A G E N D A

SPECIAL MEETING

Audit Committee of the Alameda Corridor Transportation Authority

Meeting Date:	December 14, 2023
Time:	9:00 A.M.
Location:	Long Beach City College Liberal Arts Campus Board Room 4901 East Carson Street, Building T1100 Long Beach, CA 90808
The public may attend the meeting in person or view the meeting online via Zoom:	https://us02web.zoom.us/j/5622477111 Meeting ID: 562 247 7111 Passcode: boardmtg

OPPORTUNITIES FOR THE PUBLIC TO ATTEND THE MEETING AND PROVIDE PUBLIC COMMENTS

In-person comments may be provided at the meeting but will not be accepted via Zoom. Members of the public attending the meeting in person will be given an opportunity to address the Audit Committee on (1) any item on the agenda prior to the Audit Committee's consideration of that item, including the consent and closed session agendas; and (2) subjects within the subject matter jurisdiction of the Audit Committee during Public Comment on Non-Agenda Items. Members of the public who wish to speak should complete a speaker card indicating the agenda item number on which they will comment or designate "general public comment" and return the card to the Board Secretary. Each speaker will be allowed to speak for up to 3 minutes per agenda item.

Written comments or materials may be submitted by emailing publiccomment@acta.org or brought to the meeting. If you request to distribute documents to the Audit Committee, please present the Board Secretary with twelve (12) copies. All written comments or materials submitted for the meeting will be entered into the official meeting minutes. For comments by email, please submit written comments prior to 3:00 pm on the day before the scheduled meeting. Comments submitted by email will be distributed to the Audit Committee prior to the meeting and entered into the official meeting minutes.

As a covered entity under Title II of the Americans with Disabilities Act, the Alameda Corridor Transportation Authority (ACTA) does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services, and activities. Sign language interpreters, assistive listening devices, and translation services may be provided. To ensure availability, 72-hour advance notice is required. Contact the ACTA Office at (562) 247-7777.

A. ROLL CALL

B. COMMENTS FROM THE PUBLIC ON NON-AGENDA ITEMS

C. APPROVAL OF THE MINUTES

1. APPROVE the minutes of the special meeting of November 3, 2022 of the Audit Committee of the Alameda Corridor Transportation Authority

D. AGENDA ITEMS

2. Discussion of Audited Financial Statements for FYE June 30, 2023 and Single Audit (RECEIVE & FILE)

3. Review of Completed Service Provider Audits (RECEIVE & FILE)

4. APPROVE FY 2024-2025 Audit Plan

ADJOURNMENT

ACTA Audit Committee Meeting
Teleconference
November 3, 2022
2:00 p.m.

The meeting was being conducted via teleconference in accordance with Assembly Bill No. 361 approved by Governor Newsom on September 16, 2021, and Government Code Section 54953(e)(1)

Members present:

Ed Renwick, Committee Chair, Port of Los Angeles

Michael Cano, Los Angeles County Metro

Duane Kenagy, Port of Long Beach

Also present:

Michael Leue, ACTA, Chief Executive Officer

Kevin Scott, ACTA, Chief Financial Officer

Heather McCloskey, Los Angeles Deputy City Attorney, ACTA Co-General Counsel

Thomas Oh, Long Beach Deputy City Attorney, ACTA Co-General Counsel

Marla Bleavins, POLA, Deputy Executive Director and Chief Financial Officer, ACTA Treasurer

Maria Melendres, ACTA, Board Secretary

Phillip Le, ACTA, Director of Director of Systems, Revenue and Finance

Trang Nguyen, ACTA, Principal Accountant

Janelle Putman, Staff Accountant

Matt Parsons, Moss Adams LLP

Corinne Wood, Moss Adams LLP

(Other unidentified members of the public)

A. Roll Call

Chair Renwick called the meeting to order at 2:03 p.m.

B. Opening statement

The opening statement was read by Board Secretary Melendres.

C. Agenda Items

ITEM 1 - Approval of the Minutes - Approved

Member Kenagy moved to approve the minutes of the November 15, 2021 meeting, seconded by Member Cano. Roll call was taken and carried by the following vote:

AYES: Cano, Kenagy, Renwick
NOES: None
ABSENT: None

ITEM 2 – Moss Adams discussion of Audited Financial Statements for FYE June 30, 2022 and Single Audit – Received & Filed

Mr. Matt Parsons, Partner for Moss Adams LLP presented the 2022 Audit Results, including the Auditor Report on the Financial Statements and Single Audit.

An unmodified opinion on the financial statements was issued.

ITEM 3 – Review of Completed Service Provider Audits – Received & Filed

Mr. Michael Leue provided a summary of ACTA completed service provider audits.

ITEM 4 – FY 2022-2023 Audit Schedule - Approved

Mr. Kevin Scott presented the Updated Service Provider Audit Plan for FY 2023-2024.

Member Kenagy moved to approve Item 4, seconded by Chair Renwick. Roll call was taken and carried by the following vote:

AYES: Cano, Kenagy, Renwick

NOES: None

ABSENT: None

D. Public Comment

No members of the public addressed the Committee.

E. Closed Session

None

Adjournment

The Audit Committee meeting was adjourned at 2:35 p.m.

AUDIT COMMITTEE - ITEM 2

M E M O

Alameda Corridor Transportation Authority

Meeting Date:	December 14, 2023
To:	Audit Committee of the Governing Board
From:	Kevin L. Scott, Chief Financial Officer
Subject:	Moss Adams discussion of Audited Financial Statements for FYE June 30, 2023 and the Report of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Receive & File)

Recommendation:

Moss Adams will present the results of the FY 2023 audit to the Audit Committee. The Audit Committee may act to forward the Audited Financial Statements for FYE June 30, 2023 and the Report of Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the Single Audit Report) to the Governing Board for receipt and filing at the ACTA Board meeting.

Discussion:

Each year following completion of the fiscal year on June 30th, ACTA's independent auditor audits the financial statements of ACTA and expresses an opinion on the financial statements based upon the results of the audit. The Audit of the Financial Statements for the fiscal year ending June 30, 2023 was completed and released on October 24, 2023.

For fiscal years in which ACTA receives $750,000 or more in Federal funding, the independent auditor is also required to audit compliance with the requirements of Title 2 Code of Federal Regulations Section 200 issued by the U.S. Office of Management and Budget. The fiscal year ending June 30, 2023 was such a year and the compliance report, known as the Single Audit Report, was completed and released by Moss Adams on October 24, 2023.

Copies of the Audited Financial Statements for the fiscal year ending June 30, 2023 are attached. Moss Adams' presentation is also attached.

Transmittals:

Transmittal 1 - Audited Financial Statements for FYE June 30, 2023
Transmittal 2 - Single Audits for FYE June 30, 2023
Transmittal 3 - Moss Adams' Audit Results Presentation

Transmittal 1

Report of Independent Auditors and Financial Statements with Required Supplementary Information

Alameda Corridor Transportation Authority

June 30, 2023 and 2022

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

The Governing Board
Alameda Corridor Transportation Authority

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alameda Corridor Transportation Authority, which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Alameda Corridor Transportation Authority as of June 30, 2023 and 2022, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). For the year ended June 30, 2023, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards),* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alameda Corridor Transportation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alameda Corridor Transportation Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of proportionate share of the net pension liability, schedule of contributions – pension, schedule of changes in the net other post-employment benefits asset and related ratios, and schedule of contributions – other post-employment benefits, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2023, on our consideration of Alameda Corridor Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alameda Corridor Transportation Authority's internal control over financial reporting and compliance.

Moss Adams LLP

Irvine, California
October 24, 2023

Management's Discussion and Analysis

Description of Basic Financial Statements

The Alameda Corridor Transportation Authority (the "Authority" or "Corridor") 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, 2023 and 2022, was $585,539,734, and $524,018,290, respectively. Of this amount $65,177,915 was invested in the Authority's capital assets, net of related debt, at June 30, 2022. Due to the refunding and issuance of new debt during the year ended June 30, 2023, total capital debt exceeded capital assets, and therefore, the net impact is reflected as part of the Authority's overall unrestricted net deficit. The Authority's net position decreased by $61,521,444 and $52,266,432 in the years ended June 30, 2023 and 2022, respectively.

The 2023 and 2022 fiscal years marked the twenty first and twentieth full years of operations for the Authority, respectively. The Authority earned $109,526,255 and $105,532,209 from use fees, container charges, and maintenance-of-way charges during fiscal years ended June 30, 2023 and 2022, respectively. The Authority's use fees and container charges for the year 2023 were more than the 2022 total by 2.4%. 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.

Condensed Financial Information

The following condensed financial information provides an overview of the Authority's financial position for the fiscal years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021	Change Between 2023 and 2022	Change Between 2022 and 2021
ASSETS					
Capital assets, net	$ 1,472,546,251	$ 1,493,657,787	$1,514,779,960	$ (21,111,536)	$ (21,122,173)
Other assets	221,884,978	183,145,993	222,189,293	38,738,985	(39,043,300)
Total assets	1,694,431,229	1,676,803,780	$1,736,969,253	17,627,449	(60,165,473)
DEFERRED OUTFLOWS OF RESOURCES	46,623,705	13,181,352	14,518,837	33,442,353	(1,337,485)
LIABILITIES					
Long-term liabilities	2,286,364,613	2,123,453,024	2,141,463,792	162,911,589	(18,010,768)
Current liabilities	39,883,948	89,356,997	81,510,526	(49,473,049)	7,846,471
Total liabilities	2,326,248,561	2,212,810,021	2,222,974,318	113,438,540	(10,164,297)
DEFERRED INFLOWS OF RESOURCES	346,107	1,193,401	265,630	(847,294)	927,771
NET POSITION					
Net investment in capital assets	-	65,177,915	56,048,908	(65,177,915)	9,129,007
Restricted for debt service	119,498,555	110,068,346	107,302,635	9,430,209	2,765,711
Restricted by Master Trust Indenture	79,612,842	41,508,731	66,576,480	38,104,111	(25,067,749)
Unrestricted (deficit)	(784,651,131)	(740,773,282)	(701,679,881)	(43,877,849)	(39,093,401)
Total net position	$ (585,539,734)	$ (524,018,290)	$ (471,751,858)	$ (61,521,444)	$ (52,266,432)

Capital Assets

Capital assets, net, made up of infrastructure and equipment, decreased by $21.1 million or 1.4% between 2023 and 2022. These decreases are primarily due to depreciation of capital assets of $21.1.

Deferred Outflows of Resources

Deferred outflows of resources increased by $33.4 million or 253.7% between 2022 and 2023 and decreased by $1.3 million or 9.2% between 2021 and 2022, respectively. The increase from 2022 to 2023 were primarily due to deferred losses on 2022 bonds refunding. The decrease from 2021 to 2022 was due to amortization on past deferred losses on the 2016 bonds refunding. The deferred outflows on bond refunding are calculated as the difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts). The deferred outflows are being amortized over the shorter of the remaining life of the old debt or the new debt.

Other Assets

Other assets increased by $38.7 million or 21.2% between 2023 and 2022, primarily due to increases in restricted cash and investments, receivables, and prepaid insurance premiums associated with the Authority's 2022 bond refunding.

Other assets decreased by $39.0 million or 17.6% between 2022 and 2021, primarily due to decreases in restricted cash and investments and assets held for transfer.

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 $49.5 million or -55.4% and increased by $7.8 million or 9.6% during the fiscal years ended June 30, 2023 and 2022, respectively.

The $49.5 million decrease in fiscal year 2023 is primarily due to a decrease in accrued short-term debt.

The $7.8 million increase in fiscal year 2022 is primarily due to an increase in accrued short-term debt and unearned revenue.

Long-Term Liabilities

Long-term liabilities increased by $163.0 million or 7.7% in fiscal year 2023 compared to fiscal year 2022. The 2023 increase was primarily due to the issuance of the 2022 Series bonds offset by the refunding of older bonds.

Long-Term liabilities decreased by $18.0 million or 0.8% in fiscal year 2022 compared to fiscal year 2021. The 2022 decrease was primarily due to total principal and interest payments on revenue bonds.

The Master Trust Indenture

In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, 2016, and 2022 ("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 $61.5 million or 11.7% and $52.3 million or 11.1% during the years ended June 30, 2023 and 2022, respectively. The change in net position was primarily the result of interest and operating expenses continuing to exceed operating income. In fiscal years 2023 and 2022, operating revenues were $109.5 million and $105.5 million, respectively. The operating revenues were not sufficient to cover the interest expense of $123.4 million in 2023 and $108.0 million in 2022.

Summary of Changes in Net Position

The table below summarizes the changes in net position for the years ended June 30, 2023, 2022, and 2021:

	2023	2022	2021	Change Between 2023 and 2022	Change Between 2022 and 2021
Operating revenues					
Use fees and container charges	$ 99,691,045	$ 97,311,981	$ 118,874,257	$ 2,379,064	$ (21,562,276)
Maintenance-of-way charges	9,835,210	8,220,228	7,925,261	1,614,982	294,967
Total operating revenues	109,526,255	105,532,209	126,799,518	3,994,046	(21,267,309)
Operating expenses					
Salaries and benefits	2,835,958	1,701,986	2,408,569	1,133,972	(706,583)
Administrative expenses and professional services	2,774,739	2,733,215	3,083,600	41,524	(350,385)
Maintenance-of-way charges	15,194,895	12,934,581	14,050,241	2,260,314	(1,115,660)
Depreciation	21,111,536	21,122,173	21,019,477	(10,637)	102,696
Total operating expenses	41,917,128	38,491,955	40,561,887	3,425,173	(2,069,932)
Operating income	67,609,127	67,040,254	86,237,631	568,873	(19,197,377)
Nonoperating revenues (expenses)					
Interest and investment income (loss), net	4,408,578	(1,223,813)	2,388,596	5,632,391	(3,612,409)
Interest expense	(123,420,121)	(108,001,227)	(107,533,022)	(15,418,894)	(468,205)
Grant revenues	973,149	1,942,312	577,595	(969,163)	1,364,717
Cost of issuance	(10,393,666)	-	-	(10,393,666)	-
Loss on transfers of assets held for transfer	(66,496)	(10,164,800)	-	10,098,304	(10,164,800)
Miscellaneous revenues	1,942,277	897,022	320,028	1,045,255	576,994
Expenses for public benefit	(2,574,292)	(2,756,180)	(730,206)	181,888	(2,025,974)
Total nonoperating expenses	(129,130,571)	(119,306,686)	(104,977,009)	(9,823,885)	(14,329,677)
Changes in net position	(61,521,444)	(52,266,432)	(18,739,378)	(9,255,012)	(33,527,054)
Net position, beginning of the year	(524,018,290)	(471,751,858)	(453,012,480)	(52,266,432)	(18,739,378)
Net position, end of year	$ (585,539,734)	$ (524,018,290)	$ (471,751,858)	$ (61,521,444)	$ (52,266,432)

Operating Revenues

Use fees and container charges revenues representing 91.0% and 92.2% of operating revenues in fiscal years 2023 and 2022, respectively, increased by $2.4 million and decreased by $21.6 million, or 2.4% and 18.1%, in 2023 and 2022, respectively. The current year increase in revenues was due to a net effect of a 4.5% increase in the Consumer Price Index ("CPI") offset by a decrease in the volume of containers received by the ports of Los Angeles and Long Beach (collectively known as the "Ports"). The prior year decrease was due to a decrease in the volume of containers received by the Ports.

Operating Expenses

Operating expenses consist of salaries and benefits, administrative expenses, professional services, maintenance-of-way charges, and depreciation. During the year ended June 30, 2023, operating expenses increased by $3.4 million or 8.9%. The increase in 2023 was the result of an increase of salaries and benefits and M&O expenses. During the year ended June 30, 2022, operating expenses decreased by $2.1 million or 5.1%. The decrease in 2022 was the result of a decrease in maintenance-of-way charges.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of interest and investment earnings, interest expense, grant revenues, miscellaneous revenues, loss on transfers of assets held for transfer, and expenses for public benefit.

The 2023 increase in nonoperating expenses of $9.8 million was primarily due to $15.4 million increase in interest expense and $10.4 million in cost of issuance expenses offset by an increase in investment income and as a result of a few properties and other parcels that were transferred in 2023 compared to 2022. The 2022 increase in nonoperating expenses of $14.3 million was primarily due to a $3.6 million loss on investment returns and $10.2 million in properties and other parcels that were transferred in 2022.

Capital Assets and Debt Administration

At June 30, 2023 and 2022, the Authority had approximately $1.47 billion and $1.49 billion, respectively, of capital assets, net of accumulated depreciation, and approximately $2.29 billion and $2.12 billion, respectively, in outstanding long-term debt.

Long-Term Debt

As of June 30, 2023 and 2022, the Authority’s long-term portion of revenue bonds payable was $1.65 billion and $1.47 billion, respectively. In addition, accrued interest payable was $621.7 million and $636.8 million during fiscal years 2023 and 2022, respectively.

As of June 30, 2023, the Authority’s credit ratings for the Senior Bonds (1999A, 1999C, 2012, 2022A and 2022B) are A3, A-, and A by Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings, respectively. For the first subordinated debt (2004A, 2004B, and 2016A), the ratings are Baa2, BBB+, and BBB+ by Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings, respectively, and for the second subordinated debt (2016B and 2022C), 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. 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, 2023, approximately $1.98 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 accumulating to $13.1 million from the Ports 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, and its bond-related documents. Significant among those projects is the SR-47 project. 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 was completed in September 2021 and full closeout is scheduled to occur in the middle of 2024.

Pursuant to Section 7.3(h)(ii) of the Use and Operating Agreement, the Authority delivered a Notice of Estimated Shortfall Advances dated March 15, 2022 (the "March 2022 Notice"). In the March 2022 Notice, the Authority indicated that a Shortfall Advance in the amount of $5,000,000 would be required from the Ports for the fiscal year ending in 2023 and a voluntary Port Advance in the amount of $13,000,000 would also be requested from the Ports for the fiscal year ending in 2023. The March 2022 Notice stated that the Authority was evaluating options to restructure its debt, including through the issuance of new bonds, which may reduce or eliminate the need for any Port Advance.

On July 14, 2022, the Authority issued $169,046,510 aggregate principal amount of its Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A, $349,694,763 aggregate principal amount of Taxable Senior Lien Revenue Refunding Bonds, Series 2022B and $212,196,986 aggregate principal amount of Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C (collectively, the "Series 2022 Bonds"). The Series 2022 Bonds were issued to, among other things, defease certain outstanding bonds through a tender and refunding of those bonds. The restructuring of the Authority's debt through the issuance of the Series 2022 Bonds has removed the projected need for any Shortfall Advance or voluntary Port Advance in the fiscal year ending in 2024.

In April 2019, the Board approved the selection of a new maintenance contractor for the Corridor. RailWorks Track Services, Inc.'s ("RailWorks'") contract commenced on May 1, 2019, for a five-year term with a five-year renewal option. Expenditures related to the maintenance of the Corridor continue to be higher, as the Corridor ages and additional capital work is required.

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.

Financial Statements

Alameda Corridor Transportation Authority
Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Restricted cash and cash equivalents	$ 39,740,758	$ 60,363,385
Restricted investments	67,974,247	52,279,049
Receivables	17,496,962	14,097,414
Prepaid expenses	2,294,731	1,509,733
Total current assets	127,506,698	128,249,581
Prepaid bond insurance premiums, net	18,539,640	-
Restricted investments	72,450,394	51,156,921
Assets held for transfer	3,116,329	3,182,825
OPEB asset	271,917	556,666
Capital assets not being depreciated	438,148,732	438,148,732
Capital assets, net of accumulated depreciation	1,034,397,519	1,055,509,055
Total assets	1,694,431,229	1,676,803,780
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding	45,012,155	12,344,243
Pension and OPEB related items	1,611,550	837,109
Total assets and deferred outflows of resources	$ 1,741,054,934	$ 1,689,985,132
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	$ 6,784,529	$ 8,018,917
Unearned revenue	4,425,838	2,402,881
Accrued interest payable, current portion	12,550,134	40,588,101
Revenue bonds payable, current portion	15,495,000	37,813,264
Other liabilities	628,447	533,837
Total current liabilities	39,883,948	89,357,000
Shortfall advances payable to Ports	13,115,138	12,646,463
Net pension liability	2,304,499	809,128
Accrued interest payable, net of current portion	621,655,133	636,833,348
Revenue bonds payable, net of current portion and unamortized discount	1,649,289,843	1,473,164,082
Total liabilities	2,326,248,561	2,212,810,021
DEFERRED INFLOWS OF RESOURCES	346,107	1,193,401
NET POSITION		
Net investments in capital assets	-	65,177,915
Restricted, expendable for		
Debt service	119,498,555	110,068,346
Master Trust Indenture	79,612,842	41,508,731
Unrestricted (deficit)	(784,651,131)	(740,773,282)
Total net position	(585,539,734)	(524,018,290)
Total liabilities, deferred inflows of resources, and net position	$ 1,741,054,934	$ 1,689,985,132

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES		
Use fees and container charges	$ 99,691,045	$ 97,311,981
Maintenance-of-way charges	9,835,210	8,220,228
Total operating revenues	109,526,255	105,532,209
OPERATING EXPENSES		
Salaries and benefits	2,835,958	1,701,986
Administrative expenses	1,828,304	1,823,253
Professional services	946,435	909,962
Maintenance-of-way	15,194,895	12,934,581
Depreciation	21,111,536	21,122,173
Total operating expenses	41,917,128	38,491,955
Operating income	67,609,127	67,040,254
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue (loss), net	4,408,578	(1,223,813)
Grant revenue	973,149	1,942,312
Miscellaneous revenue	1,942,277	897,022
Interest expense	(123,420,121)	(108,001,227)
Cost of issuance	(10,393,666)	-
Loss on transfers of assets held for transfer	(66,496)	(10,164,800)
Expenses for public benefit	(2,574,292)	(2,756,180)
Total nonoperating expenses, net	(129,130,571)	(119,306,686)
Changes in net position	(61,521,444)	(52,266,432)
NET POSITION, beginning of the year	(524,018,290)	(471,751,858)
NET POSITION, end of year	$ (585,539,734)	$ (524,018,290)

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for services	$ 106,877,831	$ 104,778,558
Payment to suppliers for goods and services	(19,989,020)	(16,084,580)
Payments to employees	(2,582,963)	(2,293,247)
Net cash provided by operating activities	84,305,848	86,400,731
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant receipts	2,114,321	3,358,310
Payments for expenses for public benefit	(2,574,292)	(2,756,180)
Receipts for miscellaneous income	1,942,277	897,022
Net cash provided by noncapital financing activities	1,482,306	1,499,152
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds received on bonds payable	730,938,259	-
Proceeds received from advances from the Ports	468,675	-
Payments for debt issuance costs and prepaid insurance premiums	(28,933,306)	-
Principal paid on bonds payable	(547,383,166)	(31,745,591)
Interest payments on debt	(229,051,811)	(84,717,305)
Net cash used in capital and related financing activities	(73,961,349)	(116,462,896)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(529,017,264)	(520,215,005)
Sales of investments	491,544,584	553,669,676
Interest received	5,023,248	3,136,492
Net cash (used in) provided by investing activities	(32,449,432)	36,591,163
NET (DECREASE) INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(20,622,627)	8,028,150
RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	60,363,385	52,335,235
RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 39,740,758	$ 60,363,385

See accompanying notes.

Alameda Corridor Transportation Authority
Statements of Cash Flows (Continued)
Years Ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 67,609,127	$ 67,040,254
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	21,111,536	21,122,173
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables	(2,648,424)	(753,651)
Prepaid expenses	(784,998)	(179,508)
OPEB asset	284,749	(43,233)
Deferred outflows/inflows of resources	(1,621,735)	770,845
Accounts payable	(1,234,388)	(237,276)
Net pension liability	1,495,371	(1,392,907)
Other liabilities	94,610	74,034
Net cash provided by operating activities	$ 84,305,848	$ 86,400,731
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES		
Losses on transfers of assets held for transfer	$ 66,496	$ 10,164,800

See accompanying notes.

Note 1 – Organization and Summary of Significant Accounting Policies

Reporting entity – The Alameda Corridor Transportation Authority (the "Authority" or "Corridor") 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 (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, 2023, the members of the Authority's Governing Board were the following:

Chairperson – Mr. Joe Buscaino, Council member, City of Los Angeles from 7/1/2022 to 12/12/2022
Mr. Tim McOsker, Council member, City of Los Angeles from 12/13/2022 to 6/30/2023

Vice Chairperson – Ms. Suzie Price, Council member, City of Long Beach from 7/1/2022 to 12/13/2023
Ms. Suely Saro, Council member, City of Long Beach from 2/21/2023 to 6/30/2023

Member – Mr. Frank Colonna, Commissioner, Port of Long Beach
Member – Mr. Edward Renwick, Vice President, Port of Los Angeles
Member – Mr. Eugene Seroka, Executive Director, Port of Los Angeles
Member – Mr. Mario Cordero, Executive Director, Port of Long Beach
Member – Mr. Michael Cano, Executive Officer, Los Angeles County Metro

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 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 Alameda 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 by the Governing Board and is now extended through June 30, 2024.

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. On December 15, 2016, an Amended and Restated Alameda Corridor Use and Operating Agreement was executed by and among the Ports, the railroads, and the Authority, which, among other things, incorporates the amendments set forth in the First Amendment dated as of July 5, 2006; replaces the Operating Committee with direct decision-making authority by the Ports and railroads for the management of Alameda Corridor maintenance and operations; and removes construction-related provisions and updates certain other provisions to reflect current conditions and practices. Dissolving the Operating Committee and modifying the decision-making process did not have any impact on the day-to-day operation of the Alameda Corridor or the collection of the Authority's revenues. 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, 2013A, 2016, and 2022 ("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 $79,612,842 and $41,508,731 as of June 30, 2023 and 2022, 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 generally accepted accounting principles in the United States of America (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.

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.

Receivables – Grant contracts receivable consist of unsecured reimbursements due from funding sources for services performed prior to year-end. Use fees and other receivables are carried at invoiced amounts. The Authority has not experienced losses from past uncollected receivables; therefore, it has not recognized an allowance for uncollectable amounts at June 30, 2023 and 2022.

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, 2023 and 2022, or quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. 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 the MTI investment policy. The investment policy was amended by the Authority's Governing Board in April 2018, segregating non-bond funds that are controlled by the Board from bond funds that are controlled by the MTI investment policy. The types of investment authorized by the policies are described further in Note 2.

Assets held for transfer – Remaining right-of-way parcels or easements that require a transfer are valued based upon the known costs paid at the time the parcel was originally acquired. These assets are not held for investment purposes. The carrying value of these assets is further described in Note 4.

Capital assets – Capital assets purchased or constructed, including capitalized interest accrued during construction, are carried at cost. 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 non-depreciable components. Costs associated with construction and building of the structures, track, and signal systems of the Corridor are depreciable. Non-depreciable components include the demolition, excavation, backfill, embankment fill, removal of contaminated soil, construction delay costs, and utility relocations.

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

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

Infrastructure and equipment acquired with state and local grants are also included in capital assets. Depreciation on these assets is recorded as an operating expense.

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, 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 (including repayment of 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 MTI.

Remaining long-term debt proceeds that have been set aside for capital projects are also reported as restricted assets. The monies restricted for capital projects have been fully expended. 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, 2023, is a deficit of $585.5 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 (CABs), 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, 2023 and 2022, 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 $272,375 and $230,774 as of June 30, 2023 and 2022, respectively, have also been accrued in other liabilities of the accompanying statements of net position.

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. Pension information is further described in Note 7.

Post-Employment Benefits Other Than Pensions ("OPEB") – For purposes of measuring the total OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to and deductions from the OPEB's plan fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB information is further described in Note 8.

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 Rail 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.

New accounting pronouncements – In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for SBITAs and (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

The Authority adopted the provisions of this Statement retroactively during the fiscal year ended June 30, 2023; however, the adoption of this Statement did not have a material impact on the Authority's financial statements.

Note 2 – Restricted Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2023 and 2022, are classified in the accompanying basic financial statements as follows:

	2023	2022
Current restricted cash and cash equivalents	$ 39,740,758	$ 60,363,385
Current restricted investments	67,974,247	52,279,049
Noncurrent restricted investments	72,450,394	51,156,921
Total restricted cash, cash equivalents, and investments	$ 180,165,399	$ 163,799,355

Deposits – At June 30, 2023 and 2022, the net carrying amount of the Authority's deposit account with Bank of America was $490,867 and $492,809, respectively, while the corresponding bank balance was $503,204 and $616,867, 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 included in the MTI for bond funds and adopted by the Governing Board of the Authority for non-bond funds. The objectives of the policies are, in order of priority, preservation of capital, liquidity, and yield. The policies address 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 carrying 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. Amounts up to $10 million can be withdrawn on demand. At June 30, 2023 and 2022, the balance of such deposits is $9,394,906 and $9,728,226, respectively.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates that 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 MTI 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
U.S. Treasury bills, notes, or bonds	5 years	None	None
State warrants or bonds	5 years	None	None
U.S. local agency bonds, notes, or warrants	5 years	None	None
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	2 years	30%	None
Medium-term maturity corporate notes	3 years	30%	8%
Money market funds	None	20%	10%
State of California LAIF	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	None
Repurchase agreements	90 days	50%	None
Guaranteed Investment Contracts and Investment Agreements	5 years	50%	20%
Bankers' acceptances	270 days	40%	10%
Federal agency obligations	5 years	None	None

In April 2018, the Governing Board adopted a modified Investment Policy for investments not controlled by MTI. Such investments represent approximately 8.0% and 8.9% of the Authority's investments as of June 30, 2023 and 2022, respectively.

Under the provisions of the Authority's non-MTI-related Investment Policy, and in accordance with Section 53601 of the California Government Code, the Authority's non-MTI-related funds may be invested in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	5 years	None	None
Federal agency obligations	5 years	None	None
U.S. local agency bonds, notes, or warrants	5 years	None	None
State warrants or bonds	5 years	None	None
Authority bonds	N/A	None	N/A
Commercial paper	180 days	30%	10%
Negotiable certificates of deposit	2 years	30%	None
Medium-term maturity corporate notes	3 years	30%	8%
Money market funds	None	20%	10%
State of California LAIF	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	None
Repurchase agreements	90 days	50%	None
Guaranteed investment contracts and investment agreements	5 years	50%	20%
Bankers' acceptances	270 days	40%	10%

The following schedules indicate the combined distribution of the Authority's investments as of June 30:

	2023		2022	
	Reported Amount	Weighted-Average Maturity (in Years)	Reported Amount	Weighted-Average Maturity (in Years)
Cash and investment type				
Cash	$ 9,413,714	-	$ 493,310	-
Money market fund	12,855,754	-	31,187,099	-
LAIF	9,394,906	-	9,728,226	-
U.S. Treasury notes	105,642,226	1.34	48,968,810	1.67
U.S. corporate notes	11,823,351	1.80	8,278,760	0.97
Federal agency obligations	31,035,448	1.09	65,143,150	1.04
	$ 180,165,399		$ 163,799,355	

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 distribution of investment amounts by type of investment and rating category as of June 30, 2023 and 2022.

	Ratings as of June 30, 2023								
	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 12,855,754	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,413,714	$ 22,269,468
LAIF	-	-	-	-	-	-	-	9,394,906	9,394,906
U.S. Treasury notes	61,915,359	-	-	-	-	43,726,867	-	-	105,642,226
U.S. corporate notes	1,128,629	1,335,614	4,006,608	2,636,230	2,716,270	-	-	-	11,823,351
Federal agency obligations	24,750,833	-	-	-	-	6,284,615	-	-	31,035,448
Total	$ 100,650,575	$ 1,335,614	$ 4,006,608	$ 2,636,230	$ 2,716,270	$ 50,011,482	$ -	$ 18,808,620	$ 180,165,399

	Ratings as of June 30, 2022								
	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 31,187,099	$ -	$ -	$ -	$ -	$ -	$ -	$ 493,310	$ 31,680,409
LAIF	-	-	-	-	-	-	-	9,728,226	9,728,226
U.S. Treasury notes	35,241,540	-	-	-	-	13,727,270	-	-	48,968,810
U.S. corporate notes	529,881	1,742,052	2,457,926	2,747,728	801,173	-	-	-	8,278,760
Federal agency obligations	38,080,583	-	-	-	-	27,062,567	-	-	65,143,150
Total	$ 105,039,103	$ 1,742,052	$ 2,457,926	$ 2,747,728	$ 801,173	$ 40,789,837	$ -	$ 10,221,536	$ 163,799,355

Market volatility risk – Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Concentration of credit risk – The Authority's investment policies contain 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:

	2023	2022
Federal Home Loan Bank – federal agency obligations	$ 9,327,475	$ 11,740,916
Federal National Mortgage Association – federal agency obligations	14,048,429	30,095,876
Federal Home Loan Mortgage Corporation – federal agency obligations	8,930,987	16,691,891
Fidelity Institutional	11,793,335	30,894,994

Investment valuation – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Authority's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2023 and 2022.

U.S. government securities, mortgage-backed securities, and other debt and equity securities – Valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. Such securities are classified within Level 2 of the valuation hierarchy.

Fair values of investments have been determined by the Authority from observable market quotations, as reflected below. The following tables present the Authority's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2023 and 2022.

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Investments				
Federal agencies and municipalities				
U.S. Treasury notes	$ 105,642,226	$ -	$ 105,642,226	$ -
U.S. corporate notes	11,823,351	-	11,823,351	-
Federal agency obligations	31,035,448	-	31,035,448	-
	$ 148,501,025	$ -	$ 148,501,025	$ -
Cash and equivalents not measured at fair value				
Cash	9,413,714			
LAIF	9,394,906			
Money market accounts	12,855,754			
	$ 180,165,399			

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Investments				
Federal agencies and municipalities				
U.S. Treasury notes	$ 48,968,810	$ -	$ 48,968,810	$ -
U.S. corporate notes	8,278,760	-	8,278,760	-
Federal agency obligations	65,143,150	-	65,143,150	-
	$ 122,390,720	$ -	$ 122,390,720	$ -
Cash and equivalents not measured at fair value				
Cash	493,310			
LAIF	9,728,226			
Money market accounts	31,187,099			
	$ 163,799,355			

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 as of June 30:

	2023	2022
Grants receivable	$ 984,952	$ 103,167
Accrued receivable	2,290,898	1,825,820
Interest receivable	950,835	1,081,496
Use fees and other receivables	13,270,277	11,086,931
Total	$ 17,496,962	$ 14,097,414

Note 4 – Assets Held for Transfer

Assets held for 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 Alameda Corridor. 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 Alameda Corridor is in the process of being deeded to the Ports, as tenants in common. There was $10.2 million in transfers that took place during 2022 and approximately $66,500 during 2023.

	Balance, June 30, 2022	Additions	Sales/Transfers	Balance, June 30, 2023
Assets held for transfer	$ 3,182,825	$ -	$ (66,496)	$ 3,116,329

	Balance, June 30, 2021	Additions	Sales/Transfers	Balance, June 30, 2022
Assets held for transfer	$ 13,347,625	$ -	$ (10,164,800)	$ 3,182,825

Note 5 – Capital Assets

The following schedule summarizes capital assets for the years ended June 30, 2023 and 2022:

	Balance, June 30, 2022	Additions	Deletions	Balance, June 30, 2023
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,538,810	-	-	7,538,810
Total buildings and equipment	8,929,706	-	-	8,929,706
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	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	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	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,915,316,440	-	-	1,915,316,440
Less accumulated depreciation for				
Trench structures	(208,402,854)	(10,430,222)	-	(218,833,076)
Track and signals	(61,901,824)	(3,309,086)	-	(65,210,910)
Rail bridge structures	(105,297,112)	(5,292,827)	-	(110,589,939)
Highway bridge structures	(37,842,443)	(1,948,030)	-	(39,790,473)
Office equipment	(288,302)	-	-	(288,302)
Buildings	(735,063)	(36,753)	-	(771,816)
Revenue assessment and verification system and other software	(7,191,055)	(94,618)	-	(7,285,673)
Total accumulated depreciation	(421,658,653)	(21,111,536)	-	(442,770,189)
Capital assets, net	$ 1,493,657,787	$ (21,111,536)	$ -	$ 1,472,546,251

The following schedule summarizes capital assets for the years ended June 30, 2022 and 2021:

	Balance, June 30, 2021	Additions	Deletions	Balance, June 30, 2022
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,538,810	-	-	7,538,810
Total buildings and equipment	8,929,706	-	-	8,929,706
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	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	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	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,915,316,440	-	-	1,915,316,440
Less accumulated depreciation for				
Trench structures	(197,972,632)	(10,430,222)	-	(208,402,854)
Track and signals	(58,592,739)	(3,309,085)	-	(61,901,824)
Rail bridge structures	(100,004,285)	(5,292,827)	-	(105,297,112)
Highway bridge structures	(35,894,413)	(1,948,030)	-	(37,842,443)
Office equipment	(287,545)	(757)	-	(288,302)
Buildings	(695,246)	(39,817)	-	(735,063)
Revenue assessment and verification system and other software	(7,089,620)	(101,435)	-	(7,191,055)
Total accumulated depreciation	(400,536,480)	(21,122,173)	-	(421,658,653)
Capital assets, net	$ 1,514,779,960	$ (21,122,173)	$ -	$ 1,493,657,787

Note 6 – Bonds Payable

The 1999A Series Senior Lien Tax-Exempt Bonds ("1999A Bonds"), the 1999C Senior Lien Taxable Bonds ("1999C 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"), the 2013A Series Tax-Exempt Senior Lien Bonds ("2013A Bonds"), the 2016A Series Subordinate Lien Tax-Exempt Bonds ("2016A Bonds"), the 2016B Series Second subordinate Lien Tax-Exempt Bonds ("2016B Bonds"), the 2022A Tax-Exempt Senior Lien Bonds ("2022A Bonds"), the 2022B Taxable Senior Lien Bonds ("2022B Bonds"), and the 2022C Tax-Exempt Second Subordinate Lien Bonds ("2022C 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.

As of June 30, 2023 and 2022, the unamortized premium balance on the 1999A and 1999C, 2004A and 2004B, 2016A and 2016B, and 2022C Bonds was $40,405,634 and $70,153,230, respectively.

Long-term liability activity for the years ended June 30, 2023 and 2022, was as follows:

	Balance, June 30, 2022	Additions	Defeased	Payments and Amortization	Balance, June 30, 2023	Due Within One Year
Revenue bonds payable						
1999A Bonds	$ 50,453,617	$ -	$ (11,666,272)	$ -	$ 38,787,345	$ -
1999C Bonds	352,718,669	-	(132,666,894)	-	220,051,775	-
2004A Bonds	36,349,420	-	-	-	36,349,420	-
2004B Bonds	131,132,410	-	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	-	83,710,000	10,550,000
2013A Bonds	201,005,000	-	(201,005,000)	-	-	-
2016A Bonds	28,595,000	-	-	(10,830,000)	17,765,000	4,945,000
2016B Bonds	556,860,000	-	(191,215,000)	-	365,645,000	-
2022A Bonds	-	169,046,510	-	-	169,046,510	-
2022B Bonds	-	349,694,763	-	-	349,694,763	-
2022C Bonds	-	212,196,986	-	-	212,196,986	-
Total revenue bonds payable	1,440,824,116	730,938,259	(536,553,166)	(10,830,000)	1,624,379,209	15,495,000
Less unamortized bond premium	70,153,230	5,810,310	(32,242,658)	(3,315,248)	40,405,634	-
Accrued interest payable	677,421,450	151,829,412	(149,683,448)	(45,362,147)	634,205,267	12,550,134
Net revenue bonds payable	$ 2,188,398,796	$ 888,577,981	$ (718,479,272)	$ (59,507,395)	$ 2,298,990,110	$ 28,045,134

	Balance, June 30, 2021	Additions	Defeased	Payments and Amortization	Balance, June 30, 2022	Due Within One Year
Revenue bonds payable						
1999A Bonds	$ 50,453,617	$ -	$ -	$ -	50,453,617	$ -
1999C Bonds	360,069,260	-	-	(7,350,591)	352,718,669	6,993,264
2004A Bonds	36,349,420	-	-	-	36,349,420	-
2004B Bonds	131,132,410	-	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	-	83,710,000	-
2013A Bonds	219,715,000	-	-	(18,710,000)	201,005,000	19,990,000
2016A Bonds	34,280,000	-	-	(5,685,000)	28,595,000	10,830,000
2016B Bonds	556,860,000	-	-	-	556,860,000	-
Total revenue bonds payable	1,472,569,707	-	-	(31,745,591)	1,440,824,116	37,813,264
Less unamortized bond premium	78,219,160	-	-	(8,065,930)	70,153,230	-
Accrued interest payable	647,583,068	114,555,684	-	(84,717,303)	677,421,449	40,588,101
Net revenue bonds payable	$ 2,198,371,935	$ 114,555,684	$ -	$ (124,528,824)	$ 2,188,398,795	$ 78,401,365

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, 2023 and 2022, are $38,787,345 and $99,731,121, and $50,453,617 and $120,512,441, respectively.

On July 14, 2022, a portion of the 1999A CABs were tendered by a portion of the proceeds of the Series 2022A Bonds.

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 Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	13,831,178	61,318,822	75,150,000
2034–2038	24,956,167	144,808,833	169,765,000
Total	$ 38,787,345	$ 206,127,655	$ 244,915,000

1999 C Bonds – The 1999C Bonds include both current interest bonds (CIBs) and CABs.

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.

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 $191,060,000 and $300,480,000 at June 30, 2023 and 2022, respectively.

On July 14, 2022, a portion of 1999C CIBs were tendered by a portion of the proceeds of the Series 2022B Bonds.

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 Years Ending June 30,			
2024	$ -	$ 12,609,960	$ 12,609,960
2025	-	12,609,960	12,609,960
2026	-	12,609,960	12,609,960
2027	42,500,000	11,207,460	53,707,460
2028	45,855,000	8,291,745	54,146,745
2029–2033	102,705,000	6,904,755	109,609,755
Total	$ 191,060,000	$ 64,233,840	$ 255,293,840

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 were set to commence 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, 2023 and 2022, are $28,991,775 and $121,482,369, and $52,238,669 and $199,886,631, respectively.

The 1999C CABs are not subject to optional redemption. On July 14, 2022 a portion of 1999C CABs were tendered by a portion of the proceeds of the Series 2022B Bonds. As a result, the Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	7,099,365	56,545,635	63,645,000
2034–2038	21,892,410	232,257,590	254,150,000
Total	$ 28,991,775	$ 288,803,225	$ 317,795,000

2004A Bonds – The 2004A Bonds include both Capital Appreciation Bond – Non Convertible (CABs) and Capital Appreciation Bonds – Convertible ("CCIBs").

2004 Series A Capital Appreciation Bonds – Non Convertible – The 2004A Bonds were initially all CABs. Of the total, $475,292,386 and $274,992,286 were convertible and converted to current interest bonds on October 1, 2012, and were callable on October 1, 2017 (CCIBs). $200,300,100 are not convertible or callable (CABs). 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 2004A CABs were set to mature between fiscal years 2012 and 2031 and have an accretion yield to maturity at rates ranging from 4.30% to 5.72%.

On May 24, 2016, all of the 2004A CABs maturing during fiscal year 2017 and a portion of the 2004A CABs maturing during fiscal years 2018 through 2021 were advance refunded, defeased, and escrowed to maturity. As a result, the Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	36,349,420	121,330,580	157,680,000
Total	$ 36,349,420	$ 121,330,580	$ 157,680,000

The principal and accrued interest balances outstanding on the 2004A CABs at June 30, 2023 and 2022, are $36,349,420 and $75,129,450, and $36,349,420 and $65,289,213, respectively.

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 $303,315,765, and $131,132,410 and $277,015,141, at June 30, 2023 and 2022, respectively.

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

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	25,085,190	75,589,810	100,675,000
2028	23,522,714	77,152,286	100,675,000
2029–2033	66,413,487	279,256,513	345,670,000
2034–2038	16,111,019	84,563,981	100,675,000
Total	$ 131,132,410	$ 516,562,590	$ 647,695,000

2012 Bonds – In June 2012, the Authority issued $83,710,000 in senior lien bonds through a Railroad Rehabilitation & Improvement Financing ("RRIF"). 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, 2022 and June 30, 2021. 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 terms of the 2012 Bond transaction required the Authority to establish a dedicated debt service reserve fund ("DSRF") in the amount of $7,200,000. The Authority entered into a surety agreement with the Ports to provide a surety for the DSRF until such time as the Authority was able, through scheduled periodic deposits of cash, to fund the DSRF. The Authority made the final cash deposit into the DSRF on October 1, 2019, and the Ports have been released by the trustee from the surety obligation. The Authority's remaining debt service on the 2012 Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ 10,550,000	$ 1,932,322	$ 12,482,322
2025	9,995,000	1,674,669	11,669,669
2026	9,410,000	1,438,433	10,848,433
2027	8,805,000	1,214,368	10,019,368
2028	8,170,000	1,006,794	9,176,794
2029–2033	30,170,000	2,483,762	32,653,762
2034–2038	6,610,000	156,679	6,766,679
Total	$ 83,710,000	$ 9,907,027	$ 93,617,027

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.

On July 14, 2022, the remaining 2013A Bonds were fully tendered and refunded by portions of the proceeds of the 2022A and the 2022B Bonds. There was no outstanding balance as of June 30, 2023.

2016A and B Bonds – The 2016A and B Tax-Exempt CIBs were issued on May 24, 2016.

2016A Bonds – The 2016A Bonds were issued by the Authority in the aggregate amount of $34,280,000 on May 24, 2016. Proceeds from the sale of these first subordinate lien 2016A Bonds were used on May 24, 2016, to advance refund, defease, and escrow to maturity certain 2004A CABs.

The 2016A Bonds are CIBs. Interest is payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing October 1, 2021 through 2025, at interest rates ranging from 4.00% to 5.00%. The principal balances on the 2016A Bonds are $17,765,000 and $28,595,000 on June 30, 2023 and 2022, respectively. The 2016A Bonds are not subject to optional redemption prior to stated maturity dates. The Authority's remaining debt service on the 2016A Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ 4,945,000	$ 739,900	$ 5,684,900
2025	6,260,000	484,500	6,744,500
2026	6,560,000	164,000	6,724,000
Total	$ 17,765,000	$ 1,388,400	$ 19,153,400

2016B Bonds – The 2016B Bonds were issued by the Authority in the aggregate amount of $556,860,000 on May 24, 2016. Proceeds from the sale of these second subordinate lien 2016B Bonds were used on May 24, 2016, to advance refund, defease, and escrow to October 1, 2017, all 2004A CCIBs. The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings in the amount of $21,466,292. These deferred outflows are being amortized over the remaining life of the old debt, as a component of interest expense. Amortization of these charges amounted to $1,494,411 and $1,494,411 for the years ended June 30, 2023 and 2022, respectively. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $10,894,832 and $12,344,243 at June 30, 2023 and 2022, respectively.

The 2016B Bonds are CIBs. Interest is payable semiannually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing on October 1, 2034 through 2037, at interest rates ranging from 3.125% to 5.00%. The principal balance on the 2016B Bonds is $365,645,000 and $556,860,000 on June 30, 2023 and 2022, respectively. The 2016B Bonds are redeemable at the option of the Authority on or after October 1, 2026, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the 2016B Bonds to be redeemed plus interest accrued to the date fixed for redemption.

On July 14, 2022 a portion of 2016B were tendered by the proceeds of the 2022C Bonds.

The Authority's remaining debt service on the 2016B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 16,849,406	$ 16,849,406
2025	-	16,849,406	16,849,406
2026	-	16,849,406	16,849,406
2027	-	16,849,406	16,849,406
2028	-	16,849,406	16,849,406
2029–2033	-	84,247,031	84,247,031
2034–2038	365,645,000	52,377,272	418,022,272
Total	$ 365,645,000	$ 220,871,333	$ 586,516,333

2022A Bonds – The 2022A Bonds are convertible appreciation bonds that were issued by the Authority in the aggregate amount of $169,046,510 on July 14, 2022.

The Series 2022A Bonds were issued (i) to defease the Authority's Outstanding Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2013A that were set to mature on October 1, 2022; (ii) to pay the purchase price to all holders of the Authority's Outstanding Series 2013A Bonds (other than the Refunded 2013A Bonds who elected to tender such Series 2013A Bonds to the Authority); (iii) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Senior Lien Revenue Bonds, Series 1999A who elected to tender such Series 1999A Bonds to the Authority; (iv) to purchase a debt service surety insurance policy from Assured Guaranty Municipal Corp. ("AGM") for the Series 2022A Bonds; (v) to purchase a municipal bond insurance policy from AGM; and (vi) to pay costs of issuing the Series 2022A Bonds, including costs of the associated tender.

The first maturity of the 2022A Bonds commences on October 1, 2047. The 2022A Bonds mature between October 1, 2047 and October 1, 2051, and have an accretion yield to maturity at rates ranging from 5.2% to 5.4%. The principal balance and accrued interest outstanding on the 2022A are $169,046,510 and $ 8,832,993.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	10,072,551	10,072,551
2039–2043	-	100,725,506	100,725,506
2034–2048	36,865,296	143,400,028	180,265,324
2049–2053	132,181,214	190,373,466	322,554,680
Total	$ 169,046,510	$ 444,571,551	$ 613,618,061

2022B Bonds – On July 14, 2022, the 2022B were issued by the Authority in $349,694,763 aggregate principal amount of Taxable Senior Lien Revenue Refunding Bonds, Series 2022B consisting of the following Series 2022B Bonds: $117,444,763 principal amount of Series 2022B Capital Appreciation Bonds and $232,250,000 principal amount of Series 2022B Current Interest Bonds.

The Series 2022B Bonds were being issued (i) to defease the Authority's Outstanding Taxable Senior Lien Revenue Bonds, Series 1999C that were set to mature on October 1, 2022, a portion of Series 1999C Bonds set to mature on October 1, 2029, to the October 1, 2025 sinking fund redemption date and a portion of the Series l999C Bonds set to mature on October 1, 2034, 2035, 2036, and 2037; (ii) to pay the purchase price to all holders of the Authority’s Outstanding Series 1999C Bonds who elected to tender such Series 1999C Bonds to the Authority; (iii) to defease the portion of the Series 2013A Bonds set to mature on October 1, 2023, 2024, 2025, and 2026 and bearing interest at a rate of 5.00%, October 1, 2026 and bearing interest at a rate of 3.000%, October 1, 2027 and bearing interest at a rate of 5.00%, October 1, 2027 and bearing interest at a rate of 3.00%, October 1, 2028 and bearing interest at a rate of 5.00%, October 1, 2028 and bearing interest at a rate of 3.125%, October 1, 2029 and bearing interest at a rate of 5.00%, and October 1, 2029 and bearing interest at a rate of 3.125% to the first optional redemption date (such Series 2013A Bonds together with the Refunded 2022 Maturity of the 2013A Bonds being collectively referred to as the "Refunded 2013A Bonds"); (iv) to purchase a debt service reserve surety policy from AGM for the Series 2022B Bonds; (v) to purchase a municipal bond insurance policy from AGM for the Series 2022B Bonds maturing on October 1, 2046; and (vi) to pay costs of issuing the Series 2022B Bonds, including costs of the associated tender.

The debt service of the Authority's 2022B CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 12,532,210	$ 12,532,210
2025	-	12,532,210	12,532,210
2026	-	12,532,210	12,532,210
2027	-	12,532,210	12,532,210
2028	-	12,532,210	12,532,210
2029–2033	-	62,661,050	62,661,050
2034–2038	-	62,661,050	62,661,050
2039–2043	-	62,661,050	62,661,050
2034–2048	232,250,000	26,979,460	259,229,460
Total	$ 232,250,000	$ 277,623,660	$ 509,873,660

The principal balance and accrued interest outstanding on the 2022B CABs are $117,444,763 and $7,511,870, respectively.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	-	-
2039–2043	108,154,421	237,720,579	345,875,000
2034–2048	9,290,342	27,774,658	37,065,000
2049–2053	-	-	-
Total	$ 117,444,763	$ 265,495,237	$ 382,940,000

2022C Bonds – On July 14, 2022, the 2022C were issued by the Authority in $212,196,986 aggregate principal amount of Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2022C consisting of the following Series 2022C Bonds: $106,105,000 principal amount of Series 2022C Current Interest Bonds and $106,091,986 principal amount of Series 2022C Convertible Capital Appreciation Bonds.

The Series 2022C Bonds were being issued (i) to pay the purchase price to all holders of the Authority's Outstanding Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B, who elected to tender such Series 2016B Bonds to the Authority; (ii) to purchase a debt service surety insurance policy from AGM for the Series 2022C Bonds; (iii) to purchase a municipal bond insurance policy from AGM for all of the Series 2022C Bonds and together with the Series 2022A Insured Bonds and the Series 2022B Insured Bonds; and (iv) to pay costs of issuing the Series 2022C Bonds, including costs of the associated tender.

The debt service of the Authority's 2022C CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ 5,305,250	$ 5,305,250
2025	-	5,305,250	5,305,250
2026	-	5,305,250	5,305,250
2027	-	5,305,250	5,305,250
2028	-	5,305,250	5,305,250
2029–2033	-	26,526,250	26,526,250
2034–2038	-	26,526,250	26,526,250
2039–2043	-	26,526,250	26,526,250
2034–2048	-	26,526,250	26,526,250
2049–2053	106,105,000	18,683,375	124,788,375
Total	$ 106,105,000	$ 151,314,625	$ 257,419,625

The principal balance and accrued interest outstanding on the 2022C CABs are $106,091,986 and $5,651,565, respectively.

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal Years Ending June 30,			
2024	$ -	$ -	$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029–2033	-	-	-
2034–2038	-	6,538,093	6,538,093
2039–2043	-	65,380,925	65,380,925
2034–2048	-	65,380,925	65,380,925
2049–2053	106,091,986	180,218,036	286,310,022
Total	$ 106,091,986	$ 317,517,979	$ 423,609,965

The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings in the amount of $38,687,219. These deferred outflows are being amortized over the remaining life of the old debt, as a component of interest expense. Amortization of these charges amounted to $4,524,896 for the year ended June 30, 2023. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $34,162,322 at June 30, 2023. There were no deferred outflows or amortization of these charges as of or for the year ended June 30, 2022. The overall economic loss on the refunding was $88,724,847.

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

	June 30, 2023		
	CIB	Long-Term CABs	Total
1999A Bonds	$ -	$ 99,731,121	$ 99,731,121
1999C Bonds	3,152,490	121,482,369	124,634,859
2004A Bonds	-	75,129,450	75,129,450
2004B Bonds	-	303,315,765	303,315,765
2012 Bonds	516,227	-	516,227
2016A Bonds	209,700	-	209,700
2016B Bonds	4,212,352	-	4,212,352
2022A Bonds	-	8,832,993	8,832,993
2022B Bonds	3,133,053	7,511,870	10,644,923
2022C Bonds	1,326,312	5,651,565	6,977,877
Total	$ 12,550,134	$ 621,655,133	$ 634,205,267

	June 30, 2022		
	CIB	Long-Term CABs	Total
1999A Bonds	$ -	$ 120,512,441	$ 120,512,441
1999C Bonds	30,827,998	174,016,553	204,844,551
2004A Bonds	-	65,289,213	65,289,213
2004B Bonds	-	277,015,141	277,015,141
2012 Bonds	516,227	-	516,227
2013A Bonds	2,355,238	-	2,355,238
2016A Bonds	345,075	-	345,075
2016B Bonds	6,543,563	-	6,543,563
Total	$ 40,588,101	$ 636,833,348	$ 677,421,449

Combined outstanding bonds debt service – The Authority's debt service in aggregate is as follows at June 30, 2023:

	Annual Debt Service Requirement by Bond Issuance		
	Principal	Interest	Total
1999A Bonds	$ 38,787,345	$ 206,127,655	$ 244,915,000
1999C Bonds	220,051,775	353,037,065	573,088,840
2004A Bonds	36,349,420	121,330,580	157,680,000
2004B Bonds	131,132,410	516,562,590	647,695,000
2012 Bonds	83,710,000	9,907,027	93,617,027
2016A Bonds	17,765,000	1,388,400	19,153,400
2016B Bonds	365,645,000	220,871,333	586,516,333
2022A Bonds	169,046,510	444,571,551	613,618,061
2022B Bonds	349,694,763	543,118,897	892,813,660
2022C Bonds	212,196,986	468,832,604	681,029,590
Total	$ 1,624,379,209	$ 2,885,747,702	$ 4,510,126,911

Note 7 – Pension Plan

Plan description – All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan, a Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the "Plan" or "PERF C") that is administered by CalPERS. The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death, and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2021 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at https://www.calpers.ca.gov/page/forms-publications.

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 (age 52 for members hired after 2012) with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after five 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.

	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%	6.750%
Required employer contribution rates	10.870%	7.470%
Employer annual lump sum prepayment	$ 164,219	$ 125
Additional discretionary payment	$ 200,000	$ -

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.

The Authority reported net pension liability for its proportionate shares of the net pension liability of each Plan as follows as of June 30, 2023 and 2022:

	2023	2022
Net pension liability as reported by CalPERS	$ 2,304,499	$ 809,128

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, 2022, 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, 2021, rolled forward to June 30, 2022, 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, 2023 and 2022, was as follows:

	Increase				
	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, 2022	$ 10,824,803	$ 10,015,675	$ 809,128	$ -	$ 809,128
Balance at June 30, 2023	11,893,969	9,589,470	2,304,499	-	2,304,499
Net changes	$ 1,069,166	$ (426,205)	$ 1,495,371	$ -	$ 1,495,371

For the years ended June 30, 2023 and 2022, the Authority recognized pension expense (benefit) of $667,277 and $(166,819), respectively. At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 46,279	$ 30,996
Changes in assumptions	236,144	-
Net difference between projected and actual earnings on Plan investments	422,123	-
Change in employer's proportion	19,775	34,577
Differences between the employer's contributions and the employer's proportionate share of contributions	45,452	23,580
Pension contributions subsequent to measurement date	497,931	-
Total	$ 1,267,704	$ 89,153

The $497,931 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 measurement period ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Years Ending June 30,	
2024	$ 180,917
2025	156,726
2026	84,793
2027	258,184

Actuarial assumptions – Total pension liability for the June 30, 2022 measurement period was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022. The collective total pension liability was based on the following assumptions:

	Miscellaneous
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions	
Discount rate	6.90%
Inflation	2.30%
Projected salary increase	Varies by Entry Age and Service
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality rates include projected ongoing of mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.
Post retirement benefit increase	Contract COLA up to 2.3% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.
Investment rate of return	6.90%

Discount rate – The discount rate CalPERS used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows CalPERS used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected return, 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 of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 10 (1,2)
Global equity - cap-weighted	30.00%	4.45%
Global equity non-cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021-22 Asset Liability Management study.

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	5.90%
Net pension liability	$ 3,925,861
Current discount rate	6.90%
Net pension liability, as adjusted	$ 2,304,499
1% increase	7.90%
Net pension liability	$ 970,520

Note 8 – Other Post-Employment Benefits

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

Plan description (OPEB) – The Authority has established a Retiree Healthcare Plan ("HC Plan") and participates in an agent multiple-employer defined-benefit healthcare plan. The plan provides healthcare 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 Public Employees' Pension Reform Act (PEPRA) employees hired after January 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 Region 3 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.

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 healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 74, *Financial Reporting for Post-Employment 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.

GAAP requires that the reported results must pertain to liability and asset information within certain defined timeframes. For the information contained in this Note, the following timeframes were utilized:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Covered participants (OPEB) – As of the June 30, 2022 measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

	Number of Covered Participants
Inactives currently receiving benefits	7
Inactives entitled to but not yet receiving benefits	5
Active employees	11
Total	23

Contributions (OPEB) – The HC Plan and its contribution requirements are established by the Authority and may be amended at any time. The annual contribution is based on the actuarially determined contribution (ADC). The ADC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Other Than Pensions.* The ADC 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 (of funding excess) over a period not to exceed 30 years. The Authority contracts with CalPERS CERBT for purposes of prefunding its OPEB obligations in a trust.

For the year ended June 30, 2023, the Authority made no contributions to the trust and the trust reimbursed all benefit payments that the Authority made.

For the year ended June 30, 2022, the Authority made no contributions to the trust and the trust reimbursed all benefit payments that the Authority made.

OPEB Liability/(Asset) – The Authority's total OPEB Liability/(Asset) was measured as of June 30, 2022. The total OPEB Liability used to calculate the total OPEB Liability/(Asset) is calculated in the June 30, 2021 actuarial valuation which utilized the following actuarial methods and assumptions:

Actuarial Assumptions	
Actuarial Valuation Date	June 30, 2021
Contribution Policy	Authority contributes full ADC
Discount Rate	5.25% at June 30, 2022 4.75% at June 30, 2021 Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation	2.5% Annually
Mortality, Retirement, Disability, Termination Rates	CalPERS' 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Society of Actuaries Scale MP-2021
Salary Increases	2.75%, in aggregate; CalPERS 1997-2015 Experience Study for merit increases
Medical Trend Rate	Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years Medicare (Non-Kaiser) – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 Medicare (Kaiser) – 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Healthcare Participation	100%
Medical Plan at Retirement	Currently covered: same as current election Currently waived: weighted-average of retiree premiums

The only assumption changed since the prior measurement date is the removal of the Patient Protection and Affordable Care Act (PPACA) excise tax.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

	Target Allocation CERBT – Strategy 3	Expected Real Rate of Return (Geometric Means)
Asset Class		
Global equity	23.00%	4.56%
Fixed income	51.00%	1.56%
Treasury inflation-protected securities (TIPS)	9.00%	-0.08%
Commodities	3.00%	1.22%
Real estate investment trust (REITs)	14.00%	4.06%
Total	100%	

(a) An expected long-term rate of inflation of 2.50% used for this period.
(b) An expected long-term net rate of return of 5.25% used for this period.

Discount rate – The discount rate used to measure the total OPEB asset was 5.25%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

Changes in the total OPEB Liability/(Asset) – The changes in the total OPEB Liability/(Asset) for the HC Plan are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability/(Asset) (a) – (b)
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,885,994	$ 2,442,660	$ (556,666)
Changes for the year			
Service cost	69,031	-	69,031
Interest	91,426	-	91,426
Changes of benefit terms	-	-	-
Actual vs. expected experience	-	-	-
Assumptions changes	(112,347)	-	(112,347)
Contributions – employer *	-	26,172	(26,172)
Contributions – member	-	-	-
Net investment income (loss)	-	(262,018)	262,018
Benefit payments – cash	(60,553)	(60,553)	-
Administrative expense	-	(793)	793
Net changes	(12,443)	(297,192)	284,749
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,873,551	$ 2,145,468	$ (271,917)

* Includes disbursements from trust of $34,553, and $5,000 implied subsidy benefit payments $172 admin expenses paid by the Authority.

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability/(Asset) (a) – (b)
Balances reported at June 30, 2021 (June 30, 2020 measurement date)	$ 1,671,067	$ 2,184,500	$ (513,433)
Changes for the year			
Service cost	90,561	-	90,561
Interest	95,871	-	95,871
Changes of benefit terms	-	-	-
Actual vs. expected experience	225,124	-	225,124
Assumptions changes	(159,592)	-	(159,592)
Contributions – employer *	-	-	-
Contributions – member	-	-	-
Net investment income (loss)	-	296,057	(296,057)
Benefit payments – cash	(37,037)	(37,037)	-
Benefit payments – implied subsidy	-	-	-
Administrative expense	-	(860)	860
Other changes	-	-	-
Net changes	214,927	258,160	(43,233)
Balances reported at June 30, 2022 (June 30, 2021 measurement date)	$ 1,885,994	$ 2,442,660	$ (556,666)

* Includes disbursements to trust of $37,127,
and $4,000 implied subsidy benefit payments $90 admin expenses paid by the Authority.

Sensitivity of the total OPEB Liability/(Asset) to changes in the discount rate – The following presents the total OPEB Liability/(Asset) of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2022:

1% decrease	4.25%
Net OPEB Liability/(Asset)	$ (36,093)
Current discount rate	5.25%
Net OPEB Liability/(Asset)	$ (271,917)
1% increase	6.25%
Net OPEB Liability/(Asset)	$ (468,055)

Sensitivity of the total OPEB Liability/(Asset) to changes in the healthcare cost trend rates – The following presents the total OPEB Liability/(Asset) of the Authority if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2022:

1% decrease in healthcare trend		
Net OPEB Liability/(Asset)	$	(504,870)
Current healthcare trend		
Net OPEB Liability/(Asset)	$	(271,917)
1% increase in healthcare trend		
Net OPEB Liability/(Asset)	$	11,612

OPEB plan fiduciary net position – CalPERS issues a publicly available financial report that may be obtained from the CalPERS website at www.calpers.ca.gov.

Recognition of deferred outflows and deferred inflows of resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over five years; all other amounts are recognized over the expected average remaining service lifetime.

For the fiscal year ended June 30, 2023, the Authority recognized OPEB expense of $16,258. As of the fiscal year ended June 30, 2023, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 133,236	$ 50,993
Changes in assumptions	-	205,961
Net difference between projected and actual earnings on plan investments	183,391	-
Employer contributions made subsequent to the measurement date	27,219	-
Total	$ 343,846	$ 256,954

The Authority made $27,219 in contributions subsequent to the June 30, 2022 measurement date; therefore, a reduction of the total OPEB Liability/(Asset) was recognized during the fiscal year ended June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Years Ending June 30,	Deferred Outflows/ (Inflows) of Resources
2024	(31,997)
2025	1,564
2026	24,716
2027	65,390

Note 9 – 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.

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.

The novel coronavirus (COVID-19) pandemic, subsequent e-commerce cargo surge, and resulting supply chain congestion have all affected Authority use fees and container charges. In fiscal year 2023, they are down from 2022 by 1.07% due in part to uncertainty caused by unresolved labor negotiations, which is now resolved.

Required Supplementary Information

Alameda Corridor Transportation Authority
Schedule of Proportionate Share of the Net Pension Liability
June 30, 2023

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability/(asset)	0.01995%	0.01496%	0.02024%	0.02065%	0.02078%	0.02123%	0.02129%	0.02106%	0.23270%
Authority's proportionate share of the net pension liability/(asset)	$ 2,304,499	$ 809,128	$ 2,202,035	$ 2,116,034	$ 2,001,963	$ 2,105,587	$ 1,842,521	$ 1,445,588	$ 1,438,008
Authority's covered-employee payroll	$ 1,529,435	$ 1,493,023	$ 1,458,129	$ 1,491,363	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844	$ 1,207,037
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	150.68%	54.19%	151.02%	141.89%	139.22%	157.41%	139.79%	114.74%	119.14%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.44%
Authority's proportionate share of aggregate employer contributions	$ 497,413	$ 393,932	$ 372,986	$ 324,561	$ 272,467	$ 251,819	$ 222,835	$ 202,570	$ 151,265

Note: GASB 68 requires 10 years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Contributions – Pension
June 30, 2023

Years Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 297,931	$ 265,099	$ 280,569	$ 263,799	$ 235,396	$ 270,374	$ 243,216	$ 222,836	$ 196,611
Contributions in relation to the actuarially determined contribution	(497,931)	(465,099)	(480,569)	(399,799)	(263,896)	(270,374)	(243,216)	(222,836)	(196,611)
Contribution deficiency/(excess)	$ (200,000)	$ (200,000)	$ (200,000)	$ 136,000	$ 28,500	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,775,522	$ 1,529,435	$ 1,493,023	$ 1,458,129	$ 1,491,363	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844
Contributions as a percentage of covered-employee payroll	28.04%	30.41%	32.19%	27.42%	17.69%	18.80%	18.18%	16.91%	15.61%

Note: GASB 68 requires 10 years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Changes in the Net Other Post-Employment Benefits Asset and Related Ratios
June 30, 2023

Measurement Periods Ended June 30,	2022	2021	2020	2019	2018	2017
Changes in total OPEB Liability						
Service cost	$ 69,031	$ 90,561	$ 89,465	$ 90,173	$ 89,088	$ 86,494
Interest on the total OPEB Liability	91,426	95,871	89,187	93,375	84,593	76,285
Actual vs. expected experience difference	-	225,124	-	(196,681)	-	-
Changes in assumptions	(112,347)	(159,592)	(29,792)	(44,186)	-	-
Changes in benefit terms	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Benefit payments	(60,553)	(37,037)	(19,798)	(16,457)	(13,722)	(14,915)
Net change in total OPEB Liability	(12,443)	214,927	129,062	(73,776)	159,959	147,864
Total OPEB liability – beginning	1,885,994	1,671,067	1,542,005	1,615,781	1,455,822	1,307,958
Total OPEB liability – ending (a)	$ 1,873,551	$ 1,885,994	$ 1,671,067	$ 1,542,005	$ 1,615,781	$ 1,455,822
Changes in Plan Fiduciary Net Position						
Contribution – employer	$ 26,172	$ -	$ 44,000	$ 67,990	$ 93,762	$ 94,915
Net investment income	(262,018)	296,057	129,017	136,637	80,572	65,171
Benefit payments	(60,553)	(37,037)	(19,798)	(16,457)	(13,722)	(14,915)
Administrative expense	(793)	(860)	(1,067)	(435)	(3,174)	(835)
Other changes	-	-	-	-	-	-
Net change in plan fiduciary net position	(297,192)	258,160	152,152	187,735	157,438	144,336
Plan fiduciary net position – beginning	2,442,660	2,184,500	2,032,348	1,844,613	1,687,175	1,542,839
Plan fiduciary net position – ending (b)	2,145,468	2,442,660	2,184,500	2,032,348	1,844,613	1,687,175
Total OPEB Liability/(Asset) – ending (a) – (b)	$ (271,917)	$ (556,666)	$ (513,433)	$ (490,343)	$ (228,832)	$ (231,353)
Plan fiduciary net position as a percentage of the total OPEB liability	114.5%	129.5%	130.7%	131.8%	114.2%	115.9%
Covered-employee payroll (measurement period)	$ 1,534,957	$ 1,773,193	$ 1,571,539	$ 1,494,061	$ 1,443,796	$ 1,348,523
Total OPEB Liability/(Asset) as a percentage of covered-employee payroll	-17.7%	-31.4%	-32.7%	-32.8%	-15.8%	-17.2%

Notes to Schedule:
Historical information is required only for measurement periods for which GASBS 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

Alameda Corridor Transportation Authority
Schedule of Contributions – Other Post-Employment Benefits
June 30, 2023

Fiscal Years Ended June 30,	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 27,000	$ 26,000	$ 46,000	$ 44,000	$ 68,000	$ 66,000
Contributions in relation to the ADC	27,219	26,172	-	44,000	67,990	93,762
Contribution deficiency (excess)	$ (219)	$ (172)	$ 46,000	$ -	$ 10	$ (27,762)
Covered-employee payroll (fiscal year)	$ 1,733,417	$ 1,534,987	$ 1,773,193	$ 1,571,539	$ 1,494,061	$ 1,443,796
Contributions as a percentage of covered-employee payroll	1.6%	1.7%	0.0%	2.8%	4.6%	6.5%

Note: GASBS 75 requires 10 years of historical information. Fiscal year ended June 30, 2018 (measurement period ended June 30, 2017) was the first year of implementation; therefore, only information for five years has been presented.

Methods and Assumptions Used to Determine the 2022/2023 ADC:

Valuation Date:	June 30, 2021
Actuarial Cost Method:	Entry Age Normal, Level % of pay
Amortization Method/Period:	Level percent of payroll; 8.5 years average remaining fixed period
Asset Valuation Method:	Investment gains and losses spread over a five-year rolling period
Discount Rate:	4.75%
General Inflation:	2.50%
Medical Trend Rate:	Non-Medicare – 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Non-Kaiser) – 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
	Medicare (Kaiser) – 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076
Mortality, Retirement, Disability, Termination Rates:	CalPERS' 1997-2015 Experience Study
Mortality Improvement:	Mortality projected fully generational with Society of Actuaries Scale MP-2021

Historical information is required only for measurement periods for which GASBS 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

Transmittal 2

Reports of Independent Auditors and Single Audit Reports

Alameda Corridor Transportation Authority

June 30, 2023

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Table of Contents

Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Governing Board
Alameda Corridor Transportation Authority

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Alameda Corridor Transportation Authority, which comprise the statement of net position as of June 30, 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 24, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Alameda Corridor Transportation Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Alameda Corridor Transportation Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alameda Corridor Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams LLP

Irvine, California
October 24, 2023

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Report of Independent Auditors on Compliance over the Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Governing Board
Alameda Corridor Transportation Authority

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Alameda Corridor Transportation Authority's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2023. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2023, and have issued our report thereon dated October 24, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

Irvine, California
October 24, 2023

Alameda Corridor Transportation Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
HIGHWAY PLANNING AND CONSTRUCTION PROGRAM			
U.S. Department of Transportation			
Pass through the California Department of Transportation			
Highway Planning and Construction	20.205	07-4914 & 07-4872	$ 973,149
Total U.S. Department of Transportation			973,149
Total Highway Planning and Construction Program			973,149
Total Expenditures of Federal Awards			$ 973,149

See notes to the schedule of expenditures of federal awards.

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the expenditures of federal awards of the Alameda Corridor Transportation Authority (the “Authority”) for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to, and does not, present the net position, changes in net position, or cash flows of the Authority.

The Authority’s reporting entity is defined in Note 1 of the Authority’s financial statements. All federal awards from federal agencies are included in the Schedule.

Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule is presented using the accrual basis of accounting, whereby eligible grant expenditures are recorded when incurred (i.e., when goods are received or services provided). Such expenditures are recognized following the cost principles in Uniform Guidance wherein certain types of expenditures are not allowable or limited as to reimbursement. Expenditures reported include any property or equipment acquisitions incurred under federal programs. Pass-through identifying numbers are presented where available.

The Authority is not eligible to use an indirect rate on these federal awards; therefore, the 10% de minimis indirect cost rate as described in 2 CFR 200.414 is not being utilized.

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

Assistance Listing Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
20.205	Highway Planning and Construction Program	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.

None noted.

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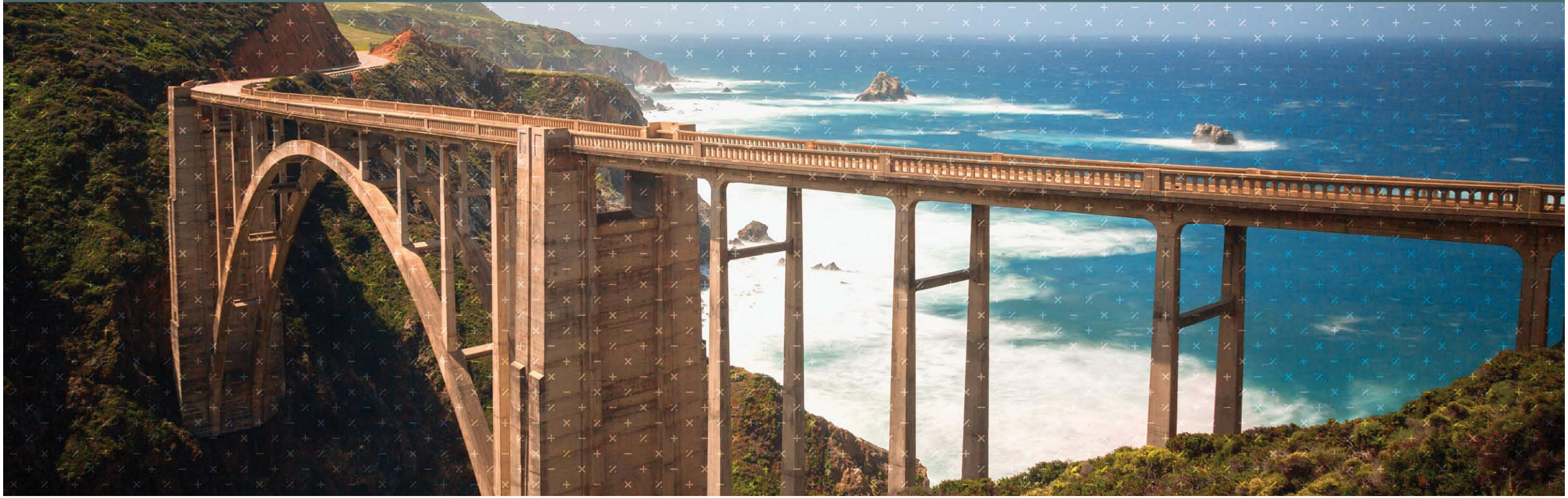


Audit Results

BETTER TOGETHER: MOSS ADAMS & ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Audit Committee

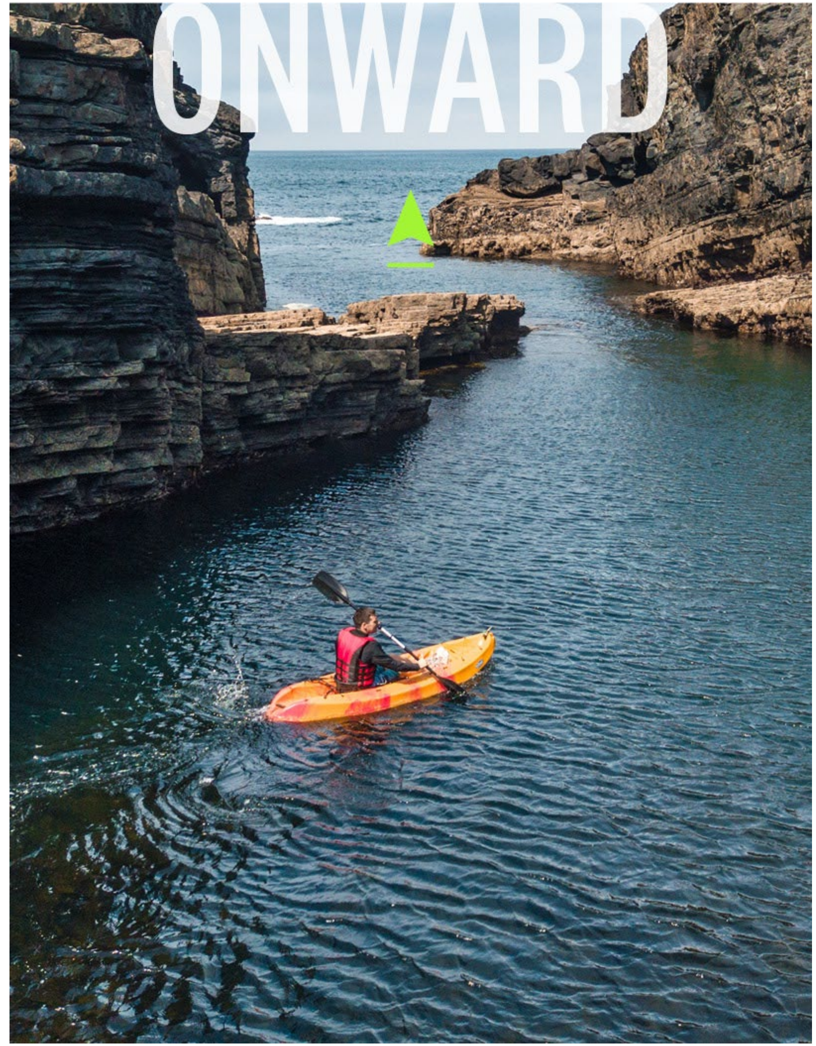
Dear Audit Committee Members:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the financial statements of Alameda Corridor Transportation Authority (the “Authority”) for the year ended June 30, 2023.

The accompanying report, which is intended solely for the use of the Audit Committee and Management and not intended to be, and should not be, used by anyone other than these specified parties, presents important information regarding our audit of the Authority’s financial statements that we believe will be of interest to you.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance of the Authority personnel. We are pleased to serve and be associated with the Authority as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.



Agenda

1. Auditor Opinions & Reports
2. Communications with Those Charged with Governance
3. Recent Accounting Developments
4. Exhibit 1: Management Representation Letter

Auditor Opinions & Reports

Auditor Report on the Financial Statements

Unmodified Opinion

- The Authority's financial statements are presented fairly and in accordance with generally accepted accounting principles in the United States (U.S. GAAP).

Other Auditor Reports

Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

- No financial reporting findings reported.
- No compliance findings reported.

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

- No findings were reported.
- Unmodified opinion on compliance
- No material instances of non-compliance were reported.

Communications with Those Charged with Governance

Scope of Services

Relationships between Moss Adams and Alameda Corridor Transportation Authority:

Annual Audit

Annual financial statement audit for the year ended June 30, 2023

Single Audit over Federal Awards

Non-Attest Services

We assisted with drafting the auditee portion of the Data Collection Form for the year ended June 30, 2023

Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

1

To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

3

To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4

To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Areas of Audit Emphasis

- Internal control environment
- Capital assets and assets held for sale and transfer
- Revenue recognition
- Debt activity
- Federal Audit Compliance

Planned Scope & Timing of the Audit

It is the auditor's responsibility to determine the overall audit strategy and the audit plan, including the nature, timing, and extent of procedures necessary to obtain sufficient appropriate audit evidence, and to communicate with those charged with governance an overview of the planned scope and timing of the audit.

OUR COMMENTS

The planned scope and timing of the audit were communicated to the Authority's Audit Committee via a letter and was also included in the engagement letter for the year ended June 30, 2023.

Significant Accounting Policies & Unusual Transactions

The auditor should determine that the Audit Committee is informed about the initial selection of and changes in significant accounting policies or their application. The auditor should also determine that the Audit Committee is informed about the methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

OUR COMMENTS

Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the footnotes to the Authority's financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2023, other than the adoption of GASB 96 – *Subscription Based Information Technology Arramgements*. Implementation which was determined to not have a material impact to the financial statements.

We believe management has selected and applied all other significant accounting policies appropriately and consistent with those of the prior year.

Management Judgments & Accounting Estimates

The Audit Committee should be informed about the process used by management in formulating particularly sensitive accounting estimates and about the basis for the auditor's conclusions regarding the reasonableness of those estimates.

OUR COMMENTS

Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events. We apply audit procedures to management's estimates to ascertain whether the estimates are reasonable under the circumstances and do not materially misstate the financial statements.

Significant management estimates impacting the financial statements include the following: useful lives of long-lived assets, impairment of long-lived assets, valuation of investments, allowances for accounts receivable, valuation of pension and other post-employment benefits (OPEB) liabilities, and deferred inflows and outflows of resources.

We deemed them to be reasonable.

Management Judgments & Accounting Estimates

Our views about qualitative aspects of the entity's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

OUR COMMENTS

The disclosures in the Authority's financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

We call your attention to the organization and summary of significant accounting policies, which can be found in Note 1 to the Authority's financial statements.

Difficulties Encountered in Performing the Audit

The Audit Committee should be informed of any significant difficulties encountered in dealing with management related to the performance of the audit.

OUR COMMENTS

No significant difficulties were encountered during our audit.

Significant Audit Adjustments & Unadjusted Differences Considered by Management to Be Immaterial

The Audit Committee should be informed of all significant audit adjustments arising from the audit. Consideration should be given to whether an adjustment is indicative of a significant deficiency or a material weakness in the Authority's internal control over financial reporting, or in its process for reporting interim financial information, that could cause future financial statements to be materially misstated.

The Audit Committee should also be informed of uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the Authority's financial statements as a whole.

OUR COMMENTS

There were no material correcting adjustments arising from the audit. We assisted with reviewing management's journal entries for the defeasance and refunding of new bonds in fiscal year 2023. As part of that assistance, we proposed a reclassification and deferral of insurance premiums in accordance with guidance reported in GASB 65.

Management and the auditors evaluated the impact of adopting GASB 87 – *Leases* in the fiscal year 2022 and determined that the adoption was not material to the Authority's financial statements. Had capitalization of existing leases been recorded, total assets and liabilities would have increased by approximately $520,000.

Potential Effect on the Financial Statements of Significant Risks, Exposures, and Uncertainties

The Audit Committee should be adequately informed of the potential effect on the financial statements of significant risks, exposures, and uncertainties that are disclosed in the financial statements.

OUR COMMENTS

The Authority is subject to potential legal proceedings and claims that arise in the ordinary course of business, which are disclosed in the notes to the financial statements.

Disagreements with Management

Disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Authority's financial statements or the auditor's report.

OUR COMMENTS

We are pleased to report that there were no disagreements with management.

Representations Requested of Management

We requested certain representations from management that are included in the management representation letter.

OUR COMMENTS

We have requested certain representations from management that are included in the management representation letter within Exhibit 1.

Management’s Consultation with Other Accountants

In some cases, management may decide to consult about auditing and accounting matters. If management has consulted with other accountants about an auditing and accounting matter that involves application of an accounting principle to the Authority’s financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts.

OUR COMMENTS

We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.

Other Material Written Communications

Report to the Audit Committee significant written communications between the auditor and client management.

OUR COMMENTS

Other than the engagement letter, management representation letter, and communications to those charged with governance, there have been no other significant communications.

Material Uncertainties Related to Events & Conditions

Any substantial doubt regarding the entity’s ability to continue, as a going concern, should be communicated to the Audit Committee.

OUR COMMENTS

No such matters came to our attention.

Fraud & Noncompliance with Laws & Regulations

Fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the Authority's financial statements should be communicated. We are also required to communicate any noncompliance with laws and regulations involving senior management that come to our attention, unless clearly inconsequential.

OUR COMMENTS

We are not aware of any instances of fraud or noncompliance with laws and regulations.

Recent Accounting Developments

New Standards

COMPENSATED ABSENCES

[GASB 101]

- In an effort to enhance comparability between governments that offer different types of leave, the updated guidance introduces a recognition and measurement model that can be applied consistently to all types of compensated absences.

- Under the updated guidance, governments are required to record a liability for compensated absences in financial statements prepared using the economic resources measurement focus when the following criteria is met:
  - The absence accumulates
  - The absence is attributable to services rendered
  - The absence is more likely than not to be either paid or settled through other means

- Determining whether an absence is more likely than not to be either paid or settled requires governments to develop an estimate that considers:
  - The government's employment policies related to compensated absences, which may differ by employee class
  - Whether benefits for services rendered will be eligible for payment in the future
  - Historical information about payment or forfeiture of compensated absences

Governments are also allowed to disclose either:
  - The gross increases and decreases
  - Only the net change in the compensated absences liability

- The amendments should be applied retrospectively and are effective for annual reporting periods beginning after December 15, 2023. Early adoption is permitted.

Exhibit 1 – Management Representation Letter

October 23, 2023

Moss Adams LLP
2040 Main Street, Suite 900
Irvine, CA 92614

We are providing this letter in connection with your audits of the financial statements of Alameda Corridor Transportation Authority (ACTA), which comprise the respective statements of net position as of June 30, 2023 and 2022 and the statements of revenue, expenses, and changes in net position, and statements of cash flows for the years then ended, and the related notes to the financial statements for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Except where otherwise stated below, immaterial matters less than $335,000 collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. This amount is not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 6, 2023, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.

2. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

3. We acknowledge our responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.

4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

5. Related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

6. Adjustments or disclosures have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements or in the schedule of findings and questioned costs.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

8. Guarantees, whether written or oral, under which the Authority is contingently liable, if any, have been properly recorded or disclosed

9. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

10. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

11. We believe that the effects of the uncorrected financial statement misstatements summarized in the schedule below are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Account	Description	Debit	Credit
Proposed Journal Entries			
To account for the impact of GASB 87 as of 6/30/23			
901	Interest Pymt-Regular Interest	10,392.00	
MA195	Lease Assets	1,267,834.00	
550	Other Profession Svcs-Expense		10,392.00
MA196	Accumulated Amortization		748,230.00
MA262	Lease Liability		519,604.00
Total		**1,278,226.00**	**1,278,226.00**

Information Provided

12. We have provided you with:

    a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;

    b. Minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared;

    c. Additional information that you have requested from us for the purpose of the audit.

    d. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

13. All transactions have been properly recorded in the accounting records and are reflected in the financial statements.

14. We have retained copies of all information we provided to you during the engagement and have been provided copies of all necessary financial and non-financial schedules, memos, data, and other information related to all services performed by you, such that in our opinion our records are complete, including our records supporting our financial statements and all related accounting policies and positions. Furthermore, you do not act as the sole host of any financial or non-financial information system for us, nor do you provide any electronic security or back-up services for our data or records.

15. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

16. We have no knowledge of any fraud or suspected fraud that affects the entity and involves—

    a. Management,

    b. Employees who have significant roles in internal control, or

    c. Others when the fraud could have a material effect on financial statements.

17. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity's financial statements communicated by employees, former employees, analysts, regulators, or others.

18. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

19. We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.

20. We have disclosed to you the identity of all the entity's related parties and all the related party relationships and transactions of which we are aware.

21. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

23. We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.

24. We have no plans or intentions that may materially affect the carrying value or classification of assets, deferred inflows and outflows of resources, liabilities, or net position.

25. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts; and legal and contractual provisions for reporting specific activities in separate funds.

26. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

27. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

28. We have identified and disclosed to you all instances, which have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.

29. There are no violations or possible violations of budget ordinances, laws, and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.

30. ACTA has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral

31. ACTA has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

32. All funds that meet the quantitative criteria in Government Accounting Standards Board (GASB) Statement No. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.

33. Components of net position (net investment in capital assets; restricted; and unrestricted) are properly classified and, if applicable, approved.

34. Deposits and Investments are properly classified as to risk and are properly disclosed.

35. Provisions for uncollectible receivables have been properly identified and recorded.

36. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated.

37. We have appropriately disclosed ACTA's policy regarding whether first to apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.

38. Assets held for transfer represent right-of-way land and land improvements that were acquired by the Authority. The Authority is transferring all excess easements, 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. Due to the proximity of ACTA completing its remaining transfers within the next year or two, it was determined that all extraneous costs be written off as of June 30, 2016, leaving only the known costs associated with the remaining parcels and easement rights in the account. In 2023, ACTA transferred $66K of these parcels. The balance of assets held for transfer for the years ended June 30, 2023, and 2022 was $3,116,329 and $3,182,825 respectively.

39. We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.

40. The Authority adopted the GASB issued Statement No. 96 *Subscription-Based Information Technology Arrangements* effective June 30, 2023. The adoption of this Statement did not have a significant impact on the financial statements. We performed a search of our existing contracts and did not identify any material arrangements that qualified for capitalization in accordance with the standard.

41. The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings in the amount of $38,687,219. These deferred outflows are being amortized over the remaining life of the old debt, as a component of interest expense. Amortization of these charges amounted to $4,524,896 for the year ended June 30, 2023. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $34,162,322 at June 30, 2023. There were no deferred outflows or amortization of these charges as of or for the year ended June 30, 2022. The overall economic loss on the refunding was $88,724,847.

42. With respect to federal award programs:

a. We are responsible for understanding and complying with and have complied with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements*, *Audits of States, Local Governments, and Non-Profit Organizations,* including requirements relating to the preparation of the schedule of expenditures of federal awards.

b. We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) in accordance with the requirements of Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with Uniform Guidance. The methods of measurement and presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the SEFA.

c. If the SEFA is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the SEFA no later than the date we issue the SEFA and the auditor's report thereon.

d. We have identified and disclosed to you all of our government programs and related activities subject to Uniform Guidance and included in the SEFA expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.

e. We are responsible for understanding and complying with, and have complied with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of our federal programs and have identified and disclosed to you the requirements of laws, regulations and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.

f. We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance requirements applicable to federal programs that provides reasonable assurance that we are managing our federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on our federal programs. We believe the internal control system is adequate and is functioning as intended.

g. We have made available to you all contracts and grant agreements (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.

h. We have received no requests from a federal agency to audit one or more specific programs as a major program.

i. We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and have identified and disclosed to you all amounts questioned and all known noncompliance with the direct and material requirements of federal awards.

j. We have disclosed to you any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report (none).

k. We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.

l. Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance, *Cost Principles for State, Local and Tribal Governments*, and Uniform Guidance (2 CFR part 200, subpart E).

m. We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.

n. We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.

o. We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.

p. There are no known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.

q. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.

r. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the financial statements have been prepared.

s. The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency, or pass-through entity, as applicable.

t. No pass-throughs were made to subrecipients in the current year.

u. We have charged costs to federal awards in accordance with applicable cost principles.

v. We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by OMB's Uniform Guidance and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.

w. We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.

x. As part of your audit, you assisted with drafting the auditee portion of the data collection form. We acknowledge our responsibility as it relates to this nonattest service, including that we assume all management responsibilities; oversee the service by designating an individual who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the service performed; and accept responsibility for the results of that service. We have reviewed, approved, and accepted responsibility for the data collection form.

y. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.

DocuSigned by:

5BEEED309D4F432...

Kevin Scott, Chief Financial Officer

DocuSigned by:

Michael Leue

9A80CE4451504EE...

Michael Leue, Chief Executive Officer

DocuSigned by:

Trang Nguyen

F933AC514390498...

Trang Nguyen, Principal Accountant

DocuSign

Certificate Of Completion

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Document Type: AS - Mgmt Rep Letter

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Certificate Pages: 3	Initials: 0	Matt Parsons
AutoNav: Enabled		999 Third Avenue
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Time Zone: (UTC-08:00) Pacific Time (US & Canada)		Seattle, WA 98104
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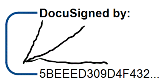
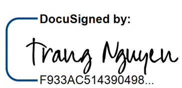
Signer Events	Signature	Timestamp
Kevin Scott KScott@acta.org Chief Financial Officer Security Level: Email, Account Authentication (None)	 Signature Adoption: Uploaded Signature Image Using IP Address: 97.90.156.53	Sent: 10/23/2023 12:00:50 PM Viewed: 10/24/2023 8:59:16 AM Signed: 10/24/2023 8:59:42 AM
Electronic Record and Signature Disclosure: Accepted: 10/24/2023 8:59:16 AM ID: 267679ec-d90d-46bb-b379-1a648a72bd4d		
Michael Leue mleue@acta.org CEO Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 108.184.20.40	Sent: 10/23/2023 12:00:51 PM Viewed: 10/24/2023 8:39:28 AM Signed: 10/24/2023 8:39:45 AM
Electronic Record and Signature Disclosure: Accepted: 10/24/2023 8:39:28 AM ID: 8214a173-6888-485c-87f8-a08d228b2798		
Trang Nguyen tnguyen@acta.org Security Level: Email, Account Authentication (None)	 Signature Adoption: Pre-selected Style Using IP Address: 47.181.122.201	Sent: 10/23/2023 12:00:51 PM Viewed: 10/23/2023 3:42:22 PM Signed: 10/23/2023 3:42:29 PM
Electronic Record and Signature Disclosure: Accepted: 10/23/2023 3:42:22 PM ID: 3b3ea9f0-fe18-47ee-8a45-94cfc80fa973		

In Person Signer Events	Signature	Timestamp

Editor Delivery Events	Status	Timestamp

Agent Delivery Events	Status	Timestamp

Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	10/23/2023 12:00:51 PM
Certified Delivered	Security Checked	10/23/2023 3:42:22 PM
Signing Complete	Security Checked	10/23/2023 3:42:29 PM
Completed	Security Checked	10/24/2023 8:59:42 AM

Payment Events	Status	Timestamps

Electronic Record and Signature Disclosure

CONSENT FOR USE OF ELECTRONIC SIGNATURES AND DOCUMENTS

By selecting the "I Accept" button, you are signing this document electronically. You agree your electronic signature is the legal equivalent of your handwritten signature on this document. By selecting "I Accept" using any device, means or action, you consent to the legally binding terms and conditions of this document. You further agree that your signature on this document (your "E-Signature") is as valid as if you signed the document in writing. You also agree that no certification authority or other third party verification is necessary to validate your E-Signature, and that the lack of such certification or third party verification will not in any way affect the enforceability of your E-Signature or any resulting agreement between you and Moss Adams LLP. You are also confirming that you are authorized to sign this document. Finally, you understand and agree that your E-Signature will be legally binding and such transaction will be considered authorized by you.

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Assurance, tax, and consulting offered through Moss Adams LLP. Investment advisory offered through Moss Adams Wealth Advisors LLC. Investment banking offered through Moss Adams Capital LLC.

THANK YOU

AUDIT COMMITTEE - ITEM 3

M E M O

Alameda Corridor Transportation Authority

Meeting Date:	December 14, 2023
To:	Audit Committee of the Governing Board
From:	Kevin L. Scott, Chief Financial Officer
Subject:	RECEIVE & FILE, Review of Completed Service Provider Audits

Recommendation:

Receive and file the summary of ACTA Completed Service Provider Audits.

Discussion:

Thus far for CY 2023 BCA Watson Rice Western-Region LLP (BCA) has completed five internal audits detailed in the schedule of ACTA Completed Audits – CY 2023, Transmittal 1 attached. These completed audits include Moffatt & Nichol, TELACU, AECOM, Jenkins/Gales & Martinez and RailWorks Track Services, LLC. A copy of the Report and Findings of each audit was sent electronically to Audit Committee members following the completion of each audit. There have been no comments or questions from Audit Committee members following distribution of the completed reports.

Three of the five audits identified over-billings with adjustments due as a result of the challenges of estimating overhead rates.

Transmittals:

Transmittal 1 - ACTA Completed Audits – CY 2023

ACTA Completed Audits - CY 2023

BCA Watson Rice Western-Region, LLP	Audit Covered	Report Completed	Result
External			
ACET - Moffatt & Nichol	YE 12/24/2021	5/18/2023	$7,728.23 overbilling
ACET - TELACU	YE 12/31/2021	5/10/2023	$13.28 underbilling
ACET - AECOM	FY 7/1/20-6/30/21	6/2/2023	$7,202.96 overbilling
ACET - JGM	YE 12/31/2021	7/6/2023	$6,493.73 underbilling
RailWorks Track Services, Inc.	YE 12/31/2021	2/27/2023	$5,828.04 overbilling

AUDIT COMMITTEE - ITEM 4

M E M O

Alameda Corridor Transportation Authority

Meeting Date:	December 14, 2023
To:	Audit Committee of the Governing Board
From:	Kevin L. Scott, Chief Financial Officer
Subject:	APPROVAL FY 2024-2025 Audit Plan

Recommendation:

Approve the FY 2024-2025 Audit Plan.

Discussion:

ACTA's current internal auditor is BCA Watson Rice – Western Region, LLP (BCA). ACTA's two-year extension to BCA's agreement was approved by ACTA's Governing Board at its December 2022 meeting. BCA will continue to provide these audit services through June 30, 2025 at which time the agreement will expire. Prior to the expiration of the agreement with BCA, ACTA staff will conduct a competitive selection process for a successor internal auditor, followed by a request for Governing Board approval of an agreement with the selected auditor.

ACTA staff recommends the Audit Committee to approve the FY 2024-2025 Audit Plan. During FY 2024-2025, ACTA's internal auditor BCA will audit key ACTA service providers including the four ACET joint venture partners, AECOM, Moffatt & Nichol, Jenkins/Gales & Martinez, and TELACU. In September 2025, ACTA will assign a successor internal auditor to audit ACTA's maintenance contractor, Railworks Track Services, LLC. The results and findings of each audit will be forwarded to members of the ACTA Audit Committee. Approval is requested at this time because ACTA's FY 2024-2025 year may begin before the Audit Committee convenes again.

Attached are the Internal Audit Schedules for FY 2022-2023 (showing audit completion dates), FY 2023-2024 (approved at the November 2022 Audit Committee meeting), and the proposed schedule for FY 2024-2025.

Transmittals:

Transmittal 1 - Internal Audit Schedules FY2022-2023 through FY2024-2025

ACTA
INTERNAL AUDIT SCHEDULE

FY 2022-2023

Auditor	Engagement	Contract Work	Audit Period	Fieldwork Start Date	Anticipated Completion Date	Actual Completion Date
BCA Watson Rice	ACET - Moffatt & Nichol Engineers	Program Management	CY 12/31/2021	12/2022	2/1/2023	5/18/2023
BCA Watson Rice	ACET - AECOM	Program Management	FY 2020-2021	02/2023	4/1/2023	6/2/2023
BCA Watson Rice	ACET - JGM	Program Management	CY 12/31/2021	12/2022	4/30/2023	7/6/2023
BCA Watson Rice	ACET - TELACU	Program Management	CY 12/31/2021	12/2022	2/1/2023	5/10/2023
BCA Watson Rice	RailWorks Track Services, LLC	Rail Maintenance Contractor	CY 12/31/2022	09/2023	11/30/2023	Audit in Progress

FY 2023-2024

Auditor	Engagement	Contract Work	Audit Period	Fieldwork Start Date	Anticipated Completion Date	Actual Completion Date
BCA Watson Rice	ACET - Moffatt & Nichol Engineers	Program Management	CY 12/31/2022	12/2023	2/1/2024	
BCA Watson Rice	ACET - AECOM	Program Management	FY 2021-2022	02/2024	4/1/2024	
BCA Watson Rice	ACET - JGM	Program Management	CY 12/31/2022	12/2023	4/30/2024	
BCA Watson Rice	ACET - TELACU	Program Management	CY 12/31/2022	12/2023	2/1/2024	
BCA Watson Rice	RailWorks Track Services, LLC	Rail Maintenance Contractor	CY 12/31/2023	09/2024	11/30/2024	

FY 2024-2025

Auditor	Engagement	Contract Work	Audit Period Ending	Fieldwork Start Date	Anticipated Completion Date	Actual Completion Date
BCA Watson Rice	ACET - Moffatt & Nichol Engineers	Program Management	6/30/2024	12/2024	2/1/2025	
BCA Watson Rice	ACET - AECOM	Program Management	6/30/2024	02/2025	4/1/2025	
BCA Watson Rice	ACET - JGM	Program Management	6/30/2024	12/2024	4/30/2025	
BCA Watson Rice	ACET - TELACU	Program Management	6/30/2024	12/2024	2/1/2025	

Field work to start Sept 2025

Auditor	Engagement	Contract Work	Audit Period Ending	Fieldwork Start Date	Anticipated Completion Date	Actual Completion Date
Successor Internal Auditor*	RailWorks Track Services, LLC	Rail Maintenance Contractor	4/15/2025	09/2025	12/31/2025	

Note: This schedule is based upon the Auditor's availability and timely coordination and responses from the firms being audited.
*BCA Watson Rice contract ends on June 30, 2025