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, 2013

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, 2013

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

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Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors
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 (the "Corporation"), a component unit of the County of San Bernardino, California, as of and for the year ended June 30, 2013, 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 financial position of each major fund of the Inland Empire Public Facilities Corporation as of June 30, 2013, 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 described in Note 12 to the financial statements, the Corporation adopted Statement of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* effective July 1, 2012. 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 supplementary information as identified on those pages listed in the table of contents (supplementary information) 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 October 30, 2013, 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
October 30, 2013

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2013

EXHIBIT A

	Construction and Improvement Project	Medical Center Project	Solid Waste Financing Project	Combined
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 6,027,728	$ 80	$ -	$ 6,027,808
Restricted cash and cash equivalents	6,581,272	24,897,601	-	31,478,873
Interest receivable	77	272,076	-	272,153
Receivable from County	-	699,186	-	699,186
Current portion of gross lease payments receivable	6,472,000	42,958,013	-	49,430,013
Current portion of unearned lease interest income	(1,671,375)	(29,150,939)	-	(30,822,314)
Total Current Assets	17,409,702	39,676,017	-	57,085,719
Noncurrent Assets:				
Restricted investments	-	25,677,971	-	25,677,971
Gross lease payments receivable, net of current portion	13,073,000	641,717,499	-	654,790,499
Unearned lease interest income, net of current portion	(1,761,875)	(243,505,906)	-	(245,267,781)
Deferred Certificates of Participation issuance costs	237,021	4,234,302	-	4,471,323
Total Noncurrent Assets	11,548,146	428,123,866	-	439,672,012
TOTAL ASSETS	28,957,848	467,799,883	-	496,757,731
LIABILITIES				
Current Liabilities:				
Interest payable	553,000	10,087,222	-	10,640,222
Current portion of Certificates of Participation payable	5,475,000	19,100,000	-	24,575,000
Total Current Liabilities	6,028,000	29,187,222	-	35,215,222
Noncurrent Liabilities:				
Certificates of Participation payable net of current portion	17,740,000	447,580,000	-	465,320,000
Arbitrage payable	-	699,186	-	699,186
Deferred loss on refunding	(1,418,188)	(29,031,928)	-	(30,450,116)
Discounts, net of premium on Certificates of Participation payable	348,620	(3,826,858)	-	(3,478,238)
Total Noncurrent Liabilities	16,670,432	415,420,400	-	432,090,832
TOTAL LIABILITIES	22,698,432	444,607,622	-	467,306,054
NET POSITION				
Restricted	6,259,416	23,192,261	-	29,451,677
TOTAL NET POSITION	$ 6,259,416	$ 23,192,261	$ -	$ 29,451,677

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, 2013

EXHIBIT B

	Construction and Improvement Project	Medical Center Project	Solid Waste Financing Project	Combined
NONOPERATING REVENUES				
Lease interest	$ 2,138,823	$ 28,765,907	$ 65,145	$ 30,969,875
Investment income				
Interest and dividends	687	1,377,001	133	1,377,821
Net increase (decrease) in				
fair value of investments	-	(1,737,588)	-	(1,737,588)
Total Nonoperating Revenues	2,139,510	28,405,320	65,278	30,610,108
NONOPERATING EXPENSES				
Interest	1,106,000	24,383,593	67,260	25,556,853
Amortization of deferred				
amount on refinancing	472,730	2,378,346	76,919	2,927,995
Amortization of discount (premium)				
on Certificates of Participation	(116,206)	226,037	-	109,831
Amortization of deferred				
Certificates of Participation				
issuance costs	79,008	426,588	29,268	534,864
Total Nonoperating Expenses	1,541,532	27,414,564	173,447	29,129,543
Income (loss) before special items	597,978	990,756	(108,169)	1,480,565
Special Items:				
Loss on early lease termination	-	-	(2,817,394)	(2,817,394)
Loss on early Certificates				
of Participation Redemption	-	-	(912,880)	(912,880)
Net Special Items	-	-	(3,730,274)	(3,730,274)
Changes in Net Position	597,978	990,756	(3,838,443)	(2,249,709)
Net Position - June 30, 2012 (As Restated)	5,661,438	22,201,505	3,838,443	31,701,386
Net Position - June 30, 2013	$ 6,259,416	$ 23,192,261	$ -	$ 29,451,677

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

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

EXHIBIT C

	Construction and Improvement Project	Medical Center Project	Solid Waste Financing Project	Combined
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Lease payments received	$ 6,579,926	$ 41,600,466	$ 41,457,790	$ 89,638,182
Principal payments on Certificates of Participation	(5,155,000)	(18,140,000)	(47,170,000)	(70,465,000)
Interest paid	(1,209,100)	(24,848,700)	(78,858)	(26,136,658)
Net Cash Provided By (Used For) Noncapital Financing Activities	215,826	(1,388,234)	(5,791,068)	(6,963,476)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	690	1,376,180	181	1,377,051
Net Cash Provided By (Used For) Investing Activities	690	1,376,180	181	1,377,051
Increase (Decrease) in cash and cash equivalents	216,516	(12,054)	(5,790,887)	(5,586,425)
Cash and cash equivalents at June 30, 2012	12,392,484	24,909,735	5,790,887	43,093,106
Cash and cash equivalents at June 30, 2013	$ 12,609,000	$ 24,897,681	$ -	$ 37,506,681

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 5) 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 refunding 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 income statement.

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.

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

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 does 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: RESTATEMENT OF NET POSITION

The Corporation’s net position was understated by the amount of $35,047,788 at June 30, 2012 as a result of an error in the calculation of the unearned portion of lease interest receivable from the County of San Bernardino. This error does not change the scheduled cash flows or lease payment amounts from the County of San Bernardino. The effect of the correction is an increase of beginning net position as shown below:

	Construction and Improvement Project	Medical Center Project	Solid Waste Financing Project	Combined
Net position as of July 1, 2012 as originally reported	$ 5,165,172	$ (12,350,017)	$ 3,838,443	$ (3,346,402)
Unearned lease interest income, net of current portion	496,266	34,551,522	-	35,047,788
Net position as of July 1, 2012 as restated	$ 5,661,438	$ 22,201,505	$ 3,838,443	$ 31,701,386

NOTE 3: 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.

NOTE 3: THE PROJECTS *(continued)*

On July, 1, 2010, the Corporation received a lease payment from the County 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. Since the County prepaid all remaining lease payments in full, the County's obligation under the lease agreement terminated.

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 3: 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.

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.

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 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.

NOTE 3: 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 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.

The County prepaid all remaining lease payments in full on February 1, 2013, thus the County's obligation under the lease agreement terminated. See Note 10 for additional redemption information.

NOTE 4: 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, 2013, cash and investments consist of the following:

Statement of Net Position (combined):		
Cash and cash equivalents	$	6,027,808
Restricted Cash		31,478,873
Investments		25,677,971
Total Cash and Investments	$	63,184,652

NOTE 4: CASH AND INVESTMENTS *(continued)*

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 6) 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.

As of June 30, 2013, the Corporation's cash and investments, including cash equivalents, were as follows:

Investments (Item Count)	Maturity	Fair Value	Weighted Average Maturity (Years)
U. S. Treasury Bonds (2)	11/15/2022	$ 20,927,120	9.3781
Guaranteed Investment Contracts (1)	07/14/08 - 07/27/28	4,750,851	15.074
Money Market Funds (1)	N/A	37,506,681	N/A
Total cash and investments		$ 63,184,652	

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 - Guaranteed Investment Contracts	Fair Value
MBIA Investment Management Corp.	$ 4,750,851

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.

NOTE 4: CASH AND INVESTMENTS *(continued)*

As of June 30, 2013, 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	$ 20,927,120

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 received long-term ratings of BBB / Baa3 from Moody's / Standard & Poor's. This investment agreement is collateralized and guarantees payment of principal and interest as the same becomes due.

NOTE 5: 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.

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.

NOTE 5: LEASE RECEIVABLE *(continued)*

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:

Description	2013-14	2014-15	2015-16
Construction and Improvement Project	$ 6,472,000	$ 6,557,750	$ 6,515,250
Medical Center Project	42,958,013	43,038,290	42,981,332
	$ 49,430,013	$ 49,596,040	$ 49,496,582

Description	2016-17	2017-18	2018-2023
Construction and Improvement Project	$ -	$ -	$ -
Medical Center Project	42,919,829	42,929,411	215,058,650
	$ 42,919,829	$ 42,929,411	$ 215,058,650

Description	2023-28	2028-30	Total Lease Payments
Construction and Improvement Project	$ -	$ -	$ 19,545,000
Medical Center Project	214,202,531	40,587,456	684,675,512
	$ 214,202,531	$ 40,587,456	$ 704,220,512

Description	Unearned Interest	Net Lease Receivable
Construction and Improvement Project	$ (3,433,250)	$ 16,111,750
Medical Center Project	(272,656,845)	412,018,667
	$ (276,090,095)	$ 428,130,417

NOTE 6: LONG-TERM DEBT

The following is a summary of changes in the Certificates of Participation for the fiscal year ended June 30, 2013:

Description	July 1, 2012	Additions	Reductions	June 30, 2013	Due Within One Year
Construction and Improvement Project					
Regular Certificates (Series 2002)	$ 28,370,000	$ -	$ 5,155,000	$ 23,215,000	$ 5,475,000
Medical Center Project					
Series 1994	120,370,000	-	3,990,000	116,380,000	4,205,000
Series 1995	24,670,000	-	3,465,000	21,205,000	3,705,000
Series 1996	63,985,000	-	380,000	63,605,000	400,000
Series 2009 A	231,915,000	-	10,305,000	221,610,000	10,790,000
Series 2009 B	43,880,000	-	-	43,880,000	-
Solid Waste Financing Project (2008 B)	47,170,000	-	47,170,000	-	-
	$ 560,360,000	$ -	$ 70,465,000	$ 489,895,000	$ 24,575,000

The annual requirements to amortize all long-term debt outstanding June 30, 2013, including interest payments of $220,353,509 over the life of the debt, are summarized as follows:

Description	2013-14	2014-15	2015-16
Construction and Improvement Project			
Regular Certificates (Series 2002)	$ 6,471,500	$ 6,332,375	$ 6,409,000
Medical Center Project			
Series 1994	10,328,963	10,331,088	10,329,738
Series 1995	4,962,913	4,963,963	4,968,113
Series 1996	3,574,076	3,572,551	3,574,844
Series 2009 A	21,842,744	21,921,369	21,859,319
Series 2009 B	2,249,318	2,249,318	2,249,318
	$ 49,429,514	$ 49,370,664	$ 49,390,332

Description	2016-17	2017-18	2018-23
Construction and Improvement Project			
Regular Certificates (Series 2002)	$ 6,360,125	$ -	$ -
Medical Center Project			
Series 1994	10,334,088	10,323,588	59,229,130
Series 1995	4,964,386	4,971,486	
Series 1996	3,570,956	3,571,500	17,863,000
Series 2009 A	21,801,081	21,813,518	114,622,674
Series 2009 B	2,249,318	2,249,318	23,343,848
	$ 49,279,954	$ 42,929,410	$ 215,058,652

NOTE 6: LONG-TERM DEBT *(continued)*

Description	2023-27	2027-2030	Total
Construction and Improvement Project			
Regular Certificates (Series 2002)	$ -	$ -	$ 25,573,000
Medical Center Project			
Series 1994	50,821,967	14,675,449	176,374,011
Series 1995	-	-	24,830,861
Series 1996	46,378,373	25,911,997	108,017,297
Series 2009 A	86,827,992	-	310,688,697
Series 2009 B	30,174,205	-	64,764,643
	$ 214,202,537	$ 40,587,446	$ 710,248,509

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

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.

NOTE 6: 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.

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.

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.

Solid Waste Financing Project: The Corporation received lease payments from the County in the amount of $41,457,790 to fully redeem the 2008 B Certificates of Participation. The optional redemption occurred on February 1, 2013. See Note 10 for additional redemption information.

NOTE 7: 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, 2013, 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, 2013, the estimated arbitrage payable, relating to the Medical Center Project, is $699,186.

NOTE 9: NET POSITION/DEFICITS

Medical Center Project: The deficit was caused by a previous restatement of net position to record the June 30, 2009 fair value of an interest rate swap as required by the implementation of GASB 53 and by the costs associated with the 2009 Arrowhead Refunding Project Series A and B Certificates.

The net deficit will be reduced over time with lease payments received from the County's Medical Center Enterprise Fund.

NOTE 10: REDEMPTION OF CERTIFICATES OF PARTICIPATION

Solid Waste Financing Project: The Corporation received lease payments from the County in the amount of $41,457,790 to fully redeem the outstanding Certificates of Participation in the amount of $43,255,000. Excess cash was provided from the debt service reserve fund. The optional redemption occurred on February 1, 2013. This optional redemption resulted in a $2,817,394 loss on early termination of lease from the County, and a $912,880 loss on early redemption of certificates, for a net loss of $3,730,274.

NOTE 11: PRIOR YEAR LEASE ASSIGNMENT

West Valley Detention Center Project: On March 29, 2012, the Corporation assigned the future lease revenues 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%.

NOTE 12: NEW ACCOUNTING PRONONUNCEMTNS

Effective In Current Fiscal Year

GASB Statement No. 60 – In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The Statement is effective for periods beginning after December 15, 2011. This statement did not have an effect on the Corporation’s financial statements.

GASB Statement No. 61 – In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus –an amendment of GASB Statements No. 14 and No. 34*. The objective of this statement is to improve financial reporting for a governmental financial reporting entity. The Statement is effective for periods beginning after December 15, 2012. This statement did not have an effect on the Corporation’s financial statements.

GASB Statement No. 62 – In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure that were issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The Statement is effective for periods beginning after December 15, 2011. This statement did not have a material effect on the Corporation’s financial statements.

NOTE 12: NEW ACCOUNTING PRONONUNCEMTNS *(continued)*

GASB Statement No. 63 – In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The Statement is effective for the fiscal year ending June 30, 2013. The Corporation has implemented this standard as of July 1, 2012.

Effective in Future Years

GASB Statement No. 65 – In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The Corporation has not determined the effect of this Statement.

GASB Statement No. 66 – In March 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62.* The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions,* and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.* The Statement is effective for periods beginning after December 15, 2012. The Corporation has not determined the effect of this Statement.

GASB Statement No. 67 – In June 2012, GASB issued Statement No. 67*, Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25. The* objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement replaces the requirements of *Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The Statement is effective for periods beginning after June 15, 2013. The Corporation has not determined the effect of this Statement.

NOTE 12: NEW ACCOUNTING PRONONUNCEMTNS *(continued)*

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.* The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The Corporation has not determined the effect of this Statement.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69*, Government Combinations and Disposals of Government Operations.* This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The Statement is effective for periods beginning after December 15, 2013. The Corporation has not determined the effect of this Statement.

GASB Statement No. 70 – In April 2013, GASB issued Statement No. 70*, Accounting and Financial Reporting for Nonexchange Financial Gaurantees.* The objective of this Statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The Statement is effective for financial statements for reporting beginning after June 15, 2013. The Corporation has not determined the effect of this Statement.

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Schedule One

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

CONSTRUCTION AND IMPROVEMENT PROJECT
SERIES 2002

Fiscal Year	Due December 15	Due June 15	Total Payment
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
	$ 902,500	$ 18,642,500	$ 19,545,000

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT – SERIES 1994

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 147,936,905	$ 28,437,106	$ 176,374,011

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 1995

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 23,362,512	$ 1,468,349	$ 24,830,861

Schedule Four

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 1996

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 86,607,292	$ 21,410,005	$ 108,017,297

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 2009 SERIES A

Fiscal Year	Due July 15	Due January 15	Total
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	18,369,874	-	18,369,874
	$ 268,979,347	$ 41,709,350	$ 310,688,697

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF LEASE PAYMENTS RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT – 2009 SERIES B

Fiscal Year	Due July 15	Due January 15	Total
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
	$ 54,884,651	$ 9,879,992	$ 64,764,643

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

CONSTRUCTION AND IMPROVEMENT PROJECT
SERIES 2002

Fiscal Year	Due July 1 Principal	Due July 1 Interest	Due January 1 Interest	Total
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
	$ 23,215,000	$ 1,455,500	$ 902,500	$ 25,573,000

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 1994

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
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	-	14,675,449
	$ 116,380,000	$ 31,556,905	$ 28,437,106	$ 176,374,011

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 1995

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
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
	$ 21,205,000	$ 2,157,512	$ 1,468,349	$ 24,830,861

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT - SERIES 1996

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
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
	$ 63,605,000	$ 23,002,292	$ 21,410,005	$ 108,017,297

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT – 2009 SERIES A

Fiscal Year	Due August 1 Principal	Due August 1 Interest	Due February 1 Interest	Total
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	469,875	-	18,369,875
	$ 221,610,000	$ 47,369,347	$ 41,709,350	$ 310,688,697

INLAND EMPIRE PUBLIC FACILITIES CORPORATION
SCHEDULE OF DEBT SERVICE - CERTIFICATES OF PARTICIPATION
FOR THE YEAR ENDED JUNE 30, 2013

MEDICAL CENTER PROJECT – 2009 SERIES B

	Due August 1		Due February 1	
Fiscal Year	Principal	Interest	Interest	Total
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
	$ 43,880,000	$ 11,004,651	$ 9,879,992	$ 64,764,643

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, 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 (the "Corporation"), a component unit of the County of San Bernardino, California as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated October 30, 2013. Our report included an emphasis of matter regarding the Corporation's adoption of Statement of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective July 1, 2012.

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 entity'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 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vavrinek, Trine, Day & Co., LLP

Rancho Cucamonga, California
October 30, 2013