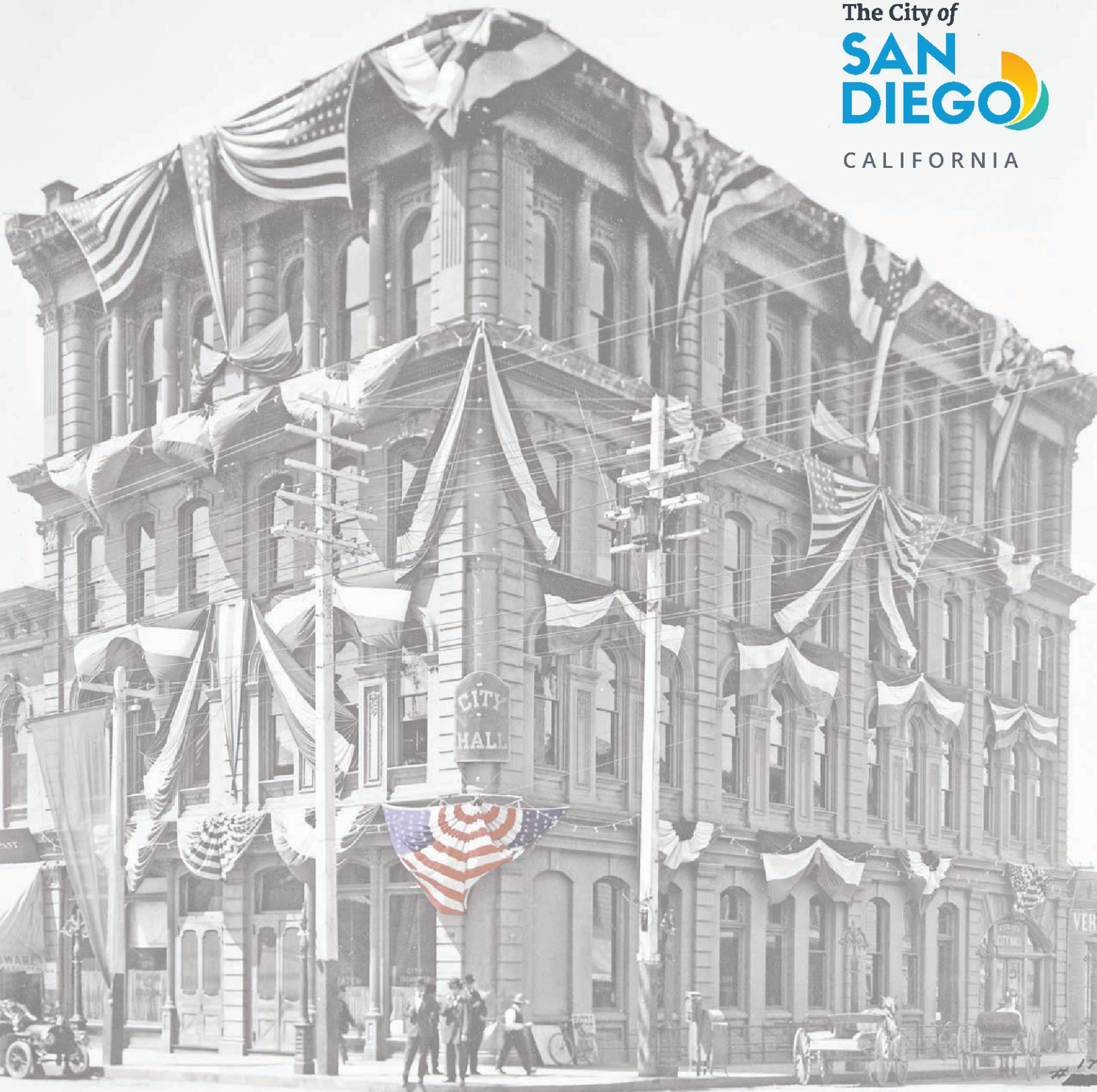




Annual Comprehensive Financial Report

Fiscal Year Ended
June 30, 2024



Annual Comprehensive Financial Report

PREPARED UNDER THE SUPERVISION OF:
Matthew Vespi, Chief Financial Officer
Rolando Charvel, CPA, Comptroller

Fiscal Year Ended
June 30, 2024

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FORWARD-LOOKING STATEMENTS

The Annual Comprehensive Financial Report (ACFR) of the City of San Diego (City) for the fiscal year ended June 30, 2024, including the Letter of Transmittal and Management's Discussion and Analysis, contains forward-looking statements regarding the City's business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in the ACFR. Additionally, statements concerning future matters such as City budgets and the financial outlook for future years, the level of City services, California state matters that may impact the City, contingencies, revenue and expense levels, expected completion dates for projects and other statements regarding matters that are not historical are also forward-looking statements.

Although forward-looking statements in the ACFR reflect the City's good faith judgment, such statements can only be based on facts and factors currently known by the City. Consequently, forward-looking statements are inherently subject to risks and uncertainties. The actual results and outcomes may differ materially from the results and outcomes discussed in or anticipated by the forward-looking statements. Readers are urged not to place undue reliance on these forward-looking statements, which speak only as of the date of the ACFR. The City undertakes no obligation to revise or update any forward-looking statements in order to reflect any event or circumstance that may arise after the date of the ACFR. Readers are urged to carefully review and consider the various disclosures made in the ACFR which attempt to advise interested parties of factors that may affect the business, financial condition, results of operations and prospects of the City.



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Introductory Section (Unaudited)



*Police officer directing traffic at 5th Ave & Broadway (1919)
Courtesy of San Diego History Center*



December 18, 2024

To the Honorable Mayor, Members of the City Council and Residents of the City of San Diego:

We are pleased to submit the ACFR of the City for the fiscal year ended June 30, 2024, in accordance with Section 111 of the City Charter (Charter).

The Annual Comprehensive Financial Report (ACFR) has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The City's management is responsible for the accuracy of the data, the completeness and fairness of the presentation and the adequacy of its disclosures. This includes the design, implementation and maintenance of internal controls over the preparation and fair presentation of financial statements that are free from material misstatement and for assurance that the assets of the City are protected from loss, theft or misuse. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements. We believe that the information presented is complete and reliable in all material respects.

The independent audit firm of Crowe LLP has audited the fiscal year 2024 financial statements of the City and has issued unmodified opinions on the basic financial statements. The independent auditor's report is located at the front of the financial section of this report.

A narrative introduction, overview and analysis of the financial statements can be found in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A complements this letter of transmittal and both should be read in conjunction. The notes, along with the other financial and operational data included in the City's ACFR, must be read in their entirety to obtain a complete understanding of the City's financial position as of June 30, 2024, and the respective changes in its financial position. Readers of these financial statements should pay particular attention to Notes 12, 13, 17, and 18, concerning Pension Plans, Other Postemployment Benefits, Commitments, and Contingencies, respectively. These notes address certain issues underlying the City's financial condition as well as future potential or anticipated expenses/expenditures related to regulatory and environmental costs.

The financial statements included in this report present the balances and activity of the City and its blended, discretely presented and fiduciary component units. Blended component units are presented as funds of the City and include not-for-profit public benefit corporations and other financing authorities. In addition, the ACFR includes the San Diego Housing Commission, a discretely presented component unit. The San Diego City Employees' Retirement System (SDCERS) is reported as a fiduciary component unit. See Note 1a of the financial statements for more information on the reporting entities of the City.

It is important to note that the General Fund's presentation in the ACFR is different from the presentation in the City's annual budget. The General Fund in the ACFR incorporates the balances and activity of additional funds which do not meet the definition of special revenue funds. These funds are not included as part of the General Fund and are reported as separate funds in the budget. All references to the General Fund in the narrative below are based on the General Fund as reported in the ACFR.

PROFILE OF THE CITY OF SAN DIEGO

The City, incorporated in 1850, covers 326 square miles of land area and an additional 47 square miles of water area for an aggregate total of 372 square miles. The California Department of Finance estimated the City's population to be 1,383,623 as of January 2024, making it the eighth most populated city in the nation and the second most populated city in California.

The City operates under and is governed by the laws of the State of California and its own Charter, as periodically amended since its adoption by the electorate in 1931. The City operates under a Strong-Mayor form of government. The Mayor is elected at large to serve a four-year term and limited to two consecutive terms. The City Council is composed of nine members who are elected to staggered four-year terms and who are limited to two consecutive terms. The City Council is presided over in open meetings by the Council President, who is selected by a majority vote of the City Council. The Mayor presides over closed session meetings of the City Council. The City Attorney, who is elected to a four-year term, serves as the chief legal adviser and attorney for the City and all departments. The City Attorney is also limited to two consecutive terms in office.

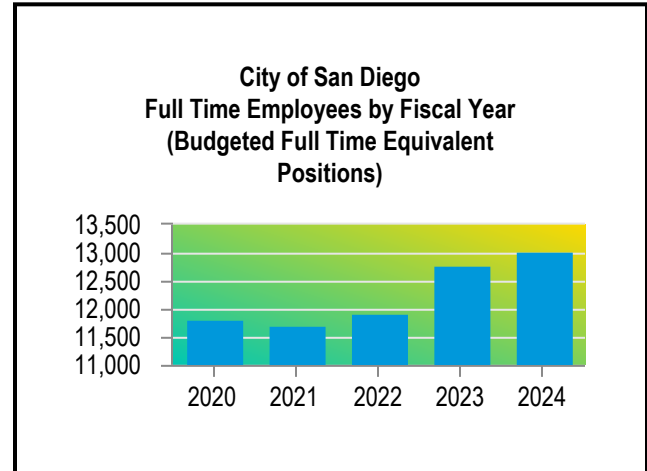
Under the Strong-Mayor form of government, the Mayor is the Chief Executive Officer of the City and has direct oversight of all City functions and services except for the City Council, Personnel, City Clerk, Independent Budget Analyst (IBA), City Attorney, Ethics Commission and City Auditor departments. Under this form of government, the Council has legislative authority; however, all City Council resolutions and ordinances are subject to a veto of the Mayor except for certain ordinances including emergency declarations and the City's annual Salary and Appropriations Ordinances. The City Council may override a Mayoral veto with six votes.

FEDERAL COVID-19 ASSISTANCE

On March 11, 2021, the American Rescue Plan Act of 2021 (ARPA), was signed into law to provide \$350 billion of emergency funding for state, local, territorial, and tribal governments in the form of Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The City received two distributions of \$149.9 million on June 1, 2021 and June 6, 2022. These funds may only be used to cover costs that: (1) respond to the public health emergency with respect to COVID-19 or its negative economic impacts; (2) respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible workers; (3) provide for government services to the extent of the reduction in revenue of the City due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year of the City prior to the emergency; and (4) make necessary investments in water, sewer or broadband infrastructure. The City may use SLFRF to cover eligible costs obligated during the period from March 3, 2021 to December 31, 2024, as long as the SLFRF are expended by December 31, 2026. The City used these funds for the provision of government services due to the impact of COVID-19 on General Fund revenues. As of the end of fiscal year 2024, the City has expended the full \$299.8 million of the SLFRF.

CITY SERVICES

The City, with 13,352 budgeted full-time equivalent (FTE) positions in fiscal year 2025, provides a full range of governmental services. In the Fiscal Year 2025 Adopted Budget, the City budgeted 322 additional positions compared to the prior fiscal year. This increase was primarily due to the addition of positions in the departments of Public Utilities, Environmental Services, Fire-Rescue, Parks & Recreation, and various General Fund departments associated with the Employ and Empower program. The budget reflects a fiscally responsible, multi-year approach that invests in City priorities while utilizing a mix of one-time and ongoing resources to maintain the following services to its residents and visitors:



BUDGETING SYSTEMS AND CONTROLS

The budget is created each fiscal year by the Mayor and presented to the City Council and the public by April 15, as required by the Charter. After a series of public meetings, input from the City Council and City residents, the Mayor may propose revisions to the originally proposed budget. The Charter requires that on or before June 15, the City Council approve the budget as submitted by the Mayor or with modifications to the proposed budget. Within five business days of City Council’s approval, the Mayor has the discretion to line-item veto any budget modifications approved by the City Council. In turn, the City Council has five business days within which to override the Mayor’s veto. The Appropriation Ordinance that enacts the budget into law is based on the approved budget and the adopted Salary Ordinance. The Charter requires that City Council adopt the Appropriation Ordinance for the following year by June 30. All subsequent amendments to the adopted budget require City Council approval except as delegated in the Appropriation Ordinance.

Budgetary control is established at the highest level by the Charter and further defined by the City Council through the annual Appropriation Ordinance. Budgetary control is exercised at the department level for the General Fund and at the fund level for all other funds. In addition, the budget authorized for personnel expenditures (salaries and wages) for a fund or department may not be used for non-personnel expenditures. The City's financial system incorporates embedded controls in which non-personnel expenditures cannot be incurred if a budget appropriation is not available. The City also uses an encumbrance system of accounting as a mechanism to accomplish effective budgetary control.

The City's Department of Finance (DoF) monitors fund balances, as well as revenue and expenditure projections throughout the fiscal year. The DoF prepares monthly and periodic reports to the City Council that summarize the year-to-date financial activity of the General Fund and other budgeted funds. Additionally, the DoF prepares an analysis of actual and projected financial activity for the fiscal year on a quarterly basis by issuing three budget monitoring reports during the year (First Quarter, Mid-Year, and Third Quarter Budget Monitoring Reports). Subsequent to the end of the fiscal year, the DoF prepares a report analyzing and explaining variances between year-end projections and unaudited year-end actual revenues and expenditures for the General Fund.

LOCAL ECONOMY

The State of California Employment Development Department (EDD) estimates the total civilian labor force for the San Diego/Carlsbad Metropolitan Statistical Area (MSA), which represents San Diego County, is approximately 1.58 million, of which about 1.56 million are non-farm jobs (see footnote below). Between July 2023 and August 2024, total non-farm employment increased by 10,800 jobs, or 1%. The August 2024 unemployment rate in the San Diego/Carlsbad MSA was 5.0%, up from a revised 4.9% in July 2024, and above the prior year 4.4% estimate. This compares with an unadjusted unemployment rate of 5.9% for California and 4.4% for the nation during the same period. The table below provides estimates of total annual civilian non-farm employment by number of employees in each major industry category in the San Diego/Carlsbad MSA for 2022 through 2024.

San Diego / Carlsbad MSA ¹
Civilian Non-Farm Labor Force by Industry Sector

Industry Sector	2022	2023	2024	2024
Professional & Business Services	283,600	273,300	270,000	17.5%
Leisure & Hospitality	201,900	207,600	209,200	13.4%
Government				
State & Local Government	189,500	194,500	198,500	12.7%
Federal Government	47,000	46,600	47,000	3.0%
Healthcare & Social Assistance	200,000	216,400	227,700	14.6%
Trade				
Retail Trade	138,100	138,300	139,200	8.9%
Wholesale Trade	44,100	43,200	42,100	2.7%
Manufacturing	117,700	115,100	111,300	7.1%
Financial Activities	76,900	72,300	71,900	4.6%
Construction	88,900	92,000	93,000	6.0%
Other	146,100	148,400	148,600	9.5%
Total Non-Farm ²	<u>1,533,800</u>	<u>1,547,700</u>	<u>1,558,500</u>	<u>100%</u>

¹ Based on California Employment Development Department data for the San Diego/Carlsbad Metropolitan Statistical Area for the month of August of each corresponding year (March Benchmark). Data excludes military uniformed personnel.

² Non-farm jobs exclude self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.

Federal Government employment in the previous table includes approximately 23,900 civilians employed by the United States Department of Defense, but excludes military uniformed personnel. In its 2024 Military Economic Impact Report, the San Diego Military Advisory Council (SDMAC) estimated a total of 148,000 active duty and civilians work as members of the Navy, Marine Corps, Reserves, Coast Guard, or Veterans Administration in San Diego County.

MAJOR INDUSTRIES

The City's 2023-2026 Economic Development Strategy identified four economic base industries in San Diego: (1) Manufacturing; (2) Tourism; (3) Trade; and (4) Military. San Diego's dynamic economy is comprised of several key industry clusters: aerospace; cleantech; cybersecurity; defense; life sciences; technology; and food and beverage production. San Diego Regional Economic Development Corporation identified that collectively, these industries make San Diego an innovation hub providing 1.6 million regional jobs and producing \$282.2 billion gross regional product in 2023.

The City's economic base is anchored by higher education and major scientific research institutions, which provide a foundation to create new manufacturing products. The top exports from the San Diego Area are computer and electronic parts, chemicals, machinery, transportation equipment, and other miscellaneous manufacturing goods. With its proximity to Mexico and the Pacific Rim, San Diego is in a unique geographical position that creates opportunities for growth in international trade. According to the Department of Commerce, the San Diego area was the 22nd largest exporter among U.S. Metro areas with an export value of \$23.0 billion in 2023.

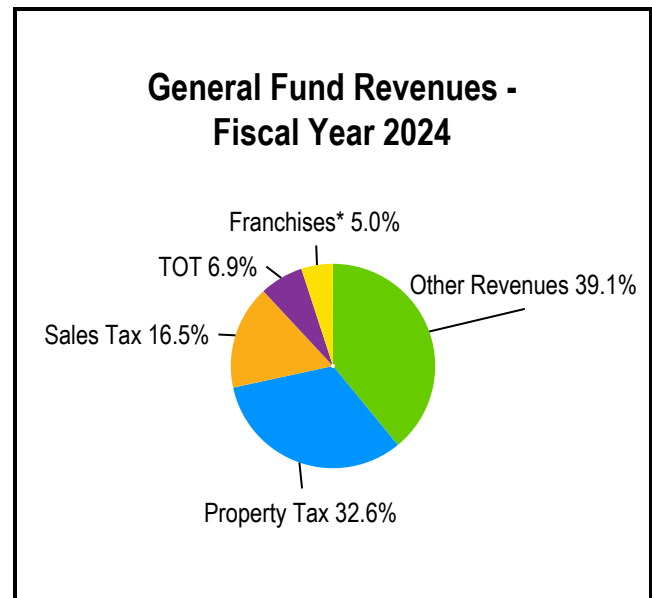
Tourism is a major economic driver for the City. According to the San Diego Tourism Authority (SDTA), in 2023 San Diego Convention Center events represented approximately \$817.2 million in direct spending. The hospitality industry accounted for 1 in 8 San Diego jobs in fields directly and indirectly related to the hospitality industry. The SDTA further states that San Diego hosted 31.8 million visitors who spent over \$14.3 billion at local businesses and generated \$417 million in Transient Occupancy Tax for the San Diego region during fiscal year 2023.

The military continues to play a significant role in the San Diego economy. In a study done by SDMAC, defense-related activities and spending will generate approximately \$63.2 billion of Gross Regional Product (GRP) for San Diego County, or 23.7% of the region's total GRP in 2023. According to the SDMAC, the military was responsible for approximately 369,000 jobs in the region, or 24.2% of all employment in the region.

FINANCIAL AND ECONOMIC TRENDS

In fiscal year 2024, the General Fund's four major operating revenue sources - property tax, sales tax, transient occupancy tax (TOT), and franchise fees (unrestricted) - made up 60.9% of total General Fund revenues. Based on revenue projections for the first quarter of fiscal year 2025, major revenues for the General Fund are expected to increase by \$44.2 million (3.1%) compared to major revenues reported for the General Fund in the fiscal year 2024 basic financial statements.

The table on the following page shows historical trends for the General Fund major revenues for the past four fiscal years and revenue projections for fiscal year 2025.



* Excludes the portion of San Diego Gas & Electric franchise fee revenue that is deposited into a special fund due to restrictions in the Charter to preserve and enhance the natural environment of the City.

General Fund Major Revenues by Fiscal Year
(Dollars in Thousands)

	2021	2022	2023	2024	2025 ¹
Property Tax	\$ 641,395	\$ 663,142	\$ 721,441	\$ 770,817	\$ 814,400
Sales Tax ²	313,858	387,872	397,517	389,832	381,800
TOT ³	68,086	136,468	161,811	163,764	168,700
Franchise Fees ⁴	77,826	91,403	113,138	118,425	122,100
TOTAL	\$ 1,101,165	\$ 1,278,885	\$ 1,393,907	\$ 1,442,838	\$ 1,487,000

¹ Source: Fiscal Year 2025 First Quarter Budget Monitoring Report - Department of Finance, City of San Diego. Budgetary basis excludes safety sales tax.

² Includes Safety Sales Tax.

³ Includes the General Fund portion of Transient Occupancy Tax (5.5% of the 10.5% levy). \$147.2 million was deposited into the TOT Special Revenue Fund in fiscal year 2024.

⁴ Excludes the portion of the San Diego Gas & Electric franchise fee revenue that is deposited in a special fund due to restrictions in the Charter to preserve and enhance the natural environment of the City.

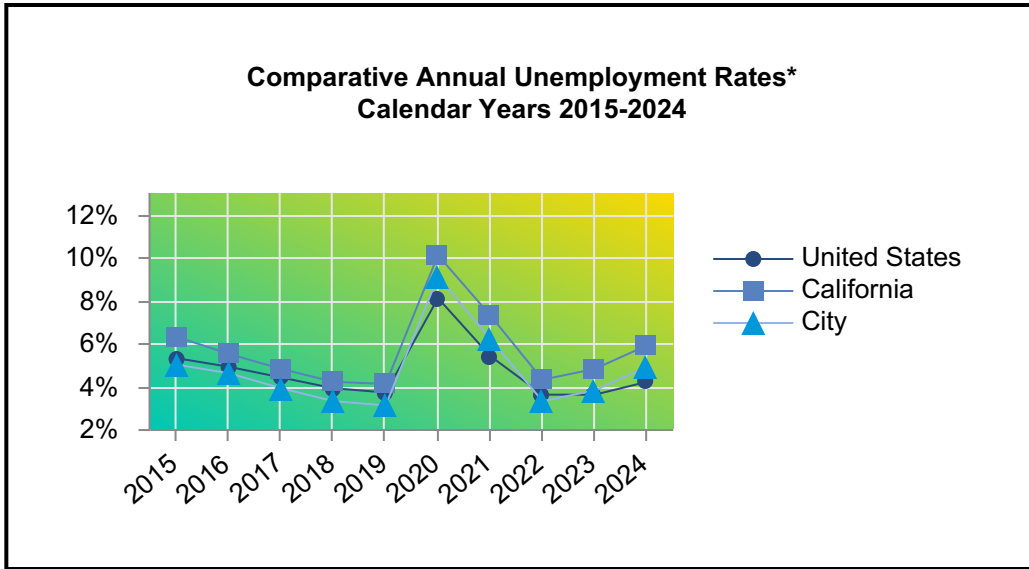
Property Tax

Property Tax revenue is the largest revenue source for the General Fund, representing 32.6% of total General Fund revenue recognized in fiscal year 2024. There is a 12 to 18 month lag between the time property values are assessed by the County of San Diego (County) to the time the property tax revenue is received by the City. Therefore, the property tax revenue received in fiscal year 2024 and the estimated revenue for fiscal year 2024 are based on assessments from January 1, 2022 and 2023, respectively. The 5.7% growth rate projected for property tax revenue in fiscal year 2025 is based on a year-over-year increase in the median home price of 5.9%. The fiscal year 2024 assessed valuation of properties not sold or otherwise improved, in accordance with limits established by Proposition 13, is based on the change in the California Consumer Price Index (CCPI) from October 2022 to October 2023. During this period, the CCPI increased by 3.2%. Furthermore, Proposition 13 limits the inflation factor to 2.0%, therefore the assessed valuation of properties not sold or otherwise improved will increase their taxable basis by 2.0%. Additionally, the City receives tax sharing distributions in accordance with redevelopment dissolution laws and a proportional share of residual property tax payments of funds remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments are made.

Sales Tax

The City's second largest revenue source for the General Fund is sales tax, representing 16.5% of total General Fund revenue recognized in fiscal year 2024. The total citywide sales tax rate in San Diego is 7.75%, of which the City receives approximately 1.0% for general purposes. The City also receives a portion of the 0.5% collected by the San Diego Association of Governments (SANDAG) for the TransNet program to fund transportation improvements throughout the City, and a portion of the 0.5% Safety Sales Tax to fund local public safety needs. General purpose and safety sales tax are deposited in the General Fund, while TransNet sales tax revenue is deposited in the TransNet Capital Projects Fund.

The major local economic drivers of the City's Sales Tax revenue include the unemployment rate, consumer confidence, and consumer spending. The unemployment rate for the City was 4.9% in August 2024, up from 3.8% in August 2023. A higher local unemployment rate generally decreases consumer confidence which, in turn, decreases the City's sales tax receipts. Additionally, as consumers shift from in-store purchases to online sales, the City receives a smaller portion of sales tax revenues. Online retailers are required to collect and remit sales tax based on point-of-sale. The City experienced a year-over-year decrease of \$7.7 million (1.9%) in sales tax receipts during fiscal year 2024. Based on the fiscal year 2025 projection, the City estimates a year-over-year decrease in sales tax revenue of approximately \$8.0 million (2.1%) compared to fiscal year 2024 actual revenue recognized.



Source: Federal Bureau of Labor Statistics, California Employment Development Department.
 * Unemployment rates for 2024 are based on August 2024 data.

Transient Occupancy Tax

The City’s TOT is levied at 10.5% of daily room prices in hotels as well as motels and short-term vacation rentals used by visitors staying in San Diego for fewer than 30 consecutive days. TOT revenue is allocated pursuant to the City Municipal Code. Of the 10.5% collected, 5.5% is allocated to the General Fund and the remaining 5% is allocated to the TOT Special Revenue Fund (with 4% allocated to special programs to promote the City’s tourism and the remaining 1% allocated for any purpose proposed by the Mayor and approved by the City Council). A portion of the revenue allocated to the TOT Special Revenue Fund can be used to reimburse the General Fund for tourism promotion costs or transferred to the General Fund for any purpose approved by the City Council. The TOT allocation to the General Fund of \$163.8 million represented 6.9% of total General Fund revenue recognized in fiscal year 2024. In addition, the General Fund received reimbursements and transfers from the TOT Special Revenue Fund of \$86.7 million and \$29.0 million, respectively, in fiscal year 2024 for a combined total of \$279.5 million.

Tourism Information - County of San Diego

	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025
Visitors					
Total Visits (millions)	23.8	28.8	31.8	32.1 ¹	33.0 ¹
Overnight Visits (millions)	13.8	16.5	17.3	17.5 ¹	17.9 ¹
Hotel Sector					
Average Occupancy	61.9%	72.6%	73.5%	73.7% ²	73.9% ²
Average Daily Rate	\$164.54	\$203.50	\$209.94	\$211.40 ²	\$212.97 ²
Revenue PAR ³	\$101.79	\$147.75	\$154.28	\$155.84 ²	\$157.47 ²
Room Demand (growth)	36.4%	18%	1.2%	0.8% ²	1.8% ²

Source: San Diego Tourism Authority and Tourism Economics, Inc.

¹ Travel Forecast August 2024 - Tourism Economics, Inc.

² Lodging Forecast October 2024 - Tourism Economics, Inc.

³ Revenue per Available Room (Average Occupancy multiplied by Average Daily Rate).

Major economic drivers for TOT revenue include seasonal and non-seasonal tourism, business travel, and conventions. Despite a slower growth rate in room demand compared to recent years, the preceding table reflects a continued recovery of San Diego tourism to 2019 levels. For 2024, it's forecasted that overnight visits will reach 97% of 2019 levels, while day visits total 85% of 2019's volume. The City's fiscal year 2025 projections continue to reflect positive growth in the tourism industry and include a year-over-year increase in TOT revenue of approximately \$4.9 million (3.0%) compared to fiscal year 2024.

Franchise Fees

San Diego Gas and Electric (SDG&E), the single largest generator of franchise fee revenues for the General Fund, remits 3% of the gas and electricity gross sales within the City, 75% of which is unrestricted and 25% of which is restricted by the Charter to preserve and enhance the natural environment of the City. Both restricted and unrestricted SDG&E franchise fee revenues are reported in the General Fund. The City also collects 5% of gross revenues from Cox Communications, Spectrum (formerly Time Warner Cable), and AT&T for cable and broadband. Other franchise fee revenues include refuse hauler fees (based on the total amount of refuse hauled annually), and fees from the Police Department's vehicle tow program. Unrestricted franchise fee revenues of approximately \$118.4 million represented 5.0% of total General Fund revenues recognized in fiscal year 2024. The fiscal year 2025 projection estimates a year-over-year increase of \$3.7 million, or 3.1% in unrestricted franchise fee revenues.

LONG-TERM FINANCIAL PLANNING AND FINANCIAL POLICIES

FIVE-YEAR OUTLOOK

Each year the City develops a Five-Year Financial Outlook (Outlook), which is the long-range fiscal planning guide that serves as the framework for the development of the following year's General Fund budget. The Outlook is published annually and incorporates a range of information on items that influence projected revenues and anticipated appropriation needs over the next five fiscal years. These projections inform the City Council and the public of the long-term costs of programs in the context of the City's overall General Fund budget and projected revenue growth. The Fiscal Year 2026-2030 Five-Year Outlook was released on December 4, 2024. The projections included in the Outlook show significant budget deficits, in which baseline expenditures exceed baseline revenues throughout the outlook period. Specifically, the report projects a baseline shortfall of \$259.1 million in fiscal year 2026, which decreases to a shortfall of \$170.4 million in fiscal year 2030. These projections are based on fiscal-year 2025 service levels with some adjustments. The City will address the shortfall as part of the fiscal year 2026 budget process, which could require reevaluating current expenditure patterns, ongoing service-level reductions, and exploring revenue enhancing initiatives. The General Fund Outlook can be obtained online at <https://www.sandiego.gov/finance/financialrpts>.

MULTI-YEAR CAPITAL IMPROVEMENT PROGRAM AND INFRASTRUCTURE

In January 2024, the City's Engineering and Capital Projects Department released its Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) report. The CIP Outlook presents a comprehensive overview of the City's CIP including current driving factors, reviews of service level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years, including the cost of capital replacement of City assets which has been deferred in the past. The CIP Outlook is released on an annual basis and is used as a guide in developing the City's Annual Capital Improvement Program Budget.

CIP projects include, but are not limited to, public health and safety, right-of-way, neighborhood services, and those required due to federal and state laws and mandates. According to the Fiscal Year 2025 CIP Adopted Budget Volume III (CIP Budget), the multi-year CIP budget citywide is \$19.3 billion, with 53.2% supporting Water and Sewer CIP. This includes every active (Council-approved) CIP project (approximately 1,400 projects), with the timeline for completion ranging from one to three years with some lasting decades into the future, some of these projects are pending identification of eligible future funding sources. The CIP Outlook estimates capital needs for fiscal year 2025 through fiscal year 2029 at approximately \$9.25 billion. The CIP Outlook includes active CIP projects, which are included in the CIP budget, and future requests which have not been formally prioritized or approved by Council and are not included in the CIP budget. The projected available funding in the CIP Outlook is estimated at approximately \$4.44 billion, reflecting an estimated funding gap of \$4.81 billion across the five years. These estimates are now likely higher due to inflationary impacts to construction costs. For the purposes of the CIP Outlook, capital programs related to the enterprise funds are assumed self-sufficient and will be supported by rates and fees upon completion of cost of service studies and the City Council approval of rates necessary to meet operational and capital projections.

Pure Water San Diego is the City's phased, multi-year program that will provide a safe, secure, and sustainable local water supply by turning recycled water into drinkable water through proven purification technology. The first phase, which includes a Pure Water Facility, is anticipated to produce 30 million gallons per day to reduce the use of imported water once operational. The project is financed by both the Water and Sewer Utilities and is budgeted in the Water and Sewer CIP budget.

The City owns and maintains depreciable assets, including but not limited to, streets, bridges, parks, public facilities, and airports. Over the years, the City deferred maintenance and capital expenditures related to some of these assets, which resulted in deterioration of segments of the City's infrastructure. A financial plan for addressing General Fund deferred capital costs and new facilities has been in place over the last ten years, in part through issuances of Lease Revenue Bonds. The General Fund Outlook incorporates projected long-term lease revenue

bond issuances totaling \$1,024.1 million and the related debt service costs to finance General Fund CIP projects (including related Commercial Paper pay down) and future required City matching funds for Stormwater's Water Infrastructure Finance and Innovation Act (WIFIA) loan. This includes a \$379.6 million Lease Revenue Bond issuance in FY 2026 (with debt service beginning in FY 2026), a \$407.8 million Lease Revenue Bond issuance in FY 2028 (with debt service beginning in FY 2029), and a \$236.7 million Lease Revenue Bond issuance in FY 2030 (with debt service beginning in FY 2031, outside the Outlook period). The actual timing and size of each of these bond issuances will be further evaluated based on funding needs and market conditions closer to issuance. Approximately \$394.7 million of the total projected long-term lease revenue bond issuances over the Outlook period are expected to finance prior appropriations including a portion of City matching funds required to support the Stormwater WIFIA loan. The remaining \$629.4 million is expected to be utilized for future appropriations including remaining Stormwater WIFIA matching funds not yet appropriated.

Additionally, the DoF prepares semi-annual CIP Budget Monitoring Reports that highlight the effective cash management and streamlining efforts that enhance internal monitoring and execution of the CIP program. These reports are available at <https://www.sandiego.gov/finance/financialrpts>.

There are significant additional revenue sources restricted for capital projects and infrastructure including: TransNet; Gas Tax; proceeds from real property sales; developer impact fees; and capital grants, that are anticipated to be invested in City infrastructure and deferred maintenance. In 2016, San Diego residents passed Proposition H, a Charter amendment that established an Infrastructure Fund (Fund) to be used exclusively to pay for capital improvements and repair and maintenance of General Fund infrastructure. Beginning in fiscal year 2018, the City is required to deposit 50% of major revenue growth over the base year of fiscal year 2016 into the Fund for five years.

In addition to capital needs, the City has identified significant storm water capital projects in the Watershed Asset Management Plan needed to comply with more stringent water quality regulations (see Note 17). The City has continued to address the new projects and deferred capital costs through its multi-year financing plan and assess the condition of key asset classes.

The City has previously conducted condition assessments on streets, bridges, sidewalks, highest risk storm drains, and most General Fund-owned facilities. These condition assessments are updated on a periodic basis. The current condition assessments and CIP Outlook cover a subset of City assets and represent a portion of the City's deferred maintenance and infrastructure needs. Generally, the City has discretion on the condition levels at which City assets are maintained. Therefore, deferred maintenance on City assets does not constitute a liability of the City. There are, however, significant commitments and contingent liabilities related to infrastructure spending and other requirements disclosed in Notes 17 and 18. Spending priorities on asset maintenance and infrastructure are reassessed annually and incorporated into the budget to ensure that condition level goals are met in a manner that is balanced with other budget priorities and spending requirements.

RESERVES

The City has established what it has determined to be strong financial reserves that position the City to weather significant economic downturns more effectively and manage the consequences of outside agency actions that may result in revenue reductions. These reserves also serve to address unexpected emergencies such as natural disasters and catastrophic events, unanticipated critical expenditures, or legal judgments against the City. The City's approach to establishing and maintaining strong reserves across the spectrum of City operations, including General Fund, Risk Management, and enterprise fund (including Sewer and Water Utilities) operations, is contained in the City's Reserve Policy.

The City's Reserve Policy establishes policy goals, which represent the total reserve level that the City is trying to achieve for each of its reserves (Policy Goal). For those reserves that are not at Policy Goal, the City's Reserve Policy establishes incremental funding levels for each fiscal year (Target Goal) until arriving at full funding.

The table on the following page identifies the Policy Goal, Target Goal (percentage and dollar), and current reserve levels as of the end of fiscal year 2024 for the General Fund, Risk Management, Pension Payment Stabilization, and Public Utility Rate Stabilization Reserves.

Reserve	Policy Goal	FY 24 Target % ⁴	FY 24 Target (In Millions)	FY 24 Reserve (In Millions)
General Fund Emergency Reserve¹	8% of the most recent three year average of annual audited General Fund operating revenues (budgetary basis)	7.21%	\$114.4	\$107.6
General Fund Stability Reserve¹	8.7% of the most recent three year average of annual audited General Fund operating revenues (budgetary basis)	6.37%	\$101.1	\$99.5
Public Liability Reserve²	50% of outstanding public liability claims based on the annual actuarial liability valuations for the three most recent fiscal years	50%	\$38.4	\$35
Workers' Compensation Reserve²	12% of outstanding workers' compensation claims based on the annual actuarial liability valuations for the three most recent fiscal years	12%	\$35.5	\$35.5
Long-Term Disability Reserve²	100% of long-term disability claims based on the annual actuarial liability valuations for the three most recent fiscal years	100%	\$5.0	\$5.0
Pension Payment Stabilization Reserve³	8% of the average of the three most recent Actuarially Determined Contributions	0.5%	\$1.8	\$1.8
Water Rate Stabilization Fund Reserve	5% of prior fiscal year water system total operating revenue	5%	\$28.4	\$45.7
Wastewater Rate Stabilization Fund Reserve	5% of prior fiscal year wastewater system total operating revenue	5%	\$19.1	\$95.3

¹ For purposes of the General Fund Reserve Policy, the General Fund is the operational fund as presented in the City's annual budget document and excludes other funds which are consolidated with the General Fund for presentation in the ACFR in accordance with GASB 54.

² Public Liability, Workers' Compensation, and Long-Term Disability Reserves are based on cash on hand plus contributions receivable balances. The Public Liability Reserve is funded entirely by the General Fund whereas the Workers' Compensation and Long-Term Disability Reserves are citywide funded.

³ This includes enterprise funds reserves of \$1.8 million.

⁴ See Note 1v for additional detail on reserves targets.

General Fund Reserves are comprised of two separate components: (1) the Emergency Reserve, established for the purpose of sustaining General Fund operations in the case of a public emergency; and (2) the Stability Reserve, established to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The Emergency Reserve may be expended only if an event is determined to be a public emergency by a two-thirds vote of the City Council, while appropriations from the Stability Reserve require approval by a simple majority of the City Council.

To determine the reserve dollar amount in accordance with the City's reserve policy, the City calculates the average operating revenues for the General Fund (budgetary basis) based on the three most recent years and applies a percentage to that average. In fiscal year 2017, the City increased its Policy Goal for the Stability Reserve from 6% to 8.7%, while maintaining the Emergency Reserve at 8%, to arrive at the total General Fund Reserve Policy Goal of 16.7%. In December 2022, the City Council approved updates to the Reserve Policy to modify the annual funding targets for the General Fund Emergency Reserve and Stability Reserve, while maintaining the ultimate policy goal of 16.7% for the General Fund by 2030. For fiscal year 2024, the General Fund Emergency Reserve and Stability Reserve had incremental funding targets of 7.21% and 6.37% respectively. The City did not meet its Emergency Reserve Target Goal for fiscal year 2024 of 7.21% or \$114.4 million. In addition, the City did not meet its Stability Reserve Target Goal for fiscal year 2024 of 6.37% or \$101.1 million. This is due to the decision to suspend contributions in the current fiscal year in order to preserve Excess Equity as a resource to support the fiscal year 2025 budget.

The General Fund's Emergency Reserve of \$107.6 million is reported as GAAP committed fund balance in the financial statements. The General Fund's GAAP unassigned fund balance as of June 30, 2024 was \$130.5 million, of which \$99.5 million represents the General Fund's Stability Reserve.

The City also maintains reserves to manage risk, including reserves for the payment of claims and judgments (Public Liability Reserve), a reserve for obligations related to workers' compensation claims (Workers' Compensation Reserve), and a reserve for long-term disability payments for City employees (Long-Term Disability Reserve). Balances exceeding targets are evaluated annually and are available to meet other operating fund needs if necessary. Public Liability and Workers' Compensation Reserves are reported in the financial statements as part of the General Fund's committed fund balance. For fiscal year 2024, Public Liability reserves are below target levels due to a loan to the

Sewer Utility Fund related to the City's Industrial Wastewater Control Program. The Long-Term Disability Reserve is reported as cash in the Miscellaneous Internal Service Fund. Liability claims paid after the end of fiscal year 2024 could reduce risk management reserve balances.

In April 2016, the City created the Pension Payment Stabilization Reserve. The purpose of this reserve is to mitigate service delivery risk by providing a source of funding for increases in the Actuarially Determined Contribution (ADC). The ADC is calculated by the SDCERS actuary as part of its annual Actuarial Valuation Report. Increases in the ADC could be caused by several factors, such as lower than expected investment returns, changes in actuarial assumptions approved by the SDCERS Board including a reduction in the discount rate, and other significant liability experience losses. Contributions to this reserve are not anticipated to occur until the Emergency and Stability Reserves reach the targeted 16.7% balance.

In addition to the reserves listed above, the City's Reserve Policy defines Excess Equity as unassigned fund balance that is not otherwise designated as General Fund Reserves and is available for appropriation. In fiscal year 2024, the General Fund had Excess Equity of \$33.7 million, which excludes amounts assigned for use in the Fiscal Year 2025 Budget. Excess Equity is not treated as a part of the General Fund Reserves and may be used to fund one-time expenditures.

In fiscal year 2024, the Sewer Utility and Water Utility Funds reported balances of \$95.3 million and \$45.7 million, respectively, in the Rate Stabilization Fund (RSF) Reserves. Both funds are in excess of the reserve policy targets which equal 5% of prior fiscal year water and wastewater system total operating revenue. Transfers in and out of the RSFs are made to maintain stable debt service coverage ratios for outstanding debt obligations and mitigate major fluctuations in future rate increases. In fiscal year 2024, the Sewer Utility contributed \$6 million to RSF Reserves and the Water Utility withdrew \$59.4 million from RSF Reserves. In addition to the RSF reserves, the Water and Sewer Utilities maintain various other policy reserves including the Emergency Operating Reserves, Emergency Capital Reserves, and Secondary Purchase Reserves (for Water Utility only), and there were no draws from these reserves in fiscal year 2024.

General Fund Cash Management

The City's General Fund expenditures are typically consistent from month to month over the course of each fiscal year, whereas some of the City's most significant General Fund revenues, such as property tax, fall largely to the second half of the fiscal year. To address this mismatch in receipts and expenditures, the City relies on cash balances from General Fund Reserves and from other eligible operating funds to smooth out the General Fund cash needs during the fiscal year. Additionally, the Charter permits interfund borrowing and the Chief Financial Officer has the authority under the annual Appropriation Ordinance to make interfund loans between funds to cover cash needs. As of June 30, 2024, the City's General Fund and other eligible operating funds had combined cash balance of \$1.0 million, which is a portion of the \$2.1 million cash for reported governmental activities on the Statement of Net Position. Comparatively, the cash balance for the General Fund and Operating Funds was \$1.0 million as of June 30, 2023.

OTHER FINANCIAL POLICIES

In addition to policies related to reserves, budget development, budget monitoring, and the CIP Outlook, the City has adopted a comprehensive set of financial policies including policies on debt management, investments, Capital Improvement Program prioritization, and transparency, among others. A summary of these policies can be found within the City's current year adopted budget online at www.sandiego.gov/finance/annual/vol1.

MAJOR ACCOMPLISHMENTS AND INITIATIVES

In December 2023 in alignment with the Homes for All of Us initiative, the City adopted the Housing Action Package (HAP) 2.0, which implemented state law to allow the construction of more new homes near transit, provides protections to existing residents and increases the supply of land available for new home development. Many of the reforms are focused on protecting the most vulnerable community members, which include people experiencing homelessness, students, seniors and those in areas with very low, low, and moderate access to opportunity. This continues the City's commitment to create regulations that encourage the development of homes for San Diego's diverse population.

In January 2024, Mayor Todd Gloria issued the second executive order in two years to speed up the construction of more housing, continuing the effort and commitment to build more housing faster and reduce housing costs. Last year, the mayor signed an order requiring the City to cut processing times for 100% affordable housing projects from several months to no more than 30 days. In response, the Development Services Department created the Affordable Housing Permit Now program, and over the first year, projects have been fully reviewed in nine days on average. The program has fast tracked 21 projects and 2,356 new affordable homes, with another 478 in process

as of March 2024. These efforts to streamlining permitting are part of the mayor's comprehensive strategy to address San Diego's housing-affordability crisis, which includes the HAP and the Bridge to Home program, which provides gap-financing assistance to help affordable housing projects.

The City is a leader and pioneer in adopting and updating its Climate Action Plan (CAP). First adopted in December 2015, the CAP has been officially revamped and updated with more ambitious goals, targets, and actions as of August 2022. The CAP's new strategies and goals will create a path forward focused on equity and environmental justice, to align with state goals of net zero emissions by 2035, and to incorporate the additional benefits of climate action. The CAP identifies six strategies along with a monitoring and reporting program, where the city will report annually depending on data availability. The six strategies proposed to reach this goal are: (1) Decarbonization of the Built Environment; (2) Access to Clean and Renewable Energy; (3) Mobility and Land Use; (4) Circular Economy and Clean Communities; (5) Resilient Infrastructure and Healthy Ecosystems; and (6) Emerging Climate Actions.

The City put forth its first CAP Annual Report since the adoption of its updated 2022 CAP which serves as an overview of the City's efforts to combat climate change and transition to a sustainable future. Some highlights include adopting the Zero Emissions Municipal Builds & Operations Policy to guide the decarbonization of municipal facilities and transition to a zero-emissions fleet, implementing San Diego Community Power's 100% renewable "Power 100" rate, completing more than 175 miles of new bike lanes in 2022 and 2023, implementing organic waste recycling, and planting 1,586 trees in 2023. As this report demonstrates, the City has made significant progress in implementing the CAP, with initiatives spanning multiple sectors to reduce GHG emissions, promote sustainability and build resilience.

Since the City has implemented the Smart Streetlight and Automated License Plate Reader in November 2023, it has been fulfilling its intended purpose of helping San Diego Police Department solve crimes and keep San Diegans safe. This tool has played a critical role in numerous criminal investigations, contributing to 229 criminal cases in 2024 and resulting in 166 arrests. By continuing to leverage cutting-edge technology, the City of San Diego is demonstrating its commitment to modernizing public safety measures while maintaining high standards for residents' transparency and privacy.

The City has been selected to receive \$240.6 million in low-cost loan financing for dam improvement projects, including Lake Hodges. Mayor Todd Gloria and other local leaders have advocated for federal funding to help replace the Lake Hodges Dam during several visits to the nation's capital. This investment will help the City fund the replacement of the Lake Hodges Dam, including construction of a new roller-compacted concrete dam about 100 feet downstream of the existing dam to meet current dam safety standards and to meet water supply and operational needs.

The City secured \$33.7 million in competitive grant funding from the Affordable Housing and Sustainable Communities program for a San Ysidro housing project, which will create 101 affordable rental units. In addition, the City will also receive funding to assist with the development of the surrounding transportation infrastructure for the project, including ADA accessible pedestrian curb ramps, bike lanes, sidewalks, and new bus shelters as well as expanded weekend trolley service on the Blue Line.

Balancing the General Fund fiscal year 2024 budget involved making strategic decisions in order to support the City's strong commitment to fiscal sustainability. The 2024 budget maintained essential City services and protected the progress the administration has made over the past three years in addressing homelessness, building more housing, keeping the public safe, and fixing roads as well as other critical infrastructure. Effective financial oversight promotes a healthy financial future and the ability to provide outstanding service to communities throughout San Diego.

ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its ACFR for the fiscal year ended June 30, 2023. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized ACFR that satisfied both generally accepted accounting principles and applicable program requirements. In addition, the City has received awards of recognition for its latest budget document from GFOA and the California Society of Municipal Finance Officers.

A *Certificate of Achievement for Excellence in Financial Reporting* is valid for a period of one year. We believe our current ACFR continues to meet the requirements of the Certificate of Achievement for Excellence in Financial Reporting Program, and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the dedication and professionalism of the entire staff of the City's Department of Finance. We wish to thank all City departments for their valuable contributions and thank the staff of San Diego Convention Center Corporation, San Diego Housing Commission and San Diego City Employees' Retirement System for providing component unit information which has been incorporated into this report. We also want to thank the City's independent auditors, Crowe LLP for their work. Finally, we would like to thank Mayor Todd Gloria for his support in maintaining the highest standards of professionalism in management of the City and the Audit Committee for their governance role over the audit of the ACFR.

Respectfully submitted,



Eric Dargan
Chief Operating Officer



Matthew Vespi
Chief Financial Officer



Rolando Charvel
City Comptroller



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of San Diego
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

City of San Diego Current Elected Officials
 (Holding office as of the issuance date of this report)



Mayor Todd Gloria

District 1
 Council President
 Joe LaCava



District 6
 Council President Pro Tem
 Kent Lee

District 2
 Councilmember
 Jennifer Campbell



District 7
 Councilmember
 Raul Campillo

District 3
 Councilmember
 Stephen Whitburn



District 8
 Councilmember
 Vivian Moreno

District 4
 Councilmember
 Henry L. Foster III



District 9
 Councilmember
 Sean Elo-Rivera

District 5
 Councilmember
 Mami von Wilpert



City Attorney
 Heather Ferbert

Other City Officials

Eric Dargan, Chief Operating Officer

Matthew Vespi, Chief Financial Officer

Rolando Charvel, Department of Finance Director/City Comptroller

Elizabeth Correia, City Treasurer

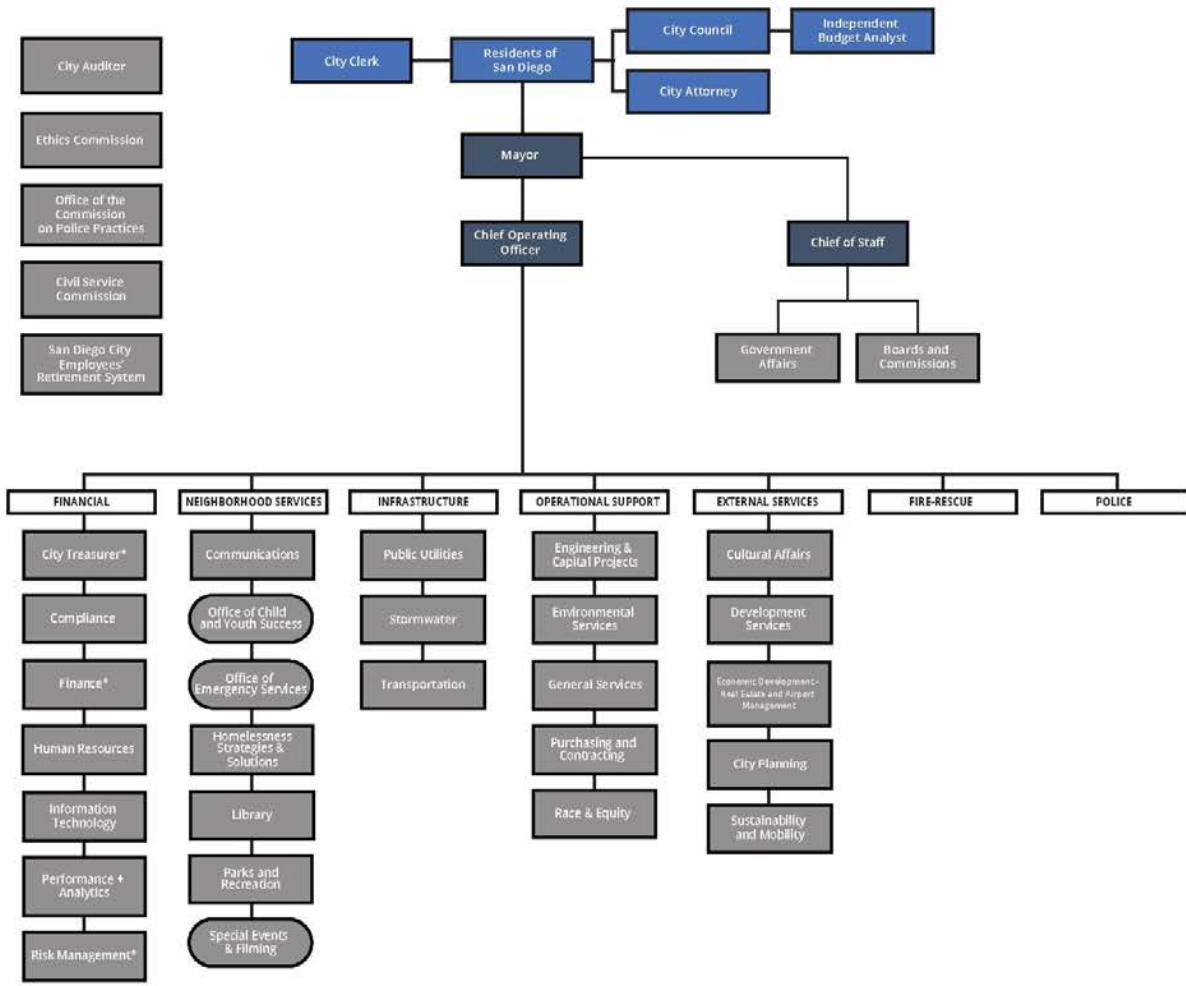
Diana Fuentes, City Clerk

Charles Modica, Independent Budget Analyst

Andy Hanau, City Auditor



City Departments Organizational Chart



*These departments must report to the CFO per Charter or San Diego Municipal Code.



REVISED: 8-27-2024

Financial Section



*Looking north from E Street on 5th Avenue (1923)
Courtesy of San Diego History Center*



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of San Diego, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Diego, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following:

- The financial statements of the San Diego Housing Commission, a discretely presented component unit, which represent 100 percent of the assets, net position, and revenues of the discretely presented component unit as of June 30, 2024.
- The financial statements of the San Diego Convention Center Corporation, Inc., a blended component unit reported as a governmental fund of the City and the financial statements of the San Diego City Employer Retirement System (SDCERS) pension fund, which is a fiduciary fund of the City, when combined represent 78 percent of the assets, 85 percent of the net position, and 51 percent of the combined additions and revenues of the aggregate remaining fund information.

Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for above mentioned funds and entities, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; the schedule of changes in net pension liability and related ratios; the preservation of benefits plan schedule of changes in total pension liability; the pension plans schedule of employer contributions; the schedule of changes in net OPEB liability and related ratios; the OPEB plan schedule of employer contributions; and the general fund schedule of revenues, expenditures and changes in fund balance – budget and actual (budgetary basis), and the note to required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We and other auditors 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of other auditors, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024 on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.



Crowe LLP

Costa Mesa, California
December 18, 2024



MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

As management of the City, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2024. We encourage the reader to consider the information presented here in addition to the information presented in the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The focus of the government-wide financial statements is on reporting the operating results and financial position of the City as an economic entity. These statements are intended to report the City's operational accountability to its readers, giving information about the probable medium and long-term effects of past decisions on the City's financial position.

The Statement of Net Position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the residual amount reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing changes in the City's net position during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The focus is on both gross and net costs of City functions, which are supported by general revenues. This statement also distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include: General Government and Support; Public Safety-Police; Public Safety-Fire and Life Safety and Homeland Security; Parks, Recreation, Culture and Leisure; Transportation; Sanitation and Health; Neighborhood Services; and Interest on Debt Service. The business-type activities of the City include: Sewer Utility; Water Utility; Airports; Development Services; Refuse Disposal; Golf Course; Recycling; and the San Diego Convention Center Corporation (SDCCC).

The government-wide financial statements include the City (known as the primary government) and the San Diego Housing Commission (SDHC), a legally separate, discretely presented component unit. Financial information for this component unit is reported separately from the financial information presented for the primary government. The City also reports a fiduciary component unit, San Diego City Employees' Retirement System (SDCERS), which is not included in the government-wide financial statements. Blended component units, also legally separate entities, are considered a part of the City's operations for reporting purposes and are combined with the primary government.

Included within the primary government as blended component units are the following:

- Convention Center Expansion Financial Authority (CCEFA)
- Public Facilities Financing Authority of the City of San Diego (PFFA)
- City of San Diego Tobacco Settlement Revenue Funding Corporation (TSRFC)
- Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority (EIFDPFA)
- San Diego Convention Center Corporation, Inc. (SDCCC)

The government-wide financial statements can be found beginning on page 48 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statements of Revenues, Expenditures and Changes in Fund Balances for the General Fund, which is a major fund. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the Combining and Individual Fund Financial Statements and Schedules section of this report.

The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with this budget and is presented as required supplementary information.

The basic governmental funds financial statements can be found beginning on page 52 of this report.

PROPRIETARY FUNDS

The City maintains two different types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its various business-type activities, such as Sewer and Water Utilities. Internal service funds, such as Central Stores, Fleet Operations, and Publishing Services, are used to report activities that provide centralized supplies and/or services to the City.

Proprietary funds statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the Sewer and Water Utility funds, which are considered major funds of the City. Data for the nonmajor enterprise funds are combined into a single, aggregated presentation, and the internal service funds are combined into a single, aggregated presentation as well. Included in the Combining and Individual Fund Financial Statements and Schedules section of this report are individual fund data for the nonmajor enterprise funds and the internal service funds.

The basic proprietary funds financial statements can be found beginning on page 58 of this report.

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's operations. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains three types of fiduciary funds: pension trust, private-purpose trust, and custodial funds. Pension trust funds consist of one fiduciary component unit, SDCERS, which is a defined benefit retirement plan. The private-purpose trust fund is used to account for activity of

the Successor Agency of the Redevelopment Agency of the City of San Diego (Successor Agency). Custodial funds are used to account for assets held by the City as an agent for individuals, private organizations or other governments.

The basic fiduciary funds financial statements can be found beginning on page 64 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 67 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding: changes in the City's Net Pension Liability (NPL); changes in the City's total pension liability for the Preservation of Benefits (POB) Plan; changes in the City's Net Other Postemployment Benefits (OPEB) Liability; employer contributions to the pension plan; and employer contributions to the postemployment healthcare benefits plan. The required supplementary information also includes a budgetary comparison schedule for the General Fund. Required supplementary information can be found beginning on page 179 of this report.

Immediately following the required supplementary information are the General Fund supplementary schedules on revenues and expenditures, which can be found beginning on page 195. The individual fund data referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds begin on page 205.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

CITY OF SAN DIEGO'S CONDENSED STATEMENT OF NET POSITION (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Capital Assets	\$ 5,848,545	\$ 5,587,925	\$ 7,999,791	\$ 7,450,438	\$ 13,848,336	\$ 13,038,363
Other Assets	3,867,819	3,856,965	1,346,600	1,348,088	5,214,419	5,205,053
Total Assets	9,716,364	9,444,890	9,346,391	8,798,526	19,062,755	18,243,416
Deferred Outflows of Resources	537,885	427,231	185,203	166,526	723,088	593,757
Net Long-Term Liabilities	4,018,706	3,953,460	3,630,727	3,332,133	7,649,433	7,285,593
Other Liabilities	544,011	465,403	537,153	307,542	1,081,164	772,945
Total Liabilities	4,562,717	4,418,863	4,167,880	3,639,675	8,730,597	8,058,538
Deferred Inflows of Resources	756,996	847,971	44,178	54,126	801,174	902,097
Net Position						
Net Investment in Capital Assets	4,862,373	4,646,243	5,078,838	4,955,423	9,941,211	9,601,666
Restricted	1,984,178	1,971,669	14,766	13,170	1,998,944	1,984,839
Unrestricted	(1,912,015)	(2,012,625)	225,932	302,658	(1,686,083)	(1,709,967)
Total Net Position	\$ 4,934,536	\$ 4,605,287	\$ 5,319,536	\$ 5,271,251	\$ 10,254,072	\$ 9,876,538

As noted earlier in the overview of the government-wide financial statements, over time, changes in net position may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,254,072 as of June 30, 2024, an increase of \$377,534, or 4% over fiscal year 2023.

The City's Net Investment in Capital Assets is \$9,941,211. This includes land, construction-in-progress, structures and improvements, equipment, infrastructure, right-to-use leased assets, and right-to-use subscription assets less any outstanding debt used to acquire these assets and the related deferred outflows/inflows of resources. The City uses these capital assets to provide services to citizens, and

consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves are not generally used to liquidate these liabilities.

Restricted Net Position is \$1,998,944, representing resources that are subject to external restrictions on how they may be used. The amount of (\$1,686,083) represents the Unrestricted Net Position deficit. This deficit largely reflects the combined Pension Liabilities of \$2,801,966, including liabilities reported in accordance with GASB Statement Nos. 68 and 73, combined with the OPEB Liability of \$400,251 reported in accordance with GASB Statement No. 75. Additional information regarding pension matters, including the City's funding policy, can be found in Note 12, and additional OPEB information can be found in Note 13.

The City's Deferred Outflows of Resources increased by \$129,331, or approximately 22%, and the City's Deferred Inflows of Resources decreased by \$100,923, or approximately 11%. Both variances were primarily due to the net changes in pension related deferred outflows and inflows of resources. For more information on the components of Deferred Outflows and Inflows of Resources related to pensions, see Note 12.

Total Net Position resulting from governmental activities increased by \$329,249, or approximately 7%. This was comprised of an increase in the Net Investment in Capital Assets of \$216,130, or approximately 5%, an increase in Restricted Net Position of \$12,509, or approximately 1%, and an increase in Unrestricted Net Position of \$100,610, or approximately 5%.

Total Net Position resulting from business-type activities remained stable, with an increase of \$48,285, or approximately 1%. The Net Investment in Capital Assets increased by \$123,415, or approximately 2%. The Restricted Net Position increased by \$1,596, or approximately 12%. Unrestricted Net Position decreased by \$76,726, or approximately 25%, which was mainly attributed to the use of Unrestricted Net Position to fund the additions of capital assets for the Sewer and Water Utility Funds.

CITY OF SAN DIEGO'S CONDENSED STATEMENT OF ACTIVITIES
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Charges for Services	\$ 758,015	\$ 598,823	\$ 1,244,250	\$ 1,231,800	\$ 2,002,265	\$ 1,830,623
Operating Grants and Contributions	285,280	334,629	48,639	11,792	333,919	346,421
Capital Grants and Contributions	85,590	64,055	79,438	79,930	165,028	143,985
General Revenues						
Property Taxes	797,261	745,039	—	—	797,261	745,039
Transient Occupancy Taxes	308,214	312,437	—	—	308,214	312,437
Sales Taxes - Shared State Revenue	437,203	445,659	—	—	437,203	445,659
Franchises	153,829	145,741	—	—	153,829	145,741
Other Local Taxes	83,445	79,593	—	—	83,445	79,593
Investment Income	110,684	45,273	36,924	19,873	147,608	65,146
Other	130,380	118,841	22,991	40,518	153,371	159,359
Total Revenues	3,149,901	2,890,090	1,432,242	1,383,913	4,582,143	4,274,003
Expenses:						
General Government and Support	435,636	445,390	—	—	435,636	445,390
Public Safety-Police	636,372	554,899	—	—	636,372	554,899
Public Safety-Fire and Emergency Services	469,132	339,715	—	—	469,132	339,715
Parks, Recreation, Culture and Leisure	508,833	431,442	—	—	508,833	431,442
Transportation	339,733	261,215	—	—	339,733	261,215
Sanitation and Health	194,254	173,645	—	—	194,254	173,645
Neighborhood Services	197,802	146,642	—	—	197,802	146,642
Interest on Debt Service	31,039	32,255	—	—	31,039	32,255
Sewer Utility	—	—	439,751	394,721	439,751	394,721
Water Utility	—	—	660,158	608,842	660,158	608,842
Airports	—	—	10,599	5,897	10,599	5,897
Development Services	—	—	125,552	102,766	125,552	102,766
Refuse Disposal	—	—	45,617	47,873	45,617	47,873
Golf Course	—	—	27,786	24,397	27,786	24,397
Recycling	—	—	31,522	25,542	31,522	25,542
San Diego Convention Center Corporation	—	—	50,823	45,632	50,823	45,632
Total Expenses	2,812,801	2,385,203	1,391,808	1,255,670	4,204,609	3,640,873
Transfers	(7,851)	(2,426)	7,851	2,426	—	—
Change in Net Position	329,249	502,461	48,285	130,669	377,534	633,130
Net Position - July 1	4,605,287	4,102,826	5,271,251	5,140,582	9,876,538	9,243,408
Net Position - June 30	\$ 4,934,536	\$ 4,605,287	\$ 5,319,536	\$ 5,271,251	\$ 10,254,072	\$ 9,876,538

GOVERNMENTAL ACTIVITIES

Governmental activities increased the City's net position by \$329,249 during fiscal year 2024. Variances from fiscal year 2023 exceeding 10% and \$5,000 are discussed below.

- Charges for Services increased by \$159,192, or approximately 27%, primarily due to the City's implementation of the Alliance Model for emergency medical services (EMS) delivery, which designates the City as the provider of record and allows the City to assume the medical billing and collections for EMS. In addition, there was an increase in the General Fund reimbursements from the Transient Occupancy Tax Fund for safety and maintenance of visitor-related facilities and an increase in revenue generated by the Engineering and Capital Projects Department due to a change in their load and overhead rates.
- Operating Grants and Contributions decreased by \$49,349, or approximately 15%, primarily due to a decrease in the recognition of American Rescue Plan Act (ARPA) funds in fiscal year 2024. This was partially offset by an increase in San Diego Gas & Electric franchise revenue.
- Capital Grants and Contributions increased by \$21,535, or approximately 34%, primarily due to the reclassification of Impact Fees and Regional Transportation Congestion Improvement Program (RTCIP) Fees received from developers that are now restricted to specific functions. These fees were not restricted previously and were reported as general revenues in fiscal year 2023. This reclassification resulted in an offsetting decrease to Other Revenue. Partially offsetting the reclassification was a decrease in land donations and developer contributed assets for various transportation related projects throughout the City.
- Investment Income increased by \$65,411, or approximately 144%, primarily due to a cumulative increase in interest rates between fiscal years 2023 and 2024. Pooled cash amounts invested in securities that matured during fiscal year 2024 were reinvested at higher rates of interest. The net change in unrealized gains and losses also contributed to the increase.
- Other Revenue increased by \$11,539, or approximately 10%, primarily due to the sale of the Horton House and Columbia Tower apartment buildings for low-moderate income housing projects.
- Public Safety-Police expense increased \$81,473, approximately 15%, primarily due to increases in pension expense and salaries associated with overtime, negotiated pay increases, and vacant positions being filled.
- Public Safety-Fire and Emergency Services expense increased by \$129,417, or approximately 38%, primarily due to the City's implementation of the Alliance Model for EMS delivery, which requires the City to purchase ambulance unit hours to staff the EMS system. In addition, there were increases in pension expense and salaries associated with overtime, negotiated pay increases, and vacant positions being filled.
- Parks, Recreation, Culture and Leisure expense increased by \$77,391, or approximately 18%, primarily due to increases in pension expense and salaries associated with negotiated pay increases as well as hourly wages required to maintain full operations at recreation centers.
- Transportation expense increased by \$78,518, or approximately 30%, primarily due to increases in pension expense and salaries associated with overtime, negotiated pay increases, and vacant positions being filled. A large increase in slurry seal projects also contributed to the variance.
- Sanitation and Health expense increased by \$20,609, or approximately 12%, primarily due to the addition of the Clean SD Program, which was transferred to the General Fund from the Refuse Disposal Fund during fiscal year 2024, as well as increases in pension expense and salaries associated with negotiated pay increases. These increases were partially offset by a decrease in expenses related to SB1383 compliance.
- Neighborhood Services expense increased by \$51,160, or approximately 35%, primarily due to increases in the Homelessness Strategies and Solutions Department associated with homeless shelters and services as well as prevention programming.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$48,285 during fiscal year 2024. Variances from fiscal year 2023 exceeding 10% and \$5,000 are discussed below.

- Operating Grants and Contributions increased by \$36,847, or approximately 312%, primarily due to COVID-19 relief payments received from the California Water and Wastewater Arrearage Payment Program.
- Investment income increased by \$17,051, or approximately 86%, primarily due to a cumulative increase in interest rates between fiscal years 2023 and 2024. Pooled cash amounts invested in securities that matured during fiscal year 2024 were reinvested at higher rates of interest. The net change in unrealized gains and losses also contributed to the increase.
- Other Revenue decreased by \$17,527, approximately 43%, primarily due to one-time revenues received during fiscal year 2023, including a refund from the General Fund for rent payments on 101 Ash and a refund from the County Water Authority for past Metropolitan Water District overcharges. In addition, reimbursements from the County Water Authority and Santa Fe Irrigation District for dam improvement projects decreased due to fewer dam projects happening during fiscal year 2024.
- Sewer Utility expense increased by \$45,030, or approximately 11%, primarily due to an increase in pension expense, increases in salaries associated with negotiated pay increases, and increases in contractual expenses related to the Pure Water Program and coastal erosion monitoring. In addition, there was an increase in accrued expenses for refunds to the Metropolitan Wastewater System's participating agencies for past overpayments.
- Development Services expense increased by \$22,786, or approximately 22%, primarily due to an increase in pension expense, as well as increased salaries associated with negotiated pay increases and vacant positions being filled.
- Recycling expense increased by \$5,980, or approximately 23%, primarily due an increase in pension expense, increases in salaries associated with negotiated pay increases, vacant positions being filled, and initial costs associated with the implementation of Waste Management Measure B.
- SDCCC expense increased by \$5,191, or approximately 11%, primarily due to increased salaries and fringe benefits. This was the result of pay increases, higher retirement contributions, and newly created positions to address building rehabilitation and maintenance needs.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, governmental fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported. As of the end of fiscal year 2024, the City's governmental funds reported combined ending fund balances of \$2,343,203, an increase of \$13,262 from fiscal year 2023. The General Fund and Other Governmental Funds had unassigned fund balances/(deficits) of \$130,480 and \$(173,746), respectively, with a combined unassigned fund balance of \$(43,266). The General Fund unassigned fund balance of \$130,480 includes the Stability Reserve of \$99,500. The restricted, committed, and assigned fund balances are (1) to liquidate contracts and purchase orders of the period, (2) to pay debt service, (3) to generate income to pay for the perpetual funding of various programs, (4) for use in the subsequent year's budget, (5) for emergency reserves, or (6) for a variety of other purposes, and are not available for new spending.

The General Fund is the principal operating fund of the City. Total Fund Balance for the General Fund was \$530,443. General Fund revenues totaled \$2,367,386, which was an increase of \$142,525 over fiscal year 2023. This increase was attributed to several categories, including Property Taxes with an increase of \$49,376, and Charges for Services with an increase of \$153,403. The Property Tax increase was attributed to San Diego's economy and strong real estate market, including higher home prices, stable unemployment rates, growth of

the California Consumer Price Index, and continued demand for limited housing stock. Charges for Services increased primarily due to the City assuming the medical billing and collections for emergency medical services. In addition, the General Fund reimbursements from the Transient Occupancy Tax Fund for safety and maintenance of visitor-related facilities increased, as did the revenue generated by the Engineering and Capital Projects Department, due to a change in their load and overhead rates. These increases were partially offset by Revenue from Federal Agencies which decreased by \$93,629, due to a decrease in recognition of ARPA funds to support City services. General Fund expenditures totaled \$2,377,825, which was an increase of \$240,502 over fiscal year 2023. This was mainly attributed to negotiated salary increases and related fringe benefit costs for the City's six Recognized Employee Organizations.

PROPRIETARY FUNDS

The City's proprietary fund statements provide the same type of information found in business-type activities in the government-wide financial statement, but in more detail.

As of the end of fiscal year 2024, total Net Position for the Sewer Utility Fund remained stable at \$2,823,737, an increase of \$36,028, or approximately 1% over fiscal year 2023. The Net Investment in Capital Assets increased by \$85,717, or approximately 3%. This was comprised of: a net increase in capital assets of \$241,027, mainly in the Infrastructure category; a net increase in capital related debt of \$149,091; and a decrease in associated deferred outflows of resources of \$6,218. Unrestricted Net Position was \$66,412, which was a decrease of \$48,399 or approximately 42% from fiscal year 2023. This was primarily due to the use of Unrestricted Net Position to fund the additions of capital assets.

Total Net Position for the Water Utility Fund remained stable as well, at \$2,283,655, a decrease of \$13,152, or approximately 1% from fiscal year 2023. The Net Investment in Capital Assets increased by \$35,379, or approximately 2%. This was comprised of: a net increase in capital assets of \$312,226, mainly in the Infrastructure category; a net increase in capital related debt of \$273,699; a decrease in related deferred outflows of resources of \$3,565; and a decrease in related deferred inflows of resources of \$417. Unrestricted Net Position was \$121,023, which was a decrease of \$49,151, or approximately 29% from fiscal year 2023. This was primarily due to the use of Unrestricted Net Position to fund the additions of capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following General Fund budgetary highlights include only those funds associated with General Fund operations as reported in the City's budget, and exclude the additional budgeted funds included with the General Fund for Generally Accepted Accounting Principles (GAAP) reporting purposes.

Actual revenues earned in the General Fund were \$12,981 higher than budgeted. Property taxes were over budget by \$12,200 mainly due to a higher-than-anticipated increase in the number of homes sold and the assessed values of properties. Sales taxes were under budget by \$24,707 mainly due to a continued declining trend in sales tax receipts collected. The development of the Adopted Budget assumed a slowing of the economy as consumers respond to prolonged elevated inflation, however it did not anticipate consumers to pull back so significantly on discretionary spending. Licenses and permits were under budget by \$5,591 which was primarily due to a reduction in recreational cannabis business tax caused by a continued decline in monthly gross receipts reported by outlets. This decline is due to increased competition in neighboring municipalities and delivery services. Charges for services were over budget by \$14,275 mainly due to an increase in services rendered and reimbursements from other funds. Other Revenue was over budget by \$18,748 which was primarily due to settlement proceeds from Monsanto.

Actual expenditures for the General Fund were \$15,793 under budget, primarily in the General Government and Support related departments. This was mainly due to vacant positions as well as savings in non-personnel expenditures resulting from the suspension of non-essential spending.

CAPITAL ASSET AND DEBT ADMINISTRATION

CITY OF SAN DIEGO'S CAPITAL ASSETS
(Net of Accumulated Depreciation)
(Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Land and Rights of Way	\$ 1,955,661	\$ 1,945,604	\$ 107,682	\$ 107,446	\$ 2,063,343	\$ 2,053,050
Easements	10,832	9,082	9,396	9,809	20,228	18,891
Artwork/Historical Treasures	5,052	5,052	1,875	1,875	6,927	6,927
Construction in Progress	672,860	523,090	1,777,122	1,260,215	2,449,982	1,783,305
Structures and Improvements	702,518	729,169	1,343,077	1,365,642	2,045,595	2,094,811
Equipment	323,386	288,815	129,463	128,841	452,849	417,656
Intangible Equipment	17,005	19,394	29,650	31,440	46,655	50,834
Distribution and Collection Systems	—	—	4,591,466	4,528,662	4,591,466	4,528,662
Infrastructure	2,047,896	1,966,218	—	—	2,047,896	1,966,218
Right-to-Use Leased Assets	76,897	86,624	8,132	13,147	85,029	99,771
Right-to-Use Leased Subscriptions	36,438	14,877	1,928	3,361	38,366	18,238
Totals	<u>\$ 5,848,545</u>	<u>\$ 5,587,925</u>	<u>\$ 7,999,791</u>	<u>\$ 7,450,438</u>	<u>\$ 13,848,336</u>	<u>\$ 13,038,363</u>

CAPITAL ASSETS

In accordance with GAAP, all major assets such as land, structures, streets, signals, bridges, storm drains, distribution and collection systems for water and sewer, and intangible assets are capitalized by the City in the government-wide statements. While capital assets of both governmental and proprietary funds are capitalized at the government-wide level, only the proprietary funds report capital assets at the fund level. Governmental funds are reported on a modified accrual basis. Differences between reporting at the fund level and government-wide level for these governmental assets are explained in both the reconciliation and the accompanying notes to the basic financial statements.

The City's investment in capital assets (including infrastructure) for governmental and business-type activities as of June 30, 2024 was \$13,848,336 (net of accumulated depreciation/amortization), which was an increase of \$809,973 over fiscal year 2023. Readers interested in more detailed information on capital asset activity should refer to Note 4.

HIGHLIGHTS OF FISCAL YEAR 2024 CAPITAL IMPROVEMENT PROGRAM (CIP) ACTIVITIESGovernmental Activities

- The asphalt overlay of approximately 75 miles of roads citywide was completed during fiscal year 2024. These projects provided for resurfacing and reconstruction of City streets to maintain the streets in serviceable condition and mitigate roadway deterioration. These projects were funded with various sources including TransNet, trench cut fees, debt financing, and Gas Tax funds. Fiscal year 2024 expenditures for these projects totaled \$63,497.
- The East Village Green Phase 1 project, in the downtown area of San Diego, includes a recreation center, comfort station, below-grade parking, off-leash dog park, children's play area, outdoor seating, and landscaping. Construction began in fiscal year 2023 and is anticipated to be completed in fiscal year 2026. Fiscal year 2024 expenditures for this project totaled \$29,073.
- The annual allocation for drainage projects provides for reconstruction and replacement of failing drainage facilities citywide. There are currently over 900 miles of storm drains in the City of San Diego. Fiscal year 2024 expenditures for drainage projects totaled \$56,984.

- The La Media Road Improvements project will improve and reconfigure La Media Road between SR-905 and Siempre Viva Road. La Media Road will be upgraded to a six-lane primary arterial from SR-905 to Airway Road and a five-lane major between Airway Road and Siempre Viva Road, with three southbound lanes and two northbound lanes. This project will also improve drainage at the intersection of La Media Road and Airway Road. La Media Road is part of the designated truck route for the Otay Mesa Port of Entry. These improvements are needed to accommodate future development and future truck traffic. Fiscal Year 2024 expenditures for this project totaled \$23,173.
- The Balboa Park Botanical Building Improvements project provides for the enhancement and restoration of the Balboa Park Botanical Building. Improvements include the restoration of the window arcades, fabrication and installation of the arched store front and doors, restoration of the cupola, lattice work, structural repairs and upgrades, addition of a storage and maintenance area, hardscape and landscape improvements, lighting and electrical upgrades, and accessibility enhancements. Fiscal year 2024 expenditures for this project totaled \$12,512.
- The Pacific Highlands Ranch Branch Library project provides for a new branch library facility on a 1.5-acre site in Pacific Highlands Ranch to serve the entire North City Future Urbanizing Area (NCFUA). The design for this facility includes but is not limited to children and teen areas, several study rooms, a computer area, community meeting room with a catering kitchen, Friends of the Library room, and patios off of the library. Fiscal year 2024 expenditures for this project totaled \$9,840.

Business-Type Activities

- The Water Main Replacements Annual Allocation allows for the installation/replacement of water mains at various locations throughout the city. Water mains require replacement due to their deteriorated condition or size limitation. The existing pipeline is either approaching or has exceeded its expected life. The replacement of cast iron pipes is mandated by the California Department of Public Health's (CDPH) Compliance Order. Fiscal year 2024 expenses for these projects totaled \$96,755.
- The Sewer Main Replacements Annual Allocation provides for the installation/replacement of sewer mains at various locations within the Municipal Wastewater System. Sewer mains require replacement due to their deteriorated condition or their undersized condition. Fiscal year 2024 expenses for these projects totaled \$79,079.
- The Pure Water Program reduces reliance on external water sources by providing an uninterrupted local water supply. The Pure Water Program will be implemented in two phases. Phase I of the Program includes the design and construction of several facilities, two of which are the North City Water Reclamation Plant, and the upgrade to the Metro Biosolids Center (MBC) Facility. The capacity and location of the Phase II Pure Water project will be determined once Phase II Pure Water Program validation is complete. Fiscal year 2024 expenses for these projects totaled \$364,473.
- The Metro Biosolids Center Equipment Upgrades Project consists of replacing aging equipment throughout various process areas to ensure the plant operates reliably. Improvements include installation of new raw solids feed pumps, replacement of existing thickening centrifuges, upgrades to anaerobic digesters, and improvements to the sludge dewatering system. Approximately 33 percent of all Metro Sewer Utility Fund expenditures related to this project are funded by Participating Agencies. Fiscal year 2024 expenses for this project totaled \$17,332.
- The Harbor Drive Trunk Sewer project will upsize the existing 12-inch, 15-inch, 18-inch, and 24-inch Harbor Drive Trunk Sewer from 12th Avenue and Imperial Avenue to Sewer Pump Station #5 (Beardsley Street and Harbor Drive) with 18-inch, 21-inch, and 30-inch diameter sewer mains for a total length of 4,650 lineal feet. The Harbor Drive Trunk Sewer is constructed of Techite pipe, which is known to be a high risk for catastrophic failure. The replacement of this trunk sewer will address the structural integrity of the existing sewer mains and provide additional capacity to accommodate growth and future flows. Fiscal year 2024 expenses for this project totaled \$12,769.

COMMITMENTS AND RESTRICTIONS

The City has contractual commitments related to its CIP program which have been encumbered in the applicable funds. The following table provides a breakdown of these commitments:

General Fund ¹	\$ 7,568
Nonmajor Governmental Funds	222,744
Sewer Utility	323,368
Water Utility	395,791
Nonmajor Enterprise Funds	20,114
Internal Service Funds	629
Total Contractual Commitments	<u>\$ 970,214</u>

¹ General Fund amount includes funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB 54.

Total Contractual Commitments at the end of fiscal year 2024 were \$970,214, which was a decrease of \$2,685, or 0.3%, from fiscal year 2023, primarily due to the timing of contract awards and progress of continuing projects.

In addition, there are restrictions on City financial resources externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or constraints imposed by law through constitutional provision or enabling legislation, including the Charter. Note 21 identifies restrictions on governmental fund balances. Additional restrictions exist related to revenues of enterprise funds which can only be used for costs related to the particular enterprise.

LONG-TERM DEBT

At the end of fiscal year 2024, the City, including blended component units, had total long-term and commercial paper debt outstanding of \$3,350,652 as follows:

CITY OF SAN DIEGO'S OUTSTANDING DEBT (Dollars in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2024	2023	2024	2023	2024	2023
Leases Payable	81,730	\$ 90,594	\$ 8,503	\$ 13,580	\$ 90,233	\$ 104,174
SBITAs Payable	30,877	12,754	1,746	3,043	32,623	15,797
Financed Purchase Obligations	87,070	89,488	—	—	87,070	89,488
QECC Lease Obligations	2,031	3,011	—	—	2,031	3,011
Loans Payable	657	27,149	856,948	432,256	857,605	459,405
Section 108 Loans Payable	485	942	—	—	485	942
Revenue Bonds/Lease Revenue Bonds	604,195	639,360	1,640,130	1,739,435	2,244,325	2,378,795
Tobacco Settlement Asset-Backed Bonds	36,280	44,865	—	—	36,280	44,865
Totals	<u>\$ 843,325</u>	<u>\$ 908,163</u>	<u>\$ 2,507,327</u>	<u>\$ 2,188,314</u>	<u>\$ 3,350,652</u>	<u>\$ 3,096,477</u>

Governmental Activities

Total principal payments on long-term debt were \$119,016. Included in this amount were \$43,750 for bonds payable, \$12,190 for leases payable, \$13,149 for SBITAs payable, \$26,949 for loans payable, \$980 for Qualified Energy Conservation Bonds (QECC), and \$21,998 for financed purchase obligations.

Readers interested in more detailed information regarding governmental activities long-term liabilities should refer to Note 5.

Business-Type Activities

The City's Sewer Utility Fund received the following State Revolving Fund (SRF) loan disbursements from the California State Water Resources Control Board:

- \$992 for the Metro Biosolids Center Dewatering Centrifuge Replacement Project
- \$5,837 for the Pump Station 2 Power Reliability and Surge Protection Project
- \$56,283 for Pure Water North City Conveyance System Project
- \$69,044 for Pure Water North City Morena Boulevard Project
- \$76,810 for the Pure Water North City Water Reclamation Plant Expansion Project
- \$2,078 for the Pure Water Metro Biosolids Center Improvements Project

The City's Water Utility Fund received one State Revolving Fund (SRF) loan disbursements from the California State Water Resources Control Board in the amount of \$1,639 for the Morena Pipeline Project.

In November 2018, the City and the United States Environmental Protection Agency (USEPA) executed the WIFIA loan agreement in an amount up to \$614,000 payable from net system revenues of the Water Utility Fund. This WIFIA Loan will fund a portion of the Water Utility's cost of the Pure Water Program Phase I. This agreement was replaced in September 2020 (First WIFIA Loan), which kept the same terms with some administrative updates, but at a lower interest rate. During fiscal year 2024, the City received additional loan proceeds in the amount of \$183,463 at a rate of 1.29%.

On February 15, 2024, the City of San Diego executed a \$40,000 loan with the California Infrastructure and Economic Development Bank's (IBank) at a 3.89% rate per annum. This loan will partially fund the relocation of the existing Miramar Greenery and construction of an organics processing facility at the Miramar Landfill. The repayment period of this loan is 20 years with a final maturity date of August 1, 2043, and the loan is payable solely from installment payments secured by Net System Revenues of the Refuse Disposal Enterprise Fund.

Total principal payments on long-term debt were \$117,404. Included in this amount was \$5,077 for leases payable, \$1,568 for SBITAs payable, \$11,454 for loans payable, and \$99,305 for bonds payable.

Readers interested in more detailed information regarding business-type activities long-term liabilities should refer to Note 6.

As of the issuance of this report, the City's Implied General Obligation (GO) / Issuer Credit Ratings and credit ratings on outstanding Lease Revenue Bonds and Revenue Bonds are as follows:

	Fitch Ratings	Moody's Investors Service	Standard & Poor's
Implied GO/Issuer Credit Rating ¹	AA+	Aa2	AA
Outlook	Stable	Stable	Stable
Lease Revenue Bonds ¹	AA	—	AA-
Outlook	Stable	—	Stable
Wastewater System Bonds (Senior Bonds)	AA	—	AA+
Outlook	Stable	—	Stable
Wastewater System Bonds (Subordinate Bonds)	AA	—	AA
Outlook	Stable	—	Stable
Water System Bonds (Senior Bonds) ²	AA	Aa2	—
Outlook	Stable	Stable	—
Water System Bonds (Subordinate Bonds)	AA-	Aa3	—
Outlook	Stable	Stable	—

¹ On June 25, 2024 the Implied GO/Issuer Credit Rating was upgraded by Fitch to AA+ from AA and the Lease Revenue Bond Rating to AA from AA- while maintaining a Stable outlook for both.

² In addition, certain Water System Senior Bonds are rated by Kroll Bond Rating Agency with an AA Rating and a Stable outlook. On June 4, 2024, the rating was lowered from AA+ to AA with a Stable outlook.

Additional information on the City's long-term debt can be found in the accompanying notes to the financial statements.

OTHER INFORMATION

Recognized Employee Organization (REO) Agreements

City employees are represented by six REOs. The City reached successor collective bargaining agreements with the Municipal Employees Association (MEA), American Federation of State, County, and Municipal Employees (AFSCME Local 127), Police Officers Association (POA), International Association of Firefighters (Local 145), and Teamsters (Local 911), and the Deputy City Attorneys Association (DCAA). Employees represented by these REOs received general salary increases ranging between 5% and 10% during fiscal year 2024. Also, the bargaining agreements included special salary adjustments for multiple job classifications ranging between 5.1% and 10% in addition to other compensation and benefit adjustments in fiscal year 2024.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be sent to the Department of Finance at DOF@sanidiego.gov. This financial report, and several other finance related reports, is also available on the City's website at www.sandiego.gov, under the Department of Finance. Additional information intended for the investor community is available on the Investor Relations page also located on the City's website listed above.

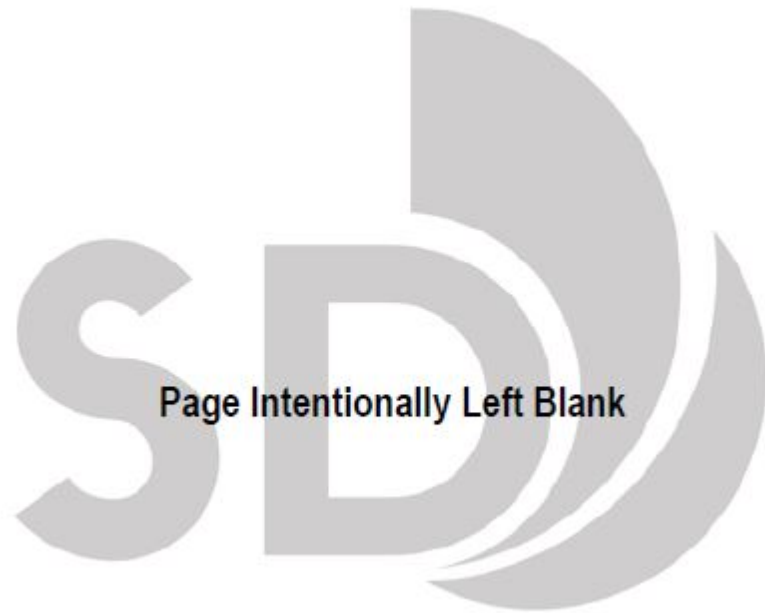


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Basic Financial Statements



*Spreckels Theatre, Broadway between 1st & 2nd Avenue (1918)
Courtesy of San Diego History Center*



STATEMENT OF NET POSITION
June 30, 2024
(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	San Diego Housing Commission
ASSETS				
Cash and Investments	\$ 2,140,168	\$ 705,267	\$ 2,845,435	\$ 184,584
Receivables:				
Taxes - Net of Allowance for Uncollectibles	226,300	—	226,300	—
Accounts - Net of Allowance for Uncollectibles	71,094	314,011	385,105	37,321
Claims	27,802	—	27,802	—
Contributions	3,979	—	3,979	—
Special Assessments	4,849	—	4,849	—
Notes	334,045	—	334,045	462,560
Loans	48,494	—	48,494	—
Accrued Interest	10,816	4,132	14,948	84,775
Grants	88,509	1,674	90,183	—
From Other Funds	3,431	—	3,431	—
From Other Agencies	7,590	—	7,590	—
Leases	677,985	34,120	712,105	91,973
PPPs	89,184	6,450	95,634	—
Advances to Other Agencies	47,485	—	47,485	—
Internal Balances	(13,659)	13,659	—	—
Prepaid Expenses	—	25,920	25,920	3,843
Inventories	1,813	123,496	125,309	—
Land Held for Resale	17,769	—	17,769	—
Restricted Cash and Investments	80,165	117,727	197,892	11,926
Other Assets	—	144	144	3,361
Capital Assets - Non-Depreciable	2,644,405	1,896,075	4,540,480	123,895
Capital Assets - Depreciable	3,204,140	6,103,716	9,307,856	313,658
TOTAL ASSETS	9,716,364	9,346,391	19,062,755	1,317,896
DEFERRED OUTFLOWS OF RESOURCES				
Loss on Refunding	10,714	65,183	75,897	—
OPEB Related	32,962	8,948	41,910	—
Pension Related	494,209	111,072	605,281	—
TOTAL DEFERRED OUTFLOWS OF RESOURCES	537,885	185,203	723,088	—
LIABILITIES				
Accounts Payable	225,914	213,486	439,400	20,787
Accrued Wages and Benefits	80,062	18,938	99,000	3,097
Other Accrued Liabilities	48,373	43,354	91,727	12,368
Interest Accrued on Long-Term Debt	7,142	29,789	36,931	17,561
Long-Term Liabilities Due Within One Year	221,091	177,901	398,992	10,327
Due to Other Funds	—	3,432	3,432	—
Unearned Revenue	115,920	45,097	161,017	10,961
Notes Payable	—	33,400	33,400	—

STATEMENT OF NET POSITION (Continued)
June 30, 2024
(Dollars in Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	San Diego Housing Commission
LIABILITIES (Continued)				
Commercial Paper Notes Payable	\$ 66,600	\$ 122,656	\$ 189,256	\$ —
Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	—	18,760	18,760	3,211
Deposits/Advances from Others	—	8,241	8,241	—
Long-Term Liabilities Due After One Year:				
Compensated Absences	51,068	12,242	63,310	—
Liability Claims	319,403	178,957	498,360	—
Reimbursement Agreement Obligations	22,684	—	22,684	—
Leases Payable	69,879	4,209	74,088	—
SBITAs Payable	21,672	376	22,048	1,926
Financed Purchase Obligations	68,317	—	68,317	—
QECB Lease Obligations	1,027	—	1,027	—
Notes Payable	—	—	—	258,249
Loans Payable	501	840,967	841,468	—
Net Bonds Payable	647,497	1,746,778	2,394,275	—
Estimated Landfill Closure and Postclosure Care	—	62,647	62,647	—
Net Other Postemployment Benefits Liability	309,596	90,655	400,251	—
Pension Liabilities	2,285,971	515,995	2,801,966	—
TOTAL LIABILITIES	4,562,717	4,167,880	8,730,597	338,487
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	—	2,920	2,920	—
Pension Related	2,117	2,132	4,249	—
Lease Related	669,198	32,870	702,068	89,482
PPP Related	85,681	6,256	91,937	—
TOTAL DEFERRED INFLOWS OF RESOURCES	756,996	44,178	801,174	89,482
NET POSITION				
Net Investment in Capital Assets	4,862,373	5,078,838	9,941,211	196,658
Restricted for:				
Capital Projects	747,780	—	747,780	—
Debt Service	—	10,652	10,652	—
Low-Moderate Income Housing	429,979	—	429,979	—
Nonexpendable Permanent Endowments	19,930	—	19,930	—
Grants	75,392	—	75,392	—
Other	711,097	4,114	715,211	293,990
Unrestricted (Deficit)	(1,912,015)	225,932	(1,686,083)	399,279
TOTAL NET POSITION	\$ 4,934,536	\$ 5,319,536	\$ 10,254,072	\$ 889,927

The accompanying notes are an integral part of the basic financial statements.

STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
Governmental Activities:				
General Government and Support	\$ 435,636	\$ 247,035	\$ 79,382	\$ 1,416
Public Safety - Police	636,372	49,832	3,932	1,958
Public Safety - Fire and Emergency Services	469,132	144,842	17,287	993
Parks, Recreation, Culture and Leisure	508,833	144,265	9,020	31,963
Transportation	339,733	68,471	106,082	44,571
Sanitation and Health	194,254	21,391	1,125	2,938
Neighborhood Services	197,802	82,179	68,452	1,751
Debt Service - Interest	31,039	—	—	—
TOTAL GOVERNMENTAL ACTIVITIES	2,812,801	758,015	285,280	85,590
Business-Type Activities:				
Sewer Utility	439,751	398,490	14,741	42,732
Water Utility	660,158	557,560	32,726	36,567
Airports	10,599	9,403	180	—
Development Services	125,552	107,745	75	—
Refuse Disposal	45,617	58,084	—	—
Golf Course	27,786	36,046	—	—
Recycling	31,522	30,976	917	—
San Diego Convention Center Corporation	50,823	45,946	—	139
TOTAL BUSINESS-TYPE ACTIVITIES	1,391,808	1,244,250	48,639	79,438
TOTAL PRIMARY GOVERNMENT	\$ 4,204,609	\$ 2,002,265	\$ 333,919	\$ 165,028
Component Unit:				
San Diego Housing Commission	\$ 493,379	\$ 88,155	\$ 415,578	\$ 974

General Revenues:	
Property Taxes	
Transient Occupancy Taxes	
Sales Taxes - Shared State Revenue (Unrestricted)	
Franchises	
Other Local Taxes	
Developer Contributions	
Grants and Contributions not Restricted to Specific Programs	
Investment Income	
Gain on Sale of Capital Assets	
Miscellaneous	
Transfers, Net	
TOTAL GENERAL REVENUES AND TRANSFERS	
CHANGE IN NET POSITION	
Net Position at Beginning of Year	
NET POSITION AT END OF YEAR	

Net Revenue/(Expense) and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	San Diego Housing Commission
\$ (107,803)	\$ —	\$ (107,803)	\$ —
(580,650)	—	(580,650)	—
(306,010)	—	(306,010)	—
(323,585)	—	(323,585)	—
(120,609)	—	(120,609)	—
(168,800)	—	(168,800)	—
(45,420)	—	(45,420)	—
(31,039)	—	(31,039)	—
<u>(1,683,916)</u>	<u>—</u>	<u>(1,683,916)</u>	<u>—</u>
—	16,212	16,212	—
—	(33,305)	(33,305)	—
—	(1,016)	(1,016)	—
—	(17,732)	(17,732)	—
—	12,467	12,467	—
—	8,260	8,260	—
—	371	371	—
—	(4,738)	(4,738)	—
<u>—</u>	<u>(19,481)</u>	<u>(19,481)</u>	<u>—</u>
<u>(1,683,916)</u>	<u>(19,481)</u>	<u>(1,703,397)</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>—</u>	<u>11,328</u>
797,261	—	797,261	—
308,214	—	308,214	—
437,203	—	437,203	—
153,829	—	153,829	—
83,445	—	83,445	—
34,446	—	34,446	—
1,721	—	1,721	—
110,684	36,924	147,608	23,884
53,438	15	53,453	—
40,775	22,976	63,751	—
(7,851)	7,851	—	—
<u>2,013,165</u>	<u>67,766</u>	<u>2,080,931</u>	<u>23,884</u>
329,249	48,285	377,534	35,212
4,605,287	5,271,251	9,876,538	854,715
<u>\$ 4,934,536</u>	<u>\$ 5,319,536</u>	<u>\$ 10,254,072</u>	<u>\$ 889,927</u>

The accompanying notes are an integral part of the basic financial statements.

**GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2024
(Dollars in Thousands)**

	General Fund	Other Governmental Funds	Total Governmental Funds
ASSETS			
Cash and Investments	\$ 464,156	\$ 1,520,806	\$ 1,984,962
Receivables:			
Taxes - Net of Allowance for Uncollectibles	142,738	83,562	226,300
Accounts - Net of Allowance for Uncollectibles	55,038	13,624	68,662
Claims	—	27,802	27,802
Special Assessments	—	4,849	4,849
Notes	—	334,045	334,045
Loans	—	48,494	48,494
Accrued Interest	3,050	7,641	10,691
Grants	—	88,509	88,509
From Other Funds	65,346	—	65,346
From Other Agencies	7,590	—	7,590
Contributions	2,287	—	2,287
Leases	672,468	5,517	677,985
PPPs	77,870	11,314	89,184
Advances to Other Agencies	674	46,811	47,485
Land Held for Resale	—	17,769	17,769
Restricted Cash and Investments	3,686	76,479	80,165
TOTAL ASSETS	\$ 1,494,903	\$ 2,287,222	\$ 3,782,125
LIABILITIES			
Accounts Payable	\$ 98,303	\$ 112,764	\$ 211,067
Accrued Wages and Benefits	75,902	695	76,597
Other Accrued Liabilities	14,258	33,985	48,243
Due to Other Funds	—	61,569	61,569
Unearned Revenue	—	115,920	115,920
TOTAL LIABILITIES	188,463	324,933	513,396
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes	18,133	43,514	61,647
Unavailable Revenue - Grants	—	79,703	79,703
Unavailable Revenue - Other	19,074	10,223	29,297
Lease Related	664,078	5,120	669,198
PPP Related	74,712	10,969	85,681
TOTAL DEFERRED INFLOWS OF RESOURCES	775,997	149,529	925,526

**GOVERNMENTAL FUNDS
BALANCE SHEET (Continued)
June 30, 2024
(Dollars in Thousands)**

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES (DEFICIT)			
Nonspendable	\$ —	\$ 19,930	\$ 19,930
Restricted	88,498	1,887,668	1,976,166
Committed	225,882	78,908	304,790
Assigned	85,583	—	85,583
Unassigned (Deficit)	130,480	(173,746)	(43,266)
TOTAL FUND BALANCES	<u>530,443</u>	<u>1,812,760</u>	<u>2,343,203</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,494,903</u>	<u>\$ 2,287,222</u>	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported at the fund level.	5,579,862
Deferred outflows of resources are not financial resources (uses), and therefore, are not reported at the fund level.	523,835
Unavailable revenues are not financial resources, and therefore, are reported as deferred inflows of resources.	170,647
Internal service funds are used by management to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of certain internal service funds are included in the governmental activities in the Statement of Net Position.	217,408
Certain liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds.	<u>(3,900,419)</u>
Net Position of Governmental Activities (page 49)	<u>\$ 4,934,536</u>

The accompanying notes are an integral part of the basic financial statements.

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 770,817	\$ 25,753	\$ 796,570
Special Assessments	—	82,907	82,907
Sales Taxes - Shared State Revenue	389,832	45,847	435,679
Transient Occupancy Taxes	163,764	147,166	310,930
Franchises	153,711	104,464	258,175
Other Local Taxes	83,454	—	83,454
Licenses and Permits	39,296	86,945	126,241
Fines, Forfeitures and Penalties	30,891	7,871	38,762
Revenue from Use of Money and Property	106,210	84,777	190,987
Revenue from Federal Agencies	55,746	81,292	137,038
Revenue from Other Agencies	12,920	76,245	89,165
Revenue from Private Sources	94	3,690	3,784
Charges for Current Services	524,851	26,732	551,583
Other Revenue	35,800	2,345	38,145
TOTAL REVENUES	2,367,386	776,034	3,143,420
EXPENDITURES			
Current:			
General Government and Support	533,906	31,724	565,630
Public Safety - Police	613,891	8,242	622,133
Public Safety - Fire and Emergency Services	439,904	12,617	452,521
Parks, Recreation, Culture and Leisure	246,075	212,165	458,240
Transportation	206,480	29,378	235,858
Sanitation and Health	166,578	13,366	179,944
Neighborhood Services	77,518	115,859	193,377
Capital Outlay	59,955	355,789	415,744
Debt Service:			
Principal Retirement	31,405	71,627	103,032
Interest	2,113	29,252	31,365
TOTAL EXPENDITURES	2,377,825	880,019	3,257,844
EXCESS OF REVENUES OVER EXPENDITURES	(10,439)	(103,985)	(114,424)

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (Continued)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	\$ 43,661	\$ 103,423	\$ 147,084
Transfers to Proprietary Funds	—	(22,965)	(22,965)
Transfers to Other Funds	(64,667)	(82,417)	(147,084)
Proceeds from the Sale of Capital Assets	17	51,582	51,599
Leases	1,567	—	1,567
SBITAs	29,986	—	29,986
Financed Purchases	899	—	899
Commercial Paper Notes Issued	—	66,600	66,600
TOTAL OTHER FINANCING SOURCES (USES)	11,463	116,223	127,686
NET CHANGE IN FUND BALANCES	1,024	12,238	13,262
Fund Balances at Beginning of Year	529,419	1,800,522	2,329,941
FUND BALANCES AT END OF YEAR	\$ 530,443	\$ 1,812,760	\$ 2,343,203

The accompanying notes are an integral part of the basic financial statements.

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

Net Change in Fund Balances of Governmental Funds (page 55)	\$ 13,262
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. Donated assets are not financial resources, and therefore, are not reported in the funds. This is the amount by which capital outlays and donated assets exceeded depreciation/amortization in the current period.	242,291
The net effect of various miscellaneous transactions involving capital assets (e.g., retirements and transfers) is to decrease net position.	(11,093)
Revenues available to liquidate liabilities of the current period were recognized in the governmental funds during the current year; however, such amounts were recognized as revenue in the Statement of Activities in the prior year.	9,597
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,982
Some expenses reported in the Statement of Activities do not require the use of current financial resources (e.g., compensated absences, NPL), and therefore, are not accrued as expenditures in governmental funds.	47,355
Internal service funds are used to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The net income of certain internal service activities is reported with governmental activities.	<u>23,855</u>
Change in Net Position of Governmental Activities (page 51)	<u>\$ 329,249</u>

The accompanying notes are an integral part of the basic financial statements.



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PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION
June 30, 2024
(Dollars in Thousands)

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	
ASSETS					
Current Assets:					
Cash and Investments	\$ 228,074	\$ 236,515	\$ 239,178	\$ 703,767	\$ 156,706
Receivables:					
Accounts - Net of Allowance for Uncollectibles	110,979	185,183	17,849	314,011	2,432
Contributions	—	—	—	—	1,692
Accrued Interest	1,148	1,461	1,521	4,130	127
Grants	—	1,309	365	1,674	—
Leases	—	828	551	1,379	—
PPPs	—	—	670	670	—
Inventories	—	110,877	49	110,926	14,383
Total Current Assets	340,201	536,173	260,183	1,136,557	175,340
Non-Current Assets:					
Restricted Cash and Investments	5,837	6,003	105,887	117,727	—
Prepaid Expenses	9,044	15,556	1,320	25,920	—
Leases Receivable	—	16,601	16,140	32,741	—
PPP Receivable	—	—	5,780	5,780	—
Other Assets	—	—	144	144	—
Capital Assets - Non-Depreciable	837,567	1,022,568	35,940	1,896,075	24,452
Capital Assets - Depreciable	2,968,139	2,976,589	158,988	6,103,716	244,231
Total Non-Current Assets	3,820,587	4,037,317	324,199	8,182,103	268,683
TOTAL ASSETS	4,160,788	4,573,490	584,382	9,318,660	444,023
DEFERRED OUTFLOWS OF RESOURCES					
Loss on Refunding	31,484	33,699	—	65,183	—
OPEB Related	2,736	2,786	3,426	8,948	1,190
Pension Related	31,274	36,980	42,818	111,072	12,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	65,494	73,465	46,244	185,203	14,050
LIABILITIES					
Current Liabilities:					
Accounts Payable	78,133	121,975	12,007	212,115	16,217
Accrued Wages and Benefits	5,601	6,087	7,250	18,938	3,465
Interest Accrued on Long-Term Debt	5,687	23,685	417	29,789	442
Other Accrued Liabilities	34,511	7,124	1,719	43,354	130
Long-Term Liabilities Due Within One Year	85,645	76,245	16,011	177,901	23,810
Due to Other Funds	3,432	—	—	3,432	345
Unearned Revenue	3,209	7,055	34,833	45,097	—
Commercial Paper Notes Payable	—	122,656	—	122,656	—
Notes Payable	33,400	—	—	33,400	—
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	—	1,207	17,553	18,760	—
Total Current Liabilities	249,618	366,034	89,790	705,442	44,409

PROPRIETARY FUNDS
STATEMENT OF FUND NET POSITION (Continued)
June 30, 2024
(Dollars in Thousands)

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	
Non-Current Liabilities:					
Non-Current Liabilities Payable from Restricted Assets:					
Deposits/Advances from Others	\$ —	\$ —	\$ 8,241	\$ 8,241	\$ —
Long-Term Liabilities Due After One Year:					
Compensated Absences	2,697	4,398	5,147	12,242	1,510
Liability Claims	24,848	145,003	9,106	178,957	11,856
Leases Payable	2,086	2,086	37	4,209	19,563
SBITAs Payable	—	—	376	376	—
Financed Purchase Obligations	—	—	—	—	48,807
Loans Payable	350,503	431,128	59,336	840,967	—
Net Revenue Bonds Payable	558,244	1,188,534	—	1,746,778	—
Estimated Landfill Closure and Postclosure Care	—	—	62,647	62,647	—
Net Other Postemployment Benefits Liability	33,563	31,417	25,675	90,655	15,806
Pension Liabilities	179,607	175,265	161,123	515,995	71,033
Total Non-Current Liabilities	<u>1,151,548</u>	<u>1,977,831</u>	<u>331,688</u>	<u>3,461,067</u>	<u>168,575</u>
TOTAL LIABILITIES	<u>1,401,166</u>	<u>2,343,865</u>	<u>421,478</u>	<u>4,166,509</u>	<u>212,984</u>
DEFERRED INFLOWS OF RESOURCES					
Gain on Refunding	—	2,920	—	2,920	—
Pension Related	1,379	—	753	2,132	1,321
Leases Related	—	16,515	16,355	32,870	—
PPP Related	—	—	6,256	6,256	—
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,379</u>	<u>19,435</u>	<u>23,364</u>	<u>44,178</u>	<u>1,321</u>
NET POSITION					
Net Investment in Capital Assets	2,751,488	2,157,817	169,533	5,078,838	186,137
Restricted for Debt Service	5,837	4,815	—	10,652	—
Restricted for Closure/Postclosure Maintenance	—	—	1,993	1,993	—
Restricted for Other	—	—	2,121	2,121	—
Unrestricted	66,412	121,023	12,137	199,572	57,631
TOTAL NET POSITION	<u>\$ 2,823,737</u>	<u>\$ 2,283,655</u>	<u>\$ 185,784</u>	<u>5,293,176</u>	<u>\$ 243,768</u>
Adjustments to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds:					
Current Assets				1,502	
Internal Balances				13,659	
Inventories				12,570	
Current Liabilities				(1,371)	
Net position of business-type activities (page 49)				<u>\$ 5,319,536</u>	

The accompanying notes are an integral part of the basic financial statements.

PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	
OPERATING REVENUES					
Sales of Water	\$ —	\$ 547,178	\$ —	\$ 547,178	\$ —
Charges for Services	373,335	5,644	276,271	655,250	179,727
Leases	—	—	638	638	—
Other	25,155	3,627	10,554	39,336	67
TOTAL OPERATING REVENUES	398,490	556,449	287,463	1,242,402	179,794
OPERATING EXPENSES					
Salaries and Employee Benefits	112,751	117,716	162,206	392,673	43,880
Materials and Supplies	47,295	220,353	6,177	273,825	35,659
Contractual Services	99,891	171,689	73,056	344,636	7,775
Information Technology	14,047	12,123	11,940	38,110	3,463
Energy and Utilities	33,651	14,083	13,067	60,801	14,914
Depreciation and Amortization	83,612	68,385	19,478	171,475	41,482
Benefit and Claim Expenses	—	—	—	—	24,622
Other Expenses	17,717	4,028	5,481	27,226	9
TOTAL OPERATING EXPENSES	408,964	608,377	291,405	1,308,746	171,804
OPERATING INCOME (LOSS)	(10,474)	(51,928)	(3,942)	(66,344)	7,990
NONOPERATING REVENUES (EXPENSES)					
Earnings on Investments	11,469	11,701	13,645	36,815	1,075
Federal Grant Assistance	14,741	31,542	180	46,463	—
Other Agency Grant Assistance	—	1,184	992	2,176	—
Gain (Loss) on Sale/Retirement of Capital Assets	(719)	(445)	15	(1,149)	1,144
Leases	—	1,111	—	1,111	—
PPPs	—	—	737	737	—
Debt Service Interest Expense	(30,134)	(51,913)	(979)	(83,026)	(1,812)
Other	9,753	9,689	3,534	22,976	1,267
TOTAL NONOPERATING REVENUES, NET	5,110	2,869	18,124	26,103	1,674
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(5,364)	(49,059)	14,182	(40,241)	9,664
Capital Contributions	42,732	36,567	255	79,554	198
Transfers from Other Funds	—	—	830	830	2,000
Transfers from Governmental Funds	—	—	7,735	7,735	15,230
Transfers to Other Funds	(1,340)	(660)	(830)	(2,830)	—
TOTAL CONTRIBUTIONS AND TRANSFERS	41,392	35,907	7,990	85,289	17,428
CHANGE IN NET POSITION	36,028	(13,152)	22,172	45,048	27,092
Net Position at Beginning of Year	2,787,709	2,296,807	163,612		216,676
NET POSITION AT END OF YEAR	\$ 2,823,737	\$ 2,283,655	\$ 185,784		\$ 243,768
Adjustments to reflect the consolidation of Internal Service Fund activities related to Enterprise Funds:					
Allocated Operating Income				1,128	
Earnings on Investments				109	
Transfers, Net				2,000	
Change in net position of business-type activities (page 51)				\$ 48,285	

The accompanying notes are an integral part of the basic financial statements.



PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ 399,004	\$ 552,850	\$ 294,120	\$ 1,245,974	\$ 38,230
Receipts from Interfund Services Provided	2,540	7,089	(3,852)	5,777	141,573
Payments to Suppliers	(195,615)	(407,634)	(78,294)	(681,543)	(57,317)
Payments to Employees	(114,705)	(115,440)	(189,330)	(419,475)	(66,691)
Payments for Interfund Services Used	(8,484)	(11,368)	(11,226)	(31,078)	(1,129)
NET CASH PROVIDED BY OPERATING ACTIVITIES	82,740	25,497	11,418	119,655	54,666
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	—	—	830	830	2,000
Transfers from Governmental Funds	—	—	7,735	7,735	15,230
Transfers to Other Funds	(1,340)	(660)	(830)	(2,830)	—
Operating Grants	14,741	33,334	806	48,881	—
Proceeds from Advances and Deposits	—	—	2,139	2,139	—
Payments for Advances and Deposits	—	(946)	—	(946)	—
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	13,401	31,728	10,680	55,809	17,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Loans	240,541	185,102	40,000	465,643	—
Proceeds from Commercial Paper	—	122,656	—	122,656	—
Proceeds from Capital Grants and Contributions	32,506	19,728	—	52,234	50
Proceeds from the Sale of Capital Assets	13	1,226	15	1,254	2,879
Collections from Leasing Activity	—	811	5	816	—
Collections from PPP Activity	—	—	648	648	—
Acquisition of Capital Assets	(287,222)	(334,456)	(15,505)	(637,183)	(50,635)
Principal Payments on Leases	(360)	(360)	(4,314)	(5,034)	(495)
Principal Payments on SBITAs	—	(278)	(1,335)	(1,613)	—
Principal Payments on Financed Purchases	—	—	—	—	(15,488)
Principal Payments on Loans	(49,263)	(4,747)	(843)	(54,853)	—
Principal Payments on Revenue Bonds	(59,400)	(39,905)	—	(99,305)	—
Interest Paid on Long-Term Debt	(31,037)	(53,917)	(1,020)	(85,974)	(1,756)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(154,222)	(104,140)	17,651	(240,711)	(65,445)
CASH FLOWS FROM INVESTING ACTIVITIES					
Sales of Investments	104,152	289,959	17,774	411,885	—
Purchases of Investments	(100,202)	(290,538)	(20,197)	(410,937)	—
Interest Received on Investments	11,283	11,438	13,131	35,852	1,031
NET CASH PROVIDED BY INVESTING ACTIVITIES	15,233	10,859	10,708	36,800	1,031
Net Increase (Decrease) in Cash and Cash Equivalents	(42,848)	(36,056)	50,457	(28,447)	7,482
Cash and Cash Equivalents at Beginning of Year	276,746	273,777	269,439	819,962	149,224
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 233,898	\$ 237,721	\$ 319,896	\$ 791,515	\$ 156,706
Reconciliation of Cash and Cash Equivalents at End of Year to the Statement of Fund Net Position:					
Cash and Investments	\$ 228,074	\$ 236,515	\$ 239,178	\$ 703,767	\$ 156,706
Restricted Cash and Investments	5,837	6,003	105,887	117,727	—
Less Investments Not Meeting the Definition of Cash Equivalents	(13)	(4,797)	(25,169)	(29,979)	—
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 233,898	\$ 237,721	\$ 319,896	\$ 791,515	\$ 156,706

PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS (Continued)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Business-Type Activities - Enterprise Funds				Internal Service Funds
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:					
Operating Income (Loss)	\$ (10,474)	\$ (51,928)	\$ (3,942)	\$ (66,344)	\$ 7,990
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Depreciation and Amortization	83,612	68,385	19,478	171,475	41,482
Other Nonoperating Revenues	9,753	9,689	3,534	22,976	1,267
Increase (Decrease) in Assets and Deferred Outflows of Resources:					
Accounts Receivable - Net	(9,180)	(10,821)	(2,968)	(22,969)	(1,196)
Due to Other Funds	3,432	—	—	3,432	345
Contributions Receivable	—	—	—	—	(86)
Inventories	—	(10,823)	—	(10,823)	(2,814)
Prepaid Expenses	(9,065)	(726)	(173)	(9,964)	—
OPEB Related Deferred Outflows of Resources	612	336	499	1,447	223
Pension Related Deferred Outflows of Resources	(7,060)	(9,053)	(13,794)	(29,907)	(2,904)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	(6,032)	4,455	2,539	962	7,380
Accrued Wages and Benefits	762	1,197	1,154	3,113	565
Other Accrued Liabilities	—	—	(825)	(825)	—
Due to Other Agencies	16,946	(242)	—	16,704	—
Unearned Revenue	1,755	4,624	2,240	8,619	—
Contract Deposits	726	—	—	726	—
Compensated Absences	343	967	1,433	2,743	813
Liability Claims	5,498	19,996	2,069	27,563	2,865
Estimated Landfill Closure and Postclosure Care	—	—	3,026	3,026	—
Net OPEB Liability	(225)	(214)	(277)	(716)	(100)
Pension Liabilities	5,263	2,927	(857)	7,333	212
Pension Related Deferred Inflows of Resources	(3,926)	(3,272)	(1,718)	(8,916)	(1,376)
Total Adjustments	93,214	77,425	15,360	185,999	46,676
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 82,740	\$ 25,497	\$ 11,418	\$ 119,655	\$ 54,666
Noncash Investing, Capital, and Financing Activities:					
Capital Assets Acquired through Financed Purchases	\$ —	\$ —	\$ —	\$ —	\$ 18,681
Developer Contributed and Donated Capital Assets	10,227	16,839	139	27,205	(25)
Acquisition of Capital Assets	7,827	12,230	—	20,057	—
Capital Asset Acquisitions Related to Accounts Payable	20,094	18,755	(456)	38,393	139
Right-to-Use SBITA Assets Acquired	—	—	271	271	—
Carrying Value of Retired Capital Assets	(732)	(447)	—	(1,179)	(1,221)
Amortization of Bond Premiums, Discounts and Refundings	2,705	4,893	—	7,598	—
Change in Fair Value of Investments	5,401	5,256	4,636	15,293	425
Interest and Reserve Fund Credits for Debt Service Payments	133	248	—	381	—
Transfers of Capital Assets (To) From Governmental Activities	—	—	116	116	(342)
Accrued Loan Interest Converted to Principal	3,904	—	—	3,904	—

The accompanying notes are an integral part of the basic financial statements

FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024
(Dollars in Thousands)

	Trust Funds		
	Pension	Private-Purpose	Custodial Funds
ASSETS			
Cash and Investments	\$ 1,688	\$ 58,651	\$ 768
Cash and Investments with Custodian/Fiscal Agent	325,529	—	—
Investments at Fair Value:			
Domestic Fixed Income Securities	2,597,205	—	—
International Fixed Income Securities	235,620	—	—
Domestic Equity Securities	2,880,806	—	—
International Equity Securities	1,848,502	—	—
Global Fixed Income Securities	587,785	—	—
Global Equity Securities	417,412	—	—
Real Estate	1,109,017	—	—
Private Equity and Infrastructure	1,555,765	—	—
Receivables:			
Special Assessments	—	—	132
Contributions	6,876	—	—
Accrued Interest	21,188	329	12
Notes and Contracts	—	3,913	—
Securities Sold	324,485	—	—
Advances to Other Agencies	—	4,821	—
Prepaid Expenses	430	26	—
Securities Lending Collateral	91,172	—	—
Restricted Cash and Investments	—	34,940	12,606
Capital Assets - Non-Depreciable	—	23,329	—
Capital Assets - Depreciable	1,310	35,262	—
TOTAL ASSETS	12,004,790	161,271	13,518
DEFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding	—	17,325	—
LIABILITIES			
Accounts Payable	4,262	4,267	—
Accrued Wages and Benefits	1,243	—	—
Interest Accrued on Long-Term Debt	—	64,193	—
Sundry Trust/Agency Liabilities	—	492	—
Other Accrued Liabilities	—	—	17
Supplemental Benefits Payable	11,708	—	—
Securities Lending Obligations	91,163	—	—
Securities Purchased	607,634	—	—
Long-Term Liabilities Due After One Year:			
Liability Claims	—	62,555	—
Due to Bondholders	—	256,482	13,377
TOTAL LIABILITIES	716,010	387,989	13,394
DEFERRED INFLOWS OF RESOURCES			
Gain on Refunding	—	1,637	—
NET POSITION (DEFICIT)			
Restricted for Pension Benefits	11,288,780	—	—
Held in Trust for Other Purposes	—	(211,030)	—
Restricted for Others	—	—	124
TOTAL NET POSITION (DEFICIT)	\$ 11,288,780	\$ (211,030)	\$ 124

The accompanying notes are an integral part of the basic financial statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Trust Funds		
	Pension	Private-Purpose	Custodial Funds
ADDITIONS			
Employer Contributions	\$ 479,222	\$ —	\$ —
Plan Member Contributions:			
Employee Contributions	150,683	—	—
DROP Contributions	5,364	—	—
Redevelopment Property Tax Trust Fund	—	57,668	—
Special Assessments	—	—	6,523
Earnings (Losses) on Investments:			
Investment Income	148,130	4,111	520
Investment Expense	(43,973)	—	—
Net Increase in Fair Value of Investments	673,370	—	—
Net Earnings on Investments	<u>777,527</u>	<u>4,111</u>	<u>520</u>
Securities Lending Income:			
Gross Earnings	11,717	—	—
Borrower Rebates and Bank Charges	(10,829)	—	—
Net Securities Lending Income	<u>888</u>	<u>—</u>	<u>—</u>
Other Income	—	2,323	—
TOTAL ADDITIONS	<u>1,413,684</u>	<u>64,102</u>	<u>7,043</u>
DEDUCTIONS			
Enforceable Obligation Payments	—	2,331	—
Interest on Long-Term Debt	—	11,241	—
DROP Interest Expense	18,692	—	—
Benefit and Claim Payments	678,047	—	—
Paid to Bondholders	—	—	6,838
Administration	15,047	—	202
Depreciation	—	1,813	—
Other Expenses	—	—	13
TOTAL DEDUCTIONS	<u>711,786</u>	<u>15,385</u>	<u>7,053</u>
CHANGE IN NET POSITION	701,898	48,717	(10)
Net Position (Deficit) at Beginning of Year	<u>10,586,882</u>	<u>(259,747)</u>	<u>134</u>
NET POSITION (DEFICIT) AT END OF YEAR	<u>\$ 11,288,780</u>	<u>\$ (211,030)</u>	<u>\$ 124</u>

The accompanying notes are an integral part of the basic financial statements.



NOTES TO THE BASIC FINANCIAL STATEMENTS
Fiscal Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Dollars in Thousands)

The City adopted its current charter on April 7, 1931, and operates as a municipality in accordance with State laws. Since adoption, the Charter has been amended many times.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the City's significant accounting policies:

a. Financial Reporting Entity

As required by GAAP, these financial statements present the primary government and its component units. The City is the primary government, while entities for which the primary government is considered to be financially accountable represent its component units. Component units can be blended with the primary government or discretely presented.

A blended component unit is a legally separate entity whose functions are an integral part of the primary government. A component unit is considered to be an integral part of the primary government, and hence a blended component unit, in any of these circumstances: (1) the entity and the primary government substantively have the same governing body and a financial benefit/burden relationship exists; (2) the entity and the primary government substantially have the same governing body and management of the primary government has operational responsibility for the entity; (3) the entity exists to serve or benefit exclusively (or almost exclusively) the primary government; (4) the total debt of the entity is repayable entirely (or almost entirely) from resources of the primary government; or (5) the entity is organized as a not-for-profit corporation in which the primary government is the sole corporate member, as identified in the entity's articles of incorporation or bylaws. Blended component units are reported as funds of the primary government.

A discretely presented component unit does not function as an integral part of the primary government. It is reported in the government-wide financial statements in a column separate from the primary government. The City also reports fiduciary component units which are not included in the government-wide financial statements. Fiduciary component units are not part of the primary government and are reported as fiduciary funds to account for assets held in a trustee or custodial capacity for others that cannot be used to support the government's own programs.

Included within the reporting entity as blended component units are the following:

- Convention Center Expansion Financing Authority
- Public Facilities Financing Authority of the City of San Diego
- San Diego Convention Center Corporation, Inc.
- Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority
- City of San Diego Tobacco Settlement Revenue Funding Corporation

A brief description of each blended component unit follows:

- The Convention Center Expansion Financing Authority (CCEFA) was established in 1996 by the City and the San Diego Unified Port District (Port) to acquire and construct the expansion of the existing convention center. The CCEFA is governed by a board consisting of the Mayor, the City Manager (Chief Operating Officer), the President/CEO of the Port, and a member of the Board of Commissioners for the Port. The CCEFA provides services which primarily benefit the City. CCEFA is reported as a governmental fund.
- The Public Facilities Financing Authority of the City of San Diego (PFFA) was established in 1991 by the City and the former Redevelopment Agency to acquire and construct public capital improvements. The members consist of the City, the Successor Agency, and the Housing Authority of the City of San Diego. PFFA is governed by a board of commissioners composed of the members of the City Council. PFFA provides services exclusively to the City. Financing for governmental funds is reported as a governmental activity and financing for enterprise funds is reported as a business-type activity.

- San Diego Convention Center Corporation, Inc. (SDCCC) is a not-for-profit public benefit corporation, originally organized to market, operate, and maintain the San Diego Convention Center. The City is the sole member of SDCCC and acts through the San Diego City Council in accordance with the Charter and the City's Municipal Code. The City appoints all seven voting members to the Board of Directors of SDCCC. In accordance with the management agreement with SDCCC, the City allocates to SDCCC approved budgetary amounts for marketing, promotion, and capital projects for the Convention Center. SDCCC is reported as an enterprise fund. Complete stand-alone financial statements are available at www.visitsandiego.com.
- The Otay Mesa Enhanced Infrastructure Financing District (EIFD) and the Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority (EIFDPFA) were both established in 2017 by the City to finance certain Otay Mesa public infrastructure and community benefit projects authorized under the Enhanced Infrastructure Financing District (EIFD) Law Government Code sections 53398.50 through 53398.88. The EIFDPFA board, which acts as the governing board of the EIFD, consists of three members of the City Council and two members of the public, all of whom are appointed by the City Council. Services provided primarily benefit the Otay Mesa area of the City. Financing is reported as a governmental activity.
- The City of San Diego Tobacco Settlement Revenue Funding Corporation (TSRFC) is a not-for-profit public benefit corporation established in 2006 for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. TSRFC purchased from the City the rights to receive future tobacco settlement revenues due to the City. TSRFC is governed by a board of directors, which consists of the Chief Operating Officer, the Chief Financial Officer, and one independent director. The independent director is appointed by the Mayor or the remaining directors. TSRFC is reported as a governmental fund.

The City has one fiduciary component unit:

- The San Diego City Employees' Retirement System (SDCERS) was established in 1927 by the City and administers independent, qualified, single employer governmental defined benefit plans and trusts for the City, the Port, and the San Diego County Regional Airport Authority (Airport). SDCERS' Board of Administration (SDCERS Board) adopted a Declaration of Group Trust, effective July 1, 2007. Under the Group Trust, the City, Port and Airport plans are treated as separate plans, with assets pooled for investment purposes only. SDCERS also processes certain postemployment healthcare activities on behalf of the City. SDCERS is a legally separate, fiduciary component unit of the City. It is governed by a 13 member Board of Administration, eight of which are appointed by the City, and a Pension Administrator who does not report to or work under the direction of the elected officials or appointed managers of the City. As such, the City does not maintain direct operational oversight of SDCERS or its financial reports. SDCERS provides services primarily to the City and is reported as a pension trust fund. Complete stand-alone financial statements are available at www.sdcers.org.

The City has one discretely presented component unit:

- The San Diego Housing Commission (SDHC) is a governmental agency, which was formed by the City under Ordinance No. 2515 on December 5, 1978, in accordance with the Housing Authority Law of the State of California. SDHC's priority is to serve low and moderate income persons by providing rental assistance payments, rental housing, loans and grants to families, individuals and not-for-profit organizations to create and preserve affordable housing. SDHC is governed by the San Diego Housing Authority (Housing Authority), which is composed of the nine members of the San Diego City Council. The Housing Authority is assisted by a Board of Commissioners, a seven-member advisory body appointed by the Mayor and confirmed by the City Council. The Housing Authority has final authority over the SDHC's budget and major policy changes. SDHC is discretely presented because the City appoints the voting members of the SDHC Board, is financially accountable for SDHC, and SDHC provides its services directly to the public.

SDHC has six LLC blended component units, one 501(c)(3) California Nonprofit Public Benefit Corporation blended unit, and twenty-three discretely presented component units which are included in the City's basic financial statements. The discretely presented component units are financially and legally separate entities from SDHC. SDHC's discretely presented component units reflect the financial reporting entity of consolidated Housing Development Partners, which includes the following legal entities:

Housing Development Partners of San Diego (HDP)
HDP Mason Housing Corporation

HDP New Palace Management, LLC
HDP Village North, LLC

Casa Colina, LP	HDP West Park, LP
Logan Development II, LP	HDP West Park Management, LLC
HDP Broadway, LP	HDP Quality Inn, LLC
HDP Churchill, LP	HDP Town and Country, LP
HDP Parker Kier, LLC	HDP Town and Country, LLC
HDP New Palace, LP	HDP Mariner's Village, LP
Logan Development Management, LLC	HDP Mariner's Village Management, LLC
HDP Broadway Management, LLC	HDP Casa Colina Management, LLC
HDP Churchill, LLC	HDP ADU, LLC
HDP Island Village, LLC	

Complete stand-alone financial statements are available at www.sdhc.org.

Each blended and discretely presented component unit of the City has a June 30 fiscal year-end, with the exception of SDHC's discretely presented component units, which have a December 31 fiscal year-end.

b. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City and its blended and discretely presented component units. Governmental activities are normally supported by taxes and intergovernmental revenues and are reported separately from business-type activities, which rely to a significant extent on user fees and charges for services. The primary government is reported discretely from SDHC, a legally separate component unit for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Direct expenses reported include administrative and overhead charges. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other revenues that do not qualify as program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, the latter of which are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other interfund services provided and used between functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the related functions.

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues which are considered susceptible to accrual include: real and personal property taxes; special assessments collected via property taxes; sales taxes; transient occupancy taxes; other local taxes; franchise fees; fines, forfeitures and penalties; rents and concessions; interest; and state and federal grants and subventions, provided they are received within 60 days from the end of the fiscal year.

Licenses and permits, parking citations, and some miscellaneous revenues are recorded as revenues when received in cash because they generally are not measurable until actually received.

Expenditures are recognized when the related fund liability is incurred except for (1) principal and interest of general long-term debt, which are recognized when due; and (2) employee annual leave and claims and judgments from litigation, which are recorded in the period due and payable since such amounts will not currently be liquidated with expendable available financial resources. General capital asset acquisitions are reported as expenditures in governmental funds.

The governmental funds financial statements do not present long-term debt, but the related debt is shown in the reconciliation of the governmental funds Balance Sheet to the government-wide Statement of Net Position. Issuance of long-term debt, bond premiums, and discounts are reflected as other financing sources (uses) and recognized in the period in which they are issued.

Permanent funds, commonly referred to as endowment funds, are governmental funds used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support City programs. The City has received endowments for various programs, a list of which can be found in the Permanent Funds section of the Combining and Individual Fund Financial Statements and Schedules. The corpus of permanent funds is reported as Nonspendable Fund Balance. Investment earnings available for expenditure are reported as Restricted Fund Balance in the fund level financial statements, and as Net Position Restricted for Nonexpendable Permanent Endowments in the Statement of Net Position. Funds are spent in accordance with the City budget, subject to State law governing the spending of endowment fund investment earnings in California Probate Code Section 18504.

The following is the City's only major governmental fund:

General Fund - The General Fund is the principal operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.

Proprietary funds financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Operating revenues and expenses are distinguished from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The City has two types of proprietary funds: enterprise funds and internal service funds.

The City has two major enterprise funds:

Sewer Utility Fund - The Sewer Utility Fund is used to account for the operation, maintenance and development of the City's sewer system. The City's Sewer Utility Fund includes activities related to the performance of services for several local municipalities and other utility districts (Participating Agencies).

Water Utility Fund - The Water Utility Fund is used to account for operating and maintenance costs, replacements, betterments, expansion of facilities, and payments necessary in obtaining water from the Colorado River, the State Water Project, and local sources, and supplying water to its customers.

Internal Service Funds - These funds account for fleet vehicles and transportation, printing, and storeroom services provided to City departments on a cost-reimbursement basis. Internal service funds also account for the energy conservation, risk management, unemployment insurance, unused compensatory time, unused sick leave, and long-term disability programs, which derive revenues from rates charged to benefiting departments. The public utilities' inventory fund is also reported as an internal service fund.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as a custodian for individuals, private organizations, and/or other governmental units, and include the pension trust, private-purpose trust, and custodial funds. Fiduciary funds are reported using the economic resources measurement focus and the full accrual basis of accounting.

Fiduciary funds and fiduciary component units are excluded from the government-wide financial statements. The City has three types of fiduciary funds: pension trust; private-purpose trust; and custodial funds.

Pension Trust Funds - These funds account for SDCERS, a fiduciary component unit which provides retirement, disability, and death benefits for the City, Port, and Airport Authority.

Private-Purpose Trust Fund - This fund was established to account for the ongoing activity and obligations of the Successor Agency. The Successor Agency was established to hold the former Redevelopment Agency of the City of San Diego's (RDA) assets until they are distributed to other units of state and local government, or where appropriate, to private parties, and to administer the payments of the former RDA's obligations. Pursuant to ABX1 26, redevelopment agencies and their successor agencies in the State of California generally cannot enter into new projects, obligations or commitments. In January 2012, the City was designated to serve as the Successor Agency subject to control by an oversight board.

Custodial Funds - These funds account for assets held by the City as a custodian for individuals, private organizations, and other governments, including asset forfeitures and Community Facilities Districts.

d. Property Taxes

The County of San Diego (County) assesses, bills, and collects property taxes on behalf of numerous special districts and incorporated cities, including the City. The City receives the current year's taxes through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1, based on the assessed values as of the lien date, are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively. Since the passage of California's Proposition 13, beginning with fiscal year ended 1979, general property taxes are based on either (1) a flat 1% rate applied to the 1975-76 full value of the property or (2) 1% of the sales price of any property sold or of the cost of any new construction after the 1975-76 valuation. Taxable values of properties (exclusive of increases related to sales and new construction) can increase by a maximum of 2% per year. The Proposition 13 limitation on general property taxes does not apply to taxes levied to pay the debt service on any indebtedness approved by the voters prior to June 6, 1978 (the date of passage of Proposition 13).

At the government-wide level, property tax revenue is recognized in the fiscal year for which the taxes have been levied. Property taxes received after the fiscal year which do not meet the 60 day availability criterion are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are recorded as deferred inflows of resources in the governmental funds. The City provides an allowance for uncollectible property taxes, which is analyzed each year against the most recent data from the County. For fiscal year 2024, the allowance amount was \$4,158. Property owners can appeal the assessment value of their property to the County Assessment Appeals Board. If successful, the County Assessor may reduce the taxable value of a property and/or provide a refund to affected property owners. Reductions of taxable property value within the City have a negative impact on future tax collections until assessed valuations increase.

e. Cash and Investments

The City's cash and cash equivalents for the Statement of Cash Flows purposes include cash on hand, demand deposits, restricted cash, and investments held in the City Treasurer's Pooled Investment Fund (the Pool) and are reported at fair value. Cash equivalents reported in the Statement of Cash Flows for the Enterprise Funds do not include restricted investments represented as Restricted Cash and Investments with an original maturity date greater than ninety days from the time of purchase.

The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. The City is not required to register the Pool as an investment company with the Securities and Exchange Commission (SEC). The investment activities of the City Treasurer in managing the Pool are governed by California Government Code § 53601 and the City of San Diego City Treasurer's Investment Policy, which is reviewed by the City Treasurer's Investment Advisory Committee and presented annually to the City Council. Interest earned on pooled investments is allocated to participating

funds and entities based upon their average daily cash balance during the allocation month. Fair value adjustments to the Pool are recorded annually. The Pool participates in the California State Treasurer's Local Agency Investment Fund (LAIF). Investments in LAIF are governed by State statutes and overseen by a five member Local Investment Advisory Board. The fair value of the City's position in LAIF may be greater or less than the value of the shares. Investments in LAIF are valued in the financial statements using a fair value factor provided by LAIF applied to the value of the City's shares in the investment pool.

Certain governmental funds maintain investments outside of the Pool. These funds are supervised and controlled by a five member Funds Commission comprised of three members appointed by the Mayor and confirmed by the City Council and the City Attorney and City Treasurer, ex officio. The Funds Commission engages money managers to direct the investments of these funds. Additionally, the City and its component units maintain individual accounts pursuant to bond issuances and major construction contracts, which may or may not be related to debt issuances. The investment of these funds is governed by the policies set forth in the individual indenture and trustee agreements. Certain component units of the City also participate in LAIF separately from the Pool.

All City investments are reported at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools* and GASB Statement No. 72, *Fair Value Measurement and Application (GASB Statement No. 72)*. Note 3 contains additional information on permissible investments per the City Treasurer's Investment Policy and other policies applicable to the cash and investments reported herein.

The discharge of fiduciary duties by the SDCERS Board is governed by Section 144 of the Charter and Article XVI, Section 17 of the California State Constitution. The SDCERS Board has the authority to delegate investment management duties to outside advisors, to seek the advice of outside investment counsel, and to provide oversight and monitoring of the investment managers it hires. Additional discretion beyond the Charter is provided for under the California State Constitution and other relevant authorities whereby the Board may, at its discretion, invest funds in any form or type of investment, financial instrument, or financial transaction. SDCERS' investment managers manage all investments, which are held in SDCERS' name.

SDCERS' investments are reported at fair value or net asset value (NAV), in accordance with GASB Statement No. 72, in the Statement of Fiduciary Net Position. SDCERS' custodial bank, State Street Bank & Trust Company, provides the fair values of exchange traded assets. Through its agents, SDCERS also holds investments in non-publicly traded institutional investment funds. These institutional investment funds are comprised of exchange traded securities, the fair values of which are provided by the respective investment managers. Directly-owned real estate assets are stated at appraised values as determined by SDCERS' real estate managers and third party appraisal firms. Private equity and infrastructure assets are measured at fair value using the NAV per share or its equivalent by their respective investment managers, giving consideration to the financial condition and operating results of the portfolio companies, and other factors deemed relevant. These values are reviewed by the real estate, private equity and infrastructure consultants, the underlying investment managers and SDCERS' investments staff. Where fair value information as of June 30, 2024, was not available at the time of these financial statements, SDCERS has estimated fair value by using the most recent fair value information available from the fund manager/general partner and adding any contributions and/or deducting any distributions to/from the investment from the date of the most recent fair value information to June 30, 2024.

f. Receivables

The City's receivables are comprised mainly of notes, loans, accounts and taxes. Long-term notes and loans receivable consist primarily of former RDA agreements with terms that provide for limited cash flows, e.g. residual receipts from Low and Moderate Housing developer loans. These receivables are reported in the governmental fund statements and are recorded with an offset to restricted fund balance as resources are not available for expenditure. Accounts receivable and taxes receivable are reported net of an allowance for uncollectible amounts. The allowance amounts as of June 30, 2024, are as shown on the following page:

Fund	Accounts Receivable Allowance	Taxes Receivable Allowance
General Fund	\$ 14,452	\$ 4,066
Nonmajor Governmental Funds	8,190	93
Sewer Utility	6,810	—
Water Utility	11,644	—
Nonmajor Enterprise Funds	3,285	—
Internal Service Funds	1,035	—
Total	\$ 45,416	\$ 4,159

g. Inventories

Inventories reported in the government-wide financial statements and the proprietary funds financial statements, which consist primarily of water in storage intended for resale, are valued at the lower of cost or market. Such inventories are expensed when consumed using primarily the first-in, first-out (FIFO) and weighted-average methods for inventories of water in storage and supplies, respectively. Inventory supplies of governmental funds are recorded as expenditures when purchased.

h. Land Held for Resale

Land Held for Resale is reported in the government-wide and fund financial statements at the lower of cost or net realizable value. In the governmental funds financial statements, fund balances associated with properties held for resale are reported as restricted fund balances as proceeds from the sale of such properties are restricted for the purpose of affordable housing as codified in the California Health and Safety Code. Land is originally recorded at historical cost and adjusted to net realizable value when a property is impaired, when the determination is made that a property will be sold for less than its cost, or when property values decrease due to market conditions.

i. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports separate sections for deferred outflows and inflows of resources. A deferred outflow of resources represents a consumption of net assets that is applicable to future reporting periods and will not be recognized as an expense/expenditure until then. A deferred inflow of resources represents an acquisition of net assets that is applicable to future reporting periods and will not be recognized as revenue until then.

A gain or loss on refunding results from the difference between 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 debt or the refunding debt. If the reacquisition price of the refunded debt exceeds its net carrying value, it results in a deferred outflow of resources (loss on refunding.) If the net carrying value of the refunded debt exceeds the reacquisition price, it results in a deferred inflow of resources (gain on refunding.)

Deferred outflows and inflows of resources related to pension and OPEB include differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

Deferred inflows of resources related to leases and public-private partnerships (PPP) are reported for contracts in which the City is the lessor or transferor, respectively. At the commencement of the contract, either a lease receivable or PPP receivable is reported, along with a deferred inflow of resources. The deferred inflow of resources is amortized and recognized as inflows of resources (revenue) over the contract term.

The Governmental Funds Balance Sheet and Enterprise Funds Statement of Net Position also report a separate section for deferred inflows of resources. Lease and PPP related deferred inflows of resources are reported at the fund level. In addition, deferred inflows of resources are reported for governmental revenues which have been earned but have not met the availability recognition criteria based on the modified accrual basis of accounting. These amounts are deferred and recognized as inflows of resources (revenue) in the period that the amounts become available.

j. Capital Assets

Capital assets, when purchased or constructed, are recorded at historical cost or estimated historical cost, with the exception of right-to-use leased assets, which are discussed in section (p) below. Donated capital assets are recorded at acquisition value or estimated acquisition value on the date received. Costs for routine maintenance are expensed as incurred. Capital assets are reported in the applicable Governmental or Business-Type Activities column in the government-wide financial statements, as well as in the proprietary funds and fiduciary funds financial statements.

Non-Depreciable Capital Assets include land, rights of way, permanent easements, and construction in progress. Works of art and historical treasures are also included since they are capitalized, but not depreciated. These assets are maintained for public exhibition, education, or research and are being preserved for future generations. The proceeds from sales of works of art are used to purchase other items for the collection.

Depreciable Capital Assets, which include structures and improvements, equipment/vehicles, intangible assets, distribution and collection systems, infrastructure, and right-to-use leased assets are reported net of accumulated depreciation/amortization. The City considers capital expenditures as those that result in assets that are used in City operations and have a useful life in excess of one year. Assets which may individually fall below the City's capitalization thresholds, which are significant when purchased in aggregate for the year, are evaluated for possible capitalization. Items acquired as part of the construction or initial furnishings of an asset are capitalized as part of the constructed asset. The level of significance will be evaluated annually for appropriate capitalization. A threshold of \$100k was used for Fiscal Year 2024. The following table shows the City's capitalization thresholds for each asset category:

Asset Category	Capitalization Threshold
Non-Depreciable:	
Land and Rights of Way	\$ —
Easements (Intangible)	50
Artwork/Historical Treasures	5
Depreciable:	
Buildings	50
Building Improvements	50
Equipment/Vehicles	5
Software (Intangible)	100
Distribution and Collection Systems	25
Infrastructure	25
Right-to-Use Leased Assets	100
Right-to-Use SBITA Assets	300

Depreciation/amortization of capital assets is computed using the straight-line method over the estimated useful life of the asset or the remaining lease term as follows:

Asset Category	Useful Life (In Years)	Right-to-Use Leased Asset Category	Remaining Term (in Years)
Structures and Improvements:		Land	10 - 23
Buildings	10 - 50	Buildings	1 - 23
Building Improvements	3 - 50	Equipment	1
Vehicles	4 - 20	Subscriptions	1 - 10
General Machinery and Office Equipment	2 - 50		
Intangible Assets	5 - 25		
Distribution and Collection Systems:			
Sewer and Water Infrastructure	15 - 75		
Dams and Reservoirs	50 - 150		
Infrastructure:			
Pavement, Sidewalks, and Lighting	12 - 50		
Bridges	30 - 75		
Flood Control Assets	40 - 75		

k. Leases Receivable and PPPs

The City is a lessor for various noncancellable leases of land and buildings. The City is also a transferor of land and buildings for PPPs. A PPP is an arrangement in which the City contracts with an operator to provide public services by conveying control of the right to operate or use a City-owned capital asset. The City has two types of PPPs: Service Concession Arrangements (SCA); and Non-SCAs. In order to qualify as a SCA, a PPP must meet the following criteria: (1) The operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

The accounting treatment is very similar for leases (where City is lessor) and PPPs. In each case, the City recognizes both a receivable and a deferred inflow of resources in the Government-wide, Governmental, and Proprietary Fund financial statements.

At the commencement of a lease or PPP, the City measures the receivable at the present value of payments expected to be received over the course of the contract term. Subsequently, the receivable is reduced by the principal portion of payments received. The deferred inflow of resources is measured as the initial amount of the receivable, adjusted for any payments received at or before the contract commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the contract term.

Key estimates and judgments related to leases and PPPs where the City is lessor or transferor, respectively, are as follows:

- The City recognizes receivables with an initial, individual value of \$500 or more.
- The City uses its incremental borrowing rate as the discount rate for leases and PPPs when there is no stated rate in the contract, or there is no basis to determine the implied rate.
- The contract term includes the noncancellable period of the lease/PPP plus all available extension options, unless it is reasonably certain they will not be exercised.
- Measurement of the lease/PPP receivable is based on the present value of the minimum required payments expected to be received during the duration of the lease term.
- Contracts with rent payments that depend on an index or rate, such as the Consumer Price Index or current market rate, are initially measured using the index or rate as of the commencement of the contract term.
- Contracts with periodic percentage rent increases or flat rate rent increases that are specified in the terms are included in the measurement of the receivable.

The City monitors changes in circumstances that would require a remeasurement of its leases or PPPs and will remeasure the receivables and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the receivables.

l. Unearned Revenue

In the government-wide and fund level financial statements, unearned revenue represents amounts received, which have not been earned. Examples include Development Services' customer accounts with surplus balances, and grant revenues received in advance.

m. Interfund Transactions

The City has the following types of interfund transactions:

Loans represent amounts provided with a requirement for repayment. Interfund loans are normally reported as interfund receivables (i.e. Due from Other Funds) in lender funds and interfund payables (i.e. Due to Other Funds) in borrower funds. The non-current portions of long-term interfund loans receivable are reported as advances.

Services provided and used represent sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds.

Reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. The reimbursement is reported as an expenditure or expense in the reimbursing fund and a reduction of expenditures or expenses in the fund that initially incurred the expense.

Transfers represent flows of assets, such as cash or goods, without equivalent flows of assets in return, and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers. In proprietary funds, transfers are reported after nonoperating revenues and expenses.

n. Long-Term Liabilities

In the government-wide, proprietary, and fiduciary funds financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statements of Net Position. Capital appreciation bond accretion and bond premiums and discounts are amortized over the life of the bonds. Capital appreciation bond accretion uses a method which approximates the effective interest method and bond premiums and discounts use the straight line method which approximates the effective interest method. Net bonds payable reflects unamortized bond discounts and premiums.

o. Compensated Absences

The City provides combined annual leave to cover both vacation and sick leave. It is the City's policy to permit employees to accumulate between 8.75 weeks and 17.5 weeks of earned but unused annual leave, depending on hire date. Accumulation of these earnings will be paid to employees upon separation from service.

The liability for compensated absences reported in the government-wide and proprietary funds financial statements consists of unpaid accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees' current salary level and includes salary related costs (e.g. Medicare Tax). The short-term portion is an estimate calculated based on leave taken in the prior year, as a percentage of total outstanding balances. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

p. Leases Payable and Subscription Based Information Technology Arrangements (SBITAs)

The City is a lessee for various noncancellable leases of land, buildings, and equipment. The City also has various SBITAs. A SBITA is a contract that conveys control of the right to use a vendor's software, alone or in combination with hardware. The accounting treatment is very similar for leases (where the City is lessee) and SBITAs. In each case, the City recognizes both a liability and an intangible right-to-use asset in the Government-wide, Proprietary, and Fiduciary Fund financial statements. Right-to-Use assets are reported with depreciable capital assets and the liabilities for leases and SBITAs are reported with long-term liabilities.

At the commencement of a lease or SBITA, the City measures the liability at the present value of payments expected to be made over the course of the contract term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is measured as the initial amount of the liability, adjusted for any payments made at or before the contract commencement date, plus certain initial direct costs. Subsequently, the right-to-use asset is amortized on a straight-line basis over the contract term.

Key estimates and judgments related to leases in which the City is lessee and SBITAs are as follows:

- The City recognizes lease liabilities with an initial, individual value of \$100 or more and SBITA liabilities with an initial, individual value of \$300 or more.
- The City uses the interest rate charged by the lessor/vendor as the discount rate. When the interest rate charged by the lessor/vendor is not stated, the City uses its incremental borrowing rate as the discount rate for leases and SBITAs.
- The term includes the noncancellable period of the contract plus all available extension options, unless it is reasonably certain they will not be exercised.
- The measurement of the lease/SBITA liability is based on the present value of the minimum required payments expected to be paid during the duration of the contract term.
- Contracts with payments that depend on an index or rate, such as the Consumer Price Index or current market rate, are initially measured using the index or rate as of the commencement of the contract term.
- Contracts with periodic percentage rent increases or flat rate rent increases that are specified in the terms are included in the measurement of the liability.

The City monitors changes in circumstances that would require remeasurement of its leases or SBITAs and will remeasure the right-to-use assets and liabilities if certain changes occur that are expected to significantly affect the amount of the liabilities.

q. Claims and Judgments

The costs of claims and judgments are accrued when incurred and measurable in the government-wide, proprietary and fiduciary funds financial statements. In governmental funds, the costs of claims and judgments are recorded as expenditures when payments are due and payable.

r. Non-Monetary Transactions

The City, as part of approving new development in the community planning process, collects Development Impact Fees (DIFs) that provide a funding source for public infrastructure facilities associated with the growth of the City. In certain instances, the public infrastructure facilities are constructed by private developers via reimbursement agreements. These agreements typically contain provisions that provide developers with credits (also referred to as FBA/DIF/RTCIP credits) for future permit fees. These credits are earned by the developer upon successful completion of construction phases and when City engineers have accepted the work. Earned credits are recorded as a long-term liability and a corresponding capital asset is recorded in the government-wide financial statements. The credits are recognized as permit revenue once the obligation has been satisfied. See Note 5 for additional detail on reimbursement agreements.

s. Pensions

For purposes of measuring the Net Pension Liability (NPL), deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's SDCERS plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by SDCERS. 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 or NAV. See Note 12 for additional detail on pension plans.

t. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value or NAV. See Note 13 for additional detail on OPEB.

u. Net Position

For government-wide, proprietary, and fiduciary fund reporting, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net Position is categorized as follows:

- **Net Investment in Capital Assets** consists of capital assets, net of accumulated depreciation, reduced by outstanding debt and deferred outflows/inflows of resources attributed to the acquisition, construction or improvement of those assets.
- **Restricted Net Position** consists of assets that have external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, reduced by liabilities related to those assets. It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position components are available. As of June 30, 2024, the amount of restricted net position due to enabling legislation was approximately \$328,365.
- **Unrestricted Net Position** is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.

v. Fund Balances

In governmental fund types, the amount of assets, less liabilities and deferred inflows of resources, is referred to as fund balance. The City categorizes fund balances as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the City is bound to observe constraints imposed on the use of resources.

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed fund balance** - amounts that can only be used for specific purposes imposed by formal action of the City Council. The City Council uses ordinances or resolutions to commit fund balances. Ordinances and resolutions both meet the criteria to establish a commitment since the limitations on the redeployment of those resources for other purposes is the same. Committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned fund balance** - amounts that are constrained by the City's intent to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of

budget appropriations. The Mayor and his/her designees are authorized by the Charter to assign fund balance through the encumbrance process. Designees generally include the Chief Operating Officer, Assistant Chief Operating Officer, Deputy Chief Operating Officers and Department Directors.

- **Unassigned fund balance** - the residual classification for the City's General Fund that includes amounts not included in other classifications. In funds other than the General Fund, the unassigned classification is used only for deficit fund balances.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, followed by committed, assigned and unassigned as they are needed.

w. Reserves

The City's formal reserve policy, which was adopted in fiscal year 2008 via City Council ordinance, and last amended in December 2022, was created in accordance with Charter Section 91 and defines the General Fund Reserve. The City's General Fund Reserve is comprised of two separate components: (1) the Emergency Reserve and (2) the Stability Reserve. For the purpose of the policy, the General Fund is the operational fund as presented in the City's annual budget document.

- **Emergency Reserve** - maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other unforeseen catastrophic event. This reserve may be expended when an event is determined to be a public emergency by a two-thirds vote of the City Council, when such expenditures are necessary to ensure the safety of the City's residents and their property. This reserve is reported as committed fund balance.
- **Stability Reserve** - maintained to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of this reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. Recommendations to appropriate from the Stability Reserve are brought forward by the Mayor and require approval by a majority of the City Council. This reserve is a component of unassigned fund balance.

The policy level for total General Fund Reserves is 16.7% of the most recent three-year average of annual audited General Fund operating revenues (budgetary basis), as reported in the ACFR. The Emergency Reserve is set at a policy level of 8%, and the Stability Reserve is set at a policy level of 8.7%. The City's reserve policy established funding targets for each fiscal year ending 2016 to 2025 to reach policy levels. For fiscal year 2024, the Emergency Reserve funding target was 7.21%, or \$114,387, and the Stability Reserve funding target was 6.37%, or \$101,060. The balances of the Emergency Reserve and the Stability Reserve as of June 30, 2024 were \$107,600 and \$99,500, respectively, which fall below policy target levels. Spendable unassigned fund balance that is not part of General Fund Reserves is available for appropriation.

The Pension Payment Stabilization Reserve was established to mitigate service delivery risk due to increases in the annual pension payment, the ADC. The purpose of this reserve is to provide a source of funding for the ADC when these conditions occur and the ADC has increased year over year. After the 16.7% reserve target for the General Fund Reserve is met, the Pension Payment Stabilization Reserve is established at a policy level up to 8% of the average of the last three ADCs to the pension system. When funded, these reserves are a component of unassigned fund balance.

The City also maintains reserves to manage risk, including public liability reserves for the payment of claims and judgments, a reserve for obligations related to workers' compensation claims, and a reserve for long-term disability payments for City employees. In addition, the City maintains reserves for the following enterprise funds: the Water and Sewer Utility Funds; Development Service Fund; Refuse Disposal Fund; and the Golf Course Fund. Information regarding reserves maintained by the City is contained in Council Policy No. 100-20. Public liability and workers' compensation reserves are a component of committed fund balance. Proprietary fund reserves are a component of unrestricted net position.

x. Participating Agencies Revenue Recognition

The Regional Wastewater Disposal Agreement between the City and the Participating Agencies (PA) in the Metropolitan Sewerage System allows for quarterly invoicing of local area member municipalities and utility districts to collect and process sewage waste using the City's facilities. The invoicing is based on an estimated allocation of costs associated with each PA and may not represent each PA's proportionate allocation of actual maintenance and operating costs of the sewage system, resulting in an overstatement or understatement of revenue reported in the Sewer Utility Statement of Revenues, Expenses and Changes in Fund Net Position.

y. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates. Management believes that the estimates are reasonable.

z. New Governmental Accounting Standards Implemented During Year Ended June 30, 2024

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to financial guarantees and the practice issues related to classification and reporting of derivative instruments within the scope of Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, were effective in fiscal year 2024. The implementation of these requirements did not have a material impact on the financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement did not have a material impact on the financial statements for fiscal year 2024.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Dollars in Thousands)

Certain adjustments are necessary to reconcile governmental funds to governmental activities (which includes all internal service funds except the Public Utilities Inventory Fund, which is reported with Business-Type Activities). The reconciliation of these adjustments is as follows:

- a. Explanation of differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position:

The Governmental Funds Balance Sheet includes a reconciliation between "Total Fund Balances" and "Net Position of Governmental Activities" as reported in the Government-Wide Statement of Net Position. One element of the reconciliation states, "Capital assets used in governmental activities are not financial resources, and therefore, are not reported at the fund level." The details of this \$5,579,862 difference are as follows:

Non-Depreciable Capital Assets	\$ 2,619,953
Depreciable Capital Assets	6,994,359
Less: Accumulated Depreciation	<u>(4,034,450)</u>
Total Depreciable Capital Assets - net of Depreciation	<u>2,959,909</u>
Net Adjustment to increase "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	<u>\$ 5,579,862</u>

Another element of the reconciliation states, "Deferred outflows of resources are not financial resources (uses), and therefore, are not reported at the fund level." The details of this \$523,835 difference are as follows:

Unamortized Loss on Refunding	\$ 10,714
Deferred Outflows of Resources Related to Other Postemployment Benefits	31,772
Deferred Outflows of Resources Related to Pensions	<u>481,349</u>
Net adjustment to increase "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	<u>\$ 523,835</u>

Another element of the reconciliation states: "Unavailable revenues are not financial resources, and therefore, are reported as deferred inflows of resources." The details of this \$170,647 difference are as follows:

Deferred Inflows of Resources - Unavailable Revenue:	
Taxes Receivable	\$ 61,647
Grants Receivable	79,703
Special Assessments Receivable	4,849
Revenue from Other Agencies	5,812
Charges for Services	15,534
Other	<u>3,102</u>
Net adjustment to increase "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	<u>\$ 170,647</u>

Another element of the reconciliation states: "Certain liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this \$(3,900,419) difference are as follows:

Liabilities:	
Interest Accrued on Long-Term Debt	\$ (6,702)
Compensated Absences	(92,881)
Liability Claims	(388,668)
Reimbursement Agreement Obligations	(22,684)
Leases Payable	(61,667)
SBITAs Payable	(30,877)
Financed Purchase Obligations	(24,589)
QECB Lease Obligation	(2,031)
Loans Payable	(657)
Section 108 Loans Payable	(485)
Commercial Paper Notes Payable	(66,600)
Net Bonds Payable	(693,054)
Net Other Postemployment Benefits Liability	(293,790)
Pension Liabilities	<u>(2,214,938)</u>
Total Liabilities	<u>(3,899,623)</u>
Deferred Inflows of Resources:	
Deferred Inflows Related to Pensions	<u>(796)</u>
Net adjustment to decrease "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	<u>\$ (3,900,419)</u>

Another element of the reconciliation states: "Internal service funds are used by management to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are included in the governmental activities in the Statement of Net Position." The details of this \$217,408 difference are as follows:

Assets:	
Capital Assets - Non-Depreciable	\$ 24,452
Capital Assets - Depreciable	244,231
Internal Balances	(13,659)
Current Assets	<u>161,268</u>
Total Assets	<u>416,292</u>
Deferred Outflows of Resources	<u>14,050</u>
Liabilities:	
Compensated Absences	(7,706)
Liability Claims	(15,296)
Leases Payable	(20,063)
Financed Purchase Obligations	(62,481)
Net Other Postemployment Benefits Liability	(15,806)
Pension Liabilities	(71,033)
Current Liabilities	<u>(19,228)</u>
Total Liabilities	<u>(211,613)</u>
Deferred Inflows of Resources	<u>(1,321)</u>
Net adjustment to increase "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	<u>\$ 217,408</u>

- b. Explanation of certain differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities:

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between "Net Change in Fund Balances of Governmental Funds" and "Change in Net Position of Governmental Activities" as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains: "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation/amortization expense. Donated assets are not financial resources, and therefore, are not reported in the funds." The details of this \$242,291 difference are as follows:

Capital Outlay	\$ 415,744
Donated Capital Assets	15,438
Depreciation/Amortization Expense	<u>(188,891)</u>
Net adjustment to increase "Net Change in Fund Balances" of Governmental Funds to arrive at "Change in Net Position" of Governmental Activities	<u>\$ 242,291</u>

Another element of the reconciliation states: "The net effect of various miscellaneous transactions involving capital assets (e.g., retirements and transfers) is to decrease net position." The details of this \$(11,093) are as follows:

In the Statement of Activities, only the gain (loss) on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold/retired.	\$ (11,319)
Transfers of capital assets from business-type activities and internal service funds increase net position on the Statement of Activities, but do not appear in the governmental funds because they are not financial uses.	<u>226</u>
Net adjustment to decrease "Net Change in Fund Balances" of Governmental Funds" to arrive at "Change in Net Position" of Governmental Activities	<u>\$ (11,093)</u>

Another element of the reconciliation states: "Internal service funds are used to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The net income of certain internal service activities is reported with governmental activities." The details of this \$23,855 are as follows:

Allocated Operating Income	\$ 6,862
Nonoperating Revenues:	
Gain on Sale/Retirement of Capital Assets	1,659
Other Nonoperating Expenses, net	421
Capital Contributions	25
Capital Asset Transfers, net	(342)
Transfers, net	<u>15,230</u>
Net adjustment to increase "Net Change in Fund Balances" of Governmental Funds to arrive at "Change in Net Position" of Governmental Activities	<u>\$ 23,855</u>

Another element of the reconciliation states: "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this \$3,982 difference are as follows:

Debt Issued or Incurred:	
Leases Payable	\$ (1,566)
SBITAs Payable	(29,986)
Financed Purchase Obligations	(899)
Commercial Paper Notes Payable	<u>(66,600)</u>
Total Debt Issued or Incurred	<u>(99,051)</u>
Principal Repayments:	
Leases Payable	11,695
SBITAs Payable	13,149
Financed Purchase Obligations	6,510
QECC Lease Obligations	980
Loans Payable	26,492
Section 108 Loans Payable	457
Lease Revenue Bonds	35,165
Tobacco Settlement Asset-Backed Bonds	<u>8,585</u>
Total Principal Repayments	<u>103,033</u>
Net adjustment to increase "Net Change in Fund Balances" of Governmental Funds to arrive at "Change in Net Position" of Governmental Activities	<u>\$ 3,982</u>

Another element of the reconciliation states: "Some expenses reported in the Statement of Activities do not require the use of current financial resources (e.g., compensated absences, NPL), and therefore, are not accrued as expenditures in governmental funds." The details of this \$47,355 difference are as follows:

Compensated Absences	\$ (10,403)
Liability Claims	(7,191)
Reimbursement Agreement Obligations	(1,716)
Net Other Postemployment Benefit Obligation and Related Deferred Outflows/Inflows of Resources	(3,578)
Pension Liabilities and Related Deferred Outflows/Inflows of Resources	68,118
Interest Accrued on Long-Term Debt	139
Current Year Premiums and Loss on Refunding Less Amortization of Bond Premiums, Discounts, and Loss on Refunding	<u>1,986</u>
Net adjustment to increase "Net Change in Fund Balances" of Governmental Funds to arrive at "Change in Net Position" of Governmental Activities	<u>\$ 47,355</u>

3. CASH AND INVESTMENTS (Dollars in Thousands)

The following is a summary of the carrying amount of cash and investments as of June 30, 2024:

	Governmental Activities	Business-Type Activities	Fiduciary Funds other than SDCERS	Subtotal	SDCERS Fiduciary Fund	Grand Total
Cash or Equity in Pooled Cash and Investments	\$ 2,139,266	\$ 749,912	\$ 59,419	\$ 2,948,597	\$ 1,688	\$ 2,950,285
Cash and Investments with Custodian, Fiscal Agents, and Trustees	53,261	73,082	47,546	173,889	325,529	499,418
Investments at Fair Value	27,806	—	—	27,806	11,232,112	11,259,918
Securities Lending Collateral	—	—	—	—	91,172	91,172
Total	<u>\$ 2,220,333</u>	<u>\$ 822,994</u>	<u>\$ 106,965</u>	<u>\$ 3,150,292</u>	<u>\$ 11,650,501</u>	<u>\$ 14,800,793</u>

a. Cash or Equity in Pooled Cash and Investments

Cash or Equity in Pooled Cash and Investments represents petty cash and cash held with banks in demand deposit and/or savings accounts. Furthermore, it represents equity in pooled cash and investments, which is discussed in further detail below.

As provided for by California Government Code, the cash balances of substantially all funds and certain outside entities are pooled and invested by the City Treasurer for the purpose of increasing interest earnings through investment activities. The respective funds' shares of the total pooled cash and investments are included in the table above, under the caption Cash or Equity in Pooled Cash and Investments.

The following represents a summary of the items included in the Cash or Equity in Pooled Cash and Investments line item:

Cash on Hand - Petty Cash	\$ 191
Deposits - Other Cash and Cash Equivalents	6,979
City Treasurer's Pooled Investments and Deposits	2,941,427
SDCERS Cash Deposits	1,688
Total Cash or Equity in Pooled Cash and Investments	<u>\$ 2,950,285</u>

A summary of the investments held by the City Treasurer's Investment Pool as of June 30, 2024 is presented in the table below:

Investment Type	Fair Value	Book Value	Interest Rate % Range	Maturity Range
Asset Backed Securities	\$ 304,697	\$ 306,022	0.55 - 5.59%	4/25/2026 - 12/15/2028
Commercial Paper	443,029	440,730	5.25 - 5.54%	7/1/2024 - 7/30/2024
Corporate Notes and Bonds	343,008	344,088	1.45 - 5.25%	1/21/2025 - 6/1/2027
Repurchase Agreements	199,700	199,700	5.32 - 5.34%	7/1/2024
State Local Agency Investment Fund (LAIF) ¹	68	68	4.55%	7/1/2024
U.S. Treasury Obligations - Notes and Bonds	1,674,850	1,691,595	0.375 - 4.63%	7/15/2024 - 6/30/2027
Total	<u>\$ 2,965,352</u>	<u>\$ 2,982,203</u>		

¹ LAIF - The State Treasurer's pooled investment program values participants' shares based on amortized cost. This has been adjusted to fair value using the LAIF Factor. Maturity range is based on weighted average maturity of 217 days as of June 30, 2024. LAIF is part of the California Pooled Money Investment Account (PMIA) which is not SEC-registered, but is regulated under the California Government Code. At June 30, 2024, the PMIA fair value with accrued interest was \$179,046,994. The PMIA portfolio does not invest in derivatives.

b. Cash and Investments with Custodian, Fiscal Agents, and Trustees

Cash and Investments with Custodian, Fiscal Agents, and Trustees include cash and investments held by trustees resulting from bond issuances. These funds represent bond funds, including but not limited to: debt service reserve funds; construction funds; costs of issuance funds; and liquid investments held by trustees as legally required by bond issuances and construction contract retention deposits held in escrow accounts. Additionally, Cash with Custodian/Fiscal Agent includes SDCERS' transaction settlements, held in each investment manager's portfolio, which are invested overnight by SDCERS' custodial bank. Furthermore, it represents the SDCERS portion of funds held as cash collateral for SDCERS' cash overlay program.

c. Investments at Fair Value

Investments at Fair Value represents investments of SDCERS, investments managed by the City Treasurer (which are not part of the City Treasurer's Investment Pool) and investments managed by the Funds Commission. Investments under the management of the Funds Commission are reported in the Permanent funds (Cemetery Perpetuity Fund, Los Penasquitos Canyon Preserve Fund, Effie Sergeant Library Fund, and the Phillip L. Green Memorial Fund) and in the Other Special Revenue-Unbudgeted funds (Edwin A. Benjamin Fund, Jane Cameron Estate, and the Gladys Edna Peters Fund).

d. Investment Policy

In accordance with Charter Section 45, the City Treasurer is responsible for the safekeeping and investment of the unexpended cash in the City Treasury. The City Treasurer is also responsible for maintaining the City of San Diego City Treasurer's Investment Policy (Investment Policy), which is presented to City Council annually. This Investment Policy applies to all of the investment activities of the City except for: pension trust funds; proceeds of certain debt issues (which are managed and invested at the direction of the City Treasurer in accordance with the applicable indenture or by Trustees appointed under indenture agreements or by fiscal agents); and assets of funds placed in the custody of the Funds Commission by Council action.

City Treasurer reviews the Investment Policy annually and may make revisions based upon changes to the California Government Code and the investment environment. These suggested revisions are presented to the City Treasurer's Investment Advisory Committee (IAC) for review and comment. The IAC consists of two City finance experts and three outside investment professionals with market and portfolio expertise. The City Council reviews the Investment Policy and considers acceptance on an annual basis.

The Investment Policy is governed by the California Government Code (CGC), § 53600 et seq. Within the investments permitted by the CGC, the City has further restricted eligible investments in its Investment Policy. In the event a discrepancy exists between the CGC and City Investment Policy, the more restrictive parameters will take precedence.

The following table presents the authorized investments, requirements, and restrictions per the CGC and the Investment Policy:

Investment Type ⁸	Maximum Maturity ¹		Maximum % of Portfolio		Maximum % with One Issuer		Minimum Rating ⁷	
	CGC	City Policy	CGC	City Policy	CGC	City Policy	CGC	City Policy
U.S. Treasury Obligations (bills, bonds, or notes)	5 years	5 years	None	None	None	None	None	None
U.S. Agencies	5 years	5 years	None	(2)	None	(2)	None	None
Supranationals	5 years	5 years	30%	30%	30%	10%	AA	AA
Bankers' Acceptances ⁶	180 days	180 days	40%	40%	30%	10%	None	(3)
Commercial Paper ^{6, 9}	270 days	270 days	40%	40%	10%	10%	P-1	P-1
Negotiable Certificates of Deposit ⁶	5 years	5 years	30%	30%	None	10%	None	(3)
Repurchase Agreements	1 year	1 year	None	None	None	None	None	None
Reverse Repurchase Agreements ⁴	92 days	92 days	20%	20%	None	None	None	None
Local Agency Investment Fund ¹⁰	N/A	N/A	None	(10)	None	None	None	None
Non-Negotiable Time Deposits ⁶	5 years	5 years	None	25%	None	10%	None	(3)
Medium Term Notes/Bonds ⁶	5 years	5 years	30%	30%	10%	10%	A	A
Municipal Securities of California Local Agencies ⁶	5 years	5 years	None	20%	None	10%	None	A
Mutual Funds	N/A	N/A	20%	20%	10%	5%	AAA	AAA
Notes, Bonds, or Other Obligations	5 years	5 years	None	None	None	None	None	AA
Mortgage and Asset-Backed Securities	5 years	5 years	20%	20%	None	None	AA	AAA
Financial Futures ⁵	N/A	None	N/A	None	N/A	None	N/A	None

¹ In the absence of a specified maximum, the maximum is 5 years.

² No more than one-third of the cost value of the total portfolio at time of purchase can be invested in the unsecured debt of any one agency.

³ Maturity and Credit Rating Criteria must be in accordance with Section XII of the City Treasurer's Investment Policy.

⁴ Maximum percentage of portfolio for Reverse Repurchase Agreements is 20% of base value.

⁵ Financial futures transactions would be purchased only to hedge against changes in market conditions for the reinvestment of bond proceeds.

⁶ Investment types with a 10% maximum with one issuer are further restricted per the City Treasurer's Investment Policy: 5% per issuer and an additional 5% with authorization by the City Treasurer.

⁷ Minimum credit rating categories include modifiers (+/-).

⁸ The City's investments are governed by California Government Code, Sections 53600 et seq. Within the investments permitted by the Code, the City seeks to further restrict eligible investments to the guidelines listed above. In the event a discrepancy is found between this Policy and the Summary Table above, the more restrictive parameters will take precedence. Percentage holding limits listed in this section apply at the time the security is purchased.

⁹ The provision allowing up to 40% of the cost value of the portfolio to be invested in commercial paper sunsets on January 1, 2026, at which time the maximum percentage allowed will drop to 25% of the cost value of the portfolio.

¹⁰ The maximum percentage of the portfolio is based on the investment limit established by LAIF for each account, not by City policy.

According to the Investment Policy, the City may enter into repurchase and reverse repurchase agreements only with primary dealers of the Federal Reserve Bank of New York with which the City has entered into a master repurchase agreement.

Additionally, the Investment Policy authorizes investment in other specific types of securities. The City may invest in floating-rate securities whose coupon resets are based upon a single fixed income index which would be representative of an eligible investment, provided that the security is not leveraged or has a coupon that resets inversely to the underlying index. Securities issued by U.S. Government agencies that contain embedded calls or options are authorized provided those securities are not inverse floaters, range notes, or interest only strips derived from a pool of mortgages. A maximum of 8% of the "cost value" of the pooled portfolio may be invested in structured notes at the time of purchase. The City may invest in securities issued by, or backed by, the United States government that could result in zero or negative interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates.

Ineligible investments prohibited from use in the portfolio include, but are not limited to, common stocks and long-term corporate notes/bonds. The City shall not purchase any investment issued directly by a corporation that engages in the exploration, production, drilling or refining of coal, petroleum, or natural gas. The Investment Policy is available online at the following website address: www.sandiego.gov/treasurer/investments/invpolicy.

Other Investment Policies

The City Funds Commission was established by the Charter to supervise and control all trust, perpetuity, and investment funds of the City and such pension funds as shall be placed in its custody. The statutory authority for the Funds Commission is created in Charter Article V, Section 41(a). While the duties described in the creation document form broad authority for the Funds Commission, in practice, the Funds Commission only oversees investments related to a small number of endowment funds. The allowable investments for these funds are different than those prescribed in the City of San Diego City Treasurer's Investment Policy and are governed by the respective investment policy.

The City and its component units have funds invested in accordance with various bond indenture and trustee agreements. The investment of these bond issuances is in accordance with the Permitted Investments section and applicable account restrictions outlined in the Indenture of each bond issuance. The Permitted Investments section in each Indenture will vary based upon the maturity, cash flow demands, and reserve requirements associated with each issuance. In general, the Permitted Investments section of each Indenture will closely resemble the Investment Policy, but may include certain investment options not authorized by applicable law for the Investment Policy (CGC § 53601).

e. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the City's custodian banks. The City does not value any of its investments using Level 3 inputs.

The table below represents the City's fair value hierarchy as of June 30, 2024:

	Fair Value Measurements			Total
	Level 1	Level 2	Not Categorized	
City Treasurer's Investment Pool:				
Asset Backed Securities	\$ —	\$ 304,697	\$ —	\$ 304,697
Commercial Paper	—	443,029	—	443,029
Corporate Notes and Bonds	—	343,008	—	343,008
Repurchase Agreements	—	—	199,700	199,700
State Local Agency Investment Fund (LAIF)	—	—	68	68
U.S. Treasury Obligations - Bills and Notes	—	1,674,850	—	1,674,850
	—	2,765,584	199,768	2,965,352
Investments with Fiscal Agents/Trustees, Funds Commission, and Blended Component Units:				
Corporate Notes and Bonds	—	5,666	—	5,666
Exchange Traded Funds - Equity	3,412	—	—	3,412
Exchange Traded Funds - Fixed Income	6,252	—	—	6,252
Government Mortgage-Backed Securities	—	1	—	1
Money Market Mutual Funds	—	—	106,958	106,958
Municipal Bonds	—	2,318	—	2,318
Mutual Funds - Equity	—	11,343	—	11,343
Mutual Funds - Fixed Income	—	8,701	—	8,701
U.S. Agencies - Federal Home Loan Mortgage Corp	—	1,456	—	1,456
U.S. Agencies - Federal National Mortgage Association	—	3,650	—	3,650
U.S. Treasury Obligations - Bills and Notes	—	14,501	—	14,501
	9,664	47,636	106,958	164,258
Total Investments	\$ 9,664	\$ 2,813,220	\$ 306,726	\$ 3,129,610
Total Investments by Fair Value Level				\$ 2,822,884
Total Investments exempt from Fair Value Hierarchy				306,726
Total Investments				\$ 3,129,610

Asset backed securities, commercial paper, corporate notes and bonds, government mortgage-backed securities, municipal bonds, mutual funds, investments in U.S. Agencies, and U.S. Treasury obligations are all classified in Level 2 of the fair value hierarchy. These investments are valued using either bid evaluation or matrix pricing techniques. Bid evaluation may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value the securities based on the securities' relationship to benchmark quoted prices which are maintained by various pricing vendors.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) are not classified in the fair value hierarchy. The City values investments in money market mutual funds at NAV based on amortized cost. Repurchase agreements are held at amortized cost and also exempt from the fair value hierarchy. The City also has investments in LAIF which are reported based upon the application of a fair value factor to each one dollar share invested, and therefore are not included in the fair value hierarchy.

City of San Diego - Disclosures for Specific Risks

f. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk for the City Treasurer's Investment Pool is intended to be mitigated by establishing two portfolios: a liquidity portfolio and a core portfolio. Target durations are based upon the expected short and long-term cash needs of the City. The liquidity portfolio is structured with an adequate mix of highly liquid securities and maturities to meet major cash outflow requirements for at least six months (per CGC § 53646). The liquidity portfolio uses the Bloomberg Barclays US T-Bills 3-6 month Index, or equivalent, as a benchmark with a target duration of plus or minus 40% of that benchmark.

The core portfolio uses the Bloomberg Barclays US Treasury 1-3 year Index, or equivalent, as a benchmark with a target duration of plus or minus 20% of that benchmark. It consists of high quality liquid securities with a maximum maturity of five years and is structured to meet the longer-term cash needs of the City. Information about the sensitivity of the fair value of the City's investments to market interest rate fluctuations is presented in the table on the following page.

As of June 30, 2024, the City's investments (dollars in thousands) by maturity are as follows:

	Years				Fair Value
	Under 1	1-3	3-5	Over 5	
City Treasurer's Investment Pool:					
Asset Backed Securities	\$ —	\$ 174,434	\$ 130,263	\$ —	\$ 304,697
Commercial Paper	443,029	—	—	—	443,029
Corporate Notes and Bonds	31,048	311,960	—	—	343,008
Repurchase Agreements	199,700	—	—	—	199,700
State Local Agency Investment Fund (LAIF)	68	—	—	—	68
U.S. Treasury Obligations - Bills and Notes	690,183	984,667	—	—	1,674,850
	<u>1,364,028</u>	<u>1,471,061</u>	<u>130,263</u>	<u>—</u>	<u>2,965,352</u>
Investments with Fiscal Agents/Trustees, Funds Commission, and Blended Component Units:					
Corporate Notes and Bonds	2,340	3,326	—	—	5,666
Exchange Traded Funds - Equity	3,412	—	—	—	3,412
Exchange Traded Funds - Fixed Income	1,221	—	1,215	3,816	6,252
Government Mortgage-Backed Securities	—	—	—	1	1
Money Market Mutual Funds	106,958	—	—	—	106,958
Municipal Bonds	419	1,763	136	—	2,318
Mutual Funds - Equity	11,343	—	—	—	11,343
Mutual Funds - Fixed Income	2,463	—	—	6,238	8,701
U.S. Agencies - Federal Home Loan Mortgage Corp	723	733	—	—	1,456
U.S. Agencies - Federal National Mortgage Association	2,185	1,465	—	—	3,650
U.S. Treasury Obligations - Bills and Notes	104	6,603	7,794	—	14,501
	<u>131,168</u>	<u>13,890</u>	<u>9,145</u>	<u>10,055</u>	<u>164,258</u>
Total Investments	<u>\$ 1,495,196</u>	<u>\$ 1,484,951</u>	<u>\$ 139,408</u>	<u>\$ 10,055</u>	<u>3,129,610</u>
Cash on Hand - Petty Cash					191
Deposits - Pooled and Other Cash and Cash Equivalents, Cash with Fiscal Agents/Trustees and Cash with Fiscal Agents/Trustees Held in Escrow Accounts					<u>20,491</u>
Total Investments, Cash on Hand, and Deposits					<u>\$ 3,150,292</u>

¹ Equity exchange traded funds, equity mutual funds, and money market mutual funds are categorized based on weighted average maturity.

g. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill their obligation to the holder of the investment. This is measured by the assignment of a rating by a Nationally Recognized Statistical Rating Organization (NRSRO). The City mitigates credit risk through its Investment Policy Section (d) outlines the authorized investments, requirements, and restrictions per the City's Investment Policy. An investment listed as "Not Rated" indicates that no rating is available from that rating agency. The City provides the credit rating of either Moody's or S&P as a primary rating agency; "Not Provided" has been notated for the secondary rating agency. Per GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, U.S. Treasury Obligations do not require disclosure of credit quality and are listed as "Exempt".

As of June 30, 2024, the City's investments and corresponding credit ratings are as follows:

	Moody's	S&P	Fair Value	Percentage
City Treasurer's Investment Pool:				
Asset Backed Securities	Aaa	Not Rated	\$ 151,992	5.13 %
Asset Backed Securities	Not Rated	AAA	152,705	5.15 %
Commercial Paper	P-1	Not Provided	418,048	14.10 %
Commercial Paper	Not Rated	A-1+	24,981	0.84 %
Corporate Notes and Bonds	Aaa	Not Provided	32,915	1.11 %
Corporate Notes and Bonds	Aa1	Not Provided	25,147	0.85 %
Corporate Notes and Bonds	Aa2	Not Provided	19,997	0.67 %
Corporate Notes and Bonds	Aa3	Not Provided	24,799	0.84 %
Corporate Notes and Bonds	A1	Not Provided	153,169	5.17 %
Corporate Notes and Bonds	A2	Not Provided	35,835	1.21 %
Corporate Notes and Bonds	A3	Not Provided	51,146	1.72 %
Repurchase Agreements ¹	Not Rated	Not Rated	199,700	6.73 %
State Local Agency Investment Fund (LAIF)	Not Rated	Not Rated	68	— %
U.S. Treasury Obligations - Bills and Notes	Exempt	Exempt	1,674,850	56.48 %
			<u>2,965,352</u>	<u>100.00 %</u>
Investments with Fiscal Agents/Trustees, Funds Commission, and Blended Component Units:				
Corporate Notes and Bonds	Not Provided	AA+	452	0.27 %
Corporate Notes and Bonds	Not Provided	AA-	467	0.28 %
Corporate Notes and Bonds	Not Provided	A+	454	0.28 %
Corporate Notes and Bonds	Not Provided	A	893	0.54 %
Corporate Notes and Bonds	Not Provided	A-	2,463	1.50 %
Corporate Notes and Bonds	Not Provided	BBB+	937	0.57 %
Exchange Traded Funds - Equity	Not Rated	Not Rated	3,412	2.08 %
Exchange Traded Funds - Fixed Income	Not Rated	Not Rated	6,252	3.81 %
Government Mortgage-Backed Securities	Not Rated	Not Rated	1	— %
Money Market Mutual Funds	Aaa	AAA	103,854	63.23 %
Money Market Mutual Funds	Not Provided	Not Rated	3,104	1.89 %
Municipal Bonds	Aa1	AA+	94	0.06 %
Municipal Bonds	Aa1	Not Rated	223	0.13 %
Municipal Bonds	Aa2	AA	551	0.33 %
Municipal Bonds	Aa2	AA-	109	0.07 %
Municipal Bonds	Aa3	AA	98	0.06 %
Municipal Bonds	Aa3	Not Rated	222	0.13 %
Municipal Bonds	A1	A+	78	0.05 %
Municipal Bonds	A3	AA	118	0.07 %
Municipal Bonds	Not Rated	AA+	146	0.09 %
Municipal Bonds	Not Rated	AA	124	0.07 %
Municipal Bonds	Not Rated	Not Rated	555	0.34 %
Mutual Funds - Equity	Not Rated	Not Rated	11,343	6.91 %
Mutual Funds - Fixed Income	Not Rated	Not Rated	8,701	5.30 %
U.S. Agencies - Federal Home Loan Mortgage Corp	Not Provided	AA+	1,456	0.89 %
U.S. Agencies - Federal National Mortgage Association	Not Provided	AA+	3,650	2.22 %
U.S. Treasury Obligations - Bills and Notes	Exempt	Exempt	104	0.06 %
U.S. Treasury Obligations - Bills and Notes	Not Provided	AA+	14,397	8.77 %
			<u>164,258</u>	<u>100.00 %</u>
Total Investments			<u>\$ 3,129,610</u>	

¹ More than 5% of total investments with a single issuer are with Repurchase Agreements, whose debt is not guaranteed by the U.S. Government.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. GASB Statement No. 40 requires disclosure of certain investments in any one issuer that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt. As of June 30, 2024, the City exceeded the 5% limit of total investments in issuers of Repurchase Agreements, Asset Backed Securities, Commercial Paper and Corporate Notes and Bonds did not exceed 5% per issuer. Investments exceeding the 5% limit are referenced in the credit ratings table above.

h. Custodial Credit Risk

Custodial credit risk is the risk that if a financial institution or counterparty fails, the City would not be able to recover the value of its deposits or investments. The City does not have a specific policy relating to custodial credit risk. The City's exposure to custodial credit risk is further discussed below.

Deposits

At June 30, 2024, the carrying amount of the City's deposits was approximately (\$17,674) and the bank balance was \$15,290 the difference is substantially due to outstanding checks. For the balance of cash deposits in financial institutions, approximately \$1,004 was covered by federal depository insurance and approximately \$14,286 was uninsured. Pursuant to the California Government Code, California banks and savings and loan associations are required to secure the City's deposits not covered by federal depository insurance by pledging government securities as collateral. As such \$14,286, of the City's deposits are pledged at 110% and held by a bank acting as the City's agent in the City's name.

The City also has deposits held in escrow accounts with a carrying amount and bank balance of approximately \$31,656. For the balance of deposits in escrow accounts, approximately \$2,041 was covered by federal depository insurance. The remaining balance of \$29,615, was uninsured, but collateralized and pledged at 110%.

Investments

At June 30, 2024, all of the City's investments were held in the City's name and were not exposed to custodial credit risk.

i. Restricted Cash and Investments

Cash and investments at June 30, 2024 restricted by legal or contractual requirements are comprised of the following:

Governmental Funds	
General Fund	\$ 3,686
Special Revenue	1,305
Debt Service	11,361
Capital Projects	39,909
Permanent Endowments	23,904
Total Governmental Funds	<u>80,165</u>
Sewer Utility Enterprise Fund	
Interest and Redemption Funds	5,837
Water Utility Enterprise Fund	
Customer Deposits	1,206
Interest and Redemption Funds	4,797
Total Water Utility Enterprise Fund	<u>6,003</u>
Nonmajor Enterprise Funds	
Airports Fund - Deposits and Advances	73
Development Services Fund - Deposits and Advances	8,168
Refuse Disposal Fund - Funds set aside for landfill site closure and maintenance costs	77,971
Recycling Fund - Customer deposits	17,554
San Diego Convention Center Corporation	2,121
Total Nonmajor Enterprise Funds	<u>105,887</u>
Private-Purpose Trust Fund	34,940
Custodial Funds	
Community Facilities Districts	12,606
Total Restricted Cash and Investments	<u>\$ 245,438</u>
Summary of Total Cash and Investments	
Total Unrestricted Cash and Investments	\$ 14,555,355
Total Restricted Cash and Investments	<u>245,438</u>
Total Cash and Investments	<u>\$ 14,800,793</u>
Total Governmental Activities	\$ 2,220,333
Total Business-Type Activities	822,994
Total Fiduciary Activities	<u>11,757,466</u>
Total Cash and Investments	<u>\$ 14,800,793</u>

San Diego City Employees' Retirement System (SDCERS) - Disclosures for Policy and Specific Risks

Narratives and tables presented in the following sections (j. through u.) are taken directly from the annual comprehensive financial report of the San Diego City Employees' Retirement System as of June 30, 2024 (certain terms have been modified to conform to the City's ACFR presentation).

Summary of Cash and Investments - SDCERS	
Cash on Deposit with Wells Fargo Bank	\$ 1,688
Cash and Cash Equivalents on Deposit with Custodial Bank and Fiscal Agents	325,529
Investments at Fair Value:	
Domestic Fixed Income Securities	2,597,205
International Fixed Income Securities	235,620
Global Fixed Income Securities	587,785
Domestic Equity Securities	2,880,806
International Equity Securities	1,848,502
Global Equity Securities	417,412
Real Estate	1,109,017
Private Equity and Infrastructure	1,555,765
Securities Lending Collateral	91,172
Total Cash and Investments for SDCERS	<u>\$ 11,650,501</u>

j. Investment Policy and Portfolio Risk

The SDCERS Board has exclusive authority over the administration and investment of SDCERS' Group Trust assets pursuant to Section 144 of the Charter and the California State Constitution Article XVI, Section 17. The SDCERS Board is authorized to invest in cash and cash equivalents, bonds, notes or other obligations, derivative securities, common stock, preferred stock, real estate investments, private equity, infrastructure and pooled vehicles. The risks and correlations of each investment are considered relative to the entire portfolio. Investment policies permit the SDCERS Board to invest in financial futures contracts provided the contracts are not designated as accounting hedges for SDCERS' Group Trust portfolio. Financial futures contracts are recorded at fair value each day and must be settled at expiration date. Changes in the fair value of the contracts result in the recognition of a gain or loss.

Net investment income includes the net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and other income not included in the appreciation (depreciation) in the fair value of investments, less total investment expenses, including investment management and custodial fees and all other significant investment-related costs. SDCERS' net realized gains totaled \$807,100 for the fiscal year ended June 30, 2024. Realized gains and losses are independent of the calculation of net appreciation (depreciation) in the fair value of investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in net appreciation (depreciation) in the fair value of the investments reported in the prior year and current year. Pursuant to the City, Port and Airport plan documents, realized gains and losses determine whether certain contingent benefits will be paid each fiscal year. Realized gains and losses are reported in the net appreciation (depreciation) in the fair value of investments in the financial statements.

SDCERS' Policy in regard to the allocation of invested assets is established and may be amended by the SDCERS Board. The asset allocation policy is reviewed and approved on an annual basis. Through its investment objectives and policies, the SDCERS Board emphasizes generating a rate of return above inflation and the preservation of capital. Investments are made only after the risk/reward trade-offs are evaluated. SDCERS' assets are managed on a total return basis, which takes into consideration both investment income and capital appreciation. While SDCERS recognizes the importance of preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns. In July 2023, the Investment Policy Statement was updated to add private debt and diversifying asset classes as two new Board approved investment asset classes.

The following was SDCERS' adopted asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation
Domestic Equity	18.0 %
International Equity	12.0
Global Equity	6.0
Domestic Fixed Income	22.0
Return-Seeking Fixed Income	5.0
Real Estate	11.0
Private Equity	10.0
Infrastructure	4.0
Private Debt	5.0
Diversifying	4.0
Opportunity Fund	3.0
Total	100.0 %

For the fiscal year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 7.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

SDCERS' investment portfolio includes fixed income strategies to diversify the investment portfolio. The percentage allocated to these strategies is based on information derived from the Asset/Liability Study performed every three years. The returns of fixed income strategies vary less than equity returns. SDCERS' target asset allocation policy is reviewed each year. SDCERS' long-term target allocation to fixed income strategies as of June 30, 2024, was 32.0%, which includes domestic fixed income, return-seeking fixed income, and private debt. The fixed income allocation is externally- managed and is comprised as follows: 22.0% to domestic fixed income, which is benchmarked against the Bloomberg Aggregate Bond Index; 5% to return-seeking fixed income, which is benchmarked 33.3% to the ICE Bank of America/Merrill Lynch U.S. High Yield Master II Constrained Index, 33.3% to the Morningstar Leveraged Loan Index, 10.0% to JP Morgan Emerging Market Bond Index Global Diversified, 13.3% to JP Morgan Government Bond Index-Emerging Market Global Diversified, and 10% to the JP Morgan CEMBI Broad Diversified Index; and 5% to private debt, which is benchmarked against the Morningstar LSTA US Leveraged Loan Index plus 200 basis points. SDCERS' overall portfolio diversification limits the fixed income invested in the debt security of any one issuer to 10% of the portfolio at the time of the initial commitment, except for U.S. Government obligations (or agencies and instruments of the U.S. Government) to minimize overall market and credit risk.

A copy of the SDCERS' investment policy and additional details on the results of SDCERS' investment activities are available at 401 West A Street, Suite 800, San Diego, CA 92101 or online at: <https://www.sdcers.org/Financials-Investments/Objectives.aspx>

k. Fair Value Hierarchy

SDCERS categorizes their fair value measurements within the fair value hierarchy established by GAAP set forth in GASB Statement No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3: Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent), such as commingled fund investments, are not classified in the fair value hierarchy.

Where inputs used to measure fair value fall into different fair value levels, fair value measurements are categorized based on the lowest level input that is significant to the valuation. SDCERS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability. The table on the following page shows the fair value leveling of the investments for the pension system.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

The following table represents SDCERS' fair value hierarchy as of June 30, 2024:

Investments	Fair Value	Level 1	Level 2
Short-Term Securities	\$ 12,281	\$ —	\$ 12,281
Fixed Income Securities:			
Asset-Backed Securities	84,686	—	84,686
Commercial Mortgage-Backed Securities	69,334	—	69,334
Collateralized Mortgage Obligations	46,110	—	46,110
Corporate Bonds	704,074	—	704,074
Government & Agency Obligations	494,154	—	494,154
Mortgage-Backed Securities	481,267	—	481,267
Total Fixed Income Securities	<u>1,879,625</u>	<u>—</u>	<u>1,879,625</u>
Equity Securities:			
Consumer Discretionary	91,428	91,428	—
Consumer Staples	60,445	60,445	—
Energy	26,937	26,937	—
Financials	83,028	83,028	—
Healthcare	129,167	129,167	—
Industrials	84,948	84,948	—
Information Technology	132,260	132,260	—
Materials	28,962	28,962	—
Real Estate Investment Trust	9,054	9,054	—
Telecommunication Services	11,993	11,993	—
Utilities	6,329	6,329	—
Total Equity Securities	<u>664,551</u>	<u>664,551</u>	<u>—</u>
Investment Derivative Instruments			
Fixed Income Securities:			
Credit Default Swaps	413	—	413
Foreign Currency Forwards	513	—	513
Interest Rate Swaps	5,669	—	5,669
Options - Fixed Income	(54)	—	(54)
Total Fixed Income Derivative Securities	<u>6,541</u>	<u>—</u>	<u>6,541</u>
Equity Securities:			
Options – Equity	56	—	56
Warrants	356	—	356
Total Equity Derivative Securities	<u>412</u>	<u>—</u>	<u>412</u>
Total Investments by Fair Value Level ¹	<u>\$ 2,563,410</u>	<u>\$ 664,551</u>	<u>\$ 1,898,859</u>

¹ Total investments measured at fair value differs from the total investments including securities lending collateral on the Statement of Fiduciary Net Position because of investment receivables and payables unrealized gains and losses. Total investments measured at fair value excludes \$60 thousand of unrealized gains as of June 30, 2024.

Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

Debt and fixed income derivative securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features and ratings. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Index linked fixed income securities are valued by multiplying the external market price by the applicable day's Index Ratio. Level 2 fixed income securities have non-proprietary information that was readily available to market participants, from multiple independent sources, which are known to be actively involved in the market. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities.

Real estate assets classified in Level 3 are real estate investments generally valued using the income approach or appraisal approach by SDCERS' real estate managers and third-party appraisal firms. SDCERS' policy is to obtain an external appraisal a minimum of every three years for properties or portfolios for which the retirement system has some degree of control or discretion. Appraisals are performed by an independent appraiser with preference for Member Appraisal Institute (MAI) designated appraisers. The appraisals are performed using generally accepted valuation approaches applicable to the property type. As of June 30, 2024, SDCERS has no real estate assets classified in Level 3.

Investments Measured at NAV	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Investments:				
Commingled Domestic Equity Funds	\$ 2,751,498	\$ —	Daily	0-5 Days
Commingled International Equity Funds	1,637,985	—	Daily, Monthly	0-30 Days
Commingled Global Equity Funds	92,411	—	Daily	None
Total Equity Investments Measured at NAV	4,481,894	—		
Fixed Income Investments:				
Commingled Domestic Fixed Income Funds	900,491	—	Daily	None
Commingled International Fixed Income Funds	235,544	40,721	Daily	0-5 Days
Commingled Global Fixed Income Funds	385,929	75,000	Daily, Monthly, Quarterly	0-60 Days
Total Fixed Income Investments Measured at NAV	1,521,964	115,721		
Real Estate Investments:				
Real Estate Limited Partnerships	305,030	158,309	Not Eligible	N/A
Commingled Real Estate Funds	803,989	28,736	Monthly	None
Total Real Estate Investments Measured at NAV	1,109,019	187,045		
Private Equity & Infrastructure Investments:				
Commingled Private Equity & Infrastructure Funds	1,555,765	844,724	Not Eligible	N/A
Invested Securities Lending Collateral:				
Commingled Equity Securities	20,497	—	Daily	3 Days
Commingled Fixed Income Securities	70,675	—	Daily	3 Days
Total Invested Securities Lending Collateral Measured at NAV	91,172	—		
Total Investments Measured at NAV	\$ 8,759,814	\$ 1,147,490		

Investments that are measured at NAV are not classified in the fair value hierarchy but are disclosed in the table above.

Commingled Domestic Equity Funds consist of a large cap passive index fund, and two funds that invest in managed futures. The Commingled International Equity Funds consist of a broad international passive equity index fund with exposure to developed markets, a fund that invests in international large cap growth equities, two funds that invest in emerging market equities, a fund that invests in non-U.S. small and mid-cap equities, and one fund that invests in international small cap equities. The Commingled Global Equity Funds consist of one fund that invests in both international and U.S. equities and another fund constituting the international component of a separately managed global equity portfolio. The fair values of amounts in these investment types have been determined using the NAV per share (or its equivalent).

The Commingled Domestic Fixed Income Funds consist of five funds that invest in domestic fixed income securities. The Commingled International Fixed Income Funds consist of one fund that invests in international credit strategies. The

Commingled Global Fixed Income Funds consist of three funds that invest in global multi-asset credit strategies. The fair values of the investments in these types have been determined using the NAV per share (or its equivalent).

The Commingled Real Estate Funds consist of 12 open-ended commingled funds and 26 real estate limited partnerships that are invested in apartments, retail, industrial and office assets throughout the United States, Europe and Asia. Although the open-ended commingled funds are private investments, they can be redeemed on a monthly basis, subject to available liquidity, and the fair value of these investments has been determined using the NAV per share (or its equivalent). Investments in the limited partnerships can never be redeemed with the funds. Instead, the nature of these investment funds is that distributions from each investment will be received as the underlying investments are liquidated. The average fund life for these investments is approximately ten years. Because it is not probable that any individual investment will be sold, the fair value of SDCERS' ownership interest in partner's capital has been determined using the NAV per share (or its equivalent).

The Commingled Private Equity and Infrastructure Funds consist of two limited partnerships that are managed by two discretionary advisors. Generally, the limited partnerships invest in venture capital, growth equity, buyouts, special situations, mezzanine, and distressed debt. These investments are considered illiquid and cannot be redeemed during the lives of the partnerships. Instead, the nature of these investments is that distributions from each investment will be received as the underlying investments are liquidated. Because it is not probable that any individual investment will be sold, the fair value of SDCERS' ownership interest in partner's capital has been determined using the NAV per share (or its equivalent).

I. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Fixed income portfolios use duration to measure how a change in interest rates will affect the value of the portfolio. SDCERS does not have a general investment policy that addresses interest rate risk. Rather, each investment manager's specific investment guidelines place limits on each portfolio to manage interest rate risk.

The following table identifies the effective durations of SDCERS' domestic and international fixed income strategies based on portfolio holdings as of June 30, 2024:

Type of Security	Effective Duration (in years) ²	Fair Value ¹
Asset-Backed Securities	1.99	\$ 84,686
Commercial Mortgage-Backed Securities	2.89	69,334
Collateralized Mortgage Obligations	1.31	46,110
Bank Loans	0.08	15,831
Corporate Bonds	4.68	688,243
Government and Agency Obligations		
Foreign	6.71	24,880
Treasury Securities	7.91	469,274
Mortgage-Backed Securities	6.31	481,267
Total		\$ 1,879,625

¹ Fair Value does not include convertible bonds, mutual funds and derivative instruments of \$1,540,985. These securities do not exhibit interest rate risk and/or duration cannot be calculated.

² Duration could not be calculated for the derivative instruments, short-term instruments and mutual funds of \$1,540,985 within the Short-Term/Other category. Although the duration was not available for these securities, the weighted average maturity was calculated for the mutual funds. The following table depicts the weighted average maturity for the mutual funds.

The following table depicts the weighted average maturity for the commingled fixed income mutual funds as of June 30, 2023:

Name of Institutional Mutual Fund	Fair Value	Weighted Average Maturity (in years)
Apollo MAC	\$ 137,621	10.10
Ares MAC	112,490	5.36
BlackRock U.S. Debt NL Fund	589,477	8.93
Davidson Kempner Special Opportunities Fund III ¹	3,417	—
Davidson Kempner Special Opportunities Fund IV ¹	19,991	—
GCM WindandSea Fund	212,135	2.00
Loomis Sayles SER INVT	95,286	7.92
Metropolitan West Floating Rate	5,476	4.06
Metropolitan West High Yield Bond Fund	4,113	4.10
PIMCO FDS Pac Invnt Mgmt Ser	36,803	2.99
PIMCO MAC – PIMCO FUNDS	7,118	2.05
PIMCO MAC – PIMCO FDS Short Term FLTG NAV	7,451	0.06
PIMCO MAC – PIMCO FDS PAC Invnt Mgmt Ser	8,207	10.62
PIMCO PAPS Short-Term Floating NAV II Portfolio	169,336	0.09
Wellington Trust Company CIF II Opportunistic	113,043	10.25
Total	\$ 1,521,964	

¹ The weighted average maturity is not applicable for the current underlying investments.

m. Investments Highly Sensitive to Interest Rate Changes

Certain terms in fixed income securities may increase the sensitivity of their fair values to changes in interest rates. The Portfolio Duration Analysis table on the previous page discloses the degree to which SDCERS' investments are sensitive to interest rate changes due simply to the remaining term to maturity. The total value of securities, as of June 30, 2024, that are highly sensitive to interest rate changes due to factors other than term to maturity are shown in the following table.

Type of Security	Fair Value	Percent of Fixed Income Portfolio
Adjustable Rate Notes	\$ 40,687	1.2 %
Asset-Backed Securities	53,899	1.6
Floating Rate Notes	99,456	2.9
Range Notes	71,583	2.1
Total	\$ 265,625	7.8 %

Although SDCERS does not have an investment policy that pertains directly to investments that are highly sensitive to interest changes, this risk is mitigated by diversification of issuer, credit quality, maturity and security selection.

n. Credit Risk

Credit risk is the risk that an issuer or other underlying borrower to a debt instrument will not fulfill its obligations. Nationally recognized statistical rating organizations (NRSROs) assign ratings to measure credit risk. These rating agencies assess a firm's or government's willingness and ability to repay its debt obligations based on many factors.

SDCERS employs four bond managers that invest primarily in U.S. fixed income and derivative securities, fixed income mutual funds and some non-U.S. fixed income securities. SDCERS also invests in five return-seeking fixed income managers that invest in multi-asset credit strategies, and three opportunistic global credit funds. The investment management agreements between SDCERS and three of its four domestic bond managers contain specific investment guidelines that identify permitted fixed income investments. All four of SDCERS' domestic core fixed income managers have limited tactical discretion to invest in non-U.S. fixed income securities.

The permitted securities and derivatives for the four domestic fixed income managers include U.S. Government and agency obligations, collateralized mortgage obligations, U.S. corporate securities, commercial mortgage-backed securities, asset-backed securities, futures, forwards, options, interest rate swaps and credit default swaps. Investment guidelines include minimum average portfolio quality of A1/A+ rating (fair value weighted); and a minimum credit quality at time of purchase of BBB- for all four domestic fixed income managers.

The following table identifies the credit quality of SDCERS' fixed income strategies based on portfolio holdings as of June 30, 2024.

S&P Quality Rating ⁴	Total Fair Value	Asset-Backed Securities	Commercial Mortgage-Backed Securities	Collateralized Mortgage Obligations	Corporate Bonds ¹	Government and Agency Obligations ²	Mortgage-Backed Securities	Short-Term/Other
U.S. Treasuries	\$ 428,267	\$ —	\$ —	\$ —	\$ —	\$ 428,267	\$ —	\$ —
GNMA Securities	45,344	—	—	12,008	—	—	33,336	—
AAA	70,237	29,955	23,769	7,058	9,455	—	—	—
AA+	465,572	851	—	2,585	9,556	4,649	447,931	—
AA	13,457	5,692	1,418	—	6,347	—	—	—
AA-	13,533	—	—	1,260	12,273	—	—	—
A+	41,024	1,868	—	1,066	37,902	188	—	—
A	53,350	4,133	—	2,748	44,816	1,653	—	—
A-	123,821	3,302	—	—	120,274	245	—	—
BBB+	127,733	465	—	1,458	125,810	—	—	—
BBB	137,517	3,713	—	—	128,422	5,382	—	—
BBB-	107,156	994	870	200	102,303	2,789	—	—
BB+	18,724	1,602	—	329	13,494	3,299	—	—
BB	16,163	1,932	—	—	11,590	2,641	—	—
BB-	10,272	—	—	—	8,672	1,600	—	—
B+	12,695	—	—	10	12,121	564	—	—
B	10,141	—	—	—	10,141	—	—	—
B-	9,496	628	—	—	6,286	2,582	—	—
CCC+	325	—	—	—	325	—	—	—
CCC	3,734	1,423	—	1,430	103	778	—	—
CCC-	62	—	—	—	62	—	—	—
CC	92	—	—	—	—	92	—	—
D	282	—	—	—	—	282	—	—
NR ⁵	1,711,613	28,128	43,277	15,958	44,122	39,143	—	1,540,985 ³
Totals	\$ 3,420,610	\$ 84,686	\$ 69,334	\$ 46,110	\$ 704,074	\$ 494,154	\$ 481,267	\$ 1,540,985

¹ Corporate Bonds include convertible bonds from SDCERS' convertible bond manager.

² Includes international and municipal holdings.

³ Includes fixed income mutual fund investments of \$1,521,964. These institutional quality fund investments are not directly rated by major credit rating agencies.

⁴ Credit ratings with qualifiers and ratings outlooks have been combined to show the credit rating as of June 30, 2024.

⁵ NR represents those securities that are not rated by one of the NRSROs.

Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk.

o. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. As of June 30, 2024, SDCERS had no single issuer that exceeded 5% of total investments or that exceeded 5% of fiduciary net position (excluding investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments). SDCERS' investment manager guidelines state that not more than 5% of the investment portfolio shall be invested in the security of any one issue at the time of initial commitment, except for U.S. Government and Agency obligations. While SDCERS does not have a general investment policy on the concentration of credit risk by issuer, each manager's specific investment guidelines place limitations on the maximum holdings in any one issuer.

p. Custodial Credit Risk

Custodial credit risk is the risk that if a financial institution or counterparty fails, SDCERS would not be able to recover the value of its deposits, investments, or securities. SDCERS' exposure to custodial credit risk is further discussed in the following paragraphs.

Deposits

As of June 30, 2024 SDCERS' cash balance was \$1,688. Cash and cash equivalents on deposit with custodial bank and fiscal agents was \$325,529, which includes cash collateral for SDCERS' cash overlay program of \$72,100 and residual cash held in each manager's portfolio of \$253,400, which is invested overnight by SDCERS' custodial bank. SDCERS does not have a target allocation to cash; any cash or cash equivalent balances on deposit are reserved for paying benefits and SDCERS' operational expenses.

SDCERS' un-invested cash balances held in a demand deposit account (DDA) are subject to custodial credit risk. Such a balance or deposit with the bank establishes a debtor-creditor relationship and is not subject to the protection afforded SDCERS' other investments. Cash balances held in Short-Term Investment Funds (STIF) at State Street Bank are held in SDCERS' name and are not subject to custodial credit risk. As of June 30, 2024, SDCERS held \$292,400 in STIF and a DDA cash balance of \$33,100 on deposit with the custodial bank. SDCERS does not have a specific policy relating to custodial credit risk because the majority of SDCERS' assets are held in SDCERS' name and are not available to satisfy the obligations of State Street to its creditors.

Investments

As of June 30, 2024, 100% of SDCERS' investments were held in SDCERS' name. SDCERS is not exposed to custodial credit risk related to these investments.

Securities Lending Collateral

SDCERS' custodial bank acts as its securities lending agent. SDCERS is exposed to custodial credit risk for the securities lending collateral such that certain collateral is received in the form of letters of credit, tri-party collateral or securities collateral. The fair value of non-cash collateral totaled \$149,100 as of June 30, 2024. The non-cash collateral is not held in SDCERS' name and cannot be sold without a borrower default. The cash collateral held by SDCERS' custodian in conjunction with the securities lending program, which totaled \$91,200 as of June 30, 2024, is also at risk as it is invested in pooled vehicles managed by the custodian. The investment characteristics of the collateral pools are disclosed in the Securities Lending section in this note.

q. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The following table represents SDCERS' securities held in a foreign currency as of June 30, 2024.

Local Currency Name	Cash	Equity	Fixed Income	Options	Total
Argentine Peso	\$ 3	\$ —	\$ —	\$ —	\$ 3
Australian Dollar	208	3,529	4	—	3,741
Brazilian Real	55	3,155	(121)	—	3,089
British Pound	188	55,627	8,997	—	64,812
Canadian Dollar	432	9,137	(35)	—	9,534
Danish Krone	11	9,801	—	—	9,812
Euro Currency	1,089	143,669	22,618	7	167,383
Hong Kong Dollar	—	7,379	—	—	7,379
Hungarian Forint	2	—	—	—	2
Japanese Yen	(1,494)	38,237	2,070	—	38,813
Mexican Peso	—	2,998	477	—	3,475
New Taiwan Dollar	—	2,442	—	—	2,442
New Zealand Dollar	99	—	—	—	99
Norwegian Krone	52	—	—	—	52
Peruvian Sol	—	—	3,043	—	3,043
Polish Zloty	1	—	—	—	1
South African Rand	1	—	—	—	1
South Korean Won	—	2,417	—	—	2,417
Swedish Krona	1	—	—	—	1
Swiss Franc	1	26,378	—	—	26,379
Total	<u>\$ 649</u>	<u>\$ 304,769</u>	<u>\$ 37,053</u>	<u>\$ 7</u>	<u>\$ 342,478</u>

This schedule does not include the foreign currency exposure to three international equity, one global equity, two emerging market equity and two emerging market debt (fixed income) institutional commingled mutual fund investments.

Foreign currency is comprised of international investment proceeds and income to be repatriated into U.S. dollars and funds available to purchase international securities. Foreign currency is not held by SDCERS as an investment. Foreign currency is held temporarily in foreign accounts until it is able to be repatriated or expended to settle trades. An important component of the diversification benefit of international investments comes from foreign currency exposure. SDCERS does not have a general investment policy in place to manage foreign currency risk or to hedge against fluctuations in foreign currency exposure. Instead, SDCERS' investment managers may hedge currencies at their discretion pursuant to their specific investment guidelines included in each of their investment management agreements.

r. Derivative Instruments

As of June 30, 2024, the derivative instruments held by SDCERS are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized in the Statement of Changes in Fiduciary Net Position within the net appreciation (depreciation) in fair value of investments.

SDCERS' investment managers, as permitted by their specific investment guidelines, may enter into transactions involving derivative financial instruments, consistent with the objectives established by the SDCERS' Investment Policy Statement. These instruments include futures, options, swaps, forwards, warrants and rights. By Board policy, these investments may not be used to leverage SDCERS' portfolio, i.e., use derivatives to increase the portfolio's notional exposure to any given asset class. These instruments are used in an attempt to enhance the portfolio's performance and/or reduce the portfolio's risk.

All investment derivatives discussed on the following page are included in the investment risk discussion (section j). Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

The following table provides a summary of the derivative instruments outstanding as of June 30, 2024:

Investment Derivative Instruments	Net Appreciation (Depreciation) in Fair Value	Fair Value at June 30, 2024		
		Classification	Amount	Notional (Dollars)
Credit Default Swaps	\$ 1,208	Global Fixed Income	\$ 413	\$ 35,309
Equity Options	(61)	Domestic Equity	56	38
Fixed Income Futures	(15,466)	Global Fixed Income	—	201,055
Fixed Income Options	946	Global Fixed Income	(54)	39,240
Foreign Currency Futures	(310)	Domestic Fixed Income	—	6,000
Futures Options	945	Global Fixed Income	—	—
Foreign Currency Forwards	1,341	Global Fixed Income	513	109,593
Index Futures	9,543	Domestic Fixed Income	—	99
Interest Rate Swaps	1,717	Global Fixed Income	5,669	345,453
Warrants	33	Domestic Equity	356	9
Total Derivative Instruments	<u>\$ (104)</u>		<u>\$ 6,953</u>	<u>\$ 736,796</u>

Some derivative instruments, such as credit default swaps and interest rate swaps, are not exchange traded and are priced using quarterly Over-the-Counter trading data.

Futures contracts are financial instruments that derive their value from underlying indices or reference rates and are marked-to-market at the end of each trading day. Daily settlement of gains and losses occur on the following business day. As a result, the futures contracts do not have a fair value as of June 30, 2024. Daily settlement of gains and losses is a risk control measure to limit counterparty credit risk. Futures variation margin amounts are settled each trading day and recognized in the financial statements under net appreciation (depreciation) in fair value of investments as they are incurred.

Foreign currency forward contracts are obligations to buy or sell a currency at a specified exchange rate and quantity on a specific future date. The fair value of the foreign currency forwards is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing exchange rate at June 30, 2024.

Derivative Counterparty Credit Risk

The following table illustrates the counterparty credit ratings of SDCERS' non-exchange traded investment derivative instruments outstanding and subject to loss at June 30, 2024:

Counterparty Name	Fair Value	S&P Rating
Bank of America CME	\$ 2	A-
Bank of America N.A.	5	A+
Barclays Bank PLC Wholesale	10	A+
BNP Paribas Securities Corporation	303	A+
BNP Paribas, S.A.	1,350	A+
Citibank N.A.	9	A+
Goldman Sachs Bank USA	27	BBB+
Goldman Sachs Bank ICE	571	BBB+
Goldman Sachs International	11	A+
Goldman Sachs LDN LCH UK	262	BBB+
HSBC Bank PLC	32	A-
JPMorgan Chase Bank N.A.	27	A+
Morgan Stanley and Co. International PLC	9	A-
Royal Bank of Canada	23	AA-
Standard Chartered Bank	71	A+
UBS AG	1	A+
Wells Fargo Bank NA	304	A+
Total	<u>\$ 3,017</u>	

The aggregate fair value of investment derivative instruments in an asset position subject to counterparty credit risk at June 30, 2024, was \$3,017. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. At June 30, 2024, SDCERS did not have any significant exposure to counterparty credit risk with any single party. SDCERS does not have any specific policies relating to the posting of collateral or master netting agreements.

Derivative Custodial Credit Risk

At June 30, 2024, all of SDCERS' investments in derivative instruments were held in SDCERS' name and were not exposed to custodial credit risk.

Derivative Interest Rate Risk

At June 30, 2024, SDCERS was exposed to interest rate risk on its investments in interest rate swaps, options, and credit default swaps. The table below illustrates the maturity periods of these derivative instruments.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Credit Default Swaps	\$ 413	\$ 1	\$ 391	\$ 21	\$ —
Fixed Income Options	(54)	(54)	—	—	—
Interest Rate Swaps	5,669	(319)	(552)	1,725	4,815
Total	<u>\$ 6,028</u>	<u>\$ (372)</u>	<u>\$ (161)</u>	<u>\$ 1,746</u>	<u>\$ 4,815</u>

Derivative Instruments Highly Sensitive to Interest Rate Changes

Credit default swaps, fixed income futures, options and interest rate swaps are highly sensitive to changes in interest rates. The table below reflects the fair value and notional amount of these derivative instruments as of June 30, 2024.

Investment Type	Fair Value	Notional
Credit Default Swaps	\$ 413	\$ 35,309
Fixed Income Futures	—	201,055
Fixed Income Options	(54)	39,240
Interest Rate Swaps	5,669	345,454
Total	<u>\$ 6,028</u>	<u>\$ 621,058</u>

Derivative Foreign Currency Risk

At June 30, 2024, SDCERS was exposed to foreign currency risk on its investments in options, currency forward contracts and interest rate swaps denominated in foreign currencies.

Currency Name	Options/Rights/ Warrants	Foreign Currency Forwards			Total
		Net Receivables	Net Payables	Swaps	
Australian Dollar	\$ —	\$ 1	\$ (3)	\$ 4	\$ 2
Brazilian Real	—	(49)	44	(121)	(126)
Canadian Dollar	—	—	1	(35)	(34)
Euro Currency	7	4	322	(478)	(145)
Indian Rupee	—	2	—	—	2
Japanese Yen	—	(23)	43	2,070	2,090
Mexican Peso	—	—	(2)	—	(2)
New Israeli Sheqel	—	(1)	1	—	—
New Zealand Dollar	—	(1)	1	—	—
Norwegian Krone	—	—	1	—	1
Peruvian Sol	—	—	69	—	69
Polish Zloty	—	(13)	—	—	(13)
Pound Sterling	—	(23)	113	66	156
Singapore Dollar	—	—	2	—	2
South African Rand	—	4	—	—	4
South Korean Won	—	—	1	—	1
Swiss Frank	—	(1)	(4)	—	(5)
Turkish Lira	—	13	—	—	13
Yuan Renminbi Offshore	—	(2)	13	—	11
Subtotal	7	(89)	602	1,506	2,026
Investments Denominated in USD	351	—	—	4,576	4,927
Total	\$ 358	\$ (89)	\$ 602	\$ 6,082	\$ 6,953

In addition to the investments listed in the previous table, SDCERS has investments in foreign futures contracts with a total notional value of \$10,200. As indicated previously, futures variation margin amounts are settled each trading day and recognized as realized gains/losses as they are incurred. As a result, the foreign futures contracts have no fair value at June 30, 2024.

Contingent Features

At June 30, 2024, SDCERS did not hold any positions in derivatives containing contingent features.

s. Private Equity and Infrastructure

Private Equity assets are generally defined as direct investments in projects or companies that are privately negotiated and typically do not trade in a capital market. The risk is that these instruments are usually equity interests, generally illiquid and long-term in nature.

Infrastructure is defined as permanent essential assets society requires to facilitate the orderly operation of the economy, such as roads, water supply, sewers, power and telecommunications. The risk is that these investments are usually equity interests that are generally illiquid and long-term in nature.

SDCERS' target allocation to private equity and infrastructure is 10% and 3%, respectively, with a portfolio composition focused on value and current income producing strategies. SDCERS utilizes two discretionary advisors to invest in private equity and infrastructure through two limited partnership vehicles. Unfunded capital commitments as of June 30, 2024, totaled \$844,724 and private equity and infrastructure investments totaled \$1,555,765.

t. Real Estate

SDCERS' long-term target allocation to real estate is 11%. The Board has established that the composition of the real estate portfolio is 100% to private real estate investments. The portfolio is diversified with a target of 70% in core real estate and

30% in non-core real estate. No more than 15% of SDCERS' real estate portfolio is allocated to non-U.S. real estate investment opportunities.

Certain real estate investments are leveraged. In those cases, partnerships have been established to purchase properties through a combination of equity contributions from SDCERS, other investors and through the utilization of debt. SDCERS engages real estate advisors and operating partners who are responsible for managing a portfolio's daily activities, performance and reporting. As of June 30, 2024, real estate investments totaled \$1,109,019 and unfunded capital commitments totaled \$187,045. Pursuant to a policy, SDCERS has established a maximum leverage limit of 45% at the portfolio level. As of June 30, 2024, SDCERS' real estate portfolio had leverage of 44.0%.

u. Securities Lending

SDCERS has entered into an agreement with State Street, its custodial bank, to lend domestic and international equity and fixed income securities to broker-dealers and banks in exchange for pledged collateral that will be returned for the same securities plus a fee in the future. All securities loans can be terminated on demand by either the lender or the borrower.

State Street manages SDCERS' securities lending program and receives cash and/or securities as collateral. Borrowers are required to deliver collateral for each loan equal to at least 102% for domestic loans and 105% for international loans. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. During fiscal year 2024, SDCERS had no credit risk exposure to borrowers because the amounts provided to State Street on behalf of SDCERS, in the form of collateral plus accrued interest, exceeded the amounts broker-dealers and banks owed to State Street on behalf of SDCERS for securities borrowed. State Street has indemnified SDCERS by agreeing to purchase replacement securities or return cash collateral if a borrower fails to return or pay distributions on a loaned security. SDCERS incurred no losses during the fiscal year resulting from any reported default of the borrowers or State Street. Non-cash collateral (securities and letters of credit) are not reported in SDCERS' financial statements.

When lending its securities on a fully collateralized basis, SDCERS may encounter various risks related to securities lending agreements. These risks include operational risk, borrower or counterparty default risk, and collateral reinvestment risk. State Street is required to maintain its securities lending program in compliance with applicable laws of the United States and all countries in which lending activities take place, as well as all rules, regulations, and exemptions from time to time promulgated and issued under the authority of those laws.

As of June 30, 2024, securities on loan collateralized by cash had a fair value of \$88,500 and SDCERS received cash collateral of \$91,200, which was reported as securities lending obligations in the accompanying Statement of Fiduciary Net Position. The collateral value exceeds the fair value of the securities on loan because borrowers are required to deliver collateral for each loan up to 102% for domestic loans and 105% for international loans. As of June 30, 2024, securities on loan collateralized by securities, irrevocable letters of credit, or tri-party collateral had a fair value of \$137,800 and a collateral value of \$149,100, which were not reported as assets or liabilities in the accompanying Statement of Fiduciary Net Position. The total collateral pledged to SDCERS at June 30, 2024, for its securities lending activities was \$240,300.

SDCERS and the borrowers maintain the right to terminate securities lending transactions upon notice. The cash collateral received for lent securities was invested by State Street, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund, or collateral pool. State Street maintains two collateral pools: a liquidity pool and a duration pool. As of June 30, 2024, these collateral pools were not rated by the NRSROs.

As of June 30, 2024, SDCERS had \$91,200 invested in the Compass Fund. The Compass Fund had a weighted average maturity of 15.9 days and an average weighted final maturity of 103.9 days. Duration is the weighted time average until cash flows are received in the collateral pool and is measured in days. Alternatively, the weighted average final maturity measures when all final maturities in the portfolio will occur. The duration of the investments made with cash collateral does not generally match the duration of the loans. This is because the loans are terminable at any time by SDCERS or the borrower.

Discretely Presented Component Unit - Disclosures for Policy and Specific Risks

Narratives and tables presented in the following section are taken directly from the audited annual comprehensive financial report of the San Diego Housing Commission (SDHC) as of June 30, 2024 (certain terms have been modified to conform to the City's ACFR presentation)

v. San Diego Housing Commission

Cash, cash equivalents, and investments at June 30, 2024 consisted of the following:

	SDHC	Component Units ¹	Total
Deposits and Petty Cash	\$ 27,277	\$ 27,784	\$ 55,061
U.S. Agency Bonds	112,419	—	112,419
San Diego County Investment Pool	8,303	—	8,303
State Local Agency Investment Fund	8,801	—	8,801
Total Cash and Investments	156,800	27,784	184,584
Restricted Cash and Cash Equivalents	3,807	8,119	11,926
Total	<u>\$ 160,607</u>	<u>\$ 35,903</u>	<u>\$ 196,510</u>

¹ Disclosures for San Diego Housing Commission's Discretely Presented Component Units are not included in the narratives following this table.

Deposits

The carrying amount of the SDHC's cash deposits and petty cash was \$31,084 at June 30, 2024. The bank balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250. For amounts over \$250, bank balances were collateralized with securities held by the pledging financial institutions in SDHC's name. As of June 30, 2024, \$31,072 was collateralized and the remaining \$12 was uncollateralized cash deposits and cash equivalents. The California Government Code requires California financial institutions to secure cash deposits of public institutions not covered by federal deposit insurance by pledging securities as collateral. California Government Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. As a result, for the purpose of custodial credit risk, the collateral for cash deposits is considered to be held in SDHC's name.

The fair value of pledged securities must equal at least 110% of SDHC's cash deposits. California law also allows financial institutions to secure SDHC's deposits by pledging first trust deed mortgage notes having a value of 150% of SDHC's total cash deposits.

Investment Policy

In accordance with state statutes and Housing and Urban Development (HUD) regulations, SDHC has authorized its Chief Financial Officer or designee to invest in obligations of the U.S. Treasury, U.S. Government agencies or other investments as outlined in the SDHC Investment Policy.

SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. The advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

Investments in the State's Local Agency Investment Fund (LAIF) and the San Diego County Investment Pool (SDCIP) represent SDHC's equity in pooled investments. Other investments such as CDs, bonds, government agency securities and demand deposit accounts are safe kept with commercial banking institutions.

Investments

As of June 30, 2024, SDHC had investments in agency bonds, SDCIP, and LAIF. The following paragraphs provide further detail for each investment.

GASB Statement No. 72 establishes a hierarchy for ranking the quality and reliability of information used to determine fair values of assets and liabilities. SDHC's management has determined, through implementation of GASB Statement No. 72, those investments in SDCIP and LAIF are reported based upon the application of a fair value factor to each one dollar share invested and are not included in the fair value hierarchy.

The following table summarizes the valuation of SDHC's fair value measurements in accordance with authoritative guidance at June 30, 2024:

Investment Type	Fair Value	Level 1	Level 2
U.S. Agency Bonds	\$ 112,419	\$ —	\$ 112,419

Investments in U.S. Agency bonds are classified as Level 2 as there are no quoted market prices published. The valuation technique used to determine the fair value on the actively traded secondary market is the pricing provided on the secondary market.

SDHC's investments under U.S. Government Agency bonds are Mortgage-Backed Security (MBS) bonds, Asset-Backed Security bonds (ABS), and debentures traded on an active secondary market. MBS Bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality multi-family mortgages guaranteed by a government agency or Government Sponsored Enterprises (GSE). Government Agency Debentures are also bonds traded on an active secondary market and represent a security or debt obligation of the issuer. While Standard & Poor's and Moody's do not specifically rate MBS, they carry an implied rating based on the credit worthiness of Federal National Mortgage Association (FNMA), Federal Home Loans Money Corporation (FHLMC) and Freddie Mac Small Balance Loans (FRESB). Moody's rates FNMA, FHLMC and FRESB as AAA while Standard and Poor's rates FNMA, FHLMC, and FRESB as AA+. At June 30, 2024, SDHC had \$112,419 invested in Agency MBS bonds.

SDHC voluntarily participates in the San Diego County Investment Pool (SDCIP), a Standard & Poor's AAA- rated fund managed by the San Diego County Treasurer-Tax Collector. The fair value of SDCIP's investment portfolio at June 30, 2024 was \$15,766,439. The investment portfolio had a weighted average yield to maturity of 3.94%, weighted average days to maturity of 449 days and an effective duration of 1.07 years. As of June 30, 2024, SDHC had \$8,303 invested in SDCIP.

In addition to SDCIP, SDHC participates in the State's LAIF. LAIF is part of the State of California Pooled Money Investment Account (PMIA) and is protected by statute ensuring invested funds remain SDHC's assets. PMIA is not registered with the SEC but is required to invest in accordance with California Government Code. As of June 30, 2024, the average maturity of PMIA investments was 217 days and the fair value with accrued interest of the investment portfolio of PMIA was approximately \$179,046,994. SDHC had \$8,801 invested with LAIF as of June 30, 2024.

Investment Risk Factors

SDHC's investment policy allows the agency to invest surplus funds in accordance with the provisions of HUD Notice PIH 96 - 33 and California Government Code Sections 5922 and 53601. The investment policy's foremost objective is the safety of principal, which is achieved by mitigating credit risk and interest rate risk. These risks, along with custodial risk, concentration of credit risk and market risk, all affect the value of investments to a varying degree. Equity and debt securities respond to such factors as economic conditions, individual company earnings performance and market liquidity, while fixed income securities are particularly sensitive to credit risk and changes in interest rates.

Market Risk

Market risk is the risk that the value of an investment will change due to changes in the financial market. Changes in market conditions can increase Interest Rate Risk, Liquidity Risk and Reinvestment Risk.

- *Interest Rate Risk* is the risk associated with declines or rises in interest rates, which cause an investment in a fixed-income security to increase or decrease in value. The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. SDHC does not have a formal policy related to interest rate risk.
- *Liquidity Risk* is the risk of being unable to liquidate an investment prior to maturity. Related to liquidity risk is the concept of marketability, or the ability to sell an instrument on short notice without incurring a meaningful loss in price.
- *Reinvestment Risk* is the risk that the proceeds from a fixed income security cannot be reinvested at less than the same rate of return currently generated by that holding. This risk is common with securities that are callable.

In accordance with its investment policy, SDHC manages market risk by matching portfolio maturities to projected liabilities and monitoring the weighted average maturity of its portfolio. This is done by maintaining a portion of the portfolio in readily available funds and investing in securities with limited call features and an active secondary market. These measures ensure that appropriate liquidity is maintained in order to meet ongoing operations, maximize return and limit exposure to changing market conditions.

SDHC's exposure to interest rate risk as of June 30, 2024 is shown in the table below:

	Maturities as of June 30, 2024			Total Fair Value
	Less Than 3 Months	4-12 Months	1-5 Years	
Cash and Cash Equivalents: ¹				
Deposits	\$ 27,265	\$ —	\$ —	\$ 27,265
Petty Cash	12	—	—	12
Restricted Cash and Cash Equivalents	3,807	—	—	3,807
Total Cash and Cash Equivalents	<u>31,084</u>	<u>—</u>	<u>—</u>	<u>31,084</u>
Short-Term Investments:				
San Diego County Investment Pool	—	—	8,303	8,303
State Local Agency Investment Fund	—	8,801	—	8,801
Asset Backed Security	—	6,976	—	6,976
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corporation K Series Securities	4,363	7,847	—	12,210
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	1,008	4,061	—	5,069
U.S. Agencies - Fannie Mae Delegated Underwriting Servicing Program (Fannie Mae DUS) Securities	250	9,374	—	9,624
U.S. Agencies - Freddie Mac Small Balance Loans	—	1,097	—	1,097
Total Short-Term Investments	<u>5,621</u>	<u>38,156</u>	<u>8,303</u>	<u>52,080</u>
Long-Term Investments:				
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corporation K Series Securities	—	—	45,388	45,388
U.S. Agencies - Fannie Mae Mortgage Backed Securities	—	—	4,988	4,988
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	—	—	12,917	12,917
U.S. Agencies - Fannie Mae Delegated Underwriting Servicing Program (Fannie Mae DUS) securities	—	—	14,150	14,150
Total Long-Term Investments	<u>—</u>	<u>—</u>	<u>77,443</u>	<u>77,443</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 36,705</u>	<u>\$ 38,156</u>	<u>\$ 85,746</u>	<u>\$ 160,607</u>

¹ Cash and Cash Equivalents do not have maturities.

Credit Risk

Fixed income securities are subject to credit risk, which is the risk that an issuer will fail to pay interest or principal in a timely manner or that negative perceptions of the issuer's ability to make these payments will cause security prices to decline. Certain fixed income securities, including obligations of the U.S. Government or those explicitly guaranteed by the U.S. Government are considered to have minimal credit risk. SDHC minimizes credit risk by limiting investments to those listed in its investment policy. In addition, SDHC pre-qualifies the financial institutions, broker/dealers, intermediaries, and advisors with which SDHC will do business in accordance with the investment policy. SDHC diversifies the investment portfolio to minimize potential losses from any one type of security or issuer.

Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification, such as having substantial investments in a few individual issuers, thereby exposing SDHC to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of the custodian, the investments may not be recovered. All bonds are purchased through SDHC's primary financial institution's clearing account in SDHC's name where all securities are held in safekeeping and certificates of deposit are purchased at values less than the federally insured limit.

The exposure of SDHC's debt securities to credit risk and custodial risk as of June 30, 2024 is as follows:

	Standard & Poor's Credit Rating		Rating Not Provided	Total Fair Value
	AAA	AA+		
Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ —	\$ —	\$ 27,277	\$ 27,277
Restricted Cash and Cash Equivalents	—	—	3,807	3,807
Total Cash and Cash Equivalents	—	—	31,084	31,084
Short-Term Investments				
San Diego County Investment Pool	—	8,303	—	8,303
State Local Agency Investment Fund	—	—	8,801	8,801
Asset Backed Security	6,976	—	—	6,976
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corporation K Series Securities	—	12,210	—	12,210
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	—	5,069	—	5,069
U.S. Agencies - Fannie Mae Delegated Underwriting Servicing Program (Fannie Mae DUS) Securities	—	9,624	—	9,624
U.S. Agencies - Freddie Mac Small Balance Loans	—	1,097	—	1,097
Total Short-Term Investments	6,976	36,303	8,801	52,080
Long-Term Investments				
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corporation K Series Securities	—	45,388	—	45,388
U.S. Agencies - Fannie Mae Mortgage Backed Securities	—	4,988	—	4,988
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities (Fannie Mae ACE)	—	12,917	—	12,917
U.S. Agencies - Fannie Mae Delegated Underwriting Servicing Program (Fannie Mae DUS) securities	—	14,150	—	14,150
Total Long-Term Investments	—	77,443	—	77,443
Total Cash, Cash Equivalents, and Investments	\$ 6,976	\$ 113,746	\$ 39,885	\$ 160,607

The U.S. Government Agency securities in SDHC's portfolio include Fannie Mae Federal National Mortgage Association (FNMA/FNA) and Freddie Mac Federal Home Loan Mortgage Corporation (FHMS). Of the \$112,419 invested in agency bonds and debentures as of June 30, 2024, all are asset-backed securities (ABS) and mortgage-backed securities (MBS) issued either by Fannie Mae, Freddie Mac Federal Home Loan Mortgage Corporation K series, Fannie Mae Delegated Underwriting Servicing program (Fannie Mae DUS) or Freddie Mac Small Balance Loans.

ABS are rated AAA by credit rating agencies. MBS are not rated by credit rating agencies. While the rating agencies do not specifically rate MBS, they carry an implied AA+ rating based on the collateral that backs the bond and the AA+ rating of the Agency that issues/guarantees them. MBS are not considered subject to concentration of credit risk.

SDHC may choose to maintain 100% of its investment portfolio in U.S. Treasury Bills, notes, bonds and collateralized certificates of deposit. Certificates of deposit are, according to SDHC's Investment Policy, to be collateralized at 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to SDHC. The security cannot be released, substituted or sold without the approval of SDHC.

4. CAPITAL ASSETS (Dollars in Thousands)

Capital asset activities for the year ended June 30, 2024 are as follows:

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
GOVERNMENTAL ACTIVITIES					
Non-Depreciable Capital Assets:					
Land and Rights of Way	\$ 1,945,604	\$ 6,458	\$ (1,630)	\$ 5,229	\$ 1,955,661
Easements (Intangible)	9,082	1,659	—	91	10,832
Artwork/Historical Treasures	5,052	—	—	—	5,052
Construction in Progress	523,090	265,112	—	(115,342)	672,860
Total Non-Depreciable Capital Assets	<u>2,482,828</u>	<u>273,229</u>	<u>(1,630)</u>	<u>(110,022)</u>	<u>2,644,405</u>
Depreciable Capital Assets:					
Structures and Improvements	1,476,269	5,746	(98)	9,694	1,491,611
Equipment	646,796	63,580	(30,219)	26,526	706,683
Equipment (Intangible)	56,012	—	—	—	56,012
Infrastructure	4,888,260	126,510	(10,419)	73,686	5,078,037
Right-to-Use Leased Land	16,948	—	(175)	—	16,773
Right-to-Use Leased Structures	88,529	1,758	(2,270)	—	88,017
Right-to-Use Leased Equipment	1,989	1,567	(1,989)	—	1,567
Right-to-Use Leased Subscriptions	19,370	31,320	(2,855)	—	47,835
Total Depreciable Capital Assets	<u>7,194,173</u>	<u>230,481</u>	<u>(48,025)</u>	<u>109,906</u>	<u>7,486,535</u>
Less Accumulated Depreciation/Amortization:					
Structures and Improvements	(747,100)	(42,087)	94	—	(789,093)
Equipment	(357,981)	(54,108)	28,792	—	(383,297)
Equipment (Intangible)	(36,618)	(2,389)	—	—	(39,007)
Infrastructure	(2,922,042)	(108,978)	879	—	(3,030,141)
Right-to-Use Leased Land	(2,501)	(1,239)	175	—	(3,565)
Right-to-Use Leased Structures	(16,590)	(11,185)	2,270	—	(25,505)
Right-to-Use Leased Equipment	(1,751)	(628)	1,989	—	(390)
Right-to-Use Leased Subscriptions	(4,493)	(9,759)	2,855	—	(11,397)
Total Accumulated Depreciation	<u>(4,089,076)</u>	<u>(230,373)</u>	<u>37,054</u>	<u>—</u>	<u>(4,282,395)</u>
Total Depreciable Capital Assets - Net of Depreciation/Amortization	<u>3,105,097</u>	<u>108</u>	<u>(10,971)</u>	<u>109,906</u>	<u>3,204,140</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,587,925</u>	<u>\$ 273,337</u>	<u>\$ (12,601)</u>	<u>\$ (116)</u>	<u>\$ 5,848,545</u>

	Primary Government				Ending Balance
	Beginning Balance	Increases	Decreases	Transfers	
BUSINESS-TYPE ACTIVITIES					
Non-Depreciable Capital Assets:					
Land and Rights of Way	\$ 107,446	\$ —	\$ —	\$ 236	\$ 107,682
Easements (Intangible)	9,809	743	(1,223)	67	9,396
Artwork/Historical Treasures	1,875	—	—	—	1,875
Construction in Progress	1,260,215	642,610	—	(125,703)	1,777,122
Total Non-Depreciable Capital Assets	1,379,345	643,353	(1,223)	(125,400)	1,896,075
Depreciable Capital Assets:					
Structures and Improvements	2,216,558	2,667	—	17,911	2,237,136
Equipment	521,444	8,358	(2,266)	7,444	534,980
Equipment (Intangible)	62,486	167	(307)	703	63,049
Distribution and Collection Systems and Other Infrastructure	6,366,628	68,298	(1,426)	99,458	6,532,958
Right-to-Use Leased Structures	7,556	—	—	—	7,556
Right-to-Use Leased Equipment	14,519	—	—	—	14,519
Right-to-Use Leased Subscriptions	5,254	271	(1,238)	—	4,287
Total Depreciable Capital Assets	9,194,445	79,761	(5,237)	125,516	9,394,485
Less Accumulated Depreciation/Amortization:					
Structures and Improvements	(850,916)	(43,259)	—	116	(894,059)
Equipment	(392,603)	(14,747)	1,925	(92)	(405,517)
Equipment (Intangible)	(31,046)	(2,425)	72	—	(33,399)
Distribution and Collection Systems and Other Infrastructure	(1,837,966)	(104,325)	823	(24)	(1,941,492)
Right-to-Use Leased Structures	(1,455)	(1,269)	—	—	(2,724)
Right-to-Use Leased Equipment	(7,473)	(3,746)	—	—	(11,219)
Right-to-Use Leased Subscriptions	(1,893)	(1,704)	1,238	—	(2,359)
Total Accumulated Depreciation	(3,123,352)	(171,475)	4,058	—	(3,290,769)
Total Depreciable Capital Assets - Net of Depreciation/Amortization	6,071,093	(91,714)	(1,179)	125,516	6,103,716
Business-Type Activities Capital Assets, Net	\$ 7,450,438	\$ 551,639	\$ (2,402)	\$ 116	\$ 7,999,791

Depreciation/amortization expense was charged to functions/programs of the primary government as follows:

GOVERNMENTAL ACTIVITIES

General Government and Support	\$ 23,328
Public Safety - Police	21,650
Public Safety - Fire and Life Safety and Homeland Security	15,609
Parks, Recreation, Culture and Leisure	52,009
Transportation	88,451
Sanitation and Health	24,599
Neighborhood Services	4,727
Total Depreciation Expense	<u>\$ 230,373</u>

BUSINESS-TYPE ACTIVITIES

Sewer Utility	\$ 83,612
Water Utility	68,385
Airports	3,593
Development Services	2,154
Refuse Disposal	6,568
Golf Course	3,653
Recycling	174
SDCCC	3,336
Total Depreciation Expense	<u>\$ 171,475</u>

Capital asset activities for the City's Successor Agency for the fiscal year ended June 30, 2024 are as follows:

	<u>Successor Agency Private-Purpose Trust Fund</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Non-Depreciable Capital Assets:				
Land and Rights of Way	\$ 13,279	\$ —	\$ —	\$ 13,279
Construction in Progress	1,244	8,806	—	10,050
Total Non-Depreciable Capital Assets	<u>14,523</u>	<u>8,806</u>	<u>—</u>	<u>23,329</u>
Depreciable Capital Assets:				
Structures and Improvements	64,425	—	—	64,425
Equipment	819	—	—	819
Infrastructure	3	—	—	3
Total Depreciable Capital Assets	<u>65,247</u>	<u>—</u>	<u>—</u>	<u>65,247</u>
Less Accumulated Depreciation for:				
Structures and Improvements	(27,353)	(1,813)	—	(29,166)
Equipment	(819)	—	—	(819)
Total Accumulated Depreciation	<u>(28,172)</u>	<u>(1,813)</u>	<u>—</u>	<u>(29,985)</u>
Total Depreciable Capital Assets - Net of Depreciation	<u>37,075</u>	<u>(1,813)</u>	<u>—</u>	<u>35,262</u>
Capital Assets, Net	<u>\$ 51,598</u>	<u>\$ 6,993</u>	<u>\$ —</u>	<u>\$ 58,591</u>

Discretely Presented Component Unit - San Diego Housing Commission

Capital asset activities for SDHC for the fiscal year ended June 30, 2024 are as follows:

Discretely Presented Component Unit - San Diego Housing Commission				
	Beginning Balance	Increases	Decreases	Ending Balance
Non-Depreciable Capital Assets:				
Land	\$ 108,617	\$ 4,910	\$ —	\$ 113,527
Construction in Progress	1,505	4,849	(671)	5,683
Total Non-Depreciable Capital Assets	<u>110,122</u>	<u>9,759</u>	<u>(671)</u>	<u>119,210</u>
Depreciable Capital Assets:				
Structures and Improvements	266,883	10,567	671	278,121
Equipment	6,943	864	(11)	7,796
Right-to-Use Leased Subscriptions	5,225	1,221	—	6,446
Total Depreciable Capital Assets	<u>279,051</u>	<u>12,652</u>	<u>660</u>	<u>292,363</u>
Less Accumulated Depreciation for:				
Structures and Improvements	(85,124)	(9,638)	—	(94,762)
Equipment	(5,110)	(690)	9	(5,791)
Right-to-Use Leased Subscriptions	(829)	(1,619)	—	(2,448)
Total Accumulated Depreciation	<u>(91,063)</u>	<u>(11,947)</u>	<u>9</u>	<u>(103,001)</u>
Total Depreciable Capital Assets - Net of Depreciation	<u>187,988</u>	<u>705</u>	<u>669</u>	<u>189,362</u>
Capital Assets, Net	<u>\$ 298,110</u>	<u>\$ 10,464</u>	<u>\$ (2)</u>	<u>\$ 308,572</u>

Capital assets for the discretely presented component units of SDHC as of December 31, 2023 are as follows:

Non-Depreciable Capital Assets:	
Land	\$ 4,477
Construction in Progress	208
Total Non-Depreciable Capital Assets	<u>4,685</u>
Depreciable Capital Assets:	
Structures and Improvements	150,248
Equipment	8,717
Total Depreciable Capital Assets	<u>158,965</u>
Less Accumulated Depreciation	<u>(34,669)</u>
Total Depreciable Capital Assets - Net of Depreciation	<u>124,296</u>
Capital Assets, Net	<u>\$ 128,981</u>

5. GOVERNMENTAL ACTIVITIES LONG-TERM LIABILITIES (Dollars in Thousands)

a. Long-Term Liabilities

The composition of the governmental long-term liabilities as of June 30, 2024, is reflected in the table below:

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2024
Compensated Absences				\$ 100,587
Liability Claims				403,964
Reimbursement Agreement Obligations				22,684
Leases Payable				81,730
SBITAs Payable				30,877
Financed Purchase Obligations:				
Equipment Vehicle Financing Program (EVFP)				
MLA 2016	1.39 - 2.05	2025	\$ 28,452	1,627
MLA 2017	1.93 - 2.79	2026	7,741	1,596
MLA 2017B	2.32 - 2.61	2026	28,045	2,809
MLA 2018	2.26 - 2.66	2029	19,807	9,629
MLA 2019	0.64 - 1.82	2031	33,993	19,208
MLA 2020	0.76 - 3.60	2032	26,993	20,821
MLA 2022	3.80 - 4.58	2034	18,681	18,136
Other Financed Purchase Obligations	1.36 - 7.08	2033	21,283	13,244
Total Financed Purchase Obligations				87,070
QECB Lease Obligation	6.16 ¹	2026	13,142	2,031
Loans Payable:				
California Energy Resources Conservation and Development Commission:				
Issued December 2011	3.0	2024	2,987	—
Issued December 2012	1.0	2029	1,415	657
SANDAG	0.19 - 0.24	2029	26,167	—
Total Loans Payable				657
Section 108 Loans Payable		2025	5,910	485
Lease Revenue Bonds:				
PFFA CIP Bonds, Series 2012A	2.0 - 5.0 ²	2024	72,000	—
PFFA Fire and Life Safety Refunding Bonds, Series 2012B	2.0 - 5.0 ²	2032	18,745	9,475
PFFA CIP/Old Town Light Rail Extension Refunding Bonds, Series 2013A	2.0 - 5.0 ²	2043	43,245	26,920
PFFA Balboa Park/Mission Bay Park Refunding Bonds, Series 2013B	2.0 - 5.0 ²	2024	6,285	—
PFFA CIP Bonds, Series 2015A	5.0	2045	62,260	62,260
PFFA CIP Bonds, Series 2015B	5.0	2033	45,030	27,445
PFFA Ballpark Refunding Bonds, Series 2016	2.0 - 5.0 ²	2032	103,255	61,265
PFFA Refunding Bonds, Series 2018A	2.57 - 4.23 ²	2039	129,320	86,280
PFFA Refunding Bonds, Series 2020A	0.85 - 3.43 ²	2042	60,745	57,770
CCEFA Refunding Bonds, Series 2020A	0.99 - 2.36 ²	2028	70,750	45,875
PFFA Revenue Bonds, Series 2021A	4.00 - 5.00 ²	2051	117,145	113,580
PFFA Revenue Bonds, Series 2023A	4.00 - 5.25 ²	2053	114,990	113,325
Total Lease Revenue Bonds				604,195
Tobacco Settlement Bonds:				
TSRFC Bonds, Series 2018A	2.13 - 4.02 ²	2028	70,510	26,900
TSRFC Bonds, Series 2018C	4.0	2032 ³	25,345	9,380
Total Tobacco Settlement Bonds				36,280
Total Bonds Payable				640,475

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2024
Net OPEB Liability				\$ 309,596
Pension Liabilities (Retirement)				2,275,412
Total Pension Liability (POB)				10,559
Total Governmental Activities Long-Term Liabilities				<u>\$ 3,966,127</u>

¹ Nominal interest rate of 6.16% with a net effective rate of 2.62% inclusive of QECCB federal subsidy and 5.7% subsidy sequestration calculated by the Federal Office of Management and Budget for fiscal year 2024. These rates have remained consistent since fiscal year 2021.

² Interest rates are fixed and reflect the range of coupon rates for various maturities from the date of issuance to maturity.

³ Final maturity date is June 1, 2032. The date listed reflects final turbo redemption payment date projected at the time of issuance.

Liability claims are primarily liquidated by the General Fund, Long-Term Disability Internal Service Fund, and Enterprise Funds. Compensated absences are generally liquidated by the General Fund, Enterprise Funds, and certain Internal Service Funds. Pension and OPEB liabilities are paid out of operating funds based on a percentage of covered payroll.

Reimbursement Agreements have contractual provisions whereby a developer either constructs or provides funding towards a public improvement project, which is included as part of an approved City Public Facilities Financing Plan. Typical improvements constructed under this program include transportation projects, parks, fire stations, and libraries. A developer is obligated to provide the infrastructure and is later reimbursed with cash or provided program credits against future Facilities Benefit Assessment (FBA), Development Impact Fees (DIF), or Regional Transportation Congestion Improvement Program (RTCIP) payments up to the amount of the eligible infrastructure costs as stated in an approved reimbursement agreement. Reimbursement agreements do not have annual repayment schedules and instead only allow for FBA/DIF/RTCIP cash reimbursement based on the availability of funds.

Leases payable represent obligations owed for noncancellable leases of land, office space, and equipment. The General Fund, Engineering and Capital Projects Fund, and Fleet Operations Fund primarily benefit from leased assets.

SBITAs payable represent obligations owed for noncancellable subscriptions for software. The General Fund primarily benefits from SBITAs.

Financed Purchase Obligations are direct borrowing agreements with lenders to finance the acquisition of governmental assets including equipment, vehicles, and buildings for City staff and operations. Repayments are secured from revenues of the General Fund for the General Fund Financed Purchase Obligations, and from charges for services for the Internal Service Fund Financed Purchase Obligations, which primarily come from the General Fund. The General Fund primarily benefits from the finance-purchased assets.

Taxable Qualified Energy Conservation Bonds (QECCB) were issued pursuant to the American Recovery and Reinvestment Act of 2009. QECCB financing is eligible for the direct interest subsidy payment from the U.S. Department of the Treasury within Section 54(D)a of the Internal Revenue Code of 1986, as amended. The QECCBs were issued to fund the Broad Spectrum Street Lighting Conversion Program and are paid from annual appropriations of any source of legally available funds.

Loans Payable represent obligations owed for energy conservation loans received for qualifying energy efficiency retrofits and improvements for certain City facilities. Repayments are secured from the General Fund functions that benefit from the facility improvements. Loans Payable also represent obligations owed to the SANDAG Commercial Paper Program to support the construction phase of the West Mission Bay Drive Bridge project, and are secured by future TransNet revenues to the City. Full Repayment of the SANDAG Commercial Paper was made in FY24 from the West Mission Bay Bridge Construction federal grant through cost reimbursement.

Section 108 loans are the loan guarantee provisions of the Community Development Block Grant (CDBG) program. Section 108 loans provide the community with a source of financing for economic development, housing rehabilitation, public facilities, and capital improvement and infrastructure projects. The loans are arranged through the U.S. Department of Housing and Urban Development (HUD) and a fixed repayment schedule is provided that allocates a portion of the total obligation issued to each borrower, including the City, as well as other municipalities. Although no interest rate is stated on the repayment schedule, the City pays a portion of the interest as allocated by HUD.

Lease revenue bonds are lease obligations secured by a lease-back arrangement with a public entity. General operating revenues are pledged to make the lease payments, which are in turn used to pay debt service on the bonds. Lease revenue bonds provide long-term financing through a lease agreement and accordingly, do not constitute indebtedness under the state constitutional debt limitation and are not subject to other statutory requirements applicable to bonds.

Tobacco Settlement Bonds are limited obligations of the TSRFC, which is a separate legal entity established by the City. The TSRFC purchased from the City the rights to receive future tobacco settlement revenues (TSRs) due to the City. The Tobacco Settlement Bonds are payable from and secured solely by pledged TSRs.

b. Amortization Requirements

The annual requirements to amortize the long-term debt outstanding as of June 30, 2024, including interest payments to maturity, are as follows:

Year Ending June 30	Leases Payable		SBITAs Payable		EVFP		Other Financed Purchase Obligations	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 11,851	\$ 1,095	\$ 9,205	\$ 797	\$ 16,928	\$ 1,735	\$ 1,825	\$ 438
2026	9,794	934	7,990	561	15,016	1,419	1,892	370
2027	8,483	829	6,741	355	12,774	1,071	1,744	300
2028	8,387	740	5,800	181	11,881	754	1,620	234
2029	8,442	650	670	30	7,458	460	1,475	178
2030-2034	20,139	2,197	471	30	9,769	371	4,688	253
2035-2039	5,989	1,217	—	—	—	—	—	—
2040-2044	5,057	661	—	—	—	—	—	—
2045-2049	3,588	129	—	—	—	—	—	—
Total	<u>\$ 81,730</u>	<u>\$ 8,452</u>	<u>\$ 30,877</u>	<u>\$ 1,954</u>	<u>\$ 73,826</u>	<u>\$ 5,810</u>	<u>\$ 13,244</u>	<u>\$ 1,773</u>

Year Ending June 30	QECC Lease Obligation		CEC Loans Payable		Section 108 Loans Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,004	\$ 125	\$ 156	\$ 6	\$ 485	\$ 15
2026	1,027	63	158	5	—	—
2027	—	—	159	3	—	—
2028	—	—	161	1	—	—
2029	—	—	23	—	—	—
Total	<u>\$ 2,031</u>	<u>\$ 188</u>	<u>\$ 657</u>	<u>\$ 15</u>	<u>\$ 485</u>	<u>\$ 15</u>

Year Ending June 30	Lease Revenue Bonds		Tobacco Settlement Bonds	
	Principal	Interest	Principal ²	Interest
2025	\$ 35,715	\$ 25,471	\$ 6,490	\$ 1,418
2026	36,960	24,240	6,570	1,175
2027	38,270	22,915	6,760	924
2028	35,565	21,578	7,080	660
2029	24,810	20,232	—	375
2030-2034	119,760	84,118	9,380	1,126
2035-2039	112,010	59,757	—	—
2040-2044	92,505	35,372	—	—
2045-2049	65,485	16,947	—	—
2050-2054	43,115	3,518	—	—
Total	<u>\$ 604,195</u>	<u>\$ 314,148</u>	<u>\$ 36,280</u>	<u>\$ 5,678</u>

¹ The Tobacco Settlement Bonds' principal debt service requirements shown reflect turbo redemption payments made on the Series 2018C Bonds since the issue date.

c. Change in Long-Term Liabilities

The following is a summary of changes in governmental activities long-term liabilities for the year ended June 30, 2024. The effect of bond issuance premiums and discounts are reflected as adjustments to the carrying value of long-term liabilities.

	Governmental Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 89,371	\$ 99,148	\$ (87,932)	\$ 100,587	\$ 49,519
Liability Claims	393,908	99,687	(89,631)	403,964	84,561
Reimbursement Agreement Obligations	20,968	10,564	(8,848)	22,684	—
Leases Payable	90,594	3,326	(12,190)	81,730	11,851
SBITAs Payable	12,754	31,272	(13,149)	30,877	9,205
Financed Purchase Obligations:					
EVFP ¹	75,132	18,681	(19,987)	73,826	16,928
Other Financed Purchase Obligations ²	14,356	899	(2,011)	13,244	1,825
Total Financed Purchase Obligations ³	89,488	19,580	(21,998)	87,070	18,753
QECC Lease Obligation ³	3,011	—	(980)	2,031	1,004
Loans Payable:					
California Energy Resource Conservation and Development Commission	982	—	(325)	657	156
SANDAG	26,167	—	(26,167)	—	—
Total Loans Payable ³	27,149	—	(26,492)	657	156
Section 108 Loans Payable	942	—	(457)	485	485
Lease Revenue Bonds	639,360	—	(35,165)	604,195	35,715
Unamortized Bond Premiums and Discounts	56,005	—	(3,426)	52,579	3,352
Net Lease Revenue Bonds	695,365	—	(38,591)	656,774	39,067
Tobacco Settlement Bonds	44,865	—	(8,585)	36,280	6,490
Net Other Postemployment Benefits Liability	312,336	27,282	(30,022)	309,596	—
Pension Liabilities (Retirement)	2,160,362	474,193	(359,143)	2,275,412	—
Total Pension Liability (POB)	12,347	507	(2,295)	10,559	—
Total	\$ 3,953,460	\$ 765,559	\$ (700,313)	\$ 4,018,706	\$ 221,091

¹ City's unused line of credit for EVFP is \$27,319.

² Other Financed Purchase Obligations include GE Government Finance Lease & Hewlett-Packard Lease.

³ City's direct borrowings.

During fiscal year 2024, the City executed multiple new leases and amendments to existing leases for office space and equipment. Under various agreements with different entities, the obligations total \$3,326 plus interest, to be paid over three year lease terms, at rates between 0.46% and 3.00%. The City also executed new SBITAs. Under various agreements with different vendors, the obligations total \$31,272 plus interest, to be paid over contract terms ranging from two to ten years, at rates between 2.27% and 2.82%.

During fiscal year 2024, the City finance-purchased various public safety and support vehicles. Under various agreements with Bank of America Public Capital Corp., the obligations totaled \$18,681, to be financed over periods ranging from three to ten years at rates between 3.80% and 4.59%.

On April 9, 2024, the City finance-purchased various office equipment with Hewlett-Packard Financial Services Company in the amount of \$899, to be financed for five years at a rate of 5.87%.

On August 9, 2022, PFFA entered into a master agreement with USEPA for a WIFIA loan in an amount up to \$359,200 to fund stormwater capital improvement projects. Under the master agreement, a credit agreement was executed to draw up to \$225,110 at a rate of 3.11%. The WIFIA loan may fund up to 49% of eligible project costs and requires a City match for the remaining 51%. As of June 30, 2024, there have been no draws on the available \$225,110 executed credit agreement.

d. Legal Debt Margin

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation for each City. As of June 30, 2024, the limit for the City was \$44,328,383, and the amount of City debt subject to the limit was \$0 (See Statistical Table 13). The limit is only applicable to General Obligation Bonds, of which the City has none outstanding as of June 30, 2024.

e. Event of Default Provisions

The City's outstanding Financed Purchased Obligations of \$87,070 contain provisions that in the event of default, the lessor may recover unpaid amounts and terminate the financing agreement(s). The lease revenue bond obligations of \$604,195 contain provisions that in the event of default, bondholders may bring suit against the City and receive any funds held by the Trustee to pay principal and interest on the bonds when due. The bonds are secured by lease payments made under leases of various governmental assets, including but not limited to, certain fire and police stations, libraries, and leases of City-owned land. The outstanding Tobacco Settlement Revenue Bonds of \$36,280 contain event of default provisions that all revenues held or thereafter received by the Trustee shall be applied in order of lien priority, however, as these bonds are payable from pledged TSRs, bondholders have no recourse to any income, or revenues of the City. There are no clauses to accelerate payment of principal amounts with any of the governmental direct borrowing and direct placement obligations.

f. Leases and Subscription Based Information Technology Arrangements Payable

The City is a lessee in various noncancellable leases of land, office space, and equipment. The City also has various SBITAs for noncancellable software subscriptions. As of June 30, 2024, the Governmental Activities' leases payable and SBITAs payable of \$81,730 and \$30,877, respectively, were comprised of the following:

Type of Obligation	Interest Rates	Remaining Term	Fiscal Year 2024 Principal and Interest Paid	Balance Outstanding at 6/30/24
Leases Payable:				
Land	1.44% - 1.59%	10 years - 13 years	\$ 1,357	\$ 13,298
Office Space	0.34% - 3.12%	5 months - 23 years	11,646	67,245
Equipment	2.71%	2 years	441	1,187
Total Leases Payable			<u>\$ 13,444</u>	<u>\$ 81,730</u>
SBITAs Payable	2.23% - 2.82	5 months - 10 years	<u>\$ 13,476</u>	<u>\$ 30,877</u>

g. Long-Term Pledged Liabilities

Governmental long-term pledged liabilities as of June 30, 2024 are comprised of the following:

Type of Pledged Revenue	Fiscal Year Maturity Date	Pledged Revenue to Maturity	Debt Principal & Interest Paid	Pledged Revenue Recognized
Pledged Development Impact Fee (DIF) Revenue:				
Quarry Falls (Civita) Neighborhood Parks Reimbursement Agreement		\$ 16,970	\$ 3,881	\$ 3,881
Pledged Facilities Benefit Assessment (FBA) Revenue:				
Facilities Financing Reimbursement Agreement Obligations		868	4,043	4,043
Pledged Regional Transportation Congestion Improvement Program (RTCIP):				
Quarry Falls (Civita) Neighborhood Parks Reimbursement Agreement		4,846	924	924
Naval Training Center Civic, Arts and Cultural Center (Section 108)	2025	485	999	999
Pledged Tobacco Settlement Revenue:				
TSRFC Bonds, Series 2018 A,C	2032	41,958	10,312	9,555
Pledged TransNet Revenue:				
SANDAG Loan	2029	—	26,731	26,731
Total		\$ 65,127	\$ 46,890	\$ 46,133

6. BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES (Dollars in Thousands)**a. Long-Term Liabilities**

Business-type activities long-term liabilities as of June 30, 2024 are comprised of the following:

<u>Type of Obligation</u>	<u>Interest Rates</u>	<u>Fiscal Year Maturity Date</u>	<u>Original Amount ⁴</u>	<u>Balance Outstanding June 30, 2024</u>
Compensated Absences				\$ 23,602
Liability Claims				197,388
Leases Payable				8,503
SBITAs Payable				1,746
Loans Payable:				
Sewer Utility - State Water Resources Control Board:				
Environment Monitoring and Technical Svcs, December 14, 2005	1.89 ²	2024	10,093	—
Point Loma 4th Sludge Pump Project, October 15, 2006	1.99 ²	2024	3,858	—
Point Loma Digesters S1 and S2, February 28, 2007	1.89 ²	2026	11,068	1,359
Point Loma Digesters Grit Processing, February 17, 2012 ³	—	2036	31,514	20,840
Sewer Pipeline Rehab Project MNOP, July 10, 2012 ³	—	2033	18,914	8,066
Metro Biosolids Center Storage Silos, August 6, 2015 ³	—	2035	7,204	4,261
MBC Odor Control Facilities Upgrades, July 15, 2015	1.70 ¹	2035	6,840	4,241
MBC Dewatering Centrifuge Replacement, July 8, 2015 ³	1.70 ¹	2039	11,961	9,536
Sewer Pipeline Rehab Project-Q, June 26, 2013	2.20 ¹	2034	4,791	1,339
Sewer Pipeline Rehab Project-RS, August 22, 2013 ³	—	2034	8,924	4,524
Sewer Pipeline Rehab Project-T, July 12, 2016	1.70 ¹	2036	2,314	1,468
MBC Chemical Systems Improvement Phase II, July 12, 2016	1.70 ¹	2037	5,284	3,592
Pump Station 2 Power Reliability/ Surge Protection, September 12, 2018	1.80 ¹	2054	68,828	68,828
Pure Water Conveyance System Project, April 15, 2022	0.80 ¹	2056	59,963	59,963
Pure Water Morena Blvd Pump Station Project, April 18, 2022	0.80 ¹	2056	78,783	78,783
Pure Water Reclamation Plant Expansion Project, April 27, 2022	1.10 ¹	2055	87,698	87,698
Pure Water Metropolitan Biosolids Center Project, April 27, 2022	0.80 ¹	2056	2,902	2,902
Total Sewer Utility Loans Payable				357,400
Water Utility - State Water Resources Control Board:				
Alvarado Water Treatment Plant, May 30, 2011	2.31 ¹	2032	12,000	5,155
Miramar Water Treatment Plant, September 26, 2011	2.31 ¹	2032	20,000	8,590
Otay Water Treatment Plant, December 22, 2011	2.50 ¹	2032	18,000	8,287
Harbor Drive Pipeline Replacement Project, January 29, 2013	2.09 ¹	2036	10,561	6,885
Lindbergh Field Pipeline Replacement Project, January 29, 2013	2.09 ¹	2036	3,262	2,123
University Avenue Pipeline Replacement Project, June 7, 2016	2.09 ¹	2039	25,300	19,983
69th Street & Mohawk Pump Station Project, June 14, 2018	1.70 ¹	2050	14,116	12,638
Morena Pipeline Project, November 21, 2023	2.10 ¹	2057	1,639	1,639
Water Utility - US Environmental Protection Agency				
Pure Water WIFIA Loan Agreement, September 24, 2020	1.29 ¹	2059	372,680	372,680
Total Water Utility Loans Payable				437,980
Refuse Disposal:				
California Infrastructure and Economic Development Bank (IBank)	3.89 ¹	2044	40,000	40,000
SDCCC:				
California Infrastructure and Economic Development Bank (IBank)	3.59 ¹	2042	25,500	21,568
Total Loans Payable				856,948

(Continued on Next Page)

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount ⁴	Balance Outstanding June 30, 2024
Revenue Bonds Payable:				
Senior Sewer Revenue Refunding Bonds, Series 2015	2.0-5.0 ¹	2027	\$ 313,620	\$ 113,595
Senior Sewer Revenue Refunding Bonds, Series 2016 A	4.0-5.0 ¹	2039	403,280	270,130
Subordinated Water Revenue Bonds, Series 2016 A	3.0-5.0 ¹	2046	40,540	35,040
Subordinated Water Revenue Bonds, Refunding Series 2016 B	5.0 ¹	2040	523,485	327,655
Subordinated Water Revenue Bonds, Refunding Series 2018 A	5.0-5.25 ¹	2048	243,180	222,045
Senior Water Revenue Bonds, Series 2020 A	3.0-5.0 ¹	2050	221,420	204,235
Senior Water Revenue Refunding Bonds, Series 2020 B	1.03-2.33 ¹	2033	114,195	81,280
Subordinated Sewer Revenue Bonds, Series 2022 A	5.0 ¹	2052	168,250	162,995
Senior Water Revenue Bonds, Series 2023A	4.0-5.25 ¹	2053	223,155	223,155
Total Revenue Bonds Payable				<u>1,640,130</u>
Estimated Landfill Closure and Postclosure Care				62,647
Net Other Postemployment Benefits Liability				90,655
Pension Liabilities (Retirement)				514,774
Total Pension Liability (POB)				<u>1,221</u>
Total Business-Type Activities Long-Term Liabilities				<u>\$ 3,397,614</u>

¹ Interest rates are fixed and reflect the range of rates for various maturities from the date of issuance to maturity.

² Effective rate.

³ Effective in fiscal year 2022, the State applies a small Community Grant Fee in lieu of interest.

⁴ For Loans Payable, the Original Amount is based on the amount disbursed to date and may include capitalized interest.

b. Amortization Requirements

Annual requirements to amortize long-term debt as of June 30, 2024, including interest payments to maturity, are as follows:

Year Ending June 30	Leases Payable		SBITAs Payable		Loans Payable		Revenue Bonds Payable	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 4,294	\$ 60	\$ 1,370	\$ 41	\$ 15,981	\$ 10,128	\$ 109,500	\$ 76,018
2026	820	27	126	10	12,532	3,750	94,905	70,747
2027	788	21	129	6	12,144	3,513	97,585	66,655
2028	794	16	19	3	12,450	3,283	85,370	61,980
2029	800	10	19	3	12,764	3,046	89,435	57,913
2030-2034	1,007	5	83	5	60,369	11,593	306,755	242,837
2035-2039	—	—	—	—	38,310	6,379	343,975	165,881
2040-2044	—	—	—	—	20,227	1,971	205,495	94,134
2045-2049	—	—	—	—	2,832	185	212,635	44,411
2050-2054	—	—	—	—	595	8	94,475	7,512
Unscheduled ¹	—	—	—	—	668,744	—	—	—
Total	<u>\$ 8,503</u>	<u>\$ 139</u>	<u>\$ 1,746</u>	<u>\$ 68</u>	<u>\$ 856,948</u>	<u>\$ 43,856</u>	<u>\$ 1,640,130</u>	<u>\$ 888,088</u>

¹ The loans payable to the State Water Resources Control Board in the amount of \$298,064 and to the United States Environmental Protection Agency in the amount of \$370,680 do not have fixed annual repayment schedules until construction of the projects are completed and final billing submitted.

c. Change in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024. The effects of bond premiums and discounts are reflected as adjustments to long-term liabilities.

	Business-Type Activities				
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated Absences	\$ 20,861	\$ 22,824	\$ (20,083)	\$ 23,602	\$ 11,360
Liability Claims	169,828	39,257	(11,697)	197,388	18,431
Leases Payable	13,580	—	(5,077)	8,503	4,294
SBITAs Payable	3,043	271	(1,568)	1,746	1,370
Loans Payable ^{1,2}	432,256	436,146	(11,454)	856,948	15,981
Revenue Bonds Payable	1,739,435	—	(99,305)	1,640,130	109,500
Unamortized Bond Premiums and Discounts	250,078	—	(16,965)	233,113	16,965
Net Revenue Bonds Payable	1,989,513	—	(116,270)	1,873,243	126,465
Estimated Landfill Closure/Postclosure Care	59,620	3,027	—	62,647	—
Net Other Postemployment Benefits Liability	91,370	7,118	(7,833)	90,655	—
Pension Liabilities (Retirement)	507,256	73,933	(66,415)	514,774	—
Total Pension Liability (POB)	1,406	52	(237)	1,221	—
Totals	<u>\$ 3,288,733</u>	<u>\$ 582,628</u>	<u>\$ (240,634)</u>	<u>\$ 3,630,727</u>	<u>\$ 177,901</u>

¹ City's direct borrowings.

² City's unused lines of credit for Pump Station 2, Pure Water Conveyance System, Pure Water Morena Blvd, Pure Water Plant Expansion, Pure Water Metro Biosolids Center, Morena Pipeline Project, and Pure Water WIFIA loans are \$5,075, \$165,038, \$76,323, \$186,579, \$7,016, \$56,034 and \$360,820, respectively.

During fiscal year 2024, the City executed a SBITA for a new real estate management software which is twenty-five percent funded by Airports. The Airports Fund's obligation totals \$271, and will be paid over a ten year term at an interest rate of 2.56%.

On February 15, 2024, the City of San Diego executed a \$40,000 loan with the California Infrastructure and Economic Development Bank's (IBank) Infrastructure State Revolving Fund Program at a 3.89% rate per annum. This loan will partially fund the relocation of the existing Miramar Greenery and construction of an organics processing facility at the Miramar Landfill. The repayment period of this loan is 20 years with a final maturity date of August 1, 2043, and the loan is payable solely from installment payments secured by Net System Revenues of the Refuse Disposal Enterprise Fund.

During fiscal year 2024, the Sewer Utility and Water Utility Funds received additional loan proceeds through State Revolving Fund (SRF) loan agreements with the State Water Resources Control Board (SWRCB) totaling approximately \$212,683. The repayment period of these loans are 20-30 years from completion of construction at rates between 0.80% to 2.10%.

During fiscal year 2024, the Water Utility Fund received additional loan proceeds through the Water Infrastructure Finance Innovation Act (WIFIA) agreement totaling \$183,463 at a rate of 1.29%. The First WIFIA Loan will fund a portion of the Water Utility's cost of the Pure Water Program Phase I. The repayment period of this loan is 35 years with a final maturity date of August 1, 2058.

d. Event of Default Provisions

The governing documents of the Sewer Utility and Water Utility Funds' loans payable of \$795,380 contain event of default provisions allowing the lenders to terminate the funding agreements if not cured within 30 days, and are subject to acceleration clauses making outstanding amounts immediately payable.

The governing documents of the IBank loan of \$21,568 which is between SDCCC and the City, state that if an event of default were to occur, IBank under the Financing Lease agreement would be entitled to take various actions, including without termination of the Financing Lease, collect all amounts owing under the Financing Lease until maturity.

The governing documents of the IBank Loan of \$40,000 contain provisions that in the event of default, IBank may declare that all principal, accrued interest, and any additional payments be immediately due and payable, or IBank may bring suit against the City and receive any funds pursuant to the legal action to pay costs of IBank, plus principal and interest on the loan.

The governing documents of the Revenue Bonds Payable of \$1,640,130 contain provisions that in the event of default, the Trustee may declare that all principal and interest accrued be immediately due and payable, or bondholders may bring suit against the City and receive any funds held by the Trustee to pay principal and interest on the bonds.

e. Leases and SBITAs Payable

The City is a lessee in various noncancellable leases of office space and equipment. The City also has various SBITAs for noncancellable software subscriptions. As of June 30, 2024, the Business-Type Activities' leases payable and SBITAs payable of \$8,503 and \$1,746, respectively, were comprised of the following:

<u>Type of Obligation</u>	<u>Interest Rates</u>	<u>Remaining Term</u>	<u>Fiscal Year 2024 Principal and Interest Paid</u>	<u>Balance Outstanding at 6/30/24</u>
Leases Payable:				
City of San Diego:				
Office Space	0.71%	6 Years	\$ 757	\$ 4,923
Equipment	0.46% - 0.65%	1 - 2 Years	3,848	3,126
SDCCC	9.00%	1 Year	610	454
Total Leases Payable			<u>\$ 5,215</u>	<u>\$ 8,503</u>
SBITAs Payable	2.27% - 2.56%	1 - 10 Years	<u>\$ 1,638</u>	<u>\$ 1,746</u>

f. Long-Term Pledged Liabilities

Business-type activities long-term pledged liabilities as of June 30, 2024, are comprised of the following:

<u>Type of Pledged Revenue</u>	<u>Fiscal Year Maturity Date</u>	<u>Pledged Revenue to Maturity</u>	<u>Debt Principal & Interest Paid</u>	<u>Pledged Revenue Recognized</u>
Pledged Net Sewer Systems Revenue:				
Loans - State Water Resources Control Board:				
Environment Monitoring and Technical Svs, December 14, 2005	2024	\$ —	\$ 637	\$ 637
Point Loma 4th Sludge Pump Project, October 15, 2006	2024	—	257	257
Point Loma Digesters S1 and S2, February 28, 2007	2026	1,398	699	699
Point Loma Digesters Grit Processing, February 17, 2012	2036	20,840	1,454	1,454
Sewer Pipeline Rehab Project MNOP, July 10, 2012	2033	8,065	802	802
Metro Biosolids Center-Storage Silos, August 6, 2015	2035	4,261	350	350
MBC Odor Control Facilities Upgrades, July 15, 2015	2035	4,685	426	426
MBC Dewatering Centrifuge Replacement, July 8, 2015	2039	10,894	650	650
Sewer Pipeline Rehab Project-Q, June 26, 2013	2034	1,507	151	151
Sewer Pipeline Rehab Project-RS, August 22, 2013	2034	4,524	401	401
Sewer Pipeline Rehab Project-T, July 12, 2016	2036	1,635	137	137
MBC Chemical Systems Improvement Phase II, July 12, 2016	2037	4,034	311	311
Pump Station 2 Power Reliability and Surge Protection, September 12, 2018	2054	70,066	—	—
Pure Water Conveyance System Project, April 15, 2022	2056	59,963	—	—
Pure Water Morena Blvd Pump Station Project, April 18, 2022	2056	78,783	—	—
Pure Water Reclamation Plant Expansion Project, April 27, 2022	2055	88,164	—	—
Pure Water Metropolitan Biosolids Center Project, April 27, 2022	2056	2,902	—	—
Revenue Bonds:				
Senior Sewer Revenue Refunding Bonds, Series 2015	2027	121,809	64,744	64,710
Senior Sewer Revenue Refunding Bonds, Series 2016 A	2039	388,173	13,507	13,503
Subordinated Sewer Revenue Refunding Bonds, Series 2022 A	2052	306,339	10,943	10,847
Total Pledged Net Sewer Systems Revenue		<u>1,178,042</u>	<u>95,469</u>	<u>95,335</u>
Pledged Net Water Systems Revenue:				
Loans - State Water Resources Control Board:				
Alvarado Water Treatment Plant, May 30, 2011	2032	5,644	752	752
Miramar Water Treatment Plant, September 26, 2011	2032	9,403	1,254	1,254
Otay Water Treatment Plant, December 22, 2011	2032	9,195	1,148	1,148
Harbor Drive Pipeline Replacement Project, January 29, 2013	2036	7,822	652	652
Lindbergh Field Pipeline Replacement Project, January 29, 2013	2036	2,412	201	201
University Avenue Pipeline Replacement Project, June 7, 2016	2039	23,374	1,558	1,558
69th Street & Mohawk Pump Station Project, June 14, 2018	2050	15,689	603	603
Morena Pipeline Project, November 21, 2023	2057	1,642	—	—
Loans - US Environmental Protection Agency:				
Pure Water WIFIA Loan Agreement, September 24, 2020	2059	377,181	2,618	—
Revenue Bonds:				
Subordinated Water Revenue Bonds, Series 2016 A	2046	57,484	2,613	2,605
Subordinated Water Revenue Bonds, Refunding Series 2016 B	2040	446,154	39,117	39,021
Subordinated Water Revenue Bonds, Refunding Series 2018 A	2048	384,567	16,023	15,984
Senior Water Revenue Bonds, Series 2020 A	2050	322,890	12,416	12,376
Senior Water Revenue Refunding Bonds, Series 2020 B	2033	89,419	9,935	9,920
Senior Water Revenue Bonds, Series 2023A	2053	411,383	8,613	8,565
Total Pledged Net Water Systems Revenue		<u>2,164,259</u>	<u>97,503</u>	<u>94,639</u>
Pledged Net Refuse Disposal Revenue:				
California Infrastructure and Economic Development Bank (IBank) Loan	2044	57,455	—	—
Total Pledged Revenues		<u>\$ 3,399,756</u>	<u>\$ 192,972</u>	<u>\$ 189,974</u>

7. DISCRETELY PRESENTED COMPONENT UNIT LONG-TERM LIABILITIES (Dollars in Thousands)

Narratives and tables presented in the following sections are taken from the audited annual comprehensive financial report of the San Diego Housing Commission as of June 30, 2024.

San Diego Housing Commission

Long-term liabilities of SDHC as of June 30, 2024, are comprised of the following:

Type of Obligation	Interest Rate	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2024 ¹	Due Within One Year
Compensated Absences				\$ 4,593	\$ 4,593
SBITAs				3,373	1,447
Notes Payable:					
Direct Borrowing Debts of SDHC:					
Key Bank Real Estate Capital - Smart Corner ²	5.53 %	2027	\$ 15,000	653	58
City of San Diego - Hotel Sandford ³	1.00 %	2065	6,095	5,843	—
State of California - Housing Loan Conv Program 12-HLCP-0004	3.00 %	2068	—	1,405	—
State of California - Housing Loan Conv Program 12-HLCP-0003	3.00 %	2068	—	3,150	—
Red Capital Mortgage, LLC - Courtyard Apartments	4.92 %	2030	—	3,764	80
JP Morgan Chase - Hotel Circle	3.29 %	2030	32,840	27,700	653
JP Morgan Chase - Kearny Vista	3.39 %	2030	17,426	6,445	150
Debts of the LLCs:					
Greystone Servicing Corp, Inc. - Belden SDHC FNMA, LLC	7.32 %	2040	12,320	9,424	337
Greystone Servicing Corp, Inc. - Northern SDHC FNMA, LLC	7.32 %	2040	10,810	8,269	296
PNC Bank, NA FHA Southern SDHC FHA, LLC	3.76 %	2046	25,017	18,805	589
PNC Bank, NA FHA - Northern SDHC FHA, LLC	3.76 %	2046	17,500	13,155	412
PNC Bank, NA FHA - Central SDHC FHA, LLC	3.65 %	2046	15,726	11,792	372
Total Notes Payable				110,405	2,947
Less: unamortized debt issuance costs				(948)	—
Total				<u>\$ 117,423</u>	<u>\$ 8,987</u>

¹ Long-term liabilities of \$153,079 for the discrete component units of SDHC are not included (\$1,340 short-term and \$151,739 long-term)

² Note converted to variable interest November 2021

³ Forgivable loan with accrued interest totaling \$773

At June 30, 2024, the current portion of notes payable was \$2,947 and the noncurrent portion, net, was \$106,510. Debt issuance costs associated with the LLC loans totaled \$2,120, less accumulated amortization of \$1,172 at June 30, 2024. For fiscal year 2024, amortization totaled \$69. Under guidance issued by the GASB, these fees would be expensed as incurred. However, as the LLCs are not governmental agencies, they follow the standards issued by the FASB. In accordance with FASB's Accounting Standards Update (ASU) 2015-03, debt issuance costs are capitalized and presented as a direct deduction to notes payable. In addition, the debt issuance costs are amortized over the life of the loan using the effective interest method.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bonds (BABs) program. State and local governments receive subsidy payments directly from the U.S. Treasury for a portion of their borrowing costs on BABs, equal to 35% of the total coupon interest paid less reductions in federal appropriations. The subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA LLC, Northern SDHC FHA LLC and Southern SDHC FHA LLC loans have been approved as qualified direct subsidy BABs loans. SDHC received subsidy payments of \$619 in fiscal year 2024.

The projected annual principal and interest payment requirements for all of SDHC's notes payable are noted in the table below. These amounts include a forgivable loan of \$5,843 which will be forgiven at maturity in 2065. Accrued interest on the forgivable loan was \$773 as of June 30, 2024.

Year Ending June 30	Principal	Interest	Total
2025	\$ 2,947	\$ 4,192	7,139
2026	3,082	4,060	7,142
2027	3,691	3,920	7,611
2028	3,300	3,779	7,079
2029	3,456	3,622	7,078
2030-2034	47,400	11,697	59,097
2035-2039	18,388	5,978	24,366
2040-2044	14,042	1,937	15,979
2045-2049	3,701	84	3,785
2050-2054	—	—	—
2055-2068	4,555	—	4,555
Subtotal	104,562	39,269	143,831
Forgivable loans	5,843	—	5,843
Total Notes Payable	<u>\$ 110,405</u>	<u>\$ 39,269</u>	149,674
Less: Unamortized debt issuance costs			(948)
Total Notes Payable, Net			<u>\$ 148,726</u>

Subscription Based Information Technology Arrangements

SDHC has identified 13 software arrangements that require recognition under GASB 96. These SBITA are recorded as intangible right to use software arrangements in capital assets and subscription liability. As an interest rate implicit in SDHC's subscription arrangements are not readily determinable, SDHC uses the State of California incremental borrowing rate posted for GASB 96. The terms in month are calculated to include option periods.

SDHC's SBITAs are with various vendors, with terms ranging from 0 to 60 months, at interest rates between 2.40% and 2.63%. The annual requirements for subscription liabilities as of June 30, 2024, including interest payments, are as follows:

Year Ending June 30	Principal	Interest
2025	\$ 1,447	\$ 61
2026	1,084	28
2027	842	5
Total	<u>\$ 3,373</u>	<u>\$ 94</u>

For further details on SDHC's long-term liabilities, refer to SDHC's Annual Comprehensive Financial Report at sdhc.org.

8. SHORT-TERM LIABILITIES (Dollars In Thousands)

a. Sewer Utility Fund Interim Financing

On December 14, 2022, the City, PFFA, and Wells Fargo Bank, National Association executed an agreement for an interim financing note to provide liquidity for the Sewer Utility Fund's costs related to the first phase of the Pure Water project. The note has a variable interest rate and an amount up to \$150,000 payable from net system revenues of the Sewer Utility Fund. Principal and interest payments on this note will be paid in fiscal year 2025 after proceeds of the Pure Water State Revolving Fund loans secured by net system revenues of the Sewer Utility Fund are received.

b. Water Revenue Commercial Paper Notes (Water CP Notes)

On December 16, 2016, the City and PFFA adopted resolutions authorizing the issuance of \$250,000 tax-exempt subordinate water revenue commercial paper notes in one or more series. The funds are used to (i) provide short-term financing for design, acquisition, construction, installation, and improvements of components of the City's water system, (ii) reimburse the City's Water Utility Fund for eligible expenditures and (iii) pay costs of issuance for the Water CP Notes. The Water CP Notes have been issued periodically since January 2017 and are payable from subordinate installment payments by revenues of the City's Water Utility Fund. On November 10, 2021 and November 2, 2021, the City and PFFA, respectively, ratified, reauthorized, and reapproved the prior request of the Authority to issue tax-exempt CP Notes from time to time, and the form and content of the Initial Financing Documents. The City selected Bank of America, N.A. as the letter of Credit (LOC) provider for the full \$250 million CP Notes program, with an LOC expiration date of January 31, 2025. Under this program, PFFA is able to issue notes at prevailing short-term interest rates for periods of maturity up to 270 days. Upon maturity, the notes can be rolled over for additional intervals of up to 270 days with new short-term interest rates until the notes are refinanced using a long-term bond or cash repayment option. As of June 30, 2024, the Water CP Notes are classified as short-term liabilities based on the expiration date of the LOC.

c. General Fund Commercial Paper Notes (General Fund CP Notes)

On May 22, 2018, the City adopted a resolution authorizing tax-exempt lease revenue commercial paper notes in an amount not-to-exceed \$80,500. On August 14, 2018, the City adopted a resolution increasing the not-to-exceed amount to \$88,500. The PFFA adopted a resolution to effectuate the same increase on October 30, 2018. On November 20, 2021, the City and PFFA extended the Letter of Credit with Wells Fargo Bank for the General Fund CP Notes in the amount of \$88,500. The new LOC expiration date is November 29, 2024. Under this program, the PFFA is able to issue notes at prevailing short-term interest rates for periods of maturity up to 270 days. Upon maturity, the notes can be rolled over for additional intervals of up to 270 days with new short-term interest rates until the notes are refinanced using a long-term bond or cash repayment option. As of June 30, 2024, the General Fund CP Notes are classified as short-term liabilities based on the expiration date of the LOC.

d. Changes in Short-Term Liabilities

The following is a summary of changes in short-term liabilities for the year ended June 30, 2024:

Type of Obligation	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities:				
General Fund Commercial Paper Notes, Series A ^{3,4}	\$ —	\$ 66,600	\$ —	\$ 66,600
Business-Type Activities:				
Subordinated Sewer Revenue Notes, Series 2022A ¹	43,400	33,400	(43,400)	33,400
Water Commercial Paper Notes, Series A ^{2,4}	—	122,656	—	122,656
Total Business-Type Activities Short-Term Liabilities	\$ 43,400	\$ 156,056	\$ (43,400)	\$ 156,056

¹ City's unused lines of credit for Sewer Revenue Notes is \$116,600.

² City's unused authorization for Water CP Notes is \$127,344.

³ City's unused authorization for General Fund CP Notes is \$21,900.

⁴ The Water CP Notes and General Fund CP Notes are classified as short-term liabilities based on the LOC expiration dates of January 31, 2025 and November 21, 2024, respectively.

During fiscal year 2024, the City issued \$66,600 of short-term General Fund CP Notes, Series A, at rates between 3.70 and 3.72%.

During fiscal year 2024, the City received and expended \$33,400 of Subordinated Sewer Revenue Notes, Series 2022A, at an initial interest rate of 4.35%. The City also issued short-term Water CP Notes, Series A, of \$122,656 at rates between 3.65% and 3.70%.

c. Event of Default Provisions

The Subordinated Sewer Revenue Notes contain provisions that in the event of default, the Bank may declare that all outstanding obligations related to Subordinated Sewer Revenue Notes be immediately due and payable, give notice to the City and the Authority upon occurrence of any event of default, pursue any rights and remedies, pursue any other action available at law or in equity, or cure any event of default.

The Water CP Notes contain provisions that in the event of default, the principal of all outstanding notes may be declared due and payable. With the Water CP Notes, the LOC banks may, in their sole discretion terminate or suspend the authority to issue additional CP notes, terminate the LOC, enforce the rights and obligations of the City, or exercise any other remedies available at law or in equity.

The General Fund CP Notes do not contain any acceleration provision. The LOC banks may, in their sole discretion, either terminate or suspend the authority to issue additional commercial paper notes, terminate the LOC, or enforce the rights and obligations of the City, or exercise any other remedies available at law or in equity.

9. JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS (Dollars in Thousands)

San Diego Geographic Information Source (SanGIS)

SanGIS was created in 1997 as a joint powers agreement between the City and the County. The agreement was amended and restated in 2016 to update its provisions and to reflect the current status of the structure and operations of SanGIS. SanGIS objectives are to create and maintain a geographic information system, to market and license digital geographic data and software, to provide technical services, and to publish geographical and land-related information for the City and County, other public agencies, and the private sector. SanGIS is governed by a Board of Directors consisting of one voting member from the City and one from the County. The Board approves the annual budget and fiscal audit, sets long range plans and strategic goals, and authorizes major project funding. All initiatives and decisions must be approved by a consensus of both members of the Board before being implemented. The SanGIS fiscal year 2024 annual budget of \$1,784 was funded primarily by equal contributions from the City and County. In its latest audited report, SanGIS reported a decrease in net position of \$30 and an ending net position of \$664 for the fiscal year ended June 30, 2023. Complete stand-alone financial statements are available at www.sangis.org.

San Diego Workforce Partnership (SDWP)

In 1974, the City and County jointly formed a Consortium to provide regional employment and training services throughout San Diego County. In 2016, a revised Joint Powers Authority (JPA) agreement was approved to achieve compliance with Workforce Innovation and Opportunity Act federal legislation. The City and County jointly govern the Consortium. The Consortium's Board of Directors consists of two members of the City Council, two members from the County Board of Supervisors, and one member of a charitable organization. The Consortium is empowered to make applications for and receive grants from governmental or private sources. The Board assigned the non-profit San Diego Workforce Partnership, Inc. as the grant recipient and administrative entity to operate the Consortium. To the extent that law mandates any responsibility upon the City and County for debt obligation or liability, the City and the County have agreed to share equally the payment of such an obligation. In its latest audited report, SDWP reported an increase in net position of \$521 and ending net position of \$2,700 for the fiscal year ended June 30, 2023. Complete stand-alone financial statements can be requested from San Diego Workforce Partnership, Inc. 9246 Lightwave Ave., San Diego, CA 92123.

San Dieguito River Valley Regional Open Space Park

The San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA) was formed in 1989 by the City and County and the Cities of Del Mar, Escondido, Poway, and Solana Beach to create, preserve and enhance the San Dieguito River Valley Regional Open Space Park for the benefit of the public. In 2015, an amended and restated agreement was executed, continuing the JPA for fifty years. The JPA Board is composed of two elected officials each from the County and the City, one elected official each from the Cities of Del Mar, Escondido, Poway, and Solana Beach, and one public member representing the Citizens Advisory Committee. The JPA's funding is primarily comprised of operating grants, contributions, and agency assessments based on population and jurisdictional area. The JPA's fiscal year 2024 annual budget for agency contributions was \$1,292 of which the City's share was \$414, or 32%. In its latest audited report for the fiscal year ended June 30, 2023, the JPA reported a decrease in net position of \$360 and an ending net position of \$52,800. The debts, liabilities, and obligations of the JPA belong to the JPA, and not the agencies. Upon termination of the agreement or existence of the JPA, real property owned by the JPA will be distributed to the jurisdiction on which the land is located, while remaining assets and liabilities will be divided among the agencies based on the contribution calculation percentages. Complete stand-alone financial statements are available at www.sdrp.org.

San Diego Community Power (SDCP)

In September 2019, an ordinance and resolution were adopted to form SDCP, a California joint powers agency (JPA). As a Community Choice Aggregator, SDCP will pool the electricity needs of its customers and purchase power on their behalf. San Diego Gas & Electric will continue to deliver the electricity through its existing power lines, and will continue to provide meter reading, billing, and line maintenance services to customers. SDCP's Board is comprised of elected representatives from each member jurisdiction, which currently includes the Cities of San Diego, Chula Vista, Encinitas, La Mesa, Imperial Beach, and National City, as well as the County. These jurisdictions may expand if new communities in the surrounding area decide to join SDCP. The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings to establish policy, set rates, determine power options and maintain fiscal oversight. Additional information can be found at www.sdcommunitypower.org.

10. LEASES AND PPPs RECEIVABLE (Dollars in Thousands)

The City is a lessor in various noncancellable leases of land and buildings. During fiscal year 2024, the City recognized \$28,089 in lease revenue and \$15,028 in lease interest revenue.

The City is also a transferor in four PPPs, including Petco Park and three Service Concession Arrangements for Belmont Park, Pechanga Arena, and Torrey Pines Pro Shop and Driving Range. During fiscal year 2024, the City recognized \$3,625 in PPP revenue and \$1,993 in PPP interest revenue.

As of June 30, 2024, the City's leases receivable and PPPs receivable balances of \$712,105 and \$95,634, respectively, were comprised of the following:

Leases Receivable	Interest Rates	Remaining Term	Fiscal Year 2024 Payments Received	Receivable Balance at 6/30/24
Governmental Activities				
Land	0.46% - 2.15%	1 Year - 63 Years	\$ 35,046	\$ 666,845
Buildings	0.99% - 1.49%	5 Years - 11 Years	1,558	11,140
Total Governmental Activities			36,604	677,985
Business-Type Activities				
Land	0.59% - 2.15%	2 Years - 28 Years	1,933	32,275
Buildings	3.22%	15 Years	40	1,845
Total Business-Type Activities			1,973	34,120
Total Leases Receivable			\$ 38,577	\$ 712,105
PPPs Receivable				
Governmental Activities				
Petco Park	3.66%	20 Years	\$ 704	\$ 9,771
Service Concession Arrangements:				
Belmont Park ¹	1.73% - 3.75%	46 Years	1,487	79,350
Pechanga Arena	2.23%	1 Month	751	63
Total Governmental Activities			2,942	89,184
Business-Type Activities				
Service Concession Arrangements:				
Torrey Pines Pro Shop and Driving Range	3.28%	9 Years	869	6,450
Total PPPs Receivable			\$ 3,811	\$ 95,634

¹ Interest rate used for Belmont Park is an implied rate of 1.73%.

The leases and PPPs receivable are expected to be received in subsequent years as follows:

Year Ending	Leases Receivable				PPPs Receivable			
	Governmental Activities		Business-Type Activities		Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
June 30								
2025	\$ 22,452	\$ 13,908	\$ 1,379	\$ 690	\$ 546	\$ 1,743	\$ 670	\$ 198
2026	20,426	13,498	1,407	666	536	1,727	692	177
2027	20,819	13,107	1,328	642	590	1,710	715	154
2028	20,005	12,746	1,361	620	642	1,697	738	131
2029	19,941	12,313	1,328	593	704	1,673	763	106
2030-2034	101,585	55,480	6,746	2,580	4,478	8,030	2,872	170
2035-2039	105,493	44,734	5,694	1,920	6,316	7,328	—	—
2040-2044	112,135	33,280	5,337	1,336	8,169	6,407	—	—
2045-2049	106,061	21,213	6,441	714	7,278	5,586	—	—
2050-2054	50,213	13,032	3,099	91	9,661	4,848	—	—
2055-2059	30,470	8,734	—	—	12,486	3,883	—	—
2060-2064	19,338	6,148	—	—	15,822	2,652	—	—
2065-2069	14,889	4,383	—	—	19,753	1,102	—	—
2070-2074	8,216	3,216	—	—	2,203	11	—	—
2075-2079	9,138	2,294	—	—	—	—	—	—
2080-2084	10,164	1,269	—	—	—	—	—	—
2085-2089	6,640	220	—	—	—	—	—	—
Total	<u>\$ 677,985</u>	<u>\$ 259,575</u>	<u>\$ 34,120</u>	<u>\$ 9,852</u>	<u>\$ 89,184</u>	<u>\$ 48,397</u>	<u>\$ 6,450</u>	<u>\$ 936</u>

The City has deferred inflows of resources associated with leases and PPPs that will be recognized as revenue over the remaining contract terms. As of June 30, 2024, the balance of the deferred inflows of resources for leases and PPPs were \$702,068 and \$91,937, respectively.

Many of the City's leases and PPPs have variable rent components, including: payment of either a minimum monthly rent, or a percentage of revenues generated by the lessee, whichever is greater; payment of fixed rent plus a percentage of revenues; or payments dependent on indexes or rates. Percentage rents and other variable payments in excess of the minimum guaranteed rent are not included in the measurement of the leases receivable. During fiscal year 2024, inflows of resources for variable rents totaled \$15,445 for leases and \$3,027 for PPPs as follows:

Leases

Governmental Activities:

Various land leases with contract terms requiring payment of either a monthly minimum rent, or a percentage rent, whichever is greater. Interest rates range from 0.71% to 2.15%, with remaining lease terms ranging from 3 to 63 years. \$ 14,373

One land lease with contract terms requiring payment of a fixed rent amount plus percentage of revenues, at an interest rate of 1.90%, with a remaining lease term of 21 years. 19

Various land leases with contract terms requiring payment of rent amounts with periodic CPI or other rent adjustments, at interest rates ranging from 0.20% to 1.90%, with remaining lease terms ranging from 1 to 20 489

Total Governmental Activities 14,881

Business-Type Activities:

Various land leases with contract terms requiring payment of either a monthly minimum rent, or a percentage rent, whichever is greater. Interest rates range from 1.13% to 2.15%, with remaining lease terms ranging from 6 to 28 years. 541

Three land leases with contract terms requiring rent amounts with periodic CPI or other rent adjustments, at interest rates ranging from 1.23% to 2.15%, with remaining lease terms of 7 to 26 years. 23

Total Business-Type Activities 564

Total Inflows of Resources for Leases \$ 15,445

PPPs

Governmental Activities:

Petco Park, with contract terms requiring payment of biannual rent, with CPI adjustments every five years. \$ 37

The Belmont Park SCA, with contract terms requiring payment of either a minimum monthly rent, or a percentage of revenues, whichever is greater. 1,548

Total Governmental Activities 1,585

Business-Type Activities:

The Torrey Pines Pro Shop and Driving Range SCA, with contract terms requiring payment of either a minimum monthly rent, or a percentage of revenues, whichever is greater. 1,442

Total Inflows of Resources for PPPs \$ 3,027

The City has various aeronautical leasing agreements for land and hangar space at Montgomery-Gibbs Executive Airport and Brown Field Municipal Airport. These qualify as regulated leases and are not included in the measurement of lease receivables, in accordance with the requirements of GASB Statement No. 87. The City recognized \$693 in lease revenue during fiscal year 2024 for these leases, which have interest rates of 2.15%, and remaining terms ranging from 27 to 37 years. As of June 30, 2024, the minimum payments expected to be received over the remaining lease terms totaled \$24,306, as shown in the table on the following page.

Fiscal Year	Expected Minimum Payments
2025	\$ 489
2026	499
2027	510
2028	519
2029	532
2030-2034	2,835
2035-2039	3,153
2040-2044	3,507
2045-2049	3,902
2050-2054	3,788
2055-2059	3,486
2060-2064	1,086
Total	<u>\$ 24,306</u>

Discretely Presented Component Unit - San Diego Housing Commission

SDHC, as a lessor, has entered into lease agreements for the use of certain SDHC land and commercial spaces. As an interest rate implicit in SDHC's leases is not readily determinable, SDHC uses the State of California's incremental borrowing rate. As of June 30, 2024, SDHC held the following leases:

	Leases Receivable Current Portion	Leases Receivable Noncurrent Portion	Deferred Inflows	Lease Revenue	Lease Interest Revenue
Commercial leases	\$ 1,010	\$ 2,512	\$ 3,341	\$ 1,139	\$ 46
Land Leases:					
Non-Related	667	62,027	60,888	1,143	946
Related Party	290	25,467	25,253	660	391
Total	<u>\$ 1,967</u>	<u>\$ 90,006</u>	<u>\$ 89,482</u>	<u>\$ 2,942</u>	<u>\$ 1,383</u>

Minimum lease payments receivable are as follows:

Year Ending June 30	Lease Principal	Lease Interest
2025	\$ 1,967	\$ 1,364
2026	1,684	1,342
2027	1,392	1,320
2028	1,444	1,297
2029	1,310	1,275
2030-2034	5,771	6,103
2035-2039	5,301	5,702
2040-2044	5,712	5,291
2045-2049	6,155	4,848
2050-2112	61,237	19,066
Total	<u>\$ 91,973</u>	<u>\$ 47,608</u>

For further details on SDHC's Leases Receivable, refer to SDHC's Annual Comprehensive Financial Report at www.sdhc.org.

11. DEFERRED COMPENSATION PLAN (Dollars in Thousands)

Both the City and SDCCC offer their employees deferred compensation plans, created in accordance with Internal Revenue Service Code Section 457, State and Local Government Deferred Compensation Plans. These plans permit eligible employees to defer, pre-tax, a portion of their salary until future years. Deferred compensation is not available to employees until termination, retirement, death, disability, or an unforeseeable emergency. All assets and income of the deferred compensation plans are held in trust for the exclusive benefit of plan participants and their beneficiaries.

These plans are administered by third parties. The City and SDCCC do not perform the investing function and have no fiduciary accountability for the plans. Thus, plan assets and any related liabilities to plan participants have been excluded from the City's financial statements.

SDHC

SDHC offers a deferred compensation plan which is a defined contribution plan as permitted under the Internal Revenue Code Section 457 Deferred Compensation Plan. The deferred compensation plan is available to all permanent and temporary non-benefited employees who have completed one hour of service and it permits qualified employees to defer a portion of their salary until separation, retirement, death, or unforeseeable emergency. All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and are not available to SDHC or its creditors. In accordance with the deferred compensation plan provisions, SDHC has the ability to select and terminate the third party trustee. In addition, while SDHC has not expressed any intent to do so, SDHC has the right under the deferred compensation plan to discontinue its contributions at any time, and to terminate the deferred compensation plan.

Employee and Employer contributions are recognized in the period that contributions are due. Investments held in pooled separate accounts, and participant directed brokerage accounts and certain guaranteed interest accounts, are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Investments held in fully benefit-responsive guaranteed interest accounts are reported at contract value.

For further details on SDHC's deferred compensation plan, refer to SDHC's ACFR at sdhc.org.

12. PENSION PLANS (Dollars in Thousands)

The City has a defined benefit pension plan (Pension Plan), a Preservation of Benefits Plan (POB), which is a single-employer qualified governmental excess benefit arrangement (QEBA), and various defined contribution pension plans covering substantially all of its employees. The following is a summary of balances for the defined benefit plans as of June 30, 2024:

	SDCERS	Preservation of Benefits	Total
Net Pension Liability	\$ 2,790,186	\$ 11,780	\$ 2,801,966
Proposition B Make-Whole Provision	—	—	—
Deferred Outflows - Pension Related	604,520	761	605,281
Deferred Inflows - Pension Related	3,470	779	4,249
Pension Expenses	469,512	(1,345)	468,167

UNWINDING OF PROPOSITION B

On June 5, 2012, City of San Diego voters approved Proposition B, a pension reform initiative amending the Charter. While in effect, Proposition B prevented all employees hired on or after July 20, 2012, other than sworn police officers, from participating in the Pension Plan. Instead, those employees were only eligible to participate in a defined contribution plan, Supplemental Pension Savings Plan-H (SPSP-H Plan). In early 2021, the California Superior Court invalidated Proposition B. Since then, the City has struck the Proposition B provisions from the Charter and conformed the San Diego Municipal Code (Municipal Code) and any related enactments accordingly.

The City also complied with the court ruling requiring that the City meet and confer with the Recognized Employee Organizations (REOs) over the effects of Proposition B and its invalidation, and that the City make certain payments to the impacted current and former employees represented by the REOs (the "Make-Whole Payments").

The actions necessary to fully unwind Proposition B are mostly complete, including the transfer of eligible active employees from the City's SPSP-H Plan into the Pension Plan. Together with annual normal costs, Make-Whole Payment costs for active employees were included in the annual Actuarially Determined Contribution beginning in fiscal year 2024. Make-Whole Payment costs will be amortized over a 20-year period.

Make-Whole Payments and member contribution shortfalls related to separated employees totaling approximately \$316,000 are expected to be made in calendar year 2025. The City estimates \$2,600 in Make-Whole Payment costs associated with non-police separated employees. The SDCERS Board will decide at a future date how payment of these costs will be made; whether the amount should be amortized as was done in the case of active employees, or if the City will be required to pay it as a lump sum.

On June 4, 2024, the City Council approved an agreement with the Police Officer's Association (POA) concerning the terms of participation in SDCERS for the following employees: (1) Prospective participation in SDCERS Tier IV for current sworn officers; (2) retroactive participation in SDCERS Tier IV for current sworn officers; and (3) participation in SDCERS Tier IV for all police recruits and lateral sworn officers hired on or after September 9, 2024.

Cheiron, SDCERS' actuary, prepared an actuarial analysis to estimate the cost of potential changes to the benefits tiers provided to current active POA members who were impacted by Proposition B. Based on this analysis, the annual cost of prospective participation in SDCERS Tier IV for current sworn officers is approximately \$600. The annual cost of prospective participation in SDCERS Tier IV for future police new hires is approximately \$80. The total cost of retroactive participation in Tier IV for current sworn officers is approximately \$3,500. The SDCERS Board may decide to include the \$3,500 as a onetime payment to be included in the fiscal year 2026 Actuarially Determined Contribution, or it may decide to amortize the payment over several years. All of these costs are anticipated to be paid from the General Fund.

DEFINED BENEFIT PLAN

a. Pension Plan Description and Benefits Provided

SDCERS is a public employee retirement system established in fiscal year 1927 by the City, authorized by Article IX of the Charter. SDCERS administers independent, qualified, single employer governmental defined benefit plans and trusts for the City, the San Diego Unified Port District (Port), and the San Diego County Regional Airport Authority (Airport). The assets of the three separate plans and trusts are pooled in the SDCERS Group Trust for investment purposes. These plans are administered by the SDCERS Board of Administration (SDCERS Board) to provide retirement, disability, death and survivor benefits for its members. Amendments to the City's benefit provisions require City Council approval and amendments to retirement benefits require a majority vote by those SDCERS members who are also eligible City employees or retirees. Benefit increases also require a majority vote of the public. All approved benefit changes are codified in the City's Municipal Code.

The plans cover all eligible employees of the City, the Port, and the Airport. All City employees working half time or greater, except those employees who elected to remain in the Defined Contribution Plan after Proposition B was unwound, and full-time employees of the Port and Airport are eligible for membership and are required to join SDCERS. The Port and Airport are not component units of the City; however, the financial statements of the SDCERS Pension Trust do include the Port and Airport activity and are reported in the fiduciary funds section of this report.

The information disclosed in this note relates solely to the City's participation in SDCERS. City employment classes participating in the City's Pension Plan are elected officers, general employees and safety employees (including police, fire and lifeguard members). These classes are represented by various REOs depending on the type and nature of work performed, except for elected officials, unclassified and unrepresented employees.

As a defined benefit plan, retirement benefits are determined under the Pension Plan primarily by a member's class, hire date, age at retirement, number of years of creditable service, and the member's final compensation. The Pension Plan provides annual cost-of-living adjustments not to exceed 2% to retirees, which is factored into the actuarial assumptions. Increases in retirement benefits due to cost-of-living adjustments do not require voter approval.

Final compensation is based upon either the highest salary earned over a consecutive twelve month period, the average of the three highest years at any time during membership, or the highest salary earned over a consecutive 36 month period, depending on the member's class and hire date. To qualify for a service retirement benefit, the Pension Plan requires ten years of service at age 62 for general members (55 for safety members) or 20 years of service at age 55 for general members (50 for safety members), which could include certain service purchased or service earned at a reciprocating government entity.

Members in the Elected Officers' Retirement Plan require four years of service at age 55 or eight years of service at any age. Sworn police officers hired after July 1, 2013 have a reduction of 3.0% per year if retiring earlier than age 55. Retirement benefits are awarded at various rates, ranging from 1.0% to 3.5% per year of service multiplied by final compensation depending on the member's plan and hire date. The actual percentage of final compensation per year served component of the calculation rises as the employee's retirement age increases, with the exception of some safety employees and all elected officials, and depends on the retirement option selected by the employee. Some safety members also have the option to elect 3.0% per year of service at age 50 and above, not to exceed 90% of final compensation, as part of the formula to calculate their retirement benefits. The maximum percentage of final compensation per year served is 2.8% for general members, 3.0% for safety members and 3.5% for elected officers. Depending on the number of years of service, participants of the Elected Officer's Retirement Pension component of the Pension Plan can retire earlier than the age of 55; however, their retirement allowance is reduced by 2.0% for each year under the age of 55.

At June 30, 2023, the most recent actuarial valuation, the following employees were covered by the benefit terms:

Employees or Beneficiaries Currently Receiving Benefits ¹	11,164
Inactive (Terminated) Employees Entitled to but not yet Receiving Benefits	3,115
Active Employees	9,651
Total	<u>23,930</u>

¹ Includes Disabled, Retirees, Beneficiaries, and DROP Participants.

Deferred Retirement Option Plan (DROP)

DROP is a program designed to allow members an alternate method of accruing additional retirement benefits from the Pension Plan while they continue to work for the City. Only members hired before July 1, 2005 are eligible to participate in DROP. A member must be eligible for a service retirement to enter DROP. In addition, the member may only participate in the program up to a maximum of five years. Members of Local 145 are permitted to extend the five year period by the amount of unused annual leave remaining at the end of the member's DROP period earned after July 1, 2002. A DROP participant must agree to end employment with the City on or before the end of the selected DROP participation period. The member's decision to enter DROP is irrevocable.

Upon entering DROP, the participant stops making pension contributions to SDCERS and stops earning service credit. Instead, amounts equivalent to the participant's retirement benefit plus additional DROP contributions are credited to an interest-bearing individual account held in the participant's name. Since 2013, the DROP account interest rate calculation is based on the weighted composite of two indices: 75% of the five-year US Treasury Rate, and 25% of the five-year HQC Bond using the 12-month average ending September 30th of the calendar year preceding the adjustment, which becomes effective on January 1 of the following calendar year. Effective January 1, 2023, the DROP interest crediting rate used to value the liability for account balances increased from 0.8% to 2.5% reflect the SDCERS Board's adoption of these rates at the November 2022 meeting.

Purchase of Service Credits

Pension Plan members hired prior to July 1, 2005, are permitted to purchase service credits to be used in determining retirement allowances. Members hired after July 1, 2005, are only permitted to purchase service credits related to certain employee absences such as military leave, long-term disability leave and leave taken under the Family and Medical Leave Act. The cost of purchased service credits is determined by the SDCERS Board consistent with the requirements of the San Diego Municipal Code (SDMC).

Supplemental Cost-of-Living Benefit

On August 5, 2013, the City Council amended the San Diego Municipal Code (SDMC) to provide a method for funding a supplemental cost-of-living benefit (the "Supplemental COLA") previously given to a closed group of retirees who retired on or before June 30, 1982. SDCERS holds a reserve within the plan assets, and pays Supplemental COLA benefits from this reserve. On a yearly basis, the City cash funds the Supplemental COLA reserve based on an estimate of benefits to be paid during the fiscal year. In fiscal year 2024, the City contributed \$1,236 towards the Supplemental COLA reserve and paid approximately \$1,266 in benefits. As of June 30, 2024, the City's Supplemental COLA reserve had an unspent balance of \$101.

b. Funding Policy and Contribution Rates

Charter Article IX Section 143 requires employees and employers to contribute to the Pension Plan. The Charter section stipulates that funding obligations of the City shall be determined by the SDCERS Board and are not subject to modification by the City. The section also stipulates that under no circumstances may the City and SDCERS Board enter into any multi-year funding agreements that delay full funding of the Pension Plan. The City's Actuarially Determined Contribution (ADC) is calculated by SDCERS' actuary and approved by the SDCERS Board. The Charter requires that employer contributions for normal retirement allowances be substantially equal to employee contributions.

Pursuant to the Charter, City employer contribution rates, adjusted for payment at the beginning of the year, are actuarially determined rates and are expressed as a fixed ADC. The fiscal year 2024 ADC payment was \$448,100, which includes fiscal year 2024 Normal Cost and UAL associated with Proposition B Members. The administrative component was assumed to be \$14,700 for fiscal year 2025 (assuming payment at beginning of the year), increasing by price inflation of 3% annually.

The following table shows the City's contribution rates (weighted average of each employee group) for fiscal year 2024, based on the June 30, 2022 actuarial valuation, expressed as percentages of expected payroll:

	Employer Contribution Rates	
	Non-Safety Members	Safety Members
Normal Cost ¹	12.03%	17.29%
Amortization Payment ²	56.1%	61.02%
Administrative Expense ³	2.08%	2.39%
Normal Cost Adjusted for Amortization Payment ³	70.2%	80.71%
City Contribution Rates Adjusted for Payment at the Beginning of the Year	68.02%	78.21%

¹ Normal Cost = The actuarial present value of pension plan benefits allocated to the current year actuarial cost method.

² Amortization Payment = The portion of the pension plan contribution, which is designed to pay interest on and amortize the unfunded actuarial accrued liability.

³ Rates assume that contributions are made uniformly during the Plan year.

Members are required to contribute a percentage of their annual salary to the Pension Plan on a biweekly basis. Rates vary according to entry age. For fiscal year 2024, the City employee weighted average contribution rates as a percentage of annual covered payroll were 11.94% for general members and 17.49% for safety members.

In accordance with Chapter 2, Article 4, Division 15 of the SDMC, earnings in excess of the assumed actuarial rate of return are distributed to various SDCERS system reserves and contingent benefits. The order of distribution and a more detailed discussion of each distribution follows: 1) Pension Plan assets are used to credit interest, at a rate determined by the SDCERS Board, which was 6.50% for fiscal year 2024, to the Employer and Employee Contribution Reserves and between 0.8% - 2.5% to the DROP member accounts; and 2) Pension Plan assets are distributed for supplemental or contingent payments or transfers to reserves. These items include in priority order: 1) Annual Supplement Benefit Payment paid to retirees and their continuances, which ranges from \$30 to \$75 (whole dollars) times the number of years of service credit; and 2) Corbett Settlement Payment paid to retirees who terminated employment prior to July 1, 2000 (Corbett Settlement payments not paid in any one year accrue and remain an obligation of SDCERS until paid).

In January 2019, the SDCERS Board voted to set minimum annual pension payments of the City's Unfunded Actuarial Liability (UAL). This minimum payment is also referred to as a "floor," meaning even if the ADC in a given year is less than the floor, the floor amount must still be paid for that year. The ADC for fiscal year 2025 will be \$486,300, based on the June 30, 2023 actuarial valuation. The floor payment for the City was set at \$275,495, representing the UAL component of the fiscal year 2025 ADC, and will remain at that level until the system is 100% funded or there is a vote of the SDCERS Board to change it. The floor amount was established based on the June 30, 2018 actuarial valuation and the calculated fiscal year 2020 payment to SDCERS. The SDCERS Board also voted to prospectively limit the long-term impacts of changes to the assumed rate of return (i.e., the discount rate), retirement rates, life expectancy and other assumptions. The UAL as of June 30, 2007 is amortized over 20 years. Subsequent gains and losses are amortized over 15 years. Changes in assumptions and methods were being amortized over 30 years and are being amortized over 20 years as of June 30, 2019. Changes in benefits are amortized over five years. The non-Police portion of the UAL as of June 30, 2012, is amortized over 15 years. Funding surplus, if any, is amortized over 30 years.

c. Net Pension Liability

The City has relied on the work of the SDCERS actuary (actuary) to determine the City's NPL, and considers the underlying assumptions used by the actuary to be reasonable. The NPL is measured as of June 30, 2023, based on the plan net position as of June 30, 2023 and the Total Pension Liability as of the valuation date, June 30, 2022, updated to June 30, 2023. As of the measurement date June 30, 2023, the NPL increased by \$241,779 since the prior measurement date, primarily due to the return on investments being approximately \$145,800 less than expected. The service cost and interest cost increased the NPL by approximately \$988,017, while contributions, the investment gains and administrative expenses decreased the NPL by approximately \$1,002,676. There were actuarial liability experience losses during the year which increased the NPL by approximately \$137,386.

A summary of the key assumptions as of the June 30, 2022 actuarial valuation, and the economic experience study is shown below:

Description	Actuarial Assumption
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Funding Method	Entry Age Normal (EAN)
Amortization Method	Closed Periods; Level % (Police), Level \$ (non-Police)
Annual Rate of Return on Investments ¹	6.50% net of investment expense
Inflation Rate	3.05% per year, compounded annually
Cost of Living Adjustment	1.9% per year, compounded annually
Projected Salary Increases due to Inflation ²	3.05%
Mortality	Healthy retired members use Society of Actuaries Tables (SOA); Disabled use CalPERS for General and SOA for Safety

¹ Represents nominal rate of return on investments (includes inflation factor).

² Additional merit salary increases of 0.75% to 10.00% based on a participant's years of service, and membership group are also assumed.

The SDCERS Board has the authority to select economic and demographic assumptions for the Plan. The assumptions used in this report reflect the results of an experience study performed by the actuary covering the period July 1, 2015 through June 30, 2019 and adopted by the SDCERS Board in July 2020.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, permits the use of the assumed annual rate of return on investments (6.50%) as the discount rate to measure the projected benefit payments used to calculate the NPL, without regard to the funding level of the pension system, if (i) the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (ii) pension plan assets are expected to be invested using a strategy to achieve that return. In determining whether condition (i) is satisfied, the actuary can incorporate all projected cash flows for contributions from the City and from current active employees.

To determine the Pension Plan's projected fiduciary net position, the actuary has assumed that employees will continue to contribute to SDCERS at the current rates and that the City will continue its historical practice (since 2006) of contributing to SDCERS based on an actuarially determined contribution. Accordingly, the City has calculated its NPL using a discount rate of 6.50%.

d. Long-Term Expected Real Rate of Return

The target allocation and the best estimates for long-term expected real rates of return for each major asset class of the Pension Plan, as of the June 30, 2023 measurement date, are summarized in the table on the following page:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	19.0 %	5%
International Equity	12.0 %	5.8%
Global Equity	8.0 %	5.5%
Domestic Fixed Income	22.0 %	1.7%
Return-Seeking Fixed Income	5.0 %	4.6%
Real Estate	11.0 %	3.3%
Private Equity	10.0 %	7.8%
Infrastructure	3.0 %	4.8%
Opportunity Fund	10.0 %	4.9%
Total	100.0 %	

Source: SDCERS ACFR Fiscal Year 2023

Expected return estimates for equity and fixed income were developed using a geometric (long-term compounded) building block approach: 1) expected returns are based on observable information in the equity and fixed income markets and consensus estimates for major economic and capital market inputs, such as earnings and inflation, and 2) where necessary, judgment-based modifications are made to these inputs. Return assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment from SDCERS' general investment consultant specialist research teams.

e. Changes in the Net Pension Liability

Pursuant to GASB Statement No. 68, the following table shows the changes in NPL based on the actuarial information provided to the City:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 11,719,467	\$ 9,171,060	\$ 2,548,407
Changes for the Year:			
Service Cost	218,323	—	218,323
Interest	769,694	—	769,694
Changes of Benefits	332,673	213,621	119,052
Differences Between Expected and Actual Experience	137,386	—	137,386
Changes in Assumptions	—	—	—
Contributions - Employer	—	425,602	(425,602)
Contributions - Employee	—	117,200	(117,200)
Net Investment Income	—	473,106	(473,106)
Benefit Payments, Including Refunds of Employee Contributions	(646,465)	(646,465)	—
Administrative Expense	—	(13,232)	13,232
Net Changes	811,611	569,832	241,779
Balances at June 30, 2023	\$ 12,531,078	\$ 9,740,892	\$ 2,790,186

The change in NPL is allocated between City funds based on the distribution of ADC, COLA and DROP contributions to SDCERS for the applicable measurement year. These are primarily based on the number of applicable FTEs per fund. The required schedule of changes in the NPL and related ratios immediately following the notes to the financial statements presents the beginning and ending balances of the total pension liability, the plan net position available for pension benefits, and the NPL, as well as the itemized changes in those amounts during the fiscal year. The schedule also reports a ratio of plan fiduciary net position divided by the total pension liability, the payroll amount for current employees in the plan (covered payroll), and a ratio of the NPL divided by covered payroll. Ten years of information is presented.

The required schedule of employer contributions immediately following the notes to the financial statements presents the City's actuarially determined contribution to the Pension Plan, the City's actual contribution, the difference between the actual and actuarially determined contributions, and a ratio of actual contributions divided by covered payroll.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Pursuant to GASB Statement No. 68, the following table presents the NPL of the City, calculated using the discount rate of 6.50% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.5%)	Discount Rate (6.5%)	1% Increase (7.5%)
Total Pension Liability	\$ 14,090,426	\$ 12,531,078	\$ 11,254,366
Plan Fiduciary Net Position	9,740,892	9,740,892	9,740,892
Net Pension Liability	<u>\$ 4,349,534</u>	<u>\$ 2,790,186</u>	<u>\$ 1,513,474</u>

Pension Plan Fiduciary Net Position - Detailed information about the Pension Plan's Fiduciary Net Position is available in the separately issued SDCERS financial reports available at www.sdcers.org.

f. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

Pursuant to GASB Statement No. 68 as defined, for the measurement period ended June 30, 2023, the City recognized pension expense of \$469,512. As of the measurement period June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 451,868	\$ —
Differences Between Expected and Actual Experience	68,693	—
Changes in Assumptions	3,471	3,470
Net Difference Between Projected and Actual Earnings on Pension Plan Assets	80,488	—
Total	<u>\$ 604,520</u>	<u>\$ 3,470</u>

Pursuant to GASB Statement No. 68, \$451,868 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date of June 30, 2023 will be recognized as a reduction of the NPL in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense in subsequent fiscal years as follows:

Fiscal Year Ending June 30	Amount
2025	\$ (114,226)
2026	181,233
2027	29,169
2028	—

g. Preservation of Benefits Plan

The POB Plan is a single-employer qualified governmental excess benefit arrangement (QEBA) under IRC section 415(m), which was created by Congress to allow the payment of promised pension benefits that exceed the IRC section 415(b) limits (and therefore cannot be paid from a qualified retirement plan). As provided in SDMC Section 24.1606 and required by federal tax law, the POB Plan is unfunded within the meaning of the federal tax laws. The City may not pre-fund the POB Plan to cover future liabilities beyond the current year as it can with an IRC section 401(a) pension plan. Because the POB Plan is not administered through trusts that meet the criteria specified in GASB Statement No. 68, it is reported pursuant to requirements of GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statement No 67 and 68*, which extends the approach to accounting and financial reporting established in GASB Statement No. 68 to pension plans that are not similarly administered. SDCERS facilitates the payment of these benefits on a pay-as-you-go basis, which is funded by the City. The number of participants in any given year for the POB Plan is determined by the number of Pension Plan participants who exceed the current year's section 415(b) limitations as calculated by SDCERS' actuary. The maximum annual participant payment from a defined benefit plan for calendar year 2024 was \$275.

Preservation of Benefits Plan Total Pension Liability

The City's POB Plan pension cost, prepared by the SDCERS actuary for June 30, 2024, is based on the June 30, 2023 measurement date, a valuation date of June 30, 2022, and updated to June 30, 2023. The Total Pension Liability is the actuarial liability calculated under the entry age actuarial cost method.

A summary of the updated actuarial assumptions as of the June 30, 2022 actuarial valuation and economic experience study is shown below:

<u>Description</u>	<u>Actuarial Assumption</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Funding Method	Entry Age Actuarial Cost
Amortization Method	Closed Period; Level % (Police), Level \$ (non-Police)
Inflation Rate	3.05% per year, compounded annually
Cost of Living Adjustment	1.9% per year, compounded: Active and Deferred Vested 2.0% per year, compounded: Members in Payment Status
Projected Salary Increases due to Inflation ¹	3.05%
Mortality	Healthy retired members use Society of Actuaries Mortality Tables (SOA); Disabled use CalPERS for General and SOA for Safety

¹ Additional merit salary increases of 0.75% to 10.00% based on a participant's years of service, and membership group are also assumed.

GASB Statement No. 73 allows for a discount rate of a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Municipal Bond yield for the Bond Buyer 20 year GO index was 3.54% as of the measurement date of June 30, 2022, and 3.65% as of June 30, 2023.

Changes in the Total Pension Liability

Pursuant to GASB Statement No. 73, the table on the following page shows the changes in the total pension liability for POB based on the actuarial information provided to the City.

	Total Pension Liability
Balances at June 30, 2022	\$ 13,753
Changes for the Year:	
Service Cost	87
Interest	471
Differences Between Expected and Actual Experience	(1,421)
Changes in assumptions	(136)
Benefit Payments	(974)
Net Changes	(1,973)
Balances at June 30, 2023	<u>\$ 11,780</u>

The net change in total pension liability for POB is allocated to City funds based on the historical allocation of eligible employees. The required schedule of changes in the total pension liability immediately following the notes to the financial statements presents the beginning and ending balances of the total pension liability as well as the itemized changes in those amounts during the fiscal year. The schedule also reports the payroll amount for current employees in the plan (covered payroll), and a ratio of the NPL divided by covered payroll. Eight years of information is presented and will build to 10 years of information on a prospective basis.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate - Pursuant to GASB Statement No. 73, the following table presents the NPL of the City, calculated using the discount rate of 3.65%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.65)%	Discount Rate (3.65)%	1% Increase (4.65)%
Total Pension Liability	<u>\$ 13,136</u>	<u>\$ 11,780</u>	<u>\$ 10,664</u>

Pension Expense and Deferred Outflows/Inflows of Resources Related to POB

Pursuant to GASB Statement No. 73, for the measurement period ended June 30, 2023, the City recognized pension expense of \$(1,345). As of the measurement period June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
POB Contributions Subsequent to Measurement Date	\$ 761	\$ —
Differences Between Expected and Actual Experience	—	711
Changes in assumptions	—	68
Total	<u>\$ 761</u>	<u>\$ 779</u>

Pursuant to GASB Statement No. 73, \$761 reported as deferred outflows of resources related to pension contributions made in Fiscal Year 2024 subsequent to the measurement date of June 30, 2023, will be recognized as a reduction of the total pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense in subsequent fiscal years as follows:

Fiscal Year Ending June 30	Amount
2024	\$ (779)

DEFINED CONTRIBUTION PLANS

a. Supplemental Pension Savings Plan - City

Pursuant to the City's withdrawal from the Federal Social Security System effective January 8, 1982, the City established the Supplemental Pension Savings Plan (SPSP). Pursuant to the Federal Government's mandate of a Social Security Medicare tax for all employees not covered by Social Security hired on or after April 1, 1986, the City established the Supplemental Pension Savings Plan-Medicare (SPSP-M). The SPSP and SPSP-M were merged into a single plan (SPSP) on November 12, 2004 for administrative simplification, without a change in benefits. Pursuant to the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA-90) requiring employee coverage under a retirement system in lieu of coverage under the Federal Insurance Contributions Act (FICA) effective July 1, 1991, the City Council established the Supplemental Pension Savings Plan-Hourly (SPSP-H). These supplemental plans are defined contribution plans administered by Principal to provide pension benefits for eligible employees. The City Council can amend any provisions of the plans that are not part of any employee's vested retirement benefit. If the City amends any non-legally mandated provisions, it must first comply with procedural requirements, including collective bargaining under the Meyers-Miliias-Brown Act and for the SPSP plan, after approval by a simple majority vote of all active members. There are no plan members who belong to an entity other than the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings, less investment losses. The City's general members, lifeguard members and elected officers participate in the plan. Eligible employees may participate from the date of employment; however, the SPSP plan was closed to general and lifeguard members hired on or after July 1, 2009 and January 1, 2011, respectively. The following table details plan participation as of June 30, 2024:

<u>Plan</u>	<u>Participants</u>
SPSP	4,389
SPSP-H	7,541

Employees originally hired prior to July 1, 2009, that kept their retirement funds in SDCERS were automatically enrolled in the mandatory portion of the SPSP Plan at a contribution rate of 3% pre-tax. Eligible employees may voluntarily contribute up to 3.05% post-tax (or 4.5% post-tax for eligible employees originally hired prior to April 1, 1986). The City of San Diego matches all employee SPSP contributions 100% (City contributions are made on a pre-tax basis). All Hourly employees, Police Recruits hired on or after July 1, 2013, as well as MEA, Local 127, and Unrepresented employees originally hired between July 20, 2012, and July 9, 2021, that opted to continue to participate in the SPSP-H during the Proposition B Retirement Choice window are enrolled in the SPSP-H Plan. Contribution rates depend on the employee's eligibility and are done on a pre-tax basis. Hourly employees have a 3.75% contribution with a City match of 6% for MEA and Local 911 represented employees, or a City match of 3.75% for all other hourly employees. Police Recruits have an 11% contribution rate with a City match of 11%. Police recruits participate in SDCERS upon acceptance of full-time police employment. MEA, Local 127, and Unrepresented employees who chose to remain in SPSP-H have a contribution rate that is based on SDCERS member contribution rates which vary based on age with a City match of 9.2%. Under the SPSP, the City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service at a rate of 20% for each year of service. Hourly employees are immediately 100% vested. The unvested portion of City contributions and interest forfeited by employees who leave employment before five years of service are used to reduce the City's SPSP cost. In fiscal year 2024, the City and the covered employees contributed \$20,134 and \$20,132, respectively. As of June 30, 2024, the plan fiduciary net position totaled \$978,396.

b. 401(a) Plan - City

The City Council established a 401(a) Plan for all General Member employees hired on or after July 1, 2009, and before July 20, 2012, as well as those hired on or after July 20, 2012 who elected to join SDCERS after the reversal of Proposition B. The 401(a) Plan is a defined contribution plan administered by Principal to provide pension benefits for eligible employees. Employees are eligible to participate from the date of employment and are immediately 100% vested. Employees contribute 1% on a mandatory basis, which is matched by City contributions. Additionally, employees can make voluntary contributions to their 401(a) Plan accounts through payroll deductions not to exceed IRS limits. Voluntary contributions to the plan are not matched by the City. The City Council can amend any provisions of the plan that are not part of any employee's vested retirement benefit. However, if the City amends any non-vested provisions, it must first comply with procedural requirements,

including collective bargaining under the Meyers-Milias-Brown Act. The City and employees contributed \$4,816 and \$6,100, respectively, during the fiscal year ended June 30, 2024. As of June 30, 2024, the plan fiduciary net position totaled \$60,877.

c. 401(k) Plan - City

The City Council established a 401(k) Plan effective July 1, 1985. The 401(k) Plan is a defined contribution plan administered by Principal to provide retirement benefits for eligible employees. Employees are eligible to participate from the date of employment. Employees make contributions to their 401(k) Plan accounts through payroll deductions. The City Council can amend any provisions of the plan that are not part of any employee's vested retirement benefit. However, if the City amends any non-vested provisions, it must first comply with procedural requirements, including collective bargaining under the Meyers-Milias-Brown Act.

The employees' 401(k) contributions are based on IRS calendar year limits. Employees contributed \$40,622 during the fiscal year ended June 30, 2024. There is no City contribution towards the 401(k) Plan. As of June 30, 2024, the plan fiduciary net position totaled \$663,818.

Narratives presented in the following sections (d. through e.) are taken directly from the fiscal year 2024 annual financial reports of the corresponding entity (certain terms have been modified to conform to the City's ACFR presentation).

d. Pension Plan - San Diego Convention Center Corporation

The San Diego Convention Center Corporation's Money Purchase Pension Plan (SDCCC Plan) is a governmental plan under section 414(d) of the Internal Revenue Code, which was established effective January 1, 1986, by SDCCC's Board of Directors. The SDCCC Plan is administered by SDCCC through a Defined Contribution Committee, represented by the SDCCC Board and staff, who act by a majority of its members in office to carry out the general administration of the SDCCC Plan. Any recommended SDCCC Plan amendments are subject to the approval and adoption by SDCCC's Board of Directors. As part of the SDCCC Plan, SDCCC through Board action selected Charles Schwab Trust Bank as Trustee, to hold and administer the SDCCC Plan assets subject to the terms of the SDCCC Plan. The SDCCC Plan is a qualified defined contribution plan and, as such, benefits depend on amounts contributed to the SDCCC Plan plus investment earnings less allowable plan expenses. The SDCCC Plan covers all employees who have completed at least 1,000 hours of service in one year and are not covered through a union retirement plan.

Full-time employees are eligible to participate in the SDCCC Plan on the first day of the month after completing 1,000 hours of service and receive contributions on a bi-weekly basis thereafter. Part-time employees not covered through a union retirement planer are eligible to participate in the SDCCC Plan after completion of 1,000 hours and receive contributions annually once they meet the 1,000 hours threshold requirement each year. For each SDCCC Plan year, SDCCC contributes 10% of compensation paid after the employee becomes an eligible participant, which is transferred to the trustee on behalf of each qualifying individual.

SDCCC's Plan year is defined as a calendar year. The balance in the SDCCC Plan for each eligible employee is vested gradually over five years of continuing service, with an eligible employee becoming fully vested after five years. Forfeitures and SDCCC Plan expenses are allocated in accordance with SDCCC Plan provisions.

For the year ended June 30, 2024, pension expense amounted to \$1,645, with no employee contributions made to the SDCCC Plan. Included in pension expense were forfeitures in the amount of \$32. SDCCC records pension expense during the fiscal year based upon employee compensation that is included in qualified gross compensation.

The City does not act in a trustee or agency capacity for the SDCCC Plan; therefore, the SDCCC Plan is not reported within the City's basic financial statements.

e. Pension Plan - San Diego Housing Commission

SDHC offers a deferred compensation plan (SDHC Plan) which is a defined contribution plan as permitted under Section 457 of the Internal Revenue Code (IRC). The SDHC Plan intended to be a "governmental plan" as defined by Sections

411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The SDHC Plan is available to all permanent and temporary non-benefited employees of the SDHC who have completed one hour of service (qualified employees) and it permits qualified employees to defer a portion of their salary until future years.

SDHC is required to contribute 3.75% of defined earnings for each temporary non-benefited employee and 1% of defined earnings for each permanent employee. SDHC also contributes a 100% matching contribution of elective deferrals up to a maximum of 1.5% for each permanent employee. All contributions by SDHC and the qualified employees are fully vested at the time of contribution. For the fiscal year ended June 30, 2024, SDHC's covered payroll was \$38,923. Deferred compensation expense related to SDHC's required contribution was \$873 and plan members contributed \$2,263 for the fiscal year ended June 30, 2024.

At June 30, 2024, there were 901 employees in the plan, including: 15 inactive receiving benefits, 372 inactive not yet receiving benefits, 55 with zero ending balance, and 427 active participants.

Participants in the deferred compensation plan generally may borrow up to 50% of their vested account balance, subject to certain restrictions. These participant loans bear a reasonable interest rate, which is determined at the time the loan is advanced. Participants are entitled to their deferred compensation upon termination, retirement, death, disability or an unforeseeable emergency.

In fiscal year 2021, SDHC adopted several provisions of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). This allowed eligible individuals to receive coronavirus-related distributions, increase available loan amounts, extend the period for loan repayments, suspend required minimum distributions, and delay the commencement date for required minimum distributions.

Empower Trust Company, LLC is the third party trustee of the deferred compensation plan and One Digital is the third party fiduciary. All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and per federal law, are not available to SDHC or its creditors. As a result, the plan's assets are not included in SDHC's basic financial statements. The plan assets, however, are included in the Fiduciary Fund basic financial statements. The assets held by the plan had a market value of \$34,119 at June 30, 2024. The plan is audited by an outside firm, and a copy of the audit can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, CA 92101.

The City does not act in a trustee or agency capacity for the SDHC pension plan; therefore, these assets are not reported within the City's basic financial statements.

13. OTHER POSTEMPLOYMENT BENEFITS (Dollars in Thousands)

The City provides postemployment healthcare benefits, also known as other postemployment benefits (OPEB), to qualifying general, safety and elected members through a variety of defined benefit and defined contribution plans. OPEB benefits are established pursuant to the SDMC. Plan determination is based on several factors including hire date, termination date and individual employee election as provided for in SDMC Sections 24.1201 through 24.1204 and 29.0101 through 29.0105 (OPEB Plan).

In fiscal year 2012, the City entered into a 15-year memorandum of understanding with the REOs through fiscal year 2027 (Healthcare MOU). Pursuant to the Healthcare MOU, members retiring after April 1, 2012 were required to make an irrevocable election between three retiree healthcare benefit plan options, Options A, B, and C. Options A and B are defined benefit plans and Option C is a defined contribution plan. A significant group of participants elected Option C, substantially reducing the City's OPEB Plan's unfunded actuarially accrued liability in fiscal year 2012. Beginning in fiscal year 2015, the terms of the Healthcare MOU could be renegotiated by either the City or the employees' collective bargaining units, subject to a six-vote approval by the City Council. Any modification of the Healthcare MOU would apply only to active employees and not to retirees or those who have already had the Option C defined contribution plan funded by the City.

The City's defined benefit plans and the Option C defined contribution plan are closed to employees hired on or after July 1, 2005. For general members hired on or after July 1, 2009, the City established a new defined contribution plan through a trust vehicle (Retiree Medical Trust Plan).

As of the June 30, 2023 actuarial valuation, the following table shows the active and retired employee composition of the defined benefit OPEB Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits ¹	5,787
Inactive (Terminated) Employees Entitled to but not yet Receiving Benefits	146
Active Employees	<u>179</u>
Total	<u><u>6,112</u></u>

¹ Inactive employees include Disabled, Retired, and DROP participants.

The City has pre-funded future postemployment healthcare benefits for defined benefit plan costs through the California Employers' Retiree Benefit Trust (CERBT), an investment trust administered by the California Public Employees' Retirement System (CalPERS). The CERBT is an agent multiple-employer plan as defined by GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, with pooled administrative and investment functions. The purpose of the trust is to receive contributions from participating employers and establish separate employer prefunding accounts to pay for retiree healthcare benefits in accordance with the terms of the participating employer's plans, including the City's defined benefit plans. Contributions to the CERBT are voluntarily determined by each participating employer, and there are no long-term contracts for contributions to the CERBT. CalPERS issues a publicly available ACFR that includes financial statements and required supplementary information for the CERBT, which can be found online at www.calpers.ca.gov. The City's OPEB Plan does not issue a separate annual financial report.

DEFINED BENEFIT PLANS

a. Plan Description

Pursuant to the SDMC, SDCERS processes health insurance premium payments and healthcare reimbursement requests pertaining to the City's retiree healthcare defined benefit plans for eligible retirees. This activity and related balances are reported in the SDCERS basic financial statements as a custodial fund. Postemployment healthcare benefits for members retiring from City employment are based on their health eligibility status. Members receiving defined retiree healthcare benefits can be categorized into four main groups as described below:

- I. Limited Retiree Health Benefit - Members who retired before October 6, 1980 and are eligible to receive a retirement allowance from SDCERS are entitled to be reimbursed up to \$1,200¹ per year for health insurance costs. The retired members are not reimbursed more than the actual health premium or medical costs he or she incurs. This amount does not increase.
- II. Plan for members who retired between 1980 and 2012 - Members who retired between October 6, 1980 and March 31, 2012 require 10 years of service with the City to receive 50% of the retiree health reimbursement allowance and receive an additional 5% per year of service in excess of 10 years, resulting in a maximum benefit of 100% at 20 years of service. Reimbursement allowances vary based on retirement date and Medicare eligibility. Medicare eligible retirees under this plan are entitled to receive reimbursement of healthcare premiums, ranging from approximately \$8,366¹ to \$17,519¹ per year. Retirees who are not eligible for Medicare are entitled to receive reimbursement of healthcare premiums, ranging from approximately \$8,884¹ to \$18,604¹ per year. Retirees under this plan can obtain health insurance coverage with the plan of their choice, including any City sponsored, REO sponsored, or privately secured health plan. Reimbursements for certain retirees under this plan are adjusted annually based upon the projected increase for National Health Expenditures by the Centers for Medicare and Medicaid Services (Annual Inflation). Annual adjustments may not exceed 10% for any plan year. In addition, 100% of Medicare Part B premiums are reimbursed, including income related increases to the standard Part B premium amount. Disabled retirees are eligible for the maximum allowance regardless of years of eligible service credit.
- III. Option A Plan - Members not retired by April 1, 2012 who elected Option A under the Healthcare MOU are paid or reimbursed for health insurance premiums by the City up to \$11,045¹ annually. Option A was available only to those members who had 25 years of service or were eligible to retire as of April 1, 2012. This benefit amount increases 2% per year. Employees under the Option A Plan are required to pay bi-weekly contributions annually totaling \$835¹ for General Members and \$877¹ for Safety Members while active or in DROP status in order to receive retiree medical benefits. Employee contribution amounts do not change and cannot be refunded.
- IV. Option B Plan - Members not retired by April 1, 2012 who elected Option B under the Healthcare MOU are paid or reimbursed for health insurance premiums by the City up to \$5,500¹ annually. The benefit amount for Option B does not change. Option B retirees with 10 years of service receive 50% of the retiree health reimbursement allowance and receive an additional 5% per year of service in excess of 10 years, resulting in a maximum benefit of 100% at 20 years of service. Employees under the Option B Plan are required to pay bi-weekly contributions annually totaling \$417¹ for General Members and \$443¹ for Safety Members while active or in DROP status in order to receive retiree medical benefits. Employee contribution amounts do not change and cannot be refunded.

¹ Reported as whole dollars.

b. Contributions and Reserves

In accordance with SDMC Section 24.1204, postemployment healthcare benefits are to be paid directly by the City from any source available to it other than the Pension Plan. Each year, the City establishes a retiree healthcare employer contribution amount through the annual budgetary process (Annual Employer Contribution), allocating these costs to various City funds based on employee payroll. Member contributions for the Option A and Option B Plans are collected by the City and deposited in the Postemployment Healthcare Benefit Plan trust fund. Member contributions are not refundable and are used by the City to cover a portion of the City's defined benefit plan costs.

Other than the amounts pre-funded through the CERBT, the City pays for retiree healthcare costs on a pay-as-you-go basis. If the Annual Employer Contribution and employee contributions for the Option A and B Plans do not fully cover the annual costs of the defined benefit plans and Option C Plan, the City withdraws funds from the CERBT to cover the difference.

In fiscal year 2024, the City's Annual Employer Contribution was \$50,000. The following table provides the fiscal year 2024 contribution breakdown by fund:

General Fund	\$ 37,538
Nonmajor Governmental Funds	414
Sewer Utility	3,070
Water Utility	3,339
Nonmajor Enterprise Funds	4,205
Internal Service Funds	<u>1,434</u>
Total Healthcare MOU Contributions	<u>\$ 50,000</u>

Contributions from the various City funds are recorded in the Postemployment Healthcare Benefit Plan trust fund to pay for defined benefit plan costs or in the General Fund to pay for Option C plan costs (Retiree Medical Trust Plan contributions are funded separately). In fiscal year 2024, employees contributed \$157 for Options A and B.

As of June 30, 2024, the fair value of the City's investments in the CERBT was approximately \$128,930. This balance is net of all plan activity during fiscal year 2024, including net annual investment earnings and administrative expenses amounting to approximately \$10,403 and \$110, respectively.

The following table summarizes the sources used to satisfy fiscal year 2024 pay-as-you-go costs of the defined benefit plans, including a portion of the Annual Employer Contribution, Option A and B contributions from employees and a withdrawal from the CERBT:

Annual Employer Contribution ¹	\$ 29,592
Employee Contributions - Options A&B	157
CERBT Withdrawal	<u>7,590</u>
Total Defined Benefit Pay-as-you-go Costs ²	<u>\$ 37,339</u>

¹ The remaining \$20,408 of the total \$50,000 Annual Employer Contribution is used for Option C Plan costs, which is a defined contribution plan.

² Includes administrative costs of \$990.

c. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2023, based on the following actuarial methods and assumptions:

Description	June 30, 2023 Valuation Date
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Discount Rate	6.28%
Consumer Price Index	2.50%
Salary Increases	3.25%, and additional merit scale that varies by service.
Healthcare Cost Trend Rates	7.25% pre-65 and 6.25% post-65 initial trend rates for fiscal year 2024. Decreasing until ultimate rate of 4.5% is reached in fiscal year 2035 for pre-65 and post-65.
Mortality	The base mortality rates are based on the Society of Actuaries Pub-2010 Mortality Rates Table, except for Safety Retirees which adjusts the Pub-2010 Mortality Rates Table by 90% for males and no adjustment for females. General Disabled Retirees is based on CalPERS Industrial-Related Disability Retirees Mortality Table CalPERS Mortality Tables from a 2017 experience study.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the City and plan members through June 30, 2023. Additionally, actuarial calculations reflect a long-term perspective and include methods and assumptions that are designed to reduce short-term volatility of actuarial accrued liabilities and the relative value of plan assets. The City has relied on the work of the City's actuary to determine the City's net OPEB Liability, and considers the underlying assumptions used by the actuary to be reasonable.

To determine the OPEB Plan's projected net position, the City's actuary has assumed that the City will continue to contribute to the OPEB Plan at the current rates defined in the Healthcare MOU until additional funding for the defined benefits valued in the actuarial report is no longer needed. At this point the projected City contribution will be reduced to the projected contribution required for Option C participants.

d. Long-Term Expected Rate of Return

The valuation uses a discount rate of 6.28% per year, net of investment expenses and including inflation. This is the long-term rate of return assumption on plan assets. This rate is based on the general inflation rate and expected real rate of return required for CalPERS reporting for use by employers who elect certain investment strategies as participants in CERBT. The target allocation and best estimates for long-term expected real rates of return for each major asset class, as of the June 30, 2023 measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Real Rate of Return
Public Equity	34.0 %	4.5%
Fixed Income	41.0 %	1.4%
REITs	17.0 %	3.70%
TIPS	5.0 %	0.5%
Commodities	3.0 %	1.1%
Total	100.0 %	

Source: CalPERS

e. Changes in the Net OPEB Liability

The following table shows the changes in the Net OPEB Liability as of the measurement date of June 30, 2023, based on the actuarial information provided to the City. The OPEB Plan's Net Position (NP) as a percentage of the Total OPEB Liability is 23.99%.

	Increase/Decrease		
	Total OPEB Liability (a)	Plan Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 525,622	\$ 121,916	\$ 403,706
Changes for the Year:			
Service Cost	356	—	356
Interest	31,855	—	31,855
Differences between Expected and Actual Experience	6,694	—	6,694
Changes in Assumptions	79	—	79
Contributions - Employer	—	37,855	(37,855)
Contributions - Employee	—	186	(186)
Net Investment Income	—	4,433	(4,433)
Benefit Payments	(38,041)	(38,041)	—
Administrative Expense	—	(35)	35
Net Changes	943	4,398	(3,455)
Balances at June 30, 2023	<u>\$ 526,565</u>	<u>\$ 126,314</u>	<u>\$ 400,251</u>

The change in net OPEB Liability is allocated to City funds based on the distribution of retiree health contributions for the applicable measurement year. This is primarily based on the number of applicable FTEs per fund. The assumptions, methods, and plan provisions used were the same as those in the City of San Diego's Postretirement Health Plan Actuarial Valuation Report for reporting under GASB Statement No.75 for fiscal year ending June 30, 2023, dated September 6, 2023, except for the following:

- The census data used was updated with information available as of June 30, 2023. This increased the Total OPEB Liability (TOL) by \$5.8M.
- The per capita claims costs were updated to reflect enrollment information and premiums effective for the calendar year ending in 2024. This lowered the TOL by \$2M.
- Salary inflation, mortality improvement scales, and Safety mortality base tables were updated to be consistent with SDCERS. This increased the TOL by \$2.1M.
- The TOL decreased by \$4.9M due to the passage of time from the previous valuation date to the current date.

The TOL increased from June 30, 2022 to June 30, 2023 by \$0.9M.

The required schedule of changes in the net OPEB liability and related ratios immediately following the notes to the financial statements presents the beginning and ending balances of the total OPEB liability, the plan net position available for OPEB benefits, and the net OPEB liability, as well as the itemized changes in those amounts during the fiscal year. The schedule also reports a ratio of plan net position as a percentage of the total OPEB liability, the payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net OPEB liability as a percentage of the covered-employee payroll. Seven years of information is presented and will build to 10 years of information on a prospective basis. The required schedule of employer contributions immediately following the notes to the financial statements presents the City's actuarially determined contribution to the OPEB Plan, the City's actual contribution, the difference between the actual and actuarially determined contributions, and a ratio of actual contributions as a percentage of covered-employee payroll.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Pursuant to GASB 75, the following table presents the net OPEB liability of the City, calculated using the current discount rate of 6.28% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.28%)	Current Discount Rate (6.28%)	1% Increase (7.28%)
Net OPEB Liability	\$ 453,488	\$ 400,251	\$ 354,785

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Pursuant to GASB 75, the following table presents the net OPEB liability of the City, calculated using the current health care cost trend rate of 7.25% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25% pre-65 / 5.25% post-65 decreasing to 3.50% pre-65 / post-65)	Current Healthcare Cost Trend Rate (7.25% pre-65 / 6.25% post-65 decreasing to 4.50% pre-65 / post-65)	1% Increase 8.25% pre-65 / 7.25% post-65 decreasing to 5.50% pre-65 / post-65)
Net OPEB Liability	\$ 359,694	\$ 400,251	\$ 442,855

f. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the measurement period ended June 30, 2023, the City recognized OPEB expense of \$34,026. As of the measurement period June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 29,592	\$ —
Net Difference Between Projected and Actual Investment Earnings	12,318	—
Total	\$ 41,910	\$ —

Pursuant to GASB 75, \$29,592 reported as deferred outflows of resources related to OPEB contributions made subsequent to the measurement date of June 30, 2023, will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2025. Other amounts reported as deferred inflows of resources will be recognized as OPEB expense as follows:

Fiscal Year Ending June 30	Amount
2025	\$ 2,965
2026	2,719
2027	5,989
2028	645

DEFINED CONTRIBUTION PLAN

The City provides three defined contribution plans to eligible employees as described below:

- a. Option C Plan - For employees hired prior to July 1, 2005 and who elected to participate in the Option C Plan, the City provides a lump sum distribution, estimated by an actuary to yield approximately \$8,500 (whole dollars) annually during the member's life expectancy after retirement. The distribution is made when the member first becomes eligible to retire, based on age and Service Credit. There is no member contribution to this plan. Retirees with 10 years of service receive 50% of the distribution, with additional City annual contributions each year thereafter until reaching 20 years. Contributions to the Option C Plan are reported in the General Fund, along with a liability for amounts to be remitted to plan administrators. Option C is administered by various third parties depending on employee classification and/or membership in the REOs. Total City contributions for the Option C Plan in fiscal year 2024 were \$20,408.
- b. Retiree Medical Trust Plan - For general members hired on or after July 1, 2009, the City established a trust vehicle for a defined contribution plan, which requires a mandatory employee contribution of 0.25% of gross salary with a corresponding 0.25% match by the City. Contributions to the Retiree Medical Trust Plan are reported in the General Fund, along with a liability for amounts to be remitted to plan administrators. The Retiree Medical Trust Plan is administered by Voya Financial on behalf of the City. Elected and safety members are ineligible for this plan. The City and employees each contributed \$1,284 to the Retiree Medical Trust Plan in fiscal year 2024.
- c. Southern California Firefighters Benefit Trust - The City and International Association of Firefighters ("IAFF") Local 145 agreed to amend the Post-Employment Health Benefits MOU for the purpose of adding a City contribution of \$25 per pay period for each active IAFF Local 145 member (except Fire Recruits) to the Southern California Firefighters Benefit Trust ("Firefighters Benefit Trust"), effective July 1, 2016. The Firefighters Benefit Trust is not managed by the City. The City contributed \$647 to the Firefighters Benefit Trust in Fiscal Year 2024.

14. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (Dollars in Thousands)

Short-term loans between funds that are expected to be repaid during the next fiscal year, as well as amounts due for services provided are reported as Receivables: From Other Funds and Due To Other Funds. The \$65,346 balance is composed of several items, including:

- A loan of \$51,232 from the General Fund to the PFFA Capital Projects Fund to cover negative cash related to capital project expenditures prior to commercial paper reimbursement.
- A loan of \$7,287 from the Road Maintenance and Rehabilitation Fund to the Capital Grants Fund to cover negative cash resulting from deferred inflows of resources (unavailable grant revenue).
- A loan of \$3,050 from the General Fund to the Transient Occupancy Tax (TOT) Fund to cover a cash deficit resulting from the timing of TOT receipts.
- A loan of \$3,432 from the Public Liability Reserve Fund to the Sewer Utility Fund to cover the City's Industrial Wastewater Control Program's current year deficit.
- A loan of \$345 from the General Fund to the Publishing Services Fund to cover negative cash.

Contributing Fund (Receivable)	Benefiting Fund (Payable)			Total
	Nonmajor Governmental	Sewer Utility	Internal Service	
General Fund	\$ 61,569	\$ 3,432	\$ 345	\$ 65,346

Interfund transfers result from the transfer of assets without the expectation of repayment. Transfers are most commonly used to (1) move revenues from the fund in which it is legally required to collect them into the fund which is legally required to expend them, including TOT and TransNet funds collected in said funds but legally spent within the General Fund, (2) utilize unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations, and (3) move tax revenues collected in the special revenue funds to capital projects and debt service funds to pay for capital projects and debt service needs during the fiscal year. Interfund transfer balances for the year ended June 30, 2024 were as follows:

Contributing Fund	Benefiting Fund				Total
	General Fund	Nonmajor Governmental	Nonmajor Enterprise	Internal Service	
General Fund	\$ —	\$ 64,667	\$ —	\$ —	\$ 64,667
Nonmajor Governmental	43,661	38,756	7,735	15,230	105,382
Sewer Utility	—	—	—	1,340	1,340
Water Utility	—	—	—	660	660
Nonmajor Enterprise	—	—	830	—	830
Total	\$ 43,661	\$ 103,423	\$ 8,565	\$ 17,230	\$ 172,879

15. RISK MANAGEMENT (Dollars in Thousands)

The City is exposed to various risks of loss related to torts, including theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, cybersecurity, and natural disasters. The City is self-insured for general liability, workers' compensation and long-term disability (LTD) claims, and maintains contracts with various insurance companies to manage its risks.

The City's Self Insured Retention (SIR) amount for general liability is \$5,000 per occurrence. The City maintains excess general liability insurance policies in collaboration with a statewide joint powers authority risk pool, Public Risk Innovation, Solutions, and Management or "PRISM", for amounts up to \$50,000 per occurrence (inclusive of the \$5,000 self-insured retention).

The City is self-insured up to \$5,000 for its workers' compensation program with statutory excess limits above that. All operating funds of the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating expenses in the contributing funds and operating revenues in the General Fund. The City is fully self-insured for its long-term disability program. The Long-Term Disability Fund is reported in the Miscellaneous Internal Service Fund. Similar to workers' compensation, all operating departments of the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating expenses in the contributing funds and operating revenues in the Miscellaneous Internal Service Fund.

Estimated liabilities for general liability, workers' compensation, and long-term disability as of June 30, 2024, were determined based on results of independent actuarial valuations and include amounts for claims incurred but not reported. Claims liabilities were calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses have been included in the actuarial calculations for general liability. For general liability, the actuarial valuation includes separate estimates for the Sewer and Water Utility Funds. The estimate for all other claims is allocated to governmental activities by the City based on past claims experience. For workers' compensation, the City allocates the claims liability to governmental and business-type activities based on contribution amounts. Estimated liabilities for general liability claims have been reported in the government-wide financial statements, Sewer Utility Fund, and Water Utility Fund. Estimated liabilities for workers' compensation claims have been recorded in the government-wide financial statements, the Water Utility Fund, Sewer Utility Fund, Nonmajor Enterprise Funds, and Internal Service Funds. Estimated liabilities for long-term disability claims are recorded in the Miscellaneous Internal Service Fund.

A reconciliation of total liability claims for the City's general liability, workers' compensation, and long-term disability obligations, showing current and prior year activity is presented below:

	General Liability	Workers' Compensation & Long-Term Disability	Total
Balance, July 1, 2022	\$ 293,799	\$ 310,418	\$ 604,217
Claims and Changes in Estimates	39,908	63,632	103,540
Claim Payments	(35,360)	(45,146)	(80,506)
Balance, June 30, 2023	298,347	328,904	627,251
Claims and Changes in Estimates	73,782	65,161	138,943
Claim Payments	(57,951)	(44,336)	(102,287)
Balance, June 30, 2024	<u>\$ 314,178</u>	<u>\$ 349,729</u>	<u>\$ 663,907</u>

The City, in collaboration with PRISM, maintains an "All Risk" property policy, which includes flood coverage, for amounts up to \$25,000 per occurrence under the primary policy and with access to additional excess limits. The policy is subject to a \$50 deductible. Additional excess limits are available as part of the City's insurance property program through PRISM, where coverage "towers" with designated coverage limits are provided. Coverage towers are groups of properties, which are diversified based on occupancy (risk-pool members) and geographical location. The City participates in four coverage towers with dedicated coverage limits of \$600,000 for "All Risk" and Flood. If tower limits are exhausted, additional coverage may be accessible by any of the towers in the risk-pool. These additional coverage limits are shared by all towers in the risk-pool and may not exceed an aggregate amount of \$600,000 for "All Risk" for all claims made by all towers during the coverage period. Limits include coverage for business interruption losses for designated leased properties for various financings. There is no sharing of limits among the City and member counties of the PRISM pool, unless the City and member counties are mutually subject to losses from the same

occurrence. Limits and coverage may be adjusted periodically in response to the requirements of bond financed projects, grant requirements, acquisitions, and in response to changes in the insurance marketplace.

PRISM's insurance property program structure of dedicated tower limits also applies to earthquake coverage. The City participates in four coverage towers. Earthquake coverage is provided for designated buildings/structures in the amount of \$100,000 under primary policies per tower. If tower limits are exhausted, additional coverage may be accessible by any of the towers in the risk pool. The additional coverage limits are shared by all towers in the risk-pool and may not exceed an aggregate amount of \$465,000 for all claims made by all towers during the coverage period, including coverage for business interruption caused by earthquake at certain designated locations. Earthquake coverage is subject to a deductible of 2% of total insured values per unit per occurrence, subject to a \$100 minimum. The City's earthquake coverage is purchased jointly and limits are shared with the member counties in the PRISM pool. Due to the potential for geographically concentrated earthquake losses, the PRISM pool is geographically diverse to minimize any potential sharing of coverage in the case of an individual earthquake occurrence. Depending upon the availability and affordability of earthquake insurance, the City may elect not to purchase such coverage in the future, or the City may elect to increase the deductible or reduce the coverage from present levels.

The City is a public agency subject to liability for the dishonest and negligent acts or omissions of its officers and employees acting within the scope of their duty ("employee dishonesty" and "faithful performance"). The City participates in the joint purchase of insurance covering employee dishonesty and faithful performance through the PRISM pool. Coverage is provided in the amount of \$10,000 per occurrence, subject to a \$25 deductible.

The City's insurance portfolio includes premises liability (bodily injury, third party property damage) under its Airport Liability Policy which provides \$50,000 in limits. A separate Aircraft Policy provides \$50,000 in property and liability coverage for City owned and chartered aircraft.

The City relies on electronic information and security liability coverage through its purchase of a Cyber Liability Policy with limits of \$18,000 and program aggregate of \$115,000.

Lastly, property and liability insurance limits in the amount of \$5,000 are provided under the City's Watercraft policy.

During fiscal year 2024, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements which were covered by insurance have not exceeded the City's insurance coverage limits. However, some losses may not be covered by insurance and would need to be funded by the City. The City can give no assurance that particular losses will be covered or that coverage providers will be able to pay recorded losses.

See Notes 18 and 19 for additional information on loss contingencies and liability claims reported in the Successor Agency Private-Purpose Trust Fund, respectively.

16. FUND BALANCE / NET POSITION DEFICITS (Dollars in Thousands)

The Capital Grants Capital Projects Fund has a fund balance deficit of \$51,311, which represents deferred inflows of resources related to grant revenue which did not meet the City's availability criteria. The deficit is mainly attributable to the following: the Mission Bay Bridge Replacement Project, funded primarily from a federal transportation grant; the La Media Road Widening Improvements Project, primary funded by a state grant; the Ocean Beach Pier Replacement Project, funded primarily from a state grant; and the Balboa Park Botanical Building and International Cottages Projects which are partially funded from state grants. The deficits for these projects will be corrected as reimbursements are received from the federal and state grants.

The PFFA Capital Projects Fund has a fund balance deficit of \$79,311 which represents capital expenditures pending reimbursement from commercial paper/bond proceeds and WIFIA loan reimbursements.

The implementations of GASB Statement No. 68 and GASB Statement No. 75 resulted in significant impacts to the net position of most proprietary funds. The Development Services Enterprise Fund has a net position deficit of \$66,725. The Central Stores and Publishing Services Internal Service Funds have net position deficits of \$2,129 and \$2,841, respectively. The Miscellaneous Internal Service Fund has a net position deficit of \$4,258. These deficits are primarily due to the NPL and Net OPEB Liability expected to be repaid over the long-term. Generally, the NPL changes annually as the City continues to fully pay its ADC for the Pension Plan, which includes amortized payments of the unfunded portion of the accrued liability (see Note 12). Similarly, the City continues to pay the annual defined benefit OPEB allocation per the authorized agreement (see Note 13). The cost recovery rates for these funds are developed to fully fund the respective Pension ADC and OPEB obligations on a yearly basis. As the City continues to fully pay its ADC for the pension plan, the net position deficits of these funds are anticipated to be corrected over the long-term.

The Private-Purpose Trust Fund (Successor Agency) has a net position deficit of \$211,030, which represents unfunded liabilities of the former RDA, primarily related to long-term debt obligations. On an annual basis, the Successor Agency submits funding requests to the County, through Recognized Obligation Payment Schedules (ROPS). Funding is then allocated to the Successor Agency from the County's RPTTF to satisfy obligations of the corresponding twelve month period. As obligations are funded twice annually and liabilities are paid, the net position deficit will continue to decrease. Once all the obligations of the Successor Agency are fully satisfied, the deficit will be corrected.

17. COMMITMENTS (Dollars in Thousands)Encumbrances

The City uses encumbrances to control expenditures for the year which generate contractual and regulatory commitments that will result in expenses/expenditures in future years. Encumbrances represent commitments related to contracts not fully performed and purchase orders not yet filled. It is the City's policy to pay for operating encumbrances remaining at the end of the fiscal year from the following year's appropriations, not from fund balance. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following fiscal year. Operating and capital contractual commitments for which funds have been encumbered as of June 30, 2024, are reflected in the table below.

General Fund	\$ 79,061
Nonmajor Governmental Funds	322,559
Sewer Utility	351,329
Water Utility	442,514
Nonmajor Enterprise Funds	27,926
Internal Service Funds	156,018
Total Contractual Commitments	<u>\$ 1,379,407</u>

California Regional Water Quality Control Board Administrative Proceeding - Municipal Stormwater Permit

The State Water Resources Control Board (SWRCB) is the State agency charged with implementing the federal Clean Water Act (Clean Water Act). The SWRCB delegates its authority to nine regional boards, which implement the Clean Water Act and the California Water Code in their respective regions. The San Diego Regional Water Quality Control Board San Diego Region 9 (RWQCB) has jurisdiction over the San Diego area. The RWQCB issues the Municipal Storm Water National Pollutant Discharge Elimination System Permit (Municipal Permit) as required by the Clean Water Act. The City is currently operating under a Municipal Permit that was issued in May 2013, which expired in June 2018. The expired Municipal Permit will remain in effect until it is reissued and adopted by the RWQCB, which is anticipated in late 2025.

Under the Municipal Permit, the City must comply with water quality requirements established by the RWQCB by maintaining and operating storm drain systems, eliminating dry weather flows, and reducing pollutants in stormwater runoff. Additionally, the Municipal Permit requires the City to develop Water Quality Improvement Plans (Improvement Plans) to identify and address the highest priority water quality problems, including all of the City's existing stormwater quality regulatory deadlines between fiscal year 2012 and fiscal year 2035 for each of the six watersheds within the City's jurisdiction. These Improvement Plans were reviewed and accepted by the RWQCB in March 2016. Furthermore, the Municipal Permit imposes numerous obligations and requirements on the City, including requirements to ensure that the City's various water bodies, and the storm drains discharging into them, do not contain pollutants in excess of USEPA and State-mandated numeric limits. These numeric limits, referred to as "receiving water limitations" are enforced without regard to fault, and the City can be held liable if samples collected in water bodies downstream of any City storm drain outfalls exhibit exceedances of these receiving water limitations. Additionally, the Municipal Permit contains several regulatory requirements related to Total Maximum Daily Load (TMDL). Each TMDL requirement contains both interim deadlines and final deadlines to attain certain prescribed water quality standards through fiscal year 2035. The City can be held liable for not attaining the prescribed water quality standards within the respective time frames. Both the RWQCB and citizen stakeholders can file enforcement actions and lawsuits for violations, with penalties for state lawsuits not to exceed \$10 per violation, per day, and penalties for federal lawsuits not to exceed \$54 per violation, per day.

Additionally, in June 2017, the RWQCB adopted Order No. R9-2017-0077 which directs Municipal Permit holders to control trash discharges to water bodies (State Trash Policy). Most of these compliance activities represent pollution prevention or control obligations with respect to current stormwater operations and are not subject to accrual in the basic financial statements.

In October 2023, the City updated its estimate for compliance implementation costs for the period between fiscal years 2025-2035 as follows:

Operating Cost Estimate	\$ 2,374,367
Capital Cost Estimate	<u>2,677,674</u>
Total ¹	<u>\$ 5,052,041</u>

¹Total includes State Trash Policy cost estimate.

The above amounts represent the City's aggregate estimate to comply with stormwater regulations through fiscal year 2035. In addition, the City has costs associated with operations and maintenance of drainage infrastructure, and capital costs for flood risk management projects. The current compliance costs estimated at \$5,052,041 over the next 12 fiscal years reflect unfunded costs from previous fiscal years, updated compliance costs to account for current regulations, and cost refinements based on 2023 dollars for CIP and 2024 dollars for operating costs including future inflation growth. The operating compliance costs budgeted in the General Fund for fiscal year 2024 are \$49,752. Operating cost funding needs are projected to gradually increase over the next five fiscal years, with operating cost funding needs estimated to reach up to \$189,100 by fiscal year 2029.

The fiscal year 2025-2035 cost estimates could be higher or lower depending on changes in regulatory standards, science and technology advancements, cost escalation, and new impairments that could be identified by the RWQCB as future water quality tests are conducted. It should be noted that this note focuses on costs associated with regulatory compliance over the compliance period (2035).

A portion of the capital costs reflected in the table above are expected to be funded by a recently awarded Water Infrastructure Finance and Innovation Act (WIFIA) loan. The loan and required match total \$733,000 to fund the Stormwater CIP Program. EPA will finance 49% of this loan, with the City providing a 51% match. The WIFIA loan and required match are expected to fund Stormwater capital costs of the next 5 years. The City's match is expected to be funded with a combination of grants and other financing proceeds from lease revenue bonds or State Revolving Loan funds. These additional capital costs could potentially be financed over the expected useful life of the related assets. However, absent any other dedicated funding source, debt service for repayment of the WIFIA loan and any City issued debt would likely need to be paid by the General Fund. The City has not yet developed a funding plan to cover capital costs beyond those funded by the WIFIA loan and City match or the increased operating cost funding needs beyond what is currently funded in the most recent General Fund budget.

To address this, in 2019 the City began the development of a stormwater funding strategy to identify a sustainable long-term funding mechanism for the Stormwater Program. The final funding strategy update was presented to Council in February 2022. The recommended funding strategy implementation includes the following four principal factors:

- 1) Further reduce costs and maximize efficiencies
- 2) Continue to invest in stormwater program innovation
- 3) Maximize existing funding sources, grants and loans
- 4) Pursue development of dedicated funding mechanism for stormwater

The City is evaluating multiple potential funding and financing mechanisms as it continues to develop and refine its Long-Term Stormwater Funding Strategy. As previously mentioned, the Stormwater Department's final funding strategy update was presented to Council in February 2022. In FY 2024, the City Council's Rules Committee considered the potential to place a special tax on the November 2024 ballot to raise revenue for stormwater capital investments. The concept was ultimately not advanced for full City Council consideration.

Los Peñasquitos Lagoon Sedimentation TMDL

The City is listed as a responsible party for the Los Peñasquitos Lagoon Sediment TMDL which was adopted by the State of California in July 2014 and included requirements for sediment reductions in the Los Peñasquitos Watershed and the establishment of 84 acres of new salt marsh habitat in the Los Peñasquitos Lagoon by July 2034. The City met the requirements for the most recent interim regulatory deadline related to this TMDL in 2020. There is no measurable pollution remediation that can be identified. The City has initiated Phase I of this required restoration, which involves sediment and freshwater management, as well as a pilot salt marsh restoration component that will result in approximately 40-50 acres of restoration. Phase I is estimated to be

completed in 2029. The estimated cost for Phase I ranges from approximately \$50,000 to \$80,000, which is subject to change based on updated information and actual construction bids, and will be borne by the responsible parties named in this TMDL, which are: the City; County of San Diego; City of Del Mar; City of Poway, and Caltrans. A cost sharing agreement was agreed upon and finalized at the end of fiscal year 2021 by all responsible parties except for Caltrans, which will fund its portion of costs through a separate cost sharing agreement with the City beginning at the start of project construction. Based on this cost-sharing agreement, the City is responsible for approximately 77.89% of the total project costs. The City is currently in discussions with the other responsible parties to ensure their continued participation in the agreement given recent increases to the project cost. Phase II of the restoration will be designed based on the results of various restoration techniques implemented during Phase I and will result in the restoration of the remaining acres required; however, any estimated costs cannot be reasonably determined at this time pending the development of the final concept design for Phase II.

California Department of Public Health Compliance Order

In 1997, the State of California Department of Public Health issued a Compliance Order requiring the City to correct operational deficiencies and begin necessary capital improvements related to the City's water system. The Compliance Order was last amended in May 2007 and included additional items that were not in the original Compliance Order. As amended, the Compliance Order will remain in effect until the projects and pipeline replacement requirements are completed.

The Public Utilities Department continues to award the remaining water system projects to fulfil the final requirements of the Compliance Order. For fiscal years 2025 through 2030, the City estimates Compliance Order project costs to total approximately \$44,647 for projects with more than .09 miles of cast iron pipe. The Public Utilities Department expects to fund these commitments through a combination of existing net position, present and future system revenues, and financing proceeds secured by system revenues.

Modified Permit for the Point Loma Wastewater Treatment and Pure Water San Diego Program

In August 2017, the USEPA, in conjunction with the RWQCB, issued the final approval renewing the Modified Permit and the waiver from secondary treatment standards for five years. The permit term took effect on October 1, 2017 and expired on September 30, 2022. The City submitted its renewal application on March 24, 2022, 180 days prior to the expiration of the current permit, which is jointly issued by the U.S. EPA and the San Diego Regional Water Quality Control Board. On September 27, 2022, the modified permit was administratively extended by the U.S. EPA. Administrative extension of National Pollutant Discharge Elimination System (NDPES) permits by the State of California are automatic prior to adoption of a subsequent permit. Adoption of the new permit is expected sometime in Fiscal Year 2025.

The modified permit renewal was based on compliance with the Clean Water Act requirements, progress of the Pure Water San Diego Program (Program), and a reduction in permitted emissions from the previous permit level. The renewal recognized the value of the Program in the early phases of implementation, and it is anticipated that Program continuance can be reflected in future permits. As of September 2024, the first phase of the Program is estimated to cost approximately \$1,692,626, of which approximately \$705,335 will be allocated to the Sewer Utility Fund, and approximately \$987,291 will be allocated to the Water Utility Fund. The City has begun work on the Phase 2 demonstration facility at the Point Loma Wastewater Treatment Plant, which is expected to cost approximately \$57,000. This facility will be used to provide regulators data on the effectiveness of the City's proposed treatment process prior to the start of the larger Phase 2 project. This is a required step due to Phase 2 utilizing a different sewer service area than the Phase 1 Pure Water facility. The City is also in the process of reviewing the assumptions used in the development of the Phase 2 project to ensure that the goals of the permit and the environmental stakeholders are achieved, while accounting for the changes in water use in the 12 years since the original Pure Water Studies were completed. The Public Utilities Department expects to fund these commitments through a combination of existing net position, present and future system revenues, and financing proceeds secured by system revenues.

On, March 22, 2023, the Ocean Pollution Reduction Act II (H.R. 1720), which proposes modifying the permitting requirements for discharge of pollutants from Pt. Loma was introduced into the 118th U.S. Congress. The Bill contains required milestones in line with projected reductions in both the treated discharges from the Pt. Loma Wastewater Treatment Plant and the production of potable water expected with Phase 1 and Phase 2 of the Pure Water Program. The Bill was referred to the Subcommittee on Water Resources and Environment, where it was considered for mark-up on September 18, 2024. No future timeline for consideration by Congress is available at this time.

San Diego Gas and Electric Reservation of Rights Agreement (Agreement)

In June 2018, SDG&E informed the City that it was stopping all design work on utility relocations for the Pure Water Program, pending advance payment for such work from the City. SDG&E argued that it was not responsible for the costs of relocating any of its facilities under its electric or natural gas franchise agreements with the City, on the basis that such work was proprietary and not governmental. The City Attorney's Office responded to SDG&E, expressing the City's strong disagreement with SDG&E's position based on the plain language in those franchise agreements, which the City believes requires SDG&E to relocate its facilities located in the public right-of-way at its own expense when necessary to accommodate City water projects, including the Pure Water Program.

In January 2019, to avoid project delays, the City and SDG&E entered into an Agreement in which the Public Utilities Department made an advance payment of approximately \$35,600 to SDG&E for facilities relocation, financially recorded as a prepaid expense. SDG&E calculated an overall, preliminary cost estimate of approximately \$94,700, as of August 2018, of which the City has not performed an independent confirmation. Since 2019 the City and SDG&E have worked to minimize construction conflicts that may require relocations, in an effort to reduce relocation costs. The parties acknowledge the cost estimate may increase or decrease depending on project design changes or other factors, including a mandated Internal Revenue Code Cost in Aide of Construction Tax of approximately 24% that would increase the preliminary cost estimate. SDG&E relocation work will be billed on an actual cost basis. The City maintains its position that SDG&E should bear the costs of its facilities relocations from the public right-of-way for all City water projects and reserves the right to seek reimbursement from SDG&E through all legal means available. All payments made by the City for work performed are made under protest. The City and SDG&E entered into a second Reservation of Rights Agreement in July 2020 whereby \$1,389 was redirected from the Pure Water Agreement into the Montezuma PPL/Mid City Pipeline Phase 2 Project (Montezuma Project), which will include construction of a new pipeline from the Alvarado Water Treatment Plant to the 69th and Mohawk pump station.

The City filed a lawsuit against SDG&E on January 15, 2020 seeking a court declaration that SDG&E is responsible for the cost to relocate SDG&E facilities that conflict with pipeline alignments, and the lawsuit also seeks reimbursement of the \$35,600 that the City paid to SDG&E. SDG&E filed its answer on February 21, 2020 denying liability. The City filed a second lawsuit related to the Montezuma Project on October 27, 2020. On November 28, 2022, the court issued an order granting SDG&E's motion for summary judgment and denying the City's motion for summary judgment. The court ruled that the Manual of Administrative Practices applies to the dispute, that the City's provision of water is a proprietary activity, and that the City is responsible for the cost of relocating SDG&E infrastructure in conflict with the alignment of City pipelines. The City appealed and in an unpublished decision, the court of appeals reversed the trial court's decision and directed the trial court to enter judgment in favor of the City. SDGE petitioned the California Supreme Court to review the case, but the request was declined. The City expects to recover additional costs incurred due to the Reservation of Rights Agreement but does not have an estimate at this time.

In early 2020, the City and SDG&E determined that the City will be required to pay SDG&E the cost of relocating a 10" gas line near the Pure Water Facility, which was not in the public right of way, estimated at \$18,000. This amount will reduce the \$35,700 the City is seeking to recover in its lawsuit against SDG&E.

18. CONTINGENCIES (Dollars in Thousands)**FEDERAL AND STATE GRANTS**

The City recognizes as revenue grant monies received as reimbursement for costs incurred related to certain Federal and State programs it administers. Although the City's Federal grant programs are audited in accordance with the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the related U.S. Office of Management and Budget 2 CFR 200 Uniform Guidance as applicable based on the date of the award, these programs may be subject to financial and compliance audits by the granting agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. At the time of issuance of the 2023 ACFR, the Single Audit for fiscal year 2024 is in process.

LITIGATION AND REGULATORY ACTIONS

The City is a defendant in lawsuits pertaining to material matters, including claims asserted, which are incidental to performing routine governmental and other functions. This litigation includes, but is not limited to: actions commenced and claims asserted against the City arising out of alleged torts; alleged breaches of contracts; alleged violations of law; and condemnation proceedings. The City received 3,344 notices of claims in fiscal year 2024.

As of June 30, 2024, the City estimates the amount of tort and non-tort liabilities to be \$314,178, which has been reported in the government-wide statement of net position, the proprietary funds financial statements, and the fiduciary funds financial statements. The liability was actuarially determined and was supplemented by information provided by the City Attorney with respect to certain large individual claims and proceedings. The liability recorded is the City's best estimate based on information available as of the issuance of this report. The City Attorney also estimates that in the event of an adverse ruling, certain pending lawsuits and claims have a reasonable possibility of resulting in an additional liability, in the aggregate, ranging from \$0 to \$153,223. However, the potential liabilities related to these claims are not individually accrued because it is not probable that a loss has been incurred as of June 30, 2024.

The City has been served with multiple lawsuits, alleging damages from a storm event that took place on January 22, 2024. During the event, the City received unprecedented levels of rainfall in multiple neighborhoods, leading to substantial flooding of both public and private properties. Any potential claims in excess of the those noted above are still being determined.

Additional information on litigation regarding the Pension Plan can be found in the introductory section of Note 12.

POLLUTION REMEDIATION OBLIGATIONS

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in remediation activities. The following items are contingent matters concerning the City.

Boat Channel at Naval Training Center (NTC)

The old Naval Training Center (NTC) was closed and, with the exception of the Boat Channel, the property was conveyed to the City under the Base Realignment and Closure (BRAC) process that culminated in a Memorandum of Agreement (MOA) between the City and the U.S. government (Navy) in 2000. NTC was redeveloped as Liberty Station by the Corky McMillin Companies. The transfer of the NTC Boat Channel was excluded from the conveyance because the City and Navy agreed it was contaminated. The MOA requires the Navy to remediate the Boat Channel and obtain appropriate regulatory site closure prior to conveyance. In 2018, the Navy completed a limited clean-up of the Boat Channel and obtained a No Further Comment letter from the RWQCB for the limited clean-up. The City has been identified as a potentially responsible party for the contamination in the Boat Channel (and therefore potentially responsible for a portion of the remediation costs), which the City disputes. The City cannot estimate its apportioned responsibility for remediation costs, if any, at this time.

In addition, the City believes that the Navy's clean-up of the Boat Channel is deficient for a number of reasons including, but not limited to, (i) the original site investigation and characterization were inadequate, (ii) the remediation did not address the entirety of the Boat Channel property, and (iii) the remediation did not clean up the Boat Channel to current regulatory standards. Despite the

City's repeated objections to the Navy and the RWQCB regarding the deficient clean-up, the Navy has proceeded with the final Finding of Suitability to Transfer (FOST) letter. The City is currently involved in litigation with the Navy on this matter and continues to object to accepting the Boat Channel in its current condition. The City cannot estimate costs related to any potential property transfer, if any, at this time.

San Diego Bay's Laurel Hawthorn Central and East Embayment Sediment Investigative Order R9-2019-040

On July 25, 2018, the RWQCB released three draft Investigative Orders (IOs) for the assessment of the Laurel Hawthorne Embayment (LHE). The City was named on one of the three IOs as a responsible party to determine the extent and magnitude of sediment contamination in LHE at the terminus of the City's 84-inch outfall. On October 2, 2019, the RWQCB issued the final IO requiring the City to submit a Sediment Assessment Work Plan (SAWP) to assess the extent and magnitude of pollutants in sediments caused by discharges from the City's 84-inch storm drain outfall. Additionally, the RWQCB issued two separate, and complementary IOs to adjacent San Diego Unified Port District tenants, Solar Turbines and General Dynamics. The City's revised SAWP was submitted on February 3, 2021 and approved on February 18, 2021. The waterside monitoring occurred in August 2021. The City submitted the Draft Sediment Chemistry Assessment Report to the RWQCB on October 28, 2022, received comments on November 16, 2023, and responded on January 19, 2024. The City is currently waiting for final report revisions to be approved by the RWQCB. It is anticipated that clean up and abatement orders will be received for this site within a couple of years of the submission of the Sediment Assessment Report. Remediation costs cannot be estimated until the investigation is completed and the RWQCB compares the results from the three investigations to determine responsibility and cleanup levels are negotiated with and ultimately ordered by the RWQCB. In addition, the responsible parties will then need to negotiate the allocation of cleanup responsibilities.

San Diego Bay Adjacent to Tenth Avenue Marine Terminal Draft Sediment Investigative Order R9-2022-0040 and San Diego Bay Adjacent to Continental Maritime Draft Sediment Investigative Order R9-2022-0041

On August 4, 2017, the RWQCB issued the final IO requiring the responsible parties to submit a Sediment Chemistry Assessment Work Plan in 180 days evaluating the current nature and extent of impairment. On January 31, 2018, the responsible parties submitted the work plans for both land and water that were accepted by the RWQCB. The waterside monitoring occurred in July 2018, and the landside monitoring occurred in the fall of 2018 and spring of 2019. Progress reports were submitted to the RWQCB in October 2019, which reviewed activities completed and analytical data. The Sediment Chemistry Assessment Reports were submitted to the Regional Board on February 25, 2020 for Continental Maritime San Diego, and February 28, 2020 for Tenth Avenue Marine Terminal. Based on these reports, on March 17, 2022 the RWQCB issued new Investigative Orders for Continental Maritime San Diego and Tenth Avenue Marine Terminal that are supplemental to the original Investigative Orders and designed to gather the Sediment Quality Objectives (SQO) information that was adopted by the State Water Resources Control Board in 2018. The Investigative Orders require a full sediment quality assessment for aquatic life, tier 2 human health assessment, and wildlife-resident finfish beneficial uses. The SQO Assessment Work Plans were submitted to the RWQCB on September 12, 2022 and approved on September 6, 2023 for Tenth Avenue Marine Terminal and on September 13, 2023 for Continental Maritime San Diego. The SQO monitoring occurred in September 2023, and it is anticipated that the Sediment Quality Objectives Assessment Reports will be submitted to the RWQCB in February 2025. It is anticipated that clean up and abatement orders will be received for these sites within a few years of the submission of the SQO Assessment Reports. Extent and costs of remediation cannot be estimated until the investigations are completed to determine if there are problems, and if so, the cleanup levels will be negotiated with and ultimately imposed by the RWQCB. In addition, the responsible parties will then need to negotiate the allocation of clean up responsibilities.

San Diego River Investigative Order R9-2019-0014

On June 12, 2019, the RWQCB issued a five-year Investigative Order R9-2019-0014 "To Submit Technical and Monitoring Reports to Identify and Quantify the Sources and Transport Pathways of Human Fecal Material to the Lower San Diego River Watershed." The Order alleged that there are suspected sources of bacteria being transported through various pathways to the San Diego River. The Order named several agencies as responsible parties including the City. The responsible agencies have retained the services of the Southern California Coastal Water Research Project (SCCWRP) to serve as technical lead. SCCWRP assisted with the implementation of the approved work plan and preparation of the required technical and monitoring reports to identify and investigate potential sources of human fecal material, evaluate transport pathways, and quantify the amount that each source contributes to the Lower San Diego River. This study was completed and submitted to the RWQCB in June 2024. Based on the

results of the IO, the RWQCB may require the responsible parties to take additional actions to address human sources of bacteria. The cost associated with these potential additional actions cannot be estimated at this time.

Bacteria TMDL

The City is listed as a responsible party in the Bacteria TMDL, which was adopted by the RWQCB through the Municipal Permit for numerous impaired water bodies in order to attain and maintain currently applicable fecal indicator bacteria water quality standards. All responsible parties are required to reduce the levels of bacteria in their discharges to all listed water bodies. The City has not met its interim or final dry weather regulatory discharge requirements by the compliance deadline (April 2019 and April 2021, respectively) related to the Bacteria TMDL in some watersheds based on updated water quality monitoring data due to insufficient funding and the time requirements to implement essential capital projects. During the timeframe that the City is not in compliance with the final discharge requirements (April 2021), the City is subject to Mandatory Minimum Penalties (MMPs) of at least \$3 per violation per location, for each constituent sampled that exceeds a numeric discharge requirement. The SWRCB's Enforcement Policy encourages Regional Water Boards to administratively issue MMPs within eighteen (18) months of the exceedance that incurs the MMP. MMPs began accruing on April 4, 2021 and will continue to accrue until the City achieves compliance. However, the City is currently engaged in multiple efforts to comply with these requirements. First, the City is enhancing efforts to identify and eliminate human sources of bacteria, which are most harmful to human health. The City's efforts are documented in a Bacteria Tactical Plan that describes the collaboration among several City departments to capture current and potential new activities that can be initiated to address bacteria sources. Efforts include addressing homeless encampments, establishment of a highly specialized Water Quality Response Team focused on abatement of human sources of bacteria, and increased trash removal. Using the implementation activities in the Bacteria Tactical Plan as a basis, the City worked with the RWQCB for a Time Schedule Order (TSO), which was adopted on March 13, 2024, and remains in effect through September 30, 2028. The TSO provides additional time for the City to come into compliance with the final dry weather requirements as long as specific agreed upon actions are taken to correct the alleged violations. The TSO also ensures that MMPs are avoided during implementation of the prescribed time schedule of actions. In order to ensure future compliance with dry and wet weather bacteria compliance deadlines, the City is also developing a strategy to implement the San Diego River Investigative Order (listed earlier) and to use those results to consider whether amendments to the Bacteria TMDL and/or Municipal Permit, contingent on RWQCB approval, are warranted that may reduce the City's estimates of funding needs.

Dams Licensing and Safety

The City's Water system operates nine raw water dams and two water tanks that are subject to the jurisdiction of the California Department of Water Resources' Division of Safety of Dams (DSOD). The nine dams have an average age of 92 years old. Many are nearing or have surpassed the end of their useful service lives. DSOD has rated six dams as being in fair, poor, or unsatisfactory condition, and all nine dams pose an extremely high hazard for downstream impacts should they fail if operating under full conditions. Due to these concerns, DSOD has mandated water restrictions at Hodges, Morena, Murray, and El Capitan. These restrictions are critical for older dams, which must be upgraded to meet modern safety standards to safeguard communities and prevent environmental damage from flooding.

Hodges Dam was downgraded from "fair" to "poor" condition in September 2019 by DSOD due to dam safety deficiencies and the maximum water level was restricted from an elevation of 315 feet down to an elevation of 295 feet. Based on a preventative underwater examination of the dam below 295 feet, in May 2022, the water level in Lake Hodges was reduced to an elevation of 275 feet in order to allow for repairs to the dam. Based on additional information about the dam's condition obtained during DSOD inspections above 275 feet in July 2022, DSOD issued a letter on August 16, 2022, which required the City to restrict the water level to an elevation of 275 feet. Following the emergency repairs and completion of a consequences analysis, DSOD issued a letter on February 2, 2023 modifying restrictions of the reservoir level to an elevation of 280 feet and minimizing exceedances and durations above 280 feet due to a storm event until a written approval is received from DOSD. In addition, the Hodges Dam was downgraded from "poor" to "unsatisfactory." The water level restriction is a requirement from DSOD, providing a mitigation measure to ensure the safety of Hodges Dam. The DSOD can potentially downgrade and impose water level restrictions on other City dams due to their condition.

The City has completed 45 condition assessments, constructed 5 repair projects, initiated design of 12 additional repair projects and 1 replacement project for Hodges Dam, and started construction on 5 other repair projects, while continuing to progress condition assessments for each dam. Over the next five years the City plans to complete comprehensive condition assessments of

all 11 DSOD regulated facilities to establish baselines and identify immediate and long-term needs as part of a dam safety strategic plan.

Based on the initial assessment of the City's dams' condition to date, it is estimated that over \$1,000,000 of improvements could be needed over the next several decades to ensure dam safety and performance. This estimated dollar amount is limited by the amount of detail provided in these initial assessments and will be refined as more comprehensive condition assessments are completed.

The Public Utilities Department expects to fund these commitments through a combination of existing net position, present and future system revenues, and financing proceeds secured by system revenues.

19. DEBT WITHOUT GOVERNMENT COMMITMENT (Dollars in Thousands)

The City and/or the former RDA of the City have authorized the issuance of certain Special Assessment/Special Tax Bonds, Parking Revenue Bonds, Tax Allocation Bonds, and Loans. The City has no legal obligation to make payment on these bonds or loans and has not pledged any City assets as a guarantee to the bondholders/lenders. These bonds and loans do not constitute indebtedness of the City. The bonds are payable solely from payments made on and secured by a pledge of the acquired funds, other monies held for the benefit of the bondholders pursuant to the bond indentures, property liens and other loans. Accordingly, no liability has been recorded in the City's government-wide statement of net position. Long-term liabilities of the former RDA are reported in the Successor Agency Private-Purpose Trust Fund. The following sections describe the outstanding debt without government commitment.

a. Special Assessment/Special Tax Bonds

The City, on behalf of the Special Assessment Districts (AD) and the Community Facilities Districts (CFD), has issued debt to finance infrastructure improvements and facilities necessary to facilitate development of the properties within the respective districts located in the City. The special assessment and special tax bonds are secured by special assessment and special tax liens, respectively, on the real property within the districts and are not direct liabilities of the City. The City has no fiscal obligation beyond the balances in designated AD and CFD funds for any related bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as the agent in the collection and remittance of the assessments and special taxes for these ADs and CFDs and initiates foreclosure proceedings as required under the bond covenants. As of June 30, 2024, the status of each of the special assessment/special tax bonds issued is as follows:

	Original Amount	Balance Outstanding June 30, 2024
Community Facilities District No.3 (Liberty Station), Series 2013	\$ 15,770	\$ 10,660
Assessment District No.4096 (Piper Ranch), Issued July 2013	3,830	2,345
Community Facilities District No.2 (Santaluz), Improvement Area No. 3, Series 2015	3,380	1,750
Community Facilities District No.2 (Santaluz), Improvement Area No. 4, Series 2015	6,215	3,995
Community Facilities District No.4 (Black Mountain Ranch Villages), Series 2016	16,435	12,275
Community Facilities District No.2 (Santaluz), Improvement Area No.1, Series 2021	22,470	17,090
Total Special Assessment / Special Tax Bonds	<u>\$ 68,100</u>	<u>\$ 48,115</u>

b. Parking Revenue and Tax Allocation Bonds

The former RDA issued parking revenue bonds for the purpose of financing certain public parking facilities and issued tax allocation bonds in order to finance or refinance redevelopment activities. The parking revenue and tax allocation bonds are secured by certain pledged revenues of the former RDA and are not direct liabilities of the City. In no event will the bonds be payable out of any funds or properties other than those of the Successor Agency or former RDA, along with any monies held by the trustee in the funds and accounts established under the indentures, and any amounts, including proceeds from the sale of the bonds, held in any fund or account established pursuant to the related bond indentures.

As of June 30, 2024, the status of each of the parking revenue and tax allocation bonds issued is as follows:

	Original Amount	Balance Outstanding June 30, 2024
Revenue Bonds:		
Centre City Parking, Series 1999 A	\$ 12,105	\$ 1,525
Centre City Parking, Series 2003 B	20,515	1,230
Total Revenue Bonds	<u>32,620</u>	<u>2,755</u>
Tax Allocation Bonds:		
Centre City Redevelopment Project, Series 2001 A	58,425	4,102
Successor Agency Redevelopment Refunding, Series 2016 A	145,080	61,635
Successor Agency Redevelopment Refunding, Series 2016 B	30,105	11,285
Successor Agency Redevelopment Refunding, Series 2017 A	64,565	47,780
Successor Agency Redevelopment Refunding, Series 2017 B	155,400	112,355
Total Tax Allocation Bonds	<u>453,575</u>	<u>237,157</u>
Total Bonds	<u>\$ 486,195</u>	<u>\$ 239,912</u>
Accreted Interest Payable on Tax Allocation Bonds:		
Centre City Redevelopment Project, Series 2001 A		<u>\$ 9,999</u>

c. Loans Payable

The former RDA issued loans for the purpose of financing redevelopment activities. The loans are secured by certain pledged revenues of the former RDA. Senate Bill 107 Local Government Section 34173 (h)(1) states "Repayment of loans created under this subdivision shall be applied first to principal, and second interest, and shall be subordinate to other approved enforceable obligations. As of June 30, 2024, interest of \$499,790 was paid towards the Naval Training Center Section 108 Loan. Interest of \$15,000 was paid towards miscellaneous loans.

	Original Amount	Balance Outstanding June 30, 2024
Loans Payable:		
City of San Diego - Naval Training Center Section 108, Dated June 2004	<u>\$ 5,910</u>	<u>\$ —</u>
Accrued Interest Payable:		
City San Diego - Naval Training Center Section 108	\$ 1,899	\$ 500
City of San Diego - Miscellaneous	105,733	47,994
Total Accrued Interest Payable	<u>\$ 107,632</u>	<u>\$ 48,494</u>

d. Liability Claims

The former RDA entered into three agreements to benefit the Grantville Redevelopment Project Area: the Joint Projects Cooperation Agreement with the County of San Diego (County); the North Embarcadero Cooperation Agreement with the County; and the Transit Line Cooperation Agreement with the City of San Diego (City). All three agreements state that the RDA, using tax increment from the Grantville and Centre City Redevelopment Projects, shall provide the County and City a portion of the cost of construction for these improvements. Pursuant to Health & Safety Code Sections 33445 and 33679, (39) annual payments to the County and City were required, commencing in fiscal year 2012. As of June 30, 2024, the outstanding amounts for the three agreements total \$62,555.

e. Amortization Requirements

The annual requirements to amortize the private-purpose trust fund long-term debt outstanding as of June 30, 2024, including interest payments to maturity, are as follows:

Year Ending June 30	Loans Payable		Revenue Bonds		Tax Allocation Bonds		
	Principal	Interest	Principal	Interest	Principal	Unaccrued Appreciation ²	Interest
2025	\$ —	\$ 15,500	\$ 1,130	\$ 128	\$ 23,650	\$ 2,845	\$ 9,517
2026	—	—	1,195	59	24,686	3,989	8,510
2027	—	—	430	11	25,441	4,169	7,460
2028	—	—	—	—	18,330	—	6,530
2029	—	—	—	—	14,590	—	5,821
2030-2034	—	—	—	—	67,400	—	19,901
2035-2039	—	—	—	—	43,160	—	9,005
2040-2044	—	—	—	—	19,900	—	848
Unscheduled ¹	—	32,994	—	—	—	—	—
Total	<u>\$ —</u>	<u>\$ 48,494</u>	<u>\$ 2,755</u>	<u>\$ 198</u>	<u>237,157</u>	<u>11,003</u>	<u>67,592</u>
Add: Accrued Appreciation through June 30, 2024					9,999	—	—
Total					<u>\$ 247,156</u>	<u>\$ 11,003</u>	<u>\$ 67,592</u>

¹ The accrued interest associated with loans payable to the City in the amount of \$48,494 are payable dependent on each annual approved Recognized Obligation Payment Schedules.

² Unaccrued Appreciation represents the amount to be accrued in future years regardless of the timing of cash flows.

f. Change in Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the private-purpose trust fund for the year ended June 30, 2024. The effects of bond accretion, bond premiums, and discounts are reflected as adjustments to long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance
Liability Claims	\$ 63,515	\$ —	\$ (960)	\$ 62,555
Revenue Bonds	3,820	—	(1,065)	2,755
Unamortized Bond Premiums and Discounts	(17)	—	6	(11)
Net Revenue Bonds	3,803	—	(1,059)	2,744
Tax Allocation Bonds	260,015	—	(22,858)	237,157
Interest Accretion	11,926	785	(2,712)	9,999
Balance with Accretion	271,941	785	(25,570)	247,156
Unamortized Bond Premiums and Discounts	18,418	174	(2,011)	16,581
Net Tax Allocation Bonds	290,359	959	(27,581)	263,737
Interest Accrued on City Loans	63,994	—	(15,500)	48,494
Total	<u>\$ 421,671</u>	<u>\$ 959</u>	<u>\$ (45,100)</u>	<u>\$ 377,530</u>

20. CLOSURE AND POSTCLOSURE CARE COST (Dollars in Thousands)

State and federal laws and regulations require that the City place a final cover on its Miramar Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition, federal and state regulations require that the City set aside funds annually to fund closure costs and to demonstrate financial resources sufficient to meet certain corrective actions.

Closure and Postclosure Care Liability

Per the Solid Waste Facility Permit issued by the Local Enforcement Agency with concurrence from the State, the estimated closure year of the landfill is 2031. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date.

The \$62,647 reported as landfill closure and postclosure care liability as of June 30, 2024, represents the cumulative amount reported to date based on the use of 84% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$11,661 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care as of June 30, 2024. These cost estimates are subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Funding Requirements

As of June 30, 2024, the City is in compliance with state and federal laws and regulations requiring annual contributions to finance closure costs. At the end of fiscal year 2024, cash or equity in pooled cash and investments of \$35,918 was held for this purpose. The closure/postclosure care liability amount of \$62,647 reported in the Refuse Disposal Fund includes \$36,175 for closure costs. The City has pledged its greenery recycling revenues as financial assurance for postclosure maintenance costs and is not required to advance fund postclosure care costs.

As of June 30, 2024, the City is in compliance with state and federal laws and regulations to demonstrate financial resources sufficient to conduct corrective action for all known or reasonably foreseeable releases from the Miramar Landfill site, meeting the cost estimate approved by the San Diego Regional Water Quality Control Board. At the end of fiscal year 2024, cash or equity in pooled cash and investments of \$1,796 was held for this purpose. This amount is reported as restricted net position in the Refuse Disposal Fund.

For both closure/postclosure care and corrective action, the City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional closure/postclosure care requirements are imposed due to changes in technology or applicable laws or regulations, these costs may need to be paid by charges to future landfill users or from other sources. At the end of fiscal year 2024, accrued interest of \$197 is included as a component of restricted net position in the Refuse Disposal Fund.

21. FUND BALANCES (Dollars in Thousands)

The following table provides additional detail regarding the City's governmental fund balances:

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
NONSPENDABLE			
Legally/Contractually Required to be Maintained Intact	\$ —	\$ 19,930	\$ 19,930
RESTRICTED			
Low and Moderate Income Housing	—	429,979	429,979
Underground Surcharge	—	394,299	394,299
Facilities Benefit Assessments	—	255,135	255,135
Impact Fees	—	219,771	219,771
Capital Outlay - Unbudgeted ¹	—	100,815	100,815
Grants ¹	869	76,393	77,262
Capital Outlay - Budgeted	—	77,194	77,194
Tourism Marketing Districts	—	54,704	54,704
TransNet	—	49,888	49,888
Road Maintenance & Rehabilitation	39,538	—	39,538
Maintenance Assessment Districts	—	28,270	28,270
Parking Meter Districts	—	26,304	26,304
Developer Contributions	—	25,696	25,696
Environmental Growth	18,389	—	18,389
Infrastructure Fund (Prop H)	16,780	—	16,780
Park Boulevard State Appropriation	—	15,082	15,082
Otay Mesa EIFD	—	12,742	12,742
Tobacco Settlement Revenue Funding Corporation	—	11,490	11,490
SD Residential Lead Abatement Settlement	—	9,812	9,812
Special Gas Tax Street Improvement	9,406	—	9,406
Jane Cameron Estate	—	8,743	8,743
Successor Agency Property Management	—	7,206	7,206
Fiesta Island Sludge Mitigation	—	6,969	6,969
Prop 64 Fund	—	5,726	5,726
Seized Assets	—	5,001	5,001
Library Donations	—	4,433	4,433
Neighborhood Enhancement	—	4,229	4,229
6th & K Operating Fund	—	4,167	4,167
Disability Surcharge (SB 1186)	—	4,113	4,113
Library Donations Matching Fund	—	3,844	3,844
San Diego Regional Consolidated RLF	—	3,629	3,629
Miscellaneous Donations	—	3,599	3,599
Citizens Option for Public Safety (COPS)	—	3,480	3,480
Public Safety Training	—	2,585	2,585
Los Penasquitos Trust	—	2,550	2,550
UCSD Fire Station	—	2,413	2,413
Downtown PBID	—	2,187	2,187
Parks & Recreation Districts	—	1,648	1,648
Library Improvement	1,634	—	1,634
Storm Drain Fund	—	1,550	1,550
Tierrasanta Ordinance	—	1,497	1,497
6th & Market Operating Fund	—	1,258	1,258

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RESTRICTED (Continued)			
CARES Act Revolving Loan Fund	\$ —	\$ 1,121	\$ 1,121
Other ²	1,882	18,146	20,028
Total Restricted	<u>88,498</u>	<u>1,887,668</u>	<u>1,976,166</u>
COMMITTED			
Emergency Reserve	107,600	—	107,600
Public Liability	37,376	—	37,376
Workers' Compensation	35,608	—	35,608
Capital Outlay - Unbudgeted	—	25,476	25,476
Climate Equity Fund	15,446	—	15,446
City TV	—	10,846	10,846
Transient Occupancy Tax	—	8,951	8,951
SAP Support	8,109	—	8,109
Public Arts	—	7,307	7,307
Civil Penalty Enforcement	—	6,240	6,240
Trench Cut Fees	—	6,182	6,182
Information Technology	5,229	—	5,229
Energy Independence Fund	3,934	—	3,934
EMS/MTS Fund	3,510	—	3,510
Community Equity Fund (CEF)	3,157	—	3,157
Concourse & Parking Garage Operating Fund	2,732	—	2,732
Automated Refuse Containers	—	2,231	2,231
Retirement UAAL SDCERS Reserve	1,851	—	1,851
Facilities Financing Program	—	1,679	1,679
General Plan Maintenance Fund	—	1,425	1,425
Economic & Workforce Development	—	1,320	1,320
Antenna Lease Revenue	1,172	—	1,172
Other ²	158	7,251	7,409
Total Committed	<u>225,882</u>	<u>78,908</u>	<u>304,790</u>
ASSIGNED			
Subsequent Year's Budget: Appropriation of Fund Balance	84,445	—	84,445
Other ²	1,138	—	1,138
Total Assigned	<u>85,583</u>	<u>—</u>	<u>85,583</u>
UNASSIGNED	<u>130,480</u>	<u>(173,746)</u>	<u>(43,266)</u>
TOTAL FUND BALANCE	<u>\$ 530,443</u>	<u>\$ 1,812,760</u>	<u>\$ 2,343,203</u>

¹ Restricted Fund Balance for Grants and Capital Outlay includes \$47,994 and \$27,802 respectively, for long-term receivables due from the Successor Agency. These amounts are not available to satisfy liabilities of the current period.

² The amounts reported as "Other" are comprised of a variety of restrictions, commitments, and assignments less than \$1,000.

22. SUBSEQUENT EVENTS (Dollars in Thousands)

The following information describes certain events that occurred after the end of the fiscal year.

Loan Agreements

On July 11, August 13, September 12, October 11, and November 13, 2024, the City received loan proceeds from the First WIFIA Loan in the amounts of \$5,403, \$7,461, \$19,178, \$27,843, and \$8,980, respectively. The First WIFIA Loan will fund a portion of the Water Utility Fund's cost of the Pure Water Program Phase I Project. The interest rate on the loan is 1.29%.

On August 19, August 29, and September 23, 2024, the City's Water Utility Fund received loan proceeds from the SRF Loan Agreement with SWRCB for the Morena Pipeline Project in the amounts of \$1,333, \$605, and \$87, respectively. The interest rate on the loan is 2.1%.

On October 31, 2024, the City's Water Utility Fund entered into a Drinking Water State Revolving Fund (DWSRF) loan agreement with the SWRCB to finance the Alvarado 2nd Pipeline Extension Project. The DWSRF loan is a drawdown loan that will fund up to an estimated project cost of \$145,692 at an interest rate of 2.10%. The repayment period for the loan is 30 years from the completion of construction, and the final maturity date is currently estimated to be December 30, 2058, which is subject to change.

On September 9, September 30, and October 25, 2024, the City's Sewer Utility Fund received a total of \$35,316 in loan proceeds from the SRF Loan Agreement with SWRCB, including \$20,355 for the Pure Water Conveyance Project, \$6,004 for the Pure Water Reclamation Plant Expansion Projects, and \$8,957 for the Pure Water Morena Boulevard Project. The interest rates on the loans are between 0.8% and 1.1%.

Water Commercial Paper

On October 9 and November 20, 2024, the PFFA issued Water CP Notes in the amount of \$11,613 and \$26,888, respectively, to finance the design, acquisition, construction, installation, and improvements of components of the City's water system. The interest rates on the Water CP Notes are 3.0% and 3.12% respectively.

Financed Purchase Obligations

On September 24, 2024, the City lease-purchased various public safety and support vehicles in the amount of \$9,038. Under the agreement with Banc of America Public Capital Corp., the vehicles will be financed for seven years at an interest rate of 3.29%.

Lease Revenue Bonds and Sewer Revenue Bonds

On July 25, 2024, the PFFA issued tax-exempt Lease Revenue and Lease Revenue Refunding Bonds, Series 2024A (2024 Bonds) in the amount of \$213,130. The bonds were issued to pay down outstanding Lease Revenue Commercial Paper Notes, Series A, refund Lease Revenue Refunding Bonds Series 2012B (2012B Bonds) and Series 2013A (2013A Bonds), finance the costs of the acquisition, design, construction, installation, improvement, replacement, and equipping of certain improvement projects of the City, and pay costs of issuance incurred in connection with the issuance of the 2024 Bonds. As of July 25, 2024 (closing date), the reacquisition price exceeded the net carrying amount of the old debt by \$105 for the 2012A Bonds. This amount will be reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt. For 2013A Bonds, the net carrying value of the old bond exceeded the reacquisition price by \$669. This amount will be reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt. The full refunding for both 2012A Bonds and 2013A Bonds reduced the total debt service payments by \$4,487 and resulted in an economic gain of \$3,322. The final maturity for the Series 2024 Bonds is October 15, 2054.

On August 14, 2024, the PFFA issued tax-exempt Subordinated Sewer Revenue Bonds, Series 2024A (2024A Sewer Bonds) in the amount of \$267,475. The proceeds of these bonds will be used to finance the Sewer Utility Fund's Capital Improvement Program (CIP) projects. The 2024A Sewer Bonds are payable solely from installment payments secured by the Net System Revenues of the Sewer Utility Fund. The final maturity for the Series 2024A Sewer Bonds is May 15, 2054.

Litigation

In September 2024, the city received \$35,700 from SDG&E. This is a return of funds previously advanced to SDG&E on March 4, 2019, as part of the execution of the Reservation of Rights Agreement for the Pure Water Program projects approved by City Council on November 20, 2018 (R-312063). Funds will be allocated between the Sewer and Water Utilities in accordance with the original advancement.



Required Supplementary Information (Unaudited) Defined Benefit Pension Plans and OPEB Plan



*Fire Station No. 9 in Golden Hill (1920)
Courtesy of San Diego History Center*

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

June 30, 2024

(Dollars in Thousands)

GASB 67 and 68 Reporting

Schedule of Changes in Net Pension Liability and Related Ratios

	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014
Total Pension Liability										
Service Cost (Middle of Year)	\$ 218,323	\$ 132,557	\$ 147,459	\$ 127,076	\$ 118,597	\$ 108,871	\$ 106,877	\$ 93,804	\$ 102,688	\$ 107,003
Interest (Includes Interest on Service Cost)	769,694	729,930	709,283	663,823	640,508	628,500	613,529	573,760	554,988	537,875
Changes of benefit terms	332,673	—	—	—	—	—	—	—	—	—
Differences Between Expected and Actual Experience	137,386	8,221	77,579	186,951	143,136	58,618	71,123	21,285	46,416	—
Changes in Assumptions	—	—	—	290,843	—	266,606	249,740	620,314	—	—
Benefit Payments, Including Refunds of Member Contributions	(646,465)	(621,631)	(597,413)	(561,837)	(534,023)	(515,078)	(477,039)	(452,781)	(429,238)	(384,980)
Net Change in Total Pension Liability	811,611	249,077	336,908	706,856	368,218	547,517	564,230	856,382	274,854	259,898
Total Pension Liability, Beginning	11,719,467	11,470,390	11,133,482	10,426,626	10,058,408	9,510,891	8,946,661	8,090,279	7,815,425	7,555,527
Total Pension Liability, Ending	12,531,078	11,719,467	11,470,390	11,133,482	10,426,626	10,058,408	9,510,891	8,946,661	8,090,279	7,815,425
Plan Fiduciary Net Position										
Contributions-Employer	425,601	418,924	369,678	354,349	326,982	328,922	265,572	259,543	268,061	279,659
Contributions-Member	330,821	77,518	67,026	68,652	62,709	57,937	57,050	59,377	59,042	65,467
Net Investment Income	473,107	(137,053)	1,980,288	19,006	477,484	594,843	857,923	64,155	207,653	935,051
Benefit Payments, Including Refunds of Member Contributions	(646,465)	(621,631)	(597,413)	(561,837)	(534,023)	(515,078)	(477,039)	(452,781)	(429,238)	(384,980)
Administrative Expense	(13,232)	(12,402)	(11,160)	(10,688)	(10,238)	(10,570)	(10,778)	(10,900)	(8,693)	(10,467)
Net Change in Plan Fiduciary Net Position	569,832	(274,644)	1,808,419	(130,518)	322,914	456,054	692,728	(80,606)	96,825	884,730
Plan Fiduciary Net Position, Beginning	9,171,060	9,445,704	7,637,285	7,767,803	7,444,889	6,988,835	6,296,107	6,376,713	6,279,888	5,395,158
Plan Fiduciary Net Position, Ending	9,740,892	9,171,060	9,445,704	7,637,285	7,767,803	7,444,889	6,988,835	6,296,107	6,376,713	6,279,888
Net Pension Liability, Ending	\$2,790,186	\$2,548,407	\$2,024,686	\$3,496,197	\$2,658,823	\$2,613,519	\$2,522,056	\$2,650,554	\$1,713,566	\$1,535,537
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73 %	78.25 %	82.35 %	74.02 %	74.50 %	74.02 %	73.48 %	70.37 %	78.82 %	80.35 %
Covered Pensionable Payroll	\$ 525,995	\$ 466,864	\$ 501,204	\$ 484,764	\$ 455,753	\$ 448,890	\$ 465,100	\$ 480,662	\$ 480,536	\$ 499,463
Net Pension Liability as a Percentage of Covered Payroll	530.46 %	545.86 %	403.96 %	721.22 %	583.39 %	582.22 %	542.26 %	551.44 %	356.59 %	307.44 %

GASB 73 Reporting**Preservation of Benefits Plan Schedule of Changes in Total Pension Liability**

<u>Total Pension Liability</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>
Service Cost (Middle of Year)	\$ 87	\$ 206	\$ 251	\$ 119	\$ 87
Interest (Includes Interest on Service Cost)	471	366	372	402	425
Differences Between Expected and Actual Experience	(1,421)	(622)	876	2,707	999
Changes in Assumptions	(136)	(2,299)	130	3,553	424
Benefit Payments	<u>(974)</u>	<u>(1,442)</u>	<u>(1,562)</u>	<u>(1,481)</u>	<u>(1,403)</u>
Net Change in Total Pension Liability	(1,973)	(3,791)	67	5,300	532
Total Pension Liability, Beginning	<u>13,753</u>	<u>17,544</u>	<u>17,477</u>	<u>12,177</u>	<u>11,645</u>
Total Pension Liability, Ending	<u>\$ 11,780</u>	<u>\$ 13,753</u>	<u>\$ 17,544</u>	<u>\$ 17,477</u>	<u>\$ 12,177</u>
Covered-Employee Payroll	\$ 525,995	\$ 466,864	\$ 501,204	\$ 484,764	\$ 455,753
Total Pension Liability as a Percentage of Covered-Employee Payroll	2.24 %	2.95 %	3.50 %	3.61 %	2.67 %

<u>Total Pension Liability</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Service Cost (Middle of Year)	\$ 54	\$ 60	\$ 36
Interest (Includes Interest on Service Cost)	353	313	406
Differences Between Expected and Actual Experience	2,352	635	—
Changes in Assumptions	(216)	(589)	1,588
Benefit Payments	<u>(1,430)</u>	<u>(1,634)</u>	<u>(1,596)</u>
Net Change in Total Pension Liability	1,113	(1,215)	434
Total Pension Liability, Beginning	<u>10,532</u>	<u>11,747</u>	<u>11,313</u>
Total Pension Liability, Ending	<u>\$ 11,645</u>	<u>\$ 10,532</u>	<u>\$ 11,747</u>
Covered-Employee Payroll	\$ 448,890	\$ 465,100	\$ 480,662
Total Pension Liability as a Percentage of Covered-Employee Payroll	2.59 %	2.26 %	2.44 %

Pension Schedules are intended to show information for ten years. Data will be displayed as it becomes available.

There are no assets in a trust compliant with GASB codification P22.101. The City funds benefits on a pay-as-you-go basis and elected not to pre-fund its pension obligation. As a result, there are no plan assets and the total pension liability is equal to the NPL.

Pension Plans Schedule of Employer Contributions**Last 10 Fiscal Years (Dollars in Thousands)**

	2024	2023	2022	2021	2020
Actuarially Determined Contribution	\$ 400,500	\$ 384,300	\$ 414,900	\$ 365,600	\$ 350,500
Contributions	448,100	421,800	414,900	365,600	350,500
Contribution Deficiency/(Excess) ²	\$ (47,600)	\$ (37,500)	\$ —	\$ —	\$ —
Covered Payroll ¹	\$ 946,234	\$ 525,995	\$ 466,864	\$ 501,204	\$ 484,764
Contributions as a Percentage of Covered Payroll	47.36 %	80.19 %	88.87 %	72.94 %	72.30 %
	2019	2018	2017	2016	2015
Actuarially Determined Contribution	\$ 322,900	\$ 324,500	\$ 261,100	\$ 254,900	\$ 263,600
Contributions	322,900	324,500	261,100	254,900	263,600
Contribution Deficiency/(Excess) ²	\$ —	\$ —	\$ —	\$ —	\$ —
Covered Payroll ¹	\$ 455,753	\$ 448,890	\$ 465,100	\$ 480,662	\$ 480,536
Contributions as a Percentage of Covered Payroll	70.85 %	72.29 %	56.14 %	53.03 %	54.86 %

Valuation Date: 6/30/2022

Key Methods and Assumptions Used to Determine Contributions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Expected Value Method
Amortization Method	Closed periods. Payments are a level percentage of payroll (Police) or level dollar (non-Police). Gains or losses amortized over different periods depending on the source and date established. In the 2012 valuation, as a result of Proposition B, the UAL for the non-Police portion of the Plan was re-amortized over a closed 15-year period with level dollar payments. In the 2017 valuation, a five-year layering method was adopted for certain components of the UAL in order to improve the projected stability of future employer contributions.
Discount Rate	6.50%. The discount rate was reduced from 7.50% to 7.25% in the 2013 valuation, from 7.25% to 7.125% in the 2015 valuation, from 7.125% to 7.00% in the 2016 valuation, from 7.00% to 6.75% in the 2017 valuation and from 6.75% to 6.50% in the 2018 valuation.
Amortization Growth Rate	3.05%. Same pattern of changes described below for salary increase assumption (excluding freezes).
Wage Inflation	3.05%. Same pattern of changes described below for salary increase assumption.
Salary Increases	3.05% (following assumed freezes in FYs 2015-2018) plus merit component based on employee classification and years of service ranging from 10.00% for new hires to 0.75% for members with 15 or more years of service. The across-the-board salary increase assumption was reduced from 3.75% to 3.30% in the 2013 valuation, from 3.30% to 3.175% in the 2015 valuation, and from 3.175% to 3.05% in the 2016 valuation.
Cost-Of-Living Adjustments	1.9%, combined annually. The COLA assumption was reduced from 2.0% to 1.9% in the 2016 valuation.
Mortality	Healthy actives and annuitants: For General members, the sex distinct 2010 SOA Public General Employees and Healthy Retirees Amount-Weighted Mortality Tables, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019. For Safety active members, the sex distinct 2010 SOA Public Safety Employees Amount-Weighted Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019. For Safety healthy annuitants and beneficiaries are based on the sex distinct 2010 SOA Public Safety Healthy Retirees Amount-Weighted Mortality Table, adjusted by 90% for males and no adjustment for females, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019. Disabled annuitants: For General members, the sex distinct CalPERS Industrial Related Disability Mortality Table from the CalPERS December 2017 experience study, without adjustment, with generational mortality improvements projected from 2013 using a variation of Projection Scale MP-2019. For Safety members, the sex distinct 2010 SOA Public Safety Disabled Retirees Amount- Weighted Mortality Table, without adjustment, with generational mortality

A complete description of the methods and assumptions used to determine the contribution for the fiscal year ended June 30, 2024, can be found in the June 30, 2022 actuarial valuation reports, which are available online at www.sdcers.org.

The annual money-weighted rate of return on pension plan investments can be found in the separately issued SDCERS financial report available at www.sdcers.org.

¹ Covered Payroll represented above is based on pensionable earnings provided by the Plan Sponsor and used by the Actuary to calculate the fiscal year ADC.

² For 2023 and 2024 fiscal years, the City made additional normal cost contributions.

OPEB TRUST FUND**GASB 75 Reporting****Schedule of Changes in the Net OPEB Liability and Related Ratios (Dollars in Thousands)**

Total OPEB Liability	FYE 2023	FYE 2022	FYE 2021	FYE 2020	FYE 2019
Service Cost	\$ 356	\$ 449	\$ 610	\$ 709	\$ 815
Interest on the Total OPEB Liability	31,855	35,191	36,828	36,287	36,549
Differences Between Expected and Actual Experience	6,694	4,381	(1,509)	4,019	1,293
Changes in Assumptions	79	(46,552)	(17,886)	9,553	7,459
Benefit Payments	(38,041)	(39,091)	(39,067)	(39,744)	(39,705)
Net Change in Total OPEB Liability	943	(45,622)	(21,024)	10,824	6,411
Total OPEB Liability, Beginning	525,622	571,244	592,268	581,444	575,033
Total OPEB Liability, Ending	\$ 526,565	\$ 525,622	\$ 571,244	\$ 592,268	\$ 581,444

Plan Fiduciary Net Position

Contributions-Employer	\$ 37,855	\$ 37,000	\$ 33,849	\$ 36,352	\$ 37,436
Contributions-Member	186	228	292	378	463
Net Investment Income	4,433	(17,710)	24,204	6,438	7,990
Benefit Payments	(38,041)	(39,091)	(39,067)	(39,744)	(39,705)
Administrative Expense	(35)	(36)	(46)	(59)	(25)
Net Change in Plan Fiduciary Net Position	4,398	(19,609)	19,232	3,365	6,159
Plan Fiduciary Net Position, Beginning	121,916	141,525	122,293	118,928	112,769
Plan Fiduciary Net Position, Ending	126,314	121,916	141,525	122,293	118,928
Net OPEB Liability, Ending	\$ 400,251	\$ 403,706	\$ 429,719	\$ 469,975	\$ 462,516
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	23.99 %	23.19 %	24.77 %	20.65 %	20.45 %
Covered-Employee Payroll	\$ 27,880	\$ 29,465	\$ 31,957	\$ 38,667	\$ 46,073
Net OPEB Liability as a Percentage of Covered-Employee Payroll	1435.62 %	1370.12 %	1344.68 %	1215.44 %	1003.88 %

Total OPEB Liability

	FYE 2018	FYE 2017
Service Cost	\$ 1,010	\$ 1,237
Interest on the Total OPEB Liability	43,543	43,617
Differences Between Expected and Actual Experience	(3,432)	(4,915)
Changes in Assumptions	(91,058)	—
Benefit Payments	(41,360)	(40,280)
Net Change in Total OPEB Liability	(91,297)	(341)
Total OPEB Liability, Beginning	666,330	666,671
Total OPEB Liability, Ending	\$ 575,033	\$ 666,330

Plan Fiduciary Net Position

Contributions-Employer	\$ 30,379	\$ 30,326
Contributions-Member	577	719
Net Investment Income	7,348	8,590
Benefit Payments	(41,360)	(40,280)
Administrative Expense	(61)	(59)
Net Change in Plan Fiduciary Net Position	(3,117)	(704)
Plan Fiduciary Net Position, Beginning	115,886	116,590
Plan Fiduciary Net Position, Ending	112,769	115,886
Net OPEB Liability, Ending	\$ 462,264	\$ 550,444
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	19.61 %	17.39 %
Covered-Employee Payroll	\$ 51,372	\$ 61,397
Net OPEB Liability as a Percentage of Covered-Employee Payroll	899.84 %	896.53 %

OPEB Schedules are intended to show information for ten years. Data will be displayed as it becomes available.

OPEB Plan Schedule of Employer Contributions
Last 10 Fiscal Years (Dollars in Thousands)

	2024	2023	2022	2021	2020
Contractually Required Contribution	\$ 50,000	\$ 63,324	\$ 65,376	\$ 65,376	\$ 65,376
Contributions in Relation to the Contractually Required Contributions	50,000	63,324	65,376	65,376	65,376
Contribution Deficiency/(Excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-Employee Payroll ¹	\$ 28,099	\$ 29,604	\$ 32,116	\$ 38,707	\$ 46,073
Contributions as a Percentage of Covered-Employee Payroll	177.94 %	213.90 %	203.56 %	168.90 %	141.90 %

	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 63,781	\$ 62,225	\$ 60,707	\$ 59,227	\$ 57,782
Contributions in Relation to the Contractually Required Contributions	63,781	62,225	60,707	59,227	57,782
Contribution Deficiency/(Excess)	\$ —	\$ —	\$ —	\$ —	\$ —
Covered-Employee Payroll ¹	\$ 51,483	\$ 62,437	\$ 61,397	\$ 74,002	\$ 87,252
Contributions as a Percentage of Covered-Employee Payroll	123.89 %	99.66 %	98.88 %	80.03 %	66.22 %

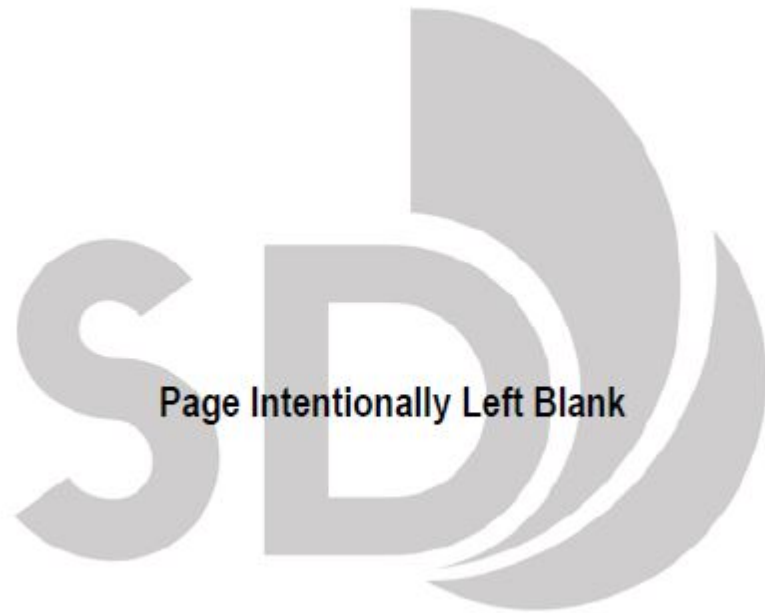
Valuation Date: June 30, 2023

Actuarial Assumptions and Methods

Actuarial Cost Method	Entry Age Normal, level percent of pay. Service Costs are attributed through all assumed ages of exit from active service. For DROP participants, assumed exit from active service is the date at which DROP ends.
Asset Valuation Method	Market value.
Amortization Method	Gains or losses are amortized over different periods depending on the source.
Discount Rate	6.28%
Consumer Price Index	2.50%
Salary Increases	Inflation component of 3.25%, and additional merit scale that varies by service from 10% for new hires to 0.75% for those with 15 or more years of service.
Medical Cost and Premium Trend Rates	The initial pre-65 HMO and PPO trend assumption rates start at 7.25% in FY24 and are in line with recent healthcare trend survey assumptions for non-Medicare coverage. The post-Medicare initial trend assumption rates start at 6.25% in FY24 and are in line with supplement with drug coverage for Medicare retirees. The National Health Expenditure trend rates start at 4.70% in FY24 and are in line with recent projections on national health spending published by Centers for Medicare & Medicaid Services. On a longer term basis, trend is assumed to reach an ultimate level of 4.50% consisting of 2.50% CPI, plus 1.25% real GDP plus 0.75% technology.
Mortality	General Actives: Pub-2010 General Employees Amount-Weighted Mortality Table, without adjustment, projected from the 2010 base year using Projection Scale MP-2021 Safety Actives: Pub-2010 Safety Employees Amount-Weighted Mortality Table, adjusted by 90% for males and no adjustment for females, projected from the 2010 base year using Projection Scale MP-2021 General Retirees: Pub-2010 General Healthy Retirees Amount-Weighted Mortality Table, without adjustment, projected from the 2010 base year using Projection Scale MP-2021 Safety Retirees: Pub-2010 Safety Healthy Retirees Amount-Weighted Mortality Table, adjusted by 90% for males and no adjustment for females, projected from the 2010 base year using Projection Scale MP-2021 General Disabled Retirees: CalPERS Industrial-Related Disabled Retirees Mortality Table from the CalPERS December 2017 experience study, without adjustment, projected from the 2013 base year using Projection Scale MP-2021 Safety Disabled Retirees: Pub-2010 Safety Disabled Retirees Amount-Weighted Mortality table, without adjustment, projected from the 2010 base year using Projection Scale MP-2021

OPEB Schedules are intended to show information for ten years. Data will be displayed as it becomes available.

¹ Covered-Employee Payroll includes payroll for active employees in Options A and B only.



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Required Supplementary Information (Unaudited) General Fund



*Carnegie Public Library, E Street between 7th & 8th Avenue
Courtesy of San Diego History Center*

General Fund

The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

General Fund revenues are derived from such sources as: Taxes; Franchise Fees, Licenses and Permits; Fines, Forfeitures, and Penalties; Revenue from the Use of Money and Property; Revenue from Federal and Other Agencies; Revenue from Private Sources; Charges for Current Services; and Other Revenue.

Current expenditures are classified by the following functions: General Government and Support; Public Safety - Police; Public Safety - Fire and Emergency Services; Parks, Recreation, Culture and Leisure; Transportation; Sanitation and Health; Neighborhood Services; Capital Outlay; and Debt Service Principal and Interest. This fund is appropriated annually.

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Original Budget	Final Budget	Actual Amounts ¹	Variance with Final Budget Positive (Negative)
REVENUES				
Property Taxes	\$ 758,617	\$ 758,617	\$ 770,817	\$ 12,200
Sales Taxes	401,666	401,666	376,959	(24,707)
Transient Occupancy Taxes	172,642	172,642	163,764	(8,878)
Franchise Fees	110,312	110,312	118,425	8,113
Other Local Taxes	11,953	11,953	9,624	(2,329)
Licenses and Permits	44,887	44,887	39,296	(5,591)
Fines, Forfeitures and Penalties	32,662	32,662	29,850	(2,812)
Revenue from Use of Money and Property	72,695	72,695	75,330	2,635
Revenue from Federal Agencies	3,440	3,440	502	(2,938)
Revenue from Other Agencies	6,912	6,912	11,250	4,338
Revenue from Private Sources	167	167	94	(73)
Charges for Current Services	243,394	243,394	257,669	14,275
Other Revenue	1,833	1,833	20,581	18,748
TOTAL REVENUES	1,861,180	1,861,180	1,874,161	12,981
EXPENDITURES				
Current:				
General Government and Support	382,626	366,603	355,076	11,527
Public Safety - Police	622,884	617,525	617,525	—
Public Safety - Fire and Emergency Services	351,743	369,332	368,972	360
Parks, Recreation, Culture and Leisure	252,546	253,134	252,120	1,014
Transportation	97,877	108,216	108,216	—
Sanitation and Health	163,646	168,968	168,545	423
Neighborhood Services	85,672	82,752	80,726	2,026
Capital Outlay	1,478	5,361	5,276	85
Debt Service:				
Principal Retirement	8,298	7,973	7,489	484
Interest	906	896	1,022	(126)
TOTAL EXPENDITURES	1,967,676	1,980,760	1,964,967	15,793
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(106,496)	(119,580)	(90,806)	28,774
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	156,587	156,587	156,658	71
Transfers to Other Funds	(114,159)	(95,999)	(89,717)	6,282
Proceeds from the Sale of Capital Assets	—	—	17	17
TOTAL OTHER FINANCING SOURCES (USES)	42,428	60,588	66,958	6,370
NET CHANGE IN FUND BALANCE	(64,068)	(58,992)	(23,848)	35,144
FUND BALANCE AT BEGINNING OF YEAR	335,969	335,969	335,969	—
FUND BALANCE AT END OF YEAR	\$ 271,901	\$ 276,977	\$ 312,121	\$ 35,144

See accompanying note to required supplementary information.

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
Fiscal Year Ended June 30, 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Data

Each year, the Mayor submits to the City Council and the public a proposed operating and capital improvements budget by April 15 for the fiscal year commencing July 1. This budget includes annual budgets for the following governmental funds:

- **General Fund**
- **Special Revenue Funds**
 - City of San Diego:
 - Acquisition, Improvement and Operations
 - Transient Occupancy Tax
 - Underground Surcharge
 - Zoological Exhibits
 - Storm Drain Revenue
 - Other Special Revenue
- **Capital Projects Funds**
 - City of San Diego:
 - TransNet
 - Capital Outlay

Included in the budget are funds that include appropriations for personnel expenses and capital projects and certain funds that collect restricted or committed revenue sources. For those funds not specifically included in the budget, the Appropriation Ordinance includes authorization to appropriate funds for the purpose established by applicable laws and/or in accordance with provisions of agreements authorized by the City Council.

Public hearings are conducted to obtain residents' comments on the proposed budget. A budget resolution legally adopting the budget for the next fiscal year is passed prior to June 15. During the month of July, the Appropriation Ordinance is passed by the City Council, appropriating funds according to the budget resolution. Budgets are prepared on the modified accrual basis of accounting, with the exception that any increase/decrease in advances to other funds and agencies are considered as additions/deductions of expenditures. The City budget is prepared excluding unrealized gains or losses resulting from the change in fair value of investments.

Budgetary control is established at the highest level by the Charter and further defined by the City Council in the Annual Appropriation Ordinance. The level of budgetary control for all City funds is exercised at the salaries and wages and non-personnel expenditures level. Budgetary control for the General Fund is at the department level, while control for other budgeted funds, including those of certain component units, is maintained at the total fund appropriation level. All amendments to the adopted budget require City Council approval except as delegated in the Appropriation Ordinance.

Reported budget figures are as originally adopted or subsequently amended. Appropriations lapse at year-end to the extent that they have not been expended except for those of a capital nature, which continue to subsequent years.

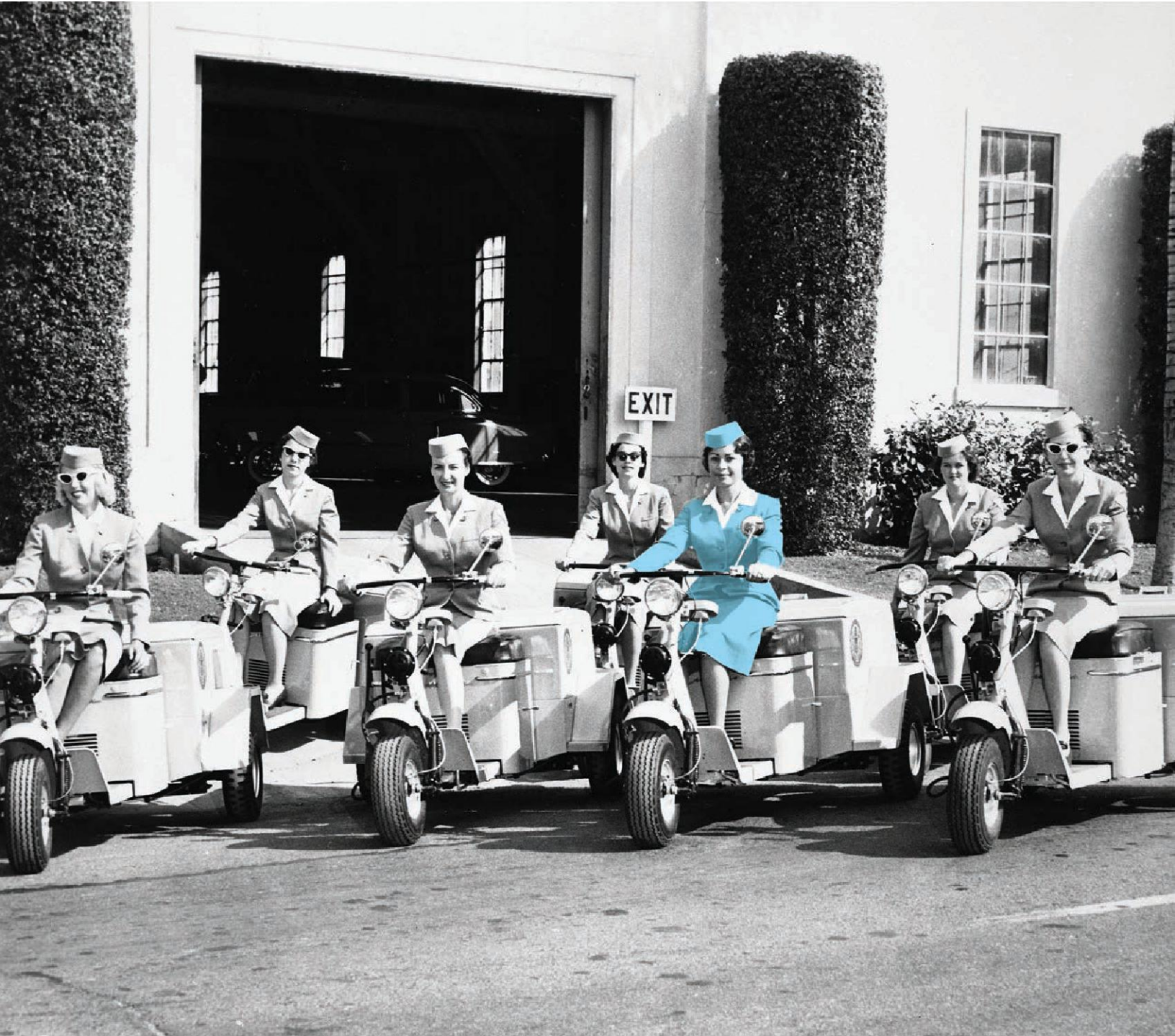
The following is a reconciliation of the net change in fund balance for the General Fund prepared on a GAAP basis to that prepared on the budgetary basis for the year ended June 30, 2024 (dollars in thousands):

	General Fund
Net Change in Fund Balance - GAAP Basis	\$ 1,024
Add (Deduct):	
Unrealized Loss, June 30, 2024	2,453
Unrealized Loss, June 30, 2023	(11,912)
Advances to Other Funds, June 30, 2024	(674)
Advances to Other Funds, June 30, 2023	674
Other Perspective Differences ¹	(5,993)
Other Fund Activity ²	(9,420)
Net Change in Fund Balance - Budgetary Basis	<u>\$ (23,848)</u>

¹ The City budgets and expends property management fees annually at a set monthly amount. This amount is then reconciled to monthly expenses for the property on a GAAP basis. Includes budgetary adjustments related to GASB Statement No. 87, *Leases and GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

² The General Fund budgetary schedule includes funds associated with General Fund operations as reported in the City's budget. General Fund financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as a special revenue fund, pursuant to GASB Statement No. 54. The City administers a number of these funds as separate budgetary entities.

Combining and Individual Fund Financial Statements and Schedules



First crew of San Diego meter maids (1953)

General Fund



*La Jolla Cove (1921)
Courtesy of San Diego History Center*

GENERAL FUND
SCHEDULE OF REVENUES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget Positive (Negative)
PROPERTY TAXES			
Current Year - Secured (One Percent Allocation)	\$ 477,147	\$ 514,448	\$ (37,301)
Current Year Supplemental - Secured	6,600	—	6,600
Current Year - Unsecured	16,269	—	16,269
Current Unsecured Supplemental Roll	101	—	101
Homeowners' Exemptions - Secured	2,342	—	2,342
Homeowners' Exemptions - Unsecured	1	—	1
Prior years' - Secured	(2,202)	—	(2,202)
Prior years' - Unsecured	(392)	—	(392)
In-Lieu Vehicle License Fees	194,230	191,361	2,869
Interest and Penalties on Delinquent Taxes	1,092	—	1,092
Escapes - Secured	12,318	—	12,318
Escapes - Unsecured	1,653	—	1,653
Other Property Taxes	52,019	52,808	(789)
State Secured Unitary	9,639	—	9,639
TOTAL PROPERTY TAXES	770,817	758,617	12,200
SALES TAXES	376,959	401,666	(24,707)
TRANSIENT OCCUPANCY TAXES	163,764	172,642	(8,878)
FRANCHISE FEES	118,425	110,312	8,113
OTHER LOCAL TAXES			
Property Transfer Tax	9,624	11,953	(2,329)
LICENSES AND PERMITS			
General Business Licenses	6,900	7,407	(507)
Refuse Collection Business Licenses	1,542	1,373	169
Other Regulatory Business Licenses	17	38	(21)
Rental Unit Tax	7,508	7,285	223
Other Licenses and Permits	23,329	28,784	(5,455)
TOTAL LICENSES AND PERMITS	39,296	44,887	(5,591)
FINES, FORFEITURES AND PENALTIES			
California Vehicle Code Violations	26,066	28,340	(2,274)
Other City Ordinance Code Violations	3,784	4,322	(538)
TOTAL FINES, FORFEITURES AND PENALTIES	29,850	32,662	(2,812)
REVENUE FROM USE OF MONEY AND PROPERTY			
Interest on Investments	5,368	1,800	3,568
Balboa Park Rents and Concessions	308	290	18
Mission Bay Park Rents and Concessions	36,986	39,800	(2,814)
Other Rents and Concessions	32,668	30,805	1,863
TOTAL REVENUE FROM USE OF MONEY AND PROPERTY	75,330	72,695	2,635
REVENUE FROM FEDERAL AGENCIES	502	3,440	(2,938)

(Continued on Next Page)

GENERAL FUND
SCHEDULE OF REVENUES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget Positive (Negative)
REVENUE FROM OTHER AGENCIES			
State Motor Vehicle License Fees	\$ 1,705	\$ —	\$ 1,705
Local Relief	65	110	(45)
Other	9,480	6,802	2,678
TOTAL REVENUE FROM OTHER AGENCIES	11,250	6,912	4,338
REVENUE FROM PRIVATE SOURCES	94	167	(73)
CHARGES FOR CURRENT SERVICES			
Cemetery Revenue	1,208	693	515
Fire Services	17,890	21,623	(3,733)
Library Revenue	285	441	(156)
Police Services	9,132	11,016	(1,884)
Swimming Pools Revenue	852	1,174	(322)
Miscellaneous Recreation Revenue	4,895	4,897	(2)
Other Services	2,382	1,515	867
Services Rendered to Other Funds for:			
General Government and Financial	220,845	201,970	18,875
Miscellaneous Services	180	65	115
TOTAL CHARGES FOR CURRENT SERVICES	257,669	243,394	14,275
OTHER REVENUE			
Other Refunds of Prior Years' Expenditures	1,143	69	1,074
Repairs and Damage Recoveries	747	471	276
Sale of Personal Property	24	44	(20)
Miscellaneous Revenue	18,667	1,249	17,418
TOTAL OTHER REVENUE	20,581	1,833	18,748
TOTAL REVENUES	1,874,161	1,861,180	12,981
TRANSFERS FROM OTHER FUNDS			
Special Revenue Funds:			
City of San Diego:			
Interfund Transfers	112,997	114,661	(1,664)
Transient Occupancy Tax	28,996	28,979	17
Capital Projects Funds:			
TransNet - Budgeted	12,512	12,512	—
Capital Outlay - Unbudgeted	1,681	—	1,681
Permanent Funds:			
Cemetery Perpetuity	472	435	37
TOTAL TRANSFERS FROM OTHER FUNDS	156,658	156,587	71
PROCEEDS FROM THE SALE OF CAPITAL ASSETS	17	—	17
TOTAL REVENUE AND TRANSFERS	\$ 2,030,836	\$ 2,017,767	\$ 13,069

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. Transfers between the General Fund and these additional funds are titled "Interfund Transfers."

GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
GENERAL GOVERNMENT AND SUPPORT			
Office of the Mayor			
Salaries and Wages	\$ 2,649	\$ 2,649	\$ —
Non-Personnel	1,669	1,669	—
Total Office of the Mayor	<u>4,318</u>	<u>4,318</u>	<u>—</u>
City Council District 1			
Salaries and Wages	1,009	1,175	166
Non-Personnel	881	1,129	248
Total City Council District 1	<u>1,890</u>	<u>2,304</u>	<u>414</u>
City Council District 2			
Salaries and Wages	1,112	1,175	63
Non-Personnel	1,110	1,210	100
Total City Council District 2	<u>2,222</u>	<u>2,385</u>	<u>163</u>
City Council District 3			
Salaries and Wages	1,133	1,175	42
Non-Personnel	1,120	1,263	143
Total City Council District 3	<u>2,253</u>	<u>2,438</u>	<u>185</u>
City Council District 4			
Salaries and Wages	866	1,175	309
Non-Personnel	887	1,171	284
Total City Council District 4	<u>1,753</u>	<u>2,346</u>	<u>593</u>
City Council District 5			
Salaries and Wages	963	1,175	212
Non-Personnel	1,153	1,330	177
Total City Council District 5	<u>2,116</u>	<u>2,505</u>	<u>389</u>
City Council District 6			
Salaries and Wages	1,128	1,175	47
Non-Personnel	987	1,104	117
Total City Council District 6	<u>2,115</u>	<u>2,279</u>	<u>164</u>
City Council District 7			
Salaries and Wages	1,109	1,175	66
Non-Personnel	1,070	1,161	91
Total City Council District 7	<u>2,179</u>	<u>2,336</u>	<u>157</u>
City Council District 8			
Salaries and Wages	1,079	1,175	96
Non-Personnel	1,218	1,357	139
Total City Council District 8	<u>2,297</u>	<u>2,532</u>	<u>235</u>
City Council District 9			
Salaries and Wages	1,250	1,250	—
Non-Personnel	801	816	15
Total City Council District 9	<u>2,051</u>	<u>2,066</u>	<u>15</u>
Council Administration			
Salaries and Wages	1,392	1,621	229
Non-Personnel	1,018	1,126	108
Total Council Administration	<u>2,410</u>	<u>2,747</u>	<u>337</u>

(Continued on Next Page)

GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
City Clerk			
Salaries and Wages	\$ 3,614	\$ 3,615	\$ 1
Non-Personnel	3,592	3,737	145
Total City Clerk	<u>7,206</u>	<u>7,352</u>	<u>146</u>
Independent Budget Analyst			
Salaries and Wages	1,693	1,694	1
Non-Personnel	972	1,056	84
Total Independent Budget Analyst	<u>2,665</u>	<u>2,750</u>	<u>85</u>
City Attorney			
Salaries and Wages	49,592	49,769	177
Non-Personnel	32,189	34,037	1,848
Total City Attorney	<u>81,781</u>	<u>83,806</u>	<u>2,025</u>
Personnel			
Salaries and Wages	8,473	8,473	—
Non-Personnel	6,088	6,088	—
Total Personnel	<u>14,561</u>	<u>14,561</u>	<u>—</u>
Ethics Commission			
Salaries and Wages	962	962	—
Non-Personnel	684	684	—
Total Ethics Commission	<u>1,646</u>	<u>1,646</u>	<u>—</u>
Office of the City Auditor			
Salaries and Wages	3,037	3,089	52
Non-Personnel	1,906	2,016	110
Total Office of the City Auditor	<u>4,943</u>	<u>5,105</u>	<u>162</u>
Commission on Police Practices			
Salaries and Wages	643	1,243	600
Non-Personnel	570	934	364
Total Commission on Police Practices	<u>1,213</u>	<u>2,177</u>	<u>964</u>
Performance and Analytics			
Salaries and Wages	2,503	2,503	—
Non-Personnel	2,537	2,770	233
Total Performance and Analytics	<u>5,040</u>	<u>5,273</u>	<u>233</u>
Human Resources			
Salaries and Wages	6,372	6,372	—
Non-Personnel	4,182	4,423	241
Total Human Resources	<u>10,554</u>	<u>10,795</u>	<u>241</u>
Department of Information Technology			
Salaries and Wages	98	98	—
Non-Personnel	1,521	1,522	1
Total Department of Information Technology	<u>1,619</u>	<u>1,620</u>	<u>1</u>
Office of the Chief Operating Officer			
Salaries and Wages	3,821	3,821	—
Non-Personnel	2,382	2,382	—
Total Office of the Chief Operating Officer	<u>6,203</u>	<u>6,203</u>	<u>—</u>

GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
Communications			
Salaries and Wages	\$ 3,895	\$ 3,895	\$ —
Non-Personnel	2,967	2,967	—
Total Communications	6,862	6,862	—
Office of Boards and Commissions			
Salaries and Wages	512	512	—
Non-Personnel	305	306	1
Total Office of Boards and Commissions	817	818	1
Government Affairs			
Salaries and Wages	830	830	—
Non-Personnel	511	530	19
Total Government Affairs	1,341	1,360	19
Purchasing and Contracting			
Salaries and Wages	5,363	5,363	—
Non-Personnel	4,060	5,080	1,020
Total Purchasing and Contracting	9,423	10,443	1,020
City Treasurer			
Salaries and Wages	9,152	9,152	—
Non-Personnel	10,536	11,551	1,015
Total City Treasurer	19,688	20,703	1,015
Department of Finance			
Salaries and Wages	15,724	15,724	—
Non-Personnel	10,941	11,523	582
Total Department of Finance	26,665	27,247	582
Real Estate Assets			
Salaries and Wages	3,145	3,145	—
Non-Personnel	2,948	4,281	1,333
Total Real Estate Assets	6,093	7,426	1,333
Office of Sustainability			
Salaries and Wages	3,817	3,817	—
Non-Personnel	3,368	4,124	756
Total Office of Sustainability	7,185	7,941	756
Compliance			
Salaries and Wages	3,382	3,382	—
Non-Personnel	1,838	2,055	217
Total Compliance	5,220	5,437	217
General Services			
Salaries and Wages	11,103	11,103	—
Non-Personnel	15,265	15,340	75
Total General Services	26,368	26,443	75
Citywide Expenses			
Non-Personnel	82,379	82,379	—
TOTAL GENERAL GOVERNMENT AND SUPPORT	355,076	366,603	11,527

(Continued on Next Page)

GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
PUBLIC SAFETY - POLICE			
Salaries and Wages	\$ 338,339	\$ 338,339	\$ —
Non-Personnel	279,186	279,186	—
TOTAL PUBLIC SAFETY - POLICE	617,525	617,525	—
PUBLIC SAFETY - FIRE AND EMERGENCY SERVICES			
Fire - Rescue			
Salaries and Wages	183,732	183,732	—
Non-Personnel	180,924	180,924	—
Total Fire - Rescue	364,656	364,656	—
Office of Emergency Services			
Salaries and Wages	1,758	1,758	—
Non-Personnel	2,558	2,918	360
Total Office of Emergency Services	4,316	4,676	360
TOTAL PUBLIC SAFETY - FIRE AND EMERGENCY SERVICES	368,972	369,332	360
PARKS, RECREATION, CULTURE AND LEISURE			
Library			
Salaries and Wages	29,123	29,123	—
Non-Personnel	41,662	42,596	934
Total Library	70,785	71,719	934
Parks and Recreation			
Salaries and Wages	61,709	61,709	—
Non-Personnel	116,723	116,723	—
Total Parks and Recreation	178,432	178,432	—
Reservoir Concessions			
Non-Personnel	2,903	2,983	80
TOTAL PARKS, RECREATION, CULTURE AND LEISURE	252,120	253,134	1,014
TRANSPORTATION			
Transportation			
Salaries and Wages	39,572	39,572	—
Non-Personnel	68,644	68,644	—
TOTAL TRANSPORTATION	108,216	108,216	—
SANITATION AND HEALTH			
Environmental Services			
Salaries and Wages	26,656	26,656	—
Non-Personnel	71,744	72,167	423
Total Environmental Services	98,400	98,823	423
Stormwater			
Salaries and Wages	25,608	25,608	—
Non-Personnel	44,537	44,537	—
Total Stormwater	70,145	70,145	—
TOTAL SANITATION AND HEALTH	168,545	168,968	423

GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
NEIGHBORHOOD SERVICES			
Development Services			
Salaries and Wages	\$ 6,465	\$ 6,465	\$ —
Non-Personnel	5,061	5,487	426
Total Development Services	<u>11,526</u>	<u>11,952</u>	<u>426</u>
Economic Development			
Salaries and Wages	5,261	5,261	—
Non-Personnel	8,297	9,516	1,219
Total Economic Development	<u>13,558</u>	<u>14,777</u>	<u>1,219</u>
Planning			
Salaries and Wages	7,302	7,302	—
Non-Personnel	4,885	4,885	—
Total Planning	<u>12,187</u>	<u>12,187</u>	<u>—</u>
Office of Race and Equity			
Salaries and Wages	994	994	—
Non-Personnel	347	728	381
Total Office of Race and Equity	<u>1,341</u>	<u>1,722</u>	<u>381</u>
Homelessness Strategies			
Salaries and Wages	1,766	1,766	—
Non-Personnel	40,348	40,348	—
Total Homelessness Strategies	<u>42,114</u>	<u>42,114</u>	<u>—</u>
TOTAL NEIGHBORHOOD SERVICES	<u>80,726</u>	<u>82,752</u>	<u>2,026</u>
CAPITAL OUTLAY	<u>5,276</u>	<u>5,361</u>	<u>85</u>
DEBT SERVICE			
Principal Retirement	7,489	7,973	484
Interest	1,022	896	(126)
TOTAL DEBT SERVICE	<u>8,511</u>	<u>8,869</u>	<u>358</u>
TOTAL EXPENDITURES	<u>1,964,967</u>	<u>1,980,760</u>	<u>15,793</u>

(Continued on Next Page)

**GENERAL FUND
SCHEDULE OF EXPENDITURES AND TRANSFERS
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	Actual on Budgetary Basis¹	Final Budget	Variance with Final Budget (Negative)
TRANSFERS TO OTHER FUNDS			
Special Revenue Funds:			
City of San Diego:			
Interfund Transfers	\$ 40,725	\$ 47,007	\$ 6,282
Acquisition, Improvement and Operations	3	3	—
Other Special Revenue - Budgeted	8	8	—
Grants	100	100	—
Other Special Revenue - Unbudgeted	2,108	2,108	—
Total Special Revenue Funds	<u>42,944</u>	<u>49,226</u>	<u>6,282</u>
Debt Service Funds:			
Public Facilities Financing Authority	20,130	20,130	—
Capital Projects Funds:			
City of San Diego:			
Capital Outlay - Budgeted	16,986	16,986	—
Capital Outlay - Unbudgeted	9,479	9,479	—
Public Facilities Financing Authority	178	178	—
Total Capital Projects Funds	<u>26,643</u>	<u>26,643</u>	<u>—</u>
TOTAL TRANSFERS TO OTHER FUNDS	<u>89,717</u>	<u>95,999</u>	<u>6,282</u>
TOTAL EXPENDITURES AND TRANSFERS	<u>\$ 2,054,684</u>	<u>\$ 2,076,759</u>	<u>\$ 22,075</u>

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. Transfers between the General Fund and these additional funds are titled "Interfund Transfers."

Nonmajor Governmental Funds



*Belmont Park in Mission Beach (1950)
Courtesy of San Diego History Center*

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)**

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
ASSETS					
Cash and Investments	\$ 781,212	\$ 5	\$ 739,589	\$ —	\$ 1,520,806
Receivables:					
Taxes - Net of Allowance for Uncollectibles	42,793	—	40,769	—	83,562
Accounts - Net of Allowance for Uncollectibles	7,636	5,326	662	—	13,624
Claims	—	—	27,802	—	27,802
Special Assessments	4,849	—	—	—	4,849
Notes	334,045	—	—	—	334,045
Loans	48,494	—	—	—	48,494
Accrued Interest	4,092	45	3,470	34	7,641
Grants	34,745	—	53,764	—	88,509
Leases	4,018	—	1,499	—	5,517
PPPs	9,771	—	1,543	—	11,314
Advances to Other Agencies	34,205	—	12,606	—	46,811
Land Held for Resale	17,769	—	—	—	17,769
Restricted Cash and Investments	1,305	11,361	39,909	23,904	76,479
TOTAL ASSETS	<u>\$ 1,324,934</u>	<u>\$ 16,737</u>	<u>\$ 921,613</u>	<u>\$ 23,938</u>	<u>\$ 2,287,222</u>
LIABILITIES					
Accounts Payable	\$ 52,735	\$ —	\$ 60,016	\$ 13	\$ 112,764
Accrued Wages and Benefits	695	—	—	—	695
Other Accrued Liabilities	11	—	33,974	—	33,985
Due to Other Funds	3,050	—	58,519	—	61,569
Unearned Revenue	60,108	—	55,812	—	115,920
TOTAL LIABILITIES	<u>116,599</u>	<u>—</u>	<u>208,321</u>	<u>13</u>	<u>324,933</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	2,766	—	40,748	—	43,514
Unavailable Revenue - Grants	27,585	—	52,118	—	79,703
Unavailable Revenue - Other	4,792	5,326	105	—	10,223
Lease Related	3,750	—	1,370	—	5,120
PPP Related	9,468	—	1,501	—	10,969
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>48,361</u>	<u>5,326</u>	<u>95,842</u>	<u>—</u>	<u>149,529</u>
FUND BALANCES					
Nonspendable	—	—	—	19,930	19,930
Restricted	1,134,130	11,411	738,132	3,995	1,887,668
Committed	53,432	—	25,476	—	78,908
Unassigned (Deficit)	(27,588)	—	(146,158)	—	(173,746)
TOTAL FUND BALANCES	<u>1,159,974</u>	<u>11,411</u>	<u>617,450</u>	<u>23,925</u>	<u>1,812,760</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,324,934</u>	<u>\$ 16,737</u>	<u>\$ 921,613</u>	<u>\$ 23,938</u>	<u>\$ 2,287,222</u>

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent	Total Nonmajor Governmental Funds
REVENUES					
Property Taxes	\$ 25,753	\$ —	\$ —	\$ —	\$ 25,753
Special Assessments	82,907	—	—	—	82,907
Sales Taxes	—	—	45,847	—	45,847
Transient Occupancy Taxes	147,166	—	—	—	147,166
Franchises	104,464	—	—	—	104,464
Licenses and Permits	14,920	—	72,025	—	86,945
Fines, Forfeitures and Penalties	7,871	—	—	—	7,871
Revenue from Use of Money and Property	51,034	749	31,292	1,702	84,777
Revenue from Federal Agencies	66,447	—	14,845	—	81,292
Revenue from Other Agencies	58,737	9,555	7,953	—	76,245
Revenue from Private Sources	3,382	—	39	269	3,690
Charges for Current Services	26,163	—	360	209	26,732
Other Revenue	2,345	—	—	—	2,345
TOTAL REVENUES	591,189	10,304	172,361	2,180	776,034
EXPENDITURES					
Current:					
General Government and Support	28,123	—	3,601	—	31,724
Public Safety - Police	8,238	—	4	—	8,242
Public Safety - Fire and Emergency Services	12,010	—	607	—	12,617
Parks, Recreation, Culture and Leisure	209,828	—	2,319	18	212,165
Transportation	19,894	—	9,484	—	29,378
Sanitation and Health	8,468	—	4,844	54	13,366
Neighborhood Services	115,190	—	669	—	115,859
Capital Outlay	30,216	—	325,573	—	355,789
Debt Service:					
Principal Retirement	1,385	43,750	26,492	—	71,627
Interest	99	28,483	670	—	29,252
TOTAL EXPENDITURES	433,451	72,233	374,263	72	880,019
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	157,738	(61,929)	(201,902)	2,108	(103,985)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	8,835	61,866	32,722	—	103,423
Transfers to Proprietary Funds	(7,735)	—	(15,230)	—	(22,965)
Transfers to Other Funds	(63,401)	(92)	(18,276)	(648)	(82,417)
Proceeds from the Sale of Capital Assets	51,582	—	—	—	51,582
Commercial Paper Notes Issued	—	—	66,600	—	66,600
TOTAL OTHER FINANCING SOURCES (USES)	(10,719)	61,774	65,816	(648)	116,223
NET CHANGE IN FUND BALANCES	147,019	(155)	(136,086)	1,460	12,238
Fund Balances at Beginning of Year	1,012,955	11,566	753,536	22,465	1,800,522
FUND BALANCES AT END OF YEAR	\$ 1,159,974	\$ 11,411	\$ 617,450	\$ 23,925	\$ 1,812,760

Nonmajor Governmental Funds - Special Revenue



*Sailors practicing in the lily pond, Balboa Park (1918)
Courtesy of San Diego History Center*

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than those for debt service or major capital projects) that are restricted or committed to expenditures for specified purposes.

CITY OF SAN DIEGO

ACQUISITION, IMPROVEMENT AND OPERATIONS - BUDGETED

This fund accounts for various operating activities including business improvement areas, lighting and landscape maintenance areas, facilities financing, and the City's public art program. Revenues are derived from business tax surcharges, special assessments on property, various rents, concessions and fees.

TRANSIENT OCCUPANCY TAX - BUDGETED

This fund was established to receive and expend transient occupancy taxes. Since 1964, a tax has been imposed on transients of hotel and motel rooms in the City. Effective since August 1994, the tax rate is 10.5%.

UNDERGROUND SURCHARGE - BUDGETED

This fund was established to account for activities related to the undergrounding of utilities. This fund receives and disburses undergrounding surcharge revenue in accordance with the City's franchise agreements with SDG&E.

ZOOLOGICAL EXHIBITS - BUDGETED

This fund was established to collect monies from a fixed property tax levy authorized by Section 77a of the Charter for the maintenance of zoological exhibits. These funds are remitted in accordance with a contractual agreement with the San Diego Zoological Society, a not-for-profit corporation independent from the City.

STORM DRAIN REVENUE - BUDGETED

This fund was established to collect Storm Drain fees for general purposes, operations, maintenance, capital projects, and management of the storm drain system. Proposition 218 places restrictions on the fee collection and uses of Storm Drain fees.

OTHER SPECIAL REVENUE - BUDGETED

This fund was established to account for revenues derived specifically for a variety of budgeted special programs administered by City departments such as Development Services, Planning and Police. Revenues in this fund are derived from service charges, revenues from other agencies, and fines.

GRANTS - UNBUDGETED

This fund was established to account for revenue received from federal, state and other governmental agencies. Expenditures are made and accounted for as prescribed by appropriate grant provisions/agreements.

LOW-MODERATE INCOME HOUSING - UNBUDGETED

This fund was established to account for affordable housing assets transferred from the Successor Agency to the Successor Housing Entity, which is the City, as required by California Health and Safety Code Section 34176(d), due to the dissolution of the Redevelopment Agency. This fund will also account for any future revenues generated from the housing assets.

OTHER SPECIAL REVENUE - UNBUDGETED

This fund was established to account for revenues earmarked for a variety of special programs administered by such City departments as Economic Development, Libraries, Parks and Recreation, and Police. Revenues in this fund are derived from such sources as parking fees, service charges, special assessments, contributions from other agencies and private sources, and interest earnings.

BLENDED COMPONENT UNITS**CITY OF SAN DIEGO TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION (TSRFC)**

This fund was established to account for the activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. The TSRFC's special revenue fund is used to account for the expenditures incurred for administrative services provided by the City.

OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY (EIFDPFA)

This fund was established to finance certain public infrastructure and community benefit projects authorized under the EIFD Law Government Code sections 53398.50 through 53398.88.

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)

	City of San Diego	TSRFC	EIFDPFA	Total
ASSETS				
Cash and Investments	\$ 780,081	\$ —	\$ 1,131	\$ 781,212
Receivables:				
Taxes - Net of Allowance for Uncollectibles	42,690	—	103	42,793
Accounts - Net of Allowance for Uncollectibles	7,636	—	—	7,636
Special Assessments	4,849	—	—	4,849
Notes	334,045	—	—	334,045
Loans	48,494	—	—	48,494
Accrued Interest	4,053	1	38	4,092
Grants	34,745	—	—	34,745
Leases	4,018	—	—	4,018
PPPs	9,771	—	—	9,771
Advances to Other Agencies	34,205	—	—	34,205
Land Held for Resale	17,769	—	—	17,769
Restricted Cash and Investments	1,163	142	—	1,305
TOTAL ASSETS	<u>\$ 1,323,519</u>	<u>\$ 143</u>	<u>\$ 1,272</u>	<u>\$ 1,324,934</u>
LIABILITIES				
Accounts Payable	\$ 52,735	\$ —	\$ —	\$ 52,735
Accrued Wages and Benefits	695	—	—	695
Other Accrued Liabilities	11	—	—	11
Due to Other Funds	3,050	—	—	3,050
Unearned Revenue	60,108	—	—	60,108
TOTAL LIABILITIES	<u>116,599</u>	<u>—</u>	<u>—</u>	<u>116,599</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes	2,766	—	—	2,766
Unavailable Revenue - Grants	27,585	—	—	27,585
Unavailable Revenue - Other	4,792	—	—	4,792
Lease Related	3,750	—	—	3,750
PPP Related	9,468	—	—	9,468
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>48,361</u>	<u>—</u>	<u>—</u>	<u>48,361</u>
FUND BALANCES (DEFICIT)				
Restricted	1,132,715	143	1,272	1,134,130
Committed	53,432	—	—	53,432
Unassigned (Deficit)	(27,588)	—	—	(27,588)
TOTAL FUND BALANCES	<u>1,158,559</u>	<u>143</u>	<u>1,272</u>	<u>1,159,974</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 1,323,519</u>	<u>\$ 143</u>	<u>\$ 1,272</u>	<u>\$ 1,324,934</u>

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	City of San Diego	TSRFC	EIFDPFA	Total
REVENUES				
Property Taxes	\$ 20,162	\$ —	\$ 5,591	\$ 25,753
Special Assessments	82,907	—	—	82,907
Transient Occupancy Taxes	147,166	—	—	147,166
Franchises	104,464	—	—	104,464
Licenses and Permits	14,920	—	—	14,920
Fines, Forfeitures and Penalties	7,871	—	—	7,871
Revenue from Use of Money and Property	50,839	4	191	51,034
Revenue from Federal Agencies	66,447	—	—	66,447
Revenue from Other Agencies	58,737	—	—	58,737
Revenue from Private Sources	3,382	—	—	3,382
Charges for Current Services	26,163	—	—	26,163
Other Revenue	2,345	—	—	2,345
TOTAL REVENUES	585,403	4	5,782	591,189
EXPENDITURES				
Current:				
General Government and Support	27,995	45	83	28,123
Public Safety - Police	8,238	—	—	8,238
Public Safety - Fire and Emergency Services	12,010	—	—	12,010
Parks, Recreation, Culture and Leisure	209,828	—	—	209,828
Transportation	19,894	—	—	19,894
Sanitation and Health	8,468	—	—	8,468
Neighborhood Services	115,190	—	—	115,190
Capital Outlay	30,216	—	—	30,216
Debt Service:				
Principal Retirement	1,385	—	—	1,385
Interest	99	—	—	99
TOTAL EXPENDITURES	433,323	45	83	433,451
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	152,080	(41)	5,699	157,738
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	8,743	92	—	8,835
Transfers to Proprietary Funds	(7,735)	—	—	(7,735)
Transfers to Other Funds	(57,322)	—	(6,079)	(63,401)
Proceeds from the Sale of Capital Assets	51,582	—	—	51,582
TOTAL OTHER FINANCING SOURCES (USES)	(4,732)	92	(6,079)	(10,719)
NET CHANGE IN FUND BALANCES	147,348	51	(380)	147,019
Fund Balances at Beginning of Year	1,011,211	92	1,652	1,012,955
FUND BALANCES AT END OF YEAR	\$ 1,158,559	\$ 143	\$ 1,272	\$ 1,159,974



CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)

	Budgeted		
	Acquisition, Improvement and Operations	Transient Occupancy Tax	Underground Surcharge
ASSETS			
Cash and Investments	\$ 38,940	\$ —	\$ 370,666
Receivables:			
Taxes - Net of Allowance for Uncollectibles	—	17,496	24,668
Accounts - Net of Allowance for Uncollectibles	1,221	1,136	—
Special Assessments	67	—	—
Notes	—	—	—
Loans	—	—	—
Accrued Interest	178	25	1,951
Grants	—	—	—
Leases	—	—	—
PPPs	—	9,771	—
Advances to Other Agencies	742	—	—
Land Held for Resale	—	—	—
Restricted Cash and Investments	—	—	—
TOTAL ASSETS	\$ 41,148	\$ 28,428	\$ 397,285
LIABILITIES			
Accounts Payable	\$ 2,650	\$ 3,713	\$ 2,806
Accrued Wages and Benefits	290	122	180
Other Accrued Liabilities	—	—	—
Due to Other Funds	—	3,050	—
Unearned Revenue	—	—	—
TOTAL LIABILITIES	2,940	6,885	2,986
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Taxes	—	2,377	—
Unavailable Revenue - Grants	—	—	—
Unavailable Revenue - Other	952	747	—
Lease Related	—	—	—
PPP Related	—	9,468	—
TOTAL DEFERRED INFLOWS OF RESOURCES	952	12,592	—
FUND BALANCES (DEFICIT)			
Restricted	28,270	—	394,299
Committed	8,986	8,951	—
Unassigned (Deficit)	—	—	—
TOTAL FUND BALANCES	37,256	8,951	394,299
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 41,148	\$ 28,428	\$ 397,285

			Unbudgeted				
Zoological Exhibits	Storm Drain Revenue	Other Special Revenue	Grants	Low-Moderate Income Housing	Other Special Revenue	Total	
\$ 12,859	\$ 1,168	\$ 14,851	\$ 36,767	\$ 104,239	\$ 200,591	\$ 780,081	
526	—	—	—	—	—	42,690	
—	1,561	41	3	—	3,674	7,636	
—	—	—	—	—	4,782	4,849	
—	—	—	25,319	306,457	2,269	334,045	
—	—	—	47,994	—	500	48,494	
—	—	107	361	516	915	4,053	
—	—	—	34,745	—	—	34,745	
—	—	—	—	271	3,747	4,018	
—	—	—	—	—	—	9,771	
—	—	—	—	—	33,463	34,205	
—	—	—	—	17,769	—	17,769	
—	—	—	—	1,163	—	1,163	
<u>\$ 13,385</u>	<u>\$ 2,729</u>	<u>\$ 14,999</u>	<u>\$ 145,189</u>	<u>\$ 430,415</u>	<u>\$ 249,941</u>	<u>\$ 1,323,519</u>	
\$ 12,859	\$ 1,056	\$ 751	\$ 15,220	\$ 166	\$ 13,514	\$ 52,735	
—	—	103	—	—	—	695	
—	—	—	—	—	11	11	
—	—	—	—	—	—	3,050	
—	—	—	54,574	—	5,534	60,108	
<u>12,859</u>	<u>1,056</u>	<u>854</u>	<u>69,794</u>	<u>166</u>	<u>19,059</u>	<u>116,599</u>	
389	—	—	—	—	—	2,766	
—	—	—	27,585	—	—	27,585	
—	123	41	—	—	2,929	4,792	
—	—	—	—	270	3,480	3,750	
—	—	—	—	—	—	9,468	
<u>389</u>	<u>123</u>	<u>41</u>	<u>27,585</u>	<u>270</u>	<u>6,409</u>	<u>48,361</u>	
137	1,550	9,668	75,392	429,979	193,420	1,132,715	
—	—	4,441	—	—	31,054	53,432	
—	—	(5)	(27,582)	—	(1)	(27,588)	
<u>137</u>	<u>1,550</u>	<u>14,104</u>	<u>47,810</u>	<u>429,979</u>	<u>224,473</u>	<u>1,158,559</u>	
<u>\$ 13,385</u>	<u>\$ 2,729</u>	<u>\$ 14,999</u>	<u>\$ 145,189</u>	<u>\$ 430,415</u>	<u>\$ 249,941</u>	<u>\$ 1,323,519</u>	

CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Budgeted		
	Acquisition, Improvement and Operations	Transient Occupancy Tax	Underground Surcharge
REVENUES			
Property Taxes	\$ —	\$ —	\$ —
Special Assessments	22,576	—	—
Transient Occupancy Taxes	—	147,166	—
Franchises	—	—	104,346
Licenses and Permits	267	134	—
Fines, Forfeitures and Penalties	—	—	—
Revenue from Use of Money and Property	1,347	5,881	14,100
Revenue from Federal Agencies	—	—	—
Revenue from Other Agencies	—	—	—
Revenue from Private Sources	—	2,001	—
Charges for Current Services	8,043	12	175
Other Revenue	739	—	—
TOTAL REVENUES	32,972	155,194	118,621
EXPENDITURES			
Current:			
General Government and Support	4,759	—	—
Public Safety - Police	—	—	—
Public Safety - Fire and Emergency Services	—	—	—
Parks, Recreation, Culture and Leisure	21,262	120,752	—
Transportation	—	—	19,818
Sanitation and Health	—	—	—
Neighborhood Services	3,658	—	—
Capital Outlay	464	—	2,824
Debt Service:			
Principal Retirement	—	—	146
Interest	—	—	4
TOTAL EXPENDITURES	30,143	120,752	22,792
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,829	34,442	95,829
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	238	—	—
Transfers to Proprietary Funds	—	(7,735)	—
Transfers to Other Funds	—	(51,319)	—
Proceeds from the Sale of Capital Assets	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	238	(59,054)	—
NET CHANGE IN FUND BALANCES	3,067	(24,612)	95,829
Fund Balances at Beginning of Year	34,189	33,563	298,470
FUND BALANCES AT END OF YEAR	\$ 37,256	\$ 8,951	\$ 394,299

			Unbudgeted				
Zoological Exhibits	Storm Drain Revenue	Other Special Revenue	Grants	Low-Moderate Income Housing	Other Special Revenue	Total	
\$ 20,162	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 20,162	
—	—	—	—	—	60,331	82,907	
—	—	—	—	—	—	147,166	
—	—	—	—	—	118	104,464	
—	—	14,515	—	—	4	14,920	
—	—	—	—	—	7,871	7,871	
—	—	853	2,961	7,972	17,725	50,839	
—	—	1,398	65,049	—	—	66,447	
—	—	4,598	52,257	—	1,882	58,737	
—	—	—	9	161	1,211	3,382	
—	5,473	2,576	—	—	9,884	26,163	
—	—	49	—	681	876	2,345	
<u>20,162</u>	<u>5,473</u>	<u>23,989</u>	<u>120,276</u>	<u>8,814</u>	<u>99,902</u>	<u>585,403</u>	
—	—	3,777	16,304	—	3,155	27,995	
—	—	3,376	3,601	—	1,261	8,238	
—	—	1,191	10,230	—	589	12,010	
20,430	—	328	1,988	—	45,068	209,828	
—	—	—	26	—	50	19,894	
—	5,168	2,339	961	—	—	8,468	
—	—	4,812	75,401	1,231	30,088	115,190	
—	—	2,072	10,575	—	14,281	30,216	
—	—	—	782	—	457	1,385	
—	—	—	52	—	43	99	
<u>20,430</u>	<u>5,168</u>	<u>17,895</u>	<u>119,920</u>	<u>1,231</u>	<u>94,992</u>	<u>433,323</u>	
<u>(268)</u>	<u>305</u>	<u>6,094</u>	<u>356</u>	<u>7,583</u>	<u>4,910</u>	<u>152,080</u>	
—	—	297	100	—	8,108	8,743	
—	—	—	—	—	—	(7,735)	
—	—	(5,850)	—	—	(153)	(57,322)	
—	—	—	—	51,580	2	51,582	
—	—	(5,553)	100	51,580	7,957	(4,732)	
<u>(268)</u>	<u>305</u>	<u>541</u>	<u>456</u>	<u>59,163</u>	<u>12,867</u>	<u>147,348</u>	
<u>405</u>	<u>1,245</u>	<u>13,563</u>	<u>47,354</u>	<u>370,816</u>	<u>211,606</u>	<u>1,011,211</u>	
<u>\$ 137</u>	<u>\$ 1,550</u>	<u>\$ 14,104</u>	<u>\$ 47,810</u>	<u>\$ 429,979</u>	<u>\$ 224,473</u>	<u>\$ 1,158,559</u>	

**CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	Acquisition, Improvement and Operations			Transient Occupancy Tax		
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)
REVENUES						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special Assessments	22,576	22,189	387	—	—	—
Sales Taxes	—	—	—	—	—	—
Transient Occupancy Taxes	—	—	—	147,166	155,549	(8,383)
Franchises	—	—	—	—	—	—
Other Local Taxes	—	—	—	—	—	—
Licenses and Permits	267	215	52	134	120	14
Fines, Forfeitures and Penalties	—	—	—	—	—	—
Revenue from Use of Money and Property	873	137	736	5,472	4,246	1,226
Revenue from Federal Agencies	—	—	—	—	—	—
Revenue from Other Agencies	—	—	—	—	—	—
Revenue from Private Sources	—	—	—	2,001	1,430	571
Charges for Current Services	8,043	7,761	282	12	—	12
Other Revenue	739	—	739	—	—	—
TOTAL REVENUES	32,498	30,302	2,196	154,785	161,345	(6,560)
EXPENDITURES						
Current:						
General Government and Support	4,759	4,977	218	—	—	—
Public Safety - Police	—	—	—	—	—	—
Public Safety - Fire and Emergency Services	—	—	—	—	—	—
Parks, Recreation, Culture and Leisure	22,157	39,648	17,491	120,752	122,411	1,659
Transportation	—	—	—	—	3	3
Sanitation and Health	—	—	—	—	—	—
Neighborhood Services	3,658	4,052	394	—	—	—
Capital Outlay	482	—	(482)	—	—	—
Debt Service:						
Principal Retirement	—	—	—	—	—	—
Interest	—	—	—	—	—	—
TOTAL EXPENDITURES	31,056	48,677	17,621	120,752	122,414	1,662
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,442	(18,375)	19,817	34,033	38,931	(4,898)
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	238	353	(115)	—	(147)	147
Transfers to Proprietary Funds	—	—	—	(7,735)	(2,735)	(5,000)
Transfers to Other Funds	—	(121)	121	(51,319)	(58,044)	6,725
TOTAL OTHER FINANCING SOURCES (USES)	238	232	6	(59,054)	(60,926)	1,872
NET CHANGE IN FUND BALANCES	1,680	(18,143)	19,823	(25,021)	(21,995)	(3,026)
Prior Year Encumbrances	633	—	—	—	—	—
Fund Balances at Beginning of Year	33,730	33,730	—	33,696	33,696	—
FUND BALANCES AT END OF YEAR	\$ 36,043	\$ 15,587	\$ 19,823	\$ 8,675	\$ 11,701	\$ (3,026)

**CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	Underground Surcharge			Zoological Exhibits		
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)
REVENUES						
Property Taxes	\$ —	\$ —	\$ —	\$ 20,162	\$ 20,430	\$ (268)
Special Assessments	—	—	—	—	—	—
Sales Taxes	—	—	—	—	—	—
Transient Occupancy Taxes	—	—	—	—	—	—
Franchises	104,346	97,986	6,360	—	—	—
Other Local Taxes	—	—	—	—	—	—
Licenses and Permits	—	—	—	—	—	—
Fines, Forfeitures and Penalties	—	—	—	—	—	—
Revenue from Use of Money and Property	9,937	3,000	6,937	—	—	—
Revenue from Federal Agencies	—	—	—	—	—	—
Revenue from Other Agencies	—	—	—	—	—	—
Revenue from Private Sources	—	—	—	—	—	—
Charges for Current Services	175	—	175	—	—	—
Other Revenue	—	—	—	—	—	—
TOTAL REVENUES	114,458	100,986	13,472	20,162	20,430	(268)
EXPENDITURES						
Current:						
General Government and Support	—	—	—	—	—	—
Public Safety - Police	—	—	—	—	—	—
Public Safety - Fire and Emergency Services	—	—	—	—	—	—
Parks, Recreation, Culture and Leisure	—	—	—	20,430	20,430	—
Transportation	19,818	97,497	77,679	—	—	—
Sanitation and Health	—	—	—	—	—	—
Neighborhood Services	—	—	—	—	—	—
Capital Outlay	4,260	—	(4,260)	—	—	—
Debt Service:						
Principal Retirement	146	—	(146)	—	—	—
Interest	4	—	(4)	—	—	—
TOTAL EXPENDITURES	24,228	97,497	73,269	20,430	20,430	—
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	90,230	3,489	86,741	(268)	—	(268)
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	—	—	—	—	—	—
Transfers to Proprietary Funds	—	—	—	—	—	—
Transfers to Other Funds	—	—	—	—	—	—
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—	—	—	—
NET CHANGE IN FUND BALANCES	90,230	3,489	86,741	(268)	—	(268)
Prior Year Encumbrances	1,168	—	—	—	—	—
Fund Balances at Beginning of Year	303,590	303,590	—	405	405	—
FUND BALANCES AT END OF YEAR	\$ 394,988	\$ 307,079	\$ 86,741	\$ 137	\$ 405	\$ (268)

(Continued on Next Page)

**CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	Storm Drain Revenue			Other Special Revenue ¹		
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)
REVENUES						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special Assessments	—	—	—	—	—	—
Sales Taxes	—	—	—	12,873	13,403	(530)
Transient Occupancy Taxes	—	—	—	—	—	—
Franchises	—	—	—	35,286	33,356	1,930
Other Local Taxes	—	—	—	73,830	73,563	267
Licenses and Permits	—	—	—	14,515	14,795	(280)
Fines, Forfeitures and Penalties	—	—	—	36	—	36
Revenue from Use of Money and Property	—	—	—	6,892	2,447	4,445
Revenue from Federal Agencies	—	—	—	1,398	688	710
Revenue from Other Agencies	—	—	—	6,219	5,673	546
Revenue from Private Sources	—	—	—	—	—	—
Charges for Current Services	5,898	5,700	198	381,159	377,301	3,858
Other Revenue	—	—	—	256	159	97
TOTAL REVENUES	5,898	5,700	198	532,464	521,385	11,079
EXPENDITURES						
Current:						
General Government and Support	—	—	—	241,730	277,781	36,051
Public Safety - Police	—	—	—	3,752	5,576	1,824
Public Safety - Fire and Emergency Services	—	—	—	82,522	94,215	11,693
Parks, Recreation, Culture and Leisure	—	—	—	28,383	42,117	13,734
Transportation	—	—	—	104,914	154,953	50,039
Sanitation and Health	5,168	5,700	532	2,965	8,821	5,856
Neighborhood Services	—	—	—	6,230	9,747	3,517
Capital Outlay	—	—	—	34,515	—	(34,515)
Debt Service:						
Principal Retirement	—	—	—	12,894	—	(12,894)
Interest	—	—	—	549	—	(549)
TOTAL EXPENDITURES	5,168	5,700	532	518,454	593,210	74,756
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	730	—	730	14,010	(71,825)	85,835
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	—	—	—	39,715	40,319	(604)
Transfers to Proprietary Funds	—	—	—	—	—	—
Transfers to Other Funds	—	—	—	(67,587)	(70,346)	2,759
TOTAL OTHER FINANCING SOURCES (USES)	—	—	—	(27,872)	(30,027)	2,155
NET CHANGE IN FUND BALANCES	730	—	730	(13,862)	(101,852)	87,990
Prior Year Encumbrances	—	—	—	29,129	—	—
Fund Balances at Beginning of Year	820	820	—	97,342	97,342	—
FUND BALANCES AT END OF YEAR	\$ 1,550	\$ 820	\$ 730	\$ 112,609	\$ (4,510)	\$ 87,990

¹ Amounts include funds that do not meet the criteria to be classified as special revenue funds pursuant to GASB Statement No. 54, which are included with the General Fund in the Governmental Funds financial statements prepared on a GAAP basis.

Nonmajor Governmental Funds – Capital Projects



*Ballpark at Harbor Drive & Broadway
(Predecessor of Land Field Park, first home of the San Diego Padres) (1931)
Courtesy of San Diego History Center*

DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for general long-term debt principal, interest, and related costs.

BLENDED COMPONENT UNITS

CONVENTION CENTER EXPANSION FINANCING AUTHORITY (CCEFA)

This fund was established to account for the debt service activities of the CCEFA. CCEFA, created by the City and the Port of San Diego, facilitates the financing, acquisition and construction of an expansion to the San Diego Convention Center. CCEFA's debt service fund is used to account for the payment of long-term debt principal and interest.

PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (PFFA)

This fund was established to account for the debt service activities of the PFFA. PFFA, a joint powers authority consisting of the City, the Successor Agency and the Housing Authority of the City of San Diego, facilitates the financing, acquisition and construction of public capital facility improvements. PFFA's debt service fund is used to account for the payment of long-term debt principal and interest.

CITY OF SAN DIEGO TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION (TSRFC)

This fund was established to account for the debt service activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. The TSRFC's debt service fund is used to account for the payment of long-term debt principal and interest.

NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
COMBINING BALANCE SHEET
 June 30, 2024
 (Dollars in Thousands)

	CCEFA	PFFA	TSRFC	Total
ASSETS				
Cash and Investments	\$ —	\$ 5	\$ —	\$ 5
Receivables:				
Accounts	—	—	5,326	5,326
Accrued Interest	—	—	45	45
Restricted Cash and Investments	—	67	11,294	11,361
TOTAL ASSETS	<u>\$ —</u>	<u>\$ 72</u>	<u>\$ 16,665</u>	<u>\$ 16,737</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Other	\$ —	\$ —	\$ 5,326	\$ 5,326
FUND BALANCES				
Restricted	—	72	11,339	11,411
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ —</u>	<u>\$ 72</u>	<u>\$ 16,665</u>	<u>\$ 16,737</u>

NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Fiscal Year Ended June 30, 2024
 (Dollars in Thousands)

	CCEFA	PFFA	TSRFC	Total
REVENUES				
Revenue from Use of Money and Property	\$ —	\$ 77	\$ 672	\$ 749
Revenue from Other Agencies	—	—	9,555	9,555
TOTAL REVENUES	<u>—</u>	<u>77</u>	<u>10,227</u>	<u>10,304</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	10,980	24,185	8,585	43,750
Interest	1,112	25,644	1,727	28,483
TOTAL EXPENDITURES	<u>12,092</u>	<u>49,829</u>	<u>10,312</u>	<u>72,233</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(12,092)</u>	<u>(49,752)</u>	<u>(85)</u>	<u>(61,929)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	12,092	49,774	—	61,866
Transfers to Other Funds	—	—	(92)	(92)
TOTAL OTHER FINANCING SOURCES (USES)	<u>12,092</u>	<u>49,774</u>	<u>(92)</u>	<u>61,774</u>
NET CHANGE IN FUND BALANCES	<u>—</u>	<u>22</u>	<u>(177)</u>	<u>(155)</u>
Fund Balances at Beginning of Year	—	50	11,516	11,566
FUND BALANCES AT END OF YEAR	<u>\$ —</u>	<u>\$ 72</u>	<u>\$ 11,339</u>	<u>\$ 11,411</u>

Nonmajor Governmental Funds – Debt Service



*San Diego State Teachers College, predecessor of San Diego State University (1935)
Courtesy of San Diego History Center*

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities.

CITY OF SAN DIEGO

TRANSNET - BUDGETED

This fund was established to account for transportation improvements funded by the 2009 extension of a local sales tax approved by voters in the County. Funds are used to relieve traffic congestion, increase safety, and improve air quality by performing repairs, restorations, and construction of needed facilities within the public rights-of-way.

CAPITAL OUTLAY - BUDGETED

This fund was established to account for capital improvements per Sections 55.2 and 77 of the Charter. This fund includes a variety of capital projects including, but not limited to, building improvements to city facilities, park improvements, and street improvements. Revenues in this fund are derived from the sale of City-owned real property and Mission Bay Park lease revenues.

CAPITAL GRANTS - UNBUDGETED

This fund was established to account for capital grants from Federal, State and other governmental agencies.

PARKS & RECREATION DISTRICTS - UNBUDGETED

This fund was established to account for park fees collected at the time of subdivision or permit issuance and is mandated per the City Municipal Code. Fee assessments are only to be used for park purposes within a Community Park Service District to purchase land, facilities, or reimburse those who have donated more than their proportionate responsibilities.

FACILITIES BENEFIT ASSESSMENTS - UNBUDGETED

This fund was established to account for building permit fees collected at the time of permit issuance and is mandated by the Charter. Fee assessments are only to be used in the community the assessments are collected and are the primary source of project funding, excluding maintenance costs.

IMPACT FEES - UNBUDGETED

This fund was established to account for building permit fees collected at the time of permit issuance and has specific State reporting requirements. Fee assessments are only to be used in the community the assessments are collected, are not the primary source of project funding, and exclude maintenance costs.

SPECIAL ASSESSMENT/SPECIAL TAX BONDS - UNBUDGETED

This fund was established to account for Community Facilities Districts and Special Assessment Districts, which under various sections of State law, issue limited obligation bonds to finance infrastructure facilities and other public improvements necessary to facilitate development of the properties within each district. The bonds are secured solely by the properties within each district, and are repaid through revenues generated by the annual levy of special taxes or special assessments on the benefiting properties.

TRANSNET - UNBUDGETED

This fund was established to account for transportation improvements funded by local sales tax approved by voters in the County, as well as Commercial Paper and developer impact fees under the SANDAG administered TransNet Program. Funds are used to relieve traffic congestion, increase safety, and improve air quality by performing repairs, restorations, and construction of needed facilities within the public rights-of-way.

CAPITAL OUTLAY - UNBUDGETED

This fund was established to account for the acquisition, construction and completion of permanent public improvements and real property. This fund also accounts for a variety of capital projects including, but not limited to, park and street improvements, and the construction of public facilities in new development areas. Revenues in this fund are derived from developer contributions, private donations, special assessments, special taxes, fees, leases, and interest derived there from.

BLENDED COMPONENT UNITS**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO (PFFA)**

This fund was established to account for the capital improvement acquisition and construction activities of the PFFA. PFFA, which was created by the City and the former Redevelopment Agency, facilitates the financing and construction of public capital improvements. PFFA's current members are the City, the Successor Agency and the Housing Authority of the City of San Diego. Revenues are derived from the issuance of bonds and interest earnings on investments.

CITY OF SAN DIEGO TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION (TSRFC)

This fund was established to account for the capital improvement activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement.

OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY (EIFDPFA)

This fund was established to finance certain public infrastructure and community benefit projects authorized under the EIFD Law Government Code sections 53398.50 through 53398.88.

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)

	City of San Diego	PFFA	TSRFC	EIFDPFA	Total
ASSETS					
Cash and Investments	\$ 727,892	\$ —	\$ 9	\$ 11,688	\$ 739,589
Receivables:					
Taxes - Net of Allowance for Uncollectibles	40,769	—	—	—	40,769
Accounts - Net of Allowance for Uncollectibles	662	—	—	—	662
Claims	27,802	—	—	—	27,802
Accrued Interest	3,439	2	—	29	3,470
Grants	53,764	—	—	—	53,764
Leases	1,499	—	—	—	1,499
PPPs	1,543	—	—	—	1,543
Advances to Other Agencies	12,606	—	—	—	12,606
Restricted Cash and Investments	36,977	2,932	—	—	39,909
TOTAL ASSETS	\$ 906,953	\$ 2,934	\$ 9	\$ 11,717	\$ 921,613
LIABILITIES					
Accounts Payable	\$ 28,756	\$ 31,013	\$ —	\$ 247	\$ 60,016
Other Accrued Liabilities	33,974	—	—	—	33,974
Due to Other Funds	7,287	51,232	—	—	58,519
Unearned Revenue	55,812	—	—	—	55,812
TOTAL LIABILITIES	125,829	82,245	—	247	208,321
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Taxes	40,748	—	—	—	40,748
Unavailable Revenue - Grants	52,118	—	—	—	52,118
Unavailable Revenue - Other	105	—	—	—	105
Lease Related	1,370	—	—	—	1,370
PPP Related	1,501	—	—	—	1,501
TOTAL DEFERRED INFLOWS OF RESOURCES	95,842	—	—	—	95,842
FUND BALANCES (DEFICIT)					
Restricted	726,653	—	9	11,470	738,132
Committed	25,476	—	—	—	25,476
Unassigned (Deficit)	(66,847)	(79,311)	—	—	(146,158)
TOTAL FUND BALANCES (DEFICIT)	685,282	(79,311)	9	11,470	617,450
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 906,953	\$ 2,934	\$ 9	\$ 11,717	\$ 921,613

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	City of San Diego	PFFA	TSRFC	EIFDPFA	Total
REVENUES					
Sales Taxes	\$ 45,847	\$ —	\$ —	\$ —	\$ 45,847
Licenses and Permits	72,025	—	—	—	72,025
Revenue from Use of Money and Property	30,306	749	1	236	31,292
Revenue from Federal Agencies	14,845	—	—	—	14,845
Revenue from Other Agencies	7,953	—	—	—	7,953
Revenue from Private Sources	39	—	—	—	39
Charges for Current Services	360	—	—	—	360
TOTAL REVENUES	171,375	749	1	236	172,361
EXPENDITURES					
Current:					
General Government and Support	3,601	—	—	—	3,601
Public Safety - Police	—	4	—	—	4
Public Safety - Fire and Emergency Services	607	—	—	—	607
Parks, Recreation, Culture and Leisure	2,294	25	—	—	2,319
Transportation	9,179	305	—	—	9,484
Sanitation and Health	736	4,108	—	—	4,844
Neighborhood Services	669	—	—	—	669
Capital Outlay	192,585	131,646	—	1,342	325,573
Debt Service:					
Principal Retirement	26,492	—	—	—	26,492
Interest	492	178	—	—	670
TOTAL EXPENDITURES	236,655	136,266	—	1,342	374,263
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(65,280)	(135,517)	1	(1,106)	(201,902)
OTHER FINANCING SOURCES (USES)					
Transfers from Other Funds	26,465	178	—	6,079	32,722
Transfers to Proprietary Funds	—	(15,230)	—	—	(15,230)
Transfers to Other Funds	(18,238)	(38)	—	—	(18,276)
Commercial Paper Notes Issued	—	66,600	—	—	66,600
TOTAL OTHER FINANCING SOURCES	8,227	51,510	—	6,079	65,816
NET CHANGE IN FUND BALANCES	(57,053)	(84,007)	1	4,973	(136,086)
Fund Balances at Beginning of Year	742,335	4,696	8	6,497	753,536
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ 685,282	\$ (79,311)	\$ 9	\$ 11,470	\$ 617,450



CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)

	Budgeted	
	TransNet	Capital Outlay
ASSETS		
Cash and Investments	\$ 14,583	\$ 78,780
Receivables:		
Taxes - Net of Allowance for Uncollectibles	40,769	—
Accounts - Net of Allowance for Uncollectibles	—	—
Claims	—	—
Accrued Interest	40	244
Grants	—	—
Leases	—	—
PPPs	—	—
Advances to Other Agencies	—	—
Restricted Cash and Investments	—	—
TOTAL ASSETS	\$ 55,392	\$ 79,024
LIABILITIES		
Accounts Payable	\$ 4,960	\$ 1,830
Other Accrued Liabilities	—	—
Due to Other Funds	—	—
Unearned Revenue	—	—
TOTAL LIABILITIES	4,960	1,830
DEFERRED INFLOWS OF RESOURCES		
Unavailable Revenue - Taxes	40,748	—
Unavailable Revenue - Grants	—	—
Unavailable Revenue - Other	—	—
Lease Related	—	—
PPP Related	—	—
TOTAL DEFERRED INFLOWS OF RESOURCES	40,748	—
FUND BALANCES (DEFICIT)		
Restricted	9,684	77,194
Committed	—	—
Unassigned (Deficit)	—	—
TOTAL FUND BALANCES (DEFICIT)	9,684	77,194
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 55,392	\$ 79,024

Unbudgeted							
Capital Grants	Parks & Recreation Districts	Facilities Benefit Assessments	Impact Fees	Special Assessment/ Special Tax Bonds	TransNet	Capital Outlay	Total
\$ 419	\$ 1,724	\$ 259,521	\$ 214,319	\$ 477	\$ 40,467	\$ 117,602	\$ 727,892
—	—	—	—	—	—	—	40,769
—	—	—	60	—	14	588	662
—	—	—	—	—	—	27,802	27,802
179	9	1,389	1,028	2	199	349	3,439
53,764	—	—	—	—	—	—	53,764
—	—	—	—	—	—	1,499	1,499
—	—	—	—	—	—	1,543	1,543
807	—	—	7,000	—	—	4,799	12,606
—	—	—	—	—	—	36,977	36,977
<u>\$ 55,169</u>	<u>\$ 1,733</u>	<u>\$ 260,910</u>	<u>\$ 222,407</u>	<u>\$ 479</u>	<u>\$ 40,680</u>	<u>\$ 191,159</u>	<u>\$ 906,953</u>
\$ 5,763	\$ 85	\$ 5,775	\$ 2,576	\$ —	\$ 462	\$ 7,305	\$ 28,756
—	—	—	—	—	—	33,974	33,974
7,287	—	—	—	—	—	—	7,287
41,312	—	—	—	—	—	14,500	55,812
<u>54,362</u>	<u>85</u>	<u>5,775</u>	<u>2,576</u>	<u>—</u>	<u>462</u>	<u>55,779</u>	<u>125,829</u>
—	—	—	—	—	—	—	40,748
52,118	—	—	—	—	—	—	52,118
—	—	—	60	—	14	31	105
—	—	—	—	—	—	1,370	1,370
—	—	—	—	—	—	1,501	1,501
<u>52,118</u>	<u>—</u>	<u>—</u>	<u>60</u>	<u>—</u>	<u>14</u>	<u>2,902</u>	<u>95,842</u>
—	1,648	255,135	219,771	479	40,204	122,538	726,653
—	—	—	—	—	—	25,476	25,476
(51,311)	—	—	—	—	—	(15,536)	(66,847)
<u>(51,311)</u>	<u>1,648</u>	<u>255,135</u>	<u>219,771</u>	<u>479</u>	<u>40,204</u>	<u>132,478</u>	<u>685,282</u>
<u>\$ 55,169</u>	<u>\$ 1,733</u>	<u>\$ 260,910</u>	<u>\$ 222,407</u>	<u>\$ 479</u>	<u>\$ 40,680</u>	<u>\$ 191,159</u>	<u>\$ 906,953</u>

CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	<u>Budgeted</u>	
	<u>TransNet</u>	<u>Capital Outlay</u>
REVENUES		
Sales Taxes	\$ 45,847	\$ —
Licenses and Permits	—	—
Revenue from Use of Money and Property	551	2,188
Revenue from Federal Agencies	—	—
Revenue from Other Agencies	—	—
Revenue from Private Sources	—	—
Charges for Current Services	—	—
TOTAL REVENUES	<u>46,398</u>	<u>2,188</u>
EXPENDITURES		
Current:		
General Government and Support	536	—
Public Safety - Fire and Emergency Services	—	206
Parks, Recreation, Culture and Leisure	—	771
Transportation	6,246	—
Sanitation and Health	—	111
Neighborhood Services	—	—
Capital Outlay	30,454	16,034
Debt Service:		
Principal Retirement	—	—
Interest	482	—
TOTAL EXPENDITURES	<u>37,718</u>	<u>17,122</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>8,680</u>	<u>(14,934)</u>
OTHER FINANCING SOURCES (USES)		
Transfers from Other Funds	—	16,986
Transfers to Other Funds	(12,512)	(4,045)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(12,512)</u>	<u>12,941</u>
NET CHANGE IN FUND BALANCES	(3,832)	(1,993)
Fund Balances (Deficit) at Beginning of Year	13,516	79,187
FUND BALANCES (DEFICIT) AT END OF YEAR	<u>\$ 9,684</u>	<u>\$ 77,194</u>

Unbudgeted							
Capital Grants	Parks & Recreation Districts	Facilities Benefit Assessments	Impact Fees	Special Assessment/ Special Tax Bonds	TransNet	Capital Outlay	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 45,847
—	—	12,170	48,374	—	8,687	2,794	72,025
181	87	12,432	9,007	21	1,520	4,319	30,306
14,845	—	—	—	—	—	—	14,845
6,761	—	—	—	—	—	1,192	7,953
—	—	—	—	—	—	39	39
—	—	—	—	—	—	360	360
<u>21,787</u>	<u>87</u>	<u>24,602</u>	<u>57,381</u>	<u>21</u>	<u>10,207</u>	<u>8,704</u>	<u>171,375</u>
—	—	1,441	1,224	—	75	325	3,601
—	—	—	—	—	—	401	607
576	—	460	176	—	—	311	2,294
728	—	577	238	—	32	1,358	9,179
—	—	—	—	—	—	625	736
2	—	—	—	—	—	667	669
33,333	380	37,689	42,751	—	1,907	30,037	192,585
—	—	—	—	—	26,167	325	26,492
—	—	—	—	—	—	10	492
<u>34,639</u>	<u>380</u>	<u>40,167</u>	<u>44,389</u>	<u>—</u>	<u>28,181</u>	<u>34,059</u>	<u>236,655</u>
<u>(12,852)</u>	<u>(293)</u>	<u>(15,565)</u>	<u>12,992</u>	<u>21</u>	<u>(17,974)</u>	<u>(25,355)</u>	<u>(65,280)</u>
—	—	—	—	—	—	9,479	26,465
—	—	—	—	—	—	(1,681)	(18,238)
—	—	—	—	—	—	7,798	8,227
(12,852)	(293)	(15,565)	12,992	21	(17,974)	(17,557)	(57,053)
<u>(38,459)</u>	<u>1,941</u>	<u>270,700</u>	<u>206,779</u>	<u>458</u>	<u>58,178</u>	<u>150,035</u>	<u>742,335</u>
<u>\$ (51,311)</u>	<u>\$ 1,648</u>	<u>\$ 255,135</u>	<u>\$ 219,771</u>	<u>\$ 479</u>	<u>\$ 40,204</u>	<u>\$ 132,478</u>	<u>\$ 685,282</u>

CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGETARY BASIS)
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	TransNet			Capital Outlay		
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)
REVENUES						
Sales Taxes	\$ 45,847	\$ 47,133	\$ (1,286)	\$ —	\$ —	\$ —
Revenue from Use of Money and Property	316	—	316	1,551	—	1,551
TOTAL REVENUES	46,163	47,133	(970)	1,551	—	1,551
EXPENDITURES						
Current:						
General Government and Support	536	469	(67)	—	7	7
Public Safety - Fire and Emergency Services	—	—	—	206	1,374	1,168
Parks, Recreation, Culture and Leisure	—	—	—	770	80,215	79,445
Transportation	6,469	84,344	77,875	—	478	478
Sanitation and Health	—	300	300	111	861	750
Neighborhood Services	—	—	—	—	260	260
Capital Outlay	51,515	—	(51,515)	37,633	—	(37,633)
Debt Service:						
Interest	482	800	318	143	—	(143)
TOTAL EXPENDITURES	59,002	85,913	26,911	38,863	83,195	44,332
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,839)	(38,780)	25,941	(37,312)	(83,195)	45,883
OTHER FINANCING SOURCES (USES)						
Transfers from Other Funds	—	—	—	16,986	19,800	(2,814)
Transfers to Other Funds	(12,512)	(12,512)	—	(4,045)	(4,045)	—
TOTAL OTHER FINANCING SOURCES (USES)	(12,512)	(12,512)	—	12,941	15,755	(2,814)
NET CHANGE IN FUND BALANCES	(25,351)	(51,292)	25,941	(24,371)	(67,440)	43,069
Prior Year Encumbrances	15,582	—	—	9,171	—	—
Fund Balances (Deficit) at Beginning of Year	(1,747)	(1,747)	—	70,918	70,918	—
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ (11,516)	\$ (53,039)	\$ 25,941	\$ 55,718	\$ 3,478	\$ 43,069

Nonmajor Governmental Funds – Permanent



*Christmas Tree Lane, Balboa Park (1935)
Courtesy of San Diego History Center*

PERMANENT FUNDS

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs (i.e., for the benefit of the City or its citizens).

CARROLL CANYON VERNAL POOL MITIGATION

This fund was established to account for an endowment from the San Diego Unified School District (The District). The endowment is to be used to implement a Memorandum of Understanding between the City and the District for biological mitigation, park land and joint use facilities involving Salk Elementary School, McAuliffe Community Park, and the Carroll Canyon Vernal Pool Preserve.

CEMETERY PERPETUITY

This fund was established to account for the Mt. Hope Cemetery endowment. Investment earnings derived from the endowment supplement grave sales revenues in order to finance cemetery operations.

LIBRARY ENDOWMENTS

This fund includes the Effie Sergeant endowment, which was established to account for donations to benefit the North Park Library, and the Scripps Ranch Library endowment. Investment earnings are used to finance library services and programs.

LOS PENASQUITOS CANYON

This fund was established to account for the Los Penasquitos Canyon Preserve Trust Fund. Investment earnings are used to finance operations, land acquisitions, historical restoration, and maintenance of the Penasquitos Preserve Park.

OTHER ENDOWMENTS

This fund includes several miscellaneous endowments, including, Carmel Valley Sewer Maintenance, Crescent Heights Habitat Management, Environmental Trust Bankruptcy Endowment, Figg Estate, Phillip Green Memorial Trust, Sycamore Estates, Mission Gorge Road Center Island Landscape, Attisha Trust, and the Zoological Society-Mission Trails.

CITY OF SAN DIEGO
NONMAJOR GOVERNMENTAL FUNDS - PERMANENT
COMBINING BALANCE SHEET
June 30, 2024
(Dollars in Thousands)

	Carroll Canyon Vernal Pool Mitigation	Cemetery Perpetuity	Library Endowments	Los Penasquitos Canyon	Other Endowments	Total
ASSETS						
Receivables:						
Accrued Interest	\$ 15	\$ 9	\$ 2	\$ 2	\$ 6	\$ 34
Restricted Cash and Investments	2,867	13,470	976	3,548	3,043	23,904
TOTAL ASSETS	\$ 2,882	\$ 13,479	\$ 978	\$ 3,550	\$ 3,049	\$ 23,938
LIABILITIES						
Accounts Payable	\$ —	\$ —	\$ 12	\$ —	\$ 1	\$ 13
FUND BALANCES						
Nonspendable	2,482	13,479	388	1,000	2,581	19,930
Restricted	400	—	578	2,550	467	3,995
TOTAL FUND BALANCES	2,882	13,479	966	3,550	3,048	23,925
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,882	\$ 13,479	\$ 978	\$ 3,550	\$ 3,049	\$ 23,938

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Carroll Canyon Vernal Pool Mitigation	Cemetery Perpetuity	Library Endowments	Los Penasquitos Canyon	Other Endowments	Total
REVENUES						
Revenue from Use of Money and Property	\$ 127	\$ 960	\$ 80	\$ 391	\$ 144	\$ 1,702
Revenue from Private Sources	—	—	—	—	269	269
Charges for Current Services	—	209	—	—	—	209
TOTAL REVENUES	127	1,169	80	391	413	2,180
EXPENDITURES						
Current:						
Parks, Recreation, Culture and Leisure	—	—	13	2	3	18
Sanitation and Health	—	54	—	—	—	54
TOTAL EXPENDITURES	—	54	13	2	3	72
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	127	1,115	67	389	410	2,108
OTHER FINANCING USES						
Transfers to Other Funds	—	(472)	—	(176)	—	(648)
NET CHANGE IN FUND BALANCES	127	643	67	213	410	1,460
Fund Balances at Beginning of Year	2,755	12,836	899	3,337	2,638	22,465
FUND BALANCES AT END OF YEAR	\$ 2,882	\$ 13,479	\$ 966	\$ 3,550	\$ 3,048	\$ 23,925

■ Nonmajor Enterprise Funds



*Pacific Steamship Co. Pier (Broadway Pier) with the SS Monterey (1930)
Courtesy of San Diego History Center*

ENTERPRISE FUNDS

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. These funds use full accrual accounting.

CITY OF SAN DIEGO

AIRPORTS

This fund was established to account for the operation, maintenance and development of both City-owned airports: Montgomery-Gibbs Executive Airport and Brown Field Municipal Airport. Airports Fund revenues are derived from such sources as rent/lease revenue, usage fees, earnings on investments, and aid from other governmental agencies.

DEVELOPMENT SERVICES

This fund was established to account for construction management, development project review, permitting, and inspection services for the City.

REFUSE DISPOSAL (formerly Environmental Services)

This fund was established to account for refuse disposal, resource management, and other environmental programs.

GOLF COURSE

This fund was established to operate, maintain, and improve physical conditions and initiate capital improvement programs for Torrey Pines, Mission Bay, and Balboa golf courses. Revenues are derived from green fees and leases.

RECYCLING

This fund was established to account for the planning, implementation, operation and management of City recycling and waste diversion programs. Revenues are derived from the recycling fee on all waste generated in the City or disposed of at the City landfill.

BLENDED COMPONENT UNIT

SAN DIEGO CONVENTION CENTER CORPORATION, INC. (SDCCC)

SDCCC is a not-for-profit public benefit corporation, originally organized to market, operate, and maintain the San Diego Convention Center. Revenues are derived mainly from building rents, food and beverage concessions, ancillary services, and contributions from the City. Expenses include maintenance, operations, and capital projects for the Convention Center.

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
June 30, 2024
(Dollars in Thousands)

	Airports	Development Services	Refuse Disposal	Golf Course	Recycling	SDCCC	Total
ASSETS							
Current Assets:							
Cash and Investments	\$ 19,646	\$ 34,077	\$ 49,063	\$ 54,429	\$ 48,831	\$ 33,132	\$ 239,178
Receivables:							
Accounts - Net of Allowance for Uncollectibles	1,999	948	881	704	4,792	8,525	17,849
Accrued Interest	111	212	484	284	430	—	1,521
Grants	23	—	—	—	342	—	365
Leases	551	—	—	—	—	—	551
PPPs	—	—	—	670	—	—	670
Inventories	—	—	—	—	—	49	49
Total Current Assets	22,330	35,237	50,428	56,087	54,395	41,706	260,183
Non-Current Assets:							
Restricted Cash and Investments	73	8,168	77,971	—	17,554	2,121	105,887
Prepaid Expenses	—	—	—	—	—	1,320	1,320
Leases Receivable	16,140	—	—	—	—	—	16,140
SCA Receivable	—	—	—	5,780	—	—	5,780
Other Assets	—	—	—	—	—	144	144
Capital Assets - Non-Depreciable	2,850	177	16,582	8,424	3,266	4,641	35,940
Capital Assets - Depreciable	42,904	8,488	30,865	43,666	1,370	31,695	158,988
Total Non-Current Assets	61,967	16,833	125,418	57,870	22,190	39,921	324,199
TOTAL ASSETS	84,297	52,070	175,846	113,957	76,585	81,627	584,382
DEFERRED OUTFLOWS OF RESOURCES							
OPEB Related	75	2,197	440	376	338	—	3,426
Pension Related	599	28,862	5,901	3,446	4,010	—	42,818
TOTAL DEFERRED OUTFLOWS OF RESOURCES ..	674	31,059	6,341	3,822	4,348	—	46,244
LIABILITIES							
Current Liabilities:							
Accounts Payable	867	3,891	2,261	829	2,996	1,163	12,007
Accrued Wages and Benefits	159	5,149	794	555	593	—	7,250
Interest Accrued on Long-Term Debt	9	23	1	2	—	382	417
Other Accrued Liabilities	—	—	—	—	—	1,719	1,719
Long-Term Liabilities Due Within One Year	264	5,193	4,848	1,187	590	3,929	16,011
Unearned Revenue	—	25,640	—	538	528	8,127	34,833
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable	—	—	—	—	17,553	—	17,553
Total Current Liabilities	1,299	39,896	7,904	3,111	22,260	15,320	89,790

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
June 30, 2024
(Dollars in Thousands)

	Airports	Development Services	Refuse Disposal	Golf Course	Recycling	SDCCC	Total
Non-Current Liabilities:							
Non-Current Liabilities Payable from Restricted Assets:							
Deposits/Advances from Others	\$ 73	\$ 8,168	\$ —	\$ —	\$ —	\$ —	\$ 8,241
Compensated Absences	69	3,808	419	288	241	322	5,147
Liability Claims	157	3,264	2,548	1,544	1,593	—	9,106
Leases Payable	—	—	—	37	—	—	37
SBITAs Payable	376	—	—	—	—	—	376
Loans Payable	—	—	38,641	—	—	20,695	59,336
Estimated Landfill Closure and Postclosure Care	—	—	62,647	—	—	—	62,647
Net OPEB Liability	622	10,227	6,894	3,882	4,050	—	25,675
Pension Liabilities	2,854	84,491	36,003	16,365	21,410	—	161,123
Total Non-Current Liabilities	4,151	109,958	147,152	22,116	27,294	21,017	331,688
TOTAL LIABILITIES	5,450	149,854	155,056	25,227	49,554	36,337	421,478
DEFERRED INFLOWS OF RESOURCES							
Pension Related	—	—	—	—	753	—	753
Lease Related	16,355	—	—	—	—	—	16,355
PPP Related	—	—	—	6,256	—	—	6,256
TOTAL DEFERRED INFLOWS OF RESOURCES	16,355	—	—	6,256	753	—	23,364
NET POSITION (DEFICIT)							
Net Investment in Capital Assets	45,211	7,463	44,928	51,482	4,636	15,813	169,533
Restricted for Closure/Postclosure Maintenance	—	—	1,993	—	—	—	1,993
Restricted for Other	—	—	—	—	—	2,121	2,121
Unrestricted (Deficit)	17,955	(74,188)	(19,790)	34,814	25,990	27,356	12,137
TOTAL NET POSITION (DEFICIT)	\$ 63,166	\$ (66,725)	\$ 27,131	\$ 86,296	\$ 30,626	\$ 45,290	\$ 185,784

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Airports	Development Services	Refuse Disposal	Golf Course	Recycling	SDCCC	Total
OPERATING REVENUES							
Charges for Services	\$ 8,383	\$ 105,958	\$ 56,081	\$ 34,806	\$ 25,442	\$ 45,601	\$ 276,271
Leases	638	—	—	—	—	—	638
Other	382	1,787	2,003	503	5,534	345	10,554
TOTAL OPERATING REVENUES	9,403	107,745	58,084	35,309	30,976	45,946	287,463
OPERATING EXPENSES							
Salaries and Employee Benefits	2,580	91,812	14,438	11,553	12,225	29,598	162,206
Materials and Supplies	194	327	1,390	2,002	1,701	563	6,177
Contractual Services	3,142	21,177	17,399	7,735	15,355	8,248	73,056
Information Technology	244	8,510	1,008	335	1,781	62	11,940
Energy and Utilities	849	941	1,796	2,440	617	6,424	13,067
Depreciation and Amortization	3,593	2,154	6,568	3,653	174	3,336	19,478
Other Expenses	3	617	3,047	88	44	1,682	5,481
TOTAL OPERATING EXPENSES	10,605	125,538	45,646	27,806	31,897	49,913	291,405
OPERATING INCOME (LOSS)	(1,202)	(17,793)	12,438	7,503	(921)	(3,967)	(3,942)
NONOPERATING REVENUES (EXPENSES)							
Earnings on Investments	890	2,104	3,712	2,081	3,511	1,347	13,645
Federal Grant Assistance	180	—	—	—	—	—	180
Other Agency Grant Assistance	—	75	—	—	917	—	992
Gain on Sale/Retirement of Capital Assets	—	—	—	—	—	15	15
PPPs	—	—	—	737	—	—	737
Debt Service Interest Expense	(9)	(32)	(24)	(4)	—	(910)	(979)
Other	117	8	876	2,047	298	188	3,534
TOTAL NONOPERATING REVENUES, NET	1,178	2,155	4,564	4,861	4,726	640	18,124
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(24)	(15,638)	17,002	12,364	3,805	(3,327)	14,182
Capital Contributions	116	—	—	—	—	139	255
Transfers from Other Funds	—	—	—	—	830	—	830
Transfers from Governmental Funds	—	—	—	—	—	7,735	7,735
Transfers to Other Funds	—	—	(830)	—	—	—	(830)
TOTAL CONTRIBUTIONS AND TRANSFERS	116	—	(830)	—	830	7,874	7,990
CHANGE IN NET POSITION	92	(15,638)	16,172	12,364	4,635	4,547	22,172
Net Position (Deficit) at Beginning of Year	63,074	(51,087)	10,959	73,932	25,991	40,743	163,612
NET POSITION (DEFICIT) AT END OF YEAR	\$ 63,166	\$ (66,725)	\$ 27,131	\$ 86,296	\$ 30,626	\$ 45,290	\$ 185,784

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Airports	Development Services	Refuse Disposal	Golf Course	Recycling	SDCCC	Total
CASH FLOWS FROM OPERATING ACTIVITIES							
Receipts from Customers and Users	\$ 7,844	\$ 112,719	\$ 59,198	\$ 37,697	\$ 31,570	\$ 45,092	\$ 294,120
Receipts from Interfund Services Provided	(18)	(2,500)	(409)	(53)	(872)	—	(3,852)
Payments to Suppliers	(3,326)	(8,070)	(20,121)	(11,940)	(17,480)	(17,357)	(78,294)
Payments to Employees	(2,962)	(115,816)	(16,391)	(11,857)	(13,362)	(28,942)	(189,330)
Payments for Interfund Services Used	(448)	(9,870)	(348)	(389)	(171)	—	(11,226)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	1,090	(23,537)	21,929	13,458	(315)	(1,207)	11,418
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers from Other Funds	—	—	—	—	830	—	830
Transfers from Governmental Funds	—	—	—	—	—	7,735	7,735
Transfers to Other Funds	—	—	(830)	—	—	—	(830)
Operating Grants Received	157	75	—	—	574	—	806
Proceeds from Advances and Deposits	—	33	—	—	2,106	—	2,139
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	157	108	(830)	—	3,510	7,735	10,680
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Proceeds from Loans	—	—	40,000	—	—	—	40,000
Proceeds from Sale of Capital Assets	—	—	—	—	—	15	15
Proceeds from Leasing Activity	5	—	—	—	—	—	5
Collections from PPPs	—	—	—	648	—	—	648
Acquisition of Capital Assets	(1,488)	(231)	(2,653)	(2,870)	(2,963)	(5,300)	(15,505)
Principal Payments on Leases	—	44	(2,814)	(1,002)	—	(542)	(4,314)
Principal Payments on SBITAs	(154)	(1,181)	—	—	—	—	(1,335)
Principal Payments on Loans	—	—	—	—	—	(843)	(843)
Interest Paid on Long-Term Debt	(11)	(53)	(25)	(7)	—	(924)	(1,020)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(1,648)	(1,421)	34,508	(3,231)	(2,963)	(7,594)	17,651
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of Investments	—	—	—	—	—	(20,197)	(20,197)
Proceeds from Restricted Investments	—	—	—	—	—	17,774	17,774
Interest Received on Investments	850	2,121	3,506	1,954	3,353	1,347	13,131
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	850	2,121	3,506	1,954	3,353	(1,076)	10,708
Net Increase (Decrease) in Cash and Cash Equivalents	449	(22,729)	59,113	12,181	3,585	(2,142)	50,457
Cash and Cash Equivalents at Beginning of Year	19,270	64,974	67,921	42,248	62,800	12,226	269,439
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 19,719	\$ 42,245	\$ 127,034	\$ 54,429	\$ 66,385	\$ 10,084	\$ 319,896
Reconciliation of Cash and Cash Equivalents at End of Year to the Statement of Fund Net Position:							
Cash and Investments	\$ 19,646	\$ 34,077	\$ 49,063	\$ 54,429	\$ 48,831	\$ 33,132	\$ 239,178
Restricted Cash and Investments	73	8,168	77,971	—	17,554	2,121	105,887
Less Investments Not Meeting the Definition of Cash Equivalents	—	—	—	—	—	(25,169)	(25,169)
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 19,719	\$ 42,245	\$ 127,034	\$ 54,429	\$ 66,385	\$ 10,084	\$ 319,896

(Continued on Next Page)

NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Airports	Development Services	Refuse Disposal	Golf Course	Recycling	SDCCC	Total
(Continued from Previous Page)							
Reconciliation of Operating Income (Loss) to Net Cash							
Provided by (Used For) Operating Activities:							
Operating Income (Loss)	\$ (1,202)	\$ (17,793)	\$ 12,438	\$ 7,503	\$ (921)	\$ (3,967)	\$ (3,942)
Adjustments to Reconcile Operating Income (Loss) to Net Cash							
Provided By (Used For) Operating Activities:							
Depreciation	3,593	2,154	6,568	3,653	174	3,336	19,478
Other Nonoperating Revenue	117	8	876	2,047	298	188	3,534
(Increase) Decrease in Assets and Deferred Outflows of Resources:							
Accounts Receivable - Net	(1,694)	713	(172)	206	(187)	(1,834)	(2,968)
Prepaid Expenses	—	—	—	—	—	(173)	(173)
OPEB Related Deferred Outflows of Resources	9	200	172	56	62	—	499
Pension Related Deferred Outflows of Resources	(80)	(10,827)	(903)	(1,157)	(827)	—	(13,794)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:							
Accounts Payable	419	973	341	(123)	1,099	(170)	2,539
Accrued Wages and Benefits	60	919	(62)	96	141	—	1,154
Other Accrued Liabilities	—	—	—	—	—	(825)	(825)
Unearned Revenue	—	1,754	—	82	(389)	793	2,240
Compensated Absences	25	1,217	(247)	86	158	194	1,433
Liability Claims	39	452	(283)	392	218	1,251	2,069
Estimated Landfill Closure and Postclosure Care	—	—	3,026	—	—	—	3,026
Net OPEB Liability	(7)	(170)	(42)	(31)	(27)	—	(277)
Pension Liabilities	(105)	(2,160)	504	648	256	—	(857)
Pension Related Deferred Inflows of Resources	(84)	(977)	(287)	—	(370)	—	(1,718)
Total Adjustments	<u>2,292</u>	<u>(5,744)</u>	<u>9,491</u>	<u>5,955</u>	<u>606</u>	<u>2,760</u>	<u>15,360</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ 1,090</u>	<u>\$ (23,537)</u>	<u>\$ 21,929</u>	<u>\$ 13,458</u>	<u>\$ (315)</u>	<u>\$ (1,207)</u>	<u>\$ 11,418</u>
Noncash Investing, Capital, and Financing Activities:							
Developer Contributed and Donated Capital Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 139	\$ 139
Capital Asset Acquisitions Related to Accounts Payable	(24)	—	(207)	(554)	(413)	742	(456)
Right-to-Use SBITA Assets Acquired	271	—	—	—	—	—	271
Change in Fair Value of Investments	325	1,216	1,216	648	1,231	—	4,636
Transfers of Capital Assets From Governmental Activities	116	—	—	—	—	—	116

Internal Service Funds



*Crystal Pier, Pacific Beach (1938)
Courtesy of San Diego History Center*

INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units and/or funds.

CITY OF SAN DIEGO

FLEET OPERATIONS

This fund was established to account for the acquisition, replacement, maintenance and fueling of the City's motive equipment.

CENTRAL STORES

This fund was established to provide centralized storeroom services to all City departments.

PUBLISHING SERVICES

This fund was established to provide printing and reproduction services to all City departments.

MISCELLANEOUS INTERNAL SERVICE

This fund accounts for various administrative activities including risk management administration, energy conservation, public utilities inventory, and administration and operation of various employee related programs such as unused compensatory time, unemployment insurance, and long-term disability. Revenues are derived from rates or fees charged to the departments for specific services rendered. All miscellaneous funds are reported with governmental activities in the government-wide financial statements, with the exception of the public utilities inventory fund, which is reported with business-type activities.

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF FUND NET POSITION
June 30, 2024
(Dollars in Thousands)

	Fleet Operations	Central Stores	Publishing Services	Miscellaneous Internal Service	Total
ASSETS					
Current Assets:					
Cash and Investments	\$ 137,361	\$ 1,357	\$ —	\$ 17,988	\$ 156,706
Receivables:					
Accounts - Net of Allowance for Uncollectibles	2,370	—	31	31	2,432
Contributions	—	—	—	1,692	1,692
Accrued Interest	32	8	(2)	89	127
Inventories	—	1,813	—	12,570	14,383
Total Current Assets	<u>139,763</u>	<u>3,178</u>	<u>29</u>	<u>32,370</u>	<u>175,340</u>
Non-Current Assets:					
Capital Assets - Non-Depreciable	24,452	—	—	—	24,452
Capital Assets - Depreciable	244,129	54	48	—	244,231
Total Non-Current Assets	<u>268,581</u>	<u>54</u>	<u>48</u>	<u>—</u>	<u>268,683</u>
TOTAL ASSETS	<u>408,344</u>	<u>3,232</u>	<u>77</u>	<u>32,370</u>	<u>444,023</u>
DEFERRED OUTFLOWS OF RESOURCES					
OPEB Related	728	55	21	386	1,190
Pension Related	7,276	483	315	4,786	12,860
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>8,004</u>	<u>538</u>	<u>336</u>	<u>5,172</u>	<u>14,050</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	13,407	813	96	1,901	16,217
Accrued Wages and Benefits	1,368	68	34	1,995	3,465
Other Accrued Liabilities	—	—	—	130	130
Due to Other Funds	—	—	345	—	345
Interest Accrued on Long-Term Debt	442	—	—	—	442
Long-Term Liabilities Due Within One Year	16,452	48	20	7,290	23,810
Total Current Liabilities	<u>31,669</u>	<u>929</u>	<u>495</u>	<u>11,316</u>	<u>44,409</u>
Non-Current Liabilities:					
Compensated Absences	843	38	17	612	1,510
Liability Claims	6,341	63	22	5,430	11,856
Leases Payable	19,563	—	—	—	19,563
Financed Purchase Obligations	48,807	—	—	—	48,807
Net OPEB Liability	10,516	913	804	3,573	15,806
Pension Liabilities	44,637	3,956	1,817	20,623	71,033
Total Non-Current Liabilities	<u>130,707</u>	<u>4,970</u>	<u>2,660</u>	<u>30,238</u>	<u>168,575</u>
TOTAL LIABILITIES	<u>162,376</u>	<u>5,899</u>	<u>3,155</u>	<u>41,554</u>	<u>212,984</u>
DEFERRED INFLOWS OF RESOURCES					
Pension Related	976	—	99	246	1,321
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	186,035	54	48	—	186,137
Unrestricted (Deficit)	66,961	(2,183)	(2,889)	(4,258)	57,631
TOTAL NET POSITION (DEFICIT)	<u>\$ 252,996</u>	<u>\$ (2,129)</u>	<u>\$ (2,841)</u>	<u>\$ (4,258)</u>	<u>\$ 243,768</u>

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Fleet Operations	Central Stores	Publishing Services	Miscellaneous Internal Service	Total
OPERATING REVENUES					
Charges for Services	\$ 115,409	\$ 10,701	\$ 1,406	\$ 52,211	\$ 179,727
Other	—	11	—	56	67
TOTAL OPERATING REVENUES	115,409	10,712	1,406	52,267	179,794
OPERATING EXPENSES					
Salaries and Employee Benefits	26,696	1,404	398	15,382	43,880
Materials and Supplies	17,984	8,108	228	9,339	35,659
Contractual Services	4,700	524	851	1,700	7,775
Information Technology	2,061	33	29	1,340	3,463
Energy and Utilities	14,620	207	79	8	14,914
Depreciation and Amortization	41,389	15	42	36	41,482
Benefit and Claim Expenses	—	—	—	24,622	24,622
Other Expenses	—	—	—	9	9
TOTAL OPERATING EXPENSES	107,450	10,291	1,627	52,436	171,804
OPERATING INCOME (LOSS)	7,959	421	(221)	(169)	7,990
NONOPERATING REVENUES (EXPENSES)					
Earnings on Investments	259	57	(12)	771	1,075
Gain (Loss) on Sale/Retirement of Capital Assets	1,659	—	—	(515)	1,144
Debt Service Interest Expense	(1,812)	—	—	—	(1,812)
Other	1,169	—	—	98	1,267
TOTAL NONOPERATING REVENUES (EXPENSES), NET	1,275	57	(12)	354	1,674
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	9,234	478	(233)	185	9,664
Capital Contributions	173	25	—	—	198
Transfers from Other Funds	—	—	—	2,000	2,000
Transfers from Governmental Funds	15,230	—	—	—	15,230
TOTAL CONTRIBUTIONS AND TRANSFERS	15,403	25	—	2,000	17,428
CHANGE IN NET POSITION	24,637	503	(233)	2,185	27,092
Net Position (Deficit) at Beginning of Year	228,359	(2,632)	(2,608)	(6,443)	216,676
NET POSITION (DEFICIT) AT END OF YEAR	\$ 252,996	\$ (2,129)	\$ (2,841)	\$ (4,258)	\$ 243,768

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Fleet Operations	Central Stores	Publishing Services	Miscellaneous Internal Service	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from Customers and Users	\$ —	\$ —	\$ —	\$ 38,230	\$ 38,230
Receipts from Interfund Services Provided	115,403	10,712	1,374	14,084	141,573
Payments to Suppliers	(30,877)	(9,007)	(570)	(16,863)	(57,317)
Payments to Employees	(27,293)	(1,206)	(857)	(37,335)	(66,691)
Payments for Interfund Services Used	(470)	(17)	(28)	(614)	(1,129)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	56,763	482	(81)	(2,498)	54,666
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from Other Funds	—	—	—	2,000	2,000
Transfers from Governmental Funds	15,230	—	—	—	15,230
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	15,230	—	—	2,000	17,230
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Proceeds from Capital Contributions	—	50	—	—	50
Proceeds from the Sale of Capital Assets	2,879	—	—	—	2,879
Acquisition of Capital Assets	(50,585)	(50)	—	—	(50,635)
Principal Payments on Leases	(462)	—	(33)	—	(495)
Principal Payments on Financed Purchase Obligations	(15,488)	—	—	—	(15,488)
Interest Paid on Long-Term Debt	(1,756)	—	—	—	(1,756)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(65,412)	—	(33)	—	(65,445)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received (Losses) on Investments	250	53	(11)	739	1,031
Net Increase/(Decrease) in Cash and Cash Equivalents	6,831	535	(125)	241	7,482
Cash and Cash Equivalents at Beginning of Year	130,530	822	125	17,747	149,224
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 137,361	\$ 1,357	\$ —	\$ 17,988	\$ 156,706

Reconciliation of Operating Income (Loss) to Net Cash

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)

	Fleet Operations	Central Stores	Publishing Services	Miscellaneous Internal Service	Total
Provided by (Used For) Operating Activities:					
Operating Income (Loss)	\$ 7,959	\$ 421	\$ (221)	\$ (169)	\$ 7,990
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:					
Depreciation	41,389	15	42	36	41,482
Other Nonoperating Revenue	1,169	—	—	98	1,267
(Increase) Decrease in Assets and Deferred Outflows of Resources:					
Accounts Receivable - Net	(1,175)	—	(31)	10	(1,196)
Due to Other Funds	—	—	345	—	345
Contributions Receivable	—	—	—	(86)	(86)
Inventories	—	(194)	—	(2,620)	(2,814)
OPEB Related Deferred Outflows of Resources	139	18	(2)	68	223
Pension Related Deferred Outflows of Resources	(1,282)	(49)	(66)	(1,507)	(2,904)
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:					
Accounts Payable	6,864	161	4	351	7,380
Accrued Wages and Benefits	263	8	9	285	565
Compensated Absences	273	25	4	511	813
Liability Claims	1,292	(48)	10	1,611	2,865
Net OPEB Liability	(60)	(5)	(2)	(33)	(100)
Pension Liabilities	768	130	(166)	(520)	212
Pension Related Deferred Inflows of Resources	(836)	—	(7)	(533)	(1,376)
Total Adjustments	48,804	61	140	(2,329)	46,676
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 56,763	\$ 482	\$ (81)	\$ (2,498)	\$ 54,666
Noncash Investing, Capital, and Financing Activities:					
Capital Assets Acquired through Financed Purchases	\$ 18,681	\$ —	\$ —	\$ —	\$ 18,681
Developer Contributed and Donated Capital Assets	—	(25)	—	—	(25)
Capital Asset Acquisitions Related to Accounts Payable	139	—	—	—	139
Carrying Value of Retired Capital Assets	(1,221)	—	—	—	(1,221)
Change in Fair Value of Investments	145	13	(6)	273	425
Transfers of Capital Assets (To) From Governmental Activities	48	—	—	(390)	(342)
Transfers of Capital Assets (To) From Other Funds	125	—	—	(125)	—



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Fiduciary Funds



*Looking over Horton Plaza from the U.S. Grant at 3rd Avenue and Broadway (1935)
Courtesy of San Diego History Center*

FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of fiduciary funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

PENSION TRUST FUNDS

FIDUCIARY COMPONENT UNIT

SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

SDCERS provides retirement, disability, and death benefits. SDCERS is a defined benefit plan, whereby funds are accumulated from City and employee contributions, plus earnings from fund investments. SDCERS administers the Port of San Diego and the San Diego County Regional Airport Authority defined benefit plans and performs certain administrative functions for other post-employment benefits on behalf of the City.

CITY OF SAN DIEGO

CUSTODIAL FUNDS

These funds were established to account for assets held by the City as an agent for individuals, private organizations, or other governments, including special assessments and asset forfeitures.

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024
(Dollars in Thousands)**

	City Employees' Retirement System			
	City of San Diego	Unified Port District	Airport Authority	Total
ASSETS				
Cash and Investments	\$ 1,280	\$ 141	\$ 267	\$ 1,688
Cash and Investments with Custodian/Fiscal Agent	240,557	8,002	76,970	325,529
Investments at Fair Value:				
Domestic Fixed Income Securities	2,408,475	137,914	50,816	2,597,205
International Fixed Income Securities	221,066	12,525	2,029	235,620
Domestic Equity Securities (Stocks)	2,666,302	154,362	60,142	2,880,806
International Equity Securities (Stocks)	1,713,437	98,310	36,755	1,848,502
Global Fixed Income Securities	541,152	31,618	15,015	587,785
Global Equity Securities	387,859	22,489	7,064	417,412
Real Estate	1,027,334	59,701	21,982	1,109,017
Private Equity and Infrastructure	1,438,819	84,752	32,194	1,555,765
Receivables:				
Contributions	5,899	818	159	6,876
Accrued Interest	19,611	1,125	452	21,188
Securities Sold	298,831	19,003	6,651	324,485
Prepaid Expenses	393	24	13	430
Securities Lending Collateral	83,982	4,815	2,375	91,172
Capital Assets - Depreciable	1,253	53	4	1,310
TOTAL ASSETS	11,056,250	635,652	312,888	12,004,790
LIABILITIES				
Accounts Payable	3,896	247	119	4,262
Accrued Wages and Benefits	1,125	75	43	1,243
Supplemental Benefits Payable	11,290	327	91	11,708
Securities Lending Obligations	83,974	4,814	2,375	91,163
Securities Purchased	561,330	34,343	11,961	607,634
TOTAL LIABILITIES	661,615	39,806	14,589	716,010
NET POSITION				
Restricted for Pension Benefits	\$ 10,394,635	\$ 595,846	\$ 298,299	\$ 11,288,780

**FIDUCIARY FUNDS
PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	City Employees' Retirement System			
	City of San Diego	Unified Port District	Airport Authority	Total
ADDITIONS				
Employer Contributions	\$ 449,336	\$ 20,788	\$ 9,098	\$ 479,222
Plan Member Contributions:				
Employee Contributions	145,103	3,081	2,499	150,683
DROP Contributions	4,994	226	144	5,364
Earnings (Losses) on Investments:				
Investment Income	136,509	7,863	3,758	148,130
Investment Expense	(40,519)	(2,331)	(1,123)	(43,973)
Net Increase in Fair Value of Investments	620,366	35,695	17,309	673,370
Net Earnings on Investments	<u>716,356</u>	<u>41,227</u>	<u>19,944</u>	<u>777,527</u>
Securities Lending:				
Gross Earnings	10,797	621	299	11,717
Borrower Rebates and Bank Charges	(9,979)	(574)	(276)	(10,829)
Net Securities Lending Income	<u>818</u>	<u>47</u>	<u>23</u>	<u>888</u>
TOTAL ADDITIONS	<u>1,316,607</u>	<u>65,369</u>	<u>31,708</u>	<u>1,413,684</u>
DEDUCTIONS				
DROP Interest Expense	18,036	544	112	18,692
Benefit and Claim Payments	631,048	36,928	10,071	678,047
Administration	13,780	826	441	15,047
TOTAL DEDUCTIONS	<u>662,864</u>	<u>38,298</u>	<u>10,624</u>	<u>711,786</u>
CHANGE IN NET POSITION	653,743	27,071	21,084	701,898
Net Position at Beginning of Year	9,740,892	568,775	277,215	10,586,882
NET POSITION AT END OF YEAR	<u>\$ 10,394,635</u>	<u>\$ 595,846</u>	<u>\$ 298,299</u>	<u>\$ 11,288,780</u>

**FIDUCIARY FUNDS
CUSTODIAL FUNDS
COMBINING STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024
(Dollars in Thousands)**

	Community Facilities Districts	Other Custodial Funds	Total
ASSETS			
Cash and Investments	\$ 627	\$ 141	\$ 768
Receivables:			
Special Assessments	132	—	132
Accrued Interest	12	—	12
Restricted Cash and Investments	12,606	—	12,606
TOTAL ASSETS	13,377	141	13,518
LIABILITIES			
Other Accrued Liabilities	—	17	17
Due to Bondholders	13,377	—	13,377
TOTAL LIABILITIES	13,377	17	13,394
NET POSITION			
Restricted for Others	\$ —	\$ 124	\$ 124

**FIDUCIARY FUNDS
CUSTODIAL FUNDS
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
Fiscal Year Ended June 30, 2024
(Dollars in Thousands)**

	Community Facilities Districts	Other Custodial Funds	Total
ADDITIONS			
Special Assessments	\$ 6,523	\$ —	\$ 6,523
Investment Income	517	3	520
TOTAL ADDITIONS	7,040	3	7,043
DEDUCTIONS			
Paid to Bondholders	6,838	—	6,838
Administration	202	—	202
Other Expenses	—	13	13
TOTAL DEDUCTIONS	7,040	13	7,053
NET CHANGE IN NET POSITION	—	(10)	(10)
Net Position at Beginning of Year	—	134	134
NET POSITION AT END OF YEAR	\$ —	\$ 124	\$ 124

Statistical Section (Unaudited)



*San Diego Rowing Club at the end of 5th Avenue (1905)
Courtesy of San Diego History Center*

STATISTICAL SECTION

The Statistical Section presents information as required by GASB Statement No. 44. In addition to utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information, the statistical data presented in this section helps users assess the City's economic condition. Ten-year trend information has been provided when available. The statistical tables are footnoted to indicate sources and when accounting data or other information is unavailable.

CONTENTS

FINANCIAL TRENDS

Tables 1 through 4 contain information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

Tables 5 through 9 contain information to help the reader assess the City's ability to generate its most significant local revenue source, property tax.

DEBT CAPACITY

Tables 10 through 15 present information to help the reader assess the affordability of the City's current levels of certain outstanding debt categories.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Tables 16 and 17 offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to provide comparisons over time with other governments.

OPERATING INFORMATION

Tables 18 through 20 contain information about the City's resources and operations to help the reader understand how the City's financial report relates to the services provided and activities performed by the City.

*Additional financial information (audited and statistical) on the Sewer and Water Utilities can be obtained in the Annual Report Disclosure filings submitted to the Municipal Securities Rulemaking Board, <http://emma.msrb.org>.

CITY OF SAN DIEGO
NET POSITION BY CATEGORY (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)
(Accrual Basis of Accounting)

Table 1

	Fiscal Year		
	2015	2016	2017
Governmental Activities			
Net Investment in Capital Assets	\$ 3,988,396	\$ 4,129,002	\$ 4,220,622
Restricted for:			
Capital Projects	575,798	598,215	723,855
Low-Moderate Income Housing	286,129	319,022	335,801
Nonexpendable Permanent Endowments	21,300	19,900	20,264
Grants	67,230	219,216	204,527
Other	358,647	450,885	441,102
Unrestricted (Deficit)	(1,493,831)	(1,418,869)	(1,577,390)
Total Governmental Activities Net Position	<u>3,803,669</u>	<u>4,317,371</u>	<u>4,368,781</u>
Business-type Activities			
Net Investment in Capital Assets	3,902,396	4,042,983	4,246,534
Restricted for:			
Debt Service	1,531	2,790	505
Other	26,245	7,010	7,285
Unrestricted	380,283	364,762	293,340
Total Business-type Activities Net Position	<u>4,310,455</u>	<u>4,417,545</u>	<u>4,547,664</u>
Primary Government			
Net Investment in Capital Assets	7,890,792	8,171,985	8,467,156
Restricted for:			
Capital Projects	575,798	598,215	723,855
Debt Service	1,531	2,790	505
Low-Moderate Income Housing	286,129	319,022	335,801
Nonexpendable Permanent Endowments	21,300	19,900	20,264
Grants	67,230	219,216	204,527
Other	384,892	457,895	448,387
Unrestricted (Deficit)	(1,113,548)	(1,054,107)	(1,284,050)
Total Primary Government Net Position	<u>\$ 8,114,124</u>	<u>\$ 8,734,916</u>	<u>\$ 8,916,445</u>

¹ Fiscal Year 2018 amounts have been reclassified to conform with current year presentation.

Source: Annual Comprehensive Financial Reports

Table 1

		Fiscal Year					
2018	2019	2018 ¹	2021	2022	2023	2024	
\$ 4,308,123	\$ 4,370,867	\$ 4,424,146	\$ 4,450,838	\$ 4,511,654	4,646,243	\$ 4,862,373	
665,993	714,101	738,177	839,354	804,253	794,701	747,780	
338,828	343,422	346,594	360,341	364,219	370,816	429,979	
17,836	18,428	18,286	19,714	18,058	18,942	19,930	
179,469	141,489	110,893	95,280	82,115	76,666	75,392	
492,426	566,358	550,008	544,412	609,219	710,544	711,097	
(1,919,740)	(2,032,257)	(2,222,923)	(2,515,327)	(2,286,692)	(2,012,625)	(1,912,015)	
4,082,935	4,122,408	3,965,181	3,794,612	4,102,826	4,605,287	4,934,536	
4,383,725	4,414,352	4,528,113	4,657,585	4,779,653	4,955,423	5,078,838	
683	481	9,842	9,673	9,738	11,322	10,652	
6,525	6,487	9,343	4,747	2,508	1,848	4,114	
239,462	315,683	312,799	322,363	348,683	302,658	225,932	
4,630,395	4,737,003	4,860,097	4,994,368	5,140,582	5,271,251	5,319,536	
8,691,848	8,785,219	8,952,259	9,108,423	9,291,307	9,601,666	9,941,211	
665,993	714,101	738,177	839,354	804,253	794,701	747,780	
683	481	9,842	9,673	9,738	11,322	10,652	
338,828	343,422	346,594	360,341	364,219	370,816	429,979	
17,836	18,428	18,286	19,714	18,058	18,942	19,930	
179,469	141,489	110,893	95,280	82,115	76,666	75,392	
498,951	572,845	559,351	549,159	611,727	712,392	715,211	
(1,680,278)	(1,716,574)	(1,910,124)	(2,192,964)	(1,938,009)	(1,709,967)	(1,686,083)	
\$ 8,713,330	\$ 8,859,411	\$ 8,825,278	\$ 8,788,980	\$ 9,243,408	\$ 9,876,538	\$ 10,254,072	

**CITY OF SAN DIEGO
CHANGES IN NET POSITION (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)
(Accrual Basis of Accounting)**

Table 2

	Fiscal Year		
	2015	2016	2017
Expenses			
Governmental Activities			
General Government and Support	\$ 271,094	\$ 303,802	\$ 344,484
Public Safety - Police	380,344	412,571	501,314
Public Safety - Fire and Life Safety and Homeland Security	221,446	233,688	290,178
Parks, Recreation, Culture and Leisure	263,127	311,372	355,714
Transportation	198,242	224,620	239,099
Sanitation and Health	92,833	99,079	103,039
Neighborhood Services	80,299	65,994	82,384
Debt Service:			
Interest	33,790	41,537	36,943
Total Governmental Activities Expenses	<u>1,541,175</u>	<u>1,692,663</u>	<u>1,953,155</u>
Business-type Activities			
Sewer Utility	316,465	296,422	339,189
Water Utility	466,552	437,304	477,037
Airports	3,740	4,824	6,306
Development Services	50,244	54,002	69,949
Refuse Disposal	30,939	54,385	34,253
Golf Course	15,827	16,182	19,925
Recycling	17,200	18,036	19,444
San Diego Convention Center Corporation	—	—	36,760
Total Business-type Activities Expenses	<u>900,967</u>	<u>881,155</u>	<u>1,002,863</u>
Total Primary Government Expenses	<u>2,442,142</u>	<u>2,573,818</u>	<u>2,956,018</u>
Program Revenues			
Governmental Activities			
Charges for Services:			
General Government and Support	249,241	213,490	176,696
Public Safety - Police	40,304	46,238	45,126
Public Safety - Fire and Emergency Services	33,547	36,645	32,491
Parks, Recreation, Culture and Leisure	53,093	74,531	133,451
Transportation	34,459	44,555	47,655
Sanitation and Health	14,269	14,730	16,629
Neighborhood Services	49,825	32,982	37,105
Operating Grants and Contributions	49,049	65,173	46,476
Capital Grants and Contributions	106,237	140,408	75,694
Total Governmental Activities Program Revenues	<u>630,024</u>	<u>668,752</u>	<u>611,323</u>

Table 2

		Fiscal Year										
		2018	2019	2020	2021	2022	2023	2024				
\$	364,533	\$	383,177	\$	417,462	\$	415,720	380,023	\$	445,390	\$	435,636
	542,128		567,625		629,922		677,483					636,372
	321,016		339,282		338,128		373,607					469,132
	383,122		397,391		374,335		377,559					508,833
	264,278		279,724		311,561		280,336					339,733
	101,440		108,371		117,473		115,935					194,254
	91,686		121,036		131,086		304,155					197,802
	36,515		34,265		34,027		24,920					31,039
	2,104,718		2,230,871		2,353,994		2,569,715					2,812,801
	351,145		356,630		362,289		360,203					394,721
	532,056		515,273		535,567		596,764					660,158
	7,415		8,211		9,044		9,391					10,599
	78,287		81,012		88,032		94,980					125,552
	41,397		38,510		32,500		40,897					45,617
	21,072		20,090		21,420		22,679					27,786
	25,002		24,780		27,326		32,015					31,522
	37,986		41,898		39,834		29,421					50,823
	1,094,360		1,086,404		1,116,012		1,186,350					1,391,808
	3,199,078		3,317,275		3,470,006		3,756,065					4,204,609
	176,366		198,942		188,116		178,892					210,263
	40,738		43,117		33,551		31,716					49,832
	43,814		52,760		48,626		42,975					60,400
	114,893		125,122		91,225		63,482					144,842
	51,422		53,862		69,213		66,528					144,265
	15,625		15,778		15,531		15,311					71,171
	40,123		40,624		37,242		38,900					82,179
	134,682		154,764		226,203		413,621					21,391
	26,218		77,952		72,502		73,172					45,780
	643,881		762,921		782,209		924,597					82,179
												285,280
												85,590
												997,507
												1,128,885

(Continued on Next Page)

**CITY OF SAN DIEGO
CHANGES IN NET POSITION (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)
(Accrual Basis of Accounting)**

Table 2

	Fiscal Year		
	2015	2016	2017
Program Revenues (Continued)			
Business-type Activities			
Charges for Services:			
Sewer Utility	\$ 364,467	\$ 346,950	\$ 353,488
Water Utility	455,222	413,008	501,404
Airports	4,618	4,691	5,307
Development Services	56,395	59,808	64,699
Refuse Disposal	30,477	33,048	32,194
Golf Course	20,116	17,987	18,087
Recycling	20,305	23,203	23,186
San Diego Convention Center Corporation	—	—	36,505
Operating Grants and Contributions	1,044	2,629	10,088
Capital Grants and Contributions	386,952	59,226	56,837
Total Business-type Activities Program Revenues	<u>1,339,596</u>	<u>960,550</u>	<u>1,101,795</u>
Total Primary Government Program Revenues	<u>1,969,620</u>	<u>1,629,302</u>	<u>1,713,118</u>
Net (Expense)/Revenue:			
Governmental Activities	(911,151)	(1,023,911)	(1,341,832)
Business-type Activities	438,629	79,395	98,932
Total Primary Government Net Expense	<u>(472,522)</u>	<u>(944,516)</u>	<u>(1,242,900)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities			
Property Taxes	460,948	489,548	520,186
Transient Occupancy Taxes	182,466	200,612	222,228
Sales Taxes - Shared State Revenue	296,837	319,030	310,935
Franchises	—	—	141,942
Other Local Taxes	208,970	204,387	36,310
Developer Contributions and Fees	86,440	104,516	99,075
Grants and Contributions not Restricted to Specific Programs	653	1,045	700
Investment Income	8,786	16,075	7,846
Gain on Sale of Capital Assets	—	—	28,005
Miscellaneous	47,071	37,751	36,881
Transfers	(150)	(733)	(3,207)
Total Governmental Activities General Revenues and Transfers	<u>1,292,021</u>	<u>1,372,231</u>	<u>1,400,901</u>
Business-type Activities			
Investment Income	8,012	13,742	3,330
Gain on Sale of Capital Assets	—	—	—
Miscellaneous	21,285	13,220	7,076
Transfers	150	733	3,207
Total Business-type Activities General Revenues and Transfers	<u>29,447</u>	<u>27,695</u>	<u>13,613</u>
Total Primary Government General Revenues and Transfers	<u>1,321,468</u>	<u>1,399,926</u>	<u>1,414,514</u>
Special Items and Extraordinary Gain (Loss)			
Governmental Activities	—	165,382	—
Business-type Activities	—	—	—
Change in Net Position:			
Governmental Activities	380,870	513,702	59,069
Business-type Activities	468,076	107,090	112,545
Total Primary Government Change in Net Position	<u>\$ 848,946</u>	<u>\$ 620,792</u>	<u>\$ 171,614</u>

Source: Annual Comprehensive Financial Reports

Table 2

		Fiscal Year											
		2018	2019	2020	2021	2022	2023	2024					
\$	360,710	\$	367,979	\$	360,823	\$	361,334	\$	388,248	\$	382,225	\$	398,490
	569,524		539,128		552,214		591,776		566,909		569,337		557,560
	4,888		5,619		5,474		5,774		6,614		6,836		9,403
	70,703		74,741		85,700		83,043		110,633		119,581		107,745
	34,960		35,329		35,366		32,200		37,562		42,271		58,084
	23,502		24,320		22,446		29,437		32,660		34,464		36,046
	27,957		26,055		25,757		25,504		27,527		35,056		30,976
	34,256		41,245		30,370		43,290		28,363		42,030		45,946
	9,958		6,435		18,906		16,549		79,156		11,792		48,639
	70,109		30,801		62,301		62,990		88,266		79,930		79,438
	1,206,567		1,151,652		1,199,357		1,251,897		1,365,938		1,323,522		1,372,327
	1,850,448		1,914,573		1,981,566		2,176,494		2,366,343		2,321,029		2,501,212
	(1,460,837)		(1,467,950)		(1,571,785)		(1,645,118)		(1,225,667)		(1,387,696)		(1,683,916)
	112,207		65,248		83,345		65,547		160,214		67,852		(19,481)
	(1,348,630)		(1,402,702)		(1,488,440)		(1,579,571)		(1,065,453)		(1,319,844)		(1,703,397)
	548,509		586,510		627,272		659,417		684,513		745,039		797,261
	231,863		250,883		181,181		129,530		259,231		312,437		308,214
	323,113		339,609		327,311		352,131		434,719		445,659		437,203
	96,313		97,365		93,474		94,046		114,722		145,741		153,829
	52,603		66,375		68,117		72,464		75,660		79,593		83,445
	82,883		75,101		50,125		74,925		78,485		57,999		34,446
	833		835		1,982		1,468		3,916		636		1,721
	13,337		52,056		52,746		8,669		(21,964)		45,273		110,684
	809		770		6,178		62,446		4,777		9,505		53,438
	15,959		38,530		20,311		20,622		18,571		50,701		40,775
	(2,814)		(611)		(4,022)		(1,169)		(10,113)		(2,426)		(7,851)
	1,363,408		1,507,423		1,424,675		1,474,549		1,642,517		1,890,157		2,013,165
	8,435		28,713		27,752		3,799		(17,019)		19,873		36,924
	—		—		—		30,509		83		—		15
	13,758		12,036		7,975		33,247		28,937		40,518		22,976
	2,814		611		4,022		1,169		10,113		2,426		7,851
	25,007		41,360		39,749		68,724		22,114		62,817		67,766
	1,388,415		1,548,783		1,464,424		1,543,273		1,664,631		1,952,974		2,080,931
	—		—		(10,117)		—		(108,636)		—		—
	—		—		—		—		(36,114)		—		—
	(97,429)		39,473		(157,227)		(170,569)		308,214		502,461		329,249
	137,214		106,608		123,094		134,271		146,214		130,669		48,285
\$	39,785	\$	146,081	\$	(34,133)	\$	(36,298)	\$	454,428	\$	633,130	\$	377,534

CITY OF SAN DIEGO
FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)
(Modified Accrual Basis of Accounting)

Table 3

	Fiscal Year		
	2015	2016	2017
General Fund:			
Nonspendable	\$ 849	\$ 2,502	\$ 783
Spendable:			
Restricted	140,358	146,228	116,253
Committed	130,891	109,474	116,497
Assigned	6,162	11,189	28,869
Unassigned	99,555	106,508	111,057
Total General Fund	<u>\$ 377,815</u>	<u>\$ 375,901</u>	<u>\$ 373,459</u>
Nonmajor Governmental Funds:			
Nonspendable	\$ 21,427	\$ 19,917	\$ 20,299
Spendable:			
Restricted	1,288,739	1,573,516	1,617,147
Committed	108,239	106,851	114,692
Unassigned	(11,287)	(27,289)	(33,843)
Total Nonmajor Governmental Funds	<u>\$ 1,407,118</u>	<u>\$ 1,672,995</u>	<u>\$ 1,718,295</u>

Source: Annual Comprehensive Financial Reports

Table 3

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
\$ 863	\$ 1,154	\$ —	\$ —	\$ —	\$ —	\$ —
132,307	160,400	195,085	193,301	200,861	200,738	88,498
100,483	92,189	88,665	89,203	100,866	121,699	225,882
24,717	42,842	2,133	10,598	20,036	66,120	85,583
95,434	115,582	124,583	136,340	158,897	140,862	130,480
<u>\$ 353,804</u>	<u>\$ 412,167</u>	<u>\$ 410,466</u>	<u>\$ 429,442</u>	<u>\$ 480,660</u>	<u>\$ 529,419</u>	<u>\$ 530,443</u>
\$ 18,042	\$ 18,451	\$ 18,286	\$ 19,714	\$ 18,058	\$ 18,942	\$ 19,930
1,582,579	1,618,657	1,564,819	1,660,091	1,672,103	1,764,561	1,887,668
97,911	87,428	63,338	51,466	76,686	100,878	78,908
(43,514)	(65,721)	(89,319)	(79,662)	(79,045)	(83,859)	(173,746)
<u>\$ 1,655,018</u>	<u>\$ 1,658,815</u>	<u>\$ 1,557,124</u>	<u>\$ 1,651,609</u>	<u>\$ 1,687,802</u>	<u>\$ 1,800,522</u>	<u>\$ 1,812,760</u>

CITY OF SAN DIEGO
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)
(Modified Accrual Basis of Accounting)

Table 4

	Fiscal Year		
	2015	2016	2017
Revenues			
Property Taxes	\$ 460,515	\$ 489,664	\$ 519,386
Special Assessments	57,343	54,304	61,736
Sales Taxes - Shared State Revenue	293,929	333,821	319,343
Transient Occupancy Taxes	186,690	204,559	222,228
Franchises	—	—	141,942
Other Local Taxes	208,907	204,450	36,304
Licenses and Permits	57,388	78,595	125,087
Fines, Forfeitures and Penalties	33,832	41,465	32,480
Revenue from Use of Money and Property	92,452	103,307	97,902
Revenue from Federal Agencies	45,217	44,529	35,149
Revenue from Other Agencies	87,364	35,748	56,267
Revenue from Private Sources	71,581	87,739	13,286
Charges for Current Services	238,516	260,933	267,708
Other Revenue	49,200	39,718	37,846
Total Revenues	1,882,934	1,978,832	1,966,664
Expenditures			
Current:			
General Government and Support	305,594	334,883	335,344
Public Safety - Police	430,411	445,027	441,999
Public Safety - Fire and Emergency Services	254,603	252,608	255,451
Parks, Recreation, Culture and Leisure	228,157	276,730	293,083
Transportation	120,102	144,145	147,397
Sanitation and Health	92,907	94,982	99,012
Neighborhood Services	82,812	79,745	90,673
Capital Outlay	185,018	194,957	290,550
Debt Service:			
Principal Retirement	42,812	37,077	36,428
Cost of Issuance	1,140	712	28
Interest	34,135	40,330	39,108
Payment to Refunded Bond Escrow Agent	—	3,811	—
Total Expenditures	1,777,691	1,905,007	2,029,073
Excess (Deficiency) of Revenues Over Expenditures	105,243	73,825	(62,409)
Other Financing Sources (Uses)			
Transfers In	253,570	173,710	138,412
Transfers Out	(253,139)	(174,166)	(140,795)
Payment to Refunded Bond Escrow Agent	—	(122,186)	—
Contracts, Notes, and Loans Issued	1,512	—	—
Bonds Issued	121,200	123,294	—
Leases	—	—	—
SBITAs	—	—	—
Commercial Paper Notes Issued	—	—	—
Other Sources	45,120	24,104	107,650
Total Other Financing Sources (Uses)	168,263	24,756	105,267
Special Items and Extraordinary Gain (Loss)	—	165,382	—
Net Change in Fund Balances	\$ 273,506	\$ 263,963	\$ 42,858
Debt Service as a Percentage of Noncapital Expenditures	4.8 %	4.5 %	4.3 %

Source: Annual Comprehensive Financial Reports

Table 4

		Fiscal Year											
		2018	2019	2020	2021	2022	2023	2024					
\$	548,870	\$	585,391	\$	624,834	\$	658,985	\$	681,892	\$	744,300	\$	796,570
	63,870		70,590		56,705		47,120		69,193		79,193		82,907
	314,023		355,383		329,981		349,005		425,526		444,525		435,679
	231,863		250,883		181,181		128,310		259,110		308,075		310,930
	160,185		167,025		157,052		158,773		186,201		242,301		258,175
	52,608		66,375		68,026		72,302		75,727		77,878		83,454
	108,516		115,968		100,378		126,730		136,656		120,334		126,241
	32,157		30,060		31,676		26,477		33,460		38,423		38,762
	103,746		143,014		129,210		72,568		56,031		128,444		190,987
	54,336		96,372		161,152		354,936		336,745		201,538		137,038
	35,670		34,387		56,881		47,199		45,409		76,034		89,165
	9,348		30,162		6,673		7,417		2,984		5,694		3,784
	289,731		320,560		314,440		295,649		347,740		398,490		551,583
	16,304		17,359		19,350		17,324		17,485		35,563		38,145
	2,021,227		2,283,529		2,237,539		2,362,795		2,674,159		2,900,792		3,143,420
	363,126		392,779		438,157		428,357		467,791		543,398		565,630
	473,969		501,731		557,815		575,546		602,919		578,914		622,133
	285,567		293,267		299,525		313,138		341,393		359,305		452,521
	322,467		347,127		312,948		258,367		317,168		398,493		458,240
	175,931		180,758		218,467		186,428		164,164		184,474		235,858
	95,366		99,947		105,551		97,571		107,459		172,287		179,944
	97,978		146,370		142,315		298,756		288,219		147,627		193,377
	253,249		227,042		231,457		196,482		200,131		271,413		415,744
	40,961		44,435		48,189		139,607		62,401		247,179		103,032
	1,500		469		—		1,293		105		573		—
	54,994		35,090		35,142		37,762		29,623		31,715		31,365
	13,125		—		—		—		—		—		—
	2,178,233		2,269,015		2,389,566		2,533,307		2,581,373		2,935,378		3,257,844
	(157,006)		14,514		(152,027)		(170,512)		92,786		(34,586)		(114,424)
	143,061		128,577		122,912		115,288		139,907		186,111		147,084
	(146,077)		(120,496)		(120,006)		(99,968)		(150,320)		(202,910)		(170,049)
	(183,745)		—		—		(119,690)		—		—		—
	—		—		26,167		—		—		—		—
	226,971		—		—		277,209		—		126,777		—
	—		—		—		—		1,447		25,232		1,567
	—		—		—		—		—		3,917		29,986
	—		—		—		49,925		—		53,659		66,600
	33,864		39,565		29,679		61,209		3,591		3,279		52,498
	74,074		47,646		58,752		283,973		(5,375)		196,065		127,686
	—		—		(10,117)		—		—		—		—
\$	(82,932)	\$	62,160	\$	(103,392)	\$	113,461	\$	87,411	\$	161,479	\$	13,262
	5 %		3.9 %		3.9 %		7.6 %		3.9 %		10.5 %		4.7 %

CITY OF SAN DIEGO
ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)

Table 5

Fiscal Year Ended June 30	City				Successor Agency ¹				
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2015	\$ 176,702,157	\$ 8,671,311	\$ (8,592,636)	\$ 176,780,832	\$ 19,634,360	\$ 1,015,145	\$ (1,694,855)	\$ 18,954,650	0.172%
2016	187,297,981	8,906,099	(9,002,912)	187,201,168	21,169,427	1,032,849	(1,795,081)	20,407,195	0.172%
2017	197,932,308	8,861,982	(9,478,879)	197,315,411	22,939,735	1,078,149	(1,814,669)	22,203,215	0.172%
2018	210,056,793	9,316,411	(9,765,866)	209,607,338	24,856,106	1,127,636	(2,011,257)	23,972,485	0.172%
2019	223,287,219	9,594,809	(10,907,691)	221,974,337	27,179,889	1,165,784	(2,170,961)	26,174,712	0.172%
2020	235,623,512	10,360,876	(11,645,531)	234,338,857	29,706,476	1,190,951	(2,227,755)	28,669,672	0.172%
2021	247,222,440	10,580,060	(11,339,067)	246,463,433	32,001,177	1,207,260	(2,179,831)	31,028,606	0.172%
2022	256,825,352	9,649,356	(12,495,971)	253,978,737	33,420,880	986,514	(2,263,620)	32,143,774	0.172%
2023	276,652,290	11,460,363	(12,856,560)	275,256,093	36,226,621	1,316,538	(2,386,364)	35,156,795	0.172%
2024	295,968,555	13,113,460	(13,559,463)	295,522,552	38,770,334	1,416,394	(2,576,174)	37,610,554	0.172%

¹ Pursuant to ABX1 26, the former Redevelopment Agency (RDA) dissolved as of February 1, 2012, at which time the City, as Successor Agency, received the former RDA's assets and assumed the responsibility for winding down the former RDA's operations.

Sources: Avenu Insights and Analytics, LLC and San Diego County Assessor Data



CITY OF SAN DIEGO
ASSESSED VALUE OF PROPERTY BY USE CODE / ASSESSED VALUE BY MAJOR COMPONENT (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)

Table 6

Category	Fiscal Year			
	2015	2016	2017	2018
Residential	\$ 135,781,072	\$ 144,566,532	\$ 153,836,389	\$ 163,783,938
Commercial	25,423,193	26,788,688	42,781,822	45,175,379
Industrial	12,258,818	12,786,249	13,716,011	14,580,784
Institution	1,733,140	1,738,339	4,177,303	4,455,194
Recreation	1,344,234	1,384,431	1,657,970	1,659,558
Government	—	—	1,198,602	1,308,936
Agriculture	16,607	17,989	472,200	530,505
Rural	205,324	239,901	202,834	198,630
Vacant	2,611,582	3,023,596	2,826,026	3,219,104
Unknown	16,962,545	17,921,683	2,886	871
Gross Secured Value	196,336,515	208,467,408	220,872,043	234,912,899
Unsecured	9,686,457	9,938,948	9,940,131	10,444,047
Less Exemptions	(10,287,491)	(10,797,993)	(11,293,548)	(11,777,123)
Net Taxable Value	<u>\$ 195,735,481</u>	<u>\$ 207,608,363</u>	<u>\$ 219,518,626</u>	<u>\$ 233,579,823</u>

Use code categories are based on San Diego County Assessor's data.

Source: Avenu Insights and Analytics, LLC

Table 6

	2019	2020	2021	2022	2023	2024
\$	174,763,775	\$ 185,410,856	\$ 195,634,112	\$ 204,604,762	\$ 220,429,906	\$ 235,456,115
	47,995,505	50,635,658	52,900,687	53,518,770	56,924,205	60,136,059
	16,009,633	17,065,994	17,848,209	19,094,803	21,652,784	24,198,337
	4,742,848	4,878,576	5,035,567	5,133,405	5,231,758	5,478,609
	1,741,950	1,782,059	1,866,749	1,685,474	4,377,314	5,081,056
	1,385,959	1,438,338	1,480,367	1,486,625	1,859,539	1,860,516
	551,261	593,440	666,923	696,738	1,466,920	1,530,111
	175,835	184,651	183,620	173,967	774,488	828,103
	3,099,378	3,339,367	3,606,350	3,850,676	160,896	169,481
	964	1,049	1,034	1,010	1,101	502
	250,467,108	265,329,988	279,223,618	290,246,230	312,878,911	334,738,889
	10,760,593	11,551,827	11,787,320	10,635,870	12,776,901	14,529,854
	(13,078,652)	(13,873,286)	(13,518,898)	(14,759,592)	(15,242,924)	(16,135,638)
\$	<u>248,149,049</u>	<u>\$ 263,008,529</u>	<u>\$ 277,492,040</u>	<u>\$ 286,122,508</u>	<u>\$ 310,412,888</u>	<u>\$ 333,133,105</u>

CITY OF SAN DIEGO
DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED)
Last Ten Fiscal Years
(\$1 Per \$100 of Assessed Value)

Table 7

	Fiscal Year		
	2015	2016	2017
Basic City and County Direct Rates			
County of San Diego	0.15731 %	0.15731 %	0.15731 %
City of San Diego	0.17213 %	0.17213 %	0.17213 %
San Diego Unified School District	0.44679 %	0.44679 %	0.44679 %
San Diego Community College District	0.06463 %	0.06463 %	0.06463 %
County School Service	0.00748 %	0.00748 %	0.00748 %
County School Service - Capital Outlay	0.00189 %	0.00189 %	0.00189 %
Childrens Institution Tuition	0.00160 %	0.00160 %	0.00160 %
Regional Occupational Center	0.00477 %	0.00477 %	0.00477 %
Carlsbad Project	0.00010 %	0.00010 %	0.00010 %
Educational Revenue Augmentation Fund (ERAF)	0.14330 %	0.14330 %	0.14330 %
Total Basic City and County Direct Rates ¹	1.00000 %	1.00000 %	1.00000 %
Overlapping Rates			
City of San Diego	0.00850 %	0.00850 %	0.00850 %
Education	0.17051 %	0.16609 %	0.16582 %
Total Overlapping	0.17901 %	0.17459 %	0.17432 %
Total Direct and Overlapping Tax Rates	1.17901 %	1.17459 %	1.17432 %

¹ Property tax rates in California do not utilize millage rates. Proposition 13, enacted by the voters in 1978-79, held property tax to a maximum of 1% of the assessed value. Rates over 1% are allowable only for voter approved bond indebtedness.

Sources: Avenu Insights and Analytics, LLC and San Diego County Auditor/Controller Data

Table 7

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
0.15731 %	0.15731 %	0.15731 %	0.15731 %	0.15731 %	0.15731 %	0.15731 %
0.17213 %	0.17213 %	0.17213 %	0.17213 %	0.17213 %	0.17213 %	0.17213 %
0.44679 %	0.44679 %	0.44679 %	0.44679 %	0.44679 %	0.44679 %	0.44679 %
0.06463 %	0.06463 %	0.06463 %	0.06463 %	0.06463 %	0.06463 %	0.06463 %
0.00748 %	0.00748 %	0.00748 %	0.00748 %	0.00748 %	0.00748 %	0.00748 %
0.00189 %	0.00189 %	0.00189 %	0.00189 %	0.00189 %	0.00189 %	0.00189 %
0.00160 %	0.00160 %	0.00160 %	0.00160 %	0.00160 %	0.00160 %	0.00160 %
0.00477 %	0.00477 %	0.00477 %	0.00477 %	0.00477 %	0.00477 %	0.00477 %
0.00010 %	0.00010 %	0.00010 %	0.00010 %	0.00010 %	0.00010 %	0.00010 %
0.14330 %	0.14330 %	0.14330 %	0.14330 %	0.14330 %	0.14330 %	0.14330 %
1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %	1.00000 %
0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %	0.00850 %
0.16117 %	0.16611 %	0.22349 %	0.22132 %	0.22369 %	0.20786 %	0.20786 %
0.16967 %	0.17461 %	0.23199 %	0.22982 %	0.23219 %	0.21636 %	0.21636 %
1.16967 %	1.17461 %	1.23199 %	1.22982 %	1.23219 %	1.21636 %	1.21636 %

**CITY OF SAN DIEGO
PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED)
Current Year and Nine Years Ago
(Dollars in Thousands)**

Table 8

Property Tax Payer	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
<u>For the Fiscal Year Ended June 30, 2024</u>		
ARE - SD Region	\$ 4,428,454	1.33%
Qualcomm Inc	2,768,664	0.83%
Kilroy Realty L P	1,376,019	0.41%
Fenton HG Co	1,229,072	0.37%
Irvine Company LLC	1,036,845	0.31%
AAT La Jolla Commons LLC	969,037	0.29%
UTC Venture LLC	887,199	0.27%
Host Hotels and Resorts LP	862,963	0.26%
IQHQ Pacifiq LLC	862,943	0.26%
BRE - BMR Campus at Town Centre LP	765,013	0.23%
<u>For the Fiscal Year Ended June 30, 2015</u>		
Qualcomm Inc.	1,980,546	1.01%
Irvine Company LLC	1,683,876	0.86%
Kilroy Realty LP	1,329,703	0.68%
Host Hotels Resorts LP	781,319	0.40%
OCSD Holdings LLC	496,098	0.25%
One Park Boulevard LLC	460,382	0.24%
Fashion Valley Mall LLC	450,395	0.23%
Solar Turbines Inc.	443,382	0.23%
BRE Properties Inc.	428,778	0.22%
SeaWorld Parks Entertainment	410,998	0.21%

Sources: Avenu Insights and Analytics, LLC and San Diego County Assessor Data

**CITY OF SAN DIEGO
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)**

Table 9

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year ^{1,2}	Collected within the Fiscal Year of Levy			Total Collections to Date	
		Amount Collected ²	Percent of Levy	Delinquent Collections ³	Amount	Percent of Levy
2015	\$ 331,187	\$ 325,794	98.37%	\$ 2,826	\$ 328,620	99.22%
2016	330,483	327,903	99.22%	2,465	330,368	99.97%
2017	349,650	346,510	99.10%	2,893	349,403	99.93%
2018	370,127	367,047	99.17%	2,710	369,757	99.90%
2019	391,665	388,224	99.12%	2,997	391,221	99.89%
2020	432,393	422,798	97.78%	5,284	428,082	99.00%
2021	443,719	439,043	98.95%	3,985	443,028	99.84%
2022	476,111	464,274	97.51%	3,499	467,773	98.25%
2023	520,563	507,973	97.58%	3,733	511,706	98.30%
2024	553,425	541,022	97.76%	—	541,022	97.76%

¹ Property tax levies and collections for the General Fund and Zoological Exhibits Fund.

² Taxes levied and collected for the year include local assessment only.

³ Delinquent Collections amounts do not include penalties and interest.

Source: The County of San Diego

CITY OF SAN DIEGO
RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)

Table 10

Governmental Activities						
Fiscal Year Ended June 30	Leases Payable	SBITAs	Financed Purchase Obligations	QECB Lease Obligation	Loans Payable	Commercial Paper Notes
2015	\$ —	\$ —	\$ 92,539	\$ 10,071	\$ 9,568	\$ —
2016	—	—	86,500	9,259	8,480	—
2017	—	—	165,626	8,429	7,341	—
2018	—	—	197,649	7,578	6,383	—
2019	—	—	219,147	6,708	5,388	15,889
2020	—	—	207,010	5,816	30,737	38,575
2021	—	—	231,048	4,903	29,888	—
2022	74,333	—	217,273	3,968	29,007	—
2023	90,594	12,754	89,488	3,011	28,091	—
2024	81,730	30,877	87,070	2,031	1,142	—

Business-Type Activities						
Fiscal Year Ended June 30	Leases Payable	SBITAs	Financed Purchase Obligations	Contracts Payable	Notes Payable	Loans Payable
2015	\$ —	\$ —	\$ 2,250	\$ —	\$ —	\$ 158,241
2016	—	—	7,588	3,606	—	162,194
2017	—	—	6,091	2,888	13	191,658
2018	—	—	4,624	2,194	11	203,273
2019	—	—	3,123	1,481	8	223,896
2020	—	—	12,374	750	6	238,034
2021	—	—	8,624	—	4	243,223
2022	13,848	—	—	—	2	312,814
2023	13,580	3,043	—	—	—	432,256
2024	8,503	1,746	—	—	—	856,948

¹ Personal income is disclosed in Table 16.

² Debt per Capita is calculated using population data, which is disclosed in Table 16.

Source: Annual Comprehensive Financial Reports

Table 10

Lease Revenue Bonds Net	Tobacco Settlement-Asset Backed Bonds	Total Governmental Activities				
\$ 670,977	\$ 73,705	\$ 856,860				
641,832	69,440	815,511				
615,280	64,570	861,246				
583,508	89,195	884,313				
554,380	81,170	882,682				
524,158	73,330	879,626				
640,344	64,290	970,473				
605,535	54,250	984,366				
695,365	44,865	964,168				
656,774	36,280	895,904				

Commercial Paper Notes	Lease Revenue Bonds Net	Total Business-Type Activities	Total Primary Government	Percentage of Personal Income ¹	Debt Per Capita ²
\$ —	\$ 1,771,085	\$ 1,931,576	\$ 2,788,436	6.02%	\$ 2.04
—	1,843,259	2,016,647	2,832,158	5.94%	2.04
—	1,735,166	1,935,816	2,797,062	5.53%	1.99
168,213	1,630,758	2,009,073	2,893,386	5.33%	2.04
53,597	1,804,916	2,087,021	2,969,703	5.18%	2.09
18,724	1,930,160	2,200,048	3,079,674	5.13%	2.15
98,724	1,805,965	2,156,540	3,127,013	4.90%	2.22
195,092	1,869,553	2,156,540	3,363,848	4.71%	2.38
—	1,989,513	2,438,392	3,402,5605	4.10%	2.00
—	1,873,243	2,740,440	3,636,344	3.87%	1.98

**CITY OF SAN DIEGO
RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED)
Last Ten Fiscal Years**

Table 11

Fiscal Year Ended June 30	General Obligation Bonds (Thousands)	Assessed Valuation (Thousands)	Percentage of Assessed Value ¹	Population	Debt Per Capita ²
2015	\$ —	\$ 176,780,832	— %	1,368,061	\$ —
2016	—	187,201,168	—	1,391,676	—
2017	—	197,315,411	—	1,406,318	—
2018	—	209,607,338	—	1,419,845	—
2019	—	221,974,337	—	1,420,572	—
2020	—	234,338,857	—	1,430,489	—
2021	—	246,463,433	—	1,411,034	—
2022	—	253,978,736	—	1,374,790	—
2023	—	275,256,093	—	1,368,395	—
2024	—	295,522,552	—	1,385,379	—

Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

¹ Percentage is calculated using assessed property values.

² Ratio is calculated using population data.

Sources: Avenu Insights and Analytics, LLC, California Department of Finance, and Annual Comprehensive Financial Reports



**CITY OF SAN DIEGO
DIRECT AND OVERLAPPING DEBT (UNAUDITED)
June 30, 2023
(Dollars in Thousands)**

Table 12

	Total Debt June 30, 2024	% Applicable ¹	City's Share of Debt June 30, 2024
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 18,210	8.641%	\$ 1,573
Palomar Community College District	627,562	23.251%	145,915
San Diego Community College District	1,306,935	99.94%	1,306,151
Poway Unified School District School Facilities Improvement District No. 2002-1 & 2007-1	252,558	55.609-56.711%	142,173
San Diego Unified School District	5,502,764	99.942%	5,499,572
San Dieguito Union High School District	408,120	33.939%	138,512
San Ysidro School District	174,873	75.903%	132,734
Other School, High School and Community College Districts	3,658,357	Various	497,082
Grossmont Healthcare District	231,178	7.908%	18,282
Palomar Pomerado Health System	391,373	27.81%	108,841
City of San Diego Special Assessment/Special Tax Bonds ²	48,115	100%	48,115
Del Mar Unified School District Community Facilities District No. 99-1 & 95-1	46,680	100%	46,680
North City West School District Community Facilities District	16,768	100%	16,768
Poway Unified School District Community Facilities Districts	314,275	100%	314,275
San Dieguito Union High School District Community Facilities Districts	58,355	81.188-100%	53,769
Sweetwater Union High School District Community Facilities Districts	4,540	35.036-100%	3,046
Solana Beach School District Community Facilities Districts	22,540	100%	22,540
Other School, High School and Community College District General Fund Obligations	168,557	Various	10,254
Other Special District 1915 Act Bonds	83,374	Various	79,680
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			<u>\$ 8,585,962</u>
<u>DIRECT AND OVERLAPPING DEBT:</u>			
San Diego County General Fund Obligations	\$ 374,600	47.59%	\$ 178,272
San Diego County Pension Obligation Bonds	211,225	47.590%	100,522
San Diego County Superintendent of Schools Certificates of Participation	6,050	47.590%	2,879
Mira Costa Community College District General Fund Obligations	49,425	21.342%	10,548
Poway Unified School District General Fund Obligations	52,870	65.095%	34,416
Sweetwater Union High School District General Fund Obligations	390	19.865%	77
Chula Vista School District General Fund Obligations	167,735	4.862%	8,155
San Ysidro School District Certificates of Participation	32,655	75.903%	24,786
City of San Diego Obligations ³	895,904	100%	895,904
TOTAL DIRECT AND OVERLAPPING DEBT			<u>\$ 1,255,559</u>
TOTAL OVERLAPPING TAX INCREMENT DEBT	\$ 260,942	0.701 - 100%	\$ 237,323
TOTAL DIRECT DEBT			895,904
TOTAL OVERLAPPING DEBT			9,182,940
COMBINED TOTAL DEBT ⁴			10,078,844

Table 12

<u>Ratios to 2023-24 Assessed Valuations (\$334,583,651):</u>	
Total Overlapping Tax and Assessment Debt	2.57 %
Total Direct Debt (\$895,904)	0.27 %
Combined Total Debt	3.01 %
<u>Ratios to Successor Agency Incremental Valuation (\$38,023,933)</u>	
Total Overlapping Tax Increment Debt	0.62 %

¹ The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

² Amounts reconcile to Note 19, Total Special Assessment / Special Tax Bonds.

³ City of San Diego Obligations include Leases Payable, SBITAs Payable, Financed Purchase Obligations, QECB Lease Obligation, Loans Payable, Section 108 Loans Payable, Lease Revenue Bonds, and Tobacco Settlement Asset Backed Bonds.

⁴ Excludes Tax and Revenue Anticipation Notes, Enterprise Revenue, Mortgage Revenue and Non-Bonded Financed Purchase Obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Sources: Avenu Insights and Analytics, LLC and Annual Comprehensive Financial Reports

**CITY OF SAN DIEGO
LEGAL DEBT MARGIN SCHEDULE (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)**

Table 13

	2015	2016	2017
Assessed valuation	\$ 176,780,832	\$ 187,201,168	\$ 197,315,411
Debt limit percentage ^{1, 2}	25 %	25 %	15 %
Debt limit	44,195,208	46,800,292	29,597,311.65
Total net debt applicable to limit:			
General Obligation Bonds	—	—	—
Legal debt margin	44,195,208	46,800,292	29,597,311.65
Total debt applicable to the limit as a percentage of the debt limit	— %	— %	— %

¹ The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

² For fiscal years 2010-2016, Section 90 of the Charter provided that the bonded indebtedness for the development, conservation, and furnishings of water shall not exceed 15% of the last preceding assessed valuation of all real and personal property of the City subject to direct taxation, and that the bonded indebtedness for other municipal improvements shall not exceed 10% of such valuation. These limitations were removed from the Charter effective in fiscal year 2017.

Sources: Avenu Insights and Analytics, LLC and Annual Comprehensive Financial Reports

Table 13

		Fiscal Year						
		2018	2019	2020	2021	2022	2023	2024
\$	209,607,338	\$ 221,974,337	\$ 234,338,857	\$ 246,463,432	\$ 253,978,736	\$ 275,256,093	\$ 295,522,552	
	15 %	15 %	15 %	15 %	15 %	15 %	15 %	15 %
	31,441,100.7	33,296,151	35,150,829	36,969,515	38,096,810	41,288,414	44,328,383	
	—	—	—	—	—	—	—	
	31,441,100.7	33,296,151	35,150,829	36,969,515	38,096,810	41,288,414	44,328,383	
	— %	— %	— %	— %	— %	— %	— %	— %

CITY OF SAN DIEGO
PLEDGED-REVENUE COVERAGE - WATER OBLIGATIONS (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)

Table 14

Fiscal Year Ended June 30	Total System Revenues ¹	Total Maintenance and Operation Costs	Net System Revenues ²	Less: Interest Earnings on Reserve Fund- Senior Obligations	Adjusted Net System Revenues ³
2015	\$ 468,274	\$ 381,389	\$ 86,885	\$ (897)	\$ 85,988
2016	455,055	370,064	84,991	(4,474)	80,517
2017	498,520	402,475	96,045	(4)	96,041
2018	589,608	435,673	153,935	(35)	153,900
2019	558,349	428,932	129,417	(73)	129,344
2020	573,989	436,668	137,321	(40)	137,281
2021	629,839	492,144	137,695	(1)	137,694
2022	652,299	515,475	136,824	(2)	136,822
2023	646,485	500,939	145,546	(130)	145,416
2024 ⁷	690,807	540,652	150,155	(293)	149,862

¹ Total System Revenues and affected coverage ratios are net of transfers to/from the Water Rate Stabilization and Secondary Purchase reserves.

² Pursuant to the Amended and Restated Master Installment Purchase Agreement (MIPA), Net System Revenues is defined as "System Revenues" less "Maintenance and Operation Costs" of the Water System for the fiscal year.

³ As defined in the MIPA, Adjusted Net System Revenues are the "Net System Revenues" less "an amount equal to earnings from investments in any Reserve Fund or Reserve Account" for the fiscal year.

⁴ Senior Obligations include senior revenue bonds and SRF Loans. Utilizes definitions in accordance with the MIPA. Significant decrease in Adjusted Debt Service and increase in Adjusted Debt Service Coverage in FY 2017 because all outstanding Senior Bonds were refunded on a Subordinate lien in June 2016.

⁵ All Obligations consist of Senior Obligations (bonds and SRF Loans) and Subordinated Obligations (subordinated revenue bonds, commercial paper notes and WIFIA Loans). Utilizes definitions in accordance with the MIPA. Effective FY 2017, All Obligations include debt service paid on Subordinate Water Revenue Commercial Paper Notes program. See Note 6.

⁶ The coverage calculation as presented in Table 14 is pursuant to the MIPA coverage requirements such as maintaining minimum debt service coverage equal to at least 1.20 for Senior Obligations and 1.00 for All Obligations. Additionally, a WIFIA Loan agreement requires maintaining a coverage requirement similar to MIPA but equal to at least 1.10 for All Obligations each fiscal year. Additionally, there is an SRF Loan agreement pursuant to which the City has covenanted to maintain minimum debt service coverage equal to at least 1.10 times the maximum annual debt service for all obligations each fiscal year. The City verifies the loans' rate covenants annually.

⁷ Total System Revenues and affected coverage ratios are net of a \$59,400 transfer from the Water Rate Stabilization reserve. Aggregate Debt Service coverage before the transfer was approximately 0.92.

Source: Department of Finance, City of San Diego

Table 14

Senior Obligations ⁴					All Obligations ⁵			
Principal	Interest	Total	Less: Senior Interest Earnings	Adjusted Debt Service	Adjusted Debt Service Coverage ⁶	Total Debt Service	Aggregate Debt Service Coverage ⁶	
\$ 9,330	\$ 30,733	\$ 40,063	\$ (897)	\$ 39,166	2.20	\$ 66,835	1.3	
10,580	30,413	40,993	(4,474)	36,519	2.20	67,389	1.26	
2,703	1,302	4,005	(4)	4,001	24.00	61,842	1.55	
2,820	1,439	4,259	(35)	4,224	36.43	65,613	2.35	
2,887	1,600	4,487	(73)	4,414	29.30	68,136	1.90	
3,925	1,701	5,626	(40)	5,586	24.58	83,199	1.65	
18,832	9,630	28,462	(1)	28,461	4.84	93,547	1.47	
16,143	12,364	28,507	(2)	28,505	4.80	93,839	1.46	
16,536	11,986	28,522	(130)	28,392	5.12	100,330	1.45	
16,932	20,202	37,134	(293)	36,841	4.07	98,545	1.52	

CITY OF SAN DIEGO
PLEDGED-REVENUE COVERAGE - SEWER OBLIGATIONS (UNAUDITED)
Last Ten Fiscal Years
(Dollars in Thousands)

Table 15

Fiscal Year Ended June 30	Total System Revenues ¹	Total Maintenance and Operation Costs (Excludes Depreciation)	Net System Revenues ²	Senior Obligations ³			Senior Debt Service Coverage ⁵	All Obligations ⁴	
				Principal	Interest	Total		Total Debt Service	Aggregate Debt Service Coverage ⁵
2015	\$ 382,164	\$ 195,358	\$ 186,806	\$ 51,576	\$ 52,461	\$ 104,037	1.80	\$ 110,096	1.70
2016	368,195	192,185	176,010	66,187	34,633	100,820	1.75	106,879	1.65
2017	382,599	218,336	164,263	58,455	43,974	102,429	1.60	108,489	1.51
2018	388,395	223,013	165,382	61,751	41,376	103,127	1.60	109,185	1.51
2019	404,377	239,556	164,821	64,635	38,487	103,122	1.60	109,181	1.51
2020	405,301	244,894	160,407	65,080	35,115	100,195	1.60	106,254	1.51
2021	396,550	250,273	146,277	67,954	32,287	100,241	1.46	105,412	1.39
2022	425,627	244,933	180,694	71,342	28,625	99,967	1.81	104,935	1.72
2023	443,420	279,406	164,014	76,617	25,508	102,125	1.61	115,140	1.42
2024 ⁶	460,959	326,693	134,266	61,065	21,866	82,931	1.62	96,281	1.39

¹ Total System Revenues and affected coverage ratios are net of transfers to/from the Sewer Rate Stabilization reserve.

² As defined in the Master Installment Purchase Agreement (MIPA), Net System Revenues are defined as "System Revenues" less "Maintenance and Operation Costs" of the Wastewater System for the fiscal year.

³ Senior Obligations include senior revenue bonds and senior SRF Loans. Utilizes the definitions in accordance with the MIPA.

⁴ All Obligations consist of Senior Obligations (bonds and SRF Loans) and Subordinated Obligations (subordinated revenue bonds and subordinated SRF Loans). Utilizes definitions in accordance with the MIPA.

⁵ The coverage calculation as presented in Table 15 is pursuant to the MIPA, which requires a minimum debt service coverage should be at least equal to 1.20 for Senior Obligations and 1.00 for All Obligations. Additionally, there are various outstanding State Revolving Fund Loans (SRF Loans) agreements pursuant to which the City has covenanted to maintain minimum debt service coverage equal to at least 1.20 times the maximum annual debt service for senior obligations and 1.10 times the maximum annual debt service for all obligations in each fiscal year. The City verifies the loans' rate covenants annually.

⁶ Total System Revenues and affected coverage ratios are net of a \$6,000 transfer to the Sewer Rate Stabilization reserve. Aggregate Debt Service coverage before the transfer was approximately 1.46.

Source: Department of Finance, City of San Diego

**CITY OF SAN DIEGO
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)
Last Ten Fiscal Years**

Table 16

Fiscal Year Ended June 30	Population ¹	Personal Income (Thousands)	Per Capita Personal Income ²	City Unemployment Rate ³
2015	1,368,061	\$ 46,297,920	\$ 33,842	4.6 %
2016	1,391,676	47,718,552	34,289	4.9 %
2017	1,406,318	50,542,056	35,939	4.4 %
2018	1,419,845	54,274,285	38,225	3.1 %
2019	1,420,572	57,277,776	40,320	3.2 %
2020	1,430,489	59,988,300	41,936	14.7 %
2021	1,411,034	63,871,018	45,265	9.0 %
2022	1,374,790	71,479,195	51,993	2.6 %
2023	1,368,395	82,985,439	60,644	3.4 %
2024	1,385,379	93,993,393	67,847	3.6 %

¹ Population projections are provided by the California Department of Finance Projections.

² Income data is provided by the United States Census Bureau.

³ Unemployment Data is provided by the California Employment Development Department's Bureau of Labor Statistics Department.

Sources: Avenu Insights and Analytics, LLC and California Department of Finance

**CITY OF SAN DIEGO
PRINCIPAL EMPLOYERS (UNAUDITED)
Current Year and Nine Years Ago**

Table 17

Employer	Number of Employees	Percentage of Total Employment ¹
For the Fiscal Year Ended June 30, 2024		
Naval Base San Diego ²	40,472	5.64 %
University of California, San Diego ³	39,688	5.53 %
Sharp Health Care ⁴	20,139	2.81 %
County of San Diego	18,936	2.64 %
San Diego Unified School District	17,226	2.40 %
Scripps Health ⁵	14,732	2.05 %
City of San Diego	13,408	1.87 %
Qualcomm Inc.	10,124	1.41 %
Kaiser Permanente	7,687	1.07 %
Northrop Grumman Corp	6,639	0.93 %
Total Top Employers	189,051	26.35 %
For the Fiscal Year Ended June 30, 2015		
Naval Base San Diego ²	29,948	4.32 %
University of California, San Diego ³	28,459	4.10 %
Sharp Health Care ⁴	16,896	2.44 %
County of San Diego	16,427	2.37 %
Scripps Health ⁵	13,725	1.98 %
San Diego Unified School District	13,446	1.94 %
Qualcomm Inc.	10,968	1.58 %
City of San Diego	10,540	1.52 %
Kaiser Permanente	7,549	1.09 %
Dex Com Inc.	6,111	0.88 %
Total Top Employers	154,069	22.22 %

¹ Percentage based on total employment of 717,300 and 693,600 for fiscal years 2024 and 2015, respectively, based on total City labor provided by EDD

² Includes Active Duty Navy and Marine, and Civil Service employees

³ Includes full and part-time, academic and support, and UCSD Medical Center School of Medicine.

⁴ Employee count is countywide.

⁵ Scripps Health employees within city limits, not including Mercy Hospital in Chula Vista.

Sources: Avenu Insights and Analytics, LLC and City of San Diego, Department of Finance - Payroll Division

**CITY OF SAN DIEGO
FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION (UNAUDITED) ¹
Last Ten Fiscal Years**

Table 18

Function	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government and Support	2,283	2,433	2,569	2,611	2,690	2,702	2,601	2,703	3,051	3,304
Public Safety - Police	2,519	2,577	2,540	2,564	2,595	2,614	2,584	2,523	2,520	2,558
Public Safety - Fire and Life Safety and Homeland Security	1,397	1,428	1,433	1,450	1,481	1,515	1,526	1,537	1,637	1,674
Parks, Recreation, Culture and Leisure	1,871	1,908	1,976	1,896	1,880	1,848	1,663	1,722	1,929	2,119
Transportation	337	376	409	403	409	378	389	398	406	474
Sanitation and Health	139	144	128	127	132	136	126	152	245	391
Neighborhood Services	162	172	169	185	174	178	91	90	113	131
Airports	18	21	19	17	22	21	19	20	18	23
Development Services	367	408	415	426	412	441	513	528	667	735
Refuse Disposal	154	145	139	103	163	160	167	177	219	102
Golf Course	106	108	102	114	107	110	106	97	110	116
Recycling	93	85	83	126	91	93	95	89	71	78
Sewer Utility	693	694	660	653	614	613	612	589	593	596
Water Utility	829	888	841	863	828	789	803	841	961	1,090
Total Employees	<u>10,968</u>	<u>11,387</u>	<u>11,483</u>	<u>11,538</u>	<u>11,598</u>	<u>11,598</u>	<u>11,295</u>	<u>11,466</u>	<u>12,540</u>	<u>13,391</u>

¹ As of the last pay-period of the fiscal year.

Source: City of San Diego, Department of Finance - Payroll Division

**CITY OF SAN DIEGO
OPERATING INDICATORS BY FUNCTION (UNAUDITED)
Last Ten Fiscal Years**

Table 19

Function	Fiscal Year		
	2015	2016	2017
<u>Public Safety - Police</u>			
Calls for Police Services Dispatched	562,360	529,564	515,351
Calls for 9-1-1 Emergencies	626,694	615,158	595,309
<u>Public Safety - Fire and Life Safety and Homeland Security</u>			
Fire Department:			
Emergency Calls - Fire	5,591	5,639	5,845
Emergency Calls - Medical/Rescue	124,189	136,750	138,632
Emergency Calls - Other	12,748	11,875	12,024
Lifeguard:			
Water Rescues	6,673	7,835	8,611
Other Rescues	6,281	5,584	5,265
Beach Attendance	24,928,079	17,939,665	16,266,398
<u>Parks, Recreation, Culture and Leisure</u>			
Parks and Recreation:			
Number of Aquatic Users	311,788	304,125	321,751
Number of Youth Served in After School Program Sites	107,515	108,160	128,774
Library:			
Circulation	6,923,853	6,840,359	6,322,664
Total Attendance - All Libraries	6,654,351	6,940,237	6,591,169
<u>Sewer Utility</u>			
Average Daily Sewage Flow (millions of gallons)	149	146	156
Average Daily Peak - Maximum Sewage Flow (millions of gallons)	187	220	298
System Daily Capacity (millions of gallons)	255	255	255
<u>Water Utility</u>			
Average Daily Production (millions of gallons)	171	150	158
Maximum Daily Production (millions of gallons)	243	215	220
Total Water Consumption (millions of gallons)	60,474	54,702	49,209
Total Water Production (millions of gallons)	62,289	54,875	57,709

¹ Number of Calls for 9-1-1 emergencies is missing calls received during June 4th through June 30th, 2014.

² Number of calls for police dispatch are preliminary for FY18 and FY19 due to implementation of a new computer aided dispatch system.

Source: City Departments

Table 19

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
499,309	507,338	523,472	499,252	463,837	436,091	445,691
622,696	655,155	655,097	726,921	767,588	749,246	687,395
6,288	6,005	4,772	6,368	6,503	6,098	5,997
140,704	140,371	139,067	143,104	157,629	158,931	162,970
11,531	12,338	13,134	11,795	14,649	17,349	17,488
8,830	5,929	5,277	7,505	6,433	6,020	4,719
4,829	6,257	5,083	4,544	4,472	4,536	4,241
17,723,916	17,490,806	16,055,737	19,827,093	18,375,275	19,872,107	25,744,922
315,315	286,617	175,341	28,006	141,005	158,134	201,220
147,516	143,108	81,759	—	71,400	66,602	78,950
7,743,970	8,047,378	6,201,501	3,609,267	5,439,477	5,902,685	6,189,911
6,772,535	6,996,143	5,377,801	418,787	3,425,415	4,579,637	5,050,494
146	157	168	161	157	171	171
196	240	198	175	177	202	204
255	255	255	255	255	255	255
166	155	152	159	161	148	148
218	229	224	228	220	225	208
52,015	47,263	45,659	49,265	48,024	32,600	52,535
60,532	56,435	55,350	58,000	58,719	54,301	53,879

**CITY OF SAN DIEGO
CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED)
Last Ten Fiscal Years**

Table 20

Function	Fiscal Year		
	2015	2016	2017
<u>Public Safety - Police</u>			
Stations ¹	11	11	11
<u>Public Safety - Fire and Life Safety and Homeland Security</u>			
Fire Stations	47	48	48
<u>Parks, Recreation, Culture and Leisure</u>			
Parks and Recreation Sites	387	387	390
<u>Transportation</u>			
Miles of Streets - Concrete and Asphalt ²	2,778	2,981	2,964
<u>Airports</u>			
Municipal Airports	2	2	2
<u>Golf Course</u>			
Municipal Golf Courses ³	10	10	10
<u>Sewer Utility</u>			
Miles of Sewers	3,026	3,031	3,031
Sewer Service Laterals	261,837	264,652	262,275
<u>Water Utility</u>			
Miles of Water Mains	3,384	3,295	3,294
Water Meters in Service	279,625	280,631	283,751
Fire Hydrants	25,364	25,492	25,533

¹ Includes Headquarters and Traffic.

² Numbers for 2016 - 2023 includes alleys.

³ Includes City operated as well as leased golf courses.

⁴ Excludes recycled water mains.

Sources: Annual Comprehensive Financial Reports and City Departments

Table 20

Fiscal Year						
2018	2019	2020	2021	2022	2023	2024
11	11	11	11	11	11	11
49	49	49	49	50	50	50
395	397	400	400	402	405	407
2,996	2,996	3,000	3,045	3,045	3,045	3,015
2	2	2	2	2	2	2
10	10	10	10	10	10	10
3,032	3,036	3,039	3,044	3,085	3,070	3,074
262,252	262,268	262,447	262,751	263,981	264,660	265,100
3,295	3,297	3,316	3,320	3,334	3,342	3,443
284,202	284,724	285,237	285,582	285,717	286,038	286,257
25,534	25,545	25,610	25,652	25,853	26,289	26,327

