PORT OF SAN DIEGO, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

PORT of SAN DIEGO
Waterfront of Opportunity

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The San Diego Unified Port District (District) was established on December 18, 1962 in accordance with laws of the State of California. The District operates under the Public Trust Doctrine, which specifies that the waterways and waterfronts are primarily reserved for water-dependent uses such as fishing, cargo activity, bay tours, and recreational access such as hotels and restaurants; as well as environmental and natural-habitat preservation.

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(UNAUDITED)

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District Overview

THE SAN DIEGO UNIFIED PORT DISTRICT

The San Diego Unified Port District (District) is a regional public agency established in 1962 by an act of the California State Legislature to consolidate management responsibilities for San Diego Bay (Port Act). This consolidation provides ongoing efficiencies and centralized planning for the tidelands along San Diego Bay.

- The District is an economic engine, creating jobs and dollars for the regional economy through the promotion of maritime trade, tourism, and other commercial activities.
- The District is an environmental steward, preserving and enhancing the natural resources of the San Diego Bay and surrounding tidelands.
- The District is a provider of community services, providing public access, public safety, recreation, and community activities along the waterfront for visitors and residents of the region.

A seven-member Board of Port Commissioners governs the District. Board members are appointed to four-year terms by the city councils of Chula Vista, Coronado, Imperial Beach, National City, and San Diego. The San Diego City Council appoints three commissioners, and each of the other member city councils appoints one commissioner. Port Commissioners establish policies that the District staff, under the direction of the President/Chief Executive Officer (CEO), uses to conduct daily operations.

The District's maritime, real estate, and parking operations generate billions of dollars for the region's economy and allow the District to operate without the benefit of tax dollars. The District has the authority to levy a tax but has not done so since 1970.

PUBLIC TRUST DOCTRINE

The District is also a trustee of state lands subject to the Public Trust Doctrine, which mandates how California's sovereign lands should be managed. Also known as public trust lands, they include areas that used to be or are still under the bay and other waters. These lands cannot be bought and sold because they are held in the public trust and belong to the people of the State of California. As the trustee of these lands, the District is responsible for carrying out the principles of the Public Trust Doctrine. This includes protecting the environment, promoting the public's enjoyment of these lands, and enhancing economic development for the public's benefit.

Vision, Mission, Guiding Principle, and Core Values

VISION

21st Century Port - We are an innovative, global seaport courageously supporting commerce, community and the environment.

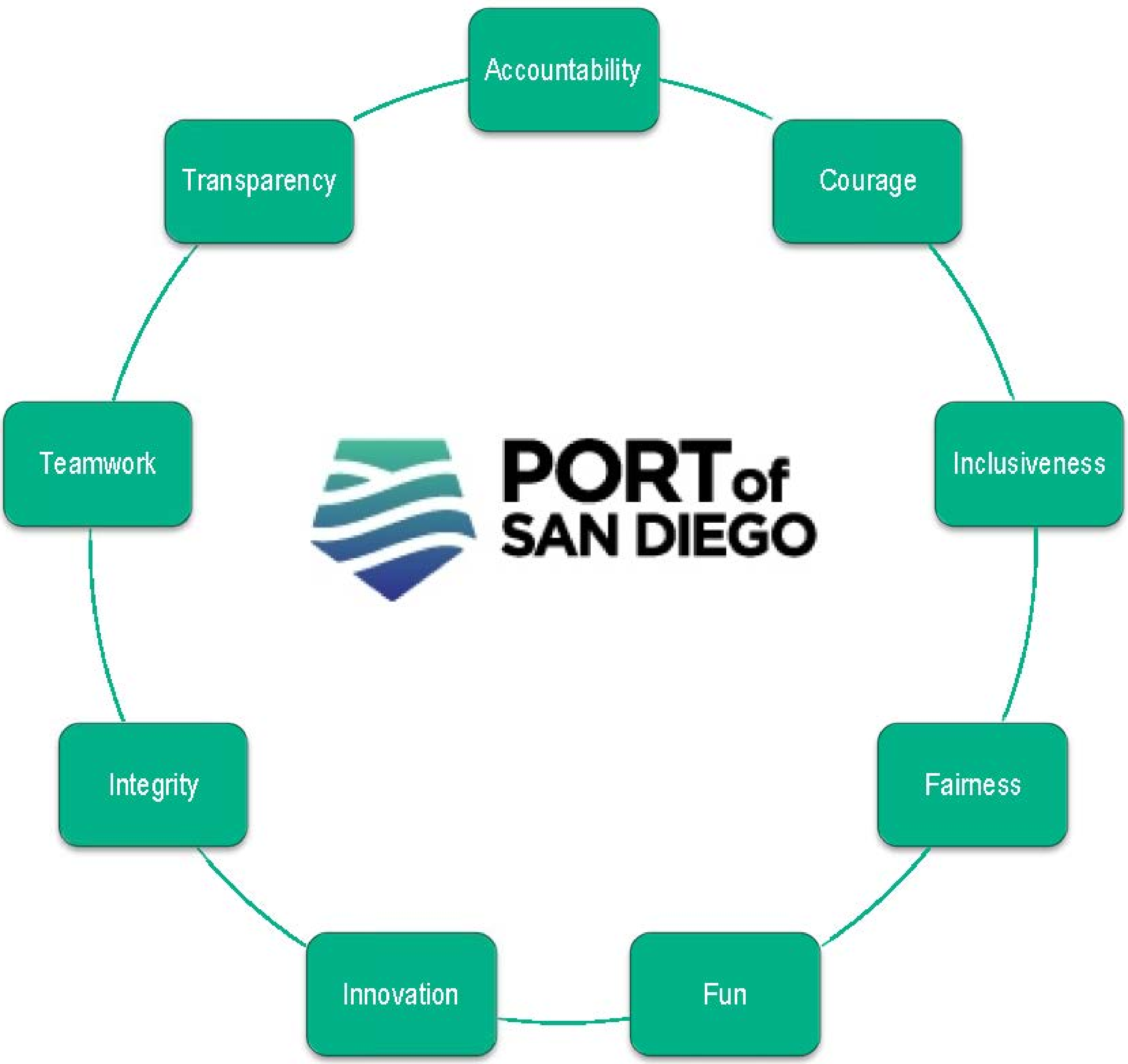
MISSION

The Port of San Diego will protect the Tidelands Trust resources by providing economic vitality and community benefit through a balanced approach to the maritime industry, tourism, water and land recreation, environmental stewardship and public safety.

GUIDING PRINCIPLE

We do the greatest good by doing remarkably well.

CORE VALUES



November 18, 2020

To the Board of Port Commissioners and all interested parties:

It is a pleasure to present the Comprehensive Annual Financial Report (CAFR) of the San Diego Unified Port District (District) for the fiscal years ended June 30, 2020 and 2019. The purpose of this report is to provide the Board of Port Commissioners (BPC), the California State Lands Commission, the public, and other interested parties with reliable information concerning the financial condition and results of operations for the District. The District's Financial Services department prepared this report following the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA) and in accordance with U.S. generally accepted accounting principles (GAAP). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this report, rests with management of the District.

To the best of our knowledge and belief, this report fairly presents and fully discloses the District's financial position, changes in financial position, and cash flows in accordance with GAAP. On the basis that the cost of internal controls should not outweigh their benefits, the District has established a comprehensive framework of internal controls to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

GAAP requires that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report.

The District requires that an independent, certified public accounting firm, selected by the BPC, audit the financial statements on an annual basis. Macias Gini & O'Connell LLP issued an unmodified (or clean) opinion on the District's financial statements for the fiscal years ended June 30, 2020 and 2019. The Independent Auditor's Report is presented as the first component of the Financial Section of the report.

PROFILE OF THE DISTRICT

The District is a self-funded public corporation and government agency established by the State of California Legislature on December 18, 1962, for the acquisition, construction, operation, maintenance, development, management, and regulation of harbor works and improvements, including rail, water, and air terminal facilities, and tidelands and submerged lands of San Diego Bay, and for the promotion of commerce, navigation, fisheries, and recreation.

In its original form, the District included the San Diego International Airport (SDIA) within its portfolio, but that changed in 2001 with the creation of a separate agency to oversee airport operations and assets. In 2001, the California legislature enacted the San Diego County Regional Airport Authority Act (Airport Authority Act), which established the San Diego County Regional Airport Authority (SDCRAA). Effective January 1, 2003, the District transferred all airport operations and certain related assets and liabilities to the SDCRAA.

Based on cargo tonnage, the District is considered the fourth largest of 11 California ports and the largest break-bulk (non-container) port in California. The District guides development of 34 miles of San Diego Bay's beautiful, natural waterfront with a diverse portfolio of world-class commercial real estate, maritime, and public uses, with a focus on being a 21st Century Port. Serving as the Navy's unofficial shipyard on the West Coast, the District consists of a traditional working waterfront of shipyards and boatyards, marinas and sport fishing landings, and marine cargo and cruise terminals, along with numerous hotels, marinas, restaurants, tours, and museum attractions. As a public access provider, the District also maintains 22 public parks, three public boat launch facilities, five public fishing piers, four public viewing piers, free mooring and docking, and numerous public art displays as amenities that attract visitors and enhance the value of our waterfront.

The District generates revenues from four major operations:

- Real Estate - Contributing to the continuous prosperity of the local economy, the District is home to approximately 800 diverse businesses. The District's portfolio derives a significant amount of revenue from tourism-industry businesses, including hotels, restaurants, retail, marinas, museums and other attractions, and regional economic drivers such as the San Diego Convention Center and the SDIA, to name a few. From real estate to aquaculture and blue technology, the District invests in major redevelopment and community infrastructure, so businesses have the opportunity to stay competitive in the global marketplace. Through collaboration and access, the District's real estate team strategically works with companies to develop opportunities to grow their businesses, creating vibrant experiences to enjoy and prosper from the District's dynamic waterfront.

- Port as a Service - With approximately 10,000 parking spaces around San Diego Bay, the District's publicly accessible parking is a key contributor in creating America's finest waterfront. Combining strategically located parking, parking rates at a fair value and current industry technologies, the District is able to promote access to the San Diego Bay, the District's 22 public parks, major Convention Center events, the Padres and other Petco Park attractions, Port-sponsored events and many of the District's Real Estate tenant businesses.

- Maritime - The District's maritime operations are the region's gateway to the world, leading the working waterfront of San Diego Bay and facilitating the movement of goods and people internationally and domestically. With two cargo terminals and two cruise terminals, the District's capital assets lead the local maritime industry as an economic driver. District maritime businesses employ thousands of residents and generate billions of dollars per year for the regional economy. The District takes pride in being a good neighbor, and its maritime team collaborates with member cities and partners to ensure terminal and cargo projects create a prosperous global economic engine for all while respecting adjacent land uses.

- Harbor Police - Within the District, the Port of San Diego Harbor Police Department is responsible for security and service for the San Diego Bay waterfront - air, land, and sea. Harbor Police collaborates with local, state, and federal agencies, including the law enforcement agencies for its member cities, the U.S. Coast Guard, and Homeland Security. Harbor Police provides protection on the ground for the SDIA, including the use of explosive and narcotic-detecting K-9 officers. With dedicated vessels and police vehicles, Harbor Police officers patrol the coast, marine terminals, and tidelands to deter and prevent crimes like smuggling, terrorism, and human trafficking. A partnership with the U.S. Department of State allows for the sharing of this department's expertise with selected ports globally.

Board of Port Commissioners

The District's governance is intended to reflect a regional approach to management of the land and water within its jurisdiction. The District is governed by a seven-member BPC appointed by the District's five-member cities (Chula Vista, Coronado, Imperial Beach, National City, and San Diego). The BPC appoints the President/Chief Executive Officer (CEO), who oversees daily operations for the organization; as well as the General Counsel and the Port Auditor. Through resolutions and directives, the BPC sets policies for the District, which are then implemented by the CEO and executive staff.

COVID-19 IMPACTS

The world is being impacted by an outbreak of the novel coronavirus which was declared a pandemic by the World Health Organization. The virus has been referred to as "COVID-19". The global outbreak has significantly impacted travel, tourism, and trade, and as a result, District revenues. The District has been experiencing revenue losses as a result of the COVID-19 pandemic from mid-March through the end of June 2020 as reflected in this CAFR and continuing into fiscal year 2021. The largest revenue losses are in the hospitality, cruise, and cargo sectors.

Real Estate operating revenues were significantly affected, particularly in the hospitality industry, as the COVID-19 related restrictions were put in place by the Centers for Disease Control and Prevention (CDC), resulting in cancellations of conventions, lack of business travel, and group events. Cruise activity shut down abruptly in March, resulting in lost revenue for the District from canceled cruise calls due to a No Sail Order issued by the CDC. Additionally, the District's maritime freight business has also been affected by the pandemic. Auto imports were impacted due to the shutdown and/or slowdown of manufacturing plants and dealerships.

In response to the negative impact to revenues, expense reductions had to be made in various areas. To reduce personnel expenses, the District has suspended hiring for all non-critical positions, released all temporary employees and interns, reduced as much of the overtime as possible, and instituted a two percent salary reduction for unrepresented employees earning more than $75,000 per year effective July 1, 2020. Additionally, the District's represented employees met and conferred with the District to defer future salary increases. Overall, business travel has been suspended, supplies purchasing has been reduced, professional association memberships and publication subscriptions have been reduced, along with certain outside professional services, while some procurement of some equipment and execution of other capital projects were put on hold. The District is keeping major projects moving; however some expense reductions may result in schedule impacts.

For the long term, thanks to a long history of prudent financial policies and decisions, the District is ready to weather this storm - both due to the operating reserve policy and judicious saving of surplus revenues in recent years to help the District move through unprecedented and challenging times such as these.

ECONOMY AND OUTLOOK

The national economy experienced continued economic growth over the past decade, averaging a relatively steady 2.3% growth rate until earlier this year, when the COVID-19 pandemic induced an unpredictable lockdown in March and April of 2020 throughout most of the US and around the globe. The unprecedented pandemic resulted in a 31.7% annualized contraction in Gross Domestic Product (GDP) for the second quarter of calendar year 2020 and a loss of 22 million jobs in a two-month period. The leisure and hospitality sector, which includes travel and hotels, restaurants and bars, conventions, and entertainment venues, have been the most adversely impacted. The Federal government responded with a record $3 trillion stimulus package issued through the Coronavirus Aid Relief and Economic Security (CARES) Act to assist state, local, and tribal governments. This stimulus package allowed millions of floundering businesses to reopen or sustain through the paycheck protection program (PPP), and allowed an estimated 3.6 million homeowners to stay in their homes through a mortgage forbearance program, representing approximately 7.0% of active mortgages. Economic growth picked up in the third quarter of calendar year 2020 primarily due to the CARES program. According to various economic reports, the last quarter of calendar year 2020 is poised with continued uncertainty and some concerns remain about the sustainability of the recovery beyond that. Economic forecast reports anticipate a calendar year 2020 gross domestic contraction of 4.2% GDP, an unemployment rate of 8.4%, and an inflation rate of 1.1% (Source: Wells Fargo Economic Outlook September 10, 2020).

Bringing the U.S. economic output back to pre-pandemic levels and sustainable growth will primarily depend on another round of fiscal stimulus and the widespread availability and usage of an effective vaccine in early 2021. Even as the economy recovers, a major concern is rising permanent layoffs that would result in higher unemployment of specific groups of workers highly impacted by the pandemic. To this end, on September 16, 2020, the Federal Open Market Committee (FOMC) indicated that it "expects to maintain an accommodative stance in monetary policy until labor market conditions have reached levels consistent with maximum employment". The recovery will also depend on the political environment from the Presidential election and the overall global instability impact resulting from COVID-19, the trade conflicts with China, and the economic repercussions from Brexit. While overall forecasts are optimistic, the nation and the world are in a period of considerable uncertainty and downside risks. Still, calendar year 2021 economic growth will be characterized by moderating consumption levels compared to the current year. The U.S. Economy is forecasted to grow at a 4.6% GDP annualized rate in calendar year 2021 with an unemployment forecast of 6.6% and inflation rate of 1.7%. (Source: Wells Fargo Economic Outlook, September 10, 2020).

Prior to the COVID-19 pandemic, California's economy had experienced growth in the last ten years, albeit with a decelerated pace in the last few years. Major industries contributing to the economy include Health Care, Professional Scientific and Technical Services, Leisure and Hospitality, and Construction and Housing sectors. The pandemic has driven ongoing State restrictions with significant adverse impact to economic growth ranging from very little travel to no large public gatherings and sporting events. Although economic reports anticipate some economic growth for the near-term, a full State recovery from the coronavirus downturn will likely take more than two years. Economists expect California's economy to track movements in the U.S. economy. The State's unemployment forecast is 10.8% for calendar year 2020 and 8.6% for calendar year 2021. (Source: UCLA's Anderson School of Management economic forecast, September 30, 2020).

The pandemic's impact on San Diego County's economy has been a defining factor for calendar year 2020 with a continued combination of lockdown easing and renewal. The tourism, travel and leisure, as well as the retail and education sectors, make up 80 percent of the year's job losses. The San Diego forecast for calendar year 2020 estimates a gross regional product contraction of 4.7% and a $12.4 billion loss of economic activity. (Source: San Diego Union Tribune October 15, 2020 based on San Diego Association of Governments (SANDAG) Economic Report). At this point, there is a high level of uncertainty and the environment is evolving quickly and subsequent recovery could prove stronger or weaker than current forecasts.

FINANCIAL POLICIES AND LONG-TERM FINANCIAL PLANNING

The District believes that strategic financial discipline is essential for the economic sustainability of any organization to ensure effective operations and sound fiscal health. Performing regular financial reviews and developing timely financial strategies that are aligned with the strategic goals can provide valuable information for the District's management and the BPC decision-making process.

The District reviews the strategic goals during the annual planning process and endeavors to set key performance indicators (KPI's) to measure our performance in achieving these goals.

Established KPI's include:

- Achieve operating revenue growth averaging a minimum of 3.0%
- Accelerate future annual operating revenue growth to greater than 3.0%
- Assist in the creation, development, and scaling of new water-dependent business ventures (Aquaculture and Blue Technology Program)
- Acquire a minimum of $5.0 million of grant income annually
- Ensure that expenditures do not exceed current year revenue and other sources of funds

The District has adopted a comprehensive set of financial policies, including policies related to reserves, budget development, five-year financial forecast, investments, Capital Improvement Program (CIP), and Major Maintenance Program, among others.

Operating Reserves

The District continues to maintain a healthy level of operating reserves to weather significant economic downturns more effectively and manage the consequences of unexpected emergencies. Operating reserves generate investment income, provide a margin of safety and stability to protect the District from exposure to catastrophic events and economic impacts, and provide flexibility to pursue emergent opportunities. The District's BPC Policy No. 117 - Operating Reserve Policy, in general, calls for a cash reserve of 50.0% of budgeted operating and maintenance expenses reduced by certain revenue sources. The balance is established annually upon the adoption of the fiscal year budget. The current operating reserve required balance based on the fiscal year 2021 adopted budget is $61.8 million.

Due to the negative financial impact of the COVID-19 pandemic, BPC Chair Moore created the 2020 Budget Impact Ad Hoc Committee (Ad Hoc) that was comprised of the Executive Committee of the Board to proactively address the financial impacts of the pandemic. With continued uncertainty with the local, regional, state, and federal economies, staff continue to work with the Ad Hoc and the full BPC and provides monthly financial reporting to monitor the District's financial performance against the budget. This monthly financial monitoring enables the District to respond to changing economic conditions in connection with the pandemic. A number of measures have been taken to reduce expenses. Additionally, at its October 2020 meeting, the BPC authorized staff to use operating reserves up to $10.5 million to fill the fiscal year 2021 COVID-19 related deficits as projected, therefore the required operating reserve balance will be below the required $61.8 million balance. The BPC expressed an interest for the District to have a plan to replenish reserves in the future. Staff will continue to build future budgets with structural surpluses to enable replenishment of the reserves. This strategy could include the continuation of vacancy management, deferral of non-critical equipment, other capital projects and major maintenance expenditures, reduction in non-essential and other expenditures, and continuation to pursue revenue generating opportunities. Additionally, staff continue to pursue federal or state funds that become available for the District's COVID-19 related impacts.

The operating reserve includes a $20 million minimum required balance established for the purpose of self-insurance against possible losses that could occur as the result of a catastrophic event. For more information, the Operating Reserve Policy can be found in its entirety at https://pantheonstorage.blob.core.windows.net/administration/BPC-Policy-No-117-Operating-Reserve-Policy.pdf.

Rent Deferral Program

In order to support the financial stability of District tenants during this time of economic uncertainty related to the COVID-19 pandemic, the BPC authorized a rent deferral program to provide immediate rent relief to the tenants by delaying a portion of rental payments for up to six months until fall of 2022, after the busy 2021 summer season. It is expected that while social distancing requirements will likely limit revenues and increase expenses this summer season, businesses are expected to be fully reopened by summer 2021, allowing tenants the benefit of a “normal” summer season prior to the commencement of repayment. This allows tenants to focus their capital today on compliance and reopening and provides a buffer before repayment would begin. In addition, District staff has engaged tenants in need of additional assistance to remain viable during the pandemic to discuss possible structural resets to their leases.

Five-Year Financial Forecast

Each year, the District updates a Five-Year Cash Flow Forecast (cash flow) which serves as the framework for the development of the annual operating budget. The financial policies are reflected in the cash flow and resources are allocated based on the District’s Strategic Milestones adopted by the BPC with a focus on achieving the KPI’s.

The following outlines the long-range and financial policies that guide the preparation of the budget:

- Revenues and other sources exceed expenses before depreciation and amortization and before capital outlays
- The District expenditures authorized in the budget will help stimulate the economy in the San Diego region
- Achieve operating revenue growth averaging a minimum of 3.0%
- Manage growth at a disciplined cost structure
- Proactively maintain facilities and infrastructure
- Capital investment in the tidelands will provide significant, long-term economic benefits to the region and provide public improvements and infrastructure that will stimulate private investment in the tidelands, diversifying the District’s revenue streams, and creating new jobs and opportunities for the region. Financial policies will enable the District to maintain its sound financial condition so that capital investment in the tidelands may continue.

Capital Improvement Program

The BPC has adopted Policy No. 120 - Capital Improvement Program (CIP). The CIP includes projects that enhance maritime terminal operations, public parks, and other District facilities or public amenities. Examples of CIP projects include improvements on the District's marine terminals, improved roadways, public boat ramps, security systems, new parks, and environmental mitigation. CIP projects do not include major maintenance. The policy is intended to facilitate capital development projects and budgets, which are strategically cohesive, ensure clear and consistent treatment of all proposed capital projects on the tidelands, streamline the process, increase efficiency, reduce costs, and improve outcomes. For more information, the policy can be found in its entirety at https://pantheonstorage.blob.core.windows.net/administration/BPC-Policy-No-120-Capital-Improvement-Program-CIP.pdf.

Major Maintenance Program

The BPC has adopted Policy No. 130 - Major Maintenance Program (MMP). The MMP establishes a policy for the orderly maintenance of the District’s capital assets. The District currently budgets for the MMP using a three-year outlook on projects that are generated utilizing a data-informed process under the Asset Management Program (AMP), which employs a scientifically based methodology to determine repairs or replacements of high risk assets before they fail. The MMP is part of the District's strategic initiative, and many of the projects span multiple years. Years two and three contain forecasted values that are subject to change prior to the following fiscal year's budget. For more information, the policy can be found in its entirety at https://pantheonstorage.blob.core.windows.net/administration/BPC-Policy-No-130-Major-Maintenance-Program.pdf.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Port Master Plan Update

Through an initiative referred to as Integrated Planning, the District is updating its Port Master Plan. A Port Master Plan is required by the San Diego Unified Port District Act and the California Coastal Act. The District's existing plan was certified (as a whole) in 1981 by the California Coastal Commission and has never had a comprehensive update, though it's been amended 40 times. The District is now updating its Port Master Plan to reflect changes in the needs and priorities of Californians and the region's growth since the first plan was approved nearly 40 years ago. Spanning approximately 6,000 acres of land and water, the District's master plan designates specific areas for maritime uses such as cargo and cruise; recreational uses such as marinas and parks; development of hotels, restaurants and other visitor-serving amenities; and for environmental purposes such as habitats for birds and turtles. Launched in 2013, the District's objective is to create a holistic, thoughtful, and balanced approach to future water and land uses for generations to come. In fiscal year 2020, the District released a Discussion Draft of the Port Master Plan Update for public review and feedback, and is revising the draft to release for further public review and input in fiscal year 2021. The District has been recognized as an industry leader for its work on an Integrated Planning Initiative that will culminate in an update to the Port Master Plan.

Chula Vista Bayfront

The Chula Vista Bayfront (CVB) is a flagship District project that represents decades of public outreach, planning, and development. This monumental project has great momentum, representing one of the last truly significant, large-scale waterfront development opportunities in Southern California. This project is designed with a balance between commercial development, public access, and conservation while serving as an important asset for the San Diego region, the South Bay, Chula Vista residents, and coastal visitors. In fiscal year 2020, the BPC approved a second amended and restated revenue sharing agreement between the City of Chula Vista and the District for the CVB anchor project, the resort hotel and convention center to be developed by RIDA Chula Vista, LLC and Phase 1A Infrastructure. With an anticipated investment of $1.2 billion for the RIDA project, the CVB project seeks to transform a largely vacant and underutilized industrial landscape of approximately 535 acres into a thriving recreational, residential, and resort destination. Additionally in fiscal year 2020, Sun Communities, Inc. began construction on its Costa Vista RV Resort and the District began work on a prominent pedestrian bicycle and pedestrian pathway in the Sweetwater District. When the CVB project is complete, the public will enjoy more than 200 acres of public realm space including parks and open space, a shoreline promenade, walking trails, recreational vehicle camping, shopping, dining, and more.

East Harbor Island

The District is pursuing redevelopment of a large site in a prime location near the SDIA. In fiscal year 2020, the District began an environmental review for a hotel development proposed by Sunroad Enterprises on a seven-acre parcel on East Harbor Island. The District is exploring opportunities for an adjacent 48 acres of land and water formerly occupied by several rental car companies that relocated to a consolidated rental car center on the other side of SDIA. The District is seeking a mix of uses for the area including retail, hotels, and open spaces. This coastal site offers an unbeatable combination of water access, stunning views, close proximity to SDIA - which served 25 million passengers in 2019 - and foot traffic from existing high-performing restaurants and hotels on Harbor Island.

Central Embarcadero

In fiscal year 2020, the District continued working with its selected developer, 1HWY1, to pursue development of the Central Embarcadero, a prime site of approximately 70 acres of land and water situated between downtown San Diego and San Diego Bay. This ideal location presents a special opportunity for a defining "centerpiece" development and has tremendous potential to become the signature waterfront destination for San Diego. The proposed large-scale, mixed-use project, known as Seaport San Diego, is anticipated to include approximately 2,000 hotel rooms of various service levels and price points; an event center; a "Blue Tech Innovation Center" block made up of an aquarium, office space, an observation tower, fish processing plant, parks, restaurants, retail and more. The project represents approximately $1.4 billion in private investment.

Seaport Village

Seaport Village is a waterfront shopping and dining complex within the Central Embarcadero redevelopment area. With construction not anticipated to get underway for at least five to seven years, the District is investing in a variety of site enhancements and working with commercial retail broker Retail Insite to list and market vacant spaces. In fiscal year 2020, the District welcomed three new tenants, approved six new leases, and made notable improvements including fresh exterior paint using a more modern, sun and ocean-inspired color pallet; upgraded amenities; and new, flourishing landscaping with native plants and flora. The District's goals are to ensure Seaport Village remains a vibrant and prosperous waterfront destination for residents, visitors, and the businesses that operate within it as well as to create momentum and interest in the redevelopment of the Central Embarcadero.

San Diego Symphony

In fiscal year 2020, the District and the San Diego Symphony broke ground on the Symphony's permanent outdoor performance and event venue, The Shell (formerly known as Bayside Performance Park), in the District's Embarcadero Marina Park South. The San Diego Symphony is investing $45 million in improvements, including many public amenities and better performance facilities, creating a new year-round attraction on the San Diego Bay waterfront. From 2004 to 2019, the Symphony assembled and disassembled a temporary venue in the park for its Bayside Summer Nights series.

Portside Pier

The District and The Brigantine, Inc. neared completion of the Portside Pier restaurant development on San Diego's North Embarcadero. Located on a prime restaurant site on an over-water platform, Portside Pier will offer a variety of dining options - from fresh seafood and authentic Mexican, to pub fare, and coffee and gelato - as well as public access amenities including a bayfront viewing platform, perimeter walkway, and a dock-and-dine for watercraft. The Brigantine, Inc. has been serving San Diego for nearly 50 years.

Airport Redevelopment Plan

As part of ongoing collaboration related to the SDIA's Terminal 1 redevelopment plan, the District joined the SDCRAA, the City of San Diego, and SANDAG in a Memorandum of Understanding (MOU) that addresses transit and mobility impacts related to the project, including a potential outbound roadway if and when needed to relieve traffic along the northern San Diego Bay waterfront; a framework for obtaining Federal Aviation Administration approval of future funding for transit to the Airport; and future collaboration among the agencies. The District also submitted feedback on the Airport's revised Environmental Impact Report (EIR) for the project to ensure alignment of the terminal redevelopment with the District's future vision for tidelands.

Climate Action Plan

The District initiated a Climate Action Plan Study in fiscal year 2020 that will continue into fiscal year 2021 to align the District's post-2020 Greenhouse Gas emission reduction goals to State targets. The solar-powered microgrid at the Tenth Avenue Marine Terminal, funded by a California Energy Commission grant, will begin installation during fiscal year 2021. Additionally, the District continues to install electric vehicle charging stations around the bay to support the regional transition toward electric vehicles. These initiatives support our Climate Action Plan.

Tijuana River Pollution

In collaboration with local, regional, and state partners, the District in fiscal year 2020 continued to urge the federal government to take action to eliminate the ongoing discharge of sewage and other waste from the International Boundary and Water Commission - United States Section's facilities into the Tijuana River, which flows to the Pacific Ocean and impairs the District's public trust resources in Imperial Beach. The District joined the State Lands Commission, the San Diego Regional Water Quality Control Board, the County of San Diego, the cities of Chula Vista, Coronado, Imperial Beach, National City, San Diego, and Surfrider San Diego, in adopting a joint resolution identifying the most urgent needs that regional leaders request from the federal level to address the underlying causes of the sewage, sediment, and trash that have contaminated San Diego land and waterways for decades.

Cargo

The Tenth Avenue Marine Terminal (TAMT) Redevelopment project neared completion in fiscal year 2020. The first phase, referred to as the Modernization, supports the District's specialty cargo advantage by providing laydown space and flexibility for project, roll-on/roll-off and break-bulk cargo and is funded in part by a $10 million Transportation Investment Generating Economic Recovery (TIGER) grant from the U.S. Department of Transportation. As part of the first phase, two transit sheds were demolished, and a $3 million state-of-the-art stormwater management system designed to protect the bay was installed.

At the District's National City Marine Terminal (NCMT), terminal operator Pasha Automotive Services experienced impacts related to the global COVID-19 pandemic due to the shutdown and/or slowdown of manufacturing plants and dealerships. In recent years, the NCMT has processed about 450,000 autos annually. While a slow recovery is in place, the District saw a reduction of 168,000 imported autos for fiscal year 2020.

The District continues to plan for operational improvements at NCMT. An EIR is ongoing for the National City Balanced Plan. In collaboration with the City of National City and key stakeholders, the Balanced Plan - a water and land use plan balancing three priorities - maritime, commercial recreation, and public access. It also includes a permanent realignment of the Bayshore Bikeway. Next steps include seeking Board approval of the Final Environmental Impact Report and Port Master Plan Amendment, an important step toward project entitlement and future implementation.

Cruise

In fiscal year 2020, the District celebrated the return of Carnival Cruise Line to San Diego, with a sold-out inaugural cruise of the Carnival Miracle. Last seen in San Diego in 2012, Carnival scheduled 13 cruises with itineraries to the Mexican Riviera, Baja, Hawaii, and the Panama Canal. Unfortunately, the District's cruise season ended abruptly in the second half of fiscal year 2020 due to the global COVID-19 pandemic. The District's cruise season, which would usually end in June but ended three months early, saw 26 canceled cruise calls. The District had anticipated about 104 calls for the 2019-20 season.

IT Infrastructure

The District executed on multiple network security architecture projects, including improvements to network redundancy and segmentation, threat monitoring, and equipment refresh. The District's workforce is empowered with laptops and mobile capabilities. The District fully engaged its collaboration and productivity platform for COVID-19, quickly pivoting to secure remote work and emergency operations coordination. Public interactions have been improved through automating park reservations and permitting, as well as online reporting of infrastructure issues within the tidelands.

Blue Economy Incubator

The District approved two additional Blue Economy Incubator projects in fiscal year 2020, for a total of eight projects since inception. For the seventh project, the District will work with ECOncrete, Inc. to test a new design of tide pools made from environmentally sensitive, low carbon concrete that could serve as a replacement for traditional riprap to provide ecological armoring and shoreline stabilization while also creating well-defined local ecosystems that mimic natural rock tidepools. For the eighth project, the District will work with ecoSPEARS Inc., a startup cleantech solutions company working to develop a cost-effective and eco-friendly cleanup solution to extract and destroy toxic contaminants from sediment, soil, and groundwater.

Additionally, the District extended its agreement with Sunken Seaweed, a local startup conducting a pilot project to demonstrate the feasibility and co-benefits of seaweed aquaculture in San Diego Bay.

The District established its Blue Economy Incubator in 2016 to assist in the creation, development and scaling of new water-dependent business ventures on San Diego Bay focusing on sustainable aquaculture and blue technologies. With the District's 50-year history on San Diego Bay and mutually beneficial relationships along the waterfront, it is strategically positioned to build a unique Blue Economy Incubator to support entrepreneurship, foster sustainable aquaculture, and help drive blue-technology innovation.

Waterfront Activation, Arts, and Culture

In fiscal year 2020, the District negotiated agreements with event producers that facilitate the production of large, complex, and high-impact events to generate direct revenue and promotional benefits to the District. The Big Bay Boom, Holiday Bowl Parade, Wonderspaces, Lululemon 10k marathon, and Wonderfront Music Festival resulted in substantial financial, promotional, and community impacts.

The San Diego-Coronado Bay Bridge Lighting Project continued its momentum. The California Coastal Commission authorized a Coastal Development Permit for the District to temporarily install and test LED lights on select mid-span piers of the San Diego-Coronado Bridge. The Bridge Lighting Mock-up Test, to be conducted over one week during a time period designated by the Coastal Commission, will help the District and its project consultants answer questions and prepare the documents required to continue moving forward on the project. In fiscal year 2021, the District anticipates completing the testing, which is part of project Phase 2: Feasibility Study, as well as developing agreements for project Phase 3: Design Development.

Awards Received by the District

- 2020 Honor Award, Shelter Island Boat Launch Facility Project, American Public Works Association (APWA) San Diego-Imperial Counties Chapter
- 2020 EPIC Award - Chula Vista Bayfront Parks Design Outreach, California Association of Public Information Officers (CAPIO)
- 2020 iCommute Diamond Award - Gold Tier, San Diego Association of Governments (SANDAG)
- 2020 Outstanding Airports and Port Project - Demolition of Site Improvements of Transit Shed 1 at Tenth Avenue Marine Terminal (TIGER Phase I), American Society of Civil Engineers
- 2020 Project Achievement Award - Demolition of Site Improvements of Transit Shed 1 at Tenth Avenue Marine Terminal (TIGER Phase I), Construction Management Association of America
- 2020 Achievement of Excellence in Procurement Award - National Procurement Institute, Inc.
- 2019 Achievement of Excellence in Financial Reporting, Comprehensive Annual Financial Report (CAFR), Government Finance Officers Association (GFOA) of the United States and Canada
- 2019 Outstanding Industrial Stormwater BMP Implementation Project, Tenth Avenue Marine Terminal Modernization, California Stormwater Quality Association (CASQA)
- 2019 Award of Excellence - Discussion Draft of the Port Master Plan Update, Port of San Diego and Nuffer, Smith, Tucker, Public Relations Society of America, San Diego/Imperial Counties (PRSA SD/IC)
- 2019 Award of Merit - Chula Vista Bayfront Parks Design Outreach Campaign, Port of San Diego, City of Chula Vista, Nuffer, Smith, Tucker, Public Relations Society of America, San Diego/Imperial Counties (PRSA SD/IC)
- 2019 Law Enforcement Official of the Year, Harbor Police Chief Mark Stainbrook, San Diego Crime Commission Annual Blue Knight Awards
- 2019 Outstanding Technical Report Award, Sea Level Rise Vulnerability Assessment and Coastal Resiliency Report, Association of Environmental Professionals, San Diego Chapter
- 2019 Outstanding Public Involvement Award, San Diego Ocean Planning Partnership Preliminary Assessment Report (with State Lands Commission), Association of Environmental Professionals, San Diego Chapter

ACKNOWLEDGMENTS

This CAFR represents the District's dedication to provide full disclosure. As a self-funded organization dedicated to public service, the District endeavors to be as transparent as possible in order to provide the public with information about its operations and financial performance. For six years in a row, the District has been honored to receive the prestigious Certificate of Achievement for Excellence in Financial Reporting for its CAFR, most recently for the fiscal year ended June 30, 2019. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. To be awarded a Certificate of Achievement, the District must publish a well-designed and easily understood CAFR that satisfies both GAAP and applicable legal requirements. The preparation of this report could not have been accomplished without support from leadership and the hard work and dedication of District staff.

As financial reporting is a continuing responsibility, the Certificate of Achievement awarded to an organization is valid for one year only. In our assessment, our current CAFR continues to meet the Certificate of Achievement Program's requirements. We respectfully submit this report to the GFOA to determine its eligibility for another certificate.

We thank the many internal staff members who assisted and contributed to the preparation of this report, including the core team within the Financial Services Department and all other departments. Through this report, our organization demonstrates its commitment to fiscal transparency and accountability, and to maintain the District's financial statements in conformance with the highest professional standards.

The success of this organization owes much to its excellent leadership at the Board level. We thank the members of the BPC for their continued policy direction and guidance in support of the District's strong financial position.

Respectfully Submitted,

Randa J. Coniglio
President/CEO

Robert DeAngelis
CFO/Treasurer

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Diego Unified Port District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

San Diego Unified Port District
California

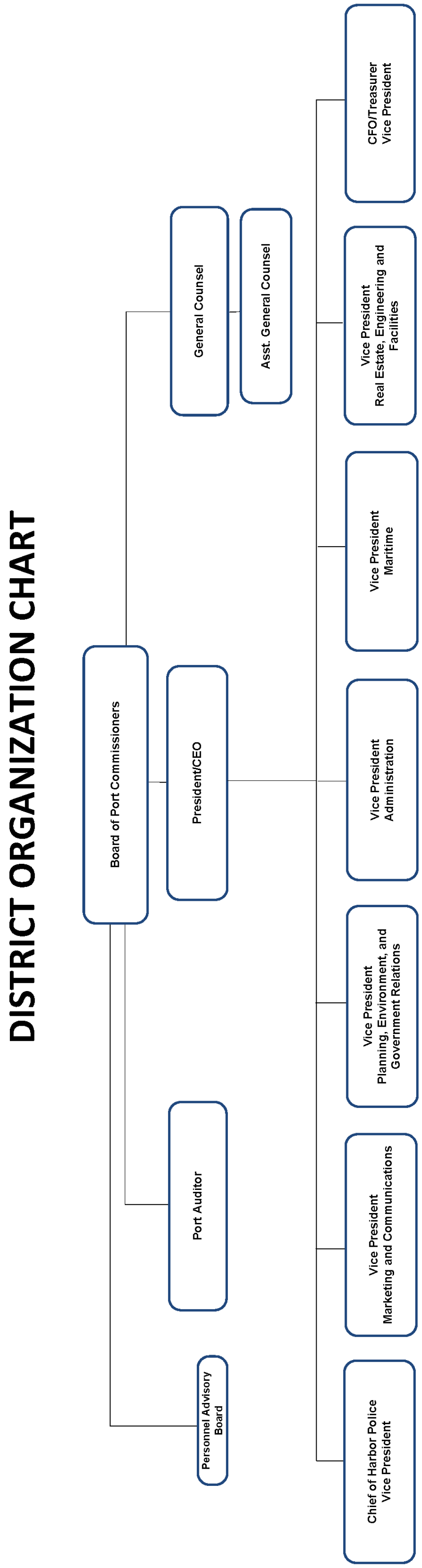
For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

District Organization Chart



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Vacant

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FINANCIAL SECTION

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Independent Auditor's Report

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Independent Auditor's Report

To the Honorable Commissioners
of the San Diego Unified Port District
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the San Diego Unified Port District (District) as of and for the fiscal years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2020 and 2019, and the changes in its financial position and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
12264 El Camino Real, Suite 402
San Diego, CA 92130

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of changes in preservation of benefits (POB) liability and related ratios, schedule of employer pension contributions, and schedule of changes in other postemployment benefits (OPEB) liability and related ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2020, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

San Diego, California
November 18, 2020

Management's Discussion and Analysis (Unaudited)

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The financial management of the San Diego Unified Port District (District) offers readers of these basic financial statements this narrative overview and analysis of the financial activities of the District as of and for the fiscal years ended June 30, 2020 and June 30, 2019. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities, and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the accompanying basic financial statements and the accompanying notes to the basic financial statements.

Financial Highlights – year ended June 30, 2020

- As of June 30, 2020, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $363.2 million.
- Operating revenues for the District were $162.5 million for fiscal year 2020 compared to $183.8 million for fiscal year 2019.
- Operating expenses, including depreciation and amortization, for the District were $194.2 million for fiscal year 2020 compared to $196.0 million for fiscal year 2019.
- Nonoperating revenues for the District were $12.6 million for fiscal year 2020 compared to $12.5 million for fiscal year 2019.
- Nonoperating expenses for the District were $12.6 million for fiscal year 2020 compared to $3.1 million for fiscal year 2019.
- Revenues from capital grants and contributions totaled $9.7 million for fiscal year 2020 compared to $28.2 million for fiscal year 2019.
- The District's total net position decreased by $22.0 million during fiscal year 2020 compared to a $25.4 million increase in fiscal year 2019.

Financial Highlights – year ended June 30, 2019

- As of June 30, 2019, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $385.1 million.
- Operating revenues for the District were $183.8 million for fiscal year 2019 compared to $172.9 million for fiscal year 2018.
- Operating expenses, including depreciation and amortization, for the District were $196.0 million for fiscal year 2019 compared to $198.0 million for fiscal year 2018.
- Nonoperating revenues for the District were $12.5 million for fiscal year 2019 compared to $10.6 million for fiscal year 2018.
- Nonoperating expenses for the District were $3.1 million for fiscal year 2019 compared to $3.3 million for fiscal year 2018.
- Revenues from capital grants and contributions totaled $28.2 million for fiscal year 2019 compared to $8.7 million for fiscal year 2018.
- The District's total net position increased by $25.4 million during fiscal year 2019 compared to a $101.6 million decrease (including a restatement of $92.4 million for Governmental Accounting Standards Board (GASB) Statement No. 75 implementation) in fiscal year 2018.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements, which are comprised of the basic financial statements and the notes to the basic financial statements. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities. These components are described on the next page.

Basic Financial Statements

The District is comprised of a single enterprise fund. The basic financial statements provide a broad view of the District's operations in a manner similar to a private sector business. The statements provide both short-term and long-term information about the District's financial position, which assist in assessing the District's economic condition at the end of the fiscal year. The basic financial statements are prepared using the flow of economic resources measurement focus and the full accrual basis of accounting, which means they follow methods similar to those used by most private sector companies. The basic financial statements take into account all revenues and expenses connected with the fiscal year even if the cash involved has not been received or paid.

The *Statements of Net Position* present all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Increases or decreases in the District's net position may serve as a useful indicator as to whether the financial position of the District is improving or deteriorating over time.

The *Statements of Revenues, Expenses, and Changes in Net Position* present information showing how the District's net position changed during the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (e.g., invoices for goods or services received but for which payment has not yet been made).

The final required financial statement is the *Statements of Cash Flows*. The statements report cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, investing, noncapital financing, and financing activities. It also provides answers to such questions as, "Where did cash come from?" "What was cash used for?" and "What was the change in cash and cash equivalents during the reporting period?"

The basic financial statements can be found immediately following this discussion and analysis.

Notes to the Basic Financial Statements

The notes provide additional information and more detail that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic financial statements can be found immediately following the basic financial statements.

Financial Analysis

One of the most important questions asked about the District's finances is, "Is the District as a whole better or worse off as a result of this year's activities?" Net position, which is the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, is one way to measure financial health or financial position. Increases or decreases in net position are one indicator of whether the District's financial health is improving or deteriorating over time. The Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two Statements report the District's net position and changes in the District's net position.

Statements of Net Position

To begin our analysis, a summary of the District's Statements of Net Position is presented on the following page. The District's net position totaled $363.2 million at the end of fiscal year 2020, compared to $385.1 million at the end of fiscal year 2019 and $359.8 million at the end of fiscal year 2018.

The District's financial position at June 30, 2020, 2019, and 2018 is summarized as follows:

Condensed Statements of Net Position
(Expressed in thousands)

	2020	2019	2018
Current assets	$ 129,170	$ 140,319	$ 145,335
Noncurrent assets	29,258	33,930	25,943
Capital assets	591,337	585,534	551,862
Total Assets	749,765	759,783	723,140
Deferred outflows of resources	47,066	31,015	28,332
Current liabilities	46,644	42,152	41,272
Noncurrent liabilities	350,480	351,308	340,025
Total liabilities	397,124	393,460	381,297
Deferred inflows of resources	36,543	12,200	10,425
Net investments in capital assets	560,087	551,520	515,619
Restricted	8,506	13,865	8,866
Unrestricted	(205,429)	(180,247)	(164,735)
Total net position	$ 363,164	$ 385,138	$ 359,750

As of June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $363.2 million compared to $385.1 million as of June 30, 2019 and $359.8 million as of June 30, 2018. The largest portion of the District's net position represents its net investment in capital assets. The District uses these capital assets to generate regional economic growth and to provide public safety services and recreational opportunities to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, the funds required to repay this debt are to be provided annually from operations. Refer to Note 11(a)(i) to the basic financial statements for additional information on the District's Capital Improvement Program (CIP) commitments.

The unrestricted net position was $(205.4) million as of June 30, 2020, $(180.2) million as of June 30, 2019, and $(164.7) million as of June 30, 2018. The negative unrestricted balances reported are primarily due to the previous implementations of GASB Statement No. 75 and GASB Statement No. 68, which required the District to record total other post-employment liability and net pension liability, respectively, in its financial statements.

Capital Assets

The District's net book value was $591.3 million as of June 30, 2020, $585.5 million as of June 30, 2019, and $551.9 million as of June 30, 2018. The funds used for capital improvements are derived from several sources, including the District's unrestricted funds, federal and state grants, capital contributions from external sources, long-term debt, and current revenue sources.

Capital Assets
(Expressed in thousands)

	2020	2019	2018
Nondepreciable assets:			
Land	$ 252,803	$ 252,803	$ 252,801
Construction-in-progress	65,612	48,250	31,110
Depreciable/amortizable assets:			
Land improvements	7,650	7,650	7,650
Buildings and structures	637,316	628,786	592,004
Machinery and equipment	83,504	102,995	99,391
Roads and parking lots	122,645	122,638	122,534
Intangible	16,617	5,635	4,106
Total assets	1,186,147	1,168,757	1,109,596
Accumulated depreciation/amortization	(594,809)	(583,223)	(557,735)
Capital assets, net	$ 591,338	$ 585,534	$ 551,861

Capital Assets – Fiscal year 2020 compared to 2019:

The District invested a total of $32.3 million in construction-in-progress during fiscal year 2020 (refer to Note 3 to the basic financial statements for the summary of capital assets activity). Some of these projects were completed and capitalized during the fiscal year.

On January 1, 2020, the California State Lands Commission (CSLC) granted the District approximately 8,300 additional acres of submerged lands within San Diego Bay as authorized through the passage of Senate Bill 507 (SB 507). The District assumed all leases within these newly granted submerged lands on the date of conveyance and required the District to transfer to the CSLC the gross annual revenues generated from the existing leases on the lands granted. Due to the terms of SB 507 and the lack of an appraisal standard to develop a fair value on these submerged lands, a nominal value of $1 was recorded as Land assets.

Following are amounts expended during fiscal year 2020 for some of the major capital projects:

$9.0 million, Tenth Avenue Maritime Terminal (TAMT) Transit Shed Demolition and Site Improvements
$6.5 million, Chula Vista Bayfront Site Preparation
$3.0 million, Business Solution Platform Implementation
$2.1 million, Tuna Harbor Dock 2 & 3 Structure Repairs
$2.0 million, B Street Pier Structural Repairs
$1.2 million, Seaport Village Building Repairs
$862 thousand, San Diego Bay Regional Fiber Optic Infrastructure Phase 4A
$695 thousand, Tuna Harbor Dock 1 Structure Repairs
$541 thousand, B Street Pier Curtain Wall Repairs and Backfilling
$404 thousand, TAMT Microgrid Infrastructure Improvement
$382 thousand, HPD Headquarters Storage Modifications
$375 thousand, SAP Digital Transformation, Phase 1
$347 thousand, Computer Aided Dispatch
$343 thousand, National City Marina District Vision Plan Preliminary Planning

$342 thousand, Chula Vista Bayfront Goodrich South Campus Demolition
$272 thousand, Harbor Island & Imperial Beach Signage Replacement
$242 thousand, District Document Management System
$238 thousand, Concur Travel Management Implementation
$234 thousand, TAMT Stormwater Treatment System Design
$3.2 million, all other capital projects

Capital Assets – Fiscal year 2019 compared to 2018:

The District invested a total of $37.2 million in construction-in-progress during fiscal year 2019 (refer to Note 3 to the basic financial statements for the summary of capital assets activity). Some of these projects were completed and capitalized during the fiscal year.

Following are amounts expended during fiscal year 2019 for some of the major capital projects:

$8.5 million, Tenth Avenue Maritime Terminal (TAMT) Transit Shed Demolition and Site Improvements
$7.5 million, Chula Vista Bayfront Site Preparation
$4.1 million, Navy Pier Structural Repairs
$3.6 million, Shelter Island Boat Launch Facility Improvements
$2.0 million, Chula Vista Bayfront Goodrich South Campus Demolition
$1.8 million, B Street Pier Structural Repairs
$1.6 million, TAMT Warehouse B Roof Replacement
$680 thousand, Cloud Network Recovery Implementation
$646 thousand, Computer Aided Dispatch
$605 thousand, Business Solution Platform Implementation
$466 thousand, Material Support Roof Replacement
$465 thousand, IT Network Component Update
$389 thousand, San Diego Bay Regional Fiber Optic Infrastructure Phase 4A
$351 thousand, National City Marina District Vision Plan Preliminary Planning
$336 thousand, Interior Lighting Efficiency Improvement
$330 thousand, Emergency Marine Fender Replacement at Broadway Pier
$324 thousand, District Employee Portal Redesign
$309 thousand, District Document Management System
$247 thousand, Exterior Lighting Efficiency Improvement
$2.9 million, all other capital projects

Revenues, Expenses, and Changes in Net Position

The Statements of Revenues, Expenses, and Changes in Net Position provide insight as to the nature and source of the change in financial position. The District's summarized results of operations for the fiscal years ended June 30, 2020, 2019, and 2018 are presented below:

Condensed Statements of
Revenues, Expenses, and Changes in Net Position
(Expressed in thousands)

	2020	2019	2018
Operating revenues:			
Real Estate	$ 92,134	$ 107,234	$ 97,720
Port as a Service	13,338	17,058	16,583
Maritime	37,760	38,650	39,304
Harbor Police	16,159	17,069	16,192
Other operating revenues	3,106	3,820	3,094
Total operating revenues	162,497	183,831	172,893
Operating expenses:			
Direct expenses			
Real Estate	31,773	28,787	28,609
Port as a Service	4,522	5,267	6,193
Maritime	17,829	17,401	17,557
Harbor Police	43,619	40,331	40,128
Other operating expenses	22,490	29,359	37,744
Depreciation and amortization	27,551	26,412	23,686
General and administrative expenses	46,397	48,469	44,118
Total operating expenses	194,181	196,026	198,035
Income/(loss) from operations	(31,684)	(12,195)	(25,142)
Nonoperating revenues	12,605	12,471	10,614
Nonoperating expenses	12,628	3,056	3,339
Nonoperating income/(loss)	(23)	9,415	7,275
Capital grants and contributions	9,733	28,168	8,685
Change in net position	(21,974)	25,388	(9,182)
Beginning net position	385,138	359,750	461,316
Restatement - GASB 75	—	—	(92,384)
Ending net position	$ 363,164	$ 385,138	$ 359,750

The major components of the District's operating revenues include concession fees, land and building leases, Harbor Police and General and Administrative (G&A) cost reimbursements for services provided to the San Diego County Regional Airport Authority (SDCRAA), wharfage, parking fees, storage space rentals, cruise ship passenger and security fees, dockage fees, and citations issued for vehicle code violations.

The District's operating expenses consist primarily of personnel expenses, contractual services, community and environmental support (including municipal services for fire, police, and medical emergency), and maintenance and repairs.

Nonoperating revenues include interest income, damages recovered, grant revenues, asset forfeiture proceeds, low carbon fuel standard revenue, car rental transaction fees, and miscellaneous other nonoperating revenues.

The major components of nonoperating expenses are legal settlement expense, interest expense, and financial assistance expense.

Capital grants and contributions include Transportation Investment Generating Economic Recovery (TIGER), State of California Natural Resources Agency, and Port Security capital grants.

Operating Revenues – Fiscal year 2020 compared to 2019:

(Expressed in thousands)	2020	2019	$ Change Increase (Decrease)	% Change
Real Estate	$ 92,134	$ 107,234	$ (15,100)	(14.1)%
Port as a Service	13,338	17,058	(3,720)	(21.8)%
Maritime	37,760	38,650	(890)	(2.3)%
Harbor Police	16,159	17,069	(910)	(5.3)%
Other operating revenues	3,106	3,820	(714)	(18.7)%
Total operating revenues	$ 162,497	$ 183,831	$ (21,334)	(11.6)%

- Real Estate operating revenues of $92.1 million decreased $15.1 million from $107.2 million. The decrease was primarily due to the negative impact from the COVID-19 pandemic, particularly in the hospitality industry. Concession revenues were significantly affected as the COVID-19 related restrictions were in effect, resulting in cancellations of conventions, lack of business travel, and group events.

- Port as a Service operating revenues of $13.3 million decreased $3.7 million from $17.1 million. Parking revenue decreased due to significantly reduced visitation to the tidelands areas and the associated need for parking as a result of the COVID-19 pandemic. Additionally, reduced hotel occupancies and cancellations of convention center events in the fourth quarter of the fiscal year contributed to the revenue reductions.

- Maritime operating revenues of $37.8 million decreased $890 thousand from $38.7 million. Cruise activity shut down abruptly in March due to COVID-19. This resulted in lost revenue, partially offset by unanticipated security fee revenue related to extended cruise ship terminal docking due to the CDC no sail orders. Additionally, auto imports were impacted due to the shutdown and/or slowdown of manufacturing plants and dealerships also due to COVID-19, resulting in lower wharfage revenues.

- Harbor Police operating revenues of $16.2 million decreased $910 thousand from $17.1 million. The decrease was primarily due to a reduction in airport police services.

- Other operating revenues of $3.1 million decreased $714 thousand from $3.8 million. The decrease was primarily due to lower regional harbor monitoring program reimbursement.

Operating Revenues – Fiscal year 2019 compared to 2018:

(Expressed in thousands)	2019	2018	$ Change Increase (Decrease)	% Change
Real Estate	$ 107,234	$ 97,720	$ 9,514	9.7 %
Port as a Service	17,058	16,583	475	2.9 %
Maritime	38,650	39,304	(654)	(1.7)%
Harbor Police	17,069	16,192	877	5.4 %
Other operating revenues	3,820	3,094	726	23.5 %
Total operating revenues	$ 183,831	$ 172,893	$ 10,938	6.3 %

- Real Estate operating revenue of $107.2 million increased $9.5 million from $97.7 million. The increase was primarily due to the District's assumption of ownership of Seaport Village, which increased operating revenue by approximately $5.4 million, comprised of increases in concession, parking, and common area maintenance & marketing. There were also concession revenue increases from marinas, tidelands hotels, restaurants, and other visitor-serving businesses.

- Port as a Service operating revenue of $17.1 million increased $475 thousand from $16.6 million. Parking revenue increased due to strong performance at B Street Pier and the Convention Center garage. B Street Pier increases were due to strong attendance at the Wonderspaces event, and the Convention Center garage benefited from large one-time conventions.

- Maritime operating revenues of $38.7 million decreased $654 thousand from $39.3 million. The decrease was primarily due to storage space rental and wharfage revenue, this was partially offset by increases from fixed rent and cruise ship passenger fees revenue.

- Harbor Police operating revenues of $17.1 million increased $877 thousand from $16.2 million. The increase was primarily due to increased service hours at SDCRAA and additional reimbursements from audited true up from prior year police services to SDCRAA.

- Other operating revenues of $3.8 million increased $726 thousand from $3.1 million. The increase was primarily due to higher regional harbor monitoring program reimbursement.

Operating Expenses - Fiscal year 2020 compared to 2019:

(Expressed in thousands)	2020	2019	$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	$ 31,773	$ 28,787	$ 2,986	10.4 %
Port as a Service	4,522	5,267	(745)	(14.1)%
Maritime	17,829	17,401	428	2.5 %
Harbor Police	43,619	40,331	3,288	8.2 %
Other operating expenses	22,490	29,359	(6,869)	(23.4)%
Depreciation and amortization	27,551	26,412	1,139	4.3 %
General and administrative expenses	46,397	48,469	(2,072)	(4.3)%
Total operating expenses	$ 194,181	$ 196,026	$ (1,845)	(0.9)%

- Real Estate operating expenses of $31.8 million, before depreciation and G&A expense, increased $3.0 million from $28.8 million. The increase was mainly due to the additional cost of operations associated with the ownership of Seaport Village, primarily upkeep and tenant improvements, partially offset by savings in marketing/outreach.

- Port as a Service operating expenses of $4.5 million, before depreciation and G&A expenses, decreased $745 thousand from $5.3 million. The decrease was primarily due to facility management services, which covers the operation of staffed parking lots and is directly tied to revenue, as operator fees are based on a percentage of revenues. Revenue at all tidelands parking lots has been impacted by the COVID-19 pandemic.

- Maritime operating expenses of $17.8 million, before depreciation and G&A expenses, increased $428 thousand from $17.4 million. The increase was primarily due to unforeseen security expenses and shore power connection fees related to extended cruise ship docking at cruise ship terminal as a result of COVID-19 impacted no sail orders issued by the CDC. The shore power connection fees and security fees were reimbursed by cruise lines with a 15% markup on the security fees.

- Harbor Police operating expenses of $43.6 million, before depreciation and G&A expenses, increased $3.3 million from $40.3 million. The increase was primarily from the following: personnel related expenses, safety equipment & supplies, space rentals, and telephone and communications partially offset by decreases in overtime cost, grant funded expenditures, and professional services.

- Other operating expenses of $22.5 million, before depreciation and G&A expenses, decreased $6.9 million from $29.4 million. The decrease was primarily due to reductions in pension expense per GASB Statement No. 68 and Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75. The decrease was also attributable to regional harbor monitoring program expenses and worker's compensation expense classifications.

- Total depreciation and amortization expenses of $27.6 million increased $1.1 million from $26.4 million mainly due to a full year of depreciation for the Seaport Village facility acquired during fiscal year 2019.

- G&A expenses of $46.4 million decreased by $2.1 million from $48.5 million, primarily due to lower information technology and telecommunication and professional services expenses. Information technology and telecommunication expenses were significantly higher in fiscal year 2019 due to a cyber security incident.

Operating Expenses - Fiscal year 2019 compared to 2018:

(Expressed in thousands)	2019	2018	$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	$ 28,787	$ 28,609	$ 178	0.6 %
Port as a Service	5,267	6,193	(926)	(15.0)%
Maritime	17,401	17,557	(156)	(0.9)%
Harbor Police	40,331	40,128	203	0.5 %
Other operating expenses	29,359	37,744	(8,385)	(22.2)%
Depreciation and amortization	26,412	23,686	2,726	11.5 %
General and administrative expenses	48,469	44,118	4,351	9.9 %
Total operating expenses	$ 196,026	$ 198,035	$ (2,009)	(1.0)%

- Real Estate operating expenses of $28.8 million, before depreciation and G&A expenses, increased $178 thousand from $28.6 million. The increase was mainly due to the additional cost of operations associated with the assumption of ownership of Seaport Village, offset by savings in professional services and marketing/outreach.

- Port as a Service operating expenses of $5.3 million, before depreciation and G&A expenses, decreased $926 thousand from $6.2 million. The decrease was primarily due to a reorganization and savings in professional services.

- Maritime operating expenses of $17.4 million, before depreciation and G&A expenses, decreased $156 thousand from $17.6 million. The decrease was primarily due to lower operator retention expenses as a result of decreases in storage space rental and wharfage revenues.

- Harbor Police operating expenses of $40.3 million, before depreciation and G&A expenses, increased $203 thousand from $40.1 million. The increase was mainly from emergency operation plan development, homeless outreach program, and software maintenance.

- Other operating expenses of $29.4 million, before depreciation and G&A expenses, decreased $8.4 million from $37.7 million. The decrease was primarily due to a reduction in pension expense per GASB Statement No. 68, partially offset by an accounting adjustment from Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75 and increases from workers' compensation, regional harbor monitoring program, and integrated planning expenses.

- Total depreciation and amortization expenses of $26.4 million increased $2.7 million from $23.7 million mainly due to depreciation for the Seaport Village facility.

- G&A expenses of $48.5 million increased $4.4 million from $44.1 million mainly due to an increase in higher information technology and telecommunication expenses as well as increased personnel expense from the additional regular positions that were added in the fiscal year.

Nonoperating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2020 compared to 2019:

(Expressed in thousands)	2020	2019	$ Change Increase (Decrease)	% Change
Nonoperating revenues	$ 12,605	$ 12,471	$ 134	1.1 %
Nonoperating expenses	$ 12,628	$ 3,056	$ 9,572	313.2 %
Capital grants and contributions	$ 9,733	$ 28,168	$ (18,435)	(65.4)%

- The District's nonoperating revenues of $12.6 million, excluding capital grants and contributions, increased $134 thousand from $12.5 million. The increase was primarily due to insurance reimbursements received from the cyber security incident costs in fiscal year 2019 and revenues from the District's participation in the Low Carbon Fuel Standards (LCFS) program, in which funds are received from the sale of LCFS credits generated through the use of shore power at marine terminals. These increases were partially offset by an unrealized loss on investments and the decrease of car rental transaction fees due to COVID-19 impacts.

- Nonoperating expenses of $12.6 million increased $9.6 million from $3.1 million. The increase was mainly due to the recognition of a legal settlement liability related to car rental transaction fees.

- Capital grants and contributions of $9.7 million decreased $18.4 million from $28.2 million. The decrease was primarily due to non-cash capital contributions of $19.3 million recognized in fiscal year 2019 for the District's assumption of ownership of Seaport Village.

Nonoperating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2019 compared to 2018:

(Expressed in thousands)	2019	2018	$ Change Increase (Decrease)	% Change
Nonoperating revenues	$ 12,471	$ 10,614	$ 1,857	17.5 %
Nonoperating expenses	$ 3,056	$ 3,339	$ (283)	(8.5)%
Capital grants and contributions	$ 28,168	$ 8,685	$ 19,483	224.3 %

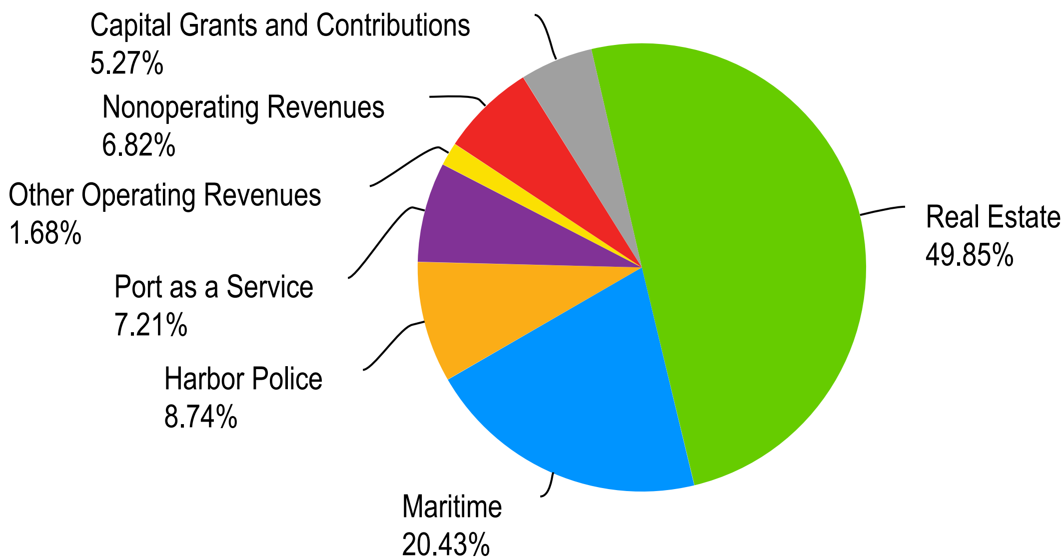
- The District's nonoperating revenues of $12.5 million, excluding capital grants and contributions, increased $1.9 million from $10.6 million. The increase was primarily due to an increase in interest earned, as well as an unrealized gain on investments.

- Nonoperating expenses of $3.1 million decreased $283 thousand from $3.3 million. The decrease was mainly due to a reduction in interest expenses paid on outstanding debt and a reduction in financial assistance.

- Capital grants and contributions of $28.2 million increased $19.5 million from $8.7 million. The increase was primarily due to the non-cash capital contributions of $19.3 million recognized for the District's assumption of ownership of Seaport Village.

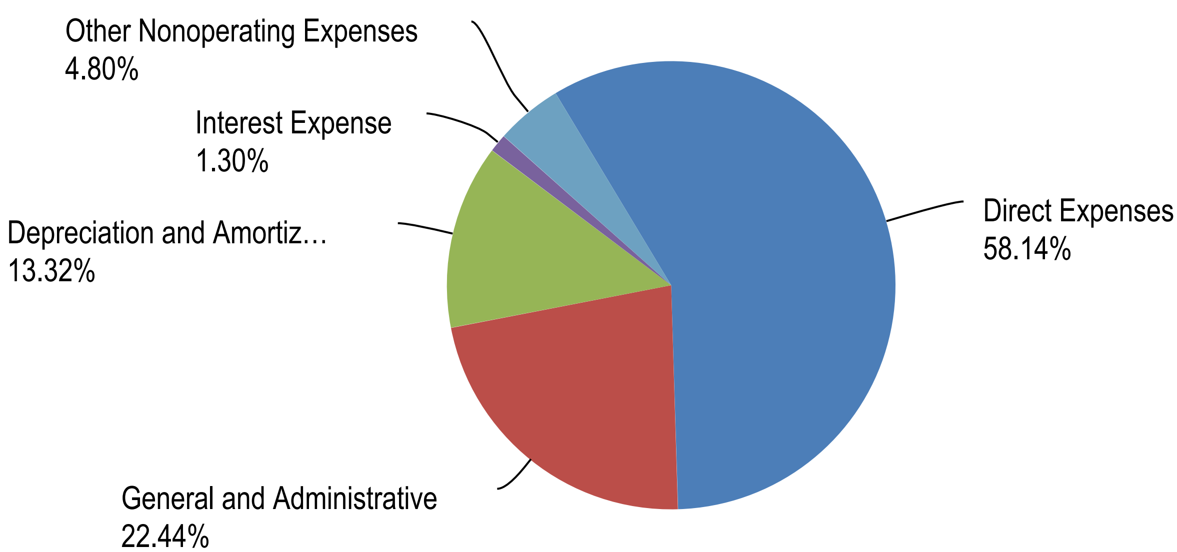
The following charts show the total District revenues and expenses as percentages by major categories for fiscal year 2020:

Fiscal Year 2020 Revenues



Total Revenues **$184,835,197**

Fiscal Year 2020 Expenses



Total Expenses **$206,809,150**

Debt Administration

The authority of the District to incur debt is described in Section 29 of the San Diego Unified Port District Act. The District is authorized, by its enabling legislation, to levy property taxes along with its five member cities (Chula Vista, Coronado, Imperial Beach, National City, and San Diego). From 1963 to 1970, the District required a small tax levy to pay debts incurred for improvements accomplished before the formation of the District. Since then, revenues from the principal operational areas have been sufficient to support District operations, service bonded indebtedness, and allow for capital improvements. As a result, no taxes have been levied since 1970.

As part of the airport transfer on January 1, 2003, as described in Note 1(a) to the basic financial statements, the District issued a $50.0 million promissory note to the SDCRAA and a $2.4 million note for the Pond 20 real estate. As of June 30, 2013, the Pond 20 Note was paid in full. Under the Airport Transfer Agreement, the $50.0 million promissory note was unsubordinated and fully negotiable, had an interest rate of the prime rate plus 1.0%, with monthly payments of interest only for seven years, with the principal due and payable beginning on December 31, 2009. The note was amended as a result of a settlement agreement, effective June 1, 2004, between the District and the SDCRAA. The note is now being amortized over a period of 25 years, which commenced January 1, 2006, with a fixed rate of 5.5% per annum; the note remains subordinated to all other bonded indebtedness of the District.

On October 28, 2004, the District issued $49.5 million aggregate principal amounts of revenue bonds. The issuance consisted of $23.0 million and $26.5 million principal amounts for the Series A 2004 Bonds and Series B 2004 Bonds, respectively. The bonds were sold at a premium of $2.5 million, which netted issuance proceeds of $52.0 million. The bonds, which are composed of serial and term, are due over 25 years and bear interest rates ranging from 2.0% to 5.25%. Approximately $47.0 million was used to reimburse the District for the prior payment of costs for certain projects in the completed fiscal year 2003-2007 CIP. The bonds are being repaid using the pledged revenues of the District, as defined in Article 1, Section 1.02 of the indenture related to these bonds. The final Series A 2004 principal payment was made in August 2019; therefore, these bonds have been fully satisfied as of fiscal year 2020.

On November 20, 2013, the District issued $25.5 million Series A 2013 revenue refunding bonds to advance refund the entire $26.6 million of the outstanding Series B 2004 Revenue Bonds. The District used the net proceeds to purchase U.S. Treasury State and Local Government Series securities that were deposited in an irrevocable trust to provide for all future debt service and for the Series B 2004 Revenue Bonds redemption on September 1, 2014. As a result, the full amount of the $26.6 million Series B 2004 Revenue Bonds is considered defeased and the District has removed the liability from its accounts. The advance refunding reduced total debt service payments over the next 16 years by approximately $2.5 million and resulted in an economic gain of $1.7 million (i.e. difference between the present value of the debt service payments on the old and new debt).

On April 9, 2007, the District, the City of San Diego and Centre City Development Corporation, now known as Civic San Diego (CSD) signed an agreement to design and fund the North Embarcadero Visionary Plan (NEVP) Phase I. Under the terms of the agreement and subsequent amendments, the District records its 50% share of costs as a loan advance from CSD. The District is required to pay the greater of $850 thousand or 50% of Lane Field revenue annually as repayment of the loan advance, and in fiscal year 2014, the District made the first payment of $850 thousand. The District and CSD also agreed to share the cost of future maintenance and security expenses upon completion of NEVP Phase I and Setback Park/Plaza. In fiscal years 2015 and 2016, under the terms of the agreements, the District and CSD agreed that CSD's 50% share of the estimated maintenance and security costs totaling $7.8 million be offset against the loan advance by $4.4 million and $3.5 million, respectively. The final repayment of the loan advance was made in July 2020.

Following is a summary of the District's outstanding notes and bonds payable as of June 30, 2020 and June 30, 2019:

	July 1, 2019	Increases	Decreases	June 30, 2020	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 31,338,762	$ —	$ (2,006,053)	$ 29,332,709	$ 2,123,842
Civic San Diego loan advance - NEVP	1,445,376	—	(779,724)	665,650	665,650
Revenue bonds:					
Series A 2004 bonds payable	2,040,000	—	(2,040,000)	—	—
Series A 2004 bonds premium	8,062	—	(8,062)	—	—
Series A 2013 bonds payable	25,205,000	—	—	25,205,000	1,995,000
Series A 2013 bonds premium	1,338,772	—	(272,988)	1,065,784	—
Total notes and bonds	$ 61,375,972	$ —	$ (5,106,827)	$ 56,269,145	$ 4,784,492

	July 1, 2018	Increases	Decreases	June 30, 2019	Amounts due within one year
Notes:					
SDCRAA promissory note	$ 33,242,085	$ —	$ (1,903,323)	$ 31,338,762	$ 2,006,053
Civic San Diego loan advance - NEVP	2,360,624	—	(915,248)	1,445,376	779,725
Revenue bonds:					
Series A 2004 bonds payable	4,020,000	—	(1,980,000)	2,040,000	2,040,000
Series A 2004 bonds premium	55,879	—	(47,817)	8,062	—
Series A 2013 bonds payable	25,205,000	—	—	25,205,000	—
Series A 2013 bonds premium	1,603,384	—	(264,612)	1,338,772	—
Total notes and bonds	$ 66,486,972	$ —	$ (5,111,000)	$ 61,375,972	$ 4,825,778

Refer to Note 4 to the basic financial statements for additional detailed information related to long term liability activity.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all California citizens, taxpayers, stakeholders, and the District's creditors. This financial report seeks to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the San Diego Unified Port District, Office of the District Clerk, P.O. Box 120488, San Diego, California 92112-0488. Or, you may contact the District by phone at (619) 686-6206 or by email at publicrecords@portofsandiego.org.

Basic Financial Statements

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Net Position
June 30, 2020 and June 30, 2019

	2020	2019
ASSETS		
Current assets:		
Unrestricted:		
Cash and cash equivalents	$ 71,699,434	$ 38,014,482
Investments	22,108,394	79,125,156
Accounts receivable, net of allowance	25,561,927	20,947,080
Other current assets	1,409,186	2,232,491
Total unrestricted current assets	120,778,941	140,319,209
Restricted:		
Car rental transaction fees	8,390,980	—
Total current assets	129,169,921	140,319,209
Noncurrent assets:		
Restricted assets:		
Restricted cash and investments:		
Car rental transaction fees	—	4,974,212
Mitigation fees	6,563,500	6,307,500
Bayfront infrastructure improvements	3,000,000	3,000,000
Deposits and other miscellaneous	10,420,305	6,048,163
Escrow accounts:		
South Bay Power Plant remediation and other miscellaneous	1,402,311	1,389,944
Workers' compensation collateral	4,393,378	3,346,704
Series 2004 and 2013 Bonds:		
Debt service reserve funds held by trustee	2,579,170	3,402,883
Total restricted assets	28,358,664	28,469,406
Other noncurrent assets:		
Cash and investments designated for specific capital projects and commitments	871,291	5,431,786
Other noncurrent assets	28,422	28,422
Total other noncurrent assets	899,713	5,460,208
Capital assets:		
Nondepreciable assets:		
Land	252,802,917	252,802,916
Construction-in-progress	65,611,590	48,249,977
Depreciable assets:		
Land improvements	7,650,334	7,650,334
Building and structures	637,316,292	628,785,952
Machinery and equipment	83,503,550	102,994,681
Roads and parking lots	122,645,123	122,638,397
Intangible assets	16,617,234	5,635,091
Total capital assets	1,186,147,040	1,168,757,348
Less accumulated depreciation and amortization	(594,810,278)	(583,222,976)
Capital assets, net	591,336,762	585,534,372
Total noncurrent assets	620,595,139	619,463,986
Total assets	749,765,060	759,783,195
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on bond refunding	109,483	121,536
Pension contributions made subsequent to the measurement date	19,300,000	17,900,000
Difference between actual and expected experience, assumption changes, and net difference between projected and actual earnings on plan investments for pension	1,992,336	8,010,883
POB contributions made subsequent to the measurement date and impact from assumption changes	714,834	243,000
Changes in assumption - OPEB	24,948,868	4,739,551
Total deferred outflows of resources	47,065,521	31,014,970

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Net Position
June 30, 2020 and June 30, 2019

		2020		2019
LIABILITIES				
Current liabilities:				
Accounts payable	$	17,187,061	$	19,103,178
Accrued liabilities		14,700,975		9,577,967
Current portion of accrued leave		5,380,776		5,467,029
Deposits and other short-term liabilities		4,178,640		2,729,972
Accrued interest payable, Series 2004 and 2013 Bonds		412,296		447,996
Notes payable, current portion		2,789,492		2,785,778
Bonds payable, current portion		1,995,000		2,040,000
Total current liabilities		46,644,240		42,151,920
Noncurrent liabilities:				
Liabilities - payable from restricted assets:				
Mitigation and remediation fees		7,665,811		7,397,444
Other long-term liabilities:				
Notes payable to SDCRAA, net of current portion		27,208,867		29,332,710
Bonds payable, net of current portion		24,275,784		26,551,834
Unearned revenue - other		165,593		162,277
Unearned revenue - NEVP credits		5,878,027		6,224,854
Deferred rent credits		537,814		942,480
Civic San Diego loan advance - NEVP, net of current portion		—		665,650
Other long-term liabilities		4,611,484		211,272
Accrued leave, net of current portion		2,651,000		1,753,681
Net pension liability - GASB 68		130,486,786		130,290,719
Net POB liability - GASB 73		3,351,963		2,547,399
Total OPEB liability - GASB 75		143,646,954		145,227,974
Total other long-term liabilities		342,814,272		343,910,850
Total noncurrent liabilities		350,480,083		351,308,294
Total liabilities		397,124,323		393,460,214
DEFERRED INFLOWS OF RESOURCES				
Net difference between projected and actual earnings on plan investments and net difference between actual and expected experience - Pension		8,867,635		8,350,392
Changes in assumptions - POB		—		55,679
Differences between expected and actual experience and impact from assumption changes - OPEB		27,674,572		3,793,876
Total deferred inflows of resources		36,542,207		12,199,947
NET POSITION				
Net investment in capital assets		560,086,537		551,520,308
Restricted for other projects and grants		8,506,291		13,864,543
Unrestricted (Deficit)		(205,428,777)		(180,246,847)
Total net position	$	363,164,051	$	385,138,004

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT

Statements of Revenues, Expenses, and Changes in Net Position

Fiscal Years Ended June 30, 2020 and June 30, 2019

	2020	2019
Operating revenues:		
Real Estate	$ 92,134,149	$ 107,234,118
Port as a Service	13,337,510	17,058,125
Maritime	37,759,676	38,649,729
Harbor Police	16,159,422	17,068,800
Other operating revenues	3,106,325	3,820,536
Total operating revenues	162,497,082	183,831,308
Operating expenses:		
Direct expenses:		
Real Estate	31,773,432	28,787,240
Port as a Service	4,522,287	5,266,797
Maritime	17,828,616	17,401,166
Harbor Police	43,619,058	40,331,136
Other operating expenses	22,489,887	29,359,115
Depreciation and amortization	27,551,296	26,412,004
General and administrative expenses	46,396,119	48,468,521
Total operating expenses	194,180,695	196,025,979
Loss from operations	(31,683,613)	(12,194,671)
Nonoperating revenues (expenses):		
Interest income	2,743,978	2,931,817
Settlement income (expenses)	(8,390,980)	601,583
Net change in the fair value of investments	(42,473)	761,277
Interest expense	(2,696,973)	(2,911,285)
Financial assistance	(772,195)	(50,000)
Other nonoperating expenses	(768,307)	(94,630)
Other nonoperating revenues	9,903,515	8,175,620
Nonoperating revenues (expenses), net	(23,435)	9,414,382
Loss before capital grants and contributions	(31,707,048)	(2,780,289)
Capital grants and contributions	9,733,095	28,168,436
Change in net position	(21,973,953)	25,388,147
Net position, beginning of year	385,138,004	359,749,857
Net position, end of year	$ 363,164,051	$ 385,138,004

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Cash Flow
Fiscal Years Ended June 30, 2020 and June 30, 2019

	2020	2019
Cash flows from operating activities:		
Payments from customers	$ 159,330,903	$ 187,185,908
Payments to suppliers	(69,854,036)	(56,604,162)
Payments to employees	(93,738,217)	(98,410,645)
Other receipts	4,318,251	4,881,753
Net cash provided by operating activities	56,901	37,052,854
Cash flows from noncapital financing activities:		
Maintenance Fund - Salute to Bob Hope	3,316	1,230
Mitigation fees	256,000	3,000,000
Financial assistance	(772,195)	(50,000)
Note payments	(2,785,778)	(2,818,573)
Net cash provided by (used in) noncapital financing activities	(3,298,657)	132,657
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(28,138,327)	(44,141,018)
Proceeds on sale of capital assets	131,277	80,579
Federal/state grants received	9,194,979	8,715,645
Contributions for capital assets	538,115	178,940
Car rental transaction fees	3,234,340	4,646,460
Payment of bond principal	(2,040,000)	(1,980,000)
Interest paid	(3,051,238)	(3,293,733)
Civic San Diego loan advance - NEVP Phase I	—	—
Net cash used in capital and related financing activities	(20,130,854)	(35,793,127)
Cash flows from investing activities:		
Purchase of short-term investments	(62,490,699)	(70,797,712)
Maturity of short-term investments	119,507,461	84,911,134
Interest received from investment securities	3,525,215	3,681,480
Net cash provided by investing activities	60,541,977	17,794,902
Net increase in cash and cash equivalents	37,169,367	19,187,286
Cash and cash equivalents, beginning of year	63,776,143	44,588,857
Cash and cash equivalents, end of year	$ 100,945,510	$ 63,776,143
Cash and cash equivalents components:		
Current cash and cash equivalents – unrestricted	$ 71,699,434	$ 38,014,482
Current car rental transaction fees – restricted	8,390,980	—
Noncurrent car rental transaction fees – restricted	—	4,974,212
Noncurrent mitigation fees – restricted	6,563,500	6,307,500
Noncurrent bayfront infrastructure improvements – restricted	3,000,000	3,000,000
Noncurrent deposits and other miscellaneous – restricted	10,420,305	6,048,163
Noncurrent cash and investments designated for specific capital projects and commitments	871,291	5,431,786
Total cash and cash equivalents	$ 100,945,510	$ 63,776,143

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Cash Flow
Fiscal Years Ended June 30, 2020 and June 30, 2019

	2020	2019
Reconciliation of operating loss to net cash provided by operating activities:		
Loss from operations	$ (31,683,613)	$ (12,194,671)
Adjustments to reconcile loss from operations to net cash provided by operating activities:		
Depreciation and amortization expenses	27,551,296	26,412,004
Gain (loss) on disposal of assets	453,775	—
Settlement income	91,399	601,583
Other nonoperating activities	(2,712,787)	3,361,618
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(4,614,847)	2,957,682
Other current assets	823,305	(807,660)
Other restricted assets	(1,046,674)	(23,929)
Deferred outflows of resources	(16,050,551)	(2,682,729)
Accounts payable	(3,148,029)	3,091,485
Accrued liabilities	5,074,270	594,516
Other long-term liabilities	(471,571)	13,571,101
Deposits and other short-term liabilities	1,448,668	396,918
Deferred inflows of resources	24,342,260	1,774,936
Net cash provided by operating activities	$ 56,901	$ 37,052,854

Supplemental disclosure of noncash investing, capital, and financing activities:	2020	2019
Additions to capital assets included in accounts payable	$ (6,245,298)	$ (3,254,548)
Assumption of Seaport Village capital assets	—	19,273,851
Assumption of SB 507 land assets	1	—
Net decrease in the fair value of investments	(42,473)	(761,277)
Construction-in-progress write-offs - prior year costs	709,151	—
Bond issue premium 2013 Series A (amortization)	272,988	264,612
Bond issue premium 2004 Series A (amortization)	8,062	47,817

See accompanying notes to the basic financial statements.

Notes to the Basic Financial Statements

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(1) Nature of Organization and Summary of Significant Accounting Policies

(a) Organization

The San Diego Unified Port District (District), an autonomous public agency, was established on December 18, 1962, in accordance with laws of the State of California for the acquisition, construction, operation, maintenance, development, management, and regulation of harbor works and improvements, including rail, water, and air terminal facilities, and tidelands and submerged lands of the Harbor of San Diego and San Diego Bay, and for the promotion of commerce, navigation, fisheries, and recreation. The District is governed by a seven-member Board of Port Commissioners (BPC) appointed by the District's five member cities (Chula Vista, Coronado, Imperial Beach, National City, and San Diego).

In 2001, the California legislature established the San Diego County Regional Airport Authority (SDCRAA) by enacting the San Diego County Regional Airport Authority Act (Airport Authority Act), California Public Utilities Code Section 170000 et seq. The Airport Authority Act was amended in 2002 and proposed a phased transfer of all airport operations of the District to SDCRAA. Effective January 1, 2003, pursuant to the Airport Authority Act and the MOU dated as of December 31, 2002, the District transferred all airport operations and certain related assets and liabilities to SDCRAA.

(b) Basis of Accounting

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local government agencies and, as such, the District is accounted for as a proprietary fund. The accompanying basic financial statements have been prepared using the flow of economic resources measurement focus and accrual basis of accounting. Under the accrual basis of accounting, revenues are generally recognized when earned and expenses are recognized when incurred, regardless of the timing of cash flows.

(c) Cash and Cash Equivalents

For purposes of the Statements of Cash Flow, cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less at the time of purchase. Also included are the non-current, Restricted Car rental transaction fees and Restricted Cash and Investments reported on the Statements of Net Position.

(d) Investments

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 Statement No. 72, *Fair Measurement and Application*. Valuations are obtained by using quotations obtained from independent published sources. Note 2 contains additional information on permissible investments per the California Government Code and District Investment Policy.

(e) Accounts Receivable

Accounts receivable are carried at original or estimated invoice amounts for District tenants and customers, less an estimate made for doubtful receivables for customers based on a review of all outstanding amounts. Management determines the allowance for doubtful accounts by evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions.

An allowance for uncollectible accounts receivable has been determined in the amount of $99 thousand as of June 30, 2020, and $46 thousand as of June 30, 2019. The amount is based upon management's estimate of accounts that will not be collected.

(f) Designated Assets

The BPC may designate funds, which they do not consider to be available for general operations. At June 30, 2020, the District has designated funds primarily for the unpaid contractual portion of some capital improvement projects (CIP) that are currently in progress totaling $871 thousand compared to $5.4 million as of June 30, 2019. This designation is classified in the accompanying statements of net position as cash and investments designated for specific capital projects and commitments.

Excluded from the above designation are additional commitments against existing cash reserves that have been authorized by the BPC as follows:

- Remaining costs to complete CIP projects funded from existing cash resources total $11.9 million excluding projects funded by grants, donations, and contributions (see Note 11 (a) i) compared to $13.9 million in fiscal year 2019.
- Commitments for other specific projects and activities (non-CIP) totaling $4.9 million compared to $6.3 million in fiscal year 2019.
- Operating reserves in alignment with BPC Policy No. 117. The policy requires that operating reserves at the end of each fiscal year are equal to six months of budgeted operating and maintenance expenses reduced by certain revenue sources. Based on the FY 2021 adopted budget, the required operating reserve balance is $61.8 million, however, at the October 2020 board meeting, the BPC authorized staff to draw below the required balance up to $10.5 million and apply toward the COVID-19 related deficit projected for FY 2021.

(g) Restricted Assets

Funds are set aside as restricted assets and are not available for current spending, when constraints placed on their use are legally enforceable due to either:

1. Externally imposed requirements by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or;
2. Constitutional provisions or enabling legislation. The District reports no assets restricted due to enabling legislation as of June 30, 2020.

The District classifies assets as restricted when the resources that were received or earned contain an explicit understanding between the resource provider and the District that the funds would be used for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, and then unrestricted resources, as they are needed.

(h) Capital Assets

Capital assets are carried at cost (except for donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement, which are recorded at acquisition value rather than fair value) less an allowance for accumulated depreciation/amortization. Assets acquired under capital leases are amortized over the estimated useful life. Capital assets acquired as a result of the assumption of ownership due to an expiration of a lease are recorded at fair market value. Recurring normal maintenance and repair costs are charged to operations, whereas major repairs, improvements, and replacements that extend the asset's useful life or service utility are capitalized. The capitalization threshold is $5 thousand with an expected useful life of greater than one year and depreciation/amortization is computed by use of the straight-line method over the following estimated useful lives:

Land improvements	30 to 40 years
Roads and parking lots	10 to 30 years
Building, water borne structures, and other terminals	10 to 50 years
Automotive and field equipment, furniture, and fixtures	3 to 15 years
Intangible assets	3 to 20 years

(i) Compensated Absences

All employees of the District earn annual leave that is paid upon termination or retirement. Annual leave is accrued and paid at current rates of compensation. Employees earn annual leave at the following rates:

Years of Active Service	Annual Accrued Hours (days)	Maximum Accrued Hours (days)
0-5th	144 hours (18 days)	432 hours (54 days)
6-10th	184 hours (23 days)	552 hours (69 days)
11-15th	224 hours (28 days)	552 hours (69 days)
16th-up	254 hours (31.75 days)	632 hours (79 days)

(j) District Net Position

Net investment in capital assets consists of capital assets, which are net of accumulated depreciation/amortization and further reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets, and deferred outflows of resources.

Restricted for other projects and grants consists of restricted assets (such as funding for Chula Vista Bayfront infrastructure improvements, LCFS, and funding for asset forfeiture expenditures) reduced by liabilities related to those assets. Restricted amounts represent limitations imposed on its use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, and laws or regulations of other governments.

Unrestricted net position (deficit) represents net position not included in other components of net position and may be used to meet the District's commitments and ongoing obligations.

(k) Revenue Classifications

The District classifies revenue as operating or nonoperating revenues, based on the following criteria:

Operating revenues are derived from the revenue sources that constitute the principal ongoing activities of the District's operations. The major components of the operating revenue sources are provided as follows:

- Real Estate operating revenues are generally derived from flat-fee ground rentals, concession (fees based on a fixed percentage of tenant revenues subject to certain minimum annual guarantee), common area maintenance reimbursement, and park usage fees.
- Port as a Service operating revenues include parking, citations, and concession.
- Maritime operating revenues include charges for fixed rents, storage, other rental revenue, passenger fees, cruise ship security charges, dockage, wharfage, and other marine services subject to District tariffs filed with the Federal Maritime Commission. Wharfage revenue is the charge assessed to both inbound

and outbound cargo when crossing over District property. Dockage fees are the charges assessed against a vessel for the right to berth at a wharf or pier of the District.

- Harbor Police operating revenues include reimbursements for police services provided to the SDCRAA and cost recovery for services provided to other agencies or events.

Nonoperating revenues are from sources related to financing activities and other activities that do not constitute the principal ongoing activities of the District's operations. The major components of the nonoperating revenue sources are reimbursed legal fees, car rental transaction fees, donated revenue, investment income from cash and investments, legal settlement, grant revenue, and low carbon fuel standard credits.

(l) Expense Classifications

The District classifies expenses as operating or nonoperating based on the following criteria:

Operating expenses are from expense sources that constitute the principal ongoing activities of the District's operations. The major components of the District's operating expenses consist of personnel expenses, contractual services, community and environmental support (including municipal services for fire, police, and medical emergency), and maintenance and repairs. These operating expenses are assigned or identified with the respective operating revenue components for report presentation purposes.

Nonoperating expenses are from expense sources that are related to financing, investing, and other activities that do not constitute the principal ongoing activities of the District's operations. The major component of nonoperating expenses are interest and legal settlement expenses.

(m) Pension and OPEB

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's defined benefit pension plan (Plan) administered by San Diego City Employees' Retirement System (SDCERS) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by SDCERS.

For purposes of measuring the OPEB liability and deferred outflows/inflows of resources related to OPEB and expense, information about the fiduciary position of the District's plan and additions to/deductions from the plan's fiduciary 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.

(n) Capital Grants and Contributions

The District recognizes capital related grant revenue as capital contributions when a capital grant agreement is approved, all eligibility requirements have been met, and qualifying expenses are incurred. The District also records capital contributions in the event of a donated asset or an assumption of ownership. Contributed capital assets are recorded at acquisition value when the donation is received. Capital assets acquired as a result of the assumption of ownership due to an expiration of a lease are recorded at estimated fair value.

(o) Estimates

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

(p) Reclassifications

Certain reclassifications have been made to the 2019 financial statements to conform with the current year's presentation. Such reclassifications have no effect on total assets, total liabilities, net position or change in net position.

(q) New Governmental Accounting Standards

The following pronouncements issued by the GASB were early implemented through the adoption of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extended the effective dates of certain GASB pronouncements by at least one year, and determined to not have an impact on the District's financial statements:

- GASB Statement No. 84, *Fiduciary Activities*.
- GASB Statement No. 90, *Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61*.

(r) *Upcoming Governmental Accounting Standards*

The following GASB Statements have been issued but are not yet effective for the fiscal year ended June 30, 2020. The District is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 87, *Leases,* effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 92, *Omnibus 2020*, effective upon issuance for the requirements related to the effective date of GASB Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments. The other requirements will be effective for the fiscal year ending June 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending June 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the fiscal year ending June 30, 2022.

(2) Cash and Investments, Escrow Accounts, and Funds Held by Trustee

Summary of cash and investments:	2020	2019
Cash and cash equivalents	$ 71,699,434	$ 38,014,482
Investments	22,108,394	79,125,156
Restricted cash and investments:		
America's Cup Harbor Parking Facility Fund	—	1,853,768
Car Rental Transaction Fund	8,390,980	4,974,212
Bayfront Infrastructure Improvement Fund	3,000,000	3,000,000
Mitigation Fund	6,563,500	6,307,500
North Embarcadero Visionary Plan Maintenance Fund	1,530,044	1,367,262
Refundable Security Deposits	4,734,278	2,090,199
Chula Vista Bayfront Development RIDA	3,599,065	—
Other	556,918	736,934
Total restricted cash and investments	28,374,785	20,329,875
Designated cash and investments:		
Designated for specific capital projects and commitments	871,291	5,431,786
Total cash and investments	$ 123,053,904	$ 142,901,299

Cash and investments consist of the following:	2020	2019
Cash on hand, current	$ 2,500	$ 2,500
Deposits with financial institutions	2,757,177	2,686,488
Investments	120,294,227	140,212,311
Total cash and investments	$ 123,053,904	$ 142,901,299

Investments Authorized by California Government Code and the District Investment Policy

California Government Code § 53600 et seq. and the BPC's Policy 115 (BPC 115), "Guidelines for Prudent Investments" regulate the investment of the District's temporary idle cash. The table on the following page identifies only those investments that are authorized by both California Government Code and BPC 115. The table also identifies restrictions as to investment terms to maturity and maximum allowable investment percentages. While the maximum allowable term to maturity for various investment classes may be five years, BPC 115 limits the portfolio's weighted average days to maturity to three years. At no time during fiscal year 2020 and fiscal year 2019 did the portfolio's weighted average days to maturity exceed three years. Other than the maximum allowable term to maturity, the District's BPC 115 is similar to the restrictions pursuant to California Government Code § 53600 et seq.

		Maximum Allowable Investment	
Investment Types Authorized by California Government Code and BPC 115	**Term to Maturity**	**Total (% of Portfolio)**	**Any One Issuer (% of Portfolio)**
U.S. Treasury Obligations	5 Years	No Restriction	No Restriction
U.S. Agency Obligations	5 Years	No Restriction	No Restriction
Bankers' Acceptances	180 Days	40% Fair Market Value (FMV)	10% FMV
Placement Service Certificates of Deposit	5 Years	30% FMV	FDIC Limit
Commercial Paper - "A-1" Rating[1]	270 Days	15% FMV	10% FMV
Negotiable Certificates of Deposit	1 Year	30% FMV	No Restriction
Medium-term notes - "A" Rating	2 Years	30% FMV	5% FMV
Medium-term notes - "AA" Rating	3 Years	30% FMV	5% FMV
Repurchase Agreements	1 Year	No Restriction	No Restriction
Reverse Repurchase Agreements	60 Days	10% FMV	No Restriction
Local Agency Investment Fund (LAIF)	n/a	No Restriction	n/a
Joint Powers Authority Pool (JPA)	2 Years	30% FMV	n/a
State Obligations - California and Others - "AAA" Rating	5 Years	No Restriction	No Restriction
Supranational Obligations - "AA" Rating[2]	5 Years	30% FMV	No Restriction

[1]BPC 115 allows up to 30% of A-1 or higher rated commercial paper if the dollar-weight average maturity does not exceed 31 days.

[2]Supranational Obligations include Inter-American Development Bank, International Bank for Reconstruction and Development, and the International Finance Corporation.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that fluctuations in market interest rates will adversely affect the fair value of an investment. In general, an investment with a longer term to maturity has a greater sensitivity to changes in market interest rates than does an investment with a shorter term to maturity.

One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of short-term and long-term investments and by structuring the maturities to coincide with expected capital investment cash outflows. Investment purchases are further structured so as to mature at fairly regular intervals in order to provide liquidity sufficient for operations. The District uses remaining days to maturity, weighted average days to maturity and duration as methods by which to analyze the portfolio’s overall sensitivity to interest rate risk. The District intends to hold callable securities until maturity, however, for disclosure purposes; the District uses the call date as equivalent to maturity date.

The District’s investment portfolio is conservatively managed. Although the District is authorized by BPC policy to invest in securities whose fair value would be considered highly sensitive to interest rate risk, the District did not own any specific securities considered highly sensitive. The fair value of the District’s position in the external investment pools LAIF and CalTRUST (JPA) is the same as the value of the pool shares as of June 30, 2020 and 2019.

Information pertaining to the portfolio's overall sensitivity to interest rate risk as of June 30, 2020 and 2019, is provided in the following tables:

District Investments		**Remaining Days to Maturity**		
Investment Type	**Fair Value as of June 30, 2020**	**120 Days or Less**	**121 to 360**	**361 to 720**
U.S. Agency Obligations	$ 20,090,903	$ 12,038,387	$ 8,052,516	$ —
Local Agency Investment Fund (LAIF)	72,000,000	72,000,000	—	—
Supranational Obligations	2,017,496	—	2,017,496	—
Joint Powers Authority Pool (JPA)	26,185,828	26,185,828	—	—
Totals:	**$ 120,294,227**	**$ 110,224,215**	**$ 10,070,012**	**$ —**

District Investments		**Remaining Days to Maturity**		
Investment Type	**Fair Value as of June 30, 2019**	**120 Days or Less**	**121 to 360**	**361 to 720**
U.S. Treasury Obligations	$ 13,954,901	$ 7,976,816	$ 5,978,085	$ —
U.S. Agency Obligations	60,158,718	33,990,801	20,099,274	6,068,643
Local Agency Investment Fund (LAIF)	50,200,000	—	50,200,000	—
Supranational Obligations	5,011,542	—	2,993,850	2,017,692
Joint Powers Authority Pool (JPA)	10,887,150	—	10,887,150	—
Totals:	**$ 140,212,311**	**$ 41,967,617**	**$ 90,158,359**	**$ 8,086,335**

Disclosures Relating to Credit Risk

Credit risk is the risk that the issuer of an investment will not repay its obligation as promised. Credit quality is measured using a rating assigned by a nationally recognized statistical rating organization.

The information presented below identifies the minimum credit rating required by California Government Code, the District's investment policy, and the actual rating as of June 30, 2020 and 2019, for each investment type.

			Actual Rating			
Investment Type	**Fair Value as of June 30, 2020**	**Minimum Rating**	**AAA**	**AA+**	**AAf /S1+**	**Not Rated**
U.S. Agency Obligations	$ 20,090,903	n/a	$ —	$20,090,903	$ —	$ —
Local Agency Investment Fund (LAIF)	72,000,000	n/a	—	—	—	72,000,000
Supranational Obligations	2,017,496	AAA	2,017,496	—	—	—
Joint Powers Authority Pool (JPA)	26,185,828	n/a	—	—	26,185,828	—
Totals:	**$ 120,294,227**		**$ 2,017,496**	**$20,090,903**	**$26,185,828**	**$72,000,000**

			Actual Rating			
Investment Type	**Fair Value as of June 30, 2019**	**Minimum Rating**	**AAA**	**AA+**	**AAf /S1+**	**Not Rated**
U.S. Treasury Obligations	$ 13,954,901	n/a	$ —	$13,954,901	$ —	$ —
U.S. Agency Obligations	60,158,718	n/a	—	60,158,718	—	—
Local Agency Investment Fund (LAIF)	50,200,000	n/a	—	—	—	50,200,000
Supranational Obligations	5,011,542	AA	5,011,542	—	—	—
Joint Powers Authority Pool (JPA)	10,887,150	n/a	—	—	10,887,150	—
Totals:	**$ 140,212,311**		**$ 5,011,542**	**$74,113,619**	**$10,887,150**	**$50,200,000**

On July 30, 2020, Standard & Poor's affirmed the U.S. credit rating of AA+ with a Stable outlook. Moody's Investors Service affirmed their Aaa credit rating with a Stable outlook as of August 14, 2020, and Fitch Ratings affirmed their AAA ratings on July 31, 2020, with a change in outlook from Stable to Negative. Funds held in trustee and fiscal agent accounts as of June 30, 2020 and 2019, met California Government Code minimum credit rating requirements.

Concentration of Credit Risk

The District's investment policy is consistent with the California Government Code with respect to the categorical limitations placed on the amount that may be invested in any one issuer. The District's investment holdings as of June 30, 2020 and 2019, grouped by issuer, are identified in the tables below.

Issuer	Investment Type	Fair Value as of June 30, 2020	Percentage of Portfolio
Federal Home Loan Bank	U.S. Agency Obligations	$ 6,039,180	5.02 %
Federal Home Loan Mortgage Corporation	U.S. Agency Obligations	8,016,270	6.66 %
Federal National Mortgage Association	U.S. Agency Obligations	3,004,052	2.50 %
Federal Farm Credit Bank	U.S. Agency Obligations	3,031,401	2.52 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	26,185,828	21.77 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	72,000,000	59.85 %
International Finance Corporation	Supranational Obligations	2,017,496	1.68 %
Totals:		**$ 120,294,227**	**100.00 %**

Issuer	Investment Type	Fair Value as of June 30, 2019	Percentage of Portfolio
United States of America	U.S. Treasury Obligations	$ 13,954,901	9.95 %
Federal Home Loan Bank	U.S. Agency Obligations	24,066,891	17.16 %
Federal Home Loan Mortgage Corporation	U.S. Agency Obligations	18,007,732	12.84 %
Federal National Mortgage Association	U.S. Agency Obligations	6,042,994	4.31 %
Federal Farm Credit Bank	U.S. Agency Obligations	12,041,101	8.59 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	10,887,150	7.77 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	50,200,000	35.80 %
International Bank for Reconstruction & Development	Supranational Obligations	2,993,850	2.14 %
International Finance Corporation	Supranational Obligations	2,017,692	1.44 %
Totals:		**$ 140,212,311**	**100.00 %**

Custodial Credit Risk

Custodial credit risk is the risk that investments held by the transaction counterparty may not be recoverable in the event of the failure of the counterparty firm. The District's adopted investment policy states that, "To protect against potential losses by the collapse of individual securities dealers, all securities owned by the District shall be held in safekeeping by a third party bank trust department acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All securities will be received and delivered using standard delivery-versus-payment procedures." The District uses a custodial bank for the receipt and safekeeping of its securities and all securities purchased in fiscal year 2020 and fiscal year 2019 were received using delivery-versus-payment procedures.

California Government Code requires that financial institutions secure local government agency deposits by pledging securities in an undivided collateral pool; the depository holds the collateral. The market value of the securities held in the collateral pool must be greater than or equal to 110.0% of the total amount deposited by the public agencies. A financial institution may also, in accordance with California Government Code, secure the local public agency deposits using first trust deed mortgages; however, the market value of the first trust deed mortgages collateral must be at least 150.0% of the total amount deposited.

All individual securities as of June 30, 2020 and 2019 were held by a third party bank trust department acting as agent for the District under the terms of a custody agreement. Pooled accounts as of June 30, 2020 and 2019 were held by a third party bank trust department acting as agent for each fund under the terms of a custody agreement.

Investments in CalTRUST Investment Pool

The District is a voluntary participant in the Investment Trust of California (CalTRUST) through the issuance of shares of Beneficial Interest in investments purchased by CalTRUST. CalTRUST is a joint power authority authorized by California Government Code sections 53601 and 53635 created for the purpose of pooling local agency assets for investing. The District participates in the CalTRUST short-term account, which has a target duration of 0 to 2 years. Authorized securities under this account typically include U.S. treasuries, U.S agencies, collateralized mortgage obligations, mortgage-backed securities, asset-backed securities, bankers acceptances, commercial paper, certificates of deposit, repurchase agreements backed by 102% U.S. government agencies and treasuries, medium-term notes, and rated money-market mutual funds.

The investment objectives of CalTRUST seek to attain a high level of current income consistent with the preservation of capital. The program is subject to interest rate and credit risk. This is primarily due to interest rate movements and the potential decline of the District's share value in response to events affecting the issuer of any securities or its credit rating. CalTRUST is not registered as an investment company under the Investment Company Act of 1940 (Act) and, accordingly, is not subject to the provisions of that Act and the rules thereunder, including the protective rules relating to registered money market mutual funds and other types of mutual funds. Funds invested in the CalTRUST short-term fund may be withdrawn with a 24-hour notice.

Local Agency Investment Fund (LAIF)

The District is a voluntary participant in the LAIF, created in 1977, and regulated by the California Government Code Section 16429.1 under the oversight of the Treasury of the State of California. The Local Investment Advisory Board (LIAB) provides oversight and guidance to the LAIF. The fund provides local agencies a way to invest cash held in the treasury pool that may be withdrawn as needed on a same-day basis to meet an agency's cash flow needs, while realizing interest generated. The State's Investment Division places the goals of Safety, Liquidity, and Yield above all others, in this order, as stated in its Investment Policy. Major components of the pool's authorized investments include U.S. treasuries, U.S agencies, commercial paper, and certificates of deposit.

The LAIF account balances are capped at $75 million and there is no minimum account balance requirement. Each regular LAIF account is permitted 15 transactions per month. Funds invested in LAIF may be withdrawn daily up to $10.0 million and withdrawals over $10.0 million require a 24-hour notice.

Recent market risks include pandemic risks related to COVID-19. The effects of COVID -19 have contributed to increased volatility in the marketplace and put pressure on increased liquidity management capabilities. Due to continued uncertainty with the local, regional, state, and national economies, and the adverse financial impacts resulting from COVID-19, the District significantly augmented its liquidity position in recent months and increased investments in the LAIF pool from maturing securities.

Escrow Accounts and Funds Held by Trustee

Pursuant to the April 27, 1999 Property Escrow Agreement between the District and Dynegy South Bay LLC (formerly Duke Energy South Bay LLC), the District had approximately $1.1 million as of June 30, 2020, and as of June 30, 2019, in a Property Escrow Account with US Bank for decommissioning, dismantling, and environmental remediation of the South Bay Power Plant Site. All of the escrow funds are invested in a Wells Fargo Government Money Market Fund rated by Moody's as Aaa-mf. The Property Escrow Funds may be used by Dynegy solely in connection with the End of Term Actions stated in the Lease Agreement and the Remediation Measures as stated in the Environmental Remediation Agreement.

The District has an amended escrow agreement dated July 27, 1994, with the City of Imperial Beach to provide an escrow fund of $300 thousand for certain claim costs attributable to District property which may arise from beach clean-up, pier maintenance, and lifeguard services. The escrow funds are invested in a US Bank money market account and had a balance of $300 thousand as of June 30, 2020 and 2019.

On July 1, 2004 the District established an escrow agreement for Payment Agreement Obligations with National Union Fire Insurance Company of Pittsburgh, PA, on behalf of itself and other member companies of American International Group, Inc., as beneficiary, and the Bank of New York Mellon as escrow agent. The escrow fund was created for the purpose of providing collateral for the District's obligations under any workers' compensation claim. The balance in the escrow account was approximately $4.4 million as of June 30, 2020, and approximately $3.3 million as of June 30, 2019, and is invested in the Dreyfus Treasury Securities Cash Management Fund, a money market fund administered through the Bank of New York Mellon, an uncollateralized fund with 100% holdings in U.S. treasury obligations with daily access. The Fund's ratings per Moody's are Aaa-mf and Aaa-mf as of June 30, 2020 and June 30, 2019.

Under provisions of the indenture for the District's Revenue Bonds 2004 Series A and B and the 2013 Refunding Revenue Bonds Series A, the District is required to maintain a Reserve Fund of $2.5 million with an independent trustee. The District's trustee is US Bank and the funds are invested in the First American Treasury Obligations Fund in accordance with the language in the District's bond documents. The Fund invests exclusively in short-term U.S. treasury obligations and repurchase agreements secured by U.S. treasury obligations. The Fund had a rating of AAAm from S&P, Aaa-mf from Moody's, and AAAmmf from Fitch as of June 30, 2020 and June 30, 2019.

GASB Statement No. 72, Fair Value Measurement and Application

The District began the fair value measurement and application of GASB Statement No. 72 as of June 30, 2017. This Statement establishes a hierarchy for ranking the quality and reliability of information used to determine fair values of certain assets and liabilities. Fair value is defined as 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.

The District utilizes the Market approach as a valuation technique in the application of GASB Statement No. 72 for its investment portfolio. This method uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

The District categorizes its fair value measurements for the investment portfolio within the fair value hierarchy established by GAAP. The hierarchy provides three levels of the fair value with the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurement); valuations based on inputs other than quoted prices included within Level 1 that are observable either directly or indirectly (Level 2 measurement); and, valuations that have significant unobservable inputs (Level 3 measurement). The investments in LAIF and CalTrust are not subject to fair value hierarchy.

The District has the following recurring fair value measurements as of June 30, 2020 and June 30, 2019:

Asset Type:

- The District had no U.S. Treasury Obligations as of June 30, 2020, and held approximately $14.0 million as of June 30, 2019, and are classified as Level 2 of the fair value hierarchy. These investments are typically traded in the secondary market and are valued by a pricing service using available market information and pricing models and methodologies such as benchmark curves, benchmarking of like securities and bid, mean and ask evaluations.

- U.S. Agency Obligations of approximately $20.1 million and approximately $60.2 million as of June 30, 2020 and June 30, 2019, respectively, are classified as Level 2 of the fair value hierarchy. These investments are typically traded in the secondary market and are valued by a pricing service using available market information with processes such as matrix pricing and option adjusted spread pricing models and methodologies.

- Supranational Obligations of approximately $2.0 million as of June 30, 2020, and approximately $5.0 million as of June 30, 2019, are classified as Level 2 of the fair value hierarchy. These investments are typically traded in the secondary market and are valued by a pricing service using available market information with similar quality, maturity, or, use analytical models which may incorporate spreads, interest rated data and market/sector views.

(3) Capital Assets

Following is a summary of the capital assets activity for the fiscal years ended June 30, 2020 and June 30, 2019:

Capital Assets
(Expressed in thousands)

	July 1, 2019	Increases	Decreases	June 30, 2020
Nondepreciable assets:				
Land	$ 252,803	$ —	$ —	$ 252,803
Construction-in-progress	48,250	32,307	(14,945)	65,612
Depreciable/amortizable assets:				
Land improvements	7,650	—	—	7,650
Buildings and structures	628,786	11,100	(2,570)	637,316
Machinery and equipment	102,995	4,319	(23,810)	83,504
Roads and parking lots	122,638	164	(157)	122,645
Intangible	5,635	10,982	—	16,617
Total assets	1,168,757	58,872	(41,482)	1,186,147
Accumulated depreciation/amortization:				
Land improvements	(7,103)	(190)	—	(7,293)
Buildings and structures	(407,685)	(18,853)	2,210	(424,328)
Machinery and equipment	(73,748)	(5,312)	21,965	(57,095)
Roads and parking lots	(92,524)	(2,321)	157	(94,688)
Intangible	(2,163)	(9,243) [1]	—	(11,405)
Total accumulated depreciation/ amortization	(583,223)	(35,919) [1]	24,332	(594,809)
Capital assets, net	$ 585,534	$ 22,953	$ (17,150)	$ 591,338

[1] Increases include an approximate $8.3 million of accumulated deprecation transferred from machinery and equipment to intangible assets.

Capital Assets
(Expressed in thousands)

	July 1, 2018	Increases	Decreases	June 30, 2019
Nondepreciable assets:				
Land	$ 252,801	$ 2	$ —	$ 252,803
Construction-in-progress	31,110	37,172	(20,032)	48,250
Depreciable/amortizable assets:				
Land improvements	7,650	—	—	7,650
Buildings and structures	592,004	36,886	(104)	628,786
Machinery and equipment	99,391	4,424	(820)	102,995
Roads and parking lots	122,534	104	—	122,638
Intangible	4,106	1,529	—	5,635
Total assets	1,109,596	80,117	(20,956)	1,168,757
Accumulated depreciation/amortization:				
Land improvements	(6,912)	(191)	—	(7,103)
Buildings and structures	(390,243)	(17,546)	104	(407,685)
Machinery and equipment	(68,912)	(5,656)	820	(73,748)
Roads and parking lots	(90,143)	(2,381)	—	(92,524)
Intangible	(1,525)	(638)	—	(2,163)
Total accumulated depreciation/ amortization	(557,735)	(26,412)	924	(583,223)
Capital assets, net	$ 551,861	$ 53,705	$ (20,032)	$ 585,534

The District recognized depreciation/amortization expenses of $27.6 million and $26.4 million for the years ended June 30, 2020 and 2019, respectively.

(4) Long-Term Debt

(a) Summary of Long-Term Liabilities

Below is a summary of long-term liabilities and their activity for the fiscal years ended June 30, 2020 and 2019:

	July 1, 2019	Increases	Decreases	June 30, 2020	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 31,338,762	$ —	$ (2,006,053)	$ 29,332,709	$ 2,123,842
Civic San Diego loan advance - NEVP	1,445,376	—	(779,724)	665,650	665,650
Revenue bonds:					
Series A 2004 bonds payable	2,040,000	—	(2,040,000)	—	—
Series A 2004 bonds premium	8,062	—	(8,062)	—	—
Series A 2013 bonds payable	25,205,000	—	—	25,205,000	1,995,000
Series A 2013 bonds premium	1,338,772	—	(272,988)	1,065,784	—
Total notes and bonds	61,375,972	—	(5,106,827)	56,269,143	4,784,492
Other noncurrent liabilities:					
Unearned revenue - Other	162,276	3,316	—	165,593	—
Unearned revenue - NEVP maintenance credits	6,224,854	98,776	(445,603)	5,878,027	—
Accrued leave	7,220,710	6,191,606	(5,380,540)	8,031,776	5,380,776
SBPP remediation	1,089,944	15,667	(3,300)	1,102,311	—
Mitigation fees	6,307,500	256,000	—	6,563,500	—
Deferred rent credits	942,480	—	(404,666)	537,814	—
Other long-term liabilities	211,272	4,437,219	(37,007)	4,611,484	—
Total other noncurrent liabilities	22,159,036	11,002,584	(6,271,116)	26,890,505	5,380,776
Total long-term liabilities	$ 83,535,008	$ 11,002,584	$ (11,377,943)	$ 83,159,648	$ 10,165,268

	July 1, 2018	Increases	Decreases	June 30, 2019	Amounts due within one year
Notes:					
SDCRAA promissory note	$ 33,242,085	$ —	$ (1,903,323)	$ 31,338,762	$ 2,006,053
Civic San Diego loan advance - NEVP	2,360,624	—	(915,248)	1,445,376	779,725
Revenue bonds:					
Series A 2004 bonds payable	4,020,000	—	(1,980,000)	2,040,000	2,040,000
Series A 2004 bonds premium	55,879	—	(47,817)	8,062	—
Series A 2013 bonds payable	25,205,000	—	—	25,205,000	—
Series A 2013 bonds premium	1,603,384	—	(264,612)	1,338,772	—
Total notes and bonds	66,486,972	—	(5,111,000)	61,375,972	4,825,778
Other noncurrent liabilities:					
Unearned revenue - Other	161,048	3,484	(2,255)	162,276	—
Unearned revenue - NEVP maintenance credits	6,486,769	775,158	(1,037,073)	6,224,854	—
Accrued leave	6,761,463	5,801,348	(5,342,101)	7,220,710	5,467,029
SBPP remediation	1,071,034	22,210	(3,300)	1,089,944	—
Mitigation fees	3,307,500	3,000,000	—	6,307,500	—
Deferred rent credits	—	1,100,000	(157,520)	942,480	—
Other long-term liabilities	248,280	—	(37,008)	211,272	—
Total other noncurrent liabilities	18,036,094	10,702,200	(6,579,257)	22,159,036	5,467,029
Total long-term liabilities	$ 84,523,066	$ 10,702,200	$ (11,690,257)	$ 83,535,008	$ 10,292,807

The District's required debt service payments for the notes and bonds as of June 30, 2020, excluding the bond premium, are as follows:

Years Ending June 30	Principal	Interest	Total Debt Service
2021	$ 4,784,492	$ 2,778,754	$ 7,563,246
2022	4,338,644	2,525,644	6,864,288
2023	4,570,203	2,291,710	6,861,913
2024	4,815,653	2,048,384	6,864,037
2025	5,079,957	1,785,331	6,865,288
2026-2030	29,801,627	4,521,242	34,322,869
2031	1,812,784	29,478	1,842,262
Total	$ 55,203,360	$ 15,980,543	$ 71,183,903

(b) Notes Payable

SDCRAA Promissory Note

As part of the transfer of airport operations and the San Diego International Airport (SDIA) to the SDCRAA on January 1, 2003, and pursuant to the memorandum of understanding (MOU), the District issued a $50.0 million promissory note to the SDCRAA. The note is being amortized over a period of 25 years with a fixed rate of 5.5% per annum; the note remains subordinated to all other bonded indebtedness of the District and matures in December 2030.

Civic San Diego Advance – NEVP Phase I

On April 9, 2007, the District entered into a Joint Exercise of Powers Agreement (JPA) with the City of San Diego and the Centre City Development Corporation, now known as Civic San Diego (CSD), to design and fund phases of the North Embarcadero Visionary Plan (NEVP). The JPA provided that the District and CSD equally share the cost for the Phase I design, and that costs for subsequent phases shall be agreed upon in an amendment to be approved by the governing body of each party.

On February 28, 2011, a First Amendment to the JPA (First Amendment) was signed with the City of San Diego and the former Redevelopment Agency of the City of San Diego acting through CSD. The First Amendment revised the definition of Phase I and established an estimated total construction cost of $28.6 million, subject to certain credits to the District for previous work on Broadway Pier and offsets for future maintenance.

According to Section 2, Item 6.1.5.3 of the First Amendment, the District has begun to pay $850 thousand annually to CSD as repayment of their loan advances. Upon the completion of Lane Field, the District shall pay CSD the greater of $850 thousand or 50.0% of revenues received from Lane Field. The District may prepay advances anytime.

The NEVP Phase I improvements were completed on October 31, 2014, and in accordance with Section 6.1.3 of the First Amendment, the District has previously applied the NEVP Phase I maintenance credit of approximately $4.4 million against the loan advances from CSD in recognition of the District's assumption of the maintenance obligations. On April 14, 2016, the CSD notified the District that they agreed to the maintenance and security credits totaling approximately $3.5 million and accordingly, the District applied the $3.5 million credit during fiscal year 2016 against the loan advances from CSD. The District recorded the aforementioned maintenance and security credits totaling $7.9 million as unearned revenue under other noncurrent liabilities. See item (d) below for further details.

The final repayment of the loan advances for NEVP Phase I was made in July 2020.

(c) Revenue Bonds and Pledge of Revenues

Series A 2004 Bonds

On October 28, 2004, the District issued $23.0 million (par value) of Series A Revenue Bonds (Bonds) which are secured by a pledge and lien on net pledged revenues.

The Bonds were issued for a term of 25 years with interest rates ranging from 2.00% to 5.25%. The proceeds from the sale of the Bonds were used to reimburse the District for certain previous capital expenditures, fund the Bonds' reserve requirement, and finance the costs of issuance.

The Series A 2004 Bonds include serial and term bonds, with mandatory sinking fund requirements. The principal balance for term bonds outstanding on the Series A 2004 bonds have been fully satisfied as of June 30, 2020.

Series A 2013 Bonds

On November 20, 2013, the District issued $25.5 million Series A 2013 revenue refunding bonds to advance refund the entire $26.6 million of the outstanding Series B 2004 Revenue Bonds that is now defeased and is no longer in the District liability accounts. Series A 2013 Bonds were issued for a term of 16 years with interest rates ranging from 2.0% to 5.0%. Serial bonds range in maturity from $270 thousand to $3.1 million, with maturity dates ranging from September 1, 2014 to September 1, 2029. The first payment of $270 thousand was made on June 30, 2014. The next principal payment will commence on June 30, 2021, for $2.0 million. Principal payments remaining as of June 30, 2020, total approximately $25.2 million.

Pledged Revenues

Pledged revenues for the year ended June 30, 2020, totaled approximately $165.8 million. This represents approximately 89.7% of total District revenues and 521.4% of the remaining Series A 2013 Bonds' principal and interest requirements compared to approximately $189.7 million for the year ended June 30, 2019. Net pledged revenues for the year ended June 30, 2020, totaled approximately $8.1 million, which represents 243.4% of the Series A 2004 and 2013 Bonds' annual principal and interest requirements of $3.3 million. Net pledged revenues for the year ended June 30, 2019, totaled approximately $32.7 million, which represents 968.2% of the Series A 2004 and 2013 Bonds' annual principal and interest requirements of approximately $3.4 million.

GASB Statement No. 88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements

Effective July 1, 2018, the District implemented GASB Statement No. 88, which requires that additional essential information related to debt be disclosed.

Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	July 1, 2019	Increases	Decreases	June 30, 2020	Amounts Due Within One Year
Revenue bonds					
Series A 2004 bonds payable	$ 2,040,000	$ —	$ (2,040,000)	$ —	$ —
Series A 2004 bonds premium	8,062	—	(8,062)	—	—
Series A 2013 bonds payable	25,205,000	—	—	25,205,000	1,995,000
Series A 2013 bonds premium	1,338,772	—	(272,988)	1,065,784	—
Total revenue bonds	28,591,834	—	(2,321,050)	26,270,784	1,995,000
Notes from direct borrowings and direct placements					
SDCRAA promissory note	31,338,762	—	(2,006,053)	29,332,709	2,123,842
Civic San Diego loan advance - NEVP	1,445,376	—	(779,724)	665,650	665,650
Total notes from direct borrowings and direct placements	32,784,138	—	(2,785,777)	29,998,359	2,789,492
Total notes and bonds	$ 61,375,972	$ —	$ (5,106,827)	$ 56,269,143	$ 4,784,492

The District's outstanding note from SDCRAA of approximately $29.3 million contains a provision that in an event of default, outstanding amounts become immediately due and payable upon request by the holder of the note.

The District's outstanding note from CSD of approximately $666 thousand contains a provision that in an event of default, outstanding amounts become immediately due and payable; and CSD may take any action at law or in equity to collect the payment required. The final repayment of the loan advances for NEVP Phase I was made in July 2020.

The District's outstanding revenue bonds of approximately $26.3 million contain a provision that, in the event of default, the trustee may perform certain actions with financial consequences to the District in order to provide relief to the bondholders.

If an event of default shall occur, then, and in each and every such case during the continuance of such event of default, the trustee may, upon notice to the District, declare the principal of all the bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable.

In addition, if an event of default shall occur and be continuing, the trustee shall apply all net pledged revenues as follows and in the following order:

1) To the payment of any expenses necessary in the opinion of the trustee to protect the interest of the owners of the bonds and the owners of parity debt (PD).

2) To the payment of the whole amount of bond obligation then due on the bonds and PD with interest on such bond obligation, at the rate or rates of interest borne by the respective bonds and PD, to the payment to the persons entitled thereto of all installments of interest then due and the unpaid principal or redemption price of any bonds and PD which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue bond obligation and PD at the rate borne by the respective bonds and PD, and, if the amount available shall not be sufficient to pay in full all the bonds and PD due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or interest or accreted value due on such date to the persons entitled thereto, without any discrimination or preference.

(d) Unearned Revenue

Unearned Revenue includes NEVP maintenance and security credits as mentioned in item (b) Civic San Diego Advance – NEVP Phase I. The District accounts for recognized revenue on the 50.0% Civic San Diego share of maintenance and security costs as the costs are incurred over a 30-year period in accordance with the terms of the First Amendment. Unearned revenue - NEVP credits as of June 30, 2020, is approximately $5.9 million.

(e) Accrued Leave

All employees of the District earn annual leave that is paid upon termination or retirement. The accrued leave balance as of June 30, 2020, is approximately $8.0 million and is based on current compensation rates.

(f) South Bay Power Plant Site Demolition and Remediation

Pursuant to the Asset Sale Agreement between the District and SDG&E, the District acquired the South Bay Power Plant (Plant) in April 1999, and the Plant was subsequently leased to Duke Energy South Bay, LLC (Duke South Bay).

In May 2006, the BPC adopted a resolution granting consent to transfer ownership of Duke South Bay to LS Power Generation, LLC (LS Power), at the request of Duke Energy Americas, LLC, the parent company of Duke South Bay. One of the conditions included is that Duke Capital, LLC, the guarantor of Duke South Bay obligations to the District, has acknowledged and agreed the “Duke Guarantees” (the Lease Guaranty dated April 1, 1999, the Environmental Remediation Guaranty dated April 22, 1999, and the Guaranty of Contract and Permit Rights Assignment and Property Escrow Agreement dated April 22, 1999, each made by Duke Capital, LLC in favor of the District) shall remain in effect until such time as the District grants its consent for the release of said Duke Guarantees.

In November 2006, the BPC consented to LS Power’s merger with Dynegy Inc. (Dynegy). The merger included a transfer of control of the equity interests in LSP South Bay from LS Power to Dynegy. The Duke South Bay guarantees have remained in effect since the Dynegy transaction.

Also in fiscal year 1999, the California State Legislature appropriated $15.0 million to assist the District in mitigating environmental and community issues associated with the Plant, which the District deposited into a property escrow account, and together with their earnings are to be used for the “End of Term Actions” as described in the Lease, including decommissioning, demolition, and remediation of the Plant facility and site. The balance in the property escrow account after drawdown and income on investments as of June 30, 2020 and 2019, were approximately $1.1 million and $1.1 million, respectively. This amount is reported in the Statements of Net Position as restricted assets.

Costs associated with decommissioning and demolition of the Plant, in excess of amounts available in the escrow account, are the responsibility of Dynegy. Pursuant to the lease document and other agreements, Dynegy is required to decommission, dismantle, remove the facility and improvements, and return the Plant site free and clear of all structures and improvements.

On February 2, 2013, the above ground superstructure for the Plant was demolished. Dynegy completed the decommissioning of the Plant and removal of below ground foundations and improvements in 2016.

The California Department of Toxic Substances Control (DTSC) is the lead agency for the environmental investigation and remediation of the Plant site. SDG&E entered into a Consent Agreement with DTSC in 2006 for cleanup of Solid Waste Management Units (SWMUs) at the Plant site. Most of the SWMUs at the site have been investigated and remediated; however, there remain areas of the site that still require environmental work in order to obtain final closure from DTSC. As part of this process, DTSC may also require a site-wide human health and ecological risk assessment to ensure that the site is adequately remediated for the intended future use of the property by the District.

(g) Mitigation Fees

In fiscal year 2016, the District recorded a $3.0 million fee under a MOU with the California Coastal Commission and Lane Field Development. The fee is for the purposes of establishing lower cost overnight visitor accommodations at appropriate locations on tidelands with the City of San Diego. The Coastal Commission requires that the funds be used within five years of payment after which any remaining balance may be transferred to another entity that can provide low cost accommodations within the San Diego County Coastal Zone.

In fiscal years June 30, 2020 and 2019, the District recorded $256 thousand and $3.0 million in additional fees, respectively, for the purposes of establishing lower cost overnight visitor accommodations. Total fees collected to date are $6.6 million. If a program is not established within five years of the receipt of funds, the District may enter a MOU with the California Coastal Commission and transfer the fees to the California Coastal Commission's funds for lower cost over night visitor accommodations. In no event are the fees to be used for anything other than lower cost visitor serving accommodations.

(h) Deferred Rent Credits

In fiscal year 2019, the District, in keeping with the Chula Vista Bayfront Master Plan, exercised its option to terminate an existing lease with the Chula Vista Marina/RV Park (RV Park). The RV Park is located within a portion of the Chula Vista Bayfront on the future location of the Harbor District Park and Resort Hotel and Convention Center. In consideration for the termination of the lease and in accordance with the provisions of the Amended RV Park lease, the District compensated the RV Park $4.4 million, of which $3.3 million was funded from cumulative unrestricted resources, and $1.1 million through rental credits for the RV Park's adjacent Marina leasehold. As of June 30, 2020 and 2019, the District has a total of approximately $538 thousand and $942 thousand, respectively, in rental credits outstanding.

(5) Defined Benefit Pension Plan

Plan Descriptions

The District's defined benefit pension plan (Plan), administered by the San Diego City Employees' Retirement System (SDCERS), provides retirement, disability, and death benefits to Plan members and beneficiaries. SDCERS is a multiple-employer public employee retirement system that acts as a common investment and administrative agent for the City of San Diego, the District, and the San Diego County Regional Airport Authority (SDCRAA). The Group Trust is administered by a Board of Administration. The District's Plan is a qualified governmental pension plan under Sections 401(a) and 414(d) of the Internal Revenue Code and is integrated with the federal Social Security program. The Board of Administration issues a publicly available financial report that includes financial statements and required supplementary information for SDCERS. The financial report may be obtained by writing to the San Diego City Employees' Retirement System, 401 West A Street, Suite 400, San Diego, California 92101, or by calling (619) 525-3600. The report is also available online at www.sdcers.org.

Benefits Provided

The Plan provides service retirement, disability, and death benefits to Plan members and beneficiaries. Retirement benefits for Members are based on years of service credit, final compensation, and a retirement factor. General Classic Members are eligible to retire at age 55 with 20 years or more service credit, or at age 62 with five years or more of service credit. Safety Classic Members are eligible to retire at age 50 with 20 years or more of service credit, or at age 55 with five years or more of service credit. Safety Members hired on or after January 1, 2010, and before December 31, 2012, are eligible to retire at age 55 with five years or more of service credit, or any age with 30 years or more of creditable service. Safety Members hired on or after January 1, 2013, are eligible to retire at age 50 with 30 years or more of creditable service, or age 55 with five or more years of creditable service. All members are eligible for non-Industrial disability benefits after ten years of service credit. The death benefit for active employees is one of the following: non-industrial death before eligible to retire, non-industrial death after eligible to retire, and industrial death benefit. The cost of living adjustment is applied based on changes in Consumer Price Index, to a maximum of 2% per year.

Non-sworn employees hired on or after January 1, 2009, will be automatically enrolled in a defined benefit plan after five years of service. For employees hired prior to January 1, 2013, the Plan has a set benefit percentage for each year of service and increases by 0.25% every five years thereafter through the 16th year. The District pays 100% of this cost. For employees hired January 1, 2013, or later, whom retire at age 57 or later, the Plan has a set benefit percentage for each year of service and increases by 0.25% every five years thereafter through the 16th year. For employees hired January 1, 2013, or later, whom retire at age 55 or 56, the plan has a set benefit percentage for each quarterly increment of age change between age 55 through $56^{3/4}$, increasing by 0.025%.

All employees can contribute to a 457(b) plan. Non-sworn employees hired after January 1, 2009, or later have their contributions matched by the District up to 4% into a 401(a) plan. Employees determine how their contributions are invested based on a line-up of mutual funds and target date funds. The District match increases starting with the 16th year of service to an amount up to 6%.

Effective January 1, 2013, new District employees who are deemed to be "New Members" under the California Public Employees' Pension Reform Act (PEPRA) will be subject to a number of plan provisions including a change in the contribution percentage.

(a) GASB Statement No. 68 Disclosures

<u>Plan Benefits</u>

The Plan's provisions and benefits in effect at June 30, 2020, are summarized as follows:

	General		
Hire date	Prior to January 1, 2009 (General)	On or after January 1, 2009 (Miscellaneous)[1]	On or after January 1, 2013 (PEPRA)[2]
Benefit formula	3.0% @ 60	0.75% to 1.5% @ 55	0.75% to 1.5% @ 62
Benefit vesting schedule	5 years service	10 years service	10 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	55 – 62	55 – 62	55 – 62
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%[3]	0.75% to 1.5%	0.75% to 1.5%
Required employee contribution rates	9.91%	0%[1]	6.59%
Required employer contribution rates	69.32%	10.42%	5.61%

[1]For employees hired on or after January 1, 2009, the Member is a participant for purposes of establishing reciprocity, but does not begin earning service credit until the first day of their sixth year of employment. Miscellaneous members are not required to contribute to the plan.
[2]For employees hired on or after January 1, 2013, the Member is a participant for purposes of establishing reciprocity, but does not begin earning service credit until the first day of their sixth year of employment.
[3]For employees hired prior to January 1, 2009, the monthly benefits as a percent of eligible compensation is only a factor, which is multiplied by the employee's final compensation and by the number of service credit years, so it will vary widely as a percent of compensation, but the benefit can not exceed 90%.

	Safety		
Hire date	Prior to January 1, 2010	On or after January 1, 2010	On or after January 1, 2013
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 – 55	50 – 55	50 – 57
Monthly benefits, as a % of eligible compensation[1]	2.5% to 3.0%	2.5% to 3.0%	2.0% to 2.7%
Required employee contribution rates	12.89%	12.89%	14.88%
Required employer contribution rates	81.55%	81.55%	14.54%

[1]The monthly benefits as a percent of eligible compensation is only a factor, which is multiplied by the employee's final compensation and by the number of service credit years, so it will vary widely as a percent of compensation, but the benefit can not exceed 90%.

Employees Covered

Based on the SDCERS actuarial valuation as of June 30, 2019, the following employees were covered by the benefit terms of the Plan:

	General	Safety
Inactive employees or beneficiaries currently receiving benefits	459	140
Inactive employees entitled to but not yet receiving benefits	229	48
Active employees	234	127
Total	922	315

Contributions

Section 0800, Division 8 of the Amended and Restated San Diego Unified Port District Retirement Plan and Trust requires the District to contribute to the Plan on behalf of the members, a percentage of compensation of all members. The Participation and Administration Agreement of the Group Trust requires member contributions to be actuarially determined to provide a specific level of benefit. Based upon the advice of the actuary, SDCERS will periodically determine and adopt by rule the required contributions separately for general members (including miscellaneous) and safety members. The member weighted contribution rates for fiscal years 2020 and 2019, determined by the June 30, 2018 and June 30, 2017 actuarial valuations, respectively, are as follows:

	2020	2019
General Members	8.26%	8.78%
Safety Members	13.45%	13.28%

Classic member contribution rates, as a percentage of compensation, vary according to age at entry, benefit tier level, and certain negotiated contracts that require the District to pay a portion of the employees' contributions, which is referred to as the "offset." All or part of the member contribution rate is subject to potential offset. For employees hired prior to October 1, 2006, the offset rates, expressed as a percentage of compensation, are 8.8% for safety employees, 10.3% for safety chief of police, 8.5% for management employees, and 7.0% for all other employees.

For general employees hired on or after October 1, 2006, the offset rates are 7.5% for management employees, 8.8% for safety employees, 10.3% for safety chief of police, and 6.0% for all others. For fiscal years 2020 and 2019, the District paid employee contribution offsets of $1.9 million and $2.0 million, respectively. Employees hired after January 1, 2009, other than safety, are not eligible to participate in the defined benefit plan until the completion of five years of service and do not have any offset.

Effective January 1, 2013, new members under PEPRA are required to pay at least 50% of the normal cost with no offset.

For fiscal years 2020 and 2019, the contributions made by the District to the Plan are as follows:

	2020	2019
Contributions - employer	$ 19,300,000	$ 17,900,000
Contributions - employee (paid by employer)	$ 1,924,925	$ 2,037,292

Based on the June 30, 2018 and June 30, 2017 actuarial valuations, the fiscal years 2020 and 2019 employer's actuarially determined weighted contribution rates expressed as a percentage of compensation are as follows:

	2020	2019
General Members	51.57%	50.23%
Safety Members	56.36%	53.75%

Net Pension Liability

The District's net pension liability as of June 30, 2020, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability as of June 30, 2020 is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures.

Actuarial Assumptions - The total pension liability was determined using the following:

Description	June 30, 2019	June 30, 2018
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	6.50%	6.50%
Inflation	3.05%	3.05%
Cost-of-living adjustment	1.90%	1.90%
Projected salary increase	3.05%[1]	3.05%[1]
Investment rate of return	6.50%[2]	6.50%[2]
Mortality	0.02% to 13.54%[3]	0.02% to 13.54%[3]

[1] Plus merit component based on employee classification and years of service.
[2] Net of investment expenses.
[3] Mortality: All active member and healthy retired members follow mortality tables based on the CALPERS January 2014 Experience Study, projected 20 years from the 2009 base year using a variation of Scale MP-2015 from the Society of Actuaries. Further details of the mortality rate can found in the SDCERS' June 30, 2018 actuarial valuation report.

The SDCERS Board has the authority to select economic and demographic assumptions for the plan. The investment return, inflation, and cost-of-living adjustment assumptions reflect the results of an economic experience study performed by the actuarial consulting firm Cheiron, and presented to the SDCERS Board in September 2017. All other assumptions reflect the results of a full experience study performed by Cheiron covering the period July 1, 2010, through June 30, 2015, and adopted by the SDCERS Board in September 2016. A full description of the assumptions used can be found in the SDCERS San Diego Unified Port District Actuarial Valuation Report as of June 30, 2018.

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the June 30, 2019 and the June 30, 2018 measurement dates. The actuarial opinion used to determine the discount rate assumed that the employees will continue to contribute to SDCERS at the current rates and the District will continue its historical practice of contributing to SDCERS based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, an amount necessary to amortize the remaining unfunded actuarial liability, annual expected administrative expenses, and the amount needed to avoid negative amortization, if any. Based on those assumptions, the pension plans' net position was projected to be greater than or equal to the benefit payments projected for each future period. Therefore, the discount rate of 6.50% for fiscal year 2020 was applied to all periods of projected benefit payments to determine the total pension liability.

The table below reflects best estimates of geometric long-term real rates of return and nominal rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2019 and June 30, 2018. 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 where necessary, judgment-based modifications are made to these inputs. These rates of return are net of investment expenses.

Target Asset Allocation and Rates of Return
as of June 30, 2019

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return	Long-Term Expected Nominal Rates of Return
Domestic Equity	18.0%	4.3%	6.7%
International Equity	15.0%	5.5%	7.9%
Global Equity	8.0%	5.1%	7.5%
Domestic Fixed Income	22.0%	1.2%	3.5%
Emerging Market Debt	5.0%	3.7%	6.1%
Real Estate	11.0%	3.5%	5.9%
Private Equity & Infrastructure	13.0%	6.3%	8.8%
Opportunity Fund	8.0%	4.5%	6.9%
Total	100.0%		

Target Asset Allocation and Rates of Return as of June 30, 2018

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return	Long-Term Expected Nominal Rates of Return
Domestic Equity	18.0%	4.1%	6.5%
International Equity	15.0%	5.1%	7.5%
Global Equity	8.0%	4.8%	7.2%
Domestic Fixed Income	22.0%	0.7%	3.1%
Emerging Market Debt	5.0%	3.1%	5.5%
Real Estate	11.0%	3.6%	6.0%
Private Equity & Infrastructure	13.0%	6.0%	8.4%
Opportunity Fund	8.0%	4.0%	6.4%
Total	100.0%		

Changes in the Net Pension Liability

Changes in the Net Pension Liability as of measurement date June 30, 2019, were as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2018	$ 574,102,557	$ 443,811,838	$ 130,290,719
Changes in the year:			
Service cost	9,211,708	—	9,211,708
Interest on the total pension liability	36,710,862	—	36,710,862
Differences between actual and expected experience	3,984,673	—	3,984,673
Contribution - employer	—	18,037,643	(18,037,643)
Contribution - employee (paid by employer)	—	2,037,292	(2,037,292)
Contribution - employee	—	1,685,680	(1,685,680)
Net investment income	—	28,619,872	(28,619,872)
Benefit payments	(28,149,954)	(28,149,954)	—
Administrative expenses	—	(669,312)	669,312
Net changes	21,757,289	21,561,221	196,067
Balance at June 30, 2019	$ 595,859,845	$ 465,373,059	$ 130,486,786

Source: *SDCERS GASB 67/68 Report with a measurement date of June 30, 2019*

During the measurement year, the net pension liability (NPL) increased by approximately $196 thousand. The service cost and interest cost increased the NPL by approximately $45.9 million. There were actuarial liability experience losses of approximately $4.0 million. These increases were offset by contributions and investment income, which decreased the NPL by approximately $50.4 million. There were changes in assumptions as of the measurement date so the updated procedures include the addition of service cost and interest cost offset by actual benefit payments. Additionally, the long-term discount rate was reduced from 6.75% to 6.50% effective with the July 1, 2018 actuarial valuation. There were no changes in benefits during the year.

Changes in the Net Pension Liability as of measurement date June 30, 2018 were as follows:

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability/(Asset)**
Balance at June 30, 2017	$ 539,613,070	$ 413,126,105	$ 126,486,965
Changes in the year:			
Service cost	8,550,865	—	8,550,865
Interest on the total pension liability	35,865,866	—	35,865,866
Differences between expected and actual experience	(589,867)	—	(589,867)
Changes in assumptions	16,021,766	—	16,021,766
Contribution - employer	—	17,857,797	(17,857,797)
Contribution - employee (paid by employer)	—	2,104,470	(2,104,470)
Contribution - employee	—	1,408,929	(1,408,929)
Net investment income	—	35,332,619	(35,332,619)
Benefit payments	(25,359,143)	(25,359,143)	—
Administrative expenses	—	(658,939)	658,939
Net changes	34,489,487	30,685,733	3,803,754
Balance at June 30, 2018	$ 574,102,557	$ 443,811,838	$ 130,290,719

Source: *SDCERS GASB 67/68 Report with a measurement date of June 30, 2018*

During the measurement year, the net pension liability (NPL) increased by approximately $3.8 million. Changes in assumptions at the end of the measurement period increased the NPL by $16.0 million. The service cost and interest cost increased the NPL by approximately $44.4 million. These increases were offset by contributions and investment income, which decreased the NPL by approximately $56.7 million. Additionally, the long-term discount rate was reduced from 7.00% to 6.75% effective with the July 1, 2017 actuarial valuation. There were no changes in benefits during the year.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the District, as of the measurement dates June 30, 2019 and June 30, 2018, calculated using the discount rate, as well as what the District's net pension liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Net Pension Liability	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
June 30, 2019	$205,066,896	$130,486,785	$69,068,754

Net Pension Liability	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
June 30, 2018	$202,960,177	$130,290,719	$70,511,847

Pension Plan Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the issued SDCERS financial reports.

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

For the years ended June 30, 2020 and June 30, 2019, the District recognized pension expense of $24.8 million and $25.8 million, respectively. At June 30, 2020 and June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	$ 19,300,000	$ —	$ 17,900,000	$ —
Difference between expected and actual experience	1,992,336	—	—	294,933
Changes in assumptions	—	—	8,010,883	—
Net differences between projected and actual earnings on pension plan investments	—	8,867,635	—	8,055,459
Total	$ 21,292,336	$ 8,867,635	$ 25,910,883	$ 8,350,392

Deferred outflows of resources related to contributions subsequent to the measurement date in the amount of $19.3 million at June 30, 2020 will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2021. The deferred outflows and deferred inflows of resources related to pensions at June 30, 2020 will be recognized as pension expense as follows:

Measurement Year Ending June 30	Pension Expense
2020	$ 467,127
2021	(6,180,882)
2022	(1,280,147)
2023	118,603

Payable to the Pension Plan

The District had no outstanding annually determined contributions payable to the pension plan for the year ended June 30, 2020.

(b) Preservation of Benefits Plan (POB Plan)

The POB Plan is a single-employer qualified governmental excess benefit arrangement (QEBA) under Code Section 415(m)(3), which was created by Congress to allow the payment of promised pension benefits that exceed the Code Section 415(b) limits (and therefore cannot be paid from a qualified retirement plan). As required by federal tax law, the POB Plan is unfunded within the meaning of the federal tax laws. The District 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. SDCERS has established procedures to pay for these benefits on a pay-as-you-go basis, which is funded by the District. For purposes of disclosure requirements under GASB Statement No. 67, the District considers the POB Plan to be an arrangement that allows payment of benefits earned under the pension plan and does not consider the POB Plan to be a separate defined benefit plan.

For fiscal years 2020 and 2019, the District paid $261 thousand and $242 thousand, respectively, in benefits above 415(b) limits for the POB Plan. 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 2020 was $230 thousand and calendar year 2019 was $225 thousand. For non-safety members, the limit is adjusted downward depending on the age of the participant when benefits began.

Pension Liability

The District's Preservation of Benefits (POB) pension liability as of June 30, 2020, is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019, using standard update procedures, which include the addition of service cost and interest cost offset by actual benefit payments, plus an adjustment due to the change in discount rate as of the measurement date.

Actuarial Cost Method and Assumptions - The total pension liability (TPL) was determined using the following actuarial assumptions:

	As of June 30, 2019	As of June 30, 2018
Valuation date	June 30, 2018	June 30, 2017
Measurement date	June 30, 2019	June 30, 2018
Actuarial cost method	Entry-Age Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial assumptions:		
Discount rate	3.50%	3.87%
Cost-of-living adjustment	1.9-2.0%	1.9-2.0%
Projected salary increase	3.05%[1]	3.05%[1]
Mortality - Healthy	0.09% to 13.54%[2]	0.09% to 13.54%[2]
Mortality - Disabled	0.17% to 13.54%[3]	0.17% to 13.54%[3]

[1] Plus merit component based on employee classification and years of service.
[2] Retired healthy members use the CalPERS Post-Retirement Healthy Mortality Table base rates from the CalPERS January 2014 Experience Study, with a 10% increase to female rates, projected 20 years from the 2009 base year using a variation of scale MP-2015 from the Society of Actuaries. Further details of the mortality rate can found in the SDCERS' GASB 73 actuarial valuation report as of June 30, 2019.
[3] Disabled members use the CALPERS Work-Related Disability Mortality Table base rates from the CalPERS January 2014 Experience Study, projected 20 years from the 2009 base year using a variation of scale MP-2015 from the Society of Actuaries. Further details of the mortality rate can be found in the SDCERS' GASB 73 actuarial valuation report as of June 30, 2019.

Change in Total Pension Liability

Changes in the TPL as of the measurement date June 30, 2019 were as follows:

POB Plan	Increase (Decrease) Total Pension Liability
Balance at June 30, 2018	$ 2,547,399
Changes in the year:	
Service cost	43,749
Interest on the total pension liability	94,791
Differences between expected and actual experience	786,756
Changes in assumptions	120,913
Benefit payments	(241,645)
Net changes	804,564
Balance at June 30, 2019	$ 3,351,963

Changes in the TPL as of the measurement date June 30, 2018 were as follows:

POB Plan	Increase (Decrease) Total Pension Liability
Balance at June 30, 2017	$ 2,777,354
Changes in the year:	
Service cost	30,958
Interest on the total pension liability	95,628
Differences between expected and actual experience	(39,843)
Changes in assumptions	(71,515)
Benefit payments	(245,183)
Net changes	(229,955)
Balance at June 30, 2018	$ 2,547,399

During the measurement year ending June 30, 2019, the TPL increased by $805 thousand, primarily due to an experience loss of $787 thousand, of which $393 thousand was recognized as an increase to pension expense in the current year, resulting in a deferred outflow of resources as of June 30, 2019 of $393 thousand. There was also an assumption change at the end of the measurement period that increased the TPL by $121 thousand, of which $60 thousand was recognized as an increase to pension expense in the current year, resulting in a deferred outflow of resources as of June 30, 2019 of $60 thousand.

The TPL as of June 30, 2019, is based upon the same membership data, actuarial methods, and plan provisions as were used in the actuarial valuation as of June 30, 2018, and which are summarized in the Actuarial Valuation Report for SDCERS - San Diego Unified Port District as of June 30, 2018. The TPL as of June 30, 2019 is based on a roll-forward of the TPL as of June 30, 2018, but also incorporates a discount rate based on the June 27, 2019 Bond Buyer GO 20-Year Municipal Bond Index.

Sensitivity of the Pension Liability to Changes in the Discount Rate - The following presents the pension liability of the District, as of the June 30, 2019 and June 30, 2018 measurement dates, calculated using the discount rate, as well as what the District's pension liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

POB Plan Total Pension Liability	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
June 30, 2019	$3,736,001	$3,351,963	$3,046,714

POB Plan Total Pension Liability	1% Decrease 2.87%	Discount Rate 3.87%	1% Increase 4.87%
June 30, 2018	$2,814,639	$2,547,399	$2,331,760

For the fiscal years ended June 30, 2020 and 2019, the District recognized POB Plan pension expense of $537 thousand and $459 thousand, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020 POB Plan		2019 POB Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	$ 261,000	$ —	$ 243,000	$ —
Difference between expected and actual experience	393,378	—	—	19,922
Changes in assumptions	60,456	—	—	35,757
Total	$ 714,834	$ —	$ 243,000	$ 55,679

Deferred outflows of resources related to contributions subsequent to measurement date in the amount of $261 thousand at June 30, 2020 will be recognized as a decrease to the pension liability during the fiscal year ended June 30, 2021. The deferred outflows and deferred inflows of resources related to pensions at June 30, 2020 will be recognized as pension expense as follows:

Measurement Year Ending June 30	Pension Expense
2020	$453,834

(6) Employees' Deferred Compensation Plan (Plan)

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457(b). The Plan, available to the District's employees who are eligible for benefits, permits them to defer, pre-tax, a portion of their salary until future years. The District, at its discretion, can make employer contributions to the Plan.

The deferred compensation is not available to employees until termination, retirement, total disability, death, or unforeseeable emergency. Employees may borrow from their account but must repay the borrowed amount with interest.

The Plan is administered by the District and contracted to an unrelated financial institution. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are held in trust for employees.

As such, employee assets held in IRC Section 457 plans are not the property of the District and are not subject to the claims of the District's general creditors. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, employee assets are not reflected in the District's basic financial statements.

(7) Other Postemployment Benefits (OPEB)

Plan Description and Benefits Provided

In addition to pension benefits described in Note 5, the District provides medical, dental, and life insurance coverage to all eligible current and retired employees. The OPEB Plan is considered a single-employer plan, as it is used to provide OPEB to the employees of only one employer. Separate financial statements are not issued for the District's OPEB plan.

General (Non-Sworn) employees hired prior to January 1, 2009, and Sworn Harbor Police employees hired prior to January 1, 2010, are eligible to receive medical, dental, and life insurance coverage. General (Non-Sworn) employees hired on or after January 1, 2009, and Sworn Harbor Police employees hired on or after January 1, 2010, are eligible to receive an employer-funded Health Reimbursement Account (HRA) to pay for health-care-related expenses. The HRA will be managed by a third-party administrator and funded through a trust. The trust will not be activated until the actuarially determined annual required contribution reaches $100,000. As of June 30, 2020, the District has not met the threshold to activate the trust.

Eligibility for Benefits

All full-time employees are eligible for these benefits as retirees if they retire or become disabled from active employment with the District. This means that they must meet the eligibility requirements of the defined benefit pension plan while actively employed at the District, summarized in the table below. In addition, all employees hired on or after October 1, 2006, must have at least 10 years of District service to be eligible for retiree health benefits.

Employee Group	Date of Hire	Eligibility at the Earlier of
Safety (Sworn)	Hired prior to October 1, 2006 (Medical, dental, basic life benefits)	• Age 50 and 20 years of service credit • Age 55 and five years of service credit
	Hired on or after October 1, 2006 and prior to January 1, 2010 (Medical, dental, basic life benefits)	• Age 50 and 20 years of service credit • Age 55 and five years of service credit • 10 years of District service required for retiree health benefits
	Hired on or after January 1, 2010 (HRA benefit)	• Age 55 and five years of service credit • 30 years of District service credit (any age) • 10 years of District service required for retiree health benefits
	Hired on or after January 1, 2013 (HRA benefit)	• Age 50 with 30 years of service credit • Age 55 with five years of service credit • 10 years of District service required for retiree health benefits
All others (Non-Sworn)	Hired prior to October 1, 2006 (Medical, dental, basic life benefits)	• Age 50 and 20 years of service credit • Age 55 and five years of service credit
	Hired on or after October 1, 2006 and prior to January 1, 2009 (Medical, dental, basic life benefits)	• Age 55 and 20 years of service credit • Age 62 and five years of service credit • 10 years of District service required for retiree health benefits
	Hired on or after January 1, 2009 (HRA benefit)	• Age 55 and 20 years of service credit (25 years of employment) • Age 62 and five years of service credit (10 years of employment) • 10 years of District service required for retiree health benefits
	Hired on or after January 1, 2013 (HRA benefit)	• Age 55 with 20 years of service credit (25 years of employment) • Age 62 with five years of service credit (10 years of employment) • 10 years of District service required for retiree health benefits

Employees Covered

Per the Actuarial Valuation, as of July 1, 2019, the following active and inactive employees were covered by the benefit terms under the OPEB Plan:

Employee Group	Date of Hire Criteria/Plan	Active Employees	Inactive Employees (Retirees) Currently Receiving Benefit Payments
General	Prior to January 1, 2009 - Regular	195	250
	On or after January 1, 2009 - HRA	249	—
Safety	Prior to January 1, 2010 - Regular	65	89
	On or after January 1, 2010 - HRA	67	—
Total		**576**	**339**

Total OPEB Liability and OPEB Expense

To determine the total OPEB liability and OPEB expense, the District retained Sunlin Consulting, LLP, to prepare the biennial actuarial valuation, in accordance with the parameters of GASB Statement No. 75 . Based on the latest Actuarial Valuation as of July 1, 2019, total OPEB liability as of the measurement dates of June 30, 2020 and June 30, 2019 were $143.6 million and $145.2 million, respectively. The District recognized the following OPEB expense and contributions for fiscal year 2020 and fiscal year 2019:

	2020	2019
OPEB Expense	$ 5,726,469	$ 7,232,449
Contributions - employee (paid by employer)	$ 3,636,110	$ 3,616,196

The contribution requirements of the District and Plan members (if any) are established by the District’s Board. For the years ended June 30, 2020 and 2019, the District funded benefits on a "pay-as-you-go" basis and elected not to pre-fund its OPEB obligation.

The District's total OPEB liability for the OPEB Plan is measured as of June 30, 2020, using an annual valuation date of July 1, 2019, based on GASB Statement No. 75, rolled forward to June 30, 2020 using standard update procedures.

The changes in the total OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability
Balance at June 30, 2019	$ 145,227,974
Changes recognized for measurement period:	
Service cost	1,172,234
Interest	5,124,007
Differences between expected and actual experience	(28,740,267)
Changes in assumptions	24,499,116
Benefit payments	(3,636,110)
Net Changes	(1,581,020)
Balance at June 30, 2020	$ 143,646,954

For the prior fiscal year, the District's total OPEB liability for the OPEB Plan is measured as of June 30, 2019 , using an annual valuation date of July 1, 2017, based on GASB Statement No. 75, rolled forward to June 30, 2019 using standard update procedures.

For the prior fiscal year, the changes in the total OPEB liability for the OPEB Plan were as follows:

	Total OPEB Liability
Balance at June 30, 2018	$ 136,291,850
Changes recognized for measurement period:	
Service cost	1,949,107
Interest	5,247,236
Differences between expected and actual experience	(173,499)
Changes in assumptions	5,529,476
Benefit payments	(3,616,196)
Net Changes	8,936,124
Balance at June 30, 2019	$ 145,227,974

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation, and the historical pattern of sharing benefit costs between employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial assets, consistent with a long-term perspective of the calculations.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The July 1, 2019 valuation was rolled forward to determine the June 30, 2020 and June 30, 2019 total OPEB liability, based on the following actuarial cost method and assumptions:

	June 30, 2020	June 30, 2019
Actuarial Cost Method:	Entry Age	Entry Age
Actuarial Assumptions:		
Discount Rate	2.20%*	3.50%*
Salary Increases	3.50%	3.50%
Mortality Rate	Society of Actuaries RP 2014 Mortality Table projected to 2021 with Scale BB	Society of Actuaries RP 2014 Mortality Table projected to 2021 with Scale BB
Healthcare Trend Rate	Initial rate of 7.0% reduced to 5.0% within four years reflecting medical price inflation	Initial rate of 7.0% reduced to 5.0% within four years reflecting medical price inflation

*Discount rate is based on the Bond Buyer 20-Bond General Obligation Index

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The following presents the total OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate for the measurement periods ending June 30, 2020 and June 30, 2019:

	June 30, 2020			June 30, 2019		
	1% Decrease (1.20%)	**Current Discount Rate (2.20%)**	**1% Increase (3.20%)**	**1% Decrease (2.50%)**	**Current Discount Rate (3.50%)**	**1% Increase (4.50%)**
Total OPEB Liability	$ 168,268,042	$ 143,646,954	$ 124,067,874	$ 170,120,049	$ 145,227,974	$ 125,433,401

The following presents the total OPEB liability if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate for the measurement periods ending June 30, 2020 and June 30, 2019:

Health Care Cost Trend Rates	**Total OPEB Liability**	
	June 30, 2020	**June 30, 2019**
1% Decrease (6.0% decreasing to 4.0%)	$ 121,913,170	$ 123,254,982
Current Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	143,646,954	145,227,974
1% Increase (8.0% decreasing to 6.0%)	171,069,158	172,951,994

Amortization of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The District reported deferred inflows of resources of $27.7 million for the fiscal year ended June 30, 2020 and $3.8 million for the fiscal year ended June 30, 2019. The District reported deferred outflows of resources of $24.9 million for the fiscal year ended June 30, 2020 and $4.7 million for the fiscal year ended June 30, 2019. Both deferred inflows and deferred outflows are the result of differences between expected and actual experience and impact from assumption changes. The amortization treatment for deferred outflows and inflows of resources will be straight-lined over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active and retired) as of the beginning of the measurement period.

At June 30, 2020, the District reported deferred inflows and deferred outflows of resources related to OPEB as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Balance at June 30, 2019	$ 3,793,876	$ 4,739,551
Differences between expected and actual experience	24,444,214	—
Changes in assumptions	(563,518)	20,209,317
Balance at June 30, 2020	$ 27,674,572	$ 24,948,868

At June 30, 2019, the District reported deferred inflows and deferred outflows of resources related to OPEB as follows:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Balance at June 30, 2018	$ 4,374,196	$ —
Differences between expected and actual experience	(16,802)	—
Changes in assumptions	(563,518)	4,739,551
Balance at June 30, 2019	$ 3,793,876	$ 4,739,551

Amounts reported as Deferred Outflows and Deferred Inflows of Resources will be recognized in OPEB expense as follows:

	OPEB Expense	
Year Ending June 30:	Deferred Inflows	Deferred Outflows
2021	$ 4,859,571	$ 4,289,799
2022	4,859,571	4,289,799
2023	4,859,571	4,289,799
2024	4,859,569	4,289,799
2025	4,130,535	4,289,800
2026	4,105,755	3,499,872

(8) Risk Management

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of, assets; errors and omissions; injuries to, and illnesses of, employees; and natural disasters. The District maintains a comprehensive Risk Management Program, which includes risk transfer, loss prevention, loss control, and claims administration. The District purchases excess liability, police professional liability, public officials liability, workers' compensation liability, employment practices liability, property insurance, fiduciary liability, crime/public employee dishonesty, marine protection and indemnity, and automobile liability, as well as other miscellaneous insurance coverage. The District's coverage includes a variety of self-insured retentions or deductibles. The District's self-insured retentions or deductibles as of June 30, 2020, were as follows:

Self-Insured Retentions/Deductibles

June 30, 2020

Coverage	
Excess liability	$ 1,000,000
Workers' compensation	500,000
Employment practices liability	250,000
Police professional liability	250,000
Public officials liability	250,000
Property insurance	100,000
Pollution liability*	50,000
Cyber Liability	25,000
Fiduciary liability	25,000
Terrorism liability	25,000
Crime/public employee dishonesty	5,000
Marine protection and indemnity/hull & machinery	5,000
Seaport Village general liability	2,500
Automobile liability (hired auto physical damage)	1,000
Foreign property & liability	1,000

*Pollution liability was specifically purchased for the Pacifica Land Exchange transaction.

Since July 1, 2004, the District has participated in a loss-sensitive workers' compensation program with a $500 thousand per claim deductible. The District is required to fund an escrow account that is held as security in the unlikely event the District fails to meet its required obligations. As of June 30, 2020 and 2019, the escrow account amount was $4.4 million and $3.3 million, respectively. The escrow account is not drawn upon for the deductible payments. There have not been any significant reductions in insurance coverage from the prior year and settled claims have not exceeded coverage for each of the last three years.

As of June 30, 2020 and 2019, the District recorded accrued liabilities of $5.6 million and $5.2 million, respectively, for workers' compensation claims, which include anticipated future expenses on workers' compensation claims based on estimates provided by the District's workers' compensation carrier. The insurance carrier determines the reserves required to pay for future liabilities by estimating the probable ultimate cost for the life of each claim, including consideration of any incremental claim adjustment expenses. This is done by estimating the three categories of exposure on each claim: temporary or permanent disability, medical expenses, and legal and other associated claims expenses; however, the District's ultimate exposure is limited to the amount of the deductible for each claim as identified in the above table. These reserves are adjusted as the claim develops over time. While the ultimate losses incurred are dependent on future developments, District management believes that the accrued liability is adequate to cover such losses. Changes in the District's claims liabilities for the years ended June 30, 2020 and 2019 were as follows:

Year Ended June 30	Claims Liability at Beginning of Period	Claims Incurred During the Period, and Changes in Estimate	Claims Payment	Claims Liability at End of Period
2019	$ 4,662,714	$ 2,246,633	$ (1,678,922)	$ 5,230,425
2020	$ 5,230,425	$ 1,370,875	$ (1,029,656)	$ 5,571,644

(9) Lease Revenues

A substantial portion of the District's land and water, and some of its facilities, including marine terminal facilities and office and commercial space, are leased to tenants. The Port Act prohibits transfer of land ownership to the lessee and the leases are accounted for as operating leases. The majority of lease agreements are not cancelable and permit the

District to periodically adjust rents. In addition, many of these leases are secured by letters of credit, which totaled approximately $6.2 million and $6.3 million at June 30, 2020 and 2019, respectively. In the normal course of operations, it is expected that all significant expiring leases will be renewed or replaced by similar agreements.

The District leases its land and facilities on both fixed and concession basis. Concession rents are received on the basis of percentages of sales and are protected by stipulated minimum annual guarantees. Such concession rents totaled approximately $71.7 million in 2020 and $85.2 million in 2019. Both numbers exclude the minimum annual guarantees for the marine terminal facilities which are accounted for in wharfage revenue. Rentals received under fixed rent leases, including marine terminal facilities, totaled approximately $36.3 million in 2020 and $36.4 million in 2019.

Stipulated minimum rents under non-cancelable operating leases having initial or remaining terms of more than one year are as follows:

Year Ending June 30	
2021	$ 92,046,788
2022	89,648,193
2023	88,266,961
2024	86,177,771
2025	81,661,072
Thereafter	2,209,539,969
Total	$ 2,647,340,754

Future rents were determined based on minimum rents stipulated under the leases up to the lease expiration date (table above reflects terms through fiscal year 2082) assuming that options to extend, for some marine terminal tenants, will be exercised. However, these rents may increase or decrease based on the periodic lease rental reviews, at which time new rents may be established.

The estimated book value of capital assets leased to others at June 30, 2020 and 2019 consist of the following:

Book Value of Leased Capital Assets and Accumulated Depreciation

	2020	**2019**
Land	$ 127,861,287	$ 128,047,803
Land Improvements	4,904,431	4,904,431
Building and Structures	372,215,500	359,702,463
Equipment	19,167,808	21,352,301
Roads and Parking Lots	52,463,442	52,620,480
	576,612,468	566,627,478
Less accumulated depreciation	(328,298,781)	(319,507,532)
Net book value of leased capital assets	$ 248,313,687	$ 247,119,946

(10) Lease Commitments

(a) Administration Building Parking Lot

The District leases the northeast portion of the property used for its administration building parking lot from the California Department of Transportation (Caltrans), the property owner since 1984. The lease term is for ten years and commenced on July 1, 2013. The monthly rent would be $1,780 or $21,360 annually, and are subject to adjustment every five years by negotiating a fair market lease rate agreed upon by both parties. If a fair market lease rate cannot be agreed upon, the adjustment will be determined by using the Consumer Price Index (CPI). In fiscal year 2020, the revised rent after adjusting for CPI is $1,869 monthly or $22,428 annually.

(b) San Diego County Regional Airport Authority Employee Parking and Visitor Lot

The SDCRAA is sub-leasing a portion of the former General Dynamics (GD) leasehold to the District for use as an employee and visitor parking lot. The lease is for 66 years and commenced on January 1, 2003. The rent is based on the same square foot rental rate determined for the entire former GD property leased from the District to the SDCRAA. Rental increases are determined by appraisal, review, and negotiation. The District and SDCRAA agreed that the monthly rent would be $12,074 plus a $381 cost recovery for electricity for a total monthly rent of $12,455 or $149,460 annually.

(c) Submerged Land Adjacent to 880 Harbor Island Drive, San Diego Bay

The District leases approximately 0.3 acres of submerged land in the bed of San Diego Bay from the California State Lands Commission (CSLC). The submerged land is adjacent to 880 Harbor Island Drive. The lease is for 40 years and commenced on June 28, 2010. The annual amount to be paid for the first year was $3,000. In years two and three, a minimum annual rent of $6,000 per year was applied against 3.8% of the District's gross income from gross sales generated by the sublease of the premises in excess of the minimum annual rental. Year four and forward the minimum annual rent increased to $12,009 per year. Beginning in the fifth year and every fifth year thereafter, CSLC also reserves the right to modify the minimum rental amount owed by applying the percentage change of the CPI over the prior five year lease period to the current minimum annual rent owed for such period. In fiscal year 2016, CSLC notified the District that the minimum annual rent has been increased from $12,009 to $13,077. On January 1, 2020, the lease was terminated under Senate Bill no. 507, Chapter 372 that transferred the submerged land in trust to the District.

(d) Tide and Submerged Lands in San Diego Bay in the Cities of San Diego, Coronado, and National City

The District leases approximately 108 acres of tide and submerged lands in multiple locations in the cities of San Diego, Coronado, and National City from the CSLC for the purposes of statewide public benefit including but not limited to commercial and recreational navigation, and existing industrial marine terminal facilities. The lease is for 28 years and commenced on July 1, 1997. The annual amount to be paid was a minimum annual rent of $10,000 or the total of the following, whichever is greater: (1) 10.0% of District's gross income from operated moorings; and (2) 25.0% of the District's gross income from revenues generated by subleases on the leased premises. Annual rent of $100 for the operation of a maintenance access road remains fixed during the term of the lease. In fiscal year 2014, CSLC notified the District that the minimum annual rent was increased from $10,000 to $14,965. On January 1, 2020, the lease was terminated under Senate Bill no. 507, Chapter 372 that transferred the submerged land in trust to the District.

(e) Westerly Corner of Sassafras Street and Pacific Highway known as 3045 Pacific Highway

The District leases approximately 20,100 square feet of land located at the westerly corner of Sassafras Street and Pacific Highway from Caltrans for the purpose of operating attended parking lots for tideland activities by a current District tenant. The lease term is for eight years and commenced on September 1, 2015. The rental rates are subject to a 3% increase every other year. The rental rate is subject to adjustment review every five years by negotiating a fair market lease rate agreed upon by both parties. The District and Caltrans agreed that the monthly rent would be $2,098 or $25,176 annually in the first year, with a 3% increase every other year. In fiscal year 2020, the revised rent after adjusting for CPI was $2,226 monthly or $26,712 annually.

(f) Corner of Sassafras Street and Pacific Highway known as 3275 Pacific Highway

The District leases approximately 56,100 square feet of land located at the corner of Sassafras Street and Pacific Highway from Caltrans for the purpose of operating attended parking lots for tideland activities by a current District tenant. The lease term is for eight years and commenced on September 1, 2015. The rental rates are subject to a 3% increase every other year. The rental rate is subject to adjustment review every five years by negotiating a fair market lease rate agreed upon by both parties. The District and Caltrans agreed that the monthly rent would be $9,032 or $108,384 annually in the first year, with a 3% increase every other year. In fiscal year 2020, the revised rent after adjusting for CPI was $9,581 monthly or $114,972 annually.

Future rent payments under the above operating lease agreements as of June 30, 2020, are as follows:

Years Ending June 30	
2021	$ 317,124
2022	317,833
2023	321,481
2024	174,514
2025	149,460
2026-2030	747,300
2031-2035	747,300
2036-2040	747,300
2041-2045	747,300
2046-2050	747,300
2051-2055	747,300
2056-2060	747,300
2061-2065	747,300
2066-2070	523,110
Total	$ 7,781,922

Total rental expenses for the above-mentioned operating leases for the fiscal years ended June 30, 2020 and 2019, were approximately $332 thousand and $345 thousand, respectively.

(11) Commitments and Contingencies

(a) Commitments

As of June 30, 2020, the District had significant commitments for capital expenditures and other matters as described below:

i. Capital Improvement Program (CIP): Beginning in fiscal year 1992, the BPC approved a five-year CIP for the development of certain capital outlay projects. Each project in the plan is reviewed and authorized by the BPC in accordance with Board Policy No. 120, Capital Improvement Program. The CIP is renewed every five years, and annually the program is reviewed and revised as appropriate. On August 8, 2017, a resolution was approved establishing a new five-year CIP for fiscal years 2019-2023 which includes the remaining projects and funds from the fiscal years 2014-2018 CIP. As of June 30, 2020, the remaining cost to complete CIP projects which were approved to be funded from existing cash resources, excluding projects funded by grants, donations, and contributions, was $11.9 million compared to $13.9 million as of June 30, 2019.

Funds have been designated for the unpaid contractual portion of CIP projects that are not funded by grants, donations, or contributions. The designated funds are classified in the accompanying statements of net position as cash and investments designated for specific capital projects and commitments with a total balance of $871 thousand.

ii. Fire, Police, Emergency Medical, and Lifeguard Services: The District entered into contracts with the five member cities for annual fire, police, and emergency medical services on the non-taxpaying tidelands that cover services from July 1, 2012 through June 30, 2021. These agreements have an annual escalation based on San Diego County Consumer Price Index (CPI), except for years when the District's actual percentage increase in operating revenues are less than the CPI, which will be based on the index change from the prior calendar year. Additionally, the District contracts with the City of Imperial Beach for lifeguard services on the non-taxpaying tidelands. The combined cost for these services was $8.3 million for fiscal year 2020 compared to $8.0 million for fiscal year 2019. In addition, the District has a contract with the City of Imperial Beach for tidelands maintenance services at a cost of $1.0 million for fiscal year 2020 and $1.0 million for fiscal year 2019.

(b) Contingencies

As of June 30, 2020, the District was subject to contingencies arising from legal and environmental matters as described below:

i. Environmental Matters: The District owns, in public trust, tidelands and submerged lands in and around San Diego Bay. Much of that land is leased to private and public operators through various rental agreements for uses that are consistent with the Port Act. The operations of some of those tenants have resulted in discharges to the environment requiring regulatory action. Administrative agencies such as the San Diego County Department of Environmental Health Services (DEH) and the California Regional Water Quality Control Board, San Diego Region (RWQCB) issue enforcement orders to regulate activities and to assess and remediate contamination. These enforcement efforts sometimes include discussions with the District and consideration of adding the District to regulatory orders regulating cleanup obligations irrespective of whether the District caused the discharge at issue. The District also pursues polluters to remediate contamination impacting District property and recover costs and damages as appropriate.

In addition, the District's leases and operating agreements with its tenants typically include provisions requiring the tenant/operators to comply with all laws, including laws strictly prohibiting discharge to the environment and related contamination, and indemnify the District for any damage to property or losses to the District as a result of the tenant's operations. The leases and operating agreements typically require the District to be named as an additional insured under certain insurance policies of the tenant/operators. When environmental claims are asserted against the District, the District vigorously defends itself from those claims and typically pursues contribution and/or indemnity from the responsible parties, including the tenant/operators and applicable insurers. The District can neither predict the net exposure with respect to these matters nor the probability or remoteness of any outcome. However, the District believes that the recoveries discussed above will be sufficient to reduce the District's financial responsibility for any pollution remediation known as of the date of the financial statements to amounts not considered to be material to the financial statements of the District.

(a) Former Campbell Shipyard: This matter involves industrial contamination from shipyard activities, which impacted the land, groundwater, and sediments at the site. In 1995, the RWQCB issued a Cleanup and Abatement Order (CAO) that named Campbell Industries, a former District tenant, and its parent, Marine Construction and Design Company. The cleanup has been completed and the District is implementing the long-term Monitoring and Reporting Program.

(b) Pepper Oil: The District is involved in litigation over environmental contamination at and around 2300 Tidelands Avenue, National City, which the District leases to the Pepper Oil Company and its affiliate, Southern California Truck Stop. The California Department of Toxic Substance Control (DTSC) found that soils at the property contain contaminants of concern, including volatile organic compounds and metals. Free product is also present. The District, Pepper Oil, and Southern California Truck Stop are working with DTSC to address this contamination. Site investigations are ongoing.

The District filed its complaint against Pepper Oil, Southern California Truck Stop, and several affiliated entities in January 2013, alleging claims for nuisance, trespass, contribution, indemnity, and breach of contract, among others. Defendants have asserted counterclaims against the District, alleging that the District is liable for contamination existing in and around the property. The parties are currently engaged in discovery.

On March 30, 2017, Pepper Oil and Southern California Truck Stop amended their cross-complaint to name San Diego Wood Preserving as a defendant based on its former operation of an adjacent wood treatment facility. San Diego Wood Preserving answered and filed cross complaints against all parties. Discovery is ongoing.

The District's share of liability cannot be reasonably estimated at the present time. The District will likely seek insurance reimbursement for any liability imposed upon the District.

(c) Laurel Hawthorn Embayment: On October 2, 2019, the RWQCB issued three investigative orders requiring entities who discharged wastes to the Laurel Hawthorn Embayment ("LHE") to investigate the impacts caused by their respective discharges: (1) Investigative Order No. R9-2019-0041 to General Dynamics Corporation ("GD"); (2) Investigative Order No. R9-2019-0040 to the City of San Diego; and (3) Investigative Order No. R9-2019-0039 to Solar Turbines, Inc., and Navistar, Inc.

The LHE is the embayment located adjacent to the U.S. Coast Guard facility and the Solar Turbines facility and is sometimes referred to as the Downtown Anchorage. Sediment in this area has been found to contain elevated levels of polychlorinated biphenyls ("PCBs"), Mercury, Copper, pesticides, and other contaminants.

GD filed a Verified Petition for Writ of Mandate and Complaint for Declaratory Relief ("Petition") on March 2, 2020. In its Petition, GD argues that the RWQCB abused its discretion in not naming the District, City of San Diego, and the San Diego Airport Authority to Investigative Order No. R9-2019-0041. The District is a Real Party in Interest in this matter. The District and the RWQCB filed demurrers on June 22, 2020, which the Court sustained on September 9, 2020. Based on the Court's ruling, the matter will be dismissed.

The District's share of liability related to this matter cannot be reasonably estimated at the present time. The District will likely seek insurance reimbursement for any liability imposed upon the District.

(d) Sunroad Marina: In 2012, the District received an Investigative Order from the RWQCB to investigate possible impairment of sediment in the Sunroad Marina located in the East Basin of Harbor Island, which the District completed in 2013. The report showed sediment in some areas of the Sunroad Marina site was potentially impaired. In 2015, the RWQCB responded to the investigation report and requested the District either complete a risk assessment, remedial action plan or stressor identification study to resolve the potential impairment. The District presented a proposed study work plan to the RWQCB in 2015. The estimated study cost was $52,000. The District is waiting on a response from RWQCB before proceeding with the proposed plan. The District's potential liability cannot be reasonably estimated at the present time. The District will likely seek insurance reimbursement for any liability imposed upon the District.

(e) Naval Training Center (NTC) Boat Channel: The Navy Boat Channel was formerly part of the larger NTC which underwent Base Realignment and Closure (BRAC) beginning in the early 1990s. At that time, the NTC was transferred to the City of San Diego, except for Navy Boat Channel which had unresolved sediment contamination issues. In 2015, the Navy contacted the District and indicated that it may seek a portion of its sediment investigation and remediation costs from the District due to the District's prior operation of the airport, which is adjacent to the Navy Boat Channel, as well as the SDCRAA and City of San Diego. The District's share of liability cannot be reasonably estimated at the present time. The District will likely seek insurance reimbursement for any liability imposed upon the District.

(f) Tenth Avenue Marine Terminal Sediment Investigative Order: The RWQCB issued a sediment Investigative Order to the District and the City of San Diego to assess potential impacted sediments and sources of sediment contamination in the vicinity of the Tenth Avenue Marine Terminal on August 4, 2017. The District is meeting Investigative Order requirements. The District's potential liability for this matter cannot be reasonably estimated at the present time. The District will likely seek insurance reimbursement for any liability imposed upon the District.

(g) South Bay Power Plant: The District purchased the South Bay Power Plant from SDG&E through an Asset Sale Agreement in 1999. The South Bay Power Plant was then operated by Duke South Bay and subsequently by Dynegy from 2000 to 2014. Pursuant to the Asset Sale Agreement, SDG&E agreed to remediate contamination except for areas underlying the assets that continued to be operated by Duke South Bay and Dynegy. Duke South Bay and Dynegy were responsible for demolition and decommissioning of the remaining power plant assets (which has been completed) and are also responsible for remediating certain contamination in those areas. Duke South Bay and Dynegy also entered into several guarantee agreements with the District related to, among other things, their environmental obligations.

In 2006, the California Department of Toxic Substances Control entered into a Consent Agreement with SDG&E to cleanup waste management units at the site. The California Department of Toxic Substances Control has indicated that it will require additional investigation and potentially additional remediation at certain portions of the site.

The District and SDG&E have finalized a cost sharing agreement. The District, Duke and Dynegy have also engaged in discussions regarding remaining contamination issues. The District's total potential liability for this matter cannot be reasonably estimated at the present time.

ii. The District has been named as a defendant in a lawsuit filed by property owner SLPR, LLC in February 2006. The complaint alleges that dredging in the San Diego Bay performed by the District and the Army Corps of Engineers compromised the integrity of the "rip-rap" barrier and rear yard patio and pool improvement located on the plaintiff's Coronado bay front property. One neighboring property owner joined the lawsuit in late 2007, making similar claims, and the subsequent purchasers of that same neighboring property also joined the action in 2015. The District denies liability and intends to vigorously contest any liability or claims, and plans to file a motion seeking summary judgment. The District was successful in the first phase of the trial which confirmed the location of the mean high tide line property boundary is permanently fixed at the location used by the District and the City of Coronado since the judgement in the case of *The City of Coronado v. Spreckels (1931)*. The likelihood of an unfavorable outcome is presently unknown as expert discovery for the second phase of the trial has not been completed. However, a finding of significant liability against the District should be low. If liability is determined against the District, potential exposure could range in the millions of dollars, but should be covered by available insurance, except any attorney's fees awarded relative to an inverse condemnation cause of action. Attorney fees to be awarded by the court upon a successful inverse claim could be substantial but cannot be estimated.

iii. In 2018, the BPC adopted Resolution No. 2018-065 resuming collection of a $3.50 transaction fee charged to renters of cars on District property to be collected by rental car companies. Since then, four lawsuits have been filed challenging the validity of such a fee: Enterprise Rent-A-Car Co. of Los Angeles, LLC, et al. v San Diego Unified Port District, et al., San Diego Superior Court Case No. 37-2018-00028276-CU-MC-CTL; Enterprise Rent-A-Car Co. of Los Angeles, LLC, et al. v San Diego Unified Port District, et al. San Diego Superior Court Case No. 37-2019-00029137-CU-MC-CTL; Jeffrey Garvin, et al. v. San Diego Unified Port

District, et al., (Class Action) Case No. 37-2020-00015054-CU-MC-CTL; and Thais Gauvin, et al. v. San Diego Unified Port District, et al., (Class Action), Case No. 37-2020-00018426-CU-CO-CTL. All four cases are before Judge Katherine Bacal. Since resumption of the fee, the District has received approximately $8.4 million in fees which have been set aside as restricted funds. In June 2020, the District entered into settlement agreements with Hertz, Enterprise, and Garvin conditioned on final court approval in the Garvin case, whereby the District would cease collection of the fee, pay certain plaintiffs' attorneys' fees, offer refunds of fees to renters, and contribute any remaining collected fees to the San Diego Association of Governments (SANDAG) for use towards traffic improvements at the San Diego Airport's consolidated rental car facility. Final approval of the settlement is expected in November 2020. If approved, all the cases will be concluded, and District's total liability will be limited to the fund of collected fees that have been set aside as restricted funds plus interest. The District's liability will not be extended to the District's general fund.

iv. The District has certified claims against it and is named as a defendant in certain other legal actions arising from occurrences and transactions conducted in the ordinary course of business, including without limitation, contract disputes, personal injury matters, and employment claims. The District's legal counsel has indicated that it is not currently possible to estimate the amount or range of potential loss to the District related to each of these matters. Therefore, to the extent possible, a reasonable estimate of the potential aggregate liability has been recorded in the District's basic financial statements as of June 30, 2020 and June 30, 2019 for these claims and lawsuits.

Required Supplementary Information (Unaudited)

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Schedule of Changes in Net Pension Liability and Related Ratios Last Ten Fiscal Years*

	Measurement Date					
	June 30, 2019	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**	**June 30, 2014**
Total Pension Liability						
Service cost	$ 9,211,708	$ 8,550,865	$ 8,112,462	$ 7,647,969	$ 7,968,724	$ 8,387,418
Interest (includes interest on service cost)	36,710,862	35,865,866	34,526,302	32,102,235	30,611,374	29,357,390
Changes of benefit terms	—	—	—	—	—	—
Differences between actual and expected experience	3,984,673	(589,867)	4,459,946	(2,243,475)	4,572,336	—
Changes in assumptions	—	16,021,766	15,009,560	35,813,469	—	—
Benefit payments, including refunds of member contributions	(28,149,954)	(25,359,143)	(23,090,401)	(23,110,395)	(21,775,473)	(18,762,842)
Net change in total pension liability	$21,757,289	$34,489,487	$39,017,869	$50,209,803	$21,376,961	$18,981,966
Total pension liability - beginning	574,102,557	539,613,070	500,595,201	450,385,398	429,008,437	410,026,471
Total pension liability - ending	$595,859,845	$574,102,557	$539,613,070	$500,595,201	$450,385,398	$429,008,437
Plan Fiduciary Net Position						
Contributions - employer	$18,037,643	$17,857,797	$14,747,532	$14,400,000	$16,886,481	$16,595,566
Contributions - member (paid by employer)	2,037,292	2,104,470	2,287,740	2,422,241	—	—
Contributions - member	1,685,680	1,408,929	1,296,999	1,277,360	1,309,360	1,541,907
Net investment income	28,619,872	35,332,619	50,593,626	3,859,875	12,063,813	53,655,565
Benefit payments, including refunds of member contributions	(28,149,954)	(25,359,143)	(23,090,401)	(23,110,395)	(21,775,473)	(18,762,842)
Administrative expenses	(669,312)	(658,939)	(665,330)	(686,932)	(691,003)	(728,497)
Net change in plan fiduciary net position	$21,561,221	$30,685,733	$45,170,166	$ (1,837,851)	$ 7,793,178	$52,301,699
Plan fiduciary net position - beginning	443,811,838	413,126,105	367,955,939	369,793,790	362,000,612	309,698,913
Plan fiduciary net position - ending	$465,373,059	$443,811,838	$413,126,105	$367,955,939	$369,793,790	$362,000,612
Net pension liability - ending	$130,486,786	$130,290,719	$126,486,965	$132,639,262	$80,591,608	$67,007,825
Plan fiduciary net position as a percentage of the total pension liability	78.10 %	77.31 %	76.56 %	73.50 %	82.11 %	84.38 %
Covered payroll	$35,732,609	$34,388,005	$33,684,615	$33,512,411	$33,272,693	$34,528,283
Net pension liability as a percentage of covered payroll	365.18 %	378.88 %	375.50 %	395.79 %	242.22 %	194.07 %

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to the plan.
Change in Assumptions: In 2016, the $35.8 million increase was driven by the changes in demographic and economic assumptions with the largest increase coming from changes in the discount rate and mortality assumption (members living longer than expected). The discount rate was reduced from 6.75% to 6.50% in the 2018 valuation.

*Required supplementary information is intended to show information for ten years; additional information will be displayed as it becomes available.

Source: SDCERS GASB 67/68 Report with measurement dates of June 30, 2014 through June 2019.

Schedule of Changes in Preservation of Benefits (POB) Liability and Related Ratios
Last Ten Fiscal Years*

	Measurement Date			
	June 30, 2019	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**
Total Pension Liability - POB				
Service cost	$ 43,749	$ 30,958	$ 77,315	$ 9,503
Interest (includes interest on service cost)	94,791	95,628	58,000	72,730
Differences between actual and expected experience	786,756	(39,843)	1,031,798	—
Changes in assumptions	120,913	(71,515)	(256,209)	296,607
Benefit payments, including refunds of member contributions	(241,645)	(245,183)	(258,709)	(273,568)
Net change in total pension liability	804,564	(229,955)	652,195	105,272
Total pension liability - beginning	2,547,399	2,777,354	2,125,159	2,019,887
Total pension liability - ending	$ 3,351,963	$ 2,547,399	$ 2,777,354	$ 2,125,159
Covered payroll	$ 35,732,609	$ 34,388,005	$ 33,684,615	$ 33,512,411
Total pension liability as a percentage of covered payroll	9.38 %	7.41 %	8.25 %	6.34 %

Notes to Schedule:

Unlike the Defined Benefit Pension Plan, a qualified IRC Section 401(a) pension plan, the District may not accumulate assets in trust to offset Preservation of Benefits plan liabilities. Therefore, the balances shown above represent total pension liability rather than net pension liability as it is shown with Defined Benefit Pension Plan.

Benefit Changes: There were no changes to benefit terms specific to the plan.

Changes in Assumptions: The discount rate was reduced from 3.87% to 3.50% in the 2018 valuation.. The discount rate is based on the June 27, 2019 Bond Buyer GO 20-year Municipal Bond Index.

*Required supplementary information is intended to show information for ten years; additional information will be displayed as it becomes available.

Source: Preservation of Benefits Plan - San Diego Unified Port District GASB 73 Reports with measurement dates of June 30, 2016 through June 30, 2019.

Schedule of Employer Pension Contributions

Last Ten Fiscal Years

(Expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Actuarially Determined Contribution (ADC)	$ 19,300	$17,900	$17,700	$14,600	$14,400	$14,300	$13,900	$13,200	$12,600	$11,500
Contributions in relation to the actuarially determined contribution	19,300	17,900	17,700	14,600	14,400	14,300	13,900	13,200	12,600	11,501
Contribution deficiency/ (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ (1)
Covered payroll	$ 36,810	$35,733	$34,388	$33,685	$33,512	$33,273	$34,528	$35,873	$34,632	$39,165
Contributions as a percentage of covered payroll	52.43%	50.09%	51.47%	43.34%	42.97%	42.98%	40.26%	36.80%	36.38%	29.37%

Notes to Schedule:

Valuation date (ADC):	June 30, 2018
Valuation date (Covered Payroll):	June 30, 2019
Timing:	Actuarially determined contributions for a given fiscal year are calculated based on the actuarial valuation performed at the beginning of the prior fiscal year.
Sources:	San Diego City Employees' Retirement System (SDCERS) Actuarial Valuation Report as of June 30, 2018 and as of June 30, 2019

Key Methods and Assumptions Used to Determine Contributions (for the most recent fiscal year):

Actuarial cost method:	Entry-Age Normal Cost Method
Asset valuation method:	Expected Value Method
Amortization method:	Closed periods with payments as a level percentage of payroll
Discount rate:	6.50%
Amortization growth rate:	3.05%
Salary increases:	3.05% plus merit component based on employee classification and years of service
Cost-of-living adjustments:	1.9%
Mortality:	Retired healthy members use the CalPERS Post-Retirement Healthy Mortality Table base rates from the CalPERS January 2014 Experience Study, with a 10% increase to female rates, with projection for improvement.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2020, can be found in the SDCERS Actuarial Valuation Report as of June 30, 2018.

Source: SDCERS Actuarial Valuation Report as of June 30, 2018

Schedule of Changes in Other Postemployment Benefits (OPEB) Liability and Related Ratios
Last Ten Fiscal Years*

	Measurement Date		
	June 30, 2020	**June 30, 2019**	**June 30, 2018**
Total OPEB Liability			
Service cost	$ 1,172,234	$ 1,949,107	$ 1,882,229
Interest	5,124,007	5,247,236	4,951,528
Differences between actual and expected experience	(28,740,267)	(173,499)	(1,158,603)
Changes in assumptions	24,499,116	5,529,476	(3,944,626)
Benefit payments	(3,636,110)	(3,616,196)	(3,356,377)
Net change in total OPEB liability	(1,581,020)	8,936,124	(1,625,849)
Total OPEB liability - beginning	145,227,974	136,291,850	137,917,699
Total OPEB liability - ending	$ 143,646,954	$ 145,227,974	$ 136,291,850
Covered payroll	$ 54,930,227	$ 50,200,904	$ 50,200,904
Total OPEB liability as a percentage of covered payroll	261.51 %	289.29 %	271.49 %

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms specific to the plan.

Change of Assumptions: The $24.5 million change presented in the most recent fiscal year was driven by a change in discount rate assumption from 3.50% to 2.20%

*Required supplementary information is intended to show information for ten years; additional information will be displayed as it becomes available.

Source: Sunlin Consulting Actuarial Valuation with a measurement date of June 30, 2020 and Sunlin OPEB Disclosure Report dated, August 13, 2020.

The District has established procedures to pay these benefits on a pay-as-you-go basis and does not accumulate assets in trust to offset OPEB liabilities. Therefore, the balances shown above represent total OPEB liability rather than net OPEB liability.

There are no assets in the OPEB Plan, therefore the following information is not available:

- The OPEB Plan's fiduciary net position
- The net OPEB liability
- The OPEB Plan's fiduciary net position as a percentage of the total OPEB liability
- The OPEB Plan's fiduciary net position as a percentage of covered payroll

STATISTICAL SECTION
(UNAUDITED)

PORT of SAN DIEGO
Waterfront of Opportunity

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Contents

This section of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the basic financial statements and notes to the basic financial statements shows about the District's overall financial health.

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports and underlying records for the relevant year.

Net Position – Last Ten Fiscal Years

(Expressed in thousands)

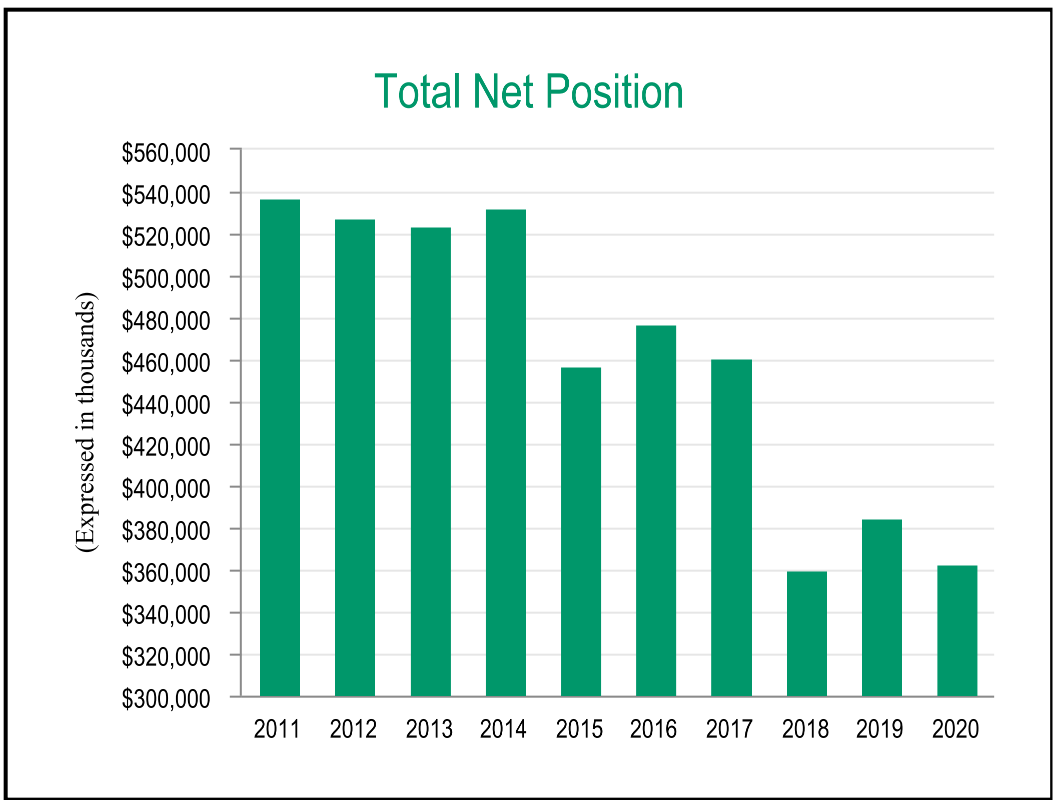
Fiscal Year	Net Investments in Capital Assets	Restricted	Unrestricted	Total Net Position
2011	439,531	19,202	78,600	537,333
2012[1]	460,701	12,872	54,211	527,784
2013[1]	474,797	3,436	45,494	523,727
2014	490,021	4,122	37,870	532,013
2015[2]	507,624	4,787	(55,020)	457,391
2016	504,229	7,357	(34,217)	477,369
2017[3]	502,478	8,326	(49,488)	461,316
2018[4]	515,619	8,866	(164,735)	359,750
2019	551,520	13,865	(180,247)	385,138
2020	560,087	8,506	(205,429)	363,164

[1]In 2014, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities,* by restating the financial statements for 2012 and 2013. The restatement reflects the District's expensing of unamortized bond issue costs.

[2]In 2015, the District's unrestricted net position was ($55.0) million which includes a restatement of net position of $83.7 million due to the implementation of GASB Statement No. 68.

[3]In 2017, the District's unrestricted net position was ($49.5) million including a $24.7 million increase from an accounting adjustment for pension expense in accordance with GASB Statement No. 68 and a restatement of $1.7 million for GASB Statement No. 73.

[4]In 2018, the District's unrestricted net position was ($164.7) million which includes a restatement of net position of $92.4 million due to the implementation of GASB Statement No. 75.



Changes in Net Position – Last Ten Fiscal Years

(Expressed in thousands)

	2011	2012[1]	2013[1]	2014	2015[2]	2016	2017[3]	2018[4]	2019	2020
Operating revenues:										
Real Estate	$ 80,904	$ 79,782	$ 82,604	$ 89,282	$ 95,940	$ 102,747	$ 96,430	$ 97,720	$ 107,234	$ 92,134
Port as a Service	—	—	—	—	—	—	15,227	16,583	17,058	13,338
Maritime	34,033	33,090	33,469	34,480	35,265	37,365	39,214	39,304	38,650	37,760
Harbor Police	13,190	15,639	15,313	17,203	14,729	16,835	16,085	16,192	17,069	16,159
Other operating revenues	3,240	2,225	3,884	4,807	3,631	3,340	3,409	3,094	3,820	3,106
Total operating revenues	131,367	130,736	135,270	145,772	149,565	160,287	170,365	172,893	183,831	162,497
Operating expenses:										
Direct expenses:										
Real Estate	26,512	34,656	33,186	31,280	27,782	27,623	26,400	28,609	28,787	31,773
Port as a Service	—	—	—	—	—	—	6,184	6,193	5,267	4,522
Maritime	19,031	20,612	20,448	21,573	18,002	18,334	17,208	17,557	17,401	17,829
Harbor Police	35,407	31,458	33,756	32,623	31,081	35,007	39,201	40,128	40,331	43,619
Other operating expenses	1,830	75	1,123	5,151	9,685	8,267	35,858	37,743	29,359	22,490
Depreciation and amortization	19,267	19,096	18,935	19,597	21,218	22,721	23,447	23,686	26,412	27,551
General and administrative expenses	31,357	34,600	35,951	30,729	31,561	33,949	40,040	44,118	48,469	46,396
Total operating expenses	133,404	140,497	143,399	140,953	139,329	145,901	188,338	198,034	196,026	194,181
Income/(loss) from operations	(2,037)	(9,761)	(8,129)	4,819	10,236	14,386	(17,973)	(25,141)	(12,195)	(31,684)
Nonoperating revenues/(expenses):										
Interest income	1,678	1,127	627	694	700	759	1,346	1,875	2,932	2,744
Settlement income (expense)	2,623	5	6	356	593	1,425	1,925	5,928	602	(8,391)
Net inc/(dec) in the fair value of invest.	(392)	(349)	(206)	166	(37)	92	(389)	(136)	761	(42)
Interest expense	(4,564)	(4,396)	(4,206)	(3,998)	(3,816)	(3,518)	(3,398)	(3,162)	(2,911)	(2,697)
Financial assistance other	(2,163)	(3,330)	—	—	—	(10)	(579)	(122)	(50)	(772)
Convention Center expansion support	(4,500)	(4,500)	(4,500)	(4,500)	—	—	—	—	—	—
Other nonoperating expenses	(205)	(80)	(78)	(96)	(11,706)	(433)	(782)	(56)	(95)	(768)
Other nonoperating revenues	4,741	4,007	986	1,281	8,359	5,615	3,085	2,947	8,176	9,904
Nonoperating income/(loss)	(2,782)	(7,516)	(7,371)	(6,097)	(5,907)	3,930	1,208	7,274	9,415	(23)
Capital grants and contributions	2,930	8,339	11,443	9,564	4,781	1,662	2,458	8,685	28,168	9,733
Change in net position	(1,889)	(8,938)	(4,057)	8,286	9,110	19,978	(14,307)	(9,182)	25,388	(21,974)
Beginning net position	539,222	537,333	527,784	523,727	532,013	457,391	477,369	461,316	359,750	385,138
Restatement	—	(611)	—	—	(83,732)	—	(1,746)	(92,384)	—	—
Ending net position	$ 537,333	$ 527,784	$523,727	$ 532,013	$ 457,391	$ 477,369	$ 461,316	$ 359,750	$ 385,138	$ 363,164

[1]In 2014, the District implemented GASB Statement No. 65*, Items Previously Reported as Assets and Liabilities,* by restating the financial statements for 2012 and 2013. The restatement reflects the District's expensing of unamortized bond issue costs.

[2]In 2015, the District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27,* with new pension reporting requirements for employers. The implementation of GASB 68 restates the net position to give retroactive effect.

[3]In 2017, the District implemented GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.* The implementation of GASB 73 restates the net position to give retroactive effect. Other operating expenses includes a $24.7 million increase from an accounting adjustment for pension expense in accordance with GASB Statement No. 68.

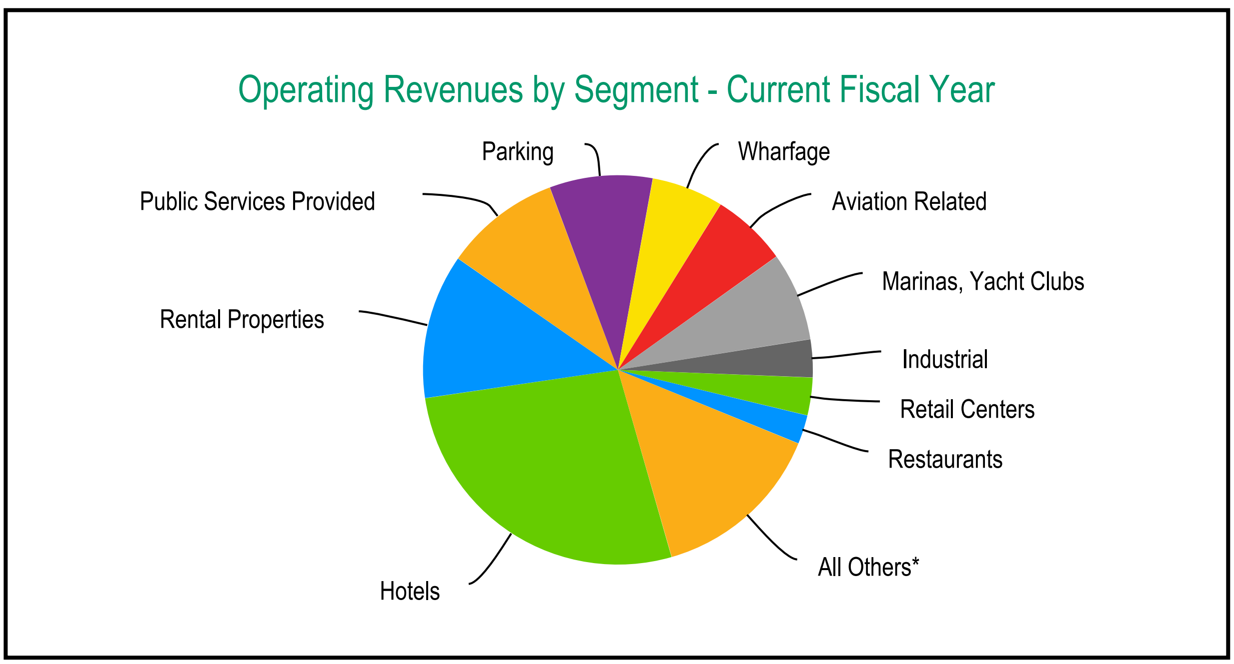
[4]In 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other Than Pensions,* which replaces the requirements under GASB Statement No. 45 and improves accounting and financial reporting for Other Postemployment Benefits (OPEB). The implementation of GASB 75 restates the net position to give retroactive effect.

Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hotels[1]	$ 30,866	$ 32,824	$ 33,667	$ 37,700	$ 40,739	$ 45,198	$ 53,818	$ 54,505	$ 57,154	$ 44,085
Rental Properties	15,585	15,439	16,191	17,101	16,900	18,321	20,961	19,646	19,282	19,526
Public Services Provided[2]	12,130	14,200	13,922	15,309	13,427	15,610	15,534	15,712	16,515	15,635
Parking	7,303	7,532	8,598	10,082	12,151	13,431	13,806	14,937	17,394	13,907
Wharfage	9,755	10,867	11,270	11,535	12,078	12,223	11,564	11,856	10,930	9,692
Aviation Related	11,503	11,564	11,053	10,575	10,469	10,420	10,184	10,182	10,181	10,178
Marinas, Yacht Clubs[3]	8,099	8,736	9,216	8,529	9,482	10,245	11,229	11,701	12,555	11,968
Industrial	10,439	6,008	6,023	5,919	5,579	4,452	4,541	4,776	4,979	5,122
Retail Centers	3,053	3,491	3,604	3,815	3,928	4,009	4,114	4,170	5,854	5,111
Restaurants[4]	2,560	2,316	2,326	2,888	3,097	3,332	3,568	3,647	3,864	3,888
Dockage	2,404	1,967	1,938	1,920	2,083	2,393	2,152	2,460	2,660	2,861
Passenger Fees	2,422	1,554	1,289	1,133	1,167	1,264	1,390	1,702	2,205	1,580
Citations	322	373	395	794	1,144	1,009	1,027	1,029	990	856
Passenger Security Charges	1,841	1,174	989	999	1,006	804	997	999	1,151	1,573
Piers & Floats	86	128	89	97	111	150	187	214	225	220
Grant Revenue[5]	628	873	846	959	—	—	—	—	—	—
Other	12,371	11,690	13,854	16,417	16,204	17,426	15,293	15,357	17,892	16,295
Total	$131,367	$130,736	$135,270	$145,772	$149,565	$160,287	$170,365	$172,893	$183,831	$162,497

[1]All hotel leases include restaurants and six hotel leases include marinas.
[2]Includes police services to San Diego County Regional Airport Authority (SDCRAA).
[3]Not included are marinas under hotel operations or under a restaurant lease.
[4]The District has nine direct restaurant agreements, not included are restaurants in hotels, marinas, and retail centers.
[5]Grant revenue was reclassified to nonoperating revenue in fiscal year 2015.



*All Others segment includes Dockage, Passenger Fees, Citations, Passenger Security Charges, Piers & Floats, Miscellaneous Operating Revenue, and Other Operating Revenues from Real Estate, Maritime, Harbor Police, and Port as a Service-Parking.

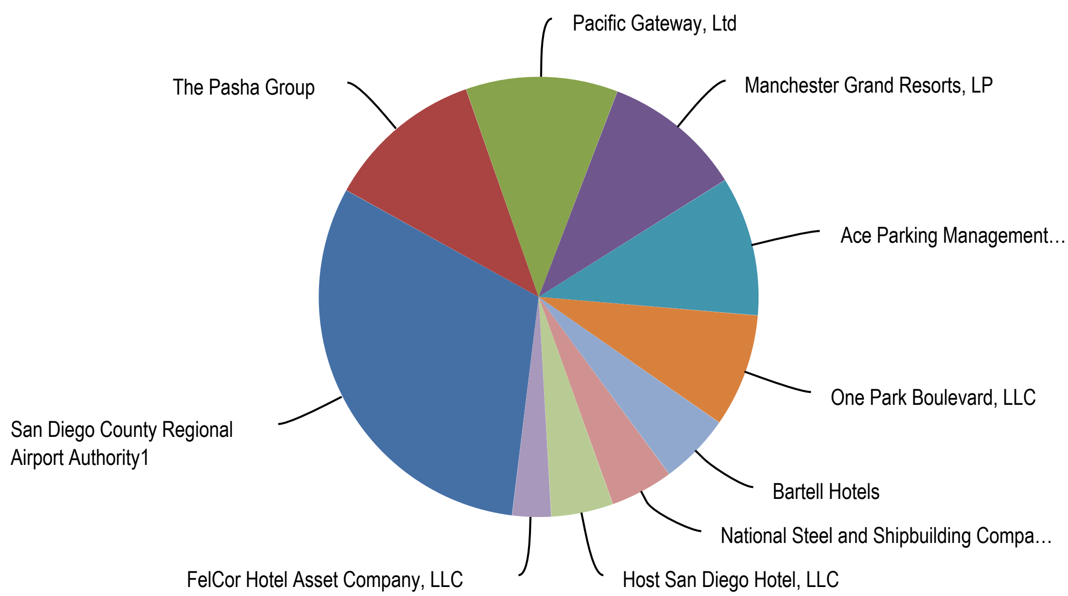
Ten Largest Customers – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Customer	2011	%	Customer	2020	%
San Diego County Regional Airport Authority[1]	$ 24,516	18.7 %	San Diego County Regional Airport Authority[1]	$ 28,205	17.4 %
Manchester Grand Resorts, LP	9,384	7.1 %	The Pasha Group	10,503	6.5 %
The Pasha Group	7,715	5.9 %	Pacific Gateway, Ltd	10,139	6.2 %
Ace Parking Management, Inc	5,931	4.5 %	Manchester Grand Resorts, LP	9,294	5.7 %
Pacific Gateway, Ltd	5,880	4.5 %	Ace Parking Management, Inc	9,293	5.7 %
Dynegy South Bay, LLC	5,394	4.1 %	One Park Boulevard, LLC	7,547	4.6 %
Host San Diego Hotel, LLC	4,543	3.5 %	Bartell Hotels	4,731	2.9 %
National Steel and Shipbuilding Company	3,109	2.4 %	National Steel and Shipbuilding Company	4,201	2.6 %
Bartell Hotels	2,897	2.2 %	Host San Diego Hotel, LLC	4,138	2.5 %
Holland America Group	2,610	2.0 %	FelCor Hotel Asset Company, LLC	2,582	1.6 %
Total Ten Largest Customers	71,979	54.8 %	Total Ten Largest Customers	90,633	55.8 %
Other	59,387	45.2 %	Other	71,864	44.2 %
Total Operating Revenues	$ 131,366	100.0 %	Total Operating Revenues	$ 162,497	100.0 %

[1]Includes reimbursements for airport police services.

Ten Largest Customers - Current Fiscal Year



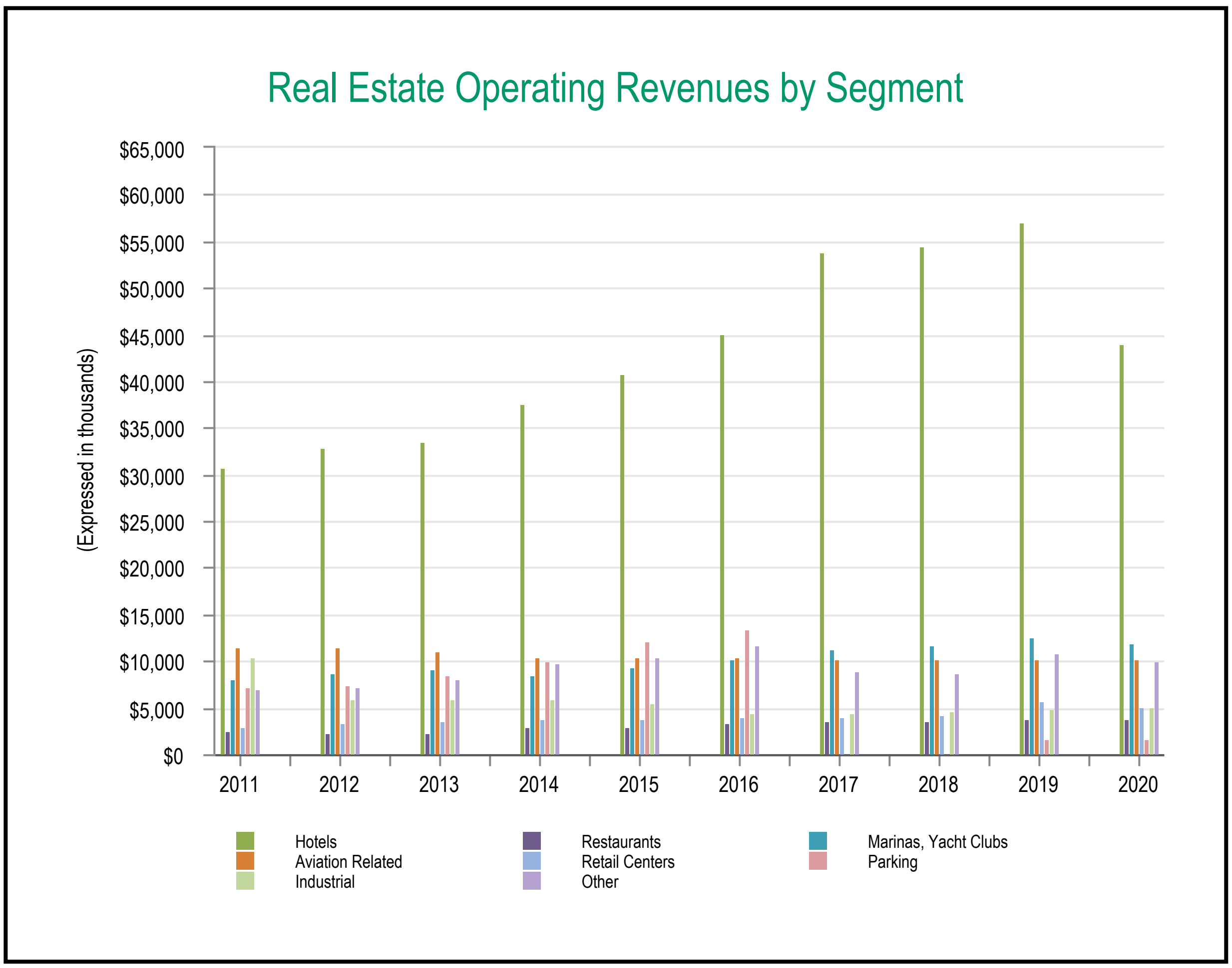
[1]Includes reimbursements for airport police services.

Real Estate Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Hotels[1]	$ 30,866	$ 32,824	$ 33,667	$ 37,700	$ 40,739	$ 45,198	$ 53,818	$ 54,505	$ 57,154	$ 44,085
Restaurants[2]	2,560	2,316	2,326	2,888	3,097	3,332	3,568	3,647	3,864	3,888
Marinas, Yacht Clubs[3]	8,099	8,736	9,216	8,529	9,482	10,245	11,229	11,701	12,555	11,968
Aviation Related	11,503	11,564	11,053	10,575	10,469	10,420	10,184	10,182	10,181	10,178
Retail Centers	3,053	3,491	3,604	3,815	3,928	4,009	4,114	4,170	5,854	5,111
Parking[4]	7,303	7,532	8,598	10,082	12,151	13,431	—	—	1,640	1,742
Industrial	10,439	6,008	6,023	5,919	5,579	4,452	4,541	4,776	4,979	5,122
Other	7,081	7,311	8,117	9,774	10,495	11,660	8,976	8,739	11,007	10,040
Total	$ 80,904	$ 79,782	$ 82,604	$ 89,282	$ 95,940	$102,747	$ 96,430	$ 97,720	$107,234	$ 92,134

[1]All hotel leases include restaurants and six hotel leases include marinas.
[2]The District has nine direct restaurant agreements, not included are restaurants in hotels, marinas, and retail centers.
[3]Not included are marinas under hotel operations or under a restaurant lease.
[4]Parking Operations were transferred out of Real Estate and into Port as a Service in fiscal year 2017, and in fiscal year 2019 Real Estate assumed ownership of Seaport Village, which includes a parking component.

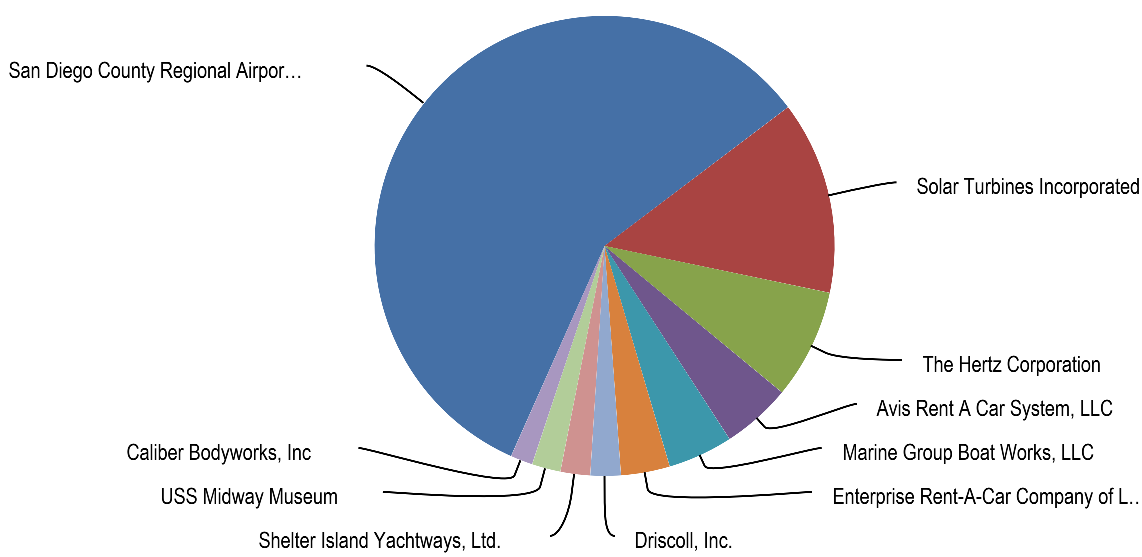


Real Estate Ten Largest Fixed Rent Tenants –
Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2011	%	Tenant	2020	%
San Diego County Regional Airport Authority	$ 11,341	43.6 %	San Diego County Regional Airport Authority	$ 10,177	50.5 %
Dynegy South Bay, LLC	5,088	19.6 %	Solar Turbines Incorporated	2,382	11.8 %
Solar Turbines Incorporated	1,938	7.4 %	The Hertz Corporation	1,355	6.7 %
The Hertz Corporation	1,180	4.5 %	Avis Rent A Car System, LLC	852	4.2 %
Enterprise Rent-A-Car Company of LA, LLC	871	3.3 %	Marine Group Boat Works, LLC	801	4.0 %
Avis Rent A Car System, LLC	760	2.9 %	Enterprise Rent-A-Car Company of LA, LLC	602	3.0 %
Marine Group Boat Works, LLC	652	2.5 %	Driscoll, Inc.	376	1.9 %
Newport Beach Sales & Leasing, Inc.	537	2.1 %	Shelter Island Yachtways, Ltd.	364	1.8 %
Driscoll, Inc.	311	1.2 %	USS Midway Museum	356	1.8 %
Shelter Island Yachtways, Ltd.	275	1.1 %	Caliber Bodyworks, Inc	272	1.4 %
Total Ten Largest Fixed Rent Tenants	22,953	88.2 %	Total Ten Largest Fixed Rent Tenants	17,537	87.1 %
Other Fixed Rent	3,063	11.8 %	Other Fixed Rent	2,607	12.9 %
Total Real Estate Fixed Rent	$ 26,016	100.0 %	Total Real Estate Fixed Rent	$ 20,144	100.0 %

Real Estate Ten Largest Fixed Rent Tenants - Current Fiscal Year

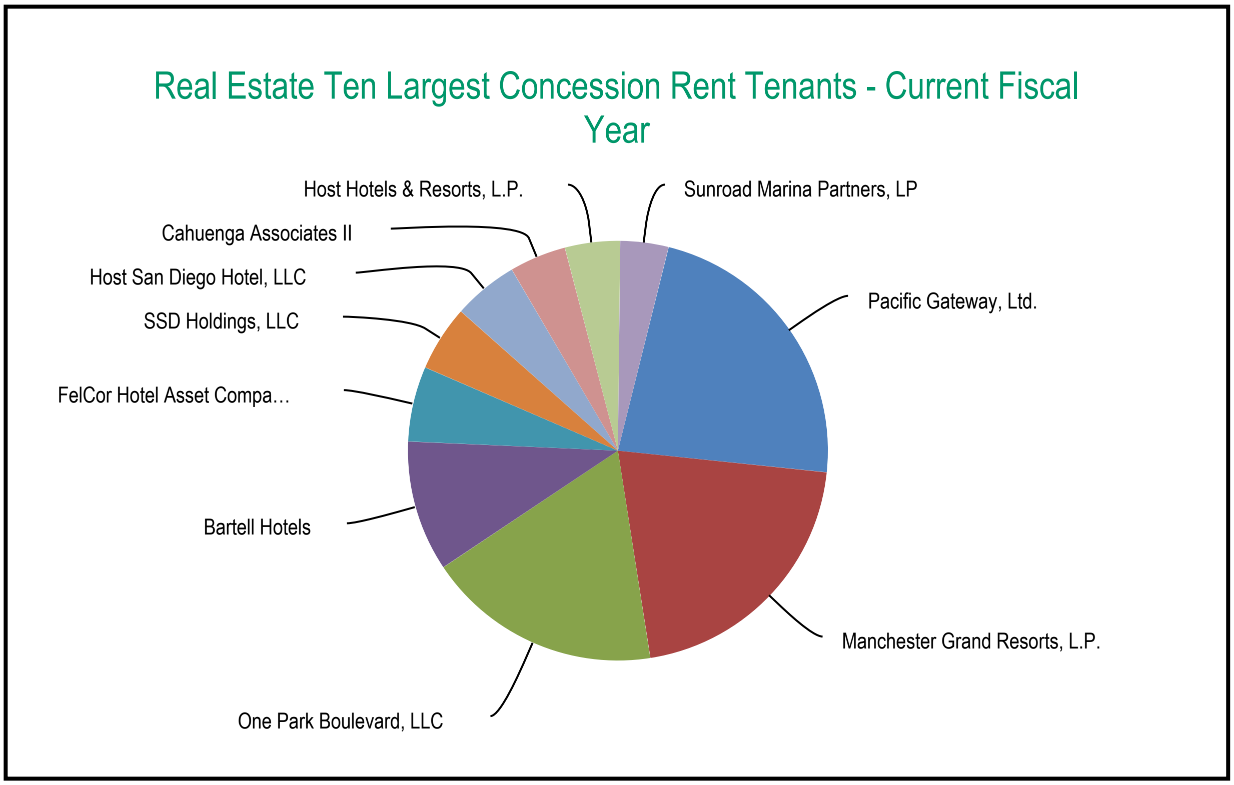


Real Estate Ten Largest Concession Rent Tenants -
Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2011	%
Manchester Grand Resorts, L.P.	$ 9,379	19.8 %
Pacific Gateway, Ltd.	7,845	16.6 %
Host San Diego Hotel, LLC	4,542	9.6 %
One Park Boulevard, LLC	3,290	7.0 %
Bartell Hotels	2,867	6.1 %
FelCor Hotel Asset Company, LLC	2,089	4.4 %
Seaport Village Operating Co., LLC	1,933	4.1 %
Cahuenga Associates II	1,146	2.4 %
Sunroad Marina Partners, LP	1,102	2.3 %
Chula Vista Marina/RV Park, Ltd.	1,064	2.3 %
Total Ten Largest Concession Rent Tenants	35,257	74.6 %
Other Concession Rent	12,001	25.4 %
Total Real Estate Concession Rent	$ 47,258	100.0 %

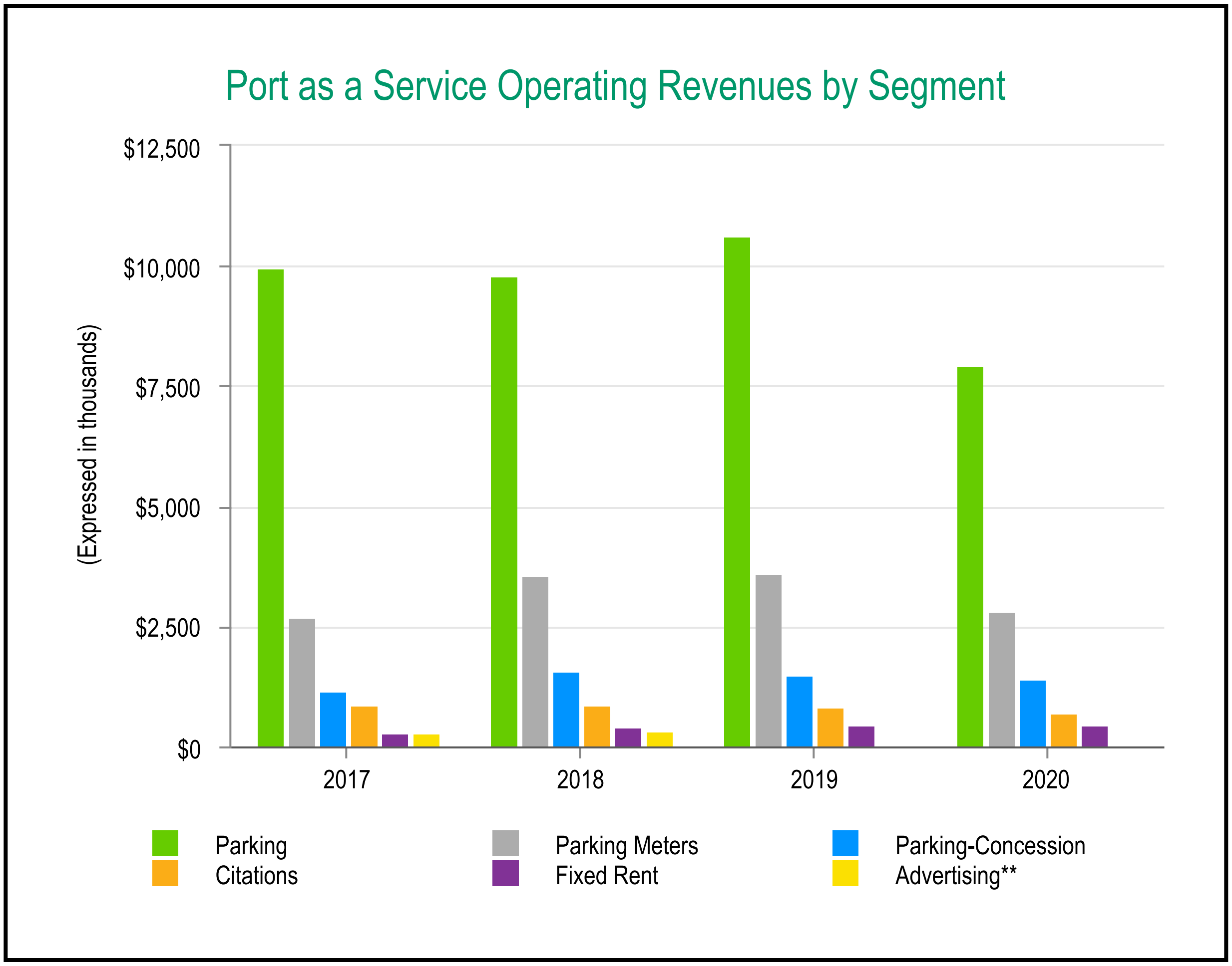
Tenant	2020	%
Pacific Gateway, Ltd.	$ 10,132	14.9 %
Manchester Grand Resorts, L.P.	9,288	13.7 %
One Park Boulevard, LLC	8,051	11.9 %
Bartell Hotels	4,483	6.6 %
FelCor Hotel Asset Company, LLC	2,582	3.8 %
SSD Holdings, LLC	2,253	3.3 %
Host San Diego Hotel, LLC	2,226	3.3 %
Cahuenga Associates II	1,944	2.9 %
Host Hotels & Resorts, L.P.	1,886	2.8 %
Sunroad Marina Partners, LP	1,652	2.4 %
Total Ten Largest Concession Rent Tenants	44,497	65.5 %
Other Concession Rent	23,422	34.5 %
Total Real Estate Concession Rent	$ 67,919	100.0 %



Port as a Service Operating Revenues by Segment – Last Ten Fiscal Years*

(Expressed in thousands)

Segment	2017	2018	2019	2020
Parking	$ 9,960	$ 9,796	$ 10,648	$ 7,940
Parking Meters	2,692	3,556	3,598	2,815
Parking-Concession	1,154	1,585	1,508	1,410
Citations	852	892	849	721
Fixed Rent	284	419	455	452
Advertising**	286	334	—	—
Total	$ 15,228	$ 16,582	$ 17,058	$ 13,338

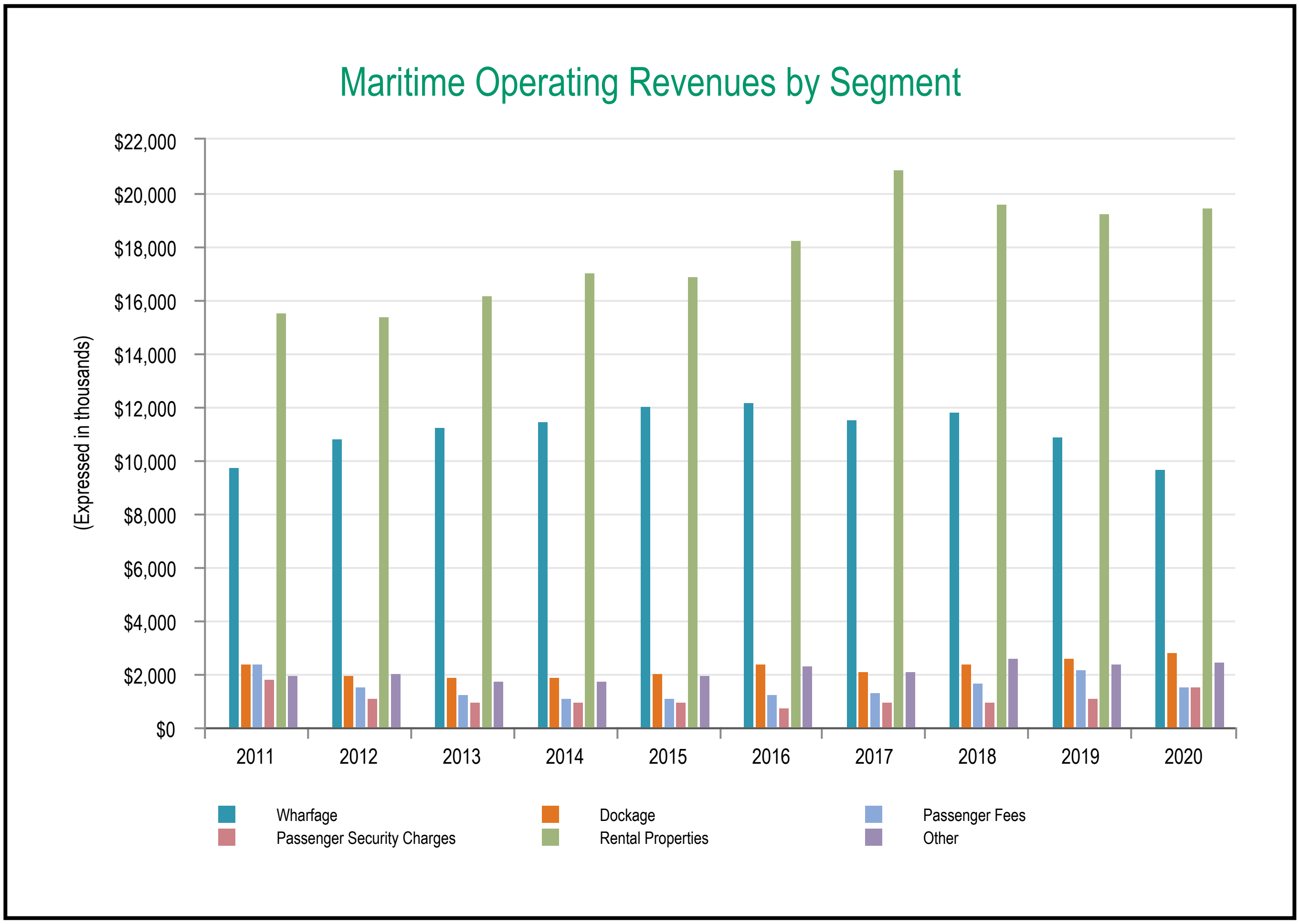


*Fiscal year 2017 was the first year of Port as a Service; therefore only actual years are shown
**Advertising budget moved to Real Estate in fiscal year 2019

Maritime Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wharfage	$ 9,755	$10,867	$11,270	$11,535	$12,078	$12,223	$11,564	$11,856	$10,930	$ 9,692
Dockage	2,404	1,967	1,938	1,920	2,083	2,393	2,152	2,460	2,660	2,861
Passenger Fees	2,422	1,554	1,289	1,133	1,167	1,264	1,390	1,702	2,205	1,580
Passenger Security Charges	1,841	1,174	989	999	1,006	804	997	999	1,151	1,573
Rental Properties	15,585	15,439	16,191	17,101	16,900	18,321	20,961	19,646	19,282	19,526
Other	2,026	2,089	1,792	1,792	2,031	2,361	2,151	2,641	2,422	2,528
Total	$34,033	$33,090	$33,469	$34,480	$35,265	$37,366	$39,215	$39,304	$38,650	$37,760



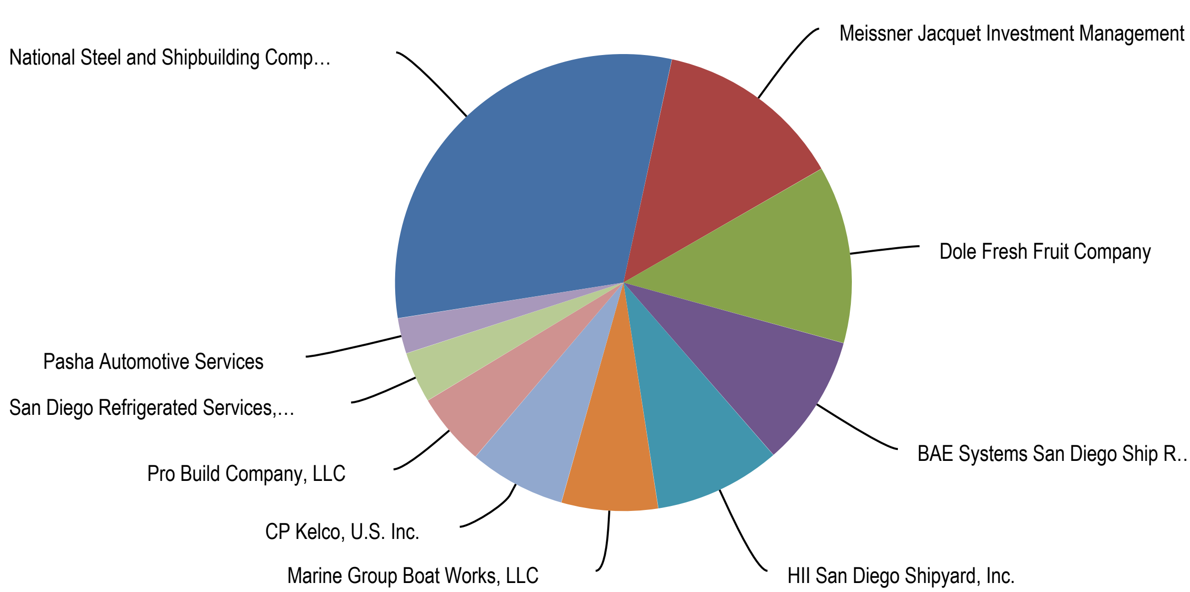
Maritime Ten Largest Fixed Rent Tenants – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2011	%
National Steel and Shipbuilding Company	$ 3,073	21.4 %
Meissner Jacquet Investment Management	2,542	17.7 %
Dole Fresh Fruit Company	1,650	11.5 %
Continental Maritime of San Diego	959	6.7 %
BAE Systems San Diego Ship Repair	846	5.9 %
Dixieline Lumber Company	777	5.4 %
CP Kelco, U.S. Inc.	760	5.3 %
Knight & Carver Yachtcenter, Inc.	675	4.7 %
Cemex Construction Materials Pacific	497	3.5 %
Weyerhaeuser Company	334	2.3 %
Total Ten Largest Fixed Rent Tenants	12,113	84.2 %
Other Fixed Rent	2,278	15.8 %
Total Maritime Fixed Rent	$ 14,391	100.0 %

Tenant	2020	%
National Steel and Shipbuilding Company	$ 4,198	26.7 %
Meissner Jacquet Investment Management	1,805	11.5 %
Dole Fresh Fruit Company	1,708	10.8 %
BAE Systems San Diego Ship Repair	1,267	8.1 %
HII San Diego Shipyard, Inc.	1,218	7.7 %
Marine Group Boat Works, LLC	927	5.9 %
CP Kelco, U.S. Inc.	927	5.9 %
Pro Build Company, LLC	700	4.5 %
San Diego Refrigerated Services, Inc.	490	3.1 %
Pasha Automotive Services	342	2.2 %
Total Ten Largest Fixed Rent Tenants	13,582	86.4 %
Other Fixed Rent	2,132	13.6 %
Total Maritime Fixed Rent	$ 15,714	100.0 %

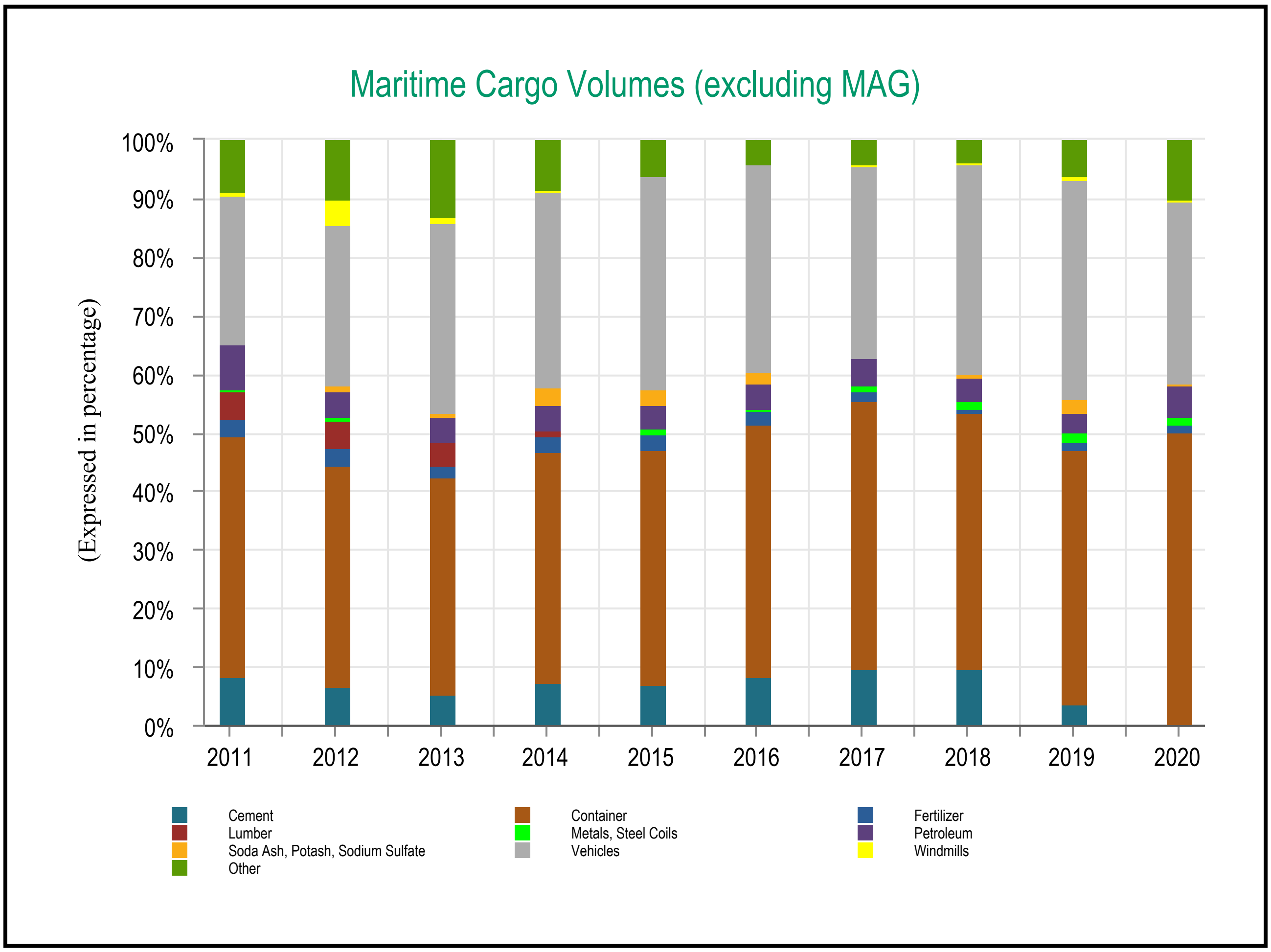
Maritime Ten Largest Fixed Rent Tenants - Current Fiscal Year



Maritime Cargo Volumes – Last Ten Fiscal Years

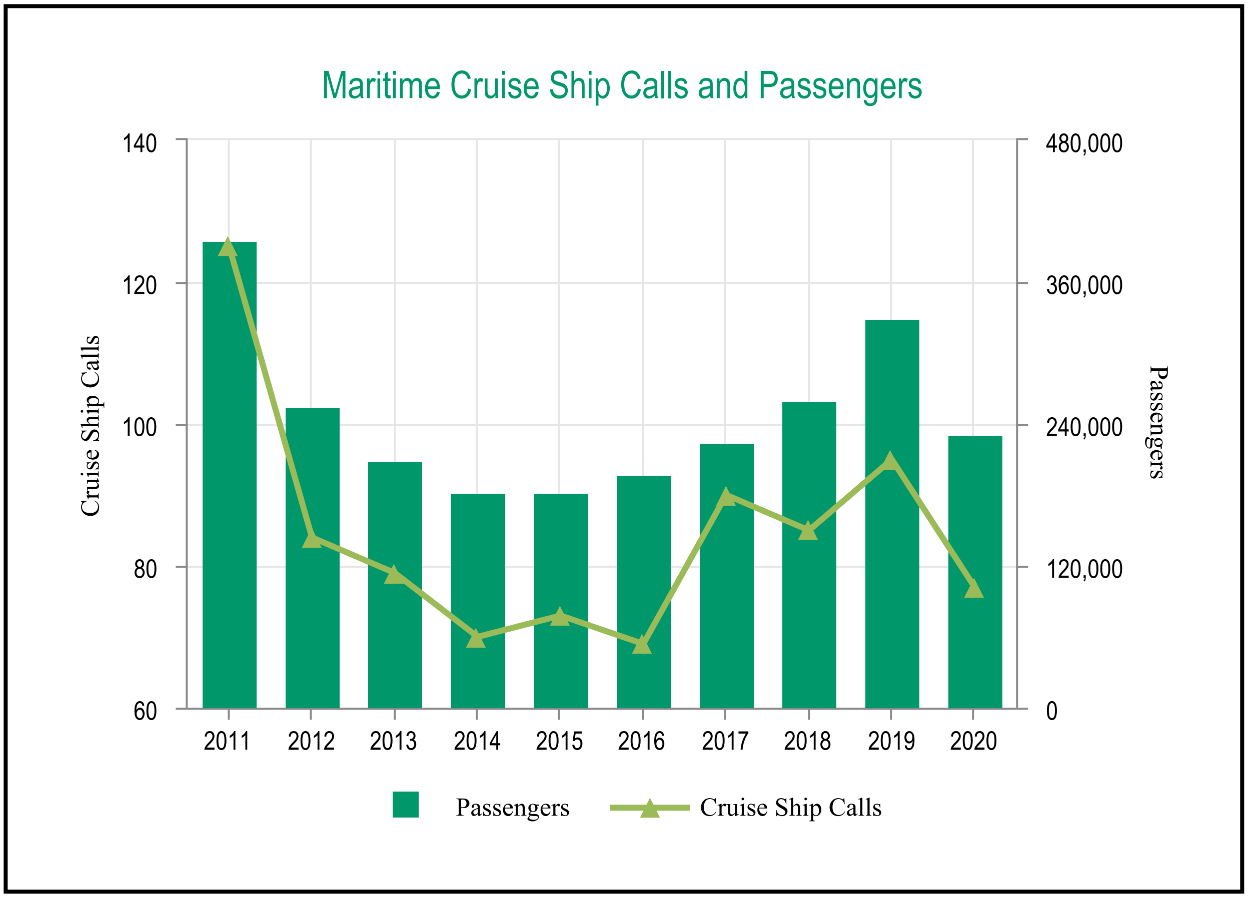
(Expressed in metric tons)

Cargo	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Cement	122,233	115,962	88,618	121,218	123,646	158,709	176,772	181,708	73,096	—
Container	617,289	640,586	621,921	660,586	717,085	823,560	847,906	828,603	868,228	918,060
Fertilizer	41,494	50,917	36,503	41,304	50,279	42,244	29,175	18,333	28,519	21,736
Lumber	72,645	77,188	65,344	17,701	—	—	—	—	—	—
Metals, Steel Coils	6,732	9,849	43	—	13,253	6,811	19,604	23,217	36,911	26,049
Petroleum	111,078	75,806	71,822	74,003	71,582	84,044	86,919	75,990	66,418	100,000
Soda Ash, Potash, Sodium Sulfate	—	14,928	10,897	51,570	49,589	36,359	—	9,257	42,732	5,000
Vehicles	379,821	468,786	545,001	556,954	649,725	670,847	601,246	680,598	750,683	570,728
Windmills	10,763	68,541	15,360	3,942	627	37	8,235	7,201	13,688	3,840
Other	129,487	172,800	219,577	140,966	106,759	79,333	72,244	68,917	122,497	182,961
Total Cargo	1,491,542	1,695,363	1,675,086	1,668,244	1,782,545	1,901,944	1,842,101	1,893,824	2,002,772	1,828,374
Minimum Annual Guarantee (MAG)	1,338,920	1,224,974	1,007,575	996,412	953,280	971,669	947,903	1,116,645	624,811	420,466
Total Cargo with MAG	2,830,462	2,920,337	2,682,661	2,664,656	2,735,825	2,873,613	2,790,004	3,010,469	2,627,583	2,248,840



Maritime Cruise Ship Calls and Passengers – Last Ten Fiscal Years

Fiscal Year	Cruise Ship Calls	Passengers
2011	125	396,018
2012	84	254,774
2013	79	208,812
2014	70	182,693
2015	73	183,136
2016	69	198,399
2017	90	224,453
2018	85	259,937
2019	95	330,073
2020	77	230,941

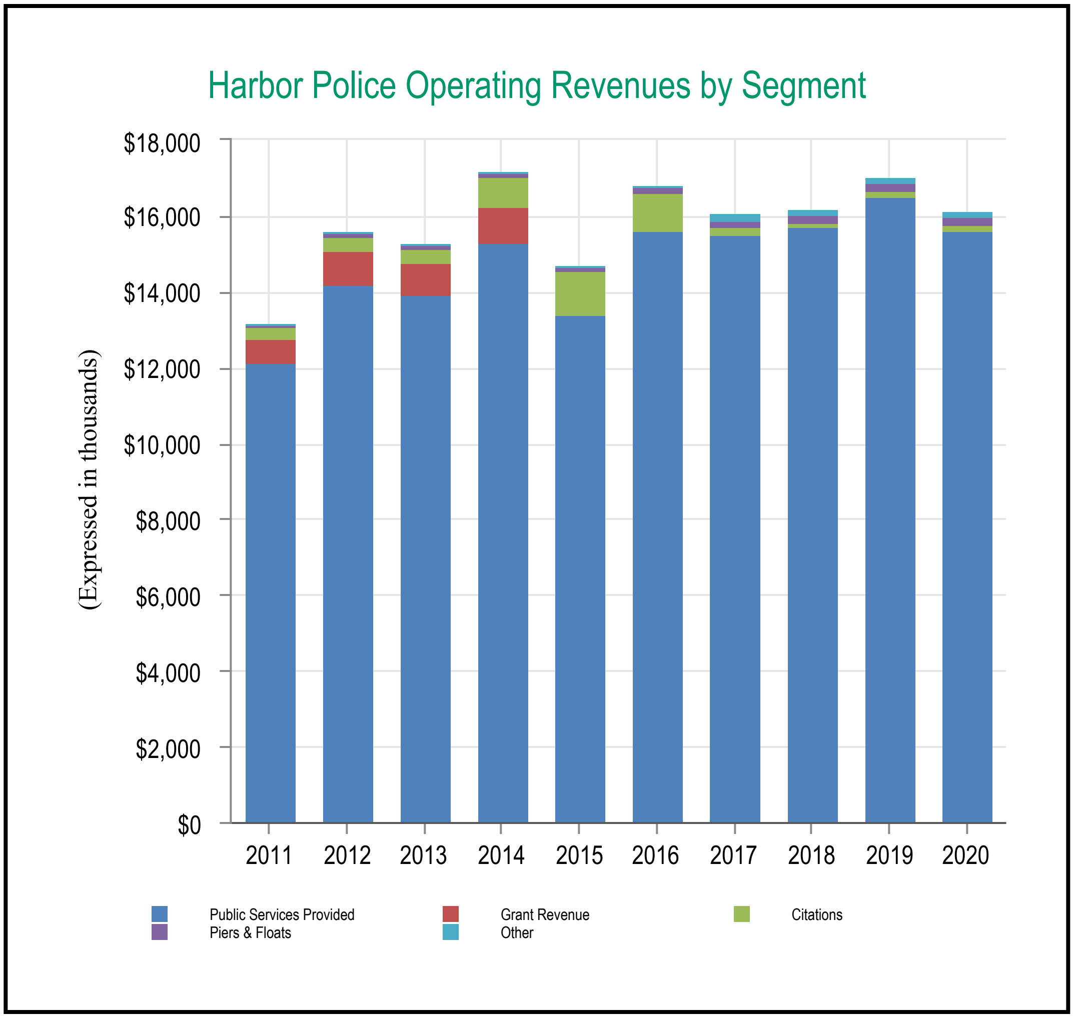


Harbor Police Operating Revenues by Segment - Last Ten Fiscal Years

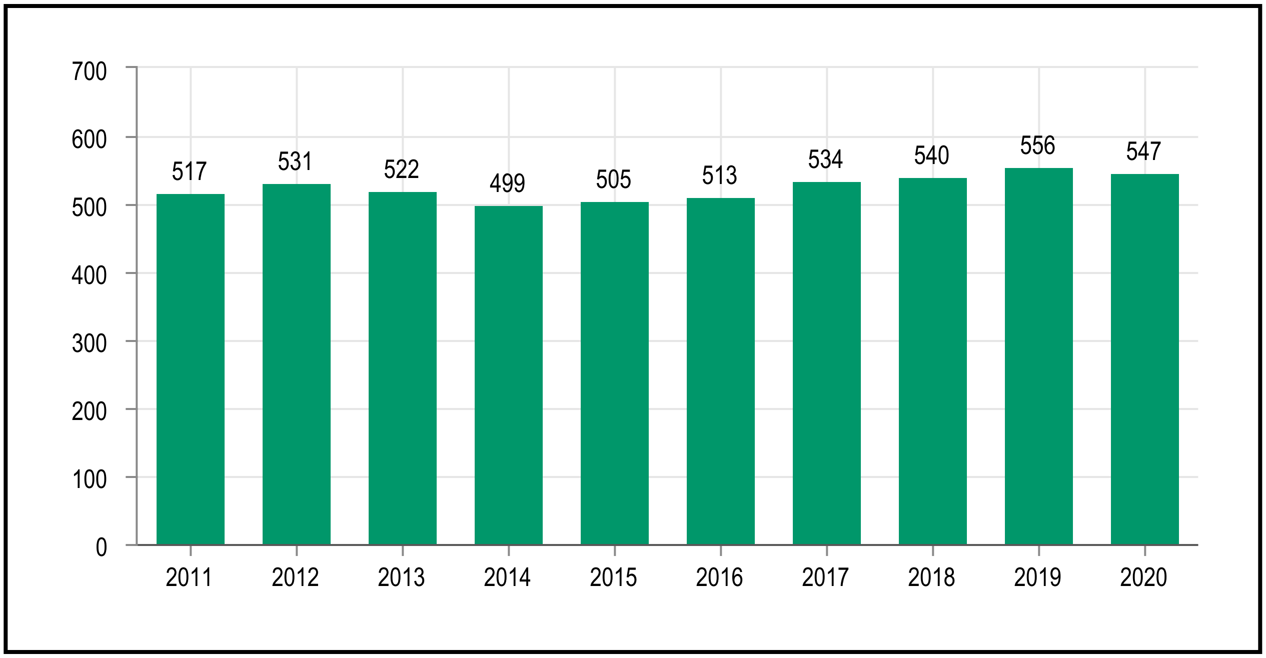
(Expressed in thousands)

Segment	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Services Provided[1]	$ 12,130	$ 14,200	$ 13,922	$ 15,309	$ 13,427	$ 15,610	$ 15,534	$ 15,712	$ 16,515	$ 15,635
Grant Revenue[2]	628	873	846	959	—	—	—	—	—	—
Citations[3]	322	373	395	794	1,144	1,009	175	137	141	135
Piers & Floats	86	128	89	97	111	150	187	214	225	220
Other	24	65	61	44	47	66	189	129	188	169
Total	$ 13,190	$ 15,639	$ 15,313	$ 17,203	$ 14,729	$ 16,835	$ 16,085	$ 16,192	$ 17,069	$ 16,159

[1]Police services provided to SDCRAA (excluding G&A cost reimbursements).
[2]Grant revenue was reclassified to nonoperating revenues in fiscal year 2015.
[3]Parking Citations were moved to Port as a Service in fiscal year 2017.



District Employee Headcount – Last Ten Fiscal Years



This chart reflects the number of regular full-time employees at June 30th of each fiscal year.

Capital Assets – Current Fiscal Year

Total Land and Water	
District's Jurisdiction:	
Land - Estimated (in acres)	2,614
Water - Estimated (in acres)	11,516
Leased Area:	
Leased Land - Estimated (in square feet)	76,283,532
Leased Water- Estimated (in square feet)	31,956,473
Leased Buildings - Estimated (in square feet)	5,955,776
Leased Piers - Estimated (in square feet)	126,217
Public Safety	
Stations	1
Sub-stations	3
Parks	
Number of Parks	22
Total Acreage	148
Parking (number of short-term and long-term spaces)	
Navy Pier	388
B Street Pier	232
Hilton Garage	1,834
Convention Center Garage	1,859
Imperial Beach	71
Metered (throughout District)	860
Pay Stations (Spanish Landing)	411
Unmetered (throughout District)	2,612
Tenant Operated (TUOPs) (long-term spaces):	
Harbor Island Lot	620
Pacific Highway Corridor Lots	581
Cargo Terminals	
Number of Cargo Terminals	2
National City Marine Terminal:	
Size (in acres)	125
Number of Berths	7
Wharf (in linear feet)	4,925
Warehouse Capacity (in square feet)	325,761
Tenth Avenue Marine Terminal:	
Size (in acres)	96
Number of Berths	8
Wharf (in linear feet)	4,347
Storage Facilities:	
Cold Storage (in million cubic feet)	6
Warehouse Capacity (in square feet)	400,000
Cruise Terminals	
Number of Cruise Terminals	2
B Street Cruise Ship Terminal:	
Size (in acres)	9.1
Wharf (in linear feet)	2,400
Number of Berths	5
Broadway Pier Cruise Ship Terminal:	
Size (in acres)	3.1
Wharf (in linear feet)	2,135
Number of Berths	5

Debt Service Coverage – Last Ten Fiscal Years

(Expressed in thousands)

Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Pledged Revenues[1]	$ 133,350	$ 133,385	$ 132,702	$ 145,141	$ 152,377	$ 163,551	$ 174,623	$ 181,457	$ 189,659	$ 165,809
Operating and Maintenance Expenses[2]	(108,826)	(114,155)	(115,988)	(114,368)	(120,774)	(124,741)	(141,377)	(149,860)	(156,972)	(157,701)
Net Pledged Revenues - Senior Debt	$ 24,524	$ 19,230	$ 16,714	$ 30,773	$ 31,603	$ 38,810	$ 33,246	$ 31,597	$ 32,687	$ 8,108
Senior Debt Service[3]										
Principal	$ 1,360	$ 1,420	$ 1,490	$ 1,840	$ 1,650	$ 1,725	$ 1,795	$ 1,880	$ 1,980	$ 2,040
Interest	2,105	2,010	1,949	1,822	1,729	1,630	1,559	1,464	1,396	1,290
Total Senior Debt Service	$ 3,465	$ 3,430	$ 3,439	$ 3,662	$ 3,379	$ 3,355	$ 3,354	$ 3,344	$ 3,376	$ 3,330
Senior Debt Coverage Ratio	**7.08**	**5.61**	**4.86**	**8.40**	**9.35**	**11.57**	**9.91**	**9.45**	**9.68**	**2.43**

[1]Pledged Revenues are calculated pursuant to the first and second supplemental indentures for Series 2004 and Series 2013 Revenue Bonds.
[2]Operating and Maintenance Expenses are calculated pursuant to the first and second supplemental indentures for Series 2004 and Series 2013 Revenue Bonds.
[3]Senior Debt Service is calculated pursuant to the first and second supplemental indentures for Series 2004 and Series 2013 Revenue Bonds.

Ratios of Outstanding Debt by Type – Last Ten Fiscal Years

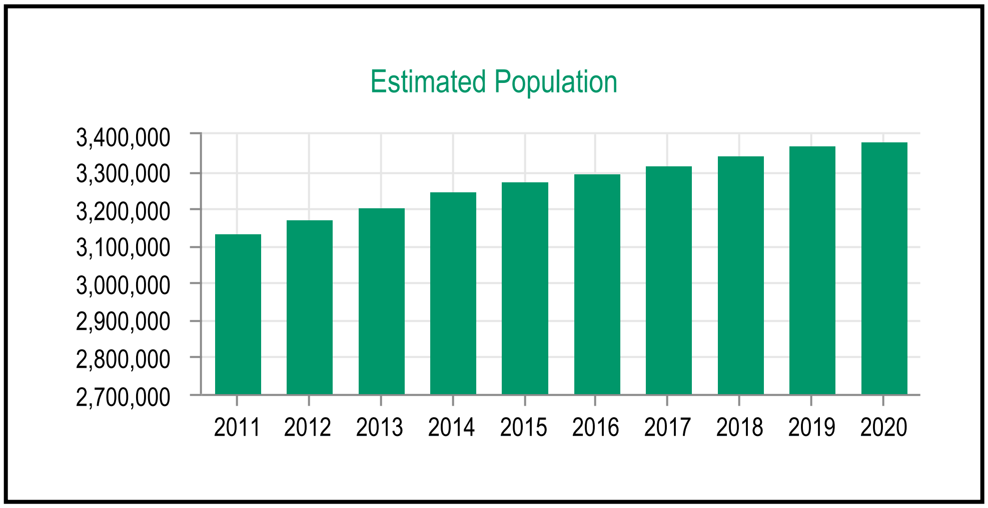
(Expressed in thousands)

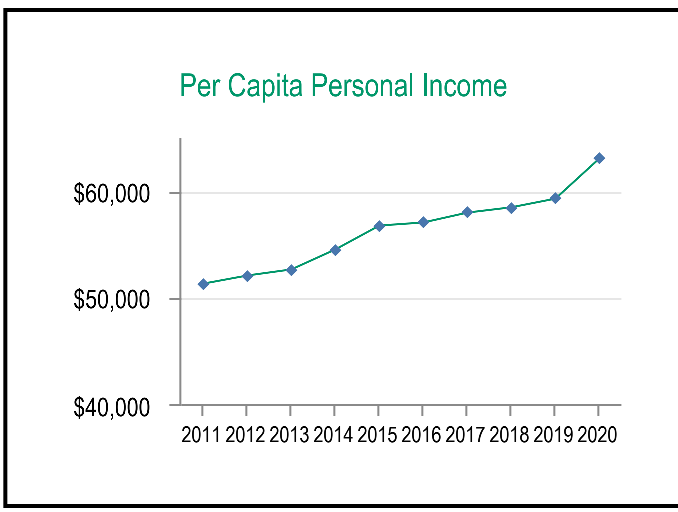
Year	Revenue Bonds	Notes[1]	Capital Leases	Total Debt	Percent of Personal Income[2]	Per Capita[2]
2011	$ 43,468	$ 44,610	$ 1,931	$ 90,009	0.06%	$ 29
2012	41,909	42,914	1,273	86,096	0.05%	27
2013	40,293	45,474	646	86,413	0.05%	27
2014	39,061	48,243	—	87,304	0.05%	27
2015	37,156	46,033	—	83,189	0.04%	26
2016	35,153	40,344	—	75,497	0.04%	23
2017	33,067	37,953	—	71,020	0.04%	22
2018	30,884	35,603	—	66,487	0.03%	20
2019	28,592	32,784	—	61,376	0.03%	18
2020	26,271	29,998	—	56,269	0.03%	17

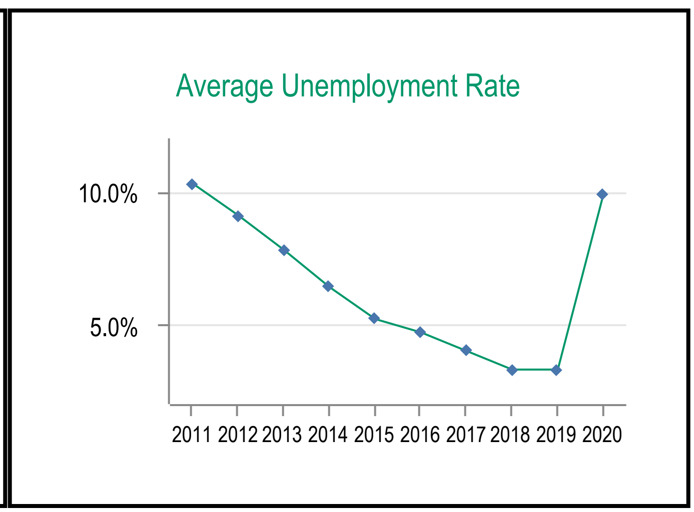
[1]Includes the San Diego County Regional Airport Authority (SDCRAA) and Civic San Diego (CSD) notes.
[2]Refer to the Demographic and Economic Statistics table for further detail on population and per capita information.

San Diego County Demographic and Economic Statistics – Last Ten Fiscal Years

Calendar Year	Estimated Population[1]	Personal Income (billions)[1]	Per Capita Personal Income[1]	Average Unemployment Rate[2,3]
2011	3,135,522	145.7	51,339	10.3%
2012	3,173,442	152.7	52,103	9.1%
2013	3,207,852	157.8	52,674	7.8%
2014	3,247,475	167.6	54,554	6.4%
2015	3,274,141	177.6	56,796	5.2%
2016	3,295,816	183.0	57,086	4.7%
2017	3,320,108	192.6	58,014	4.0%
2018	3,347,292	201.2	58,513	3.3%
2019	3,372,910	210.1	59,325	3.3%
2020	3,386,230	225.5	63,105	9.9%





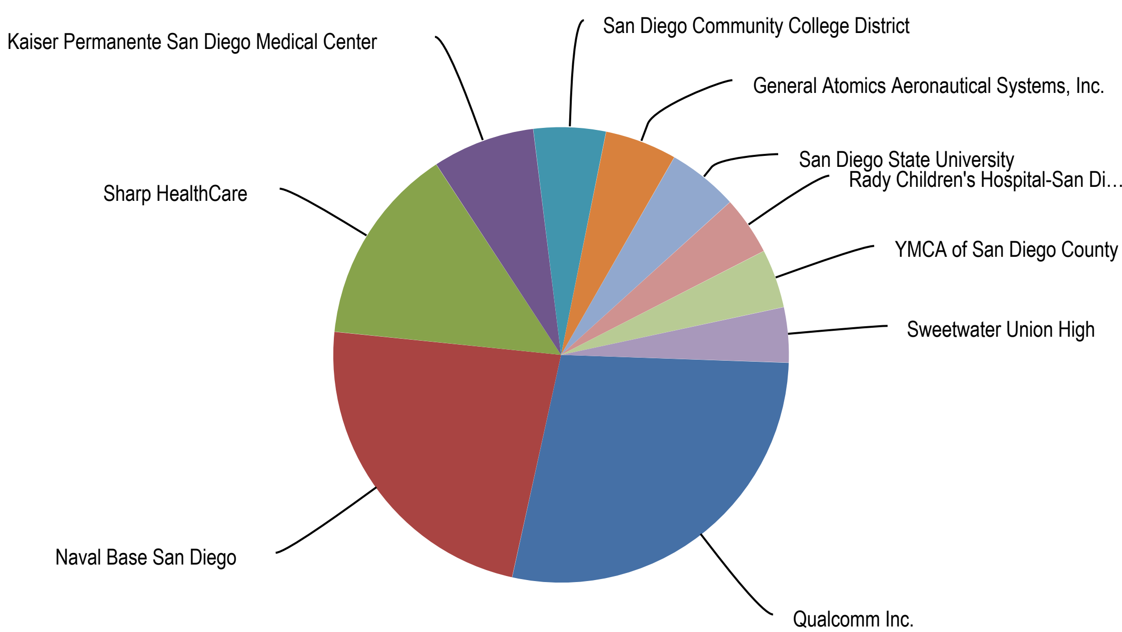


Sources:
[1]California Department of Transportation San Diego County
The 2019 and 2020 population, per capita personal income, and total personal income are estimates by the California Department of Transportation.
[2]2011-2019 California Employment Development Department (March 2019 Benchmark).
[3]2020 California Employment Development Department (San Diego-Carlsbad Metropolitan Statistical Area)

San Diego County Top Ten Principal Employers –
Current Fiscal Year and Nine Years Ago

2011				2020			
Employer	Local Employees	Rank	%	Employer	Local Employees	Rank	%
Federal Government	46,300	1	3.65%	Qualcomm Inc.	37,000	1	2.47%
State of California	45,500	2	3.59%	Naval Base San Diego	30,713	2	2.05%
University of California, San Diego	27,393	3	2.16%	Sharp HealthCare	18,770	3	1.26%
County of San Diego	15,687	4	1.24%	Kaiser Permanente San Diego Medical Center	9,630	4	0.64%
Sharp HealthCare	14,969	5	1.18%	San Diego Community College District	6,805	5	0.46%
Scripps Health	13,830	6	1.09%	General Atomics Aeronautical Systems, Inc.	6,777	6	0.45%
San Diego Unified School District	13,730	7	1.08%	San Diego State University	6,635	7	0.44%
Qualcomm Inc.	10,509	8	0.83%	Rady Children's Hospital-San Diego	5,541	8	0.37%
City of San Diego	10,211	9	0.80%	YMCA of San Diego County	5,517	9	0.37%
Kaiser Permanente San Diego	8,200	10	0.65%	Sweetwater Union High	5,199	10	0.35%
Total Industry Employment in San Diego County (Year 2011): 1,264,700				Total Industry Employment in San Diego County (Year 2020): 1,371,500			

San Diego County Top Ten Principal Employers – Current Fiscal Year



Sources:
San Diego Business Journal Book of Lists (Year 2011 – as of Aug 1, 2011 and Year 2020 – as of July 1, 2019)
Total Industry Employment - California Employment Development, Labor Market Information, March 2019 Benchmark – Years 2011 and 2020

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