ANNUAL REPORT

for the Fiscal Year Ended June 30, 2019

Relating to:

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

Tax-Exempt Senior Lien Revenue Bonds, Series 1999A

Taxable Senior Lien Revenue Bonds, Series 1999C

Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A

Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B

Taxable Senior Lien Revenue Refunding Bonds, Series 2012

Tax Exempt Senior Lien Revenue Refunding Bonds, Series 2013A

Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A

and

Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B

Dated as of

March 30, 2020

TABLE OF CONTENTS

INTRODUCTION 1

Official Statements and Prior Reports 2

Disclaimers 2

DISCUSSION OF EVENTS 3

Recent Events 3

Listed Events 4

Notices Filed 4

FURTHER INFORMATION 5

AUTHORITY FINANCIAL AND OPERATING INFORMATION 6

PORT OF LOS ANGELES FINANCIAL AND OPERATING INFORMATION 19

PORT OF LONG BEACH FINANCIAL AND OPERATING INFORMATION 34

AUDITED FINANCIAL STATEMENTS 41

CERTIFICATION S-1

APPENDIX A: ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018 (WITH INDEPENDENT AUDITORS' REPORT THEREON)

APPENDIX B: PORT OF LOS ANGELES (HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES) COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018 (WITH INDEPENDENT AUDITOR'S REPORT THEREON)

INTRODUCTION

This Annual Report (this "Report"), including the cover page and appendices hereto, is being furnished by the Alameda Corridor Transportation Authority (the "Authority") on behalf of the parties to the Continuing Disclosure Certificates (as defined below) to provide updated financial and operating information of the Authority of the type included in the final official statements for the:

- $494,893,616.80 aggregate principal amount of Tax-Exempt Senior Lien Revenue Bonds, Series 1999A (the "1999A Bonds");
- $497,453,395.70 aggregate principal amount of Taxable Senior Lien Revenue Bonds, Series 1999C (the "1999C Bonds" and together with the 1999A Bonds, the "1999 Bonds" or the "1999 Authority Bonds");
- $475,292,386.40 aggregate principal amount of Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2004A (the "2004A Bonds");
- $210,731,702.85 aggregate principal amount of Taxable Subordinate Lien Revenue Refunding Bonds, Series 2004B (the "2004B Bonds," and together with the 2004A Bonds, the "2004 Bonds" or the "2004 Authority Bonds");
- $83,710,000 aggregate principal amount of Taxable Senior Lien Revenue Refunding Bonds, Series 2012 (the "2012 Bonds");
- $248,325,000 aggregate principal amount of Tax-Exempt Senior Lien Revenue Refunding Bonds, Series 2013A (the "2013A Bonds");
- $34,280,000 aggregate principal amount of Tax-Exempt Subordinate Lien Revenue Refunding Bonds, Series 2016A (the "2016A Bonds"); and
- $556,860,000 aggregate principal amount of Tax-Exempt Second Subordinate Lien Revenue Refunding Bonds, Series 2016B (the "2016B Bonds," and together with the 2016A Bonds, the "2016 Bonds").

The 1999A Bonds, the 1999C Bonds, the 2012 Bonds, and the 2013A Bonds are referred to herein as the "Senior Bonds." The 2004 Bonds and the 2016A Bonds are referred to herein as the "Subordinate Bonds." The 2016B Bonds are referred to herein as the "Second Subordinate Bonds". The Senior Bonds, Subordinate Bonds, and the Second Subordinate Bonds are referred to herein as the "Bonds."

This Report is provided pursuant to covenants made by the Authority, the City of Long Beach, acting by and through its Board of Harbor Commissioners ("POLB"), and the City of Los Angeles, acting by and through its Board of Harbor Commissioners ("POLA" and together with POLB, the "Ports") in connection with the issuance of: (i) the 1999A Bonds and the 1999C Bonds pursuant to that certain Continuing Disclosure Certificate of the Authority, POLA and POLB dated January 1, 1999 (the "1999 Continuing Disclosure Certificate"); (ii) the 2004 Bonds pursuant to that certain Continuing Disclosure Certificate of the Authority, POLA and POLB dated February 1, 2004 (the "2004 Continuing Disclosure Certificate" and together with the 1999 Continuing Disclosure Certificate, the "Pre-2013 Continuing Disclosure Certificates"); (iii) the 2013A Bonds pursuant to that certain Continuing Disclosure Certificate of the Authority, POLA and POLB dated February 12, 2013 (the "2013 Continuing Disclosure Certificate"); and (iv) the 2016 Bonds pursuant to that certain Continuing Disclosure Certificate of the Authority, POLA and POLB dated May 24, 2016 (the "2016 Continuing Disclosure Certificate") (collectively, the "Continuing Disclosure Certificates").

The covenants made by the Authority, POLA and POLB to provide annually certain financial information and operating data and to provide notice of certain enumerated events vary among the Continuing Disclosure Certificates. Additionally, subsequent to the issuance of the 1999 Bonds and the

2004 Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides for inclusion in this Report, certain financial information and operating data in a form different than was provided in the 1999 Official Statement and the 2004 Official Statement (each as defined below). For each table or incorporation by reference of financial information or operating data provided in this Report a footnote has been provided to identify the Continuing Disclosure Certificate pursuant to which the information is provided and, where applicable, a reference to the specific table in which the information is provided.

Official Statements and Prior Reports

For further information and a more complete description of the Authority, POLA, POLB and the Bonds, reference is made to the Official Statement for the 1999A Bonds (the "1999A Official Statement"), the Official Statement for the 1999C Bonds (the "1999C Official Statement", and together with the 1999A Official Statement, the "1999 Official Statements"), the Official Statement for the 2004 Bonds (the "2004 Official Statement"), the Official Statement for the 2013A Bonds (the "2013A Official Statement"), the Official Statement for the 2016 Bonds (the "2016 Official Statement" and together with the 1999 Official Statements, the 2004 Official Statement, and the 2013A Official Statement, the "Official Statements") and the Authority's previous Annual Continuing Disclosure Reports for the fiscal years ended June 30, 1999 through June 30, 2018 (the "Prior Reports"), respectively, all of which speak only as of their respective dates. Capitalized terms used but not defined herein have the meanings given to them in the Official Statements and the Continuing Disclosure Certificates.

Disclaimers

To the extent the Authority provides information herein that the Authority is not obligated to present or update, the Authority is not obligated to present or update such information in future annual reports. Except as set forth herein, the Authority has not updated any information contained in the Prior Reports.

Investors are advised to refer to the Official Statements for information concerning the initial issuance of and security for the Bonds. THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY AND, EXCEPT AS DESCRIBED IN THE OFFICIAL STATEMENTS, ARE PAYABLE SOLELY FROM AND ARE SECURED BY A LIEN ON THE TRUST ESTATE. THE BONDS ARE NOT OBLIGATIONS OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OF CALIFORNIA AND ARE NOT OBLIGATIONS OF THE CITY OF LONG BEACH OR THE CITY OF LOS ANGELES (TOGETHER, THE "CITIES"), THE PORTS OR THE RAILROADS (AS DEFINED BELOW). THE PROJECTS DESCRIBED IN THE OFFICIAL STATEMENTS ARE NOT SECURITY FOR THE BONDS, AND THE BONDS ARE NOT SECURED BY A LIEN ON ANY PROPERTIES OR IMPROVEMENTS OF THE AUTHORITY, THE CITIES THE PORTS OR THE RAILROADS OR BY A PLEDGE OF ANY REVENUES OF THE CITIES, THE PORTS OR THE RAILROADS.

By providing the information herein, the Authority does not imply or represent (a) that all information provided herein is material to investors' decisions regarding investment in the Bonds, (b) the completeness or accuracy of any financial, operational or other information not included herein or in the Official Statements, (c) that no changes, circumstances or events have occurred since June 30, 2019 (other than as contained herein), or (d) that no other information exists which may have a bearing on the Authority's financial condition, the security for the Bonds or an investor's decision to buy, sell or hold the Bonds.

The information set forth herein and incorporated hereby has been furnished by the Authority and the Ports and is believed to be accurate and reliable but is not guaranteed as to accuracy or completeness.

Statements contained in or incorporated by this Report which involve estimates, forecasts or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, expressions of opinion contained herein or incorporated hereby are subject to change without notice and the delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the Authority or the Ports. The Authority, POLA and POLB are each relying upon, and have not independently confirmed or verified, the accuracy or completeness of information provided by the others or other information incorporated by reference therein. This presentation does not constitute a recommendation or an offer or solicitation for the purchase or sale of any security or other financial instrument, including the Authority's securities, or to adopt any investment strategy. Any offer or solicitation with respect to the Authority's securities will be made solely by means of an official statement of the Authority related to such securities, which describes the actual terms of the Authority's securities. Nothing in these materials constitutes a commitment by the Authority to enter into any transaction. No assurance can be given that any transaction mentioned herein could in fact be executed.

No statement contained herein should be construed as a prediction or representation about future financial performance of the Authority or the Ports. Historical results presented herein may not be indicative of future operating results.

DISCUSSION OF EVENTS

Recent Events

Executive Management

The Authority's Board has appointed Michael Leue as the new Chief Executive Officer. Mr. Leue has a working knowledge of the San Pedro Bay Rail complex and railroad industry, and has a 40-year career in port and railroad engineering and executive experience at Fortune 500 companies, most recently having worked at AECOM and Parsons Transportation. While employed in the private sector, Mr. Leue also worked on rail operations planning and engineering on the Corridor since the early 1990's. Additionally, the Authority's Chief Financial Officer James Preusch has announced his planned retirement and the Authority's Board is conducting a search for Mr. Preusch's successor. See "– Notices Filed".

Coronavirus

The outbreak of a new strain of coronavirus (also known as COVID-19), which has caused respiratory diseases in China and spread to other countries, including the United States, has been declared a pandemic by the World Health Organization and a Local Health Emergency by the County of Los Angeles. To address this pandemic, governors and other public officials have issued orders such as California Governor Gavin Newsom's Executive Order N-33-20, requiring numerous businesses to curtail operations and individuals within the State to significantly limit interaction with other people. The outbreak has had a negative impact on the world economy, generally, and on the global supply chain, specifically, including numerous, ongoing factory closures in China, which has in-turn led to higher-than-normal cancellations of ships coming from China to the Port of Los Angeles and the Port of Long Beach (the "Ports") and other reductions in traffic at the Ports. China is the number one source of inbound cargo at the Ports. As such, reductions in inbound cargo at the Ports can be expected to reduce traffic along the Corridor, and result in reduced TEU counts (twenty-foot-long containers or equivalent units). This may in turn result in reduced revenues for the Authority.

POLA indicates that calendar year 2020 through February 2020 container volumes have decreased approximately 13.3% as compared to the same period in calendar year 2019, and fiscal year 2020 through February 2020 (July – February) container volumes have decreased approximately 8.3% as compared to the same period in fiscal year 2019. POLB indicates that calendar year 2020 through February 2020 container volumes have decreased approximately 7.1% as compared to the same period in calendar year 2019, and fiscal year 2020 through February 2020 (October – February) container volumes have decreased approximately 6.1% as compared to the same period in fiscal year 2019. While information has not yet been compiled for March 2020, since February 2020 markets have seen significant increased volatility.

As of the date of this report and based upon ACTA's monthly financial cash flow modeling, so long as San Pedro Bay Port TEU volume for the period March – August 2020 remains at or above 50% of the TEU volume of 2019 on a month over month basis, no Shortfall Advance would be required for ACTA's April 1 or October 1, 2020 debt service payments. This projection is tentative and subject to a number of assumptions. The Authority cannot predict (i) the duration of the factory closures in China and the resulting decrease in the number of ships calling at the Ports, (ii) what effect any COVID-19 or other outbreak/pandemic-related restrictions or warnings may have on supply or demand for products coming to the Ports, (iii) whether and to what extent the COVID-19 outbreak or other outbreak or pandemic may disrupt the local or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact operations of the Ports or the Corridor, (iv) whether or not projections regarding Shortfall Advances will be realized, (v) whether and when there may be a subsequent increase in inbound cargo, or (vi) any other potential negative effects on activity at the Ports or the Corridor as a result of COVID-19. Any prolonged reduction in the number of ships calling at the Ports or any other negative effects on activity at the Ports could result in decreased revenues for the Corridor. On March 26, 2020, S&P Global Ratings revised to negative the ratings outlooks on nearly all long-term debt ratings in the U.S. transportation infrastructure, including the Authority. On March 30, 2020, Fitch Ratings announced that while it was affirming the Authority's ratings, it was revising its ratings outlook to negative from stable.

Listed Events

Since March 28, 2019, the date of the Authority's last Annual Report with respect to the Bonds, none of the following events has occurred with respect to the Bonds other than the events listed under "—Notices Filed" below. For information regarding the Authority's disclosure filings since March 28, 2019, see "—Notices Filed" below.

Certain Enumerated Events under the Pre-2013 Continuing Disclosure Certificates (if material):

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers or their failure to perform;
- adverse tax opinions or events affecting the tax status of the Bonds;
- modifications to the rights of Owners of the Bonds;
- Bond calls other than mandatory sinking fund repayments;
- defeasances;
- release, substitution, or sale of property, if any, securing repayment of the Bonds; and
- rating changes.

Certain Enumerated Events under the 2013 Continuing Disclosure Certificates:

- principal and interest payment delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or any failure by any credit or liquidity provider to perform;
- adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue;

- other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- modifications to rights of bond holders, if material;
- bond calls, if material;
- tender offers;
- defeasances;
- release, substitution or sale of property securing repayment of the Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the Authority, POLB or POLA;
- the consummation of a merger, consolidation, or acquisition involving the Authority, POLB or POLA or the sale of all or substantially all of the assets of the Authority, POLB or POLA, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; or
- appointment of a successor or additional trustee or change of name of a trustee, if material.

Notices Filed

Since March 28, 2019, the date of the Authority's last Annual Report with respect to the Bonds, the Authority has filed the following notice with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access website, which notice may be obtained at www.emma.msrb.org:

- Fitch Affirms Alameda Corridor Transportation Authority Senior, Subordinate and Second Subordinate Revenue Bonds dated April 25, 2019; and

- Notice of Future Management Retirements dated September 19, 2019

- Notice of the Appointment of Mike Leue as ACTA's Chief Executive Officer dated March 16, 2020

- Notice of Estimated Shortfall Advances and Reserve Account Funding dated March 25, 2020

The above-described notices speak only as of their respective dates and the content of the above-described notices is not incorporated herein. To the extent that the Authority provides information in voluntary notices that it is not obligated to provide pursuant to the Continuing Disclosure Certificates or otherwise, the Authority is not obligated to update or provide such information in the future.

FURTHER INFORMATION

For further information regarding this Report, please address your questions to:

Mr. James P. Preusch
Interim Chief Executive Officer
Alameda Corridor Transportation Authority
3760 Kilroy Airport Way, Suite 200
Long Beach, California 90806
(562) 247-7777

AUTHORITY FINANCIAL AND OPERATING INFORMATION

The following table lists the aggregate principal amount of Senior Lien Bonds and Subordinate Lien Bonds originally issued by the Authority and the aggregate principal amounts or accreted values of Bonds Outstanding under the Master Indenture as of the date of this Report.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
OUTSTANDING SENIOR LIEN AND SUBORDINATE LIEN BONDS*
(as of April 1, 2020)

Series	Lien	Interest Conversion	Tax Status	Final Maturity (October 1)		Original Principal Amount Issued[(1)]		Principal/Accreted Value Outstanding
1999A	Senior	Capital Appreciation	Tax-Exempt	2037	$	50,453,617	$	151,298,741[(2)]
1999C	Senior	Current Interest	Taxable	2037		430,155,000		300,480,000
1999C	Senior	Capital Appreciation	Taxable	2037		67,298,396		275,937,082[(2)]
2004A	First Subordinate	Capital Appreciation	Tax-Exempt	2030		200,300,101		90,377,079[(2)]
2004A	First Subordinate	Convertible Capital Appreciation	Tax-Exempt	2025		274,992,286		-
2004B	First Subordinate	Capital Appreciation	Taxable	2033		210,731,702		352,684,804[(2)]
2012[(4)]	Senior	Current Interest	Taxable	2035		83,710,000		83,710,000
2013A[(5)]	Senior	Current Interest	Tax-Exempt	2029		248,325,000		237,204,999
2016A[(6)]	First Subordinate	Current Interest	Tax-Exempt	2025		34,280,000		34,280,000
2016B[(6)]	Second Subordinate	Current Interest	Tax-Exempt	2037		556,860,000		556,860,000
Total							**$**	**2,082,832,704**

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 1 of the 2013A Official Statement and Table 1 of the 2016 Official Statement.

(1) Capital Appreciation Bonds listed at original principal amount, rounded to the nearest dollar.

(2) Capital Appreciation Bonds listed at accreted value as of April 1, 2020, rounded to the nearest dollar.

(3) This portion of the Series 2004A Subordinate Lien Bonds converted to Current Interest Bonds on October 1, 2012.

(4) The Series 2012 Senior Lien Bonds are refunding Bonds purchased by the U.S. Department of Transportation, acting through the Federal Railroad Administration. The Series 2012 Bonds refunded a portion of the Authority's Series 1999A Bonds that were current interest bonds.

(5) The Series 2013 Senior Lien Bonds were issued to refund the Authority's remaining Series 1999A Senior Lien Bonds that were current interest bonds.

(6) The Series 2016A First Subordinate Lien Bonds and the Series 2016B Second Subordinate Lien Bonds were issued to advance refund a portion of the 2004A Bonds maturing in 2016 through 2025.

Source: The Authority

The following table lists Use Fees in effect as of January 1, 2020.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
SCHEDULE OF USE FEES*
(As of January 1, 2020)

Waterborne Containers(1)(2)	$26.33 per TEU (Loaded)
Waterborne Containers(1)(2)	6.31 per TEU (Empty)
Non-Waterborne Containers(1)	6.31 per TEU (Loaded or Empty)
Automobiles	12.61 per Railcar
Coal	12.61 per Railcar
White Bulk(3)	12.61 per Railcar
Iron & Steel	12.61 per Railcar
Liquid Bulk(4)	12.61 per Railcar
Miscellaneous Carload	12.61 per Railcar

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 4 of the 2013A Official Statement and table 5 of the 2016 Official Statement.

(1) The terms "Waterborne Containers" and "Non-Waterborne Containers" are defined in the 2013A Official Statement under "AUTHORITY REVENUES—Container Charges." "TEU" is the international measure for containerized cargo is the twenty-foot-long container or twenty-foot-equivalent unit.

(2) The Use Fee for Waterborne Containers includes the Surcharge based upon the subsequent Shortfall Advance payment required by October 1, 2011 debt service. The maximum allowable CPI Increase is 4.5%

(3) White Bulk generally consists of potash, borax, light colored ores and occasionally sulfur.

(4) Liquid Bulk includes, among other cargos, crude oil, gasoline and other miscellaneous chemicals.

Source: The Authority.

The following table summarizes Use Fees and Container Charges received for fiscal years ended June 30, 2013 through June 30, 2019.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
USE FEES AND CONTAINER CHARGES*
(As of June 30)

Fiscal Year Ended June 30	Use Fees and Container Charges(1)
2013(2)	$ 99,358,973
2014(2)	108,998,890
2015(2)(3)	105,518,770
2016(2)(3)	103,551,936
2017(2)(3)	102,802,942
2018(2)(3)	112,933,239
2019(2)(3)	112,550,438

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 5 of the 2013A Official Statement and Table 6 of the 2016 Official Statement.

(1) Effective December 1, 2006, includes the $0.90-per TEU increase in Use Fees and Customer Charges agreed to as part of the settlement with the Railroads.

(2) Revenues include an annual January 1st calendar year CPI fee increase as described in the Table entitled "ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY CONTAINER CHARGES AND USE FEES".

(3) See "AUTHORITY REVENUES—Recent and Budgeted Cargo Throughput and Revenue Collections" in the 2016 Official Statement and "Ports of Long Beach and Los Angeles and Authority Container Throughput" below for a description of the productivity, congestion and labor contract issues that affected both Ports.

Source: The Authority.

The following table shows (in TEUs) historical full and empty containers that moved through the Ports and full and empty containers for which the Authority received revenues for calendar years 2015 through 2019.

PORTS OF LONG BEACH AND LOS ANGELES AND AUTHORITY CONTAINER THROUGHPUT CALENDAR YEARS 2015-2019 (HISTORICAL)*
(TEUs)

	2015	2016	2017	2018	2019
Ports					
Inbound(2)	7,784,725	7,987,323	8,579,276	8,967,959	8,472,704
Outbound(2)	3,182,237	3,347,998	3,370,448	3,427,062	3,228,979
Empties	4,385,562	4,296,631	4,937,976	5,154,751	5,267,982
Total TEUs	15,352,524	15,631,952	16,887,700	17,549,772	16,969,665
% Change From Prior Year	1.26%	1.82%	8.03%	3.92%	-3.31%
Authority(1)					
Inbound(2)	2,843,550	2,657,908	2,734,306	2,745,996	2,778,090
Outbound(2)	1,392,488	1,444,289	1,479,548	1,521,071	1,470,201
Empties	682,773	397,665	513,415	492,004	682,979
Total TEUs	4,918,811	4,499,862	4,727,269	4,759,071	4,931,270
% Change From Prior Year	-3.57%	-8.52%	5.05%	0.67%	3.62%
Authority's % of Ports' Throughput	32.04%	28.79%	27.99%	27.12%	29.06%

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 6 of the 2013A Official Statement and Table 7 of the 2016 Official Statement.
(1) Includes domestic (the Authority's Non-Waterborne component).
(2) Fully loaded.
Sources: The Ports for Port cargo information and for Authority TEUs, the Authority.

The following table shows (in TEUs) historical full and empty containers that moved through the Ports and full and empty containers for which the Authority received revenues for fiscal years ended June 30, 2015 through June 30, 2019.

PORTS OF LONG BEACH AND LOS ANGELES AND AUTHORITY CONTAINER THROUGHPUT[(1)*]
AUTHORITY FISCAL YEARS
FISCAL YEARS 2015-2019 (HISTORICAL)
(TEUs)

	2015	2016	2017	2018	2019
Ports					
Inbound[(2)]	7,685,145	7,918,215	8,190,391	8,787,880	8,829,742
Outbound[(2)]	3,276,342	3,215,970	3,426,507	3,441,741	3,302,471
Empties	4,053,965	4,427,181	4,530,268	4,986,195	5,379,772
Total TEUs	15,015,452	15,561,366	16,147,166	17,215,816	17,511,985
% Change From Prior Year	-0.04%	3.64%	3.76%	6.62%	1.72%
Authority[(2)]					
Inbound[(3)]	2,916,201	2,834,495	2,678,274	2,932,479	2,905,607
Outbound[(3)]	1,553,228	1,494,245	1,573,484	1,669,198	1,658,860
Empties	643,635	594,643	431,831	517,798	629,478
Total TEUs	5,113,064	4,923,382	4,683,589	5,119,475	5,193,945
% Change From Prior Year	1.75%	-3.71%	-4.87%	9.31%	1.45%
Authority's % of Ports' Throughput	34.05%	31.64%	29.01%	29.74%	29.66%

* Provided to comply with the 2013 Continuing Disclosure Certificate and to present current information in the form of Table 7 of the 2013A Official Statement.
(1) Totals may not add due to rounding.
(2) Includes domestic (the Authority's Non-Waterborne component).
(3) Fully loaded.
Sources: The Ports for Port cargo information and for Authority TEUs, the Authority.

The following table summarizes for calendar years 2010 through 2020 the Authority's Use Fees and Container Charges.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
CONTAINER CHARGES AND USE FEES*
(Effective January 1, 2010-2020)(1)

Year	Loaded Waterborne/TEU	Empty TEU or Loaded Non-Waterborne/TEU	Miscellaneous Full Railcar	CPI Increase(2)
2010	$ 19.60(3)	$ 4.96	$ 9.92	1.50
2011	19.89(3)(4)	5.03	10.07	1.50
2012	21.60(3)(5)	5.17	10.35	2.80
2013	22.25(3)(6)	5.33	10.66	3.00
2014	22.58(3)(6)	5.41	10.82	1.50
2015	22.92(3)(6)	5.49(7)	10.98	1.50
2016	23.26(3)(6)	5.57	11.14	1.50
2017	23.77(3)(6)	5.69	11.39	2.20
2018	24.51(3)(6)	5.87	11.74	3.10
2019	25.51(3)(6)	6.11	12.12	4.10
2020	26.33(3)(6)	6.31	12.61	3.20

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 8 of the 2013A Official Statement and Table 8 of the 2016 Official Statement.

(1) Except that the $0.90/Loaded Waterborne TEU increase agreed to in the settlement and the amendments to the Operating Agreement became effective December 1, 2006 and the Surcharge of $1.12/TEU ($1.00, escalated from 2006 by the annual CPI escalator) effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment.

(2) CPI increases are calculated from October 31 to October 31 of the prior calendar year. Under the Operating Agreement, the minimum increase is 1.5%, even if (as in 2010) the actual CPI increase was lower than 1.5%.

(3) Includes a one-time, permanent fee increase of $0.90/Loaded Waterborne TEU effective December 1, 2006 pursuant to the Transload settlement. That increase, together with the CPI increase, resulted in an increase of $1.29/Loaded Waterborne TEU in 2007.

(4) Excludes the Surcharge of $1.12/TEU ($1.00, escalated from 2006 by the annual CPI escalator) effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment.

(5) The addition of the Surcharge, plus the CPI increase resulted in a total increase of $1.71/Loaded Waterborne TEU in 2012.

(6) Includes the Surcharge.

(7) The Annual Report of the Authority for the for the Fiscal Year Ended June 30, 2014 indicated that as of January 1, 2015 the fee for Waterborne Containers was $5.90 per TEU (Empty) and the fee for Non-Waterborne Containers was $5.90 per TEU (Loaded or Empty). For the period beginning January 1, 2015 through and including December 31, 2015 the fee for Waterborne Containers was $5.49 per TEU (Empty) and the fee for Non-Waterborne Containers was $5.49 per TEU (Loaded or Empty).

Source: The Authority.

The following table summarizes revenue collected by the Authority during fiscal years ended June 30, 2015 through 2019.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
CONTAINER CHARGE AND USE FEE REVENUE IN FISCAL YEARS 2015-2019[(1)*]
(Fiscal Years ended June 30)

Component	2015[(2)(3)(4)]		2016[(2)(3)(4)]		2017[(2)(3)(4)]		2018[(2)(3)(4)]		2019[(2)(3)(4)]	
	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue	Revenue	% of Total Revenue
Waterborne Full	$ 100,128,456	94.89%	$ 99,513,410	96.10%	$ 98,576,102	95.88%	$ 106,863,452	94.63%	$ 104,766,105	93.08%
Waterborne Empty	3,475,207	3.29	2,381,695	2.30	2,331,736	2.27	2,806,036	2.48	3,569,183	3.17
Non-Waterborne	730,053	0.69	621,312	0.60	819,044	0.80	2,069,457	1.83	3,103,163	2.76
Misc. Full Railcars	1,185,054	1.12	1,035,519	1.00	1,076,059	1.05	1,194,294	1.06	1,111,988	0.99
Totals	$ 105,518,770	100.00%	$ 103,551,936	100.00%	$ 102,802,942	100.00%	$ 112,933,239	100.00%	$ 112,550,438	100.00%

* Provided to comply with the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 2 of the Report of the Independent Revenue Consultant included as Appendix A to the 2004 Official Statement, Table 9 of the 2013A Official Statement and Table 9 of the 2016 Official Statement.

(1) Totals may not add due to rounding.

(2) Includes a one-time, permanent fee increase of $0.90/Loaded Waterborne TEU effective December 1, 2006 pursuant to the Transload settlement. That increase, together with the CPI increase, resulted in an increase of $1.29/Loaded Waterborne TEU in 2007.

(3) Includes the Surcharge of $1.12/Loaded Waterborne TEU ($1.00, escalated from 2006 by the annual CPI escalator) effective on December 1, 2011 following the Shortfall Advance payment required for the October 1, 2011 debt service payment.

(4) Includes the Surcharge, plus the CPI increase for Loaded Waterborne TEUs in each year beginning in 2012.

Source: Cargo information compiled by the Authority from information provided by the Ports.

The following table is derived from the Authority's audited financial statements for fiscal years ended June 30, 2015 through 2019.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION*
(Fiscal Years ended June 30)

	2015	2016	2017	2018	2019
Operating revenues:					
Use fees and container charges	$ 105,518,770	$ 103,551,936	$ 102,802,942	$ 112,933,239	$112,550,438
Maintenance-of-way charges[1]	4,856,519	5,052,440	4,871,474	4,989,490	5,509,784
Total operating revenues	$ 110,375,289	$ 108,604,376	$ 107,674,416	$ 117,922,729	$ 118,060,222
Operating expenses:					
Salaries and benefits	$ 1,860,394	$ 1,742,411	$ 1,877,585	$ 2,298,361	$ 2,282,399
Administrative expenses	1,521,284	1,483,085	2,100,338	2,114,554	2,172,258
Professional services	744,920	1,252,914	1,535,750	998,206	899,499
Maintenance-of-way	6,738,543	7,154,542	6,956,695	6,866,376	8,414,068
Depreciation	21,244,199	21,053,229	21,034,560	21,032,089	21,024,851
Total operating expenses	$ 32,109,340	$ 32,686,181	$ 33,504,928	$ 33,309,586	$ 34,793,075
Operating income	$ 78,265,949	$ 75,918,195	$ 74,169,488	$ 84,613,143	$ 83,267,147
Nonoperating revenues:					
Interest and investment revenue, net	$ 2,413,719	$ 3,375,680	$ 1,635,412	$ 2,011,208	$ 6,670,741
Grants[2]	3,479,593	1,949,517	1,323,195	1,149,402	885,189
Miscellaneous revenue	193,220	1,009,872	621,419	556,347	248,728
Total nonoperating revenues	$ 6,086,532	$ 6,335,069	$ 3,580,026	$ 3,716,957	$ 7,804,658
Nonoperating expenses:					
Interest expense	$ 111,683,412	$ 138,639,697	$ 104,578,086	$ 105,444,950	$ 106,352,164
Loss on sale and transfers of capital assets held for sale and transfer[3]	26,328,348	99,546,017	--	--	--
Expenses for public benefit	4,195,569	2,028,509	1,682,241	1,509,509	938,464
Bond issuance costs	--	11,059,040	--	--	--
Total nonoperating expenses	$ 142,207,329	$ 251,273,263	$ 106,260,327	$ 106,954,459	$ 107,290,628
Change in net position[4]	$ (57,854,848)	$ (169,019,999)	$ (28,510,813)	$ (18,624,359)	$ (16,218,823)
Net position, beginning of the year, as restated	$ (133,149,060)	$ (192,692,420)	$ (361,712,419)	$ (390,223,232)	$ (408,847,591)
Cumulative effect of change in accounting principle	(1,688,512)[5]	--	--	--	--
Net position, beginning of the year, as restated	$ (134,837,572)	$ (192,692,420)	$ (361,712,419)	$ (390,223,232)	$ (408,847,591)
Net position, - end of year	$ (192,692,420)	$ (361,712,419)	$ (390,223,232)	$ (408,847,591)	$ (425,066,414)

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 10 of the 2013A Official Statement and Table 10A of the 2016 Official Statement. The table is derived from the Authority's audited financial statements for fiscal years ended June 30, 2015 through 2019.

(1) M & O charges are payable by the Railroads as provided by the Operating Agreement and are not pledged to or available for payment of Bonds.

(2) Represents proceeds from federal or state grants awarded to reimburse the Authority or Caltrans for costs related to Expenses for public benefit as listed above.

(3) See Note 4 in the Authority Financial Statements.

(4) Decreases in total net position are primarily because operating income (which takes depreciation into account) is less than interest expense. See the Authority Financial Statements.

(5) In 2015, the Authority implemented new accounting standards pursuant to Governmental Accounting Standards Board Statement No. 68.

Source: The Authority.

The following table shows for Fiscal Years ended June 30, 2010 through 2019 debt service coverage calculated using Use Fee and Container Charges, plus in Fiscal Years 2012 and 2013, the Shortfall Advances paid in October 2011 and 2012, and Debt Service for Fiscal Years 2010 through 2019. As noted in the notes to the following table, the amounts shown as available for debt service and the debt service coverage calculations do not take into account amounts (a total of approximately $56.0 million) transferred from investment earnings from post-maturity Debt Service Reserve Account releases and/or from unexpended Series 1999 Bond proceeds in September 2006 and 2008 through 2012. The calculations shown in following table are not required by the Indenture and are shown for information only.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
HISTORICAL REVENUE DEBT SERVICE COVERAGE*
FISCAL YEARS 2010-2019

Fiscal Year Ending June 30	Use Fees and Container Charges[1]	Senior Lien Bonds Debt Service[2]	Debt Service Coverage for Senior Lien Bonds	Subordinate Lien Bonds Debt Service[3]	Debt Service Coverage for Senior Lien Bonds and Subordinate Lien Bonds	Shortfall Advances	Additional Funds Used for Debt Service[5]
2010	$ 80,478,532	$58,577,279	1.37x	$ 30,846,733	0.90x	0	$ 2,150,000
2011	93,188,481	58,848,536	1.58x	35,813,315	0.98x	0	11,150,000
2012[4]	97,283,963	58,524,916	1.66x	42,659,825	0.96x	$ 5,900,000	1,200,000
2013	99,358,973	43,865,232	2.27x	68,294,588	0.89x	5,900,000	5,465,000
2014	108,998,890	42,106,771	2.59x	57,543,575	1.09x	0	15,000,000
2015	105,518,770	45,135,046	2.34x	69,523,600	0.92x	0	18,963,799
2016	103,551,936	62,504,217	1.66x	49,846,100	0.92x	0	0
2017	102,802,942	62,933,626	1.63x	23,691,830	1.19x	0	0
2018	112,933,239	63,370,234	1.78x	36,036,950	1.14x	0	0
2019	112,550,438	63,804,309	1.76x	39,481,950	1.09x	0	0

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 11 of the 2013A Official Statement and Table 12 of the 2016 Official Statement.

(1) Derived from the Authority's audited financial statements.

(2) Includes debt service on the Series 1999 Senior Lien Bonds, the Series 2012 Senior Lien Bonds and the Series 2013A Senior Lien Bonds.

(3) Includes debt service on the 1999 First Subordinate Lien Bonds, Series 2004 First Subordinate Lien Bonds and Series 2016 First and Second Subordinate Lien Bonds.

(4) The amount of Debt Service shown for Fiscal Year 2012 does not include debt service on the Series 2012 Senior Lien Bonds (issued on June 21, 2012). On July 24, 2012, $83.71 million of Series 1999A Bonds were redeemed with proceeds of the Series 2012 Senior Lien Bonds and on October 1, 2011, $24.295 million of Series 1999A Bonds were redeemed with unexpended proceeds of the Series 1999A Bond Construction Fund.

(5) The amounts shown include amounts transferred from investment earnings from post-maturity Debt Service Reserve Account releases and/or from unexpended Series 1999 Bond proceeds in September 2006 and 2008 through 2012.

Source: The Authority.

The following table shows for Fiscal Years ended June 30, 2010 through 2019 debt service coverage calculated as provided in the Indenture. The following table illustrates debt service coverage using Use Fees and Container Charges, plus Contingent Port Obligations (referred to in the following table as "Total Dedicated Revenues"). Contingent Port Obligations equals 40% of the Annual Amount (annual debt service, Required Debt Service Reserve Account deposits, if any, and Financing Fees such as trustee and rating agency costs and RAV verification and monitoring fees). The following table does not include amounts transferred from investment earnings, Debt Service Reserve Account releases or unexpended Series 1999 Bond proceeds.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
HISTORICAL DEDICATED REVENUE DEBT SERVICE COVERAGE*
FISCAL YEARS 2010-2019

Fiscal Year Ending June 30	Use Fees and Container Charges (A)	Contingent Port Obligations(1) (B)	Total Dedicated Revenues(2) (A+B)=(C)	Senior Lien Bonds Debt Service (D)	Debt Service Coverage for Senior Lien Bonds(2) (C/D)=(E)	Subordinate Lien Bonds Debt Service (F)	Debt Service Coverage for Senior Lien Bonds and Subordinate Lien Bonds(2) (C/(D+F))
2010	$ 80,478,532	$ 35,769,605	$116,248,137	$ 58,577,279	1.98x	$ 30,846,733	1.30x
2011	93,188,481	37,864,741	131,053,222	58,848,536	2.23x	35,813,315	1.38x
2012(3)	97,283,963	40,473,896	137,757,859	58,524,916	2.35x	42,659,825	1.36x
2013	99,358,973	44,863,928	144,222,901	43,865,232	3.29x	68,294,588	1.29x
2014	108,998,890	39,860,138	148,859,028	42,106,771	3.54x	57,543,575	1.49x
2015	105,518,770	45,863,458	151,382,228	45,135,046	3.35x	69,523,600	1.32x
2016	103,551,936	45,215,768	148,767,704	62,504,217	2.38x	49,846,100	1.32x
2017	102,802,942	34,650,182	137,453,124	62,933,626	2.18x	23,691,830	1.59x
2018	112,933,239	39,762,873	152,696,211	63,370,234	2.41x	36,036,950	1.54x
2019	112,550,438	41,314,503	153,864,941	63,804,309	2.41x	39,481,950	1.49x

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 12 of the 2013A Official Statement and Table 13 of the 2016 Official Statement.

(1) Contingent Port Obligations equals 40% of the Annual Amount, which includes but is not limited to, debt service on the Bonds (and, in 2004, debt service on the 1999 Federal Loan) and Financing Fees Relating to Subordinate Lien Bonds. Contingent Port Obligations is the maximum amount the Ports may be obligated to pay to the Authority pursuant to the Operating Agreement.

(2) Total Dedicated Revenues equals Use Fees and Container Charges plus Contingent Port Obligations but not investment income, transfers of unexpended Series 1999 Bond proceeds or Debt Service Reserve Account releases.

(3) The amount of Debt Service shown for Fiscal Year 2012 does not include debt service on the Series 2012 Bonds (issued on June 21, 2012). On July 24, 2012, $83.71 million of Series 1999A Bonds were redeemed with proceeds of the Series 2012 Bonds and on October 1, 2011, $24.295 million of Series 1999A Bonds were redeemed with unexpended proceeds of the Series 1999A Bond Construction Fund.

Source: The Authority.

The following table presents the M & O Charges, as defined in the Master Indenture, paid to the Authority by the Union Pacific Railroad Company ("Union Pacific") and BNSF Railway Company, formerly known as The Burlington Northern and Santa Fe Railway Company ("BNSF" and, together with Union Pacific, the "Railroads"), for calendar year 2019. M & O Charges are not deemed to be Revenues or Dedicated Revenues under the Indenture. The insurance portion of M & O Charges is paid pursuant to separate invoices.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
THE RAIL CORRIDOR AND RELATED PROJECTS-MAINTENANCE AND OPERATION OF THE PROJECT – M & O CHARGES – INVOICES AND RECEIPTS FROM RAILROADS
CALENDAR YEAR 2019
(amounts in U.S. $)

Date	Type	Invoice Amount	Payment Amount	Credit Memo Applied	Balance
Jan-19	Monthly M&O	$ 350,245.08	$ (350,245.08)	-	-
Feb-19	Monthly M&O	350,245.08	(350,245.08)	-	-
Mar-19	Monthly M&O	350,245.08	(321,124.63)	$ (29,120.45)	(0.00)
Apr-19	Monthly M&O	350,245.08	(350,245.08)	-	-
May-19	Monthly M&O	350,245.08	(350,245.08)	-	-
Jun-19	Monthly M&O	350,245.08	(350,245.08)	-	-
Jul-19	Monthly M&O	350,245.08	(170,018.09)	(180,226.99)	-
Aug-19	Monthly M&O	350,245.08	(170,018.09)	(180,226.99)	-
Sep-19	Monthly M&O	513,083.36	(513,083.36)	-	-
Oct-19	Monthly M&O	414,380.50	(414,380.50)	-	-
Nov-19	Monthly M&O	414,380.50	(414,380.50)	-	-
Dec-19	Monthly M&O	414,380.50	(414,380.50)	-	-
	Reconciliations	(307,734.69)	(81,839.74)	389,574.43	-
	Insurance	1,254,612.68	(1,254,612.68)	-	-
	Total M&O	$ 5,919,443.99	$ (5,919,443.99)	$ -	$ (0.00)

* Provided to comply with the 2004 Continuing Disclosure Certificate.
Source: The Authority

The period of each Bond Year is October 1 through September 30. The following table sets forth the Authority's estimated revenues for Bond Year ended September 30, 2019.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
AUTHORITY REVENUE IN BOND YEAR 2019[*] [(1)]

Revenue Component	Estimated Revenue	% of Total Revenue
Waterborne Full	$ 104,374,697.07	93.00%
Waterborne Empty	3,888,890.43	3.47%
Non-Waterborne	2,973,993.74	2.65%
Misc. Full Railcars	991,607.71	0.88%
Total	$ 112,229,188.94	100.00%

* Provided to comply with the 2004 Continuing Disclosure Certificate and to present current information in the form of Table 2 of the Report of the Independent Revenue Consultant included as Appendix A in 2004 Official Statement.

(1) Totals may not add due to rounding.

Source: The Authority

The following table sets forth the Authority's railroad corridor container traffic for Bond Year ended September 30, 2019.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY
RAILROAD CORRIDOR TRAFFIC IN BOND YEAR 2019

Category	Railroad Traffic
Full International TEUs[(1)]	4,138,035
Empty International TEUs	643,452
Total	4,781,487
Domestic combined TEUs[(2)]	492,368

* Provided to comply with the 2004 Continuing Disclosure Certificate and to present current information in the form of Table 17 of the Report of the Independent Revenue Consultant included as Appendix A in the 2004 Official Statement.

(1) A TEU represents a twenty-foot equivalent unit.

(2) Inclusive of both empty and full containers.

Source: The Authority

PORT OF LOS ANGELES FINANCIAL AND OPERATING INFORMATION

The information contained and incorporated by reference under "PORT OF LOS ANGELES FINANCIAL AND OPERATING INFORMATION" has been provided to the Authority by POLA (the "POLA Information"). The Authority is relying upon, and has not independently confirmed or verified, the accuracy or the completeness of the POLA Information. The Authority undertakes no responsibility for and makes no representation as to the accuracy or completeness of the POLA Information.

POLA's Annual Continuing Disclosure Report for the Fiscal Year Ended June 30, 2019 (the "POLA Report") for the following bonds has been filed with the Municipal Securities Rulemaking Board on its Electronic Municipal Market Access website and may be obtained at www.emma.msrb.org:

- $230,160,000 aggregate principal amount of Refunding Revenue Bonds 2009 Series C
- $58,930,000 aggregate principal amount of Refunding Revenue Bonds, 2011 Series A
- $32,820,000 aggregate principal amount of Refunding Revenue Bonds, 2011 Series B
- $203,280,000 Revenue Bonds and Refunding Revenue Bonds 2014 Series A
- $89,105,000 Refunding Revenue Bonds 2014 Series B
- $44,890,000 Revenue Bonds 2014 Series C
- $37,050,000 Refunding Revenue Bonds 2015 Series A
- $97,970,000 Refunding Revenue Bonds 2016 Series A
- $68,385,000 Refunding Revenue Bonds 2016 Series B
- $35,205,000 Refunding Revenue Bonds 2016 Series C
- $115,065,000 Refunding Revenue Bonds 2019 Series A
- $32,340,000 Refunding Revenue Bonds 2019 Series B
- $4,995,000 Refunding Revenue Bonds 2019 Series C-1
- $10,680,000 Refunding Revenue Bonds 2019 Series C-2

Capitalized terms used in the POLA Information but not defined herein have the meanings given to them in the POLA Report. Nothing contained in the POLA Report is incorporated herein.

PORT OF LOS ANGELES
REVENUE TONNAGE BY CARGO TYPE*(1)
FISCAL YEARS 2010-2019
(In thousands of metric revenue tons)

Fiscal Year Ending June 30	General Cargo(2)	Liquid Bulk	Dry Bulk	Total(4)	Percent Increase (Decrease) in Total Tonnage over Prior Years
2010	145,800	10,700	1,300	157,800	0.2
2011(5)	149,100	10,600	1,200	160,900	2.0
2012(5)	163,900	9,900	1,100	174,900	8.7
2013	156,300	7,800	1,000	165,100	(5.6)(6)
2014	165,000	10,500	900	176,400	6.8
2015	165,100	10,300	1,400	176,800	0.2
2016	167,300	14,300	1,200	182,800	3.4
2017	184,300	13,200	600	198,100	8.4
2018	178,000	15,500	1,000	194,500	(1.8)(7)
2019	193,000	13,400	900	207,300	6.6

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate.

(1) Numbers are rounded.

(2) General Cargo tonnage comprised of both TEU tonnage and non-TEU tonnage

(3) Dry bulk cargo includes steel slabs, pipe, beams, scrap metal and cement.

(4) Computed on an accrual basis, adjusted for unverified amounts.

(5) Tonnage changes due to post-close adjustments.

(6) In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

(7) Decline is attributed to realignment and consolidation of vessel service among the shipping alliances.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
CONTAINER TRAFFIC
CALENDAR YEARS 2015-2019 (HISTORICAL)
(TEUs[1])

	2015	2016	2017	2018	2019
Inbound[2]	4,159,462	4,544,748	4,716,089	4,867,269	4,714,266
Outbound[2]	1,656,677	1,818,502	1,899,934	1,904,240	1,756,177
Empties	2,344,319	2,493,533	2,727,170	2,688,921	2,867,190
Total TEUs	8,160,458	8,856,783	9,343,193	9,460,430	9,337,632

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table B-4 of the 2013A Official Statement and Table B-4 of the 2016 Official Statement.

(1) TEU counts are subject to adjustment which may occur throughout the year.

(2) Full containers.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
CONTAINER TRAFFIC
FISCAL YEARS 2015-2019 (HISTORICAL)
(TEUs[(1)])

	2015	2016	2017	2018	2019
Inbound[(2)]	4,188,823	4,297,004	4,662,882	4,691,342	4,910,807
Outbound[(2)]	1,786,913	1,692,091	1,921,635	1,870,997	1,860,452
Empties	2,215,623	2,401,418	2,621,239	2,609,527	2,916,993
Total TEUs	8,191,359	8,390,513	9,205,755	9,171,866	9,688,252

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* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table B-5 of the 2013A Official Statement and Table B-5 of the 2016 Official Statement.

(1) TEU counts are subject to adjustments which may occur throughout the year.

(2) Full containers.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
SHIPPING REVENUES PER TON[1]
FISCAL YEARS 2010-2019

Fiscal Year Ended June 30	Total Shipping Revenues (000$)	Total Revenue Tonnage[2] (Thousands)	Shipping Revenues per Revenue Ton	% Increase (Decrease) in Shipping Revenues per Revenue Ton
2010	327,600	157,800	2.08	(0.5)
2011	343,500	160,900[3]	2.13	2.4
2012	357,700	174,900[3]	2.05	(3.8)
2013[4]	347,900	165,100	2.11	2.9
2014	377,200	176,400	2.14	1.4
2015	364,900	176,800	2.06	(3.7)
2016	368,500	182,800	2.02	(1.9)
2017	398,300	198,100	2.01	(0.5)
2018	405,300	194,500	2.08	3.5
2019	410,300	207,300	1.98	4.8

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

(1) Numbers are rounded.

(2) Computed on an accrual basis, adjusted for unverified amounts.

(3) Tonnage changes due to post-close adjustments.

(4) In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from POLA to POLB and initially it impacted both cargo volume and associated revenue at POLA. POLA has since recovered from the initial impact through ongoing capital investment to enhance capacity and recent favorable movement of alliance traffic.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
SHIPPING REVENUE BREAKDOWN[1]
FISCAL YEARS 2010-2019

Fiscal Year Ended June 30	Total Shipping Revenues (000$)	Container Shipping Revenues (000$)	TEUs (000)	Container Shipping Revenue $ Per TEU	Non-Container Shipping Revenues (000$)	Non-Container Tons (000)	Non-Container Shipping Revenue $ Per Ton
2010	327,600	296,500	7,228	41.02	31,100	12,500	2.49
2011	343,500	306,300	7,935	38.60	37,200	14,900	2.50
2012	357,700	321,900	8,186	39.32	35,800	13,800	2.59
2013	347,900	313,700	7,777[2]	40.34	34,200	11,700	2.92
2014	377,200	335,700	8,210	40.89	41,500	14,900	2.79
2015	364,900	325,500	8,191	39.74	39,400	15,100	2.61
2016	368,500	324,100	8,391	38.62	44,400	18,500	2.40
2017	398,300	351,800	9,206	38.21	46,500	17,300	2.69
2018	405,300	353,600	9,170	38.56	51,800	19,500	2.66
2019	410,300	358,800	9,688	37.04	51,500	17,000	3.03

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table B-6 of the 2013A Official Statement and Table B-6 of the 2016 Official Statement.

(1) Numbers are rounded.
(2) In October 2012, Transpacific 8, a service route jointly operated by Mediterranean Shipping Co., Maersk Line and CMA CGM, transferred from the Port of Los Angeles to the Port of Long Beach and initially it impacted both cargo volume and associated revenue at the Port of Los Angeles. The Port of Los Angeles has since recovered from the initial impact through ongoing capital investments to enhance capacity and recent favorable movement of alliance traffic.
Note: TEU = twenty foot equivalent units.

Source: Harbor Department of the City of Los Angeles

72284365.7

PORT OF LOS ANGELES
MAJOR PERMITTEES (TENANTS)*(1)
As of June 30, 2019

APM Terminals Pacific LLC / Maersk Pacific, Ltd. / Maersk Line A/S
China Shipping Holding Co., Ltd.
Eagle Marine Services, Ltd. / American President Lines
Everport Terminal Services Inc. / Evergreen America Corporation
Kinder Morgan Liquids Terminals LLC / Kinder Morgan West Coast Terminals
Ocean Network Express
Parking Concepts, Inc.
PBF Energy Western Region, LLC
Phillip 66 / Phillips 66 Company
Ports America Cruise, Inc.
Rio Doce Pasha Terminal
SA Recycling LLC
Shell Oil Company
Trapac, LLC
Union Pacific Railroad Company
Vopak Terminal Los Angeles Inc.
Westrec Marina Management, Inc. / Cathay Bank
WWL Vehicle Services Americas, Inc.
Yang Ming Marine Transport Corporation / Yang Ming Transport LTD.
Yusen Terminal, Inc. / N.Y.K. (North America) Inc.

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Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
TEU COUNT BY COUNTRY
FISCAL YEAR 2019

Country	Exports TEUs	% of Total	Country	Imports TEUs	% of Total
China	411,258	25.2%	China	3,022,727	61.9%
Japan	220,057	13.5	Vietnam	352,103	7.2
Taiwan	155,092	9.5	Taiwan	232,847	4.8
South Korea	150,789	9.3	Japan	209,459	4.3
Indonesia	113,239	6.9	South Korea	209,069	4.3
Vietnam	105,599	6.5	Thailand	174,882	3.6
Malaysia	70,801	4.3	Indonesia	136,092	2.8
Singapore	56,101	3.4	Hong Kong	86,939	1.8
Hong Kong	50,284	3.1	Malaysia	82,561	1.7
Thailand	37,157	2.3	India	60,746	1.2
All Others	259,248	15.9	All Others	311,903	6.4
Total Exports	1,629,624	100.0%	Total Imports	4,879,329	100.0%

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

Source: Ports Import Export Reporting Services

PORT OF LOS ANGELES
HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES*
SUMMARY OF REVENUES, EXPENSES, AND NET ASSETS
FISCAL YEARS ENDED JUNE 30, 2014 THROUGH JUNE 30 2019

(In thousands of dollars)

	2015	2016	2017	2018	2019
Revenues					
Shipping Services					
Wharfage	$ 336,997	$ 342,703	$ 369,715	$ 376,165	$ 383,549
Dockage	6,097	5,629	4,113	4,532	4,348
Demurrage	329	216	213	219	202
Pilotage	7,110	7,064	9,558	10,502	10,985
Assignment Charges	14,365	12,858	14,657	13,861	11,244
Total Shipping Services	$ 364,899	$ 368,470	$ 398,256	$ 405,279	$ 410,328
Rentals					
Land	$ 45,255	$ 45,763	$ 50,554	$ 60,746	$ 65,291
Other Rentals	979	808	704	672	674
Total Rentals	$ 46,233	$ 46,571	$ 51,258	$ 61,419	$ 65,965
Royalties, Fees and Other Operating Revenues(1)(2)	35,763	21,085	25,019	24,062	30,134
Total Operating Revenues	$ 446,895	$ 436,126	$ 474,532	$ 490,760	$ 506,427
Expenses					
Operating and Administrative Expenses					
Salaries and Benefits	$ 92,786	$ 94,281	$ 94,677	$ 96,208	$ 98,062
Pension Expense Adjustment	19,002	20,438	23,905	20,843	20,913
OPEB expense(3)	-	-	-	4,482	4,083
City Services and Payments	34,749	37,421	39,554	42,749	45,223
Outside Services	28,983	28,970	25,022	29,904	33,418
Utilities(1)	19,373	15,060	15,573	15,642	19,946
Materials and Supplies	6,257	6,340	5,314	6,960	6,593
Pollution Remediation Expenses	(211)	5,194	(536)	(3,795)	(4,106)
Marketing and Public Relations	2,771	2,567	2,583	2,784	2,510
Workers' Compensation, Claims and Settlement	2,503	245	4,977	4,009	193
Clean Truck Program Expenses	949	897	704	831	3,120
Travel and Entertainment	512	611	536	749	733
Other Operating Expenses	26,575	14,238	15,367	15,590	9,739
Total Operating and Administrative Expenses	$ 234,249	$ 226,261	$ 227,675	$ 236,955	$ 240,427
Income from Operations before Depreciation	$ 212,646	$ 209,865	$ 246,857	$ 253,805	$ 266,000
Depreciation	137,384	163,933	172,895	167,984	161,977
Operating Income	$ 75,262	$ 45,932	$ 73,962	$ 85,821	$ 104,023
Nonoperating Revenues / (Expenses)					
Income from Investments in JPAs and Other Entities	$ 2,811	$ 2,544	$ 2,162	$ 2,001	$ 2,596
Interest and Investment Income	5,039	9,326	1,118	618	32,804
Interest Expense	(330)	(507)	(604)	(1,612)	(1,290)
Other Income and Expenses, net	(2,226)	(3,850)	(1,145)	1,999	27,151
Net Nonoperating Revenues/(Expenses)	$ 5,293	$ 7,512	$ 1,531	$ 3,006	$ 61,261
Income Before Capital Contributions	$ 80,555	$ 53,444	$ 75,492	$ 88,827	$ 165,284
Capital Contributions	111,852	40,489	18,801	4,524	3,523
Special Item(2)	-	5,123	9,150	-	0
Changes in Net Assets	$ 192,407	$ 99,056	$ 103,443	$ 93,351	$ 168,807
Total Net Assets - Beginning of Year	$3,064,554	$3,062,899	$3,161,955	$3,265,398	$3,334,871
Cumulative effect of change in accounting principle(3)	-	-	-	(23,879)	-
Net Adjustment for Prior Year Amortization of Bond Premium/Discount	-	-	-	-	-
Net Adjustment for Prior Year Pension Expense(4)	(194,062)	-	-	-	-
Total Net Assets - End of Year	$3,062,899	$3,161,955	$3,265,398	$3,334,871	$3,503,678

See next page for footnotes.

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate.

(1) Royalties, Fees and Other Operating Revenues in fiscal year ended June 30, 2015 and thereafter increased relative to prior years due in part to tenant reimbursements related to the alternative maritime power ("AMP") program at the POLA. As part of this program, POLA pays electricity costs which are subsequently reimbursed by terminal operators. Electricity expenses related to AMP are recorded as "Utilities" expense by POLA.

(2) Royalties, Fees and Other Operating Revenues in the fiscal year ended June 30, 2016 were restated within the subsequent fiscal year-end financial statements due to a reclassification of approximately $5.1 million in one-time insurance reimbursements which have now been presented as a "Special Item" for the fiscal year ended June 30, 2016. At fiscal year ended June 30, 2017, $9.2 million was recognized as a one-time insurance reimbursement, which was in addition to the prior fiscal year's $5.1 million insurance reimbursements.

(3) GASB "Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" ("GASB 75") establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources and expenses/expenditures. POLA implemented GASB 75 in fiscal year ended June 30, 2018. OPEB expenses incurred in prior fiscal years were recorded within "Salaries and Benefits" expense. The net position at July 1, 2017 was restated by $23.9 million to adjust for the cumulative change in accounting principle as a result of GASB 75.

(4) One-time adjustment required by GASB 68. Prior to GASB 68, all pension payments made by POLA on behalf of current employees were charged to employee benefits expense in the fiscal year in which the pension payment occurred. Any Department pension plan contributions made after fiscal year ended June 30, 2014 must be reflected as a "Deferred Outflows of Resources" rather than being expensed.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
GENERAL CARGO TARIFFS AND
BASIC DOCKAGE CHARGES
Fiscal years 2010-2019

Fiscal year Ending June 30	General Cargo Tariff(1)	Basic Dockage Charge(2)
2010	6.25	$ 2,465
2011	6.25	2,465
2012	6.25	2,465
2013	6.25	2,465
2014	6.25	2,465
2015	6.25	2,465
2016	6.25	2,465
2017	6.25	2,465
2018	6.25	2,465
2019	6.25	2,465

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

(1) Per metric ton or cubic meter of cargo.

(2) Per overall length of vessel between 180 and 195 meters.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
ESTIMATED MINIMUM ANNUAL PERMIT REVENUE
UNDER EXISTING PERMITS
Fiscal Years 2020-2024

Fiscal year Ending June 30	Rental Income ($000s)	MAG Income ($000s)	Minimum Permit Revenue (000$)
2020	66,625	296,677	363,302
2021	67,292	297,286	364,577
2022	67,964	297,294	365,259
2023	68,644	296,850	365,494
2024	69,331	296,850	366,180
Total	**339,856**	**1,484,957**	**1,824,811**

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
HISTORICAL REVENUES, EXPENSES AND DEBT SERVICE COVERAGE*
Fiscal Years 2015-2019
(In thousands of dollars)

Fiscal Year Ended June 30	Total Revenues(1)	Operating Expenses(2)	Available Revenues	Debt Service(3)	Debt Service Coverage(4)
2015	$ 460,364	$ 234,249	$ 226,115	$ 69,988	3.2
2016	452,398	226,261	226,136	91,831	2.5
2017	487,806	227,675	260,131	87,570	3.0
2018	501,663	236,955	264,708	80,147	3.3
2019	578,794	240,427	338,367	84,884	4.0

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

(1) Total Revenues include operating revenues as well as income from investments, and interest and other non-operating revenues.

(2) Operating Expenses include payroll, fringe benefits and payments for City services.

(3) Debt Service includes only the principal and interest payments on parity debt. Debt service for the fiscal Year ending June 30, 2016 was $84.4 million plus $7.4 million related to the early redemption of POLA's Refunding Revenue Bonds 2005 Series C-1. Furthermore, the principal amortization for the 2011 Series A Bonds and the 2014 Bonds started in the fiscal year ended June 30, 2016. No new money debt was incurred in the fiscal year ended June 30, 2017 through June 30, 2019.

(4) Available Revenues divided by Debt Service.

Source: Harbor Department of the City of Los Angeles

OUTSTANDING PARITY OBLIGATIONS[1]
PORT OF LOS ANGELES
AS OF DECEMBER 31, 2019

	Outstanding Principal
2009C	$ 5,000,000
2011A	26,070,000
2011B	32,820,000
2014A	182,965,000
2014B	81,680,000
2014C	40,840,000
2015A	25,410,000
2016A	52,205,000
2016B	65,805,000
2016C	35,205,000
2019A	115,065,000
2019B	32,340,000
2019C-1	4,995,000
2019C-2	10,680,000
Total	**$ 711,080,000**

(1) Following issuance of Series 2019A, 2019B, 2019C1, & 2019C2 Refunding Revenue Bonds on August 28, 2019

Source: Harbor Department of the City of Los Angeles

PORT OF LOS ANGELES
HISTORICAL ENDING CASH BALANCES
Fiscal Years 2015-2019
(In thousands of dollars)

	2015	2016	2017	2018	2019
UNRESTRICTED FUNDS					
Harbor Revenue Fund (HRF)[1]	$ 230,429	$ 227,483	$ 406,992	$ 454,318	$ 611,046
Harbor Special Operating Fund	160,449	161,808	159,716	157,399	161,108
Emergency/ACTA Reserve Fund	47,511	47,704	47,928	48,582	49,709
Others	3,445	8,294	4,777	11,867	8,840
Total Unrestricted Funds	$ 441,834	$ 445,289	$ 619,413	$ 672,166	$ 830,703
RESTRICTED FUNDS					
China Shipping Mitigation Fund	$ 22,623	$ 19,168	$ 13,439	$ 11,928	$ 12,166
Community Aesthetic Fund for Parks	0	0	0	0	0
Community Mitigation Trust Fund - TraPac	109	112	112	112	117
Clean Truck Fee Fund	226	30	5	5	5
Batiquitos L/T Investment Fund[2]	6,011	6,032	6,250	6,277	6,753
Bond Funds	97,461	95,769	62,283	62,230	63,348
Customer Security Deposits	3,159	3,166	3,024	2,990	3,060
Other	2,638	2,832	2,925	2,748	3,060
Total Restricted Funds	$ 132,224	$ 127,109	$ 88,038	$ 86,289	$ 88,508
TOTAL FUNDS	$ 574,058	$ 572,398	$ 707,451	$ 758,456	$ 919,211

* Subsequent to the issuance of the 1999 Authority Bonds and the 2004 Authority Bonds and the date of the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate, due to changes in POLA's business, POLA updated the type of information and operating information contained in its official statements and annual reports provided in connection with its obligations under its continuing disclosure undertakings. As such, POLA now provides information in the form of this table. Provided to comply with the 1999 Continuing Disclosure Certificate and the 2004 Continuing Disclosure Certificate.

(1) In fiscal year ended June 30, 2015, POLA reimbursed the Harbor Revenue Fund with a portion of the proceeds of the 2014 Bonds for capital improvement expenditures that had previously been funded with cash on deposit in the Harbor Revenue Fund. In fiscal years ended June 30, 2016, 2017, 2018 and 2019, capital improvement expenditures were relatively lower compared to prior years resulting in a higher Harbor Revenue Fund balance.

(2) As environmental mitigation, POLA created a fund to pay certain maintenance expenses at the Batiquitos Lagoon.

Source: Harbor Department of the City of Los Angeles

PORT OF LONG BEACH FINANCIAL AND OPERATING INFORMATION

The information contained and incorporated by reference under "PORT OF LONG BEACH FINANCIAL AND OPERATING INFORMATION" has been provided to the Authority by POLB (the "POLB Information"). The Authority is relying upon, and has not independently confirmed or verified, the accuracy or the completeness of the POLB Information. The Authority undertakes no responsibility for and makes no representation as to the accuracy or completeness of the POLB Information.

The information previously provided to comply with the 1999 Continuing Disclosure Certificate and 2004 Continuing Disclosure Certificate and as required pursuant to the 2013 Continuing Disclosure Certificate in the form of Table 21 and Table 22 of the 1999 Official Statements, Table 17 and Table 18 of the 2004 Official Statement and Table C-6 and Table C-7 of the 2013A Official Statement is no longer available as POLB's third party provider no longer provides the applicable information.

As of March 1, 2020, there are outstanding under POLB Resolution No. HD 1475, adopted by POLB on November 8, 1989, as amended and supplemented (the "POLB Master Senior Resolution"), the aggregate principal amount of $987,175,000.

PORT OF LONG BEACH
OPERATING REVENUES
FISCAL YEARS ENDED SEPTEMBER 30, 2015 THROUGH 2019
(thousands)

	2019	2018	2017	2016	2015
Berths and special facilities					
Wharfage	$ 366,855	$ 358,675	$ 342,022	$ 322,522	$ 312,074
Dockage	6,460	7,219	7,134	8,089	10,773
Bunkers	747	1,054	1,269	1,412	1,048
Special facilities rental	19,013	16,418	13,289	15,612	16,247
Crane rentals	–	–	–	–	2,372
Other	721	1,010	771	536	620
Total berths and special facilities	**$ 393,796**	**$ 384,376**	**$ 364,486**	**$ 348,171**	**$ 343,134**
Rental properties	15,668	14,279	13,732	9,958	9,881
Utilities/Miscellaneous	2,809	3,023	2,792	2,531	2,435
Total operating revenues	**$ 412,273**	**$ 401,678**	**$ 381,010**	**$ 360,660**	**$ 355,450**

* Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 18 of the 1999 Official Statements, Table 13 of the 2004 Official Statement, Table C-1 of the 2013A Official Statement and Table C-1 of the 2016 Official Statement.

Source: Harbor Department of the City of Long Beach

PORT OF LONG BEACH
LEADING REVENUE PRODUCERS
AS OF FISCAL YEAR 2019
(Listed Alphabetically)

Carson Cogeneration Company	Pacific Maritime Services (Pacific Container Terminal)
Chemoil Corporation	Pacific Crane Maintenance Company, LLC
Crescent Terminals, Inc.	S7 Sea Launch Limited (Formerly Energia Logistics Ltd.)
CSA Equipment	SA Recycling, LLC
International Transportation Service, Inc.	SSA Terminals, LLC
Jacobsen Pilot Service, Inc.	SSA Terminals (Pier A), LLC
Koch Carbon, Inc.	Tesoro Refining & Marketing
Metropolitan Stevedore Company	Tesoro Logistics LP
OOCL, LLC – LBCT LLC	Total Terminals International, LLC
Oxbow Energy Solutions, LLC	Toyota Motor Sales USA, Inc.

* Provided to comply with the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 14 of 2004 Official Statement, Table C-2 of the 2013A Official Statement and Table C-2 of the 2016 Official Statement.

Source: Harbor Department of the City of Long Beach

PORT OF LONG BEACH
REVENUE TONNAGE SUMMARY[1]
FISCAL YEARS ENDED SEPTEMBER 30, 2015 THROUGH 2019
(in metric revenue tons)

	2019	2018	2017	2016	2015
INBOUND CARGO					
Foreign	104,012,357	108,811,492	99,467,872	93,927,997	98,464,085
Coastwise/Intercoastal	30,058,159	30,786,620	30,977,282	29,008,568	26,060,757
Total inbound cargo	**134,070,516**	**139,598,112**	**130,445,155**	**122,936,565**	**124,524,842**
OUTBOUND CARGO					
Foreign	34,418,220	36,217,699	32,922,688	32,737,305	33,592,125
Coastwise/Intercoastal	3,618,210	3,515,854	3,257,747	3,995,516	4,843,410
Bunkers	853,516	1,261,238	1,474,261	1,652,476	1,313,215
Total outbound cargo	**38,889,946**	**40,994,791**	**37,654,696**	**38,385,297**	**39,748,750**
GRAND TOTAL CARGO	**172,960,462**	**180,592,903**	**168,099,851**	**161,321,863**	**164,273,592**
Container count in TEUs[2]	7,747,251	8,000,929	7,230,758	6,946,257	7,087,699

* Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 19 of the 1999 Official Statements, Table 15 of the 2004 Official Statement, Table C-3 of the 2013A Official Statement and Table C-3 of the 2016 Official Statement.

(1) A metric revenue ton is equal to either 1,000 kilograms or one cubic meter.

(2) A TEU represents a twenty-foot equivalent unit.

Source: Harbor Department of the City of Long Beach

PORT OF LONG BEACH
REVENUE TONNAGE BY CARGO TYPE
FISCAL YEARS ENDED SEPTEMBER 30, 2018 AND 2019
(in thousands of metric revenue tons)

	2019				2018			
Cargo Type	**Metric Revenue Tons (000s)**	**Percent of Total Tons**	**Berth/Special Facility Revenue (000s)[(1)]**	**Percent of Shipping Revenue[(1)]**	**Metric Revenue Tons (000s)**	**Percent of Total Tons**	**Berth/Special Facility Revenue (000s)[(1)]**	**Percent of Shipping Revenue[(1)]**
Containerized	132,377	77%	$311,126	79%	138,914	77%	$310,885	81%
Dry bulk	31,613	18	23,182	6%	32,170	18	16,912	4
General cargo	7,740	4	36,881	9%	8,136	5	36,657	10
Petroleum/liquid bulk	1,231	1	22,608	6%	1,372	1	19,923	5
Totals	**172,960**	**100%**	**$393,796**	**100%**	**180,593**	**100%**	**$384,376**	**100%**

* Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 20 of the 1999 Official Statements, Table 16 of the 2004 Official Statement, Table C-5 of the 2013A Official Statement and Table C-4 of the 2016 Official Statement.

(1) Total revenues include operating revenues from wharfage, dockage, storage/demurrage, bunkers, special facilities rentals, crane rentals and other sources.

Source: Harbor Department of the City of Long Beach

PORT OF LONG BEACH
CONTAINER TRAFFIC
CALENDAR YEARS 2015-2019 (HISTORICAL)
(TEUs[1])

	2015	2016	2017	2018	2019
Inbound[2]	3,625,264	3,442,575	3,863,187	4,097,377	3,758,438
Outbound[2]	1,525,560	1,529,497	1,470,514	1,523,008	1,472,802
Empties	2,041,244	1,803,098	2,210,806	2,470,638	2,400,792
Total TEUs	7,192,068	6,775,171	7,544,507	8,091,023	7,632,032

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table C-8 of the 2013A Official Statement and Table C-6 of the 2016 Official Statement.

(1) A TEU represents a twenty-foot equivalent unit.

(2) Fully loaded.

Source: Harbor Department of the City of Long Beach

PORT OF LONG BEACH
CONTAINER TRAFFIC*
FISCAL YEARS 2015-2019 (HISTORICAL)
(TEUs[(1)])

	2015	2016	2017	2018	2019
Inbound[(2)]	3,595,595	3,514,306	3,698,164	4,044,261	3,861,918
Outbound[(2)]	1,528,318	1,538,041	1,451,151	1,564,030	1,441,007
Empties	1,963,786	1,893,909	2,081,443	2,392,637	2,444,326
Total TEUs	7,087,699	6,946,256	7,230,758	8,000,928	7,747,251

* Provided to comply with the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table C-9 of the 2013A Official Statement and Table C-7 of the 2016 Official Statement.

(1) A TEU represents a twenty-foot equivalent unit.
(2) Fully loaded.

PORT OF LONG BEACH
COMPARATIVE SUMMARY OF STATEMENT OF REVENUES AND EXPENSES
FISCAL YEARS ENDED SEPTEMBER 30, 2015 THROUGH 2019[1]
(in thousands)

	2019	2018	2017	2016	2015[2]
Port Operating Revenues:					
Berths/Special Facilities	$ 393,796	$ 384,376	$ 364,486	$ 348,171	$ 343,134
Rental Properties	15,668	14,279	13,732	9,958	9,881
Miscellaneous	2,809	3,023	2,793	2,531	2,435
Total Port Operating Revenues	$ 412,273	$ 401,678	$ 381,010	$ 360,660	$ 355,450
Port Operating Expenses:					
Operation/Administrative	$ 135,038	$ 139,259	$ 142,641	$ 143,873	$ 133,771
Depreciation/Amortization	144,716	147,224	148,445	146,721	137,709
Total Port Operating Expenses	$ 279,754	$ 286,482	$ 291,086	$ 290,594	$ 271,480
Income from Port Operations	**$ 132,519**	**$ 115,196**	**$ 89,924**	**$ 70,066**	**$ 83,970**
Non-operating Income and Expense					
Clean Air Action Plan Income (Loss)	$ 329	$ 181	$ (1,127)	$ (4,656)	$ (3,488)
Gain (Loss) on Sale of Property	71	100	42	48	35,979
Income from Equity in Joint Ventures, Net	2,596	2,001	2,162	2,544	2,811
Interest Expense, Net of Interest Capitalized	(13,513)	(14,536)	(5,883)	(13,244)	(878)
Interest Income	20,197	4,808	1,706	4,637	4,036
Other, Income (Expense) Net	(16,370)	(148)	5,662	139	5,048
Total Non-Operating Income (expense)	$ (6,691)	$ (7,594)	$ 2,562	$ (10,532)	$ 43,508
Income Before Operating Transfers	$ 125,828	$ 107,602	$ 92,486	$ 59,534	$ 127,478
Net Operating Transfers	$ (20,614)	$ (20,084)	$ (19,448)	$ (14,685)	$ (17,772)
Capital Grants	68,592	67,511	73,072	128,282	121,008
Contributions to Others	0	-	-	-	-
Change in Net Position	**$ 173,807**	**$ 155,029**	**$ 146,110**	**$ 173,131**	**$ 230,714**
Total Net Position (beginning of fiscal year)	**$4,081,165**	**$3,780,028**	**$3,780,027**	**$3,609,818**	**$3,462,209**
Adjustment for GASB 68 Implementation	–	-	-	-	(83,104)
Adjustment for GASB 75 Implementation	–	-	-	(2,922)	-
Total Restated Net Position (beginning of fiscal year)	**$4,081,165**	**$3,926,137**	**$3,780,027**	**$3,606,896**	**$3,379,105**
Total Net Position (end of fiscal year)	**$4,254,972**	**$4,081,166**	**$3,926,137**	**$3,780,027**	**$3,609,819**

* Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate and to present current information in the form of Table 23 of the 1999 Official Statements, Table 19 of the 2004 Official Statement, Table C-10 of the 2013A Official Statement and Table C-8 of the 2016 Official Statement.

(1) Totals may not add due to rounding.

(2) Unaudited.

Source: Harbor Department of the City of Long Beach

AUDITED FINANCIAL STATEMENTS

A copy of the Alameda Corridor Transportation Authority Basic Financial Statements for the fiscal years ended June 30, 2019 and 2018 (with Independent Auditors' Report Thereon) ("Authority Financial Statements") are attached hereto as APPENDIX A.[1]

A copy of the Port of Los Angeles (Harbor Department of the City of Los Angeles) Comprehensive Annual Financial Report for the fiscal years ended June 30, 2019 and 2018 (with Independent Auditors' Report Thereon) ("POLA Financial Statements") are attached hereto as APPENDIX B.[2]

The Harbor Department of the City of Long Beach Annual Financial Report for the fiscal year ended September 30, 2019 (with Independent Auditors' Report Thereon) is not complete as of the date of this Report and will be filed when complete.[3]

Due to its date of publication, certain of the information contained in this Report is more current than certain of the information contained in the Financial Statements, as applicable, including but not limited to the unaudited information identified as such therein.

1 Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate.

2 Provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate. The POLA Financial Statements include the outstanding principal amount of POLA's Parity Obligations.

3 To be provided to comply with the 1999 Continuing Disclosure Certificate, the 2004 Continuing Disclosure Certificate, the 2013 Continuing Disclosure Certificate and the 2016 Continuing Disclosure Certificate.

CERTIFICATION

The undersigned hereby states and certifies that:

1. I am the duly appointed, qualified, and acting Chief Financial Officer of the Authority, familiar with the facts herein certified, and I am authorized to certify the same on behalf of the Authority.

2. The execution and delivery of this Report to the Municipal Securities Rulemaking Board have been duly authorized by the Authority.

3. This certification is being provided in connection with this Report being delivered by the Authority pursuant to the Continuing Disclosure Certificates.

4. To the best of my knowledge, with respect to information provided by the Authority, the statements and information contained in this Report are true, correct, and complete in all material respects and, as of the date hereof, this Report does not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. With respect to POLA Information and the POLB Information, the Authority is relying upon, and has not independently confirmed or verified, the accuracy or completeness of such information, or of other information incorporated by reference therein.

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

By: /s/ James P. Preusch
James P. Preusch,
Interim Chief Executive Officer

72284365.7

APPENDIX A

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018 (WITH INDEPENDENT AUDITORS' REPORT THEREON)

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS
WITH REQUIRED SUPPLEMENTARY INFORMATION

ALAMEDA CORRIDOR TRANSPORTATION AUTHORITY

June 30, 2019 and 2018

MOSSADAMS

Table of Contents

	PAGE
Report of Independent Auditors	1–2
Management's Discussion and Analysis	3–9
Financial Statements	
Statements of net position	10
Statements of revenues, expenses, and changes in net position	11
Statements of cash flows	12–13
Notes to financial statements	14–49
Required Supplementary Information	
Schedule of proportionate share of the net pension liability	50
Schedule of contributions – pension	51
Schedule of changes in the net other post-employment benefits asset and related ratios	52
Schedule of contributions – other post-employment benefits	53

Report of Independent Auditors

The Governing Board
Alameda Corridor Transportation Authority
Long Beach, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda Corridor Transportation Authority (the "Authority"), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2019 and 2018, and the respective changes in its financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the accompanying management's discussion and analysis on pages 3–9, the schedule of proportionate share of the net pension liability, schedule of contributions – pensions, schedule of changes in the net other post-employment benefits asset and related ratios, and schedule of contributions – other post-employment benefits on pages 50–53 be presented to supplement the basic financial statements. Such information, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2019, on our consideration of the Authority'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 Authority'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 Authority's internal control over financial reporting and compliance.

Moss Adams LLP

Irvine, California
October 30, 2019

Description of Basic Financial Statements

The Alameda Corridor Transportation Authority (the "Authority" or "Corridor") presents its basic financial statements using the economic resources measurement focus and full accrual basis of accounting. The Authority's basic financial statements include statements of net position; statements of revenues, expenses, and changes in net position; and statements of cash flows. The basic financial statements also include notes that explain the information presented in the basic financial statements.

Financial Highlights

The net deficit of the Authority at June 30, 2019 and 2018, respectively, was $425,066,414 and $408,847,591. Of this amount, $32,319,507 and $21,972,470, respectively, are invested in the Authority's capital assets, net of related debt, at June 30, 2019 and 2018. The Authority's net position decreased by $16,218,823 and $18,624,359 in the years ended June 30, 2019 and 2018, respectively.

The 2019 and 2018 fiscal years marked the seventeenth and sixteenth full years of operations for the Authority. The Authority earned $118,060,222 and $117,922,729 from use fees, container charges, and maintenance-of-way charges during fiscal years ended June 30, 2019 and 2018, respectively. The Authority's use fees and container charges for the year 2019 were less than the 2018 total by 0.3%. All of the use fee and container charges and all of the maintenance-of-way charges are received from the Union Pacific ("UP") and Burlington Northern Santa Fe ("BNSF") railroads that utilize the Authority's Alameda Corridor.

Condensed Financial Information

The following condensed financial information provides an overview of the Authority's financial position for the fiscal years ended June 30, 2019, 2018, and 2017:

	June 30			Change Between 2019 and 2018	Change Between 2018 and 2017
	2019	2018	2017		
ASSETS					
Capital assets, net	$ 1,556,343,265	$ 1,577,352,702	$1,598,384,791	$ (21,009,437)	$ (21,032,089)
Other assets	224,649,247	216,764,667	217,131,724	7,884,580	(367,057)
Total assets	1,780,992,512	1,794,117,369	1,815,516,515	(13,124,857)	(21,399,146)
DEFERRED OUTFLOWS OF RESOURCES	17,539,607	19,209,398	20,464,996	(1,669,791)	(1,255,598)
LIABILITIES					
Long-term liabilities	2,159,050,858	2,163,077,951	2,171,477,106	(4,027,093)	(8,399,155)
Current liabilities	64,459,551	59,008,251	54,619,159	5,451,300	4,389,092
Total liabilities	2,223,510,409	2,222,086,202	2,226,096,265	1,424,207	(4,010,063)
DEFERRED INFLOWS OF RESOURCES	88,124	88,156	108,478	(32)	(20,322)
NET POSITION					
Net investment in capital assets	32,319,507	21,972,470	14,815,507	10,347,037	7,156,963
Restricted for debt service	101,329,902	102,946,436	98,757,783	(1,616,534)	4,188,653
Restricted by Master Trust Indenture	81,829,720	71,551,248	66,146,811	10,278,472	5,404,437
Unrestricted (deficit)	(640,545,543)	(605,317,745)	(569,943,333)	(35,227,798)	(35,374,412)
Total net position	$ (425,066,414)	$ (408,847,591)	$ (390,223,232)	$ (16,218,823)	$ (18,624,359)

Capital Assets

Capital assets, net, made up of infrastructure and equipment, decreased by $21.0 million, or 1.3%, and $21.0 million, or 1.3% between 2019 and 2018, and 2018 and 2017, respectively. These decreases are due to depreciation of capital assets of $21.0 million in both fiscal years 2019 and 2018.

Deferred Outflows of Resources

Deferred outflows of resources decreased by $1.7 million, or 8.7%, and $1.3 million, or 6.1% between 2019 and 2018, and 2018 and 2017, respectively. These decreases are primarily due to amortization of gains/loss on bond refunding which is offset by the net difference between projected and actual earnings on pension plan investments and pension contributions. The deferred outflows on bond refundings are calculated as the difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts). The deferred outflows are being amortized over the shorter of the remaining life of the old debt or the new debt.

Other Assets

Other assets increased by $7.9 million, or 3.6%, during fiscal year 2019 primarily due to increases in restricted cash and investments due to lower debt service payments as a result of 2016 bond refunding.

Other Assets (continued)

Other assets decreased by $0.4 million, or 0.2%, during fiscal year 2018 primarily due to increases in restricted cash and investments due to lower debt service payments as a result of 2016 bond refunding, but, offset by the decrease of restricted investments held with a fiscal agent.

Current Liabilities

Current liabilities consist of the current portion of accrued interest and revenue bonds payable, accounts payable, unearned revenue, and other liabilities. Current liabilities increased by $5.5 million, or 9.2%, increased by $4.4 million, or 8.0%, during the fiscal years ended June 30, 2019 and 2018, respectively.

The $5.5 million increase in fiscal year 2019 is primarily due to an increase in accrued short-term debt.

The $4.4 million increase in fiscal year 2018 is primarily due to an increase in accrued short-term debt of $5.1 million, offset by a decrease in accounts payable of $0.6 million.

Long-Term Liabilities

Long-term liabilities decreased by $4.0 million, or 0.2%, in fiscal year 2019 compared to fiscal year 2018. The 2019 decrease was primarily due to scheduled payments made on debt.

Long-term liabilities decreased by $8.4 million, or 0.4%, in fiscal year 2018 compared to fiscal year 2017. The 2018 decrease was primarily due to the removal of the collateral deposit of $8.1 million.

The Master Trust Indenture

In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, 2013A, and 2016 (Bonds), the Authority entered into a Master Trust Indenture ("MTI") with U.S. Bank, the bond trustee ("Trustee"), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Corridor, including the receipt of certain use fees and container charges and other revenues known as "Authority Revenues" to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority's revenues for the purposes specifically set forth therein. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restricted funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure.

Net Position

Net position, the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, decreased by $16.2 million, or 4.0%, and $18.6 million, or 4.8%, during the years ended June 30, 2019 and 2018, respectively. The change in net position was primarily the result of interest and operating expenses continuing to exceed operating income. In fiscal years 2019 and 2018, operating revenues of $118.1 million and $117.9 million, respectively, were sufficient to cover the interest expense of $106.4 million in 2019 and $105.4 million in 2018.

Summary of Changes in Net Position

The table below summarizes the changes in net position for the years ended June 30, 2019, 2018, and 2017:

	Year Ended June 30			Change Between 2019 and 2018	Change Between 2018 and 2017
	2019	2018	2017		
Operating revenues					
Use fees and container charges	$ 112,550,438	$ 112,933,239	$ 102,802,942	$ (382,801)	$ 10,130,297
Maintenance-of-way charges	5,509,784	4,989,490	4,871,474	520,294	118,016
Total operating revenues	118,060,222	117,922,729	107,674,416	137,493	10,248,313
Operating expenses					
Salaries and benefits	2,282,399	2,298,361	1,877,585	(15,962)	420,776
Administrative expenses and professional services	3,071,757	3,112,760	3,636,088	(41,003)	(523,328)
Maintenance-of-way charges	8,414,068	6,866,376	6,956,695	1,547,692	(90,319)
Depreciation	21,024,851	21,032,089	21,034,560	(7,238)	(2,471)
Total operating expenses	34,793,075	33,309,586	33,504,928	1,483,489	(195,342)
Operating income	83,267,147	84,613,143	74,169,488	(1,345,996)	10,443,655
Nonoperating revenues (expenses)					
Interest and investment income, net	6,670,741	2,011,208	1,635,412	4,659,533	375,796
Interest expense	(106,352,164)	(105,444,950)	(104,578,086)	(907,214)	(866,864)
Grant revenues	885,189	1,149,402	1,323,195	(264,213)	(173,793)
Miscellaneous revenues	248,728	556,347	621,419	(307,619)	(65,072)
Expenses for public benefit	(938,464)	(1,509,509)	(1,682,241)	571,045	172,732
Total nonoperating expenses	(99,485,970)	(103,237,502)	(102,680,301)	3,751,532	(557,201)
Changes in net position	(16,218,823)	(18,624,359)	(28,510,813)	2,405,536	9,886,454
Net position, beginning of the year	(408,847,591)	(390,223,232)	(361,712,419)	(18,624,359)	(28,510,813)
Net position, end of year	$ (425,066,414)	$ (408,847,591)	$ (390,223,232)	$ (16,218,823)	$ (18,624,359)

Operating Revenues

Use fees and container charges revenues, representing 95.3% and 95.8% of operating revenues, decreased by $0.4 and increased by $10.1 million, or -0.3% and 9.9%, in 2019 and 2018, respectively. The 2018 increase represents a recovery from the 2014/2015 productivity and labor disruption.

Operating Expenses

Operating expenses consist of salaries and benefits, administrative expenses, professional services, maintenance-of-way charges, and depreciation. During the year ended June 30, 2019, operating expenses increased by $1.5 million or 4.5%. The increase in 2019 was the result of an increase in maintenance-of-way charges. During the year ended June 30, 2018, operating expenses decreased by $0.2 million or 0.6%. The decrease in 2018 is the result of decreases in administrative expenses and maintenance-of-way charges and professional services, offset by an increase in salaries and benefits.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist of interest and investment earnings, interest expense, grant revenues, miscellaneous revenues, carrying value adjustment for assets held for transfer, expenses for public benefit, and bond issuance costs.

The 2019 decrease in nonoperating expenses of $3.8 million was primarily due to an increase in interest and investment income.

The 2018 increase in nonoperating expenses of $0.6 million was primarily due to an increase in interest expenses offset by an increase in interest and investment income.

Capital Assets and Debt Administration

At June 30, 2019 and 2018, the Authority had approximately $1.56 and $1.58 billion, respectively, of capital assets, net of accumulated depreciation, and approximately $2.2 and $2.2 billion, respectively, in outstanding long-term debt.

Long-Term Debt

As of June 30, 2019 and 2018, the Authority’s total long-term debt in revenue bonds was $1.594 billion and $1.646 billion; respectively. In addition, accrued interest payable was $550.3 million and $502.5 million, during fiscal years 2019 and 2018, respectively.

As of June 30, 2019, the Authority’s credit ratings for the Senior Bonds (1999A, 1999C, 2012, and 2013A) are A3, A-, and A by Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings, respectively. For the first subordinated debt (2004A, 2004B, and 2016A), the ratings are Baa2, BBB+, and BBB+ by Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings, respectively, and for the second subordinated debt (2016B), the ratings are Baa2, BBB+, and BBB by Moody’s Investor Service, Standard & Poor’s, and Fitch Ratings respectively.

Long-Term Debt (continued)

Additional debt information can be found in Note 6 to the basic financial statements.

Other Developments

The Authority's Alameda Corridor Project opened on April 15, 2002. On that date, the Authority commenced operations and began collecting revenues for intermodal containers and rail cars using the Corridor, as authorized in the Use and Operating Agreement between the Authority and the participating railroads (Use and Operating Agreement). The Authority's bonds are payable solely from and secured by a pledge of, among other revenues, use fees, container charges to be paid by the railroads, and shortfall advances to be paid under certain circumstances by the ports of Los Angeles and Long Beach (collectively known as the "Ports"). To the extent that the revenues from use and container charges are not sufficient to meet the Authority's obligations, the Ports have agreed to advance the funds necessary to pay up to the maximum amount of 20% each for any debt service payment. From inception until the fiscal year ended June 30, 2019, approximately $1.56 billion has been received from the railroads. These revenues, combined with remaining interest income and other surplus cash balances, have been sufficient to meet debt services, fund reserve account required deposits, and pay the cost of revenue collections, monitoring, and administrative fees, except for in fiscal years 2012 and 2013, when shortfall advances totaling $11.8 million from the Ports were needed.

The Authority's program manager, Alameda Corridor Engineering Team ("ACET"), together with the Authority's staff are actively working to close out the remaining completed projects from the original Corridor projects as well as to support Caltrans on the SR-47 Project as outlined in cooperative agreements. Remaining work involves property transfers, right-of-way closeouts, and support on the SR-47 Project.

The Authority's Governing Board (the "Board") modified the Corridor to include the addition of several Corridor-related projects, consistent with the Authority's Joint Powers Agreement, Use and Operating Agreement, and its bond-related documents. Significant among those projects are the Pacific Coast Highway (PCH) and SR-47 projects. The PCH project was completed in August 2004. The SR-47 project has progressed, and the Authority is currently working in conjunction with Caltrans to advance the Heim Bridge portion of the project. The National Environmental Policy Act (NEPA) Record of Decision was approved on August 12, 2009; the Notice of Determination was received on August 17, 2009. The final design for replacement of the Bridge was completed in October 2010. Construction of the bridge is being administered by Caltrans and is underway. Construction is expected to be completed in July 2020, with full closeout set to occur in early 2021.

In May 2016, the Authority issued bonds in order to reduce debt service costs in the short-term by refinancing a portion of its outstanding debt. The Authority has continued to engage in activities to prevent further decline in its net position and improve the overall financial condition of the Authority. Although the Authority does not expect to require shortfall advances from the Ports within the next fiscal year based upon current revenue projections, the ability to request advances remains an option to the Authority. The Authority has forecasted that cargo volumes will increase in the future based on cargo volumes projected from the Ports, resulting in greater revenues for the Authority to fund future debt service requirements.

Other Developments (continued)

In April 2019, the Authority's Governing Board approved the selection of a new maintenance contractor for the Corridor. RailWorks Track Services, Inc.'s (RailWorks) contract commenced on May 1, 2019, for a five-year term with a five-year renewal option. Expenditures related to the maintenance of the Corridor were higher during the first two months, as the previous contractor, Balfour Beatty Infrastructure, Inc. (BBII) and RailWorks both provided services during the transition period.

The Authority's Chief Executive Officer and Chief Financial Officer have announced that they both intend to retire in the near future. The Chief Executive Officer plans to retire on or about December 13, 2019. The Chief Financial Officer intends to retire during the 2020 calendar year, after assisting with the transition to a new management team.

Contacting the Authority's Financial Management

The financial report is designed to provide a general overview of the Authority's finances for all those with an interest. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer, Alameda Corridor Transportation Authority, 3760 Kilroy Airport Way, Suite 200, Long Beach, California, 90806.

Alameda Corridor Transportation Authority
Statements of Net Position

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	June 30, 2019	June 30, 2018
CURRENT ASSETS		
Restricted cash and cash equivalents	$ 36,446,620	$ 45,448,126
Restricted investments	105,648,758	64,829,282
Receivables	11,992,009	11,977,208
Prepaid expenses	1,186,647	1,178,951
Total current assets	155,274,034	123,433,567
Restricted investments	55,798,756	79,752,122
Assets held for transfer	13,347,625	13,347,625
Net OPEB asset	228,832	231,353
Capital assets not being depreciated	438,148,732	438,148,732
Capital assets, net of accumulated depreciation	1,118,194,533	1,139,203,970
Total assets	1,780,992,512	1,794,117,369
DEFERRED OUTFLOWS OF RESOURCES		
Loss on refunding	16,831,570	18,325,981
Pension and OPEB related items	708,037	883,417
Total assets and deferred outflows of resources	$ 1,798,532,119	$ 1,813,326,767

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 2,219,703	$ 1,993,677
Unearned revenue	935,014	1,266,841
Accrued interest payable, current portion	18,082,865	22,204,169
Revenue bonds payable, current portion	42,611,850	32,995,584
Other liabilities	610,119	547,980
Total current liabilities	64,459,551	59,008,251
Shortfall advances to Ports	12,383,832	12,099,503
Net pension liability	2,001,963	2,105,587
Accrued interest payable, net of current portion	550,267,549	502,457,879
Revenue bonds payable, net of current portion and unamortized discount	1,594,397,514	1,646,414,982
Total liabilities	2,223,510,409	2,222,086,202
DEFERRED INFLOWS OF RESOURCES	88,124	88,156
NET POSITION		
Net investments in capital assets	32,319,507	21,972,470
Restricted, expendable for		
Debt service	101,329,902	102,946,436
Master Trust Indenture	81,829,720	71,551,248
Unrestricted (deficit)	(640,545,543)	(605,317,745)
Total net position	(425,066,414)	(408,847,591)
Total liabilities, deferred inflows of resources, and net position	$ 1,798,532,119	$ 1,813,326,767

See accompanying notes.

	Years Ended June 30, 2019	2018
OPERATING REVENUES		
Use fees and container charges	$ 112,550,438	$ 112,933,239
Maintenance-of-way charges	5,509,784	4,989,490
Total operating revenues	118,060,222	117,922,729
OPERATING EXPENSES		
Salaries and benefits	2,282,399	2,298,361
Administrative expenses	2,172,258	2,114,554
Professional services	899,499	998,206
Maintenance of way	8,414,068	6,866,376
Depreciation	21,024,851	21,032,089
Total operating expenses	34,793,075	33,309,586
Operating income	83,267,147	84,613,143
NONOPERATING REVENUES (EXPENSES)		
Interest and investment revenue, net	6,670,741	2,011,208
Grant revenues	885,189	1,149,402
Miscellaneous revenue	248,728	556,347
Interest expense	(106,352,164)	(105,444,950)
Expenses for public benefit	(938,464)	(1,509,509)
Total nonoperating expenses, net	(99,485,970)	(103,237,502)
Changes in net position	(16,218,823)	(18,624,359)
NET POSITION, beginning of the year	(408,847,591)	(390,223,232)
NET POSITION, end of year	$ (425,066,414)	$ (408,847,591)

Alameda Corridor Transportation Authority
Statements of Cash Flows

	Years Ended June 30, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for services	$ 117,973,394	$ 117,093,131
Payment to suppliers for goods and services	(11,267,495)	(10,667,604)
Payments to employees	(2,146,015)	(2,126,446)
Net cash provided by operating activities	104,559,884	104,299,081
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Grant receipts	662,582	1,340,769
Payments for expenses for public benefit	(938,464)	(1,509,509)
Receipts for miscellaneous income	248,728	556,347
Net cash (used in) provided by noncapital financing activities	(27,154)	387,607
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(15,414)	-
Principal paid on notes and bonds payable	(31,652,661)	(28,101,727)
Interest payments on debt	(71,633,599)	(71,305,455)
Net cash used in capital and related financing activities	(103,301,674)	(99,407,182)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(247,152,157)	(439,853,178)
Sales of investments	230,286,047	448,150,201
Interest received	6,633,548	1,980,306
Net cash (used in) provided by investing activities	(10,232,562)	10,277,329
NET INCREASE IN RESTRICTED CASH AND CASH EQUIVALENTS	(9,001,506)	15,556,835
RESTRICTED CASH AND CASH EQUIVALENTS, beginning of year	45,448,126	29,891,291
RESTRICTED CASH AND CASH EQUIVALENTS, end of year	$ 36,446,620	$ 45,448,126

See accompanying notes.

	Years Ended June 30, 2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 83,267,147	$ 84,613,143
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation expense	21,024,851	21,032,089
Changes in operating assets, deferred outflows of resources, liabilities, and deferred inflows of resources		
Receivables	(86,828)	(829,598)
Prepaid expenses	(7,696)	(51,130)
Net OPEB asset	2,521	148,542
Deferred outflows/inflows of resources	175,348	(259,135)
Accounts payable	226,026	(637,338)
Net pension liability	(103,624)	263,066
Other liabilities	62,139	19,442
Net cash provided by operating activities	$ 104,559,884	$ 104,299,081

Note 1 – Organization and Summary of Significant Accounting Policies

Reporting entity – The Alameda Corridor Transportation Authority (the "Authority") was established in August 1989 through a Joint Exercise of Powers Agreement (JPA) between the cities of Los Angeles and Long Beach, California. The purpose of the Authority is to acquire, construct, finance, and operate a consolidated transportation corridor, including an improved railroad expressway between the ports of Los Angeles and Long Beach (collectively known as the "Ports") and downtown Los Angeles (the route between the two locations has become known as the "Alameda Corridor").

The Authority's independent Governing Board has seven members, comprising two members each from the Ports, one member each from the cities of Los Angeles and Long Beach, and one member representing the Los Angeles County Metropolitan Transportation Authority ("LACMTA").

As of June 30, 2019, the members of the Authority's Governing Board were the following:

Chairperson – Mr. Joe Buscaino, Council member, City of Los Angeles
Vice Chairperson – Ms. Suzie Price, Council member, City of Long Beach
Member – Hon. Janice Hahn, Supervisor, County of Los Angeles and Chairperson, LACMTA
Member – Mr. Frank Colonna, Commissioner, Port of Long Beach
Member – Mr. Edward Renwick, Commissioner, Port of Los Angeles
Member – Mr. Eugene Seroka, Executive Director, Port of Los Angeles
Member – Mr. Mario Cordero, Executive Director, Port of Long Beach

The Authority is empowered to explore alternative methods of financing, to develop existing property, and to coordinate other governmental efforts necessary for a consolidated transportation corridor, including the completion of the Alameda Corridor Project (the "Project"). The Authority may issue revenue bonds to carry out its obligations under the JPA. Such bonds will be payable from revenues generated from the Alameda Corridor, from one or more pledges of revenues from the Authority, the Board of Harbor Commissioners of Long Beach and Los Angeles, from pledges of revenues from other responsible agencies, or from any other legally available funds.

Program management agreement – In January 1996, the Authority's Governing Board entered into a 10-year Program Management Agreement ("Agreement") with the Alameda Corridor Engineering Team ("ACET"), a joint venture comprising Daniel, Mann, Johnson, and Mendenhall (now "AECOM"); Moffatt and Nichol Engineers; Jenkins, Gales, and Martinez, Inc.; and TELACU Construction Management, Inc., to provide the broad program management services necessary to assist the Authority in implementing the Alameda Corridor. The Agreement calls for ACET to provide the Authority with professional services related to management, engineering, construction support, procurement, coordination, and administration of the Alameda Corridor Project Construction Program. This Agreement was amended twice by the Governing Board and is now extended through June 30, 2020.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Use and operating agreement – In October 1998, the cities of Long Beach and Los Angeles, the Authority, Union Pacific Railroad Company (“UP”), and Burlington Northern Santa Fe Railway Company (“BNSF”) entered into a use and operating agreement (the Use and Operating Agreement or “UOA”), which outlines the provisions for the construction, operation, and use of the Rail Corridor (as defined in the UOA). Specifically, it grants UP and BNSF the right to use the Rail Corridor constructed by the Authority for all Through Train (as defined in the UOA) movements upon substantial completion in exchange for paying maintenance, operating charges, container charges, and use fees to the Authority. Proceeds of the container charges and use fees will be used to repay the revenue bonds. The Use and Operating Agreement was amended in 2006 to resolve a dispute involving application of the container charge and use fee provisions of the Agreement to transloaded cargo. On December 15, 2016, an Amended and Restated Alameda Corridor Use and Operating Agreement was executed by and among the Ports, the Railroads, and the Authority, which, among other things, incorporates the amendments set forth in the First Amendment dated as of July 5, 2006; replaces the Operating Committee with direct decision-making authority by the Ports and Railroads for the management of Alameda Corridor maintenance and operations; and removes construction-related provisions and updates certain other provisions to reflect current conditions and practices. Dissolving the Operating Committee and modifying the decision-making process did not have any impact on the day-to-day operation of the Alameda Corridor or the collection of the Authority’s revenues. The UOA requirements are to be in effect until the earlier of April 15, 2062, or repayment of all obligations under the UOA.

Master trust indenture – In conjunction with the sale of project revenue and refunding bonds in 1999, 2004, 2012, 2013A, and 2016 (“Bonds”), the Authority entered into a Master Trust Indenture (“MTI”) with U.S. Bank, the bond trustee (“Trustee”), pursuant to which the Authority assigned all of its rights, title, and interest in and to the Project, including the receipt of certain use fees and container charges and other revenues known as the “Authority revenues” to the Trustee as security for the repayment of the Bonds. Pursuant to the terms of the MTI, the Trustee is required to establish certain funds and accounts and to apply the Authority’s revenues for the purposes specifically set forth therein, which include the payment of most operating expenses and debt service payments. The MTI establishes debt service funds, debt service reserve funds, construction funds, maintenance and capital reserve funds, and certain other restrictive funds. The MTI also establishes a priority of payments, which restricts the manner, timing, and sequence of transfers into and out of such funds and accounts, and among such funds and accounts. The MTI requires that the Authority comply with certain operational and financial covenants, restricts the types of investments the Trustee and Authority may make, and requires regular financial reporting and disclosure. The Authority’s net position restricted by the MTI included in the accompanying statements of net position of $81,829,720 and $71,551,248 as of June 30, 2019 and 2018, respectively, represents the accumulation of the Authority’s revenues in excess of operating expenses and debt payments that can only be used for the aforementioned purposes noted in the MTI.

Basis of presentation – The basic financial statements of the Authority have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) as applied to governmental units and the State Controller’s Minimum Audit Requirements and Reporting Guidelines. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for state and local governments within the United States of America.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

In accordance with U.S. GAAP, the Authority's operations are accounted for as a business-type activity. In this regard, the Authority follows the economic resources measurement focus and the accrual basis of accounting, whereby revenues are recognized when they are earned, and expenses are recorded when they are incurred, irrespective of when paid.

Restricted cash and cash equivalents – The Authority has defined, for purposes of the preparation of its statements of cash flows, that cash and cash equivalents include deposits, money market accounts, and investments with an original maturity date of three months or less, including investments in the State of California Local Agency Investment Fund ("LAIF"). The Authority participates in the State of California's LAIF, a non-Securities and Exchange Commission registered investment pool open to all government units in the State of California and is able to withdraw amounts from LAIF on demand without penalty.

Investments – Investments are stated at fair value. The value of each investment security has been determined based on the published closing price of the security as of June 30, 2019 and 2018. The net changes in fair value of investments, consisting of realized gains or losses and the unrealized appreciation/depreciation on those investments, have been included in interest and investment revenue as shown in the accompanying statements of revenues, expenses, and changes in net position.

The Authority's investment practices are governed by the MTI investment policy. The investment policy was amended by the Authority's Governing Board in April 2018, segregating non-bond funds that are controlled by the Board from bond funds that are controlled by the MTI investment policy. The types of investment authorized by the policies are described further in Note 2.

Assets held for transfer – Remaining right-of-way parcels or easements that require a transfer are valued based upon the known costs paid at the time the parcel was originally acquired. These assets are not held for investment purposes. The carrying value of these assets is further described in Note 4.

Capital assets – Capital assets purchased or constructed are carried at cost, including capitalized interest during construction. Donated assets are valued at the estimated fair value on the date received. Depreciation is provided over the estimated useful life of each asset and computed on a straight-line basis beginning with the fiscal year after the asset is placed in service. Trench structures, tracks and signals, rail bridge structures, and highway bridge structures include both depreciable and nondepreciable components. Costs associated with construction and building of the structures, track, and signal systems of the Corridor are depreciable. Nondepreciable components include the demolition, excavation, backfill, embankment fill, removal of contaminated soil, construction delay costs, and utility relocations.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Estimated useful lives of classes of capital assets are as follows:

Tenant improvements	3 years
Automotive vehicles	5 years
Office equipment	3-5 years
Buildings	30 years
Revenue assessment and verification system and other software	5 years
Tracks and signal systems	40 years
Highway bridge structures	100 years
Trench structures	100 years
Rail bridge structures	100 years

Infrastructure and equipment acquired with state and local grants are also included in capital assets. Depreciation on these assets is recorded as an operating expense.

Restricted assets and net position – Certain proceeds of the Authority's revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the statements of net position because their use is limited by applicable bond covenants. The revenue bonds' accrued interest, debt service reserve, and revenue fund accounts have been classified as restricted assets, because these accounts are first restricted to the payment of interest and principal on the outstanding revenue bonds. These amounts, offset by any related outstanding debt, are reported as net position restricted for debt service. After payment of debt service, remaining revenues, if any, are restricted to the payment of the Authority's other costs and legal obligations (including repayment of Port Shortfall Advances) as defined by the Authority's Use and Operating Agreement. The Reserve Account has also been classified as restricted assets, because the amount in this account is restricted for specific purposes under the Use and Operating Agreement and the revenue bond covenants. These amounts, offset by any related outstanding liabilities, are reported as net position restricted by the MTI.

Remaining long-term debt proceeds that have been set aside for capital projects are also reported as restricted assets. The monies restricted for capital projects have been fully expended. When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, and then unrestricted resources as they are needed.

The Authority's net position as of June 30, 2019, is a negative $425.1 million because total liabilities and deferred inflows of resources were greater than total assets and deferred outflows of resources due to accumulating accreted interest on revenue bonds payable. The Authority's interest cash payments are lower than recorded interest expense because the bonds are capital appreciation bonds (CABs), which compound interest until final maturity. As a result, the Authority is able to maintain a liquid financial position. Management believes that it will be able to sustain its liquidity based on the terms of the bonds payable and through shortfall advances from the Ports, if necessary, as discussed further in Note 6.

Note 1 – Organization and Summary of Significant Accounting Policies (continued)

Compensated absences – All Authority employees accumulate time off for vacation and sick leave each pay period. While sick leave hours are accrued at a uniform rate among all employees, vacation accrual is based on length of service. Vacation hours are payable to employees when used at the individual employee's current rate of pay. Any unused vacation remaining at the time of termination is also payable to the employee at his/her then rate of pay. All vacation hours that have been earned but not paid as of June 30, 2019 and 2018, have been accrued in the accompanying statements of net position in other liabilities. Sick hours are paid to employees when used. The Authority's sick leave policy also provides that employees will be paid 50% of the remaining value of their sick leave hours upon termination. Consequently, 50% of all unused sick hours for all employees totaling $300,634 and $283,942 as of June 30, 2019 and 2018, respectively, have also been accrued in other liabilities of the accompanying statement of net position.

Pensions – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Agency of California Public Employees' Retirement System ("CalPERS") plans ("Plans"), and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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. Pension information is further described in Note 9.

Post-employment Benefits Other Than Pensions (OPEB) – For purposes of measuring the net OPEB asset, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to and deductions from the OPEB's plan fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. OPEB information is further described in Note 10.

Operating revenues and expenses – Operating revenues and expenses generally result from the operation of the Rail Corridor. The principal operating revenues of the Authority are fees assessed to the railroads for use and maintenance of the Rail Corridor. These fees are recognized in the period earned. Operating expenses include revenue collection and other administrative expenses, maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Use of estimates – The preparation of basic financial statements in conformity with U.S. GAAP requires that management make estimates and assumptions that may affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Restricted Cash, Cash Equivalents, and Investments

Cash, cash equivalents, and investments as of June 30, 2019 and 2018, are classified in the accompanying basic financial statements as follows:

	June 30, 2019	June 30, 2018
Current restricted cash and cash equivalents	$ 36,446,620	$ 45,448,126
Current restricted investments	105,648,758	64,829,282
Noncurrent restricted investments	55,798,756	79,752,122
Total restricted cash, cash equivalents, and investments	$ 197,894,134	$ 190,029,530

Deposits – At June 30, 2019 and 2018, the net carrying amount of the Authority's deposit account with Bank of America was $689,908 and $503,612, while the corresponding bank balance was $2,024,227 and $526,561, respectively. Outstanding checks account for the respective differences between the carrying amounts and bank balances. Of the aforementioned bank balance, $250,000 is covered by the Federal Deposit Insurance Corporation, with the excess being secured with collateral of securities held by the pledging financial institution's trust or agent in the Authority's name.

The California Government Code Section 53601 requires California banks and savings and loan associations to secure a public agency's deposits not covered by federal depository insurance by pledging government securities as collateral. The carrying amount of pledged securities must equal at least 110% of the agency's deposits. California law also allows financial institutions to secure agency deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits. The collateral must be held at the pledging bank's trust department or other bank acting as the pledging bank's agent in the Authority's name.

Investments – The Authority's investments are invested pursuant to the investment policy guidelines included in the MTI for bond funds and adopted by the Governing Board of the Authority for non-bond funds. The objectives of the policies are, in order of priority, preservation of capital, liquidity, and yield. The policies address the types of investment instruments and the percentage of the portfolio in which the Authority may invest its funds as permitted by the California Government Code. Generally, investments shall be made in the context of the "prudent investor" rule.

Investment in State of California Local Agency Investment Pool – The Authority is a voluntary participant in the LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The carrying value of the Authority's investment in this pool is reported in the accompanying statements of net position as restricted cash equivalents at amounts based upon the Authority's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF. Amounts up to $10 million can be withdrawn on demand. At June 30, 2019 and 2018, the balance of such deposits is $8,675,681 and $8,396,268, respectively.

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

Interest rate risk – Interest rate risk is the risk that changes in market interest rates that will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity its fair value is to changes in market interest rates. One of the ways that the Authority manages its exposure to interest rate risk is by purchasing a combination of short-term and medium-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Authority monitors the interest rate risk inherent in its portfolio by measuring the weighted-average maturity of its portfolio. The Authority has no specific limitations with respect to this metric.

Under provision of the Authority's MTI investment policy, and in accordance with Section 53601 of the California Government Code, the Authority may invest in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	5 years	None	None
Federal Agency obligations	5 years	None	None
U.S. local agency bonds, notes, or warrants	5 years	None	None
State warrants or bonds	5 years	None	None
Authority bonds	N/A	None	N/A
Commercial paper	180 days	30%	10%
Negotiable certificates of deposit	2 years	30%	None
Medium-term maturity corporate notes	3 years	30%	8%
Money market funds	None	20%	10%
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
L.A. County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	None
Repurchase agreements	90 days	50%	None
Guaranteed investment contracts and investment agreements	5 years	50%	20%
Bankers' acceptances	270 days	40%	10%

In April 2018, the Governing Board adopted a modified Investment Policy for investments not controlled by MTI. Such investments represent approximately 7.4% of the Authority's investments of $197,894,134 as of June 30, 2019.

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

Under the provisions of the Authority's non-MTI related Investment Policy, and in accordance with Section 53601 of the California Government Code, the Authority's non-MTI related funds may be invested in the following types of investments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, notes, or bonds	5 years	None	None
Federal Agency Obligations	5 years	50%	None
U.S. local agency bonds, notes, or warrants	5 years	5%	N/A
Supranationals - U.S. Denominated	5 years	30%	10%
State warrants or bonds	5 years	5%	None
Authority bonds	None	20%	None
Commercial paper	270 days	25%	5%
Negotiable certificates of deposits	2 years	20%	5%
Time deposits	1 year	15%	5%
Medium-term maturity corporate notes	5 years	30%	5%
Money market funds	None	20%	10%
State of California Local Agency Investment Fund (LAIF)	N/A	None	None
Los Angeles County Treasurer Investment Pool	N/A	None	None
Mortgage- or asset-backed securities	5 years	20%	5%

Prohibited: Repurchase agreements, Reverse Repurchase agreements, Bankers' Acceptance, Common stocks; Inverse floaters, Range notes, Interest-only strips from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity

Weighted Average Duration: 3 years
Maximum maturity: 5 years

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

The following schedules indicate the combined distribution of the Authority's investments as of June 30:

	2019		2018	
	Reported Amount	Weighted-Average Maturity (in Years)	Reported Amount	Weighted-Average Maturity (in Years)
Cash and investment type				
Cash	$ 1,441,059	-	$ 504,111	-
Money market fund	7,499,086	-	16,330,434	-
LAIF	8,675,681	-	8,396,268	-
U.S. Treasury notes	82,915,560	0.62	68,871,443	1.06
U.S. corporate notes	13,833,941	1.04	20,066,466	1.58
Commercial paper	854,932	0.23	1,314,457	0.27
Federal agency obligations	82,673,875	1.34	74,546,351	1.53
	$ 197,894,134		$ 190,029,530	

Disclosure relating to credit risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the distribution of investment amounts by type of investment and rating category as of June 30, 2019 and 2018.

	Ratings as of June 30, 2019								
	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 7,499,086	$ -	$ -	$ -	$ -	$ 500,519	$ 250,132	$ 690,408	$ 8,940,145
LAIF	-	-	-	-	-	-	-	8,675,681	8,675,681
U.S. Treasury notes	60,144,982	-	-	-	-	22,770,578	-	-	82,915,560
U.S. corporate notes	-	-	5,521,591	6,433,605	849,202	-	-	1,029,543	13,833,941
Commercial paper	-	-	-	-	-	-	854,932	-	854,932
Federal agency obligations	43,090,694	-	-	-	-	39,583,181	-	-	82,673,875
Total	$ 110,734,762	$ -	$ 5,521,591	$ 6,433,605	$ 849,202	$ 62,854,278	$ 1,105,064	$ 10,395,632	$ 197,894,134

	Ratings as of June 30, 2018								
Investment type	AAA / AA+	AA	AA- / A+	A	A-	A-1+	A-1	NR	Total
Investment type									
Cash and money market	$ 14,880,730	$ -	$ -	$ -	$ -	$ 599,999	$ 849,705	$ 504,111	$ 16,834,545
LAIF	-	-	-	-	-	-	-	8,396,268	8,396,268
U.S. Treasury notes	53,077,562	-	-	-	-	15,793,881	-	-	68,871,443
U.S. corporate notes	-	847,218	9,404,366	7,999,512	838,075	-	-	977,295	20,066,466
Commercial paper	-	-	-	-	-	570,370	744,087	-	1,314,457
Federal agency obligations	44,594,125	-	-	-	-	29,952,226	-	-	74,546,351
Total	$ 112,552,417	$ 847,218	$ 9,404,366	$ 7,999,512	$ 838,075	$ 46,916,476	$ 1,593,792	$ 9,877,674	$ 190,029,530

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

Concentration of credit risk – The Authority's investment policies contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of the total Authority's investments are as follows:

	June 30	
	2019	2018
Federal Home Loan Bank – federal agency obligations	$ 19,723,443	$ 25,158,756
Federal National Mortgage Association – federal agency obligations	49,259,820	38,013,856
Federal Home Loan Mortgage Corporation – federal agency obligations	6,971,410	9,941,614
	$ 75,954,673	$ 73,114,226

Investment valuation – Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an "exit price") in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Authority's fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quote prices in active markets for identical assets (Level 1 measurements) and the lowest priority measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of net position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2019 and 2018.

U.S. government securities, mortgage-backed securities and other debt and equity securities – Valued at the closing price reported on the major market on which the individual securities are traded or have reported broker trades which may be considered indicative of an active market. Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available for the specific security, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, discounted cash flows, and other observable inputs. Such securities are classified within Level 2 of the valuation hierarchy.

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

Commercial paper – Valued using pricing models maximizing the use of observable inputs for similar securities, which includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Fair values of investments have been determined by the Authority from observable market quotations, as reflected below. The following tables present the Authority's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2019 and 2018.

	June 30, 2019			
	Total	Level 1	Level 2	Level 3
Investments				
Commercial paper				
Domestic	$ 854,932	$ -	$ 854,932	$ -
Federal agencies and municipalities				
U.S. Treasury notes	82,915,560	-	82,915,560	-
U.S. corporate notes	13,833,941	-	13,833,941	-
Federal agency obligations	82,673,875	-	82,673,875	-
	180,278,308	$ -	$ 180,278,308	$ -
Cash and equivalents not measured at fair value				
Cash	1,441,059			
LAIF	8,675,681			
Money market accounts	7,499,086			
	$ 197,894,134			

Note 2 – Restricted Cash, Cash Equivalents, and Investments (continued)

	June 30, 2018			
	Total	Level 1	Level 2	Level 3
Investments				
Commercial paper				
Domestic	$ 1,314,457	$ -	$ 1,314,457	$ -
Federal agencies and municipalities				
U.S. Treasury notes	68,871,443	-	68,871,443	-
U.S. corporate notes	20,066,466	-	20,066,466	-
Federal agency obligations	74,546,351	-	74,546,351	-
	164,798,717	$ -	$ 164,798,717	$ -
Cash and equivalents not measured at fair value				
Cash	504,111			
LAIF	8,396,268			
Money market accounts	16,330,434			
	$ 190,029,530			

Note 3 – Receivables

Receivables consist of grants, use fees, and other amounts due from private entities. The following provides a summary of the amounts of accounts and other receivables:

	June 30	
	2019	2018
Grants receivable	$ 369,314	$ 478,534
Interest receivable	746,987	709,794
Use fees and other receivables	10,875,708	10,788,880
Total	$ 11,992,009	$ 11,977,208

Note 4 – Assets Held for Transfer

Assets held for transfer represent right-of-way land and land improvements that were acquired by the Authority. Hundreds of parcels and easement rights were acquired in order to complete the construction of the Alameda Corridor. The Authority, under the terms of the Joint Powers Agreement, is not permitted to own any land or land easement rights. The Ports own the land that the trench was built on and the Authority has the right to use and occupy the property under the terms of a Use Permit that was executed between the Ports and the Authority on October 12, 1998. Title to all land and easement rights necessary to operate the Alameda Corridor is in the process of being deeded to the Ports, as tenants in common. No transfers took place during fiscal years 2019 and 2018 that had an associated monetary value.

Note 5 – Capital Assets

The following schedule summarizes capital assets for the years ended June 30, 2019 and 2018:

	Balance, June 30, 2018	Additions	Deletions	Balance, June 30, 2019
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,050,307	15,414	-	7,065,721
Total buildings and equipment	8,441,203	15,414	-	8,456,617
Alameda Corridor Project Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	147,175,088
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,914,827,937	15,414	-	1,914,843,351
Less accumulated depreciation for				
Trench structures	(166,681,966)	(10,430,222)	-	(177,112,188)
Track and signals	(48,665,484)	(3,309,085)	-	(51,974,569)
Rail bridge structures	(84,125,804)	(5,292,827)	-	(89,418,631)
Highway bridge structures	(30,050,323)	(1,948,030)	-	(31,998,353)
Office equipment	(285,675)	(1,870)	-	(287,545)
Buildings	(621,740)	(36,753)	-	(658,493)
Revenue assessment and verification system and other software	- (7,044,243)	(6,064)	-	(7,050,307)
Total accumulated depreciation	(337,475,235)	(21,024,851)	-	(358,500,086)
Capital assets, net	$ 1,577,352,702	$ (21,009,437)	$ -	$ 1,556,343,265

Note 5 – Capital Assets (continued)

The following schedule summarizes capital assets for the years ended June 30, 2018 and 2017:

	Balance, June 30, 2017	Additions	Deletions	Balance, June 30, 2018
Buildings and equipment				
Office equipment	$ 288,302	$ -	$ -	$ 288,302
Buildings	1,102,594	-	-	1,102,594
Revenue assessment and verification system and other software	7,050,307	-	-	7,050,307
Total buildings and equipment	8,441,203	-	-	8,441,203
Alameda Corridor Project				
Infrastructure				
Capital assets, being depreciated				
Trench structures	715,581,463	-	-	715,581,463
Track and signals	196,509,123	-	-	196,509,123
Rail bridge structures	408,972,328	-	-	408,972,328
Highway bridge structures	147,175,088	-	-	147,175,088
Capital assets, not being depreciated				
Trench structures	224,167,723	-	-	224,167,723
Track and signals	66,493,773	-	-	66,493,773
Rail bridge structures	101,783,053	-	-	101,783,053
Highway bridge structures	45,704,183	-	-	45,704,183
Alameda Corridor Project Infrastructure	1,906,386,734	-	-	1,906,386,734
Total capital assets	1,914,827,937	-	-	1,914,827,937
Less accumulated depreciation for				
Trench structures	(156,251,744)	(10,430,222)	-	(166,681,966)
Track and signals	(45,356,399)	(3,309,085)	-	(48,665,484)
Rail bridge structures	(78,832,977)	(5,292,827)	-	(84,125,804)
Highway bridge structures	(28,102,293)	(1,948,030)	-	(30,050,323)
Automotive vehicles	-	-	-	-
Office equipment	(276,568)	(9,107)	-	(285,675)
Buildings	(584,987)	(36,753)	-	(621,740)
Revenue assessment and verification system and other software	(7,038,178)	(6,065)	-	(7,044,243)
Total accumulated depreciation	(316,443,146)	(21,032,089)	-	(337,475,235)
Capital assets, net	$ 1,598,384,791	$ (21,032,089)	$ -	$ 1,577,352,702

Note 6 – Bonds Payable

The 1999A Series Senior Lien Tax-Exempt Bonds (1999A Bonds), the 1999C Senior Lien Taxable Bonds (1999C Bonds), the 2004A Series Subordinate Lien Tax-Exempt Bonds (2004A Bonds), the 2004B Subordinate Lien Taxable Bonds (2004B Bonds), the 2012 Series Taxable Senior Lien Bonds (2012 Bonds), the 2013A Series Tax-Exempt Senior Lien Bonds (2013A Bonds), the 2016A Series Subordinate Lien Tax-Exempt Bonds (2016A Bonds), and 2016B Series Second subordinate Lien Tax-Exempt Bonds (2016B Bonds) are payable solely from and secured by a pledge of, among other revenues, use fees and container charges to be paid by the UP and BNSF for use of the Project and from shortfall advances to be paid under certain circumstances by the City of Long Beach, acting by and through its Board of Harbor Commissioners and the City of Los Angeles, acting by and through its Board of Harbor Commissioners.

As of June 30, 2019 and 2018, the unamortized premium and discount balance on the 1999A and 1999C, 2004A and 2004B, 2013A, and 2016A and 2016B Bonds was $96,059,921 and $105,465,539, respectively.

Long-term liability activity for the years ended June 30, 2019 and 2018, was as follows:

	Balance, June 30, 2018	Additions	Payments	Balance, June 30, 2019	Due Within One Year
Revenue bonds payable					
1999A Bonds	$ 50,453,617	$ -	$ -	$ 50,453,617	$ -
1999C Bonds	424,688,396	-	(27,315,000)	397,373,396	29,595,000
2004A Bonds	44,495,604	-	(5,680,584)	38,815,020	1,896,850
2004B Bonds	131,132,410	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	83,710,000	-
2013A Bonds	248,325,000	-	-	248,325,000	11,120,000
2016A Bonds	34,280,000	-	-	34,280,000	-
2016B Bonds	556,860,000	-	-	556,860,000	-
Total revenue bonds payable	1,573,945,027	-	(32,995,584)	1,540,949,443	42,611,850
Less unamortized bond premium	105,465,539	-	(9,405,618)	96,059,921	-
Accrued interest payable	524,662,048	113,979,041	(70,290,675)	568,350,414	18,082,865
Net revenue bonds payable	$ 2,204,072,614	$ 113,979,041	$ (112,691,877)	$ 2,205,359,778	$ 60,694,715

Note 6 – Bonds Payable (continued)

	Balance, June 30, 2017	Additions	Payments	Balance, June 30, 2018	Due Within One Year
Revenue bonds payable					
1999A Bonds	$ 50,453,617	$ -	$ -	$ 50,453,617	$ -
1999C Bonds	449,863,396	-	(25,175,000)	424,688,396	27,315,000
2004A Bonds	48,765,254	-	(4,269,650)	44,495,604	5,680,584
2004B Bonds	131,132,410	-	-	131,132,410	-
2012 Bonds	83,710,000	-	-	83,710,000	-
2013A Bonds	248,325,000	-	-	248,325,000	-
2016A Bonds	34,280,000	-	-	34,280,000	-
2016B Bonds	556,860,000	-	-	556,860,000	-
Total revenue bonds payable	1,603,389,677	-	(29,444,650)	1,573,945,027	32,995,584
Less unamortized bond premium	114,866,369	-	(9,400,830)	105,465,539	-
Accrued interest payable	481,437,748	113,186,832	(69,962,532)	524,662,048	22,204,169
Net revenue bonds payable	$ 2,199,693,794	$ 113,186,832	$ (108,808,012)	$ 2,204,072,614	$ 55,199,753

1999 Series A Capital Appreciation Bonds – The 1999A CABs were issued by the Authority in the aggregate amount of $50,453,617 on February 2, 1999. Proceeds from the sale of these insured 1999A CABs were used to finance a portion of the cost of design and construction of the Project.

The first maturity of the bonds will commence on October 1, 2030. The 1999A CABs, which mature between October 1, 2030 and October 1, 2037, have an accretion yield to maturity at rates ranging from 5.25% to 5.27%. The principal and accrued interest balance outstanding on the 1999A CABs at June 30, 2019 and 2018, are $50,453,617 and $95,771,488, and $50,453,617 and $88,346,324, respectively. The 1999A CABs are not subject to optional redemption.

The remaining debt service of the 1999A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2030 - 2034	$ 27,404,483	$ 125,365,517	$ 152,770,000
2035 - 2038	23,049,134	135,930,866	158,980,000
Total	$ 50,453,617	$ 261,296,383	$ 311,750,000

1999 C Bonds – The 1999C Bonds include both current interest bonds (CIBs) and CABs.

1999 Series C Current Interest Bonds – The 1999C CIBs were issued by the Authority in the aggregate amount of $430,155,000 on January 1, 1999. Proceeds from the sale of these insured 1999C CIBs were used to finance a portion of the cost of the design and construction of the Project.

Note 6 – Bonds Payable (continued)

Interest on the 1999C CIBs is payable semiannually on April 1 and October 1 of each year commencing April 1, 1999, with principal payments commencing October 1, 2014. The 1999C CIBs Series, which mature annually each October 1, from 2015 through 2029, bear interest at rates ranging from 6.50% to 6.60%. The principal balance outstanding on the 1999C CIBs is $330,075,000 and $357,390,000 at June 30, 2019 and 2018, respectively. The 1999C CIBs are not subject to optional redemption. The remaining debt service of the Authority's 1999C CIBs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ 29,595,000	$ 20,793,518	$ 50,388,518
2021	-	19,831,680	19,831,680
2022	-	19,831,680	19,831,680
2023	-	19,831,680	19,831,680
2024	33,655,000	18,721,065	52,376,065
2025 - 2029	213,560,000	54,963,810	268,523,810
2030	53,265,000	1,757,745	55,022,745
Total	$ 330,075,000	$ 155,731,178	$ 485,806,178

1999C CABs – The 1999C CABs were issued by the Authority in the aggregate amount of $67,298,396 on February 9, 1999. Proceeds from the sale of these insured 1999C CABs were used to finance a portion of the cost of the design and construction of the Project.

The first maturity of the bonds will commence on October 1, 2020. The 1999C CABs, which mature between October 1, 2020 and October 1, 2037, have an accretion yield to maturity at rates ranging from 6.69% to 6.83%. The principal balance and accrued interest outstanding on the 1999C CABs at June 30, 2019 and 2018, are $67,298,396 and $197,120,595 and $67,298,396 and $179,989,855, respectively. The 1999C CABs are not subject to optional redemption.

The Authority's remaining debt service on the 1999C CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2021	$ 7,709,136	$ 24,390,864	$ 32,100,000
2022	7,350,591	25,269,409	32,620,000
2023	6,993,264	26,151,736	33,145,000
2030 - 2034	25,200,275	207,769,725	232,970,000
2035 - 2038	20,045,130	222,379,870	242,425,000
Total	$ 67,298,396	$ 505,961,604	$ 573,260,000

Note 6 – Bonds Payable (continued)

2004A Bonds – The 2004A Bonds include both Capital Appreciation Bond – Non Convertible (CABs) and Capital Appreciation Bonds – Convertible (CCIBs).

2004 Series A Capital Appreciation Bonds – Non Convertible – The 2004A Bonds were initially all capital appreciation bonds. Of the total, $475,292,386 and $274,992,286 were convertible and converted to current interest bonds on October 1, 2012, and were callable on October 1, 2017 (CCIBs). $200,300,100 are not convertible or callable (CABs). The 2004 Bonds were issued by the Authority in the aggregate amount of $475,292,386 on April 22, 2004. Proceeds from the sale of these insured 2004A Bonds were used to refund a portion of the U.S. Department of Transportation Loan. The 2004A CABs mature between fiscal years 2012 and 2031 and have an accretion yield to maturity at rates ranging from 4.30% to 5.72%.

On May 24, 2016, all of the 2004A CABs maturing during fiscal year 2017 and a portion of the 2004A CABs maturing during fiscal years 2018 through 2021 were advance refunded, defeased, and escrowed to maturity. As a result, the Authority's remaining debt service on the 2004A CABs is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ 1,896,850	$ 2,273,150	$ 4,170,000
2021	568,750	766,250	1,335,000
2030 - 2031	36,349,420	121,330,580	157,680,000
Total	$ 38,815,020	$ 124,369,980	$ 163,185,000

Note 6 – Bonds Payable (continued)

2004B Bonds – The 2004B Bonds are capital appreciation bonds that were issued by the Authority in the aggregate amount of $210,731,703 on April 22, 2004. Proceeds from the sale of these insured 2004B Bonds were used to repay a portion of the U.S. Department of Transportation Loan.

The first maturity of the 2004B Bonds commenced October 1, 2006. The 2004B Bonds mature between October 1, 2006 and October 1, 2033, and have an accretion yield to maturity at rates ranging from 3.05% to 6.33%. The 2004B Bonds are not subject to optional redemption. The principal balance and accrued interest outstanding on the 2004B Bonds are $131,132,410 and $207,264,455 and $131,132,410 and $186,768,385, at June 30, 2019 and 2018, respectively.

The Authority's remaining debt service on the 2004B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2025 - 2029	$ 70,660,674	$ 231,359,326	$ 302,020,000
2030 - 2034	60,471,736	285,203,264	345,675,000
Total	$ 131,132,410	$ 516,562,590	$ 647,695,000

2012 Bonds – In June 2012, the Authority issued $83,710,000 in senior lien bonds through a Railroad Rehabilitation & Improvement Financing (RRIF). The 2012 Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing October 1, 2012, with principal payments commencing October 1, 2023 through 2035, all at an interest rate of 2.46%. The principal balance on the 2012 Bonds is $83,710,000 on June 30, 2019 and June 30, 2018. The 2012 Bonds are redeemable at par at the option of the Authority at any time, in whole or in part, from any available moneys that may be provided for such purpose.

The terms of the 2012 Bond transaction required the Authority to establish a dedicated debt service reserve fund (DSRF) in the amount of $7,200,000. The Authority entered into a surety agreement with the Ports to provide a surety for the DSRF until such time as the Authority was able, through scheduled periodic deposits of cash, to fund the DSRF. The Authority made the final cash deposit into the DSRF on October 1, 2019 and the Ports have been released by the trustee from the surety obligation.

Note 6 – Bonds Payable (continued)

The Authority's remaining debt service on the 2012 Bonds is a follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ -	$ 2,062,087	$ 2,062,087
2021	-	2,056,445	2,056,445
2022	-	2,059,266	2,059,266
2023	-	2,059,266	2,059,266
2024	10,550,000	1,932,322	12,482,322
2025 - 2029	43,880,000	6,145,815	50,025,815
2030 - 2034	26,345,000	1,789,738	28,134,738
2035 - 2036	2,935,000	39,151	2,974,151
Total	$ 83,710,000	$ 18,144,090	$ 101,854,090

2013A Series Bonds – The 2013A Bonds were issued by the Authority in the aggregate amount of $248,325,000 on February 12, 2013. Proceeds from the sale of these 2013A Bonds were used on February 14, 2013, to call and refund all remaining 1999A CIBs.

The 2013A Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing April 1, 2013, with principal payments commencing October 1, 2019 through 2029, at interest rates ranging from 3.00% to 5.00%. The principal balance on the 2013A Bonds is $248,325,000 on June 30, 2019 and June 30, 2018. The 2013A Bonds are redeemable at par at the option of the Authority at any time, in whole or in part, from any available moneys that may be provided for such purpose.

The Authority's remaining debt service on the 2013A Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ 11,120,000	$ 11,508,950	$ 22,628,950
2021	17,490,000	10,793,700	28,283,700
2022	18,710,000	9,888,700	28,598,700
2023	19,990,000	8,921,200	28,911,200
2024	21,335,000	7,888,075	29,223,075
2025 - 2029	129,095,000	22,005,391	151,100,391
2030	30,585,000	665,391	31,250,391
Total	$ 248,325,000	$ 71,671,407	$ 319,996,407

2016A and B Bonds – The 2016A and B Tax-Exempt Current Interest Bonds were issued on May 24, 2016.

Note 6 – Bonds Payable (continued)

2016A Bonds – The 2016A Bonds were issued by the Authority in the aggregate amount of $34,280,000 on May 24, 2016. Proceeds from the sale of these first subordinate lien 2016A Bonds were used on May 24, 2016, to advance refund, defease, and escrow to maturity certain 2004A CABs.

The 2016A Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing October 1, 2021 through 2025 at interest rates ranging from 4.00% to 5.00%. The principal balance on the 2016A Bonds is $34,280,000 on June 30, 2019 and June 30, 2018. The 2016A Bonds are not subject to optional redemption prior to stated maturity dates.

The Authority's remaining debt service on the 2016A Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ -	$ 1,607,700	$ 1,607,700
2021	-	1,607,700	1,607,700
2022	5,685,000	1,494,000	7,179,000
2023	10,830,000	1,109,550	11,939,550
2024	4,945,000	739,900	5,684,900
2025 - 2026	12,820,000	1,388,400	14,208,400
Total	$ 34,280,000	$ 7,947,250	$ 42,227,250

2016B Bonds – The 2016B Bonds were issued by the Authority in the aggregate amount of $556,860,000 on May 24, 2016. Proceeds from the sale of these second subordinate lien 2016B Bonds were used on May 24, 2016, to advance refund, defease, and escrow to October 1, 2017, all 2004A CCIBs. The difference between the cash flows required to service the old debt and that required to service the new debt and complete the refunding resulted in a loss of $297,845,470. The economic loss on the refunding was $35,511,343.

The difference between the reacquisition price (the amount paid on extinguishment including call premiums and miscellaneous costs of reacquisition) and the net carrying value (amount due at maturity, adjusted for unamortized premiums and/or discounts) resulted in deferred charges on these refundings, in the amount of $21,466,292. These deferred outflows are being amortized over the remaining life of the old debt which is shorter than the remaining life of the new debt, as a component of interest expense. Amortization of these charges amounted to $1,494,411 for both years ended June 30, 2019 and 2018. The remaining portion is included in deferred outflows of resources on the accompanying statements of net position, in the amount of $16,831,570 and $18,325,981 at June 30, 2019 and 2018, respectively.

Note 6 – Bonds Payable (continued)

The 2016B Bonds are current interest bonds. Interest is payable semiannually on April 1 and October 1 of each year commencing on October 1, 2016, with principal payments commencing on October 1, 2034 through 2037, at interest rates ranging from 3.125% to 5.00%. The principal balance on the 2016B Bonds is $556,860,000 and $556,860,000 on June 30, 2019 and June 20, 2018, respectively. The 2016B Bonds are redeemable at the option of the Authority on or after October 1, 2026, in whole or in part at any time, from any moneys that may be provided for such purpose and at a redemption price equal to 100% of the principal amount of the 2016B Bonds to be redeemed plus interest accrued to the date fixed for redemption.

The Authority's remaining debt service on the 2016B Bonds is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ -	$ 26,174,250	$ 26,174,250
2021	-	26,174,250	26,174,250
2022	-	26,174,250	26,174,250
2023	-	26,174,250	26,174,250
2024	-	26,174,250	26,174,250
2025 - 2029	-	130,871,250	130,871,250
2030 - 2034	-	130,871,250	130,871,250
2035 - 2038	556,860,000	54,208,125	611,068,125
Total	$ 556,860,000	$ 446,821,875	$ 1,003,681,875

Accrued interest payable – The Authority's accrued interest payable is as follows:

	June 30, 2019		
	Current Interest Bond	Long-Term CABs	Total
1999A Bonds	$ -	$ 95,771,488	$ 95,771,488
1999C Bonds	5,438,839	197,120,595	202,559,434
2004A Bonds	2,235,574	50,108,001	52,343,575
2004B Bonds	-	207,267,465	207,267,465
2012 Bonds	516,227	-	516,227
2013A Bonds	2,946,737	-	2,946,737
2016A Bonds	401,925	-	401,925
2016B Bonds	6,543,563	-	6,543,563
Total	$ 18,082,865	$ 550,267,549	$ 568,350,414

Note 6 – Bonds Payable (continued)

	June 30, 2018		
	Current Interest Bond	Long-Term CABs	Total
1999A Bonds	$ -	$ 88,346,324	$ 88,346,324
1999C Bonds	5,882,708	179,989,854	185,872,562
2004A Bonds	5,913,008	47,353,316	53,266,324
2004B Bonds	-	186,768,385	186,768,385
2012 Bonds	516,227	-	516,227
2013A Bonds	2,946,738	-	2,946,738
2016A Bonds	401,925	-	401,925
2016B Bonds	6,543,563	-	6,543,563
Total	$ 22,204,169	$ 502,457,879	$ 524,662,048

Combined on all outstanding bonds debt service – The Authority's debt service of the 1999A, 1999C, 2004A, 2004B, 2012, 2013A, 2016A, and 2016B Bonds in aggregate is as follows:

	Annual Debt Service Requirement		
	Principal	Interest	Total
Fiscal year(s) ending June 30:			
2020	$ 42,611,850	$ 64,419,655	$ 107,031,505
2021	25,767,885	85,620,889	111,388,774
2022	31,745,591	84,717,305	116,462,896
2023	37,813,264	84,247,682	122,060,946
2024	70,485,000	55,455,612	125,940,612
2025 - 2029	470,015,674	445,994,092	916,009,766
2030 - 2034	259,620,914	874,753,210	1,134,374,124
2035 - 2038	602,889,265	412,558,012	1,015,447,277
Total	$ 1,540,949,443	$ 2,107,766,457	$ 3,648,715,900

Note 7 – Operating Leases

The Authority leases office space, three vehicles, and a postage machine under operating lease agreements. Total lease expense amounted to approximately $258,000 and $197,000 in the fiscal years ended June 30, 2019 and 2018, respectively. There was a rent abatement for three months from September 2017 to November 2017, which represents the reduction in 2018. Minimum future lease payments on existing noncancelable leases, are as follows:

	Amount
Years ending June 30,	
2020	$ 251,300
2021	246,373
2022	251,681
2023	259,231
2024	267,008
Thereafer	298,390
Total minimum lease payments	$ 1,573,983

Note 8 – Pollution Remediation Obligations

On December 21, 2010, a crude oil release from a then-unknown origin was discovered in the Dominguez Channel and nearby storm water drainage system adjacent to the Alameda Corridor. On January 7, 2011, the Environmental Protection Agency (EPA) issued an order to the Port of Los Angeles, the Port of Long Beach, and the Authority, to assume responsibility for these activities effective January 14, 2011. The Authority and the Ports completed the work required by the EPA. After identifying an oil pipeline owned and operated by Crimson Pipeline Management Company (Crimson) as the source of the release, the EPA issued an Order. The Authority was notified that Crimson had responsibility for the oil release containment facilities effective June 15, 2011, and had assumed financial and operational responsibilities from that date. Crimson filed a lawsuit against the Authority, the City of Los Angeles, the City of Long Beach, and Herzog Contracting Corporation on April 27, 2012. In September 2015, settlement agreements were executed by all parties resolving the matter. No liability was recorded for the years ended June 30, 2019 and 2018.

Note 9 – Pension Plan

Plan description – All qualified employees are eligible to participate in the Authority's Miscellaneous Employee Pension Plan ("Plan"), a cost-sharing multiple employer defined benefit pension plan administered by the CalPERS. Benefit provisions under the Plan are established by state statute and local government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Note 9 – Pension Plan (continued)

Benefits provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 (age 52 for members hired after 2012) with statutorily reduced benefits. All members are eligible for non-duty disability retirement benefits after five years of service. The death benefit is one of the following: the Post Retirement Basic Lump-Sum Death Benefit or the Pre-Retirement Optional Settlement 2W Death Benefit and, if applicable, the 1959 Survivor Benefit Level 3. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013 (Classic Employees)	On or after January 1, 2013 (PEPRA Employees)
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.250%
Required employer contribution rates	9.409%	6.842%
Employer annual lump sum prepayment	$ 95,560	$ -
Additional Discretionary Payment	$ 28,500	$ -

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 9 – Pension Plan (continued)

The Authority reported net pension liability for its proportionate shares of the net pension liability of each Plan as follows:

	June 30, 2019	June 30, 2018
Net pension liability as reported by CalPERS	$ 2,001,963	$ 2,105,587

The Authority's net pension liability is measured as the proportionate share of the Plan's net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2019 and 2018, was as follows:

	Increase				
	Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability/(Asset) (c) = (a) - (b)	Adjustment Report to Value	Adjusted Value
Balance at June 30, 2018	$ 8,761,051	$ 6,655,464	$ 2,105,587	$ -	$ 2,105,587
Balance at June 30, 2019	9,155,005	7,153,042	2,001,963	-	2,001,963
Net changes during 2018-19	$ 393,954	$ 497,578	$ (103,624)	$ -	$ (103,624)

Note 9 – Pension Plan (continued)

For the years ended June 30, 2019 and 2018, the Agency recognized pension expense of $317,230 and $386,809, respectively. At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 76,812	$ (26,138)
Changes in assumptions	228,230	(55,935)
Net difference between projected and actual earnings on Plan investments	9,897	-
Change in employer's proportion	35,088	(434)
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(5,617)
Pension contributions subsequent to measurement date	263,896	-
Total	$ 613,923	$ (88,124)

The $263,896 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Amount
Fiscal year ended June 30,	
2020	$ 212,281
2021	126,816
2022	(59,187)
2023	(18,006)
2024	-
Thereafter	-

Note 9 – Pension Plan (continued)

Actuarial assumptions – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB 68
Actuarial assumptions:	
Discount rate	7.15%
Inflation	2.50%
Projected salary increase	Varies by Entry Age and Service
Mortality rate table (1)	Derived using CalPERS' Membership Data for all Funds
Post retirement benefit increase	Contract COLA up to 2.0% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.
Investment rate of return	7.15%

(1) The mortality table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP2016. The underlying mortality assumption and all other actuarial assumptions used in the June 30, 2016, valuation were based on the results of a December 2017 actuarial experience study for the period of 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount rate – The discount rate CalPERS used to measure the total pension liability was 7.15%. The projection of cash flows CalPERS used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Note 9 – Pension Plan (continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global equity	50.00%	4.80%	5.98%
Fixed income	28.00%	1.00%	2.62%
Inflation assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100%		

(a) An expected inflation of 2.0% used for this period.
(b) An expected inflation of 2.92% used for this period.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate – The following presents the Authority's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Miscellaneous
1% decrease	6.15%
Net pension liability	$ 3,240,371
Current discount rate	7.15%
Net pension liability, as adjusted	$ 2,001,963
1% increase	8.15%
Net pension liability	$ 979,677

Pension plan fiduciary net position – Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

Note 10 – Other Post-Employment Benefits (OPEB)

Plan description (OPEB) – The Alameda Corridor Transportation Authority has established a Retiree Healthcare Plan ("HC Plan") and participates in an agent multiple-employer defined-benefit healthcare plan. The plan provides healthcare benefits to eligible retirees and their dependents. Employees must retire directly from the Authority under a CalPERS disability retirement or service retirement (age 50 and five years of service for Classic employees, but age increases to 52 for PEPRA employees hired after January 1, 2013). Benefit provisions are established and may be amended through agreements and memorandums of understanding between the Authority, its management employees, and unions representing Authority employees.

The Authority provides retiree medical benefits through the California Public Employees' Retirement System Healthcare Program ("PEMHCA"). The Authority contributes, for eligible retirees and their dependents, using the Los Angeles Regional Kaiser rate structure at 5% of the active member contribution amount multiplied by years in PEMHCA (increase each year not greater than $100 per month, total amount not to exceed the active amount). The Authority joined PEMHCA in 2000 for all bargaining units, and contributes up to the Kaiser premium based on coverage level for active employees.

The Authority participates in the California Employers' Retiree Benefit Trust ("CERBT") Fund, which is administered by CalPERS. CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to prefund retiree healthcare benefits. CERBT, an agent multiple-employer trust, issues a publicly available financial report including GASB Statement No. 74, *Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans*, disclosure information in aggregate with the other CERBT participating employers. That report can be obtained from the CalPERS website at www.calpers.ca.gov.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For the information contained in this Note, the following timeframes were utilized:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

Covered participants (OPEB) – As of the June 30, 2018, measurement date, the following current and former employees were covered by the benefit terms under the HC Plan:

	Number of Covered Participants
Inactives currently receiving benefits	3
Inactives entitled to but not yet receiving benefits	5
Active employees	11
Total	19

10 – Other Post-Employment Benefits (OPEB) (continued)

Contributions (OPEB) – The HC Plan and its contribution requirements are established by the Authority and may be amended at any time. The annual contribution is based on the actuarially determined contribution (ADC). The ADC is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefit Other Than Pensions.* The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (of funding excess) over a period not to exceed 30 years. The Authority contracts with CalPERS CERBT for purposes of prefunding its OPEB obligations in a trust.

For fiscal year 2019, the Authority contributed $67,990 to the Plan, including $16,490 for current benefit payments and administrative fees, and $51,500 to prefund plan benefits.

Net OPEB Liability/(Asset) – The Authority's Net OPEB Liability/(Asset) was measured as of June 30, 2018. The Total OPEB Liability used to calculate the Net OPEB Liability/(Asset) is a one-year roll-forward of the Total OPEB Liability calculated in the June 30, 2017 actuarial valuation which utilized the following actuarial methods and assumptions:

Actuarial Assumptions:

Actuarial Valuation Date:	June 30, 2017
Contribution Policy:	Pre-funded through CalPERS CERBT, asset allocation #3
Discount Rate:	5.50% at June 30, 2018 5.50% at June 30, 2017 Same as expected long term rate of return. Expected Authority contributions projected to keep sufficient plan assets to pay all benefits from trust.
General Inflation:	2.75%
Mortality, Retirement, Disability, Termination Rates:	CalPERS' 1997-2011 Experience Study
Mortality Improvement:	Mortality projected fully generational with Society of Actuaries Scale MP-16
Salary Increases:	3.0%, in aggregate; CalPERS 1997-2011 Experience Study for merit increases
Medical Trend Rate:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Healthcare participation:	100%
Medical Plan at retirement:	Currently covered: same as current election Currently waived: weighted average of retiree premiums
Healthcare Participation for Future Retirees:	100%

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation CERBT- Strategy 3	Expected Real Rate of Return (Geometric Means)
Global equity	22.00%	4.82%
Fixed income	49.00%	1.47%
TIPS	16.00%	1.29%
Commodities	5.00%	0.84%
REITs	8.00%	3.76%
Total	100%	

(a) An expected long-term rate of inflation of 2.75% used for this period.
(b) An expected long-term net rate of return of 5.50% used for this period.

Discount rate – The discount rate used to measure the total OPEB asset was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. 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 asset.

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

Changes in the Net OPEB Liability/(Asset) – The changes in the Net OPEB Liability/(Asset) for the HC Plan are as follows:

	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) – (b)
Balances reported at June 30, 2018 (June 30, 2017 measurement date)	$ 1,455,822	$ 1,687,175	$ (231,353)
Changes for the year:			
Service cost	89,088	-	89,088
Interest	84,593	-	84,593
Benefit changes	-	-	-
Actual vs. expected experience	-	-	-
Assumptions changes	-	-	-
Contributions – employer *	-	93,762	(93,762)
Contributions – member	-	-	-
Net investment income (loss)	-	80,572	(80,572)
Benefit payments – Cash	(9,722)	(9,722)	-
Benefit payments – Implied Subsidy	(4,000)	(4,000)	-
Administrative expense	-	(3,174)	3,174
Other changes	-	-	-
Net changes	159,959	157,438	2,521
Balances reported at June 30, 2019 (June 30, 2018 measurement date)	$ 1,615,781	$ 1,844,613	$ (228,832)

* Includes contributions to trust of $80,000 plus $9,722 cash benefit payments and $4,000 implied subsidy benefit payments by the Authority.

Sensitivity of the Net OPEB Liability/(Asset) to changes in the discount rate – The following presents the Net OPEB Liability/(Asset) of the Authority if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement period ended June 30, 2018:

1% decrease	4.50%
Net OPEB Liability/(Asset)	$ 11,259
Current discount rate	5.50%
Net OPEB Liability/(Asset)	$ (228,832)
1% increase	6.50%
Net OPEB Liability/(Asset)	$ (425,808)

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

Sensitivity of the net OPEB Liability/(Asset) to changes in the healthcare cost trend rates – The following presents the net OPEB Liability/(Asset) of the Authority if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018:

1% decrease in healthcare trend		
Net OPEB Liability/(Asset)	$	(474,767)
Current healthcare trend		
Net OPEB Liability/(Asset)	$	(228,832)
1% increase in healthcare trend		
Net OPEB Liability/(Asset)	$	78,208

OPEB plan fiduciary net position – CalPERS issues a publicly available financial report that may be obtained from the CalPERS website at www.calpers.ca.gov.

Recognition of deferred outflows and deferred inflows of resources – Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years; all other amounts are recognized over the expected average remaining service lifetime.

For the fiscal year ended June 30, 2019, the Authority recognized OPEB expense of $88,901. As of fiscal year ended June 30, 2019, the Authority reported deferred outflows of resources related to OPEB from the following sources:

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	26,124	-
Employer contributions made subsequent to the measurement date	67,990	-
Total	$ 94,114	$ -

Note 10 – Other Post-Employment Benefits (OPEB) (continued)

The $67,990 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the Net OPEB Liability/(Asset) during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2020	$ 7,703
2021	7,703
2022	7,701
2023	3,017
2024	-
Thereafter	-

Note 11 – Commitments and Contingencies

The Authority is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Authority's legal counsel. Management may make provisions for probable losses if deemed appropriate on advice of legal counsel. To the extent that provisions for damages are considered necessary, appropriate amounts are reflected in the accompanying basic financial statements. As of June 30, 2019, there are no pending claims or suits.

The Authority is also exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets, errors, and omissions, and natural disasters for which the Authority carries commercial insurance. In each of the past three fiscal years, the Authority has experienced no losses that have not been covered by existing insurance policy limits, beyond applicable deductible amounts.

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

Required Supplementary Information

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Plan's proportion of the net pension liability/(asset)	0.02078%	0.02123%	0.02129%	0.02106%	0.02327%
Plan's proportionate share of the net pension liability/(asset)	$ 2,001,963	$ 2,105,587	$ 1,842,521	$ 1,445,588	$ 1,438,008
Plan's covered-employee payroll	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844	$ 1,207,037
Plan's proportionate share of the net pension liability/(asset) as a percentage of its covered-employee payroll	139.22%	157.41%	139.79%	114.74%	119.14%
Plan's proportionate share of the fiduciary net position as a percentage of the Plan's total pension liability	75.26%	73.31%	74.06%	78.40%	79.44%
Plan's proportionate share of aggregate employer contributions	$ 272,467	$ 251,819	$ 222,835	$ 202,570	$ 151,265

Note: GASB 68 requires ten years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Contributions – Pensions
June 30, 2019

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Actuarially determined contribution	$ 235,396	$ 270,374	$ 243,216	$ 222,836	$ 196,611
Contributions in relation to the actuarially determined contribution	(263,896)	(270,374)	(243,216)	(222,836)	(196,611)
Contribution deficiency/(excess)	$ 28,500	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,491,363	$ 1,437,994	$ 1,337,670	$ 1,318,017	$ 1,259,844
Contributions as a percentage of covered-employee payroll	17.69%	18.80%	18.18%	16.91%	15.61%

See accompanying independent auditors' report.

Note: GASB 68 requires ten years of historical information. Fiscal year 2015 was the first year of implementation; therefore, only information for the year ended June 30, 2015, and later has been presented.

Alameda Corridor Transportation Authority
Schedule of Changes in the Net Other Post-Employment Benefits Asset and Related Ratios
June 30, 2019

Measurement Period Ended June 30,	2018	2017
Changes in Total OPEB Liability		
Service cost	$ 89,088	$ 86,494
Interest on the total OPEB Liability	84,593	76,285
Actual and expected experience difference	-	-
Changes in assumptions	-	-
Changes in benefit terms	-	-
Other changes	-	145,014
Benefit payments	(13,722)	(14,915)
Net change in total OPEB Liability	159,959	292,878
Total OPEB liability - beginning	1,455,822	1,162,944
Total OPEB liability - ending (a)	$ 1,615,781	$ 1,455,822
Changes in Plan Fiduciary Net Position		
Contribution - employer	$ 93,762	$ 94,915
Net investment income	80,572	65,171
Benefit payments	(13,722)	(14,915)
Administrative expense	(3,174)	(835)
Other changes	-	-
Net change in plan fiduciary net position	157,438	144,336
Plan fiduciary net position - beginning	1,687,175	1,542,839
Plan fiduciary net position - ending (b)	1,844,613	1,687,175
Net OPEB Liability/(Asset) - ending (a) – (b)	$ (228,832)	$ (231,353)
Plan fiduciary net position as a percentage of the total OPEB liability	114.2%	115.9%
Covered-employee payroll (measurement period)	$ 1,443,796	$ 1,348,523
Net OPEB Liability/(Asset) as a percentage of covered-employee payroll	-15.8%	-17.2%

Notes to Schedule:

Historical information is required only for measurement periods for which GASBS 75 is applicable.

Future years' information will be displayed up to 10 years as information becomes available.

Alameda Corridor Transportation Authority
Schedule of Contributions – Other Post-Employment Benefits
June 30, 2019

Fiscal Year Ended June 30	2019	2018
Actuarially Determined Contribution (ADC)	$ 68,000	$ 66,000
Contributions in relation to the ADC	67,990	93,762
Contribution deficiency (excess)	$ 10	$ (27,762)
Covered-employee payroll (fiscal year)	$ 1,494,061	$ 1,443,796
Contributions as a percentage of covered-employee payroll	4.6%	6.5%

Note: GASBS 75 requires ten years of historical information. Fiscal year ending June 30, 2018 (measurement period ending June 30, 2017), was the first year of implementation; therefore, only information for 2 years has been presented.

Methods and Assumptions Used to Determine the 2018/2019 ADC:

Actuarial Cost Method:	Entry Age Normal
Amortization Method/Period:	Level percent of payroll; 11-years average remaining fixed period
Asset Valuation Method:	Investment gains and losses spread over a 5-year rolling period
Discount Rate:	5.50%
General Inflation:	2.75%
Medical Trend Rate:	Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
	Medicare – 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality, Retirement, Disability, Termination Rates:	CalPERS' 1997-2011 Experience Study
Mortality Improvement:	Mortality projected fully generational with Society of Actuaries Scale MP-16

Historical information is required only for measurement periods for which GASBS 75 is applicable.
Future years' information will be displayed up to 10 years as information becomes available.

APPENDIX B

PORT OF LOS ANGELES (HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES) COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018 (WITH INDEPENDENT AUDITORS' REPORT THEREON)

Comprehensive Annual Financial Report

PORT OF LOS ANGELES

HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA

For the Fiscal Years Ended June 30, 2019 and 2018

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

Comprehensive Annual Financial Report

For the Fiscal Years Ended June 30, 2019 and 2018

Table of Contents

	Page
Introductory Section (Unaudited)	
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
Financial Section	
Independent Auditor's Report	9
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	113
Schedule of Pension Contributions	114
Schedule of Proportionate Share of the Net Other Postemployment Benefits (OPEB) Liability	116
Schedule of OPEB Contributions	117
Statistical Section (Unaudited)	
Summary of Revenues, Expenses, and Changes in Net Position	120
Revenue Statistics	121
Top Ten Individual Sources of Revenue by Alphabetical Order	122
Summary of Debt Service Coverage (Pledged Revenue)	123
Demographic and Economic Statistics for the City of Los Angeles	124
Operating Information	125
Principal employers in the Los Angeles County	126
Other Report	
Independent Auditor's Report 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*	127

Prepared by: Finance and Administration Bureau of Port of Los Angeles

INTRODUCTORY SECTION

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November 27, 2019

Mr. Eugene D. Seroka
Executive Director
Port of Los Angeles
San Pedro, California

This Comprehensive Annual Financial Report (CAFR) of the Port of Los Angeles (the Port), Harbor Department of the City of Los Angeles, California (the City), for the years ended June 30, 2019 and 2018, 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, 2019 and 2018, 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). The report is presented in three sections: Introductory, Financial, and Statistical. The Introductory Section outlines the relationship of the Port to the City and describes the organization and reporting entity. It additionally provides an overview of Port properties, operations, and key personnel. This letter of transmittal is designed to complement the management discussion and analysis (MD&A), which provides a narrative introduction, overview, and analysis to the financial statements, and should be read in conjunction with it.
The Financial Section includes the independent auditor's report, MD&A, financial statements, and required supplementary information. The MD&A presents a comparative review of financial position and changes in financial position for fiscal years 2019, 2018, and 2017. Also included in this section are a description of current and proposed capital development plans, a discussion of revenue growth, and an overview of the economic conditions and the competitive environment in which the Port operates.

Financial statements are prepared on an accrual basis and use an economic resources measurement focus. Financial statements comprise the statements of net position that present the financial position as of June 30, 2019 and 2018, statements of revenues, expenses, and changes in net position depicting financial performance for fiscal years 2019 and 2018, statements of cash flows that present the source and application of funds from operations, financing (noncapital and capital related), and investment activities for fiscal years 2019 and 2018, and notes to financial statements. The accompanying notes to financial statements further explain and support the information in the statements.

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 and Alameda Corridor Transportation Authority, two joint ventures 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 these joint ventures 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 five senior executives who report directly to the Executive Director. The Port's management structure is described in more detail below.

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

- The Deputy Executive Director & Chief Financial Officer leads the Finance and Administration Bureau, which consists of the Contracts and Purchasing, Human Resources, Accounting, Debt and Treasury Management, Financial Management, Management Audit, and Risk Management divisions.

- The Chief of Public Safety & Emergency Management leads the Public Safety & Emergency Management Bureau, which consists of the Los Angeles Pilot Service, 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, and Cargo/Industrial Real Estate divisions.

- The Deputy Executive Director of Development leads the Development Bureau, which consists of the Construction, Goods Movement, Construction and Maintenance, and Engineering 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 an AA/Aa2/AA credit ratings with Standard & Poor's Rating Services, Moody's Investors Service, and Fitch Ratings, respectively, with a "stable" outlook. 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 supports growth and efficiency, secure, and sustainable port operations. As such, the Port has adopted a capital budget of $173.1 million in fiscal year 2020. Comprising 10.7% of its total budget of $1.6 billion, the adopted capital expenditures include $144.4 million for direct costs of capital improvement projects, indirect costs of $16.3 million in overhead and interest costs, and $12.4 million for capital equipment. The adopted capital expenditures of $144.4 million include $64.7 million for terminal improvement projects, $11.7 million for transportation projects, $21.5 million for public access/environmental enhancement projects, $8.5 million for security projects, and $38.0 million for maritime services.

Award and Acknowledgement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the Port for its CAFR for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This CAFR 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 CAFR 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 CAFR 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,

Marla Bleavins

MARLA BLEAVINS
Deputy Executive Director and Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Port of Los Angeles
California

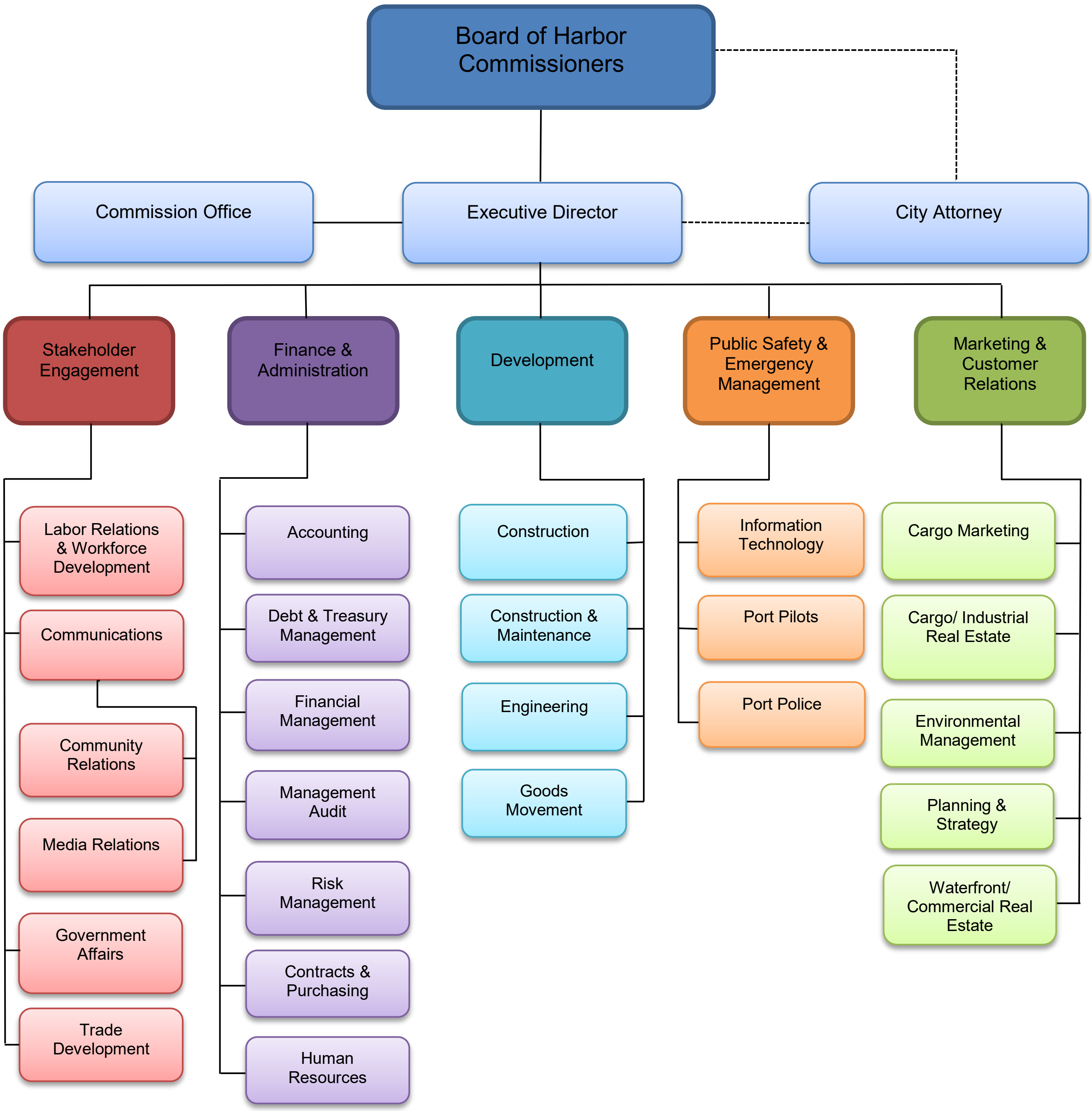
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

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



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

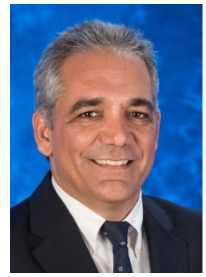
BOARD OF HARBOR COMMISSIONERS

Jaime L. Lee
President

Edward R. Renwick
Vice President

Diane Middleton
Commissioner

Lucia
Moreno-Linares
Commissioner



Anthony Pirozzi, Jr.
Commissioner

EXECUTIVE STAFF

Eugene D. Seroka
Executive Director

Marla Bleavins
Deputy Executive Director &
Chief Financial Officer
Finance & Administration

Tony Gioiello
Deputy Executive Director
Development

Thomas Gazsi
Chief of Public Safety &
Emergency Management

Michael DiBernardo
Deputy Executive Director
Marketing & Customer Relations

David Libatique
Deputy Executive Director
Stakeholder Engagement

MANAGEMENT STAFF

Theresa Adams Lopez
Director of Community Relations

Randall Allen
Deputy Chief of Port Police

Arley Baker
Senior Director of
Communications

Jennifer Bersales
Director of Risk Management

Christopher Cannon
Director of Environmental
Management

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

Jennifer Cohen
Director of Policy and Legislative
Affairs

Capt. John Dwyer
Pilot Service

Capt. David Craig Flinn
Pilot Service

Michael Galvin
Director of Waterfront &
Commercial Real Estate

Julie Huerta
Commission Office

Marisa Katnich
Director of Cargo/Industrial Real
Estate

Lance Kaneshiro
Director of Information
Technology

Michael Keenan
Director of Planning & Strategy

Frank Liu
Director of Accounting

Tish Lorenzana
Director of Human Resources

Jim Olds
Director of Management Audits

Soheila Sajadian
Director of Debt & Treasury
Management

Phillip Sanfield
Director of Media Relations

Shaun Shahrestani
Chief Harbor Engineer of
Construction

Avin Sharma
Director of Labor Relations &
Workforce Development

Jeffrey Strafford
Director of Financial Management

Dave Walsh
Chief Harbor Engineer of Design

CITY ATTORNEY STAFF

Janna Sidley
General Counsel

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FINANCIAL SECTION

Independent Auditor's Report

Honorable Members of the Board of Harbor Commissioners
Port of Los Angeles (Harbor Department of the City of Los Angeles)

Report on the Financial Statements

We have audited the accompanying financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles) (Port), an enterprise fund of the City of Los Angeles, California, as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Port's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port, as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
700 South Flower St., Suite 800
Los Angeles, CA 90017

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Port and do not purport to, and do not, present fairly the financial position of the City of Los Angeles, California, as of June 30, 2019 and 2018, the changes in its financial position, or, where applicable, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of proportionate share of the net pension liability and net OPEB liabilities and schedules of pension and OPEB contributions, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the 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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2019, 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.

Macias Gini & O'Connell LLP

Los Angeles, California
November 27, 2019

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 years ended June 30, 2019 and 2018. 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, 2019 and 2018. 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.

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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 112 provide additional information that is essential to a full understanding of the data provided in the financial statements.

Financial Highlights for Fiscal Year 2019

- Current assets exceeded current liabilities by $742.2 million.
- Capital assets, net of accumulated depreciation and amortization of $2.4 billion amounted to $3.8 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $3.5 billion.
- Bonded debt net of unamortized discounts/premiums of $60.0 million, totaled $870.1 million.
- Operating revenue amounted to $506.4 million.
- Net operating expenses excluding depreciation of $162.0 million amounted to $240.4 million.
- Capital contributions amounted to $3.5 million.

Continued…..

Financial Highlights for Fiscal Year 2018

- Current assets exceeded current liabilities by $581.4 million.
- Capital assets, net of accumulated depreciation and amortization of $2.2 billion amounted to $3.9 billion.
- Total assets and deferred outflows of resources exceeded total liabilities and deferred inflows of resources by $3.3 billion.
- Bonded debt net of unamortized discounts/premiums of $68.3 million, totaled $922.4 million.
- Operating revenue amounted to $490.8 million.
- Net operating expenses excluding depreciation of $168.0 million amounted to $237.0 million.
- Capital contributions amounted to $4.5 million.

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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, 2019, 2018, and 2017 (in thousands):

Condensed Net Position

				Increase (Decrease) Over Prior Year	
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Assets					
Current and other assets	$ 976,353	$ 823,721	$ 753,808	$ 152,632	$ 69,913
Capital assets, net	3,812,608	3,871,402	3,925,084	(58,794)	(53,682)
Total assets	4,788,961	4,695,123	4,678,892	93,838	16,231
Deferred outflows of resources	78,020	66,313	79,575	11,707	(13,262)
Liabilities					
Current liabilities	154,115	164,527	180,822	(10,412)	(16,295)
Long-term liabilities	1,169,568	1,224,655	1,282,205	(55,087)	(57,550)
Total liabilities	1,323,683	1,389,182	1,463,027	(65,499)	(73,845)
Deferred inflows of resources	39,620	37,383	30,042	2,237	7,341
Net position					
Net investment in capital assets	2,957,014	2,964,553	2,972,442	(7,539)	(7,889)
Restricted for debt service	63,348	62,230	62,255	1,118	(25)
Unrestricted	483,316	308,088	230,701	175,228	77,387
Total net position	$ 3,503,678	$ 3,334,871	$ 3,265,398	$ 168,807	$ 69,473

Net Position, Fiscal Year 2019

The largest portion of the Port's net position ($3.0 billion or 84.4%) 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 ($63.3 million or 1.8%) represents resources that are restricted for the debt service reserve fund. The remaining balance of $483.3 million or 13.8% are unrestricted resources that may be used to meet the Port's ongoing obligations.

Current and other assets increased by $152.6 million or 18.5% from $823.7 million in fiscal year 2018 to $976.4 million in fiscal year 2019. This increase in current assets occurred due to higher year-over-year unrestricted cash levels.

Continued…..

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 $160.7 million from $758.5 million at June 30, 2018 to $919.2 million at June 30, 2019 was primarily due to the aforementioned increased unrestricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. At June 30, 2019, the Port's share in the fair value measurement of the City's pooled investments reflected an increase of $26.5 million. The Port reported additional investments of $0.1 million from its share in the City's investment purchases on June 30, 2019, and $8.2 million in securities lending transactions.

Grants receivable decreased by $1.8 million or 45.3% as lesser amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Capital assets, net of depreciation decreased by $58.8 million or 1.5% as the increase in accumulated depreciation associated with the Port's existing facilities and equipment more than offset the increase in new capital assets associated with capital project development and construction in progress.

Current liabilities decreased by $10.4 million or 6.3% as decreases of $3.3 million in obligations from securities lending transactions, $5.8 million in litigation and mitigation reserves, $3.4 million in fiscal year end accruals, $3.5 million for the Port's share in the City's investment purchases on June 30, 2019 settled subsequently in the next fiscal year, and $0.3 million in the net balance of other current liabilities were offset by increases of $2.5 million in current portion of outstanding bonds payable and $3.4 million in accrued salaries and employee benefits.

Long-term liabilities decreased by $55.1 million or 4.5% primarily due to a decrease of $54.9 million in the noncurrent portion of bonds payable arising from the customary repayment of principal in conjunction with the Port's annual servicing of its debt, a decrease of $4.2 million in long-term portion of estimated employee benefits, and a decrease of $5.1 million in estimated pollution remediation obligations. These decreases were offset by an increase of $9.1 million or 4.3% in net pension liabilities attributable to change in the actuarial assumptions. Additional information regarding pollution remediation for these sites may be found in Note 9 on page 74.

Net Position, Fiscal Year 2018

The largest portion of the Port's net position ($3.0 billion or 88.9%) reflects its net investment in capital assets (e.g. land, facilities and equipment, construction in progress and intangible assets). These assets are used for the construction, operation and maintenance of Port facilities. An additional portion of the Port's net position ($62.2 million or 1.9%) represents resources that are restricted for the debt service reserve fund. The remaining balance of $308.1 million or 9.2% are unrestricted resources that may be used to meet the Port's ongoing obligations.

Current and other assets increased by $69.9 million or 9.3% from $753.8 million in fiscal year 2017 to $823.7 million in fiscal year 2018. This increase in current assets occurred due to higher year-over-year unrestricted cash levels.

Continued…..

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 $51.0 million from $707.5 million at June 30, 2017 to $758.5 million at June 30, 2018 was primarily due to the aforementioned increased unrestricted cash levels. Unrestricted cash increased over the course of the fiscal year as cash receipts derived from operating income and nonoperating sources more than sufficiently covered capital spending needs, debt service obligations, pollution remediation payments and workers' compensation payments. At June 30, 2018, the Port's share in the fair value measurement of the City's pooled investments reflected a decline of $10.3 million. The Port reported additional investments of $3.5 million from its share in the City's investment purchases on June 30, 2018, and $11.5 million in securities lending transactions.

Grants receivable increased by $3.0 million or 324.6% as larger amount of grant invoices remained outstanding at fiscal year-end relative to prior fiscal year.

Capital assets, net of depreciation decreased by $53.7 million or 1.4% as the increase in accumulated depreciation associated with the Port's existing facilities and equipment more than offset the increase in new capital assets associated with capital project development and construction in progress.

Current liabilities decreased by $16.3 million or 9.0% as a decrease of $31.3 million for the Port's share in the City's investment purchases on June 30, 2018 settled subsequently in the next fiscal year was only slightly offset by increases of $7.2 million in obligations from securities lending transactions, $6.4 million in current portion of outstanding bonds payable and $1.4 million in the net balance of other current liabilities.

Long-term liabilities decreased by $57.6 million or 4.5% primarily due to a decrease of $53.3 million in the noncurrent portion of bonds payable arising from the customary repayment of principal in conjunction with the Port's annual servicing of its debt, a decrease of $20.4 million or 8.8% in net pension liability attributable to the actual investment return rate of plan assets in fiscal year 2016-17 exceeding the investment return rate used in actuarial assumption, and a decrease of $10.2 million in estimated pollution remediation obligations. These decreases were offset by an increase in liabilities following the recognition of $24.4 million for other postemployment benefits (OPEB) liability as a result of implementing the Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) and other increases totaling $1.9 million for deposits, accrued employee benefits, and allowance for workers compensation. Additional information regarding pollution remediation for these sites may be found in Note 9 on page 74.

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Analysis of the Port's Activities

The following table presents condensed information showing how the Port's net position changed during fiscal years 2019, 2018 and 2017 (in thousands):

Condensed Changes in Net Position

	FY 2019	FY 2018	FY 2017	Increase (Decrease) Over Prior Year FY 2019	Increase (Decrease) Over Prior Year FY 2018
Operating revenue	$ 506,427	$ 490,760	$ 474,532	$ 15,667	$ 16,228
Less: Operating expenses	240,427	236,955	227,675	3,472	9,280
Operating income before depreciation and amortization	266,000	253,805	246,857	12,195	6,948
Less: Depreciation and amortization	161,977	167,984	172,895	(6,007)	(4,911)
Operating income	104,023	85,821	73,962	18,202	11,859
Net nonoperating revenue (expenses)	61,261	3,006	1,530	58,255	1,476
Income before capital contributions	165,284	88,827	75,492	76,457	13,335
Capital contributions	3,523	4,524	18,801	(1,001)	(14,277)
Extraordinary Item	--	--	9,150	--	(9,150)
Changes in net position	168,807	93,351	103,443	75,456	(10,092)
Net position, July 1	3,334,871	3,265,398	3,161,955	69,473	103,443
Cumulative effect of change in accounting principles	--	(23,878)	--	23,878	(23,878)
Net position, July 1, restated	3,334,871	3,241,520	3,161,955	93,351	79,565
Net position, June 30	$ 3,503,678	$ 3,334,871	$ 3,265,398	$ 168,807	$ 69,473

Changes in Net Position, Fiscal Year 2019

The Port reported a $168.8 million change in net position in fiscal year 2019, an 80.8% increase as compared to fiscal year 2018. Approximately $476.3 million or 94.0% 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 higher by $3.5 million in fiscal year 2019 compared to the previous fiscal year.

Depreciation expense decreased by $6.0 million to $162.0 million in fiscal year 2019 from $168.0 million in fiscal year 2018, primarily due to certain assets being fully depreciated in the prior year.

Nonoperating revenues for fiscal year 2019 totaled $72.4 million, while nonoperating expenses were $11.1 million, thereby resulting in net nonoperating revenue of $61.3 million. Nonoperating revenues of $72.4 million include: $26.9 million of recovery of license fees that had been held in abeyance due to litigation, $15.9 million of interest and investment income from the Port's cash in the City's pooled investments and bond funds, $16.9 million of unrealized gain for fair value adjustment of investments, $2.6 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $1.4 million from noncapital

Continued…..

grants, $4.9 million from pass through grant revenue, as well as $3.8 million from various rebates, reimbursements, and miscellaneous other receipts. Nonoperating expenses of $11.1 million include $1.3 million of interest on indebtedness, $4.9 million from pass through grant expenditures, $4.7 million of expenses resulting from certain capitalized projects being discontinued during the fiscal year, and $0.2 million related to maintaining liquidity support for the commercial paper program during the fiscal year.

As a result, income before capital contributions increased by $76.5 million or 86.1% to $165.3 million in fiscal year 2019 from $88.8 million in fiscal year 2018.

Capital contributions decreased by $1.0 million from $4.5 million received in fiscal year 2018 to $3.5 million in fiscal year 2019 following the completion of more grant-funded initiatives in fiscal year 2018 relative to fiscal year 2019. Capital grants in fiscal year 2019 funded initiatives such as Harbor Boulevard/Sampson Way/7th Street Reconfiguration ($2.2 million), Yusen Terminal Efficiency Enhancements and Truck Trip Redesign Program ($0.7 million), I-110/C-Street Access Ramp Improvements ($0.4 million), and I-110/SR-47/Harbor Boulevard Connectors and Vincent Thomas Bridge ($0.2 million).

Changes in Net Position, Fiscal Year 2018

The Port reported a $93.4 million change in net position in fiscal year 2018, a 9.8% decrease as compared to fiscal year 2017. Approximately $466.7 million or 95.1% of total operating revenues were derived from fees for shipping services and leasing of facilities to customers. Since the Port operates as a landlord, operating expenses are principally administrative in nature. Operating expenses were higher by $9.3 million in fiscal year 2018 compared to the previous fiscal year.

Depreciation expense decreased by $4.9 million to $168.0 million in fiscal year 2018 from $172.9 million in fiscal year 2017, primarily due to certain assets being fully depreciated in the prior year.

Nonoperating revenues for fiscal year 2018 totaled $10.9 million, while nonoperating expenses were $7.9 million, thereby resulting in net nonoperating revenue of $3.0 million. Nonoperating revenues of $10.9 million include: $2.0 million of income from an investment in the Intermodal Container Transfer Facility Joint Powers Authority, $0.6 million from interest and investment income from the Port's cash in the City's pooled investments, $1.5 million from noncapital grants, $2.7 million from pass through grant revenue, as well as $4.1 million from various rebates, reimbursements, and miscellaneous other receipts. Nonoperating expenses of $7.9 million include $1.6 million of interest on indebtedness, $2.7 million from pass through grant expenditures, $1.6 million of expenses resulting from certain capitalized projects being discontinued during the fiscal year, and $2.0 million related to disposed asset write-offs and maintaining liquidity support for the commercial paper program during the fiscal year.

As a result, income before capital contributions increased by $13.3 million or 17.7% to $88.8 million in fiscal year 2018 from $75.5 million in fiscal year 2017.

Continued…..

Capital contributions decreased by $14.3 million from $18.8 million received in fiscal year 2017 to $4.5 million in fiscal year 2018 following the completion of more grant-funded initiatives in fiscal year 2017 relative to fiscal year 2018. Capital grants in fiscal year 2018 funded initiatives such as Harbor Boulevard/Sampson Way/7th Street Reconfiguration ($2.7 million), Yusen Terminal Efficiency Enhancements and Truck Trip Redesign Program ($2.3 million), I-110/C-Street Access Ramp Improvements ($1.2 million), Rail Yard Track Connections at Berth 200 ($1.4 million), and I-110/SR-47/Harbor Boulevard Connectors and Vincent Thomas Bridge ($0.6 million). These grant receipts of $8.2 million were offset by a $3.7 million refund related to TraPac terminal construction.

Continued…..

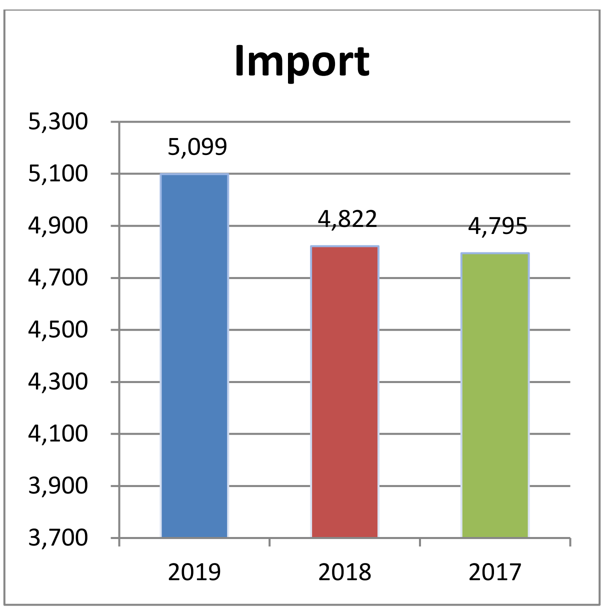
Operating Revenue

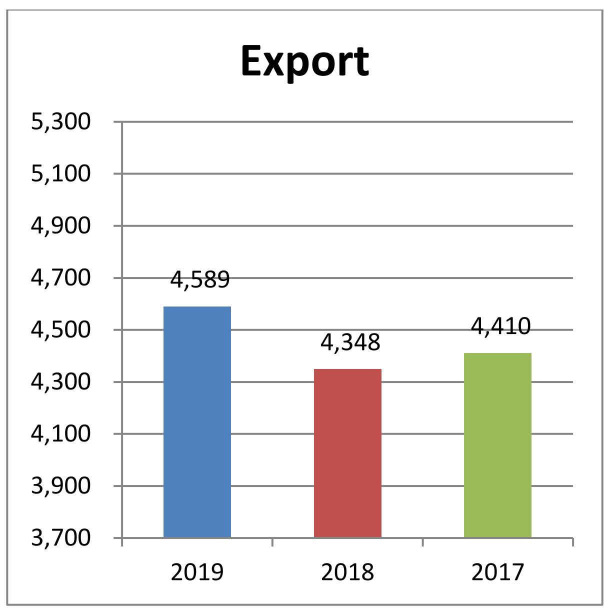
Annual container counts for the Port in twenty-foot equivalent units (TEUs), a standard measurement used in the maritime industry for measuring containers of varying lengths, for the last three fiscal years are as follows (in thousand TEUs):

	In TEUs			% Change Over Prior Year	
Container Volume	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Import	5,099	4,822	4,795	5.7%	0.6%
Export	4,589	4,348	4,410	5.5%	-1.4%
Total	9,688	9,170	9,205	5.6%	-0.4%

The Port is the number one port by container volume in North America. Fiscal year 2019 marked the third consecutive fiscal year period in which the Port has surpassed the 9.0 million TEU mark. Fiscal Year 2019 cargo volumes of 9.7 million TEUs represented a 5.6% increase relative to the prior fiscal year. Total loaded containers of 6.5 million represented a 6.9% increase relative to the prior fiscal year.

Following is the graphical presentation of the Port's container counts (in thousand TEUs) for fiscal years 2017 to 2019:





In Thousand TEUs

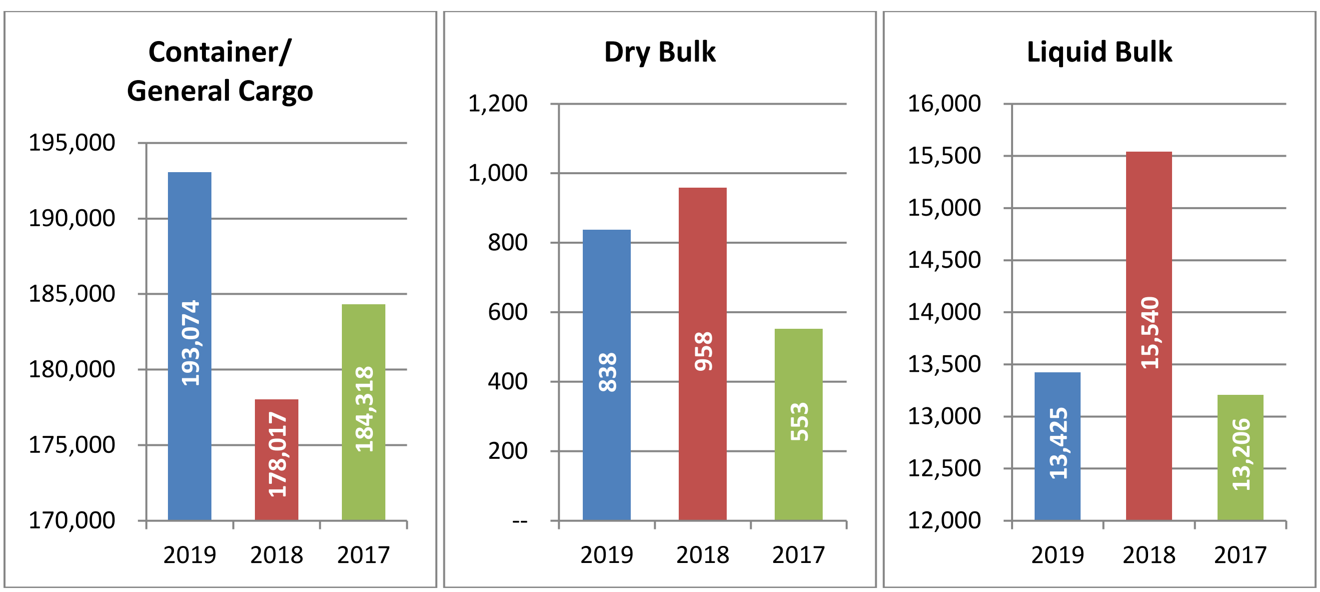
Continued…..

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

	In Metric Revenue Tons			% Change Over Prior Year	
Cargo Type	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Container/general cargo	193,074	178,017	184,318	8.5%	-3.4%
Dry bulk	838	958	553	-12.5%	73.2%
Liquid bulk	13,425	15,540	13,206	-13.6%	17.7%
Total	207,337	194,515	198,077	6.6%	-1.8%

Information for the cargo volume that moved through the Port for the last ten fiscal years may be found in the Statistical Section on page 121.

Following is the graphical presentation of the Port's cargo volumes for fiscal years 2017 to 2019 in thousand metric tons:



In Thousand Metric Tons

Continued…..

The Port's major sources of its operating revenues are derived from shipping services, rental fees, royalties and other concession fees. The following table presents a summary of the Port's operating revenues during fiscal years 2019, 2018 and 2017 (in thousands):

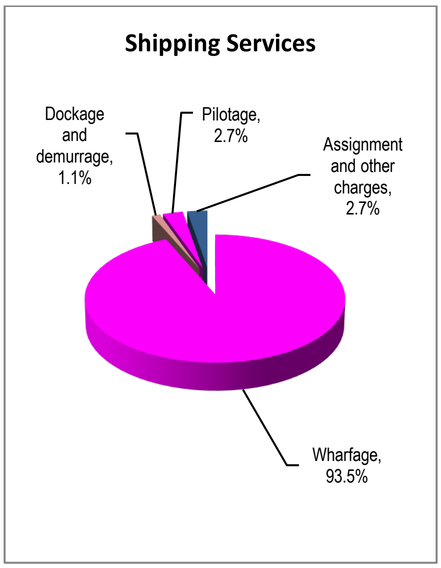
Summary of Operating Revenues

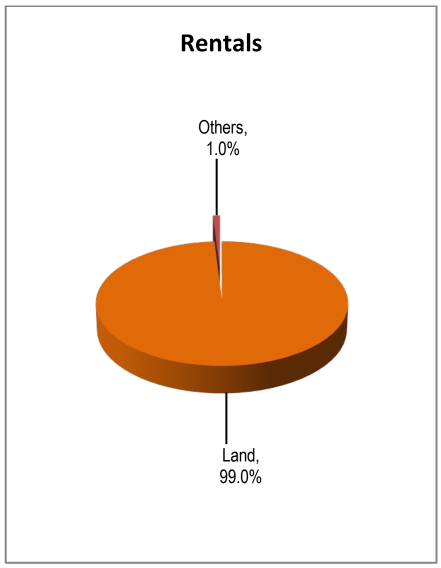
				Increase (Decrease) Over Prior Year	
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Shipping services					
Wharfage	$ 383,526	$ 376,127	$ 369,459	$ 7,399	$ 6,668
Dockage and demurrage	4,550	4,751	4,326	(201)	425
Pilotage	10,985	10,502	9,558	483	944
Assignment and other charges	11,267	13,899	14,912	(2,632)	(1,013)
Total shipping services	410,328	405,279	398,255	5,049	7,024
Rentals					
Land	65,291	60,746	50,554	4,545	10,192
Other	674	673	704	1	(31)
Total rentals	65,965	61,419	51,258	4,546	10,161
Royalties and other fees					
Fees, concession and royalties	4,240	10,555	10,436	(6,315)	119
Clean truck program fees	1,457	2,186	2,340	(729)	(154)
Other	24,437	11,321	12,243	13,116	(922)
Total royalties and other fees	30,134	24,062	25,019	6,072	(957)
Total operating revenues	$ 506,427	$ 490,760	$ 474,532	$ 15,667	$ 16,228

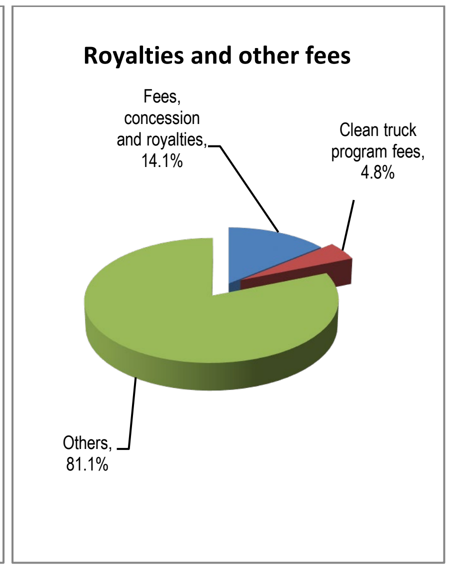
Continued…..

The following charts show the major components of the Port's sources of operating revenue for fiscal years 2019 and 2018:

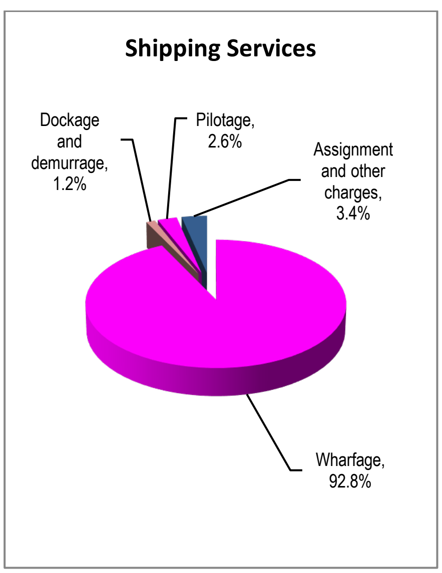
Fiscal Year 2019

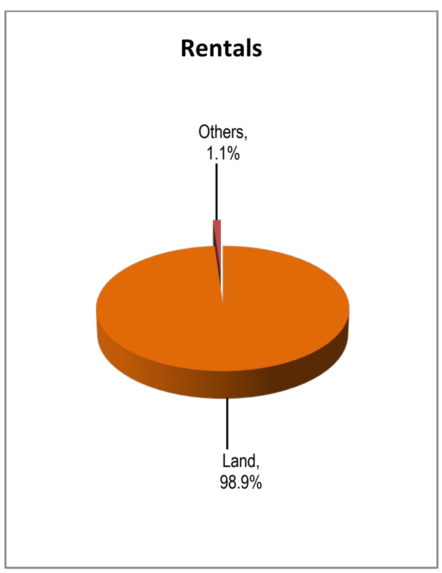


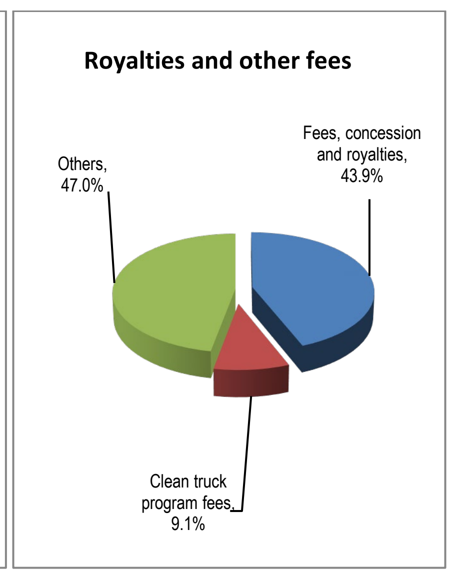




Fiscal Year 2018







Operating Revenue, Fiscal Year 2019

Operating revenue for fiscal year 2019 increased to $506.4 million, reflecting a 3.2% increase from the prior year revenue of $490.8 million. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 81.0% of fiscal year 2019 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 93.5% of the total shipping service revenues in fiscal year 2019. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $7.4 million higher compared to fiscal year 2018 mainly due to higher cargo volumes moved through terminals. Other shipping services revenues were $2.3 million lower as dockage and demurrage revenue as well as assignment revenues decreased by $0.2 million and $2.6 million, respectively, due to construction projects at wharves. These decreases were offset by an increase of $0.5 million in 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 2019, rental income at the Port, which represented 13.0% of fiscal year 2019 total operating revenues, increased by $4.5 million, or 7.4%, over last fiscal year. The increase was mainly due to net rental rate 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.

Revenues from royalties, fees, and other operating revenues in fiscal year 2019 was $30.1 million or 6.0% of the total operating revenues. This represented an increase of $6.1 million in this revenue category compared with fiscal year 2018 mainly due to $7.3 million in higher Harbor Maintenance Tax receipts, $3.6 million in higher utility reimbursements, $1.7 million in higher one-time reimbursements and $0.5 million in other miscellaneous receipts, partially offset by $6.8 million in lower license fees due to a terminated project and $0.2 million in lower accommodation work revenues.

Continued…..

Operating Revenue, Fiscal Year 2018

Operating revenue for fiscal year 2018 increased to $490.8 million, reflecting an 3.4% increase from the prior year revenue of $474.5 million. As stated earlier, the Port derives its operating revenues primarily from shipping services, rentals, and fees from royalties, concessions and other fees.

Shipping Services

Shipping services revenues represented 82.6% of fiscal year 2018 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 92.8% of the total shipping service revenues in fiscal year 2018. Wharfage is the fee charged against merchandise for passage over wharf premises, to and from vessels, and barges. Wharfage was $6.7 million higher compared to fiscal year 2017 mainly due to higher rates realized on cargo volumes moved through terminals. Other shipping services revenues were $0.3 million higher as dockage and demurrage revenue as well as pilotage revenue increased by $0.4 million and $0.9 million, respectively, while assignment revenues decreased by $1.0 million.

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 2018, rental income at the Port, which represented 12.5% of fiscal year 2018 total operating revenues, increased by $10.2 million, or 19.8%, over last fiscal year. The increase was due to $11.4 million in net rental rate increases and new permits offset by $0.6 million in the non-recurrence of one-time payments and $0.6 million in permit terminations.

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.

Revenues from royalties, fees, and other operating revenues in fiscal year 2018 was $24.1 million or 4.9% of the total operating revenues. This represented a decrease of $1.0 million in this revenue category compared with fiscal year 2017 mainly due to $1.4 million in higher credits for tenant services being only partially offset by $0.4 million in higher other miscellaneous receipts.

Continued…..

Operating Expenses

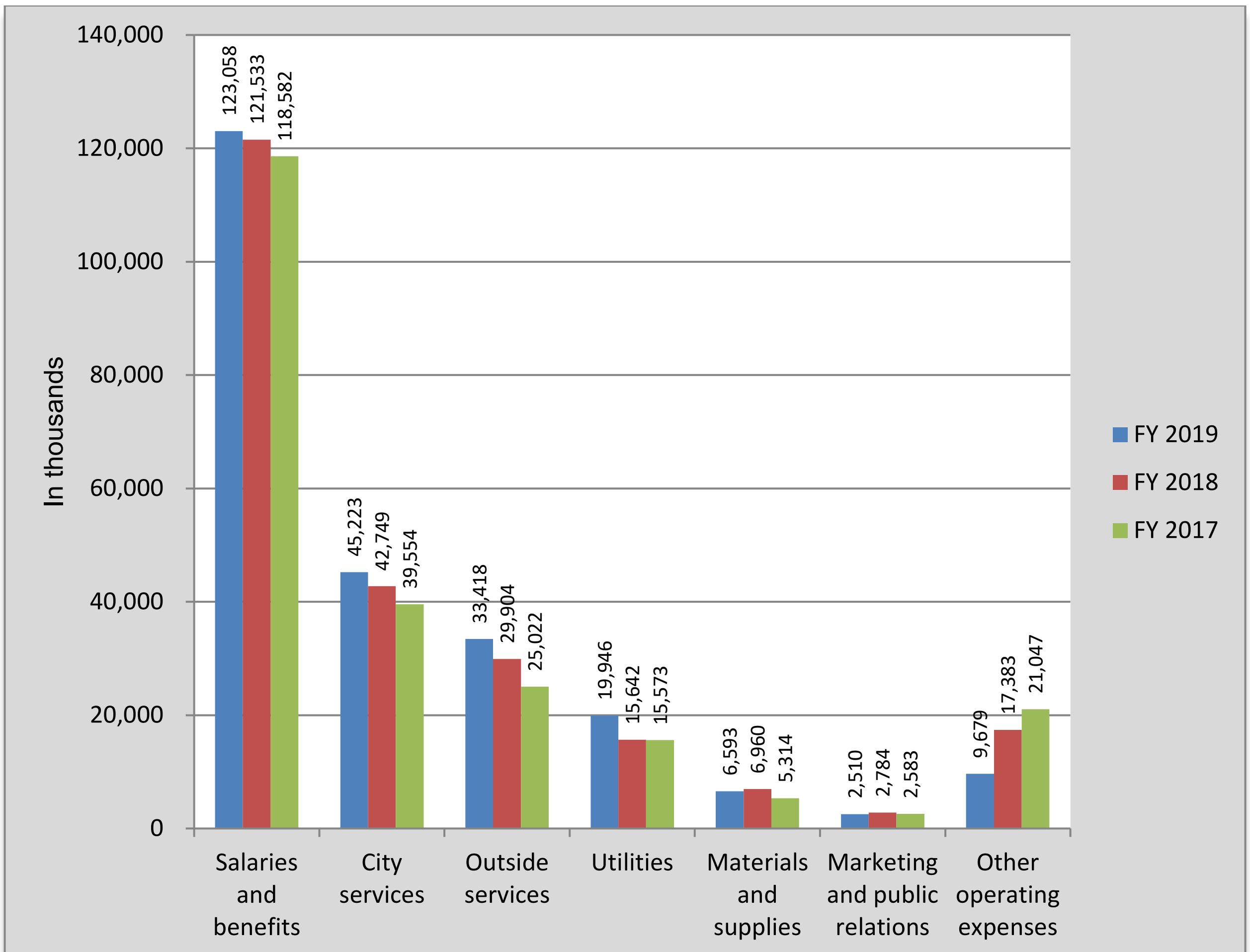
The following table presents a summary of the Port's operating expenses, net of direct and indirect costs allocated to capitalized construction projects for fiscal years 2019, 2018 and 2017. Included in other operating expenses are expenses for workers' compensation, clean truck program, pollution remediation, insurance premiums, travel and entertainment, customer incentive payouts, and miscellaneous other items.

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

				Increase(Decrease) Over Prior Year	
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Salaries and benefits	$ 123,058	$ 121,533	$ 118,582	$ 1,525	$ 2,951
City services	45,223	42,749	39,554	2,474	3,195
Outside services	33,418	29,904	25,022	3,514	4,882
Utilities	19,946	15,642	15,573	4,304	69
Materials and supplies	6,593	6,960	5,314	(367)	1,646
Marketing and public relations	2,510	2,784	2,583	(274)	201
Other operating expenses	9,679	17,383	21,047	(7,704)	(3,664)
Total Operating Expenses	$ 240,427	$ 236,955	$ 227,675	$ 3,472	$ 9,280

Continued…..

The following chart shows the graphical comparison of the Port's operating expenses, net of direct and indirect costs, for fiscal years 2019, 2018 and 2017:



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Operating Expenses, Fiscal Year 2019

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 2019, operating expenses increased by $3.4 million to $240.4 million, a 1.5% increase from prior fiscal year expenses of $237.0 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 expense increased by $1.5 million to $123.0 million, or 1.3% higher than the prior year expense of $121.5 million due to salary increases for certain classes of represented employees.

Total payments for City services of $45.2 million increased by $2.5 million or 5.8% relative to the prior fiscal year of $42.7 million due to higher fire and city attorney services.

Outside services expenses of $33.4 million increased by $3.5 million or 11.8% relative to the prior fiscal year of $29.9 million with spending increases totaling $6.8 million across various divisions throughout the Port offset by $3.3 million spending decreases in various environmental, management audits, photocopier rental service, and bond assistance programs. These increases in outside services expenses were primarily attributable to the following: higher spending on the supply chain optimization GE Portal project by $2.5 million, higher spending on facility maintenance relating to wharf demolition work by $2.3 million, higher spending on external legal service for environmental documents by $0.6 million, higher spending on federal advocacy by $0.3 million, higher spending on consulting costs associated with the lashing training program for local work force by $0.3 million, higher spending across various divisions by $0.8 million.

Materials and supplies expenses of $6.6 million decreased by $0.4 million or 5.3% relative to the prior fiscal year of $7.0 million primarily due to $0.7 million in lower materials and supplies purchases within the Construction and Maintenance division, lower spending of $0.1 million within the Maintenance Improvement Program, and lower spending of $0.1 million in the Waterfront and Commercial Real Estate division which was partially offset by a $0.5 million increase in Port Police supply purchases.

Other operating expenses of $9.7 million represented a decrease of $7.7 million, or 44.3%, relative to prior fiscal year other operating expenses of $17.4 million. This decrease in other operating expenses was primarily attributable to lower provisioning for bad debt by $5.6 million due to the non-recurrence of a prior year provision for anticipated collection issues associated with the Southern California Intermodal Gateway project, lower provisioning for pollution remediation obligations by $0.3 million, lower provisioning for workers' compensation liabilities by $1.3 million, and lower provisioning for litigation and claim expenses by $2.5 million. These decreases were partially offset by payments of $2.0 million related to the clean truck program.

Continued…..

Operating Expenses, Fiscal Year 2018

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 2018, operating expenses increased by $9.3 million to $237.0 million, a 4.1% increase from prior fiscal year expenses of $227.7 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 expense increased by $2.9 million to $121.5 million, or 2.4% higher than the prior year expense of $118.6 million due to Memorandum of Understanding (MOU) salary increases for employees throughout the Port.

Total payments for City services of $42.7 million increased by $3.2 million or 8.1% relative to the prior fiscal year of $ 39.6 million due to higher cost allocation plan rates and MOU mandated salary increases as well as higher fireboat maintenance expenses.

Outside services expenses of $29.9 million increased by $4.9 million or 19.5% relative to the prior fiscal year of $25.0 million with spending increases totaling $6.2 million across various divisions throughout the Port offset by $1.3 million spending decreases in maintenance services and legal expenses. These increases in outside services expenses were primarily attributable to the following: higher spending on the supply chain optimization GE Portal project by $2.4 million, higher spending on computer aided dispatch, port security and various police technology by $0.7 million, higher spending on environmental assessments and projects by $0.7 million, initiation of the Metro Bike Share Program of $0.6 million, higher spending on internal audits by $0.5 million, a one-time catch-up payment of $0.4 million for the City's Bond Assistance Program, one-time payment of $0.4 million on terminal security services, higher spending on the Port's website redesign by $0.3 million, and higher general spending on outside consultants by $0.2 million.

Materials and supplies expenses of $7.0 million increased by $1.7 million or 31.0% relative to the prior fiscal year of $5.3 million primarily due to $1.4 million in higher materials and supplies purchases within the construction and maintenance division.

Other operating expenses of $17.4 million represented a decrease of $3.6 million, or 17.1%, relative to prior fiscal year other operating expenses of $21.0 million. This decrease in other operating expenses was primarily attributable to lower provisioning for pollution remediation obligations by $5.3 million and lower provisioning for workers' compensation liabilities by $2.3 million. These decreases were partially offset by higher provisioning for litigation and claim expenses by $1.3 million, payments of $1.1 million related to the cruise incentive program, and higher miscellaneous other operating expenses by $1.6 million.

Continued…..

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 grant as well as pass through grant awards. The following table presents a summary of the Port's nonoperating revenues and expenses for fiscal years 2019, 2018 and 2017:

Summary of Nonoperating Revenues and Expenses
(amounts in thousands)

				Increase (Decrease) Over Prior Year	
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Nonoperating revenues					
Income from investments in Joint Powers Authority	$ 2,596	$ 2,001	$ 2,162	$ 595	$ (161)
Interest and investment income	32,804	618	1,118	32,186	(500)
Other nonoperating revenue	36,967	8,284	9,994	28,683	(1,710)
Total nonoperating revenues	72,367	10,903	13,274	61,464	(2,371)
Nonoperating expenses					
Interest expense	1,290	1,612	604	(322)	1,008
Other nonoperating expenses	9,816	6,285	11,140	3,531	(4,855)
Total nonoperating expenses	11,106	7,897	11,744	3,209	(3,847)
Net nonoperating revenues (expenses)	$ 61,261	$ 3,006	$ 1,530	$ 58,255	$ 1,476

Nonoperating Revenues and Expenses, Fiscal Year 2019

Net nonoperating revenues (expenses) for fiscal year 2019 of $61.3 million increased by $58.3 million relative to net nonoperating revenues of $3.0 million in fiscal year 2018.

Nonoperating revenues increased by $61.5 million due to higher interest and investment income by $5.7 million, higher unrealized gain from better investment yields by $26.5 million, higher recovery receipts from an intermodal gateway project that was set aside through a court decision by $26.9 million and higher other nonoperating revenues by $2.4 million.

Nonoperating expenses increased by $3.2 million in fiscal year 2019 primarily due to higher discontinued capital project by $3.0 million, higher pass-through grant funding disbursements by $2.2 million. These increases were partially offset by lower losses on assets sales by $1.2 million, lower commercial paper costs by $0.5 million, and lower interest expense by $0.3 million.

Continued…..

Nonoperating Revenues and Expenses, Fiscal Year 2018

Net nonoperating revenues (expenses) for fiscal year 2018 of $3.0 million increased by $1.5 million relative to net nonoperating revenues of $1.5 million in fiscal year 2017.

Nonoperating revenues decreased by $2.4 million due to lower interest and investment income by $0.5 million and lower other nonoperating revenues by $1.7 million.

Nonoperating expenses decreased by $3.8 million in fiscal year 2018 primarily due to lower pass-through grant funding disbursements by $5.2 million and the non-recurrence of bond issuance costs of $0.9 million incurred in the prior fiscal year. These declines were partially offset by higher discontinued capital project by $0.9 million, higher interest expense by $1.0 million and a loss of $0.4 million related to the retirement of crane assets.

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, 2019 and 2018, the Port's outstanding long-term debt was $810.1 million and $854.1 million, respectively. For all outstanding bonds, the Port continues to maintain Aa2, AA, and AA credit ratings from Moody's Investor Services (Moody's), Standard & Poor's Rating Service (S&P), and Fitch Ratings (Fitch), respectively. See Note 7 starting on page 67 of this report 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, 2019, the Port's debt service coverage was 4.0x debt service.

The Port's long-term debt consisted of the following as of June 30, 2019, 2018, and 2017 (in thousands):

	FY 2019	FY 2018	FY 2017
Revenue bonds payable	$ 810,110	$ 854,125	$ 891,740
Net unamortized premiums	59,950	68,308	77,603
Total	$ 870,060	$ 922,433	$ 969,343

Continued…..

Capital Assets

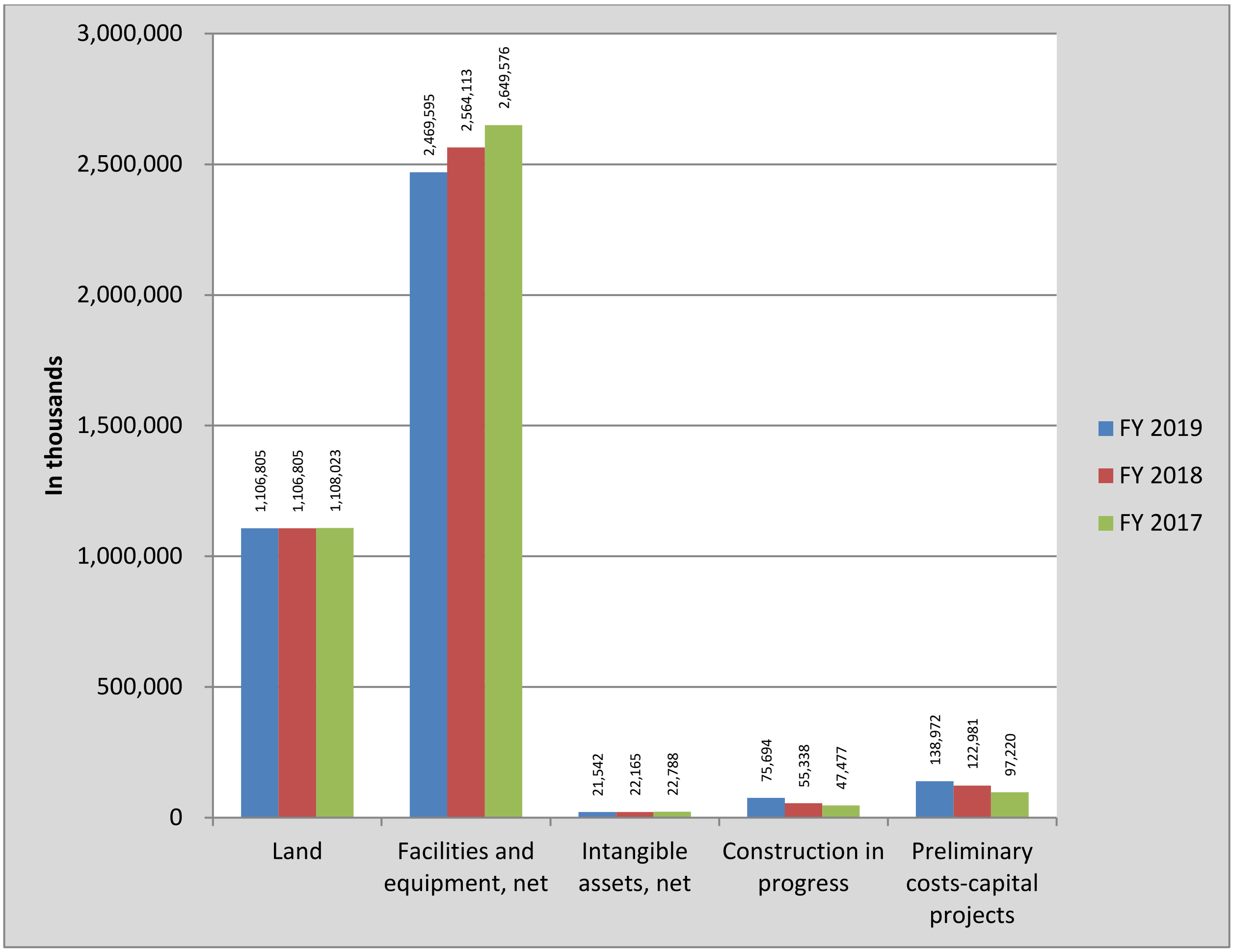
The Port's investment in capital assets, net of accumulated depreciation and amortization as of June 30, 2019, 2018 and 2017 amounted to $3.8 billion, $3.9 billion, and $3.9 billion, respectively. These accounted for 79.6%, 82.5%, and 83.9%, of total assets, respectively. The following table presents the Port's capital assets, net of accumulated depreciation for fiscal years 2019, 2018 and 2017 (in thousands):

Summary of Capital Assets

				Increase(Decrease) Over Prior Year	
	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018
Land	$ 1,106,805	$ 1,106,805	$ 1,108,023	$ --	$ (1,218)
Facilities and equipment, net	2,469,595	2,564,113	2,649,576	(94,518)	(85,463)
Intangible assets, net	21,542	22,165	22,788	(623)	(623)
Construction in progress	75,694	55,338	47,477	20,356	7,861
Preliminary costs-capital projects	138,972	122,981	97,220	15,991	25,761
Total	$ 3,812,608	$ 3,871,402	$ 3,925,084	$ (58,794)	$ (53,682)

See Note 5 on pages 64 – 65 of this report for additional information.

The following chart shows the graphical presentation of the Port's capital assets for the fiscal years 2019, 2018 and 2017:



Capital Assets, Fiscal Year 2019

Major capital assets activities during fiscal year 2019 are as follows:

- $11.5 million – continued design and construction of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to Sampson Way roadway improvements, the Wilmington Waterfront Promenade, the Avalon Promenade and Gateway, and Ports O' Call Promenade and Town Square.
- $8.2 million – various projects at buildings and facilities of the Port including street modifications, facilities and buildings improvements.
- $5.9 million – various transportation projects including preparation of the interchange reconfiguration project at SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, reconstruction of Navy Way speed hump, construction of Berth 200 rail yard track connection enhancements, and various street resurfacing projects.
- $5.4 million – various miscellaneous projects for sidewalk improvements, berth pile and log replacement, dockside facility improvements.
- $4.8 million – wharf rehabilitation at the WWL Vehicle Services Americas, Inc. terminal and seawall improvement projects.
- $2.3 million – redevelopment projects at the Everport Container Terminal including wharf and backland improvements.
- $2.1 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).
- $2.0 million – various projects at the Port's World Cruise Center including installation and upgrade of Alternative Maritime Power (AMP) system, installation of new elevators, repairs of vehicular and pedestrian ramp, modernization of terminal escalator, and other miscellaneous improvements.
- $1.0 million – projects for various security enhancements.

Continued…..

Capital Assets, Fiscal Year 2018

Major capital assets activities during fiscal year 2018 are as follows:

- $14.6 million – various projects at the Port's World Cruise Center including installation and upgrade of Alternative Maritime Power (AMP) system, design and construction of security improvements required at the U.S. Customs and Border Protection facility, and other miscellaneous improvements.

- $13.2 million – continued design and construction of San Pedro Waterfront and Wilmington Waterfront Development projects including, but not limited to Sampson Way roadway improvements, the Wilmington Waterfront Promenade, the Avalon Promenade and Gateway, and Ports O' Call Promenade and Town Square.

- $6.3 million – wharf rehabilitation at the WWL Vehicle Services Americas, Inc. terminal as well as bollard repair, and seawall improvement projects.

- $4.0 million – various transportation projects including preparation of the interchange reconfiguration project at SR-47/Vincent Thomas Bridge and Front Street/Harbor Boulevard, C Street/I110 Access Ramp Improvements, John S. Gibson Intersection/North I-110 Access Ramp Improvements, Alameda Street & Dispatch Hall Driveway traffic Signal, and construction of Berth 200 rail yard track connection enhancements.

- $3.5 million – redevelopment projects at the Yusen Terminals Inc. (YTI) terminal including wharf upgrades and expansion of the terminal facilities.

- $2.7 million – various projects at berths with liquid bulk oil cargo handling facilities to comply with Marine Oil Terminal Engineering Maintenance Standards (MOTEMS).

- $2.3 million – redevelopment projects at the TraPac Container Terminal including backland improvements and construction of terminal buildings and facilities.

Continued…..

Factors That May Affect the Port's Operations

There is significant competition for container traffic among North American ports. The availability of alternate port facilities at competitive prices affects the use of the Port's facilities and therefore the revenues of the Port. Formation of shipping alliances adds to the complexity as shipping lines which have ownership in terminals route cargo to terminals that are not owned by them, but by their Alliance partners. While the shipping industry remains volatile in 2019, 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 and through the Panama Canal or westward through the Suez Canal. The use of all-water routes primarily through the Panama and Suez Canal to the East and Gulf Coasts of the U.S. is an alternative to Asian intermodal cargo moving through U.S. West Coast ports. Routing cargo via all-water service has a longer transit time and is usually less expensive to the beneficial cargo owner vs. routing via West Coast Ports and loading via rail. The newly completed Panama Canal Expansion Program added a new set of locks, which allows ships of greater size (up to 12,500 TEU) to transit the Canal. The expansion creates a route to the East and Gulf Coast for ships of greater capacity than the current "Panamax" ships. While the effects of an expanded Canal are unknown, 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.

Since taking office in January 2017, the Trump Administration has issued several executive orders and proclamations, and has indicated its intent to initiate additional executive orders, legislation, and regulations affecting Federal policy in areas such as tariffs and trade. Since January 2018, President Trump has applied a significant amount of new tariffs to a wide variety of products imported from China and other nations, including aluminum, steel, and consumer goods. While tariffs imposed by the U.S., China and other nations may have a financial impact upon the Port's revenues, as of the date of this report, insufficient information is available to estimate the magnitude of such potential impacts.

Competitive Environment

As of the fiscal year ended June 30, 2019, five major container ports controlled 99.0% 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 72.9% 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

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customers to long-term permits at the Port that currently range from 15 to 30 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 the most attractive point of origin for trans-shipments to points east as the Port has extensive on-dock rail facilities creating intermodal connections that provide for time-to-market advantages.

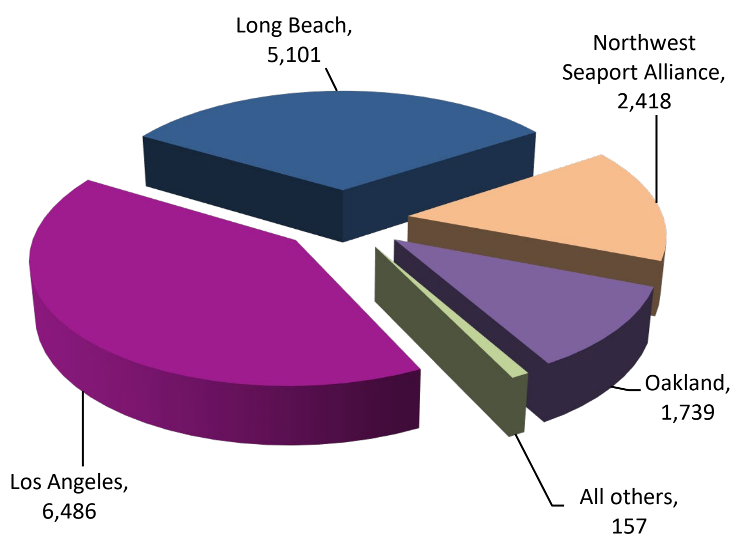
The following presents a summary of the West Coast container market share for fiscal years 2017 to 2019:

	Loaded TEUs (in thousands)*			Percentage Market Share		
Ports	FY 2019	FY 2018	FY 2017	FY 2019	FY 2018	FY 2017
Los Angeles	6,486	6,067	6,266	40.8%	39.4%	41.5%
Long Beach	5,101	5,282	4,734	32.1%	34.3%	31.3%
Northwest Seaport Alliance**	2,418	2,242	2,350	15.2%	14.5%	15.5%
Oakland	1,739	1,675	1,654	10.9%	10.9%	10.9%
All others	157	152	134	1.0%	1.0%	0.9%
	15,901	15,418	15,138	100.0%	100.1%	100.1%

* Source: PIERS

** Northwest Seaport Alliance consists of Seattle and Tacoma, effective August 1, 2015.

Following is the graphical presentation of the West Coast container market share for fiscal year 2019:



Loaded TEUs (in thousands)

Continued…..

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 Marla Bleavins, Deputy Executive Director and Chief Financial Officer, 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, 2019 and 2018
(amounts in thousands)

		2019		2018
ASSETS				
Current assets				
Cash and cash equivalents, unrestricted	$	830,703	$	672,166
Cash and cash equivalents, restricted		14,762		14,218
Accounts receivable, net of allowance for doubtful accounts: 2019 - $6,408; 2018 - $32,780		41,322		49,400
Grants receivable		2,137		3,906
Materials and supplies inventories		2,656		2,464
Prepaid expenses		490		854
Accrued interest receivable		4,207		2,908
Total current assets		896,277		745,916
Noncurrent restricted assets				
Restricted investments – bond funds		63,348		62,230
Other restricted cash and investments		10,399		9,842
Total noncurrent restricted assets		73,747		72,072
Capital assets				
Land		1,106,805		1,106,805
Facilities and equipment net of accumulated depreciation: 2019 - $2,367,994; 2018 - $2,209,444		2,469,595		2,564,113
Intangible assets, net of amortization: 2019 - $3,818; 2018 - $3,195		21,542		22,165
Construction in progress		75,694		55,338
Preliminary costs – capital projects		138,972		122,981
Total capital assets		3,812,608		3,871,402
Investment in Joint Powers Authority		6,329		5,733
TOTAL ASSETS		4,788,961		4,695,123
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on debt refunding		14,467		15,584
Deferred outflows of resources related to pensions		53,660		43,790
Deferred outflows of resources related to other postemployment benefits (OPEB)		9,893		6,939
TOTAL DEFERRED OUTFLOWS OF RESOURCES		78,020		66,313

continued…..

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

Statements of Net Position
June 30, 2019 and 2018
(amounts in thousands)

	2019	2018
LIABILITIES		
Current liabilities		
Accounts payable	$ 28,477	$ 34,055
Current maturities of notes payable and bonded debt	46,515	44,015
Accrued interest payable	16,637	17,420
Accrued salaries and employee benefits	22,020	18,642
Obligations under securities lending transactions	8,216	11,535
Accrued construction cost payable	2,998	3,579
Other current liabilities	29,252	35,281
Total current liabilities	154,115	164,527
Long-term liabilities		
Long-term liabilities payable from unrestricted assets		
Bonds payable, net of unamortized discount/premium:		
2019 - $59,950; 2018 - $68,308	823,545	878,418
Accrued salaries and employee benefits	3,909	8,135
Net pension liabilities	220,020	210,882
Net OPEB liabilities	24,232	24,416
Other liabilities	85,867	91,606
Total long-term liabilities payable from unrestricted assets	1,157,573	1,213,457
Long-term liabilities payable from restricted assets	11,995	11,198
Total long-term liabilities	1,169,568	1,224,655
TOTAL LIABILITIES	1,323,683	1,389,182
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions	31,416	31,374
Deferred inflows of resources related to OPEB	8,204	6,009
TOTAL DEFERRED INFLOWS OF RESOURCES	39,620	37,383
NET POSITION		
Net investment in capital assets	2,957,014	2,964,553
Restricted for debt service	63,348	62,230
Unrestricted	483,316	308,088
TOTAL NET POSITION	$ 3,503,678	$ 3,334,871

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, 2019 and 2018
(amounts in thousands)

	2019	2018
OPERATING REVENUE		
Shipping services		
Wharfage	$ 383,526	$ 376,127
Dockage	4,348	4,532
Demurrage	202	219
Lay day fees	23	38
Pilotage	10,985	10,502
Assignment charges	11,244	13,861
Total shipping services	410,328	405,279
Rentals		
Land	65,291	60,746
Buildings	55	109
Warehouses	90	87
Wharf and shed	529	477
Total rentals	65,965	61,419
Royalties, fees, and other operating revenues		
Fees, concessions, and royalties	4,240	10,555
Clean truck program fees	1,457	2,186
Other	24,437	11,321
Total royalties, fees, and other operating revenues	30,134	24,062
Total operating revenue	506,427	490,760
OPERATING EXPENSES		
Salaries and other benefits	98,062	96,208
Pension expense	20,913	20,843
OPEB expense	4,083	4,482
City services	45,223	42,749
Outside services	33,418	29,904
Utilities	19,946	15,642
Materials and supplies	6,593	6,960
Marketing and public relations	2,510	2,784
Workers' compensation, claims and settlement	193	4,009
Clean truck program expenses	3,120	831
Other operating expenses	6,366	12,543
Total operating expenses before depreciation and amortization	240,427	236,955
Operating income before depreciation and amortization	266,000	253,805

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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, 2019 and 2018
(amounts in thousands)

	2019	2018
Operating Income before depreciation and amortization	$ 266,000	$ 253,805
Depreciation and amortization	161,977	167,984
OPERATING INCOME	104,023	85,821
NONOPERATING REVENUE (EXPENSES)		
Nonoperating revenue		
Income from investments in Joint Powers Authority	2,596	2,001
Interest and investment income	32,804	618
Noncapital grant revenue	1,389	1,505
Pass through grant revenue	4,909	2,703
Other nonoperating revenue	30,669	4,076
Total nonoperating revenue	72,367	10,903
Nonoperating expenses		
Interest expense	(1,290)	(1,612)
Pass through grant expenses	(4,908)	(2,703)
Discontinued capital projects	(4,666)	(1,592)
Other nonoperating expenses	(242)	(1,990)
Total nonoperating expenses	(11,106)	(7,897)
Net nonoperating revenue (expenses)	61,261	3,006
INCOME BEFORE CAPITAL CONTRIBUTIONS	165,284	88,827
Capital contributions	3,523	4,524
CHANGES IN NET POSITION	168,807	93,351
NET POSITION, JULY 1	3,334,871	3,265,398
Cumulative effect of change in accounting principle	--	(23,878)
Net position, July 1, restated	3,334,871	3,241,520
NET POSITION, JUNE 30	$ 3,503,678	$ 3,334,871

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, 2019 and 2018
(amounts in thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Shipping service fees collected	$ 416,872	$ 392,828
Rentals collected	67,018	59,532
Royalties, fees, and other operating revenues collected	30,614	23,323
Payments for employee salaries and benefits, net of capitalized amounts: 2019 - $22,317; 2018 - $21,121	(125,540)	(120,253)
Payments for goods and services	(133,986)	(126,510)
Net cash provided by operating activities	254,978	228,920
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITY		
Proceeds from noncapital grants	1,389	1,505
Net cash provided by noncapital financing activity	1,389	1,505
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for property acquisitions and construction	(72,208)	(81,644)
Proceeds from sale of capital assets	215	2,222
Proceeds from capital grants and contributions	5,292	1,537
Proceeds from insurance recovery for damage of capital assets	29,234	1,032
Principal repayment and redemption – bonds	(44,015)	(37,615)
Payments (from) to bond reserve fund	(1,118)	53
Interest and issuance costs paid	(40,868)	(42,532)
Net cash used in capital and related financing activities	(123,468)	(156,947)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipt of interest	14,077	9,258
(Decrease) increase in cash collateral received under the securities lending transactions	(3,319)	7,151
Increase (decrease) in fair value of investments	16,870	(9,564)
Net (purchase) sale of investments	(3,446)	(31,267)
Distribution from Joint Powers Authority	2,000	2,000
Net cash (used in) provided by investing activities	26,182	(22,422)
NET INCREASE IN CASH AND CASH EQUIVALENTS	159,081	51,056
CASH AND CASH EQUIVALENTS, JULY 1	686,384	635,328
CASH AND CASH EQUIVALENTS, JUNE 30	$ 845,465	$ 686,384

continued….

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

Statements of Cash Flows
For the Fiscal Years Ended June 30, 2019 and 2018
(amounts in thousands)

	2019	2018
CASH AND CASH EQUIVALENTS COMPONENTS		
Cash and cash equivalents, unrestricted	$ 830,703	$ 672,166
Cash and cash equivalents, restricted	14,762	14,218
Total cash and cash equivalents	$ 845,465	$ 686,384
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	$ 104,023	$ 85,821
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	161,977	167,984
Provision for doubtful accounts	600	6,276
Changes in assets, liabilities, and deferred outflows and inflows of resources		
Accounts receivable	7,478	(21,351)
Materials and supplies inventories	(192)	97
Prepaid expenses	363	(339)
Deferred outflows of resources related to pensions and OPEB	(12,824)	12,146
Accounts payable	(5,578)	2,438
Net pension liabilities	9,138	(20,443)
Net OPEB liabilities	(184)	538
Accrued salaries and employee benefits	(848)	1,698
Other liabilities	(11,212)	(13,286)
Deferred inflows of resources related to pensions and OPEB	2,237	7,341
Total adjustments to reconcile operating income to net cash provided by operation activities	150,955	143,099
Net cash provided by operating activities	$ 254,978	$ 228,920
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets with accounts payable	$ 5,205	$ 9,594
Write-off of discontinued construction projects	4,666	1,592
Contributions of capital assets	1,769	(2,987)

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, 2019 and 2018

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

	Page
Note 1 - Organization and Summary of Significant Accounting Policies…………	47
Note 2 - Adoption of new GASB Pronouncements……………………………….....	55
Note 3 - Recent GASB Pronouncements for Future Adoption……….…………….	56
Note 4 - Cash and Investments …………………………………………………….	57
Note 5 - Capital Assets ……………………………………………………………...	64
Note 6 - Investment in Joint Powers Authorities and Other Entities………………	66
Note 7 - Long-Term Debt..…...…………………………………………………………	67
Note 8 - Changes in Long-Term Liabilities………………………………………...	72
Note 9 - Pollution Remediation Obligations………………………………………..	74
Note 10 - Employee Deferred Compensation Plan…………………….………...	75
Note 11 - Risk Management………………………………………………………...	76
Note 12 - Leases, Rentals, and Minimum Annual Guarantee (MAG) Agreements	78
Note 13 - Los Angeles City Employees' Retirement System (LACERS)…………	79
Note 14 - City of Los Angeles Fire and Police Pension System (LAFPP)………..	94
Note 15 - Commitments, Litigations and Contingencies …………………………...	107
Note 16 - Related-Party Transactions………………………………………………...	110
Note 17 - Capital Contributions………………………………………………………..	110
Note 18 - Natural Resources Defense Council Settlement Judgment…………….	110
Note 19 - Cash Funding of Reserve Fund…………………………………………	111
Note 20 - Restatement………………………………………………………………....	111
Note 21 - Subsequent Events………………………………………………………..	112

Continued…..

1. Organization and Summary of Significant Accounting Policies

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

A. Organization and Reporting Entity

The Harbor Department is a proprietary department of the City of Los Angeles, California (the City), formed for the purpose of managing the tidelands property granted by the State of California 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 include 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 of California (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 work force 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.

In evaluating how to define the Port for financial reporting purposes, management has considered all potential component units by applying the criteria set forth by the GASB. The financial statements present only the financial activities of the Port in conformity with GAAP and are not intended to present the financial position and results of operations of the City.

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Reporting Entity

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

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

LAHIC is included in the reporting entity of the Port, and accordingly, the operations of LAHIC are blended in the Port's accompanying financial statements. LAHIC's cash balance in the amount of $21 thousand equaled to the payable amount owed to the Port as of both June 30, 2019 and 2018. LAHIC reported no net position at June 30, 2019 and 2018. 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 any other cash deposits or investments with initial maturities of three months or less 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 similar 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 gains and losses on investments that had been held more than one fiscal year and sold in the

Continued…..

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.

Materials and Supplies Inventories – Inventories of materials and supplies are stated at lower of average cost or market.

Capital Assets – Capital assets are carried at 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, and capitalized costs of the Port's integrated financial accounting system, the Enterprise Resource Planning System.

Preliminary costs for developing proposed capital projects that are incurred prior to the finalization of formal construction contracts 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, 2019 and 2018 are $139.0 million and $123.0 million, respectively.

The Port capitalizes interest costs incurred on indebtedness issued in connection with the acquisition, construction or improvement of capital assets, net of interest revenue on reinvested debt proceeds. Interest capitalized in fiscal years 2019 and 2018 were $31.6 million and $32.1 million, respectively.

The Port capitalizes indirect project costs associated with the acquisition, development, and construction of new capital projects. Indirect project costs allocated to construction projects for fiscal years 2019 and 2018 were $18.6 million and $16.6 million, respectively.

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

Investments in Joint Powers Authorities – Investments in joint power authorities are accounted for by the equity method.

Continued…..

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

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 position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Port has three items that qualified for reporting in this category. They are deferred charges on debt refunding, deferred outflows of resources related to pensions, and deferred outflows of resources related to postemployment benefits other than pensions (other postemployment benefits or OPEB). A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

Deferred inflows and outflows 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 inflows and outflows 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.

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

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levies fees for various activities such as royalties from oil and natural gas production, fees for parking lots, 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.

Operating Leases – The Port leases a substantial portion of land and facilities to others. Leases relating to terminal operations tend to be long-term in nature (as long as 50 years), which generate 94.1% of the Port's operating revenues. Short-term real estate entitlement such as revocable permits and space assignments can be canceled on a 30-day notice by either party. Majority of the Port's leases provide retention of ownership by the Port or restoration of the property to pre-leased conditions at the expiration of the agreement; accordingly, no leases are considered capital leases. See note 12 on page 78 for additional information.

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 liability and deferred outflows/inflows of resources related to pensions, and pension expenses, 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.

For fiscal years ended June 30, 2019 and 2018, the Port reported total net pension liability, deferred outflows/inflows or resources related to pensions, and pension expenses as follows (in thousands):

	2019	2018
Net pension liability:		
LACERS - proportionate shares	$215,435	$204,609
LAFPP - proportionate shares	4,585	6,273
Total net pension liability	$220,020	$210,882
Deferred outflows of resources related to pensions:		
LACERS - proportionate shares	$ 48,375	$ 38,968
LAFPP - proportionate shares	5,285	4,822
Total deferred outflows of resources related to pensions	$ 53,660	$ 43,790
Deferred inflows of resources related to pensions:		
LACERS - proportionate shares	$ 26,836	$ 26,708
LAFPP - proportionate shares	4,580	4,666
Total deferred inflows of resources related to pensions	$ 31,416	$ 31,374
Pension expenses:		
LACERS - proportionate shares	$ 19,267	$ 18,798
LAFPP - proportionate shares	1,646	2,045
Total pension expenses	$ 20,913	$ 20,843

See note 13 starting on page 79 and note 14 starting on page 94, as well as required supplementary information on pages 113-115, for additional information.

For purpose of measuring the net OPEB liability, 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.

For the fiscal years ended June 30, 2019 and 2018, the Port reported total net OPEB liability, deferred outflows/inflows or resources related to OPEB, and OPEB expenses as follows (in thousands):

	2019	2018
Net OPEB liability:		
LACERS - proportionate shares	$ 21,785	$ 21,910
LAFPP - proportionate shares	2,447	2,506
Total net OPEB liability	$ 24,232	$ 24,416
Deferred outflows of resources related to OPEB:		
LACERS - proportionate shares	$ 8,311	$ 5,590
LAFPP - proportionate shares	1,582	1,349
Total deferred outflows of resources related to OPEB	$ 9,893	$ 6,939
Deferred inflows of resources related to OPEB:		
LACERS - proportionate shares	$ 7,726	$ 5,658
LAFPP - proportionate shares	478	351
Total deferred inflows of resources related to OPEB	$ 8,204	$ 6,009
OPEB expenses:		
LACERS - proportionate shares	$ 3,164	$ 3,599
LAFPP - proportionate shares	919	883
Total OPEB expenses	$ 4,083	$ 4,482

See note 13 starting on page 79 and note 14 starting on page 94, as well as required supplementary information on pages 116 -118, 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.

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 by the outstanding balances of any bonds, notes, or other 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 unrestricted resources as needed and restricted resources for the purpose for which the restriction exists first.

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 2018 to conform to the fiscal year 2019 presentation. Such reclassification had no impact on the change in net position previously reported.

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2. Adoption of New GASB Pronouncements

GASB Statement No. 83, *"Certain Asset Retirement Obligations."* Issued in November 2016, this statement addresses accounting and financial reporting for certain assets retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The statement will enhance comparability and usefulness in governmental financial statements by establishing uniform criteria for governments to recognize and measure certain AROs and requiring disclosure related to those AROs. The statement has no material impact on the Port's financial statements.

GASB Statement No. 88, *"Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements."* Issued in April 2018, this statement improves the information that is disclosed in notes to government financial statements related to debt, including direct borrowing and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Refer to Note 7 for the required disclosure information.

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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. 84, *"Fiduciary Activities."* Issued in January 2017, this statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and describes four fiduciary funds that should be reported, if applicable. The statement will be effective beginning fiscal year 2020.

GASB Statement No. 87, *"Leases."* Issued in June 2017, this statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The statement will be effective beginning fiscal year 2021.

GASB Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period."* Issued in June 2018, this statement (1) enhances the relevance and comparability of information about capital assets and cost of borrowing for a reporting period and (2) simplifies accounting for interest cost incurred before the end of a construction period. The statement will be effective beginning fiscal year 2021.

GASB Statement No. 90, *"Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61."* Issued in August 2018, this statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The statement will be effective beginning fiscal year 2020.

GASB Statement No. 91, *"Conduit Debt Obligations."* Issued in May 2019, this statement provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement will be effective beginning fiscal year 2022.

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4. Cash and Investments

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

	2019	2018
Cash in bank and certificates of deposit	$ 239	$ 239
Investment in U.S. Treasury and money market fund	63,348	62,230
Equity in the City of Los Angeles Investment Pool	855,625	695,987
Total cash and investments	$ 919,212	$ 758,456

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

	2019	2018
Unrestricted cash and cash equivalents	$ 830,703	$ 672,166
Restricted cash and cash equivalents		
Current		
China Shipping Mitigation Fund	12,166	11,927
Community Mitigation Trust Fund – Trapac	117	112
Narcotics/Customs Enforcement Forfeiture Fund	598	425
Clean Truck Program and Fee Fund	5	5
Other	1,876	1,749
Subtotal – Current	14,762	14,218
Noncurrent		
Harbor Revenue Bond Funds	63,348	62,230
Customer Security Deposits	3,060	2,990
Batiquitos Environmental Fund	6,753	6,277
Harbor Restoration Fund	586	575
Subtotal – Noncurrent	73,747	72,072
Total restricted cash and investments	88,509	86,290
Total cash and investments	$ 919,212	$ 758,456

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A. Deposits

The Port had cash deposits and certificates of deposit with several major financial institutions amounting to $0.2 million at June 30, 2019 and 2018. 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. 11-1740 was adopted for the City's investment policy effective September 1, 2018. 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 $855.6 million and $696.0 million invested in the City's General Pool and three Special Investment Pools, representing approximately 7.3% and 7.0% of the City Treasury's General Pool and Special Investment Pools at June 30, 2019 and 2018, 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) 978-7555 or the Los Angeles City Controller's website http://www.lacontroller.org/reports.

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C. Special Investment Pools

Out of $855.6 million and $696.0 million invested in the City's pooled investments, $57.0 million and $55.3 million were invested in the City's Special Investment Pools as of June 30, 2019 and 2018, respectively. They are Emergency/ACTA Reserve Fund 751, Restoration Fund 70L, and 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, 2019 and 2018, investments held in the City's Special Investment Pools and their maturities are as follows (in thousands):

Fiscal Year 2019

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Agencies securities	$ 53,942	$ 39,190	$ --	$ 7,999	$ 6,753
Commercial paper	3,105	--	--	3,105	--
Short term investment funds	2	2	--	--	--
Total investments in special pools	$ 57,049	$ 39,192	$ --	$ 11,104	$ 6,753

Fiscal Year 2018

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 7,823	$ 7,823	$ --	$ --	$ --
U.S. Agencies securities	44,442	--	38,303	--	6,139
Commercial paper	3,029	--	--	3,029	--
Short term investment funds	1	1	--	--	--
Total investments in special pools	$ 55,295	$ 7,824	$ 38,303	$ 3,029	$ 6,139

Interest Rate Risk. The Policy limits the maturity of its investments to five years for the U.S. Treasury and U.S. Agencies securities, medium term notes, CD placement service, negotiable certificates of deposit, collateralized bank deposits, mortgage pass-through securities, supranational 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 papers were rated A-1+ by S&P and P-1 by Moody's.

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

D. Other Investments

In each issuance of a parity obligation, the Port is required to establish a reserve fund with a trustee pursuant to the indenture. All moneys in the reserve funds or accounts shall be invested by the trustee solely in permitted investments. Permitted investments on deposit in the debt service reserve funds are valued at fair market 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 $63.3 million at June 30, 2019 versus $62.2 million at June 30, 2018. The reserve funds were invested in money market funds and U.S. Treasuries.

At June 30, 2019 and 2018, investments held in the reserve funds and their maturities are as follows (in thousands):

Fiscal Year 2019

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 62,781	$ --	$ 20,602	$ --	$ 42,179
Short term investment funds	567	567	--	--	--
Total investments in special pools	$ 63,348	$ 567	$ 20,602	$ --	$ 42,179

Fiscal Year 2018

		Investment Maturities			
Type of Investments	Amount	1 to 30 Days	31 to 60 Days	61 to 180 Days	Over 180 Days
U.S. Treasury securities	$ 61,161	$ 30,034	$ --	$ --	$ 31,127
Short term investment funds	1,069	1,069	--	--	--
Total investments in reserve funds	$ 62,230	$ 31,103	$ --	$ --	$ 31,127

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

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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 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 bankers 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.

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Under the provisions of the SLP, and in accordance with the California Government Code, no more than 20% of the market value of the General Investment Pool (the Pool) is available for lending. The City loans out U.S. Treasury Notes, U.S. Agencies securities (e.g., Fannie Mae, Freddie Mac, Federal Home Loan Bank, Farmer Mac, Federal Farm Credit Bank and Tennessee Valley Authority), Medium-term Notes, and Supranational Obligations. The City receives cash as collateral on the loaned securities, which is reinvested in securities permitted under the Policy. In addition, the City receives securities as collateral on loaned securities, which the City has no ability to pledge or sell without borrower default. In accordance with the California Government Code, the securities lending agent marks to market the value of both the collateral and the reinvestments daily. Except for open loans where either party can terminate a lending contract on demand, term loans have a maximum life of 60 days. Earnings from securities lending accrue to the Pool and are allocated on a pro-rata basis to all Pool participants.

During fiscal years 2019 and 2018, collateralizations on all loaned securities were compliant with the required 102% of the market 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 $8.2 million and $11.5 million as of June 30, 2019 and 2018, respectively.

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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.

The Port has the following recurring fair value measurements as of June 30, 2019:

	Total	Level 1	Level 2	Level 3
U.S. Treasury notes	$ 62,781	$ 62,781	$ --	$ --
Money market fund	567	--	567	--
Total investments - bond funds	$ 63,348	$ 62,781	$ 567	$ --
U.S. Agencies Securities	$ 53,942	$ --	$ 53,942	$ --
Commerical paper	3,105	--	3,105	--
Total investments - special pools	$ 57,047	$ --	$ 57,047	$ --

The Port has the following recurring fair value measurements as of June 30, 2018:

	Total	Level 1	Level 2	Level 3
U.S. Treasury securities	$ 61,161	$ 61,161	$ --	$ --
Money market fund	1,069	--	1,069	--
Total investments - bond funds	$ 62,230	$ 61,161	$ 1,069	$ --
U.S. Treasury securities	$ 7,823	$ 7,823	$ --	$ --
U.S. Agencies securities	44,442	--	44,442	--
Commercial paper	3,029	--	3,029	--
Total investments - special pools	$ 55,294	$ 7,823	$ 47,471	$ --

Investments in Short Term Investment Funds of the City's Special Investment Pools are considered cash equivalents due to their liquidity and are excluded from the fair value measurement.

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5. Capital Assets

The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2019 (in thousands):

	Balance July 1, 2018	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2019
Capital assets not depreciated					
Land	$ 1,106,805	$ --	$ --	$ --	$ 1,106,805
Construction in progress	55,338	88,249	(7,632)	(60,261)	75,694
Preliminary costs – capital projects	122,981	32,178	(20,087)	3,900	138,972
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,298,024	120,427	(27,719)	(56,361)	1,334,371
Capital assets depreciated/amortized					
Wharves and sheds	1,195,956	--	--	3,172	1,199,128
Buildings/facilities	3,404,585	--	--	51,537	3,456,122
Equipment	173,016	19,684	(12,013)	1,652	182,339
Intangible assets	12,460	--	--	--	12,460
Total capital assets depreciated/amortized	4,786,017	19,684	(12,013)	56,361	4,850,049
Less accumulated depreciation/ amortization					
Wharves and sheds	(533,874)	(32,997)	--	--	(566,871)
Buildings/facilities	(1,532,169)	(116,447)	--	--	(1,648,616)
Equipment	(143,401)	(11,910)	2,804	--	(152,507)
Intangible assets	(3,195)	(623)	--	--	(3,818)
Total accumulated depreciation/amortization	(2,212,639)	(161,977)	2,804	--	(2,371,812)
Total capital assets depreciated/ amortized, net	2,573,378	(142,293)	(9,209)	56,361	2,478,237
Capital assets, net	$ 3,871,402	$ (21,866)	$ (36,928)	$ --	$ 3,812,608

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The Port's capital assets consist of the following activities for the fiscal year ended June 30, 2018 (in thousands):

	Balance July 1, 2017	Increase	Decrease	Adjustments and Transfers	Balance June 30, 2018
Capital assets not depreciated					
Land	$ 1,108,023	$ --	$ (1,218)	$ --	$ 1,106,805
Construction in progress	47,477	75,978	--	(68,117)	55,338
Preliminary costs – capital projects	97,220	36,534	(6,682)	(4,091)	122,981
Intangible assets	12,900	--	--	--	12,900
Total capital assets not depreciated	1,265,620	112,512	(7,900)	(72,208)	1,298,024
Capital assets depreciated/amortized					
Wharves and sheds	1,181,381	--	--	14,575	1,195,956
Buildings/facilities	3,353,689	--	(5,253)	56,149	3,404,585
Equipment	163,627	10,940	(3,035)	1,484	173,016
Intangible assets	12,460	--	--	--	12,460
Total capital assets depreciated/amortized	4,711,157	10,940	(8,288)	72,208	4,786,017
Less accumulated depreciation/ amortization					
Wharves and sheds	(500,735)	(33,139)	--	--	(533,874)
Buildings/facilities	(1,417,200)	(118,991)	4,022	--	(1,532,169)
Equipment	(131,186)	(15,231)	3,016	--	(143,401)
Intangible assets	(2,572)	(623)	--	--	(3,195)
Total accumulated depreciation/amortization	(2,051,693)	(167,984)	7,038	--	(2,212,639)
Total capital assets depreciated/ amortized, net	2,659,464	(157,044)	(1,250)	72,208	2,573,378
Capital assets, net	$ 3,925,084	$ (44,532)	$ (9,150)	$ --	$ 3,871,402

Net interest expense of $31.6 million and $32.1 million was capitalized for fiscal years 2019 and 2018, respectively.

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6. Investment in Joint Powers Authorities and 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. The Port contributed $2.5 million to the ICTF as part of the agreement. 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, 2019 and 2018, 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 $6.3 million and $5.7 million at June 30, 2019 and 2018, respectively. Separate financial statements for ICTF may be obtained from the Executive Director, Intermodal Container Transfer Facility Joint Powers Authority, 4801 Airport Plaza Drive, Long Beach, California 90815 or the ICTF's website at http://ictf-jpa.org/document_library.php.

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 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, 2019 and 2018, and accordingly, they have not been recorded in the accompanying financial statements. 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.

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

Continued…..

7. Long-Term Debt

A. Bonded Debt, Commercial Paper and Other Indebtedness

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 bonded indebtedness. 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 bonded debt and other indebtedness for fiscal year 2019 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2018	Additions	Deductions	Ending Balance June 30, 2019	Principal Due Within One Year
Issue 2009, Series A	8/1/2019 @ 100%	7/9/2009	2.00% – 5.25%	2030	$ 100,000	$ 70,315	$ --	$ (4,425)	$ 65,890	$ 4,605
Issue 2009, Series C	8/1/2019 @ 100%	7/9/2009	4.00% – 5.25%	2032	230,160	169,310	--	--	169,310	10,000
Issue 2011, Series A	8/1/2021 @ 100%	7/7/2011	3.00% – 5.00%	2023	58,930	42,175	--	(7,855)	34,320	8,250
Issue 2011, Series B	8/1/2021 @ 100%	7/7/2011	4.00% – 5.00%	2026	32,820	32,820	--	--	32,820	--
Issue 2014, Series A	8/1/2024 @ 100%	9/18/2014	2.00% – 5.00%	2045	203,280	192,990	--	(4,865)	188,125	5,160
Issue 2014, Series B	8/1/2024 @ 100%	9/18/2014	3.00% – 5.00%	2045	89,105	84,840	--	(1,545)	83,295	1,615
Issue 2014, Series C	8/1/2024 @ 100%	9/18/2014	2.00% – 5.00%	2045	44,890	42,545	--	(835)	41,710	870
Issue 2015, Series A	8/1/2025 @ 100%	10/14/2015	2.00% – 5.00%	2027	37,050	31,460	--	(2,950)	28,510	3,100
Issue 2016, Series A	Not applicable	10/13/2016	3.00% – 5.00%	2025	97,970	84,915	--	(20,685)	64,230	12,025
Issue 2016, Series B	8/1/2026 @ 100%	10/13/2016	2.00% – 5.00%	2037	68,385	67,550	--	(855)	66,695	890
Issue 2016, Series C	8/1/2026 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
Total principal amount					$ 997,795	854,125	--	(44,015)	810,110	46,515
Unamortized bond premium						68,308	--	(8,358)	59,950	--
Net revenue bonds						922,433	--	(52,373)	870,060	46,515
Less: current maturities of long-term debt						(44,015)	(46,515)	44,015	(46,515)	--
Total long-term debt net of current maturities						$ 878,418	$ (46,515)	$ (8,358)	$ 823,545	$ 46,515

Continued…..

The Port's activities for bonded debt and other indebtedness for fiscal year 2018 are as follows (in thousands):

Bond Issues	Call Provisions	Date of Issue	Interest Rate	Fiscal Maturity Year	Original Principal	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018	Principal Due Within One Year
Issue 2009, Series A	8/1/2019 @ 100%	7/9/2009	2.00% – 5.25%	2030	$ 100,000	$ 74,570	$ --	$ (4,255)	$ 70,315	$ 4,425
Issue 2009, Series C	8/1/2019 @ 100%	7/9/2009	4.00% – 5.25%	2032	230,160	171,575	--	(2,265)	169,310	--
Issue 2011, Series A	8/1/2021 @ 100%	7/7/2011	3.00% – 5.00%	2023	58,930	49,665	--	(7,490)	42,175	7,855
Issue 2011, Series B	8/1/2021 @ 100%	7/7/2011	4.00% – 5.00%	2026	32,820	32,820	--	--	32,820	--
Issue 2014, Series A	8/1/2024 @ 100%	9/18/2014	2.00% – 5.00%	2045	203,280	197,585	--	(4,595)	192,990	4,865
Issue 2014, Series B	8/1/2024 @ 100%	9/18/2014	3.00% – 5.00%	2045	89,105	86,320	--	(1,480)	84,840	1,545
Issue 2014, Series C	8/1/2024 @ 100%	9/18/2014	2.00% – 5.00%	2045	44,890	43,350	--	(805)	42,545	835
Issue 2015, Series A	8/1/2025 @ 100%	10/14/2015	2.00% – 5.00%	2027	37,050	34,295	--	(2,835)	31,460	2,950
Issue 2016, Series A	Not Applicable	10/13/2016	3.00% – 5.00%	2025	97,970	97,970	--	(13,055)	84,915	20,685
Issue 2016, Series B	8/1/2026 @ 100%	10/13/2016	2.00% – 5.00%	2037	68,385	68,385	--	(835)	67,550	855
Issue 2016, Series C	8/1/2026 @ 100%	10/13/2016	4.00%	2040	35,205	35,205	--	--	35,205	--
Total principal amount					$ 997,795	891,740	--	(37,615)	854,125	44,015
Unamortized bond premium						77,603	--	(9,295)	68,308	--
Net revenue bonds						969,343	--	(46,910)	922,433	44,015
Less: current maturities of long-term debt						(37,615)	(69,925)	63,525	(44,015)	--
Total long-term debt net of current maturities						$ 931,728	$ (69,925)	$ 16,615	$ 878,418	$ 44,015

Continued…..

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 2019 and 2018 are as follows (in thousands):

Harbor Revenue Bonds	2019	2018
Issue of 2009, Series A	$ 331	$ 490
Issue of 2009, Series C	1,684	2,149
Issue of 2011, Series A	589	1,016
Issue of 2011, Series B	1,614	1,906
Issue of 2014, Series A	18,754	20,547
Issue of 2014, Series B	9,932	10,734
Issue of 2014, Series C	4,965	5,303
Issue of 2015, Series A	3,003	3,869
Issue of 2016, Series A	4,404	6,624
Issue of 2016, Series B	10,938	11,793
Issue of 2016, Series C	3,736	3,877
Total	$ 59,950	$ 68,308

Continued…..

C. Principal Maturities and Interest

The Port's scheduled annual debt service payments for bonded debt and other indebtedness as of June 30, 2019 are as follows (in thousands):

Fiscal Year	Principal	Interest	Total
2020	$ 46,515	$ 38,836	$ 85,351
2021	48,295	36,547	84,842
2022	51,280	34,069	85,349
2023	54,080	31,414	85,494
2024	57,980	28,559	86,539
2025 – 2029	215,475	101,620	317,095
2030 – 2034	109,910	67,669	177,579
2035 – 2039	125,530	38,610	164,140
2040 – 2044	84,160	13,920	98,080
2045	16,885	422	17,307
Total	$ 810,110	$ 391,666	$ 1,201,776

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D. New Issuances

Fiscal Year 2019

There were no new issuances in fiscal year 2019.

Fiscal Year 2018

There were no new issuances in fiscal year 2018.

E. Commercial Paper

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. The term of the Program expired in August 2018.

Pursuant to an Indenture of Trust dated as of June 1, 2019 by and between the Port and U.S. Bank, National Association and the credit agreement dated as of June 1, 2019 by and between the Port and PNC Bank, National Association, the Port is authorized to issue and to have outstanding up to $150.0 million aggregate principal amount of the Harbor Department of the City of Los Angeles Revenue Revolving Obligations (Revolving Obligations) which constitute parity obligations.

There was no outstanding revolving obligations as of June 30, 2019 and 2018.

F. Prior Years' Defeasance of Debt

The Port defeased previously issued bonds by placing the proceeds of refunding bonds in irrevocable trusts to provide for all future debt service payments on old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the Port's financial statements.

At June 30, 2019 and 2018, zero and $10.8 million, respectively, of defeased 1988 bonds remain outstanding.

An escrow for the advance refunding of 2009 Series B Bonds was established in October 2016 with remaining balance of $102.2 million and $106.5 million at June 30, 2019 and 2018, respectively.

Continued…..

8. Changes in Long-Term Liabilities

The changes in the Port's long-term liabilities for the year ended June 30, 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due within one year
Revenue bonds	$ 854,125	$ --	$ (44,015)	$ 810,110	$ 46,515
Unamortized (discount)/ premium	68,308	--	(8,358)	59,950	--
Net revenue bonds	922,433	--	(52,373)	870,060	46,515
Accrued salaries and employee benefits	26,777	294,863	(295,711)	25,929	22,020
Net pension liabilities	210,882	10,826	(1,688)	220,020	--
Net OPEB liabilities	24,416	--	(184)	24,232	--
Litigation	3,622	--	(2,590)	1,032	1,032
Workers compensation	15,309	1,826	(2,818)	14,317	1,557
Pollution remediation	82,901	25,530	(31,797)	76,634	8,720
Deposits	11,198	907	(110)	11,995	--
Others	5,118	102	(27)	5,193	--
Total long-term liabilities	$ 1,302,656	$ 334,054	$ (387,298)	$ 1,249,412	$ 79,844

Continued…..

The changes in the Port's long-term liabilities for the year ended June 30, 2018 are as follows (in thousands):

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due within one year
Revenue bonds	$ 891,740	$ --	$ (37,615)	$ 854,125	$ 44,015
Unamortized (discount)/ premium	77,603	--	(9,295)	68,308	--
Net revenue bonds	969,343	--	(46,910)	922,433	44,015
Accrued salaries and employee benefits	25,079	298,122	(296,424)	26,777	18,642
Net pension liabilities	231,325	--	(20,443)	210,882	--
Net OPEB liabilities	--	33,047	(8,631)	24,416	--
Litigation	1,909	1,957	(244)	3,622	3,622
Workers compensation	14,755	2,065	(1,511)	15,309	1,860
Pollution remediation	95,061	2,700	(14,860)	82,901	9,862
Deposits	10,299	1,381	(482)	11,198	--
Others	5,098	60	(40)	5,118	--
Total long-term liabilities	$ 1,352,869	$ 339,332	$ (389,545)	$ 1,302,656	$ 78,001

Continued…..

9. Pollution Remediation Obligations

The Port's estimated pollution remediation liability as of June 30, 2019 and 2018 totaled $76.6 million and $82.9 million, respectively. These costs relate mostly to soil and ground water 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. As environmental risks may be managed, the Port has adopted the "Managed Environmental Risk" approach in estimating the remediation liability. The Port uses a combination of in-house specialists as well as outside consultants to perform estimates of potential liability. 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 2019 are as follows (in thousands):

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 1,050	$ --	$ (108)	$ 942	$ 350
Named by regulator as a potential party to remediation	77,611	3,100	(5,213)	$ 75,498	$ 8,330
Voluntary commencement	4,240	303	(4,349)	194	40
Total	$ 82,901	$ 3,403	$ (9,670)	$ 76,634	$ 8,720
Pollution Type					
Soil and/or groundwater remediation	$ 82,901	$ 3,403	$ (9,670)	$ 76,634	$ 8,720

The changes in the Port's pollution remediation obligations for fiscal year 2018 are as follows (in thousands):

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018	Due Within One Year
Obligating Event					
Violation of pollution prevention related permit or license	$ 1,130	$ --	$ (80)	$ 1,050	$ 500
Named by regulator as a potential party to remediation	88,239	2,500	(13,128)	$ 77,611	$ 9,222
Voluntary commencement	5,692	200	(1,652)	4,240	140
Total	$ 95,061	$ 2,700	$ (14,860)	$ 82,901	$ 9,862
Pollution Type					
Soil and/or groundwater remediation	$ 95,061	$ 2,700	$ (14,860)	$ 82,901	$ 9,862

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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.

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11. Risk Management

The Port purchases insurance for a variety of exposures associated with property, automobiles, vessels, employment practices, travel, police, pilotage, special events, and terrorism. The City is self-insured for workers' compensation, and the Port participates in the City's self-insurance program. Prior to October 1, 2017, third party general liability exposures were self-insured by the Port for $1.0 million and the excess liability is maintained over the self-insured retention. The Port has purchased a primary general liability insurance policy effective on October 1, 2017 to cover general liability up to $1 million with $500,000 deductible for indemnity defense. 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, 2019 and 2018 were $14.3 million and $15.3 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, 2019 and 2018 were $1.0 million and $3.6 million, respectively.

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

	2019	2018	2017
Unpaid claims, July 1			
Workers compensation	$ 15,309	$ 14,755	$ 12,508
General liability/litigation	3,622	1,909	1,524
Total unpaid claims, July 1	18,931	16,664	14,032
Provision for current year's events and changes in provision for prior year's events			
Workers compensation	746	2,066	4,353
General liability/litigation	(553)	1,943	624
Total provision	193	4,009	4,977
Claims payments			
Workers compensation	(1,738)	(1,512)	(2,106)
General liability/litigation	(2,037)	(230)	(239)
Total claims payments	(3,775)	(1,742)	(2,345)
Unpaid claims, June 30			
Workers' compensation	14,317	15,309	14,755
General liability/litigation	1,032	3,622	1,909
Total unpaid claims, June 30	$ 15,349	$ 18,931	$ 16,664
Current portion			
Workers compensation	$ 1,557	$ 1,860	$ 1,820
General liability/litigation	1,032	3,622	1,909
Total current portion	$ 2,589	$ 5,482	$ 3,729

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12. Leases, Rentals, and Minimum Annual Guarantee (MAG) Agreements

The Port leases a substantial portion of lands and facilities to others. Leases relating to terminal operations tend to be long-term in nature (as long as 50 years), which generate 94.1% and 95.1% of the Port's operating revenues for the years ended June 30, 2019 and 2018, respectively. Short-term real estate entitlement such as revocable permits and space assignments can be canceled on a 30-day notice by either party. The majority of the Port's leases provide retention of ownership by the Port or restoration of the property to pre-leased conditions at the expiration of the agreement; accordingly, no leases are considered capital leases.

MAG agreements relate to shipping services and certain concessions provide for the additional payment beyond the fixed portion, based upon tenant usage, revenues, or volumes.

Agreements relating to terminal operations tend to be long-term in nature (as long as 50 years) and are made to provide the Port with a firm tenant commitment. These agreements are subject to periodic review and reset of base amounts. For the years ended June 30, 2019 and 2018, the minimum rental income from such lease agreements was approximately $66.0 million and $61.4 million, respectively. For the years ended June 30, 2019 and 2018, the MAG payments were approximately $291.2 million and $274.6 million, respectively, and were reported under shipping services revenue. Assuming that current agreements are carried to contractual termination, minimum tenant commitments due to the Port over the next five years are as follows (in thousands):

Fiscal Year	Rental income	MAG income
2020	$ 66,625	$ 296,677
2021	67,292	297,286
2022	67,964	297,294
2023	68,644	296,850
2024	69,331	296,850
Total	$ 339,856	$ 1,484,957

The carrying cost and related accumulated depreciation of property held for operating leases as of June 30, 2019 and 2018 are as follows (in thousands):

	2019	2018
Wharves and sheds	$ 1,199,128	$ 1,195,956
Cranes and bulk facilities	27,028	27,028
Municipal warehouses	13,949	13,949
Port pilot facilities and equipment	8,881	9,691
Buildings and other facilities	1,055,015	1,082,969
Cabrillo Marina	180,131	180,015
Total	2,484,132	2,509,608
Less accumulated depreciation	(1,351,420)	(1,279,809)
Net	$ 1,132,712	$ 1,229,799

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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 (the 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, 202 W. First Street, Suite 500, Los Angeles, CA 90012, (800) 779-8328 or LACERS' website http://lacers.org/aboutlacers/reports/index.html.

Plan Memberships. As of June 30, 2018 and 2017 (measurement date), pension plan membership consisted of the following:

	2018	2017
Retired members or beneficiaries currently receiving benefits	19,379	18,805
Vested terminated members entitled to, but not yet receiving benefits	8,028	7,428
Active members	26,042	25,457
Total	53,449	51,690

As of June 30, 2018 and 2017 (measurement date), OPEB plan membership consisted of the following:

	2018	2017
Retired members or surviving spouses currently receiving benefits	15,144	14,652
Vested terminated members entitled to, but not yet receiving benefits	1,401	1,280
Active members	26,042	25,457
Total	42,587	41,389

Benefits provided – Pension. LACERS provides service retirement, disability, death and survivor benefits to eligible employees based on employees' years of service, age, and final compensation. There are two tiers of memberships. Under Tier 1, employees with 10 or more years of continuous service may retire if they are at age 60 or at least 30 years of service at age 55, or with any years of service at age 70 or older. Full-unreduced retirement benefits are determined as 2.16% per year of the employee's service credit (not greater than 100%), multiplied by the employee's average monthly pensionable salary during the employee's last 12 months of service, or during any other 12 consecutive months of service. Normal retirement allowances are reduced for employees who retire at age 55 with 10 or more years of continues 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 spouse/domestic partners of plan members are entitled to the postemployment health care benefits after the retired member's death.

Contributions – Pension. The LACERS Board establishes and may amend the contribution requirements of the System members and the City in accordance with Article XI Sections 1158

Continued…..

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 23.15% and 22.32% of covered payroll for the fiscal years ended June 30, 2019 and 2018, 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 5.15% and 4.97% of covered payroll for the fiscal years ended June 30, 2019 and 2018, 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. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension

At June 30, 2019 and 2018, the Port reported a liability of $215.4 million and $204.6 million, respectively, for its proportionate shares of the net pension liability of LACERS. The net pension liability was measured as of June 30, 2018 and 2017, 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 3.773% and 3.877% for fiscal years ended June 30, 2019 and 2018, respectively.

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For the years ended June 30, 2019 and 2018, the Port recognized pension expense of $19.3 million and $18.8 million, respectively.

At June 30, 2019 and 2018, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2019	2018
Pension contributions subsequent to measurement date	$ 18,050	$ 17,317
Changes of assumptions or other inputs	25,921	19,432
Differences between actual and expected experience in the total pension liability	4,404	--
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	--
Net difference between projected and actual earnings on pension plan investments	--	2,219
Total	$ 48,375	$ 38,968

At June 30, 2019 and 2018, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2019	2018
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 11,650	$ 10,757
Changes of assumptions or other inputs	--	--
Net excess of actual over projected earnings on pension investments	4,928	--
Differences between expected and actual experience in the total pension liability	10,258	15,951
Total	$ 26,836	$ 26,708

Continued…..

At June 30, 2019 and 2018, 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 is as follows (in thousands):

	Deferred outflows/(inflows)	
Year ended June 30	2019	2018
2019	$ N/A	$ (2,249)
2020	5,281	4,085
2021	(680)	(2,053)
2022	(3,484)	(4,983)
2023	1,531	143
2024	841	--
Thereafter	--	--

The amortization table does not include pension contributions made after the measurement date. Deferred outflows of $18.1 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

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Actuarial assumptions. The Port's net pension liabilities as of June 30, 2019 and 2018 were determined by actuarial valuations as of June 30, 2018 and 2017, respectively. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2014 through June 30, 2017. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2011 through June 30, 2014. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2018 and 2017 actuarial valuations:

Actuarial assumption	2019	2018
Inflation	3.00%	3.00%
Projected salary increases	Ranges from 3.90% to 10.00% based on years of service	Ranges from 3.90% to 10.00% based on years of service
Cost-of-living adjustments	3.00% maximum for Tier 1 and 2.00% maximum for Tier 3	3.00% maximum for Tier 1 and 2.00% maximum for Tier 3
Investment rate of return	7.25%	7.25%
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2017	Healthy: RP-2000 Combined table projected with Scale BB to 2020, setback one year for males and with no setback for females

Continued…..

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 pension plan investment expense and 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 and by 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, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

	June 30, 2019	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Larger Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bonds	13.75%	1.04%
High Yield Bond	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Equity (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

Continued…..

	June 30, 2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Larger Cap Equity	19.00%	5.61%
U.S. Small Cap Equity	5.00%	6.48%
Developed International Equity	19.00%	7.08%
Developed International Small Cap Equity	3.00%	7.32%
Emerging Market Equity	7.00%	9.35%
Core Bonds	19.00%	1.08%
Private Real Estate	5.00%	4.44%
Public Real Assets	5.00%	3.35%
Private Equity	12.00%	8.97%
Credit Opportunities	5.00%	3.75%
Cash	1.00%	-0.06%
Total	100.00%	

Discount rate. The discount rate used to measure the Total Pension Liability was 7.25% as of June 30, 2018 and 2017. 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 and that contributions from the employers 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, 2018 and 2017.

Continued…..

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 as of June 30, 2019 and 2018, calculated using the discount rate of 7.25%, 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 (6.25%) or one percentage point higher (8.25%) than the current rate (in thousands):

Port's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
June 30, 2019	$318,845	$215,435	$130,219
June 30, 2018	$299,386	$204,609	$125,738

Continued…..

C. OPEB Liability, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources, and Funded Status Related to OPEB

At June 30, 2019 and 2018, the Port reported a liability of $21.8 million and $21.9 million for its proportionate shares of the net OPEB liability of LACERS. The net OPEB liability was measured as of June 30, 2018 and 2017 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 3.753% and 3.865% for the fiscal year ended June 30, 2019 and 2018, respectively.

For the year ended June 30, 2019 and 2018, the Port recognized OPEB expense of $3.2 million and $3.6 million, respectively.

At June 30, 2019 and 2018, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2019	2018
OPEB contributions subsequent to measurement date	$ 4,011	$ 3,857
Changes of assumptions or other inputs	3,793	1,092
Differences between expected and actual experience in the total OPEB liability	507	641
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	--
Net excess of actual over projected earnings on OPEB plan investments	--	--
Total	$ 8,311	$ 5,590

At June 30, 2019 and 2018, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2019	2018
Changes in proportion and differences between employer's contributions and proportionate share of contributions	$ 991	$ 457
Changes of assumptions or other inputs	--	--
Net excess of actual over projected earnings on OPEB plan investments	6,502	5,201
Differences between expected and actual experience in the total OPEB liability	233	--
Total	$ 7,726	$ 5,658

Continued…..

At June 30, 2019 and 2018, the net amount reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense during the next five years and thereafter is as follows (in thousands):

	Deferred outflows/(inflows)	
Year ended June 30	2019	2018
2019	$ N/A	$ (1,064)
2020	(1,337)	(1,064)
2021	(1,337)	(1,064)
2022	(1,337)	(1,064)
2023	(74)	237
2024	465	94
2025	194	
Thereafter	--	--

The amortization table does not include OPEB contributions made after the measurement date. Deferred outflows of $4.0 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Continued…..

Actuarial assumptions. The Port's net OPEB liability as of June 30, 2019 and 2018 were determined by actuarial valuations as of June 30, 2018 and 2017, respectively. The actuarial valuations used in the June 30, 2018 actuarial valuation were based on the result of an actuarial experience study for the period from July 1, 2014 through June 30, 2017. The actuarial valuations used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2011 through June 30, 2014. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2018 and 2017 actuarial valuations:

Actuarial assumption	2019	2018
Inflation	3.00%	3.00%
Projected salary increases	Ranges from 3.90% to 10.00% based on years of service	Ranges from 3.90% to 10.00% based on years of service
Investment rate of return	7.25%	7.25%
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2017	Healthy: RP-2000 Combined table projected with Scale BB to 2020, setback one year for males and with no setback for females
Healthcare cost trend rates	6.87% graded down to 4.50% over 10 years for non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.00% for all years for dental and Medicare Part B costs	6.87% graded down to 4.50% over 10 years for non-Medicare medical plan costs; 6.37% graded down to 4.50% over 8 years for Medicare medical plan costs; and 4.50% for all years for dental and Medicare Part B costs

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Continued…..

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 OPEB plan investment expense and 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 and by 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, used in the derivation of the long-term expected investment rate of return assumption are summarized as follows:

	June 30, 2019	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Larger Cap Equity	14.00%	5.32%
U.S. Small Cap Equity	5.00%	6.07%
Developed International Large Cap Equity	17.00%	6.67%
Developed International Small Cap Equity	3.00%	7.14%
Emerging Market Equity	7.00%	8.87%
Core Bonds	13.75%	1.04%
High Yield Bond	2.00%	3.09%
Bank Loan	2.00%	3.00%
TIPS	3.50%	0.97%
Emerging Market Debt (External)	4.50%	3.44%
Real Estate	7.00%	4.68%
Cash	1.00%	0.01%
Commodities	1.00%	3.36%
Additional Public Real Assets	1.00%	4.76%
Real Estate Investment Trust (REIT)	0.50%	5.91%
Private Debt	3.75%	5.50%
Private Equity	14.00%	8.97%
Total	100.00%	

Continued…..

	June 30, 2018	
Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. Larger Cap Equity	19.00%	5.61%
U.S. Small Cap Equity	5.00%	6.48%
Developed International Equity	19.00%	7.08%
Developed International Small Cap Equity	3.00%	7.32%
Emerging Market Equity	7.00%	9.35%
Core Bonds	19.00%	1.08%
Private Real Estate	5.00%	4.44%
Public Real Assets	5.00%	3.35%
Private Equity	12.00%	8.97%
Credit Opportunities	5.00%	3.75%
Cash	1.00%	-0.06%
Total	100.00%	

Discount rate. The discount rate used to measure the Total OPEB Liability were 7.25% as of June 30, 2018 and 2017, respectively. 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, 2018 and June 30, 2017.

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Sensitivity of the Port's proportionate share of net OPEB liability to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability, calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
June 30, 2019	$39,347	$21,785	$7,432
June 30, 2018	$37,619	$21,910	$8,866

Sensitivity of the Port's proportionate share of net OPEB liability to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability, as well as what LACERS' net OPEB liability 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	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2019	$5,439	$21,785	$43,215
June 30, 2018	$6,827	$21,910	$41,449

*See page 90 for current healthcare trend rate.

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

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

A. General Information about LAFPP

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

LAFPP is composed of six tiers. Tier 6 is the current tier for all Harbor Port Police Officers hired on or after July 1, 2011. Tier 5 was the tier for all Harbor Port Police officers hired on or after January 8, 2006 through June 30, 2011. The Los Angeles City Council approved Ordinance No. 177214 that allows Harbor Port Police Officers the option to transfer from LACERS to Tier 5 of LAFPP. The election period was from January 8, 2006 to January 5, 2007 and the decision to transfer is irrevocable.

Only "sworn" service with the Port is transferable to LAFPP. Other "non-sworn" services with other City Departments are not eligible for transfer. All new employees hired by the Port after the effective date of the Ordinance automatically go into either Tier 5 or Tier 6 of LAFPP.

LAFPP issues a publicly available financial report that may be obtained by writing or calling: Los Angeles Fire and Police Pension system, 360 E. Second Street, Suite 400, Los Angeles, CA 90012, (213) 978-4545 or LAFPP's website https://www.lafpp.com/about/financial-reports.

Plan Memberships. As of June 30, 2018 and 2017 (measurement date), pension plan membership consisted of the following:

	2018	2017
Retired members or beneficiaries currently receiving benefits	12,890	12,836
Vested terminated members entitled to, but not yet receiving benefits	534	374
Active members	13,442	13,327
Total	26,866	26,537

As of June 30, 2018 and 2017 (measurement date), OPEB plan membership consisted of the following:

	2018	2017
Retired members, married dependents and beneficiaries currently receiving benefits	17,160	17,034
Vested terminated members entitled to, but not yet receiving benefits	899	882
Active members	13,442	13,327
Total	31,501	31,243

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Benefits provided – Pension. LAFPP provides service retirement, disability, death and survivor benefits to eligible sworn members. Sworn employees become members upon graduation from the Police Academy or Fire Drill Tower. Information about benefits for Tiers 1 through 4 members is available in the separately issued LAFPP financial report. Tier 5 members must be at least age 50, with 20 or more years of service, to be entitled to a service pension. Annual pension benefits are equal to 50% of their one-year average compensation, increasing for each year of service over 20 years, to a maximum of 90% for 33 years. Tier 5 provides for postemployment COLAs based on the Consumer Price Index (CPI) to a maximum of 3% per year. However, any increase in CPI greater than 3% per year is placed into a COLA bank for use in years in which the increase in CPI is less than 3%. The City Council may also grant a discretionary ad-hoc COLA no more than every three years, subject to certain conditions. Members who terminate their employment are entitled to a refund of their contributions plus Board-approved interest if they do not qualify for a pension or if they waive their pension entitlements.

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

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

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

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

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

Continued…..

- Medicare Part B Related Subsidy – For retired members enrolled in Medicare A & B who are receiving a subsidy, the LAFPP provides payment of Part B premiums.
- Dental Subsidy – 4% per year of service, to a maximum of 100%, times a monthly maximum subsidy amount, subject to a maximum of the single-party premium paid to the LAFPP Board approved dental carrier.

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

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

For fiscal years 2019 and 2018, the average employer contribution rates for pension benefits are 26.63% and 25.73%, 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 7.43% and 7.19% of covered payroll for fiscal years ended June 30, 2019 and 2018, 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. Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Pension

At June 30, 2019 and 2018, the Port reported a liability of $4.6 million and $6.3 million, respectively, for its proportionate shares of the net pension liability of LAFPP. The net pension liability was measured as of June 30, 2018 and 2017, respectively, and the total pension liability (TPL) was determined based on rolling forward the TPL from actuarial valuations as of June 30, 2017 and 2016, respectively. 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 employers, actuarially determined. The Port's proportionate share was determined to be 0.365% and 0.345% for fiscal years ended June 30, 2019 and 2018, respectively.

Continued…..

For the years ended June 30, 2019 and 2018, the Port recognized pension expense of $1.6 million and $2.0 million, respectively.

At June 30, 2019 and 2018, the Port reported deferred outflows of resources related to pensions from the following sources (in thousands).

	2019	2018
Pension contributions subsequent to measurement date	$ 3,883	$ 3,646
Changes of assumptions or other inputs	928	1,176
Differences between actual and expected experience in the total pension liability	474	--
Net excess of actual over projected earnings on pension plan investments	--	--
Total	$ 5,285	$ 4,822

At June 30, 2019 and 2018, the Port reported deferred inflows of resources related to pensions from the following sources (in thousands).

	2019	2018
Changes of assumptions or other inputs	$ 60	$ 145
Differences between expected and actual experience in the total pension liability	2,805	3,857
Net excess of actual over projected earnings on pension plan investments	1,715	664
Total	$ 4,580	$ 4,666

Continued…..

At June 30, 2019 and 2018, 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 is as follows (in thousands):

	Deferred outflows/(inflows)	
Year ended June 30	2019	2018
2019	$ N/A	$ (1,297)
2020	(844)	(578)
2021	(922)	(655)
2022	(1,150)	(884)
2023	(343)	(76)
2024	81	--
Thereafter	--	--

The amortization table does not include pension contributions made after the measurement date. Deferred outflows of $3.9 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020.

Continued…..

Actuarial assumptions. The Port's net pension liabilities as of June 30, 2019 and 2018 were determined by actuarial valuations as of June 30, 2018 and 2017, respectively. The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2016. The actuarial assumptions used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2013 through June 30, 2016. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2018 and 2017 actuarial valuations:

Actuarial assumption	2019	2018
Inflation	3.00%	3.00%
Projected salary increases	Ranges from 4.30% to 12.00% based on years of service	Ranges from 4.30% to 12.00% based on years of service
Investment rate of return	7.25%	7.25%
Cost-of-living adjustments	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5 and 6 retirement income	3.25% of Tiers 1 and 2 retirement income and 3.00% of Tiers 3, 4, 5 and 6 retirement income
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2016	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2016

Continued…..

Long-term expected rate of return by asset class. The long-term expected rate of return on pension plan investments was determined in 2017 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 and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each measurement class, after deducting inflation, but before reduction for 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, 2018 and June 30, 2017. The information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	23.00%	5.61%
Small Cap U.S. Equity	6.00%	6.37%
Developed International Equity	16.00%	6.96%
Emerging Market Equity	5.00%	9.28%
U.S. Core Fixed Income	12.00%	1.06%
High Yield Bonds	3.00%	3.65%
Real Estate	10.00%	4.37%
TIPS	5.00%	0.94%
Commodities	5.00%	3.76%
Cash	1.00%	-0.17%
Unconstrained Fixed Income	2.00%	2.50%
Private Equity	12.00%	7.50%
Total	100.00%	5.11%

Discount rate. The discount rate used to measure the Total Pension Liability were 7.25% as of June 30, 2018 and 2017, 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

Continued…..

was applied to all periods of projected benefit payments to determine the Total Pension Liability as of both June 30, 2018 and 2017.

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 as of June 30, 2019 and 2018, calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net pension liability would be if it were calculated using a discount rate what is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (in thousands):

Port's proportionate share of the net pension liability	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
June 30, 2019	$17,997	$4,585	$(6,119)
June 30, 2018	$18,243	$6,273	$(3,269)

Continued…..

C. OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources, and Funded Status Related to OPEB

At June 30, 2019 and 2018, the Port reported a liability of $2.4 million and $2.5 million for its proportionate shares of the net OPEB liability of LAFPP. The net OPEB liability was measured as of June 30, 2018 and 2017 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 0.143% and 0.148%% for the fiscal year June 30, 2019 and 2018, respectively.

For both years ended June 30, 2019 and 2018, the Port recognized OPEB expense of $0.9 million each.

At June 30, 2019 and 2018, the Port reported deferred outflows of resources related to OPEB from the following sources (in thousands).

	2019	2018
OPEB contributions subsequent to measurement date	$ 1,084	$ 1,018
Changes of assumptions or other inputs	222	--
Differences between expected and actual experience in the total OPEB liability	276	331
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	--
Net excess of actual over projected earnings on OPEB plan investments	--	--
Total	$ 1,582	$ 1,349

Continued…..

At June 30, 2019 and 2018, the Port reported deferred inflows of resources related to OPEB from the following sources (in thousands).

	2019	2018
Changes of assumptions or other inputs	$ 28	$ 33
Differences between expected and actual experience in the total OPEB liability	27	--
Changes in proportion and differences between employer's contributions and proportionate share of contributions	--	--
Net excess of actual over projected earnings on OPEB plan investments	423	318
Total	$ 478	$ 351

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

	Deferred outflows/(inflows)	
Year ended June 30	2019	2018
2019	$ N/A	$ (30)
2020	(45)	(30)
2021	(45)	(30)
2022	(45)	(30)
2023	35	49
2024	81	49
Thereafter	39	2

The amortization table does not include OPEB contributions made after the measurement date. Deferred outflows of $1.1 million related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2020.

Continued…..

Actuarial assumptions. The Port's net OPEB liability as of June 30, 2019 and 2018 were determined by actuarial valuations as of June 30, 2018 and 2017, respectively. The actuarial valuations used in the June 30, 2018 actuarial valuation were based on the result of an actuarial experience study for the period from July 1, 2013 through June 30, 2016. The actuarial valuations used in the June 30, 2017 actuarial valuation were based on the results of an actuarial experience study for the period from July 1, 2011 through June 30, 2014. The following actuarial assumptions were applied to all periods included in the measurement for the June 30, 2018 and 2017 actuarial valuations:

Actuarial assumption	2019	2018
Inflation	3.00%	3.00%
Projected salary increases	Ranges from 4.30% to 12.00% based on years of service	Ranges from 4.30% to 12.00% based on years of service
Investment rate of return	7.25%	7.25%
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2016	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2016
Healthcare cost trend rates	7.00% 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; and 4.00% for all years for dental and Medicare Part B costs.	7.00% 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; and 4.50% for all years for dental and Medicare Part B costs.

Continued…..

Long-term expected rate of return by asset class. The long-term expected rate of return on pension plan investments was determined in 2017 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 and by adding expected inflation and deducting expected investment expenses and a risk margin. The target allocation and projected arithmetic real rate of return for each measurement class, after deducting inflation, but before reduction for 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, 2018 and June 30, 2017. The information will change every three years based on the actuarial experience study.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Cap U.S. Equity	23.00%	5.61%
Small Cap U.S. Equity	6.00%	6.37%
Developed International Equity	16.00%	6.96%
Emerging Market Equity	5.00%	9.28%
U.S. Core Fixed Income	12.00%	1.06%
High Yield Bonds	3.00%	3.65%
Real Estate	10.00%	4.37%
TIPS	5.00%	0.94%
Commodities	5.00%	3.76%
Cash	1.00%	-0.17%
Unconstrained Fixed Income	2.00%	2.50%
Private Equity	12.00%	7.50%
Total	100.00%	5.11%

Discount rate. The discount rate used to measure the Total OPEB Liability was 7.25% as of June 30, 2018 and 2017. As contributions that are required to be made by the City to amortize the unfunded actuarial accrued liability in the funding valuation are determined on an actuarial basis, the future actuarially determined contributions are current plan assets, when projected in accordance with the method prescribed by GASBS 75, are expected to be sufficient to make all benefit payments to current members.

Continued…..

Sensitivity of the Port's proportionate share of net OPEB liability to change in the discount rate. The following presents the Port's proportionate share of the net OPEB liability as of June 30, 2019 and 2018, calculated using the discount rate of 7.25%, as well as what the Port's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate (in thousands):

Port's proportionate share of the net OPEB liability	1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
June 30, 2019	$5,332	$2,447	$179
June 30, 2018	$4,944	$2,506	$586

Sensitivity of the Port's proportionate share of net OPEB liability to change in the healthcare cost trend rate. The following presents the Port's proportionate share of the net OPEB liability, as well as what LAFPP net OPEB liability 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	1% Decrease	Current healthcare trend rate*	1% Increase
June 30, 2019	$(419)	$2,447	$6,822
June 30, 2018	$88	$2,506	$6,129

*See page 104 for current healthcare trend rate.

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

15. Commitments, Litigation and Contingencies

A. Commitments

Open purchase orders and uncompleted construction contracts amounted to approximately $21.0 million and $22.8 million as of June 30, 2019 and 2018, 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 2019 and 2018.

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. 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. If in the future, ACTA is able to distribute income or make equity distributions, the Ports shall share such income and equity distributions equally.

In October 1998, the Ports, ACTA, and the railroad companies, which operate on the corridor, entered into a Corridor Use and Operating Agreement (Corridor Agreement). The Corridor Agreement provides for operation of the corridor to transport cargo into and out of the Ports. Payment of use fees and container charges, as defined in the Corridor Agreement are used to pay (a) the debt service that ACTA incurs on approximately $2.2 billion of 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

Continued…..

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 2016, ACTA issued Tax-Exempt First and Second Subordinate Lien Revenue Refunding Bonds, Series 2016A and Series 2016B (Series 2016 Bonds). The issuance of the Series 2016 Bonds advance refunded most of ACTA's Refunding Series 2004A Bonds and reduced potential future Shortfall payments. There were no Shortfall payments in both fiscal years 2019 and 2018.

D. TraPac Project and Environmental Impact Report

On December 6, 2007, the Board of Harbor Commissioners (BHC) certified the Final Berths 136-147 Environmental Impact Report for TraPac, Inc. (TraPac), a terminal operator, and approved the TraPac project. The TraPac project involves the development and improvements to Berths 136-147, currently occupied by TraPac. Subsequent to the project approval, certain entities (Appellants) appealed to the City Council the certification/project approval under the provisions of the California Environmental Quality Act (CEQA).

On April 3, 2008, the BHC approved a Memorandum of Understanding (MOU) between the City and the Appellants to resolve the appeal of the TraPac Environmental Impact Report (EIR). The MOU provides for the revocation of the appeals and the establishment of a Port Community Mitigation Trust Fund (PCMTF) to be operated by a nonprofit entity to fund grants selected by the nonprofit and approved by the Board of Harbor Commissioners, to address off-Port environmental impacts from Port-related operations. The nonprofit created to provide administrative services for this fund is the Harbor Community Benefit Foundation (HCBF).

Pursuant to the MOU, the Port had provided the first two years PCMTF funding of $12.0 million and $4.0 million in a special Community Mitigation Trust Fund (CMTF) account maintained by the Port in its Harbor Revenue Fund account to meet its obligations in the MOU. The MOU required additional contributions of $2.00 per TEU to be made in the event of incremental cargo increases over calendar year 2007 cargo levels during the 2008-2013 term of the MOU. Based on the reduced volume of cargo processed in the applicable term due to the recession, no additional PCMTF funding was necessary for incremental volume during the 2008-2013 MOU term, and no further funding obligations exist for this purpose under the expired MOU.

Continued…..

On October 26, 2010, the BHC approved the Operating Agreement of the TraPac MOU (Operating Agreement), which provided for more detailed procedures for the implementation of the MOU. The Operating Agreement also provided for the management of the PCMTF by an independent financial manager. In accordance with the Operating Agreement, in 2011 the Port transferred the unspent balance of PCMTF funding from its CMTF to the PCMTF, an escrow account maintained by an independent financial manager, which is currently J.P. Morgan Bank.

While the five-year MOU expired in April 2013, the Operating Agreement provided that the Port shall continue to fund the PCMTF with contributions on account of a list of specific Port expansion projects that have environmental impact reports certified within five years after the first HCBF Board of Directors meeting (said certification deadline established as May 19, 2016). The Operating Agreement provides that if the listed MOU expansion projects have EIRs certified by the May 2016 deadline and proceeds with construction; the Port will make a one-time additional contribution at a rate of $3.50 per incremental increase in TEU (or $1.50 per cruise passenger increase, and $0.15 per ton of bulk cargo increase) per project for growth associated with such expansion projects. Funds will be transferred to the PCMTF within 21 days following award of a construction contract or commencement of construction of each project that had an EIR certified prior to May 19, 2016. In fiscal year 2016, $0.8 million was contributed to the PCMTF based upon the Yusen container terminal project contract award. There were no contributions made since fiscal year 2016.

As of June 30, 2019, a total of $17.7 million has been disbursed from the Port's CMTF to PCMTF. The remaining CMTF fund balance including interest earned as of June 30, 2019 is $0.1 million.

Continued…..

16. Related-Party Transactions

During the normal course of business, the Port is charged for services provided by the City, the most significant of which is related to fire protection, museum and park maintenance, and legal services. Total amounts charged by the City for services approximate $45.2 million and $42.7 million in fiscal years 2019 and 2018, respectively. In addition, the amounts charged by the City for water and electricity usage approximate $19.5 million and $14.7 million in fiscal years 2019 and 2018, respectively.

17. Capital Contributions

Amounts either received or to be reimbursed for the restricted purpose of the acquisition, construction of capital assets, or other grant-related capital expenditures are recorded as capital contributions. During the years ended June 30, 2019 and 2018, the Port reported capital contributions of $3.5 million and $4.5 million, respectively, for certain capital construction and grant projects.

18. Natural Resources Defense Council Settlement Judgment

In March 2003, the Port settled a lawsuit entitled: Natural Resources Defense Council, Inc., et al. v. City of Los Angeles, et al., regarding the environmental review of a Port project at the China Shipping Terminal. The settlement called for a total of $50.0 million in mitigation measures to be undertaken by the Port. This $50.0 million charge was recorded as an expense in fiscal year 2003.

The terms of the settlement agreement require that the Port fund various mitigation activities in the amount of $10.0 million per year over a five-year term ending in fiscal year 2007. As of June 30, 2009, a total of $50.0 million was transferred from Harbor Revenue Fund to the restricted mitigation funds.

In June 2004, the Port agreed to amend the original settlement to include, and transferred to the restricted mitigation fund, an additional $3.5 million for the creation of parks and open space in San Pedro.

Pursuant to the settlement agreement, the Port is also obligated to expend up to $5.0 million to retrofit customer vessels to receive shore-side power as an alternative to using on-board diesel fueled generators. Through the end of fiscal year 2009, the Port has spent $5.0 million for this program.

The settlement agreement also established a throughput restriction at China Shipping Terminal per calendar year. Actual throughput at the terminal exceeded the cap for calendar years 2008, 2007, 2006, and 2005, and payments of $1.8 million, $6.9 million, $5.8 million, and $3.9 million, respectively, were made for having exceeded the caps. The Port charged to nonoperating expense and deposited in the restricted mitigation fund the said amounts in June 2009, June 2008, May 2007, and April 2006, respectively. Total deposits for the four years were $18.4 million, with the June 2009 deposit for calendar year 2008 being the last payment for excess throughput required under the settlement agreement.

In April 2011, the Port contributed $3.2 million to the restricted mitigation funds as payment for four low profile cranes installed on Berth 102 designed to reduce visual impact by the use of a horizontal boom that does not need to be raised up when the crane is not in use.

Continued…..

The settlement agreement also provided that if at the conclusion of the five years any of the $50 million set aside for restricted mitigation funds had not been allocated, such funds shall be applied to an independent air quality mitigation program available to administer the funds and mutually agreeable to parties to reduce Port-related emissions. That five-year term lapsed effective June 14, 2009 with approximately $9.2 million remained unallocated. Therefore, in November 2015, two separate Memoranda of Agreements were approved and authorized to reallocate (1) $5.2 million to the Harbor Community Benefit Foundation (HCBF) to administer air quality improvement projects (AQIP) in accordance with the China Shipping settlement terms, separately from the TraPac PCMTF administered under TraPac MOU terms, and (2) $4 million to the South Coast Air Quality Management District to assist in funding the AQIP demonstration of a catenary zero emission truck project.

As of June 30, 2019, the Port has contributed a total of $75.0 million to the restricted mitigation funds in accordance with the provisions of the settlement.

19. Cash Funding of Reserve Fund

As of June 30, 2019 and 2018, the Port had $870.1 million and $922.4 million of outstanding parity bonds (including net unamortized premiums). The Port holds cash reserves for each Indenture of the outstanding bonds. On September 18, 2008, the BHC approved the full cash funding of the entire reserve requirement of $61.5 million that was transferred to the Port's bond trustee in December 2008. The cash funding of the reserve took place to reassure bondholders of the strong commitment of the Port to its financial wherewithal as rating agencies had reduced the AAA ratings of the surety companies that had provided insurance for the bonds that the Port had issued.

As of June 30, 2019 and 2018, the balance in the Common Reserve fund totaled $63.3 million and $62.2 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.

20. Restatement

The net position at July 1, 2017 was restated by $23.9 million to adjust for the cumulative effect of a change in accounting principle as a result of the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*:

	FY 2018
Net position, July 1, as previously reported	$ 3,265,398
Cumulative effect of change in accounting principle	(23,878)
Net position, July 1, as restated	$ 3,241,520

21. Subsequent Events

On September 19, 2019 the Port redeemed an aggregate par amount of $215.6 million of its outstanding bonds comprised of all of 2009 Series A Bonds for total of $61.3 million and all of 2009 Series C Bonds for total of $154.3 million except for the non-callable 2009 Series C Bonds for $5.0 million maturing in 2021 with coupon of 5.25%.

The 2019 Refunding Revenue Bonds were issued on September 18, 2019 in aggregate principal amount of $163.1 million. The 2019 Refunding Bonds were issued in four series; Series A (AMT) for $115.1 million; Series B (Non-AMT) for $32.3 million; Series C-1 (AMT) Green Bonds for $5.0 million; and Series C-2 (Non-AMT) Green Bonds for $10.7 million.

The 2019 Refunding Revenue Bonds were issued without contributing to the Common Reserve and therefore an excess of $22.2 million was released from the Common Reserve toward the transaction reducing the total borrowing.

The maturity of the refunding bonds remain the same as the maturity of the refunded bonds in 2030. Total present value savings from the transaction was $43.7 million or 26.8% of the refunding bonds. The nominal savings in debt service due to refunding is $71.7 million or an average of $5.9 million per fiscal year.

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REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

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

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net Pension Liability	Proportionate Share of Net Pension Liability	Covered Payroll (1)	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2014	2013	4.248%	$ 200,801	$ 73,746	272.29%	68.23%
2015	2014	4.224%	$ 188,299	$ 76,040	247.60%	72.57%
2016	2015	4.152%	$ 207,158	$ 75,963	272.71%	70.49%
2017	2016	3.940%	$ 221,275	$ 75,092	294.67%	67.77%
2018	2017	3.877%	$ 204,609	$ 76,204	268.50%	71.41%
2019	2018	3.773%	$ 215,435	$ 77,580	277.70%	71.37%

(1) Covered payroll represents the collective total of the pensionable wages of all LACERS membership tiers.

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	Covered Payroll (2)	Proportionate Share of Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total Pension Liability
2014	2013	0.400%	$ 14,320	$ 10,302	139.00%	68.00%
2015	2014	0.559%	$ 10,463	$ 11,619	90.05%	79.16%
2016	2015	0.425%	$ 8,671	$ 12,301	70.49%	83.98%
2017	2016	0.408%	$ 10,050	$ 12,148	82.49%	83.02%
2018	2017	0.345%	$ 6,273	$ 13,541	46.33%	90.41%
2019	2018	0.365%	$ 4,585	$ 14,168	32.36%	93.77%

(2) Covered payroll represents the collective total of the LAFPP eligible wages of all LAFPP member categories.

* 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 115.

Required Supplementary Information

Schedule of Pension Contributions – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

(Amount in thousands)	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 18,050	$ 17,317	$ 17,582	$ 17,557	$ 15,765
Contributions in relation to the actuarially determined contribution	18,050	17,317	17,582	17,557	15,765
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 77,953	$ 77,580	$ 76,204	$ 75,092	$ 75,963
Contributions as a percentage of covered payroll	23.15%	22.32%	23.07%	23.38%	20.75%

Los Angeles Fire and Police Pension Plan (LAFPP)

(Amount in thousands)	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 3,883	$ 3,645	$ 3,716	$ 3,462	$ 3,648
Contributions in relation to the actuarially determined contribution	3,883	3,645	3,716	3,462	3,648
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --
Port's covered payroll	$ 14,584	$ 14,168	$ 13,541	$ 12,184	$ 12,301
Contributions as a percentage of covered payroll	26.63%	25.73%	27.44%	28.41%	29.66%

* 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 115.

Los Angeles City Employees' Retirement System (LACERS)

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

Changes of assumptions:

Assumptions	Fiscal Year 2019	Fiscal Year 2018
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2017	Healthy: RP-2000 Combined table projected with Scale BB to 2020, setback one year for males and with no setback for females
Rate of termination with less than 5 years of service	From 12.00% to 7.75%	From 13.25% to 5.75%
Retirement rate at age 55 with 30 years of service	24% for Tier 1 and 23% for Tier 3	20% for Tier 1 and 19% for Tier 3
Age of spouse	Male retirees are assumed to be 3 years older than their female spouses.	Male retirees are assumed to be 4 years older than their female spouses.

Los Angeles Fire and Police Pension Plan (LAFPP)

Changes of benefit terms: There were no changes in benefits terms since the prior valuation.

Changes of assumptions: There were no changes in assumptions since the prior valuation.

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

Required Supplementary Information

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

($ In Thousands)

(Unaudited)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll (1)	Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	3.947%	$ 26,002	$ 75,092	34.63%	76.42%
2018	2017	3.865%	$ 21,910	$ 76,204	28.75%	81.14%
2019	2018	3.753%	$ 21,785	$ 77,580	28.08%	82.18%

(1) Covered payroll represents payroll on which contributions to the OPEB plan are based.

Los Angeles Fire and Police Pension Plan (LAFPP)

Fiscal Year	Measurement Date as of June 30	Proportion of the Net OPEB Liability	Proportionate Share of Net OPEB Liability	Covered Payroll (2)	Proportionate Share of Net OPEB Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability
2017	2016	0.156%	$ 2,563	$ 12,184	21.04%	74.45%
2018	2017	0.148%	$ 2,506	$ 13,541	18.51%	78.65%
2019	2018	0.143%	$ 2,447	$ 14,168	17.27%	81.87%

(2) Covered payroll represents payroll on which contributions to the OPEB plan are based.

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

See Note to Schedule on page 118.

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

Required Supplementary Information

Schedule of OPEB Contributions – Last Ten Fiscal Years*

($ In Thousands)

(Unaudited)

Los Angeles City Employees' Retirement System (LACERS)

(Amount in thousands)	2019	2018
Actuarially determined contribution	$ 4,011	$ 3,857
Contributions in relation to the actuarially determined contribution	4,011	3,857
Contribution deficiency (excess)	$ --	$ --
Port's covered employee payroll	$ 77,953	$ 77,580
Contributions as a percentage of covered employee payroll	5.15%	4.97%

Los Angeles Fire and Police Pension Plan (LAFPP)

(Amount in thousands)	2019	2018
Actuarially determined contribution	$ 1,084	$ 1,018
Contributions in relation to the actuarially determined contribution	1,084	1,018
Contribution deficiency (excess)	$ --	$ --
Port's covered employee payroll	$ 14,584	$ 14,168
Contributions as a percentage of covered employee payroll	7.43%	7.19%

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

See Note to Schedule on page 118.

Los Angeles City Employees' Retirement System (LACERS)

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

Changes of assumptions:

Assumptions	Fiscal Year 2019	Fiscal Year 2018
Healthcare cost trend rates for Medicare Part B and Dental	4.00%	4.50%
Mortality (Post-Retirement)	Healthy: Headcount-Weighted RP-2014 table projected with Scale MP-2017	Healthy: RP-2000 Combined table projected with Scale BB to 2020, setback one year for males and with no setback for females
Rate of termination with less than 5 years of service	From 12.00% to 7.75%	From 13.25% to 5.75%
Retirement rate at age 55 with 30 years of service	24% for Tier 1 and 23% for Tier 3	20% for Tier 1 and 19% for Tier 3

Los Angeles Fire and Police Pension Plan (LAFPP)

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

Changes of assumptions:

Assumptions	Fiscal Year 2019	Fiscal Year 2018
Healthcare cost trend rates for Medicare Part B and Dental	4.00%	4.50%

STATISTICAL SECTION

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

Statistical Section

For the Fiscal Year Ended June 30, 2019

(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

These schedules contain 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 120

Revenue Capacity

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

Revenue Statistics...121
Top Ten Individual Sources of Revenue by Alphabetical Order...122

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)..123

Demographic and Economic Information

These schedules offer 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....................................124

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...125
Principal Employers in the Los Angeles County 126

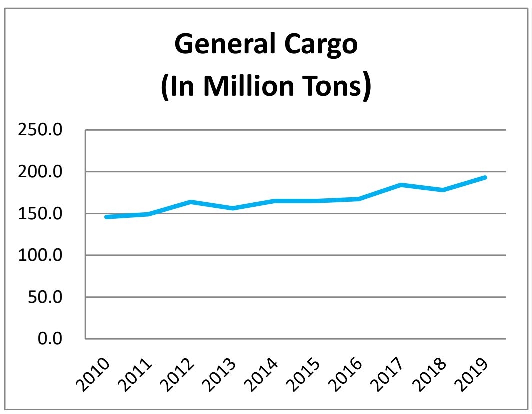
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)
Summary of Revenues, Expenses, and Changes in Net Position
Last Ten Fiscal Years
($ In Thousands)
(Unaudited)

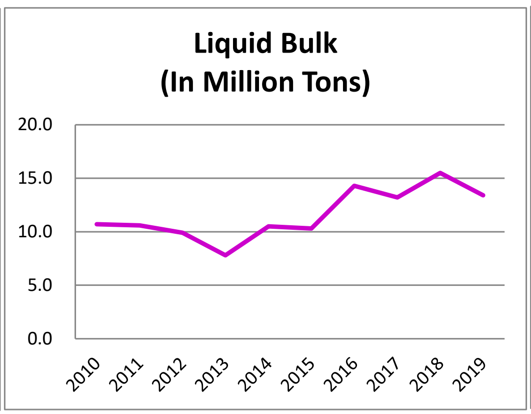
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues										
Shipping services	$ 327,630	$ 343,498	$ 357,716	$ 347,876	$ 377,213	$ 364,899	$ 368,470	$ 398,255	$ 405,279	$ 410,328
Rentals	43,141	45,428	43,143	42,890	40,156	46,233	46,571	51,258	61,419	65,965
Royalties, fees, and other operating revenues	36,047	11,577	8,928	6,602	8,582	35,763	21,085	25,019	24,062	30,134
Total operating revenues	406,818	400,503	409,787	397,368	425,951	446,895	436,126	474,532	490,760	506,427
Operating expenses										
Salaries and benefits	92,930	98,837	98,614	101,861	112,053	111,788	114,719	118,582	121,533	123,058
Marketing and public relations	2,490	2,912	3,177	2,877	2,711	2,771	2,567	2,583	2,784	2,510
Outside services	25,776	29,367	27,660	29,690	26,331	28,983	28,970	25,022	29,904	33,418
Materials and supplies	6,366	6,249	6,314	5,989	6,883	6,257	6,340	5,314	6,960	6,593
City services	37,147	29,964	32,014	31,074	33,633	34,749	37,421	39,554	42,749	45,223
Other operating expenses	45,526	42,366	32,027	33,678	23,743	49,701	36,244	36,620	33,025	29,625
Total operating expenses before depreciation	210,235	209,695	199,806	205,169	205,354	234,249	226,261	227,675	236,955	240,427
Operating Income before depreciation	196,583	190,808	209,981	192,199	220,597	212,646	209,865	246,857	253,805	266,000
Depreciation	87,255	90,468	100,485	108,037	124,221	137,384	163,933	172,895	167,984	161,977
Operating Income	109,328	100,340	109,496	84,162	96,376	75,262	45,932	73,962	85,821	104,023
Nonoperating revenues (expenses)										
Income from investments in Joint Powers Authorities	2,270	(333)	1,851	2,049	2,129	2,811	2,544	2,162	2,001	2,596
Interest and investment income	15,233	6,436	9,486	826	4,654	5,039	9,326	1,118	618	32,804
Interest expense	(35,663)	(3,704)	(10,538)	(2,473)	(1,530)	(331)	(507)	(604)	(1,612)	(1,290)
Other income and expenses, net	(2,951)	(6,667)	(8,359)	784	(27,364)	(2,226)	(3,851)	(1,146)	1,999	27,151
Net nonoperating revenues (expenses)	(21,111)	(4,268)	(7,560)	1,186	(22,111)	5,293	7,512	1,530	3,006	61,261
Income before capital contributions	88,217	96,072	101,936	85,348	74,265	80,555	53,444	75,492	88,827	165,284
Capital contributions	16,950	12,059	31,307	17,630	80,374	111,852	40,489	18,801	4,524	3,523
Special and extraordinary items	--	--	--	13,387	15,002	--	5,123	9,150	--	--
Changes in net position	105,167	108,131	133,243	116,365	169,641	192,407	99,056	103,443	93,351	168,807
Total net position – beginning of year	2,429,587	2,534,754	2,642,885	2,776,128	2,884,351	3,064,554	3,062,899	3,161,955	3,265,398	3,334,871
Cumulative effect of change in accounting principle	--	--	--	--	--	(194,062)	--	--	(23,878)	--
Net adjustment for write off prior period bond issues costs	--	--	--	(8,142)	10,562	--	--	--	--	--
Net position July 1, restated	2,429,587	2,534,754	2,642,885	2,767,986	2,894,913	2,870,492	3,062,899	3,161,955	3,241,520	3,334,871
Total net position – end of year	$ 2,534,754	$ 2,642,885	$ 2,776,128	$ 2,884,351	$ 3,064,554	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678
Net position:										
Net investment in capital assets	2,164,885	2,286,360	2,397,744	2,634,840	2,863,795	2,856,561	2,945,412	2,972,442	2,964,553	2,957,014
Restricted	67,844	67,341	67,796	57,913	58,054	68,373	66,599	62,255	62,225	63,348
Unrestricted	302,025	289,184	310,588	191,598	142,705	137,965	149,944	230,701	308,093	483,316
Total net position	$ 2,534,754	$ 2,642,885	$ 2,776,128	$ 2,884,351	$ 3,064,554	$ 3,062,899	$ 3,161,955	$ 3,265,398	$ 3,334,871	$ 3,503,678

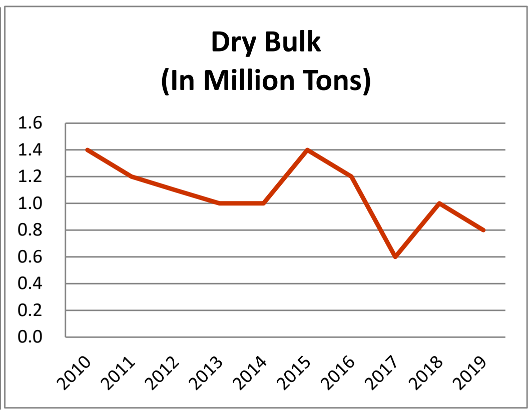
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Revenue Statistics
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenue Information										
Revenue Rates										
General cargo tariff rate	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25	$ 6.25
Basic dockage (600')	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465	2,465
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)	7.2	7.9	8.2	7.8	8.2	8.2	8.4	9.2	9.2	9.7
Inbound tonnage (million tons)	88.2	93.7	98.3	93.1	99.1	102.9	105.6	105.8	103.0	113.8
Outbound tonnage (million tons)	66.7	67.8	74.6	71.5	74.3	74.6	79.3	92.4	88.3	97.4
Revenue tons (million)										
General cargo	145.8	149.1	163.9	156.3	165.0	165.1	167.3	184.3	178.0	193.1
Liquid bulk	10.7	10.6	9.9	7.8	10.5	10.3	14.3	13.2	15.5	13.4
Dry bulk	1.4	1.2	1.1	1.0	1.0	1.4	1.2	0.6	1.0	0.8
Total revenue tons (million)	157.9	160.9	174.9	165.1	176.5	176.8	182.8	198.1	194.5	207.3







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

Top Ten Individual Sources of Revenue by Alphabetical Order
Fiscal Year 2019 and Fiscal Year 2010
(Unaudited)

Fiscal Year 2019	Fiscal Year 2010
APM Terminals Pacific, Ltd.	APM Terminals Pacific, Ltd.
China Shipping Holding Company, Ltd.	China Shipping Holding Company, Ltd.
Eagle Marine Services, Ltd.	Eagle Marine Services, Ltd.
Everport Terminal Services, Inc.	Everport Terminal Services, Inc.
Ports America Cruise, Inc.	Rio Doce Pasha Terminal, LP
TraPac, LLC	TraPac, LLC
Union Pacific Railroad Company	Union Pacific Railroad Company
WWL Vehicle Services Americas, Inc.	WWL Vehicle Services Americas, Inc.
Yang Ming Marine Transport Corporation	Yang Ming Marine Transport Corporation
Yusen Terminal, Inc./N.Y.K. (North America), Inc.	Yusen Terminal, Inc./N.Y.K. (North America), Inc.

The Port of Los Angeles terminal tenants compete against each other for business. The Port feels disclosure of 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)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating revenues (including investment/interest income and noncapital grant revenues) (1)	$ 424,306	$ 412,962	$ 435,291	$ 416,974	$ 446,910	$ 460,364	$ 452,398	$ 487,806	$ 501,663	$ 578,794
Operating expenses (2)	210,235	209,695	199,806	205,169	205,354	234,249	226,261	227,675	236,955	240,427
Net available revenue	$ 214,071	$ 203,267	$ 235,485	$ 211,805	$ 241,556	$ 226,115	$ 226,137	$ 260,131	$ 264,708	$ 338,367
Debt service, revenue bonds	$ 66,851	$ 72,736	$ 71,382	$ 72,204	$ 65,323	$ 69,916	$ 91,831	$ 87,570	$ 80,147	$ 84,884
Debt service, commercial papers	—	191	227	194	165	187	—	—	—	—
Total debt service (3)	$ 66,851	$ 72,927	$ 71,609	$ 72,398	$ 65,488	$ 70,103	$ 91,831	$ 87,570	$ 80,147	$ 84,884
Net available revenue coverage	3.2	2.8	3.3	2.9	3.7	3.2	2.5	3.0	3.3	4.0
Net cash flow from operations	$ 185,416	$ 158,268	$ 217,113	$ 234,234	$ 131,284	$ 213,184	$ 184,869	$ 274,581	$ 228,920	$ 254,978
Net operating cash flow coverage	2.8	2.2	3.0	3.2	2.0	3.0	2.0	3.1	2.9	3.0

(1) Operating revenues include pledged pooled investment/interest income and non-capital grant revenues.

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

(3) Debt service includes principal and interest payments on issued bonds as well as on commercial paper notes, which are senior debt backed by pledged-revenue. Debt service does not include loans from the California Department of Boating and Waterways, which are not 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)

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

Year	Estimated Population (1)	Personal Income ($000s) (2)	Per Capita Personal Income (2)	Median Age (3)	Public School Enrollment (4)	Unemploy-ment Rate (5)
2010	3,792,621	$ 428,045,182	$ 43,569	33.7	748,273	13.2 %
2011	3,818,120	459,098,093	46,439	33.9	738,113	12.9
2012	3,859,854	492,424,430	49,459	34.1	701,208	11.5
2013	3,901,412	491,016,518	49,010	34.3	598,020	10.3
2014	3,938,037	525,088,691	52,130	34.6	594,891	8.7
2015	3,972,348	560,484,548	55,366	34.9	582,430	7.0
2016	3,999,237	577,071,787	56,851	35.0	560,991	5.6
2017	4,041,707	593,741,110	58,419	35.2	547,246	4.4
2018	4,054,400	N/A	N/A	N/A	532,102	5.1
2019	4,040,079	N/A	N/A	N/A	N/A	4.7

(1) Data was based on California Department of Finance report E-1 Population Estimates for Cities, Counties, and the State.

(2) U.S. Department of Commerce, Bureau of Economic Analysis - revised estimates of personal income for Los Angeles County updated on March 6, 2019 with estimates for 2010 to 2017.

(3) Data was obtained from the U.S. Census Bureau American Community Survey 5-Year Estimates which is available at https://factfinder.census.gov.

(4) Enrollment data determined at the beginning of each school year (October). Data include the City and all or significant portions of a number of smaller cities and unincorporated territories.

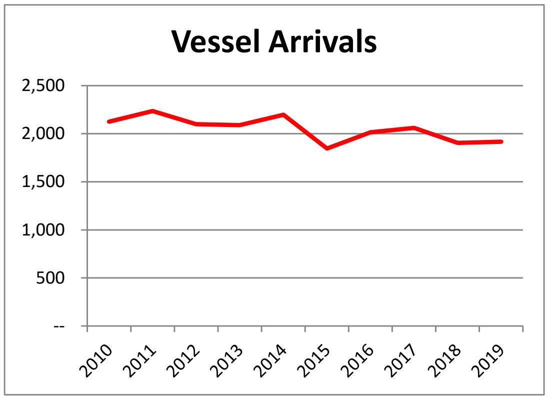
(5) Data based on California Employment Development Department for City of Los Angeles, not seasonally adjusted.

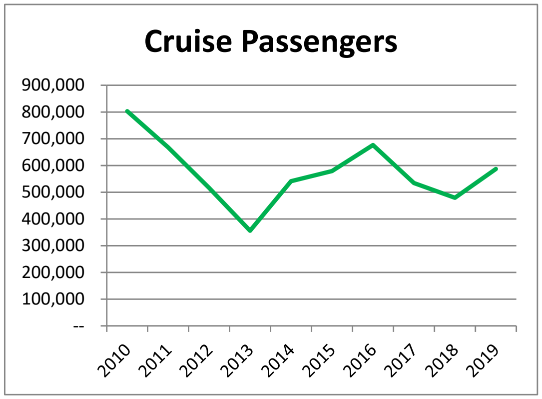
N/A Data was not readily available at the time of issuance.

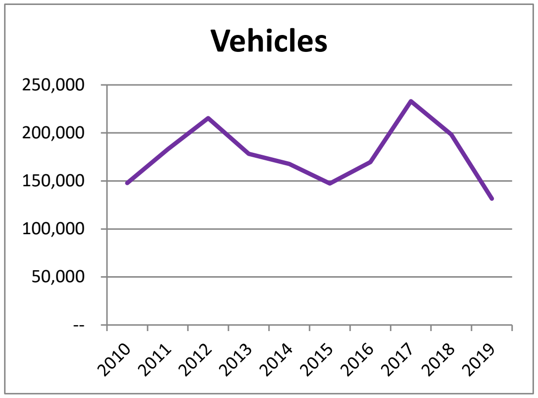
PORT OF LOS ANGELES
(HARBOR DEPARTMENT OF THE CITY OF LOS ANGELES, CALIFORNIA)

Operating Information
Last Ten Fiscal Years
(Unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	24	24	24	24	23	23	23	23	23	23
Vessel arrivals	2,124	2,236	2,100	2,089	2,196	1,846	2,014	2,060	1,904	1,917
Cruise passengers	802,899	667,434	515,827	355,875	541,418	578,902	676,644	534,484	479,388	586,783
Vehicles	147,935	183,126	215,374	178,252	167,826	147,457	169,561	233,013	198,326	131,553
Full time employees	948	959	958	947	949	885	906	883	884	880







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

Principal Employers in the Los Angeles County
FY 2019 and FY 2010 (1)
(Unaudited)

	2019			2010		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment**	**Employees**	**Rank**	**Percentage of Total County Employment**
Kaiser Permanente	40,309	1	0.8 %	32,700	1	0.8 %
University of Southern California	21,710	2	0.4	15,121	3	0.4
Northrop Grumman Corp.	18,000	3	0.4	19,000	2	0.4
Providence Health & Services Southern California	15,952	4	0.3	9,960	10	0.2
Target Corp.	15,000	5	0.3	13,000	6	0.3
Cedars-Sinai Medical Center	14,713	6	0.3	10,467	8	0.2
Allied Universal	13,972	7	0.3	—	—	—
Ralphs/Food 4 Less (Kroger Co. Division)	13,271	8	0.3	13,500	5	0.3
Walt Disney Co.	13,000	9	0.3	—	—	—
NBC Universal	12,000	10	0.2	—	—	—
Boeing Co.	—	—	—	13,623	4	0.3
Bank of America	—	—	—	12,000	7	0.3
Home Depot	—	—	—	10,000	9	0.2
All Others	4,718,573	—	96.4	4,152,929	—	96.7
Total (2)	4,896,500		100.0 %	4,302,300		100.1 %

(1) Data pertaining to principal employers was obtained from Los Angeles Business Journal (LABJ) dated August 26, 2019. 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.

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

OTHER REPORT

MGO Certified Public Accountants

Independent Auditor's Report 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*

Honorable Members of the Board of Harbor Commissioners
Port of Los Angeles (Harbor Department of the City of Los Angeles)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Port of Los Angeles (Harbor Department of the City of Los Angeles) (Port), an enterprise fund of the City of Los Angeles, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2019. Our report included an emphasis of matter paragraph that the accompanying financial statements present only the Port and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2019.

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) to determine the 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 Port'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Port'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 Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Los Angeles, California
November 27, 2019