



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: JUNE 11, 2019

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2018/19 ENDED MAY 31, 2019**

Financial performance results for the first eleven months of Fiscal Year (“FY”) 2018/19 are below and have been summarized relative to both budget and the prior fiscal year. For the month of May, cargo volumes (as measured by TEUs or twenty-foot equivalent units) increased 7.8% relative to May 2018. Fiscal year-to-date (“FYTD”) TEUs are 5.6% higher relative to prior FYTD results. In summary, FYTD performance results for the Harbor Department are as follows:

FYTD May 2019	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	8,923	↑ 4.6%	↑ 5.6%
Operating Revenues	\$467.7	↓ (0.8%)	↑ 4.1%
Operating Expenses	\$211.2	↓ (14.4%)	↑ 5.4%
Operating Income	\$256.5	↑ 14.1%	↑ 3.0%
Net Income	\$154.3	↑ 129.4%	↑ 32.5%

Through the first eleven months of FY 2018/19, Shipping Services revenues declined relative to budget due to lower realized rates. Relative to the prior fiscal year, Shipping Services revenues slightly increased due to higher cargo volumes and were only partially offset by lower realized rates. Operating Revenues decreased by 0.8% relative to budget as lower Shipping Services, lower license fees from an individual property, and higher credits for tenant services were only partially offset by higher rental revenues, higher Harbor Maintenance Tax receipts, higher one-time operating reimbursements, and higher utility reimbursements. Relative to the prior fiscal year, total Operating Revenues increased by 4.1% as higher Harbor Maintenance Tax receipts, higher rental revenues, higher utility reimbursements, and higher one-time reimbursements were only slightly offset by lower Clean Truck Program revenues.

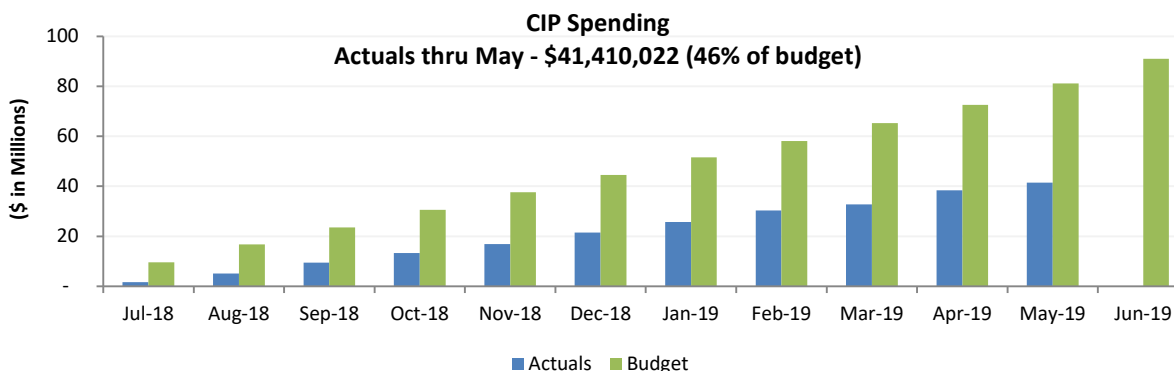
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were favorably impacted as lower headcounts as well as invoicing delays with respect to outside services and city services drove total Operating Expenses 14.4% below budget. Relative to the prior fiscal year, total Operating Expenses increased by 5.4% due to higher outside services, higher electricity expenses, and higher city services spending.

Operating margins for the FYTD period were reported at 54.8% versus a budget of 47.7% and a prior year figure of 55.4%. However, it is important to note that as vacancies are filled, and, as invoicing issues are resolved, operating expenses are anticipated to trend towards budget as FY 2018/19 progresses.

Capital Improvement Program (CIP)

CIP spending for the FYTD period ended May 31, 2019 reached \$41.4 million or about 46% of the total \$91.0 million CIP adopted budget. The Harbor Department expects annual CIP spending to fall below the adopted FY 2019 CIP budget.



Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

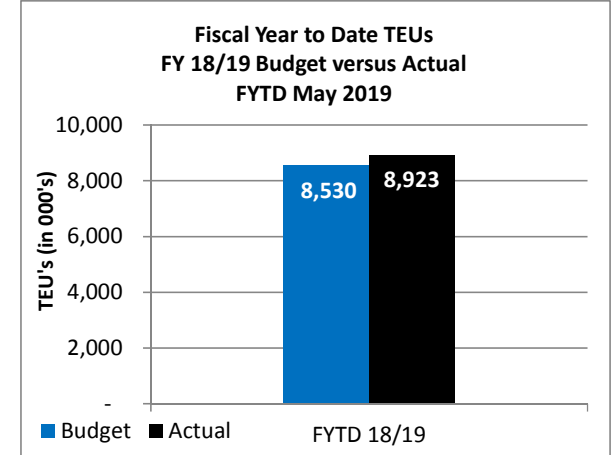
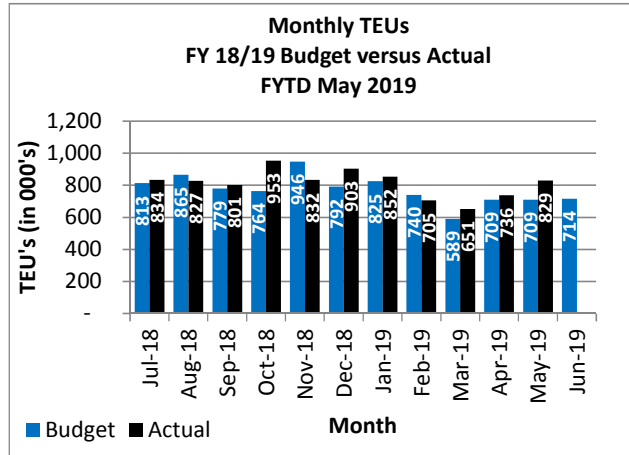
1. TEU Throughput Comparison – FYTD May 2019
2. Actual-to-Budget FY 2018/19 – May
3. Year-to-Year Performance Report YTD May 31, 2019 and 2018

JS:MM/Finance
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD MAY 2019

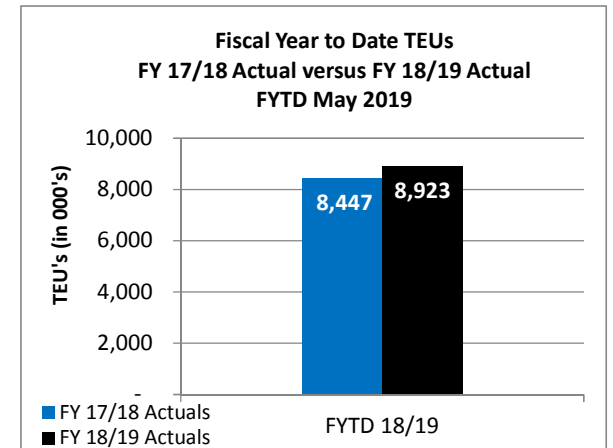
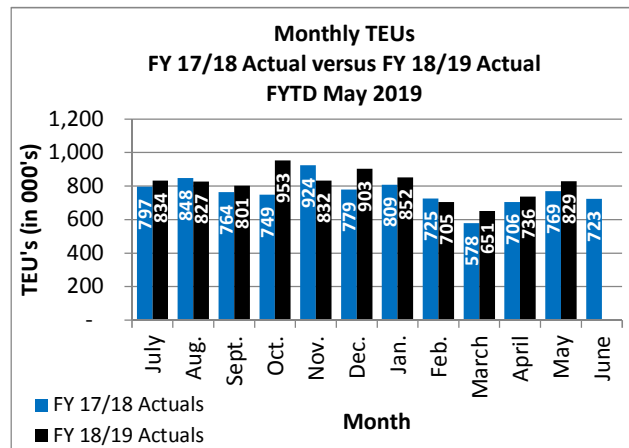
Budget versus Actuals Comparison
FY 18/19 Budget vs. FY 18/19 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 18/19 Budget	FY 18/19 Actuals		
Jul-18	813	834	2.6%	↑
Aug-18	865	827	-4.5%	↓
Sep-18	779	801	2.9%	↑
Oct-18	764	953	24.7%	↑
Nov-18	946	832	-12.0%	↓
Dec-18	792	903	14.1%	↑
Jan-19	825	852	3.3%	↑
Feb-19	740	705	-4.6%	↓
Mar-19	589	651	10.4%	↑
Apr-19	709	736	3.9%	↑
May-19	709	829	16.9%	↑
Jun-19	714			
FYTD 18/19	8,530	8,923	4.6%	↑
FY 18/19 Budget	9,244			



Year-to-Year Actuals Comparison
FY 17/18 Actuals vs. FY 18/19 Actuals

(in 000's)	TEU's		% Δ	Δ
Month	FY 17/18 Actuals	FY 18/19 Actuals		
July	797	834	4.6%	↑
Aug.	848	827	-2.5%	↓
Sept.	764	801	4.9%	↑
Oct.	749	953	27.2%	↑
Nov.	924	832	-9.9%	↓
Dec.	779	903	15.9%	↑
Jan.	809	852	5.4%	↑
Feb.	725	705	-2.7%	↓
March	578	651	12.7%	↑
April	706	736	4.4%	↑
May	769	829	7.8%	↑
June	723			
FYTD 18/19	8,447	8,923	5.6%	↑
FY 17/18 Actuals	9,170			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget Comparison	
	FY 2018/19 Fiscal YTD - May 2019	FY 2018/19 Fiscal YTD - May 2019	\$	%
Operating Revenues				
Shipping Services	377,667	391,210	(13,543)	(3.5%)
Rentals	61,237	51,982	9,255	17.8%
Royalties, Fees and Other Revenues	27,349	26,449	900	3.4%
Clean Truck Program Revenues	1,412	1,977	(565)	(28.6%)
Total Operating Revenues	467,664	471,618	(3,954)	(0.8%)
Operating Expenses				
Gross Salaries & Benefits	127,163	142,853	(15,690)	(11.0%)
Capitalization	(20,580)	(12,343)	(8,237)	66.7%
Net Salaries & Benefits	106,582	130,510	(23,928)	(18.3%)
Marketing & Public Relations	2,259	3,060	(802)	(26.2%)
Travel	755	946	(191)	(20.2%)
Outside Services	25,692	37,882	(12,190)	(32.2%)
Materials & Supplies	5,827	7,639	(1,812)	(23.7%)
City Services	41,646	48,494	(6,848)	(14.1%)
Allocations to Capital - Overhead		(12,133)	12,133	(100.0%)
Other Operating Expenses	25,877	29,389	(3,512)	(11.9%)
Clean Truck Program Expenses	2,579	1,011	1,568	155.1%
Total Operating Expenses	211,217	246,799	(35,582)	(14.4%)
Income Before Depreciation	256,447	224,819	31,628	14.1%
Provision For Depreciation	145,963	160,978	(15,016)	(9.3%)
Income From Operations	110,485	63,841	46,644	73.1%
Non-Operating Revenue	52,791	20,193	32,598	161.4%
Non-Operating Expenses	(8,977)	(16,783)	7,807	(46.5%)
Net Income	154,300	67,251	87,049	129.4%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year	
	FY 2018/19	FY 2017/18	Change	
	Fiscal YTD - May. 2019	Fiscal YTD - May. 2018	\$	%
Operating Revenues				
Shipping Services	377,667	376,437	1,230	0.3%
Rentals	61,237	56,595	4,642	8.2%
Royalties, Fees and Other Revenues	27,349	14,055	13,295	94.6%
Clean Truck Program Revenues	1,412	2,166	(754)	(34.8%)
Total Operating Revenues	467,664	449,252	18,412	4.1%
Operating Expenses				
Gross Salaries & Benefits	127,163	125,992	1,170	0.9%
Capitalization	(20,580)	(19,341)	(1,239)	6.4%
Net Salaries & Benefits	106,582	106,651	(69)	(0.1%)
Marketing & Public Relations	2,259	2,587	(328)	(12.7%)
Travel	755	666	89	13.4%
Outside Services	25,692	21,025	4,667	22.2%
Materials & Supplies	5,827	6,150	(323)	(5.3%)
City Services	41,646	39,915	1,731	4.3%
Other Operating Expenses	25,877	22,665	3,212	14.2%
Clean Truck Program Expenses	2,579	707	1,872	264.9%
Total Operating Expenses	211,217	200,366	10,851	5.4%
Income Before Depreciation	256,447	248,886	7,561	3.0%
Provision For Depreciation	145,963	143,672	2,291	1.6%
Income From Operations	110,485	105,214	5,270	5.0%
Non-Operating Revenue	52,791	17,738	35,053	197.6%
Non-Operating Expenses	(8,977)	(6,503)	(2,474)	38.0%
Net Income	154,300	116,450	37,850	32.5%