PORT OF SAN DIEGO, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2024 AND 2023

PORT of SAN DIEGO

Waterfront of Opportunity

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PORT of SAN DIEGO
Waterfront of Opportunity

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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INTRODUCTORY SECTION
(UNAUDITED)

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, Promise, and Core Values

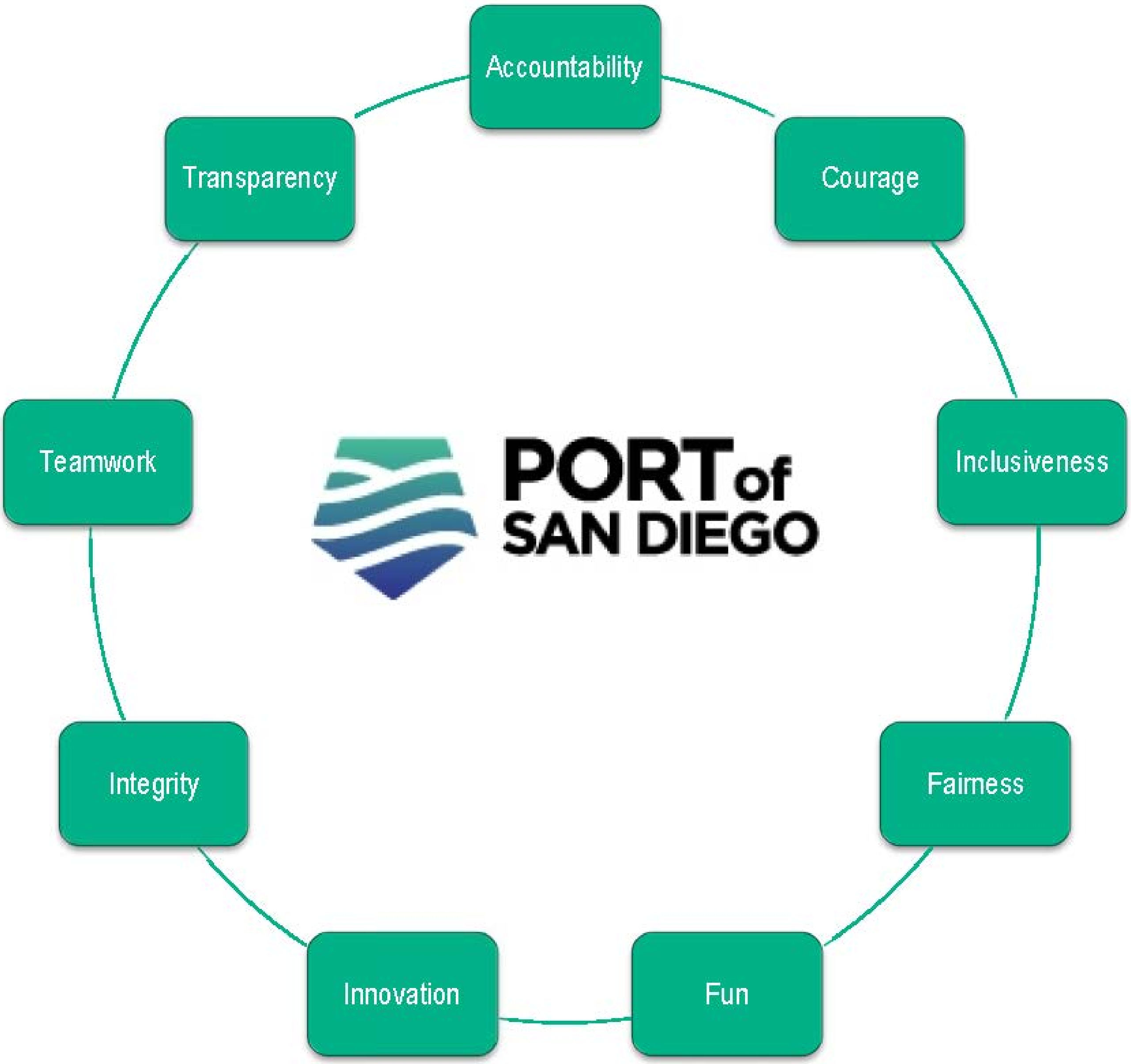
21st CENTURY PORT VISION

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.

CORE VALUES



PROMISE

Enrich the relationship people and businesses have with the dynamic waterfront of San Diego Bay, providing prosperity and a more remarkable way of life.

Letter of Transmittal

November 27, 2024

To the Board of Port Commissioners and all interested parties:

It is a pleasure to present the Annual Comprehensive Financial Report (ACFR) of the San Diego Unified Port District (District) for the fiscal year ended June 30, 2024. 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 and changes in net position 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. Moss Adams, LLP issued an unmodified (or clean) opinion on the District's financial statements for the fiscal year ended June 30, 2024. 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.

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 the 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, focusing on being a 21st Century Port. Serving as the Navy's largest commercial ship repair and ship construction partner 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 San Diego International Airport (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.

- Guest Experiences - Parking - 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 new Rady Shell at Jacobs Park concert and event venue operated by the San Diego Symphony, the Padres and other Petco Park attractions, Port- sponsored events and many of the 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.

Other operating revenues are derived from ancillary activities that are not directly tied to the core operations of the four primary profit centers outlined above. These revenues encompass fees imposed on customers and tenants for late payments, administrative fees charged to San Diego County Regional Airport Authority (SDCRAA) for public services rendered, cost recovery fees for the reimbursement of specific administrative services, and partnership reimbursements associated with the Regional Harbor Monitoring program.

In its original form, the District included the 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 SDCRAA. Effective January 1, 2003, the District transferred all airport operations and certain related assets and liabilities to the SDCRAA.

Board of Port Commissioners (BPC)

The District's governance is intended to reflect a regional approach to the 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.

ECONOMY AND OUTLOOK

Real Gross Domestic Product (GDP) increased by 2.8% at an annual rate in the third quarter of 2024, according to the Bureau of Economic Analysis (BEA) report released on October 30, 2024. This growth was primarily driven by increases in consumer spending, exports, and government expenditures.

The unemployment rate for October 2024 stood at 4.10%, unchanged from the previous month but higher than 3.80% in October 2023. This rate remains below the long-term historical average of 5.69%, according to the U.S. Bureau of Labor Statistics (BLS), as of November 1, 2024.

The Personal Consumption Expenditures (PCE) Price Index, a key inflation measure, rose 2.1% year-over-year, according to the Federal Reserve's September 2024 data.

In response to growing concerns about the labor market, the Federal Reserve reduced the federal funds target rate by 0.5 percentage points to a range of 4.75% to 5.00% on September 18, 2024. This rate cut marks the beginning of what is expected to be a period of steady monetary policy, with continued efforts to support economic growth.

National Economic Outlook for 2025-2026

The Federal Reserve’s June 2024 Summary of Economic Projections forecasts steady economic growth in 2025 and 2026, with real GDP expected to expand at a median rate of around 2.0% for both years. Unemployment is anticipated to remain stable, hovering around 4.0% to 4.1%, suggesting a relatively healthy labor market with consistent job opportunities.

Inflation, as measured by the PCE price index, is expected to remain around 2% by 2026, in line with the Federal Reserve's goal of maintaining price stability. The Federal Reserve is also expected to gradually lower the federal funds rate, with projections indicating a decrease from 4.1% in 2025 to approximately 3.1% by the end of 2026.

San Diego County Economic Overview

In San Diego, the cost of living remains a significant concern, particularly in the areas of housing, transportation, and food costs, which continue to put pressure on residents' budgets. Despite these challenges, the region’s economy is expected to experience moderate growth in employment and housing over the next two years, with stable economic conditions projected for 2025-2026, though a slight population decline is anticipated.

According to reports from SoCal Home Buyers (October 21, 2024) and Norada Real Estate Investments (October 10, 2024), San Diego's economy is forecasted to be stable with moderate growth. However, the unemployment rate worsened in 2024, rising to 5.0% from 4.4% in 2023, according to the Bureau of Labor Statistics (October 7, 2024).

San Diego’s occupancy rate reached 79.1% in October 2024, marking a 7.8% year-over-year increase, according to San Diego Connect. Additionally, the Lodging Analytics Research & Consulting (LARC) projects that San Diego's Gross Metropolitan Product (GMP) will grow at a 1.8% compound annual growth rate through 2028, suggesting steady, albeit moderate, long-term economic expansion.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Port Wide

How to do Business with the Port

The District held its second annual workshop series, How to do Business with the Port. The District works with companies and vendors in a wide range of industries and specialties including construction (various trades), professional services (event production), and many more. The workshops help local businesses navigate through the process of becoming a vendor for government agencies like the District, how to write proposals, and meet District project managers. Each workshop focuses on a different part of the process.

Information Technology

In fiscal year 2024, the District's Information Technology (IT) teams successfully completed several public safety projects. These included the installation of Thermal Find and Follow cameras and High Angle Cameras, enhancement of Maritime Awareness Infrastructure as part of the Port Security Grant Projects and fortification of cameras at the Harbor Police HQ and Substations. Also, the IT team completed the upgrade and migration of the server platform managing RIPA (Racial and Identity Profiling Act) mandated by California legislature act, improved the security posture by replacing the Firewall at the Harbor Police HQ and implemented and enhanced WAN (Wide Area Network Encryption) & Redundancy and implemented DNS (Domain Name System) Security Module. IT enhanced its embedded infrastructure by upgrading several systems, including Enterprise Backup storage, Core network switches, and blade server system hardware. Additionally, IT completed the replacement of users' laptops and desktops as part of regular hardware refresh cycle. The team has also initiated the Cybersecurity Maturity Model Certification (CMMC) process by completing the GAP analysis and engaging in the remediation process.

On the application side of the house, IT made improvements in the SAP Enterprise Resource Planning (ERP) system with Data, Process, & Reporting Validation, PathLock Separation of Duties software, and NeoGov Onboarding integration with Employee Central. Several discovery projects and RFPs were completed, including Salesforce CRM Discovery and Roadmap, ERP Discovery and Roadmap, Maritime PortConnect RFP and System Selection, and Telecommuting Desk Reservation System Selection. The Geographical Information System Architecture Redesign plan was completed and applications added including vendor registration and check-in, and Pedicab Complaint reporting. The Business Intelligence unit created and deployed IT Project dashboards for real-time reporting, and SharePoint automation built for Budget Request for HPS, Agreement Tracker for Maritime.

People of the Port Career Fair

The District hosted its second annual People of the Port Career Fair to help people in the region find their next career opportunities. In partnership with District tenants, approximately 30 different businesses from various industries on the San Diego Bay waterfront participated and engaged with applicants looking for good paying and rewarding jobs. The District and tenants also partnered with the San Diego Community College District to share information on how colleges can update their curriculums to help meet hiring needs in the region.

Port Master Plan Update (PMPU)

The District is conducting a comprehensive and inclusive Integrated Planning initiative to update its Port Master Plan, a water and land use plan spanning approximately 6,000 acres of land and water and designates specific areas of San Diego Bay 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. The plan is similar to what is known as a General Plan in a city or county. 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 since then there have been many location-specific amendments, but never a comprehensive update. 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 in 1981 – more than 40 years ago.

In FY 2024, the BPC unanimously certified the Final Program Environmental Impact Report and approved the PMPU. District staff is processing the PMPU with the California Coastal Commission with the goal of certification in 2025. Throughout the entire effort, public and stakeholder involvement has been instrumental in helping to shape and improve the plan. 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.

Tidelands Trust Land Use Plan

The District is creating a Trust Lands Use Plan (TLUP) that will provide goals, policies, and information on allowable uses and activities within approximately 8,000 additional acres of water area within San Diego Bay and approximately five acres of land area granted to the District on January 1, 2020, by the California State Lands Commission pursuant to Senate Bill 507 (SB 507). The TLUP only addresses the newly granted area and does not address the approximately 6,000 acres of submerged lands and tidelands included in the District's jurisdiction prior to 2020. As part of the District's commitment to transparency, the District has been seeking input from the public and stakeholders to help identify current uses within the TLUP area that should be preserved, protected, and maintained; to proactively address potentially competing uses/activities; and to see where there may be opportunities to improve, enhance and/or expand some uses. It's important that any expanded or new uses do not conflict with priority uses that already exist on and around the bay like water recreation, cargo and other large vessel movement via the federal navigation channel, commercial fishing, public safety, national security, environmental conservation, and more.

In October 2023, District staff presented and submitted the Draft TLUP to the California State Lands Commission, which satisfied a requirement of SB 507. District staff have started environmental review per the California Environmental Quality Act (CEQA). Once the CEQA process is complete, staff will process the TLUP as a Port Master Plan Amendment (PMPA) with the California Coastal Commission. Once the PMPA is certified by the California Coastal Commission, staff will submit the TLUP PMPA to State Lands. Final TLUP approval is anticipated in 2026. District staff is actively coordinating with State Lands and this coordination will continue as next steps of the TLUP progress. There will be additional public review and input opportunities throughout each of these steps.

Maritime

Cargo

The District received approximately 2.3 million metric tons of cargo in fiscal year 2024, including 1.3 million metric tons of commercial breakbulk, dry bulk, military cargo and refrigerated cargo. The District continues to see strong performance in the bulk sector with bauxite, soda ash, and raw sugar growth. The District signed a five-year agreement with US Ocean for six vessel calls a year through June 2027 carrying heavy military equipment, steel for General Dynamics NASSCO, and military-support cargo for the region. In addition, due to designation as a strategic port, the District maintained a 102% increase from military cargo operations throughput in fiscal year 2024 compared to 2023 and is projecting similar activity in fiscal year 2025. The District also secured new cargo commodities related to renewable energy components.

At the District's National City Marine Terminal (NCMT), terminal operator Pasha Automotive Services processed 351,100 imported autos for fiscal year 2024 as the auto industry continues to face worldwide supply chain challenges post-pandemic, economic uncertainties, and foreign conflict but has stabilized from a volume perspective.

In fiscal year 2024 are the District received two all-electric, battery-supported Konecranes Generation 6 Mobile Harbor Cranes. With a total lift capacity of 400 metric tons, the Port of San Diego now has the highest lift capacity on the U.S. West Coast with faster offloading speed, which means the U.S. West Coast will be able to handle cargo previously only handled by Gulf ports.

Cruise

Cruise season calls fell a bit in fiscal year 2024 to 101 calls from 140 calls in the prior fiscal year. This decrease was due to two factors: Japan reopened to cruise calls post-COVID resulting in Princess Cruises shifting several calls from San Diego to Japan; and Disney expanded into the Australian cruise market resulting in Disney only calling San Diego in the spring. The District's primary cruise line customers are Holland America, Princess Cruises and Disney Cruise Line. Looking ahead to fiscal year 2025, there are 75 calls on the schedule, which will bring an estimated 265,000 passengers.

Additionally in fiscal year 2024, phase one of structural rehabilitation and stormwater infrastructure upgrades on the pier, referred to as the Curtain Wall Repairs and Backfilling at B Street Pier Project were completed. The phase one budget was approximately $14.1 million with phase two budgeted at nearly $2.5 million.

Harbor Drive 2.0

In February 2024, the BPC approved a cooperative agreement between the District, Caltrans, and SANDAG, and authorized approximately $2.2 million in funding, for the Harbor Drive 2.0 and Vesta Bridge projects. Harbor Drive 2.0 will improve Harbor Drive between the District's two cargo terminals by creating a better truck route for more efficient maritime cargo handling, will greatly enhance pedestrian, bicycle, and transit connections, and will improve air quality by removing greenhouse gas emissions. Vesta Bridge will be built over Harbor Drive to enable Naval Base San Diego traffic on Vesta Street within the base to go over Harbor Drive, keeping traffic on base rather than spilling out onto Harbor Drive to go from one side of the base to the other.

The District, Caltrans, and SANDAG are working together to advance Harbor Drive 2.0 to construction. The District developed the breakthrough, forward-thinking vision as part of the Port Master Plan Update process. Caltrans served as the lead agency in developing the concept of operations and the final environmental documentation, and SANDAG is the lead implementing agency. The cooperative agreement allows for the funds to be transferred to SANDAG. The $2.2 million in funding approved by the Board is matching funding for an $18.5 million grant awarded to Caltrans by the California Transportation Commission in June 2023 via its Trade Corridor Enhancement Program. The total of approximately $20.7 million will be used to advance project design and for right-of-way Harbor Drive 2.0 and Vesta Bridge improvements. The design process is anticipated to begin in spring 2024 with construction targeted to begin by 2028 and be completed by 2030. The Port, SANDAG, and Caltrans will jointly seek construction funds for the project.

Maritime Industrial Impact Fund

As a result of public and stakeholder input, the BPC doubled funding to the Maritime Industrial Impact Fund (MIIF), the second funding increase in less than a year, as well as to expand the type of projects eligible under the program. The MIIF has supported numerous efforts in communities adjacent to the District's maritime industry and terminals, such as a free electric community shuttle, youth programs, bicycle infrastructure, air quality improvements, noise reduction efforts, and more. Established by the BPC in 2010, the MIIF was originally funded with $500,000. In 2017, the BPC updated the policy to commit one-half of one percent (.5%) of the District's annual gross maritime industrial revenue to the program. In June 2023, the BPC voted to increase the annual funding to 2% of the Port's annual gross maritime industrial revenue. In May 2024, the Board voted to again increase the annual funding, this time to 4% of the District's annual gross maritime industrial revenue. At the latest rate, approximately $1.5 million will be directed into the MIIF in Fiscal Year 2025. In addition to the funding increase, the BPC authorized expanding the program to include maritime electrification efforts such as electric trucks and infrastructure. Since 2017, District has directed approximately $2.6 million from the MIIF to reduce and mitigate maritime-related impacts for those in Barrio Logan and West National City. Impacts covered under MIIF include diminished air quality; visual impacts; excessive noise; heavy movement of vehicles or equipment through adjacent residential or commercial areas; or disproportionate degradation or use of public infrastructure, such as roads, streets, or sidewalks. District member cities and public entities may propose projects for MIIF consideration. Proposed projects must show a nexus between maritime operations on tidelands and off-tidelands impacts that a specific project is expected to mitigate.

Portside Community Academy

In the fall of 2023, the District launched the Portside Community Academy, an educational program aimed at building deeper connections with residents in portside communities, which encompass parts of Barrio Logan, Logan Heights, Sherman Heights and National City; along with communities in Chula Vista, Coronado, Imperial Beach, and San Diego. The Academy is a unique opportunity for community members to explore innovations in the maritime industry that are helping improve human health and quality of life on and around San Diego Bay. The structured, five-session educational program covers various aspects of the District's clean air and electrification projects, focusing on impacts on human health, quality of life, and technological advancements in the maritime industry. It includes a bus tour of the marine terminals and a narrated boat tour of San Diego Bay. The Academy is a pioneering cross-departmental effort, representing the Port's dedication to becoming a "Port of Firsts" in alignment with the Maritime Clean Air Strategy (MCAS) and efforts to be an early adopter of zero-emissions technologies for ships, cranes, tugboats, and trucks, while also addressing the specific needs and concerns of environmental justice communities, including community education. The Academy graduated 55 participants in FY 24 from two cohorts and is offering sessions in English and Spanish in the fall of 2024.

Tenth Avenue Marine Terminal Redevelopment

In June 2024, the U.S. Department of Transportation (DOT) awarded a $5 million grant to the District for planning, design, and environmental permitting for Phase II of the Tenth Avenue Marine Terminal (TAMT) Redevelopment Plan. The project includes on-terminal rail track replacement, realignment, and load capacity improvements. It will also advance the planning of seismic upgrades, concrete resurfacing, potentially additional stormwater improvements, water and utility reconfiguration and upgrades, as well as front gate, perimeter fence, and operations center reconfiguration. These improvements will maximize operational areas on the terminal, make cargo handling and movement more efficient, and support future charging technologies for electric vehicles and equipment.

The announcement came from U.S. Senator Alex Padilla's office as part of the FY 2024 Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary grants program, which invests in road, rail, transit, and port projects across the country that may not quality for funding through other U.S. DOT grant programs.

The District completed Phase I of the TAMT Redevelopment Plan, also known as the TAMT Modernization Project, in 2020. That project, funded in part by a $10 million Transportation Investment Generation Economic Recovery (TIGER) grant from the U.S. DOT, removed two obsolete warehouses and created much-needed laydown area for project cargo like windmill components. It also included improvements to on-dock rail, utilities, and new lighting and pavement. Additionally, an exemplary stormwater treatment system was developed to maximize stormwater capture on the terminal. The project brought new maritime cargo business to the District and created more local jobs. The District's maritime sector employs thousands of residents and generates billions of dollars per year for the regional economy.

Waterfront Development

1220 Pacific Highway

The District and the U.S. Navy reached a deal resulting in the early relinquishment of the U.S. Navy's lease at 1220 Pacific Highway. The 3.4-acre site just east of the B Street Pier between North Harbor Drive and Pacific Highway had been leased by the Navy since 1949, primarily for office uses. The Port inherited the lease, which was set to expire in 2049, from the City of San Diego in 1962 when the Port was formed. The acquisition of the site unlocks new public access, recreational, and commercial development opportunities in a prime area of the San Diego Bay waterfront. Under an executed Lease Termination Agreement, the District will provide $5.75 million in improvements to the Navy for facility or support services. The District will also advance land use planning goals to deliver new public access and recreation spaces, including adding more park space and pedestrian promenades by extending Lane Field Park northward along Harbor Drive, extending B Street to San Diego Bay, adding more visitor-serving amenities and parking, and enhancing mobility connections. The District has begun exploring development opportunities. This is anticipated to take two to four years, and therefore, the Lease Termination Agreement allows continued use of the property by the Navy during that period, which will also give the Navy time to transition operations still on site.

Central Embarcadero – Seaport San Diego Redevelopment Proposal

The District is pursuing potential redevelopment of the Central Embarcadero, which is ideally located in the center of downtown and is unlike any other site along San Diego Bay. In late 2016, the BPC selected the 1HWY1 development team following an extensive and competitive solicitation and due diligence process. In its proposed Seaport San Diego project, 1HWY1 is proposing a mix of uses including extensive public plazas, parks and promenades; piers and marinas; hospitality, retail and restaurants; commercial fishing improvements; multiple visitor attractions; an urban beach; and educational uses. 1HWY1's proposed project has evolved and continues to evolve in response to public, stakeholder and BPC feedback, due diligence findings, and input from prospective partners. In FY 2024, staff continued working with the 1HWY1 team to advance the environmental review process for the proposed Seaport San Diego project. Staff also continues to work with 1HWY1 on refining the project based on public, stakeholder, and Board feedback, as well as on project financials. Staff anticipates this to be an ongoing and iterative process as the project description is updated and environmental studies are prepared. The public will have additional opportunities to provide feedback on the proposed project and changes made before the environmental review process concludes as well as during the steps that follow.

Chula Vista Bayfront

Construction on the Gaylord Pacific Resort and Convention Center continues to make good progress and is on schedule to open by summer 2025. In development by RIDA Chula Vista, LLC in collaboration with the District and City of Chula Vista, the Gaylord Pacific Resort and Convention Center is the centerpiece and the catalyst project of the Chula Vista Bayfront. It will include up to 1,600 hotel rooms, a convention center with four ballrooms, three levels of meeting space and two outdoor meeting and event lawns; public promenades and public amenities; and associated retail and resort-level amenities such as a pool with a lazy river, a spa, and more. Gaylord Hotels is the large convention hotel brand of Marriott International. When it opens, this will be Gaylord Hotels' first West Coast location. With its nationally recognized brand, Gaylord Pacific is expected to spur other development on the 535-acre Chula Vista Bayfront.

Just north of Gaylord Pacific, construction on Sweetwater Park got underway in fiscal year 2024. When finished, Sweetwater Park will be the first new park space completed as part of the Chula Vista Bayfront redevelopment, and the District's 23rd park along San Diego Bay. Sweetwater Park is envisioned as a natural-habitat oriented recreational open space to showcase the unique natural wildlife assets of San Diego Bay, encouraging passive recreation activities to complement the adjacent Sweetwater Marsh National Wildlife Refuge. The 21-acre park was designed with community input and will be enjoyed by residents and visitors for decades to come. The BPC approved an approximately $15.5 million construction contract for 3-D Enterprises for the project. The total cost for Sweetwater Park, including design and construction support, is just under $19.7 million, part of which is funded through a grant from the Land and Water Conservation Fund through the National Parks Service and the California Department of Parks and Recreation. Additional project partners include the County of San Diego and RIDA Chula Vista, LLC.

A partnership between the District and the City of Chula Vista, the Chula Vista Bayfront redevelopment envisions a unique place for people to live, work, and play in the South Bay. It is designed to create new public parks and recreational adventures, improve the natural habitat, offer new dining and shopping options, provide a world-class hotel and convention center and more – all for residents and coastal visitors to enjoy.

East Harbor Island and Topgolf

In December 2023, the BPC directed staff to issue one or more Requests for Proposals (RFPs) to create an entertainment district on a portion of eastern Harbor Island. The goal is to bring new public access and recreation opportunities where none currently exists, as well as to provide leisure activities and food and beverage options for visitors and locals. The plans call for Topgolf as the anchor tenant and could include other so-called "eatertainment" concepts – leisure activities such as pickleball, mini-golf, darts, ping-pong, and shuffleboard in tech-infused settings similar to Topgolf, breweries, or other retail operations with an emphasis on blending entertainment with quality food and drinks. The area of East Harbor Island proposed to be improved is approximately 43 acres. It also includes plans for approximately 11 acres to be developed into new public waterfront parks and promenades (in addition to the existing Harbor Island parks and promenades), the proposed Topgolf venue, space for one or more additional "eatertainment" venues, and supporting infrastructure. Several rental car companies currently operate in the area and there are currently no public amenities on the site. In addition to directing staff to issue one or more RFPs, the BPC also authorized staff to sign a non-binding term sheet with Topgolf, which provides staff with a negotiating framework for any potential future real estate or lease agreement to be submitted for future consideration by the BPC. The non-binding term sheet provides a proposed lease term of 20 years with four, five-year options to extend. Minimum annual rent following completion of construction is set at $1,527,000; however, projected rent upon commencement of operations is approximately $1.9 million in year one of operations based on percentage rental rate projections. Topgolf is proposing a three-story venue housing 102 hitting bays with an event/stage area, outdoor patios, and additional games and entertainment. Environmental review for the proposed Topgolf project is underway.

Freedom Park at Navy Pier

In fiscal year 2024, the District and the USS Midway Museum broke ground on Freedom Park at Navy Pier, which will be the largest veterans park on the West Coast. At 10 acres, beginning at the west end of Navy Pier and going around the Midway to the Bob Hope Memorial, Freedom Park will celebrate the region's military history and tell the story of everyday heroes who served our country and preserved our freedoms. It will provide visitors with unique experiences on the waterfront with numerous public amenities, including a nature garden, memorials and monuments, play structures, seating and shading, and interpretive signage. The BPC approved an approximately $7.4 million contract with AMG Demolition and Environmental Services, Inc. to demolish the headhouse, a large building at the pier's entrance. The total estimated cost is approximately $65 million, with the District contributing nearly $12 million and the Midway contributing nearly $53 million. Generally, Freedom Park at Navy Pier will include pedestrian pathways around and through the park, landscaping, enhanced paving, benches, play structures, memorials and monuments, coastal access and interpretive signage, signage, restrooms, concessionaire, and parking.

Pepper Park Improvements

The BPC approved a $6.1 million construction contract to De La Fuente Construction for improvements in Pepper Park and authorized an additional $1.2 million for administration and contingency, for a total construction cost of up to $7.35 million. Pepper Park is an approximately 5.2-acre park that features a boat launch ramp, picnic tables, restrooms, fishing pier, floating boat dock, playground equipment, lawn areas, and the Aquatic Center. The Pepper Park Phase 1 Improvements Project will include upgrades and new amenities in the park's current footprint, including a new splash pad – the first in any park along San Diego Bay, a pirate-themed playground, a perched beach, an overlook/terrace, a hillside play area, as well as an additional picnic area, a new entry plaza, and new lighting, landscaping and hardscaping throughout the park. The project is a first step toward upgrading and expanding recreational amenities on the National City Bayfront that visitors and residents will cherish for years to come. Project construction is anticipated to get underway in August and be complete by the end of 2025. For the project, the Port designated $3.5 million in funding received via the American Rescue Plan Act and the State of California's Coronavirus Fiscal Recovery Fund, plus another $2 million from the Port's Balanced Capital Program, and $1.6 million in Other Capital Projects funding. Additionally, Port tenant Austal USA contributed $250,000. A future 2.5-acre park expansion is contingent upon the availability of additional funding, as well as certification of the National City Balanced Land Use Plan (Balanced Plan) Port Master Plan Amendment by the California Coastal Commission.

Seaport Village Revitalization

In fiscal year 2024, the District celebrated a years-in-the-making moment in its revitalization of Seaport Village with the opening of Malibu Farm. A culinary destination in and off itself, Malibu Farm San Diego is anticipated to be a catalyst for Seaport Village's forward evolution – driving visitorship and community commerce. In upholding its farm-to-table philosophy, Malibu Farm aims to support local farmers and our local commercial fishermen through sustainable sourcing practices. Seaport Village features mostly locally owned-and-operated businesses with a mix of old and new favorites. In addition to Malibu Farm, Crack Taco Shop also opened in fiscal year 2024. With 63 tenants, Seaport Village is nearly at full occupancy. The popular waterfront shopping, dining and entertainment center along the Central Embarcadero features specialty retail, full-service and fast-casual restaurants, walk-up café's, and a specialty market, among other new and exciting offerings. Since the District took ownership of Seaport Village in 2018, the BPC has approved investment spending of approximately $10.9 million for sitewide enhancements, activations, deferred maintenance, and tenant improvements.

Public Safety

Harbor Police Department

Cross-trained to prevent and address crime on tidelands and fight fire on the water, the Harbor Police Department provides for the safety of communities and resources along San Diego Bay and at the San Diego International Airport. Chief Magda Fernandez continues to focus on her priorities of community engagement, officer wellness, and recruiting and retention. Notably, the Harbor Police finalized and adopted a comprehensive five-year Strategic Plan that that will guide the department in fulfilling its updated Vision, Mission, and priorities. The plan incorporates department's commitment to its employees, its community, and the Port while continuing to prioritize transparency and accountability. Additionally, the department continues to provide the highest quality public service while focusing on community engagement with partners such as the District tenants, the airport authority, and Perkins K-8 School.

Experiences

Cesar Chavez Park Improvements

The District completed improvements on a multi-use purpose field at Cesar Chavez Park, which is popular within the community and is used for various activities. The grass turf began to show wear and tear, with multiple areas becoming worn down or bare. The project removed approximately 90,000 square feet of existing grass turf in the recreational field and replaced it with new turf. Grading and drainage improvements were also made as well as modifications to the existing irrigation system to accommodate the new multi-purpose field. The completed project improves the safety and resiliency of the field, making it more enjoyable for all visitors. Located along the San Diego Bay waterfront in the Barrio Logan community, the park also boasts picnic areas, a playground, public artworks, and a public viewing pier.

Imperial Beach Pier and Portwood Pier Plaza Enhancements

In April 2024, the BPC approved adding a new project, the Splash Pad at Portwood Pier Plaza in Imperial Beach, to the Balanced Capital Program with a budget of $1.5 million. The project is part of improvements the District has been making to beautify and activate the iconic Imperial Beach Pier and adjacent plaza and enhance the public's beach, fishing, surfing, and viewing experience. Enhancements completed in 2021 and 2022 include a new artistic shade canopy in a shark and water design at mid-pier, a new stainless steel cable railing around the old boat loading ramp at the end of the pier, new artistically designed activity placards along the pier railings with fun sayings and slogans associated with types of activities on or near the pier – fishing, surfing, lounging and beaching; new paint in brighter colors on the railings and the pier's three structures; destination-themed murals and graphics; 30 new stainless steel fishing rod holders, and more. A new historical marker with vintage photographs, words, and graphics to be installed near the end of the pier is also in the works to help tell the story of the pier. The Imperial Beach Pier is a regional attraction and widely recognized landmark for the City of Imperial Beach and Port of San Diego.

North Harbor Drive Landscaping Improvements Project

The District began a $1.4 million project to improve and update landscaping along parts of North Harbor Drive across from the San Diego International Airport. The project includes new landscaping consisting of colorful water-wise plantings; new drip irrigation systems for efficient watering while ensuring sustainability and long-term growth; replacement of two monument signs with new Port of San Diego secondary amenity identity logos; construction of a new walkway and updated curb ramps; improved pedestrian access through the addition of a continental crosswalk; and a new walkway at Airport Terminal Road leading to Spanish Landing Park restrooms, enhancing pedestrian connectivity and safety. The Harbor Drive Landscape Improvements project is part of the District's Economic Recovery Program Appropriation (ERP) funds. At its meeting on January 18, 2024, the BPC awarded a construction contract to Costa Azul Contracting Group, a local small business. The new landscaping will be made up of mulch, cobblestone, boulders, and topsoil, consistent with improvements made along the north side of North Harbor Drive. Approximately 78,000 square feet of existing vegetation will be removed.

Tidelands Activation Program - A Day at the Park

The District launched its inaugural "A Day at the Park: A Port Experiences" series of events sponsored under a new category of the District's Tidelands Activation Program (TAP). The Expanded Access Events category aims to bring communities together by connecting them to the bayfront and to improve public access to under-activated Port parks via a District-funded and District-branded community event. TAP is an annual grant program that sponsors large and small events that engage the community and inspire visitors to enjoy San Diego Bay. Three multicultural Expanded Access Events were held in District parks – one each at Cesar Chavez Park, Chula Vista Bayfront Park, and Pepper Park. The family-friendly events were free and open to the public and included performances from a variety of local artists, local food vendors, a kid's zone with activities, and so much more! Each event was developed with community input. The District held a series of workshops in the fall of 2023, and held the events in the spring/summer of 2024.

Tree Canopy Refresh

The District, along with the San Diego Convention Center, American Thoracic Society (ATS), AstraZeneca, Breathe Southern California and other partners teamed up to plant 27 new trees in Embarcadero Marina Park North along the San Diego Bay waterfront. ATS, AstraZeneca, and Breathe Southern California donated twenty Tipuana tipu trees and seven pink Coral Gum trees to the District just prior to the start of ATS 2024, an international conference with 12,400 participants hosted by the San Diego Convention Center. The Tipuana tipu and pink Coral Gum trees were selected because they are well-suited for the local environment, will help improve air quality, are visually appealing with their color and floral variations, and have wide canopies to provide shade from the sun. Tipuana tipus are known to be a fast-growing tree that can reach up 50 feet high with a 25- to 50-foot canopy. They are recognized by their yellow flowers that bloom in the summer. Pink Coral Gum trees can reach up to 40 feet tall with canopies up to 30 feet wide. In one year, a mature tree will absorb more than 48 pounds of carbon dioxide from the atmosphere and release oxygen in exchange. The new trees replace 19 African coral trees that were removed from the park due to their weakened state caused by weather events and the challenging marine environment.

Environment

Blue Economy Incubator

The District added a tenth company to its Blue Economy Incubator in fiscal year 2024. The BPC approved a two-year, $250,000 pilot project agreement with HyperKelp Inc., an early-stage company specializing in the custom development of smart buoy platforms (known as Kelp Smart Buoy). The buoy platforms can collect and aggregate data in near real-time and display results on an online dashboard. This technology will monitor underwater noise levels, atmospheric carbon dioxide concentrations, and various water quality parameters. As a catalyst for the region's Blue Economy, the Port established its Blue Economy Incubator in 2016 as a launch pad for sustainable aquaculture and Port-related blue technology ventures. In the eight years since the Port launched the Blue Economy Incubator, it remains the only such program based at and operated by a port. In the program's latest annual report, the incubator's impact in numbers includes $5.4 million in investments leveraged by Blue Economy Incubator companies; $2.5 million in research and development funds leveraged by Blue Economy Incubator companies; $1.95 million in funding to support the launch of sustainable aquaculture and blue tech pilot projects; 44 million impressions from local, national, and global media coverage including TedTalk San Diego, The Cool Down, Ocean Optimism podcast, and more; 20 million juvenile-stage oysters expected to be produced annually when San Diego Bay Aquaculture's FLUPSY is fully permitted and operating at full capacity; 500 pounds of edible seaweed produced weekly by Sunken Seaweed; 50+ different species, including sessile species, mobile invertebrates, fish, and algae found living on ECOncrete's bio-enhancing shoreline protection armor units. The District has received $172,000 in royalty payments that can be reinvested in supporting new pilot projects through the Blue Economy Incubator.

Caulerpa prolifera – Invasive Seaweed Discovery

The District, along with the Southern California Caulerpa Action Team (SCCAT), the City of Coronado, and the Coronado Cays Homeowners Association (CCHOA), are responding to the discovery of an invasive seaweed scientifically known as Caulerpa prolifera in the Coronado Cays area of San Diego Bay. The algae is bright green and consists of a number of blades linked by underground runners, which attach to the substrate with small root-like structures. Caulerpa is an algae native to subtropical and tropical locales. In non-native areas, it can take over natural habitats, disrupting the ecosystem and displacing native plants and the animals that rely on them. In San Diego Bay, state and federally protected eelgrass habitats are especially at risk as eelgrass is utilized by native green sea turtle populations, a threatened species, and 70 different fish species rest within and feed on eelgrass. In late September 2023, divers found a small patch of Caulerpa prolifera while conducting an in-water pre-construction eelgrass/Caulerpa dive survey as a permit condition for a dock replacement project. Additional patches were discovered nearby during follow-up surveys. The full cost to eradicate Caulerpa and to conduct surveys within the Cays and further into San Diego Bay is to be determined but is currently estimated at over $3 million. Local, state and federal agencies are working together to cover the costs of eradication. The District has budgeted $500,000 toward the effort in Fiscal Year 2025. That's in addition to the $92,000 the District paid in 2023 to place barriers over the Caulerpa patches found within the District's jurisdiction and to conduct diver surveys along the shoreline of Antiqua Village at the Cays. Additionally, the District and the U.S. Fish and Wildlife Services applied for and received a $350,000 grant from the Rapid Response Fund for Aquatic Invasive Species, and the State Water Resources Control Board approved approximately $500,000 from its Cleanup and Abatement Account. These additional monies covered the costs of placing barriers over the remaining Caulerpa patches and conducting additional surveys in the area. The District and U.S. Fish & Wildlife are working together to request additional federal and state grant funding to assist with the eradication and survey efforts. Caulerpa is not harmful to humans. It is illegal in California to possess, sell, or transport any Caulerpa seaweed (AB 655,2023). Caulerpa is used primarily in saltwater aquariums.

Maritime Clean Air Strategy

In fiscal year 2024, the District made significant progress with its Maritime Clean Air Strategy (MCAS), achieving approximately 66% of its goals to reduce air pollution and promote public health. Approved in 2021, the MCAS is the most ambitious clean air strategy of its kind in the state, if not in the entire country. With its “Health Equity for All” vision, the policy document aims to improve air quality and community health while also supporting modern and efficient maritime operations and jobs. The commitment of the Port and its partners has resulted in approximately $125 million for maritime electrification and efficiency efforts to date. Some of those efforts include:

- Adding 16 fully electric pieces of cargo handling equipment including two all-electric mobile harbor cranes – the first ever in North America, two reach stackers, two heavy lifts, three forklifts, and seven yard trucks.
- Adding 25 electric vehicles for the Port’s fleet
- Christening the eWolf, an electric tug operated by Crowley Marine, the first electric tugboat in operation in the U.S.
- Electrical infrastructure upgrades at the National City Marine Terminal.
- Cruise ship terminal upgrades including additional shore power connections.
- Completing a solar-powered microgrid and other electrical infrastructure improvements at TAMT.

With all the work accomplished, there are still more projects on the horizon, including:

- Shore power enhancement at the B Street Cruise Ship Terminal.
- Harbor Drive 2.0 – a modern truck route for the efficient movement of goods and enhanced pedestrian, bicycle and transit connections.
- Additional Port zero-emission fleet vehicles and charging infrastructure.
- Electrical upgrades at Tuna Harbor Wharf.
- Shore power installation at the National City Marine Terminal.
- A bonnet system, also known as an emissions capture control system for ocean going vessels not equipped to connect to shore power.
- A zero-emissions truck stop in West National City in partnership with Skycharger, LLC.

Tijuana River Valley Pollution

As environmental champions and in solidarity with coordinated regional efforts, the District declared a local emergency related to the ongoing Tijuana River Valley pollution crisis. The declaration follows similar actions by the cities of Imperial Beach and San Diego, and the County of San Diego. Over 100 billion gallons of untreated sewage, toxic chemicals, trash, sediment, and other pollutants have flowed into the Tijuana River Valley and out into the Pacific Ocean off the coast of Imperial Beach. It is causing serious public health issues from polluted waters and airborne toxins, ongoing beach closures in Imperial Beach and Coronado, and negative impacts on the South Bay economy. Contaminated flows are directed through treatment plants under the jurisdictions of the U.S. and Mexico federal governments. However, these facilities have failing and aging infrastructure. The U.S. International Boundary and Water Commission (IBWC) operates the South Bay International Wastewater Treatment Plant (SBIWTP), and additional funding is needed to improve and expand the plant. Under Minute 328, Mexico is to replace the broken Punta Bandera Treatment Plant in Tijuana at the San Antonio de los Buenos Creek. The District regularly collaborates with its partners to advocate for federal funding and legislative action, participates with other federal, state and regional stakeholders in the federal Eligible Public Entities Coordinating Group (EPECG) led by the U.S. Environmental Protection Agency (EPA), and supports recent air monitoring efforts in the South Bay by the San Diego County Air Pollution Control District (APCD). The District is the state’s trustee for beach and submerged lands in Imperial Beach.

Awards Received by the District

- 2024 – American Planning Association: Planning Agency Excellence Award; Comprehensive Plan – Large Jurisdiction Excellence Award for the PMPU; Public Outreach Excellence Award for Pepper Park design and expansion; Resilience and Sustainability Planning Merit Award for the Maritime Clean Air Strategy

- 2024 – American Public Works Association San Diego/Imperial Counties Chapter, Honor Awards for Tenth Avenue Marine Terminal Renewable Microgrid Project in the Sustainable/Green category and the Imperial Beach Pier Enhancements Phase II project in the Engineering category
- 2024 – Green Marine Recertification, Commitment to Environmental Stewardship
- 2024 – San Diego Business Journal, Asian Pacific Islander Leaders of Influence – Lesley Nishihira, Assistant Vice President, Planning & Environment
- 2024 – Port of San Diego and ECOncrete, Innovative Partnership Award, 2024 Climate Leadership Awards from The Climate Registry
- 2024 – Women in Smart Energy (WISE) Award, The Smart Energy Decisions – Renee Yarmy, program director for Maritime Sustainable Development
- 2024 – Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for fiscal year 2023 from the Government Finance Officers Association of the United States and Canada (GFOA)
- 2023 – National Defense Transportation Association, Corporate Distinguished Service Award
- 2023 – Assemblymember Tasha Boerner, District 77, Environmental Hero Awards, Innovation Award
- 2023 – San Diego and Imperial Counties Labor Council, Friends of Labor Award
- 2023 – San Diego Association of Governments (SANDAG), Platinum Tier, Diamond Awards for Excellence in Commuter Programs

ACKNOWLEDGMENTS

This ACFR 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 ten years in a row, the District has been honored to receive the prestigious Certificate of Achievement for Excellence in Financial Reporting for its ACFR, most recently for the fiscal year ended June 30, 2023. 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 ACFR 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 ACFR 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 Coniglio	Tracy Largent
Randa Coniglio Acting President/CEO	Tracy Largent Chief Financial Officer/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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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
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Presented to

San Diego Unified Port District
California

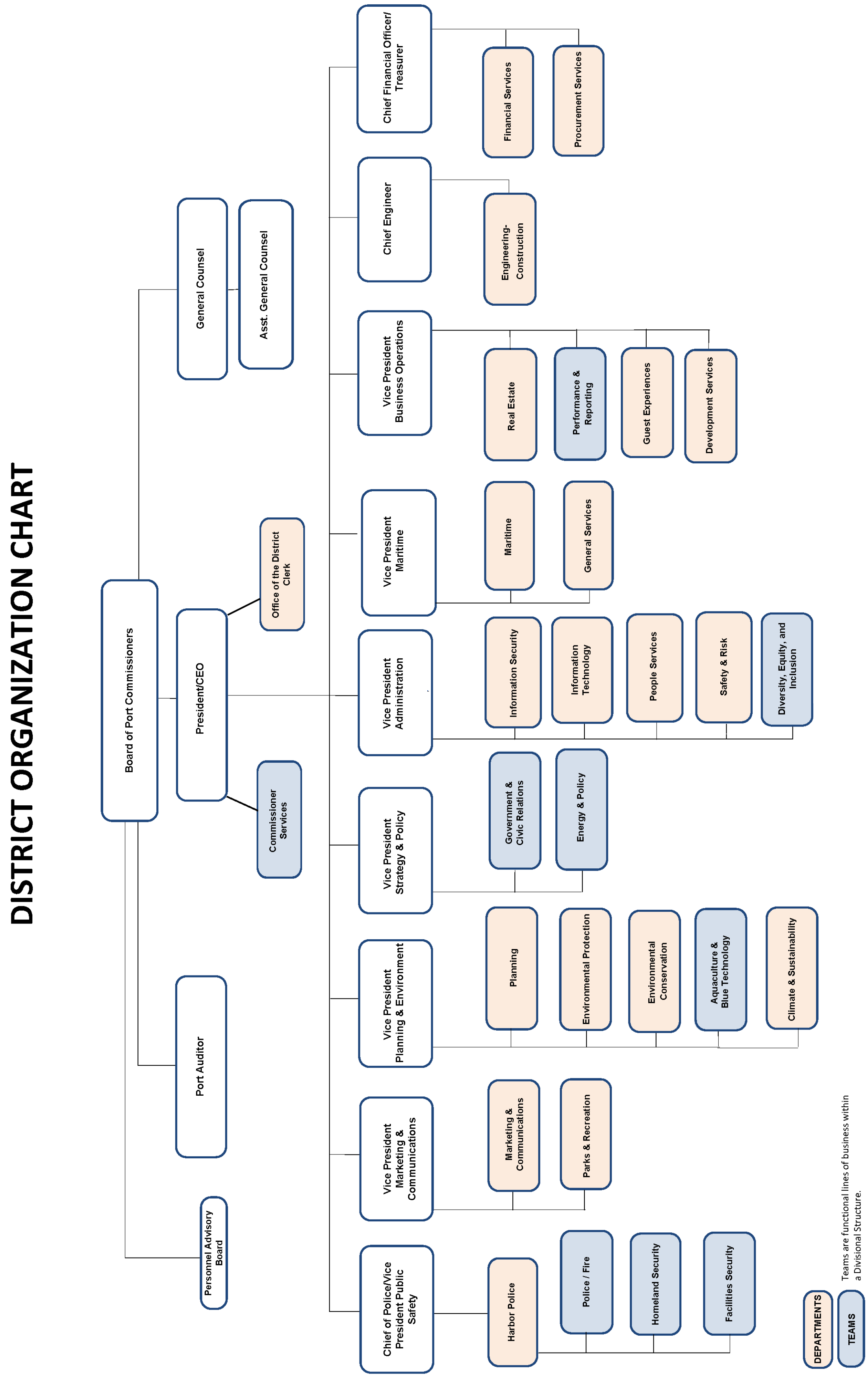
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

District Organization Chart



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FINANCIAL SECTION

PORT of SAN DIEGO
Waterfront of Opportunity

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Independent Auditor's Report

MOSSADAMS

Report of Independent Auditors

To the Members of the Board of Port Commissioners
San Diego Unified Port District

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Diego Unified Port District, which comprise the statements of net position as of June 30, 2024 and 2023, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the San Diego Unified Port District as of June 30, 2024 and 2023, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States, and the California Code of Regulations, Title 2, Section 1131.2, *State Controller's Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the San Diego Unified Port District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards,* and the California Code of Regulations, Title 2, Section 1131.2, *State Controller's Minimum Audit Requirements for California Special Districts* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the California Code of Regulations, Title 2, Section 1131.2, *State Controller's Minimum Audit Requirements for California Special Districts*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the San Diego Unified Port 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 San Diego Unified Port 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 San Diego Unified Port District's internal control over financial reporting and compliance.

Moss Adams LLP

San Diego, California
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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 year ended June 30, 2024 with comparisons to fiscal year 2023. 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, 2024

- As of June 30, 2024, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $625.0 million.
- Operating revenues for the District were $201.8 million for fiscal year 2024 compared to $203.0 million for fiscal year 2023.
- Operating expenses, including depreciation and amortization, for the District were $211.4 million for fiscal year 2024 compared to $174.8 million for fiscal year 2023.
- Nonoperating revenues for the District were $101.2 million for fiscal year 2024 compared to $85.0 million for fiscal year 2023.
- Nonoperating expenses for the District were $8.4 million for fiscal year 2024 compared to $6.9 million for fiscal year 2023.
- Revenues from capital grants and contributions totaled $12.1 million for fiscal year 2024 compared to $6.2 million for fiscal year 2023.
- The District's total net position increased by $95.3 million during fiscal year 2024 compared to a $112.5 million increase in fiscal year 2023.

Financial Highlights – year ended June 30, 2023

- As of June 30, 2023, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $529.7 million.
- Operating revenues for the District were $203.0 million for fiscal year 2023 compared to $167.0 million for fiscal year 2022.
- Operating expenses, including depreciation and amortization, for the District were $174.8 million for fiscal year 2023 compared to $164.6 million for fiscal year 2022.
- Nonoperating revenues for the District were $85.0 million for fiscal year 2023 compared to $69.8 million for fiscal year 2022.
- Nonoperating expenses for the District were $6.9 million for fiscal year 2023 compared to $3.2 million for fiscal year 2022.
- Revenues from capital grants and contributions totaled $6.2 million for fiscal year 2023 compared to $3.1 million for fiscal year 2022.
- The District's total net position increased by $112.5 million during fiscal year 2023 compared to a $72.1 million increase in fiscal year 2022.

Overview of the Basic Financial Statements

This discussion and analysis are 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 assists 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 *Statement of Cash Flows*. The statement reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from operating, investing, non-capital 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 $625.0 million at the end of fiscal year 2024, compared to $529.7 million at the end of fiscal year 2023 and $417.2 million at the end of fiscal year 2022.

The District's financial position at June 30, 2024, 2023, and 2022 (as restated) is summarized as follows:

Condensed Statements of Net Position
(Expressed in thousands)

	2024	2023	2022 (As Restated)
Current assets	$ 260,591	$ 224,055	$ 151,196
Noncurrent assets and restricted assets	1,294,388	1,276,969	1,251,795
Capital assets, net	639,156	614,220	600,827
Total assets	2,194,135	2,115,244	2,003,818
Deferred outflows of resources	46,111	44,426	52,445
Current liabilities	108,492	115,267	65,054
Noncurrent liabilities	302,568	301,877	282,256
Total liabilities	411,060	417,144	347,310
Deferred inflows of resources	1,204,235	1,212,843	1,291,722
Net investment in capital assets	617,012	587,370	569,940
Restricted	7,475	4,160	3,422
Unrestricted	464	(61,848)	(156,131)
Total net position	$ 624,951	$ 529,682	$ 417,231

As of June 30, 2024, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $625.0 million compared to $529.7 million as of June 30, 2023 and $417.2 million as of June 30, 2022 (as restated). 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 Balanced Capital Program (formerly known as the Capital Improvement Program) commitments.

The unrestricted net position (deficit) was $464 thousand as of June 30, 2024, $(61.8) million as of June 30, 2023, and $(156.1) million as of June 30, 2022 (as restated). The negative unrestricted balances reported are primarily due to the District recording total OPEB liability and net pension liability in its financial statements. The total net position of $417.2 million was restated by $689 thousand from $416.5 million reported in the District's fiscal year 2022 audited financial statements, resulting from implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96).

Key Changes in Net Position – Fiscal year 2024 compared to 2023:

- Current assets $260.6 million grew by $36.5 million from $224.1 million, mainly due to an increase in cash and cash equivalents offset by a reduction in prepaid retirement due to the timing of prepaid retirement payment to the San Diego City Employee Retirement System (SDCERS).
- Noncurrent and restricted assets $1,294.4 million increased by $17.4 million from $1,277.0 million, primarily from increase in lease receivables recognized under GASB 87.
- Current liabilities $108.5 million decreased by $6.8 million in 2024 from $115.3 million, mainly due to the recognition of $20 million of unearned revenue as stimulus funded projects were executed. However, the District increased other current liabilities from Navy LCFS Funds, legal contingencies, GASB 49 Naval Training Center accrual, Sweetwater Park Project accruals, and current portion of accrued leave.
- Noncurrent liabilities $302.6 million increased by $691 thousand from $301.9 million, primarily due to an increase in the GASB 68 pension liability, offset by decrease in long-term debt and long-term portion of the workers' compensation reserve.

Key Changes in Net Position – Fiscal year 2023 compared to 2022:

- Current assets $224.1 million increased by $72.9 million from $151.2 million, primarily due to an increase in cash and cash equivalents, in addition to increase in prepaid retirement from timing of retirement payment to SDCERS and recognition of lease receivable under GASB 87.
- Noncurrent and restricted assets $1,277.0 million grew by $25.2 million from $1,251.8 million primarily due to increase in restricted stimulus funds received.
- On the liability side, current liabilities $115.3 million rose by $50.2 million from $65.1 million, largely due to an increase of in unearned revenue from stimulus funds and other current liabilities including Navy LCFS and trade accounts.
- Noncurrent liabilities $301.9 million increased by $19.6 million from $282.3 million, driven by an increase in GASB 68 pension liability offset by reduction in bonds and notes payable and long-term ERP unearned revenue.

Capital Assets

The District's net book value of capital assets was $639.2 million as of June 30, 2024, $614.2 million as of June 30, 2023, and $600.8 million as of June 30, 2022 (as restated). The funds used for capital improvements are derived from several sources, including the District's unrestricted funds, federal and state grants, stimulus funds, capital contributions from external sources, long-term debt, and current revenue sources.

Capital Assets
(Expressed in thousands)

	2024	2023	2022 (As Restated)
Nondepreciable assets:			
Land	$ 314,760	$ 314,759	$ 314,506
Construction-in-progress	71,244	70,318	42,226
Depreciable/amortizable assets:			
Land improvements	7,650	7,650	7,650
Buildings and structures	694,771	650,086	644,050
Machinery and equipment	93,048	89,032	85,475
Roads and parking lots	129,970	128,644	128,377
Intangible	26,177	25,841	22,370
SBITA Right-To-Use	6,924	6,225	6,225
Total assets	1,344,544	1,292,555	1,250,879
Accumulated depreciation/amortization	(705,388)	(678,335)	(650,052)
Capital assets, net	$ 639,156	$ 614,220	$ 600,827

Capital Assets – Fiscal year 2024 compared to 2023:

The District invested a total of $48.7 million in construction-in-progress during fiscal year 2024 (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 2024 for some of the major capital projects:

$8.0 million, Sweetwater Park
$4.9 million, Electrical Improvements at TAMT (Phase 3)
$4.8 million, Structural Pile Repairs at Navy Pier
$4.1 million, Purchase of Electrical Crane
$3.2 million, Roof Replacement at NCMT Warehouse
$3.2 million, Storage Tanks Demolition and Storm Water at TAMT
$2.7 million, Curtain Wall Repairs and Backfilling at B Street
$1.6 million, Shore Power Installation at NCMT
$1.4 million, Freedom Park at Navy Pier
$1.4 million, Seaport Village Tenant Improvements (Malibu Farms)
$13.3 million, all other capital projects

Capital Assets – Fiscal year 2023 compared to 2022:

The District invested a total of $41.9 million in construction-in-progress during fiscal year 2023 (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 2023 for some of the major capital projects:

$9.0 million, Curtain Wall Repairs and Backfilling at B Street Pier
$6.4 million, Structural Pile Repairs to Navy Pier
$4.7 million, Electrical Improvements Phase 3 at TAMT
$2.0 million, Bonnet System
$1.8 million, SAP Digital Transformation, Phase 1
$1.4 million, Imperial Beach Pier Improvements
$1.4 million, Seaport Tenant Improvements
$1.3 million, Pavement Improvements at Shelter Island
$1.3 million, Microgrid Infrastructure at TAMT
$1.1 million, Hardware, TWIC, Wi-Fi Upgrade and Monitoring Tools
$11.6 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, 2024, 2023, and 2022 (as restated) are presented below:

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

	2024	2023	2022 (As Restated)
Operating revenues:			
Real Estate	$ 106,134	$ 112,426	$ 91,445
Guest Experiences - Parking	20,335	18,291	14,908
Maritime	50,469	50,991	39,697
Harbor Police	20,594	18,039	17,922
Other operating revenues	4,221	3,240	3,067
Total operating revenues	201,753	202,987	167,039
Operating expenses:			
Direct expenses			
Real Estate	34,400	30,350	29,277
Guest Experiences - Parking	8,266	7,048	5,691
Maritime	24,799	21,904	18,902
Harbor Police	50,601	46,177	42,777
Other operating expenses / (credits)	11,303	(6,161)	(856)
Depreciation and amortization	27,653	28,283	28,332
General and administrative expenses	54,403	47,237	40,484
Total operating expenses	211,425	174,838	164,607
Income/(loss) from operations	(9,672)	28,149	2,432
Nonoperating revenues			
Interest Income	53,376	39,652	36,376
Stimulus fund revenue	20,231	22,484	29,005
Other nonoperating revenues	27,593	22,834	4,399
Total nonoperating revenues	101,200	84,970	69,780
Nonoperating expenses	8,376	6,901	3,237
Nonoperating income/(loss)	92,824	78,069	66,543
Capital grants and contributions	12,117	6,234	3,139
Change in net position	95,269	112,452	72,114
Beginning net position	529,682	417,230	345,116
Ending net position	$ 624,951	$ 529,682	$ 417,230

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, and dockage fees. The total net position of $417.2 million was restated by $689 thousand from $416.5 million reported in the District's fiscal year 2022 audited financial statements, resulting from implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96). See note 10 for more information regarding GASB 96.

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 reimbursements of expenses from the Economic Recovery Program (ERP), legal settlement, terminal facility improvement fees, interest income from investments and leases, grant revenues, low carbon fuel standard (LCFS) revenue, and miscellaneous other nonoperating revenues. The ERP projects utilize funds received from the State of California's Coronavirus Fiscal Recovery Fund of 2021.

The major components of nonoperating expenses are interest, financial assistance, and other miscellaneous nonoperating expenses.

Capital grants and contributions include Sweetwater Park, Freedom Park at Navy Pier, Shore Power Installation at NCMT, and Port Security capital grants.

Operating Revenues – Fiscal year 2024 compared to 2023:

(Expressed in thousands)	2024	2023	$ Change Increase (Decrease)	% Change
Real Estate	$ 106,134	$ 112,426	$ (6,292)	(5.6)%
Guest Experiences - Parking	20,335	18,291	2,044	11.2 %
Maritime	50,469	50,991	(522)	(1.0)%
Harbor Police	20,594	18,039	2,555	14.2 %
Other operating revenues	4,221	3,240	981	30.3 %
Total operating revenues	$ 201,753	$ 202,987	$ (1,234)	(0.6)%

- Real Estate operating revenues of $106.1 million decreased $6.3 million from $112.4 million. The decrease was primarily due to timing of the recognition of lease revenue per GASB Statement No. 87, *Leases* (GASB 87) along with a one-time easement payment received in fiscal year 2023. The decrease was partially offset by increased fixed rent, concessions and parking revenue as businesses on the tidelands has continued its upward trend in tourism, conventions, and local visitors returning to hotels, restaurants, sport-fishing, and the Seaport Village waterfront shopping and dining complex.

- Guest Experiences - Parking operating revenues of $20.3 million increased $2.0 million from $18.3 million. The increase was primarily due to a Board approved rate increases for District garages (Convention Center and Hilton Bayfront) and lots (Navy Pier and B Street), which became effective at the start of fiscal year 2024. The District garages benefit from visitation to venues on or near District tidelands, including the Rady Shell concert venue in Embarcadero Marina Park South, the Convention Center, and Petco Park.

- Maritime operating revenues of $50.5 million decreased by $522 thousand from $51.0 million. The decrease was primarily due to lower cruise revenues and other rental revenues, partially offset by increased fixed rents revenues resulting from tenant lease renewals, revenues generated from cargo activities, and concession revenue from harbor excursions.

- Harbor Police operating revenues of $20.6 million increased $2.6 million from $18.0 million. The increase was primarily due to an increase in billable hours for airport police services compared to the prior year and higher Harbor Police Department's overhead cost.

- Other operating revenues of $4.2 million increased $981 thousand from $3.2 million. The increase was primarily due to an increase in partnership/cost sharing revenue from the Regional Harbor Monitoring Program and general and administrative billing to SDCRAA associated with increased airport billing.

Operating Revenues – Fiscal year 2023 compared to 2022:

(Expressed in thousands)	2023	2022 (As Restated)	$ Change Increase (Decrease)	% Change
Real Estate	$ 112,426	$ 91,445	$ 20,981	22.9 %
Guest Experiences - Parking	18,291	14,908	3,383	22.7 %
Maritime	50,991	39,697	11,294	28.5 %
Harbor Police	18,039	17,922	117	0.7 %
Other operating revenues	3,240	3,067	173	5.6 %
Total operating revenues	$ 202,987	$ 167,039	$ 35,948	21.5 %

- Real Estate operating revenues of $112.4 million increased $21.0 million from $91.4 million. The increase was primarily due to increases in concessions and parking revenue as COVID-19 pandemic restrictions being lifted during the winter of 2023. Businesses on the tidelands continue to rebound in fiscal year 2023 as tourism, conventions, and local visitors returned to hotels, restaurants, sport-fishing, and the Seaport Village waterfront shopping and dining complex. Most of the year-over-year increases were attributable to those tenants.

- Guest Experiences - Parking operating revenues of $18.3 million increased $3.4 million from $14.9 million. The increase was primarily due to an increased volume of visitors utilizing parking for venues on or near District tidelands, including the new Rady Shell concert venue in Embarcadero Marina South, the Convention Center, and Petco Park baseball stadium. Additionally, parking meters and parking concessions also saw higher revenue due to increased visitation to the North Embarcadero area and Airport parking.

- Maritime operating revenues of $51.0 million increased $11.3 million from $39.7 million. The increase was primarily due to increased cruise and cargo operations as well as negotiated higher fixed rent revenue from National Distribution Center.

- Harbor Police operating revenues of $18.0 million increased $117 thousand from $17.9 million. The increase was primarily due to a slight increase in billable hours for airport police services.

- Other operating revenues of $3.2 million increased $173 thousand from $3.1 million. The increase was primarily due to an increase in cost recovery billings.

Operating Expenses - Fiscal year 2024 compared to 2023:

(Expressed in thousands)	2024	2023	$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	$ 34,400	$ 30,350	$ 4,050	13.3 %
Guest Experiences - Parking	8,266	7,048	1,218	17.3 %
Maritime	24,799	21,904	2,895	13.2 %
Harbor Police	50,601	46,177	4,424	9.6 %
Other operating expenses/(credits)	11,303	(6,161)	17,464	(283.5)%
Depreciation and amortization	27,653	28,283	(630)	(2.2)%
General and administrative expenses	54,403	47,237	7,166	15.2 %
Total operating expenses	$ 211,425	$ 174,838	$ 36,587	20.9 %

- Real Estate operating expenses of $34.4 million increased $4.1 million from $30.4 million, primarily due to adjustments made in salaries and wages to ensure market competitiveness and an increase in engineering supporting services for conducting comprehensive assessments of existing facilities and project sites .

- Guest Experiences - Parking operating expenses of $8.3 million increased $1.2 million from $7.0 million. The increase was primarily due to increased facility management services and credit card fees, which cover the operation of staffed parking lots and garages and are directly tied to revenue.

- Maritime operating expenses of $24.8 million, increased $2.9 million from $21.9 million. The increase was primarily due to higher consulting, terminal security, and engineering support expenses to enhance terminal operations, as well as higher operator retention fees due to increased cargo activity at the terminal.

- Harbor Police operating expenses of $50.6 million, increased $4.4 million from $46.2 million. The increase was primarily due to negotiated salary and benefit increases, overtime, professional services, software maintenance, safety equipment & systems, and maintenance expenses.

- Other operating expenses / (credits) of $11.3 million, increased $17.5 million from $(6.2) million. The increase was primarily due to accounting adjustments for pension expenses per GASB Statement No. 68, and Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75, as well as increased Regional Harbor Monitoring program expenses, a legal settlement related to the Navy Training Center Boat Channel and increases for fire, police, rescue and emergency services.

- Total depreciation and amortization expenses of $27.7 million decreased $630 thousand from $28.3 million.

- G&A expenses of $54.4 million increased by $7.2 million from $47.2 million, primarily due to adjustments made in salaries and wages to ensure market competitiveness along with increases in group health insurance expenses.

Operating Expenses - Fiscal year 2023 compared to 2022:

(Expressed in thousands)	2023	2022 (As Restated)	$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	$ 30,350	$ 29,277	$ 1,073	3.7 %
Guest Experiences - Parking	7,048	5,691	1,357	23.8 %
Maritime	21,904	18,902	3,002	15.9 %
Harbor Police	46,177	42,777	3,400	7.9 %
Other operating expenses / (credits)	(6,161)	(856)	(5,305)	619.7 %
Depreciation and amortization	28,283	28,332	(49)	(0.2)%
General and administrative expenses	47,237	40,484	6,753	16.7 %
Total operating expenses	$ 174,838	$ 164,607	$ 10,231	6.2 %

- Real Estate operating expenses of $30.4 million increased $1.1 million from $29.3 million, primarily due to an increase in common area maintenance and marketing costs for Seaport Village and increased security services provided.

- Guest Experiences - Parking operating expenses of $7.0 million increased $1.4 million from $5.7 million. The increase was mainly due to increased facility management services and credit card fees, which cover the operation of staffed parking lots and garages and are directly tied to revenue, as operator fees and credit card fees are based on a percentage of revenues.

- Maritime operating expenses of $21.9 million, increased $3.0 million from $18.9 million. The increase was primarily due to increased cruise and automobile cargo operations resulting in higher cruise security and operator retention fees.

- Harbor Police operating expenses of $46.2 million, increased $3.4 million from $42.8 million. The increase was primarily due to negotiated salary and benefit increases, grant funded expenses, professional services, equipment and systems, and training expenses.

- Other operating expenses of $(6.2) million, decreased $5.3 million from $(0.9) million. The decrease was primarily due to accounting adjustment for Subscription-Based Information Technology Arrangements (SBITA) per GASB Statement No. 96, and actuarial adjustments for pension expenses per GASB Statement No. 68, Preservation of Benefits (POB) expenses per GASB Statement No. 73, and Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75.

- Total depreciation and amortization expenses of $28.3 million decreased $49 thousand from $28.3 million.

- G&A expenses of $47.2 million increased by $6.8 million from $40.5 million, due to increases in both personnel and non-personnel operating expenses spurred by a return to business from the COVID-19 pandemic.

Nonoperating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2024 compared to 2023:

(Expressed in thousands)	2024	2023	$ Change Increase (Decrease)	% Change
Nonoperating revenues	$ 101,200	$ 84,970	$ 16,230	19.1 %
Nonoperating expenses	$ 8,376	$ 6,901	$ 1,475	21.4 %
Capital grants and contributions	$ 12,117	$ 6,234	$ 5,883	94.4 %

- The District's nonoperating revenues of $101.2 million, excluding capital grants and contributions, increased $16.2 million from $85.0 million The increase is primarily due to interest income from leases, legal settlement, and increased interest income; partially offset by a reduction in reimbursements of expenditures from the ERP, non-capital grants, and lower Low Carbon Fuel Standard (LCFS) revenue.

- Nonoperating expenses of $8.4 million increased $1.5 million from $6.9 million. The increase is primarily due to a financial assistance towards the SANDAG Harbor Drive 2.0 project and legal settlement expense; offset by lower capital expense write-offs and interest expense.

- Capital grants and contributions of $12.1 million increased $5.9 million from $6.2 million. The increase was primarily due to grant-funded capital projects such as the Sweetwater Park funded by the Outdoor Recreation Legacy Partnership grant from the National Park Service and the installation of shore power at NCMT to comply with clean air Engineering-Maritime (CARB) regulations funded by the VW Mitigation Trust Fund; as well as higher capital contribution received for Freedom Park and Sweetwater Park projects.

Nonoperating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2023 compared to 2022:

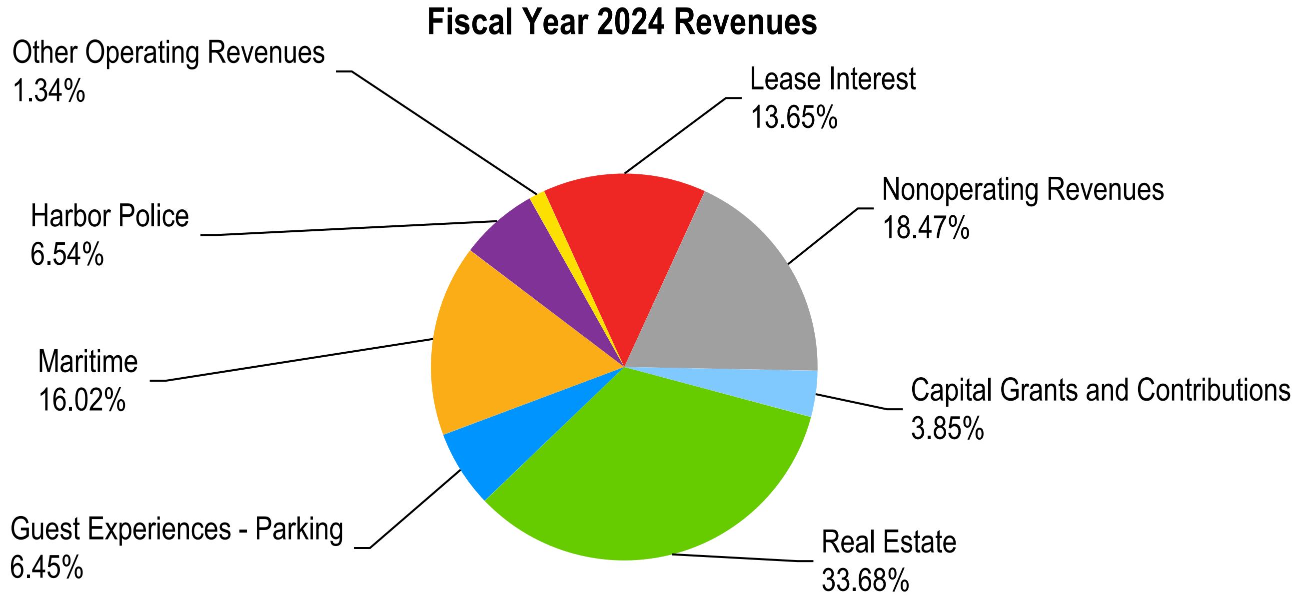
(Expressed in thousands)	2023	2022 (As Restated)	$ Change Increase (Decrease)	% Change
Nonoperating revenues	$ 84,970	$ 69,780	$ 15,190	21.8 %
Nonoperating expenses	$ 6,901	$ 3,237	$ 3,664	113.2 %
Capital grants and contributions	$ 6,234	$ 3,139	$ 3,095	98.6 %

- The District's nonoperating revenues of $85.0 million, excluding capital grants and contributions, increased $15.2 million from $69.8 million. The increase was primarily due to a legal settlement with San Diego Gas & Electric and increased interest income; partially offset by a reduction in reimbursements of expenditures from the ERP and interest income from leases.

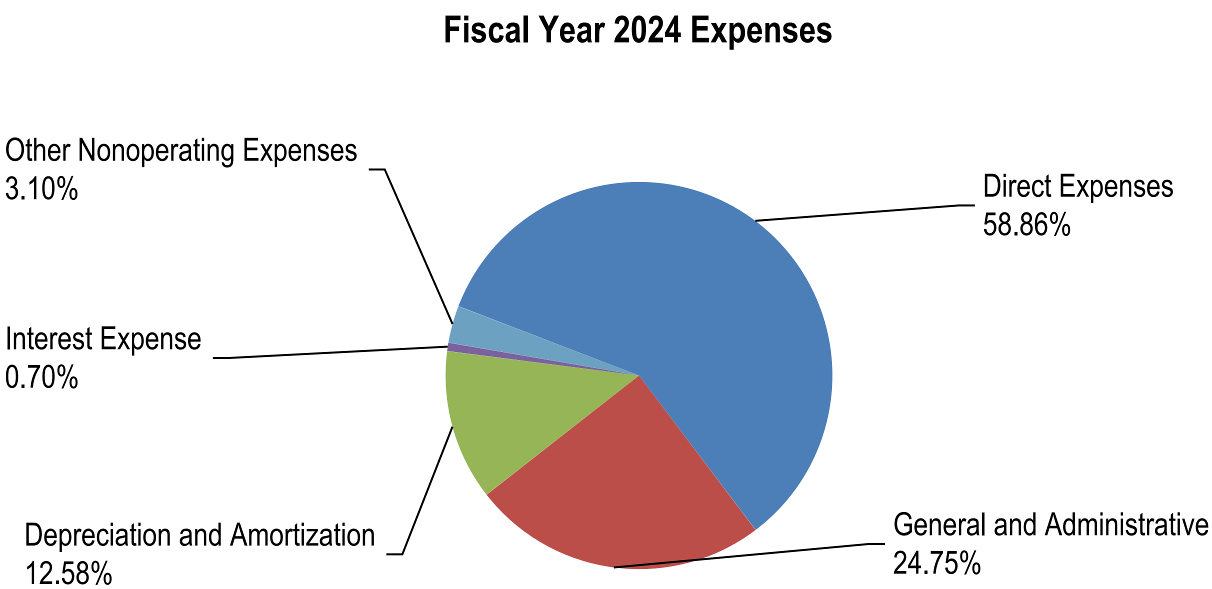
- Nonoperating expenses of $6.9 million increased $3.7 million from $3.2 million. The increase is primarily due to a write-off of prior year capital projects and a contracted payment to Chula Vista Bayfront under the terms of the Joint Powers Agreement.

- Capital grants and contributions of $6.2 million increased $3.1 million from $3.1 million.The increase was primarily due to reimbursements for the electrification of TAMT and the purchase of a barge-based emissions control and capture system to comply with clean air Engineering-Maritime (CARB) regulations and reduce emissions from regulated non-shore power capable vessels at berth.

The following charts show the total District revenues and expenses as percentages by major categories for fiscal year 2024:



Total Revenues	**$315,068,728**



Total Expenses	**$219,800,254**

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. 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.

On November 9, 2021, the BPC authorized an amendment to the promissory note between the District and the SDCRAA which modified the fixed annual interest rate from 5.5% to 3.63%, effective November 1, 2021. Interest savings of approximately $2.6 million from the remaining balance of $26.5 million at the time of amendment are anticipated over the remaining approximate nine year life of the note. All other terms of the note remain the same.

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 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.

Following is a summary of the District's outstanding notes and bonds payable as of June 30, 2024 and June 30, 2023:

(Expressed in thousands)	June 30, 2023	Increases	Decreases	June 30, 2024	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 22,296	—	(2,634)	19,662	2,732
Revenue bonds:					
Series A 2013 bonds payable	18,915	—	(2,315)	16,600	2,435
Series A 2013 bonds premium	402	—	(141)	261	—
Total notes and bonds	$ 41,613	$ —	$ (5,090)	$ 36,523	$ 5,167

	June 30, 2022	Increases	Decreases	June 30, 2023	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 24,837	$ —	$ (2,541)	$ 22,296	$ 2,634
Revenue bonds:					
Series A 2013 bonds payable	21,115	—	(2,200)	18,915	2,315
Series A 2013 bonds premium	582	—	(180)	402	—
Total notes and bonds	$ 46,534	$ —	$ (4,921)	$ 41,613	$ 4,949

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.

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Basic Financial Statements

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Net Position
June 30, 2024 and June 30, 2023

ASSETS	2024	2023
Current assets:		
Unrestricted:		
Cash and cash equivalents	$ 152,014,167	$ 99,971,109
Investments	30,564,600	37,153,039
Accounts receivable, net of allowance	36,618,874	29,024,012
Lease receivable	27,864,133	27,383,267
Other current assets	13,529,494	30,523,953
Total unrestricted current assets	260,591,268	224,055,380
Total current assets	260,591,268	224,055,380
Noncurrent assets:		
Restricted assets:		
Restricted cash and investments:		
Terminal Facility Improvement Fund	4,341,865	2,395,402
Mitigation Fees Fund	7,401,816	6,563,500
County Sweetwater Park Fund	7,825,855	7,067,412
LCFS	16,862,779	4,770,159
Stimulus Fund	38,626,376	58,856,893
Deposits and other miscellaneous	11,753,199	10,081,024
Escrow accounts:		
South Bay Power Plant remediation and other miscellaneous	1,486,083	1,429,530
Workers' compensation collateral	4,752,989	4,524,173
Series 2013 Bonds:		
Debt service reserve funds held by trustee	2,787,528	2,656,524
Total restricted assets	95,838,490	98,344,617
Other noncurrent assets:		
Cash and investments designated for specific capital projects and commitments	523,522	306,699
Lease receivable, net of current portion	1,198,026,023	1,178,312,324
Other noncurrent assets	—	5,421
Total other noncurrent assets	1,198,549,545	1,178,624,444
Capital assets:		
Nondepreciable assets:		
Land	314,759,809	314,758,973
Construction-in-progress	71,244,206	70,318,068
Depreciable assets:		
Land improvements	7,650,334	7,650,334
Building and structures	694,771,735	650,086,326
Machinery and equipment	93,048,132	89,032,135
Roads and parking lots	129,969,750	128,643,649
Intangible assets	33,099,759	32,065,049
Total capital assets	1,344,543,725	1,292,554,534
Less accumulated depreciation and amortization	(705,387,879)	(678,334,938)
Capital assets, net	639,155,846	614,219,596
Total noncurrent assets	1,933,543,881	1,891,188,657
Total assets	2,194,135,149	2,115,244,037
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to bond refunding	61,271	73,324
Deferred outflows related to pensions	25,951,182	21,713,478
Deferred outflows related to OPEB	20,098,880	22,639,481
Total deferred outflows of resources	46,111,333	44,426,283

Continued

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT

Statements of Net Position (Continued)

June 30, 2024 and June 30, 2023

LIABILITIES	2024	2023
Current liabilities:		
Accounts payable	37,947,513	31,657,509
Accrued liabilities	11,224,041	5,651,605
Current portion of accrued leave	7,262,094	6,040,303
Deposits, ERP funds, and other short-term liabilities	45,750,473	65,103,370
Accrued interest payable, Series 2013 Bonds	268,879	307,463
Notes payable to SDCRAA, current portion	2,731,707	2,634,469
Bonds payable, current portion	2,435,000	2,315,000
Short-Term Liability SBITA	872,779	1,557,537
Total current liabilities	108,492,486	115,267,256
Noncurrent liabilities:		
Liabilities - payable from restricted assets:		
Mitigation, remediation fees, and County park funds	16,413,754	14,760,442
Other long-term liabilities:		
Notes payable to SDCRAA, net of current portion	16,929,748	19,661,455
Bonds payable, net of current portion	14,426,239	17,002,472
Unearned revenue - ERP funds and other	585,420	158,740
Unearned revenue - NEVP credits	4,734,949	5,108,813
Other long-term liabilities	3,767,880	4,813,384
Accrued leave, net of current portion	2,178,227	2,620,288
Net pension liability	127,807,756	121,100,991
Net POB liability	2,187,944	2,849,215
Total OPEB liability	112,675,504	112,469,792
Long-Term Liability SBITA	860,579	1,331,703
Total other long-term liabilities	286,154,246	287,116,853
Total noncurrent liabilities	302,568,000	301,877,295
Total liabilities	411,060,486	417,144,551
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	261,861	5,767,451
Deferred inflows related to leases	1,165,661,632	1,160,455,888
Deferred inflows related to OPEB	38,311,427	46,619,829
Total deferred inflows of resources	1,204,234,920	1,212,843,168
NET POSITION		
Net investment in capital assets	617,012,476	587,370,249
Restricted for other projects and grants	7,474,552	4,159,929
Unrestricted (Deficit)	464,048	(61,847,576)
Total net position	$ 624,951,076	$ 529,682,602

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, 2024 and June 30, 2023

	2024	2023
Operating revenues:		
Real Estate	$ 106,134,155	$ 112,426,055
Guest Experiences - Parking	20,334,572	18,291,223
Maritime	50,468,537	50,990,742
Harbor Police	20,593,918	18,038,783
Other operating revenues	4,221,332	3,240,139
Total operating revenues	201,752,514	202,986,942
Operating expenses:		
Direct expenses:		
Real Estate	34,399,768	30,349,745
Guest Experiences - Parking	8,265,738	7,047,772
Maritime	24,798,632	21,903,690
Harbor Police	50,601,198	46,176,576
Other operating expenses / (credits)	11,302,804	(6,160,930)
Depreciation and amortization	27,652,938	28,283,185
General and administrative expenses	54,403,223	47,236,800
Total operating expenses	211,424,301	174,836,838
Income/(Loss) from operations	(9,671,787)	28,150,104
Nonoperating revenues/(expenses):		
Interest income	10,375,505	5,182,969
Interest income from leases	43,000,752	34,468,936
Stimulus fund revenue	20,230,517	22,483,835
Settlement income	21,209,100	13,240,881
LCFS	1,265,018	3,273,623
Terminal Facility Improvement Fee	1,883,464	2,458,401
Net change in the fair value of investments	(310,063)	488,116
Settlement expense	(2,421,640)	—
Interest expense	(1,556,465)	(1,768,183)
Financial assistance	(4,319,938)	(2,408,740)
Other nonoperating expenses	(77,910)	(2,724,291)
Other nonoperating revenues	3,545,339	3,373,161
Nonoperating revenues/(expenses), net	92,823,679	78,068,708
Income/(Loss) before capital grants and contributions	83,151,892	106,218,812
Capital grants and contributions	12,116,582	6,233,642
Change in net position	95,268,474	112,452,454
Net position, beginning of year	529,682,602	417,230,148
Net position, end of year	$ 624,951,076	$ 529,682,602

Certain reclassifications have been made to amounts reported in fiscal year 2023 to conform to the fiscal year 2024 presentation. Such reclassification had no impact on the change in net position previously reported.

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Cash Flow
Fiscal Years Ended June 30, 2024 and June 30, 2023

	2024	2023
Cash flows from operating activities:		
Payments from customers	$ 174,869,922	$ 160,190,280
Payments to suppliers	(60,681,534)	(54,407,387)
Payments to employees	(102,650,054)	(125,967,926)
Other receipts	771,852	3,896,435
Net cash provided by (used) operating activities	12,310,186	(16,288,598)
Cash flows from noncapital financing activities:		
Maintenance Fund	(108)	1,432
Mitigation Fees	300,406	—
Settlement income	21,209,099	13,240,881
Financial assistance	(4,319,938)	(2,408,740)
Note payments	(2,634,469)	(2,540,692)
Net cash provided by noncapital financing activities	14,554,990	8,292,881
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(52,365,339)	(44,474,576)
Proceeds on sale of capital assets	122,673	6,014
Federal/state grants received	8,095,688	28,484,900
Stimulus funds received	—	58,856,894
County Sweetwater Park funds received	1,672,631	—
Cash contributions for capital assets	6,102,681	232,577
Terminal Facility Improvement fees	1,883,464	2,458,401
Lease interest	43,000,752	34,468,936
Payment of bond principal	(2,315,000)	(2,200,000)
Interest paid	(1,299,331)	(1,681,876)
Net cash provided by capital and related financing activities	4,898,219	76,151,270
Cash flows from investing activities:		
Net (Purchase) of short-term investments	(16,942,392)	(452,833)
Maturity of short-term investments	23,530,832	2,761,589
Interest received from investment securities	10,985,546	5,484,790
Net cash provided by investing activities	17,573,986	7,793,546
Net increase (decrease) in cash and cash equivalents	49,337,381	75,949,099
Cash and cash equivalents, beginning of year	190,012,198	114,063,099
Cash and cash equivalents, end of year	$ 239,349,579	$ 190,012,198
Cash and cash equivalents components:		
Current cash and cash equivalents – unrestricted	$ 152,014,167	$ 99,971,109
Stimulus funds – restricted	38,626,376	58,856,893
LCFS – restricted	16,862,779	4,770,159
Mitigation fees – restricted	7,401,816	6,563,500
County Sweetwater Park Fund – restricted	7,825,855	7,067,412
Terminal Facility Improvement Fund – restricted	4,341,865	2,395,402
Deposits and other miscellaneous – restricted	11,753,199	10,081,024
Cash and investments designated for specific capital projects and commitments	523,522	306,699
Total cash and cash equivalents	$ 239,349,579	$ 190,012,198

See accompanying notes to the basic financial statements.

SAN DIEGO UNIFIED PORT DISTRICT
Statements of Cash Flow (Continued)
Fiscal Years Ended June 30, 2024 and June 30, 2023

	2024	2023
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Income/(Loss) from operations	$ (9,671,787)	$ 28,150,104
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:		
Depreciation and amortization expenses	27,652,938	28,283,185
(Gain)/Loss on disposal of assets	44,424	—
Other activities	1,641,018	3,889,848
Changes in assets, deferred outflows, liabilities, and deferred inflows:		
Accounts receivable	(7,594,862)	(4,419,224)
Other current assets	16,513,594	4,714,955
Other restricted assets	(228,816)	(128,951)
Deferred outflows of resources	(21,410,803)	8,018,470
Accounts payable	4,721,985	15,084,300
Accrued liabilities	6,109,471	629,553
Other long-term liabilities	3,918,653	24,358,028
Deposits and other short-term liabilities	(777,380)	(21,540,258)
Deferred inflows of resources	(8,608,249)	(103,328,608)
Net cash provided (used) by operating activities	$ 12,310,186	$ (16,288,598)

Supplemental disclosure of noncash investing, capital, and financing activities:	**2024**	**2023**
Changes to capital assets included in accounts payable	$ 501,336	$ 178,982
Net change in the fair value of investments	310,063	(488,116)
Construction-in-progress write-offs - prior year costs	—	2,619,596
Bond issue premium 2013 Series A (amortization)	141,233	179,704

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 certain non-current, 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 amounts billed to 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 $816 thousand as of June 30, 2024, and $605 thousand as of June 30, 2023. The amount is based upon management's estimate of accounts that will not be collected.

(f) Leases

The District is a lessor for noncancellable leases of land and real estate, and recognizes a lease receivable and a deferred inflow of resources in the Statement of Net Position.

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

Key estimates and judgements related to leases with the District as lessor are as follows:

- The District recognizes lease receivables with an initial, individual net present value of $150 thousand or more.
- The District uses a blended incremental borrowing rate as the discount rate for leases when the rate is not stated in the agreement and implicit rate is not determinable.
- The lease term includes the noncancellable period of the lease plus all available extension options, if it is reasonably certain the option will be exercised.
- Projected lease revenues included in the measurement of the lease receivable are composed of fixed payments required per lease terms as well as any variable payments that are fixed in substance. All other variable payments are excluded.

The District monitors changes in circumstances that would require a remeasurement of its leases and remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

(g) Designated Assets

The Board of Port Commissioners (BPC) may designate funds, which they do not consider to be available for general operations. In November 2022, the BPC initiated a new program called the Balanced Capital Program (BCP), which replaced the Capital Improvements Program (CIP). At June 30, 2024, the District has designated funds primarily for the unpaid contractual portion of some Balanced Capital Program (BCP) projects that are currently in progress totaling $524 thousand compared to $307 thousand as of June 30, 2023. This designation is classified in the accompanying statements of net position as cash and investments designated for specific capital projects and commitments.

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

- Remaining costs to complete BCP projects funded from existing cash resources total $20.3 million excluding projects funded by grants, donations, and contributions (see Note 11(a)i.) compared to $21.0 million in fiscal year 2023.
- Designations for other specific projects and activities (non-BCP) including Art Works, Environmental Fund, Maritime Industrial Impact Fund, NEVP Maintenance Fund, and Grant Matching Reserve totaling $8.9 million compared to $5.8 million in fiscal year 2023.
- 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 fiscal year 2025 adopted budget, the required operating reserve balance is $84.5 million.

(h) 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, 2024 and 2023.

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 an expense is incurred for purposes of which both restricted and unrestricted resources are available, the District applies restricted resources first.

(i) Capital Assets

Capital assets include intangible assets for the capitalized costs of the District's information security and integrated Enterprise Resource Planning System. The District periodically reviews its assets for impairment. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. 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. 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 and structures	10 to 50 years
Machinery and equipment	3 to 15 years
Intangible assets	3 to 20 years

(j) Subscription-Based Information Technology Arrangements

Subscription-based Information Technology Arrangement (SBITA) is defined as a contract that conveys control of the right to use another party's information technology (IT) software, alone or in a combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term includes periods covered by an option to extend (if it is reasonably certain that the District will exercise that option).

The District has long term subscription-based IT arrangements that have been accounted for in accordance with the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. Resulting in a subscription asset – an intangible asset – and a corresponding subscription liability.

At the commencement of SBITA, the District measures the subscription asset and liability at the present value of payments expected to be paid over the course of the agreement term. Subsequently, the subscription asset is amortized over the period of the IT agreement term. The subscription liability is reduced by the principal payment paid over the period of the IT agreement term.

Key estimates and judgements related to SBITA with various vendors are as follows:

- The District recognizes subscription assets and liabilities with an initial, individual net present value of $100 thousand or more.

- The District uses a blended incremental borrowing rate as the discount rate for SBITAs when the rate is not stated in the agreement and implicit rate is not determinable.
- The IT arrangements includes the noncancellable period of the lease agreement and the option to extend, if it is reasonably certain the District will exercise the option.
- Projected SBITA expenses included in our initial measurement are composed of fixed payments required per IT agreements as well as any variable payments that are fixed in substance. All other variable payments are excluded.

The District monitors changes in circumstance that would require a remeasurement of the subscription assets and liability, if certain changes occur that are expected to significantly affect the amount of subscription assets and liability.

(k) Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents the consumption of net assets that is applicable to future reporting periods and will not be recognized as an expense until then. The District reports three items that qualify for reporting in this category: deferred outflows related to bond refunding, deferred outflows related to pensions, and deferred outflows related to OPEB. The deferred amount on bond refunding resulted from the difference between the carrying value of refunded debt and its re-acquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The deferred amounts related to pension and OPEB relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes. These amounts will be recognized as increases in pension expense and OPEB expense in future years.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents the acquisition of net assets that is applicable to future reporting periods and will not be recognized as a revenue until then. The District reports three items that qualify for reporting in this category: deferred inflows related to leases, deferred inflows related to pensions, and deferred inflows related to OPEB. The deferred amounts related to pension and OPEB relate to differences between estimated and actual experience, and changes in actuarial assumptions. These amounts will be recognized as reductions in pension expense and OPEB expenses in future years. The District has reported amounts associated with long-term lease receivables with a deferred amount to be amortized over the terms of the lease agreements.

(l) 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)

(m) 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, Terminal Facility Improvement Fees, Low Carbon Fuel Standard (LCFS), Mitigation Fee, 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.

(n) 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.

- Guest Experiences - Parking 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 citations.

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 stimulus fund revenue, legal settlement, interest income from leases, grant revenue, terminal facility improvement fees, dividends from investments, and low carbon fuel standard credits.

(o) 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 components of nonoperating expenses are interest and legal settlement expenses.

(p) 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.

(q) Capital Grants and Contributions

The District recognizes capital grants and contributions when an 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 fair 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.

(r) 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.

(s) New Governmental Accounting Standards

The District implemented the following new governmental accounting standards effective for the fiscal year ended June 30, 2024:

- GASB Statement No. 100*, Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62,* effective for the fiscal year ended June 30, 2024. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

(t) Upcoming Governmental Accounting Standards

The following GASB Statements have been issued but are not yet effective for the fiscal year ended June 30, 2024. The District is assessing what financial statement impact, if any, these Statements will have:

- GASB Statement No. 101*, Compensated Absences*, effective for the fiscal year ending June 30, 2025. This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

- GASB Statement No. 102, Certain Risk Disclosures, requires The District to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires The District to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If The District determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in the notes to the financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. Statement 102 will be effective for The District beginning with its year ending June 30, 2025.

- GASB Statement No. 103, Financial Reporting Model Improvements, provides guidance to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. Statement 103 will be effective for The District beginning with its year ending June 30, 2026.

- GASB Statement No. 104, Disclosure of Certain Capital Assets, requires State and local governments to provide detailed information about their capital assets in the notes to their financial statements. This includes presenting information by major class for various types of capital assets. Key requirements include separate disclosures for lease assets (under Statement No. 87), intangible right-to-use assets (under Statement No. 94), and subscription-based IT arrangements (under Statement No. 96). Additionally, other intangible assets must be disclosed by major class. The Statement also mandates disclosures for capital assets held for sale, which are assets the government plans to sell within a year. These disclosures must include the asset's ending balance, historical cost, accumulated depreciation, and any related debt pledged as collateral, organized by major asset class. Regular evaluations are required to assess the likelihood of sale within the established time frame.

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

Summary of cash and investments:	2024	2023
Cash and cash equivalents	$ 152,014,167	$ 99,971,109
Investments	30,564,600	37,153,039
Restricted cash and investments:		
Mitigation Fees Fund	7,401,816	6,563,500
North Embarcadero Visionary Plan Maintenance Fund	2,932,837	2,716,641
Refundable Security Deposits and Other Miscellaneous	7,596,358	6,180,679
Chula Vista Bayfront Development RIDA	472,715	419,137
Stimulus Fund	38,626,376	58,856,893
Low Carbon Fuel Standard (LCFS) Fund	16,862,779	4,770,159
Terminal Facility Improvement Fee	4,341,865	2,395,402
County Sweetwater Park Fund	7,825,855	7,067,412
Other	751,289	764,567
Total restricted cash and investments	86,811,890	89,734,390
Designated cash and investments:		
Designated for specific capital projects and commitments	523,522	306,699
Total cash and investments	$ 269,914,179	$ 227,165,237

Cash and investments consist of the following:	2024	2023
Cash on hand, current	$ 6,800	$ 2,500
Deposits with financial institutions	97,570,481	79,750,778
Investments	172,336,898	147,411,959
Total cash and investments	$ 269,914,179	$ 227,165,237

Investments Authorized by California Government Code and the District Investment Policy

California Government Code § 53600 et seq. and the BPC's Policy No. 115 (BPC 115), "Guidelines for Prudent Investments" and the BPC Policy No. 115-A "Local Depository Inactive Deposit Program", 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 2024 and fiscal year 2023 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	10% FMV
Medium-Term Notes - "AA" Rating	3 Years	30% FMV	10% 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, 2024 and 2023.

Information pertaining to the portfolio's overall sensitivity to interest rate risk as of June 30, 2024 and 2023, is provided in the following tables:

District Investments		**Remaining Days to Maturity**		
Investment Type	**Fair Value as of June 30, 2024**	**120 Days or Less**	**121 to 360**	**361 to 720**
U.S. Treasury Obligations	$ 3,709,688	$ 3,709,688	$ —	$ —
U.S. Agency Obligations	24,893,480	—	—	24,893,480
Local Agency Investment Fund (LAIF)	61,963,154	61,963,154	—	—
Money Market Accounts	34,663,463	34,663,463	—	—
Supranational Obligations	1,974,257	—	—	1,974,257
Joint Powers Authority Pool (JPA)	45,132,856	45,132,856	—	—
Totals:	$ 172,336,898	$ 145,469,161	$ —	$ 26,867,737

District Investments		**Remaining Days to Maturity**		
Investment Type	**Fair Value as of June 30, 2023**	**120 Days or Less**	**121 to 360**	**361 to 720**
U.S. Treasury Obligations	$ 27,387,520	$ 5,967,840	$ 15,648,580	$ 5,771,100
U.S. Agency Obligations	9,923,340	5,935,900	3,987,440	—
Local Agency Investment Fund (LAIF)	75,000,000	75,000,000	—	—
Joint Powers Authority Pool (JPA)	18,394,762	18,394,762	—	—
Money Market Accounts	16,706,337	16,706,337	—	—
Totals:	$ 147,411,959	$ 122,004,839	$ 19,636,020	$ 5,771,100

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, 2024 and 2023, for each investment type.

Investment Type	Fair Value as of June 30, 2024	Minimum Rating	Actual Rating			Not Rated
			AAA	AA+	AAf /S1+	
U.S. Treasury Obligations	$ 3,709,688	n/a	$ —	$ 3,709,688	$ —	$ —
U.S. Agency Obligations	24,893,480	n/a	—	24,893,480	—	—
Local Agency Investment Fund (LAIF)	61,963,154	n/a	—	—	—	61,963,154
Money Market Accounts	34,663,463	n/a	34,663,463	—	—	—
Supranational Obligations	1,974,257	AA	1,974,257	—	—	—
Joint Powers Authority Pool (JPA)	45,132,856	n/a	45,132,856	—	—	—
Totals:	$ 172,336,898		$81,770,576	$ 28,603,168	$ —	$ 61,963,154

Investment Type	Fair Value as of June 30, 2023	Minimum Rating	Actual Rating			Not Rated
			AAA	AA+	AAf /S1+	
U.S. Treasury Obligations	$ 27,387,520	n/a	$ —	$ 27,387,520	$ —	$ —
U.S. Agency Obligations	9,923,340	n/a	—	9,923,340	—	—
Local Agency Investment Fund (LAIF)	75,000,000	n/a	—	—	—	75,000,000
Joint Powers Authority Pool (JPA)	18,394,762	n/a	18,394,762	—	—	—
Money Market Accounts	16,706,337	n/a	16,706,337	—	—	—
Totals:	$ 147,411,959		$ 35,101,099	$ 37,310,860	$ —	$ 75,000,000

On August 2, 2023, Fitch Ratings downgraded the U.S. credit rating to AA+ from AAA, citing fiscal deterioration over the next three years and repeated debt ceiling negotiations that threaten the government's ability to pay its obligations. Funds held in trustee and fiscal agent accounts as of June 30, 2024 and 2023, 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, 2024 and 2023, grouped by issuer, are identified in the tables below.

Issuer	Investment Type	Fair Value as of June 30, 2024	Percentage of Portfolio
United States of America	U.S. Treasury Obligations	$ 3,709,688	2.31 %
Federal Home Loan Bank	U.S. Agency Obligations	19,882,640	11.52 %
International Finance Corporation	Supranational Obligations	1,974,257	1.14 %
Federal Farm Credit Bank	U.S. Agency Obligations	5,010,840	2.90 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	45,132,856	26.15 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	61,963,154	35.90 %
Money Market Accounts	Money Market Accounts	34,663,463	20.08 %
Total:		$ 172,336,898	100.00 %

Issuer	Investment Type	Fair Value as of June 30, 2023	Percentage of Portfolio
United States of America	U.S. Treasury Obligations	$ 27,387,520	18.58 %
Federal Home Loan Bank	U.S. Agency Obligations	9,923,340	6.73 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	18,394,762	12.48 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	75,000,000	50.88 %
Money Market Accounts	Money Market Accounts	16,706,337	11.33 %
Total:		$ 147,411,959	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 2024 and fiscal year 2023 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, 2024 and 2023, 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, 2024 and 2023, 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 Liquidity Fund, which has a target duration of 0 to 60 days. 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 amounts invested in CalTRUST are recorded as cash and investments.

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 Liquidity 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 amounts invested in LAIF are recorded as cash and investments.

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. The District established an additional LAIF account during fiscal year 2022 exclusively for deposit of American Rescue Plan Act funds received in January 2022, from the California State Lands Commission. All conditions of Traditional LAIF accounts similar applies. Of the total $61.9 million on deposit as of June 30, 2024, $61.3 million was held in the District's general LAIF account, and $600 thousand in the LAIF-Covid account.

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 $1.2 million as of June 30, 2024 and $1.1 million as of June 30, 2023, 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 an Allspring Trust Government Money Market Fund Class I 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, 2024 and 2023.

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 $4.7 million as of June 30, 2024, and $4.5 million as of 2023, 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 ratings per Moody's are Aaa-mf and per S&P at AAAm as of June 30, 2024 and 2023.

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 $2.6 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, 2024 and 2023.

Fair Value Measurement and Hierarchy

The District categorizes its fair value measurements for the investment portfolio within the fair value hierarchy established by generally accepted accounting principles. 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, CalTrust, and Money Market Account are not subject to fair value hierarchy.

The District has the following recurring fair value measurements as of June 30, 2024 and 2023:

Asset Type:

- U.S. Treasury Obligations of $3.7 million and $27.4 million as of June 30, 2024 and 2023, 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 and pricing models and methodologies such as benchmark curves, benchmarking of like securities and bid, mean, and ask evaluations.

- U.S. Agency Obligations of $24.9 million and $9.9 million as of June 30, 2024 and 2023, 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.

(3) Capital Assets

Following is a summary of the capital assets activity for the fiscal years ended June 30, 2024 and June 30, 2023:

Capital Assets
(Expressed in thousands)

	June 30, 2023	Increases	Decreases	Transfers	June 30, 2024
Nondepreciable assets:					
Land	$ 314,759	$ —	$ —	$ 1	$ 314,760
Construction-in-progress	70,318	48,734	—	(47,808)	71,244
Depreciable/amortizable assets:					
Land improvements	7,650	—	—	—	7,650
Buildings and structures	650,086	—	—	44,685	694,771
Machinery and equipment	89,032	3,261	(705)	1,460	93,048
Roads and parking lots	128,644	—	—	1,326	129,970
Intangible	25,841	—	—	336	26,177
SBITA Right-To-Use	6,225	699	—	—	6,924
Total assets	1,292,555	52,694	(705)	—	1,344,544
Accumulated depreciation/amortization:					
Land improvements	(7,406)	(21)	—	—	(7,427)
Buildings and structures	(480,816)	(17,949)	—	—	(498,765)
Machinery and equipment	(68,789)	(4,081)	600	—	(72,270)
Roads and parking lots	(102,623)	(2,677)	—	—	(105,300)
Intangible	(16,263)	(1,271)	—	—	(17,534)
SBITA Right-To-Use	(2,438)	(1,654)	—	—	(4,092)
Total accumulated depreciation/ amortization	(678,335)	(27,653)	600	—	(705,388)
Capital assets, net	$ 614,220	$ 25,041	$ (105)	$ —	$ 639,156

Capital Assets
(Expressed in thousands)

	June 30, 2022 (As Restated)	Increases	Decreases	Transfers	June 30, 2023
Nondepreciable assets:					
Land	$ 314,506	$ —	$ —	$ 253	$ 314,759
Construction-in-progress	42,226	41,880	(2,620)	(11,168)	70,318
Depreciable/amortizable assets:					
Land improvements	7,650	—	—	—	7,650
Buildings and structures	644,050	—	—	6,036	650,086
Machinery and equipment	85,475	2,416	—	1,141	89,032
Roads and parking lots	128,377	—	—	267	128,644
Intangible	22,370	—	—	3,471	25,841
SBITA Right-To-Use	6,225	—	—	—	6,225
Total assets	1,250,879	44,296	(2,620)	—	1,292,555
Accumulated depreciation/amortization:					
Land improvements	(7,384)	(22)	—	—	(7,406)
Buildings and structures	(462,127)	(18,689)	—	—	(480,816)
Machinery and equipment	(65,186)	(3,603)	—	—	(68,789)
Roads and parking lots	(99,918)	(2,705)	—	—	(102,623)
Intangible	(14,537)	(1,726)	—	—	(16,263)
SBITA Right-To-Use	(900)	(1,538)	—	—	(2,438)
Total accumulated depreciation/ amortization	(650,052)	(28,283)	—	—	(678,335)
Capital assets, net	$ 600,827	$ 16,013	$ (2,620)	$ —	$ 614,220

The District recognized depreciation/amortization expenses of $27.7 million and $28.3 million for the years ended June 30, 2024 and 2023, respectively.

The District has entered into subscription-based Information Technology (IT) arrangements with various vendors to access and utilize software applications and related services. These arrangements are considered service contracts that provide the District with access to IT resources, such as cloud computing or software-as-a-service (SaaS) solutions.

As of June 30, 2024, and 2023, the District recognized total subscription assets of $6.9 million and $6.2 million, respectively. As of June 30, 2024, and 2023, the District recognized total subscription liabilities of $1.7 million and $2.9 million, respectively. Additionally, as of June 30, 2024, and 2023, the District recorded accumulated amortization of $4.1 million and $2.4 million, respectively.

The District did not have any variable payments or other payments, such as termination penalties, in the reporting period that were not previously included in the measurement of the subscription liability. Additionally, there was no loss associated with an impairment during the years ended June 30, 2024, and 2023.

(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, 2024 and 2023:

	June 30, 2023	Increases	Decreases	June 30, 2024	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 22,295,923	$ —	$ (2,634,469)	$ 19,661,454	$ 2,731,707
Revenue bonds:					
Series A 2013 bonds payable	18,915,000	—	(2,315,000)	16,600,000	2,435,000
Series A 2013 bonds premium	402,472	—	(141,233)	261,239	—
Total notes and bonds[1]	41,613,395	—	(5,090,702)	36,522,693	5,166,707
Other noncurrent liabilities:					
Unearned revenue - Other	158,741	434,134	(7,455)	585,420	—
Unearned revenue - NEVP maintenance credits	5,108,813	—	(373,864)	4,734,949	—
Accrued leave	8,660,591	8,041,823	(7,262,094)	9,440,320	7,262,094
County Sweetwater Park Fund	7,067,412	2,003,611	(1,245,168)	7,825,855	—
SBPP remediation	1,129,530	56,553	—	1,186,083	—
Mitigation fees	6,563,500	838,316	—	7,401,816	—
Other long-term liabilities	4,813,384	—	(1,045,504)	3,767,880	—
Total other noncurrent liabilities	33,501,971	11,374,437	(9,934,085)	34,942,323	7,262,094
Total long-term liabilities	$ 75,115,366	$ 11,374,437	$ (15,024,787)	$ 71,465,016	$ 12,428,801

	June 30, 2022	Increases	Decreases	June 30, 2023	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	$ 24,836,615	$ —	$ (2,540,692)	$ 22,295,923	$ 2,634,469
Revenue bonds:					
Series A 2013 bonds payable	21,115,000	—	(2,200,000)	18,915,000	2,315,000
Series A 2013 bonds premium	582,176	—	(179,704)	402,472	—
Total notes and bonds[1]	46,533,791	—	(4,920,396)	41,613,395	4,949,469
Other noncurrent liabilities:					
Unearned revenue - Other	157,309	2,049	(617)	158,741	—
Unearned revenue - NEVP maintenance credits	5,434,440	—	(325,627)	5,108,813	—
Stimulus Funds	9,951,300	—	(9,951,300)	—	—
Accrued leave	7,773,163	6,927,735	(6,040,306)	8,660,591	6,040,303
County Sweetwater Park Fund	6,900,272	167,140	—	7,067,412	—
SBPP remediation	1,096,711	32,819	—	1,129,530	—
Mitigation fees	6,563,500	—	—	6,563,500	—
Other long-term liabilities	4,977,632	—	(164,248)	4,813,384	—
Total other noncurrent liabilities	42,854,327	7,129,743	(16,482,098)	33,501,971	6,040,303
Total long-term liabilities	$ 89,388,118	$ 7,129,743	$ (21,402,494)	$ 75,115,366	$ 10,989,772

[1] **District's direct borrowing and placements**

The District's required debt service payments for the notes and bonds as of June 30, 2024, excluding the bond premium, are as follows:

Years Ending June 30	Principal	Interest	Total Debt Service
2025	$ 5,166,707	$ 1,414,322	$ 6,581,029
2026	5,392,535	1,188,619	6,581,154
2027	5,627,084	952,820	6,579,904
2028	5,870,492	706,537	6,577,029
2029-2031	14,204,636	658,985	14,863,621
Total	$ 36,261,454	$ 4,921,283	$ 41,182,737

(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 to be 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. On November 9, 2021, the BPC authorized an amendment to the promissory note between the District and the SDCRAA which modified the fixed annual interest rate from 5.5% to 3.63%, effective November 1, 2021, estimating a savings of approximately $2.6 million. All other terms of the note have remained the same.

(c) Revenue Bonds and Pledge of Revenues

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. Bonds were initially issued to reimburse the District for certain previous capital expenditures, fund the Bonds' reserve requirement, and finance the costs of issuance. Principal payments remaining as of June 30, 2024, total approximately $16.6 million. The bond premium is amortized over the life of the bond using the effective interest method.

Pledged Revenues

Pledged revenues for the year ended June 30, 2024, totaled approximately $254.8 million. This represents approximately 85.9% of total District revenues and 1,325.2% of the remaining Series A 2013 Bonds' principal and interest requirements compared to approximately $237.6 million for the year ended June 30, 2023. Net pledged revenues for the year ended June 30, 2024, totaled approximately $70.0 million, which represents 2,200.7% of the 2013 Bonds' annual principal and interest requirements of $3.2 million. Net pledged revenues for the year ended June 30, 2023, totaled approximately $75.7 million, which represents 2,382.2% of the 2013 Bonds' annual principal and interest requirements of approximately $3.2 million.

Event of Default Provisions

The District's outstanding note from SDCRAA of approximately $19.7 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 revenue bonds of approximately $16.6 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

NEVP maintenance and security credits: The District accounts for recognized revenue on the 50.0% Civic San Diego (CSD) 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 to the Joint Exercise of Powers Agreement (JPA) with CSD, to design and fund phases of the North Embarcadero Visionary Plan (NEVP). The balance of unearned revenue - NEVP credits as of June 30, 2024, is approximately $4.7 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, 2024, is approximately $9.4 million and is based on current compensation rates.

(f) County Sweetwater Park Funds

As mentioned in Note 11(a)ii, Chula Vista Bayfront Development, the catalyst project requires the construction of extensive public infrastructure to the areas within and surrounding Parcel H3 such as Harbor Park, Sweetwater Park, and various street improvements (“Phase 1A Improvements”). Additional funding of $25 million for Phase 1A Improvements is provided by the County of San Diego (county) to be paid back through the property tax increment expected to be generated from the Chula Vista Bayfront Masterplan Project.

Pursuant to the Project Implementation Plan (PIP) relating to the Chula Vista Bayfront Facilities Financing Authority Revenue Bonds the District shall sufficiently complete the development of Sweetwater Park. In accordance with the PIP, on June 30, 2022, the county initially transferred $6.9 million for the County Sweetwater Park Funds which will be held by the District until sufficient completion of Sweetwater Park. On May 2024, the District received an additional $1.7 million from the county for a total cumulative contribution of $8.6 million. As of June 30, 2024, the District recognized $1.2 million of expenditures for the project and $498 thousand of accumulated interest with total available fund balance of $7.8 million.

(g) South Bay Power Plant Site Demolition and Remediation

Pursuant to the Asset Sale Agreement between the District and San Diego Gas & Electric (SDG&E), the District acquired the South Bay Power Plant (SBPP) 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, 2024 and 2023, were approximately $1.2 million. 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.

(h) Mitigation Fees Fund

In fiscal year 2016, the District recorded a $3.0 million fee under a memorandum of agreement (MOA) 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 lower cost overnight visitor accommodations within the San Diego County Coastal Zone.

In fiscal years 2018 through 2020, the District recorded $3.6 million in additional fees for the purposes of establishing lower cost overnight visitor accommodations. As of June 30, 2024, the District collected fees amounted to $7.4 million, including accumulated interest of $838 thousand. If a program is not established within five years of the receipt of funds, the District may enter into a Memorandum of Understanding 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.

At present, the District does not have an active project for the intended use of these funds. Pursuant to the MOA, the Executive Director of the California Coastal Commission must provide a 30-day notice to the District requiring the transfer of the funds to another entity.

(i) Other Long-Term Liabilities

The District participates in a loss-sensitive workers' compensation program with a long-term liability obligation. Additional details are disclosed in Note 8 - Risk Management.

(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. While retirement factors vary based on date of hire, eligibility for retirement is as follows:

- General Members hired prior to January 1, 2024, 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.
- General Members hired on or after January 1, 2024, are eligible to retire at age 52 with five or more years of service.
- Safety Members hired prior to January 1, 2010, 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 January 1, 2013, 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.

All employees can contribute to a 457(b) plan. Non-sworn employees hired on or after January 1, 2009 and before January 1, 2024, have their contributions matched by the District up to 4% into a 401(a) plan, increasing to 6% after 15 years of service. Employees determine how their contributions are invested based on a line-up of mutual funds and target date funds.

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

Plan Benefits

The Plan's provisions and benefits in effect at June 30, 2024, 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)	On or after January 1, 2024 (PEPRA)
Benefit formula	3.0% @ 60	0.75% to 1.5% @ 55	0.75% to 1.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service credit	5 years service credit	10 years service credit	5 years service credit
Benefit payments	Monthly for life	Monthly for life	Monthly for life	Monthly for life
Retirement age	55 – 62	55 – 62	55 – 62	52 – 67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%[2]	0.75% to 1.5%	0.75% to 1.5%	1.0% to 2.5%
Required employee contribution rates	9.65%	0%[1]	6.49%	9.00%
Required employer contribution rates	83.48%	12.88%	5.56%	9.00%

[1]Employees hired on or after January 1, 2009 and before January 1, 2013 are not required to contribute to the plan.
[2]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 cannot exceed 90%.

	Safety		
Hire date	Prior to January 1, 2010	On or after January 1, 2010	On or after January 1, 2013 (PEPRA)
Benefit formula	3.0% @ 50	3.0% @ 50	2.7% @ 57
Benefit vesting schedule	5 years service credit	5 years service credit	5 years service credit
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	12.71%	12.80%	15.95%
Required employer contribution rates	112.67%	34.82%	16.37%

[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 cannot exceed 90%.

Employees Covered

Based on the SDCERS most recent actuarial valuation as of June 30, 2023, the following employees were covered by the benefit terms of the Plan:

	General	Safety
Inactive employees or beneficiaries currently receiving benefits	500	171
Inactive employees entitled to but not yet receiving benefits	225	56
Active employees	237	124
Total	962	351

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 2024 and 2023, determined by the June 30, 2023 and June 30, 2022 actuarial valuations, respectively, are as follows:

	2024	2023
General Members	7.05%	7.29%
Safety Members	14.22%	14.05%

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 8.80% for safety employees, 10.30% for safety chief of police, 8.50% for management employees, and 7.00% for all other employees.

For general employees hired on or after October 1, 2006, the offset rates are 8.80% for safety employees, 10.30% for safety chief of police, 7.50% for management employees, and 6.00% for all others. For fiscal years 2024 and 2023, the District paid employee contribution offsets of $1.6 million and $1.6 million, respectively.

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 2024 and 2023, the contributions made by the District to the Plan are as follows:

	2024	2023
Contributions - employer	$ 19,200,000	$ 19,200,000
Contributions - employee (paid by employer)	$ 1,590,718	$ 1,565,781

Based on the June 30, 2023 and June 30, 2022 actuarial valuations, the fiscal years 2024 and 2023 employer's actuarially determined weighted contribution rates expressed as a percentage of compensation are as follows:

	2024	2023
General Members	43.25%	45.56%
Safety Members	55.11%	52.97%

Net Pension Liability

The District's net pension liability as of June 30, 2024, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability reported as of June 30, 2024, is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022, updated to June 30, 2023, using standard update procedures. There were no significant events between the valuation date and the measurement date, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

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

Description	June 30, 2024	June 30, 2023
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
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]

[1] Plus merit component based on employee classification and years of service.
[2] Net of investment expenses.

Mortality rates for active members and healthy retired members are based on the sex distinct 2010 Society of Actuaries Public General Employees Amount-Weighted Mortality Table, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2021.

The SDCERS Board has the authority to select economic and demographic assumptions for the plan. The assumptions used in this report reflect the results of the 2023 Actuarial Experience Study performed by the actuarial consulting firm Cheiron and adopted by the SDCERS Board in September 2023.

Discount Rate - The discount rate used to measure the total pension liability was 6.50% for the June 30, 2023 and the June 30, 2022 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 these assumptions, adherence to the actuarial funding policy described above will result in the pension plan's projected fiduciary net position being greater than or equal to the benefit payments projected for each future period. Therefore, the discount rate of 6.50% for fiscal year 2024 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 measurement dates of June 30, 2023 and June 30, 2022. 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, 2023

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return	Long-Term Expected Nominal Rates of Return
Domestic Equity	19.0%	5.0%	7.5%
International Equity	12.0%	5.8%	8.2%
Global Equity	8.0%	5.5%	7.9%
Domestic Fixed Income	22.0%	1.7%	4.0%
Emerging Market Debt	5.0%	4.6%	7.0%
Real Estate	11.0%	3.3%	5.6%
Private Equity	10.0%	7.8%	10.3%
Infrastructure	3.0%	4.8%	7.2%
Opportunity Fund	10.0%	4.9%	7.3%
Total	100.0%		

Target Asset Allocation and Rates of Return
as of June 30, 2022

Asset Class	Target Allocation	Long-Term Expected Real Rates of Return	Long-Term Expected Nominal Rates of Return
Domestic Equity	19.0%	4.9%	7.5%
International Equity	12.0%	5.5%	8.0%
Global Equity	8.0%	5.3%	7.8%
Domestic Fixed Income	22.0%	1.0%	3.5%
Emerging Market Debt	5.0%	4.4%	6.9%
Real Estate	11.0%	3.2%	5.7%
Private Equity & Infrastructure	13.0%	7.5%	10.1%
Opportunity Fund	10.0%	4.6%	7.1%
Total	100.0%		

Changes in the Net Pension Liability

Changes in the Net Pension Liability as of the measurement date June 30, 2023, were as follows:

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at June 30, 2023	$ 675,563,794	$ 554,462,803	$ 121,100,991
Changes for the year:			
Service cost	9,304,387	—	9,304,387
Interest	43,029,385	—	43,029,385
Changes of benefits	—	—	—
Differences between expected and actual experience	5,570,370	—	5,570,370
Changes of assumptions	—	—	—
Contributions - employer	—	19,310,578	(19,310,578)
Contributions - employee (paid by employer)	—	1,565,781	(1,565,781)
Contributions - employee	—	2,529,254	(2,529,254)
Net investment income	—	28,674,081	(28,674,081)
Benefit payments	(36,885,082)	(36,885,082)	—
Administrative expenses	—	(882,317)	882,317
Net changes	21,019,060	14,312,295	6,706,765
Balances at June 30, 2024	$ 696,582,854	$ 568,775,098	$ 127,807,756

Source: *SDCERS GASB 67/68 Report with a measurement date of June 30, 2023*

During the measurement year, the net pension liability (NPL) increased by approximately $6.7 million. The service cost and interest cost increased the NPL by approximately $52.3 million, while contributions and investment income, less administrative expenses, decreased the NPL by approximately $51.2 million. There were no changes in benefits or assumptions during the year, but there were actuarial liability experience losses during the year of approximately $5.6 million. The total pension liability (TPL) as of June 30, 2023, was based upon the same membership data, actuarial assumptions and methods, and plan provisions as were used in the actuarial valuation as of June 30, 2022.

Changes in the Net Pension Liability as of measurement date June 30, 2022, were as follows:

	Increase (Decrease)		
	Total Pension Liability	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at June 30, 2022	$ 654,848,077	$ 572,390,816	$ 82,457,261
Changes for the year:			
Service cost	9,207,195	—	9,207,195
Interest	41,748,843	—	41,748,843
Changes of benefits	—	—	—
Differences between expected and actual experience	4,484,956	—	4,484,956
Changes of assumptions	—	—	—
Contributions - employer	—	22,248,546	(22,248,546)
Contributions - employee (paid by employer)	—	1,596,607	(1,596,607)
Contributions - employee	—	2,136,389	(2,136,389)
Net investment income	—	(8,340,841)	8,340,841
Benefit payments	(34,725,277)	(34,725,277)	—
Administrative expenses	—	(843,437)	843,437
Net changes	20,715,717	(17,928,013)	38,643,730
Balances at June 30, 2023	$ 675,563,794	$ 554,462,803	$ 121,100,991

Source: *SDCERS GASB 67/68 Report with a measurement date of June 30, 2022*

During the measurement year, the net pension liability (NPL) increased by approximately $38.6 million. The service cost and interest cost increased the NPL by approximately $51.0 million, while contributions and investment income, less administrative expenses, decreased the NPL by approximately $16.8 million. There were no changes in benefits or assumptions during the year, but there were actuarial liability experience losses during the year of approximately $4.5 million. The total pension liability (TPL) as of June 30, 2022, was based upon the same membership data, actuarial assumptions and methods, and plan provisions as were used in the actuarial valuation as of June 30, 2021.

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, 2023 and June 30, 2022, 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:

June 30, 2024	**1% Decrease 5.50%**	**Discount Rate 6.50%**	**1% Increase 7.50%**
Net Pension Liability	$214,736,375	$127,807,756	$56,166,592

June 30, 2023	**1% Decrease 5.50%**	**Discount Rate 6.50%**	**1% Increase 7.50%**
Net Pension Liability	$206,450,182	$121,100,991	$51,103,065

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, 2024 and June 30, 2023, the District recognized pension expense of $16.8 million and $7.0 million, respectively. At June 30, 2024 and June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024		2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	$ 19,200,000	$ —	$ 19,200,000	$ —
Difference between expected and actual experience	2,785,185	—	2,242,478	—
Changes in assumptions	—	—	—	—
Net differences between projected and actual earnings on pension plan investments	3,758,997	—	—	4,929,638
Total	$ 25,744,182	$ —	$ 21,442,478	$ 4,929,638

Deferred outflows of resources related to contributions subsequent to the measurement date in the amount of $19.2 million at June 30, 2024, will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2025. The deferred outflows and deferred inflows of resources related to pensions at June 30, 2024, will be recognized as pension expense in future years as follows:

Year Ending June 30	Pension Expense
2025	$ 1,518,360
2026	$ (7,184,166)
2027	$ 10,701,906
2028	$ 1,508,082

Payable to the Pension Plan

The District had no outstanding annually determined contributions payable to the pension plan for the year ended June 30, 2024.

(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 2024 and 2023, the District paid $207 thousand and $271 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 2024 was $275 thousand, increased from $265 thousand for the calendar year 2023. For non-safety members, the limit is adjusted downward depending on the age of the participant when benefits began.

Total Pension Liability

The District's POB total pension liability (TPL) as of June 30, 2024, is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 updated to June 30, 2023, using standard update procedures. There were no significant events between the valuation date and the measurement date, so the update procedures only included 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 TPL was determined using the following actuarial assumptions:

	As of June 30, 2024	**As of June 30, 2023**
Valuation date	June 30, 2022	June 30, 2021
Measurement date	June 30, 2023	June 30, 2022
Actuarial cost method	Entry-Age Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial assumptions:		
Discount rate	3.65%	3.54%
Cost-of-living adjustment	1.9-2.0%	1.9-2.0%
Projected salary increase	3.05%[1]	3.05%[1]

[1] Plus merit component based on employee classification and years of service.

Mortality rates for active members and healthy retired members are based on the sex distinct 2010 Society of Actuaries 2010 Employees Amount-Weighted Mortality Tables, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019.

Change in Total Pension Liability

Changes in the TPL as of the measurement date June 30, 2023, were as follows:

POB Plan	**Increase (Decrease)** **Total Pension Liability**
Balances at June 30, 2023	$ 2,849,215
Changes for the year:	
Service cost	41,916
Interest on the total pension liability	96,751
Differences between expected and actual experience	(487,458)
Changes in assumptions	(36,265)
Benefit payments	(276,215)
Net changes	(661,271)
Balances at June 30, 2024	$ 2,187,944

Changes in the TPL as of the measurement date June 30, 2022, were as follows:

POB Plan	Increase (Decrease) Total Pension Liability
Balance at June 30, 2022	$ 4,733,462
Changes for the year:	
Service cost	55,108
Interest on the total pension liability	98,939
Differences between expected and actual experience	(1,172,260)
Changes in assumptions	(503,366)
Benefit payments	(362,668)
Net changes	(1,884,247)
Balance at June 30, 2023	$ 2,849,215

During the measurement year ended June 30, 2023, the TPL decreased $661 thousand, primarily due to experience gains decreasing the TPL by $487 thousand, while benefit payments decreased the TPL by $276 thousand. Assumptions were changed (discount rate based on the municipal bond rate), which decreased the TPL by $36 thousand. The actuarial experience losses during the year of $487 thousand were mostly due to higher than expected 415(b) limits, which resulted in smaller POB benefits.

The TPL as of June 30, 2023, is based upon the same data, actuarial methods, and plan provisions as were used in the actuarial valuation as of June 30, 2022, and which are summarized in the Actuarial Valuation Report for SDCERS - San Diego Unified Port District as of June 30, 2022. The TPL as of June 30, 2023, is based on a roll-forward of the TPL as of June 30, 2022, but also incorporates a discount rate of 3.65%, based on the June 29, 2023 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, 2023 and June 30, 2022 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:

June 30, 2024	1% Decrease 2.65%	Discount Rate 3.65%	1% Increase 4.65%
Total Pension Liability	$2,555,291	$2,187,944	$1,897,831

June 30, 2023	1% Decrease 2.54%	Discount Rate 3.54%	1% Increase 4.54%
Total Pension Liability	$3,196,278	$2,849,215	$2,575,703

For the fiscal years ended June 30, 2024 and June 30, 2023, the District recognized POB Plan pension (credit)/ expense of $(961) thousand and $(368) thousand, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2024 POB Plan		2023 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	$ 207,000	$ —	$ 271,000	$ —
Difference between expected and actual experience	—	243,729	—	586,130
Changes in assumptions	—	18,132	—	251,683
Total	$ 207,000	$ 261,861	$ 271,000	$ 837,813

Deferred inflows of resources related to contributions subsequent to measurement date in the amount of $207 thousand at June 30, 2024, will be recognized as a decrease to the pension liability during the fiscal year ending June 30, 2025. The deferred outflows and deferred inflows of resources related to pensions at June 30, 2024, will be recognized as pension expense at June 30, 2025, as follows:

Year Ending June 30	Pension Expense
2025	$ (261,861)

(c) Summary of Pension Amounts

A summary of the pension amounts for the District pension plans at June 30, 2024, is presented below:

	SDCERS	POB	Total
Net pension liability	$ 127,807,756	2,187,944	$ 129,995,700
Deferred outflows - pensions	$ 25,744,182	207,000	$ 25,951,182
Deferred inflows - pensions	$ —	261,861	$ 261,861
Pension expenses (credit)	$ 16,786,001	(961,008)	$ 15,824,993

A summary of the pension amounts for the District pension plans at June 30, 2023, is presented below:

	SDCERS	POB	Total
Net pension liability	$ 121,100,991	2,849,215	$ 123,950,206
Deferred outflows - pensions	$ 21,442,478	271,000	$ 21,713,478
Deferred inflows - pensions	$ 4,929,368	837,813.00	$ 5,767,181
Pension expenses	$ 7,014,300	(367,722)	$ 6,646,578

(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. 84, *Fiduciary Activities,* and 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,* employee assets are not reflected in the District's basic financial statements.

(7) Other Postemployment Benefits (OPEB)

<u>Plan Description and Benefits Provided</u>

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 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 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, 2024, the District has not met the threshold to activate the trust.

<u>Eligibility for Benefits</u>

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 55 and 20 years of service credit • Age 62 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 and before January 1, 2010 (Medical, dental, basic life benefits)	• 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, 2010 (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, 2024 A (HRA benefit)	• Age 52 and five years of service credit • 10 years of District service required for retiree health benefits

<u>Employees Covered</u>

Per the Actuarial Valuation, as of July 1, 2023, 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 Healthcare Benefit Payments
General	Prior to January 1, 2009 - Regular	140	269
	On or after January 1, 2009 - HRA	292	—
Safety	Prior to January 1, 2010 - Regular	45	108
	On or after January 1, 2010 - HRA	91	—
Total		**568**	**377**

<u>Total OPEB Liability and OPEB Expense</u>

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, 2023, total OPEB liability as of the reporting dates of June 30, 2024 and June 30, 2023, were

$112.7 million and $112.5 million, respectively. The District recognized the following OPEB expense and contributions for fiscal year 2024 and fiscal year 2023:

	2024	2023
OPEB Expense/(credit)	$ (1,542,335)	$ (1,905,126)
Contributions - employee (paid by employer)	$ 4,019,755	$ 3,680,539

The contribution requirements of the District and Plan members (if any) are established by the District's Board. For the years ended June 30, 2024 and June 30, 2023, the District funded benefits on a "pay-as-you-go" basis and elected not to pre-fund its OPEB obligation. As the Plan has no pre-funded assets, the liability is reported as Total OPEB Liability.

The District's total OPEB liability for the OPEB Plan is measured as of June 30, 2024, using an annual valuation date of July 1, 2023, based on GASB Statement No. 75, rolled forward to June 30, 2024, using standard update procedures.

Changes in the total OPEB liability as of the measurement date of June 30, 2024, were as follows:

	Total OPEB Liability
Balance at June 30, 2023	$ 112,469,792
Changes recognized for measurement period:	
Service cost	733,719
Interest	4,007,404
Differences between expected and actual experience	5,120,735
Changes in assumptions	(5,636,391)
Benefit payments	(4,019,755)
Net Changes	205,712
Balance at June 30, 2024	$ 112,675,504

For the prior fiscal year, the District's total OPEB liability for the OPEB Plan is measured as of June 30, 2023, using an annual valuation date of July 1, 2023, based on GASB Statement No. 75, rolled forward to June 30, 2023, using standard update procedures.

Changes in the total OPEB liability as of the measurement date of June 30, 2023, were as follows:

	Total OPEB Liability
Balance at June 30, 2022	$ 114,268,856
Changes recognized for measurement period:	
Service cost	1,865,840
Interest	2,438,829
Differences between expected and actual experience	(268,769)
Changes in assumptions	(2,154,425)
Benefit payments	(3,680,539)
Net Changes	(1,799,064)
Balance at June 30, 2023	$ 112,469,792

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, 2023 valuation was rolled forward to determine the June 30, 2024 and June 30, 2023 total OPEB liabilities, based on the following actuarial cost method and assumptions:

	June 30, 2024	June 30, 2023
Actuarial Cost Method:	Entry Age	Entry Age
Actuarial Assumptions:		
Discount Rate	3.93%*	3.65%*
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 Cost Trend Rate	Initial rate of 7.0% reduced to 5.0% in four years reflecting medical price inflation	Initial rate of 7.0% reduced to 5.0% in 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 discount rates that are one percentage point lower or one percentage point higher than the current rate for the measurement periods ended June 30, 2024 and June 30, 2023:

	June 30, 2024			June 30, 2023		
	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)	1% Decrease (2.65%)	Current Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	$ 131,988,085	$ 112,675,504	$ 97,317,833	$ 131,747,114	$ 112,469,792	$ 97,140,159

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 ended June 30, 2024 and June 30, 2023:

Health Care Cost Trend Rates	Total OPEB Liability	
	June 30, 2024	June 30, 2023
1% Decrease (6.0% decreasing to 4.0%)	$ 95,627,700	$ 95,453,112
Current Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	$ 112,675,504	$ 112,469,792
1% Increase (8.0% decreasing to 6.0%)	$ 134,185,258	$ 133,940,275

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 amortization treatment for deferred outflows and inflows of resources will be straight-lined over the expected average remaining service lifetime of all members that are provided with benefits (active and retired) as of the valuation date.

At June 30, 2024, 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, 2023	$ 46,619,829	$ 22,639,481
Differences between expected and actual experience	(6,017,253)	4,389,201
Changes in assumptions	(2,291,150)	(6,929,802)
Balance at June 30, 2024	$ 38,311,426	$ 20,098,880

At June 30, 2023, 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, 2022	$ 57,336,232	$ 29,569,283
Differences between expected and actual experience	(5,748,486)	—
Changes in assumptions	(4,967,917)	(6,929,802)
Balance at June 30, 2023	$ 46,619,829	$ 22,639,481

Amounts reported as deferred outflows and deferred inflows of resources will be recognized as OPEB expense in future years as follows:

Year Ending June 30	OPEB Expense
2025	$ (5,554,423)
2026	$ (6,319,571)
2027	$ (5,713,692)
2028	$ (477,529)
2029	$ (73,665)
2030	$ (73,666)

(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, 2024, were as follows:

Self-Insured Retentions/Deductibles

June 30, 2024

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
Cyber Liability	$	100,000
Pollution liability*	$	50,000
Fiduciary liability	$	25,000
Terrorism liability	$	25,000
Automobile physical damage (new vehicles only)	$	5,000
Crime/public employee dishonesty	$	5,000
Marine protection and indemnity/hull & machinery	$	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, 2024 and 2023, the escrow account amount was $4.8 million. 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, 2024 and 2023, the District recorded accrued liabilities of $4.8 million and $5.7 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, 2024 and 2023, 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	
2023	$	5,946,315	$	646,609	$	(900,487)	$	5,692,437
2024	$	5,692,437	$	1,343,793	$	(2,194,791)	$	4,841,439

(9) Leases

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. The majority of lease agreements are not cancellable and permit the District to periodically adjust rents. In addition, many of these leases are secured by letters of credit, which totaled approximately $4.2 million and $6.2 million at June 30, 2024 and 2023, respectively. 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.

As of June 30, 2024 and 2023, the District's lease receivables were valued at $1.2 billion and $1.2 billion, respectively, and the deferred inflow of resources associated with these leases that will be recognized as revenue over the various lease terms was $1.2 billion and $1.2 billion, respectively. Total revenues for the year ended June 30, 2024 and 2023, were adjusted in accordance with GASB 87 by $17.3 million and $17.3 million, respectively, to adjust rents billed under the District's tenant agreements to the amortized inflow of resources under GASB 87 and relate primarily to Real Estate revenues.

For GASB 87 reporting purposes all District leases are reported with annual lease payments totaling $54.1 million and $41.9 million, respectively, as of June 30, 2024 and 2023, plus interest at rate of 3.5% and expiration dates ranging from July 1, 2020 to May 31, 2082.

The District received fixed rent payments of $24.3 million and $22.8 million for the fiscal years ended June 30, 2024, and 2023, respectively. Concessions rent payments in excess of the minimum guarantee are not included in the measurement of the lease receivable. During the fiscal years ended June 30, 2024 and 2023 concession rent payments totaled $97.8 million and $93.4 million, respectively.

During the fiscal year 2024, the District remeasured its lease receivables and deferred inflows of resources due to changes in lease terms and conditions. The remeasurement resulted in an increase of $20.4 million in lease receivables and $20.5 million in deferred inflows of resources. The adjustments were recognized as of the remeasurement date.

The payments for the lease receivables are expected to be received in the subsequent years are as follows:

Year Ending June 30		Principal		Interest
2025	$	27,864,133	$	41,657,169
2026		26,372,124		41,559,285
2027		24,866,622		40,924,342
2028		25,184,598		40,355,208
2029		26,025,718		39,566,298
2030-2034		103,535,191		188,284,220
2035-2039		112,617,855		168,989,902
2040-2044		125,339,283		145,435,677
2045-2049		127,055,049		121,436,328
2050-2054		142,427,456		97,809,675
2055-2059		161,062,095		71,165,850
2060-2064		144,845,675		43,381,413
2065-2069		103,694,622		21,543,068
2070-2074		37,382,942		9,477,628
2075-2079		29,004,979		4,059,100
2080-2082		8,611,816		391,262
Total	$	1,225,890,156	$	1,076,036,428

Certain leases between the District and its tenants with various terms ranging through November 30, 2050, are subject to external laws and regulations and are excluded from balance of lease receivable as regulated leases. The District recognizes inflows of resources based on the payment provisions of the lease agreement. By nature of their business, and/or square footage of tideland area utilized per agreements, several District tenants have a preferential or exclusive use of District land and submerged land. Maritime cargo tenants such as Dole Fresh Fruit (approximately 950 thousand square feet) and Pasha Automotive (approximately 5 million square feet), and shipbuilding and repair tenants including National

Steel and Shipbuilding Company (approximately 5.5 million square feet) occupy significant, strategic areas of District tidelands to conduct operations.

The District recognized lease revenue from regulated leases of $13.9 million and $14.4 million, respectively, for the years ended June 30, 2024 and 2023. The payments for the regulated lease are expected to be received in the subsequent years are as follows:

Year Ending June 30	Regulated Leases
2025	$ 13,700,794
2026	13,262,983
2027	12,366,332
2028	10,585,649
2029	9,483,001
2030-2034	42,698,640
2035-2039	32,927,572
2040-2044	18,557,896
2045-2049	14,834,587
2050-2054	4,682,675
Total	$ 173,100,129

The District has a leasing agreement that qualifies as a lease-leaseback in accordance with the requirements of GASB 87. District land is leased to a third party in which a portion of the land is leased back to the District for its own use. The term ends December 31, 2068. The amount of the lease receivable is $153.8 million and $155.2 million as of June 30, 2024 and 2023, respectively. The leaseback amount is $3.4 million as of June 30, 2024 and 2023. The net amount of the agreement is included in the lease receivable.

The District also has a leasing agreement holdover with the Department of Transport that will qualify as a lessee lease if and when the lease is renewed. The month-to-month holdover will continue to June 30, 2025. The District will record the net amount of the agreement in the lease liability, if and when the lease is renewed.

(10) Subscription-Based Information Technology Arrangements (SBITA)

The District has entered into subscription-based Information Technology (IT) arrangements with various vendors to access and utilize software applications and related services. These arrangements are considered service contracts that provide the District with access to IT resources, such as cloud computing or software-as-a-service (SaaS) solutions.

The payments for the subscription liability are expected to be paid in the subsequent years are as follows:

Year Ending June 30	Principal	Interest
2025	$ 872,779	$ 52,777
2026	736,141	28,567
2027	60,253	4,131
2028	64,184	2,131
Total	$ 1,733,357	$ 87,606

(11) Commitments and Contingencies

(a) Commitments

As of June 30, 2024, the District had significant commitments for capital expenditures and other matters as described below:

i. Balanced Capital Program (BCP): In November 2022, the Board of Port Commissioners (BPC) initiated a new program called the Balanced Capital Program (BCP), which replaced the Capital Improvements Program (CIP). The intent of the BCP is to distribute the Port's capital investments in a balanced and equitable manner throughout the Tidelands. As of June 30, 2024, the remaining balance in BCP was $20.3 million.

ii. Chula Vista Bayfront Development: The District and the City of Chula Vista ("City") have been working collaboratively for decades to plan and implement the Chula Vista Bayfront Master Plan ("CVBMP"), a redevelopment that envisions a world-class destination in the South Bay. And since 2014, the District and the City have been working to deliver the catalyst project for the Chula Vista Bayfront redevelopment, an approximately 275,000 square feet of meeting space for the convention center, 1,600 parking spaces, and a 1,600-room resort hotel. RIDA Chula Vista, LLC ("RIDA") was selected as the developer of the resort hotel and convention center. The catalyst project also requires the construction of extensive public infrastructure in the areas within and surrounding Parcel H3, such as Harbor Park, Sweetwater Park, and various street improvements ("Phase 1A Improvements"). Other key projects have recently been implemented on the CVBMP, such as the Sun Outdoors San Diego Bay RV Park and the Sweetwater Bike Path and Promenade.

The District and the City signed a joint exercise of powers agency to create the Chula Vista Bayfront Facilities Financing Authority ("Authority") to facilitate development, including financing a portion of the costs of such development.

The total estimated cost to construct the convention center, resort hotel, and the Phase 1A Improvements is $1.35 billion. RIDA will finance the construction of the resort hotel. The City and the District would make a "public contribution" for the construction of the convention center and Phase 1A Improvements, consisting of $284 million toward the cost of the convention center, and approximately $85 million toward the Phase 1A Improvements, including $19 million contributed at the closing date split evenly between the District and the City, for a total public investment of $369 million. In support of the public contribution, the Authority will issue taxable and tax-exempt bonds (collectively, the Authority Bonds) and the District and the City, as the sole members of the Authority, will commit certain funds to pay the debt service. Additional funding is being provided through a contribution of $25 million from the County of San Diego, a sewer contribution from the City through the City's Bayfront Development Impact Fee program, and funds from the District that have been collected over time through various projects on the Chula Vista Bayfront. The $25 million contribution from the County will be raised from the property tax increment generated from the CVBMP and shall be supplemented by a payment from the District if there is a shortfall from projected property tax.

The District will contribute funds to the repayment of the Authority Bonds pursuant to a Support Agreement between the Authority and the District (the "Support Agreement"), and the City will contribute funds to repayment of the Authority Bonds pursuant to a Facility Lease between the Authority and the City.

Under the Support Agreement, the District will contribute the annual payments and certain revenues from existing leases as specifically described in the Support Agreement. The District's annual payments consist of the following:

Annual Support Payments	
Bond Years 1-4	$ —
Bond Years 5-14	$ 5.0 million
Bond Years 15-19	$ 6.0 million
Bond Years 20-24	$ 3.0 million
Bond Years 25-38	$ 3.5 million

The District's funding sources will come from the sharing of revenues generated from the catalyst project with the City through a Revenue Sharing Agreement, including the payment of rent by RIDA and the Authority through the various leases approved by the Board. The Revenue Sharing agreement memorializes how various funds from the City and District would be contributed and applied, with the objective to allocate the excess cash flow after debt service is paid.

The District paid a total contribution of $14.1 million prior to the date of initial issuance/closing date of May 27, 2022. The payment consisted of: 1) a contribution of $5.1 million, which is the total approximate amount of the funds actually received by the District from July 1, 2018 to December 31, 2021, for those real estate agreements for property located within the Chula Vista Bayfront described in the Revenue Sharing Agreement, and 2) a contribution of $9.0 million which represents the District's one-half portion of additional costs to cover increased construction costs. The $14.1 million was recorded as capital outlay.

iii. Fire, Police, Emergency Medical, Lifeguard Services, and Tidelands Maintenance: The District entered into contracts with the five member cities for annual fire, police, and emergency medical services on the non-taxpaying tidelands. The combined cost for these services was $10.6 million for fiscal year 2024 compared to $9.7 million for fiscal year 2023. Additionally, the District contracts with the City of Imperial Beach for tidelands maintenance and lifeguard services & equipment on the non-taxpaying tidelands. The District's contract with the City of Imperial Beach for tidelands maintenance services came in at a cost of $1.3 million and $1.2 million, respectively for fiscal years 2024 and 2023.

Historically, these agreements had 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 were less than the CPI, which was based on the index change from the prior calendar year.

Effective July 1, 2020, contracts were re-negotiated with the City of Chula Vista and the City of Imperial Beach, and effective July 1, 2021, contracts were re-negotiated with the City of National City and the City of San Diego. The City of Coronado entered into a new contract as of August 19, 2022, with a new baseline rate of approximately $1.3 million, an increase of 12% over the fiscal year 2022 rate. These contracts established baseline rates and set the annual escalation for each at a static 3% (4% for Coronado) versus a factor of the CPI. The fiscal year 2025 aggregate baseline amounts total approximately $11.9 million.

(b) Contingencies

As of June 30, 2024, the District was subject to contingencies arising from legal, environmental matters, and audit and compliance reviews 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. Professional services for this matter for fiscal year 2024 were approximately $242 thousand.

(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. The District has also asserted claims against San Diego Wood Preserving. 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) 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 thousand. 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.

(d) 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 the 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 San Diego County Regional Airport Authority (SDCRAA) and City of San Diego. In May 2023, the Navy filed a lawsuit against the City of San Diego for environmental cost recovery. In June 2023, the City of San Diego filed counterclaims against the Navy. In July, the City filed a third-party complaint against the District and SDCRAA for environmental cost recovery. In September 2023, the Navy filed an amended complaint asserting environmental cost recovery claims against the District and SDCRAA. In October 2023, the District and SDCRAA asserted counter and cross claims against the City and the Navy. In June 2024, the court approved a consent decree between the District, SDCRAA, and the Navy wherein the District and SDCRAA agreed to pay the Navy approximately $2.5 million to resolve the Navy's claims against the District and SDCRAA. The District and SDCRAA paid the settlement (approximately $1.2 million each) in July 2024. The claims asserted by the City of San Diego remain pending. The District is pursuing insurance reimbursement.

(e) 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 and City of San Diego complied with the investigative order by collecting and submitting information to the RWQCB. In response to that information, RWQCB issued a new investigative order to the District and City of San Diego on March 17, 2022. 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.

(f) 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 owners SLPR, LLC, the Goodfellow Family Trust, and the Arendsee Family Trust. The complaint alleges that dredging in the San Diego Bay performed by the District and the Army Corps of Engineers compromised the integrity of plaintiffs' Coronado bay front properties. The District denies liability. 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). In July 2023, the parties entered into a settlement agreement wherein plaintiffs will seek to implement a shoreline project on District property adjacent to their homes and, if successful, will dismiss their claims against the District with prejudice. In August 2023, the court approved a three-year litigation stay to allow plaintiffs to pursue their project and thereby potentially resolve their dispute. While there is a chance that litigation will resume at the end of the stay, the likelihood of a finding of significant liability against the District should be low. If liability is determined against the District, potential exposure is not determinable at this time.

iii. 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, 2024 and June 30, 2023 for these claims and lawsuits.

iv. As a recipient of federal and state grant funds, the District is subject to audits and compliance reviews by the granting agencies to determine whether the expenditure of granted funds has been made in accordance with grant provisions. Such audits and compliance reviews could result in the potential disallowance of expenditures claimed by the District. The District's management believes that the District has complied with the terms of its grant agreements and that the possible adverse effects, if any, of disallowed grant expenditures would not be material to the District.

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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, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**	**June 30, 2014**
<u>**Total Pension Liability**</u>										
Service cost	$9,304,387	$9,207,195	$9,735,050	$9,331,143	$9,211,708	$8,550,865	$8,112,462	$7,647,969	$7,968,724	$8,387,418
Interest (includes interest on service cost)	43,029,385	41,748,843	40,810,247	38,116,431	36,710,862	35,865,866	34,526,302	32,102,235	30,611,374	29,357,390
Differences between actual and expected experience	5,570,370	4,484,956	(3,222,643)	4,220,244	3,984,673	(589,867)	4,459,946	(2,243,475)	4,572,336	—
Changes in assumptions		—	—	19,123,501	—	16,021,766	15,009,560	35,813,469	—	—
Benefit payments, including refunds of member contributions	(36,885,082)	(34,725,277)	(30,585,768)	(28,539,971)	(28,149,954)	(25,359,143)	(23,090,401)	(23,110,395)	(21,775,473)	(18,762,842)
Net change in total pension liability	$21,019,060	$20,715,717	$16,736,886	$42,251,348	$21,757,289	$34,489,487	$39,017,869	$50,209,803	$21,376,961	$18,981,966
Total pension liability - beginning	675,563,794	654,848,077	638,111,193	595,859,845	574,102,557	539,613,070	500,595,201	450,385,398	429,008,437	410,026,471
Total pension liability - ending	$696,582,854	$675,563,794	$654,848,079	$638,111,191	$595,859,845	$574,102,557	$539,613,070	$500,595,201	$450,385,398	$429,008,437
<u>**Plan Fiduciary Net Position**</u>										
Contributions - employer	$19,310,578	$22,248,546	$19,855,899	$19,439,646	$18,037,643	$17,857,797	$14,747,532	$14,400,000	$16,886,481	$16,595,566
Contributions - member (paid by employer)	—	1,596,607	1,742,459	1,924,925	2,037,292	2,104,470	2,287,740	2,422,241	—	—
Contributions - member	4,095,035	2,136,389	1,954,243	1,842,386	1,685,680	1,408,929	1,296,999	1,277,360	1,309,360	1,541,907
Net investment income	28,674,081	(8,340,841)	119,759,030	1,106,003	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	(36,885,082)	(34,725,277)	(30,585,768)	(28,539,971)	(28,149,954)	(25,359,143)	(23,090,401)	(23,110,395)	(21,775,473)	(18,762,842)
Administrative expenses	(882,317)	(843,437)	(759,991)	(721,104)	(669,312)	(658,939)	(665,330)	(686,932)	(691,003)	(728,497)
Net change in plan fiduciary net position	$14,312,295	$(17,928,013)	$111,965,872	$(4,948,115)	$21,561,221	$30,685,733	$45,170,166	$(1,837,851)	$7,793,178	$52,301,699
Plan fiduciary net position - beginning	554,462,803	572,390,816	460,424,944	465,373,059	443,811,838	413,126,105	367,955,939	369,793,790	362,000,612	309,698,913
Plan fiduciary net position - ending	$568,775,098	$554,462,803	$572,390,816	$460,424,944	$465,373,059	$443,811,838	$413,126,105	$367,955,939	$369,793,790	$362,000,612
Net pension liability - ending	$127,807,756	$121,100,991	$82,457,261	$177,686,247	$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	81.65 %	82.07 %	87.41 %	72.15 %	78.10 %	77.31 %	76.56 %	73.50 %	82.11 %	84.38 %
Covered payroll	$39,939,171	$37,599,227	$37,310,562	$36,810,149	$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	320.01 %	322.08 %	221.00 %	482.71 %	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.

Source: SDCERS GASB 67/68 Report with measurement dates of June 30, 2014 through June 2023.

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

	Measurement Date							
	June 30, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**
Total Pension Liability - POB								
Service cost	$ 41,916	$ 55,108	$ 110,973	$ 48,055	$ 43,749	$ 30,958	$ 77,315	$ 9,503
Interest (includes interest on service cost)	96,751	98,939	90,345	113,716	94,791	95,628	58,000	72,730
Differences between actual and expected experience	(487,458)	(1,172,260)	596,228	232,449	786,756	(39,843)	1,031,798	—
Changes in assumptions	(36,265)	(503,366)	35,860	673,697	120,913	(71,515)	(256,209)	296,607
Benefit payments, including refunds of member contributions	(276,215)	(362,668)	(264,136)	(255,688)	(241,645)	(245,183)	(258,709)	(273,568)
Net change in total pension liability	(661,271)	(1,884,247)	569,270	812,229	804,564	(229,955)	652,195	105,272
Total pension liability - beginning	2,849,215	4,733,462	4,164,192	3,351,963	2,547,399	2,777,354	2,125,159	2,019,887
Total pension liability - ending	$2,187,944	$2,849,215	$4,733,462	$4,164,192	$3,351,963	$2,547,399	$2,777,354	$2,125,159
Covered payroll	$39,939,171	$37,599,227	$37,310,562	$36,810,149	$35,732,609	$34,388,005	$33,684,615	$33,512,411
Total pension liability as a percentage of covered payroll	5.48 %	7.58 %	12.69 %	11.31 %	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 increased from 3.54% to 3.65% in the 2023 valuation. The discount rates were based on based on the June 29, 2023 Bond Buyer GO 20-Year Municipal.

*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, 2023

Schedule of Employer Pension Contributions
Last Ten Fiscal Years
(Expressed in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	$19,200	$19,200	$22,100	$19,700	$19,300	$17,900	$17,700	$14,600	$14,400	$14,300
Contributions in relation to the actuarially determined contribution	19,200	19,200	22,100	19,700	19,300	17,900	17,700	14,600	14,400	14,300
Contribution deficiency/ (excess)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Covered payroll	$43,439	$39,939	$37,599	$37,311	$36,810	$35,733	$34,388	$33,685	$33,512	$33,273
Contributions as a percentage of covered payroll	44.20 %	48.07%	58.78%	52.80%	52.43%	50.09%	51.47%	43.34%	42.97%	42.98%

Notes to Schedule:

Valuation date (ADC):	June 30, 2021
Valuation date (Covered Payroll):	June 30, 2023
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.

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%, compounded annually
Mortality:	For General members, 2010 SOA Public General Employees and Healthy Retirees Amount-Weighted Mortality Tables, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019. For Safety members, 2010 SOA Public Safety Healthy Employees and Retirees Amount-Weighted Mortality Tables, without adjustment, with generational mortality improvements projected from 2010 using a variation of Projection Scale MP-2019.

A complete description of the methods and assumptions used to determine contribution rates for the year ending June 30, 2024, can be found in the SDCERS Actuarial Valuation Report as of June 30, 2023.

Source: SDCERS Actuarial Valuation Report as of June 30, 2023

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

				Measurement Date			
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability							
Service cost	$ 733,719	$ 1,865,840	$ 1,445,878	$ 1,234,058	$ 1,172,234	$ 1,949,107	$ 1,882,229
Interest	4,007,404	2,438,829	3,097,501	3,187,382	5,124,007	5,247,236	4,951,528
Differences between actual and expected experience	5,120,735	(268,769)	(9,168,868)	(1,037,839)	(27,870,600)	(173,499)	(1,158,603)
Changes in assumptions	(5,636,391)	(2,154,425)	(23,468,881)	2,462,109	—	5,529,476	(3,944,626)
Benefit payments	(4,019,755)	(3,680,539)	(3,690,942)	(3,438,496)	(4,505,777)	(3,616,196)	(3,356,377)
Net change in total OPEB liability	205,712	(1,799,064)	(31,785,312)	2,407,214	(26,080,136)	8,936,124	(1,625,849)
Total OPEB liability - beginning	112,469,792	114,268,856	146,054,168	143,646,954	145,227,974	136,291,850	137,917,699
Total OPEB liability - ending	$112,675,504	$112,469,792	$114,268,856	$146,054,168	$119,147,838	$145,227,974	$136,291,850
Covered-Employee payroll **	$65,089,877	$52,630,769	$50,850,985	$56,852,785	$54,930,227	$50,200,904	$50,200,904
Total OPEB liability as a percentage of covered payroll	173.10 %	213.70 %	224.70 %	256.90 %	216.91 %	289.29 %	271.49 %

Notes to Schedule:

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

Change of Assumptions: The $5.6 million change presented in the most recent fiscal year was driven by a change in discount rate from 3.65% to 3.93%.

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

** This plan is not administered through a trust or equivalent arrangement, thus covered-employee payroll is used. Covered-employee payroll represents total payroll of employees that are provided benefits through the OPEB plan for the fiscal year ended June 30.

Source: Sunlin Consulting Actuarial Valuation with a measurement date of June 30, 2024.

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 annual comprehensive 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.

Page

Financial Trends 108

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

Revenue Capacity 110

These schedules contain information to help the reader assess the District's most significant revenue sources from Real Estate, Guest Experiences - Parking , Maritime, and Harbor Police.

Operating Information 118

These schedules contain information about the District's operations and resources to help the reader understand how the District's financial report relates to the services the District provides and the activities it performs.

Debt Capacity 123

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

Demographic and Economic Information 125

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

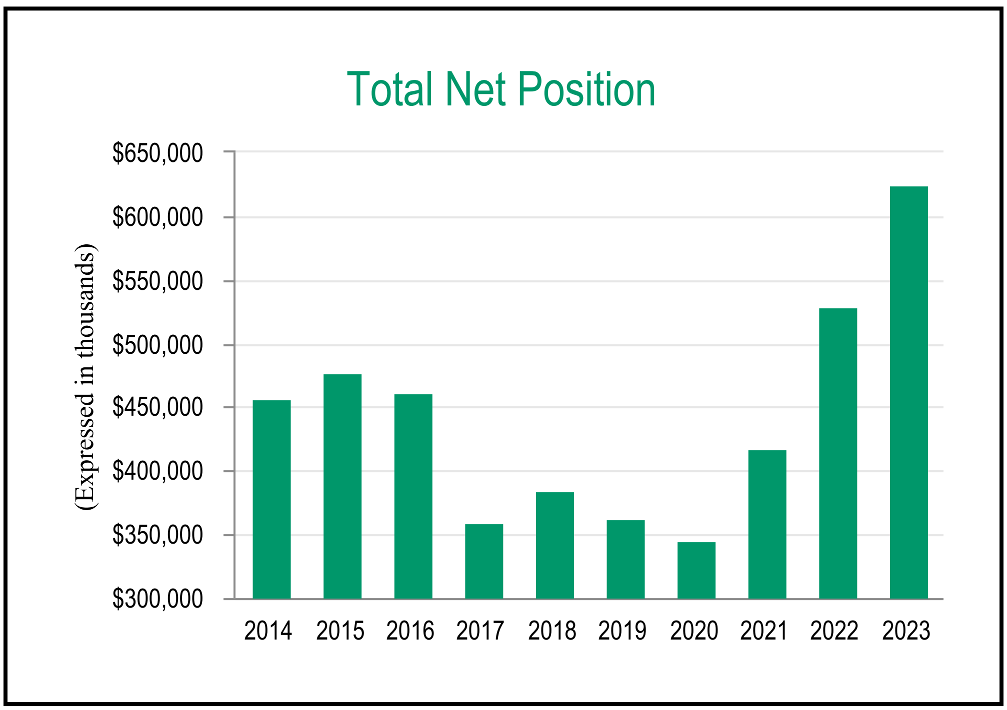
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports and underlying records for the relevant year.

Net Position – Last Ten Fiscal Years

(Expressed in thousands)

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted (Deficit)	Total Net Position
2015[1]	507,624	4,787	(55,020)	457,391
2016	504,229	7,357	(34,217)	477,369
2017[2]	502,478	8,326	(49,488)	461,316
2018[3]	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
2021[4]	547,899	7,269	(210,052)	345,116
2022[5]	569,940	3,422	(156,131)	417,231
2023	587,370	4,160	(61,848)	529,682
2024	617,012	7,475	464	624,951

[1]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.
[2]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.
[3]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.
[4]In 2022, the District implemented GASB Statement No. 87, *Leases,* by restating the financial statements for 2021.
[5]In 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* by restating the financial statements for 2022.



Changes in Net Position – Last Ten Fiscal Years

(Expressed in thousands)

	2015[1]	2016	2017[2]	2018[3]	2019	2020	2021	2022[4]	2023[5]	2024
Operating revenues:										
Real Estate	$ 95,940	$ 102,747	$ 96,430	$ 97,720	$ 107,234	$ 92,134	$ 78,171	$ 91,445	$ 112,426	$ 106,134
Guest Experiences - Parking	—	—	15,227	16,583	17,058	13,338	7,947	14,908	18,291	20,335
Maritime	35,265	37,365	39,214	39,304	38,650	37,760	33,785	39,698	50,991	50,469
Harbor Police	14,729	16,835	16,085	16,192	17,069	16,159	19,898	17,922	18,039	20,594
Other operating revenues	3,631	3,340	3,409	3,094	3,820	3,106	3,809	3,067	3,240	4,221
GASB 87 adjustment	—	—	—	—	—	—	(21,545)	—	—	—
Total operating revenues	149,565	160,287	170,365	172,893	183,831	162,497	122,065	167,040	202,987	201,753
Operating expenses:										
Direct expenses:										
Real Estate	27,782	27,623	26,400	28,609	28,787	31,773	27,567	29,276	30,350	34,400
Guest Experiences - Parking	—	—	6,184	6,193	5,267	4,522	4,358	5,691	7,048	8,266
Maritime	18,002	18,334	17,208	17,557	17,401	17,829	15,366	18,902	21,904	24,799
Harbor Police	31,081	35,007	39,201	40,128	40,331	43,619	42,273	42,777	46,177	50,601
Other operating expenses	9,685	8,267	35,858	37,743	29,359	22,490	28,104	(856)	(6,161)	11,303
Depreciation and amortization	21,218	22,721	23,447	23,686	26,412	27,551	27,226	28,332	28,283	27,653
General and administrative expenses	31,561	33,949	40,040	44,118	48,469	46,396	37,759	40,483	47,237	54,403
Total operating expenses	139,329	145,901	188,338	198,034	196,026	194,180	182,653	164,605	174,838	211,425
Income/(loss) from operations	10,236	14,386	(17,973)	(25,141)	(12,195)	(31,683)	(60,588)	2,435	28,149	(9,672)
Nonoperating revenues/(expenses):										
Interest income	700	759	1,346	1,875	2,932	2,744	560	522	5,183	10,375
Interest income from leases - GASB 87	—	—	—	—	—	—	39,921	35,854	34,469	43,001
Stimulus Fund revenue	—	—	—	—	—	—	—	29,005	22,484	20,231
Settlement income (expense)	593	1,425	1,925	5,928	602	(8,391)	(94)	—	13,241	18,787
Net inc/(dec) in the fair value of invest.	(37)	92	(389)	(136)	761	(42)	(134)	(432)	488	(310)
Interest expense	(3,816)	(3,518)	(3,398)	(3,162)	(2,911)	(2,697)	(2,463)	(2,087)	(1,768)	(1,556)
Financial assistance other	—	(10)	(579)	(122)	(50)	(772)	(421)	(623)	(2,409)	(4,320)
Other nonoperating expenses	(11,706)	(433)	(782)	(56)	(95)	(768)	(123)	(526)	(2,724)	(78)
Other nonoperating revenues	8,359	5,615	3,085	2,947	8,176	9,904	4,071	4,830	9,105	6,694
Nonoperating income/(loss)	(5,907)	3,930	1,208	7,274	9,415	(22)	41,317	66,543	78,069	92,824
Capital grants and contributions	4,781	1,662	2,458	8,685	28,168	9,733	1,223	3,138	6,234	12,117
Change in net position	9,110	19,978	(14,307)	(9,182)	25,388	(21,972)	(18,048)	72,116	112,452	95,269
Beginning net position	532,013	457,391	477,369	461,316	359,750	385,138	363,164	345,116	417,230	529,682
Restatement[1 - 3]	(83,732)	—	(1,746)	(92,384)	—	—	—	—	—	—
Ending net position	$457,391	$ 477,369	$ 461,316	$ 359,750	$ 385,138	$ 363,166	$ 345,116	$ 417,232	$ 529,682	$ 624,951

[1]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.

[2]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.

[3]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.

[4]In 2022, the District implemented GASB Statement No. 87, Leases, by restating the financial statements for 2021.

[5]In 2023, the District implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, by restating the financial statements for 2022.

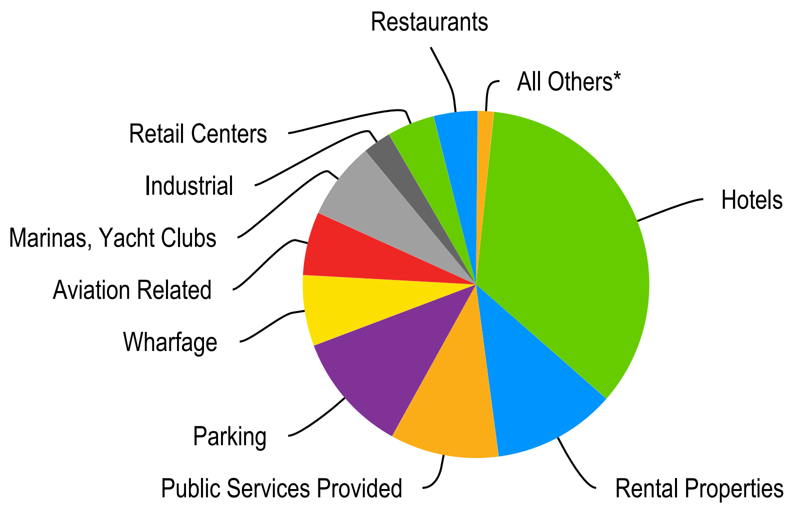
Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2015	2016	2017	2018	2019	2020	2021	2022	2023	2023
Hotels[1]	$ 40,739	$ 45,198	$ 53,818	$ 54,505	$ 57,154	$ 44,085	$ 31,325	$ 50,000	$ 68,337	$ 70,157
Rental Properties	16,900	18,321	20,961	19,646	19,282	19,526	19,121	20,188	22,659	23,146
Public Services Provided[2]	13,427	15,610	15,534	15,712	16,515	15,635	19,473	17,797	17,909	20,478
Parking	12,151	13,431	13,806	14,937	17,394	13,907	8,599	17,350	19,889	22,609
Wharfage	12,078	12,223	11,564	11,856	10,930	9,692	10,520	11,089	13,118	13,313
Aviation Related	10,469	10,420	10,184	10,182	10,181	10,178	10,285	11,905	11,865	11,944
Marinas, Yacht Clubs[3]	9,482	10,245	11,229	11,701	12,555	11,968	12,950	14,913	14,244	14,526
Industrial	5,579	4,452	4,541	4,776	4,979	5,122	5,286	4,948	5,572	5,347
Retail Centers	3,928	4,009	4,114	4,170	5,854	5,111	4,008	7,090	7,814	8,932
Restaurants[4]	3,097	3,332	3,568	3,647	3,864	3,888	3,512	5,839	7,071	8,293
Dockage	2,083	2,393	2,152	2,460	2,660	2,861	2,123	3,059	4,191	4,414
Passenger Fees	1,167	1,264	1,390	1,702	2,205	1,580	—	1,183	5,331	3,424
Citations	1,144	1,009	1,027	1,029	990	856	763	749	984	905
Passenger Security Charges	1,006	804	997	999	1,151	1,573	63	1,146	2,599	2,474
Piers & Floats	111	150	187	214	225	220	269	—	—	—
GASB 87 adjustment[5]	—	—	—	—	—	—	—	(17,054)	(17,767)	(25,707)
Other	16,204	17,426	15,293	15,357	17,892	16,295	15,313	16,836	19,172	17,497
Total	$149,565	$160,287	$170,365	$172,893	$183,831	$162,497	$143,610	$167,039	$202,987	$201,753

[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 eleven direct restaurant agreements; not included are restaurants in hotels, marinas, and retail centers.
[5]In 2022, the District implemented GASB Statement No. 87, Leases, by restating the financial statements for 2021.

Operating Revenues by Segment - Current Fiscal Year



*All Others segment includes Dockage, Passenger Fees, Citations, Passenger Security Charges, Piers & Floats, Miscellaneous Operating Revenue, Other Operating Revenues from Real Estate, Maritime, Harbor Police, and Guest Experiences - Parking, and GASB 87 adjustment.

Ten Largest Customers – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

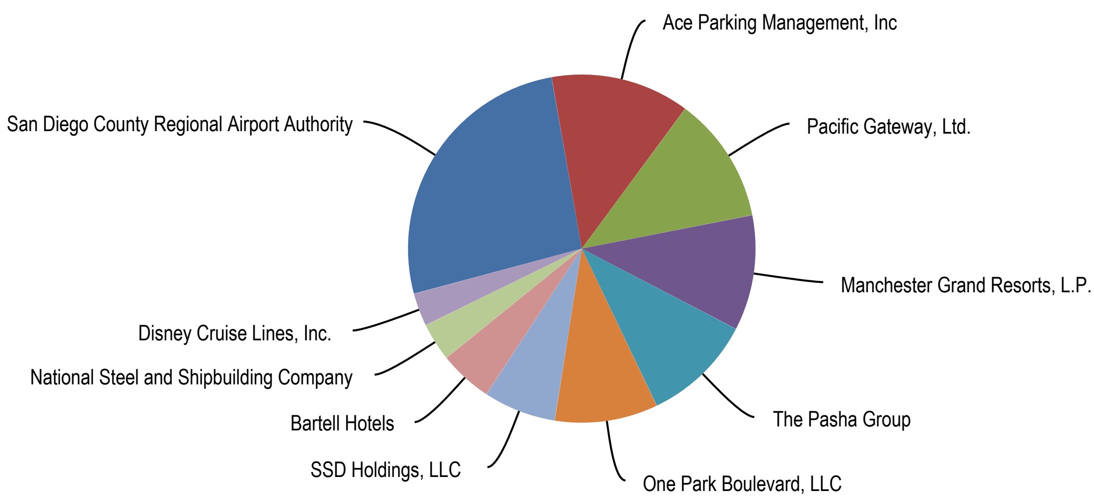
Customer	2015	%
San Diego County Regional Airport Authority[1]	$ 26,124	15.9 %
The Pasha Group	12,830	7.8 %
Manchester Grand Resorts, L.P.	11,444	7.0 %
Pacific Gateway, Ltd.	10,024	6.1 %
Ace Parking Management, Inc	8,844	5.4 %
Host San Diego Hotel, LLC	7,408	4.5 %
Bartell Hotels	3,633	2.2 %
National Steel and Shipbuilding Company	3,429	2.1 %
One Park Boulevard, LLC	3,189	1.9 %
FelCor Hotel Asset Company, LLC	2,538	1.5 %
Total Ten Largest Customers	89,463	54.6 %
Other	74,498	45.4 %
Total Revenues	$ 163,961	100.0 %

[1]Includes reimbursements for airport police services.

Customer	2024	%
San Diego County Regional Airport Authority[1]	$ 35,513	11.3 %
Ace Parking Management, Inc	17,386	5.5 %
Pacific Gateway, Ltd.	15,854	5.0 %
Manchester Grand Resorts, L.P.	14,404	4.6 %
The Pasha Group	13,805	4.4 %
One Park Boulevard, LLC	12,922	4.1 %
SSD Holdings, LLC	9,076	2.9 %
Bartell Hotels	6,686	2.1 %
National Steel and Shipbuilding Company	4,769	1.5 %
Disney Cruise Lines, Inc.	4,139	1.3 %
Total Ten Largest Customers	134,554	42.7 %
Other[2]	180,515	57.3 %
Total Revenues	$ 315,069	100.0 %

[2]Includes Economic Recovery stimulus funding, GASB 87 adjustments, and legal settlements

Ten Largest Customers - Current Fiscal Year

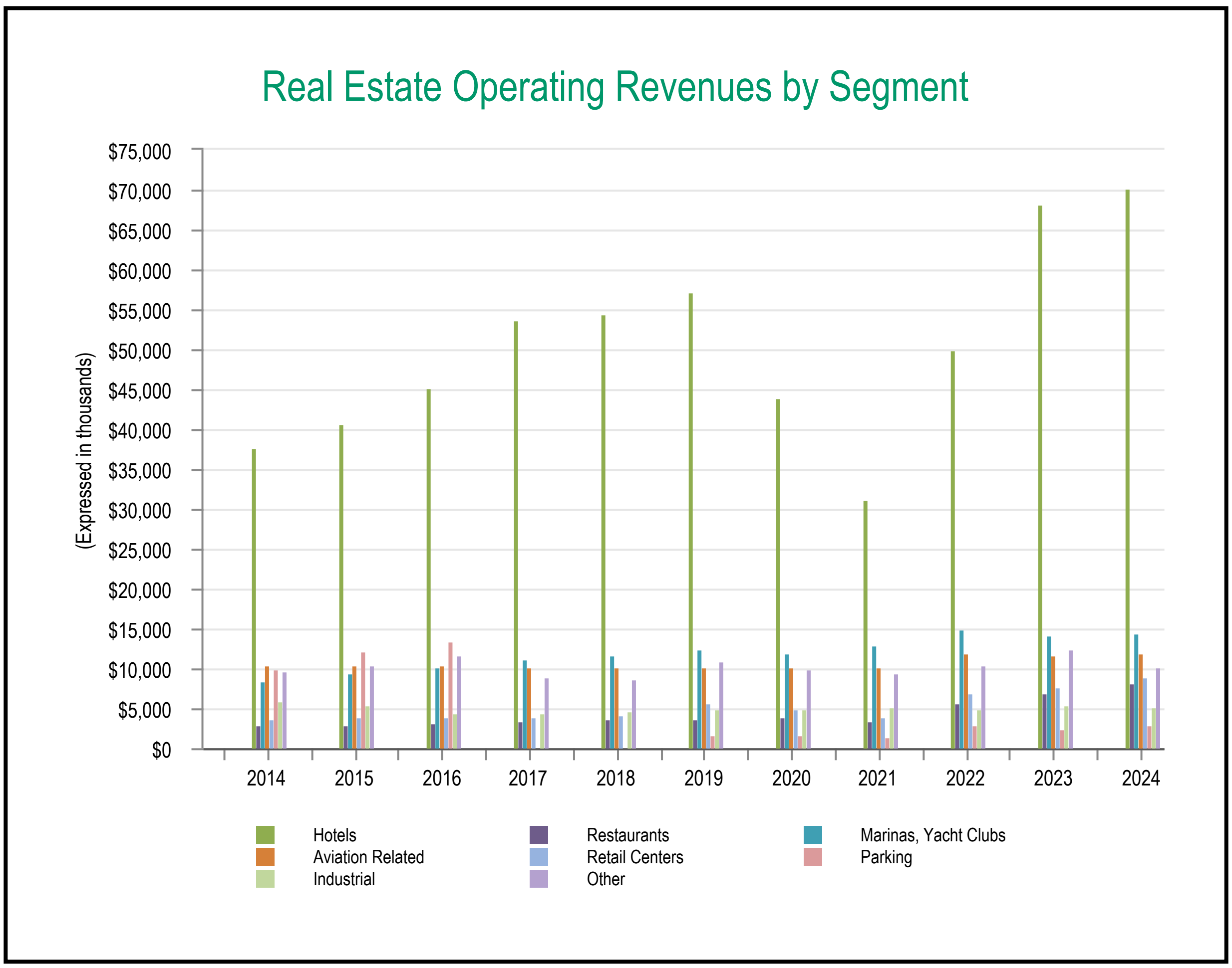


Real Estate Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Hotels[1]	$40,739	$45,198	$53,818	$54,505	$57,154	$44,085	$31,325	$50,000	$68,337	$70,157
Restaurants[2,3]	3,097	3,332	3,568	3,647	3,864	3,888	3,512	5,839	7,071	8,293
Marinas, Yacht Clubs[3]	9,482	10,245	11,229	11,701	12,555	11,968	12,950	14,913	14,244	14,526
Aviation Related	10,469	10,420	10,184	10,182	10,181	10,178	10,285	11,905	11,865	11,944
Retail Centers	3,928	4,009	4,114	4,170	5,854	5,111	4,008	7,090	7,814	8,932
Parking[4]	12,151	13,431	—	—	1,640	1,742	1,401	3,112	2,489	3,100
Industrial	5,579	4,452	4,541	4,776	4,979	5,122	5,286	4,948	5,572	5,347
Other	10,495	11,660	8,976	8,739	11,007	10,040	9,404	10,490	12,544	10,134
Total	$ 95,940	$102,747	$ 96,430	$ 97,720	$107,234	$ 92,134	$ 78,171	$108,297	$129,936	$132,433

[1]All hotel leases include restaurants and six hotel leases include marinas.
[2]The District has eleven direct restaurant agreements; not included are restaurants in hotels, marinas, and retail centers.
[3]Not included are restaurants under a marina lease nor marinas under hotel operations.
[4]Parking Operations were transferred out of Real Estate and into Guest Experiences - Parking 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 –

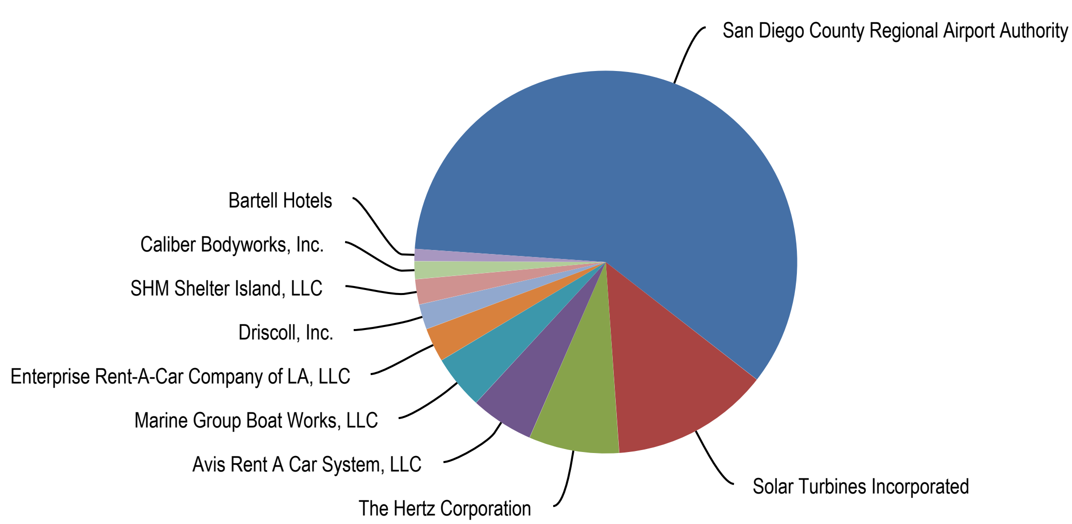
Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2015	%
San Diego County Regional Airport Authority	$ 10,427	45.8 %
Solar Turbines Incorporated	2,108	9.3 %
The Hertz Corporation	1,695	7.4 %
Dynegy South Bay, LLC	1,622	7.1 %
Enterprise Rent-A-Car Company of LA, LLC	932	4.1 %
Avis Rent A Car System, LLC	877	3.8 %
Marine Group Boat Works, LLC	718	3.2 %
BW-Budget-SDA, LLC	481	2.1 %
DTG Operations	358	1.6 %
Park & Go, Inc.	309	1.4 %
Total Ten Largest Fixed Rent Tenants	19,527	85.7 %
Other Fixed Rent	3,253	14.3 %
Total Real Estate Fixed Rent	$ 22,780	100.0 %

Tenant	2024	%
San Diego County Regional Airport Authority	$ 11,944	48.9 %
Solar Turbines Incorporated	2,686	11.0 %
The Hertz Corporation	1,533	6.3 %
Avis Rent A Car System, LLC	1,073	4.4 %
Marine Group Boat Works, LLC	917	3.8 %
Enterprise Rent-A-Car Company of LA, LLC	581	2.4 %
Driscoll, Inc.	429	1.8 %
SHM Shelter Island, LLC	426	1.7 %
Caliber Bodyworks, Inc.	306	1.3 %
Bartell Hotels	206	0.8 %
Total Ten Largest Fixed Rent Tenants	20,101	82.4 %
Other Fixed Rent	4,303	17.6 %
Total Real Estate Fixed Rent	$ 24,404	100.0 %

Real Estate Ten Largest Fixed Rent Tenants - Current Fiscal Year



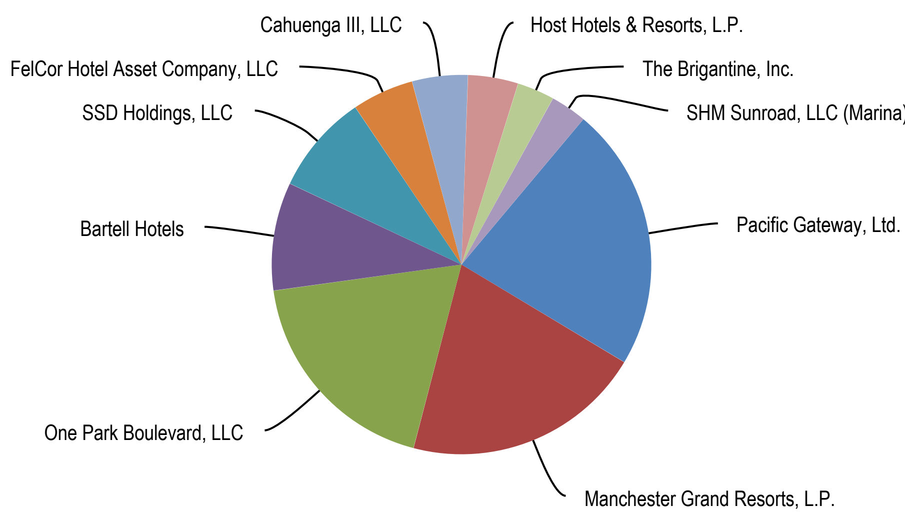
Real Estate Ten Largest Concession Rent Tenants -
Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2015	%
Manchester Grand Resorts, L.P.	$ 11,444	18.7 %
Pacific Gateway, Ltd.	10,014	16.4 %
Host San Diego Hotel, LLC	5,472	9.0 %
One Park Boulevard, LLC	4,102	6.7 %
Bartell Hotels	3,632	5.9 %
Seaport Village Operating Co., LLC	2,561	4.2 %
FelCor Hotel Asset Company, LLC	2,531	4.1 %
Host Hotels & Resorts	1,932	3.2 %
Cahuenga Associates II	1,338	2.2 %
Sunroad Marina Partners, L.P.	1,199	2.0 %
Total Ten Largest Concession Rent Tenants	44,225	72.4 %
Other Concession Rent	16,866	27.6 %
Total Real Estate Concession Rent	$ 61,091	100.0 %

Tenant	2024	%
Pacific Gateway, Ltd.	$ 15,841	15.5 %
Manchester Grand Resorts, L.P.	14,400	14.1 %
One Park Boulevard, LLC	13,191	12.9 %
Bartell Hotels	6,480	6.3 %
SSD Holdings, LLC	6,010	5.9 %
FelCor Hotel Asset Company, LLC	3,695	3.6 %
Cahuenga III, LLC	3,339	3.3 %
Host Hotels & Resorts, L.P.	3,011	2.9 %
The Brigantine, Inc.	2,245	2.2 %
SHM Sunroad, LLC (Marina)	2,178	2.1 %
Total Ten Largest Concession Rent Tenants	70,390	68.8 %
Other Concession Rent	31,926	31.2 %
Total Real Estate Concession Rent	$ 102,316	100.0 %

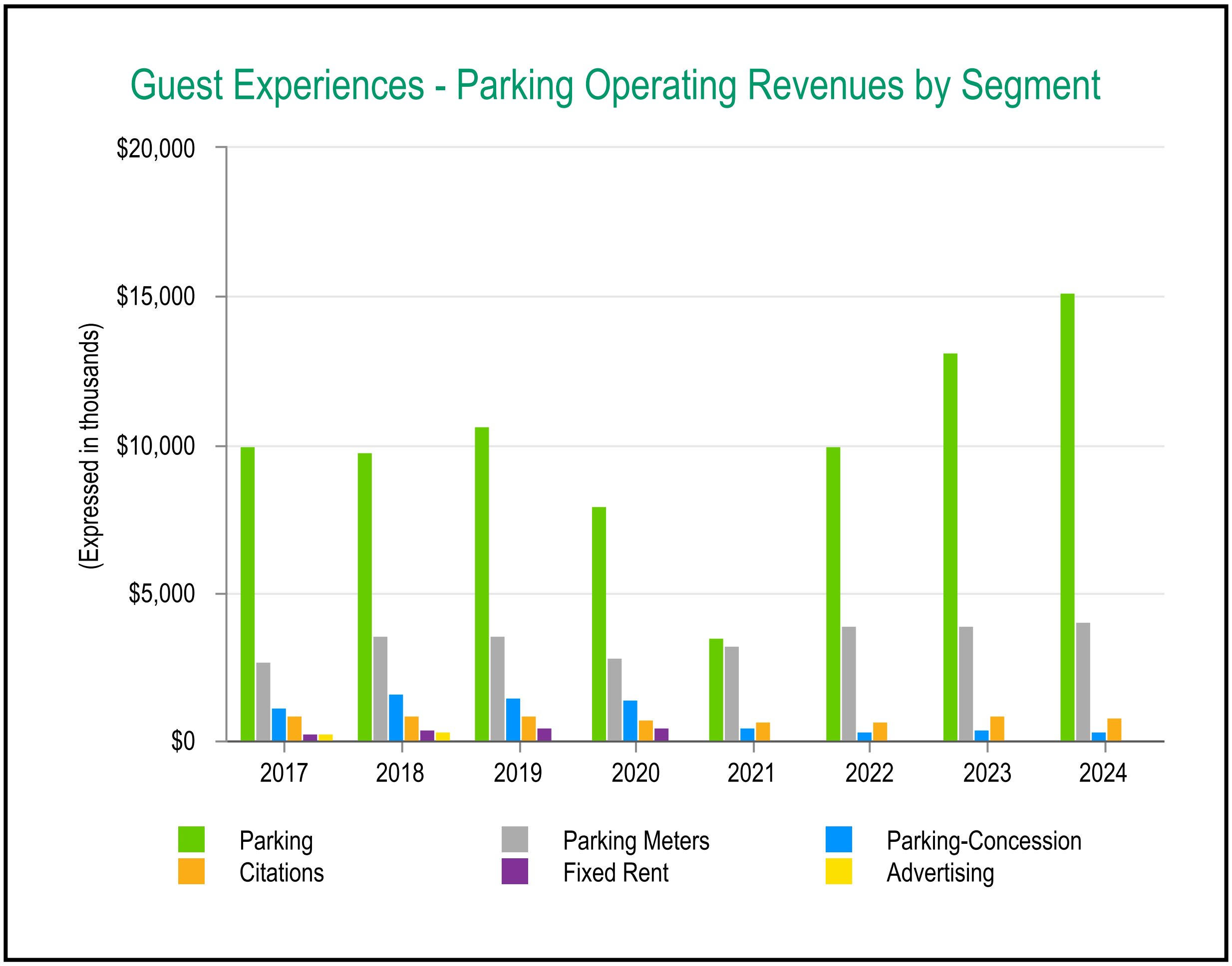
Real Estate Ten Largest Concession Rent Tenants - Current Fiscal Year



Guest Experiences - Parking Operating Revenues by Segment –
Last Ten Fiscal Years*

(Expressed in thousands)

Segment	2017	2018	2019	2020	2021	2022	2023	2024
Parking	$ 9,960	$ 9,796	$10,648	$ 7,940	$ 3,511	$ 9,972	$ 13,102	$15,121
Parking Meters	2,692	3,556	3,598	2,815	3,216	3,938	3,926	4,032
Parking-Concession[1]	1,154	1,585	1,508	1,410	469	324	371	356
Citations	852	892	849	721	660	671	892	824
Fixed Rent[2]	284	419	455	452	89	—	—	65
Advertising[3]	286	334	—	—	—	—	—	—
Total	$15,228	$16,582	$17,058	$13,338	$ 7,945	$14,905	$ 18,291	$20,398



*Fiscal year 2017 was the first year of Guest Experiences - Parking; therefore only actual years are shown

[1] Parking Concession tenants reduced in fiscal year 2021

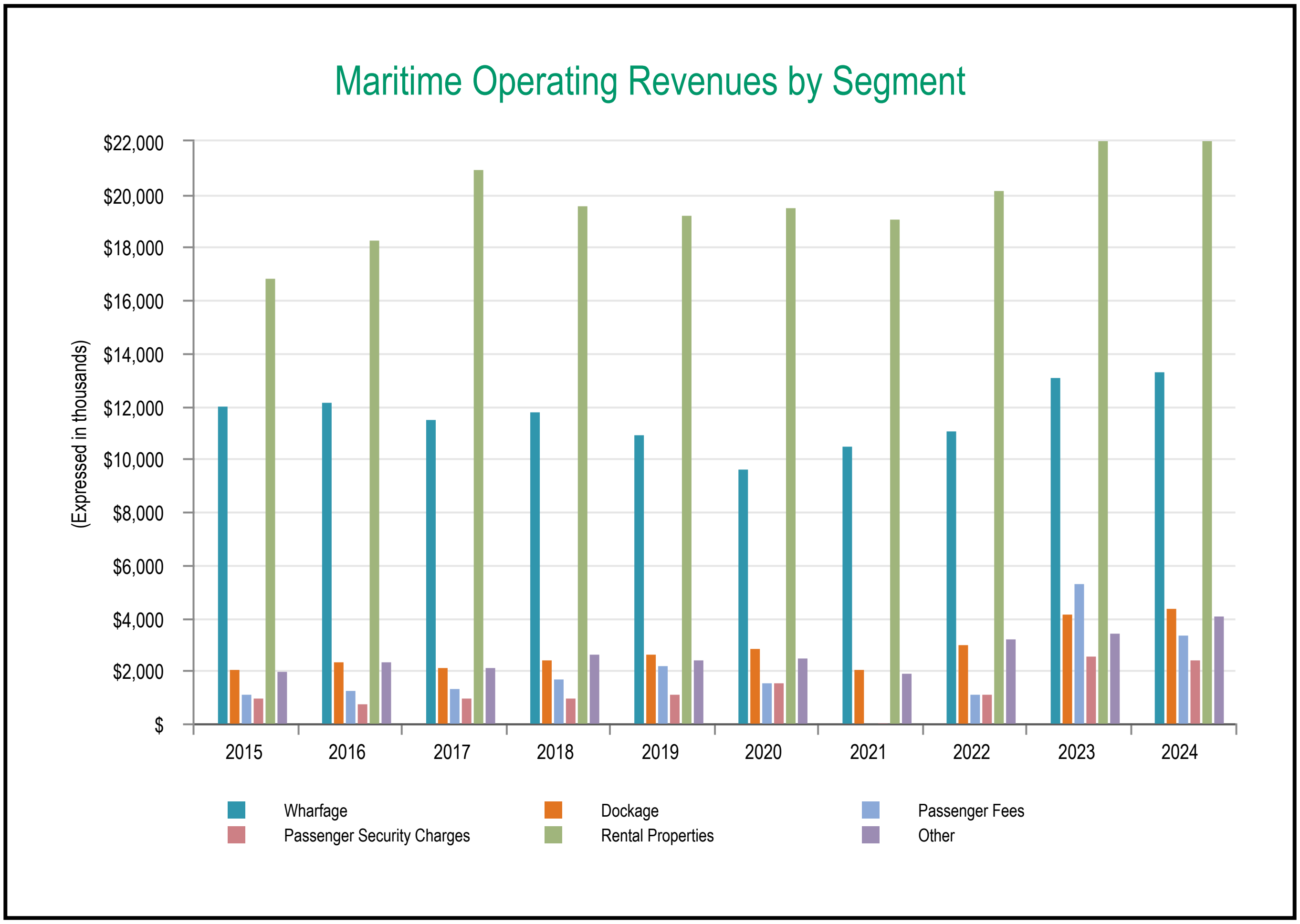
[2] Fixed rent tenants reduced in fiscal year 2022

[3] Advertising budget moved to Real Estate in fiscal year 2019

Maritime Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Wharfage	$12,078	$12,223	$11,564	$11,856	$10,930	$9,692	$10,520	$11,089	$13,118	$13,313
Dockage	2,083	2,393	2,152	2,460	2,660	2,861	2,123	3,059	4,191	4,414
Passenger Fees	1,167	1,264	1,390	1,702	2,205	1,580	—	1,183	5,331	3,424
Passenger Security Charges	1,006	804	997	999	1,151	1,573	63	1,146	2,599	2,474
Rental Properties	16,900	18,321	20,961	19,646	19,282	19,526	19,121	20,188	22,659	23,146
Other	2,031	2,361	2,151	2,641	2,422	2,528	1,958	3,235	3,428	4,094
Total	$35,265	$37,366	$39,215	$39,304	$38,650	$37,760	$33,785	$39,900	$51,326	$50,866



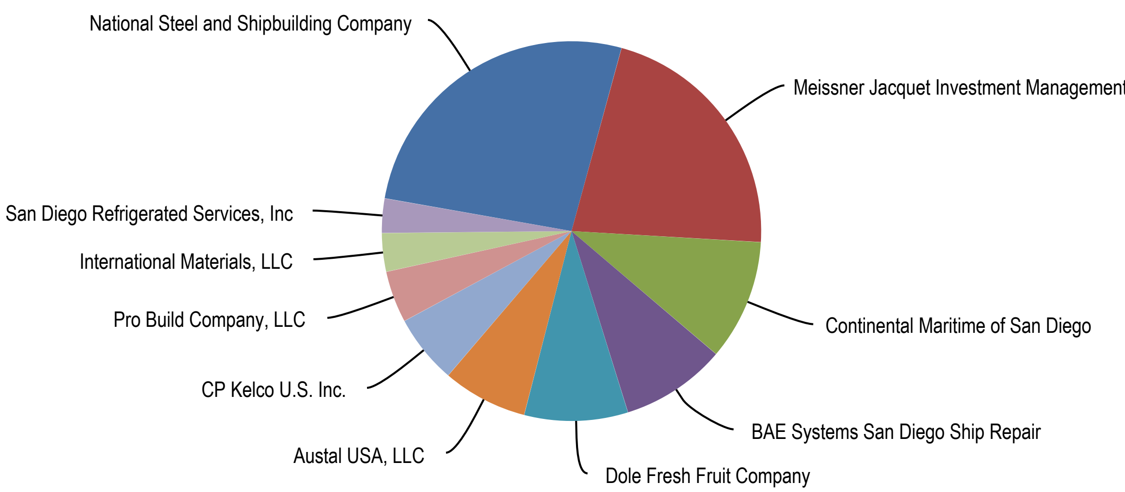
Maritime Ten Largest Fixed Rent Tenants – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2015	%
National Steel and Shipbuilding Company	$ 3,190	23.2 %
Meissner Jacquet Investment Management	1,935	14.1 %
Dole Fresh Fruit Company	1,485	10.8 %
BAE Systems San Diego Ship Repair	1,065	7.7 %
Continental Maritime of San Diego	1,064	7.7 %
CP Kelco U.S. Inc.	774	5.6 %
Marine Group Boat Works, LLC	724	5.3 %
Pro Build Company, LLC	611	4.4 %
Cemex Construction Materials Pacific	473	3.4 %
Searles Valley Minerals Inc.	335	2.4 %
Total Ten Largest Fixed Rent Tenants	11,655	84.6 %
Other Fixed Rent	2,113	15.4 %
Total Maritime Fixed Rent	$ 13,768	100.0 %

Tenant	2024	%
National Steel and Shipbuilding Company	$ 4,756	23.6 %
Meissner Jacquet Investment Management	3,894	19.3 %
Continental Maritime of San Diego	1,846	9.0 %
BAE Systems San Diego Ship Repair	1,613	8.0 %
Dole Fresh Fruit Company	1,589	7.9 %
Austal USA, LLC	1,301	6.4 %
CP Kelco U.S. Inc.	1,055	5.2 %
Pro Build Company, LLC	794	3.9 %
International Materials, LLC	587	2.9 %
San Diego Refrigerated Services, Inc	528	2.6 %
Total Ten Largest Fixed Rent Tenants	17,963	89.0 %
Other Fixed Rent	2,225	11.0 %
Total Maritime Fixed Rent	$ 20,188	100.0 %

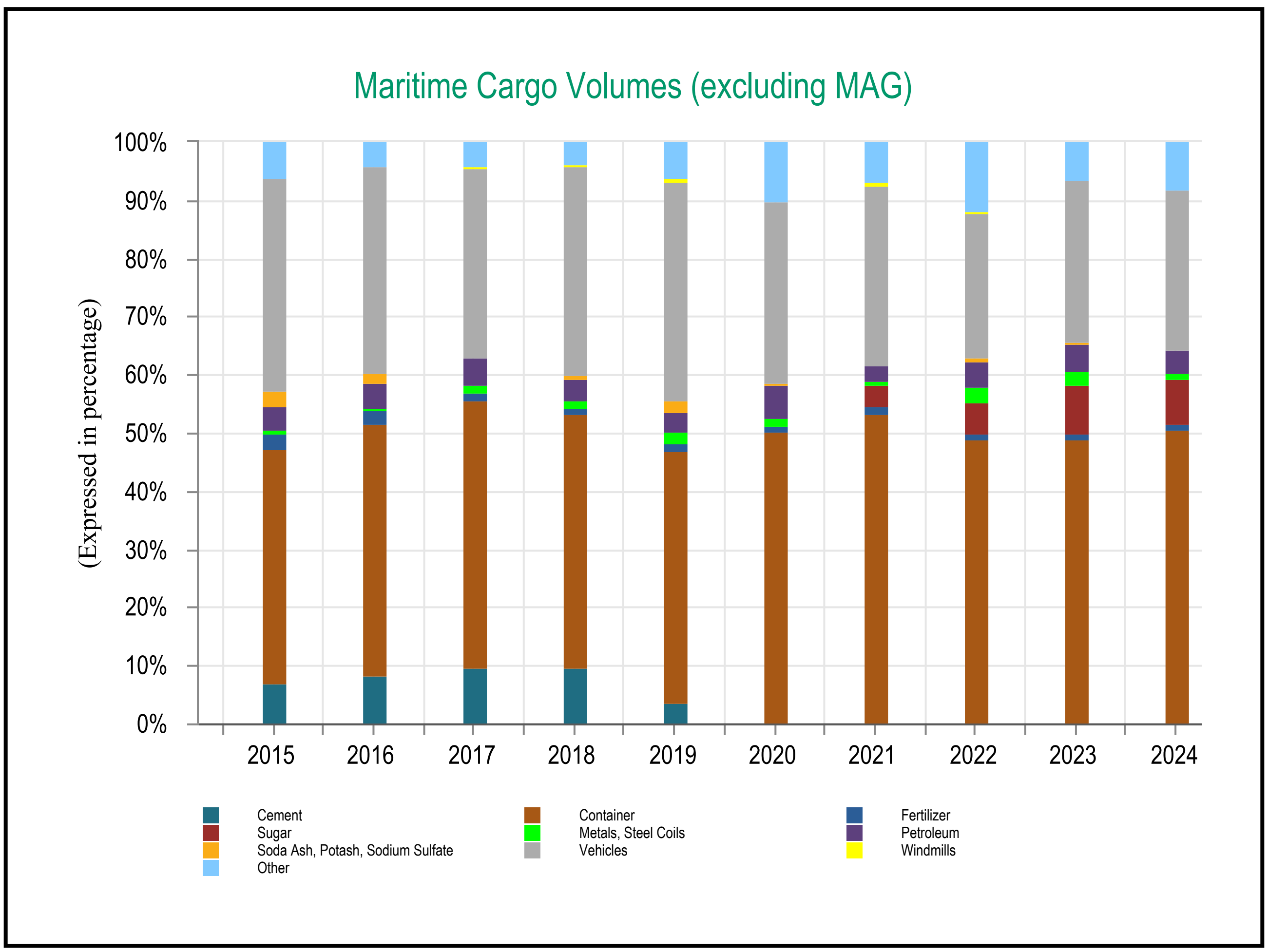
Maritime Ten Largest Fixed Rent Tenants - Current Fiscal Year



Maritime Cargo Volumes – Last Ten Fiscal Years

(Expressed in metric tons)

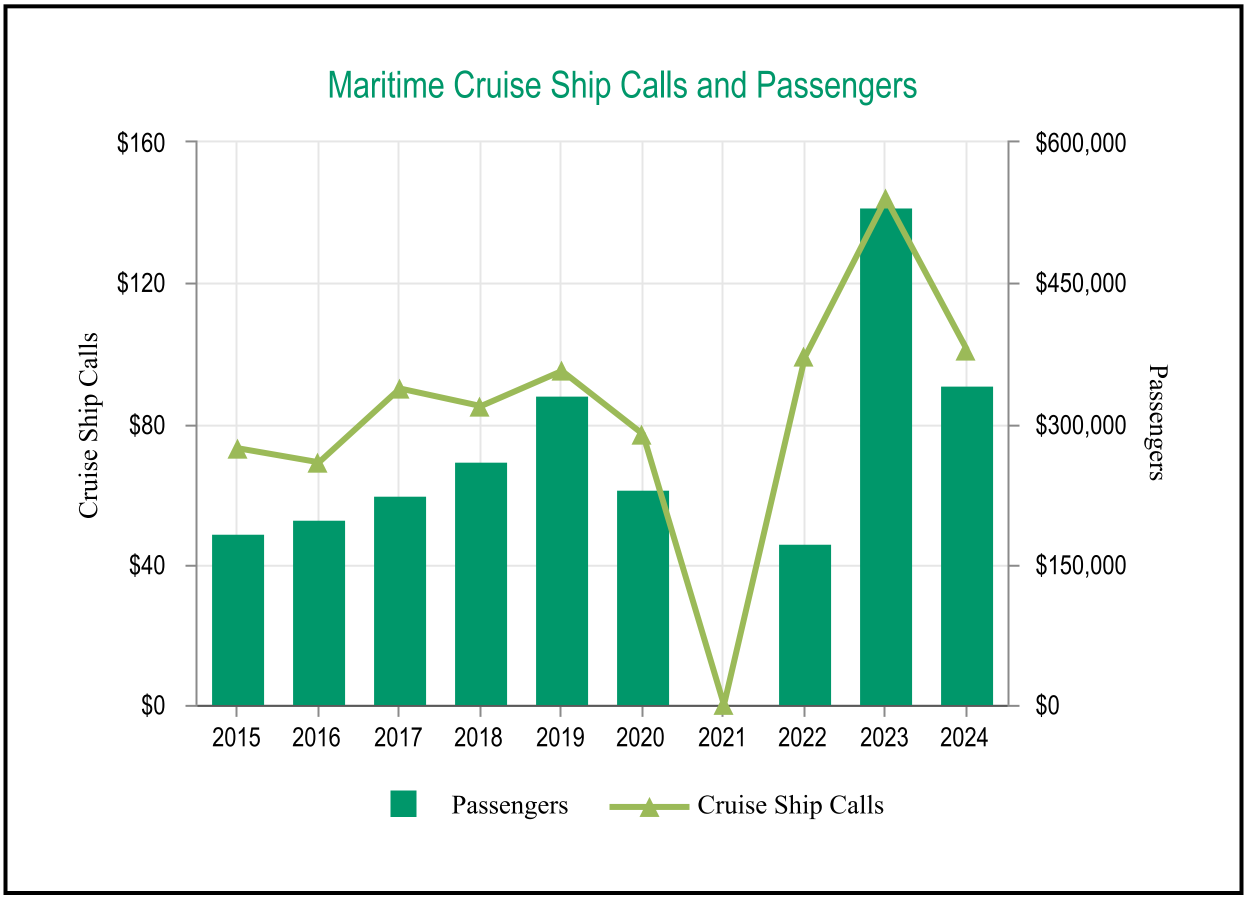
Cargo	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Cement	123,646	158,709	176,772	181,708	73,096	—	—	—	—	—
Container	717,085	823,560	847,906	828,603	868,228	918,060	943,914	1,038,302	1,008,877	987,182
Fertilizer	50,279	42,244	29,175	18,333	28,519	21,736	22,899	23,849	20,977	19,083
Sugar	—	—	—	—	—	—	68,000	111,343	173,710	146,561
Metals, Steel Coils	13,253	6,811	19,604	23,217	36,911	26,049	11,815	57,720	46,919	17,348
Petroleum	71,582	84,044	86,919	75,990	66,418	100,000	44,994	89,311	101,445	78,227
Soda Ash, Potash, Sodium Sulfate	49,589	36,359	—	9,257	42,732	5,000	—	17,569	6,620	—
Vehicles	649,725	670,847	601,246	680,598	750,683	570,728	548,213	526,413	570,503	539,083
Windmills	627	37	8,235	7,201	13,688	3,840	11,309	7,031	612	—
Other	106,759	79,333	72,244	68,917	122,497	182,961	121,208	246,751	131,172	154,952
Total Cargo	1,782,545	1,901,944	1,842,101	1,893,824	2,002,772	1,828,374	1,772,352	2,118,289	2,060,835	1,942,436
Minimum Annual Guarantee (MAG)	953,280	971,669	947,903	1,116,645	624,811	420,466	425,466	425,466	402,277	425,466
Total Cargo with MAG	2,735,825	2,873,613	2,790,004	3,010,469	2,627,583	2,248,840	2,197,818	2,543,755	2,463,112	2,367,902



Maritime Cruise Ship Calls and Passengers – Last Ten Fiscal Years

Fiscal Year	Cruise Ship Calls	Passengers
2015	73	183,136
2016	69	198,399
2017	90	224,453
2018	85	259,937
2019	95	330,073
2020	77	230,941
2021 [1]	—	—
2022	99	172,164
2023	144	531,130
2024	101	342,448

[1]No Cruise Ship Calls or Passengers in fiscal year 2021 due to the COVID-19 pandemic.

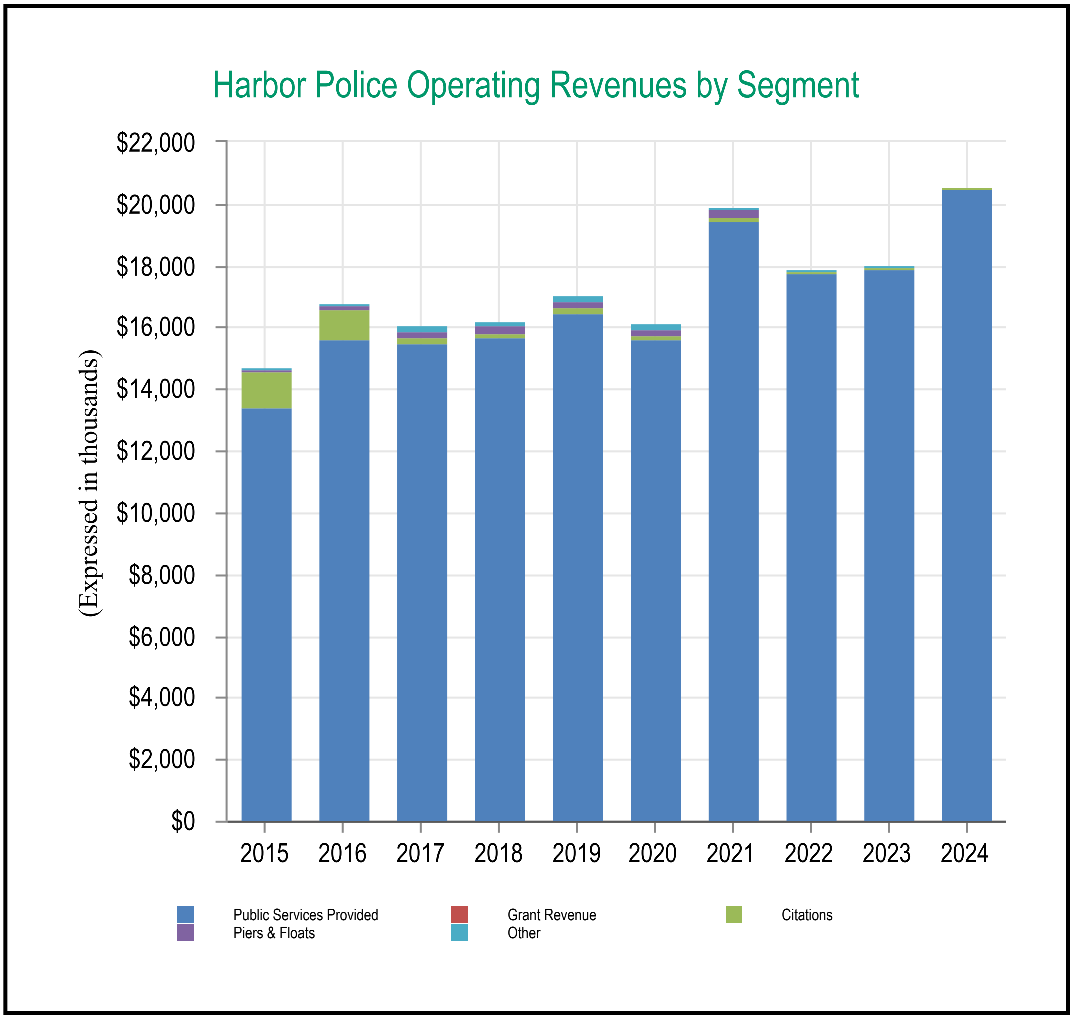


Harbor Police Operating Revenues by Segment - Last Ten Fiscal Years

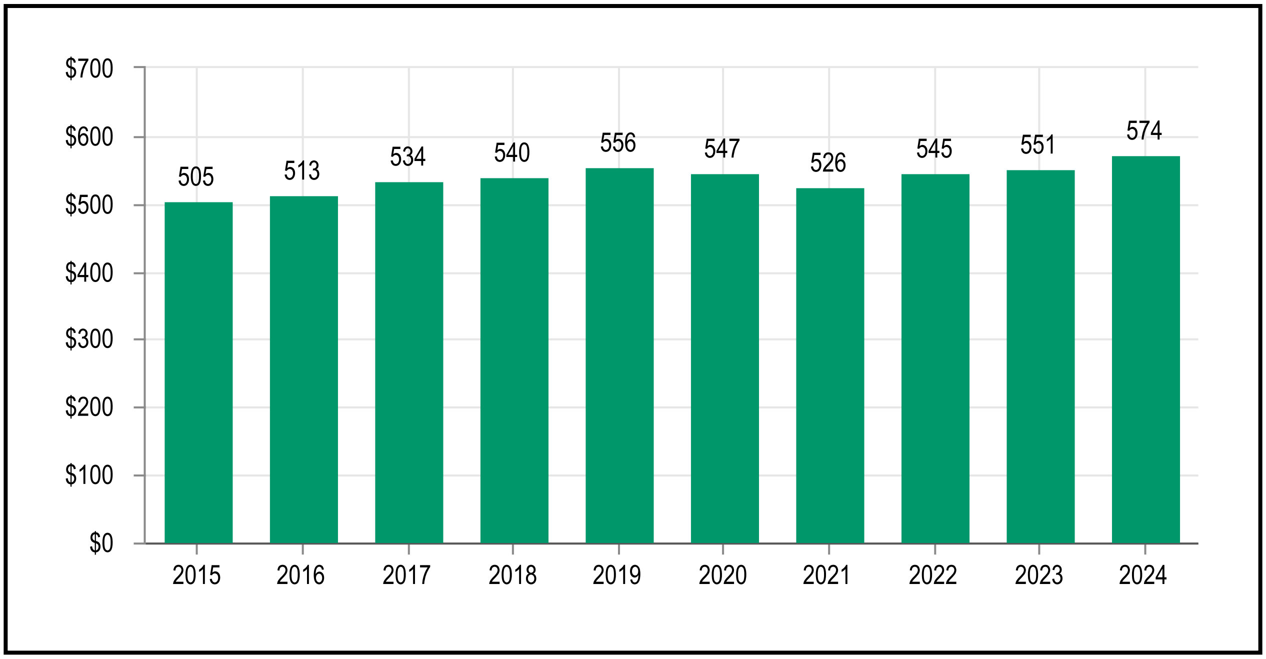
(Expressed in thousands)

Segment	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Services Provided[1]	$ 13,427	$ 15,610	$ 15,534	$ 15,712	$ 16,515	$ 15,635	$ 19,473	$ 17,797	$ 17,909	$ 20,478
Citations[2]	1,144	1,009	175	137	141	135	103	78	92	81
Piers & Floats[3]	111	150	187	214	225	220	269	—	—	—
Other	47	66	189	129	188	169	53	47	38	34
Total	$ 14,729	$ 16,835	$ 16,085	$ 16,192	$ 17,069	$ 16,159	$ 19,898	$ 17,922	$ 18,039	$ 20,593

[1]Police services provided to SDCRAA (excluding G&A cost reimbursements)
[2]Parking Citations was moved to Guest Experiences - Parking in fiscal year 2017
[3]Pier & Floats was transferred to Maritime department in FY 2022



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)	2,616
Water - Estimated (in acres)	11,516
Leased Area:	
Leased Land - Estimated (in square feet)	76,373,210
Leased Water- Estimated (in square feet)	31,967,223
Leased Buildings - Estimated (in square feet)	5,690,599
Leased Piers - Estimated (in square feet)	125,717
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	1,984
Convention Center Garage	1,885
Imperial Beach	71
Metered (throughout District)	405
Pay Stations (throughout District)	1,004
Unmetered (throughout District)	2,779
Tenant Operated (TUOPs) (long-term spaces):	
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	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Pledged Revenues[1]	$ 152,377	$ 163,551	$ 174,623	$ 181,457	$ 189,659	$ 165,809	$143,376.6	$ 183,711	$ 237,622	$ 254,764
Operating and Maintenance Expenses[2]	(120,774)	(124,741)	(141,377)	(149,860)	(156,972)	(157,701)	(129,989)	(146,342)	(161,929)	(184,794)
Net Pledged Revenues - Senior Debt	$ 31,603	$ 38,810	$ 33,246	$ 31,597	$ 32,687	$ 8,108	$ 13,388	$ 37,369	$ 75,693	$ 69,970
Senior Debt Service[3]										
Principal	$ 1,650	$ 1,650	$ 1,795	$ 1,795	$ 1,980	$ 2,040	$ 1,995	$ 2,095	$ 2,200	$ 2,315
Interest	1,729	1,729	1,559	1,559	1,396	1,290	1,187	1,085	977	865
Total Senior Debt Service	$ 3,379	$ 3,379	$ 3,354	$ 3,354	$ 3,376	$ 3,330	$ 3,182	$ 3,180	$ 3,177	$ 3,180
Senior Debt Coverage Ratio	**9.35**	**9.35**	**9.91**	**9.45**	**9.68**	**2.43**	**4.21**	**11.75**	**23.82**	**22.01**

[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

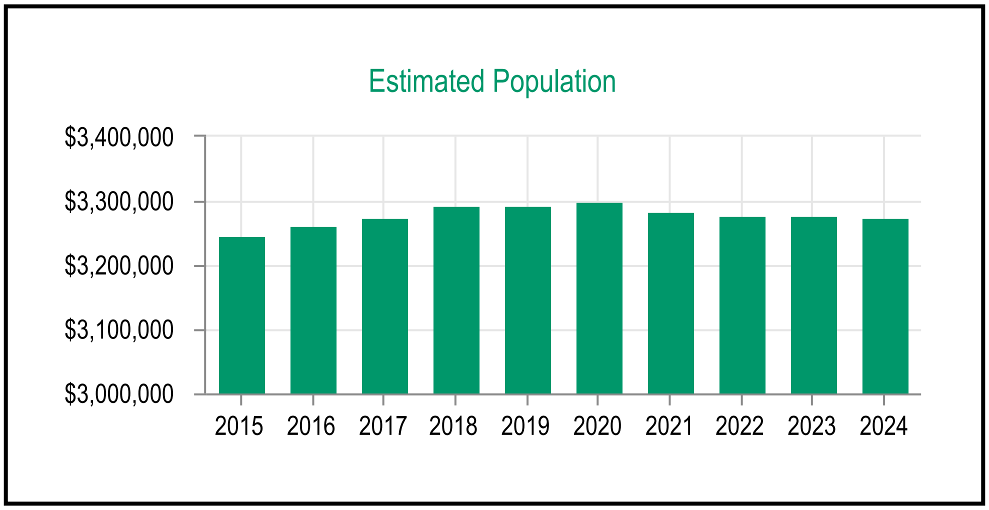
(Expressed in thousands)

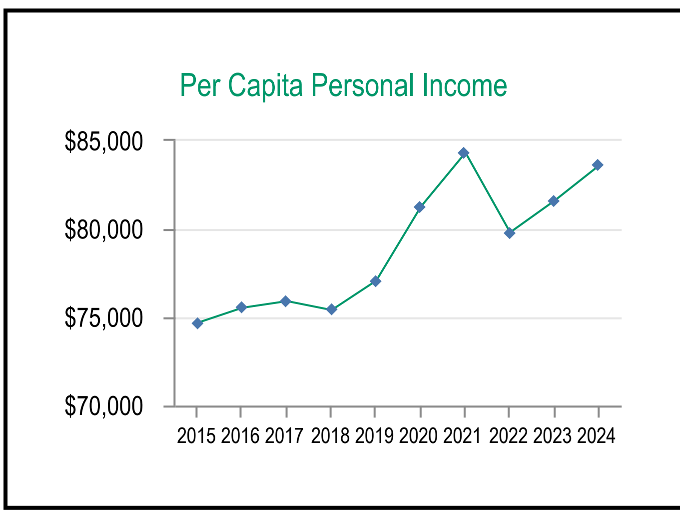
Year	Revenue Bonds	Notes[1]	Capital Leases	Total Debt	Percent of Personal Income[2]	Per Capita[2]
2015	37,156	46,033	—	83,189	0.05%	26
2016	35,153	40,344	—	75,497	0.04%	23
2017	33,067	37,953	—	71,020	0.04%	22
2018	30,884	35,603	—	66,487	0.03%	20
2019	28,592	32,784	—	61,376	0.03%	18
2020	26,271	29,998	—	56,269	0.03%	17
2021	24,012	27,209	—	51,221	0.03%	15
2022	21,697	24,837	—	46,534	0.02%	13
2023	19,317	22,296	—	41,613	0.02%	13
2024	16,861	19,661	—	36,523	0.01%	11

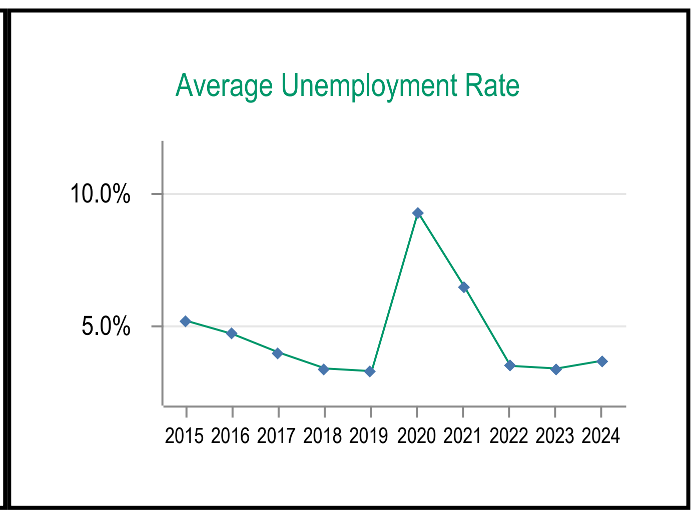
[1]Includes the San Diego County Regional Airport Authority (SDCRAA) and Civic San Diego (CSD) notes.
[2]Refer to the Demographic and Economic Statistics table for further detail on population and per capita information.

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

Calendar Year	Estimated Population	Personal Income (Billions)	Per Capita Personal Income	Average Unemployment Rate
2015	3,248,371	190.0	74,696	5.2 %
2016	3,263,517	197.0	75,543	4.7 %
2017	3,276,113	205.0	75,919	4.0 %
2018	3,293,350	213.0	75,414	3.4 %
2019	3,294,272	225.0	77,080	3.3 %
2020	3,301,513	241.0	81,273	9.3 %
2021	3,284,368	257.0	84,333	6.5 %
2022	3,279,493	262.0	79,815	3.5 %
2023	3,276,996	278.0	81,619	3.4 %
2024	3,275,175	294.0	83,616	3.7 %







Source:
Caltrans Long-Term Socio-Economic Forecasts by County. San Diego County 2023 report.

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

2015[1] Employer	Local Employees
State of California	40,100
University of California, San Diego	28,341
Sharp HealthCare	16,477
Scripps Health	13,717
Qualcomm Inc.	13,700
City of San Diego	10,584
UC San Diego Health System	7,726
Kaiser Permanente	7,549
General Atomics	6,714
San Diego State University	6,042

Total Industry Employment in San Diego County (Year 2015): 1,467,700[3]

2024[2] Employer	Local Employees
Collins Aerospace	>10,000
University of California	>10,000
Kaiser Permanente Vandever Med	5,000-9,999
San Diego Community College	5,000-9,999
UC San Diego Health	5,000-9,999
Merchants Building Maintenance	1,000-4,999
Page One SEO	1,000-4,999
Scripps Research Institute	1,000-4,999
SDG&E	1,000-4,999
Sharp Memorial Hospital	1,000-4,999

Total Industry Employment in San Diego County (Year 2024): 1,510,700[4]

Note: San Diego County's Largest Employers List was discontinued by the San Diego Business Journal.

Sources:
[1]San Diego Unified Port District Annual Comprehensive Financial Report Years Ended June 30, 2015 and 2014
[2]Moody's Analytics Précis US Metro San Diego-Carlsbad August 2024
[3]Total Industry Employment - California Employment Development, Labor Market Information
[4]Total Industry Employment - California Employment Development, Labor Market Information August 2024 Press Release

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PORT of SAN DIEGO
Waterfront of Opportunity

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