

PORT OF SAN DIEGO, CALIFORNIA

# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2025 AND 2024



**PORT of  
SAN DIEGO**  
Waterfront of Opportunity



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**ANNUAL  
COMPREHENSIVE  
FINANCIAL REPORT**

FISCAL YEARS ENDED JUNE 30, 2025 AND 2024

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

# TABLE OF CONTENTS

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## Introductory Section (Unaudited)

	Page
District Overview	2
Vision, Mission, Promise, and Core Values	3
Letter of Transmittal	4
Certificate of Achievement for Excellence in Financial Reporting	17
District Organization Chart	18
Board of Port Commissioners	19
Executive Leadership Group	20

## Financial Section

Independent Auditor's Report	23
Management's Discussion and Analysis (Unaudited)	27
Basic Financial Statements	45
Statements of Net Position	46
Statements of Revenues, Expenses and Changes in Net Position	48
Statements of Cash Flows	49
Notes to the Basic Financial Statements	51
Required Supplementary Information (Unaudited)	99
Schedule of Changes in Net Pension Liability and Related Ratios - Last Ten Fiscal Years	101
Schedule of Changes in Preservation of Benefits (POB) Liability and Related Ratios - Last Ten Fiscal Years	102
Schedule of Employer Pension Contributions - Last Ten Fiscal Years	103
Schedule of Changes in Other Postemployment Benefits (OPEB) Liability and Related Ratios - Last Ten Fiscal Years	104

## Statistical Section (Unaudited)

Contents	107
Net Position - Last Ten Fiscal Years	108
Changes in Net Position - Last Ten Fiscal Years	109
Operating Revenues by Segment - Last Ten Fiscal Years	110
Ten Largest Customers - Current Fiscal Year and Nine Years Ago	111
Real Estate Operating Revenues by Segment - Last Ten Fiscal Years	112
Real Estate Ten Largest Fixed Rent Tenants - Current Fiscal Year and Nine Years Ago	113
Real Estate Ten Largest Concession Rent Tenants - Current Fiscal Year and Nine Years Ago	114
Guest Experiences - Parking Operating Revenues by Segment - Last Ten Fiscal Years	115
Maritime Operating Revenues by Segment - Last Ten Fiscal Years	116
Maritime Ten Largest Fixed Rent Tenants - Current Fiscal Year and Nine Years Ago	117
Maritime Cargo Volumes - Last Ten Fiscal Years	118
Maritime Cruise Ship Calls and Passengers - Last Ten Fiscal Years	119
Harbor Police Operating Revenues by Segment - Last Ten Fiscal Years	120
District Employee Headcount - Last Ten Fiscal Years	121
Capital Assets - Current Fiscal Year	122
Debt Service Coverage - Last Ten Fiscal Years	123
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	124
San Diego County Demographic and Economic Statistics - Last Ten Fiscal Years	125
San Diego County Top Ten Principal Employers - Current Fiscal Year and Nine Years Ago	126

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# INTRODUCTORY SECTION (UNAUDITED)



# District Overview

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## 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 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

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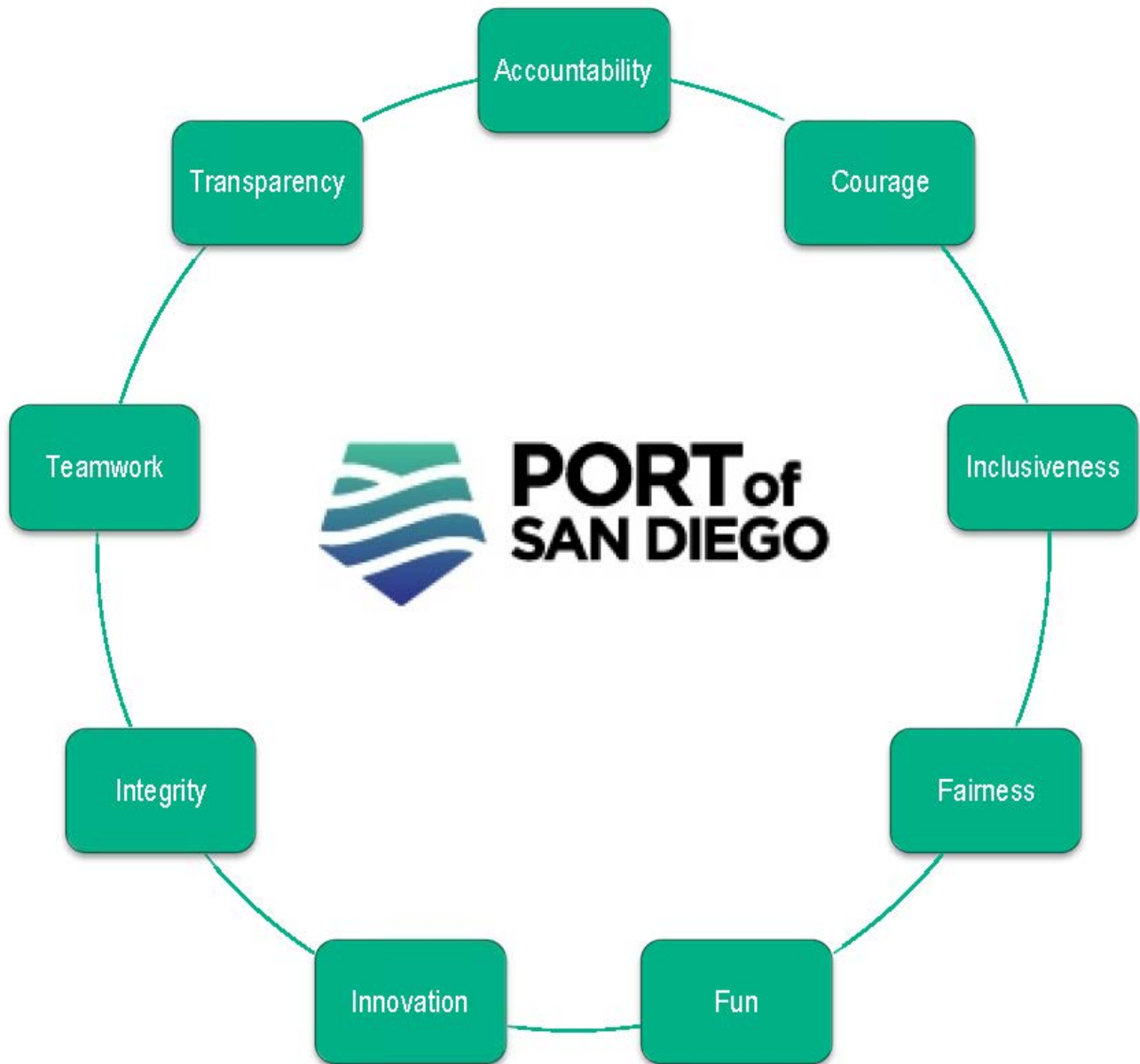
## 21st CENTURY PORT VISION

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

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November 26, 2025

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, 2025. 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. Baker Tilly U.S., LLP issued an unmodified (or clean) opinion on the District's financial statements for the fiscal year ended June 30, 2025. 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.

# Letter of Transmittal

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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.

# Letter of Transmittal

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## ECONOMY AND OUTLOOK

### Federal Economic Outlook (2025–2027)

According to the Federal Reserve's June 2025 Summary of Economic Projections:

- GDP Growth: 2025: 1.4%, 2026: 1.6%, 2027: 1.8%
- Unemployment Rate: 2025: 4.5%, 2026: 4.5%, 2027: 4.4%
- Inflation (PCE): 2025: 3.0%, 2026: 2.4%, 2027: 2.1%
- Federal Funds Rate: Expected to decline from 3.9% in 2025 to 3.1% in 2027

The Fed anticipates a soft landing with inflation gradually returning to target.

Source: Federal Reserve Summary of Economic Projections, June 2025

### Highlights from the September 2025 Beige Book

National Summary:

- Economic Activity: Most districts reported little or no change; four saw modest growth
- Consumer Spending: Flat or declining due to rising costs
- Retail & Hospitality: Domestic tourism steady; international demand fell
- Manufacturing: Shift to local supply chains and automation
- AI & Data Centers: Surge in construction in several districts

Labor Markets:

- Employment: Mostly stable; some modest declines
- Hiring: Firms cautious due to weaker demand
- Immigrant Labor: Shortages in construction
- Wages: Modest to moderate growth

Prices:

- Price Growth: Moderate or modest
- Tariffs and rising insurance/utilities cited as cost drivers
- Firms hesitant to raise prices due to customer sensitivity
- Outlook: Continued price increases expected

Source: Federal Reserve Beige Book, September 2025

### California Economic Outlook

From the UCLA Anderson Forecast (June 2025):

- California underperforming due to weakness in tech, logistics, and entertainment
- Unemployment: 2025: 5.8%, 2026: 5.6%, 2027: 4.4%
- Employment Growth: 2025: flat, 2026: 0.8%, 2027: 2.5%
- Real Personal Income Growth: 2025: 1.6%, 2026: 1.3%, 2027: 2.7%
- Housing Construction: Permits expected to rise from 102,000 in 2025 to 115,000 in 2027

Source: UCLA Anderson Forecast, June 2025

### San Diego Regional Outlook

From the San Diego/Imperial Chapter Economic Outlook (Nov 2024):

- 2025: Slower growth, stable consumer spending, softening labor market
- Inflation: 2024 was 3.8% in San Diego vs. 2.4% nationally
- Housing: Median price \$890,000 in Sept 2024, up 51% since 2020
- Labor Market: Unemployment up to 5.0% in 2024
- Occupancy Rate: 79.1% in Oct 2024, up 7.8% YoY
- GMP projected to grow at 1.8% CAGR through 2028

Sources: San Diego Regional EDC Monthly Report, July 2025; SANDAG 2025 Regional Plan, July 2025

# Letter of Transmittal

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## San Diego Housing Market

- Cost of living remains high in housing, transportation, and food
- Housing affordability remains a major issue
- Future rate cuts may improve inventory and affordability

Sources: SoCal Home Buyers, October 21, 2024; Norada Real Estate Investments, October 10, 2024

## San Diego GMP Forecast

San Diego's Gross Metropolitan Product (GMP) is projected to grow at a 1.8% compound annual growth rate through 2028.

Source: Lodging Analytics Research & Consulting (LARC), 2024 projection

## Summary Outlook (2025–2027)

Region	GDP Growth	Unemployment	Inflation	Key Themes
U.S.	1.4–2.0%	4.5–4.4%	2.1–3.0%	Soft landing, rate easing
California	0.1–2.5%	5.8–4.4%	~3–4%	Sectoral shifts, housing stress
San Diego	1.8% GMP	5.2	Above Fed target	Housing affordability, tourism, defense

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### Port Wide

#### Economic Impact Report

The District released a new Economic Impact Report showing an overall economic impact of \$13.8 billion in the San Diego Region in fiscal year 2023, a 25 percent increase from 2019. The District's job growth was also strong with a 10 percent increase from 2019 to more than 71,000 total jobs supported. Through a multiplier effect, approximately one in 30 San Diego County jobs were generated by the District, and every direct District job supported six more jobs in other industries throughout the county, state, and the U.S.

#### How to do Business with the Port

The District held its third 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 and Information Security

In fiscal year 2025, the District's Information Technology (IT) team successfully completed several public safety projects. These included the completion of two Port Security Grant efforts: the upgrade of a powerful wide-angle camera as part of the Enhanced Maritime Domain Awareness grant project, and the installation of additional sensor monitoring stations as part of the Critical Infrastructure Situational Awareness grant project. In addition, several applications were installed to improve the operational efficiency of our public safety branch. They include Training Records software, Drone Fleet Management software, and Accident Reconstruction software. In fiscal year 2025, the team also started a critical multi-year project, the installation of a new Computer-Aided Dispatch (CAD) system for our 911 Communications Center.

The IT Infrastructure team enhanced its embedded infrastructure by upgrading several systems, including Enterprise Storage and various end-of-life network switches that extend the District's network to staff workstations around the Tidelands. Additionally, IT completed the required Windows 11 laptop upgrade well ahead of Microsoft's deadline. The Information Security

## Letter of Transmittal

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Department completed the implementation of the Center for Internet Security (CIS) baselines for Windows 11 based systems, Phishing-resistant authentication for all non-HPD systems, and Local Admin Password System (LAPS) to strengthen the District's cybersecurity posture.

On the application side of the house, IT performed three complex technical and business process assessments to ensure critical roadmap alignment. These were the Customer Relationship Management (CRM) software assessment, the Enterprise Resource Planning (ERP) software assessment, and the Data Maturity and Platform assessment. The results of these assessments will drive and support our future platform decisions and technology capital projects. In addition to the assessments, the IT Application team made improvements to the enterprise software stack by adding an Accounting Reconciliation Tool for Finance, a new E-signature tool for all staff, and developed a new application in support of the District's Maritime Clean Air Strategy, to track and register trucks on our maritime terminals, for the purpose of compliance with California Air Resources Board (CARB) regulations. Finally, in fiscal year 2025, the team also started a critical multi-year project to upgrade our major transactional system, SAP, to the latest version S/4HANA.

### People of the Port Career Fair

The District hosted its third annual People of the Port Career Fair to help people in the region find their next career opportunities. In partnership with the San Diego Working Waterfront, District tenants and the San Diego Community College District, 30 different businesses from various industries on the San Diego Bay waterfront participated and engaged with applicants looking for good paying and rewarding jobs. As a result of the District's promotion and outreach efforts, more than 900 job seekers attended the event. The goal is to provide opportunities for people throughout the region to learn about and apply for jobs and careers along the San Diego Bay waterfront.

### Port Master Plan Update (PMPU)

In fiscal year 2025, District staff continued to process the Port Master Plan Update (PMPU) with the California Coastal Commission (CCC). The Board certified the Final Program Environmental Impact Report (EIR) and approved the PMPU in fiscal year 2024. The District's planning for the "future of the Port," formally known as the PMPU, began in 2013 and is being done through a multi-faceted and comprehensive approach and process known as Integrated Planning. The Port Master Plan is a water and land use plan that designates specific areas of San Diego Bay and the surrounding waterfront for a variety of uses including maritime, fishing, visitor-serving commercial, recreational, environmental conservation and protection, and navigation. The plan determines where port activities should take place, where recreational amenities should be located, and where commercial uses like hotels, restaurants, and visitor-serving retail may be built. 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 in 1981 by the CCC and has never had a comprehensive update, though it has been amended 40 times. The District is updating the 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. Throughout the entire effort, public and stakeholder involvement has been instrumental in helping to shape and improve the plan.

### Tidelands Trust Land Use Plan

The District is creating a Trust Lands Use Plan (TLUP) for the approximately 8,000 additional acres of tidelands and submerged lands within San Diego Bay granted to the District by the California State Lands Commission via Senate Bill (SB) 507. The plan will provide goals, policies, and information on allowed uses and activities within the planning area consistent with the District's mission and the intent of SB 507. As part of the District's commitment to transparency, the District has been seeking input from the public and stakeholders throughout the TLUP process. In fiscal year 2025, the District sought public input on the updated TLUP and a proposed Mitigated Negative Declaration (MND). The MND identified potential environmental impacts of the TLUP and introduced the implementation of project mitigation measures. The District anticipates final approval of the TLUP in 2026.

# Letter of Transmittal

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## **Maritime**

### **Cargo**

The District received approximately 2.3 million metric tons of cargo in fiscal year 2025, including 1.7 million metric tons of commercial breakbulk, dry bulk, military cargo and containerized cargo. The District continues to see strong performance in the bulk sector with bauxite, sand, and raw sugar growth. In addition, due to the District's designation as a strategic port, the District continues to successfully handle military cargo operations. The District also secured new cargo commodities related to renewable energy components as well as high and heavy cargo.

At the District's National City Marine Terminal (NCMT), terminal operator Pasha Automotive Services processed 336,876 imported autos for fiscal year 2025 as the auto industry continues to face worldwide supply chain challenges post-pandemic, significant tariff impacts, economic uncertainties, and foreign conflict but has stabilized from a volume perspective.

### **Cruise**

The District's cruise season continued to experience a bit of a downturn in the number of cruise calls in fiscal year 2025 due to normal occasional and cyclical ship repositioning by cruise lines. The District saw 75 calls with approximately 261,000 passengers. Fiscal year 2026 is looking up with 107 calls on the schedule thanks to Disney Cruise Line and Princess Cruises returning to normal operations in San Diego as well as Norwegian Cruise Line making San Diego a homeport for the first time with 21 calls. Fiscal year 2027 looks to be the best cruise year in San Diego since 2008 with up to 190 total calls thanks to new Royal Caribbean homeports and expanded service from Disney Cruise Line.

### **Port of Ensenada Sister Port Celebration**

In fiscal year 2025, the District celebrated 20 years of a successful sister port relationship with the Port of Ensenada, signing a new Memorandum of Understanding (MOU) highlighting the commitment to further collaboration and encourage mutual growth. The MOU outlines cooperative initiatives including expanding cruise business opportunities, advancing sustainable aquaculture practices to support the regional economy, and exploring a proposed ferry service between Ensenada and San Diego.

### **Portside Community Academy**

The District continued its Portside Community Academy in fiscal year 2025 with four cohorts including two all-Spanish-language cohorts. The Academy is a program aimed at building deeper connections with portside communities by exploring innovations in the maritime industry that are helping improve human health and quality of life. The five-week 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. Following its launch in 2023, the Academy has graduated nearly 150 participants. In fiscal year 2025, the District was recognized by the San Diego Press Club and the Public Relations Society of America for excellence in community education through the Portside Community Academy.

## **Waterfront Development**

### **Cesar Chavez Park Enhancements**

In fiscal year 2025, the District began seeking community input to inform the design of the next phase of improvements to César Chávez Park, specifically the southeastern waterfront area, as part of ongoing efforts to enhance the community experience, ensure environmental sustainability, and reflect the vibrant, local heritage and culture of Barrio Logan. This community-based design process involves engaging with stakeholders and the public to solicit feedback on the proposed designs and ensure the surrounding community is represented in the project plans. This effort builds on improvements made in recent years including restoration of the park's recreational field with an improved sprinkler system, 20 new colorful and flowering trees planted for shading and improved air quality, and additional lighting added for evening park activities.

# Letter of Transmittal

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## Central Embarcadero – Seaport San Diego Redevelopment Proposal

The District continues environmental review of the Seaport San Diego project proposed by 1HWY1 for the potential redevelopment of the Central Embarcadero along San Diego Bay. 1HWY1 is proposing a mix of uses including extensive plazas, parks and promenades; piers and marinas; hospitality, retail and restaurants; commercial fishing uses; multiple visitor attractions; an urban beach; and educational uses. The proposed project covers approximately 39 acres of land and 63 acres of water and is currently estimated to cost \$3.8 billion. For next steps, the public and stakeholders will have an opportunity to review and provide feedback on the draft Environmental Impact Report (EIR). After the EIR is complete, the Board will consider certification of the EIR and approval of a Port Master Plan Amendment (PMPA). If the Board certifies the EIR and approves a PMPA, the PMPA would then go to the California Coastal Commission for processing and a request for certification. Once a PMPA is certified, 1HWY1 must then get approval from the Board for Coastal Development Permit(s), at which time the Board will also be asked to approve some form of real estate agreement(s) with 1HWY1.

## Chula Vista Bayfront

Fiscal year 2025 marked a new era for the Chula Vista Bayfront. The District, City of Chula Vista and other South Bay leaders and partners celebrated the much-anticipated opening of the Gaylord Pacific Resort & Convention Center. Details on this project and other recently-completed projects are as follows:

- Gaylord Pacific Resort & Convention Center: In May 2025, with much public and partner fanfare, the 1,600-room Gaylord Pacific Resort & Convention Center opened for business. The \$1.35 billion catalyst project is supporting approximately 4,000 jobs and is expected to have an estimated \$475 million annual regional economic impact. Gaylord Pacific is the South Bay's first world-class hotel and convention center, and it's Gaylord's first West Coast location. It features 1,600 guest rooms and suites, more than ten restaurants, a spa, public promenades, multiple pools, waterslides, a lazy river, and more. The convention center boasts four ballrooms, three levels of meeting space and two outdoor meeting and event lawns. To ensure connectivity to the wider bayfront, the venue also has many public amenities including pedestrian promenades, bicycle access, a variety of food and beverage offerings, game activities, a nature playground and more. Decades in the making, the project was delivered via a public-private partnership jointly conceived by the District and the City of Chula Vista and executed through the participation of RIDA Chula Vista's partners, RIDA Development Corp & Ares Management.
- Sweetwater Park: Just north of the Gaylord Pacific, the District opened the new Sweetwater Park in April 2025, making it the District's 23rd and largest park. At 39 acres, Sweetwater Park is designed to highlight the natural wildlife of San Diego Bay along with the adjacent Sweetwater Marsh National Wildlife Refuge.
- Bayfront Park Parking Lot Maintenance: Also, in fiscal year 2025, as part of the District's Major Maintenance Program, the parking lot at Chula Vista Bayfront Park was repaved and restriped through a \$1.45 million construction contract.
- Harbor Park: The District entered the final step of design for the first phase of improvements for Harbor Park, currently known as Bayside Park, on the Chula Vista Bayfront. The existing Bayside Park is being expanded to what will become Harbor Park. It will include the approximately 12 existing acres of Bayside Park as well as nearly 13 additional acres of new park space created as part of the Gaylord Resort & Convention Center project, creating an approximately 25-acre park for the public and bayfront visitors. Some of the improvements in this phase include new landscaping, playground areas, circulation pathways, pedestrian lighting, and park furnishings. Proposed features at full buildout include parking improvements, an enlarged beach surrounded by terraced headlands, a personal watercraft boat launch, an interactive fountain, and more. As additional funding is secured, the District will continue to build out Harbor Park in phases to deliver the community's vision.

The new hotel and other new amenities in the area are part of the Chula Vista Bayfront Master Plan, a local and state-approved land use plan by the District and City of Chula Vista. The plan envisions a vibrant, innovative destination in the San Diego region – a unique and welcoming place for people to live, work, and play. When the project is complete, the public will enjoy more than 200 acres of parks, a shoreline promenade, walking trails, RV camping, shopping, dining, and more.

# Letter of Transmittal

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## Coronado Yacht Club

The Board authorized staff to begin the environmental review process for a proposed redevelopment project for the 80-year-old Coronado Yacht Club. The project includes demolishing the existing clubhouse, parking lot and landscaping and building a new 17,000-square-foot two-story main clubhouse, a new youth sailing school center, and other landside improvements. The Coronado Yacht Club also plans to install a new public promenade and a viewing platform along the bayfront shoreline. The club estimates that the substantial landside improvements will require a minimum investment by them of more than \$18.5 million. In fiscal year 2026, staff and the Coronado Yacht Club will work together on commencing environmental review per the California Environmental Quality Act and the California Coastal Act. Public and stakeholder review opportunities will be available, including a presentation to the Port's Accessibility Advisory Committee.

## East Harbor Island and Topgolf

As part of efforts to enhance and activate the San Diego Bayfront, the Board directed staff to prepare an Environmental Impact Report (EIR) for the redevelopment of an approximately 43-acre area of eastern Harbor Island. The goal of this redevelopment project is to bring new public access and recreation opportunities where none currently exist as well as to provide leisure activities and food and beverage options for visitors and locals. Approximately 11 acres will be developed into new public waterfront parks and promenades, a proposed Topgolf venue, space for one or more additional "eatertainment" venues, and supporting infrastructure. Next steps include public review and input, and additional planning is expected in fiscal year 2026.

## Freedom Park at Navy Pier

In fiscal year 2025, the District and the USS Midway Museum achieved another milestone in the Freedom Park at Navy Pier project with the demolition of the headhouse building that sits at the entrance of the pier. In fiscal year 2024, the District and the USS Midway Museum broke ground on the Freedom Park project, which will also include pile improvements and pier reinforcements, and building a park. Once complete, the park will be nearly 10 acres in size, making it the largest veterans park on the West Coast. The total estimated cost is approximately \$65 million. The District is contributing nearly \$12 million, Rep. Scott Peters has allotted \$2 million, and the Midway is covering the rest through various sources, including a fundraising campaign led by the USS Midway Foundation. Freedom Park will provide visitors with unique experiences on the waterfront and will include numerous public amenities including a promenade, nature garden and play structures. Freedom Park is anticipated to open on the North Embarcadero in 2028.

## Imperial Beach Pier & Plaza Enhancements

The District continued to make improvements and enhancements to the Imperial Beach Pier and adjacent plaza, which have included new paint, destination-themed art, an artistic shade structure, and more. The goal of these enhancements is to encourage people to explore and enjoy the Imperial Beach waterfront, experience its ocean and fresh air amenities, sights, and pleasures, and partake in the many services and offerings of the nearby oceanfront restaurants and businesses. In fiscal year 2025, the District began a \$2.6 million maintenance project to support the structural integrity of the iconic pier by replacing two pilings as well as replacing 154 deck boards and making needed utility and electrical repairs. In fiscal year 2026, the District plans to add a new splash pad at Portwood Pier Plaza with a \$1.8 million budget.

## Loews Coronado Bay Resort

In fiscal year 2025, the Board authorized staff to begin environmental review for a renovation proposed by Loews Coronado Bay Resort. The 440-room resort and 80-slip marina is operated by Loews Hotels & Co, and the company is proposing to transform the property into a modernized luxury resort destination. The project includes updating guest rooms and amenities, enhancing the landscaping and outdoor recreation areas, and replacing the temporary event tent structure with an improved permanent event space. Public access improvements include a new pedestrian promenade along the bayfront shoreline with spectacular views toward downtown San Diego and the Chula Vista Bayfront. The proposal also includes energy efficient improvements to

# Letter of Transmittal

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the resort's infrastructure and utilities. Loews Hotels anticipates a total investment of over \$220 million into the project. Next steps include an environmental review per the California Environmental Quality Act.

## Pepper Park Improvements

In fiscal year 2025, the District and the City of National City celebrated the start of construction on the Pepper Park Phase 1 Improvements Project. The project includes the addition of a perched beach, a pirate-themed playground, a splash pad, an overlook/terrace, and hillside play area, as well as an additional picnic area, a new entry plaza, and new landscaping and hardscaping. These improvements, identified as a result of public outreach, will be paid for by a combination of District, federal and state funds, including \$4.35 million received via the American Rescue Plan Act and the State of California's Coronavirus Fiscal Recovery Fund, along with a \$250,000 contribution from District tenant Austal USA. Construction on the phase one improvements is expected to be completed in fiscal year 2026. These improvements are part of the National City Balanced Plan, which is a water and land use plan that seeks to balance maritime, commercial recreation and public access on the National City Bayfront by expanding Pepper Park, realigning Marina Way, improving visual corridors and public access corridors for pedestrians and cyclists, and creating more contiguous commercial recreation and maritime uses. In November 2022, the Board voted to certify the Environmental Impact Report and approve the Port Master Plan Amendment for the Balanced Plan. This initiative is a collaborative effort among the City of National City, Pasha Automotive Services, and GB Capital Holdings, as well as community stakeholders.

## Seaport Village Revitalization

The District continues to revitalize and transform Seaport Village since assuming ownership and operation of the shopping, dining and entertainment center in 2018. With approximately \$11 million invested by the District to date, Seaport Village continues to welcome the opening of new tenants including Zytoun, a gourmet Mediterranean restaurant; Ocean Avenue clothing store; Raihan Café, a Turkish sweets shop; Christmas in San Diego; and more. New tenants, entertainment, and other exciting offerings at Seaport Village are a result of collaborative efforts amongst the District and its partners to enhance the experience at the 14-acre waterfront shopping, dining and entertainment complex that opened on the Embarcadero in 1980. Additional anticipated openings include:

- Shorebird – this restaurant's carefully crafted menu features fresh, locally-sourced seafood and innovative California cuisine designed to complement its breathtaking waterfront setting.
- Gladstone's – this historic Malibu-founded restaurant will offer classic seafood dishes including fish plates, king crab, Maine lobster, and more.
- Cork & Batter – signed on in fiscal year 2023, Cork and Batter will offer a first-class dining experience in a warm bungalow-themed environment with American fare created with freshly sourced ingredients, craft beer, wine, and hand-crafted cocktails. During game time, Cork and Batter will serve up live sports on multiple flat screens for sports fans' viewing pleasure.

## Shellfish and Seaweed Aquaculture Program

The District continues to advance aquaculture in San Diego Bay through its proposed Shellfish and Seaweed Aquaculture Program (SSAP). In fiscal year 2025, the District introduced a discussion draft of the proposed SSAP. Staff will continue to review feedback and make updates to the draft in fiscal year 2026.

## **Public Safety**

### Harbor Police Department

Cross-trained to prevent and address crime and to fight fire on the water, the Harbor Police Department ensures the safety and security of communities and critical 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 while emphasizing transparency and accountability. The department has further strengthened its role in Homeland Security and

# Letter of Transmittal

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Emergency Management. These efforts include close collaboration with federal, state, and local partners to protect critical infrastructure, enhance maritime domain awareness, and improve preparedness for large-scale emergencies and events. Simultaneously, the department continues to invest in internal facility improvements to support operational readiness and employee wellness. Projects currently underway include the planning and design of a modernized Harbor Police Headquarters, enhancements to facility security, and upgrades to fitness areas that promote safety and resilience. Through these combined efforts, the Harbor Police Department remains dedicated to providing the highest quality public service while advancing engagement with District tenants, the Airport Authority, and community partners.

## **Experiences**

### **Shelter Island Boat Launch Repairs**

The District completed a \$717,000 repair project at the Shelter Island Boat Launch Ramp facility. In June 2023, the west floating dock sustained significant damage due to sand accumulation underneath it, which caused the dock to bottom out at low tide. An investigation determined that gaps in the western wall of the facility, designed to allow for some wave attenuation, had widened more than anticipated, and filter fabric installed during construction to prevent some anticipated sand migration had deteriorated. These issues were likely exacerbated by frequent and often strong winter storms and were unforeseen in the design development process for the facility and during construction. To prevent future excess sand migration into the launch basin, staff and consultants worked diligently to develop solutions to cover the wall gaps and to replace the damaged floating dock.

### **Tidelands Activation Programs – “A Day at the Park: A Port Experiences Series”**

The District continued the “A Day at the Park: A Port Experiences Series” events in fiscal year 2025 with community events at Cesar Chavez Park in Barrio Logan and Bayfront Park in Chula Vista. The multicultural events are designed to improve public access to under-activated member city parks via a District-funded and District-branded community event. Each event featured performances from local artists, local food vendors, kids activities, and more. The Expanded Access category was added to District’s Tidelands Activations Program in fiscal year 2023.

## **Environment**

### **Blue Economy Incubator**

In fiscal year 2025, the Board approved a two-year pilot project for \$300,000 with MarineLabs Data Systems Inc. through its Blue Economy Incubator (BEI). MarineLabs’ technology will focus on providing persistent wave, wind, and wake data above the water’s surface and complement another BEI company, HyperKelp, whose buoy platforms collect data on underwater noise and water chemistry. HyperKelp, Inc. deployed its smart buoy platforms (known as Kelp Smart Buoy) in 2025. 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, helping inform and support the development of several District initiatives including shellfish and seaweed aquaculture planning efforts, environmental protection, conservation, restoration, enhancement, and nature-based solutions. As a catalyst for the region’s Blue Economy, the District established its Blue Economy Incubator in 2016 as a launching pad for sustainable aquaculture and District-related blue technology ventures. To date, the District has approved 11 agreements with early-stage companies, including one reinvestment, to launch innovative pilot projects, four of which have been completed.

### **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), continue to work to contain and eradicate an invasive algae scientifically known as *Caulerpa prolifera* in and just outside of the Coronado Cays area of southern 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

## Letter of Transmittal

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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. Local, state and federal agencies are working together to cover the costs of eradication, with \$2 million spent or allocated by the end of fiscal year 2025. 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. The Southern California Caulerpa Action Team includes representatives from the California Department of Fish and Wildlife, the Santa Ana and San Diego Regional Water Quality Control Boards, the California Coastal Commission, State Lands Commission, NOAA National Marine Fisheries Service, Army Corps of Engineers, U.S. Fish and Wildlife Service (via Refuges and Ecological Services), and State Water Resources Control Board.

### Grand Caribe Shoreline Park Erosion Improvements

Grand Caribe Shoreline Park is located near the Coronado Cays neighborhood on an artificial peninsula in southwestern San Diego Bay. At 2.4 acres, it provides recreational public access to the coastline. Since the construction of the peninsula in the 1960s, Grand Caribe's eastern shoreline has experienced chronic erosion that poses a threat to the park, local habitat, and public access for the community. To temporarily manage the erosion, the Port has exhausted short-term solutions including the placement of 240 burlap sandbags along the shoreline. Now, long-term sustainable solutions are needed to protect the park, safeguard the existing habitat, and maintain public access. The District began conducting public and stakeholder outreach in fiscal year 2025 to discuss and provide input on potential nature-based design concepts to address the erosion, provide shoreline stability, and maintain public access with minimal impact on the adjacent habitat.

### Maritime Clean Air Strategy

In fiscal year 2025, the District made significant progress with its Maritime Clean Air Strategy (MCAS) with 80 percent of its objectives to reduce air pollution and promote public health either implemented or in progress. 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 District and its partners has resulted in more than \$227 million for maritime electrification and efficiency efforts to date. Some of those efforts include:

- Clean Cargo Project: The District was awarded a nearly \$59 million grant from the United States Environmental Protection Agency (EPA) for its San Diego Clean Cargo Project (CCP). The San Diego CCP aims to significantly reduce emissions by making improvements to the Tenth Avenue Marine Terminal (TAMT), installing shore power systems to support harbor craft at TAMT and to support Ocean Going Vessels calling at TAMT, advancing a Zero Emissions Truck Stop, and purchasing and deploying battery-electric zero-emissions equipment and vehicles. The timeline for completion of these projects is anticipated for 2028.
- Electric cranes: The first all-electric dual mobile harbor cranes in North America are now in full operation at Tenth Avenue Marine Terminal. The two cranes support the District's goals of supporting clean, modern, and efficient maritime operations while also improving public and environmental health, particularly in the Portside Communities of Barrio Logan, Sherman Heights, Logan Heights, and West National City. In addition to the environmental and public health benefits, the new crane system has the heaviest lift capability of any crane system currently in place on the West Coast and enables the District to attract new business opportunities due to the increased maximum lift capacity – up to 400 metric tons (MT) versus the 100 MT lifting capacity of the District's diesel crane. The District purchased the cranes for approximately \$14 million, paid for through the District's Economic Recovery Program. The District also invested approximately \$8.9 million to make electrical infrastructure upgrades to support the cranes, funded in part by a \$2.7 million grant from the San Diego County Air Pollution Control District and \$1.9 million from the District's Low Carbon Fuel Standards (LCFS) credit proceeds.

# Letter of Transmittal

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- Electric ferries: Flagship Cruises & Events is developing two fully electric zero-emission ferries to serve San Diego Bay. Equipped with advanced battery technology, the new vessels will not emit any greenhouse gases during operation and removes the particulate matter associated with traditional combustion engines. Flagship received a \$15.7 million grant from the California Air Resources Board for the project. The total project cost is estimated at over \$21 million. The electric ferries support the District's MCAS and are expected to launch by fall 2026. District staff have begun the environmental review process under the California Environmental Quality Act (CEQA). The resulting Environmental Impact Report (EIR), lease, and a Coastal Development permit, among other entitlements and permits, will be presented to the Port Board to consider for approval and are required before construction can begin.

Progress is also being made on other potential clean air projects, including:

- Zero Emissions Truck Stop: The District is considering a proposal for a zero emissions (ZE) truck stop in West National City. In March 2024, the Board selected Skychargers, LLC (Skycharger) to negotiate a project to build and operate an approximately 4.8-acre ZE truck stop at 19th Street and Tidelands Avenue. At its meeting in September 2024, the Board of Port Commissioners directed Port staff to commence environmental review for the proposed project.

## Awards Received by the District

- 2025 – Green Port Award for leadership in sustainable maritime operations through implementation of the District's MCAS, Breakbulk Europe
- 2025 – Certificate of Achievement for Excellence in Financial Reporting, Government Finance Officers Association of the United States and Canada (GFOA)
- 2025 – Outstanding Planning Document, Port Master Plan Update, California Association of Environmental Professionals (AEP)
- 2025 – Outstanding Public Involvement/Education Program, Port Master Plan Update, California Association of Environmental Professionals (AEP)
- 2025 – Outstanding Environmental Analysis Document, Port Master Plan Update, California Association of Environmental Professionals (AEP)
- 2025 – Grow Urban Sustainability Award for leadership in sustainability and environmental stewardship – MCAS, BEI, and bay-wide cleanup efforts, Downtown San Diego Partnership, Create the Future Awards
- 2025 – South County Economic Development Council's Outstanding Corporate Citizen Award
- 2024 – American Association of Port Authorities (AAPA) Lighthouse Award Recipient – The Microgrid Infrastructure at Tenth Avenue Marine Terminal, Facility and Infrastructure Development Award: Excellence in Studies, Plans, and Designs category (Oct 29-30)
- 2024 – WTS San Diego County, Technology for Transportation Award, Maritime Clean Air Strategy
- 2024 – Public Relations Society of America, SD/IC Chapter, Edward L. Bernays Mark of Merit Silver Bernays Award, Portside Community Academy, Community Relations: Government category
- 2024 – San Diego Press Club Excellence in Journalism Awards, 2nd Place PR, PIO and Trade Publications Category: Special Interest Publications, for brochures produced for the Portside Community Academy
- 2024 – San Diego Association of Environmental Professionals, San Diego Chapter, Outstanding Public Involvement for the PMPU and Portside Community Academy, Environmental Analysis for the PMPU, and Planning for the PMPU
- 2024 – San Diego Business Journal, Latino Leaders of Influence – Harbor Police Chief Magda Fernandez
- 2024 – SANDAG Diamond Awards, Platinum Tier for Excellence in Commuter Programs

# Letter of Transmittal

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## 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, 2024. 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,



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Scott Chadwick  
President/CEO



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Tracy Largent, CPA  
Chief Financial Officer/Treasurer

# Certificate of Achievement for Excellence in Financial Reporting

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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, 2024.

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 Achievement for Excellence in Financial Reporting

Presented to

**San Diego Unified Port District  
California**

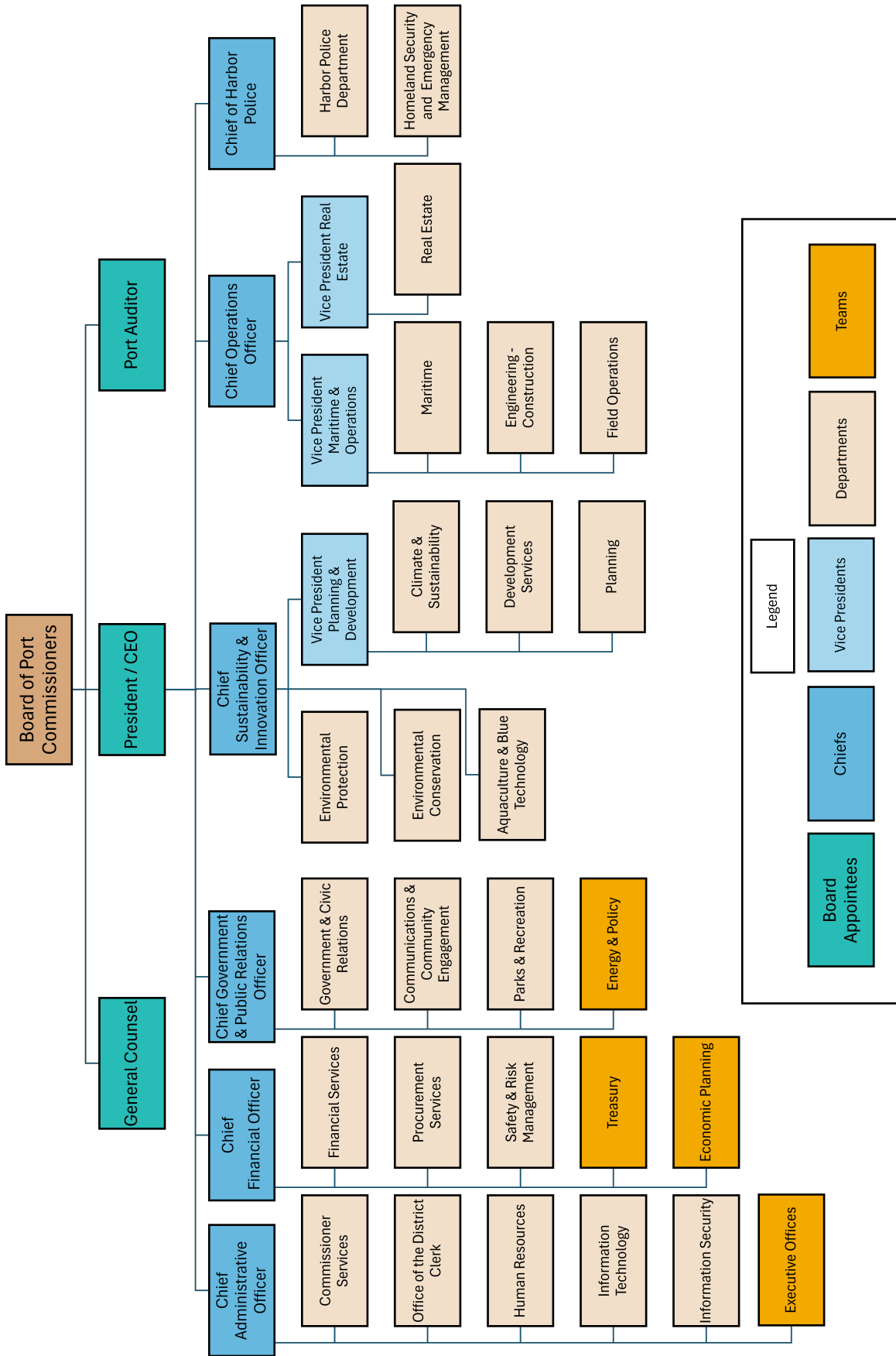
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO

# District Organization Chart



## CHAIR

Danielle Moore  
City of San Diego

## VICE CHAIR

Ann Moore  
City of Chula Vista

## SECRETARY

Michael Zucchet  
City of San Diego

## COMMISSIONERS

Dan Malcolm  
City of Imperial Beach

Gilanthony Ungab  
City of National City

Frank Urtasun  
City of Coronado

Sid Voorakkara  
City of San Diego

# Executive Leadership Group — as of June 30, 2025

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## PRESIDENT & CHIEF EXECUTIVE OFFICER

Scott Chadwick

## GENERAL COUNSEL

Thomas A. Russell

## PORT AUDITOR/CHIEF OFFICER

Mark Yeilding

## CHIEF OF POLICE & PUBLIC SAFETY

Magda Fernandez

## CHIEF SUSTAINABILITY & INNOVATION OFFICER

Jason H. Giffen

## VICE PRESIDENT

Anthony Gordon

## ASSISTANT GENERAL COUNSEL

Rebecca Harrington

## ASSISTANT GENERAL COUNSEL

Simon Kann

## CHIEF OPERATIONS OFFICER

Michael LaFleur

## CHIEF FINANCIAL OFFICER/ TREASURER

Tracy Largent

## CHIEF STRATEGY & COMMUNICATIONS OFFICER

Job Nelson

## VICE PRESIDENT

Lesley Nishihira

## VICE PRESIDENT

Joel Valenzuela

## CHIEF ADMINISTRATIVE OFFICER

Vacant

# FINANCIAL SECTION



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# Independent Auditor's Report

## 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, 2025 and 2024, 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, 2025 and 2024, 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 26, 2025, 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.

*Baker Tilly US, LLP*

San Diego, California  
November 26, 2025

## Management's Discussion and Analysis (Unaudited)

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**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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, 2025, with comparisons to fiscal year 2024. This discussion and analysis are 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, 2025**

- As of June 30, 2025, the assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$694.9 million.
- Operating revenues for the District were \$213.4 million for fiscal year 2025 compared to \$201.8 million for fiscal year 2024.
- Operating expenses, including depreciation and amortization, for the District were \$232.0 million for fiscal year 2025 compared to \$211.5 million for fiscal year 2024.
- Non-Operating revenues for the District were \$79.7 million for fiscal year 2025 compared to \$101.2 million for fiscal year 2024.
- Non-Operating expenses for the District were \$12.3 million for fiscal year 2025 compared to \$8.4 million for fiscal year 2024.
- Revenues from capital grants and contributions totaled \$22.1 million for fiscal year 2025 compared to \$12.1 million for fiscal year 2024.
- The District's total net position increased by \$70.9 million during fiscal year 2025 compared to a \$95.2 million increase in fiscal year 2024.

**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 \$624.0 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 \$211.5 million for fiscal year 2024 compared to \$174.9 million, as restated, for fiscal year 2023.
- Non-Operating revenues for the District were \$101.2 million for fiscal year 2024 compared to \$85.0 million for fiscal year 2023.
- Non-Operating 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, as restated, increased by \$95.2 million during fiscal year 2024 compared to a \$112.4 million increase in fiscal year 2023.

**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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

## **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 \$694.9 million at the end of fiscal year 2025, compared to \$624.0 million, as restated, at the end of fiscal year 2024, and \$528.9 million, as restated, at the end of fiscal year 2023.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

The District's financial position at June 30, 2025, 2024 (as restated), and 2023 (as restated) is summarized as follows:

**Condensed Statements of Net Position**  
(Expressed in thousands)

	2025	2024 (As Restated)	2023 (As Restated)
Current assets	\$ 276,154	\$ 260,591	\$ 224,055
Noncurrent assets and restricted assets	1,282,086	1,294,388	1,276,969
Capital assets, net	677,301	639,156	614,220
Total assets	<u>2,235,541</u>	<u>2,194,135</u>	<u>2,115,244</u>
Deferred outflows of resources	47,498	46,111	44,426
Current liabilities	112,941	109,192	115,826
Noncurrent liabilities	282,999	302,778	302,120
Total liabilities	<u>395,940</u>	<u>411,970</u>	<u>417,946</u>
Deferred inflows of resources	1,192,187	1,204,235	1,212,843
Net investment in capital assets	645,628	609,763	580,002
Restricted	9,806	7,475	4,160
Unrestricted	39,479	6,803	(55,282)
Total net position	<u>\$ 694,913</u>	<u>\$ 624,041</u>	<u>\$ 528,880</u>

As of June 30, 2025, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$694.9 million, compared to \$624.0 million as of June 30, 2024, and \$528.9 million as of June 30, 2023. 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 \$39.5 million as of June 30, 2025, \$6.8 million as of June 30, 2024, and \$(55.3) million as of June 30, 2023. Certain reclassifications have been made to fiscal years 2024 and 2023 amounts in order to conform to the fiscal year 2025 presentation. Such presentation had no effect on the previously reported change in net position or total assets, liabilities, or net position. The negative unrestricted balances reported are primarily due to the District recording total Other Post Employment Benefit (OPEB) liability and net pension liability in its financial statements.

The implementation of GASB Statement No. 101, *Compensated Absences*, in 2025 resulted in a restatement of total net position from \$625.0 million to \$624.0 million in the 2024 audited financial statements, and from \$530.0 million to \$528.9 million in the 2023 audited financial statements. See Note 1(l) for more information regarding the restatement.

**Key Changes in Net Position – Fiscal year 2025 compared to 2024:**

- Current assets \$276.2 million grew \$15.6 million from \$260.6 million, mainly due increased receivables including Chula Vista Bayfront support, Sweetwater Park Project reimbursement, low carbon fuel standard (LCFS) Revenue, and airport billing in addition to increase in current portion of GASB Statement No. 87 lease and interest receivables.
- Noncurrent and restricted assets \$1.3 billion decreased \$12.3 million from \$1.3 billion, primarily from decrease in long term GASB Statement No. 87 lease receivable, release of restricted Sweetwater Park and Economic Recovery Program (ERP) funds offset by increase in restricted LCFS Navy project funds and Terminal Facility Improvement funds.

## SAN DIEGO UNIFIED PORT DISTRICT

Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

- Current liabilities \$112.9 million increased \$3.7 million from \$109.2 million, mainly due to an increase in accrued liabilities including subscription-based information technology arrangements (SBITA) liability, current portion of compensated absences, accrued payroll, and District retirement, offset by decrease in accrued payables from the reversal of the prior-year GASB Statement No. 49 Naval Training Center accrual.
- Noncurrent liabilities \$283.0 million decreased \$19.8 million from \$302.8 million, primarily due to a decrease in the GASB Statement No. 75 OPEB liability, recognition of unearned Sweetwater Park funds, and decrease of long-term debt, offset by an increase in GASB Statement No. 68 pension liability.

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

- Current assets \$260.6 million grew \$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 Employees' Retirement System (SDCERS).
- Noncurrent and restricted assets \$1.3 billion increased \$17.4 million from \$1.3 billion, primarily from an increase in lease receivables recognized under GASB Statement No. 87.
- Current liabilities \$109.2 million decreased \$6.6 million in 2024 from \$115.8 million, mainly due to the recognition of \$20 million of unearned revenue as ERP-funded projects were executed. However, the District increased other current liabilities from Navy LCFS Funds, legal contingencies, GASB Statement No. 49 Naval Training Center accrual, Sweetwater Park Project accruals, and the current portion of accrued leave.
- Noncurrent liabilities \$302.8 million increased \$658 thousand from \$302.1 million, primarily due to an increase in the GASB Statement No. 68 pension liability, offset by a decrease in the long-term debt and long-term portion of the workers' compensation reserve.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Capital Assets**

The District's net book value of capital assets was \$677.3 million as of June 30, 2025, \$639.2 million as of June 30, 2024, and \$614.2 million as of June 30, 2023. The funds used for capital improvements are derived from several sources, including the District's unrestricted funds, federal and state grants, ERP funds, capital contributions from external sources, long-term debt, and current revenue sources.

**Capital Assets**  
(Expressed in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Nondepreciable assets:			
Land	\$ 319,789	\$ 314,760	\$ 314,759
Construction-in-progress	46,910	71,244	70,318
Depreciable/amortizable assets:			
Land improvements	7,650	7,650	7,650
Buildings and structures	756,264	694,771	650,086
Machinery and equipment	97,299	93,048	89,032
Roads and parking lots	139,677	129,970	128,644
Intangible	27,259	26,177	25,841
SBITA Right-To-Use	12,143	6,924	6,225
Total assets	<u>1,406,991</u>	<u>1,344,544</u>	<u>1,292,555</u>
Accumulated depreciation/amortization	<u>(729,690)</u>	<u>(705,388)</u>	<u>(678,335)</u>
Capital assets, net	<u>\$ 677,301</u>	<u>\$ 639,156</u>	<u>\$ 614,220</u>

**Capital Assets – Fiscal year 2025 compared to 2024:**

The District invested a total of \$58.2 million in construction-in-progress during fiscal year 2025 (refer to Note 3 of 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 2025 for some of the major capital projects:

- \$9.6 million, Sweetwater Park
- \$9.1 million, Navy Pier Freedom Park
- \$5.2 million, Shore Power Installation at NCMT Berths 24-10 and 11
- \$2.7 million, Utility Piping & Pile Replacement at Imperial Beach Pier
- \$2.4 million, Storm Water Infrastructure Improvements at B Street Pier
- \$2.1 million, Storage Tanks Demo And Stormwater Improvements at TAMT
- \$1.8 million, National City Balance Plan Projects
- \$1.8 million, Pavement Improvements at National City
- \$1.7 million, Roofing and HVAC Replacement at Harbor Police
- \$1.6 million, Curtain Wall Repairs and Backfilling at B Street Pier
- \$1.6 million, Pavement Maintenance at Chula Vista Bayfront Park's Parking Lot
- \$1.4 million, S/4HANA Implementation
- \$1.3 million, Landscape Restoration - North Harbor Drive
- \$1.1 million, Maritime Port Connect Project
- \$14.8 million, all others

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**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 of 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 Phase 3 at TAMT
- \$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 Pier
- \$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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**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, 2025, 2024 (as restated), and 2023 (as restated) are presented below:

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

	2025	2024 (As Restated)	2023 (As Restated)
Operating revenues:			
Real Estate	\$ 117,752	\$ 106,134	\$ 112,426
Guest Experiences - Parking	18,808	20,335	18,291
Maritime	51,836	50,469	50,991
Harbor Police	21,273	20,594	18,039
Other operating revenues	3,778	4,221	3,240
Total operating revenues	<u>213,447</u>	<u>201,753</u>	<u>202,987</u>
Operating expenses:			
Direct expenses			
Real Estate	35,340	34,402	30,357
Guest Experiences - Parking	8,253	8,269	7,048
Maritime	26,651	24,806	21,910
Harbor Police	53,050	50,630	46,217
Other operating expenses / (credits)	19,005	11,303	(6,161)
Depreciation and amortization	28,172	27,653	28,283
General and administrative expenses	61,528	54,470	47,280
Total operating expenses	<u>231,999</u>	<u>211,533</u>	<u>174,934</u>
Income/(loss) from operations	<u>(18,552)</u>	<u>(9,780)</u>	<u>28,053</u>
Non-Operating revenues			
Interest Income	54,589	53,376	39,652
ERP fund revenue	9,962	20,231	22,484
Other non-operating revenues	15,158	27,593	22,834
Total non-operating revenues	<u>79,709</u>	<u>101,200</u>	<u>84,970</u>
Non-Operating expenses	12,347	8,376	6,901
Non-Operating income/(loss)	<u>67,362</u>	<u>92,824</u>	<u>78,069</u>
Capital grants and contributions	22,061	12,117	6,234
Change in net position	70,871	95,161	112,356
Beginning net position, as originally presented	624,041	529,682	417,230
Restatement - GASB 101	—	(802)	(706)
Beginning net position, as restated	624,041	528,880	416,524
Ending net position	<u>\$ 694,912</u>	<u>\$ 624,041</u>	<u>\$ 528,880</u>

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 implementation of GASB Statement No. 101, *Compensated Absences*, resulted in a restatement increasing operating

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

expenses and decreasing change in net position by \$108 thousand in the 2024 audited financial statements, and increasing operating expenses and decreasing change in net position by \$96 thousand in the 2023 audited financial statements. See Note 1(l) for more information regarding the restatement.

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.

Non-Operating revenues include reimbursements of expenses from the ERP, legal settlement, terminal facility improvement fees, interest income from investments and leases, grant revenues, LCFS revenue, and miscellaneous other non-operating revenues. The ERP projects utilize funds received from the State of California's Coronavirus Fiscal Recovery Fund of 2021.

The major components of non-operating expenses are interest, financial assistance, and other miscellaneous non-operating 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 2025 compared to 2024:**

(Expressed in thousands)	2025	2024	\$ Change Increase (Decrease)	% Change
Real Estate	\$ 117,752	\$ 106,134	\$ 11,618	10.9 %
Guest Experiences - Parking	18,808	20,335	(1,527)	(7.5)%
Maritime	51,836	50,469	1,367	2.7 %
Harbor Police	21,273	20,594	679	3.3 %
Other operating revenues	3,778	4,221	(443)	(10.5)%
Total operating revenues	<u>\$ 213,447</u>	<u>\$ 201,753</u>	<u>\$ 11,694</u>	<u>5.8 %</u>

- Real Estate operating revenues of \$117.8 million increased \$11.6 million from \$106.1 million. The increase was primarily due to fees collected from the transfer of ownership interest of Safe Harbor Marina and Marine Group Boat Works, tenant revenue audit adjustment, and continued growth in tidelands tourism.
- Guest Experiences - Parking operating revenues of \$18.8 million decreased \$1.5 million from \$20.3 million. The decline was attributed to a shift in the types of event activity in the surrounding areas, an increased use of ride-share services, and added construction that affected transient parking demand. District garages benefit from visitation to venues on or near District tidelands and the reduction in event volume and external disruptions directly impacted parking performance for the fiscal year.
- Maritime operating revenues of \$51.8 million increased \$1.4 million from \$50.5 million. The increase was primarily attributed to higher fixed rent from tenant lease renewals, storage space rentals, and dockage fees. However, this increase was partially offset by a decline in cruise revenues, which stemmed from a lower number of cruise ship arrivals.
- Harbor Police operating revenues of \$21.3 million increased \$679 thousand from \$20.6 million. The increase was primarily due to an increase in billable hours for airport police services compared to prior year, the elimination of Homeland Security TSA credit, and a slight increase in overhead cost that is partially billed to the Airport based on the existing agreement.
- Other operating revenues of \$3.8 million decreased by \$0.4 million from \$4.2 million. The decrease was primarily due to a reduction in partnership and cost-sharing revenue from the Regional Harbor Monitoring Program (RHMP)

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Operating Revenues – Fiscal year 2024 compared to 2023:**

(Expressed in thousands)	<b>2024</b>	<b>2023</b>	<b>\$ Change Increase (Decrease)</b>	<b>% Change</b>
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	<u>\$ 201,753</u>	<u>\$ 202,987</u>	<u>\$ (1,234)</u>	<u>(0.6)%</u>

- Real Estate operating revenues of \$106.1 million decreased \$6.3 million from \$112.4 million. The decrease was primarily due to the 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 have continued their 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 \$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 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 and cost-sharing revenue from the Regional Harbor Monitoring Program and general and administrative billing to SDCRAA associated with increased airport billing.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Operating Expenses - Fiscal year 2025 compared to 2024:**

(Expressed in thousands)	2025	2024 (As Restated)	\$ Change Increase (Decrease)	% Change
Direct expenses				
Real Estate	\$ 35,340	\$ 34,402	\$ 938	2.7 %
Guest Experiences - Parking	8,253	8,269	(16)	(0.2)%
Maritime	26,651	24,806	1,845	7.4 %
Harbor Police	53,050	50,630	2,420	4.8 %
Other operating expenses	19,005	11,303	7,702	68.1 %
Depreciation and amortization	28,172	27,653	519	1.9 %
General and administrative expenses	61,528	54,470	7,058	13.0 %
Total operating expenses	<u>\$ 231,999</u>	<u>\$ 211,533</u>	<u>\$ 20,466</u>	<u>9.7 %</u>

- Real Estate operating expenses of \$35.3 million increased \$938 thousand from \$34.4 million. The increase was primarily due to merit-based salary adjustments, higher expenditures on engineering support services, which are essential for evaluations of existing facilities, and project improvements at Grand Caribe Island.
- Guest Experiences - Parking operating expenses of \$8.3 million remained consistent with the prior year. This stability reflects the District's financially beneficial performance-based operating model, in which contracted garage operators are incentivized to maximize revenue while maintaining cost efficiency.
- Maritime operating expenses of \$26.7 million, increased \$1.8 million from \$24.8 million. The increase was primarily attributed to costs associated with the sale of Low Carbon Fuel Standard (LCFS) credits, expenses related to repainting at the Port Pavilion, higher facility management fees for the National Distribution Center, and security costs for Sweetwater Park.
- Harbor Police operating expenses of \$53.1 million, increased \$2.4 million from \$50.6 million. The increase was primarily due to increase in workers' compensation claims, group health insurance, negotiated salary and benefit increases, overtime, professional services, and safety equipment.
- Other operating expenses of \$19.0 million, increased \$7.7 million from \$11.3 million. The increase was primarily due to accounting adjustments for pension expenses per GASB Statement No. 68, Other Postemployment Benefit (OPEB) expenses per GASB Statement No. 75, Subscription-Based Information Technology Arrangements per GASB Statement No.96, as well as increased personnel and legal settlement expenses.
- Total depreciation and amortization expenses of \$28.2 million increased by \$519 thousand from \$27.7 million.
- G&A expenses of \$61.5 million increased \$7.1 million from \$54.5 million, primarily due to salary and wage adjustments made to maintain market competitiveness, higher group health insurance costs due to employees opting for more comprehensive plans, and modifications to retirement benefits.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Operating Expenses - Fiscal year 2024 compared to 2023:**

(Expressed in thousands)	<u>2024</u> <u>(As Restated)</u>	<u>2023</u> <u>(As Restated)</u>	<u>\$ Change</u> <u>Increase</u> <u>(Decrease)</u>	<u>% Change</u>
Direct expenses				
Real Estate	\$ 34,402	\$ 30,357	\$ 4,045	13.3 %
Guest Experiences - Parking	8,269	7,048	1,221	17.3 %
Maritime	24,806	21,910	2,896	13.2 %
Harbor Police	50,630	46,217	4,413	9.5 %
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	<u>54,470</u>	<u>47,280</u>	<u>7,190</u>	<u>15.2 %</u>
Total operating expenses	<u>\$ 211,533</u>	<u>\$ 174,934</u>	<u>\$ 36,599</u>	<u>20.9 %</u>

- Real Estate operating expenses of \$34.4 million increased \$4.0 million from \$30.4 million, primarily due to adjustments made to salaries and wages to ensure market competitiveness and an increase in engineering support 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 by \$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 \$54.5 million increased \$7.2 million from \$47.3 million, primarily due to adjustments made to salaries and wages to ensure market competitiveness, along with increases in group health insurance expenses.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Non-Operating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2025 compared to 2024:**

(Expressed in thousands)	2025	2024	\$ Change Increase (Decrease)	% Change
Non-Operating revenues	\$ 79,709	\$ 101,200	\$ (21,491)	(21.2)%
Non-Operating expenses	\$ 12,347	\$ 8,376	\$ 3,971	47.4 %
Capital grants and contributions	\$ 22,061	\$ 12,117	\$ 9,944	82.1 %

- The District's non-operating revenues of \$79.7 million, excluding capital grants and contributions, decreased \$21.5 million from \$101.2 million. The decrease was primarily due to a reduction in legal settlements and reimbursements of expenditures from the ERP; partially offset by an increase in LCFS revenue, interest income, grant revenues, and a \$2.5 million reimbursement from the Chula Vista Bayfront Financing Authority pursuant to the Chula Vista Bayfront revenue sharing agreement.
- Non-Operating expenses of \$12.3 million increased \$4.0 million from \$8.4 million. The increase was primarily due to capital expense write-offs and a termination consideration paid to a tenant, offset by a reduction in legal settlements and interest expenses. Notably, the FY 2025 financial assistance payment of \$2.5 million under Chula Vista Bayfront Support Agreement was partially offset by the FY 2024 financial assistance payment for SANDAG Harbor Drive 2.0.
- Capital grants and contributions of \$22.1 million increased \$9.9 million from \$12.1 million. The increase was primarily due to higher capital contributions and grants received for Freedom Park and Sweetwater Park Phase 1A construction, as well as grant-funded capital projects such as the fireboat replacements funded by the Department of Homeland Security Port Security Grant FY 2021 and FY 2023, the California Containerized Ports Interoperability Program funded by the California Governor's Office of Business and Economic Development Office of Supply Chain, and the installation of shore power at NCMT to comply with clean air Engineering-Maritime (CARB) regulations funded by the VW Mitigation Trust Fund.

**Non-Operating Revenues, Expenses, and Capital Grants and Contributions - Fiscal year 2024 compared to 2023:**

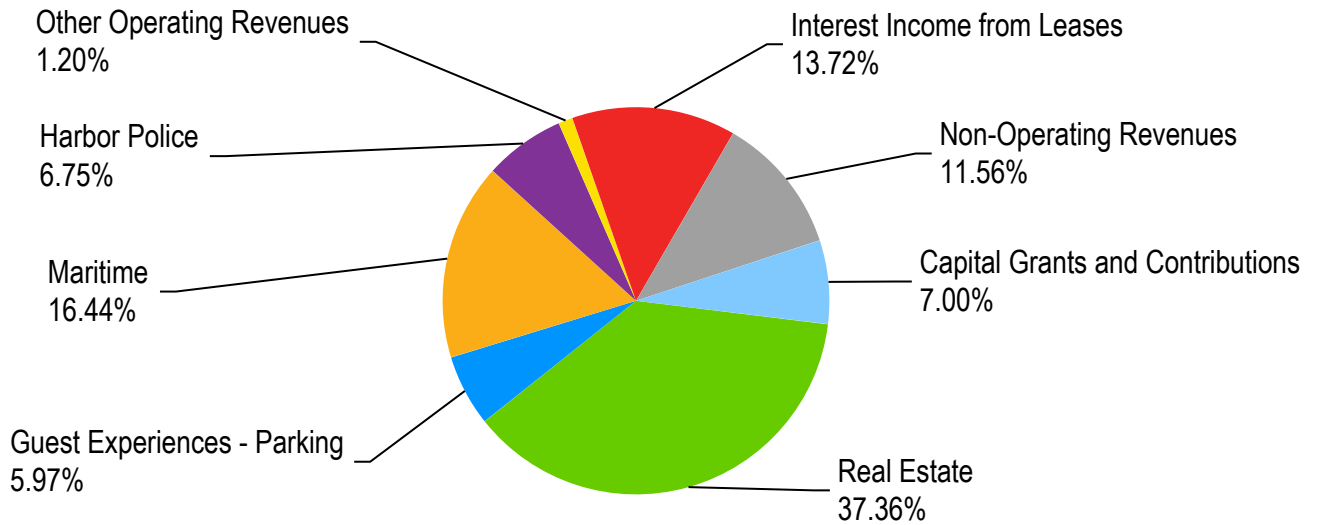
(Expressed in thousands)	2024	2023	\$ Change Increase (Decrease)	% Change
Non-Operating revenues	\$ 101,200	\$ 84,970	\$ 16,230	19.1 %
Non-Operating expenses	\$ 8,376	\$ 6,901	\$ 1,475	21.4 %
Capital grants and contributions	\$ 12,117	\$ 6,234	\$ 5,883	94.4 %

- The District's non-operating revenues of \$101.2 million, excluding capital grants and contributions, increased \$16.2 million from \$85.0 million. The increase was primarily due to interest income from leases, legal settlements, 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.
- Non-Operating expenses of \$8.4 million increased \$1.5 million from \$6.9 million. The increase was primarily due to financial assistance towards the SANDAG Harbor Drive 2.0 Project and legal settlement expenses; 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 contributions received for Freedom Park and Sweetwater Park projects.

**SAN DIEGO UNIFIED PORT DISTRICT**  
 Management's Discussion and Analysis (Unaudited)  
 Fiscal Years Ended June 30, 2025 and June 30, 2024

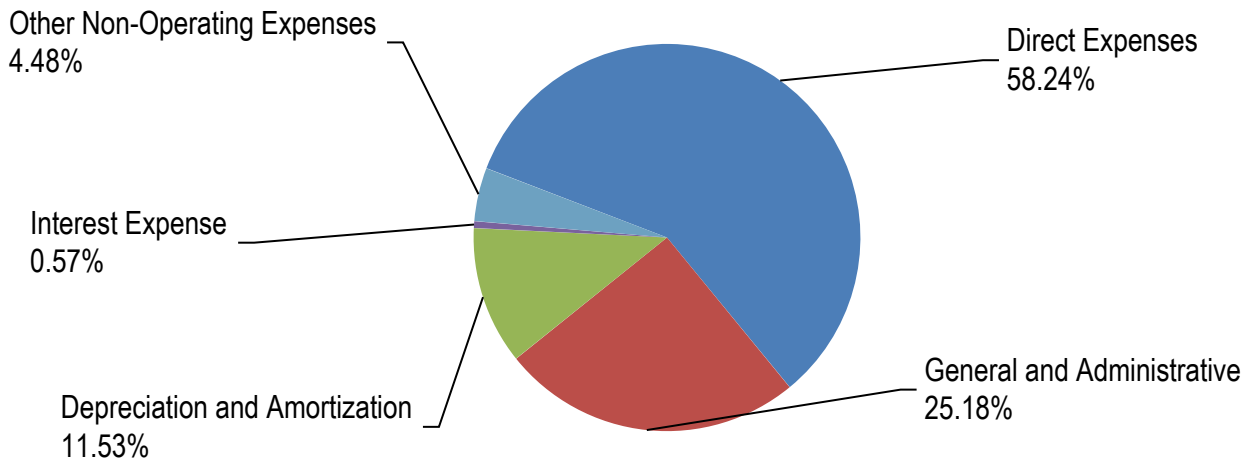
The following charts show the total District revenues and expenses as percentages by major categories for fiscal year 2025:

**Fiscal Year 2025 Revenues**



<b>Total Revenues</b>	<b>\$315,217,237</b>
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**Fiscal Year 2025 Expenses**



<b>Total Expenses</b>	<b>\$244,346,831</b>
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**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

## **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 Board of Port Commissioners (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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Management's Discussion and Analysis (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

Following is a summary of the District's outstanding notes and bonds payable as of June 30, 2025 and June 30, 2024:

(Expressed in thousands)	<u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2025</u>	<u>Amounts Due Within One Year</u>
Notes:					
SDCRAA promissory note	\$ 19,662	\$ —	\$ (2,732)	\$ 16,931	\$ 2,833
Revenue bonds:					
Series A 2013 bonds payable	16,600	—	(2,435)	14,165	2,560
Series A 2013 bonds premium	261	—	(106)	155	—
Total notes and bonds	<u>\$ 36,523</u>	<u>\$ —</u>	<u>\$ (5,272)</u>	<u>\$ 31,250</u>	<u>\$ 5,393</u>

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2024</u>	<u>Amounts Due Within One Year</u>
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	<u>\$ 41,613</u>	<u>\$ —</u>	<u>\$ (5,092)</u>	<u>\$ 36,523</u>	<u>\$ 5,167</u>

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](mailto:publicrecords@portofsandiego.org).

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## Basic Financial Statements

**SAN DIEGO UNIFIED PORT DISTRICT**

Statements of Net Position

June 30, 2025 and June 30, 2024

<b>ASSETS</b>	<b>2025</b>	<b>2024 (As Restated)</b>
<b>Current assets:</b>		
Unrestricted:		
Cash and cash equivalents	\$ 116,596,016	\$ 152,014,167
Investments	66,842,457	30,564,600
Accounts receivable, net of allowance	47,420,429	36,618,874
Lease receivable	30,449,790	27,864,133
Other current assets	14,844,947	13,529,494
<b>Total unrestricted current assets</b>	<u>276,153,639</u>	<u>260,591,268</u>
<b>Total current assets</b>	<u>276,153,639</u>	<u>260,591,268</u>
<b>Noncurrent assets:</b>		
<b>Restricted assets:</b>		
Restricted cash and investments:		
Terminal Facility Improvement Fund	5,614,343	4,341,865
Mitigation Fees Fund	7,724,620	7,401,816
County Sweetwater Park Fund	1,073,373	7,825,855
LCFS	24,981,134	16,862,779
ERP Fund	28,664,034	38,626,376
Deposits and other miscellaneous	12,324,009	11,753,199
Escrow accounts:		
South Bay Power Plant remediation and other miscellaneous	1,538,622	1,486,083
Workers' compensation collateral	5,479,153	4,752,989
Series 2013 Bonds:		
Debt service reserve funds held by trustee	2,909,564	2,787,528
<b>Total restricted assets</b>	<u>90,308,852</u>	<u>95,838,490</u>
<b>Other noncurrent assets:</b>		
Cash and investments designated for specific capital projects and commitments	921,061	523,522
Lease receivable, net of current portion	1,190,856,371	1,198,026,023
<b>Total other noncurrent assets</b>	<u>1,191,777,432</u>	<u>1,198,549,545</u>
<b>Capital assets:</b>		
Nondepreciable assets:		
Land	319,789,002	314,759,809
Construction-in-progress	46,910,396	71,244,206
Depreciable assets:		
Land improvements	7,650,334	7,650,334
Building and structures	756,264,153	694,771,735
Machinery and equipment	97,299,301	93,048,132
Roads and parking lots	139,676,701	129,969,750
Intangible assets	27,258,561	26,176,850
SBITA Right-To-Use	12,143,049	6,922,909
<b>Total capital assets</b>	<u>1,406,991,497</u>	<u>1,344,543,725</u>
Less accumulated depreciation and amortization	(729,690,777)	(705,387,879)
<b>Capital assets, net</b>	<u>677,300,720</u>	<u>639,155,846</u>
<b>Total noncurrent assets</b>	<u>1,959,387,004</u>	<u>1,933,543,881</u>
<b>Total assets</b>	<u>2,235,540,643</u>	<u>2,194,135,149</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows related to bond refunding	49,217	61,271
Deferred outflows related to pensions	34,981,087	25,951,182
Deferred outflows related to OPEB	12,467,132	20,098,880
<b>Total deferred outflows of resources</b>	<u>47,497,436</u>	<u>46,111,333</u>

Continued

See accompanying notes to the basic financial statements.

**SAN DIEGO UNIFIED PORT DISTRICT**  
**Statements of Net Position (Continued)**  
June 30, 2025 and June 30, 2024

<b>LIABILITIES</b>	<b>2025</b>	<b>2024 (As Restated)</b>
<b>Current liabilities:</b>		
Accounts payable	24,813,707	22,981,328
Accrued liabilities	13,623,948	11,224,041
Current portion of compensated absences	7,602,033	7,962,094
Deposits, ERP funds, and other short-term liabilities	58,471,628	60,716,658
Accrued interest payable, Series 2013 Bonds	228,296	268,879
Notes payable to SDCRAA, current portion	2,832,535	2,731,707
Bonds payable, current portion	2,560,000	2,435,000
Short-Term Liability SBITA	2,808,687	872,779
<b>Total current liabilities</b>	<b>112,940,834</b>	<b>109,192,486</b>
<b>Noncurrent liabilities:</b>		
Liabilities - payable from restricted assets:		
Mitigation, remediation fees, and County park funds	10,036,614	16,413,754
Other long-term liabilities:		
Notes payable to SDCRAA, net of current portion	14,097,213	16,929,748
Bonds payable, net of current portion	11,760,230	14,426,239
Unearned revenue - ERP funds and other	505,014	585,420
Unearned revenue - NEVP credits	4,395,124	4,734,949
Other long-term liabilities	4,107,148	3,767,880
Compensated absences, net of current portion	3,262,129	2,388,188
Net pension liability	141,403,804	127,807,756
Net POB liability	2,063,779	2,187,944
Total OPEB liability	89,102,656	112,675,504
Long-Term Liability SBITA	2,264,982	860,579
<b>Total other long-term liabilities</b>	<b>272,962,079</b>	<b>286,364,207</b>
<b>Total noncurrent liabilities</b>	<b>282,998,693</b>	<b>302,777,961</b>
<b>Total liabilities</b>	<b>395,939,527</b>	<b>411,970,447</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows related to pensions	18,150	261,861
Deferred inflows related to leases	1,146,050,090	1,165,661,632
Deferred inflows related to OPEB	46,118,791	38,311,427
<b>Total deferred inflows of resources</b>	<b>1,192,187,031</b>	<b>1,204,234,920</b>
<b>NET POSITION</b>		
Net investment in capital assets	645,627,564	609,763,375
Restricted for other projects and grants	9,805,351	7,474,552
Unrestricted	39,478,606	6,803,188
<b>Total net position</b>	<b>\$ 694,911,521</b>	<b>\$ 624,041,115</b>

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, 2025 and June 30, 2024

	<b>2025</b>	<b>2024 (As Restated)</b>
<b>Operating revenues:</b>		
Real Estate	\$ 117,752,520	\$ 106,134,155
Guest Experiences - Parking	18,808,612	20,334,572
Maritime	51,835,702	50,468,537
Harbor Police	21,272,769	20,593,918
Other operating revenues	3,777,772	4,221,332
Total operating revenues	<u>213,447,375</u>	<u>201,752,514</u>
<b>Operating expenses:</b>		
Direct expenses:		
Real Estate	35,340,006	34,401,908
Guest Experiences - Parking	8,252,632	8,268,591
Maritime	26,651,066	24,805,272
Harbor Police	53,050,301	50,630,225
Other operating expenses	19,004,667	11,302,804
Depreciation and amortization	28,172,455	27,652,938
General and administrative expenses	61,528,423	54,470,765
Total operating expenses	<u>231,999,550</u>	<u>211,532,503</u>
Income/(Loss) from operations	<u>(18,552,175)</u>	<u>(9,779,989)</u>
<b>Non-Operating revenues/(expenses):</b>		
Interest income	11,335,904	10,375,505
Interest income from leases	43,252,640	43,000,752
ERP fund revenue	9,962,342	20,230,517
Settlement income	2,890,223	21,209,100
LCFS	4,144,290	1,265,018
Terminal Facility Improvement Fee	1,482,478	1,883,464
Net change in the fair value of investments	275,700	(310,063)
Settlement expense	—	(2,421,640)
Interest expense	(1,388,912)	(1,556,465)
Financial assistance	(4,695,540)	(4,319,938)
Other Non-Operating expenses	(6,262,829)	(77,910)
Other Non-Operating revenues	6,365,112	3,545,339
Non-Operating revenues/(expenses), net	<u>67,361,408</u>	<u>92,823,679</u>
Income/(Loss) before capital grants and contributions	<u>48,809,233</u>	<u>83,043,690</u>
<b>Capital grants and contributions</b>	<u>22,061,173</u>	<u>12,116,582</u>
<b>Change in net position</b>	<u>70,870,406</u>	<u>95,160,272</u>
Beginning net position, as originally presented	624,041,115	529,682,602
Cumulative effect of change in accounting principles	—	(801,759)
Beginning net position, as restated	<u>624,041,115</u>	<u>528,880,843</u>
<b>Net position, end of year</b>	<u>\$ 694,911,521</u>	<u>\$ 624,041,115</u>

See accompanying notes to the basic financial statements.

**SAN DIEGO UNIFIED PORT DISTRICT**  
**Statements of Cash Flow**  
**Fiscal Years Ended June 30, 2025 and June 30, 2024**

	<b>2025</b>	<b>2024 (As Restated)</b>
<b>Cash flows from operating activities:</b>		
Payments from customers	\$ 193,330,850	\$ 174,869,922
Payments to suppliers	(72,850,706)	(60,681,534)
Payments to employees	(130,020,961)	(102,650,054)
Other receipts (payments)	2,108,459	771,852
Net cash provided by (used) operating activities	(7,432,358)	12,310,186
<b>Cash flows from noncapital financing activities:</b>		
Maintenance Fund	1,181	(108)
Mitigation Fees	322,804	300,406
Settlement income	2,890,223	21,209,099
Financial assistance	(4,695,540)	(4,319,938)
Note payments	(2,731,707)	(2,634,469)
Net cash provided by (used) noncapital financing activities	(4,213,039)	14,554,990
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(61,431,541)	(52,365,339)
Proceeds on sale of capital assets	156,182	122,673
Federal/state grants received	7,073,133	8,095,688
County Sweetwater Park funds received	—	1,672,631
Cash contributions for capital assets	8,025,715	6,102,681
Terminal Facility Improvement fees	1,482,478	1,883,464
Lease interest	43,252,639	43,000,752
Payment of bond principal	(2,435,000)	(2,315,000)
Interest paid	(1,414,322)	(1,299,331)
Net cash provided by (used) capital and related financing activities	(5,290,716)	4,898,219
<b>Cash flows from investing activities:</b>		
Net (Purchase) of short-term investments	(66,973,341)	(16,942,392)
Maturity of short-term investments	30,695,485	23,530,832
Interest received from investment securities	11,762,980	10,985,546
Net cash provided by (used) investing activities	(24,514,876)	17,573,986
Net increase (decrease) in cash and cash equivalents	(41,450,989)	49,337,381
Cash and cash equivalents, beginning of year	239,349,579	190,012,198
<b>Cash and cash equivalents, end of year</b>	<b>\$ 197,898,590</b>	<b>\$ 239,349,579</b>
<b>Cash and cash equivalents components:</b>		
Current cash and cash equivalents – unrestricted	\$ 116,596,016	\$ 152,014,167
ERP Fund – restricted	28,664,034	38,626,376
LCFS Fund – restricted	24,981,134	16,862,779
Mitigation Fees Fund – restricted	7,724,620	7,401,816
County Sweetwater Park Fund – restricted	1,073,373	7,825,855
Terminal Facility Improvement Fund – restricted	5,614,343	4,341,865
Deposits and other miscellaneous – restricted	12,324,009	11,753,199
Cash and investments designated for specific capital projects and commitments	921,061	523,522
<b>Total cash and cash equivalents</b>	<b>\$ 197,898,590</b>	<b>\$ 239,349,579</b>

See accompanying notes to the basic financial statements.

**SAN DIEGO UNIFIED PORT DISTRICT**  
 Statements of Cash Flow (Continued)  
 Fiscal Years Ended June 30, 2025 and June 30, 2024

	<b>2025</b>	<b>2024</b>	<b>(As Restated)</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Income/(Loss) from operations	\$ (18,552,175)	\$	(9,779,989)
Adjustments to reconcile loss from operations to net cash provided (used) by operating activities:			
Depreciation and amortization expenses	28,172,455		27,652,938
(Gain)/Loss on disposal of assets	(153,167)		44,424
Other activities	3,989,273		1,641,018
Changes in assets, deferred outflows, liabilities, and deferred inflows:			
Accounts receivable	(10,801,554)		(7,594,862)
Other current assets	(3,901,110)		16,513,594
Other restricted assets	(726,164)		(228,816)
Deferred outflows of resources	5,771,496		(21,410,803)
Accounts payable	(3,053,410)		4,721,985
Accrued liabilities	3,975,752		6,250,286
Other long-term liabilities	(7,823,177)		3,886,040
Deposits and other short-term liabilities	7,717,312		(777,380)
Deferred inflows of resources	(12,047,889)		(8,608,249)
Net cash provided (used) by operating activities	\$ (7,432,358)	\$	12,310,186

	<b>2025</b>	<b>2024</b>	
<b>Supplemental disclosure of noncash investing, capital, and financing activities:</b>			
Changes to capital assets included in accounts payable	\$ 1,698,060	\$	501,336
Net change in the fair value of investments	275,700		310,063
Construction-in-progress write-offs - prior year costs	3,089,034		—
Bond issue premium 2013 Series A (amortization)	106,009		141,233

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 Flows, 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 Value 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's 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 \$278 thousand as of June 30, 2025, and \$816 thousand as of June 30, 2024. 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 Statements of Net Position.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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 judgments 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 remeasures 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 that it does not consider to be available for general operations. As of June 30, 2025, the District has \$921 thousand in designated funds primarily for the unpaid contractual portion of some capital projects compared to \$524 thousand as of June 30, 2024. 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 \$29.8 million in fiscal year 2025 excluding projects funded by grants, donations, and contributions (see Note 11(a)(i)) compared to \$20.3 million in fiscal year 2024.
- 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 \$19.2 million in fiscal year 2025 compared to \$8.9 million in fiscal year 2024.
- 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 2026 adopted budget, the required operating reserve balance is \$88.4 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:

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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, 2025 and 2024.

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 for 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
Buildings 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 payments paid over the period of the IT agreement term.

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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

- 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 include 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 the 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 circumstances 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 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**

The District recognizes all unused leave earned by employees as a liability for compensated absences. Leave accrues monthly at rates that increase with years of service, and each service tier has an established maximum allowable carryover.

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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

When an employee's leave balance exceeds the maximum, a cashout is processed to reduce the balance under the limit. All accrued leave is expected to be used or paid out on termination, retirement, or automatic cash-out at current rates of compensation.

In accordance with GASB Statement No. 101, *Compensated Absences*, salary-related payments directly associated with compensated absences must be included in liability calculations. This includes employer payroll taxes such as Social Security and Medicare, as well as defined benefit contributions. Medical, insurance, and other benefits are not functions of salary payments and are therefore excluded from the compensated absence liability.

The implementation of GASB Statement No. 101, *Compensated Absences*, resulted in a restatement of certain line items of the 2024 Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statements of Cash. The following shows balances and activity as originally presented on the 2024 statements, restatement amounts, and reclassification adjustment to arrive at the 2024 restated totals.

**Statements of Net Position**

	2024 (As Presented)	Restatement	Reclassification	2024 (As Restated)
<b>LIABILITIES</b>				
Current portion of compensated absences	\$ 7,262,094	\$ 700,000	\$ —	\$ 7,962,094
Compensated absences, net of current portion	\$ 2,178,227	\$ 209,961	\$ —	\$ 2,388,188
<b>NET POSITION</b>				
Net investment in capital assets	\$ 617,012,476	\$ —	\$ (7,249,101)	\$ 609,763,375
Unrestricted (Deficit)	\$ 464,048	\$ (909,961)	\$ 7,249,101	\$ 6,803,188

**Statements of Revenues, Expenses and Changes in Net Position**

	2024 (As Presented)	Restatement	2024 (As Restated)
<b>Direct expenses:</b>			
Real Estate	\$ 34,399,768	\$ 2,140	\$ 34,401,908
Guest Experiences - Parking	\$ 8,265,738	\$ 2,853	\$ 8,268,591
Maritime	\$ 24,798,632	\$ 6,640	\$ 24,805,272
Harbor Police	\$ 50,601,198	\$ 29,027	\$ 50,630,225
General and administrative expenses	\$ 54,403,223	\$ 67,542	\$ 54,470,765
<b>Change in net position</b>	\$ 95,268,474	\$ (108,202)	\$ 95,160,272
<b>Net position, beginning of year</b>	\$ 529,682,602	\$ (801,759)	\$ 528,880,843

**Statements of Cash Flow**

	2024 (As Presented)	Restatement	2024 (As Restated)
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Income/(Loss) from operations	\$ (9,671,787)	\$ (108,202)	\$ (9,779,989)
Accrued liabilities	\$ 6,109,471	\$ 140,815	\$ 6,250,286
Other long-term liabilities	\$ 3,918,653	\$ (32,613)	\$ 3,886,040

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(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 Fees, and funding for asset forfeiture expenditures) reduced by liabilities related to those assets. Restricted amounts represent limitations imposed on their 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.

Reclassification was made to categories of net position, resulting in an increase to unrestricted net position and a decrease in net position invested in capital assets in the amount of \$7.2 million as of June 30, 2025. A restatement further reduced the 2024 unrestricted net position by an additional \$910 thousand due to the implementation of GASB Statement No. 101, *Compensated Absences*.

**(n) Revenue Classifications**

The District classifies revenue as operating or non-operating 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, concessions (fees based on a fixed percentage of tenant revenues subject to a certain minimum annual guarantee), common area maintenance reimbursement, and park usage fees.
- Guest Experiences - Parking operating revenues include parking, citations, and concessions.
- 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.

Non-Operating 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 non-operating revenue sources are ERP fund revenue, legal settlement, interest income from leases, grant revenue, terminal facility improvement fees, dividends from investments, and LCFS credits.

**(o) Expense Classifications**

The District classifies expenses as operating or non-operating 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,

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

contractual services, community and environmental support (including municipal services for fire, police, and medical emergencies, and maintenance and repairs. These operating expenses are assigned or identified with the respective operating revenue components for report presentation purposes.

Non-Operating 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 non-operating expenses are interest and legal settlement expenses.

**(p) Pension and OPEB**

For purposes of measuring the net pension liability and deferred outflows and 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 and 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 the 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, 2025:

- GASB Statement No. 101, *Compensated Absences*, 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 liability.
- 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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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.

**(t) Upcoming Governmental Accounting Standards**

The following GASB Statements have been issued but are not yet effective for the fiscal year ended June 30, 2025. The District is assessing what financial statement impact, if any, these Statements will have:

- 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 in the fiscal 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 one 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. Statement 104 will be effective for the District beginning in the fiscal year ending June 30, 2026.

**(u) Reclassifications**

A reclassification has been made to the full 2024 Statements of Net Position within current liabilities, Accounts Payable and Deposits, ERP Funds, and Other Short Term liabilities, to conform to fiscal year 2025 presentation. This change has no effect on the previously reported total assets, liabilities, or net position.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

Summary of cash and investments:	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 116,596,016	\$ 152,014,167
Investments	66,842,457	30,564,600
Restricted cash and investments:		
Mitigation Fees Fund	7,724,620	7,401,816
North Embarcadero Visionary Plan Maintenance Fund	3,246,028	2,932,837
Refundable Security Deposits and Other Miscellaneous	7,500,948	7,596,358
Chula Vista Bayfront Development RIDA	985,253	472,715
ERP Fund	28,664,034	38,626,376
Low Carbon Fuel Standard (LCFS) Fund	24,981,134	16,862,779
Terminal Facility Improvement Fund	5,614,343	4,341,865
County Sweetwater Park Fund	1,073,373	7,825,855
Other	591,780	751,289
Total restricted cash and investments	<u>\$ 80,381,513</u>	<u>\$ 86,811,890</u>
Designated cash and investments:		
Designated for specific capital projects and commitments	921,061	523,522
Total cash and investments	<u>\$ 264,741,047</u>	<u>\$ 269,914,179</u>

Cash and investments consist of the following:	<u>2025</u>	<u>2024</u>
Cash on hand, current	\$ 6,800	\$ 6,800
Deposits with financial institutions	70,822,260	97,570,481
Investments	193,911,987	172,336,898
Total cash and investments	<u>\$ 264,741,047</u>	<u>\$ 269,914,179</u>

**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 2025 and fiscal year 2024 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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

		<b>Maximum Allowable Investment</b>	
<b>Investment Types Authorized by California Government Code and BPC 115</b>	<b>Term to Maturity</b>	<b>Total (% of Portfolio)</b>	<b>Any One Issuer (% of Portfolio)</b>
U.S. Treasury Obligations	5 Years	No Restriction	No Restriction
U.S. Agency Obligations	5 Years	No Restriction	Prudent Person Rule
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 <sup>1</sup>	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 <sup>2</sup>	5 Years	30% FMV	No Restriction

<sup>1</sup>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.

<sup>2</sup>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 the maturity date.

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, 2025 and 2024.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

Information pertaining to the portfolio's overall sensitivity to interest rate risk as of June 30, 2025 and 2024, is provided in the following tables:

District Investments		Remaining Days to Maturity		
Investment Type	Fair Value as of June 30, 2025	120 Days or Less	121 to 360	361 to 720
U.S. Treasury Obligations	\$ —	\$ —	\$ —	\$ —
U.S. Agency Obligations	62,875,512	—	30,061,585	32,813,927
Local Agency Investment Fund (LAIF)	31,875,267	31,875,267	—	—
Joint Powers Authority Pool (JPA)	56,726,110	56,726,110	—	—
Money Market Accounts	38,468,148	38,468,148	—	—
Supranational Obligations	2,003,530	—	2,003,530	—
Certificates of Deposit	1,963,420	—	—	1,963,420
<b>Totals:</b>	<b>\$ 193,911,987</b>	<b>\$ 127,069,525</b>	<b>\$ 32,065,115</b>	<b>\$ 34,777,347</b>

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	—	—
Joint Powers Authority Pool (JPA)	45,132,856	45,132,856	—	—
Money Market Accounts	34,663,463	34,663,463	—	—
Supranational Obligations	1,974,257	—	—	1,974,257
<b>Totals:</b>	<b>\$ 172,336,898</b>	<b>\$ 145,469,161</b>	<b>\$ —</b>	<b>\$ 26,867,737</b>

**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 the California Government Code, the District's investment policy, and the actual rating as of June 30, 2025 and 2024, for each investment type.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

Investment Type	Fair Value as of June 30, 2025	Minimum Rating	Actual Rating			Not Rated
			AAA	AA+	AAf /S1+	
U.S. Treasury Obligations	\$ —	n/a	\$ —	\$ —	\$ —	\$ —
U.S. Agency Obligations	62,875,512	n/a	—	59,987,235	—	2,888,277
Local Agency Investment Fund (LAIF)	31,875,267	n/a	—	—	—	31,875,267
Joint Powers Authority Pool (JPA)	56,726,110	n/a	56,726,110	—	—	—
Money Market Accounts	38,468,148	n/a	38,468,148	—	—	—
Supranational Obligations	2,003,530	AA	2,003,530	—	—	—
Certificates of Deposit	1,963,420	n/a	—	—	—	1,963,420
<b>Totals:</b>	<b>\$ 193,911,987</b>		<b>\$ 97,197,788</b>	<b>\$ 59,987,235</b>	<b>\$ —</b>	<b>\$ 36,726,964</b>

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
Joint Powers Authority Pool (JPA)	45,132,856	n/a	45,132,856	—	—	—
Money Market Accounts	34,663,463	n/a	34,663,463	—	—	—
Supranational Obligations	1,974,257	AA	1,974,257	—	—	—
<b>Totals:</b>	<b>\$ 172,336,898</b>		<b>\$ 81,770,576</b>	<b>\$ 28,603,168</b>	<b>\$ —</b>	<b>\$ 61,963,154</b>

On May 16, 2025, Moody's downgraded the U.S. credit rating to Aa1 from Aaa, citing rising government debt and interest payment ratios, and concerns over the long-term sustainability of U.S. fiscal policy, especially with proposals like extending the 2017 tax cuts, which could add trillions to the deficit. Funds held in trustee and fiscal agent accounts as of June 30, 2025 and 2024, 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, 2025 and 2024, grouped by issuer, are identified in the tables below.

Issuer	Investment Type	Fair Value as of June 30, 2025	Percentage of Portfolio
United States of America	U.S. Treasury Obligations	\$ —	— %
Federal Home Loan Bank	U.S. Agency Obligations	44,967,150	23.20 %
Federal Agricultural Mortgage Corporation	U.S. Agency Obligations	2,888,277	1.50 %
Federal Home Loan Mortgage Corporation	U.S. Agency Obligations	4,991,900	2.60 %
International Finance Corporation	Supranational Obligations	2,003,530	1.00 %
Federal Farm Credit Bank	U.S. Agency Obligations	10,028,185	5.20 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	56,726,110	29.30 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	31,875,267	16.40 %
Money Market Accounts	Shares of Beneficial Interest	38,468,148	19.80 %
Certificates of Deposit - Bank	Certificates of Deposit	1,963,420	1.00 %
<b>Total:</b>		<b>\$ 193,911,987</b>	<b>100.00 %</b>

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

<b>Issuer</b>	<b>Investment Type</b>	<b>Fair Value as of June 30, 2024</b>	<b>Percentage of Portfolio</b>
United States of America	U.S. Treasury Obligations	\$ 3,709,688	2.15 %
Federal Home Loan Bank	U.S. Agency Obligations	19,882,640	11.54 %
International Finance Corporation	Supranational Obligations	1,974,257	1.15 %
Federal Farm Credit Bank	U.S. Agency Obligations	5,010,840	2.91 %
CalTRUST Short-Term Fund	Joint Powers Authority Pool (JPA)	45,132,856	26.19 %
Local Agency Investment Fund	Local Agency Investment Fund (LAIF)	61,963,154	35.95 %
Money Market Accounts	Shares of Beneficial Interest	34,663,463	20.11 %
<b>Total:</b>		<b>\$ 172,336,898</b>	<b>100.00 %</b>

**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 three custodial banks for the receipt and safekeeping of its securities, and all securities purchased in fiscal year 2025 and fiscal year 2024 were received using delivery-versus-payment procedures.

The 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 the 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, 2025 and 2024 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, 2025 and 2024 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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**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 Treasurer of the State of California. The Local Investment Advisory Board (LIAB) provides oversight and guidance to the LAIF. The fund provides local agencies with 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 \$75.0 million and there is no minimum account balance requirement. Each regular LAIF account permits 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 similarly applies. Of the total \$31.9 million on deposit as of June 30, 2025, \$31.3 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 Dynege South Bay LLC (formerly Duke Energy South Bay LLC), the District had approximately \$1.2 million as of June 30, 2025 and 2024, 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 Dynege 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, 2025 and 2024.

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 \$5.5 million as of June 30, 2025, and \$4.7 million as of 2024, 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 99.5% 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, 2025 and 2024.

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, 2025 and 2024.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**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 and CalTrust are not subject to fair value hierarchy.

The District has the following recurring fair value measurements as of June 30, 2025 and 2024:

- U.S. Treasury Securities of zero holdings as of June 30, 2025, and \$3.7 million as of June 30, 2024, 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, and ask evaluations.
- U.S. Agency Obligations of \$62.9 million as of June 30, 2025, and \$24.9 million as of June 30, 2024, 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.
- Certificates of Deposit (CD) of \$2.0 million as of June 30, 2025, and zero holdings as of June 30, 2024, are classified as Level 2 of the fair value hierarchy. CDs typically do not trade in active markets with quoted prices for identical instruments (which would be Level 1), but they do have observable market inputs such as interest rates and pricing from brokers or pricing services, assuming the pricing is based on observable market data and not on proprietary models or unobservable inputs.
- Supranational Obligations of \$2.0 million as of June 30, 2025, and 2024, respectively, are classified as Level 2 of the fair value hierarchy. These instruments are not traded on active markets with quoted prices for identical assets (which would qualify them as Level 1), however, they do have observable market inputs, such as quoted prices for similar instruments, yield curves, interest rates, credit spreads, and broker-dealer quotes or pricing services.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(3) Capital Assets**

Following is a summary of the capital assets activity for the fiscal years ended June 30, 2025 and June 30, 2024:

<b>Capital Assets</b>					
(Expressed in thousands)					
	<u>June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2025</u>
Nondepreciable assets:					
Land	\$ 314,760	\$ —	\$ —	\$ 5,029	\$ 319,789
Construction-in-progress	71,244	58,221	(3,104)	(79,451)	46,910
Depreciable/amortizable assets:					
Land improvements	7,650	—	—	—	7,650
Buildings and structures	694,771	—	—	61,493	756,264
Machinery and equipment	93,048	4,796	(2,685)	2,140	97,299
Roads and parking lots	129,970	—	—	9,707	139,677
Intangible	26,177	—	—	1,082	27,259
SBITA Right-To-Use	6,924	6,404	(1,185)	—	12,143
Total assets	<u>1,344,544</u>	<u>69,421</u>	<u>(6,974)</u>	<u>—</u>	<u>1,406,991</u>
Accumulated depreciation/amortization:					
Land improvements	(7,427)	(22)	—	—	(7,449)
Buildings and structures	(498,765)	(17,355)	—	—	(516,120)
Machinery and equipment	(72,270)	(4,428)	2,685	12	(74,001)
Roads and parking lots	(105,300)	(2,971)	—	—	(108,271)
Intangible	(17,534)	(1,293)	—	(12)	(18,839)
SBITA Right-To-Use	(4,092)	(2,103)	1,185	—	(5,010)
Total accumulated depreciation/ amortization	<u>(705,388)</u>	<u>(28,172)</u>	<u>3,870</u>	<u>—</u>	<u>(729,690)</u>
Capital assets, net	<u>\$ 639,156</u>	<u>\$ 41,249</u>	<u>\$ (3,104)</u>	<u>\$ —</u>	<u>\$ 677,301</u>

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Capital Assets**

(Expressed in thousands)

	<u>June 30, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2024</u>
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	<u>1,292,555</u>	<u>52,694</u>	<u>(705)</u>	<u>—</u>	<u>1,344,544</u>
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	<u>(678,335)</u>	<u>(27,653)</u>	<u>600</u>	<u>—</u>	<u>(705,388)</u>
Capital assets, net	<u>\$ 614,220</u>	<u>\$ 25,041</u>	<u>\$ (105)</u>	<u>\$ —</u>	<u>\$ 639,156</u>

The District recognized depreciation/amortization expenses of \$28.2 million and \$27.7 million for the fiscal years ended June 30, 2025 and 2024, 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, 2025, and 2024, the District recognized total subscription assets of \$12.1 million and \$6.9 million, and subscription liabilities of \$5.1 million and \$1.7 million, respectively. Additionally, as of June 30, 2025, and 2024, the District recorded accumulated amortization of \$5.0 million and \$4.1 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. There was no impairment recognized during the fiscal years ended June 30, 2025 and 2024.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(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, 2025 and 2024:

	June 30, 2024 (As Restated)	Increases	Decreases	June 30, 2025	Amounts Due Within One Year
Notes:					
SDCRAA promissory note	\$ 19,661,454	\$ —	\$ (2,731,707)	\$ 16,929,747	\$ 2,832,535
Revenue bonds:					
Series A 2013 bonds payable	16,600,000	—	(2,435,000)	14,165,000	2,560,000
Series A 2013 bonds premium	261,239	—	(106,009)	155,230	—
Total notes and bonds <sup>1</sup>	<u>36,522,693</u>	<u>—</u>	<u>(5,272,716)</u>	<u>31,249,977</u>	<u>5,392,535</u>
Other noncurrent liabilities:					
Unearned revenue - Other	585,420	1,181	(81,586)	505,015	—
Unearned revenue - NEVP maintenance credits	4,734,949	192,161	(531,986)	4,395,124	—
Compensated Absences <sup>2</sup>	10,350,282	5,195,383	(4,681,503)	10,864,162	7,602,033
County Sweetwater Park Fund	7,825,855	161,346	(6,913,828)	1,073,373	—
SBPP remediation	1,186,083	52,539	—	1,238,622	—
Mitigation fees	7,401,816	322,804	—	7,724,620	—
SBITA	1,733,358	6,404,810	(3,064,498)	5,073,669	2,808,687
Other long-term liabilities	3,767,880	348,813	(9,545)	4,107,148	—
Total other noncurrent liabilities	<u>37,585,643</u>	<u>12,679,037</u>	<u>(15,282,946)</u>	<u>34,981,733</u>	<u>10,410,720</u>
Total long-term liabilities	<u>\$ 74,108,336</u>	<u>\$ 12,679,037</u>	<u>\$ (20,555,662)</u>	<u>\$ 66,231,710</u>	<u>\$ 15,803,255</u>

	June 30, 2023	Increases	Decreases	June 30, 2024 (As Restated)	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 <sup>1</sup>	<u>41,613,395</u>	<u>—</u>	<u>(5,090,702)</u>	<u>36,522,693</u>	<u>5,166,707</u>
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	—
Compensated Absences <sup>2</sup>	9,462,350	8,150,026	(7,262,094)	10,350,282	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	—
SBITA	2,886,397	766,821	(1,919,861)	1,733,358	872,779
Other long-term liabilities	4,813,384	—	(1,045,504)	3,767,880	—
Total other noncurrent liabilities	<u>37,190,127</u>	<u>12,249,461</u>	<u>(11,853,946)</u>	<u>37,585,643</u>	<u>8,134,873</u>
Total long-term liabilities	<u>\$ 78,803,522</u>	<u>\$ 12,249,461</u>	<u>\$ (16,944,648)</u>	<u>\$ 74,108,336</u>	<u>\$ 13,301,580</u>

<sup>1</sup> District's direct borrowing and placements

<sup>2</sup> Includes GASB Statement No. 101 adjustment with fiscal year 2024 value restated

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

The District's required debt service payments for the notes and bonds as of June 30, 2025, excluding the bond premium, are as follows:

Years Ending June 30	Principal	Interest	Total Debt Service
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	6,132,901	449,128	6,582,029
2030-2031	8,071,737	209,857	8,281,594
Total	\$ 31,094,748	\$ 3,506,962	\$ 34,601,710

**(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. 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, which are now defeased and are no longer in the District's 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, 2025, total approximately \$14.2 million. The bond premium is amortized over the life of the bond using the effective interest method.

Pledged Revenues

Pledged revenues for the fiscal year ended June 30, 2025, totaled approximately \$244.8 million. This represents approximately 81.9% of total District revenues and 1,521.9% of the remaining Series A 2013 Bonds' principal and interest requirements, compared to approximately \$254.8 million for the fiscal year ended June 30, 2024. Net pledged revenues for the fiscal year ended June 30, 2025, totaled approximately \$47.0 million, which represents 1,478.1% of the 2013 Bonds' annual principal and interest requirements of \$3.2 million. Net pledged revenues for the fiscal 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 approximately \$3.2 million.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

Event of Default Provisions

The District's outstanding note from the SDCRAA of approximately \$16.9 million contains a provision that in the 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 \$14.2 million contain a provision that, in an event of default, the trustee may take 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 bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and 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, 2025, and 2024 is approximately \$4.4 million and \$4.7 million respectively.

**(e) *Compensated Absences***

All employees of the District earn annual leave that is paid upon termination or retirement. The compensated leave balances as of June 30, 2025, and 2024, is approximately \$10.9 million and \$10.4 million respectively based on current compensation rates and includes applicable payroll taxes.

**(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 in 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 Master Plan 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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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. In 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, 2025, the District recognized \$8.1 million of expenditures for the project and \$626 thousand of accumulated interest with a total remaining fund balance of \$1.1 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 its 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, 2025 and 2024, was 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 the 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 purpose 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, 2025, the Mitigation Fee Fund balance is \$7.7 million, consisting of fees collected and accumulated interest. 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 overnight 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. 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](http://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 of 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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

- 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 the 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 lineup 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, 2025, are summarized as follows:

	<b>General</b>			
	Prior to January 1, 2009 (General)	On or after January 1, 2009 (Miscellaneous) <sup>1</sup>	On or after January 1, 2013 (PEPRA)	On or after January 1, 2024 (PEPRA)
Hire date	3.0% @ 60	0.75% to 1.5% @ 55	0.75% to 1.5% @ 55	2% @ 62
Benefit formula				
Benefit vesting schedule	5 years service credit	5 years service credit	5 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% <sup>2</sup>	0.75% to 1.5%	0.75% to 1.5%	1.0% to 2.5%
Required employee contribution rates	9.65%	0% <sup>1</sup>	6.49%	9.00%
Required employer contribution rates	83.48%	12.88%	5.56%	9.00%

<sup>1</sup>Employees hired on or after January 1, 2009 and before January 1, 2013 are not required to contribute to the plan.

<sup>2</sup>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%.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

	<b>Safety</b>		
	Prior to January 1, 2010	On or after January 1, 2010	On or after January 1, 2013 (PEPRA)
Hire date			
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 <sup>1</sup>	2.5% to 3.0%	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%

<sup>1</sup>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, 2024, the following employees were covered by the benefit terms of the Plan:

	<b>General</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	514	181
Inactive employees entitled to but not yet receiving benefits (Vested)	86	28
Inactive employees not entitled to benefits (Non-Vested)	130	30
Active employees	305	123
Total	<u>1,035</u>	<u>362</u>

**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 2025 and 2024, determined by the June 30, 2023 and June 30, 2022, actuarial valuations, respectively, are as follows:

	<b>2025</b>	<b>2024</b>
General Members	7.10%	7.05%
Safety Members	14.87%	14.22%

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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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 2025 and 2024, the District paid employee contribution offsets of \$1.4 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 2025 and 2024, the contributions made by the District to the Plan are as follows:

	<u>2025</u>	<u>2024</u>
Contributions - employer	\$ 21,200,000	\$ 19,200,000
Contributions - employee (paid by employer)	\$ 1,441,969	\$ 1,590,718

Based on the June 30, 2023 and June 30, 2022, actuarial valuations, the fiscal years 2025 and 2024 employer's actuarially determined weighted contribution rates expressed as a percentage of compensation are as follows:

	<u>2025</u>	<u>2024</u>
General Members	43.94%	43.25%
Safety Members	55.10%	55.11%

Net Pension Liability

The District's net pension liability as of June 30, 2025, is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability reported as of June 30, 2025, is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, updated to June 30, 2024, 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:

<u>Description</u>	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Valuation Date	June 30, 2023	June 30, 2022
Measurement Date	June 30, 2024	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial assumptions:		
Discount rate	6.50%	6.50%
Inflation	3.00%	3.05%
Cost-of-living adjustment	2.00%	1.90%
Projected salary increase	3.25%	3.05% <sup>1</sup>
Investment rate of return	6.50% <sup>2</sup>	6.50% <sup>2</sup>

<sup>1</sup> Plus merit component based on employee classification and years of service.

<sup>2</sup> 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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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, 2024, and the June 30, 2023, 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 2025 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, 2024, and June 30, 2023. 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, 2024**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>	<u>Long-Term Expected Nominal Rates of Return</u>
Domestic Equity	18.0%	4.5%	6.9%
International Equity	12.0%	4.5%	6.9%
Global Equity	6.0%	4.7%	7.1%
Domestic Fixed Income	22.0%	2.4%	4.8%
Return-Seeking Fixed Income	5.0%	4.9%	7.3%
Real Estate	11.0%	4.0%	6.4%
Private Equity	10.0%	6.9%	9.4%
Infrastructure	4.0%	5.0%	7.4%
Private Debt	5.0%	5.6%	8.0%
Diversifying	4.0%	3.2%	5.6%
Opportunity Fund	3.0%	5.4%	7.9%
Total	<u>100.0%</u>		

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Target Asset Allocation and Rates of Return  
as of June 30, 2023**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>	<u>Long-Term Expected Nominal Rates of Return</u>
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	<u>100.0%</u>		

Changes in the Net Pension Liability

Changes in the Net Pension Liability as of the measurement date June 30, 2024, were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
<b>Balances at June 30, 2024</b>	\$ 696,582,854	\$ 568,775,098	\$ 127,807,756
<b>Changes for the year:</b>			
Service cost	9,980,902	—	9,980,902
Interest	44,398,538	—	44,398,538
Changes of benefits	—	—	—
Differences between expected and actual experience	9,619,729	—	9,619,729
Changes of assumptions	14,138,520	—	14,138,520
Contributions - employer	—	19,318,755	(19,318,755)
Contributions - employee (paid by employer)	—	1,590,718	(1,590,718)
Contributions - employee	—	3,185,408	(3,185,408)
Net investment income	—	41,273,469	(41,273,469)
Benefit payments	(37,470,499)	(37,470,499)	—
Administrative expenses	—	(826,709)	826,709
<b>Net changes</b>	<u>40,667,190</u>	<u>27,071,142</u>	<u>13,596,048</u>
<b>Balances at June 30, 2025</b>	<u>\$ 737,250,044</u>	<u>\$ 595,846,240</u>	<u>\$ 141,403,804</u>

Source: SDCERS GASB 67/68 Report with a measurement date of June 30, 2024

During the measurement year, the net pension liability (NPL) increased by approximately \$13.6 million. The service cost and interest cost increased the NPL by approximately \$54.4 million, while contributions and investment income, less administrative expenses, decreased the NPL by approximately \$64.5 million. There were changes in economic and demographic assumptions during the year which increased the NPL by \$14.1 million. There were actuarial liability experience losses during the year of approximately \$9.6 million. The total pension liability (TPL) as of June 30, 2024, 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, 2023.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balances at June 30, 2022</b>	\$ 675,563,794	\$ 554,462,803	\$ 121,100,991
<b>Changes for the year:</b>			
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
<b>Net changes</b>	<u>21,019,060</u>	<u>14,312,295</u>	<u>6,706,765</u>
<b>Balances at June 30, 2023</b>	<u>\$ 696,582,854</u>	<u>\$ 568,775,098</u>	<u>\$ 127,807,756</u>

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.

**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, 2024 and June 30, 2023, 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, 2025	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability	\$235,907,960	\$141,403,804	\$64,670,027
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

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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

For the fiscal years ended June 30, 2025 and June 30, 2024, the District recognized pension expense of \$25.9 million and \$16.8 million, respectively. As of June 30, 2025 and June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made subsequent to measurement date	\$ 21,200,000	\$ —	\$ 19,200,000	\$ —
Difference between expected and actual experience	4,809,864	—	2,785,185	—
Changes in assumptions	7,069,260	—	—	—
Net differences between projected and actual earnings on pension plan investments	1,726,963	—	3,758,997	—
<b>Total</b>	<b>\$ 34,806,087</b>	<b>\$ —</b>	<b>\$ 25,744,182</b>	<b>\$ —</b>

Deferred outflows of resources related to contributions subsequent to the measurement date in the amount of \$21.2 million at June 30, 2025, will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2026. The deferred outflows and deferred inflows of resources related to pensions at June 30, 2025, will be recognized as pension expense in future years as follows:

Year Ending June 30	Pension Expense
2026	\$ 3,870,243
2027	\$ 9,877,191
2028	\$ 683,367
2029	\$ (824,714)

Payable to the Pension Plan

The District had no outstanding annually determined contributions payable to the pension plan for the fiscal year ended June 30, 2025.

**(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 2025 and 2024, the District paid \$175 thousand and \$207 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 2025

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

was \$280 thousand, increased from \$275 thousand for the calendar year 2024. 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, 2025, is measured as of June 30, 2024, using an annual actuarial valuation as of June 30, 2023, updated to June 30, 2024, 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:

	<b>As of June 30, 2025</b>	<b>As of June 30, 2024</b>
Valuation date	June 30, 2023	June 30, 2022
Measurement date	June 30, 2024	June 30, 2023
Actuarial cost method	Entry-Age Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial assumptions:		
Discount rate	3.93%	3.65%
Cost-of-living adjustment	2.0%	1.9-2.0%
Projected salary increase	3.25% <sup>1</sup>	3.05% <sup>1</sup>

<sup>1</sup> 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, 2024, were as follows:

<b>POB Plan</b>	<b>Increase (Decrease)</b>
<b>Balance at June 30, 2024</b>	<b>Total Pension Liability</b>
<b>Balance at June 30, 2024</b>	\$ 2,187,944
<b>Changes for the year:</b>	
Service cost	42,526
Interest on the total pension liability	76,880
Differences between expected and actual experience	(11,453)
Changes in assumptions	(24,848)
Benefit payments	(207,270)
<b>Net changes</b>	<b>(124,165)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 2,063,779</b>

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

<b>POB Plan</b>	<b>Increase (Decrease)</b>
<b>Balance at June 30, 2023</b>	<b>Total Pension Liability</b>
	\$ 2,849,215
<b>Changes for the year:</b>	
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)
<b>Net changes</b>	<b>(661,271)</b>
<b>Balance at June 30, 2024</b>	<b>\$ 2,187,944</b>

During the measurement fiscal year ended June 30, 2024, the TPL decreased \$124 thousand, primarily due to experience gains decreasing the TPL by \$11 thousand, while benefit payments decreased the TPL by \$207 thousand. Assumptions were changed (discount rate based on the municipal bond rate), which decreased the TPL by \$25 thousand. The actuarial experience losses during the year of \$11 thousand were mostly due to higher than expected 415(b) limits, which resulted in smaller POB benefits. The expected benefit payment due within one year is approximately \$200 thousand.

The TPL as of June 30, 2024, is based upon the same data, actuarial methods, and plan provisions as were used in the actuarial valuation as of June 30, 2023, and which are summarized in the Actuarial Valuation Report for SDCERS - San Diego Unified Port District as of June 30, 2023. The TPL as of June 30, 2024, is based on a roll-forward of the TPL as of June 30, 2023, but also incorporates a discount rate of 3.93%, 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, 2024 and June 30, 2023 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:

<b>June 30, 2025</b>	<b>1% Decrease 2.93%</b>	<b>Discount Rate 3.93%</b>	<b>1% Increase 4.93%</b>
Total Pension Liability	\$2,438,059	\$2,063,779	\$1,774,852
<b>June 30, 2024</b>	<b>1% Decrease 2.65%</b>	<b>Discount Rate 3.65%</b>	<b>1% Increase 4.65%</b>
Total Pension Liability	\$2,555,291	\$2,187,944	\$1,897,831

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

For the fiscal years ended June 30, 2025 and June 30, 2024, the District recognized POB Plan pension credits of \$161 thousand and \$961 thousand, respectively, and reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>2025 POB Plan</b>		<b>2024 POB Plan</b>	
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Pension contributions made subsequent to measurement date	\$ 175,000	\$ —	\$ 207,000	\$ —
Difference between expected and actual experience	—	5,726	—	243,729
Changes in assumptions	—	12,424	—	18,132
<b>Total</b>	<b>\$ 175,000</b>	<b>\$ 18,150</b>	<b>\$ 207,000</b>	<b>\$ 261,861</b>

Deferred outflows of resources related to contributions subsequent to measurement date in the amount of \$175 thousand at June 30, 2025, will be recognized as a decrease to the pension liability during the fiscal year ending June 30, 2026. The deferred outflows and inflows of resources related to pensions at June 30, 2025, will be recognized as pension expense at June 30, 2026, as follows:

<b>Year Ending June 30</b>	<b>Pension Expense</b>
2026	\$ (18,150)

**(c) Summary of Pension Amounts**

A summary of the pension amounts for the District pension plans at June 30, 2025, is presented below:

	<b>SDCERS</b>	<b>POB</b>	<b>Total</b>
Net pension liability	\$ 141,403,804	2,063,779	\$ 143,467,583
Deferred outflows - pensions	\$ 34,806,087	175,000	\$ 34,981,087
Deferred inflows - pensions	\$ —	18,150	\$ 18,150
Pension expenses (credit)	\$ 25,852,898	(160,606)	\$ 25,692,292

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

	<b>SDCERS</b>	<b>POB</b>	<b>Total</b>
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	\$ —	261,861.00	\$ 261,861
Pension expenses (credit)	\$ 16,786,001	(961,008)	\$ 15,824,993

**(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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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)**

Plan Description and Benefits Provided

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

General (non-sworn) employees 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, 2025, the District has not met the threshold to activate the trust.

Eligibility for Benefits

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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

<b>Employee Group</b>	<b>Date of Hire</b>	<b>Eligibility at the Earlier of</b>
Safety (Sworn)	Hired prior to October 1, 2006 (Medical, dental, basic life benefits)	<ul style="list-style-type: none"> <li>• Age 50 and 20 years of service credit</li> <li>• Age 55 and five years of service credit</li> </ul>
	Hired on or after October 1, 2006 and prior to January 1, 2010 (Medical, dental, basic life benefits)	<ul style="list-style-type: none"> <li>• Age 50 and 20 years of service credit</li> <li>• Age 55 and five years of service credit</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
	Hired on or after January 1, 2010 (HRA benefit)	<ul style="list-style-type: none"> <li>• Age 55 and five years of service credit</li> <li>• 30 years of District service credit (any age)</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
	Hired on or after January 1, 2013 (HRA benefit)	<ul style="list-style-type: none"> <li>• Age 50 with 30 years of service credit</li> <li>• Age 55 with five years of service credit</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
All others (Non-Sworn)	Hired prior to October 1, 2006 (Medical, dental, basic life benefits)	<ul style="list-style-type: none"> <li>• Age 55 and 20 years of service credit</li> <li>• Age 62 and five years of service credit</li> </ul>
	Hired on or after October 1, 2006 and prior to January 1, 2009 (Medical, dental, basic life benefits)	<ul style="list-style-type: none"> <li>• Age 55 and 20 years of service credit</li> <li>• Age 62 and five years of service credit</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
	Hired on or after January 1, 2009 and before January 1, 2010 (Medical, dental, basic life benefits)	<ul style="list-style-type: none"> <li>• Age 55 and 20 years of service credit (25 years of employment)</li> <li>• Age 62 and five years of service credit (10 years of employment)</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
	Hired on or after January 1, 2010 (HRA benefit)	<ul style="list-style-type: none"> <li>• Age 55 and 20 years of service credit (25 years of employment)</li> <li>• Age 62 and five years of service credit (10 years of employment)</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>
	Hired on or after January 1, 2024 A (HRA benefit)	<ul style="list-style-type: none"> <li>• Age 52 and five years of service credit</li> <li>• 10 years of District service required for retiree health benefits</li> </ul>

Employees Covered

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:

<b>Employee Group</b>	<b>Date of Hire Criteria/Plan</b>	<b>Active Employees</b>	<b>Inactive Employees (Retirees) Currently Receiving Healthcare Benefit Payments</b>
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	—
<b>Total</b>		<b>568</b>	<b>377</b>

Total OPEB Liability and OPEB Expense

To determine the total OPEB liability and OPEB expense, the District retained Sunlin Consulting, LLP, to prepare the biennial actuarial valuation, in accordance with the parameters of GASB Statement No. 75. Based on the latest actuarial valuation as of July 1, 2023, total OPEB liability as of the reporting dates of June 30, 2025 and 2024, were \$89.1 million

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

and \$112.7 million, respectively. The District recognized the following OPEB expense and contributions for fiscal years 2025 and 2024:

	<b>2025</b>	<b>2024</b>
OPEB Expense (credit)	\$ (3,798,078)	\$ (1,542,335)
Contributions - employee (paid by employer)	\$ 4,335,658	\$ 4,019,755

The contribution requirements of the District and Plan members (if any) are established by the District's Board. For the fiscal years ended June 30, 2025 and June 30, 2024, 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 expected benefit payment due within one year is approximately \$4.8 million.

The District's total OPEB liability for the OPEB Plan is measured as of June 30, 2025, using an annual valuation date of July 1, 2023, based on GASB Statement No. 75, rolled forward to June 30, 2025, using standard update procedures.

Changes in the total OPEB liability as of the measurement date of June 30, 2025, were as follows:

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2024</b>	<b>\$ 112,675,504</b>
Changes recognized for measurement period:	
Service cost	795,844
Interest	4,459,424
Differences between expected and actual experience	34,520
Changes in assumptions	(24,526,978)
Benefit payments	(4,335,658)
<b>Net Changes</b>	<b>(23,572,848)</b>
<b>Balance at June 30, 2025</b>	<b>\$ 89,102,656</b>

For the prior fiscal year, 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:

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2023</b>	<b>\$ 112,469,792</b>
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)
<b>Net Changes</b>	<b>205,712</b>
<b>Balance at June 30, 2024</b>	<b>\$ 112,675,504</b>

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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 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, 2025 and June 30, 2024 total OPEB liabilities, based on the following actuarial cost method and assumptions:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
<u>Actuarial Cost Method:</u>	Entry Age	Entry Age
<u>Actuarial Assumptions:</u>		
Discount Rate	5.20%*	3.93%*
Inflation Rate	4.20%	2.65%
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, 2025 and June 30, 2024:

	<u>June 30, 2025</u>			<u>June 30, 2024</u>		
	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	\$ 104,374,851	\$ 89,102,656	\$ 76,957,964	\$ 131,988,085	\$ 112,675,504	\$ 97,317,833

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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, 2025 and June 30, 2024:

<u>Health Care Cost Trend Rates</u>	<u>Total OPEB Liability</u>	
	<u>June 30, 2025</u>	<u>June 30, 2024</u>
1% Decrease (6.0% decreasing to 4.0%)	\$ 75,621,424	\$ 95,627,700
Current Healthcare Cost Trend Rates (7.0% decreasing to 5.0%)	\$ 89,102,656	\$ 112,675,504
1% Increase (8.0% decreasing to 6.0%)	\$ 106,112,353	\$ 134,185,258

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 that 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 who are provided with benefits (active and retired) as of the valuation date.

At June 30, 2025, the District reported deferred inflows and deferred outflows of resources related to OPEB as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
<b>Balance at June 30, 2024</b>	\$ 38,311,426	\$ 20,098,880
Differences between expected and actual experience	(5,851,737)	(701,945)
Changes in assumptions	13,659,101	(6,929,803)
<b>Balance at June 30, 2025</b>	<u>\$ 46,118,790</u>	<u>\$ 12,467,132</u>

At June 30, 2024, the District reported deferred inflows and deferred outflows of resources related to OPEB as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
<b>Balance at June 30, 2023</b>	\$ 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)
<b>Balance at June 30, 2024</b>	<u>\$ 38,311,426</u>	<u>\$ 20,098,880</u>

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

<u>Year Ending June 30</u>	<u>OPEB Expense</u>
2026	\$ (9,818,494)
2027	\$ (9,212,615)
2028	\$ (3,976,452)
2029	\$ (3,572,588)
2030	\$ (3,572,586)
2031	\$ (3,498,923)

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(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, 2025, were as follows:

**Self-Insured Retentions/Deductibles**  
**June 30, 2025**

<b>Coverage</b>	
Excess Liability	\$ 1,000,000
Workers' Compensation	\$ 500,000
Employment Practices Liability	\$ 250,000
Police Professional Liability	\$ 250,000
Public Officials Liability	\$ 250,000
Automobile Liability	\$ 100,000
Cyber Liability	\$ 100,000
Property Insurance	\$ 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
Foreign Property & Liability	\$ 1,000
Marine Protection and Indemnity/Hull & Machinery	\$ 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, 2025 and 2024, the escrow account amounts were \$5.5 million and \$4.8 million, respectively. Organizations are required to hold a collateral account for workers' compensation coverage to ensure that funds are available to pay for claims in the event the organization fails to meet its financial obligations. Increases in projected costs due to medical costs increases, base pay increases, and total claims on hand, the total collateral on hand was necessary. 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, 2025 and 2024, the District recorded accrued liabilities of \$5.6 million and \$4.8 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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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 fiscal years ended June 30, 2025 and 2024, were as follows:

<u>Year Ended June 30</u>	<u>Claims Liability at Beginning of Period</u>	<u>Claims Incurred During the Period, and Changes in Estimate</u>	<u>Claims Payment</u>	<u>Claims Liability at End of Period</u>
2024	\$ 5,692,437	\$ 1,343,793	\$ (2,194,791)	\$ 4,841,439
2025	\$ 4,841,439	\$ 2,515,443	\$ (1,754,483)	\$ 5,602,399

**(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 \$2.8 million and \$4.2 million at June 30, 2025 and 2024, 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, 2025 and 2024, the District's lease receivables were valued at \$1.2 billion both years, and the deferred inflow of resources associated with these leases that will be recognized as revenue over the various lease terms were \$1.1 billion and \$1.2 billion, respectively. Total revenues for the fiscal year ended June 30, 2025 and 2024, were adjusted in accordance with GASB Statement No. 87 by \$16.2 million and \$17.3 million, respectively, to adjust rents billed under the District's tenant agreements to the amortized inflow of resources relate primarily to Real Estate revenues.

For GASB Statement No. 87 reporting purposes, all District leases are reported with annual lease payments totaling \$45.0 million and \$54.1 million, respectively, as of June 30, 2025 and 2024, plus interest at rates of 4.5% and 3.5% and expiration dates ranging from August 31, 2024 to May 31, 2082.

The District received fixed rent payments of \$22.3 million and \$24.3 million for the fiscal years ended June 30, 2025, and 2024, 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, 2025 and 2024, concession rent payments totaled \$102.6 million and \$97.8 million, respectively.

During the fiscal year 2025, 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 \$4.9 million in lease receivables and \$5.0 million in deferred inflows of resources. The adjustments were recognized as of the remeasurement date.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

<b>Year Ending</b>		<b>Principal</b>		<b>Interest</b>
<b>June 30</b>				
2026	\$	30,483,038	\$	42,502,773
2027		29,520,464		41,676,103
2028		30,201,409		40,894,603
2029		31,432,502		39,873,879
2030		24,786,424		39,012,323
2031-2035		103,908,508		185,070,240
2036-2040		116,099,509		164,548,942
2041-2045		124,521,119		140,368,218
2046-2050		130,318,658		116,934,340
2051-2055		146,066,767		92,766,867
2056-2060		162,730,495		65,528,213
2061-2065		135,320,456		38,432,272
2066-2070		90,118,345		18,128,216
2071-2075		33,700,605		8,226,965
2076-2080		27,425,988		3,063,437
2081-2082		4,512,260		159,858
Total	\$	1,221,146,546	\$	1,037,187,249

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.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

The District recognized lease revenue from regulated leases of \$14.7 million and \$13.9 million, respectively, for the fiscal years ended June 30, 2025 and 2024. The payments for the regulated lease are expected to be received in the subsequent years are as follows:

<b>Year Ending</b>		
<b>June 30</b>	<b>Regulated Leases</b>	
2026	\$	14,072,424
2027		13,188,863
2028		11,163,410
2029		9,951,449
2030		9,479,911
2031-2035		41,554,950
2036-2040		33,795,890
2041-2045		14,952,945
2046-2050		15,444,476
2051		1,391,563
Total	<u>\$</u>	<u>164,995,881</u>

The District has a leasing agreement that qualifies as a lease-leaseback in accordance with the requirements of GASB Statement No. 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 \$152.3 million and \$153.8 million as of June 30, 2025 and 2024, respectively. The leaseback amount is \$3.3 million as of June 30, 2025 and 2024. 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, 2026. 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 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:

<b>Year Ending</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>
2026	\$ 2,808,687	\$ 161,214
2027	1,316,211	75,186
2028	513,492	31,538
2029	435,279	14,467
Total	<u>\$ 5,073,669</u>	<u>\$ 282,405</u>

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(11) Commitments and Contingencies**

**(a) Commitments**

As of June 30, 2025, 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 District's capital investments in a balanced and equitable manner throughout the Tidelands. As of June 30, 2025, the remaining balance in BCP was \$29.8 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. 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 required 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, Sweetwater Park and the Sweetwater Bike Path and Promenade. The catalyst project, Gaylord Pacific Resort and Convention Center opened in May 2025.

The District entered into a Joint Exercise of Powers Agreement (JEPA) with the City of Chula Vista, to create the Chula Vista Bayfront Facilities Financing Authority (Authority) to facilitate the financing and development of the Chula Vista Bayfront project. Under this agreement, the Authority was established to issue and hold the bond debt associated with the development.

In May 2022, the Chula Vista Bayfront Facilities Financing Authority issued \$372.6 million in Federally Taxable Revenue Bonds (Series 2022A) to fund a portion of the Convention Center construction cost and \$10.0 million in Tax-Exempt Revenue Bonds (Series 2022B) to finance Phase 1A Infrastructure Improvements. Both Series 2022A and Series 2022B bonds include an optional redemption date of June 1, 2026 and a mandatory redemption date of June 1, 2027. The Authority is currently engaged in evaluating refinancing alternatives to optimize its current debt structure and reduce financing costs.

<b>Year Ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2026	\$ —	\$ 28,712,974	\$ 28,712,974	
2027	382,562,201	28,712,974	411,275,175	
Total	<u>\$ 382,562,201</u>	<u>\$ 57,425,948</u>	<u>\$ 439,988,149</u>	

The District has pledged real estate revenues generated from properties within the CVBMP area to secure and service bonds issued by the Authority. As of June 30, 2025, the district contributed \$2.1 million compared to \$1.7 million as of June 30, 2024. This commitment supports financing for infrastructure improvements, consistent with the District's statutory mandate to promote public access and regional economic development.

To support the debt service obligations of the Authority, the District entered into a separate agreement to make scheduled support payments to the joint entity. These payments are contractually required and are recognized as financial assistance payments in the District's Statement of Revenues, Expenses, and Changes in Net Position in the period incurred. The first payment was made in 2025 in the amount of \$2.5 million. Future

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

committed payments are presented in the schedule below. The agreement extends through March 31, 2058. The District's annual payments consist of the following:

<b>Annual Support Payments</b>	
<b>Years Ending June 30,</b>	<b>Payments</b>
2026	\$ 5,000,000
2027	5,000,000
2028	5,000,000
2029	5,000,000
2030-2034	25,000,000
2035-2039	29,500,000
2040-2044	16,500,000
2045-2049	17,250,000
2050-2054	17,500,000
2055-2058	15,750,000
	<u>\$ 141,500,000</u>

In addition, the District's will share revenues generated from the catalyst project with the City, including the payment of rent by RIDA, and the Authority through the pledged real estate agreements for properties within the Chula Vista Bayfront area, as outlined in the revenue sharing agreement. 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 has yet to receive a reimbursement payment under the revenue sharing agreement.

The District invested \$14.1 million in land improvements to prepare the site for construction. This investment was funded through two sources. Approximately \$5.1 of the \$14.1 million was received by the District between July 1, 2018, and December 31, 2021, under real estate agreements for property located within the Chula Vista Bayfront. The remaining \$9.0 million represented the District's share of additional costs to cover increased land improvement expenses. The entire amount of \$14.1 million was recorded as capital outlay.

Management continues to monitor the financial impact of this commitment, and the revenue sharing arrangement, and will evaluate the likelihood of future reimbursements as part of its ongoing financial reporting.

- 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 years 2025 and 2024, respectively. 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 for fiscal years 2025 and 2024, respectively.

Effective July 1, 2020, ten-year contracts were renegotiated with the Cities of Chula Vista and Imperial Beach. On July 1, 2021, the City of National City also entered into a ten-year agreement, while the City of San Diego signed a five-year contract. The City of Coronado established a new contract as of August 19, 2022, running through June 30, 2030, with a new baseline rate of approximately \$1.3 million.

All contracts set fixed baseline rates and annual escalations of 3% for most cities and 4% for Coronado, replacing the previous CPI based adjustment method. The total aggregate baseline for fiscal year 2026 is approximately \$12.3 million.

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**(b) Contingencies**

As of June 30, 2025, 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.
- (b) Pepper Oil: The District is involved in litigation against the Pepper Oil Company, the San Diego Wood Preserving Company, and related entities and individuals over environmental contamination at and around 2300 Tidelands Avenue, National City. The District leases most of the property at issue 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. Pepper Oil is working with DTSC to address this contamination. Site investigations and litigation have been ongoing for more than a decade.

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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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) 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, the 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.

- (e) 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.
- (f) In 2006, the California Department of Toxic Substances Control entered into a Consent Agreement with SDG&E to clean up 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. Professional services for this matter for fiscal year 2025 were approximately \$330 thousand.

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.

- (g) Driscoll's Wharf: The RWQCB has directed the District and its tenant, Driscoll's Wharf Inc., to prepare landside and bayside investigation plans to delineate and characterize contamination at Driscoll's Wharf located at 4900-4930 North Harbor Drive, San Diego. The RWQCB's direction is based on its evaluation of a Phase I and a Limited Phase II Environmental Site Assessment (ESA) conducted by the District in 2022 and 2023. The Limited Phase II ESA identified the presence of metals including copper, mercury, nickel, and zinc in bay sediment, and total petroleum hydrocarbons in soil and groundwater at the site. The District and Driscoll's Wharf are working collaboratively to meet the RWQCB's requirements. Professional services for this matter, for fiscal year 2025 were approximately \$50 thousand.

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.

- 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

**SAN DIEGO UNIFIED PORT DISTRICT**  
Notes to the Basic Financial Statements  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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 judgment 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, 2025 and June 30, 2024, 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.

## Required Supplementary Information (Unaudited)

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**SAN DIEGO UNIFIED PORT DISTRICT**  
Required Supplementary Information (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

**Schedule of Changes in Net Pension 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	June 30, 2017	June 30, 2016	June 30, 2015
<b>Total Pension Liability</b>										
Service cost	\$9,980,902	\$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
Interest (includes interest on service cost)	44,398,538	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
Differences between actual and expected experience	9,619,729	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	14,138,520	—	—	—	19,123,501	—	16,021,766	15,009,560	35,813,469	—
Benefit payments, including refunds of member contributions	(37,470,499)	(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)
<b>Net change in total pension liability</b>	<b>\$40,667,190</b>	<b>\$21,019,060</b>	<b>\$20,715,717</b>	<b>\$16,736,886</b>	<b>\$42,251,348</b>	<b>\$21,757,289</b>	<b>\$34,489,487</b>	<b>\$39,017,869</b>	<b>\$50,209,803</b>	<b>\$21,376,961</b>
<b>Total pension liability - beginning</b>	<b>696,582,854</b>	<b>675,563,794</b>	<b>654,848,077</b>	<b>638,111,193</b>	<b>595,859,845</b>	<b>574,102,557</b>	<b>539,613,070</b>	<b>500,595,201</b>	<b>450,385,398</b>	<b>429,008,437</b>
<b>Total pension liability - ending</b>	<b>\$737,250,044</b>	<b>\$696,582,854</b>	<b>\$675,563,794</b>	<b>\$654,848,079</b>	<b>\$638,111,191</b>	<b>\$595,859,845</b>	<b>\$574,102,557</b>	<b>\$539,613,070</b>	<b>\$500,595,201</b>	<b>\$450,385,398</b>
<b>Plan Fiduciary Net Position</b>										
Contributions - employer	\$19,318,755	\$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
Contributions - member (paid by employer)	1,441,969	1,590,718	1,596,607	1,742,459	1,924,925	2,037,292	2,104,470	2,287,740	2,422,241	—
Contributions - member	3,334,157	2,504,317	2,136,389	1,954,243	1,842,386	1,685,680	1,408,929	1,296,999	1,277,360	1,309,360
Net investment income	41,273,469	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
Benefit payments, including refunds of member contributions	(37,470,499)	(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)
Administrative expenses	(826,709)	(882,317)	(843,437)	(759,991)	(721,104)	(669,312)	(658,939)	(665,330)	(686,932)	(691,003)
<b>Net change in plan fiduciary net position</b>	<b>27,071,142</b>	<b>\$14,312,295</b>	<b>\$(17,928,013)</b>	<b>\$111,965,872</b>	<b>\$(4,948,115)</b>	<b>\$21,561,221</b>	<b>\$30,685,733</b>	<b>\$45,170,166</b>	<b>\$(1,837,851)</b>	<b>\$7,793,178</b>
<b>Plan fiduciary net position - beginning</b>	<b>568,775,098</b>	<b>554,462,803</b>	<b>572,390,816</b>	<b>460,424,944</b>	<b>465,373,059</b>	<b>443,811,838</b>	<b>413,126,105</b>	<b>367,955,939</b>	<b>369,793,790</b>	<b>362,000,612</b>
<b>Plan fiduciary net position - ending</b>	<b>\$595,846,240</b>	<b>\$568,775,098</b>	<b>\$554,462,803</b>	<b>\$572,390,816</b>	<b>\$460,424,944</b>	<b>\$465,373,059</b>	<b>\$443,811,838</b>	<b>\$413,126,105</b>	<b>\$367,955,939</b>	<b>\$369,793,790</b>
<b>Net pension liability - ending</b>	<b>\$141,403,804</b>	<b>\$127,807,756</b>	<b>\$121,100,991</b>	<b>\$82,457,261</b>	<b>\$177,686,247</b>	<b>\$130,486,786</b>	<b>\$130,290,719</b>	<b>\$126,486,965</b>	<b>\$132,639,262</b>	<b>\$80,591,608</b>
Plan fiduciary net position as a percentage of the total pension liability	80.82 %	81.65 %	82.07 %	87.41 %	72.15 %	78.10 %	77.31 %	76.56 %	73.50 %	82.11 %
Covered payroll	\$43,439,029	\$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
Net pension liability as a percentage of covered payroll	325.52 %	320.01 %	322.08 %	221.00 %	482.71 %	365.18 %	378.88 %	375.50 %	395.79 %	242.22 %

**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, 2015 through June 2024.

**SAN DIEGO UNIFIED PORT DISTRICT**  
 Required Supplementary Information (Unaudited)  
 Fiscal Years Ended June 30, 2025 and June 30, 2024

**Schedule of Changes in Preservation of Benefits (POB) 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	June 30, 2017	June 30, 2016
<b>Total Pension Liability - POB</b>									
Service cost	\$ 42,526	\$ 41,916	\$ 55,108	\$ 110,973	\$ 48,055	\$ 43,749	\$ 30,958	\$ 77,315	\$ 9,503
Interest (includes interest on service cost)	76,880	96,751	98,939	90,345	113,716	94,791	95,628	58,000	72,730
Differences between actual and expected experience	(11,453)	(487,458)	(1,172,260)	596,228	232,449	786,756	(39,843)	1,031,798	—
Changes in assumptions	(24,848)	(36,265)	(503,366)	35,860	673,697	120,913	(71,515)	(256,209)	296,607
Benefit payments, including refunds of member contributions	(207,270)	(276,215)	(362,668)	(264,136)	(255,688)	(241,645)	(245,183)	(258,709)	(273,568)
Net change in total pension liability	(124,165)	(661,271)	(1,884,247)	569,270	812,229	804,564	(229,955)	652,195	105,272
<b>Total pension liability - beginning</b>	<u>2,187,944</u>	<u>2,849,215</u>	<u>4,733,462</u>	<u>4,164,192</u>	<u>3,351,963</u>	<u>2,547,399</u>	<u>2,777,354</u>	<u>2,125,159</u>	<u>2,019,887</u>
<b>Total pension liability - ending</b>	<u>\$2,063,779</u>	<u>\$2,187,944</u>	<u>\$2,849,215</u>	<u>\$4,733,462</u>	<u>\$4,164,192</u>	<u>\$3,351,963</u>	<u>\$2,547,399</u>	<u>\$2,777,354</u>	<u>\$2,125,159</u>
Covered payroll	\$43,439,029	\$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	4.75 %	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 3.65% to 3.93% in the 2024 valuation. The discount rates were based on based on the June 29, 2023 and June 27, 2024 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, 2024

**SAN DIEGO UNIFIED PORT DISTRICT**  
 Required Supplementary Information (Unaudited)  
 Fiscal Years Ended June 30, 2025 and June 30, 2024

**Schedule of Employer Pension Contributions**  
**Last Ten Fiscal Years**

(Expressed in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially Determined Contribution (ADC)	\$22,800	\$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	22,800	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	\$52,110	\$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	43.75 %	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, 2022

Valuation date (Covered Payroll): June 30, 2024

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 fiscal year ended June 30, 2025, can be found in the SDCERS Actuarial Valuation Report as of June 30, 2024.

Source: SDCERS Actuarial Valuation Report as of June 30, 2024

**SAN DIEGO UNIFIED PORT DISTRICT**  
Required Supplementary Information (Unaudited)  
Fiscal Years Ended June 30, 2025 and June 30, 2024

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

	Measurement Date							
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>								
Service cost	\$ 795,844	\$ 733,719	\$ 1,865,840	\$ 1,445,878	\$ 1,234,058	\$ 1,172,234	\$ 1,949,107	\$ 1,882,229
Interest	4,459,424	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	34,520	5,120,735	(268,769)	(9,168,868)	(1,037,839)	(27,870,600)	(173,499)	(1,158,603)
Changes in assumptions	(24,526,978)	(5,636,391)	(2,154,425)	(23,468,881)	2,462,109	—	5,529,476	(3,944,626)
Benefit payments	(4,335,658)	(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	(23,572,848)	205,712	(1,799,064)	(31,785,312)	2,407,214	(26,080,136)	8,936,124	(1,625,849)
Total OPEB liability - beginning	112,675,504	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	<u>\$89,102,656</u>	<u>\$112,675,50</u>	<u>\$112,469,79</u>	<u>\$114,268,85</u>	<u>\$146,054,16</u>	<u>\$119,147,83</u>	<u>\$145,227,97</u>	<u>\$136,291,85</u>
<b>Covered-Employee payroll **</b>	\$67,368,023	\$65,089,877	\$52,630,769	\$50,850,985	\$56,852,785	\$54,930,227	\$50,200,904	\$50,200,904
<b>Total OPEB liability as a percentage of covered payroll</b>	132.30%	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: Change in discount rate from 3.65% to 5.20%.

\*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, 2025.

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)



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# Contents

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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.

	<u>Page</u>
<b>Financial Trends</b>	108
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
<b>Revenue Capacity</b>	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.	
<b>Operating Information</b>	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.	
<b>Debt Capacity</b>	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.	
<b>Demographic and Economic Information</b>	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
2016	504,229	7,357	(34,217)	477,369
2017 <sup>1</sup>	502,478	8,326	(49,488)	461,316
2018 <sup>2</sup>	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 <sup>3</sup>	547,899	7,269	(210,052)	345,116
2022 <sup>4</sup>	569,940	3,422	(156,131)	417,231
2023 <sup>5,6</sup>	580,002	4,160	(55,282)	528,880
2024 <sup>5,6</sup>	609,763	7,475	6,803	624,041
2025	645,628	9,805	39,479	694,912

<sup>1</sup>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.

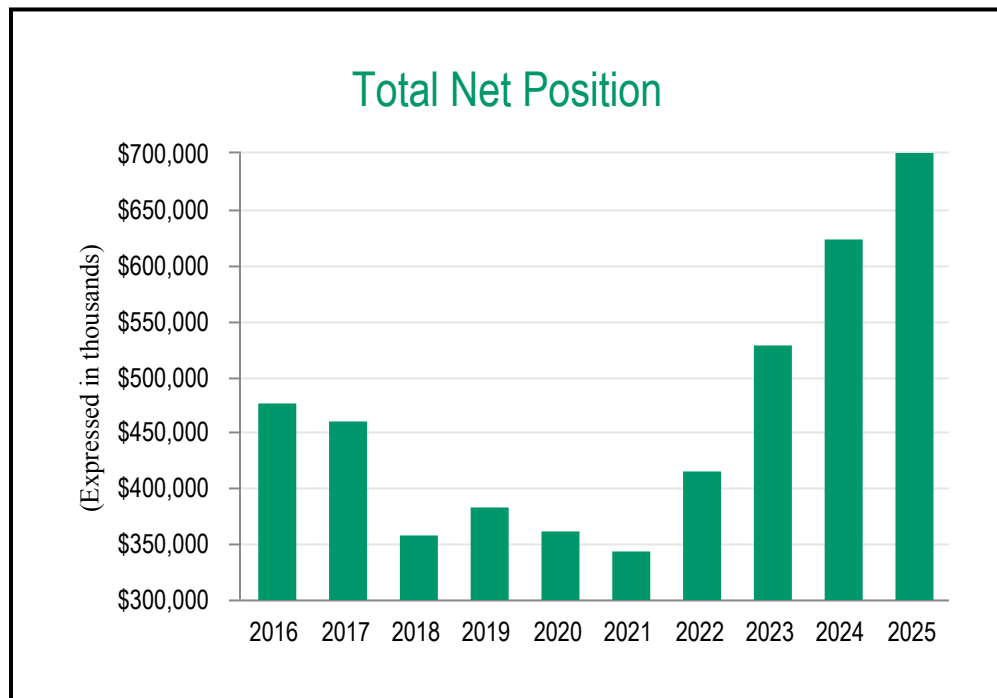
<sup>2</sup>In 2018, the District's unrestricted net position was (\$164.7) million, which includes a restatement of net position of \$92.4 million due to the implementation of GASB Statement No. 75.

<sup>3</sup>In 2022, the District implemented GASB Statement No. 87, *Leases*, by restating the financial statements for 2021.

<sup>4</sup>In 2023, the District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, by restating the financial statements for 2022.

<sup>5</sup>In 2025, the District made certain reclassifications to fiscal year 2023 and 2024 amounts in order to conform to the fiscal year 2025 presentation. Such presentation had no effect on the previously reported total net position.

<sup>6</sup>In 2025, the District implemented GASB Statement No. 101, *Compensated Absences*, by restating the financial statements for 2023 and 2024.



# Changes in Net Position – Last Ten Fiscal Years

(Expressed in thousands)

	2016	2017 <sup>1</sup>	2018 <sup>2</sup>	2019	2020	2021	2022 <sup>3</sup>	2023 <sup>4,5</sup>	2024 <sup>5</sup>	2025
<b>Operating revenues:</b>										
Real Estate	\$ 102,747	\$ 96,430	\$ 97,720	\$ 107,234	\$ 92,134	\$ 78,171	\$ 91,445	\$ 112,426	\$ 106,134	\$ 117,752
Guest Experiences - Parking	—	15,227	16,583	17,058	13,338	7,947	14,908	18,291	20,335	18,808
Maritime	37,365	39,214	39,304	38,650	37,760	33,785	39,698	50,991	50,469	51,836
Harbor Police	16,835	16,085	16,192	17,069	16,159	19,898	17,922	18,039	20,594	21,273
Other operating revenues	3,340	3,409	3,094	3,820	3,106	3,809	3,067	3,240	4,221	3,778
GASB 87 adjustment	—	—	—	—	—	(21,545)	—	—	—	—
Total operating revenues	<u>160,287</u>	<u>170,365</u>	<u>172,893</u>	<u>183,831</u>	<u>162,497</u>	<u>122,065</u>	<u>167,040</u>	<u>202,987</u>	<u>201,753</u>	<u>213,447</u>
<b>Operating expenses:</b>										
Direct expenses:										
Real Estate	27,623	26,400	28,609	28,787	31,773	27,567	29,276	30,357	34,402	35,340
Guest Experiences - Parking	—	6,184	6,193	5,267	4,522	4,358	5,691	7,048	8,269	8,253
Maritime	18,334	17,208	17,557	17,401	17,829	15,366	18,902	21,910	24,805	26,651
Harbor Police	35,007	39,201	40,128	40,331	43,619	42,273	42,777	46,217	50,630	53,050
Other operating expenses	8,267	35,858	37,743	29,359	22,490	28,104	(856)	(6,161)	11,303	19,005
Depreciation and amortization	22,721	23,447	23,686	26,412	27,551	27,226	28,332	28,283	27,653	28,172
General and administrative expenses	33,949	40,040	44,118	48,469	46,396	37,759	40,483	47,280	54,471	61,528
Total operating expenses	<u>145,901</u>	<u>188,338</u>	<u>198,034</u>	<u>196,026</u>	<u>194,180</u>	<u>182,653</u>	<u>164,605</u>	<u>174,934</u>	<u>211,533</u>	<u>231,999</u>
Income/(loss) from operations	<u>14,386</u>	<u>(17,973)</u>	<u>(25,141)</u>	<u>(12,195)</u>	<u>(31,683)</u>	<u>(60,588)</u>	<u>2,435</u>	<u>28,053</u>	<u>(9,780)</u>	<u>(18,552)</u>
<b>Non-Operating revenues/(expenses):</b>										
Interest income	759	1,346	1,875	2,932	2,744	560	522	5,183	10,376	11,336
Interest income from leases - GASB 87	—	—	—	—	—	39,921	35,854	34,469	43,001	43,253
ERP Fund revenue	—	—	—	—	—	—	29,005	22,484	20,231	9,962
Settlement income (expense)	1,425	1,925	5,928	602	(8,391)	(94)	—	13,241	18,787	2,890
Net inc/(dec) in the fair value of invest.	92	(389)	(136)	761	(42)	(134)	(432)	488	(310)	276
Interest expense	(3,518)	(3,398)	(3,162)	(2,911)	(2,697)	(2,463)	(2,087)	(1,768)	(1,556)	(1,389)
Financial assistance other	(10)	(579)	(122)	(50)	(772)	(421)	(623)	(2,409)	(4,320)	(4,696)
Other Non-Operating expenses	(433)	(782)	(56)	(95)	(768)	(123)	(526)	(2,724)	(78)	(6,263)
Other Non-Operating revenues	5,615	3,085	2,947	8,176	9,904	4,071	4,830	9,105	6,693	11,992
Non-Operating income/(loss)	<u>3,930</u>	<u>1,208</u>	<u>7,274</u>	<u>9,415</u>	<u>(22)</u>	<u>41,317</u>	<u>66,543</u>	<u>78,069</u>	<u>92,824</u>	<u>67,361</u>
Capital grants and contributions	<u>1,662</u>	<u>2,458</u>	<u>8,685</u>	<u>28,168</u>	<u>9,733</u>	<u>1,223</u>	<u>3,138</u>	<u>6,234</u>	<u>12,117</u>	<u>22,061</u>
<b>Change in net position</b>	<u>19,978</u>	<u>(14,307)</u>	<u>(9,182)</u>	<u>25,388</u>	<u>(21,972)</u>	<u>(18,048)</u>	<u>72,116</u>	<u>112,356</u>	<u>95,161</u>	<u>70,870</u>
Beginning net position	457,391	477,369	461,316	359,750	385,138	363,164	345,116	417,230	528,880	624,041
Restatement <sup>1-3</sup>	—	(1,746)	(92,384)	—	—	—	—	(706)	—	—
<b>Ending net position</b>	<u>\$ 477,369</u>	<u>\$ 461,316</u>	<u>\$ 359,750</u>	<u>\$ 385,138</u>	<u>\$ 363,166</u>	<u>\$ 345,116</u>	<u>\$ 417,232</u>	<u>\$ 528,880</u>	<u>\$ 624,041</u>	<u>\$ 694,911</u>

<sup>1</sup>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 Statement No. 73 restates the net position to give retroactive effect. Other operating expenses include a \$24.7 million increase from an accounting adjustment for pension expense in accordance with GASB Statement No. 68.

<sup>2</sup>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 Statement 75 restates the net position to give retroactive effect.

<sup>3</sup>In 2022, the District implemented GASB Statement No. 87, *Leases*, by restating the financial statements for 2021.

<sup>4</sup>In 2023, the District implemented GASB No. 96, *Subscription-Based Information Technology Arrangements*, by restating the financial statements for 2022.

<sup>5</sup>In 2024, the District implemented GASB No 101, *Compensated Absences*, by restating the financial statements for 2023 and 2024.

# Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hotels <sup>1</sup>	\$ 45,198	\$ 53,818	\$ 54,505	\$ 57,154	\$ 44,085	\$ 31,325	\$ 50,000	\$ 68,337	\$ 70,157	\$ 72,922
Rental Properties	18,321	20,961	19,646	19,282	19,526	19,121	20,188	22,659	23,146	25,885
Public Services Provided <sup>2</sup>	15,610	15,534	15,712	16,515	15,635	19,473	17,797	17,909	20,478	21,122
Parking	13,431	13,806	14,937	17,394	13,907	8,599	17,350	19,889	22,609	21,109
Wharfage	12,223	11,564	11,856	10,930	9,692	10,520	11,089	13,118	13,313	13,476
Aviation Related	10,420	10,184	10,182	10,181	10,178	10,285	11,905	11,865	11,944	11,962
Marinas, Yacht Clubs <sup>3</sup>	10,245	11,229	11,701	12,555	11,968	12,950	14,913	14,244	14,526	21,254
Industrial	4,452	4,541	4,776	4,979	5,122	5,286	4,948	5,572	5,347	6,954
Retail Centers	4,009	4,114	4,170	5,854	5,111	4,008	7,090	7,814	8,932	11,326
Restaurants <sup>4</sup>	3,332	3,568	3,647	3,864	3,888	3,512	5,839	7,071	8,293	6,809
Dockage	2,393	2,152	2,460	2,660	2,861	2,123	3,059	4,191	4,414	4,663
Passenger Fees	1,264	1,390	1,702	2,205	1,580	—	1,183	5,331	3,424	2,693
Citations	1,009	1,027	1,029	990	856	763	749	984	905	775
Passenger Security Charges	804	997	999	1,151	1,573	63	1,146	2,599	2,474	2,156
Piers & Floats	150	187	214	225	220	269	—	—	—	—
GASB 87 adjustment <sup>5</sup>	—	—	—	—	—	—	(17,054)	(17,767)	(25,707)	(27,063)
Other	17,426	15,293	15,357	17,892	16,295	15,313	16,836	19,172	17,497	19,903
<b>Total</b>	<b>\$160,287</b>	<b>\$170,365</b>	<b>\$172,893</b>	<b>\$183,831</b>	<b>\$162,497</b>	<b>\$143,610</b>	<b>\$167,038</b>	<b>\$202,987</b>	<b>\$201,753</b>	<b>\$215,947</b>

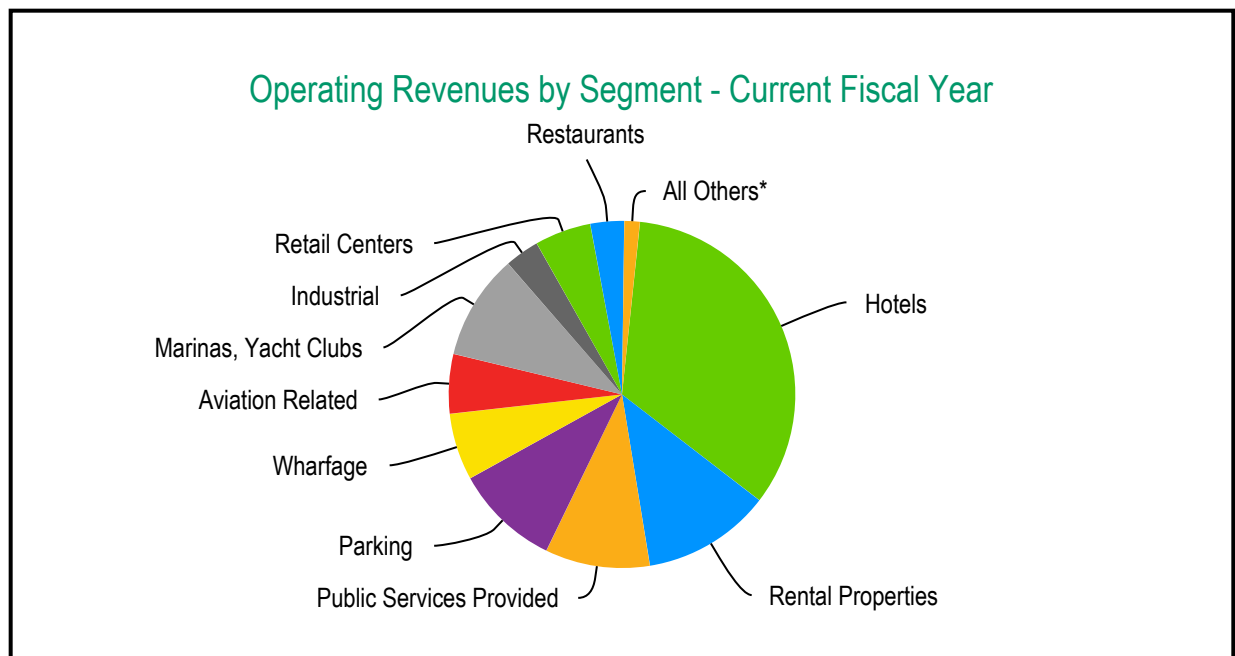
<sup>1</sup>All hotel leases include restaurants and six hotel leases include marinas.

<sup>2</sup>Includes police services to the San Diego County Regional Airport Authority (SDCRAA).

<sup>3</sup>Not included are marinas under hotel operations, or under a restaurant lease.

<sup>4</sup>The District has eleven direct restaurant agreements; not included are restaurants in hotels, marinas, and retail centers.

<sup>5</sup>In 2022, the District implemented GASB Statement No. 87, *Leases*, by restating the financial statements for 2021.



\*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 Statement No. 87 adjustment.

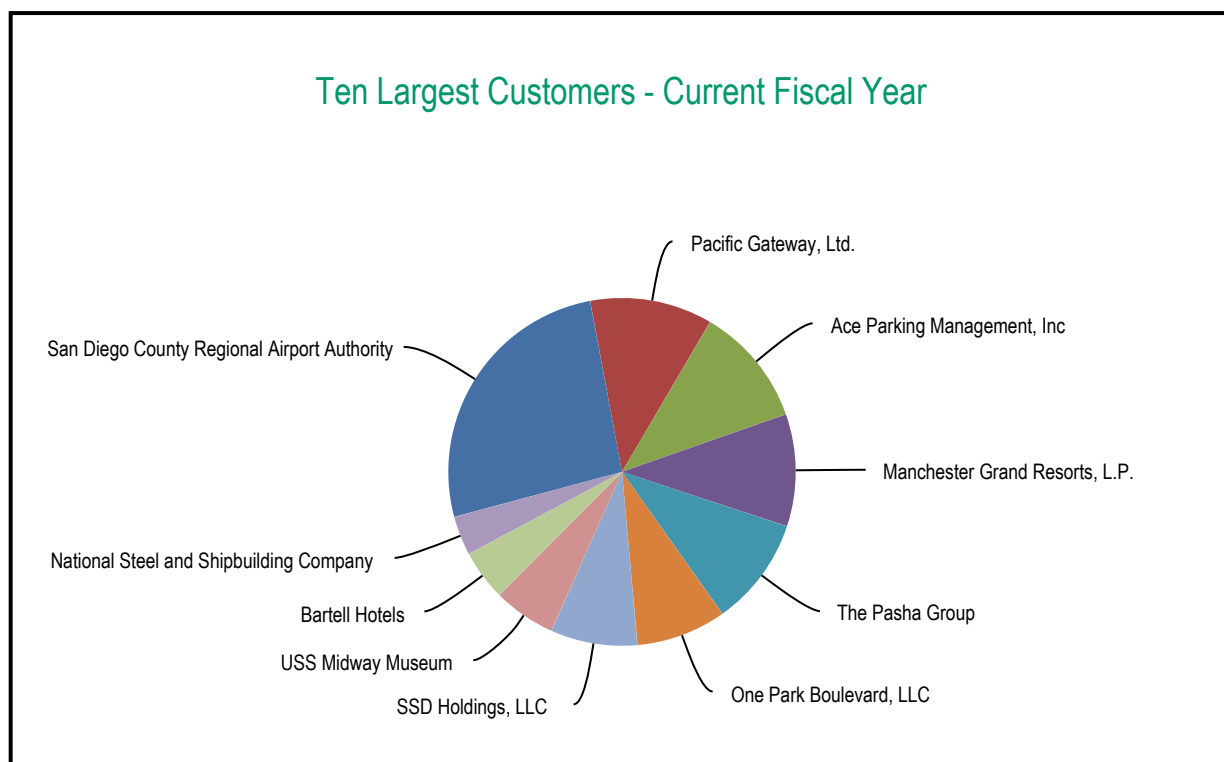
# Ten Largest Customers – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Customer	2016	%	Customer	2025	%
San Diego County Regional Airport Authority <sup>1</sup>	\$ 26,534	15.6 %	San Diego County Regional Airport Authority <sup>1</sup>	\$ 37,194	11.8 %
The Pasha Group	13,875	8.2 %	Pacific Gateway, Ltd.	16,185	5.1 %
Manchester Grand Resorts, L.P.	11,940	7.0 %	Ace Parking Management, Inc	15,805	5.0 %
Pacific Gateway, Ltd.	10,061	5.9 %	Manchester Grand Resorts, L.P.	14,816	4.7 %
Ace Parking Management, Inc	9,304	5.5 %	The Pasha Group	14,345	4.6 %
Host San Diego Hotel, LLC	7,754	4.6 %	One Park Boulevard, LLC	11,890	3.8 %
One Park Boulevard, LLC	6,126	3.6 %	SSD Holdings, LLC	11,451	3.6 %
Bartell Hotels	3,799	2.2 %	USS Midway Museum	8,243	2.6 %
National Steel and Shipbuilding Company	3,284	1.9 %	Bartell Hotels	6,687	2.1 %
Seaport Village Operating Co., LLC	2,655	1.6 %	National Steel and Shipbuilding Company	5,163	1.6 %
<b>Total Ten Largest Customers</b>	<b>95,332</b>	<b>56.1 %</b>	<b>Total Ten Largest Customers</b>	<b>141,779</b>	<b>45.0 %</b>
Other	74,508	43.9 %	Other <sup>2</sup>	173,438	55.0 %
<b>Total Revenues</b>	<b>\$ 169,840</b>	<b>100.0 %</b>	<b>Total Revenues</b>	<b>\$ 315,217</b>	<b>100.0 %</b>

<sup>1</sup>Includes reimbursements for airport police services.

<sup>2</sup>Includes Economic Recovery ERP funding, GASB Statement No. 87 adjustments, and legal settlements.



# Real Estate Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

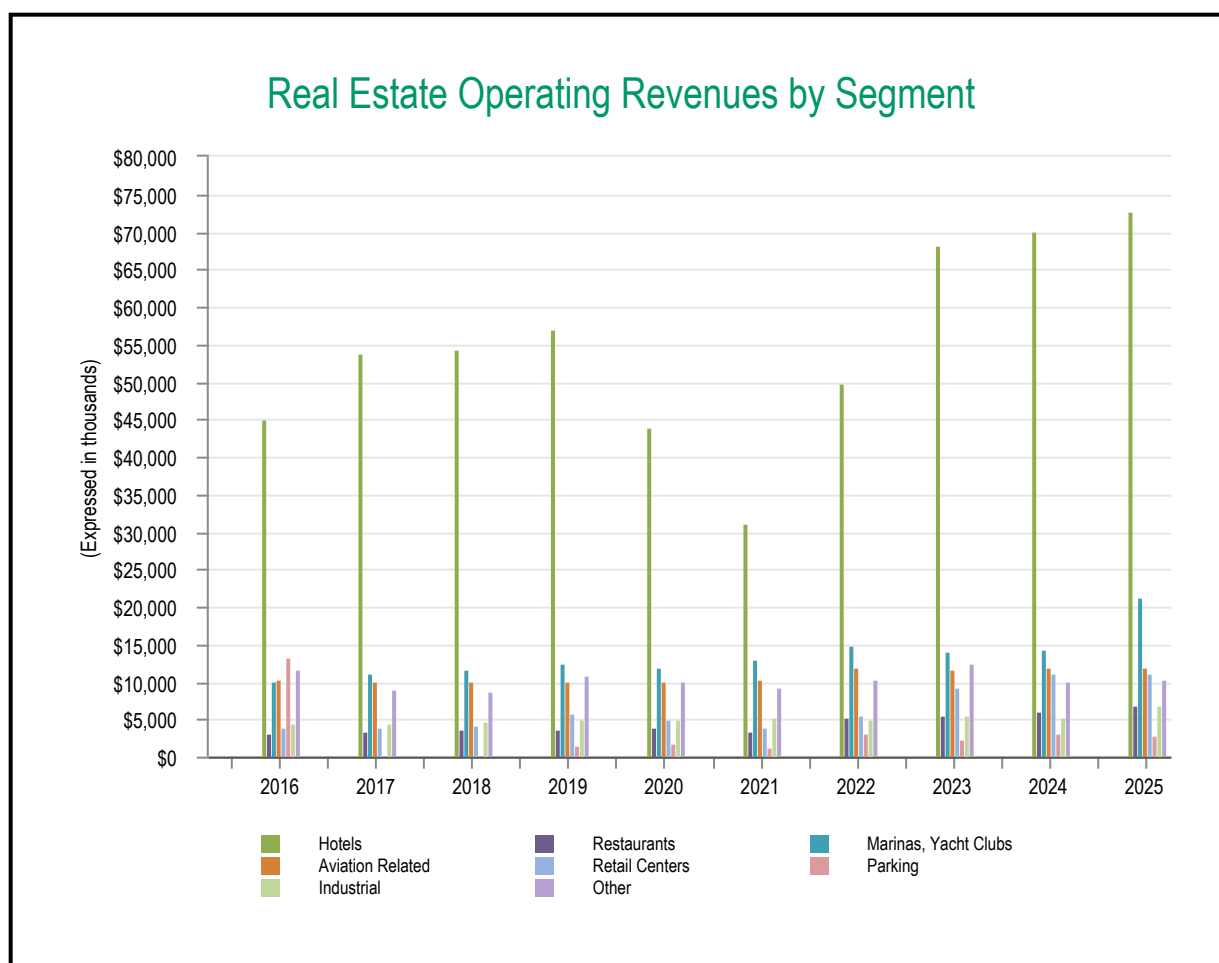
Segment	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Hotels <sup>1</sup>	\$ 45,198	\$ 53,818	\$ 54,505	\$ 57,154	\$ 44,085	\$ 31,325	\$ 50,000	\$ 68,337	\$ 70,157	\$ 72,922
Restaurants <sup>2,3</sup>	3,332	3,568	3,647	3,864	3,888	3,512	5,317	5,681	6,059	6,809
Marinas, Yacht Clubs <sup>3</sup>	10,245	11,229	11,701	12,555	11,968	12,950	14,913	14,244	14,526	21,254
Aviation Related	10,420	10,184	10,182	10,181	10,178	10,285	11,905	11,865	11,944	11,962
Retail Centers	4,009	4,114	4,170	5,854	5,111	4,008	5,574	9,203	11,166	11,326
Parking <sup>4</sup>	13,431	—	—	1,640	1,742	1,401	3,112	2,489	3,100	2,944
Industrial	4,452	4,541	4,776	4,979	5,122	5,286	4,948	5,572	5,347	6,954
Other	11,660	8,976	8,739	11,007	10,040	9,404	10,490	12,544	10,134	10,412
<b>Total</b>	<b>\$102,747</b>	<b>\$ 96,430</b>	<b>\$ 97,720</b>	<b>\$107,234</b>	<b>\$ 92,134</b>	<b>\$ 78,171</b>	<b>\$106,259</b>	<b>\$129,935</b>	<b>\$132,433</b>	<b>\$144,583</b>

<sup>1</sup>All hotel leases include a restaurant and six hotel leases include marinas.

<sup>2</sup>The District has eleven direct restaurant agreements; not included are restaurants in hotels, marinas, and retail centers.

<sup>3</sup>Not included are restaurants under a marina lease nor marinas under hotel operations.

<sup>4</sup>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.



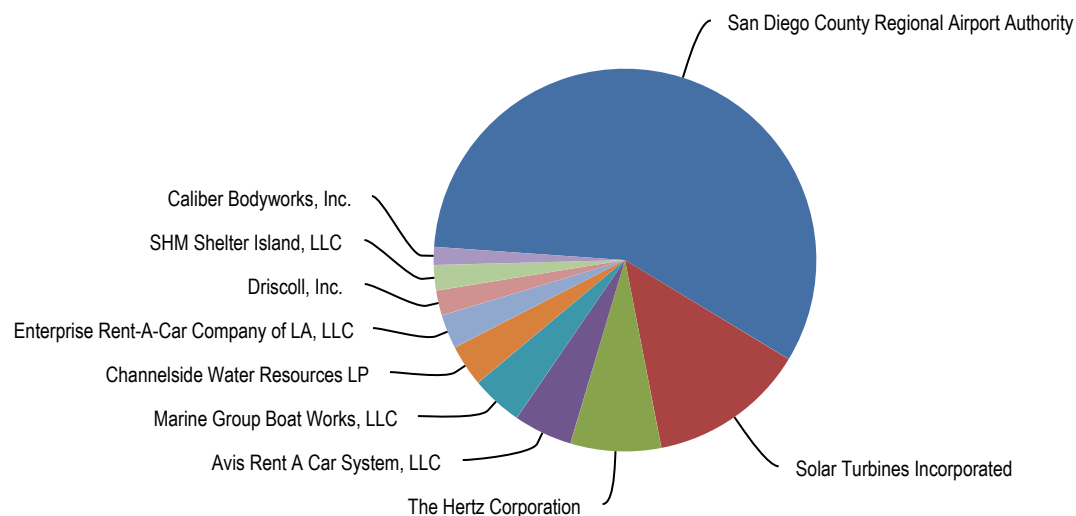
# Real Estate Ten Largest Fixed Rent Tenants –

Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2016	%	Tenant	2025	%
San Diego County Regional Airport Authority	\$ 10,414	48.8 %	San Diego County Regional Airport Authority	\$ 11,960	50.5 %
Solar Turbines Incorporated	2,137	10.0 %	Solar Turbines Incorporated	2,764	11.7 %
The Hertz Corporation	1,537	7.2 %	The Hertz Corporation	1,589	6.7 %
Enterprise Rent-A-Car Company of LA, LLC	951	4.5 %	Avis Rent A Car System, LLC	1,033	4.4 %
Avis Rent A Car System, LLC	855	4.0 %	Marine Group Boat Works, LLC	907	3.8 %
Marine Group Boat Works, LLC	757	3.5 %	Channelside Water Resources LP	730	3.1 %
BW-Budget-SDA, LLC	475	2.2 %	Enterprise Rent-A-Car Company of LA, LLC	598	2.5 %
Shelter Island Yachtways, Ltd	288	1.3 %	Driscoll, Inc.	442	1.9 %
LR San Diego Airport Parking, LLC	280	1.3 %	SHM Shelter Island, LLC	442	1.9 %
JAMR Properties, LLC	238	1.1 %	Caliber Bodyworks, Inc.	316	1.3 %
<b>Total Ten Largest Fixed Rent Tenants</b>	<b>17,932</b>	<b>84.0 %</b>	<b>Total Ten Largest Fixed Rent Tenants</b>	<b>20,781</b>	<b>87.7 %</b>
<b>Other Fixed Rent</b>	<b>3,410</b>	<b>16.0 %</b>	<b>Other Fixed Rent</b>	<b>2,903</b>	<b>12.3 %</b>
<b>Total Real Estate Fixed Rent</b>	<b>\$ 21,342</b>	<b>100.0 %</b>	<b>Total Real Estate Fixed Rent</b>	<b>\$ 23,684</b>	<b>100.0 %</b>

## Real Estate Ten Largest Fixed Rent Tenants - Current Fiscal Year



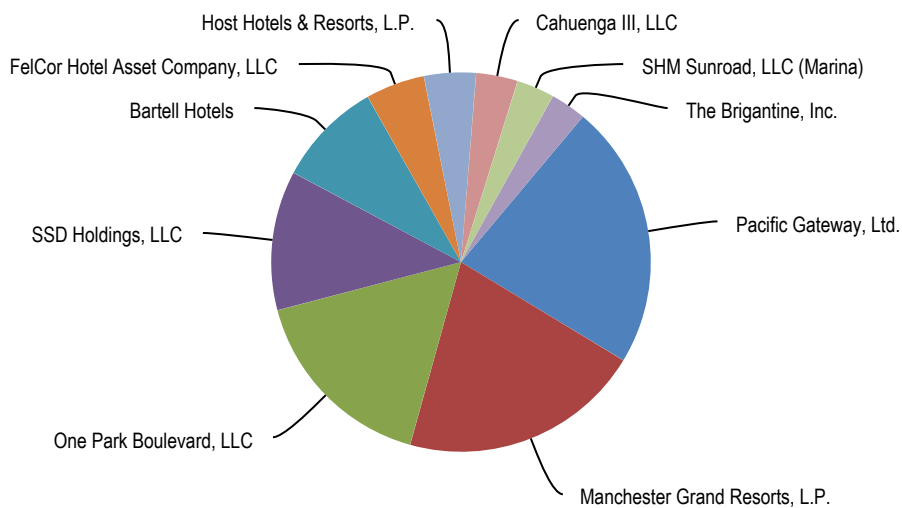
# Real Estate Ten Largest Concession Rent Tenants -

Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2016	%	Tenant	2025	%
Manchester Grand Resorts, L.P.	\$ 11,936	17.8 %	Pacific Gateway, Ltd.	\$ 16,176	15.1 %
Pacific Gateway, Ltd.	10,039	14.9 %	Manchester Grand Resorts, L.P.	14,808	13.8 %
One Park Boulevard, LLC	7,010	10.4 %	One Park Boulevard, LLC	11,884	11.1 %
Host San Diego Hotel, LLC	5,947	8.8 %	SSD Holdings, LLC	8,525	8.0 %
Bartell Hotels	4,472	6.7 %	Bartell Hotels	6,472	6.0 %
Seaport Village Operating Co., LLC	2,655	4.0 %	FelCor Hotel Asset Company, LLC	3,602	3.4 %
FelCor Hotel Asset Company, LLC	2,608	3.9 %	Host Hotels & Resorts, L.P.	3,172	3.0 %
Host Hotels & Resorts L.P.	1,799	2.7 %	Cahuenga III, LLC	2,541	2.4 %
Cahuenga Associates II	1,543	2.3 %	SHM Sunroad, LLC (Marina)	2,314	2.2 %
Sunroad Marina Partners, L.P.	1,302	1.9 %	The Brigantine, Inc.	2,189	2.0 %
<b>Total Ten Largest Concession Rent Tenants</b>	<b>49,311</b>	<b>73.4 %</b>	<b>Total Ten Largest Concession Rent Tenants</b>	<b>71,683</b>	<b>67.0 %</b>
Other Concession Rent	17,888	26.6 %	Other Concession Rent	35,371	33.0 %
<b>Total Real Estate Concession Rent</b>	<b>\$ 67,199</b>	<b>100.0 %</b>	<b>Total Real Estate Concession Rent</b>	<b>\$ 107,054</b>	<b>100.0 %</b>

## Real Estate Ten Largest Concession Rent Tenants - Current Fiscal Year

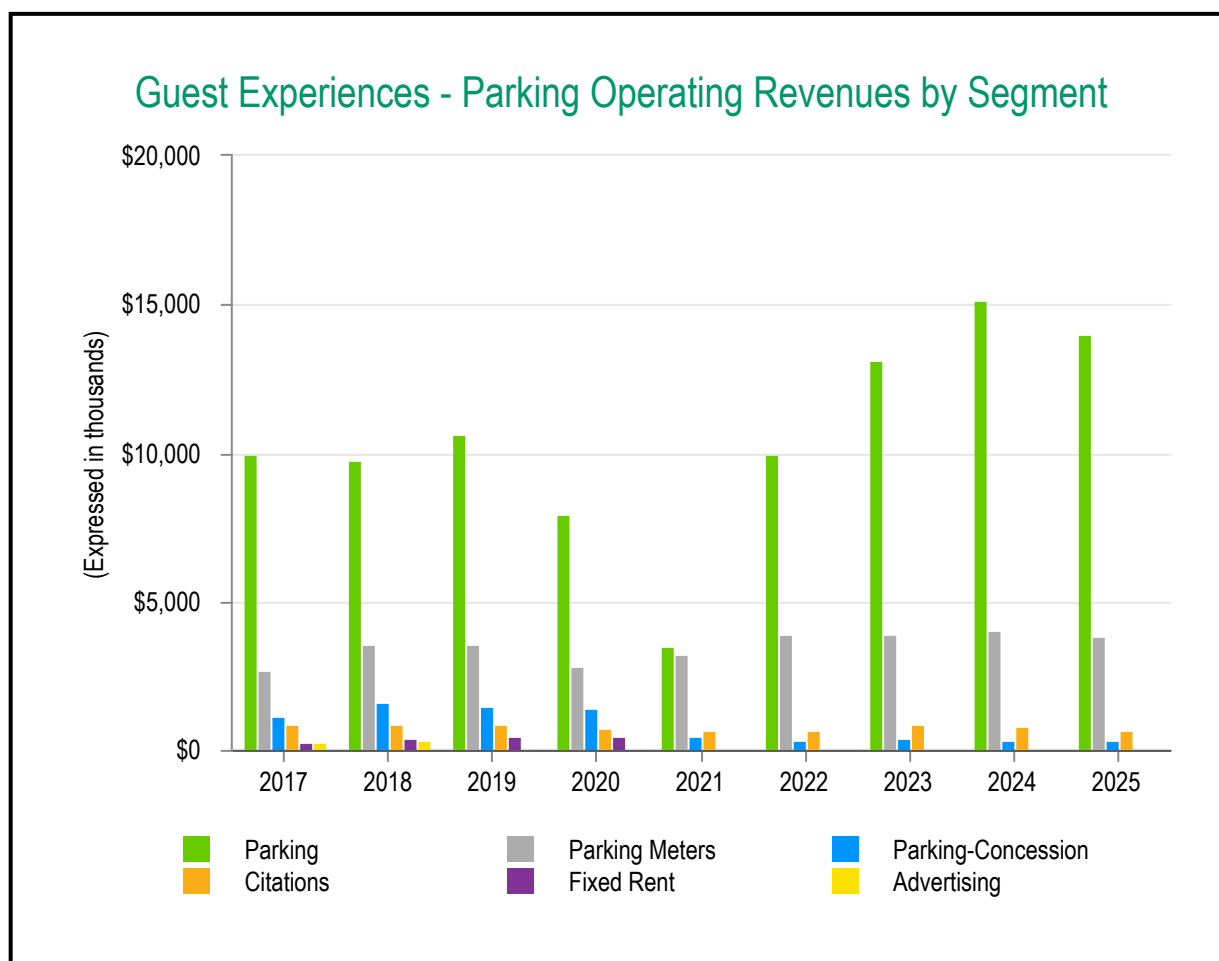


# Guest Experiences - Parking Operating Revenues by Segment –

Last Ten Fiscal Years\*

(Expressed in thousands)

Segment	2017	2018	2019	2020	2021	2022	2023	2024	2025
Parking	\$ 9,960	\$ 9,796	\$10,648	\$ 7,940	\$ 3,511	\$ 9,972	\$13,102	\$15,121	\$13,976
Parking Meters	2,692	3,556	3,598	2,815	3,216	3,938	3,926	4,032	3,861
Parking-Concession <sup>1</sup>	1,154	1,585	1,508	1,410	469	324	371	356	328
Citations	852	892	849	721	660	671	892	824	668
Fixed Rent <sup>2</sup>	284	419	455	452	89	—	—	65	—
Advertising <sup>3</sup>	286	334	—	—	—	—	—	—	—
<b>Total</b>	<b>\$15,228</b>	<b>\$16,582</b>	<b>\$17,058</b>	<b>\$13,338</b>	<b>\$ 7,945</b>	<b>\$14,905</b>	<b>\$18,291</b>	<b>\$20,398</b>	<b>\$18,833</b>



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

<sup>1</sup> Parking Concession tenants reduced in fiscal year 2021

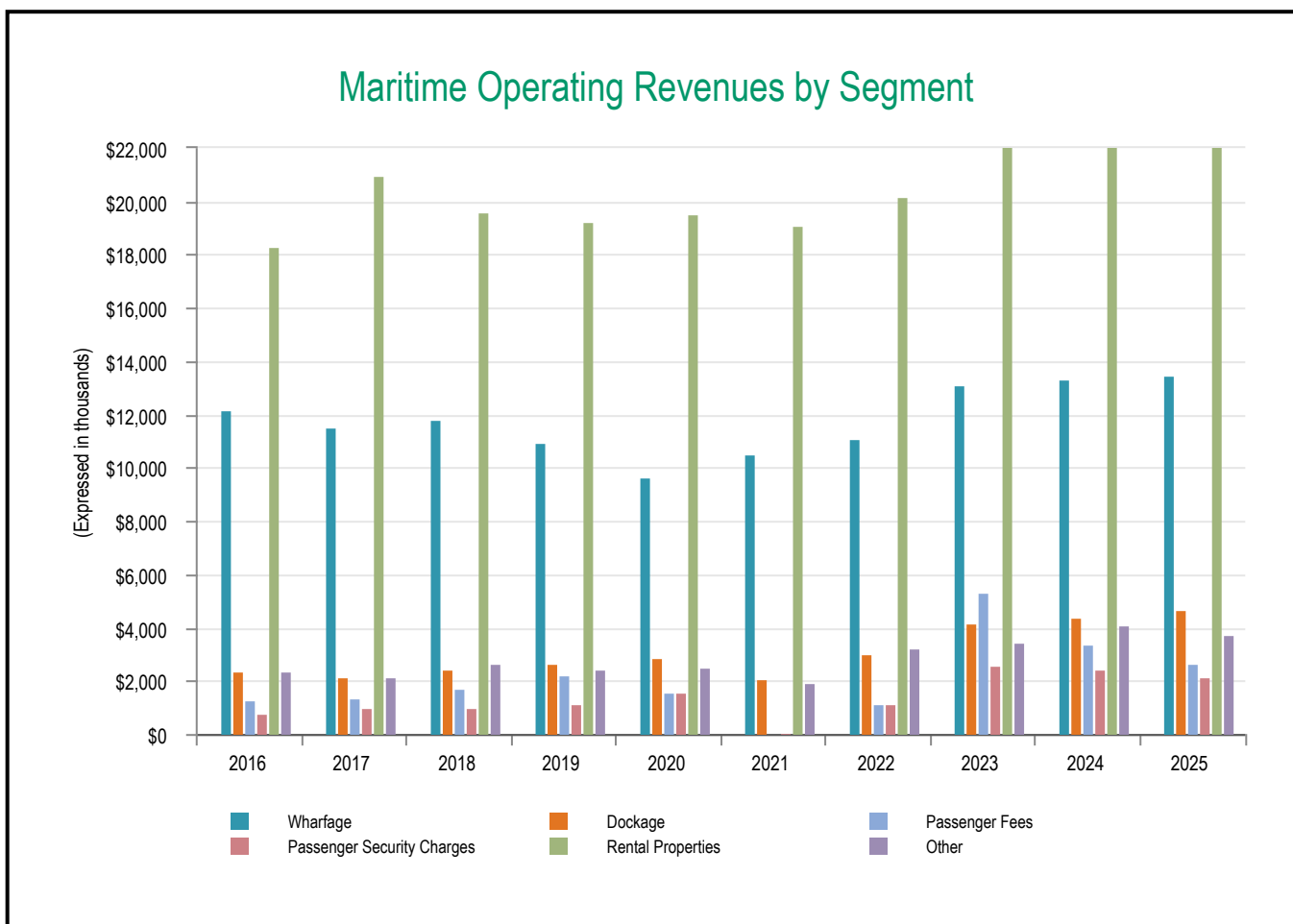
<sup>2</sup> Fixed rent tenants reduced in fiscal year 2022

<sup>3</sup> Advertising budget moved to Real Estate in fiscal year 2019

# Maritime Operating Revenues by Segment – Last Ten Fiscal Years

(Expressed in thousands)

Segment	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wharfage	\$12,223	\$11,564	\$11,856	\$10,930	\$9,692	\$10,520	\$11,089	\$13,118	\$13,313	\$13,476
Dockage	2,393	2,152	2,460	2,660	2,861	2,123	3,059	4,191	4,414	4,663
Passenger Fees	1,264	1,390	1,702	2,205	1,580	—	1,183	5,331	3,424	2,693
Passenger Security Charges	804	997	999	1,151	1,573	63	1,146	2,599	2,474	2,156
Rental Properties	18,321	20,961	19,646	19,282	19,526	19,121	20,188	22,659	23,146	25,885
Other	2,361	2,151	2,641	2,422	2,528	1,958	3,235	3,428	4,094	3,726
<b>Total</b>	<b>\$37,366</b>	<b>\$39,215</b>	<b>\$39,304</b>	<b>\$38,650</b>	<b>\$37,760</b>	<b>\$33,785</b>	<b>\$39,900</b>	<b>\$51,326</b>	<b>\$50,866</b>	<b>\$52,599</b>

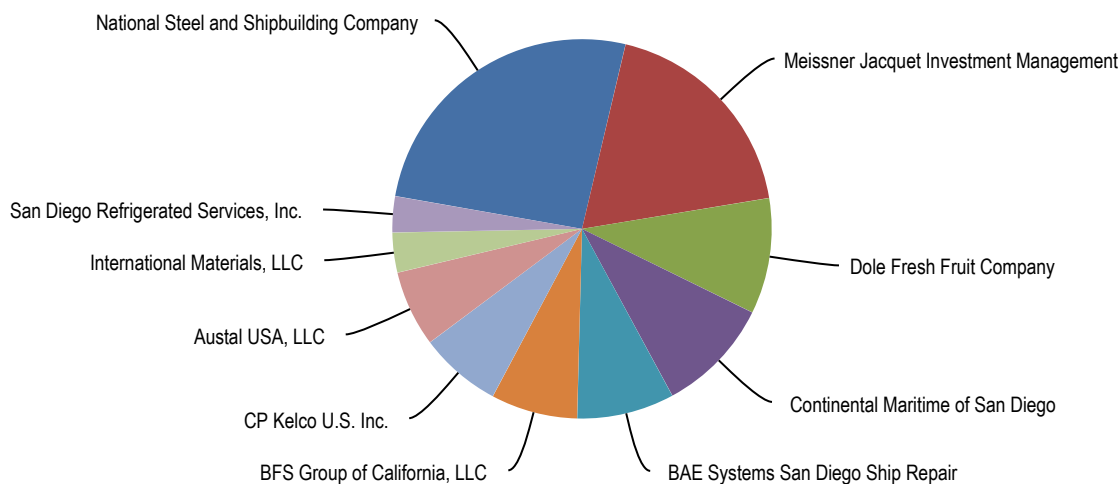


## Maritime Ten Largest Fixed Rent Tenants – Current Fiscal Year and Nine Years Ago

(Expressed in thousands)

Tenant	2016	%	Tenant	2025	%
National Steel and Shipbuilding Company	\$ 3,188	23.0 %	National Steel and Shipbuilding Company	\$ 5,161	23.2 %
Meissner Jacquet Investment Management	1,987	14.3 %	Meissner Jacquet Investment Management	3,725	16.8 %
Dole Fresh Fruit Company	1,485	10.7 %	Dole Fresh Fruit Company	1,964	8.7 %
BAE Systems San Diego Ship Repair	1,152	8.3 %	Continental Maritime of San Diego	1,957	8.8 %
Continental Maritime of San Diego	1,085	7.8 %	BAE Systems San Diego Ship Repair	1,655	7.4 %
Marine Group Boat Works, LLC	786	5.7 %	BFS Group of California, LLC	1,471	6.6 %
CP Kelco U.S. Inc.	774	5.6 %	CP Kelco U.S. Inc.	1,396	6.3 %
BFS Group of California LLC	623	4.5 %	Austal USA, LLC	1,292	5.8 %
Cemex Construction Materials Pacific	473	3.4 %	International Materials, LLC	676	3.0 %
Searles Valley Minerals Inc.	335	2.4 %	San Diego Refrigerated Services, Inc.	614	2.8 %
<b>Total Ten Largest Fixed Rent Tenants</b>	<b>11,888</b>	<b>85.5 %</b>	<b>Total Ten Largest Fixed Rent Tenants</b>	<b>19,911</b>	<b>89.6 %</b>
Other Fixed Rent	2,002	14.5 %	Other Fixed Rent	2,323	10.4 %
<b>Total Maritime Fixed Rent</b>	<b>\$ 13,890</b>	<b>100.0 %</b>	<b>Total Maritime Fixed Rent</b>	<b>\$ 22,234</b>	<b>100.0 %</b>

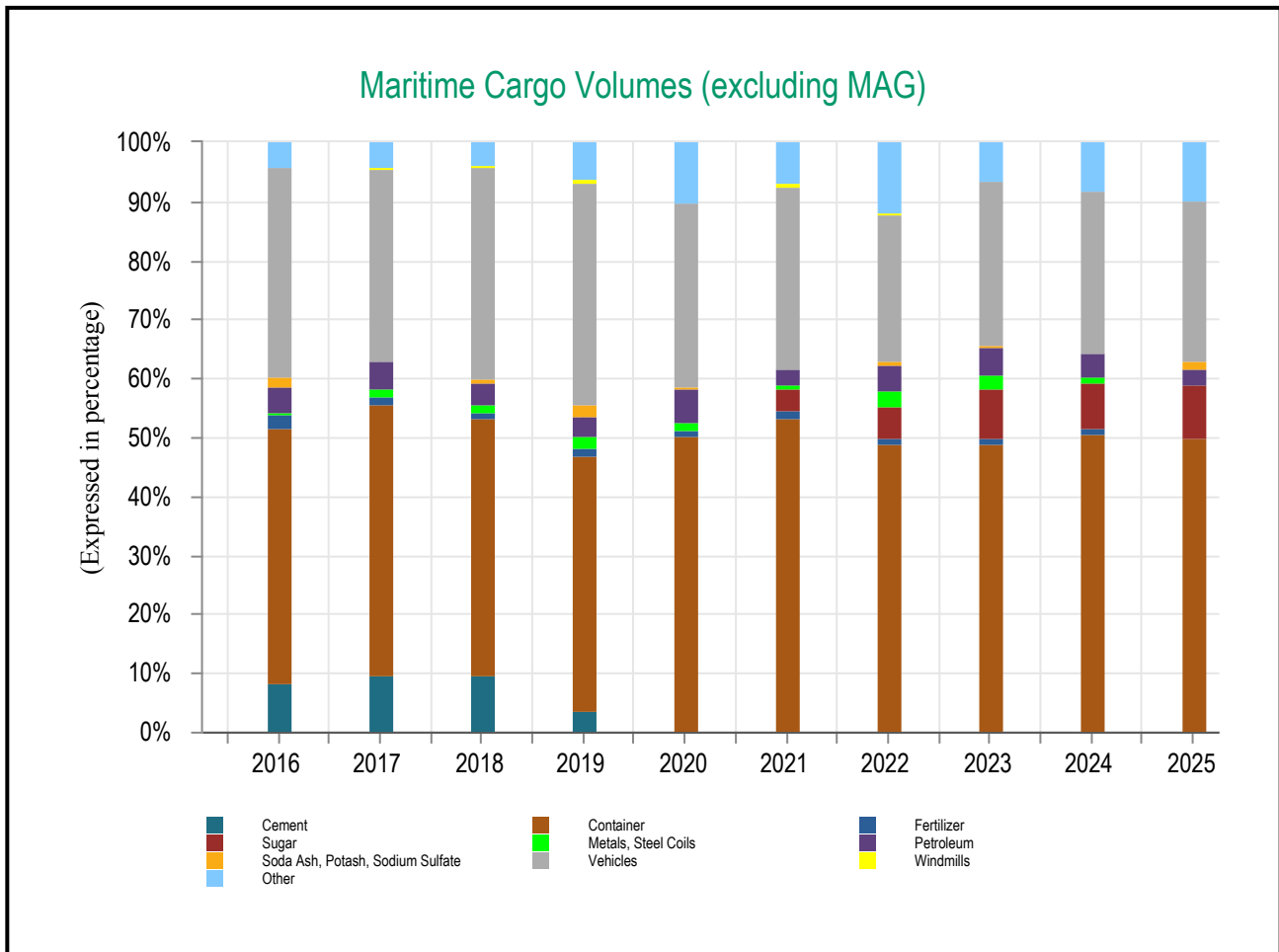
### Maritime Ten Largest Fixed Rent Tenants - Current Fiscal Year



# Maritime Cargo Volumes – Last Ten Fiscal Years

(Expressed in metric tons)

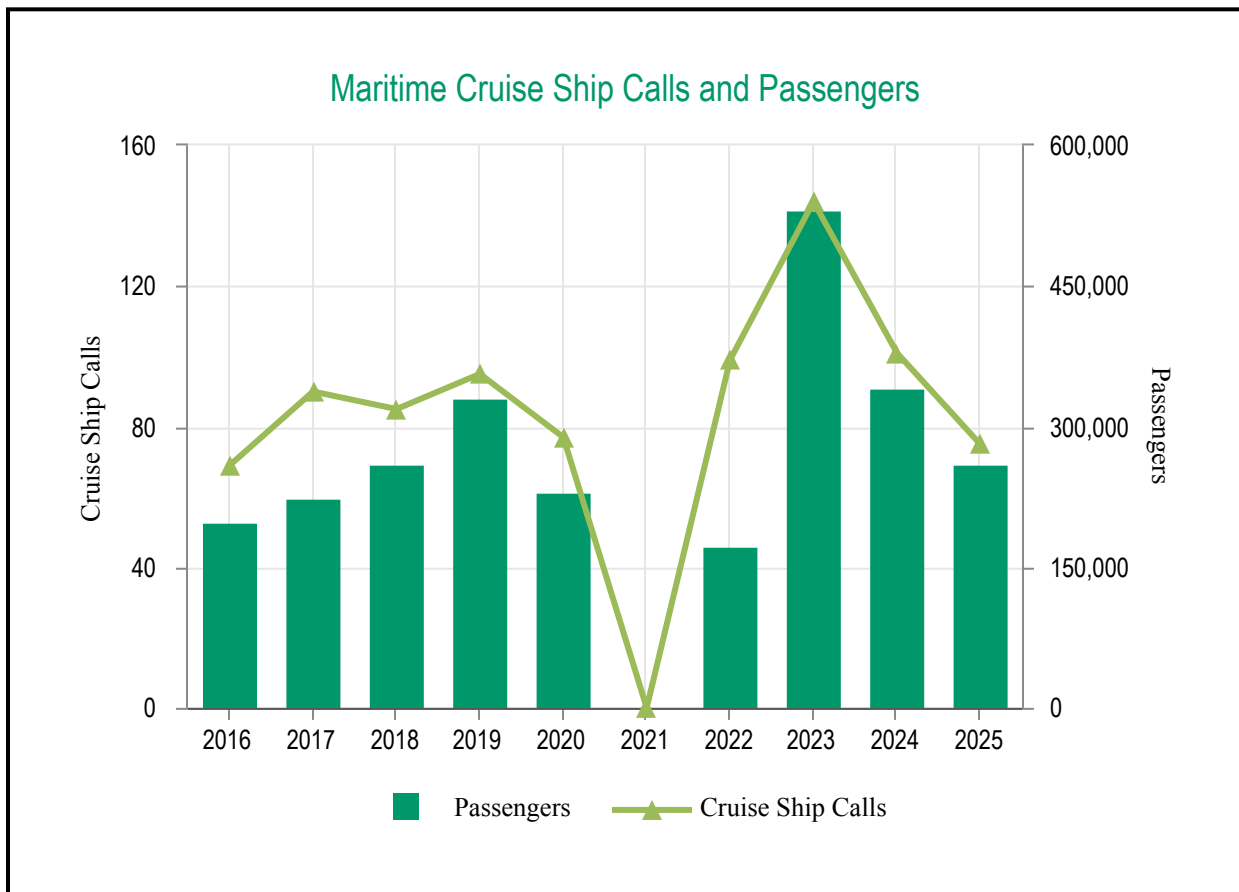
Cargo	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cement	158,709	176,772	181,708	73,096	—	—	—	—	—	—
Container	823,560	847,906	828,603	868,228	918,060	943,914	1,038,302	1,008,877	987,182	958,328
Fertilizer	42,244	29,175	18,333	28,519	21,736	22,899	23,849	20,977	19,083	—
Sugar	—	—	—	—	—	68,000	111,343	173,710	146,561	171,420
Metals, Steel Coils	6,811	19,604	23,217	36,911	26,049	11,815	57,720	46,919	17,348	—
Petroleum	84,044	86,919	75,990	66,418	100,000	44,994	89,311	101,445	78,227	46,946
Soda Ash, Potash, Sodium Sulfate	36,359	—	9,257	42,732	5,000	—	17,569	6,620	—	26,260
Vehicles	670,847	601,246	680,598	750,683	570,728	548,213	526,413	570,503	539,083	519,701
Windmills	37	8,235	7,201	13,688	3,840	11,309	7,031	612	—	—
Other	79,333	72,244	68,917	122,497	182,961	121,208	246,751	131,172	154,952	187,960
<b>Total Cargo</b>	<b>1,901,944</b>	<b>1,842,101</b>	<b>1,893,824</b>	<b>2,002,772</b>	<b>1,828,374</b>	<b>1,772,352</b>	<b>2,118,289</b>	<b>2,060,835</b>	<b>1,942,436</b>	<b>1,910,615</b>
Minimum Annual Guarantee (MAG)	971,669	947,903	1,116,645	624,811	420,466	425,466	425,466	402,277	425,466	225,466
<b>Total Cargo with MAG</b>	<b>2,873,613</b>	<b>2,790,004</b>	<b>3,010,469</b>	<b>2,627,583</b>	<b>2,248,840</b>	<b>2,197,818</b>	<b>2,543,755</b>	<b>2,463,112</b>	<b>2,367,902</b>	<b>2,136,081</b>



# Maritime Cruise Ship Calls and Passengers – Last Ten Fiscal Years

Fiscal Year	Cruise Ship Calls	Passengers
2016	69	198,399
2017	90	224,453
2018	85	259,937
2019	95	330,073
2020	77	230,941
2021 <sup>1</sup>	—	—
2022	99	172,164
2023	144	531,130
2024	101	342,448
2025	75	261,270

<sup>1</sup>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

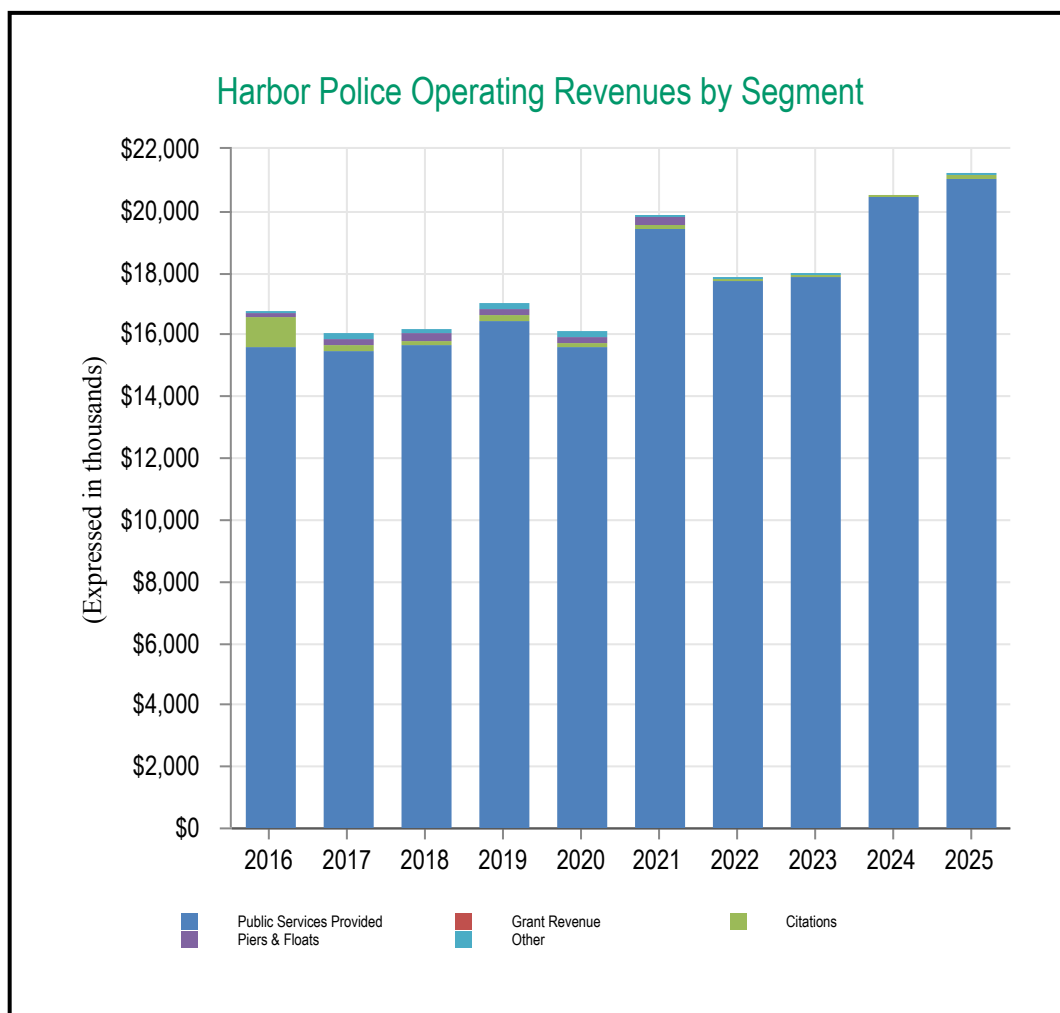
(Expressed in thousands)

Segment	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Services Provided <sup>1</sup>	\$ 15,610	\$ 15,534	\$ 15,712	\$ 16,515	\$ 15,635	\$ 19,473	\$ 17,797	\$ 17,909	\$ 20,478	\$ 21,122
Citations <sup>2</sup>	1,009	175	137	141	135	103	78	92	81	107
Piers & Floats <sup>3</sup>	150	187	214	225	220	269	—	—	—	—
Other	66	189	129	188	169	53	47	38	34	44
<b>Total</b>	<b>\$ 16,835</b>	<b>\$ 16,085</b>	<b>\$ 16,192</b>	<b>\$ 17,069</b>	<b>\$ 16,159</b>	<b>\$ 19,898</b>	<b>\$ 17,922</b>	<b>\$ 18,039</b>	<b>\$ 20,593</b>	<b>\$ 21,273</b>

<sup>1</sup>Police services provided to SDCRAA (excluding G&A cost reimbursements)

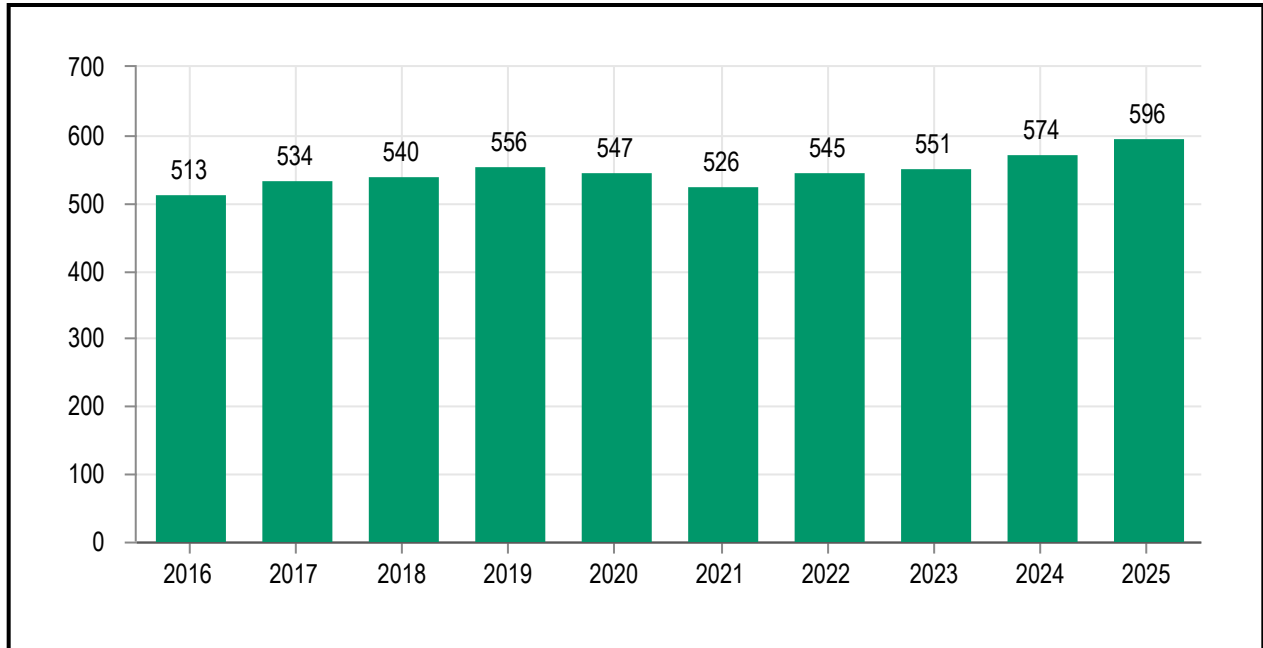
<sup>2</sup>Parking Citations was moved to Guest Experiences - Parking in fiscal year 2017

<sup>3</sup>Pier & Floats was transferred to Maritime department in FY 2022



## District Employee Headcount – Last Ten Fiscal Years

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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	23
Total Acreage	187
Parking (number of short-term and long-term spaces)	
Navy Pier	368
B Street Pier	232
Hilton Garage	1,984
Convention Center Garage	1,885
Imperial Beach	71
Metered (throughout District)	351
Pay Stations (throughout District)	1,072
Unmetered (throughout District)	2,762
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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Pledged Revenues <sup>1</sup>	\$ 163,551	\$ 174,623	\$ 181,457	\$ 189,659	\$ 165,809	\$ 143,377	\$ 183,711	\$ 237,622	\$ 254,764	\$ 244,789
Operating and Maintenance Expenses <sup>2</sup>	(124,741)	(141,377)	(149,860)	(156,972)	(157,701)	(129,989)	(146,342)	(161,929)	(184,794)	(197,773)
Net Pledged Revenues - Senior Debt	<u>\$ 38,810</u>	<u>\$ 33,246</u>	<u>\$ 31,597</u>	<u>\$ 32,687</u>	<u>\$ 8,108</u>	<u>\$ 13,388</u>	<u>\$ 37,369</u>	<u>\$ 75,693</u>	<u>\$ 69,970</u>	<u>\$ 47,016</u>
Senior Debt Service <sup>3</sup>										
Principal	\$ 1,650	\$ 1,795	\$ 1,880	\$ 1,980	\$ 2,040	\$ 1,995	\$ 2,095	\$ 2,200	\$ 2,315	\$ 2,435
Interest	1,729	1,559	1,464	1,396	1,290	1,187	1,085	977	865	746
Total Senior Debt Service	<u>\$ 3,379</u>	<u>\$ 3,354</u>	<u>\$ 3,344</u>	<u>\$ 3,376</u>	<u>\$ 3,330</u>	<u>\$ 3,182</u>	<u>\$ 3,180</u>	<u>\$ 3,177</u>	<u>\$ 3,180</u>	<u>\$ 3,181</u>
<b>Senior Debt Coverage Ratio</b>	<b>9.35</b>	<b>9.91</b>	<b>9.45</b>	<b>9.68</b>	<b>2.43</b>	<b>4.21</b>	<b>11.75</b>	<b>23.82</b>	<b>22.01</b>	<b>14.78</b>

<sup>1</sup>Pledged Revenues are calculated pursuant to the first and second supplemental indentures for Series 2004 and Series 2013 Revenue Bonds.

<sup>2</sup>Operating and Maintenance Expenses are calculated pursuant to the first and second supplemental indentures for Series 2004 and Series 2013 Revenue Bonds.

<sup>3</sup>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)

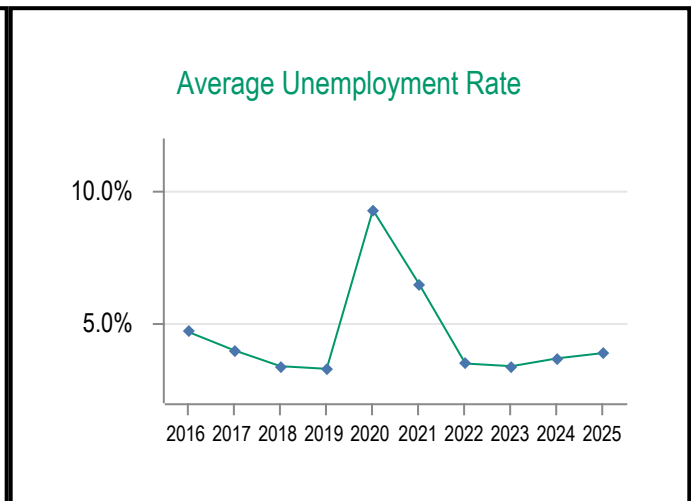
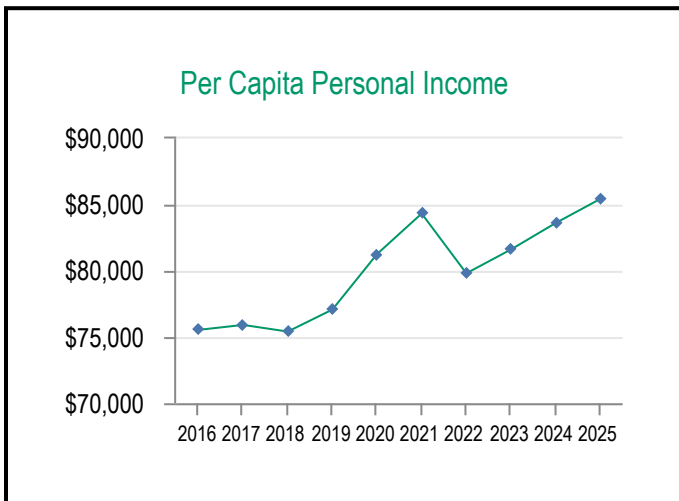
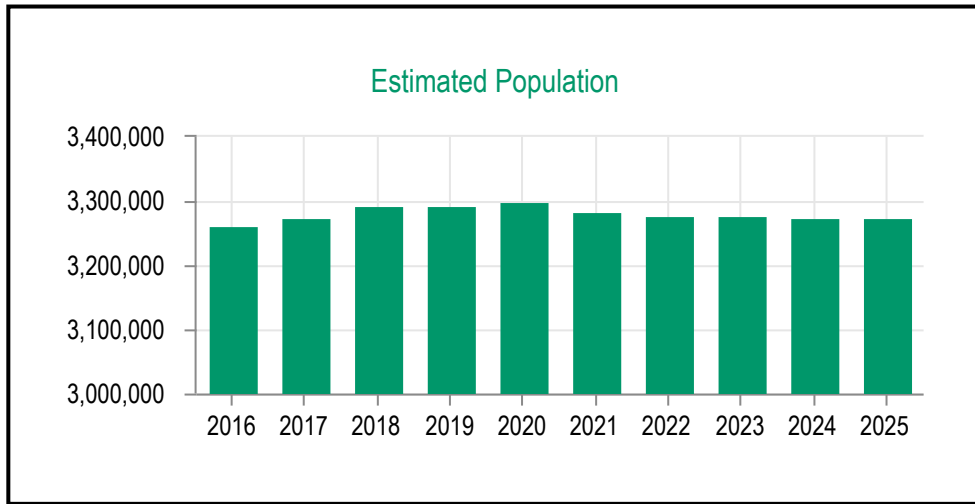
Year	Revenue Bonds	Notes <sup>1</sup>	SBITA	Total Debt	Percent of Personal Income <sup>2</sup>	Per Capita <sup>2</sup>
2016	35,153	40,344	—	75,497	0.04%	23
2017	33,067	37,953	—	71,020	0.04%	22
2018	30,884	35,603	—	66,487	0.03%	20
2019	28,592	32,784	—	61,376	0.03%	18
2020	26,271	29,998	—	56,269	0.03%	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	1,733	38,256	0.01%	11
2025	14,320	16,930	5,074	36,324	0.01%	11

<sup>1</sup>Includes both the San Diego County Regional Airport Authority (SDCRAA) and Civic San Diego (CSD) notes through 2021 when the CSD note was defeased.

<sup>2</sup>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 <sup>4</sup> Rate
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 %
2025	3,274,134	309.0	85,435	3.9 %



Source:

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

\*Calendar years 2023-2025 are estimates obtained from Caltrans 2023 forecast report

# San Diego County Top Ten Principal Employers –

Current Fiscal Year and Nine Years Ago

2016 <sup>1</sup>		2025 <sup>2</sup>	
Employer	Local Employees	Employer	Local Employees
University of California, San Diego	29,287	University of California San Diego	>10,000
Sharp HealthCare	16,896	Kaiser Permanente Vandever Med	5,000-9,999
Scripps Health	14,644	San Diego Community College	5,000-9,999
Qualcomm Inc.	13,500	Collins Aerospace	1,000-4,999
Kaiser Permanente	7,535	General Dynamics Nassco	1,000-4,999
UC San Diego Health System	7,229	Illumina Inc	1,000-4,999
YMCA of San Diego County	5,487	Merchants Building Maintenance	1,000-4,999
Rady Children's Hospital - San Diego	5,122	Page One Seo	1,000-4,999
General Atomics Aeronautical Systems, Inc	5,088	Rady Children's Hospital	1,000-4,999
San Diego State University	5,064	Scripps Mercy Hospital San Diego	1,000-4,999
Total Industry Employment in San Diego County (Year 2016): 1,523,100 <sup>1</sup>		Total Industry Employment in San Diego County (Year 2025): 1,587,700 <sup>2</sup>	

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

Sources:

<sup>1</sup>San Diego Unified Port District Annual Comprehensive Financial Report Years Ended June 30, 2016 and 2015

<sup>2</sup>Total Industry Employment - California Employment Development, Labor Market Information August 2025 Press Release

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