



AUDIT COMMITTEE

Report to the
Board of Harbor Commissioners

“FOR INFORMATION ONLY”

DATE: SEPTEMBER 20, 2022

TO: BOARD OF HARBOR COMMISSIONERS

**SUBJECT: FINANCIAL PERFORMANCE RESULTS FOR
FISCAL YEAR 2022/23 ENDED AUGUST 31, 2022**

Financial performance results for the first two months of the Fiscal Year 2022/23 are below and have been summarized relative to both budget and the prior fiscal year. For the month of August, cargo volumes (as measured by TEUs or twenty-foot equivalent units) decreased by 0.02% relative to budget and 5.66% relative to the prior fiscal year. In summary, performance results for the Harbor Department are as follows:

FYTD August 2022	Actuals (Cargo Volumes in Thousands, \$ in Millions)	Actual-to- Budget Comparison	Year-on-Year Comparison
Cargo Volumes	1,741	↓ (0.0%)	↓ (5.7%)
Operating Revenues	\$110.4	↑ 1.1%	↑ 3.5%
Operating Expenses	\$36.7	↓ (31.9%)	↓ (6.5%)
Operating Income	\$73.6	↑ 33.3%	↑ 9.3%
Net Income	\$48.3	↑ 138.8%	↑ 67.1%

Shipping Services increased relative to both budget and the prior fiscal year primarily due to a higher demand in space assignments. Relative to budget, Operating Revenues increased by 1.1% due to higher Harbor Maintenance Tax receipts and higher space assignments, which were partially offset by delays in recording Clean Truck Program fees and utility reimbursements, as well as, lower one-time operating reimbursements, lower rentals, and lower parking fees. In comparison to the prior fiscal year, total Operating Revenues increased by 3.5% due to higher Harbor Maintenance Tax receipts, higher space assignments, and higher Clean Truck Program collections, which were only partially offset by lower wharfage and delays in recording utility reimbursements.

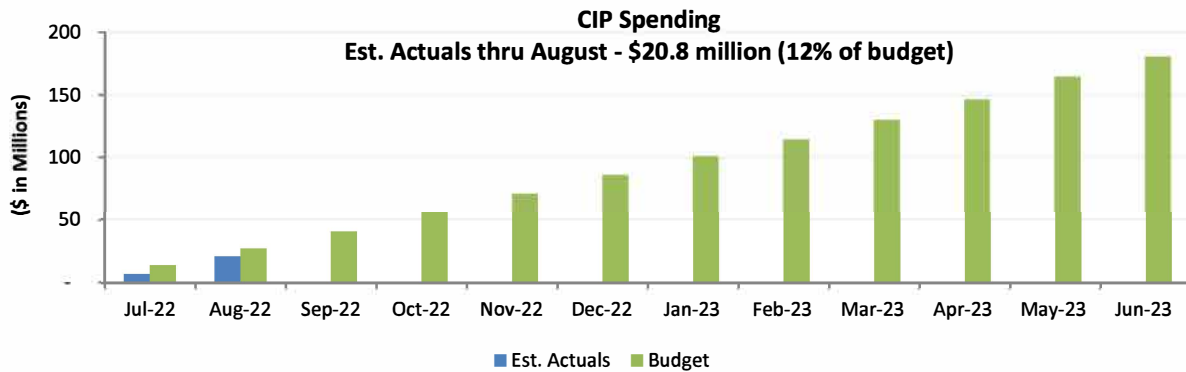
SUBJECT: FINANCIAL PERFORMANCE RESULTS

Operating Expenses were 31.9% lower than budget primarily due to lower salaries and benefits, delays in recording electricity expenses, lower outside services, higher insurance expense transferred to prepaid insurance, and lower Clean Truck Program expenses. Relative to the prior fiscal year, total Operating Expenses decreased by 6.5% as delays in recording electricity expenses were only partially offset by lower overhead allocations, lower outside services and lower city services.

Operating margin for the month of August was 66.7% versus a budget of 50.6% and a prior year figure of 63.2%.

Capital Improvement Program (CIP)

CIP spending for the two-month period ended August 31, 2022 was estimated to reach \$20.8 million or about 12% of the total \$180.5 million CIP adopted budget. At this early stage in the fiscal year, the Harbor Department currently expects to stay within the CIP adopted budget through fiscal year-end.



Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director & Chief Financial Officer

Transmittals:

1. TEU Throughput Comparison – FYTD August 2022
2. Actual-to-Budget FY 2022/23 – August
3. Year-to-Year Performance Report YTD August 31, 2022 and 2021

Author: E. Estrada

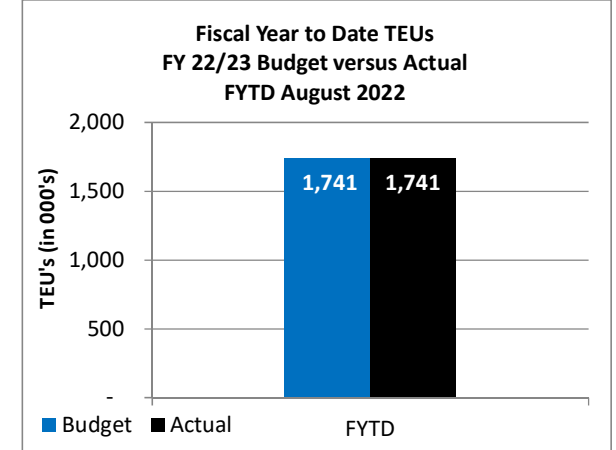
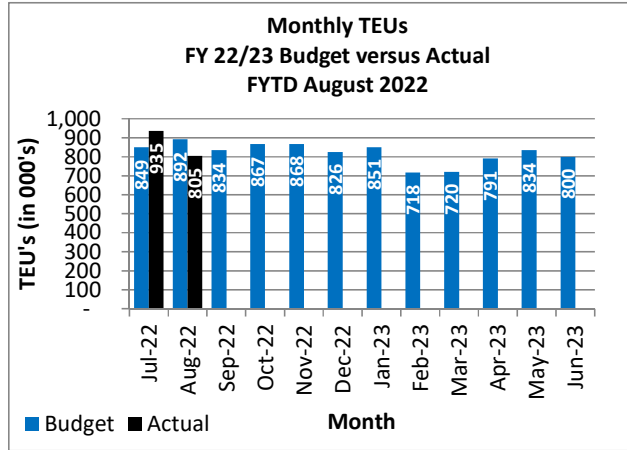
MB:JS:MM/Finance
cc: Deputy Executive Directors

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES
TEU THROUGHPUT COMPARISON - FYTD AUGUST 2022

TRANSMITTAL 1

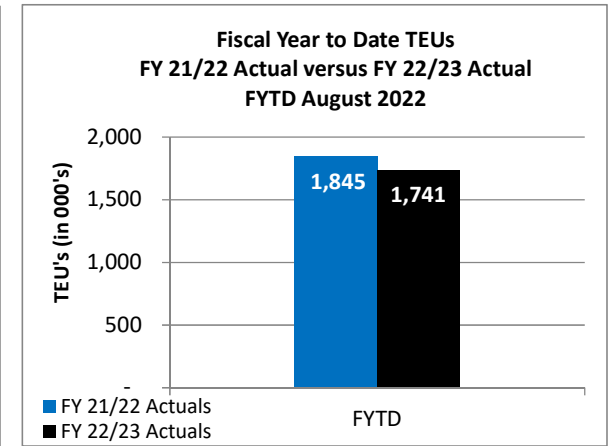
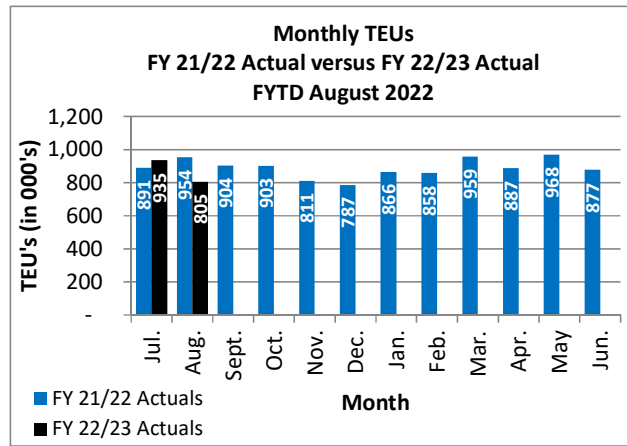
Budget versus Actuals Comparison
FY 22/23 Budget vs. FY 22/23 Actuals

(in 000's)	TEU's			
Month	FY 22/23 Budget	FY 22/23 Actuals	% Δ	Δ
Jul-22	849	935	10.2%	↑
Aug-22	892	805	-9.7%	↓
Sep-22	834			
Oct-22	867			
Nov-22	868			
Dec-22	826			
Jan-23	851			
Feb-23	718			
Mar-23	720			
Apr-23	791			
May-23	834			
Jun-23	800			
FYTD	1,741	1,741	0.0%	↓
FY 22/23 Budget	9,850			



Year-to-Year Actuals Comparison
FY 21/22 Actuals vs. FY 22/23 Actuals

(in 000's)	TEU's			
Month	FY 21/22 Actuals	FY 22/23 Actuals	% Δ	Δ
Jul.	891	935	5.0%	↑
Aug.	954	805	-15.6%	↓
Sept.	904			
Oct.	903			
Nov.	811			
Dec.	787			
Jan.	866			
Feb.	858			
Mar.	959			
Apr.	887			
May	968			
Jun.	877			
FYTD	1,845	1,741	-5.7%	↓
FY 21/22 Actuals	10,664			



\$ in thousands	Fiscal Year Actual	Fiscal Year Budget	Actual-to-Budget	
	FY 2022/23	FY 2022/23	Comparison	
	Fiscal YTD - August 2022	Fiscal YTD - August 2022	(Unfavorable)/Favorable	
			\$	%
Operating Revenues				
Shipping Services	82,083	76,466	5,617	7.3%
Rentals	16,730	17,853	(1,123)	(6.3%)
Royalties, Fees and Other Revenues	7,383	6,933	450	6.5%
Clean Truck Program Revenues	4,172	7,950	(3,777)	(47.5%)
Total Operating Revenues	110,368	109,202	1,165	1.1%
Operating Expenses				
Gross Salaries & Benefits	25,112	30,272	5,159	17.0%
Capitalization	(4,115)	(2,800)	1,315	(47.0%)
Net Salaries & Benefits	20,997	27,471	6,475	23.6%
Marketing & Public Relations	514	303	(211)	(69.4%)
Travel	96	163	66	40.8%
Outside Services	2,641	5,567	2,926	52.6%
Materials & Supplies	783	760	(23)	(3.0%)
City Services	9,779	10,360	581	5.6%
Allocations to Capital - Overhead		(3,246)	(3,246)	100.0%
Other Operating Expenses	1,834	10,179	8,345	82.0%
Clean Truck Program Expenses	80	2,400	2,320	96.7%
Total Operating Expenses	36,724	53,957	17,233	31.9%
Income Before Depreciation	73,643	55,245	18,398	33.3%
Provision For Depreciation	25,824	26,708	884	3.3%
Income From Operations	47,820	28,537	19,283	67.6%
Non-Operating Revenue	3,475	7,929	(4,454)	(56.2%)
Non-Operating Expenses	3,035	16,255	13,221	81.3%
Net Income	48,260	20,211	28,049	138.8%

\$ in thousands	Current Fiscal Year	Prior Fiscal Year	Year-over-Year Change		
	FY 2022/23	FY 2021/22	(Unfavorable)/Favorable		
	Fiscal YTD - August 2022	Fiscal YTD - August 2021	\$	%	
Operating Revenues					
Shipping Services	82,083	86,292	(4,209)	(4.9%)	
Rentals	16,730	15,613	1,116	7.2%	
Royalties, Fees and Other Revenues	7,383	4,183	3,200	76.5%	
Clean Truck Program Revenues	4,172	570	3,603	632.2%	
Total Operating Revenues	110,368	106,658	3,710	3.5%	
Operating Expenses					
Gross Salaries & Benefits	25,112	25,697	585	2.3%	
Capitalization	(4,115)	(3,823)	292	(7.6%)	
Net Salaries & Benefits	20,997	21,873	877	4.0%	
Marketing & Public Relations	514	260	(255)	(98.1%)	
Travel	96	49	(47)	(94.8%)	
Outside Services	2,641	2,070	(571)	(27.6%)	
Materials & Supplies	783	597	(186)	(31.2%)	
City Services	9,779	9,354	(425)	(4.5%)	
Other Operating Expenses	1,834	4,803	2,968	61.8%	
Clean Truck Program Expenses	80	258	178	69.0%	
Total Operating Expenses	36,724	39,264	2,539	6.5%	
Income Before Depreciation	73,643	67,394	6,249	9.3%	
Provision For Depreciation	25,824	14,731	(11,093)	(75.3%)	
Income From Operations	47,820	52,663	(4,843)	(9.2%)	
Non-Operating Revenue	3,475	1,953	1,522	77.9%	
Non-Operating Expenses	3,035	25,730	22,695	88.2%	
Net Income	48,260	28,886	19,373	67.1%	