RIVERSIDE COUNTY TRANSPORTATION COMMISSION

FISCAL YEAR ENDED JUNE 30, 2017

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SR-91 Project

Riverside County Transportation Commission
Riverside County, California

RCTC

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

RIVERSIDE COUNTY, CA

Downtown Riverside

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

Submitted by:

Theresia Treviño, Chief Financial Officer

Michele Cisneros, Deputy Director of Finance

Riverside Downtown
Metrolink Station

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Introductory Section

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

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October 27, 2017

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, 2017.

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, 2017. 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.

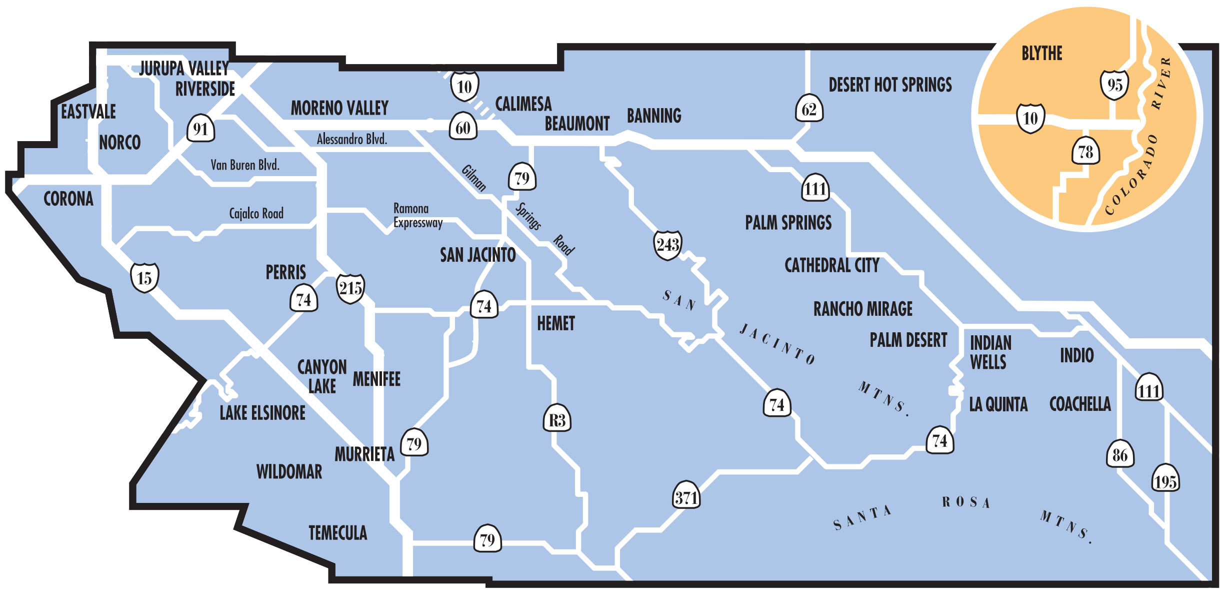
Profile of RCTC's Governance and Responsibilities

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 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 by 4.6 % and LTF revenues increasing by 5.3 % in FY 2016/17. Transportation Uniform Mitigation Fee (TUMF) revenues decreased 1%, as larger development projects awaited the results of the Nexus Study, which would determine revised TUMF fees.

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. In April 2017 Governor Brown signed Senate Bill (SB) 1, which raises vehicle registrations fees and the state gas tax by 12 cents per gallon to fund transportation projects with a "Fix it First" and public transit orientation that stresses ongoing maintenance over capacity enhancement. 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 has been reauthorized) could prove to be a source of funding for transit services.

In addition to the gas tax legislation, the Governor also signed SB 132 which provides $427 million from the state's current budget to fund five important new transportation projects in Northwest Riverside County. This includes two grade separations in Jurupa Valley and Corona, a new bridge over the Santa Ana River at Hamner Avenue in Norco, improvements to the Interstate 15 (I-15)/Limonite Avenue interchange, and a new express lanes connector between the RCTC 91 Express Lanes and the future I-15 Express Lanes.

The 15/91 express lanes connector will be especially important to the Commission and will provide a needed direct express lane to express lane connection between State Route 91 (SR-91) and the northern portion of I-15. Additional legislation also provided the Commission with added flexibility in delivering the project by allowing for the use of the design-build or the construction manager general contractor method of procurement. As a result, the 15/91 express lanes connector is already underway with the approval of a design contract in October and the intent to complete the project prior to the legislative deadline in 2023.

The news on the federal level is somewhat less predictable. In December 2015, the comprehensive transportation bill known as Fixing America's Surface Transportation Act – or FAST Act – superseded Moving Ahead for Progress in the 21st Century (MAP-21) which originally expired in June 2014. 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 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 (RCTC 91 Express Lanes).

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: 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 can begin in 2018 with the resolution of legal challenges against the project's Environmental Impact Report (EIR).

Commuter Rail: Since 1993 the Commission has held title to and managed the 38-mile San Jacinto Branch Line and several adjacent properties in anticipation of offering Metrolink commuter rail service to a wider area of the County, initially including Moreno Valley and Perris and ultimately to Hemet/San Jacinto. The completion of the Perris Valley Line project in June 2016 completed yet another promise made to voters in Measure A and provides Riverside County with a foundation for better transit service involving a combination of commuter rail, local buses and active transportation improvements. It added 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 project used a combination of federal Small Starts Grant funding, Measure A and STIP dollars. Ridership on the new extension has increased with a targeted marketing campaign.

Active Transportation: Non-motorized transportation options are becoming an increasingly important part of California's transportation infrastructure, and the Commission has taken a leadership role in assisting local jurisdictions by funding and advocating for projects vying for state funding. The Commission is also heading up project development for the Santa Ana River Trail – a multiuse facility which will provide a bike, pedestrian and equestrian trail to link San Bernardino, Riverside and Orange Counties for cyclists, pedestrians and equestrians.


Riverside/Hunter Park

Toll Program Moves Forward

91 Project – Construction Complete and Open for Business!: The SR-91 Corridor Improvement Project (91 Project) through Corona opened in March 2017. The 91 Project includes the RCTC 91 Express Lanes, two tolled express lanes in each direction in the median of SR-91. The extension of these lanes provides a seamless connection to the OCTA 91 Express Lanes; expands the choices for Riverside County drivers; improves congestion on the general purpose lanes; and ensures a speedy, uncongested trip for drivers willing to pay a toll. The 91 Project also includes numerous non-toll lane improvements such as an additional general purpose lane in each direction on SR-91 between SR-71 and I-15 and substantial interchange improvements.

During its first six months of operation, use of the RCTC 91 Express Lanes has exceeded expectations and traffic conditions on the corridor have improved with the addition of the new capacity. Construction to complete the last few remaining details on the corridor will continue through late 2017.

I-15 Express Lanes—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 on I-15 will have the same benefits mentioned previously for the RCTC 91 Express Lanes. 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. The toll services provider and the design-builder procurements were completed during FY 2016/17 with contract awards in January 2017 and April 2017, respectively. Construction is expected to commence in spring 2018, and the I-15 Express Lanes are expected to open in mid-2020.

Building the Future – Placentia Interchange for Mid County Parkway Progresses

In April 2015, the Commission approved the EIR and Environmental Impact Statement 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. In the midst of the efforts to resolve the case, the Commission has begun to acquire property and awarded an agreement to a construction management firm in September 2016 for a new freeway interchange at Placentia Avenue that would link the MCP.

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 was approved in January 2017 to allow the realignment of SR-79 between Domenigoni Parkway, south of SR-74, and Gilman Springs Road, north of San Jacinto. The project would realign the highway to provide a more direct route within the San Jacinto Valley. Current work on this project includes acquisition of right of way needed for mitigation and to protect cultural sites.

I-10 Monterey Avenue Interchange

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 MCP, and regional arterials, including local projects and the SR-79 realignment project. To date, 15 projects have been completed, five projects are under construction or in pre-construction, and three projects are in the development phase and remain to be programmed for future TUMF funds.

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.

The Commission's 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. The Riverside Downtown Operations Control Center provides monitoring of closed circuit televisions at the stations as well as facilities for train crews.

- *Riverside Line:* Originates in the Downtown Riverside station and stops at the Jurupa Valley/Pedley station before proceeding through Ontario, Pomona, Industry, and Montebello to Los Angeles Union Station. Ridership approximates 4,550 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 4,700. 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. Ridership on the new segment of this line between Riverside and Perris has seen strong growth after a slow start and now averages approximately 600 per day. A part of this line between Riverside and Los Angeles offers weekend service.

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:

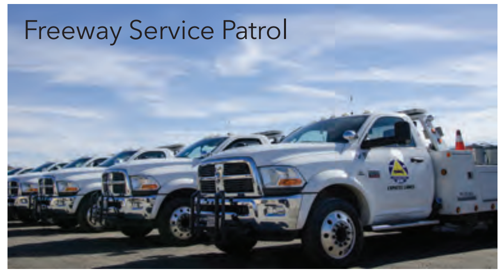
Commuter/Employer Rideshare Services: In partnership with San Bernardino County Transportation Authority (SBCTA), the Commission helps Riverside and San Bernardino commuters discover their best commute through IE Commuter, the flagship of the CAP. In just a few clicks, www.iecommuter.org users can access 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 to increase awareness, consideration, and use of alternative modes to improve mobility and air quality throughout the region. A new IE Commuter mobile application launching in 2018 will make it even easier for users to find a carpool/vanpool to join or a transit alternative that matches their route and schedule.

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 360,000 nationwide merchants through Rideshare Plus.

Transit Expansions: Two new services supporting intercountry travel via alternative modes will launch in FY 2017/18: a new Riverside County vanpool incentive that provides up to $400 per month per vanpool in perpetuity and a new CommuterLink express bus service (Route 200) connecting the Inland Empire to major employment centers in Orange and Anaheim.

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 2,800 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 20 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 2016/17, the FSP provided 40,180 assists. This includes incremental FSP weekend service, funded by the Southern California Air Quality Management District's Mobile Source Air Pollution Reduction and Review Committee, on segments of SR-91.

Call Boxes

Call Boxes: In cooperation with the California Highway Patrol and Caltrans, the Commission assists motorists 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. In response to the proliferation and continued growth of cell phone usage and declining demand and use of call boxes, the Commission approved a substantial reduction to the call box system. A cost effective backbone of 240 call box units remain in place and serve more than 346 centerline miles of highways. The call box program is funded by Riverside County SAFE revenue, an annual $1 surcharge added to vehicle registrations. In FY 2016/17 call box operators answered approximately 2,160 calls from motorists.

Traveler Information: To further promote mobility, the Commission in partnership with the SBCTA, 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 56,000 users. IE511 is funded with Riverside County SAFE funds in addition to SANBAG reimbursements. In FY 2016/17, IE511 serviced approximately 618,000 web visits and 201,000 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 2016/17, public and nonprofit operators provided approximately 300,000 Measure A and/or federally funded one-way trips in Western County.

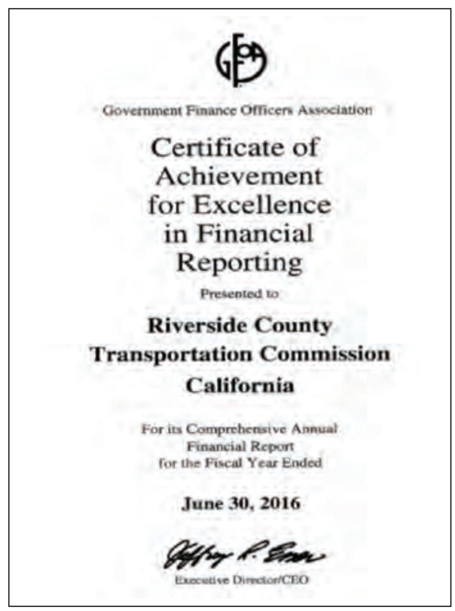
Developing a Countywide Plan

Work is underway to develop a comprehensive countywide transportation plan for approval in 2019. 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.

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, 2016. This was the 24th 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.

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.


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, 2016

Executive Director/CEO

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.

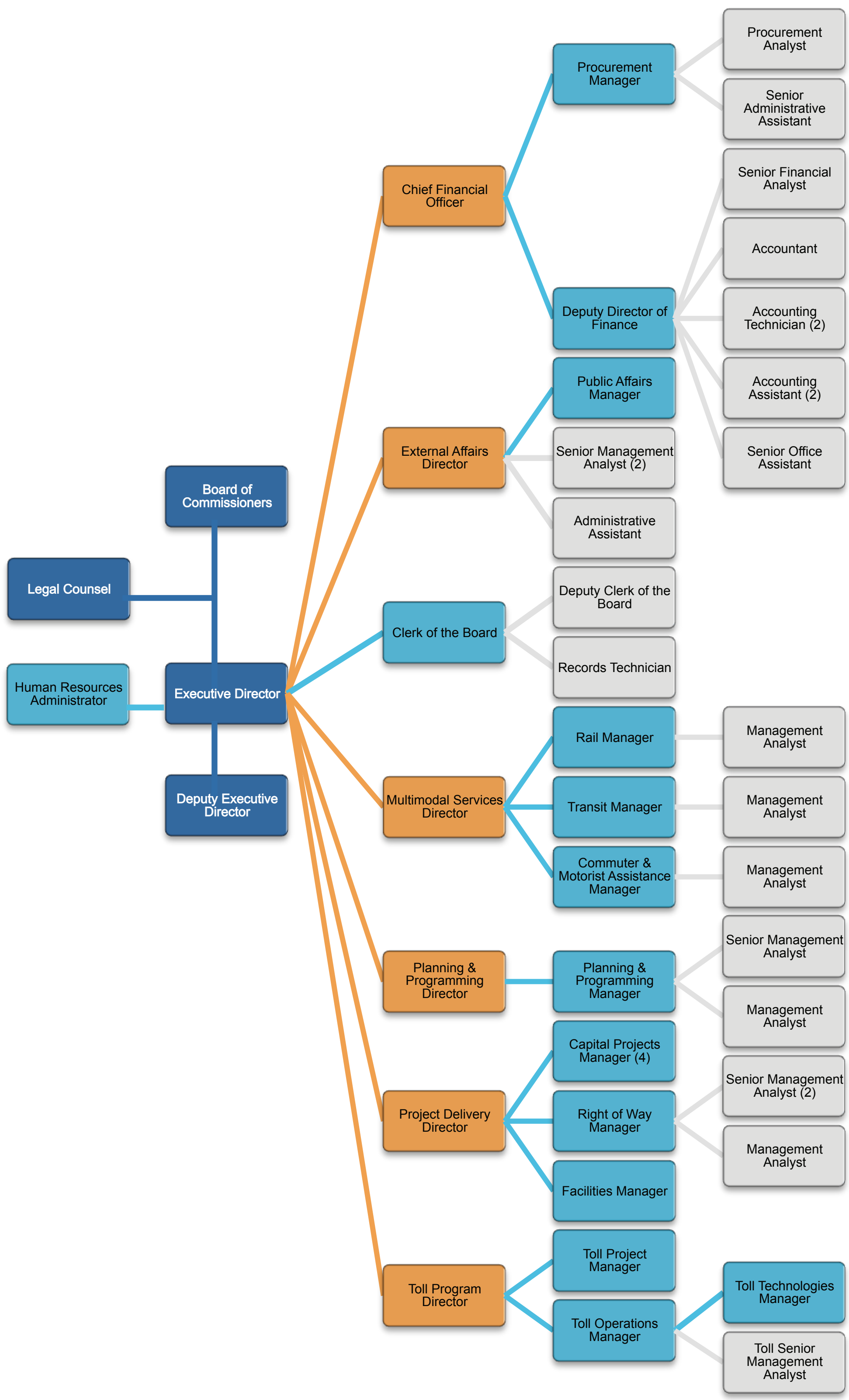
In closing, without the leadership and the support of the Board, preparation of this report would not have been possible. Its prudent management must be credited for the strength of the Commission's fiscal condition, and its vision ensures that the Riverside County Transportation Commission will be on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

Very truly yours,

ANNE MAYER
Executive Director

THERESIA TREVIÑO
Chief Financial Officer

Riverside County Transportation Commission Organizational Chart
Fiscal Year 2016/17



Riverside County Transportation Commission
List of Principal Officials
As of June 30, 2017

Board of Commissioners		
Name	**Title**	**Agency**
Kevin Jeffries	Member	County of Riverside, District 1
John F. Tavaglione	Chair (Commission)	County of Riverside, District 2
Chuck Washington	2nd Vice Chair (Commission)	County of Riverside, District 3
V. Manuel Perez	Member	County of Riverside, District 4
Marion Ashley	Member	County of Riverside, District 5
Deborah Franklin	Chair (Western Riverside County Programs and Projects Committee)	City of Banning
Lloyd White	Member	City of Beaumont
Joseph DeConinck	Member	City of Blythe
Jim Hyatt	Member	City of Calimesa
Randall Bonner	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	Member	City of Desert Hot Springs
Adam Rush	Vice Chair (Western Riverside County Programs and Projects Committee)	City of Eastvale
Linda Krupa	Member	City of Hemet
Dana Reed	Vice Chair (Commission)	City of Indian Wells
Michael Wilson	Member	City of Indio
Brian Berkson	Member	City of Jurupa Valley
Robert Radi	Member	City of La Quinta
Bob Magee	Member	City of Lake Elsinore
Neil Winter	Member	City of Menifee
Victoria Baca	Member	City of Moreno Valley
Rick Gibbs	Member	City of Murrieta
Berwin Hanna	Member	City of Norco
Jan Harnik	Chair (Budget and Implementation Committee)	City of Palm Desert
Ginny Foat	Member	City of Palm Springs
Michael M. Vargas	Member	City of Perris
Ted Weill	Member	City of Rancho Mirage
Rusty Bailey	Vice Chair (Budget and Implementation Committee)	City of Riverside
Andrew Kotyuk	Member	City of San Jacinto
Michael S. Naggar	Member	City of Temecula
Ben Benoit	Member	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
Aaron Hake, External Affairs Director
Shirley Medina, Planning and Programming Director
Theresia Treviño, Chief Financial Officer
Robert Yates, Multimodal Services Director

RIVERSIDE COUNTY TRANSPORTATION COMMISSION

Metrolink Riders

Financial Section

Certified
Public
Accountants

Independent Auditors' Report

Board of Commissioners
Riverside County Transportation Commission
Riverside, California

We have audited the accompanying financial statements of the governmental activities, the business-type 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, 2017, 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.

Auditors' 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Commission, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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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 were 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 other 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 É O'Connell LLP

Newport Beach, California
October 27, 2017

Riverside County Transportation Commission

Management's Discussion and Analysis
Year Ended June 30, 2017

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, 2017. We encourage readers to consider the information on financial performance presented here in conjunction with the transmittal letter on pages i-x and the Commission's financial statements which begin on page 18.

Financial Highlights

- Total net position of the Commission was $141,488,493 and consisted of net investment in capital assets of $75,572,271; restricted net position of $838,348,156; and unrestricted net position (deficit) of ($772,431,934).

- The governmental activities unrestricted net position (deficit) results primarily from the recording of the debt issued for Measure A highway, local streets and roads, 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. The business-type activities unrestricted net position (deficit) is related to toll-supported debt issued for the nonspendable intangible assets of tolled express lanes projects.

- Total net position decreased by $195,219,475 during fiscal 2017. An increase in net position from governmental activities of $98,459,365 and a decrease in net position from business-type activities of $293,678,840 was primarily due to the net internal transfers of long-term debt, cash and investments, and capital and intangible assets related to the substantial completion of the 91 Project and opening of the RCTC 91 Express Lanes in March 2017. General revenues consisting primarily of sales taxes are the major funding source for the governmental activities.

- Total capital and intangible assets, net of accumulated depreciation and amortization, were $638,194,402 and $234,075,489 at June 30, 2017, respectively, representing a decrease of $18,941,737, or 2%, from June 30, 2016. The decrease in capital assets was primarily related to substantial completion of the 91 Project and the portion of construction in progress for general purpose lanes on SR-91 not capitalized as an asset. The increase in intangible assets was related to the transfer of costs related to the construction of tolled express lanes and direct connector from the governmental activities capital assets to business-type activities intangible assets.

- Long-term liabilities net increase of $180,564,921 was primarily as a result of the Transportation Infrastructure Finance and Innovation Act (TIFIA) final loan draw down and compounded and accreted interest on the TIFIA Loan and 2013 Toll Revenue Bonds as well as the issuance of refunding sales tax bonds and commercial paper notes.

- The Commission's governmental funds reported combined ending fund balances of $706,413,068, a decrease of $34,008,334 compared to fiscal 2016 primarily due to the use of debt proceeds related to the 91 Project and the transfer of debt service reserves to the proprietary fund related to the RCTC 91 Express Lanes. Approximately 69% 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, from other functions that are intended to recover all or a significant portion of its costs through user fees and charges, or business-type 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 business-type activities of the Commission include toll road operations.

The government-wide financial statements include only the Commission and its blended component unit. The government-wide financial statements can be found on pages 18-19 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.

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 15 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 seven 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 20-27 of this report.

The proprietary fund consists of an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The Commission uses an enterprise fund to account for its toll road operations.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate financial information of the RCTC 91 Express Lanes, which is a major enterprise fund of the Commission.

The proprietary fund financial statements can be found on pages 28-31 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 32-74 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 proportionate share of net pension liability, pension contributions, changes in the net other-post employment benefits (OPEB) liability and related ratios, and OPEB contributions. Required supplementary information can be found on pages 75-84 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 87-100 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, 2017, the Commission's assets exceeded liabilities by $141,488,493, a $195,219,475 decrease from June 30, 2016. Our analysis below focuses on the net position and changes in net position of the Commission's governmental and business-type activities.

Net Position

Approximately 53%, compared to 116% in 2016, of the Commission's net position reflects its net investment in capital assets (i.e., construction in progress; land and improvements; toll infrastructure; buildings; construction and rail operating easements; rail stations; rail tracks; office improvements; transponders; 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. 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. For business-type activities, the related debt for the RCTC 91 Express Lanes exceeded the capital assets, net of accumulated depreciation.

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 137% and 183% of the total net position at June 30, 2017 and 2016, respectively. Restricted net position from governmental activities decreased by $19,243,180, as a result of increased expenses for highway, primarily related to the substantial completion of the 91 Project, and transfer of bond proceeds and debt service reserves to business-type activities. The increase in restricted net position from business-type activities of $242,134,144 is related to the transfer of nonspendable intangible assets from governmental activities and net toll revenues from operations.

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 $668,395,594 deficit at June 30, 2016 to a $538,356,445 deficit at June 30, 2017. The governmental activities 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 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 business-type activities deficit is related to the toll-supported debt issued for nonspendable intangible assets of tolled express lane projects.


Construction on the 91 Project

The following is condensed financial data related to net position at June 30, 2017 and June 30, 2016:

Net Position	Governmental-Activities 2017	Governmental-Activities 2016	Business-Type Activities 2017	Business-Type Activities 2016	Total 2017	Total 2016
Current and other assets	$ 795,312,825	$ 836,821,360	$ 35,002,755	$ -	$ 830,315,580	$ 836,821,360
Capital assets not being depreciated	285,178,007	608,101,900	44,658,207	-	329,836,214	608,101,900
Capital assets, net of depreciation	281,674,658	283,109,728	26,683,530	-	308,358,188	283,109,728
Intangible assets, net of amortization	-	-	234,075,489	-	234,075,489	-
Total assets	1,362,165,490	1,728,032,988	340,419,981	-	1,702,585,471	1,728,032,988
Deferred outflows of resources	15,870,375	29,699,210	84,567	-	15,954,942	29,699,210
Total assets and deferred outflows of resources	1,378,035,865	1,757,732,198	340,504,548	-	1,718,540,413	1,757,732,198
Long-term obligations	832,825,964	1,283,762,734	628,567,908	-	1,461,393,872	1,283,762,734
Other liabilities	109,496,846	136,205,408	5,613,197	-	115,110,043	136,205,408
Total liabilities	942,322,810	1,419,968,142	634,181,105	-	1,576,503,915	1,419,968,142
Deferred inflows of resources	545,722	1,056,088	2,283	-	548,005	1,056,088
Total liabilities and deferred inflows of resources	942,868,532	1,421,024,230	634,183,388	-	1,577,051,920	1,421,024,230
Net position:						
Net investment in capital assets	377,309,766	389,646,370	(301,737,495)	-	75,572,271	389,646,370
Restricted	596,214,012	615,457,192	242,134,144	-	838,348,156	615,457,192
Unrestricted (deficit)	(538,356,445)	(668,395,594)	(234,075,489)	-	(772,431,934)	(668,395,594)
Net position at end of year	$ 435,167,333	$ 336,707,968	$ (293,678,840)	$ -	$ 141,488,493	$ 336,707,968

Changes in Net Position

The Commission's total program and general revenues, excluding transfers of $290,547,316, were $343,160,019, while the total cost of all programs, excluding transfers, was $538,379,494. Total revenues decreased by 9%, and the total cost of all programs increased by 7%. Approximately 12% 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 and business-type activities decreased the Commission's net position by $195,219,475, 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 $9,676,789, or 726%, due to new toll operations on the RCTC 91 Express Lanes;
- Operating grants and contributions decreased by $6,955,850, or 16%, primarily due to a state allocation received in the previous year related to the I-215 corridor improvement project and reduction of planning, programming and monitoring funds;
- Capital grants and contributions decreased by $37,610,411, or 70%, primarily due to state reimbursements received in the previous year related to the Perris Valley Line project and station rehabilitation and security projects;
- Measure A sales tax revenues increased by $7,689,968 or 5%, due to the continued economic recovery in the region;
- Transportation Development Act (TDA) sales taxes decreased by $2,495,080, or 3%, as a result of a decrease in State Transit Assistance (STA) revenue allocations offset by an increase in LTF revenues;
- Unrestricted investment earnings decreased $4,117,974, or 49%, due to lower cash and investment balances as a result of the use of debt proceeds;

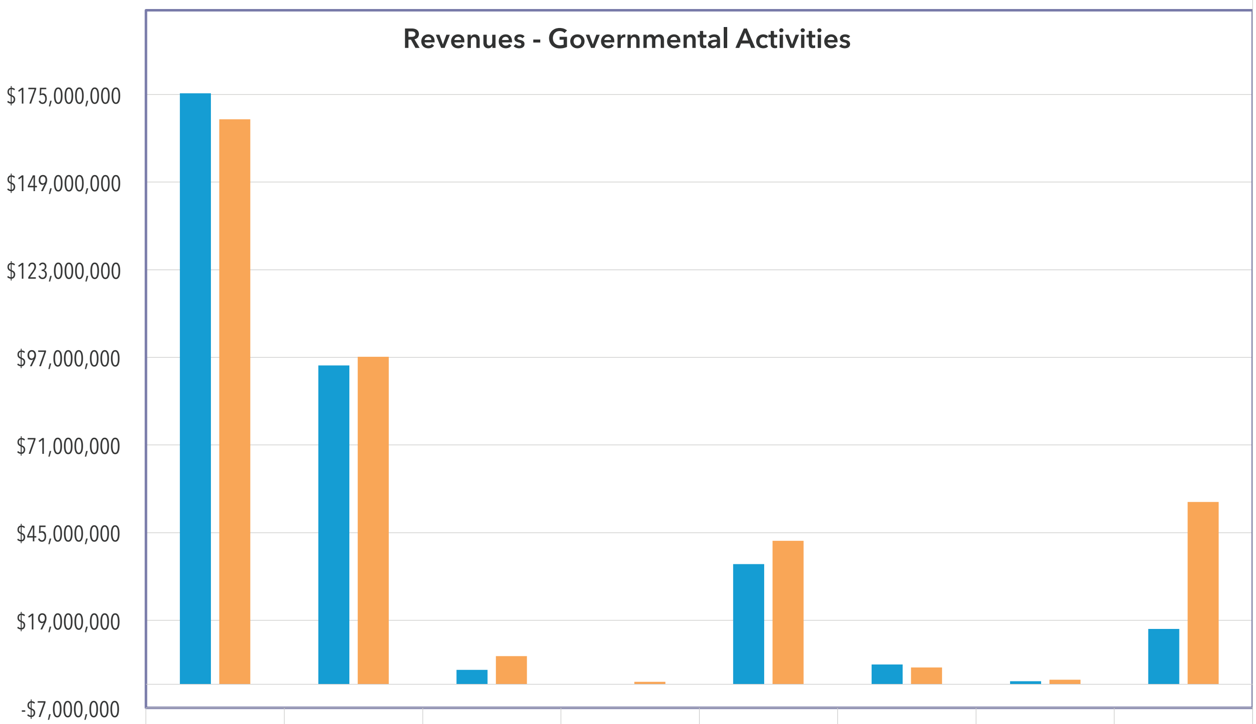
- Other miscellaneous revenues increased $908,855, or 18% due to the sale of surplus highway property; and
- Internal transfers of $290,547,316 are related to the substantial completion of the 91 Project and opening of the RCTC 91 Express Lanes in March 2017, resulting in the transfer of long-term debt, cash and investments, and capital and intangible assets from governmental activities to business-type activities.

	Governmental Activities		Business-Type Activities		Total	
Changes in Net Position	2017	2016	2017	2016	2017	2016
Revenues						
Program revenues:						
Charges for services	$ 886,236	$ 1,333,019	$ 10,123,572	$ -	$ 11,009,808	$ 1,333,019
Operating grants and contributions	35,611,287	42,568,860	1,723	-	35,613,010	42,568,860
Capital grants and contributions	16,451,903	54,062,314	-	-	16,451,903	54,062,314
General revenues:						
Measure A sales taxes	175,320,207	167,630,239	-	-	175,320,207	167,630,239
TDA sales taxes	94,639,514	97,134,594	-	-	94,639,514	97,134,594
Unrestricted investment earnings	4,262,323	8,383,732	3,435	-	4,265,758	8,383,732
Other miscellaneous revenue	5,859,819	4,950,964	-	-	5,859,819	4,950,964
Gain on sale of capital assets, net	-	738,335	-	-	-	738,335
Transfers	290,547,316	-	-	-	290,547,316	-
Total revenues and transfers	623,578,605	376,802,057	10,128,730	-	633,707,335	376,802,057
Expenses						
General government	7,258,051	6,614,285	-	-	7,258,051	6,614,285
Bicycle and pedestrian facilities	1,314,932	212,547	-	-	1,314,932	212,547
CETAP	2,489,440	1,871,426	-	-	2,489,440	1,871,426
Commuter assistance	2,658,782	2,615,610	-	-	2,658,782	2,615,610
Commuter rail	38,964,217	41,449,269	-	-	38,964,217	41,449,269
Highways	264,283,974	245,668,543	-	-	264,283,974	245,668,543
Local streets and roads	51,864,011	49,826,564	-	-	51,864,011	49,826,564
Motorist assistance	4,164,892	4,149,320	-	-	4,164,892	4,149,320
Planning and programming	3,141,759	3,965,071	-	-	3,141,759	3,965,071
Regional arterials	19,040,012	23,095,562	-	-	19,040,012	23,095,562
Toll operations	-	-	13,260,254	-	13,260,254	-
Transit and specialized transportation	80,724,591	70,611,967	-	-	80,724,591	70,611,967
Interest expense	49,214,579	53,558,472	-	-	49,214,579	53,558,472
Transfers	-	-	290,547,316	-	290,547,316	-
Total expenses and transfers	525,119,240	503,638,636	303,807,570	-	828,926,810	503,638,636
Increase (decrease) in net position	98,459,365	(126,836,579)	(293,678,840)	-	(195,219,475)	(126,836,579)
Net position at beginning of year	336,707,968	463,544,547	-	-	336,707,968	463,544,547
Net position at end of year	$ 435,167,333	$ 336,707,968	$ (293,678,840)	$ -	$ 141,488,493	$ 336,707,968

- General government expenses increased by $643,766, or 10%, primarily due to issuance costs related to the 2016 Sales Tax Revenue Refunding Bonds;
- Bicycle and pedestrian facilities expenses increased by $1,102,385, or 519%, due to an increase in claims for approved projects;
- CETAP expenses increased by $618,014, or 33%, due to an increase in right of way acquisition related to the Mid County Parkway project;
- Commuter assistance expenses increased by $43,172 or 2%, due to the program management activities;
- Commuter rail expenses decreased by $2,485,052, or 6%, as a result of substantial completion of the Perris Valley Line extension project in the prior year, offset by an increase in commuter rail station operating and rehabilitation costs;
- Highway expenses increased by $18,615,431, or 8%, due to the 91 Project and I-15 Express Lanes project costs and a $7.5 million loss on the sale of capital assets;

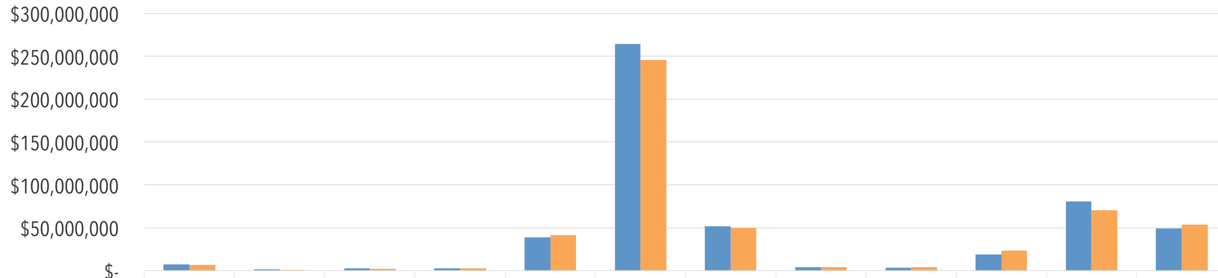
- Local streets and roads expenses increased by $2,037,447 or 4%, because of an increase in the overall Measure A sales tax revenues which affects the local street and road distributions to local jurisdictions;
- Motorist assistance expenses increased by $15,572, or less than 1%, due to increased call box maintenance;
- Planning and programming expenses decreased by $823,312, or 21%, primarily due to a delay in feasibility studies;
- Regional arterial expenses decreased by $4,055,550, or 18%, as a result of a decrease in reimbursements to local jurisdictions for approved regional arterial projects;
- Toll operations expenses increased by $13,260,254 as a result of substantial completion of the 91 Project and opening of the RCTC 91 Express Lanes to motorists in March 2017;
- Transit and specialized transportation expenses increased by $10,112,624, or 14%, due to an increase in bus transit operating and capital claims in all three geographic areas; and
- Interest expenses decreased by $4,343,893 or 8%, primarily as a result of the amortization of the premium on the 2016 Sales Tax Revenue Refunding Bonds.

The graphs below present the program and general revenues by source and program expenses for the Commission's governmental activities for the fiscal years ended June 30, 2017 and June 30, 2016:



	Measure A sales taxes	Transportation Development Act sales taxes	Unrestricted investment earnings	Gain on sale of capital assets, net	Operating grants and contributions	Other	Charges for services	Capital grants and contributions
2017	$175,320,207	$94,639,514	$4,262,323	$0	$35,611,287	$5,859,819	$886,236	$16,451,903
2016	$167,630,239	$97,134,594	$8,383,732	$738,335	$42,568,860	$4,950,964	$1,333,019	$54,062,314

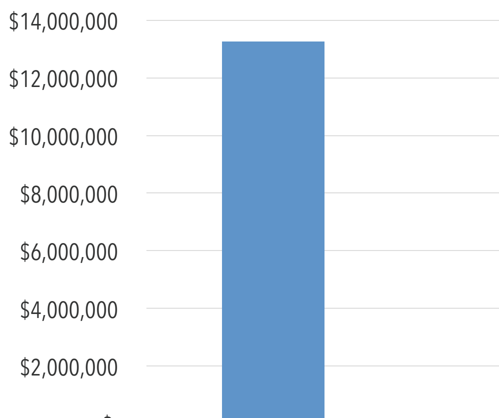
Expenses - Governmental Activities



	General government	Bicycle and pedestrian facilities	CETAP	Commuter assistance	Commuter rail	Highways	Local streets and roads	Motorist assistance	Planning and programming	Regional arterials	Transit and specialized transportation	Interest expense
2017	$7,258,051	$1,314,932	$2,489,440	$2,658,782	$38,964,217	$264,283,974	$51,864,011	$4,164,892	$3,141,759	$19,040,012	$80,724,591	$49,214,579
2016	$6,614,285	$212,547	$1,871,426	$2,615,610	$41,449,269	$245,668,543	$49,826,564	$4,149,320	$3,965,071	$23,095,562	$70,611,967	$53,558,472

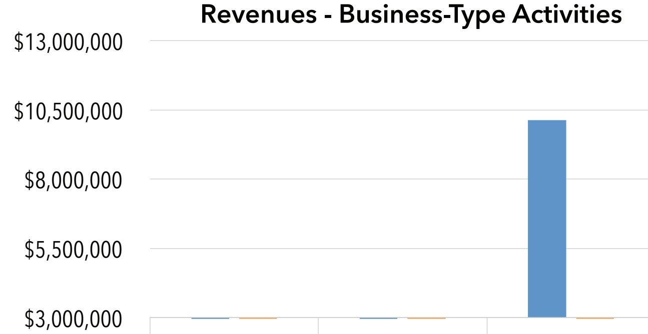
The graphs below present the program and general revenues by source and program expenses for the Commission's business-type activities for the fiscal years ended June 30, 2017 and June 30, 2016:

Expenses - Business-Type Activities



	RCTC 91 Express Lanes
2017	$13,260,254
2016	$-

Revenues - Business-Type Activities



	Unrestricted investment earnings	Operating grants and contributions	Charges for services
2017	$3,435	$1,723	$10,123,572
2016	$0	$0	$0

Financial Analysis of the Commission's Funds

<u>Governmental Funds</u>

The focus of the Commission's governmental funds is to provide information on a near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Commission's financing requirements.

As of June 30, 2017, the Commission's governmental funds reported combined ending fund balances of $706,413,068, a decrease of $34,008,334 compared to 2016. Less than 1%, or $9,394,827, is nonspendable fund balance related to prepaid amounts; $2,572,182 is assigned fund balance for general government administration activities; an unassigned deficit of $23,054 is related to a deficit cash balance in a nonmajor fund. The remainder of the fund balance is restricted to indicate the following externally enforceable legal restrictions:

- $6,682,584 in TDA funds that have been allocated to jurisdictions within the County for bicycle and pedestrian projects;
- $45,263,332 of TUMF funds for new CETAP corridors in Western County;
- $15,803,284 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 2009 Measure A program;
- $51,735,158 in TDA, Measure A, and Proposition 1B funds for commuter rail operations and capital projects and $3,308,418 in TDA and Proposition 1B funds for the Coachella Valley/San Gorgonio Pass rail corridor;
- $21,982,515 in 2009 Measure A funds available to pay sales tax revenue bonds debt service over the next year;
- $270,644,125 for highway, economic development, and new corridor projects related to the 1989 Measure A and the 2009 Measure A programs;
- $2,821 for local streets and roads programs that are returned to the jurisdictions within the County for maintenance of their roads and local arterials under the 2009 Measure A program;
- $8,842,499 in state funds for motorist assistance services;
- $4,362,699 of TDA funds for planning and programming activities;
- $35,644,449 and $36,210,218 for regional arterial projects in Western County related to the 2009 Measure A and TUMF programs, respectively;
- $8,915,614 of Measure A funds for transit and specialized transportation in the Western County and $1,145,868 for specialized transportation in the Coachella Valley; and
- $183,925,529 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, 2017 and 2016:

	Fund Balances Year Ended June 30		
	2017	**2016**	**% Change**
General fund	$ 19,126,100	$ 10,792,190	77%
Special Revenue major funds:			
Measure A Western County	221,510,954	201,722,613	10%
Measure A Coachella Valley	47,791,274	42,644,404	12%
Transportation Uniform Mitigation Fee	81,473,550	70,616,683	15%
Local Transportation Fund	115,175,281	116,816,853	(1)%
Capital Projects major funds:			
Commercial Paper	46,951,913	42,033,114	12%
Bonds	64,660,068	93,265,967	(31)%
Debt Service fund	21,982,515	78,316,055	(72)%
Nonmajor governmental funds	87,741,413	84,213,523	4%

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

- The 77% increase in the General fund resulted from increased transfers from the Local Transportation Fund and 2009 Measure A Western County Special Revenue Fund for Perris Valley Line commuter rail and related station operations;
- The 10% increase in Measure A Western County Special Revenue fund was attributed to transfers from capital project funds for highway and rail projects;
- The 12% 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 TUMF Special Revenue fund was attributable to decreased reimbursements to local jurisdictions for approved projects;
- The 1% decrease in the Local Transportation Fund resulted from the excess of claims of allocations for transit operations and capital projects and for bicycle and pedestrian facility projects over sales tax revenues;
- The 12% 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 31% decrease in Bonds Capital Projects fund was attributed to the use of bond proceeds for the 91 Project costs;
- The 72% decrease in the Debt Service fund was due to the transfer of debt proceeds for governmental funds to the proprietary fund related to the opening of the RCTC 91 Express Lanes in March 2017; and
- The 4% increase in nonmajor governmental funds resulted primarily from the excess of sales tax revenues over claims of allocations for transit capital projects.

Proprietary Fund

The Commission's proprietary fund provides the same type of information found in the government-wide financial statements. The net position of the proprietary fund totaled a deficit of $293,678,840 at June 30, 2017. The deficit is related to the RCTC 91 Express Lanes toll-supported debt service requirements in excess of capital and intangible assets.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget for the General fund resulted in a $6,868,986 increase in expenditure appropriations and were related to the following changes:

- $75,100 decrease to general government for various operations support services;
- $6,928,086 increase to the commuter rail program for program management activities;
- $31,000 increase for transit and specialized transportation activities; and
- $15,000 decrease to capital outlay for furniture and equipment.

During the year, General fund revenues were below budgetary estimates by $6,698,241; expenditures were less than budgetary estimates by $18,133,270. General fund budgetary variances between the final amended budget and actual amounts are as follows:

General Fund Budgetary Variances	Year Ended June 30, 2017 Final Amended Budget	Year Ended June 30, 2017 Actual	% Variance
Revenues			
Sales taxes	$ 3,250,000	$ 3,250,000	0%
Intergovernmental	9,540,241	2,978,391	(69)%
Investment income	16,300	74,717	358%
Other	457,500	262,692	(43)%
Total revenues	13,264,041	6,565,800	(50)%
Expenditures			
Current			
General government	7,086,300	5,542,008	22%
Commuter rail	34,767,686	23,386,736	33%
Planning and programming	7,360,300	2,308,433	69%
Transit and specialized transportation	419,600	419,103	0%
Debt service	25,000	24,857	0%
Capital outlay	251,000	95,479	62%
Total expenditures	49,909,886	31,776,616	36%
Other financing sources (uses)			
Transfers in	36,079,100	33,544,726	(7)%
Net change in fund balance	$ (566,745)	$ 8,333,910	1570%

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

- $6,561,850 negative variance for intergovernmental revenues primarily related to lower intergovernmental reimbursements for commuter rail and planning, programming and monitoring expenditures;
- $58,417 positive variance for increased investment income related to conservative investment yield estimates;
- $194,808 negative variance for other revenues related to anticipated revenues for rail maintenance activities not earned;
- $1,544,292 positive variance for general government expenditures primarily related to lower professional services and other expenditures such as maintenance, training, and travel;
- $11,380,950 positive variance for commuter rail expenditures related to lower station maintenance and repairs and Metrolink operations;
- $5,051,867 positive variance for planning and programming expenditures related to lower special studies, grade separation project claims, and allocations to local jurisdictions for various projects;
- $497 positive variance for transit and specialized transportation expenditures related to lower professional services and other expenditures such as training and travel;
- $143 positive variance for debt service related to capital lease expenditures;
- $155,521 positive variance for capital outlay expenditures due to delayed acquisition of Commission hardware and software improvements and station improvements; and
- $2,534,374 negative variance for transfers in related to the anticipated needs for administrative cost allocations as well as commuter rail and planning and programming activities.

Capital and Intangible Assets

Capital Assets

As of June 30, 2017, the Commission had $638,194,402, net of accumulated depreciation, invested in a broad range of capital assets including development and construction in progress and easements; land and land improvements; construction rail operating easements, stations, and tracks; buildings; toll infrastructure; transponders; and office improvements, furniture, equipment, and vehicles. The total decrease in the Commission's total capital assets, net for FY 2016/17 was 28%.

Major capital asset additions during 2017 included construction in progress related to preliminary engineering costs for the I-15 Express Lanes; rail track improvements; land acquisition for the 91 Project and other highway projects; building acquisitions for the I-15 Express Lanes project; toll infrastructure; and transponders.

The decrease in capital assets during 2017 was primarily related to the substantial completion of the 91 Project, including the tolled express lanes and direct connector for the RCTC 91 Express Lanes, and the transfer of the toll facility portion of the construction in progress costs to the RCTC 91 Express Lanes as intangible costs.


1-15/Limonite Avenue Interchange

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

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Capital Assets not being depreciated:						
Land and land improvements	$ 162,102,279	$ 215,358,210	$ 44,658,207	$ -	$ 206,760,486	$ 215,358,210
Construction easements	1,167,671	1,174,727	-	-	1,167,671	1,174,727
Rail operating easements	63,846,199	63,839,142	-	-	63,846,199	63,839,142
Construction in progress	58,061,858	327,694,387	-	-	58,061,858	327,694,387
Development in progress	-	35,434	-	-	-	35,434
Total capital assets not being depreciated	285,178,007	608,101,900	44,658,207	-	329,836,214	608,101,900
Capital Assets being depreciated, net of accumulated depreciation:						
Rail stations	137,929,888	143,265,850	-	-	137,929,888	143,265,850
Rail tracks	140,127,881	138,959,812	-	-	140,127,881	138,959,812
Temporary construction easements	63,365	343,701	-	-	63,365	343,701
Buildings	3,287,508	-	484,809	-	3,772,317	-
Toll infrastructure	-	-	26,071,062	-	26,071,062	-
Transponders	-	-	109,743	-	109,743	-
Office improvements, furniture, equipment, and vehicles	266,016	540,365	17,916	-	283,932	540,365
Total capital assets, net of accumulated depreciation	281,674,658	283,109,728	26,683,530	-	308,358,188	283,109,728
Total capital assets	$ 566,852,665	$ 891,211,628	$ 71,341,737	$ -	$ 638,194,402	$ 891,211,628

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

Intangible Assets

On March 20, 2017, the 91 Project was substantially completed and the RCTC 91 Express Lanes opened to motorists. In connection with a toll facilities agreement with Caltrans, or service concession agreement, the Commission may collect tolls and operate and maintain a toll facility on SR-91 from the Orange/Riverside County line to I-15 for 50 years from opening. A portion of the costs related to the toll facility construction were transferred from the governmental activities to business-type activities and reflected as intangible assets.

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

	Business-Type Activities	
	2017	2016
Toll facility franchise, net of accumulated amortization	$ 234,075,489	$ -

More detailed information about the intangible assets and service concession arrangements is presented in Note 5 to the financial statements.

Debt Administration

As of June 30, 2017, the Commission had $1,451,467,794 outstanding in sales tax and toll revenue bonds, TIFIA loan, and commercial paper notes. The total debt increased from the $1,270,902,873 outstanding as of June 30, 2016, primarily as a result of the TIFIA loan draw of $143,358,089 for the 91 Project; issuance of the 2016 Sales Tax Revenue Refunding Bonds of $76,140,000 to refund all of the outstanding 2009 A Bonds Series A of $63,900,000 and retire the outstanding commercial paper notes of $20,000,000; and issuance of commercial paper notes of $30,000,000 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, 2017, the Commission had $30,000,000 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 $786,240,000. The Commission has also authorized the issuance of toll revenue bonds for the 91 Project not to exceed $900,000,000, which is in excess of the total outstanding debt of $628,551,670. The TIFIA loan, which is a toll revenue bond that is subordinate to the senior toll revenue bonds, provided federal funding up to $421,054,409.

Additional information on the Commission's long-term debt can be found in Note 7 to the financial statements.

Economic Factors and Other Factors

During its March 2017 Commission meeting, the Commission adopted guiding principles for use in the preparation of the FY 2017/18 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 2017/18 annual budget on June 14, 2017. Approximately 46% of the $782,656,400 balanced budget is related to capital project expenditures, including: $126,153,000 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; $119,895,000 for preliminary engineering services, right of way support services, construction, and design-build activities related to the I-15 Express Lanes project; $15,998,300 for various Western County Measure A and TUMF regional arterial projects; $24,600,000 for preliminary engineering and right of way acquisition for the Mid County Parkway project; and $12,750,000 for construction and right of way acquisition related to the Pachappa Underpass project.

Distributions to the local jurisdictions for local streets and roads are budgeted at $52,933,000. Budgeted expenditures related to funding of public bus transit operations and capital projects in the County aggregate $121,897,600, and budgeted transfers out related to funding of commuter rail operations and capital are $25,500,000. Debt service costs are $112,668,200, or 14% 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 2018 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 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.

RCTC 40th Anniversary

RCTC
RIVERSIDE
COUNTY
TRANSPORTATION
COMMISSION


Moreno Valley/March Field Station

Basic Financial Statements

Riverside County Transportation Commission
Statement of Net Position
June 30, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and investments	$ 566,895,374	$ 4,726,984	$ 571,622,358
Receivables:			
Accounts	84,858,288	3,642,986	88,501,274
Advances to other governments	27,960,481	-	27,960,481
Interest	1,464,656	90,267	1,554,923
Internal balances	1,151,216	(1,151,216)	-
Due from other governments	3,232,104	-	3,232,104
Prepaid expenses and other assets	9,394,827	131,335	9,526,162
Restricted investments held by trustee	100,355,879	27,562,399	127,918,278
Capital assets not being depreciated	285,178,007	44,658,207	329,836,214
Capital assets, net of accumulated depreciation	281,674,658	26,683,530	308,358,188
Intangible asset, net of amortization	-	234,075,489	234,075,489
Total assets	1,362,165,490	340,419,981	1,702,585,471
Deferred outflows of resources			
Accumulated decrease in fair value of derivatives	10,422,822	-	10,422,822
Pension differences between contributions and proportionate share of contributions	603,293	4,678	607,971
Pension differences between expected and actual experiences	41,695	-	41,695
Pension changes in Commission's proportion	779,717	-	779,717
Pension contributions subsequent to measurement date	1,216,467	22,424	1,238,891
Pension net differences between projected and actual earnings on plan investments	1,989,048	42,398	2,031,446
Other post-employment benefits net differences between projected and actual earnings on plan investments	163,388	3,012	166,400
Other post-employment benefits contributions subsequent to measurement date	653,945	12,055	666,000
Total assets and deferred outflows of resources	1,378,035,865	340,504,548	1,718,540,413
Liabilities			
Accounts payable	84,262,668	1,060,896	85,323,564
Interest payable	3,285,391	1,844,320	5,129,711
Other liabilities	3,268,739	2,649,568	5,918,307
Derivative instrument-swap	10,422,822	-	10,422,822
Pension liabilities	7,593,733	45,906	7,639,639
Other post-employment benefits liabilities	663,493	12,507	676,000
Long-term liabilities:			
Due within one year	68,043,625	5,826	68,049,451
Due in more than one year	764,782,339	628,562,082	1,393,344,421
Total liabilities	942,322,810	634,181,105	1,576,503,915
Deferred inflows of resources			
Pension changes in assumptions	390,312	-	390,312
Pension changes in Commission's proportion	146,128	1,672	147,800
Pension differences between expected and actual experiences	9,282	611	9,893
Total liabilities and deferred inflows of resources	942,868,532	634,183,388	1,577,051,920
Net position			
Net investment in capital assets	377,309,766	(301,737,495)	75,572,271
Restricted for:			
Nonspendable intangible assets	-	234,075,489	234,075,489
Bicycle and pedestrian facilities	6,682,584	-	6,682,584
CETAP	45,263,332	-	45,263,332
Commuter assistance	15,805,928	-	15,805,928
Commuter rail	55,058,469	-	55,058,469
Debt service	5,688,087	-	5,688,087
Highways	188,594,521	-	188,594,521
Local streets and roads	74,215	-	74,215
Motorist assistance	8,842,499	-	8,842,499
Toll operations	-	8,058,655	8,058,655
Planning and programming	4,362,699	-	4,362,699
Regional arterials	71,854,667	-	71,854,667
Transit and specialized transportation	193,987,011	-	193,987,011
Unrestricted (deficit)	(538,356,445)	(234,075,489)	(772,431,934)
Total net position	$ 435,167,333	$ (293,678,840)	$ 141,488,493

See notes to financial statements

Riverside County Transportation Commission
Statement of Activities
Year Ended June 30, 2017

		Program Revenues			Net (Expense) Revenue and Changes in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary Government							
Governmental Activities:							
General government	$ 7,258,051	$ 447	$ 745	$ -	$ (7,256,859)	$ -	$ (7,256,859)
Bicycle and pedestrian facilities	1,314,932	-	-	-	(1,314,932)	-	(1,314,932)
CETAP	2,489,440	-	9,797,414	-	7,307,974	-	7,307,974
Commuter assistance	2,658,782	-	1,169,712	-	(1,489,070)	-	(1,489,070)
Commuter rail	38,964,217	250,416	2,584,444	16,451,903	(19,677,454)	-	(19,677,454)
Highways	264,283,974	-	7,921,469	-	(256,362,505)	-	(256,362,505)
Local streets and roads	51,864,011	-	-	-	(51,864,011)	-	(51,864,011)
Motorist assistance	4,164,892	635,373	3,982,967	-	453,448	-	453,448
Planning and programming	3,141,759	-	357,121	-	(2,784,638)	-	(2,784,638)
Regional arterials	19,040,012	-	9,797,415	-	(9,242,597)	-	(9,242,597)
Transit and specialized transportation	80,724,591	-	-	-	(80,724,591)	-	(80,724,591)
Interest expense	49,214,579	-	-	-	(49,214,579)	-	(49,214,579)
Total governmental activities	525,119,240	886,236	35,611,287	16,451,903	(472,169,814)	-	(472,169,814)
Business-type Activities:							
RCTC 91 Express Lanes	13,260,254	10,123,572	1,723	-	-	(3,134,959)	(3,134,959)
Total Primary Government	$538,379,494	$ 11,009,808	$ 35,613,010	$ 16,451,903	$ (472,169,814)	$ (3,134,959)	$ (475,304,773)

	Governmental Activities	Business-type Activities	Total
General Revenues:			
Measure A sales taxes	175,320,207	-	175,320,207
Transportation Development Act sales taxes	94,639,514	-	94,639,514
Unrestricted investment earnings	4,262,323	3,435	4,265,758
Other miscellaneous revenue	5,859,819	-	5,859,819
Transfers	290,547,316	(290,547,316)	-
Total general revenues and transfers	570,629,179	(290,543,881)	280,085,298
Change in net position	98,459,365	(293,678,840)	(195,219,475)
Net position at beginning of year	336,707,968	-	336,707,968
Net position at end of year	$ 435,167,333	$ (293,678,840)	$ 141,488,493

See notes to financial statements

Riverside County Transportation Commission
Balance Sheet - Governmental Funds
June 30, 2017

	Major Funds				
		Special Revenue			
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund
Assets					
Cash and investments	$ 16,062,687	$ 240,338,885	$ 47,860,822	$ 77,883,162	$ 95,053,983
Receivables					
Accounts	2,970,470	45,857,876	7,410,574	5,051,131	17,724,190
Advances	-	199,034	-	-	-
Interest	39,521	547,300	115,984	186,642	205,961
Due from other funds	1,274,437	948,096	167,159	450,864	-
Due from other governments	-	-	-	-	3,000,000
Prepaid expenditures and other assets	232,759	9,162,068	-	-	-
Restricted investments held by trustee	-	-	-	-	-
Total assets	$ 20,579,874	$ 297,053,259	$ 55,554,539	$ 83,571,799	$ 115,984,134
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,282,102	$ 72,060,662	$ 7,148,818	$ 901,949	$ 808,853
Due to other funds	-	1,038,213	614,447	1,196,300	-
Other liabilities	171,672	2,443,430	-	-	-
Total liabilities	1,453,774	75,542,305	7,763,265	2,098,249	808,853
Fund balances					
Nonspendable-prepaid amounts	232,759	9,162,068	-	-	-
Restricted for					
Bicycle and pedestrian facilities	-	-	-	-	6,682,584
CETAP	-	-	-	45,263,332	-
Commuter assistance	-	15,803,284	-	-	-
Commuter rail	12,138,622	39,596,536	-	-	-
Debt service	-	-	-	-	-
Highways	-	112,388,048	46,644,096	-	-
Local streets and roads	-	955	1,310	-	-
Motorist assistance	-	-	-	-	-
Planning and programming	4,182,537	-	-	-	-
Regional arterials	-	35,644,449	-	36,210,218	-
Transit and specialized transportation	-	8,915,614	1,145,868	-	108,492,697
Assigned					
General government	2,572,182	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	19,126,100	221,510,954	47,791,274	81,473,550	115,175,281
Total liabilities and fund balances	$ 20,579,874	$ 297,053,259	$ 55,554,539	$ 83,571,799	$ 115,984,134

See notes to financial statements

Riverside County Transportation Commission
Balance Sheet - Governmental Funds, Continued
June 30, 2017

	Major Funds				
	Capital Projects				
	Commercial Paper	Bonds	Debt Service	Other Nonmajor Governmental Funds	Total
Assets					
Cash and investments	$ 296,318	$ 34,350	$ 5,157,473	$ 84,207,694	$ 566,895,374
Receivables					
Accounts	-	-	-	5,844,047	84,858,288
Advances	24,200,996	3,560,451	-	-	27,960,481
Interest	16,323	97,211	51,344	204,370	1,464,656
Due from other funds	585,744	1,195,447	-	1,200,000	5,821,747
Due from other governments	-	-	-	-	3,000,000
Prepaid expenditures and other assets	-	-	-	-	9,394,827
Restricted investments held by trustee	23,483,700	59,931,322	16,940,857	-	100,355,879
Total assets	$ 48,583,081	$ 64,818,781	$ 22,149,674	$ 91,456,111	$ 799,751,252
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ -	$ -	$ -	$ 2,060,284	$ 84,262,668
Due to other funds	-	-	167,159	1,654,412	4,670,531
Other liabilities	1,631,168	158,713	-	2	4,404,985
Total liabilities	1,631,168	158,713	167,159	3,714,698	93,338,184
Fund balances					
Nonspendable-prepaid amounts	-	-	-	-	9,394,827
Restricted for					
Bicycle and pedestrian facilities	-	-	-	-	6,682,584
CETAP	-	-	-	-	45,263,332
Commuter assistance	-	-	-	-	15,803,284
Commuter rail	-	-	-	3,308,418	55,043,576
Debt service	-	-	21,982,515	-	21,982,515
Highways	46,951,913	64,660,068	-	-	270,644,125
Local streets and roads	-	-	-	556	2,821
Motorist assistance	-	-	-	8,842,499	8,842,499
Planning and programming	-	-	-	180,162	4,362,699
Regional arterials	-	-	-	-	71,854,667
Transit and specialized transportation	-	-	-	75,432,832	193,987,011
Assigned					
General government	-	-	-	-	2,572,182
Unassigned	-	-	-	(23,054)	(23,054)
Total fund balances	46,951,913	64,660,068	21,982,515	87,741,413	706,413,068
Total liabilities and fund balances	$ 48,583,081	$ 64,818,781	$ 22,149,674	$ 91,456,111	$ 799,751,252

See notes to financial statements


I-215 Central

Riverside County Transportation Commission
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
June 30, 2017

Total fund balances - Governmental funds page 21	$ 706,413,068
Amounts reported for governmental activities in the statement of net position page 18 are different because:	
Amounts due from other governments are not an available resource and therefore, are not reported in the funds.	232,104
Deferred outflows of resources relate to the accumulated decrease in the fair value of derivatives, which is not recorded in the funds.	10,422,822
Deferred outflows of resources related to the pension contributions subsequent to the measurement date.	1,216,467
Deferred outflows of pension resources related to the differences between contributions and proportionate share of contributions, net differences between projected and actual earnings on plan investments, differences between expected and actual experiences, and changes in Commission's proportion.	3,413,753
Deferred inflows of pension resources related to differences between expected and actual experiences, changes in Commission's proportion, and changes in assumptions.	(545,722)
Deferred outflows of other post-employment benefits resources related to the net differences between projected and actual earnings on plan investments and contributions subsequent to the measurement date.	817,333
Capital assets, less related accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds.	566,852,665
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unearned revenue in the funds.	1,136,246
Interest payable on bonds outstanding is not due and payable in the current period and therefore is not reported in the funds.	(3,285,391)
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	(10,422,822)
Net pension liability	(7,593,733)
Net other post employment liability	(663,493)
Compensated absences	(880,901)
Capital lease obligation	(28,939)
Multi-Species Habitat Conservation Plan funding liability	(9,000,000)
Sales tax bonds payable	(756,240,000)
Commercial paper notes payable	(30,000,000)
Premium on sales tax revenue bonds payable	(37,183,286)
Discount on sales tax revenue bonds payable	507,162
Net adjustment	(851,506,012)
Net position of governmental activities page 18	$ 435,167,333

See notes to financial statements

Riverside County Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2017

	Major Funds				
		Special Revenue			
	General	Measure A Western County	Measure A Coachella Valley	Transportation Uniform Mitigation Fee	Local Transportation Fund
Revenues					
Sales taxes	$ 3,250,000	$ 133,004,412	$ 38,054,295	$ -	$ 88,206,870
Transportation Uniform Mitigation Fee	-	-	-	19,594,829	-
Intergovernmental	2,978,391	22,200,714	-	-	-
Investment income (loss)	74,717	944,087	184,763	301,223	322,450
Other	262,692	5,837,790	-	10,200	-
Total revenues	6,565,800	161,987,003	38,239,058	19,906,252	88,529,320
Expenditures					
Current:					
General government	5,542,008	1,004,744	-	-	12,000
Bicycle and pedestrian facilities	-	-	-	-	1,314,932
CETAP	-	580	-	4,027,524	-
Commuter assistance	-	2,686,073	-	-	-
Commuter rail	23,386,736	8,528,984	-	-	-
Highways	-	225,964,075	14,104,648	-	-
Local streets and roads	-	37,533,508	13,319,003	-	-
Motorist assistance	-	-	-	-	-
Planning and programming	2,308,433	-	-	-	707,246
Regional arterials	-	14,739,703	-	4,316,636	-
Transit and specialized transportation	419,103	5,304,855	5,835,696	-	66,509,432
Total programs	31,656,280	295,762,522	33,259,347	8,344,160	68,543,610
Debt service:					
Principal	17,242	-	-	-	-
Interest	7,615	-	-	-	-
Cost of issuance	-	-	-	-	-
Payment to escrow agent	-	-	-	-	-
Total debt service	24,857	-	-	-	-
Capital outlay	95,479	5,574,877	-	-	-
Total expenditures	31,776,616	301,337,399	33,259,347	8,344,160	68,543,610
Excess (deficiency) of revenues over (under) expenditures	(25,210,816)	(139,350,396)	4,979,711	11,562,092	19,985,710
Other financing sources (uses):					
Debt issuance	-	143,358,089	-	-	-
Premium on debt issuance	-	-	-	-	-
Transfers in	33,544,726	74,394,645	167,159	450,864	-
Transfers out	-	(58,613,997)	-	(1,156,089)	(21,627,282)
Total other financing sources (uses)	33,544,726	159,138,737	167,159	(705,225)	(21,627,282)
Net change in fund balances	8,333,910	19,788,341	5,146,870	10,856,867	(1,641,572)
Fund balances at beginning of year	10,792,190	201,722,613	42,644,404	70,616,683	116,816,853
Fund balances at end of year	$ 19,126,100	$ 221,510,954	$ 47,791,274	$ 81,473,550	$ 115,175,281

See notes to financial statements

Riverside County Transportation Commission
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds, Continued
Year Ended June 30, 2017

	Major Funds				
	Capital Projects				
	Commercial Paper	Bonds	Debt Service	Other Nonmajor Governmental Funds	Total
Revenues					
Sales taxes	$ -	$ -	$ -	$ 7,444,144	$ 269,959,721
Transportation Uniform Mitigation Fee	-	-	-	-	19,594,829
Intergovernmental	-	-	2,776,347	4,512,164	32,467,616
Investment income (loss)	1,798,873	595,888	(72,423)	333,596	4,483,174
Other	-	-	-	635,373	6,746,055
Total revenues	1,798,873	595,888	2,703,924	12,925,277	333,251,395
Expenditures					
Current:					
General government	-	-	-	-	6,558,752
Bicycle and pedestrian facilities	-	-	-	-	1,314,932
CETAP	-	-	-	-	4,028,104
Commuter assistance	-	-	-	-	2,686,073
Commuter rail	-	-	-	904,419	32,820,139
Highways	10,292,000	-	-	23,077	250,383,800
Local streets and roads	-	-	-	1,011,500	51,864,011
Motorist assistance	-	-	-	4,177,349	4,177,349
Planning and programming	-	-	-	232,352	3,248,031
Regional arterials	-	-	-	-	19,056,339
Transit and specialized transportation	-	-	-	2,695,039	80,764,125
Total programs	10,292,000	-	-	9,043,736	456,901,655
Debt service:					
Principal	20,000,000	-	7,300,000	-	27,317,242
Interest	73,357	13,199	44,589,982	-	44,684,153
Cost of issuance	-	654,007	-	-	654,007
Payment to escrow agent	-	63,900,000	-	-	63,900,000
Total debt service	20,073,357	64,567,206	51,889,982	-	136,555,402
Capital outlay	-	-	-	-	5,670,356
Total expenditures	30,365,357	64,567,206	51,889,982	9,043,736	599,127,413
Excess (deficiency) of revenues over (under) expenditures	(28,566,484)	(63,971,318)	(49,186,058)	3,881,541	(265,876,018)
Other financing sources (uses):					
Debt issuance	30,000,000	76,140,000	-	-	249,498,089
Premium on debt issuance	-	8,414,007	-	-	8,414,007
Transfers in	20,000,000	32,040,759	21,241,611	874,095	182,713,859
Transfers out	(16,514,717)	(81,229,347)	(28,389,093)	(1,227,746)	(208,758,271)
Total other financing sources (uses)	33,485,283	35,365,419	(7,147,482)	(353,651)	231,867,684
Net change in fund balances	4,918,799	(28,605,899)	(56,333,540)	3,527,890	(34,008,334)
Fund balances at beginning of year	42,033,114	93,265,967	78,316,055	84,213,523	740,421,402
Fund balances at end of year	$ 46,951,913	$ 64,660,068	$ 21,982,515	$ 87,741,413	$ 706,413,068

91 Express Lanes
Grand Opening

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, 2017

Net change in fund balances - Total governmental funds page 25	$	(34,008,334)
Amounts reported for governmental activities in the statement of activities page 19 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		2,765,036
Net loss on sale of assets		(7,554,111)
Depreciation expense		(11,766,356)
Net adjustments		(16,555,431)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(220,106)
The issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The adjustment combines the net changes of the following amounts:		
Principal payments for commercial paper notes		20,000,000
Principal payments for sales tax revenue refunding bonds		2,900,000
Principal payment for sales tax revenue bonds		4,400,000
Redemption of 2009 Bond series A		63,900,000
TIFIA loan proceeds		(143,358,089)
Issuance of sales tax revenue refunding bonds		(76,140,000)
Issuance of commercial paper notes		(30,000,000)
Premium on sales tax revenue bonds		(8,414,007)
Amortization of sales tax revenue bonds premium		3,033,710
Amortization of sales tax revenue bonds discount		(63,721)
Amortization of toll revenue bonds discount		(52,452)
Net pension liability		(1,295,681)
Pension change in deferred outflows of resources		1,575,484
Pension change in deferred inflows of resources		510,366
Net other post-employment benefits liability		(663,493)
Other post-employment benefits change in deferred outflows of resources		817,333
Capital lease payments		17,242
Change in accrued interest		(71,694)
Change in TIFIA loan accrued interest		(8,901,264)
Change in toll revenue bonds accrued interest		593,328
Change in accretion of capital appreciation toll revenue bonds		931,667
Change in Multi-Species Habitat Conservation Plan funding liability		3,000,000
Net adjustments		(167,281,271)
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.		(67,221)
The effect of transfers between the Governmental and Business-type activities.		
Transfer of TIFIA loan long-term debt		421,054,409
Transfer of TIFIA loan compounded interest		14,635,524
Transfer of toll revenue bonds long-term debt		187,827,922
Transfer of toll revenue bonds accreted interest		3,045,545
Transfer of toll revenue bonds discount		(2,168,140)
Transfer of capital assets		(307,803,532)
Net adjustments		316,591,728
Change in net position of governmental activities page 19	$	98,459,365

See notes to financial statements

Riverside County Transportation Commission
Statement of Net Position
Proprietary Fund
June 30, 2017

		RCTC 91 Express Lanes Enterprise Fund
Assets		
Current assets:		
Cash and investments	$	4,726,984
Receivables		
Accounts		3,642,986
Interest		90,267
Prepaid expenses		131,335
Total current assets		8,591,572
Noncurrent assets:		
Restricted investments held by trustee		27,562,399
Capital assets, net:		
Nondepreciable		44,658,207
Depreciable		26,683,530
Intangible assets, net		234,075,489
Total noncurrent assets		332,979,625
Total assets		341,571,197
Deferred outflows of resources		
Pension deferred outflows		69,500
Other post-employment benefits deferred outflows		15,067
Total assets and deferred outflows of resources		341,655,764
Liabilities		
Current liabilities:		
Accounts payable		1,060,896
Interest payable		1,844,320
Due to governmental funds		1,151,216
Unearned revenues		2,649,568
Compensated absences liabity		5,826
Total current liabilities		6,711,826
Noncurrent liabilities:		
Net pension liabilities		45,906
Other-post employment benefits liabilities		12,507
Compensated absences liability		10,412
Bonds payable - due in more than one year		628,551,670
Total noncurrent liabilities		628,620,495
Total liabilities		635,332,321
Deferred inflows of resources		
Pension deferred inflows		2,283
Total liabilities and deferred inflows of resources		635,334,604
Net position		
Net investment in capital assets		(301,737,495)
Restricted for:		
Nonspendable intangible assets		234,075,489
Toll operations		8,058,655
Unrestricted		(234,075,489)
Total net position	$	(293,678,840)

See notes to financial statements

Riverside County Transportation Commission

Statement of Revenues, Expenses and Changes in Fund Net Position

Proprietary Fund

For the Year Ended June 30, 2017

		RCTC 91 Express Lanes Enterprise Fund
Operating revenues		
Tolls, penalties, and fees	$	10,125,295
Operating expenses		
Management and operational services		2,691,372
Other operating expenses		275,308
Professional services		117,772
General and administrative expenses		219,932
Depreciation and amortization		2,527,240
Total operating expenses		5,831,624
Operating income		4,293,671
Nonoperating revenues (expenses)		
Investment earnings		3,435
Interest expense		(7,428,630)
Total nonoperating revenues (expenses)		(7,425,195)
Loss before transfers		(3,131,524)
Transfers in from governmental funds		26,044,412
Transfers in from governmental activities, net		(316,591,728)
Change in net position		(293,678,840)
Net position at beginning of year		-
Net position at end of year	$	(293,678,840)

See notes to financial statements

Riverside County Transportation Commission

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2017

		RCTC 91 Express Lanes Enterprise Fund
Cash flows from operating activities		
Receipts from customers and users	$	9,115,394
Payments to vendors		(2,100,261)
Payments to employees		(132,635)
Payments for RCTC interfund services used		(264,662)
Reimbursements received for shared costs		14,314
Net cash provided by operating activities		6,632,150
Cash flows from noncapital financing activities		
Transfers from governmental activities for operations and maintenance		3,137,666
Excess investment earnings received		1,127,554
Net cash provided by capital and related financing activities		4,265,220
Cash flows from capital and related financing activities		
Transfers from governmental activities for debt service		22,824,849
Interest paid on long-term debt		(1,427,900)
Net cash provided by capital and related financing activities		21,396,949
Cash flows from investing activities		
Decrease in fair market value of investments		(8,643)
Interest received		3,707
Net cash used for investing activities		(4,936)
Net increase in cash and cash equivalents		32,289,383
Cash and cash equivalents at beginning of year		-
Cash and cash equivalents at end of year	$	32,289,383
Reconciliation of cash and cash equivalents to statement of net position		
Cash and investments	$	4,726,984
Restricted cash and investments		27,562,399
Total cash and cash equivalents	$	32,289,383

See notes to financial statements

Riverside County Transportation Commission

Statement of Cash Flows, Continued
Proprietary Fund
For the Year Ended June 30, 2017

		RCTC 91 Express Lanes Enterprise Fund
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities		
Operating income	$	4,293,671
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation and amortization expense		2,527,240
(Increase) Decrease in violations receivables		(2,649,568)
(Increase) Decrease in other receivables, net		(993,418)
(Increase) Decrease in prepaid assets		(131,335)
(Increase) Decrease in pension and other-post employment benefits liabilities		(23,871)
Increase (Decrease) in accounts payable		919,963
Increase (Decrease) in due to other funds		23,662
Increase (Decrease) in unearned revenue		2,649,568
Increase (Decrease) in compensated absences liability		16,238
Total adjustments		2,338,479
Net cash provided by operating activities	$	6,632,150
Noncash capital, financing and investing activities		
Amortization of bond premium	$	20,621
Accreted and compounded interest		4,135,789
Investment earnings (accrued interest)		90,267

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 continues 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.

Note 1. Summary of Significant Accounting Policies, Continued

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.

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, and are reported separately from business-type activities, which rely to a significant extent on charges and fees for services.

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

The Commission reports the following major governmental funds:

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

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

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

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

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

Note 1. Summary of Significant Accounting Policies, Continued

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

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.

The Commission reports the following major proprietary fund:

RCTC 91 Express Lanes Enterprise fund: This fund accounts for toll and non-toll revenues earned on the RCTC 91 Express lanes that extend from the Riverside/Orange County line to Interstate (I) 15. These revenues are restricted to pay operations and maintenance costs, repair and rehabilitation costs, debt service, and other in accordance with the toll bond indenture.

Measurement focus and basis of accounting: The government-wide financial statements and proprietary fund 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. Toll revenues are recognized when customers utilize the toll road facility. 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, charges for services, and fines and fees.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary funds principal and ongoing operations. The principal operating revenues of the Commission's proprietary fund are charges for services. Operating expenses for the proprietary fund include the cost of services, administrative expenses, and depreciation and amortization on capital and intangible assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Note 1. Summary of Significant Accounting Policies, Continued

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 trustee or 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.

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%	10%	Aa3/AA-
Mortgage and asset-backed securities	5 years	10%	10%	A3/A-/A-
Repurchase agreements	30 days	None	10%	A
U.S. corporate debt	5 years	25%	10%	Aa3/AA-
Commercial paper	270 days	25%	10%	A
Banker's acceptances	180 days	40%	30%	Not applicable
Money market mutual funds	Not applicable	20%	10%	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%	10%	P-1/A-1/F-1
Federally insured certificates of deposit	1 year	20%	10%	Not applicable
Collateralized certificates of deposit	1 year	15%	10%	Not applicable
Time deposits	5 years	None	10%	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.

Note 1. Summary of Significant Accounting Policies, Continued

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

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, 2017 and an estimate for outstanding unpaid violations of the RCTC 91 Express Lanes that the Commission anticipates to collect. Violations remain recorded for a period of four years in accordance with the statute of limitations, at which time, they will be deemed uncollectible.

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. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government wide financial statements as "internal balances".

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.

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; rail stations; rail tracks; office improvements; and office furniture and equipment, vehicles, toll infrastructure, and transponders are reported in applicable governmental or business-type 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 excluding those received in a service concession arrangement are recorded at acquisition value at the date of donation. Donated capital assets and capital assets received in a service concession arrangement are reported at acquisition value.

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.

Note 1. Summary of Significant Accounting Policies, Continued

Rail stations, rail tracks, temporary construction easements, buildings, office improvements, furniture and equipment, vehicles, toll infrastructure, and transponders 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
Buildings	10 to 20 years
Office improvements	7 to 10 years
Furniture and equipment	3 to 5 years
Vehicles	5 years
Toll infrastructure	5 to 10 years
Transponders	5 years

Project costs that have been incurred for the tolled express lanes projects, consisting of the 91 Project and the I-15 Express Lanes project, and are expected to remain the Commission's assets, are capitalized upon completion 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, 2017, the estimated project costs incurred but not capitalized related to the 91 Project is 100% of right of way, or $113,543,365. All costs related to the I-15 Express Lanes project are considered capitalizable.

Intangible assets: In May 2012 the Commission entered into a toll facility agreement with Caltrans and obtained authority to toll the State Route (SR) 91 from the Orange/Riverside County line to I-15. The Commission's 91 Project included the RCTC 91 Express Lanes, which opened on March 20, 2017. The toll facility is amortized over the remaining life of the toll facility agreement through March 2067.

Compensated absences: Vacation hours accumulated and not taken at year-end is reported as a long-term liability in the government-wide and proprietary fund financial statements.

Sick leave is recorded as an expenditure or expense 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 and proprietary fund 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.

Note 1. Summary of Significant Accounting Policies, Continued

Postemployment Benefits Other Than Pensions: The Commission early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 85, *Omnibus 2017*, as of June 30, 2016. Management determined that the net impact on beginning net position was not significant and included the impact in current year expenses. For purposes of measuring the net other post-employment benefits (OPEB) liability, deferred outflows/inflows of resources related to the OPEB liability and OPEB expense, information about the fiduciary net position of the Commission's OPEB plan, and additions to/deductions from the OPEB fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT) administered by CalPERS. For this purpose, benefit payments are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value, except for money markets and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which is reported at cost.

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. The RCTC 91 Express Lanes Enterprise fund has purchased commercial property insurance, including business interruption, earthquake and flood coverage related to the RCTC 91 Express Lanes.

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 eight items – accumulated decrease in fair value of derivatives, pension contributions subsequent to measurement date, differences between expected and actual pension experience, differences between Commission's pension contributions and the proportionate share of pension contributions, pension changes in Commission's proportion, net differences between projected and actual earnings on pension plan investments, net differences between projected and actual earnings on OPEB plan investments, and OPEB contributions subsequent to measurement date – which qualify for reporting in this category in the applicable column for governmental and business-type activities on the 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 and OPEB contributions made subsequent to the measurement date and the fiscal year end are deferred until the subsequent measurement date. The net difference between projected and actual earnings on pension plan investments is deferred and amortized over the expected average remaining service life.

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 pension assumptions, pension changes in Commission's proportion, and differences between actual and expected pension experience – which qualify for reporting in this category in the applicable governmental and business-type activities on the statement of net position.

Note 1. Summary of Significant Accounting Policies, Continued

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

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

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

Committed fund balances include amounts that can be used only for specific purposes determined by 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. In all other governmental funds, it is the negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting assigned fund balance amounts.

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 and proprietary fund 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.

Note 1. Summary of Significant Accounting Policies, Continued

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 $1,743,551 allocated to Measure A in 2017 were less than 1% of revenues and in compliance with the law.

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

Reclassifications: Certain reclassifications have been made to 2016 amounts to conform to the 2017 presentation. Such reclassifications had no effect on the previous reported change in net position.

Note 2. Cash and Investments

Cash and investments at June 30, 2017 consist of the following:

	Unrestricted			Restricted	
	Cash	Investments	Total	Investments	Total
Cash in bank	$ 25,226,541	$ -	$ 25,226,541	$ -	$ 25,226,541
Petty cash	1,018	-	1,018	-	1,018
RCPIF	-	491,902,671	491,902,671	-	491,902,671
Operations pooled investments	-	50,823,053	50,823,053	-	50,823,053
LAIF	-	3,669,075	3,669,075	-	3,669,075
Investments with fiscal agents	-	-	-	127,918,278	127,918,278
Total cash and investments	$ 25,227,559	$ 546,394,799	$ 571,622,358	$ 127,918,278	$ 699,540,636

Total cash and investments are reported in the following funds:

Unrestricted cash and investments	
Governmental funds	$ 566,895,374
Enterprise fund	4,726,984
Subtotal	571,622,358
Restricted cash and investments	
Governmental funds	100,355,879
Enterprise fund	27,562,399
Subtotal	127,918,278
Total cash and investments	$ 699,540,636

Restricted investments at June 30, 2017 represent investments held by bond trustees for project costs and debt service.

Note 2. Cash and Investments, Continued

Fair Value Hierarchy: The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are 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, 2017:

		Fair Value Measurements Using	
Investments by fair value level:	**June 30, 2017**	**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	$ 62,538,748	$ 41,622,819	$ 20,915,929
U.S. agency securities	15,839,674	-	15,839,674
Commercial paper	18,370,931	-	18,370,931
Corporate notes	22,692,281	-	22,692,281
Money market mutual funds	35,585,203	-	35,585,203
Mortgage and asset-backed securities	18,842,975	-	18,842,975
Municipal bonds	4,871,519	-	4,871,519
Total investments measured at fair value	178,741,331	$ 41,622,819	$ 137,118,512
Investments not subject to fair value hierarchy:			
LAIF	3,669,075		
RCPIF	491,902,671		
Total investments	$ 674,313,077		
Derivative instruments:			
Interest rate swaps	$ (10,422,822)	$ -	$ (10,422,822)

Investments classified in Level 1 of the value hierarchy, valued at $41,622,819 are valued using quoted prices in active markets.

U.S. Treasury obligations totaling $20,915,929, U.S. agency securities totaling $15,839,674, commercial paper totaling $18,370,931, corporate notes totaling $22,692,281, money market funds totaling $35,585,203, mortgage and asset-backed securities totaling $18,842,975, and municipal bonds totaling $4,871,519 in 2017, 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 ($10,422,822) in 2017 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.

Note 2. Cash and Investments, Continued

As of June 30, 2017, the Commission had the following investments:

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Year)
Unrestricted:					
RCPIF	$ 491,902,671	$ 492,899,215	0.82% - 1.53%	7/1/17 - 6/29/22	1.13
LAIF	3,669,075	3,672,966	0.60% - 0.92%	194 days	194 days or 0.532
Operations pooled investments:					
Corporate notes	12,284,223	12,298,563	1.100% - 5.650%	9/15/17 - 2/11/22	1.720
Money market mutual funds	552,153	552,153	0.000% - 0.001%	N/A	35 days or 0.10
Mortgage and asset-backed securities	4,945,066	4,954,122	1.16% - 1.920%	9/25/18 - 4/7/22	3.493
Municipal bonds	3,274,737	3,278,712	0.898% - 3.600%	7/1/17 - 9/1/19	1.543
U.S. agency securities	8,850,945	8,882,822	0.875% - 1.50%	10/1/18 - 2/28/20	1.735
U.S. Treasury obligations	20,915,929	20,976,821	0.750% - 1.625%	9/15/18 - 6/15/20	2.056
Total unrestricted investments	$ 546,394,799	$ 547,515,374			
			Unrestricted investment portfolio weighted average		1.539

Investments	Fair Value	Principal	Interest Rate Range	Maturity Range	Weighted Average Maturity (Year)
Restricted:					
Commercial paper	$ 18,370,931	$ 18,363,087	0.000% - 1.156%	7/3/17 - 7/31/17	0.026
Corporate notes	10,408,058	10,392,303	1.251% - 1.921%	7/14/17 - 6/12/20	0.848
Money market mutual funds	35,033,050	35,033,050	0.000% - 0.001%	N/A	35 days or 0.848
Mortgage and asset-backed securities	13,897,909	13,914,098	-11.289% - 3.385%	8/1/17 - 9/16/55	11.535
Municipal bonds	1,596,782	1,594,429	1.053% - 1.650%	10/1/17 - 7/1/18	0.341
U.S. agency securities	6,988,729	6,966,937	0.438% - 1.890%	7/1/17 - 5/1/20	1.091
U.S. Treasury obligations	41,622,819	41,703,511	0.070% - 2.212%	7/15/17 - 1/15/27	1.468
Total restricted investments	$ 127,918,278	$ 127,967,415			
			Restricted investment portfolio weighted average		2.068

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

As of June 30, 2017, mortgage and asset-backed securities totaled $18,842,975. 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 $10,024,158 which is rated AA+ by S&P.

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

Note 2. Cash and Investments, Continued

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 $26,359,205 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, 2017; securities denoted as NR are not rated by one of the nationally recognized statistical rating organizations.

Festival of Lights,
Downtown Riverside Metrolink Station

Note 2. Cash and Investments, Continued

Investments	Moody's	S&P	% of Portfolio
RCPIF	Aaa-bf	V1	72.95%
LAIF	NR	NR	0.54%
Commercial paper			
Various	P-1	A-1	0.98%
Various	P-2	A-1	0.18%
Various	P-1	A-1+	0.50%
Various	P-1	A-2	0.53%
Various	P-2	A-2	0.54%
Corporate			
Notes	A1	A	0.19%
Notes	A2	A	0.07%
Notes	A3	A	0.14%
Notes	Aa2	A	0.02%
Notes	A1	A-	0.13%
Notes	A2	A-	0.17%
Notes	A3	A-	0.23%
Notes	A1	A+	0.17%
Notes	A1	AA	0.15%
Notes	AA2	AA	0.06%
Notes	A1	AA-	0.47%
Notes	A2	AA-	0.08%
Notes	Aa2	AA-	0.43%
Notes	Aa3	AA-	0.37%
Notes	Aa1	AA+	0.21%
Notes	AAA	AA+	0.09%
Notes	Aaa	AAA	0.24%
Notes	A3	BBB+	0.04%
Notes	Aaa	NR	0.10%
Money market mutual funds			
Funds	NR	NR	5.28%
Mortgage and asset-backed securities			
Securities	Aaa	AA+	1.48%
Securities	Aaa	AAA	0.30%
Securities	NR	AAA	0.49%
Securities	Aaa	NR	0.39%
Securities	NR	NR	0.14%
Municipal bonds			
Los Angeles County	AA2	AA	0.01%
Los Angeles County Department of Airports	AA3	AA	0.01%
Los Angeles County Redevelopment	AA3	AA	0.04%
California State Bid Group	AA3	AA-	0.02%
Pasadena California Unified School District	AA2	A+	0.04%
City of New York	Aa2	AA	0.17%
Mississippi State	AA2	AA	0.02%
University of California	Aa	AA	0.17%
California State High Speed Rail Passenger Train	AA3	AA-	0.05%
New York University	AA2	AA-	0.05%
State of New York	AA1	AA+	0.08%
City of West Palm Beach	Aa3	NR	0.03%
North Carolina Eastern Municipal Power Agency	NR	A-	0.03%
U.S. agency notes			
Notes			2.35%
U.S. Treasuries			
Treasury			9.27%
Total			100.00%

Note 2. Cash and Investments, Continued

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, 2017, 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 7) that may be received by CVAG to reduce its repayment obligations. The available advances to CVAG are $0 as of June 30, 2017.

The outstanding interest-bearing advances, including capitalized interest of $1,136,341, as of June 30, 2017 were as follows:

City of Blythe	$	481,632
City of Canyon Lake		199,035
City of Indio		1,373,022
Coachella Valley Associated Governments		25,906,792
Total interest-bearing advances receivable	$	27,960,481

In January 2017, the Commission approved a short-term non-interest bearing advance of LTF funds to SunLine Transit Agency in the amount of $3,000,000, which is classified as a due from other governments. The advance was repaid in August 2017.

Sunline Transit

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2017 was as follows:

Governmental activities	Balance June 30, 2016	Additions	Deletions	Reclassification	Transfers	Balance June 30, 2017
Capital assets not being depreciated:						
Land and land improvements	$ 215,358,210	$ 6,777,244	$ (14,688,155)	$ (686,813)	$ (44,658,207)	$ 162,102,279
Construction in progress	327,694,387	13,830,049	(20,802,062)	-	(262,660,516)	58,061,858
Development in progress	35,434	-	(35,434)	-	-	-
Rail operating easements	63,839,142	1	-	7,056	-	63,846,199
Construction easements	1,174,727	-	-	(7,056)	-	1,167,671
Total capital assets not being depreciated	608,101,900	20,607,294	(35,525,651)	(686,813)	(307,318,723)	285,178,007
Capital assets being depreciated:						
Rail stations	189,904,470	932,578	-	199,508	-	191,036,556
Rail tracks	139,346,887	5,812,965	-	-	-	145,159,852
Construction easements	980,670	-	-	-	-	980,670
Buildings	-	3,315,135		686,813	(686,813)	3,315,135
Office improvements	94,332	-	-	-	-	94,332
Office furniture, equipment and vehicles	1,759,122	68,604	(25,791)	(199,508)	-	1,602,427
Total capital assets being depreciated	332,085,481	10,129,282	(25,791)	686,813	(686,813)	342,188,972
Less accumulated depreciation for:						
Rail stations	(46,638,620)	(6,402,143)	-	(65,905)	-	(53,106,668)
Rail tracks	(387,075)	(4,644,896)	-	-	-	(5,031,971)
Construction easements	(636,969)	(280,336)	-	-	-	(917,305)
Buildings	-	(229,631)	-	-	202,004	(27,627)
Office improvements	(78,766)	(7,183)	-	-	-	(85,949)
Office furniture, equipment and vehicles	(1,234,323)	(202,167)	25,791	65,905	-	(1,344,794)
Total accumulated depreciation	(48,975,753)	(11,766,356)	25,791	-	202,004	(60,514,314)
Total capital assets being depreciated, net	283,109,728	(1,637,074)	-	686,813	(484,809)	281,674,658
Governmental activities capital assets, net	$ 891,211,628	$ 18,970,220	$ (35,525,651)	$ -	$ (307,803,532)	$ 566,852,665

Business-type activities	Balance June 30, 2016	Additions	Transfers	Balance June 30, 2017
Capital assets not being depreciated:				
Land and land improvements	$ -	$ -	$ 44,658,207	$ 44,658,207
Capital assets being depreciated:				
Toll infrastructure	-	-	27,408,768	27,408,768
Transponders	-	122,506	-	122,506
Buildings	-	-	686,813	686,813
Office furniture, equipment and vehicles	-	18,428	-	18,428
Total capital assets being depreciated	-	140,934	28,095,581	28,236,515
Less accumulated depreciation for:				
Toll infrastructure	-	(1,337,706)	-	(1,337,706)
Transponders	-	(12,763)	-	(12,763)
Buildings	-	-	(202,004)	(202,004)
Office furniture, equipment and vehicles	-	(512)	-	(512)
Total accumulated depreciation	-	(1,350,981)	(202,004)	(1,552,985)
Total capital assets being depreciated, net	-	(1,210,047)	27,893,577	26,683,530
Business-type activities capital assets, net	$ -	$ (1,210,047)	$ 72,551,784	$ 71,341,737

Note 4. Capital Assets, Continued

Depreciation expense was charged to functions/programs of the Commission's governmental and business-type activities during the year ended June 30, 2017 as follows:

Governmental activities:		
General government	$	199,653
Commuter rail		11,053,090
Highway		511,399
Planning and programming		2,214
Total depreciation expense – governmental activities	$	11,766,356
Business-type activities:		
RCTC 91 Express Lanes	$	1,350,981
Total depreciation expense – business-type activities	$	1,350,981

Note 5. Intangible Assets and Service Concession Arrangements

On May 14, 2012, the Commission entered into a toll facilities agreement with Caltrans providing the Commission with authorization to toll the SR-91 from Orange/Riverside County line to I-15 for 50 years commencing as of the first day on which the RCTC 91 Express Lanes open for public use and toll operations. The agreement also set forth the Commission's leasehold rights to Caltrans' right of way and Caltrans' oversight role in the operations and maintenance of the RCTC 91 Express Lanes.

Intangible asset activity for the year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Transfers	Balance June 30, 2017
Toll facility franchise	$ -	$ -	$ 235,251,748	$ 235,251,748
Less accumulated amortization	-	(1,176,259)	-	(1,176,259)
Total toll facility franchise, net	$ -	$ (1,176,259)	$ 235,251,748	$ 234,075,489


91 Express Lane Traffic Operations

Note 6. 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, 2017 is as follows:

Receivable Fund	Payable Fund	Amount	Explanation
General fund	Nonmajor Governmental funds	$ 45,209	Fringe benefits allocation
General fund	Nonmajor Governmental funds	353,651	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	207,993	Administrative cost allocation
General fund	Transportation Uniform Mitigation Fee Special Revenue fund	40,211	Fringe benefits allocation
General fund	Measure A Western County Special Revenue fund	587,349	Fringe benefits allocation
General fund	Measure A Coachella Valley Special Revenue fund	178	Fringe benefits allocation
General fund	RCTC 91 Express Lanes Enterprise fund	23,662	Fringe benefits allocation
General fund	Nonmajor Governmental funds	16,184	Cash deficit
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	948,096	Regional arterial project costs allocations
Measure A Coachella Valley Special Revenue fund	Debt Service fund	167,159	Advance loan payment adjustment
Transportation Uniform Mitigation Fee Special Revenue fund	Measure A Western County Special Revenue fund	450,864	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	546,376	Advance loan payment adjustment
Bonds Capital Projects fund	Measure A Coachella Valley Special Revenue fund	67,893	Advance loan payment adjustment
Bonds Capital Projects fund	RCTC 91 Express Lanes Enterprise fund	1,127,554	Excess investment earnings
Nonmajor Governmental funds	Nonmajor Governmental funds	1,200,000	Call box program augmentation of freeway service patrol operations
Total due from/to other funds		$ 5,821,747	

Note 6. Interfund Transactions, Continued

Interfund transfers: During 2017, interfund transfers were as follows:

Transfers Out	Transfers In	Amount	Explanation
Measure A Western County Special Revenue fund	General fund	$ 11,355,800	Commuter rail costs allocations
Measure A Western County Special Revenue fund	Transportation Uniform Mitigation Fee Special Revenue fund	450,864	Highway project costs allocations
Measure A Western County Special Revenue fund	Debt Service fund	17,305,415	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	29,501,918	91 Project equity contribution
Transportation Uniform Mitigation Fee Special Revenue fund	Measure A Western County Special Revenue fund	948,096	Highway project costs allocations
Transportation Uniform Mitigation Fee Special Revenue fund	General fund	207,993	Administrative cost allocation
Local Transportation Fund	General fund	21,627,282	Administration, planning and programming, commuter rail operating and station maintenance, and grade separation costs allocations
Commercial Paper Capital Projects fund	Debt Service fund	3,525,253	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	12,989,464	Highway project costs allocations
Bonds Capital Projects fund	Measure A Western County Special Revenue fund	57,680,738	Highway project costs allocations
Bonds Capital Projects fund	Commercial Paper Capital Projects fund	20,000,000	Transfer of bond proceeds for retirement of outstanding commercial paper notes
Bonds Capital Projects fund	Debt Service fund	410,943	Debt service related to advance agreements for Coachella Valley and Palo Verde Valley jurisdictions
Bonds Capital Projects fund	RCTC 91 Express Lanes Enterprise fund	3,137,666	Transfer of reserves for toll operations and maintenance
Debt Service fund	RCTC 91 Express Lanes Enterprise fund	22,906,746	Transfer of debt service reserves
Debt Service fund	Bonds Capital Projects fund	2,525,642	Excess interest earnings
Debt Service fund	Measure A Western County Special Revenue fund	2,776,347	Cash subsidies available after debt service payment
Debt Service fund	Measure A Coachella Valley Special Revenue fund	167,159	Share of cash subsidy related to CVAG advance agreement
Debt Service fund	Bonds Capital Projects fund	13,199	Transfer of bond proceeds for interest payment
Nonmajor Governmental funds	General fund	353,651	Administrative cost allocation
Nonmajor Governmental funds	Nonmajor Governmental funds	159,395	Coachella Valley commuter rail costs allocations
Nonmajor Governmental funds	Nonmajor Governmental funds	714,700	Call box program augmentation of freeway service patrol operations
Total transfers		$ 208,758,271	

Note 6. Interfund Transactions, Continued

In connection with the substantial completion of the 91 Project in March 2017 and the commencement of toll operations on the RCTC 91 Express Lanes, the Commission transferred $307,803,532 of capital and intangible costs from the governmental activities to the RCTC 91 Express Lanes, and the RCTC 91 Express Lanes assumed the transfer of $624,395,260 in toll-supported long-term debt related to the 91 Project.

Note 7. Long-term Obligations

The following is a summary of the changes in long-term obligations for the year ended June 30, 2017:

Governmental activities	Balance June 30, 2016	Additions / Accretion	Reductions	Transfers	Balance June 30, 2017	Due Within One Year
Sales tax revenue bonds:						
2009 Bonds	$ 139,100,000	$ -	$ (68,300,000)	$ -	$ 70,800,000	$ 4,600,000
2010 Bonds	150,000,000	-	-	-	150,000,000	-
2013 Bonds	462,200,000	-	-	-	462,200,000	22,960,000
2016 Refunding Bonds	-	76,140,000	(2,900,000)	-	73,240,000	4,705,000
Toll revenue bonds:						
2013 Bonds	187,827,922	3,045,545	-	(190,873,467)	-	-
Commercial Paper	20,000,000	30,000,000	(20,000,000)	-	30,000,000	30,000,000
Total bonds payable	959,127,922	109,185,545	(91,200,000)	(190,873,467)	786,240,000	62,265,000
Sales tax revenue bonds discount	(570,883)	-	63,721	-	(507,162)	(60,804)
Sales tax revenue bonds premium	31,802,989	8,414,007	(3,033,710)	-	37,183,286	2,496,566
Toll revenue bonds discount	(2,220,592)	-	52,452	2,168,140	-	-
Total bonds payable, net	988,139,436	117,599,552	(94,117,537)	(188,705,327)	822,916,124	64,700,762
TIFIA loan	282,763,437	152,926,496	-	(435,689,933)	-	-
MSHCP funding liability	12,000,000	-	(3,000,000)	-	9,000,000	3,000,000
Capital lease	46,181	-	(17,242)	-	28,939	20,972
Compensated absences liability	813,680	214,156	(146,935)	-	880,901	321,891
Total long-term obligations	$ 1,283,762,734	$ 270,740,204	$ (97,281,714)	$ (624,395,260)	$ 832,825,964	$ 68,043,625

Note 7. Long-term Obligations, Continued

Business-type activities	Balance June 30, 2016	Additions / Accretion	Reductions	Transfers	Balance June 30, 2017	Due Within One Year
Toll revenue bonds:						
2013 Bonds	$ –	$ 1,197,303	$ –	$ 190,873,467	$ 192,070,770	$ –
Toll revenue bonds discount	–	–	20,621	(2,168,140)	(2,147,519)	–
Total bonds payable, net	–	1,197,303	20,621	188,705,327	189,923,251	–
TIFIA loan	–	2,938,486	–	435,689,933	438,628,419	–
Compensated absences liability	–	18,675	(2,437)	–	16,238	5,826
Total long-term obligations	$ –	$ 4,154,464	$ 18,184	$ 624,395,260	$ 628,567,908	$ 5,826

The Commission has pledged a portion of future sales tax revenues through maturities of the bonds to repay $756,240,000 in sales tax revenue bonds payable issued in October 2009 (2009 Bonds), November 2010 (2010 Bonds), July 2013 (2013 Sales Tax Bonds), and September 2016 (2016 Refunding Bonds) and $30,000,000 of commercial paper notes outstanding at June 30, 2017 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 $44,589,982 and $73,357, respectively. Cash subsidies of $2,776,347 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 opened in March 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, 2017 is $438,628,419, including compounded interest of $17,574,010.

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, 2017:

Note 7. Long-term Obligations, Continued

2009 Sales Tax Revenue Bonds (Limited Tax Bonds), Series 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. In September 2016, the 2009 Bonds Series A were refunded. The 2009 Bonds Series B and C mature in annual installments ranging from \$4,600,000 to \$7,400,000 on various dates through June 1, 2029 with variable interest rates set in connection with remarketing efforts on a weekly basis. The 2009 Bonds Series B and C are integrated with the interest rate swap that became effective in October 2009, thereby creating synthetic fixed rate debt. The 2009 Bonds Series B and C 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 Series B and C 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 Series B and C, Bank of Tokyo is required to purchase the 2009 Bonds Series B and C. Any of the 2009 Bonds Series B and C 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 Series B and C 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 Series B and C are subject to purchase on the demand of the holder at a price equal to principal plus accrued interest on seven days' notice and delivery to the Commission's applicable remarketing agent. Barclays Capital Inc., is the remarketing agent for the 2009 Bonds Series B and C. 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 Series B and C plus 34 days of interest at an interest rate of 12%. The commitment fees paid to Bank of Tokyo were \$447,618 in 2017. Additionally, the Commission is required to pay the remarketing agent 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.	$ 70,800,000

Note 7. 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 Series B and C payable, based on the variable interest rates at June 30, 2017 and excluding related interest rate swap payments, throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2018	$ 4,600,000	$ 2,604,268	$ 7,204,268
2019	4,800,000	2,435,014	7,235,014
2020	5,000,000	2,264,591	7,264,591
2021	5,200,000	2,074,432	7,274,432
2022	5,500,000	1,883,094	7,383,094
2023-2027	31,200,000	6,211,039	37,411,039
2028-2029	14,500,000	805,701	15,305,701
	$ 70,800,000	$ 18,278,139	$ 89,078,139

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 Series B and C 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 2017 the cash subsidy related to the 2010 Bonds that was received from the U.S. Treasury was approximately $205,753 less than the amount anticipated. The subsidy reduction resulted from federal sequestration cuts of 6.6% for federal fiscal year ended September 30, 2017. The federal sequestration cuts may continue for an unknown duration.

Note 7. 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
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	-	9,530,500	9,530,500	(2,982,100)	6,548,400
2023-2027		47,652,600	47,652,600	(14,910,600)	32,742,000
2028-2032	38,160,000	45,806,600	83,966,600	(14,910,600)	69,056,000
2033-2037	76,530,000	28,096,900	104,626,900	(11,358,800)	93,268,100
2038-2039	35,310,000	3,627,600	38,937,600	(1,632,400)	37,305,200
	$ 150,000,000	$ 172,836,200	$ 322,836,200	$ (57,722,900)	$ 265,113,300

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
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	13,995,000	20,987,900	34,982,900
2023-2027	81,430,000	93,470,200	174,900,200
2028-2032	105,125,000	69,774,900	174,899,900
2033-2037	135,770,000	39,126,400	174,896,400
2038-2039	64,815,000	5,147,600	69,962,600
	$ 462,200,000	$ 319,383,900	$ 781,583,900

Note 7. Long-term Obligations, Continued

2016 Sales Tax Revenue Refunding Bonds (Limited Tax Bonds), Series A (Tax-exempt):	Outstanding
In October 2016, the Commission issued sales tax revenue bonds of $76,140,000. A portion of the 2016 Refunding Bonds was used to refund all of the outstanding 2009 Bonds Series A, retire all of the outstanding commercial paper notes, finance a termination payment in connection with an interest rate swap agreement with Deutsche Bank AG (Deutsche Bank), and pay costs of issuance. The 2016 Refunding Bonds mature in annual installments ranging from $2,900,000 to $7,305,000 on various dates from June 1, 2017 through June 1, 2029 at interest rates ranging from 2.00% to 5.00%.	$ 73,240,000

In accordance with the bond maturity schedule, annual debt service requirements to maturity for the 2016 Sales Revenue Refunding Bonds payable throughout the term of the bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2018	$ 4,705,000	$ 2,748,400	$ 7,453,400
2019	4,940,000	2,513,100	7,453,100
2020	5,185,000	2,266,100	7,451,100
2021	5,445,000	2,006,900	7,451,900
2022	5,720,000	1,734,600	7,454,600
2023-2027	32,775,000	4,494,400	37,269,400
2028-2029	14,470,000	435,500	14,905,500
	$ 73,240,000	$ 16,199,000	$ 89,439,000

This refunding was undertaken to eliminate or mitigate certain risks associated with managing the Commission's variable rate debt. The transaction resulted in an increase in future debt payments of approximately $3,237,000 and an economic loss of approximately $1,856,000 (difference between the present values of the debt service payments on the old debt and new debt). The reacquisition price and the net carrying amount of the old debt were the same.

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. In May 2017, the Commission authorized the issuance and sale of not to exceed $165,000,000 toll revenue bonds, including a TIFIA loan related to the I-15 Express Lanes project.

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

Note 7. Long-term Obligations, Continued

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
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	-	7,119,900	7,119,900
2023-2027	-	35,599,700	35,599,700
2028-2032	-	35,599,700	35,599,700
2033-2037	-	35,599,700	35,599,700
2038-2042	-	35,599,700	35,599,700
2043-2047	81,570,000	28,817,900	110,387,900
2048	42,255,000	2,429,700	44,684,700
	$ 123,825,000	$ 209,245,900	$ 333,070,900

2013 Toll Revenue Bonds, Series B (Capital Appreciation Obligation):	Outstanding
In July 2013, the Commission issued $52,829,600 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 2017, the accretion amount was $4,242,848.	$ 68,245,770

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	$ 2,396,700	$ 1,423,300	$ 3,820,000
2023-2027	16,888,400	17,371,600	34,260,000
2028-2032	16,178,300	31,871,700	48,050,000
2033-2037	5,574,400	16,525,600	22,100,000
2038-2042	7,607,000	48,423,000	56,030,000
2043	4,184,800	30,035,200	34,220,000
	$ 52,829,600	$ 145,650,400	$ 198,480,000

Note 7. Long-term Obligations, Continued

TIFIA Loan Agreement:	Outstanding
In July 2013, the Commission executed a TIFIA loan of up to $421,054,409, which proceeds financed 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 2017, $143,358,089 was drawn on the TIFIA loan.	$ 438,628,419

The TIFIA loan is a toll revenue bond that is subordinate to the senior toll revenue bonds.

In accordance with the TIFIA loan maturity schedule, the approximate annual mandatory debt service requirements to maturity for the TIFIA loan payable throughout the term of the loan are as follows:

Year ending June 30	Principal	Mandatory Interest	Total
2022	$ -	$ 1,921,000	$ 1,921,000
2023-2027	-	20,156,000	20,156,000
2028-2032	151,000	61,675,000	61,826,000
2033-2037	71,575,000	84,246,000	155,821,000
2038-2042	114,056,000	65,317,000	179,373,000
2043-2047	157,696,000	46,751,000	204,447,000
2048-2051	159,860,000	12,075,000	171,935,000
Total	503,338,000	$ 292,141,000	$ 795,479,000
Future compounded interest	(64,709,600)		
Total TIFIA loan	$ 438,628,400		

Pursuant to the toll indenture and TIFIA loan agreement, the Commission deposited with the trustee $136,451,515 into an equity account through 2017 for payment of 91 Project costs.

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, 2017, $30,000,000 was outstanding in commercial paper notes.

The source of revenue to repay the commercial paper notes and any subsequent long-term debt refinancing is the 2009 Measure A sales tax. Interest is payable on the respective maturity dates of the commercial paper notes, which is up to 270 days from the date of issuance. The maximum allowable interest rate on the commercial paper notes is 12%.

Note 7. Long-term Obligations, Continued

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 $191,794 in 2017.

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, 2017, nor were there any amounts outstanding under the remaining letter of credit agreement at June 30, 2017.

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, 2017 are as follows:

Year Ending June 30		Total
2018	$	24,857
2019		8,298
Total minimum lease payments		33,155
Less amount representing interest		(4,216)
Present value of minimum lease payments	$	28,939

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. Under the swap agreements which became effective on October 1, 2009, the Commission will pay Bank of America and Deutsche Bank (Counterparties or each a Counterparty) 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 7. Long-term Obligations, Continued

In September 2016, the Commission terminated the swap with Deutsche Bank and paid a termination payment of $10,292,000.

The Commission's remaining interest rate swap with Bank of America is a derivative instrument that hedges 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 swap, the Synthetic Instrument Method prescribed by GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives*, was employed. The resulting analysis indicates the swap is effective as a hedging instrument. The fair value or marked-to-market value of the Bank of America swap as of June 30, 2017 is ($10,422,822). This is the amount the Commission would owe as of this date should the swap be terminated. The term and fair value (liabilities) of the outstanding swaps as of June 30, 2017 is 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 Series B and C	Bank of America	$70,800,000	10/01/2009	3.679%	67% of LIBOR	$ (10,422,822)	06/01/2029

The fair value (liability) of the outstanding swap at June 30, 2016 was ($26,644,474), resulting in a decrease in the liability of $16,221,652 during the year ended June 30, 2017, primarily as a result of the termination of the Deutsche Bank swap and an approximately $5.29 million decrease in the fair value liability of the Bank of America swap.

The interest rate swap is, 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, 2017 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+

Under the agreement, a swap termination event may occur if the Counterparty 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 swap. As LIBOR decreases, the Commission's net payments on the swap increases. It is expected that this is offset partly by a decrease in payments on the 2009 Bonds Series B and C.

Basis risk: The Commission is exposed to basis risk on the swap because the variable rate payments received by the Commission is based on an index other than interest rates the Commission pays on hedged variable rate debt. For the year ended June 30, 2017, the Commission's 2009 Bonds Series B and C, which are hedged by the Bank of America swap, had a weighted average variable rate of 0.6447%. Over the same period, the weighted average of 67% of one-month LIBOR was 0.5020%, an approximate 14.27 basis point loss for the Commission related to the Bank of America swap.

Note 7. Long-term Obligations, Continued

Termination risk: The swap may be terminated by the Commission or its Counterparty 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 0.82% 2009 Bonds Series B and C as of June 30, 2017, debt service requirements of the 2009 Bonds Series B and C 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
2018	$ 4,600,000	$ 622,929	$ 5,222,929	$ 2,003,917	$ 7,226,846
2019	4,800,000	582,444	5,382,444	1,872,571	7,255,015
2020	5,000,000	541,680	5,541,680	1,734,132	7,275,812
2021	5,200,000	496,195	5,696,195	1,592,807	7,289,002
2022	5,500,000	450,427	5,950,427	1,444,158	7,394,585
2023-2027	31,200,000	1,485,652	32,685,652	4,730,225	37,415,877
2028-2029	14,500,000	192,720	14,692,720	589,430	15,282,150
	$ 70,800,000	$ 4,372,047	$ 75,175,047	$ 13,967,240	$ 89,139,287

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, 2017.

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 $9,000,000 is recorded as a liability in the government-wide financial statements.

Note 8. Net Position and Fund Balances

Net position: Net investment in capital assets of $75,572,271, as reported on the statement of net position, represents capital assets, net of accumulated depreciation, of $638,194,402 less the related debt of $562,622,131. 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.

Net Investment in Capital Assets	Governmental Activities	Business-Type Activities	Total
Capital assets, net	$ 566,852,665	$ 71,341,737	$ 638,194,402
Less: related debt	(189,542,899)	(373,079,232)	(562,622,131)
Total	$ 377,309,766	$ (301,737,495)	$ 75,572,271

Additionally, the statement of net position reports $838,348,156 of restricted net position, of which $295,480,111 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.

Note 8. Net Position and Fund Balances, Continued

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.

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, 2017 are as follows:

Specialized Transit

Note 8. Net Position and Fund Balances, Continued

	Local Transportation Fund	State Transit Assistance	Total
Bicycle and pedestrian facilities	$ 6,682,584	$ -	$ 6,682,584
Transit and specialized transportation Western County:			
Bus transit:			
City of Banning	$ -	$ 259,814	$ 259,814
City of Beaumont	467,685	1,510,447	1,978,132
City of Corona	-	1,324,462	1,324,462
City of Riverside	-	255,713	255,713
Riverside Transit Agency	5,457,476	7,784,731	13,242,207
Apportioned and unallocated	61,373,462	30,928,526	92,301,988
Commuter rail:			
Commission	2,000,000	-	2,000,000
Apportioned and unallocated	13,570,881	18,625,540	32,196,421
Total Western County	82,869,504	60,689,233	143,558,737
Coachella Valley:			
SunLine Transit Agency	82,138	12,640,215	12,722,353
Apportioned and unallocated	12,474,110	2,009,749	14,483,859
Total Coachella Valley	12,556,248	14,649,964	27,206,212
Palo Verde Valley:			
Palo Verde Valley Transit Agency	-	48,197	48,197
Apportioned and unallocated for transit and local streets and roads	1,064,461	45,438	1,109,899
Total Palo Verde Valley	1,064,461	93,635	1,158,096
Unapportioned funds	12,002,484	-	12,002,484
Total transit and specialized transportation	$ 108,492,697	$ 75,432,832	$ 183,925,529

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.

Note 8. Net Position and Fund Balances, Continued

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 $7,929,691 and $912,808, 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.

RCTC 91 Express Lanes: Restricted net position consists of the following amounts:

Nonspendable intangible assets: Amounts related to the toll facility are nonspendable intangible assets that are restricted.

Toll operations: Net toll revenues from toll operations in the RCTC 91 Express Lanes Enterprise fund are restricted in accordance with the toll bond indenture.

Note 9. 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, 2017 were approximately $387,600.

Year Ending June 30	Amount
2018	$ 126,800
Total minimum rental commitment	$ 126,800

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 $25,000,000 through 2017.

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 10. 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 $17,148,094 and $1,971,821 during 2017 for its share of Metrolink operating and capital costs, respectively. As of June 30, 2017, cumulative capital contributions were $47,868,098. 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 2017 the Commission contributed $0 for administration efforts.

Riverside Orange Corridor Authority 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, 2017, the Commission was not required to make any contributions.

RCTC 91 Express Lanes cooperative agreements: The RCTC 91 Express Lanes are jointly operated with the existing OCTA 91 Express Lanes and collectively referred to as the 91 Express Lanes.

Under the Orange-Riverside Cooperative Agreement, which was entered into in December 2011, the Commission and OCTA agreed on the use of the same initial toll operator, cost and revenue sharing, toll policies, business rules, interoperability of technology, and marketing activities as well as OCTA review of design plans and construction activities for the 91 Project.

In May 2013 the Commission entered into a three-party agreement with OCTA and Cofiroute USA, LLC (Cofiroute), as the operator, for the operations of the 91 Express Lanes. This will ensure a streamlined and consistent intercounty travel for motorists on the OCTA 91 Express Lanes in Orange County and RCTC 91 Express Lanes in Riverside County. Cofiroute provides operating services in the annual amount of $6,942,600 plus inflation for three initial years with two one-year extension options, subject to Board of Commissioners approval. Cofiroute is responsible for the day-to-day operations of the toll facility. The agreement expires on June 30, 2021.

Note 11. 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 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, 2017, 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	14.012%	7.283 %

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.

Note 11. Employees' Pension Plans, Continued

For the year ended June 30, 2017, the contributions recognized as part of pension expense for the Plan were as follows:

Miscellaneous		
Contributions – Commission	$	1,238,891
Contributions – Employee		432,377

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

As of June 30, 2017, 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	$7,639,639

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, 2016, 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, 2015 rolled forward to June 30, 2016 using standard update procedures. The Commission's proportion of the net pension liability was based on a projection of the 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, 2015 and 2016 is as follows:

Miscellaneous	
Proportion – June 30, 2015	0.09176%
Proportion – June 30, 2016	0.08829%
Change – Increase (Decrease)	0.00347%

For the year ended June 30, 2017, the Commission recognized pension expense of $427,410. At June 30, 2017, 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	$	1,238,891	$	–
Differences between actual and expected experiences		41,695		9,893
Changes in assumptions		–		390,312
Differences between contributions and the proportionate share of contributions		607,971		–
Changes in Commission's proportion		779,717		147,800
Net differences between projected and actual earnings on plan investments		2,031,446		–
Total	$	4,699,720	$	548,005

Note 11. Employees' Pension Plans, Continued

The $1,238,891 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, 2018. 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		
2018	$	795,139
2019		635,689
2020		955,829
2021		526,167
	$	2,912,824

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
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, 2015 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.

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

Note 11. Employees' Pension Plans, Continued

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.

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	51.0%	5.25%	5.71%
Global Debt Securities	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	(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	$11,481,801
Current Discount Rate	7.65%
Net Pension Liability	$7,639,639
1% Increase	8.65%
Net Pension Liability	$4,464,283

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, 2017, the Commission reported a payable of $0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

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

Note 11. Employees' Pension Plans, Continued

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 $5,536,781. The Commission's contributions to the Plan were $411,994 for the year ended June 30, 2017.

Note 12. Post-employment Benefits Other Than Pensions (OPEB)

Plan description – The Commission's OPEB plan through the CERBT, is a single-employer defined benefit plan for eligible retirees and their dependents. CERBT issues a publicly available financial report that can be obtained from its executive office or its website.

Benefits provided – The Commission provides post-employment 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 post-employment 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 post-employment 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.

Employees covered by benefit terms at June 30, 2017 are as follows:

Inactive employees or beneficiaries currently receiving benefit payments	16
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	47
Total	63

Contributions – The contribution requirements of plan members are established and may be amended by the Commission. The Commission has adopted a policy to fund 100% of the actuarially determined amount. For the year ended June 30, 2017, the Commission's average contribution rate was 3.11% of covered-employee payroll. Employees are not required to contribute to the plan.

Net OPEB Liability – The Commission's net OPEB liability was measured as of June 30, 2016, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions – The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Assumptions	June 30, 2016 Measurement Date
Inflation	2.75% per annum
Salary increases	3.00% aggregate
Investment rate of return	6.00%
Healthcare cost trend rates	Non-Medicare: 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare: 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

Note 12. Postemployment Benefits Other Than Pensions (OPEB), Continued

Mortality rates are based on projected fully generational with Scale MP-16.

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

	Target Allocation		Expected Real Rate of Return
Asset Class	Strategy 1	Strategy 2	
Global equity	57%	40%	4.82%
Fixed income	27%	39%	1.47%
TIPS	5%	10%	1.29%
Commodities	3%	3%	0.84%
REITs	8%	8%	3.76%
Assumed long-term rate of inflation			2.75%
Expected long-term net rate of return			
Strategy 1			6.75%
Strategy 2			6.25%
Discount rate			6.00%

Discount rate – The discount rate to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on this assumption, the OPEB plan's fiduciary net position was projected to be available to make projected OPEB payments for current and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability – The changes in the net OPEB liability from the measurement date of June 30, 2015 to June 30, 2016 are as follows:

Note 12. Postemployment Benefits Other Than Pensions (OPEB), Continued

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2015 (measurement date)	$ 5,291,000	$ 4,672,000	$ 619,000
Changes for the year:			
Service cost	437,000	-	437,000
Interest	338,000	-	338,000
Contributions – employer	-	634,000	(634,000)
Net investment income	-	86,000	(86,000)
Benefit payments	(155,000)	(155,000)	-
Administrative expense	-	(2,000)	2,000
Net changes	620,000	563,000	57,000
Balances at June 30, 2016 (measurement date)	$ 5,911,000	$ 5,235,000	$ 676,000

Sensitivity of the net OPEB liability to changes in the discount rate – The following table presents the Commission's net OPEB liability, as well as what the Commission's net OPEB liability would be if it were calculated using a discount rate that is 1% below or 1% higher than the current discount rate:

Changes in the Discount Rate	
1% Decrease	5.00%
Net OPEB Liability	$1,595,000
Current Discount Rate	6.00%
Net OPEB Liability	$676,000
1% Increase	7.00%
Net OPEB Asset	($68,000)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following table presents the net OPEB liability as well as what the Commission's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% below or 1% higher than the current healthcare cost trend rates:

Changes in the Discount Rate	
1% Decrease	5.5% - 6.5%
Net OPEB Asset	($98,000)
Current Healthcare Trend Rate	6.5% - 7.5%
Net OPEB Liability	$676,000
1% Increase	7.5% - 8.5%
Net OPEB Liability	$1,623,000

OPEB plan fiduciary net position – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial reports.

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB – For the year ended June 30, 2017, the Commission recognized OPEB expense of $524,600. At June 30, 2017 the Commission reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

Note 12. Postemployment Benefits Other Than Pensions (OPEB), Continued

		Deferred Outflows of Resources		Deferred Inflows of Resources
Contributions subsequent to measurement date	$	666,000	$	-
Net differences between projected and actual earnings on plan investments		166,400		-
Total	$	832,400	$	-

The $666,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30		
2018	$	42,100
2019		42,100
2020		42,100
2021		40,100
	$	166,400

Payable to the OPEB Plan – At June 30, 2017 the Commission reported a payable of $0 for the outstanding amount of contributions to CERBT required for the year ended June 30, 2017.

Note 13. 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 14. Subsequent Events

In July 2017, the Commission issued sales tax revenue bonds (2017 Sales Tax Bonds) consisting of $158,760,000 serial bonds. The proceeds of the 2017 Sales Tax Bonds will be used to fund a portion of the costs of the I-15 Express Lanes project, including issuance costs relating to a TIFIA loan; pay a portion of the completion costs for the 91 Project; retire all of the outstanding commercial paper notes; and pay the costs of issuance of the 2017 Sales Tax Bonds.

In connection with the issuance of the 2017 Sales Tax Bonds, the Commission executed a $152,214,260 TIFIA senior lien loan to pay for a portion of the I-15 Express Lanes project.

In September 2017, State Street extended the reimbursement agreement through October 2019 in accordance with the Commission's request.

Note 15. Pronouncements Issued, Not Yet Effective

The GASB pronouncements issued prior to June 30, 2017 that have an effective date that may impact future financial presentations include:

- GASB Statement No. 83, *Certain Assets Retirement Obligations*, effective for fiscal years beginning after June 15, 2018;
- GASB Statement No. 84, *Fiduciary Activities*, effective for fiscal years beginning after December 15, 2018;
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*, effective for fiscal years beginning after June 15, 2017; and
- GASB Statement No. 87, *Leases*, effective for fiscal years beginning after December 15, 2019.

Management has early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension* and GASB Statement No. 85, *Omnibus 2017*, and the effects are reflected in the Commission's Statement of net position ended June 30, 2017.

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Required Supplementary Information

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Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund

Year Ended June 30, 2017

	General			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes	$ 3,250,000	$ 3,250,000	$ 3,250,000	$ -
Intergovernmental	2,075,000	9,540,241	2,978,391	(6,561,850)
Investment income	16,300	16,300	74,717	58,417
Other	457,500	457,500	262,692	(194,808)
Total revenues	5,798,800	13,264,041	6,565,800	(6,698,241)
Expenditures				
Current:				
General government	7,186,600	7,086,300	5,542,008	1,544,292
Commuter rail	27,839,600	34,767,686	23,386,736	11,380,950
Planning and programming	7,360,300	7,360,300	2,308,433	5,051,867
Transit and specialized transportation	388,600	419,600	419,103	497
Total programs	42,775,100	49,633,886	31,656,280	17,977,606
Debt service:				
Principal	-	17,300	17,242	58
Interest	-	7,700	7,615	85
Total debt service	-	25,000	24,857	143
Capital outlay	266,000	251,000	95,479	155,521
Total expenditures	43,041,100	49,909,886	31,776,616	18,133,270
Excess (deficiency) of revenues over (under) expenditures	(37,242,300)	(36,645,845)	(25,210,816)	11,435,029
Other financing sources (uses)				
Transfers in	35,800,100	36,079,100	33,544,726	(2,534,374)
Total other financing sources (uses)	35,800,100	36,079,100	33,544,726	(2,534,374)
Net change in fund balances	$ (1,442,200)	$ (566,745)	8,333,910	$ 8,900,655
Fund balances at beginning of year			10,792,190	
Fund balances at end of year			$ 19,126,100	

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, 2017

	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	$130,136,000	$130,136,000	$ 133,004,412	$ 2,868,412	$ 38,462,000	$ 38,462,000	$ 38,054,295	$ (407,705)
Transportation Uniform Mitigation Fee	20,000	20,000	-	(20,000)	-	-	-	-
Intergovernmental	27,745,400	32,220,253	22,200,714	(10,019,539)	-	-	-	-
Investment income	515,700	515,700	944,087	428,387	35,300	35,300	184,763	149,463
Other	173,000	2,048,500	5,837,790	3,789,290	-	-	-	-
Total revenues	158,590,100	164,940,453	161,987,003	(2,953,450)	38,497,300	38,497,300	38,239,058	(258,242)
Expenditures								
Current:								
General government	1,894,900	1,896,000	1,004,744	891,256	-	-	-	-
Bicycle and pedestrian facilities	-	-	-	-	-	-	-	-
CETAP	-	1,000,000	580	999,420	-	-	-	-
Commuter assistance	3,579,900	3,587,500	2,686,073	901,427	-	-	-	-
Commuter rail	25,846,800	24,454,400	8,528,984	15,925,416	-	-	-	-
Highways	268,277,800	269,357,951	225,964,075	43,393,876	30,007,500	30,015,200	14,104,648	15,910,552
Local streets and roads	37,533,500	37,533,500	37,533,508	(8)	13,462,000	13,462,000	13,319,003	142,997
Planning and programming	-	-	-	-	-	-	-	-
Regional arterials	33,850,400	29,456,200	14,739,703	14,716,497	-	-	-	-
Transit and specialized transportation	6,455,200	6,455,200	5,304,855	1,150,345	6,050,000	6,050,000	5,835,696	214,304
Total programs	377,438,500	373,740,751	295,762,522	77,978,229	49,519,500	49,527,200	33,259,347	16,267,853
Capital outlay	1,400,000	5,574,900	5,574,877	23	-	-	-	-
Total expenditures	378,838,500	379,315,651	301,337,399	77,978,252	49,519,500	49,527,200	33,259,347	16,267,853
Excess (deficiency) of revenues over (under) expenditures	(220,248,400)	(214,375,198)	(139,350,396)	75,024,802	(11,022,200)	(11,029,900)	4,979,711	16,009,611
Other financing sources (uses)								
Debt issuance	100,269,200	100,269,200	143,358,089	43,088,889	-	-	-	-
Transfers in	147,289,300	147,289,300	74,394,645	(72,894,655)	188,000	188,000	167,159	(20,841)
Transfers out	(78,843,700)	(78,843,700)	(58,613,997)	20,229,703	-	-	-	-
Total other financing sources (uses)	168,714,800	168,714,800	159,138,737	(9,576,063)	188,000	188,000	167,159	(20,841)
Net change in fund balances	$ (51,533,600)	$ (45,660,398)	19,788,341	$ 65,448,739	$ (10,834,200)	$ (10,841,900)	5,146,870	$ 15,988,770
Fund balances at beginning of year			201,722,613				42,644,404	
Fund balances at end of year			$ 221,510,954				$ 47,791,274	

See notes to required supplementary information

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balance, Continued
Budget and Actual - Major Special Revenue Funds

Year Ended June 30, 2017

	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	$ -	$ -	$ -	$ -	$ 85,000,000	$ 85,000,000	$ 88,206,870	$ 3,206,870
Transportation Uniform Mitigation Fee	18,500,000	18,500,000	19,594,829	1,094,829	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Investment income	124,100	124,100	301,223	177,123	199,100	199,100	322,450	123,350
Other	-	-	10,200	10,200	-	-	-	-
Total revenues	18,624,100	18,624,100	19,906,252	1,282,152	85,199,100	85,199,100	88,529,320	3,330,220
Expenditures								
Current:								
General government	-	-	-	-	12,000	12,000	12,000	-
Bicycle and pedestrian facilities	-	-	-	-	1,801,000	1,801,000	1,314,932	486,068
CETAP	21,269,200	11,816,800	4,027,524	7,789,276	-	-	-	-
Commuter assistance	-	-	-	-	-	-	-	-
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	637,500	707,200	707,246	(46)
Regional arterials	8,965,500	13,333,100	4,316,636	9,016,464	-	-	-	-
Transit and specialized transportation	-	-	-	-	74,810,000	78,926,847	66,509,432	12,417,415
Total programs	30,234,700	25,149,900	8,344,160	16,805,740	77,260,500	81,447,047	68,543,610	12,903,437
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	30,234,700	25,149,900	8,344,160	16,805,740	77,260,500	81,447,047	68,543,610	12,903,437
Excess (deficiency) of revenues over (under) expenditures	(11,610,600)	(6,525,800)	11,562,092	18,087,892	7,938,600	3,752,053	19,985,710	16,233,657
Other financing sources (uses)								
Debt issuance	-	-	-	-	-	-	-	-
Transfers in	2,234,100	2,234,100	450,864	(1,783,236)	-	-	-	-
Transfers out	(2,484,200)	(2,484,200)	(1,156,089)	1,328,111	(23,350,000)	(23,629,000)	(21,627,282)	2,001,718
Total other financing sources (uses)	(250,100)	(250,100)	(705,225)	(455,125)	(23,350,000)	(23,629,000)	(21,627,282)	2,001,718
Net change in fund balances	$ (11,860,700)	$ (6,775,900)	10,856,867	$ 17,632,767	$ (15,411,400)	$ (19,876,947)	(1,641,572)	$ 18,235,375
Fund balances at beginning of year			70,616,683				116,816,853	
Fund balances at end of year			$ 81,473,550				$ 115,175,281	

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, 2017

	Fiscal Year		
	2017	2016	2015 [1]
Measurement Date Fiscal Year	2016	2015	2014
Proportion of the net pension liability/(asset)	0.08829%	0.09176%	0.08559%
Proportionate share of the net pension liability/(asset)	$ 7,639,639	$ 6,298,052	$ 5,325,565
Covered payroll (measurement year)	$ 5,287,151	$ 4,792,270	$ 4,316,567
Proportionate share of the net pension liability/(asset) as percentage of covered payroll	144.49%	131.42%	123.38%
Plan fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	78.21%

See notes to required supplementary information

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

Riverside County Transportation Commission

Schedule of Pension Contributions

Last Ten Fiscal Years[1]

June 30, 2017

	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015 [1]
Contractually required contribution (actuarially determined)	$ 1,211,922	$ 1,101,641	$ 1,044,018
Contributions in relation to the actuarially determined contributions	(1,238,891)	(1,132,393)	(1,125,317)
Contribution deficiency (excess)	$ (26,969)	$ (30,752)	$ (81,299)
Covered payroll	$ 5,536,781	$ 5,287,151	$ 4,792,270
Contributions as a percentage of covered payroll	22.38%	21.42%	23.48%
Valuation date	6/30/14	6/30/13	6/30/12

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 three years are shown. Represents most recent data available.

Riverside County Transportation Commission

Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Ten Fiscal Years[1]

June 30, 2017

	Fiscal Year
	2017 [1]
Measurement date fiscal year	2016
Total OPEB liability	
Service cost	$ 437,000
Interest	338,000
Benefit payments	(155,000)
Net change in total OPEB liability	620,000
Beginning total OPEB liability	5,291,000
Ending total OPEB liability	$ 5,911,000
Plan fiduciary net position	
Employer contributions	$ 634,000
Net invesment income	86,000
Benefit payments	(155,000)
Administrative expense	(2,000)
Net change in plan fiduciary net position	563,000
Beginning fiduciary net position	4,672,000
Ending fiduciary net position	$ 5,235,000
Ending net OPEB liability	$ 676,000
Plan fiduciary net position as a percentage of the total OPEB liability	88.56%
Covered payroll (measurement year)	$ 5,287,151
Net OPEB liability as a percentage of covered-employee payroll	12.79%

See notes to required supplementary information

[1] Fiscal year 2017 was the first year of implementation, therefore, only one year is shown. Represents most recent data available.

Riverside County Transportation Commission

Schedule of OPEB Contributions

Last Ten Fiscal Years[1]

June 30, 2017

	Fiscal Year 2017 [1]
Actuarially determined contribution	$ 494,000
Contributions in relation to the actuarially determined contribution	666,000
Contribution deficiency (excess)	$ (172,000)
Covered payroll	$ 5,536,781
Contributions as a percentage of covered-employee payroll	12.03%

Valuation date:

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal - level percentage of payroll
Amortization method	Level percentage of payroll
Amortization period	Eight years
Asset valuation method	Investment gains and losses spread over five-year rolling period
Inflation	3.00%
Healthcare cost trend rates	Non-Medicare: 7.0% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years Medicare: 7.2% for 2017, decreasing to an ultimate rate of 5.0% in 2021 and later years
Salary increases	3.00% aggregate
Investment rate of return	6.75%
Retirement age	Classic employees: 50 - 55 Public Employees' Pension Reform Act: 52 - 62
Mortality	Mortality projected fully generational with Scale MP-14

See notes to required supplementary information

[1] Fiscal year 2017 was the first year of implementation, therefore, only one year is shown. Represents most recent data available.

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RIVERSIDE COUNTY TRANSPORTATION COMMISSION

Other Supplementary Information

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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.

Pension Plan

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 Pension Contributions – The schedule provides the Commission's actuarially determined contributions 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.

Postemployment Benefits Other Than Pensions

Schedule of Changes in the Net OPEB Liability and Related Ratios – The schedule provides the schedule of changes in the net OPEB liability, the plan fiduciary net position as a percentage of the total OPEB liability, the Commission's covered-employee payroll, and the net OPEB liability as a percentage of covered-employee payroll.

Schedule of OPEB Contributions – The schedule provides the Commission's actuarially determined contributions to the OPEB 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.

Riverside County Transportation Commission

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2017

	Special Revenue		
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies
Assets			
Cash and investments	$ 556	$ 769,009	$ 6,551,806
Receivables:			
Accounts	196,976	1,959,100	485,582
Interest	-	1,026	15,909
Due from other funds	-	-	1,200,000
Total assets	$ 197,532	$ 2,729,135	$ 8,253,297
Liabilities and fund balances			
Liabilities:			
Accounts payable	$ 157,608	$ 425,177	$ 131,107
Due to other funds	39,368	1,391,148	192,499
Other liabilities	-	2	-
Total liabilities	196,976	1,816,327	323,606
Fund balances:			
Restricted for:			
Commuter rail	-	-	-
Local streets and roads	556	-	-
Motorist assistance	-	912,808	7,929,691
Planning and programming	-	-	-
Transit and specialized transportation	-	-	-
Unassigned:	-	-	-
Total fund balances	556	912,808	7,929,691
Total liabilities and fund balances	$ 197,532	$ 2,729,135	$ 8,253,297

Riverside County Transportation Commission

Combining Balance Sheet - Nonmajor Governmental Funds, Continued

June 30, 2017

	Special Revenue				
	State Transit Assistance	Coachella Valley Rail	SB 132	Other Agency Projects	Total Nonmajor Governmental Funds
Assets					
Cash and investments	$ 73,523,056	$ 3,142,635	$ -	$ 220,632	$ 84,207,694
Receivables:					
Accounts	2,671,023	529,198	-	2,168	5,844,047
Interest	179,184	7,674	-	577	204,370
Due from other funds	-	-	-	-	1,200,000
Total assets	$ 76,373,263	$ 3,679,507	$ -	$ 223,377	$ 91,456,111
Liabilities and fund balances					
Liabilities:					
Accounts payable	$ 940,431	$ 366,655	$ 4,315	$ 34,991	$ 2,060,284
Due to other funds	-	4,434	18,739	8,224	1,654,412
Other liabilities	-	-	-	-	2
Total liabilities	940,431	371,089	23,054	43,215	3,714,698
Fund balances:					
Restricted for:					
Commuter rail	-	3,308,418	-	-	3,308,418
Local streets and roads	-	-	-	-	556
Motorist assistance	-	-	-	-	8,842,499
Planning and programming	-	-	-	180,162	180,162
Transit and specialized transportation	75,432,832	-	-	-	75,432,832
Unassigned:	-	-	(23,054)	-	(23,054)
Total fund balances	75,432,832	3,308,418	(23,054)	180,162	87,741,413
Total liabilities and fund balances	$ 76,373,263	$ 3,679,507	$ -	$ 223,377	$ 91,456,111

Riverside County Transportation Commission

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds

Year Ended June 30, 2017

	Special Revenue			
	Measure A Palo Verde Valley	Freeway Service Patrol	Service Authority for Freeway Emergencies	State Transit Assistance
Revenues				
Sales taxes	$ 1,011,500	$ -	$ -	$ 6,432,644
Intergovernmental	-	1,788,652	2,194,314	-
Investment income	-	3,149	29,203	285,320
Other	-	624,047	11,326	-
Total revenues	1,011,500	2,415,848	2,234,843	6,717,964
Expenditures				
Current:				
Commuter rail	-	-	-	-
Highways	-	-	-	-
Local streets and roads	1,011,500	-	-	-
Motorist assistance	-	3,360,181	817,168	-
Planning and programming	-	-	-	-
Transit and specialized transportation	-	-	-	2,695,039
Total expenditures	1,011,500	3,360,181	817,168	2,695,039
Excess (deficiency) of revenues over (under) expenditures	-	(944,333)	1,417,675	4,022,925
Other financing sources (uses):				
Transfers in	-	714,700	-	-
Transfers out	-	(172,986)	(895,365)	(159,395)
Total other financing sources (uses)	-	541,714	(895,365)	(159,395)
Net change in fund balances	-	(402,619)	522,310	3,863,530
Fund balances at beginning of year	556	1,315,427	7,407,381	71,569,302
Fund balances at end of year	$ 556	$ 912,808	$ 7,929,691	$ 75,432,832

Riverside County Transportation Commission

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds, Continued

Year Ended June 30, 2017

	Special Revenue			
	Coachella Valley Rail	SB 132	Other Agency Projects	Total Nonmajor Governmental Funds
Revenues				
Sales taxes	$ -	$ -	$ -	$ 7,444,144
Intergovernmental	529,198	-	-	4,512,164
Investment income	14,266	23	1,635	333,596
Other	-	-	-	635,373
Total revenues	543,464	23	1,635	12,925,277
Expenditures				
Current:				
Commuter rail	904,419	-	-	904,419
Highways	-	23,077	-	23,077
Local streets and roads	-	-	-	1,011,500
Motorist assistance	-	-	-	4,177,349
Planning and programming	-	-	232,352	232,352
Transit and specialized transportation	-	-	-	2,695,039
Total expenditures	904,419	23,077	232,352	9,043,736
Excess (deficiency) of revenues over (under) expenditures	(360,955)	(23,054)	(230,717)	3,881,541
Other financing sources (uses):				
Transfers in	159,395	-	-	874,095
Transfers out	-	-	-	(1,227,746)
Total other financing sources (uses)	159,395	-	-	(353,651)
Net change in fund balances	(201,560)	(23,054)	(230,717)	3,527,890
Fund balances at beginning of year	3,509,978	-	410,879	84,213,523
Fund balances at end of year	$ 3,308,418	$ (23,054)	$ 180,162	$ 87,741,413

Riverside County Transportation Commission

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

Year Ended June 30, 2017

	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	$ 1,152,000	$ 1,152,000	$ 1,011,500	$ (140,500)	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	2,232,000	2,232,000	1,788,652	(443,348)
Investment income	-	-	-	-	600	600	3,149	2,549
Other	-	-	-	-	675,000	675,000	624,047	(50,953)
Total revenues	1,152,000	1,152,000	1,011,500	(140,500)	2,907,600	2,907,600	2,415,848	(491,752)
Expenditures								
Current:								
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-
Local streets and roads	1,152,000	1,152,000	1,011,500	140,500	-	-	-	-
Motorist assistance	-	-	-	-	4,147,800	4,147,900	3,360,181	787,719
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	-	-	-	-
Total programs	1,152,000	1,152,000	1,011,500	140,500	4,147,800	4,147,900	3,360,181	787,719
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,152,000	1,152,000	1,011,500	140,500	4,147,800	4,147,900	3,360,181	787,719
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-	(1,240,200)	(1,240,300)	(944,333)	295,967
Other financing sources (uses)								
Transfers in	-	-	-	-	714,700	714,700	714,700	-
Transfers out	-	-	-	-	(232,700)	(232,700)	(172,986)	59,714
Total other financing sources (uses)	-	-	-	-	482,000	482,000	541,714	59,714
Net change in fund balances	$ -	$ -	-	$ -	$ (758,200)	$ (758,300)	(402,619)	$ 355,681
Fund balances at beginning of year			556				1,315,427	
Fund balances at end of year			$ 556				$ 912,808	

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, 2017

	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	$ -	$ -	$ -	$ -	$ 10,821,600	$ 10,821,600	$ 6,432,644	$ (4,388,956)
Intergovernmental	2,010,500	2,010,500	2,194,314	183,814	-	-	-	-
Investment income	14,700	14,700	29,203	14,503	146,800	146,800	285,320	138,520
Other	7,000	7,000	11,326	4,326	-	-	-	-
Total revenues	2,032,200	2,032,200	2,234,843	202,643	10,968,400	10,968,400	6,717,964	(4,250,436)
Expenditures								
Current:								
Commuter rail	-	-	-	-	-	-	-	-
Highways	-	-	-	-	-	-	-	-
Local streets and roads	-	-	-	-	-	-	-	-
Motorist assistance	1,595,200	1,595,100	817,168	777,932	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	21,215,800	21,231,000	2,695,039	18,535,961
Total programs	1,595,200	1,595,100	817,168	777,932	21,215,800	21,231,000	2,695,039	18,535,961
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	1,595,200	1,595,100	817,168	777,932	21,215,800	21,231,000	2,695,039	18,535,961
Excess (deficiency) of revenues over (under) expenditures	437,000	437,100	1,417,675	980,575	(10,247,400)	(10,262,600)	4,022,925	14,285,525
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	(876,200)	(876,200)	(895,365)	(19,165)	(165,000)	(165,000)	(159,395)	5,605
Total other financing sources (uses)	(876,200)	(876,200)	(895,365)	(19,165)	(165,000)	(165,000)	(159,395)	5,605
Net change in fund balances	$ (439,200)	$ (439,100)	522,310	$ 961,410	$ (10,412,400)	$ (10,427,600)	3,863,530	$ 14,291,130
Fund balances at beginning of year			7,407,381				71,569,302	
Fund balances at end of year			$ 7,929,691				$ 75,432,832	

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, 2017

	Coachella Valley Rail				SB 132			
	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	2,900,000	2,900,000	529,198	(2,370,802)	-	-	-	-
Investment income	800	800	14,266	13,466	-	-	23	23
Other	-	-	-	-	-	-	-	-
Total revenues	2,900,800	2,900,800	543,464	(2,357,336)	-	-	23	23
Expenditures								
Current:								
Commuter rail	6,216,600	6,216,600	904,419	5,312,181	-	-	-	-
Highways	-	-	-	-	-	23,300	23,077	223
Local streets and roads	-	-	-	-	-	-	-	-
Motorist assistance	-	-	-	-	-	-	-	-
Planning and programming	-	-	-	-	-	-	-	-
Transit and specialized transportation	-	-	-	-	-	-	-	-
Total programs	6,216,600	6,216,600	904,419	5,312,181	-	23,300	23,077	223
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	6,216,600	6,216,600	904,419	5,312,181	-	23,300	23,077	223
Excess (deficiency) of revenues over (under) expenditures	(3,315,800)	(3,315,800)	(360,955)	2,954,845	-	(23,300)	(23,054)	246
Other financing sources (uses)								
Transfers in	165,000	165,000	159,395	(5,605)	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	165,000	165,000	159,395	(5,605)	-	-	-	-
Net change in fund balances	$ (3,150,800)	$ (3,150,800)	(201,560)	$ 2,949,240	$ -	$ (23,300)	(23,054)	$ 246
Fund balances at beginning of year			3,509,978				-	
Fund balances at end of year			$ 3,308,418				$ (23,054)	

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, 2017

	Other Agency Projects			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales taxes	$ -	$ -	$ -	$ -
Intergovernmental	4,588,300	4,588,300	-	(4,588,300)
Investment income	1,300	1,300	1,635	335
Other	-	-	-	-
Total revenues	4,589,600	4,589,600	1,635	(4,587,965)
Expenditures				
Current:				
Commuter rail	-	-	-	-
Highways	-	-	-	-
Local streets and roads	-	-	-	-
Motorist assistance	-	-	-	-
Planning and programming	4,588,300	4,588,300	232,352	4,355,948
Transit and specialized transportation	-	-	-	-
Total programs	4,588,300	4,588,300	232,352	4,355,948
Capital outlay	-	-	-	-
Total expenditures	4,588,300	4,588,300	232,352	4,355,948
Excess (deficiency) of revenues over (under) expenditures	1,300	1,300	(230,717)	(232,017)
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	$ 1,300	$ 1,300	(230,717)	$ (232,017)
Fund balances at beginning of year			410,879	
Fund balances at end of year			$ 180,162	

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual–Capital Projects Funds

Year Ended June 30, 2017

	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 (loss)	182,700	182,700	1,798,873	1,616,173	258,800	258,800	595,888	337,088
Total revenues	182,700	182,700	1,798,873	1,616,173	258,800	258,800	595,888	337,088
Expenditures								
Current:								
Highways	(9,100)	20,990,900	10,292,000	10,698,900	-	-	-	-
Total programs	(9,100)	20,990,900	10,292,000	10,698,900	-	-	-	-
Debt service:								
Principal	-	20,000,000	20,000,000	-	-	-	-	-
Interest	372,800	372,800	73,357	299,443	13,200	13,200	13,199	1
Cost of issuance	-	-	-	-	9,100	654,100	654,007	93
Payment to escrow agent	-	-	-	-	-	63,900,000	63,900,000	-
Total debt service	372,800	20,372,800	20,073,357	299,443	22,300	64,567,300	64,567,206	94
Total expenditures	363,700	41,363,700	30,365,357	10,998,343	22,300	64,567,300	64,567,206	94
Excess (deficiency) of revenues over (under) expenditures	(181,000)	(41,181,000)	(28,566,484)	12,614,516	236,500	(64,308,500)	(63,971,318)	337,182
Other financing sources (uses)								
Debt issuance	28,000,000	28,000,000	30,000,000	2,000,000	75,225,000	75,225,000	76,140,000	915,000
Premium on debt issuance	-	-	-	-	-	-	8,414,007	8,414,007
Transfers in	-	-	20,000,000	20,000,000	29,501,900	29,501,900	32,040,759	2,538,859
Transfers out	(35,186,500)	(35,186,500)	(16,514,717)	18,671,783	(97,594,400)	(97,594,400)	(81,229,347)	16,365,053
Total other financing sources (uses)	(7,186,500)	(7,186,500)	33,485,283	40,671,783	7,132,500	7,132,500	35,365,419	28,232,919
Net change in fund balances	$ (7,367,500)	$ (48,367,500)	4,918,799	$ 53,286,299	$ 7,369,000	$ (57,176,000)	(28,605,899)	$ 28,570,101
Fund balances at beginning of year			42,033,114				93,265,967	
Fund balances at end of year			$ 46,951,913				$ 64,660,068	

Riverside County Transportation Commission

Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual–Debt Service Fund

Year Ended June 30, 2017

	Debt Service Fund			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	$ 2,767,000	$ 2,767,000	$ 2,776,347	$ 9,347
Investment income (loss)	346,000	346,000	(72,423)	(418,423)
Total revenues	3,113,000	3,113,000	2,703,924	(409,076)
Expenditures				
Current:				
Highways	-	-	-	-
Total programs	-	-	-	-
Debt service:				
Principal	8,100,000	8,100,000	7,300,000	800,000
Interest	45,529,800	45,529,800	44,589,982	939,818
Cost of issuance	-	-	-	-
Payment to escrow agent	-	-	-	-
Total debt service	53,629,800	53,629,800	51,889,982	1,739,818
Total expenditures	53,629,800	53,629,800	51,889,982	1,739,818
Excess (deficiency) of revenues over (under) expenditures	(50,516,800)	(50,516,800)	(49,186,058)	1,330,742
Other financing sources (uses)				
Debt issuance	-	-	-	-
Premium on debt issuance	-	-	-	-
Transfers in	22,656,900	22,656,900	21,241,611	(1,415,289)
Transfers out	(2,955,000)	(2,955,000)	(28,389,093)	(25,434,093)
Total other financing sources (uses)	19,701,900	19,701,900	(7,147,482)	(26,849,382)
Net change in fund balances	$ (30,814,900)	$ (30,814,900)	(56,333,540)	$ (25,518,640)
Fund balances at beginning of year			78,316,055	
Fund balances at end of year			$ 21,982,515	

Riverside County Transportation Commission

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

Year Ended June 30, 2017

Western County:		
City of Banning	$	550,506
City of Beaumont		-
City of Calimesa		154,482
City of Canyon Lake		173,002
City of Corona		3,937,522
City of Eastvale		1,251,132
City of Hemet		1,651,310
City of Jurupa Valley		1,889,517
City of Lake Elsinore		1,275,832
City of Menifee		1,619,512
City of Moreno Valley		3,816,753
City of Murrieta		2,292,091
City of Norco		640,604
City of Perris		1,471,414
City of Riverside		7,257,448
City of San Jacinto		833,363
City of Temecula		2,919,856
City of Wildomar		601,837
Riverside County		5,197,327
		37,533,508
Coachella Valley:		
City of Cathedral City		1,456,494
City of Coachella		599,853
City of Desert Hot Springs		464,468
City of Indian Wells		230,909
City of Indio		1,860,452
City of Palm Desert		2,651,936
City of Palm Springs		2,000,872
City of Rancho Mirage		871,342
Riverside County		1,738,171
Coachella Valley Association of Governments, including $722,253 due to City of La Quinta		1,444,506
		13,319,003
Palo Verde Valley:		
City of Blythe		822,989
Riverside County		188,511
		1,011,500
Total local streets and roads expenditures	$	51,864,011

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, 2017

	Sales Taxes			
	Measure A	Local Transportation Fund	State Transit Assistance	Total
Western County:				
Blindness Support Services, Inc.	$ 65,859	$ -	$ -	$ 65,859
Boys and Girls Club of Southwest County	175,868	-	-	175,868
Care-A-Van	352,161	-	-	352,161
Care Connexxus	238,983	-	-	238,983
City of Banning	-	1,487,101	-	1,487,101
City of Beaumont	-	2,708,188	207,349	2,915,537
City of Corona	-	1,895,510	159,210	2,054,720
City of Norco	60,000	-	-	60,000
City of Riverside	-	3,604,996	258,847	3,863,843
Community Connect	277,660	-	-	277,660
Friends of the Moreno Valley Senior Citizens	68,376	-	-	68,376
Forest Folk	52,000	-	-	52,000
Independent Living Partnership	373,880	-	-	373,880
Inland Aids Project	33,722	-	-	33,722
Operation Safe House	30,572	-	-	30,572
Riverside County Regional Medical Center	305,000	-	-	305,000
Riverside County Department of Mental Health	196,576	-	-	196,576
Riverside Transit Agency	2,794,332	37,215,594	887,607	40,897,533
United States Veterans Initiative	43,305	-	-	43,305
Voices for Children	92,369	-	-	92,369
Other	144,192	-	13,827	158,019
	5,304,855	46,911,389	1,526,840	53,743,084
Coachella Valley:				
SunLine Transit Agency	5,835,696	18,745,493	1,100,417	25,681,606
	5,835,696	18,745,493	1,100,417	25,681,606
Palo Verde Valley:				
Palo Verde Valley Transit Agency	-	852,550	67,782	920,332
	-	852,550	67,782	920,332
Total transit and specialized transportation expenditures	$ 11,140,551	$ 66,509,432	$ 2,695,039	$ 80,345,022

Riverside County Transportation Commission
Schedule of Uses of Debt Proceeds and Fund Balances
Year Ended June 30, 2017

	Special Revenue	Capital Projects			
	TIFIA Loan	Commercial Paper Notes	Sales Tax Revenue Bonds	Toll Revenue Bonds	
	91 Project	I-15 Express Lanes, advance agreements, and other	91 Project, advance agreements, and other	91 Project	Total
Revenues					
Investment income	$ -	$ 1,798,873	$ 518,174	$ 77,714	$ 2,394,761
Total revenues	-	1,798,873	518,174	77,714	2,394,761
Expenditures					
Highways — design-build	143,358,089	-	-	-	143,358,089
Swap termination payment	-	10,292,000	-	-	10,292,000
Debt service	-	20,073,357	64,554,007	-	84,627,364
Total expenditures	143,358,089	30,365,357	64,554,007	-	238,277,453
Excess (deficiency) of revenues over (under) expenditures	(143,358,089)	(28,566,484)	(64,035,833)	77,714	(235,882,692)
Other financing sources (uses)					
Debt issuance	143,358,089	30,000,000	76,140,000	-	249,498,089
Premium	-	-	8,414,007	-	8,414,007
Transfers in					
Retirement of outstanding commercial paper notes	-	20,000,000	-	-	20,000,000
91 Project equity contribution	-	-	29,501,918	-	29,501,918
Excess earnings	-	-	-	2,525,642	2,525,642
Transfers out					
Debt service on advance agreements	-	(3,525,253)	-	-	(3,525,253)
Excess earnings to offset debt service	-	-	(410,943)	-	(410,943)
Retirement of commercial paper notes	-	-	(20,000,000)	-	(20,000,000)
91 Express Lanes operations and maintenance	-	-	-	(3,137,666)	(3,137,666)
Requisitions to reimburse Commission funds					
Salaries and benefits	-	-	(456,862)	(70)	(456,932)
Professional services	-	(4,236,970)	(2,125,037)	(537,197)	(6,899,204)
Support services	-	(14,462)	(186,386)	(40,510)	(241,358)
Program operations	-	(396,007)	(708,088)	(168,481)	(1,272,576)
Engineering	-	(338,716)	(70)	-	(338,786)
Construction	-	-	(5,646,499)	(10,079,381)	(15,725,880)
Right of way	-	(87,495)	(6,284,311)	(1,074,004)	(7,445,810)
Design-build	-	(7,915,814)	(22,804,052)	(7,177,224)	(37,897,090)
Other	-	-	(143,466)	(249,100)	(392,566)
Total other financing sources (uses)	143,358,089	33,485,283	55,290,211	(19,937,991)	212,195,592
Net change in fund balance	-	4,918,799	(8,745,622)	(19,860,277)	(23,687,100)
Fund balances at beginning of year	-	42,033,114	72,278,136	20,987,831	135,299,081
Fund balances at end of year	$ -	$ 46,951,913	$ 63,532,514	$ 1,127,554	$ 111,611,981

RIVERSIDE
COUNTY
TRANSPORTATION
COMMISSION

New Metrolink Tier 4 Locomotive at Downtown Perris Station

Statistical Section

Riverside County Transportation Commission
Statistical Section Overview

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

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

Net 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

Riverside County Transportation Commission
Primary Government Net Position by Component
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities:										
Net Investment in capital assets	$ 377,309,766	$ 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]
Restricted	596,214,012	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
Unrestricted (deficit)	(538,356,445)	(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)
Total governmental activities net position	$ 435,167,333	$ 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
Business-type activities:										
Net Investment in capital assets	$ (301,737,495)									
Restricted	242,134,144									
Unrestricted (deficit)	$ (234,075,489)									
Total business-type activities net position	$ (293,678,840) [7]									

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.

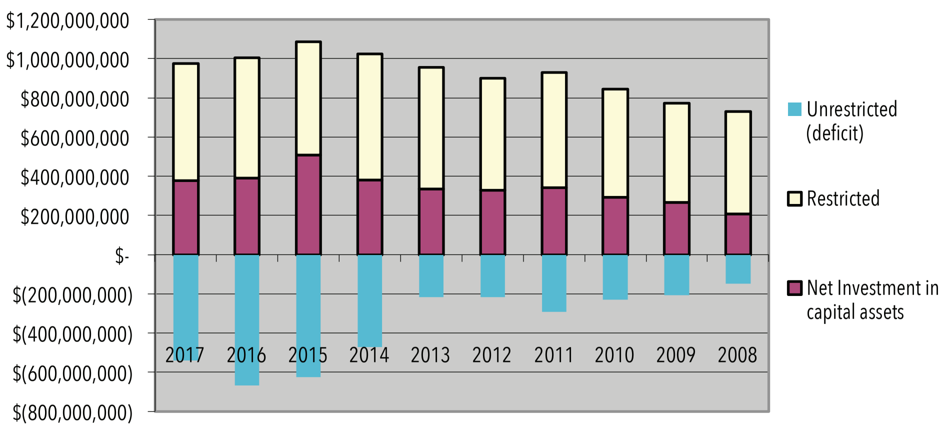
[4] Net investment in capital assets increased in 2011 primarily as a result of the planning and development of toll projects and right of way acquisiton for the 91 Project and Perris Valley Line extension project.

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

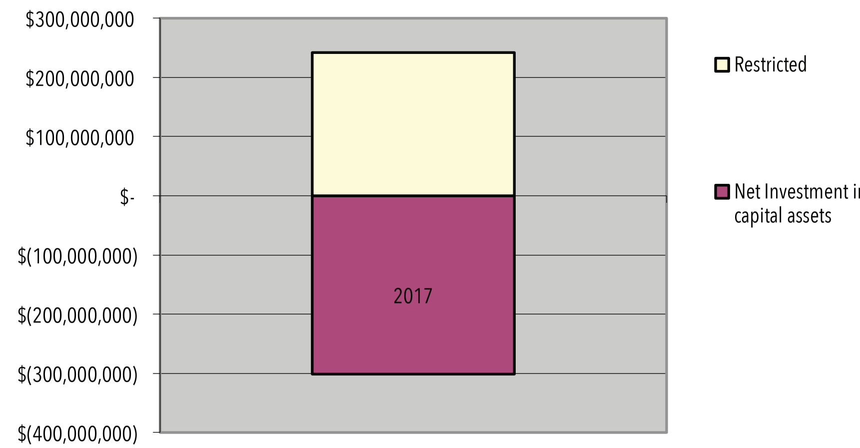
[6] In FY 2015, the Commission implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.* Prior year amounts in this presentation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

[7] In FY 2017, the Commission reached substantial completion on the 91 Project and in March 2017 the RCTC 91 Express Lanes opened to motorists.

Governmental Activities Net Position by Component



Business-type Activities Net Position by Component



Riverside County Transportation Commission
Changes in Primary Government Net Position
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year Ended June 30				
	2017 [2]	2016	2015 [1]	2014	2013
Expenses					
Governmental activities:					
General government	$ 7,258,051	$ 6,614,285	$ 7,402,725	$ 6,994,832	$ 6,959,827
Bicycle and pedestrian projects	1,314,932	212,547	1,747,090	1,065,476	956,308
CETAP	2,489,440	1,871,426	4,130,374	2,195,074	954,700
Commuter assistance	2,658,782	2,615,610	2,914,990	3,171,842	2,904,048
Commuter rail	38,964,217	41,449,269	20,455,178	17,255,402	23,531,252
Highways	264,283,974	245,668,543	228,857,938	339,194,681	59,604,916
Local streets and roads	51,864,011	49,826,564	48,615,708	46,677,580	44,594,891
Motorist assistance	4,164,892	4,149,320	4,314,601	3,498,420	3,563,581
Planning and programming	3,141,759	3,965,071	3,064,115	3,216,441	3,725,703
Right of way management	-	-	-	-	-
Regional arterials	19,040,012	23,095,562	21,010,980	23,886,840	17,047,135
Transit and specialized transportation	80,724,591	70,611,967	86,712,958	78,723,898	55,659,188
Interest expense	49,214,579	53,558,472	50,037,270	52,939,762	15,364,677
Total governmental activities expenses	525,119,240	503,638,636	479,263,927	578,820,248	234,866,226
Business-type activities:					
RCTC 91 Express Lanes	13,260,254	-	-	-	-
Total primary government expenses	$ 538,379,494	$ 503,638,636	$ 479,263,927	$ 578,820,248	$ 234,866,226
Program Revenues					
Governmental activities:					
Charges for services					
Commuter assistance	$ -	$ -	$ -	$ -	$ 1,500
Commuter rail	250,416	255,847	786,869	297,911	107,194
Right of way management	-	-	-	-	-
Highways	-	-	90,655	412,535	796,385
Motorist assistance	635,373	1,076,751	21,307	15,026	13,915
Planning and programming	-	-	-	-	-
Other	447	421	450	999	14,873
Operating grants and contributions	35,611,287	42,568,860	57,784,238	61,767,456	46,567,900
Capital grants and contributions	16,451,903	54,062,314	70,133,121	71,744,926	4,897,301
Total governmental activities program revenues	52,949,426	97,964,193	128,816,640	134,238,853	52,399,068
Business-type activities:					
Charges for services					
RCTC 91 Express Lanes	10,123,572	-	-	-	-
Operating grants and contributions	1,723	-	-	-	-
Capital grants and contributions	-	-	-	-	-
Total business-type activities program revenues	10,125,295	-	-	-	-
Total primary government revenutes	63,074,721	97,964,193	128,816,640	134,238,853	52,399,068
Net Revenues (Expenses)					
Governmental activities	(472,169,814)	(405,674,443)	(350,447,287)	(444,581,395)	(182,467,158)
Business-type activities	(3,134,959)	-	-	-	-
Total primary government net expense	$ (475,304,773)	$ (405,674,443)	$ (350,447,287)	$ (444,581,395)	$ (182,467,158)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Measure A sales taxes	$ 175,320,207	$ 167,630,239	$ 163,092,776	$ 156,355,894	$ 149,428,124
Transportation Development Act sales taxes	94,639,514	97,134,594	94,816,814	91,953,554	86,999,018
Unrestricted investment earnings	4,262,323	8,383,732	6,060,400	9,794,662	1,664,789
Other miscellaneous revenue	5,859,819	4,950,964	1,643,078	556,049	604,181
Gain on sale of capital assets	-	738,335	-	14,574	-
Transfers	290,547,316	-	-	-	-
Total governmental activities	570,629,179	278,837,864	265,613,068	258,674,733	238,696,112
Business-type activities:					
Unrestricted investment earnings	3,435	-	-	-	-
Transfers	(290,547,316)	-	-	-	-
Total business-type activities	(290,543,881)	-	-	-	-
Total primary government	$ 280,085,298	$ 278,837,864	$ 265,613,068	$ 258,674,733	$ 238,696,112
Changes in Net Position					
Governmental activities	$ 98,459,365	$ (126,836,579)	$ (84,834,219)	$ (185,906,662)	$ 56,228,954
Business-type activities	(293,678,840)	-	-	-	-
Total primary government	$ (195,219,475)	$ (126,836,579)	$ (84,834,219)	$ (185,906,662)	$ 56,228,954

Source: Finance Department

[1] 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.

[2] In FY 2017 the Commission reached substantial completion on the 91 Project and in March 2017 the RCTC 91 Express Lanes opened to motorists. Additionally, the Commission early implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, and GASB Statement No. 85, Omnibus 2017*.

Riverside County Transportation Commission
Changes in Primary Government Net Position
Last Ten Fiscal Years
(Accrual Basis)

	Fiscal Year Ended June 30				
	2017 [2]	2016	2015 [1]	2014	2013
Expenses					
Governmental activities:					
General government	$ 7,258,051	$ 6,614,285	$ 7,402,725	$ 6,994,832	$ 6,959,827
Bicycle and pedestrian projects	1,314,932	212,547	1,747,090	1,065,476	956,308
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Local streets and roads	51,864,011	49,826,564	48,615,708	46,677,580	44,594,891
Motorist assistance	4,164,892	4,149,320	4,314,601	3,498,420	3,563,581
Planning and programming	3,141,759	3,965,071	3,064,115	3,216,441	3,725,703
Right of way management	-	-	-	-	-
Regional arterials	19,040,012	23,095,562	21,010,980	23,886,840	17,047,135
Transit and specialized transportation	80,724,591	70,611,967	86,712,958	78,723,898	55,659,188
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Governmental activities:					
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Operating grants and contributions	35,611,287	42,568,860	57,784,238	61,767,456	46,567,900
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Other miscellaneous revenue	5,859,819	4,950,964	1,643,078	556,049	604,181
Gain on sale of capital assets	-	738,335	-	14,574	-
Transfers	290,547,316	-	-	-	-
Total governmental activities	570,629,179	278,837,864	265,613,068	258,674,733	238,696,112
Business-type activities:					
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Transfers	(290,547,316)	-	-	-	-
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Business-type activities	(293,678,840)	-	-	-	-
Total primary government	$ (195,219,475)	$ (126,836,579)	$ (84,834,219)	$ (185,906,662)	$ 56,228,954

Source: Finance Department

[1] 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.

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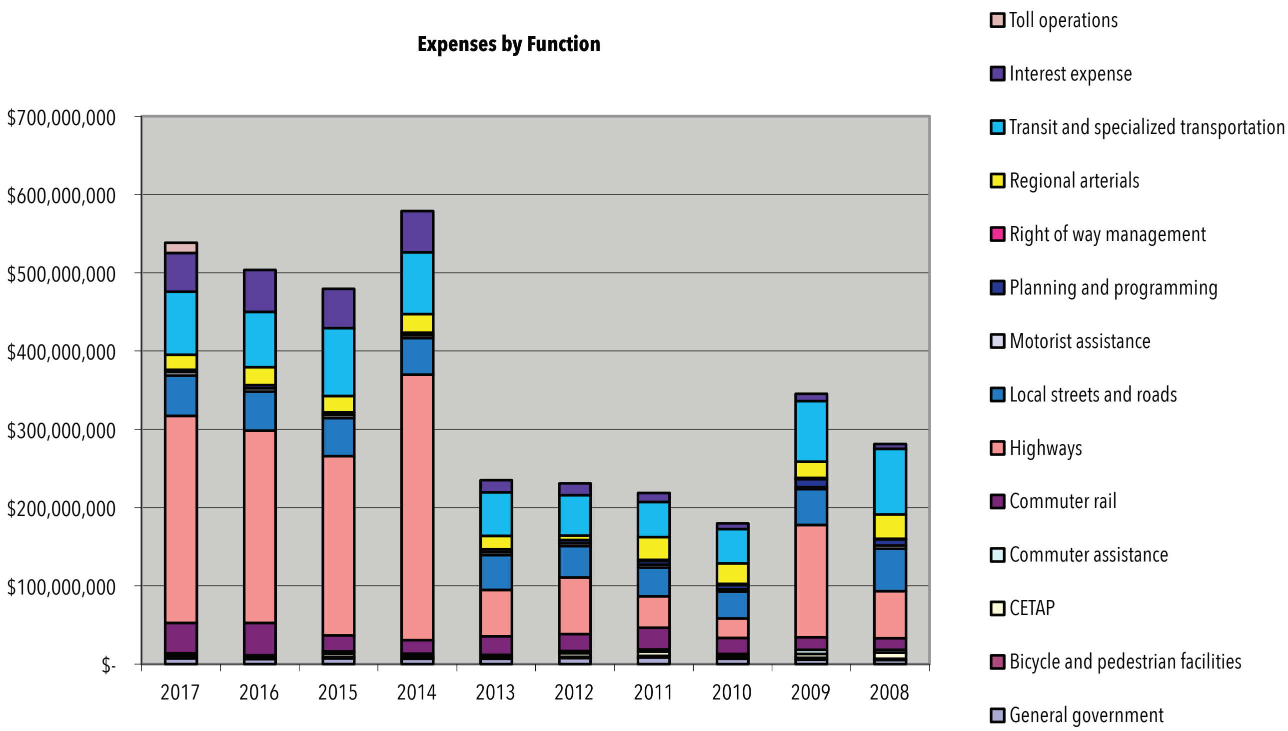
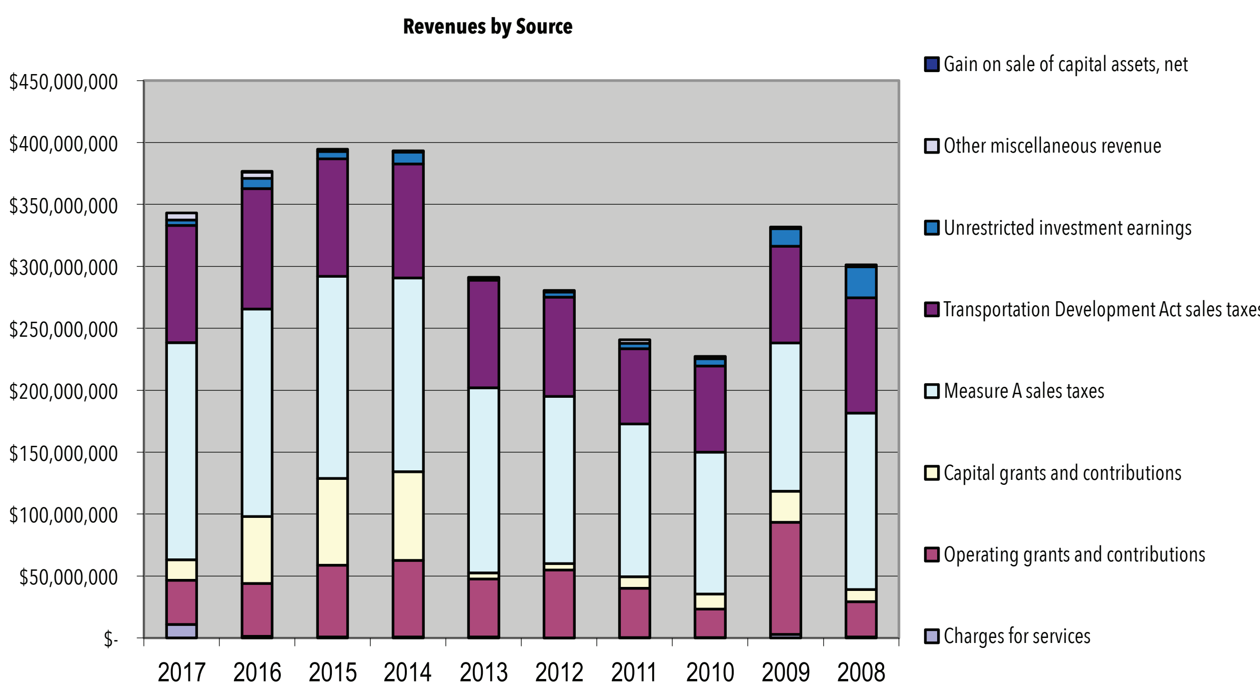
Riverside County Transportation Commission

Changes in Primary Government 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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
GENERAL FUND										
General fund:										
Nonspendable	$ 232,759	$ 192,235	$ 255,446	$ 257,721	$ 194,794	$ 157,957	$ 143,397	$ 253,819		
Restricted	16,321,159	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	2,572,182	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	$ 19,126,100	$ 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
Unreserved									3,348,711	3,238,251
Total general fund									$ 10,105,419	$ 10,125,237
ALL OTHER GOVERNMENTAL FUNDS										
All other governmental funds:										
Nonspendable	$ 9,162,068	$ 10,848,614	$ 21,510,571	$ 31,978,235	$ 3,274,483	$ 1,481,019	$ 5,389,775	$ 2,554,136		
Restricted	678,147,954	718,780,598	772,109,076	988,908,077	606,072,061	560,412,373	570,450,515	535,752,354 [1]		
Unassigned	(23,054)	-	-	-	-	-	-	-		
Total all other governmental funds	$ 687,286,968	$ 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
Unreserved, reported in:										
Special revenue funds									8,289,036	7,297,744
Capital projects funds									(49,576,636)	(7,253,535)
Total all other governmental funds									$ 446,138,052	$ 520,918,857

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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Sales taxes	$ 269,959,721	$ 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
Transportation Uniform Mitigation Fee	19,594,829	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
Intergovernmental	32,467,616	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
Investment income	4,483,174	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
Vehicle registration user fees	-	-	-	-	-	-	-	-	1,677,374	1,684,088
Other	6,746,055	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
Total revenues	333,251,395	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
Expenditures										
Current:										
General Government	6,558,752	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
Programs:										
Bicycle and pedestrian facilities	1,314,932	233,815	1,747,090	1,065,476	956,308	1,389,567	1,940,499	317,048	2,747,151	1,436,710
CETAP	4,028,104	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
Commuter assistance	2,686,073	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
Commuter rail	32,820,139	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
Highways	250,383,800	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
Local streets and roads	51,864,011	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
Motorist assistance	4,177,349	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
Planning and programming	3,248,031	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
Right of way management	-	-	-	-	-	- [4]	1,270,487	1,428,066	1,399,316	551,960
Regional arterials	19,056,339	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
Transit and specialized transportation	80,764,125	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
Debt service:										
Principal	27,317,242	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
Interest	44,684,153	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
Cost of Issuance	654,007	-	-	7,050,855	-	-	1,493,196	675,464	-	1,261,668
Payment to escrow agent	63,900,000	-	-	-	-	-	-	-	-	-
Intergovernmental distributions	-	-	-	-	-	-	-	-	975,833	992,460
Capital outlay	5,670,356	1,182,208	475,334	143,888	220,443	209,716	147,297	124,080	1,055,997	335,023
Total expenditures	599,127,413	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
Excess (deficiency) of revenues over (under) expenditures	(265,876,018)	(312,173,267)	(276,578,072)	(265,539,142)	(13,391,724)	(53,786,025)	(131,235,817)	(43,285,983)	(128,633,750)	(179,365,540)
Other financing sources (uses):										
Sales of capital assets	-	-	-	-	-	-	-	-	-	-
Capital lease	-	-	-	-	-	-	-	-	117,127	-
Debt issuance	249,498,089	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
Discount on debt issuance	-	-	-	(2,433,315)	-	-	(967,467)	(278,685)	-	-
Premium on debt issuance	8,414,007	-	-	38,328,775	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(129,394,875)	-	-
Transfers in	182,713,859	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
Transfers out	(208,758,271)	(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)
Total other financing sources (uses)	231,867,684	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
Net change in fund balances	$ (34,008,334)	$ (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)
Debt service as a percentage of noncapital expenditures	12.2%	10.6%	11.0%	19.1% [5]	9.3%	22.5%	32.5% [3]	23.3% [2]	9.9%	31.0% [1]

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

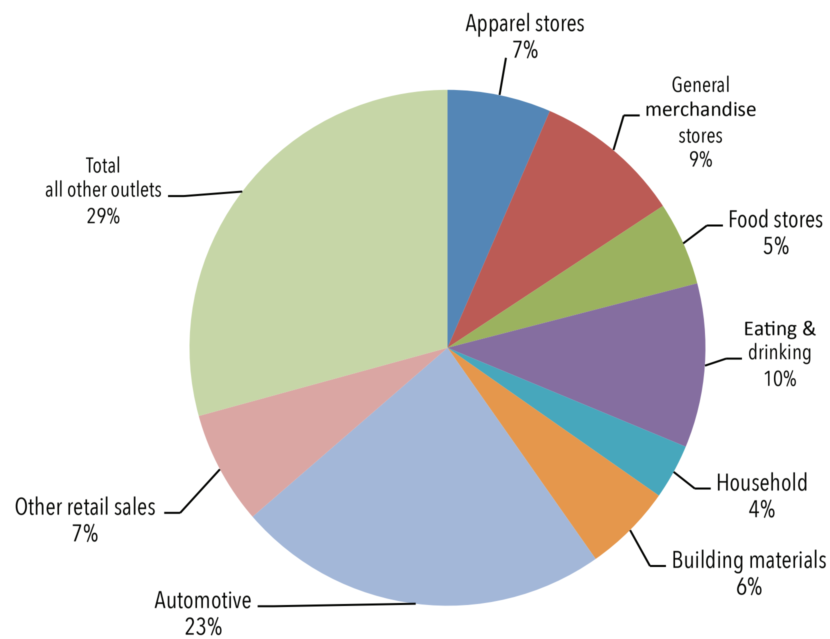
Last Ten Calendar Years (In Thousands)

	2015[1]	2014	2013	2012	2011	2010	2009	2008	2007	2006
Apparel stores	$ 2,136,728	$ 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
General merchandise stores	3,040,244	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
Food stores	1,727,518	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
Eating & drinking	3,384,494	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
Household	1,135,235	1,030,455	996,484	930,068	914,888	412,325	858,098	816,379	843,945	948,217
Building materials	1,826,294	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
Automotive	7,693,173	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
Other retail sales	2,338,039	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
Total all other outlets	9,629,185	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
	$ 32,910,910	$ 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
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 2015



Riverside County Transportation Commission

Direct and Overlapping Sales Tax Rates

Last Ten Fiscal Years

Fiscal Year	Measure A Direct Rate [1]	County of Riverside	
2017	0.50%	7.75%	
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%	

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

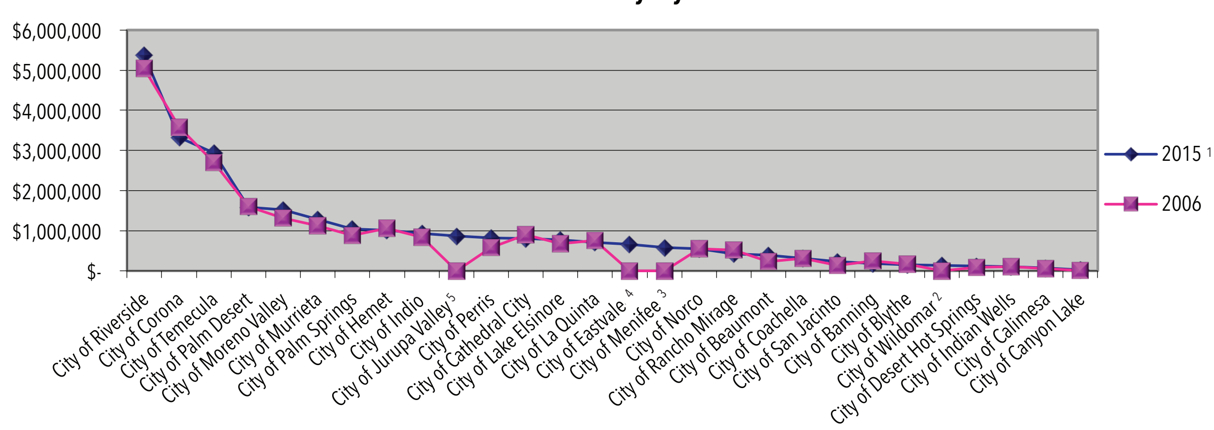
Current Year and Nine Years Ago

	2015 [1]			2006		
	Taxable Sales (in thousands)	Rank	Percentage of Total	Taxable Sales (in thousands)	Rank	Percentage of Total
City of Riverside	$ 5,371,364	2	16.3%	$ 5,034,072	2	16.9%
City of Corona	3,320,557	3	10.1%	3,576,700	3	12.0%
City of Temecula	2,940,438	4	8.9%	2,704,675	4	9.1%
City of Palm Desert	1,580,448	5	4.8%	1,593,699	5	5.3%
City of Moreno Valley	1,524,713	6	4.6%	1,307,961	6	4.4%
City of Murrieta	1,281,529	7	3.9%	1,120,712	7	3.8%
City of Palm Springs	1,039,923	8	3.2%	876,319	10	2.9%
City of Hemet	1,004,651	9	3.1%	1,053,235	8	3.5%
City of Indio	931,694	10	2.8%	837,877	11	2.8%
City of Jurupa Valley[5]	867,292	11	2.6%	-	-	N/A
City of Perris	815,256	12	2.5%	579,848	14	1.9%
City of Cathedral City	804,140	13	2.4%	898,801	9	3.0%
City of Lake Elsinore	765,716	14	2.3%	682,818	13	2.3%
City of La Quinta	707,515	15	2.1%	754,063	12	2.5%
City of Eastvale[4]	656,460	16	2.0%	-	-	N/A
City of Menifee[3]	580,358	17	1.8%	-	-	N/A
City of Norco	543,871	18	1.7%	557,095	15	1.9%
City of Rancho Mirage	429,732	19	1.3%	514,119	16	1.7%
City of Beaumont	394,993	20	1.2%	235,969	19	0.8%
City of Coachella	307,891	21	0.9%	308,190	17	1.0%
City of San Jacinto	237,342	22	0.7%	127,728	21	0.4%
City of Banning	185,498	23	0.6%	249,506	18	0.8%
City of Blythe	157,847	24	0.5%	173,316	20	0.6%
City of Wildomar[2]	139,384	25	0.4%	-	-	N/A
City of Desert Hot Springs	127,502	26	0.4%	95,513	23	0.3%
City of Indian Wells	100,954	27	0.3%	105,715	22	0.4%
City of Calimesa	64,524	28	0.2%	50,575	24	0.2%
City of Canyon Lake	18,299	29	0.1%	12,496	25	0.0%
Incorporated	26,899,891		81.7%	23,451,002		78.7%
Unincorporated	6,011,019	1	18.3%	6,365,235	1	21.3%
Countywide	$ 32,910,910		100.0%	$ 29,816,237		100.0%
California	$ 633,941,981			$ 559,652,437		

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.

Taxable Sales by City



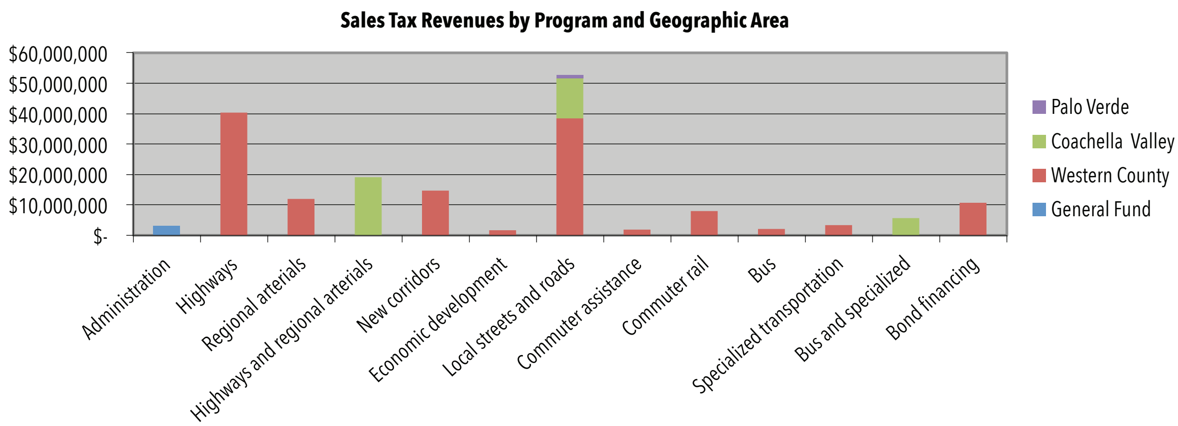
Riverside County Transportation Commission

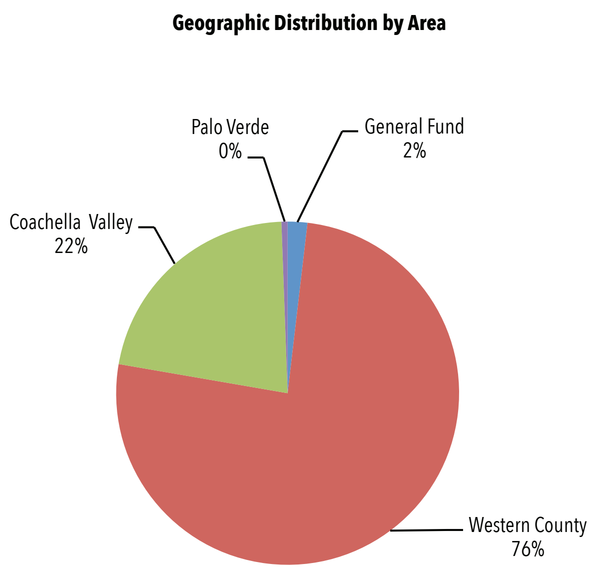
Measure A Sales Tax Revenues by Program and Geographic Area

Year Ended June 30, 2017

	General Fund	Special Revenue Funds: Western County	Special Revenue Funds: Coachella Valley	Special Revenue Funds: Palo Verde	Total
Administration	$ 3,250,000	$ -	$ -	$ -	$ 3,250,000
Highways	-	40,376,339	-	-	40,376,339
Regional arterials	-	11,875,394	-	-	11,875,394
Highways and regional arterials	-	-	19,027,148	-	19,027,148
New corridors	-	14,646,319	-	-	14,646,319
Economic development incentives	-	1,583,386	-	-	1,583,386
Local streets and roads	-	38,397,107	13,319,003	1,011,500	52,727,610
Public transit:					
Commuter assistance	-	1,979,232	-	-	1,979,232
Commuter rail	-	8,075,268	-	-	8,075,268
Bus	-	2,018,817	-	-	2,018,817
Specialized transportation	-	3,364,695	-	-	3,364,695
Bus and specialized transportation	-	-	5,708,144	-	5,708,144
Bond financing	-	10,687,855	-	-	10,687,855
	$ 3,250,000	$ 133,004,412	$ 38,054,295	$ 1,011,500	$ 175,320,207

Source: Finance Department





Riverside County Transportation Commission

Measure A Sales Tax by Economic Category

Last Ten Calendar Years

	% of Total									
Economic Category	**2016[1]**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**
General retail	28.9	28.8	28.4	28.7	28.8	29.8	30.9	30.9	28.2	26.8
Transportation	25.1	25.9	26.6	27.0	26.9	27.1	25.0	22.8	24.9	26.1
Food products	17.7	17.3	16.6	16.1	16.2	16.4	17.0	17.8	16.0	14.4
Business to business	15.3	15.0	14.4	14.5	15.0	14.1	14.5	15.2	16.4	15.9
Construction	10.8	10.8	12.0	11.8	11.1	10.5	10.5	11.1	12.3	14.4
Miscellaneous	2.2	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	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
2017	$ 175,320,207	4.59%	$ 51,889,982	3.38	$ -	$ 51,889,982	3.38
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

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					Business-Type Activities				
Year	Sales Tax Revenue Bonds, net of premium and discount	Commercial Paper	Contract Payable	MSHCP Funding Liability	Capital Leases	Toll Revenue Bonds, net of discount and accretion	TIFIA Loan	Total Primary Government	Percentage of Personal Income [1]	Debt per Capita [1]
2017	$ 792,916,124	$ 30,000,000	$ -	$ 9,000,000	$ 28,939	$ 189,923,251	$ 438,628,419	$ 1,460,496,733	N/A	$ 612.42
2016	782,532,106	20,000,000	-	12,000,000	46,181	185,607,330	277,696,320	1,277,881,937	N/A	551.30
2015	792,297,152	-	-	15,000,000	60,357	181,557,045	48,904,095	1,037,818,649	1.24%	436.30
2014	801,782,659	-	-	18,000,000	72,011	177,755,391	-	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

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 116 for personal income and population data.

Riverside County Transportation Commission

Computation of Legal Debt Margin[1]

Last Ten Fiscal Years

	Fiscal Year 2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
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	$ 975,000,000	$ 500,000,000	$ 500,000,000	$ 500,000,000
Amount of debt applicable to debt limit	786,240,000	771,300,000	759,100,000	766,500,000	371,400,000	318,200,000	324,700,000	264,284,000	236,395,000	126,395,000
Legal debt margin	$188,760,000	$ 203,700,000	$ 215,900,000	$ 208,500,000	$ 603,600,000	$ 656,800,000	$ 650,300,000	$ 235,716,000	$ 263,605,000	$ 373,605,000
% of debt to legal debt limit	80.6%	79.1%	77.9%	78.6%	38.1%	32.6%	33.3%	52.9%	47.3%	25.3%
Measure A Ordinance No. 88-1, as amended by Ordinance 92-1[3]										
Total debt limit authorized									$ 525,000,000	$ 525,000,000
Amount of debt applicable to debt limit									-	33,630,000
Legal debt margin									$ 525,000,000	$ 491,370,000
% of debt to legal debt limit									0.0%	6.4%

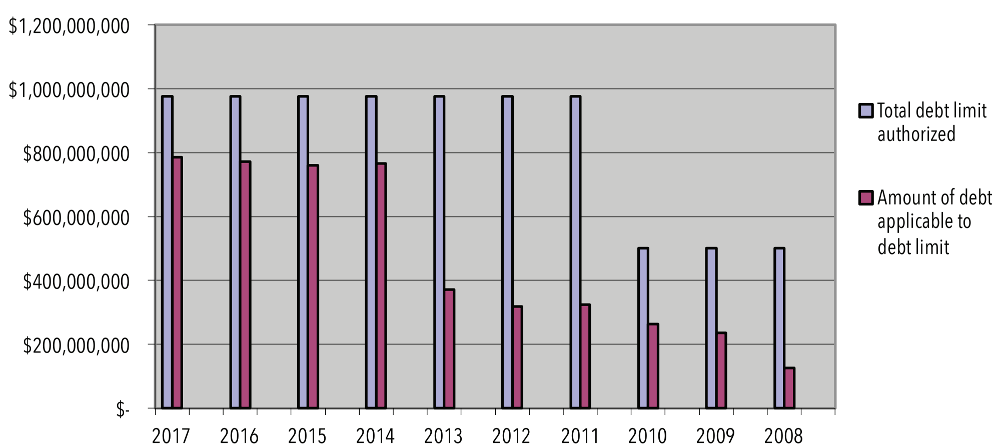
Source: Finance Department

[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.

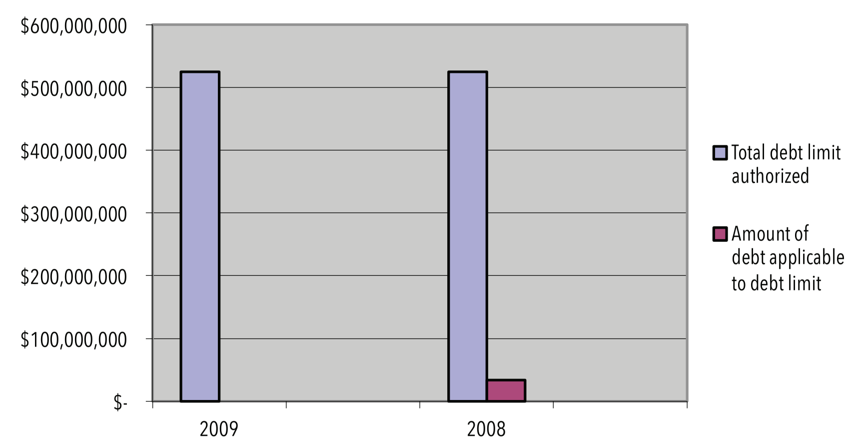
[2] Ordinance No. 02-001 was approved by a 2/3 majority of the voters in November 2002. In November 2010, a majority of the voters approved Ordinance No. 10-002 to increase the debt limit from $500 million to $975 million.

[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]
2017	2,384,783	N/A	N/A	0.0%
2016	2,347,828	N/A	N/A	6.1%
2015	2,317,924	$ 84,025,987	$ 35,589	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%

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 2016 and Nine Years Prior

Industry Type	2016 [1]	% of Total Employment	2007	% of Total Employment
Agricultural services, forestry, fishing and other	12,800	1.9%	13,000	2.1%
Mining	300	0.3%	700	0.1%
Construction	58,600	8.6%	68,900	11.1%
Manufacturing	42,700	6.3%	54,400	8.7%
Transportation, warehousing, and public utilities	37,400	5.5%	20,900	3.4%
Wholesale trade	23,800	3.5%	21,100	3.4%
Retail trade	91,600	13.4%	88,000	14.1%
Professional & business services	65,200	9.6%	63,000	10.1%
Education & health services	100,200	14.7%	67,700	10.9%
Leisure & hospitality	88,200	12.9%	73,700	11.8%
Finance, insurance, and real estate	21,400	3.1%	23,000	3.7%
Other services	22,300	3.3%	20,100	3.2%
Federal government, civilian	7,100	1.0%	6,400	1.0%
State government	17,000	2.5%	15,400	2.4%
Local government	93,600	13.7%	87,100	14.0%
Total employment	682,200	100.0%	623,400	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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Management services and administration	17.1	14.7	16.2	13.8	14.1	13.9	12.7	8.9	12.7	17.6
Planning and programming	4.9	6.2	6.1	5.9	4.9	5.1	5.2	5.5	5.1	5.4
Rail operations and maintenance	4.3	4.5	4.0	3.1	2.9	3.3	3.1	3.3	2.9	3.1
Specialized transit/transportation	2.7	2.3	2.3	3.4	2.5	2.5	2.6	2.6	2.2	2.0
Commuter assistance	1.4	1.8	3.0	1.7	1.8	1.6	1.6	1.8	1.2	1.3
Motorist assistance	0.8	0.7	0.7	0.9	0.9	1.2	0.9	0.7	0.8	0.7
Capital project development and delivery	15.8	15.8	13.7	15.2	13.9	12.3	11.9	14.2	11.1	7.9
Total full-time equivalents	47.0	46.0	46.0	44.0	41.0	40.0	38.0	37.0	36.0	38.0

Source: Finance Department

Riverside County Transportation Commission

Operating Indicators

Last Ten Fiscal Years

	As of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Toll operations:										
Gross trips	4,049,067	-	-	-	-	-	-	-	-	-
Gross potential revenue	$ 9,618,429	-	-	-	-	-	-	-	-	-
Average gross potential revenue per trip	$ 2.38	-	-	-	-	-	-	-	-	-
Commuter rail operations:										
Growth of average daily ridership on commuter lines:										
Riverside line	4,293	4,404	4,651	4,715	4,911	5,279	5,177	5,124	5,269	5,184
IEOC line	4,440	4,438	4,613	4,522	4,317	4,142	3,855	4,011	4,611	4,859
91 line	2,767	2,610	2,419	2,340	2,407	2,254	2,289	2,205	2,344	2,261
Farebox recovery ratio:										
Riverside line	43.2%	45.7%	49.6%	50.9%	57.0%	58.5%	59.8%	52.5%	51.0%	53.01%
IEOC line	30.0%	33.4%	32.6%	37.6%	34.9%	31.3%	31.1%	28.3%	37.3%	42.60%
91 line	21.6%	27.7%	38.6%	51.3%	42.2%	49.7%	54.6%	49.3%	53.0%	45.53%
Specialized transit/transportation:										
Specialized transit grants awarded	17	17	20	22	22	21	22	22	22	14
Commuter assistance:										
Club Ride members	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7,378	5,860
Rideshare Incentive members	505	597	736	1,106	926	1,056	1,061	1,131	N/A	N/A
Rideshare Plus Rewards members	792	1,142	3,723	5,770	6,786	4,848	5,518	7,080	N/A	N/A
Incoming 1-866-RIDESHARE telephone calls	5,227	5,026	1,797	2,625	2,527	1,531	1,257	2,145	2,423	3,709
Rideshare Connection bulletins produced	N/A	N/A	8	10	13	11	13	N/A	N/A	N/A
Rideguides produced	5,219	8,607	6,527	10,059	14,813	15,628	29,052	43,319	34,940	23,121
Commuter Exchange events	N/A	N/A	48	54	55	52	52	50	73	71
Motorist assistance:										
Call boxes	240	545	549	570	580	594	613	614	614	630
Calls made from call boxes	2,161	3,053	3,882	4,685	5,337	5,043	5,251	5,934	6,574	7,543
Contracted Freeway Service Patrol vehicles	20	21	21	21	21	21	22	22	20	20
Assists by Freeway Service Patrol	40,180	36,711	42,471	44,278	43,633	42,748	45,751	48,312	43,119	45,500
IE511 web visits	618,130	473,462	452,713	443,359	399,730	341,716	244,277	N/A	N/A	N/A
IE511 call volumes	201,099	233,895	263,757	306,108	351,161	362,957	489,036	N/A	N/A	N/A
Transportation Uniform Mitigation Fee program:										
Approved regional arterial projects	20	24	24	24	24	24	24	24	24	24
Measure A program:										
Highways	$ 250,360,723	$ 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
Commuter rail	8,528,984	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
Regional arterials	14,739,703	17,090,247	5,012,254	1,441	1,787	124	8,638,637	11,920,846	12,645,090	18,220,540
Local streets and roads	51,864,011	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
Specialized transit and commuter assistance	13,826,624	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
Total program expenditures	$ 339,320,045	$ 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

Source: Commission Departments

Riverside County Transportation Commission

Capital Asset Statistics by Program

Last Ten Fiscal Years

	As of June 30									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Commuter rail:										
Transit centers owned and managed	1	1	1	1	1	1	-	-	-	-
Commuter rail stations owned and managed	9	9	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
Toll operations:										
Storage and maintenance building	1	-	-	-	-	-	-	-	-	-
Toll utility buildings	3	-	-	-	-	-	-	-	-	-
Regional operations center buildings	2	-	-	-	-	-	-	-	-	-
Miles of express lanes	36	-	-	-	-	-	-	-	-	-
Toll collection system	1	-	-	-	-	-	-	-	-	-
On-road closed circuit TV cameras	36	-	-	-	-	-	-	-	-	-
Traffic operations center system	1	-	-	-	-	-	-	-	-	-
Communications network	1	-	-	-	-	-	-	-	-	-
Changeable message signs	8	-	-	-	-	-	-	-	-	-

Source: Commission Departments

RIVERSIDE
COUNTY
TRANSPORTATION
COMMISSION

Riverside County
Transportation Commission

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