DATE: November 9, 2016

TO: Governing Board, Intermodal Container Transfer Facility Joint Powers Authority

FROM: Douglas A. Thiessen, Executive Director

SUBJECT: Financial Audit – Fiscal Year Ended June 30, 2015

Simpson & Simpson has completed the financial audit of the Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) for the fiscal year that ended June 30, 2015. Their audit has determined that for the fiscal year ended June 30, 2015, the financial position, changes in financial position, and cash flows are presented fairly.

Operating revenues for the fiscal year increased 31.3% to $5,703,421 due to retirement of the facility debt. Net assets increased by 16.1% to $11,693,424 over the same period. The volume of containers that moved through the Intermodal Container Transfer Facility gates decreased by 7.0% to 404,151 containers, generally attributable to the high on-dock rail activity during this period.

It is recommended that the Governing Board receive and file the financial audit report for the fiscal year ended June 30, 2015.

It is also recommended that the Board make the following finding:
"The Board finds the activity is administrative activity that will not result in direct or indirect physical changes in the environment, and, as such, is not a "project" as defined by CEQA Guidelines section 15378."

Douglas A. Thiessen
Executive Director

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Financial Statements

June 30, 2015 and 2014

(With Independent Auditor's Report Thereon)

THE PORT OF LOS ANGELES

Port of LONG BEACH

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Table of Contents

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Independent Auditor's Report

The Board of Directors
Intermodal Container Transfer Facility Joint Powers Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of the Intermodal Container Transfer Facility Joint Powers Authority (Authority) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority, as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows thereof for the years 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 on pages 3 to 7 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.

Simpson & Simpson

Los Angeles, California
November 23, 2015

This section of the Intermodal Container Transfer Facility Joint Powers Authority's (Authority) annual financial report presents the management's discussion and analysis of the Authority's financial performance during the years ended June 30, 2015 and 2014. Information presented here should be considered in conjunction with the Authority's financial statements, which follow this section.

Overview of the Financial Statements

The financial statements comprise of two components: the Authority's financial statements and the notes to the financial statements. This section serves as an introduction to the Authority's financial statements.

Net Position

Net position is the difference between the Authority's assets and liabilities. Over time, increases or decreases in net position serve as an indicator of the Authority's financial condition. The following is a condensed summary of the Authority's net position as of June 30, 2015, 2014, and 2013:

Schedule of Net Position

				Increase (Decrease) Over Prior Year	
	FY 2015	FY 2014	FY 2013	FY2015	FY2014
Current assets	$ 9,869,437	$ 7,743,375	$ 7,391,998	$ 2,126,062	$ 351,377
Capital assets, net	2,302,918	2,410,948	2,518,978	(108,030)	(108,030)
Total Assets	12,172,355	10,154,323	9,910,976	2,018,032	243,347
Other liabilities	478,931	82,615	97,216	396,316	(14,601)
Total liabilities	478,931	82,615	97,216	396,316	(14,601)
Net position					
Invested in capital assets	2,302,918	2,410,948	2,518,978	(108,030)	(108,030)
Unrestricted	9,390,506	7,660,760	7,294,782	1,729,746	365,978
Total net position	$ 11,693,424	$ 10,071,708	$ 9,813,760	$ 1,621,716	$ 257,948

Continued…..

Fiscal Year 2015

The $2.1 million, or 27.5%, increase in current assets is primarily due to an increase of $3.4 million in cash and cash equivalents offset by a decrease of $1.3 million in receivable from the tenant. The increase in cash and cash equivalents is mainly a result of an increase in net facility revenues.

Current fiscal year's depreciation of $0.1 million accounted for the decrease in net capital assets.

Liabilities increased by $396.3 thousand due to higher unpaid invoices at fiscal year-end.

Net position of the Authority increased by 16.1% to $11.7 million from $10.1 million at June 30, 2015 due to the increase in current assets as discussed above. Of the $11.7 million net position as of June 30, 2015, $2.3 million, or 19.7%, are invested in capital assets. There is no debt outstanding related to these capital assets. There are no assets subject to external restrictions on how they may be used. The remaining $9.4 million, or 80.3%, in net position are unrestricted and may be used to meet the Authority's ongoing obligations.

Fiscal Year 2014

The $0.4 million, or 4.8%, increase in current assets is primarily due to an increase in cash and cash equivalents of $0.2 million and an increase in receivable of $0.1 million. Cash and cash equivalents increased by $252.9 thousand from collections from tenant as well as a higher level of the average daily cash balance in the Authority's investments. Uncollected reimbursement from tenant accounted for the higher receivable in the current fiscal year.

Current fiscal year's depreciation of $0.1 million accounted for the decrease in net capital assets.

Liabilities decreased by $14.6 thousand due to lower unpaid invoices at fiscal year-end.

Net position of the Authority increased by 2.6% to $10.1 million from $9.8 million at June 30, 2014 due to the increase in current assets as discussed above. Of the $10.1 million net position as of June 30, 2014, $2.4 million, or 23.9%, are invested in capital assets. There is no debt outstanding related to these capital assets. There are no assets subject to external restrictions on how they may be used. The remaining $7.7 million, or 76.1%, in net position are unrestricted and may be used to meet the Authority's ongoing obligations.

Continued…..

Summary of Operations and Changes in Net Position

The following is a summary of the Authority's changes in net position for the years ended June 30, 2015, 2014, and 2013:

Schedule of Changes in Net Position

				Increase (Decrease) Over Prior Year	
	FY 2015	FY 2014	FY 2013	FY 2015	FY 2014
Operating revenue					
Facility rental	$ 5,703,421	$ 4,345,271	$ 4,187,005	$ 1,358,150	$ 158,266
Operating expense					
Depreciation	108,030	108,030	108,030	--	--
Total operating income	5,595,391	4,237,241	4,078,975	1,358,150	158,266
Nonoperating revenue (expense)					
Interest income	21,690	14,454	14,204	7,236	250
Settlement from Lehman Brothers	4,635	6,253	4,537	(1,618)	1,716
Distribution to Venturers	(4,000,000)	(4,000,000)	(4,000,000)	--	--
Changes in net assets	1,621,716	257,948	97,716	1,363,768	160,232
Total net position, beginning of year	10,071,708	9,813,760	9,716,044	257,948	97,716
Total net position, end of year	$ 11,693,424	$ 10,071,708	$ 9,813,760	$ 1,621,716	$ 257,948

Container volumes that moved through the Authority's gate are 404,151, 434,670, and 426,698 containers for fiscal years 2015, 2014, and 2013, respectively.

Fiscal Year 2015

The $1.4 million or 31.3% increase in facility rental revenue mainly due to the cessation of debt service payments as outstanding bonds were matured in November 2014. Prior to the maturity of bonds, these debt service payments were paid cash accumulated from the facility rental revenue.

Interest income increased by 50.1% due to higher cash balance deposited in the City of Long Beach's investment pool. An investment settlement resulting from the claim filed by the City of Long Beach against Lehman Brothers is shown as nonoperating revenue. Distributions to Venturers remained at $4.0 million in fiscal years 2015 and 2014.

Continued…..

Fiscal Year 2014

The $0.2 million or 3.8% increase in facility rental income mainly reflects a 1.9% increase in containers that moved through the Authority's facility during the fiscal year ended June 30, 2014.

Interest income increased by 1.8% due to higher cash balance deposited in the City of Long Beach's investment pool. An investment settlement resulting from the claim filed by the City of Long Beach against Lehman Brothers is shown as nonoperating revenue. Distributions to Venturers remained at $4.0 million in fiscal years 2014 and 2013.

Capital Assets

The Authority's investment in capital assets net of accumulated depreciation as of June 30, 2015, 2014, and 2013 amounted to $2.3 million, $2.4 million, and $2.5 million, respectively. Construction of the intermodal container transfer facility was completed in 1986. Construction funds were provided by the Venturer ports ($5.4 million), Southern Pacific Transportation Company ($36.2 million), and revenue bonds issued by the Authority on behalf of Southern Pacific Transportation Company ($53.9 million). At June 30, 2015, 2014, and 2013, capital assets, net of accumulated depreciation, consisted of the following:

Summary of Capital Assets

	FY 2015	FY 2014	FY 2013
Property and equipment	$ 5,401,520	$ 5,401,520	$ 5,401,520
Furniture and fixtures	10,650	10,650	10,650
Total capital assets	5,412,170	5,412,170	5,412,170
Less accumulated depreciation	(3,109,252)	(3,001,222)	(2,893,192)
Total capital assets, net	$ 2,302,918	$ 2,410,948	$ 2,518,978

The Authority's interest in the facility is the $5.4 million in combined contributions from the Ports. There had been no addition to capital assets since the facility's construction was completed in 1986. Reductions in capital assets are from annual depreciation provisions for fiscal years 2015, 2014, and 2013.

Continued…..

Debt Administration

In November 1984, the Authority issued $53.9 million of 1984 Series A Bonds on behalf of the Southern Pacific Transportation Company (Tenant/operator) in order to construct the intermodal container transfer facility. In May 1989, the Authority issued $52.3 million of 1989 Series A Refunding Revenue Bonds in order to advance refund the 1984 Series A Bonds. In October 1999, the Authority issued $42.9 million of 1999 Series A Bonds to advance refund $44.2 million of the outstanding 1989 Series A Bonds. The 1999 Series A Bonds were matured in November 2014.

The 1999 Series A Refunding Bonds are payable solely from lease payments by the Tenant under a long-term lease agreement for the use of the facility, and since such lease payments approximate the annual debt service, the nature of the bonds is such that the long-term indebtedness is that of the Tenant and not the Authority. All debt service payments on the bonds are paid by the bond trustee from cash accumulated in the revenue fund.

Additionally, payment of the principal and interest on the 1999 Series A Refunding Bonds is insured by Ambac Assurance Corporation.

Factors that May Affect the Authority's Operations

Fluctuations in economic activity that drive the movement of cargo in and out of the San Pedro Bay ports along with beneficial cargo owners deciding how to transport their cargo both have the ability to affect the volume of operations through the intermodal container transfer facility.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to financial statements can be found on pages 11 – 18 of this report.

Request for Information

Questions about this report or requests for additional information should be addressed to the Executive Director, Intermodal Container Transfer Facility Joint Powers Authority, 4801 Airport Plaza Drive, Long Beach, CA 90815.

Continued…..

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Net Position

June 30, 2015 and 2014

		2015		2014
ASSETS				
Current assets				
Cash and cash equivalents (note 2)	$	8,204,813	$	4,799,316
Receivable from Tenant		1,664,624		2,944,059
Total current assets		9,869,437		7,743,375
Capital assets, at cost, less accumulated depreciation (note 5)		2,302,918		2,410,948
TOTAL ASSETS		12,172,355		10,154,323
LIABILITIES AND NET POSITION				
Liabilities				
Accounts payable		408,847		21,065
Tenant reimbursements in excess of expenses (note 4)		70,084		61,550
TOTAL LIABILITIES		478,931		82,615
NET POSITION				
Net position (note 3)				
Invested in capital assets		2,302,918		2,410,948
Unrestricted		9,390,506		7,660,760
TOTAL NET POSITION	$	11,693,424	$	10,071,708

See accompanying notes to the financial statements.

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

For the Years ended June 30, 2015 and 2014

	2015	2014
OPERATING REVENUE		
Facility rental (note 1)	$ 5,703,421	$ 4,345,271
OPERATING EXPENSE		
Depreciation	108,030	108,030
Operating income	5,595,391	4,237,241
NONOPERATING REVENUE (EXPENSES)		
Interest income	21,690	14,454
Settlement from Lehman Brothers	4,635	6,253
Distribution to Venturers (note 3)	(4,000,000)	(4,000,000)
CHANGES IN NET POSITION	1,621,716	257,948
Total net position, July 1	10,071,708	9,813,760
Total net position, June 30	$ 11,693,424	$ 10,071,708

See accompanying notes to the financial statements.

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Cash Flows

Years ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of net revenues from Tenant	$ 7,370,638	$ 4,221,996
Tenant advances for goods and services in excess of payments	8,534	10,239
Net cash provided by operating activities	7,379,172	4,232,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	21,690	14,454
Settlement received	4,635	6,253
Distributions paid to Venturers	(4,000,000)	(4,000,000)
Net cash used in investing activities	(3,973,675)	(3,979,293)
NET DECREASE IN CASH AND CASH EQUIVALENTS	3,405,497	252,942
Cash and cash equivalents, July 1	4,799,316	4,546,374
Cash and cash equivalents, June 30	$ 8,204,813	$ 4,799,316
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED		
BY OPERATING ACTIVITIES		
Operating income	$ 5,595,391	$ 4,237,241
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	108,030	108,030
Changes in:		
Receivable from Tenant	1,279,435	(98,435)
Accounts payable	387,782	(24,840)
Tenant reimbursements in excess of expenses	8,534	10,239
Total adjustments to reconcile operating income to net cash provided by operating activities	1,783,781	(5,006)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 7,379,172	$ 4,232,235

See accompanying notes to the financial statements.

1. Organization and Summary of Significant Accounting Policies

A. Organization

The Intermodal Container Transfer Facility Joint Powers Authority (Authority) was formed in 1983 pursuant to an agreement between the Ports of Los Angeles and Long Beach, California (Venturers) for purposes of financing and constructing an intermodal container transfer facility and leasing the facility to Southern Pacific Transportation Company (subsequently, a wholly owned subsidiary of Union Pacific Corporation) (Tenant). The agreement has a term of 50 years. The facility commenced operations on November 17, 1986.

The Authority's principal source of income is from Tenant lease payments. Scheduled lease payments are allocated from "Net Facility Revenues" arising from the facility's operations. The term "Net Facility Revenues" is defined as revenues received (which are forwarded monthly by the Tenant to the bond trustee) less payments of principal, premiums, and interest on the bond indebtedness (note 6), reimbursements of operating expenses of the Authority (up to $0.1 million a year as adjusted for inflation), payments of trustee fees, registrar, paying agent fees, and fees charged by any credit facility obtained in connection with the bonds paid by the Tenant. Net Facility Revenues are distributed by the bond trustee each November based upon revenues received for the fiscal period from November 1 to October 31.

Net Facility Revenues are shared, in accordance with the lease, as follows:

Date	Portion of net revenue accruing to the Authority
Until contribution repayment date, determined to be May 1, 1992	In proportion to contributions made between the Tenant and the Authority, which are 88.09% and 11.91%, respectively
For the period from the repayment date until aggregate net revenues not paid to the Authority exceed by $12,300,000 the aggregate amount paid to the Authority (Minimum Aggregate Return):	
From the repayment date until the second anniversary after repayment	25%
From the second to the fourth anniversary after repayment	30%
From the fourth to the sixth anniversary after repayment	35%
From the sixth anniversary until the Minimum Aggregate Return is met	45%
Remainder of lease term	50%

The contribution repayment date is defined as the date at which Net Facility Revenues equaled the Tenant's contributions to the facility. The Minimum Aggregate Return was met on or about June 1, 1994; accordingly, Net Facility Revenues are now shared equally.

Continued.....

B. Significant Accounting Policies

The Ports of Long Beach and Los Angeles, the two Venturers, provide administrative and financial services, respectively, at no cost to the Authority. At the beginning of each fiscal year, Tenant advances funds to the Authority to cover the budgeted operating expenses for the year. Such advance is reimbursed to Tenant in the yearly Distribution of Net Revenues to the Authority.

Method of Accounting – The Authority is accounted for as an enterprise fund, and as such, its financial statements are presented using the economic resources measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The measurement focus is on the determination of changes in net position, financial position, and cash flows. Operating revenues consist of facility rental revenues from the Authority's Tenant. Operating expenses consist of depreciation expense on the Authority's capital assets.

The Authority uses the accrual method of accounting. Accordingly, uncollected facility revenues are included in the determination of receivables due from Tenant in the accompanying financial statements. For purposes of estimating the allocation of Net Facility Revenues, such net revenues are presumed to occur evenly during the fiscal year.

Capital Assets – Capital assets represent the Authority's initial contribution toward the development and construction of the intermodal container transfer facility. No further contributions are required. All additional costs will be paid by the Tenant. Depreciation of the facility is computed using the straight-line method over the estimated useful life of the asset. The estimated useful life of the facility is 50 years.

Cash and Investments – In order to maximize investment return, the Authority invests its excess cash in the City of Long Beach's cash and investment pool. Investment decisions are made by the City Treasurer of the City of Long Beach, California.

Interest income and realized gains and losses arising from the pooled cash and investments are apportioned to each participant of the City of Long Beach's cash and investment pool on a pro rata basis based on average daily balances. The change in fair value of the pooled investments is also allocated to each participant based on average daily balances.

Continued…..

The Authority's investments, including its equity in the City of Long Beach's cash and investment pool, are stated at fair value. Fair value is determined based upon market closing prices or bid/asked prices for regularly traded securities. The fair value of guaranteed investment contracts (participating) and other investments with no regular market is estimated based on similar traded investments. Guaranteed investment contracts (nonparticipating) are reported at cost. The fair value of mutual funds, government sponsored investment pools, and other similar investment is stated at share value or appropriate allocation of fair value of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at cost. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year.

Statements of Cash Flows – For purposes of the statements of cash flows, the Authority considers investments with an initial maturity of three months or less, including its investments in the City of Long Beach's cash and investment pool, to be cash equivalents.

Net Position – The Authority's equity is reported as net position, which is classified into the following categories:

- *Net investment in capital assets* – This category consists of capital assets, net of accumulated depreciation.
- *Restricted* – This category consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments. Constraints may also be imposed by law or constitutional provisions or enabling legislation.
- *Unrestricted* – This category consists of net assets that do not meet the definition of "restricted" or "invested in capital assets."

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources as needed and restricted resources for the purpose for which the restriction exists.

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

Continued…..

Adoption of New GASB Pronouncements

GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions."* Issued in June 2012, this statement aims (a) to improve the usefulness of information for decisions made by users of financial reports of governments whose employees, both active and inactive, are provided with pensions, and (b) improve information provided about pension-related financial support from certain non-employer entities that make contributions to pension plans that are used to provide benefits to employees of other entities. The statement has no impact on the Authority's financial statements.

GASB Statement No. 69, *"Government Combinations and Disposals for Government Operations."* Issued in January 2013, this statement addresses accounting and financial reporting for government combinations and disposals of government operations. Government combinations are arrangements that meet the definition of a government merger, government acquisition, or transfer of operations. The Port implemented this statement in fiscal year 2015. The statement has no impact on the Authority's financial statements.

GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68."* Issued in November 2013, this statement aims to improve accounting and financial reporting by addressing an issue in Statement No. 68, concerning transition provisions related to certain pension contributions made to defined benefit pension plans prior to implementation of that Statement by employers and nonemployer contributing entities. The statement has no impact on the Authority's financial statements.

2. Cash and Cash Equivalents

At June 30, 2015 and 2014, the cash and cash equivalents balances consisted of the following:

	2015	2014
Cash	$ 25,454	$ 215,879
City of Long Beach's cash and investment pool	8,179,359	4,583,437
Total cash and cash equivalents	$ 8,204,813	$ 4,799,316

Continued…..

Authorized Investments

The Authority does not have its own investment policy but follows the City of Long Beach's investment policy. At June 30, 2015 and 2014 as permitted by the California Government Code Section 53635, a portion of the Authority's cash balance totaling $8.2 million and $4.6 million for fiscal years 2015 and 2014 respectively, was on deposit in the City of Long Beach's investment pool. The table below identifies the investment types that are authorized by the City of Long Beach's investment policy. The City of Long Beach's investment policy also requires the diversification of investment instruments in accordance with the guidelines of the California Government Code Section 53600 et seq. to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

Type of investments	Maximum maturities	Maximum concentration	Maximum investment in one issuer
Bonds issued by the City of Long Beach	5 year*	30%	None
U.S. Treasury notes, bonds or bills	5 year*	100%	None
Registered state warrants or treasury notes or bonds of the State of California	5 year*	30%	None
Local agency bonds	5 year*	30%	None
Federal agency securities	5 year*	100%	10%
Bankers' acceptances	180 days	40%	30%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	5 year*	30%	10%
Time certificates of deposit	5 year*	100%	10%
Repurchase agreements	90 days	100%	None
Reverse repurchase agreements	92 days	20%	None
Securities lending program	92 days	20%	None
Medium-term notes	5 year*	30%	10%
Money market funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)	N/A	100%	**
Asset-backed securities	5 years	20%	None
Mortgage-backed securities	5 years	20%	None

* Maximum maturity of five years unless a longer maturity is approved by the City of Long Beach Council, either specifically or as part of an investment program, at least three months prior to purchase.

** $40 million per account.

Continued…..

The Authority's equity in the City of Long Beach's cash and investment pool does not consist of specifically identified cash deposits or securities. Such investments are stated at fair value. Interest from this pool is allocated to the Authority on a pro rata basis of the Authority's share of total interest in the pool based on average daily balances.

Pooled Funds

As noted above, a significant portion of the Authority's cash balance is deposited with the City of Long Beach's investment pool. At June 30, 2015 and 2014, the Authority had $8.2 million and $4.6 million respectively, deposited with the City of Long Beach's investment pool which can be withdrawn on demand and without penalty. The City of Long Beach's investment pool does not maintain a credit rating.

Additional information regarding the pool, including the investment portfolio and related interest rate, weighted average maturity of investments, custodial credit, credit, and concentration of credit risks, is presented in the City of Long Beach Comprehensive Annual Financial Report (CAFR).

Deposits

At June 30, 2015, the Authority's cash and cash equivalents consisted of deposits with the City of Long Beach's Treasury, and deposits with an independent financial institution, all of which are presented in the accompanying basic financial statements at fair value.

At June 30, 2015 and 2014, the Authority's carrying amount of cash was $25.5 thousand and $215.9 thousand, respectively. The bank balances were $100.1 thousand and $223.1 thousand at June 30, 2015 and 2014, respectively. Differences in the carrying amount of cash and bank balances were primarily accounted for by outstanding checks of $74.6 thousand and $7.2 thousand fiscal years 2015 and 2014, respectively. The bank balance is covered by federal depository insurance.

3. Net Position

Pursuant to the agreement creating the Authority, the Venturers were required to make a capital contribution totaling $5.0 million in 1983. In addition, the Port of Los Angeles contributed services and other direct costs amounting to approximately $0.4 million in 1988. During both fiscal years 2015 and 2014, a total of $4.0 million was distributed in equal shares to the Venturers.

At June 30, 2015 and 2014, the changes in joint venture net position are as follows:

	Port of Los Angeles	Port of Long Beach	Total
Balance at June 30, 2013	$ 5,086,199	$ 4,727,561	$ 9,813,760
Operating income and interest revenue	2,128,974	2,128,974	4,257,948
Distribution to Venturers	(2,000,000)	(2,000,000)	(4,000,000)
Balance at June 30, 2014	5,215,173	4,856,535	10,071,708
Operating income and interest revenue	2,810,858	2,810,858	5,621,716
Distribution to Venturers	(2,000,000)	(2,000,000)	(4,000,000)
Balance at June 30, 2015	$ 6,026,031	$ 5,667,393	$ 11,693,424

Continued…..

4. Excess Tenant Advances

Advances have exceeded expenses by $70.1 thousand and $61.6 thousand in fiscal years 2015 and 2014, respectively, and have been recorded as liabilities due to the Tenant.

5. Capital Assets

At June 30, 2015 and 2014, capital assets consisted of the following:

	2015	2014
Authority's interest in facility		
Property and equipment	$ 5,401,520	$ 5,401,520
Furniture and fixtures	10,650	10,650
Total capital assets	5,412,170	5,412,170
Less accumulated depreciation	(3,109,252)	(3,001,222)
Total capital assets, net	$ 2,302,918	$ 2,410,948

In fiscal years 2015 and 2014, there were no capital assets additions or retirements. The only changes were related to annual depreciation provisions.

6. Bonds Issued on Behalf of Tenant

Pursuant to an indenture of trust dated November 1, 1984, the Authority issued $53.9 million of 1984 Series A Bonds on behalf of the Tenant in order to construct the intermodal container transfer facility. In May 1989, the Authority issued $52.3 million of 1989 Series A Refunding Revenue Bonds in order to advance refund the 1984 Series A Bonds.

In October 1999, the Authority issued $42.9 million of Intermodal Container Transfer Facility Refunding Revenue Bonds, 1999 Series A (1999A Bonds) to advance refund $44.2 million of outstanding 1989 Series A Refunding Revenue Bonds.

The bonds are payable solely from payments by the Tenant under a long-term lease agreement for the use of the facility. Such lease payments approximate the annual debt service costs on the outstanding bonds. The bonds do not constitute an obligation of the Authority, the Port of Los Angeles or the Port of Long Beach. The nature of the bonds is such that the long-term indebtedness is that of the Tenant and not the Authority, Port of Los Angeles, or Port of Long Beach. Accordingly, no obligation is reported in the accompanying financial statements. All debt service payments on the bonds are paid by the Bond Trustee from cash accumulated in the revenue fund (note 1).

1999A Bonds were matured in November 2014. There were no outstanding bonds as of June 30, 2015. Total amount outstanding was $3.9 million as of June 30, 2014.

Continued…..

7. Additional Street Improvements Contingency

Concurrent with the issuance of a conditional use permit and parcel map by the City of Carson for that portion of the facility located in the City of Carson, the Authority, the Tenant, and the City of Carson entered into an agreement dated December 3, 1984, whereby the Authority and Tenant are required to make certain street improvements to certain Carson streets that adjoin the facility. During fiscal year 1996, the City of Carson received grants for a number of these street improvements, reducing the obligation of the Authority for such improvements. The Authority revised its estimate of its share of the cost of the street improvements (including maintenance costs) to approximately $2.3 million as of June 30, 2015. The Tenant made payments directly to the City of Carson for maintenance fees of $122.1 thousand and $119.8 thousand for fiscal years 2015 and 2014, respectively.

8. Subsequent Events

The Authority has evaluated subsequent events from the balance sheet date through the date the financial statements were issued.