DATE: September 13, 2023

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

FROM: Marla Bleavins, Treasurer

SUBJECT: Financial Audit – Fiscal Year Ended June 30, 2022

Moss Adams LLP (Moss Adams) has completed the financial audit of the Intermodal Container Transfer Facility Joint Powers Authority (ICTF JPA) for the fiscal year that ended June 30, 2022. Their audit has determined that ICTF JPA's financial statements for the fiscal year ended June 30, 2022, the financial position, changes in financial position, and cash flows are presented fairly.

Operating revenues for the fiscal year decreased 31.5% to $3,082,378 due to the impact of the pandemic during the fiscal year ended June 30, 2022. Since March 2020, the outbreak of the COVID-19 pandemic has affected the global supply chain resulting in an 34.0% decline in annual containers volume relative to the prior fiscal year. Net position decreased by 21.7% to $10,733,212 over the same period. Interest income decreased by $43.2 thousand or 45.5% due to lower market values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2022, compared to 2021.

It is recommended that the Governing Board receive and file the financial audit report for the fiscal year ended June 30, 2022.

It is also recommended that the Board make the following finding:
"The Board finds the activity is an 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."

Marla Bleavins

Marla Bleavins
Treasurer

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INTERMODAL CONTAINER TRANSFER FACILITY JOINT POWERS AUTHORITY

Basic Financial Statements

June 30, 2022 and 2021

(With Independent Auditor’s Report Thereon)

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Table of Contents

Report of Independent Auditors

To the Board of Directors
Intermodal Container Transfer Facility Joint Powers Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Intermodal Container Transfer Facility Joint Powers Authority (Authority), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statement of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the net position of the Authority as of June 30, 2022 and 2021, and the changes in net position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the Authority'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 opinion. 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 GAAS 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 GAAS 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 Authority'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 the Authority's internal control over financial reporting and compliance.

Moss Adams LLP

El Segundo, California
June 9, 2023

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Management's Discussion and Analysis

June 30, 2022 and 2021

(Unaudited)

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 the Intermodal Container Transfer Facility (Facility) and leasing the Facility to Southern Pacific Transportation Company (subsequently, a wholly owned subsidiary of Union Pacific Corporation) (Tenant).

This section of the Authority's annual financial report presents management's discussion and analysis of the Authority's financial performance during the years ended June 30, 2022 and 2021. This discussion has been prepared by management and should be read in conjunction with the Authority's basic financial statements and related notes.

Overview of the Basic Financial Statements

This section serves as an introduction to the Authority's basic financial statements. The basic financial statements comprise of the following components:

The *Statements of Net Position* present information on all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the Authority's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event that gives rise to the change occurs, regardless of the timing of the related cash flows.

The *Statements of Cash Flows* present the inflows and outflows of cash and cash equivalents and resulting cash and deposits position at fiscal year-end.

The *Notes to the Basic Financial Statements* present information that is not displayed on the face of the basic financial statements. Such information is essential to a full understanding of the Authority's financial activities.

Financial Highlights and Analysis of Net Position

The following is a condensed summary of the Authority's net position as of June 30, 2022, 2021, and 2020:

Schedules of Net Position

				Increase (Decrease) Over Prior Year	
	FY 2022	**FY 2021**	**FY 2020**	**FY 2022**	**FY 2021**
Current assets	$ 9,233,248	$ 12,120,603	$ 11,514,237	$ (2,887,355)	$ 606,366
Capital assets, net	1,546,708	1,654,738	1,762,768	(108,030)	(108,030)
Total assets	10,779,956	13,775,341	13,277,005	(2,995,385)	498,336
Other liabilities	46,744	68,179	55,501	(21,435)	12,678
Total liabilities	46,744	68,179	55,501	(21,435)	12,678
Net position					
Net investment in capital assets	1,546,708	1,654,738	1,762,768	(108,030)	(108,030)
Unrestricted	9,186,504	12,052,424	11,458,736	(2,865,920)	593,688
Total net position	$ 10,733,212	$ 13,707,162	$ 13,221,504	$ (2,973,950)	$ 485,658

Fiscal Year 2022

The $2.9 million, or 23.8%, decrease in current assets is primarily due to the distribution to the Venturers of $6 million offset by the increase in cash and cash equivalents prior to the distribution. Current fiscal year's depreciation of $108.0 thousand accounted for the decrease in net capital assets. Liabilities decreased by $21.4 thousand due to a decrease in Tenant advances.

Net position of the Authority decreased by 21.7% to $10.7 million at June 30, 2022. Of the $10.7 million net position as of June 30, 2022, $1.6 million, or 14.4%, 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 $9.2 million, or 85.6%, in net position are unrestricted and may be used to meet the Authority's ongoing obligations.

Fiscal Year 2021

The $0.6 million, or 5.3%, increase in current assets is primarily due to an increase in cash and deposits that is a result of cash collection from the Tenant. Current fiscal year's depreciation of $108.0 thousand accounted for the decrease in net capital assets. Liabilities increased by $12.7 thousand due to primarily an increase in Tenant advances.

Net position of the Authority increased by 3.7% to $13.7 million at June 30, 2021. Of the $13.7 million net position as of June 30, 2021, $1.7 million, or 12.1%, 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 $12.1 million, or 87.9%, in net position are unrestricted and may be used to meet the Authority's ongoing obligations.

Summary of Operations and Analysis of Changes in Net Position

The following is a summary of the Authority's changes in net position for the years ended June 30, 2022, 2021, and 2020:

Schedules of Changes in Net Position

				Increase (Decrease) Over Prior Year	
	FY 2022	FY 2021	FY 2020	FY 2022	FY 2021
Operating revenue					
Facility rental	$ 3,082,378	$ 4,498,646	$ 4,889,810	$ (1,416,268)	$ (391,164)
Operating expense					
Depreciation	108,030	108,030	108,030	--	--
Net operating income	2,974,348	4,390,616	4,781,780	(1,416,268)	(391,164)
Nonoperating revenue (expense)					
Interest income	51,702	94,897	140,450	(43,195)	(45,553)
Settlement from Lehman Brothers	--	145	252	(145)	(107)
Distribution to Venturers	(6,000,000)	(4,000,000)	(4,000,000)	2,000,000	--
Net nonoperating revenue (expense)	(5,948,298)	(3,904,958)	(3,859,298)	2,043,340	(45,660)
Changes in net position	(2,973,950)	485,658	922,482	(3,459,608)	(436,824)
Net position, beginning of year	13,707,162	13,221,504	12,299,022	485,658	922,482
Net position, end of year	$ 10,733,212	$ 13,707,162	$ 13,221,504	$ (2,973,950)	$ 485,658

Container volumes that moved through the Authority's gate were 211,641, 320,762, and 352,144 containers for the fiscal years ended June 30, 2022, 2021, and 2020, respectively.

Fiscal Year 2022

The $1.4 million, or 31.5%, decrease in facility rental revenue was mainly due to the impact of the pandemic during the fiscal year ended June 30, 2022. Since March 2020, the outbreak of the COVID-19 pandemic has affected the global supply chain resulting in a 34.0% decline in annual containers volume relative to the prior fiscal year.

Interest income decreased by $43.2 thousand, or 45.5%, due to lower market values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2022, compared to 2021. Distributions to Venturers totaled $6.0 million in fiscal year 2022.

Fiscal Year 2021

The $0.4 million, or 8.0%, decrease in facility rental revenue was mainly due to the impact of the pandemic during the fiscal year ended June 30, 2021. Since March 2020, the outbreak of the COVID-19 pandemic has affected the global supply chain resulting in an 8.9% decline in annual containers volume relative to the prior fiscal year.

Interest income decreased by $45.6 thousand, or 32.4%, due to lower market values for the investment portfolio in the City of Long Beach's investment pool at June 30, 2021, compared to 2020. 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 totaled $4.0 million in fiscal year 2021.

Capital Assets

The Authority's investment in capital assets, net of accumulated depreciation, as of June 30, 2022, 2021, and 2020, amounted to approximately $1.6 million, $1.7 million, and $1.8 million, respectively. Construction of the 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). All bonds issued by the Authority for the construction matured in November 2014. At June 30, 2022, 2021, and 2020, capital assets, net of accumulated depreciation, consisted of the following:

Summary of Capital Assets

	FY 2022	FY 2021	FY 2020
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	(3,865,462)	(3,757,432)	(3,649,402)
Total capital assets, net	$ 1,546,708	$ 1,654,738	$ 1,762,768

The Authority's interest in the Facility is the $5.4 million in combined contributions from the Venturers. There has been no additions to capital assets since the Facility's construction was completed in 1986. Reductions in capital assets are from annual depreciation provisions for fiscal years 2022, 2021, and 2020.

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 cargo owners deciding how to transport their cargo, both have the ability to affect the volume of operations through the Facility.

Since March 2020, the outbreak of the COVID-19 pandemic has affected the global supply chain resulting in a 34.0% decline in annual containers volume relative to the prior fiscal year. On the other hand, based on the historical trend, a reduction in the containers volume now could be followed by a subsequent surge in inbound cargo at a later time as inventories are depleted.

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, 415 W. Ocean Blvd., Long Beach, CA 90802.

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Net Position

June 30, 2022 and 2021

	2022	2021
ASSETS		
Current assets		
Cash and deposits (note 2)	$ 8,893,259	$ 11,759,899
Receivable from Tenant	339,989	360,704
Total current assets	9,233,248	12,120,603
Capital assets, less accumulated depreciation (note 5)	1,546,708	1,654,738
TOTAL ASSETS	10,779,956	13,775,341
LIABILITIES AND NET POSITION		
Liabilities		
Accounts payable	--	279
Excess Tenant advances (note 4)	46,744	67,900
TOTAL LIABILITIES	46,744	68,179
NET POSITION		
Net position (note 3)		
Net investment in capital assets	1,546,708	1,654,738
Unrestricted	9,186,504	12,052,424
TOTAL NET POSITION	$ 10,733,212	$ 13,707,162

See accompanying notes to the basic financial statements.

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Revenues, Expenses, and Changes in Net Position

For the Years Ended June 30, 2022 and 2021

	2022	2021
OPERATING REVENUE		
Facility rental (note 1)	$ 3,082,378	$ 4,498,646
OPERATING EXPENSE		
Depreciation	108,030	108,030
Net operating income	2,974,348	4,390,616
NONOPERATING REVENUE (EXPENSES)		
Interest income	51,702	94,897
Settlement from Lehman Brothers	--	145
Distribution to Venturers (note 3)	(6,000,000)	(4,000,000)
Net nonoperating expenses	(5,948,298)	(3,904,958)
CHANGES IN NET POSITION	(2,973,950)	485,658
Net position, beginning of year	13,707,162	13,221,504
Net position, end of year	$ 10,733,212	$ 13,707,162

See accompanying notes to the basic financial statements.

INTERMODAL CONTAINER TRANSFER FACILITY
JOINT POWERS AUTHORITY

Statements of Cash Flows

For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Collection of net revenues from Tenant	$ 3,081,658	$ 4,467,878
Tenant advances for administrative costs	--	33,396
Net cash provided by operating activities	3,081,658	4,501,274
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	51,702	94,897
Settlement received	--	145
Distributions paid to Venturers	(6,000,000)	(4,000,000)
Net cash used in investing activities	(5,948,298)	(3,904,958)
NET (DECREASE) INCREASE IN CASH AND DEPOSITS	(2,866,640)	596,316
Cash and deposits, beginning of year	**11,759,899**	**11,163,583**
Cash and deposits, end of year	**$ 8,893,259**	**$ 11,759,899**
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net operating income	$ 2,974,348	$ 4,390,616
Adjustments to reconcile net operating income to net cash provided by operating activities:		
Depreciation	108,030	108,030
Changes in:		
Receivable from Tenant	20,715	(10,050)
Accounts payable	(279)	209
Excess Tenant advances	(21,156)	12,469
Total adjustments to reconcile net operating income to net cash provided by operating activities	107,310	110,658
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 3,081,658	$ 4,501,274

See accompanying notes to the basic 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 the Intermodal Container Transfer Facility (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, reimbursements of operating expenses of the Authority (up to $0.1 million a year as adjusted for inflation), payments of trustee fees, registrar fees, 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. After all bonds cease to be outstanding, Net Facility Revenues is calculated as revenues received less reimbursements of operating expenses of the Authority. Net Facility Revenues are distributed by the Tenant each month in arrears fifteen days after the end of each month. All bonds issued by the Authority matured in November 2014.

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.

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, the Tenant advances funds to the Authority to cover the budgeted operating expenses for the year. Such advance is reimbursed to the Tenant in the Annual Distribution of Net Revenues to the Authority.

Method of Accounting – The Authority is accounted for as an enterprise fund, and as such, its basic 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. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

The Authority uses the accrual method of accounting. Accordingly, uncollected facility revenues earned are included in the determination of receivables due from Tenant in the accompanying basic financial statements.

Capital Assets – Capital assets represent the Authority's initial contribution toward the development and construction of the 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 Deposits – In order to maximize return of fund, the Authority deposits its excess cash in the City of Long Beach's cash and investment pool that is used as a demand deposit account by participating units of the pool. Investment decisions are made by the City Treasurer of the City of Long Beach, California. The Authority's deposits, including its equity in the City of Long Beach's cash and investment pool, are stated at amortized cost.

Interest income and realized gains and losses arising from the pooled cash and investments are apportioned to each participating unit of the 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 participating unit based on average daily balances.

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 position that do not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the 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 basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Governmental Accounting Standards Board (GASB) Pronouncements

The Authority adopted the following GASB pronouncements:

GASB Statement No. 87, "*Leases.*" Issued in June 2017, this statement increases the usefulness of a government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement has been implemented in fiscal year 2022. The implementation of this statement did not have a material impact on the Authority's financial statements. See note 1.A. for a general description of the Authority's lease arrangement.

GASB Statement No. 92, "*Omnibus 2020*." Issued in January 2020, this statement enhances comparability and improves consistency by addressing practice issues identified from the implementation and application of certain GASB statements. The statement has been implemented in fiscal year 2022.

GASB Statement No. 93, "*Replacement of Interbank Offered Rates.*" Issued in March 2020, this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR) such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement has been implemented in fiscal year 2022.

GASB Statement No. 97, *"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32."* Issued in June 2020, the statement will result in more consistent financial reporting of defined contribution pension plans, defined contribution other post-employment benefit (OPEB) plans, and other employee benefit plans (e.g., certain Section 457 plans), while mitigating the costs associated with reporting those plans. The statement has been implemented in fiscal year 2022.

The GASB has also issued several pronouncements that have effective dates that may impact future presentations as follows:

GASB Statement No. 91, "*Conduit Debt Obligations.*" Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements.*" Issued in March 2020, this statement is to improve financial reporting by establishing the definitions of public-private and public-public partnership arrangements (PPPs) and available payment arrangement (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements.*" Issued in June 2020, the statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset-an intangible asset-and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures regarding a SBITA. The statement will be effective beginning fiscal year 2023.

GASB Statement No. 99, *"Omnibus 2022"* Issued in April 2022, the statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The requirements related to extension of the use of 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 Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs will be effective beginning fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 will be effective beginning fiscal year 2024.

GASB Statement No. 100, *"Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62."* Issued in June 2022, the statement provides guidance on the accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The statement will be effective beginning fiscal year 2024.

GASB Statement No. 101, *"Compensated Absences."* Issued in June 2022, the statement provides guidance on the recognition and measurement of compensated absences by amending and updating certain previously required disclosures under a unified model to better meet the information needs of financial statement users. The statement will be effective beginning fiscal year 2025.

2. Cash and Deposits

The Authority's cash and deposits 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 amortized cost. At June 30, 2022 and 2021, the cash and deposits balances consisted of the following:

	2022	2021
Cash with financial institution	$ 254,376	$ 275,807
Deposits with City of Long Beach's cash and investment pool	8,638,883	11,484,092
Total cash and deposits	$ 8,893,259	$ 11,759,899

Authorized Investments

The Authority does not have its own investment policy but follows the City of Long Beach's investment policy. At June 30, 2022 and 2021, as permitted by the California Government Code Section 53635, a portion of the Authority's cash balance totaling $8.6 million and $11.5 million for fiscal years 2022 and 2021, 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 years*	30%	None
U.S. Treasury Notes, Bonds, or Bills	5 years*	100%	None
Registered State Warrants or Treasury Notes or Bonds of the State of California	5 years*	30%	None
Local Agency Bonds	5 years*	30%	None
Federal Agency Securities	5 years*	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	5 years*	30%	10%
Time Certificates of Deposit	***	***	***
Repurchase Agreements	90 days	100%	None
Reverse Repurchase Agreements	92 days	20%	None
Securities Lending Program	92 days	20%	None
Medium-term Notes	5 years*	30%	5%
Money Market Funds	N/A	20%	10%
Local Agency Investment Fund (LAIF)(per account)	N/A	None	**
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None
Supranational Bonds	5 years	30%	5%

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

** Maximum investment in LAIF accounts are dependent upon limits established under the Local Agency Investment Fund guidelines.

*** May invest in non-negotiable time deposits collateralized in accordance with the California Government Code.

Pooled Funds

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. Investment in external investment pool is excluded from the disclosure about fair value hierarchy under GASB Statement No. 72, "*Fair Value Measurement and Application.*"

A significant portion of the Authority's cash balance is 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 Annual Comprehensive Financial Report (ACFR). The report may be obtained by writing to the City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6th Floor, Long Beach, California, 90802 or the City of Long Beach's website https://longbeach.gov/finance/city-budget-and-finances/accounting/comprehensive-annual-financial-report/.

Deposits

At June 30, 2022 and 2021, the Authority's carrying amounts of cash were $254.4 thousand and $275.8 thousand, respectively. The bank balances were $254.5 thousand and $276.0 thousand at June 30, 2022 and 2021, respectively. At June 30, 2022, reconciling difference of $0.1 thousand between the carrying amount of cash and bank balance is an outstanding check. At June 30, 2021, reconciling difference of $0.2 thousand between the carrying amount of cash and bank balance are outstanding checks. The bank balance is covered by federal depository insurance up to $250,000. Portions of the bank balance of $4.4 thousand and $25.8 thousand were uninsured and uncollateralized at June 30, 2022 and 2021, respectively.

3. Net Position

Pursuant to the agreement creating the Authority, the Venturers were required to make a capital contribution of $5.0 million each in 1983. In addition, the Port of Los Angeles contributed services and other direct costs amounting to approximately $0.4 million in 1988. During fiscal years 2022 and 2021, $6.0 million and $4.0 million, respectively, were distributed in equal shares to the Venturers.

At June 30, 2022 and 2021, the changes in joint venture net position are as follows:

	Port of Los Angeles	Port of Long Beach	Total
Balance at June 30, 2020	$ 6,790,071	$ 6,431,433	$ 13,221,504
Operating and nonoperating income	2,242,829	2,242,829	4,485,658
Distribution to Venturers	(2,000,000)	(2,000,000)	(4,000,000)
Balance at June 30, 2021	7,032,900	6,674,262	13,707,162
Operating and nonoperating income	1,513,025	1,513,025	3,026,050
Distribution to Venturers	(3,000,000)	(3,000,000)	(6,000,000)
Balance at June 30, 2022	$ 5,545,925	$ 5,187,287	$ 10,733,212

4. Excess Tenant Advances

The Authority has received advances from the Tenant to cover its contractual administrative costs for the years ended June 30, 2022 and 2021. Advances have exceeded expenses by $46.7 thousand and $67.9 thousand in fiscal years 2022 and 2021, respectively, and have been recorded as liabilities due to the Tenant.

5. Capital Assets

At June 30, 2022 and 2021, capital assets consisted of the following:

	2022	2021
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	(3,865,462)	(3,757,432)
Total capital assets, net	$ 1,546,708	$ 1,654,738

In fiscal years 2022 and 2021, there were no capital assets additions or retirements. The only changes were related to annual depreciation provisions. Depreciation expense was $108.0 thousand for both years ended June 30, 2022 and 2021.

6. 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, partially reducing the obligation of the Authority for such improvements. The Authority's remaining share of construction obligations for the street improvements (including maintenance costs) is approximately $2.4 million as of June 30, 2022. The project is currently pending environmental review. The Tenant made payments directly to the City of Carson for maintenance fees of $131.7 thousand and $111.2 thousand for fiscal years 2022 and 2021, respectively.

7. Impact of COVID-19 Pandemic

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) a global pandemic. On March 31, 2020, a national state of emergency was declared. Measures taken by various governments to contain the virus have affected global and international economies, which has affected the Authority's container volumes and revenues. Although the Authority's operations have continued largely uninterrupted throughout the COVID-19 Pandemic (Pandemic) due to the essential nature of its core businesses, the Authority reported 34.0% and 8.9% decline in annual containers volume in fiscal years 2022 and 2021, respectively, due to impacts of the Pandemic on global shipping.