Report of Independent Auditors
and Financial Statements
with Required Supplementary Information for

Alameda Corridor Transportation Authority

June 30, 2015 and 2014

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REPORT OF INDEPENDENT AUDITORS

The Governing Board
Alameda Corridor Transportation Authority
Long Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda Corridor Transportation Authority (the Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic 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.

Auditors' 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial position of the Alameda Corridor Transportation Authority as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 9 to the financial statements, effective July 1, 2014, the Authority adopted the requirements of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27,* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68*. The beginning net position has been adjusted for this change. Our opinion is not modified with respect to this matter.

Other Matters

June 30, 2014, Financial Statements

The basic financial statements of the Alameda Corridor Transportation Authority as of and for the year ended June 30, 2014, before restatement as described in Note 12, were audited by other auditors, whose report dated December 11, 2014, expressed an unmodified opinion on those financial statements.

In addition, those other auditors included an emphasis-of-matter paragraph describing the adoption of certain accounting principles and an other-matters paragraph reporting on required supplementary information.

As part of our audit of the June 30, 2015, financial statements, we also audited the adjustment described in Note 12 that was applied to restate the 2014 financial statements. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2014 basic financial statements other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 4–11 and the schedule of proportionate share of the net pension liability, schedule of contributions, and schedule of funding progress for other postemployment benefits on pages 47–49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2015, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Moss Adams LLP

Irvine, California
November 2, 2015

Description of Basic Financial Statements

The Alameda Corridor Transportation Authority (the Authority) presents its basic financial statements using the economic resources measurement focus and full accrual basis of accounting. The Authority's basic financial statements include statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The basic financial statements also include notes that explain the information presented in the basic financial statements.

Financial Highlights

The net deficit of the Authority at June 30, 2015 and 2014, respectively, was $192,692,420 and $133,149,060. Of this amount, $155,907,566 and $135,232,427, respectively, are invested in the Authority's capital assets, net of related debt, at June 30, 2015 and 2014. The Authority's net position decreased by $59,543,360 and $39,821,998 in the years ended June 30, 2015 and 2014, respectively. The Authority adjusted beginning net position as of July 1, 2014, to reflect the adoption of a new accounting standard that resulted in the retroactive recognition of the net pension liability and the restated financial statements as of June 30, 2014, to expense SR-47 project costs that were previously capitalized (Note 12).

The 2015 and 2014 fiscal years marked the thirteenth and twelfth full years of operations for the Authority. The Authority earned $110,375,289 and $113,786,920 from use fees, container charges, and maintenance-of-way charges during fiscal years ended June 30, 2015 and 2014, respectively. The Authority's use fees and container charges for the year 2015 were less than the 2014 total by 3.2%. All of the use fee and container charges and all of the maintenance-of-way charges are received from the Union Pacific (UP) and Burlington Northern Santa Fe (BNSF) railroads that utilize the Authority's Alameda Corridor (Corridor).

Condensed Financial Information

The following condensed financial information provides an overview of the Authority's financial position for the fiscal years ended June 30, 2015, 2014, and 2013:

	Year Ended June 30			Change	Change
	2015	2014 (As Restated)	2013 (As Restated)	Between 2015 and 2014	Between 2014 and 2013
Assets					
Capital assets, net	$ 1,640,450,554	$ 1,661,605,137	$ 1,682,674,288	$ (21,154,583)	$ (21,069,151)
Other assets	314,350,204	353,169,593	364,425,931	(38,819,389)	(11,256,338)
Total assets	1,954,800,758	2,014,774,730	2,047,100,219	(59,973,972)	(32,325,489)
Deferred outflows of resources	196,611	-	-	196,611	-
Liabilities					
Long-term liabilities	2,079,148,645	2,078,499,894	2,080,633,616	648,751	(2,133,722)
Current liabilities	68,138,117	69,423,896	59,793,665	(1,285,779)	9,630,231
Total liabilities	2,147,286,762	2,147,923,790	2,140,427,281	(637,028)	7,496,509
Deferred inflows of resources	403,027	-	-	403,027	-
Net position					
Net investment in capital assets	155,907,566	135,232,427	124,431,592	20,675,139	10,800,835
Restricted for debt service	88,219,461	91,301,757	101,632,480	(3,082,296)	(10,330,723)
Restricted for capital projects	542,172	1,640,793	1,510,865	(1,098,621)	129,928
Restricted by Master Trust Indenture	74,479,257	83,618,810	65,586,139	(9,139,553)	18,032,671
Unrestricted (deficit)	(511,840,876)	(444,942,847)	(386,488,138)	(66,898,029)	(58,454,709)
Total net position	$ (192,692,420)	$ (133,149,060)	$ (93,327,062)	$ (59,543,360)	$ (39,821,998)

Capital Assets

Capital assets, net, made up of plant and equipment, decreased by $21.2 million, or 1.3%, and $21.1 million, or 1.3%, between 2015 and 2014, and 2014 and 2013, respectively. These decreases are due to depreciation of capital assets of $21.2 and $21.3 million in fiscal years 2015 and 2014, respectively, which were partially offset by the addition of capitalized costs during the years ended June 30, 2015 and 2014.

Other Assets

Other assets decreased by $38.8 million, or 11.0%, during fiscal year 2015 primarily due to a decrease in cash and investments and the sale and transfer of assets held for transfer.

In fiscal year 2015, the Authority incurred a loss of $26.3 million on the sale of two parcels and an easement and transfer of multiple parcels to the City of Los Angeles and the County of Los Angeles. These assets held for sale and transfer were initially acquired for the development of the Corridor, but ultimately determined not to be necessary for the Corridor's operations.

In fiscal year 2014, the decrease in other assets is also the result of losses of $13.0 million for the transfer of property and easements to the City of Los Angeles.

Current Liabilities

Current liabilities consist of the current portion of accrued interest and revenue bonds payable, accounts payable, unearned revenue, and other liabilities. Current liabilities decreased by $1.3 million, or 1.9%, and increased by $9.6 million, or 16.1%, during the fiscal years ended June 30, 2015 and 2014, respectively.

The $1.3 million decrease in 2015 is primarily due to $1.3 million in principal and interest payments made in fiscal 2015.

The $9.6 million increase in 2014 is primarily due to an increase of $15.9 million in principal and interest payments in fiscal 2014, which was offset by a decrease of $5.9 million in unearned revenues.

Long-Term Liabilities

Long-term liabilities increased by $0.6 million, or 0.0%, in fiscal year 2015 compared to fiscal year 2014. The 2015 decrease was due to the decrease in bond payable, offset by an increase in the net pension liability which is due to the adoption of GASB Statement No. 68, increase of interest payable and Bank of America's collateral deposit, a function of the reduction in Bank of America liability, consistent with remaining payment on the Forward Delivery Agreement.

Long-term liabilities decreased by $2.1 million, or 0.1%, in fiscal year 2014 compared to fiscal year 2013. The 2014 decrease was mainly due to the decrease of Bank of America's collateral deposit.

The Master Trust Indenture

In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, and 2013A (Bonds), the Authority entered into a Master Trust Indenture (MTI) with U.S. Bank, the bond trustee (Trustee), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Corridor, including the receipt of certain use fees and container charges and other revenues known as "Authority Revenues" to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority's revenues for the purposes specifically set forth therein. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restricted funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure.

Net Position

Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, decreased by $59.5 million, or 44.7%, and $39.8 million, or 47.7%, during the years ended June 30, 2015 and 2014, respectively. The change in net position was primarily the result of interest expenses continuing to exceed operating income and losses on the sale and transfer of assets held for sale and transfer. In fiscal years 2015 and 2014, operating revenues of $110.4 million and $113.8 million, respectively, were not sufficient to cover the interest expense of $111.7 million and $116.2 million in fiscal years 2015 and 2014, respectively. The remaining change is the result of depreciation of $21.2 million in fiscal year 2015 and $21.3 million in fiscal year 2014. In addition, in 2015, there was $26.3 million in losses on the sale and transfer of parcels initially acquired for the development of the Corridor, but ultimately determined not to be necessary for ongoing operations. Two parcels were sold publicly and the remaining were transferred to other government entities, as appropriate (Note 4).

Summary of Changes in Net Position

The table below summarizes the changes in net position for the years ended June 30, 2015, 2014, and 2013:

	Year Ended June 30			Change	Change
	2015	2014 (As Restated)	2013 (As Restated)	Between 2015 and 2014	Between 2014 and 2013
Operating revenues					
Use fees and container charges	$ 105,518,770	$ 108,998,890	$ 99,358,973	$ (3,480,120)	$ 9,639,917
Maintenance-of-way charges	4,856,519	4,788,030	4,557,706	68,489	230,324
Total operating revenues	110,375,289	113,786,920	103,916,679	(3,411,631)	9,870,241
Operating expenses					
Salaries and benefits	1,860,394	1,708,783	2,154,998	151,611	(446,215)
Administrative expenses and professional services	2,266,204	2,473,906	2,557,911	(207,702)	(84,005)
Maintenance-of-way charges	6,738,543	6,039,975	6,204,519	698,568	(164,544)
Depreciation	21,244,199	21,308,675	21,304,024	(64,476)	4,651
Total operating expenses	32,109,340	31,531,339	32,221,452	578,001	(690,113)
Operating income	78,265,949	82,255,581	71,695,227	(3,989,632)	10,560,354
Nonoperating revenues (expenses)					
Interest and investment income, net	2,413,719	2,230,983	3,111,174	182,736	(880,191)
Interest expense	(111,683,412)	(116,183,634)	(109,435,367)	4,500,222	(6,748,267)
Grant revenues	3,479,593	8,158,398	4,168,478	(4,678,805)	3,989,920
Miscellaneous revenues	193,220	188,533	499,967	4,687	(311,434)
Expenses for public benefit	(4,195,569)	(3,460,496)	(5,216,480)	(735,073)	1,755,984
Loss on sale and transfers of assets held for sale and transfer	(26,328,348)	(13,011,363)	-	(13,316,985)	(13,011,363)
Bond issuance costs	-	-	(4,372,302)	-	4,372,302
Total nonoperating expenses	(136,120,797)	(122,077,579)	(111,244,530)	(14,043,218)	(10,833,049)
Changes in net position	(57,854,848)	(39,821,998)	(39,549,303)	(18,032,850)	(272,695)
Net position, beginning of the year, as originally presented	-	-	(18,590,091)	(39,821,998)	(74,736,971)
Cumulative effect of restatement	-	-	(35,187,668)	-	35,187,668
Net position, beginning of the year, as restated	(133,149,060)	(93,327,062)	(53,777,759)	(39,821,998)	(39,549,303)
Cumulative effect of change in accounting principle	(1,688,512)	-	-	(1,688,512)	-
Net position, beginning of the year, as restated	(134,837,572)	(93,327,062)	(53,777,759)	(41,510,510)	(39,549,303)
Net position, end of year	$ (192,692,420)	$ (133,149,060)	$ (93,327,062)	$ (59,543,360)	$ (39,821,998)

Operating Revenues

Use fees and container charges revenues, representing 95.6% and 95.8% of operating revenues, decreased by $3.5 million and increased by $9.6 million, or 3.2% and 9.7%, in 2015 and 2014, respectively. The 2015 decrease is primarily due to a volume decrease following the 2014/2015 productivity and labor disruption.

The increase in fiscal year 2014 was due to the higher volume of cargo and annual fee increases of 1.5% that became effective on January 1, 2014.

Operating Expenses

Operating expenses consist of salaries and benefits, administrative expenses, professional services, maintenance of way, and depreciation. During the year ended June 30, 2015, operating expenses increased by $0.6 million or 1.8%. The increase in 2015 is primary related to increased maintenance-of-way charges as well as higher salary and benefit costs. During the year ended June 30, 2014, operating expenses decreased by $0.7 million, or 2.1%. The decrease in 2014 is primarily related to the reductions of $0.45 million in salaries and benefits due to severance packages paid out in fiscal year 2013.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of interest and investment earnings, interest expense, grant revenues, miscellaneous revenues, losses on assets held for sale and transfer, expenses for public benefit, and amortization of bond issuance costs.

The 2015 increase in nonoperating revenues and expenses was primarily due to $13.3 million of additional losses from the sale and transfer of assets held for sale and transfer in relation to 2014 and the decrease of $4.7 million in grant revenue due to recognition of grant funds previously reported as unearned revenue. Excess parcels or portions thereof and easement rights are in the process of being sold or transferred, as appropriate. At the conclusion of this process, all remaining parcels and easement rights will be transferred to the Ports of Los Angeles and Long Beach, as tenants in common. This increase was partially offset by a $4.5 million decrease in interest expense.

The 2014 decrease of $10.8 million is primarily the result of an increase of $2.8 million in nonoperating revenues offset by an increase of $13.6 million in nonoperating expenses. The increase in nonoperating revenues was primarily the result of an increase of $4.0 million in grant revenues. State Route 47 Expressway (SR-47) project costs decreased by $1.6 million; however, that was offset by an increase of $5.6 million due to recognition of funds previously reported as unearned revenue. The increase in nonoperating expenses is primarily the result of a $13.0 million loss on the transfer of real estate, an increase in interest expense of $6.7 million offset by a decrease of $4.4 million in bond issuance costs. The Authority recognized the transfer of 43 property parcels/easements during fiscal year 2014. The increase in interest expense is due to the 2004A convertible capital appreciation bonds (CAB) which, beginning October 2012, converted to current interest bonds. Therefore, these bonds began paying interest in fiscal year 2014. Lastly, bond issuance costs decreased $4.4 million. In fiscal year, 2013, the Authority issued 2013A series bonds and incurred $4.4 million in associated issuance costs. There were no bonds issued in 2014; therefore, no bond issuance costs were incurred.

Capital Assets and Debt Administration

At June 30, 2015 and 2014, the Authority had approximately $1.64 billion and $1.66 billion, respectively, of capital assets and approximately $2.1 billion in outstanding long-term debt.

Capital Assets

During fiscal years 2015 and 2014, the Authority expended $0.09 million and $0.24 million, respectively, on capital project activities. In 2015 and 2014, the Authority's additions were primarily related to closeout/parcel transfer activities.

Long-Term Debt

As of June 30, 2015 and 2014, the Authority's total long-term debt in revenue bonds was $1.601 billion and $1.642 billion. In addition, accrued interest payable was $455.9 million and $416.6 million, during fiscal years 2015 and 2014, respectively.

As of June 30, 2015, ACTA's credit ratings for the Senior Bonds (1999A, 1999C, 2012, and 2013A) are A3, A-, and A by Moody's Investor Service, Standard & Poor's, and Fitch Ratings, respectively. For the subordinated debt (2004A and 2004B), the ratings are Baa2, BBB+, and BBB+ by Moody's Investor Service, Standard & Poor's, and Fitch Ratings, respectively.

Additional debt information can be found in Note 6 to the basic financial statements.

Other Developments

The Authority's Alameda Corridor Project opened on April 15, 2002. On that date, the Authority commenced operations and began collecting revenues for intermodal containers and rail cars using the Corridor, as authorized in the Use and Operating Agreement between the Authority and the participating railroads (Use and Operating Agreement). The Authority's bonds are payable solely from and secured by a pledge of, among other revenues, use fees, container charges to be paid by the railroads, and shortfall advances to be paid under certain circumstances by the Ports of Los Angeles and Long Beach (collectively referred to as the Ports). To the extent that the revenues from use and container charges are not sufficient to meet the Authority's obligations, the Ports have agreed to advance the funds necessary to pay up to the maximum amount of 20% each for any debt service payment. From inception until the fiscal year ended June 30, 2015, approximately $1.118 billion has been received from the railroads. These revenues, combined with remaining interest income and other surplus cash balances, have been sufficient to meet debt services, fund reserve account required deposits, and pay the cost of revenue collections, monitoring, and administrative fees, except for in fiscal years 2012 and 2013, when shortfall advances totaling $11.8 million were needed.

The Authority's program manager, Alameda Corridor Engineering Team (ACET), together with the Authority's staff are actively working to close out the remaining completed projects from the original Corridor projects as well as to support Caltrans on the SR-47 project as outlined in cooperative agreements. Remaining work involves property transfers, right-of-way closeouts, and support on the SR-47 Project.

The Authority's Governing Board (the Board) modified the Corridor to include the addition of several Corridor-related projects, consistent with the Authority's Joint Powers Agreement, Use and Operating Agreement between the Authority and participating railroads (the Use and Operating Agreement), and its bond-related documents. Significant among those projects are the Pacific Coast Highway (PCU) and SR-47 Projects. The PCH project was completed in August 2004. The SR-47 Project has progressed, and the Authority is currently working in conjunction with Caltrans to advance the Heim Bridge portion of the project. The National Environmental Policy Act (NEPA) Record of Decision was approved on August 12, 2009; the Notice of Determination was received on August 17, 2009. The final design for replacement of the Bridge was completed in October 2010. Construction of the bridge is being administered by Caltrans and is underway. Construction is expected to be completed in December 2017, with full closeout set to occur in 2018.

At June 30, 2015, the Authority's total net position is a negative $192.7 million as total liabilities were greater than total assets. The Authority's net position continued to decline during fiscal 2015 primarily due to interest expenses exceeding operating and nonoperating revenue, and transfer of properties to City and County of Los Angeles. The Authority has continued to engage in activities to prevent further decline in its net position and improve the overall financial condition of the Authority. In previous years, the Authority instituted programs to reduce costs by reducing or freezing staff costs and implementing programs to reduce debt service costs by refinancing a portion of its outstanding bonds. The Authority will continue to evaluate alternative debt refinancing options to generate economic savings. Although the Authority does not expect to require shortfall advances from the Ports within the next fiscal year, the ability to request advances remains an option to the Authority. In addition to reducing costs, the Authority has forecasted that cargo volumes will increase in the future based on cargo volumes projected from the Ports, resulting in greater revenues for the Authority to fund future debt service requirements.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Alameda Corridor Transportation Authority, 3760 Kilroy Airport Way, Suite 200, Long Beach, California, 90806.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2015	June 30, 2014 (As Restated)
CURRENT ASSETS		
Restricted cash and cash equivalents	$ 14,058,615	$ 25,396,418
Restricted investments	54,079,502	44,027,480
Receivables	18,761,083	11,830,166
Prepaid expenses	1,394,441	1,459,520
Total current assets	88,293,641	82,713,584
Restricted investments held with fiscal agent	9,068,836	8,197,471
Restricted investments	104,094,558	122,562,803
Assets held for sale and transfer	112,537,294	139,332,555
Net OPEB asset	355,875	363,180
Capital assets, net	1,640,450,554	1,661,605,137
DEFERRED OUTFLOWS OF RESOURCES	196,611	-
Total assets and deferred outflows of resources	$ 1,954,997,369	$ 2,014,774,730

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2015	2014 (As Restated)
CURRENT LIABILITIES		
Accounts payable	$ 1,865,576	$ 2,069,849
Unearned revenue	1,411,083	1,210,698
Accrued interest payable, current portion	27,424,030	27,862,616
Revenue bonds payable, current portion	37,013,485	37,889,513
Other liabilities	423,943	391,220
Total current liabilities	68,138,117	69,423,896
Collateral deposit	9,068,836	8,197,471
Shortfall advances to Ports	11,837,523	11,827,466
Net pension liability	1,438,008	-
Accrued interest payable, net current portion	455,877,061	416,594,044
Revenue bonds payable, net of current portion and unamortized discount	1,600,927,217	1,641,880,913
Total liabilities	2,147,286,762	2,147,923,790
DEFERRED INFLOWS OF RESOURCES	403,027	-
NET POSITION		
Net investments in capital assets	155,907,566	135,232,427
Restricted, expendable for		
Debt service	88,219,461	91,301,757
Capital projects	542,172	1,640,793
Master Trust Indenture	74,479,257	83,618,810
Unrestricted (deficit)	(511,840,876)	(444,942,847)
Total net position	(192,692,420)	(133,149,060)
Total liabilities, deferred inflows of resources, and net position	$ 1,954,997,369	$ 2,014,774,730

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended June 30, 2015	Years Ended June 30, 2014 (As Restated)
OPERATING REVENUES		
Use fees and container charges	$ 105,518,770	$ 108,998,890
Maintenance-of-way charges	4,856,519	4,788,030
Total operating revenues	110,375,289	113,786,920
OPERATING EXPENSES		
Salaries and benefits	1,860,394	1,708,783
Administrative expenses	1,521,284	1,524,456
Professional services	744,920	949,450
Maintenance of way	6,738,543	6,039,975
Depreciation	21,244,199	21,308,675
Total operating expenses	32,109,340	31,531,339
Operating income	78,265,949	82,255,581
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue, net	2,413,719	2,230,983
Grant revenues	3,479,593	8,158,398
Miscellaneous revenue	193,220	188,533
Interest expense	(111,683,412)	(116,183,634)
Expenses for public benefit	(4,195,569)	(3,460,496)
Loss on transfer of assets held for sale and transfer	(26,328,348)	(13,011,363)
Total nonoperating expenses, net	(136,120,797)	(122,077,579)
Changes in net position	(57,854,848)	(39,821,998)
NET POSITION, beginning of the year, as previously reported	-	(53,421,063)
Cumulative effect of restatement (Note 12)	-	(39,905,999)
NET POSITION, beginning of the year, as restated	(133,149,060)	(93,327,062)
Cumulative effect of change in accounting principle (Note 9)	(1,688,512)	-
NET POSITION, beginning of the year, as restated	(134,837,572)	(93,327,062)
NET POSITION, end of year	$ (192,692,420)	$ (133,149,060)

See accompanying notes.

	Years Ended June 30, 2015	Years Ended June 30, 2014 (As restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for services	$ 103,799,828	$ 117,841,043
Payment to suppliers for goods and services	(9,143,941)	(8,892,544)
Payments to employees	(1,864,454)	(1,705,213)
Net cash provided by operating activities	92,791,433	107,243,286
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grants	3,311,492	1,943,103
Payments for assets held for sale and transfer	(10,876)	(4,020)
Payments for expenses for public benefit	(4,195,569)	(3,460,496)
Receipts for miscellaneous income	671,009	188,535
Net cash used in noncapital financing activities	(223,944)	(1,332,878)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(89,616)	(239,525)
Principal paid on notes and bonds payable	(41,829,724)	(31,869,986)
Interest payments on capital debt	(72,828,924)	(67,780,360)
Net cash used in capital and related financing activities	(114,748,264)	(99,889,871)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(79,778,463)	(136,329,476)
Sales of investments	88,194,686	136,839,347
Interest received	2,426,749	2,271,829
Net cash provided by investing activities	10,842,972	2,781,700
NET (DECREASE) INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(11,337,803)	8,802,237
RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	25,396,418	16,594,181
RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 14,058,615	$ 25,396,418

See accompanying notes.

	Years Ended June 30, 2015	Years Ended June 30, 2014 (As restated)
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 78,265,949	$ 82,255,581
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	21,244,199	21,308,675
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables	(6,575,461)	4,054,123
Prepaid expenses	65,079	25,837
Net OPEB asset	7,305	(4,797)
Deferred outflows/inflows of resources	206,416	-
Accounts payable	(204,273)	(404,500)
Net pension liability	(250,504)	-
Other liabilities	32,723	8,367
Net cash provided by operating activities	$ 92,791,433	$ 107,243,286
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Losses on sales and transfers for assets held for sale and transfer	$ 26,328,348	$ 13,011,363

See accompanying notes.

Note 1 - Organization and Summary of Significant Accounting Policies

Reporting entity - The Alameda Corridor Transportation Authority (the Authority) was established in August 1989 through a Joint Exercise of Powers Agreement (JPA) between the cities of Los Angeles and Long Beach, California. The purpose of the Authority is to acquire, construct, finance, and operate a consolidated transportation corridor, including an improved railroad expressway between the ports of Los Angeles and Long Beach (collectively known as the Ports) and downtown Los Angeles (the route between the two locations has become known as the Alameda Corridor).

The Authority's independent Governing Board has seven members, comprising two members each from the Ports, one member each from the cities of Los Angeles and Long Beach, and one member representing the Los Angeles County Metropolitan Transportation Authority (LACMTA).

As of June 30, 2015, the members of the Authority's Governing Board were the following:

Chairperson - Mr. Joe Buscaino, Council member, City of Los Angeles
Vice Chairperson - Ms. Lena Gonzalez, Council member, City of Long Beach
Member - Hon. Don Knabe, Supervisor, County of Los Angeles and Chairperson, LACMTA
Member - Mr. Eugene Seroka, Executive Director, Port of Los Angeles
Member - Mr. Jon Slangerup, Executive Director, Port of Long Beach
Member - Mr. Richard Dines, Commissioner, Port of Long Beach
Member - Mr. Edward Renwick, Commissioner, Port of Los Angeles

The Authority is empowered to explore alternative methods of financing, to develop existing property, and to coordinate other governmental efforts necessary for a consolidated transportation corridor, including the completion of the Alameda Corridor Project (the Project). The Authority may issue revenue bonds to carry out its obligations under the JPA. Such bonds will be payable from revenues generated from the Alameda Corridor, from one or more pledges of revenues from the Authority, the Board of Harbor Commissioners of Long Beach and Los Angeles, from pledges of revenues from other responsible agencies, or from any other legally available funds.

Program management agreement - In January 1996, the Authority's Governing Board entered into a 10-year Program Management Agreement (Agreement) with the Alameda Corridor Engineering Team (ACET), a joint venture comprising Daniel, Mann, Johnson, and Mendenhall (now AECOM); Moffatt and Nichol Engineers; Jenkins, Gales, and Martinez, Inc.; and TELACU Construction Management, Inc., to provide the broad program management services necessary to assist the Authority in implementing the Corridor. The Agreement calls for ACET to provide the Authority with professional services related to management, engineering, construction support, procurement, coordination, and administration of the Alameda Corridor Project Construction Program. This Agreement was amended twice by the Governing Board and is now extended through June 30, 2016.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Use and operating agreement - In October 1998, the cities of Long Beach and Los Angeles, the Authority, Union Pacific Railroad Company (UP), and Burlington Northern Santa Fe Railway Company (BNSF) entered into a use and operating agreement (the Use and Operating Agreement or UOA), which outlines the provisions for the construction, operation, and use of the Rail Corridor (as defined in the UOA). Specifically, it grants UP and BNSF the right to use the Rail Corridor constructed by the Authority for all Through Train (as defined in the UOA) movements upon substantial completion in exchange for paying maintenance, operating charges, container charges, and use fees to the Authority. Proceeds of the container charges and use fees will be used to repay the revenue bonds. The Use and Operating Agreement was amended in 2006 to resolve a dispute involving application of the container charge and use fee provisions of the Agreement to transloaded cargo. The UOA requirements are to be in effect until the earlier of April 15, 2062, or repayment of all obligations under the UOA.

Master trust indenture - In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, and 2013A (Bonds), the Authority entered into a Master Trust Indenture (MTI) with U.S. Bank, the bond trustee (Trustee), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Project, including the receipt of certain use fees and container charges and other revenues known as "the Authority revenues" to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority's revenues for the purposes specifically set forth therein, which include the payment of most operating expenses and debt service payments. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restrictive funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure. The Authority's net position restricted by the MTI included in the accompanying statements of net position of $74,479,527 and $83,618,810 as of June 30, 2015 and 2014, respectively, represents the accumulation of the Authority's revenues in excess of operating expenses and debt payments that can only be used for the aforementioned purposes noted in the MTI.

Basis of presentation - The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units and the State Controller's Minimum Audit Requirements and Reporting Guidelines. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments within the United States of America.

In accordance with GAAP, the Authority's operations are accounted for as a business-type activity. In this regard, the Authority follows the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recorded when they are incurred, irrespective of when paid.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Restricted cash and cash equivalents - The Authority has defined, for purposes of the preparation of its statements of cash flows, that cash and cash equivalents include deposits, money market accounts, and investments with an original maturity date of three months or less, including investments in the State of California Local Agency Investment Fund (LAIF). The Authority participates in the State of California's LAIF, a non-Securities and Exchange Commission registered investment pool open to all government units in the State of California and is able to withdraw amounts from LAIF on demand without penalty.

Investments - Investments are stated at fair value. The value of each investment security has been determined based on the published closing price of the security as of June 30, 2015 and 2014. The net changes in fair value of investments, consisting of realized gains or losses and the unrealized appreciation/depreciation on those investments, have been included in interest and investment revenue as shown in the accompanying statements of revenues, expenses, and changes in net position.

The Authority's investment practices are governed by a board-approved investment policy. The types of investment authorized by the policy are described further in Note 2.

Assets held for sale and transfer - Remaining right-of-way parcels that require a transfer or sale are valued based upon the known costs paid at the time the parcel was originally acquired, and additional costs associated with the legal transfer and sale process.

Capital assets - Capital assets purchased or constructed are carried at cost, including capitalized interest during construction. Donated assets are valued at the estimated fair value on the date received. Depreciation is provided over the estimated useful life of each asset and computed on a straight-line basis beginning with the fiscal year after the asset is placed in service. Trench structures, tracks and signals, rail bridge structures, and highway bridge structures include both depreciable and nondepreciable components.

Estimated useful lives of classes of capital assets are as follows:

Tenant improvements	3 years
Automotive vehicles	5 years
Office and other equipment	3-5 years
Buildings	30 years
Revenue assessment and verification system and other software	5 years
Tracks and signal systems	40 years
Roads	50 years
Highway bridge structures	100 years
Trench structures	100 years
Rail bridge structures	100 years

Capital assets acquired with state and local grants are also included in property and equipment. Depreciation on these assets are recorded as operating expenses.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Restricted assets and net position - Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants. The revenue bonds' accrued interest, debt service reserve, indemnity, and revenue fund accounts have been classified as restricted assets, because these accounts are first restricted to the payment of interest and principal on the outstanding revenue bonds. These amounts, offset by any related outstanding debt, are reported as net position restricted for debt service. After payment of debt service, remaining revenues, if any, are restricted to the payment of the Authority's other costs and legal obligations (e.g., Port Shortfall Advances) as defined by the Authority's Use and Operating Agreement. The Reserve Account has also been classified as restricted assets, because the amount in this account is restricted for specific purposes under the Use and Operating Agreement and the revenue bond covenants. These amounts, offset by any related outstanding liabilities, are reported as net position restricted by the Master Trust Indenture.

Remaining long-term debt proceeds that have been set aside for capital projects are also reported as restricted assets. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, and then unrestricted resources as they are needed.

The Authority's net position as of June 30, 2015, is a negative $192.7 million because total liabilities and deferred inflows of resources were greater than total assets and deferred outflows of resources due to accumulating accreted interest on revenue bonds payable. The Authority's interest cash payments are lower than recorded interest expense because the bonds are capital appreciation bonds, which compound interest until final maturity. As a result, the Authority is able to maintain a liquid financial position. Management believes that it will be able to sustain its liquidity based on the terms of the bonds payable and through shortfall advances from the Ports, if necessary, as discussed further in Note 6.

Compensated absences - All Authority employees accumulate time off for vacation and sick leave each pay period. While sick leave hours are accrued at a uniform rate among all employees, vacation accrual is based on length of service. Vacation hours are payable to employees when used at the individual employee's current rate of pay. Any unused vacation remaining at the time of termination is also payable to the employee at his/her then rate of pay. All vacation hours that have been earned but not paid as of June 30, 2015 and 2014, have been accrued in the accompanying statements of net position in other liabilities. Sick hours are paid to employees when used. The Authority's sick leave policy also provides that employees will be paid 50% of the remaining value of their sick leave hours upon termination. Consequently, 50% of all unused sick hours for all employees totaling $208,316 and $175,416 as of June 30, 2015 and 2014, respectively, have also been accrued in other liabilities of the accompanying statement of net position.

Note 1 - Organization and Summary of Significant Accounting Policies (continued)

Collateral deposit - In conjunction with the 1999, 2012, and 2013A series bonds issued by the Authority, the Authority also entered into a Forward Delivery Agreement (FDA) for debt service funds with a Trustee and a Provider. As noted in the FDA, the Provider guarantees a rate of return on debt service funds deposited with the Trustee. The FDA also includes a provision, which requires that, in the event of a downgrade of the Provider's long-term unsecured credit rating, the Provider is required to (i) procure a guarantor, (ii) assign its rights to another higher-rated financial institution, or (iii) deliver collateral to the Trustee in the name of the Authority and the Trustee. In 2011, the Provider's credit rating was downgraded and the Provider elected to deliver collateral to comply with the FDA. As a result, the Authority received the collateral in the form of approximately $11.0 million in U.S. Treasury securities. As of June 30, 2015 and 2014, the carrying value was $9,068,836 and $8,197,471 and recorded within restricted investments held with fiscal agent on the statements of net position. If the Provider's credit rating recovers, the Authority will then return the collateral; therefore, the Authority has recorded a corresponding liability for the collateral deposit due to the Provider.

Pensions - For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency of California Public Employees' Retirement System (CalPERS) plans (Plans), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Operating revenues and expenses - Operating revenues and expenses generally result from the operation of the Rail Corridor. The principal operating revenues of the Authority are fees assessed to the railroads for use and maintenance of the Corridor. These fees are recognized in the period earned. Operating expenses include revenue collection and other administrative expenses, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates - The preparation of basic financial statements in conformity with GAAP requires that management make estimates and assumptions that may affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain reclassifications have been made to the 2014 and 2013 financial data to conform to the 2015 presentation.

Note 2 - Restricted Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2015 and 2014, are classified in the accompanying basic financial statements as follows:

	June 30, 2015 Fair Value	June 30, 2014 Fair Value
Current restricted cash and cash equivalents	$ 14,058,615	$ 25,396,418
Current restricted investments	54,079,502	44,027,480
Noncurrent restricted investments held with fiscal agent	9,068,836	8,197,471
Noncurrent restricted investments	104,094,558	122,562,803
Total restricted cash, cash equivalents, and investments	$ 181,301,511	$ 200,184,172

Deposits - At June 30, 2015 and 2014, the net carrying amount of the Authority's deposit account with Bank of America was $2,519,786 and $514,159, while the corresponding bank balance was $2,530,520 and $852,848, respectively. Outstanding checks account for the respective differences between the carrying amounts and bank balances. Of the aforementioned bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation, with the excess being secured with collateral of securities held by the pledging financial institution's trust or agent in the Authority's name.

The California Government Code Section 53601 requires California banks and savings and loan associations to secure a public agency's deposits not covered by federal depository insurance by pledging government securities as collateral. The carrying amount of pledged securities must equal at least 110% of the agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits. The collateral must be held at the pledging bank's trust department or other bank acting as the pledging bank's agent in the Authority's name.

Investments - The Authority's investments are invested pursuant to the investment policy guidelines adopted by the Governing Board of the Authority. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses the types of investment instruments and the percentage of the portfolio in which the Authority may invest its funds as permitted by the California Government Code. Generally, investments shall be made in the context of the "prudent investor" rule.

Investment in State of California Local Agency Investment Pool - The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Authority's investment in this pool is reported in the accompanying statements of net position as restricted cash equivalents at amounts based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded at fair value. Amounts up to $10 million can be withdrawn on demand. At June 30, 2015 and 2014, the fair value of the balance of such deposits is $6,975,577 and $8,929,731, respectively.

Note 2 - Restricted Cash, Cash Equivalents, and Investments (continued)

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 its fair value is to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and medium-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted-average maturity of its portfolio. The Authority has no specific limitations with respect to this metric.

Under provision of the Authority's investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Authority bonds	N/A	None	N/A
U.S. Treasury bills, notes, or bonds	5 years	None	None
State warrants or bonds	None	None	None
U.S. local agency bonds, notes, or warrants	None	None	None
Federal Agency obligations	5 years	None	None
Callable federal agency securities	5 years	20%	None
Bankers' acceptances	180 days	40%	10%
Commercial paper	270 days	25%	10%
Negotiable certificates of deposit	2 years	30%	None
Repurchase agreements	90 days	50%	None
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
Time deposits	1 year	15%	None
L.A. County Treasurer Investment Pool	N/A	None	None
Money market funds	None	20%	10%
Medium-term maturity corporate notes	None	30%	10%
Mortgage- or asset-backed securities	5 years	20%	None

Note 2 - Restricted Cash, Cash Equivalents, and Investments (continued)

The MTI allows for exception of the maximum maturity prescript in the Authority's investment policy. The Authority is allowed a maximum maturity of five years for investments in the debt service reserve funds:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	10 years	None	None
State warrants or bonds	10 years	None	None
U.S. local agency bonds, notes, or warrants	10 years	None	None
Federal Agency obligations	10 years	None	None
Bankers' acceptances	270 days	40%	10%
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	2 years	30%	None
Repurchase agreements	90 days	50%	None
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Money market funds	None	20%	10%
Medium-term maturity corporate notes	3 years	30%	8%
Guaranteed Investment Contracts and Investment Agreements	10 years	50%	20%
Mortgage- or asset-backed securities	10 years	20%	None

The following schedules indicate the interest rate risk of the Authority's investments as of June 30:

	2015		2014	
	Fair Value	Weighted-Average Maturity (in Years)	Fair Value	Weighted-Average Maturity (in Years)
Cash and investment type				
Cash	$ 500	-	$ 500	-
Money market fund	7,082,538	-	11,157,777	-
LAIF	6,975,577	-	8,929,731	-
U.S. Treasury notes	39,026,620	1.78	64,244,895	1.16
U.S. corporate notes	17,299,445	2.08	16,791,487	2.10
Commercial paper	1,278,161	0.34	2,856,887	0.39
Federal agency obligations	109,638,670	1.80	96,202,895	1.79
	$ 181,301,511	1.67	$ 200,184,172	1.41

Note 2 - Restricted Cash, Cash Equivalents, and Investments (continued)

Disclosure relating to 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 below is the minimum of a rating by (where applicable) the Authority's investment policy, debt agreements, and the actual rating as of year-end for each investment type:

	Ratings as of June 30, 2015								
Investment type	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Cash and money market	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 7,083,038	$ 7,083,038
LAIF	-	-	-	-	-	-	-	6,975,577	6,975,577
U.S. Treasury notes	39,026,620	-	-	-	-	-	-	-	39,026,620
U.S. corporate notes	2,445,457	1,329,453	7,387,776	6,136,759	-	-	-	-	17,299,445
Commercial paper	-	-	-	-	-	548,891	729,270	-	1,278,161
Federal agency obligations	77,746,347	-	-	-	-	31,892,323	-	-	109,638,670
Total	$ 119,218,424	$ 1,329,453	$ 7,387,776	$ 6,136,759	$ -	$ 32,441,214	$ 729,270	$ 14,058,615	$ 181,301,511

	Ratings as of June 30, 2014								
Investment type	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Cash and money market	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 11,158,277	$ 11,158,277
LAIF	-	-	-	-	-	-	-	8,929,731	8,929,731
U.S. Treasury notes	64,244,895	-	-	-	-	-	-	-	64,244,895
U.S. corporate notes	2,334,088	1,802,846	5,853,998	5,895,647	904,908	-	-	-	16,791,487
Commercial paper	-	-	-	-	-	764,065	2,092,822	-	2,856,887
Federal agency obligations	83,323,233	-	-	-	-	12,879,662	-	-	96,202,895
Total	$ 149,902,216	$ 1,802,846	$ 5,853,998	$ 5,895,647	$ 904,908	$ 13,643,727	$ 2,092,822	$ 20,088,008	$ 200,184,172

Concentration of credit risk - The Authority's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Authority's investments are as follows:

		June 30	
		2015	2014
Federal Home Loan Bank	Federal agency obligations	$ 20,378,661	$ 20,532,624
Federal National Mortgage Association	Federal agency obligations	49,652,821	40,445,120
Federal Home Loan Mortgage Corporation	Federal agency obligations	36,669,151	29,663,069
		$ 106,700,633	$ 90,640,813

Note 3 - Receivables

Receivables consist of grants, use fees, and other amounts due from private entities. The following provides a summary of the amounts of accounts and other receivables:

	June 30 2015	June 30 2014
Grants receivable	$ 2,082,258	$ 1,713,772
Interest receivable	856,338	869,368
Use fees and other receivables	15,822,487	9,247,026
Total	$ 18,761,083	$ 11,830,166

Note 4 - Assets Held for Sale and Transfer

Assets held for sale and transfer represent right-of-way land and land improvements that were acquired by the Authority. Hundreds of parcels and easement rights were acquired in order to complete the construction of the Corridor. The Authority is transferring all excess parcels or portions of parcels and/or easement rights, which are no longer required in order to operate the Corridor, to the appropriate entities. The Authority, under the terms of the joint powers agreement, is not permitted to own any land or land easement rights. The Ports own the land that the trench was built on and the Authority has the right to use and occupy the property under the terms of a Use Permit that was executed between the Ports and the Authority on October 12, 1998. Title to all land and easement rights necessary to operate the Corridor is in the process of being deeded to the Ports, as tenants in common.

The following schedule summarizes assets held for sale and transfer for the years ended June 30, 2015 and 2014:

	Balance, June 30, 2014 (As Restated)	Additions	Sales/Transfers	Balance, June 30, 2015
Assets held for sale and transfer	$ 139,332,555	$ 10,876	$ (26,806,137)	$ 112,537,294

	Balance, June 30, 2013 (As Restated)	Additions	Sales/Transfers	Balance, June 30, 2014 (As Restated)
Assets held for sale and transfer	$ 152,339,898	$ 4,020	$ (13,011,363)	$ 139,332,555

Note 5 - Capital Assets

The following schedule summarizes capital assets for the years ended June 30, 2015 and 2014:

	Balance, June 30, 2014 (As Restated)	Additions	Deletions	Balance, June 30, 2015
Buildings and equipment				
Automotive vehicles	$ 82,097	$ -	$ -	$ 82,097
Office equipment	611,899	12,708	-	624,607
Other equipment	186,825	-	-	186,825
Tenant improvements	72,334	-	-	72,334
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	9,827,107	-	-	9,827,107
Total buildings and equipment	11,882,856	12,708	-	11,895,564
Alameda Corridor Project				
Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,956,034	16,294	-	408,972,328
Highway bridge structures	147,132,504	42,584	-	147,175,088
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,779,388	3,665	-	101,783,053
Highway bridge structures	45,689,818	14,365	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,309,826	76,908	-	1,906,386,734
Total capital assets	1,918,192,682	89,616	-	1,918,282,298
Less accumulated depreciation for				
Trench structures	(124,961,077)	(10,430,222)	-	(135,391,299)
Track and signals	(35,468,053)	(3,270,175)	-	(38,738,228)
Rail bridge structures	(62,950,761)	(5,296,561)	-	(68,247,322)
Highway bridge structures	(22,225,091)	(1,981,142)	-	(24,206,233)
Automotive vehicles	(82,096)	-	-	(82,096)
Office equipment	(603,898)	(2,471)	-	(606,369)
Other equipment	(186,825)	(2,667)	-	(189,492)
Tenant improvements	(72,334)	-	-	(72,334)
Buildings	(474,730)	(36,753)	-	(511,483)
Revenue assessment and verification system and other software	(9,562,680)	(224,208)	-	(9,786,888)
Total accumulated depreciation	(256,587,545)	(21,244,199)	-	(277,831,744)
Capital assets, net	$ 1,661,605,137	$ (21,154,583)	$ -	$ 1,640,450,554

Note 5 - Capital Assets (continued)

The following schedule summarizes capital assets for the years ended June 30, 2014 and 2013:

	Balance, June 30, 2013 (As Restated)	Additions	Deletions	Balance, June 30, 2014 (As Restated)
Buildings and equipment				
Automotive vehicles	$ 82,097	$ -	$ -	$ 82,097
Office equipment	603,899	8,000	-	611,899
Other equipment	186,825	-	-	186,825
Tenant improvements	72,334	-	-	72,334
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	9,796,784	30,323	-	9,827,107
Total buildings and equipment	11,844,533	38,323	-	11,882,856
Alameda Corridor Project				
Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,956,034	-	-	408,956,034
Highway bridge structures	146,982,052	150,452	-	147,132,504
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,779,388	-	-	101,779,388
Highway bridge structures	45,639,068	50,750	-	45,689,818
Alameda Corridor Project Infrastructure	1,906,108,624	201,202	-	1,906,309,826
Total capital assets	1,917,953,157	239,525	-	1,918,192,682
Less accumulated depreciation for				
Trench structures	(114,530,854)	(10,430,223)	-	(124,961,077)
Track and signals	(32,197,878)	(3,270,175)	-	(35,468,053)
Rail bridge structures	(57,654,200)	(5,296,561)	-	(62,950,761)
Highway bridge structures	(20,245,871)	(1,979,220)	-	(22,225,091)
Automotive vehicles	(82,096)	-	-	(82,096)
Office equipment	(603,898)	-	-	(603,898)
Other equipment	(186,825)	-	-	(186,825)
Tenant improvements	(72,334)	-	-	(72,334)
Buildings	(437,977)	(36,753)	-	(474,730)
Revenue assessment and verification system and other software	(9,266,937)	(295,743)	-	(9,562,680)
Total accumulated depreciation	(235,278,870)	(21,308,675)	-	(256,587,545)
Capital assets, net	$ 1,682,674,287	$ (21,069,150)	$ -	$ 1,661,605,137

Note 6 - Bonds Payable

The 1999A Series Senior Lien Tax-Exempt Bonds (1999A Bonds), the 1999C Senior Lien Taxable Bonds (1999C Bonds), the 1999D Subordinate Lien Taxable Bonds (1999D Bonds), the 2004A Series Subordinate Lien Tax-Exempt Bonds (2004A Bonds), the 2004B Subordinate Lien Taxable Bonds (2004B Bonds), the 2012 Series Taxable Senior Lien Bonds (2012 Bonds), and the 2013A Series Tax-Exempt Senior Lien Bonds (2013A Bonds) are payable solely from and secured by a pledge of, among other revenues, use fees and container charges to be paid by the UP and BNSF for use of the Project and from shortfall advances to be paid under certain circumstances by the City of Long Beach, acting by and through its Board of Harbor Commissioners, and the City of Los Angeles, acting by and through its Board of Harbor Commissioners. The 1999D Bonds were paid off on October 1, 2014.

As of June 30, 2015 and 2014, the unamortized premium and discount balance on the 1999A and 1999C, 2004A and 2004B, and 2013A Bonds was $32,857,963 and $36,798,174, respectively.

Long-term liability activity for the years ended June 30, 2015 and 2014, was as follows:

	Balance, June 30, 2014	Additions	Payments	Balance, June 30, 2015	Due Within One Year
Bonds payable					
1999A Bonds	$ 50,453,617	$ -	$ -	$ 50,453,617	$ -
1999C Bonds	497,453,396	-	(3,130,000)	494,323,396	21,290,000
1999D Bonds	16,240,000	-	(16,240,000)	-	-
2004A Bonds	615,657,829	-	(18,519,513)	597,138,316	15,723,485
2004B Bonds	131,132,410	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	83,710,000	-
2013A Bonds	248,325,000	-	-	248,325,000	-
Total bonds payable	1,642,972,252	-	(37,889,513)	1,605,082,739	37,013,485
Less unamortized bond premium (discounts)	36,798,174	-	(3,940,211)	32,857,963	-
Interest payable					
Accrued interest payable	444,456,660	115,613,565	(76,769,134)	483,301,091	27,424,030
Net long-term liabilities	$ 2,124,227,086	$ 115,613,565	$ (118,598,858)	$ 2,121,241,793	$ 64,437,515

	Balance, June 30, 2013	Additions	Payments	Balance, June 30, 2014	Due Within One Year
Bonds payable					
1999A Bonds	$ 50,453,617	$ -	$ -	$ 50,453,617	$ -
1999C Bonds	497,453,396	-	-	497,453,396	3,130,000
1999D Bonds	34,200,000	-	(17,960,000)	16,240,000	16,240,000
2004A Bonds	625,637,134	-	(9,979,305)	615,657,829	18,519,513
2004B Bonds	131,132,410	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	83,710,000	-
2013A Bonds	248,325,000	-	-	248,325,000	-
Total bonds payable	1,670,911,557	-	(27,939,305)	1,642,972,252	37,889,513
Less unamortized bond premium (discounts)	40,728,855	-	(3,930,681)	36,798,174	-
Interest payable					
Accrued interest payable	396,064,025	120,103,677	(71,711,042)	444,456,660	27,862,616
Net long-term liabilities	$ 2,107,704,437	$ 120,103,677	$ (103,581,028)	$ 2,124,227,086	$ 65,752,129

Note 6 - Bonds Payable (continued)

1999 Series A Capital Appreciation Bonds - The 1999A CABs were issued by the Authority in the aggregate amount of $50,453,617 on February 2, 1999. Proceeds from the sale of these insured 1999A CABs were used to finance a portion of the cost of design and construction of the Project.

The first maturity of the bonds will commence on October 1, 2030. The 1999A CABs, which mature between October 1, 2030 and October 1, 2037, have an accretion yield to maturity at rates ranging from 5.25% to 5.27%. The principal and accrued interest balance outstanding on the 1999A CABs at June 30, 2015 and 2014, are $50,453,617 and $68,252,697 and $50,453,617 and $62,222,121, respectively. The 1999A CABs are not subject to optional redemption.

The remaining debt service of the 1999A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2031 - 2035	$ 33,535,373	$ 158,389,627	$ 191,925,000
2036 - 2040	16,918,244	102,906,756	119,825,000
Total	$ 50,453,617	$ 261,296,383	$ 311,750,000

1999 C Bonds - The 1999C Bonds include both current interest bonds (CIB) and capital appreciation bonds (CAB).

1999 Series C Current Interest Bonds - The 1999C CIBs were issued by the Authority in the aggregate amount of $430,155,000 on January 1, 1999. Proceeds from the sale of these insured 1999C CIBs were used to finance a portion of the cost of the design and construction of the Project.

Note 6 - Bonds Payable (continued)

Interest on the 1999C CIBs is payable semiannually on April 1 and October 1 of each year commencing April 1, 1999, with principal payments commencing October 1, 2014. The 1999C CIBs Series, which mature annually each October 1, from 2015 through 2029, bear interest at rates ranging from 6.50% to 6.60%. The principal balance outstanding on the 1999C CIBs is $427,025,000 at June 30, 2015. The 1999C CIBs are not subject to optional redemption. The remaining debt service of the Authority's 1999C CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ 21,290,000	$ 27,365,180	$ 48,655,180
2017	23,170,000	25,920,230	49,090,230
2018	25,175,000	24,349,018	49,524,018
2019	27,315,000	22,643,092	49,958,092
2020	29,595,000	20,793,518	50,388,518
2021 - 2025	70,065,000	94,625,025	164,690,025
2026 - 2030	230,415,000	40,312,635	270,727,635
Total	$ 427,025,000	$ 256,008,698	$ 683,033,698

1999C CABs - The 1999C CABs were issued by the Authority in the aggregate amount of $67,298,396 on February 9, 1999. Proceeds from the sale of these insured 1999C CABs were used to finance a portion of the cost of the design and construction of the Project.

The first maturity of the bonds will commence on October 1, 2020. The 1999C CABs, which mature between October 1, 2020 and October 1, 2037, have an accretion yield to maturity at rates ranging from 6.69% to 6.83%. The principal balance and accrued interest outstanding on the 1999C CABs at June 30, 2015 and 2014, are $67,298,396 and $134,961,101, and $67,298,396 and $121,849,970, respectively. The 1999C CABs are not subject to optional redemption.

The Authority's remaining debt service on the 1999C CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2021 - 2025	$ 22,052,990	$ 75,812,010	$ 97,865,000
2026 - 2030	-	-	-
2031 - 2035	30,649,550	262,025,450	292,675,000
2036 - 2040	14,595,856	168,124,144	182,720,000
Total	$ 67,298,396	$ 505,961,604	$ 573,260,000

Note 6 - Bonds Payable (continued)

1999 Series D Bonds - 1999D Bonds were issued by the Authority in the aggregate principal amount of $145,635,000 on January 1, 1999. Proceeds from the sale of these insured 1999D Bonds were used to finance a portion of the cost of the design and construction of the Project.

Interest on the 1999D Bonds was payable semiannually on April 1 and October 1 of each year commencing April 1, 1999, with principal payments commencing October 1, 2003. The 1999D Bonds, which matured on October 1, 2014, bore interest at rates ranging from 5.47% to 6.37%. The principal balance outstanding on the 1999D Bonds is $0 and $16,240,000 at June 30, 2015 and 2014, respectively. No 1999D Bonds remain outstanding.

2004A Bonds - The 2004A Bonds include both Capital Appreciation Bond - Non Convertible (CAB) and Capital Appreciation Bonds - Convertible (CCIB).

2004 Series A Capital Appreciation Bonds - Non Convertible - The 2004A Bonds were initially all capital appreciation bonds. Of the total $475,292,386, $274,992,286 were convertible and converted to current interest bonds on October 1, 2012, and are callable on October 1, 2017 (CCIB). $200,300,100 are not convertible or callable (CAB). The 2004 Bonds were issued by the Authority in the aggregate amount of $475,292,386 on April 22, 2004. Proceeds from the sale of these insured 2004A Bonds were used to refund a portion of the U.S. Department of Transportation Loan. The 2004 CABs mature between fiscal years 2012 and 2031 and have an accretion yield to maturity at rates ranging from 4.30% to 5.72%.

The Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ 15,723,485	$ 11,221,515	$ 26,945,000
2017	18,482,475	15,127,525	33,610,000
2018	20,916,377	19,523,623	40,440,000
2019	23,428,768	24,826,232	48,255,000
2020	25,823,537	30,946,462	56,769,999
2021 - 2025	28,024,253	37,755,747	65,780,000
2026 - 2030	13,641,409	43,373,591	57,015,000
2031 - 2035	22,708,012	77,956,989	100,665,001
Total	$ 168,748,316	$ 260,731,684	$ 429,480,000

Note 6 - Bonds Payable (continued)

2004 Series A Capital Appreciation Bond - Convertible - The 2004A CCIBs were convertible and callable, and accreted to full face value of $5,000 per bond on October 1, 2012. These bonds converted automatically and pay interest semiannually on April 1 and October 1 of each year commencing with April 1, 2013. The first maturity of the 2004A CCIBs will commence on October 1, 2021. The 2004 CCIBs mature between fiscal years 2021 and 2025, and bear interest at rates ranging from 5.25% to 5.45%. These bonds are callable at par, with accrued interest, if any, on October 1, 2017, or any date thereafter. The principal balance outstanding on the 2004A CCIBs is $428,390,000 at June 30, 2015 and 2014.

The Authority's remaining debt service on the 2004A CCIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ -	$ 22,901,100	$ 22,901,100
2017	-	22,901,100	22,901,100
2018	-	22,901,100	22,901,100
2019	-	22,901,100	22,901,100
2020	-	22,901,100	22,901,100
2021 - 2025	332,930,000	80,679,880	413,609,880
2026 - 2030	95,460,000	2,601,285	98,061,285
Total	$ 428,390,000	$ 197,786,665	$ 626,176,665

2004B Bonds - The 2004B Bonds are capital appreciation bonds that were issued by the Authority in the aggregate amount of $210,731,703 on April 22, 2004. Proceeds from the sale of these insured 2004B Bonds were used to repay a portion of the U.S. Department of Transportation Loan.

The first maturity of the 2004B Bonds commenced October 1, 2006. The 2004B Bonds mature between October 1, 2006 and October 1, 2033, and have an accretion yield to maturity at rates ranging from 3.05% to 6.33%. The 2004B Bonds are not subject to optional redemption. The principal balance and accrued interest outstanding on the 2004B Bonds are $131,132,410 and $132,407,082 and $131,132,410 and $116,431,637, at June 30, 2015 and 2014, respectively.

The Authority's remaining debt service on the 2004B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2026 - 2030	$ 79,625,818	$ 266,054,182	$ 345,680,000
2031 - 2035	51,506,592	250,508,408	302,015,000
Total	$ 131,132,410	$ 516,562,590	$ 647,695,000

Note 6 - Bonds Payable (continued)

2012 Bonds - The 2012 Bonds were issued by the Authority in the aggregate amount of $83,710,000 on June 21, 2012. Proceeds from the sale of these 2012 Bonds were used on July 24, 2012, to call and refund all 1999A Bonds maturing on October 1, 2014 through 2018, and a portion of the 1999A Bonds maturing on October 1, 2019.

The 2012 Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing October 1, 2012, with principal payments commencing October 1, 2023 through 2035, all at an interest rate of 2.46%. The principal balance on the 2012 Bonds is $83,710,000 on June 30 2015 and June 30, 2014. The 2012 Bonds are redeemable at par at the option of the Authority at any time, in whole or in part, from any available moneys that may be provided for such purpose.

The Authority's remaining debt service on the 2012 Bonds is a follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ -	$ 2,062,087	$ 2,062,087
2017	-	2,056,445	2,056,445
2018	-	2,059,266	2,059,266
2019	-	2,059,266	2,059,266
2020	-	2,062,087	2,062,087
2021 - 2025	20,545,000	9,781,968	30,326,968
2026 - 2030	40,695,000	5,107,901	45,802,901
2031 - 2035	22,350,000	1,190,655	23,540,655
2036 - 2040	120,000	1,480	121,480
Total	$ 83,710,000	$ 26,381,155	$ 110,091,155

2013A Series Bonds - The 2013A Bonds were issued by the Authority in the aggregate amount of $248,325,000 on February 12, 2013. Proceeds from the sale of these 2013A Bonds were used on February 14, 2013, to call and refund all remaining 1999A CIBs.

The 2013A Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing April 1, 2013, with principal payments commencing October 1, 2019 through 2029, at interest rates ranging from 3.00% to 5.00%. The principal balance on the 2013A Bonds is $248,325,000 on June 30, 2015 and June 30, 2014. The 2013A Bonds are redeemable at par at the option of the Authority at any time, in whole or in part, from any available moneys that may be provided for such purpose.

Note 6 - Bonds Payable (continued)

The Authority's remaining debt service on the 2013A Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ -	$ 11,786,950	$ 11,786,950
2017	-	11,786,950	11,786,950
2018	-	11,786,950	11,786,950
2019	-	11,786,950	11,786,950
2020	11,120,000	11,508,950	22,628,950
2021 - 2025	100,275,000	44,277,625	144,552,625
2026 - 2030	136,930,000	15,884,831	152,814,831
Total	$ 248,325,000	$ 118,819,206	$ 367,144,206

Accrued interest payable - The Authority's accrued interest payable is as follows:

	June 30, 2015		
	Current Interest Bond	Long-Term CABs	Total
1999A Bonds	$ -	$ 68,252,697	$ 68,252,697
1999C Bonds	7,014,276	134,961,101	141,975,377
1999D Bonds	-	-	-
2004A Bonds	16,946,789	120,256,181	137,202,970
2004B Bonds	-	132,407,082	132,407,082
2012 Bonds	516,227	-	516,227
2013A Bonds	2,946,738	-	2,946,738
Total	$ 27,424,030	$ 455,877,061	$ 483,301,091

	June 30, 2014		
	Current Interest Bond	Long-Term CABs	Total
1999A Bonds	$ -	$ 62,222,121	$ 62,222,121
1999C Bonds	7,065,139	121,849,970	128,915,109
1999D Bonds	253,750	-	253,750
2004A Bonds	17,080,762	116,090,316	133,171,078
2004B Bonds	-	116,431,637	116,431,637
2012 Bonds	516,227	-	516,227
2013A Bonds	2,946,738	-	2,946,738
Total	$ 27,862,616	$ 416,594,044	$ 444,456,660

Note 6 - Bonds Payable (continued)

Combined on all outstanding bonds debt service - The Authority's debt service of the 1999A, 1999C, 1999D, 2004A, 2004B, 2012, and 2013A Bonds in aggregate is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s)			
2016	$ 37,013,485	$ 75,336,832	$ 112,350,317
2017	41,652,475	77,792,250	119,444,725
2018	46,091,377	80,619,957	126,711,334
2019	50,743,768	84,216,640	134,960,408
2020	66,538,537	88,212,117	154,750,654
2021 - 2025	573,892,243	342,932,255	916,824,498
2026 - 2030	596,767,227	373,334,425	970,101,652
2031 - 2035	160,749,527	750,071,129	910,820,656
2036 - 2040	31,634,100	271,032,380	302,666,480
Total	$ 1,605,082,739	$ 2,143,547,985	$ 3,748,630,724

Note 7 - Operating Leases

ACTA leases office space, a vehicle, and a postage machine under operating lease agreements. Total lease expense amounted to approximately $189,710 and $288,450 in the fiscal years ended June 30, 2015 and 2014, respectively. Minimum future lease payments on existing noncancelable leases as of June 30, 2015, are as follows:

2016	$ 219,768
2017	224,012
2018	226,034
2019	228,844
2020	135,821
Total minimum lease payments	$ 1,034,479

Note 8 - Pollution Remediation Obligations

On December 21, 2010, a crude oil release from a then-unknown origin was discovered in the Dominguez Channel and nearby storm water drainage system adjacent to the Alameda Corridor. The U.S. Environmental Protection Agency (EPA), the California Department of Fish and Game (DFG), the U.S. Coast Guard, and others have been involved in the mitigation, containment, investigation, and immediate cleanup efforts, and have contained the release.

On January 7, 2011, the EPA issued an order to the Port of Los Angeles, the Port of Long Beach, and the Authority, to assume responsibility for these activities effective January 14, 2011. The EPA agreed to limit the Authority's and the Ports' role to maintaining the containment systems and cleaning up the Los Angeles City pump station and sewer line leading to the pump station. The Authority and the Ports have completed the work required by the EPA. The EPA and DFG have managed the remaining work, including the source investigation.

On March 30, 2011, after identifying an oil pipeline owned and operated by Crimson Pipeline Management Company (Crimson) as the source of the release, the EPA issued an Order to Crimson for removal, mitigation, or prevention of a substantial threat of oil discharge. The Authority has been notified that Crimson has taken over responsibility for the oil release containment facilities effective June 15, 2011, and has assumed financial and operational responsibilities from that date.

Crimson filed a lawsuit against ACTA, the City of Los Angeles, the City of Long Beach, and Herzog Contracting Corporation on April 27, 2012, alleging that these other entities, and not Crimson, were responsible for the oil spill and/or were prevented from recovering damages from Crimson for the oil spill. ACTA, the City of Long Beach, and the City of Los Angeles, counterclaimed against Crimson. The Authority and the Ports are continuing to cooperate with Crimson, EPA, DFG, and other agencies to assist as necessary with containment, investigation, and cleanup. The Authority and the Ports intend to seek reimbursement from the responsible party or parties, and from any other funding sources available for such purpose, including the Oil Spill Liability Trust Fund (established under the Oil Pollution Act of 1990).

During fiscal year 2015, the Authority and other named parties engaged in confidential mediation in regard to this matter. In September 2015, a settlement agreement was executed by all parties. The settlement agreement includes a payment from Crimson. The apportionment of those funds to the various parties is currently under review. The Authority will have no further financial obligations on this matter.

Note 9 - Pension Plan

Adoption of GASB 68 - Effective July 1, 2014, Alameda Corridor Transportation Authority (Authority) adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, which replaced GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an Amendment of GASB Statement No. 68,* which requires the Authority to record its proportionate share of the defined benefit pension obligation for retirement benefits provided under California Public Employees' Retirement System. Restatement of the amounts of pension expense, deferred inflows of resources, and deferred outflows of resources for the prior period presented is not practical due to the unavailability of information from the pension plan; therefore, the provisions of GASB Statements No. 68 and 71 were not applied to the prior period. The cumulative effects of applying the provisions of GASB Statements No. 68 and 71 have been reported as a restatement of beginning net position for the year ended June 30, 2015, in accordance with the Statements. The cumulative effect this adjustment to net position is $1,688,512 and comprises the addition of the net pension liability of $1,851,196 and deferred outflows of resources in the amount of $162,684.

Plan description - All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan (Plan), cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after 5 years of service. The death benefit is one of the following: the Post Retirement Basic Lump Sum Death Benefit or the Pre-Retirement Optional Settlement 2W Death Benefit and, if applicable, the 1959 Survivor Benefit Level 3. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Note 9 - Pension Plan (continued)

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013 (Classic Employees)	On or after January 1, 2013 (PEPRA Employees)
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	15.726%	6.250%

Contributions - Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous
Contributions - employer	$ 196,611
Contributions - employee (paid by employer for classic employees	87,516

As of June 30, 2015, the Authority reported net pension liability for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Net pension liability as reported by CalPERS	$ 1,448,169
Adjustment to reported value	(10,161)
Total net pension liability	$ 1,438,008

Note 9 - Pension Plan (continued)

The Authority's net pension liability is measured as the proportionate share of the Plan's net pension liability. The net pension liability of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, rolled forward to June 30, 2014, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014, was as follows:

	Increase (Decrease)				
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)	Adjustment Report to Value	Adjusted Value
Balance at June 30, 2013	$ 6,646,409	$ 4,796,471	$ 1,849,938	$ 1,258	$ 1,851,196
Balance at June 30, 2014	7,041,934	5,593,765	1,448,169	(10,161)	1,438,008
Net changes during 2013-14	395,525	797,294	(401,769)	(1,258)	(403,027)

For the year ended June 30, 2015, the Agency recognized pension expense of $162,684. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 196,611	$ -
Net difference between projected and actual earnings on Plan investments	-	(384,228)
Adjustment due to differences in proportions	-	(18,799)
Total	$ 196,611	$ (403,027)

The $196,611 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Inflows of Resources
2016	$ (102,771)
2017	(102,771)
2018	(101,428)
2019	(96,057)
Total	$ (403,027)

Note 9 - Pension Plan (continued)

Actuarial assumptions - The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	6/30/2013
Measurement Date	6/30/2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality Rate Table (3)	

(1) Depending on age, service, and type of employment.
(2) Net of pension plan investment expenses, including inflation.
(3) The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2013, valuation were based on the results of a January 2014 actuarial experience study for the period of 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount rate - The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress-test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017–18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as the Authority has changed its methodology.

Note 9 - Pension Plan (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11–60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Inflation sensitive	6.00%	0.45%	3.36%
Private equity	12.00%	6.83%	6.95%
Real estate	11.00%	4.50%	5.13%
Infrastructure and forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.
(b) An expected inflation of 3.0% used for this period.

Note 9 - Pension Plan (continued)

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate - The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous
1% decrease	6.50%
Net pension liability	$ 2,382,372
Current discount rate	7.50%
Net pension liability, as adjusted	$ 1,438,008
1% increase	8.50%
Net pension liability	$ 672,870

Pension plan fiduciary net position - Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 10 - Other Postemployment Benefits (OPEB)

Plan description (OPEB) - The Alameda Corridor Transportation Authority Retiree Healthcare Plan is a single-employer defined-benefit health care plan administered by the Authority. The plan provides health care benefits to eligible retirees and their dependents. Employees must retire directly from the Authority under a CalPERS disability retirement or service retirement (age 50 and five years of service for Classic employees, but age increases to 52 for PEPRA employees hired after 1/1/2013). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Authority, its management employees, and unions representing Authority employees.

The Authority provides retiree medical benefits through the California Public Employees' Retirement System Healthcare Program (PEMHCA). The Authority contributes, for eligible retirees and their dependents, using the Los Angeles Regional Kaiser rate structure at 5% of the active member contribution amount multiplied by years in PEMHCA (increase each year not greater than $100 per month, total amount not to exceed the active amount). The Authority joined PEMHCA in 2000 for all bargaining units, and contributes up to the Kaiser premium based on coverage level for active employees.

Note 10 - Other Postemployment Benefits (OPEB) (continued)

The Authority participates in the California Employers' Retiree Benefit Trust (CERBT) Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree health care benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS website at www.calpers.ca.gov.

Funding policy (OPEB) - The contribution requirements of the plan members and the Authority are established by and may be amended by the Authority. The Authority prefunds plan benefits through the CERBT by contributing at least 100% of the ARC.

The ARC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

For fiscal year 2015, the Authority contributed $123,744 to the Plan, including $13,744 for current benefit payments and administrative fees and $110,000 to prefund plan benefits.

Annual OPEB cost and net OPEB asset - The following table shows the components of the Authority's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Authority's net OPEB asset:

Annual required contribution	$ (110,000)
Interest on net OPEB asset	22,699
Adjustment to annual required contribution	(43,748)
Annual OPEB cost	(131,049)
Contributions to irrevocable trust	123,744
Decrease in net OPEB asset	(7,305)
Net OPEB asset, beginning of year	363,180
Net OPEB asset, end of year	$ 355,875

Note 10 - Other Postemployment Benefits (OPEB) (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for fiscal year 2015 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
June 30, 2013	$ 92,651	85%	$ 358,383
June 30, 2014	123,384	104%	363,180
June 30, 2015	131,049	94%	355,875

Funded status and funding progress (OPEB) - The funded status of the plan as of June 30, 2015, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	$ 1,223,000
Actuarial value of plan assets	1,343,000
Unfunded actuarial accrued liability (UAAL)	$ (120,000)
Funded ratio (actuarial value of plan assets/AAL)	110%
Covered payroll (active plan members)	$ 1,266,000
UAAL as a percentage of covered payroll	-9%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the ARCs of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions (OPEB) - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Note 10 - Other Postemployment Benefits (OPEB) (continued)

In the June 30, 2015, actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.25% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, a 3.0% general inflation assumption, an annual pre-Medicare eligible medical cost trend rate of 7.0% for 2017 decreasing to 5.0% after 4 years (the post-Medicare eligible medical cost trend rate started 0.2% higher for 2017). The actuarial value of assets is based on market value, but investment gains and losses are spread over a 5-year rolling period. In addition, the actuarial value of assets can never be less than 80% or more than 120% of market value. The June 30, 2015, UAAL was amortized as a level percentage of projected payroll over 12 years from June 30, 2015.

Note 11 - Commitments and Contingencies

The Authority is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Authority's legal counsel. Management may make provisions for probable losses if deemed appropriate on advice of legal counsel. To the extent that provisions for damages are considered necessary, appropriate amounts are reflected in the accompanying basic financial statements. It is the opinion of the Authority's management, based on consultation with legal counsel, that the estimated liability for unreserved claims and suits will not have a material impact on the Authority's basic financial statements.

The Authority is also exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors, and omissions; and natural disasters for which the Authority carries commercial insurance. In each of the past three fiscal years, the Authority has experienced no losses that have not been covered by existing insurance policy limits, beyond applicable deductible amounts.

As a recipient of federal and state grant funds, the Authority is subject to periodic audits and compliance reviews by, or on behalf of, the granting agencies to determine whether the expenditure of granted funds has been made in accordance with grant provisions. Such audits and compliance reviews could result in the potential disallowance of expenditures claimed by the Authority. The Authority's management believes that the Authority has complied with the terms of its grant agreements and that the possible adverse effects, if any, of disallowed grant expenditures that may be determined by the granting agencies upon the Authority would not be material to the Authority.

Note 12 - Restatement of 2014 Financial Results

During the current year, certain expenditures recorded in prior years as Capital Assets were determined to be more appropriately expensed as Expenses for Public Benefit or reclassified as Assets Held for Sale or Transfer. As a result, correcting adjustments were made to the prior-year financial statements.

Expenses for public benefit - The Authority had previously capitalized and depreciated expenditures related to the environmental document, bridge design, right-of-way, and construction support of the State Route 47 (SR-47) project. The Authority has assisted Caltrans with the project through several cooperative agreements, while Caltrans owns and maintains the bridge. As a result, the Authority has written off these costs to Expenses for Public Benefit, and has removed the related accumulated depreciation by restating the previously issued financial statements.

Reclassification - Certain parcels of land and easement rights that were originally acquired for the development of the Corridor were previously classified as rights of way and land improvements within capital assets. Since completion of the Corridor, these parcels are currently being held for sale or transfer. To reflect the intent of the Authority, these parcels were reclassified from capital assets to assets held for sale and transfer on the statements of net position. This reclassification had no impact on total net position; however, the amounts reported as net investment in capital assets and unrestricted have been restated, accordingly.

In addition, certain balances within net investment in capital assets were reclassified to restricted, expendable for debt service, capital projects, and Master Trust Indenture to more accurately reflect restrictions imposed by the Authority's creditors.

	Reported	Reclassification	As Restated
Selected Statement of Net Position Data as of June 30, 2014			
Capital assets, net	$ 1,843,777,166	$ (182,172,029)	$ 1,661,605,137
Assets held for sale and transfer	-	139,332,555	139,332,555
Total assets	2,057,614,204	(42,839,474)	2,014,774,730
Net investment in capital assets	401,863,205	(266,630,778)	135,232,427
Restricted, expendable for debt service	8,135,850	83,165,907	91,301,757
Restricted, expendable for capital projects	434,531	1,206,262	1,640,793
Restricted, expendable for Master Trust Indenture	73,245,231	10,373,579	83,618,810
Unrestricted net position	(573,988,403)	129,045,556	(444,942,847)
Total net position	(90,309,586)	(42,839,474)	(133,149,060)
Selected Statement of Revenues, Expenses, and Changes in Net Position as of June 30, 2014			
Depreciation	21,835,695	(527,020)	21,308,675
Total operating expenses	32,058,359	(527,020)	31,531,339
Operating income	81,728,561	527,020	82,255,581
Expenses for public benefit	-	(3,460,496)	(3,460,496)
Changes in net position	(36,888,522)	(2,933,476)	(39,821,998)

Information in Note 4 and Note 5 has been adjusted accordingly to restate balances as of June 30, 2013.

REQUIRED SUPPLEMENTARY INFORMATION

Actuarially determined contribution	$ 184,173
Contributions in relation to the actuarially determined contribution	(184,173)
Contribution deficiency/(excess)	$ -
Covered-employee payroll	$ 1,207,037
Contributions as a percentage of covered-employee payroll	15.26%

SCHEDULE OF CONTRIBUTIONS

JUNE 30, 2015

Plan's proportion of the net pension liability/(asset)	0.02327%
Plan's proportionate share of the net pension liability/(asset)	$ 1,438,008
Plan's covered-employee payroll	$ 1,207,037
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	119.14%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	79.44%
Plan's proportionate share of aggregate employer contributions	$ 151,265

	Funding History					
OPEB Biennial Actuarial Valuation Date	Actuarial Value of Assets (AVA)	Accrued Liabilities (AL)	Unfunded Liabilities (UL)	Funded Ratio (AVA/AL)	Annual Covered Payroll	ULAs as % of Payroll
June 30, 2011	$ 650,000	$ 711,000	$ 61,000	91%	$ 1,459,000	4%
June 30, 2013	936,000	1,296,000	360,000	72%	1,065,000	34%
June 30, 2015	1,343,000	1,223,000	(120,000)	110%	1,266,000	-9%