

**INLAND EMPIRE
PUBLIC FACILITIES CORPORATION**

AUDIT REPORT

JUNE 30, 2010

INLAND EMPIRE PUBLIC FACILITIES CORPORATION

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For The Year Ended June 30, 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Inland Empire Public Facilities Corporation
San Bernardino, California

We have audited the accompanying financial statements of each major fund of the Inland Empire Public Facilities Corporation (the "Corporation"), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2010, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Inland Empire Public Facilities Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Inland Empire Public Facilities Corporation as of June 30, 2010, and the respective changes in financial position thereof, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, 6 and 12 to the financial statements, the Corporation adopted the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives Instruments*, in 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2010, on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Corporation has not presented management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Inland Empire Public Facilities Corporation's financial statements. The supplementary information on those pages listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Vawter, Tami, Day, Co., LLP

Rancho Cucamonga, California
October 19, 2010

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT A

	Construction and Improvement Project	West Valley Detention Center Project	Medical Center Project	Glen Helen Blockbuster Project
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 16,154,417	\$ 65,228	\$ 2,455,577	\$ 1,123,878
Investments	-	-	49,371,286	-
Interest receivable	88	-	413,444	6
Receivable from County of San Bernardino	-	-	80,899	-
Current portion of gross lease payments receivable	8,813,711	9,043,020	45,728,072	711,848
Current portion of unearned lease interest income	<u>(3,996,604)</u>	<u>(4,267,970)</u>	<u>(31,958,621)</u>	<u>(374,015)</u>
Total Current Assets	<u>20,971,612</u>	<u>4,840,278</u>	<u>66,090,657</u>	<u>1,461,717</u>
Noncurrent Assets:				
Gross lease payments receivable, net of current portion	44,441,200	71,991,845	770,728,375	12,759,772
Unearned lease interest income, net of current portion	(10,750,209)	(18,831,917)	(368,469,586)	(3,355,601)
Deferred Certificates of Participation issuance costs	<u>617,309</u>	<u>1,047,344</u>	<u>5,421,622</u>	<u>96,210</u>
Total Noncurrent Assets	<u>34,308,300</u>	<u>54,207,272</u>	<u>407,680,411</u>	<u>9,500,381</u>
TOTAL ASSETS	<u>55,279,912</u>	<u>59,047,550</u>	<u>473,771,068</u>	<u>10,962,098</u>
LIABILITIES				
Current Liabilities:				
Interest payable	855,411	520,751	12,678,828	3,279
Accounts payable	-	-	120,880	-
Current portion of Certificates of Participation payable	<u>6,890,000</u>	<u>5,970,000</u>	<u>17,380,000</u>	<u>675,000</u>
Total Current Liabilities	<u>7,745,411</u>	<u>6,490,751</u>	<u>30,179,708</u>	<u>678,279</u>
Noncurrent Liabilities:				
Certificates of Participation payable net of current portion	44,895,000	59,110,000	502,190,000	12,460,000
Arbitrage payable	-	-	80,899	-
Deferred loss on refunding	(3,633,278)	(2,434,681)	(36,166,965)	(2,474,114)
Discounts, net of premium on Certificates of Participation payable	<u>697,238</u>	<u>1,269,940</u>	<u>(4,504,969)</u>	<u>-</u>
Total Noncurrent Liabilities	<u>41,958,960</u>	<u>57,945,259</u>	<u>461,598,965</u>	<u>9,985,886</u>
TOTAL LIABILITIES	<u>49,704,371</u>	<u>64,436,010</u>	<u>491,778,673</u>	<u>10,664,165</u>
NET ASSETS (DEFICIT)				
Restricted	5,575,541			297,933
Unrestricted		<u>(5,388,460)</u>	<u>(18,007,605)</u>	
TOTAL	<u>\$ 5,575,541</u>	<u>\$ (5,388,460)</u>	<u>\$ (18,007,605)</u>	<u>\$ 297,933</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF NET ASSETS
JUNE 30, 2010

EXHIBIT A

Capital Improvement Refinancing Project	Solid Waste Financing Project	Public Improvement Financing Project	Total
\$ 2,951	\$ 5,616,125	\$ 1,337,954	\$ 26,756,130
-	-	-	49,371,286
-	54	12	413,604
-	-	-	80,899
348,231	7,103,436	1,312,537	73,060,855
<u>(206,477)</u>	<u>(1,374,413)</u>	<u>(405,438)</u>	<u>(42,583,538)</u>
<u>144,705</u>	<u>11,345,202</u>	<u>2,245,065</u>	<u>107,099,236</u>
6,568,862	55,266,061	10,411,619	972,167,734
(1,658,049)	(4,710,252)	(3,285,406)	(411,061,020)
203,529	430,225	264,880	8,081,119
<u>5,114,342</u>	<u>50,986,034</u>	<u>7,391,093</u>	<u>569,187,833</u>
<u>5,259,047</u>	<u>62,331,236</u>	<u>9,636,158</u>	<u>676,287,069</u>
2,507	17,708	106,322	14,184,806
-	-	-	120,880
300,000	6,915,000	910,000	39,040,000
<u>302,507</u>	<u>6,932,708</u>	<u>1,016,322</u>	<u>53,345,686</u>
6,200,000	54,640,000	7,310,000	686,805,000
-	-	-	80,899
(1,081,654)	(1,025,585)	-	(46,816,277)
-	-	(165,178)	(2,702,969)
<u>5,118,346</u>	<u>53,614,415</u>	<u>7,144,822</u>	<u>637,366,653</u>
<u>5,420,853</u>	<u>60,547,123</u>	<u>8,161,144</u>	<u>690,712,339</u>
(161,806)	1,784,113	1,475,014	9,132,601
<u>\$ (161,806)</u>	<u>\$ 1,784,113</u>	<u>\$ 1,475,014</u>	<u>\$ (14,425,270)</u>

ASSETS

Current Assets:

Cash and cash equivalents
Investments
Interest receivable
Receivable from County of
San Bernardino
Current portion of gross lease
payments receivable
Current portion of unearned
lease interest income
Total Current Assets

Noncurrent Assets:

Gross lease payments receivable,
net of current portion
Unearned lease interest income,
net of current portion
Deferred Certificates of
Participation issuance costs
Total Noncurrent Assets

TOTAL ASSETS

LIABILITIES

Current Liabilities:

Interest payable
Accounts payable
Current portion of Certificates of
Participation payable
Total Current Liabilities

Noncurrent Liabilities:

Certificates of Participation payable
net of current portion
Arbitrage payable
Deferred loss on refunding
Discounts, net of premium on
Certificates of Participation payable
Total Noncurrent Liabilities

TOTAL LIABILITIES

NET ASSETS (DEFICIT)

Restricted
Unrestricted
TOTAL

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010

EXHIBIT B

	Construction and Improvement Project	West Valley Detention Center Project	Medical Center Project	Glen Helen Blockbuster Project
REVENUES				
Lease interest	\$ 4,755,930	\$ 4,622,232	\$ 16,639,780	\$ 412,038
Investment income				
Interest and dividends	720	315	2,205,303	72
Increase in fair market value of derivative	-	-	2,941,859	-
Gain on sale of Investments	-	-	1,288,321	-
Net increase (decrease) in fair value of investments	-	-	(354,951)	-
Total Revenues	4,756,650	4,622,547	22,720,312	412,110
EXPENSES				
Interest	1,731,103	3,286,321	29,503,262	37,882
Amortization of deferred amount on refinancing	632,109	576,815	2,069,077	181,033
Amortization of discount (premium) on Certificates of Participation	(116,206)	(263,168)	418,723	-
Amortization of deferred Certificates of Participation issuance costs	107,659	125,475	393,632	7,040
Other expenses	-	313	1,375,698	-
Total Expenses	2,354,665	3,725,756	33,760,392	225,955
Income (loss) before transfers	2,401,985	896,791	(11,040,080)	186,155
Transfers - from County	-	-	8,203,301	-
Transfers - out to County	-	-	(1,204,462)	-
Net Transfers	-	-	6,998,839	-
Changes in Net Assets	2,401,985	896,791	(4,041,241)	186,155
Net Assets (Deficit) - June 30, 2009, as restated (Note 12)	3,173,556	(6,285,251)	(13,966,364)	111,778
Net Assets (Deficit) - June 30, 2010	\$ 5,575,541	\$ (5,388,460)	\$ (18,007,605)	\$ 297,933

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT B

Capital Improvement Refinancing Project	Solid Waste Financing Project	Public Improvement Financing Project	Total	
\$ 168,049	\$ 1,505,523	\$ 453,274	\$ 28,556,826	REVENUES
				Lease interest
3	640	144	2,207,197	Investment income
				Interest and dividends
-	-	-	2,941,859	Increase in fair market
-	-	-	1,288,321	value of derivative
				Gain on sale of investments
-	-	-	(354,951)	Net increase (decrease) in
				fair value of investments
168,052	1,506,163	453,418	34,639,252	Total Revenues
				EXPENSES
14,348	233,863	435,946	35,242,725	Interest
				Amortization of deferred
70,542	153,838	-	3,683,414	amount on refinancing
				Amortization of discount (premium)
-	-	10,832	50,181	on Certificates of Participation
				Amortization of deferred
13,273	64,534	17,369	728,982	Certificates of Participation
-	-	-	1,376,011	issuance costs
				Other expenses
98,163	452,235	464,147	41,081,313	Total Expenses
69,889	1,053,928	(10,729)	(6,442,061)	Income (loss) before transfers
-	-	-	8,203,301	Transfers - from County
-	-	-	(1,204,462)	Transfers - out to County
-	-	-	6,998,839	Net Transfers
69,889	1,053,928	(10,729)	556,778	Changes in Net Assets
(231,695)	730,185	1,485,743	(14,982,048)	Net Assets (Deficit) - June 30, 2009
				as restated (Note 12)
\$ (161,806)	\$ 1,784,113	\$ 1,475,014	\$ (14,425,270)	Net Assets (Deficit) - June 30, 2010

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT C

	Construction and Improvement Project	West Valley Detention Center Project	Medical Center Project	Glen Helen Blockbuster Project
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Lease payments received	\$ 10,399,815	\$ 9,051,020	\$ 34,127,115	\$ 737,622
Principal payments on Certificates of Participation	(8,050,000)	(5,720,000)	(14,610,000)	(710,000)
Interest paid	(1,822,461)	(3,331,018)	(27,515,257)	(39,023)
Other expenses	-	(313)	(1,375,698)	-
Proceeds of Certificates of Participation issue	-	-	291,535,760	-
Principal payments on refunded Certificates of Participation	-	-	(263,800,000)	-
Termination of swap agreement	-	-	(23,793,000)	-
Transfer from County	-	-	8,203,301	-
Residual equity transfer to County Certificate of Participation issuance costs	-	-	(887,384)	-
Net Cash Provided By (Used) For Capital and Related Financing Activities	527,354	(311)	680,375	(11,401)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	891	315	2,239,060	85
Proceeds from sale of investments	-	-	4,869,321	-
Purchase of investments	-	-	(19,287,916)	-
Net Cash Provided By (Used) For Investing Activities	891	315	(12,179,535)	85
Increase (Decrease) in cash and cash equivalents	528,245	4	(11,499,160)	(11,316)
Cash and cash equivalents at June 30, 2009	15,626,172	65,224	13,954,737	1,135,194
Cash and cash equivalents at June 30, 2010	\$ 16,154,417	\$ 65,228	\$ 2,455,577	\$ 1,123,878

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

EXHIBIT C

Capital Improvement Refinancing Project	Solid Waste Financing Project	Public Improvement Financing Project	Total	
				CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:
\$ 298,585	\$ 6,511,827	\$ 1,316,277	\$ 62,442,261	Lease payments received
(300,000)	(6,405,000)	(870,000)	(36,665,000)	Principal payments on Certificates of Participation
(12,636)	(255,814)	(446,603)	(33,422,812)	Interest paid
-	-	-	(1,376,011)	Other expenses
-	-	-	291,535,760	Proceeds of Certificates of Participation issue
-	-	-	(263,800,000)	Principal payments on refunded Certificates of Participation
-	-	-	(23,793,000)	Termination of swap agreement
-	-	-	8,203,301	Transfer from County
-	-	-	(1,204,462)	Residual equity transfer to County Certificate of Participation
-	-	-	(887,384)	issuance costs
-	-	-	-	Net Cash Provided By (Used) For Capital and Related Financing Activities
<u>(14,051)</u>	<u>(148,987)</u>	<u>(326)</u>	<u>1,032,653</u>	
3	756	169	2,241,279	CASH FLOWS FROM INVESTING ACTIVITIES:
-	-	-	4,869,321	Investment income
-	-	-	(19,287,916)	Proceeds from sale of investments
-	-	-	-	Purchase of investments
-	-	-	-	Net Cash Provided By (Used) For Investing Activities
<u>3</u>	<u>756</u>	<u>169</u>	<u>(12,177,316)</u>	
(14,048)	(148,231)	(157)	(11,144,663)	Increase (Decrease) in cash and cash equivalents
<u>16,999</u>	<u>5,764,356</u>	<u>1,338,111</u>	<u>37,900,793</u>	Cash and cash equivalents at June 30, 2009
<u>\$ 2,951</u>	<u>\$ 5,616,125</u>	<u>\$ 1,337,954</u>	<u>\$ 26,756,130</u>	Cash and cash equivalents at June 30, 2010

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: DESCRIPTION OF THE CORPORATION AND ACCOUNTING POLICIES

The Inland Empire Public Facilities Corporation (Corporation) is a nonprofit public benefit corporation, formed on May 30, 1986, to serve the County of San Bernardino (County) by financing, refinancing, acquiring, constructing, improving, leasing and selling buildings, building improvements, equipment, land, land improvements, and any other real or personal property for the benefit of residents of the County.

The Corporation's financial statements are presented on the accrual basis of accounting. The Corporation is deemed to be a component unit of the County. Upon termination of the trust and lease agreements, any remaining assets of the Corporation shall become the property of the County. All projects are presented as major proprietary funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Corporation uses the Direct Financing Lease Method to record the lease of the projects to the County. Under this method, when a project is completed, the Corporation records a lease receivable (see Note 4) and the Capital Assets are carried on the books of the lessee (County).

The Corporation treats all investments with original maturities of three months or less as cash equivalents.

Deferred charges, which consist of Certificate of Participation (COP) issuance costs, and COP premiums/discounts, are amortized over the life of the debt using the straight-line method.

The deferred loss on bond refunding represents the excess of the amount placed in escrow (reacquisition price) over the carrying amount of the refunded bonds and is amortized as a component of interest expense over the shorter of the remaining life of the refunded or refunding bonds.

Private-sector standards of accounting and financial reporting issued prior to November 30, 1989, generally are followed in the financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Corporation has elected not to follow subsequent private-sector guidance.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1: DESCRIPTION OF THE CORPORATION AND ACCOUNTING POLICIES (continued)

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

In accordance with governmental accounting standards, a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows are presented. Net assets can be classified into three components – invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as they are needed.

In June 2008, GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. This statement was implemented for the fiscal year ended June 30, 2010. The Corporation has disclosed its effect on the financial statements in Notes 6 and 12.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS

Construction and Improvement Project. The Corporation issued Certificates of Participation dated January 15, 1992 in the amount of \$89,905,000. The Corporation applied the proceeds of the sale of the Certificates, together with other available funds, to provide for the defeasance of \$72,760,000 of the \$111,695,000 then outstanding Certificates of Participation originally delivered in 1986 (Prior Certificates). The Corporation issued Variable Certificates of Participation dated January 20, 1995 in the amount of \$40,400,000 (1995 County Center Refinancing Certificates). The proceeds from the sale of the 1995 County Center Refinancing Certificates were used to provide for the defeasance of the remaining outstanding Prior Certificates in the amount of \$36,675,000 and to provide for reimbursement in the amount of \$1,751,174 to the County of San Bernardino. The reimbursement was to finance capital projects within the County. The Corporation issued Certificates of Participation dated July 11, 1996 in the amount of \$39,600,000 (1996 County Center Refinancing Certificates). The proceeds from the sale of the 1996 Certificates were used to provide for the defeasance of the 1995 County Center Refinancing Certificates. The Corporation issued Certificates of Participation dated March 1, 2002 in the amount of \$68,100,000 (2002 Certificates). The Corporation applied the proceeds of the Certificates for the defeasance of the \$66,130,000 outstanding Certificates of Participation originally delivered in 1992.

The Prior Certificates were delivered for a project with these three elements:

- a) The refunding of outstanding Certificates of the San Bernardino Building Authority for the construction of the County Public Government Center.
- b) The refunding of outstanding Certificates of the San Bernardino County Public Improvements Authority for the construction of the Foothill Law and Justice Center.
- c) The financing of certain improvements to the Chino Airport.

The County Government Center is a five-story office complex located at 385 North Arrowhead Avenue in San Bernardino. The Foothill Law and Justice Center is a four-story office and courtroom facility in the City of Rancho Cucamonga. Improvements to the Chino Airport include construction of four aircraft assembly buildings and appropriate site development. These facilities, known as the "Construction and Improvement Project," were leased to the County for lease payments which were designed in both time and amount to pay the principal and interest on the Certificates.

On May 13, 1997, the Corporation approved amendments to the Lease Agreement entered into in connection with the issue of the 1996 County Center Refinancing Certificates. The amendment provided for the release of property leased and the substitution of other property owned by the County. Substituted property pledged by the County as collateral for the 1996 Certificates consists of the Central Jail, Offices and Bindery, the Vehicle Services Garage, and the Coroner's Office.

The Foothill Law and Justice Center and the Victorville Law and Justice Center have been pledged by the County as collateral for the 2002 Certificates.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS (continued)

West Valley Detention Center Project. The Corporation issued Certificates of Participation dated May 1, 1992 in the amount of \$117,770,000 to provide for the defeasance of the \$104,745,996 outstanding Certificates of Participation which were delivered and executed in 1988. The 1988 Certificates of Participation were delivered to finance the construction of a detention center located in the City of Rancho Cucamonga and certain related facilities and equipment and acquisition of the site. In addition to providing for the defeasance, the Certificates of Participation were issued to provide for costs of additional improvements to the detention center in the amount of \$2,600,000, and to provide for reimbursement in the amount of \$8,980,336 to the County of San Bernardino. The reimbursement was for a portion of the costs relating to the acquisition of 4.13 acres of real property located in the City of San Bernardino together with a newly constructed office building situated thereon (Reimbursed Project).

The Corporation has entered into a lease agreement with San Bernardino County whereby the detention center, known as the "West Valley Detention Center," is leased to the County for lease payments which are designed in both time and amount to pay the principal and interest on the Certificates. The Reimbursed Project is not subject to the lease agreement. On May 13, 1997, the Corporation approved amendments to the Lease Agreement entered into in connection with the issue of the 1992 Certificates. The amendment provided for the release of property leased and the substitution of other property owned by the County. The Corporation issued Certificates of Participation dated October 25, 2001 in the amount of \$8,365,000 (2001 Series A) and \$42,075,000 (2001 Series B). The 2001 Series A Certificates were issued to provide funds to refund on a cross-over basis \$7,785,000 of the outstanding 1992 Certificates. The proceeds of the 2001 Series B Certificates were used to reimburse Bear, Stearns and Co., Inc. for funds advanced by it for the purchase of \$39,825,000 of the outstanding 1992 Certificates. The purchased Certificates were then cancelled. The Corporation issued Certificates of Participation dated August 6, 2002 in the amount of \$44,480,000 (2002 Series A) the proceeds of which were used to refund \$44,545,000 of the outstanding 1992 Certificates. Property pledged by the County as collateral for the 2001 and 2002 Certificates consists of portions of the West Valley Detention Center and the Courthouse and Annex located in the City of San Bernardino.

Medical Center Project. On November 4, 1991, the Board of Directors of the Corporation approved the overall financing program for the construction of the replacement County Medical Center. The project consisted of a hospital to be constructed on the site and hospital equipment. The overall financing plan for the replacement County Medical Center consists of the following phases:

1. Land acquisition financing:

The Corporation issued Certificates of Participation, Series A, dated November 1, 1991, in the amount of \$18,360,000. The proceeds from the sale of the "Series A" Certificates were used to acquire certain parcels of real property, which were used as the site of the hospital.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS (continued)

2. Preconstruction and first phase construction financing:

The Corporation issued Certificates of Participation, Series B, dated January 1, 1992, in the amount of \$246,100,000. The proceeds from the sale of the "Series B" Certificates were to be used to finance a portion of the costs of design, engineering, construction management and construction of the hospital, and to fund capitalized interest to August 1, 1999, and fund a reserve fund deposit.

On March 2, 1994, the Corporation issued Certificates of Participation dated February 1, 1994 in the amount of \$283,245,000 (1994 Certificates). The proceeds from the sale of the 1994 Certificates were used, together with remaining funds from the issuance of Series A and Series B Certificates, to provide funds for defeasance of the Series A and Series B Certificates. In addition to providing for the defeasance, the proceeds from the sale of the 1994 Certificates were used, together with remaining funds from the issuance of Series A and Series B Certificates, to provide funds to finance a portion of the costs of design, engineering, construction management and construction of the hospital and to fund capitalized interest to August 1, 1999, and fund a reserve fund deposit.

3. Principal construction financing

On June 28, 1995, the Corporation issued Certificates of Participation dated June 1, 1995 in the amount of \$363,265,000 (1995 Certificates). The proceeds from the sale of the 1995 Certificates were used, together with some of the remaining funds from the issuance of the 1994 Certificates, to provide funds for the refunding of \$69,640,000 of the \$283,245,000 outstanding 1994 Certificates of Participation. In addition to providing for the refunding, the proceeds from the sale of the 1995 Certificates were used to provide funds to complete construction and to fund capitalized interest to and including October 1, 1999, and fund a reserve fund deposit.

On January 31, 1996, the Corporation issued Certificates of Participation dated January 1, 1996 in the amount of \$65,070,000 (1996 Certificates). The proceeds from the sale of the 1996 Certificates were used to provide for the defeasance of \$55,000,000 of the \$363,265,000 outstanding 1995 Certificates.

On October 22, 1998, the Corporation issued Certificates of Participation dated October 16, 1998 in the amount of \$176,510,000 (1998 Certificates). The proceeds from the sale of the 1998 Certificates were used to advance refund \$160,700,000 of the \$308,265,000 outstanding 1995 Certificates, to fund capitalized interest on the series 1998 Certificates to October 1, 1999, and to pay certain expenses of the transaction.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS (continued)

4. Major equipment acquisition financing

On September 16, 1997, the Corporation issued Certificates of Participation dated August 1, 1997 in the amount of \$121,095,000 (1997 Certificates). The proceeds from the sale of the 1997 Certificates were used to provide funds to finance the acquisition of equipment for the replacement San Bernardino County Medical Center and to fund capitalized interest to and including August 1, 1999, and fund a reserve fund deposit.

The acquisition and construction of the Project was carried out by the County as the agent of the Corporation pursuant to a Master Agency Agreement, dated as of February 1, 1994. The County has leased the Site to the Corporation pursuant to the Master Site Lease, dated February 1, 1994.

The Corporation has entered into a master lease agreement with the County whereby the project (i.e. the hospital) is leased to the County. The County is required under the master lease agreement to make aggregate lease payments which are designed in both time and amount to pay the principal and interest due with respect to the Series 1994 Certificates, the Series 1995 Certificates, the Series 1996 Certificates, the Series 1997 Certificates and the Series 1998 Certificates.

On December 17, 2009, the Corporation issued Certificates of Participation dated December 17, 2009 in the amounts of \$243,980,000 (2009 Refunding Certificates of Participation, Series A) and \$44,750,000 (2009 Refunding Certificates of Participation, Series B). The proceeds from the sale of the 2009 Certificates Series A were used to advance refund \$45,325,000 of the \$83,505,000 outstanding 1995 Certificates, all of the \$174,410,000 outstanding 1998 Certificates and to fund a termination payment of \$23,793,000, with respect to the termination of the Swap Agreement on the 1998 Certificates. The proceeds from the sale of the 2009 Certificates Series B were used to advance refund \$44,325,000 of the \$172,040,000 outstanding 1994 Certificates.

The master lease agreement between the County and the Corporation was amended and supplemented on December 1, 2009. The master lease agreement obligates the County to make aggregate lease payments on each Series, including the Series 2009 A lease payments and Series 2009 B lease payments.

Glen Helen Blockbuster Project: The Corporation issued Certificates of Participation dated December 22, 1994 in the amount of \$7,380,000 (Series C Certificates), Certificates of Participation dated December 6, 1995 in the amount of \$16,510,000 (Series D Certificates) and Certificates of Participation dated December 6, 1995 in the amount of \$4,430,000 (Series E Certificates). The proceeds from the sale of Series C Certificates were used to finance the acquisition, construction, installation and equipping of an interchange at I-15 and Glen Helen Parkway and related roadwork. The proceeds from the sale of the Series D Certificates were used to provide for the defeasance of the outstanding \$14,625,000 Series A Certificates originally delivered in 1994 to finance the acquisition, construction, improvement and equipping of certain public improvements related to the Glen Helen Blockbuster Pavilion (Pavilion Improvements).

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS (continued)

The proceeds from the sale of the Series E Certificates were used to provide for the defeasance of the outstanding \$3,880,000 Series B Certificates originally delivered in 1994 to finance the acquisition, construction, improvement and equipping of certain improvements to the Glen Helen Park (Park Improvements).

The Corporation issued Certificates of Participation dated May 1, 2003 in the amounts of \$9,825,000 (Series 2003 A Certificates) and \$9,875,000 (Series 2003 B Certificates). The proceeds were used to prepay and refund the outstanding \$6,035,000 of the Series C Certificates, \$9,690,000 of the Series D Certificates and \$3,610,000 of the Series E Certificates. On May 1, 2003, the Corporation approved amendments to the previous Lease Agreements entered into in connection with the issues of Series C, Series D and Series E. The amendments provided for the release of property leased and the substitution of other property owned by the County.

The Corporation issued Certificates of Participation dated April 16, 2008 in the amounts of \$8,860,000 (Series 2008 A Certificates) and \$5,695,000 (Series 2008 B Certificates). The proceeds were used to prepay and refund the outstanding \$8,100,000 (Series 2003 A Certificates) and \$5,200,000 (Series 2003 B Certificates). The Corporation has entered into a lease agreement with the County whereby the Mid-Valley Landfill is leased to the County for the lease payments which are designed in both time and amount to pay the principal and interest on the Series 2008 A and Series 2008 B Certificates. The Landfill is located along the western boundary of the City of Rialto, and currently serves the cities of Rialto, Fontana, Montclair, Ontario, Rancho Cucamonga and Upland, and the unincorporated western valley area of San Bernardino County.

Capital Improvement Refinancing Project: On June 26, 1996, the Corporation issued Certificates of Participation dated June 21, 1996 in the amount of \$9,200,000 (1996 Capital Improvement Refinancing Certificates). The proceeds from the sale of the 1996 Capital Improvement Refinancing Certificates were used to provide for the defeasance of \$13,125,000 in outstanding West Valley Detention Center/County Museum Certificates originally delivered in 1995 to finance the acquisition, construction, installation, and equipping of two dormitories at the West Valley Detention Center.

The Corporation has entered into a lease agreement whereby the Capital Improvement Refinancing Project is leased to the County for lease payments which are designed in both time and amount to pay the principal and interest on the 1996 Capital Improvement Refinancing Certificates. On May 13, 1997, the Corporation approved amendments to the Lease Agreement entered into in connection with the 1996 Capital Improvements Refinancing Certificates. The amendments provided for the release of property leased and the substitution of other property owned by the County. On September 17, 2001, the Corporation approved additional amendments to the Lease Agreement. The amendments provided for the release of certain properties previously pledged. The property currently leased in connection with the 1996 Capital Improvement Refinancing Certificates is the Fontana Government Center.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 2: THE PROJECTS (continued)

Solid Waste Financing Project: The Corporation issued Certificates of Participation dated May 1, 2003 in the amount of \$93,875,000 (2003 B Solid Waste Financing Certificates). The proceeds were used to transfer funds to Inland Empire Solid Waste Financing Authority, a joint powers authority of San Bernardino County and San Bernardino County Flood Control District, which were used to refund \$92,120,000 of outstanding Certificates of Participation issued by the Inland Empire Solid Waste Financing Authority.

The Corporation issued Certificates of Participation dated April 16, 2008 in the amount of \$74,390,000 (Series 2008 B Certificates). The proceeds were used to prepay and refund the outstanding \$67,975,000 (Series 2003 B Certificates). The Corporation has entered into a lease agreement with the County whereby the Mid-Valley Landfill is leased to the County for the lease payments which are designed in both time and amount to pay the principal and interest on the Series 2008 B Certificates. The Landfill is located along the western boundary of the City of Rialto, and currently serves the cities of Rialto, Fontana, Montclair, Ontario, Rancho Cucamonga and Upland, and the unincorporated western valley area of San Bernardino County.

Public Improvement Financing Project: The Corporation issued on October 29, 1997, Certificates of Participation dated October 1, 1997 in the amount of \$17,790,000 (Public Improvement Financing Certificates). The proceeds from the sale of the Public Improvement Financing Certificates were primarily used to finance the acquisition, construction, installation and equipping of certain improvements throughout the County consisting generally of (a) the retrofit of lighting and HVAC systems at various County facilities and the upgrade of the PCB ballasts and chiller for the Central Plant, (b) the acquisition of a building located in the City of Ontario to be used for child care services, and (c) the construction of a new juvenile hall housing facility and administrative center adjacent to the West Valley Detention Center.

The Corporation has entered into a Lease Agreement whereby the Public Improvement Financing Project, which includes the West Valley Juvenile Detention Center, the Information Services Building, and the Ontario Preschool Building, is leased to the County for lease payments which are designed in both time and amount to pay the principal and interest on the Public Improvement Financing Certificates.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 3: CASH AND INVESTMENTS

Fiscal agents acting on behalf of the Corporation held all cash and investments from long-term debt issuances. In accordance with the terms of the trust agreements, cash and investments are segregated and restricted for specified purposes. The trustee banks for the corporation's projects are as follows:

<u>Project</u>	<u>Trustee</u>
Construction and Improvement Project	Bank of New York Mellon and Wells Fargo Bank, Corporate Trust Services
West Valley Detention Center Project	Bank of New York Mellon
Medical Center Project	Wells Fargo Bank, Corporate Trust Services
Glen Helen Blockbuster Project	Wells Fargo Bank, Corporate Trust Services
Capital Improvement Refinancing Project	Wells Fargo Bank, Corporate Trust Services
Solid Waste Financing Project	Wells Fargo Bank, Corporate Trust Services
Public Improvement Financing Project	Wells Fargo Bank, Corporate Trust Services

As of June 30, 2010, cash and investments consist of the following:

Statement of Net Assets:

Cash and Cash Equivalents	\$ 26,756,130
Investments	<u>49,371,286</u>
Total Cash and Investments	<u>\$ 76,127,416</u>

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the trust agreements, created in connection with the issuance of debt (see Note 5) rather than the general provisions of the California Government Code. Certificates of Participation indentures specify the types of securities in which proceeds may be invested as well as any related insurance, collateral, or minimum credit rating requirements. Although requirements may vary between debt issues, money market funds are all required to be investment grade. Guaranteed investment contracts are required to be acceptable to the municipal bond insurer. The fair value of investments is based on the valuation provided by trustee banks.

Interest Rate Risk

Interest rate risk is the measurement of how changes in interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the more sensitive its fair value is to changes in market interest rates. As a component unit of the County of San Bernardino which uses weighted average maturity to monitor its interest rate risk, the Corporation has elected weighted average maturity for its disclosure method.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 3: CASH AND INVESTMENTS (continued)

As of June 30, 2010, the Corporation's cash and investments, including cash equivalents, were as follows:

Interest rate risk:

Investments (Item Count)	Maturity	Fair Value	Weighted Average Maturity (Years)
U. S. Treasury Bonds (2)	11/15/2022	\$ 20,632,375	12.3781
Federal Home Loan Mortgage Corp. (1)	06/29/2011	19,032,371	1.0000
Guaranteed Investment Contracts (1)	07/14/08 - 07/27/28	9,706,540	18.0740
Money Market Funds (17)	07/1/2010	26,620,046	
Cash		136,084	
Total Cash and Investments		<u>\$ 76,127,416</u>	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. Investments in any one issuer that represent 5 percent or more of total investments are shown below:

Issuer - Guaranteed Investment Contracts	Fair Value
MBIA Investment Management Corp.	\$ 9,706,540
Federal Home Loan Mortgage Corp. (1)	19,032,371

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker, dealer, or trustee) to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

As of June 30, 2010, the Corporation had investments held by Wells Fargo Bank where the underlying securities are not insured or registered in the name of the Corporation.

Investment Type	Trustee	Fair Value
U. S. Treasury Bonds	Wells Fargo	\$ 20,632,375
Federal Home Loan Mortgage Notes	Wells Fargo	19,032,371
		<u>\$ 39,664,746</u>

Credit Risk

The Corporation's investments in money market funds were rated Aaa by Moody's Investors Service. The company with whom the Corporation has a guaranteed investment contract with received long-term ratings of Ba3 / BB- from Moody's / Standard & Poor's.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4: LEASE RECEIVABLE

The Corporation has entered into an agreement with the County whereby the Projects are leased to the County for lease payments that are equal to the debt service due on the Certificates of Participation. The leases are reported net of Unearned Interest Income which is recognized when received from the County.

The County may, pursuant to the lease agreement, abate the lease payments by the amount of investment interest income earned by the trustee in the lease payment and reserve accounts.

The future minimum lease/installment payments to be received for each of the five succeeding fiscal years, and the aggregate thereafter are summarized as follows:

Description	2010-11	2011-12	2012-13
Construction and Improvement Project	\$ 8,813,711	\$ 8,806,700	\$ 8,986,000
West Valley Detention Center Project	9,043,020	9,030,270	9,016,945
Medical Center Project	45,728,072	43,064,163	42,988,700
Glen Helen Blockbuster Project	711,848	743,280	741,138
Capital Improvement Refinancing Project	348,231	344,429	342,208
Solid Waste Financing Project	7,103,436	7,651,367	8,198,303
Public Improvement Financing Project	1,312,537	740,538	741,538
	<u>\$ 73,060,855</u>	<u>\$ 70,380,747</u>	<u>\$ 71,014,832</u>

Description	2020-25	2025-29	Total Lease Payments
Construction and Improvement Project	\$ -	\$ -	\$ 53,254,910
West Valley Detention Center Project	-	-	81,034,865
Medical Center Project	215,763,256	168,149,768	816,456,448
Glen Helen Blockbuster Project	5,048,520	-	13,471,620
Capital Improvement Refinancing Project	2,461,648	501,281	6,917,093
Solid Waste Financing Project	-	-	62,369,497
Public Improvement Financing Project	3,221,563	641,405	11,724,156
	<u>\$ 226,494,987</u>	<u>\$ 169,292,454</u>	<u>\$ 1,045,228,589</u>

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4: LEASE RECEIVABLE (continued)

2013-14	2014-15	2015-2020	Description
\$ 8,941,000	\$ 8,892,250	\$ 8,815,249	Construction and Improvement Project
9,020,884	9,007,341	35,916,405	West Valley Detention Center Project
42,958,013	43,038,288	214,766,188	Medical Center Project
689,219	702,298	4,835,317	Glen Helen Blockbuster Project
339,988	437,285	2,142,023	Capital Improvement Refinancing Project
8,823,553	9,476,425	21,116,413	Solid Waste Financing Project
736,663	740,788	3,589,124	Public Improvement Financing Project
<u>\$ 71,509,320</u>	<u>\$ 72,294,675</u>	<u>\$ 291,180,719</u>	

Unearned Interest	Lease Receivable	Description
\$ (14,746,815)	\$ 38,508,095	Construction and Improvement Project
(23,099,886)	57,934,979	West Valley Detention Center Project
(400,428,207)	416,028,241	Medical Center Project
(3,729,616)	9,742,004	Glen Helen Blockbuster Project
(1,864,526)	5,052,567	Capital Improvement Refinancing Project
(6,084,664)	56,284,833	Solid Waste Financing Project
(3,690,844)	8,033,312	Public Improvement Financing Project
<u>\$ (453,644,558)</u>	<u>\$ 591,584,031</u>	

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT

The following is a summary of changes in the Certificates of Participation for the fiscal year ended June 30, 2010:

Description	July 1, 2009	Additions	Reductions	June 30, 2010	Due Within One Year
Construction and Improvement Project					
1996 County Center Refinancing	\$ 17,000,000	\$ -	\$ 3,400,000	\$ 13,600,000	\$ 2,100,000
Regular Certificates (Series 2002)	42,835,000	-	4,650,000	38,185,000	4,790,000
West Valley Detention Center Project					
2001 Series A	7,070,000	-	590,000	6,480,000	610,000
2001 Series B	20,655,000	-	4,840,000	15,815,000	5,055,000
2002 Series A	43,075,000	-	290,000	42,785,000	305,000
Medical Center Project					
Series 1994	175,520,000	-	47,805,000	127,715,000	3,570,000
Series 1995	93,210,000	-	54,770,000	38,440,000	10,525,000
Series 1996	65,010,000	-	325,000	64,685,000	340,000
Series 1998	175,510,000	-	175,510,000	-	-
Series 2009 A	-	243,980,000	-	243,980,000	2,075,000
Series 2009 B	-	44,750,000	-	44,750,000	870,000
Glen Helen Blockbuster Project					
Series 2008 A	8,280,000	-	620,000	7,660,000	605,000
Series 2008 B	5,565,000	-	90,000	5,475,000	70,000
Capital Improvement Refinancing Project	6,800,000	-	300,000	6,500,000	300,000
Solid Waste Financing Project (2008 B)	67,960,000	-	6,405,000	61,555,000	6,915,000
Public Improvement Financing Project	9,090,000	-	870,000	8,220,000	910,000
	<u>\$ 737,580,000</u>	<u>\$ 288,730,000</u>	<u>\$ 300,465,000</u>	<u>\$ 725,845,000</u>	<u>\$ 39,040,000</u>

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT (continued)

The annual requirements to amortize all long-term debt outstanding June 30, 2010, including interest payments of \$325,025,989 over the life of the debt, are summarized as follows:

Description	2010-11	2011-12	2012-13
Construction and Improvement Project			
1996 County Center Refinancing*	\$ 2,275,511	\$ 2,339,500	\$ 2,405,000
Regular Certificates (Series 2002)	6,399,000	6,437,700	6,364,100
West Valley Detention Center Project			
2001 Series A	873,958	874,058	868,258
2001 Series B	5,627,900	5,610,800	5,604,900
2002 Series A	2,541,163	2,545,413	2,543,788
Medical Center Project			
Series 1994	10,334,850	10,337,863	10,339,325
Series 1995	12,707,850	4,954,013	4,955,938
Series 1996	3,572,350	3,573,975	3,574,550
Series 2009 A	15,702,547	21,948,994	21,869,569
Series 2009 B	3,410,475	2,249,319	2,249,319
Glen Helen Blockbuster Project			
Series 2008 A*	624,096	629,194	647,388
Series 2008 B*	87,752	114,086	93,750
Capital Improvement Refinancing Project**	348,231	344,429	342,208
Solid Waste Financing Project*	7,103,436	7,651,367	8,198,303
Public Improvement Financing Project	1,312,538	740,538	741,538
	<u>\$ 72,921,657</u>	<u>\$ 70,351,249</u>	<u>\$ 70,797,934</u>

Description	2015-20	2020-25	2025-2029
Construction and Improvement Project			
1996 County Center Refinancing*	\$ 2,299,999	\$ -	\$ -
Regular Certificates (Series 2002)	12,769,125	-	-
West Valley Detention Center Project			
2001 Series A	3,475,141	-	-
2001 Series B	-	-	-
2002 Series A	32,441,260	-	-
Medical Center Project			
Series 1994	40,876,661	54,679,325	60,157,975
Series 1995	14,903,986	-	-
Series 1996	17,863,550	17,862,000	65,145,125
Series 2009 A	115,440,500	108,637,416	42,846,667
Series 2009 B	25,681,487	34,584,516	-
Glen Helen Blockbuster Project			
Series 2008 A*	2,825,480	1,854,999	-
Series 2008 B*	2,009,838	3,193,522	-
Capital Improvement Refinancing Project**	2,142,023	2,461,648	501,281
Solid Waste Financing Project*	21,116,412	-	-
Public Improvement Financing Project	3,589,125	3,221,563	641,403
	<u>\$ 297,434,587</u>	<u>\$ 226,494,989</u>	<u>\$ 169,292,451</u>

*Interest is paid monthly, computed at a variable interest rate set weekly. Interest is based on the June 30, 2010 interest rate.

** Interest is paid every 28 days, computed at a variable interest rate set weekly. Interest is based on the June 30, 2010 interest rate.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT (continued)

2013-14	2014-15	Description
		Construction and Improvement Project
\$ 2,469,000	\$ 2,334,500	1996 County Center Refinancing*
6,471,500	6,332,375	Regular Certificates (Series 2002)
		West Valley Detention Center Project
871,115	871,879	2001 Series A
-	-	2001 Series B
8,149,769	8,135,463	2002 Series A
		Medical Center Project
10,328,963	10,331,088	Series 1994
4,962,913	4,963,963	Series 1995
3,574,075	3,572,550	Series 1996
21,842,744	21,921,369	Series 2009 A
2,249,319	2,249,319	Series 2009 B
		Glen Helen Blockbuster Project
610,695	609,027	Series 2008 A*
78,523	93,271	Series 2008 B*
339,988	437,285	Capital Improvement Refinancing Project**
8,823,553	9,476,425	Solid Waste Financing Project*
736,663	740,788	Public Improvement Financing Project
<u>\$ 71,508,820</u>	<u>\$ 72,069,302</u>	

Total	Description
	Construction and Improvement Project
\$ 14,123,510	1996 County Center Refinancing*
44,773,800	Regular Certificates (Series 2002)
	West Valley Detention Center Project
7,834,409	2001 Series A
16,843,600	2001 Series B
56,356,856	2002 Series A
	Medical Center Project
207,386,050	Series 1994
47,448,663	Series 1995
118,738,175	Series 1996
370,209,806	Series 2009 A
72,673,754	Series 2009 B
	Glen Helen Blockbuster Project
7,800,879	Series 2008 A*
5,670,742	Series 2008 B*
6,917,093	Capital Improvement Refinancing Project**
62,369,496	Solid Waste Financing Project*
11,724,156	Public Improvement Financing Project
<u>\$ 1,050,870,989</u>	

Note: Principal and interest for each fiscal year is displayed in the supplementary information.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 5: LONG-TERM DEBT (continued)

Source of Payment. The ability of the Corporation to pay its obligation is dependent upon receipt of payments from the County of San Bernardino in accordance with various Lease Agreements. Under the Lease Agreements the County is required to make lease payments each year, from any source of legally available funds, in an amount sufficient to pay the annual principal and interest with respect to the Certificates of Participation. The obligation of the County to make lease payments does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation, or for which the County has levied or pledged any form of taxation. Neither the Certificates, nor the obligation of the County to make such lease payments, constitutes any indebtedness of the County.

Construction and Improvement Project. The Corporation issued Certificates of Participation in the amount of \$68,100,000, consisting of \$61,575,000 Series 2002 A Certificates and \$6,525,000 Taxable Series 2002 A-T the "2002 Certificates," dated March 1, 2002. Interest rates range from 3.00 percent to 5.00 percent with a July 1, 2016 final maturity date. The 2002 Certificates are not subject to optional prepayment prior to maturity.

On July 11, 1996, the Corporation issued "Variable Rate Demand" Certificates in the amount of \$39,600,000 due July 1, 2015. Interest on the Variable Rate Demand Certificates is payable at a variable weekly interest rate.

The Variable Rate Demand Certificates are subject to optional redemption, while bearing variable interest rates, on any interest payment date. During any Long-Term Interest Rate Period, the Certificates are subject to redemption in whole at any time or in part, on any interest payment date, during the periods specified below, at the premiums set forth below plus accrued interest, if any, to the redemption date:

Length of Long-Term Interest Rate Period (expressed in years)	Redemption Premium
Greater than 15	After 10 years at 2%, declining by 1% each year to 0%
Less than or equal to 15 and greater than 10	After 7 years at 2%, declining by 1% each year to 0%
Less than or equal to 10 and greater than 7	After 5 years at 2%, declining by 1% each year to 0%
Less than or equal to 7 and greater than 4	After 3 years at 1%, declining by 1% after a year to 0%
Less than or equal to 4	After 2 years at 0%

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT (continued)

West Valley Detention Center Project. On October 25, 2001, the Corporation issued "2001 Series A" Certificates of Participation in the amount of \$8,365,000 and "2001 Series B" Certificates of Participation in the amount of \$42,075,000. 2001 Series A Certificates bear interest rates from 4.00 percent to 4.60 percent. The 2001 Series B Certificates bear interest rates from 3.50 percent to 4.00 percent.

On August 6, 2002 the Corporation issued "2002 Series A" Certificates of Participation in the amount of \$44,480,000 which bear interest rates from 4.50 percent to 5.25 percent.

The 2001 Series A, 2001 Series B and 2002 Series A Certificates are subject to optional prepayment prior to maturity on or after November 1, 2011 at the option of the Corporation, as a whole or in part on any interest payment date, at the following premiums, plus accrued but unpaid interest to the prepayment date:

Prepayment Period	Premium
November 1, 2011 through October 31, 2012	2%
November 1, 2012 through October 31, 2013	1%

Medical Center Project. The Medical Center Series 1994 Certificates of Participation were issued by the Corporation dated February 1, 1994, in the amount of \$283,245,000, with interest rates from 4.60 percent to 7.00 percent.

The Series 1994 Certificates maturing on August 1, 2019, August 1, 2024, August 1, 2026, and August 1, 2028, are subject to optional redemption in whole or in part on any date in such order of maturity as the Corporation shall determine and by lot within a maturity, plus interest accrued to the redemption date.

The Series 1994 Certificates maturing through August 1, 2009, August 1, 2017, August 1, 2020, and August 1, 2022, are not subject to optional redemption prior to maturity. On December 17, 2009 the Corporation issued the 2009 Series B Refunding Certificates and used the proceeds of the 2009 Series B Certificates along with other available funds to refund \$44,325,000 of the Series 1994 Certificates.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT *(continued)*

The Medical Center Series 1995 Certificates of Participation were issued by the Corporation dated June 1, 1995, in the amount of \$363,265,000, with interest rates from 4.80 percent to 7.00 percent.

The Series 1995 Certificates maturing on August 1, 2022, are subject to optional redemption in whole or in part on any date in such order of maturity as the Corporation shall determine and by lot within a maturity, plus interest accrued to the redemption date.

The Series 1995 Certificates maturing on and prior to August 1, 2010 and on August 1, 2017 are not subject to optional redemption prior to maturity. On December 17, 2009 the Corporation issued the 2009 Series A Refunding Certificates and used the proceeds of the 2009 Series A Certificates along with other available funds to refund \$45,065,000 of the Series 1995 Certificates.

The Medical Center Series 1996 Certificates of Participation were issued by the Corporation dated January 1, 1996, in the amount of \$65,070,000, with interest rates from 5 percent to 5.25 percent.

The Series 1996 Certificates are subject to optional redemption in whole or in part on any date in such order of maturity as the Corporation shall determine and by lot within a maturity, plus interest accrued to the redemption date.

The Medical Center Series 1998 Certificates of Participation dated October 22, 1998 were issued by the Corporation in the amount of \$176,510,000. On December 17, 2009 the Corporation issued the 2009 Series A Refunding Certificates and used the proceeds of the 2009 Series A Certificates along with other available funds to refund all outstanding, \$174,410,000, Series 1998 Certificates.

The Medical Center Series 2009 A Refunding Certificates of Participation were issued by the Corporation, dated December 17, 2009, in the amount of \$243,980,000, with interest rates from 3 percent to 5.50 percent.

The Medical Center Series 2009 B Refunding Certificates of Participation were issued by the Corporation, dated December 17, 2009, in the amount of \$44,750,000, with interest rates from 3 percent to 5.25 percent.

Each series of the 2009 Refunding Certificates of Participation is subject to optional redemption in whole or in part on any date in such order of maturity as the County determines and by lot within a maturity, on or after August 1, 2019, at the redemption price equal to the principal amount thereof to be redeemed, together with interest accrued and unpaid to the date fixed for redemption, without premium, from the proceeds of optional prepayments of Lease Payments made by the County pursuant to the Lease Agreement.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT (continued)

Glen Helen Blockbuster Project. On April 16, 2008 the Corporation issued Certificates of Participation in the amount of \$14,555,000, consisting of \$8,860,000 (Series 2008 A Certificates) and \$5,695,000 (Series 2008 B Certificates) with a March 1, 2024 final maturity date. Interest with respect to the Series 2008 A and Series 2008 B Certificates is initially payable at an adjustable weekly rate mode and is due on the first business day of each month beginning on May 1, 2008. The variable interest rate at June 30, 2010 was .28% for the Series 2008 A Certificates and .35% for the Series 2008 B Certificates.

At the option of the Corporation, all or part of either Series of Certificates may be converted to bear interest at a Daily Rate, Extended Rate, or a Fixed Rate. On the Conversion Date, such Certificates shall be subject to mandatory tender for purchase at the applicable purchase price on effective date of the New Mode equal to 100% of the principal amount thereof, plus accrued interest.

The Series 2008 A and Series 2008 B Certificates are also subject to mandatory prepayment prior to their stated maturity in part from mandatory sinking account payments established pursuant to the Trust Agreement on any March 1 or September 1 on or after September 1, 2008, at the principal amount thereof together with interest accrued thereon to the date fixed for payment, without premium.

Capital Improvement Refinancing Project. The 1996 Capital Improvement Refinancing Certificates of Participation were issued by the Corporation dated June 21, 1996, in the amount of \$9,200,000. Interest with respect to the Certificates is payable at a variable interest rate set weekly which may be converted to a fixed interest rate at the option of the Corporation. The variable interest rate at June 30, 2010 was .74% for the Certificates.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5: LONG-TERM DEBT (continued)

The 1996 Certificates are subject to optional redemption, while bearing variable interest rates, on any interest payment date. From and after the conversion date (to fixed interest rate), the Certificates are subject to redemption in whole at any time or in part on any interest payment date, with prior consent of the Letter of Credit Bank, during the periods specified below, at the premiums set forth below plus accrued interest, if any, to the redemption date:

<u>Period to Maturity (in years)</u>	<u>Redemption Dates and Premiums</u>
Greater than 15	On or after the first March 1 following the ninth anniversary of the conversion date, at redemption premium of 2 percent, declining one-half percent on each anniversary of such March 1, until it reaches zero percent.
Greater than 10	On or after the first March 1 following the seventh anniversary of the conversion date, at redemption premium of 2 percent, declining one-half percent on each anniversary of such March 1, until it reaches zero percent.
Greater than 5	On or after the first March 1 following the fourth anniversary of the conversion date, at redemption premium of 2 percent, declining one-half percent on each anniversary of such March 1, until it reaches zero percent.

Solid Waste Financing Project. On April 16, 2008 the Corporation issued Certificates of Participation in the amount of \$74,390,000 (the "Series 2008 B Certificates") with March 1, 2017 final maturity date. The descriptions pertaining to Series 2008 B Certificates (Glen Helen Blockbuster Project) are applicable to these Series 2008 B as they were issued together as the 2008 Refunding Certificates, Series B. The variable interest rate at June 30, 2010 was .35 percent for the Series 2008 B Certificates.

Public Improvement Financing Project. The Public Improvement Financing Certificates were issued by the Corporation dated October 1, 1997, in the amount of \$17,790,000, with interest rates from 3.85 percent to 5 percent.

The Certificates maturing on and after October 1, 2009 are subject to redemption in whole or in part, at the principal amount with respect thereto, without a premium, together with accrued interest unpaid with respect thereto to the date fixed for redemption, from the proceeds of optional prepayments of Lease Payments made by the County pursuant to the Lease Agreement.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 6: DERIVATIVE

The Corporation entered into an interest rate swap agreement with Merrill Lynch Capital Services, Inc on October 22, 1998, which was the same date as the issuance of the Medical Center Series 1998 Certificates of Participation (Series 1998 Certificates). Both the Series 1998 Certificates and the related interest rate swap agreement were scheduled to mature on August 1, 2026, and the swap's original notional amount of \$176,510,000 matched the variable-rate Series 1998 Certificates. However, this interest rate swap agreement terminated effective December 3, 2009. As of June 30, 2009, the fair value of this interest rate swap was \$(26,734,859), which required a restatement to beginning net assets (see Note 12). The June 30, 2009 fair value was calculated using the fair value at the time of termination and adjusting for all transactions made from June 30, 2009 thru December 3, 2009. At the time of termination, the interest rate swap had a fair value of \$(23,793,000), as determined by an independent third party. This increase in fair value of \$2,941,859 is reported under investment revenue as an increase in fair value of derivative on the Statement of Revenues, Expenses, and Changes in Net Assets. Due to the termination of the interest rate swap agreement on December 3, 2009, the ending fair value at June 30, 2010 is zero.

Objective of the interest rate swap. As a means to lower financing costs, and to reduce the risks to the Corporation associated with the fluctuation in the market interest rates, the Corporation entered into an interest rate swap in connection with the Medical Center Series 1998 Certificates. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed-rate of 4.1895 percent.

Terms. As of August 1, 2005 the Corporation paid Merrill Lynch a fixed payment of 4.1895 percent and received from Merrill Lynch a variable payment computed as 73 percent of the monthly London Interbank Offered Rate (LIBOR). The Corporation began paying principal payments towards the Series 1998 Certificates during fiscal year 2009. As of June 30, 2009 the notional amount had decreased to \$175,510,000. On December 17, 2009, the Corporation issued the 2009 Series A and Series B Refunding Certificates and used a portion of the Series A proceeds to refund the outstanding \$174,410,000 (1998 Certificates).

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 7: PRIOR YEARS' DEFEASANCE OF DEBT

In the prior years, the Corporation defeased certain Certificates of Participation by placing proceeds of new certificates in an irrevocable trust to provide for all future debt service payments on the Certificates of Participation. Accordingly, the trust account assets and liability for the defeased certificates are not included in the Corporation's financial statements. At June 30, 2010, Certificates of Participation outstanding considered defeased are as follows:

Defeased Debt	Amount	Refunded By
1992 Medical Center	\$ 61,070,000	1994 Medical Center

NOTE 8: ARBITRAGE PAYABLE

The exclusion, under Section 103(a) of the Internal Revenue Code of 1986, from gross income for federal income tax purposes of the interest component of Lease Payments (and the interest payable with respect to the Certificates) is based on compliance with certain requirements of the Code. Included among such requirements of Section 148(f) of the Code is that certain excess investment earnings be rebated to the federal government.

Rebatable arbitrage (if any) is required to be paid to the federal government following the end of each period of five bond years during the term of the Lease Agreement (and Certificates of Participation). As of June 30, 2010, the estimated arbitrage payable, relating to the Medical Center Project, is \$80,899.

NOTE 9: NET ASSETS/DEFICITS

The net assets/deficits were caused by timing differences in recognition of revenue and expenses. Due to refunding of certain debt issues, costs, which otherwise would have been deferred, were accelerated into expenses.

West Valley Detention Center Project: The deficit was caused by two debt refunding issues, an operating transfer and a timing difference in the expense of the interest of the 1988 Capital Appreciation Certificates and the associated lease revenue.

The first debt refunding involved an \$8.8 million loss on refunding during 1991-92. During this time, 1988 Current Interest Certificates and 1988 Capital Appreciation Certificates were refunded.

The second debt refunding involved a \$2 million loss on refunding during 2002-03. During this time, 1992 Series Certificates were refunded.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 9: NET ASSETS/DEFICITS (continued)

The loss on refunding was composed of the difference in the amount placed in the escrow for redemption of the Certificates and the amount of Certificates removed from the Corporation's accounting records, write-offs of Certificates issuance costs, write-offs of discounts on Certificates, and the unappreciated balance of the Capital Appreciation Certificates.

Medical Center Project: The deficit was caused by a restatement of net assets required by the implementation of GASB 53 (see Note 12 and Note 6) and the costs associated with the 2009 Series A and B Refunding Certificates.

Capital Improvement Refinancing Project: The deficit was caused by a timing difference in recognition of lease interest income and amortization of costs of issuance on Certificates and deferred amount on refinancing.

NOTE 10: INVESTMENT AGREEMENT TERMINATIONS

The investment agreement with IXIS Funding Corporation for the 1997 County Medical Center reserve fund terminated as scheduled on July 14, 2008. All monies, including accrued interest, were delivered to the trustee as scheduled.

The investment agreement with MBIA Inc. for the 1997 Public Improvement reserve fund was terminated by MBIA Inc. as a result of a downgrade of the bond insurer (MBIA). All monies, including accrued interest, were returned to the trustee on July 9, 2008.

The agreement with Lehman Bros. Special Financing Inc. (Lehman) for the 2002 Justice Center/Airport reserve fund requires Lehman to deliver securities to the trustee periodically at a guaranteed rate of 4.56 percent. The most recent delivery occurred on July 1, 2008. On September 17, 2008, the County elected to terminate the agreement, pursuant to applicable agreement provisions, as a result of the downgrade of Lehman Bros. Holdings. Under the terms of the agreement, Lehman owes the County a termination payment in an amount not yet determined. In order to protect the County's interest the County filed a claim in bankruptcy court. This claim seeks to provide the County relief for the loss of the 4.56 percent investment rate that was guaranteed in the Lehman agreement. The County is awaiting the processing of this claim. The County expresses no opinion on its ability to collect this termination payment.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 11: AGREEMENTS WITH LIQUIDITY FACILITIES

Construction and Improvement Project: Included in long-term debt at June 30, 2010, is \$13,600,000 Variable Rate Demand Certificates of Participation for the 1996 County Center Refinancing Project. The Certificates have a tender provision for bondholders, on 7 days notice, to tender their certificates at par value plus accrued interest. Effective May 1, 2003 the Corporation executed a Letter of Credit and Reimbursement Agreement between the Corporation and BNP Paribas (Bank) to replace the previous letter of credit provider. The term of this Agreement expires on May 4, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of "events of defaults".

As of June 30, 2010, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, in the event any certificates are tendered and are not remarketed, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 1 percent, which were 3.25 percent and 1.09 percent respectively on June 30, 2010.

1996 Capital Improvement Refinancing Project: Included in long-term debt at June 30, 2010, is \$6,500,000 Variable Rate Demand Certificates of Participation for the 1996 Capital Improvement Refinancing Project. The Certificates have a tender provision for bondholders, on 7 days notice, to tender their certificates at par value. Effective May 1, 2003 the Corporation executed a Letter of Credit and Reimbursement Agreement between the Corporation and BNP Paribas (Bank) to replace the previous letter of credit provider. The term of this Agreement expires on May 4, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of "events of defaults".

As of June 30, 2010, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, in the event any certificates are tendered and are not remarketed, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 1 percent, which was 3.25 percent and 1.09 percent respectively at June 30, 2010.

2008 Refunding Program: The 2008 Certificates of Participation (2008 Refunding Program) have an optional tender provision for bondholders, on seven days notice, to tender their certificates at par value. The 2008 Refunding Program includes \$7,660,000 of Series A Certificates of Participation and \$67,030,000 of Series B Taxable Certificates of Participation. In connection with the issuance of the 2008 Certificate of Participation, the Corporation executed a Letter of Credit and Reimbursement Agreement between the Corporation and Bank of America, N.A. (Bank). The term of this Agreement expires in April 1, 2013. The Agreement is terminated prior to the expiration date only if the occurrence of "events of defaults".

As of June 30, 2010, there were no outstanding certificates that have been tendered but failed to be remarketed. In accordance with the Agreement, in the event any certificates are tendered and are not remarketed, interest is required to be paid to the Bank at the higher of a) Prime Rate or b) Federal Funds plus 0.5 percent, which was 3.25 percent and .59 percent respectively at June 30, 2010.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010**

NOTE 12: RESTATEMENT OF NET ASSETS

Net assets as of June 30, 2009 for the Medical Center Project have been restated due to the implementation of GASB 53 (also see *Note 6* related to Derivatives). This restatement was required to account for the interest rate swap agreement held by the Medical Center Project as of June 30, 2009. The amount of the restatement represents the fair market value of the interest rate swap as of June 30, 2009.

	Medical Center Project Balance at June 30, 2009
Beginning net assets, as previously reported	\$ 12,768,495
Fair value of interest rate swap as of June 30, 2009	(26,734,859)
Beginning net assets (deficit), as restated	\$ (13,966,364)

Note 13: TRANSFERS FROM / TO THE COUNTY

The transfers represent the contribution the County made on the 1994, 1995 and 1998 Medical Center Certificates of Participation that were refunded by the 2009 Series A and Series B issue. The transfer was for accrued interest on the refunded 1994 and 1995 Certificates of Participation and accrued interest and swap interest on the 1998 Certificates of Participation. Since the 1998 Certificates of Participation are variable rate, the County assumed the max rate of 12 percent for the period the 1998 Certificates were outstanding and transferred the funds to the escrow account. The excess funds were transferred back to the county after the 2009 Series A and Series B Refunding was completed.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14: REFUNDED DEBT

ARROWHEAD MEDICAL CENTER PROJECT:

The proceeds from the issuance of \$44,750,000 of the Series 2009 B Certificates of Participation were used as follows:

Sources:	
Principal amount of Certificates	<u>\$ 44,750,000</u>
Uses:	
Original Issue Discount	\$ 151,902
Issuance Costs	394,536
Escrow Fund for Additional Issuance Costs	2,356
1994 Series Reserve Fund Balance	(123,794)
Funds available for refunding	<u>44,325,000</u>
Total Uses	<u>\$ 44,750,000</u>

The funds available for refunding were used to pay outstanding principal and accrued interest of \$45,442,359 on the outstanding Series 1994 Certificates.

The refunding resulted in a loss of \$5,360,156, which consists of the following:

Amount placed in escrow for refunding	\$ 44,325,000
Less: Outstanding principal of Prior Certificates of Participation	(44,325,000)
Add: Outstanding Prior Certificates Deferred Issuance Costs	385,701
Outstanding Prior Certificates Deferred Discount	2,011,381
Outstanding Prior Certificates Deferred Amount on Refunding	<u>2,963,074</u>
Deferred Amount on Refunding	<u>\$ 5,360,156</u>

The Corporation will amortize the loss over the period of maturity of the Series 2009 B Certificates.

As a result of the advance refunding, the Corporation has potentially reduced its debt requirements by \$2,690,177. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$2,067,653.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14: REFUNDED DEBT (Continued)

The proceeds from the issuance of \$243,980,000 of the Series 2009 A Certificates of Participation were used as follows:

Sources:	
Principal amount of Certificates	\$ 243,980,000
Premium received	4,391,552
	<u>\$ 248,371,552</u>
Uses:	
Swap Termination	\$ 23,793,000
Issuance Costs	2,047,618
Escrow Fund for Additional Issuance Costs	12,841
Debt Reserve Fund	3,043,093
Funds available for refunding	<u>219,475,000</u>
Total Uses	<u>\$ 248,371,552</u>

The funds available for refunding were used to pay outstanding principal and accrued interest of \$46,201,014 on the outstanding Series 1995 Certificates and \$177,853,129 on the outstanding Series 1998 Certificates redeemed on January 16, 2010.

The refunding resulted in a loss of \$17,743,940, which consists of the following:

Amount placed in escrow for refunding	\$ 219,475,000
Less: Outstanding principal of Prior Certificates of Participation	(219,475,000)
Add: Outstanding Prior Certificates Deferred Issuance Costs	3,006,042
Outstanding Prior Certificates Deferred Discount	402,975
Outstanding Prior Certificates Deferred Amount on Refunding	<u>14,334,923</u>
Deferred Amount on Refunding	<u>\$ 17,743,940</u>

The Corporation will amortize the loss over the period of maturity of the Series 2009 A Certificates.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 14: REFUNDED DEBT (Continued)

As a result of the advance refunding, the Corporation has potentially reduced its debt service requirements by \$4,133,708 for the Series 1995 refunding and increased its debt service requirements by \$20,482,952 for the Series 1998 refunding for a net potential increase to the debt service requirements of \$16,349,244. This results in an economic gain (difference between the present value of debt service payments in the old and new debt) of \$2,963,929 for the Series 1995 refunding and an economic loss of \$13,898,678 for the Series 1998 refunding for a net economic loss of \$10,934,749.

The total net economic loss for the refunding of Series 1994, 1995 and 1998 Certificates of Participation during fiscal year ending June 30, 2010 is \$8,867,096.

NOTE 15: SUBSEQUENT EVENTS

Public Improvement Financing Project: The Corporation received a lease payment from the County in the amount of \$7,059,237 on July 15, 2010; this amount along with cash available in the debt service reserve fund was used to fully redeem the outstanding certificates on September 1, 2010.

Glen Helen Blockbuster Project: The Corporation received lease payments from the County in the amount of \$7,660,000 and \$5,475,000 on July 31, 2010 to fully redeem the Series 2008 A Certificates of Participation and partially redeem the Series 2008 B Certificates of Participation. The Series 2008 B certificates that will remain outstanding pertain to the Solid Waste Financing Project. The optional redemption occurred on September 1, 2010.

Construction and Improvement Project: An Optional Redemption of 1,800,000 of outstanding principal occurred on July 1, 2010 on the 1996 County Center Refinancing Certificates. In addition, the Corporation received a lease payment in the amount of \$9,700,000 to fully redeem all outstanding 1996 County Center Refinancing Certificates. The optional redemption occurred on September 1, 2010.

Capital Improvement Refinancing Project: The Corporation received a lease payment in the amount of \$6,500,000 to fully redeem the outstanding Certificates of Participation. The optional redemption occurred on September 1, 2010.

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**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

**CONSTRUCTION AND IMPROVEMENT PROJECT
1996 COUNTY CENTER REFINANCING**

<u>Fiscal Year</u>	<u>Total Payment</u>
2010-11	\$ 2,275,511
2011-12	2,339,500
2012-13	2,405,000
2013-14	2,469,000
2014-15	2,334,500
2015-16	2,299,999
	<u>\$ 14,123,510</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

**CONSTRUCTION AND IMPROVEMENT PROJECT
SERIES 2002**

<u>Fiscal Year</u>	<u>Due December 15</u>	<u>Due June 15</u>	<u>Total Payment</u>
2010-11	\$ 756,600	\$ 5,781,600	\$ 6,538,200
2011-12	656,100	5,811,100	6,467,200
2012-13	553,000	6,028,000	6,581,000
2013-14	443,500	6,028,500	6,472,000
2014-15	303,875	6,253,875	6,557,750
2015-16	155,125	6,360,125	6,515,250
	<u>\$ 2,868,200</u>	<u>\$ 36,263,200</u>	<u>\$ 39,131,400</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

WEST VALLEY DETENTION CENTER PROJECT - 2001 SERIES A

<u>Fiscal Year</u>	<u>Due November 1</u>	<u>Due May 1</u>	<u>Total</u>
2010-11	\$ 748,079	\$ 125,879	\$ 873,958
2011-12	760,879	113,179	874,058
2012-13	768,179	100,079	868,258
2013-14	785,079	86,036	871,115
2014-15	801,036	70,843	871,879
2015-16	815,843	54,825	870,668
2016-17	829,825	37,775	867,600
2017-18	847,775	19,549	867,324
2018-19	869,549	-	869,549
	<u>\$ 7,226,244</u>	<u>\$ 608,165</u>	<u>\$ 7,834,409</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

WEST VALLEY DETENTION CENTER PROJECT - 2001 SERIES B

<u>Fiscal Year</u>	<u>Due November 1</u>	<u>Due May 1</u>	<u>Total</u>
2010-11	\$ 5,392,000	\$ 235,900	\$ 5,627,900
2011-12	5,500,900	109,900	5,610,800
2012-13	5,604,900	-	5,604,900
	<u>\$ 16,497,800</u>	<u>\$ 345,800</u>	<u>\$ 16,843,600</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

WEST VALLEY DETENTION CENTER PROJECT – 2002 SERIES A

<u>Fiscal Year</u>	<u>Due November 1</u>	<u>Due May 1</u>	<u>Total</u>
2010-11	\$ 1,426,894	\$ 1,114,269	\$ 2,541,163
2011-12	1,439,269	1,106,144	2,545,413
2012-13	1,446,144	1,097,644	2,543,788
2013-14	7,212,644	937,125	8,149,769
2014-15	7,367,125	768,338	8,135,463
2015-16	7,533,338	590,756	8,124,094
2016-17	7,715,756	403,725	8,119,481
2017-18	7,898,725	206,980	8,105,705
2018-19	8,091,980	-	8,091,980
	<u>\$ 50,131,875</u>	<u>\$ 6,224,981</u>	<u>\$ 56,356,856</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

MEDICAL CENTER PROJECT - SERIES 1994

<u>Fiscal Year</u>	<u>Due July 15</u>	<u>Due January 15</u>	<u>Total</u>
2010-11	\$ 7,001,513	\$ 3,333,338	\$ 10,334,851
2011-12	7,108,338	3,229,525	10,337,863
2012-13	7,219,525	3,119,800	10,339,325
2013-14	7,324,800	3,004,163	10,328,963
2014-15	7,449,163	2,881,925	10,331,088
2015-16	7,576,925	2,752,813	10,329,738
2016-17	7,717,813	2,616,275	10,334,088
2017-18	7,851,275	2,472,313	10,323,588
2018-19	2,472,313	2,472,313	4,944,626
2019-20	2,472,313	2,472,313	4,944,626
2020-21	14,652,313	2,046,013	16,698,326
2021-22	14,616,013	1,700,338	16,316,351
2022-23	14,990,338	1,334,863	16,325,201
2023-24	1,334,863	1,334,863	2,669,726
2024-25	1,334,863	1,334,863	2,669,726
2025-26	14,394,863	1,008,363	15,403,226
2026-27	14,733,363	665,238	15,398,601
2027-28	14,340,238	340,450	14,680,688
2028-29	14,675,449	-	14,675,449
	<u>\$ 169,266,281</u>	<u>\$ 38,119,769</u>	<u>\$ 207,386,050</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

MEDICAL CENTER PROJECT - SERIES 1995

<u>Fiscal Year</u>	<u>Due July 15</u>	<u>Due January 15</u>	<u>Total</u>
2010-11	\$ 11,800,613	\$ 907,238	\$ 12,707,851
2011-12	4,152,238	801,775	4,954,013
2012-13	4,266,775	689,163	4,955,938
2013-14	4,394,163	568,750	4,962,913
2014-15	4,523,750	440,213	4,963,963
2015-16	4,665,213	302,900	4,968,113
2016-17	4,807,900	156,486	4,964,386
2017-18	4,971,486	-	4,971,486
	<u>\$ 43,582,138</u>	<u>\$ 3,866,525</u>	<u>\$ 47,448,663</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

MEDICAL CENTER PROJECT - SERIES 1996

<u>Fiscal Year</u>	<u>Due July 15</u>	<u>Due January 15</u>	<u>Total</u>
2010-11	\$ 1,960,638	\$ 1,611,713	\$ 3,572,351
2011-12	1,971,713	1,602,263	3,573,976
2012-13	1,982,263	1,592,288	3,574,551
2013-14	1,992,288	1,581,788	3,574,076
2014-15	2,001,788	1,570,763	3,572,551
2015-16	2,015,763	1,559,081	3,574,844
2016-17	2,024,081	1,546,875	3,570,956
2017-18	2,036,875	1,534,625	3,571,500
2018-19	2,049,625	1,521,750	3,571,375
2019-20	2,066,750	1,508,125	3,574,875
2020-21	2,078,125	1,493,875	3,572,000
2021-22	2,093,875	1,478,875	3,572,750
2022-23	2,108,875	1,463,125	3,572,000
2023-24	2,128,125	1,446,500	3,574,625
2024-25	2,141,500	1,429,125	3,570,625
2025-26	2,164,125	1,410,750	3,574,875
2026-27	8,530,750	1,232,750	9,763,500
2027-28	25,262,750	631,998	25,894,748
2028-29	25,911,997	-	25,911,997
	<u>\$ 92,521,906</u>	<u>\$ 26,216,269</u>	<u>\$ 118,738,175</u>

Schedule Nine

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF LEASE PAYMENTS RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2010

MEDICAL CENTER PROJECT – 2009 SERIES A

<u>Fiscal Year</u>	<u>Due July 15</u>	<u>Due January 15</u>	<u>Total</u>
2010-11	\$ 9,648,125	\$ 6,054,422	\$ 15,702,547
2011-12	16,044,422	5,904,572	21,948,994
2012-13	16,209,572	5,659,997	21,869,569
2013-14	16,449,997	5,392,747	21,842,744
2014-15	16,797,747	5,123,622	21,921,369
2015-16	17,028,622	4,830,697	21,859,319
2016-17	17,275,697	4,525,384	21,801,081
2017-18	17,615,384	4,198,134	21,813,518
2018-19	21,193,134	3,773,259	24,966,393
2019-20	21,673,260	3,326,928	25,000,188
2020-21	18,341,928	2,914,016	21,255,944
2021-22	19,244,016	2,476,128	21,720,144
2022-23	19,641,128	2,038,878	21,680,006
2023-24	20,423,878	1,567,763	21,991,641
2024-25	20,917,763	1,071,919	21,989,682
2025-26	24,006,919	469,875	24,476,794
2026-27	18,369,873	-	18,369,873
	<u>\$ 310,881,465</u>	<u>\$ 59,328,341</u>	<u>\$ 370,209,806</u>

Schedule Ten

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF LEASE PAYMENTS RECEIVABLE
 FOR THE YEAR ENDED JUNE 30, 2010

MEDICAL CENTER PROJECT – 2009 SERIES B

<u>Fiscal Year</u>	<u>Due July 15</u>	<u>Due January 15</u>	<u>Total</u>
2010-11	\$ 2,285,816	\$ 1,124,659	\$ 3,410,475
2011-12	1,124,659	1,124,659	2,249,318
2012-13	1,124,659	1,124,659	2,249,318
2013-14	1,124,659	1,124,659	2,249,318
2014-15	1,124,659	1,124,659	2,249,318
2015-16	1,124,659	1,124,659	2,249,318
2016-17	1,124,659	1,124,659	2,249,318
2017-18	1,124,659	1,124,659	2,249,318
2018-19	8,534,659	939,409	9,474,068
2019-20	8,724,409	735,053	9,459,462
2020-21	735,053	735,053	1,470,106
2021-22	735,053	735,053	1,470,106
2022-23	735,053	735,053	1,470,106
2023-24	14,705,053	377,076	15,082,129
2024-25	15,092,076	-	15,092,076
	<u>\$ 59,419,785</u>	<u>\$ 13,253,969</u>	<u>\$ 72,673,754</u>

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010

GLEN HELEN BLOCKBUSTER PROJECT
SERIES 2008 A

<u>Fiscal Year</u>	<u>Total Payment</u>
2010-11	\$ 624,096
2011-12	629,194
2012-13	647,388
2013-14	610,695
2014-15	609,027
2015-16	582,369
2016-17	600,653
2017-18	569,042
2018-19	562,449
2019-20	510,967
2020-21	519,461
2021-22	473,137
2022-23	446,820
2023-24	415,580
	<u>\$ 7,800,878</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

**GLEN HELEN BLOCKBUSTER PROJECT
SERIES 2008 B**

<u>Fiscal Year</u>	<u>Total Payment</u>
2010-11	\$ 87,752
2011-12	114,086
2012-13	93,750
2013-14	78,523
2014-15	93,271
2015-16	78,094
2016-17	57,849
2017-18	576,741
2018-19	614,709
2019-20	682,445
2020-21	719,989
2021-22	762,412
2022-23	834,560
2023-24	876,561
	<u>\$ 5,670,742</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL IMPROVEMENT REFINANCING PROJECT

<u>Fiscal Year</u>	<u>Total Payment</u>
2010-11	\$ 348,231
2011-12	344,429
2012-13	342,208
2013-14	339,988
2014-15	437,285
2015-16	434,325
2016-17	431,364
2017-18	428,405
2018-19	425,445
2019-20	422,485
2020-21	419,525
2021-22	516,081
2022-23	512,381
2023-24	508,681
2024-25	504,981
2025-26	501,279
	<u>\$ 6,917,093</u>

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010

SOLID WASTE FINANCING PROJECT
SERIES 2008 B

<u>Fiscal Year</u>	<u>Total Payment</u>
2010-11	\$ 7,103,436
2011-12	7,651,367
2012-13	8,198,303
2013-14	8,823,553
2014-15	9,476,425
2015-16	10,176,951
2016-17	10,939,462
	<u>\$ 62,369,497</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2010**

PUBLIC IMPROVEMENT FINANCING PROJECT

<u>Fiscal Year</u>	<u>Due September 15</u>	<u>Due March 15</u>	<u>Total</u>
2010-11	\$ 1,122,644	\$ 189,894	\$ 1,312,538
2011-12	559,894	180,644	740,538
2012-13	570,644	170,894	741,538
2013-14	575,894	160,769	736,663
2014-15	590,769	150,019	740,788
2015-16	600,019	138,206	738,225
2016-17	608,206	125,869	734,075
2017-18	620,869	112,875	733,744
2018-19	637,875	99,094	736,969
2019-20	559,094	87,019	646,113
2020-21	572,019	74,288	646,307
2021-22	584,288	60,900	645,188
2022-23	595,900	46,856	642,756
2023-24	611,856	32,025	643,881
2024-25	627,025	16,404	643,429
2025-26	641,404	-	641,404
	<u>\$ 10,078,400</u>	<u>\$ 1,645,756</u>	<u>\$ 11,724,156</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

**CONSTRUCTION AND IMPROVEMENT PROJECT
1996 COUNTY CENTER REFINANCING**

<u>Fiscal Year</u>	<u>Due July 1 Principal</u>	<u>Fiscal Year** Interest</u>	<u>Total</u>
2010-11	\$ 2,100,000	\$ 175,511	\$ 2,275,511
2011-12	2,200,000	139,500	2,339,500
2012-13	2,300,000	105,000	2,405,000
2013-14	2,400,000	69,000	2,469,000
2014-15	2,300,000	34,499	2,334,499
2015-16	2,300,000	-	2,300,000
	<u>\$ 13,600,000</u>	<u>\$ 523,510</u>	<u>\$ 14,123,510</u>

**Fiscal year interest in this schedule is based on June 30, 2010 interest rate which was 1.50%.

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

CONSTRUCTION AND IMPROVEMENT PROJECT
 SERIES 2002

Fiscal Year	Due July 1		Due January 1	Total
	Principal	Interest	Interest	
2010-11	\$ 4,790,000	\$ 852,400	\$ 756,600	\$ 6,399,000
2011-12	5,025,000	756,600	656,100	6,437,700
2012-13	5,155,000	656,100	553,000	6,364,100
2013-14	5,475,000	553,000	443,500	6,471,500
2014-15	5,585,000	443,500	303,875	6,332,375
2015-16	5,950,000	303,875	155,125	6,409,000
2016-17	6,205,000	155,125	-	6,360,125
	<u>\$ 38,185,000</u>	<u>\$ 3,720,600</u>	<u>\$ 2,868,200</u>	<u>\$ 44,773,800</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

WEST VALLEY DETENTION CENTER PROJECT - 2001 SERIES A

Fiscal Year	Due November 1		Due May 1	Total
	Principal	Interest	Interest	
2010-11	\$ 610,000	\$ 138,079	\$ 125,879	\$ 873,958
2011-12	635,000	125,879	113,179	874,058
2012-13	655,000	113,179	100,079	868,258
2013-14	685,000	100,079	86,036	871,115
2014-15	715,000	86,036	70,843	871,879
2015-16	745,000	70,843	54,825	870,668
2016-17	775,000	54,825	37,775	867,600
2017-18	810,000	37,775	19,549	867,324
2018-19	850,000	19,549	-	869,549
	<u>\$ 6,480,000</u>	<u>\$ 746,244</u>	<u>\$ 608,165</u>	<u>\$ 7,834,409</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

WEST VALLEY DETENTION CENTER PROJECT - 2001 SERIES B

<u>Fiscal Year</u>	<u>Due November 1</u>		<u>Due May 1</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>	
2010-11	\$ 5,055,000	\$ 337,000	\$ 235,900	\$ 5,627,900
2011-12	5,265,000	235,900	109,900	5,610,800
2012-13	5,495,000	109,900	-	5,604,900
	<u>\$ 15,815,000</u>	<u>\$ 682,800</u>	<u>\$ 345,800</u>	<u>\$ 16,843,600</u>

Schedule Twenty

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

WEST VALLEY DETENTION CENTER PROJECT - 2002 SERIES A

Fiscal Year	Due November 1		Due May 1	Total
	Principal	Interest	Interest	
2010-11	\$ 305,000	\$ 1,121,894	\$ 1,114,269	\$ 2,541,163
2011-12	325,000	1,114,269	1,106,144	2,545,413
2012-13	340,000	1,106,144	1,097,644	2,543,788
2013-14	6,115,000	1,097,644	937,125	8,149,769
2014-15	6,430,000	937,125	768,338	8,135,463
2015-16	6,765,000	768,338	590,756	8,124,094
2016-17	7,125,000	590,756	403,725	8,119,481
2017-18	7,495,000	403,725	206,980	8,105,705
2018-19	7,885,000	206,980	-	8,091,980
	<u>\$ 42,785,000</u>	<u>\$ 7,346,875</u>	<u>\$ 6,224,981</u>	<u>\$ 56,356,856</u>

Schedule Twenty-one

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

MEDICAL CENTER PROJECT - SERIES 1994

Fiscal Year	Due August 1		Due February 1	Total
	Principal	Interest	Interest	
2010-11	\$ 3,570,000	\$ 3,431,513	\$ 3,333,338	\$ 10,334,851
2011-12	3,775,000	3,333,338	3,229,525	10,337,863
2012-13	3,990,000	3,229,525	3,119,800	10,339,325
2013-14	4,205,000	3,119,800	3,004,163	10,328,963
2014-15	4,445,000	3,004,163	2,881,925	10,331,088
2015-16	4,695,000	2,881,925	2,752,813	10,329,738
2016-17	4,965,000	2,752,813	2,616,275	10,334,088
2017-18	5,235,000	2,616,275	2,472,313	10,323,588
2018-19	-	2,472,313	2,472,313	4,944,626
2019-20	-	2,472,313	2,472,313	4,944,626
2020-21	12,180,000	2,472,313	2,046,013	16,698,326
2021-22	12,570,000	2,046,013	1,700,338	16,316,351
2022-23	13,290,000	1,700,338	1,334,863	16,325,201
2023-24	-	1,334,863	1,334,863	2,669,726
2024-25	-	1,334,863	1,334,863	2,669,726
2025-26	13,060,000	1,334,863	1,008,363	15,403,226
2026-27	13,725,000	1,008,363	665,238	15,398,601
2027-28	13,675,000	665,238	340,450	14,680,688
2028-29	14,335,000	340,449	0	14,675,449
	<u>\$ 127,715,000</u>	<u>\$ 41,551,281</u>	<u>\$ 38,119,769</u>	<u>\$ 207,386,050</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

MEDICAL CENTER PROJECT - SERIES 1995

Fiscal Year	Due August 1		Due February 1	Total
	Principal	Interest	Interest	
2010-11	\$ 10,525,000	\$ 1,275,613	\$ 907,238	\$ 12,707,851
2011-12	3,245,000	907,238	801,775	4,954,013
2012-13	3,465,000	801,775	689,163	4,955,938
2013-14	3,705,000	689,163	568,750	4,962,913
2014-15	3,955,000	568,750	440,213	4,963,963
2015-16	4,225,000	440,213	302,900	4,968,113
2016-17	4,505,000	302,900	156,486	4,964,386
2017-18	4,815,000	156,486	-	4,971,486
	<u>\$ 38,440,000</u>	<u>\$ 5,142,138</u>	<u>\$ 3,866,525</u>	<u>\$ 47,448,663</u>

Schedule Twenty-three

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

MEDICAL CENTER PROJECT - SERIES 1996

Fiscal Year	Due August 1		Due February 1	Total
	Principal	Interest	Interest	
2010-11	\$ 340,000	\$ 1,620,638	\$ 1,611,713	\$ 3,572,351
2011-12	360,000	1,611,713	1,602,263	3,573,976
2012-13	380,000	1,602,263	1,592,288	3,574,551
2013-14	400,000	1,592,288	1,581,788	3,574,076
2014-15	420,000	1,581,788	1,570,763	3,572,551
2015-16	445,000	1,570,763	1,559,081	3,574,844
2016-17	465,000	1,559,081	1,546,875	3,570,956
2017-18	490,000	1,546,875	1,534,625	3,571,500
2018-19	515,000	1,534,625	1,521,750	3,571,375
2019-20	545,000	1,521,750	1,508,125	3,574,875
2020-21	570,000	1,508,125	1,493,875	3,572,000
2021-22	600,000	1,493,875	1,478,875	3,572,750
2022-23	630,000	1,478,875	1,463,125	3,572,000
2023-24	665,000	1,463,125	1,446,500	3,574,625
2024-25	695,000	1,446,500	1,429,125	3,570,625
2025-26	735,000	1,429,125	1,410,750	3,574,875
2026-27	7,120,000	1,410,750	1,232,750	9,763,500
2027-28	24,030,000	1,232,750	631,998	25,894,748
2028-29	25,280,000	631,997	-	25,911,997
	<u>\$ 64,685,000</u>	<u>\$ 27,836,906</u>	<u>\$ 26,216,269</u>	<u>\$ 118,738,175</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

MEDICAL CENTER PROJECT – 2009 SERIES A

Fiscal Year	Due August 1		Due February 1	Total
	Principal	Interest	Interest	
2010-11	\$ 2,075,000	\$ 7,573,125	\$ 6,054,422	\$ 15,702,547
2011-12	9,990,000	6,054,422	5,904,572	21,948,994
2012-13	10,305,000	5,904,572	5,659,997	21,869,569
2013-14	10,790,000	5,659,997	5,392,747	21,842,744
2014-15	11,405,000	5,392,747	5,123,622	21,921,369
2015-16	11,905,000	5,123,622	4,830,697	21,859,319
2016-17	12,445,000	4,830,697	4,525,384	21,801,081
2017-18	13,090,000	4,525,384	4,198,134	21,813,518
2018-19	16,995,000	4,198,134	3,773,259	24,966,393
2019-20	17,900,000	3,773,259	3,326,928	25,000,187
2020-21	15,015,000	3,326,928	2,914,016	21,255,944
2021-22	16,330,000	2,914,016	2,476,128	21,720,144
2022-23	17,165,000	2,476,128	2,038,878	21,680,006
2023-24	18,385,000	2,038,878	1,567,763	21,991,641
2024-25	19,350,000	1,567,763	1,071,919	21,989,682
2025-26	22,935,000	1,071,919	469,875	24,476,794
2026-27	17,900,000	469,874	-	18,369,874
	<u>\$ 243,980,000</u>	<u>\$ 66,901,465</u>	<u>\$ 59,328,341</u>	<u>\$ 370,209,806</u>

Schedule Twenty-five

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

MEDICAL CENTER PROJECT – 2009 SERIES B

Fiscal Year	Due August 1		Due February 1	Total
	Principal	Interest	Interest	
2010-11	\$ 870,000	\$ 1,415,816	\$ 1,124,659	\$ 3,410,475
2011-12	-	1,124,659	1,124,659	2,249,318
2012-13	-	1,124,659	1,124,659	2,249,318
2013-14	-	1,124,659	1,124,659	2,249,318
2014-15	-	1,124,659	1,124,659	2,249,318
2015-16	-	1,124,659	1,124,659	2,249,318
2016-17	-	1,124,659	1,124,659	2,249,318
2017-18	-	1,124,659	1,124,659	2,249,318
2018-19	7,410,000	1,124,659	939,409	9,474,068
2019-20	7,785,000	939,409	735,053	9,459,462
2020-21	-	735,053	735,053	1,470,106
2021-22	-	735,053	735,053	1,470,106
2022-23	-	735,053	735,053	1,470,106
2023-24	13,970,000	735,053	377,076	15,082,129
2024-25	14,715,000	377,076	-	15,092,076
	<u>\$ 44,750,000</u>	<u>\$ 14,669,785</u>	<u>\$ 13,253,969</u>	<u>\$ 72,673,754</u>

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

GLEN HELEN BLOCKBUSTER PROJECT – SERIES 2008 A

Fiscal Year	Principal		Interest**	Total
	Due September 1	Due March 1		
2010-11	\$ 305,000	\$ 300,000	\$ 19,096	\$ 624,096
2011-12	320,000	290,000	19,194	629,194
2012-13	325,000	305,000	17,388	647,388
2013-14	275,000	320,000	15,695	610,695
2014-15	260,000	335,000	14,027	609,027
2015-16	275,000	295,000	12,369	582,369
2016-17	310,000	280,000	10,653	600,653
2017-18	280,000	280,000	9,042	569,042
2018-19	285,000	270,000	7,449	562,449
2019-20	255,000	250,000	5,967	510,967
2020-21	290,000	225,000	4,461	519,461
2021-22	215,000	255,000	3,137	473,137
2022-23	215,000	230,000	1,820	446,820
2023-24	215,000	200,000	581	415,581
	<u>\$ 3,825,000</u>	<u>\$ 3,835,000</u>	<u>\$ 140,879</u>	<u>\$ 7,800,879</u>

** Fiscal year interest in this schedule is based on June 30, 2010 interest rate, which was 0.2800%.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

GLEN HELEN BLOCKBUSTER PROJECT – SERIES 2008 B

Fiscal Year	Principal		Interest**	Total
	Due September 1	Due March 1		
2010-11	\$ 10,000	\$ 60,000	\$ 17,752	\$ 87,752
2011-12	35,000	60,000	19,086	114,086
2012-13	15,000	60,000	18,750	93,750
2013-14	-	60,000	18,523	78,523
2014-15	15,000	60,000	18,271	93,271
2015-16	-	60,000	18,094	78,094
2016-17	-	40,000	17,849	57,849
2017-18	285,000	275,000	16,741	576,741
2018-19	290,000	310,000	14,709	614,709
2019-20	350,000	320,000	12,445	682,445
2020-21	355,000	355,000	9,989	719,989
2021-22	365,000	390,000	7,412	762,412
2022-23	425,000	405,000	4,560	834,560
2023-24	435,000	440,000	1,561	876,561
	<u>\$ 2,580,000</u>	<u>\$ 2,895,000</u>	<u>\$ 195,742</u>	<u>\$ 5,670,742</u>

** Fiscal year interest in this schedule is based on June 30, 2010 interest rate, which was 0.3500%.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

CAPITAL IMPROVEMENT REFINANCING PROJECT

<u>Fiscal Year</u>	<u>Due November 1 Principal</u>	<u>Interest**</u>	<u>Total</u>
2010-11	\$ 300,000	\$ 48,231	\$ 348,231
2011-12	300,000	44,429	344,429
2012-13	300,000	42,208	342,208
2013-14	300,000	39,988	339,988
2014-15	400,000	37,285	437,285
2015-16	400,000	34,325	434,325
2016-17	400,000	31,365	431,365
2017-18	400,000	28,405	428,405
2018-19	400,000	25,445	425,445
2019-20	400,000	22,485	422,485
2020-21	400,000	19,525	419,525
2021-22	500,000	16,081	516,081
2022-23	500,000	12,381	512,381
2023-24	500,000	8,681	508,681
2024-25	500,000	4,981	504,981
2025-26	500,000	1,278	501,278
	<u>\$ 6,500,000</u>	<u>\$ 417,093</u>	<u>\$ 6,917,093</u>

** Fiscal year interest in this schedule is based on June 30, 2010 interest rate, which was 0.74%.

Schedule Twenty-nine

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
 SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
 FOR THE YEAR ENDED JUNE 30, 2010

SOLID WASTE FINANCING PROJECT – SERIES 2008 B

Fiscal Year	Principal		Interest**	Total
	Due September 1	Due March 1		
2010-11	\$ 3,330,000	\$ 3,585,000	\$ 188,436	\$ 7,103,436
2011-12	3,605,000	3,865,000	181,367	7,651,367
2012-13	3,915,000	4,130,000	153,303	8,198,303
2013-14	4,265,000	4,435,000	123,553	8,823,553
2014-15	4,630,000	4,755,000	91,425	9,476,425
2015-16	5,010,000	5,110,000	56,951	10,176,951
2016-17	5,410,000	5,510,000	19,461	10,939,461
	<u>\$ 30,165,000</u>	<u>\$ 31,390,000</u>	<u>\$ 814,496</u>	<u>\$ 62,369,496</u>

** Fiscal year interest in this schedule is based on June 30, 2010 interest rate, which was 0.3500%.

**INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2010**

PUBLIC IMPROVEMENT FINANCING PROJECT

<u>Fiscal Year</u>	<u>Due October 1</u>		<u>Due April 1</u>	<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Interest</u>	
2010-11	\$ 910,000	\$ 212,644	\$ 189,894	\$ 1,312,538
2011-12	370,000	189,894	180,644	740,538
2012-13	390,000	180,644	170,894	741,538
2013-14	405,000	170,894	160,769	736,663
2014-15	430,000	160,769	150,019	740,788
2015-16	450,000	150,019	138,206	738,225
2016-17	470,000	138,206	125,869	734,075
2017-18	495,000	125,869	112,875	733,744
2018-19	525,000	112,875	99,094	736,969
2019-20	460,000	99,094	87,019	646,113
2020-21	485,000	87,019	74,288	646,307
2021-22	510,000	74,288	60,900	645,188
2022-23	535,000	60,900	46,856	642,756
2023-24	565,000	46,856	32,025	643,881
2024-25	595,000	32,025	16,404	643,429
2025-26	625,000	16,404	-	641,404
	<u>\$ 8,220,000</u>	<u>\$ 1,858,400</u>	<u>\$ 1,645,756</u>	<u>\$ 11,724,156</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Directors
Inland Empire Public Facilities Corporation
San Bernardino, California

We have audited the financial statements of each major fund of the Inland Empire Public Facilities Corporation (the "Corporation"), as of and for the year ended June 30, 2010, and have issued our report thereon dated October 19, 2010. Our report included an explanatory paragraph regarding the Corporation's adoption of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, in 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the Board of Directors and management of the Corporation and is not intended to be and should not be used by anyone other than these specified parties.

Vaurio, Tami, Day, Co., LLP

Rancho Cucamonga, California
October 19, 2010