PORT OF LOS ANGELES

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA
An Enterprise Fund of the City of Los Angeles, California

Annual Comprehensive Financial Report

FOR THE FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

CITY OF LOS ANGELES FOUNDED 1781

THE PORT OF LOS ANGELES

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(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)
An Enterprise Fund of the City of Los Angeles, California

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

(With Report of Independent Auditors Thereon)

Prepared by:

Finance Bureau of Port of Los Angeles

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023

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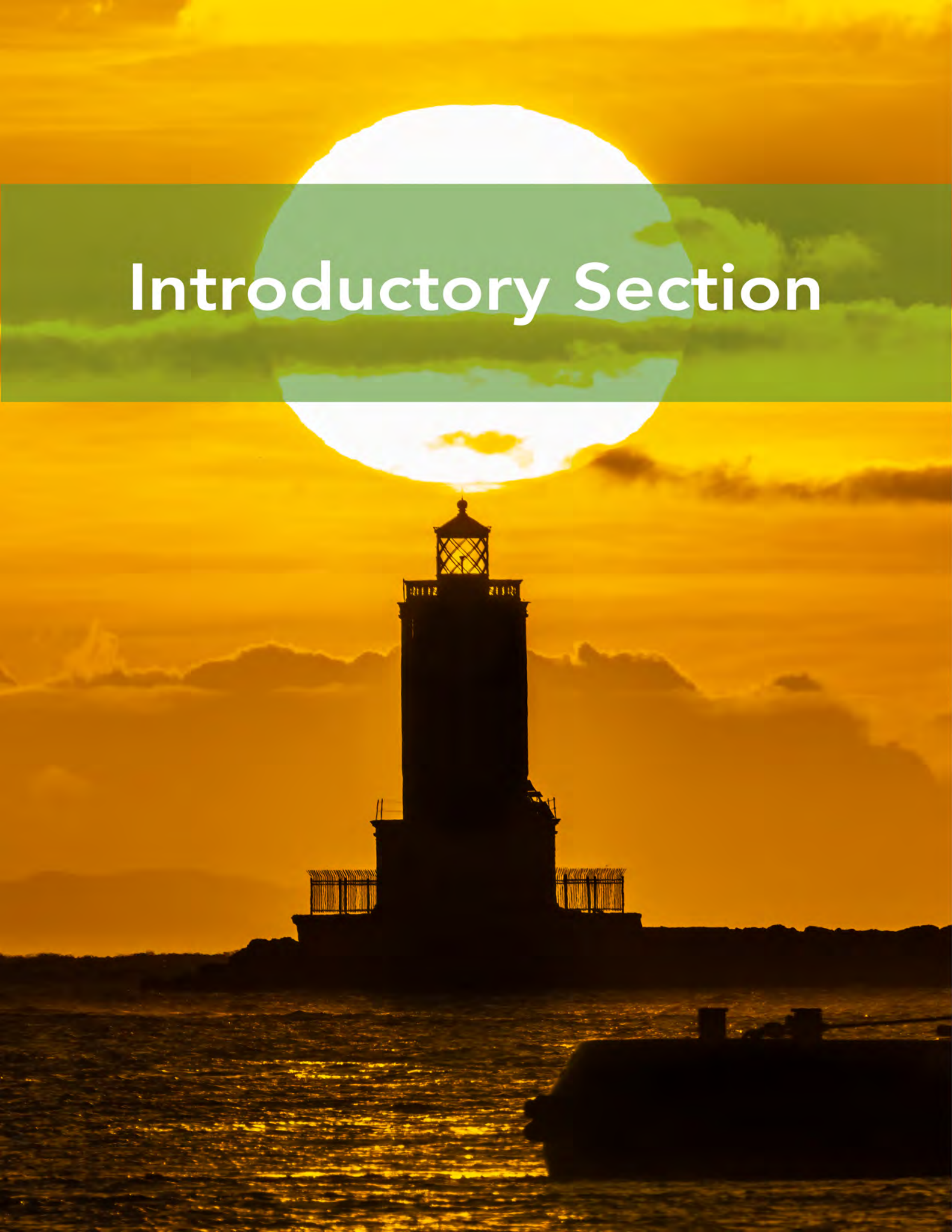


THE PORT OF LOS ANGELES
425 S. Palos Verdes Street Post Office Box 151 San Pedro, CA 90733-0151 TEL 310-SEA-PORT portoflosangeles.org

December 20, 2024

Citizens of the City of Los Angeles
Members of Los Angeles Board of Harbor Commissioners
Mr. Eugene D. Seroka, Executive Director

This Annual Comprehensive Financial Report (ACFR) of the Port of Los Angeles (the Port), Harbor Department of the City of Los Angeles, California (the City), for the fiscal years ended June 30, 2024 and 2023, is hereby submitted.

Introduction

The management of the Port has prepared this annual report and assumes responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements. To the best of management's knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and changes in financial position of the Port. All disclosures necessary to enable the reader to gain an understanding of the Port's financial activities have been included.

The report contains the audited financial statements of the Port for the fiscal years ended June 30, 2024 and 2023, which have received an unmodified opinion from the Port's independent auditors and are presented in accordance with accounting principles generally accepted in the United States of America (GAAP). GAAP requires that management provides a narrative introduction, overview, and analysis to accompanying the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A, and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of the Reporting Entity

The Port is a proprietary department of the City and is held in trust by the City for the people of the State of California (the State) pursuant to a series of tidelands grants. The Port is operated independently from the City, generating its own revenues, and administering and controlling its own expenses and fiscal activities. The Port is governed by the Board of Harbor Commissioners (the Board) which consists of five commissioners, appointed by the Mayor and confirmed by the City Council (the Council).

Most of the properties on which the Port's land, docks, wharves, transit sheds, terminals and other facilities are located is owned by the State and administered by the City through the Port, pursuant to certain tidelands grants from the State. The Port has the duty to provide for the needs of maritime commerce, navigation, fishing and recreation and environmental activities that are water-dependent and are intended to be of statewide benefit. In accordance with GAAP, the accompanying financial statements are included as an Enterprise Fund of the City.

In addition, based on the foregoing criteria of oversight responsibility and accountability of all Port-related entities, the operations of the Los Angeles Harbor Improvements Corporation, a nonprofit corporation, have been included in the accompanying financial statements. Activities of Intermodal Container Transfer Facility Joint Powers Authority, a joint venture with the Port of Long Beach, have been recorded as investments of the Port in accordance with the equity method of accounting. Additional information regarding the joint venture and shareholders agreement may be found in the notes to financial statements for the Port.

The management and operation of the Port are under the direction of the Executive Director, who is responsible for coordinating and directing the activities of several major management groups or bureaus. These bureaus each consist of multiple divisions and fall under the responsibilities of six senior executives who report directly to the Executive Director. The Port’s management structure is described in more detail below.

- The Deputy Executive Director of Stakeholder Engagement leads the Stakeholder Engagement Bureau, which consists of the Media Relations and Strategic Communications, Labor Relations and Government Affairs, Community Relations, and Trade Development divisions.

- The Deputy Executive Director of Harbor Administration leads the Administration Bureau, which consists of the Contracts and Purchasing, Human Resources, and Risk Management divisions.

- The Chief of Public Safety & Emergency Management leads the Public Safety & Emergency Management Bureau, which consists of the Port Pilots, Port Police, and Information Technology divisions.

- The Deputy Executive Director of Marketing & Customer Relations leads the Marketing & Customer Relations Bureau, which consists of the Planning & Strategy, Cargo Marketing, Environmental Management, Waterfront/Commercial Real Estate, Goods Movement, and Cargo/Industrial Real Estate divisions.

- The Deputy Executive Director of Development leads the Development Bureau, which consists of the Construction, Construction and Maintenance, Internal Audit, and Engineering divisions.

- The Interim Chief Financial Officer leads the Finance Bureau, which consists of the Accounting, Debt and Financial Analysis, and Financial Planning & Analysis divisions

The Port is located in the San Pedro Bay, approximately 20 miles south of downtown Los Angeles. The Port’s facilities lie within the shelter of a nine-mile long breakwater constructed by the federal government in several stages, the first of which commenced in 1899. The breakwater encloses the largest man-made harbor in the Western hemisphere.

The Port operates primarily as a landlord, as opposed to an operating port. Its docks, wharves, transit sheds, and terminals are leased to shipping or terminal companies, agents, and to other private firms. Although the Port owns these facilities, it has no direct hand in managing the daily movement of cargo. The Port is a landlord to close to 300 entities. In addition to major terminal operators, other tenants include marinas, commercial fishing operations, cruise operations, restaurants, and recreational facilities.

The major sources of income for the Port are from shipping services (wharfage, dockage, pilotage, space assignment charges, etc.), land rentals, fees, concessions, and royalties. It currently serves approximately 80 shipping companies and agents with facilities that include 270 berthing facilities along 43 miles of waterfront.

In terms of its size and volume, the Port is one of the world's largest and busiest ports. The Port encompasses approximately 4,300 acres of land and 3,200 acres of water. The Port is a deep-water port with a minimum depth of 45 feet below mean low water mark and 53 feet in its main channel and at the bulk loader and supertanker channels. Two major railroads serve the Port.

The Port lies at the terminus of two major freeways within the Los Angeles freeway system. Subsurface pipelines link the Port to major refineries and petroleum distribution terminals within the Los Angeles Basin.

The Port handles the largest volume of containerized cargo of all U.S. ports, and additionally ranks as number one in cargo value for U.S. waterborne foreign traffic. The Port's major trading partners, concentrated along the Pacific Rim, include China/Hong Kong, Japan, South Korea, Taiwan, and Vietnam. Cargo to and from these countries represents the bulk of the total value of all cargo shipped through the Port.

The Port must be financially self-sufficient through the revenues it generates as it has no taxing authority. When appropriate, it seeks to obtain State and Federal funding for defined projects. The Port continues to maintain credit ratings/outlooks of Aa2/Stable, AA+/Positive, and AA/Stable with Moody's Investors Service, S&P Global Ratings, and Fitch Ratings, respectively. These are the highest credit ratings for any stand-alone U.S. port.

Initiatives and Developments

The Port aims to continue to maintain its competitive edge by developing infrastructure that promotes growth and supports efficient, secure, and sustainable port operations. As such, the Port has adopted a capital budget of $257.7 million in fiscal year 2025. Comprising 11.36% of its total budget of $2.6 billion, the adopted capital expenditures include $257.7 million for direct costs of capital improvement projects, indirect costs of $20.3 million in overhead costs, and $20.1 million for capital equipment. The adopted capital expenditures of $257.7 million include $52.3 million for terminal improvement projects, $49.5 million for transportation projects, $52.4 million for public access/environmental enhancement projects, $6.4 million for security projects, and $97.1 million for maritime services.

Award and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Port for its ACFR for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This ACFR must satisfy GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement program requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

Publication of this ACFR is a reflection of the excellence and professionalism of the Port's entire staff. The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Finance Bureau. We wish to thank all Port's divisions for their assistance in providing the data necessary to prepare this report.

Sincerely,

JEFFREY STRAFFORD
Interim Chief Financial Officer and
Director of Financial Planning and Analysis

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Los Angeles
California

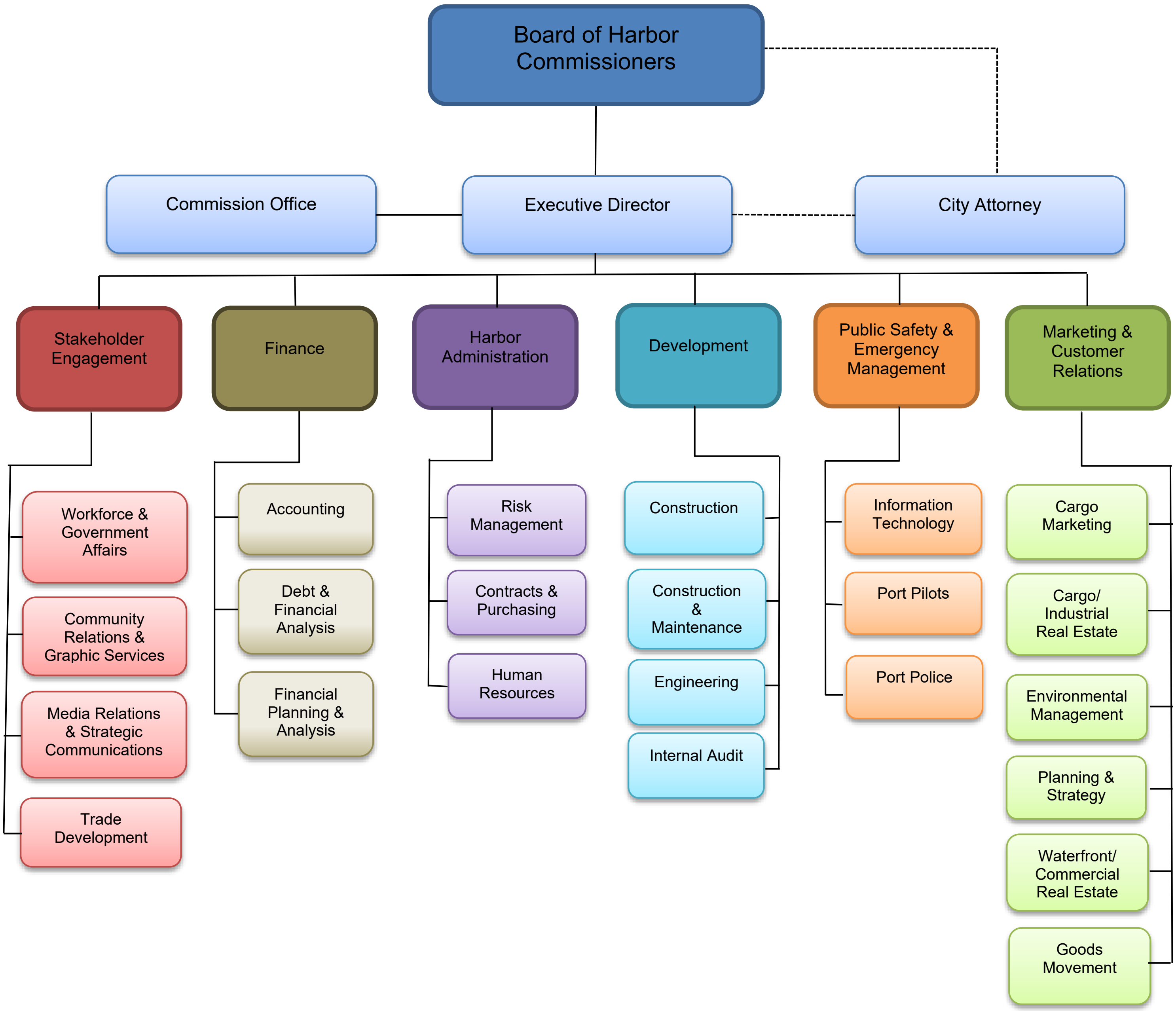
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)
Organizational Chart



PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

BOARD OF HARBOR COMMISSIONERS [(1)]

Lucille
Roybal-Allard
President

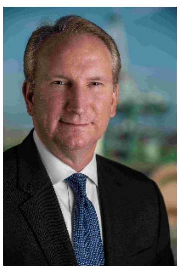
John A. Pérez
Vice President

Michael Muñoz
Commissioner

Edward R. Renwick
Commissioner

I. Lee Williams
Commissioner

EXECUTIVE STAFF [(1)]



Eugene D. Seroka
Executive Director

Erica M. Calhoun
Deputy Executive Director of
Harbor Administration

Dina Aryan-Zahlan
Deputy Executive Director of
Development

Thomas Gazsi
Chief of Public Safety &
Emergency Management

Michael DiBernardo
Deputy Executive Director of
Marketing & Customer Relations

David Libatique
Deputy Executive Director of
Stakeholder Engagement

Jeffrey Strafford
Interim Chief Financial Officer and
Director of Financial Planning & Analysis

MANAGEMENT STAFF [(1)]

Randall Allen
Deputy Chief of Port Police

Jennifer Bersales
Director of Risk Management

Capt. John Betz
Chief Port Pilot

Chris Brown
Chief Harbor Engineer of
Engineering

Tricia Carey
Director of Contracts &
Purchasing

Eric Caris
Director of Cargo Marketing

Kerry Cartwright
Director of Goods Movement

Tim Clark
Director of Construction &
Maintenance

Marisela Caraballo DiRuggiero
Director of Trade Development

Capt. John Dwyer
Chief Port Pilot

Michael Galvin
Director of Waterfront &
Commercial Real Estate

Marisa Katnich
Director of Cargo/Industrial Real
Estate

Michael Keenan
Director of Planning & Strategy

Frank Liu
Director of Accounting

Artie Mandel
Director of Strategic Initiatives

Matthew Marchese
Director of Debt & Financial
Analysis

Cecilia Moreno
Director of Community Relations

Phillip Sanfield
Director of Media Relations

Shaun Shahrestani
Chief Harbor Engineer of
Construction

Avin Sharma
Senior Director of Workforce &
Government Affairs

Barbara Steelman
Director of Internal Audit

Cathy Tanaka
Director of Human Resources

Sheeba Varughese
Chief Information Officer

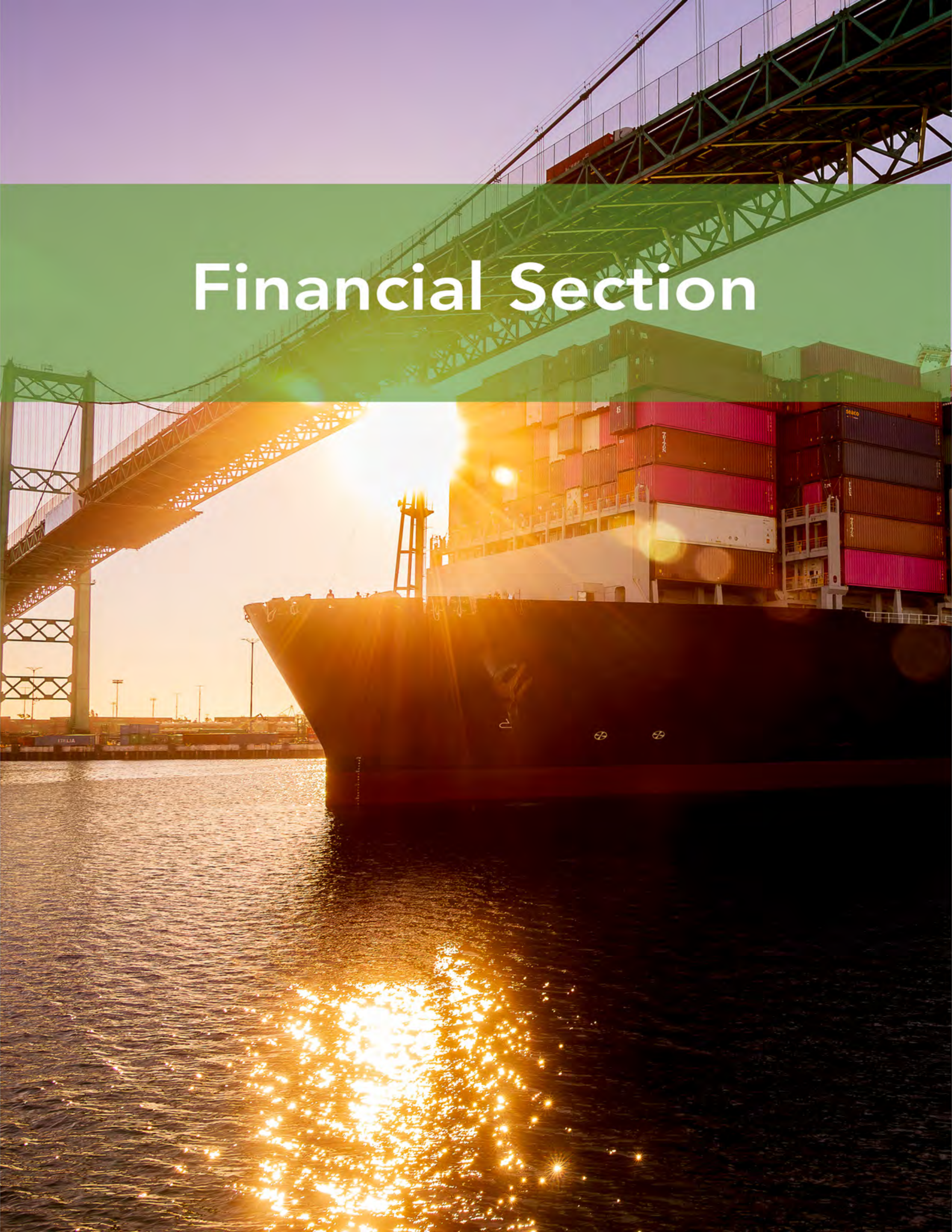
Lisa Wunder
Acting Director of Environmental
Management

Damien Young
Director of Wharfinger
Operations

CITY ATTORNEY STAFF

Steven Otera
General Counsel

(1) As of October 3, 2024.


Financial Section

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited 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), which comprise the statements of net position as of June 30, 2024 and 2023, 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 financial statements referred to above present fairly, in all material respects, the net position of the Port as of June 30, 2024 and 2023, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Port and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

Financial Reporting Entity

As discussed in Note 1, the financial statements present only the Port's net position, the changes in net position, and cash flows of and do not purport to, and do not, present fairly the net position of the City of Los Angeles as of June 30, 2024 and 2023, the changes in City's net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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.

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 the Port'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.

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 required supplementary information, such as management's discussion and analysis, schedule of proportional share of net pension liability, schedule of pension contributions, schedule of proportionate share of the net other postemployment benefits (OPEB) liability, and schedule of OPEB contributions 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 GASB 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2024, on our consideration of the Port's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control over financial reporting and compliance.

Moss Adams LLP

El Segundo, California
December 20, 2024

Using This Financial Report

The management of the Port of Los Angeles (the Port) presents an overview of the Port's financial performance during the fiscal years ended June 30, 2024 and 2023. This discussion and analysis should be read in conjunction with the transmittal letter on pages 1-4 and the Port's financial statements starting from page 40.

The Port's financial report consists of this management's discussion and analysis (MD&A), and the following financial statements:

- *Statements of Net Position* – present information of all of the Port's assets, deferred outflows of resources, liabilities, and deferred inflows of resources as of June 30, 2024 and 2023. The sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as net position, which over time may increase or decrease and serves as an indicator of the Port's financial position.

- *Statements of Revenues, Expenses, and Changes in Net Position* – present the results of operations during the current and prior fiscal year. These show the sources of the Port's revenues and its expenses. Revenues and expenses are recorded and reported for some items that will result in cash flows in future periods. Changes in net position are reported when the underlying events occurred, regardless of the timing of the related cash flows.

- *Statements of Cash Flows* – present the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities. A reconciliation is also provided to assist in understanding the difference between operating income and cash flows from operating activities.

- *Notes to Financial Statements* – present information that is not displayed on the face of the financial statements. Such information is essential to a full understanding of the Port's financial activities.

Continued…..

Overview of the Port's Financial Statements

The Port is a fiscally independent department and an enterprise fund of the City of Los Angeles, California (the City). The Port's financial statements are prepared on an accrual basis using the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America (GAAP) promulgated by the Governmental Accounting Standards Board (GASB). The notes to financial statements on pages 47 to 114 provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Highlights for Fiscal Year 2024

- Current assets exceeded current liabilities by $1.5 billion.
- Lease receivable amounted to $296.4 million.
- Capital assets, net of accumulated depreciation and amortization of $3.1 billion amounted to $3.7 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $4.4 billion.
- Bonded debt net of unamortized discounts/premiums of $38.2 million, totaled $532.0 million.
- Deferred inflows of resources related to leases amounted to $272.2 million.
- Operating revenue amounted to $707.0 million.
- Net operating expenses excluding depreciation of $149.9 million amounted to $293.1 million.
- Capital contributions amounted to $54.3 million.

Continued…..

Financial Highlights for Fiscal Year 2023

- Current assets exceeded current liabilities by $1.3 billion.
- Lease receivable amounted to $296.0 million.
- Capital assets, net of accumulated depreciation and amortization of $3.0 billion amounted to $3.6 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $4.1 billion.
- Bonded debt net of unamortized discounts/premiums of $45.3 million, totaled $582.4 million.
- Deferred inflows of resources related to leases amounted to $277.0 million.
- Operating revenue amounted to $656.4 million.
- Net operating expenses excluding depreciation of $194.9 million amounted to $299.4 million.
- Capital contributions amounted to $43.5 million.

Continued…..

Analysis of Net Position

Net position is the sum of assets and deferred outflows of resources minus liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as an indicator of whether the Port's financial position is improving or deteriorating. The following is a condensed summary of the Port's net position as of June 30, 2024, 2023, and 2022 (in thousands):

Condensed Net Position

		(Restated)		Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Assets					
Current and other assets	$ 2,034,611	$ 1,751,155	$ 1,589,534	$ 283,456	$ 161,621
Capital assets, net	3,667,667	3,635,896	3,693,342	31,771	(57,446)
Total assets	5,702,278	5,387,051	5,282,876	315,227	104,175
Deferred outflows of resources	98,469	106,509	90,461	(8,040)	16,048
Liabilities					
Current liabilities	187,883	180,043	191,269	7,840	(11,226)
Long-term liabilities	868,863	931,355	874,490	(62,492)	56,865
Total liabilities	1,056,746	1,111,398	1,065,759	(54,652)	45,639
Deferred inflows of resources	312,971	305,687	441,064	7,284	(135,377)
Net position					
Net investment in capital assets	3,140,833	3,057,698	3,064,900	83,135	(7,202)
Restricted	174,634	100,875	37,452	73,759	63,423
Unrestricted	1,115,563	917,902	764,162	197,661	153,740
Total net position	$ 4,431,030	$ 4,076,475	$ 3,866,514	$ 354,555	$ 209,961

Net Position, Fiscal Year 2024

The largest portion of the Port's net position ($3.1 billion or 70.9 %) reflects its net investment in capital assets (e.g., land, facilities and equipment, construction in progress and intangible assets). These assets are used for the construction, operation and maintenance of Port facilities. An additional portion of the Port's net position ($174.6 million or 3.9%) represents resources that are restricted for the debt service reserve fund, workforce training facility fund, and clean air program. The remaining balance of $1,115.6 million or 25.2% are unrestricted resources that may be used to meet the Port's ongoing obligations.

Continued…..

Current and other assets increased by $283.5 million or 16.2% from $1,751.1 million in fiscal year 2023 to $2,034.6 million in fiscal year 2024. This increase in current assets occurred due to higher year-over-year unrestricted and restricted cash levels.

Unrestricted and restricted cash, cash equivalents, and investments consist primarily of cash and pooled investments held by the City Treasury on behalf of the Port. The increase of $297.1 million from $1,379.2 million at June 30, 2023 to $1,676 million at June 30, 2024 was due to the aforementioned increased unrestricted and restricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. Restricted cash increased since 2022 as Clean Truck Program fees are collected as a key component of the San Pedro Ports Clean Air Action Plan. The Port reported additional investments of $12.7 million from its share in the City's investment purchases on June 30, 2024, and $1.5 million in securities lending transactions.

Accounts receivable, net of allowance for doubtful accounts, decreased by $18.8 million or 36.0% due to write-offs of uncollectible receivables and increases in collection of receivables. Grants receivable increased $0.1 million or 0.6% as more amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Lease receivable decreased from $296.0 million at June 30, 2023 to $296.4 million at June 30, 2024. The decrease represents $35.9 million in the principal portion of lease payments received from tenants and adjustments from remeasurements of leases offset by $36.3 million for recognizing new leases executed in fiscal year 2024.

Capital assets, net of depreciation and amortization increased by $31.8 million or 0.9% as the increase in new capital assets associated with capital project development and construction in progress more than the increase in accumulated depreciation associated with the Port's existing facilities and equipment.

Current liabilities increased by $7.8 million or 4.4% as increases of $5.2 million in accounts payable for goods and services received in the fiscal year and $9.7 million in accrued salaries and employee benefits were offset by decreases of $3.5 million in obligations from securities lending transactions, $0.5 million in fiscal year end accruals for construction costs, $0.9 million in accrued interest payable and $2.2 million in other current liabilities.

Long-term liabilities decreased by $62.5 million or 6.7% were due to decreases of $50.5 million in the noncurrent portion of bonds payable arising from the customary repayment of principal conjunction with the Port's debt activities, $1.0 million in noncurrent portion of accrued salaries and employee benefits, $8.8 million in net postemployment benefits other than pensions (other postemployment benefits or OPEB) liabilities, $0.1 million in the noncurrent portion of lease liabilities, $0.8 million in subscription liabilities, and $3.7 million in the net balances of other noncurrent liabilities offset by increases of $0.9 million in net pension liabilities and $1.5 million in long term liabilities payable from restricted assets for restoration activities.

The decrease of $8.8 million in net OPEB liabilities was attributable mainly due to actual return on pension plan assets exceeding assumed return in the actuarial valuation. Additional information regarding the Port's proportionate shares of pension and OPEB liabilities may be found in Notes 13 and 14, respectively.

Continued…..

Deferred inflows of resources related to leases decreased by $4.8 million from $277.0 million at June 30, 2023 to $272.2 million at June 30, 2024. The decrease represents $41.1 million for terminations of leases and the recognition of lease revenues in a systematic and rational manner over the terms of leases offset by $36.3 million for recognizing new leases executed in fiscal year 2024.

Net Position, Fiscal Year 2023

The largest portion of the Port's net position ($3.1 billion or 75.0%) reflects its net investment in capital assets (e.g., land, facilities and equipment, construction in progress and intangible assets). These assets are used for the construction, operation and maintenance of Port facilities. An additional portion of the Port's net position ($100.9 million or 2.5%), as restated, represents resources that are restricted for the debt service reserve fund, workforce training facility fund, and clean air program. The remaining balance of $917.9 million or 22.5%, as restated, are unrestricted resources that may be used to meet the Port's ongoing obligations.

Current and other assets increased by $161.6 million or 10.2% from $1,589.5 million in fiscal year 2022 to $1,751.1 million in fiscal year 2023. This increase in current assets occurred due to higher year-over-year unrestricted cash levels.

Unrestricted and restricted cash, cash equivalents, and investments consist primarily of cash and pooled investments held by the City Treasury on behalf of the Port. The increase of $175.7 million from $1,203.5 million at June 30, 2022 to $1,379.2 million at June 30, 2023 was primarily due to the aforementioned increased unrestricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. At June 30, 2023, the Port's share in the fair value adjustment of the City's pooled investments reflected a net increase of $52.3 million. The Port reported additional investments of $12.7 million from its share in the City's investment purchases on June 30, 2023, and $5.3 million in securities lending transactions.

Accounts receivable, net of allowance for doubtful accounts, increased by $14.8 million or 39.6% due to a rate increase in container movement charges for intermodal facility. Grants receivable increased by $5.9 million or 208.5% as more amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Lease receivable decreased by $12.9 million from $308.9 million at June 30, 2022 to $296.0 million at June 30, 2023. The decrease represents $46.8 million in the principal portion of lease payments received from tenants and adjustments from remeasurements of leases offset by $33.9 million for recognizing new leases executed in fiscal year 2023.

Capital assets, net of depreciation and amortization decreased by $57.4 million or 1.6% as the increase in accumulated depreciation associated with the Port's existing facilities and equipment more than offset the increase in new capital assets associated with capital project development and construction in progress.

Current liabilities decreased by $11.2 million or 5.9% as decreases of $10.7 million in obligations from securities lending transactions, $1.5 million in fiscal year end accruals for construction costs, $0.8 million in accrued interest payable and $9.7 million in other current liabilities were offset by increases of $5.8 million in

Continued…..

accounts payable for goods and services received in the fiscal year, $3.1 million in current portion of outstanding bonds payable, $2.6 million in accrued salaries and employee benefits.

Long-term liabilities increased by $56.9 million or 6.5% were due to increases of $103.1 million in net pension liabilities, $8.8 million in net OPEB liabilities, and $0.8 million in the noncurrent portion of lease liabilities offset by $52.4 million in the noncurrent portion of bonds payable arising from the customary repayment of principal conjunction with the Port's debt activities, $2.7 million in the net balances of other noncurrent liabilities, and $0.7 million in subscription liabilities. The increase of $103.1 million in net pension liabilities and $8.8 million in net OPEB liabilities was attributable mainly to the return on pension plans' assets were less than assumed return in the actuarial valuation. Additional information regarding the Port's proportionate shares of pension and OPEB liabilities may be found in Notes 13 and 14, respectively.

Deferred inflows of resources related to leases decreased by $19.3 million from $296.2 million at June 30, 2022 to $277.0 million at June 30, 2023. The decrease represents $53.1 million for terminations of leases and the recognition of lease revenues in a systematic and rational manner over the terms of leases offset by $33.9 million for recognizing new leases executed in fiscal year 2023.

Continued…..

Analysis of the Port's Activities

The following table presents condensed information showing how the Port's net position changed during fiscal years 2024, 2023 and 2022 (in thousands):

Condensed Changes in Net Position

				Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Operating revenue	$ 707,040	$ 656,400	$ 627,842	$ 50,640	$ 28,558
Less: Operating expenses	293,075	299,420	253,900	(6,345)	45,520
Operating income before depreciation and amortization	413,965	356,980	373,942	56,985	(16,962)
Less: Depreciation and amortization	149,883	194,869	147,569	(44,986)	47,300
Operating income	264,082	162,111	226,373	101,971	(64,262)
Net nonoperating revenue (expenses)	36,221	4,345	(70,393)	31,876	74,738
Income before capital contributions	300,303	166,456	155,980	133,847	10,476
Capital contributions	54,252	43,505	11,906	10,747	31,599
Changes in net position	354,555	209,961	167,886	144,594	42,075
Net position, July 1	4,076,475	3,866,514	3,698,628	209,961	167,886
Net position, June 30	$ 4,431,030	$ 4,076,475	$ 3,866,514	$ 354,555	$ 209,961

Changes in Net Position, Fiscal Year 2024

The Port reported a $354.6 million change in net position in fiscal year 2024, a 68.9% increase as compared to fiscal year 2023. Approximately $629.2 million or 89.0% of total operating revenues were derived from fees for shipping services and leasing of facilities to customers. Since the Port operates as a landlord, operating expenses are principally administrative in nature. Operating expenses were lower by $6.3 million in fiscal year 2024 compared to the previous fiscal year.

Depreciation expense decreased by $45.0 million to $149.9 million in fiscal year 2024 from $194.9 million in fiscal year 2023, primarily due to certain assets being trued up for shorter useful lives for depreciation representing a change in estimated useful life of those assets in prior year.

Net nonoperating revenues for fiscal year 2024 totaled $36.2 million include: $37.2 million of net investment income, $2.1 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $9.8 million from interest income on the Port's leasing activities as a lessor, $4.3 million from grant revenues, and $0.8 million of other nonoperating revenues offset by $0.3 million from pass through grant expenses and $17.7 million of interest expenses on indebtedness, leases and subscriptions liabilities.

Continued…..

As a result, income before capital contributions increased by $133.8 million or 80.4% to $300.3 million in fiscal year 2024 from $166.5 million in fiscal year 2023.

Capital contributions increased by $10.7 million from $43.5 million in fiscal year 2023 to $54.2 million in fiscal year 2024 with more grant-funded initiatives in fiscal year 2024 relative to fiscal year 2023. Capital grants in fiscal year 2024 funded initiatives such as Goods Movement Workforce Training Facility project ($40.0 million), Trade Corridor Enhancement Program ($9.2 million), and other projects improving transportation and security of the port complex.

Changes in Net Position, Fiscal Year 2023

The Port reported a $210.0 million change in net position in fiscal year 2023, a 25.1% increase as compared to fiscal year 2022. Approximately $565.3 million or 86.1% of total operating revenues were derived from fees for shipping services and leasing of facilities to customers. Since the Port operates as a landlord, operating expenses are principally administrative in nature. Operating expenses were higher by $45.5 million in fiscal year 2023 compared to the previous fiscal year.

Depreciation expense increased by $47.3 million to $194.9 million in fiscal year 2023 from $147.6 million in fiscal year 2022, primarily due to certain assets being trued up for shorter useful lives for depreciation representing a change in estimated useful life of those assets.

Net nonoperating revenues for fiscal year 2023 totaled $4.3 million include: $4.5 million of net investment income, $1.9 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $10.2 million from interest income on the Port's leasing activities as a lessor, $32.9 million from grant revenues offset by $27.3 million from pass through grant expenses and $17.8 million of interest expenses on indebtedness, leases and subscriptions liabilities.

As a result, income before capital contributions increased by $10.5 million or 6.7% to $166.5 million in fiscal year 2023 from $156.0 million in fiscal year 2022.

Capital contributions increased by $31.6 million from $11.9 million earned in fiscal year 2022 to $43.5 million in fiscal year 2023 with more grant-funded initiatives in fiscal year 2023 relative to fiscal year 2022. Capital grants in fiscal year 2023 funded initiatives such as Goods Movement Workforce Training Facility project ($30.0 million) and Terminal Island Railyard Enhancement project ($13.2 million).

Continued…..

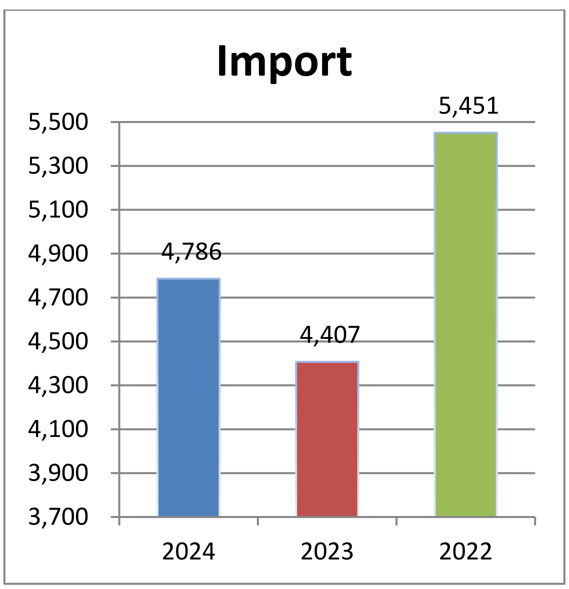
Operating Revenue

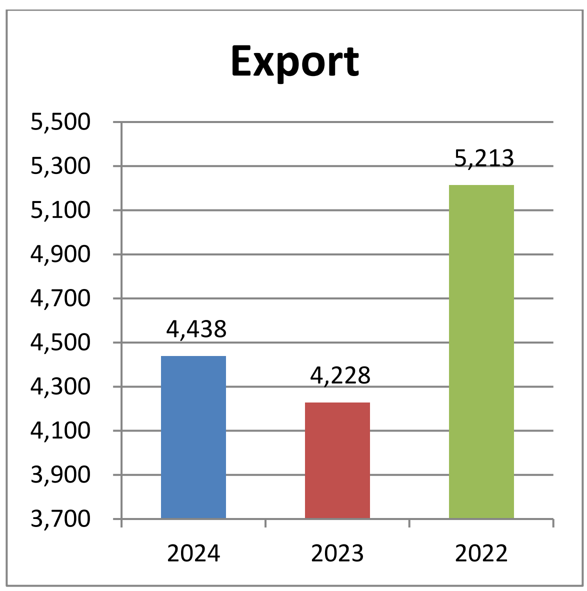
Annual container counts for the Port in twenty-foot equivalent units (TEUs), a standard measurement used in the maritime industry for measuring containers of varying lengths, for the last three fiscal years are as follows (in thousand TEUs):

Container Volume	In thousand TEUs			% Change Over Prior Year	
(Loaded and Empty)	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Import	4,786	4,407	5,451	8.6%	-19.2%
Export	4,438	4,228	5,213	5.0%	-18.9%
Total	9,224	8,635	10,664	6.8%	-19.0%

The Port is the number one port by container volume in North America. Overall container volume totaled 9.2 million TEUs in fiscal year 2024 which represented a 6.8% increase relative to the prior fiscal year. The increase in container volume was primarily due to strong consumer demand driven by a robust U.S. economy and shippers' diverting cargo to container ports on the West Coast amid labor uncertainty at container ports on the East Coast.

Following is the graphical presentation of the Port's container counts (in thousand TEUs) for fiscal years 2024 to 2022:





In Thousand TEUs

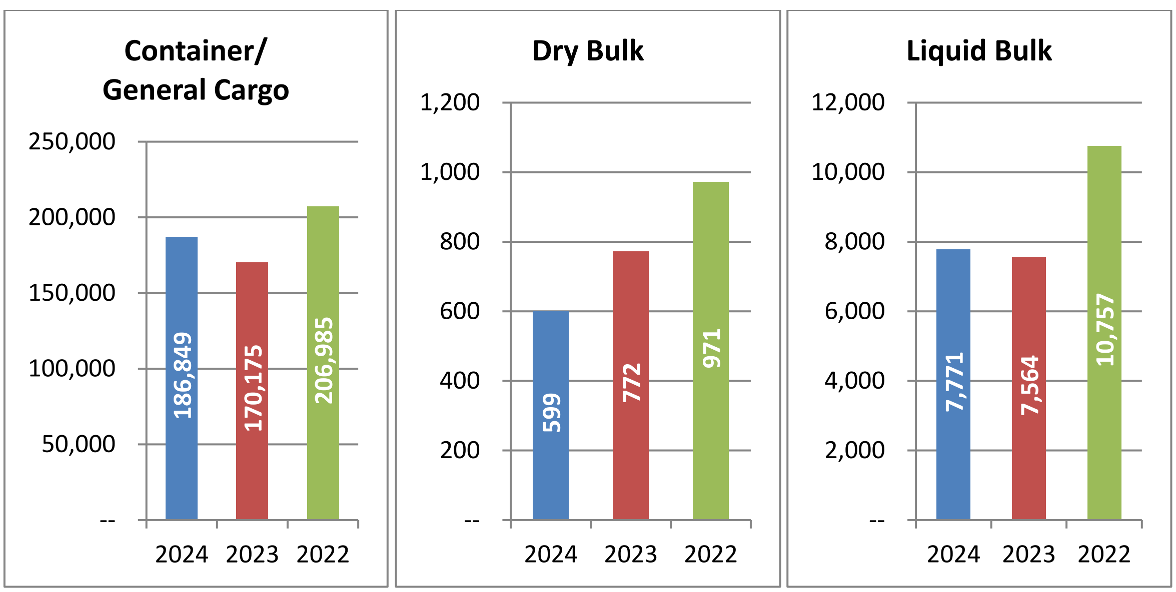
Continued.....

The Port is the leading seaport in North America in terms of shipping container volume. The following presents a summary of cargo volumes by major classification handled by the Port for the last three fiscal years (in thousands):

	In Metric Revenue Tons			% Change Over Prior Year	
Cargo Type	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Container/general cargo	186,849	170,175	206,985	9.8%	-17.8%
Dry bulk	599	772	971	-22.4%	-20.5%
Liquid bulk	7,771	7,564	10,757	2.7%	-29.7%
Total	195,219	178,511	218,713	9.4%	-18.4%

Information for the cargo volume that moved through the Port for the last ten fiscal years may be found in the Revenue Statistics in Statistical Section.

Following is the graphical presentation of the Port's cargo volumes for fiscal years 2024 to 2022 in thousand metric tons:



In Thousand Metric Tons

Continued…..

The Port's major sources of its operating revenues are derived from shipping services, rental fees, royalties and other concession fees. The following table presents a summary of the Port's operating revenues during fiscal years 2024, 2023 and 2022 (in thousands):

Summary of Operating Revenues

				Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Shipping services					
Wharfage	$ 479,683	$ 405,046	$ 441,966	$ 74,637	$ (36,920)
Dockage and demurrage	4,082	3,742	6,047	340	(2,305)
Pilotage	14,083	13,209	13,432	874	(223)
Assignment charges	14,617	26,011	24,397	(11,394)	1,614
Total shipping services	512,465	448,008	485,842	64,457	(37,834)
Rentals					
Land	114,655	115,375	85,092	(720)	30,283
Other	2,093	1,915	1,745	178	170
Total rentals	116,748	117,290	86,837	(542)	30,453
Royalties and other fees					
Fees, concessions, and royalties	7,385	8,094	5,418	(709)	2,676
Clean truck program fees	45,539	41,219	17,999	4,320	23,220
Other	24,903	41,789	31,746	(16,886)	10,043
Total royalties and other fees	77,827	91,102	55,163	(13,275)	35,939
Total operating revenues	$ 707,040	$ 656,400	$ 627,842	$ 50,640	$ 28,558

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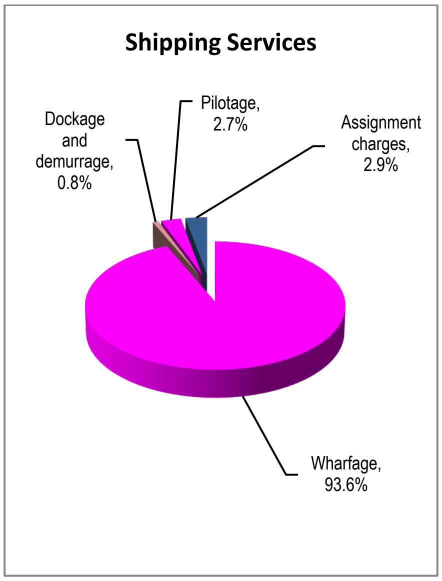
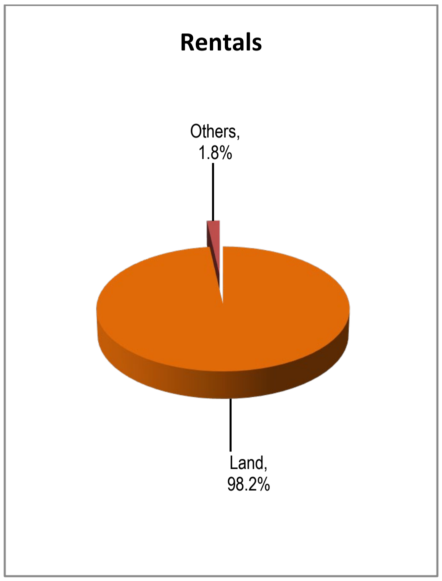
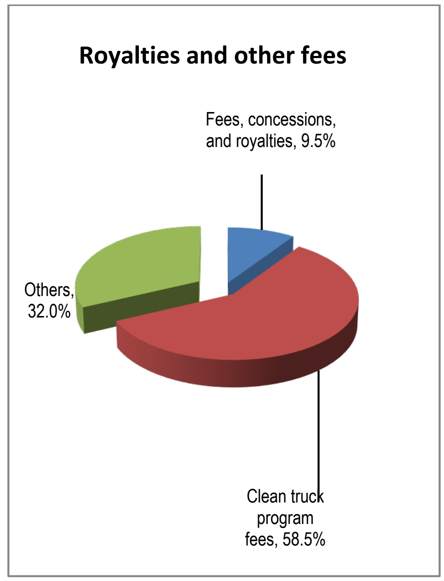
The following charts show the major components of the Port's sources of operating revenue for fiscal years 2024 and 2023:

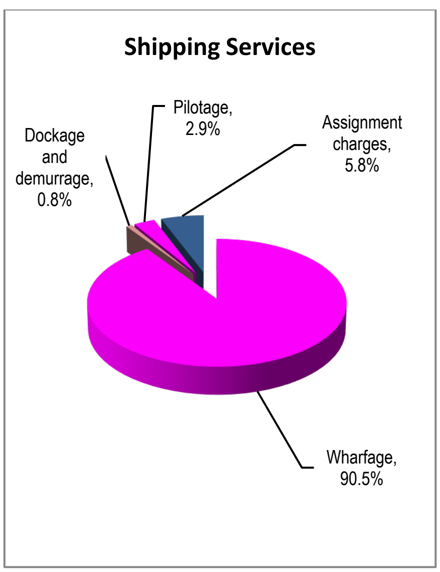
Fiscal Year 2024

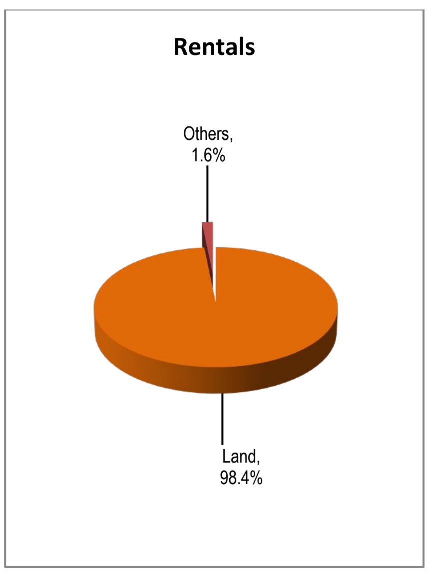


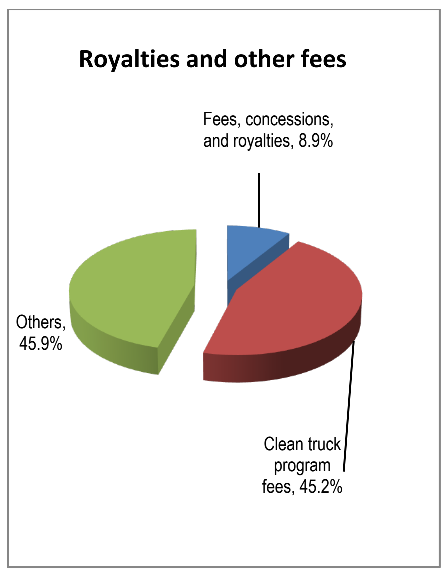




Fiscal Year 2023







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Operating Revenue, Fiscal Year 2024

Operating revenue for fiscal year 2024 increased to $707.0 million, reflecting a 7.7% increase from the prior year revenue of $656.4 million. The increase was primarily due to higher wharfage revenues, higher rental fees, higher clean truck fund rate fees, higher pilotage revenue and space assignment fees, which was only partially offset by lower Harbor Maintenance Tax receipt, lower utility charges and lower operating reimbursements. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 72.5% of fiscal year 2024 total operating revenues and consist of several classifications of fees assessed for various activities relating to vessel and cargo movement. Of these fees, wharfage is the most significant and comprised 93.6% of the total shipping service revenues in fiscal year 2024. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $74.6 million higher compared to fiscal year 2023 mainly due to higher cargo volumes and TEU rates. Other shipping services revenues were $10.2 million lower as assignment and other charges decreased by $11.4 million offset by $1.2 million in higher dockage, demurrage, and pilotage revenues.

Rentals

The Port generates revenues from making available various types of rental properties such as land, buildings, warehouses, wharves, and sheds. Rates are negotiated for these properties based upon two general classifications, waterfront and backland. Independent appraisals are performed periodically to establish benchmark rates for these properties. Rates ultimately set in land rental agreements may be adjusted, within reason, to reflect general market conditions. Rates for other categories of properties are also set taking into account the condition, location, utility, and other aspects of the property.

During fiscal year 2024, rental income at the Port, which represented 16.5% of fiscal year 2024 total operating revenues, decreased by $0.5 million, or 0.5%, over last fiscal year. The decrease was mainly due to expiration of lease agreements during the fiscal year.

Royalties, Fees, and Other Operating Revenue

The Port levies fees for a variety of activities conducted on the Port properties. Examples include royalties from the production of oil and natural gas, fees for parking lots, motion picture productions, foreign trade zone operations, miscellaneous concessions, distribution of utilities, and maintenance and repair services conducted by the Port at the request of customers. Starting in 2022, Clean Truck Fund Rate fees are collected as a key component of the San Pedro Bay Ports Clean Air Action Plan.

Revenues from royalties, fees, and other operating revenues in fiscal year 2024 was $77.8 million or 11.0% of the total operating revenues. This represented a decrease of $13.3 million in this revenue category compared with fiscal year 2023 mainly due to $12.6 million in lower harbor maintenance tax receipts, $5.2 million in lower tenant utility and accommodation work order reimbursements, $1.0 million in lower parking fee revenue, $0.7 million in lower other operating revenues, and $0.3 million in lower concession application fees, which were partially offset by $4.6 million in higher Clean Truck Fund Rate revenues, $1.0 million in

Continued…..

higher credit for tenant services, $0.5 million in higher utility charges, and $0.4 million in higher permit and fees revenues.

Operating Revenue, Fiscal Year 2023

Operating revenue for fiscal year 2023 increased to $656.4 million, reflecting a 4.5% increase from the prior year revenue of $627.8 million. The increase was primarily due to higher rental revenues, higher clean truck program utilization, higher space assignment rates, and higher harbor maintenance tax receipts. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 68.3% of fiscal year 2023 total operating revenues and consist of several classifications of fees assessed for various activities relating to vessel and cargo movement. Of these fees, wharfage is the most significant and comprised 90.4% of the total shipping service revenues in fiscal year 2023. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $36.9 million lower compared to fiscal year 2022 mainly due to lower cargo volumes. Other shipping services revenues were $0.9 million lower as dockage, demurrage, pilotage revenues decreased by $2.5 million offset by $1.6 million in higher assignment revenues.

Rentals

The Port generates revenues from making available various types of rental properties such as land, buildings, warehouses, wharves, and sheds. Rates are negotiated for these properties based upon two general classifications, waterfront and backland. Independent appraisals are performed periodically to establish benchmark rates for these properties. Rates ultimately set in land rental agreements may be adjusted, within reason, to reflect general market conditions. Rates for other categories of properties are also set taking into account the condition, location, utility, and other aspects of the property.

During fiscal year 2023, rental income at the Port, which represented 17.9% of fiscal year 2023 total operating revenues, increased by $30.5 million, or 35.1%, over last fiscal year. The increase was mainly due to net rental rate increases from rent reset, customary periodic rent increases, and new permits.

Royalties, Fees, and Other Operating Revenue

The Port levies fees for a variety of activities conducted on the Port properties. Examples include royalties from the production of oil and natural gas, fees for parking lots, motion picture productions, foreign trade zone operations, miscellaneous concessions, distribution of utilities, and maintenance and repair services conducted by the Port at the request of customers. Starting in 2022, Clean Truck Fund Rate fees are collected as a key component of the San Pedro Bay Ports Clean Air Action Plan.

Revenues from royalties, fees, and other operating revenues in fiscal year 2023 was $91.1 million or 13.8% of the total operating revenues. This represented an increase of $35.9 million in this revenue category compared with fiscal year 2022 mainly due to $23.2 million increase in Clean Truck Fund Rate revenues, $12.6 million in higher harbor maintenance tax receipts, $6.8 million in higher operating reimbursements, $3.0

Continued…..

million in higher parking fee revenue offset by $9.7 million in lower tenant utility and accommodation work order reimbursements.

Operating Expenses

The following table presents a summary of the Port's operating expenses, net of direct and indirect costs allocated to capitalized construction projects for fiscal years 2024, 2023 and 2022. Included in other operating expenses are expenses for workers' compensation, clean truck program, pollution remediation, insurance premiums, travel and entertainment, customer incentive payouts, and miscellaneous other items.

Operating Expenses, Net of Direct and Indirect Costs
(amounts in thousands)

				Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Salaries and benefits	$ 151,626	$ 141,735	$ 122,410	$ 9,891	$ 19,325
City services	45,145	47,823	45,531	(2,678)	2,292
Outside services	33,817	33,332	27,864	485	5,468
Utilities	26,227	27,210	33,708	(983)	(6,498)
Materials and supplies	6,438	5,974	5,106	464	868
Marketing and public relations	3,279	2,710	2,101	569	609
Other operating expenses	26,543	40,636	17,180	(14,093)	23,456
Total Operating Expenses	$ 293,075	$ 299,420	$ 253,900	$ (6,345)	$ 45,520

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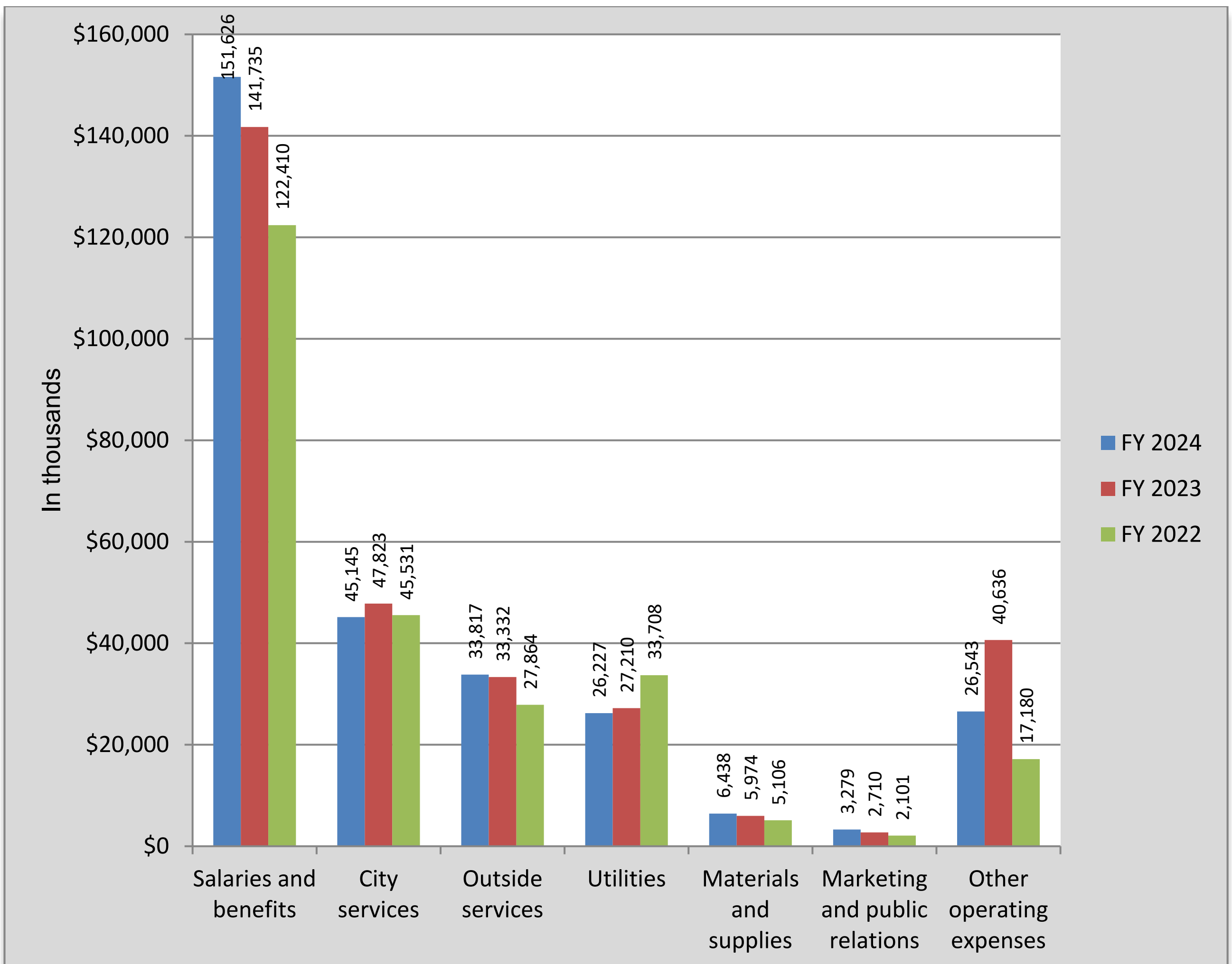
The following chart shows the graphical comparison of the Port's operating expenses, net of direct and indirect costs, for fiscal years 2024, 2023 and 2022:



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Operating Expenses, Fiscal Year 2024

Operating expenses are presented net of direct and indirect costs allocated to capitalized construction projects. Direct costs are costs of materials, labor, and expenses assigned or identified with specific capital projects. Indirect costs are overhead costs not directly identified with a particular capital project such as administrative expenses, maintenance costs and City services, and hence, are allocated based on the average outstanding balance of capitalized construction projects.

In fiscal year 2024, operating expenses decreased by $6.3 million to $293.1 million, a 2.1% decrease from prior fiscal year expenses of $299.4 million. Major components of operating expenses are salaries and benefits, city services, outside services, utilities, materials and supplies, and other operating expenses that are further discussed and analyzed below.

Salaries and benefits expense including pension and OPEB expenses increased by $9.9 million to $151.6 million, or 7.0% higher than the prior year expense of $141.7 million due to increases of $6.5 million in pension and $3.9 million in salary and employee benefit expenses offset by a decrease of $0.5 million in OPEB expense.

Total payments for City services of $45.1 million decreased by $2.7 million or 5.6% relative to the prior fiscal year of $47.8 million due to $1.6 million in lower fire services, $0.7 million in lower recreation and park services, $0.2 million in lower public works services and $0.2 million in lower miscellaneous other city services.

Outside services expenses of $33.8 million increased by $0.5 million or 1.5% relative to the prior fiscal year of $33.3 million with spending increases of $3.6 million in information technology services due to higher spending in activities supporting implementation of new systems, $3.4 million in labor costs for various maintenance projects on the Port's properties, and $1.3 million for equipment maintenance. These increases were offset by $1.1 million in lower environmental monitoring activities and regulatory support, $3.8 million in higher overhead capitalization, and $2.9 million of lower spending in other contractual services supporting the Port's operations.

Utilities expense decreased by $1.0 million to $26.2 million or 3.6% from the prior fiscal year of $27.2 million mainly due to lower spending on Alternative Maritime Power (AMP) and non-AMP electricity consumption relative to fiscal year 2023.

Materials and supplies expenses of $6.4 million increased by $0.4 million or 7.8% relative to the prior fiscal year of $6.0 million primarily due to overall materials and supplies price increases across various divisions throughout the Port.

Other operating expenses of $26.5 million represented a decrease of $14.1 million, or 34.7%, relative to prior fiscal year other operating expenses of $40.6 million. This decrease in other operating expenses was primarily attributable to lower provisioning for litigation and claim expenses by $15.2 million, lower provisioning for bad debts by $1.3 million, and lower pollution remediation expenses by $1.1 million. The decrease is partially offset by higher provisioning for workers' compensation liabilities of $0.3 million based on claim experience, higher subsidies for clean truck programs by $0.3 million, higher customer incentive payouts by $2.5 million, and higher utility expenses by $0.4 million.

Continued…..

Operating Expenses, Fiscal Year 2023

In fiscal year 2023, operating expenses increased by $45.5 million to $299.4 million, a 17.9% increase from prior fiscal year expenses of $253.9 million. Major components of operating expenses are salaries and benefits, city services, outside services, utilities, materials and supplies, and other operating expenses that are further discussed and analyzed below.

Salaries and benefits expense including pension and OPEB expenses increased by $19.3 million to $141.7 million, or 15.8% higher than the prior year expense of $122.4 million due to increases of $21.3 million in pension and OPEB expenses offset by a decrease of $2.0 million in salary and employee benefit expenses.

Total payments for City services of $47.8 million increased by $2.3 million or 5.0% relative to the prior fiscal year of $45.5 million due to $2.9 million in higher fire services and $0.2 million in higher city attorney services. These increases were partially offset by $0.7 million in lower recreation and park services and $0.1 million in lower city administrative office services.

Outside services expenses of $33.3 million increased by $5.4 million or 19.6% relative to the prior fiscal year of $27.9 million with spending increases of $1.7 million in operational costs to support growth of cruise business; $1.4 million in construction and maintenance services due to staffing shortage, as well as price increases for parts and materials; $1.0 million in information technology services due to higher spending in development activities supporting related to the Port Optimizer project; $1.2 million in environmental programs including development activities for the Green Shipping Corridor, environmental monitoring, and regulatory support; and $0.1 million of higher spending in other contractual services supporting the Port's operations.

Utilities expense decreased by $6.5 million to $27.2 million or 19.3% from the prior fiscal year of $33.7 million mainly due to lower spending on Alternative Maritime Power (AMP) and non-AMP electricity consumption relative to fiscal year 2022.

Materials and supplies expenses of $6.0 million increased by $0.9 million or 17.0% relative to the prior fiscal year of $5.1 million primarily due to overall materials and supplies price increases across various divisions throughout the Port.

Other operating expenses (including workers' compensation claims and settlement expenses and clean truck program expenses) of $40.6 million represented an increase of $23.4 million, or 136.5%, relative to prior fiscal year other operating expenses of $17.2 million. This increase in other operating expenses was primarily attributable to higher provisioning for litigation and claim expenses by $12.4 million, higher provisioning for workers' compensation liabilities by $1.5 million based on claim experiences, higher accrued subsidies for clean truck programs by $3.2 million, higher container incentive payouts by $3.2 million, higher cruise incentive payouts by $1.6 million, higher insurance premiums by $0.8 million, and higher pollution remediation expense by $1.1 million offset by lower payouts on taxes, assessments, and other expenses by $0.4 million.

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Nonoperating Revenues and Expenses

Nonoperating revenues and expenses include income from investment in a joint powers authority, interest income and expenses along with receipts and expenses related with noncapital grants as well as pass-through grant awards and discontinued capital projects closed to expense. The following table presents a summary of the Port's nonoperating revenues and expenses for fiscal years 2024, 2023 and 2022:

Summary of Nonoperating Revenues and Expenses
(amounts in thousands)

				Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Nonoperating revenues					
Income from investments in Joint Powers Authority	$ 2,141	$ 1,888	$ 1,513	$ 253	$ 375
Investment income-net	37,192	4,538	--	32,654	4,538
Interest income from leases	9,801	10,155	10,234	(354)	(79)
Grant revenues	4,317	32,925	20,502	(28,608)	12,423
Other nonoperating revenues	870	501	5,766	369	(5,265)
Total nonoperating revenues	54,321	50,007	38,015	4,314	11,992
Nonoperating expenses					
Interest expense	17,712	17,837	19,037	(125)	(1,200)
Investment loss-net	--	--	47,744	--	(47,744)
Pass-through grant expenses	280	27,267	18,521	(26,987)	8,746
Other nonoperating expenses	108	558	23,106	(450)	(22,548)
Total nonoperating expenses	18,100	45,662	108,408	(27,562)	(62,746)
Net nonoperating revenues (expenses)	$ 36,221	$ 4,345	$ (70,393)	$ 31,876	$ (74,738)

Nonoperating Revenues and Expenses, Fiscal Year 2024

In fiscal year 2024, the Port reported net nonoperating revenues of $36.2 million, increased by $31.9 million relative to net nonoperating expenses of $4.3 million in fiscal year 2023.

Nonoperating revenues increased by $4.3 million primarily due to higher net investment income by $32.7 million due to the higher investment fair value fluctuations and higher other nonoperating revenues by $0.2 million. These increases were offset by lower noncapital grant revenues by $28.6 million.

Nonoperating expenses decreased by $27.6 million in fiscal year 2024 due to reductions in pass-through grant expenditures by $27.0 million and lower other nonoperating expenses by $0.6 million.

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Nonoperating Revenues and Expenses, Fiscal Year 2023

In fiscal year 2023, the Port reported net nonoperating revenues of $4.3 million, increased by $74.7 million relative to net nonoperating expenses of $70.4 million in fiscal year 2022.

Net investment income increased by $52.2 million from a net investment loss of $47.7 million in fiscal year 2022 to a net investment income of $4.5 million in fiscal year 2023. The increase was due to the higher investment fair value fluctuations.

Nonoperating revenues increased by $12.0 million primarily due to higher pass-through and noncapital grant revenues by $12.4 million, higher income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority by $0.4 million, and higher net investment income of $4.5 million. These increases were partially offset by a lower other nonoperating revenues in settlement recovery by $5.3 million.

Nonoperating expenses decreased by $62.7 million in fiscal year 2023 due to favorable variances with respect to net investment loss by $47.7 million from investment value fluctuations, lower capital projects closed to expense by $22.4 million, lower interest expenses and other miscellaneous costs by $1.3 million. These decreases were partially offset by higher pass-through grant expenditures by $8.7 million.

Long-Term Debt

The Port's long-term debt is comprised of senior lien debt in the form of Harbor Department Revenue Bonds. As of June 30, 2024 and 2023, the Port's outstanding long-term debt was $493.8 million and $537.1 million, respectively. For all outstanding bonds, the Port continues to maintain Aa2, AA+, and AA credit ratings from Moody's Investors Service (Moody's), S&P Global Ratings (S&P), and Fitch Ratings (Fitch), respectively. See Note 7 to Financial Statements for additional information.

Bonded Debt

Under Section 609 of the City Charter and the Bond Procedural Ordinance, the Port's capacity to issue debt is not limited. However, the Port's capacity is constrained under covenants of the currently outstanding debt to an aggregate ratio of annual net revenue to annual debt service of at least one hundred twenty-five percent (125%). The Port's financial policy requires that a minimum of 2.0x debt service coverage be maintained at all times. At June 30, 2024, the Port's debt service coverage was 6.7x debt service.

The Port's long-term debt consisted of the following as of June 30, 2024, 2023, and 2022 (in thousands):

	FY 2024	FY 2023	FY 2022
Revenue bonds payable	$ 493,770	$ 537,125	$ 577,335
Net unamortized premiums	38,225	45,289	54,391
Total	$ 531,995	$ 582,414	$ 631,726

Continued…..

Capital Assets

The Port's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2024, 2023 and 2022 amounted to $3.7 billion, $3.6 billion, and $3.7 billion, respectively. These accounted for 64.3%, 67.5%, and 69.9%, of total assets, respectively. The following table presents the Port's capital assets, net of accumulated depreciation for fiscal years 2024, 2023 and 2022 (in thousands):

Summary of Capital Assets

				Increase (Decrease) Over Prior Year	
	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023
Land	$ 1,116,717	$ 1,106,805	$ 1,106,805	$ 9,912	$ --
Facilities and equipment, net	2,061,877	2,116,677	2,262,609	(54,800)	(145,932)
Intangible assets, net	12,900	12,900	16,598	--	(3,698)
Right-to-use lease assets, net	1,120	1,259	492	(139)	767
Right-to-use subscription assets, net	681	2,374	2,671	(1,693)	(297)
Construction in progress	342,477	280,921	198,177	61,556	82,744
Preliminary costs-capital projects	131,895	114,960	105,990	16,935	8,970
Total	$ 3,667,667	$ 3,635,896	$ 3,693,342	$ 31,771	$ (57,446)

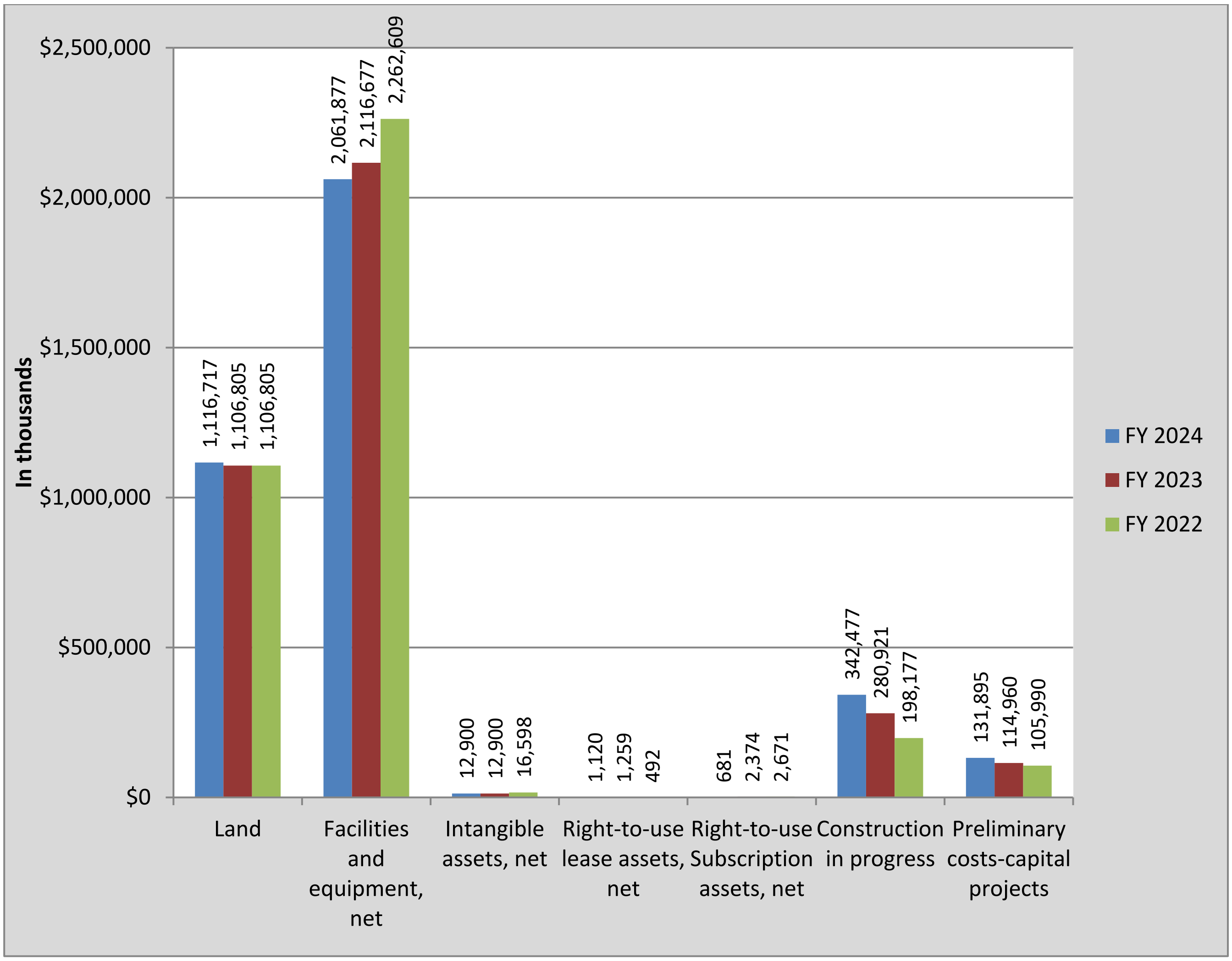
See Note 5 to Financial Statements for additional information.

Facilities and equipment, net of accumulated depreciation, decreased by $54.8 million or 2.6% from $2,116.7 million at June 30, 2023 to $2,061.9 million at June 30, 2024 primarily due to annual depreciation associated with the Port's existing facility and equipment offset by capitalization of completed projects of $91.5 million. Facilities and equipment, net of accumulated depreciation, increased by $145.9 million or 6.4% from $2.3 billion at June 30, 2022 to $2.1 billion at June 30, 2023 primarily due to a $32.7 million true-up of additional depreciation for certain assets with shorter estimated useful lives and annual depreciation associated with the Port's existing facility and equipment.

The Port has active construction projects as of June 30, 2024. The projects include San Pedro Waterfront Redevelopment, Wilmington Waterfront Redevelopment, State Route 47/Vincent Thomas Bridge, World Cruise Center improvements, various infrastructure improvements at terminals, and other capital projects. At June 30, 2024, 2023, and 2022, the Port's commitments with contractors for capital projects were $1.0 million, $1.8 million, and $1.9 million, respectively.

Continued…..

The following chart shows the graphical presentation of the Port's capital assets, net of accumulated depreciation for the fiscal years 2024, 2023 and 2022



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Capital Assets, Fiscal Year 2024

Major capital assets activities during fiscal year 2024 are as follows:

- $38.0 million – constructions and projects of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Promenade, 22nd Street parking lot improvement, the Wilmington Waterfront Promenade, and the Avalon Promenade, pedestrian bridge, and Gateway.

- $23.5 million – construction for expanding corridor storage tracks at Pier 400, including rail extension, additional railroad storage tracks, access roadway, as well as new crossovers, switches, and equipment.

- $16.0 million – various projects at buildings and facilities of the Port including enterprise resources planning (ERP) system migration, electric vehicle charging stations, port pilot radio upgrade, warehouse and site improvements at AltaSea, and various facilities and buildings improvements and remodel projects.

- $11.1 million – various projects at Berth 171-181 (Pasha Terminal) including electrical infrastructure improvement, wharf restoration, and facility improvements.

- $9.4 million – various miscellaneous projects for parking deck waterproof improvement at Berth 93, Goods Movement Workforce Training Facility, and dockside facility improvements.

- $7.7 million – various transportation constructions including projects for reconfiguration of the interchange at State Route 47/Vincent Thomas Bridge, improvement of Navy Way and Seaside Avenue Interchange, and various lighting and street improvements and extensions.

- $4.8 million – various projects at Berth 45-53 (Outer Harbor Cruise Facility) and Berth 90-93 (World Cruise Center) including passenger terminal gangway and pedestrian deck improvements, passenger terminal roof replacement, and cruise terminal development.

- $3.6 million – construction of new container wharf at Berth 306, on-deck railyard expansion project, and crane rail and foundation project at Berth 300-306 (Fenix terminal).

- $2.7 million – various homeland security projects including construction of Port Cyber Resilience Center, Port Police headquarter security enhancement, and port police radio system.

- $2.7 million – various environmental enhancement projects including advanced electrical infrastructure and air quality monitoring stations upgrade, shore side electricity upgrade.

- $2.3 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).

- $1.4 million – redevelopment projects at Berth 222-236 (Everport Terminal) including wharf and backlands improvements, as well as terminal infrastructure reconstruction.

Continued…..

- $1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.

Capital Assets, Fiscal Year 2023

Major capital assets activities during fiscal year 2023 are as follows:

- $40.2 million – construction for expanding corridor storage tracks at Pier 400, including rail extension, additional railroad storage tracks, access roadway, as well as new crossovers, switches, and equipment.
- $19.3 million – construction of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Ports O' Call Promenade and Town Square Waterfront Gateway, Harbor Boulevard roadway improvements, the Wilmington Waterfront Promenade, and the Avalon Promenade, pedestrian bridge, and Gateway.
- $13.8 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with MOTEMS.
- $9.0 million – various projects at buildings and facilities of the Port including ERP system migration, port pilot radio upgrade, Liberty Hill Plaza improvements, and various facilities and buildings improvements and remodel projects.
- $7.2 million – various transportation constructions including projects for Alameda Corridor southern terminus gap closure and reconfiguration of the interchange at State Route 47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, and various lighting and street improvements and extensions.
- $3.9 million – various projects at Berth 171-181 (Pasha Terminal) including electrical infrastructure improvement, wharf restoration, and building improvements.
- $3.5 million – various projects at Berth 45-53 (Outer Harbor Cruise Facility) and Berth 90-93 (World Cruise Center) including passenger terminal gangway and pedestrian deck improvements, passenger terminal roof replacement, and cruise terminal development.
- $3.3 million – redevelopment projects at Berth 222-236 (Everport Terminal) including wharf and backlands improvements, terminal infrastructure reconstruction, and Alternative Maritime Power (AMP) upgrade and retrofit.
- $2.9 million – construction of new container wharf at Berth 306, on-deck railyard expansion project, and crane rail and foundation project at Berth 300-306 (Fenix terminal).
- $3.4 million – various miscellaneous projects for parking/storage lot constructions and improvements, barge landing ramp upgrade, building cover replacement, dockside facility improvements and Port Worker Training Facility.

Continued…..

- $2.6 million – various homeland security projects including construction of Port Cyber Resilience Center, Port Police headquarter security enhancement, and port police radio system.
- $2.1 million – various environmental enhancement projects including advanced electrical infrastructure and air quality monitoring stations upgrade, shore side electricity upgrade.
- $1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.

Continued…..

Factors That May Affect the Port's Operations

There is significant competition for container traffic among North American ports. The availability of alternate port facilities at competitive prices affects the use of the Port's facilities and therefore the revenues of the Port. Formation of shipping alliances adds to the complexity as shipping lines which have ownership in terminals route cargo to terminals that are not owned by them, but by their Alliance partners. While the shipping industry remains volatile in 2024, shipping lines are searching for the best terminal handling rates and even looking to the Port to provide incentives. The Port cannot predict the scope of such impact.

All of the ports on the West Coast of the U.S. compete for discretionary intermodal cargo destined for locations across the U.S. and Canada. Discretionary cargo makes up approximately 33% of cargo arriving at the Port. Currently, this discretionary cargo moves eastward both by rail routes and by water routes through the Panama Canal, Magellan Straits, or Cape Horn, or westward through the Suez Canal. Factors such as capacity restrictions and service reliability of rail routes or water routes could impact decisions on cargo route and U.S. port of entry.

With the expansion of global economy and the surge in international trade, shipping lines began commissioning ships of greater size that carry more cargo, the Port has an existing ability to handle the New Panamax and Super Post-Panamax ships and continues to maintain and improve its strong infrastructure and intermodal capabilities.

The activities at the Port may generate air emissions that are subject to legal and regulatory requirements. Such requirements mandate and offer certain incentives for reductions of air pollution from ships, trains, trucks and other operational activities. Paying for mandated air pollution reduction infrastructure, equipment and other measures may become a significant portion of the Port's capital budget and operating budget. Such expenditures may be necessary even if the Port does not undertake any new revenue-generating capital improvements.

The Port leases land to marine terminal operators who employ labor from the International Longshore and Warehouse Union (ILWU) who are not employees of the Port. In the past, protracted contract negotiations between the ILWU and the Pacific Maritime Association resulted in cargo moving to other gateways, such as the Gulf and East Coast. Once it moves to other gateways, it becomes challenging to regain market share.

Competitive Environment

As of the fiscal year ended June 30, 2024, five major container ports controlled 97.0% of the entire U.S. West Coast containerized cargo market: the ports of Los Angeles, Long Beach, and Oakland in California, and the ports of Seattle and Tacoma in Washington State. The ports of Los Angeles and Long Beach together had 74.3% of all U.S. West Coast market share based on a loaded TEU basis.

The industry is capital intensive and requires long lead times to plan and develop new facilities and infrastructure. Resources are typically allocated and facilities developed based upon the commitment of customers to long-term permits at the Port that currently range from 15 to 40 years before expiration. Occupancy remains high and West Coast ports have limited land areas for expansion. Additionally, the greater Los Angeles area represents not only a large destination market for waterborne goods, but also an attractive point of origin for supply chain distribution throughout the Southern California region and the rest of nation as the Port has extensive on-dock rail facilities creating intermodal connections that provide for time-

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to-market advantages. In the Port's analysis, one third of the import cargo moves via intermodal to inland markets, another third transloaded into larger containers at local transload facilities and moves to inland markets in larger containers (i.e., 53-foot containers) and the last third remains in the five-county region around the Port, which serves over 20 million residents.

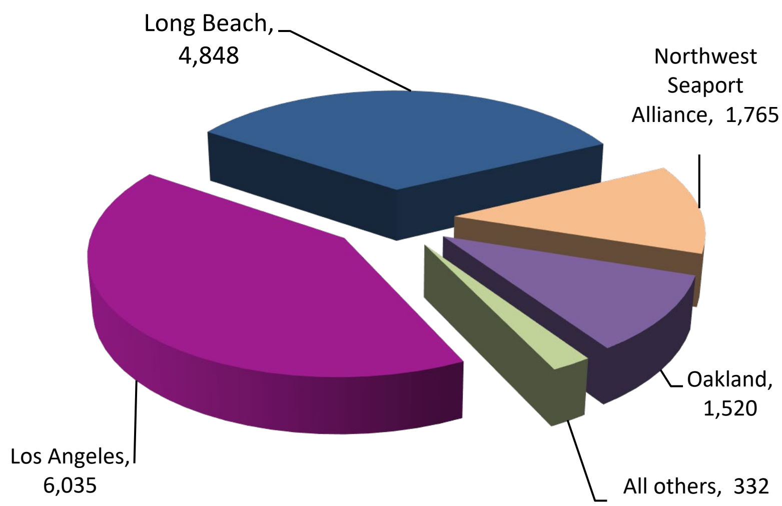
The following presents a summary of the West Coast container market share for fiscal years 2024 to 2022:

	Loaded TEUs (in thousands)*			Percentage Market Share		
Ports	FY 2024	FY 2023	FY 2022	FY 2024	FY 2023	FY 2022
Los Angeles	6,035	5,313	6,309	41.6%	40.1%	39.8%
Long Beach	4,848	4,526	5,529	33.4%	34.2%	34.8%
Northwest Seaport Alliance**	1,765	1,587	1,955	12.2%	12.0%	12.3%
Oakland	1,520	1,416	1,656	10.5%	10.7%	10.4%
All others	332	410	417	2.3%	3.0%	2.7%
	14,500	13,252	15,866	100.0%	100.0%	100.0%

* Source: PIERS

** Northwest Seaport Alliance consists of Seattle and Tacoma.

Following is the graphical presentation of the West Coast container market share for fiscal year 2024:



Loaded TEUs (in thousands)

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Request for Information

This financial report is designed to provide a general overview of the Port's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Jeffrey Strafford, Interim Chief Financial Officer and Director of Financial Planning and Analysis, Port of Los Angeles (Harbor Department of the City of Los Angeles), 425 S. Palos Verdes St., San Pedro, CA 90731.

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PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Net Position
June 30, 2024 and 2023
(amounts in thousands)

	2024	(Restated) 2023
ASSETS		
Current assets		
Cash and cash equivalents, unrestricted	$ 1,473,292	$ 1,251,573
Cash and cash equivalents, restricted	155,001	80,236
Accounts receivable, net of allowance for doubtful accounts: 2024 - $2,184; 2023 - $8,472	33,403	52,225
Accrued interest receivable	4,884	6,368
Grants receivable	8,847	8,795
Materials and supplies inventories	3,094	2,876
Prepaid expenses	533	504
Lease receivable - current portion	28,993	29,673
Total current assets	1,708,047	1,432,250
Noncurrent assets		
Restricted investments – bond funds	37,318	37,105
Other restricted investments	10,670	10,311
Investment in Joint Powers Authority	4,576	4,434
Net pension assets	1,059	--
Net OPEB assets	5,583	773
Lease receivable - noncurrent portion	267,358	266,282
Capital assets		
Land	1,116,717	1,106,805
Facilities and equipment net of accumulated depreciation: 2024 - $3,127,209; 2023 - $2,982,592	2,061,877	2,116,677
Intangible assets, net of accumulated amortization: 2024 - $12,460; 2023 - $12,460	12,900	12,900
Right-to-use lease assets, net of accumulated amortization: 2024 - $983; 2023 - $555	1,120	1,259
Right-to-use subscription assets, net of accumulated amortization: 2024 - $2,287; 2023 - $594	681	2,374
Construction in progress	342,477	280,921
Preliminary costs – capital projects	131,895	114,960
Total capital assets	3,667,667	3,635,896
Total noncurrent assets	3,994,231	3,954,801
TOTAL ASSETS	5,702,278	5,387,051
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on debt refunding	8,324	8,833
Deferred outflows of resources related to pensions	79,745	84,285
Deferred outflows of resources related to other postemployment benefits (OPEB)	10,400	13,391
TOTAL DEFERRED OUTFLOWS OF RESOURCES	98,469	106,509

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Net Position
June 30, 2024 and 2023
(amounts in thousands)

	2024	(Restated) 2023
LIABILITIES		
Current liabilities		
Accounts payable	$ 59,527	$ 48,983
Current maturities of bonds payable	43,415	43,355
Accrued interest payable	10,025	10,932
Accrued salaries and employee benefits	24,427	20,056
Obligations under securities lending transactions	1,723	5,259
Accrued construction cost payable	1,275	1,791
Other current liabilities payable from restricted assets	9,604	9,534
Other current liabilities	37,887	40,133
Total current liabilities	187,883	180,043
Long-term liabilities		
Long-term liabilities payable from unrestricted assets		
Bonds payable, net of unamortized discount/premium:		
2024 - 38,225; 2023 - $45,289	488,580	539,059
Accrued employee benefits	15,014	16,018
Net pension liabilities	272,187	271,235
Net OPEB liabilities	--	8,778
Lease liabilities	1,148	1,279
Subscription liabilities	740	1,546
Other liabilities	72,444	76,198
Total long-term liabilities payable from unrestricted assets	850,113	914,113
Long-term liabilities payable from restricted assets	18,750	17,242
Total long-term liabilities	868,863	931,355
TOTAL LIABILITIES	1,056,746	1,111,398
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	18,887	13,390
Deferred inflows of resources related to OPEB	21,872	15,329
Deferred inflows of resources related to leases	272,212	276,968
TOTAL DEFERRED INFLOWS OF RESOURCES	312,971	305,687
NET POSITION		
Net investment in capital assets	3,140,833	3,057,698
Restricted	174,634	100,875
Unrestricted	1,115,563	917,902
TOTAL NET POSITION	$ 4,431,030	$ 4,076,475

See accompanying notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
OPERATING REVENUE		
Shipping services		
Wharfage	$ 479,683	$ 405,046
Dockage	3,936	3,619
Demurrage	146	123
Pilotage	14,083	13,209
Assignment charges	14,617	26,011
Total shipping services	512,465	448,008
Rentals		
Land	114,655	115,375
Buildings	267	266
Warehouses	679	633
Wharf and shed	1,147	1,016
Total rentals	116,748	117,290
Royalties, fees, and other operating revenues		
Fees, concessions, and royalties	7,385	8,094
Clean truck program fees	45,539	41,219
Other	24,903	41,789
Total royalties, fees, and other operating revenues	77,827	91,102
Total operating revenue	707,040	656,400
OPERATING EXPENSES		
Salaries and other benefits	111,619	107,747
Pension expense	39,716	33,200
OPEB expense	291	788
City services	45,145	47,823
Outside services	33,817	33,332
Utilities	26,227	27,210
Materials and supplies	6,438	5,974
Marketing and public relations	3,279	2,710
Workers' compensation, claims and settlement	629	15,583
Clean truck program expenses	6,169	5,835
Other operating expenses	19,745	19,218
Total operating expenses before depreciation and amortization	293,075	299,420
Operating income before depreciation and amortization	413,965	356,980

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	2023
Operating Income before depreciation and amortization	$ 413,965	$ 356,980
Depreciation and amortization	149,883	194,869
OPERATING INCOME	264,082	162,111
NONOPERATING REVENUES (EXPENSES)		
Nonoperating revenues		
Income from investments in Joint Powers Authority	2,141	1,888
Interest income from leases	9,801	10,155
Investment income - net	37,192	4,538
Noncapital and pass through grant revenue	4,317	32,925
Other nonoperating revenue	870	501
Total nonoperating revenues	54,321	50,007
Nonoperating expenses		
Interest expense	(17,712)	(17,837)
Pass through grant expense	(280)	(27,267)
Discontinued capital projects	(56)	(115)
Other nonoperating expenses	(52)	(443)
Total nonoperating expenses	(18,100)	(45,662)
Net nonoperating revenues (expenses)	36,221	4,345
INCOME BEFORE CAPITAL CONTRIBUTIONS	300,303	166,456
Capital contributions	54,252	43,505
CHANGES IN NET POSITION	354,555	209,961
NET POSITION, JULY 1	4,076,475	3,866,514
NET POSITION, JUNE 30	$ 4,431,030	$ 4,076,475

See accompanying notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	(Restated) 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Shipping service fees collected	$ 526,107	$ 437,893
Rentals collected	114,734	108,375
Royalties, fees, and other operating revenues collected	79,899	89,045
Payments for employee salaries and benefits, net of capitalized amounts: 2024 - $34,199; 2023 - $28,261	(137,060)	(139,015)
Payments for goods and services	(141,979)	(168,544)
Net cash provided by operating activities	441,701	327,754
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY		
Proceeds from noncapital grants	4,037	5,658
Net cash provided by noncapital financing activity	4,037	5,658
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for property acquisitions and construction	(180,870)	(137,924)
Proceeds from sale of capital assets	207	188
Proceeds from capital grants and contributions	54,199	37,561
Proceeds from insurance recovery for damage of capital assets	305	41
Payments for lease assets	(1,483)	(578)
Interest received from leases	9,801	10,155
Payments for subscription assets	(805)	(732)
Principal repayment and redemption – bonds	(43,355)	(40,210)
Interest payments on bonds and financing activities	(25,174)	(27,267)
Net cash used in capital and related financing activities	(187,175)	(158,766)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received from investments	37,516	26,724
Decrease in cash collateral received under the securities lending transactions	(3,536)	(10,737)
Sale (purchase) of investments, net	2,154	(17,813)
(Payments to) receipts from bond reserve fund	(213)	348
Distribution from Joint Powers Authority	2,000	3,000
Net cash provided by investing activities	37,921	1,522
NET INCREASE IN CASH AND CASH EQUIVALENTS	296,484	176,168
CASH AND CASH EQUIVALENTS, JULY 1	1,331,809	1,155,641
CASH AND CASH EQUIVALENTS, JUNE 30	$ 1,628,293	$ 1,331,809

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2024 and 2023
(amounts in thousands)

	2024	(Restated) 2023
CASH AND CASH EQUIVALENTS COMPONENTS		
Cash and cash equivalents, unrestricted	$ 1,473,292	$ 1,251,573
Cash and cash equivalents, restricted	155,001	80,236
Total cash and cash equivalents	$ 1,628,293	$ 1,331,809
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 264,082	$ 162,111
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	149,883	194,869
Change in provision for doubtful accounts	(434)	937
Changes in assets, liabilities, and deferred outflows and inflows of resources		
Accounts receivable	19,256	(15,759)
Lease receivable	(366)	12,991
Materials and supplies inventories	(219)	(55)
Prepaid expenses	(29)	(33)
Deferred outflows of resources related to pensions and OPEB	7,532	(16,559)
Accounts payable	10,596	6,208
Net pension liabilities	(107)	113,031
Net OPEB liabilities	(13,588)	19,795
Accrued salaries and employee benefits	3,366	2,571
Other liabilities	(5,554)	(16,976)
Deferred inflows of resources related to pensions and OPEB	12,039	(116,120)
Deferred inflows of resources related to leases	(4,756)	(19,257)
Total adjustments to reconcile operating income to net cash provided by operating activities	177,619	165,643
Net cash provided by operating activities	$ 441,701	$ 327,754
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets, included in construction costs and accounts payables	$ 2,399	$ 2,966
Write-off of discontinued construction projects	56	115

See accompanying notes to financial statements.

The Notes to Financial Statements include disclosures considered necessary for a better understanding of the accompanying financial statements. An index to the Notes follows:

Continued…..

1. Organization and Summary of Significant Accounting Policies

The financial statements of the Harbor Department of the City of Los Angeles, California (hereafter referred to as “Port of Los Angeles” or “Port”) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Port’s significant accounting policies are described below.

A. Organization and Reporting Entity

The Harbor Department is a proprietary department of the City of Los Angeles, California (the City), formed for the purpose of managing the tidelands property granted by the State of California (State) commonly known as the Port of Los Angeles and operations thereon for specific maritime related purposes as explained below. The Port is under the control of a five-member Board of Harbor Commissioners (BHC), who are appointed by the Mayor and confirmed by the City Council. The Port is administered by an Executive Director and subject to the State public trust doctrine as described below.

The real property and related assets of the Port including land, waters, docks, wharves, transit sheds, terminals, and other facilities (i.e., Trust Assets), were granted to the City in tidelands grants from the State, with retained oversight by the State Lands Commission. The State’s statutory grants specify the granted tidelands are subject to the Trust Purposes, which require the Trust Assets to be used for maritime commerce, navigation, fisheries, and water-dependent activities for the benefit of the State. The Trust Purposes are also codified in the Charter of the City, which placed management and control of the Trust Assets under the Port. All revenues arising from the Trust Assets (Port operating revenues and proceeds of asset sales) are limited as to use for the Trust Purposes, including operation and maintenance of Port facilities, the acquisition and construction of improvements, and other similar Trust Purposes.

The Port prepares and controls its own financial plan, administers and controls its fiscal activities, and is responsible for all Port construction and operations. The Port operates as principal landlord for the purpose of assigning or leasing port facilities and land areas. The Port’s principal source of revenue is from shipping services under tariffs (dockage and wharfage, etc.), rental of land and facilities, fees (parking and foreign trade zones), and royalties (oil wells). Capital construction is financed by cash from operations, debt secured by future revenues, and federal and state grants. The Port’s permanent workforce attends to the daily operation of the Port facilities and its regular maintenance. Generally, the Port uses commercial contractors for large construction projects.

Operations of the Port are financed in a manner similar to that of a private business. The Port recovers its costs of providing services and improvements through tariff charges for shipping services and the leasing of facilities to Port customers.

The Port is reported as a major enterprise fund in the City’s Annual Comprehensive Financial Report. The accompanying financial statements present only the financial activities of the Port in conformity with GAAP and are not intended to present the financial position and results of operations of the City.

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Reporting Entity

The Los Angeles Harbor Improvements Corporation (LAHIC) is a nonprofit public benefit corporation organized under the laws of the state of California for public purposes. LAHIC was formed to assist the Port in undertaking financing third party capital expenditures at potentially advantageous terms that the BHC deems necessary for the promotion and accommodation of commerce.

The board of directors of LAHIC consists of five members. Election of the LAHIC board of directors occurs by vote of the BHC. The BHC is financially responsible for LAHIC's activities. Further, although LAHIC is legally separate from the Port, it is reported as if it were part of the Port, because its sole purpose is to help finance and construct facilities and improvements, related to Port activities.

LAHIC is included in the reporting entity of the Port, and accordingly, the operations of LAHIC are blended in the Port's accompanying financial statements. LAHIC's cash balance in the amount of $21 thousand equaled to the payable amount owed to the Port as of both June 30, 2024 and 2023. LAHIC reported no net position at June 30, 2024 and 2023. Separate financial statements for LAHIC may be obtained from the Deputy Executive Director and Chief Financial Officer, Port of Los Angeles, 425 S. Palos Verdes Street, San Pedro, California 90731.

B. Summary of Significant Accounting Policies

Method of Accounting – The Port's activities are accounted for as an enterprise fund, and as such, its financial statements are presented using the economic resources measurement focus and the accrual method of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when the related liabilities are incurred regardless of the timing of cash flow.

Cash, Cash Equivalents, and Investments – The Port pools its available cash with that of the City. All cash and investments pooled with the City, plus cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition are considered cash and cash equivalents.

Interest income and realized gains and losses arising from such pooled cash and investments are apportioned to each participating City department fund based on the relationship of such department fund's respective average daily cash balances to aggregate pooled cash and investments. The change in the fair value of pooled investments is allocated to each participating City department fund based on the aggregate respective cash balances at year-end.

The Port's investments, including its share of the City's Investment Pool, are stated at fair value. Fair value is determined based upon market closing prices or bid/ask prices for regularly traded securities. The fair value of investments with no regular market is estimated based on similarly traded investments. The fair value of mutual funds, government-sponsored investment pools, and other similar investments is stated at share value or an allocation of fair value of the pool, if separately reported. Certain money market investments with initial maturities at the time of purchase of less than one year are recorded at amortized cost. The calculation of realized gains is independent of the calculation of the net increase in the fair value of investments. Realized

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gains and losses on investments that had been held more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in fair value of investments reported in the prior year and the current year.

Securities Lending – As a participant in the City's Investment Pool, the Port's funds are also part of the City's securities lending program (SLP). The investment collateral received by the City together with the corresponding liability is allocated among the City's participating funds based on the aggregate respective cash balances at fiscal year-end.

Inventories and Prepaid Items – Inventories of materials and supplies are stated at the weighted average cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Accounts Receivable and Allowance for Doubtful Accounts – Accounts receivable is recorded for invoices issued to customers or tenants in accordance with the contractual provisions. Included in accounts receivable on the statements of net position, unbilled receivables are estimated and recorded when revenues are recognized upon service delivery and invoicing occurs after the fiscal year end. Receivables outstanding beyond 90 days are put into the collection process. An allowance for doubtful accounts is set up as a reserve based on specific identification of troubled accounts and delinquent receivables.

Grants Receivable – The Port receives federal, state and local grants on a reimbursement basis for both capital and non-capital activities. Grants receivable is recognized when all applicable eligibility requirements are met.

Capital Assets – Capital assets are carried at historical cost or at acquisition value at the date received in the case of properties acquired by donation, and by termination of leases for tenant improvements, less allowance for accumulated depreciation. The Port has a capitalization threshold of $5,000. Capital assets include intangible assets for the Port's radio frequency licenses, emission mitigation credits with indefinite useful lives; and capitalized costs of the Port's integrated financial accounting system, the Enterprise Resource Planning System. The Port periodically reviews its assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly.

Preliminary costs for developing proposed capital projects that are incurred prior to the finalization of formal capital projects are capitalized. Upon completion of capital projects, such preliminary costs are transferred to the appropriate property account. In the event the proposed capital projects are abandoned, the associated preliminary costs are charged to expense in the year of abandonment. Preliminary costs - capital projects as of June 30, 2024 and 2023 are $131.9 million and $115.0 million, respectively.

The Port capitalizes indirect project costs such as internal administrative salaries, benefits, and various office costs associated with the acquisition, development, and construction of new capital projects. Indirect project costs allocated to construction projects for fiscal years 2024 and 2023 were $28.6 million and $22.8 million, respectively.

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Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives of the Port's depreciable assets are as follows:

Wharves and sheds	15 to 30 years
Buildings and facilities	10 to 50 years
Equipment	3 to 18 years
Intangible assets	20 years

Leases – *Port as lessee.* Leases are defined as the right to use an underlying asset. As a lessee, the Port recognizes a lease liability and an intangible right-to-use (RTU) lease asset at the commencement of a lease unless the lease is considered a short-term lease (i.e., 12 months or less) or transfers ownership of the underlying asset. RTU lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Remeasurement of a lease liability occurs when there is a change in the lease term and/or other changes that are likely to have a significant impact on the lease liability.

The Port calculates the amortization of the discount on the lease liability and reports that amount as interest expense. Leases that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the lease payment amounts during the lease term. Payments are allocated first to accrued interest liability and then to the lease liability. Variable lease payments based on the usage of the underlying assets are not included in the lease liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred.

Port as lessor. As a lessor, the Port recognizes a lease receivable. The lease receivable is measured using the net present value of future lease payments to be received for the lease term and deferred inflow of resources at the beginning of the lease term. Periodic amortization of the discount on the receivable is reported as interest revenue for that period. Deferred inflows of resources are recognized as inflows on a straight-line basis over the term of the lease. This recognition does not apply to short-term leases or certain regulated leases. Re-measurement of lease receivables occurs when there are modifications, including but not limited to changes in the contract price, lease term, and adding or removing an underlying asset to the lease agreements. In the case of a partial or full lease termination, the carrying value of the lease receivable and the related deferred inflow of resources will be reduced and will include a gain or loss for the difference.

Short-term real estate entitlement such as revocable permits and space assignments can be canceled on a 30-day notice by either party. For lease agreements that are short-term, the Port recognizes short-term lease payments as inflows of resources based on the payment provisions of the lease contract. Liabilities are only recognized if payments are received in advance, and receivables are only recognized if payments are received subsequent to the report period.

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Leases between the Port and terminal operators and shipping lines are subject to external laws and regulations. The Port recognizes inflows of resources based on the payment provisions of the lease agreement. See note 12.A. for additional information.

Subscription-based Information Technology Arrangements (SBITA) – A SBITA is a contract that conveys control of the right to use a third-party's information technology software. SBITAs that have maximum possible term under the SBITA contract of 12 months or less are considered a short-term SBITA and recognized as outflows of resources.

The Port recognizes a subscription liability and an intangible right-to-use (RTU) subscription asset at the beginning of a SBITA unless the SBITA is considered a short-term SBITA. A subscription liability is measured at the present value of subscription payments expected to be made during the subscription term using the Port's incremental borrowing rate. A subscription asset is initially recorded at the initial measurement of the subscription liability, plus subscription payments made at the commencement of the subscription term, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The commencement of the subscription term occurs when the Port has obtained control of the right to use the underlying subscription assets, and the subscription asset is placed into service.

A subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying subscription asset. Remeasurement of subscription liability occurs when there is a change in the subscription term and/or other changes that are likely to have a significant impact on the subscription liability.

The Port calculates the amortization of the discount on the subscription liability and reports that amount as outflows of resources. SBITAs that do not have implicit interest rates, the incremental borrowing rates (IBR) are used. IBR's are estimated rates the Port would be charged for borrowing the payment amounts during the subscription term. Payments are allocated first to accrued interest liability and then to the lease liability. Variable payments based on the usage of the underlying assets are not included in the subscription liability calculations but are recognized as outflows of resources in the period in which the obligation was incurred. See note 12.B. for additional information.

Investment in Joint Powers Authority – Investment in joint powers authority is accounted for by the equity method. The value of the Port's investment in joint powers authority increases or decreases based on the Port's proportional share in the joint powers authority's ending net position less distributions, if any. The distribution from joint powers authority is proportional to the size of the equity investment.

Accrued Salaries and Employee Benefits – Aside from accrued salaries, the Port records as liabilities all accrued employee benefits, including estimated liabilities for certain unused vacation and sick leave in the period the benefits are earned. Port employees accumulate annual vacation and sick leave based on their length of service up to a designated maximum. Upon termination or retirement, employees are paid the cash value of their accumulated leave benefits in accordance with the City policy.

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Deferred Outflows and Inflows of Resources – In addition to assets, the Port reports a separate section for deferred outflows of resources. This represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The Port has three items that qualified for reporting in this category. They are deferred charges on debt refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to postemployment benefits other than pensions (other postemployment benefits or OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Port reports a separate section for deferred inflows of resources. This represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The Port has three items that qualified for reporting in this category – deferred inflows of resources related to pensions, deferred inflows of resources related to OPEB, and deferred inflows of resources related to leases.

Deferred outflows and inflows of resources related to pensions result from diverse pension related transactions and events including pension contributions subsequent to measurement date, changes of assumptions or other inputs, difference between expected and actual experience in the total pension liabilities, changes in proportionate share of contributions, and net differences between projected and actual pension plan investment earnings.

Deferred outflows and inflows of resources related to OPEB result from diverse OPEB related transactions and events including OPEB contributions subsequent to measurement date, changes of assumptions or other inputs, difference between expected and actual experience in the total OPEB liabilities, changes in proportionate share of contributions, and net differences between projected and actual plan investment earnings.

Deferred inflows of resources related to leases are measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods that is recognized as revenue over the term of the lease. The lease payments included in the lease receivable relate to future reporting periods.

Operating and Nonoperating Revenues and Expenses – The Port differentiates between operating revenues and expenses, and nonoperating revenues and expenses. Operating revenues and expenses generally result from the Port's primary ongoing operations. All revenues and expenses other than these are reported as nonoperating revenues and expenses.

Revenues from shipping services, rental fees, and royalties are the major sources of the Port's revenues. Shipping services revenues consist of fees assessed for various activities relating to vessel and cargo movement. Twenty-foot equivalent units (TEUs) and metric tons are the measures used to determine cargo volumes that move through the Port. Rental fees are collected from the lease of various types of rental properties in Port-controlled lands. Rental rates are set using various methodologies, and are appraised periodically to evaluate and establish benchmark rates. Rental rates may be adjusted, within reason, to reflect general market conditions. The Port levies fees for various activities such as royalties from oil and natural gas production, fees for parking lots, clean truck program, and miscellaneous concessions.

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Operating Expenses – The Port presents operating expenses at net of direct and indirect overhead costs allocated to capitalized construction projects. Direct costs are costs of materials, labor, and expenses assigned or identified with specific capitalized construction projects. Indirect costs are those that are not directly identifiable with a particular capital project and hence, are allocated to all outstanding construction projects. Indirect overhead costs such as administrative expenses, maintenance salaries and City services are allocated to projects based on the average outstanding balance of capitalized construction projects.

Indirect overhead costs are defined to be the costs not directly attributable to those activities related to a capital project. The overhead rate is calculated based on the ratio of the costs of the direct amount of work assigned to capital projects to the total amount of hours worked by Port staff. The resulting rate is defined as the indirect overhead rate and is applied to the operating expenses of those divisions that participate both directly and indirectly in the activities related to capital projects. The resulting indirect overhead amount is then allocated on a pro-rata basis to capitalized construction projects based on the outstanding balance of each project.

Pension and OPEB Plans – All full-time civilian Port employees are eligible to participate in the Los Angeles City Employees' Retirement System (LACERS), a defined benefit single-employer retirement plan. All full-time Port police officers are eligible to participate in the City of Los Angeles Fire and Police Pension System (LAFPP), a defined benefit single-employer retirement plan. The Port funds fully its entire annual share of LACERS and LAFPP pensions and the respective OPEB contributions. The funding amounts are determined at the start of each fiscal year and are incorporated as part of the Port's payroll to reimburse the City for the Port's pro rata contribution share.

For purposes of measuring the net pension assets, net pension liabilities, and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net positions of LACERS and LAFPP, and additions to/deductions from LACERS and LAFPP's fiduciary net positions have been determined on the same basis as they are reported by LACERS and LAFPP. 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.

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For fiscal years ended June 30, 2024 and 2023, the Port reported total net pension assets, net pension liabilities, deferred outflows/inflows or resources related to pensions, and pension expense as follows (in thousands):

	2024	2023
Net pension assets:		
LAFPP - proportionate share	$ 1,059	$ --
Total net pension assets	$ 1,059	$ --
Deferred outflows of resources related to pensions:		
LACERS - proportionate share	$ 70,983	$ 73,748
LAFPP - proportionate share	8,762	10,537
Total deferred outflows of resources related to pensions	$ 79,745	$ 84,285
Net pension liabilities:		
LACERS - proportionate share	$ 272,187	$ 270,252
LAFPP - proportionate share	--	983
Total net pension liabilities	$ 272,187	$ 271,235
Deferred inflows of resources related to pensions:		
LACERS - proportionate share	$ 14,528	$ 9,506
LAFPP - proportionate share	4,359	3,884
Total deferred inflows of resources related to pensions	$ 18,887	$ 13,390
Pension expense:		
LACERS - proportionate share	$ 35,508	$ 30,097
LAFPP - proportionate share	4,208	3,103
Total pension expense	$ 39,716	$ 33,200

See note 13 and note 14, as well as Required Supplementary Information, for additional information.

For purpose of measuring the net OPEB assets, net OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net positions of LACERS and LAFPP, and additions to/deductions from LACERS and LAFPP's OPEB fiduciary net positions have been determined on the same basis as they are reported by LACERS and LAFPP. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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For the fiscal years ended June 30, 2024 and 2023, the Port reported total net OPEB assets, net OPEB liabilities, deferred outflows/inflows or resources related to OPEB, and OPEB expense as follows (in thousands):

	2024	2023
Net OPEB assets:		
LACERS - proportionate share	$ 4,910	$ --
LAFPP - proportionate share	673	773
Total net OPEB assets	$ 5,583	$ 773
Deferred outflows of resources related to OPEB:		
LACERS - proportionate share	$ 8,319	$ 11,180
LAFPP - proportionate share	2,081	2,211
Total deferred outflows of resources related to OPEB	$ 10,400	$ 13,391
Net OPEB liabilities:		
LACERS - proportionate share	$ --	$ 8,778
Total net OPEB liabilities	$ --	$ 8,778
Deferred inflows of resources related to OPEB:		
LACERS - proportionate share	$ 19,760	$ 12,667
LAFPP - proportionate share	2,112	2,662
Total deferred inflows of resources related to OPEB	$ 21,872	$ 15,329
OPEB expense (credit):		
LACERS - proportionate share	$ (285)	$ 351
LAFPP - proportionate share	576	437
Total OPEB expense (credit)	$ 291	$ 788

See note 13 and note 14, as well as Required Supplementary Information, for additional information.

Capital Contributions – The Port may receive grants for the purpose of acquisition or construction of property and equipment. These grants are generally structured as reimbursements against expenditures. Grants and similar items are recognized as capital contributions as soon as all eligibility requirements imposed by the provider have been met.

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Net Position – The statements of net position are designed to display the financial position of the Port. The Port's equity is reported as net position, which is classified into the following categories:

- *Net investment in capital assets* – This category consists of capital assets, reduced by accumulated depreciation and amortization, accrued construction costs payable, and by the outstanding balances of any capital-related bonds, notes, or other debt/borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this category.
- *Restricted* – This category consists of restrictions placed on net position through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments. Constraints may also be imposed by law or constitutional provisions or enabling legislation.
- *Unrestricted* – This category consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

When both restricted and unrestricted resources are available for use, it is the Port's policy to use restricted resources for the purpose for which the restriction exists first and unrestricted resources as needed.

Use of Estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications – Certain reclassifications have been made to amounts reported in fiscal year 2023 to conform to the fiscal year 2024 presentation. Such reclassification had no impact on the change in net position previously reported.

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Restatement – Cash and cash equivalents in the amount of $30 million were reported incorrectly between unrestricted and restricted balances on the statement of net position as of June 30, 2023. The following table summarizes the impact on the fiscal year 2023 financial statements.

	2023 As Previously Reported	Restatement	2023 As Restated
Statement of Net Position			
ASSET			
Cash and cash equivalents, unrestricted	$ 1,281,573	$ (30,000)	$ 1,251,573
Cash and cash equivalents, restricted	50,236	30,000	80,236
NET POSITION			
Restricted	76,320	24,555	100,875
Unrestricted	942,457	(24,555)	917,902
Statement of Cash Flows			
CASH AND CASH EQUIVALENTS COMPONENTS			
Cash and cash equivalents, unrestricted	1,281,573	(30,000)	1,251,573
Cash and cash equivalents, restricted	50,236	30,000	80,236

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2. Adoption of New GASB Pronouncements

GASB Statement No. 99, *"Omnibus 2022"* Issued in April 2022, the statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of non-monetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statement No. 53 and Statement No. 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs have been implemented in fiscal year 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 has been implemented at the beginning fiscal year 2024.

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

3. Recent GASB Pronouncements for Future Adoption

The GASB has issued several pronouncements that have effective dates that may affect future presentations. The Port is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

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

GASB Statement No. 102, *"Certain Risk Disclosures."* Issued in December 2023, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The statement will be effective beginning fiscal year 2025.

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GASB Statement No. 103, *"Financial Reporting Model Improvements."* Issued in April 2024, the objective of this Statement is to improve key components (listed below) of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement will be effective beginning fiscal year 2026.

- Management's discussion and analysis (MD&A)
- Unusual or infrequent items
- Presentation of proprietary fund statement of revenues, expenses and changes in fund net position
- Major component unit information
- Budgetary comparison information
- Financial trends information in the statistical section

GASB Statement No. 104, "*Disclosure of Certain Capital Assets.*" Issued in September 2024, this Statement establishes requirements for certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. It also establishes requirements for capital assets held for sale, including additional disclosures for those capital assets. The statement will be effective beginning fiscal year 2026.

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4. Cash, Cash Equivalents, and Investments

The Port's cash, cash equivalents and investments consist of the following (in thousands):

	2024	2023
Cash in bank	$ 229	$ 229
Investment in U.S. Treasury and money market fund	37,318	37,105
Equity in the City of Los Angeles Investment Pools	1,638,734	1,341,891
Total cash, cash equivalents, and investments	$ 1,676,281	$ 1,379,225

Certain of the Port's cash, cash equivalents, and investments are restricted as to use by reason of bond indenture requirements or similar legal mandate. The Port's unrestricted and restricted cash, cash equivalents, and investments are as follows (in thousands):

	2024	2023
Unrestricted cash and cash equivalents	$ 1,473,292	$ 1,251,573
Restricted cash and cash equivalents-current assets		
China Shipping Mitigation Fund	8,559	8,469
Narcotics/Customs Enforcement Forfeiture Fund	791	744
Clean Truck Program and Fee Fund	76,816	39,215
Port of Los Angeles and Port of Long Beach (LALB) Training Campus Fund	66,968	30,000
Other	1,867	1,808
Subtotal-restricted cash and cash equivalents	155,001	80,236
Restricted investments-noncurrent assets		
Harbor Revenue Bond Funds	37,318	37,105
Customer Security Deposits	2,899	2,869
Batiquitos Environmental Fund	7,121	6,823
Harbor Restoration Fund	650	619
Subtotal-restricted investments	47,988	47,416
Total restricted cash, cash equivalents, and investments	202,989	127,652
Total cash, cash equivalents, and investments	$ 1,676,281	$ 1,379,225

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A. Deposits

The Port had cash deposits in bank amounting to $0.2 million at June 30, 2024 and 2023. The deposits were entirely covered by federal depository insurance or collateralized by securities held by the financial institutions in the Port's name in conformance with the California Government Code.

B. Pooled Investments

The cash balances of substantially all funds on deposit in the City Treasury are pooled and invested by the City Treasurer for the purpose of maximizing interest earnings through pooled investment activities but safety and liquidity still take precedence over return. Interest earned on pooled investments is allocated to and recorded in certain participating funds, as authorized by the Los Angeles City Council (City Council) and permitted by the City Charter and the California Government Code, based on each fund's average daily deposit balance. Investments in the City Treasury are measured and categorized by using fair value measurement guidelines established by generally accepted accounting principles.

Pursuant to California Government Code Section 53607 (State Code) and the City Council File No. 94-2160, the City Treasury provides the City Council a statement of investment policy (the Policy) annually. City Council File No. 21-1494 was adopted for the City's investment policy effective September 23, 2022. This Policy shall remain in effect until the City Council and the Mayor approve a subsequent revision. The Policy governs the City's pooled investment practices. The Policy addresses soundness of financial institutions in which the City Treasurer will deposit funds and types of investment instruments permitted by California Government Code Sections 53600-53638, 16340 and 16429.1. The City Treasury further reports that the current policy allows for the purchase of investments with maturities up to thirty (30) years.

Examples of investments permitted by the Policy are obligations of the U.S. Treasury and agencies, local agency bonds, commercial paper notes, certificates of deposit (CD) placement service, bankers' acceptances, medium term notes, repurchase agreements, mutual funds, money market mutual funds, and the State of California Local Agency Investment Fund.

The Port had $1,638.7 million and $1,341.9 million invested in the City's General Pool and three Special Investment Pools, representing approximately 10.7% and 8.6% of the City Treasury's General Pool and Special Investment Pools at June 30, 2024 and 2023, respectively.

The complete disclosures for the entire cash and investment pool are included in a publicly available financial report issued by the City. The report may be obtained by writing or calling: City of Los Angeles Office of the City Controller, 200 N. Main Street, City Hall East Room 300, Los Angeles, CA 90012, (213) 978-7200 or the Los Angeles City Controller's website https://controller.lacity.gov/reports.

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C. Special Investment Pools

Out of $1,638.7 million and $1,341.9 million invested in the City's pooled investments, $62.8 million and $60.0 million were invested in the City's Special Investment Pools as of June 30, 2024 and 2023, respectively. They are the Emergency/ACTA Reserve Fund 751, the Restoration Fund 70L, and the Batiquitos Long-term Investment Fund 72W. Investments in the Special Investment Pools are managed in accordance with the California Government Code Sections 53600-53635 and the City's Policy.

At June 30, 2024 and 2023, investments held in the City's Special Investment Pools and their maturities are as follows (in thousands):

Fiscal Year 2024

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury Securities	$ 56,206	$ --	$ --	$ 24,917	$ 31,289
U.S. Agencies securities	6,398	--	--	--	6,398
Short-term investment funds	171	171	--	--	--
Total investments in special pools	$ 62,775	$ 171	$ --	$ 24,917	$ 37,687

Fiscal Year 2023

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury Securities	$ 258	$ --	$ --	$ --	$ 258
U.S. Agencies securities	59,448	--	3,283	49,898	6,267
Short-term investment funds	298	298	--	--	--
Total investments in special pools	$ 60,004	$ 298	$ 3,283	$ 49,898	$ 6,525

Interest Rate Risk. The Policy limits the maturity of its investments to five years for the U.S. Treasury and U.S. Agencies securities, local agency bonds, medium term notes, CD placement service, negotiable and non-negotiable certificates of deposit, collateralized bank deposits, mortgage pass-through securities, supranational obligations, state and local agency obligations, and bank/time deposits; one year for repurchase agreements; 270 days for commercial paper; 180 days for bankers' acceptances; 92 days for reverse repurchase agreements; and no maturity for mutual funds. The Policy also allows City funds with longer-term investments horizons, to be invested in securities that at the time of the investment have a term remaining to maturity in excess of five years, but with a maximum final maturity of thirty years.

Credit Risk. The Policy establishes minimum credit rating requirements for investments. There are no credit quality requirements for U.S. Treasury securities and U.S. Agencies securities. Investments in U.S. Agencies securities were not rated individually by S&P nor Moody's (issuers of these securities are rated "AA+/A-1+" by S&P and "Aaa/P-1" by Moody's).

Commercial paper issues must have the highest letter and number rating by nationally recognized statistical rating organization (NRSRO). The issuing corporation must be organized and operating within the United States and have assets in excess of $500.0 million. The Port's investments in commercial paper were rated A-1+ by S&P and P-1 by Moody's.

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Concentration of Credit Risk. The Policy does not allow more than 40% of its investment portfolio to be invested in commercial paper and bankers' acceptances, 30% in certificates of deposit, and medium-term notes, 20% in mutual funds, money market mutual funds or mortgage pass-through securities. The Policy further provides for a maximum concentration limit of 10% in any one issuer including its related entities. There is no percentage limitation on the amount that can be invested in the U.S. Treasury and government agencies. The City's pooled investments comply with these requirements.

D. Other Investments

In each issuance of a parity obligation, the Port is required to establish a reserve fund with a trustee pursuant to the indenture. All moneys in the reserve funds or accounts shall be invested by the trustee solely in permitted investments. Permitted investments on deposit in the debt service reserve funds are valued at fair value and marked to market at least once per half year to meet the specific requirement under the indenture. Investments held in the debt service reserve funds shall mature no later than the final maturity of the bonds.

The Port evaluates the value of the reserve funds on or at August 1 of each year, in accordance with the Indenture of Trust (Indenture). The common reserve was $37.3 million at June 30, 2024 versus $37.1 million at June 30, 2023.

At June 30, 2024 and 2023, investments held in the reserve funds and their maturities are as follows (in thousands):

Fiscal Year 2024

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 34,828	$ 34,828	$ --	$ --	$ --
Short-term investment funds	2,490	2,490	--	--	--
Total investments in reserve funds	$ 37,318	$ 37,318	$ --	$ --	$ --

Fiscal Year 2023

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 25,573	$ --	$ --	$ --	$ 25,573
Short-term investment funds	11,532	11,532	--	--	--
Total investments in reserve funds	$ 37,105	$ 11,532	$ --	$ --	$ 25,573

Proceeds from any new money bonds should be invested in the "Permitted Investments" specified as follows: (1) direct obligations of the United States of America or obligations of the principal of and interest on which are unconditionally guaranteed by the United States of America; (2) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by the federal or U.S. government agencies identified in the Indenture; (3) money market funds registered under the Federal Securities Act of 1933, and having a rating of AAAm-G, AAA-m, or AA-m by S&P and Aaa, Aa1, or Aa2 by Moody's; (4) certificates of deposit issued by commercial bank, savings and loan associations, or mutual saving banks and secured at all times by collateral held by a third

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party; (5) certificates of deposits, savings accounts, deposit accounts, or money market deposits, which are fully insured by the Federal Deposit Insurance Corporation (FDIC), including the Bank Insurance Fund (BIF) and the Savings Association Insurance Fund (SAIF); (6) investment agreements including guaranteed investment contracts, forward purchase agreements, and reserve fund agreements with a provider whose long-term unsecured debt is rated not lower than the second highest rating category of Moody's, and S&P; (7) commercial paper rated at the time of purchase, "Prime-1" by Moody's, and "A-1" or better by S&P; (8) bonds or notes issued by any state or municipality, which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies; (9) federal funds or banker's acceptances with a maximum term of one year of any bank, which has an unsecured, uninsured, and unguaranteed obligation rating of "Prime-1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P; and (10) repurchase agreements between the Port and a dealer bank and securities firm. The term of the repurchase agreement may be up to 30 days and the value of the collateral must be equal to 104% of the amount of cash transferred to the dealer bank plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by the Port, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC) then the value of collateral must equal to 105%.

For investments in reserve funds, there are no credit quality requirements for U.S. Treasury securities that are unconditionally guaranteed by the United States of America. Investments in short-term investment funds were rated AAA-m by S&P and Aaa by Moody's. There were no investments containing 5 percent or more of total investments in a single issuer except for U.S. Treasury securities that are unconditionally guaranteed by the United States of America.

E. City of Los Angeles Securities Lending Program

Portions of the Port funds are also used by the City in a Securities Lending Program (SLP) as part of the investment strategy relative to the total pool of funds invested by the City. The SLP is permitted and limited under provisions of California Government Code Section 53601. The City Council approved the SLP on October 22, 1991 under Council File No. 91-1860, which complies with the California Government Code. The objectives of the SLP in priority order are safety of loaned securities and prudent investment of cash collateral to enhance revenue from the investment program. The SLP is governed by a separate policy and guidelines.

The City's custodial bank acts as the securities lending agent. In the event a counterparty defaults by reason of an act of insolvency, the bank shall take all actions which it deems necessary or appropriate to liquidate permitted investment and collateral in connection with such transaction and shall make a reasonable effort for within two business days (Replacement Period) to apply the proceeds thereof to the purchase of securities identical to the loaned securities not returned. If during the Replacement Period, the collateral liquidation proceeds are insufficient to replace any of the loaned securities not returned, the bank shall, subject to payment by the City of the amount of any losses on any permitted investments, pay such additional amounts as necessary to make such replacement.

Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the fair value of the General Investment Pool (the Pool) is available for lending.

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The City loans out U.S. Treasury Notes, U.S. Agencies securities, and Medium-term Notes. The City receives cash as collateral on the loaned securities, which is reinvested in securities permitted under the Policy. In addition, the City receives securities as collateral on loaned securities, which the City has no ability to pledge or sell without borrower default. In accordance with the California Government Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 92 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

During fiscal years 2024 and 2023, collateralizations on all loaned securities were compliant with the required 102% of the fair value. The City can sell collateral securities only in the event of borrower default. The lending agent provides indemnification for borrower default. There were no violations of legal or contractual provisions and no borrower or lending agent default losses during the fiscal year. There was no credit risk exposure to the City because the amounts owed to the borrowers exceeded the amounts borrowed. Loaned securities are held by the City's agents in the City's name and are not subject to custodial credit risk.

The Port's share in the assets and liabilities from the reinvested cash collateral amounted to $1.7 million and $5.3 million as of June 30, 2024 and 2023, respectively.

F. Fair Value Measurement

The Port categorizes its fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets;
- Level 2 inputs are quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-derived from valuation techniques in which all significant inputs are observable; and
- Level 3 inputs are unobservable inputs.

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The Port has the following recurring fair value measurements as of June 30, 2024:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 34,828	$ 34,828	$ --	$ --
Subtotal	34,828	$ 34,828	$ --	$ --
Short-term investment funds	2,490			
Total investments - bond funds	$ 37,318			
U.S. Treasury securities	$ 56,206	$ 56,206	$ --	$ --
U.S. Agencies securities	6,398	--	6,398	--
Subtotal	62,604	$ 56,206	$ 6,398	$ --
Short-term investment funds	171			
Total investments - special pools	$ 62,775			

The Port has the following recurring fair value measurements as of June 30, 2023:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 25,573	$ 25,573	$ --	$ --
Subtotal	25,573	$ 25,573	$ --	$ --
Short-term investment funds	11,532			
Total investments - bond funds	$ 37,105			
U.S. Treasury securities	$ 258	$ 258	$ --	$ --
U.S. Agencies securities	59,448	--	59,448	--
Subtotal	59,706	$ 258	$ 59,448	$ --
Short-term investment funds	298			
Total investments - special pools	$ 60,004			

Securities classified in Level 1 of the fair value measurements are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a multidimensional relationship model or matrix pricing model utilizing market data including, but not limited to, benchmark yields, reported trades, and broker-dealer quotes. Investments in Short-term Investment Funds (e.g., money market funds) of the City's Special Investment Pools and Bond Reserve Funds with maturity dates of one year or less are excluded from the fair value measurement.

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5. Capital Assets

The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2024 (in thousands):

	Balance July 1, 2023	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2024
Capital assets not depreciated					
Land	$ 1,106,805	$ --	$ --	$ 9,912	$ 1,116,717
Construction in progress	280,921	160,417	--	(98,861)	342,477
Preliminary costs – capital projects	114,960	16,042	--	893	131,895
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,515,586	176,459	--	(88,056)	1,603,989
Capital assets depreciated/amortized					
Wharves and sheds	1,237,189	--	--	1,796	1,238,985
Buildings/facilities	3,664,095	--	(711)	89,705	3,753,089
Equipment	197,985	10,828	(8,356)	(3,445)	197,012
Intangible assets	12,460	--	--	--	12,460
Right-to-use lease assets	1,814	511	(222)	--	2,103
Right-to-use subscription assets	2,968	--	(1)	--	2,967
Total capital assets depreciated/amortized	5,116,511	11,339	(9,290)	88,056	5,206,616
Less accumulated depreciation/ amortization					
Wharves and sheds	(697,415)	(31,597)	--	--	(729,012)
Buildings/facilities	(2,117,486)	(105,632)	--	--	(2,223,118)
Equipment	(167,691)	(10,311)	2,923	--	(175,079)
Intangible assets	(12,460)	--	--	--	(12,460)
Right-to-use lease assets	(555)	(650)	222	--	(983)
Right-to-use subscription assets	(594)	(1,692)	--	--	(2,286)
Total accumulated depreciation/amortization	(2,996,201)	(149,882)	3,145	--	(3,142,938)
Total capital assets depreciated/ amortized, net	2,120,310	(138,543)	(6,145)	88,056	2,063,678
Capital assets, net	$ 3,635,896	$ 37,916	$ (6,145)	$ --	$ 3,667,667

Continued…..

The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2023 (in thousands):

	Balance July 1, 2022	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2023
Capital assets not depreciated					
Land	$ 1,106,805	$ --	$ --	$ --	$ 1,106,805
Construction in progress	198,177	123,584	--	(40,840)	280,921
Preliminary costs – capital projects	105,990	8,970	--	--	114,960
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,423,872	132,554	--	(40,840)	1,515,586
Capital assets depreciated/amortized					
Wharves and sheds	1,235,971	--	--	1,218	1,237,189
Buildings/facilities	3,636,620	496	--	26,979	3,664,095
Equipment	199,873	3,021	(17,552)	12,643	197,985
Intangible assets	12,460	--	--	--	12,460
Right-to-use lease assets	2,219	1,352	(1,757)	--	1,814
Right-to-use subscription assets	2,968	--	--	--	2,968
Total capital assets depreciated/amortized	5,090,111	4,869	(19,309)	40,840	5,116,511
Less accumulated depreciation/ amortization					
Wharves and sheds	(664,531)	(32,884)	--	--	(697,415)
Buildings/facilities	(1,972,937)	(144,549)	--	--	(2,117,486)
Equipment	(172,387)	(12,856)	17,552	--	(167,691)
Intangible assets	(8,762)	(3,698)	--	--	(12,460)
Right-to-use lease assets	(1,727)	(585)	1,757	--	(555)
Right-to-use subscription assets	(297)	(297)	--	--	(594)
Total accumulated depreciation/amortization	(2,820,641)	(194,869)	19,309	--	(2,996,201)
Total capital assets depreciated/ amortized, net	2,269,470	(190,000)	--	40,840	2,120,310
Capital assets, net	$ 3,693,342	$ (57,446)	$ --	$ --	$ 3,635,896

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6. Investment in Joint Powers Authority and Relationship with Other Entities

The Port has entered into two joint powers agreements as follows:

A. Intermodal Container Transfer Facility Joint Powers Authority

The Port and the Harbor Department of the City of Long Beach, California (POLB) entered into a joint powers agreement to form the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. Pursuant to the agreement creating the ICTF, the Port made several contributions amounting to $2.5 million to the ICTF. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues operations as Union Pacific Corporation (UPC). The Port appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. Both the Port and POLB share income and equity distributions equally.

ICTF has issued bonds in prior years. At June 30, 2024 and 2023, there were no outstanding bonds.

The ICTF's operations are financed from lease revenues by ICTF activities. The ICTF is empowered to perform those actions necessary for the development of the facility, including acquiring, constructing, leasing, and selling any of its property. The Port's share of the ICTF's net position totaled $4.6 million and $4.4 million at June 30, 2024 and 2023, respectively. Separate audited financial statements for ICTF may be obtained from the Executive Director, Intermodal Container Transfer Facility Joint Powers Authority, 415 W. Ocean Boulevard, Long Beach, California 90802 or the ICTF's website at http://ictf-jpa.org.

B. Alameda Corridor Transportation Authority

In August 1989, the Alameda Corridor Transportation Authority (ACTA) was established through a Joint Exercise of Powers Agreement between the Cities of Los Angeles and Long Beach, California. The purpose of ACTA is to acquire, construct, finance, and operate a 20-mile-long consolidated transportation corridor; including an improved railroad expressway between the Port, POLB, and downtown Los Angeles.

The Port has no share of the ACTA's net position and income at June 30, 2024 and 2023, and accordingly, they have not been recorded in the accompanying financial statements due to the separate legal status. If in the future, ACTA is entitled to distribute income or make equity distributions, the Port and POLB shall share such income and equity distributions equally. See Note 15.C. for additional discussion related to the guarantee the Port has made related to the ACTA.

Separate financial statements for ACTA may be obtained from the ACTA's website http://www.acta.org/revenue_finance/financial_statement.asp or the Chief Financial Officer, Alameda Corridor Transportation Authority, 3760 Kilroy Airport Way, Suite 200, Long Beach, California, 90806.

7. Long-Term Debt

A. Bonds and Commercial Paper

Bonds issued by the Port are payable solely from the Port's revenues pledged under indentures and are not general obligations of the City. The Port has agreed to certain covenants with respect to the bonds. Significant covenants include the requirement that the Port's revenues, as defined under indentures, will be sufficient to pay future bond interest and principal maturities. In compliance with the bond indenture Article VII, Sections 7.01 and 7.02 in the event of default by the Port in the due and punctual payment of parity obligations, the trustee may and shall at the direction of the bond certificate owners of not less than a majority in aggregate principal amount of the bonds at the time outstanding, upon notice in writing to the Port, shall declare the principal of all of the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately. Proceeds from sales of bonds are used to finance capital projects around the Port or refund prior issuances to generate debt service savings.

The Port's activities for bonds for fiscal year 2024 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2023	Additions	Deductions	Ending Balance June 30, 2024	Principal Due Within One Year
2014, Series A	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	$ 203,280	$ 165,835	$ --	$ (6,310)	$ 159,525	$ 3,150
2014, Series B	8/1/24 @ 100%	9/18/2014	3.00–5.00%	2045	89,105	76,325	--	(1,970)	74,355	2,075
2014, Series C	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	44,890	38,060	--	(990)	37,070	1,030
2015, Series A	8/1/25 @ 100%	10/14/2015	2.00–5.00%	2027	37,050	15,150	--	(3,780)	11,370	3,975
2016, Series A	Not applicable	10/13/2016	3.00–5.00%	2025	97,970	13,800	--	--	13,800	13,800
2016, Series B	8/1/26 @ 100%	10/13/2016	2.00–5.00%	2037	68,385	62,915	--	(1,060)	61,855	1,105
2016, Series C	8/1/26 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
2019, Series A	Not applicable	9/18/2019	5.00%	2027	115,065	81,820	--	(29,245)	52,575	18,280
2019, Series B	Not applicable	9/18/2019	5.00%	2030	32,340	32,340	--	--	32,340	--
2019, Series C-1	Not applicable	9/18/2019	5.00%	2026	4,995	4,995	--	--	4,995	--
2019, Series C-2	Not applicable	9/18/2019	5.00%	2027	10,680	10,680	--	--	10,680	--
Total principal amount					$ 738,965	537,125	--	(43,355)	493,770	43,415
Unamortized bond premium						45,289	--	(7,064)	38,225	--
Net revenue bonds						582,414	--	(50,419)	531,995	43,415
Less: current maturities of long-term debt						(43,355)	(43,415)	43,355	(43,415)	--
						$ 539,059	$ (43,415)	$ (7,064)	$ 488,580	$ 43,415

The Port's activities for bonds for fiscal year 2023 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2022	Additions	Deductions	Ending Balance June 30, 2023	Principal Due Within One Year
2014, Series A	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	$ 203,280	$ 171,835	$ --	$ (6,000)	$ 165,835	$ 6,310
2014, Series B	8/1/24 @ 100%	9/18/2014	3.00–5.00%	2045	89,105	78,200	--	(1,875)	76,325	1,970
2014, Series C	8/1/24 @ 100%	9/18/2014	2.00–5.00%	2045	44,890	39,015	--	(955)	38,060	990
2015, Series A	8/1/25 @ 100%	10/14/2015	2.00–5.00%	2027	37,050	18,740	--	(3,590)	15,150	3,780
2016, Series A	Not applicable	10/13/2016	3.00–5.00%	2025	97,970	15,510	--	(1,710)	13,800	--
2016, Series B	8/1/26 @ 100%	10/13/2016	2.00–5.00%	2037	68,385	63,925	--	(1,010)	62,915	1,060
2016, Series C	8/1/26 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
2019, Series A	Not applicable	9/18/2019	5.00%	2027	115,065	106,890	--	(25,070)	81,820	29,245
2019, Series B	Not applicable	9/18/2019	5.00%	2030	32,340	32,340	--	--	32,340	--
2019, Series C-1	Not applicable	9/18/2019	5.00%	2026	4,995	4,995	--	--	4,995	--
2019, Series C-2	Not applicable	9/18/2019	5.00%	2027	10,680	10,680	--	--	10,680	--
Total principal amount					$ 738,965	577,335	--	(40,210)	537,125	43,355
Unamortized bond premium						54,391	--	(9,102)	45,289	--
Net revenue bonds						631,726	--	(49,312)	582,414	43,355
Less: current maturities of long-term debt						(40,210)	(43,355)	40,210	(43,355)	--
						$ 591,516	$ (43,355)	$ (9,102)	$ 539,059	$ 43,355

B. Bond Premium

Original bond premium is amortized over the life of the bonds. At the time of bond refunding, the unamortized premium is amortized over the life of the refunded bonds or the life of the refunding bonds, whichever is shorter.

The unamortized premium for the outstanding bonds for fiscal years 2024 and 2023 are as follows (in thousands):

Harbor Revenue Bonds	2024	2023
2014, Series A	$ 12,037	$ 12,886
2014, Series B	6,566	7,121
2014, Series C	3,462	3,703
2015, Series A	303	613
2016, Series A	38	480
2016, Series B	6,836	7,622
2016, Series C	3,042	3,126
2019, Series A	1,529	3,456
2019, Series B	3,319	4,585
2019, Series C-1	198	379
2019, Series C-2	895	1,318
Total	$ 38,225	$ 45,289

C. Principal Maturities and Interest

The Port's scheduled annual debt service payments for bonds as of June 30, 2024 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 43,415	$ 22,933	$ 66,348
2026	47,955	20,654	68,609
2027	49,480	18,218	67,698
2028	12,295	16,674	28,969
2029	13,020	16,041	29,061
2030-2034	101,030	67,254	168,284
2035-2039	125,530	38,610	164,140
2040-2044	84,160	13,920	98,080
2045-2046	16,885	422	17,307
Total	$ 493,770	$ 214,726	$ 708,496

D. New Issuances and Redemption of Debt

There were no new issuances in fiscal years 2024 and 2023.

E. Commercial Paper and Revolving Obligations

The Port has established a Commercial Paper program (Program) supported by bank credit lines to issue commercial paper notes to provide interim financing primarily for the construction, maintenance, and replacement of the Port's structures, facilities, and equipment needs. There were no outstanding revolving obligations as of June 30, 2024 and 2023.

8. Changes in Long-Term Liabilities

The changes in the Port's long-term liabilities for the year ended June 30, 2024 are as follows (in thousands):

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due within one year
Revenue bonds	$ 537,125	$ --	$ (43,355)	$ 493,770	$ 43,415
Unamortized premium	45,289	--	(7,064)	38,225	--
Net revenue bonds	582,414	--	(50,419)	531,995	43,415
Accrued salaries and employee benefits	36,074	3,367	--	39,441	24,427
Net pension liabilities	271,235	952	--	272,187	--
Net OPEB liabilities	8,778	--	(8,778)	--	--
Litigation	19,527	--	(3,801)	15,726	15,726
Workers' compensation	9,415	671	(1,129)	8,957	1,190
Pollution remediation	65,494	4,644	(7,599)	62,539	3,196
Deposits	17,242	2,311	(803)	18,750	--
Lease liability	1,279	512	(643)	1,148	511
Subscription liability	1,546	--	(806)	740	432
Others	5,279	55	--	5,334	--
Total long-term liabilities	$ 1,018,283	$ 12,512	$ (73,978)	$ 956,817	$ 88,897

The changes in the Port's long-term liabilities for the fiscal year ended June 30, 2023 are as follows (in thousands):

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due within one year
Revenue bonds	$ 577,335	$ --	$ (40,210)	$ 537,125	$ 43,355
Unamortized premium	54,391	--	(9,102)	45,289	--
Net revenue bonds	631,726	--	(49,312)	582,414	43,355
Accrued salaries and employee benefits	33,504	2,570	--	36,074	20,056
Net pension liabilities	168,089	103,146	--	271,235	--
Net OPEB liabilities	--	8,778	--	8,778	--
Litigation	16,986	15,196	(12,655)	19,527	19,527
Workers' compensation	10,315	388	(1,288)	9,415	1,312
Pollution remediation	67,065	4,522	(6,093)	65,494	2,678
Deposits	16,624	1,338	(720)	17,242	--
Lease liability	506	1,351	(578)	1,279	589
Subscription liability	2,277	--	(731)	1,546	805
Others	5,240	39	--	5,279	--
Total long-term liabilities	$ 952,332	$ 137,328	$ (71,377)	$ 1,018,283	$ 88,322

9. Pollution Remediation Obligations

The Port's estimated pollution remediation liability of $62.5 million and $65.5 million at June 30, 2024 and 2023, respectively, are reported in the accompanying statements of net position as component of other liability. These costs relate mostly to soil and groundwater contamination on sites within the Port premises. As certain sites were formerly used for a variety of industrial purposes, legacy contamination or environmental impairments exist. The Port uses a combination of in-house specialists as well as outside consultants to perform estimates of potential liability and accrues pollution remediation liability when costs are incurred or amounts can be reasonably estimated based on expected outlays. Certain remediation contracts are included in site development plans as final uses for the sites have been identified.

The changes in the Port's pollution remediation obligations for fiscal year 2024 are as follows (in thousands):

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 884	$ --	$ (10)	$ 874	$ 50
Named by regulator as a potential party to remediation	64,553	--	(2,933)	61,620	3,116
Voluntary commencement	57	--	(12)	45	30
Total	$ 65,494	$ --	$ (2,955)	$ 62,539	$ 3,196
Pollution Type					
Soil and/or groundwater remediation	$ 65,494	$ --	$ (2,955)	$ 62,539	$ 3,196

The changes in the Port's pollution remediation obligations for fiscal year 2023 are as follows (in thousands):

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 895	$ --	$ (11)	$ 884	$ 11
Named by regulator as a potential party to remediation	66,084	1,107	(2,638)	64,553	2,638
Voluntary commencement	86	--	(29)	57	29
Total	$ 67,065	$ 1,107	$ (2,678)	$ 65,494	$ 2,678
Pollution Type					
Soil and/or groundwater remediation	$ 67,065	$ 1,107	$ (2,678)	$ 65,494	$ 2,678

10. Employee Deferred Compensation Plan

The City offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457 to its employees, in which Port employees participate, allowing them to defer receipt of income. All amounts deferred by the Port's employees are paid to the City, which in turn transfers them to the deferred compensation plan administrator. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such custodial account for the exclusive benefit of the employee participants and their beneficiaries. Information on the Port employees' share of plan assets is not available and is not recorded in the Port's financial statements.

While the City has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the plan participants. The City has no liability for losses under the plan, but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the plan to provide for greater or lesser contributions or to terminate their participation. If participants retire under the plan or terminate service with the City, they may be eligible to receive payments under the plan in accordance with the provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the plan by the participants, along with their allocated contributions.

11. Risk Management

The Port purchases insurance for a variety of exposures associated with general liability, property, vessels, cyber, employment practices, pilotage, crime, aircraft, travel, police, special events, and terrorism. The City is self-insured for workers' compensation, and the Port participates in the City's self-insurance program. Automobile liability exposures are self-insured by the Port for $1.0 million and multiple layers of excess liability up to $149.0 million is maintained over the self-insured retention. The excess liability policies also supplement the Port's general and vessel liability policies. There have been no settlements in the past three years that have exceeded the Port's insurance coverage.

The actuarially determined accrued liability for workers' compensation includes provision for incurred but not reported claims and loss adjustment expenses. The Port's accrued workers' compensation liability at June 30, 2024 and 2023 were $9.0 million and $9.4 million, respectively.

A number of lawsuits were pending against the Port that arose in the normal course of operations. The Port recognizes a liability for claims and when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The City Attorney provides estimates for the amount of liabilities to be probable of occurring from lawsuits. The Port's liability for litigation and other claims at June 30, 2024 and 2023 were $15.7 million and $19.5 million, respectively.

The changes in the Port's estimated claims payable are as follows (in thousands):

	2024	2023	2022
Unpaid claims, July 1			
Workers' compensation	$ 9,415	$ 10,315	$ 12,945
General liability/litigation	19,527	16,986	14,898
Total unpaid claims, July 1	28,942	27,301	27,843
Provision for current year's events and changes in provision for prior year's estimate			
Workers' compensation	671	388	(1,109)
General liability/litigation	(72)	15,196	2,820
Total provision	599	15,584	1,711
Claims payments			
Workers' compensation	(1,129)	(1,288)	(1,521)
General liability/litigation	(3,729)	(12,655)	(732)
Total claims payments	(4,858)	(13,943)	(2,253)
Unpaid claims, June 30			
Workers' compensation	8,957	9,415	10,315
General liability/litigation	15,726	19,527	16,986
Total unpaid claims, June 30	$ 24,683	$ 28,942	$ 27,301
Current portion			
Workers' compensation	$ 1,190	$ 1,312	$ 1,280
General liability/litigation	15,726	19,527	16,986
Total current portion	$ 16,916	$ 20,839	$ 18,266

12. Leases and Subscription Based Information Technology Arrangements

A. Leases

The Port adopted GASB Statement No. 87, *"Leases."* effective July 1, 2020. The Port has recognized lease receivable, accrued interest receivable, deferred inflows of resources related to leases, lease revenues, interests received from leases as a lessor. The Port also recognized right-to-use (RTU) lease assets with related accumulated amortization, lease liabilities, lease expense, amortization expense, and accrued interest payable as a lessee.

Port as Lessor

The Port leases a portion of land and facilities to tenants for purposes of supporting port operations and serve the surrounding communities. These leases generated 16.5% and 17.9% of the Port's operating revenues in fiscal years 2024 and 2023, respectively. These tenants operate restaurants, yacht clubs, ferry service, boat repair and maintenance shops, freight and logistics services, as well as oil and gas exploration. The terms of these leases are long-term in nature ranging from 1 to 66 years and are subject to periodic review and reset of base amounts. Certain provisions of these leases provide for fixed (i.e., minimum annual guarantee) and variable (i.e., percentage of gross receipts) rental payments.

For the fiscal year ended June 30, 2024, lease payments received by the Port are as follows (in thousands):

	Fixed	Variable	Total
Land and facility rentals	$ 45,747	$ 5,228	$ 50,975

For the fiscal year ended June 30, 2023, lease payments received by the Port are as follows (in thousands):

	Fixed	Variable	Total
Land and facility rentals	$ 53,883	$ 1,248	$ 55,131

The Port's future annual receipts for these leases as of June 30, 2024 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 28,993	$ 9,620	$ 38,613
2026	20,224	8,788	29,012
2027	10,809	8,335	19,144
2028	8,548	8,017	16,565
2029	8,955	7,729	16,684
2030 – 2034	46,288	33,848	80,136
2035 – 2039	47,997	25,847	73,844
2040 – 2044	55,595	17,054	72,649
2045 – 2049	66,661	5,922	72,583
2050 – 2054	2,281	179	2,460
Total	$ 296,351	$ 125,339	$ 421,690

The Port's future annual receipts for these leases as of June 30, 2023 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2024	$ 29,673	$ 9,461	$ 39,134
2025	14,882	8,838	23,720
2026	10,871	8,455	19,326
2027	11,023	8,113	19,136
2028	8,765	7,789	16,554
2029 – 2033	45,903	34,294	80,197
2034 – 2038	46,780	26,488	73,268
2039 – 2043	51,139	18,101	69,240
2044 – 2048	66,595	7,694	74,289
2049 – 2053	10,324	154	10,478
Total	$ 295,955	$ 129,387	$ 425,342

Regulated Leases – The majority of the Port's leases contain nonexclusive right-to-use of the premises and provide retention of ownership by the Port under the State tidelands and Federal maritime regulations. These leases are considered regulated leases.

For the fiscal years ended June 30, 2024 and 2023, the minimum rental income from such lease agreements was approximately $435.6 million and $399.0 million, respectively, and were reported under shipping services revenue. Certain agreements relate to shipping services and certain concessions provide for additional payments beyond the fixed portion, based upon tenant usage, revenues, or volumes. Assuming that current agreements are carried to contractual termination including options to extend, minimum tenant commitments due to the Port are as follows (in thousands):

Fiscal Year	Minimum Rental Income
2025	$ 445,678
2026	447,291
2027	384,684
2028	376,161
2029	379,799
2030-2034	1,995,780
2035-2039	1,754,582
2040-2044	865,999
Total	$ 6,649,974

The carrying cost and related accumulated depreciation of property held for regulated leases as of June 30, 2024 and 2023 are as follows (in thousands):

	2024	2023
Wharves and sheds	$ 1,238,985	$ 1,237,189
Wharf facilities	27,414	27,327
Municipal warehouses	13,987	13,987
Port pilot facilities and equipment	14,918	16,237
Buildings and other facilities	1,051,392	1,050,029
Cabrillo Marina	180,183	180,183
Total	2,526,879	2,524,952
Less accumulated depreciation	(1,693,441)	(1,630,758)
Net	$ 833,438	$ 894,194

Port as Lessee

The Port has obtained right-to-use (RTU) lease assets such as office space, equipment, radio tower space, and vanpool vehicles through long-term leases. At June 30, 2024, RTU lease assets and related accumulated amortization are as follows:

	Balance June 30, 2023	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2024
RTU lease assets - equipment	$ 292	$ --	$ --	$ --	$ 292
RTU lease assets - radio tower	620	511	(222)	--	909
RTU lease assets - vehicles	902	--	--	--	902
Total RTU lease assets	1,814	511	(222)	--	2,103
Less accumulated amortization					
RTU lease assets - equipment	(170)	(122)	--	--	(292)
RTU lease assets - radio tower	(260)	(227)	222	--	(265)
RTU lease assets - vehicles	(125)	(301)	--	--	(426)
Total accumulated amortization	(555)	(650)	222	--	(983)
Total RTU lease assets, net	$ 1,259	$ (139)	$ --	$ --	$ 1,120

At June 30, 2023, RTU lease assets and related accumulated amortization are as follows:

	Balance July 1, 2022	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2023
RTU lease assets - equipment	$ 287	$ 292	$ (287)	$ --	$ 292
RTU lease assets - office space	841	--	(841)	--	--
RTU lease assets - radio tower	605	157	(142)	--	620
RTU lease assets - vehicles	486	902	(486)	--	902
Total RTU lease assets	2,219	1,351	(1,756)	--	1,814
Less accumulated amortization					
RTU lease assets - equipment	(168)	(289)	287	--	(170)
RTU lease assets - office space	(841)	--	841	--	--
RTU lease assets - radio tower	(232)	(170)	142	--	(260)
RTU lease assets - vehicles	(486)	(125)	486	--	(125)
Total accumulated amortization	(1,727)	(584)	1,756	--	(555)
Total RTU lease assets, net	$ 492	$ 767	$ --	$ --	$ 1,259

The Port's future annual payments under these leases as of June 30, 2024 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 511	$ 29	$ 540
2026	355	14	369
2027	106	8	114
2028	115	4	119
2029	61	1	62
Total	$ 1,148	$ 56	$ 1,204

B. Subscription Based Information Technology Arrangements (SBITA)

The Port adopted GASB Statement No. 96, *"Subscription Based Information Technology Arrangements."* effective July 1, 2021. The Port has recognized right-to-use (RTU) subscription assets with related accumulated amortization, subscription liabilities, subscription expense, amortization expense, and accrued interest payable.

The Port has SBITA's that provide subscriptions or licenses to use a third-party software supporting the Port's operations. Those SBITA's include user licenses for enterprise resources planning (ERP) system and specialized software applications for real estate, port pilot, and customer billing operations. At June 30, 2024, RTU subscription assets and related accumulated amortization are as follows:

	Balance July 1, 2023	Increase	Decrease	Balance June 30, 2024
RTU subscription assets	$ 2,968	$ --	$ --	$ 2,968
Total RTU subscription assets	2,968	--	--	2,968
Less accumulated amortization				
RTU subscription assets	(594)	(1,693)	--	(2,287)
Total accumulated amortization	(594)	(1,693)	--	(2,287)
Total RTU subscription assets, net	$ 2,374	$ (1,693)	$ --	$ 681

At June 30, 2023, RTU subscription assets and related accumulated amortization are as follows:

	Balance July 1, 2022	Increase	Decrease	Balance June 30, 2023
RTU subscription assets	$ 2,968	$ --	$ --	$ 2,968
Total RTU subscription assets	2,968	--	--	2,968
Less accumulated amortization				
RTU subscription assets	(297)	(297)	--	(594)
Total accumulated amortization	(297)	(297)	--	(594)
Total RTU subscription assets, net	$ 2,671	$ (297)	$ --	$ 2,374

The Port's future annual payments under these SBITAs as of June 30, 2024 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2025	$ 432	$ 11	$ 443
2026	308	1	309
Total	$ 740	$ 12	$ 752

13. Los Angeles City Employees' Retirement System (LACERS)

A. General Information about LACERS

Plan description. All full-time employees of the Port are eligible to participate in LACERS, a single-employer public employee retirement system whose main function is to provide pension benefits such as service and disability retirement benefits as well as death benefits to the civilian employees of the City of Los Angeles. LACERS also administers and provides other postemployment benefits (OPEB) to eligible retirees and their eligible spouses/domestic partners. Under the provisions of the City Charter and California State Constitution, the Board of Administration (LACERS Board) has the responsibility and authority to administer LACERS and to invest its assets. The LACERS Board consists of seven members – four appointed by the Mayor, two elected by active members (current employees), and one elected by retired members. The LACERS Board serve as trustees and must act in the exclusive interest of the LACERS' members and beneficiaries. Changes to the benefit terms require approval of the City Council.

LACERS issues a publicly available financial report that may be obtained by writing or calling: Los Angeles City Employees' Retirement System, 977 N. Broadway, Los Angeles, CA 90012, (800) 779-8328 or LACERS' website https://lacers.org/reports.

Plan Memberships. As of June 30, 2023 and 2022 (measurement date), pension plan membership consisted of the following:

	2023	2022
Retired members or beneficiaries currently receiving benefits	22,510	22,399
Vested terminated members entitled to, but not yet receiving benefits	11,148	10,379
Active members	25,875	24,917
Total	59,533	57,695

As of June 30, 2023 and 2022 (measurement date), OPEB plan membership consisted of the following:

	2023	2022
Retired members or surviving spouses currently receiving benefits	17,759	17,753
Inactive vested members entitled to, but not yet receiving benefits	1,617	1,537
Retired members and beneficiaries entitled but not yet eligible for health benefits	132	139
Active members	25,875	24,917
Total	45,383	44,346

Benefits provided – Pension. LACERS provides service retirement, disability, death and survivor benefits to eligible employees based on employees' years of service, age, and final compensation. There are two tiers of memberships. Under Tier 1, employees with 10 or more years of continuous service may retire if they are at age 60 or at least 30 years of service at age 55, or with any years of service at age 70 or older. Full-unreduced retirement benefits are determined as 2.16% per year of the employee's service credit (not greater than 100%), multiplied by the employee's average monthly pensionable salary during the employee's last 12 months of service, or during any other 12 consecutive months of service. Normal retirement allowances are reduced for employees who retire at age 55 with 10 or more years of continuous service, or at any age with 30 or more years of service. Membership to Tier 1 is closed to new entrants. Eligible employees hired on or after July 1, 2013 become members of Tier 2. However, on July 9, 2015, the City and the Coalition of the Los Angeles City Unions representing more than half of the City's civilian workforce reached an agreement which rescinded Tier 2 and created a new tier of benefits. As a result, Ordinance 184134 was adopted on January 12, 2016, and all active Tier 2 members were transferred to Tier 1 as of February 21, 2016.

On or after February 21, 2016, new members became Tier 3 members of LACERS. Under Tier 3, employees may retire at age 60 with at least 10 or more years of service (including 5 years of continuous service) to receive full-unreduced benefits with a 1.50% retirement factor, or at age 55 with at least 30 years of service (including 5 years of continuous service) to receive full-unreduced retirement benefits with a 2.0% retirement factor. In addition, the employee may retire at age 63 with at least 10 years of service to receive an enhanced retirement benefit with a 2.0% retirement factor, or at age 63 with 30 years of service with a 2.1% retirement factor. Full-unreduced retirement benefits are determined as the applicable retirement factor (1.5%, 2.0%, or 2.1%) per year of the employee's service credit (not greater than 80%), multiplied by the employee's last 36 months of final average compensation or any other 36 consecutive months of service. Normal retirement allowances are reduced for employees who retire prior to age 55. LACERS does not have a mandatory retirement age.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are made each July 1 based on the percentage change in the average Consumer Price Index for the Los Angeles-Long Beach-Anaheim Area – All Items For All Urban Consumers, to a maximum increase in retirement allowance of 3% per year, excess banked, for Tier 1 members and 2% per year, excess not banked, for Tier 3 members.

LACERS covers all full-time personnel and department-certified part-time employees of the Port, except for sworn employees of certain Port Police officers.

Benefits provided – OPEB. LACERS also provides postemployment health care benefits to eligible retirees and their eligible spouses/domestic partners who participate in the pension plan. These benefits may also extend to the coverage of other eligible dependent(s). Eligible retirees and their eligible spouses/domestic partners can choose from health plans including medical, dental, and vision benefits or participate in a premium reimbursement program. Members with ten or more years of service who retire after age 55, or employees who retire at age 70 with no minimum service requirement, are eligible for the benefits with an approved health carrier. The eligible employees earn 4% per year of service credit for their annual medical subsidy. Eligible spouses/domestic partners of plan members are entitled to the postemployment health care benefits after the retired member's death.

Contributions – pension. The LACERS Board establishes and may amend the contribution requirements of the System members and the City in accordance with Article XI Sections 1158 and 1160 of the Los Angeles City Charter, which provides for periodic employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll together with certain fixed amounts, are sufficient to accumulate the required assets to pay benefits when due. The average employer contribution rates for pension benefits are 27.52% and 30.32% of covered payroll for the fiscal years ended June 30, 2024 and 2023, respectively. The Port has made 100% of the actuarially determined contributions for both fiscal years. All members are required to make pension contributions to LACERS regardless of the tier in which they are included. Currently, Tiers 1 and 3 members contribute at 11% of compensation.

Contributions – OPEB. The LACERS Board establishes and may amend the contribution requirements of the System members and the City in accordance with Article XI Sections 1158 and 1160 of the Los Angeles City Charter, which provides for periodic employer contributions at actuarially-determined rates that, expressed as percentages of annual covered payroll together with certain fixed amounts, are sufficient to accumulate the required assets to pay benefits when due. The average employer contribution rates are 3.63% and 3.96% of covered payroll for the fiscal years ended June 30, 2024 and 2023, respectively. The Port has made 100% of the actuarially determined contributions for both fiscal years. Members are not required to contribute to the OPEB plan.

Pension plan fiduciary net position and OPEB plan fiduciary net position. Detailed information about the pension and OPEB plans' fiduciary net positions are available in the separately issued LACERS financial report.

B. Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2024 and 2023, the Port reported a liability of $272.2 million and $270.3 million, respectively, for its proportionate share of the net pension liability of LACERS. The net pension liability was measured as of June 30, 2023 and 2022, respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Port's proportion of the net pension liability was based on the Port's share of actual contributions to the pension plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be 3.705% and 3.825% for fiscal years ended June 30, 2024 and 2023, respectively.

For the fiscal years ended June 30, 2024 and 2023, the Port recognized pension expense of $35.5 million and $30.1 million, respectively.

At June 30, 2024 and 2023, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2024	2023
Pension contributions subsequent to measurement date	$ 26,737	$ 25,751
Changes of assumptions or other inputs	3,901	8,943
Differences between actual and expected experience in the total pension liability	15,950	4,954
Changes in proportion and differences between employer's contributions and proportionate share of contributions	4,408	6,569
Net excess of projected and actual earnings on pension plan investments	19,987	27,531
Total	$ 70,983	$ 73,748

Pension contributions of $26.7 million and $25.8 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2024 and 2023, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2024 and 2023, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2024	2023
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 6,958	$ 2,776
Changes of assumptions or other inputs	3,287	--
Differences between expected and actual experience in the total pension liability	4,283	6,730
Total	$ 14,528	$ 9,506

At June 30, 2024 and 2023, the net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the next five years and thereafter as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2024	2023
2024	$ N/A	$ 10,823
2025	9,804	9,245
2026	(1,928)	(2,872)
2027	21,419	21,295
2028	423	--
2029	--	--
Thereafter	--	--

The amortization table does not include pension contributions of $26.7 million and $25.8 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2024 and 2023, respectively; and will be recognized as a reduction of the net pension liability in the subsequent year.

Actuarial assumptions. The Port's net pension liabilities as of June 30, 2024 and 2023 were determined by actuarial valuations as of June 30, 2023 and 2022, respectively. The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2019 through June 30, 2022. The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2019. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2023 and 2022 actuarial valuations:

Actuarial assumptions	2023	2022
Actuarial cost method	Entry age	Entry age
Employee contribution crediting rate	Based on average of 5-year Treasury note rate. An assumption of 2.50% is used to approximate that crediting rate in this valuation.	Based on average of 5-year Treasury note rate. An assumption of 2.75% is used to approximate that crediting rate in this valuation.
Inflation	2.50%	2.75%
Projected salary increases	Ranges from 4.00% to 9.00% based on years of service	Ranges from 4.25% to 9.95% based on years of service
Cost-of-living adjustments	2.75% for Tier 1; 2.00% for Tier 3 (3.00% maximum for Tier 1; 2.00% maximum for Tier 3)	2.75% for Tier 1; 2.00% for Tier 3 (3.00% maximum for Tier 1; 2.00% maximum for Tier 3)
Investment rate of return	7.00%	7.00%
Mortality (Post-Retirement)	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality table projected with Scale MP-2021	Healthy: Pub-2010 General Healthy Retiree Amount-Weighted Above Median Mortality table projected with Scale MP-2019

Long-term expected rate of return by asset class. 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 returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighing the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023, this portfolio return is further adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rate of return for each major asset class (after deducting inflation) are shown in the following table. These values are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the June 30, 2023 and 2022 actuarial valuations. This information will change every three years based on an actuarial experience study.

	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%	15.01%	5.54%
Small/Mid Cap U.S. Equity	6.00%	6.65%	3.99%	6.25%
Developed International Large Cap Equity	15.00%	7.01%	17.01%	6.61%
Developed International Small Cap Equity	3.00%	7.34%	2.97%	6.90%
Emerging International Large Cap Equity	N/A	N/A	5.67%	8.74%
Emerging International Small Cap Equity	N/A	N/A	1.35%	10.63%
Emerging Markets Equity	6.67%	8.80%	N/A	N/A
Core Bonds	11.25%	1.97%	13.75%	1.19%
High Yield Bond	1.50%	4.63%	2.00%	3.14%
Bank Loan	1.50%	4.07%	2.00%	3.70%
TIPS	3.60%	1.77%	4.00%	0.86%
Emerging Market External Debt	2.00%	4.72%	2.25%	3.55%
Emerging Market Local Currency Debt	2.00%	4.63%	2.25%	4.75%
Core Real Estate	4.20%	3.86%	4.20%	4.60%
Cash & Equivalents	1.00%	0.63%	1.00%	0.03%
Commodities	N/A	N/A	1.00%	3.33%
Private Equity	16.00%	9.84%	14.00%	8.97%
Private Credit (Private Debt)	5.75%	6.47%	3.75%	6.00%
Emerging Market Small-Cap Equity	1.33%	11.10%	N/A	N/A
Real Estate Investment Trusts (REITS)	1.40%	6.80%	1.00%	5.98%
Non-Core Real Estate	2.80%	5.40%	2.80%	5.76%
Total	100.00%	6.27%	100.00%	5.50%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to actuarially determined contribution rates. For this purpose, only employee and employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2023 and 2022.

Sensitivity of the Port's proportionate share of net pension liability to change in the discount rate. The following presents the Port's proportionate share of the net pension liability of LACERS as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net pension liability	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2024	$395,352	$272,187	$170,345
June 30, 2023	$391,770	$270,252	$169,684

C. Net OPEB Liability/asset, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Port reported an asset of $4.9 million for its proportionate share of the net OPEB asset of LACERS. At June 30, 2023, the Port reported a liability of $8.8 million for its proportionate share of the net OPEB liability of LACERS. The net OPEB asset or liability was measured as of June 30, 2023 and 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Port's proportion of the net OPEB asset or liability was based on the Port's share of actual contributions to the OPEB plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be 3.629% and 3.769% for the fiscal years ended June 30, 2024 and 2023, respectively.

For the fiscal years ended June 30, 2024 and 2023, the Port recognized OPEB credit of $0.3 million and OPEB expense of $0.4 million, respectively.

At June 30, 2024 and 2023, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2024	2023
OPEB contributions subsequent to measurement date	$ 3,525	$ 3,361
Changes of assumptions or other inputs	1,765	3,228
Differences between expected and actual experience in the total OPEB liability	204	321
Changes in proportion and differences between employer's contributions and proportionate share of contributions	518	672
Net excess of projected over actual earnings on OPEB plan investments	2,307	3,598
Total	$ 8,319	$ 11,180

OPEB contributions of $3.5 million and $3.4 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2024 and 2023, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

At June 30, 2024 and 2023, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2024	2023
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 724	$ 590
Changes of assumptions or other inputs	15,914	7,540
Differences between expected and actual experience in the total OPEB liability	3,122	4,537
Total	$ 19,760	$ 12,667

At June 30, 2024 and 2023, the net amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the next five years and thereafter is as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2024	2023
2024	$ N/A	$ (1,770)
2025	(4,590)	(2,267)
2026	(5,293)	(3,003)
2027	726	3,246
2028	(3,301)	(932)
2029	(2,269)	(122)
2030	(239)	--
Thereafter	--	--

The amortization table does not include OPEB contributions of $3.5 million and $3.4 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2024 and 2023, respectively; and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Actuarial assumptions. The Port's net OPEB liabilities as of June 30, 2024 and 2023 were determined by actuarial valuations as of June 30, 2023 and 2022, respectively. The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an experience study for the period the July 1, 2019 through June 30, 2022 dated June 21, 2023 and retiree health assumptions letter dated September 18, 2023. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an experience study for the period the July 1, 2016 through June 30, 2019 dated June 17, 2020 and retiree health assumptions letter dated September 20, 2022. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2023 and 2022 actuarial valuations:

Actuarial assumptions	2023	2022
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.75%
Projected salary increases	Ranges from 4.00% to 9.00% based on years of service	Ranges from 4.25% to 9.95% based on years of service
Investment rate of return	7.00%	7.00%
Mortality (Post-Retirement)	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality table projected with Scale MP-2021	Healthy: Pub-2010 General Healthy Retiree Headcount-Weighted Above-Median Mortality table projected with Scale MP-2019
Healthcare cost trend rates	Non-Medicare: Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years. Medicare: Actual premium increase in first year, then graded from 6.37% to 4.50% over 8 years.	Non-Medicare: Actual premium increase in first year, then graded from 7.12% to ultimate 4.50% over 11 years. Medicare: Actual premium increase in first year, then graded from 6.37% to 4.50% over 8 years.

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Long-term expected rate of return by asset class. 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 inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each major asset class, after deducting inflation, but before deducting investment expenses, are summarized in the following table. These values were used in the derivation of the long-term expected investment rate of return assumption for the actuarial valuations as of June 30, 2023 and 2022. This information is subject to change every three years based on the actuarial experience study.

	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%	15.01%	5.54%
Small/Mid Cap U.S. Equity	6.00%	6.65%	3.99%	6.25%
Developed International Large Cap Equity	15.00%	7.01%	17.01%	6.61%
Developed International Small Cap Equity	3.00%	7.34%	2.97%	6.90%
Emerging International Large Cap Equity	N/A	N/A	5.67%	8.74%
Emerging International Small Cap Equity	N/A	N/A	1.35%	10.63%
Emerging Markets Equity	6.67%	8.80%	N/A	N/A
Core Bonds	11.25%	1.97%	13.75%	1.19%
High Yield Bond	1.50%	4.63%	2.00%	3.14%
Bank Loan	1.50%	4.07%	2.00%	3.70%
TIPS	3.60%	1.77%	4.00%	0.86%
Emerging Market External Debt	2.00%	4.72%	2.25%	3.55%
Emerging Market Local Currency Debt	2.00%	4.63%	2.25%	4.75%
Core Real Estate	4.20%	3.86%	4.20%	4.60%
Cash & Equivalents	1.00%	0.63%	1.00%	0.03%
Commodities	N/A	N/A	1.00%	3.33%
Private Equity	16.00%	9.84%	14.00%	8.97%
Private Credit (Private Debt)	5.75%	6.47%	3.75%	6.00%
Emerging Market Small-Cap Equity	1.33%	11.10%	N/A	N/A
Real Estate Investment Trusts (REITS)	1.40%	6.80%	1.00%	5.98%
Non-Core Real Estate	2.80%	5.40%	2.80%	5.76%
Total	100.00%	6.27%	100.00%	5.50%

Discount rate. The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. 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 liability as of both June 30, 2023 and June 30, 2022.

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) of LACERS as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2024	$11,484	$(4,910)	$(18,461)
June 30, 2023	$27,655	$8,778	$(6,698)

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) of LACERS, as well as what LACERS' net OPEB liability/(asset) would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current healthcare trend rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2024	$(19,816)	$(4,910)	$13,516
June 30, 2023	$(8,139)	$8,778	$29,858

*See page 96 for current healthcare trend rate.

Note 13. A to C on LACERS pension and OPEB plans were derived from information prepared by LACERS and the City.

14. City of Los Angeles Fire and Police Pension System (LAFPP)

A. General Information about LAFPP

Plan description. LAFPP is a single-employer public employee retirement system whose main function is to provide defined benefit pension benefits to the safety members employed by the City of Los Angeles. Members of LAFPP are entitled to other postemployment benefits (OPEB) such as healthcare subsidy. LAFPP is administered by a Board of Commissioners (LAFPP Board) composed of five commissioners who are appointed by the Mayor, two commissioners elected by Police members of the plan and two commissioners elected by Fire members of the plan. Under provisions of the City Charter, the City Administrative Code and the State Constitution, the LAFPP Board has the responsibility to administer the plan. Changes to the benefit terms require approval by the City Council.

LAFPP is composed of six tiers. Tier 6 is the current tier for all Harbor Port Police Officers hired on or after July 1, 2011. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011.

LAFPP issues a publicly available financial report that may be obtained by writing or calling: Los Angeles Fire and Police Pension system, 701 East 3rd Street, Suite 200, Los Angeles, CA 90013, (213) 279-3000 or LAFPP's website https://www.lafpp.com/financial-reports.

Plan memberships. As of June 30, 2023 and 2022 (measurement date), pension plan membership consisted of the following:

	2023	2022
Retired members or beneficiaries currently receiving benefits	14,131	13,821
Vested terminated members entitled to, but not yet receiving benefits	776	723
Active members	12,571	12,771
Total	27,478	27,315

As of June 30, 2023 and 2022 (measurement date), OPEB plan membership consisted of the following:

	2023	2022
Retired members, married dependents and beneficiaries currently receiving benefits	18,753	18,231
Vested terminated members, retirees, and beneficiaries entitled to, but not yet receiving benefits	1,017	1,011
Active members	12,571	12,771
Total	32,341	32,013

Benefits provided – pension. LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. Information about benefits for Tiers 1 through 4 members is available in the separately issued LAFPP financial report. Tier 5 members must be at least age

50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for postemployment COLAs based on the Consumer Price Index (CPI) to a maximum of 3% per year. However, any increase in CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Tier 6 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 40% of their two-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 6 provides for postemployment COLAs based on the CPI to a maximum of 3% per year. However, any increase in the CPI greater 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

Benefits provided – OPEB. LAFPP provides the following other postemployment benefits (OPEB) to eligible members:

- Subsidy for members not eligible for Medicare A & B – 4% per year of service, to a maximum of 100%, times a monthly maximum subsidy amount, subject to a maximum of actual premium paid to the LAFPP Board's approved health carrier.

- Subsidy for members eligible for Medicare A & B – For retirees, the health subsidy is provided subject to the following vesting schedule. Surviving spouses/domestic partners are eligible for benefits upon the death of the member.

Completed Years of Services	Vested Percentage
10-14	75%
15-19	90%
20+	100%

- Medicare Part B Related Subsidy – For retired members enrolled in Medicare A & B who are receiving a subsidy, the LAFPP provides payment of Part B premiums.

- Dental Subsidy – 4% per year of service, to a maximum of 100%, times a monthly maximum subsidy amount, subject to a maximum of the single-party premium paid to the LAFPP Board approved dental carrier.

Contributions – pension. The LAFPP Board establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize unfunded actuarial liabilities over a period not to exceed thirty years. The City Administrative Code and related ordinance define member contributions.

All members are required to make contributions to LAFPP based on the member's contribution rate for his or her tier. These rates range from 8 to 9% of salaries for members in Tiers 3 through 5, while members in Tier 6 contribute 11% of salary. However, members are exempt from making contributions when their continuous service exceeds 30 years for Tier 1 through 4, and 33 years for Tier 5 and Tier 6. Members under Tiers 1 and 2 are retired or have completed at least 30 years of service and therefore no longer make pension contributions.

For fiscal years 2024 and 2023, the average employer contribution rates for pension benefits are 21.06% and 26.13%, respectively, of covered payroll. The Port has made 100% of the actuarially determined contributions for both fiscal years.

Contributions – OPEB. The LAFPP Board establishes and may amend the contribution requirements of members and the City. The City's annual contribution for the LAFPP plan is actuarially determined and represents a level of funding that, if paid on an ongoing basis, is expected to be sufficient to make all benefit payments to current members. The average employer contribution rates are 5.93% and 7.36% of covered payroll for fiscal years ended June 30, 2024 and 2023, respectively. Members are not required to contribute to the OPEB plan.

Pension plan fiduciary net position and OPEB plan fiduciary net position. Detailed information about the LAFPP's pension and OPEB plans' fiduciary net position is available in the separately issued LAFPP financial report.

B. Net Pension Liability/asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2024, the Port reported an asset of $1.1 million for its proportionate share of the net pension liability of LAFPP. At June 30, 2023, the Port reported a liability of $1.0 million for its proportionate share of the net pension liability of LAFPP. The net pension asset or liability was measured as of June 30, 2023 and 2022, respectively. The plan assets were valued as of the measurement dates and the total pension liability (TPL) as of June 30, 2023 and 2022 was determined based upon rolling forward the TPL from actuarial valuation as of June 30, 2022 and 2021, respectively. The Port's proportion of the net pension asset or liability was based on the Port's share of actual contributions to the pension plan relative to the actual contributions of all participating employers, actuarially determined. The Port's proportionate share was determined to be -0.291% and 0.152% for fiscal years ended June 30, 2024 and 2023, respectively.

For the fiscal years ended June 30, 2024 and 2023, the Port recognized pension expense of $4.2 million and $3.1 million, respectively.

At June 30, 2024 and 2023, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2024	2023
Pension contributions subsequent to measurement date	$ 3,821	$ 4,409
Changes of assumptions or other inputs	783	1,477
Net difference between projected and actual earnings on pension plan investments	897	1,160
Differences between actual and expected experience in the total pension liability	3,261	3,491
Total	$ 8,762	$ 10,537

Pension contributions of $3.8 million and $4.4 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2024 and 2023, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2024 and 2023, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2024	2023
Changes of assumptions or other inputs	$ 1,387	$ --
Differences between expected and actual experience in the total pension liability	2,972	3,884
Total	$ 4,359	$ 3,884

At June 30, 2024 and 2023, the net amount reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense during the next five years and thereafter as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2024	2023
2024	$ N/A	$ 381
2025	(268)	34
2026	(1,412)	(1,109)
2027	3,027	3,329
2028	(694)	(391)
2029	(71)	--
Thereafter	--	--

The amortization table does not include pension contributions of $3.8 million and $4.4 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2024 and 2023, respectively; and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Actuarial assumptions. The TPL as of June 30, 2023 and 2022 that were measured by actuarial valuations as of June 30 2022 and 2021, respectively. The TPL as of June 30, 2023 was remeasured by (1) revaluing the TPL as of June 30, 2022 (before the roll forward) to include the actuarial assumptions adopted in the July 1, 2019 through June 30, 2022 Experience Study Report dated May 10, 2023, and (2) using this revalued TPL in rolling forward the results from June 30, 2022 to June 30, 2023. The TPL as of June 30, 2022 was measured based on the July 1, 2016 through June 30, 2019 Experience Study Report dated May 13, 2020.

The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2023 and 2022 actuarial valuations:

Actuarial assumptions	2023	2022
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.75%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases	3.95% to 12.00% varying by service, including inflation and across-the-board salary increases	4.15% to 12.25% varying by service, including inflation and across-the-board salary increases

Actuarial assumptions	2023	2022
Cost of living adjustments	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.	Retiree COLA increases of 2.75% per year for Tiers 1 through 6. For Tier 5 and Tier 6 members who have COLA banks, we assume they receive 3.0% COLA increases until their COLA banks are exhausted and 2.75% thereafter.
Investment rate of return	7.00%, net of pension plan investment expense, including inflation	7.00%, net of pension plan investment expense, including inflation
Mortality (Post-Retirement)	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2021	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019
Payroll Growth	Inflation of 2.50% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.	Inflation of 2.75% per year plus “across the board” real salary increases of 0.50% per year, used to amortize the Unfunded Actuarial Accrued Liability as a level percentage of payroll.
Administrative Expenses	Out of the total 1.45% of payroll in assumed administrative expenses, 1.32% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.28% of payroll payable at beginning of the year.	Out of the total 1.40% of payroll in assumed administrative expenses, 1.29% of payroll payable biweekly is allocated to the Retirement Plan. This is equal to 1.25% of payroll payable at beginning of the year.

Long-term expected rate of return by asset class. 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 returns, net of inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighing the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022 these rates are before deducting investment management expenses while for June 30, 2023 they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2023 and June 30, 2022. This information will change every three years based on the actuarial experience study.

	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.20%
Developed International Equity	16.00%	7.01%	16.00%	6.54%
Emerging Market Equity	5.00%	8.80%	5.00%	8.78%
U.S. Core Fixed Income	9.90%	1.97%	13.00%	1.07%
High Yield Bonds	2.75%	4.63%	3.00%	3.31%
Global Credit	2.75%	0.89%	N/A	N/A
TIPS	4.40%	1.77%	4.00%	0.62%
Real Estate	7.00%	3.86%	7.00%	4.65%
Commodities	1.00%	4.21%	5.00%	3.05%
Cash Equivalents	1.00%	0.63%	1.00%	0.01%
Private Equity	14.00%	9.84%	12.00%	8.25%
Private Credit	2.00%	6.48%	N/A	N/A
Unconstrained Fixed Income	2.20%	2.50%	2.00%	1.37%
REITS	3.00%	5.25%	3.00%	4.40%
Total	100.00%	5.80%	100.00%	4.99%

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and 2022, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate for each tier and that employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of both June 30, 2023 and 2022.

Sensitivity of the Port's proportionate share of net pension liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net pension liability/(asset) as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate what is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net pension liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2024	$22,081	$(1,059)	$(19,488)
June 30, 2023	$22,722	$983	$(16,263)

C. Net OPEB Liability/Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2024, the Port reported an asset of $0.7 million for its proportionate share of the net OPEB liability of LAFPP. At June 30, 2023, the Port reported an asset of $0.8 million for its proportionate share of the net OPEB liability of LAFPP. The net OPEB asset or liability was measured as of June 30, 2023 and 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Port's proportion of the net OPEB liability was based on the Port's share of actual contributions to the OPEB plan relative to the actual contributions of all participating departments, actuarially determined. The Port's proportionate share was determined to be -0.079% and -0.083% for the fiscal years June 30, 2024 and 2023, respectively.

For the fiscal years ended June 30, 2024 and 2023, the Port recognized OPEB expense of $0.6 million and $0.4 million, respectively.

At June 30, 2024 and 2023, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2024	2023
OPEB contributions subsequent to measurement date	$ 1,076	$ 1,242
Changes of assumptions or other inputs	732	673
Net difference between projected and actual earnings on OPEB plan investments	203	239
Differences between expected and actual experience in the total OPEB liability	70	57
Total	$ 2,081	$ 2,211

OPEB contributions of $1.1 million and $1.2 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2024 and 2023, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

At June 30, 2024 and 2023, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2024	2023
Changes of assumptions or other inputs	$ 1,320	$ 1,606
Differences between expected and actual experience in the total OPEB liability	792	1,056
Total	$ 2,112	$ 2,662

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows (in thousands):

	Deferred outflows/(inflows)	
Year ending June 30	2024	2023
2024	$ N/A	$ (352)
2025	(405)	(437)
2026	(496)	(528)
2027	196	164
2028	(294)	(325)
2029	(158)	(215)
Thereafter	50	--

The amortization table does not include OPEB contributions of $1.1 million and $1.2 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2024 and 2023, respectively; and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

Actuarial assumptions. The Port's net OPEB liability/asset as of June 30, 2024 and 2023 were determined by actuarial valuations as of June 30, 2023 and 2022, respectively. The Total OPEB Liability (TOL) as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2023. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2019 through June 30, 2022, and the health assumptions letter dated August 29, 2023. The Total OPEB Liability (TOL) as of June 30, 2022 was determined by an actuarial valuation as of June 30, 2022. The actuarial assumptions were based on the results of an experience study for the period from July 1, 2016 through June 30, 2019 with the exception of the mortality assumption where the LAFPP adopted the updated Pub-2010 mortality tables proposed in a separate letter dated December 12, 2019 and health assumptions letter dated September 8, 2022. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2023 and 2022 actuarial valuations:

Actuarial assumptions	2023	2022
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.75%
Across-the-board pay increase	0.50%	0.50%
Projected salary increases	Ranges from 3.90% to 12.00% based on years of service, including inflation	Ranges from 4.15% to 12.25% based on years of service, including inflation
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation	7.00%, net of OPEB plan investment expense, including inflation
Mortality (Post-Retirement)	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2021	Healthy: Pub-2010 Safety Healthy Retiree Amount-Weighted Above-Median Mortality table projected with Scale MP-2019
Healthcare cost trend rates	7.25% graded down to 4.50% over 11 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; 3.00% for all years for dental; and 4.50% for all years for Medicare Part B costs.	7.25% graded down to 4.50% over 11 years for non-Medicare medical plan costs; 6.50% graded down to 4.50% over 8 years for Medicare medical plan costs; 3.00% for all years for dental; and 4.50% for all years for Medicare Part B costs.

Long-term expected rate of return by asset class. 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 inflation and, beginning with June 30, 2023, any applicable investment management expenses) are developed for each major asset class. These returns are combined to produce the long-term expected arithmetic rate of return for the portfolio by weighing the expected arithmetic real rates of return by the target asset allocation percentage, adding expected inflation and subtracting expected investment expenses (beginning with June 30, 2023 including only investment consulting fees, custodian fees and other miscellaneous investment expenses) and a risk margin. Beginning with June 30, 2023 this portfolio return is also adjusted to an expected geometric real rate of return for the portfolio.

The target allocation and projected arithmetic real rates of return for each major asset class (after deducting inflation) are shown in the following tables. For June 30, 2022, these rates are before deducting investment management expenses while for June 30, 2023, they are after deducting applicable investment management expenses. This information was used in the derivation of the long-term expected investment rate of return assumption in the actuarial valuations as of June 30, 2023 and June 30, 2022. This information will change every three years based on the actuarial experience study.

	June 30, 2023		June 30, 2022	
Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Target Allocation	Long-term Expected Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%	23.00%	5.40%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.20%
Developed International Equity	16.00%	7.01%	16.00%	6.54%
Emerging Market Equity	5.00%	8.80%	5.00%	8.78%
U.S. Core Fixed Income	9.90%	1.97%	13.00%	1.07%
High Yield Bonds	2.75%	4.63%	3.00%	3.31%
Global Credit	2.75%	0.89%	N/A	N/A
TIPS	4.40%	1.77%	4.00%	0.62%
Real Estate	7.00%	3.86%	7.00%	4.65%
Commodities	1.00%	4.21%	5.00%	3.05%
Cash Equivalents	1.00%	0.63%	1.00%	0.01%
Private Equity	14.00%	9.84%	12.00%	8.25%
Private Credit	2.00%	6.48%	N/A	N/A
Unconstrained Fixed Income	2.20%	2.50%	2.00%	1.37%
REITS	3.00%	5.25%	3.00%	4.40%
Total	100.00%	5.80%	100.00%	4.99%

Discount rate. The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023 and 2022. The projection of cash flows used to determine the discount rate assumed employer contributions will be made at rates equal to the actuarially determined contribution rates for each tier. For this purpose, only employer contributions that are intended to fund benefits for current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs for future plan members and their beneficiaries are not included. Based on those assumptions, the Plan Fiduciary Net Position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the TOL as of both June 30, 2023 and June 30, 2022.

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability/(asset) as of June 30, 2024 and 2023, calculated using the discount rate of 7.00%, as well as what the Port's proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
June 30, 2024	$3,543	$(673)	$(4,001)
June 30, 2023	$3,041	$(773)	$(3,772)

Sensitivity of the Port's proportionate share of net OPEB liability/(asset) to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability/(asset), as well as what LAFPP net OPEB liability/(asset) would be if it were calculated using a trend rate that is one percentage point lower or one percentage point higher than the current healthcare trend rate (in thousands):

Port's proportionate share of the net OPEB liability/(asset)	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2024	$(4,527)	$(673)	$4,385
June 30, 2023	$(4,299)	$(773)	$3,901

*See page 109 for current healthcare trend rate.

Note 14. A to C on LAFPP pension and OPEB plans were derived from information prepared by LAFPP and the City.

15. Commitments, Litigation and Contingencies

A. Commitments

Open purchase orders and uncompleted construction contracts amounted to approximately $11.2 million and $35.9 million as of June 30, 2024 and 2023, respectively. Such open commitments do not lapse at the end of the Port's fiscal year and are carried forth to succeeding periods until fulfilled.

In 1985, the Port received a parcel of land, with an estimated value of $14.0 million from the federal government, for the purpose of constructing a marina. The Port has agreed to reimburse the federal government up to $14.0 million from excess revenues, if any, generated from marina operations after the Port has recovered all costs of construction. No such payments were made in fiscal years 2024 and 2023.

B. Litigation

The Port is also involved in certain litigation arising in the normal course of business. In the opinion of management, there is no pending litigation or unasserted claims, the outcome of which would materially affect the financial position of the Port.

C. Contingencies

As a recipient of federal and state grant funds, the Port is subject to 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 Port. The Port's management believes that the Port 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 would not be material to the Port.

Agreement negotiations with customers could result in modifications of compensation provisions for the Port's revenues. Such modifications may have a cumulative impact on the Port's revenues.

D. Alameda Corridor Transportation Authority (ACTA) Agreement

In August 1989, the Port and the POLB (the Ports) entered into a joint exercise of powers agreement and formed ACTA for the purpose of establishing a comprehensive transportation corridor and related facilities consisting of street and railroad rights-of-way and an improved highway and railroad network along Alameda Street between the Santa Monica Freeway and the Ports in San Pedro Bay, linking the Ports to the central Los Angeles area. The Alameda Corridor began operating on April 15, 2002. ACTA is governed by a seven-member board, which is comprised of two members from each Port, one each from the Cities of Los Angeles and Long Beach and one from the Metropolitan Transportation Authority.

In October 1998, the Ports, ACTA, and the railroad companies, which operate on the corridor, entered into a Corridor Use and Operating Agreement (Corridor Agreement). The Corridor

Agreement provides for operation of the corridor to transport cargo into and out of the Ports. Payment of use fees and container charges, as defined in the Corridor Agreement are used to pay (a) the debt service that ACTA incurs on outstanding bonds, (b) for the cost of funding required reserves and costs associated with the financing, including credit enhancement and rebate requirements, and (c) repayment and reimbursement obligations to the Ports, (collectively, ACTA Obligations). Use fees end in 2062 or sooner if the ACTA Obligations are paid off earlier.

If ACTA revenues are insufficient to pay ACTA Obligations outlined in (a) and (b) above, the Corridor Agreement obligates each Port to pay up to twenty percent (20%) of the shortfall (Shortfall) for each debt service payment date. If this event occurs, the Ports' payments to ACTA are intended to provide cash for debt service payments and to assure that the Alameda Corridor is available to maintain continued cargo movement through the Ports. The Ports are required to include expected Shortfall payments in their budgets, but Shortfall payments are subordinate to other obligations of the Port, including the bonds and commercial paper currently outstanding. The Port does not and is not required to take Shortfall payments into account when determining whether it may incur additional indebtedness or when calculating compliance with rate covenants under the respective bond indentures and resolutions related to each Port bond or indebtedness.

An amended and restated Corridor Agreement became effective December 15, 2016, which (1) incorporated the July 5, 2006 First Amendment to the Corridor Agreement; (2) replaced the Operating Committee with an alternative decision-making process for management of Alameda Corridor maintenance and operations; and (3) removed construction related provisions and updated certain other provisions to reflect current conditions and practices. The Los Angeles Board of Harbor Commissioners approved the amended and restated Corridor Agreement at a meeting held on October 24, 2016.

In 2022, ACTA issued Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2022A, Taxable Senior Lien Revenue Refunding Bonds, Series 2022B, and Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds Series 2022C (Series 2022 Bonds). With the intent of reducing future Shortfall payments, the issuance of the Series 2022 Bonds restructured ACTA's debt. There were no Shortfall payments in both fiscal years 2024 and 2023.

16. Related-Party Transactions

During the normal course of business, the Port is charged for services provided by the City, the most significant of which is related to fire protection, museum and park maintenance, and legal services. Total amounts charged by the City for services approximate $45.1 million and $47.8 million in fiscal years 2024 and 2023, respectively. In addition, the amounts charged by the City for water and electricity usage approximate $27.5 million and $27.4 million in fiscal years 2024 and 2023, respectively.

17. Capital Contributions

Amounts either received or to be reimbursed for the restricted purpose of the acquisition, construction of capital assets, or other grant-related capital expenditures are recorded as capital contributions. During the fiscal years ended June 30, 2024 and 2023, the Port reported capital contributions of $54.3 million and $43.5 million, respectively, for certain capital construction grant projects.

18. Cash Funding of Reserve Fund

As of June 30, 2024 and 2023, the Port had $532.0 million and $582.4 million of outstanding parity bonds (including net unamortized premiums). The Port holds cash reserves for each Indenture of the outstanding bonds, except for the 2019 Revenue Refunding Bonds that were issued without a reserve. On September 18, 2008, the BHC approved the full cash funding of the entire reserve requirement of $61.5 million that was transferred to the Port's bond trustee in December 2008. The cash funding of the reserve took place to reassure bondholders of the strong commitment of the Port to its financial wherewithal as rating agencies had reduced the AAA ratings of the surety companies that had provided insurance for the bonds that the Port had issued.

As of June 30, 2024 and 2023, the balance in the Common Reserve fund totaled $37.3 million and $37.1 million, respectively. Any excess amounts in the Common Reserve resulting from principal repayments will be transferred to the interest fund and/or redemption fund to be used to pay interest and redeem bonds. The required amount for the reserve fund will be reevaluated on a yearly basis. The funds in the reserve are invested in the U.S. Treasury securities and money market funds.

19. Subsequent Events

On August 30, 2024, the Port defeased an aggregate par amount of $103.4 million of its outstanding bonds comprised of 2015 Series A (Non-AMT) Bonds totaling $7.4 million, 2016 Series B (Non-AMT) Bonds totaling $60.8 million and 2016 Series C (Non-AMT) Bonds totaling $35.2 million.

The 2015 Series A Bonds will become callable on August 1, 2025, and the 2016 Series B and C Bonds will become callable on August 1, 2026. Interest of $0.4 million will accrue on the 2015 Series A Bonds until the August 1, 2025 call date. Interest of $8.2 million will accrue on the 2016 Series B and C Bonds until the August 1, 2026 call date.

A total of $104.5 million has been deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment of the defeased bonds. A portion of the Common Reserve allocated to 2015 Series A Bonds and 2016 Series B and C Bonds and debt service account balance totaling $12.7 million was released toward the defeasance. Net of interest to be earned on escrowed funds totaling $7.5 million, the Port's outflow of cash toward this defeasance was $91.8 million.

On September 11, 2024, the Port issued an aggregate par amount of $213.3 million in Refunding Revenue Bonds comprised of: $103.0 million of 2024 Series A-1 (AMT) Bonds, $26.7 million of 2024 Series A-2 (AMT) Bonds, $34.4 million of 2024 B-1 (Non-AMT) Bonds, $22.9 million of 2024 Series B-2 (Non-AMT) Bonds, and $28.3 million of 2024 Series C (Non-AMT) Bonds (collectively Series 2024 Bonds). Proceeds from Series 2024 Bonds, together with certain other available moneys, will be used to refund and defease the Refunding Series 2014 Bonds to generate debt service savings and pay costs of issuance of Series 2024 Bonds.

Required Supplementary Information

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Liability – Last Ten Fiscal Years

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll (1)	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2015	2014	4.224%	$ 188,299	$ 76,040	247.60%	72.57%
2016	2015	4.152%	207,158	75,963	272.71%	70.49%
2017	2016	3.940%	221,275	75,092	294.67%	67.77%
2018	2017	3.877%	204,609	76,204	268.50%	71.41%
2019	2018	3.773%	215,435	77,580	277.70%	71.37%
2020	2019	3.692%	220,724	77,954	283.15%	71.25%
2021	2020	3.674%	279,036	83,080	335.86%	66.29%
2022	2021	3.852%	168,089	87,461	192.19%	81.26%
2023	2022	3.825%	270,252	81,205	332.80%	70.66%
2024	2023	3.705%	272,187	84,918	320.53%	70.96%

(1) Covered payroll is defined as the payroll on which contributions to a pension plan are based.

Los Angeles Fire and Police Pension Plan (LAFPP)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability/ (Assets)	Covered Payroll (2)	Share of Net Pension Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2015	2014	0.559%	$ 10,463	$ 11,619	90.05%	79.16%
2016	2015	0.425%	8,671	12,301	70.49%	83.98%
2017	2016	0.408%	10,050	12,148	82.49%	83.02%
2018	2017	0.345%	6,273	13,541	46.33%	90.41%
2019	2018	0.365%	4,585	14,168	32.36%	93.77%
2020	2019	0.418%	7,260	14,584	49.78%	91.40%
2021	2020	0.319%	8,219	15,462	53.15%	91.28%
2022	2021	0.366%	(9,885)	15,758	-62.73%	109.02%
2023	2022	0.152%	983	16,554	5.94%	99.16%
2024	2023	-0.291%	(1,059)	16,874	-6.28%	100.84%

(2) Covered payroll is defined as the payroll on which contributions to a pension plan are based.

See Note to Schedule on page 117.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Pension Contributions – Last Ten Fiscal Years

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

(Amount in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 26,737	$ 25,751	$ 23,421	$ 21,176	$ 19,284	$ 18,050	$ 17,317	$ 17,582	$ 17,557	$ 15,765
Contributions in related to the actuarially determined contribution	26,737	25,751	23,421	21,176	19,284	18,050	17,317	17,582	17,557	15,765
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 97,146	$ 84,932	$ 81,205	$ 87,461	$ 83,080	$ 77,954	$ 77,580	$ 76,204	$ 75,092	$ 75,963
Contributions as a percentage of covered payroll	27.52%	30.32%	28.84%	24.21%	23.21%	23.15%	22.32%	23.07%	23.38%	20.75%

Los Angeles Fire and Police Pension Plan (LAFPP)

(Amount in thousands)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 3,821	$ 4,409	$ 4,637	$ 4,300	$ 4,052	$ 3,883	$ 3,645	$ 3,716	$ 3,462	$ 3,648
Contributions in relation to the actuarially determined contribution	3,821	4,409	4,637	4,300	4,052	3,883	3,645	3,716	3,462	3,648
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 18,135	$ 16,874	$ 16,554	$ 15,758	$ 15,462	$ 14,584	$ 14,168	$ 13,541	$ 12,184	$ 12,301
Contributions as a percentage of covered payroll	21.07%	26.13%	28.01%	27.29%	26.21%	26.63%	25.73%	27.44%	28.41%	29.66%

See Note to Schedule on page 117.

Los Angeles City Employees' Retirement System (LACERS)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions: See Page 91 for the comparison of key actuarial assumptions used in 2023 and 2022 actuarial evaluations for changes in assumptions.

Los Angeles Fire and Police Pension Plan (LAFPP)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions: See Page 103 for the comparison of key actuarial assumptions used in 2023 and 2022 actuarial evaluations for changes in assumptions.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of Proportionate Share of the Net OPEB Liability – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability (Assets)	Covered Payroll (1)	Proportionate Share of Net OPEB Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	3.947%	$ 26,002	$ 75,092	34.63%	76.42%
2018	2017	3.865%	21,910	76,204	28.75%	81.14%
2019	2018	3.753%	21,785	77,580	28.08%	82.18%
2020	2019	3.655%	19,085	77,954	24.48%	84.34%
2021	2020	3.619%	22,993	83,080	27.68%	81.78%
2022	2021	3.781%	(9,891)	87,461	-11.31%	107.43%
2023	2022	3.769%	8,778	81,205	10.81%	93.49%
2024	2023	3.629%	(4,910)	84,918	-5.78%	103.97%

(1) Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

Los Angeles Fire and Police Pension Plan (LAFPP)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability/ (Assets)	Proportionate Share of Net OPEB Liability/ (Assets)	Covered Payroll (2)	Proportionate Share of Net OPEB Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	0.156%	$ 2,563	$ 12,184	21.04%	74.45%
2018	2017	0.148%	2,506	13,541	18.51%	78.65%
2019	2018	0.143%	2,447	14,168	17.27%	81.87%
2020	2019	0.191%	3,018	14,584	20.69%	80.65%
2021	2020	0.162%	2,541	15,462	16.43%	84.77%
2022	2021	-0.210%	(1,900)	15,758	-12.06%	110.55%
2023	2022	-0.083%	(773)	16,554	-4.67%	104.16%
2024	2023	-0.079%	(673)	16,874	-3.99%	103.20%

(2) Covered payroll is defined as the payroll on which contributions to an OPEB plan are based.

* This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, the schedule is presented for those years for which information is available.

See Note to Schedule on page 120.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Required Supplementary Information

Schedule of OPEB Contributions – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

(Amount in thousands)	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 3,525	$ 3,361	$ 3,571	$ 3,863	$ 3,823	$ 4,011	$ 3,857
Contributions in relation to the actuarially determined contribution	3,525	3,361	3,571	3,863	3,823	4,011	3,857
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered employee payroll	$ 97,146	$ 84,932	$ 81,205	$ 87,461	$ 83,080	$ 77,954	$ 77,580
Contributions as a percentage of covered employee payroll	3.63%	3.96%	4.40%	4.42%	4.60%	5.15%	4.97%

Los Angeles Fire and Police Pension Plan (LAFPP)

(Amount in thousands)	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 1,076	$ 1,242	$ 306	$ 1,211	$ 1,131	$ 1,084	$ 1,018
Contributions in relation to the actuarially determined contribution	1,076	1,242	306	1,211	1,131	1,084	1,018
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --
Port's covered employee payroll	$ 18,135	$ 16,874	$ 16,554	$ 15,758	$ 15,462	$ 14,584	$ 14,168
Contributions as a percentage of covered employee payroll	5.93%	7.36%	1.85%	7.68%	7.31%	7.43%	7.19%

* This schedule is intended to present information for 10 years. Until a 10-year trend is compiled, the schedule is presented for those years for which information is available.

See Note to Schedule on page 120.

Required Supplementary Information

Notes to Schedules of Proportionate Share of the Net OPEB Liability and OPEB Contributions

For the Fiscal Year Ended June 30, 2024

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions:

- Per capita costs and associated trend assumptions were updated to reflect 2024 calendar year premiums/subsidies and updated trend assumptions for 2025 and after. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs. retired) from Segal's claims data warehouse. The updated claims and associated trend assumptions had a combined impact of reducing the actuarial accrued liability.
- Medical carrier election assumptions were updated based on more recent data.
- Economic and demographic assumptions have been updated based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study. The assumptions changes from the 2022 Actuarial. Experience Study had a combined impact of reducing the actuarial accrued liability and increasing the plan's normal cost.

Los Angeles Fire and Police Pension Plan (LAFPP)

Changes of benefit terms: There were no changes in benefits terms.

Changes of assumptions:

- Per capita costs and associated trend assumptions were updated to reflect 2023-2024 plan year premiums and subsidies, updated trend assumptions to project medical and dental costs for 2024-2025 and after, and medical carrier election assumptions based on more recent data. The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated. The new factors are based on a review of historical claims experience by age, gender, and status (active vs. retired) from Segal's claims data warehouse. The updated claims, health plan elections and associated trend assumptions had a combined impact of reducing the actuarial accrued liability.
- Economic and demographic assumptions have been updated based on the July 1, 2019 through June 30, 2022 Actuarial Experience Study. This includes updating the spousal or domestic partner health coverage assumption, retiree medical and dental participation assumptions, and dependent child health coverage assumption for retirees under age 65. The assumption changes from the 2022 Actuarial Experience study had a combined impact of increasing the actuarial accrued liability and increasing the plan’s normal cost.

Statistical Section

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Statistical Section

For the Fiscal Year Ended June 30, 2024

(Unaudited)

The Statistical Section presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Port's overall financial health.

Contents **Page**

Financial Trends

This schedule contains trend information to help the reader understand how the Port's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the Port's most significant local revenue sources.

Debt Capacity

These schedules present information to help the reader assess the affordability of the Port's current level of outstanding debt and the Port's ability to issue additional debt in the future.

Demographic and Economic Information

This schedule offers demographic and economic indicators to help readers understand the environment within which the Port's financial activities occur.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Port's financial report relates to the services the Port's provides and the activities it performs.

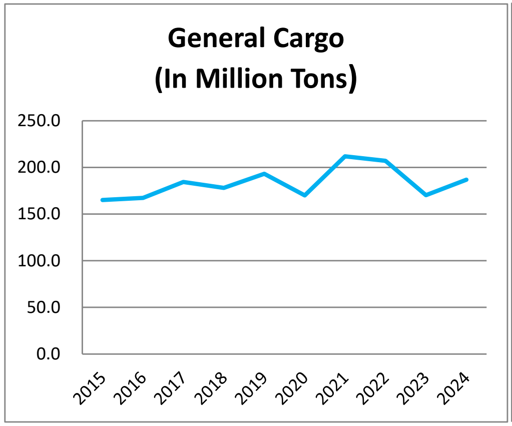
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)
Summary of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
($ In Thousands)
(Unaudited)

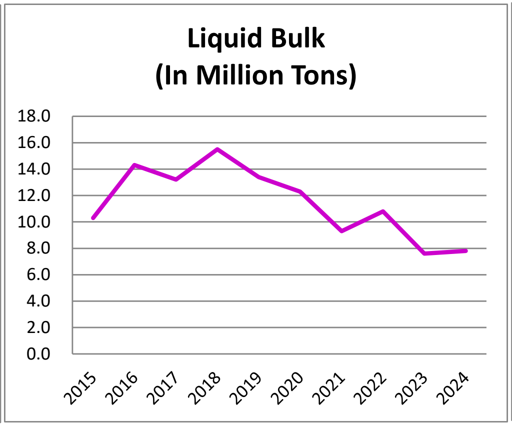
	2015	2016	2017	2018	2019	2020	2021	2022	(Restated) 2023	2024
Operating revenues										
Shipping services	$ 364,899	$ 368,470	$ 398,255	$ 405,279	$ 410,328	$ 369,565	$ 463,849	$ 485,842	$ 448,008	$ 512,465
Rentals	46,233	46,571	51,258	61,419	65,965	73,103	78,181	86,837	117,290	116,748
Royalties, fees, and other operating revenues	35,763	21,085	25,019	24,062	30,134	24,998	27,683	55,163	91,102	77,827
Total operating revenues	446,895	436,126	474,532	490,760	506,427	467,666	569,713	627,842	656,400	707,040
Operating expenses										
Salaries and benefits	111,788	114,719	118,582	121,533	123,058	145,826	146,200	122,410	141,735	151,626
Marketing and public relations	2,771	2,567	2,583	2,784	2,510	2,388	1,372	2,101	2,710	3,279
Outside services	28,983	28,970	25,022	29,904	33,418	31,815	26,219	27,864	33,332	33,817
Materials and supplies	6,257	6,340	5,314	6,960	6,593	5,672	4,517	5,106	5,974	6,438
City services	34,749	37,421	39,554	42,749	45,223	48,366	45,876	45,531	47,823	45,145
Other operating expenses	49,701	36,244	36,620	33,025	29,625	39,503	48,799	50,888	67,846	52,770
Total operating expenses before depreciation	234,249	226,261	227,675	236,955	240,427	273,570	272,983	253,900	299,420	293,075
Operating Income before depreciation and amortization	212,646	209,865	246,857	253,805	266,000	194,096	296,730	373,942	356,980	413,965
Depreciation and amortization	137,384	163,933	172,895	167,984	161,977	158,613	154,295	147,569	194,869	149,883
Operating Income	75,262	45,932	73,962	85,821	104,023	35,483	142,435	226,373	162,111	264,082
Nonoperating revenues (expenses)										
Income from investments in Joint Powers Authorities	2,811	2,544	2,162	2,001	2,596	2,461	2,243	1,513	1,888	2,141
Investment income (loss) - net	5,039	9,326	1,118	618	32,804	39,643	(2,656)	(47,744)	4,538	37,192
Interest expense	(331)	(507)	(604)	(1,612)	(1,290)	(24,707)	(21,773)	(19,037)	(17,837)	(17,712)
Other income and expenses, net	(2,226)	(3,851)	(1,146)	1,999	27,151	2,025	9,240	(5,125)	15,756	14,600
Net nonoperating revenues (expenses)	5,293	7,512	1,530	3,006	61,261	19,422	(12,946)	(70,393)	4,345	36,221
Income before capital contributions	80,555	53,444	75,492	88,827	165,284	54,905	129,489	155,980	166,456	300,303
Capital contributions	111,852	40,489	18,801	4,524	3,523	3,440	7,116	11,906	43,505	54,252
Special and extraordinary items	--	5,123	9,150	--	--	--	--	--	--	--
Changes in net position	192,407	99,056	103,443	93,351	168,807	58,345	136,605	167,886	209,961	354,555
Total net position – beginning of year	3,064,554	3,062,899	3,161,955	3,265,398	3,334,871	3,503,678	3,562,023	3,698,628	3,866,514	4,076,475
Cumulative effect of change in accounting principle	(194,062)	--	--	(23,878)	--	--	--	--	--	--
Net position July 1, restated	2,870,492	3,062,899	3,161,955	3,241,520	3,334,871	3,503,678	3,562,023	3,698,628	3,866,514	4,076,475
Total net position – end of year	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678	$ 3,562,023	$ 3,698,628	$ 3,866,514	$ 4,076,475	$ 4,431,030
Net position:										
Net investment in capital assets	$ 2,856,561	$ 2,945,412	$ 2,972,442	$ 2,964,553	$ 2,954,017	$ 2,979,268	$ 3,017,302	$ 3,064,900	$ 3,057,698	$ 3,140,833
Restricted	68,373	66,599	62,255	62,230	63,348	42,281	42,435	37,452	100,875	174,634
Unrestricted	137,965	149,944	230,701	308,088	486,313	540,474	638,891	764,162	917,902	1,115,563
Total net position	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678	$ 3,562,023	$ 3,698,628	$ 3,866,514	$ 4,076,475	$ 4,431,030

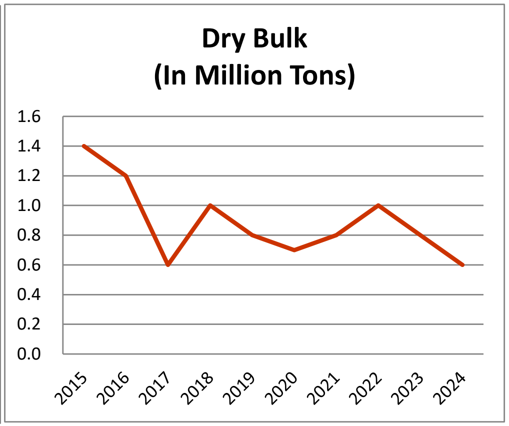
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Revenue Statistics
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue Information										
Revenue Rates										
General cargo tariff rate	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.69	$ 7.10
Basic dockage (600')	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,640	2,804
Required rate of return on improvements	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Required rate of return on land	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Containerized cargo volume										
(in millions of TEUs)	8.2	8.4	9.2	9.2	9.7	8.6	10.9	10.7	8.6	9.2
Inbound tonnage (million tons)	102.9	105.6	105.8	103.0	113.8	99.8	113.6	113.4	90.7	99.0
Outbound tonnage (million tons)	74.6	79.3	92.4	88.3	97.4	84.2	102.1	109.3	87.8	90.5
Revenue tons (million)										
General cargo	165.1	167.3	184.3	178.0	193.1	170.1	211.9	207.0	170.2	186.8
Liquid bulk	10.3	14.3	13.2	15.5	13.4	12.3	9.3	10.8	7.6	7.8
Dry bulk	1.4	1.2	0.6	1.0	0.8	0.7	0.8	1.0	0.8	0.6
Total revenue tons (million)	176.8	182.8	198.1	194.5	207.3	183.1	222.0	218.8	178.6	195.2







PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Top Ten Individual Sources of Revenue by Alphabetical Order
Fiscal Year 2024 and Fiscal Year 2015
(Unaudited)

Fiscal Year 2024	Fiscal Year 2015
APM Terminals Pacific, Ltd.	APM Terminals Pacific, Ltd.
China Shipping Holding Company, Ltd.	BNSF Railway Company-SCIG Facility
Everglades Company Terminal, Inc.	China Shipping Holding Company, Ltd.
Everport Terminal Services, Inc.	Eagle Marine Services, Ltd. (1)
Fenix Marine Services, Ltd. (1)	Everport Terminal Services, Inc.
Ports America Cruise, Inc.	Rio Doce Pasha Terminal, LP
TraPac, LLC	TraPac, LLC
Union Pacific Railroad Company	Union Pacific Railroad Company
WWL Vehicle Services Americas, Inc.	Yang Ming Marine Transport Corporation
Yusen Terminal, Inc./N.Y.K. (North America), Inc.	Yusen Terminal, Inc./N.Y.K. (North America), Inc.

(1) Eagle Marine Services, Ltd. was rebranded to Fenix Marine Services, Ltd. in 2018.

The Port of Los Angeles terminal tenants compete against each other for business. The Port is of the opinion that disclosing revenue by tenant would give advantages or disadvantages to certain tenants and therefore revenues and percentage of total revenue have been excluded from this report.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Summary of Debt Service Coverage (Pledged Revenue)
Last Ten Fiscal Years
($ In Thousands)
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total revenues (1)	$ 460,364	$ 452,398	$ 487,806	$ 501,663	$ 578,794	$ 524,346	$ 586,039	$ 665,857	$ 706,407	$ 761,361
Operating expenses (2)	234,249	226,261	227,675	236,955	240,427	273,570	272,983	253,900	299,420	293,075
Net available revenue	$ 226,115	$ 226,137	$ 260,131	$ 264,708	$ 338,367	$ 250,776	$ 313,056	$ 411,957	$ 406,987	$ 468,286
Debt service, revenue bonds	$ 69,916	$ 91,831	$ 87,570	$ 80,147	$ 84,884	$ 84,288	$ 79,070	$ 118,968	$ 67,377	$ 68,447
Debt service, commercial paper and revolving obligations	187	—	—	—	—	—	—	—	—	—
Total debt service on parity obligations (3)	$ 70,103	$ 91,831	$ 87,570	$ 80,147	$ 84,884	$ 84,288	$ 79,070	$ 118,968	$ 67,377	$ 68,447
Net available revenue coverage	3.2	2.5	3.0	3.3	4.0	3.0	4.0	3.5	6.0	6.8
Net cash flow from operations	$ 213,184	$ 184,869	$ 274,581	$ 228,920	$ 254,978	$ 237,631	$ 262,722	$ 358,235	$ 327,754	$ 441,701
Net operating cash flow coverage	3.0	2.0	3.1	2.9	3.0	2.8	3.3	3.0	4.9	6.5

(1) Total revenues include operating revenues and nonoperating revenues.

(2) Depreciation and amortization expenses, interest expense, and other nonoperating expenses are not included.

(3) Debt service on parity obligations include principal and interest payments on issued bonds as well as on commercial paper notes and revolving obligations, which are senior debt backed by pledged-revenue.

Note: Details regarding the Port of Los Angeles' outstanding debt can be found in the notes to financial statements.

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Ratios of Outstanding Debts to Personal Income and Per Capita
Last Ten Fiscal Years

(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Outstanding Revenue Bonds [1]	$ 1,059,603	$ 1,008,322	$ 969,343	$ 922,433	$ 870,060	$ 788,489	$ 731,357	$ 631,726	$ 582,414	$ 531,995
Lease Liability	—	—	—	—	—	—	1,164	506	1,279	1,148
Subscription Liability	—	—	—	—	—	—	—	2,277	1,546	740
Total Outstanding Debts ($000's)	$ 1,059,603	$ 1,008,322	$ 969,343	$ 922,433	$ 870,060	$ 788,489	$ 732,521	$ 634,509	$ 585,239	$ 533,883
Total Outstanding Debts Per Capita [2]	$ 266.74	$ 252.13	$ 239.84	$ 227.51	$ 215.36	$ 196.60	$ 186.71	$ 166.12	$ 155.40	$ 139.97
Percentage of Total Personal Income [3]	0.19%	0.17%	0.16%	0.15%	0.13%	0.12%	0.10%	0.09%	N/A	N/A

(1) Presented net of unamortized bond premiums and discounts.
(2) See page 127 for population data used in this calculation .
(3) See page 127 for personal income used in this calculation.
N/A - Data not available

PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Demographic and Economic Statistics for the City of Los Angeles
Last Ten Calendar Years
(Unaudited)

Year	Estimated Population [(1)]	Personal Income ($000s) [(2)]	Per Capita Personal Income [(2)]	Median Age [(3)]	Public School Enrollment [(4)]	Unemployment Rate [(5)]
2015	3,972,348	$ 560,484,548	$ 55,366	34.9	582,430	7.0 %
2016	3,999,237	577,071,787	56,851	35.0	560,991	5.6
2017	4,041,707	593,741,110	58,419	35.2	547,246	4.4
2018	4,054,400	628,808,732	62,224	35.8	532,102	5.1
2019	4,040,079	653,482,910	65,094	35.6	516,935	4.7
2020	4,010,684	678,829,092	68,272	35.9	504,468	18.2
2021	3,923,341	728,772,915	74,141	37.0	439,013	10.3
2022	3,819,538	720,740,528	74,142	37.1	429,349	5.3
2023	3,766,109	N/A	N/A	37.2	419,749	5.5
2024	3,814,318	N/A	N/A	N/A	N/A	5.9

(1) Obtained from California Department of Finance report E-1 Population Estimates for Cities, Counties, and the State.

(2) Obtained from U.S. Department of Commerce, Bureau of Economic Analysis - Census Bureau midyear population estimates.

(3) Obtained from the U.S. Census Bureau American Community Survey 1-Year Estimates.

(4) Obtained from the Open Data Portal (https://www.lausd.org/opendata) of the Los Angeles Unified School District.

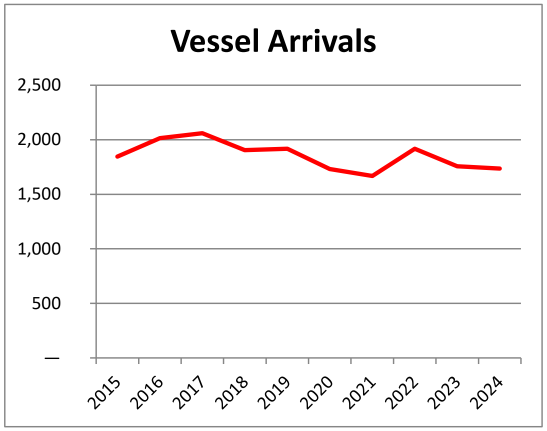
(5) Obtained from California Employment Development Department for City of Los Angeles, not seasonally adjusted.

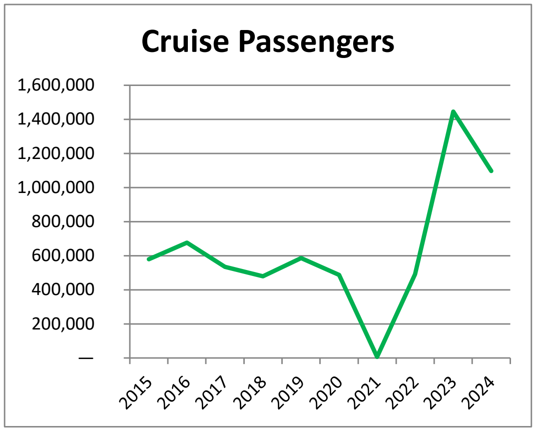
N/A Data was not readily available at the time of issuance.

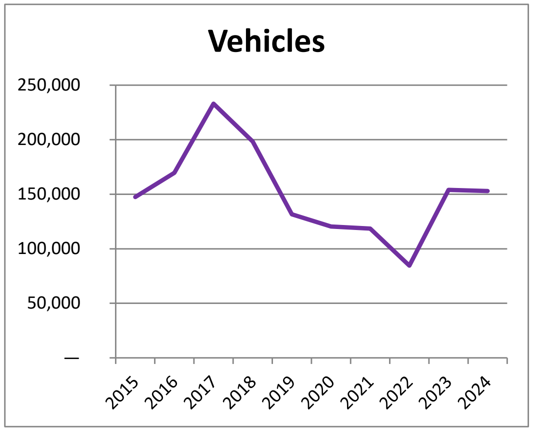
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Operating Information
Last Ten Fiscal Years
(Unaudited)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Miles of waterfront	43	43	43	43	43	43	43	43	43	43
Number of major container terminals	8	8	8	8	8	8	8	8	8	8
Number of cargo terminals	23	23	23	23	23	23	23	23	23	23
Vessel arrivals	1,846	2,014	2,060	1,904	1,917	1,731	1,668	1,917	1,757	1,735
Cruise passengers	578,902	676,644	534,484	479,388	586,783	487,013	6,221	490,978	1,445,613	1,097,019
Vehicles	147,457	169,561	233,013	198,326	131,553	120,506	118,517	84,553	153,951	152,877
Full time employees	885	906	883	884	880	910	912	834	847	874







PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Principal Employers in the Los Angeles County [1]
FY 2024 and FY 2015
(Unaudited)

	2024			2015		
Employer	**Number of Employees**	**Rank**	**Percentage of Total County Employment**	**Number of Employees**	**Rank**	**Percentage of Total County Employment**
Kaiser Permanente	47,438	1	0.9 %	35,771	1	0.8 %
University of Southern California	24,099	2	0.5	18,629	2	0.4
Northrop Grumman Corp.	18,708	3	0.4	17,000	3	0.4
Walt Disney Co.	13,400	4	0.3	—	—	—
Home Depot	12,000	5	0.2	10,600	10	0.2
UPS	11,542	6	0.2	10,768	9	0.2
Boeing	10,783	7	0.2	—	—	—
Providence Health & Services Southern California	10,153	8	0.2	13,000	7	0.3
Target Corp.	10,020	9	0.2	15,000	4	0.3
NBC Universal	8,576	10	0.2	—	—	—
Ralphs/Food 4 Less (Kroger Co. Division)	—	—	—	13,500	5	0.3
Bank of America Corp.	—	—	—	13,000	6	0.3
All Others	4,848,881	—	96.7	4,560,032	—	96.8
Total [2]	5,015,600		100.0 %	4,707,300		100.0 %

[1] Data pertaining to principal employers was obtained from Los Angeles Business Journal (LABJ).
LABJ note: The information on this list was provided by representatives of the employers themselves. Companies are ranked by the current number of full-time employees in Los Angeles County. Several companies may have qualified for this list, but failed to submit information or do not break out local employment data. Government entities are excluded.

[2] Total County employment amounts are obtained from California Employment Development Department labor force report which is available at https://www.labormarketinfo.edd.ca.gov.

Compliance Section

MOSSADAMS

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, 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, 2024, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2024.

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 a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 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 findings identified in our audit and described in the accompanying schedule of findings and questioned costs and responses are included in the body of the report. 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.

Moss Adams LLP

El Segundo, California
December 20, 2024