

Reports of Independent Auditors
and Single Audit Reports

Port of Los Angeles
(Harbor Department of the City of Los Angeles, California)

June 30, 2025

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* Incorporated by reference only

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 Members of the Board of Harbor Commissioners
Port of Los Angeles
City of Los Angeles, California

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 (*Government Auditing Standards*), the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the "Port"), an Enterprise Fund of the City of Los Angeles (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated January 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port'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 the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port'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*.

Port's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Port's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Port's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Baker Tilly US, LLP

El Segundo, California
January 21, 2026

Report of Independent Auditors on Compliance for Each 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 Members of the Board of Harbor Commissioners
Port of Los Angeles
City of Los Angeles, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Port of Los Angeles' (Harbor Department of the City of Los Angeles, California) (the "Port"), an Enterprise Fund of the City of Los Angeles (the "City") 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 each of the Port's major federal programs for the year ended June 30, 2025. The Port's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Port complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each 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 Port 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 each major federal program. Our audit does not provide a legal determination of the Port'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 Port'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 Port'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 Port's compliance with the requirements of each 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 Port'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 Port'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 Port'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 Port as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise the Port's basic financial statements. We issued our report thereon dated January 21, 2026, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Baker Tilly US, LLP

El Segundo, California

February 6, 2026

Port of Los Angeles
Harbor Department of the City of Los Angeles, California
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number (ALN)	Grant Number/ Pass-Through Grantor's Number	Federal Expenditures	Amounts Passed Through to Subrecipients
U.S. Department of the Justice:				
Direct Program:				
Public Safety Partnership and Community Policing Grant	16.710	15JCOPS-23-GG-04512-UHPX	\$ 154,829	\$ -
ALN No. 16.710 Total			<u>154,829</u>	<u>-</u>
Direct Program:				
Equitable Sharing Program	16.922	Unknown	46,426	-
ALN No. 16.922 Total			<u>46,426</u>	<u>-</u>
U.S. Department of Transportation:				
Direct Program:				
Advanced Transportation and Congestion Management Technologies Deployment (ATCMTD)	20.200	693JJ32350006	1,420,000	-
ALN No. 20.200 Total			<u>1,420,000</u>	<u>-</u>
Passed through California Transportation Commission:				
Trade Corridor Enhancement Program (TCEP)	20.205	07-5257/Project No.0715000304	976,670	-
ALN No. 20.205 Total			<u>976,670</u>	<u>-</u>
Direct Program:				
Maritime Administration (MARAD)				
Port Infrastructure Development Program (PIDP)	20.823	693JF72 140002	1,731,085	-
ALN No. 20.823 Total			<u>1,731,085</u>	<u>-</u>
U.S. Environmental Protection Agency:				
Direct Program:				
Clean Ports Program	66.051	5Y-97T27601-0	7,655	-
ALN No. 66.051 Total			<u>7,655</u>	<u>-</u>
U.S. Department of Homeland Security:				
Direct Program:				
Port Security Grant Program (PSGP):				
Security System Maintenance	97.056	EMW-2023-PU-00209	1,000,000	-
Cyber Threat Detection Software and Storage	97.056	EMW-2023-PU-00209	869,852	-
Cyber Threat Detection Software and Storage	97.056	EMW-2024-PU-05077	491,482	-
ALN No. 97.056 Total			<u>2,361,334</u>	<u>-</u>
Passed through California Governor's Office of Emergency Services/City of Los Angeles:				
Homeland Security Grant Program				
Urban Area Security Initiative (UASI)	97.067	EMW-2022-SS-00043-S01/C1445	1,000,000	-
ALN No. 97.067 Total			<u>1,000,000</u>	<u>-</u>
Passed through City of Los Angeles Mayor's Office of Public Safety:				
Securing the Cities Program (STC)	97.106	20CWDSTC0001/C-140220	2,540	-
ALN No. 97.106 Total			<u>2,540</u>	<u>-</u>
Total Expenditures of Federal Awards			\$ 7,700,539	\$ -

See accompanying notes to schedule of expenditures of federal awards.

Port of Los Angeles
Harbor Department of the City of Los Angeles, California
Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal award programs of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the Port) for the year ended June 30, 2025. The information in the Schedule is presented in accordance with 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 Port, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Port.

For the purposes of the Schedule, federal awards include all grants and contracts entered into directly between the Port and agencies and departments of the federal government and pass-through agencies.

Note 2 – Summary of Significant Accounting Policies

The accompanying Schedule is prepared based on the accrual basis of accounting. Expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain type of expenditures are not allowed or are limited as to reimbursements. Pass-through entity identifying numbers are presented where applicable.

Note 3 – Federal Financial Assistance

Pursuant to the Single Audit Act and the Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Note 4 – Indirect Costs

The Port has not elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

Port of Los Angeles
Harbor Department of the City of Los Angeles, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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:

<i>Assistance Listing Numbers</i>	<i>Name of Major Federal Program or Cluster</i>	<i>Type of Auditor’s Report Issued on Compliance for Major Federal Programs</i>
20.823	Department of Transportation (DOT) – Maritime Administration (MARAD) – Port Infrastructure Development Program (PIDP)	Unmodified
97.067	Department of Homeland Security – Homeland Security Grant Program (HSGP)	Unmodified

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

Auditee qualified as low-risk auditee? Yes No

Port of Los Angeles
Harbor Department of the City of Los Angeles, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section II – Financial Statement Findings

Finding 2025-001 – Significant deficiency in internal controls over financial reporting.

Condition: The Port of Los Angeles (“Port”) financial close and reporting controls failed to prevent, detect or correct misstatements timely during the financial close and preparation of the annual comprehensive financial report (ACFR). The resulting failures in the operating effectiveness of the financial close and reporting process resulted in the release of multiple trial balances received with material audit adjustments, journal entries and delays in receiving underlying audit support. Significant correcting entries were related to bond defeasance, bond refunding, interest expense, capital assets, grant revenue, restricted investments and accounts payable.

Significant impacts included:

- Six versions of the final trial balances received covering 66 adjusting journal entries.
- Adjustments to capital assets and construction in progress - \$17.6 million.
- Adjustments to accumulated depreciation - \$11.6 million.
- Adjustments to depreciation expense - \$11.6 million.
- Adjustments to interest expense - \$9.0 million.
- Adjustments to loss on retirement of bonds - \$7.3 million.
- Adjustments to state capital grants - \$12.4 million.
- Classification of restricted investments and accounts payable – Restricted investments and accounts payable originally overstated by \$43.5 million.

Context and Criteria: Accurate recording of transactions and reporting is reliant upon strong internal controls and timely communication between accounting and other departments of the Port.

Cause: Monitoring controls in place over the financial close and reporting process were not sufficient to prevent or detect transaction errors on a timely basis.

Effect: The Port of Los Angeles staff provided corrective journal entries to the June 30, 2025 annual comprehensive financial report.

Recommendation: Management should evaluate the existing process over financial close and reporting. Additional review and monitoring controls should be incorporated over financial close and reporting to prevent, or detect and correct, misstatements on a timely basis

Views of Responsible Officials: See managements response in Attachment No. 1.

Port of Los Angeles
Harbor Department of the City of Los Angeles, California
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

Section III – Federal Award Findings and Questioned Costs

None reported.

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Executive Director

January 20, 2026

**SUBJECT: CORRECTIVE ACTION PLAN FOR THE PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES,
CALIFORNIA) 2024-25**

In accordance with 2 Code of Federal Regulations (CFR) Part 200 – Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance), the auditee is responsible for corrective action plans on all single audit findings. As part of this responsibility, the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the Port) has prepared a corrective action plan for current year audit finding (Attachment No. 1) and a summary schedule of prior audit finding (Attachment No. 2).

Sincerely,

Digitally signed by Jeff
Strafford
Date: 2026.01.20
15:15:34 -08'00'

EUGENE D. SEROKA
Executive Director

JAS/FL/Accounting Division
Author: F. Liu

Attachments

cc: Felicia Ansley, Contracts & Purchasing Division
Jeffrey Strafford, Chief Financial Officer and
Director of Financial Planning and Analysis

Attachment No. 1 – Corrective Action Plan for Current Year Audit Finding

PORT OF LOS ANGELES
(Harbor Department of the City of Los Angeles, California)
For the Fiscal Year Ended June 30, 2025

Reference Number: 2025-001 – Significant Deficiency in Internal Control over Financial Reporting.

Condition: The Port of Los Angeles (“Port”) financial close and reporting controls failed to prevent, detect or correct misstatements timely during the financial close and preparation of the annual comprehensive financial report (ACFR). The resulting failures in the operating effectiveness of the financial close and reporting process resulted in the release of multiple trial balances received with material audit adjustments, journal entries and delays in receiving underlying audit support. Significant correcting entries were related to bond defeasance, bond refunding, interest expense, capital assets, grant revenue, restricted investments and accounts payable.

Significant Impacts:

1. Six versions of the final trial balances received covering 66 adjusting journal entries.
2. Adjustments to capital assets and construction in progress - \$17.6 million.
3. Adjustments to accumulated depreciation - \$11.6 million.
4. Adjustments to depreciation expense - \$11.6 million.
5. Adjustments to interest expense - \$9.0 million.
6. Adjustments to loss on retirement of bonds - \$7.3 million.
7. Classification of restricted investments and accounts payable – Restricted investments and accounts payable originally overstated by \$43.5 million.
8. Adjustments to state capital grants - \$12.4 million.

Context and Criteria: Accurate recording of transactions and reporting is reliant upon strong internal controls and timely communication between accounting and other divisions of the Port.

Cause: Monitoring controls in place over financial close and reporting process were not sufficient to prevent or detect transaction errors on a timely basis.

Effect: The Port staff provided corrective journal entries to the June 30, 2025 annual comprehensive financial report.

Recommendation: Management should evaluate the existing process over financial close and reporting. Additional review and monitoring controls should be incorporated over financial close and reporting to prevent, or detect and correct, misstatements on a timely basis.

Management Response and Corrective Action Plan (CAP):

During the fiscal year ended June 30, 2025, the Port launched a new Enterprise Resource Planning (ERP) system. While the new system ultimately automates workflows and enhances accuracy, the implementation introduces complexity on process changes and resource strain. Items reported as Significant Impacts under Condition section above can be categorized in the following 4 areas:

A. Timeliness in fiscal year end close processes

1. Six versions of the final trial balances received covering 66 adjusting journal entries.

Response and CAP: For a fiscal-year end (FYE) close in past years, there were approximately 150 to 180 adjusting journal entries that were normally posted between the beginning of July and the end of October. For the close of fiscal year (FY) 2024-25, certain adjusting journal entries were prepared and posted in the late December and the early January. These delays were primarily due to the fact that the FYE close of FY 2024-25 was the first FYE closing after the launch of the new ERP system. With the transition to the new ERP, new business processes re-engineering, new system reporting, as well as testing of such activities, additional time to ensure accurate financial reporting was required.

Port's corrective action plan - With the experiences gathered from the close of FY 2024-25, the Port Accounting staff will evaluate and improve the existing FYE close procedure to align with the new business processes and work with Information Technology Division to produce timely reports from the ERP system for the next FYE close of FY 2025-26.

B. Adjustments to Projects and Capital Assets accounts

2. Adjustments to capital assets and construction in progress - \$17.6 million.
3. Adjustments to accumulated depreciation - \$11.6 million.
4. Adjustments to depreciation expense - \$11.6 million.

Response and CAP: One of system integrations between the City's human resources and payroll system and the Port's ERP Projects module has been requiring significant time, attention, and resources for additional validations. This situation has caused a delay in both analyzing information for the FYE close of FY 2024-25 and preparing adjusting journal entries.

For the close of FY 2024-25, as a result of staff relocations and transfers, the staff assigned to Projects and Capital Assets accounting functions was reduced to a single member from three (3) members. The single staff member has been performing her regular work assignments while also learning the new ERP system and its related new business processes, and performing various additional work assignments resulting from the two other vacant positions. This situation has caused delays in preparing the FYE analysis on closing Projects and Capital Assets modules in the ERP and providing requested audit supporting information to the auditors.

Port's corrective action plan - To address the issues identified above, (1) The Port Accounting staff will continue working with the Information Technology Division and ERP system consultants to improve the recently implemented system interfaces. (2) The Port's Accounting division has started to backfill vacant positions and plans to backfill them as soon as possible so the Port will have proper staffing for the next FYE close of FY 2025-26. The Port will also explore alternative staffing options.

C. Adjustments to related to refunding and defeasance transactions

5. Adjustments to interest expense - \$9.0 million.
6. Adjustments to loss on retirement of bonds - \$7.3 million.
7. Classification of restricted investments and accounts payable – Restricted investments and accounts payable originally overstated by \$43.5 million.

Response and CAP: During the FY 2024-25, the Port restructured its debt portfolio by defeasing and refunding a large portions of old debts. Defeasance and refunding events do not occur annually as regular transactions, occurring infrequently and many years apart. The timing of these two events in FY 2024-25 coincided with the system conversion activities for the ERP implementation. During this period Port staff faced heavy and complicated workloads: performing regular assignments, researching and validating infrequent bond related transactions, while concurrently working with and learning the new ERP system which included validating data migrations and implementing new business processes, amongst other activities. The recordation and reconciliation of related accounts for interest expense, gain/loss on retirement of bonds, and restricted cash took longer than the regular FYE close timeline.

Port's corrective action plan - Effective in February 2026, General Accounting staff will work with the Debt and Financial Analysis Division to review monthly cash reconciliations for proper resolution of reconciling items and recordation of account balance during the month-end close and the FYE close processes.

D. Adjustments to Grants accounts

8. Adjustments to state capital grants - \$12.4 million.

Response and CAP: For the close of FY 2024-25, the Principal Accountant I position assigned to Grants Accounting became vacant because the employee was promoted to another City department. With the limited staffing resources and adoption of the new ERP system and new business processes, the analysis and preparation of FYE adjustments were delayed.

Port's corrective action plan - The Port's Accounting division will start to backfill the vacant position as soon as possible so the Port will have proper staffing for the next FYE close of FY 2025-26. The Port will also explore alternative staffing options.

Contact Person: Frank Liu, Director of Accounting

Anticipated Implementation Date: June 30, 2026

Attachment No. 2 – Summary Schedule of Prior Audit Finding

PORT OF LOS ANGELES
(Harbor Department of the City of Los Angeles, California)
For the Fiscal Year Ended June 30, 2025

Finding No.	Summary of Prior Audit Finding	Status of Corrective Action
2024-001	Significant Deficiency in Internal Control over Financial Reporting, Cash and Cash Equivalents, restricted and restricted net position	Implemented