

# 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, 2025 AND 2024**



**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, 2025 and 2024  
(With Report of Independent Auditors Thereon)

**Prepared by:**

**Finance and Administration 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, 2025 and 2024**

**Table of Contents**

	<u>Page</u>
<b>Introductory Section (Unaudited)</b>	
Letter of Transmittal .....	1
Certificate of Achievement for Excellence in Financial Reporting .....	5
Organizational Chart .....	6
Board of Harbor Commissioners, Executive and Management Staff .....	7
<b>Financial Section</b>	
Report of Independent Auditors .....	8
Management's Discussion and Analysis (Unaudited) .....	11
Financial Statements	
Statements of Net Position.....	40
Statements of Revenues, Expenses, and Changes in Net Position.....	42
Statements of Cash Flows .....	44
Notes to Financial Statements (Index Page 46).....	47
Required Supplementary Information (Unaudited)	
Schedule of Proportionate Share of the Net Pension Liability.....	115
Schedule of Pension Contributions.....	116
Schedule of Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability.....	118
Schedule of OPEB Contributions.....	119
<b>Statistical Section (Unaudited)</b>	
Summary of Revenues, Expenses, and Changes in Net Position.....	122
Revenue Statistics .....	123
Top Ten Individual Sources of Revenue by Alphabetical Order .....	124
Summary of Debt Service Coverage (Pledged Revenue).....	125
Ratios of Total Outstanding Debts to Personal Income and Per Capita.....	126
Demographic and Economic Statistics for the City of Los Angeles .....	127
Operating Information .....	128
Principal Employers in the Los Angeles County.....	129
<b>Compliance Section</b>	
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 <i>Government Auditing Standards</i> .....	130

# Introductory Section





Karen Bass	<i>Mayor, City of Los Angeles</i>				
Board of Harbor Commissioners	Lucille Roybal-Allard <i>President</i>	John A. Pérez <i>Vice President</i>	Yolanda M. De La Torre <i>Commissioner</i>	Edward R. Renwick <i>Commissioner</i>	I. Lee Williams <i>Commissioner</i>
Eugene D. Seroka	<i>Executive Director</i>				

January 21, 2026

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, 2025 and 2024, 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, 2025 and 2024, 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 Chief of Staff to the Executive Director serves as an executive-level manager, acts on executive and administrative matters, manages special projects, represents the Port before City officials and other stakeholders, and leads the Internal Audit division.
- The Deputy Executive Director of Stakeholder Engagement leads the Stakeholder Engagement Bureau, which consists of the Media Relations & Strategic Communications, Creative Services, Workforce & Government Affairs, Community Relations, and Trade Development divisions.
- The Deputy Executive Director of Finance and Administration leads the Finance and Administration Bureau, which consists of the Contracts & Purchasing, Human Resources, Risk Management, Commission Office, Accounting, Debt & Financial Analysis, and Financial Planning & Analysis divisions.
- The Deputy Executive Director, 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, Wharfingers, and Cargo/Industrial Real Estate divisions.
- The Deputy Executive Director of Development leads the Development Bureau, which consists of the Construction, Construction and Maintenance, and Engineering divisions.
- The Chief Financial Officer leads 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+/Stable, 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 \$231.3 million in fiscal year 2026. Comprising 10.28% of its total budget of \$2.7 billion, the adopted capital expenditures include \$231.3 million for direct costs of capital improvement projects, indirect costs of \$24.6 million in overhead costs, and \$22.2 million for capital equipment. The adopted capital expenditures of \$231.3 million include \$83.8 million for terminal improvement projects, \$53.0 million for transportation projects, \$23.2 million for public access/environmental enhancement projects, \$4.5 million for security projects, and \$66.8 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, 2024. 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 and Administration Bureau. We wish to thank all Port's divisions for their assistance in providing the data necessary to prepare this report.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeffrey Strafford". The signature is fluid and cursive, with a large initial "J" and "S".

JEFFREY STRAFFORD  
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, 2024

*Christopher P. Morill*

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 <sup>(1)</sup>**



Lucille  
Roybal-Allard  
President



John A. Pérez  
Vice President



Yolanda  
De La Torre  
Commissioner

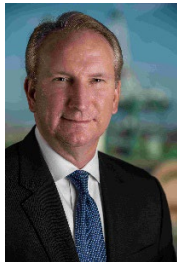


Edward R. Renwick  
Commissioner



I. Lee Williams  
Commissioner

**EXECUTIVE STAFF <sup>(1)</sup>**



Eugene D. Seroka  
Executive Director

Erica M. Calhoun  
Deputy Executive Director of  
Finance and Administration

Dina Aryan-Zahlan  
Deputy Executive Director of  
Development

Thomas Gazsi  
Deputy Executive Director, 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  
Chief Financial Officer and  
Director of Financial Planning & Analysis

**MANAGEMENT STAFF <sup>(1)</sup>**

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 Government Affairs

Matthew Marchese  
Director of Debt & Financial  
Analysis

Cecilia Moreno  
Director of Community Relations

Melanie Roberts  
Director of Human Resources

Stephanie Megnien Rockwell  
Chief of Staff

Phillip Sanfield  
Communications Director

Shaun Shahrestani  
Chief Harbor Engineer of  
Construction

Avin Sharma  
Senior Director of Workforce &  
Government Affairs

Vacant  
Director of Internal Audit

Sheeba Varughese  
Chief Information Officer

Lisa Wunder  
Director of Environmental  
Management

Damien Young  
Director of Wharfinger  
Operations

**CITY ATTORNEY STAFF**

Steven Otera  
General Counsel

<sup>(1)</sup> As of October 3, 2025.

# 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”), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the Port’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 2025 and 2024, 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 (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 audits. 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 and do not purport to, and do not, present fairly the net position of the City of Los Angeles as of June 30, 2025 and 2024, 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 proportionate share of the 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 Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 January 21, 2026, 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.

*Baker Tilly US, LLP*

El Segundo, California  
January 21, 2026

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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, 2025 and 2024. 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, 2025 and 2024. 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.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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 2025**

- Current assets exceeded current liabilities by \$1.8 billion.
- Lease receivable amounted to \$358.6 million.
- Capital assets, net of accumulated depreciation and amortization of \$3.3 billion amounted to \$3.7 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by \$4.9 billion.
- Bonded debt net of unamortized discounts/premiums of \$29.2 million, totaled \$326.7 million.
- Deferred inflows of resources related to leases amounted to \$328.6 million.
- Operating revenue amounted to \$798.7 million.
- Net operating expenses excluding depreciation of \$152.7 million amounted to \$346.4 million.
- Capital contributions amounted to \$15.1 million.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Financial Highlights for Fiscal Year 2024 (Restated)**

- 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 \$290.5 million.
- Capital contributions amounted to \$54.3 million.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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, 2025, 2024, and 2023 (in thousands):

	<b>Condensed Net Position</b>				
	FY 2025	(Restated) FY 2024	FY 2023	Increase (Decrease) Over Prior Year	
	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024
<b>Assets</b>					
Current and other assets	\$ 2,332,438	\$ 2,034,611	\$ 1,751,155	\$ 297,827	\$ 283,456
Capital assets, net	3,688,248	3,667,667	3,635,896	20,581	31,771
Total assets	<u>6,020,686</u>	<u>5,702,278</u>	<u>5,387,051</u>	<u>318,408</u>	<u>315,227</u>
<b>Deferred outflows of resources</b>	<u>71,845</u>	<u>99,648</u>	<u>108,127</u>	<u>(27,803)</u>	<u>(8,479)</u>
<b>Liabilities</b>					
Current liabilities	173,374	176,959	180,043	(3,585)	(3,084)
Long-term liabilities	674,048	877,246	931,355	(203,198)	(54,109)
Total liabilities	<u>847,422</u>	<u>1,054,205</u>	<u>1,111,398</u>	<u>(206,783)</u>	<u>(57,193)</u>
<b>Deferred inflows of resources</b>	<u>386,541</u>	<u>314,150</u>	<u>307,305</u>	<u>72,391</u>	<u>6,845</u>
<b>Net position</b>					
Net investment in capital assets	3,335,755	3,140,833	3,057,698	194,922	83,135
Restricted	203,685	181,276	100,875	22,409	80,401
Unrestricted	1,319,128	1,111,462	917,902	207,666	193,560
Total net position	<u>\$ 4,858,568</u>	<u>\$ 4,433,571</u>	<u>\$ 4,076,475</u>	<u>\$ 424,997</u>	<u>\$ 357,096</u>

**Net Position, Fiscal Year 2025**

The largest portion of the Port's net position (\$3.3 billion or 68.7%) 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 (\$203.7 million or 4.1%) represents resources that are restricted for the debt service reserve fund, workforce training facility fund, and clean air program. The remaining balance of \$1.3 billion or 27.2% consists of unrestricted resources that may be used to meet the Port's ongoing obligations.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

Current and other assets increased by \$297.8 million or 14.6% from \$2,034.6 million in fiscal year 2024 to \$2,332.4 million in fiscal year 2025. 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 \$247.1 million from \$1,676.3 million at June 30, 2024 to \$1,923.4 million at June 30, 2025 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 has increased as Clean Truck Program fees are collected as a key component of the San Pedro Ports Clean Air Action Plan; partially offset by decreases in bond reserve funds due to debt defeasance and refunding activities in fiscal year 2025. The Port reported additional investments of \$16.7 million from its share in the City's investment purchases on June 30, 2025, and \$6.8 million in securities lending transactions.

Accounts receivable, net of allowance for doubtful accounts, decreased by \$18.2 million or 54.5% due to increases in collection of receivables. Grants receivable increased \$0.2 million or 2.6% as more grant invoices remained outstanding at fiscal year-end relative to the prior fiscal year.

Lease receivable increased from \$296.4 million at June 30, 2024 to \$358.6 million at June 30, 2025. The increase represents \$101.3 million for recognizing new leases executed in fiscal year 2025; partially offset by \$39.1 million in the principal portion of lease payments received from tenants and adjustments from remeasurements of leases.

Capital assets, net of depreciation and amortization increased by \$20.6 million or 0.6% as the increase in new capital assets associated with capital project development and construction in progress was more than the increase in accumulated depreciation associated with the Port's existing facilities and equipment.

Current liabilities decreased by \$3.6 million or 2.0% as increases of \$2.6 million in accounts payable for goods and services received, but not yet paid, by the end of the fiscal year; \$5.1 million in obligations from securities lending transactions; \$0.9 million in accrued salaries payable; and \$0.7 million in compensated absences were partially offset by decreases of \$7.4 million in current portion of outstanding bonds payable; fiscal year end accruals for construction costs; \$3.8 million in accrued interest payable; and \$1.7 million in other current liabilities.

Long-term liabilities decreased by \$203.2 million or 23.2% due to decreases of \$197.9 million in the noncurrent portion of bonds payable arising from the customary repayment of principal in conjunction with the Port's debt activities, refunding of Series 2014 bonds, and defeasance of Series 2015A, 2016B, and 2016C bonds, \$8.0 million in net pension liabilities, \$0.3 million in the noncurrent portion of lease liabilities, \$2.1 million in the net balances of other noncurrent liabilities, and \$0.1 million in long term liabilities payable from restricted assets for restoration activities; partially offset by increases of \$3.8 million in noncurrent portion of compensated absences and \$1.4 million in subscription liabilities.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

The decrease of \$8.0 million in net pension liabilities was mainly attributable to an increase in the projected earnings on pension plan investments and amortization experience. 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 refunding increased by \$20.0 million due to a gain resulting from the issuance of Series 2024 refunding bonds. Deferred inflows of resources related to leases increased by \$56.4 million. The increase represents \$101.3 million for recognizing new leases executed in fiscal year 2025; partially offset by \$44.9 million for terminations of leases and the recognition of lease revenues in a systematic and rational manner over the terms of leases.

**Net Position, Fiscal Year 2024 (Restated)**

The largest portion of the Port's net position (\$3.1 billion or 70.8%) 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 (\$181.3 million or 4.1%) represents resources that are restricted for the debt service reserve fund, workforce training facility fund, and clean air program. The remaining balance of \$1,111.5 million or 25.1% consists of unrestricted resources that may be used to meet the Port's ongoing obligations.

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 \$1,676.3 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 has 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 \$1.7 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 grant invoices remained outstanding at fiscal year-end relative to the prior fiscal year.

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

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

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 was greater than the increase in accumulated depreciation associated with the Port's existing facilities and equipment.

Current liabilities decreased by \$3.1 million or 1.7% as decreases of \$12.7 million in accrued salaries payable, \$3.5 million in obligations from securities lending transactions, \$0.9 million in accrued interest payable, \$0.5 million in fiscal year end accruals for construction costs, and \$1.2 million in other current liabilities were partially offset by increases of \$10.5 million in accounts payable for goods and services received in the fiscal year and \$5.2 million for the current portion of compensated absences liability recognized in accordance with GASB Statement 101, "*Compensated Absences*." The implementation of GASB Statement 101 resulted in restatement of 2024 financial statements. See Note 1 on page 57 for details on the restatement.

Long-term liabilities decreased by \$54.1 million or 5.8% due to decreases of \$50.5 million in the noncurrent portion of bonds payable arising from the customary repayment of principal in conjunction with the Port's debt activities, \$8.8 million in net postemployment benefits other than pensions (other postemployment benefits or OPEB) liabilities, \$0.6 million in the noncurrent portion of lease liabilities, \$1.2 million in subscription liabilities, and \$3.7 million in the net balances of other noncurrent liabilities; partially offset by increases of \$8.3 million in noncurrent portion of compensated absences, \$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 mainly attributable to the actual return on OPEB plan assets exceeding the 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 \$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; partially offset by \$36.3 million for recognizing new leases executed in fiscal year 2024.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Analysis of the Port's Activities**

The following table presents condensed information showing how the Port's net position changed during fiscal years 2025, 2024 and 2023 (in thousands):

**Condensed Changes in Net Position**

	FY 2025	(Restated)	FY 2023	Increase (Decrease) Over Prior Year	
		FY 2024		FY 2025	FY 2024
Operating revenue	\$ 798,686	\$ 707,040	\$ 656,400	\$ 91,646	\$ 50,640
Less: Operating expenses	346,390	290,535	299,420	55,855	(8,885)
Operating income before depreciation and amortization	452,296	416,505	356,980	35,791	59,525
Less: Depreciation and amortization	152,673	149,883	194,869	2,790	(44,986)
Operating income	299,623	266,622	162,111	33,001	104,511
Net nonoperating revenue (expenses)	110,276	36,222	4,345	74,054	31,877
Income before capital contributions	409,899	302,844	166,456	107,055	136,388
Capital contributions	15,098	54,252	43,505	(39,154)	10,747
Changes in net position	424,997	357,096	209,961	67,901	147,135
Net position, July 1	4,433,571	4,076,475	3,866,514	357,096	209,961
Net position, June 30	\$ 4,858,568	\$ 4,433,571	\$ 4,076,475	\$ 424,997	\$ 357,096

**Changes in Net Position, Fiscal Year 2025**

The Port reported a \$425.0 million change in net position in fiscal year 2025, a 19.0% increase as compared to fiscal year 2024. Approximately \$658.2 million or 82.4% 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 \$55.9 million in fiscal year 2025 compared to the previous fiscal year.

Depreciation expense increased by \$2.8 million to \$152.7 million in fiscal year 2025 from \$149.9 million in fiscal year 2024, primarily due to new assets being capitalized in the prior year that will be depreciated over their respective useful lives for the Port's operations.

Net nonoperating revenues for fiscal year 2025 totaled \$110.3 million, consisting of \$94.1 million of net investment income, \$11.7 million from interest income on the Port's leasing activities as a lessor, \$5.0 million from grant revenues, \$2.5 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, and \$8.7 million of other nonoperating revenues; partially offset by \$10.4 million of interest expenses on indebtedness, leases and subscriptions liabilities, \$0.2 million from discontinued capital projects, and \$1.1 million in other nonoperating expenses.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

As a result, income before capital contributions increased by \$107.1 million or 35.3% to \$409.9 million in fiscal year 2025 from \$302.8 million in fiscal year 2024.

Capital contributions decreased by \$39.2 million from \$54.3 million in fiscal year 2024 to \$15.1 million in fiscal year 2025 with less grant-funded initiatives in fiscal year 2025 relative to fiscal year 2024. Capital grants in fiscal year 2025 funded initiatives such as State Route 47/Vicent Thomas Bridge and Front Street/Harbor Boulevard Interchange Reconfiguration projects.

**Changes in Net Position, Fiscal Year 2024 (Restated)**

The Port reported a \$357.1 million change in net position in fiscal year 2024, a 70.1% 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 \$8.9 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 the prior year.

Net nonoperating revenues for fiscal year 2024 totaled \$36.2 million, consisting of \$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; partially offset by \$0.3 million from pass through grant expenses and \$17.7 million of interest expenses on indebtedness, leases and subscriptions liabilities.

As a result, income before capital contributions increased by \$136.3 million or 81.9% to \$302.8 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.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

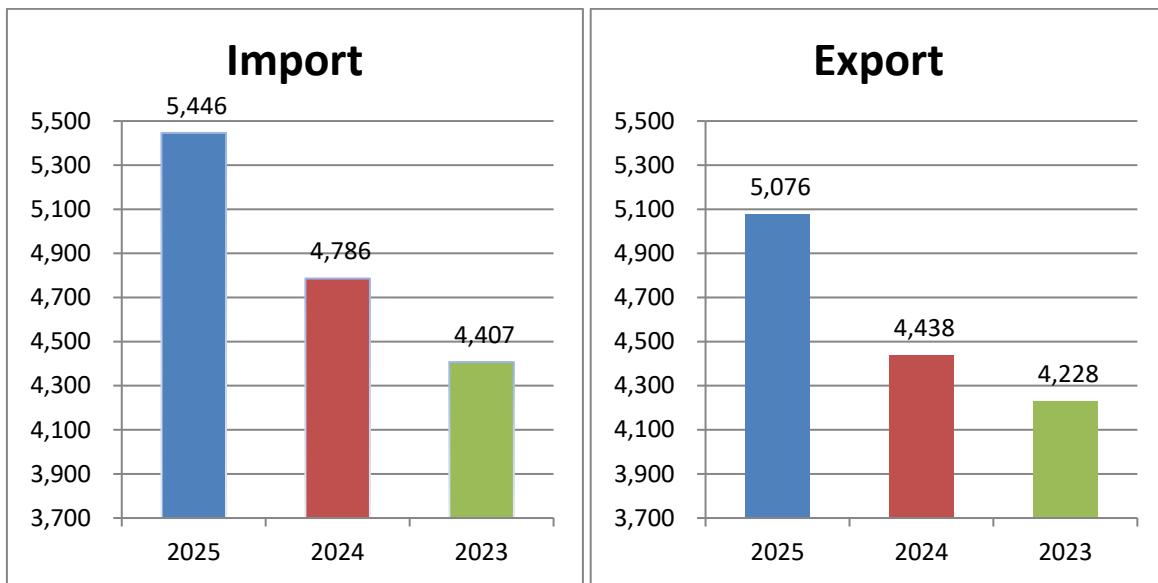
**Operating Revenue**

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 (Loaded and Empty)	In thousand TEUs			% Change Over Prior Year	
	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024
Import	5,446	4,786	4,407	13.8%	8.6%
Export	5,076	4,438	4,228	14.4%	5.0%
Total	10,522	9,224	8,635	14.1%	6.8%

The Port is the number one port by container volume in North America. Overall container volume totaled 10.5 million TEUs in fiscal year 2025 which represented a 14.1% 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 2025 to 2023:



In Thousand TEUs

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

Management's Discussion and Analysis

June 30, 2025 and 2024

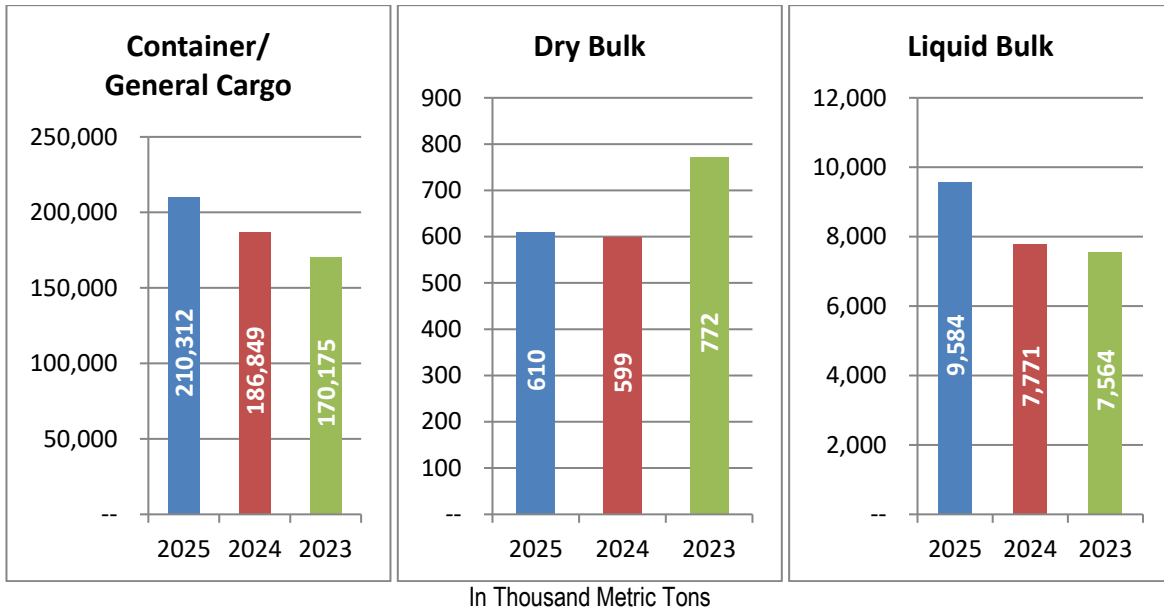
(Unaudited)

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):

Cargo Type	In Metric Revenue Tons			% Change Over Prior Year	
	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024
Container/general cargo	210,312	186,849	170,175	12.6%	9.8%
Dry bulk	610	599	772	1.8%	-22.4%
Liquid bulk	9,584	7,771	7,564	23.3%	2.7%
<b>Total</b>	<b>220,506</b>	<b>195,219</b>	<b>178,511</b>	<b>13.0%</b>	<b>9.4%</b>

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 2025 to 2023 in thousand metric tons:



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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

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 2025, 2024 and 2023 (in thousands):

**Summary of Operating Revenues**

	FY 2025	FY 2024	FY 2023	Increase (Decrease) Over Prior Year	
				FY 2025	FY 2024
Shipping services					
Wharfage	\$ 509,223	\$ 479,683	\$ 405,046	\$ 29,540	\$ 74,637
Dockage and demurrage	4,194	4,082	3,742	112	340
Pilotage	15,371	14,083	13,209	1,288	874
Assignment charges	11,519	14,617	26,011	(3,098)	(11,394)
Total shipping services	<u>540,307</u>	<u>512,465</u>	<u>448,008</u>	<u>27,842</u>	<u>64,457</u>
Rentals					
Land	115,645	114,655	115,375	990	(720)
Other	2,281	2,093	1,915	188	178
Total rentals	<u>117,926</u>	<u>116,748</u>	<u>117,290</u>	<u>1,178</u>	<u>(542)</u>
Royalties and other fees					
Fees, concessions, and royalties	8,591	7,385	8,094	1,206	(709)
Clean truck program fees	47,514	45,539	41,219	1,975	4,320
Other	84,348	24,903	41,789	59,445	(16,886)
Total royalties and other fees	<u>140,453</u>	<u>77,827</u>	<u>91,102</u>	<u>62,626</u>	<u>(13,275)</u>
Total operating revenues	<u>\$ 798,686</u>	<u>\$ 707,040</u>	<u>\$ 656,400</u>	<u>\$ 91,646</u>	<u>\$ 50,640</u>

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

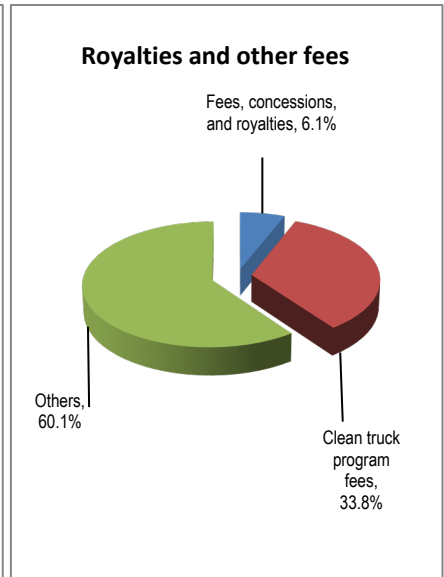
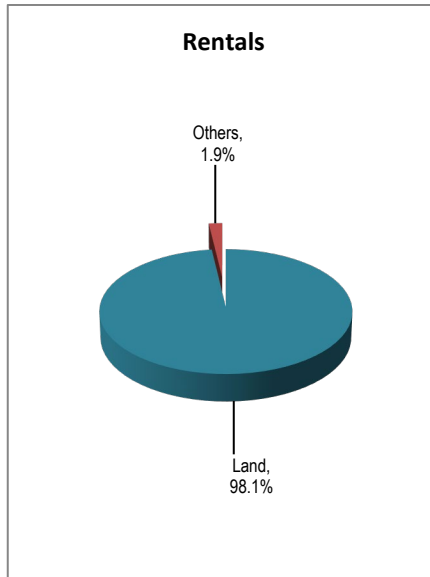
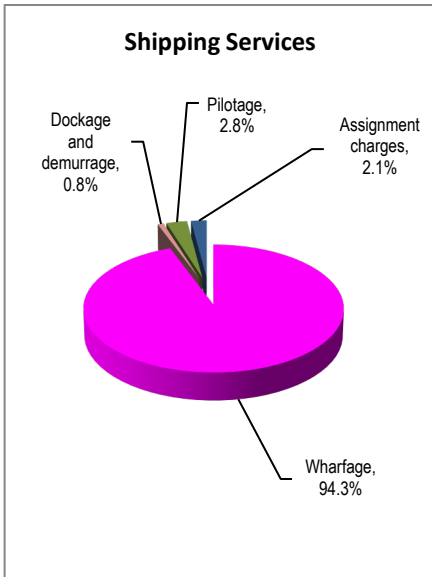
Management's Discussion and Analysis

June 30, 2025 and 2024

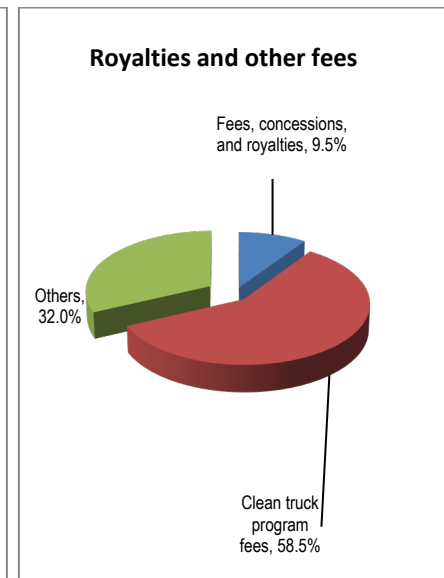
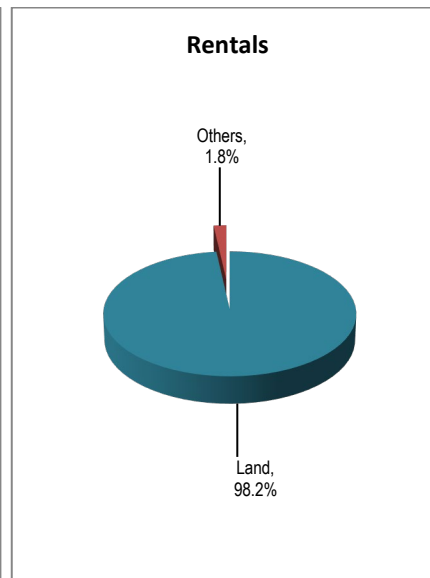
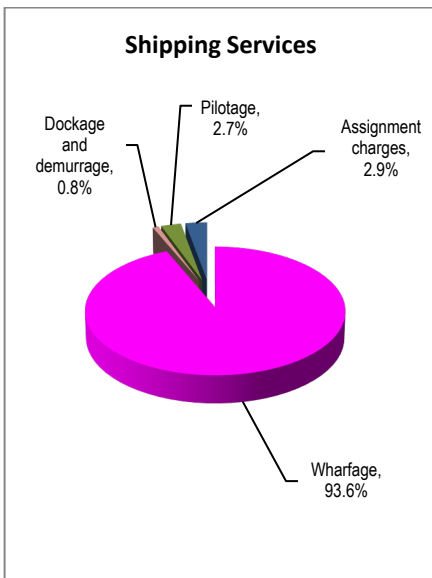
(Unaudited)

The following charts show the major components of the Port's sources of operating revenue for fiscal years 2025 and 2024:

**Fiscal Year 2025**



**Fiscal Year 2024**



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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Operating Revenue, Fiscal Year 2025**

Operating revenue for fiscal year 2025 increased to \$798.7 million, reflecting a 13.0% increase from the prior year revenue of \$707.0 million. The increase was primarily due to higher wharfage revenues, rental fees, Clean Truck Fund Rate fees, pilotage revenue and Harbor Maintenance Tax receipts, which was partially offset by lower space assignment fees. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and others.

***Shipping Services***

Shipping services revenues represented 67.6% of fiscal year 2025 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 94.3% of the total shipping service revenues in fiscal year 2025. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was \$29.5 million higher compared to fiscal year 2024 mainly due to higher cargo volumes and TEU rates. Other shipping services revenues were \$1.7 million lower as assignment and other charges decreased by \$3.1 million. This was partially offset by \$1.4 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 2025, rental income at the Port, which represented 14.8% of fiscal year 2025 total operating revenues, increased by \$1.2 million, or 1.0%, over last fiscal year. The increase was mainly due to net rental rate increases from rent resets, 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 2025 was \$140.5 million or 17.6% of the total operating revenues. This represented an increase of \$62.6 million in this revenue category compared with fiscal year 2024 mainly due to increase of \$60.6 million in harbor maintenance tax receipts, \$2.0 million in Clean Truck Fund Rate fees, and \$1.2 million in fees, concessions, and royalties revenue, which were partially offset by \$1.2 million in lower other operating reimbursements and miscellaneous permit & fees revenues.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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, rental fees, Clean Truck Fund Rate fees, pilotage revenue and space assignment fees; which was partially offset by lower Harbor Maintenance Tax receipts, utility charges, and operating reimbursements. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and others.

***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,. This was partially 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 reductions of \$12.6 million in harbor maintenance tax receipts, \$5.2 million in tenant utility and accommodation work order reimbursements, \$1.0 million in parking fee revenue, \$0.7 million in other operating revenues, and \$0.3 million in concession application fees, which were

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

partially offset by increases of \$4.6 million in Clean Truck Fund Rate fees, \$1.0 million in credits for tenant services, \$0.5 million in utility charges, and \$0.4 million in permits and fees.

**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 2025, 2024 and 2023. 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)**

	FY 2025	(Restated)	FY 2023	Increase (Decrease) Over Prior Year	
		FY 2024		FY 2025	FY 2024
Salaries and benefits, including pension and OPEB expenses	\$ 160,216	\$ 149,086	\$ 141,735	\$ 11,130	\$ 7,351
City services	52,101	45,145	47,823	6,956	(2,678)
Outside services	39,953	33,817	33,332	6,136	485
Utilities	31,137	26,227	27,210	4,910	(983)
Materials and supplies	6,884	6,438	5,974	446	464
Marketing and public relations	3,220	3,279	2,710	(59)	569
Other operating expenses	52,879	26,543	40,636	26,336	(14,093)
<b>Total Operating Expenses</b>	<b>\$ 346,390</b>	<b>\$ 290,535</b>	<b>\$ 299,420</b>	<b>\$ 55,855</b>	<b>\$ (8,885)</b>

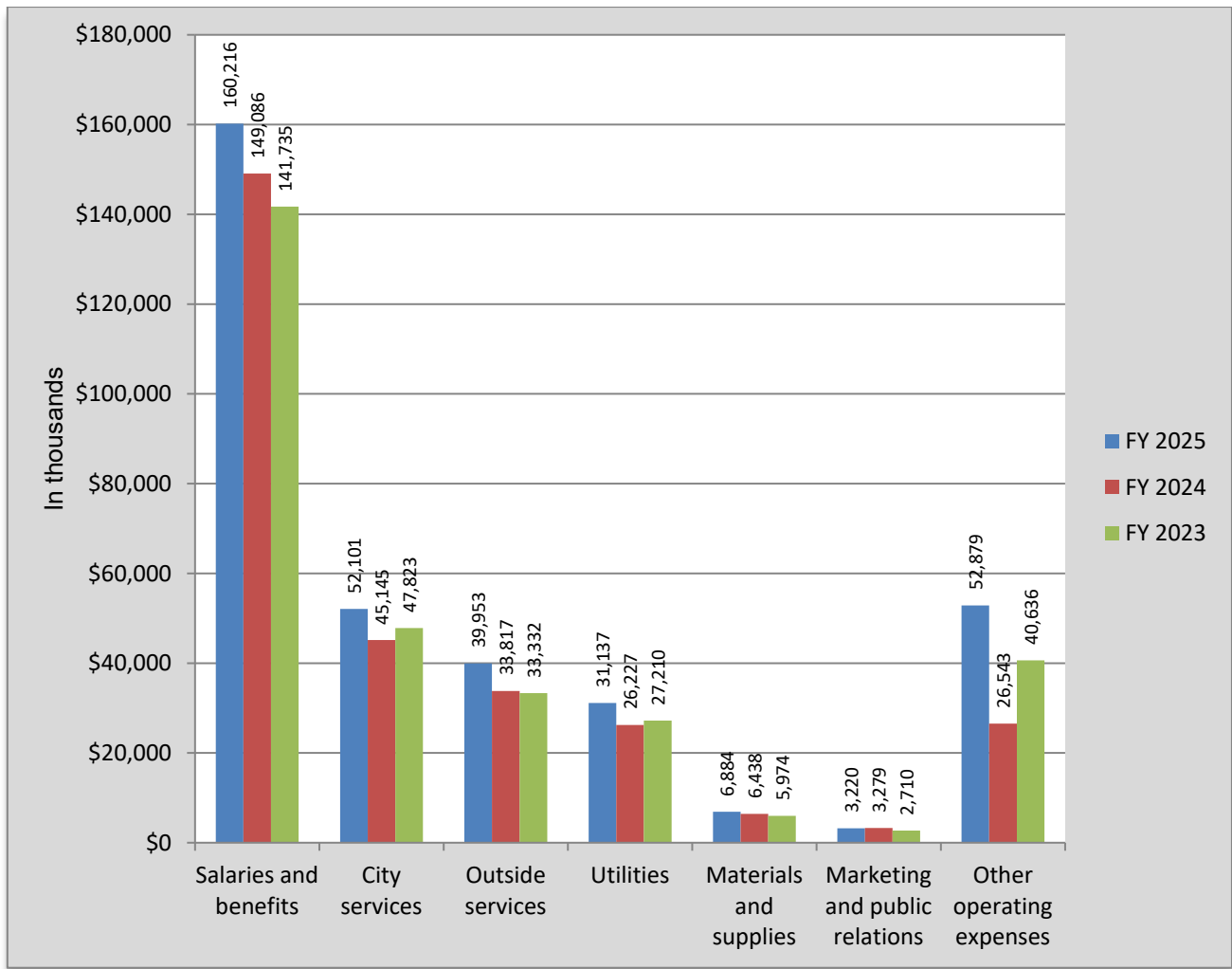
**PORT OF LOS ANGELES  
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)**

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

The following chart shows the graphical comparison of the Port's operating expenses, net of direct and indirect costs, for fiscal years 2025, 2024 and 2023:



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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Operating Expenses, Fiscal Year 2025**

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 2025, operating expenses increased by \$55.9 million to \$346.4 million, a 19.2% increase from prior fiscal year expenses of \$290.5 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 \$11.1 million to \$160.2 million, or 7.5% higher than the prior year expense of \$149.1 million due to increases of \$15.9 million in salary and compensated absences expenses; partially offset by a decrease of \$3.5 million in pension expense and an increase of \$1.3 million in OPEB credit.

Total payments for City services of \$52.1 million increased by \$7.0 million or 15.5% relative to the prior fiscal year of \$45.1 million. This increase is primarily driven by higher expenditures of \$3.7 million in fire services and \$3.8 million in recreation and park services; partially offset by \$0.5 million in lower miscellaneous other city services.

Outside services expenses of \$40.0 million increased by \$6.2 million or 18.3% relative to the prior fiscal year of \$33.8 million with spending increases of \$8.1 million in information technology services due to higher spending in activities supporting implementation of new systems, \$1.4 million in building maintenance services, and \$1.4 million in environment monitoring activities and regulatory support. These increases were partially offset by \$1.2 million in higher overhead capitalization, lower expenditures of \$1.2 million in wharves maintenance services, \$0.4 million in dredging services, and \$1.9 million in other contractual services supporting the Port's operations.

Utilities expense increased by \$4.9 million to \$31.1 million or 18.7% from the prior fiscal year of \$26.2 million mainly due to higher spending on Alternative Maritime Power (AMP) and non-AMP electricity consumption relative to fiscal year 2024.

Materials and supplies expenses of \$6.9 million increased by \$0.5 million or 7.8% relative to the prior fiscal year of \$6.4 million primarily due to overall materials and supplies price increases across various divisions throughout the Port.

Other operating expenses of \$52.8 million represented an increase of \$26.3 million, or 99.2%, relative to prior fiscal year other operating expenses of \$26.5 million. This increase in other operating expenses was primarily attributable to increases of \$6.2 million in litigation and claim expenses, \$1.2 million in bad debt provisions, \$0.5 million in workers' compensation liability provisions based on claim experience, \$8.3 million in subsidies for clean truck programs, \$9.7 million in customer incentive payouts, and \$0.4 million in other operating expenses.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Operating Expenses, Fiscal Year 2024 (Restated)**

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 \$8.9 million to \$290.5 million, a 3.0% 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 \$7.4 million to \$149.1 million, or 5.2% higher than the prior year expense of \$141.7 million due to increases of \$6.5 million in pension expenses and \$1.3 million in salary and employee benefit expenses; partially 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. This decrease is primarily driven by reductions of \$1.6 million in fire services, \$0.7 million in recreation and park services, \$0.2 million in public works services, and \$0.2 million in 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 partially 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 the prior fiscal year other operating expenses of \$40.6 million. This decrease in other operating expenses was primarily attributable to reductions of \$15.2 million for litigation and claim expenses, \$1.3 million for bad debt provisions, and \$1.1 million in pollution remediation expenses. The reduction is partially offset by increases of \$0.3 million for workers' compensation liability provisions based on claim experience, \$0.3 million in subsidies for clean truck programs, \$2.5 million in customer incentive payouts, and \$0.4 million in utility expenses.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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 2025, 2024 and 2023:

**Summary of Nonoperating Revenues and Expenses  
(amounts in thousands)**

	FY 2025	FY 2024	FY 2023	Increase (Decrease) Over Prior Year	
				FY 2025	FY 2024
Nonoperating revenues					
Income from investments in					
Joint Powers Authority	\$ 2,538	\$ 2,141	\$ 1,888	\$ 397	\$ 253
Interest income from leases	11,666	9,801	10,155	1,865	(354)
Investment income-net	94,060	37,192	4,538	56,868	32,654
Grant revenues	5,011	4,317	32,925	694	(28,608)
Gain on defeasance of debt	473	--	--	473	--
Other nonoperating revenues	8,248	870	501	7,378	369
Total nonoperating revenues	<u>121,996</u>	<u>54,321</u>	<u>50,007</u>	<u>67,675</u>	<u>4,314</u>
Nonoperating expenses					
Interest expense	10,360	17,712	17,837	(7,352)	(125)
Pass-through grant expenses	--	280	27,267	(280)	(26,987)
Other nonoperating expenses	1,360	107	558	1,253	(451)
Total nonoperating expenses	<u>11,720</u>	<u>18,099</u>	<u>45,662</u>	<u>(6,379)</u>	<u>(27,563)</u>
Net nonoperating revenues (expenses)	<u>\$ 110,276</u>	<u>\$ 36,222</u>	<u>\$ 4,345</u>	<u>\$ 74,054</u>	<u>\$ 31,877</u>

**Nonoperating Revenues and Expenses, Fiscal Year 2025**

In fiscal year 2025, the Port reported net nonoperating revenues of \$110.3 million, increased by \$74.1 million relative to net nonoperating expenses of \$36.2 million in fiscal year 2024.

Nonoperating revenues increased by \$67.7 million primarily due to increases of \$0.4 million in income from investments in Joint Powers Authority, \$56.9 million in net investment income due to higher investment fair value fluctuations, \$1.9 million in interest income from leases, \$0.7 million in noncapital grant revenues, \$7.3 million in other nonoperating revenues, and \$0.5 million in the recognition of gain on defeasance of debt.

Nonoperating expenses decreased by \$6.4 million in fiscal year 2025 due to reductions in pass-through grant expenditures by \$0.3 million and lower interest expense by \$7.4 million; partially offset by higher other nonoperating expenses by \$1.3 million.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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 revenues 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 partially 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.

**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, 2025 and 2024, the Port's outstanding long-term debt was \$297.6 million and \$493.8 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.

The Port has entered certain right-to-use leases and subscription agreements. As of June 30, 2025 and 2024, the Port's lease and subscription liabilities were \$3.4 million and \$1.9 million, respectively. See Note 12 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, 2025, the Port's debt service coverage was 3.4 x debt service.

The Port's long-term debt consisted of the following as of June 30, 2025, 2024, and 2023 (in thousands):

	FY 2025	FY 2024	FY 2023
Revenue bonds payable	\$ 297,575	\$ 493,770	\$ 537,125
Net unamortized premiums	29,164	38,225	45,289
Total	<u>\$ 326,739</u>	<u>\$ 531,995</u>	<u>\$ 582,414</u>

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Capital Assets**

The Port's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2025, 2024 and 2023 amounted to \$3.7 billion, \$3.7 billion, and \$3.6 billion, respectively. These accounted for 60.8%, 64.3%, and 67.5%, of total assets, respectively. The following table presents the Port's capital assets, net of accumulated depreciation for fiscal years 2025, 2024 and 2023 (in thousands):

**Summary of Capital Assets**

	FY 2025	FY 2024	FY 2023	Increase (Decrease) Over Prior Year	
				FY 2025	FY 2024
Land	\$ 1,116,717	\$ 1,116,717	\$ 1,106,805	\$ --	\$ 9,912
Facilities and equipment, net	2,027,000	2,061,877	2,116,677	(34,877)	(54,800)
Intangible assets, net	12,900	12,900	12,900	--	--
Right-to-use lease assets, net	604	1,120	1,259	(516)	(139)
Right-to-use subscription assets, net	27,431	681	2,374	26,750	(1,693)
Construction in progress	377,598	342,477	280,921	35,121	61,556
Preliminary costs-capital projects	125,998	131,895	114,960	(5,897)	16,935
<b>Total</b>	<b>\$ 3,688,248</b>	<b>\$ 3,667,667</b>	<b>\$ 3,635,896</b>	<b>\$ 20,581</b>	<b>\$ 31,771</b>

See Note 5 to Financial Statements for additional information.

Facilities and equipment, net of accumulated depreciation, decreased by \$34.9 million or 1.7% from \$2,061.9 million at June 30, 2024 to \$2,027.0 million at June 30, 2025 primarily due to annual depreciation associated with the Port's existing facility and equipment partially offset by capitalization of completed projects of \$105.5 million. 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 partially offset by capitalization of completed projects of \$91.5 million.

The Port has active construction projects as of June 30, 2025. 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, 2025, 2024, and 2023, the Port's commitments with contractors for capital projects were \$2.7 million, \$1.0 million, and \$1.8 million, respectively.

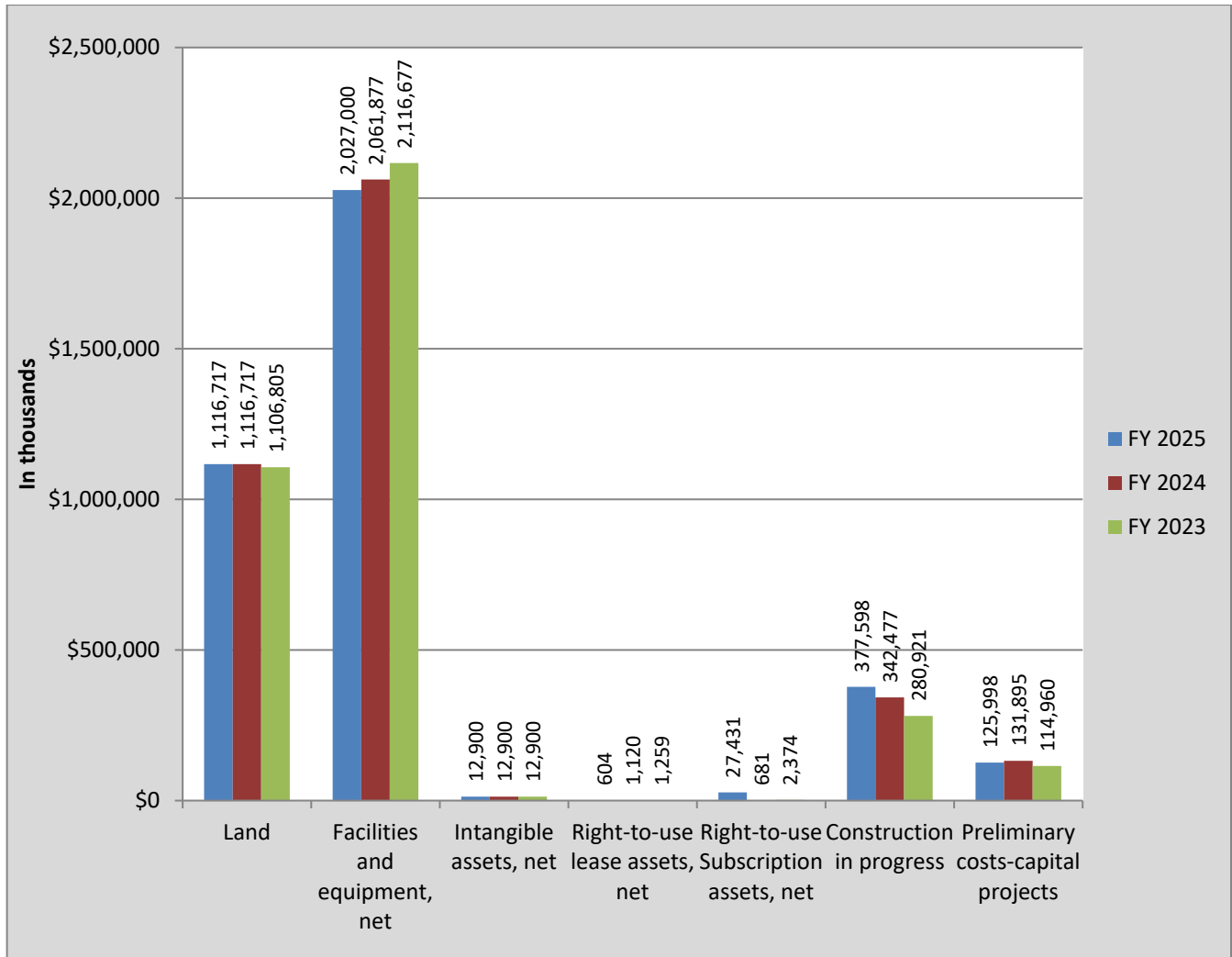
**PORT OF LOS ANGELES  
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)**

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

The following chart shows the graphical presentation of the Port's capital assets, net of accumulated depreciation for the fiscal years 2025, 2024 and 2023



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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Capital Assets, Fiscal Year 2025**

Major capital assets activities during fiscal year 2025 are as follows:

- \$33.6 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.
- \$18.4 million – constructions and projects of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Promenade, 22<sup>nd</sup> Street parking lot improvement, the Wilmington Waterfront Promenade, and the Avalon Promenade, pedestrian bridge, and Gateway.
- \$17.4 million – various projects at Berth 171-181 (Pasha Terminal) including electrical infrastructure improvement, wharf restoration, and facility improvements.
- \$16.4 million – various projects at buildings and facilities of the Port including enterprise resources planning (ERP) system migration, Harbor Administration Building HVAC replacement and board room remodel, warehouse and site improvements at AltaSea, and various facilities and buildings improvements and remodel projects.
- \$7.6 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.
- \$5.3 million – various homeland security projects including construction of Port Cyber Resilience Center, Port Police headquarter security enhancement, port police dive boat, and port police radio system.
- \$2.3 million – various environmental enhancement projects including air quality monitoring stations upgrade, advanced electrical infrastructure, and shore side electricity upgrade.
- \$2.2 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.
- \$1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.
- \$1.3 million – construction of new container wharf at Berth 306, on-deck railyard expansion project, and crane switchgear modernization project at Berth 300-306 (Fenix terminal).
- \$1.2 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**Capital Assets, Fiscal Year 2024**

- \$38.0 million – constructions and projects of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to San Pedro Waterfront Promenade, 22<sup>nd</sup> 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.
- \$1.4 million – redevelopment projects at various terminals including wharf rehabilitation, facility expansion, and infrastructure improvements.

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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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 2025, 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, 2025, five major container ports controlled 98.0% 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 76.3% 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-

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

Management’s Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

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.

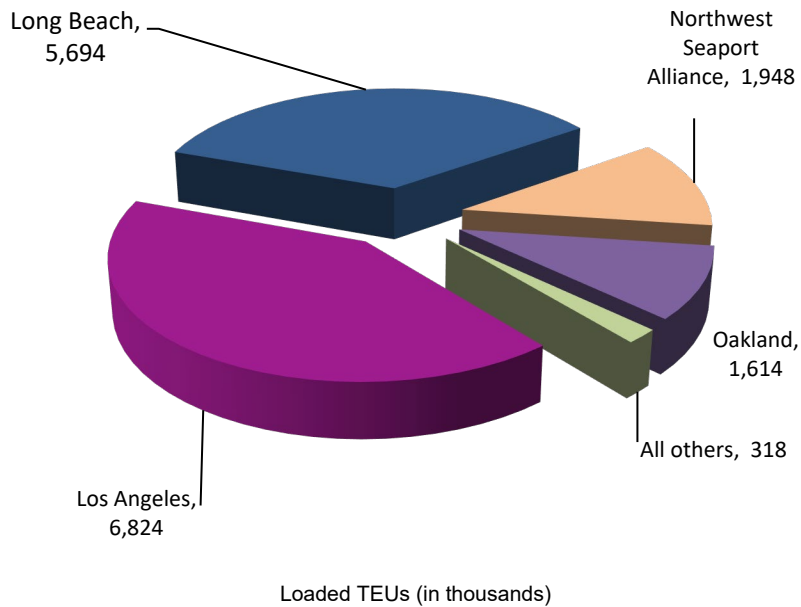
The following presents a summary of the West Coast container market share for fiscal years 2025 to 2023:

Ports	Loaded TEUs (in thousands)*			Percentage Market Share		
	FY 2025	FY 2024	FY 2023	FY 2025	FY 2024	FY 2023
Los Angeles	6,824	6,035	5,313	41.6%	41.6%	40.1%
Long Beach	5,694	4,848	4,526	34.7%	33.4%	34.2%
Northwest Seaport Alliance**	1,948	1,765	1,587	11.9%	12.2%	12.0%
Oakland	1,614	1,520	1,416	9.8%	10.5%	10.7%
All others	315	332	410	2.0%	2.3%	3.0%
	<u>16,395</u>	<u>14,500</u>	<u>13,252</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

\* 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 2025:



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

Management's Discussion and Analysis

June 30, 2025 and 2024

(Unaudited)

**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, 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, 2025 and 2024  
(amounts in thousands)

	<b>2025</b>	<b>(Restated) 2024</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents, unrestricted	\$ 1,705,860	\$ 1,473,292
Cash and cash equivalents, restricted	206,257	155,001
Accounts receivable, net of allowance for doubtful accounts:		
2025 - \$3,354; 2024 - \$2,184	15,203	33,403
Grants receivable	9,081	8,847
Materials and supplies inventories	2,874	3,094
Prepaid expenses	893	533
Accrued interest receivable	3,122	4,884
Lease receivable - current portion	32,211	28,993
Total current assets	1,975,501	1,708,047
Noncurrent assets		
Restricted investments – bond funds	125	37,318
Other restricted investments	11,171	10,670
Investment in Joint Powers Authority	5,114	4,576
Net pension assets	5,223	1,059
Net OPEB assets	8,907	5,583
Lease receivable - noncurrent portion	326,397	267,358
Capital assets		
Land	1,116,717	1,116,717
Facilities and equipment net of accumulated depreciation:		
2025 - \$3,264,742; 2024 - \$3,127,209	2,027,000	2,061,877
Intangible assets, net of accumulated amortization:		
2025 - \$0; 2024 - \$12,460	12,900	12,900
Right-to-use lease assets, net of accumulated amortization:		
2025 - \$1,500; 2024 - \$983	604	1,120
Right-to-use subscription assets, net of accumulated amortization:		
2025 - \$3,589; 2024 - \$2,287	27,431	681
Construction in progress	377,598	342,477
Preliminary costs – capital projects	125,998	131,895
Total capital assets	3,688,248	3,667,667
Total noncurrent assets	4,045,185	3,994,231
<b>TOTAL ASSETS</b>	<b>6,020,686</b>	<b>5,702,278</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charges on debt refunding	--	9,503
Deferred outflows of resources related to pensions	64,284	79,745
Deferred outflows of resources related to other postemployment benefits (OPEB)	7,561	10,400
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>71,845</b>	<b>99,648</b>

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

Statements of Net Position  
June 30, 2025 and 2024  
(amounts in thousands)

	<u>2025</u>	<u>(Restated) 2024</u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 62,116	\$ 59,527
Current maturities of bonds payable	36,060	43,415
Accrued interest payable	6,210	10,025
Accrued salaries and employee benefits	8,252	7,364
Compensated absences	5,937	5,196
Obligations under securities lending transactions	6,786	1,723
Accrued construction cost payable	1,106	1,275
Other current liabilities payable from restricted assets	9,373	9,604
Other current liabilities	37,534	38,830
Total current liabilities	<u>173,374</u>	<u>176,959</u>
Long-term liabilities		
Long-term liabilities payable from unrestricted assets		
Bonds payable, net of unamortized discount/premium:		
2025 - \$29,164; 2024 - \$38,225	290,679	488,580
Compensated absences	28,176	24,340
Net pension liabilities	264,163	272,187
Lease liabilities	281	637
Subscription liabilities	1,720	308
Other liabilities	70,404	72,444
Total long-term liabilities payable from unrestricted assets	<u>655,423</u>	<u>858,496</u>
Long-term liabilities payable from restricted assets	<u>18,625</u>	<u>18,750</u>
Total long-term liabilities	<u>674,048</u>	<u>877,246</u>
<b>TOTAL LIABILITIES</b>	<u>847,422</u>	<u>1,054,205</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to refunding	21,208	1,179
Deferred inflows of resources related to pensions	19,753	18,887
Deferred inflows of resources related to OPEB	16,934	21,872
Deferred inflows of resources related to leases	328,646	272,212
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>386,541</u>	<u>314,150</u>
 <b>NET POSITION</b>		
Net investment in capital assets	3,335,755	3,140,833
Restricted - Debt services	125	37,318
Restricted - Projects and others	189,430	137,316
Restricted - Net pension/OPEB assets	14,130	6,642
Unrestricted	1,319,128	1,111,462
<b>TOTAL NET POSITION</b>	<u>\$ 4,858,568</u>	<u>\$ 4,433,571</u>

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, 2025 and 2024  
(amounts in thousands)

	<b>2025</b>	<b>(Restated) 2024</b>
<b>OPERATING REVENUE</b>		
Shipping services		
Wharfage	\$ 509,223	\$ 479,683
Dockage	4,071	3,936
Demurrage	123	146
Pilotage	15,371	14,083
Assignment charges	11,519	14,617
Total shipping services	540,307	512,465
Rentals		
Land	115,645	114,655
Buildings	278	267
Warehouses	792	679
Wharf and shed	1,211	1,147
Total rentals	117,926	116,748
Royalties, fees, and other operating revenues		
Fees, concessions, and royalties	8,591	7,385
Clean truck program fees	47,514	45,539
Harbor maintenance fee receipt	60,606	--
Other	23,742	24,903
Total royalties, fees, and other operating revenues	140,453	77,827
Total operating revenue	798,686	707,040
<b>OPERATING EXPENSES</b>		
Salaries and other benefits	125,026	109,079
Pension expense	36,222	39,716
OPEB (credit) expense	(1,032)	291
City services	52,101	45,145
Outside services	39,953	33,817
Utilities	31,137	26,227
Materials and supplies	6,884	6,438
Marketing and public relations	3,220	3,279
Workers' compensation, claims and settlement	7,326	629
Clean truck program expenses	14,451	6,169
Other operating expenses	31,102	19,745
Total operating expenses before depreciation and amortization	346,390	290,535
Operating income before depreciation and amortization	452,296	416,505

**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, 2025 and 2024  
(amounts in thousands)

	<b>2025</b>	<b>(Restated) 2024</b>
Operating Income before depreciation and amortization	\$ 452,296	\$ 416,505
Depreciation and amortization	152,673	149,883
<b>OPERATING INCOME</b>	<b>299,623</b>	<b>266,622</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Nonoperating revenues		
Income from investments in Joint Powers Authority	2,538	2,141
Interest income from leases	11,666	9,801
Investment income - net	94,060	37,192
Noncapital and pass through grant revenue	5,011	4,317
Gain on defeasance of debt	473	--
Other nonoperating revenue	8,248	870
Total nonoperating revenues	121,996	54,321
Nonoperating expenses		
Interest expense	(10,360)	(17,712)
Pass through grant expense	--	(280)
Discontinued capital projects	(251)	(56)
Other nonoperating expenses	(1,109)	(51)
Total nonoperating expenses	(11,720)	(18,099)
Net nonoperating revenues (expenses)	110,276	36,222
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>409,899</b>	<b>302,844</b>
Capital contributions	15,098	54,252
<b>CHANGES IN NET POSITION</b>	<b>424,997</b>	<b>357,096</b>
<b>NET POSITION, JULY 1</b>	<b>4,433,571</b>	<b>4,076,475</b>
<b>NET POSITION, JUNE 30</b>	<b>\$ 4,858,568</b>	<b>\$ 4,433,571</b>

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, 2025 and 2024  
(amounts in thousands)

	<b>2025</b>	<b>(Restated) 2024</b>
	<b>2025</b>	<b>(Restated) 2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Shipping service fees collected	\$ 552,618	\$ 526,107
Rentals collected	114,668	114,734
Royalties, fees, and other operating revenues collected	143,653	79,899
Payments for employee salaries and benefits, net of capitalized amounts: 2025 - \$35,479; 2024 - \$34,199	(153,496)	(137,060)
Payments for goods and services	(191,709)	(141,979)
Net cash provided by operating activities	465,734	441,701
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY</b>		
Proceeds from noncapital grants	5,011	4,037
Net cash provided by noncapital financing activity	5,011	4,037
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Payments for property acquisitions and construction	(171,800)	(180,870)
Proceeds from sale of capital assets	223	207
Proceeds from capital grants and contributions	14,864	54,199
Proceeds from insurance recovery for damage of capital assets	6,706	305
Payments for lease assets	(511)	(1,483)
Interest received from leases	11,666	9,801
Payments for subscription assets	(432)	(805)
Principal repayment and redemption – bonds	(167,896)	(43,355)
Interest payments on bonds and financing activities	(22,004)	(25,174)
Net cash used in capital and related financing activities	(329,184)	(187,175)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received from investments	55,635	37,516
Decrease in cash collateral received under the securities lending transactions	5,063	(3,536)
Sale (purchase) of investments, net	42,373	2,154
Payments (from) to bond reserve fund	37,192	(213)
Distribution from Joint Powers Authority	2,000	2,000
Net cash provided by investing activities	142,263	37,921
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	283,824	296,484
<b>CASH AND CASH EQUIVALENTS, JULY 1</b>	1,628,293	1,331,809
<b>CASH AND CASH EQUIVALENTS, JUNE 30</b>	\$ 1,912,117	\$ 1,628,293

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

Statements of Cash Flows  
For the Fiscal Years Ended June 30, 2025 and 2024  
(amounts in thousands)

	<b>2025</b>	<b>(Restated) 2024</b>
<b>CASH AND CASH EQUIVALENTS COMPONENTS</b>		
Cash and cash equivalents, unrestricted	\$ 1,705,860	\$ 1,473,292
Cash and cash equivalents, restricted	206,257	155,001
Total cash and cash equivalents	\$ 1,912,117	\$ 1,628,293
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED</b>		
<b>BY OPERATING ACTIVITIES</b>		
Operating income	\$ 299,623	\$ 266,622
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	152,673	149,883
Change in provision for doubtful accounts	1,170	(434)
Changes in assets, liabilities, and deferred outflows and inflows of resources		
Accounts receivable	17,029	19,256
Lease receivable	(62,380)	(366)
Materials and supplies inventories	221	(219)
Prepaid expenses	(360)	(29)
Deferred outflows of resources related to pensions and OPEB	18,299	7,532
Accounts payable	965	10,596
Net pension liabilities	(12,188)	(107)
Net OPEB liabilities	(3,324)	(13,588)
Accrued salaries and employee benefits	8,006	825
Other liabilities	(6,361)	(5,553)
Deferred inflows of resources related to pensions and OPEB	(4,073)	12,039
Deferred inflows of resources related to leases	56,434	(4,756)
Total adjustments to reconcile operating income to net cash provided by operating activities	166,111	175,079
Net cash provided by operating activities	\$ 465,734	\$ 441,701
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets, included in construction costs and accounts payables	\$ 3,853	\$ 2,399
Write-off of discontinued construction projects	251	56
Acquisition of right-to-use assets	--	511
Net proceeds of refunding bonds deposited with an irrevocable trust account	243,564	--
Defeased debt and costs paid through escrow with revenue bonds	(243,564)	--

See accompanying notes to financial statements.

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

Notes to Financial Statements

June 30, 2025 and 2024

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

<b>Note</b>	<b>Page</b>
1. Organization and Summary of Significant Accounting Policies .....	47
2. Adoption of New GASB Pronouncements .....	58
3. Recent GASB Pronouncements for Future Adoption .....	58
4. Cash, Cash Equivalents, and Investments .....	59
5. Capital Assets .....	66
6. Investment in Joint Powers Authority and Relationship with Other Entities .....	68
7. Long-Term Debt .....	69
8. Changes in Long-Term Liabilities .....	74
9. Pollution Remediation Obligations .....	76
10. Employee Deferred Compensation Plan .....	77
11. Risk Management .....	78
12. Leases and Subscription Based Information Technology Arrangements .....	80
13. Los Angeles City Employees' Retirement System (LACERS) .....	86
14. City of Los Angeles Fire and Police Pension System (LAFPP) .....	99
15. Commitments, Litigation and Contingencies .....	112
16. Related-Party Transactions .....	113
17. Capital Contributions .....	113
18. Cash Funding of Reserve Fund .....	114

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

Notes to Financial Statements

June 30, 2025 and 2024

**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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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, 2025 and 2024. LAHIC reported no net position at June 30, 2025 and 2024. 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

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

Notes to Financial Statements

June 30, 2025 and 2024

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, 2025 and 2024 are \$126.0 million and \$131.9 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 2025 and 2024 were \$35.3 million and \$28.6 million, respectively.

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

Notes to Financial Statements

June 30, 2025 and 2024

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

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, Employee Benefits, and Compensated Absences** – Aside from accrued salaries, the Port records as liabilities all accrued employee benefits. Vacation and sick leave attributable to services already rendered, which accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means are recognized as liability for compensated absences. Compensatory time that is earned as employees work overtime, carries over at the end of the fiscal year and is attributable to services already rendered is recognized as a liability for compensated absences. Salary related payments such as Medicare tax are also included when determining the liability for compensated absences.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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).

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 four items that qualified for reporting in this category – deferred inflows of resources related to refunding, deferred inflows of resources related to pensions, deferred inflows of resources related to OPEB, and deferred inflows of resources related to leases. Deferred inflows of resources related to refunding result 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.

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

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

Notes to Financial Statements

June 30, 2025 and 2024

levies fees for various activities such as royalties from oil and natural gas production, fees for parking lots, clean truck program, and miscellaneous concessions.

**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.

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

Notes to Financial Statements

June 30, 2025 and 2024

For fiscal years ended June 30, 2025 and 2024, 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):

	2025	2024
<b>Net pension assets:</b>		
LAFPP - proportionate shares	\$ 5,223	\$ 1,059
Total net pension assets	\$ 5,223	\$ 1,059
<b>Deferred outflows of resources related to pensions:</b>		
LACERS - proportionate shares	\$ 57,548	\$ 70,983
LAFPP - proportionate shares	6,736	8,762
Total deferred outflows of resources related to pensions	\$ 64,284	\$ 79,745
<b>Net pension liabilities:</b>		
LACERS - proportionate shares	\$264,163	\$272,187
Total net pension liabilities	\$264,163	\$272,187
<b>Deferred inflows of resources related to pensions:</b>		
LACERS - proportionate shares	\$ 15,140	\$ 14,528
LAFPP - proportionate shares	4,613	4,359
Total deferred inflows of resources related to pensions	\$ 19,753	\$ 18,887
<b>Pension expense:</b>		
LACERS - proportionate shares	\$ 33,631	\$ 35,508
LAFPP - proportionate shares	2,591	4,208
Total pension expense	\$ 36,222	\$ 39,716

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

For the fiscal years ended June 30, 2025 and 2024, 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):

	2025	2024
<b>Net OPEB assets:</b>		
LACERS - proportionate shares	\$ 7,974	\$ 4,910
LAFPP - proportionate shares	933	673
Total net OPEB assets	\$ 8,907	\$ 5,583
<b>Deferred outflows of resources related to OPEB:</b>		
LACERS - proportionate shares	\$ 5,529	\$ 8,319
LAFPP - proportionate shares	2,032	2,081
Total deferred outflows of resources related to OPEB	\$ 7,561	\$ 10,400
<b>Deferred inflows of resources related to OPEB:</b>		
LACERS - proportionate shares	\$ 15,250	\$ 19,760
LAFPP - proportionate shares	1,684	2,112
Total deferred inflows of resources related to OPEB	\$ 16,934	\$ 21,872
<b>OPEB (credit) expense:</b>		
LACERS - proportionate shares	\$ (1,620)	\$ (285)
LAFPP - proportionate shares	588	576
Total OPEB (credit) expense	\$ (1,032)	\$ 291

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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 2024 to conform to the fiscal year 2025 presentation. Such reclassification had no impact on the change in net position previously reported.

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

Notes to Financial Statements

June 30, 2025 and 2024

**Restatement** – During fiscal year 2025, the Port implemented GASB Statement No. 101, “*Compensated Absences*.” which requires recognition and measurement of compensated absences by changing certain previous disclosures under a unified model to better meet the information needs for financial statement users. As a result, the financial statements as of and for the year ended June 30, 2024 were restated. The effects of the change are shown in the table below (in thousands):

	<b>2024</b>		
	<b>As</b>		
	<b>Previously</b>		<b>2024</b>
	<b>Reported</b>	<b>Restatement</b>	<b>As Restated</b>
<b>Statement of Net Position</b>			
<b>LIABILITIES</b>			
Current liabilities			
Accrued salaries and employee benefits	\$ 24,427	\$ (24,427)	\$ -
Accrued salaries payable	-	7,364	7,364
Compensated absences	-	5,196	5,196
Long-term liabilities			
Accrued employee benefits	15,014	(15,014)	-
Compensated absences	-	24,340	24,340
<b>NET POSITION</b>			
Unrestricted	1,108,921	2,541	1,111,462
<b>TOTAL NET POSITION, June 30, 2024</b>	<b>4,431,030</b>	<b>2,541</b>	<b>4,433,571</b>
<b>Statement of Revenues, Expenses, and Changes in Net Position</b>			
<b>OPERATING EXPENSES</b>			
Salaries and other benefits	111,620	(2,541)	109,079
<b>CHANGE IN NET POSITION</b>	<b>354,555</b>	<b>2,541</b>	<b>357,096</b>
<b>Statement of Cash Flows</b>			
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED</b>			
<b>BY OPERATING ACTIVITIES</b>			
Operating income	264,081	2,541	266,622
Adjustments to reconcile operating income to net cash provided			
by operating activities:			
Changes in assets, liabilities, and deferred outflows and inflows of resources			
Accrued salaries and compensated absences	3,366	(2,541)	825

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

Notes to Financial Statements

June 30, 2025 and 2024

**2. Adoption of New GASB Pronouncements**

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 has been implemented retroactively effective July 1, 2023. See page 57 for restatement of the financial statements as of and for the year ended June 30, 2024.

GASB Statement No. 102, “Certain Risk Disclosures.” Issued in December 2024, 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 has been implemented at the beginning of fiscal year 2025 with no material impact.

**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. 103, “Financial Reporting Model Improvements.” Issued in April 2025, 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 2025, 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.

GASB Statement No. 105, “Subsequent Events.” Issued in December 2025, this Statement defines subsequent events, including the subsequent events time frame, and establishes accounting and financial reporting requirements related to subsequent events. The Statement also clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The statement will be effective beginning fiscal year 2027.

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

Notes to Financial Statements

June 30, 2025 and 2024

**4. Cash, Cash Equivalents, and Investments**

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

	2025	2024
Cash in bank	\$ 229	\$ 229
Investments in U.S. Treasury and money market fund	125	37,318
Equity in the City of Los Angeles Investment Pools	1,923,059	1,638,734
Total cash, cash equivalents, and investments	\$ 1,923,413	\$ 1,676,281

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):

	2025	2024
Unrestricted cash and cash equivalents	\$ 1,705,860	\$ 1,473,292
Restricted cash and cash equivalents-current assets		
China Shipping Mitigation Fund	8,797	8,559
Narcotics/Customs Enforcement Forfeiture Fund	849	791
Clean Truck Program and Fee Fund	124,718	76,816
Port of Los Angeles and Port of Long Beach (LALB)		
Training Campus Fund	69,916	66,968
Other	1,978	1,867
Subtotal-restricted cash and cash equivalents	206,258	155,001
Restricted investments-noncurrent assets		
Harbor Revenue Bond Funds	125	37,318
Customer Security Deposits	2,979	2,899
Batiquitos Environmental Fund	7,506	7,121
Harbor Restoration Fund	685	650
Subtotal-restricted investments	11,295	47,988
Total restricted cash, cash equivalents, and investments	217,553	202,989
Total cash, cash equivalents, and investments	\$ 1,923,413	\$ 1,676,281

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

Notes to Financial Statements

June 30, 2025 and 2024

**A. Deposits**

The Port had cash deposits in bank amounting to \$0.2 million at June 30, 2025 and 2024. 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. 24-1416 was adopted for the City's investment policy effective July 1, 2024. 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 \$1,921.0 million and \$1,638.7 million invested in the City's General Pool and three Special Investment Pools, representing approximately 11.6% and 10.7% of the City Treasury's General Pool and Special Investment Pools at June 30, 2025 and 2024, 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>.

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

Notes to Financial Statements

June 30, 2025 and 2024

**C. Special Investment Pools**

Out of \$1,923.1 million and \$1,638.7 million invested in the City's pooled investments, \$66.1 million and \$62.8 million were invested in the City's Special Investment Pools as of June 30, 2025 and 2024, 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, 2025 and 2024, investments held in the City's Special Investment Pools and their maturities are as follows (in thousands):

**Fiscal Year 2025**

Type of Investments	Amount	Investment Maturities			
		1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury Securities	\$ 59,129	\$ --	\$ --	\$ --	\$ 59,129
U.S. Agencies securities	6,599	--	--	--	6,599
Short-term investment funds	362	362	--	--	--
Total investments in special pools	<u>\$ 66,090</u>	<u>\$ 362</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 65,728</u>

**Fiscal Year 2024**

Type of Investments	Amount	Investment Maturities			
		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	<u>\$ 62,775</u>	<u>\$ 171</u>	<u>\$ --</u>	<u>\$ 24,917</u>	<u>\$ 37,687</u>

*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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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 \$78 thousand at June 30, 2025 versus \$37.3 million at June 30, 2024.

At June 30, 2025 and 2024, investments held in the reserve funds and their maturities are as follows (in thousands):

**Fiscal Year 2025**

Type of Investments	Amount	Investment Maturities			
		1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
Short-term investment funds	\$ 125	\$ 125	\$ --	\$ --	\$ --
Total investments in reserve funds	<u>\$ 125</u>	<u>\$ 125</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

**Fiscal Year 2024**

Type of Investments	Amount	Investment Maturities			
		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	<u>\$ 37,318</u>	<u>\$ 37,318</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

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 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

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

Notes to Financial Statements

June 30, 2025 and 2024

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. 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

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

Notes to Financial Statements

June 30, 2025 and 2024

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 2025 and 2024, 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 \$6.8 million and \$1.7 million as of June 30, 2025 and 2024, 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.

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

Notes to Financial Statements

June 30, 2025 and 2024

The Port has the following recurring fair value measurements as of June 30, 2025:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	\$ --	\$ --	\$ --	\$ --
Subtotal	--	\$ --	\$ --	\$ --
Short-term investment funds	125			
Total investments - bond funds	<u>\$ 125</u>			
U.S. Treasury securities	\$ 59,129	\$ 59,129	\$ --	\$ --
U.S. Agencies securities	6,599	--	6,599	--
Subtotal	65,728	<u>\$ 59,129</u>	<u>\$ 6,599</u>	<u>\$ --</u>
Short-term investment funds	362			
Total investments - special pools	<u>\$ 66,090</u>			

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

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**5. Capital Assets**

The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2025 (in thousands):

	Balance July 1, 2024	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2025
Capital assets not depreciated					
Land	\$ 1,116,717	\$ --	\$ --	\$ --	\$ 1,116,717
Construction in progress	342,477	127,380	--	(92,259)	377,598
Preliminary costs – capital projects	131,895	7,360	--	(13,257)	125,998
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	<u>1,603,989</u>	<u>134,740</u>	<u>--</u>	<u>(105,516)</u>	<u>1,633,213</u>
Capital assets depreciated/amortized					
Wharves and sheds	1,238,985	--	--	40,990	1,279,975
Buildings/facilities	3,753,089	--	--	41,080	3,794,169
Equipment	197,012	12,269	(15,129)	23,446	217,598
Intangible assets	12,460	--	(12,460)	--	--
Right-to-use equipment	1,194	--	--	--	1,194
Right-to-use facilities	909	--	--	--	909
Right-to-use subscription assets	2,967	29,619	(1,566)	--	31,020
Total capital assets depreciated/amortized	<u>5,206,616</u>	<u>41,888</u>	<u>(29,155)</u>	<u>105,516</u>	<u>5,324,865</u>
Less accumulated depreciation/amortization					
Wharves and sheds	(729,012)	(31,360)	--	--	(760,372)
Buildings/facilities	(2,223,118)	(106,857)	--	--	(2,329,975)
Equipment	(175,079)	(11,071)	11,755	--	(174,395)
Intangible assets	(12,460)	--	12,460	--	--
Right-to-use equipment	(718)	(301)	--	--	(1,019)
Right-to-use facilities	(265)	(215)	--	--	(480)
Right-to-use subscription assets	(2,286)	(2,869)	1,566	--	(3,589)
Total accumulated depreciation/amortization	<u>(3,142,938)</u>	<u>(152,673)</u>	<u>25,781</u>	<u>--</u>	<u>(3,269,830)</u>
Total capital assets depreciated/amortized, net	<u>2,063,678</u>	<u>(110,785)</u>	<u>(3,374)</u>	<u>105,516</u>	<u>2,055,035</u>
Capital assets, net	<u>\$ 3,667,667</u>	<u>\$ 23,955</u>	<u>\$ (3,374)</u>	<u>\$ --</u>	<u>\$ 3,688,248</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

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
<b>Total capital assets not depreciated</b>	<b>1,515,586</b>	<b>176,459</b>	<b>--</b>	<b>(88,056)</b>	<b>1,603,989</b>
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 equipment	1,194	--	--	--	1,194
Right-to-use facilities	620	511	(222)	--	909
Right-to-use subscription assets	2,968	--	(1)	--	2,967
<b>Total capital assets depreciated/amortized</b>	<b>5,116,511</b>	<b>11,339</b>	<b>(9,290)</b>	<b>88,056</b>	<b>5,206,616</b>
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 equipment	(295)	(423)	--	--	(718)
Right-to-use facilities	(260)	(227)	222	--	(265)
Right-to-use subscription assets	(594)	(1,692)	--	--	(2,286)
<b>Total accumulated depreciation/amortization</b>	<b>(2,996,201)</b>	<b>(149,882)</b>	<b>3,145</b>	<b>--</b>	<b>(3,142,938)</b>
<b>Total capital assets depreciated/amortized, net</b>	<b>2,120,310</b>	<b>(138,543)</b>	<b>(6,145)</b>	<b>88,056</b>	<b>2,063,678</b>
<b>Capital assets, net</b>	<b>\$ 3,635,896</b>	<b>\$ 37,916</b>	<b>\$ (6,145)</b>	<b>\$ --</b>	<b>\$ 3,667,667</b>

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

Notes to Financial Statements

June 30, 2025 and 2024

**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, 2025 and 2024, 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 \$5.1 million and \$4.6 million at June 30, 2025 and 2024, 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, 2025 and 2024, 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](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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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 2025 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2024	Additions	Deductions	Ending Balance June 30, 2025	Principal Due Within One Year
2014, Series A	8/1/24 @ 100%	9/18/2014	2.00-5.00%	2045	\$ 203,280	\$ 159,525	\$ --	\$ (159,525)	\$ --	\$ --
2014, Series B	8/1/24 @ 100%	9/18/2014	3.00-5.00%	2045	89,105	74,355	--	(74,355)	--	--
2014, Series C	8/1/24 @ 100%	9/18/2014	2.00-5.00%	2045	44,890	37,070	--	(37,070)	--	--
2015, Series A	8/1/25 @ 100%	10/14/2015	2.00-5.00%	2027	37,050	11,370	--	(11,370)	--	--
2016, Series A	Not applicable	10/13/2016	3.00-5.00%	2025	97,970	13,800	--	(13,800)	--	--
2016, Series B	8/1/26 @ 100%	10/13/2016	2.00-5.00%	2037	68,385	61,855	--	(61,855)	--	--
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	52,575	--	(18,280)	34,295	31,065
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	4,995
2019, Series C-2	Not applicable	9/18/2019	5.00%	2027	10,680	10,680	--	--	10,680	--
2024, Series A-1	Not applicable	9/11/2024	5.00%	2037	102,955	--	102,955	--	102,955	--
2024, Series A-2	Not applicable	9/11/2024	5.00%	2039	26,725	--	26,725	--	26,725	--
2024, Series B-1	Not applicable	9/11/2024	5.00%	2043	34,400	--	34,400	--	34,400	--
2024, Series B-2	Not applicable	9/11/2024	5.00%	2045	22,880	--	22,880	--	22,880	--
2024, Series C	Not applicable	9/11/2024	5.00%	2045	28,305	--	28,305	--	28,305	--
Total principal amount					<u>\$ 954,230</u>	<u>493,770</u>	<u>215,265</u>	<u>(411,460)</u>	<u>297,575</u>	<u>36,060</u>
Unamortized bond premium						<u>38,225</u>	<u>28,299</u>	<u>(37,360)</u>	<u>29,164</u>	<u>--</u>
Net revenue bonds						<u>531,995</u>	<u>243,564</u>	<u>(448,820)</u>	<u>326,739</u>	<u>36,060</u>
Less: current maturities of long-term debt						<u>(43,415)</u>	<u>(36,060)</u>	<u>43,415</u>	<u>(36,060)</u>	<u>--</u>
					<u>\$ 488,580</u>	<u>\$ 207,504</u>	<u>\$ (405,405)</u>	<u>\$ 290,679</u>	<u>\$ 36,060</u>	

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

Notes to Financial Statements

June 30, 2025 and 2024

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			Ending Balance June 30, 2024	Principal Due Within One Year
						July 1, 2023	Additions	Deductions		
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					<u>\$ 738,965</u>	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)	--
					<u>\$ 539,059</u>	<u>\$ (43,415)</u>	<u>\$ (7,064)</u>	<u>\$ 488,580</u>	<u>\$ 43,415</u>	

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

Notes to Financial Statements

June 30, 2025 and 2024

**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 2025 and 2024 are as follows (in thousands):

Harbor Revenue Bonds	2025	2024
2014, Series A	\$ --	\$ 12,037
2014, Series B	--	6,566
2014, Series C	--	3,462
2015, Series A	--	303
2016, Series A	--	38
2016, Series B	--	6,836
2016, Series C	--	3,042
2019, Series A	221	1,529
2019, Series B	2,041	3,319
2019, Series C-1	15	198
2019, Series C-2	467	895
2024, Series A-1	9,924	--
2024, Series A-2	3,069	--
2024, Series B-1	5,602	--
2024, Series B-2	3,296	--
2024, Series C	4,529	--
Total	\$ 29,164	\$ 38,225

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

Notes to Financial Statements

June 30, 2025 and 2024

**C. Principal Maturities and Interest**

The Port's scheduled annual debt service payments for bonds as of June 30, 2025 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 36,060	\$ 13,977	\$ 50,037
2027	39,365	12,092	51,457
2028	11,650	10,816	22,466
2029	12,285	10,218	22,503
2030	13,040	9,585	22,625
2031-2035	65,385	38,601	103,986
2036-2040	65,565	21,276	86,841
2041-2045	54,225	5,865	60,090
Total	<u>\$ 297,575</u>	<u>\$ 122,430</u>	<u>\$ 420,005</u>

**D. New Issuances and Redemption of Debt**

**Fiscal Year 2025**

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. A total of \$104.5 million was 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. This refunding was undertaken to reduce total future debt service payments over a 15 year period through August 2039 by approximately \$35.5 million. The debt is not included as a liability in the accompanying financial statements because sufficient assets have been placed in an irrevocable trust to cover all future principal and interest payments. At June 30, 2025, \$103.4 million of defeased bonds remain outstanding.

On September 11, 2024, the Port issued an aggregate par amount of \$215.3 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 Series 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 the 2024 Series Bonds, together with certain moneys to be contributed by the Port, were used to refund and defease an aggregate par amount of \$264.7 million of Refunding Series 2014 Bonds comprised of Series 2014A totaling \$156.4 million, Series 2014B totaling \$72.3 million, and Series 2014C totaling \$36.0 million to generate debt service savings and pay costs of issuance of Series 2024 Bonds. These securities were

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

Notes to Financial Statements

June 30, 2025 and 2024

placed in an irrevocable trust with an escrow agent to provide all future debt service payments on the portion of the refunded bonds. As a result, the refunded bonds are considered to be defeased in substance, and the liability has been removed from the Statement of Net Position. The refunding resulted in a saving of \$54.6 million for the difference between the cash flows required to service the refunded debt and the cash flows required to service new debt and obtained an economic gain of \$26.1 million.

**Fiscal Year 2024**

There was no new issuance in fiscal year 2024.

**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, 2025 and 2024.

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

Notes to Financial Statements

June 30, 2025 and 2024

**8. Changes in Long-Term Liabilities**

The changes in the Port's long-term liabilities for the year ended June 30, 2025 are as follows (in thousands):

	(Restated) Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due within one year
Revenue bonds	\$ 493,770	\$ 215,265	\$ (411,460)	\$ 297,575	\$ 36,060
Unamortized premium	38,225	28,299	(37,360)	29,164	--
Net revenue bonds	<u>531,995</u>	<u>243,564</u>	<u>(448,820)</u>	<u>326,739</u>	<u>36,060</u>
Accrued salaries payable	7,364	888	--	8,252	8,252
Compensated absences	29,536	4,577 *	--	34,113	5,937
Net pension liabilities	272,187	--	(8,024)	264,163	--
Litigation	15,726	2,491	(6,014)	12,203	12,203
Workers' compensation	8,957	126	(295)	8,788	1,226
Pollution remediation	62,539	130	(2,895)	59,774	2,325
Deposits	18,750	5,119	(5,244)	18,625	--
Lease liability	1,148	--	(512)	636	355
Subscription liability	740	2,496	(432)	2,804	1,084
Others	5,334	59	--	5,393	--
Total long-term liabilities	<u>\$ 954,276</u>	<u>\$ 259,450</u>	<u>\$ (472,236)</u>	<u>\$ 741,490</u>	<u>\$ 67,442</u>

\* The change in the compensated absences liability is presented as a net change.

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

Notes to Financial Statements

June 30, 2025 and 2024

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

	Balance July 1, 2023	Additions	Deductions	(Restated) 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	<u>582,414</u>	<u>--</u>	<u>(50,419)</u>	<u>531,995</u>	<u>43,415</u>
Accrued salaries payable	36,074	3,367	(32,077)	7,364	7,364
Compensated absences	--	29,536 *	--	29,536	5,196
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	<u>\$ 1,018,283</u>	<u>\$ 42,048</u>	<u>\$ (106,055)</u>	<u>\$ 954,276</u>	<u>\$ 77,030</u>

\* The change in the compensated absences liability is presented as a net change.

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

Notes to Financial Statements

June 30, 2025 and 2024

**9. Pollution Remediation Obligations**

The Port's estimated pollution remediation liability of \$59.8 million and \$62.5 million at June 30, 2025 and 2024, 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 2025 are as follows (in thousands):

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due Within One Year
<b>Obligating Event</b>					
Violation of pollution prevention related permit or license	\$ 874	\$ --	\$ (42)	\$ 832	\$ 42
Named by regulator as a potential party to remediation	61,620	--	(2,826)	58,794	2,256
Voluntary commencement	45	130	(27)	148	27
<b>Total</b>	<b>\$ 62,539</b>	<b>\$ 130</b>	<b>\$ (2,895)</b>	<b>\$ 59,774</b>	<b>\$ 2,325</b>
<b>Pollution Type</b>					
Soil and/or groundwater remediation	\$ 62,539	\$ 130	\$ (2,895)	\$ 59,774	\$ 2,325

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
<b>Obligating Event</b>					
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
<b>Total</b>	<b>\$ 65,494</b>	<b>\$ --</b>	<b>\$ (2,955)</b>	<b>\$ 62,539</b>	<b>\$ 3,196</b>

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

Notes to Financial Statements

June 30, 2025 and 2024

**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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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, 2025 and 2024 were \$8.8 million and \$9.0 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, 2025 and 2024 were \$12.2 million and \$15.7 million, respectively.

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

Notes to Financial Statements

June 30, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Unpaid claims, July 1			
Workers' compensation	\$ 8,957	\$ 9,415	\$ 10,315
General liability/litigation	15,726	19,527	16,986
Total unpaid claims, July 1	<u>24,683</u>	<u>28,942</u>	<u>27,301</u>
Provision for current year's events and changes in provision for prior year's estimate			
Workers' compensation	126	671	388
General liability/litigation	2,491	(72)	15,196
Total provision	<u>2,617</u>	<u>599</u>	<u>15,584</u>
Claims payments			
Workers' compensation	(295)	(1,129)	(1,288)
General liability/litigation	(6,014)	(3,729)	(12,655)
Total claims payments	<u>(6,309)</u>	<u>(4,858)</u>	<u>(13,943)</u>
Unpaid claims, June 30			
Workers' compensation	8,788	8,957	9,415
General liability/litigation	12,203	15,726	19,527
Total unpaid claims, June 30	<u>\$ 20,991</u>	<u>\$ 24,683</u>	<u>\$ 28,942</u>
Current portion			
Workers' compensation	\$ 1,226	\$ 1,190	\$ 1,312
General liability/litigation	12,203	15,726	19,527
Total current portion	<u>\$ 13,429</u>	<u>\$ 16,916</u>	<u>\$ 20,839</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

**12. Leases and Subscription Based Information Technology Arrangements**

**A. Leases**

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 14.8% and 16.5% of the Port's operating revenues in fiscal years 2025 and 2024, 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, 2025, lease payments received by the Port are as follows (in thousands):

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Land and facility rentals	\$ 50,613	\$ 5,882	\$ 56,495

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

	<u>Fixed</u>	<u>Variable</u>	<u>Total</u>
Land and facility rentals	\$ 45,747	\$ 5,228	\$ 50,975

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

Notes to Financial Statements

June 30, 2025 and 2024

The Port's future annual receipts for these leases as of June 30, 2025 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 32,211	\$ 11,115	\$ 43,326
2027	22,052	10,343	32,395
2028	19,185	9,725	28,910
2029	17,794	9,176	26,970
2030	18,048	8,634	26,682
2031 – 2035	86,091	34,712	120,803
2036 – 2040	48,528	24,166	72,694
2041 – 2045	58,949	15,046	73,995
2046 – 2050	53,925	3,831	57,756
2051 – 2055	1,825	111	1,936
Total	<u>\$ 358,608</u>	<u>\$ 126,859</u>	<u>\$ 485,467</u>

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	<u>\$ 296,351</u>	<u>\$ 125,339</u>	<u>\$ 421,690</u>

**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.

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

Notes to Financial Statements

June 30, 2025 and 2024

For the fiscal years ended June 30, 2025 and 2024, the minimum rental income from such lease agreements was approximately \$445.7 million and \$435.6 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
2026	\$ 447,291
2027	384,684
2028	376,161
2029	379,799
2030	383,432
2031-2035	2,036,284
2036-2040	1,592,185
2041-2043	604,460
Total	\$ 6,204,296

The carrying cost and related accumulated depreciation of property held for regulated leases as of June 30, 2025 and 2024 are as follows (in thousands):

	2025	2024
Wharves and sheds	\$ 1,279,974	\$ 1,238,985
Wharf facilities	27,414	27,414
Municipal warehouses	13,987	13,987
Port pilot facilities and equipment	14,911	14,918
Buildings and other facilities	1,052,510	1,051,392
Cabrillo Marina	367,316	180,183
Total	2,756,112	2,526,879
Less accumulated depreciation	(1,926,269)	(1,693,441)
Net	\$ 829,843	\$ 833,438

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

Notes to Financial Statements

June 30, 2025 and 2024

**Port as Lessee**

The Port has obtained right-to-use (RTU) lease assets such as equipment, radio tower space, and vanpool vehicles through long-term leases. At June 30, 2025, RTU lease assets and related accumulated amortization are as follows:

	Balance July 1, 2024	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2025
RTU lease assets - equipment	\$ 292	\$ --	\$ --	\$ --	\$ 292
RTU lease assets - radio tower	909	--	--	--	909
RTU lease assets - vehicles	902	--	--	--	902
Total RTU lease assets	<u>2,103</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,103</u>
Less accumulated amortization					
RTU lease assets - equipment	(292)	--	--	--	(292)
RTU lease assets - radio tower	(265)	(215)	--	--	(480)
RTU lease assets - vehicles	(426)	(301)	--	--	(727)
Total accumulated amortization	<u>(983)</u>	<u>(516)</u>	<u>--</u>	<u>--</u>	<u>(1,499)</u>
Total RTU lease assets, net	<u>\$ 1,120</u>	<u>\$ (516)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 604</u>

At June 30, 2024, RTU lease assets and related accumulated amortization are as follows:

	Balance July 1, 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	<u>1,814</u>	<u>511</u>	<u>(222)</u>	<u>--</u>	<u>2,103</u>
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	<u>(555)</u>	<u>(650)</u>	<u>222</u>	<u>--</u>	<u>(983)</u>
Total RTU lease assets, net	<u>\$ 1,259</u>	<u>\$ (139)</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,120</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

The Port's future annual payments under these leases as of June 30, 2025 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 355	\$ 14	\$ 369
2027	106	8	114
2028	115	4	119
2029	61	1	62
Total	<u>\$ 637</u>	<u>\$ 27</u>	<u>\$ 664</u>

**B. Subscription Based Information Technology Arrangements (SBITA)**

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, 2025, RTU subscription assets and related accumulated amortization are as follows:

	Balance July 1, 2024	Increase	Decrease	Balance June 30, 2025
RTU subscription assets	\$ 2,967	\$ 29,619	\$ (1,566)	\$ 31,020
Total RTU subscription assets	<u>2,967</u>	<u>29,619</u>	<u>(1,566)</u>	<u>31,020</u>
Less accumulated amortization				
RTU subscription assets	(2,286)	(2,869)	1,566	(3,589)
Total accumulated amortization	<u>(2,286)</u>	<u>(2,869)</u>	<u>1,566</u>	<u>(3,589)</u>
Total RTU subscription assets, net	<u>\$ 681</u>	<u>\$ 26,750</u>	<u>\$ --</u>	<u>\$ 27,431</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

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	\$ --	\$ (1)	\$ 2,967
Total RTU subscription assets	2,968	--	(1)	2,967
Less accumulated amortization				
RTU subscription assets	(594)	(1,692)	--	(2,286)
Total accumulated amortization	(594)	(1,692)	--	(2,286)
Total RTU subscription assets, net	\$ 2,374	\$ (1,692)	\$ (1)	\$ 681

The Port's future annual payments under these SBITAs as of June 30, 2025 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2026	\$ 1,084	\$ 36	\$ 1,120
2027	806	30	836
2028	914	6	920
Total	\$ 2,804	\$ 72	\$ 2,876

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

Notes to Financial Statements

June 30, 2025 and 2024

**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, 2024 and 2023 (measurement date), pension plan membership consisted of the following:

	<u>2024</u>	<u>2023</u>
Retired members or beneficiaries currently receiving benefits	22,763	22,510
Vested terminated members entitled to, but not yet receiving benefits	11,839	11,148
Active members	<u>26,782</u>	<u>25,875</u>
Total	<u>61,384</u>	<u>59,533</u>

As of June 30, 2024 and 2023 (measurement date), OPEB plan membership consisted of the following:

	<u>2024</u>	<u>2023</u>
Retired members or surviving spouses currently receiving benefits	17,909	17,759
Inactive vested members entitled to, but not yet receiving benefits	1,651	1,617
Retired members and beneficiaries entitled but not yet eligible for health benefits	113	132
Active members	<u>26,782</u>	<u>25,875</u>
Total	<u>46,455</u>	<u>45,383</u>

*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

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

Notes to Financial Statements

June 30, 2025 and 2024

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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 27.14% and 27.52% of covered payroll for the fiscal years ended June 30, 2025 and 2024, 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 3.00% and 3.63% of covered payroll for the fiscal years ended June 30, 2025 and 2024, 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, 2025 and 2024, the Port reported a liability of \$264.2 million and \$272.2 million, respectively, for its proportionate share of the net pension liability of LACERS. The net pension liability was measured as of June 30, 2024 and 2023, 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 3.595% and 3.705% for fiscal years ended June 30, 2025 and 2024, respectively.

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

Notes to Financial Statements

June 30, 2025 and 2024

For the fiscal years ended June 30, 2025 and 2024, the Port recognized pension expense of \$33.6 million and \$35.5 million, respectively.

At June 30, 2025 and 2024, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	<u>2025</u>	<u>2024</u>
Pension contributions subsequent to measurement date	\$ 28,665	\$ 26,737
Changes of assumptions or other inputs	--	3,901
Differences between actual and expected experience in the total pension liability	16,588	15,950
Changes in proportion and differences between employer's contributions and proportionate share of contributions	2,247	4,408
Net excess of projected and actual earnings on pension plan investments	<u>10,047</u>	<u>19,987</u>
Total	<u>\$ 57,547</u>	<u>\$ 70,983</u>

Pension contributions of \$28.7 million and \$26.7 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2025 and 2024, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2025 and 2024, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	<u>2025</u>	<u>2024</u>
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ 10,503	\$ 6,958
Changes of assumptions or other inputs	2,327	3,287
Differences between expected and actual experience in the total pension liability	<u>2,309</u>	<u>4,283</u>
Total	<u>\$ 15,139</u>	<u>\$ 14,528</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, 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):

Year ending June 30	Deferred outflows/(inflows)	
	2025	2024
2025	\$ N/A	\$ 9,804
2026	(3,222)	(1,928)
2027	19,370	21,419
2028	(980)	423
2029	(1,425)	--
Thereafter	--	--

The amortization table does not include pension contributions of \$28.7 million and \$26.7 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2025 and 2024, respectively; and will be recognized as a reduction of the net pension liability in the subsequent year.

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

Notes to Financial Statements

June 30, 2025 and 2024

*Actuarial assumptions.* The Port's net pension liabilities as of June 30, 2025 and 2024 were determined by actuarial valuations as of June 30, 2024 and 2023, respectively. The actuarial assumptions used in the June 30, 2024 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, 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 following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2024 and 2022 actuarial valuations:

Actuarial assumptions	2024	2023
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 2.50% is used to approximate that crediting rate in this valuation.
Inflation	2.50%	2.50%
Projected salary increases	Ranges from 4.00% to 9.00% based on years of service	Ranges from 4.00% to 9.00% 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-2021

*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

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

Notes to Financial Statements

June 30, 2025 and 2024

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, 2024 and 2023 actuarial valuations. This information will change every three years based on an actuarial experience study.

Asset Class	June 30, 2024		June 30, 2023	
	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%	15.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%	6.67%	8.80%
Core Bonds	11.25%	1.97%	11.25%	1.97%
High Yield Bonds	1.50%	4.63%	1.50%	4.63%
Bank Loans	1.50%	4.07%	1.50%	4.07%
TIPS	3.60%	1.77%	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%	2.00%	4.53%
Real Estate - Core	4.20%	3.86%	4.20%	3.86%
Cash and Equivalents	1.00%	0.63%	1.00%	0.63%
Private Equity	16.00%	9.84%	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%	5.75%	6.47%
Emerging Market Small-cap Equity	1.33%	11.10%	1.33%	11.10%
REITS	1.40%	6.80%	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%	2.80%	5.40%
Total	<u>100.00%</u>	6.27%	<u>100.00%</u>	6.27%

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

Notes to Financial Statements

June 30, 2025 and 2024

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023. 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, 2024 and 2023.

*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, 2025 and 2024, 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, 2025	\$388,863	\$264,163	\$161,041
June 30, 2024	\$395,352	\$272,187	\$170,345

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

At June 30, 2025 and 2024, the Port reported an asset of \$8.0 million and \$4.9 million, respectively, for its proportionate share of the net OPEB asset of LACERS. The net OPEB asset was measured as of June 30, 2024 and 2023 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 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 3.528% and 3.629% for the fiscal years ended June 30, 2025 and 2024, respectively.

For the fiscal years ended June 30, 2025 and 2024, the Port recognized OPEB credit of \$1.6 million and \$0.3 million, respectively.

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2025	2024
OPEB contributions subsequent to measurement date	\$ 3,165	\$ 3,525
Changes of assumptions or other inputs	1,384	1,765
Differences between expected and actual experience in the total OPEB liability	139	204
Changes in proportion and differences between employer's contributions and proportionate share of contributions	363	518
Net excess of projected over actual earnings on OPEB plan investments	477	2,307
Total	\$ 5,528	\$ 8,319

OPEB contributions of \$3.2 million and \$3.5 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2025 and 2024, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

At June 30, 2025 and 2024, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2025	2024
Changes in proportion and differences between employer's contributions and proportionate share of contributions	\$ 666	\$ 724
Changes of assumptions or other inputs	12,028	15,914
Differences between expected and actual experience in the total OPEB liability	2,555	3,122
Total	\$ 15,249	\$ 19,760

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, 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):

<u>Year ending June 30</u>	<u>Deferred outflows/(inflows)</u>	
	<u>2025</u>	<u>2024</u>
2025	\$ N/A	\$ (4,590)
2026	(5,802)	(5,293)
2027	51	726
2028	(3,867)	(3,301)
2029	(2,865)	(2,269)
2030	(64)	(239)
Thereafter	(39)	--

The amortization table does not include OPEB contributions of \$3.2 million and \$3.5 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2025 and 2024, respectively; and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Notes to Financial Statements

June 30, 2025 and 2024

*Actuarial assumptions.* The Port's net OPEB liabilities as of June 30, 2025 and 2024 were determined by actuarial valuations as of June 30, 2024 and 2023, respectively. The actuarial assumptions used in the June 30, 2024 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, 2024. 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 following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2024 and 2023 actuarial valuations:

Actuarial assumptions	2024	2023
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.50%
Projected salary increases	Ranges from 4.00% to 9.00% based on years of service	Ranges from 4.00% to 9.00% 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-2021
Healthcare cost trend rates	Non-Medicare: Actual premium increase in first year, then graded from 7.37% to ultimate 4.50% over 12 years. Medicare: Actual premium increase in first year, then graded from 6.87% to 3.76% over 10 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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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, 2024 and 2023. This information is subject to change every three years based on the actuarial experience study.

Asset Class	June 30, 2024		June 30, 2023	
	Target Allocation	Long-term Expected	Target Allocation	Long-term Expected
		Arithmetic Real Rate of Return		Arithmetic Real Rate of Return
Large Cap U.S. Equity	15.00%	6.00%	15.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.65%
Developed International Large Cap Equity	15.00%	7.01%	15.00%	7.01%
Developed International Small Cap Equity	3.00%	7.34%	3.00%	7.34%
Emerging Markets Equity	6.67%	8.80%	6.67%	8.80%
Core Bonds	11.25%	1.97%	11.25%	1.97%
High Yield Bonds	1.50%	4.63%	1.50%	4.63%
Bank Loans	1.50%	4.07%	1.50%	4.07%
TIPS	3.60%	1.77%	3.60%	1.77%
Emerging Market External Debt	2.00%	4.72%	2.00%	4.72%
Emerging Market Local Currency Debt	2.00%	4.53%	2.00%	4.53%
Real Estate - Core	4.20%	3.86%	4.20%	3.86%
Cash and Equivalents	1.00%	0.63%	1.00%	0.63%
Private Equity	16.00%	9.84%	16.00%	9.84%
Private Credit (Private Debt)	5.75%	6.47%	5.75%	6.47%
Emerging Market Small-cap Equity	1.33%	11.10%	1.33%	11.10%
REITS	1.40%	6.80%	1.40%	6.80%
Real Estate - Non Core	2.80%	5.40%	2.80%	5.40%
Total	<u>100.00%</u>	6.27%	<u>100.00%</u>	6.27%

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

Notes to Financial Statements

June 30, 2025 and 2024

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024 and 2023. 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, 2024 and June 30, 2023.

*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, 2025 and 2024, 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, 2025	\$8,960	\$(7,974)	\$(21,964)
June 30, 2024	\$11,484	\$(4,910)	\$(18,461)

*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, 2025	\$(23,358)	\$(7,974)	\$11,057
June 30, 2024	\$(19,816)	\$(4,910)	\$13,516

\*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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**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, 2024 and 2023 (measurement date), pension plan membership consisted of the following:

	2024	2023
Retired members or beneficiaries currently receiving benefits	14,423	14,131
Vested terminated members entitled to, but not yet receiving benefits	828	776
Active members	12,369	12,571
Total	27,620	27,478

As of June 30, 2024 and 2023 (measurement date), OPEB plan membership consisted of the following:

	2024	2023
Retired members, married dependents and beneficiaries currently receiving benefits	19,283	18,753
Vested terminated members, retirees, and beneficiaries entitled to, but not yet receiving benefits	984	1,017
Active members	12,369	12,571
Total	32,636	32,341

*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

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

Notes to Financial Statements

June 30, 2025 and 2024

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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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 2025 and 2024, the average employer contribution rates for pension benefits are 25.88% and 21.06%, 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 7.29% and 5.93% of covered payroll for fiscal years ended June 30, 2025 and 2024, 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, 2025 and 2024, the Port reported an asset of \$5.2 million and \$1.1 million, respectively, for its proportionate share of the net pension liability of LAFPP. The net pension asset or liability was measured as of June 30, 2024 and 2023, respectively. The plan assets were valued as of the measurement dates and the total pension liability (TPL) as of June 30, 2024 and 2023 was determined based upon rolling forward the TPL from actuarial valuation as of June 30, 2023 and 2022, 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 2.045% and -0.291% for fiscal years ended June 30, 2025 and 2024, respectively.

For the fiscal years ended June 30, 2025 and 2024, the Port recognized pension expense of \$2.6 million and \$4.2 million, respectively.

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2025	2024
Pension contributions subsequent to measurement date	\$ 4,354	\$ 3,821
Changes of assumptions or other inputs	189	783
Net difference between projected and actual earnings on pension plan investments	--	897
Differences between actual and expected experience in the total pension liability	2,194	3,261
Total	\$ 6,737	\$ 8,762

Pension contributions of \$4.4 million and \$3.8 million made subsequent to the measurement date were reported as deferred outflows of resources related to pensions at June 30, 2025 and 2024, respectively, and will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

At June 30, 2025 and 2024, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2025	2024
Changes of assumptions or other inputs	\$ 1,080	\$ 1,387
Net difference between actual and projected earnings on pension plan investments (if any)	1,343	--
Differences between expected and actual experience in the total pension liability	2,190	2,972
Total	\$ 4,613	\$ 4,359

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, 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):

Year ending June 30	Deferred outflows/(inflows)	
	2025	2024
2025	\$ N/A	\$ (268)
2026	(2,179)	(1,412)
2027	2,260	3,027
2028	(1,461)	(694)
2029	(838)	(71)
2030	(12)	--
Thereafter	--	--

The amortization table does not include pension contributions of \$4.4 million and \$3.8 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2025 and 2024, 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, 2024 and 2023 that were measured by actuarial valuations as of June 30 2023 and 2022, respectively. The TPL as of June 30, 2024 uses the same actuarial assumptions as the actuarial funding valuation as of June 30, 2024, with the exception of adjusted retirement rates. The actuarial assumptions used in that funding valuation were based on the results of an experience study for the period July 1, 2019 through June 30, 2022. 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 following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2024 and 2022 actuarial valuations:

Actuarial assumptions	2024	2023
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.50%
Real across-the-board salary increase	0.50%	0.50%
Projected salary increases	3.90% to 12.00% varying by service, including inflation and across-the-board salary increases	3.95% to 12.00% varying by service, including inflation and across-the-board salary increases

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

Notes to Financial Statements

June 30, 2025 and 2024

Actuarial assumptions	2024	2023
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-2021
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 2.50% 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.
Administrative Expenses	Out of the total 1.45% 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.	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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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, 2024 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, 2024 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, 2024 and June 30, 2023. This information will change every three years based on the actuarial experience study.

Asset Class	June 30, 2024		June 30, 2023	
	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%	6.00%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.65%
Developed International Equity	16.00%	7.01%	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%	9.90%	1.97%
High Yield Bonds	2.75%	4.63%	2.75%	4.63%
Global Credit	2.75%	0.89%	2.75%	0.89%
TIPS	4.40%	1.77%	4.40%	1.77%
Real Estate	7.00%	3.86%	7.00%	3.86%
Commodities	1.00%	4.21%	1.00%	4.21%
Cash Equivalents	1.00%	0.63%	1.00%	0.63%
Private Equity	14.00%	9.84%	14.00%	9.84%
Private Credit	2.00%	6.48%	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%	2.20%	2.50%
REITS	3.00%	5.25%	3.00%	5.25%
Total	<u>100.00%</u>	<u>5.80%</u>	<u>100.00%</u>	<u>5.80%</u>

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

Notes to Financial Statements

June 30, 2025 and 2024

*Discount rate.* The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023, 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, 2024 and 2023.

*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, 2025 and 2024, 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):

<u>Port's proportionate share of the net pension liability/(asset)</u>	<u>1% Decrease (6.00%)</u>	<u>Discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
June 30, 2025	\$19,318	\$(5,223)	\$(24,796)
June 30, 2024	\$22,081	\$(1,059)	\$(19,488)

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

At June 30, 2025 and 2024, the Port reported an asset of \$0.9 million and \$0.7 million, respectively, for its proportionate share of the net OPEB liability of LAFPP. The net OPEB asset or liability was measured as of June 30, 2024 and 2023 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 -0.114% and -0.079% for the fiscal years June 30, 2025 and 2024, respectively.

For the fiscal years ended June 30, 2025 and 2024, the Port recognized OPEB expense \$0.6 million in each year.

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

Notes to Financial Statements

June 30, 2025 and 2024

At June 30, 2025 and 2024, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2025	2024
OPEB contributions subsequent to measurement date	\$ 1,226	\$ 1,076
Changes of assumptions or other inputs	740	732
Net difference between projected and actual earnings on OPEB plan investments	--	203
Differences between expected and actual experience in the total OPEB liability	66	70
Total	\$ 2,032	\$ 2,081

OPEB contributions of \$1.2 million and \$1.1 million made subsequent to the measurement date were reported as deferred outflows of resources related to OPEB at June 30, 2025 and 2024, respectively, and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

At June 30, 2025 and 2024, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2025	2024
Changes of assumptions or other inputs	\$ 1,040	\$ 1,320
Net difference between projected and actual earnings on OPEB plan investments	116	--
Differences between expected and actual experience in the total OPEB liability	528	792
Total	\$ 1,684	\$ 2,112

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

Notes to Financial Statements

June 30, 2025 and 2024

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):

<u>Year ending June 30</u>	<u>Deferred outflows/(inflows)</u>	
	2025	2024
2025	\$ N/A	\$ (405)
2026	(561)	(496)
2027	131	196
2028	(358)	(294)
2029	(223)	(158)
2030	98	50
2031	35	--
Thereafter	--	--

The amortization table does not include OPEB contributions of \$1.2 million and \$1.1 million made after the measurement date that were reported as deferred outflows of resources at June 30, 2025 and 2024, respectively; and will be recognized as a reduction of the net OPEB liability in the subsequent fiscal year.

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

Notes to Financial Statements

June 30, 2025 and 2024

*Actuarial assumptions.* The Port's net OPEB liability/asset as of June 30, 2025 and 2024 were determined by actuarial valuations as of June 30, 2024 and 2023, respectively. The Total OPEB Liability (TOL) as of June 30, 2024 was determined by an actuarial valuation as of June 30, 2024. 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 28, 2024. 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 following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2024 and 2023 actuarial valuations:

Actuarial assumptions	2024	2023
Actuarial cost method	Entry age	Entry age
Inflation	2.50%	2.50%
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 3.90% to 12.00% 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-2021
Healthcare cost trend rates	7.25% graded down to 4.50% over 10 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.

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

Notes to Financial Statements

June 30, 2025 and 2024

*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, is summarized in the following tables. 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, 2024 and June 30, 2023. This information will change every three years based on the actuarial experience study.

Asset Class	June 30, 2024		June 30, 2023	
	Target Allocation	Long-term Expected	Target Allocation	Long-term Expected
		Arithmetic Real Rate of Return		Arithmetic Real Rate of Return
Large Cap U.S. Equity	23.00%	6.00%	23.00%	6.00%
Small Cap U.S. Equity	6.00%	6.65%	6.00%	6.65%
Developed International Equity	16.00%	7.01%	16.00%	7.01%
Emerging Markets Equity	5.00%	8.80%	5.00%	8.80%
U.S. Core Fixed Income	9.90%	1.97%	9.90%	1.97%
High Yield Bonds	2.75%	4.63%	2.75%	4.63%
Global Credit	2.75%	0.89%	2.75%	0.89%
TIPS	4.40%	1.77%	4.40%	1.77%
Real Estate	7.00%	3.86%	7.00%	3.86%
Commodities	1.00%	4.21%	1.00%	4.21%
Cash Equivalents	1.00%	0.63%	1.00%	0.63%
Private Equity	14.00%	9.84%	14.00%	9.84%
Private Credit	2.00%	6.48%	2.00%	6.48%
Unconstrained Fixed Income	2.20%	2.50%	2.20%	2.50%
REITS	3.00%	5.25%	3.00%	5.25%
Total	<u>100.00%</u>	5.80%	<u>100.00%</u>	5.80%

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024 and 2023. The projection of cash flows used to determine the discount rate assumed

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

Notes to Financial Statements

June 30, 2025 and 2024

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, 2024 and June 30, 2023.

*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, 2025 and 2024, 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, 2025	\$3,770	\$(933)	\$(4,645)
June 30, 2024	\$3,543	\$(673)	\$(4,001)

*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, 2025	\$(5,201)	\$(933)	\$4,654
June 30, 2024	\$(4,527)	\$(673)	\$4,385

\*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.

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

Notes to Financial Statements

June 30, 2025 and 2024

**15. Commitments, Litigation and Contingencies**

**A. Commitments**

Open purchase orders and uncompleted construction contracts amounted to approximately \$24.6 million and \$11.2 million as of June 30, 2025 and 2024, 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 2025 and 2024.

**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

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

Notes to Financial Statements

June 30, 2025 and 2024

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 2024, ACTA issued Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2024A, Taxable Senior Lien Revenue Refunding Bonds, Series 2024B, Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds Series 2024C, and Tax -Exempt Senior Lien Revenue Refunding Bonds Series 2024D (Series 2024 Bonds). With the intent of reducing future Shortfall payments, the issuance of the Series 2024 Bonds restructured ACTA's debt. There were no Shortfall payments in both fiscal years 2025 and 2024.

**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 \$52.1 million and \$45.1 million in fiscal years 2025 and 2024, respectively. In addition, the amounts charged by the City for water and electricity usage approximate \$31.6 million and \$27.5 million in fiscal years 2025 and 2024, 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.

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

Notes to Financial Statements

June 30, 2025 and 2024

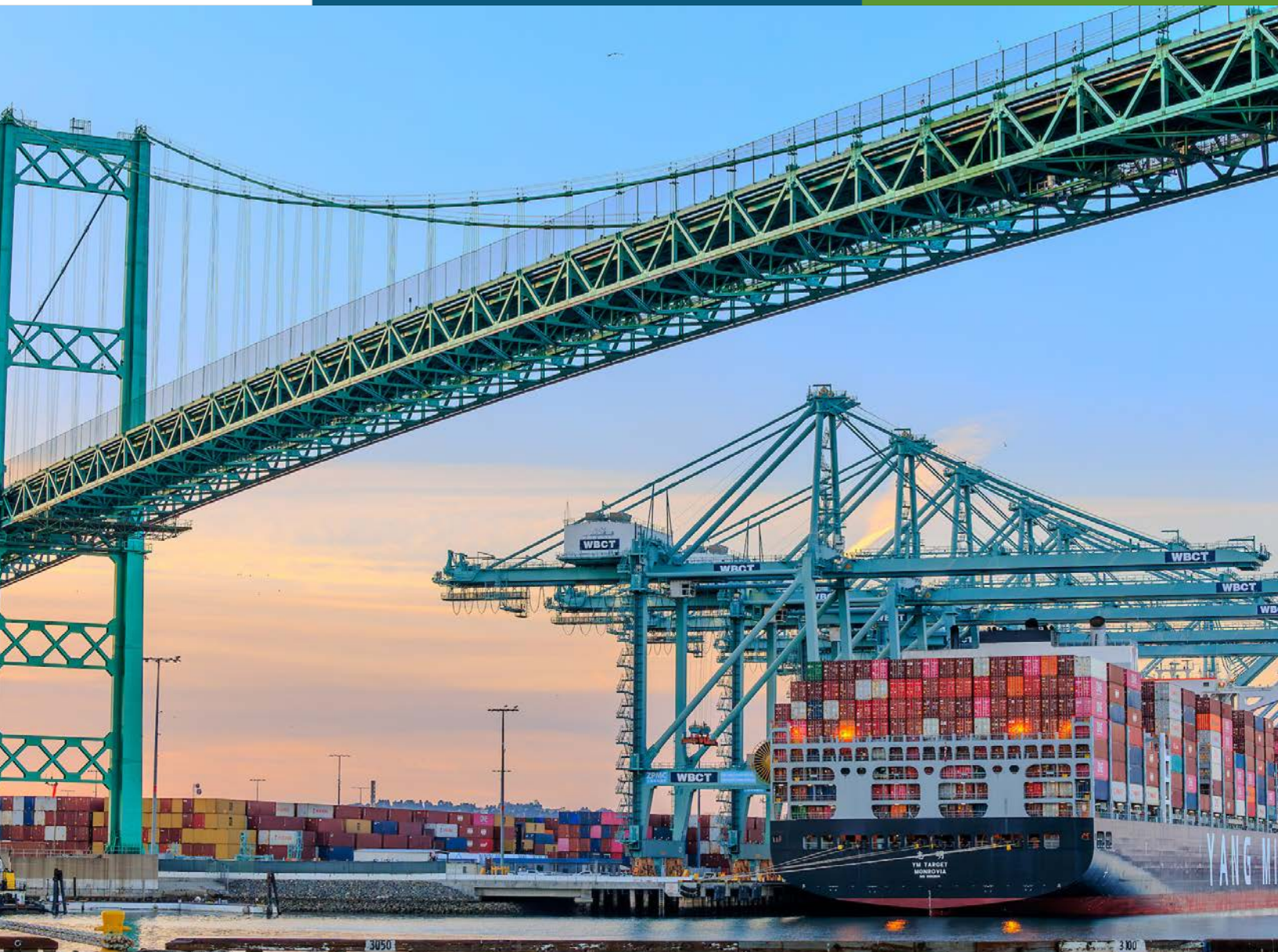
During the fiscal years ended June 30, 2025 and 2024, the Port reported capital contributions of \$15.1 million and \$54.3 million, respectively, for certain capital construction grant projects.

**18. Cash Funding of Reserve Fund**

As of June 30, 2025 and 2024, the Port had \$326.7 million and \$532.0 million of outstanding parity bonds (including net unamortized premiums). The Port holds cash reserves for each Indenture of the outstanding bonds. 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, 2025 and 2024, the balance in the Common Reserve fund totaled \$0.1 million and \$37.3 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.

# 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 <sup>(1)</sup>	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
					of Covered Payroll	Total Pension Liability
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%
2025	2024	3.595%	264,163	88,313	299.12%	72.26%

(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 <sup>(2)</sup>	Share of Net Pension Liability/ (Assets) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
					Percentage of Covered Payroll	Total Pension Liability
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%
2025	2024	2.045%	(5,223)	18,135	-28.80%	103.79%

(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)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 28,665	\$ 26,737	\$ 25,751	\$ 23,421	\$ 21,176	\$ 19,284	\$ 18,050	\$ 17,317	\$ 17,582	\$ 17,557
Contributions in relation to the actuarially determined contribution	28,665	26,737	25,751	23,421	21,176	19,284	18,050	17,317	17,582	17,557
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Port's covered payroll	\$ 105,629	\$ 97,146	\$ 84,932	\$ 81,205	\$ 87,461	\$ 83,080	\$ 77,954	\$ 77,580	\$ 76,204	\$ 75,092
Contributions as a percentage of covered payroll	27.14%	27.52%	30.32%	28.84%	24.21%	23.21%	23.15%	22.32%	23.07%	23.38%

**Los Angeles Fire and Police Pension Plan (LAFPP)**

(Amount in thousands)	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	\$ 4,354	\$ 3,821	\$ 4,409	\$ 4,637	\$ 4,300	\$ 4,052	\$ 3,883	\$ 3,645	\$ 3,716	\$ 3,462
Contributions in relation to the actuarially determined contribution	4,354	3,821	4,409	4,637	4,300	4,052	3,883	3,645	3,716	3,462
Contribution deficiency (excess)	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Port's covered payroll	\$ 16,822	\$ 18,135	\$ 16,874	\$ 16,554	\$ 15,758	\$ 15,462	\$ 14,584	\$ 14,168	\$ 13,541	\$ 12,184
Contributions as a percentage of covered payroll	25.88%	21.07%	26.13%	28.01%	27.29%	26.21%	26.63%	25.73%	27.44%	28.41%

See Note to Schedule on page 117.

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

Required Supplementary Information

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

For the Fiscal Year Ended June 30, 2025

(Unaudited)

**Los Angeles City Employees' Retirement System (LACERS)**

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

*Changes of assumptions:* There were no changes in assumptions.

**Los Angeles Fire and Police Pension Plan (LAFPP)**

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

*Changes of assumptions:* There were no 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 <sup>(2)</sup>

(\$ 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 <sup>(1)</sup>	Proportionate	Plan Fiduciary
					OPEB Liability/ (Assets) as a Percentage of Covered Payroll	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%
2025	2024	3.528%	(7,974)	88,313	-9.03%	106.33%

**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 <sup>(1)</sup>	Proportionate	Plan Fiduciary
					OPEB Liability/ (Assets) as a Percentage of Covered Payroll	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%
2025	2024	0.114%	(933)	18,135	-5.14%	103.96%

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

(2) 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 <sup>(1)</sup>

(\$ In Thousands)

(Unaudited)

**Los Angeles City Employees' Retirement System (LACERS)**

(Amount in thousands)	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 3,165	\$ 3,525	\$ 3,361	\$ 3,571	\$ 3,863	\$ 3,823	\$ 4,011
Contributions in relation to the actuarially determined contribution	3,165	3,525	3,361	3,571	3,863	3,823	4,011
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Port's covered employee payroll	\$ 105,629	\$ 97,146	\$ 84,932	\$ 81,205	\$ 87,461	\$ 83,080	\$ 77,954
Contributions as a percentage of covered employee payroll	3.00%	3.63%	3.96%	4.40%	4.42%	4.60%	5.15%

**Los Angeles Fire and Police Pension Plan (LAFPP)**

(Amount in thousands)	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 1,226	\$ 1,076	\$ 1,242	\$ 306	\$ 1,211	\$ 1,131	\$ 1,084
Contributions in relation to the actuarially determined contribution	1,226	1,076	1,242	306	1,211	1,131	1,084
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Port's covered employee payroll	\$ 16,822	\$ 18,135	\$ 16,874	\$ 16,554	\$ 15,758	\$ 15,462	\$ 14,584
Contributions as a percentage of covered employee payroll	7.29%	5.93%	7.36%	1.85%	7.68%	7.31%	7.43%

<sup>(1)</sup> 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

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

For the Fiscal Year Ended June 30, 2025

(Unaudited)

**Los Angeles City Employees' Retirement System (LACERS)**

---

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

*Changes of assumptions:* Updates were made to the valuation year starting costs and future trend rates. These changes increased the Total OPEB Liability.

**Los Angeles Fire and Police Pension Plan (LAFPP)**

---

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

*Changes of assumptions:* Updates were made to the valuation year starting costs and future trend rates. These changes increased the Total OPEB Liability.

# Statistical Section



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

Statistical Section

For the Fiscal Year Ended June 30, 2025

(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.

Summary of Revenues, Expenses, and Changes in Net Position ..... 122

**Revenue Capacity**

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

Revenue Statistics ..... 123  
Top Ten Individual Sources of Revenue by Alphabetical Order..... 124

**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.

Summary of Debt Service Coverage (Pledged Revenue)..... 125  
Ratios of Total Outstanding Debts to Personal Income and Per Capita ..... 126

**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.

Demographic and Economic Statistics for the City of Los Angeles..... 127

**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.

Operating Information ..... 128  
Principal Employers in the Los Angeles County ..... 129

**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)

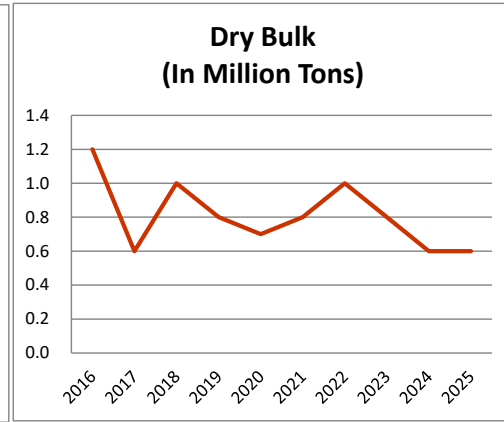
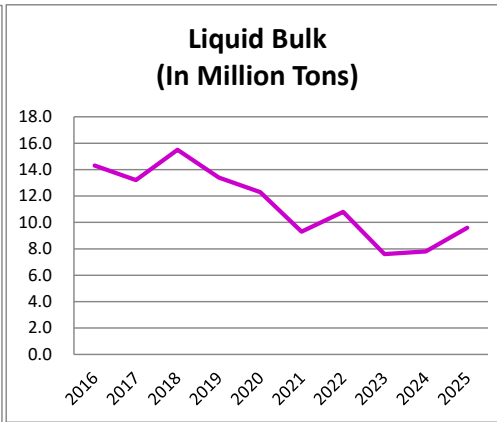
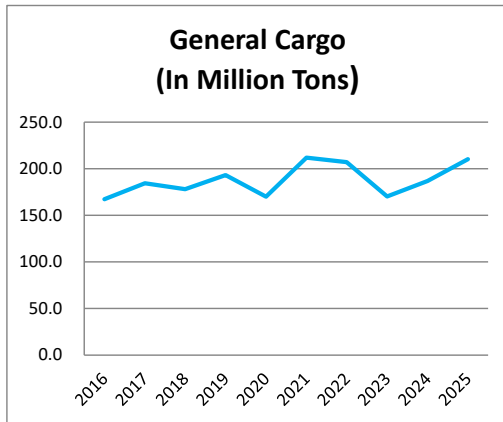
(Unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	(Restated) 2024	2025
Operating revenues										
Shipping services	\$ 368,470	\$ 398,255	\$ 405,279	\$ 410,328	\$ 369,565	\$ 463,849	\$ 485,842	\$ 448,008	\$ 512,465	\$ 540,307
Rentals	46,571	51,258	61,419	65,965	73,103	78,181	86,837	117,290	116,748	117,926
Royalties, fees, and other operating revenues	21,085	25,019	24,062	30,134	24,998	27,683	55,163	91,102	77,827	140,453
Total operating revenues	436,126	474,532	490,760	506,427	467,666	569,713	627,842	656,400	707,040	798,686
Operating expenses										
Salaries and benefits	114,719	118,582	121,533	123,058	145,826	146,200	122,410	141,735	149,086	160,216
Marketing and public relations	2,567	2,583	2,784	2,510	2,388	1,372	2,101	2,710	3,279	3,220
Outside services	28,970	25,022	29,904	33,418	31,815	26,219	27,864	33,332	33,817	39,953
Materials and supplies	6,340	5,314	6,960	6,593	5,672	4,517	5,106	5,974	6,438	6,884
City services	37,421	39,554	42,749	45,223	48,366	45,876	45,531	47,823	45,145	52,101
Other operating expenses	36,244	36,620	33,025	29,625	39,503	48,799	50,888	67,846	52,770	84,016
Total operating expenses before depreciation	226,261	227,675	236,955	240,427	273,570	272,983	253,900	299,420	290,535	346,390
Operating Income before depreciation and amortization	209,865	246,857	253,805	266,000	194,096	296,730	373,942	356,980	416,505	452,296
Depreciation and amortization	163,933	172,895	167,984	161,977	158,613	154,295	147,569	194,869	149,883	152,673
Operating Income	45,932	73,962	85,821	104,023	35,483	142,435	226,373	162,111	266,622	299,623
Nonoperating revenues (expenses)										
Income from investments in Joint Powers										
Authorities	2,544	2,162	2,001	2,596	2,461	2,243	1,513	1,888	2,141	2,538
Investment income (loss) - net	9,326	1,118	618	32,804	39,643	(2,656)	(47,744)	4,538	37,192	94,060
Interest expense	(507)	(604)	(1,612)	(1,290)	(24,707)	(21,773)	(19,037)	(17,837)	(17,712)	(10,360)
Other income and expenses, net	(3,851)	(1,146)	1,999	27,151	2,025	9,240	(5,125)	15,756	14,601	24,038
Net nonoperating revenues (expenses)	7,512	1,530	3,006	61,261	19,422	(12,946)	(70,393)	4,345	36,222	110,276
Income before capital contributions	53,444	75,492	88,827	165,284	54,905	129,489	155,980	166,456	302,844	409,899
Capital contributions	40,489	18,801	4,524	3,523	3,440	7,116	11,906	43,505	54,252	15,098
Special and extraordinary items	5,123	9,150	--	--	--	--	--	--	--	--
Changes in net position	99,056	103,443	93,351	168,807	58,345	136,605	167,886	209,961	357,096	424,997
Total net position – beginning 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	4,433,571
Cumulative effect of change in accounting principle	--	--	(23,878)	--	--	--	--	--	--	--
Net position July 1, restated	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	4,433,571
Total net position – end of year	\$ 3,161,955	\$ 3,265,398	\$ 3,334,871	\$ 3,503,678	\$ 3,562,023	\$ 3,698,628	\$ 3,866,514	\$ 4,076,475	\$ 4,433,571	\$ 4,858,568
Net position:										
Net investment in capital assets	\$ 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	\$ 3,335,755
Restricted	66,599	62,255	62,230	63,348	42,281	42,435	37,452	100,875	181,276	247,137
Unrestricted	149,944	230,701	308,088	486,313	540,474	638,891	764,162	917,902	1,111,462	1,275,676
Total net position	\$ 3,161,955	\$ 3,265,398	\$ 3,334,871	\$ 3,503,678	\$ 3,562,023	\$ 3,698,628	\$ 3,866,514	\$ 4,076,475	\$ 4,433,571	\$ 4,858,568

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

Revenue Statistics  
Last Ten Fiscal Years  
(Unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Revenue Information</b>										
Revenue Rates										
General cargo tariff rate	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.25	\$ 6.69	\$ 7.10	\$ 7.36
Basic dockage (600')	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,640	2,804	2,905
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)	8.4	9.2	9.2	9.7	8.6	10.9	10.7	8.6	9.2	10.5
Inbound tonnage (million tons)	105.6	105.8	103.0	113.8	99.8	113.6	113.4	90.7	99.0	115.0
Outbound tonnage (million tons)	79.3	92.4	88.3	97.4	84.2	102.1	109.3	87.8	90.5	105.9
Revenue tons (million)										
General cargo	167.3	184.3	178.0	193.1	170.1	211.9	207.0	170.2	186.8	210.3
Liquid bulk	14.3	13.2	15.5	13.4	12.3	9.3	10.8	7.6	7.8	9.6
Dry bulk	1.2	0.6	1.0	0.8	0.7	0.8	1.0	0.8	0.6	0.6
Total revenue tons (million)	<u>182.8</u>	<u>198.1</u>	<u>194.5</u>	<u>207.3</u>	<u>183.1</u>	<u>222.0</u>	<u>218.8</u>	<u>178.6</u>	<u>195.2</u>	<u>220.5</u>



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

Top Ten Individual Sources of Revenue by Alphabetical Order  
Fiscal Year 2025 and Fiscal Year 2016  
(Unaudited)

<b>Fiscal Year 2025</b>	<b>Fiscal Year 2016</b>
APM Terminals Pacific, Ltd.	APM Terminals Pacific, Ltd.
China Shipping Holding Company, Ltd.	China Shipping Holding Company, Ltd.
Everport Terminal Services, Inc.	Eagle Marine Services, Ltd. <sup>(1)</sup>
Fenix Marine Services, Ltd. <sup>(1)</sup>	Everport Terminal Services, Inc.
LA Til Terminal LLC	Rio Doce Pasha Terminal, LP
Ports America Cruise, Inc.	TraPac, LLC
TraPac, LLC	Union Pacific Railroad Company
Union Pacific Railroad Company	WWL Vehicle Services Americas, Inc.
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.

<sup>(1)</sup> 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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>(Restated) 2024</u>	<u>2025</u>
Total revenues (1)	\$ 452,398	\$ 487,806	\$ 501,663	\$ 578,794	\$ 524,346	\$ 586,039	\$ 665,857	\$ 706,407	\$ 761,361	\$ 920,682
Operating expenses (2)	<u>226,261</u>	<u>227,675</u>	<u>236,955</u>	<u>240,427</u>	<u>273,570</u>	<u>272,983</u>	<u>253,900</u>	<u>299,420</u>	<u>290,535</u>	<u>346,390</u>
Net available revenue	<u>\$ 226,137</u>	<u>\$ 260,131</u>	<u>\$ 264,708</u>	<u>\$ 338,367</u>	<u>\$ 250,776</u>	<u>\$ 313,056</u>	<u>\$ 411,957</u>	<u>\$ 406,987</u>	<u>\$ 470,826</u>	<u>\$ 574,292</u>
Debt service, revenue bonds	<u>\$ 91,831</u>	<u>\$ 87,570</u>	<u>\$ 80,147</u>	<u>\$ 84,884</u>	<u>\$ 84,288</u>	<u>\$ 79,070</u>	<u>\$ 118,968</u>	<u>\$ 67,377</u>	<u>\$ 68,447</u>	<u>\$ 166,941</u>
Total debt service on parity obligations (3)	<u>\$ 91,831</u>	<u>\$ 87,570</u>	<u>\$ 80,147</u>	<u>\$ 84,884</u>	<u>\$ 84,288</u>	<u>\$ 79,070</u>	<u>\$ 118,968</u>	<u>\$ 67,377</u>	<u>\$ 68,447</u>	<u>\$ 166,941</u>
Net available revenue coverage	2.5	3.0	3.3	4.0	3.0	4.0	3.5	6.0	6.9	3.4
Net cash flow from operations	\$ 184,869	\$ 274,581	\$ 228,920	\$ 254,978	\$ 237,631	\$ 262,722	\$ 358,235	\$ 327,754	\$ 441,701	\$ 498,223
Net operating cash flow coverage	2.0	3.1	2.9	3.0	2.8	3.3	3.0	4.9	6.5	3.0

(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)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Outstanding Revenue Bonds <sup>(1)</sup>	\$ 1,008,322	\$ 969,343	\$ 922,433	\$ 870,060	\$ 788,489	\$ 731,357	\$ 631,726	\$ 582,414	\$ 531,995	\$ 326,739
Lease Liability	—	—	—	—	—	1,164	506	1,279	1,148	636
Subscription Liability	—	—	—	—	—	—	2,277	1,546	740	2,804
Total Outstanding Debts (\$000's)	<u>\$ 1,008,322</u>	<u>\$ 969,343</u>	<u>\$ 922,433</u>	<u>\$ 870,060</u>	<u>\$ 788,489</u>	<u>\$ 732,521</u>	<u>\$ 634,509</u>	<u>\$ 585,239</u>	<u>\$ 533,883</u>	<u>\$ 330,179</u>
Total Outstanding Debts Per Capita <sup>(2)</sup>	\$ 252.13	\$ 239.84	\$ 227.51	\$ 215.36	\$ 196.60	\$ 186.71	\$ 166.12	\$ 155.40	\$ 139.97	\$ 86.09
Percentage of Total Personal Income <sup>(3)</sup>	0.17%	0.16%	0.15%	0.13%	0.12%	0.10%	0.09%	0.08%	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)

<b>Year</b>	<b>Estimated Population <sup>(1)</sup></b>	<b>Personal Income (\$000s) <sup>(2)</sup></b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Median Age <sup>(3)</sup></b>	<b>Public School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
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	76,445	37.1	429,349	5.3
2023	3,766,109	756,659,481	78,302	37.9	419,749	5.5
2024	3,814,318	N/A	N/A	37.2	408,083	5.9
2025	3,835,263	N/A	N/A	37.5	391,588	6.0

(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.

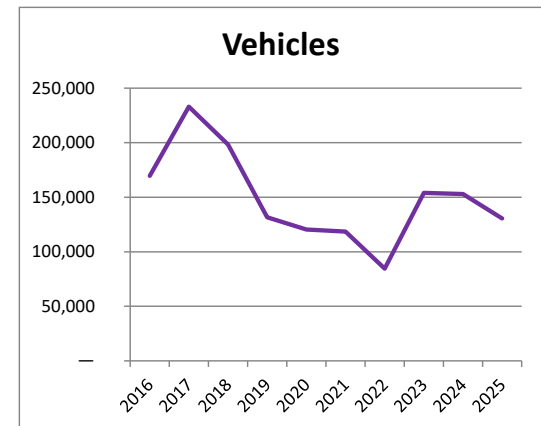
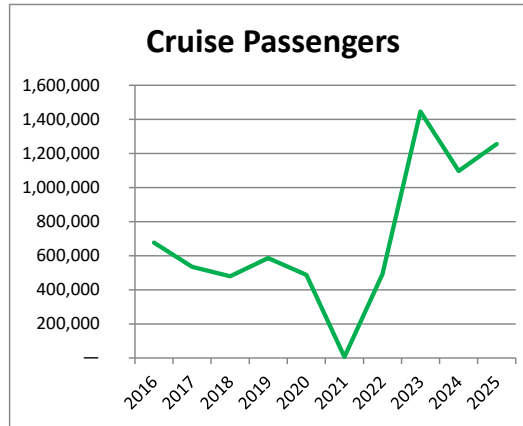
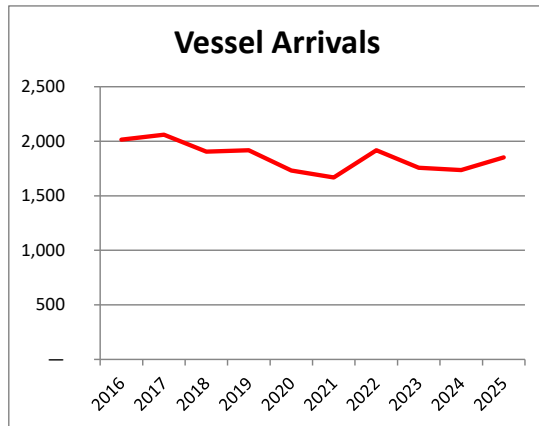
(5) Obtained from California Employment Development Department for City of Los Angeles, not seasonally adjusted.

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)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
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	2,014	2,060	1,904	1,917	1,731	1,668	1,917	1,757	1,735	1,852
Cruise passengers	676,644	534,484	479,388	586,783	487,013	6,221	490,978	1,445,613	1,097,019	1,255,436
Vehicles	169,561	233,013	198,326	131,553	120,506	118,517	84,553	153,951	152,877	130,599
Full time employees	906	883	884	880	910	912	834	847	874	874



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

Principal Employers in the Los Angeles County <sup>(1)</sup>  
FY 2025 and FY 2016  
(Unaudited)

Employer	2025			2016		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Kaiser Permanente	47,897	1	0.9 %	36,987	1	0.7 %
University of Southern California	25,741	2	0.5	18,971	2	0.4
Cedars-Sinai Medical Center	18,087	3	0.4	11,625	10	0.2
Northrop Grumman Corp.	16,600	4	0.3	16,619	3	0.3
Walt Disney Co.	13,400	5	0.3	12,500	8	0.2
NBC Universal	13,000	6	0.3	—	—	—
UPS	12,000	7	0.2	—	—	—
Providence Health & Services Southern California	11,500	8	0.2	13,000	7	0.3
Home Depot	11,000	9	0.2	—	—	—
Target Corp.	11,000	10	0.2	15,000	4	0.3
Ralphs/Food 4 Less (Kroger Co. Division)	—	—	—	13,500	5	0.3
Bank of America Corp.	—	—	—	13,000	6	0.3
Albertsons/Vons/Pavilions	—	—	—	12,400	9	0.2
	—	—	—	—	—	—
All Others	<u>4,929,575</u>	—	<u>96.5</u>	<u>4,877,798</u>	—	<u>96.8</u>
Total <sup>(2)</sup>	<u>5,109,800</u>		<u>100.0 %</u>	<u>5,041,400</u>		<u>100.0 %</u>

<sup>(1)</sup> 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.

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

# Other Report



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles, California) (the "Port"), and Enterprise Fund of the City of Los Angeles (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, and have issued our report thereon dated January 21, 2026.

### **Report on Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a significant deficiency.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Port's Response to Findings**

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

## **Purpose of this Report**

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

*Baker Tilly US, LLP*

El Segundo, California  
January 21, 2026