

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



ITEM: 5.3
(ID # 17435)

MEETING DATE:
Tuesday, November 16, 2021

FROM : EXECUTIVE OFFICE:

SUBJECT: EXECUTIVE OFFICE: Receive and File the County of Riverside Asset Leasing Corporation Annual Audit Report for the year ended June 30, 2021, All Districts, [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Receive and file the County of Riverside Asset Leasing Corporation (CORAL) Annual Audit Report for the Year Ended June 30, 2021.


ACTION:Consent


Don Kent, Director of Finance 10/22/2021

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Jeffries, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is received and filed as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Hewitt
Nays: None
Absent: None
Date: November 16, 2021
xc: E.O.

Kecia R. Harper
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	\$ 0	\$ 0	\$ 0	\$ 0
NET COUNTY COST	\$ 0	\$ 0	\$ 0	\$ 0
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	2020-2021

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

The County of Riverside Asset Leasing Corporation (CORAL) is a component unit of the County of Riverside. Each year, CORAL engages an independent auditor to conduct an audit of its basic Financial Statements which consists of the Statements of Net Position, Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows and the related Notes to the Basic Financial Statements for the fiscal year then ended.

For fiscal year 2020-2021, CORAL engaged external auditor Brown Armstrong Accountancy Corporation to conduct the audit of its financial statements and transactions for the period July 1, 2020 through June 30, 2021.

The audit was performed 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 the independent auditor plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

At the conclusion of the audit, the independent auditor issued an opinion that the financial statements of the County of Riverside Asset Leasing Corporation presents fairly (no exceptions noted), in all material respects, the financial position of the County of Riverside Asset Leasing Corporation as of June 30, 2021, 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.

Impact on Residents and Businesses

No impact on residents and business.

ATTACHMENTS:

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

1. County of Riverside Asset Leasing Corporation Annual Audit Report Year Ended June 30, 2021.
2. SAS 114 Final Report

Michael Ambolo
Michael Ambolo, Chief Finance Officer 10/26/2021

**COUNTY OF RIVERSIDE
ASSET LEASING CORPORATION
(A Blended Component Unit of the
County of Riverside, California)**

**BASIC FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
(A Blended Component Unit of the County of Riverside, California)

FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
County of Riverside Asset Leasing Corporation
Riverside, California

Report on the Basic Financial Statements

We have audited the accompanying basic financial statements of the County of Riverside Asset Leasing Corporation (CORAL), a blended component unit of the County of Riverside, California (the County) as of and for the year ended June 30, 2021, and the related notes to the basic financial statements, which comprise CORAL's basic financial statements as listed in the table of contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic 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 CORAL'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 CORAL'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 opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of CORAL as of June 30, 2021, 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.

Emphasis of Matter

The basic financial statements present only CORAL and are not intended to present fairly the financial position of the County, and results of its operations and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise CORAL's basic financial statements. The accompanying supplementary combining statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying supplementary combining statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary combining statements are 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 5, 2021, on our consideration of CORAL'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 solely 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 the effectiveness of the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CORAL's internal control over financial reporting and compliance.

Bakersfield, California
October 5, 2021

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

The following discussion and analysis of the County of Riverside Asset Leasing Corporation's (CORAL) financial performance provides an overview of its financial activities for the year ended June 30, 2021. Members of the County of Riverside (the County) Executive Office prepared this discussion and analysis. Please read it in conjunction with the CORAL's basic financial statements, which begin on page 6.

Financial Highlights

- CORAL's net assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2021 by \$39,605,611.
- Revenues from base rents from the County (interest portion) totaled \$17,542,447.
- CORAL's cash and investments increased from \$36,547,494 at June 30, 2020, to \$37,283,737 at June 30, 2021, due to less construction projects during the year.
- CORAL's net position increased \$2,824,629 as a result of current year changes in net position.

Basic Financial Statements

CORAL's basic financial statements are those of a special-purpose government engaged only in providing debt financing for capital improvements benefiting the County. Under Governmental Accounting Standards Board (GASB) Statement No. 34, governments like CORAL that have only business-type activities may present only enterprise fund financial statements as follows: (1) statement of net position; (2) statement of revenues, expenses, and changes in net position; and (3) statement of cash flows.

CORAL's basic financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. CORAL is structured as a single enterprise fund for financial reporting purposes.

The following table compares the current and prior year net position:

	June 30, 2021	June 30, 2020	Change
Current Assets	\$ 55,488,377	\$ 64,590,912	\$ (9,102,535)
Noncurrent Assets	351,439,113	377,440,920	(26,001,807)
Total Assets	406,927,490	442,031,832	(35,104,342)
Deferred Outflows of Resources	17,411,931	22,348,808	(4,936,877)
Current Liabilities	19,190,176	29,256,330	(10,066,154)
Noncurrent Liabilities	273,767,004	306,566,698	(32,799,694)
Total Liabilities	292,957,180	335,823,028	(42,865,848)
Deferred Inflows of Resources	91,776,630	91,776,630	-
Net Position			
Restricted for			
Debt Service	39,605,611	36,780,982	2,824,629
Total Net Position	\$ 39,605,611	\$ 36,780,982	\$ 2,824,629

The following table summarizes the changes in net position for the current and prior year:

	June 30, 2021	June 30, 2020	Change
Base Rents from County - Interest Portion	\$ 17,542,447	\$ 17,739,777	\$ (197,330)
Investment and Other Revenues	958,573	1,493,513	(534,940)
Total Revenues	18,501,020	19,233,290	(732,270)
General and Administrative Expenses	1,630,269	3,660,001	(2,029,732)
Interest Expense	13,993,555	15,771,314	(1,777,759)
Other Expense	52,567	348,314	(295,747)
Total Expenses and Transfers	15,676,391	19,779,629	(4,103,238)
Change in Net Position	2,824,629	(546,339)	3,370,968
Net Position, Beginning of Year	36,780,982	37,327,321	(546,339)
Net Position, End of Year	\$ 39,605,611	\$ 36,780,982	\$ 2,824,629

Long-Term Debt

The long-term debt of CORAL at June 30, 2021, included \$197,322,497 of outstanding lease revenue bonds and \$11,585,000 of certificates of participation (COPs). The lease revenue bonds and COPs will be repaid through lease agreements with the County that are structured to meet principal and interest requirements when due. During the fiscal year, outstanding bonds, COPs, and notes payable were reduced by scheduled principal payments of \$28,024,426.

Additional information on the CORAL's long-term debt can be found in Note 4 of this report.

Economic Factors

The primary purpose of CORAL is to finance public capital needs for the County. Since CORAL derives its operating revenues almost exclusively from rental income paid by the County, any economic impact on the County's operational budget could potentially have an effect on CORAL's revenues and reimbursements to fund its operations. Any reduction in these revenues could affect the ability of the County to pay lease payments to CORAL.

The spread of the novel strain of coronavirus called COVID-19 (COVID-19) is having significant negative impacts throughout the world, including in the County. The ultimate impact on the County's operations and finances is currently unknown.

The County's discretionary revenues are estimated in part on internal projections based on revenue history, and on reports from independent economists hired by the county to provide economic forecasts. The County's fiscal year 2022 adopted budget estimates a year-over-year discretionary revenue of \$921 million. Since revenue is not growing fast enough to meet the growing population's need for services and due to the rapidly changing economic circumstances, the County's budget was developed to provide essential services to signify the county's values and vision to improve the quality of life for all county residents.

Request for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of CORAL's finances and to demonstrate CORAL's accountability for the money it receives. If you have any questions concerning any of the information provided in this report or requests for additional financial information, they should be addressed to the County of Riverside, County Executive Office, 4080 Lemon Street, 4th Floor, Riverside, California 92501.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Restricted Cash and Cash Equivalents	\$ 37,283,737
Interest Receivable	3,693
Lease Receivables - Facilities	<u>18,200,947</u>

Total Current Assets 55,488,377

Noncurrent Assets:

Lease Receivables - Facilities	190,706,550
Accreted Interest Receivable	62,857,008
Construction in Progress	<u>97,875,555</u>

Total Noncurrent Assets 351,439,113

Total Assets 406,927,490

DEFERRED OUTFLOWS OF RESOURCES

Accumulated Decrease in Fair Value of Hedging Activities	16,443,816
Loss on Bond Refunding	<u>968,115</u>
	<u>17,411,931</u>

LIABILITIES

Current Liabilities:

Interest Payable	989,229
Lease Revenue Bonds	11,470,947
Certificates of Participation	<u>6,730,000</u>

Total Current Liabilities 19,190,176

Noncurrent Liabilities:

Interest Rate Swap Liability	16,443,816
Accreted Interest Payable	62,857,008
Lease Revenue Bonds	185,851,550
Certificates of Participation	4,855,000
Bond Premium	<u>3,759,630</u>

Total Noncurrent Liabilities 273,767,004

Total Liabilities 292,957,180

DEFERRED INFLOWS OF RESOURCES

Deferred Future Lease Revenue	<u>91,776,630</u>
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NET POSITION

Restricted for:

Debt Service	<u>39,605,611</u>
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Total Net Position \$ 39,605,611

See accompanying notes to the basic financial statements.

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

Operating Revenues	
Base Rents from County - Interest Portion	<u>\$ 17,542,447</u>
Total Operating Revenues	<u>17,542,447</u>
Operating Expenses	
General and Administrative Expenses	<u>1,630,269</u>
Total Operating Expenses	<u>1,630,269</u>
Operating Income	<u>15,912,178</u>
Nonoperating Revenues (Expenses)	
Interest Income	325,472
Interest Expense	(13,993,555)
Premium/Discount	633,101
Deferred Loss on Bond Refunding	<u>(52,567)</u>
Total Nonoperating Revenues (Expenses)	<u>(13,087,549)</u>
Change in Net Position	2,824,629
Net Position, Beginning of Year	<u>36,780,982</u>
Net Position, End of Year	<u>\$ 39,605,611</u>

See accompanying notes to the basic financial statements.

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021**

Cash Flows from Operating Activities:	
Payments Received from County Leases	\$ 45,566,873
Payments for General and Administrative Expenses	<u>(1,630,269)</u>
Net Cash Provided by Operating Activities	<u>43,936,604</u>
Cash Flows from Capital and Related Financing Activities:	
Purchase of Assets for Lease	(1,280,474)
Principal Paid on Bonds and Certificates of Participation	(28,024,426)
Interest Paid on Bonds and Certificates of Participation	<u>(14,236,233)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(43,541,133)</u>
Cash Flows from Investing Activities:	
Cash Received from Earnings on Investments	<u>340,772</u>
Net Cash Provided by Investing Activities	<u>340,772</u>
Net Increase in Restricted Cash and Cash Equivalents	736,243
Restricted Cash and Cash Equivalents, Beginning of Year	<u>36,547,494</u>
Restricted Cash and Cash Equivalents, End of Year	<u>\$ 37,283,737</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 15,912,178
Changes in Assets and Liabilities:	
Decrease in Lease Receivables - Facilities	<u>28,024,426</u>
Net Cash Provided by Operating Activities	<u>\$ 43,936,604</u>
Summary of Noncash Financing Activities:	
Accretion on Capital Appreciation Bonds:	
1997 A Hospital Serial Bonds	\$ 5,759,241
Amortization of Loss on Bond Defeasance	\$ (52,567)
Amortization of Bond (Premium) Discount	\$ (633,101)

See accompanying notes to the basic financial statements.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The County of Riverside Asset Leasing Corporation (CORAL) was established on October 27, 1983, to assist the County of Riverside (the County) by acquiring equipment and facilities financed from the proceeds of borrowings and leasing such equipment and facilities to the County. The County appoints the five-member governing body, and CORAL provides services almost entirely to the County. Accordingly, CORAL is a blended component unit of the County for financial reporting purposes, and CORAL's basic financial statements are included in the County's basic financial statements. CORAL is a nonprofit public benefit corporation and has received tax-exempt status from the Internal Revenue Service and the California Franchise Tax Board.

B. Basis of Presentation and Accounting

All activities of CORAL are accounted for within a single enterprise fund. An enterprise fund is used because CORAL's activities are financed with debt that is secured solely by a pledge of lease revenue.

The basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources) is segregated between amounts restricted for debt service and unrestricted net position.

C. Use of Estimates

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

D. Restricted Cash and Cash Equivalents

CORAL considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. This includes deposits and money market mutual funds held in trust. CORAL records investment transactions on the trade date. Investments in nonparticipating interest-earning investment contracts (guaranteed investment contracts) are reported at cost and all other investments are at fair value. Fair value is defined as the amount that CORAL could reasonably expect to receive for an investment in a current sale between a willing buyer and seller and is generally measured by quoted market prices. All of CORAL's restricted cash and investments at June 30, 2021, were held in trust.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Lease Receivables

As described in Note 4, debt service on the outstanding bonds and certificates of participation is funded from rents paid by the County to CORAL for the use of equipment and facilities acquired by CORAL. In the agreements relating to the bonds and certificates of participation, the County has covenanted to make rental payments in amounts corresponding to CORAL's debt service requirements and related costs. Lease receivables consist of amounts owed to CORAL from the County for costs incurred by CORAL in acquiring equipment and facilities for the County. The receivable and related debt is reduced by the principal portion of each rental payment made by the County. To the extent that funds are unexpended upon completion of all projects, such funds will be used to retire outstanding debt and the rental payments required from the County will be reduced accordingly. Title to the equipment and facilities will transfer to the County at the end of the respective lease terms.

F. Deferred Charges-Bond Premium and Deferred Loss on Bond Refunding

Deferred charges, which consist of bond premiums/discounts, are amortized over the life of the bonds using the effective interest method.

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

G. Operating/Nonoperating Revenues and Expenses

CORAL's sole operational purpose is to issue debt to acquire equipment and facilities and lease such property to the County, as well as make debt service payments. As such, CORAL derives its operating revenues almost exclusively from rental income paid by the County, and its operational expenses include general and administrative expenses and the cost of projects leased to the County. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

H. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislations of other governments when those restrictions are more restrictive than the normal activities of CORAL.

CORAL's restricted net position consists of funds held by the trustee for the repayment of debt principal or interest or as reserves, funds held for the acquisition or construction of equipment and facilities, and administrative expenses.

I. Governmental Accounting Standards Update

During the year ended June 30, 2021, CORAL implemented the following Governmental Accounting Standards Board (GASB) standards:

GASB Statement No. 90 – Majority Equity Interests ? An Amendment of GASB Statements No. 14 and No. 61. There was no impact on the financial statements.

Recently released standards by GASB affecting future years are as follows:

CORAL has not fully judged the effect of the implementation of these GASBs as of the date of the basic financial statements:

GASB Statement No. 87 – Leases. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Governmental Accounting Standards Update (Continued)

GASB Statement No. 89 – Accounting for Interest Cost Incurred Before the End of a Construction Period. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 91 – Conduit Debt Obligations. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB Statement No. 92 – Omnibus 2020. The requirements of this statement are effective as follows:

- The requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of GASB Statements No. 73 and No. 74 are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the application of GASB Statement No. 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to measurement of liabilities (and assets, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

GASB Statement No. 93 – Replacement of Interbank Offered Rates. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB Statement No. 97 – Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans ? an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32. The requirements of this statement are effective as follows:

- The requirements in (1) paragraph 4 of this statement as it applies to defined contribution pension plans, defined contributions other postemployment benefit (OPEB) plans, and other employee benefit plans and (2) paragraph 5 of this statement are effective immediately.
- The requirements in paragraphs 6-9 of this statement are effective for reporting periods beginning after June 15, 2021.
- All other requirements of this statement are effective for reporting periods beginning after June 15, 2021.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Stewardship, Compliance, and Accountability

The following bond funds have a deficit net position balance at June 30, 2021:

	<u>Deficit</u>
2013 Probation and RCIT	\$ (328,703)
2019 Probation and RCIT	<u>(61,164)</u>
	<u>\$ (389,867)</u>

The deficit net position balances are due to timing of the liability accruals at year-end. The deficit in the bond funds will be eliminated by interest income and base rental income in subsequent periods.

NOTE 2 – RESTRICTED CASH AND CASH EQUIVALENTS

Restricted cash and investments at June 30, 2021, are held by the trustee. All restricted cash and investments at June 30, 2021, are stated at fair value. CORAL categorizes its fair value measurements within the fair value hierarchy established by GASB. These principles recognize a three-tiered value hierarchy as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources

Cash, cash equivalents, and investments of \$37,283,737 were comprised of money market mutual funds, the State of California Local Agency Investment Fund (LAIF), and the County Treasury Pool, which are all reported at amortized cost as of June 30, 2021.

CORAL participates in LAIF. Investments in the LAIF are governed by state statutes and overseen by a five member Advisory Board. The California State Treasurer's Office operates LAIF. LAIF is available for investment of funds administered by California local governments and special districts and is not registered with the SEC as an investment company. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code. LAIF operates and reports to participants on an amortized cost basis. For LAIF, the income, gains, and losses, net of administration fees, are allocated based upon the participant's average daily balance. Deposits in LAIF are not insured or otherwise guaranteed by the State of California, and participants share proportionally in any realized gains or losses on investments. The fair value of LAIF investment pool is approximately equal to the value of the pool shares.

NOTE 2 – RESTRICTED 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 4) rather than the general provisions of the California Government Code or CORAL's investment policy. The table below identifies the investment types that are authorized for investments held by the bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risks, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Allowed	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Bonds, Notes, Warrants, or Certificates of Indebtedness	3 years	15%	None
Bankers' Acceptances	180 days	30%	None
Commercial Paper	270 days	40%	None
State of California LAIF	3 years	2.5% max, no more than 1.25% per issuer	None
Repurchase Agreements	45 days	40% max, 25% in term repo over 7 days, no more than 20% with one dealer in term repo	None
Negotiable Certificate of Deposits	1 year	25%	None
Collateralized Time Deposits	1 year	2%	None
Reverse Repurchase Agreements	60 days	10%	None
Corporate Notes on U.S. Corporations	2 years	20%	None
Money Market Mutual Funds	Daily	20%	None
Investment Contracts	30 years	None	None

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. CORAL manages its exposure to interest rate risk by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity consistent with CORAL's debt service requirements. CORAL monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. CORAL has no specific limitations with respect to this metric.

Investment Type	Maturity Date
Held by Bond Trustee:	
Money Market Mutual Funds	\$ 26,294,429 Not Applicable
County of Riverside Treasury Pool	8,429,553 Not Applicable
LAIF	2,559,755 Not Applicable

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

CORAL's investments held by the bond trustee are invested in either highly liquid money market mutual funds or investment contracts with fixed interest rates. By nature, these investments are not highly sensitive to interest rate fluctuations.

NOTE 2 – RESTRICTED CASH AND INVESTMENTS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented on the following table is the minimum rating (where applicable) required by the California Government Code, CORAL's investment policy, or debt agreements, and the actual rating as of June 30, 2021, for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2021</u>
Held by Bond Trustee:			
Money Market Mutual Funds	\$ 26,294,429	AAA/Aaa	AAA/Aaa
County of Riverside Treasury Pool	8,429,553	Aaa	Aaa
LAIF	2,559,755	N/A	Not rated

Concentration of Credit Risk

The investment policy of CORAL contains certain limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. In accordance with GASB Statement No. 40, Deposit and Investment Risk Disclosures, CORAL should provide information about the concentration of credit risk associated with its investments by disclosing investments in any one issuer that represent 5% or more of CORAL's total investments. However, money market mutual funds are excluded from this disclosure requirement. There were no investments in the current year that met this threshold.

Custodial Credit Risk

This is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. CORAL does not have custodial credit risk policies for investments.

NOTE 3 – LEASE RECEIVABLES – FACILITIES

The Lease Revenue Bonds and Certificates of Participation are payable by a pledge of revenues consisting primarily of base rental payments payable by the County pursuant to Master Lease Agreements between CORAL and the County for the use of facilities acquired and/or constructed by CORAL. During the year ended June 30, 2021, CORAL received \$45,566,873 in facility lease payments from the County, of which \$17,542,447 was related to the interest portion of the debt service requirement.

NOTE 3 – LEASE RECEIVABLES – FACILITIES (Continued)

The following table shows the future lease payments due from the County as of June 30, 2021, for leased facilities:

Year Ending June 30,	Lease Receivables
2022	\$ 31,602,341
2023	23,750,743
2024	22,557,028
2025	21,218,060
2026	20,050,018
2027-2031	105,213,231
2032-2036	40,701,223
2037-2041	22,585,094
2042-2044	12,499,810
Total Future Minimum Lease Payments to be Received	300,177,548
Less: Unearned Interest Income	(91,270,051)
Total	<u>\$ 208,907,497</u>

NOTE 4 – LONG-TERM DEBT

Bonds and certificates of participation payable at June 30, 2021, consist of the following:

Type or Indebtedness (Purpose)	Maturity	Interest Rate	Annual Principal Installments (in thousands)	Original Issue Amount	Outstanding at June 30, 2021
Lease Revenue Bonds					
1997 A (Hospital)					
Serial Capital Appreciation Bonds (net of future capital appreciation of \$130,469,927)	06/01/13 - 06/01/26	5.70% - 6.01%	\$1,080 - \$4,981	\$ 41,170,073	\$ 19,477,497
2008 A Southwest Justice Center Refunding Bonds	11/01/14-11/01/32	5.16%	\$2,480 - \$6,410	78,895,000	58,630,000
2012 CAC Refunding Project Refunding Bonds	11/01/12 - 11/01/31	2.00% - 5.00%	\$1,120 - \$2,435	33,360,000	21,610,000
2012 A & B (Hospital) Term Bonds (Series A)	06/01/13 - 06/01/29	2.00% - 5.00%	\$220 - \$12,970	87,010,000	31,135,000
2013 Probation & RCIT Term Bonds (Series A)	11/1/14 - 11/1/43	3.00 - 5.25%	\$1,030 - \$4,095	66,015,000	46,985,000
2014 A & B Refunding Court Facilities Projects					
Term Bonds (Series A)	11/1/14 - 11/1/33	2.00% - 5.00%	\$380 - \$690	10,890,000	7,010,000
Term Bonds (Series B)	11/1/14 - 11/1/19	0.55% - 2.73%	\$1,255 - \$1,305	7,605,000	-
				18,495,000	7,010,000
2019 Taxable LRB Term Bonds (Series A)	11/1/20 - 11/1/43	1.87 - 3.12%	\$400 - \$740	12,875,000	12,475,000
Total Lease Revenue Bonds				<u>\$ 337,820,073</u>	<u>\$ 197,322,497</u>

NOTE 4 – LONG-TERM DEBT (Continued)

Type of Indebtedness (Purpose)	Maturity	Interest Rate	Annual Principal Installments (in thousands)	Original Issue Amount	Outstanding at June 30, 2021
Certificates of Participation					
1990 Monterey Ave. Project					
Serial Certificates	11/01/09 - 11/01/20	Variable	\$300 - \$800	\$ 8,800,000	\$ -
2009 Public Safety & Woodcrest Library					
Serial Certificates	11/01/10 - 11/01/39	Variable	\$70 - \$4,200	45,685,000	6,725,000
2009 Larson Justice Center (LJC)					
Project Refunding					
Serial Certificates	12/01/10-12/01/21	2.00% - 5.00%	\$1,050 - \$4,860	24,680,000	4,860,000
Total Certificates of Participation				\$ 79,165,000	\$ 11,585,000
Private Placement Bond					
2011 Monroe Park Building Loan	02/28/21	3.54%	\$180 - \$330	\$ 5,535,000	\$ -

The following is a summary of the changes in long-term debt for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
Lease Revenue Bonds					
1997 A (Hospital)	\$ 24,141,924	\$ -	\$ 4,664,426	\$ 19,477,498	\$ 4,375,947
2008 A Southwest Justice Center	62,040,000	-	3,410,000	58,630,000	3,620,000
2012 CAC Refunding Projects	23,065,000	-	1,455,000	21,610,000	1,530,000
2012 A & B (Hospital)	31,135,000	-	-	31,135,000	-
2013 Probation & RCIT	48,055,000	-	1,070,000	46,985,000	1,125,000
2014 A & B Court Facilities Project	7,405,000	-	395,000	7,010,000	415,000
2019 Taxable LRB	12,875,000	-	400,000	12,475,000	405,000
Deferred Amounts:					
Premiums	4,351,223	-	611,877	3,739,346	-
Total Lease Revenue Bonds	213,068,147	-	12,006,303	201,061,844	11,470,947
Certificates of Participation					
1990 Monterey Avenue Project	800,000	-	800,000	-	-
2009 Public Safety & Woodcrest	19,955,000	-	13,230,000	6,725,000	1,870,000
2009 LJC Project Refunding	7,130,000	-	2,270,000	4,860,000	4,860,000
Deferred Amounts:					
Premiums	41,510	-	21,225	20,285	-
Loss on Refunding	(1,020,682)	-	(52,567)	(968,115)	-
Total Certificates of Participation	26,905,828	-	16,268,658	10,637,170	6,730,000
Private Placement Bond					
2011 Monroe Park Building Lease	330,000	-	330,000	-	-
Total	\$ 240,303,975	\$ -	\$ 28,604,961	\$ 211,699,014	\$ 18,200,947

The outstanding principal balance on the 2009 Larson Justice Center Refunding Certificates of Participation, or \$4,860,000, is stated net of related unamortized bond premiums of \$20,285, resulting in a net carrying value of \$4,880,285.

The outstanding principal balance on the 2009 Public Safety & Woodcrest Library Refunding Certificates of Participation, or \$6,725,000, is stated net of related loss on refunding of \$968,115, resulting in a net carrying value of \$5,756,885.

The outstanding principal balance on the 2012 County Administrative Center (CAC) Refunding Projects Lease Revenue Bonds, or \$21,610,000, is stated net of related unamortized bond premiums of \$1,102,664, resulting in a net carrying value of \$22,712,664.

NOTE 4 – LONG-TERM DEBT (Continued)

The outstanding principal balance on the 2012 A & B Hospital Refunding Projects Lease Revenue Bonds, or \$31,135,000, is stated net of related unamortized bond premiums of \$2,017,324, resulting in a net carrying value of \$33,152,234.

The outstanding principal balance on the 2013 Probation & RCIT Lease Revenue Bonds, or \$46,985,000, is stated net of related unamortized bond premiums of \$356,587, resulting in a net carrying value of \$47,341,587.

The outstanding principal balance on the 2014 A & B Court Facilities Project Lease Revenue Bonds, or \$7,010,000, is stated net of related unamortized bond premiums of \$262,770, resulting in a net carrying value of \$7,272,770.

Accreted Interest Payable

The accreted interest payable balances at June 30, 2021, represent accreted interest on the 1997 A Hospital Serial Capital Appreciation Bonds originally issued for \$41,170,073. The total accreted value on the bonds upon maturity will be \$171,640,000. Additions of \$5,759,241 accretion less interest paid in the amount of \$14,840,574 result in \$62,857,008 for accumulated accretion and \$15,190,494 for the unaccreted balance for the year ended June 30, 2021.

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021
Lease Revenue Bonds:				
1997 A (Hospital)	\$ 71,938,341	\$ 5,759,241	\$(14,840,574)	\$ 62,857,008

Monterey Avenue Project

During fiscal year 2005-2006, the County Board of Supervisors approved the dissolution of the Desert Facilities Corporation, a component unit of the County, and authorized CORAL to assume the outstanding obligations of the Desert Facilities Corporation, including \$7,000,000 of outstanding Certificates of Participation and \$125,128 of restricted cash and cash equivalents. The Desert Facilities Corporation was established to finance the construction of a courthouse project for use by the County. In fiscal year 1990, the Desert Facilities Corporation issued \$8,800,000 of Certificates of Participation to finance the Monterey Avenue Improvement Project. The 1990 Monterey Avenue Project was issued as a series of seven-day variable rate Certificates of Participation.

Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. The variable interest rates for the Certificates of Participation are determined from time to time by the Remarketing Agent, having due regard for prevailing market conditions, as that rate of interest which, if payable during the next rate adjustment period, would be the interest rate, but would not exceed the interest rate, which would enable the Remarketing Agent to remarket the Certificates of Participation on the rate adjustment date at 100% of the principal amount thereof plus accrued interest. The 1990 Certificates of Participation carried a current rate of 0.18% at June 30, 2021. The balance outstanding of \$800,000 was paid off during the year ended June 30, 2021.

Monroe Park Building Loan

On May 16, 2007, the CORAL Board of Directors authorized the purchase of the Monroe Park Building in Indio, California, for \$16,000,000. The terms of the purchase agreement require the County to contribute \$10,000,000 toward the purchase price of the building and also require CORAL to assume a \$6,000,000 loan associated with the building. CORAL and the County will share ownership of the facility split at 6/16 CORAL and 10/16 County.

The mortgage note assumed by CORAL carries 6.6% interest and early payment penalties apply. Interest escalates to the prime rate plus 1 basis point after December 2012; however, prepayment without any penalty is allowed after December 2010.

NOTE 4 – LONG-TERM DEBT (Continued)

Monroe Park Building Loan (Continued)

On February 28, 2011, CORAL issued \$5,535,000 in new private placement bonds and repaid the previous May 16, 2007, mortgage note. The balance outstanding of \$330,000 was paid off during the year ended June 30, 2021.

Defeasance of Debt

In December 2009, CORAL issued \$24,680,000 of Certificates of Participation (2009 Larson Justice Center Project Refunding Certificates of Participation) to provide funds to refund and prepay the Certificates of Participation relating to 1998 Larson Justice Center Project with an outstanding principal amount of \$23,705,000; to fund the reserve fund; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by \$975,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3,695,463 and a reduction of \$1,471,027 in future debt service payments.

In December 2009, CORAL also issued \$48,685,000 of Certificates of Participation (2009 PSEC and Woodcrest Library Projects Refunding Certificates of Participation) to provide funds to refund and redeem the Certificates of Participation relating to 2007 Series B PSEC Project with an outstanding principal amount of \$37,350,000; to provide funds to refund; to retire the series 2006 Certificates of Participation Anticipation Note relating to Woodcrest Library Project with an outstanding principal amount of \$6,000,000; to fund capitalized interest on a portion of the Certificates of Participation through July 1, 2012; to fund a security deposit with respect to Base Rental payable under the Sublease; and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debts by \$2,335,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$3,337,388 and an addition of \$6,917,032 in future debt service payments.

On February 28, 2011, CORAL issued \$5,535,000 in private placement bonds (2011 Monroe Building) to provide funds to refund and redeem the notes payable relating to the 2007 Monroe Park Building loan with an outstanding principal amount of \$5,395,904 and to pay certain cost of issuance incurred in connection with this refunding. The reacquisition price exceeded the net carrying amount of the old debt by \$140,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$527,210 and a reduction of \$339,178 in future debt service payments.

In February 2012, CORAL issued \$33,360,000 in lease revenue bonds (2012 CAC Refunding Projects) to provide funds to refund and prepay the Certificates of Participation relating to 2001 CAC Annex with an outstanding principal amount of \$31,365,000; to fund the reserve fund; to pay certain costs of issuance incurred in connection with this refunding; and to acquire two office buildings located in Indio, California. The reacquisition price exceeded the net carrying amount of the old debt by \$1,995,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$4,973,947 and a reduction of \$3,613,738 in future debt service payments.

In July 2012, CORAL issued \$90,030,000 in lease revenue bonds (2012 Series A and Taxable Series B County of Riverside Capital Projects) to provide funds to refund and prepay CORAL's Leasehold Revenue Bonds, 1997 Series B with an outstanding principal amount of \$64,390,000; to provide funds (\$30,000,000) for improvements to the Medical Center Campus; deposit funds into the Debt Service Reserve Fund; and to pay certain cost of issuance incurred in connection with this refunding. The refunding resulted in a redemption premium of \$639,350 for the 1997 Series B lease revenue bonds and a net premium of \$6,889,690 for the 2012 Series A and Taxable Series B. The reacquisition price exceeded the net carrying amount of the old debt by \$26,595,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$7,993,452 and a reduction of \$7,063,783 in future debt service payments.

NOTE 4 – LONG-TERM DEBT (Continued)

Defeasance of Debt (Continued)

In June 2014, CORAL issued \$18,495,000 in lease revenue bonds (2014 A & B Court Facilities Project) to provide funds mainly to refund the 2003 A Historic Courthouse Project, 2003 B Capital Facilities Project Refunding, and 2003 Bankruptcy Court Project (a County bond) with a total outstanding principal amount of \$20,020,000 and to pay certain cost of issuance incurred in connection with this refunding. The refunding resulted in a premium of \$755,779 for the 2014 A & B Court Facilities Project. The reacquisition price exceeded the net carrying amount of the old debt by \$1,525,000. This amount is being netted against the new debt and amortized over the new debt's life. The transaction resulted in an economic gain of \$4,243,134 and a reduction of \$3,307,355 in future debt service payments.

In September 2019, CORAL issued \$12,875,000 in lease revenue bonds (2019 Taxable LRB) to provide funds to refund a portion of the outstanding CORAL 2013 Probation & RCIT Lease Revenue Bonds and to pay certain cost of issuance incurred in connection with this refunding. The transaction resulted in an economic gain of \$513,000.

All CORAL debt service is to be paid from proceeds received from the various master lease agreements with the County for equipment and facilities acquired or constructed by CORAL and capitalized interest accounts, where applicable. No County assets are pledged to assure repayment of the debts other than assets leased to the County under the master lease agreements. The payments on the bonds are secured by base rental lease payments from the County. The bonds are not obligations of the County. The base rental payments are solely available to the extent that the County prepares an annual appropriation for such amounts. The County has covenanted that annual appropriations will be made.

Long-Term Debt Maturity Schedule

The aggregate annual requirements to retire the bonds payable and Certificates of Participation at June 30, 2021, are as follows:

Year Ending June 30,	Lease Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2022	\$ 11,470,947	\$ 13,060,444	\$ 6,730,000	\$ 340,950
2023	11,579,722	11,820,021	160,000	191,000
2024	11,697,594	10,505,034	170,000	184,400
2025	11,749,652	9,111,008	180,000	177,400
2026	12,049,582	7,640,435	190,000	170,000
2027-2031	81,060,000	22,309,231	1,120,000	724,000
2032-2036	29,855,000	8,891,223	1,490,000	465,000
2037-2041	16,200,000	4,712,194	1,545,000	127,900
2042-2044	11,660,000	839,810	-	-
Total Requirements	\$ 197,322,497	\$ 88,889,400	\$ 11,585,000	\$ 2,380,650

Interest Rate Swap

Objective of the Interest Rate Swap. As a means to lower financing costs and to reduce the risks to CORAL associated with the fluctuation in market interest rates, CORAL entered into an amended and restated interest rate swap in connection with the Southwest Justice Center Series 2008 Leasehold Revenue Refunding Bonds in the notional amount of \$76,300,000. The intention of the swap was to effectively change the variable interest rate on the bonds to a synthetic fixed rate of 5.155%.

Terms. The bonds and the related swap agreement mature on November 1, 2032, and the swap's notional amount of \$76,300,000 approximately matches a portion of the \$78,895,000 variable-rate bonds. The swap was effective at the same time the bonds were issued on May 24, 2000, and was amended and restated as of December 10, 2008. The interest rate swap agreement was novated in January 2012 to substitute Wells Fargo Bank, N.A. as the new counterparty. The notional value of the swap and the principal amount of the associated debt decline starting in fiscal year 2014-2015. Under the amended and restated swap agreement, CORAL pays Wells Fargo Bank, N.A. a fixed rate of 5.155%.

NOTE 4 – LONG-TERM DEBT (Continued)

Interest Rate Swap (Continued)

CORAL receives an interest rate equal to an amount not to exceed the maximum interest rate payable on the bonds, expressed as a decimal, equal to 64% of the monthly London Interbank Offered Rate (LIBOR) in the relevant calculation period. Conversely, the bonds' variable-rate coupons have historically been similar to the Bond Market Association Municipal Swap Index (BMA). Under GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, the interest rate swap contract qualifies as a derivative financial instrument and a cash flow hedge. CORAL's net cash outflow or payment under the interest rate swap contract was \$232,514 for the year ended June 30, 2021.

Fair Value. As of June 30, 2021, the swap had a negative fair value of \$16,443,816; a decrease in fair value of \$4,884,310 occurred during the year ended June 30, 2021. The fair value was recorded in CORAL's Statement of Net Position as interest rate swap liability and deferred outflow of resources in the assets section. Because the coupons on the Southwest Justice Center Series 2008 Leasehold Revenue Refunding Bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was the quoted market price from Wells Fargo Bank, N.A. at June 30, 2021.

Credit Risk. The swap counterparty was rated Aa3 by Moody's, and AA- by Standard & Poor's and Fitch Ratings as of February 2013. The swap agreement specifies that if the long-term senior unsecured debt rating of Wells Fargo Bank, N.A. is withdrawn, suspended, or falls below BBB (Standard & Poor's) or Baa2 (Moody's), a collateral agreement will be executed within 30 days or the fair value of the swaps will be fully collateralized by the counterparty.

Basis Risk. The swap exposes CORAL to basis risk should the relationship between LIBOR and BMA converge, changing the synthetic rate on the bonds. If a change occurs that results in the rates moving to convergence, the expected cost savings may not be realized. As of June 30, 2021, CORAL's rate was 64% of LIBOR, or 0.124%, whereas BMA or the reset rate on bonds was 0.06%. The synthetic rate on the bonds at June 30, 2021, was 5.155%.

Termination Risk. CORAL always has the right to terminate the swap. Wells Fargo Bank, N.A. is limited in so far as both CORAL and the insurer are not performing. The swap may be terminated by CORAL if Wells Fargo Bank, N.A.'s credit quality rating falls below A- as issued by Standard & Poor's or A3 by Moody's. Additionally, the swaps may be terminated by Wells Fargo Bank, N.A. if CORAL's credit quality rating falls below BBB+ as issued by Standard & Poor's or Baa1 as issued by Moody's if the bonds credit quality ratings fall below BBB+ as issued by Standard & Poor's, or Baa1 as issued by Moody's. If the swaps are terminated, the variable-rate bonds would no longer carry synthetic interest rates. Also, if at the time of termination the swaps had negative fair values, CORAL would be liable to Wells Fargo Bank, N.A. for a payment equal to the swaps' fair values.

Swap Payments and Associated Debt. Using rates as of June 30, 2021, debt service requirements of the variable rate debt and net swap payments, assuming current interest rate remains the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30,	Variable-Rate Bonds		Net Swap	Total Interest
	Principal	Interest	Payments	
2022	\$ 3,620,000	\$ 813,864	\$ 2,099,656	\$ 2,913,520
2023	3,825,000	760,014	1,960,731	2,720,744
2024	4,035,000	703,170	1,814,081	2,517,251
2025	4,135,000	644,226	1,662,014	2,306,240
2026	4,445,000	582,078	1,501,680	2,083,758
2027-2031	26,060,000	1,847,712	4,766,840	6,614,552
2032-2033	6,100,000	167,364	426,269	593,633
Total Requirements	\$ 52,220,000	\$ 5,518,428	\$ 14,231,271	\$ 19,749,698

NOTE 5 – RESTRICTED COVENANTS

The agreements authorizing the issuance of CORAL's outstanding debt include certain covenants pertaining to the disposition of bond proceeds for construction and acquisition, bond and note redemption, and administrative purposes. The amount of cash and investments restricted for such purposes at June 30, 2021, for each of the outstanding debt issued is as follows:

	Acquisition and Construction	Bond and Note Redemption	Administration	Total
1990 Monterey Avenue	\$ -	\$ 3,773	\$ -	\$ 3,773
1993 Series A & B Bonds	1,478,018	13,191,268	-	14,669,286
1997 A Hospital Project	-	8,237,433	-	8,237,433
2008 A Southwest Justice Center	-	835,319	50,002	885,321
2009 Public Safety & Woodcrest Library Refunding	-	620,332	2,360,314	2,980,646
2009 Larson Justice Center	-	1,102,646	800	1,103,446
2012 CAC Refunding Projects	-	2,560,427	-	2,560,427
2012 A & B Hospital Refunding Project	101	8	-	109
2013 Probation and RCIT	246,914	1,965,207	-	2,212,121
2014 A Court Facilities Projects	-	4,631,169	-	4,631,169
2019 Taxable LRB	-	6	-	6
	<u>-\$ 1,725,033</u>	<u>\$ 33,147,588</u>	<u>\$ 2,411,116</u>	<u>\$ 37,283,737</u>
Total	<u>\$ 1,725,033</u>	<u>\$ 33,147,588</u>	<u>\$ 2,411,116</u>	<u>\$ 37,283,737</u>

At June 30, 2021, CORAL was in compliance with all significant terms of the debt agreements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 5, 2021, which is the date the financial statements were available to be issued, noting the following subsequent event:

In September 2021, the Board of Supervisors authorized the Execution and Delivery of a Ground Lease, a Lease Agreement, an Indenture and a Bond Purchase Agreement in connection with the Issuance of Riverside County Infrastructure Financing Authority Lease Revenue Refunding Bonds, Series 2021A and Riverside County Infrastructure Financing Authority Series 2021B (Federally Taxable).

The Series 2021 Riverside County Infrastructure Authority bonds will refund seven lease revenue bonds into one single refunding issue, which given the current low interest rates, will produce significant interest cost savings. The interest rates on these securities range from 4.0% to 5.01% with an average interest rate of 4.87%. The all-in true interest rate in the current market for the proposed refunding issue is 2.80%. The refunding will also release \$14.6 million in debt service reserve funds, which will further reduce bond debt, and increase cashflow savings. Under current market conditions, total cashflow savings are estimated to be \$71 million over the life of the bonds with net present value savings (NPV) estimated at \$40 million, or, 8.4% of the bonds refunded. Additionally, the refunding of the CORAL Series 2008A variable rate bonds will allow for a conversion from the current synthetic fixed rate structure to a lower fixed interest rate. The Series 2021 Riverside County Infrastructure Authority bonds will be issued in October 2021.

SUPPLEMENTARY INFORMATION

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2021

	1990 Monterey Avenue	2008 A Southwest Justice Center	2009 Larson Justice Center	2009 Public Safety & Woodcrest Library Refunding
ASSETS				
Current Assets:				
Restricted Cash and Cash Equivalents	\$ 3,773	\$ 885,321	\$ 1,103,446	\$ 2,980,646
Interest Receivable	2	-	-	-
Lease Receivables - Facilities	-	3,620,000	4,860,000	1,870,000
Total Current Assets	3,775	4,505,321	5,963,446	4,850,646
Noncurrent Assets:				
Lease Receivables - Facilities	-	55,010,000	-	4,855,000
Accreted Interest Receivable	-	-	-	-
Construction in Progress	-	-	-	-
Total Noncurrent Assets	-	55,010,000	-	4,855,000
Total Assets	3,775	59,515,321	5,963,446	9,705,646
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Activities	-	16,443,816	-	-
Loss on Bond Refunding	-	-	-	968,115
	-	16,443,816	-	968,115
LIABILITIES				
Current Liabilities:				
Interest Payable	-	251,865	18,225	44,833
Lease Revenue Bonds	-	3,620,000	-	-
Certificates of Participation	-	-	4,860,000	1,870,000
Total Current Liabilities	-	3,871,865	4,878,225	1,914,833
Noncurrent Liabilities:				
Interest Rate Swap Liability	-	16,443,816	-	-
Accreted Interest Payable	-	-	-	-
Lease Revenue Bonds	-	55,010,000	-	-
Certificates of Participation	-	-	-	4,855,000
Bond Premium	-	-	20,285	-
Total Noncurrent Liabilities	-	71,453,816	20,285	4,855,000
Total Liabilities	-	75,325,681	4,898,510	6,769,833
DEFERRED INFLOWS OF RESOURCES				
Deferred Future Lease Revenue	-	-	-	-
NET POSITION				
Restricted for:				
Debt Service	3,775	633,456	1,064,936	3,903,928
Total Net Position	\$ 3,775	\$ 633,456	\$ 1,064,936	\$ 3,903,928

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2021

	2011 Monroe Park Building	2012 CAC Refunding Projects	2013 Probation & RCIT	2014 A&B Refunding
ASSETS				
Current Assets:				
Restricted Cash and Cash Equivalents	\$ -	\$ 2,560,427	\$ 2,212,121	\$ 4,631,169
Interest Receivable	-	-	-	-
Lease Receivables - Facilities	-	1,530,000	1,125,000	415,000
Total Current Assets	-	4,090,427	3,337,121	5,046,169
Noncurrent Assets:				
Lease Receivables - Facilities	-	20,080,000	45,860,000	6,595,000
Accreted Interest Receivable	-	-	-	-
Construction in Progress	-	3,002,218	64,225,311	-
Total Noncurrent Assets	-	23,082,218	110,085,311	6,595,000
Total Assets	-	27,172,645	113,422,432	11,641,169
DEFERRED OUTFLOWS OF RESOURCES				
Accumulated Decrease in Fair Value of Hedging Activities	-	-	-	-
Loss on Bond Refunding	-	-	-	-
	-	-	-	-
LIABILITIES				
Current Liabilities:				
Interest Payable	-	167,917	394,548	50,671
Lease Revenue Bonds	-	1,530,000	1,125,000	415,000
Certificates of Participation	-	-	-	-
Total Current Liabilities	-	1,697,917	1,519,548	465,671
Noncurrent Liabilities:				
Interest Rate Swap Liability	-	-	-	-
Accreted Interest Payable	-	-	-	-
Lease Revenue Bonds	-	20,080,000	45,860,000	6,595,000
Certificates of Participation	-	-	-	-
Bond Premium	-	1,102,664	356,587	262,770
Total Noncurrent Liabilities	-	21,182,664	46,216,587	6,857,770
Total Liabilities	-	22,880,581	47,736,135	7,323,441
DEFERRED INFLOWS OF RESOURCES				
Deferred Future Lease Revenue	-	-	66,015,000	1,513,599
NET POSITION				
Restricted for:				
Debt Service	-	4,292,064	(328,703)	2,804,129
Total Net Position	\$ -	\$ 4,292,064	\$ (328,703)	\$ 2,804,129

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2021

	2019 Taxable LRB	Hospital Bonds	Total
ASSETS			
Current Assets:			
Restricted Cash and Cash Equivalents	\$ 6	\$ 22,906,828	\$ 37,283,737
Interest Receivable	-	3,691	3,693
Lease Receivables - Facilities	405,000	4,375,947	18,200,947
Total Current Assets	<u>405,006</u>	<u>27,286,466</u>	<u>55,488,377</u>
Noncurrent Assets:			
Lease Receivables - Facilities	12,070,000	46,236,550	190,706,550
Accreted Interest Receivable	-	62,857,008	62,857,008
Construction in Progress	-	30,648,026	97,875,555
Total Noncurrent Assets	<u>12,070,000</u>	<u>139,741,584</u>	<u>351,439,113</u>
Total Assets	<u>12,475,006</u>	<u>167,028,050</u>	<u>406,927,490</u>
DEFERRED OUTFLOWS OF RESOURCES			
Accumulated Decrease in Fair Value of Hedging Activities	-	-	16,443,816
Loss on Bond Refunding	-	-	968,115
	<u>-</u>	<u>-</u>	<u>17,411,931</u>
LIABILITIES			
Current Liabilities:			
Interest Payable	61,170	-	989,229
Lease Revenue Bonds	405,000	4,375,947	11,470,947
Certificates of Participation	-	-	6,730,000
Total Current Liabilities	<u>466,170</u>	<u>4,375,947</u>	<u>19,190,176</u>
Noncurrent Liabilities:			
Interest Rate Swap Liability	-	-	16,443,816
Accreted Interest Payable	-	62,857,008	62,857,008
Lease Revenue Bonds	12,070,000	46,236,550	185,851,550
Certificates of Participation	-	-	4,855,000
Bond Premium	-	2,017,324	3,759,630
Total Noncurrent Liabilities	<u>12,070,000</u>	<u>111,110,882</u>	<u>273,767,004</u>
Total Liabilities	<u>12,536,170</u>	<u>115,486,829</u>	<u>292,957,180</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Future Lease Revenue	-	24,248,031	91,776,630
NET POSITION			
Restricted for:			
Debt Service	(61,164)	27,293,190	39,605,611
Total Net Position	<u>\$ (61,164)</u>	<u>\$ 27,293,190</u>	<u>\$ 39,605,611</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	1990 Monterey Avenue	2008 A Southwest Justice Center	2009 Larson Justice Center	2009 Public Safety & Woodcrest Library Refunding
OPERATING REVENUES				
Base Rents from County - Interest Portion	\$ -	\$ 2,005,259	\$ 216,550	\$ 968,603
Total Operating Revenues	-	2,005,259	216,550	968,603
OPERATING EXPENSES				
General and Administrative Expenses	-	646,827	-	78,513
Total Operating Expenses	-	646,827	-	78,513
Operating Income (Loss)	-	1,358,432	216,550	890,090
NONOPERATING REVENUES (EXPENSES)				
Interest Income	11	756	636	1,127
Interest Expense	11,419	(2,813,069)	(265,992)	78,127
Premium/Discount	-	-	21,224	-
Deferred Loss on Bond Refunding	-	-	-	(52,567)
Total Nonoperating Revenues (Expenses)	11,430	(2,812,313)	(244,132)	26,687
Change in Net Position before Transfers	11,430	(1,453,881)	(27,582)	916,777
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	11,430	(1,453,881)	(27,582)	916,777
Net Position, Beginning of Year	(7,655)	2,087,337	1,092,518	2,987,151
Net Position, End of Year	\$ 3,775	\$ 633,456	\$ 1,064,936	\$ 3,903,928

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (Continued)
 FOR THE YEAR ENDED JUNE 30, 2021**

	2011 Monroe Park Building	2012 CAC Refunding Projects	2013 Probation & RCIT	2014 A&B Refunding
OPERATING REVENUES				
Base Rents from County - Interest Portion	\$ 5,841	\$ 981,252	\$ 2,393,366	\$ 3,615,444
Total Operating Revenues	<u>5,841</u>	<u>981,252</u>	<u>2,393,366</u>	<u>3,615,444</u>
OPERATING EXPENSES				
General and Administrative Expenses	-	-	-	880,245
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>880,245</u>
Operating Income (Loss)	<u>5,841</u>	<u>981,252</u>	<u>2,393,366</u>	<u>2,735,199</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	-	13,028	1,524	283,063
Interest Expense	(4,867)	(1,030,538)	(2,291,421)	(309,292)
Premium/Discount	-	201,604	28,655	43,652
Deferred Loss on Bond Refunding	-	-	-	-
Total Nonoperating Revenues (Expenses)	<u>(4,867)</u>	<u>(815,906)</u>	<u>(2,261,242)</u>	<u>17,423</u>
Change in Net Position before Transfers	974	165,346	132,124	2,752,622
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	974	165,346	132,124	2,752,622
Net Position, Beginning of Year	<u>(974)</u>	<u>4,126,718</u>	<u>(460,827)</u>	<u>51,507</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 4,292,064</u>	<u>\$ (328,703)</u>	<u>\$ 2,804,129</u>

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION (Continued)
 FOR THE YEAR ENDED JUNE 30, 2021**

	2019 Taxable LRB	Hospital Bonds	Elimination Column	Total
OPERATING REVENUES				
Base Rents from County - Interest Portion	\$ 363,271	\$ 6,992,861	\$ -	\$ 17,542,447
Total Operating Revenues	<u>363,271</u>	<u>6,992,861</u>	<u>-</u>	<u>17,542,447</u>
OPERATING EXPENSES				
General and Administrative Expenses	-	24,684	-	1,630,269
Total Operating Expenses	<u>-</u>	<u>24,684</u>	<u>-</u>	<u>1,630,269</u>
Operating Income (Loss)	<u>363,271</u>	<u>6,968,177</u>	<u>-</u>	<u>15,912,178</u>
NONOPERATING REVENUES (EXPENSES)				
Interest Income	7	25,320	-	325,472
Interest Expense	(363,281)	(7,004,641)	-	(13,993,555)
Premium/Discount	-	337,966	-	633,101
Deferred Loss on Bond Refunding	-	-	-	(52,567)
Total Nonoperating Revenues (Expenses)	<u>(363,274)</u>	<u>(6,641,355)</u>	<u>-</u>	<u>(13,087,549)</u>
Change in Net Position before Transfers	(3)	326,822	-	2,824,629
Transfers In	-	20,750,269	(20,750,269)	-
Transfers Out	-	(20,750,269)	20,750,269	-
Change in Net Position	(3)	326,822	-	2,824,629
Net Position, Beginning of Year	<u>(61,161)</u>	<u>26,966,368</u>	<u>-</u>	<u>36,780,982</u>
Net Position, End of Year	<u>\$ (61,164)</u>	<u>\$ 27,293,190</u>	<u>\$ -</u>	<u>\$ 39,605,611</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

	1990 Monterey Avenue	2008 A Southwest Justice Center	2009 Larson Justice Center	2009 Public Safety & Woodcrest Library Refunding
Cash Flows from Operating Activities:				
Payment Received from County Leases	\$ 800,000	\$ 5,415,259	\$ 2,486,550	\$ 14,198,603
Payments for General and Administrative Expenses	-	(646,827)	-	(78,513)
Net Cash Provided by Operating Activities	<u>800,000</u>	<u>4,768,432</u>	<u>2,486,550</u>	<u>14,120,090</u>
Cash Flows from Noncapital Financing Activities:				
Transfers Received	-	-	-	-
Transfers Paid	-	-	-	-
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Purchase of Assets for Lease	-	-	-	-
Principal Paid on Bonds and Certificates of Participation	(800,000)	(3,410,000)	(2,270,000)	(13,230,000)
Interest Paid on Bonds and Certificates of Participation	(581)	(2,827,718)	(275,450)	(10,700)
Net Cash Used in Capital and Related Financing Activities	<u>(800,581)</u>	<u>(6,237,718)</u>	<u>(2,545,450)</u>	<u>(13,240,700)</u>
Cash Flows from Investing Activities:				
Cash Received from Earnings on Investments	9	918	715	1,376
Net Cash Provided by Investing Activities	<u>9</u>	<u>918</u>	<u>715</u>	<u>1,376</u>
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	(572)	(1,468,368)	(58,185)	880,766
Restricted Cash and Cash Equivalents, Beginning of Year	<u>4,345</u>	<u>2,353,689</u>	<u>1,161,631</u>	<u>2,099,880</u>
Restricted Cash and Cash Equivalents, End of Year	<u>\$ 3,773</u>	<u>\$ 885,321</u>	<u>\$ 1,103,446</u>	<u>\$ 2,980,646</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ -	\$ 1,358,432	\$ 216,550	\$ 890,090
Changes in Assets and Liabilities:				
Decrease in Lease Receivable - Facilities	800,000	3,410,000	2,270,000	13,230,000
Net Cash Provided by Operating Activities	<u>\$ 800,000</u>	<u>\$ 4,768,432</u>	<u>\$ 2,486,550</u>	<u>\$ 14,120,090</u>
Summary of Noncash Financing Activities:				
Accretion on Capital Appreciation Bonds	\$ -	\$ -	\$ -	\$ -
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ -	\$ (52,567)
Amortization of Bond (Premium) Discount	\$ -	\$ -	\$ (21,224)	\$ -

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	2011 Monroe Park Building	2012 CAC Refunding Projects	2013 Probation & RCIT	2014 A&B Refunding
Cash Flows from Operating Activities:				
Payment Received from County Leases	\$ 335,841	\$ 2,436,252	\$ 3,463,366	\$ 4,010,444
Payments for General and Administrative Expenses	-	-	-	(880,245)
Net Cash Provided by Operating Activities	335,841	2,436,252	3,463,366	3,130,199
Cash Flows from Noncapital Financing Activities:				
Transfers Received	-	-	-	-
Transfers Paid	-	-	-	-
Net Cash Used in Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Purchase of Assets for Lease	-	-	-	-
Principal Paid on Bonds and Certificates of Participation	(330,000)	(1,455,000)	(1,070,000)	(395,000)
Interest Paid on Bonds and Certificates of Participation	(5,841)	(1,042,056)	(2,394,039)	(311,925)
Net Cash Used in Capital and Related Financing Activities	(335,841)	(2,497,056)	(3,464,039)	(706,925)
Cash Flows from Investing Activities:				
Cash Received from Earnings on Investments	-	21,784	2,149	283,317
Net Cash Provided by Investing Activities	-	21,784	2,149	283,317
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	-	(39,020)	1,476	2,706,591
Restricted Cash and Cash Equivalents, Beginning of Year	-	2,599,447	2,210,645	1,924,578
Restricted Cash and Cash Equivalents, End of Year	<u>\$ -</u>	<u>\$ 2,560,427</u>	<u>\$ 2,212,121</u>	<u>\$ 4,631,169</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 5,841	\$ 981,252	\$ 2,393,366	\$ 2,735,199
Changes in Assets and Liabilities:				
Decrease in Lease Receivable - Facilities	330,000	1,455,000	1,070,000	395,000
Net Cash Provided by Operating Activities	\$ 335,841	\$ 2,436,252	\$ 3,463,366	\$ 3,130,199
Summary of Noncash Financing Activities:				
Accretion on Capital Appreciation Bonds	\$ -	\$ -	\$ -	\$ -
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ -	\$ -
Amortization of Bond (Premium) Discount	\$ -	\$ (201,604)	\$ (28,655)	\$ (43,652)

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2021

	2019 Taxable LRB	Hospital Bonds	Elimination Column	Total
Cash Flows from Operating Activities:				
Payment Received from County Leases	\$ 763,271	\$ 11,657,287	\$ -	\$ 45,566,873
Payments for General and Administrative Expenses	-	(24,684)	-	(1,630,269)
Net Cash Provided by Operating Activities	763,271	11,632,603	-	43,936,604
Cash Flows from Noncapital Financing Activities:				
Transfers Received	-	20,750,269	(20,750,269)	-
Transfers Paid	-	(20,750,269)	20,750,269	-
Net Cash Used in Noncapital Financing Activities	-	-	-	-
Cash Flows from Capital and Related Financing Activities:				
Purchase of Assets for Lease	-	(1,280,474)	-	(1,280,474)
Principal Paid on Bonds and Certificates of Participation	(400,000)	(4,664,426)	-	(28,024,426)
Interest Paid on Bonds and Certificates of Participation	(363,281)	(7,004,642)	-	(14,236,233)
Net Cash Used in Capital and Related Financing Activities	(763,281)	(12,949,542)	-	(43,541,133)
Cash Flows from Investing Activities:				
Cash Received from Earnings on Investments	7	30,497	-	340,772
Net Cash Provided by Investing Activities	7	30,497	-	340,772
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	(3)	(1,286,442)	-	736,243
Restricted Cash and Cash Equivalents, Beginning of Year	9	24,193,270	-	36,547,494
Restricted Cash and Cash Equivalents, End of Year	\$ 6	\$ 22,906,828	\$ -	\$ 37,283,737
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 363,271	\$ 6,968,177	\$ -	\$ 15,912,178
Changes in Assets and Liabilities:				
Decrease in Lease Receivable - Facilities	400,000	4,664,426	-	28,024,426
Net Cash Provided by Operating Activities	\$ 763,271	\$ 11,632,603	\$ -	\$ 43,936,604
Summary of Noncash Financing Activities:				
Accretion on Capital Appreciation Bonds	\$ -	\$ 5,759,241	\$ -	\$ 5,759,241
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ -	\$ (52,567)
Amortization of Bond (Premium) Discount	\$ -	\$ (337,966)	\$ -	\$ (633,101)

**INDEPENDENT AUDITOR'S 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
County of Riverside Asset Leasing Corporation
Riverside, California

We have audited, in accordance with the 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 the County of Riverside Asset Leasing Corporation (CORAL), a component unit of the County of Riverside, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CORAL's basic financial statements, and have issued our report thereon dated October 5, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered CORAL's internal control over financial reporting (internal control) as a basis for designing 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 CORAL's internal control. Accordingly, we do not express an opinion on the effectiveness of CORAL'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 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 that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CORAL'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 financial statements. 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 CORAL's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering CORAL's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 5, 2021



Board of Directors
County of Riverside Asset Leasing Corporation
Riverside, California

We have audited the basic financial statements of the County of Riverside Asset Leasing Corporation (CORAL), a blended component unit of the County of Riverside, California, as of and for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 13, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CORAL are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the CORAL adopted Statement of Governmental Accounting Standards Board (GASB) Statement No. 90 – Major Equity Interests ? An Amendment of GASB Statements No. 14 and No. 61 during the year ended June 30, 2021. We noted no transactions entered into by CORAL during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting CORAL's financial statements was:

Management's estimate of the interest rate swap liability and the related accumulated decrease in fair value of hedging activities is based on a valuation calculation by a third party of the differences in interest rates. We evaluated the key factors and assumptions used to develop the estimate of the interest rate swap liability and the related accumulated decrease in fair value of hedging activities in determining that it is reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was:

The disclosure of Accreted Interest Payable and Interest Rate Swap in Note 4 to the basic financial statements.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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STOCKTON
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Stockton, CA 95219
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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 5, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to CORAL's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CORAL's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on Combining Statement of Net Position; Combining Statement of Revenue, Expenses, and Changes in Net Position; and Combining Statement of Cash Flows, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the basic financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the basic financial statements or to the basic financial statements themselves.

Restriction on Use

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
October 5, 2021