,040,849
Restricted investments held by trustee	16,799,859	109,132,139	72,935,952	-	198,867,950
Total assets	$ 43,879,868	$ 113,154,153	$ 78,491,139	$ 85,982,454	$ 860,854,442
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 1,329,593	$ 91,377,578
Due to other funds	-	19,724,208	175,084	439,334	24,264,444
Other liabilities	1,846,754	163,978	-	4	4,791,018
Total liabilities	1,846,754	19,888,186	175,084	1,768,931	120,433,040
Fund balances					
Nonspendable-prepaid amounts	-	-	-	-	11,040,849
Restricted for					
Bicycle and pedestrian facilities	-	-	-	-	6,179,960
CETAP	-	-	-	-	39,448,385
Commuter assistance	-	-	-	-	15,279,893
Commuter rail	-	-	-	3,509,978	44,399,482
Debt service	-	-	78,316,055	-	78,316,055
Highways	42,033,114	93,265,967	-	-	269,479,630
Local streets and roads	-	-	-	556	2,817
Motorist assistance	-	-	-	8,722,808	8,722,808
Planning and programming	-	-	-	410,879	4,098,825
Regional arterials	-	-	-	-	67,712,964
Transit and specialized transportation	-	-	-	71,569,302	192,283,623
Assigned					
General government	-	-	-	-	3,456,111
Total fund balances	42,033,114	93,265,967	78,316,055	84,213,523	740,421,402
Total liabilities and fund balances	$ 43,879,868	$ 113,154,153	$ 78,491,139	$ 85,982,454	$ 860,854,442

See notes to financial statements


Pedestrian Crossing, Perris Valley Line
RAIL ROAD
CROSSING
HERE
WAIT

Riverside County Transportation Commission

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2016

Total fund balances - Governmental funds (page 19)	$ 740,421,402
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, are not reported in the funds.	231,362
Deferred outflows of resources relate to the accumulated decrease in the fair value of derivatives, which is not recorded in the funds.	26,644,474
Deferred outflows of resources related to the pension contributions subsequent to the measurement date.	1,132,393
Deferred outflows of resources related to the difference between contributions and proportionate share of contributions, differences between actual and expected experience, and change in Commission's proportion.	1,922,343
Deferred inflows of resources related to net differences between projected and actual earnings on pension plan investments, change in Commission's proportion, and changes in assumptions:	(1,056,088)
Capital assets, less related accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	891,211,628
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unearned revenue in the funds.	1,357,094
Interest payable on bonds outstanding is not due and payable in the current period and therefore is not reported in the funds.	(13,518,497)
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	(26,644,474)
Net pension liability	(6,298,052)
Compensated absences	(813,680)
Capital lease obligation	(46,181)
Multi-Species Habitat Conservation Plan funding liability	(12,000,000)
TIFIA loan	(277,696,320)
Sales tax bonds payable	(751,300,000)
Toll revenue bonds payable	(187,827,922)
Commercial paper notes payable	(20,000,000)
Premium on sales tax revenue bonds payable	(31,802,989)
Discount on sales tax revenue bonds payable	570,883
Discount on toll revenue bonds payable	2,220,592
Net adjustment	(1,311,638,143)
Net position of governmental activities (page 16)	$ 336,707,968

See notes to financial statements

Riverside County Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2016

	Major Funds				
		Special Revenue			
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund
Revenues					
Sales taxes	$ 3,000,000	$ 126,211,067	$ 37,302,673	$ -	$ 83,776,480
Transportation Uniform Mitigation Fee	-	42,118	-	19,789,209	-
Intergovernmental	1,133,963	68,753,304	-	-	21,268
Investment income	71,553	1,379,971	270,598	496,991	558,797
Other	1,009,365	5,201,995	-	7,000	-
Total revenues	5,214,881	201,588,455	37,573,271	20,293,200	84,356,545
Expenditures					
Current:					
General government	5,322,520	1,179,735	-	-	12,000
Bicycle and pedestrian facilities	-	-	-	-	233,815
CETAP	-	284	-	5,249,232	-
Commuter assistance	-	2,648,632	-	-	-
Commuter rail	19,127,189	75,831,961	-	-	-
Highways	-	361,388,048	11,268,981	-	-
Local streets and roads	-	35,654,129	13,055,936	-	-
Motorist assistance	-	-	-	-	-
Planning and programming	3,322,493	-	-	-	684,785
Regional arterials	-	17,090,247	-	6,020,862	-
Transit and specialized transportation	406,536	5,358,838	6,492,172	-	55,750,327
Total programs	28,178,738	499,151,874	30,817,089	11,270,094	56,680,927
Debt service:					
Principal	14,176	-	-	-	-
Interest	10,682	-	-	-	-
Total debt service	24,858	-	-	-	-
Capital outlay	178,578	1,003,630	-	-	-
Total expenditures	28,382,174	500,155,504	30,817,089	11,270,094	56,680,927
Excess (deficiency) of revenues over (under) expenditures	(23,167,293)	(298,567,049)	6,756,182	9,023,106	27,675,618
Other financing sources (uses):					
Debt issuance	-	228,792,225	-	-	-
Transfers in	23,776,686	77,853,570	175,084	1,359,026	-
Transfers out	-	(55,227,650)	-	(1,251,487)	(22,962,039)
Total other financing sources (uses)	23,776,686	251,418,145	175,084	107,539	(22,962,039)
Net change in fund balances	609,393	(47,148,904)	6,931,266	9,130,645	4,713,579
Fund balances at beginning of year	10,182,797	248,871,517	35,713,138	61,486,038	112,103,274
Fund balances at end of year	$ 10,792,190	$ 201,722,613	$ 42,644,404	$ 70,616,683	$ 116,816,853

See notes to financial statements

Riverside County Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2016

	Major Funds				
	Capital Projects				
	Commercial Paper	Bonds	Debt Service	Other Nonmajor Governmental Funds	Total
Revenues					
Sales taxes	$ -	$ -	$ -	$ 14,474,613	$ 264,764,833
Transportation Uniform Mitigation Fee	-	-	-	-	19,831,327
Intergovernmental	-	-	2,779,329	4,133,498	76,821,362
Investment income	1,860,672	1,379,776	2,033,253	541,142	8,592,753
Other	-	-	-	1,077,288	7,295,648
Total revenues	1,860,672	1,379,776	4,812,582	20,226,541	377,305,923
Expenditures					
Current:					
General government	-	-	-	-	6,514,255
Bicycle and pedestrian facilities	-	-	-	-	233,815
CETAP	-	-	-	-	5,249,516
Commuter assistance	-	-	-	-	2,648,632
Commuter rail	-	-	-	758,759	95,717,909
Highways	-	-	-	-	372,657,029
Local streets and roads	-	-	-	1,116,499	49,826,564
Motorist assistance	-	-	-	4,159,520	4,159,520
Planning and programming	-	-	-	83,453	4,090,731
Regional arterials	-	-	-	-	23,111,109
Transit and specialized transportation	-	-	-	2,644,931	70,652,804
Total programs	-	-	-	8,763,162	634,861,884
Debt service:					
Principal	-	-	7,800,000	-	7,814,176
Interest	10,221	-	45,600,019	-	45,620,922
Total debt service	10,221	-	53,400,019	-	53,435,098
Capital outlay	-	-	-	-	1,182,208
Total expenditures	10,221	-	53,400,019	8,763,162	689,479,190
Excess (deficiency) of revenues over (under) expenditures	1,850,451	1,379,776	(48,587,437)	11,463,379	(312,173,267)
Other financing sources (uses):					
Debt issuance	20,000,000	-	-	-	248,792,225
Transfers in	71,157	34,983,199	23,729,359	760,639	162,708,720
Transfers out	(6,718,876)	(72,389,061)	(3,025,570)	(1,134,037)	(162,708,720)
Total other financing sources (uses)	13,352,281	(37,405,862)	20,703,789	(373,398)	248,792,225
Net change in fund balances	15,202,732	(36,026,086)	(27,883,648)	11,089,981	(63,381,042)
Fund balances at beginning of year	26,830,382	129,292,053	106,199,703	73,123,542	803,802,444
Fund balances at end of year	$ 42,033,114	$ 93,265,967	$ 78,316,055	$ 84,213,523	$ 740,421,402

See notes to financial statements


Riverside Avenue Grade Separation

Riverside County Transportation Commission

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2016

Net change in fund balances - Total governmental funds (page 23)	$	(63,381,042)
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 its estimated useful lives and reported as depreciation expense. The adjustment combines the net changes of the following amounts:		
Capital outlay		185,516,126
Net gain on sale of assets		738,335
Depreciation expense		(4,625,326)
Net adjustments		181,629,135
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(209,268)
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 sales tax revenue bonds		7,800,000
TIFIA loan proceeds		(228,792,225)
Issuance of commercial paper notes		(20,000,000)
Amortization of sales tax revenue bonds premium		2,175,262
Amortization of sales tax revenue bonds discount		(210,216)
Amortization of toll revenue bonds discount		(73,073)
Net pension liability		(972,487)
Change in deferred outflows of pension resources		1,493,986
Change in deferred inflows of pension resources		381,776
Capital lease payments		14,176
Change in accrued interest		(5,852,312)
Change in accretion of capital appreciation toll revenue bonds		(3,977,212)
Change in Multi-Species Habitat Conservation Plan funding liability		3,000,000
Change in remediation liability		260,826
Net adjustments		(244,751,499)
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.		(123,905)
Change in net position of governmental activities (page 17)	$	(126,836,579)

See notes to financial statements

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 one 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 ensured 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 management of the Commission has operational responsibility for SAFE. 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 are not under the direction of the Commission. Financial information for these agencies is not included in the accompanying financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

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 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 Measure A Coachella Valley and TUMF Special Revenue funds and the Commercial Paper Capital Projects 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.

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.

Bonds Capital Projects Fund: This fund records proceeds from the issuance of sales tax and toll 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 and toll revenue bonds.

Note 1. Summary of Significant Accounting Policies, Continued

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 in September 1995, and most recently amended in April 2016. The investment policy complies with, or is more restrictive than, applicable state statutes. This investment policy requires the Commission's investment program to meet three criteria in the order of their importance: safety, liquidity, and return on investments. Investments of bond and commercial paper proceeds as permitted by the applicable debt 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 is summarized in the table below; investments held by bond trustees are governed by the provisions of the Commission's bond indentures. 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.


Streeter Avenue Grade Separation

Note 1. Summary of Significant Accounting Policies, Continued

Authorized Investment Type	Maximum Effective Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Minimum Ratings
United States (U.S.) Treasury obligations	5 years	None	None	Not applicable
Federal agency securities	5 years	None	None	Not applicable
State/Municipal obligations	5 years	25%	None	Aa3/AA-
Mortgage and asset backed securities	5 years	10%	None	A3/A-/A-
Repurchase agreements	30 days	None	None	A
U.S. corporate debt	5 years	25%	None	Aa3/AA-
Commercial paper	270 days	25%	None	A
Banker's acceptances	180 days	40%	30%	Not applicable
Money market mutual funds	Not applicable	20%	None	Not applicable
Riverside County Pooled Investment Fund (RCPIF)	Not applicable	None	Set by RCPIF	Not applicable
Local Agency Investment Fund (LAIF)	Not applicable	None	Set by LAIF	Not applicable
Negotiable certificates of deposit	180 days	15%	None	P-1/A-1/F-1
Federally insured certificates of deposit	1 year	20%	None	Not applicable
Collateralized certificates of deposit	1 year	15%	None	Not applicable
Time deposits	5 years	None	None	Not applicable

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. LTF moneys are legally required to be deposited in the RCPIF.

The RCPIF and the LAIF are carried at fair value, or 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. The pooled funds are not subject to Level 1, 2, or 3 of the fair value hierarchy prescribed by Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*. Investments in U.S. government, federal agency, mortgage and asset-backed, municipal, corporate, and commercial paper 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, 2016.

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 and condemnation payments with the State, which are related primarily to the 91 Project, 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.

Note 1. Summary of Significant Accounting Policies, Continued

Restricted investments held by trustee: Restricted investments held by trustee represent unexpended bond proceeds, interest earnings thereon, and capitalized interest and reserve amounts for 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; construction and rail easements; buildings and equipment; rail stations; rail tracks; office improvements; 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 (Caltrans), are included in highway program expenditures. Infrastructure consisting primarily of highway construction and right of way acquisition is generally 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 land and land improvements and 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, rail tracks, temporary construction easements, office improvements, furniture and equipment, and vehicles of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Type	Useful Life
Rail stations	10 to 30 years
Rail tracks	30 years
Temporary construction easements	1 to 3 years
Office improvements	7 to 10 years
Office furniture and equipment	3 to 5 years
Vehicles	5 years

Project costs that have been incurred for the tolled express lanes projects, consisting of the 91 Project and the Interstate (I) 15 Express Lanes project, and are expected to remain the Commission's assets, will be capitalized as intangible assets that will be amortized over the life of the service concession arrangement with Caltrans. These capitalizable costs have been accumulated in the capital assets as land and land improvements and construction in progress. The costs of the tolled express lanes projects that are not capitalized are expensed as incurred based on management's estimation which is generally based upon the allocation of Measure A and other funding sources, including toll-supported debt. As of June 30, 2016, the estimated project costs incurred but not capitalized related to the 91 Project is approximately 88% of right of way and 60% of engineering and construction costs, or approximately $139,914,962 and $464,751,260, respectively. All costs related to the I-15 Express Lanes project are considered capitalizable.

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.

Note 1. Summary of Significant Accounting Policies, Continued

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.

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

Risk management: The Commission is exposed to various risks of loss related to workers' compensation; 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 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 has five items—accumulated decrease in fair value of derivatives, pension contributions subsequent to measurement date, differences between actual and expected experience, differences between contributions and the proportionate share of contributions, and changes in Commission's proportion—which qualify 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. The Commission's pension contributions made subsequent to the measurement date and the fiscal year end are deferred until the subsequent measurement date.

Deferred inflows of resources: In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources, or revenue, until then. The Commission has three items—changes in assumptions, changes in Commission's proportion, and net differences between projected and actual earnings on pension plan investments—which qualify for reporting in this category in the government-wide statement of net position. The difference between projected and actual earnings on pension plan investments is deferred and amortized over the expected average remaining service life.

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.

Note 1. Summary of Significant Accounting Policies, Continued

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 adoption of a resolution 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.

Unassigned fund balance is 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. In June 2012, the Commission adopted a resolution to establish a policy on reporting and classifying fund balance in the General fund.

Net position: In the government-wide financial statements, net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows 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 restricted assets less liabilities and deferred inflows of resources related to those assets. Restricted assets are recorded when there are limitations imposed by creditors (such as through debt covenants), contributions, or laws and regulations of other governments or constraints imposed by law through constitutional provisions or through 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 $1,587,023 allocated to Measure A in 2016 were less than 1% of revenues and in compliance with the law.

Note 2. Cash and Investments

Cash and investments at June 30, 2016 consist of the following:

	Unrestricted			Restricted Investments	Total
	Cash	Investments	Total		
Cash in bank	$ 24,637,885	$ –	$ 24,637,885	$ –	$ 24,637,885
Petty cash	1,018	–	1,018	–	1,018
RCPIF	–	418,195,180	418,195,180	–	418,195,180
Operations pooled investments	–	50,669,457	50,669,457	–	50,669,457
LAIF	–	3,651,468	3,651,468	–	3,651,468
Investments with fiscal agents	–	–	–	198,867,950	198,867,950
Total cash and investments	$ 24,638,903	$ 472,516,105	$ 497,155,008	$ 198,867,950	$ 696,022,958

Restricted investments at June 30, 2016 represent investments held by bond trustees for project costs and debt service.

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

The following is a summary of the fair value hierarchy of the fair value of investments of the Commission as of June 30, 2016:

		Fair Value Measurements Using	
Investments by fair value level	June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
Investments subject to fair value hierarchy:			
U.S. Treasury obligations	$ 73,080,817	$ 48,375,932	$ 24,704,885
U.S. agency securities	12,411,661	–	12,411,661
Commercial paper	46,074,971	–	46,074,971
Corporate notes	50,412,154	–	50,412,154
Money market mutual funds	29,051,474	–	29,051,474
Mortgage and asset-backed securities	30,520,154	–	30,520,154
Municipal bonds	7,986,176	–	7,986,176
Total investments measured at fair value	249,537,407	$ 48,375,932	$ 201,161,475
Investments not subject to fair value hierarchy:			
LAIF	3,651,468		
RCPIF	418,195,180		
Total investments	$ 671,384,055		
Derivative instruments:			
Interest rate swaps	$ (26,644,474)	$ –	$ (26,644,474)

Note 2. Cash and Investments, Continued

Investments classified in Level 1 of the value hierarchy, valued at $48,375,932 are valued using quoted prices in active markets.

U.S. Treasury obligations totaling $24,704,885, U.S. agency securities totaling $12,411,661, commercial paper totaling $46,074,971, corporate notes totaling $50,412,154, money market funds totaling $29,051,474, mortgage and asset-backed securities totaling $30,520,154, and municipal bonds totaling $7,986,176 in 2016, classified in Level 2 of the fair value hierarchy, are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

Interest rate swaps, totaling ($26,644,474) in 2016 are classified in Level 2 of the fair value hierarchy. Fair value is described as the exit price that assumes a transaction takes place in the Commission's most advantageous market in the absence of a principal market. These inputs include the mid-market valuation and then incorporate the credit risk of either the Commission or its counterparty and the bid/offer spread that would be charged to the Commission in order to transact. The mid-market values of the interest rate swaps were estimated using the income approach. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement date.


I-15 direct connector to 91 Project

Note 2. Cash and Investments, Continued

As of June 30, 2016, the Commission had the following investments:

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Year)
Unrestricted:					
RCPIF	$ 418,195,180	$417,580,476	0.31% – 1.25%	7/1/16 – 6/30/21	1.144
LAIF	3,651,468	3,649,202	0.320% – 0.576%	167 days	167 days or .46
Operations pooled investments:					
Corporate notes	10,207,193	10,185,468	0.75967% – 5.625%	2/15/17 – 6/3/19	2.296
Money market mutual funds	140,098	140,098	0.000% – 0.001%	N/A	35 days or .10
Mortgage and asset-backed securities	4,684,917	4,677,127	0.3845% – 1.780%	6/20/17 – 6/15/21	3.989
Municipal bonds	1,973,282	1,956,717	0.898% – 5.050%	11/1/16 – 5/15/19	2.534
U.S. agency securities	8,959,082	8,932,702	0.50885% – 1.125%	5/30/17 – 6/13/19	2.038
U.S. Treasury obligations	24,704,885	24,580,616	0.625% – 1.000%	4/1/17 – 3/15/19	1.953
Total unrestricted investments	$ 472,516,105	$471,702,406			
			Unrestricted investment portfolio weighted average		1.813

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Year)
Restricted:					
Commercial paper	$ 46,074,971	$ 46,056,597	0.000% – .620%	7/1/16 to 8/2/16	0.042
Corporate notes	40,204,961	40,360,358	0.409% – 1.827%	7/15/16 to 2/5/20	2.335
Money market mutual funds	28,911,376	28,914,650	0.000% – 0.001%	N/A	35 days or .10
Mortgage and asset-backed securities	25,835,237	25,738,166	-1.838% – 2.912%	10/1/16 to 9/16/55	8.142
Municipal bonds	6,012,894	5,996,721	0.466% – 1.585%	1/1/17 to 8/1/20	1.068
U.S. agency securities	3,452,579	3,379,571	0.524% – 1.265%	6/20/17 to 6/22/20	3.466
U.S. Treasury obligation	48,375,932	47,473,495	0.474% – 1.447%	11/30/16 to 5/15/25	2.883
Total restricted investments	$ 198,867,950	$197,919,558			
			Restricted investment portfolio weighted average		2.575

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

As of June 30, 2016, mortgage and asset-backed securities totaled $30,520,154. The underlying assets are consumer receivables that include credit cards, auto/equipment, and home loans. The securities have a fixed interest rate and are rated AAA/Aaa by at least two of the three nationally recognized statistical rating organizations, except for $17,620,115 which is rated AA+ by S&P.

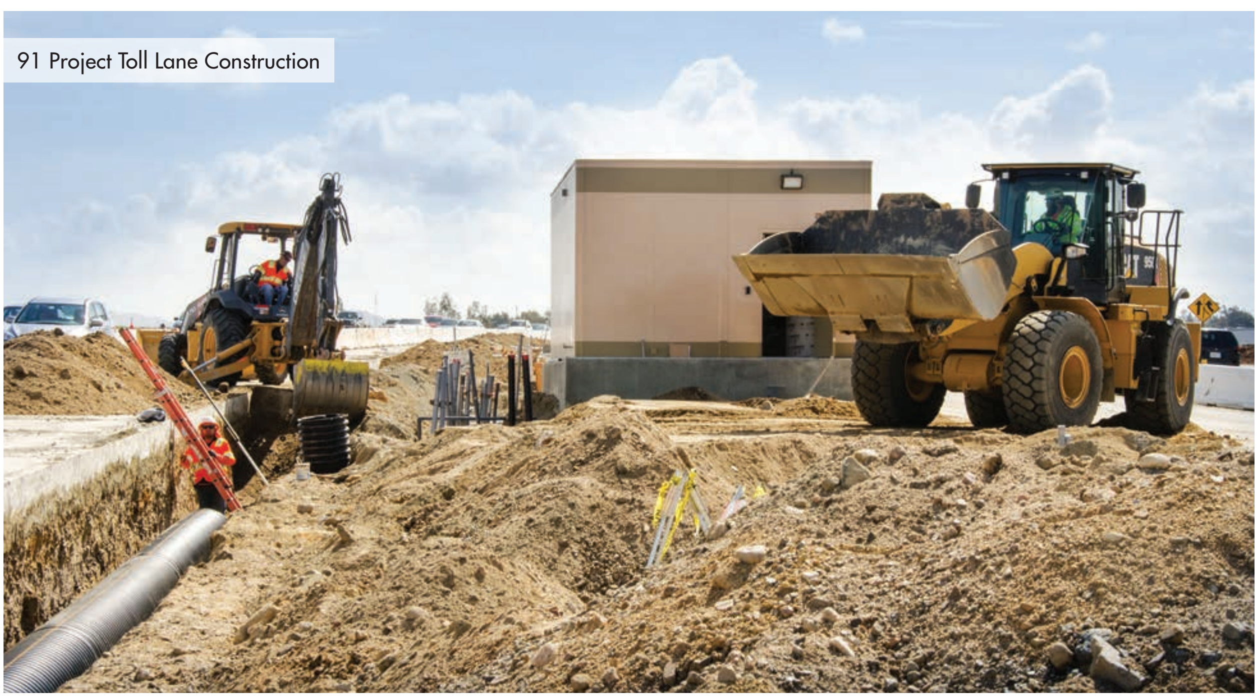
Note 2. Cash and Investments, Continued

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. In accordance with the Commission's investment policy, restricted investments are invested in accordance with the maturity provisions of the specific bond indenture, which may extend beyond five years.

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 $26,433,045 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: The Commission's investment policy as well as the specific bond indentures set minimum acceptable credit ratings for investments from any of the three nationally recognized statistical rating organizations. The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of each category's fair value at June 30, 2016; securities denoted as NR are not rated by one of the nationally recognized statistical rating organizations.



91 Project Toll Lane Construction

Note 2. Cash and Investments, Continued

Investments	Moody's	S&P	% of Portfolio
RCPIF	Aaa-bf	NR	62.25%
LAIF	NR	NR	0.54%
Commercial paper			
Various	P-1	A-2	0.57%
Various	P-2	A-1	0.22%
Various	P-2	A-2	5.51%
Various	P-2	NR	0.57%
Corporate			
Notes	A1	A	0.19%
Notes	A1	A-	0.09%
Notes	A1	A+	0.22%
Notes	A1	AA	0.26%
Notes	A1	AA-	0.18%
Notes	A1	AA+	0.23%
Notes	A2	A	0.63%
Notes	A2	A-	0.29%
Notes	A2	A+	0.10%
Notes	A2	BBB+	0.08%
Notes	A3	A	0.05%
Notes	A3	A-	0.39%
Notes	A3	A+	0.04%
Notes	A3	BBB+	0.37%
Notes	Aa1	AA-	0.19%
Notes	Aa1	AA+	1.19%
Notes	Aa2	A	0.02%
Notes	Aa2	A+	0.16%
Notes	Aa2	AA	0.24%
Notes	Aa2	AA-	0.26%
Notes	Aa3	A+	0.13%
Notes	Aa3	AA-	0.76%
Notes	Aaa	AA+	0.23%
Notes	Aaa	AAA	0.59%
Notes	Aaa	NR	0.54%
Notes	Baa1	A-	0.09%
Notes	Baa2	BBB+	0.00%
Money market mutual funds			
Funds	NR	NR	4.33%
Mortgage and asset backed securities			
Securities	Aaa	AA+	2.59%
Securities	AAA	AAA	0.40%
Securities	NR	AA+	0.04%
Securities	Aaa	NR	0.65%
Securities	NR	AAA	0.42%
Securities	AAA	NR	0.27%

Note 2. Cash and Investments, Continued

Investments	Moody's	S&P	% of Portfolio
Securities	NR	NR	0.18%
Municipal bonds			
Los Angeles County	A1	AA	0.01%
County of Clark	Aa1	AA	0.02%
Washington Biomedical Research Properties	Aa1	AA+	0.01%
Pasadena California Unified School District	AA2	A+	0.04%
City of New York	Aa2	AA	0.18%
City of Dallas	Aa2	AA	0.42%
Mississippi State	AA2	AA	0.02%
University of California	AA2	AA	0.10%
Clayton County Water Authority	Aa2	AA+	0.12%
Wisconsin State	AA3	AA	0.03%
State of Connecticut	Aa3	AA-	0.02%
State of California	Aa3	AA-	0.07%
New York University	AA3	AA-	0.05%
Kentucky Housing Corporation	Aaa	AAA	0.04%
North Carolina Eastern Municipal Power Agency	NR	A-	0.03%
Municipal Improvement Corporation of Los Angeles	NR	A+	0.02%
University of Oklahoma	NR	A+	0.01%
U.S. agency notes			
Notes	Aaa	AA+	1.65%
Notes	NR	AA+	0.20%
U.S. Treasuries			
Treasury	Aaa	AA+	7.21%
Treasury	AAA	NR	3.69%
Total			100.00%

Concentration of credit risk: The Commission's investment policy places a limit of 10% on the amount of investment holdings with any one non-U.S. Government or non-federal agency issuer. As of June 30, 2016, the Commission did not have investments in any one issuer that represent more than 5% of the Commission's total investments.

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 on or before December 1, 2019; and the final maturities of the CVAG advances are due on or before September 1, 2029. Interest rates range from .910% 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. The available advances to CVAG are $0 as of June 30, 2016.

Note 3. Advances, Continued

The outstanding advances, including capitalized interest of $1,357,095, as of June 30, 2016 were as follows:

City of Blythe	$ 685,453
City of Canyon Lake	280,820
City of Indio	1,954,067
Coachella Valley Associated Governments	27,310,108
Total advances receivable	$ 30,230,448

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance June 30, 2015	Additions/ Transfers	Retirements/ Transfers/ Deletions	Balance June 30, 2016
Governmental activities				
Capital assets not being depreciated:				
Land and land improvements	$ 184,944,512	$ 6,779,041	$ (2,736,940)	$ 188,986,613
Construction in progress	402,602,381	122,164,547	(170,700,944)	354,065,984
Development in progress	–	35,434	–	35,434
Rail operating easements	63,839,142	–	–	63,839,142
Construction easements	1,304,203	–	–	1,304,203
Total capital assets not being depreciated	652,690,238	128,979,022	(173,437,884)	608,231,376
Capital assets being depreciated:				
Rail stations	98,833,940	91,106,653	(36,123)	189,904,470
Rail tracks	–	139,346,887	–	139,346,887
Construction easements	720,244	130,950	–	851,194
Office improvements	72,782	21,550	–	94,332
Office furniture, equipment and vehicles	1,617,422	143,406	(1,706)	1,759,122
Total capital assets being depreciated	101,244,388	230,749,446	(37,829)	331,956,005
Less accumulated depreciation for:				
Rail stations	(42,859,919)	(3,778,701)	–	(46,638,620)
Rail tracks	–	(387,075)	–	(387,075)
Construction easements	(206,706)	(430,263)	–	(636,969)
Office improvements	(71,052)	(7,714)	–	(78,766)
Office furniture, equipment and vehicles	(1,214,456)	(21,573)	1,706	(1,234,323)
Total accumulated depreciation	(44,352,133)	(4,625,326)	1,706	(48,975,753)
Total capital assets being depreciated, net	56,892,255	226,124,120	(36,123)	282,980,252
Governmental activities capital assets, net	$ 709,582,493	$ 355,103,142	$ (173,474,007)	$ 891,211,628

Depreciation expense was charged to functions/programs of the Commission's governmental activities during the year ended June 30, 2016 as follows:

General government	$ 191,363
Commuter rail	3,997,318
Highway	432,413
Planning and programming	4,232
Total depreciation expense	$ 4,625,326

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, 2016 is as follows:

Receivable Fund	Payable Fund	Amount	Explanation
General fund	Nonmajor Governmental funds	$ 26,568	Fringe benefits allocation
General fund	Nonmajor Governmental funds	373,398	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	281,749	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	36,285	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	504,374	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	159,500	Rail station costs allocations
General fund	Measure A Coachella Valley Special Revenue fund	597	Fringe benefits allocation
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	969,737	Regional arterial costs allocations
Measure A Western County Special Revenue fund	Bonds Capital Projects fund	19,724,208	Highway capital costs allocations
Measure A Coachella Valley Special Revenue fund	Debt Service fund	175,084	Advance loan payment adjustment
Transportation Uniform Mitigation Fee Special Revenue fund	Measure A Western County Special Revenue fund	1,359,026	Regional arterial project costs allocations
Commercial Paper Capital Projects fund	Nonmajor Governmental funds	39,368	Advance loan payment adjustment
Commercial Paper Capital Projects fund	Measure A Coachella Valley Special Revenue fund	546,375	Advance loan payment adjustment
Bonds Capital Projects fund	Measure A Coachella Valley Special Revenue fund	67,894	Advance loan payment adjustment
Nonmajor Governmental funds	Measure A Western County Special Revenue fund	281	Motorist assistance costs allocations
Total due from/to other funds		$ 24,264,444	

Note 5. Interfund Transactions, Continued

Interfund transfers: During 2016, interfund transfers were as follows:

Transfers Out	Transfers In	Amount	Explanation
Measure A Western County Special Revenue fund	General fund	$ 159,500	Commuter rail costs allocations
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	1,359,026	Highway project costs allocations
Measure A Western County Special Revenue fund	Debt Service fund	18,725,925	Debt service funding related to highway projects for Western County and to advance agreements for Western County jurisdictions
Measure A Western County Special Revenue fund	Bonds Capital Projects fund	34,983,199	91 Project equity contribution
Transportation Uniform Mitigation Fee Special Revenue fund	Measure A Western County Special Revenue fund	969,738	Highway project costs allocations
Transportation Uniform Mitigation Fee Special Revenue fund	General fund	281,749	Administrative cost allocation
Local Transportation Fund	General fund	22,962,039	Administration, planning and programming, commuter rail operating and station maintenance, and grade separation costs allocations
Commercial Paper Capital Projects fund	Debt Service fund	3,520,785	Debt service related to advance agreements for Coachella Valley and Palo Verde Valley jurisdictions
Commercial Paper Capital Projects fund	Measure A Western County Special Revenue fund	3,198,091	Highway project costs allocations
Bonds Capital Projects fund	Measure A Western County Special Revenue fund	70,906,412	Highway project costs allocations
Bonds Capital Projects fund	Debt Service fund	1,482,649	Debt service related to advance agreements for Coachella Valley and Palo Verde Valley jurisdictions
Debt Service fund	Measure A Western County Special Revenue fund	2,779,329	Cash subsidies available after debt service payment
Debt Service fund	Measure A Coachella Valley Special Revenue fund	175,084	Share of cash subsidy related to CVAG advance agreement
Debt Service fund	Commercial Paper Capital Projects fund	71,157	Share of cash subsidy related to CVAG advance agreement
Nonmajor Governmental funds	General fund	373,398	Administrative cost allocation
Nonmajor Governmental funds	Nonmajor Governmental funds	189,439	Coachella Valley commuter rail costs allocations
Nonmajor Governmental funds	Nonmajor Governmental funds	571,200	Call box program augmentation of freeway service patrol operations
Total transfers		$ 162,708,720	

Note 6. Long-term Obligations

The following is a summary of the changes in long-term obligations for the year ended June 30, 2016:

Long-term obligations	Balance June 30, 2015	Additions / Accretion	Reductions	Balance June 30, 2016	Due Within One Year
Sales tax revenue bonds:					
2009 Bonds	$ 146,900,000	$ –	$ (7,800,000)	$ 139,100,000	$ 8,100,000
2010 Bonds	150,000,000	–	–	150,000,000	–
2013 Bonds	462,200,000	–	–	462,200,000	–
Toll revenue bonds:					
2013 Bonds	183,850,710	3,977,212	–	187,827,922	–
Commercial Paper	–	20,000,000	–	20,000,000	20,000,000
Total bonds payable	942,950,710	23,977,212	(7,800,000)	959,127,922	28,100,000
Less: Sales tax revenue bonds discount	(781,099)	–	210,216	(570,883)	(63,721)
Less: Toll revenue bonds discount	(2,293,665)	–	73,073	(2,220,592)	(73,073)
Add: Sales tax revenue bonds premium	33,978,251	–	(2,175,262)	31,802,989	2,175,262
Total bonds payable, net	973,854,197	23,977,212	(9,691,973)	988,139,436	30,138,468
TIFIA loan	48,904,095	228,792,225	–	277,696,320	–
MSHCP funding liability	15,000,000	–	(3,000,000)	12,000,000	3,000,000
Remediation liability	260,826	–	(260,826)	–	–
Capital lease	60,357	–	(14,176)	46,181	17,242
Compensated absences	689,775	213,905	(90,000)	813,680	338,091
Total long-term obligations	$1,038,769,250	$252,983,342	$ (13,056,975)	$ 1,278,695,617	$ 33,493,801

The Commission has pledged a portion of future sales tax revenues through maturities of the bonds to repay $751,300,000 in sales tax revenue bonds payable issued in October 2009 (2009 Bonds), November 2010 (2010 Bonds), and July 2013 (2013 Sales Tax Bonds) and outstanding at June 30, 2016 plus related interest. The bonds and commercial paper notes are payable solely from the 2009 Measure A sales tax revenues on a senior and subordinate lien basis, respectively. Annual principal and interest payments on the bonds and notes, after utilization of capitalized interest deposits for the 2013 Sales Tax Bonds through December 1, 2017, are expected to require less than 33% of 2009 Measure A revenues. For the current year, interest paid on the bonds and commercial paper notes was $38,480,119 and $10,221, respectively. Cash subsidies of $2,779,329 related to the bonds were received from the U.S. Treasury during the current year and were recorded as intergovernmental revenues.

Additionally, the toll revenue bonds issued in July 2013 (2013 Toll Bonds) are secured by a senior lien on the trust estate, which consists primarily of toll revenues and account revenues less operating and maintenance expenses of the RCTC 91 Express Lanes, which are expected to open in January 2017. The Commission also executed a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreement for up to $421,054,409 in July 2013 secured on a subordinate basis to the 2013 Toll Bonds, except in the case of any bankruptcy related event, as defined in the toll indenture and TIFIA loan agreement, when the TIFIA loan automatically becomes a senior lien obligation. The TIFIA loan is evidenced by a toll revenue bond issued pursuant to the toll bond indentures; the amount outstanding under the TIFIA loan at June 30, 2016 is $277,696,320.

Note 6. Long-term Obligations, Continued

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, 2016:

2009 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A, B, and C:	Outstanding
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. 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 secured by Standby Bond Purchase Agreements (SBPAs) with The Bank of Tokyo-Mitsubishi UFJ, Ltd., acting through its New York Branch (Bank of Tokyo), which expire in March 2019. Under the SBPAs with Bank of Tokyo, 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, Bank of Tokyo is required to purchase the 2009 Bonds. Any of the 2009 Bonds purchased by Bank of Tokyo 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 Bank of Tokyo within 180 days following Bank of Tokyo'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 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. Stifel, Nicolaus & Company, as assigned by E.J. De La Rosa & Co., and Barclays Capital Inc., are the remarketing agents for the 2009 Bonds Series A and Series 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 Commission is required to pay to Bank of Tokyo an annual commitment fee for the SBPAs on the outstanding principal amount of the 2009 Bonds plus 34 days of interest at an interest rate of 12%. The commitment fees paid to Bank of Tokyo were $660,700 in 2016. Additionally the Commission is required to pay the remarketing agents an annual fee on 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 prior SBPAs.	$ 139,100,000

Note 6. Long-term Obligations, Continued

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 variable interest rates at June 30, 2016 and excluding related interest rate swap payments, throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	$ 8,100,000	$ 510,900	$ 8,610,900
2018	8,500,000	477,750	8,977,750
2019	8,900,000	443,040	9,343,040
2020	9,300,000	406,770	9,706,770
2021	9,600,000	369,330	9,969,330
2022-2026	55,300,000	1,217,970	56,517,970
2027-2029	39,400,000	157,950	39,557,950
	$ 139,100,000	$ 3,583,710	$ 142,683,710

If the SBPAs with Bank of Tokyo are not renewed or replaced upon expiration in March 2019 and the Commission does not otherwise refinance the 2009 Bonds and the remarketing agent is unable to resell the bonds that are tendered for redemption, the annual debt service requirements for the succeeding fiscal years will be accelerated over a five-year term based on an assumed interest rate of 9.0%.

2010 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A (Tax-exempt) and Series B (Taxable Build America Bonds):	Outstanding
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. 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, but is not guaranteed, to receive a cash subsidy from the U.S. 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

During 2016 the cash subsidy related to the 2010 Bonds that was received from the U.S. Treasury was approximately $202,771 less than the amount anticipated. The subsidy reduction resulted from federal sequestration cuts of 6.8% for federal fiscal year ended September 30, 2016. The federal sequestration cuts may continue for an unknown duration.

Note 6. Long-term Obligations, Continued

In accordance with the bond maturity schedule, and assuming no subsidy reduction, annual debt service requirements to maturity for the 2010 Bonds payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total	Subsidy	Total, net
2017	$ –	$ 9,530,500	$ 9,530,500	$ (2,982,100)	$ 6,548,400
2018	–	9,530,500	9,530,500	(2,982,100)	6,548,400
2019	–	9,530,500	9,530,500	(2,982,100)	6,548,400
2020	–	9,530,500	9,530,500	(2,982,100)	6,548,400
2021	–	9,530,500	9,530,500	(2,982,100)	6,548,400
2022-2026	–	47,652,600	47,652,600	(14,910,600)	32,742,000
2027-2031	24,815,000	47,047,400	71,862,400	(14,910,600)	56,951,800
2032-2036	73,215,000	32,849,100	106,064,100	(12,797,700)	93,266,400
2037-2039	51,970,000	7,165,100	59,135,100	(3,175,600)	55,959,500
	$ 150,000,000	$ 182,366,700	$ 332,366,700	$ (60,705,000)	$ 271,661,700

2013 Sales Tax Revenue Bonds (Limited Tax Bonds), Series A (Tax-exempt):	Outstanding
In July 2013, the Commission issued $462,200,000 principal amount of serial bonds at a premium of $38,328,775 to retire all, or $60,000,000, of the outstanding principal amount of commercial paper notes, fund a portion of the 91 Project costs, pay capitalized interest during construction, and pay cost of issuance. The $286,065,000 of serial bonds mature in annual installments ranging from $12,090,000 to $24,450,000 on various dates from June 1, 2018 through June 1, 2033 at interest rates ranging from 5.00% to 5.25%. The $176,135,000 of term bonds is due on June 1, 2039 with annual sinking fund payments ranging from $25,735,000 to $33,235,000 on June 1, 2034 through June 1, 2039 at an interest rate of 5.25%.	$ 462,200,000

In accordance with the bond maturity schedule, annual debt service requirements to maturity for the 2013 Sales Tax Bonds payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	$ –	$ 24,041,100	$ 24,041,100
2018	22,960,000	24,041,100	47,001,100
2019	12,090,000	22,893,100	34,983,100
2020	12,690,000	22,288,600	34,978,600
2021	13,325,000	21,654,100	34,979,100
2022-2026	77,440,000	97,464,100	174,904,100
2027-2031	99,880,000	75,018,600	174,898,600
2032-2036	128,995,000	45,898,600	174,893,600
2037-2039	94,820,000	10,125,700	104,945,700
	$ 462,200,000	$ 343,425,000	$ 805,625,000

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 91 Project.

Note 6. Long-term Obligations, Continued

2013 Toll Revenue Bonds, Series A (Current Interest Obligation):	**Outstanding**
In July 2013, the Commission issued $123,825,000 principal amount of serial current interest bonds (CIBs) at a discount of $2,433,315 to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an Operations and Maintenance Fund, and pay costs of issuance. The CIBs consist of a serial bond maturing on June 1, 2044 in the amount of $39,315,000 at an interest rate of 5.75% and a term bond due on June 1, 2048 in the amount of $84,510,000 with annual sinking funds payments of $42,255,000 on June 1, 2047 and June 1, 2048 at an interest rate of 5.75%.	$ 123,825,000

In accordance with the bond maturity schedule, annual debt service requirements to maturity for the 2013 Toll Bonds CIBs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2017	$ –	$ 7,119,900	$ 7,119,900
2018	–	7,119,900	7,119,900
2019	–	7,119,900	7,119,900
2020	–	7,119,900	7,119,900
2021	–	7,119,900	7,119,900
2022-2026	–	35,599,700	35,599,700
2027-2031	–	35,599,700	35,599,700
2032-2036	–	35,599,700	35,599,700
2037-2041	–	35,599,700	35,599,700
2042-2045	39,315,000	31,078,500	70,393,500
2047-2048	84,510,000	7,289,000	91,799,000
	$ 123,825,000	$ 216,365,800	$ 340,190,800

2013 Toll Revenue Bonds, Series A (Capital Appreciation Obligation)	**Outstanding**
In July 2013, the Commission issued $52,829,602 principal amount of serial capital appreciation bonds (CABs) to fund a portion of the 91 Project, pay capitalized interest during construction, fund a debt service reserve fund, fund an initial amount for an Operations and Maintenance Fund, and pay costs of issuance. The CABs will not pay current interest as interest will be compounded commencing December 2013 semiannually and paid at maturity. Therefore, the CABs will increase in value, or accrete, by the accumulation of such compounded interest from its initial principal amount to the maturity value in installments ranging from $3,440,000 to $34,220,000 on various dates from June 1, 2022 through June 1, 2043. Interest rates and yield to maturity range from 5.30% to 7.15%. During 2016, the accretion amount was $3,977,212.	$ 64,002,922

Note 6. Long-term Obligations, Continued

In accordance with the bond maturity schedule, annual debt service requirements to maturity for the 2013 Toll Bonds CABs payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Accreted Interest	Total
2022-2026	$ 15,825,400	$ 13,999,600	$ 29,825,000
2027-2031	16,824,800	29,425,200	46,250,000
2032-2036	8,387,600	23,767,300	32,154,900
2037-2041	3,355,000	20,355,100	23,710,100
2042-2043	8,436,800	58,103,200	66,540,000
	$ 52,829,600	$ 145,650,400	$ 198,480,000

TIFIA Loan Agreement:	Outstanding
In July 2013, the Commission executed a TIFIA loan of up to $421,054,409, which proceeds, when drawn upon, will finance a portion of the costs for the 91 Project. During construction and for a period of up to five years following substantial completion, interest is compounded and added to the initial TIFIA loan. The TIFIA loan requires mandatory debt service payments at a minimum and scheduled debt service payments to the extent additional funds are available. TIFIA debt service payments are expected to commence on December 1, 2021, which is five years after substantial completion of the 91 Project, through June 1, 2051. The interest rate of the TIFIA loan is 3.47%. During 2016, $228,792,225 was drawn on the TIFIA loan.	$ 277,696,320

The projected TIFIA loan amortization schedule has been revised based on actual draws through June 30, 2016 and projected draws thereafter during construction. Annual debt service requirements to maturity of the TIFIA loan throughout the term of the loan will be determined upon the final TIFIA loan draw.

Pursuant to the toll indenture and TIFIA loan agreement, the Commission will deposit with the trustee $136,451,515 into an equity account for payment of 91 Project costs. Such deposits are due annually in amounts ranging from $29,501,918 to $34,983,199 through 2017. The Commission expects to make such deposits or direct payments from 2009 Measure A revenues; the fiscal 2016 contribution requirement of $34,983,199 was satisfied with the transfer of Measure A Western County Special Revenue funds. These annual equity contribution payments occur during the period in which interest is capitalized on the 2013 Sales Tax Bonds.

In connection with the issuance of the 2013 Toll Bonds consisting of the CIBs and CABs, a debt service reserve of $17,665,460 and an Operations and Maintenance Fund of $3,137,666 were established. Additionally, the toll indenture and TIFIA loan agreement require the Commission to establish a subordinate obligations reserve fund of $20,000,000 with Measure A sales tax revenues no later than July 1, 2019, to the extent that the proceeds from the sales of excess right of way acquired by the Commission in connection with the 91 Project are insufficient.

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. The Commission reduced the authorization to $60,000,000 in September 2013. As of June 30, 2016, $20,000,000 was outstanding in commercial paper notes.

Note 6. Long-term Obligations, Continued

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%.

As a requirement for the issuance of the commercial paper notes, the Commission entered into a $60,750,000 irrevocable direct draw letter of credit and reimbursement agreement with State Street Bank and Trust Company (State Street) as credit and liquidity support for the commercial paper notes through October 2017. The commitment fees paid to State Street were $186,038 in 2016.

Funds are drawn under the letter of credit to pay debt service on the commercial paper notes, and the Commission is required to reimburse the bank 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 the remaining letter of credit during the year ended June 30, 2016, nor were there any amounts outstanding under the remaining letter of credit agreement at June 30, 2016.

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.

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 $78,606 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, 2016 are as follows:

Year Ending June 30	Total
2017	$ 24,857
2018	24,857
2019	8,286
Total minimum lease payments	58,000
Less amount representing interest	(11,819)
Present value of minimum lease payments	$ 46,181

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 original 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 original notional amount) is Bank of America, N.A. (Bank of America), and the counterparty for the second swap ($85,000,000 original 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).

Note 6. Long-term Obligations, 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 GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives*, 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, 2016 are ($15,709,381) and ($10,935,093), respectively. This is the amount the Commission would owe as of this date should the swaps be terminated. The terms and fair values (liabilities) of the outstanding swaps as of June 30, 2016 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	$ 75,200,000	10/01/2009	3.679%	67% of LIBOR	$ (15,709,381)	06/01/2029
2009 Bonds	Deutsche Bank	63,900,000	10/01/2009	3.206%	67% of LIBOR	(10,935,093)	06/01/2029
		$ 139,100,000				$ (26,644,474)	

The fair value (liabilities) of the outstanding swaps at June 30, 2015 was ($21,495,811), resulting in an increase in the liabilities of $5,148,663 during the year ended June 30, 2016.

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, 2016 against their threshold amounts and credit ratings for termination:

Bank of America	Moody's	S&P
Counterparty Senior Debt Rating	A1	A
Threshold Amount	$15,000,000	$15,000,000
Threshold for Termination	Baa1	BBB+
Deutsche Bank	**Moody's**	**S&P**
Counterparty Senior Debt Rating	Baa2	BBB+
Threshold Amount	$10,000,000	$15,000,000
Threshold for Termination	Baa1	BBB+

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 Commission'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, 2016, 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 0.119%

Note 6. Long-term Obligations, Continued

and 0.1207%, respectively. Over the same period, the weighted average of 67% of one-month LIBOR was 0.1116%, an approximate 0.7 basis point loss and 0.9 basis point loss for the Commission related to the Deutsche Bank and Bank of America swaps, respectively.

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.

Swap payments and associated debt: Using a variable rate of 0.39% for the 2009 Bonds Series A, 2009 Bonds Series B, and 2009 Bonds Series C as of June 30, 2016, debt service requirements of the 2009 Bonds and the swap payments, assuming current interest rates remain the same for their term, are as follows:

	Variable Rate Debt				
Year Ending June 30	Principal	Interest	Total	Interest Rate Swap, Net	Total Fixed Debt Service
2017	$ 8,100,000	$ 510,900	$ 8,610,900	$ 4,508,060	$ 13,118,960
2018	8,500,000	477,750	8,977,750	4,243,168	13,220,918
2019	8,900,000	443,040	9,343,040	3,965,327	13,308,367
2020	9,300,000	406,770	9,706,770	3,673,891	13,380,661
2021	9,600,000	369,330	9,969,330	3,371,042	13,340,372
2022-2026	55,300,000	1,217,970	56,517,970	11,823,933	68,341,903
2027-2029	39,400,000	157,950	39,557,950	2,498,112	42,056,062
	$ 139,100,000	$ 3,583,710	$ 142,683,710	$ 34,083,533	$ 176,767,243

As rates vary, the variable interest payments and net interest rate swap payments will vary.

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, 2016.

MSHCP funding liability: 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 $132,000,000 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 eight years at $3,000,000 per year through December 2019. However, if, within the first two years of the agreement, the RCA received a federal loan guarantee related to the MSHCP or its revenues have returned to 2005 levels, the Commission may modify its commitment. The Commission did not modify its commitment within the first two-year period, and, accordingly, the remaining liability of $12,000,000 is recorded as a liability in the government-wide financial statements.

Note 6. Long-term Obligations, Continued

Remediation liability: In connection with the acquisition of real property in December 2013, the Commission is responsible for the cleanup of hazardous substances at the site under a voluntary cleanup agreement with the California Department of Toxic Substances Control. The Commission in consultation with its consultants calculated expected outlays related to this hazardous substance remediation to approximate $1,642,000, of which $260,826 was expended during 2016. The remediation liability balance at June 30, 2016 was fully expended in 2016.

Note 7. Net Position and Fund Balances

Net position: Net investment in capital assets of $389,646,370, as reported on the government-wide statement of net position, represents capital assets, net of accumulated depreciation, of $891,211,628 less the related debt of $501,565,258. The related debt includes the portion of the sales tax revenue and toll revenue bonds that was used for the development of tolled express lane capital assets. Additionally, the government-wide statement of net position reports $615,457,192 of restricted net position, of which $336,652,345 is restricted by enabling legislation.

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 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: 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. Certain state revenues are restricted for the planning and development of the new Coachella Valley/San Gorgonio Pass corridor rail service.

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 the 2009 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 the 2009 Measure A and participate in TUMF (as applicable in the Western County and Coachella Valley areas) and the MSHCP in Western County and which annually submit a five-year capital improvement plan.

Note 7. Net Position and Fund Balances, Continued

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 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.

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 LTF 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 STA represents the apportionments for transit by geographic area. The TDA restrictions at June 30, 2016 are as follows:

	Local Transportation Fund	State Transit Assistance	Total
Bicycle and pedestrian facilities	$ 6,179,960	$ –	$ 6,179,960
Transit and specialized transportation			
Western County:			
Bus transit:			
City of Banning	$ –	$ 215,223	$ 215,223
City of Beaumont	466,108	1,007,796	1,473,904
City of Corona	–	641,930	641,930
City of Riverside	–	377,048	377,048
Riverside Transit Agency	5,457,476	6,507,766	11,965,242
Apportioned and unallocated	58,984,363	31,127,735	90,112,098
Commuter rail:			
Commission	2,000,000	–	2,000,000
Apportioned and unallocated	17,476,523	17,314,890	34,791,413
Total Western County	84,384,470	57,192,388	141,576,858
Coachella Valley:			
SunLine Transit Agency	175,760	10,207,554	10,383,314
Apportioned and unallocated	15,707,026	4,069,294	19,776,320
Total Coachella Valley	15,882,786	14,276,848	30,159,634
Palo Verde Valley:			
Palo Verde Valley Transit Agency	–	979	979
Apportioned and unallocated for transit and local streets and roads	1,070,226	99,087	1,169,313
Total Palo Verde Valley	1,070,226	100,066	1,170,292
Unapportioned funds	9,299,411	–	9,299,411
Total transit and specialized transportation	$110,636,893	$ 71,569,302	$ 182,206,195

Note 7. Net Position and Fund Balances, Continued

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

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 $7,407,381 and $1,315,427, 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, as amended, is for a period of 15 years expiring in October 2017 and may be extended for one additional five-year term. Rental expenditures for the fiscal year ended June 30, 2016 were approximately $380,000.

Year Ending June 30	Amount	
2017	$	393,085
2018		126,800
Total minimum rental commitment	$	519,885

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.

In November 2012, the Commission entered into an agreement with the BNSF Railway Company (BNSF) for the acquisition and use of a rail easement in connection with a rail project for an amount of $25,000,000. Under the terms of the agreement, the Commission has paid $24,999,999 through 2015. The remaining balance of $1 is due in July 2016.

Litigation: Certain claims involving disputed construction costs and property acquisition costs, including goodwill claims, 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 ventures: 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 $14,586,589 during 2016 for its share of Metrolink operating costs. As of June 30, 2016, cumulative capital contributions were $45,896,277. 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.

In May 2013 the Commission became a full voting member of the Los Angeles—San Diego—San Luis Obispo (LOSSAN) Rail Corridor Agency with the intent to have greater involvement in regional rail issues because of its legal ownership rights regarding passenger rail service between Fullerton and Los Angeles. The LOSSAN Rail Corridor Agency is a locally governed joint powers authority comprised of 13 agencies created to oversee the intercity passenger rail service in the travel corridor between San Diego and San Luis Obispo County. The Commission's share of administration costs is subject to future negotiations; however, during 2016 the Commission contributed $0 for administration efforts.

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, which have been completed. The Commission was the recipient and administering entity of federal and state funds as necessary to accomplish this work, and the three agencies shared in meeting the local agency matching requirements. As of June 30, 2016, the Commission was not required to make any contributions.

Note 10. Employees' Pension Plans

General Information about the CalPERS Pension Plan: The Commission contracts with the CalPERS to provide its employees retirement as well as death and retirement disability benefits, which are paid by the CalPERS under a cost sharing multiple-employer plan. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be obtained from its executive office located at 400 P Street, Sacramento, California 95814, or by visiting the CalPERS website at www.calpers.ca.gov. All permanent Commission employees are eligible to participate in the Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by CalPERS. Benefit provisions under the Plan are established by State statute and Commission resolution.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Employees hired prior to January 1, 2013 and 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. Employees hired on or after January 1, 2013 who are not "classic" members and attaining the age of 62 with five years of credited service are eligible for normal retirement and are entitled to a monthly benefit of 2% of their three-year final compensation for each year of service. Retirement may begin at age 52 with a reduced benefit rate. Upon separation from

Note 10. Employees' Pension Plans, Continued

the plan prior to retirement, members' accumulated contributions are refundable with interest credited through the date of separation. All members are eligible for non-duty disability benefits after 10 years of service. The pre-retirement death benefit is one of the following: the 1957 Survivor Benefit – level 3 or the Optional Settlement 2W Death Benefit. The post-retirement death benefit is one of the following: lump sum or survivor allowance. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2016, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 – 55	52 – 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required employee contribution rates	8%	7.25%
Required Commission contribution rates	24.168%	7.15%

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2016, the contributions recognized as part of pension expense for the Plan was as follows:

Miscellaneous		
Contributions – Commission	$	1,132,393
Contributions – Employee		413,511

Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions:

As of June 30, 2016, the Commission reported a net pension liability for its proportionate shares of the net pension liability of the Plan as follows:

Proportionate Share of Net Pension Liability	
Miscellaneous	$6,298,052

The Commission's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the

Note 10. Employees' Pension Plans, Continued

Commission's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Commission's proportionate share of the net pension liability for the Plan as of June 30, 2014 and 2015 are as follows:

Miscellaneous	
Proportion – June 30, 2014	0.00086%
Proportion – June 30, 2015	0.00092%
Change – Increase (Decrease)	0.00006%

For the year ended June 30, 2016, the Commission recognized pension expense of $229,119. At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,132,393	$ –
Differences between actual and expected experience	65,573	–
Changes in assumptions	–	620,383
Differences between contributions and the proportionate share of contributions	643,879	–
Change in Commission's proportion	1,212,891	124,700
Net differences between projected and actual earnings on plan investments	–	311,005
Total	$ 3,054,736	$ 1,056,088

The $1,132,393 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30	
2017	$ 223,905
2018	201,705
2019	43,105
2020	397,540
	$ 866,255

Note 10. Employees' Pension Plans, Continued

Actuarial Assumptions – The total pension liability in the June 30, 2014 actuarial valuation were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.50% net of pension plan investment and administrative expenses, includes inflation
Mortality	Derived using CalPERS' membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2015 actuarial experience study for the period 1998 to 2012. Further details of the experience study can be found on the CalPERS website.

Changes in Assumptions – The long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate was changed from 7.50 percent (net of administrative expense in 2014) to 7.65 percent as of the June 30, 2015 measurement date to correct the adjustment which previously reduced the discount rate for administrative expenses.

Discount Rate – The discount rate used to measure the total pension liability was 7.65% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected rate that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Note 10. Employees' Pension Plans, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate as asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1-10 (a)	Real Return Years 11+ (b)
Global Equity	51%	5.25%	5.71%
Global Debt Securities	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	2%	(0.55%)	(1.05%)
Total	100%		

(a) An expected inflation rate of 2.5% used for this period.
(b) An expected inflation rate of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Commission's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% below or 1% higher than the current rate:

Miscellaneous	
1% Decrease	6.65%
Net Pension Liability	$10,517,747
Current Discount Rate	7.65%
Net Pension Liability	$6,298,052
1% Increase	8.65%
Net Pension Liability	$2,771,143

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan – At June 30, 2016, the Commission reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

401(a) plan: The Commission offers its employees a 401(a) single-employer 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 $5,287,151. The Commission's contributions to the Plan were $395,676 for the year ended June 30, 2016.

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 annual required contribution (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 9.9% for the fiscal year ended June 30, 2016.

Annual OPEB cost: For 2016, the Commission's OPEB cost of $479,000 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 2016 and the preceding two years were as follows:

Fiscal Year Ended June 30	OPEB ARC	Percentage of OPEB ARC Contributed	Net OPEB Obligation
2016	$ 479,000	100%	$ –
2015	390,000	100%	–
2014	378,000	100%	–

Funded status and funding progress: The funded status of the plan as of June 30, 2015, based on the June 30, 2015 actuarial valuation (most current valuation available), was as follows:

Actuarial accrued liability (AAL)	$ 5,108,000
Actuarial value of plan assets	4,549,000
Unfunded actuarial accrued liability (UAAL)	$ 559,000
Funded ratio (actuarial value of plan assets/AAL)	89.1%
Covered payroll (active plan members)	$ 5,287,151
UAAL as a percentage of covered payroll	10.6%

Note 11. Other Postemployment Benefits (OPEB), Continued

The schedule of funding progress for postretirement health care that immediately follows the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

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, 2015 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 7.5%; Medicare eligible premiums were 7.8%. 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. Subsequent Events

In May 2016, Moody's downgraded the rating of Deutsche Bank and its affiliates, resulting in an early termination event under the Deutsche Bank interest rate swap agreement. In September 2016 the Commission exercised its right to terminate the Deutsche Bank interest rate swap agreement. On September 30, 2016, a portion of the proceeds of the outstanding commercial paper notes was applied to finance the interest rate swap termination payment of $10,292,000.

In October 2016, the Commission issued sales tax revenue refunding bonds (2016 Sales Tax Refunding Bonds) consisting of $76,140,000 serial bonds. The proceeds of the 2016 Sales Tax Refunding Bonds were used to refund all of the outstanding 2009 Bonds Series A in the amount of $63,900,000; retire all of the outstanding commercial paper notes in the amount of $20,000,000, including certain outstanding commercial paper notes the proceeds of which were applied to finance the interest rate swap termination payment; and pay costs of issuance.

Note 14. Pronouncements Issued, Not Yet Effective

The GASB pronouncements issued prior to June 30, 2016 that have an effective date that may impact future financial presentations include:

- GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for fiscal years beginning after June 15, 2016;
- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for fiscal years beginning after June 15, 2017;
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, effective for fiscal years beginning after June 15, 2016;
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, effective for fiscal years beginning after December 15, 2016; and
- GASB Statement No. 82, *Pension Issues – an amendment of GASB Statement No. 67, No. 68, and No. 73*, effective for fiscal years beginning after June 15, 2016.

Management has not currently determined what, if any, impact implementation of these statements may have on the financial statements of the Commission, except that GASB Statement No. 75 will have an effect on the Commission's net position. However, management has not calculated such effect.


I-215 Central Project


91 Project at Green River Road

Required Supplementary Information

40 YEARS 1976-2016 RCTC

Riverside County Transportation Commission


Avenue 52 Grade Separation

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
Year Ended June 30, 2016

	General			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ -
Intergovernmental	5,341,200	5,341,200	1,133,963	(4,207,237)
Investment income	11,100	11,100	71,553	60,453
Other	375,000	375,000	1,009,365	634,365
Total revenues	8,727,300	8,727,300	5,214,881	(3,512,419)
Expenditures				
Current:				
General government	7,201,500	7,044,500	5,322,520	1,721,980
Commuter rail	23,565,200	23,145,900	19,127,189	4,018,711
Planning and programming	6,564,400	6,762,200	3,322,493	3,439,707
Transit and specialized transportation	399,600	459,300	406,536	52,764
Total programs	37,730,700	37,411,900	28,178,738	9,233,162
Debt service:				
Principal	14,200	14,200	14,176	24
Interest	10,700	10,700	10,682	18
Total debt service	24,900	24,900	24,858	42
Capital outlay	293,500	577,375	178,578	398,797
Total expenditures	38,049,100	38,014,175	28,382,174	9,632,001
Excess (deficiency) of revenues over (under) expenditures	(29,321,800)	(29,286,875)	(23,167,293)	6,119,582
Other financing sources (uses)				
Transfers in	26,344,300	26,593,400	23,776,686	(2,816,714)
Transfers out	(57,900)	(57,900)	-	57,900
Total other financing sources (uses)	26,286,400	26,535,500	23,776,686	(2,758,814)
Net change in fund balances	$ (3,035,400)	$ (2,751,375)	609,393	$ 3,360,768
Fund balances at beginning of year			10,182,797	
Fund balances at end of year			$ 10,792,190	

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, 2016

	Measure A Western County				Measure A Coachella Valley			
	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	$ 126,514,000	$ 126,514,000	$ 126,211,067	$ (302,933)	$ 39,322,000	$ 39,322,000	$ 37,302,673	$ (2,019,327)
Transportation Uniform Mitigation Fee	53,800	53,800	42,118	(11,682)	-	-	-	-
Intergovernmental	86,562,500	96,439,114	68,753,304	(27,685,810)	-	-	-	-
Investment income	406,400	406,400	1,379,971	973,571	51,000	51,000	270,598	219,598
Other	405,000	405,000	5,201,995	4,796,995	-	-	-	-
Total revenues	213,941,700	223,818,314	201,588,455	(22,229,859)	39,373,000	39,373,000	37,573,271	(1,799,729)
Expenditures								
Current:								
General government	1,562,200	1,561,900	1,179,735	382,165	-	-	-	-
Bicycle and pedestrian facilities	-	-	-	-	-	-	-	-
CETAP	-	-	284	(284)	-	-	-	-
Commuter assistance	3,687,300	3,687,300	2,648,632	1,038,668	-	-	-	-
Commuter rail	77,758,900	84,244,114	75,831,961	8,412,153	-	-	-	-
Highways	450,307,100	438,128,411	361,388,048	76,740,363	30,011,000	29,720,300	11,268,981	18,451,319
Local streets and roads	35,759,900	35,759,900	35,654,129	105,771	13,763,000	13,763,000	13,055,936	707,064
Planning and programming	-	-	-	-	-	-	-	-
Regional arterials	46,582,000	46,586,100	17,090,247	29,495,853	-	-	-	-
Transit and specialized transportation	6,009,100	6,189,000	5,358,838	830,162	6,302,000	6,497,100	6,492,172	4,928
Total programs	621,666,500	616,156,725	499,151,874	117,004,851	50,076,000	49,980,400	30,817,089	19,163,311
Capital outlay	3,500,000	3,161,100	1,003,630	2,157,470	-	-	-	-
Total expenditures	625,166,500	619,317,825	500,155,504	119,162,321	50,076,000	49,980,400	30,817,089	19,163,311
Excess (deficiency) of revenues over (under) expenditures	(411,224,800)	(395,499,511)	(298,567,049)	96,932,462	(10,703,000)	(10,607,400)	6,756,182	17,363,582
Other financing sources (uses)								
Debt issuance	261,277,900	261,277,900	228,792,225	(32,485,675)	-	-	-	-
Transfers in	47,306,900	47,715,900	77,853,570	30,137,670	-	-	175,084	175,084
Transfers out	(39,383,300)	(56,568,900)	(55,227,650)	1,341,250	-	-	-	-
Total other financing sources (uses)	269,201,500	252,424,900	251,418,145	(1,006,755)	-	-	175,084	175,084
Net change in fund balances	$ (142,023,300)	$ (143,074,611)	(47,148,904)	$ 95,925,707	$ (10,703,000)	$ (10,607,400)	6,931,266	$ 17,538,666
Fund balances at beginning of year			248,871,517				35,713,138	
Fund balances at end of year			$ 201,722,613				$ 42,644,404	

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, 2016

	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)
Revenues								
Sales taxes	$ -	$ -	$ -	$ -	$ 83,000,000	$ 83,000,000	$ 83,776,480	$ 776,480
Transportation Uniform Mitigation Fee	12,000,000	18,000,000	19,789,209	1,789,209	-	-	-	-
Intergovernmental	-	-	-	-	-	-	21,268	21,268
Investment income	39,800	39,800	496,991	457,191	243,200	243,200	558,797	315,597
Other	-	-	7,000	7,000	-	-	-	-
Total revenues	12,039,800	18,039,800	20,293,200	2,253,400	83,243,200	83,243,200	84,356,545	1,113,345
Expenditures								
Current:								
General government	-	-	-	-	12,000	12,000	12,000	-
Bicycle and pedestrian facilities	-	-	-	-	1,986,000	1,986,000	233,815	1,752,185
CETAP	21,203,400	20,870,100	5,249,232	15,620,868	-	-	-	-
Commuter assistance	-	-	-	-	-	-	-	-
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	622,500	684,800	684,785	15
Regional arterials	16,446,600	19,079,300	6,020,862	13,058,438	-	-	-	-
Transit and specialized transportation	-	-	-	-	80,050,000	80,050,000	55,750,327	24,299,673
Total programs	37,650,000	39,949,400	11,270,094	28,679,306	82,670,500	82,732,800	56,680,927	26,051,873
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	37,650,000	39,949,400	11,270,094	28,679,306	82,670,500	82,732,800	56,680,927	26,051,873
Excess (deficiency) of revenues over (under) expenditures	(25,610,200)	(21,909,600)	9,023,106	30,932,706	572,700	510,400	27,675,618	27,165,218
Other financing sources (uses)								
Debt issuance	-	-	-	-	-	-	-	-
Transfers in	6,436,600	6,436,600	1,359,026	(5,077,574)	-	-	-	-
Transfers out	(7,216,900)	(7,216,900)	(1,251,487)	5,965,413	(24,990,000)	(25,239,100)	(22,962,039)	2,277,061
Total other financing sources (uses)	(780,300)	(780,300)	107,539	887,839	(24,990,000)	(25,239,100)	(22,962,039)	2,277,061
Net change in fund balances	$ (26,390,500)	$ (22,689,900)	9,130,645	$ 31,820,545	$ (24,417,300)	$ (24,728,700)	4,713,579	$ 29,442,279
Fund balances at beginning of year			61,486,038				112,103,274	
Fund balances at end of year			$ 70,616,683				$ 116,816,853	

See notes to required supplementary information

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, 2015	$ 4,549,000	$ 5,108,000	$ 559,000	89.1%	$ 5,287,151	10.6%
June 30, 2013	3,335,000	4,047,000	712,000	82.4%	3,822,793	18.6%
June 30, 2011	2,340,000	3,543,000	1,203,000	66.0%	3,791,900	31.7%

See notes to required supplementary information

Riverside County Transportation Commission

Schedule of Proportionate Share of Net Pension Liability

Last Ten Fiscal Years[1]

June 30, 2016

	Fiscal Year	
	2016	2015 [1]
Measurement Date Fiscal Year	2015	2014
Proportion of the net pension liability/(asset)	0.09176%	0.08559%
Proportionate share of the net pension liability/(asset)	$ 6,298,052	$ 5,325,565
Covered - employee payroll	$ 4,792,270	$ 4,316,567
Proportionate share of the net pension liability/(asset) as percentage of covered-employee payroll	131.42%	123.38%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	78.21%

See notes to required supplementary information

[1] Fiscal year 2015 was the first year of implementation, therefore, only two years are shown. Represents most recent data available.

Riverside County Transportation Commission

Schedule of Contributions
Last Ten Fiscal Years[1]
June 30, 2016

	Fiscal Year 2016		Fiscal Year 2015 [1]	
Contractually required contribution (actuarially determined)	$	1,101,641	$	1,044,018
Contributions in relation to the actuarially determined contributions		(1,132,393)		(1,125,317)
Contribution deficiency (excess)	$	(30,752)	$	(81,299)
Covered-employee payroll	$	5,287,151	$	4,792,270
Contributions as a percentage of covered-employee payroll		21.42%		23.48%
Valuation date		6/30/2013		6/30/2012

Actuarial cost method	Entry age normal cost method
Amortizations method	Level of percentage of payroll
Remaining amortization period	19 years as of valuation date
Asset valuation method	15 year smoothed market
Inflation	2.75%
Projected salary increases	3.30% to 14.20% depending on age, service, and type of employment
Discount rate	7.50% (net of administrative expenses)
Retirement age	55 years
Mortality	RP-2000 Healthy Annuitant Mortality Table

See notes to required supplementary information

[1] Fiscal year 2015 was the first year of implementation, therefore, only two years are shown. Represents most recent data available.

Riverside County Transportation Commission
Notes to Required Supplementary Information
June 30, 2016

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, 2013.

Schedule of Proportionate Share of Net Pension Liability

The schedule provides the proportion (percentage) of the collective net pension liability, proportionate share (amount) of the collective net pension liability, the Commission's covered-employee payroll, proportionate share (amount) of the collective net pension liability as a percentage of Commission's covered-employee payroll, and the pension plan's fiduciary net position as a percentage of the total pension liability.

Schedule of Contributions

The schedule provides the Commission's actuarially determined contribution to the pension plan, the Commission's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered-employee payroll.


I-215 Central

Other Supplementary Information

Riverside County Transportation Commission

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.

Coachella Valley Rail: This fund is used to account for revenues from state funds for the planning and development of the new Coachella Valley/San Gorgonio Pass corridor rail service.

Other Agency Projects Fund: This fund is used to account for revenues from the Riverside County Regional Park and Open Space District for the interagency cooperative planning and development of projects in the County.

Riverside County Transportation Commission

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2016

	Special Revenue						
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies	State Transit Assistance	Coachella Valley Rail	Other Agency Projects Fund	Total Nonmajor Governmental Funds
Assets							
Cash and investments	$ 556	$ 287,264	$ 7,249,710	$ 63,482,331	$ 3,609,813	$ 434,419	$ 75,064,093
Receivables:							
Accounts	211,487	1,800,038	405,471	8,368,343	-	-	10,785,339
Interest	-	798	12,154	112,675	6,350	764	132,741
Due from other funds	-	-	281	-	-	-	281
Total assets	$ 212,043	$ 2,088,100	$ 7,667,616	$ 71,963,349	$ 3,616,163	$ 435,183	$ 85,982,454
Liabilities and fund balances							
Liabilities:							
Accounts payable	$ 172,119	$ 551,975	$ 94,036	$ 394,047	$ 100,030	$ 17,386	$ 1,329,593
Due to other funds	39,368	220,694	166,199	-	6,155	6,918	439,334
Other liabilities	-	4	-	-	-	-	4
Total liabilities	211,487	772,673	260,235	394,047	106,185	24,304	1,768,931
Fund balances:							
Restricted for:							
Commuter rail	-	-	-	-	3,509,978	-	3,509,978
Local streets and roads	556	-	-	-	-	-	556
Motorist assistance	-	1,315,427	7,407,381	-	-	-	8,722,808
Planning and programming	-	-	-	-	-	410,879	410,879
Transit and specialized transportation	-	-	-	71,569,302	-	-	71,569,302
Total fund balances	556	1,315,427	7,407,381	71,569,302	3,509,978	410,879	84,213,523
Total liabilities and fund balances	$ 212,043	$ 2,088,100	$ 7,667,616	$ 71,963,349	$ 3,616,163	$ 435,183	$ 85,982,454

Riverside County Transportation Commission

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2016

	Special Revenue						
	Measure A Palo Verde Valley	**Freeway Service Patrol**	**Service Authority for Freeway Emergencies**	**State Transit Assistance**	**Coachella Valley Rail**	**Other Agency Projects Fund**	**Total**
Revenues							
Sales taxes	$ 1,116,499	$ -	$ -	$ 13,358,114	$ -	$ -	$ 14,474,613
Intergovernmental	-	2,022,028	2,120,182	-	-	(8,712)	4,133,498
Investment income	-	3,312	44,830	464,805	25,192	3,003	541,142
Other	-	1,059,826	17,462	-	-	-	1,077,288
Total revenues	1,116,499	3,085,166	2,182,474	13,822,919	25,192	(5,709)	20,226,541
Expenditures							
Current:							
Commuter rail	-	-	-	-	758,759	-	758,759
Local streets and roads	1,116,499	-	-	-	-	-	1,116,499
Motorist assistance	-	3,401,560	757,960	-	-	-	4,159,520
Planning and programming	-	-	-	-	-	83,453	83,453
Transit and specialized transportation	-	-	-	2,644,931	-	-	2,644,931
Total expenditures	1,116,499	3,401,560	757,960	2,644,931	758,759	83,453	8,763,162
Excess (deficiency) of revenues over (under) expenditures	-	(316,394)	1,424,514	11,177,988	(733,567)	(89,162)	11,463,379
Other financing sources (uses):							
Transfers in	-	571,200	-	-	189,439	-	760,639
Transfers out	-	(213,313)	(731,285)	(189,439)	-	-	(1,134,037)
Total other financing sources (uses)	-	357,887	(731,285)	(189,439)	189,439	-	(373,398)
Net change in fund balances	-	41,493	693,229	10,988,549	(544,128)	(89,162)	11,089,981
Fund balances at beginning of year	556	1,273,934	6,714,152	60,580,753	4,054,106	500,041	73,123,542
Fund balances at end of year	$ 556	$ 1,315,427	$ 7,407,381	$ 71,569,302	$ 3,509,978	$ 410,879	$ 84,213,523

Sunset Avenue Grade Separation

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual—Nonmajor Special Revenue Funds

Year Ended June 30, 2016

	Measure A Palo Verde Valley				Freeway Service Patrol			
	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	$ 1,164,000	$ 1,164,000	$ 1,116,499	$ (47,501)	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	2,042,000	2,160,152	2,022,028	(138,124)
Investment income	-	-	-	-	1,800	1,800	3,312	1,512
Other	-	-	-	-	1,060,000	1,060,000	1,059,826	(174)
Total revenues	1,164,000	1,164,000	1,116,499	(47,501)	3,103,800	3,221,952	3,085,166	(136,786)
Expenditures								
Current:								
Commuter rail	-	-	-	-	-	-	-	-
Local streets and roads	1,164,000	1,164,000	1,116,499	47,501	-	-	-	-
Motorist assistance	-	-	-	-	3,759,700	3,759,700	3,401,560	358,140
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-		-	-	-
Total programs	1,164,000	1,164,000	1,116,499	47,501	3,759,700	3,759,700	3,401,560	358,140
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(655,900)	(537,748)	(316,394)	221,354
Other financing sources (uses)								
Transfers in	-	-	-	-	571,200	571,200	571,200	-
Transfers out	-	-	-	-	(248,300)	(248,300)	(213,313)	34,987
Total other financing sources (uses)	-	-	-	-	322,900	322,900	357,887	34,987
Net change in fund balances	$ -	$ -	-	$ -	$ (333,000)	$ (214,848)	41,493	$ 256,341
Fund balances at beginning of year			556				1,273,934	
Fund balances at end of year			$ 556				$ 1,315,427	

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual—Nonmajor Special Revenue Funds, Continued

Year Ended June 30, 2016

	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)
Revenues								
Sales taxes	$ -	$ -	$ -	$ -	$ 13,372,400	$ 13,372,400	$ 13,358,114	$ (14,286)
Intergovernmental	2,071,300	2,071,300	2,120,182	48,882	-	-	-	-
Investment income	15,200	15,200	44,830	29,630	135,400	135,400	464,805	329,405
Other	7,000	7,000	17,462	10,462	-	-	-	-
Total revenues	2,093,500	2,093,500	2,182,474	88,974	13,507,800	13,507,800	13,822,919	315,119
Expenditures								
Current:								
Commuter rail	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Motorist assistance	1,731,500	1,731,500	757,960	973,540	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	22,280,000	22,281,300	2,644,931	19,636,369
Total programs	1,731,500	1,731,500	757,960	973,540	22,280,000	22,281,300	2,644,931	19,636,369
Excess (deficiency) of revenues over (unde expenditures	362,000	362,000	1,424,514	1,062,514	(8,772,200)	(8,773,500)	11,177,988	19,951,488
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(737,400)	(737,400)	(731,285)	6,115	(190,000)	(190,000)	(189,439)	561
Total other financing sources (uses)	(737,400)	(737,400)	(731,285)	6,115	(190,000)	(190,000)	(189,439)	561
Net change in fund balances	$ (375,400)	$ (375,400)	693,229	$ 1,068,629	$ (8,962,200)	$ (8,963,500)	10,988,549	$ 19,952,049
Fund balances at beginning of year			6,714,152				60,580,753	
Fund balances at end of year			$ 7,407,381				$ 71,569,302	

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual—Nonmajor Special Revenue Funds, Continued

Year Ended June 30, 2016

	Coachella Valley Rail				Other Agency Projects Fund			
	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	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	219,000	-	(219,000)	500,000	562,955	(8,712)	(571,667)
Investment income	4,500	4,500	25,192	20,692	100	100	3,003	2,903
Other	-	-	-	-	-	-	-	-
Total revenues	4,500	223,500	25,192	(198,308)	500,100	563,055	(5,709)	(568,764)
Expenditures								
Current:								
Commuter rail	2,684,300	2,988,500	758,759	2,229,741	-	-	-	-
Motorist assistance	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	530,400	593,355	83,453	509,902
Transit and specialized transportation	-	-	-	-	-	-	-	-
Total programs	2,684,300	2,988,500	758,759	2,229,741	530,400	593,355	83,453	509,902
Excess (deficiency) of revenues over (under) expenditures	(2,679,800)	(2,765,000)	(733,567)	2,031,433	(30,300)	(30,300)	(89,162)	(58,862)
Other financing sources (uses)								
Transfers in	190,000	190,000	189,439	(561)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	190,000	190,000	189,439	(561)	-	-	-	-
Net change in fund balances	$ (2,489,800)	$ (2,575,000)	(544,128)	$ 2,030,872	$ (30,300)	$ (30,300)	(89,162)	$ (58,862)
Fund balances at beginning of year			4,054,106				500,041	
Fund balances at end of year			$ 3,509,978				$ 410,879	


SR-74 Curve Widening

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, 2016

	Capital Projects Funds							
	Commercial Paper				Bonds			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues								
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment income	213,100	213,100	1,860,672	1,647,572	666,400	666,400	1,379,776	713,376
Total revenues	213,100	213,100	1,860,672	1,647,572	666,400	666,400	1,379,776	713,376
Expenditures								
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	10,221	(10,221)	-	-	-	-
Total debt service	-	-	10,221	(10,221)	-	-	-	-
		-						
Excess (deficiency) of revenues over (under) expenditures	213,100	213,100	1,850,451	1,637,351	666,400	666,400	1,379,776	713,376
Other financing sources (uses)								
Debt issuance	-	-	20,000,000	20,000,000	-	-	-	-
Transfers in	-	-	71,157	71,157	27,776,600	27,776,600	34,983,199	7,206,599
Transfers out	-	-	(6,718,876)	(6,718,876)	(46,477,000)	(46,477,000)	(72,389,061)	(25,912,061)
Total other financing sources (uses)	-	-	13,352,281	13,352,281	(18,700,400)	(18,700,400)	(37,405,862)	(18,705,462)
Net change in fund balances	$ 213,100	$ 213,100	15,202,732	$ 14,989,632	$ (18,034,000)	$ (18,034,000)	(36,026,086)	$ (17,992,086)
Fund balances at beginning of year			26,830,382				129,292,053	
Fund balances at end of year			$ 42,033,114				$ 93,265,967	

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, 2016

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 2,767,000	$ 2,767,000	$ 2,779,329	$ 12,329
Investment income	668,300	668,300	2,033,253	1,364,953
Total revenues	3,435,300	3,435,300	4,812,582	1,377,282
Expenditures				
Debt service:				
Principal	7,800,000	7,800,000	7,800,000	-
Interest	46,119,900	46,119,900	45,600,019	519,881
Total debt service	53,919,900	53,919,900	53,400,019	519,881
Excess (deficiency) of revenues over (und expenditures	(50,484,600)	(50,484,600)	(48,587,437)	1,897,163
Other financing sources (uses)				
Debt issuance	-	-	-	-
Transfers in	27,451,800	27,451,800	23,729,359	(3,722,441)
Transfers out	-	-	(3,025,570)	(3,025,570)
Total other financing sources (uses)	27,451,800	27,451,800	20,703,789	(6,748,011)
Net change in fund balances	$ (23,032,800)	$ (23,032,800)	(27,883,648)	$ (4,850,848)
Fund balances at beginning of year			106,199,703	
Fund balances at end of year			$ 78,316,055	

Riverside County Transportation Commission

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

Year Ended June 30, 2016

Western County:		
City of Banning	$	527,726
City of Calimesa		151,144
City of Canyon Lake		168,830
City of Corona		3,720,814
City of Eastvale		1,146,938
City of Hemet		1,626,809
City of Jurupa Valley		1,816,183
City of Lake Elsinore		1,168,641
City of Menifee		1,481,882
City of Moreno Valley		3,591,327
City of Murrieta		2,110,809
City of Norco		592,282
City of Perris		1,402,413
City of Riverside		6,793,914
City of San Jacinto		772,011
City of Temecula		2,748,644
City of Wildomar		566,265
Riverside County		5,267,446
Other		51
		35,654,129
Coachella Valley:		
City of Cathedral City		1,366,913
City of Coachella		593,822
City of Desert Hot Springs		457,775
City of Indian Wells		258,653
City of Indio		1,754,688
City of Palm Desert		2,585,856
City of Palm Springs		1,945,943
City of Rancho Mirage		843,731
Riverside County		1,822,948
Coachella Valley Association of Governments, including $712,804 due to City of La Quinta		1,425,607
		13,055,936
Palo Verde Valley:		
City of Blythe		892,877
Riverside County		223,622
		1,116,499
Total local streets and roads expenditures	$	49,826,564

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, 2016

	Sales Taxes			
	Measure A	Local Transportation Fund	State Transit Assistance	Total
Western County:				
Blindness Support Services, Inc.	$ 63,855	$ -	$ -	$ 63,855
Boys and Girls Club of Southwest County	179,127	-	-	179,127
Care-A-Van	317,904	-	-	317,904
Care Connexxus	241,365	-	-	241,365
City of Banning	-	1,378,733	-	1,378,733
City of Beaumont	-	1,575,900	1,019,369	2,595,269
City of Corona	-	1,826,672	82,012	1,908,684
City of Norco	60,000	-	-	60,000
City of Riverside	-	2,716,600	24,561	2,741,161
Community Connect	261,772	-	-	261,772
Friends of the Moreno Valley Senior Citizens	68,376	-	-	68,376
Forest Folk	50,000	-	-	50,000
Independent Living Partnership	403,572	-	-	403,572
Inland Aids Project	72,349	-	-	72,349
Operation Safe House	28,473	-	-	28,473
Riverside County Regional Medical Center	305,663	-	-	305,663
Riverside County Department of Mental Health	153,249	-	-	153,249
Riverside Transit Agency	2,822,910	35,173,513	817,872	38,814,295
United States Veterans Initiative	42,762	-	-	42,762
Voices for Children	81,631	-	-	81,631
Other	205,830	-	-	205,830
	5,358,838	42,671,418	1,943,814	49,974,070
Coachella Valley:				
SunLine Transit Agency	6,492,099	12,292,231	616,781	19,401,111
Other	73	-	1,259	1,332
	6,492,172	12,292,231	618,040	19,402,443
Palo Verde Valley:				
Palo Verde Valley Transit Agency	-	786,678	83,077	869,755
	-	786,678	83,077	869,755
Total transit and specialized transportation expenditures	$ 11,851,010	$ 55,750,327	$ 2,644,931	$ 70,246,268

Riverside County Transportation Commission

Schedule of Uses of Debt Proceeds and Fund Balances

Year Ended June 30, 2016

	Special Revenue	Capital Projects			
	TIFIA Loan	Commercial Paper Notes	Sales Tax Revenue Bonds	Toll Revenue Bonds	
	91 Project	I-15 Express Lanes	91 Project	91 Project	Total
Revenues					
Investment income	$ -	$ 1,860,672	$ 1,148,432	$ 231,344	$ 3,240,448
Total revenues	-	1,860,672	1,148,432	231,344	3,240,448
Expenditures					
Highways — design-build	228,792,230	-	-	-	228,792,230
Debt service	-	10,221	-	-	10,221
Total expenditures	228,792,230	10,221	-	-	228,802,451
Excess (deficiency) of revenues over (under) expenditures	(228,792,230)	1,850,451	1,148,432	231,344	(225,562,003)
Other financing sources (uses)					
Debt issuance	228,792,230	20,000,000	-	-	248,792,230
Transfers in					
Cash subsidy allocation related to advance agreements	-	71,157	-	-	71,157
91 Project equity contribution	-	-	34,983,199	-	34,983,199
Transfers out					
Debt service on advance agreements	-	(3,520,784)	(1,482,649)	-	(5,003,433)
Requisitions to allocate Commission funds					
Salaries and benefits	-	-	(415,805)	-	(415,805)
Professional services	-	(906,238)	(2,817,731)	(947,532)	(4,671,501)
Support services	-	(1,947)	(162,613)	(25,689)	(190,249)
Program operations	-	(68,930)	(2,629,838)	(270,361)	(2,969,129)
Engineering	-	(220,884)	-	-	(220,884)
Construction	-	-	(1,102,137)	(7,899,711)	(9,001,848)
Right of way	-	-	(21,639,405)	(4,425,161)	(26,064,566)
Design-build	-	(2,000,093)	(20,531,273)	(4,071,436)	(26,602,802)
Other	-	-	(993,270)	(2,974,450)	(3,967,720)
Total other financing sources (uses)	228,792,230	13,352,281	(16,791,522)	(20,614,340)	204,738,649
Net change in fund balance	-	15,202,732	(15,643,090)	(20,382,996)	(20,823,354)
Fund balances at beginning of year	-	26,830,382	87,921,226	41,370,827	156,122,435
Fund balances at end of year	$ -	$ 42,033,114	$ 72,278,136	$ 20,987,831	$ 135,299,081

Statistical Section

40 YEARS 1976-2016 RCTC
Riverside County Transportation Commission

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 Position 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

RTA Bus at Riverside-La Sierra Metrolink Station

Riverside County Transportation Commission

Net Position by Component

Last Ten Fiscal Years

(Accrual Basis)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Governmental activities:										
Net Investment in capital assets	$ 389,646,370	$ 509,106,481	$ 381,796,683 [5]	$ 336,834,025	$ 327,277,502	$ 341,912,094 [4]	$ 294,218,263 [3]	$ 266,647,382 [2]	$ 207,478,034 [1]	$ 147,874,291
Restricted	615,457,192	578,207,942	642,385,244	619,089,707	572,183,941	587,098,179	549,781,414	505,474,075	521,711,172	531,154,177
Unrestricted (deficit)	(668,395,594)	(623,769,876)	(470,327,554)	(216,162,697)	(215,929,362)	(293,146,251)	(229,888,408)	(205,658,986)	(149,004,964)	(118,675,049)
Total governmental activities net position	$ 336,707,968	$ 463,544,547 [6]	$ 553,854,373	$ 739,761,035	$ 683,532,081	$ 635,864,022	$ 614,111,269	$ 566,462,471	$ 580,184,242	$ 560,353,419

Source: Finance Department

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

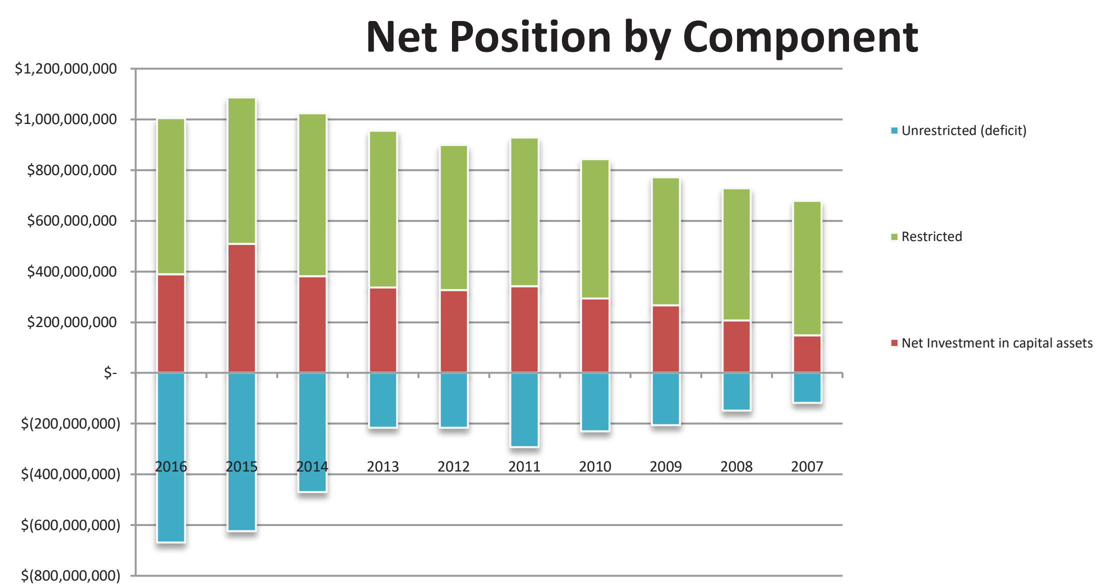
[2] Net investment in capital assets increased in 2009 primarily as a result of right of way purchases related to the Mid County Parkway project, the planning and development of toll projects, and the construction of a multimodal transit facility and a commuter rail station parking structure.

[3] 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.

[4] Net investment in capital assets increased in 2011 primarily as a result of the planning and development of toll projects and right of way acquisiton for the 91 Project and Perris Valley Line extension project.

[5] Net investment in capital assets increased in 2014 primarily as a result of construction related to the Perris Valley Line project.

[6] In FY 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.* Prior year amounts in this presentation have not been revised to reflect this change.



Riverside County Transportation Commission

Changes in Net Position

Last Ten Fiscal Years

(Accrual Basis)

	Fiscal Year Ended June 30									
	2016	2015 [3]	2014	2013	2012 [2]	2011	2010	2009	2008	2007
Expenses										
Governmental activities:										
General government	$ 6,614,285	$ 7,402,725	$ 6,994,832	$ 6,959,827	$ 7,780,478	$ 8,453,876	$ 7,024,517	$ 5,525,963	$ 5,299,048	$ 5,592,637
Bicycle and pedestrian projects	212,547	1,747,090	1,065,476	956,308	1,389,567	1,940,499	317,048	2,747,151	1,436,710	760,840
CETAP	1,871,426	4,130,374	2,195,074	954,700	4,464,387	5,490,993	2,362,393	4,832,008	8,017,024	5,433,499
Commuter assistance	2,615,610	2,914,990	3,171,842	2,904,048	3,193,172	2,868,630	3,266,834	5,199,032	3,464,834	3,122,306
Commuter rail	41,449,269	20,455,178	17,255,402	23,531,252	21,480,248	27,792,375	20,544,634	16,038,028	14,832,473	12,458,895
Highways	245,668,543	228,857,938	339,194,681	59,604,916	72,341,578	40,113,092	24,828,958	143,532,009	59,988,334	42,436,979
Local streets and roads	49,826,564	48,615,708	46,677,580	44,594,891	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	60,099,526
Motorist assistance	4,149,320	4,314,601	3,498,420	3,563,581	3,846,245	3,530,695	2,987,136	2,623,184	3,983,252	2,408,612
Planning and programming	3,965,071	3,064,115	3,216,441	3,725,703	3,924,413	4,683,272	5,321,121	10,126,142	7,931,869	6,561,185
Right of way management	-	-	-	-	- [1]	1,270,487	1,428,066	1,399,316	551,960	631,996
Regional arterials	23,095,562	21,010,980	23,886,840	17,047,135	5,816,666	29,362,894	26,371,339	20,948,530	31,131,731	30,756,287
Transit and specialized transportation	70,611,967	86,712,958	78,723,898	55,659,188	51,221,772	44,699,650	43,820,225	77,417,741	83,927,945	75,567,829
Interest expense	53,558,472	50,037,270	52,939,762	15,364,677	15,221,031	11,799,586	7,099,038	9,515,282	6,281,232	6,881,128
Total governmental activities expenses	503,638,636	479,263,927	578,820,248	234,866,226	230,807,447	218,862,974	179,629,622	345,565,541	281,366,527	252,711,719
Program Revenues										
Governmental activities:										
Charges for services										
Commuter assistance	-	-	-	1,500	-	-	-	-	-	-
Commuter rail	255,847	786,869	297,911	107,194	145,735	-	-	2,525,314	352,826	463
Right of way management	-	-	-	-	-	184,010	196,527	421,738	507,298	497,656
Highways	-	90,655	412,535	796,385	-	-	-	-	-	-
Motorist assistance	1,076,751	21,307	15,026	13,915	-	-	-	19,778	-	-
Planning and programming	-	-	-	-	-	-	-	-	-	-
Other	421	450	999	14,873	-	27,681	-	46	2,331	2,367
Operating grants and contributions	42,568,860	57,784,238	61,767,456	46,567,900	54,641,955	39,886,648	23,130,456	90,280,426	28,391,787	47,313,916
Capital grants and contributions	54,062,314	70,133,121	71,744,926	4,897,301	5,228,621	9,199,268	12,257,099	25,321,886	9,742,280	620,292
Total governmental activities program revenues	97,964,193	128,816,640	134,238,853	52,399,068	60,016,311	49,297,607	35,584,082	118,569,188	38,996,522	48,434,694
Net Revenues (Expenses)										
Governmental activities	(405,674,443)	(350,447,287)	(444,581,395)	(182,467,158)	(170,791,136)	(169,565,367)	(144,045,540)	(226,996,353)	(242,370,005)	(204,277,025)
General Revenues										
Governmental activities:										
Measure A sales taxes	167,630,239	163,092,776	156,355,894	149,428,124	134,984,307	123,439,833	114,526,254	119,688,289	142,537,548	154,539,723
Transportation Development Act sales taxes	97,134,594	94,816,814	91,953,554	86,999,018	80,044,131	60,772,795	69,499,841	77,920,485	93,042,150	104,160,163
Unrestricted investment earnings	8,383,732	6,060,400	9,794,662	1,664,789	4,196,452	4,411,122	5,987,921	14,211,197	25,055,456	23,897,399
Other miscellaneous revenue	4,950,964	1,643,078	556,049	604,181	1,287,981	2,694,370	1,680,322	1,454,611	1,565,674	1,571,716
Gain on sale of capital assets	738,335	-	14,574	-	-	-	-	-	-	3,278,022
Total governmental activities general revenues	278,837,864	265,613,068	258,674,733	238,696,112	220,512,871	191,318,120	191,694,338	213,274,582	262,200,828	287,447,023
Changes in Net Position										
Governmental activities	$ (126,836,579)	$ (84,834,219)	$ (185,906,662)	$ 56,228,954	$ 49,721,735	$ 21,752,753	$ 47,648,798	$ (13,721,771)	$ 19,830,823	$ 83,169,998

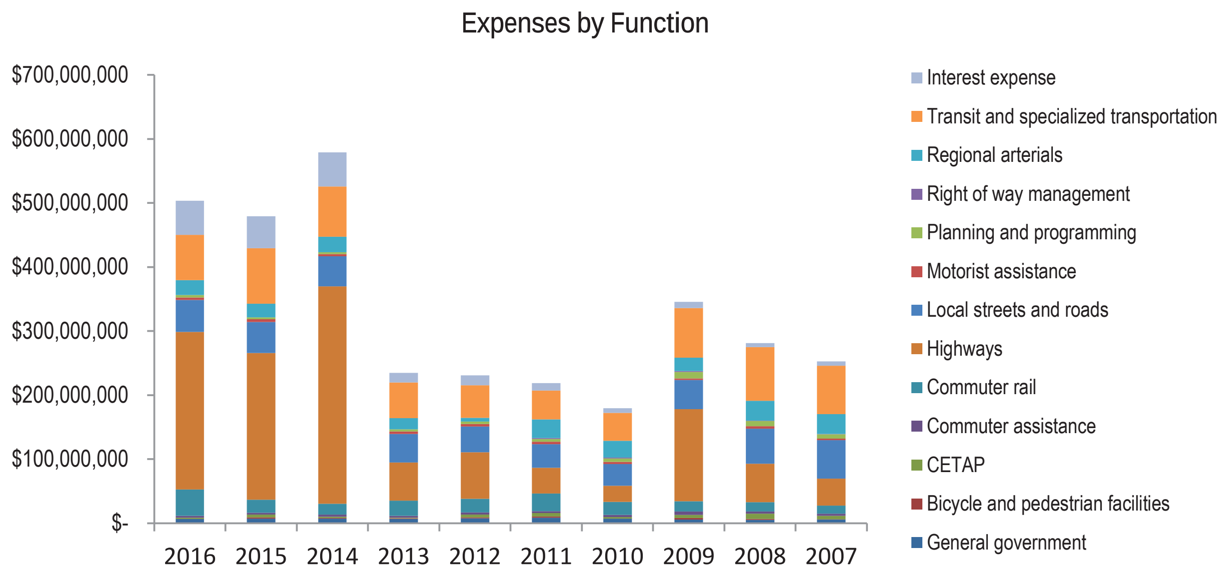
Source: Finance Department

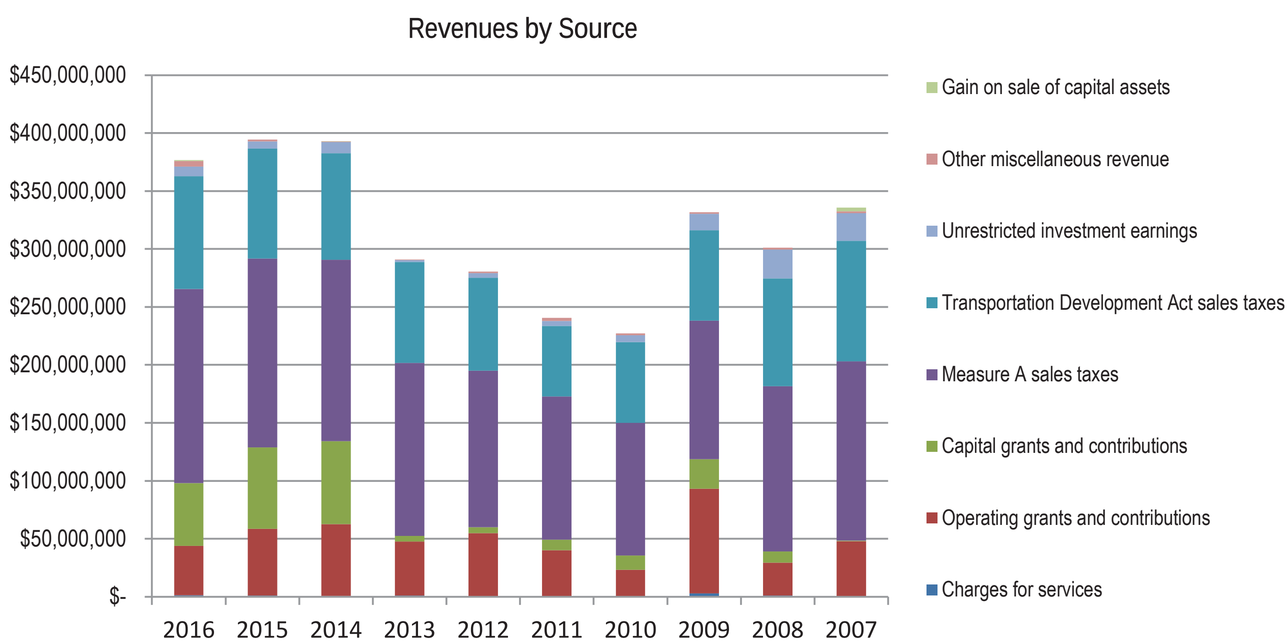
[1] Right of way expenditures were classified as highways or commuter rail expenditures beginning in 2012.

[2] 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.

[3] In FY 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.* Prior year amounts in this presentation have not been revised to reflect this change.

Changes in Net Position (Continued)
Last Ten Fiscal Years





Riverside County Transportation Commission

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Modified Accrual Basis)

	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
GENERAL FUND										
General fund:										
Nonspendable	$ 192,235	$ 255,446	$ 257,721	$ 194,794	$ 157,957	$ 143,397	$ 253,819			
Restricted	7,143,844	5,680,411	5,073,685	7,412,686	8,114,440	7,110,013	7,266,584 [1]			
Committed	-	-	-	-	-	-	1,606,976 [1]			
Assigned	3,456,111	4,246,940	5,258,703	5,232,871	5,412,830	6,270,944	4,134,059 [1]			
Total general fund	$ 10,792,190	$ 10,182,797	$ 10,590,109	$ 12,840,351	$ 13,685,227	$ 13,524,354	$ 13,261,438			
General fund:										
Reserved								$ 6,756,708	$ 6,886,986	$ 7,070,115
Unreserved								3,348,711	3,238,251	2,877,923
Total general fund								$ 10,105,419	$ 10,125,237	$ 9,948,038
ALL OTHER GOVERNMENTAL FUNDS										
All other governmental funds:										
Nonspendable	$ 10,848,614	$ 21,510,571	$ 31,978,235	$ 3,274,483	$ 1,481,019	$ 5,389,775	$ 2,554,136			
Restricted	718,780,598	772,109,076	988,908,077	606,072,061	560,412,373	570,450,515	535,752,354 [1]			
Total all other governmental funds	$ 729,629,212	$ 793,619,647	$ 1,020,886,312	$ 609,346,544	$ 561,893,392	$ 575,840,290	$ 538,306,490			
All other governmental funds:										
Reserved								$ 487,425,652	$ 520,874,648	$ 533,276,158
Unreserved, reported in:										
Special revenue funds								8,289,036	7,297,744	6,936,417
Capital projects funds								(49,576,636)	(7,253,535)	-
Total all other governmental funds								$ 446,138,052	$ 520,918,857	$ 540,212,575

Source: Finance Department

[1] 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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenues										
Sales taxes	$ 264,764,833	$ 257,909,590	$ 248,309,448	$ 236,427,142	$ 215,028,438	$ 184,212,628	$ 184,026,095	$ 197,608,774	$ 235,579,698	$ 258,699,886
Transportation Uniform Mitigation Fee	19,831,327	17,400,782	11,284,394	12,421,110	8,116,420	9,157,863	8,618,231	10,957,420	14,556,029	40,757,248
Intergovernmental	76,821,362	110,515,661	122,486,605	38,817,347	51,516,775	40,012,488	26,769,324	105,512,656	22,249,107	5,498,660
Investment income	8,592,753	6,258,226	9,979,912	1,769,709	4,308,395	4,524,219	5,663,178	13,567,938	23,744,305	23,897,399
Vehicle registration user fees	-	-	-	-	-	-	-	1,677,374	1,684,088	1,681,130
Other	7,295,648	2,542,359	1,282,520	1,540,542	1,430,195	2,878,380	1,853,641	1,876,349	2,072,972	2,175,372
Total revenues	377,305,923	394,626,618	393,342,879	290,975,850	280,400,223	240,785,578	226,930,469	331,200,511	299,886,199	332,709,695
Expenditures										
Current:										
General Government	6,514,255	7,302,325	6,991,303	6,692,187	7,586,207	8,340,263	6,920,479	5,368,677	5,290,616	5,545,466
Programs:										
Bicycle and pedestrian facilities	233,815	1,747,090	1,065,476	956,308	1,389,567	1,940,499	317,048	2,747,151	1,436,710	760,840
CETAP	5,249,516	4,135,996	6,509,915	954,700	4,464,387	5,490,993	2,362,393	35,809,396	21,098,240	5,433,499
Commuter assistance	2,648,632	2,891,431	3,136,150	2,868,356	3,157,480	2,816,392	3,228,709	5,155,263	3,377,881	3,097,534
Commuter rail	95,717,909	112,424,851	68,072,414	27,118,480	39,870,670	35,482,511	33,733,888	40,704,106	21,470,133	14,044,435
Highways	372,657,029	325,128,109	299,398,122	118,750,336	111,049,502	75,011,698	45,698,211	165,100,551	65,697,249	48,359,404
Local streets and roads	49,826,564	48,615,815	46,677,580	44,594,891	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	60,099,526
Motorist assistance	4,159,520	4,317,961	3,498,420	3,563,581	3,846,245	3,530,695	2,987,136	2,623,184	3,983,252	2,408,612
Planning and programming	4,090,731	3,099,358	3,204,073	3,712,596	3,913,520	4,674,397	5,312,246	9,193,944	6,939,409	5,586,992
Right of way management	-	-	-	-	- [4]	1,270,487	1,428,066	1,399,316	551,960	631,996
Regional arterials	23,111,109	21,016,097	23,886,840	17,047,135	5,816,666	29,362,894	26,371,339	20,948,530	59,841,509	30,756,287
Transit and specialized transportation	70,652,804	86,725,394	78,723,898	55,659,188	51,221,772	44,699,650	43,820,225	77,417,741	83,927,945	75,567,829
Debt service:										
Principal	7,814,176	7,411,654	67,112,884	6,824,654	46,523,931	109,607,230	57,738,548	33,646,475	141,870,000	30,225,589
Interest	45,620,922	45,913,275	43,410,203	15,404,719	15,008,695	11,296,268	5,240,307	12,026,942	6,657,569	6,564,973
Cost of Issuance	-	-	7,050,855	-	-	1,493,196	675,464	-	1,261,668	-
Intergovernmental distributions	-	-	-	-	-	-	-	975,833	992,460	974,193
Capital outlay	1,182,208	475,334	143,888	220,443	209,716	147,297	124,080	1,055,997	335,023	161,268
Total expenditures	689,479,190	671,204,690	658,882,021	304,367,574	334,186,248	372,021,395	270,216,452	459,834,261	479,251,739	290,218,443
Other financing sources (uses):										
Sales of capital assets	-	-	-	-	-	-	-	-	-	4,240,148
Capital lease	-	-	-	-	-	-	-	117,127	-	-
Debt issuance	248,792,225	48,904,095	638,854,602	60,000,000	40,000,000	170,000,000	268,284,000	53,716,000	160,249,021	50,000,000
Discount on debt issuance	-	-	(2,433,315)	-	-	(967,467)	(278,685)	-	-	-
Premium on debt issuance	-	-	38,328,775	-	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	(129,394,875)	-	-	-
Transfers in	162,708,720	232,626,156	481,987,735	133,065,312	123,977,167	185,354,839	104,833,227	33,466,298	164,063,070	34,745,015
Transfers out	(162,708,720)	(232,626,156)	(481,987,735)	(133,065,312)	(123,977,167)	(185,354,839)	(104,833,227)	(33,466,298)	(164,063,070)	(34,745,015)
Total other financing sources (uses)	248,792,225	48,904,095	674,750,062	60,000,000	40,000,000	169,032,533	138,610,440	53,833,127	160,249,021	54,240,148
Net change in fund balances	$ (63,381,042)	$ (227,673,977)	$ 409,210,920	$ 46,608,276	$ (13,786,025)	$ 37,796,716	$ 95,324,457	$ (74,800,623)	$ (19,116,519)	$ 96,731,400
Debt service as a percentage of noncapital expenditures	10.6%	11.0%	19.1% [5]	9.3%	22.5%	32.5% [3]	23.3% [2]	9.9%	31.0% [1]	12.7%

Source: Finance Department

1 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.

2 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.

3 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.

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

5 Debt service as a percentage of noncapital expenditures in 2014 increased significantly as a result of the retirement of $60,000,000 of commercial paper, which is included in principal payments and interest payments and cost of issuance as a result of the issuance of $638,854,602 in debt.

Riverside County Transportation Commission

Sources of County of Riverside Taxable Sales by Business Type

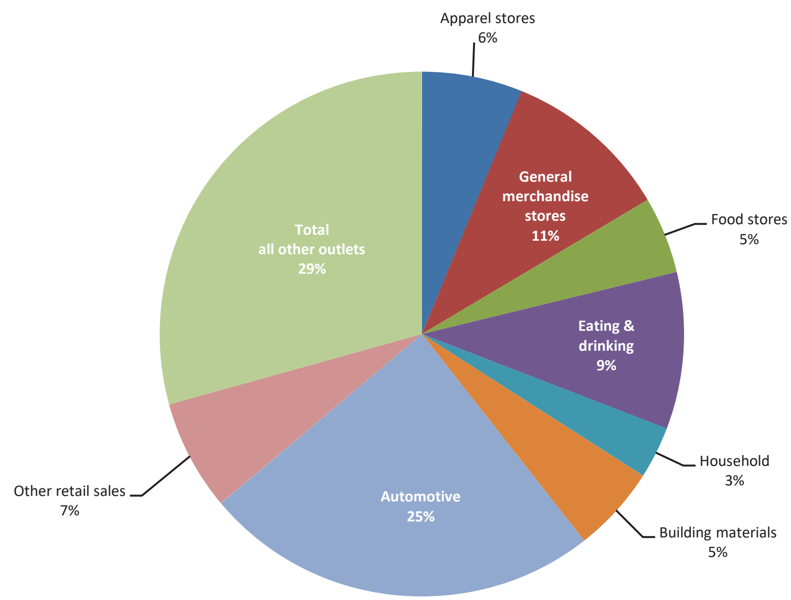
Last Ten Calendar Years (In Thousands)

	2014 [1]	2013	2012	2011	2010	2009	2008	2007	2006	2005
Apparel stores	$ 1,989,623	$ 1,771,603	$ 1,672,482	$ 1,505,821	$ 1,391,174	$ 1,293,271	$ 1,121,543	$ 1,171,013	$ 1,080,385	$ 990,129
General merchandise stores	3,289,057	3,298,920	3,174,022	3,051,709	2,947,905	2,855,733	3,389,936	3,593,134	3,553,554	3,304,474
Food stores	1,509,404	1,421,590	1,356,148	1,304,731	1,267,758	1,251,220	1,254,366	1,352,609	1,309,782	1,197,438
Eating & drinking	3,093,861	2,836,388	2,668,324	2,473,339	2,317,486	2,266,853	2,340,554	2,388,039	2,316,422	2,157,801
Household	1,030,455	996,484	930,068	914,888	412,325	858,098	816,379	843,945	948,217	964,629
Building materials	1,706,184	1,535,178	1,364,513	1,303,073	1,232,145	1,237,518	1,435,337	1,961,911	2,390,236	2,424,898
Automotive	7,844,773	7,421,523	7,009,138	6,311,272	5,306,408	4,749,994	6,126,512	7,137,075	6,956,756	6,751,648
Other retail sales	2,182,987	2,025,088	1,841,973	1,711,453	1,951,385	1,442,875	3,250,335	2,794,790	1,024,551	944,155
Total all other outlets	9,389,345	8,758,693	8,079,341	7,065,212	6,326,194	6,272,315	6,268,633	7,781,093	10,236,334	9,521,319
	$ 32,035,689	$ 30,065,467	$ 28,096,009	$ 25,641,498	$ 23,152,780	$ 22,227,877	$ 26,003,595	$ 29,023,609	$ 29,816,237	$ 28,256,491
Measure A direct sales tax rate (Ordinance 88-1 through 2009 and 02-001 thereafter)	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.

Sources of County of Riverside Taxable Sales by Business Type for 2014



Riverside County Transportation Commission

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year	Measure A Direct Rate [1]	County of Riverside
2016	0.50%	8.00%
2015	0.50%	8.00%
2014	0.50%	8.00%
2013	0.50%	8.00% [4]
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%

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

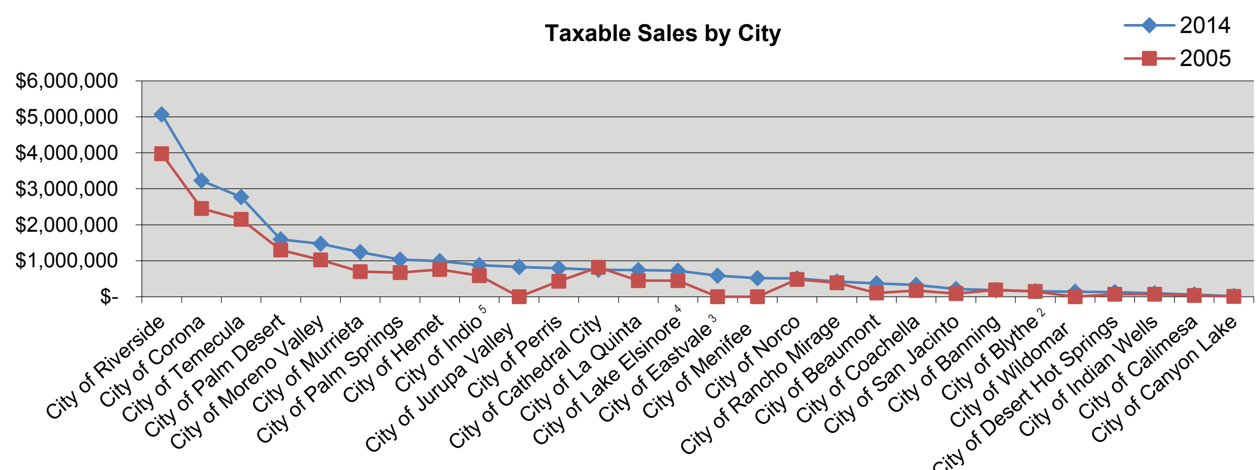
[1] The Measure A sales tax rate may be changed only with the approval of 2/3 of the voters.
[2] The State of California increased the state sales tax rate 1% in April 2009.
[3] Effective July 1, 2011, the State of California decreased the state sales tax rate by 1%.
[4] Effective January 1, 2013, the State of California increased the state sales tax rate by 0.25%.

Riverside County Transportation Commission
Principal Taxable Sales Generation by City
Current Year and Nine Years Ago

	2014 [1]			2005		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
City of Riverside	$ 5,072,694	2	15.8%	$ 3,974,583	2	18.3%
City of Corona	3,231,208	3	10.1%	2,454,467	3	11.3%
City of Temecula	2,771,629	4	8.7%	2,149,360	4	9.9%
City of Palm Desert	1,594,753	5	5.0%	1,296,730	5	6.0%
City of Moreno Valley	1,475,946	6	4.6%	1,021,275	6	4.7%
City of Murrieta	1,243,186	7	3.9%	701,427	9	3.2%
City of Palm Springs	1,036,541	8	3.2%	675,487	10	3.1%
City of Hemet	988,533	9	3.1%	761,734	8	3.5%
City of Indio	882,079	10	2.8%	589,327	11	2.7%
City of Jurupa Valley[5]	824,516	11	2.6%	-	-	N/A
City of Perris	791,955	12	2.5%	430,139	15	2.0%
City of Cathedral City	753,153	13	2.4%	814,737	7	3.8%
City of La Quinta	744,038	14	2.3%	447,877	14	2.1%
City of Lake Elsinore	728,088	15	2.3%	448,196	13	2.1%
City of Eastvale[4]	590,318	16	1.8%	-	-	N/A
City of Menifee[3]	516,679	17	1.6%	-	-	N/A
City of Norco	510,210	18	1.6%	487,537	12	2.2%
City of Rancho Mirage	423,095	19	1.3%	387,603	16	1.8%
City of Beaumont	370,748	20	1.2%	107,334	20	0.5%
City of Coachella	330,324	21	1.0%	176,051	18	0.8%
City of San Jacinto	215,922	22	0.7%	91,502	21	0.4%
City of Banning	181,922	23	0.6%	189,089	17	0.9%
City of Blythe	160,504	24	0.5%	147,010	19	0.7%
City of Wildomar[2]	140,280	25	0.4%	-	-	N/A
City of Desert Hot Springs	133,906	26	0.4%	71,943	22	0.3%
City of Indian Wells	98,669	27	0.3%	67,186	23	0.3%
City of Calimesa	64,525	28	0.2%	34,896	24	0.2%
City of Canyon Lake	15,084	29	0.0%	10,817	25	0.0%
Incorporated	25,890,505		80.8%	17,536,307		80.8%
Unincorporated	6,145,182	1	19.2%	4,172,828	1	19.2%
Countywide	$ 32,035,687		100.0%	$ 21,709,135		100.0%
California	$ 615,821,874			$ 460,096,468		

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.
[4] City of Eastvale was incorporated on October 1, 2010.
[5] City of Jurupa Valley was incorporated on July 1, 2011.



Riverside County Transportation Commission

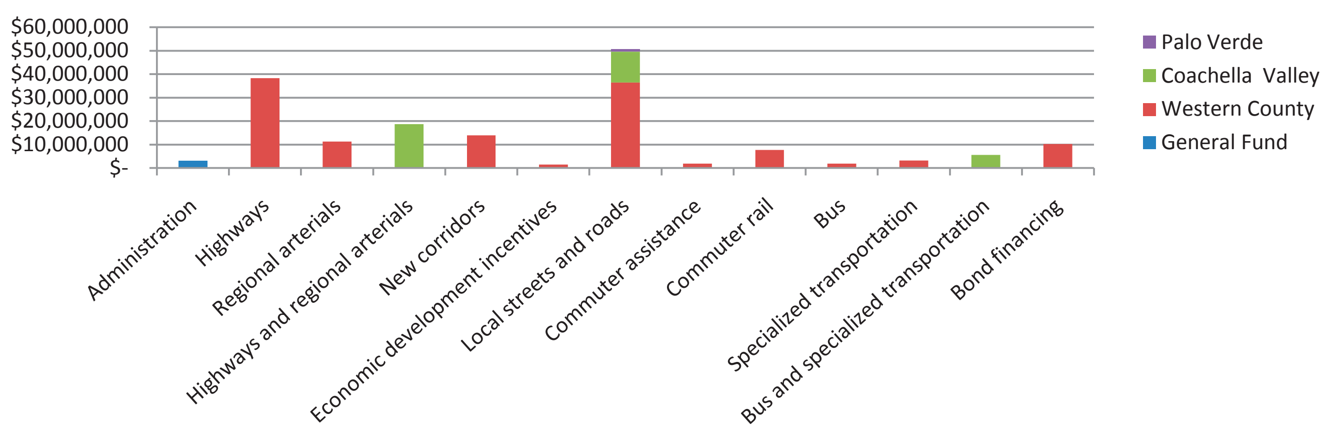
Measure A Sales Tax Revenues by Program and Geographic Area

Year Ended June 30, 2016

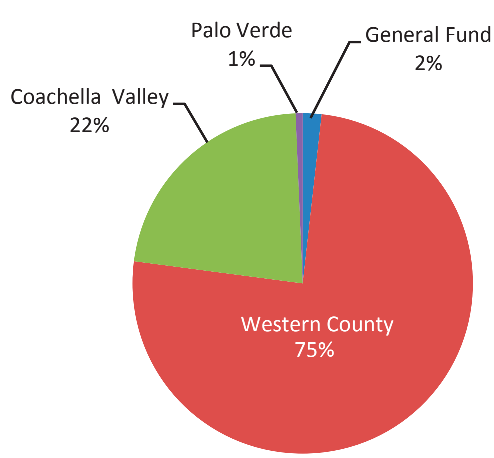
	General Fund	Special Revenue Funds: Western County	Coachella Valley	Palo Verde	Total
Administration	$ 3,000,000	$ -	$ -	$ -	$ 3,000,000
Highways	-	38,314,073	-	-	38,314,073
Regional arterials	-	11,268,845	-	-	11,268,845
Highways and regional arterials	-	-	18,651,336	-	18,651,336
New corridors	-	13,898,242	-	-	13,898,242
Economic development incentives	-	1,502,513	-	-	1,502,513
Local streets and roads	-	36,435,933	13,055,936	1,116,499	50,608,368
Public transit:					
Commuter assistance	-	1,878,141	-	-	1,878,141
Commuter rail	-	7,662,815	-	-	7,662,815
Bus	-	1,915,704	-	-	1,915,704
Specialized transportation	-	3,192,840	-	-	3,192,840
Bus and specialized transportation	-	-	5,595,401	-	5,595,401
Bond financing	-	10,141,961	-	-	10,141,961
	$ 3,000,000	$ 126,211,067	$ 37,302,673	$ 1,116,499	$ 167,630,239

Source: Finance Department

Sales Tax Revenues by Program and Geographic Area



Geographic Distribution by Area



Riverside County Transportation Commission

Measure A Sales Tax by Economic Category

Last Nine Calendar Years

Economic Category	2015[1]	2014	2013	2012	2011	2010	2009	2008	2007
	% of Total								
General retail	28.8	28.4	28.7	28.8	29.8	30.9	30.9	28.2	26.8
Transportation	25.9	26.6	27.0	26.9	27.1	25.0	22.8	24.9	26.1
Food products	17.3	16.6	16.1	16.2	16.4	17.0	17.8	16.0	14.4
Business to business	15.0	14.4	14.5	15.0	14.1	14.5	15.2	16.4	15.9
Construction	10.8	12.0	11.8	11.1	10.5	10.5	11.1	12.3	14.4
Miscellaneous	2.2	2.0	1.9	2.0	2.1	2.1	2.2	2.2	2.4
Total	100.0	100.0	100.0	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 Revenues[2]	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
2016	$ 167,630,239	2.78%	$ 53,400,019	3.14	$ -	$ 53,400,019	3.14
2015	163,092,776	4.31%	53,300,072	3.06	-	53,300,072	3.06
2014	156,355,894	4.64%	50,499,417	3.10	-	50,499,417	3.10
2013	149,428,124	10.70%	22,156,116	6.74	-	22,156,116	6.74
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]	114,526,254	-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

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

	Governmental Activities									
Year	Sales Tax Revenue Bonds, net of premium and discount	Toll Revenue Bonds, net of discount and accretion	TIFIA Loan	Commercial Paper	Contract Payable	MSHCP Funding Liability	Capital Leases	Total Governmental Activities	Percentage of Personal Income [1]	Debt per Capita [1]
2016	$ 782,532,106	$ 185,607,330	$ 277,696,320	$ 20,000,000	$ -	$ 12,000,000	$ 46,181	$ 1,277,881,937	N/A	$ 551.30
2015	792,297,152	181,557,045	48,904,095	-	-	15,000,000	60,357	1,037,818,649	N/A	436.30
2014	801,782,659	177,755,391	-	-	-	18,000,000	72,011	997,610,061	1.28%	423.81
2013	310,435,508	-	-	60,000,000	-	-	6,289	370,441,797	0.49%	167.47
2012	317,138,111	-	-	-	-	-	30,943	317,169,054	0.44%	142.38
2011	323,537,074	-	-	-	-	-	54,874	323,591,948	0.48%	145.91
2010	180,731,699	-	-	83,284,000	-	-	78,104	264,093,803	0.41%	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

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 102 for personal income and population data.

Riverside County Transportation Commission

Computation of Legal Debt Margin[1]

Last Ten Fiscal Years

	Fiscal Year 2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Measure A Ordinance No. 02-001, as amended by Ordinance No. 10-002[2]										
Total debt limit authorized	$ 975,000,000	$ 975,000,000	$ 975,000,000	$ 975,000,000	$ 975,000,000	$ 975,000,000	$ 500,000,000	$ 500,000,000	$ 500,000,000	$ 500,000,000
Amount of debt applicable to debt limit	751,300,000	759,100,000	766,500,000	371,400,000	318,200,000	324,700,000	264,284,000	236,395,000	126,395,000	80,005,000
Legal debt margin	$ 223,700,000	$ 215,900,000	$ 208,500,000	$ 603,600,000	$ 656,800,000	$ 650,300,000	$ 235,716,000	$ 263,605,000	$ 373,605,000	$ 419,995,000
% of debt to legal debt limit	77.1%	77.9%	78.6%	38.1%	32.6%	33.3%	52.9%	47.3%	25.3%	16.0%
Measure A Ordinance No. 88-1, as amended by Ordinance 92-1[3]										
Total debt limit authorized								$ 525,000,000	$ 525,000,000	$ 525,000,000
Amount of debt applicable to debt limit								-	33,630,000	65,495,000
Legal debt margin								$ 525,000,000	$ 491,370,000	$ 459,505,000
% of debt to legal debt limit								0.0%	6.4%	12.5%

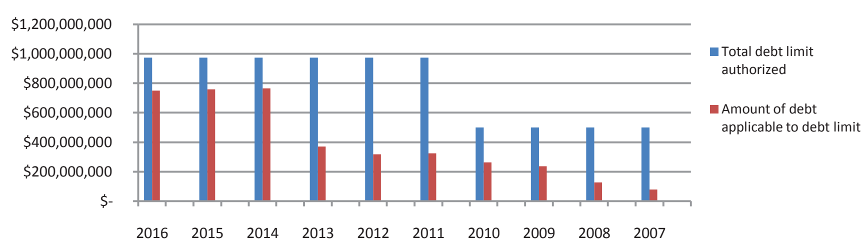
Source: Finance Department

[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.

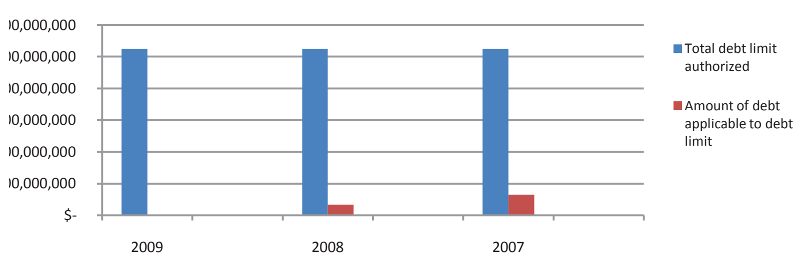
[2] Ordinance No. 02-001 was approved by a 2/3 majority of the voters in November 2002. In November 2010, a majority of the voters approved Ordinance No. 10-002 to increase the debt limit from $500 million to $975 million.

[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	Population[1]	Personal Income (thousands)[2]	Per Capita Personal Income [2]	Unemployment Rate[3]
2016	2,347,828	N/A	N/A	0.0%
2015	2,317,924	N/A	N/A	6.7%
2014	2,329,271	$ 78,239,388	$ 33,590	8.2%
2013	2,255,059	76,289,477	33,278	10.3%
2012	2,227,577	72,015,057	31,742	12.2%
2011	2,217,778	67,024,780	29,927	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%

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 2015 and Nine Years Prior

Industry Type	2015 [1]	% of Total Employment	2006	% of Total Employment
Agricultural services, forestry, fishing and other	13,100	2.0%	14,200	2.3%
Mining	300	0.3%	700	0.1%
Construction	52,800	8.0%	80,700	12.8%
Manufacturing	41,300	6.3%	57,000	9.0%
Transportation, warehousing, and public utilities	33,900	5.2%	17,000	2.7%
Wholesale trade	23,600	3.6%	20,500	3.3%
Retail trade	88,500	13.5%	85,900	13.6%
Professional & business services	62,100	9.5%	62,600	9.9%
Education & health services	95,300	14.5%	63,500	10.1%
Leisure & hospitality	83,300	12.7%	71,900	11.4%
Finance, insurance, and real estate	20,800	3.2%	23,500	3.7%
Other services	27,900	4.2%	28,200	4.5%
Federal government, civilian	6,900	1.1%	6,600	1.0%
State government	16,400	2.5%	14,300	2.2%
Local government	90,600	13.8%	84,000	13.3%
Total employment	656,800	100.0%	630,600	100.0%

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

	As of June 30									
Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Management services and administration	14.7	16.2	13.8	14.1	13.9	12.7	8.9	12.7	17.6	15.0
Planning and programming	6.2	6.1	5.9	4.9	5.1	5.2	5.5	5.1	5.4	6.4
Rail operations and maintenance	4.5	4.0	3.1	2.9	3.3	3.1	3.3	2.9	3.1	2.8
Specialized transit/transportation	2.3	2.3	3.4	2.5	2.5	2.6	2.6	2.2	2.0	2.4
Commuter assistance	1.8	3.0	1.7	1.8	1.6	1.6	1.8	1.2	1.3	1.3
Motorist assistance	0.7	0.7	0.9	0.9	1.2	0.9	0.7	0.8	0.7	0.7
Capital project development and delivery	15.8	13.7	15.2	13.9	12.3	11.9	14.2	11.1	7.9	6.4
Total full-time equivalents	46.0	46.0	44.0	41.0	40.0	38.0	37.0	36.0	38.0	35.0

Source: Finance Department

Riverside County Transportation Commission
Operating Indicators
Last Ten Fiscal Years

	As of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Commuter rail operations:										
Growth of average daily ridership on commuter lines:										
Riverside line	4,679	4,651	5,056	4,911	5,279	5,177	5,124	5,269	5,184	4,769
IEOC line	4,508	4,613	4,385	4,317	4,142	3,855	4,011	4,611	4,859	4,651
91 line	2,317	2,419	3,037	2,407	2,254	2,289	2,205	2,344	2,261	2,276
Farebox recovery ratio:										
Riverside line	44.8%	49.6%	57.4%	57.0%	58.5%	59.8%	52.5%	51.0%	53.01%	67.07%
IEOC line	30.5%	32.6%	34.7%	34.9%	31.3%	31.1%	28.3%	37.3%	42.60%	42.19%
91 line	24.1%	38.6%	45.3%	42.2%	49.7%	54.6%	49.3%	53.0%	45.53%	49.02%
Specialized transit/transportation:										
Specialized transit grants awarded	17	20	22	22	21	22	22	22	14	15
Commuter assistance:										
Club Ride members	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,378	5,860	4,436
Rideshare Incentive members	597	736	1,106	926	1,056	1,061	1,131	N/A	N/A	N/A
Rideshare Plus Rewards members	1,142	3,723	5,770	6,786	4,848	5,518	7,080	N/A	N/A	N/A
Incoming 1-866-RIDESHARE telephone calls	5,026	1,797	2,625	2,527	1,531	1,257	2,145	2,423	3,709	2,613
Rideshare Connection bulletins produced	N/A	8	10	13	11	13	N/A	N/A	N/A	N/A
RideSmart Tips produced	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A[1]	45,304
Rideguides produced	8,607	6,527	10,059	14,813	15,628	29,052	43,319	34,940	23,121	24,676
Commuter Exchange events	N/A	48	54	55	52	52	50	73	71	60
Motorist assistance:										
Call boxes	545	549	570	580	594	613	614	614	630	682
Calls made from call boxes	3,053	3,882	4,685	5,337	5,043	5,251	5,934	6,574	7,543	9,595
Contracted Freeway Service Patrol vehicles	21	21	21	21	21	22	22	20	20	17
Assists by Freeway Service Patrol	36,711	42,471	44,278	43,633	42,748	45,751	48,312	43,119	45,500	40,025
IE511 web visits	473,462	452,713	443,359	399,730	341,716	244,277	N/A	N/A	N/A	N/A
IE511 call volumes	233,895	263,757	306,108	351,161	362,957	489,036	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	24	24
Measure A program:										
Highways	$ 372,657,029	$ 325,128,109	$ 299,398,122	$ 118,750,336	$ 111,049,502	$ 75,011,698	$ 45,698,211	$ 165,100,551	$ 65,697,249	$ 48,359,404
Commuter rail	75,831,961	98,302,229	56,148,017	15,895,661	19,690,126	22,632,065	20,312,056	32,089,238	12,419,675	14,044,435
Regional arterials	17,090,247	5,012,254	1,441	1,787	124	8,638,637	11,920,846	12,645,090	18,220,540	30,756,287
Local streets and roads	49,826,564	48,615,815	46,677,580	44,594,891	40,127,890	36,856,925	34,258,313	45,661,155	54,520,115	59,202,631
Specialized transit and commuter assistance	14,499,642	14,063,310	13,378,223	11,927,634	11,930,437	11,262,588	10,161,780	9,838,990	9,071,302	6,358,224
Total program expenditures	$ 529,905,443	$ 491,121,717	$ 415,603,383	$ 191,170,309	$ 182,798,079	$ 154,401,913	$ 122,351,206	$ 265,335,024	$ 159,928,881	$ 158,720,981

Source: Commission Departments

[1] This brochure was discontinued beginning FY 2007/08.

Riverside County Transportation Commission

Capital Asset Statistics by Program

Last Ten Fiscal Years

	As of June 30									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Commuter rail:										
Transit centers owned and managed	1	1	1	1	1	-	-	-	-	-
Commuter rail stations owned and managed	9	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

Source: Commission Departments

South Perris Station, Perris Valley Line

40 YEARS 1976-2016 RCTC

Riverside County Transportation Commission

Riverside County Transportation Commission

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