INLAND EMPIRE
PUBLIC FACILITIES CORPORATION
(A COMPONENT UNIT OF THE COUNTY OF SAN BERNARDINO, CALIFORNIA)

INDEPENDENT AUDITORS' REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
(A COMPONENT UNIT OF THE COUNTY OF SAN BERNARDINO, CALIFORNIA)

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For The Year Ended June 30, 2016

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
(A COMPONENT UNIT OF THE COUNTY OF SAN BERNARDINO, CALIFORNIA)

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INDEPENDENT AUDITORS' REPORT

Board of Supervisors and Audit Committee
Inland Empire Public Facilities Corporation
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the Inland Empire Public Facilities Corporation (Corporation), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund of the Inland Empire Public Facilities Corporation as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 10, the Corporation implemented Governmental Accounting Standards Board (GASB) Statements No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The schedules of lease payments receivable and schedules of debt service are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, 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 control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 16, 2016

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2016

	Construction and Improvement Project	Medical Center Project	Combined
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 6,360,125	$ 742	$ 6,360,867
Restricted cash and cash equivalents	6,614,855	11,922,862	18,537,717
Interest receivable	1,625	295,396	297,021
Receivable from County	-	80,529	80,529
Current portion of gross lease payments receivable	-	42,919,829	42,919,829
Current portion of unearned lease interest income	-	(25,607,711)	(25,607,711)
Total Current Assets	12,976,605	29,611,647	42,588,252
Noncurrent Assets:			
Restricted investments	-	38,311,773	38,311,773
Gross lease payments receivable, net of current portion	-	512,778,050	512,778,050
Unearned lease interest income, net of current portion	-	(162,957,456)	(162,957,456)
Total Noncurrent Assets	-	388,132,367	388,132,367
TOTAL ASSETS	12,976,605	417,744,014	430,720,619
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on refunding	-	21,896,891	21,896,891
LIABILITIES			
Current Liabilities:			
Interest payable	155,125	8,808,458	8,963,583
Due to County	6,616,480	-	6,616,480
Current portion of Certificates of Participation payable	6,205,000	22,380,000	28,585,000
Current portion of (discount) premium on Certificates of Participation payable, net	-	(226,037)	(226,037)
Total Current Liabilities	12,976,605	30,962,421	43,939,026
Noncurrent Liabilities:			
Certificates of Participation payable net of current portion	-	383,705,000	383,705,000
Arbitrage payable	-	80,529	80,529
(Discount) premium on Certificates of Participation payable, net	-	(2,922,710)	(2,922,710)
Total Noncurrent Liabilities	-	380,862,819	380,862,819
TOTAL LIABILITIES	12,976,605	411,825,240	424,801,845
NET POSITION			
Restricted for debt service	-	27,815,665	27,815,665
TOTAL NET POSITION	$ -	$ 27,815,665	$ 27,815,665

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

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016

	Construction and Improvement Project	Medical Center Project	Combined
NONOPERATING REVENUES			
Lease interest	$ -	$ 25,402,306	$ 25,402,306
Investment income:			
Interest and dividends	143,404	1,469,481	1,612,885
Net increase (decrease) in fair value of investments	-	252,228	252,228
Total Nonoperating Revenues	143,404	27,124,015	27,267,419
NONOPERATING EXPENSES			
Interest	310,250	21,297,368	21,607,618
Amortization of deferred amount on refunding	472,728	2,378,346	2,851,074
Amortization of discount (premium) on Certificates of Participation	(116,208)	226,037	109,829
Loss on investments	121,056	-	121,056
Total Nonoperating Expenses	787,826	23,901,751	24,689,577
Income Before Transfers	(644,422)	3,222,264	2,577,842
Transfer to the County	(6,019,772)	-	(6,019,772)
Changes in Net Position	(6,664,194)	3,222,264	(3,441,930)
Net Position - July 1, 2015	6,664,194	24,593,401	31,257,595
Net Position - June 30, 2016	$ -	$ 27,815,665	$ 27,815,665

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

EXHIBIT C

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

	Construction and Improvement Project	Medical Center Project	Combined
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Lease payments received	$ 6,515,250	$ 41,498,856	$ 48,014,106
Principal payments on Certificates of Participation	(5,950,000)	(21,270,000)	(27,220,000)
Interest paid	(459,000)	(21,711,331)	(22,170,331)
Net Cash Provided by (Used for) Noncapital Financing Activities	106,250	(1,482,475)	(1,376,225)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment income	156,314	1,481,877	1,638,191
Investment activity, net	6,240,000	6,985,000	13,225,000
Net Cash Provided by Investing Activities	6,396,314	8,466,877	14,863,191
Increase in cash and cash equivalents	6,502,564	6,984,402	13,486,966
Cash and cash equivalents at July 1, 2015	6,472,416	4,939,202	11,411,618
Cash and cash equivalents at June 30, 2016	$ 12,974,980	$ 11,923,604	$ 24,898,584

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

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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 a legally separate entity who has the same governing board as the County, has financial benefit or burden and fiscal dependence on the County, and potential exclusion would result in misleading financial reporting of the County. Therefore, 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. Using this definition, the Corporation has no operating revenues or 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.

Certificate of Participation (COP) premiums/discounts and deferred loss on refunding are deferred and amortized over the life of the debt using the straight-line method.

Pursuant to GASB Statement No 63 and 65, the Corporation recognizes deferred outflows and inflows of resources. The deferred outflows of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflows of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

The deferred loss on refunding, classified as deferred outflows of resources, represents the excess of the amount placed in escrow (reacquisition price) over the carrying amount of the refunded bonds and is amortized over the remaining life of the refunded or refunding bonds using the straight line method. The amortization is displayed separately on the statement of revenues, expenses, and change in net position.

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 position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows are presented. Net position is the residual of all other elements presented in a statement of financial position (assets, deferred outflows of resources, liabilities, and deferred inflows of resources). The Corporation's net position can be classified into restricted and unrestricted.

These classifications are defined as follows:

Restricted – This component of net position consists of constraints placed on net resources 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 – This component of net position consists of net resources that do not meet the definition of "restricted" or "net investment in capital assets."

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

The Corporation qualifies as an Internal Revenue Code 501(c)(4) organization, and therefore, is exempt from taxation.

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, consisting of $61,575,000 Series A Certificates and $6,525,000 Taxable Series 2002 A-T (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.

NOTE 2: THE PROJECTS *(continued*)

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.

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.

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.

NOTE 2: THE PROJECTS *(continued)*

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.

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 entered into a master lease agreement with the County whereby the project (i.e. the hospital) is leased to the County. The County was 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 (Arrowhead Refunding Project Series 2009 A Certificates of Participation) and $44,750,000 (Arrowhead Refunding Project Series 2009 B Certificates of Participation). The proceeds from the sale of the Series 2009 A Certificates 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 Interest Rate Swap Agreement on the 1998 Certificates. The proceeds from the sale of the Series 2009B Certificates 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.

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:

Project	Trustee
Construction and Improvement Project	Bank of New York Mellon and Wells Fargo Bank, Corporate Trust Services
Medical Center Project	Wells Fargo Bank, Corporate Trust Services

As of June 30, 2016, cash and investments consist of the following:

Statement of Net Position (combined):		
Cash and cash equivalents	$	6,360,867
Restricted cash and cash equivalents		18,537,717
Restricted investments		38,311,773
Total Cash and Investments	$	63,210,357

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application,* requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. This Statement also establishes a hierarchy of inputs to valuation techniques used to measure fair value. The hierarchy has three levels.

- Level 1 Inputs - Quoted prices (unadjusted) in active markets for identical assets
- Level 2 Inputs - Inputs-other than quoted prices included in Level 1-that are observable for an asset, either directly or indirectly
- Level 3 Inputs - Unobservable inputs for an asset

The determination of what constitutes observable requires judgement by management. The Corporation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources.

Fair value pricing for Level 2 investments is obtained primarily from Interactive Data (IDC) Institutional Bond Pricing and is derived from market sources, credit information, observed market movements, dealer quotes, secondary trading, and sector news.

The valuation of 2a7 money market mutual funds are at one-dollar net asset value (NAV) per share. The total fair value of these at June 30, 2016 was $24,898,584, with $0 unfunded commitments. The redemption frequency is daily and redemption notice period of intra-daily. This type of investment primarily invests in short term U.S Treasury, government securities (including repurchase agreements collateralized by U.S. Treasury and government agency securities).

NOTE 3: CASH AND INVESTMENTS (*Continued*)

As of June 30, 2016, investments are classified in the fair value hierarchy as follows:

		Fair Value Measurements on a Recurring Basis Using		
Investments by Fair Value Level	**Balance at June 30, 2016**	**Quoted Prices (Unadjusted) in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
U. S. Treasury Bonds	$ 20,246,311	$ -	$ 20,246,311	$ -
Fed Natl Mrg Assn	13,314,611	-	13,314,611	-
Total Leveled Cash and Investments	$ 33,560,922	$ -	$ 33,560,922	$ -
Investments Not Measured at Fair Value				
Guaranteed Investment Contracts	4,750,851			
Investments Measured at the Net Asset Value				
Money Market Funds	24,898,584			
Total Cash and Investments	$ 63,210,357			

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. Guaranteed investment contracts are carried at cost.

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.

As of June 30, 2016, the Corporation's cash and investments, including cash equivalents, were as follows:

Investments	Maturity	Fair Value	Weighted Average Maturity (Years)
U. S. Treasury Bonds	11/15/2022	$ 20,246,311	6.3781
Guaranteed Investment Contracts	7/27/2028	4,750,851	12.0740
Fed Natl Mrg Assn	7/5/16 - 5/21/18	13,314,611	0.8817
Money Market Mutual Funds	N/A	24,898,584	N/A
Total cash and investments		$ 63,210,357	

NOTE 3: CASH AND INVESTMENTS (*Continued*)

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 for the Medical Center Project:

Issuer	Fair Value	Investment Type
MBIA Investment Management Corp.	$ 4,750,851	Guaranteed Investment Contract
Fed Natl Mrg Assn	$ 13,314,611	Federal Agency Security

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, 2016, the Corporation had investments held by Wells Fargo Bank for the Medical Center Project where the underlying securities are not insured or registered in the name of the Corporation, shown below:

Investment Type	Trustee	Fair Value
U. S. Treasury Bonds	Wells Fargo	$ 20,246,311

Credit Risk

The Corporation's investments in money market funds were rated Aaa by Moody's Investors Service. The investments in the Federal National Mrg. Assn were rated Aaa by Moody’s Investors Service. The company with whom the Corporation has a guaranteed investment contract received long-term ratings of Ba1 / A- from Moody's / Standard & Poor’s. This investment agreement is collateralized and guarantees payment of principal and interest as the same becomes due.

NOTE 4: LEASE RECEIVABLE

The Corporation 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 less any amount held in reserve. 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 in five year increments thereafter are summarized as follows for fiscal years ending June 30:

	Medical Center
2017	$ 42,919,829
2018	42,929,410
2019	42,956,462
2020	42,979,150
2021	42,996,376
2022-26	216,221,789
2027-29	124,694,863
Total Lease Payments	555,697,879
Less: Unearned Interest	(188,565,167)
Net Lease Receivable	$ 367,132,712

NOTE 5: LONG-TERM DEBT

The following is a summary of changes in the Certificates of Participation for the fiscal year ended June 30, 2016:

Description	July 1, 2015	Additions	Reductions	June 30, 2016	Due Within One Year
Construction and Improvement Project					
Regular Certificates (Series 2002)	$ 12,155,000	$ -	$ 5,950,000	$ 6,205,000	$ 6,205,000
Medical Center Project					
Series 1994	107,730,000	-	4,695,000	103,035,000	4,965,000
Series 1995	13,545,000	-	4,225,000	9,320,000	4,505,000
Series 1996	62,785,000	-	445,000	62,340,000	465,000
Series 2009 A	199,415,000	-	11,905,000	187,510,000	12,445,000
Series 2009 B	43,880,000	-	-	43,880,000	-
Subtotal bonds	439,510,000	-	27,220,000	412,290,000	28,585,000
Issuance discount	(6,173,920)	-	(513,390)	(5,660,530)	(513,390)
Issuance premium	2,915,344	-	403,561	2,511,783	287,353
Total bonds	$ 436,251,424	-	$ 27,110,171	$ 409,141,253	$ 28,358,963

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

The annual requirements to amortize all long-term debt outstanding as of June 30, 2016, including interest payments of $149,768,004 over the life of the debt, are summarized as follows for fiscal years ending June 30:

Description	2017	2018	2019
Construction and Improvement Project			
Regular Certificates (Series 2002)	$ 6,360,125	$ -	$ -
Medical Center Project			
Series 1994	10,334,088	10,323,588	4,944,626
Series 1995	4,964,386	4,971,486	-
Series 1996	3,570,956	3,571,500	3,571,375
Series 2009 A	21,801,081	21,813,518	24,966,393
Series 2009 B	2,249,318	2,249,318	9,474,068
	$ 49,279,954	$ 42,929,410	$ 42,956,462

Description	2020	2021	2022-26
Construction and Improvement Project			
Regular Certificates (Series 2002)	$ -	$ -	$ -
Medical Center Project			
Series 1994	4,944,626	16,698,326	53,384,230
Series 1995	-	-	-
Series 1996	3,574,875	3,572,000	17,864,875
Series 2009 A	25,000,187	21,255,944	111,858,267
Series 2009 B	9,459,462	1,470,106	33,114,417
	$ 42,979,150	$ 42,996,376	$ 216,221,789

Description	2027-29	Total
Construction and Improvement Project		
Regular Certificates (Series 2002)	$ -	$ 6,360,125
Medical Center Project		
Series 1994	44,754,743	145,384,227
Series 1995	-	9,935,872
Series 1996	61,570,245	97,295,826
Series 2009 A	18,369,875	245,065,265
Series 2009 B	-	58,016,689
	$ 124,694,863	562,058,004
Less: Total Interest		(149,768,004)
Total Principal		$ 412,290,000

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

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

Source of Payment: The ability of the Corporation to pay its obligations is dependent upon receipt of lease 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.

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. On December 17, 2009 the Corporation issued the Arrowhead Refunding Project Series 2009 B Certificates and used the proceeds of the Series 2009 B Certificates along with other available funds to refund $44,325,000 of the Series 1994 Certificates.

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. On December 17, 2009 the Corporation issued the Arrowhead Refunding Project Series 2009 A Certificates and used the proceeds of the Series 2009 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 Arrowhead Refunding Project Series 2009 A 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.

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

The Arrowhead Refunding Project Series 2009 B 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 Arrowhead Refunding Project 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.

NOTE 6: PRIOR YEARS' DEFEASANCE OF DEBT

In 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, 2016, Certificates of Participation outstanding considered defeased are as follows:

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

NOTE 7: 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, 2016, the estimated arbitrage payable, relating to the Medical Center Project, is $80,529.

NOTE 8: PRIOR YEAR LEASE ASSIGNMENT

West Valley Detention Center Project: On March 29, 2012, the Corporation assigned the future lease revenues paid by the County from this Project to Banc of America Public Capital Corp (Banc) in exchange for $51,585,000. These funds were used to redeem the $50,640,000 of outstanding Certificates of Participation, pay financing costs of $130,548, pay a 2% premium on the early redemption of the Certificates of $807,300 and return an escrow account overpayment of $7,152 to the County. Total lease payments of $56,529,939 will be paid to the Banc by the County in semiannual installments beginning November 1, 2012 through November 1, 2018 representing $51,585,000 in principal and $4,944,939 in interest for an effective interest rate of 2.59%. As a result, the Certificates of Participation and the associated lease receivable have been removed from the Corporation's Financial Statements.

NOTE 9: SUBSEQUENT EVENTS

On July 1, 2016, the Corporation made the final debt service payment for the Construction and Improvement Project Series 2002 totaling $6,360,125. This amount consisted of $6,205,000 in principal and $155,125 in interest. On the same date, the Corporation transferred to the County the remaining balance in the 2002 Certificate Reserve Fund of $6,614,855 plus interest earned.

NOTE 10: NEW ACCOUNTING PRONOUNCEMENTS

Effective in Current Fiscal Year

GASB Statement No. 72 – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. The objective of the statement is to address accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The Corporation has implemented this Statement as of July 1, 2015.

GASB Statement No. 76 – In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The Statement is effective for periods beginning after June 15, 2015. The Corporation has implemented this Statement as of July 1, 2015.

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. The provisions of this Statement are effective for reporting periods beginning after June 15, 2015 - except for certain provisions related to portfolio quality and the provision related to the monthly shadow price calculation, which are effective for reporting periods beginning after December 15, 2015. The Statement did not have an effect on the Corporation's financial statements.

NOTE 10: NEW ACCOUNTING PRONOUNCEMENTS *(continued)*

Effective in Future Fiscal Years

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for the fiscal year ending June 30, 2017. The Corporation has not determined the effect of this Statement.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for OPEB. This Statement replaces the requirements of Statements No. 45 and No. 57. The Statement is effective for the fiscal year ending June 30, 2018. The Corporation has not determined the effect of this Statement.

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures.* The objective of this Statement is to provide financial statement users with essential information about the nature and magnitude of the reduction in tax revenues through tax abatement programs. The Statement is effective for periods beginning after December 15, 2015. The Corporation has not determined the effect of this Statement.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units — an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for reporting periods beginning after June 15, 2016. The Corporation has not determined the effect of this Statement.

GASB Statement No. 81 – In January 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2016. The Corporation has not determined the effect of this Statement.

NOTE 10: NEW ACCOUNTING PRONOUNCEMENTS *(continued)*

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB 67, *Financial Reporting for Pension Plans*, GASB 68, *Accounting and Financial Reporting for Pensions*, and GASB 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and Amendments to Certain Provisions of GASBs 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. The Corporation has not determined the effect of this Statement.

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INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT – SERIES 1994

Fiscal Year	Due July 15	Due January 15	Total
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	14,675,454	-	14,675,454
	$ 125,586,022	$ 19,798,205	$ 145,384,227

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 1995

Fiscal Year	Due July 15	Due January 15	Total
2016-17	4,807,900	156,486	4,964,386
2017-18	4,971,486	-	4,971,486
	$ 9,779,386	$ 156,486	$ 9,935,872

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 1996

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 80,597,453	$ 16,698,373	$ 97,295,826

Schedule Four

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 2009 SERIES A

Fiscal Year	Due July 15	Due January 15	Total
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	18,369,874	-	18,369,874
	$ 218,702,981	$ 26,362,284	$ 245,065,265

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT – 2009 SERIES B

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 51,510,674	$ 6,506,015	$ 58,016,689

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

CONSTRUCTION AND IMPROVEMENT PROJECT
SERIES 2002

	Due July 1		Due January 1	
Fiscal Year	**Principal**	**Interest**	**Interest**	**Total**
2016-17	6,205,000	155,125	-	6,360,125
	$ 6,205,000	$ 155,125	$ -	$ 6,360,125

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 1994

Fiscal Year	Due August 1 Principal	Due August 1 Interest	Due February 1 Interest	Total
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	340,454	-	14,675,454
	$ 103,035,000	$ 22,551,022	$ 19,798,205	$ 145,384,227

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 1995

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
2016-17	4,505,000	302,900	156,486	4,964,386
2017-18	4,815,000	156,486	-	4,971,486
	$ 9,320,000	$ 459,386	$ 156,486	$ 9,935,872

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT - SERIES 1996

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
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
	$ 62,340,000	$ 18,257,453	$ 16,698,373	$ 97,295,826

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT – 2009 SERIES A

Fiscal Year	Due August 1 Principal	Due August 1 Interest	Due February 1 Interest	Total
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	469,875	-	18,369,875
	$ 187,510,000	$ 31,192,981	$ 26,362,284	$ 245,065,265

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2016

MEDICAL CENTER PROJECT – 2009 SERIES B

Fiscal Year	Due August 1 Principal	Due August 1 Interest	Due February 1 Interest	Total
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
	$ 43,880,000	$ 7,630,674	$ 6,506,015	$ 58,016,689

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 Supervisors and Audit Committee
Inland Empire Public Facilities Corporation
San Bernardino, California

We have audited, 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, the financial statements of each major fund of the Inland Empire Public Facilities Corporation (Corporation), a component unit of the County of San Bernardino, California as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated December 16, 2016. Our opinion included an emphasis-of-matter paragraph regarding the Corporation's adoption of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from 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.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 16, 2016