

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



ITEM: 5B.1
(ID # 23226)

MEETING DATE:
Tuesday, October 17, 2023

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, 2023; 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, 2023.

ACTION: Consent

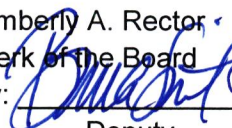


Don Kent, Director of Finance 10/5/2023

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Perez, seconded by Supervisor Spiegel 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 Gutierrez
Nays: None
Absent: None
Date: October 17, 2023
xc: E.O.

Kimberly A. Rector
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:	22/23

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 2022-2023, CORAL engaged external auditor Brown Armstrong Accountancy Corporation to conduct the audit of its financial statements and transactions for the period July 1, 2022 through June 30, 2023.

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, 2023, 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:

1. County of Riverside Asset Leasing Corporation Annual Audit Report Year Ended June 30, 2023
2. SAS 114 Final Report

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

Michael Ambolo
Michael Ambolo, Chief Finance Officer 10/5/2023

**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, 2023**

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

FOR THE YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the basic financial statements, which comprise CORAL's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of CORAL, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CORAL, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CORAL's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CORAL's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial 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 September 28, 2023 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 CORAL's 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.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
September 28, 2023

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. Members of the County of Riverside (the County) Executive Office prepared this discussion and analysis. Please read it in conjunction with CORAL's basic financial statements, which begin on page 7.

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 2023 by \$18,346,928.
- Revenues from base rents from the County (interest portion) totaled \$20,976,216.
- CORAL's cash and investments increased from \$16,785,175 at June 30, 2022, to \$17,437,860 at June 30, 2023, due to the release of restricted cash as a result of bond refundings.
- CORAL's net position increased \$698,270 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:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Current Assets	\$ 22,045,113	\$ 21,523,826	\$ 521,287
Noncurrent Assets	<u>64,166,604</u>	<u>79,980,966</u>	<u>(15,814,362)</u>
Total Assets	<u>86,211,717</u>	<u>101,504,792</u>	<u>(15,293,075)</u>
Deferred Outflows of Resources	<u>862,981</u>	<u>915,548</u>	<u>(52,567)</u>
Current Liabilities	4,561,166	4,790,716	(229,550)
Noncurrent Liabilities	<u>64,166,604</u>	<u>79,980,966</u>	<u>(15,814,362)</u>
Total Liabilities	<u>68,727,770</u>	<u>84,771,682</u>	<u>(16,043,912)</u>
Net Position			
Restricted for			
Debt Service	<u>18,346,928</u>	<u>17,648,658</u>	<u>698,270</u>
Total Net Position	<u>\$ 18,346,928</u>	<u>\$ 17,648,658</u>	<u>\$ 698,270</u>

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

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Change</u>
Base Rents from County - Interest Portion	\$ 20,976,216	\$ 6,536,452	\$ 14,439,764
Investment and Other Revenues	<u>759,298</u>	<u>3,759,630</u>	<u>(3,000,332)</u>
Total Revenues	<u>21,735,514</u>	<u>10,296,082</u>	<u>11,439,432</u>
General and Administrative Expenses	88,636	1,957,127	(1,868,491)
Interest Expense	19,855,644	5,931,393	13,924,251
Other Expense	52,567	189,814	(137,247)
Lease Receivable and CIP Adjustment	-	6,098,925	(6,098,925)
Transfers to the County of Riverside	<u>1,040,397</u>	<u>18,075,776</u>	<u>(17,035,379)</u>
Total Expenses and Transfers	<u>21,037,244</u>	<u>32,253,035</u>	<u>(11,215,791)</u>
Change in Net Position	698,270	(21,956,953)	22,655,223
Net Position, Beginning of Year	<u>17,648,658</u>	<u>39,605,611</u>	<u>(21,956,953)</u>
Net Position, End of Year	<u><u>\$ 18,346,928</u></u>	<u><u>\$ 17,648,658</u></u>	<u><u>\$ 698,270</u></u>

Long-Term Debt

The long-term debt of CORAL at June 30, 2023, included \$22,631,828 of outstanding lease revenue bonds and \$4,695,000 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 and COPs were reduced by scheduled principal payments of \$4,699,722.

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 (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 2024 budget is structurally balanced with discretionary spending of approximately \$1.143 billion, an increase of approximately 10% from the adopted budget for fiscal year 2022-23. The increase is due primarily to modestly rising property related tax revenues, as well as sales tax and interest earnings. 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, 2023

ASSETS

Current Assets:

Restricted Cash and Cash Equivalents	\$ 17,437,860
Interest Receivable	134,659
Lease Receivables - Facilities	<u>4,472,594</u>

Total Current Assets	<u>22,045,113</u>
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Noncurrent Assets:

Lease Receivables - Facilities	22,854,234
Accreted Interest Receivable	<u>41,312,370</u>

Total Noncurrent Assets	<u>64,166,604</u>
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Total Assets	<u>86,211,717</u>
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DEFERRED OUTFLOWS OF RESOURCES

Loss on Bond Refunding	<u>862,981</u>
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Total Deferred Outflows of Resources	<u>862,981</u>
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LIABILITIES

Current Liabilities:

Interest Payable	88,572
Lease Revenue Bonds	4,302,594
Certificates of Participation	<u>170,000</u>

Total Current Liabilities	<u>4,561,166</u>
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Noncurrent Liabilities:

Accreted Interest Payable	41,312,370
Lease Revenue Bonds	18,329,234
Certificates of Participation	<u>4,525,000</u>

Total Noncurrent Liabilities	<u>64,166,604</u>
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Total Liabilities	<u>68,727,770</u>
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NET POSITION

Restricted for:

Debt Service	<u>18,346,928</u>
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Total Net Position	<u>\$ 18,346,928</u>
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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, 2023**

Operating Revenues	
Base Rents from County - Interest Portion	<u>\$ 20,976,216</u>
Total Operating Revenues	<u>20,976,216</u>
Operating Expenses	
General and Administrative Expenses	<u>88,636</u>
Total Operating Expenses	<u>88,636</u>
Operating Income	<u>20,887,580</u>
Nonoperating Revenues (Expenses)	
Investment Income	759,298
Interest Expense	(19,855,644)
Deferred Loss on Bond Refunding	<u>(52,567)</u>
Total Nonoperating Revenues (Expenses)	<u>(19,148,913)</u>
Change in Net Position Before Transfers	1,738,667
Transfers Paid to the County of Riverside	<u>(1,040,397)</u>
Change in Net Position	698,270
Net Position, Beginning of Year	<u>17,648,658</u>
Net Position, End of Year	<u><u>\$ 18,346,928</u></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, 2023**

Cash Flows from Operating Activities:	
Payments Received from County Leases	\$ 25,675,938
Payments for General and Administrative Expenses	<u>(88,636)</u>
Net Cash Provided by Operating Activities	<u>25,587,302</u>
Cash Flows from Noncapital Financing Activities:	
Transfers Paid to the County of Riverside	<u>(1,040,397)</u>
Net Cash Used in Noncapital Financing Activities	<u>(1,040,397)</u>
Cash Flows from Capital and Related Financing Activities:	
Principal Paid on Bonds and Certificates of Participation	(4,699,722)
Interest Paid on Bonds and Certificates of Participation	<u>(19,858,066)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(24,557,788)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>663,568</u>
Net Cash Provided by Investing Activities	<u>663,568</u>
Net Increase in Restricted Cash and Cash Equivalents	652,685
Restricted Cash and Cash Equivalents, Beginning of Year	<u>16,785,175</u>
Restricted Cash and Cash Equivalents, End of Year	<u><u>\$ 17,437,860</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	\$ 20,887,580
Changes in Assets and Liabilities:	
Decrease in Lease Receivables - Facilities	<u>4,699,722</u>
Net Cash Provided by Operating Activities	<u><u>\$ 25,587,302</u></u>
Summary of Noncash Financing Activities:	
Accretion on Capital Appreciation Bonds:	
1997 A Hospital Serial Bonds	\$ 19,418,788
Amortization of Loss on Bond Defeasance	\$ (52,567)

See accompanying notes to the basic financial statements.

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, 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, 2023, CORAL implemented the following Governmental Accounting Standards Board (GASB) standards:

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Governmental Accounting Standards Update (Continued)

GASB Statement No. 99 – Omnibus 2022. The pronouncement requirements relating to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in GASB Statement No. 34, and terminology updates related to GASB Statements No. 53 and No. 63 are effective upon issuance. Requirements related to leases, public-private and public-public partnerships (PPPs), and subscription-based information technology arrangements (SBITAs) are effective for reporting periods beginning after June 15, 2022. Requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53 are effective for reporting periods beginning after June 15, 2023.

There was no impact on the financials for any of these GASB Statements.

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

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

GASB Statement No. 100 – Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62 will be effective for reporting periods beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101 – Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, and all reporting periods thereafter.

J. Stewardship, Compliance, and Accountability

The following bond funds have a deficit net position balance at June 30, 2023:

	<u>Deficit</u>
2019 Taxable LRB	\$ (52,702)
	<u>\$ (52,702)</u>

The net position deficit is 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, 2023, are held by the trustee. All restricted cash and investments at June 30, 2023, 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

NOTE 2 – RESTRICTED CASH AND INVESTMENTS (Continued)

Cash, cash equivalents, and investments of \$17,437,860 were comprised of money market mutual funds and the County Treasury Pool, which are all reported at amortized cost as of June 30, 2023.

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	\$ 9,220,308 Not Applicable
County of Riverside Treasury Pool	8,217,552 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, 2023, for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Rating as of June 30, 2023</u>
Held by Bond Trustee:			
Money Market Mutual Funds	\$ 9,220,308	AAA/Aaa	AAA/Aaa
County of Riverside Treasury Pool	8,217,552	Aaa	Aaa

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, 2023, CORAL received \$25,675,938 in facility lease payments from the County, of which \$20,976,216 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, 2023, for leased facilities:

Year Ending June 30, 2023	Lease Receivables
2024	\$ 8,093,031
2025	6,868,520
2026	5,604,833
2027	1,123,989
2028	1,130,194
2029-2033	5,683,449
2034-2038	5,800,024
2039-2043	4,632,575
2044	752,580
Total Future Minimum Lease Payments to be Received	39,689,195
Less: Unearned Interest Income	<u>(12,362,367)</u>
Total	<u>\$ 27,326,828</u>

NOTE 4 – LONG-TERM DEBT

Bonds and certificates of participation payable at June 30, 2023, consist of the following:

Type of Indebtedness (Purpose)	Maturity	Interest Rate	Annual Principal Installments (in thousands)	Original Issue Amount	Outstanding at June 30, 2023
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	\$ 10,976,828
2019 Taxable LRB					
Term Bonds (Series A)	11/1/20 - 11/1/43	1.87 - 3.12%	\$400 - \$740	12,875,000	11,655,000
Total Lease Revenue Bonds				<u>\$ 54,045,073</u>	<u>\$ 22,631,828</u>
Certificates of Participation					
2009 Public Safety & Woodcrest Library					
Serial Certificates	11/01/10 - 11/01/39	Variable	\$70 - \$4,200	\$ 45,685,000	\$ 4,695,000
Total Certificates of Participation				<u>\$ 45,685,000</u>	<u>\$ 4,695,000</u>

NOTE 4 – LONG-TERM DEBT (Continued)

The following is a summary of the changes in long-term debt for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Revenue Bonds					
1997 A (Hospital)	\$ 15,101,550	\$ -	\$ 4,124,722	\$ 10,976,828	\$ 3,877,594
2019 Taxable LRB	12,070,000	-	415,000	11,655,000	425,000
Total Lease Revenue Bonds	27,171,550	-	4,539,722	22,631,828	4,302,594
Certificates of Participation					
2009 Public Safety & Woodcrest	4,855,000	-	160,000	4,695,000	170,000
Deferred Amounts:					
Loss on Refunding	(915,548)	-	(52,567)	(862,981)	-
Total Certificates of Participation	3,939,452	-	107,433	3,832,019	170,000
Total	\$ 31,111,002	\$ -	\$ 4,647,155	\$ 26,463,847	\$ 4,472,594

The outstanding principal balance on the 2009 Public Safety & Woodcrest Library Refunding Certificates of Participation, or \$4,695,000, is stated net of related loss on refunding of \$862,981, resulting in a net carrying value of \$3,832,019.

Accreted Interest Payable

The accreted interest payable balances at June 30, 2023, 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 \$4,038,510 accretion less interest paid in the amount of \$15,380,278 result in \$41,312,370 for accumulated accretion and \$6,225,801 for the unaccreted balance for the year ended June 30, 2023.

The following is a summary of the changes in accreted interest payable for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023
Lease Revenue Bonds:				
1997 A (Hospital)	\$ 52,654,138	\$ 4,038,510	\$ (15,380,278)	\$ 41,312,370

Defeasance of Debt

In December 2009, CORAL 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.

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.

NOTE 4 – LONG-TERM DEBT (Continued)**Defeasance of Debt** (Continued)

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, 2023, are as follows:

Year Ending June 30, 2023	Lease Revenue Bonds		Certificates of Participation	
	Principal	Interest	Principal	Interest
2024	\$ 4,302,594	\$ 3,436,037	\$ 170,000	\$ 184,400
2025	4,084,652	2,426,468	180,000	177,400
2026	3,889,582	1,355,251	190,000	170,000
2027	450,000	311,790	200,000	162,200
2028	465,000	301,194	210,000	154,000
2029-2033	2,480,000	1,319,350	1,255,000	629,100
2034-2038	2,855,000	931,525	1,675,000	338,500
2039-2043	3,365,000	419,475	815,000	33,100
2044	740,000	12,580	-	-
Total Requirements	<u>\$ 22,631,828</u>	<u>\$ 10,513,669</u>	<u>\$ 4,695,000</u>	<u>\$ 1,848,700</u>

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, 2023, for each of the outstanding debt issued is as follows:

	Acquisition and Construction	Bond and Note Redemption	Administration	Cash	Total
1990 Monterey Avenue	\$ -	\$ -	\$ -	\$ 86	\$ 86
1993 Series A & B Bonds	1,418,841	4,902,882	-	1	6,321,724
1997 A Hospital Project	-	45,463	-	7,759,651	7,805,114
2009 Public Safety & Woodcrest Library Refunding	-	1,329,685	1,522,998	453,805	3,306,488
2019 Taxable LRB	-	438	-	4,010	4,448
Total	<u>\$ 1,418,841</u>	<u>\$ 6,278,468</u>	<u>\$ 1,522,998</u>	<u>\$ 8,217,553</u>	<u>\$ 17,437,860</u>

At June 30, 2023, CORAL was in compliance with all significant terms of the debt agreements.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 28, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	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	\$ 86	\$ -	\$ -	\$ 3,306,488
Interest Receivable	33	-	26	20,940
Lease Receivables - Facilities	-	-	-	170,000
Total Current Assets	<u>119</u>	<u>-</u>	<u>26</u>	<u>3,497,428</u>
Noncurrent Assets:				
Lease Receivables - Facilities	-	-	-	4,525,000
Accreted Interest Receivable	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,525,000</u>
Total Assets	<u>119</u>	<u>-</u>	<u>26</u>	<u>8,022,428</u>
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Bond Refunding	-	-	-	862,981
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>862,981</u>
LIABILITIES				
Current Liabilities:				
Interest Payable	-	-	-	31,300
Lease Revenue Bonds	-	-	-	-
Certificates of Participation	-	-	-	170,000
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,300</u>
Noncurrent Liabilities:				
Accreted Interest Payable	-	-	-	-
Lease Revenue Bonds	-	-	-	-
Certificates of Participation	-	-	-	4,525,000
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,525,000</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,726,300</u>
NET POSITION				
Restricted for:				
Debt Service	119	-	26	4,159,109
Total Net Position	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 4,159,109</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

	2012 CAC Refunding Projects	2013 Probation & RCIT	2019 Taxable LRB
ASSETS			
Current Assets:			
Restricted Cash and Cash Equivalents	\$ -	\$ -	\$ 4,448
Interest Receivable	-	6	122
Lease Receivables - Facilities	-	-	425,000
Total Current Assets	<u>-</u>	<u>6</u>	<u>429,570</u>
Noncurrent Assets:			
Lease Receivables - Facilities	-	-	11,230,000
Accreted Interest Receivable	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>11,230,000</u>
Total Assets	<u>-</u>	<u>6</u>	<u>11,659,570</u>
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Bond Refunding	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES			
Current Liabilities:			
Interest Payable	-	-	57,272
Lease Revenue Bonds	-	-	425,000
Certificates of Participation	-	-	-
Total Current Liabilities	<u>-</u>	<u>-</u>	<u>482,272</u>
Noncurrent Liabilities:			
Accreted Interest Payable	-	-	-
Lease Revenue Bonds	-	-	11,230,000
Certificates of Participation	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>11,230,000</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>11,712,272</u>
NET POSITION			
Restricted for:			
Debt Service	-	6	(52,702)
Total Net Position	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ (52,702)</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF NET POSITION (Continued)
JUNE 30, 2023

	Hospital Bonds	Total
ASSETS		
Current Assets:		
Restricted Cash and Cash Equivalents	\$ 14,126,838	\$ 17,437,860
Interest Receivable	113,532	134,659
Lease Receivables - Facilities	3,877,594	4,472,594
Total Current Assets	18,117,964	22,045,113
Noncurrent Assets:		
Lease Receivables - Facilities	7,099,234	22,854,234
Accreted Interest Receivable	41,312,370	41,312,370
Total Noncurrent Assets	48,411,604	64,166,604
Total Assets	66,529,568	86,211,717
DEFERRED OUTFLOWS OF RESOURCES		
Loss on Bond Refunding	-	862,981
Total Deferred Outflows of Resources	-	862,981
LIABILITIES		
Current Liabilities:		
Interest Payable	-	88,572
Lease Revenue Bonds	3,877,594	4,302,594
Certificates of Participation	-	170,000
Total Current Liabilities	3,877,594	4,561,166
Noncurrent Liabilities:		
Accreted Interest Payable	41,312,370	41,312,370
Lease Revenue Bonds	7,099,234	18,329,234
Certificates of Participation	-	4,525,000
Total Noncurrent Liabilities	48,411,604	64,166,604
Total Liabilities	52,289,198	68,727,770
NET POSITION		
Restricted for:		
Debt Service	14,240,370	18,346,928
Total Net Position	\$ 14,240,370	\$ 18,346,928

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	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	\$ -	\$ -	\$ -	\$ 191,001
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,001</u>
OPERATING EXPENSES				
General and Administrative Expenses	3,769	-	-	47,256
Total Operating Expenses	<u>3,769</u>	<u>-</u>	<u>-</u>	<u>47,256</u>
Operating Income (Loss)	<u>(3,769)</u>	<u>-</u>	<u>-</u>	<u>143,745</u>
NONOPERATING REVENUES (EXPENSES)				
Investment Income	169	-	1,162	116,065
Interest Expense	-	(1)	-	(90,511)
Deferred Loss on Bond Refunding	-	-	-	(52,567)
Total Nonoperating Revenues (Expenses)	<u>169</u>	<u>(1)</u>	<u>1,162</u>	<u>(27,013)</u>
Change in Net Position before Transfers	(3,600)	(1)	1,162	116,732
Transfers to the County of Riverside	-	-	(3,063)	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Change in Net Position	<u>(3,600)</u>	<u>(1)</u>	<u>(1,901)</u>	<u>116,732</u>
Net Position, Beginning of Year	<u>3,719</u>	<u>1</u>	<u>1,927</u>	<u>4,042,377</u>
Net Position, End of Year	<u>\$ 119</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 4,159,109</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	2012 CAC Refunding Projects	2013 Probation & RCIT	2019 Taxable LRB
OPERATING REVENUES			
Base Rents from County - Interest Portion	\$ -	\$ -	\$ 347,698
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>347,698</u>
OPERATING EXPENSES			
General and Administrative Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Operating Income (Loss)	<u>-</u>	<u>-</u>	<u>347,698</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	-	258	4,123
Interest Expense	(1)	-	(346,343)
Deferred Loss on Bond Refunding	<u>-</u>	<u>-</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>(1)</u>	<u>258</u>	<u>(342,220)</u>
Change in Net Position before Transfers	(1)	258	5,478
Transfers to the County of Riverside	-	(685)	-
Transfers In	-	-	-
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	(1)	(427)	5,478
Net Position, Beginning of Year	<u>1</u>	<u>433</u>	<u>(58,180)</u>
Net Position, End of Year	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ (52,702)</u>

**COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2023**

	Hospital Bonds	Elimination Column	Total
OPERATING REVENUES			
Base Rents from County - Interest Portion	\$ 20,437,517	\$ -	\$ 20,976,216
Total Operating Revenues	<u>20,437,517</u>	<u>-</u>	<u>20,976,216</u>
OPERATING EXPENSES			
General and Administrative Expenses	37,611	-	88,636
Total Operating Expenses	<u>37,611</u>	<u>-</u>	<u>88,636</u>
Operating Income (Loss)	<u>20,399,906</u>	<u>-</u>	<u>20,887,580</u>
NONOPERATING REVENUES (EXPENSES)			
Investment Income	637,521	-	759,298
Interest Expense	(19,418,788)	-	(19,855,644)
Deferred Loss on Bond Refunding	-	-	(52,567)
Total Nonoperating Revenues (Expenses)	<u>(18,781,267)</u>	<u>-</u>	<u>(19,148,913)</u>
Change in Net Position before Transfers	1,618,639	-	1,738,667
Transfers to the County of Riverside	(1,036,649)	-	(1,040,397)
Transfers In	58,950	(58,950)	-
Transfers Out	(58,950)	58,950	-
Change in Net Position	581,990	-	698,270
Net Position, Beginning of Year	<u>13,658,380</u>	<u>-</u>	<u>17,648,658</u>
Net Position, End of Year	<u>\$ 14,240,370</u>	<u>\$ -</u>	<u>\$ 18,346,928</u>

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	1990 Monterey Avenue	2008 A Southwest Justice Center	2009 Larson Justice Center	2009 Public Safety & Woodcrest Library Refunding
Cash Flows from Operating Activities:				
Payments Received from County Leases	\$ -	\$ -	\$ -	\$ 351,001
Payments for General and Administrative Expenses	(3,769)	-	-	(47,256)
Net Cash Provided by (Used in) Operating Activities	<u>(3,769)</u>	<u>-</u>	<u>-</u>	<u>303,745</u>
Cash Flows from Noncapital Financing Activities:				
Transfer Paid to the County of Riverside	-	-	(3,063)	-
Transfers Received	-	-	-	-
Transfers Paid	-	-	-	-
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>-</u>	<u>(3,063)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Principal Paid on Bonds and Certificates of Participation	-	-	-	(160,000)
Interest Paid on Bonds and Certificates of Participation	-	(1)	-	(91,578)
Net Cash Used in Capital and Related Financing Activities	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>(251,578)</u>
Cash Flows from Investing Activities:				
Investment Income	142	1	3,063	97,921
Net Cash Provided by Investing Activities	<u>142</u>	<u>1</u>	<u>3,063</u>	<u>97,921</u>
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	(3,627)	-	-	150,088
Restricted Cash and Cash Equivalents, Beginning of Year	3,713	-	-	3,156,400
Restricted Cash and Cash Equivalents, End of Year	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,306,488</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (3,769)	\$ -	\$ -	\$ 143,745
Changes in Assets and Liabilities:				
Decrease in Lease Receivable - Facilities	-	-	-	160,000
Net Cash Provided/(Used) by Operating Activities	<u>\$ (3,769)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,745</u>
Summary of Noncash Financing Activities:				
Accretion on Capital Appreciation Bonds	\$ -	\$ -	\$ -	\$ -
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ -	\$ (52,567)

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	2012 CAC Refunding Projects	2013 Probation & RCIT	2019 Taxable LRB
Cash Flows from Operating Activities:			
Payments Received from County Leases	\$ -	\$ -	\$ 762,698
Payments for General and Administrative Expenses	-	-	-
Net Cash Provided by (Used in) Operating Activities	<u>-</u>	<u>-</u>	<u>762,698</u>
Cash Flows from Noncapital Financing Activities:			
Transfer Paid to the County of Riverside	-	(685)	-
Transfers Received	-	-	-
Transfers Paid	-	-	-
Net Cash Used in Noncapital Financing Activities	<u>-</u>	<u>(685)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Bonds and Certificates of Participation	-	-	(415,000)
Interest Paid on Bonds and Certificates of Participation	(1)	-	(347,698)
Net Cash Used in Capital and Related Financing Activities	<u>(1)</u>	<u>-</u>	<u>(762,698)</u>
Cash Flows from Investing Activities:			
Investment Income	1	685	4,025
Net Cash Provided by Investing Activities	<u>1</u>	<u>685</u>	<u>4,025</u>
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	-	-	4,025
Restricted Cash and Cash Equivalents, Beginning of Year	<u>-</u>	<u>-</u>	<u>423</u>
Restricted Cash and Cash Equivalents, End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,448</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ -	\$ -	\$ 347,698
Changes in Assets and Liabilities:			
Decrease in Lease Receivable - Facilities	-	-	415,000
Net Cash Provided/(Used) by Operating Activities	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 762,698</u></u>
Summary of Noncash Financing Activities:			
Accretion on Capital Appreciation Bonds	\$ -	\$ -	\$ -
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ -

COUNTY OF RIVERSIDE ASSET LEASING CORPORATION
COMBINING STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2023

	Hospital Bonds	Elimination Column	Total
Cash Flows from Operating Activities:			
Payments Received from County Leases	\$ 24,562,239	\$ -	\$ 25,675,938
Payments for General and Administrative Expenses	(37,611)	-	(88,636)
Net Cash Provided by (Used in) Operating Activities	24,524,628	-	25,587,302
Cash Flows from Noncapital Financing Activities:			
Transfer Paid to the County of Riverside	(1,036,649)	-	(1,040,397)
Transfers Received	58,950	(58,950)	-
Transfers Paid	(58,950)	58,950	-
Net Cash Used in Noncapital Financing Activities	(1,036,649)	-	(1,040,397)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Bonds and Certificates of Participation	(4,124,722)	-	(4,699,722)
Interest Paid on Bonds and Certificates of Participation	(19,418,788)	-	(19,858,066)
Net Cash Used in Capital and Related Financing Activities	(23,543,510)	-	(24,557,788)
Cash Flows from Investing Activities:			
Investment Income	557,730	-	663,568
Net Cash Provided by Investing Activities	557,730	-	663,568
Net Increase (Decrease) in Restricted Cash and Cash Equivalents	502,199	-	652,685
Restricted Cash and Cash Equivalents, Beginning of Year	13,624,639	-	16,785,175
Restricted Cash and Cash Equivalents, End of Year	\$ 14,126,838	\$ -	\$ 17,437,860
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Operating Income (Loss)	\$ 20,399,906	\$ -	\$ 20,887,580
Changes in Assets and Liabilities:			
Decrease in Lease Receivable - Facilities	4,124,722	-	4,699,722
Net Cash Provided/(Used) by Operating Activities	\$ 24,524,628	\$ -	\$ 25,587,302
Summary of Noncash Financing Activities:			
Accretion on Capital Appreciation Bonds	\$ 19,418,788	\$ -	\$ 19,418,788
Amortization of Loss on Bond Defeasance	\$ -	\$ -	\$ (52,567)

OTHER REPORT

**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 blended component unit of the County of Riverside, California, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise CORAL's basic financial statements, and have issued our report thereon dated September 28, 2023.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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
September 28, 2023

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, 2023. 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 September 28, 2023. 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, CORAL adopted Governmental Accounting Standards Board (GASB) Statement No. 91 – *Conduit Debt Obligation*, GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99 – *Omnibus* during the year ended June 30, 2023. 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. There were no sensitive estimates.

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 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.

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 September 28, 2023.

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
September 28, 2023