The City of **SAN DIEGO** California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

City of San Diego California

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020

Prepared Under the Supervision of: Matthew Vespi, Chief Financial Officer Rolando Charvel, CPA, Comptroller



Table of Contents Fiscal Year Ended June 30, 2020

INTRODUCTORY SECTION (UNAUDITED)

Letter of Transmittal 9 Government Finance Officers Association (GFOA) Award 21 City of San Diego Current Officials 23 City of San Diego Organization Chart 24 FINANCIAL SECTION Independent Auditor's Report Q9 Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS Government-Wide Financial Statements: Statement of Net Position Statement of Activities 50 Governmental Funds Financial Statements: 51 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 54 Reconciliation of the Statements: 56 Proprietary Funds Financial Statements: 56 Statement of Activities 56 Proprietary Funds Financial Statements: 56 Statement of Activities 56 Proprietary Funds Financial Statements: 56 Statement of Activities 56 Proprietary Funds Financial Statements: 58 Statement of Fund Net Position 58
City of San Diego Organization Chart 24 FINANCIAL SECTION Independent Auditor's Report 29 Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS 31 Government-Wide Financial Statements: 48 Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 56 Proprietary Funds Financial Statements: 56
FINANCIAL SECTION Independent Auditor's Report 29 Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS 31 Government-Wide Financial Statements: 48 Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements: 56
Independent Auditor's Report 29 Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS 31 Government-Wide Financial Statements: 48 Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Governmental Funds Financial Statements: 52 Statement of Revenues, Expenditures and Changes in Fund Balances 52 Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements: 56
Independent Auditor's Report 29 Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS 31 Government-Wide Financial Statements: 48 Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Governmental Funds Financial Statements: 52 Statement of Revenues, Expenditures and Changes in Fund Balances 52 Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements: 56
Management's Discussion and Analysis (Required Supplementary Information - Unaudited) 31 BASIC FINANCIAL STATEMENTS Government-Wide Financial Statements: Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 56 Proprietary Funds Financial Statements: 56
BASIC FINANCIAL STATEMENTS Government-Wide Financial Statements: Statement of Net Position 48 Statement of Activities Governmental Funds Financial Statements: Balance Sheet Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements:
Government-Wide Financial Statements: 48 Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 54 Statement of Activities 56 Proprietary Funds Financial Statements: 56
Statement of Net Position 48 Statement of Activities 50 Governmental Funds Financial Statements: 50 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 56 Proprietary Funds Financial Statements: 56
Statement of Activities 50 Governmental Funds Financial Statements: 52 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements: 56
Statement of Activities 50 Governmental Funds Financial Statements: 52 Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 56 Proprietary Funds Financial Statements: 56
Balance Sheet 52 Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements: 56
Statement of Revenues, Expenditures and Changes in Fund Balances 54 Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the 56 Statement of Activities 56 Proprietary Funds Financial Statements: 56
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 56 Proprietary Funds Financial Statements:
Statement of Activities <u>56</u> Proprietary Funds Financial Statements:
Proprietary Funds Financial Statements:
Statement of Revenues, Expenses and Changes in Fund Net Position 60
Statement of Cash Flows 62
Fiduciary Funds Financial Statements:
Statement of Fiduciary Net Position 64
Statement of Changes in Fiduciary Net Position 66
Notes to the Basic Financial Statements:
1. Summary of Significant Accounting Policies
2. Reconciliation of Government-Wide and Fund Financial Statements
3. Cash and Investments 87
4. Capital Assets
5. Governmental Activities Long-Term Liabilities 118
6. Business-Type Activities Long-Term Liabilities 124
7. Discretely Presented Component Unit Long-Term Liabilities 131
8. Short-Term Liabilities
9. Joint Ventures and Jointly Governed Organizations 134
10. Lease Commitments
11. Deferred Compensation Plan
12. Pension Plans
13. Other Postemployment Benefits
14. Interfund Receivables, Payables and Transfers 160

Table of Contents Fiscal Year Ended June 30, 2020

15. Risk Management	161
16. Fund Balance / Net Position Deficits	
17. Commitments	
18. Contingencies	
19. Debt Without Government Commitment	
20. Closure and Postclosure Care Cost	
20. Closure and rostclosure care cost	
22. Special Item	
23. Restatement of Net Position	
23. Restatement of Net Position 24. Subsequent Events	
	102
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)	
Defined Benefit Pension Plans and OPEB Plan:	
Schedule of Changes in Net Pension Liability and Related Ratios	<u>187</u>
Preservation of Benefits Plan Schedule of Changes in Total Pension Liability	<u>187</u>
Pension Plans Schedule of Employer Contributions	<u>188</u>
Schedule of Changes in Net OPEB Liability and Related Ratios	<u>189</u>
OPEB Plan Schedule of Employer Contributions	<u>190</u>
General Fund Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budgetary Basis)	<u>194</u>
Note to Required Supplementary Information	<u>195</u>
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES	
General Fund:	
Schedule of Revenues and Transfers - Budget and Actual (Budgetary Basis)	<u>201</u>
Schedule of Expenditures and Transfers - Budget and Actual (Budgetary Basis)	<u>203</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	211
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
Nonmajor Governmental Funds - Special Revenue:	
Combining Balance Sheet	217
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
City of San Diego Combining Balance Sheet	
City of San Diego Combining Statement of Revenues, Expenditures and Changes in Fund Balances	222
City of San Diego Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual (Budgetary Basis)	224
Nonmajor Governmental Funds - Debt Service:	··· <u>···</u>
Combining Balance Sheet	230
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	

Table of Contents Fiscal Year Ended June 30, 2020

Nonmajor Governmental Funds - Capital Projects:	
Combining Balance Sheet	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
City of San Diego Combining Balance Sheet	<u>238</u>
City of San Diego Combining Statement of Revenues, Expenditures and Changes in Fund Balances	
City of San Diego Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -Budget and Actual	
(Budgetary Basis)	
Nonmajor Governmental Funds - Permanent:	
Combining Balance Sheet	<u>246</u>
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	<u>246</u>
Nonmajor Business - Type Funds - Enterprise:	
Combining Statement of Fund Net Position	
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	
Combining Statement of Cash Flows	<u>254</u>
Internal Service Funds:	
Combining Statement of Fund Net Position	
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	<u>261</u>
Combining Statement of Cash Flows	
Fiduciary Funds:	
Combining Statement of Fiduciary Net Position - Pension Trust Funds	
Combining Statement of Changes in Fiduciary Net Position - Pension Trust Funds	
Combining Statement of Fiduciary Net Position - Custodial Funds	270
Combining Statement of Changes in Fiduciary Net Position - Custodial Funds	

STATISTICAL SECTION (UNAUDITED)

Table 1: Net Position by Category	274
Table 2: Changes in Net Position	276
Table 3: Fund Balances of Governmental Funds	280
Table 4: Changes in Fund Balances of Governmental Funds	282
Table 5: Assessed Value and Estimated Value of Taxable Property	284
Table 6: Assessed Value of Property Use Code / Assessed Value by Major Component	286
Table 7: Direct and Overlapping Property Tax Rates	288
Table 8: Principal Property Tax Payers	290
Table 9: Property Tax Levies and Collections	291
Table 10: Ratios of Outstanding Debt by Type	292
Table 11: Ratios of General Bonded Debt Outstanding	294
Table 12: Direct and Overlapping Debt	<u>296</u>
Table 13: Legal Debt Margin Schedule	<u>298</u>
Table 14: Pledged-Revenue Coverage - Water Obligations	300
Table 15: Pledged-Revenue Coverage - Sewer Obligations	302
Table 16: Demographic and Economic Statistics	<u>303</u>

Table of Contents

Fiscal Year Ended June 30, 20)20

Table 17: Principal Employers	304
Table 18: Full-time and Part-time City Employees by Function	305
Table 19: Operating Indicators by Function	306
Table 20: Capital Asset Statistics by Function	308

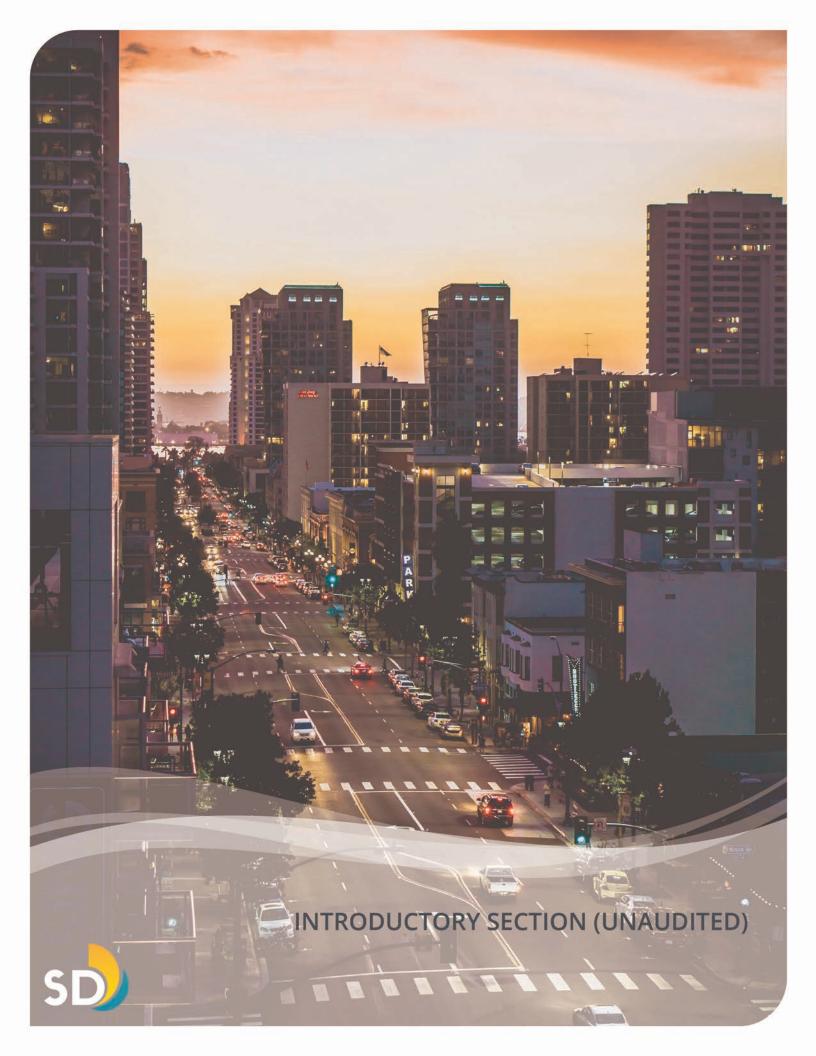
FORWARD-LOOKING STATEMENTS

The Comprehensive Annual Financial Report (CAFR) of the City of San Diego (City) for the fiscal year ended June 30, 2020, including the Letter of Transmittal and Management's Discussion and Analysis, contains forward-looking statements regarding the City's business, financial condition, results of operations and prospects. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates" and similar expressions or variations of such words are intended to identify forward-looking statements, but are not the exclusive means of identifying forward-looking statements in the CAFR. Additionally, statements concerning future matters such as City budgets and the financial outlook for future years, the level of City services, California state matters that may impact the City, contingencies, revenue and expense levels, expected completion dates for projects and other statements regarding matters that are not historical are also forward-looking statements.

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

Page Intentionally Left Blank

6





December 21, 2020

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of San Diego (City) for the fiscal year ended June 30, 2020, in accordance with Section 111 of the City Charter (Charter).

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

The independent audit firm of Macias Gini & O'Connell LLP has audited the fiscal year 2020 financial statements of the City and has issued an unmodified opinion on the basic financial statements. The independent auditor's report is located at the front of the financial section of this report.

A narrative introduction, overview and analysis of the financial statements can be found in the Management's Discussion and Analysis (MD&A), which immediately follows the independent auditor's report. The MD&A complements this letter of transmittal and both should be read in conjunction. The notes, along with the other financial and operational data included in the City's CAFR, must be read in their entirety to obtain a complete understanding of the City's financial position as of June 30, 2020 and the respective changes in its financial position. Readers of these financial statements should pay particular attention to Notes 12, 13, 17, and 18, concerning Pension Plans, Other Postemployment Benefits, Commitments, and Contingencies, respectively. These notes address certain issues underlying the City's financial condition as well as future potential or anticipated expenses/expenditures related to regulatory and environmental costs.

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

It is important to note that the General Fund's presentation in the CAFR is different from the presentation in the City's annual budget. The General Fund in the CAFR incorporates the balances and activity of additional funds which do not meet the definition of special revenue funds.

These funds are not included as part of the General Fund and are reported as separate funds in the budget. All references to the General Fund in the narrative below are based on the General Fund as reported in the CAFR.

PROFILE OF THE CITY OF SAN DIEGO

The City, incorporated in 1850, covers 325 square miles of land area and an additional 47 square miles of water area for an aggregate total 372 square miles. The California Department of Finance estimated the City's population to be 1,430,489 as of January 2020, making it the eighth most populated city in the nation and the second most populated city in California.

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

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

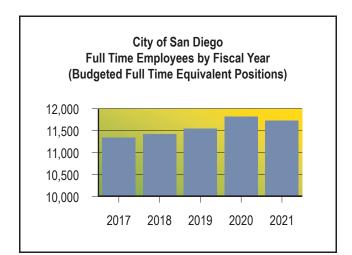
COVID-19 PANDEMIC

The outbreak of the novel coronavirus respiratory disease (COVID-19) was declared a global pandemic on March 11, 2020 by the World Health Organization. COVID-19 has impacted the City in numerous ways. On March 16, 2020, the Mayor of the City issued an executive order to bolster efforts to promote sanitation and social distancing measures to slow the pace of community spread, and provide temporary relief for those facing economic hardships related to the COVID-19 pandemic. These orders included closing certain City public buildings and prohibiting gatherings. The Mayor released subsequent executive orders on March 30, 2020 and April 30, 2020 to further restrict social gatherings, require face coverings when in a business or within six feet of another person, and use the San Diego Convention Center as a temporary emergency homeless shelter. The City Council passed an ordinance placing a moratorium on evictions to provide relief to residential and commercial tenants facing hardship related to COVID-19. Additionally, City employees whose positions enabled them to work remotely were encouraged to telecommute to support social distancing measures. In light of the dynamic COVID-19 challenges, the City temporarily halted certain services, but has continued to provide core services including public safety (police and fire), water and sewer services, and trash collection throughout the pandemic.

There have been many impacts attributed to the COVID-19 pandemic including a projected Gross Domestic Product (GDP) decline, historic increases in unemployment claims in the region, travel restrictions, and a decline in consumer spending resulting from business closures and changes in the way goods and services are sold to consumers. General Fund revenue impacts from COVID-19 include significant declines in transient occupancy tax and sales tax receipts. The City will continue to monitor and address the General Fund revenue shortfalls for fiscal year 2021.

CITY SERVICES

The City, with 11,727 budgeted Full-Time Equivalent (FTE) positions in fiscal year 2021, provides a full range of governmental services. The City has been able to restore and enhance services during the past several years, however, due to the COVID-19 pandemic, budget reductions were strategically chosen to minimize impacts to core service levels. In the Fiscal Year 2021 Adopted Budget, the City budgeted 93 fewer positions compared to the prior fiscal year. The decrease is primarily due to the reduction of positions in the following departments: Parks and Recreation, Planning, Police, and Real Estate Assets. The City provides the following services to its residents and visitors:





BUDGETING SYSTEMS AND CONTROLS

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

Charter requires that City Council adopt the Appropriation Ordinance for the following year by June 30. All subsequent amendments to the adopted budget require City Council approval except as delegated in the Appropriation Ordinance.

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

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

LOCAL ECONOMY

The State of California Employment Development Department (EDD) estimates the total civilian labor force for the San Diego/Carlsbad Metropolitan Statistical Area (MSA), which represents San Diego County, is approximately 1.56 million, of which about 1.38 million are non-farm jobs (see footnote below). Between September 2019 and September 2020, total non-farm employment decreased by 117,700 jobs, or 8%. The September 2020 unemployment rate in the San Diego/Carlsbad MSA was 9%, down from 9.5% in August 2020, and above the prior year 2.9% estimate. This compares with an unadjusted unemployment rate of 10.8% for California and 7.7% for the nation during the same period. The table below provides estimates of total annual civilian non-farm employment by number of employees in each major industry category in the San Diego/Carlsbad MSA for 2018 through 2020.

		-		
Industry Sector	2018	2019	2020	2020
Professional & Business Services	249,400	257,500	259,000	18.7%
Leisure & Hospitality	202,100	203,400	151,000	10.9%
Government				
State & Local Government	196,900	197,400	180,700	13.1%
Federal Government	47,400	47,900	50,400	3.6%
Healthcare & Social Assistance	180,000	187,200	180,900	13.1%
Trade				
Retail Trade	145,900	143,600	134,700	9.7%
Wholesale Trade	43,600	43,900	39,300	2.8%
Manufacturing	112,600	115,400	108,900	7.9%
Financial Activities	75,400	76,700	73,300	5.3%
Construction	84,500	85,800	81,400	5.9%
Other	141,300	143,500	125,000	9.0%
Total Non-Farm ²	1,479,100	1,502,300	1,384,600	100.0%

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

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

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

Federal Government employment in the previous table includes approximately 26,000 civilians employed by the United States Department of Defense, but excludes military uniformed personnel. In its 2020 Economic Impact Study, the San Diego Military Advisory Council (SDMAC) estimated a total of 153,000 active duty and civilians work as members of the Navy, Marine Corps, Reserves, Coast Guard, or Veterans Administration in San Diego County.

MAJOR INDUSTRIES

The City's 2017 - 2019 Economic Development Strategy identified four economic base industries in San Diego: (1) manufacturing and innovation, (2) international trade and logistics, (3) military installations, and (4) tourism. San Diego's manufacturing sector is diverse, including several manufacturing clusters: biotech; cleantech; defense and security systems; electronics and telecommunications; and food and beverage production. The City's economic base is anchored by higher education and major scientific research institutions, which provide a foundation to create new manufacturing products. According to the Department of Commerce, the San Diego area was the 20th largest exporter among U.S. Metro areas with an export value of \$20.2 billion in 2018. This is due in part to the Port of San Diego, which facilitates international trade. In a study done by the San Diego Military Advisory Council, defense-related activities and spending will generate approximately \$52.4 billion of Gross Regional Product (GRP) for San Diego County, or 25% of the region's total GRP in 2020. Although COVID-19 has greatly impacted tourism and group travel, tourism continues to be a major economic driver for the City. According to the San Diego Tourism Authority (SDTA), the San Diego Convention Center events represented approximately \$697 million in direct spending in 2019. While State and local governments have predominantly authorized reopening, large gatherings such as sporting events and conventions have not yet been authorized with no known reopening date.

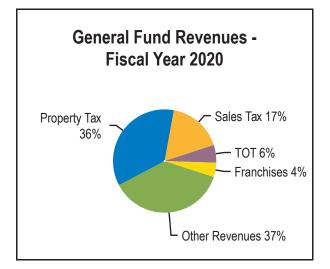
FEDERAL COVID-19 ASSISTANCE

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) to provide emergency assistance and health care response for individuals, families, and businesses affected by the COVID-19 pandemic. The CARES Act provided \$150 billion in payments to states and local governments from the Coronavirus Relief Fund (CRF). As the second largest city in the State, the City received \$248.5 million on April 22, 2020. CRF may only be used to cover costs that: (1) are necessary expenditures incurred due to the public health emergency with respect to COVID-19; (2) were not accounted for in the budget most recently approved as of the date of enactment of the CARES Act; and (3) were incurred during the period that began on March 1, 2020, and ends on December 30, 2020. Under federal guidelines, the CARES Act funds may not be used to cover shortfalls in government revenue, and communities receiving these payments are required to certify compliance with federal guidance regarding expenditures of such funds.

FINANCIAL AND ECONOMIC TRENDS

In fiscal year 2020, the General Fund's four major operating revenue sources - property tax, sales tax, transient occupancy tax (TOT), and franchise fees (unrestricted) - made up 63% of total General Fund revenues. Based on revenue projections for the first quarter of fiscal year 2021, major revenues for the General Fund are expected to decrease by \$20 million (1.9%) compared to major revenues reported for the General Fund in the fiscal year 2020 basic financial statements.

The table on the following page shows historical trends for the General Fund major revenues for the past four fiscal years and revenue projections for fiscal year 2021.



		``		 		
	 2017		2018	2019	2020	 2021 ¹
Property Tax	\$ 506,197	\$	535,481	\$ 570,627	\$ 609,297	\$ 635,400
Sales Tax ²	280,558		282,321	314,362	292,525	284,000
TOT ³	116,869		121,904	131,926	95,243	66,200
Franchise Fees ⁴	 73,080		80,215	 80,594	 77,357	 67,400
TOTAL	\$ 976,704	\$	1,019,921	\$ 1,097,509	\$ 1,074,422	\$ 1,053,000

General Fund Major Revenues by Fiscal Year

(Dollars in Thousands)

¹ Source: Fiscal Year 2021 First Quarter Budget Monitoring Report - Department of Finance, City of San Diego. Budgetary basis excludes safety sales tax.

² Includes Safety Sales Tax.

³ Includes the General Fund portion of Transient Occupancy Tax (5.5% of the 10.5% levy). \$85.6 million was deposited into the TOT Special Revenue Fund in fiscal year 2020.

⁴ Excludes SDG&E franchise fee revenue deposited in a special fund due to restrictions in the City Charter to preserve and enhance the natural environment of the City.

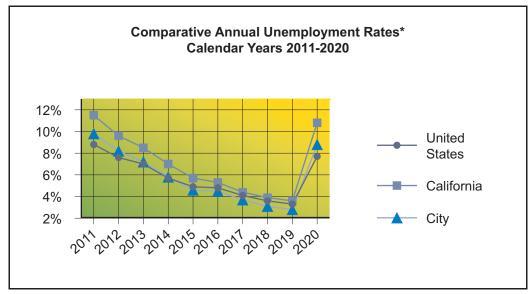
Property Tax

Property Tax revenue is the largest revenue source for the General Fund, representing 35.6% of total General Fund revenue recognized in fiscal year 2020. There is a two-year lag between the time property values are assessed by the County of San Diego to the time the property tax revenue is received by the City. Therefore, the property tax revenue received in fiscal year 2020 and the estimated revenue for fiscal year 2020 are based on assessments from January 1, 2018 and 2019, respectively. The 4.25% growth rate projected for property tax revenue in fiscal year 2021 is based on year-over-year increases in the median home price of 5.2% and a decrease in the collection rate of 1.6%. The fiscal year 2021 assessed valuation of properties not sold or otherwise improved, in accordance with limits established by Proposition 13, is based on the change in the California Consumer Price Index (CCPI) from October 2018 to October 2019. During this period, the CCPI increased by 3.0%. Furthermore, Proposition 13 limits the inflation factor to 2.0%, therefore the assessed valuation of properties not sold or otherwise tax sharing distributions in accordance with redevelopment dissolution laws and a proportional share of residual property tax payments of funds remaining in the Redevelopment Property Tax Trust Fund (RPTTF) after Recognized Obligation Payments are made.

Sales Tax

The City's second largest revenue source for the General Fund is Sales Tax, representing 17.1% of total General Fund revenue recognized in fiscal year 2020. The total citywide sales tax rate in San Diego is 7.75%, of which the City receives approximately 1.0% for general purposes. The City also receives a portion of the 0.5% collected by the San Diego Association of Governments (SANDAG) for the TransNet program to fund transportation improvements throughout the City, and a portion of the 0.5% Safety Sales Tax to fund local public safety needs. General purpose and Safety Sales Tax are deposited in the General Fund, while TransNet sales tax revenue is deposited in the TransNet Capital Projects Fund.

The major local economic drivers of the City's Sales Tax revenue include the unemployment rate, consumer confidence, and consumer spending. The unemployment rate for the City was 8.8% in September 2020, up from 2.8% in September 2019. A higher local unemployment rate generally reduces consumer confidence which, in turn, decreases the City's sales tax receipts. Additionally, as consumers shift from in-store purchases to online sales, the City receives a smaller portion of sales tax revenues. Online retailers are required to collect and remit sales tax based on point-of-sale. Due to the pandemic, the City experienced a year-over-year decrease of \$23 million (-18.8%) in sales tax receipts during the fourth quarter of fiscal year 2020. Based on the fiscal year 2021 projection, the City estimates a year-over-year decrease in Sales Tax revenue of approximately \$9 million (-2.9%) compared to fiscal year 2020 actual revenue recognized.



Source: Federal Bureau of Labor Statistics, California Employment Development Department. * Unemployment rate for 2020 is based on September 2020.

Transient Occupancy Tax

The City's TOT is levied at 10.5% of daily room prices in hotels and motels used by visitors staying in San Diego for fewer than 30 consecutive days. TOT revenue is allocated pursuant to the City Municipal Code. Of the 10.5% collected, 5.5% is allocated to the General Fund and the remaining 5% is allocated to the TOT Special Revenue Fund (with 4% allocated to special programs to promote the City's tourism and the remaining 1% allocated for any purpose approved by the City Council). A portion of the revenue allocated to the TOT special revenue fund can be used to reimburse the General Fund for tourism promotion costs or transferred to the General Fund for any purpose approved by the City Council. TOT allocated to the General Fund of \$95.2 million represented 5.6% of total General Fund revenue recognized in fiscal year 2020. In addition, the General Fund received reimbursements and transfers from the TOT Special Revenue Fund of \$22.9 million and \$13.8 million, respectively, in fiscal year 2020 for a combined total of \$131.9 million.

Tourism Information - County of San Diego 1

	CY 2017	CY 2018	CY 2019	CY 2020	CY 2021
Hotel Sector					
Average Occupancy	77.1%	78.5%	76.7%	49.3%	62.1%
Average Daily Rate	\$160.35	\$166.56	\$166.72	\$129.15	\$143.49
Revenue PAR ²	\$123.57	\$130.78	\$127.8	\$63.72	\$89.18
Room Demand (growth)	1.2%	2.4%	(0.1)%	(39.5)%	37.1%

Source: San Diego Tourism Authority and Tourism Economics.

¹ Forecast October 2020 - Tourism Economics, Inc.

² Revenue per Available Room (Average Occupancy multiplied by Average Daily Rate).

The preceding table reflects a decline in average occupancy in 2020 due to the COVID-19 pandemic. The forecast for calendar year 2021 reflects an increase of 11.8% over calendar year 2020 in average occupancy. Major economic drivers for TOT revenue include seasonal and non-seasonal tourism, business travel, and conventions. International travel restrictions, a State-wide ban on gatherings, and a high national unemployment rate resulting from the COVID-19 pandemic have greatly reduced tourism in the City. The year-over-year impact for TOT was approximately \$36.7 million (-78.7%) for the fourth quarter of fiscal year 2020. The fiscal year 2021 projection estimates a year-over-year decrease in General Fund TOT revenue of approximately \$29 million (-30.5%) compared to actual revenue recognized in fiscal year 2020.

Franchise Fees

San Diego Gas and Electric (SDG&E), the single largest generator of franchise fee revenues for the General Fund, remits 3% of the gas and electricity gross sales within the City, 75% of which is unrestricted and 25% of which is restricted by the Charter to preserve and enhance the natural environment of the City. Both restricted and unrestricted SDG&E franchise fee revenues are recorded in the General Fund. The City also collects 5% of gross revenues from Cox Communications, Spectrum (formerly Time Warner Cable), and AT&T for cable and broadband. Other franchise fee revenues include refuse hauler fees (based on the total amount of refuse hauled annually), and fees from the Police Department's vehicle tow program. Unrestricted franchise fee revenues of approximately \$77.3 million represented 4.5% of total General Fund revenues recognized in fiscal year 2020. The fiscal year 2021 projection estimates a year-over-year decrease of \$9.9 million in unrestricted franchise fee revenues. The SDG&E franchise agreement expires in January 2021. If a new agreement or an extension to the existing agreement is not executed, future General Fund revenue could be reduced by approximately \$5 million per month.

LONG-TERM FINANCIAL PLANNING AND FINANCIAL POLICIES

FIVE-YEAR OUTLOOK

Each year the City develops a Five-Year Financial Outlook (Outlook), which is the guiding document for long-range fiscal planning and serves as the framework for development of the next adopted budget. The Outlook is published annually and incorporates a range of information on items that influence projected revenues and anticipated appropriation needs over the next five fiscal years. These projections inform the City Council and the public of the long-term costs of programs in the context of the City's overall General Fund budget and projected revenue growth. The Fiscal Year 2022-2026 Five-Year Outlook released on November 4, 2020, can be obtained online at https://www.sandiego.gov/finance/financialrpts.

MULTI-YEAR CAPITAL IMPROVEMENT PROGRAM AND INFRASTRUCTURE

In January 2020, the City's Public Works Department released its Five-Year Capital Infrastructure Planning Outlook (CIP Outlook) report. The CIP Outlook presents a comprehensive overview of the City's CIP including current driving factors, reviews of service level standards, a discussion of condition assessment impacts, and a cost analysis which spans over multiple fiscal years. The CIP Outlook is released on an annual basis and is used as a guide in developing the City's Annual Capital Improvement Program Budget.

CIP projects include, but are not limited to, public health and safety, federal and state laws and mandates. According to the Fiscal Year 2021 CIP Adopted Budget Volume III (CIP Budget), the total CIP project-to-date budget citywide is \$10.36 billion, with 48% supporting Water and Sewer CIP. This includes every active (Council-approved) CIP project (approximately 1,400 projects), with the timeline for completion ranging from one to three years with some lasting decades into the future, some of these projects are pending identification of eligible future funding sources. The CIP Outlook estimates capital needs for fiscal year 2021 through fiscal year 2025 at approximately \$6.03 billion. The CIP outlook includes active CIP projects, which are included in CIP budget, and future requests which have not been formally prioritized or approved by Council and are not included in the CIP budget. The projected available funding in the CIP Outlook is estimated at approximately \$3.87 billion, reflecting an estimated funding gap of \$2.16 billion across the five years. This estimated funding gap relates to General Fund owned assets and does not assume funding gaps for enterprise funds such as Water and Sewer Utilities. For the purposes of the CIP Outlook, capital programs related to the enterprise funds are assumed self-sufficient and will be supported by rates and fees upon completion of cost of service studies and the City Council approval of rates necessary to meet operational and capital projections. The CIP program has grown significantly and the City recognizes it is critical to efficiently manage and deliver capital projects, and build organizational capacity to handle complex and competing CIP priorities. As mentioned previously, the Fiscal Year 2021 Adopted Budget includes additional positions to support the multi-billion dollar CIP program efforts.

Pure Water San Diego is the City's phased, multi-year program that will provide a safe, secure, and sustainable local water supply by turning recycled water into drinkable water through proven purification technology. The first phase, which includes a Pure Water Facility, is anticipated

to produce 30 million gallons per day to reduce the use of imported water once operational. The project is financed by both the Water and Sewer Utilities and is budgeted in the Water and Sewer CIP budget.

The City owns and maintains depreciable assets, including but not limited to, streets, bridges, parks, public facilities, and airports. Over the years, the City deferred maintenance and capital expenditures related to some of these assets, which resulted in deterioration of segments of the City's infrastructure. A financial plan for addressing General Fund deferred capital costs and new facilities has been in place over the last ten years, in part through issuances of Lease Revenue Bonds. Looking forward to fiscal years 2021-2025, \$181.5 million in short-term commercial paper notes or long-term financing are anticipated to be issued during the CIP Outlook period. The schedule for issuance of debt, as well as the type of debt financing, is re-evaluated each fiscal year as a means towards funding capital and infrastructure needs. Additionally, the DoF prepares semi-annual CIP Budget Monitoring Reports that highlight the effective cash management and streamlining efforts that enhance internal monitoring and execution of the CIP program. These reports are available at https://www.sandiego.gov/finance/financialrpts.

There are significant additional revenue sources restricted for capital projects and infrastructure including: TransNet; Gas Tax; proceeds from real property sales; developer impact fees; and capital grants that are anticipated to be invested in City infrastructure and deferred maintenance. In 2016, San Diego residents passed Proposition H, a Charter amendment that established an Infrastructure Fund (Fund) to be used exclusively to pay for capital improvements and repair and maintenance of General Fund infrastructure. Beginning in fiscal year 2018, the City is required to deposit 50% of major revenue growth over the base year of fiscal year 2016 into the Fund for five years. Due to the economic impacts of COVID-19 projected in fiscal year 2021, the City Council approved the Mayor's request to waive the required deposit.

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

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

RESERVES

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

The City's Reserve Policy establishes policy goals, which represent the total reserve level that the City is trying to achieve for each of its reserves (Policy Goal). For those reserves that are not at Policy Goal levels, the City's Reserve Policy establishes incremental funding levels for each fiscal year (Target Goal) until arriving at full funding. The following table identifies the Policy Goal, Target Goal (percentage and dollar), and current reserve levels as of the end of fiscal year 2020 for General Fund, Risk Management and Pension Payment Stabilization Reserves.

Reserve	Policy Goal	FY 20 Target % ⁴	FY 20 Target (In Millions)	FY 20 Reserve (In Millions)
General Fund Emergency Reserve ¹	8% of the most recent three year average of annual audited General Fund operating revenues (budgetary basis)	8%	\$106.1	\$106.1
General Fund Stability Reserve ¹	lity 8.7% of the most recent three year average of annual audited General Fund operating revenues (budgetary basis)		\$99.5	\$99.5
Public Liability Reserve ²	50% of outstanding public liability claims based on the annual actuarial liability valuations for the three most recent fiscal years	50%	\$32.1	\$33.8
Workers' Compensation Reserve ²	12% of outstanding workers' compensation claims based on the annual actuarial liability valuations for the three most recent fiscal years	12%	\$31.9	\$32.1
Long-Term Disability Reserve ²	100% of long-term disability claims based on the annual actuarial liability valuations for the three most recent fiscal years	100%	\$3.9	\$4.1
Pension Payment Stabilization Reserve ³	8% of the average of the three most recent Actuarially Determined Contributions	3.2%	\$10.6	\$10.6

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

² Public Liability, Workers' Compensation, and Long-Term Disability Reserves are based on cash on hand plus contributions receivable balances and are all funded in excess of target levels at June 30, 2020.

³ This includes enterprise funds reserves.

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

General Fund Reserves are comprised of two separate components: (1) the Emergency Reserve established for the purpose of sustaining General Fund operations in the case of a public emergency, and (2) the Stability Reserve established to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The Emergency Reserve may be expended only if an event is determined to be a public emergency by a two-thirds vote of the City Council, while appropriations from the Stability Reserve require approval by a simple majority of the City Council. No General Fund Reserves were used during fiscal year 2020.

To determine the reserve dollar amount in accordance with the City's reserve policy, the City calculates the average operating revenues for the General Fund (budgetary basis) based on the three most recent years and applies a percentage to that average. In fiscal year 2017, the City increased its Policy Goal for the Stability Reserve from 6% to 8.7%, while maintaining the Emergency Reserve at 8%, to arrive at the total General Fund Reserve Policy Goal of 16.7%. The City met its Stability Reserve Target Goal for fiscal year 2020 of 7.50% or \$99.5 million.

The General Fund's Emergency Reserve of \$106.1 million is reported as GAAP restricted fund balance in the financial statements. The General Fund's GAAP unassigned fund balance as of June 30, 2020 was \$124.6 million, of which \$99.5 million represents the General Fund's Stability Reserve.

The City also maintains reserves to manage risk, including reserves for the payment of claims and judgments (Public Liability Reserve), a reserve for obligations related to workers' compensation claims (Workers' Compensation Reserve), and a reserve for long-term disability payments for City employees (Long-Term Disability Reserve). Balances exceeding targets are evaluated annually and are available to meet other operating fund needs if necessary. The Fiscal Year 2021 Adopted Budget utilized \$2 million of excess Public Liability Reserve funds for rate relief. Public liability and workers' compensation reserves are reported in the financial statements as part of the General Fund's committed fund balance. The Long-Term Disability Reserve is reported as cash in the Miscellaneous Internal Service Fund. Liability claims paid after the end of fiscal year 2020 could reduce risk management reserve balances.

In April 2016, the City created the Pension Payment Stabilization Reserve. The purpose of this reserve is to mitigate service delivery risk by providing a source of funding for increases in the Actuarially Determined Contribution (ADC). The ADC is calculated by San Diego City Employees' Retirement System (SDCERS) actuary as part of its annual Actuarial Valuation Report. Increases in the ADC could be caused by several factors,

such as lower than expected investment returns; changes in actuarial assumptions approved by the SDCERS Board, including a reduction in the discount rate; and other significant liability experience losses.

In fiscal year 2020, the Sewer Utility and Water Utility Funds reported balances of \$78.2 million and \$81.1 million, respectively, in the Rate Stabilization Fund (RSF) Reserves. Both funds are in excess of the reserve policy targets which equal 5% of prior fiscal year water and wastewater system total operating revenue. Transfers in and out of the RSFs are made to maintain stable debt service coverage ratios for outstanding debt obligations and mitigate major fluctuations in future rate increases. In fiscal year 2020, the Sewer Utility contributed \$5.5 million and the Water Utility contributed \$10 million to RSF Reserves. In addition to the RSF reserves, the Water and Sewer Utilities maintain various other policy reserves including the Emergency Operating Reserves, Emergency Capital Reserves, and Secondary Purchase Reserves (for Water Utility only), and there were no draws from these reserves in fiscal year 2020.

OTHER FINANCIAL POLICIES

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

MAJOR ACCOMPLISHMENTS AND INITIATIVES

The City is investing \$22.5 million in programs and services intended to help those experiencing homelessness through the allocation of State Homeless Housing, Assistance and Prevention (HHAP) Grant funds. The funding is the result of efforts by Mayor Faulconer and other California mayors urging leaders in Sacramento to provide financial assistance to local governments to address a statewide homeless crisis. This funding is a part of a broader homelessness strategic plan that dedicates approximately \$77.7 million of carryforward and new fiscal year 2021 funding for homelessness programs and services, including Operation Shelter to Home, the bridge shelters, safe parking program, transitional storage program, rapid rehousing, and prevention and diversion activities.

One of Mayor Faulconer's first steps in office was to declare street repair as the City's top infrastructure priority by pledging to repair 1,000 miles of streets by fiscal year 2020. The City met that goal in the first quarter of fiscal year 2019, nearly two years ahead of schedule. The progress has continued with the City surpassing the 1,700-mile threshold in October 2020. Now the City is on track to fix half of the City's entire 3,600-mile street network by the end of December 2020.

The City has continued its progress on Mayor Faulconer's Clean SD initiative by directing the clearing of trash and debris from canyons to reduce the risk of canyon fires. The Clean SD program was launched in 2017 to address litter removal, street sweeping, and graffiti removal requests received through the City's Get It Done application www.sandiego.gov/get-it-done. Crews have removed over 7,000 tons of debris from rivers, creeks, city streets and sidewalks. In addition, the equivalent of 18,000 City blocks have been sanitized. The expenditures for this General Fund program totaled approximately \$10.2 million in fiscal year 2020.

The City of San Diego is a leader and pioneer in adopting a bold Climate Action Plan (CAP). On December 15, 2015, Mayor Faulconer's Climate Action Plan was unanimously adopted by City Council. With the CAP, the City has established five bold strategies to achieve greenhouse gas (GHG) emissions reduction targets for 2020 (15% reduction) and 2035 (50% reduction) from a 2010 baseline. These strategies are (1) Energy & Water Efficient Building, (2) Clean & Renewable Energy, (3) Bicycling, Walking, Transit & Land Use, (4) Zero Waste, and (5) Climate Resiliency. City data from 2018 shows a 24% decrease in GHG emissions since 2010, meeting the City's 15% reduction target. The City was recently ranked 6th in the nation by The Brookings Institution for reducing GHG emissions. The Fiscal Year 2021 Adopted Budget includes \$8.8 million across all departments for the implementation of the CAP.

The Fiscal Year 2021 Adopted Budget includes General Fund expenditures of \$1.62 billion to provide core community services as well as funding for critical expenditures. Expenditures in the Fiscal Year 2021 Adopted Budget include essential City operations, aid for small businesses, and support for the City's most vulnerable residents affected by the COVID-19 pandemic.

The City continues to preserve core services, fully make the pension payment, and maintain General Fund and Risk Management reserves at policy targets. Balancing the General Fund fiscal year 2021 budget involved making strategic decisions in order to support the City's strong commitment to fiscal sustainability. Effective financial oversight promotes a healthy financial future and the ability to provide outstanding service to communities throughout San Diego.

ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the City for its CAFR for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements. In addition, the City has received awards of recognition for its latest budget document from the GFOA and the California Society of Municipal Finance Officers.

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

The preparation of this report would not have been possible without the dedication and professionalism of the entire staff of the City's Department of Finance. We wish to thank all City departments for their valuable contributions and thank the staff of Civic San Diego, San Diego Convention Center Corporation, San Diego Housing Commission and San Diego City Employees' Retirement System for providing component unit information which has been incorporated into this report. We also want to thank the City's independent auditors, Macias Gini & O'Connell LLP for their work as well as the Audit Committee for their governance role over the audit of the CAFR.

Respectfully submitted,

Jay Goldstone Interim Chief Operating Officer

Matt Vespi Chief Financial Officer

Rolando Charvel Department of Finance Director and City Comptroller



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of San Diego California

For its Comprehensive Annual Financial Report For the Fiscal Year Ended

June 30, 2019

Christophen P. Morrill

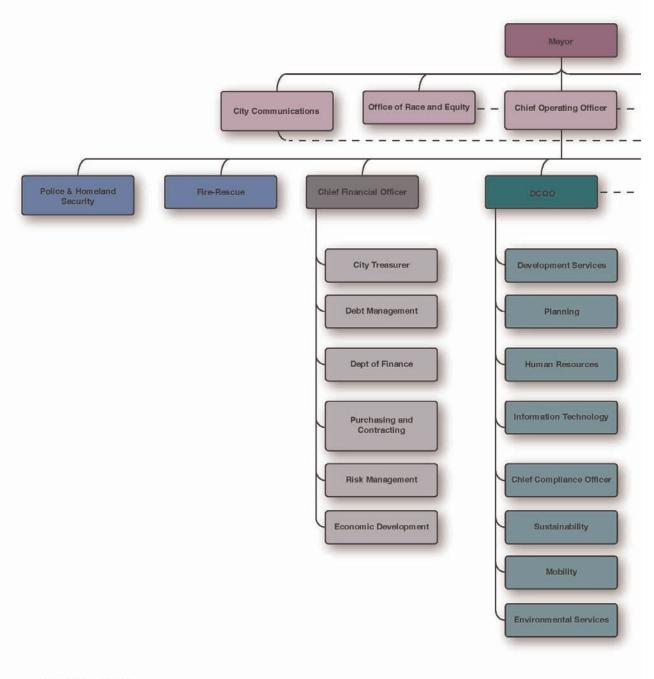
Executive Director/CEO



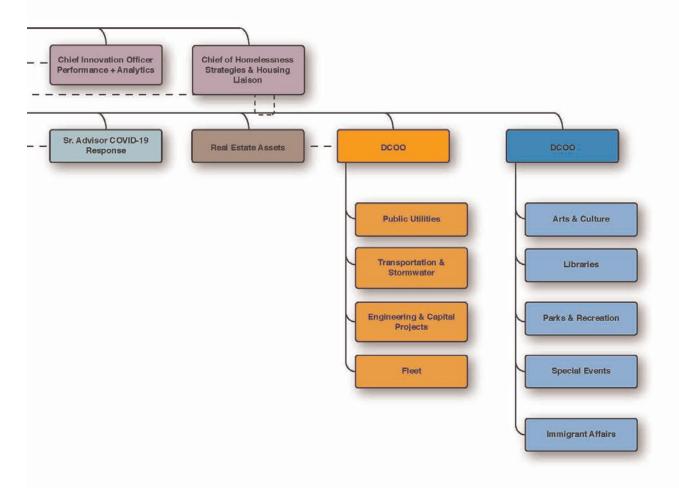
22



The City of SAN DIEGO City of San Diego Organizational Structure



REVISED: Dec. 14, 2020



Page Intentionally Left Blank

26





Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of San Diego, California (City), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Diego Housing Commission, a discretely presented component unit, which represent 100% of the assets, net position, and revenues of the discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the San Diego Housing Commission, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

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

www.mgocpa.com

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 21, 2020, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Macias Gini & O'Connell LP

San Diego, California December 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

As management of the City of San Diego (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. We encourage the reader to consider the information presented here in addition to the information presented in the Letter of Transmittal.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

- Convention Center Expansion Financial Authority (CCEFA)
- Public Facilities Financing Authority (PFFA)
- San Diego Facilities and Equipment Leasing Corporation (SDFELC)
- Tobacco Settlement Revenue Funding Corporation (TSRFC)
- The Enhanced Infrastructure Financing District Public Financing Authority (EIFDPFA)
- San Diego Convention Center Corporation (SDCCC)

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

FUND FINANCIAL STATEMENTS

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

GOVERNMENTAL FUNDS

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

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

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

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

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

PROPRIETARY FUNDS

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

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

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

FIDUCIARY FUNDS

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents certain required supplementary information regarding: changes in the City's net pension liability; changes in the City's total pension liability for the Preservation of Benefits (POB) Plan; changes in the City's net other postemployment benefits liability; employer contributions to the pension plan; and employer contributions to the postemployment healthcare benefits plan. The required supplementary information also includes a budgetary comparison schedule for the General Fund. Required supplementary information can be found beginning on page 187 of this report.

Immediately following the required supplementary information are the General Fund supplementary schedules on revenues and expenditures, which can be found beginning on page 201. The individual fund data referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds begin on page 211.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

	Governmen	tal Activities	Business-Ty	pe Activities	Total Primary Government			
	2020	2019	2020	2019	2020	2019		
Capital Assets	\$ 5,262,271	\$ 5,163,012	\$ 6,610,699	\$ 6,362,962	\$ 11,872,970	\$ 11,525,974		
Other Assets	2,627,230	2,491,495	1,227,190	1,177,452	3,854,420	3,668,947		
Total Assets	7,889,501	7,654,507	7,837,889	7,540,414	15,727,390	15,194,921		
Deferred Outflows of Resources	513,884	592,488	201,136	229,506	715,020	821,994		
Net Long-Term Liabilities	3,870,907	3,811,274	2,900,453	2,769,690	6,771,360	6,580,964		
Other Liabilities	443,467	204,310	251,701	239,342	695,168	443,652		
Total Liabilities	4,314,374	4,015,584	3,152,154	3,009,032	7,466,528	7,024,616		
Deferred Inflows of Resources	123,830	109,003	26,774	23,885	150,604	132,888		
Net Position								
Net Investment in Capital Assets	4,424,146	4,370,867	4,528,113	4,414,352	8,952,259	8,785,219		
Restricted	1,763,958	1,783,798	19,185	6,968	1,783,143	1,790,766		
Unrestricted	(2,222,923)	(2,032,257)	312,799	315,683	(1,910,124)	(1,716,574)		
Total Net Position	\$ 3,965,181	\$ 4,122,408	\$ 4,860,097	\$ 4,737,003	\$ 8,825,278	\$ 8,859,411		

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

As noted earlier in the overview of the government-wide financial statements, over time, changes in net position may serve as a useful indicator of a government's financial position. The City's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,825,278 as of June 30, 2020, a decrease of \$34,133, or less than 1% from fiscal year 2019.

The City's net investment in capital assets is \$8,952,259. This includes land, construction-in-progress, structures and improvements, equipment, distribution and collections systems, and other infrastructure, less any outstanding debt used to acquire these assets and the related deferred outflows/inflows of resources. The City uses these capital assets to provide services to citizens, and consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves are not generally used to liquidate these liabilities.

Restricted Net Position is \$1,783,143, representing resources that are subject to external restrictions on how they may be used. The amount of (\$1,910,124) represents the Unrestricted Net Position deficit. This deficit largely reflects the combined Pension Liabilities of \$2,671,000 reported in accordance with GASB Statement Nos. 68 and 73, and the Net Other Postemployment Benefits (OPEB) Liability of \$462,516 reported in accordance with GASB Statement No. 75. Additional information regarding pension matters, including the City's funding policy, can be found in Note 12, and additional OPEB information can be found in Note 13.

Total Net Position resulting from governmental activities remained stable, with a decrease of \$157,227, or approximately 4%. This was comprised of an increase in the Net Investment in Capital Assets of \$53,279, or approximately 1%, a decrease in Restricted Net Position of \$19,840, or approximately 1%, and a decrease in Unrestricted Net Position of \$190,666, or approximately 9%.

Total Net Position resulting from business-type activities remained stable as well, with an increase of \$123,094, or approximately 3%. The Net Investment in Capital Assets increased by \$113,761, or approximately 3%. The Restricted Net Position of \$19,185 is comprised of reserve requirements for State Revolving Fund (SRF) loans from the State Water Resources Control Board and funding requirements for landfill closure costs. Unrestricted Net Position decreased by \$2,884, or approximately 1%.

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

	Governmental Activities		tivities	Business-Type Activities					Total Primary Governme			
	2020	0		2019		2020		2019		2020		2019
Revenues:												
Program Revenues												
Charges for Services	\$ 48	3,504	\$	530,205	\$	1,118,150	\$	1,114,416	\$	1,601,654	\$	1,644,621
Operating Grants and Contributions	22	6,203		154,764		18,906		6,435		245,109		161,199
Capital Grants and Contributions	7	2,502		77,952		62,301		30,801		134,803		108,753
General Revenues												
Property Taxes	62	7,272		586,510		_		_		627,272		586,510
Transient Occupancy Taxes	18	1,181		250,883		_		_		181,181		250,883
Sales Taxes - Shared State Revenue	32	7,311		339,609		_		_		327,311		339,609
Franchises	9	3,474		97,365		_		_		93,474		97,365
Other Local Taxes	6	8,117		66,375		_		_		68,117		66,375
Investment Income	5	2,746		52,056		27,752		28,713		80,498		80,769
Other	7	8,596		115,236		7,975		12,036		86,571		127,272
Total Revenues	2,21	0,906		2,270,955		1,235,084		1,192,401		3,445,990		3,463,356
Expenses:												
General Government and Support	41	7,462		383,177		_		_		417,462		383,177
Public Safety-Police	62	9,922		567,625		_		_		629,922		567,625
Public Safety-Fire and Life Safety and Homeland Security	33	8,128		339,282		_		_		338,128		339,282
Parks, Recreation, Culture and Leisure	37	4,335		397,391		_		_		374,335		397,391
Transportation	31	1,561		279,724		_		_		311,561		279,724
Sanitation and Health	11	7,473		108,371		_		_		117,473		108,371
Neighborhood Services	13	1,086		121,036		_		_		131,086		121,036
Interest on Debt Service	3	4,027		34,265		_		_		34,027		34,265
Sewer Utility		_		_		362,289		356,630		362,289		356,630
Water Utility		_		_		535,567		515,273		535,567		515,273
Airports		_		_		9,044		8,211		9,044		8,211
Development Services		_		_		88,032		81,012		88,032		81,012
Environmental Services		_		_		32,500		38,510		32,500		38,510
Golf Course		_		_		21,420		20,090		21,420		20,090
Recycling		_		_		27,326		24,780		27,326		24,780
San Diego Convention Center Corporation						39,834		41,898		39,834		41,898
Total Expenses	2,35	3,994		2,230,871		1,116,012		1,086,404		3,470,006		3,317,275
Change in Net Position Before Transfers and Special	(14	3,088)		40.084		119,072		105,997		(24,016)		146,081
Item		,		,						(24,010)		140,001
Transfers		4,022)		(611)		4,022		611		(10 117)		_
Special Item	-	0,117) 7,227)		39,473		123,094		106,608		(10,117) (34,133)		146,081
Net Position - July 1		2,408		4,082,935		4,737,003						8,713,330
Net Position - June 30	-		¢		¢		¢	4,630,395	¢	8,859,411	¢	
	৯ ১,9 6	5,181	¢	4,122,408	\$	4,860,097	þ	4,737,003	þ	8,825,278	¢	8,859,411

GOVERNMENTAL ACTIVITIES

Governmental activities decreased the City's net position by \$157,227 during fiscal year 2020. Variances from fiscal year 2019 exceeding 10% and \$5,000 are discussed below.

- Operating Grants and Contributions increased by \$71,439, or approximately 46%, primarily due to funding received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. This was partially offset by a decrease in reimbursable expenditures for several Community Development Block Grant (CDBG) programs.
- Transient Occupancy Taxes decreased by \$69,702, or approximately 28%, primarily due to effects of the COVID-19 pandemic on local tourism.
- Other Revenues decreased by \$36,640, or approximately 32%, primarily due to reductions in developer contributions received for the Carmel Valley and Pacific Highlands Ranch communities. In addition, a portion of the decrease was attributed to a one time asset forfeiture received by the Police Department in fiscal year 2019 for their role in the investigation of a financial institution.
- Police expense increased by \$62,297, or approximately 11%, primarily due to negotiated pay increases and related fringe benefit costs for sworn police officers.
- Transportation expense increased by \$31,837, or approximately 11%, primarily due to significant increases in construction invoices from San Diego Gas and Electric (SDG&E) for the Utilities Undergrounding Program.

BUSINESS-TYPE ACTIVITIES

Business-type activities increased the City's net position by \$123,094 during fiscal year 2020. Variances from fiscal year 2019 exceeding 10% and \$5,000 are discussed below.

- Operating Grants and Contributions revenue increased by \$12,471, or approximately 194%, primarily due to deposits from the Bureau of Water Reclamation's WaterSmart program, received by both the Sewer and Water Utility Funds.
- Capital Grants and Contributions revenue increased by \$31,500, or approximately 102%, primarily due to the conveyance of the Montgomery Field Commercial and Retail Center from Montgomery Field Associates LLC to the Airports Fund.
- Environmental Services expense decreased by \$6,010, or approximately 16%, primarily due to a reduction in the closure and postclosure care liability for the Miramar Landfill.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

GOVERNMENTAL FUNDS

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, governmental fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported.

As of the end of fiscal year 2020, the City's governmental funds reported combined ending fund balances of \$1,967,590, a decrease of \$103,392 from fiscal year 2019. The General Fund and Other Governmental Funds had unassigned fund balances of \$124,583 and \$(89,319), respectively, with a combined unassigned fund balance of \$35,264. The General Fund unassigned fund balance of \$124,583 includes the Stability Reserve of \$99,500. The restricted, committed, and assigned fund balances are (1) to liquidate contracts and purchase orders of the period, (2) to pay debt service, (3) to generate income to pay for the perpetual funding of various programs, (4) for use in the subsequent year's budget, (5) for emergency reserves, or (6) for a variety of other purposes, and are not available for new spending.

The General Fund is the principal operating fund of the City. Total Fund Balance for the General Fund was \$410,466. General Fund revenues totaled \$1,711,958, which was an increase of \$76,190 over fiscal year 2019. This increase was attributed to several categories, the largest of which were Property Taxes and Revenue from Federal Agencies, which was primarily due to funding received from the CARES Act. General Fund expenditures totaled \$1,720,552, which was an increase of \$134,670. This was mainly due to negotiated salary increases and related fringe benefit costs for sworn police officers, firefighters, attorneys, and general government employees.

PROPRIETARY FUNDS

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

As of the end of fiscal year 2020, total Net Position for the Sewer Utility Fund remained stable at \$2,585,952, an increase of \$48,581, or approximately 2% over fiscal year 2019. The Net Investment in Capital Assets increased by \$81,436, or approximately 3%. This was comprised of: a net increase in capital assets of \$56,459 mainly in the construction-in-progress and infrastructure categories; a net decrease in capital related debt of \$33,446; and a decrease in associated deferred outflows of resources of \$8,469. Unrestricted Net Position was \$144,242, a decrease of \$38,421 or approximately 21% from fiscal year 2019. This was primarily due to the use of Unrestricted Net Position to fund additions to capital assets.

Total Net Position for the Water Utility Fund remained stable as well, at \$2,153,021, an increase of \$48,702, or approximately 2% over fiscal year 2019. The Net Investment in Capital Assets decreased by \$4,650, or less than 1%. This was comprised of: a net increase in capital assets of \$145,405, mainly in the construction-in-progress and infrastructure categories; a net increase in capital related debt of \$144,268; a decrease in associated deferred outflows of resources of \$3,565; and an increase in deferred inflows of resources of \$2,222. Unrestricted Net Position was \$228,861, an increase of \$49,557, or approximately 28% from fiscal year 2019. This was primarily attributed to the current year operating income of \$56,097, while proceeds of the Series 2020 Water Revenue Bonds were used to fund additions to capital assets.

GENERAL FUND BUDGETARY HIGHLIGHTS

The following General Fund budgetary highlights include only those funds associated with General Fund operations as reported in the City's budget, and exclude the additional budgeted funds included with the General Fund for GAAP reporting purposes. The final budget for General Fund expenditures and transfers out was \$7,863 higher than the original budget due to increases in appropriations primarily attributed to the following:

- A\$4,595 increase in fringe benefits including pension, Supplemental Pension Savings Plan (SPSP), medicare, workers' compensation, risk management administration, and Other Post-Employment Benefits (OPEB).
- A \$1,707 increase for the Economic Development Department related to a Section 108 loan repayment for the Valencia Business Park.

 A \$1,410 increase for the Police Department related to increased fuel and utilities costs, sexual assault evidence kits, and facilities maintenance.

Actual revenues earned in the General Fund were \$(94,663) lower than budgeted. Property Taxes were over budget by \$7,372 primarily due to a higher than anticipated distribution from the City's Redevelopment Property Tax Trust Fund (RPTTF) and an increase in Motor Vehicle License Fee backfill revenue. Sales Taxes were under budget by \$(15,049), primarily attributed to direct impacts of the COVID-19 pandemic, including temporary business closures and the State of California's Deferral Program. This allows businesses to delay tax payments for twelve months, shifting sales tax revenue from fiscal year 2020 to fiscal year 2021.

Transient Occupancy Tax was under budget by \$(41,638), primarily due to reduced tourism activity resulting from immediate impacts of the COVID-19 pandemic, as forecast by the San Diego Tourism Authority and San Diego Tourism Marketing District. A significant number of planned conventions and special events were canceled across the City due to the limitations on public gatherings.

Charges for Current Services were under budget by \$(35,550), due to decreases in TOT reimbursements for eligible General Fund expenditures, primarily in the Fire-Rescue Department for lifeguard services and Parks and Recreation Department reimbursements for Safety and Maintenance of visitor related regional parks, as a result of the COVID-19 pandemic.

Franchise Fees were under budget by \$(4,575). This was due to a decrease in SDG&E revenue related to a lower than anticipated clean-up payment received in February 2020 as a result of fluctuations in weather patterns and consumption, coupled with an increase in solar installations. Additionally, refuse facility franchise fees came in under budget due to new facilities not becoming operational during the fiscal year. Fines, Forfeitures and Penalties were under budget by \$(4,237), primarily due to a decrease in parking citations. Parking enforcement was limited in accordance with the Mayor's Executive Oder as a result of the COVID-19 pandemic.

Actual expenditures for the General Fund were \$12,507 under budget. In order to mitigate the estimated decrease in revenues due to the impact of COVID-19, the Chief Operating Officer issued a memo implementing a hiring freeze for all Mayoral Departments and directing all Department Directors to halt non-essential spending. This resulted in under budget expenditures, primarily in the General Government and Support category.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

		Governmen	tal Activities Bus			Business-Ty	siness-Type Activities			Total Primary Government			
	_	2020		2019		2020		2019		2020		2019	
Land and Rights of Way	\$	1,889,562	\$	1,890,308	\$	107,339	\$	106,773	\$	1,996,901	\$	1,997,081	
Easements		7,694		6,093		3,661		3,540		11,355		9,633	
Artwork/Historical Treasures		5,052		5,052		1,875		1,875		6,927		6,927	
Construction in Progress		382,951		430,086		843,469		682,040		1,226,420		1,112,126	
Structures and Improvements		900,519		879,192		1,364,196		1,375,195		2,264,715		2,254,387	
Equipment		243,522		236,148		129,336		138,239		372,858		374,387	
Intangible Equipment		24,406		25,867		34,831		33,231		59,237		59,098	
Distribution and Collection Systems		_		_		4,125,992		4,022,069		4,125,992		4,022,069	
Infrastructure		1,808,565		1,690,266		_		_		1,808,565		1,690,266	
Totals	\$	5,262,271	\$	5,163,012	\$	6,610,699	\$	6,362,962	\$	11,872,970	\$	11,525,974	

CAPITAL ASSETS

In accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 34 and 51, all major assets such as land, structures, streets, signals, bridges, storm drains, distribution and collection systems for water and sewer, and intangible assets are capitalized by the City in the government-wide statements. While capital assets of both governmental and proprietary funds are capitalized at the government-wide level, only the proprietary funds report capital assets at the fund level. Governmental funds are reported on a modified accrual basis. Differences between reporting at the fund level and government-wide level for these governmental assets are explained in both the reconciliation and the accompanying notes to the basic financial statements.

The City's investment in capital assets (including infrastructure) for governmental and business-type activities as of June 30, 2020 was \$11,872,970 (net of accumulated depreciation/amortization), which was an increase of \$346,996 over fiscal year 2019. Readers interested in more detailed information on capital asset activity should refer to Note 4.

HIGHLIGHTS OF FISCAL YEAR 2020 CAPITAL IMPROVEMENT PROGRAM (CIP) ACTIVITIES

Governmental Activities

- Construction continued on the West Mission Bay Drive Bridge over the San Diego River. Construction of the bridge is anticipated to be completed in fiscal year 2023. This project will replace the existing four-lane bridge with a six-lane bridge, sidewalk, bike lanes and shoulder improvements. Fiscal year 2020 capital expenditures for this project totaled \$27,666.
- The annual allocation for drainage projects provides for reconstruction and replacement of failing drainage facilities citywide. There are currently over 900 miles of storm drains in the City of San Diego. Fiscal year 2020 capital expenditures for drainage projects totaled \$19,581.
- The asphalt overlay of approximately 63 miles of roads citywide was completed during fiscal year 2020. These projects provided for
 resurfacing and reconstruction of City streets in order to maintain the streets in serviceable condition and mitigate roadway deterioration.
 These projects were funded with various sources including TransNet, Trench Cut Fees, Commercial Paper, and Gas Tax funds. Fiscal
 year 2020 capital expenditures for this project totaled \$18,202.
- Construction began on Torrey Meadows Drive Overcrossing, a two-lane bridge crossing State Route 56. This project will include the bridge approaches on each side of the bridge together with any right-of-way not previously acquired as part of the State Route 56 project. The City has a reimbursement agreement with the developer to provide design plans and construction. Construction is anticipated to be completed in fiscal year 2022. Fiscal year 2020 capital expenditures for this project totaled \$10,976.
- Construction of the North University City Fire Station No. 50 will provide emergency response times that meet City and national standards. This new fire station will accommodate up to twelve crew members, a fire engine, service aerial truck, ambulance, and training room. The size of the station will be approximately 13,500 square feet. Construction is anticipated to be completed in fiscal year 2021. Fiscal year 2020 capital expenditures for this project totaled \$6,025.

Business-Type Activities

- The Sewer Utility Fund incurred capital expenditures of approximately \$113,245 related to CIP, of which the Metropolitan System CIP incurred approximately \$47,649, and the Municipal System CIP incurred approximately \$65,596. The following major projects continued during fiscal year 2020: Surge Protection and Backup Power of Pump Station 2; North City Water Reclamation Plant Expansion; and the continued replacement of sewer mains and upgrades to the sewer infrastructure.
- The Water Utility Fund incurred capital expenditures of approximately \$175,748 related to CIP. The following major projects continued during fiscal year 2020: Miramar Clearwell Improvements; Water Operations Buildings; 30th St Pipeline Replacement; North City Pure Water Facility; Otay 2nd Pipeline Phase II; Pacific Beach Pipeline South; and the continued replacement of water mains and upgrades to water infrastructure.
- The Golf Course Fund continued work on the Torrey Pines South course improvements in advance of the 2021 U.S. Open. The fiscal year 2020 expenditures for this project totaled approximately \$5,890.
- The Environmental Services Fund continued working on the Aerated Static Pile System project. The fiscal year 2020 capital expenditures for this project totaled approximately \$3,352.

COMMITMENTS AND RESTRICTIONS

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

General Fund ¹	\$ 4,016
Nonmajor Governmental Funds	129,359
Sewer Utility	62,897
Water Utility	121,894
Nonmajor Enterprise Funds	3,035
Internal Service Funds	 994
Total Contractual Commitments	\$ 322,195

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

Total Contractual Commitments at the end of fiscal year 2020 were \$322,195, which was a decrease of \$72,898, or 18%, from fiscal year 2019, primarily due to the timing of contract awards and progress of continuing projects.

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

LONG-TERM DEBT

At the end of fiscal year 2020, the City, including blended component units, had total debt outstanding of \$2,796,941 as follows:

	 Governmen	tal Ac	tivities	Business-Type Activities				Total Primary Government			
	 2020		2019		2020	2019			2020		2019
Capital Lease Obligations	\$ 207,010	\$	219,147	\$	12,374	\$	3,123	\$	219,384	\$	222,270
QECB Lease Obligations	5,816		6,708		_		_		5,816		6,708
Contracts Payable	_		_		750		1,481		750		1,481
Notes Payable	_		_		6		8		6		8
Loans Payable	28,574		2,861		238,034		223,896		266,608		226,757
Section 108 Loans Payable	2,163		2,527		_		_		2,163		2,527
Commercial Paper Notes Payable	38,575		15,889		18,724		38,883		57,299		54,772
Revenue Bonds/Lease Revenue Bonds	490,510		516,960		1,681,075		1,554,985		2,171,585		2,071,945
Tobacco Settlement Asset-Backed Bonds	 73,330		81,170		_				73,330		81,170
Totals	\$ 845,978	\$	845,262	\$	1,950,963	\$	1,822,376	\$	2,796,941	\$	2,667,638

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

Governmental Activities

On May 15, 2018, the City adopted a resolution authorizing the Mayor to enter into a Memorandum of Agreement (MOA) to participate in the San Diego Association of Governments (SANDAG) Commercial Paper program to advance funds related to the West Mission Bay Bridge project. As of June 30, 2020, the City has received loan proceeds through SANDAG from this program in the amount of \$26,167 at rates between 0.19% and 0.24%.

On May 22, 2018, the City adopted a resolution authorizing tax-exempt lease revenue commercial paper notes in an amount not-to-exceed \$80,500. On August 14, 2018, the City adopted a resolution increasing the not-to-exceed amount to \$88,500. During Fiscal Year 2020, the City issued General Fund CP Notes of \$22,686 at rates between 0.70% and 1.06%.

Total principal payments on long-term debt were \$58,987. Included in this amount was \$34,290 for outstanding bond principal payments, \$818 for loans payable, \$892 for qualified energy conservation bonds, and \$22,987 for capital lease obligation payments.

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

Business-Type Activities

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

- \$2,431 for the Metro Biosolids Center Dewatering Centrifuge Replacement Project
- \$20,805 for the Pump Station 2 Power Reliability and Surge Protection Project

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

- \$1,336 for the University Avenue Pipeline Replacement Project
- \$3,898 for the 69th Street and Mohawk Pump Station Project

On December 16, 2016, the City and PFFA adopted resolutions authorizing the issuance of \$250,000 in tax-exempt subordinate Water Commercial Paper Notes (Water CP Notes) in one or more series. During Fiscal Year 2020, the City has issued Water CP Notes, Series A of \$12,000 (reported in Note 8) and Series B of \$65,903 (reported in Note 6) at rates between 0.83% and 1.52%.

On May 12, 2020, the PFFA issued \$335,615 of 2020 Senior Water Revenue Bonds, of which \$112,776 was to refund certain amounts of the outstanding Water CP Notes. This was comprised of \$26,714 to refund Water CP Notes Series A (Note 8), and \$86,062 to refund Water CP Notes Series B (Note 6). The proceeds of the 2020 Senior Water Revenue Bonds also refunded the outstanding Subordinated Water Revenue Bonds, Series 2012A (Series 2012A).

On June 11, 2020, the City executed a contract with Hawthorne Machinery Company in an amount not to exceed \$26,313. The contract includes a capital lease component of \$10,847 for the lease of heavy duty machinery for operational use at Miramar Landfill.

Total principal payments on long-term debt were \$312,248. Included in this amount was \$209,525 for outstanding bond principal payments and for Series 2012A refunding, \$14,332 for loans payable, \$1,596 for capital lease obligation payments, \$731 for contracts payable, \$86,062 for Water CP Notes refunding, and \$2 for SDCCC's notes payable.

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

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

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

¹ In addition, the Water System Senior Bonds are rated by Kroll Bond Rating Agency with an AA+ Rating and a Stable outlook.

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

OTHER INFORMATION

San Diego Gas & Electric (SDG&E) Franchise Agreement

The City of San Diego's existing electric and gas franchise agreement is set to expire in January 2021, but may be extended as necessary in accordance with City Charter Section 103. The Charter requires a competitive bidding process for the next electric and gas franchise agreement. A new agreement may affect the City's franchise fee revenues, which are the fourth highest revenue source for the General Fund. If a new agreement or an extension to the existing agreement is not executed, future General Fund revenue could be reduced by approximately \$5 million per month.

Recognized Employee Organization (REO) Agreements

City employees are represented by six REOs. Before the end of fiscal year 2020, the City reached successor collective bargaining agreements with the San Diego Municipal Employee Association (MEA), American Federation of State, County and Municipal Employees Local 127 (AFSCME -Local 127), International Association of Fire Fighters Local 145 (Local 145), and Deputy City Attorneys Association of San Diego (DCAA) effective for fiscal year 2021. Each of the collective bargaining agreements included adjustments to the flexible benefit plan to increase the tiered benefits for the various employees plus dependent tiers, while also limiting the cash-back options to existing employees that waive or select employee only coverage. These increases were calculated by allocating each REO an allotment equal to \$1,000 per capita to be used to benefit the coverage tiers that are most impacted by out-of-pocket expenses. The collective bargaining agreements did not include any increase to pensionable compensation for fiscal year 2021.

The San Diego Police Officers Association (POA) and California Teamsters Local 911 have not yet reached an agreement on a successor collective bargaining agreement and are currently working under the terms and conditions of their agreements that expired on June 30, 2020.

The City is currently in contract negotiations with each REO to reach successor collective bargaining agreements beginning in fiscal year 2022. Negotiations are anticipated to be completed and agreements ratified in time for the fiscal year 2022 budget process. The fiscal impact is not known as of the issuance date of this report while negotiations continue.

SDCCC COVID-19 Impacts

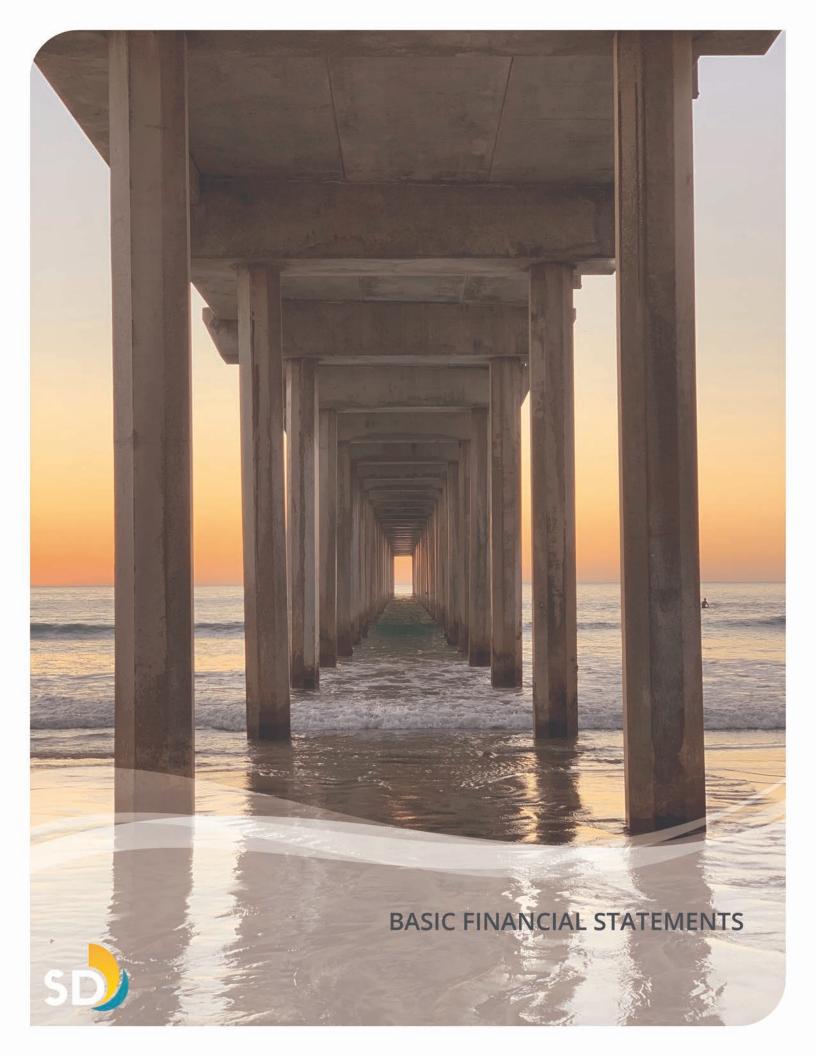
The outbreak of COVID-19 resulted in government actions including State of California's shelter-in place and executive orders limiting social gatherings, which have had an unprecedented negative impact on SDCCC's financial position for fiscal year 2020 and into fiscal year 2021. Due to suspension of business from mid-March 2020 forward, total operating revenues for fiscal year 2020 experienced a decline of approximately \$13.4 million (31%) compared to fiscal year 2019.

It is uncertain when SDCCC will be able to resume hosting events. SDCCC is working closely with state and local governments to establish approved guidelines for a safe re-opening, which is anticipated in the summer of 2021. SDCCC has reported a Going Concern in the Notes to their fiscal year 2020 financial statements.

SDCCC's unrestricted net position is approximately \$3.46 million as of June 30, 2020. SDCCC's Board of Directors approved a 4th revision to the fiscal year 2021 operating budget on October 27, 2020. This revised budget assumes a net operating loss of approximately \$9.2 million and a negative reserve balance of approximately \$4.2 million if events commence in June 2021. Additional information can be found in SDCCC's Fiscal Year 2020 Annual Report at www.visitsandiego.com

REQUESTS FOR INFORMATION

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





47

STATEMENT OF NET POSITION June 30, 2020 (Dollars in Thousands)

	P	Primary Government				
	Governmental Activities	Business- Type Activities	Total	San Diego Housing Commission		
ASSETS		·				
Cash and Investments	\$ 1,845,291	\$ 784,877	\$ 2,630,168	\$ 175,423		
Receivables:						
Taxes - Net of Allowance for Uncollectibles	136,354	_	136,354	_		
Accounts - Net of Allowance for Uncollectibles	41,886	203,741	245,627	20,145		
Claims		_	29,337	_		
Contributions	2,098	_	2,098	_		
Special Assessments		_	838	_		
Notes		_	289,318	391,457		
Loans		_	110,494	_		
Accrued Interest		2,256	6,967	57,179		
Grants		3,721	66,534	_		
From Other Agencies		_	3,015	_		
Advances to Other Agencies		_	3,257	_		
Internal Balances		1,460	_	_		
Prepaid Expenses		35,865	35,865	4,714		
Inventories		71,325	72,700	_		
Land Held for Resale		_	20,778	_		
Restricted Cash and Investments		123,389	200,514	21,882		
Other Assets	_	556	556	4,635		
Capital Assets - Non-Depreciable	2,285,259	956,344	3,241,603	90,016		
Capital Assets - Depreciable	2,977,012	5,654,355	8,631,367	206,843		
TOTAL ASSETS	7,889,501	7,837,889	15,727,390	972,294		
DEFERRED OUTFLOWS OF RESOURCES						
Loss on Refunding		104,317	117,018	_		
Deferred Outflows Related to Other Postemployment Benefits		7,596	36,620	_		
Deferred Outflows Related to Pensions		89,223	561,382			
TOTAL DEFERRED OUTFLOWS OF RESOURCES	513,884	201,136	715,020			
LIABILITIES						
Accounts Payable		118,478	266,022	16,963		
Accrued Wages and Benefits		10,043	58,840	1,762		
Other Accrued Liabilities		49,130	82,168	11,421		
Interest Accrued on Long-Term Debt		21,964	27,665	6,955		
Long-Term Liabilities Due Within One Year		159,698	322,896	6,535		
Unearned Revenue	208,387	28,940	237,327	49,676		

STATEMENT OF NET POSITION June 30, 2020 (Dollars in Thousands)

	P	nt	Component Unit	
	Governmental Activities	Business- Type Activities	Total	San Diego Housing Commission
LIABILITIES (Continued)				
Liabilities Payable from Restricted Assets:				
Customer Deposits Payable	\$ —	\$ 13,943	\$ 13,943	\$ —
Deposits/Advances from Others	—	9,203	9,203	2,778
Long-Term Liabilities Due After One Year:				
Compensated Absences	39,413	8,201	47,614	_
Liability Claims	299,464	26,037	325,501	_
Reimbursement Agreement Obligations	15,672	_	15,672	_
Capital Lease Obligations	185,161	8,540	193,701	_
QECB Lease Obligations	4,903	_	4,903	_
Notes Payable	—	4	4	196,630
Loans Payable	28,110	223,943	252,053	_
Section 108 Loans Payable	1,778	_	1,778	_
Commercial Paper Notes Payable		18,724	57,299	_
Net Bonds Payable	560,424	1,805,965	2,366,389	_
Estimated Landfill Closure and Postclosure Care	—	50,034	50,034	_
Net Other Postemployment Benefits Liability	358,596	103,920	462,516	_
Pension Liabilities	2,175,613	495,387	2,671,000	_
TOTAL LIABILITIES	4,314,374	3,152,154	7,466,528	292,720
DEFERRED INFLOWS OF RESOURCES				
Gain on Refunding	—	4,588	4,588	_
Deferred Inflows Related to Other Postemployment Benefits	599	165	764	_
Deferred Inflows Related to Pensions	123,231	22,021	145,252	
TOTAL DEFERRED INFLOWS OF RESOURCES	123,830	26,774	150,604	
NET POSITION				
Net Investment in Capital Assets	4,424,146	4,528,113	8,952,259	98,905
Restricted for:				
Capital Projects	738,177	_	738,177	_
Debt Service	—	9,842	9,842	_
Low-Moderate Income Housing	346,594	_	346,594	_
Nonexpendable Permanent Endowments	18,286	_	18,286	_
Grants	110,893	_	110,893	_
Other	550,008	9,343	559,351	250,098
Unrestricted (Deficit)	(2,222,923)	312,799	(1,910,124)	330,571
TOTAL NET POSITION	\$ 3,965,181	\$ 4,860,097	\$ 8,825,278	\$ 679,574

STATEMENT OF ACTIVITIES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

			Program Revenues					
Functions/Programs		Expenses	Charges for Services		Operating Grants and Contributions		•	ital Grants and tributions
Primary Government:	_							
Governmental Activities:								
General Government and Support	\$	417,462	\$	188,116	\$	108,326	\$	1,894
Public Safety - Police		629,922		33,551		7,195		104
Public Safety - Fire and Life Safety and Homeland Security		338,128		48,626		11,539		83
Parks, Recreation, Culture and Leisure		374,335		91,225		5,863		4,112
Transportation		311,561		69,213		59,028		63,510
Sanitation and Health		117,473		15,531		219		2,799
Neighborhood Services		131,086		37,242		34,033		_
Debt Service - Interest		34,027		_				
TOTAL GOVERNMENTAL ACTIVITIES		2,353,994		483,504		226,203		72,502
Business-Type Activities:								
Sewer Utility		362,289		360,823		10,108		20,378
Water Utility		535,567		552,214		7,383		14,554
Airports		9,044		5,474		165		27,350
Development Services		88,032		85,700		_		_
Environmental Services		32,500		35,366		255		19
Golf Course		21,420		22,446		_		_
Recycling		27,326		25,757		995		_
San Diego Convention Center Corporation		39,834		30,370				
TOTAL BUSINESS-TYPE ACTIVITIES		1,116,012		1,118,150		18,906		62,301
TOTAL PRIMARY GOVERNMENT	\$	3,470,006	\$	1,601,654	\$	245,109	\$	134,803
Component Unit:								
San Diego Housing Commission	\$	310,621	\$	51,156	\$	250,585	\$	18,658
	Ge	neral Revenue	es:					

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

	Primary Government	t		Component Unit
Governmental Activities	Business-Type Activities		Total	San Diego Housing Commission
	•	•	(110,100)	•
\$ (119,126)	\$ —	\$	(119,126)	\$ —
(589,072)	_		(589,072)	-
(277,880)	—		(277,880)	-
(273,135)	—		(273,135)	-
(119,810)	_		(119,810)	-
(98,924)	—		(98,924)	-
(59,811)	—		(59,811)	-
(34,027)			(34,027)	
(1,571,785)			(1,571,785)	
	20.020		20.020	
_	29,020		29,020 38,584	_
_	38,584			_
_	23,945		23,945	_
_	(2,332)		(2,332)	_
_	3,140		3,140	_
_	1,026		1,026	-
_	(574)		(574)	_
	(9,464)		(9,464)	
	83,345		83,345	
(1,571,785)	83,345		(1,488,440)	
				9,778
627,272	—		627,272	-
181,181	—		181,181	-
327,311	—		327,311	_
93,474	_		93,474	-
68,117	_		68,117	-
50,125	—		50,125	-
1,982			1,982	-
52,746	27,752		80,498	16,22
6,178			6,178	
20,311	7,975		28,286	7,71
(4,022) 1,424,675	4,022 39,749		1,464,424	23,93
				23,931
(10,117)			(10,117)	
(157,227)	123,094		(34,133)	33,714
4,122,408	4,737,003		8,859,411	645,860
3,965,181	\$ 4,860,097	\$	8,825,278	\$ 679,57

GOVERNMENTAL FUNDS BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	General Fund				Total Governmental Funds	
ASSETS						
Cash and Investments	\$	552,417	\$	1,173,725	\$	1,726,142
Receivables:						
Taxes - Net of Allowance for Uncollectibles		92,048		44,306		136,354
Accounts - Net of Allowance for Uncollectibles		28,960		11,589		40,549
Claims		—		29,337		29,337
Special Assessments		—		838		838
Notes		—		289,318		289,318
Loans		—		110,494		110,494
Accrued Interest		1,742		2,898		4,640
Grants		_		62,541		62,541
From Other Funds		10,181		11,755		21,936
From Other Agencies		3,015		—		3,015
Contributions		1,159		—		1,159
Interfund Loan Receivable		_		26,167		26,167
Advances to Other Agencies		733		2,524		3,257
Land Held for Resale		_		20,778		20,778
Restricted Cash and Investments		1,534		75,591		77,125
TOTAL ASSETS	\$	691,789	\$	1,861,861	\$	2,553,650
LIABILITIES						
Accounts Payable	\$	46,395	\$	93,061	\$	139,456
Accrued Wages and Benefits		46,421		429		46,850
Other Accrued Liabilities		10,541		22,367		32,908
Due to Other Funds		_		21,936		21,936
Unearned Revenue		156,665		51,722		208,387
Interfund Loan Payable				26,167		26,167
TOTAL LIABILITIES		260,022		215,682		475,704
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Taxes.		15,017		25,090		40,107
Unavailable Revenue - Grants		_		54,602		54,602
Unavailable Revenue - Other		6,284		9,363		15,647
TOTAL DEFERRED INFLOWS OF RESOURCES		21,301		89,055		110,356

GOVERNMENTAL FUNDS BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds					
FUND BALANCES								
Nonspendable	\$ —	\$ 18,286	\$ 18,286					
Restricted	195,085	1,564,819	1,759,904					
Committed	88,665	63,338	152,003					
Assigned	2,133	_	2,133					
Unassigned (Deficit)	124,583	(89,319)	35,264					
TOTAL FUND BALANCES	410,466	1,557,124	1,967,590					
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 691,789	\$ 1,861,861						
Amounts reported for governmental activities in the Statement of Net Position are different becconstructed assets used in governmental activities are not financial resources, and therefore, are not level. Deferred outflows of resources are not financial resources (uses), and therefore, are not report	reported at the fund		5,080,737 501,584					
Unavailable revenues are not financial resources, and therefore, are reported as deferred inflov	ws of resources.		110,356					
Internal service funds are used by management to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The assets, deferred outflows of resources, liabilities and deferred inflows of resources of internal service funds are included in the governmental activities in the Statement of Net Position.								
Certain liabilities and deferred inflows of resources, including bonds payable, are not due and pa period, and therefore, are not reported in the funds.	ayable in the current		(3,849,349)					
Net Position of Governmental Activities (page 49)			\$ 3,965,181					

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
REVENUES			
Property Taxes	\$ 609,297	\$ 15,537	\$ 624,834
Special Assessments	_	56,705	56,705
Sales Taxes - Shared State Revenue	292,525	37,456	329,981
Transient Occupancy Taxes	95,243	85,938	181,181
Franchises	93,336	63,716	157,052
Other Local Taxes	68,026	—	68,026
Licenses and Permits	37,756	62,622	100,378
Fines, Forfeitures and Penalties	27,918	3,758	31,676
Revenue from Use of Money and Property	75,343	53,867	129,210
Revenue from Federal Agencies	92,462	68,690	161,152
Revenue from Other Agencies	9,685	47,196	56,881
Revenue from Private Sources	688	5,985	6,673
Charges for Current Services	296,599	17,841	314,440
Other Revenue	13,080	6,270	19,350
TOTAL REVENUES	1,711,958	525,581	2,237,539
EXPENDITURES			
Current:			
General Government and Support	421,306	16,851	438,157
Public Safety - Police	541,975	15,840	557,815
Public Safety - Fire and Life Safety and Homeland Security	287,844	11,681	299,525
Parks, Recreation, Culture and Leisure	173,080	139,868	312,948
Transportation	117,705	100,762	218,467
Sanitation and Health	102,279	3,272	105,551
Neighborhood Services	43,398	98,917	142,315
Capital Outlay	11,517	219,940	231,457
Debt Service:			
Principal Retirement	13,081	35,108	48,189
Interest	8,367	26,775	35,142
TOTAL EXPENDITURES	1,720,552	669,014	2,389,566
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(8,594)	(143,433)	(152,027)

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	General Fund	Other Governmental Funds	Total Governmental Funds
OTHER FINANCING SOURCES (USES)			
Transfers from Proprietary Funds	\$ 4,915	\$ 64	\$ 4,979
Transfers from Other Funds	40,498	77,435	117,933
Transfers to Proprietary Funds	(2,073)	—	(2,073)
Transfers to Other Funds	(37,796)	(80,137)	(117,933)
Proceeds from the Sale of Capital Assets	_	5,644	5,644
Capital Leases Issued	1,349	—	1,349
Loans Issued	_	26,167	26,167
Commercial Paper Notes Issued		22,686	22,686
TOTAL OTHER FINANCING SOURCES (USES)	6,893	51,859	58,752
Special Item		(10,117)	(10,117)
NET CHANGE IN FUND BALANCES	(1,701)	(101,691)	(103,392)
Fund Balances at Beginning of Year	412,167	1,658,815	2,070,982
FUND BALANCES AT END OF YEAR	\$ 410,466	\$ 1,557,124	\$ 1,967,590

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

Net Change in Fund Balances of Governmental Funds (page 55)	\$ (103,392)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not financial resources, and therefore, are not reported in the funds. This is the amount by which capital outlays and donated assets exceeded depreciation in the current period.	102,903
The net effect of various miscellaneous transactions involving capital assets (e.g., retirements and transfers) is to decrease net position.	(15,677)
Revenues available to liquidate liabilities of the current period were recognized in the governmental funds during the current year; however, such amounts were recognized as revenue in the Statement of Activities in the prior year.	9,696
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(2,013)
Some expenses reported in the Statement of Activities do not require the use of current financial resources (e.g., compensated absences, net pension liability), and therefore, are not accrued as expenditures in governmental funds.	(149,936)
Internal service funds are used to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The net income of certain internal service activities is reported with governmental activities.	 1,192
Change in Net Position of Governmental Activities (page 51)	\$ (157,227)



57

PROPRIETARY FUNDS STATEMENT OF FUND NET POSITION June 30, 2020 (Dollars in Thousands)

	Business-Type Activities - Enterprise Funds						
	Sewer Utility	Water Utility	Other Enterprise Funds	Total	Internal Service Funds		
ASSETS							
Current Assets:							
Cash and Investments	\$ 327,171	\$ 291,422	\$ 165,478	\$ 784,071	\$ 119,955		
Receivables:							
Accounts - Net of Allowance for Uncollectibles	64,423	125,606	13,712	203,741	1,337		
Contributions	_	_	—	_	939		
Accrued Interest	905	809	541	2,255	72		
Grants	_	3,145	576	3,721	272		
Inventories	_	67,935	57	67,992	4,708		
Total Current Assets	392,499	488,917	180,364	1,061,780	127,283		
Non-Current Assets:							
Restricted Cash and Investments	5,651	63,033	54,705	123,389	—		
Prepaid Expenses	6,916	27,949	1,000	35,865	—		
Other Assets	_	—	556	556	—		
Capital Assets - Non-Depreciable	315,833	591,388	49,123	956,344	9,600		
Capital Assets - Depreciable	2,953,292	2,542,854	158,209	5,654,355	171,934		
Total Non-Current Assets	3,281,692	3,225,224	263,593	6,770,509	181,534		
TOTAL ASSETS	3,674,191	3,714,141	443,957	7,832,289	308,817		
DEFERRED OUTFLOWS OF RESOURCES							
Loss on Refunding	56,356	47,961	_	104,317	_		
Deferred Outflows Related to Other Postemployment Benefits	2,557	2,339	2,700	7,596	1,107		
Deferred Outflows Related to Pensions	30,894	30,793	27,536	89,223	11,193		
TOTAL DEFERRED OUTFLOWS OF RESOURCES	89,807	81,093	30,236	201,136	12,300		

PROPRIETARY FUNDS STATEMENT OF FUND NET POSITION June 30, 2020 (Dollars in Thousands)

		Busin	ess	Type Activit	ctivities - Enterprise Funds					
		Sewer Utility		Water Utility	Er	Other iterprise Funds		Total	S	nternal Service Funds
LIABILITIES										
Current Liabilities:										
Accounts Payable	\$	26,497	\$	77,387	\$	14,151	\$	118,035	\$	8,528
Accrued Wages and Benefits		3,464		3,013		3,566		10,043		1,947
Other Accrued Liabilities		36,568		5,689		6,873		49,130		130
Interest Accrued on Long-Term Debt		5,130		16,834		_		21,964		289
Long-Term Liabilities Due Within One Year		84,881		65,789		9,028		159,698		16,655
Unearned Revenue		710		3,213		25,017		28,940		_
Current Liabilities Payable from Restricted Assets:										
Customer Deposits Payable		_		2,933		11,010		13,943		_
Total Current Liabilities		157,250		174,858		69,645		401,753		27,549
Non-Current Liabilities:										
Non-Current Liabilities Payable from Restricted Assets:										
Deposits/Advances from Others						9,203		9,203		
		2,591		2.867		2,743		9,203 8,201		1,047
Compensated Absences				,		,				,
Liability Claims		7,454		14,446		4,137		26,037		8,393
Capital Lease Obligations		4		9		8,527		8,540		34,274
Notes Payable		—				4		4		_
Loans Payable		124,200		75,733		24,010		223,943		_
Commercial Paper Notes Payable		—		18,724		_		18,724		_
Net Revenue Bonds Payable		667,210		1,138,755		—		1,805,965		_
Estimated Landfill Closure and Postclosure Care		—		_		50,034		50,034		_
Net Other Postemployment Benefits Liability		38,074		35,372		30,474		103,920		17,667
Pension Liabilities	·····	174,083		168,752		152,552		495,387		69,523
Total Non-Current Liabilities		1,013,616		1,454,658		281,684		2,749,958		130,904
TOTAL LIABILITIES		1,170,866		1,629,516		351,329		3,151,711		158,453
DEFERRED INFLOWS OF RESOURCES										
Gain on Refunding		_		4,588		_		4,588		_
Deferred Inflows Related to Other Postemployment Benefits		52		58		55		165		23
Deferred Inflows Related to Pensions		7,128		8,051		6,842		22,021		3,218
TOTAL DEFERRED INFLOWS OF RESOURCES		7,180		12,697		6,897		26,774		3,241
NET POSITION										
Net Investment in Capital Assets		2,436,059		1,919,969		172,085		4,528,113		137,366
Restricted for Debt Service		5,651		4,191		172,000		9,842		107,000
Restricted for Closure/Postclosure Maintenance		5,051		+,131		9,343		9,842 9,343		_
Unrestricted (Deficit)		 144,242		228,861		(65,461)		9,543 307,642		22,057
			<u></u>						¢	
TOTAL NET POSITION		2,585,952	\$	2,153,021	\$	115,967		4,854,940	\$	159,423
Adjustment to reflect the consolidation of Internal Service Fund activiti	es related to	Enterprise	Fun	ds				5,157		
Net position of business-type activities (page 49)							\$	4,860,097		

PROPRIETARY FUNDS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

OPERATING REVENUES Sales of Water Charges for Services Revenue from Use of Property Other TOTAL OPERATING REVENUES OPERATING EXPENSES Salaries and Employee Benefits Materials and Supplies Contractual Services	Sewer Utility \$ 353,213 1,414 6,196 360,823 100,977 27,062 72,405 7,586 20,733 78,464	- \$ 3 4 5 3 	Water Utility 540,988 3,690 5,899 1,637 552,214 82,813 216,811 117,018	2	71,018 22,971 11,124 05,113 20,309 5,531	527 30 18 1,118	,099	S	tternal ervice 137,594
Sales of Water	353,213 1,414 6,196 360,823 100,977 27,062 72,405 7,586 20,733		3,690 5,899 1,637 552,214 82,813 216,811 117,018	1 2 1	22,971 11,124 05,113 20,309 5,531	527 30 18 1,118 304	,921 ,284 ,957 ,150	\$	
Charges for Services Revenue from Use of Property Other TOTAL OPERATING REVENUES OPERATING EXPENSES Salaries and Employee Benefits Materials and Supplies	353,213 1,414 6,196 360,823 100,977 27,062 72,405 7,586 20,733		3,690 5,899 1,637 552,214 82,813 216,811 117,018	1 2 1	22,971 11,124 05,113 20,309 5,531	527 30 18 1,118 304	,921 ,284 ,957 ,150	\$	
Revenue from Use of Property	1,414 6,196 360,823 100,977 27,062 72,405 7,586 20,733		5,899 1,637 552,214 82,813 216,811 117,018	2	22,971 11,124 05,113 20,309 5,531	30 18 1,118 304	,284 ,957 ,150 ,099		
Other TOTAL OPERATING REVENUES OPERATING EXPENSES Salaries and Employee Benefits Materials and Supplies	6,196 360,823 100,977 27,062 72,405 7,586 20,733	<u>)</u> <u></u> <u>2</u> <u>5</u> <u>5</u>	1,637 552,214 82,813 216,811 117,018	2	11,124 05,113 20,309 5,531	18 1,118 304	,957 ,150 ,099		137,861
TOTAL OPERATING REVENUES OPERATING EXPENSES Salaries and Employee Benefits. Materials and Supplies	360,823 100,977 27,062 72,405 7,586 20,733	<u> </u>	552,214 82,813 216,811 117,018	2	05,113 20,309 5,531	1,118	,150 ,099		137,861
OPERATING EXPENSES Salaries and Employee Benefits Materials and Supplies	100,977 27,062 72,405 7,586 20,733	 2 5 6	82,813 216,811 117,018	1	20,309 5,531	304	,099		
Salaries and Employee Benefits	27,062 72,405 7,586 20,733	2 5 6	216,811 117,018		5,531				40,548
Materials and Supplies	27,062 72,405 7,586 20,733	2 5 6	216,811 117,018		5,531				40,548
	72,405 7,586 20,733	5	117,018			249	404		
Contractual Services	7,586 20,733	6			07 050		,404		22,725
	20,733		7 0 4 4		67,253	256	,676		9,655
Information Technology	,	2	7,911		4,608	20	,105		1,917
Energy and Utilities	78,464	,	8,572		8,923	38	,228		11,488
Depreciation		ļ	59,449		11,248	149	,161		26,560
Benefit and Claim Expenses	_	-	_		—		_		18,242
Other Expenses	15,131		3,543		401	19	,075		34
TOTAL OPERATING EXPENSES	322,358	3	496,117	2	18,273	1,036	,748		131,169
OPERATING INCOME (LOSS)	38,465	5	56,097	(13,160)	81	,402		6,692
NONOPERATING REVENUES (EXPENSES)									
Earnings on Investments	11,851		9,057		6,827	27	,735		839
Federal Grant Assistance	10,108	3	6,819		420	17	,347		_
Other Agency Grant Assistance	_	-	564		995	1	,559		1,037
Loss on Sale/Retirement of Capital Assets	(3,715	5)	(918)		(24)	(4	,657)		(578)
Debt Service Interest Expense	(36,322	2)	(38,704)		(1,067)	(76	,093)		(889)
Other	7,155	5	(18)		838	7	,975		578
TOTAL NONOPERATING REVENUES (EXPENSES), NET	(10,923	3)	(23,200)		7,989	(26	,134)		987
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	27,542	2	32,897		(5,171)	55	,268		7,679
Capital Contributions	21,039)	15,005		27,369	63	,413		832
Transfers from Other Funds	471		393		1,534	2	,398		1,113
Transfers from Governmental Funds	529)	407		736	1	,672		401
Transfers to Other Funds	(1,000))	_		(1,115)	(2	,115)		(1,396)
Transfers to Governmental Funds	_	-	_		_		_		(4,979)
TOTAL CONTRIBUTIONS AND TRANSFERS	21,039)	15,805		28,524	65	,368		(4,029)
CHANGE IN NET POSITION	48,581		48,702		23,353	120	,636		3,650
Net Position at Beginning of Year	2,537,371	l	2,104,319		92,614				155,773
NET POSITION AT END OF YEAR	\$ 2,585,952	2 \$	2,153,021	\$ 1	15,967			\$	159,423
Adjustment to reflect the consolidation of Internal Service Fund activities related	to Enterprise Fu	nds				2	,458		
Change in net position of business-type activities (page 51)						\$ 123	,094		



61

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Business-Type Activities - Enterprise Fund				Funds			
	Sewer Utility		Water Utility	E	Other nterprise Funds	Total	5	nternal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	 							
Receipts from Customers and Users	\$ 358,901	\$	524,167	\$	204,195	\$ 1,087,263	\$	26,915
Receipts from Interfund Services Provided	3,220		3,258		4,703	11,181		113,756
Payments to Suppliers	(125,599)		(327,889)		(79,335)	(532,823)		(48,373)
Payments to Employees	(89,393)		(79,203)		(112,077)	(280,673)		(49,680)
Payments for Interfund Services Used	(5,109)		(6,686)		(10,995)	(22,790)		(1,447)
NET CASH PROVIDED BY OPERATING ACTIVITIES	 142,020		113,647		6,491	262,158		41,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from Other Funds	471		393		1,534	2,398		1,113
Transfers from Governmental Funds	529		407		736	1,672		401
Transfers to Other Funds	(1,000)		_		(1,115)	(2,115)		(1,396)
Transfers to Governmental Funds	() · · · ·)		_					(4,979)
Operating Grants	10,108		4,706		3,364	18,178		961
Proceeds from Advances and Deposits					803	803		_
Payments for Advances and Deposits	(250)		(560)		(322)	(1,132)		_
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	 9,858	_	4,946		5,000	19,804	_	(3,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from Loans	22,953		5,234		_	28,187		_
Proceeds from Commercial Paper			77,903		_	77,903		_
Proceeds from Revenue Bonds	_		125,470		_	125,470		_
Proceeds from Capital Contributions.	20,378		14,553		18	34,949		_
Proceeds from the Sale of Capital Assets	20,570		1,176		10	1,176		1,765
Loans to Others			1,170		4,387	4,387		1,705
Acquisition of Capital Assets	(137,086)		(208,761)		(19,944)	(365,791)		(30,608)
Principal Payments on Capital Leases	(137,000) (115)		(200,701)		(13,344)	(303,791) (1,596)		(30,008) (10,798)
Principal Payments on Votes	(113)		(200)			(1,590)		(10,790)
Principal Payments on Loans	(9,675)		(3,924)		(2)	(14,332)		_
	(. ,		(. ,		(733)	· · · /		_
Principal Payments on Revenue Bonds	(61,090)		(35,155)		(1.066)	(96,245)		(016)
Interest Paid on Long-Term Debt NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(35,493) (200,128)		(44,126) (67,898)		(1,066) (18,553)	(80,685) (286,579)	_	(916) (40,557)
	 (, ,	_						<u> </u>
CASH FLOWS FROM INVESTING ACTIVITIES	05.067		017 /15		353	210 025		
Sales of Investments	95,067		217,415		353	312,835		—
Purchases of Investments	(95,064)		(261,502)			(356,566)		
Interest Received on Investments	 12,103		9,381	_	6,935	28,419		860
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	 12,106	_	(34,706)		7,288	(15,312)		860
Net Increase (Decrease) in Cash and Cash Equivalents	(36,144)		15,989		226	(19,929)		(2,426)
Cash and Cash Equivalents at Beginning of Year	368,966		278,363		215,117	862,446		122,381
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 332,822	\$	294,352	\$	215,343	\$ 842,517	\$	119,955
Reconciliation of Cash and Cash Equivalents at End of Year to the Statement of Net Position:								
Cash and Investments	\$ 327,171	\$	291,422	\$	165,478	\$ 784,071	\$	119,955
Restricted Cash and Investments	5,651		63,033		54,705	123,389		
Less Investments Not Meeting the Definition of Cash Equivalents			(60,103)		(4,840)	(64,943)		_
	 222 022	ŕ		¢	. /		¢	110.055
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 332,822	\$	294,352	\$	215,343	\$ 842,517	\$	119,955

PROPRIETARY FUNDS STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	Sewer		ype Activiti Water		Other terprise			ternal
	Jtility		Utility		Funds		Total	ervice ⁻ unds
Activities:								
Operating Income (Loss)	\$ 38,465	\$	56,097	\$	(13,160)	\$	81,402	\$ 6,692
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating								
Activities:								
Depreciation	78,464		59,449		11,248		149,161	26,560
Other Nonoperating Revenues	7,155		1,183		838		9,176	578
(Increase) Decrease in Assets:								
Accounts Receivable - Net	(5,758)		(26,296)		5,966		(26,088)	2,227
Claims Receivable - Net	_		1		_		1	_
Contributions Receivable	_		_		_		_	5
Inventories	_		1,404		_		1,404	(1,524)
Prepaid Expenses	_		_		712		712	_
Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources:								
Accounts Payable	(380)		13,855		2,570		16,045	3,642
Accrued Wages and Benefits	958		780		944		2,682	24
Other Accrued Liabilities	_		_		(90)		(90)	_
Due to Other Agencies	12,610		(1,364)		(11,246	_
Unearned Revenue	(163)		294		(3,019)		(2,888)	_
Contract Deposits	66		31		(-,)		97	_
Arbitrage Liability	_		(2)		_		(2)	_
Contracts Payable	_		(=)		(731)		(731)	_
Compensated Absences	626		920		720		2,266	(1,096)
Liability Claims	(2,848)		3,106		(1,840)		(1,582)	(534)
Estimated Landfill Closure and Postclosure Care	(2,010)				(4,624)		(4,624)	(001)
Net Other Postemployment Benefits Liability and Related Changes in Deferred Outflows/Inflows of Resources.	665		(228)		55		492	84
Pension Liabilities and Related Changes in Deferred Outflows/Inflows of			()					• ·
Resources	12,160		4,417		6,902		23,479	4,513
- Total Adjustments	103,555		57,550		19,651		180,756	 34,479
-		_		_	,	_	,	 -
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 142,020	\$	113,647	\$	6,491	\$	262,158	\$ 41,171
Noncash Investing, Capital, and Financing Activities:								
Capital Assets Acquired through Capital Leases	\$ —	\$	—	\$	10,847	\$	10,847	\$ 9,501
Developer Contributed and Donated Capital Assets	—		—		27,350		27,350	824
Acquisition of Capital Assets	510		200		70		780	—
Capital Contributions Related to Grants Receivable	—		—		(2,124)		(2,124)	—
Capital Asset Acquisitions Related to Accounts Payable	380		(2,464)		(960)		(3,044)	(10)
Carrying Value of Retired Capital Assets	(3,670)		(2,094)		(24)		(5,788)	(1,228)
Capitalized Interest and Related Amounts	—		—		11		11	_
Amortization of Bond Premiums, Discounts and Refundings	(290)		16,318		_		16,028	_
Change in Fair Value of Investments	—		149		—		149	—
Interest and Reserve Fund Credits for Debt Service Payments	(2)		(12,790)		_		(12,792)	_
Transfers of Capital Assets (To) From Governmental Activities	(44)		_		_		(44)	8
Transfers of Capital Assets (To) From Other Funds	661		451		_		1,112	(1,112)
Accrued Loan Interest Converted to Principal	283		—		_		283	—
	_		239,583		_		239,583	_
Proceeds of Refunding Bonds								
Proceeds of Refunding Bonds Repayment of Refunding Bonds and Cost of Issuance to Escrow	_		(126,807)		_		(126,807)	_

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION June 30, 2020 (Dollars in Thousands)

	Trust		
	Pension	Private- Purpose	Custodial Funds
ASSETS			
Cash and Investments	\$ 207	\$ 55,604	\$ 982
Cash and Investments with Custodian/Fiscal Agent	302,426	_	_
Investments at Fair Value:			
Domestic Fixed Income Securities	1,985,185	_	_
International Fixed Income Securities	618,772	_	_
Domestic Equity Securities	1,564,465	_	_
International Equity Securities	1,349,315	_	_
Global Equity Securities	522,308	_	_
Real Estate	991,913	_	_
Private Equity and Infrastructure	1,157,179	_	_
Receivables:			
Accounts - Net	—	1,000	_
Special Assessments	—	_	229
Contributions	4,115	_	_
Accrued Interest	9,083	144	6
Notes and Contracts	_	3,913	_
Securities Sold	226,911	_	_
Prepaid Expenses	320	203	_
Securities Lending Collateral	115,948	_	_
Restricted Cash and Investments	_	43,190	18,161
Capital Assets - Non-Depreciable	_	14,198	_
Capital Assets - Depreciable	3,568	42,719	
TOTAL ASSETS	8,851,715	160,971	19,378
DEFFERRED OUTFLOWS OF RESOURCES			
Loss on Refunding		21,972	

FIDUCIARY FUNDS STATEMENT OF FIDUCIARY NET POSITION June 30, 2020 (Dollars in Thousands)

		Trust	Fund	s	
	Pensior	ı		Private- Purpose	 Custodial Funds
LIABILITIES					
Accounts Payable	\$ 4	1,651	\$	937	\$ —
Accrued Wages and Benefits		867		_	_
Interest Accrued on Long-Term Debt		—		130,167	_
Sundry Trust/Agency Liabilities		—		451	_
Due to Bondholders		_		366,254	19,037
Liability Claims		_		65,957	_
Loans Payable		—		2,863	—
Supplemental Benefits Payable	11	1,821		_	—
Securities Lending Obligations	115	5,969		—	_
Securities Purchased	412	2,854		_	 _
TOTAL LIABILITIES	546	6,162		566,629	 19,037
DEFFERRED INFLOWS OF RESOURCES					
Gain on Refunding		_		2,759	
NET POSITION (DEFICIT)					
Restricted for Pension Benefits	8,305	5,553		_	_
Held in Trust for Other Purposes		_		(386,445)	_
Restricted for Others		_			 341
TOTAL NET POSITION (DEFICIT)	\$ 8,305	5,553	\$	(386,445)	\$ 341

FIDUCIARY FUNDS STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		Trust	Fund	s		
	I	Pension		Private- Purpose	_	Custodial Funds
ADDITIONS	•		•		•	
Employer Contributions	\$	379,722	\$	—	\$	_
Plan Member Contributions:		70.050				
Employee Contributions		73,250		—		—
DROP Contributions		4,983				—
Redevelopment Property Tax Trust Fund		_		47,149		
Special Assessments Fines, Forfeitures and Penalties		_		_		8,818 465
·		_		_		400
Earnings on Investments:		04.005		0.047		050
Investment Income		94,335		2,017		250
Investment Expense		(47,316)		_		_
Net Appreciation in Fair Value of Investments		(27,262)				
Net Investment Income		19,757		2,017		250
Securities Lending Income:						
Gross Earnings		3,109		—		—
Borrower Rebates and Bank Charges		(2,364)				
Net Securities Lending Income		745				_
Other Income				6,355	_	60
TOTAL ADDITIONS		478,457		55,521		9,593
DEDUCTIONS						
Enforceable Obligation Payments		_		4,882		_
Interest on Long-Term Debt		—		15,342		_
DROP Interest Expense		22,221		_		_
Benefit and Claim Payments		574,890		_		_
Paid to Bondholders		_		_		8,730
Administration		11,796		—		327
Depreciation		—		1,814		—
Other Expenses		_				195
TOTAL DEDUCTIONS		608,907		22,038	_	9,252
CHANGE IN NET POSITION		(130,450)		33,483		341
Net Position (Deficit) at Beginning of Year, as Restated		8,436,003		(419,928)		
NET POSITION (DEFICIT) AT END OF YEAR	\$	8,305,553	\$	(386,445)	\$	341

NOTES TO THE BASIC FINANCIAL STATEMENTS Fiscal Year Ended June 30, 2020

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

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

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

a. Financial Reporting Entity

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

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

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

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

- Convention Center Expansion Financing Authority
- Public Facilities Financing Authority
- San Diego Convention Center Corporation
- San Diego Facilities and Equipment Leasing Corporation
- Enhanced Infrastructure Financing District Public Financing Authority
- Tobacco Settlement Revenue Funding Corporation

A brief description of each blended component unit follows:

- The Convention Center Expansion Financing Authority (CCEFA) was established in 1996 by the City and the San Diego Unified Port District (Port) to acquire and construct the expansion of the existing convention center. The CCEFA is governed by a board consisting of the Mayor, the City Manager (Chief Operating Officer), the President/CEO of the Port, and a member of the Board of Commissioners for the Port. The CCEFA provides services which primarily benefit the City. CCEFA is reported as a governmental fund.
- The Public Facilities Financing Authority (PFFA) was established in 1991 by the City and the former RDA to acquire and construct public capital improvements. As of June 30, 2020, the members consist of the City, the Successor Agency, and the Housing Authority of the City of San Diego. PFFA is governed by a board of commissioners composed of the members of the City Council. PFFA provides services exclusively to the City. Financing for governmental funds is reported as a governmental activity and financing for enterprise funds is reported as a business-type activity.
- San Diego Convention Center Corporation (SDCCC) is a not-for-profit public benefit corporation, originally organized to market, operate, and maintain the San Diego Convention Center. The City is the sole member of SDCCC and acts through the San Diego City Council in accordance with the City Charter and the City's Municipal Code. The City appoints all seven voting members to the Board of Directors of SDCCC. In accordance with the management agreement with SDCCC, the City allocates to SDCCC approved budgetary amounts for marketing, promotion, and capital projects for the Convention Center. SDCCC is reported as an enterprise fund. Complete stand-alone financial statements are available at www.visitsandiego.com.
- The San Diego Facilities and Equipment Leasing Corporation (SDFELC) is a not-for-profit public benefit corporation established in 1987 for the purpose of acquiring and leasing to the City real and personal property to be used in the municipal operations of the City. SDFELC is governed by a three member board consisting of the City Attorney, the Chief Financial Officer, and the Mayor. Services are provided exclusively to the City. Financing provided through SDFELC for governmental funds is reported as a governmental activity and financing for enterprise funds is reported as a business-type activity.
- The Enhanced Infrastructure Financing District Public Financing Authority (EIFDPFA) was established in 2017 by the City to finance certain Otay Mesa public infrastructure and community benefit projects authorized under the Enhanced Infrastructure Financing District (EIFD) Law Government Code sections 53398.50 through 53398.88. The Otay Mesa EIFD governing board consists of three members of the City Council and two members of the public, all of whom are appointed by the City Council. Services provided primarily benefit the Otay Mesa area of the City. Financing is reported as a governmental activity.
- The Tobacco Settlement Revenue Funding Corporation (TSRFC) is a not-for-profit public benefit corporation established in 2006 for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. TSRFC purchased from the City the rights to receive future tobacco settlement revenues due to the City. TSRFC is governed by a board of directors, which consists of the Chief Operating Officer, the Chief Financial Officer, and one independent director. The independent director is appointed by the Mayor or the remaining directors. TSRFC is reported as a governmental fund.

There is one fiduciary component unit:

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

There is one discretely presented component unit:

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

SDHC has eight blended component units and twenty-one discretely presented component units which are included in the City's basic financial statements. The discretely presented component units are financially and legally separate entities from SDHC. SDHC's discretely presented component units reflect the financial reporting entity of consolidated Housing Development Partners, which includes the following legal entities: Housing Development Partners of San Diego (HDP); HDP Mason Housing Corporation; Casa Colina, LP; Logan Development II, LP; HDP Broadway, LP; HDP Churchill, LP; HDP Parker Kier, LLC; HDP New Palace, LP; Logan Development Management, LLC; HDP Broadway Management, LLC; HDP Churchill, LLC; HDP Island Village, LLC; HDP New Palace Management, LLC; HDP Village North, LLC; HDP West Park, LP; HDP West Park Management, LLC; HDP Quality Inn, LLC; HDP Town and Country, LP; HDP Town and Country, LLC; HDP Mariner's Village, LP and HDP Mariner's Village Management, LLC, collectively referred to as the "Corporation". Complete stand-alone financial statements are available at www.sdhc.org.

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

Civic San Diego (CSD) is a not-for-profit public benefit corporation established upon dissolution of the former San Diego Redevelopment Agency (RDA). CSD has amended and restated its Articles of Incorporation and Bylaws such that the City is no longer the sole member of CSD, thereby rendering CSD completely independent and separate from the City. Effective July 29, 2019, CSD is no longer a blended component unit of the City (See Note 22).

b. Government-Wide and Fund Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The following are the City's major enterprise funds:

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

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

The following are the City's other fund types:

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

Pension Trust Funds - These funds account for SDCERS, which provides retirement, disability, and death benefits for the City of San Diego, Unified Port District, and Airport Authority.

<u>Private-Purpose Trust Fund</u> - This fund was established to account for the ongoing activity and obligations of the Successor Agency. The Successor Agency was established to hold the former RDA's assets until they are distributed to other units of state and local government, or where appropriate, to private parties, and to administer the payments of the former RDA's obligations. Pursuant to ABX1 26, redevelopment agencies and their successor agencies in the State of California generally cannot enter into new projects, obligations or commitments. On January 12, 2012, the City was designated to serve as the Successor Agency subject to control of an oversight board. The Successor Agency is reported as a private-purpose trust fund in the fiduciary funds financial statements.

<u>Custodial Funds</u> - These funds account for assets held by the City as a custodian for individuals, private organizations, and other governments, including asset forfeitures and special assessments.

d. Property Taxes

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

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

At the government-wide level, property tax revenue is recognized in the fiscal year for which the taxes have been levied. Property taxes received after the fiscal year which do not meet the 60 day availability criterion are not considered available as a resource that can be used to finance the current year operations of the City and, therefore, are recorded as deferred inflows of resources in the governmental funds. The City provides an allowance for uncollectible property taxes, which is analyzed each year against the most recent data from the County. For fiscal year 2020, the allowance amount was \$2,731. Property owners can appeal the assessment value of their property to the County Assessment Appeals Board. If successful, the County Assessor may reduce the taxable value of a property and/or provide a refund to affected property owners. Reductions of taxable property value within the City of San Diego have a negative impact on future tax collections until assessed valuations increase.

e. Cash and Investments

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

The City's cash resources are combined to form a cash and investment pool managed by the City Treasurer. The City is not required to register the pool as an investment company with the Securities and Exchange Commission (SEC). The investment activities of the City Treasurer in managing the pool are governed by California Government Code § 53601 and the City of San

Diego City Treasurer's Investment Policy, which is reviewed by the City Treasurer's Investment Advisory Committee and presented annually to the City Council. Interest earned on pooled investments is allocated to participating funds and entities based upon their average daily cash balance during the allocation month. Fair value adjustments to the pool are recorded annually; however, the City Treasurer reports on market values monthly. The pool participates in the California State Treasurer's Local Agency Investment Fund (LAIF). Investments in LAIF are governed by State statutes and overseen by a five member Local Investment Advisory Board. The fair value of the City's position in LAIF may be greater or less than the value of the shares. Investments in LAIF are valued in the financial statements using a fair value factor provided by LAIF applied to the value of the City's shares in the investment pool.

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

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

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

SDCERS' investments are reported at fair value or net asset value (NAV), in accordance with GASB Statement No. 72, in the Statement of Fiduciary Net Position. SDCERS' custodial bank, State Street Bank & Trust Company, provides the fair values of exchange traded assets. Through its agents, SDCERS also holds investments in non-publicly traded institutional investment funds. These institutional investment funds are comprised of exchange traded securities, the fair values of which are provided by the respective investment managers. Directly-owned real estate assets are stated at appraised values as determined by SDCERS' real estate managers and third party appraisal firms. Private equity and infrastructure assets are measured at fair value using the NAV per share or its equivalent by their respective investment managers, giving consideration to the financial condition and operating results of the portfolio companies, and other factors deemed relevant. These values are reviewed by the real estate, private equity and infrastructure consultants, the underlying investment managers and SDCERS' investments staff. Where fair value information as of June 30, 2020 was not available at the time of these financial statements, SDCERS has estimated fair value by using the most recent fair value information available from the fund manager/general partner and adding any contributions and/or deducting any distributions to/from the investment from the date of the most recent fair value information to June 30, 2020.

f. Receivables

The City's receivables are comprised mainly of notes, loans, accounts and taxes. Long-term notes and loans receivable consist

primarily of former RDA agreements with terms that provide for limited cash flows, e.g. residual receipts from Low and Moderate Housing developer loans. These receivables are reported in the governmental fund statements and are recorded with an offset to restricted fund balance as resources are not available for expenditure. Accounts receivable and taxes receivable are reported net of an allowance for uncollectible amounts. The allowance amounts as of June 30, 2020 are as follows:

Fund	Re	Accounts Receivable Allowance		Taxes Receivable Allowance	
General Fund	\$	10,232	\$	2,673	
Nonmajor Governmental Funds		5,018		58	
Sewer Utility		3,940		—	
Water Utility		5,813		—	
Nonmajor Enterprise Funds		3,796		—	
Internal Service Funds		855			
Total	\$	29,654	\$	2,731	

g. Inventories

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

h. Land Held for Resale

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

i. Deferred Outflows/Inflows of Resources

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 position that is applicable to a future reporting period(s) and will not be recognized as an expense/expenditure until then. The City has three items that qualify for reporting in this category: loss on refunding; deferred outflows related to pension benefits; and deferred outflows related to other postemployment benefits. 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 position that is applicable to a future reporting period(s) and will not be recognized as a revenue until then. The City has three items that qualify for reporting in this category: gain on refunding; deferred inflows related to pension benefits; and deferred inflows related to a future reporting period(s) and will not be recognized as a revenue until then. The City has three items that qualify for reporting in this category: gain on refunding; deferred inflows related to pension benefits; and deferred inflows related to other postemployment benefits. Additionally, in the governmental funds financial statements, deferred inflows of resources represent revenues which have been earned but have not met the recognition criteria based on the modified accrual basis of accounting.

j. Capital Assets

Capital assets, when purchased or constructed, are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value or estimated acquisition value on the date received. Costs for routine maintenance are expensed as incurred. Capital assets are reported in the applicable Governmental or Business-Type Activities column in the government-wide financial statements, as well as in the proprietary funds and fiduciary funds financial statements.

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

Depreciable Capital Assets, which include structures and improvements, equipment, intangible assets, distribution and collection systems, and infrastructure, are reported net of accumulated depreciation/amortization. The City considers capital expenditures as those that result in assets that are used in City operations and have a useful life in excess of one year. The following table shows the City's capitalization thresholds for each asset category:

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

Depreciation of capital assets is computed using the straight-line method over the estimated useful life of the asset as follows:

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

k. Unearned Revenue

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

I. Interfund Transactions

The City has the following types of interfund transactions:

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

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

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

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

m. Long-Term Liabilities

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

n. Compensated Absences

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

The liability for compensated absences reported in the government-wide and proprietary funds financial statements consists of unpaid accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability has been calculated based on the employees'

current salary level and includes salary related costs (e.g. Medicare Tax). The short-term portion is an estimate calculated based on leave taken in the prior year, as a percentage of total outstanding balances. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

o. Claims and Judgments

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

p. Non-Monetary Transactions

The City, as part of approving new development in the community planning process, requires that certain public facilities be constructed per the provisions of community financing plans. These facilities are typically funded in whole or part with impact fees collected from new development. The City often enters into reimbursement agreements with developers to construct the facilities. These agreements provide developers with credits (also referred to as FBA/DIF/RTCIP credits) for future permit fees. These credits are earned by the developer upon successful completion of construction phases and when City engineers have accepted the work. The credits are recognized as permit revenue upon issuance and a corresponding capital asset is recorded in the government-wide financial statements. See Note 5 for additional detail on reimbursement agreements.

q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's SDCERS plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by SDCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value or NAV. See Note 12 for additional detail on Pension Plans.

r. Other Postemployment Benefits (OPEB)

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

s. Net Position

In the government-wide and proprietary funds financial statements, Net Position is categorized as follows:

- Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation, reduced by outstanding debt and deferred outflows/inflows of resources attributed to the acquisition, construction or improvement of these assets.
- Restricted Net Position consists of restricted assets reduced by liabilities related to those assets. It is the City's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net

position components are available. As of June 30, 2020, the amount of restricted net position due to enabling legislation was approximately \$295,882.

- Unrestricted Net Position consists of net position that does not meet the definition of Net Investment in Capital Assets or Restricted Net Position.
- t. Fund Balances

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based on the extent to which the City is bound to observe constraints imposed on the use of resources.

- Nonspendable fund balance amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
- Restricted fund balance amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed fund balance amounts that can only be used for specific purposes imposed by formal action of the City Council. The City Council uses ordinances or resolutions to commit fund balances. Ordinances and resolutions both meet the criteria to establish a commitment since the limitations on the redeployment of those resources for other purposes is the same. Committed amounts cannot be used for other purposes unless City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- Assigned fund balance amounts that are constrained by the City's intent to be used for specific purposes, but do not
 meet the criteria to be classified as restricted or committed. City Council may assign fund balance through approval of
 budget appropriations. The Mayor and his/her designees are authorized by the City Charter to assign fund balance through
 the encumbrance process. Designees generally include the Chief Operating Officer, Assistant Chief Operating Officer,
 Deputy Chief Operating Officers and Department Directors.
- Unassigned fund balance the residual classification for the City's General Fund that includes amounts not included in other classifications. In funds other than the General Fund, the unassigned classification is used only for deficit fund balances.

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

u. Reserves

The City's formal reserve policy, which was adopted in fiscal year 2008 via City Council ordinance, last amended in June 2018, was created in accordance with Charter Section 91 and defines the General Fund Reserve. The City's General Fund Reserve is comprised of two separate components: (1) the Emergency Reserve and (2) the Stability Reserve. For the purpose of the policy, the General Fund is the operational fund as presented in the City's annual budget document.

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

The policy level for total General Fund Reserves is 16.7% of the most recent three year average of annual General Fund operating revenues (budgetary basis), as reported in the CAFR. The Emergency Reserve is set at a policy level of 8%, and the Stability Reserve is set at a policy level of 8.7%. The City's reserve policy established funding targets for each fiscal year ending 2016 to 2025 to reach policy levels. For fiscal year 2020, the Emergency Reserve funding target was 8%, and the Stability Reserve funding target was 7.5%. The balances of the Emergency Reserve and the Stability Reserve as of June 30, 2020 were \$106,100 and \$99,500, respectively, meeting policy target levels. In the event either reserve component is reduced below the amount established by this policy, the Mayor will develop a plan to replenish the reserve in a reasonable timeframe. Spendable and unassigned fund balance that is not part of General Fund Reserves is available for appropriation.

The Pension Payment Stabilization Reserve was established to mitigate service delivery risk due to increases in the annual pension payment, the Actuarially Determined Contribution (ADC). The purpose of this reserve is to provide a source of funding for the ADC when these conditions occur and the ADC has increased year over year. The Pension Payment Stabilization Reserve is established at a policy level equal to 8% of the average of the last three ADCs to the pension system. For fiscal year 2020, the Reserve balance is \$10,644 of which \$7,947 is reported as unassigned fund balance in the General Fund. The balance of \$2,697 was funded by the Sewer Utility, Water Utility and other Enterprise funds.

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

v. Participating Agencies Revenue Recognition

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

w. Estimates

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

x. New Governmental Accounting Standards Implemented During Year Ended June 30, 2020

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the City, for the year ended June 30, 2020 through the adoption of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extended the effective dates of certain GASB pronouncements by at least one year.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will become effective in fiscal year 2021, however the City has elected to early implement in fiscal year 2020. Due to the implementation of this Statement, the City removed the following five pension trust funds from the fiscal year 2020 financial statements, as they do not conform to the Statement: 1) Preservation of Benefits Plan; 2) Postemployment Healthcare Benefit Plan; 3) Supplemental Pension Savings Plan; 4) 401(a) Plan; and 5) 401(k) Plan (See Note 23). In addition, the City is presenting custodial funds to account for assets held by the City as an agent for others, including special assessments and asset forfeitures.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No.* 61. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government entity engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those government entities and funds should measure the majority equity interest at fair value. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The City had no reportable impacts for fiscal year 2020.

Upcoming Governmental Accounting Standards Implementation

The requirements of the following accounting standards become effective in future periods, if applicable to the City. Management is currently in the process of evaluating the potential impacts to the City's basic financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize

a lease liability and an intangible right-to-use the lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This Statement will become effective in fiscal year 2022. The City anticipates reporting impacts after implementation and is actively working on advance preparation.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement will become effective in fiscal year 2023.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparibility in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement will become effective in fiscal year 2023.

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates (IBOR)*. Some governments have entered into agreements in which variable payments made or received depend on an IBOR, most notably the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an (IBOR). This Statement will become effective in fiscal year 2022.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective in fiscal year 2023.

In June 2020, GASB issued 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. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement will become effective in fiscal year 2022.

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

Certain adjustments are necessary to reconcile governmental funds to governmental activities (which includes all internal service funds). The reconciliation of these adjustments is as follows:

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

The Governmental Funds Balance Sheet includes a reconciliation between "Total Fund Balances" and "Net Position of Governmental Activities" as reported in the Government-Wide Statement of Net Position. One element of the reconciliation states, "Deferred outflows of resources are not financial resources (uses), and therefore, are not reported at the fund level." The details of this \$501,584 difference are as follows:

Unamortized Loss on Refunding	\$ 12,701
Deferred Outflows of Resources Related to Other Postemployment Benefits	27,917
Deferred Outflows of Resources Related to Pensions	460,966
Net adjustment to increase "Total Fund Balances" of Governmental Funds to arrive at "Total Net Position" of Governmental Activities	\$ 501,584

Another element of the reconciliation states: "Unavailable revenues are not financial resources, and therefore, are reported as deferred inflows of resources." The details of this \$110,356 difference are as follows:

Deferred Inflows of Resources - Unavailable Revenue:	
Taxes Receivable	\$ 40,107
Grants Receivable	54,602
Special Assessments Receivable	838
Revenue from Other Agencies	5,435
Charges for Services	7,974
Other	 1,400
Net adjustment to increase "Total Fund Balances" of Governmental	
Funds to arrive at "Total Net Position" of Governmental Activities	\$ 110,356

Another element of the reconciliation states: "Certain liabilities and deferred inflows of resources, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this \$(3,849,349) difference are as follows:

		(= (())
Interest Accrued on Long-Term Debt	\$	(5,412)
Compensated Absences		(69,703)
Liability Claims		(355,496)
Reimbursement Agreement Obligations		(15,672)
Capital Lease Obligations		(162,842)
QECB Lease Obligation		(5,816)
Loans Payable		(28,574)
Section 108 Loans Payable		(2,163)
Commercial Paper Notes Payable		(38,575)
Net Bonds Payable		(597,488)
Net Other Postemployment Benefits Liability		(340,929)
Pension Liabilities		(2,106,090)
Total Liabilities	_	(3,728,760)
Deferred Inflows of Resources:		
Deferred Inflows Related to Other Postemployment Benefits		(576)
Deferred Inflows Related to Pensions		(120,013)
Total Deferred Inflows of Resources	_	(120,589)
Net adjustment to decrease "Total Fund Balances" of Governmental		
Funds to arrive at "Total Net Position" of Governmental Activities	\$	(3,849,349)

Another element of the reconciliation states: "Internal service funds are used by management to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of internal service funds are included in the governmental activities in the Statement of Net Position." The details of this \$154,263 difference are as follows:

Assets:	
Capital Assets - Non-Depreciable	\$ 9,600
Capital Assets - Depreciable	171,934
Internal Balances	(1,460)
Current Assets	123,143
Total Assets	303,217
Deferred Outflows of Resources	 12,300
Liabilities:	
Compensated Absences	(5,733)
Liability Claims	(10,468)
Capital Lease Obligations	(44,168)
Net Other Postemployment Benefits Liability	(17,667)
Pension Liabilities	(69,523)
Current Liabilities	 (10,454)
Total Liabilities	 (158,013)
Deferred Inflows of Resources	 (3,241)
Net adjustment to increase "Total Fund Balances" of Governmental	
Funds to arrive at "Total Net Position" of Governmental Activities	\$ 154,263

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

The Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between "Net Change in Fund Balances of Governmental Funds" and "Change in Net Position of Governmental Activities" as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains: "Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Donated assets are not financial resources, and therefore, are not reported in the funds." The details of this \$102,903 difference are as follows:

Capital Outlay	\$ 231,457
Donated Capital Assets	24,324
Depreciation Expense	 (152,878)
Net adjustment to increase "Net Change in Fund Balances of Governmental Funds" to arrive at "Change in Net Position of Governmental Activities"	\$ 102,903

Another element of the reconciliation states: "The net effect of various miscellaneous transactions involving capital assets (e.g., retirements and transfers) is to decrease net position." The details of this \$(15,677) are as follows:

In the Statement of Activities, only the net loss on the sale/retirement of capital assets is reported. However, in the governmental funds, the proceeds from the sale of capital assets increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the capital assets sold/retired.	\$ (15,713)
Transfers of capital assets from business-type activities increase net position on the Statement of Activities, but do not appear in the governmental funds because they are not financial uses.	 36
Net adjustment to decrease "Net Change in Fund Balances of Governmental Funds" to arrive at "Change in Net Position of Governmental Activities"	\$ (15,677)

Another element of the reconciliation states: "Internal service funds are used to charge the costs of activities such as Fleet Operations, Central Stores, Publishing Services, and Employee Benefit Programs to individual funds. The net income of certain internal service activities is reported with governmental activities." The details of this \$1,192 are as follows:

Allocated Operating Loss	\$ 5,252
Nonoperating Revenues:	
Gain on Sale/Retirement of Capital Assets	534
Other Agency Grant Assistance	1,037
Other Nonoperating Revenues, net	510
Capital Contributions	824
Capital Asset Transfers, net	(1,104)
Transfers, net	 (5,861)
Net adjustment to increase "Net Change in Fund Balances of Governmental	
Funds" to arrive at "Change in Net Position of Governmental Activities"	\$ 1,192

Another element of the reconciliation states: "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position." The details of this \$(2,013) difference are as follows:

Debt Issued or Incurred:	
Capital Lease Obligations	\$ (1,349)
Loans Payable	(26,167)
Commercial Paper Notes Payable	(22,686)
Total Debt Issued or Incurred	 (50,202)
Principal Repayments:	
Capital Lease Obligations	12,189
QECB Lease Obligations	892
Loans Payable	454
Section 108 Loans Payable	364
Lease Revenue Bonds	26,450
Tobacco Settlement Asset-Backed Bonds	7,840
Total Principal Repayments	 48,189
Net adjustment to decrease "Net Change in Fund Balances of Governmental	
Funds" to arrive at "Change in Net Position of Governmental Activities"	\$ (2,013)

Another element of the reconciliation states: "Some expenses reported in the Statement of Activities do not require the use of current financial resources (e.g., compensated absences, net pension liability), and therefore, are not accrued as expenditures in governmental funds." The details of this \$(149,936) difference are as follows:

Compensated Absences	\$	(11,223)
Liability Claims		(3,240)
Reimbursement Agreement Obligations		(10,732)
Net Other Postemployment Benefit Obligation and Related Deferred Outflows/Inflows of		
Resources		(1,166)
Pension Liabilities and Related Deferred Outflows/Inflows of Resources		(125,577)
Interest Accrued on Long-Term Debt		(558)
Current Year Premiums and Loss on Refunding Less Amortization of Bond Premiums,		
Discounts, and Loss on Refunding		2,560
Net adjustment to decrease "Net Change in Fund Balances of Governmental Funds" to		
arrive at "Change in Net Position of Governmental Activities"	\$	(149,936)
8	<u> </u>	(, /

3. CASH AND INVESTMENTS (Dollars in Thousands)

The following is a summary of the carrying amount of cash and investments as of June 30, 2020:

	overnmental Activities	iness-Type Activities	Fiduciary e Funds other than SDCERS Subtotal		SDCERS Fiduciary Fund		 Grand Total	
Cash or Equity in Pooled Cash and Investments	\$ 1,853,533	\$ 835,702	\$	56,586	\$ 2,745,821	\$	207	\$ 2,746,028
Cash and Investments with Custodian, Fiscal Agents, and Trustees	37,539	72,564		61,351	171,454		302,426	473,880
Investments at Fair Value	31,344	_		_	31,344		8,189,137	8,220,481
Securities Lending Collateral	 	 			 _		115,948	 115,948
Total	\$ 1,922,416	\$ 908,266	\$	117,937	\$ 2,948,619	\$	8,607,718	\$ 11,556,337

a. Cash or Equity in Pooled Cash and Investments

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

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

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

Cash on Hand - Petty Cash	\$ 183
Deposits - Other Cash and Cash Equivalents	4,614
Deposits - Pooled Cash and Cash Equivalents	93,806
City Treasurer's Pooled Investments	2,647,218
SDCERS Cash Deposits	 207
Total Cash or Equity in Pooled Cash and Investments	\$ 2,746,028

A summary of the investments held by the City Treasurer's Investment Pool as of June 30, 2020 is presented in the table below:

Investment	Fair Value		Book Value		Interest Rate % Range	Maturity Range
Agency Discount Notes	\$	149,986	\$	149,924	0.13 - 0.22% ¹	7/1/2020 - 9/10/2020
Agency Notes and Bonds		112,424		110,062	2.23 - 3.63%	3/12/2021 - 11/15/2021
Asset Backed Securities		211,135		207,809	1.49 - 3.11%	7/15/2020 - 1/17/2023
Commercial Paper		195,100		194,532	0.10 - 1.74%	7/1/2020
Corporate Notes and Bonds		448,585		435,347	1.85 - 3.40%	7/29/2020 - 8/16/2023
State Local Agency Investment Fund (LAIF) ²		65,537		65,217	2.03%	1/7/2021
Supranationals		30,657		29,971	1.63%	2/10/2022
U.S. Treasury Obligations - Bills		299,888		299,835	0.11 - 0.18%	7/9/2020 - 12/10/2020
U.S. Treasury Obligations - Notes		1,133,906	_	1,111,536	1.25 - 2.63%	8/31/2021 - 1/15/2023
Total	\$	2,647,218	\$	2,604,233		

¹ Discount Rates

² LAIF - The State Treasurer's pooled investment program values participants' shares based on amortized cost. This has been adjusted to fair value using the LAIF Factor. Maturity range is based on weighted average maturity of 191 days as of June 30, 2020.

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

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

c. Investments at Fair Value

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

d. Investment Policy

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

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

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

The Investment Policy is governed by the California Government Code (CGC), § 53600 et seq. The following table presents the authorized investments, requirements, and restrictions per the CGC and the Investment Policy:

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

² Minimum credit rating categories include modifiers (+/-).

³ No more than one-third of the cost value of the total portfolio at time of purchase can be invested in the unsecured debt of any one agency.

⁴ International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

⁵ Credit and maturity criteria must be in accordance with the City Treasurer's Investment Policy.

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

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

8 Time deposits with the Certificate of Deposit Account Registry Service (CDARS) are further restricted per the City's Investment Policy: 1 year maximum maturity and 2% maximum of the portfolio.

⁹ Financial futures transactions would be purchased only to hedge against changes in market conditions for the reinvestment of bond proceeds.

In the event a discrepancy exists between the CGC and City Policy, the more restrictive parameters will take precedence. Percentage holding limits listed in the table apply to the cost value of the portfolio at the time the security is purchased.

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

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

Ineligible investments prohibited from use in the portfolio include, but are not limited to, common stocks and long-term corporate notes/bonds. The Investment Policy is available online at the following website address: www.sandiego.gov/treasurer/ investments/invpolicy.

Other Investment Policies

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

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

e. Fair Value Hierarchy

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

The table below represents the City's fair value hierarchy as of June 30, 2020:

Investment Type	pe Fair Value		Level 1		 Level 2
Asset Backed Securities	\$	211,135	\$	_	\$ 211,135
Commercial Paper		196,199		_	196,199
Corporate Notes and Bonds		450,731		_	450,731
Exchange Traded Funds		4,295		4,295	_
Government Mortgage Backed Securities		5		_	5
Mutual Funds		13,742		_	13,742
Negotiable Certificates of Deposit		3,634		_	3,634
Stocks		3,220		3,220	_
Supranationals		30,657		_	30,657
U.S. Agencies		262,410		_	262,410
U.S. Treasury Obligations - Bills, Bonds and Notes		1,441,862			 1,441,862
Total Investments & Cash Equivalents by Fair Value Level	\$	2,617,890	\$	7,515	\$ 2,610,375

Asset backed securities, commercial paper, government mortgage backed securities, corporate notes and bonds, mutual funds, negotiable certificates of deposit, supranationals, investments in U.S. Agencies, and U.S. Treasury obligations are all classified

in Level 2 of the fair value hierarchy. These investments are valued using either bid evaluation or matrix pricing techniques. Bid evaluation may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value the securities based on the securities' relationship to benchmark quoted prices which are maintained by various pricing vendors.

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

City of San Diego - Disclosures for Specific Risks

f. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Interest rate risk for the City Treasurer's Investment Pool is intended to be mitigated by establishing two portfolios: a liquidity portfolio and a core portfolio. Target durations are based upon the expected short and long-term cash needs of the City. The liquidity portfolio is structured with an adequate mix of highly liquid securities and maturities to meet major cash outflow requirements for at least six months (per CGC § 53646). The liquidity portfolio uses the Bank of America Merrill Lynch 3-6 month Treasury Index as a benchmark with a target duration of plus or minus 40% of benchmark.

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

As of June 30, 2020, the City's investments (dollars in thousands) by maturity are as follows:

	Under 1	1-3	3-5	Over 5	Fair Value
City Treasurer's Investment Pool:					
Asset Backed Securities	\$ 137,952	\$ 73,183	\$ —	\$ —	\$ 211,135
Commercial Paper	195,100	—	—	—	195,100
Corporate Notes and Bonds	144,822	285,112	18,651	_	448,585
State Local Agency Investment Fund	65,537	_	_	_	65,537
Supranationals - IBRD ¹	_	30,657	_	_	30,657
U.S. Agencies - Federal Farm Credit Bank	75,377	10,391	_	_	85,768
U.S. Agencies - Federal Home Loan Bank	151,185	_	_	_	151,185
U.S. Agencies - Federal National Mortgage					
Association	25,457	_	_	_	25,457
U.S. Treasury Obligations - Bills and Notes	299,888	1,133,906	_	_	1,433,794
	1,095,318	1,533,249	18,651		2,647,218
Non-Pooled Investments with City Treasurer:					_,,
U.S. Treasury Obligations - Notes	7,653	_	_	_	7,653
	1,000				
Investments with Fiscal Agents/Trustees, Funds Commission, and Blended Component Units:					
Commercial Paper	1,099	_	_	_	1,099
Corporate Notes and Bonds	1,060	419	215	452	2,146
Exchange Traded Funds - Equity ²	462	_	_	_	462
Exchange Traded Funds - Fixed Income	_	_	790	3,043	3,833
Government Mortgage Backed Securities	_	_	_	5	5
Guaranteed Investment Contracts	_	_	9,223	_	9,223
Money Market Mutual Funds	67,430	_	_	_	67,430
Mutual Funds - Equity ²	7,986	_	_	_	7,986
Mutual Funds - Fixed Income	_	596	_	5,160	5,756
Negotiable Certificates of Deposit	3,634	_	_	_	3,634
Non-Negotiable Certificates of Deposit	55,874	_	_	_	55,874
Repurchase Agreement	7,100	_	_	_	7,100
Stocks - Common Stock ²	3,111	_	_	_	3,111
Stocks - Preferred Stock ²	109	_	_	_	109
U.S. Treasury Obligations - Bonds and Notes	_	218	197	_	415
	147,865	1,233	10,425	8,660	168,183
Total Investments	\$ 1,250,836	\$ 1,534,482	\$ 29,076	\$ 8,660	\$ 2,823,054
Cash on Hand - Petty Cash					183
Deposits - Other Cash and Cash Equivalents					4,614
Deposits - Pooled Cash and Cash Equivalents					93,806
					4,623
Deposits - Cash with Fiscal Agents/Trustees		to			4,623 22,339
Deposits - Cash with Fiscal Agents/Trustees Held i	IT ESCIOW ACCOUNT	10			
Total Investments, Cash on Hand, and Deposits					\$ 2,948,619

¹ International Bank for Reconstruction and Development.

² Equity exchange traded funds, equity mutual funds, and stocks do not have maturities.

g. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill their obligation to the holder of the investment. This is measured by the assignment of a rating by a Nationally Recognized Statistical Rating Organization (NRSRO). The City mitigates credit risk through its Investment Policy. Section (d) outlines the authorized investments, requirements, and restrictions per the City's Investment Policy. An investment listed as "Not Rated" indicates that no rating is available from that rating agency. The City provides the credit rating of either Moody's or S&P as a primary rating agency; "Not Provided" has been notated for the secondary rating agency. As of June 30, 2020, the City's investments and corresponding credit ratings are as follows:

	Moody's	S&P	Fair Value	Percentage
City Treasurer's Investment Pool:				
Asset Backed Securities	Aaa	Not Rated	\$ 87,743	3.31%
Asset Backed Securities	Not Rated	AAA	123,392	4.66%
Commercial Paper	P-1	Not Provided	195,100	7.37%
Corporate Notes and Bonds	Aa1	Not Provided	60,960	2.30%
Corporate Notes and Bonds	Aa2	Not Provided	33,318	1.26%
Corporate Notes and Bonds	Aa3	Not Provided	41,844	1.58%
Corporate Notes and Bonds	A1	Not Provided	143,400	5.42%
Corporate Notes and Bonds	A2	Not Provided	120,588	4.56%
Corporate Notes and Bonds	A3	Not Provided	48,475	1.83%
State Local Agency Investment Fund	Not Rated	Not Rated	65,537	2.48%
Supranationals - IBRD ²	Aaa	Not Provided	30,657	1.16%
U.S. Agencies - Federal Farm Credit Bank	P-1	Not Provided	49,986	1.89%
U.S. Agencies - Federal Farm Credit Bank	Aaa	Not Provided	35,782	1.35%
U.S. Agencies - Federal Home Loan Bank ¹	P-1	Not Provided	100,000	3.78%
U.S. Agencies - Federal Home Loan Bank ¹	Aaa	Not Provided	51,185	1.93%
U.S. Agencies - Federal National Mortgage Association	Aaa	Not Provided	25,457	0.96%
U.S. Treasury Obligations - Bills and Notes	Exempt	Exempt	1,433,794	54.16%
			2,647,218	100.00%
Non-Pooled Investments with City Treasurer:				
U.S. Treasury Obligations - Notes	Exempt	Exempt	7,653	100.00%
Investments with Fiscal Agents/Trustees, Funds Commission,				
and Blended Component Units:				
Commercial Paper	Not Provided	A-1	600	0.36%
Commercial Paper	Not Provided	A-2	499	0.30%
Corporate Notes and Bonds	Aa2	Not Provided	308	0.18%
Corporate Notes and Bonds	A1	Not Provided	535	0.32%
Corporate Notes and Bonds	A2	Not Provided	321	0.19%
Corporate Notes and Bonds	A3	Not Provided	224	0.13%
Corporate Notes and Bonds	Baa1	Not Provided	151	0.09%
Corporate Notes and Bonds	Not Provided	A-	607	0.36%
Exchange Traded Funds - Equity	Not Rated	Not Rated	462	0.27%
Exchange Traded Funds - Fixed Income	Not Rated	Not Rated	3,833	2.28%
Government Mortgage Backed Securities	Not Rated	Not Rated	5	0.01%
Guaranteed Investment Contracts ¹	Not Rated	Not Rated	9,223	5.48%
Money Market Mutual Funds	Aaa	Not Provided	67,410	40.09%
Money Market Mutual Funds	Not Rated	Not Rated	20	0.01%
Mutual Funds - Equity	Not Rated	Not Rated	7,986	4.75%
Mutual Funds - Fixed Income	Not Rated	Not Rated	5,756	3.42%
Negotiable Certificates of Deposit	Not Provided	A-1+	500	0.30%
Negotiable Certificates of Deposit	Not Provided	A-1	2,105	1.25%
Negotiable Certificates of Deposit	Not Provided	AA-	428	0.25%
Negotiable Certificates of Deposit	Not Rated	Not Rated	601	0.36%

	Moody's	S&P	Fair Value		Percentage
Non-Negotiable Certificate of Deposit ¹	A1	Not Provided	\$	55,874	33.22%
Repurchase Agreement	Not Rated	Not Rated		7,100	4.22%
Stocks - Common Stock	Not Rated	Not Rated		3,111	1.85%
Stocks - Preferred Stock	Not Rated	Not Rated		109	0.06%
U.S. Treasury Obligations - Bonds and Notes	Exempt	Exempt		415	0.25%
				168,183	100.00%
Total Investments			\$	2,823,054	

"Exempt" - Per GASB Statement No. 40, U.S. Treasury Obligations do not require disclosure of credit quality.

¹ More than 5% of total investments are with U.S. Agencies-Federal Home Loan Bank, a Guaranteed Investment Contract, and a Non-Negotiable Certificate of Deposit whose debt is not backed by the full faith and credit of the U.S. Government.

² International Bank for Reconstruction and Development.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. GASB Statement No. 40 requires disclosure of certain investments in any one issuer that represents 5% or more of total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt. As of June 30, 2020, the City exceeded the 5% limit of total investments in issuers of U.S. Agencies-Federal Home Loan Bank, a Guaranteed Investment Contract, a Non-Negotiable Certificate of Deposit. Investments exceeding the 5% limit are referenced in the credit ratings table above.

h. Custodial Credit Risk

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

Deposits

At June 30, 2020, the carrying amount of the City's cash on hand and deposits was approximately \$103,794 and the bank balance was \$122,534; the difference is substantially due to outstanding checks. For the balance of cash deposits in financial institutions, approximately \$1,000 was covered by federal depository insurance and approximately \$121,534 was uninsured. Pursuant to the California Government Code, California banks and savings and loan associations are required to secure the City's deposits not covered by federal depository insurance by pledging government securities as collateral. As such, \$121,534 of the City's deposits are pledged at 110% and held by a bank acting as the City's agent in the City's name.

The City also has deposits held in escrow accounts with a carrying amount and bank balance of approximately \$22,339. For the balance of deposits in escrow accounts, approximately \$2,062 was covered by federal depository insurance. The remaining balance of \$20,277 was uninsured, but collateralized and pledged at 110%.

Investments

At June 30, 2020, all of the City's investments were held in the City's name and were not exposed to custodial credit risk.

i. Restricted Cash and Investments

Cash and investments at June 30, 2020 restricted by legal or contractual requirements are comprised of the following:

Governmental Funds General Fund Special Revenue Debt Service Capital Projects Permanent Endowments Total Governmental Funds	\$	1,534 1,296 11,722 41,156 21,417 77,125
Sewer Utility Enterprise Fund Interest and Redemption Funds		5,651
Water Utility Enterprise Fund Customer Deposits Interest and Redemption Funds Total Water Utility Enterprise Fund	_	2,930 60,103 63,033
Nonmajor Enterprise Funds Airports Fund - Deposits and Advances Development Services Fund - Deposits and Advances Environmental Services Fund - Funds set aside for landfill site closure and maintenance costs Recycling Fund - Customer deposits		76 9,127 34,451 11,051
Total Nonmajor Enterprise Funds		54,705
Private-Purpose Trust Fund		43,190
Miscellaneous Agency Funds Special Assessment Funds		18,161
Total Restricted Cash and Investments	\$	261,865
Summary of Total Cash and Investments		
Total Unrestricted Cash and Investments Total Restricted Cash and Investments	\$	11,294,472 261,865
Total Cash and Investments	\$	11,556,337
Total Governmental Activities	\$	1,922,416
Total Business-Type Activities Total Fiduciary Activities		908,266 8,725,655
Total Cash and Investments	\$	11,556,337

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

Narratives and tables presented in the following sections (j. through u.) are taken directly from the comprehensive annual financial report of the San Diego City Employees' Retirement System as of June 30, 2020 (certain terms have been modified to conform to the City's CAFR presentation).

Summary of Cash and Investments - SDCERS	<u> </u>	
Cash on Deposit with Wells Fargo Bank	\$	207
Cash and Cash Equivalents on Deposit with Custodial		
Bank and Fiscal Agents		302,426
Investments at Fair Value:		
Domestic Fixed Income Securities		1,985,185
International Fixed Income Securities		618,772
Domestic Equity Securities		1,564,465
International Equity Securities		1,349,315
Global Equity Securities		522,308
Real Estate		991,913
Private Equity and Infrastructure		1,157,179
Securities Lending Collateral		115,948
Total Cash and Investments for SDCERS	\$	8,607,718

j. Investment Policy and Portfolio Risk

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

Net investment income includes the net appreciation (depreciation) in the fair value of investments, interest income, dividend income, and other income not included in the appreciation (depreciation) in the fair value of investments, less total investment expenses, including investment management and custodial fees and all other significant investment-related costs. SDCERS' net realized gains totaled \$226,400 for the fiscal year ended June 30, 2020. Realized gains and losses are independent of the calculation of net appreciation (depreciation) in the fair value of investments. Unrealized gains and losses on investments sold in the current year that had been held for more than one year were included in net appreciation (depreciation) in the fair value of the investments reported in the prior year and current year. Pursuant to the City, Port and Airport plan documents, realized gains and losses are reported in the net appreciation (depreciation) in the fair value of investments in the fiscal year. Realized gains and losses are reported in the net appreciation (depreciation) in the fair value of investments whether certain contingent benefits will be paid each fiscal year. Realized gains and losses are reported in the net appreciation) in the fair value of investments in the financial statements.

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

Asset Class	Target Allocation
Domestic Equity	17.2%
International Equity	14.2%
Global Equity	8%
Domestic Fixed Income	21.6%
Emerging Market Debt	5%
Real Estate	11%
Private Equity and Infrastructure	13%
Opportunity Fund	10%
Total	100%

The following was SDCERS' adopted asset allocation policy as of June 30, 2020:

For the fiscal year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense was 0.24%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

SDCERS' investment portfolio includes fixed income strategies to diversify the investment portfolio. The percentage allocated to these strategies is based on information derived from the Asset/Liability Study performed every three years. The returns of fixed income strategies vary less than equity returns. SDCERS' target asset allocation policy is reviewed each year. SDCERS' long-term target allocation to fixed income strategies as of June 30, 2020, was 26.6%, which includes domestic fixed income and emerging market debt. The fixed income allocation is externally managed and is comprised as follows: 21.6% to core domestic fixed income, which is benchmarked to the Barclays Capital Intermediate Aggregate Bond Index; and 5% to emerging market debt, which is benchmarked to JP Morgan Emerging Market Bond Index Global Diversified and 60% to JP Morgan Government Bond Index-Emerging Market Global Diversified. A 2% target allocation to convertible bond securities, which is benchmarked to the Merrill Lynch All Convertibles All Qualities Index, is not included in the fixed income allocation, but instead is included in the domestic equity allocation. However, given that these convertible securities have fixed income attributes, the convertible bond allocation is included in the investment risk disclosures. SDCERS' overall portfolio diversification limits the fixed income invested in the debt security of any one issuer to 10% of the portfolio at the time of the initial commitment, except for U.S. Government obligations (or agencies and instruments of the U.S. Government) to minimize overall market and credit risk.

A copy of the SDCERS' investment policy and additional details on the results of SDCERS' investment activities are available at 401 West A Street, Suite 400, San Diego, CA 92101 or online at: https://www.sdcers.org/Investments/Overview.aspx.

k. Fair Value Hierarchy

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

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

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

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

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy.

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

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

Investments	Fair Value	Level 1	Level 2	Level 3
Short-Term Securities	\$ 559	\$ —	\$ 559	\$ —
Fixed Income Securities:				
Asset-Backed Securities	26,665	_	26,665	_
Commercial Mortgage-Backed Securities	22,935	_	22,935	_
Collateralized Mortgage Obligations	57,808	_	57,808	_
Corporate Bonds	514,443	_	514,443	_
Government & Agency Obligations	217,464	_	217,464	_
Mortgage-Backed Securities	372,035		372,035	
Total Fixed Income Securities	1,211,350		1,211,350	
Equity Securities:				
Consumer Discretionary	75,802	75,802	_	_
Consumer Staples	54,269	54,269	_	_
Energy	30,181	30,181	_	_
Financials	70,159	70,159	_	_
Healthcare	104,328	104,328	_	_
Industrials	67,025	67,025	_	_
Information Technology	119,517	119,517	_	_
Materials	27,996	27,996	_	_
Real Estate Investment Trust	8,140	8,140	—	—
Telecommunication Services	12,808	8,490	4,318	—
Utilities	13,049	13,049		
Total Equity Securities	583,274	578,956	4,318	—
Real Estate	26,588			26,588
Investment Derivative Instruments Fixed Income Securities:				
Credit Default Swaps	(95)	_	(95)	_
Foreign Currency Forwards	(200)	_	(200)	_
Interest Rate Swaps	(594)	_	(594)	_
Options - Fixed Income	(15)	_	(15)	_
Equity Securities:				
Rights	139		139	
Total Investment Derivative Instruments	(765)		(765)	
Total Investments by Fair Value Level 1	\$ 1,821,006	\$ 578,956	\$ 1,215,462	\$ 26,588

The following table represents SDCERS' fair value hierarchy as of June 30, 2020:

¹ Total Investments measured at fair value plus total investment derivatives differs from the total investments including securities lending collateral on the Fiduciary Statement of Net Position because of investment receivables and payables unrealized gains and losses. Total investments at fair value excludes \$89 of unrealized losses as of June 30, 2020. Equity securities classified in Level 1 are valued using prices quoted in active markets for those securities.

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

Real estate assets classified in Level 3 are real estate investments generally valued using the income approach or appraisal approach by SDCERS' real estate managers and third-party appraisal firms. SDCERS' policy is to obtain an external appraisal a minimum of every three years for properties or portfolios that the retirement system has some degree of control or discretion. Appraisals are performed by an independent appraiser with preference for Member Appraisal Institute (MAI) designated appraisers. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments Measured at NAV	NAV	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Equity Investments:				
Commingled Domestic Equity Funds	\$ 1,456,496	\$ —	Daily	0-5 Days
Commingled International Equity Funds	1,144,227	—	Daily, Monthly	0-30 Days
Commingled Global Equity Funds	251,939		Daily	None
Total Equity Investments Measured at NAV	2,852,662	—		
Fixed Income Investments:				
Commingled Domestic Fixed Income Funds	774,384	_	Daily	None
Commingled International Fixed Income Funds	618,492	40,721	Daily	0-5 Days
Total Fixed Income Investments Measured at NAV	1,392,876	40,721		
Real Estate Investments:				
Real Estate Limited Partnerships	170,276	120,538	Not Eligible	N/A
Commingled Real Estate Funds	795,050	43,967	Monthly	None
Total Real Estate Investments Measured at NAV	965,326	164,505		
Private Equity & Infrastructure Investments:				
Commingled Private Equity & Infrastructure Funds	1,157,178	607,873	Not Eligible	N/A
Invested Securities Lending Collateral:				
Commingled Equity Securities	3,222	—	Daily	3 Days
Commingled Fixed Income Securities	112,726		Daily	3 Days
Total Invested Securities Lending Collateral Measured at NAV	115,948			
Total Investments Measured at NAV	\$ 6,483,990	\$ 813,099		

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

Commingled Domestic Equity Funds consist of a large cap passive index fund, a small cap growth passive index fund, and a fund that invests in U.S. small cap value equities, and three funds that invest in managed futures. The Commingled International Equity Funds consist of a broad international equity passive index fund with exposure to both developed and emerging markets, two funds that invest in emerging market equities, and one fund that invests in international small cap equities. The Commingled Global Equity Funds consist of two funds that invest in both international and U.S. equities and an investment with an international

equity fund and separately held domestic equity securities. The fair values of the investments in these types have been determined using the NAV per share (or its equivalent).

The Commingled Domestic Fixed Income Funds consist of three funds that invest in domestic fixed income securities and one broad based domestic fixed income passive index fund. The Commingled International Fixed Income Funds consist of three emerging market debt funds, three funds that invest in global fixed income strategies, and a fund that is participating in the Term Asset-Backed Loan Facility (TALF) Program. The fair values of the investments in these types have been determined using the NAV per share (or its equivalent).

The Commingled Real Estate Funds consist of 11 open-ended commingled funds and 21 real estate limited partnerships that are invested in apartments, retail, industrial, and office assets throughout the United States, Europe and Asia. Although the openended commingled funds are private investments, they can be redeemed on a monthly basis, subject to available liquidity, and the fair value of these investments has been determined using the NAV per share (or its equivalent). Investments in the limited partnerships can never be redeemed with the funds. Instead, the nature of these investment funds is that distributions from each investment will be received as the underlying investments are liquidated. Because it is not probable that any individual investment will be sold, the fair value of SDCERS' ownership interest in partner's capital has been determined using the NAV per share (or its equivalent).

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

I. Interest Rate Risk

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

Convertible bonds are generally less sensitive to changes in interest rates and more sensitive to the profitability of the underlying issuer. Company fundamentals are the overriding factor in the bond's return, while fluctuations in interest rates have significantly less impact.

The following table identifies the durations of SDCERS' domestic and international fixed income strategies based on portfolio holdings as of June 30, 2020:

_Type of Security	Effective Duration (in years) ⁴	Fair Value ¹		
Asset-Backed Securities	0.16	\$	26,665	
Commercial Mortgage-Backed Securities	4.72		22,935	
Collateralized Mortgage Obligations ²	0.94		57,789	
Corporate Bonds ³				
Bank Loans	0.29		1,512	
Corporate Bonds	3.70		305,525	
Government and Agency Obligations				
Municipal Securities	9.14		3,712	
Foreign Securities	5.02		6,888	
Treasury Securities	4.32		206,864	
Mortgage-Backed Securities	3.34		372,035	
Total		\$	1,003,925	

¹ Fair Value does not include convertible bonds, mutual funds and derivative instruments of \$1,600,032. These securities do not exhibit interest rate risk and/or duration cannot be calculated.

² Collateralized Mortgage Obligations do not include bonds of \$19 as duration was not available for these securities.

³ Corporate Bonds do not include convertible securities of \$207,406.

⁴ Duration could not be calculated for the derivative instruments, short-term instruments and mutual funds of \$1,392,607. Although the duration was not available for these securities, the weighted average maturity was calculated for the mutual funds.

The following table depicts the weighted average maturity for the commingled fixed income mutual fund investments:

Name of Institutional Mutual Fund	F	air Value	Weighted Average Maturity (in years)
BlackRock U.S. Debt NL Fund	\$	737,158	8.00
Davidson Kempner Special Opportunities Fund III ¹		15,506	_
Davidson Kempner Special Opportunities Fund IV ¹		29,238	_
GCM WindandSea Fund		149,127	1.70
Investec Emerging Market Debt		141,442	9.34
Metropolitan West Floating Rate		5,933	4.69
Metropolitan West High Yield Bond Fund		6,102	5.56
PIMCO PAPS Short-Term Floating NAV II Portfolio		21,194	0.15
Stone Harbor		148,046	10.70
Wellington Trust Company CIF II Opportunistic		135,133	12.68
Total	\$	1,388,879	

¹ These funds are early in their life cycle and the weighted average maturity is not applicable for the current underlying investments.

m. Investments Highly Sensitive to Interest Rate Changes

Certain terms in fixed income securities may increase the sensitivity of their fair values to changes in interest rates. The Portfolio Duration Analysis table on the previous page discloses the degree to which SDCERS' investments are sensitive to interest rate changes due simply to the remaining term to maturity. The total value of securities, as of June 30, 2020, that are highly sensitive to interest rate changes due to factors other than term to maturity are shown in the following table.

Type of Security	Fa	air Value	Percent of Fixed Income Portfolio			
Adjustable Rate Notes	\$	5,826	0.2%			
Asset-Backed Securities		3,087	0.1%			
Floating Rate Notes		119,482	4.6%			
Range Notes		13,610	0.5%			
Total	\$	142,005	5.4%			

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

n. Credit Risk

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

SDCERS employs two core bond managers that invest primarily in U.S. fixed income and derivative securities, fixed income mutual funds, and some non-U.S. fixed income securities. SDCERS also invests in three emerging market debt commingled funds, one passive core fixed income index fund, and three opportunistic global credit funds. The investment management agreements between SDCERS and its two core bond managers contain specific investment guidelines that identify permitted fixed income investments. Two of SDCERS' domestic core fixed income managers have limited tactical discretion to invest in non-U.S. fixed income securities.

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

The permitted securities for SDCERS' domestic convertible bond portfolio include convertible bonds, convertible preferred stocks, common stocks (due to forced conversions) and synthetic convertibles. SDCERS' domestic convertible bond portfolio will generally maintain an average quality rating of at least B.

The following table identifies the credit quality of SDCERS' fixed income strategies based on portfolio holdings as of June 30, 2020.

S&P Quality Rating ¹	Total Fair Value	E	Asset- Backed ecurities	Mo Ba	nmercial rtgage- acked curities	M	llateralized Mortgage Ibligations		Corporate Bonds ²		Government and Agency Obligations ³		Mortgage- Backed Securities		Short-Term/ Other	
U.S. Treasuries	\$ 129,714	\$	_	\$	_	\$	_	\$	_	\$	129,714	\$	_	\$	_	
GNMA Securities	112,248		_		_		27,197		_		_		85,051		_	
AAA	28,585		10,977		7,777		8,485		_		1,346		_		_	
AA+	217,227		3,879		918		14,103		2,454		_		195,873		_	
AA	8,096		—		_		290		6,755		1,051		_		_	
AA-	8,532		—		_		98		3,894		4,540		_		_	
A+	7,268		_		_		1,409		3,758		2,101		_		_	
А	8,623		—		_		1,589		7,034		_		_		_	
A-	48,642		346		_		_		48,296		_		_		_	
BBB+	63,562		—		_		_		63,562		_		_		_	
BBB	64,623		—		_		_		64,563		60		_		_	
BBB-	44,792		—		_		—		44,792		_		_		_	
BB+	13,804		—		_		_		13,804		_		_		—	
BB	5,397				_		—		5,397		—		_		—	
BB-	6,338		1,080		_		320		4,938		_		—		_	
B+	6,380		—		_		17		6,363		_		_		—	
В	6,637		3,997		_		—		2,640		—		_		—	
B-	7,451		—		_		—		7,451		—		_		—	
CCC+	818		—		_		_		818		_		—		_	
NR ⁴	 1,815,220		6,386		14,240		4,300		227,924		78,652		91,111	1,3	92,607 5	
Totals	\$ 2,603,957	\$	26,665	\$	22,935	\$	57,808	\$	514,443	\$	217,464	\$	372,035	\$ 1,3	92,607	

¹ Credit ratings with qualifiers and rating outlooks have been combined to show the credit rating as of June 30, 2020.

² Corporate Bonds include convertible bonds from SDCERS' convertible bond manager.

³ Includes international and municipal holdings.

⁴ NR represents those securities that are not rated by one of the NRSROs.

⁵ Includes fixed income commingled mutual fund investments of \$1,388,879. These institutional quality fund investments are not directly rated by major credit rating agencies.

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

o. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the relative size of an investment in a single issuer. As of June 30, 2020, SDCERS had no single issuer that exceeded 5% of total investments or that exceeded 5% of fiduciary net position (excluding investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments). With respect to the concentration of credit risk by issuer, SDCERS' Investment Policy states that not more than 5% of the investment portfolio shall be invested in the security of any one issuer at the time of initial commitment, except for U.S. Government and Agency obligations. While SDCERS does not have a general investment policy on the concentration of credit risk by issuer, each manager's specific investment guidelines place limitations on the maximum holdings in any one issuer.

p. Custodial Credit Risk

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

Deposits

As of June 30, 2020 SDCERS' cash balance was \$207. Cash and cash equivalents on deposit with custodial bank and fiscal agents was \$302,426, which includes cash collateral for SDCERS' cash overlay program of \$91,200 and residual cash held in each manager's portfolio of \$211,200, which is invested overnight by SDCERS' custodial bank. SDCERS does not have a target allocation to cash; any cash or cash equivalent balances on deposit are reserved for paying benefits and SDCERS' operational expenses.

SDCERS' un-invested cash balances held in a demand deposit account (DDA) are subject to custodial credit risk. Such a balance or deposit with the bank establishes a debtor-creditor relationship and is not subject to the protection afforded SDCERS' other investments. Cash balances held in Short-Term Investment Funds (STIF) at State Street Bank and Trust Company (State Street) are held in SDCERS' name and are not subject to custodial credit risk. As of June 30, 2020 SDCERS held \$283,000 in STIF and a cash balance of \$19,400 on deposit with the custodial bank. SDCERS does not have a specific policy relating to custodial credit risk because the majority of SDCERS' assets are held in SDCERS' name and are not available to satisfy the obligations of State Street to its creditors.

Investments

As of June 30, 2020, 100% of SDCERS' investments were held in SDCERS' name. SDCERS is not exposed to custodial credit risk related to these investments.

Securities Lending Collateral

SDCERS' custodial bank acts as its securities lending agent. SDCERS is exposed to custodial credit risk for the securities lending collateral such that certain collateral is received in the form of letters of credit, tri-party collateral or securities collateral. The fair value of non-cash collateral totaled \$83,400 as of June 30, 2020. The non-cash collateral is not held in SDCERS' name and cannot be sold without a borrower default. The cash collateral held by SDCERS' custodian in conjunction with the securities lending program, which totaled \$115,948 as of June 30, 2020, is also at risk as it is invested in pooled vehicles managed by the custodian. The investment characteristics of the collateral pools are disclosed in the Securities Lending section of this note.

q. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The table on the following page represents SDCERS' securities held in a foreign currency as of June 30, 2020.

Local Currency Name	 Cash	Equity			Fixed ncome	Total		
Argentine Peso	\$ 25	\$	_	\$	4	\$	29	
Australian Dollar	24		9,476		821		10,321	
Brazilian Real	_		886		_		886	
British Pound	408		58,181 10,514				69,103	
Canadian Dollar	1,474		6,380		1,089		8,943	
Danish Krone	_		8,218		_		8,218	
Euro Currency	495		116,668		7,812		124,975	
Hong Kong Dollar	3		13,134	_			13,137	
Japanese Yen	827		57,033		(407)		57,453	
Mexican Peso	_		1,277		_	1,277		
Singapore Dollar	_		773		_		773	
South Korean Won	_		1,396		_		1,396	
Swedish Krona	_		1,810		_		1,810	
Swiss Franc	_		30,004		_		30,004	
Taiwanese Dollar	 		952				952	
Total	\$ 3,256	\$	306,188	\$	19,833	\$	329,277	

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

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

r. Derivative Instruments

As of June 30, 2020, the derivative instruments held by SDCERS are considered investments and not hedges for accounting purposes. The gains and losses arising from this activity are recognized in the Statement of Changes in Fiduciary Net Position within the net appreciation (depreciation) in fair value of investments.

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

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

	(D	Net ppreciation preciation) Fair Value	Fair Value at June 30, 2020						
Investment Derivative Instruments	Amount		Classification	Amount		Notional (Dollars)			
Credit Default Swaps	\$	1,257	Domestic Fixed Income	\$	(95)	\$	5,800		
Fixed Income Futures		10,944	Domestic Fixed Income		_		107,815		
Fixed Income Options		57	Domestic Fixed Income		(14)		(9,300)		
Foreign Currency Futures		(80)	Domestic Fixed Income		_		1,200		
Futures Options		184	Domestic Fixed Income		(1)		(37)		
Foreign Currency Forwards		1,917	Domestic Fixed Income		(200)		39,955		
Index Futures		20,192	Domestic Fixed Income		—		49		
Interest Rate Swaps		(1,549)	Domestic Fixed Income		(594)		126,046		
Rights		(19)	Domestic Equity		139		286		
Total Derivative Instruments	\$	32,903		\$	(765)	\$	271,814		

The following table provides a summary of the derivative instruments outstanding as of June 30, 2020:

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

Futures contracts are financial instruments that derive their value from underlying indices or reference rates and are marked-tomarket at the end of each trading day. Daily settlement of gains and losses occur on the following business day. As a result, the futures contracts do not have a fair value as of June 30, 2020. Daily settlement of gains and losses is a risk control measure to limit counterparty credit risk. Futures variation margin amounts are settled each trading day and recognized in the financial statements under net appreciation (depreciation) in fair value of investments as they are incurred.

Foreign currency forward contracts are obligations to buy or sell a currency at a specified exchange rate and quantity on a specific future date. The fair value of the foreign currency forwards is the unrealized gain or loss calculated based on the difference between the specified exchange rate and the closing exchange rate at June 30, 2020.

Counterparty Credit Risk

The following table illustrates the counterparty credit ratings of SDCERS' non-exchange traded investment derivative instruments outstanding and subject to loss at June 30, 2020:

Counterparty Name	Fair V	alue	S&P Rating
Bank of America N.A.	\$	5	A+
BNP Paribas SA		1	A+
HSBC Bank USA		3	A+
Morgan Stanley CME		225	BBB+
Morgan Stanley LCH		28	BBB+
Total	\$	262	

The aggregate fair value of investment derivative instruments in an asset position subject to counterparty credit risk at June 30, 2020, was \$262. This represents the maximum loss that would be recognized at the reporting date if all counterparties failed to perform as contracted. At June 30, 2020, SDCERS did not have any significant exposure to counterparty credit risk with any single party. SDCERS does not have any specific policies relating to the posting of collateral or master netting agreements.

Custodial Credit Risk

At June 30, 2020, all of SDCERS' investments in derivative instruments were held in SDCERS' name and were not exposed to custodial credit risk.

Interest Rate Risk

At June 30, 2020, SDCERS was exposed to interest rate risk on its investments in interest rate swaps, options, and credit default swaps. The table below illustrates the maturity periods of these derivative instruments.

			Investment Maturities (in Years)								
Investment Type	Fai	r Value	Les	s Than 1	1 - 5		6 - 10		More Than 10		
Credit Default Swaps	\$	(95)	\$	2	\$	(97)	\$	_	\$		
Fixed Income Options		(14)		(14)		_		_		_	
Interest Rate Swaps		(594)		(302)		225		(232)		(285)	
Total	\$	(703)	\$	(314)	\$	128	\$	(232)	\$	(285)	

Derivative Instruments Highly Sensitive to Interest Rate Changes

Credit default swaps, fixed income futures, options and interest rate swaps are highly sensitive to changes in interest rates. The table below reflects the fair value and notional amount of these derivative instruments as of June 30, 2020.

Investment Type	Fa	air Value	 Notional
Credit Default Swaps	\$	(95)	\$ 5,800
Fixed Income Futures		_	107,815
Fixed Income Options		(14)	(9,300)
Interest Rate Swaps		(594)	 126,046
Total	\$	(703)	\$ 230,361

Foreign Currency Risk

At June 30, 2020, SDCERS was exposed to foreign currency risk on its investments in options, currency forward contracts and interest rate swaps denominated in foreign currencies.

		Foreign Currency Forwards							
Currency Name	Options/ Rights/ Varrants	R	Net eceivables	Ne	t Payables		Swaps		Total
Australian Dollar	\$ _	\$	_	\$	(19)	\$	_	\$	(19)
Canadian Dollar	—		—		(5)		_		(5)
Euro Currency	139		1		(77)		—		63
Pound Sterling	_		—		(100)		(110)		(210)
Japanese Yen	 _		_		_		(407)		(407)
Subtotal	 139		1		(201)		(517)		(578)
Investments Denominated in USD	 (15)						(172)		(187)
Total	\$ 124	\$	1	\$	(201)	\$	(689)	\$	(765)

In addition to the investments listed in the previous table, SDCERS has investments in foreign futures contracts with a total notional value of (\$2,700) and in foreign index futures with a total notional value of \$2,300. As indicated previously, futures variation margin amounts are settled each trading day and recognized as realized gains/losses as they are incurred. As a result, the foreign futures contracts have no fair value at June 30, 2020.

Contingent Features

At June 30, 2020, SDCERS did not hold any positions in derivatives containing contingent features.

s. Private Equity and Infrastructure

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

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

SDCERS' target allocation to private equity and infrastructure is 13%, with a portfolio composition focused on value and current income producing strategies. Unfunded capital commitments as of June 30, 2020, totaled \$607,900 and private equity and infrastructure investments totaled \$1,157,179.

t. Real Estate

SDCERS' long-term target allocation to real estate is 11%. In July 2018, the target allocation to real estate was increased to 13% over the next three to four years. The Board has established that the composition of the real estate portfolio is 100% to private real estate investments. The portfolio is diversified with a target of 70% in core real estate and 30% in value-add and opportunistic real estate. No more than 40% of SDCERS' real estate portfolio is allocated to non-U.S. real estate investment opportunities.

Certain real estate investments are leveraged. In those cases, partnerships have been established to purchase properties through a combination of equity contributions from SDCERS, other investors and through the utilization of debt. SDCERS engages real estate advisors and operating partners who are responsible for managing a portfolio's daily activities, performance and reporting. As of June 30, 2020, real estate investments totaled \$991,913 and unfunded capital commitments totaled \$164,500. Pursuant to a policy, SDCERS has established a maximum leverage limit of 50% at the portfolio level. As of June 30, 2020, SDCERS' real estate portfolio had leverage of 30.0%.

u. Securities Lending

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

State Street manages SDCERS' securities lending program and receives cash and/or securities as collateral. Borrowers are required to deliver collateral for each loan equal to at least 102% for domestic loans and 105% for international loans. State

Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. During fiscal year 2020, SDCERS had no credit risk exposure to borrowers because the amounts provided to State Street on behalf of SDCERS, in the form of collateral plus accrued interest, exceeded the amounts broker-dealers and banks owed to State Street on behalf of SDCERS for securities borrowed. State Street has indemnified SDCERS by agreeing to purchase replacement securities or return cash collateral if a borrower fails to return or pay distributions on a loaned security. SDCERS incurred no losses during the fiscal year resulting from any reported default of the borrowers or State Street. Non-cash collateral (securities and letters of credit) are not reported in SDCERS' financial statements.

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

As of June 30, 2020, securities on loan collateralized by cash had a fair value of \$113,600 and SDCERS received cash collateral of \$115,948, which was reported as securities lending obligations in the accompanying Statement of Fiduciary Net Position. The collateral value exceeds the fair value of the securities on loan because borrowers are required to deliver collateral for each loan up to 102% for domestic loans and 105% for international loans. As of June 30, 2020, securities on loan collateralized by securities, irrevocable letters of credit, or tri-party collateral had a fair value of \$77,200 and a collateral value of \$83,400, which were not reported as assets or liabilities in the accompanying Statement of Fiduciary Net Position. The total collateral pledged to SDCERS at June 30, 2020, for its securities lending activities was \$199,400.

SDCERS and the borrowers maintain the right to terminate securities lending transactions upon notice. The cash collateral received for lent securities was invested by State Street, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund, or collateral pool. State Street maintains two collateral pools: a liquidity pool and a duration pool. As of June 30, 2020, these collateral pools were not rated by the NRSROs.

As of June 30, 2020, SDCERS had \$115,300 invested in the Quality D liquidity collateral pool, which had an average duration of 26.8 days and an average weighted final maturity of 70.2 days. SDCERS had \$600 invested in the Quality D duration pool, which had an average duration of 18.2 days and an average weighted final maturity of 1,602.6 days. Duration is the weighted time average until cash flows are received in the collateral pool and is measured in days. Alternatively, the weighted average final maturity measures when all final maturities in the portfolio will occur. The duration of the investments made with cash collateral does not generally match the duration of the loans. This is because the loans are terminable at any time by SDCERS or the borrower.

Discretely Presented Component Unit - Disclosures for Policy and Specific Risks

Narratives and tables presented in the following section are taken directly from the audited comprehensive annual financial report of the San Diego Housing Commission (SDHC) as of June 30, 2020 (certain terms have been modified to conform to the City's CAFR presentation)

v. San Diego Housing Commission

Cash, cash equivalents, and investments at June 30, 2020 consisted of the following:

	SDHC Component Units 1				 Total
Deposits and Petty Cash	\$	30,589	\$	11,303	\$ 41,892
U.S. Agency Bonds		93,352		_	93,352
Certificates of Deposit		2,482		_	2,482
San Diego County Investment Pool		21,914		_	21,914
State Local Agency Investment Fund		15,783			 15,783
Total cash and investments		164,120		11,303	175,423
Restricted cash and cash equivalents		6,684		15,198	 21,882
Total	\$	170,804	\$	26,501	\$ 197,305

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

Deposits

The carrying amount of the SDHC's cash deposits and petty cash was \$30,589 at June 30, 2020. The bank balances were insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250. For amounts over \$250, bank balances were collateralized with securities held by the pledging financial institutions in SDHC's name. The California Government Code requires California financial institutions to secure cash deposits of public institutions not covered by federal deposit insurance by pledging securities as collateral. California Government Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. As a result, for the purpose of custodial credit risk, the collateral for cash deposits is considered to be held in SDHC's name.

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

Investment Policy

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

SDHC utilizes the services of an experienced financial advisor to aid in making investment decisions. The advisor provides guidance on creating a diversified portfolio and a secure investment mix. The advisor's ongoing role is to provide staff with sound

investment opportunities that will maximize liquidity and yield without sacrificing principal value and safety of the investment securities.

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

Investments

As of June 30, 2020, SDHC had investments in agency bonds, negotiable certificates of deposit, SDCIP and LAIF. The following paragraphs provide further detail for each investment.

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

The following table summarizes the valuation of SDHC's fair value measurements in accordance with authoritative guidance at June 30, 2020:

Fa	ir Value	Le	vel 1	Level 2 Fair Value		
\$	93,352	\$	_	\$	93,352	
	1,258				1,258	
\$	94,610	\$		\$	94,610	
	\$	1,258	\$ 93,352 \$ 1,258	\$ 93,352 \$ — 1,258 —	Fair Value Level 1 Fair Value \$ 93,352 \$ \$ 1,258 \$	

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

SDHC's investments under U.S. Government Agency bonds are Mortgage Backed Security (MBS) bonds and debentures traded on an active secondary market. MBS Bonds are a security or debt obligation that represents a claim on the monthly cash flows from mortgage loans. They represent investments in securities that are backed by pools of high quality consumer or commercial mortgages guaranteed by a government agency or Government Sponsored Enterprises (GSE). Government Agency Debentures are also bonds traded on an active secondary market and represent a security or debt obligation of the issuer. While Standard & Poor's and Moody's do not specifically rate MBS, they carry an implied rating based on the credit worthiness of Federal National Mortgage Association (FNMA) and Federal Home Loans Money Corporation (FHLMC). Moody's rates FNMA and FHLMC GSE as AAA while Standard and Poor's rates FNMA and FHLMC as AA+. At June 30, 2020, SDHC had \$93,352 invested in Agency MBS bonds.

SDHC had a total of \$2,482 in in certificates of deposit in its investment portfolio. Each certificate of deposit is issued through a separate legal entity and purchased in an amount under the FDIC insured limit of \$250. As of June 30, 2020, \$1,224 of negotiable certificates of deposit are valued at amortized cost which are excluded from the fair value hierarchy.

SDHC voluntarily participates in the SDCIP. SDCIP is a Standard & Poor's AAA- rated fund managed by the San Diego County Treasurer-Tax Collector. The fair value of SDCIP's investment portfolio at June 30, 2020 was \$10,333,403. The investment

portfolio had a weighted average yield to maturity of 1.56%, weighted average days to maturity of 556 days and an effective duration of 1.00 years. As of June 30, 2020, SDHC had \$21,419 invested in SDCIP.

In addition to SDCIP, SDHC participates in the State's LAIF. LAIF is part of the State of California Pooled Money Investment Account (PMIA) and is protected by statute ensuring invested funds remain SDHC's assets. PMIA is not registered with the SEC but is required to invest in accordance with California Government Code. As of June 30, 2020, the average maturity of PMIA investments was 191 days and the balance of the investment portfolio of PMIA was approximately \$101,100,000. SDHC had \$15,783 invested with LAIF as of June 30, 2020.

Investment Risk Factors

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

Market Risk

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

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

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

SDHC's exposure to interest rate risk as of June 30, 2020 is shown in the following table:

	 Maturit	20				
	ss Than Months	4-12 Ionths	1	-5 Years	Т	otal Fair Value
Cash and Cash Equivalents: 1	 	 				
Deposits	\$ 30,574	\$ —	\$	—	\$	30,574
Petty Cash	15	—		—		15
Restricted Cash and Cash Equivalents	 6,684	 				6,684
Total Cash and Cash Equivalents	 37,273	 				37,273
Short-Term Investments:						
U.S. Agencies - Fannie Mae Alternative Credit						
Enhancement Securities	—	995		—		995
U.S. Agencies - Fannie Mae Guaranteed Multifamily						
Structures Delegated Underwriting Servicing Program	_	10,490		_		10,490
U.S. Agencies - Freddie Mac Federal Home Loan						
Mortgage Corp. K Series Securities	_	3,504		—		3,504
Certificates of Deposit	980	1,502		—		2,482
San Diego County Investment Pool	—	—		21,914		21,914
State Local Agency Investment Fund	 	 15,783				15,783
Total Short-Term Investments	 980	 32,274	_	21,914		55,168
Long-Term Investments:						
U.S. Agencies - Fannie Mae Alternative Credit				7 004		7 004
Enhancement Securities	_	_		7,694		7,694
U.S. Agencies - Fannie Mae Guaranteed Multifamily				53,297		53,297
Structures Delegated Underwriting Servicing Program	_	_		55,297		55,297
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corp. K Series Securities	_	_		17,372		17,372
Total Long-Term Investments	 _	_		78,363	_	78,363
Total Cash, Cash Equivalents, and Investments	\$ 38,253	\$ 32,274	\$	100,277	\$	170,804

¹ Cash and Cash Equivalents do not have maturities.

Credit Risk

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

Concentration of Credit Risk

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

Custodial Credit Risk

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

The exposure of SDHC's debt securities to credit risk as of June 30, 2020 is as follows:

	Standard & Credit R			
	AA	+	ting Not ovided	 otal Fair Value
Short-Term Investments				
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities	\$	995	\$ _	\$ 995
U.S. Agencies - Fannie Mae Guaranteed Multifamily Structures Delegated Underwriting Servicing Program		10,490	_	10,490
U.S. Agencies - Freddie Mac Home Loan Mortgage Corp. K Series Securities		3,504	_	3,504
Certificates of Deposit		—	2,482	2,482
San Diego County Investment Pool		21,914	—	21,914
State Local Agency Investment Fund			 15,783	 15,783
Total Short-Term Investments		36,903	 18,265	 55,168
Long-Term Investments				
U.S. Agencies - Fannie Mae Alternative Credit Enhancement Securities		7,694	_	7,694
U.S. Agencies - Fannie Mae Guaranteed Multifamily Structures Delegated Underwriting Servicing Program		53,297	_	53,297
U.S. Agencies - Freddie Mac Federal Home Loan Mortgage Corp. K Series Securities		17,372	_	17,372
Total Long-Term Investments		78,363		 78,363
Total Investments	\$	115,266	\$ 18,265	\$ 133,531

The U.S. Government Agency securities in SDHC's portfolio include Fannie Mae Federal National Mortgage Association (FNMA/ FNA) and Freddie Mac Federal Home Loan Mortgage Corporation (FHMS). Of the \$93,352 invested in agency bonds and debentures as of June 30, 2020, all are mortgage-backed securities (MBS) issued either by Freddie Mac Federal Home Loan Mortgage Corporation K Series, Fannie Mae Delegated Underwriting Service Program (Fannie Mae DUS) or Fannie Mae Alternative Credit Enhancement (Fannie Mae ACE).

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

SDHC may choose to maintain 100% of its investment portfolio in U.S. Treasury Bills, notes, bonds and collateralized certificates of deposit. Certificates of deposit are, according to SDHC's Investment Policy, to be collateralized at 100% of the amount that is not federally insured. Securities pledged as collateral are held by a third party. Joint custody safekeeping receipts are held in the name of the depository institution, but pledged to SDHC. The security cannot be released, substituted or sold without the approval of SDHC. As of June 30, 2020, SDHC had \$2,482 invested in certificates of deposit. Of these certificates of deposit, all were covered under FDIC insurance limits.

4. CAPITAL ASSETS (Dollars in Thousands)

Capital asset activities for the year ended June 30, 2020 are as follows:

		Primary Government							
	Beginning Balance		Increases	Decreases	Transfers	Ending Balance			
GOVERNMENTAL ACTIVITIES									
Non-Depreciable Capital Assets:									
Land and Rights of Way	\$ 1,890,308	8 3	\$ 1,819	\$ (1,421)	\$ (1,144)	\$ 1,889,562			
Easements (Intangible)	6,093	3	449	_	1,152	7,694			
Artwork/Historical Treasures	5,052	2	_	_	_	5,052			
Construction in Progress	430,086	6	175,562	(10,327)	(212,370)	382,951			
Total Non-Depreciable Capital Assets	2,331,539	9	177,830	(11,748)	(212,362)	2,285,259			
Depreciable Capital Assets:									
Structures and Improvements	1,549,926	6	16,990	(427)	47,756	1,614,245			
Equipment	523,564	4	40,101	(34,692)	7,850	536,823			
Equipment (Intangible)	64,300	0	30	(8,292)	218	56,256			
Infrastructure	4,218,307	7	61,750	(8,924)	155,412	4,426,545			
Total Depreciable Capital Assets	6,356,097	7	118,871	(52,335)	211,236	6,633,869			
Less Accumulated Depreciation:									
Structures and Improvements	(670,734	4)	(43,152)	36	124	(713,726)			
Equipment	(287,416	6)	(38,088)	32,203	_	(293,301)			
Equipment (Intangible)	(38,433	3)	(1,709)	8,292	_	(31,850)			
Infrastructure	(2,528,041	1)	(96,489)	6,616	(66)	(2,617,980)			
Total Accumulated Depreciation	(3,524,624		(179,438)	47,147	58	(3,656,857)			
Total Depreciable Capital Assets - Net of Depreciation	2,831,473		(60,567)	(5,188)	211,294	2,977,012			
Governmental Activities Capital Assets, Net	\$ 5,163,012	2	\$ 117,263	\$ (16,936)	\$ (1,068)	\$ 5,262,271			
BUSINESS-TYPE ACTIVITIES									
Non-Depreciable Capital Assets:	A 400 77	_	* = = = = =	^ (0)	•	* 407.000			
Land and Rights of Way	\$ 106,773		\$ 569	\$ (3)		\$ 107,339			
Easements (Intangible)	3,540		61	_	60	3,661			
Artwork/Historical Treasures	1,875					1,875			
Construction in Progress	682,040		309,260	(4,781)	(143,050)	843,469			
Total Non-Depreciable Capital Assets	794,228	8	309,890	(4,784)	(142,990)	956,344			
Depreciable Capital Assets:	/	_			(
Structures and Improvements	2,065,462		29,843	-	(20)	2,095,285			
Equipment	477,780		4,886	(2,227)	110	480,549			
Equipment (Intangible)	52,035		82	_	5,288	57,405			
Distribution and Collection Systems and Other Infrastructure	5,479,993		56,918	(3,781)		5,671,868			
Total Depreciable Capital Assets	8,075,270	0	91,729	(6,008)	144,116	8,305,107			
Less Accumulated Depreciation:									
Structures and Improvements	(690,267		(40,805)	-	(17)	(731,089)			
Equipment	(339,547	1)	(13,799)	2,152	(25)	(351,213)			
Equipment (Intangible)	(18,804	4)	(3,804)	_	34	(22,574)			
Distribution and Collection Systems and Other Infrastructure	(1,457,924	4)	(90,753)	2,851	(50)	(1,545,876)			
Total Accumulated Depreciation	(2,506,536	6)	(149,161)	5,003	(58)	(2,650,752)			
Total Depreciable Capital Assets - Net of Depreciation	5,568,734	4	(57,432)	(1,005)	144,058	5,654,355			
Business-Type Activities Capital Assets, Net	\$ 6,362,962	2	\$ 252,458	\$ (5,789)	\$ 1,068	\$ 6,610,699			

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

GOVERNMENTAL ACTIVITIES	
General Government and Support	\$ 8,746
Public Safety - Police	14,110
Public Safety - Fire and Life Safety and Homeland Security	11,903
Parks, Recreation, Culture and Leisure	50,217
Transportation	79,388
Sanitation and Health	14,908
Neighborhood Services	166
Total Depreciation Expense	\$ 179,438
BUSINESS-TYPE ACTIVITIES	
Sewer Utility	\$ 78,464
Water Utility	59,449
Airports	3,368
Development Services	457
Environmental Services	2,567
Golf Course	1,683
Recycling	152
San Diego Convention Center Corporation	 3,021
Total Depreciation Expense	\$ 149,161

Capital asset activities for the City's Successor Agency for the fiscal year ended June 30, 2020 are as follows:

		ust Fund						
		ginning alance	In	creases	Decr	eases		inding alance
Non-Depreciable Capital Assets:								
Land and Rights of Way	\$	13,279	\$	—	\$	—	\$	13,279
Construction in Progress		425		494		_		919
Total Non-Depreciable Capital Assets		13,704		494		_		14,198
Depreciable Capital Assets:								
Structures and Improvements		64,425		—		—		64,425
Equipment		819		—		—		819
Infrastructure				209				209
Total Depreciable Capital Assets		65,244		209				65,453
Less Accumulated Depreciation for:								
Structures and Improvements		(20,101)		(1,813)		_		(21,914)
Equipment		(819)		—		—		(819)
Infrastructure		_		(1)		_		(1)
Total Accumulated Depreciation		(20,920)		(1,814)		_		(22,734)
Total Depreciable Capital Assets - Net of Depreciation		44,324		(1,605)		_		42,719
Capital Assets, Net	\$	58,028	\$	(1,111)	\$		\$	56,917

Discretely Presented Component Unit - San Diego Housing Commission

Capital asset activities for SDHC for the fiscal year ended June 30, 2020 are as follows:

	Discretely Presented Component Unit - San Diego Housing Commission										
	Beginning						I	Ending			
	E	alance	In	creases	De	creases	I	Balance			
Non-Depreciable Capital Assets:											
Land	\$	76,876	\$	1	\$	_	\$	76,877			
Construction in Progress		532		2,561		_		3,093			
Total Non-Depreciable Capital Assets	_	77,408		2,562		_	_	79,970			
Depreciable Capital Assets:											
Structures and Improvements		190,841		1,326		(19,468)		172,699			
Equipment		4,241		382		(122)		4,501			
Total Depreciable Capital Assets	_	195,082		1,708		(19,590)		177,200			
Less Accumulated Depreciation for:											
Structures and Improvements		(53,285)		(7,889)		4,756		(56,418)			
Equipment		(3,571)		(243)		110		(3,704)			
Total Accumulated Depreciation		(56,856)		(8,132)		4,866		(60,122)			
Total Depreciable Capital Assets - Net of Depreciation		138,226		(6,424)		(14,724)		117,078			
Capital Assets, Net	\$	215,634	\$	(3,862)	\$	(14,724)	\$	197,048			

Capital assets for the discretely presented component units of SDHC as of December 31, 2019 are as follows:

Non-Depreciable Capital Assets:	
Land	\$ 4,232
Construction in Progress	 5,814
Total Non-Depreciable Capital Assets	10,046
Depreciable Capital Assets:	
Structures and Improvements	101,416
Equipment	5,596
Total Depreciable Capital Assets	107,012
Less Accumulated Depreciation	 (17,247)
Total Depreciable Capital Assets - Net of Depreciation	89,765
Capital Assets, Net	\$ 99,811

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

a. Long-Term Liabilities

The composition of the governmental long-term liabilities as of June 30, 2020 is reflected in the table below:

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount	Balance Outstanding June 30, 2020
Compensated Absences				\$ 75,436
Liability Claims				365,964
Reimbursement Agreement Obligations				15,672
Capital Lease Obligations:				
Equipment Vehicle Financing Program (EVFP)	0.64- 2.79%	2030		79,837
101 Ash, LLC ¹	5.55	2037	\$ 77,440	69,265
CCP 1200, LLC	6.47	2035	44,000	40,691
Other Capital Leases	1.36-3.29	2033	18,516	17,217
Total Capital Lease Obligations				207,010
Qualified Energy Conservation Bonds (QECB) Lease Obligation	6.16 ²	2026	13,142	5,816
Loans Payable:				
California Energy Resources Conservation and Development Commission:				
Issued December 2011	3.0	2024	2,987	1,141
Issued December 2012	1.0	2029	1,415	1,266
San Diego Association of Governments (SANDAG) ³	0.19 - 0.24	2029		26,167
Total Loans Payable				28,574
Section 108 Loans Payable		2025	5,910	2,163
General Fund CP Notes ⁴	0.19-0.75	2022		38,575
Lease Revenue Bonds:				
CCEFA Refunding Bonds, Series 2012A	2.0 - 5.0 5	2028	140,440	82,225
PFFA CIP Bonds, Series 2012A	2.0 - 5.0 5	2042	72,000	61,995
PFFA Fire and Life Safety Refunding Bonds, Series 2012B	2.0 - 5.0 5	2032	18,745	13,165
PFFA CIP/Old Town Light Rail Extension Refunding Bonds, Series 2013A	2.0 - 5.0 5	2043	43,245	33,055
PFFA Balboa Park/Mission Bay Park Refunding Bonds, Series 2013B	2.0 - 5.0 5	2024	6,285	2,670
PFFA CIP Bonds, Series 2015A	5.0	2045	62,260	62,260
PFFA CIP Bonds, Series 2015B	5.0	2033	45,030	36,195
PFFA Ballpark Refunding Bonds, Series 2016	2.0 - 5.0 5	2032	103,255	83,845
PFFA Refunding Bonds, Series 2018A	2.57 - 4.23 5	2039	129,320	115,100
Total Lease Revenue Bonds				490,510
Tobacco Settlement Bonds:				
TSRFC Bonds, Series 2018A	2.13-4.02 5	2028	70,510	52,250
TSRFC Bonds, Series 2018C	4.0	2032 ⁶	25,345	21,080
Total Tobacco Settlement Bonds				73,330
Total Bonds Payable				563,840
Net Other Postemployment Benefits Liability				358,596
Net Pension Liability (Retirement)				2,164,491
Total Pension Liability (POB)				11,122
Total Governmental Activities Long-Term Liabilities				\$ 3,837,259

¹ See Note 24 for additional information on 101 Ash, LLC.

² Nominal interest rate of 6.16% with a net effective rate of 2.62% inclusive of QECB federal subsidy and 5.9% subsidy sequestration calculated by the Federal Office of Management and Budget for fiscal year 2020.

³ Maximum amount authorized is \$40,000 per loan agreement.

⁴ Amount authorized is \$88,500. Maturity date of 2022 represents the expiration date of the Letter of Credit (LOC) which is November 26, 2021.

⁵ Interest rates are fixed and reflect the range of coupon rates for various maturities from the date of issuance to maturity.

⁶ Final maturity date is June 1, 2032. The date listed reflects final turbo redemption payment date projected at the time of issuance.

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

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

Capital Lease Obligations are direct borrowing agreements with lenders to finance the acquisition of governmental assets including equipment, vehicles, and buildings for City staff and operations.¹ Repayments are secured from revenues of the General Fund, which primarily benefits from the leased assets.

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

Loans Payable represent obligations owed for energy conservation loans received for qualifying energy efficiency retrofits and improvements for certain City facilities. Repayments are secured from the General Fund functions that benefit from the facility improvements. Loans Payable also represent obligations owed to the San Diego Association of Governments (SANDAG) Commercial Paper Program to support the construction phase of the West Mission Bay Drive Bridge project, and are secured by future TransNet revenue to the City. Repayments are expected to be made from the West Mission Bay Bridge Construction federal grant through cost reimbursement.

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

The General Fund Commercial Paper Notes (General Fund CP Notes) are used to finance the costs of the acquisition, design, construction, installation, improvement, replacement, and equipping of certain capital improvement projects of the City. The General Fund CP Notes are payable from the base rental payments to be made by the City pursuant to the lease between the City and the PFFA. These base rental payments are derived from the funds and accounts pledged under the Indenture.

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

¹ Capital Lease Obligations include 101 Ash, LLC. See Note 24 for additional information on 101 Ash, LLC.

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

b. Amortization Requirements

The annual requirements to amortize the long-term debt outstanding as of June 30, 2020, including interest payments to maturity, are as follows:

	Eq	uipment Ve Program			101 Ash, LLC ³				CCP 1200, LLC				Other Capital Leases				
Year Ending June 30	P	rincipal	l	nterest	Р	rincipal	I	nterest	Р	rincipal		nterest	P	rincipal	I	nterest	
2021	\$	16,803	\$	1,651	\$	2,642	\$	3,775	\$	1,071	\$	2,602	\$	1,333	\$	526	
2022		15,634		1,303		2,792		3,625		1,237		2,528		1,375		484	
2023		14,927		971		2,951		3,466		1,417		2,443		1,419		440	
2024		12,547		660		3,118		3,298		1,610		2,345		1,463		396	
2025		7,629		405		3,296		3,121		1,820		2,235		1,303		349	
2026-2030		12,297		516		19,515		12,568		12,857		8,989		7,157		1,106	
2031-2035		_		_		25,736		6,348		20,679		3,595		3,167		122	
2036-2040		_		_		9,215		410		_		_		_		_	
Total	\$	79,837	\$	5,506	\$	69,265	\$	36,611	\$	40,691	\$	24,737	\$	17,217	\$	3,423	

	Con	Qualified servation I Lease O	Bonds	(QECB)		CEC Loan	yable	S	ANDAG Lo	ayable	Section 108 Loans Payable					
Year Ending June 30	Pri	incipal	In	terest	Pri	ncipal		Interest	P	rincipal	Int	erest ²	Prii	ncipal	In	nterest
2021	\$	913	\$	358	\$	464	\$	44	\$		\$		\$	385	\$	117
2022		935		302		475		33		_		_		406		94
2023		957		244		486		22		_		_		430		69
2024		980		185		325		10		436		_		457		43
2025		1,004		125		156		6		5,233		_		485		14
2026-2030		1,027		64		501		9		20,498		_		_		—
Total	\$	5,816	\$	1,278	\$	2,407	\$	124	\$	26,167	\$		\$	2,163	\$	337

	 Lease Revenue Bonds			То	bacco Sett	lemer	nt Bonds
Year Ending June 30	Principal		Interest		incipal ¹		nterest
2021	\$ 27,850	\$	22,261	\$	6,175	\$	2,732
2022	29,090		21,014		6,290		2,543
2023	29,710		19,707		6,420		2,339
2024	29,995	18,359			6,465		2,118
2025	30,635		16,983		6,490		1,886
2026-2030	137,310		63,565		20,410		5,849
2031-2035	85,475		37,545		21,080		1,686
2036-2040	75,215		19,720		_		_
2041-2045	 45,230		4,907				
Total	\$ 490,510	\$	224,061	\$	73,330	\$	19,153

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

² The interest on the SANDAG Loan Payable does not have a fixed repayment schedule and is determined based on SANDAG's rate of borrowing and the number of participating agencies under their CP program.

³ See Note 24 for additional information on 101 Ash, LLC.

c. Change in Long-Term Liabilities

The following is a summary of changes in governmental activities long-term liabilities for the year ended June 30, 2020. The effect of bond issuance premiums and discounts are reflected as adjustments to the carrying value of long-term liabilities.

	Governmental Activities											
		eginning Balance	A	Additions	Re	eductions	Enc	ling Balance		e Within ne Year		
Compensated Absences	\$	65,309	\$	71,729	\$	(61,602)	\$	75,436	\$	36,023		
Liability Claims		363,258		75,476		(72,770)		365,964		66,500		
Reimbursement Agreement Obligations		4,940		15,889		(5,157)		15,672		_		
Capital Lease Obligations:												
Equipment Vehicle Financing Program (EVFP)		87,837		9,883		(17,883)		79,837		16,803		
101 Ash, LLC ³		71,765		_		(2,500)		69,265		2,642		
CCP 1200, LLC		41,609		_		(918)		40,691		1,071		
Other Capital Leases 1		17,936		967		(1,686)		17,217		1,333		
Total Capital Lease Obligations ²		219,147		10,850		(22,987)		207,010		21,849		
QECB Lease Obligation ²		6,708		_		(892)		5,816		913		
Loans Payable California Energy Resource Conservation and Development Commission		2,861		-		(454)		2,407		464		
San Diego Association of Governments (SANDAG)				26,167		(454)		26,167				
Total Loans Payable ² Section 108 Loans Payable		2,861		26,167		(454)		28,574		464		
General Fund CP Notes		15,889		 22,686		(304)		38,575				
Lease Revenue Bonds		516,960		_		(26,450)		490,510		27,850		
Unamortized Bond Premiums and Discounts		37,420		_		(3,772)		33,648		3,039		
Net Lease Revenue Bonds		554,380				(30,222)		524,158		30,889		
Tobacco Settlement Bonds		81,170		_		(7,840)		73,330		6,175		
Net Other Postemployment Benefits Liability		358,397		30,204		(30,005)		358,596		_		
Net Pension Liability (Retirement)		2,126,057		415,592		(377,158)		2,164,491		_		
Total Pension Liability (POB)		10,631	1 1,784		4 (1,293)		3) 11,122			_		
Total	\$	3,811,274	\$	670,377	\$	(610,744)	\$	3,870,907	\$	163,198		

¹ Other Capital Leases include GE Government Finance Lease & Hewlett-Packard Lease.

² City's direct borrowings.

³ See Note 24 for additional information on 101 Ash, LLC.

During fiscal year 2020, the City lease-purchased various public safety and support vehicles, as well as other operational equipment. Under various agreements with Banc of America Public Capital Corp, the leases totaled \$9,883, to be financed over periods ranging from five to ten years at rates between 0.65% and 1.83%.

On November 22, 2019, the City executed a Master Lease Agreeement with Hewlett-Packard Financial Services Company to lease-purchase computer equipment. The lease totaled \$967, to be financed over five years at an interest rate of 3.29%.

In July 2017, the Federal Highway Bridge program (HBP) awarded the City of San Diego a grant of \$103 million to support the construction phase of the West Mission Bay Bridge project. The grant is reimbursable up to \$20 million per year over the duration of six or more years. On May 15, 2018, the City adopted a resolution authorizing the Mayor to enter into a Memorandum of Agreement (MOA) to participate in the SANDAG program to advance funds related to this project. The City will be using \$40 million of SANDAG Commercial Paper on a revolving basis to advance grant eligible expenditures until costs are reimbursed with HBP funds. As of June 30, 2020, the City has entered into its first loan with SANDAG in the amount of \$26,167 at rates between 0.19% and 0.24%.

On May 22, 2018, the City adopted a resolution authorizing tax-exempt lease revenue commercial paper notes in an amount notto-exceed \$80,500. On August 14, 2018, the City adopted a resolution increasing the not-to-exceed amount to \$88,500. The PFFA adopted a resolution to effectuate the same increase on October 30, 2018. The General Fund CP Notes are secured by an irrevocable direct-pay LOC issued by Well Fargo Bank, N.A., which expires on November 26, 2021. Under this program, the PFFA is able to issue notes at prevailing short-term interest rates for periods of maturity of up to 270 days. Upon maturity, the notes can be rolled over for additional intervals of up to 270 days with new short-term interest rates until the notes are refinanced using a long-term bond or cash repayment option. During fiscal year 2020, the City issued General Fund CP Notes of \$22,686 at rates between 0.70% and 1.06%, which are classified as long-term debt based on the expiration date of the LOC.

d. Defeasance and Redemption of Debt

During fiscal year 2018, Lease Revenue Refunding Bonds Series 2018A (Series 2018A Refunding) were issued to refund the outstanding Lease Revenue Refunding Bonds, Series 2010A (Master Refunding Project). The 2010A Refunding Bonds will be fully redeemed on September 1, 2020.

As of June 30, 2020, principal amounts payable from escrow funds established for defeased bonds are as follows:

Defeased Bonds	 Amount
Lease Revenue Refunding Bonds Series 2010A	\$ 119,695

e. Legal Debt Margin

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation for each City. As of June 30, 2020, the limit for the City of San Diego was \$35,150,829, and the amount of City debt subject to the limit was \$0 (See Statistical Table 13). The limit is only applicable to General Obligation Bonds, of which the City of San Diego has none outstanding as of June 30, 2020.

f. Event of Default Provisions

The City's outstanding Capital Lease Obligations of \$207,010 contain provisions that in the event of default, the landlord or lessor may recover unpaid rents or payments and terminate the lease(s). The lease revenue bond obligations of \$490,510 contain provisions that in the event of default, bondholders may bring suit against the City and receive any funds held by the Trustee to pay principal and interest on the bonds when due. The bonds are secured by lease payments made under leases of various governmental assets, including but not limited to, certain fire and police stations, libraries, and leases of City-owned land. The outstanding Tobacco Settlement Revenue Bonds of \$73,330 contain event of default provisions that all revenues held or thereafter received by the Trustee shall be applied in order of lien priority, however, as these bonds are payable from pledged TSRs,

bondholders have no recourse to any income, or revenues of the City. There are no clauses to accelerate payment of principal amounts with any of the governmental direct borrowing and direct placement obligations.

The General Fund CP Notes of \$38,575 do not contain any acceleration provision. The LOC banks may, in their sole discretion, either terminate or suspend the authority to issue additional commercial paper notes, terminate the LOC, or enforce the rights and obligations of the City, or exercise any other remedies available at law or in equity.

g. Long-Term Pledged Liabilities

Governmental long-term pledged liabilities as of June 30, 2020 are comprised of the following:

Type of Pledged Revenue	Fiscal Year Maturity Date	Re	ledged venue to laturity	t Principal erest Paid	Pledged Revenue Recognized	
Pledged Development Impact Fee (DIF) Revenue: Quarry Falls (Civita) Neighborhood Parks Reimbursement Agreement		\$	13,017	\$ 4,827	\$	4,827
Pledged Facilities Benefit Assessment (FBA) Revenue: Facilities Financing Reimbursement Agreement Obligations			1,414	157		157
Pledged Regional Transportation Congestion Improvement Program (RTCIP): Quarry Falls (Civita) Neighborhood Parks Reimbursement Agreement			1,241	173		173
Naval Training Center Civic, Arts and Cultural Center (Section 108)	2025		2,163	503		503
Pledged Tobacco Settlement Revenue: TSRFC Bonds, Series 2018 A,C Pledged TransNet Revenue:	2032		92,483	10,812		10,178
San Diego Association of Governments (SANDAG) Loans	2029		26,167	_		_
Total		\$	136,485	\$ 16,472	\$	15,838

6. BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES (Dollars in Thousands)

a. Long-Term Liabilities

Business-type activities long-term liabilities as of June 30, 2020 are comprised of the following:

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Or An	riginal 10unt ³	Outs	alance standing 30, 2020
Arbitrage Liability					\$	1,105
Compensated Absences						15,605
Liability Claims						34,354
Equipment Vehicle Financing Program (EVFP) Capital Lease Obligations	1.67% - 1.84% ¹	2022	\$	2,590		402
Other Capital Lease Obligations	0.65 - 2.6 ¹	2025		16,541		11,972
Contracts Payable	2.6 ¹	2021		3,606		750
Notes Payable	_	2023		22		6
Loans Payable:						
San Diego Convention Center Corporation (SDCCC)						
California Infrastructure and Economic Development Bank (I-Bank)	3.59 ¹	2042		25,500		24,768
Sewer Utility - State Water Resources Control Board				,		,
Point Loma Digesters 7 and 8, February 9, 2000	1.80 ²	2020		10,606		_
Point Loma Central Boilers, February 9, 2000	1.80 ²	2022		6,684		781
South Bay Water Reclamation Plant Package 3, March 30, 2001	1.80 ²	2022		33,720		3,926
South Bay Sewers and Pump Station Package A, May 17, 2001	1.80 ²	2022		7,742		904
Point Loma Main Building Expansion, May 17, 2001	1.80 ²	2021		860		51
South Bay Water Reclamation Plant Package 2, June 11, 2001	1.80 ²	2021		2,525		149
South Bay Sewers and Pump Station Package B, October 3, 2002	1.99 ²	2020		3,767		_
Point Loma Digesters Project C1 and C2, October 3, 2002	1.80 ²	2023		8,068		1,401
Environment Monitoring and Technical Svcs, December 14, 2005	1.89 ²	2024		10,093		2,434
Point Loma 4th Sludge Pump Project, October 15, 2006	1.99 ²	2024		3,858		980
Point Loma Digesters S1 and S2, February 28, 2007	1.89 ²	2026		11,068		3,930
Point Loma Digesters Grit Processing, February 17, 2012	2.70 ¹	2036		31,514		26,432
Sewer Pipeline Rehab Project MNOP, July 10, 2012	2.20 ¹	2033		18,914		11,172
Metro Biosolids Center Storage Silos, August 6, 2015	1.70 ¹	2035		7,204		5,625
MBC Odor Control Facilities Upgrades, July 15, 2015	1.70 ¹	2035		6,840		5,598
MBC Dewatering Centrifuge Replacement, July 8, 2015	1.70 ¹	2039		10,272		10,272
Sewer Pipeline Rehab Project-Q, June 26, 2013	2.20 ¹	2034		5,734		1,799
Sewer Pipeline Rehab Project-RS, August 22, 2013	2.20 ¹	2034		9,596		6,076
Sewer Pipeline Rehab Project-T, July 12, 2016	1.70 ¹	2036		3,141		1,895
MBC Chemical Systems Improvement Phase II, July 12, 2016	1.70 ¹	2037		5,284		4,549
Pump Station 2 Power Reliability and Surge Protection, September 12, 2018	1.80 ¹	2052		45,170		45,170
Total Sewer Utility Loans Payable						133,144

Type of Obligation	Interest Rates	Fiscal Year Maturity Date	Original Amount ³	Balance Outstanding June 30, 2020
Water Utility - State Water Resources Control Board				
Alvarado Water Treatment Plant, May 30, 2011	2.31 ¹	2032	\$ 12,000	\$ 7,563
Miramar Water Treatment Plant, September 26, 2011	2.31 ¹	2032	20,000	12,602
Otay Water Treatment Plant, December 22, 2011	2.50 ¹	2032	18,000	11,851
Harbor Drive Pipeline Replacement Project, January 29, 2013	2.09 ¹	2036	10,561	8,823
Lindbergh Field Pipeline Replacement Project, January 29, 2013	2.09 ¹	2036	3,262	2,721
University Avenue Pipeline Replacement Project, June 7, 2016	2.09 ¹	2039	23,468	23,468
69th Street & Mohawk Pump Station Project, June 14, 2018	1.70 ¹	2050	13,094	13,094
Total Water Utility Loans Payable				80,122
Total Loans Payable				238,034
Water CP Notes, Series B 4	0.83-1.52	2022		18,724
Revenue Bonds Payable:				
Subordinated Water Revenue Bonds, Refunding Series 2012 A	2.0-5.0 ¹	2033	188,610	_
Senior Sewer Revenue Refunding Bonds, Series 2015	2.0-5.0 ¹	2027	313,620	308,435
Senior Sewer Revenue Refunding Bonds, Series 2016 A	4.0-5.0 ¹	2039	403,280	335,515
Subordinated Water Revenue Bonds, Series 2016 A	3.0-5.0 ¹	2046	40,540	38,360
Subordinated Water Revenue Bonds, Refunding Series 2016 B	5.0 ¹	2040	523,485	423,785
Subordinated Water Revenue Bonds, Refunding Series 2018 A	5.0-5.25 ¹	2048	243,180	239,365
Senior Water Revenue Bonds, Series 2020 A	5.0 ¹	2050	221,420	221,420
Senior Water Revenue Refunding Bonds, Series 2020 B	1.03-1.90 ¹	2033	114,195	114,195
Total Revenue Bonds Payable				1,681,075
Estimated Landfill Closure and Postclosure Care				50,034
Net Other Postemployment Benefits Liability				103,920
Net Pension Liability (Pension)				494,332
Total Pension Liability (POB)				1,055
Total Business-Type Activities Long-Term Liabilities				\$ 2,651,368

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

² Effective rate.

³ For Loans Payable, the Original Amount is based on the amount disbursed to date and may include capitalized interest.

⁴ Amount authorized is \$175,000. Maturity date of 2022 represents expiration date of direct-pay LOC which is December 31, 2021.

b. Amortization Requirements

Annual requirements to amortize long-term debt as of June 30, 2020, including interest payments to maturity, are as follows:

		Equipmer Financing EVFP) Ca Obliga	Pro pital	gram Lease		Other Cap Oblig			(Contracts	Paya	ble		Notes F	ayable	!
Year Ending June 30	Pr	rincipal		nterest	F	Principal	lı	nterest	Prir	ncipal	Int	erest	Prin	cipal	Inte	rest
2021	\$	389	\$	5	\$	3,445	\$	98	\$	750	\$	20	\$	2	\$	_
2022		13		_		2,156		49		_		_		2		_
2023		_		_		2,170		35		_				2		_
2024		_		_		2,185		21		_		_		_		_
2025					_	2,016		7						_		
Total	\$	402	\$	5	\$	11,972	\$	210	\$	750	\$	20	\$	6	\$	_
Year Ending		Loans F	Paya	ble		evenue Bo	nds I	Payable								
June 30	Pr	rincipal	l	nterest	F	Principal	ıl	nterest								
2021	\$	14,091	\$	3,944	\$	108,875	\$	73,497								
2022		12,310		2,848		110,920		71,799								
2023		9,708		2,588		110,655		66,971								
2024		9,449		2,392		96,645		61,711								
2025		8,776		2,202		103,205		57,189								
2026-2030		44,252		8,301		388,415		222,439								
2031-2035		35,649		3,921		264,345		149,694								
2036-2040		10,495		1,263		273,965		83,192								
2041-2045		3,126		113		119,405		35,871								
2046-2050		—		_		104,645		8,130								
Unscheduled 1		90,178		_	_			_								
Total	\$	238,034	\$	27,572	\$	1,681,075	\$	830,493								

¹ Loans payable to the State Water Resources Control Board in the amount of \$90,178 do not have fixed annual repayment schedules until construction of the projects are completed and final billing submitted.

c. Change in Long-Term Liabilities

The following is a summary of changes in long-term liabilities for the year ended June 30, 2020. The effects of bond premiums and discounts are reflected as adjustments to long-term liabilities.

-	Business-Type Activities						
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year		
Arbitrage Liability	\$ 1,107	\$ —	\$ (2)	\$ 1,105	\$ 1,105		
Compensated Absences	13,339	14,564	(12,298)	15,605	7,404		
Liability Claims	35,936	8,314	(9,896)	34,354	8,317		
Capital Lease Obligations:							
Equipment Vehicle Financing Program (EVFP)	784	_	(382)	402	389		
Other Capital Lease Obligations	2,339	10,847	(1,214)	11,972	3,445		
Total Capital Lease Obligations 1	3,123	10,847	(1,596)	12,374	3,834		
Contracts Payable ¹	1,481	_	(731)	750	750		
Notes Payable ¹	8	_	(2)	6	2		
Loans Payable ¹	223,896	28,470	(14,332)	238,034	14,091		
Water CP Notes, Series B	38,883	65,903	(86,062)	18,724	_		
Revenue Bonds Payable	1,554,985	335,615	(209,525)	1,681,075	108,875		
Unamortized Bond Premiums and Discounts	249,931	29,438	(30,284)	249,085	15,320		
Net Revenue Bonds Payable	1,804,916	365,053	(239,809)	1,930,160	124,195		
Estimated Landfill Closure/Postclosure Care	54,658	_	(4,624)	50,034	_		
Net Other Postemployment Benefits Liability	103,867	8,066	(8,013)	103,920	_		
Net Pension Liability (Pension)	487,462	74,281	(67,411)	494,332	—		
Total Pension Liability (POB)	1,014	152	(111)	1,055			
Totals	\$ 2,769,690	\$ 575,650	\$ (444,887)	\$ 2,900,453	\$ 159,698		

¹ City's direct borrowings.

On June 11, 2020, the City executed a lease contract with Hawthorne Machinery Company in an amount not to exceed \$26,313 for a period of five years. The contract included the lease maintenance costs of heavy duty landfill machinery for use in the operations of Miramar Landfill. The capital lease portion totaled \$10,847, to be financed over five years at an interest rate of 0.65%.

During fiscal year 2020, the Sewer Utility Fund and Water Utility Fund received additional loan proceeds through the State Revolving Fund (SRF) agreement with the SWRCB. Through various agreements with SWRCB, the loans totaled \$28,470, with repayment periods ranging from 20 to 30 years from completion of construction at rates between 1.7% to 2.08%.

On December 16, 2016, the City and PFFA adopted resolutions authorizing the issuance of \$250,000 tax-exempt subordinate Water CP Notes in one or more series. The funds are used to (i) provide short-term financing for design, acquisition, construction, installation, or improvements of components of the City's water system, and various improvements related to the City, (ii) reimburse the City's Water Utility Fund for eligible expenditures and (iii) pay costs of issuance for the Water CP Notes. Water CP Notes have been issued periodically since January 2017, and are payable from subordinate installment payments by revenues of the City's Water Utility Fund. The Water CP Notes are secured by irrevocable direct-pay LOCs from the Bank of the West, which expire on December 31, 2021 for Series A, and Bank of America, N.A. which expire on December 31, 2021 for Series B. Under this program, PFFA is able to issue notes at prevailing short-term interest rates for periods of maturity up to 270 days. Upon maturity, the notes can be rolled over for additional intervals of up to 270 days with new short-term interest rates until the notes

are refinanced using a long-term bond or cash repayment option. During fiscal year 2020, the City issued long-term Water CP Notes Series B of \$65,903, and based on the expiration date of the LOC, Series B is classified as long-term debt.

During fiscal year 2020, the PFFA issued tax-exempt Senior Water Revenue Bonds, Series 2020A (Series 2020A) and taxable Senior Water Revenue Refunding Bonds, Series 2020B (Series 2020B) in the amounts of \$221,420 and \$114,195, respectively. The proceeds of Series 2020A, together with other available funds, were used to finance capital improvements to the Water System, pay certain amounts of the outstanding principal of the Water CP Notes (\$26,714 of Series A and \$86,062 of Series B), and to fund costs of issuance. The proceeds of Series 2020B were used to advance refund the outstanding Subordinated Water Revenue Bonds, Series 2012A and to fund costs of issuance related to the bonds. The final maturity date for Series 2020A is August 1, 2049 and the final maturity date for Series 2020B is August 1, 2032. See Note 8 for additional information on the Water CP Notes, Series A.

In November 2018, the City and the USEPA executed the Water Infrastructure Finance and Innovation Act (WIFIA) Program Ioan in the amount of \$614 million payable from Net System Revenues of the Water Utility Fund with an interest rate of 3.36%.¹ The WIFIA Ioan will fund a portion of the Water Utility's cost of the first phase of the Pure Water Project. As of June 30, 2020 the City has not yet requested disbursements from the WIFIA Ioan.

d. Redemption and Defeasance of Debt

The refunded Water Revenue Bonds, Refunding Series 2012A are defeased and the corresponding liability has been removed from the Statement of Net Position. As of May 11, 2020 (closing date), the net carrying amount of the old debt exceeded the reacquisition price by \$5,005. This amount is reported as a deferred inflow of resources and amortized over the remaining life of the refunding debt, which had the same remaining life as the refunded debt. The refunding transaction for Series 2020B resulted in a total economic gain of approximately \$9,827 and a cash flow savings of approximately \$24,655.

As of June 30, 2020, principal amounts payable from escrow funds established for defeased bonds are as follows:

Water Revenue Defeased Bonds 2016 Escrow (June 23, 2016)		Amount	Redemption Date		
Water Revenue Bonds, Refunding Series 2010A	\$	123,075	August 1, 2020		
Water Revenue Defeased Bonds 2020 Escrow (May 11, 2020)	_				
Water Revenue Bonds, Series 2012A	\$	113,280	August 1, 2022		

e. Event of Default Provisions

The governing documents of the City's outstanding capital lease obligations of \$12,374 contain provisions that in the event of default, the lessor may recover unpaid payments and terminate the lease(s). The governing documents of the loans payable of \$238,034 contain event of default provisions allowing the lenders to terminate the funding agreements if not cured within 30 days, and are subject to acceleration clauses making outstanding amounts immediately payable. The governing documents of the Revenue Bonds Payable of \$1,681,075 contain provisions that in the event of default, the trustee may declare that all principal and interest accrued to be immediately due and payable, or bondholders may bring suit against the City and receive any funds held by the Trustee to pay principal and interest on the bonds.

¹ Interest rate was amended in Fiscal Year 2021 (See Note 24)

The outstanding Water CP Notes, Series B of \$18,724 contain provisions that in the event of default, the principal of all outstanding notes may be declared due and payable. In the Water CP Notes program, the LOC banks may, in their sole discretion, either terminate or suspend the authority to issue additional commercial paper notes, terminate the LOC, or enforce the rights and obligations of the City, or exercise any other remedies available at law or in equity.

f. Long-Term Pledged Liabilities

Business-type activities long-term pledged liabilities as of June 30, 2020 are comprised of the following:

Type of Pledged Revenue	Fiscal Year Maturity Date	Pledged Revenue to Maturity	Debt Principal & Interest Paid	Pledged Revenue Recognized
Pledged Net Sewer Systems Revenue:				
Loans - State Water Resources Control Board				
Point Loma Digesters 7 and 8, February 9, 2000	2020	\$ —	\$ 637	\$ 637
Point Loma Central Boilers, February 9, 2000	2022	802	401	401
South Bay Water Reclamation Plant Package 3, March 30, 2001	2022	4,049	2,025	2,025
South Bay Sewers and Pump Station Package A, May 17, 2001	2022	928	465	465
Point Loma Main Building Expansion, May 17, 2001	2021	52	53	53
South Bay Water Reclamation Plant Package 2, June 11, 2001	2021	152	152	152
South Bay Sewers and Pump Station Package B, October 3, 2002	2020	_	251	251
Point Loma Digesters Project C1 and C2, October 3, 2002	2023	1,452	484	484
Environment Monitoring and Technical Svs, December 14, 2005	2024	2,550	638	638
Point Loma 4th Sludge Pump Project, October 15, 2006	2024	1,029	257	257
Point Loma Digesters S1 and S2, February 28, 2007	2026	4,194	699	699
Point Loma Digesters Grit Processing, February 17, 2012	2036	30,505	1,779	1,779
Sewer Pipeline Rehab Project MNOP, July 10, 2012	2033	12,152	878	878
Metro Biosolids Center-Storage Silos, August 6, 2015	2035	5,953	368	368
MBC Odor Control Facilities Upgrades, July 15, 2015	2035	6,389	426	426
MBC Dewatering Centrifuge Replacement, July 8, 2015	2038	10,447	637	637
Sewer Pipeline Rehab Project-Q, June 26, 2013	2034	2,110	151	151
Sewer Pipeline Rehab Project-RS, August 22, 2013	2034	6,648	445	445
Sewer Pipeline Rehab Project-T, July 12, 2016	2036	2,181	136	136
MBC Chemical Systems Improvement Phase II, July 12, 2016	2037	5,276	310	310
Pump Station 2 Power Reliability and Surge Protection, September 12. 2018	2052	45,170	_	_
Revenue Bonds				
Senior Sewer Revenue Refunding Bonds, Series 2015	2027	365,594	14,659	14,658
Senior Sewer Revenue Refunding Bonds, Series 2016 A	2039	510,648	80,405	80,404
Total Pledged Net Sewer Systems Revenue		1,018,281	106,256	106,254
Pledged Net Water Systems Revenue:				
Loans - State Water Resources Control Board				
Alvarado Water Treatment Plant, May 30, 2011	2032	8,654	753	741
Miramar Water Treatment Plant, September 26, 2011	2032	14,417	1,254	1,234
Otay Water Treatment Plant, December 22, 2011	2032	13,792	1,149	1,131
Harbor Drive Pipeline Replacement Project, January 29, 2013	2036	10,429	652	646
Lindbergh Field Pipeline Replacement Project, January 29, 2013	2036	3,216	201	197
University Avenue Pipeline Replacement Project, June 7, 2016	2039	23,952	1,458	1,458
69th Street & Mohawk Pump Station Project, June 14, 2018	2050	13,307	159	159

Type of Pledged Revenue	Fiscal Year Maturity Date	R	Pledged evenue to Maturity	Debt Principal & Interest Paid	 Pledged Revenue Recognized
Water CP Notes, Series B	2022	\$	_	\$ 589	\$ 589
Revenue Bonds					
Subordinated Water Revenue Bonds, Refunding Series 2012 A	2033		_	11,829	11,518
Subordinated Water Revenue Bonds, Series 2016 A	2046		67,935	2,611	2,607
Subordinated Water Revenue Bonds, Refunding Series 2016 B	2040		617,009	46,307	46,259
Subordinated Water Revenue Bonds, Refunding Series 2018 A	2048		448,661	16,023	15,980
Senior Water Revenue Bonds, Series 2020 A	2050		372,559	_	_
Senior Water Revenue Refunding Bonds, Series 2020 B	2033		129,164		
Total Pledged Net Water Systems Revenue			1,723,095	82,985	 82,519
Total Pledged Revenues		\$	2,741,376	\$ 189,241	\$ 188,773

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

Narratives and tables presented in the following sections are taken from the audited comprehensive annual financial report of the San Diego Housing Commission as of June 30, 2020.

San Diego Housing Commission

Long-term liabilities of SDHC as of June 30, 2020 are comprised of the following:

Type of Obligation	Interest Rate	Fiscal Year Maturity Date	Original Amount		Balance Outstanding June 30, 2020 ¹		Due Within One Year	
Compensated Absences				\$	2,704	\$	2,704	
Direct Borrowing Debts of the Commission								
Debts of SDHC:								
Key Bank Real Estate Capital (Smart Corner) dated November 2011 ²	6.08%	2027	\$ 15,000		2,616		1,045	
City of San Diego Successor Agency, dated March 1992	0.00 forgivable	2022	696		696		_	
City of San Diego Successor Agency, dated March 2010	1.00 forgivable	2065	6,095		5,843		_	
State of California, Housing Loan Conversion Program dated March 2013	3.00	2068	4,555		4,555		_	
Red Capital Mortgage, LLC-Courtyard Apartments	4.92	2030	4,169		4,047		66	
Debts of the LLCs:								
Greystone Servicing Corp, Inc. FNMA (Belden)	7.32	2040	12,320		10,551		251	
Greystone Servicing Corp, Inc. FNMA (Northern)	7.32	2040	10,810		9,258		221	
Greystone Servicing Corp, Inc. FNMA (Central)	7.32	2040	14,010		11,998		286	
PNC Bank, NA FHA (Southern)	3.76	2046	25,017		20,952		507	
PNC Bank, NA FHA (Northern)	3.76	2046	17,500		14,657		355	
PNC Bank, NA FHA (Central)	3.65	2046	15,726		13,153		322	
Total Notes Payable					98,326		3,053	
Less: unamortized debt issuance costs					(1,377)		_	
Total Notes Payable, Net					96,949		3,053	
Total Long-Term Liabilities				\$	99,653	\$	5,757	

 $^{\rm 1}$ Long-term liabilities of the discrete component units of SDHC are not included

 $^{2}\,\text{Converts}$ to variable interest rate after November 2021

As of June 30, 2020, the current portion of notes payable was \$3,053, and the noncurrent portion was \$95,273.

Debt issuance costs associated with the LLC loans totaled \$2,120, less accumulated amortization of \$743 at June 30, 2020. For fiscal year 2020, amortization totaled \$78. Under guidance issued by the GASB, these fees would be expensed as incurred. However, as the LLCs are not governmental agencies, they follow the standards issued by the Financial Accounting Standards Board. In accordance with ASU 2015-13, debt issuance costs are capitalized and presented as a direct reduction of notes payable. In addition, the debt issuance costs are amortized over the life of the loan using the effective interest method.

The Direct Borrowing Debts of the Commission and the LLCs contain various event of default provisions, subjective acceleration clauses, and termination events. For more detailed information please refer to the complete stand-alone financial statements are available at www.sdhc.org.

The American Recovery and Reinvestment Act of 2009 created the new Build America Bonds (BABs) program. State and local governments receive subsidy payments directly from the U.S. Treasury for a portion of their borrowing costs on BABs equal to 35% of the total coupon interest paid less reductions in federal appropriations. The subsidy stream is paid for the full term of the bonds. The Belden SDHC FNMA, LLC, the Northern SDHC FHA, LLC and the Southern SDHC FHA, LLC loans have been approved as qualified direct subsidy BABs loans. SDHC received subsidy payments of \$685 in fiscal year 2020.

The projected annual principal and interest payment requirements for all of SDHC's notes payable are as follows:

Year Ending							
June 30	P	rincipal	cipal Interest		Interest		 Total
2021	\$	3,053	\$	4,440	\$ 7,493		
2022		3,225		4,267	7,492		
2023		2,684		4,099	6,783		
2024		2,343		3,976	6,319		
2025		2,469		3,849	6,318		
2026-2030		17,730		17,057	34,787		
2031-2035		18,418		11,814	30,232		
2036-2040		23,054		5,880	28,934		
2041-2045		13,449		1,518	14,967		
2046-2050		807		99	906		
2051-2068		4,555		6,942	 11,497		
Subtotal		91,787		63,941	155,728		
Forgivable loans 1		6,539			 6,539		
Total Notes Payable	\$	98,326	\$	63,941	162,267		
Less: unamortized deb	ot issu	ance costs			 (1,377)		
Total Notes Payable, N	let				\$ 160,890		

¹ This amount includes forgivable loans of \$696 and \$5,843 which are forgiven at maturity in 2022 and 2065, respectively. There was accrued interest of \$0 and \$539, respectively, as of June 30, 2020.

8. SHORT-TERM LIABILITIES (Dollars In Thousands)

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

On December 16, 2016, the City and PFFA adopted resolutions authorizing the issuance of \$250,000 tax-exempt subordinate water revenue commercial paper notes in one or more series. The funds are used to (i) provide short-term financing for design, acquisition, construction, installation, improvements of components of the City's water system, and various improvements related to City, (ii) reimburse the City's Water Utility Fund for eligible expenditures and (iii) pay costs of issuance for the Water CP Notes. The Water CP Notes have been issued periodically since January 2017 and are payable from subordinate installment payments by revenues of the City's Water Utility Fund. The Water CP Notes are secured by irrevocable direct-pay letters of credit (LOC) from the Bank of the West (which expires on December 31, 2021 for Series A), and Bank of America, N.A. (which expires on December 31, 2021 for Series B). Under this program, PFFA is able to issue notes at prevailing short-term interest rates for periods of maturity up to 270 days. Upon maturity, the notes can be rolled over for additional intervals of up to 270 days with new short-term interest rates are refinanced using a long-term bond or cash repayment option. As of June 30, 2020, the Water CP Notes Series A are now classified as long-term liabilities based on the new expiration date of the LOC which was extended during the fiscal year 2020.

b. Changes in Short-Term Liabilities

The following is a summary of changes in short-term liabilities for the year ended June 30, 2020:

Type of Obligation	Beginning Balance		Additions		Reductions		Ending Balance
Water Commercial Paper Notes, Series A 1	\$	14,714	\$	12,000	\$	(26,714)	\$

¹ Amount authorized is \$75,000. Maturity date of 2022 represents the expiration date of the direct-pay LOC which is December 31,2021.

During fiscal year 2020, the City issued short-term Water CP Notes Series A of \$12,000. Based on the expiration date of the LOC at the beginning of the fiscal year, Series A was classified as a short-term liability. On May 11, 2020, the PFFA issued \$221,420 of Water Revenue Bonds, Series 2020A (Tax-Exempt) of which \$112,776 was to refund certain outstanding Water CP Notes (\$26,714 of Series A and \$86,062 of Series B). See Note 6 for additional information on Water CP Notes Series B, which are classified as long-term based on the expiration date of the LOC.

c. Event of Default Provisions

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

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

San Diego Geographic Information Source (SanGIS)

SanGIS was created in 1997 as a joint powers agreement between the City and the County of San Diego. The agreement was amended and restated in 2016 to update its provisions and to reflect the current status of the structure and operations of SanGIS. SanGIS objectives are to create and maintain a geographic information system, to market and license digital geographic data and software, to provide technical services, and to publish geographical and land-related information for the City and County, other public agencies, and the private sector. SanGIS is governed by a Board of Directors consisting of one voting member from the City and one from the County. The Board approves the annual budget and fiscal audit, sets long range plans and strategic goals, and authorizes major project funding. All initiatives and decisions must be approved by a consensus of both members of the Board before being implemented. The SanGIS fiscal year 2020 annual budget of \$1,489 was funded primarily by equal contributions from the City and County. In its latest audited report, SanGIS reported an increase in net position of \$162 and an ending net position of \$488 for the fiscal year ended June 30, 2019. Complete stand-alone financial statements are available at www.sangis.org.

San Diego Workforce Partnership (SDWP)

In 1974, the City and County of San Diego jointly formed a Consortium to provide regional employment and training services throughout San Diego County. In 2016, a revised Joint Powers Authority (JPA) agreement was approved to achieve compliance with Workforce Innovation and Opportunity Act federal legislation. The City and County jointly govern the Consortium. The Consortium's Board of Directors consists of two members of the City Council, two members from the County Board of Supervisors, and one member of a charitable organization. The Consortium is empowered to make applications for and receive grants from governmental or private sources. The Board assigned the non-profit San Diego Workforce Partnership, Inc. as the grant recipient and administrative entity to operate the Consortium. To the extent that law mandates any responsibility upon the City and County for debt obligation or liability, the City and the County have agreed to share equally the payment of such an obligation. In its latest audited report, SDWP reported a decrease in net position of \$63 and ending net position of \$525 for the fiscal year ended June 30, 2019. Complete stand-alone financial statements can be requested from San Diego Workforce Partnership, Inc. 9246 Lightwave Ave., San Diego, CA 92123.

San Dieguito River Valley Regional Open Space Park

The San Dieguito River Valley Regional Open Space Park Joint Powers Authority (JPA) was formed in 1989 by the City and County of San Diego and the Cities of Del Mar, Escondido, Poway, and Solana Beach to create, preserve and enhance the San Dieguito River Valley Regional Open Space Park for the benefit of the public. In 2015, an amended and restated agreement was executed, continuing the JPA for fifty years. The JPA Board is composed of two elected officials each from the County and the City, one elected official each from the Cities of Del Mar, Escondido, Poway, and Solana Beach, and one public member representing the Citizens Advisory Committee. The JPA's funding is primarily comprised of operating grants, contributions, and agency assessments based on population and jurisdictional area. The JPA's fiscal year 2020 annual budget for agency contributions was \$1,080, of which the City's share was \$346, or 32%. In its latest audited report for the fiscal year ended June 30, 2019, the JPA reported a decrease in net position of \$54,945. The debts, liabilities, and obligations of the JPA belong to the JPA, and not the agencies. Upon termination of the agreement or existence of the JPA, real property owned by the JPA will be distributed to the jurisdiction on which the land is located, while remaining assets and liabilities will be divided among the agencies based on the contribution calculation percentages. Complete stand-alone financial statements are available at www.sdrp.org.

San Diego Community Power (SDCP)

In September, 2019, the cities of San Diego, Chula Vista, Encinitas, La Mesa and Imperial Beach adopted an ordinance and resolution to form San Diego Community Power, a California joint powers agency (JPA) to purchase electricity from increased renewable sources. SDCP's Board is comprised of elected representatives from each member jurisdictions which may expand as new communities in the surrounding area decide whether to join SDCP in the future. The Board is publicly accountable to SDCP ratepayers and hosts monthly Board meetings to establish policy, set rates, determine power options and maintain fiscal oversight. During fiscal year 2020, City staff provided administrative assistance, to be reimbursed, per the approved agreement. The total expenditures for fiscal year 2020 were \$416. Additional information can be found at www.sdcommunitypower.org.

10. LEASE COMMITMENTS (Dollars in Thousands)

The City leases various properties and equipment. Leased property having elements of ownership are recorded as capital leases and reported as capital assets in the government-wide and proprietary funds financial statements, along with a corresponding capital lease obligation. Leased property that does not have elements of ownership is reported as an operating lease and is expensed when paid.

Capital Leases

The City has entered into various capital leases for equipment, structures, infrastructure, and intangible assets. These capital leases have maturity dates ranging from July 1, 2020 through December 1, 2036 and interest rates ranging from 0.65% to 6.47%. A schedule of future minimum lease payments under capital leases as of June 30, 2020 is provided in Notes 5 and 6. The value of the City's capital leased assets as of June 30, 2020 was \$217,365, net of accumulated depreciation of \$46,356. These amounts are categorized by fund type and major asset class in the table below.

Values of Capital Leased Assets by Major Asset Class							
	Gross Value		Depreciation		Ν	let Book Value	
Governmental Activities							
Equipment	\$	120,527	\$	(37,619)	\$	82,908	
Structures & Improvements		83,457		(6,623)		76,834	
Land		33,049		_		33,049	
Equipment (Intangible)		7,960		(901)		7,059	
Construction in Process		_		_		_	
Total Governmental Activities	\$	244,993	\$	(45,143)	\$	199,850	
Business-Type Activities							
Construction in Process	\$	10,847	\$	_	\$	10,847	
Intangible		5,291		(414)		4,877	
Infrastructure		2,590		(799)		1,791	
Total Business-Type Activities	\$	18,728	\$	(1,213)	\$	17,515	

Operating Leases

The City's operating leases consist primarily of rental property occupied by City departments. Lease obligations for City-leased space include rent, utility charges, common area maintenance, storage, and parking. If a department pays for parking, storage, etc. that is not contracted for in the lease, those charges are not included. Departments are allocated charges based on the percentage of the total lease space occupied. The schedule on the following page shows future minimum rental payments required under operating leases entered into by the City for property that has initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2020.

Year Ending June 30	 Amount
2021	\$ 19,587
2022	17,575
2023	12,965
2024	12,032
2025	9,944
2026-2030	27,481
2031-2035	4,977
2036-2040	550
Total	\$ 105,111

Rent expense, as related to operating leases, was \$19,569 for the fiscal year ended June 30, 2020, of which \$12,484 was reported for governmental activities, and \$7,085 for business-type activities.

Lease Revenues

The City has operating leases for certain land, buildings, and facilities with tenants and concessionaires. Leased capital asset carrying values of approximately \$318,117, as well as depreciation, are reported in Note 4 and are consolidated with non-leased assets. This amount includes \$172,010 for the Petco Park Facility. Minimum annual lease revenues are reported in the following schedule:

Year Ending June 30	 Amount
2021	\$ 45,090
2022	44,062
2023	42,835
2024	40,386
2025	39,245
2026-2030	187,652
2031-2035	175,751
2036-2040	165,068
2041-2045	151,755
2046-2050	123,956
2051-2055	61,404
2056-2060	36,838
2061-2065	23,398
2066-2070	 10,493
Total	\$ 1,147,933

This amount does not include contingent rentals, which may be received under certain leases of property on the basis of percentage returns. Rental income as related to operating leases was \$70,784 for the fiscal year ended June 30, 2020, which includes contingent rentals of \$21,152.

11. DEFERRED COMPENSATION PLAN (Dollars in Thousands)

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

In accordance with GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, the deferred compensation plans are not considered part of the City's financial reporting entity.

12. PENSION PLANS (Dollars in Thousands)

The City has a defined benefit pension plan (Pension Plan) and various defined contribution pension plans covering substantially all of its employees.

On June 5, 2012, City of San Diego voters approved Proposition B, a pension reform initiative amending the San Diego City Charter. As a result, employees hired on or after July 20, 2012, other than sworn police officers, are no longer eligible to participate in the City's defined benefit plan and are only eligible to participate in a defined contribution plan (subject to appellate court ruling as discussed below).

In December 2015, the Public Employment Relations Board (PERB) issued a decision (the "PERB Order") in an Unfair Practice Charge (UPC) filed by certain Recognized Employee Organizations (REOs), ruling that the City had violated the Meyers-Milias-Brown Act (MMBA) when it failed to meet and confer with the REOs over the language of Proposition B prior to placing it on the June 2012 ballot. Between January 2016 and March 2019, the matter was adjudicated at both the California Appellate Court and California Supreme Court levels. The California Supreme Court ultimately upheld PERB's determination of an MMBA violation, and remanded the matter back to the Court of Appeal for further proceedings to determine the appropriate judicial remedy. The City sought review with the United States Supreme Court, however, it was denied.

On March 25, 2019, the Court of Appeal affirmed the PERB Order with the following modifications (the "Modified PERB Order"): (1) The City must meet and confer with the REOs over the effects of Proposition B. (2) For the time period that ends with the completion of the bargaining process (including the exhaustion of impasse measures, if an impasse occurs), the City must pay the affected current and former employees represented by the REOs the difference, plus seven percent annual interest, between the compensation (including retirement benefits) the employees would have received prior to when Proposition B took effect and the compensation those employees received after Proposition B took effect (the "Make-Whole Provision"); and (3) The City must meet and confer at the REOs' request and is precluded from placing a charter amendment on the ballot that is advanced by the City that affects employee pension benefits and/or other negotiable subjects until the bargaining process is complete.

The REOs requested that the Court of Appeal invalidate Proposition B, however, the court declined to do so concluding that the question of Proposition B's validity would be more appropriately decided in a separate *quo warranto* proceeding. On June 25, 2019, the REOs served the California Attorney General with an Application for Leave to Sue in *quo warranto*. The Attorney General granted the REOs leave to sue and on September 27, 2019, the REOs filed their complaint in Superior Court. Depending on the nature of the Proposition B proponents' opposition and potential appeals, it could take until 2024 before there is final resolution of Proposition B's validity if the *quo warranto* action is ultimately reviewed by the California Supreme Court. Currently, the REOs and the City have a motion for summary judgment hearing scheduled for December 18, 2020.

Neither PERB nor the Appellate Court clearly defined how the value of the benefits under the Make-Whole Provision should be calculated; meaning the ultimate cost to the City, if any, will likely be the subject of negotiations between the City and the REOs. The City's preliminary analysis and work performed by SDCERS' actuary has provided a preliminary understanding of what disparity exists between the benefits provided under Proposition B versus what employees would have otherwise received under the City's defined benefit plan. That preliminary analysis identified several assumptions that would be the subject of negotiations between the City and REOs including, but not limited to, the investment rate of return, the discount rate, and how interest earnings are calculated. Any one of these assumptions could significantly alter the estimated one-time and ongoing costs to the City and such costs could be material. A further consideration in implementing any compensatory remedy is compliance with federal tax laws and regulations, which may also restrict the remedies available through labor negotiations. Accordingly, it would not be meaningful or informative for the City to provide any such preliminary cost estimates at this time.

DEFINED BENEFIT PLAN

a. Pension Plan Description and Benefits Provided

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

The plans cover all eligible employees of the City, the Port, and the Airport. All City employees initially hired before July 20, 2012 working half-time or greater, all sworn police officers of the City irrespective of hire date, and full-time employees of the Port and Airport are eligible for membership and are required to join SDCERS. The Port and Airport are not component units of the City; however, the financial statements of the SDCERS Pension Trust do include the Port and Airport activity and are reported in the fiduciary funds section of this report.

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

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

Final compensation is based upon either the highest salary earned over a consecutive twelve month period, the highest average salary earned over three one-year periods, or the highest salary earned over a consecutive 36 month period, depending on the member's class and hire date. To gualify for a service retirement benefit, the Pension Plan requires ten years of service at age 62 for general members (55 for safety members) or 20 years of service at age 55 for general members (50 for safety members). which could include certain service purchased or service earned at a reciprocating government entity. Members in the Elected Officers' Retirement Plan require four years of service at age 55 or eight years of service at any age. Under Proposition B, sworn police officers hired after July 1, 2013 have a reduction of 3.0% per year if retiring earlier than age 55. Retirement benefits are awarded at various rates, ranging from 1.0% to 3.5% per year of service multiplied by final compensation depending on the member's plan and hire date. The actual percentage of final compensation per year served component of the calculation rises as the employee's retirement age increases, with the exception of some safety employees and all elected officials, and depends on the retirement option selected by the employee. Some safety members also have the option to elect 3.0% per year of service at age 50 and above, not to exceed 90% of final compensation, as part of the formula to calculate their retirement benefits. The maximum percentage of final compensation per year served is 2.8% for general members, 3.0% for safety members and 3.5% for elected officers. Depending on the number of years of service, participants of the Elected Officer's Retirement Pension component of the Pension Plan can retire earlier than the age of 55; however, their retirement allowance is reduced by 2.0% for each year under the age of 55.

At June 30, 2019, the most recent actuarial valuation, the following employees were covered by the benefit terms:

Employees or Beneficiaries Currently Receiving Benefits ¹	10,205
Inactive (Terminated) Employees Entitled to but not yet Receiving Benefits	2,905
Active Employees	5,757
Total	18,867

¹ Includes Disabled, Retired, and DROP participants.

Deferred Retirement Option Plan (DROP)

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

Upon entering DROP, the participant stops making pension contributions to SDCERS and stops earning service credit. Instead, amounts equivalent to the participant's retirement benefit plus additional DROP contributions are credited to an interest bearing individual account held in the participant's name. While participants were employed by the City, the quarterly interest credited to the DROP participant accounts was 2.7% in the first half of fiscal year 2020 and 2.5% in the second half. When the participant leaves DROP and retires from City service, the participant's DROP account balance may be paid in a lump sum, rolled over to another plan, or converted to monthly payments. The DROP annuity factor used to calculate the monthly payments was 3.0% in the first half of fiscal year 2020 and was 3.1% in the second half. During the period of participation, the participant continues to receive employer offered benefits available to regular employees with exception of earning service credit, as previously discussed.

Purchase of Service Credits

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

Supplemental Cost-of-Living Benefit

On August 5, 2013, the City Council amended the SDMC to provide a method for funding a supplemental cost-of-living benefit (the "Supplemental COLA") previously given to a closed group of retirees who retired on or before June 30, 1982. SDCERS holds a reserve within the plan assets, and pays Supplemental COLA benefits from this reserve. On a yearly basis, the City cash funds the Supplemental COLA reserve based on an estimate of benefits to be paid during the fiscal year. In fiscal year 2020, the City contributed \$1,560 towards the Supplemental COLA reserve and paid approximately \$1,628 in benefits. As of June 30, 2020, the City's Supplemental COLA reserve had an unspent balance of \$87.

b. Funding Policy and Contribution Rates

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

Pursuant to the Charter, City employer contribution rates, adjusted for payment at the beginning of the year, are actuarially determined rates and are expressed as a fixed ADC. The administrative component was assumed to be \$12.1 million for fiscal year 2020, increasing by 2.5% per year, and included as part of the ADC.

The following table shows the City's contribution rates (weighted average of each employee group) for fiscal year 2020, based on the June 30, 2018 actuarial valuation, expressed as percentages of expected payroll:

	Employer Contribution Rates			
	Non-Safety Members	Safety Members		
Normal Cost ¹	11.38%	17.29%		
Amortization Payment ²	64.13%	60.62%		
Administrative Expense ³	2.70%	2.78%		
Normal Cost Adjusted for Amortization Payment ³	78.21%	80.68%		
City Contribution Rates Adjusted for Payment at the Beginning of the Year	75.78%	78.17%		

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

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

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

Members are required to contribute a percentage of their annual salary to the Pension Plan on a biweekly basis. Rates vary according to entry age. For fiscal year 2020, the City employee weighted average contribution rates as a percentage of annual covered payroll were 11.02% for general members and 16.53% for safety members.

In accordance with Chapter 2, Article 4, Division 15 of the SDMC, earnings in excess of the assumed actuarial rate of return are distributed to various SDCERS system reserves and contingent benefits. The order of distribution and a more detailed discussion of each distribution follows: 1) Pension Plan assets are used to credit interest, at a rate determined by the SDCERS Board, which was 6.50% for fiscal year 2020, to the Employer and Employee Contribution Reserves and between 2.0% - 2.7% to the DROP member accounts; and 2) Pension Plan assets are distributed for supplemental or contingent payments or transfers to reserves. These items include in priority order: 1) Annual Supplement Benefit Payment paid to retirees and their continuances, which ranges from \$30 to \$75 (whole dollars) times the number of years of service credit; and 2) Corbett Settlement Payment paid to retirees who terminated employment prior to July 1, 2000 (Corbett Settlement payments not paid in any one year accrue and remain an obligation of SDCERS until paid).

In January 2019, the SDCERS Board voted to set minimum annual pension payments of the City's Unfunded Actuarial Liability (UAL). This minimum payment is also referred to as a "floor;" meaning even if the ADC in a given year is less than the floor, the floor amount must still be paid for that year. The ADC for fiscal year 2021 will be \$365,600, based on the June 30, 2019 actuarial valuation. The floor payment for the City was set at \$275,500, representing the UAL component of the fiscal year 2020 ADC, and will remain at that level until the system is 100% funded or there is a vote of the SDCERS Board to change it. The floor amount was established based on the June 30, 2018 actuarial valuation and the calculated fiscal year 2020 payment to SDCERS. The SDCERS Board also voted to prospectively limit the long-term impacts of changes to the assumed rate of return (i.e., the discount rate), retirement rates, life expectancy and other assumptions to a 20-year period from the previous 30-year period. Experience gains and losses will continue to be amortized over a 15-year period.

c. Net Pension Liability

The City has relied on the work of the SDCERS actuary (actuary) to determine the City's Net Pension Liability, and considers the underlying assumptions used by the actuary to be reasonable. The Net Pension Liability is measured as of June 30, 2019, based on the plan net position as of June 30, 2019 and the Total Pension Liability as of the valuation date, June 30, 2018, updated to June 30, 2019. There were no changes in assumptions or benefits during the fiscal year. The Net Pension Liability was increased for service cost and interest cost and decreased by contributions and investment income.

A summary of the key assumptions as of the June 30, 2018 actuarial valuation, and the economic experience study is shown below:

Description	Actuarial Assumption
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Funding Method	Entry Age Normal (EAN)
Amortization Method	Closed; Level % (Police), Level \$ (non-Police)
Annual Rate of Return on Investments 1	6.50% net of investment expense
Inflation Rate	3.05% per year, compounded annually
Cost of Living Adjustment	1.9% per year, compounded annually
Projected Salary Increases due to Inflation ²	3.05%
Mortality	Healthy retired members use CalPERS Mortality Tables

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

² Additional merit salary increases of 0.50% to 8.00% based on a participant's years of service, and membership group are also assumed.

The SDCERS Board has the authority to select economic and demographic assumptions for the Plan. The actuarial assumptions used to determine the total pension liability as of the June 30, 2019 measurement date reflect the results of a full actuarial experience study performed by the actuary covering the period July 1, 2010 through June 30, 2015 and adopted by the SDECRS Board in September 2016, and the results of a review of economic assumptions was performed by the actuary and presented to the SDCERS Board in November 2017.

GASB 68 permits the use of the assumed annual rate of return on investments (6.50%) as the discount rate to measure the projected benefit payments used to calculate the Net Pension Liability, without regard to the funding level of the pension system, if (i) the pension plan's fiduciary net position is projected to be sufficient to make projected benefit payments and (ii) pension plan assets are expected to be invested using a strategy to achieve that return. In determining whether condition (i) is satisfied, the actuary can incorporate all projected cash flows for contributions from the City and from current active employees.

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

d. Long-Term Expected Real Rate of Return

The target allocation and the best estimates for long-term expected real rates of return for each major asset class of the Pension Plan, as of the June 30, 2019 measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.0%	4.3%
International Equity	15.0%	5.5%
Global Equity	8.0%	5.1%
Domestic Fixed Income	22.0%	1.2%
Emerging Market Debt	5.0%	3.7%
Real Estate	11.0 %	3.5%
Private Equity and Infrastructure	13.0%	6.3%
Opportunity Fund	8.0%	4.5%
Total	100.0%	

Source: SDCERS CAFR Fiscal Year 2019

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

e. Changes in the Net Pension Liability

Pursuant to GASB 68, the following table shows the changes in Net Pension Liability based on the actuarial information provided to the City:

	Increase (Decrease)					
	Total Pension Liability		Plan Fiduciary Net Position		N	let Pension Liability
		(a)	(b)			(a) - (b)
Balances at June 30, 2018	\$	10,058,408	\$	7,444,889	\$	2,613,519
Changes for the Year:						
Service Cost		118,597		_		118,597
Interest		640,508		—		640,508
Differences Between Expected and Actual Experience		143,136		—		143,136
Contributions - Employer		—		326,982		(326,982)
Contributions - Employee		—		62,709		(62,709)
Net Investment Income		—		477,484		(477,484)
Benefit Payments, Including Refunds of Employee Contributions		(534,023)		(534,023)		—
Administrative Expense				(10,238)		10,238
Net Changes		368,218		322,914		45,304
Balances at June 30, 2019	\$	10,426,626	\$	7,767,803	\$	2,658,823

The required schedule of changes in the net pension liability and related ratios immediately following the notes to the financial statements presents the beginning and ending balances of the total pension liability, the plan net position available for pension benefits, and the net pension liability, as well as the itemized changes in those amounts during the fiscal year. The schedule also reports a ratio of plan fiduciary net position divided by the total pension liability, the payroll amount for current employees in the plan (covered payroll), and a ratio of the net pension liability divided by covered payroll. Six years of information is presented and will build to 10 years of information on a prospective basis.

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - Pursuant to GASB 68, the following table presents the Net Pension Liability of the City, calculated using the discount rate of 6.50% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	19	1% Decrease		Discount Rate		% Increase
		(5.5%)		(6.5%)		(7.5%)
Total Pension Liability	\$	11,671,910	\$	10,426,626	\$	9,400,076
Plan Fiduciary Net Position		7,767,803		7,767,803		7,767,803
Net Pension Liability	\$	3,904,107	\$	2,658,823	\$	1,632,273

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

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

Pursuant to GASB 68, for the measurement period ended June 30, 2019, the City recognized pension expense of \$507,669. As of the measurement period June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources		Ir	Deferred offlows of esources
Pension Contributions Subsequent to Measurement Date	\$	354,333	\$	_
Differences Between Expected and Actual Experience		114,965		_
Changes in Assumptions		88,869		_
Net Difference Between Projected and Actual Earnings on				
Pension Plan Assets				145,180
Total	\$	558,167	\$	145,180

Pursuant to GASB 68, \$354,333 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the net pension liability in the measurement year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense in subsequent measurement periods as follows:

Measurement Year Ending June 30	Amount
2020	\$ 132,998
2021	(55,890)
2022	(20,885)
2023	2,430

g. Preservation of Benefits (POB) Plan

The POB Plan is a single-employer qualified governmental excess benefit arrangement (QEBA) under IRC section 415(m), which was created by Congress to allow the payment of promised pension benefits that exceed the IRC section 415(b) limits (and therefore cannot be paid from a qualified retirement plan). As provided in SDMC Section 24.1606 and required by federal tax law, the POB Plan is unfunded within the meaning of the federal tax laws. The City may not pre-fund the POB Plan to cover future liabilities beyond the current year as it can with an IRC section 401(a) pension plan. Because the POB Plan is not administered through trusts that meet the criteria specified in GASB 68, it is reported pursuant to requirements of GASB 73 which extends the approach to accounting and financial reporting established in GASB 68 to pension plans that are not similarly administered. SDCERS facilitates the payment of these benefits on a pay-as-you-go basis, which is funded by the City. The number of participants in any given year for the POB Plan is determined by the number of Pension Plan participants who exceed the current year's section 415(b) limitations as calculated by SDCERS' actuary. The maximum annual participant payment from a defined benefit plan for calendar year 2019 was \$225.

Preservation of Benefits Plan Total Pension Liability

The City's POB Plan pension cost for June 30, 2020 and the June 30, 2019 measurement date and on a valuation date of June 30, 2018, updated to June 30, 2019 as prepared by the SDCERS actuary. The Total Pension Liability (TPL) is the actuarial liability calculated under the entry age actuarial cost method. There were changes in the assumptions as of the measurement date, to include the addition of service cost and interest cost offset by actual benefit payments, plus an adjustment due to the change in discount rate.

A summary of the updated actuarial assumptions as of the June 30, 2018 actuarial valuation and economic experience study is shown below:

Description	Actuarial Assumption
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Funding Method	Entry Age Actuarial Cost
Amortization Method	Closed; Level % (Police), Level \$ (non-Police)
Inflation Rate	3.05% per year, compounded annually
Cost of Living Adjustment	1.9% per year, compounded: Active and Deferred Vested
	2.0% per year, compounded: Members in Payment Status
Projected Salary Increases due to Inflation 1	3.05%
Mortality	Healthy retired members use CalPERS Mortality Tables

¹ Additional merit salary increases of 0.50% to 8.00% based on a participant's years of service, and membership group are also assumed.

GASB 73 allows for a discount rate of a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The Municipal Bond yield for the Bond Buyer 20 year GO index was 3.87% as of the measurement date of June 30, 2018, and 3.50% as of June 30, 2019.

Changes in the Total Pension Liability

Pursuant to GASB 73, the following table shows the changes in the total pension liability for POB based on the actuarial information provided to the City:

	Total Pensio Liability	
Balances at June 30, 2018	\$	11,645
Changes for the Year:		
Service Cost		87
Interest		425
Differences Between Expected and Actual Experience		999
Changes in assumptions		424
Benefit Payments		(1,403)
Net Changes		532
Balances at June 30, 2019	\$	12,177

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

Sensitivity of the Total Pension Liability to Changes in the Discount Rate - Pursuant to GASB 73, the following table presents the Net Pension Liability of the City, calculated using the discount rate of 3.50%, as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	De	1% ecrease	Discount Rate		1%	Increase
	(2	(2.50%)		(3.50%)		4.50%)
Total Pension Liability	\$	13,510	\$ 12,177		\$	11,102

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

Pursuant to GASB 73, for the measurement period ended June 30, 2019, the City recognized pension expense of \$1,714. As of the measurement period June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Out	eferred flows of sources	Inflo	Deferred Inflows of Resources	
POB Contributions Subsequent to Measurement Date	\$	1,482	\$	_	
Differences Between Expected and Actual Experience		1,450		_	
Changes in assumptions		283		72	
Total	\$	3,215		72	

Pursuant to GASB 73, \$1,482 reported as deferred outflows of resources related to pension contributions made subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the total pension liability in the measurement year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as pension expense in subsequent measurement periods as follows:

Measurement Year Ending June 30	A	mount
2020 2021	\$	1,186 474

DEFINED CONTRIBUTION PLANS

a. Supplemental Pension Savings Plan - City

Pursuant to the City's withdrawal from the Federal Social Security System effective January 8, 1982, the City established the Supplemental Pension Savings Plan (SPSP). Pursuant to the Federal Government's mandate of a Social Security Medicare tax for all employees not covered by Social Security hired on or after April 1, 1986, the City established the Supplemental Pension Savings Plan-Medicare (SPSP-M). The SPSP and SPSP-M were merged into a single plan (SPSP) on November 12, 2004 for administrative simplification, without a change in benefits. Pursuant to the requirements of the Omnibus Budget Reconciliation Act of 1990 (OBRA-90) requiring employee coverage under a retirement system in lieu of coverage under the Federal Insurance Contributions Act (FICA) effective July 1, 1991, the City Council established the Supplemental Pension Savings Plan-Hourly (SPSP-H). These supplemental plans are defined contribution plans administered by Wells Fargo to provide pension benefits for eligible employees. The City Council can amend any provisions of the plans that are not part of any employee's vested retirement benefit. If the City amends any non-legally mandated provisions, it must first comply with procedural requirements, including collective bargaining under the Meyers-Milias-Brown Act and for the SPSP plan, after approval by a simple majority vote of all active members. There are no plan members who belong to an entity other than the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings, less investment losses. The City's general members, lifeguard members and elected officers participate in the plan. Eligible employees may participate from the date of employment; however, the SPSP plan was closed to general and lifeguard members hired on or after July 1, 2009 and January 1, 2011, respectively. The following table details plan participation as of June 30, 2020:

Plan	Participants
SPSP	5,831
SPSP-H	9,017

The SPSP requires that both the employee and the City contribute an amount equal to 3% of the employee's total salary each pay period. Participants in the plan hired before July 1, 1986 may voluntarily contribute up to an additional 4.5% and participants hired on or after July 1, 1986 may voluntarily contribute up to an additional 3.05% of total salary, with the City matching each. Hourly employees contribute 3.75% on a mandatory basis, which is matched by City contributions except for employees represented by the MEA and the California Teamsters Local 911. The City contribution for these employees is 6%. Under the SPSP, the City's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service at a rate of 20% for each year of service. Hourly employees are immediately 100% vested. The unvested portion of City contributions and interest forfeited by employees who leave employment before five years of service are used to reduce the City's SPSP cost.

401(a) Plan Under Proposition B - Proposition B amended the City Charter to provide all new City employees initially hired on or after July 20, 2012, except sworn police officers, with a 401(a) plan that is administered along with SPSP but with different contribution rates, vesting periods and employer match. Non-public safety employees contribute an amount equal to 9.2% of salary, and firefighters, lifeguards, and police recruits contribute 11% of salary (including overtime) on a mandatory basis. The City matches all such contributions and contributions are fully vested immediately upon employment. Police recruits participate in SDCERS upon acceptance of full-time police employment. Due to ongoing litigation regarding Proposition B, the City has not established a new plan for eligible employees. Instead, the City has contributed funds to SPSP-H, an existing 401(a) plan, to eligible employees in accordance with the SPSP-H plan provisions. The City will continue to contribute funds for such employees through the SPSP-H, pending resolution of Proposition B litigation and negotiation.

In fiscal year 2020, the City and the covered employees contributed \$42,027 and \$39,350, respectively, including contributions made under the 401(a) Plan under Proposition B. As of June 30, 2020, the plan fiduciary net position totaled \$928,937. Pursuant to GASB Statement No. 84, SPSP, which includes SPSP-H, is no longer considered part of the City's financial reporting entity and is not reported (See Note 23).

b. 401(a) Plan - City

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

The City and employees contributed \$388 and \$615, respectively, during the fiscal year ended June 30, 2020. As of June 30, 2020, the plan fiduciary net position totaled \$8,417. Pursuant to GASB Statement No. 84, the 401(a) Plan is no longer considered part of the City's financial reporting entity and is not reported (See Note 23).

c. 401(k) Plan - City

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

The employees' 401(k) contributions are based on IRS calendar year limits. Employees contributed \$30,879 during the fiscal year ended June 30, 2020. There is no City contribution towards the 401(k) Plan. As of June 30, 2020, the plan fiduciary net position totaled \$455,463. Pursuant to GASB Statement No. 84, the 401(k) Plan is no longer considered part of the City's financial reporting entity and is not reported (See Note 23).

Narratives presented in the following sections (d. through e.) are taken directly from the fiscal year 2020 annual financial reports of the corresponding entity (certain terms have been modified to conform to the City's CAFR presentation).

d. Pension Plan - San Diego Convention Center Corporation

The San Diego Convention Center Corporation's Money Purchase Pension Plan (SDCCC Plan) is a governmental plan under section 414(d) of the Internal Revenue Code, which was established effective January 1, 1986, by SDCCC's Board of Directors. The SDCCC Plan is administered by SDCCC through a Defined Contribution Committee, represented by the SDCCC Board and staff, who act by a majority of its members in office to carry out the general administration of the SDCCC Plan. Any recommended SDCCC Plan amendments are subject to the approval and adoption by SDCCC's Board of Directors. As part of the SDCCC Plan, SDCCC through Board action selected Wells Fargo & Company as Trustee, to hold and administer the SDCCC Plan assets

subject to the terms of the SDCCC Plan. The SDCCC Plan is a qualified defined contribution plan and, as such, benefits depend on amounts contributed to the SDCCC Plan plus investment earnings less allowable plan expenses. The SDCCC Plan covers all employees who have completed at least 1,000 hours of service in one year and are not covered through a union retirement plan.

Full-time employees are eligible to participate in the SDCCC Plan on the first day of the month after completing 1,000 hours of service and receive contributions on a bi-weekly basis thereafter. Part-time employees are eligible to participate in the SDDCC Plan after completion of 1,000 hours and receive contributions annually once they meet the 1,000 hours threshold requirement each year. For each SDCCC Plan year, SDCCC contributes 10% of compensation paid after the employee becomes an eligible participant, which is transferred to the trustee on behalf of each qualifying individual.

SDCCC's Plan year is defined as a calendar year. The balance in the SDCCC Plan for each eligible employee is vested gradually over five years of continuing service, with an eligible employee becoming fully vested after five years. Forfeitures and SDCCC Plan expenses are allocated in accordance with SDCCC Plan provisions. For the year ended June 30, 2020, pension expense amounted to \$1,371, with no employee contributions made to the SDCCC Plan. Included in pension expense were forfeitures in the amount of \$56. SDCCC records pension expense during the fiscal year based upon employee compensation that is included in qualified gross compensation.

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

e. Pension Plan - San Diego Housing Commission

SDHC provides a pension plan which is a defined contribution plan and is intended to be a "governmental plan" as defined by Sections 411(s)(1)(A) and 414(d) of the IRC and Section 3(32) of the Employee Retirement Income Security Act of 1974, as amended (ERISA). The SDHC pension plan covers all SDHC employees classified as permanent full time and permanent part time hired to work a minimum of 20 hours per week.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Eligible employees participate on their date of hire. SDHC contributes 14% of defined earnings each pay period for each eligible employee. Contributions (and interest allocated to the employee's account) vest ratably over four years of service, with a year of service defined as an employee completing at least 1,000 hours of service. Any forfeited SDHC contributions and related interest are used to fund a future SDHC pay period contribution. For the fiscal year ended June 30, 2020, covered payroll was \$27,176. Pension expense related to SDHC's required contribution was \$3,763 and plan members contributed \$217 for the fiscal year ended June 30, 2020.

At June 30, 2020, there were 405 employees in the plan, including: 4 inactives receiving benefits, 86 inactives not yet receiving benefits, and 315 active participants, inclusive of 1 active receiving benefits.

The retirement pension benefit is available at normal retirement age (62nd birthday) or upon termination or disability. The retirement pension benefits are determined based upon the vested value of the participant's accumulation accounts at the time of distribution. Distributions must commence no later than April 1st of the calendar year following the calendar year in which the participant attains age seventy and one-half (701/2) years of age.

The SDHC pension plan has a third party fiduciary, Retirement Benefits Group, and a third party recordkeeper, Transamerica. SDHC has the authority to establish and amend the provisions of the SDHC Plan including the contribution requirements with the approval of the Board of Commissioners. The SDHC Plan assets have been included in the Fiduciary Funds statements. The SDHC Plan is audited by an outside firm, and a copy of the audit report can be obtained by contacting the San Diego Housing Commission at 1122 Broadway, Suite 300, San Diego, California 92101.

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

13. OTHER POSTEMPLOYMENT BENEFITS (Dollars in Thousands)

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

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

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

As of the June 30, 2019 actuarial valuation, the following table shows the active and retired employee composition of the defined benefit OPEB Plan:

Inactive Employees or Beneficiaries Currently Receiving Benefits	6,135
Inactive (Terminated) Employees Entitled to but not yet Receiving Benefits	293
Active Employees	396
Total	6,824

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

DEFINED BENEFIT PLANS

a. Plan Description

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

- Limited Retiree Health Benefit Members who retired before October 6, 1980 and are eligible to receive a retirement allowance from SDCERS are entitled to be reimbursed up to \$1,200¹ per year for health insurance costs. The retired members are not reimbursed more than the actual health premium or medical costs he or she incurs. This amount does not increase.
- II. Plan for members who retired between 1980 and 2012 Members who retired between October 6, 1980 and March 31, 2012 require 10 years of service with the City to receive 50% of the retiree health reimbursement allowance and receive an additional 5% per year of service in excess of 10 years, resulting in a maximum benefit of 100% at 20 years of service. Reimbursement allowances vary based on retirement date and Medicare eligibility. Medicare eligible retirees under this plan are entitled to receive reimbursement of healthcare premiums, ranging from approximately \$8,400¹ to \$14,400¹ per year. Retirees who are not eligible for Medicare are entitled to receive reimbursement of healthcare premiums, ranging from approximately \$8,900¹ to \$15,300¹ per year. Retirees under this plan can obtain health insurance coverage with the plan of their choice, including any City sponsored, REO sponsored, or privately secured health plan. Reimbursements for certain retirees under this plan are adjusted annually based upon the projected increase for National Health Expenditures by the Centers for Medicare and Medicaid Services (Annual Inflator). Annual adjustments may not exceed 10% for any plan year. In addition, 100% of Medicare Part B premiums are reimbursed, including income related increases to the standard Part B premium amount. Disabled retirees are eligible for the maximum allowance regardless of years of eligible service credit.
- III. Option A Plan Members not retired by April 1, 2012 who elected Option A under the Healthcare MOU are paid or reimbursed for health insurance premiums by the City up to \$10,204¹ annually. Option A was available only to those members who had 25 years of service or were eligible to retire as of April 1, 2012. This benefit amount increases 2% per year. Employees under the Option A Plan are required to pay bi-weekly contributions annually totaling \$835¹ for General Members and \$877¹ for Safety Members while active or in DROP status in order to receive retiree medical benefits. Employee contribution amounts do not change and cannot be refunded.
- IV. Option B Plan Members not retired by April 1, 2012 who elected Option B under the Healthcare MOU are paid or reimbursed for health insurance premiums by the City up to \$5,500¹ annually. The benefit amount for Option B does not change. Option B retirees with 10 years of service receive 50% of the retiree health reimbursement allowance and receive an additional 5% per year of service in excess of 10 years, resulting in a maximum benefit of 100% at 20 years of service. Employees under the Option B Plan are required to pay bi-weekly contributions annually totaling \$417¹ for General Members and \$443¹ for Safety Members while active or in DROP status in order to receive retiree medical benefits. Employee contribution amounts do not change and cannot be refunded.

¹ Reported as whole dollars.

b. Contributions and Reserves

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

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

In fiscal year 2020, the City's Annual Employer Contribution was \$65,376. The following table provides the fiscal year 2020 contribution breakdown by fund:

General Fund	\$ 49,324
Nonmajor Governmental Funds	593
Internal Service Funds	1,969
Sewer Utility	4,547
Water Utility	4,146
Nonmajor Enterprise Funds	 4,797
Total Healthcare MOU Contributions	\$ 65,376

Contributions from the various City funds are recorded in the Postemployment Healthcare Benefit Plan trust fund to pay for defined benefit plan costs or in the General Fund to pay for Option C plan costs (Retiree Medical Trust Plan contributions are funded separately). In fiscal year 2020, employees contributed \$378 for Options A and B. Pursuant to GASB Statement No. 84, the Postemployment Healthcare Benefit Plan is not considered part of the City's reporting entity and is no longer reported (See Note 23).

As of June 30, 2020, the fair value of the City's investments in the CERBT was approximately \$122,275. This balance is net of all plan activity during fiscal year 2020, including net annual investment earnings and administrative expenses amounting to approximately \$6,488 and \$103, respectively.

The following table summarizes the sources used to satisfy fiscal year 2020 pay-as-you-go costs of the defined benefit plans, including a portion of the Annual Employer Contribution, Option A and B contributions from employees and a withdrawal from the CERBT:

Annual Employer Contribution ¹	\$ 36,352
Employee Contributions - Options A&B	378
CERBT Withdrawal	3,015
Total Defined Benefit Pay-as-you-go Costs ²	\$ 39,745

¹ The remaining \$29,024 of the total \$65,376 Annual Employer Contribution is used for Option C Plan costs, which is a defined contribution plan.

² Includes administrative costs of \$1,034.

c. Net OPEB Liability

The City's net OPEB liability was measured as of June 30, 2019 based on the following actuarial methods and assumptions:

Description	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Discount Rate	6.45%
Consumer Price Index	2.50%
Salary Increases	3.05%, and additional merit scale that varies by service.
Healthcare Cost Trend Rates	7.5% pre-65 and 6.0% post-65 initial trend rates for fiscal year 2020. Decreasing ultimate rate of 4.5% is reached in fiscal year 2027 pre-65 and fiscal year 2028 post-65.
Mortality	The base mortality rates are based on an experience study performed for SDCERS in September 2016.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the City and plan members through June 30, 2019. Additionally, actuarial calculations reflect a long-term perspective and include methods and assumptions that are designed to reduce short-term volatility of actuarial accrued liabilities and the relative value of plan assets. The City has relied on the work of the City's actuary to determine the City's net OPEB Liability, and considers the underlying assumptions used by the actuary to be reasonable.

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

d. Long-Term Expected Rate of Return

The valuation uses a discount rate of 6.45% per year, net of investment expenses and including inflation. This is the long-term rate of return assumption on plan assets. This rate is based on the general inflation rate and expected real rate of return required for CalPERS reporting for use by employers who elect certain investment strategies as participants in CERBT. The target allocation and best estimates for long-term expected real rates of return for each major asset class, as of the June 30, 2019 measurement date, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Real Rate of Return
Global Equity	40.0%	5.98%
Fixed Income	43.0%	2.62%
REITs	8.0%	5.00%
TIPS	5.0%	1.46%
Commodities	4.0%	2.87%
Total	100.0%	

Source: CERBT

e. Changes in the Net OPEB Liability

The following table shows the changes in the Net OPEB Liability as of the measurement date of June 30, 2019, based on the actuarial information provided to the City. The OPEB Plan's Net Position (FNP) as a percentage of the Total OPEB Liability is 20.45%.

	Increase/Decrease					
	Total OPEB Liability		Plan Net Position		Net OPEB Liability	
		(a)		(b)		(a) - (b)
Balances at June 30, 2018	\$	575,033	\$	112,769	\$	462,264
Changes for the Year:						
Service Cost		815		_		815
Interest		36,549		_		36,549
Differences between Expected and Actual Experience		1,293		_		1,293
Changes in Assumptions		7,459		_		7,459
Contributions - Employer		_		37,436		(37,436)
Contributions - Employee		_		463		(463)
Net Investment Income		_		7,990		(7,990)
Benefit Payments		(39,705)		(39,705)		—
Administrative Expense				(25)		25
Net Changes		6,411		6,159		252
Balances at June 30, 2019	\$	581,444	\$	118,928	\$	462,516

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

employer contributions immediately following the notes to the financial statements presents the City's actuarially determined contribution to the OPEB Plan, the City's actual contribution, the difference between the actual and actuarially determined contributions, and a ratio of actual contributions as a percentage of covered-employee payroll.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate - Pursuant to GASB 75, the following table presents the net OPEB liability of the City, calculated using the current discount rate of 6.45% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1%	Decrease (5.45%)	Current Discount Rate (6.45%)		unt 1% Increase (7.45%)	
Net OPEB Liability	\$	522,478	\$	462,516	\$	411,465

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Pursuant to GASB 75, the following table presents the net OPEB liability of the City, calculated using the current health care cost trend rate of 7.50% as well as what it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1%	Decrease	Current Healthcare Cost Trend Rate		1%	6 Increase
	5.00 decrea	0% pre-65 / 0% post-65 sing to 3.50% 65 / post-65)	6.0 decrea	0% pre-65 / 0% post-65 asing to 4.50% 65 / post-65)	post-65 5.5	pre-65 / 7.00% 5 decreasing to 0% pre-65 / post-65)
Net OPEB Liability	\$	417,499	\$	462,516	\$	509,456

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

For the measurement period ended June 30, 2019, the City recognized OPEB expense of \$38,094. As of the measurement period June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
OPEB Contributions Subsequent to Measurement Date	\$	36,352	\$	_
Net Difference Between Projected and Actual Investment Earnings		268		764
Total	\$	36,620	\$	764

Pursuant to GASB 75, \$36,352 reported as deferred outflows of resources related to OPEB contributions made subsequent to the measurement date of June 30, 2019, will be recognized as a reduction of the net OPEB liability during the measurement year ending June 30, 2020. Other amounts reported as deferred inflows of resources will be recognized as OPEB expense as follows:

Ar	nount
\$	(175)
	(175)
	(26)
	(116)

DEFINED CONTRIBUTION PLAN

The City provides three defined contribution plans to eligible employees as described below:

- a. <u>Option C Plan</u> For employees hired prior to July 1, 2005 and who elected to participate in the Option C Plan, the City provides a lump sum distribution, estimated by an actuary to yield approximately \$8,500 (whole dollars) annually during the member's life expectancy after retirement. The distribution is made when the member first becomes eligible to retire, based on age and Service Credit. There is no member contribution to this plan. Retirees with 10 years of service receive 50% of the distribution, with additional City annual contributions each year thereafter until reaching 20 years. Contributions to the Option C Plan are reported in the General Fund, along with a liability for amounts to be remitted to plan administrators. Option C is administered by various third parties depending on employee classification and/or membership in the REOs. Total City contributions for the Option C Plan in fiscal year 2020 were \$29,024.
- b. <u>Retiree Medical Trust Plan</u> For general members hired on or after July 1, 2009, the City established a trust vehicle for a defined contribution plan, which requires a mandatory employee contribution of 0.25% of gross salary with a corresponding 0.25% match by the City. Contributions to the Retiree Medical Trust Plan are reported in the General Fund, along with a liability for amounts to be remitted to plan administrators. The Retiree Medical Trust Plan is administered by Voya Financial on behalf of the City. Elected and safety members are ineligible for this plan. The City and employees each contributed \$603 to the Retiree Medical Trust Plan in fiscal year 2020.
- c. <u>Southern California Firefighters Benefit Trust</u> The City and International Association of Firefighters ("IAFF") Local 145 agreed to amend the Post-Employment Health Benefits MOU for the purpose of adding a City contribution of \$25 per pay period for each active IAFF Local 145 member (except Fire Recruits) to the Southern California Firefighters Benefit Trust ("Firefighters Benefit Trust"), effective July 1, 2016. The Firefighters Benefit Trust is not managed by the City. The City contributed \$619 to the Firefighters Benefit Trust in Fiscal Year 2020.

14. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Dollars in Thousands)

Short-term loans between funds that are expected to be repaid during the next fiscal year, as well as amounts due for services provided are reported as Receivables: From Other Funds and Due To Other Funds. The \$21,936 balance is composed of several items, including:

- A \$9,469 loan from the General Fund to the General Fund Commercial Paper Capital Projects Fund to cover negative cash related to capital project expenditures prior to commercial paper issuance.
- A \$694 loan from the General Fund to the Transient Occupancy Tax (TOT) Fund to cover a cash deficit resulting from the timing of TOT receipts.
- An \$11,755 loan from the Budgeted Capital Outlay Fund to the Capital Grants Fund to cover negative cash resulting from deferred inflows of resources (unavailable grant revenue).

	fiting Fund ayable)
Contributing Fund (Receivable)	onmajor ernmental
General Fund	\$ 10,181
Nonmajor Governmental	 11,755
Total	\$ 21,936

The SANDAG TransNet Commercial Paper Program Agreement was executed to ensure the necessary cash flow to support construction of the West Mission Bay Drive Bridge Project until HBP grant reimbursements are received. The grant is only reimbursable up to \$20 million per year, therefore TransNet commercial paper will be loaned on a recurring basis. The balance of the interfund loan between the TransNet Capital Projects Fund and the Capital Grants Fund as of June 30, 2020 was \$26,167.

	Ben (I	efiting Fund Payable)		
Contributing Fund (Receivable)	Nonmajor Governmental			
Nonmajor Governmental	\$	26,167		

Interfund transfers result from the transfer of assets without the expectation of repayment. Transfers are most commonly used to (1) move revenues from the fund in which it is legally required to collect them into the fund which is legally required to expend them, including TOT and TransNet funds collected in said funds but legally spent within the General Fund, (2) utilize unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations, and (3) move tax revenues collected in the special revenue funds to capital projects and debt service funds to pay for capital projects and debt service needs during the fiscal year. Interfund transfer balances for the year ended June 30, 2020 were as follows:

						Bene	efiting Fund	 		
Contributing Fund	(General Fund	onmajor ernmental	Sew	ver Utility	Wa	ater Utility	onmajor terprise	nternal Service	Total
General Fund	\$	_	\$ 37,796	\$	529	\$	407	\$ 736	\$ 401	\$ 39,869
Nonmajor Governmental		40,498	39,639		_		_	_	_	80,137
Sewer Utility		_	_		_		_	_	1,000	1,000
Water Utility		—	—		_		—	—	—	—
Nonmajor Enterprise		_	—		—		_	1,115	—	1,115
Internal Service		4,915	 64		471		393	 419	 113	 6,375
Total	\$	45,413	\$ 77,499	\$	1,000	\$	800	\$ 2,270	\$ 1,514	\$ 128,496

15. RISK MANAGEMENT (Dollars in Thousands)

The City is exposed to various risks of loss related to torts, including theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, cybersecurity and natural disasters. The City is self-insured for general liability, workers' compensation and long-term disability (LTD) claims, and maintains contracts with various insurance companies to manage its risks.

The City's Self Insurance Retention (SIR) amount for general liability is \$3,000 per occurrence. Above the SIR, the City has a \$2,500 individual corridor deductible (annual aggregate). The City maintains excess general liability insurance policies in collaboration with a statewide joint powers authority risk pool, Public Risk Innovation, Solutions, and Management or "PRISM" (formerly known as CSAC-Excess Insurance Authority), for amounts up to \$50,000 per occurrence (inclusive of the \$3,000 self-insured retention and the \$2,500 individual corridor deductible).

The City is fully self-insured for its long-term disability program. The City is self-insured up to \$5,000 for its workers' compensation program with statutory excess limits above that. All operating funds of the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating expenses in the contributing funds and operating revenues in the General Fund. The Long-Term Disability Fund is reported in the Miscellaneous Internal Service Fund. Similarly, all operating departments of the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating revenues in the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating revenues in the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating revenues in the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating revenues in the City contribute an amount equal to a specified rate multiplied by the gross salaries of the fund. These payments are treated as operating expenses in the contributing funds and operating revenues in the Miscellaneous Internal Service Fund.

Estimated liabilities for general liability, workers' compensation, and long-term disability as of June 30, 2020 were determined based on results of independent actuarial valuations and include amounts for claims incurred but not reported. Claims liabilities were calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Non-incremental claims adjustment expenses have been included in the actuarial calculations for general liability. Estimated liabilities for general liability claims have been reported in the government-wide financial statements, Sewer Utility Fund, Water Utility Fund, and the Successor Agency Private-Purpose Trust Fund. Estimated liabilities for workers' compensation claims have been recorded in the government-wide financial statements, the Water Utility Fund, Sewer Utility Fund, Nonmajor Enterprise Funds, and Internal Service Funds. Estimated liabilities for long-term disability claims are recorded in the Miscellaneous Internal Service Fund.

A reconciliation of total liability claims for the City's general liability, workers' compensation, and long-term disability obligations, showing current and prior year activity is presented below:

	Gene	eral Liability	Com Lo	Vorkers' pensation & ong-Term Disability	Total
Balance, July 1, 2018	\$	201,082	\$	277,478	\$ 478,560
Claims and Changes in Estimates		37,059		47,434	84,493
Claim Payments		(61,934)		(35,204)	(97,138)
Balance, June 30, 2019		176,207		289,708	465,915
Claims and Changes in Estimates		45,855		37,935	83,790
Claim Payments		(46,057)		(37,373)	 (83,430)
Balance, June 30, 2020	\$	176,005	\$	290,270	\$ 466,275

The City, in collaboration with PRISM, maintains an "All Risk" property policy, which includes flood coverage, for amounts up to \$25,000 per occurrence under the primary policy and with access to additional excess limits. The policy is subject to a \$25 deductible. Additional excess limits are available as part of the City's insurance property program through PRISM, where coverage "towers" with designated coverage limits are provided. Coverage towers are groups of properties, which are diversified based on occupancy (risk-pool members) and geographical location. The City participates in four coverage towers with dedicated coverage limits of \$300,000 for "All Risk" and Flood. If tower limits are exhausted, additional coverage may be accessible by any of the towers in the risk-pool. These additional coverage limits are shared by all towers in the risk-pool and may not exceed an aggregate amount of \$300,000 for "All Risk", for all claims made by all towers during the coverage period. Limits include coverage for business interruption losses for designated leased properties for various financings. There is no sharing of limits among the City and member counties of the PRISM pool, unless the City and member counties are mutually subject to losses from the same occurrence. Limits and coverage may be adjusted periodically in response to the requirements of bond financed projects, grant requirements, acquisitions, and in response to changes in the insurance marketplace.

PRISM's insurance property program structure of dedicated tower limits also applies to earthquake coverage. The City participates in four coverage towers. Earthquake coverage is provided for designated buildings/structures in the amount of \$100,000 under primary policies per tower. If tower limits are exhausted, additional coverage may be accessible by any of the towers in the risk pool. The additional coverage limits are shared by all towers in the risk-pool and may not exceed an aggregate amount of \$465,000 for all claims made by all towers during the coverage period, including coverage for business interruption caused by earthquake at certain designated locations. Earthquake coverage is subject to a deductible of 2% of total insured values per unit per occurrence, subject to a \$100 minimum. The City's earthquake coverage is purchased jointly and limits are shared with the member counties in the PRISM pool. Due to the potential for geographically concentrated earthquake losses, the PRISM pool is geographically diverse to minimize any potential sharing of coverage in the case of an individual earthquake occurrence. Depending upon the availability and affordability of earthquake insurance, the City may elect not to purchase such coverage in the future, or the City may elect to increase the deductible or reduce the coverage from present levels.

The City is a public agency subject to liability for the dishonest and negligent acts or omissions of its officers and employees acting within the scope of their duty ("employee dishonesty" and "faithful performance"). The City participates in the joint purchase of insurance covering employee dishonesty and faithful performance through the PRISM pool. Coverage is provided in the amount of \$15,000 per occurrence, subject to a \$25 deductible.

The City's insurance portfolio includes premises liability (Bodily Injury, Third Party Property Damage) under its Airport Liability Policy which provides \$50,000 in limits. A separate Aircraft Policy provides \$50,000 in property and liability coverage for City owned and chartered aircraft. The City relies on electronic information and security liability coverage through its purchase of a Cyber Liability Policy with limits of \$7,000 and an aggregate of \$50,000. Lastly, property and liability insurance limits in the amount of \$5,000 are provided under the City's Watercraft policy.

With the exception of Flood limits under the "All Risk" property policy, during fiscal year 2020, there were no significant reductions in insurance coverage from the prior year. For each of the past three fiscal years, settlements which were covered by insurance have not exceeded the City's insurance coverage limits. However, some losses may not be covered by insurance and would need to be funded by the City. The City can give no assurance that particular losses will be covered or that coverage providers will be able to pay recorded losses.

See Note 18 for additional information.

16. FUND BALANCE / NET POSITION DEFICITS (Dollars in Thousands)

The Capital Grants Capital Projects Fund has a fund balance deficit of \$37,782, which represents deferred inflows of resources related to grant revenue which did not meet the City's availability criteria. The deficit is mainly attributable to the Mission Bay Bridge Replacement Project funded primarily from a Federal transportation grant.

The Public Facilities Financing Authority Capital Projects Fund has a fund balance deficit of \$16,484, which represents capital expenditures pending reimbursement from other financing sources.

The implementation of GASB 68 and GASB 75 resulted in a significant impact to the net position of most proprietary funds. The Development Services Fund has a net position deficit of \$73,370. The Central Stores and Publishing Services Internal Service Funds have net position deficits of \$3,325 and \$2,279, respectively. The Miscellaneous Internal Service Fund has a net position deficit of \$14,969. These deficits are primarily due to the Net Pension Liability (NPL) and Net Other Postemployment Benefits (OPEB) Liability expected to be repaid over the long-term. Generally, the NPL changes annually as the City continues to fully pay its ADC for the Pension Plan, which includes amortized payments of the unfunded portion of the accrued liability (see Note 12). Similarly, the City continues to pay the annual defined benefit OPEB allocation per the authorized agreement (see Note 13). The cost recovery rates for these funds are developed to fully fund the respective Pension ADC and OPEB obligations on a yearly basis. As the City continues to fully pay its ADC for the pension Plan, the net position deficit of these funds are anticipated to be corrected over the long-term.

The Private-Purpose Trust Fund (Successor Agency) has a net position deficit of \$386,445, which represents unfunded liabilities of the former RDA, primarily related to long-term debt obligations. On an annual basis, the Successor Agency submits funding requests to the County of San Diego, through Recognized Obligation Payment Schedules (ROPS). Funding is then allocated to the Successor Agency from the County's Redevelopment Property Tax Trust Fund (RPTTF) to satisfy obligations of the corresponding twelve month period. As obligations are funded twice annually and liabilities are paid, the net position deficit will continue to decrease. Once all the obligations of the Successor Agency are fully satisfied, the deficit will be eliminated.

17. COMMITMENTS (Dollars in Thousands)

Encumbrances

The City uses encumbrances to control expenditures for the year which generate contractual and regulatory commitments that will result in expenses/expenditures in future years. Encumbrances represent commitments related to contracts not fully performed and purchase orders not yet filled. It is the City's policy to pay for operating encumbrances remaining at the end of the fiscal year from the following year's appropriations, not from fund balance. Encumbrances related to capital projects are funded through the current year appropriated budget, which carries over to the following fiscal year. Operating and capital contractual commitments for which funds have been encumbered as of June 30, 2020 are reflected in the table below.

General Fund	\$ 42,691
Nonmajor Governmental Funds	192,573
Sewer Utility	85,282
Water Utility	189,859
Nonmajor Enterprise Funds	66,476
Total Contractual Commitments	\$ 576,881

California Regional Water Quality Control Board Administrative Proceeding - Municipal Storm Water Permit

The State Water Resources Control Board (SWRCB) is the State agency charged with implementing the federal Clean Water Act (Clean Water Act). The SWRCB delegates its authority to nine regional boards, which implement the Clean Water Act and the California Water Code in their respective regions. The Regional Water Quality Control Board San Diego Region (RWQCB) has jurisdiction over the San Diego area. The RWQCB issues the Municipal Storm Water National Pollutant Discharge Elimination System Permit (Municipal Permit) as required by the Clean Water Act. The City is currently operating under a Municipal Permit that was issued in May 2013, which expired in June 2018. The expired Municipal Permit will remain in effect until it is reissued and adopted by the RWQCB in the fall of 2021.

Under the Municipal Permit, the City must comply with water quality requirements established by the RWQCB by maintaining and operating storm drain systems, eliminating dry weather flows, and reducing pollutants in storm water runoff. Additionally, the Municipal Permit requires the City to develop Water Quality Improvement Plans (Improvement Plans) to identify and address the highest priority water quality problems, including all of the City's existing storm water quality regulatory deadlines between fiscal year 2012 and fiscal year 2035 for each of the six watersheds within the City's jurisdiction. These Improvement Plans were reviewed and accepted by the RWQCB in March 2016. Furthermore, the Municipal Permit imposes numerous obligations and requirements on the City, including requirements to ensure that the City's various water bodies, and the storm drains discharging into them, do not contain pollutants in excess of USEPA and State-mandated numeric limits. These numeric limits, referred to as "receiving water limitations" are enforced without regard to fault, and the City can be held liable if samples collected in water bodies downstream of any City storm drain outfalls exhibit exceedances of these receiving water limitations. Additionally, the Municipal Permit contains several regulatory requirements related to Total Maximum Daily Load (TMDL). Each TMDL requirement contains both interim deadlines and final deadlines to attain certain prescribed water quality standards through fiscal year 2035. The City can be held liable for not attaining the prescribed water quality standards within the respective time frames. Both the RWQCB and citzen stakeholders can file enforcement actions and lawsuits for violations, with penalties for state lawsuits not to exceed \$10 per violation, per day, and penalties for federal lawsuits not to exceed \$54 per violation, per day.

Additionally, in June 2017, the RWQCB adopted Order No. R9-2017-0077 which directs Municipal Permit holders to control trash discharges to water bodies (State Trash Policy). The State Trash Policy will be included in the next Municipal Permit reissuance. The estimated funding needed to comply ranges from a combined total of \$12,000 to \$17,000 over 10 years and is detailed in a trash capture device work plan that began implementation in 2020 and is expected to continue through 2030. Most of these compliance activities represent pollution prevention or control obligations with respect to current storm water operations and are not subject to accrual in the basic financial statements.

In October 2020, the City updated its estimate for compliance implementation costs for the period between fiscal years 2021-2035 as follows: 1

Operating Cost Estimate	\$ 1,594,228
Capital Cost Estimate	 2,296,415
Total ²	\$ 3,890,643

¹ Prior to the update, the City had estimated compliance implementation costs for such period of \$1,918,703, consisting of an Operating Cost Estimate of \$600,198 and a Capital Cost Estimate of \$1,318,505.

² Total includes State Trash Policy cost estimate.

The above amounts represent the City's estimate to comply with storm water regulations. In addition, the City has costs associated with operations and maintenance of drainage infrastructure, and capital costs for flood risk management projects. The current compliance costs estimated at \$3,890,643 reflect unfunded needs from previous fiscal years, updated compliance costs to account for current regulations, and cost refinements based on 2020 dollars including future inflation growth. These estimates could be higher or lower depending on changes in regulatory standards, science and technology advancements, and new impairments that could be identified by the RWQCB as future water quality tests are conducted.

The City Storm Water Division's estimated costs to implement the Improvement Plans are higher compared to current spending levels and projected budget allocations. Operating compliance-related expenses budgeted for fiscal year 2021 are approximately \$42,104. The estimated carry-forward plus adopted compliance-related CIP budget for fiscal year 2021 is approximately \$9,335, which is funded primarily with General Fund revenues and debt financing proceeds. The City's storm drain fee of 95 cents per month per residence generated approximately \$5,420 in fiscal year 2020 and covers only a small portion of the City's annual storm water expenses. This current level of funding is not sufficient to meet the estimated costs to implement the Improvement Plans necessary to comply with ongoing requirements. To address this, in 2019 the City began the development of a storm water funding strategy to identify a sustainable long-term funding mechanism for the Storm Water Program. The recommended funding strategy implementation includes the following four principal factors:

1) Further reduce costs and maximize efficiencies:

Cost reductions can be achieved in several ways, including reducing or eliminating sources of pollution, utilizing adaptive management, and optimizing operation and maintenance efforts.

2) Continue to invest in storm water program innovation:

Since 2018, Storm Water Division staff has invested in integrated engineering plans that identify and prioritize projects that provide flood management, water quality, habitat revitalization, equity, community benefits, and potential water supply benefits. By planning for and strategically assessing projects through a multi-purpose lens, the City can maximize the benefits and impact of each project and realize cost savings by achieving multiple objectives.

3) Maximize existing funding sources, grants and loans:

Several funding options were analyzed including those within the division's authority, those subject to City discretion, and those outside of City control such as grants and loans at both the State and Federal level.

4) Pursue development of dedicated funding mechanism for storm water:

Under a scenario where the Storm Water Program maintains current funding levels, realizes annual cost savings from programmatic efficiencies, and maximizes all other potential existing funding options, a significant funding gap still exists, underscoring the need for a dedicated long-term funding source. Evaluation and benchmarking of various funding mechanisms showed that most successful post-Proposition 218 funding measures were either property-related fees or special taxes that require a vote of property owners or the public.

Los Peñasquitos Lagoon Sedimentation TMDL

The City is listed as a responsible party regarding the sedimentation of Los Peñasquitos Lagoon and is projected to have met its interim regulatory deadline related to this TMDL in 2020. This TMDL was adopted by the State of California in July 2014 and included requirements for sediment reductions in the Los Peñasquitos Watershed and the establishment of 84 acres of new salt marsh habitat in the Los Peñasquitos Lagoon by July 2034. There is no measurable pollution remediation that can be identified. The City has initiated Phase I of this required restoration, which involves sediment and freshwater management, as well as a pilot salt marsh restoration component that will result in at least 23 acres of restoration. Phase I is estimated to be completed in 2026. The estimated cost for Phase I is approximately \$36,000, which will be borne by the responsible parties named in this TMDL. A cost sharing agreement is currently being negotiated and the City's portion of the costs has not yet been finalized. Phase II of the restoration will be designed based on the results of various restoration techniques implemented during Phase I and will result in the restoration of the remaining acres required; however, any estimated costs cannot be reasonably determined at this time pending the development of the final concept design for Phase II.

California Department of Public Health Compliance Order

In 1997, the State of California Department of Public Health issued a Compliance Order requiring the City to correct operational deficiencies and begin necessary capital improvements related to the City's water system. The Compliance Order was last amended in May 2007 and included additional items that were not in the original Compliance Order. As amended, the Compliance Order will remain in effect until the projects and pipeline replacement requirements are completed.

The Public Utilities Department expects to award the remaining water system projects by calendar year 2021, which will fulfill the final requirements of the Compliance Order. For fiscal years 2020 through 2025, the City estimates Compliance Order project costs to total approximately \$36,866. The Public Utilities Department expects to fund these commitments through a combination of existing net position, present and future system revenues, and financing proceeds secured by system revenues.

Agreement Relative to Modified Permit for the Point Loma Wastewater Treatment

In June 2010, the City received a renewal of the Modified Permit for the Point Loma Wastewater Treatment Plant (Pt. Loma) and agreed to identify opportunities to maximize recycling wastewater for potable and non-potable uses. That permit expired in July 2015 and was administratively continued while the regulatory agencies completed work on the renewal application. In August 2017, the USEPA, in conjunction with the RWQCB, issued the final approval renewing the Modified Permit and the waiver from secondary treatment standards for another five years. The permit term took effect on October 1, 2017 and expires on September 30, 2022.

The modified permit renewal was based on compliance with the Clean Water Act requirements, progress of the Pure Water San Diego Program (Program), and a reduction in permitted emissions from the previous permit level. The Program is designed to reduce discharge into the ocean from Pt. Loma while providing a new local source of potable water for the City. The renewal recognized the value of the Program in the early phases of implementation, and it is anticipated that Program continuance can be reflected in future permits. As of June 2020, the first phase of the Program is estimated to cost approximately \$1,428,000, of which approximately \$594,000 will be allocated to the Sewer Utility Fund, and approximately \$834,000 will be allocated to the Water Utility Fund. This estimate does not include the facilities relocation costs described in the section below. The first phase of the Program is anticipated to be operational by calendar year 2025.

San Diego Gas and Electric (SDG&E) Reservation of Rights Agreement (Agreement)

In June 2018, SDG&E informed the City that it was stopping all design work on utility relocations for the Pure Water Program, pending advance payment for such work from the City. SDG&E argued that it was not responsible for the costs of relocating any of its facilities under its electric or natural gas franchise agreements with the City, on the basis that such work was proprietary and not governmental. The City Attorney's Office responded to SDG&E, expressing the City's strong disagreement with SDG&E's position based on the plain language in those franchise agreements, which the City believes requires SDG&E to relocate its facilities located in the public right-of-way at its own expense when necessary to accommodate City water projects, including the Pure Water Program.

In January 2019, to avoid project delays, the City and SDG&E entered into an Agreement in which the Public Utilities Department made an advance payment of approximately \$35,700 to SDG&E for facilities relocation, financially recorded as a prepaid expense. SDG&E calculated an overall, preliminary cost estimate of approximately \$94,700, as of August 2018, of which the City has not performed an independent confirmation. Since 2019 the City and SDG&E have worked to minimize construction conflicts that may require relocations, in an effort to reduce relocation costs. The parties acknowledge the cost estimate may increase or decrease depending on project design changes or other factors, including a mandated Internal Revenue Code Cost in Aide of Construction Tax of approximately 24% that would increase the preliminary cost estimate. SDG&E relocation work will be billed on an actual cost basis. The City maintains its position that SDG&E should bear the costs of its facilities relocations from the public right-of-way for all City water projects and reserves the right to seek reimbursement from SDG&E through all legal means available. All payments made by the City for work performed are made under protest.

The City filed a lawsuit against SDG&E on January 15, 2020 seeking a court declaration that SDG&E is responsible for the cost to relocate SDG&E facilities that conflict with pipeline alignments, and the lawsuit also seeks reimbursement of the \$35,700 that the City paid to SDG&E. SDG&E filed its answer on February 21, 2020 denying liability. A Case Management Conference is scheduled for February 19, 2021.

In early 2020, the City and SDG&E determined that the City will be required to pay SDG&E the cost of relocating a 10" gas line near a Pure Water Facility, which was not in the public right of way, estimated at \$8,000 to \$10,000. This amount will reduce the \$35,700 the City is seeking to recover in its lawsuit against SDG&E.

Senate Bill (SB) 1383 State Regulatory Compliance

In September 2016, Governor Brown signed into law SB 1383 (Lara, Chapter 395, Statutes of 2016), establishing methane emissions reduction targets in a statewide effort to reduce emissions of short-lived climate pollutants (SLCP) in various sectors of California's economy. The new law codifies the California Air Resources Board's Short-lived Climate Pollutant Reduction Strategy to achieve reductions in the statewide emissions of short-lived climate pollutants. As it pertains to the City, SB 1383 establishes targets to achieve

a 50 percent reduction in the level of the statewide disposal of organic waste from the 2014 level by 2020 and a 75 percent reduction by 2025.

The regulations are effective by the end of the calendar year 2020. Starting January 1, 2022, the City must have an adopted ordinance and enforcement mechanism for SB 1383. In addition, the City must implement the following: citywide organics collection; establish an edible food recovery program; procure recovered organic waste products; track metrics and report to CalRecycle; and conduct education and outreach.

For fiscal years 2022 through 2025, the City has a preliminary estimate not to exceed \$120,000 in General Fund one-time expenditures for regulatory compliance. In addition, anticipated ongoing operational costs of approximately \$22,000 per year starting in fiscal year 2026. Starting in fiscal year 2022, this funding will be used to implement the regulation through upgrading of processing facilities, increasing staffing, acquiring collection vehicles, and procuring additional containers. The consequence for non-compliance is up to \$10 per violation, per day starting in 2022.

18. CONTINGENCIES (Dollars in Thousands)

FEDERAL AND STATE GRANTS

The City recognizes as revenue grant monies received as reimbursement for costs incurred related to certain Federal and State programs it administers. Although the City's Federal grant programs are audited in accordance with the requirements of the Federal Single Audit Act of 1984, the Single Audit Act Amendments of 1996, and the related U.S. Office of Management and Budget 2 CFR 200 Uniform Guidance as applicable based on the date of the award, these programs may be subject to financial and compliance audits by the granting agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Single Audit for fiscal year 2020 is in process.

LITIGATION AND REGULATORY ACTIONS

The City is a defendant in lawsuits pertaining to material matters, including claims asserted, which are incidental to performing routine governmental and other functions. This litigation includes, but is not limited to: actions commenced and claims asserted against the City arising out of alleged torts; alleged breaches of contracts; alleged violations of law; and condemnation proceedings. The City received 1,803 notices of claims in fiscal year 2020.

As of June 30, 2020, the City estimates the amount of tort and non-tort liabilities to be \$176,005, which has been reported in the government-wide statement of net position, the proprietary funds financial statements, and the fiduciary funds financial statements. The liability was actuarially determined and was supplemented by information provided by the City Attorney with respect to certain large individual claims and proceedings. The liability recorded is the City's best estimate based on information available as of the issuance of this report. The City Attorney also estimates that in the event of an adverse ruling, certain pending lawsuits and claims have a reasonable possibility of resulting in an additional liability, in the aggregate, ranging from \$0 to \$195,800. However, the potential liabilities related to these claims are not individually accrued because it is not probable that a loss has been incurred as of June 30, 2020.

Additional information on litigation regarding the Pension Plan can be found in the introductory section of Note 12.

POLLUTION REMEDIATION OBLIGATIONS

A pollution remediation obligation is an obligation to address the current or potential detrimental effects of existing pollution by participating in remediation activities. The following items are contingent matters concerning the City.

Boat Channel at Naval Training Center (NTC)

The old Naval Training Center (NTC) was closed and, with the exception of the Boat Channel, the property was conveyed to the City under the Base Realignment and Closure (BRAC) process that culminated in a Memorandum of Agreement (MOA) between the City and the U.S. government (Navy) in 2000. NTC was redeveloped as Liberty Station by the Corky McMillin Companies. The transfer of the NTC Boat Channel was excluded from the conveyance because it was polluted. The MOA requires the Navy to remediate the Boat Channel and obtain appropriate regulatory site closure prior to conveyance. The Navy has completed a limited clean-up of the Boat Channel and has obtained RWQCB approval of the clean-up. Despite the approval, the City believes the clean-up is deficient for a number of reasons including (i) the original site investigation and characterization were inadequate, (ii) the remediation did not address the entirety of the Boat Channel property, and (iii) the remediation did not clean up the Boat Channel to current regulatory standards. The City has repeatedly made these objections known to the Navy and the RWQCB. The Navy claims the City is partly

responsible for discharges which polluted the channel and therefore is responsible to pay a portion of the remediation costs. The City denies the Navy's claim for a number of reasons, including the terms of the MOA and the fact that military facilities (both NTC and the Marine Corps Recruit Depot) surrounded the channel for decades, and most if not all pollutant discharges were Navy-originated. On August 24, 2020 the Navy requested comments regarding the draft Finding of Suitability to Transfer (FOST) letter. On September 21, 2020, the City submitted comments to the Navy. The City cannot estimate its apportioned responsibility for such remediation costs, if any, at this time.

San Diego Bay's Laurel Hawthorne Central and East Embayment Sediment Investigative Order R9-2019-040

On July 25, 2018, the RWQCB released three draft Investigative Orders (IOs) for the assessment of the Laurel Hawthorne Embayment (LHE). The City was named on one of the three IOs as a responsible party to determine the extent and magnitude of sediment contamination in LHE at the terminus of the City's 84-inch outfall. On October 2, 2019, the RWQCB issued the final IO requiring the City to submit a Sediment Assessment Work Plan (SAWP) to assess the extent and magnitude of pollutants in sediments in Laurel Hawthorne Embayment (LHE) caused by discharges from the City's 84-inch storm drain outfall. Additionally, the RWQCB issued two separate, and complimentary IOs to adjacent San Diego Unified Port District tenants, Solar Turbines and General Dynamics. The City's SAWP was submitted on January 28, 2020, with a schedule to submit the Sediment Assessment Report. The waterside monitoring is projected to occur during summer 2021 with potential overlap of sampling sites from adjacent IO monitoring events. The first landside monitoring occurred in April 2020 and the fall landside monitoring occurred in September 2020. Remediation costs cannot be estimated until the investigation is completed and the RWQCB compares the results from the three investigations to determine responsibility and cleanup levels are negotiated with and ultimately imposed by the RWQCB. In addition, the responsible parties will then need to negotiate the allocation of cleanup responsibilities.

San Diego Bay Adjacent to Tenth Avenue Marine Terminal Draft Sediment Investigative Order R9-2017-0081 and San Diego Bay Adjacent to Continental Maritime Draft Sediment Investigative Order R9-2017-0082

On August 4, 2017, the RWQCB issued the final IO requiring the responsible parties to submit a Sediment Chemistry Assessment Work Plan in 180 days evaluating the current nature and extent of impairment. On January 31, 2018, the responsible parties submitted the work plans for both land and water that were accepted by the RWQCB. The waterside monitoring occurred in July 2018, and the landside monitoring occurred in the Fall of 2018 and Spring of 2019. Progress reports were submitted to the RWQCB in October 2019, which reviewed activities completed and analytical data. The Sediment Assessment Reports were submitted to the Regional Board on February 25, 2020 for Continental Maritime San Diego, and February 28, 2020 for Tenth Avenue Marine Terminal. Costs of remediation cannot be estimated until the investigations are completed to determine if there are problems, and if so, the cleanup levels will be negotiated with and ultimately imposed by the RWQCB. In addition, the responsible parties will then need to negotiate the allocation of clean up responsibilities.

San Diego River Investigative Order R9-2019-0014

On June 12, 2019, the San Diego Regional Water Quality Control Board (Regional Board) issued a five year Investigative Order R9-2019-0014 "To Submit Technical and Monitoring Reports to Identify and Quantify the Sources and Transport Pathways of Human Fecal Material to the Lower San Diego River Watershed." The Order alleges that there are suspected sources of bacteria being transported through various pathways to the San Diego River. The Order names several agencies as responsible parties including the City. The responsible agencies have agreed to retain the services of the Southern California Coastal Water Research Project (SCCWRP) to serve as technical lead including assisting with implementing a work plan and preparing the required technical and monitoring reports to identify and investigate potential sources of human fecal material, evaluate transport pathways, and quantify the amount that each source contributes, if any, to the Lower San Diego River. During the course of this five year IO, the Transportation

and Storm Water Department expects the costs to complete the studies and monitoring in accordance with the IO will not exceed \$777, and the Public Utilities Department amount will not exceed \$1,720. Based on the results of the IO, the RWQCB may require the responsible parties to take additional actions to address human sources of bacteria. The cost associated with these potential additional actions cannot be estimated at this time.

Bacteria TMDL

The City is listed as a responsible party in the Bacteria TMDL, which was adopted by the RWQCB for numerous impaired water bodies in order to attain and maintain fecal indicator bacteria water guality standards. All responsible parties are required to reduce the levels of bacteria in their discharges to all listed water bodies. The City has not met its interim dry weather regulatory deadline (April 2019) related to the Bacteria TMDL in some watersheds based on updated water guality monitoring data. The City is also not projected to meet the rigorous final dry weather regulatory deadline (April 2021) for each creek and river outfall compliance monitoring location related to the Bacteria TMDL due to insufficient funding and the time requirements to implement essential capital projects. However, the City is currently engaged in multiple efforts to comply with these requirements. First, the City is ramping up efforts to identify and eliminate human sources of bacteria, which are most harmful to human health. The City's efforts are being documented in a draft Bacteria Tactical Plan that describes the collaboration among three City departments to capture current and potential new activities that can be initiated to address bacteria sources. Efforts include addressing homeless encampments, initiating an interdepartmental abatement team, and increased trash removal. Using the implementation activities in the draft Bacteria Tactical Plan as a basis, the City is negotiating with the RWQCB as a pathway to demonstrate the commitment in meeting the Bacteria TDML requirements in the next Municipal Permit reissuance in fiscal year 2022. The City is also developing a strategy to implement the San Diego River Investigative Order (listed earlier) and use those results to consider whether amendments to the Bacteria TMDL, contingent on RWQCB approval, are warranted, which may reduce the City's estimates of funding needs. If the RWQCB does not accept any of the compliance options currently being negotiated, it is expected that they will take some type of action against the City for non-compliance with the final dry weather regulatory deadline (April 2021), including but not limited to, a Time Schedule Order, a Notice of Violation, and/or monetary penalties.

COVID-19

The COVID-19 pandemic had significant negative financial impacts on fiscal year 2020 and the economic impacts will potentially continue for several more fiscal years. The State, County, and City have put in place measures and protocols to help reduce the spread of the virus and provide financial relief to individuals and businesses. Many of these policies have impacted the City's revenue sources such as property tax, sales tax, and parking meter revenue. For additional information on the COVID-19 impacts on Sales Tax and TOT, refer to the Letter of Transmittal. The recovery of the local economy and the return of City revenues to pre-COVID levels will depend on many factors that are still unknown.

In April 2020, the City received \$248,451 of CRF funding made available through the CARES Act, of which approximately \$91,786 of eligible expenditures were incurred in fiscal year 2020. The balance of \$156,665 will be applied to fiscal year 2021 eligible expenditures.

D 1

19. DEBT WITHOUT GOVERNMENT COMMITMENT (Dollars in Thousands)

The City and/or the former RDA of the City have authorized the issuance of certain Special Assessment/Special Tax Bonds, Parking Revenue Bonds, Tax Allocation Bonds, and Loans. The City has no legal obligation to make payment on these bonds or loans and has not pledged any City assets as a guarantee to the bondholders/lenders. These bonds and loans do not constitute indebtedness of the City. The bonds are payable solely from payments made on and secured by a pledge of the acquired funds, other monies held for the benefit of the bondholders pursuant to the bond indentures, property liens and other loans. Accordingly, no liability has been recorded in the City's government-wide statement of net position. Long-term liabilities of the former RDA are reported in the Successor Agency Private-Purpose Trust Fund. The following sections describe the outstanding debt without government commitment.

a. Special Assessment/Special Tax Bonds

The City, on behalf of the Special Assessment Districts (AD) and the Community Facilities Districts (CFD), have issued debt to finance infrastructure improvements and facilities necessary to facilitate development of the properties within the respective districts located in the City. The special assessment and special tax bonds are secured by special assessment and special tax liens, respectively, on the real property within the districts and are not direct liabilities of the City. The City has no fiscal obligation beyond the balances in designated AD and CFD funds for any related bond payments. If delinquencies occur beyond the amounts held in the reserve funds created from bond proceeds, the City has no duty to pay the delinquency out of any available funds of the City. The City acts solely as the agent in the collection and remittance of the assessments and special taxes for these ADs and CFDs and initiates foreclosure proceedings as required under the bond covenants. As of June 30, 2020, the status of each of the special assessment/special tax bonds issued is as follows:

	Original Amount	Out	Balance tstanding e 30, 2020
Community Facilities District No.2 (Santaluz), Improvement Area No. 1, Series 2011 A	\$ 51,680	\$	32,955
Community Facilities District No.1 (Miramar Ranch North), Series 2012	24,795		3,515
Community Facilities District No.3 (Liberty Station), Series 2013	15,770		12,850
Assessment District No.4096 (Piper Ranch), Issued July 2013	3,830		3,005
Community Facilities District No.2 (Santaluz), Improvement Area No. 3, Series 2015	3,380		2,610
Community Facilities District No.2 (Santaluz), Improvement Area No. 4, Series 2015	6,215		5,200
Community Facilities District No.4 (Black Mountain Ranch Villages), Series 2016	 16,435		14,680
Total Special Assessment / Special Tax Bonds	\$ 122,105	\$	74,815

b. Parking Revenue and Tax Allocation Bonds

The former RDA issued parking revenue bonds for the purpose of financing certain public parking facilities and tax allocation bonds in order to finance or refinance redevelopment activities. The parking revenue and tax allocation bonds are secured by certain pledged revenues of the former RDA and are not direct liabilities of the City. In no event will the bonds be payable out of any funds or properties other than those of the Successor Agency or former RDA, along with any monies held by the trustee in the funds and accounts established under the indentures, and any amounts, including proceeds of the sale of the bonds, held in any fund or account established pursuant to the indentures.

	Original Amount	Ou	Balance Itstanding e 30, 2020
Revenue Bonds:			
Centre City Parking, Series 1999 A	\$ 12,105	\$	4,065
Centre City Parking, Series 2003 B	20,515		4,130
Total Revenue Bonds	 32,620	_	8,195
Tax Allocation Bonds:			
Centre City Redevelopment Project, Series 2001 A	58,425		9,153
Successor Agency Redevelopment Refunding, Series 2016 A	145,080		110,205
Successor Agency Redevelopment Refunding, Series 2016 B	30,105		22,000
Successor Agency Redevelopment Refunding, Series 2017 A	64,565		56,555
Successor Agency Redevelopment Refunding, Series 2017 B	155,400		136,280
Total Tax Allocation Bonds	453,575		334,193
Total Bonds	\$ 486,195	\$	342,388
Accreted Interest Payable on Tax Allocation Bonds:			
Centre City Redevelopment Project, Series 2001 A		\$	15,956

As of June 30, 2020, the status of each of the parking revenue and tax allocation bonds issued is as follows:

c. Loans Payable

The former RDA issued loans for the purpose of financing redevelopment activities. The loans are secured by certain pledged revenues of the former RDA. Senate Bill 107 Local Government Section 34173 (h)(1) states "Repayment of loans created under this subdivision shall be applied first to principal, and second interest, and shall be subordinate to other approved enforceable obligations. As of June 30, 2020, principal of \$503 was paid towards the Naval Training Center Section 108 Loan and \$15,000 towards miscellaneous loans. An interest payment of \$16,403 was paid towards the HUD Settlement Agreement Loan.

	Original Amount	Ou	Balance tstanding e 30, 2020
Loans Payable:			
City of San Diego - Naval Training Center Section 108, Dated June 2004	\$ 5,910	\$	602
City of San Diego - HUD Settlement Agreement, Various Dates	45,311		_
City of San Diego - Miscellaneous, Various Dates	 45,761		2,261
Total Loans Payable	\$ 96,982	\$	2,863
Accrued Interest Payable:			
City San Diego - Naval Training Center Section 108	\$ 1,899	\$	1,899
City San Diego - HUD Settlement Agreement	33,476		_
City of San Diego - Miscellaneous	 105,733		105,733
Total Accrued Interest Payable	\$ 141,108	\$	107,632

d. Amortization Requirements

The annual requirements to amortize the private-purpose trust fund long-term debt outstanding as of June 30, 2020, including interest payments to maturity, are as follows:

	Loans Payable					Revenu	e Bono	ds	
Year Ending June 30	Principal		Principal Interest		Pi	incipal	Interest		
2021	\$	2,766	\$	12,739	\$	1,640	\$	431	
2022		_		_		1,730		336	
2023		_		_		1,005		256	
2024		_	_		1,065			194	
2025		—		_		1,130		128	
2026-2030		—				1,625		70	
2031-2035		—				—		—	
Unscheduled ¹		97		94,893					
Total	\$	2,863	\$	107,632	\$	8,195	\$	1,415	

		Tax Allocation Bonds								
Year Ending June 30	F	Principal		accreted eciation ²	Interest					
2021	\$	28,078	\$	2,297	\$	13,262				
2022		24,017		2,443		12,300				
2023		22,084		2,576		11,386				
2024		22,857		2,713		10,478				
2025		23,650		2,845		9,517				
2026-2030		96,212		8,158		33,545				
2031-2035		61,140		_		17,184				
2036-2040		46,000		_		7,132				
2041-2045		10,155		_		214				
Total		334,193		21,032		115,018				
Add: Accreted Appreciation through June 30, 2020		15,956		_		_				
Total	\$	350,149	\$	21,032	\$	115,018				

¹ The loans payable to the City in the amount of \$2,863 and the associated accrued interest of \$107,632 are payable dependent on each annual approved Recognized Obligation Payment Schedules.

² Unaccreted Appreciation represents the amount to be accreted in future years regardless of the timing of cash flows.

e. Change in Long-Term Liabilities

The following is a summary of changes in long-term liabilities reported in the private-purpose trust fund for the year ended June 30, 2020. The effects of bond accretion, bond premiums and discounts are reflected as adjustments to long-term liabilities.

		Beginning Balance		Additions		Reductions		Ending Balance	
Liability Claims	\$	66,721	\$	_	\$	(764)	\$	65,957	
Loans Payable		18,365		_		(15,502)		2,863	
Revenue Bonds		9,830		_		(1,635)		8,195	
Unamortized Bond Premiums and Discounts		(37)		_		5		(32)	
Net Revenue Bonds		9,793		_		(1,630)		8,163	
Tax Allocation Bonds		363,769		_		(29,576)		334,193	
Interest Accretion		16,756		1,359		(2,159)		15,956	
Balance with Accretion		380,525		1,359		(31,735)		350,149	
Unamortized Bond Premiums and Discounts		25,739		174		(2,015)		23,898	
Net Tax Allocation Bonds		406,264		1,533		(33,750)		374,047	
Interest Accrued on City Loans	_	124,035				(16,403)		107,632	
Total	\$	625,178	\$	1,533	\$	(68,049)	\$	558,662	

f. Defeased Debt

On November 1, 2019, the North Park Redevelopment Tax Allocation Bonds were defeased and redeemed. As of June 30, 2020, the principal amounts payable from escrow funds established for refunding bonds are shown in the table below.

Successor Agency Bonds Refunded in 2017 Escrow Accounts (February 9, 2017)	Amount		Redemption Date
City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax Exempt)	\$	5,635	September 01, 2020
City Heights Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable)		9,590	September 01, 2020
Crossroads Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax Exempt)		4,410	September 01, 2020
Naval Training Center Redevelopment Project Tax Allocation Bonds, 2010 Series A		16,435	September 01, 2020
San Ysidro Redevelopment Project Tax Allocation Bonds, 2010 Series A (Tax Exempt)		2,900	September 01, 2020
San Ysidro Redevelopment Project Tax Allocation Bonds, 2010 Series B (Taxable)		4,005	September 01, 2020
Housing Set-Aside Tax Allocation Bonds, 2010 Series A (Taxable)		54,350	September 01, 2020
Total Special Assessment / Special Tax Bonds	\$	97,325	

20. CLOSURE AND POSTCLOSURE CARE COST (Dollars in Thousands)

State and federal laws and regulations require that the City place a final cover on its Miramar Landfill site when it stops accepting waste and perform certain maintenance and monitoring functions at the site for thirty years after closure. In addition, federal and state regulations require that the City set aside funds annually to fund closure costs and to demonstrate financial resources sufficient to meet certain corrective actions.

Closure and Postclosure Care Liability

The City is currently permitted by the State to keep the landfill open through fiscal year 2025. However, based on recent changes in recycling policies and compaction methods, the City projects the life expectancy of the landfill will be extended through 2028. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each financial statement date.

The \$50,034 reported as landfill closure and postclosure care liability as of June 30, 2020 represents the cumulative amount reported to date based on the use of 79% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$13,082 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care as of June 30, 2020. These cost estimates are subject to changes resulting from inflation, deflation, technology, or changes in applicable laws or regulations.

Funding Requirements

As of June 30, 2020, the City is in compliance with state and federal laws and regulations requiring annual contributions to finance closure costs. At the end of fiscal year 2020, cash or equity in pooled cash and investments of \$32,737 was held for this purpose. The closure/postclosure care liability amount of \$50,034 reported in the Environmental Services Enterprise Fund includes \$25,196 for closure costs. The amount by which the restricted cash exceeds the closure liability, or \$7,541, is included as a component of restricted net position in the Environmental Services Enterprise Fund. The City has pledged its greenery recycling revenues as financial assurance for postclosure maintenance costs and is not required to advance fund postclosure care costs.

As of June 30, 2020, the City is in compliance with state and federal laws and regulations to demonstrate financial resources sufficient to conduct corrective action for all known or reasonably foreseeable releases from the Miramar Landfill site, meeting the cost estimate approved by the San Diego Regional Water Quality Control Board. At the end of fiscal year 2020, cash or equity in pooled cash and investments of \$1,714 was held for this purpose. This amount is reported as restricted net position in the Environmental Services Fund.

For both closure/postclosure care and corrective action, the City expects that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional closure/postclosure care requirements are imposed (due to changes in technology or applicable laws or regulations, for example), these costs may need to be paid by charges to future landfill users or from other sources. At the end of fiscal year 2020, accrued interest of \$88 is included as a component of restricted net position in the Environmental Services Fund.



177

21. FUND BALANCES (Dollars in Thousands)

The following table provides additional detail regarding the City's governmental fund balances:

	General Fund	Other Governmental Funds	Total Governmental Funds
NONSPENDABLE			
Legally/Contractually Required to be Maintained Intact	\$	\$ 18,286	\$ 18,286
RESTRICTED			
Low and Moderate Income Housing	_	346,594	346,594
Facilities Benefit Assessments	_	267,982	267,982
Impact Fees	_	177,666	177,666
Underground Surcharge	_	168,948	168,948
Grants ¹	599	110,893	111,492
Capital Outlay - Unbudgeted ¹	_	103,226	103,226
Emergency Reserve	106,100		106,100
Capital Outlay - Budgeted		67,125	67,125
Developer Contributions	_	38,947	38,947
Parking Meter Districts	_	34,165	34,165
Road Maintenance & Rehabilitation	32,485		32,485
Infrastructure Fund (Prop H)	27,689	_	27,689
TransNet	_	27,496	27,496
TransNet Commercial Paper	_	26,167	26,167
Maintenance Assessment Districts	_	23,643	23,643
Tourism Marketing Districts	_	21,052	21,052
Park Boulevard State Appropriation	_	21,000	21,000
UCSD Fire Station	_	20,927	20,927
Tobacco Settlement Revenue Funding Corporation	_	20,431	20,431
Special Gas Tax Street Improvement	14,688	_	14,688
Seized Assets	_	13,338	13,338
Citizens Option for Public Safety (COPS)	_	7,534	7,534
Fiesta Island Sludge Mitigation	_	7,236	7,236
Environmental Growth	6,665	—	6,665
Jane Cameron Estate	—	6,315	6,315
Parks & Recreation Districts	—	4,433	4,433
Successor Agency Property Management	—	3,890	3,890
Library Donations	—	3,783	3,783
San Diego Regional Consolidated RLF	_	3,282	3,282
Miscellaneous Donations	_	2,911	2,911
Library Donations Matching Fund	_	2,817	2,817
Federal Cares Act COVID-19 Relief Funds	2,780	_	2,780
Disability Surcharge (SB1186)	—	2,544	2,544
Section 108	—	2,505	2,505
SD Residential Lead Abatement Settlement	—	2,329	2,329
Los Penasquitos Trust	—	2,280	2,280
Public Safety Training	—	1,924	1,924
Library Improvement	1,614	—	1,614
Traffic Congestion Relief (Prop 42)	—	1,512	1,512
Tierrasanta Ordinance	—	1,425	1,425
Otay Mesa EIFD	—	1,111	1,111
Downtown PBID	—	1,022	1,022
Other ²	2,465	16,366	18,831
Total Restricted	195,085	1,564,819	1,759,904

	Gen	eral Fund	Go	Other vernmental Funds	Go	Total vernmental Funds
COMMITTED						
Public Liability	\$	45,366	\$	_	\$	45,366
Workers' Compensation		32,120		_		32,120
Capital Outlay - Unbudgeted		_		19,143		19,143
Civil Penalty Enforcement		_		8,589		8,589
City TV		_		7,630		7,630
Public Arts		_		5,694		5,694
Trench Cut Fees		_		5,195		5,195
SDCCU Stadium Operations		_		3,038		3,038
Transient Occupancy Tax		_		2,881		2,881
Wireless Communications Technology Fund		2,487		—		2,487
General Plan Maintenance Fund		_		2,019		2,019
SAP Support		1,858		_		1,858
Automated Refuse Containers		_		1,689		1,689
Retirement UAAL SDCERS Reserve		1,622		—		1,622
Economic & Workforce Development		—		1,563		1,563
EMS/MTS Fund		1,464		—		1,464
Antenna Lease Revenue		1,216		_		1,216
Information Technology		1,011		_		1,011
Other ²		1,521		5,897		7,418
Total Committed		88,665		63,338		152,003
ASSIGNED		2,133				2,133
UNASSIGNED		124,583		(89,319)		35,264
TOTAL FUND BALANCE	\$	410,466	\$	1,557,124	\$	1,967,590

¹ Restricted Fund Balance for Grants and Capital Outlay includes \$107,994 and \$29,337, respectively, for long-term receivables due from the Successor Agency. These amounts are not available to satisfy liabilities of the current period.

² The amounts reported as "Other" are composed of a variety of restrictions and commitments less than \$1,000.

22. SPECIAL ITEM (Dollars in Thousands)

Effective July 29, 2019, the City and Civic San Diego (CSD), a blended component unit, executed a new operating agreement resolving two lawsuits brought against CSD that transferred the downtown permitting, planning and downtown parking district management functions and responsibilities from CSD to the City. CSD has amended or restated its Articles of Incorporation and Bylaws such that the City is no longer the sole member of CSD, thereby rendering CSD completely independent and separate from the City. Pursuant to the new agreement, CSD will continue to perform existing services to the City for wind-down and reporting activities related to redevelopment agency dissolution. As of July 29, 2019, CSD will no longer be reported as a blended component unit of the City. The removal of the CSD fund financial statements, as reported in the City's nonmajor special revenue funds, resulted in a special item totaling \$10,117.

	Civic San Diego					
Fund Balance at June 30, 2019	\$	10,118				
Revenues through 7/29/19		296				
Expenditures through 7/29/19		(297)				
Total Special Item	\$	10,117				

23. RESTATEMENT OF NET POSITION (Dollars in Thousands)

Implementation of GASB Statement No. 84

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement will become effective in fiscal year 2021, however the City elected to early implement in fiscal year 2020.

Based on the criteria outlined in GASB Statement No. 84, in order to report a fiduciary activity that is not a component unit, a government must control the assets by either (a) holding the assets, or (b) having the ability to direct the use, exchange, or employment of the assets in a manner that provides benefits to the specified or intended recipients. The City does not meet this control requirement for its Preservation of Benefits Plan, Postemployment Healthcare Benefit Plan, Supplemental Pension Savings Plan, 401(a) Plan, or 401 (k) Plan, therefore these plans do not qualify as fiduciary activities. Accordingly, the plans are no longer considered part of the City's reporting entity. The changes adopted to conform to the provisions of this statement were applied retroactively by restating the City's beginning Fiduciary Net Position for its Pension Trust Funds.

The restatement resulted in a net decrease to beginning Fiduciary Net Position of \$1,326,224 for the Pension Trust Funds.

The table below summarizes the net position restatement:

	Fid	Fiduciary Funds		
	Pe	ension Trust		
Fiduciary Net Position as of June 30, 2019, as Previously Reported	\$	9,762,227		
GASB Statement No. 84 Adjustments		(1,326,224)		
Fiduciary Net Position as of June 30, 2019, as Restated	\$	8,436,003		

	Pension Trust Funds									
	Preservation of Benefits Plan		Postemployment Healthcare Benefit Plan		Supplemental Pension Savings Plan		401(a) Plan		40	1(k) Plan
Fiduciary Net Position as of June 30, 2019, as Previously Reported	\$	15	\$	_	\$	876,730	\$	7,392	\$	442,087
GASB Statement No. 84 Adjustments		(15)		_		(876,730)		(7,392)		(442,087)
Fiduciary Net Position as of June 30, 2019, as Restated	\$		\$		\$		\$	_	\$	_

24. SUBSEQUENT EVENTS (Dollars in Thousands)

The following information describes certain events that occurred after the end of the fiscal year.

Loan Agreements

On August 24, 2020 and November 5, 2020, the City's Sewer Utility Fund received an additional \$2,977 and \$3,802 from a \$70,000 SRF Loan agreement with SWRCB for the Pump Station 2 Power Reliability and Surge Protection Project. The interest rate on the loan is 1.8% and the repayment period for the loan is 30 years, beginning one year after completion of construction of the project, which is currently projected to be November 2022.

Capital Lease Obligations

On August 18, 2020, the City lease-purchased various public safety and support vehicles in the amount of \$2,655. Under the agreement with JP Morgan Chase Bank, N.A., the lease will be financed for seven years at a rate of 0.66%.

Lease Revenue Bonds

On July 1, 2020, PFFA issued taxable Lease Revenue Refunding Bonds, Series 2020A (2020 Bonds) in the amount of \$60,745 to advance refund a portion of outstanding Lease Revenue Bonds, Series 2012A (2012A Bonds) and pay costs of issuance in connection with the issuance of the 2020 Bonds. The Series 2020 Bonds are limited obligations of the PFFA secured solely by the base rental payments paid by the City of San Diego for the use and occupancy of the leased property and certain funds held under the indenture. As of July 1, 2020 (closing date), the reacquisition price exceeded the net carrying amount of the old debt by \$2,747. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding reduced total debt service payments by \$9,334 and resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$6,581. The final maturity date for the 2020 Bonds is October 15, 2041.

On July 8, 2020, the Convention Center Expansion Financing Authority (Authority) issued taxable Lease Revenue Refunding Bonds, Series 2020A (Series 2020A Bonds) in the amount of \$70,750 to advance refund a portion of Lease Revenue Refunding Bonds, Series 2012A, and pay costs of issuance in connection with the issuance of the Series 2020A Bonds. The Series 2020A Bonds are limited obligations of the Authority secured solely by the base rental payments paid by the City of San Diego for the use and occupancy of the leased property and certain funds held under the indenture. As of July 8, 2020 (closing date), the reacquisition price exceeded the net carrying amount of the old debt by \$1,175. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The advance refunding reduced total debt service payments by \$3,613 and resulted in an economic gain of \$3,371. The final maturity date for the Series 2020A Bonds is April 15, 2028.

Commercial Paper Notes

On August 4 and October 8, 2020, PFFA issued tax-exempt General Fund CP Notes in the amount of \$19,212 (\$9,416 and \$9,796) to finance the cost of the acquisition, design, construction, installation, improvement, replacement, and equipping of certain capital improvement projects of the City. The interest rate on the issued General Fund CP Notes was 0.15%. On December 8, 2020, PFFA issued an additional tax-exempt General Fund CP Note in the amount of \$3,347 at a rate of 0.13%.

On October 19, 2020, PFFA issued a tax-exempt Water CP Note in the amount of \$9,727 to finance the design, acquisition, construction, installation, and improvements of components of the City's water system. The interest rate on the issued Water CP Note was 0.25%.

101 Ash Street

The City entered into a capital lease agreement dated January 3, 2017 with 101 Ash LLC for the land, building and improvements thereon located at 101 Ash Street, San Diego, California (101 Ash). On September 1, 2020, the City elected to abate the monthly payments of \$535 due under the capital lease agreement because it is unable to occupy the building. The City is currently in litigation either as the plaintiff or as the defendant in several lawsuits regarding 101 Ash. The lawsuits as of June 30, 2020, in which the City is the defendant, are included in the litigation portion of Note 18. Further information regarding the 101 Ash capital lease agreement can be found in Note 5, Governmental Long Term Liabilities.

Stadium Sale

On August 13, 2020 the City sold 132 acres of the Mission Valley Stadium Site (Stadium Site) to San Diego State University (SDSU) for \$86,516. The sale resulted in \$51,056 deposited into the Capital Outlay Fund for General Fund purposes and the remaining \$35,460 allocated to the Water Utility Fund. Of the \$51,056, the Fiscal Year 2021 Adopted Budget included the use of \$18,588 of Stadium Site proceeds for General Fund debt service. \$8,500 has been set aside for a Mission Valley capital project, and the remaining \$23,968 will be available for future years' debt service on the PFFA Refunding Bonds, Series 2018A.

WIFIA Loan

The City currently has no draws on the WIFIA Loan, however on September 24, 2020, the City closed on the WIFIA loan interest rate reset and refinancing with the Environmental Protection Agency (EPA). The interest rate was reduced to 1.29% from the original 3.36%.

Investment Policy

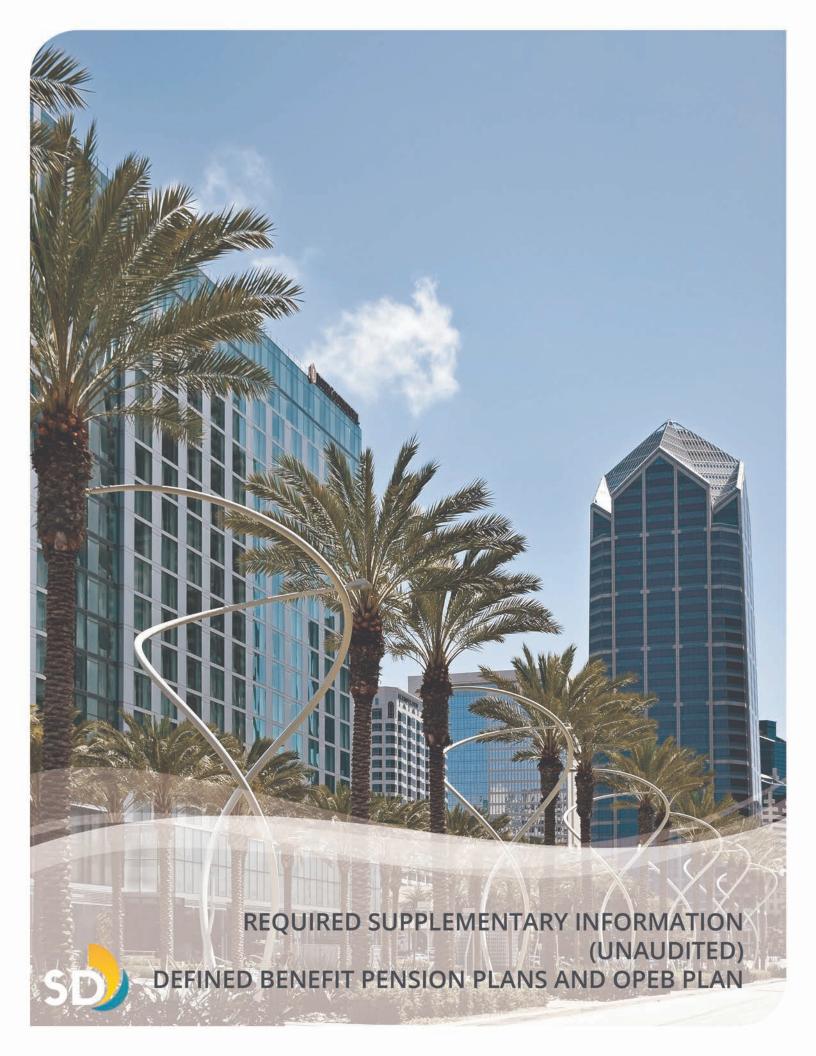
On November 17, 2020, City Council accepted a change to the City Treasurer's Investment Policy. This change allows City to invest in securities issued, or backed by the U.S. Government that could result in zero- or negative-based interest accrual if held to maturity, in the event of, or for the duration of, a period of negative market interest rates.

Actuarial Determined Contribution

On November 19, 2020, the City received notification from SDCERS regarding a limited actuarial study performed. This limited actuarial analysis conducted by Cheiron Inc. incorporates three additional components: 1) the assumption changes adopted in the June 30, 2019 experience study, 2) the actual investment results at June 30, 2020, and 3) the initial salary information received for the fiscal year that ended June 30, 2020. Based on these three factors, the actuary is projecting significant increases to the pension payments. The ADCs for fiscal year 2022 through fiscal year 2026 are expected to steadily increase from \$418,000 - \$475,000, which is an increase of over \$52,000 from the fiscal year 2021 ADC of \$365,600. These updated projections are only estimates and the actual ADC will be known with each actuarial valuation. The results of the June 30, 2020 actuarial valuation, which is currently in progress, will determine the ADC for fiscal year 2022.

San Diego Housing Commission

On November 24, 2020, the San Diego Housing Commission purchased two hotels to be used as permanent housing for people experiencing homelessness. The Residence Inn Hotel Circle was purchased for \$67,000 and the Residence Inn Kearny Mesa Road was purchased for \$39,500.



REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) June 30, 2020 (Dollars in Thousands)

GASB 67 and 68 Reporting

Schedule of Changes in Net Pension Liability and Related Ratios

Total Pension Liability	FYE 2019	FYE 2018	FYE 2017	FYE 2016	FYE 2015
Service Cost (Middle of Year)	\$ 118,597	\$ 108,871	\$ 106,877	\$ 93,804	\$ 102,688
Interest (Includes Interest on Service Cost)	640,508	628,500	613,529	573,760	554,988
Differences Between Expected and Actual Experience	143,136	58,618	71,123	21,285	46,416
Changes in Assumptions	_	266,606	249,740	620,314	_
Benefit Payments, Including Refunds of Member Contributions	(534,023)	(515,078)	(477,039)	(452,781)	(429,238)
Net Change in Total Pension Liability	368,218	547,517	564,230	856,382	274,854
Total Pension Liability, Beginning	10,058,408	9,510,891	8,946,661	8,090,279	7,815,425
Total Pension Liability, Ending	10,426,626	10,058,408	9,510,891	8,946,661	8,090,279
Plan Fiduciary Net Position					
Contributions-Employer	326,982	328,922	265,572	259,543	268,061
Contributions-Member	62,709	57,936	57,050	59,377	59,042
Net Investment Income	477,484	594,845	857,923	64,155	207,653
Benefit Payments, Including Refunds of Member Contributions	(534,023)	(515,078)	(477,039)	(452,781)	(429,238)
Administrative Expense	(10,238)	(10,570)	(10,778)	(10,900)	(8,693)
Net Change in Plan Fiduciary Net Position	322,914	456,055	692,728	(80,606)	96,825
Plan Fiduciary Net Position, Beginning	7,444,889	6,988,835	6,296,107	6,376,713	6,279,888
Plan Fiduciary Net Position, Ending	7,767,803	7,444,889	6,988,835	6,296,107	6,376,713
Net Pension Liability, Ending	\$ 2,658,823	\$ 2,613,519	\$2,522,056	\$2,650,554	\$1,713,566
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.50%	74.02%	73.48%	70.37%	78.82%
Covered Pensionable Payroll	\$ 455,753	\$ 448,890	\$ 465,100	\$ 480,662	\$ 480,536
Net Pension Liability as a Percentage of Covered Payroll	583.39%	582.22%	542.26%	551.44%	356.59%

GASB 73 Reporting

Preservation of Benefits Plan Schedule of Changes in Total Pension Liability

Total Pension Liability	FYE 2019	FYE 2018	FYE 2017	FYE 2016
Service Cost (Middle of Year)	\$ 87	\$ 54	\$ 60	\$ 36
Interest (Includes Interest on Service Cost)	425	353	312	406
Differences Between Expected and Actual Experience	999	2,352	635	_
Changes in Assumptions	424	(216)	(589)	1,588
Benefit Payments	(1,403)	(1,430)	(1,633)	(1,596)
Net Change in Total Pension Liability	532	1,113	(1,215)	434
Total Pension Liability, Beginning	11,645	10,532	11,747	11,313
Total Pension Liability, Ending	\$ 12,177	\$ 11,645	\$ 10,532	\$ 11,747
Covered Pensionable Payroll	\$ 455,753	\$ 448,890	\$ 465,100	\$ 480,662
Total Pension Liability as a Percentage of Covered Payroll	2.67%	2.59%	2.26%	2.44%

Pension Schedules are intended to show information for ten years. Data will be displayed as it becomes available.

Pension Plans Schedule of Employer Contributions Last 10 Fiscal Years (Dollars in Thousands)

Last 10 Fiscal Years (Dollars in Thousands)			2020		2019		2018		2017		2016
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined (Contribution	\$	350,500 350,500	\$	322,900 322,900	\$	324,500 324,500	\$	261,100 261,100	\$	254,900 254,900
Contribution Deficiency/(Excess)		\$	_	\$		\$		\$		\$	
Covered Payroll ¹ Contributions as a Percentage of Covered Payroll		\$	484,764 72.30%	\$	455,753 70.85%	\$	448,890 72.29%	\$	465,100 56.14%	\$	480,662 53.03%
			2015		2014		2013		2012		2011
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined (Contribution	\$	263,600 263,600	\$	275,400 275,400	\$	231,100 231,143	\$	231,200 231,200	\$	229,100 229,297
Contribution Deficiency/(Excess)		\$	_	\$		\$	(43)	\$	_	\$	(197)
Covered Payroll ¹ Contributions as a Percentage of Covered Payroll		\$	480,536 54.86%	\$	499,463 55.14%	\$	511,091 45.23%	\$	514,265 44.96%	\$	530,238 43.24%
Valuation Date: 6/30/2018											
Key Methods and Assumptions Used to Determine Con	tributions:										
Actuarial Cost Method	Entry Age Normal.										
Asset Valuation Method	Expected Value Metho	d.									
Amortization Method	Closed periods. Payme the amortization period periods depending on t of the plan was re-amo layering method was a employer contributions	d was he so ortized adopte	reduced from urce. In the 20 l over a closed	i 27 1 12 vi I 15-y	to 20 years, w aluation, as a r year period wit	ith su esult h lev	bsequent gair of Proposition el dollar amou	ns or B, th nts. Ir	losses amorti e UAL for the r n the 2017 valu	zed c non-P uatior	ver different olice portion n, a five-year
Discount Rate	6.75%. The discount ravialuation, from 7.50% 7.00% in the 2016 value	to 7.2	25% in the 20°	13 va	luation, from	7.25%	6 to 7.125% in				
Amortization Growth Rate	3.05%. Same pattern o	of cha	nges describe	d bel	ow for salary i	ncrea	ase assumption	n (ex	cluding freeze:	s).	
Wage Inflation	3.05%. Same pattern o	of cha	nges describe	d bel	ow for salary i	ncrea	ase assumption	n.			
Salary Increases 3.05% (following assumed freezes in fiscal years 2013-2018) plus merit component based on employee classification and years of service. The across-the-board salary increase assumption was reduced from 4.25% to 4.00% in the 2008 valuation, from 4.00% to 3.75% in the 2011 valuation, from 3.75% to 3.30% in the 2013 valuation, from 3.30% to 3.175% in the 2015 valuation, and from 3.175% to 3.05% in the 2016 valuation. In the 2011 valuation, a two-year salary freeze assumption (for fiscal years 2013-2014) was added and in the 2013 valuation an additional four-year freeze was assumed (fiscal years 2015-2018).							b in the 2008 % to 3.175% salary freeze				
Cost-Of-Living Adjustments	1.9%, combined annua	ally. Th	ne COLA assu	mpti	on was reduce	d fro	m 2.0% to 1.99	% in t	he 2016 valua	tion.	
Mortality	Retired healthy memb January 2014 Experien (valuation years), the L RP-2000 Combined M healthy retired membe year for Safety female	ice Sti JP-19 ortalit rs use	udy, with a 10% 94 table was u y Table was u ed the RP-200	6 incr Ised, sed,	ease to female with a two-yea with a two-yea	e rate ar sei ar set	s, with projection back for males forward for m	on for s and ales	improvement. females. Fro and females.	Fror m 200 From	n 2005-2007 08-2010, the 2011-2015,

A complete description of the methods and assumptions used to determine contribution rates for the year ended June 30, 2019 can be found in the June 30, 2017 Actuarial Valuation Report.

The annual money-weighted rate of return on pension plan investments can be found in the separately issued SDCERS financial report available at www.sdcers.org.

¹ Covered Payroll is pensionable payroll for SDCERS members as of the beginning of the measurement year.

OPEB TRUST FUND

GASB 75 Reporting

Schedule of Changes in the Net OPEB Liability and Related Ratios (Dollars in Thousands)

Total OPEB Liability	FYE 2019		FYE 2018		FYE 2017	
Service Cost	\$	815	\$	1,010	\$	1,237
Interest on the Total OPEB Liability		36,549		43,543		43,617
Differences Between Expected and Actual Experience		1,293		(3,432)		(4,915)
Changes in Assumptions		7,459		(91,058)		—
Benefit Payments		(39,705)		(41,360)		(40,280)
Net Change in Total OPEB Liability		6,411		(91,297)		(341)
Total OPEB Liability, Beginning		575,033		666,330		666,671
Total OPEB Liability, Ending	\$	581,444	\$	575,033	\$	666,330
Plan Fiduciary Net Position						
Contributions-Employer	\$	37,436	\$	30,379	\$	30,326
Contributions-Member		463		577		719
Net Investment Income		7,990		7,348		8,590
Benefit Payments		(39,705)		(41,360)		(40,280)
Administrative Expense		(25)		(61)		(59)
Net Change in Plan Fiduciary Net Position		6,159		(3,117)		(704)
Plan Fiduciary Net Position, Beginning		112,769		115,886		116,590
Plan Fiduciary Net Position, Ending		118,928		112,769		115,886
Net OPEB Liability, Ending	\$	462,516	\$	462,264	\$	550,444
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	_	20.45%		19.61%		17.39%
Covered-Employee Payroll	\$	46,073	\$	51,372	\$	61,397
Net OPEB Liability as a Percentage of Covered-Employee Payroll		1003.88%		899.84%		896.53%

OPEB Schedules are intended to show information for ten years. Data will be displayed as it becomes available.

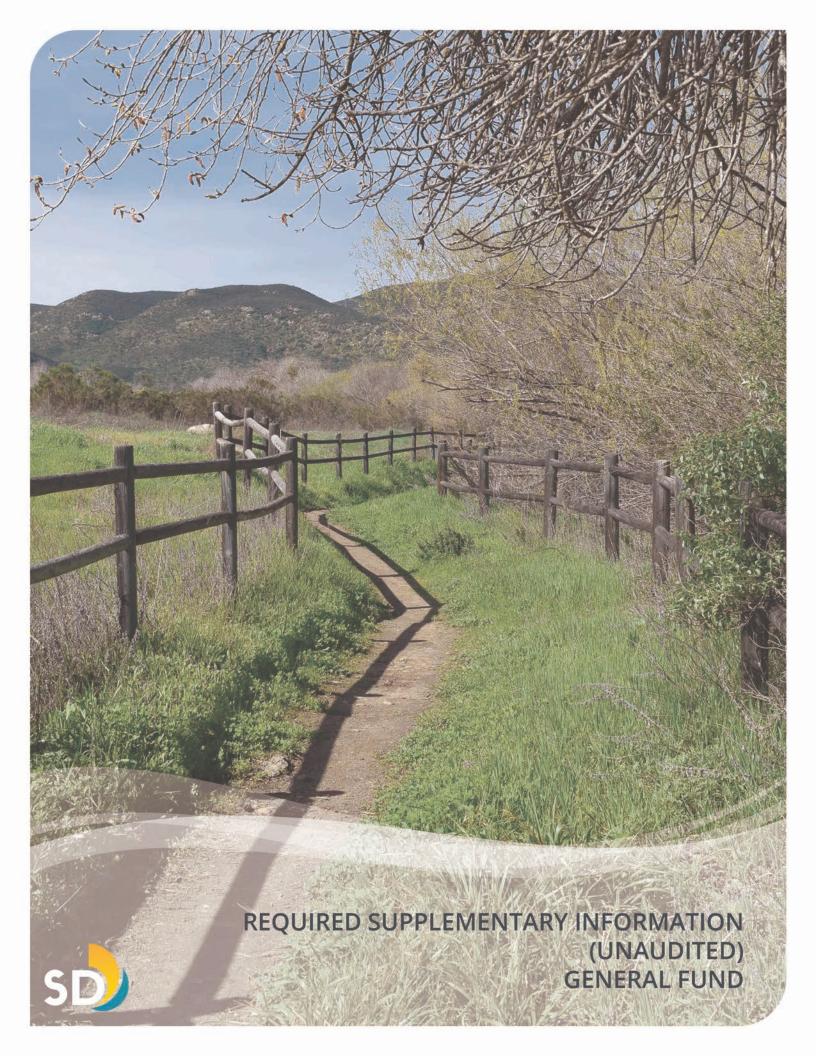
189

OPEB Plan Schedule of Employer Contributions Last 10 Fiscal Years (Dollars in Thousands)

	2020			2019	2018		
Contractually Required Contribution	\$	65,376	\$	63,781	\$	62,225	
Contributions in Relation to the Contractually Required Contributions		65,376		63,781		62,225	
Contribution Deficiency/(Excess)	\$	_	\$		\$	_	
Covered-Employee Payroll ¹	\$	38,707	\$	46,073	\$	51,483	
Contributions as a Percentage of Covered-Employee Payroll		168.90%		138.43%		120.87%	
		2017		2016		2015	
Contractually Required Contribution	\$	60,707	\$	59,227	\$	57,782	
Contributions in Relation to the Contractually Required Contributions		60,707		59,227		57,782	
Contribution Deficiency/(Excess)	\$		\$	_	\$	_	
Covered-Employee Payroll ¹	\$	61,397	\$	74,002	\$	87,252	

OPEB Contributions are intended to show information for ten years. Data will be displayed as it becomes available.

¹ Covered-Employee Payroll includes payroll for active employees in Options A and B only.



General Fund

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

General Fund revenues are derived from such sources as: Taxes; Franchise Fees, Licenses and Permits; Fines, Forfeitures, and Penalties; Revenue from the Use of Money and Property; Revenue from Federal and Other Agencies; Revenue from Private Sources; Charges for Current Services; and Other Revenue.

Current expenditures are classified by the following functions: General Government and Support; Public Safety - Police; Public Safety - Fire and Life Safety and Homeland Security; Parks, Recreation, Culture and Leisure; Transportation; Sanitation and Health; Neighborhood Services; Capital Outlay; and Debt Service Principal and Interest. This fund is appropriated annually.

GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL (BUDGETARY BASIS) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Original Budget	Fir	al Budget	Aı	Actual nounts ¹	Fin	iance with al Budget Positive legative)
REVENUES							
Property Taxes	\$ 601,925	\$	601,925	\$	609,297	\$	7,372
Sales Taxes	297,858		297,859		282,810		(15,049)
Transient Occupancy Taxes	136,880		136,880		95,242		(41,638)
Franchise Fees	82,027		81,932		77,357		(4,575)
Other Local Taxes	10,258		10,258		10,079		(179)
Licenses and Permits	34,680		38,813		37,756		(1,057)
Fines, Forfeitures and Penalties	31,117		30,137		25,900		(4,237)
Revenue from Use of Money and Property	64,436		64,436		61,554		(2,882)
Revenue from Federal Agencies	_		_		450		450
Revenue from Other Agencies	6,444		7,357		7,536		179
Revenue from Private Sources	647		647		688		41
Charges for Current Services	176,372		178,896		143,346		(35,550)
Other Revenue	 2,508		2,510		4,972		2,462
TOTAL REVENUES	 1,445,152		1,451,650		1,356,987		(94,663)
EXPENDITURES							
Current:							
General Government and Support	279,222		270,775		263,111		7,664
Public Safety - Police	538,584		557,364		557,364		_
Public Safety - Fire and Life Safety and Homeland Security	282,852		289,730		289,556		174
Parks, Recreation, Culture and Leisure	177,129		176,710		176,132		578
Transportation	69,890		64,964		63,588		1,376
Sanitation and Health	99,901		101,016		100,688		328
Neighborhood Services	35,435		36,600		35,859		741
Capital Outlay	1,705		1,641		864		777
Debt Service:							
Principal Retirement	18,278		11,823		11,618		205
Interest	1,787		9,015		8,351		664
TOTAL EXPENDITURES	1,504,783		1,519,638		1,507,131		12,507
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	 (59,631)		(67,988)		(150,144)		(82,156)
OTHER FINANCING SOURCES (USES)							
Transfers from Proprietary Funds	_		4,491		4.462		(29)
Transfers from Other Funds	104,075		100,949		177,052		76,103
Transfers to Proprietary Funds	_		(225)		(225)		_
Transfers to Other Funds	(85,202)		(77,985)		(67,628)		10,357
TOTAL OTHER FINANCING SOURCES (USES)	 18,873		27,230		113,661		86,431
NET CHANGE IN FUND BALANCE	(40,758)		(40,758)		(36,483)		4,275
FUND BALANCE AT BEGINNING OF YEAR	 256,534		256,534		256,534		
FUND BALANCE AT END OF YEAR	\$ 215,776	\$	215,776	\$	220,051	\$	4,275

See accompanying note to required supplementary information.

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION Fiscal Year Ended June 30, 2020

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Budgetary Data

Each year, the Mayor submits to the City Council and the public a proposed operating and capital improvements budget by April 15 for the fiscal year commencing July 1. This budget includes annual budgets for the following governmental funds:

General Fund

Special Revenue Funds

City of San Diego:

Acquisition, Improvement and Operations SDCCU Stadium Operations Transient Occupancy Tax Underground Surcharge Zoological Exhibits Other Special Revenue

Capital Projects Funds

City of San Diego: TransNet Capital Outlay

Included in the budget are funds that include appropriations for personnel expenses and capital projects and certain funds that collect restricted or committed revenue sources. For those funds not specifically included in the budget, the Appropriation Ordinance includes authorization to appropriate funds for the purpose established by applicable laws and/or in accordance with provisions of agreements authorized by the City Council.

Public hearings are conducted to obtain residents' comments on the proposed budget. A budget resolution legally adopting the budget for the next fiscal year is passed prior to June 15. During the month of July, the Appropriation Ordinance is passed by the City Council, appropriating funds according to the budget resolution. Budgets are prepared on the modified accrual basis of accounting, with the exception that any increase/ decrease in advances to other funds and agencies are considered as additions/deductions of expenditures. The City budget is prepared excluding unrealized gains or losses resulting from the change in fair value of investments.

Budgetary control is established at the highest level by the City Charter and further defined by the City Council in the Appropriation Ordinance. The level of budgetary control for all City funds is exercised at the salaries and wages and non-personnel expenditures level. Budgetary control for the General Fund is at the department level, while control for other budgeted funds, including those of certain component units, is maintained at the total fund appropriation level. All amendments to the adopted budget require City Council approval except as delegated in the Appropriation Ordinance.

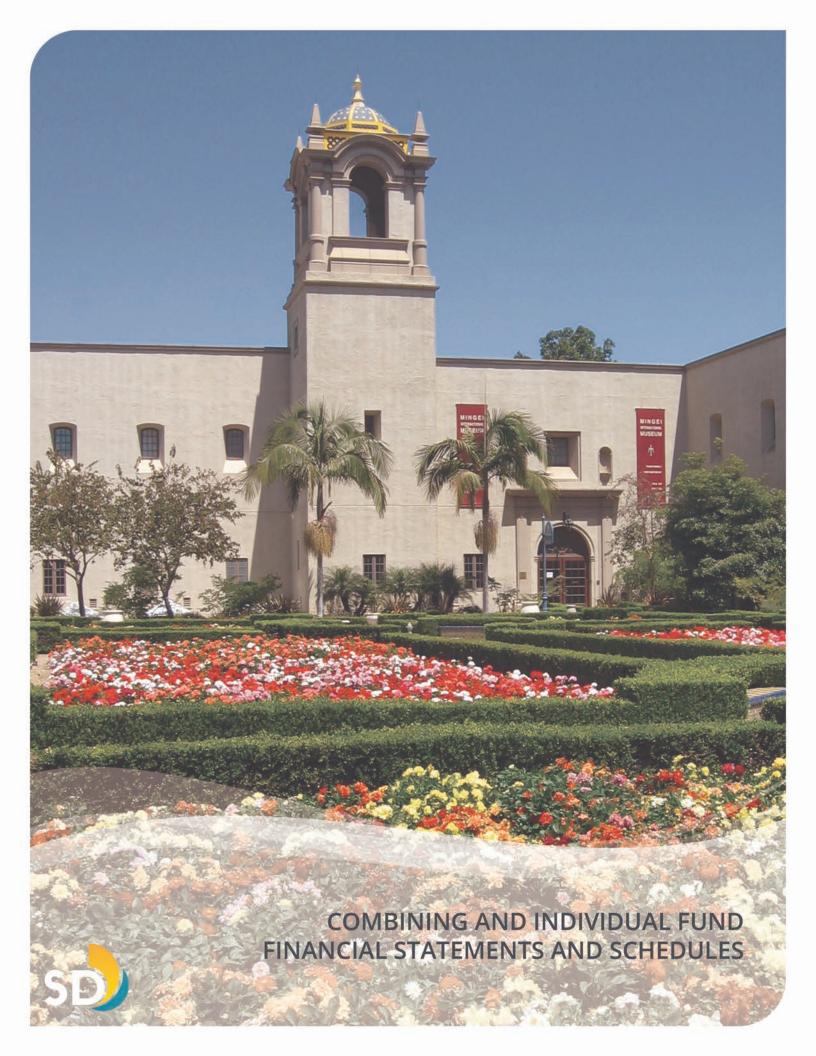
Reported budget figures are as originally adopted or subsequently amended. Appropriations lapse at year-end to the extent that they have not been expended except for those of a capital nature, which continue to subsequent years.

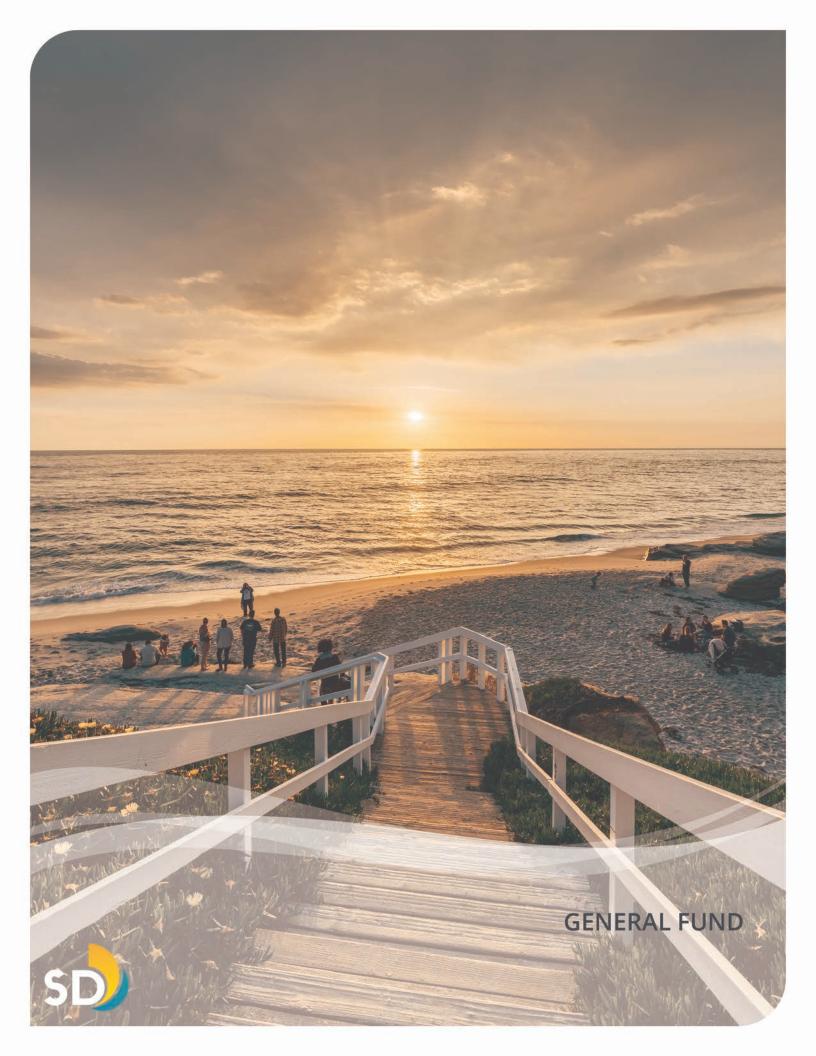
The following is a reconciliation of the net change in fund balance for the General Fund prepared on a GAAP basis to that prepared on the budgetary basis for the year ended June 30, 2020 (dollars in thousands):

	0	Seneral Fund
Net Change in Fund Balance - GAAP Basis	\$	(1,701)
Add (Deduct):		
Unrealized Gain, June 30, 2020		(6,059)
Unrealized Gain, June 30, 2019		2,900
Other Perspective Differences ¹		5,676
Other Fund Activity ²		(37,299)
Net Change in Fund Balance - Budgetary Basis	\$	(36,483)

¹ The City budgets and expends property management fees annually at a set monthly amount. This amount is then reconciled to monthly expenses for the property on a GAAP basis.

² The General Fund budgetary schedule includes funds associated with General Fund operations as reported in the City's budget. General Fund financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as a special revenue fund, pursuant to GASB Statement No. 54. The City administers a number of these funds as separate budgetary entities.





	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget Positive (Negative)		
PROPERTY TAXES					
Current Year - Secured (One Percent Allocation)	\$ 380,182	\$ 415,745	\$ (35,563)		
Current Year Supplemental - Secured		_	4,816		
Current Year - Unsecured		_	11,972		
Current Unsecured Supplemental Roll		_	46		
Homeowners' Exemptions - Secured		_	2,554		
Homeowners' Exemptions - Unsecured	2	—	2		
Prior years' - Secured		—	486		
Prior years' - Unsecured	(111)	_	(111)		
In-Lieu Vehicle License Fees		153,504	996		
Interest and Penalties on Delinquent Taxes		_	788		
Escapes - Secured		_	5,484		
Escapes - Unsecured		—	451		
Other Property Taxes		32,676	8,765		
State Secured Unitary	6,686		6,686		
TOTAL PROPERTY TAXES	609,297	601,925	7,372		
SALES TAXES	282,810	297,859	(15,049)		
TRANSIENT OCCUPANCY TAXES	95,242	136,880	(41,638)		
FRANCHISE FEES	77,357	81,932	(4,575)		
OTHER LOCAL TAXES					
Property Transfer Tax		10,258	(179)		
LICENSES AND PERMITS					
General Business Licenses		7,776	(735)		
Refuse Collection Business Licenses		1,215	(249)		
Rental Unit Tax		7,285	(753)		
Other Licenses and Permits		22,537	680		
TOTAL LICENSES AND PERMITS		38,813	(1,057)		
FINES, FORFEITURES AND PENALTIES					
California Vehicle Code Violations	20,945	25,903	(4,958)		
Other City Ordinance Code Violations	4,955	4,234	721		
TOTAL FINES, FORFEITURES AND PENALTIES	25,900	30,137	(4,237)		
REVENUE FROM USE OF MONEY AND PROPERTY					
Interest on Investments	3,910	3,040	870		
Balboa Park Rents and Concessions		269	(23)		
Mission Bay Park Rents and Concessions	25,868	31,762	(5,894)		
Other Rents and Concessions		29,365	2,165		
TOTAL REVENUE FROM USE OF MONEY AND PROPERTY		64,436	(2,882)		
REVENUE FROM FEDERAL AGENCIES		_	450		
REVENUE FROM OTHER AGENCIES					
State Motor Vehicle License Fees		_	1,124		
Local Relief	· · · · · · · · · · · · · · · · · · ·	110	(24)		
Other	6,326	7,247	(921)		
TOTAL REVENUE FROM OTHER AGENCIES		7,357	179		

(Continued on Next Page)

	Actua on Budget Basis	ary	I	Final Budget	Fina Po	ance with I Budget ositive egative)
REVENUE FROM PRIVATE SOURCES	\$	688	\$	647	\$	41
CHARGES FOR CURRENT SERVICES						
Cemetery Revenue		889		694		195
Fire Services		6,047		15,185		862
Library Revenue		426		441		(15)
Police Services		6,227		8,577		(2,350)
Swimming Pools Revenue		627		1,156		(529)
Miscellaneous Recreation Revenue		3,316		4,502		(1,186)
Other Services		2,039		2,049		(10)
Services Rendered to Other Funds for:		,		,		()
General Government and Financial		3,598		145,946		(32,348)
Miscellaneous Services		177		346		(169)
TOTAL CHARGES FOR CURRENT SERVICES	14	3,346		178,896		(35,550)
OTHER REVENUE						
Other Refunds of Prior Years' Expenditures		2,026		69		1.957
Repairs and Damage Recoveries		509		465		44
Sale of Personal Property		61		44		17
Miscellaneous Revenue		2,376		1,932		444
TOTAL OTHER REVENUE		4,972		2,510		2,462
TOTAL REVENUES		6,987		1,451,650		(94,663)
TRANSFERS FROM PROPRIETARY FUNDS						
Internal Service Funds:						
Miscellaneous Internal Service		4,462		4,491		(29)
TOTAL TRANSFERS FROM PROPRIETARY FUNDS		4,462		4,491		(29)
TRANSFERS FROM OTHER FUNDS						
Special Revenue Funds:						
City of San Diego:						
Interfund Transfers		86,554		44,354		92,200
Transient Occupancy Tax		6,755		16,863		(108)
Other Special Revenue - Unbudgeted		610		16,185		(15,575)
Capital Projects Funds:						(. ,
TransNet - Budgeted		0,474		11,544		(1,070)
Capital Outlay - Unbudgeted		2,217		11,919		298
Permanent Funds:						
Cemetery Perpetuity		442		84		358
TOTAL TRANSFERS FROM OTHER FUNDS		7,052		100,949	_	76,103
TOTAL REVENUE AND TRANSFERS	\$ 1,53	8,501	\$	1,557,090	\$	(18,589)

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. Transfers between the General Fund and these additional funds are titled "Interfund Transfers."

	Act or Budg Bas	n etary	Final Budget	Varianco Final Bi (Negat	udget
GENERAL GOVERNMENT AND SUPPORT					
Office of the Mayor					
Salaries and Wages		,	\$ 2,246	\$	_
Non-Personnel		1,549	1,640		91
Total Office of the Mayor		3,795	3,886		91
City Council District 1					
Salaries and Wages		656	656		_
Non-Personnel		647	791		144
Total City Council District 1		1,303	1,447		144
City Council District 2					
Salaries and Wages		623	623		_
Non-Personnel		613	705		92
Total City Council District 2		1,236	1,328		92
City Council District 3					
Salaries and Wages		731	731		_
Non-Personnel		578	626		48
Total City Council District 3		1,309	1,357		48
City Council District 4					
Salaries and Wages		604	604		_
Non-Personnel		716	762		46
Total City Council District 4		1,320	1,366		46
		.,	.,		
City Council District 5 Salaries and Wages		651	651		
Non-Personnel		440	642		202
Total City Council District 5		1,091	1,293		202
		.,	.,		
City Council District 6		709	709		
Salaries and Wages		709 454	709 564		110
Total City Council District 6		1,163	1,273		110
		1,100	1,270		110
City Council District 7		750	750		
Salaries and Wages		750	750		
Non-Personnel		500 1,250	<u>552</u> 1,302		52 52
Total City Council District 7		1,230	1,302		52
City Council District 8					
Salaries and Wages		702	702		_
Non-Personnel		820	871		51
Total City Council District 8		1,522	1,573		51
City Council District 9					
Salaries and Wages		656	656		—
Non-Personnel		729	773		44
Total City Council District 9		1,385	1,429		44
Council Administration					
Salaries and Wages		1,423	1,423		_
Non-Personnel		1,127	1,183		56
Total Council Administration		2,550	2,606		56

(Continued on Next Page)

	Actual on Budgetary Basis 1	Final Budget	Variance with Final Budget (Negative)
City Clerk	¢ 0.040	¢ 0.040	¢
Salaries and Wages		\$ 2,642 3,397	\$ — 104
Total City Clerk		6,039	104
		0,039	104
Independent Budget Analyst	1 107	4 407	
Salaries and Wages		1,167 979	_
Non-Personnel		2,146	
	2,140	2,140	
City Attorney	25 207	25 007	
Salaries and Wages		35,207 26,642	
Non-Personnel		61,849	5
	01,044	01,043	
Personnel Salarias and Wages	4 000	4 002	
Salaries and Wages Non-Personnel		4,993 4,706	106
Total Personnel		9,699	100
		5,000	
Ethics Commission	660	660	
Salaries and Wages Non-Personnel		660 593	
Total Ethics Commission		1,253	85
	1,100	1,200	05
Office of the City Auditor	1.001	4.004	
Salaries and Wages		1,964 1,635	
Total Office of the City Auditor		3,599	80
·		0,000	
Assistant Chief Operating Officer	E07	F07	
Salaries and Wages		527 538	 10
Total Assistant Chief Operating Officer		1,065	10
	1,033_	1,000	
Performance and Analytics	1 495	4 405	
Salaries and Wages		1,485 2,068	
Non-Personnel		3,553	467
·		0,000	
Human Resources	2.045	2.045	
Salaries and Wages Non-Personnel		2,945	310
Non-Personnel Total Human Resources		2,775	310
		5,720	
Department of Information Technology	44	C1	20
Non-Personnel		61	20
Office of the Chief Operating Officer			
Salaries and Wages		614	_
Non-Personnel		682	
Total Office of the Chief Operating Officer	1,296	1,296	
Internal Operations			
Salaries and Wages		225	_
Non-Personnel		245	24
Total Internal Operations	446	470	24

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)
Communications			
Salaries and Wages		\$ 2,358	\$ —
Non-Personnel		2,482	210
Total Communications	4,630	4,840	210
Office of Boards & Commissions			
Salaries and Wages		487	—
Non-Personnel	244	287	43
Total Office of Boards & Commissions	731	774	43
Government Affairs			
Salaries and Wages		722	_
Non-Personnel		467	69
Total Government Affairs	1,120	1,189	69
Chief Financial Officer			
Salaries and Wages		298	_
Non-Personnel		311	_
Total Chief Financial Officer		609	
Debt Management	4 577	1 677	
Salaries and Wages		1,577 958	 96
Non-Personnel		2,535	96
ů –	2,439_	2,000	90
Purchasing and Contracting			
Salaries and Wages		2,980	_
Non-Personnel		16,476	403
Total Purchasing and Contracting	19,053	19,456	403
City Treasurer			
Salaries and Wages		7,140	—
Non-Personnel		9,542	566
Total City Treasurer		16,682	566
Department of Finance			
Salaries and Wages	9,736	9,736	_
Non-Personnel	8,249	8,570	321
Total Department of Finance		18,306	321
Smart and Sustainable Communities			
Salaries and Wages		644	_
Non-Personnel		706	378
Total Smart and Sustainable Communities		1,350	378
Real Estate Assets		<u>.</u>	
Salaries and Wages		2,301	
Non-Personnel		3,497	666
Total Real Estate Assets		5,798	666
		0,,00	
Office of Sustainability	200	200	
Salaries and Wages		398 691	 440
Non-Personnel		1,089	440
	049	1,009	440

(Continued on Next Page)

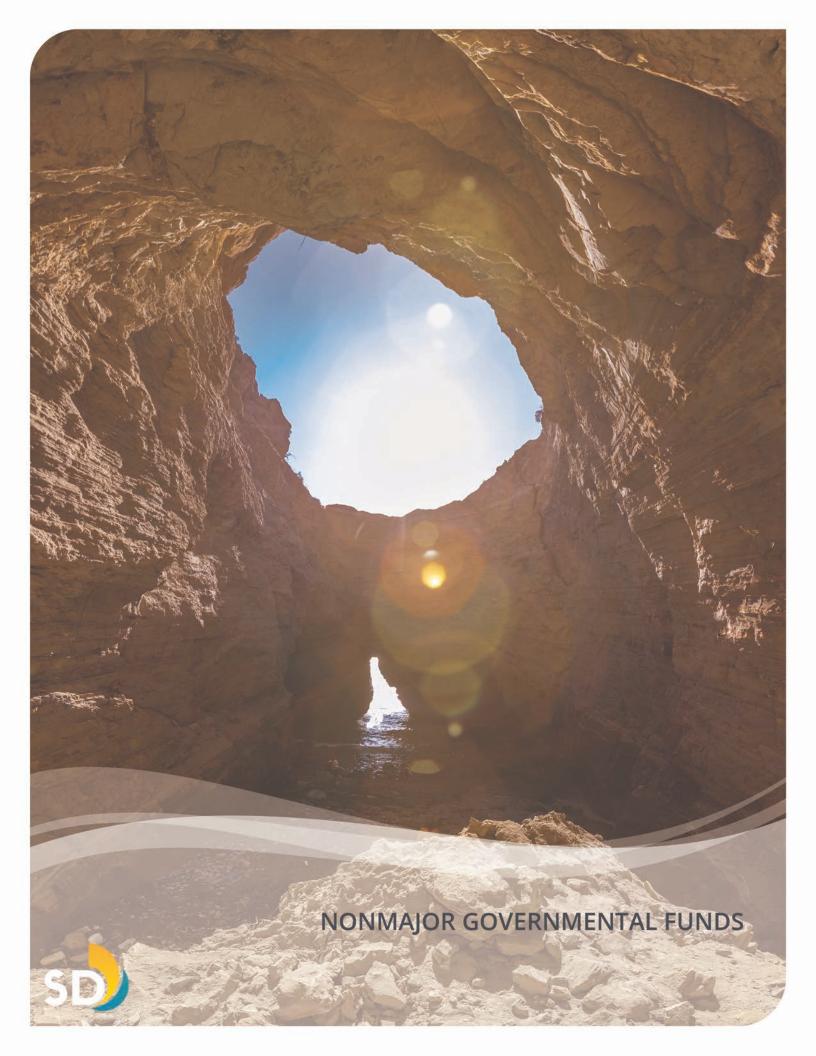
Citywide Expenses 56,703 58,335 1,632 TOTAL GENERAL GOVERNMENT AND SUPPORT 263,111 270,775 7,664 PUBLIC SAFETY - POLICE Salaries and Wages 280,838		Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)	
Non-Personnel 12,578 13,110 532 Total General Services 23,115 23,647 532 Volice WorkInfrastructure 324 555 161 Salaries and Wages 288 288 - Non-Personnel 126 287 161 Total Public WorkInfrastructure 394 555 161 Citywide Expenses 56,703 58,335 1,532 TOTAL GENERAL GOVERNMENT AND SUPPORT 283,111 270,775 7,664 PUBLIC SAFETY - POLICE 280,838 280,838 - Salaries and Wages 280,838 280,838 - Non-Personnel 276,526 276,526 - TOTAL PUBLIC SAFETY - POLICE 557,364 - - PUBLIC SAFETY - FOLICE 557,364 - - Salaries and Wages 138,714 - 484,286 148,333 97 Total Fire - Rescue 287,000 287,007 97 07 07 106 - - Salar					
Total General Services 23,115 23,647 532 Public Works/Infrastructure 28 28 — Salaries and Wages 28 287 161 Total Public Works/Infrastructure 384 555 161 Otivide Expresses 384 555 161 Non-Personnel 56,703 58,335 1,632 VDLIC SAFETY - POLICE 281niss and Wages 280,533 200,833 — Salaries and Wages 280,533 200,833 — — VDLIC SAFETY - POLICE 557,364 — — Salaries and Wages 280,733 38,714 — Salaries and Wages 138,714 — — Salaries and Wages 138,714 — — Salaries and Wages 138,714 — — Salaries and Wages 1,60 1.160 — Salaries and Wages 2,62 2,633 ? Salaries and Wages 2,62 2,633 ? Salaries and Wages	-				
Public Works/Infrastructure 268 268 - Salaries and Wages 268 268 - Non-Personnel 126 287 161 Citywide Expenses 394 555 161 Non-Personnel 56,703 58,335 1,632 PUBLIC SAFETY - POLICE 283,111 270,775 7,664 Salaries and Wages 280,838 - - Non-Personnel 276,526 - - PUBLIC SAFETY - POLICE 557,364 - - Salaries and Wages 138,714 - - - Salaries and Wages 138,714 - - - Salaries and Wages 138,714 - - - Salaries and Wages 1,160 1,160 - - Salaries and Wages 1,160 1,160 - - Non-Personnel 1,296 247,097 97 Office of Homeland Security 2,556 2,633 777 Total L					
Salaries and Wages 268 287 161 Non-Personnel 126 287 161 Total Public Works/Infrastructure 394 555 161 Citywide Expenses 56,703 58,335 1.632 Non-Personnel 263,111 270,775 7,664 PUBLIC SAFETY - POLICE 280,838 280,838 - Salaries and Wages 280,838 280,838 - Non-Personnel 276,526 - - TOTAL PUBLIC SAFETY - POLICE 557,364 - - PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY - - - File - Rescue 287,000 287,097 97 Office of Homeland Security 2,160 287,097 97 Office of Homeland Security 2,256 2,633 777 Total PubLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 Parks, RECREATION, CULTURE AND LEISURE 1.160 1.160 - Library Salaries and Wages 33,398 <td></td> <td>20,110</td> <td>20,047</td> <td></td>		20,110	20,047		
Non-Personnel 126 287 161 Total Public Works/Infrastructure 394 555 101 Citywide Expenses 56,703 58,335 1.632 Non-Personnel 56,703 58,335 1.632 TOTAL GENERAL GOVERNMENT AND SUPPORT 263,111 270,775 7,664 PUBLIC SAFETY - POLICE 56,703 58,335 - Salaries and Wages 280,838 280,838 - Non-Personnel 276,526 276,526 - TOTAL PUBLIC SAFETY - FOLICE 557,364 - - Salaries and Wages 138,714 138,714 - - Non-Personnel 148,286 148,383 97 Total Fire - Rescue 287,000 287,007 97 Salaries and Wages 1.160 1,460 - Non-Personnel 1.396 1,473 77 Total Office of Homeland Security 2.556 2.633 77 Total Public SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730		268	268	_	
Total Public Works/Infrastructure 394 555 161 Cityvide Expenses 56,703 58,335 1,632 Non-Personnel 263,111 270,775 7,664 PUBLIC SAFETY - POLICE 280,838 280,838 - Sataries and Wages 280,838 280,838 - Non-Personnel 276,526 276,526 - TOTAL PUBLIC SAFETY - POLICE 557,364 - - PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY - - - Fire - Rescue 287,000 287,007 97 Sataries and Wages 138,714 - - Non-Personnel 1,396 1,473 77 Total Fire - Rescue 287,000 287,007 97 Office of Homeland Security 2,556 2,633 777 Total PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,566 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 1,396 1,473 77 Total PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY <td></td> <td></td> <td></td> <td>161</td>				161	
Non-Personnel 56,703 58,335 1,632 TOTAL GENERAL GOVERNMENT AND SUPPORT 263,111 270,775 7,664 PUBLIC SAFETY - POLICE - - - Salaries and Wages 226,526 - - TOTAL PUBLIC SAFETY - POLICE - - - TOTAL PUBLIC SAFETY - POLICE - - - PUBLIC SAFETY - FOLICE - - - Solaries and Wages - - - PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY - - Fire - Rescue - - - Salaries and Wages - 148,286 148,383 - Total Fire - Rescue - 287,000 287,097 97 Office of Homeland Security - 1,396 1,473 77 Total Office of Homeland Security - 2,556 2,633 77 Total PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 22,956 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE	Total Public Works/Infrastructure			161	
TOTAL GENERAL GOVERNMENT AND SUPPORT 263,111 270,775 7,664 PUBLIC SAFETY - POLICE 280,838 363,939 30,997 377 377 380,111 180,714 180,714 380,714 380,714 380,714 380,714 380,714 380,714 380,714 370,707 377 370 360,709,709,709,709,70,979 370 370 370,710,755,70,710,77,755,70,70,77,70,77,70,77,70,77,70,77,70,77,77		56,703	58,335	1,632	
PUBLIC SAFETY - POLICE 280,838 363,89 377 Salaries and Wages 1,160 1,160 1,160 1,160 1,160 2,162 289,730 174 PARKS, RECREATION, CULTURE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 10,218 22,182 2,18	TOTAL GENERAL GOVERNMENT AND SUPPORT	263 111	270 775	7 664	
Salaries and Wages 280,838 280,838 — Non-Personnel 276,526 276,526 — TOTAL PUBLIC SAFETY - FOLICE 557,364 — — PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY Fire - Rescue 138,714 138,714 — Salaries and Wages 138,714 138,714 — — — Mon-Personnel 148,286 148,383			210,110	1,001	
Non-Personnel 276,526 276,526		280 838	280 838	_	
PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY Fire - Rescue Salaries and Wages 138,714 138,714 Non-Personnel 148,286 148,383 97 Total Fire - Rescue 287,000 287,007 97 Office of Homeland Security 281aries and Wages 1,160 - Salaries and Wages 1,160 1,160 - Non-Personnel 1,396 1,473 77 Total Office of Homeland Security 2,556 2,633 77 Total Office of Homeland Security 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 - - Library 33,398 33,398 - - Total Library 55,580 55,580 - - Parks and Recreation 33,398 - - - Salaries and Wages 40,293 40,293 - Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399	-			_	
PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY Fire - Rescue Salaries and Wages 138,714 138,714 Non-Personnel 148,286 148,383 97 Total Fire - Rescue 287,000 287,007 97 Office of Homeland Security 281aries and Wages 1,160 - Salaries and Wages 1,160 1,160 - Non-Personnel 1,396 1,473 77 Total Office of Homeland Security 2,556 2,633 77 Total Office of Homeland Security 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 - - Library 33,398 33,398 - - Total Library 55,580 55,580 - - Parks and Recreation 33,398 - - - Salaries and Wages 40,293 40,293 - Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399	TOTAL PUBLIC SAFETY - POLICE	557.364	557,364		
Salaries and Wages 138,714 138,714	PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY				
Salaries and Wages 138,714 138,714	Fire - Rescue				
Total Fire - Rescue 287,000 287,097 97 Office of Homeland Security Salaries and Wages 1,160 1,160 Non-Personnel 1,396 1,473 777 777 Total Office of Homeland Security 2,556 2,633 777 TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 1174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 - 33,398 33,398 - Library Salaries and Wages 22,182 22,182 - - Non-Personnel 33,398 33,398 - - - Total Library 55,580 55,580 - - - Parks and Recreation 3177,528 78,106 578 - Non-Personnel 77,528 78,106 578 - Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132		138,714	138,714	_	
Office of Homeland Security 1,160 1,160 - Salaries and Wages 1,160 1,160 - Non-Personnel 1,396 1,473 77 Total Office of Homeland Security 2,556 2,633 77 TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 22,182 - Library 33,398 33,398 - Salaries and Wages 22,182 22,182 - Non-Personnel 33,398 33,398 - Total Library 55,580 55,580 - Parks and Recreation 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 - Non-Personnel 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 39,996 23,996 -	Non-Personnel	148,286	148,383	97	
Salaries and Wages 1,160 1,160 - Non-Personnel 1,396 1,473 77 Total Office of Homeland Security 2,556 2,633 77 TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 2 - Library Salaries and Wages 22,182 2 - Non-Personnel 33,398 33,398 - - Total Library 55,580 55,580 - - Parks and Recreation 33,398 340,293 - - Salaries and Wages 40,293 40,293 - - Non-Personnel 77,528 78,106 578 - Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions Non-Personnel 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 -<	Total Fire - Rescue	287,000	287,097	97	
Non-Personnel 1,396 1,473 77 Total Office of Homeland Security 2,556 2,633 77 TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 1174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 22,182 - Library 33,398 33,398 - - Non-Personnel 33,398 33,398 - - Total Library 55,580 55,580 - - Parks and Recreation 33,398 - - - Salaries and Wages 40,293 40,293 - - Non-Personnel 77,528 78,106 57.80 - Total Parks and Recreation 117,821 118,399 57.80 Reservoir Concessions 2,731 2,731 - Non-Personnel 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 57.8 TRANSPORTATION 39,592 40,968 1,37.6 <td>Office of Homeland Security</td> <td></td> <td></td> <td></td>	Office of Homeland Security				
Total Office of Homeland Security 2,556 2,633 77 TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE 22,182 22,182 - Library 33,398 33,398 - Non-Personnel 33,398 33,398 - Total Library 55,580 55,580 - Parks and Recreation 34,293 40,293 - Salaries and Wages 40,293 40,293 - Non-Personnel 77,528 78,106 578 Total Parks and Recreation 2173,1 2,731 - Non-Personnel 2,731 2,731 - Total Parks and Recreation 2,731 2,731 - Non-Personnel 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 - 39,592 40,968 1,376	0		1	_	
TOTAL PUBLIC SAFETY - FIRE AND LIFE SAFETY AND HOMELAND SECURITY 289,556 289,730 174 PARKS, RECREATION, CULTURE AND LEISURE Library 22,182 22,182 - Non-Personnel 33,398 33,398 - - Total Library 55,580 55,580 - - Parks and Recreation 55,580 55,580 - - Salaries and Wages 40,293 40,293 - - Non-Personnel 77,528 78,106 57,88 - Total Parks and Recreation 117,821 118,399 57,88 - Non-Personnel 2,731 2,731 - - Total Parks and Recreation 2,731 2,731 - - Non-Personnel 2,731 2,731 -					
PARKS, RECREATION, CULTURE AND LEISURE Library Salaries and Wages 22,182 22,182 — Non-Personnel 33,398 33,398 — — Total Library 55,580 55,580 — — Parks and Recreation 33,398 40,293 — — Salaries and Wages 40,293 40,293 — — Non-Personnel 77,528 78,106 578 — Total Parks and Recreation 117,821 118,399 578 — Reservoir Concessions					
Library Salaries and Wages 22,182 22,182 - Non-Personnel 33,398 33,398 - Total Library 55,580 - - Parks and Recreation 40,293 40,293 - Salaries and Wages 40,293 40,293 - Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 - Non-Personnel 27,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION Salaries and Wages 23,996 23,996 - Non-Personnel 39,592 40,968 1,376		289,556	289,730	174	
Salaries and Wages 22,182 22,182 — Non-Personnel 33,398 33,398 — Total Library 55,580 55,580 — Parks and Recreation 40,293 40,293 — Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 — Non-Personnel 176,132 176,710 578 TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 — Non-Personnel 39,592 40,968 1,376	PARKS, RECREATION, CULTURE AND LEISURE				
Non-Personnel 33,398 33,398 33,398 - Total Library 55,580 55,580 - Parks and Recreation 55,580 40,293 40,293 - Non-Personnel 77,528 78,106 5778 Total Parks and Recreation 117,821 118,399 5778 Reservoir Concessions 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 - Non-Personnel 23,996 23,996 - Non-Personnel 39,592 40,968 1,376		00.400	00.400		
Total Library 55,580 55,580 — Parks and Recreation 40,293 40,293 — Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 — TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 — Non-Personnel 39,592 40,968 1,376	5		,	_	
Parks and Recreation 40,293 40,293 - Salaries and Wages 40,293 40,293 - Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 - Non-Personnel 2,731 2,731 - TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 23,996 - Non-Personnel 23,996 23,996 - Non-Personnel 39,592 40,968 1,376					
Salaries and Wages 40,293 40,293 — Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 — TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION Salaries and Wages 23,996 23,996 — Non-Personnel 39,592 40,968 1,376		00,000	00,000		
Non-Personnel 77,528 78,106 578 Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions 2,731 2,731 — TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION 23,996 —		40 293	40 293	_	
Total Parks and Recreation 117,821 118,399 578 Reservoir Concessions Non-Personnel 2,731 2,731 — TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION Salaries and Wages 23,996 — Non-Personnel 39,592 40,968 1,376	0		1	578	
Non-Personnel 2,731 2,731 — TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION Salaries and Wages 23,996 — Non-Personnel 39,592 40,968 1,376	Total Parks and Recreation			578	
TOTAL PARKS, RECREATION, CULTURE AND LEISURE 176,132 176,710 578 TRANSPORTATION Salaries and Wages 23,996 — Non-Personnel 39,592 40,968 1,376	Reservoir Concessions				
TRANSPORTATION 23,996 23,996 — Salaries and Wages 23,996 — 39,592 40,968 1,376	Non-Personnel	2,731	2,731		
Salaries and Wages 23,996 - Non-Personnel 39,592 40,968 1,376	TOTAL PARKS, RECREATION, CULTURE AND LEISURE	176,132	176,710	578	
Non-Personnel 39,592 40,968 1,376	TRANSPORTATION				
	Salaries and Wages	23,996		_	
TOTAL TRANSPORTATION 63,588 64,964 1,376	Non-Personnel	39,592	40,968	1,376	
	TOTAL TRANSPORTATION	63,588	64,964	1,376	

	Actual on Budgetary Basis ¹	Final Budget	Variance with Final Budget (Negative)	
SANITATION AND HEALTH				
Environmental Services Salaries and Wages Non-Personnel Total Environmental Services	\$ 10,397 <u>37,755</u> 48,152	\$ 10,397 38,056 48,453	\$	
Storm Water Salaries and Wages Non-Personnel Total Storm Water	13,519 39,017 52,536	13,519 39,044 52,563		
TOTAL SANITATION AND HEALTH	100,688	101,016	328	
NEIGHBORHOOD SERVICES Development Services Salaries and Wages Non-Personnel Total Development Services	4,122 3,491 7,613	4,122 3,491 7,613		
Economic Development Salaries and Wages Non-Personnel Total Economic Development	4,188 <u>9,006</u> 13,194	4,188 9,594 13,782		
Neighborhood Services Salaries and Wages Non-Personnel Total Neighborhood Services	1,101 	1,101 		
Planning Salaries and Wages Non-Personnel Total Planning	4,985 4,526 9,511	4,985 4,679 9,664		
TOTAL NEIGHBORHOOD SERVICES	35,859	36,600	741	
CAPITAL OUTLAY	864	1,641	777	
DEBT SERVICE Principal Retirement Interest	11,618 8,351	11,823 9,015	205 664	
TOTAL DEBT SERVICE	19,969	20,838	869	
TOTAL EXPENDITURES	1,507,131	1,519,638	12,507	

(Continued on Next Page)

	Actual on Budgetary Basis ¹			Final Budget	Variance with Final Budget (Negative)		
TRANSFERS TO PROPRIETARY FUNDS							
Enterprise Funds: Development Services	\$	225	\$	225	\$		
TRANSFERS TO OTHER FUNDS							
Special Revenue Funds: City of San Diego:							
Interfund Transfers		31,690		42,046		10,356	
Transient Occupancy Tax		3,950		3,950		—	
Other Special Revenue - Unbudgeted		1,419		1,419			
Total Special Revenue Funds		37,059		47,415		10,356	
Debt Service Funds: Public Facilities Financing Authority		17,153		17,153			
Capital Projects Funds: City of San Diego:							
Capital Outlay - Budgeted		5,880		5,880		—	
Capital Outlay - Unbudgeted		7,502		7,503		1	
Public Facilities Financing Authority		34		34			
Total Capital Projects Funds		13,416		13,417		1	
TOTAL TRANSFERS TO OTHER FUNDS		67,628		77,985		10,357	
TOTAL EXPENDITURES AND TRANSFERS	\$	1,574,984	\$	1,597,848	\$	22,864	

¹ Amounts include funds associated with General Fund operations as reported in the City's budget. Financial statements prepared on a GAAP basis include additional funds that do not meet the criteria to be classified as special revenue funds, pursuant to GASB Statement No. 54. Transfers between the General Fund and these additional funds are titled "Interfund Transfers."

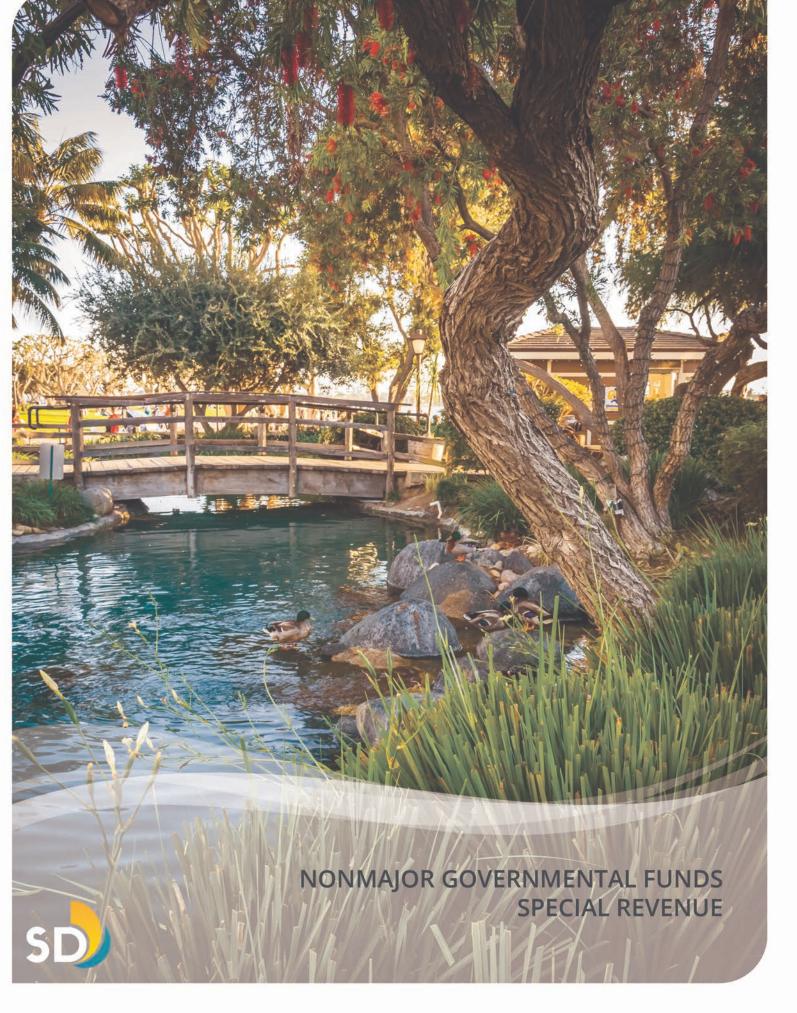


NONMAJOR GOVERNMENTAL FUNDS COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

		Special Revenue	ę	Debt Service	Capital Projects	P	ermanent	al Nonmajor vernmental Funds
ASSETS								
Cash and Investments	\$	487,326	\$	5	\$ 686,394	\$	_	\$ 1,173,725
Receivables:								
Taxes - Net of Allowance for Uncollectibles		19,504		_	24,802		_	44,306
Accounts - Net of Allowance for Uncollectibles		5,358		4,984	1,247		_	11,589
Claims		_		_	29,337		_	29,337
Special Assessments		838		_	_		_	838
Notes		289,318		_	_		_	289,318
Loans		110,494		_	_		_	110,494
Accrued Interest		1,229		_	1,656		13	2,898
Grants		24,618		_	37,923		_	62,541
From Other Funds		—		_	11,755		_	11,755
Interfund Loan Receivable		—		_	26,167		_	26,167
Advances to Other Agencies		2,524		_	_		_	2,524
Land Held for Resale		20,778		_	_		_	20,778
Restricted Cash and Investments		1,296		11,722	 41,156		21,417	 75,591
TOTAL ASSETS	\$	963,283	\$	16,711	\$ 860,437	\$	21,430	\$ 1,861,861
LIABILITIES								
Accounts Payable	\$	55,419	\$	_	\$ 37,640	\$	2	\$ 93,061
Accrued Wages and Benefits		429		_	_		_	429
Other Accrued Liabilities		28		_	22,339		_	22,367
Due to Other Funds		712		_	21,224		_	21,936
Unearned Revenue		35,220		_	16,502		_	51,722
Interfund Loan Payable				_	 26,167			 26,167
TOTAL LIABILITIES		91,808			123,872		2	215,682
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Taxes		293		_	24,797		_	25,090
Unavailable Revenue - Grants		16,820		_	37,782		_	54,602
Unavailable Revenue - Other		4,039		4,984	 340		_	 9,363
TOTAL DEFERRED INFLOWS OF RESOURCES		21,152		4,984	62,919		_	 89,055
FUND BALANCES								
Nonspendable		_		_	_		18,286	18,286
Restricted		822,965		11,727	726,985		3,142	1,564,819
Committed		44,195		_	19,143		_	63,338
Unassigned (Deficit)	····	(16,837)			 (72,482)			 (89,319)
TOTAL FUND BALANCES		850,323		11,727	 673,646		21,428	 1,557,124
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	963,283	\$	16,711	\$ 860,437	\$	21,430	\$ 1,861,861

NONMAJOR GOVERNMENTAL FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		pecial evenue	Debt Capital Service Projects			Per	manent	Total Nonmajor Governmental Funds		
REVENUES										
Property Taxes	\$	15,537	\$ _	\$	_	\$	_	\$	15,537	
Special Assessments		56,705	_		_		_		56,705	
Sales Taxes		_	_		37,456		_		37,456	
Transient Occupancy Taxes		85,938	_		_		_		85,938	
Franchises		63,716	_		_		_		63,716	
Licenses and Permits		13,112	_		49,510		_		62,622	
Fines, Forfeitures and Penalties		3,758	_		_		_		3,758	
Revenue from Use of Money and Property		31,454	538		21,432		443		53,867	
Revenue from Federal Agencies		53,420	_		15,270		_		68,690	
Revenue from Other Agencies		15,125	10,178		21,893		_		47,196	
Revenue from Private Sources		5,055	_		930		_		5,985	
Charges for Current Services		17,707	_		_		134		17,841	
Other Revenue		2,922	_		3,348		_		6,270	
TOTAL REVENUES		364,449	10,716		149,839		577		525,581	
EXPENDITURES										
Current:										
General Government and Support		13,903	_		2,948		_		16,851	
Public Safety - Police		10,840	_		5,000		_		15,840	
Public Safety - Fire and Life Safety and										
Homeland Security		11,092	_		589		—		11,681	
Parks, Recreation, Culture and Leisure		139,227	_		611		30		139,868	
Transportation		96,347	_		4,415		_		100,762	
Sanitation and Health		2,393	_		806		73		3,272	
Neighborhood Services		97,973	_		944		_		98,917	
Capital Outlay		27,773	_		192,167		_		219,940	
Debt Service:										
Principal Retirement		364	34,290		454		_		35,108	
Interest		139	26,379		257		_		26,775	
TOTAL EXPENDITURES		400,051	60,669		208,191		103		669,014	
EXCESS (DEFICIENCY) OF REVENUES OVER										
(UNDER) EXPENDITURES		(35,602)	 (49,953)		(58,352)		474		(143,433)	
OTHER FINANCING SOURCES (USES)										
Transfers from Proprietary Funds		64	—		_		—		64	
Transfers from Other Funds		13,123	49,824		14,488		—		77,435	
Transfers to Other Funds		(53,182)	_		(26,398)		(557)		(80,137)	
Proceeds from the Sale of Capital Assets		—	_		5,644		_		5,644	
Loans Issued		_	_		26,167		_		26,167	
Commercial Paper Notes Issued		_	 		22,686				22,686	
TOTAL OTHER FINANCING SOURCES (USES)		(39,995)	 49,824		42,587		(557)		51,859	
Special Item		(10,117)	 						(10,117)	
NET CHANGE IN FUND BALANCES		(85,714)	(129)		(15,765)		(83)		(101,691)	
Fund Balances at Beginning of Year		936,037	 11,856		689,411		21,511		1,658,815	
FUND BALANCES AT END OF YEAR	\$	850,323	\$ 11,727	\$	673,646	\$	21,428	\$	1,557,124	



SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources (other than those for debt service or major capital projects) that are restricted or committed to expenditures for specified purposes.

CITY OF SAN DIEGO

ACQUISITION, IMPROVEMENT AND OPERATIONS - BUDGETED

This fund accounts for various operating activities including business improvement areas, lighting and landscape maintenance areas, facilities financing, and the City's public art program. Revenues are derived from business tax surcharges, special assessments on property, various rents, concessions and fees.

SDCCU STADIUM OPERATIONS - BUDGETED

This fund accounts for the operations of the SDCCU Stadium. The Stadium is host to San Diego State University Aztecs football, the San Diego County Credit Union Holiday Bowl, and other special events. Revenues are derived from rents, concessions, parking, and advertising.

TRANSIENT OCCUPANCY TAX - BUDGETED

This fund was established to receive and expend transient occupancy taxes. Since 1964, a tax has been imposed on transients of hotel and motel rooms in the City of San Diego. Effective since August 1994, the tax rate is 10.5%.

UNDERGROUND SURCHARGE - BUDGETED

This fund was established to account for activities related to the undergrounding of utilities. This fund receives and disburses undergrounding surcharge revenue in accordance with the City's franchise agreements with SDG&E.

ZOOLOGICAL EXHIBITS - BUDGETED

This fund was established to collect monies from a fixed property tax levy authorized by Section 77a of the City Charter for the maintenance of zoological exhibits. These funds are remitted in accordance with a contractual agreement with the San Diego Zoological Society, a not-for-profit corporation independent from the City.

OTHER SPECIAL REVENUE - BUDGETED

This fund was established to account for revenues derived specifically for a variety of budgeted special programs administered by City departments such as Development Services, Planning and Police. Revenues in this fund are derived from service charges, revenues from other agencies, and fines.

GRANTS - UNBUDGETED

This fund was established to account for revenue received from federal, state and other governmental agencies. Expenditures are made and accounted for as prescribed by appropriate grant provisions/agreements.

LOW-MODERATE INCOME HOUSING - UNBUDGETED

This fund was established to account for affordable housing assets transferred from the Successor Agency to the Successor Housing Entity, which is the City, as required by California Health and Safety Code Section 34176(d), due to the dissolution of the Redevelopment Agency. This fund will also account for any future revenues generated from the housing assets.

OTHER SPECIAL REVENUE - UNBUDGETED

This fund was established to account for revenues earmarked for a variety of special programs administered by such City departments as Economic Development, Libraries, Parks and Recreation, and Police. Revenues in this fund are derived from such sources as parking fees, service charges, contributions from other agencies and private sources, and interest earnings.

BLENDED COMPONENT UNITS

CIVIC SAN DIEGO

Civic San Diego (CSD) is a not-for-profit public benefit corporation resulting from restructuring and reorganizing the former Centre City Development Corporation (CCDC) and the Southeastern Economic Development Corporation (SEDC) into a single corporation. CCDC and SEDC were originally established to administer certain redevelopment project areas throughout the City. Upon dissolution of the former San Diego Redevelopment Agency (former RDA), CSD's main function is now focused on providing administrative and advisory services to the City as the Successor Agency. CSD also assists the City with downtown parking management administration and affordable housing development. (See Note 22 for additional information on Civic San Diego.)

TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION

This fund was established to account for the activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. The TSRFC's special revenue fund is used to account for the expenditures incurred for administrative services provided by the City.

ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY (EIFDPFA)

This fund was established to finance certain public infrastructure and community benefit projects authorized under the Enhanced Infrastructure Financing District (EIFD) Law Government Code sections 53398.50 through 53398.88.

NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	Sa	City of an Diego	Civic n Diego	Settle Rev Fun	acco ement enue ding pration	EIFDPFA		Total
ASSETS								
Cash and Investments	\$	487,124	\$ _	\$	_	\$	202	\$ 487,326
Receivables:								
Taxes - Net of Allowance for Uncollectibles		19,486	_		_		18	19,504
Accounts - Net of Allowance for Uncollectibles		5,358	_		_		_	5,358
Special Assessments		838	_		_		_	838
Notes		289,318	_		_		_	289,318
Loans		110,494	_		_		_	110,494
Accrued Interest		1,226	_		_		3	1,229
Grants		24,618	_		_		_	24,618
Advances to Other Agencies		2,524	_		_		_	2,524
Land Held for Resale		20,778	_		_		_	20,778
Restricted Cash and Investments		1,163	 _		133		_	 1,296
TOTAL ASSETS	\$	962,927	\$ 	\$	133	\$	223	\$ 963,283
LIABILITIES								
Accounts Payable	\$	55,417	\$ _	\$	—	\$	2	\$ 55,419
Accrued Wages and Benefits		429	_		_		_	429
Other Accrued Liabilities		28	_		_		_	28
Due to Other Funds		712	_		_		_	712
Unearned Revenue		35,220	 _		_		_	 35,220
TOTAL LIABILITIES		91,806	 _		_		2	 91,808
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Taxes		293	_		—		_	293
Unavailable Revenue - Grants		16,820	_		_		_	16,820
Unavailable Revenue - Other		4,039	 _		_		_	 4,039
TOTAL DEFERRED INFLOWS OF RESOURCES		21,152	 _		_		_	 21,152
FUND BALANCES								
Restricted		822,611	_		133		221	822,965
Committed		44,195	_		_		_	44,195
Unassigned (Deficit)		(16,837)	 					 (16,837)
TOTAL FUND BALANCES		849,969	 _		133		221	 850,323
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	962,927	\$ 	\$	133	\$	223	\$ 963,283

NONNONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		City of San Diego		ivic Diego	Tobacco Settlement Revenue Funding	EIFDPFA			Total	
REVENUES										
Property Taxes	\$	14,609	\$	_	\$ —	\$	928	\$	15,537	
Special Assessments		56,705		_	_		_		56,705	
Transient Occupancy Taxes		85,938		_	_		_		85,938	
Franchises		63,716		_	_		_		63,716	
Licenses and Permits		13,112		_	_		_		13,112	
Fines, Forfeitures and Penalties		3,758		_	_		_		3,758	
Revenue from Use of Money and Property		31,420		8	2		24		31,454	
Revenue from Federal Agencies		53,420		_	_		_		53,420	
Revenue from Other Agencies		15,097		28	_		_		15,125	
Revenue from Private Sources		5,055		_	_		_		5,055	
Charges for Current Services		17,447		260	_		_		17,707	
Other Revenue		2,922		_			_		2,922	
TOTAL REVENUES		363,199		296	2		952		364,449	
EXPENDITURES										
Current:										
General Government and Support		13,479		297	58		69		13,903	
Public Safety - Police		10,840		—	-		_		10,840	
Public Safety - Fire and Life Safety and Homeland Security		11,092		—	-		_		11,092	
Parks, Recreation, Culture and Leisure		139,227		_	_		_		139,227	
Transportation		96,347		_	_		_		96,347	
Sanitation and Health		2,393		_	_		_		2,393	
Neighborhood Services		97,973		—	_		_		97,973	
Capital Outlay		27,773		—	_		—		27,773	
Debt Service:										
Principal Retirement		364		—	_		—		364	
Interest	·····	139		_			_	_	139	
TOTAL EXPENDITURES		399,627		297	58		69		400,051	
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	·····	(36,428)		(1)	(56)		883		(35,602)	
OTHER FINANCING SOURCES (USES)										
Transfers from Proprietary Funds		64		_	_		_		64	
Transfers from Other Funds		13,123		_	_		_		13,123	
Transfers to Other Funds		(52,454)		_	_		(728)		(53,182)	
TOTAL OTHER FINANCING SOURCES (USES)		(39,267)		_	_		(728)	_	(39,995)	
Special Item				(10,117)			_		(10,117)	
NET CHANGE IN FUND BALANCES		(75,695)		(10,118)	(56)		155		(85,714)	
Fund Balances at Beginning of Year		925,664		10,118	189		66		936,037	
FUND BALANCES AT END OF YEAR		849,969	\$		\$ 133	\$	221	\$	850,323	
								_		

Page Intentionally Left Blank

219

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

				Bud	geted			
	Impr	uisition, ovement perations	S	DCCU tadium erations		ansient cupancy Tax	Und Su	lerground urcharge
ASSETS								
Cash and Investments	\$	31,332	\$	3,084	\$	3,551	\$	178,040
Receivables:								
Taxes - Net of Allowance for Uncollectibles		_		_		2,891		16,192
Accounts - Net of Allowance for Uncollectibles		455		320		1,359		405
Special Assessments		122		_		_		_
Notes		_		_		_		_
Loans		_		_		_		_
Accrued Interest		71		6		4		462
Grants		_		_		_		_
Advances to Other Agencies		699		_		_		_
Land Held for Resale		_		_		_		_
Restricted Cash and Investments		_		_		_		_
TOTAL ASSETS	\$	32,679	\$	3,410	\$	7,805	\$	195,099
LIABILITIES								
Accounts Payable	\$	2,357	\$	197	\$	3,182	\$	26,027
Accrued Wages and Benefits		169		6		74		91
Other Accrued Liabilities		_		3		_		_
Due to Other Funds		_		_		694		_
Unearned Revenue		_		_		_		_
TOTAL LIABILITIES		2,526		206		3,950		26,118
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Taxes		_		_		_		_
Unavailable Revenue - Grants		_		_		_		_
Unavailable Revenue - Other		338		166		974		33
TOTAL DEFERRED INFLOWS OF RESOURCES		338		166		974		33
FUND BALANCES								
Restricted		23,833		_		_		168,948
Committed		5,982		3,038		2,881		_
Unassigned (Deficit)		_		_		_		_
TOTAL FUND BALANCES		29,815		3,038		2,881		168,948
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND								
BALANCES	\$	32,679	\$	3,410	\$	7,805	\$	195,099

							Unbudgeted				
	Zoological Exhibits		Other Special Revenue		Grants		Low- Moderate Income Housing		Other Special Revenue		Total
\$	8,978	\$	30,776	\$	16,155	\$	38,907	\$	176,301	\$	487,124
	403		_		_		_		_		19,486
	_		20		243		66		2,490		5,358
	_		_		_		_		716		838
	_		_		_		286,060		3,258		289,318
	_		_		107,994		_		2,500		110,494
	_		88		82		105		408		1,226
	_		_		24,618		—		_		24,618
	—		_		—		—		1,825		2,524
	_		_		_		20,778		_		20,778
	_		_		_		1,163		_		1,163
\$	9,381	\$	30,884	\$	149,092	\$	347,079	\$	187,498	\$	962,927
\$	8,905	\$	2,710	\$	4,850	\$	485	\$	6,704	\$	55,417
	_		89		_		_		_		429
	_		_		_		—		25		28
	—		_		_		—		18		712
	_		_		33,347				1,873		35,220
	8,905		2,799		38,197		485		8,620		91,806
	293		_		_		_		_		293
	—		_		16,820		—		_		16,820
	_		27		_			_	2,501		4,039
	293		27		16,820				2,501		21,152
	183		23,458		110,893		346,594		148,702		822,611
	_		4,600		_		_		27,694		44,195
	_		_		(16,818)		_		(19)		(16,837)
	183		28,058		94,075		346,594		176,377		849,969
¢	9,381	¢	30,884	¢	140.000	¢	217 070	¢	107 100	¢	962,927
\$	9,301	ψ	30,004	ψ	149,092	φ	347,079	\$	187,498	φ	302,321

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		Budg	geted	
	Acquisition, Improvement and Operations	SDCCU Stadium Operations	Transient Occupancy Tax	Underground Surcharge
REVENUES				
Property Taxes	\$ —	\$ —	\$ —	\$ —
Special Assessments	17,873	_	_	_
Transient Occupancy Taxes	_	_	85,938	_
Franchises	_	_	_	63,611
Licenses and Permits	30	5	33	_
Fines, Forfeitures and Penalties	_	_	9	_
Revenue from Use of Money and Property	774	4,825	2,473	5,525
Revenue from Federal Agencies	_	_	_	_
Revenue from Other Agencies	_	_	_	_
Revenue from Private Sources	_	_	716	1,071
Charges for Current Services	6,839	_	1	_
Other Revenue	1,179	810	1	_
TOTAL REVENUES	26,695	5,640	89,171	70,207
EXPENDITURES				
Current:				
General Government and Support	3,510	_	_	_
Public Safety - Police	_	_	_	_
Public Safety - Fire and Life Safety and Homeland Security	_	_	_	_
Parks, Recreation, Culture and Leisure	18,412	8,605	52,253	_
Transportation	_	_	1	95,788
Sanitation and Health	_	_	_	_
Neighborhood Services	2,690	_	_	_
Capital Outlay	78	_	18	5,834
Debt Service:				
Principal Retirement	_	_	_	_
Interest		_	_	_
TOTAL EXPENDITURES	24,690	8,605	52,272	101,622
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,005	(2,965)	36,899	(31,415)
OTHER FINANCING SOURCES (USES)				
Transfers from Proprietary	25	18	7	4
Transfers from Other Funds		1,585	3,956	_
Transfers to Other Funds		(4,046)	(43,220)	_
TOTAL OTHER FINANCING SOURCES (USES)		(2,443)	(39,257)	4
NET CHANGE IN FUND BALANCES	2,755	(5,408)	(2,358)	(31,411)
Fund Balances at Beginning of Year	27,060	8,446	5,239	200,359
FUND BALANCES AT END OF YEAR	\$ 29,815	\$ 3,038	\$ 2,881	\$ 168,948

Zoological Exhibits		Sp	other becial venue		Grants		Low- Moderate Income Housing		Other Special Revenue		Total
5 14,5	595	\$	_	\$	_	\$	_	\$	14	\$	14,609
	_		_		_		_		38,832		56,705
	_		_		_		_		_		85,938
	_		_		_		_		105		63,716
	_		13,039		_		_		5		13,112
	_		_		_		_		3,749		3,758
	_		1,107		854		3,763		12,099		31,420
	_		712		52,708		_		_		53,420
	_		3,595		11,502		_		_		15,097
	_		_		_		156		3,112		5,055
	_		2,263		_		_		8,344		17,447
	_		26		_		432		474		2,922
14,5	595		20,742		65,064		4,351	-	66,734		363,199
	_		4,055		4,848		_		1,066		13,479
	_		7,062		3,492		_		286		10,840
	_		520		10,343		_		229		11,092
14,5	532		239		245		_		44,941		139,227
	—		102		_		_		456		96,347
	—		2,175		218		—		—		2,393
	—		2,566		65,672		1,969		25,076		97,973
	-		5,693		6,643		_		9,507		27,773
	_		_		_		_		364		364
	_		_		_				139		139
14,5	532		22,412		91,461		1,969		82,064		399,627
	63		(1,670)		(26,397)		2,382		(15,330)		(36,428)
	_		10		_		_		_		64
	_		226		_		790		5,841		13,123
	_		(4,416)		_		_		(772)		(52,454)
	_		(4,180)		_		790		5,069		(39,267)
	63		(5,850)		(26,397)		3,172		(10,261)		(75,695)
	120		33,908		120,472		343,422		186,638		925,664
	183	¢	28,058	¢	94,075	¢		¢		¢	849,969
	105	\$	20,000	\$	94,070	\$	346,594	\$	176,377	\$	049,909

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Acquisition, Improvement and Operations						SDCCU Stadium Operations					
	Budg	ial on getary asis		nal dget	Fina P	ariance with al Budget ositive egative)	Bud	ual on Igetary asis	Final Budget		w Final Pos	iance vith Budget stitive gative)
REVENUES Droporth Toxico	¢		\$		\$		\$		\$		\$	
Property Taxes	\$	17,873		 18,269	φ	(396)	φ	_	φ	_	φ	_
Transient Occupancy Taxes				10,203		(550)		_		_		_
Franchises		_		_		_		_		_		_
Licenses and Permits		30		50		(20)		5		8		(3)
Fines, Forfeitures and Penalties				_		(20)		_		_		(0)
Revenue from Use of Money and Property		539		130		409		4,860		4,890		(30)
Revenue from Federal Agencies		_		_		_		_				
Revenue from Other Agencies		_		_		_		_		_		_
Revenue from Private Sources		_		_		_		_		_		_
Charges for Current Services		6,839		5,684		1,155		_		_		_
Other Revenue		1,179		_		1,179		810		567		243
TOTAL REVENUES		26,460		24,133		2,327		5,675		5,465		210
EXPENDITURES												
Current:												
General Government and Support		3,510		4,331		821		_		_		_
Public Safety - Police		_		_		_		_		_		_
Public Safety - Fire and Life Safety and Homeland Security		_		_		_		_		_		_
Parks, Recreation, Culture and Leisure		19,028		40,673		21,645		8,605		10,305		1,700
Transportation		_		_		_		_		_		_
Sanitation and Health		—		—		—		—		_		_
Neighborhood Services		2,690		3,100		410		—		—		—
Capital Outlay		112		—		(112)		—		—		—
Debt Service:												
Principal Retirement		—		—		—		—		_		_
Interest												
TOTAL EXPENDITURES		25,340		48,104		22,764		8,605		10,305		1,700
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		1,120	((23,971)		25,091		(2,930)		(4,840)		1,910
OTHER FINANCING SOURCES (USES)												
Transfers from Proprietary Funds		25		_		25		18		_		18
Transfers from Other Funds		725		1,854		(1,129)		1,585		1,585		
Transfers to Other Funds		_		(384)		384		(4,046)		(4,046)		_
TOTAL OTHER FINANCING SOURCES (USES)		750		1,470		(720)		(2,443)		(2,461)		18
NET CHANGE IN FUND BALANCES		1,870	((22,501)		24,371		(5,373)		(7,301)		1,928
Prior Year Encumbrances		722				_		_		_		_
Fund Balances at Beginning of Year		25,516		25,516				8,375		8,375		
FUND BALANCES AT END OF YEAR		28,108	\$	3,015	\$	24,371	\$	3,002	\$		\$	1,928

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

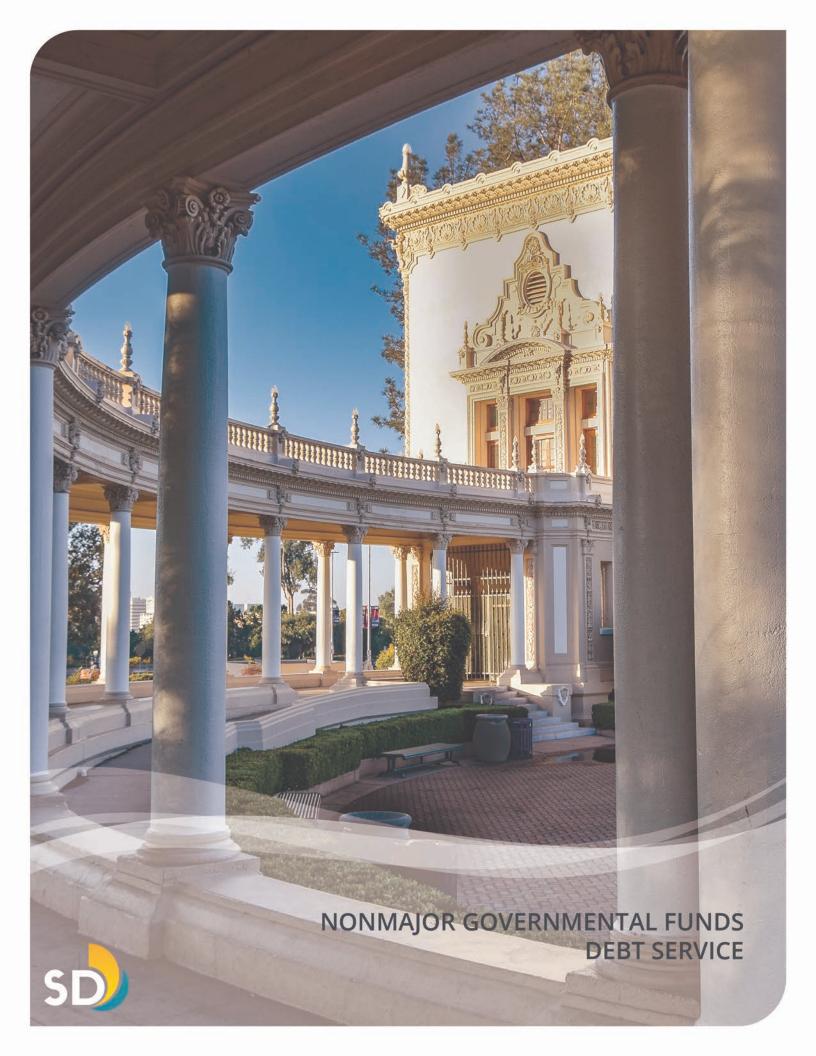
	Tran	sient Occupanc	y Tax	Und	arge	
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)
REVENUES						
Property Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Special Assessments	—	—	—	—	_	_
Transient Occupancy Taxes	85,938	123,424	(37,486)	—	_	_
Franchises	_	_	_	63,611	63,776	(165)
Licenses and Permits	33	75	(42)	_	_	_
Fines, Forfeitures and Penalties	9	_	9	_	_	_
Revenue from Use of Money and Property	2,453	2,074	379	4,131	1,320	2,811
Revenue from Federal Agencies	_	_	_	_	_	_
Revenue from Other Agencies	_	_	_	_	_	_
Revenue from Private Sources	716	1,430	(714)	1,071	100	971
Charges for Current Services	1	_	1	_	_	_
Other Revenue	1	_	1	_	_	_
TOTAL REVENUES	89,151	127,003	(37,852)	68,813	65,196	3,617
EXPENDITURES						
Current:						
General Government and Support	_	_	_	_	34	34
Public Safety - Police	_	_	_	_		
Public Safety - Fire and Life Safety and Homeland Security	_	_	_	_	_	_
Parks, Recreation, Culture and Leisure	52,253	84,162	31,909			
Transportation		3	2	95,788	124,857	29,069
Sanitation and Health		5	2	35,700	124,007	23,003
Neighborhood Services						
0		_	(18)	10 201	_	(10.201)
Capital Outlay Debt Service:	10	—	(10)	10,291	_	(10,291)
Principal Retirement	_	_	_	_	_	_
Interest						
TOTAL EXPENDITURES	52,272	84,165	31,893	106,079	124,891	18,812
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	36,879	42,838	(5,959)	(37,266)	(59,695)	22,429
OTHER FINANCING SOURCES (USES)						
Transfers from Proprietary Funds	7	_	7	4	_	4
Transfers from Other Funds	3,956	3,802	154	4		4
Transfers to Other Funds		(50,627)	7,407			
TOTAL OTHER FINANCING SOURCES (USES)		(46,825)	7,568	4		4
NET CHANGE IN FUND BALANCES	(2,378)	(3,987)	1,609	(37,262)	(59,695)	22,433
Prior Year Encumbrances	18			4,883	/	
Find real Encumbrances Fund Balances at Beginning of Year	5,207	5,207	_	4,883	194,079	-
FUND BALANCES AT END OF YEAR	\$ 2,847	\$ 1,220	\$ 1,609	\$ 161,700	\$ 134,384	\$ 22,433
	Ψ 2,0-11	÷ 1,220	÷ 1,000	φ 101,700	÷ 101,001	<i>→ LL</i> , <i>¬</i> 00

(Continued on Next Page)

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		z	oolog	ical Exhib	its		Other Special Revenue ¹					
	Bud	ual on Igetary asis		Final Budget	Fi	Variance with nal Budget Positive Negative)	Bu	tual on dgetary Basis	Final Budget		Variance with Final Budget Positive (Negative)	
REVENUES						(= (=)						
Property Taxes	\$	14,595	\$	14,814	\$	(219)	\$	_	\$	_	\$	_
Sales Taxes		_		—		—		9,715		10,104		(389)
Franchises		_		_		_		15,979		17,037		(1,058)
Other Local Taxes		_		_		_		57,947		60,692		(2,745)
Licenses and Permits		_		_		_		13,039		15,761		(2,722)
Fines, Forfeitures and Penalties				_		—		40		4 5 6 0		40
Revenue from Use of Money and Property		_		—		—		11,782		4,568		7,214
Revenue from Federal Agencies		_		—		—		712		1,188		(476)
Revenue from Other Agencies		_		—		—		5,710		4,282		1,428
Revenue from Private Sources		_		_		_						(2,400)
Charges for Current Services		_		_		_		230,955		234,375		(3,420)
Other Revenue								1,877		469		1,408
TOTAL REVENUES		14,595		14,814		(219)		347,756		348,476		(720)
EXPENDITURES												
Current:												
General Government and Support		_		_		_		183,852		195,160		11,308
Public Safety - Police		_		_		_		7,062		9,366		2,304
Public Safety - Fire and Life Safety and Homeland Security		_		_		_		6,072		7,519		1,447
Parks, Recreation, Culture and Leisure		14,532		14,814		282		14,559		22,959		8,400
Transportation		—		—		—		68,840		124,491		55,651
Sanitation and Health		_		_		_		2,233		6,357		4,124
Neighborhood Services		_		_		_		4,501		6,299		1,798
Capital Outlay		_		_		_		30,578		3,801		(26,777)
Debt Service:												
Principal Retirement		_		_		_		1,463		1,463		_
Interest						_		16		16		
TOTAL EXPENDITURES		14,532		14,814		282		319,176		377,431		58,255
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		63				63		28,580		(28,955)		57,535
OTHER FINANCING SOURCES (USES)												
Transfers from Proprietary Funds		_		_		_		462		_		462
Transfers from Other Funds		_		_		_		26,787		25,797		990
Transfers to Other Funds		_		_		_		(50,774)		(60,581)		9,807
TOTAL OTHER FINANCING SOURCES (USES)		_		_		_		(23,525)		(34,784)		11,259
NET CHANGE IN FUND BALANCES		63		_		63		5,055		(63,739)		68,794
Prior Year Encumbrances		_		_		_		9,056				_
Fund Balances at Beginning of Year		120		120		_		71,103		71,103		_
FUND BALANCES AT END OF YEAR	¢		¢		¢	63	¢		¢		¢	68 70/
FUND DALANGES AT END OF TEAK	φ	183	\$	120	\$	63	φ	85,214	\$	7,364	\$	68,794

¹ Amounts include funds that do not meet the criteria to be classified as special revenue funds pursuant to GASB Statement No. 54, which are included with the General Fund in the Governmental Funds financial statements prepared on a GAAP basis.



DEBT SERVICE FUNDS

Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for general long-term debt principal, interest, and related costs.

BLENDED COMPONENT UNITS

CONVENTION CENTER EXPANSION FINANCING AUTHORITY (CCEFA)

This fund was established to account for the debt service activities of the CCEFA. CCEFA, created by the City and the Port of San Diego, facilitates the financing, acquisition and construction of an expansion to the San Diego Convention Center. CCEFA's debt service fund is used to account for the payment of long-term debt principal and interest.

PUBLIC FACILITIES FINANCING AUTHORITY (PFFA)

This fund was established to account for the debt service activities of the PFFA. PFFA, a joint powers authority consisting of the City, the Successor Agency and the Housing Authority of the City of San Diego, facilitates the financing, acquisition and construction of public capital facility improvements. PFFA's debt service fund is used to account for the payment of long-term debt principal and interest.

TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION (TSRFC)

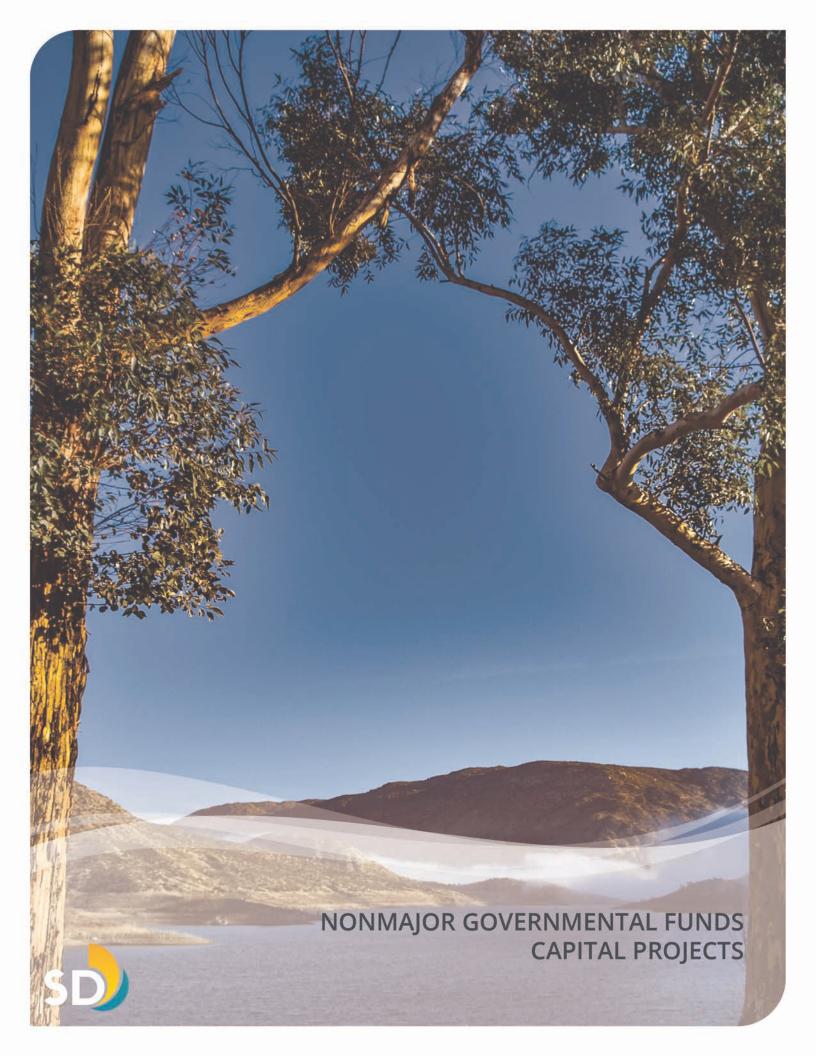
This fund was established to account for the debt service activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement. The TSRFC's debt service fund is used to account for the payment of long-term debt principal and interest.

NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	Ce Exp Fina	vention enter ansion incing hority	F	Public Facilities Financing Authority	Se F	Fobacco ettlement Revenue Funding prporation	Total
ASSETS							
Cash and Investments	\$	_	\$	5	\$	_	\$ 5
Receivables:							
Accounts		_		_		4,984	4,984
Restricted Cash and Investments		_		25		11,697	 11,722
TOTAL ASSETS	\$	_	\$	30	\$	16,681	\$ 16,711
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Other	\$	_	\$		\$	4,984	\$ 4,984
FUND BALANCES							
Restricted		_		30		11,697	 11,727
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$		\$	30	\$	16,681	\$ 16,711

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Convention Center Expansion Financing Authority	Public Facilities Financing Authority	Tobacco Settlement Revenue Funding Corporation	Total
REVENUES				
Revenue from Use of Money and Property	\$ —	\$ 27	\$ 511	\$ 538
Revenue from Other Agencies			10,178	10,178
TOTAL REVENUES		27	10,689	10,716
EXPENDITURES				
Debt Service:				
Principal Retirement	8,205	18,245	7,840	34,290
Interest	4,355	19,052	2,972	26,379
TOTAL EXPENDITURES	12,560	37,297	10,812	60,669
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(12,560	(37,270)	(123)	(49,953)
OTHER FINANCING SOURCES				
Transfers from Other Funds	12,560	37,264		49,824
NET CHANGE IN FUND BALANCES	_	(6)) (123)	(129)
Fund Balances at Beginning of Year		36	11,820	11,856
FUND BALANCES AT END OF YEAR	\$	\$ 30	\$ 11,697	\$ 11,727



CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of major capital facilities.

CITY OF SAN DIEGO

TRANSNET - BUDGETED

This fund was established to account for transportation improvements funded by the 2009 extension of a local sales tax approved by voters in the County of San Diego. Funds are used to relieve traffic congestion, increase safety, and improve air quality by performing repairs, restorations, and construction of needed facilities within the public rights-of-way.

CAPITAL OUTLAY - BUDGETED

This fund was established to account for capital improvements per Sections 55.2 and 77 of the City Charter. This fund includes a variety of capital projects including, but not limited to, building improvements to city facilities, park improvements, and street improvements. Revenues in this fund are derived from the sale of City-owned real property and Mission Bay Park lease revenues.

CAPITAL GRANTS - UNBUDGETED

This fund was established to account for capital grants from Federal, State and other governmental agencies.

PARKS & RECREATION DISTRICTS - UNBUDGETED

This fund was established to account for park fees collected at the time of subdivision or permit issuance and is mandated per the City of San Diego Municipal Code. Fee assessments are only to be used for park purposes within a Community Park Service District to purchase land, facilities, or reimburse those who have donated more than their proportionate responsibilities.

FACILITIES BENEFIT ASSESSMENTS - UNBUDGETED

This fund was established to account for building permit fees collected at the time of permit issuance and is mandated by the City Charter. Fee assessments are only to be used in the community the assessments are collected and are the primary source of project funding, excluding maintenance costs.

IMPACT FEES - UNBUDGETED

This fund was established to account for building permit fees collected at the time of permit issuance and has specific State reporting requirements. Fee assessments are only to be used in the community the assessments are collected and are not the primary source of project funding and exclude maintenance costs.

SPECIAL ASSESSMENT/SPECIAL TAX BONDS - UNBUDGETED

This fund was established to account for Community Facilities Districts and Special Assessment Districts, which under various sections of State law, issue limited obligation bonds to finance infrastructure facilities and other public improvements necessary to facilitate development of the properties within each district. The bonds are secured solely by the properties within each district, and are repaid through revenues generated by the annual levy of special taxes or special assessments on the benefiting properties.

TRANSNET - UNBUDGETED

This fund was established to account for transportation improvements funded by local sales tax approved by voters in the County of San Diego, as well as developer impact fees under the SANDAG administered TransNet Program. Funds are used to relieve traffic congestion, increase safety, and improve air quality by performing repairs, restorations, and construction of needed facilities within the public rights-of-way.

CAPITAL OUTLAY - UNBUDGETED

This fund was established to account for the acquisition, construction and completion of permanent public improvements and real property. This fund also accounts for a variety of capital projects including, but not limited to, park and street improvements, and the construction of public facilities in new development areas. Revenues in this fund are derived from developer contributions, private donations, special assessments, special taxes, fees, leases, and interest derived there from.

BLENDED COMPONENT UNITS

PUBLIC FACILITIES FINANCING AUTHORITY (PFFA)

This fund was established to account for the capital improvement acquisition and construction activities of the Public Facilities Financing Authority (PFFA). PFFA, which was created by the City and the former Redevelopment Agency, facilitates the financing and construction of public capital improvements. PFFA's current members are the City, the Successor Agency and the Housing Authority of the City of San Diego. Revenues are derived from the issuance of bonds and interest earnings on investments.

TOBACCO SETTLEMENT REVENUE FUNDING CORPORATION (TSRFC)

This fund was established to account for the capital improvement activities of the TSRFC. TSRFC was established for the purpose of acquiring the tobacco settlement revenues allocated to the City from the State of California, pursuant to the Master Settlement Agreement.

ENHANCED INFRASTRUCTURE FINANCING DISTRICT PUBLIC FINANCING AUTHORITY (EIFDPFA)

This fund was established to finance certain public infrastructure and community benefit projects authorized under the Enhanced Infrastructure Financing District (EIFD) Law Government Code sections 53398.50 through 53398.88.

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	City of San Diego			Public Facilities Financing Authority	Tobacco Settlement Revenue Funding Corporation		EIFDPFA	Total
ASSETS								
Cash and Investments	\$	682,794	\$	204	\$	2,286	\$ 1,110	\$ 686,394
Receivables:								
Taxes - Net of Allowance for Uncollectibles		24,802		_		_	_	24,802
Accounts - Net of Allowance for Uncollectibles		1,247		_		_	_	1,247
Claims		29,337		_		_	_	29,337
Accrued Interest		1,601		_		54	1	1,656
Grants		37,923		_		_	_	37,923
From Other Funds		11,755		_		_	_	11,755
Interfund Loan Receivable		26,167		_		_	_	26,167
Restricted Cash and Investments		32,722		781		7,653	_	41,156
TOTAL ASSETS	\$	848,348	\$	985	\$	9,993	\$ 1,111	\$ 860,437
LIABILITIES								
Accounts Payable	\$	28,248	\$	8,000	\$	1,392	\$ _	\$ 37,640
Other Accrued Liabilities		22,339		_		_	_	22,339
Due to Other Funds		11,755		9,469		_	_	21,224
Unearned Revenue		16,502		_		_	_	16,502
Interfund Loan Payable		26,167		_		_	_	26,167
TOTAL LIABILITIES		105,011		17,469		1,392	_	123,872
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Taxes		24,797		_		_	_	24,797
Unavailable Revenue - Grants		37,782		_		_	_	37,782
Unavailable Revenue - Other		340		_		_	 _	 340
TOTAL DEFERRED INFLOWS OF RESOURCES		62,919	_	_		_	_	 62,919
FUND BALANCES								
Restricted		716,479		794		8,601	1,111	726,985
Committed		19,143		_		_	_	19,143
Unassigned (Deficit)		(55,204)		(17,278)	_	_	 _	 (72,482)
TOTAL FUND BALANCES (DEFICIT)		680,418		(16,484)		8,601	 1,111	 673,646
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	848,348	\$	985	\$	9,993	\$ 1,111	\$ 860,437

NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		City of an Diego		Public Facilities Financing Authority	Set Re Fi	obacco ttlement evenue unding poration	E	IFDPFA	Total
REVENUES									
Sales Taxes	. \$	37,456	\$	—	\$	—	\$	—	\$ 37,456
Licenses and Permits		49,510		—		—		—	49,510
Revenue from Use of Money and Property		21,120		13		285		14	21,432
Revenue from Federal Agencies		15,270		—		—		—	15,270
Revenue from Other Agencies		21,893		_		_		_	21,893
Revenue from Private Sources		930		_		_		_	930
Other Revenue		3,348	_	_				_	 3,348
TOTAL REVENUES		149,527		13		285		14	 149,839
EXPENDITURES									
Current:									
General Government and Support		2,948		_		—		—	2,948
Public Safety - Police		5,000		—		—			5,000
Public Safety - Fire and Life Safety and Homeland Security		589		_		_		_	589
Parks, Recreation, Culture and Leisure		611		—		—		—	611
Transportation		4,415		_		_		_	4,415
Sanitation and Health		806		_		_		_	806
Neighborhood Services		944		_		_		_	944
Capital Outlay		153,318		34,395		4,454		_	192,167
Debt Service:									
Principal Retirement		454		_		_		_	454
Interest		54	_	203		_		_	 257
TOTAL EXPENDITURES		169,139		34,598		4,454			 208,191
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		(19,612)		(34,585)		(4,169)		14	 (58,352)
OTHER FINANCING SOURCES (USES)									
Transfers from Other Funds		13,726		34		_		728	14,488
Transfers to Other Funds		(26,398)		_		_		_	(26,398)
Proceeds from the Sale of Capital Assets		5,644		_		_		_	5,644
Loans Issued		26,167		_		_		_	26,167
Commercial Paper Notes Issued				22,686				_	 22,686
TOTAL OTHER FINANCING SOURCES (USES)		19,139	_	22,720		_		728	42,587
NET CHANGE IN FUND BALANCES		(473)		(11,865)		(4,169)		742	(15,765)
Fund Balances (Deficit) at Beginning of Year		680,891		(4,619)		12,770		369	 689,411
FUND BALANCES (DEFICIT) AT END OF YEAR	. \$	680,418	\$	(16,484)	\$	8,601	\$	1,111	\$ 673,646



237

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	т	ransNet		Capital Outlay
ASSETS				
Cash and Investments	\$	10,085	\$	59,613
Receivables:				
Taxes - Net of Allowance for Uncollectibles		24,802		_
Accounts - Net of Allowance for Uncollectibles Claims		_		_
Accrued Interest		39		127
Grants		_		_
From Other Funds		_		11,755
Interfund Loan Receivable		_		_
Restricted Cash and Investments		_		_
TOTAL ASSETS	\$	34,926	\$	71,495
LIABILITIES				
Accounts Payable	\$	3,070	\$	4,370
Other Accrued Liabilities		_		_
Due to Other Funds		_		_
Unearned Revenue		_		_
Interfund Loan Payable				_
TOTAL LIABILITIES		3,070		4,370
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Taxes		24,797		_
Unavailable Revenue - Grants		—		—
Unavailable Revenue - Other		_		
TOTAL DEFERRED INFLOWS OF RESOURCES		24,797		
FUND BALANCES				
Restricted		7,059		67,125
Committed		_		
Unassigned (Deficit)				
TOTAL FUND BALANCES (DEFICIT)		7,059		67,125
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$	34,926	\$	71,495

	Capital Grants	Parks & Facilities apital Recreation Benefit irants Districts Assessments		Special Assessment/ Special Tax is Impact Fees Bonds				TransNet		Capital Outlay		Total			
\$	6,218	\$	4,424	\$	275,773	\$	178,815	\$	455	\$	20,874	\$	126,537	\$	682,794
	_		_		_		_		_		_		_		24,802
	_		_		1,089		60		_		14		84		1,247
	_		_				_		_		_		29,337		29,337
	_		11		712		443		1		53		215		1,601
	37,923		_		_		_		_		_		_		37,923
			_		_		_		_		_		_		11,755
	_		_		_		_		_		26,167		_		26,167
	_				_		_		_				32,722		32,722
\$	44,141	\$	4,435	\$	277,574	\$	179,318	\$	456	\$	47,108	\$	188,895	\$	848,348
\$	6,217	\$	2	\$	9,411	\$	1,591	\$	_	\$	490	\$	3,097	\$	28,248
Ψ		Ψ	_	Ψ		Ψ		Ψ	_	Ψ		Ψ	22,339	Ψ	22,339
	11,755		_		_		_		_		_				11,755
	2		_		_		_		_		_		16,500		16,502
	26,167		_		_		_		_		_		_		26,167
	44,141		2		9,411		1,591		_		490		41,936		105,011
															04 707
			_		_		_		_		_		—		24,797
	37,782		_		— 181		— 61		_		— 14				37,782 340
	37,782				181		61		_		14		84		62,919
	_		4,433		267,982		177,666		456		46,604		145,154		716,479
	_		_		_		_		_		_		19,143		19,143
	(37,782)						_		_				(17,422)		(55,204)
	(37,782)		4,433		267,982		177,666		456		46,604		146,875		680,418
\$	44,141	\$	4,435	\$	277,574	\$	179,318	\$	456	\$	47,108	\$	188,895	\$	848,348

Unbudgeted

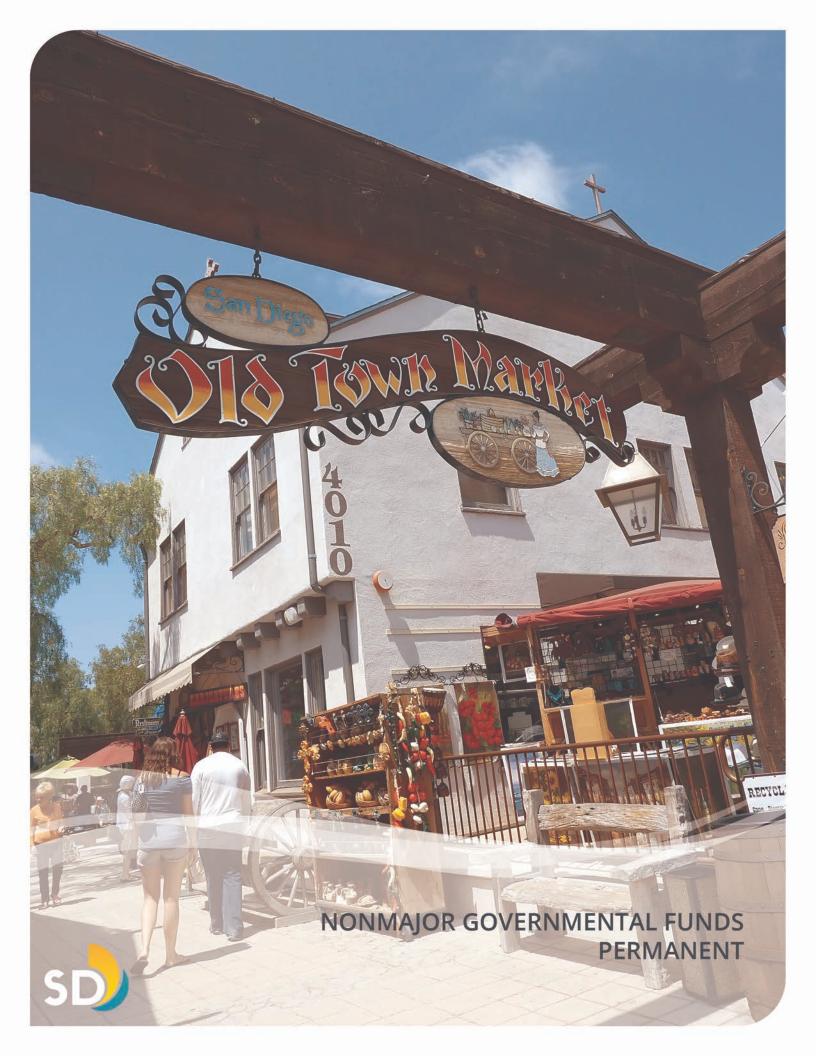
CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Budgeted			
	Tr	ansNet		Capital Outlay
REVENUES				
Sales Taxes	\$	37,456	\$	_
Licenses and Permits		_		_
Revenue from Use of Money and Property		734		1,696
Revenue from Federal Agencies		_		_
Revenue from Other Agencies		_		_
Revenue from Private Sources		_		_
Other Revenue				_
TOTAL REVENUES	·····	38,190		1,696
EXPENDITURES				
Current:				
General Government and Support		287		_
Public Safety - Police		_		_
Public Safety - Fire and Life Safety and Homeland Security		_		_
Parks, Recreation, Culture and Leisure		_		178
Transportation		3,534		_
Sanitation and Health		5		—
Neighborhood Services		_		807
Capital Outlay		18,293		25,447
Debt Service:				
Principal Retirement		_		_
Interest		_		_
TOTAL EXPENDITURES		22,119		26,432
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES		16,071		(24,736)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds		_		5,880
Transfers to Other Funds		(10,475)		(2,915)
Proceeds from the Sale of Capital Assets		_		2,780
Loans Issued				_
TOTAL OTHER FINANCING SOURCES (USES)		(10,475)		5,745
NET CHANGE IN FUND BALANCES		5,596		(18,991)
Fund Balances (Deficit) at Beginning of Year		1,463		86,116
FUND BALANCES (DEFICIT) AT END OF YEAR	\$	7,059	\$	67,125

				Unbudgeted				
(Capital Grants	Parks & Facilities tal Recreation Benefit nts Districts Assessments		Impact Fees	Special Assessment/ Spcial Tax Bonds	TransNet	Capital Outlay	Total
\$	_	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 37,456
	_	_	22,323	22,589	_	4,563	35	49,510
	3	142	8,981	5,575	14	653	3,322	21,120
	15,270	_	_	_	_	_	_	15,270
	893	_	_	_	_	_	21,000	21,893
	_	_	_	_	_	_	930	930
	_						3,348	3,348
	16,166	142	31,304	28,164	14	5,216	28,635	149,527
	_	_	1,343	1,068	_	92	158	2,948
	_	_	.,	.,	_	_	5,000	5,000
	_	_	50	_	_	_	539	589
	_	_	97	4	_	_	332	611
	10	_	67	_	_	_	804	4,415
	_	_	463	_	_	_	338	806
	_	_	_	_	_	_	137	944
	30,253	129	38,453	15,834	_	4,238	20,671	153,318
	_	_	_	_	_	_	454	454
	_						54	54
	30,263	129	40,473	16,906		4,330	28,487	169,139
	(14,097)	13	(9,169)	11,258	14	886	148	(19,612)
	_	_	_	_	_	_	7,846	13,726
	—	—	—	—	—	—	(13,008)	(26,398)
	_	_	—	—	—	_	2,864	5,644
						26,167		26,167
						26,167	(2,298)	19,139
	(14,097)	13	(9,169)	11,258	14	27,053	(2,150)	(473)
	(23,685)	4,420	277,151	166,408	442	19,551	149,025	680,891
\$	(37,782)	\$ 4,433	\$ 267,982	\$ 177,666	\$ 456	\$ 46,604	\$ 146,875	\$ 680,418

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

		TransNet		Capital Outlay					
	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)	Actual on Budgetary Basis	Final Budget	Variance with Final Budget Positive (Negative)			
REVENUES									
Sales Taxes	\$ 37,456	\$ 35,268	\$ 2,188	\$ —	\$ —	\$ —			
Revenue from Use of Money and Property	183		183	1,286		1,286			
TOTAL REVENUES	37,639	35,268	2,371	1,286		1,286			
EXPENDITURES									
Current:									
General Government and Support	287	362	75	—	6,797	6,797			
Public Safety - Police	_	_	_	—	689	689			
Public Safety - Fire and Life Safety and Homeland Security	_	_	_	_	443	443			
Parks, Recreation, Culture and Leisure	_	_	_	178	60,810	60,632			
Transportation	3,534	46,345	42,811	_	4,667	4,667			
Sanitation and Health	5	3,904	3,899	_	7,379	7,379			
Neighborhood Services	_	_	-	807	807	_			
Capital Outlay	27,727		(27,727)	38,237		(38,237)			
TOTAL EXPENDITURES	31,553	50,611	19,058	39,222	81,592	42,370			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,086	(15,343)	21,429	(37,936)	(81,592)	43,656			
OTHER FINANCING SOURCES (USES)									
Transfers from Other Funds	_	_	_	5,880	11,762	(5,882)			
Transfers to Other Funds	(10,475)	(10,475)	_	(2,915)	(2,915)	—			
Proceeds from the Sale of Capital Assets				2,780		2,780			
TOTAL OTHER FINANCING SOURCES (USES)	(10,475)	(10,475)		5,745	8,847	(3,102)			
NET CHANGE IN FUND BALANCES	(4,389)	(25,818)	21,429	(32,191)	(72,745)	40,554			
Prior Year Encumbrances	4,169	_	4,169	15,882	_	15,882			
Fund Balances (Deficit) at Beginning of Year	(2,724)	(2,724)		69,041	69,041				
FUND BALANCES (DEFICIT) AT END OF YEAR	\$ (2,944)	\$ (28,542)	\$ 25,598	\$ 52,732	\$ (3,704)	\$ 56,436			



PERMANENT FUNDS

Permanent funds are used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the City's programs (i.e., for the benefit of the City or its citizens).

CARROLL CANYON VERNAL POOL MITIGATION

This fund was established to account for an endowment from the San Diego Unified School District (The District). The endowment is to be used to implement a Memorandum of Understanding between the City and the District for biological mitigation, park land and joint use facilities involving Salk Elementary School, McAuliffe Community Park, and the Carroll Canyon Vernal Pool Preserve.

CEMETERY PERPETUITY

This fund was established to account for the Mt. Hope Cemetery endowment. Investment earnings derived from the endowment supplement grave sales revenues in order to finance cemetery operations.

LIBRARY ENDOWMENTS

This fund includes the Effie Sergeant endowment, which was established to account for donations to benefit the North Park Library, and the Scripps Ranch Library endowment. Investment earnings are used to finance library services and programs.

LOS PENASQUITOS CANYON

This fund was established to account for the Los Penasquitos Canyon Preserve Trust Fund. Investment earnings are used to finance operations, land acquisitions, historical restoration, and maintenance of the Penasquitos Preserve Park.

OTHER ENDOWMENTS

This fund includes several miscellaneous endowments, including, Carmel Valley Sewer Maintenance, Crescent Heights Habitat Management, Environmental Trust Bankruptcy Endowment, Figg Estate, Phillip Green Memorial Trust, Sycamore Estates, and the Zoological Society-Mission Trails.

CITY OF SAN DIEGO NONMAJOR GOVERNMENTAL FUNDS - PERMANENT COMBINING BALANCE SHEET June 30, 2020 (Dollars in Thousands)

	Carroll Canyon Vernal Pool Mitigation		Canyon Vernal Pool Cemetery		Library Endowments		Los Penasquitos Canyon		Other Endowments		Total	
ASSETS												
Receivables:												
Accrued Interest	\$	7	\$	4	\$	1	\$	_	\$	1	\$	13
Restricted Cash and Investments		2,737		12,596		869		3,280		1,935		21,417
TOTAL ASSETS	\$	2,744	\$	12,600	\$	870	\$	3,280	\$	1,936	\$	21,430
LIABILITIES												
Accounts Payable	\$		\$		\$	2	\$		\$		\$	2
FUND BALANCES												
Nonspendable		2,482		12,600		388		1,000		1,816		18,286
Restricted		262		_		480		2,280		120		3,142
TOTAL FUND BALANCES		2,744		12,600		868		3,280		1,936		21,428
TOTAL LIABILITIES AND FUND BALANCES	\$	2,744	\$	12,600	\$	870	\$	3,280	\$	1,936	\$	21,430

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Carroll Canyon Vernal Pool Mitigation	Cemetery Perpetuity	Library Endowments	Los Penasquitos Canyon	Other Endowments	Total
REVENUES						
Revenue from Use of Money and Property	\$ 88	\$ 238	\$ 20	\$ 63	\$ 34	\$ 443
Charges for Current Services		134				134
TOTAL REVENUES	88	372	20	63	34	577
EXPENDITURES						
Current:						
Parks, Recreation, Culture and Leisure	_	—	26	2	2	30
Sanitation and Health		73				73
TOTAL EXPENDITURES		73	26	2	2	103
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	88	299	(6)	61	32	474
OTHER FINANCING USES						
Transfers to Other Funds		(442)		(115)		(557)
NET CHANGE IN FUND BALANCES	88	(143)	(6)	(54)	32	(83)
Fund Balances at Beginning of Year	2,656	12,743	874	3,334	1,904	21,511
FUND BALANCES AT END OF YEAR	\$ 2,744	\$ 12,600	\$ 868	\$ 3,280	\$ 1,936	\$ 21,428

NONMAJOR BUSINESS-TYPE FUNDS ENTERPRISE



ENTERPRISE FUNDS

Enterprise funds are used to account for any activity for which a fee is charged to external users for goods or services. These funds use full accrual accounting.

CITY OF SAN DIEGO

AIRPORTS

This fund was established to account for the operation, maintenance and development of both City-owned airports: Montgomery-Gibbs Executive Airport and Brown Field Municipal Airport. Airports Fund revenues are derived from such sources as rent/lease revenue, usage fees, earnings on investments, and aid from other governmental agencies.

DEVELOPMENT SERVICES

This fund was established to account for construction management, development project review, permitting, and inspection services for the City.

ENVIRONMENTAL SERVICES

This fund was established to account for refuse disposal, resource management, and other environmental programs.

GOLF COURSE

This fund was established to operate, maintain, and improve physical conditions and initiate capital improvement programs for Torrey Pines, Mission Bay, and Balboa golf courses. Revenues are derived from green fees and leases.

RECYCLING

This fund was established to account for the planning, implementation, operation and management of City recycling and waste diversion programs. Revenues are derived from the recycling fee on all waste generated in the City or disposed of at the City landfill.

BLENDED COMPONENT UNIT

SAN DIEGO CONVENTION CENTER CORPORATION

SDCCC is a not-for-profit public benefit corporation, originally organized to market, operate, and maintain the San Diego Convention Center. Revenues are derived mainly from building rents, food and beverage concessions, ancillary services, and contributions from the City of San Diego. Expenses include maintenance, operations, and capital projects for the Convention Center.

NONMAJOR BUSINESS-TYPE FUNDS - ENTERPRISE COMBINING STATEMENT OF FUND NET POSITION June 30, 2020 (Dollars in Thousands)

		Development	elopment Environmental Golf Conver		San Dieg Conventio Center Recycling		
ASSETS	Airports	Services	Services	Course	Recycling	Corporation	Total
Current Assets:							
Cash and Investments	\$ 15.638	\$ 28,304	\$ 45.097	\$ 21.139	\$ 38,225	\$ 17.075	\$ 165,478
Receivables:	ψ 15,050	φ 20,504	ψ 43,037	ψ 21,155	ψ 50,225	ψ 17,075	ψ 105,470
Accounts - Net of Allowance for Uncollectibles	506	2.344	1,362	182	5.408	3,910	13.712
Accrued Interest	40	_,011	216	.54	141		541
Grants	165	_	411	_	_	_	576
Inventories	_	_	_	_	_	57	57
Total Current Assets	16,349	30,738	47,086	21,375	43,774	21,042	180,364
Non-Current Assets:							
Restricted Cash and Investments	76	9,127	34,451	_	11.051	_	54,705
Prepaid Expenses	_	_	_	_	_	1,000	1,000
Other Assets	_	_	_	_	_	556	556
Capital Assets - Non-Depreciable	2,190	1,615	26,929	18,240	_	149	49,123
Capital Assets - Depreciable	53,063	5,790	33,672	25,589	1,803	38,292	158,209
Total Non-Current Assets	55,329	16,532	95,052	43,829	12,854	39,997	263,593
TOTAL ASSETS	71,678	47,270	142,138	65,204	56,628	61,039	443,957
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Related to Other Postemployment							
Benefits	77	1,509	424	324	366	_	2,700
Deferred Outflows Related to Pensions	485	15,440	5,638	2,301	3,672		27,536
TOTAL DEFERRED OUTFLOWS OF RESOURCES	562	16,949	6,062	2,625	4,038		30,236
LIABILITIES							
Current Liabilities:							
Accounts Payable	377	6,616	2,617	565	1,605	2,371	14,151
Accrued Wages and Benefits	87	2,156	534	333	456	_	3,566
Other Accrued Liabilities	_	_	_	_	70	6,803	6,873
Long-Term Liabilities Due Within One Year	58	3,508	2,858	264	402	1,938	9,028
Unearned Revenue	_	16,965	—	43	727	7,282	25,017
Current Liabilities Payable from Restricted Assets:							
Customer Deposits Payable					11,010		11,010
Total Current Liabilities	522	29,245	6,009	1,205	14,270	18,394	69,645

NONMAJOR BUSINESS-TYPE FUNDS - ENTERPRISE COMBINING STATEMENT OF FUND NET POSITION June 30, 2020 (Dollars in Thousands)

	Airports	Development Services	Environmental Services	Golf Course	Recycling	San Diego Convention Center Corporation	Total
Non-Current Liabilities:							
Non-Current Liabilities Payable from Restricted Assets:							
Deposits/Advances from Others	\$ 76	\$ 9,127	\$ —	\$ —	\$ —	\$ —	\$ 9,203
Compensated Absences	53	1,837	446	215	192	_	2,743
Liability Claims	92	910	1,323	509	1,303	_	4,137
Capital Lease Obligations	_	_	8,527	_	_	_	8,527
Notes Payable	_	_	—	_	_	4	4
Loans Payable	_	-	_	_	_	24,010	24,010
Estimated Landfill Closure and Postclosure Care	_	-	50,034	_	_	_	50,034
Net Other Postemployment Benefits Liability	743	13,050	7,625	4,419	4,637	_	30,474
Pension Liabilities	2,899	79,376	34,008	15,577	20,692		152,552
Total Non-Current Liabilities	3,863	104,300	101,963	20,720	26,824	24,014	281,684
TOTAL LIABILITIES	4,385	133,545	107,972	21,925	41,094	42,408	351,329
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Related to Other Postemployment Benefits	2	30	8	7	8	_	55
Deferred Inflows Related to Pensions	150	4,014	1,318	590	770		6,842
TOTAL DEFERRED INFLOWS OF RESOURCES	152	4,044	1,326	597	778		6,897
NET POSITION (DEFICIT)							
Net Investment in Capital Assets	55,253	6,221	49,813	43,829	1,803	15,166	172,085
Restricted for Closure/Postclosure Maintenance	_	_	9,343	_	_	_	9,343
Unrestricted (Deficit)	12,450	(79,591)	(20,254)	1,478	16,991	3,465	(65,461)
TOTAL NET POSITION (DEFICIT)	\$ 67,703	\$ (73,370)	\$ 38,902	\$ 45,307	\$ 18,794	\$ 18,631	\$ 115,967

NONMAJOR BUSINESS-TYPE FUNDS - ENTERPRISE COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Airports		Development Services	Environmenta Services	al	Golf Course	Recycling		Cor C	n Diego ovention Center poration	Total
OPERATING REVENUES											
Charges for Services	\$ 31	17	\$ 81,948	\$ 34,22	23	\$ 20,927	\$	22,072	\$	11,531	\$ 171,018
Revenue from Use of Property	5,14	14	—	29	99	1,350		250		15,928	22,971
Other		13	3,752		14	169	_	3,435		2,911	 11,124
TOTAL OPERATING REVENUES	5,47	74	85,700	35,36	6	22,446	_	25,757		30,370	 205,113
OPERATING EXPENSES											
Salaries and Employee Benefits	2,47	79	59,907	15,84	15	8,943		10,669		22,466	120,309
Materials and Supplies	16	61	1,072	1,16	53	1,392		1,180		563	5,531
Contractual Services	2,42	27	20,645	15,95	54	6,790		15,315		6,122	67,253
Information Technology	12	22	3,290	62	21	209		310		56	4,608
Energy and Utilities	46	65	398	1,20)2	2,377		672		3,809	8,923
Depreciation	3,36	68	457	2,56	67	1,683		152		3,021	11,248
Other Expenses		31	1,958	(4,50	03)	23		60		2,832	 401
TOTAL OPERATING EXPENSES	9,05	53	87,727	32,84	19	21,417		28,358		38,869	218,273
OPERATING INCOME (LOSS)	(3,57	79)	(2,027)	2,51	17	1,029		(2,601)		(8,499)	 (13,160)
NONOPERATING REVENUES (EXPENSES)											
Earnings on Investments	50)6	927	2,69	93	663		1,810		228	6,827
Federal Grant Assistance	16	65	_	25	55	_		_		_	420
Other Agency Grant Assistance	-	_	_	-	_	_		995		_	995
Loss on Sale/Retirement of Capital Assets		_	_	-	_	(6)		(18)		_	(24)
Debt Service Interest Expense		_	(99)		(3)	_		_		(965)	(1,067)
Other		12	15	2	24	1		30		756	 838
TOTAL NONOPERATING REVENUES (EXPENSES), NET	68	33	843	2,96	69	658		2,817		19	7,989
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(2,89	96)	(1,184)	5,48	36	1,687		216		(8,480)	 (5,171)
Capital Contributions	27,35	50	_	1	19	_		_		_	27,369
Transfers from Other Funds		10	242	7	75	41		1,166		_	1,534
Transfers from Governmental Funds		9	497	7	72	133		25		_	736
Transfers to Other Funds		_	_	(1,11	15)	_		_		_	(1,115)
TOTAL CONTRIBUTIONS AND TRANSFERS	27,36	69	739	(94	19)	174		1,191		_	28,524
CHANGE IN NET POSITION	24,47	73	(445)	4,53	37	1,861		1,407		(8,480)	23,353
Net Position (Deficit) at Beginning of Year	43,23	30	(72,925)	34,36	65	43,446		17,387		27,111	 92,614
NET POSITION (DEFICIT) AT END OF YEAR	\$ 67,70)3	\$ (73,370)	\$ 38,90)2	\$ 45,307	\$	18,794	\$	18,631	\$ 115,967



253

NONMAJOR BUSINESS-TYPE FUNDS - ENTERPRISE COMBINING STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

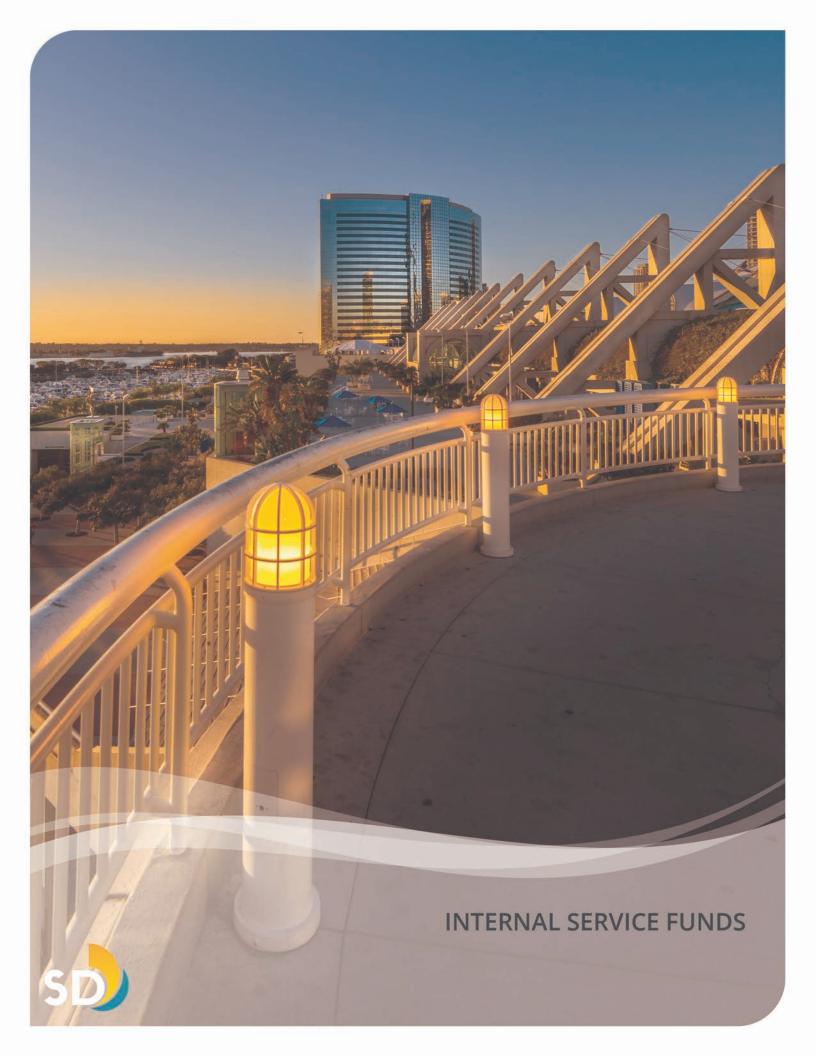
	Air	ports	elopment ervices	Er	nvironmental Services	Go	If Course	Re	ecycling	Co	n Diego nvention Center rporation		Total
CASH FLOWS FROM OPERATING ACTIVITIES													
Receipts from Customers and Users	\$	6,178	\$ 83,179	\$	33,149	\$	22,501	\$	23,711	\$	35,477	\$	204,195
Receipts from Interfund Services Provided		9	1,398		1,998		_		1,298		_		4,703
Payments to Suppliers		(2,939)	(16,419)		(17,797)		(11,604)		(17,235)		(13,341)		(79,335)
Payments to Employees		(2,081)	(50,228)		(19,829)		(7,364)		(10,010)		(22,565)		(112,077)
Payments for Interfund Services Used		(478)	 (9,901)		(317)		(157)		(142)		_		(10,995)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		689	 8,029		(2,796)		3,376		(2,378)		(429)		6,491
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES													
Transfers from Other Funds		10	242		75		41		1,166		—		1,534
Transfers from Governmental Funds		9	497		72		133		25		—		736
Transfers to Other Funds		—	_		(1,115)		_		_		_		(1,115)
Operating Grants Received		100	_		2,241		_		1,023		_		3,364
Proceeds from Advances and Deposits		—	803		_		_		_		_		803
Payments for Advances and Deposits		(2)	 						(320)				(322)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		117	 1,542		1,273		174		1,894				5,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES													
Proceeds from Capital Contributions		_	_		18		_		_		_		18
Loans to Others		—	_		_		_		_		4,387		4,387
Acquisition of Capital Assets		(643)	(879)		(6,177)		(7,885)		(326)		(4,034)		(19,944)
Principal Payments on Capital Leases		_	(1,154)		(59)		_		—		_		(1,213)
Principal Payments on Notes		—	_		_		_		_		(2)		(2)
Principal Payments on Loans		—	_		_		_		_		(733)		(733)
Interest Paid on Long-Term Debt			 (99)		(2)				_		(965)		(1,066)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES		(643)	 (2,132)		(6,220)		(7,885)		(326)		(1,347)		(18,553)
CASH FLOWS FROM INVESTING ACTIVITIES													
Purchase of Investments		_	_		_		_		_		353		353
Interest Received on Investments		513	921		2,760		688		1,825		228		6,935
NET CASH PROVIDED BY INVESTING ACTIVITIES		513	 921	_	2,760		688	_	1,825		581	_	7,288
Net Increase (Decrease) in Cash and Cash Equivalents		676	8,360		(4,983)		(3,647)		1,015		(1,195)		226
Cash and Cash Equivalents at Beginning of Year		15,038	 29,071		84,531		24,786		48,261		13,430		215,117
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$	15,714	\$ 37,431	\$	79,548	\$	21,139	\$	49,276	\$	12,235	\$	215,343

NONMAJOR BUSINESS-TYPE FUNDS - ENTERPRISE COMBINING STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

Reconciliation of Cash and Cash Equivalents at End of Year to the Statement Of Net Position: S 15.638 \$ 26.304 \$ 45.097 \$ 21.138 \$ 30.3225 \$ 17.075 \$ \$ 56.476 Cash and Investments Less Investments Not Meeting the Definition of Cash Equivalents -		A	irports		velopment Services		vironmental Services	Gol	If Course	Re	cycling	Con C	n Diego vention enter poration		Total
Restricted Cash and Investments 76 9,127 34,451 - 11,051 - 54,705 Less Investments Not Meeting the Definition of Cash Equivalents - - - - - (4,840) (4,840) TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 15,714 \$ 37,431 \$ 79,554 \$ 21,139 \$ 49,276 \$ 12,235 \$ 215,343 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities: \$ (3,579) \$ (2,027) \$ 2,517 \$ 1,029 \$ (2,601) \$ (8,499) \$ (13,160) Adjustments Net Cash Provided By (Used For) Operating Activities: - - - - - - - - 11,248 0 755 5,966 - 11,248 0 755 5,966 - - - - - - 11,248 0 755 5,966 - - - - 11,248 0 755 5,956 - - - - -	•														
Less investments Not Meeting the Definition of Cash Equivalents	Cash and Investments	\$	15,638	\$	28,304	\$	45,097	\$	21,139	\$	38,225	\$	17,075	\$	165,478
Equivalents — — — — — — — (4.840) (4.840) (4.840) TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR \$ 15.714 \$ 37.431 \$ 79.546 \$ 21.139 \$ 49.276 \$ 12.235 \$ 215.343 Reconciliation of Operating Income (Loss) \$ (3.579) \$ (2.027) \$ 2.517 \$ 1.029 \$ (2.601) \$ (8.499) \$ (13.160) Adjustments Keconciliation of Operating Income (Loss) \$ (3.579) \$ (2.027) \$ 2.517 \$ 1.029 \$ (2.601) \$ (8.499) \$ (13.160) Adjustments Keconcile Operating Income (Loss) \$ 3.368 457 2.567 1.683 152 3.021 11.248 Other Nonoperating Revenue 12 15 24 1 30 756 5.966 Propaid Express — 902 — — — (160) (90) Unrease (Decresse) In Liabilities and Ne Deferred — — — — — 70 (160) (90) Unrease (Payable … <td>Restricted Cash and Investments</td> <td></td> <td>76</td> <td></td> <td>9,127</td> <td></td> <td>34,451</td> <td></td> <td>_</td> <td></td> <td>11,051</td> <td></td> <td>_</td> <td></td> <td>54,705</td>	Restricted Cash and Investments		76		9,127		34,451		_		11,051		_		54,705
OF YEAR § 15.714 § 3.7431 § 79.548 § 21.139 § 49.276 § 12.235 § 21.5343 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities: Operating Income (Loss) to Net Cash Net Cash Provided By (Used For) Operating Activities: Depreciation \$ (3.579) \$ (2.027) \$ 2.517 \$ 1.029 \$ (2.601) \$ (8.499) \$ (13.160) Adjustments to Reconcile Operating Income (Loss) to Net Cash Net Cash Provided By (Used For) Operating Activities: \$ (2.607) \$ 1.029 \$ (2.601) \$ (8.499) \$ (13.160) Adjustments to Reconcile Operating Income (Loss) to Net Cash Net Cash Provided By (Used For) Operating Activities: 7 2.567 1.683 152 3.021 11.248 Other Nonoperating Revenue 12 15 2.4 1 30 7756 838 (Increase) Decrease in Assets: - 902 - - 720 2.570 Accourds Payable (15 5.703 (4.159)	-		_		_		_		_		_		(4,840)		(4,840)
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities: Depretating Income (Loss) to (Section 20) (Section 2	TOTAL CASH AND CASH EQUIVALENTS AT END	_												_	
Provided by (Used For) Operating Activities: \$ (3.579) \$ (2.027) \$ 2.517 \$ 1.029 \$ (2.601) \$ (8.499) \$ (13.160) Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities: 3.368 457 2.567 1.683 152 3.021 11.248 Other Nonoperating Revenue 12 15 24 1 30 756 8.388 (Increase) Decrease in Assets: 720 26 (243) 64 (736) 6,135 5.966 Prepaid Expenses - 902 - - - (190) 712 Increase (Decrease) in Labilities and Net Deferred Outflows/Infows of Resources: 18 622 99 87 118 - 944 Other Accrued Liabilities 16 736 97 50 22 (179) 720 Contracts Payable - (731) - - - - 730 (160) (90) Undersende Barenetits 18 622 (241) - -	OF YEAR	\$	15,714	\$	37,431	\$	79,548	\$	21,139	\$	49,276	\$	12,235	\$	215,343
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Ulsed FOr) Operating Activities: 3,368 457 2,567 1,683 152 3,021 11,248 Other Nonoperating Revenue 12 15 24 1 30 756 838 (Increase) Decrease in Assets:															
Net Cash Provided By (Used For) Operating Activities: Depreciation 3,368 457 2,567 1,683 152 3,021 11,248 Other Nonoperating Revenue 12 15 24 1 30 756 838 (Increase) Decrease in Assets:	Operating Income (Loss)	\$	(3,579)	\$	(2,027)	\$	2,517	\$	1,029	\$	(2,601)	\$	(8,499)	\$	(13,160)
Other Nonoperating Revenue 12 15 24 1 30 756 838 (Increase) Decrease in Assets: Accounts Receivable - Net 720 26 (243) 64 (736) 6,135 5,966 Prepaid Expenses - 902 - - - (190) 712 Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources: - 902 - - - (190) 712 Accound Wages and Benefits 18 622 99 67 118 - 944 Other Accrued Liabilities - - - 70 (160) (90) Uneamed Revenue (18) (1,164) - (10) (42) (1,785) (3.019) Contracts Payable - - - - - 731) - - - (731) - - - (4.624) - - - (4.624) - - - (4.624) - - <td></td>															
(Increase) Decrease in Assets: 720 26 (243) 64 (736) 6,135 5,966 Prepaid Expenses - 902 - - - (190) 712 Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources - 902 - - - (190) 712 Accounts Payable (5) 5,703 (4,159) (88) 647 472 2,570 Accounts Payable (16) 118 622 99 87 118 - 944 Other Accrued Wages and Benefits 18 622 99 87 118 - 944 Other Accrued Liabilities - - - - 70 (160) (90) Uneared Revenue (18) (1.164) - (10) (42) (1.785) (3.019) Contracts Payable (27) (459 (632) (241) (481) - (1.840) Estimated Landfill Claure and Postclosure Care (27) (459 28 24 (49) - 55 Pension Liab	Depreciation		3,368		457		2,567		1,683		152		3,021		11,248
Accounts Receivable - Net. 720 26 (243) 64 (736) 6.135 5.966 Prepaid Expenses 902 (190) 712 Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources: (5) 5.703 (4.159) (86) 647 472 2.570 Accounts Payable (5) 5.703 (4.159) (86) 647 472 2.570 Accounts Payable (16) (160) (90) (160) (90) Unearned Revenue (18) (1.164) - (10) (42) (1.785) (3.019) Compensated Absences (6) 736 97 50 22 (179) 721 Liability Claims (27) (459) (632) (241) (481) - (4.624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/Inflows of Resources 199 3.904 1.530 777 492 -	Other Nonoperating Revenue		12		15		24		1		30		756		838
Prepaid Expenses - 902 - - - (190) 712 Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources: .	(Increase) Decrease in Assets:														
Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources: (5) 5,703 (4,159) (88) 647 472 2,570 Accounts Payable (5) 5,703 (4,159) (88) 647 472 2,570 Accrued Wages and Benefits 18 622 99 87 118 944 Other Accrued Liabilities - - - - 70 (160) (90) Unamed Revenue (18) (1,164) - (10) (42) (1,765) (3,019) Contracts Payable - (731) - - - (731) Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) - (14624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 </td <td>Accounts Receivable - Net</td> <td></td> <td>720</td> <td></td> <td>26</td> <td></td> <td>(243)</td> <td></td> <td>64</td> <td></td> <td>(736)</td> <td></td> <td>6,135</td> <td></td> <td>5,966</td>	Accounts Receivable - Net		720		26		(243)		64		(736)		6,135		5,966
Outflows of Resources:	Prepaid Expenses		_		902		_		—		—		(190)		712
Accrued Wages and Benefits 18 622 99 87 118 - 944 Other Accrued Liabilities - - - - 70 (160) (90) Unearned Revenue (18) (1,164) - (10) (42) (1,785) (3,019) Contracts Payable - (731) - - - (731) Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) - (1,840) Estimated Landfill Closure and Postclosure Care - - (4,624) - - - (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/ Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Notash Investing, Capital, and Financing Activities: 4,268 10,056 (5,313) 2,347 223 8,070	,														
Other Accrued Liabilities - - - - - 70 (160) (90) Unearned Revenue (18) (1,164) - (10) (42) (1,785) (3,019) Contracts Payable - (731) - - - (731) Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) - (1,840) Estimated Landfill Closure and Postclosure Care - - (4,624) - - - (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/ Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 Noncash Investing, Ca	Accounts Payable		(5)		5,703		(4,159)		(88)		647		472		2,570
Unearred Revenue (18) (1.164) - (10) (42) (1.785) (3.019) Contracts Payable - (731) - - - (731) Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) - (1.840) Estimated Landfill Closure and Postclosure Care - - (4.624) - - - (4.624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/ Inflows of Resources 7 45 28 24 (49) - - 6.902 Total Adjustments 4.268 10.056 (5.313) 2.347 223 8.070 19.651 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8.029 \$ (2.796) \$ 3.376 \$ (429) \$ 6.491 Noncash Investing, Capital, and Financing Activities:	Accrued Wages and Benefits		18		622		99		87		118		_		944
Contracts Payable - (731) - - - (731) Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) - (1,840) Estimated Landfill Closure and Postclosure Care - - (4,624) - - - (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/ Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Total Adjustments 4.268 10,056 (5,313) 2,347 223 8,070 19,651 Net CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: - - \$ 10,847 - \$ - \$ \$ 10,847	Other Accrued Liabilities		—		_		_		—		70		(160)		(90)
Compensated Absences (6) 736 97 50 22 (179) 720 Liability Claims (27) (459) (632) (241) (481) – (1,840) Estimated Landfill Closure and Postclosure Care – – (4,624) – – – (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) – 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 – 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 Noncash Investing, Capital, and Financing Activities:	Unearned Revenue		(18)		(1,164)		_		(10)		(42)		(1,785)		(3,019)
Liability Claims (27) (459) (632) (241) (481) - (1,840) Estimated Landfill Closure and Postclosure Care - - (4,624) - - - (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 Net CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8.029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: \$ - \$ - - - \$ 10,847 \$ - \$ 10,847 Developer Contributed and Donated Capital Leases \$ - \$ 10,847 \$ - \$ - \$ 10,847 <tr< td=""><td>Contracts Payable</td><td></td><td>_</td><td></td><td>(731)</td><td></td><td>_</td><td></td><td>_</td><td></td><td>_</td><td></td><td>_</td><td></td><td>(731)</td></tr<>	Contracts Payable		_		(731)		_		_		_		_		(731)
Estimated Landfill Closure and Postclosure Care - - - (4,624) - - - (4,624) Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: \$ - \$ - \$ - \$ 10,847 \$ - \$ 10,847 Developer Contributed and Donated Capital Leases \$ - \$ 70 - - - 70 Acquisition of Capital Assets - 70 - - - 70 - - 70 <tr< td=""><td>Compensated Absences</td><td></td><td>(6)</td><td></td><td>736</td><td></td><td>97</td><td></td><td>50</td><td></td><td>22</td><td></td><td>(179)</td><td></td><td>720</td></tr<>	Compensated Absences		(6)		736		97		50		22		(179)		720
Net Other Postemployment Benefits Liability and Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) - 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 - 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: \$ - \$ - \$ - \$ 10,847 \$ - \$ 10,847 Developer Contributed and Donated Capital Assets 27,350 - - - - 27,350 Acquisition of Capital Assets - 70 - - - 70 - - - 27,350 Acquisition of Capital Assets - - 70 - - - 70 Capital Asset Acquisitions Related to	Liability Claims		(27)		(459)		(632)		(241)		(481)		_		(1,840)
Related Deferred Outflows/Inflows of Resources 7 45 28 24 (49) — 55 Pension Liabilities and Related Deferred Outflows/ Inflows of Resources 199 3,904 1,530 777 492 — 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: \$ - \$ 10,847 - \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ 10,847 \$ - \$ - \$ 10,847 \$	Estimated Landfill Closure and Postclosure Care		_		_		(4,624)		_		_		_		(4,624)
Inflows of Resources 199 3,904 1,530 777 492 — 6,902 Total Adjustments 4,268 10,056 (5,313) 2,347 223 8,070 19,651 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: \$ - \$			7		45		28		24		(49)		_		55
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (2,378) \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities: - \$ - \$ 10,847 - \$ - \$ 10,847 - \$ - \$ 10,847 Developer Contributed and Donated Capital Assets 27,350 - - - - 27,350 Acquisition of Capital Assets - 70 - - - 70 Capital Asset Acquisitions Related to Grants Receivable - - (2,124) - - (2,124) Capital Asset Acquisitions Related to Accounts Payable 148 143 674 (1,862) (149) 86 (960) Carrying Value of Retired Capital Assets - - - - (24)			199		3,904		1,530		777		492		_		6,902
ACTIVITIES \$ 689 \$ 8,029 \$ (2,796) \$ 3,376 \$ (429) \$ 6,491 Noncash Investing, Capital, and Financing Activities:	Total Adjustments		4,268		10,056		(5,313)		2,347		223		8,070		19,651
Noncash Investing, Capital, and Financing Activities: Capital Assets Acquired Through Capital Leases		¢	690	¢	8 000	¢	(2 706)	¢	2 276	¢	(0.070)	¢	(420)	¢	6 401
Capital Assets Acquired Through Capital Leases \$ - \$ - \$ 10,847 \$ - \$ - \$ - \$ 10,847 Developer Contributed and Donated Capital Assets 27,350 - - - - 27,350 Acquisition of Capital Assets - 70 - - - 70 Capital Contributions Related to Grants Receivable - - (2,124) - - 70 Capital Asset Acquisitions Related to Accounts Payable 148 143 674 (1,862) (149) 86 (960) Carrying Value of Retired Capital Assets - - - - (24)	ACTIVITIES	φ	009	ф 	0,029	φ	(2,790)	φ	3,370	φ	(2,370)	ф	(429)	φ	0,491
Developer Contributed and Donated Capital Assets 27,350 - - - - 27,350 Acquisition of Capital Assets - 70 - - - 70 Capital Contributions Related to Grants Receivable - - (2,124) - - (2,124) Capital Asset Acquisitions Related to Accounts Payable 148 143 674 (1,862) (149) 86 (960) Carrying Value of Retired Capital Assets - - - (24)	Noncash Investing, Capital, and Financing Activities:														
Acquisition of Capital Assets-7070Capital Contributions Related to Grants Receivable(2,124)(2,124)Capital Asset Acquisitions Related to Accounts Payable148143674(1,862)(149)86(960)Carrying Value of Retired Capital Assets(6)(18)-(24)	Capital Assets Acquired Through Capital Leases	\$	_	\$	_	\$	10,847	\$	_	\$	_	\$	_	\$	10,847
Capital Contributions Related to Grants Receivable(2,124)(2,124)Capital Asset Acquisitions Related to Accounts Payable148143674(1,862)(149)86(960)Carrying Value of Retired Capital Assets(6)(18)-(24)	Developer Contributed and Donated Capital Assets		27,350		_		_		_		_		_		27,350
Capital Asset Acquisitions Related to Accounts Payable 148 143 674 (1,862) (149) 86 (960) Carrying Value of Retired Capital Assets - - - (6) (18) - (24)	Acquisition of Capital Assets		_		70		_		_		_		_		70
Carrying Value of Retired Capital Assets — — — (6) (18) — (24)	Capital Contributions Related to Grants Receivable		_		_		(2,124)		_		_		_		(2,124)
	Capital Asset Acquisitions Related to Accounts Payable		148		143		674		(1,862)		(149)		86		(960)
Capitalized Interest and Related Amounts 11 11	Carrying Value of Retired Capital Assets		_		_		_		(6)		(18)		_		(24)
	Capitalized Interest and Related Amounts		_		_		_		_		_		11		11

Page Intentionally Left Blank

256



INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governmental units and/or funds.

CITY OF SAN DIEGO

FLEET OPERATIONS

This fund was established to account for the acquisition, replacement, maintenance and fueling of the City's motive equipment.

CENTRAL STORES

This fund was established to provide centralized storeroom services to all City departments.

PUBLISHING SERVICES

This fund was established to provide printing and reproduction services to all City departments.

MISCELLANEOUS INTERNAL SERVICE

This fund accounts for various administrative activities including risk management administration, energy conservation, public utilities inventory, and administration and operation of various employee related programs such as unused compensatory time, unused sick leave, unemployment insurance, and long-term disability. Revenues are derived from rates or fees charged to the departments for specific services rendered. All miscellaneous funds are reported with governmental activities in the government-wide financial statements, with the exception of the public utilities inventory fund, which is reported with business-type activities.

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF FUND NET POSITION June 30, 2020 (Dollars in Thousands)

	(Dollars in Thousands)									
	Op	Fleet		Central Stores		shing vices	l	cellaneous nternal Service		Total
ASSETS			_							
Current Assets:										
Cash and Investments	\$	105,598	\$	70	\$	195	\$	14,092	\$	119,955
Receivables:										
Accounts - Net of Allowance for Uncollectibles		1,295		_		—		42		1,337
Contributions		—		_		—		939		939
Accrued Interest		17		1		1		53		72
Grants		_		_		_		272		272
Inventories		_		1,375		_		3,333		4,708
Total Current Assets		106,910		1,446		196		18,731		127,283
Non-Current Assets:										
Capital Assets - Non-Depreciable		9,575		_		_		25		9,600
Capital Assets - Depreciable		171,745		91		98		_		171,934
Total Non-Current Assets		181,320	_	91		98		25		181,534
TOTAL ASSETS		288,230		1,537		294		18,756		308,817
DEFERRED OUTFLOWS OF RESOURCES										
Deferred Outflows Related to Other Postemployment Benefits		655		66		32		354		1,107
Deferred Outflows Related to Pensions		6,842		547		246		3,558		11,193
TOTAL DEFERRED OUTFLOWS OF RESOURCES		7,497		613		278		3,912		12,300
LIABILITIES										
Current Liabilities:										
Accounts Payable		7,358		320		57		793		8,528
Accrued Wages and Benefits		770		52		26		1,099		1,947
Other Accrued Liabilities								130		130
Interest Accrued on Long-Term Debt		289		_		_				289
Long-Term Liabilities Due Within One Year		11,089		53		23		5,490		16,655
Total Current Liabilities	-	19,506		425		106		7,512		27,549
Non-Current Liabilities:		10,000		725		100		1,012		21,040
Compensated Absences		564		29		19		435		1,047
Liability Claims		3,745		151		38		4,459		8,393
Capital Lease Obligations		34,274		101		50		т,тОО		34,274
Net Other Postemployment Benefits Liability		11,660		1,005		837		4,165		17,667
Pension Liabilities		44,035		3,695		1,824		19,969		69,523
Total Non-Current Liabilities		94,278		4,880		2,718		29,028		130,904
TOTAL LIABILITIES		113,784		5,305		2,824		36,540		158,453
DEFERRED INFLOWS OF RESOURCES										
Deferred Inflows Related to Other Postemployment Benefits		14		1		1		7		23
Deferred Inflows Related to Pensions		1,933		169		26		1,090		3,218
TOTAL DEFERRED INFLOWS OF RESOURCES		1,947		170		27		1,097		3,241
NET POSITION (DEFICIT)										
Net Investment in Capital Assets		137,152		91		98		25		137,366
Unrestricted (Deficit)		42,844		(3,416)		(2,377)		(14,994)		22,057
			¢	. ,	¢		¢		¢	
TOTAL NET POSITION (DEFICIT)	\$	179,996	\$	(3,325)	φ	(2,279)	φ	(14,969)	\$	159,423

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	-	Fleet erations	Central Stores	olishing ervices	Miscellaneous Internal Service		Total
OPERATING REVENUES				 			
Charges for Services	\$	95,066	\$ 7,338	\$ 1,613	\$	33,577	\$ 137,594
Other		4	 33	 _		230	 267
TOTAL OPERATING REVENUES		95,070	 7,371	 1,613		33,807	 137,861
OPERATING EXPENSES							
Salaries and Employee Benefits		23,037	1,778	715		15,018	40,548
Materials and Supplies		13,985	5,477	248		3,015	22,725
Contractual Services		5,553	494	821		2,787	9,655
Information Technology		784	46	63		1,024	1,917
Energy and Utilities		11,272	155	51		10	11,488
Depreciation		26,472	17	14		57	26,560
Benefit and Claim Expenses		_	_	_		18,242	18,242
Other Expenses		4	 _	 _		30	 34
TOTAL OPERATING EXPENSES		81,107	7,967	1,912		40,183	 131,169
OPERATING INCOME (LOSS)		13,963	 (596)	 (299)		(6,376)	 6,692
NONOPERATING REVENUES (EXPENSES)							
Earnings on Investments		176	8	2		653	839
Other Agency Grant Assistance		_	_	_		1,037	1,037
Gain (Loss) on Sale/Retirement of Capital Assets		537	(3)	_		(1,112)	(578)
Debt Service Interest Expense		(889)	_	_		_	(889)
Other		529	 	 		49	 578
TOTAL NONOPERATING REVENUES (EXPENSES), NET		353	 5	 2		627	 987
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS		14,316	 (591)	 (297)		(5,749)	 7,679
Capital Contributions		832	_	_		_	832
Transfers from Other Funds		100	8	4		1,001	1,113
Transfers from Governmental Funds		58	320	15		8	401
Transfers to Other Funds		_	_	_		(1,396)	(1,396)
Transfers to Governmental Funds		_	_	_		(4,979)	(4,979)
TOTAL CONTRIBUTIONS AND TRANSFERS		990	328	 19		(5,366)	 (4,029)
CHANGE IN NET POSITION		15,306	(263)	(278)		(11,115)	3,650
Net Position (Deficit) at Beginning of Year		164,690	(3,062)	 (2,001)		(3,854)	155,773
NET POSITION (DEFICIT) AT END OF YEAR	\$	179,996	\$ (3,325)	\$ (2,279)	\$	(14,969)	\$ 159,423

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

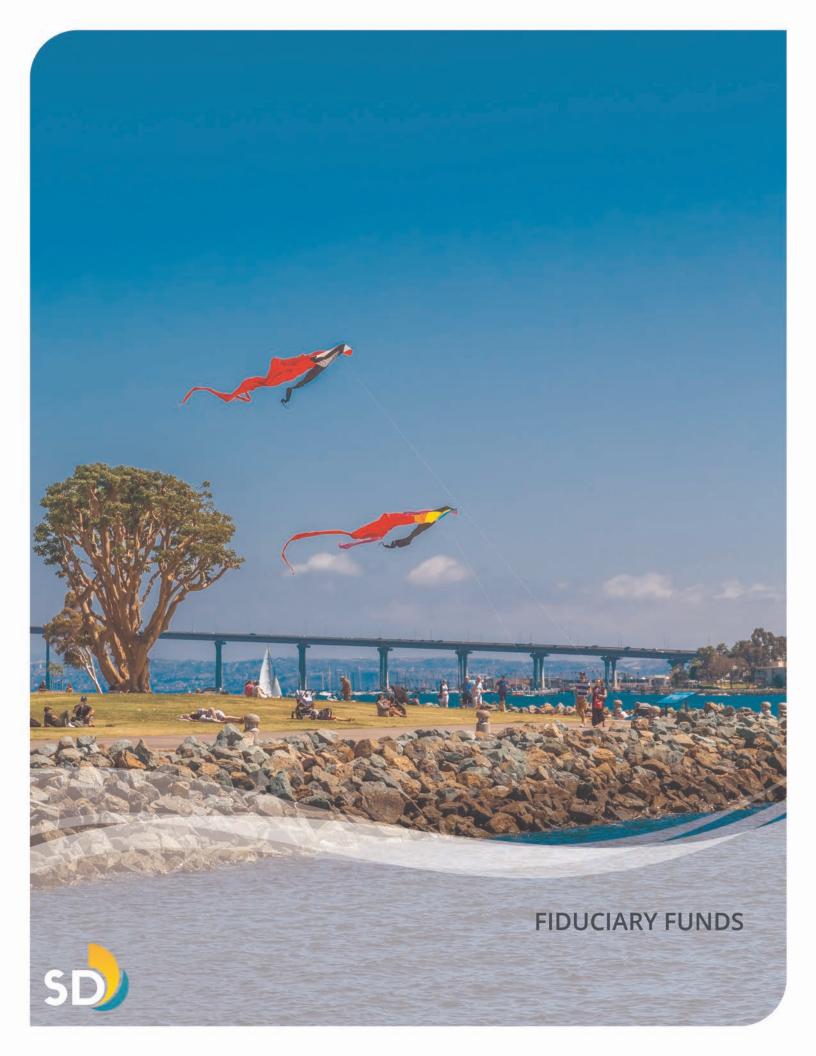
	Fleet Operatio		entral tores	lishing rvices	h	scellaneous Internal Service		Total
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers and Users	\$	_	\$ _	\$ _	\$	26,915	\$	26,915
Receipts from Interfund Services Provided	97,	517	7,404	1,613		7,222		113,756
Payments to Suppliers	(29,	817)	(6,596)	(1,414)		(10,546)		(48,373)
Payments to Employees	(18,	624)	(1,208)	(745)		(29,103)		(49,680)
Payments for Interfund Services Used	(676)	 (27)	(20)		(724)		(1,447)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	48,	400	 (427)	 (566)		(6,236)		41,171
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Transfers from Other Funds		100	8	4		1,001		1,113
Transfers from Governmental Funds		58	320	15		8		401
Transfers to Other Funds		_	_	_		(1,396)		(1,396)
Transfers to Governmental Funds		_	_	_		(4,979)		(4,979)
Operating Grants Received		_	 _	_		961		961
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES		158	 328	 19		(4,405)		(3,900)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Proceeds from the Sale of Capital Assets	1,	765	_	_		_		1,765
Acquisition of Capital Assets	(30,	548)	_	(6)		(54)		(30,608)
Principal Payments on Capital Leases	(10,	798)	_	_		—		(10,798)
Interest Paid on Long-Term Debt	(916)	 _	_		_		(916)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	(40,	497)	_	 (6)		(54)		(40,557)
CASH FLOWS FROM INVESTING ACTIVITIES								
Interest Received on Investments		170	10	4		676		860
NET CASH PROVIDED BY INVESTING ACTIVITIES		170	 10	 4		676		860
Net Increase (Decrease) in Cash and Cash Equivalents	8,	231	(89)	(549)		(10,019)		(2,426)
Cash and Cash Equivalents at Beginning of Year	97,	367	 159	 744		24,111		122,381
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 105,	598	\$ 70	\$ 195	\$	14,092	\$	119,955

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Fleet erations	entral tores	lishing ∿ices	In	ellaneous Iternal ervice	Total
Reconciliation of Operating Income (Loss) to Net Cash						
Provided by (Used For) Operating Activities:						
Operating Income (Loss)	\$ 13,963	\$ (596)	\$ (299)	\$	(6,376)	\$ 6,692
Adjustments to Reconcile Operating Income (Loss) to						
Net Cash Provided By (Used For) Operating Activities:						
Depreciation	26,472	17	14		57	26,560
Other Nonoperating Revenue	529	—	—		49	578
(Increase) Decrease in Assets:						
Accounts Receivable - Net	1,918	33	—		276	2,227
Contributions Receivable	—	_	_		5	5
Inventories	_	(193)	_		(1,331)	(1,524)
Increase (Decrease) in Liabilities and Net Deferred Outflows/Inflows of Resources:						
Accounts Payable	3,804	53	(248)		33	3,642
Accrued Wages and Benefits	68	12	2		(58)	24
Compensated Absences	72	10	(8)		(1,170)	(1,096)
Liability Claims	(1,245)	(56)	(23)		790	(534)
Net Other Postemployment Benefits Liability and Related Deferred	68	5	2		9	84
Outflows/Inflows of Resources					-	•
Pension Liabilities and Related Deferred Outflows/Inflows of Resources	 2,751	 288	 (6)		1,480	 4,513
Total Adjustments	 34,437	 169	 (267)		140	 34,479
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 48,400	\$ (427)	\$ (566)	\$	(6,236)	\$ 41,171
Noncash Investing, Capital, and Financing Activites:						
Capital Assets Acquired through Capital Leases	\$ 9,501	\$ _	\$ _	\$	_	\$ 9,501
Developer Contributed and Donated Capital Assets	824	_	_		_	824
Capital Asset Acquisitions Related to Accounts Payable	52	_	_		(62)	(10)
Carrying Value of Retired Capital Assets	(1,228)	_	_		_	(1,228)
Transfers of Capital Assets (To) From Governmental Activities	8	_	_		_	8
Transfers of Capital Assets To Other Funds	_	_	—		(1,112)	(1,112)



264



FIDUCIARY FUNDS

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The resources of fiduciary funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

PENSION TRUST FUNDS

FIDUCIARY COMPONENT UNIT

CITY EMPLOYEES' RETIREMENT SYSTEM

SDCERS provides retirement, disability, and death benefits. SDCERS is a defined benefit plan, whereby funds are accumulated from City and employee contributions, plus earnings from fund investments. Currently SDCERS also administers the Port of San Diego and the San Diego County Regional Airport Authority defined benefit plans. It also performs certain administrative functions on other post-employment benefits on behalf of the City.

CITY OF SAN DIEGO

CUSTODIAL FUNDS

These funds were established to account for assets held by the City as an agent for individuals, private organizations, or other governments, including special assessments and asset forfeitures.

FIDUCIARY FUNDS PENSION TRUST FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION June 30, 2020 (Dollars in Thousands)

	City Employees' Retirement System										
	City of San Diego	Unified Port District	Airport Authority	Total							
ASSETS											
Cash and Investments	\$-	- \$ 127	\$ 80	\$ 207							
Cash and Investments with Custodian/Fiscal Agent	206,62	.9 35,810	59,987	302,426							
Investments at Fair Value:											
Domestic Fixed Income Securities	1,844,58	104,661	35,941	1,985,185							
International Fixed Income Securities	573,80	33,128	11,842	618,772							
Domestic Equity Securities (Stocks)	1,455,46	63 81,809	27,193	1,564,465							
International Equity Securities (Stocks)	1,253,52	25 71,255	24,535	1,349,315							
Global Equity Securities	484,47	3 27,957	9,878	522,308							
Real Estate	919,88	52,897	19,135	991,913							
Private Equity and Infrastructure	1,072,71	8 62,112	22,349	1,157,179							
Receivables:											
Contributions	3,71	3 297	105	4,115							
Accrued Interest	8,46	68 468	147	9,083							
Securities Sold	210,72	12,049	4,137	226,911							
Prepaid Expenses	29	1 19	10	320							
Securities Lending Collateral	106,65	6,442	2,850	115,948							
Capital Assets - Depreciable	3,33	9 187	42	3,568							
TOTAL ASSETS	8,144,26	489,218	218,231	8,851,715							
LIABILITIES											
Accounts Payable	4,32	24 224	103	4,651							
Accrued Wages and Benefits	78	9 51	27	867							
Supplemental Benefits Payable	11,45	304	67	11,821							
Securities Lending Obligations	106,67	6,442	2,849	115,969							
Securities Purchased	383,74	0 21,772	7,342	412,854							
TOTAL LIABILITIES	506,98	28,793	10,388	546,162							
NET POSITION											
Restricted for Pension Benefits	\$ 7,637,28	\$ 460,425	\$ 207,843	\$ 8,305,553							

.

FIDUCIARY FUNDS PENSION TRUST FUNDS COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

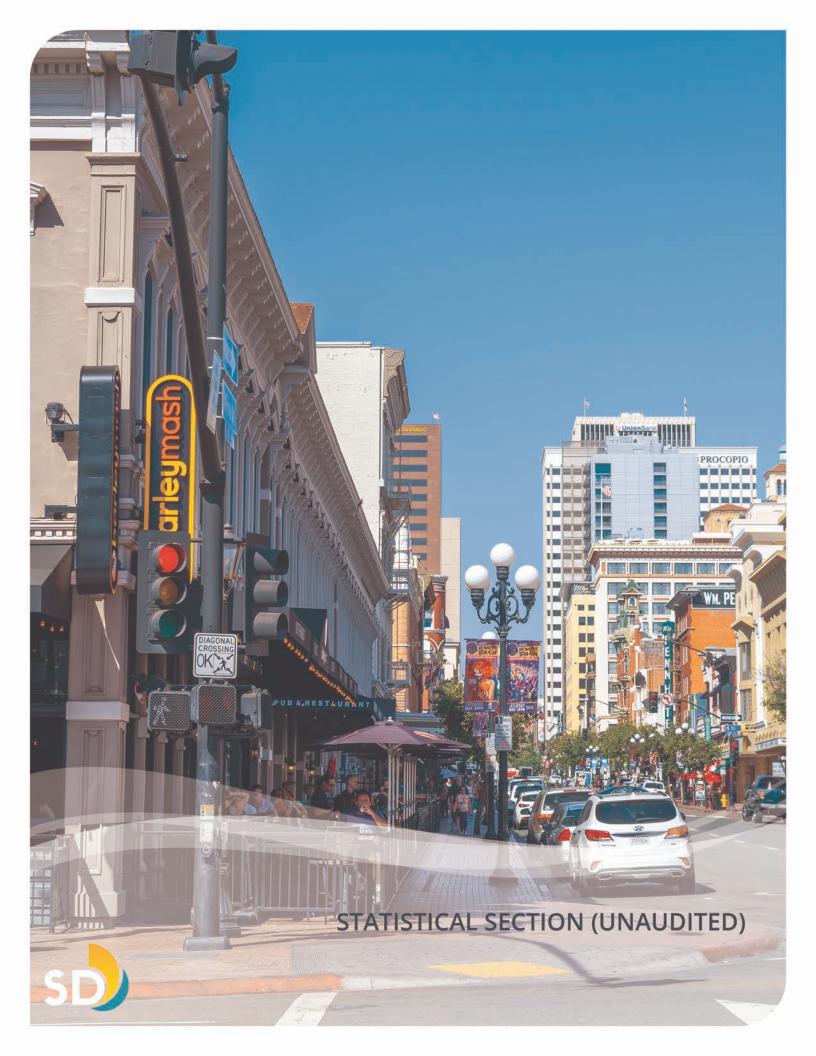
	City Employees' Retirement System											
	S	City of an Diego		Inified t District		Airport authority		Total				
ADDITIONS												
Employer Contributions	\$	352,060	\$	19,306	\$	8,356	\$	379,722				
Plan Member Contributions:												
Employee Contributions		66,363		3,634		3,253		73,250				
DROP Contributions		4,578		267		138		4,983				
Earnings on Investments:												
Investment Income		86,899		5,217		2,219		94,335				
Investment Expense		(43,564)		(2,621)		(1,131)		(47,316)				
Net Depreciation in Fair Value of Investments		(25,015)		(1,531)		(716)		(27,262)				
Net Investment Income		18,320		1,065		372		19,757				
Securities Lending:												
Gross Earnings		2,863		172		74		3,109				
Borrower Rebates and Bank Charges		(2,177)		(131)		(56)		(2,364)				
Net Securities Lending Income		686		41		18		745				
TOTAL ADDITIONS		442,007		24,313		12,137		478,457				
DEDUCTIONS												
DROP Interest Expense		21,576		580		65		22,221				
Benefit and Claim Payments		540,261		27,960		6,669		574,890				
Administration		10,688		721		387		11,796				
TOTAL DEDUCTIONS		572,525		29,261		7,121		608,907				
CHANGE IN NET POSITION		(130,518)		(4,948)		5,016		(130,450)				
Net Position at Beginning of Year		7,767,803		465,373		202,827		8,436,003				
NET POSITION AT END OF YEAR	\$	7,637,285	\$	460,425	\$	207,843	\$	8,305,553				

FIDUCIARY FUNDS CUSTODIAL FUNDS COMBINING STATEMENT OF FIDUCIARY NET POSITION June 30, 2020 (Dollars in Thousands)

	Community Facilities Districts	Other Custodial Funds		Total
ASSETS				
Cash and Investments	\$ 642	2 \$ 340) \$	982
Receivables:				
Special Assessments	229) —	-	229
Accrued Interest	5	5	I	6
Restricted Cash and Investments	18,161			18,161
TOTAL ASSETS	19,037	34	<u> </u>	19,378
LIABILITIES				
Due to Bondholders	19,037			19,037
NET POSITION				
Restricted for Others	\$	- \$ 34	\$	341

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION Fiscal Year Ended June 30, 2020 (Dollars in Thousands)

	Community Facilities Districts	Other Custodial	Total
ADDITIONS			
Special Assessments	\$ 8,818	\$ —	\$ 8,818
Fines, Forfeitures and Penalties	φ 0,010	φ 465	φ 0,010 465
Revenue from Money and Property.	239	11	250
Other Revenue		60	60
TOTAL ADDITIONS	9,057	536	9,593
DEDUCTIONS			
Paid to Bondholders	8,730	_	8,730
Administrative Expenses	327	_	327
Other Expenses	_	195	195
TOTAL DEDUCTIONS	9,057	195	9,252
NET CHANGE IN NET POSITION	_	341	341
Net Position at Beginning of Year			
NET POSITION AT END OF YEAR	\$	\$ 341	\$ 341



STATISTICAL SECTION

The Statistical Section presents information as required by GASB Statement No. 44. In addition to utilizing the basic financial statements, notes to the basic financial statements, and required supplementary information, the statistical data presented in this section helps users assess the City's economic condition. Ten-year trend information has been provided when available. The statistical tables are footnoted to indicate sources and when accounting data or other information is unavailable.

CONTENTS

FINANCIAL TRENDS

Tables 1 through 4 contain information to help the reader understand how the City's financial performance and well-being have changed over time.

REVENUE CAPACITY

Tables 5 through 9 contain information to help the reader assess the City's ability to generate its most significant local revenue source, property tax.

DEBT CAPACITY

Tables 10 through 15 present information to help the reader assess the affordability of the City's current levels of certain outstanding debt categories.

DEMOGRAPHIC AND ECONOMIC INFORMATION

Tables 16 and 17 offer demographic and economic indicators to help the reader understand the environment in which the City's financial activities take place and to provide comparisons over time with other governments.

OPERATING INFORMATION

Tables 18 through 20 contain information about the City's resources and operations to help the reader understand how the City's financial report relates to the services provided and activities performed by the City.

*Additional financial information (audited and statistical) on the Sewer and Water Utilities can be obtained in the Annual Report Disclosure filings submitted to the Municipal Securities Rulemaking Board, http://emma.msrb.org.

CITY OF SAN DIEGO NET POSITION BY CATEGORY (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands) (Accrual Basis of Accounting)

		Fisc	al Ye	ar	
	 2011	2012		2013	2014
Governmental Activities					
Net Investment in Capital Assets	\$ 3,812,560	\$ 3,835,923	\$	3,963,306	\$ 3,988,284
Restricted for:					
Capital Projects	 654,126	521,015		456,874	459,115
Low-Moderate Income Housing	 84,260	50,988		251,655	277,139
Nonexpendable Permanent Endowments	 15,670	18,780		19,689	24,307
Grants	 _	232,249		75,462	68,206
Other	 195,171	157,462		202,705	277,586
Unrestricted (Deficit)	 (392,384)	 (278,413)		(341,390)	 (274,916)
Total Governmental Activities Net Position	 4,369,403	4,538,004	_	4,628,301	4,819,721
Business-type Activities					
Net Investment in Capital Assets	 3,094,788	3,131,831		3,378,535	3,526,979
Restricted for:					
Debt Service	 11,129	13,346		7,893	1,880
Other	 45,217	24,462		24,822	25,404
Unrestricted	 685,666	 826,386		701,760	 637,889
Total Business-type Activities Net Position	 3,836,800	3,996,025		4,113,010	4,192,152
Primary Government					
Net Investment in Capital Assets	 6,907,348	6,967,754		7,341,841	7,515,263
Restricted for:					
Capital Projects	 654,126	521,015		456,874	459,115
Debt Service	 11,129	13,346		7,893	1,880
Low-Moderate Income Housing	 84,260	50,988		251,655	277,139
Nonexpendable Permanent Endowments	 15,670	18,780		19,689	24,307
Grants	 —	232,249		75,462	68,206
Other	240,388	181,924		227,527	302,990
Unrestricted (Deficit)	 293,282	 547,973		360,370	 362,973
Total Primary Government Net Position	\$ 8,206,203	\$ 8,534,029	\$	8,741,311	\$ 9,011,873

 $^{\rm 1}$ Fiscal Year 2018 amounts have been reclassified to conform with current year presentation.

Source: Comprehensive Annual Financial Reports

Table 1

					Fisca	al Ye	ar			
	2015		2016		2017		2018 ¹	 2019		2020
\$	3,988,396	\$	4,129,002	\$	4,220,622	\$	4,308,123	\$ 4,370,867	\$	4,424,146
	575,798		598,215		723,855		665,993	714,101		738,177
	286,129		319,022		335,801		338,828	343,422		346,594
	21,300		19,900		20,264		17,836	18,428		18,286
	67,230		219,216		204,527		179,469	141,489		110,893
	358,647		450,885		441,102		492,426	566,358		550,008
	(1,493,831)		(1,418,869)		(1,577,390)		(1,919,740)	(2,032,257)		(2,222,923)
	3,803,669		4,317,371		4,368,781		4,082,935	 4,122,408	_	3,965,181
	3,902,396		4,042,983		4,246,534		4,383,725	4,414,352		4,528,113
	1,531		2,790		505		683	481		9,842
	26,245		7,010		7,285		6,525	6,487		9,343
	380,283		364,762		293,340		239,462	 315,683		312,799
	4,310,455		4,417,545		4,547,664		4,630,395	 4,737,003		4,860,097
	7,890,792		8,171,985		8,467,156		8,691,848	8,785,219		8,952,259
	575,798		598,215		723,855		665,993	714,101		738,177
	1,531		2,790		505		683	481		9,842
	286,129		319,022		335,801		338,828	343,422		346,594
	21,300		19,900		20,264		17,836	18,428		18,286
	67,230		219,216		204,527		179,469	141,489		110,893
	384,892		457,895		448,387		498,951	572,845		559,351
_	(1,113,548)		(1,054,107)		(1,284,050)		(1,680,278)	 (1,716,574)		(1,910,124)
\$	8,114,124	\$	8,734,916	\$	8,916,445	\$	8,713,330	\$ 8,859,411	\$	8,825,278

CITY OF SAN DIEGO CHANGES IN NET POSITION (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands) (Accrual Basis of Accounting)

			Fisca	l Yea	r		
		2011	2012		2013		2014
Expenses							
Governmental Activities							
General Government and Support	\$	361,098	\$ 294,198	\$	313,800	\$	286,798
Public Safety - Police		427,724	409,374		429,849		441,803
Public Safety - Fire and Life Safety and Homeland Security		223,174	233,635		241,029		253,741
Parks, Recreation, Culture and Leisure		248,668	270,199		270,540		267,523
Transportation		191,402	224,187		202,376		192,928
Sanitation and Health		74,639	73,299		67,623		89,448
Neighborhood Services		85,588	219,499		89,354		70,191
Debt Service:							
Interest		77,443	58,838		37,942		35,226
Cost of Issuance		_	 		_		518
Total Governmental Activities Expenses		1,689,736	1,783,229		1,652,513		1,638,176
Business-type Activities							
Sewer Utility		315,591	311,367		322,431		326,437
Water Utility		362,830	382,314		420,809		443,453
Airports		4,297	3,614		4,759		4,663
Development Services		43,552	43,842		46,024		50,825
Environmental Services		34,904	36,357		32,205		33,724
Golf Course		15,503	15,217		15,689		16,423
Recycling		19,611	18,105		18,895		20,475
San Diego Convention Center Corporation		_	 				
Total Business-type Activities Expenses		796,288	 810,816		860,812		896,000
Total Primary Government Expenses		2,486,024	 2,594,045		2,513,325	_	2,534,176
Program Revenues							
Governmental Activities							
Charges for Services:							
General Government and Support		185,696	193,766		191,256		198,856
Public Safety - Police		44,879	38,367		44,723		42,976
Public Safety - Fire and Life Safety and Homeland Security		30,655	31,724		22,539		34,984
Parks, Recreation, Culture and Leisure		65,033	80,673		72,297		51,721
Transportation		27,304	56,742		28,759		30,262
Sanitation and Health		11,784	14,452		13,790		15,342
Neighborhood Services		27,013	22,699		35,792		36,339
Operating Grants and Contributions		81,159	62,181		82,760		60,591
Capital Grants and Contributions		51,674	 46,770		152,193		120,538
Total Governmental Activities Program Revenues		525,197	 547,374		644,109		591,609

Table 2

	2015	2016		Fisca 2017	 2018		2019	2020		
	2015	 2016		2017	 2018		2019		2020	
5	271,094	\$ 303,802	\$	344,484	\$ 364,533	\$	383,177	\$	417,462	
	380,344	412,571		501,314	542,128		567,625		629,92	
	221,446	233,688		290,178	321,016		339,282		338,128	
	263,127	311,372		355,714	383,122		397,391		374,33	
	198,242	224,620		239,099	264,278		279,724		311,56	
	92,833	99,079		103,039	101,440		108,371		117,47	
	80,299	65,994		82,384	91,686		121,036		131,08	
	33,790	41,537		36,943	36,515		34,265		34,02	
	1,541,175	 1,692,663		1,953,155	 2,104,718		2,230,871		2,353,99	
	316,465	296,422		339,189	351,145		356,630		362,28	
	466,552	437,304		477,037	532,056		515,273		535,56	
	3,740	4,824		6,306	7,415		8,211		9,04	
	50,244	54,002		69,949	78,287		81,012		88.03	
	30,939	54,385		34,253	41,397		38,510		32,50	
	15,827	16,182		19,925	21,072		20,090		21,42	
	17,200	18,036		19,444	25,002		24,780		27,32	
	_	_		36,760	37,986		41,898		39,83	
	900,967	 881,155		1,002,863	 1,094,360	-	1,086,404		1,116,01	
	2,442,142	 2,573,818	_	2,956,018	 3,199,078		3,317,275		3,470,00	
	249,241	213,490		176,696	176,366		198,942		188,11	
	40,304	46,238		45,126	40,738		43,117		33,55	
	33,547	36,645		32,491	43,814		52,760		48,62	
	53,093	74,531		133,451	114,893		125,122		91,22	
	34,459	44,555		47,655	51,422		53,862		69,21	
	14,269	14,730		16,629	15,625		15,778		15,53	
	49,825	32,982		37,105	40,123		40,624		37,24	
	49,049	65,173		46,476	134,682		154,764		226,20	
	106,237	 140,408		75,694	 26,218		77,952		72,50	
	630,024	668,752		611,323	643,881		762,921		782,20	

(Continued on Next Page)

CITY OF SAN DIEGO CHANGES IN NET POSITION (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands) (Accrual Basis of Accounting)

	Fiscal Year						
		2011		2012		2013	2014
Program Revenues (Continued)							
Business-type Activities							
Charges for Services:							
Sewer Utility	\$	357,731	\$	370,299	\$	361,637	\$ 364,548
Water Utility		371,515		408,119		414,508	447,565
Airports		4,749		4,188		4,906	4,371
Development Services		45,743		44,557		50,006	52,402
Environmental Services		28,246		25,123		24,607	26,043
Golf Course		15,715		17,428		18,367	19,764
Recycling		18,592		17,323		18,056	19,046
San Diego Convention Center Corporation		· _		_		_	_
Operating Grants and Contributions		8,355		2,939		1,761	1,531
Capital Grants and Contributions		30,692		75,194		91,878	70,739
Total Business-type Activities Program Revenues		881,338		965,170		985,726	 1,006,009
Total Primary Government Program Revenues		1,406,535		1,512,544		1,629,835	 1,597,618
Net (Expense)/Revenue:							
Governmental Activities		(1,164,539)		(1,235,855)		(1,008,404)	(1,046,567)
		(1,104,539) 85,050		(1,235,655) 154,354		(1,008,404) 124,914	(1,040,507) 110,009
Business-type Activities		(1,079,489)		(1,081,501)		(883,490)	 (936,558)
		(1,070,400)		(1,001,001)		(000,400)	 (000,000)
General Revenues and Other Changes in Net Position Governmental Activities							
		ECO E77		500 020		401 004	470 00E
Property Taxes		560,577		508,938		421,894	470,905
Transient Occupancy Taxes		140,752		148,184		158,105	173,376
Sales Taxes - Shared State Revenue		246,452		253,624		269,504	282,345
Franchises							
Other Local Taxes		158,797		173,954		166,548	186,747
Developer Contributions and Fees		14,131		55,635		66,312	47,765
Grants and Contributions not Restricted to Specific Programs		10,320		115		705	674
Investment Income		25,488		15,708		9,220	13,627
Gain on Sale of Capital Assets		133		—		—	-
Miscellaneous		16,207		36,086		14,471	32,482
Transfers		6,040		16,739		20,012	 15,269
Total Governmental Activities General Revenues and Transfers		1,178,897		1,208,983		1,126,771	 1,223,190
Business-type Activities							
Investment Income		13,717		11,519		2,429	8,489
Miscellaneous		12,684		8,225		11,520	12,096
Transfers		(6,040)		(16,739)		(20,012)	(15,269)
Total Business-type Activities General Revenues and Transfers		20,361		3,005		(6,063)	 5,316
Total Primary Government General Revenues and Transfers		1,199,258		1,211,988		1,120,708	 1,228,506
Special Items and Extraordinary Gain (Loss)							
Governmental Activities		_		195,473		(28,070)	(14,828)
Business-type Activities				1,866		(1,866)	
Change in Net Position:							
Governmental Activities		14,358		168,601		90,297	161,795
Business-type Activities		105,411		159,225		116,985	 115,325
Total Primary Government Change in Net Position	\$	119,769	\$	327,826	\$	207,282	\$ 277,120

Source: Comprehensive Annual Financial Reports

Table 2

					Fisca						
	2015		2016		2017		2018		2019		2020
\$	364,467	\$	346,950	\$	353,488	\$	360,710	\$	367,979	\$	360,823
Ψ	455,222	Ψ	413,008	Ψ	501,404	Ψ	569,524	Ψ	539,128	Ψ	552,214
	4,618		4,691		5,307		4,888		5,619		5,474
	56,395		59,808		64,699		70,703		74,741		85,700
	30,477		33,048		32,194		34,960		35,329		35,366
	20,116		17,987		18,087		23,502		24,320		22,446
	20,305		23,203		23,186		27,957		26,055		25,757
					36,505		34,256		41,245		30,370
	1,044		2,629		10,088		9,958		6,435		18,906
	386,952		59,226		56,837		70,109		30,801		62,301
	1,339,596		960,550		1,101,795		1,206,567		1,151,652		1,199,357
	1,969,620		1,629,302		1,713,118		1,850,448		1,914,573		1,981,566
			, ,								
	(911,151)		(1,023,911)		(1,341,832)		(1,460,837)		(1,467,950)		(1,571,785)
	438,629		79,395		98,932		112,207		65,248		83,345
	(472,522)		(944,516)		(1,242,900)		(1,348,630)		(1,402,702)		(1,488,440)
	460,948		489,548		520,186		548,509		586,510		627,272
	182,466		200,612		222,228		231,863		250,883		181,181
	296,837		319,030		310,935		323,113		339,609		327,311
	_		_		141,942		96,313		97,365		93,474
	208,970		204,387		36,310		52,603		66,375		68,117
	86,440		104,516		99,075		82,883		75,101		50,125
	653		1,045		700		833		835		1,982
	8,786		16,075		7,846		13,337		52,056		52,746
	_		—		28,005		809		770		6,178
	47,071		37,751		36,881		15,959		38,530		20,311
	(150)		(733)		(3,207)		(2,814)		(611)		(4,022)
	1,292,021		1,372,231		1,400,901		1,363,408		1,507,423		1,424,675
	8,012		13,742		3,330		8,435		28,713		27,752
	21,285		13,220		7,076		13,758		12,036		7,975
	150		733		3,207		2,814		611		4,022
	29,447		27,695		13,613		25,007		41,360	_	39,749
	1,321,468		1,399,926		1,414,514	_	1,388,415		1,548,783		1,464,424
			165,382								(10,117)
											(10,117)
	380,870		513,702		59,069		(07 /20)		39,473		(157,227)
	468,076		107,090		112,545		(97,429) 137,214		106,608		123,094
\$	848,946	\$	620,792	\$	171,614	\$	39,785	\$	146,081	\$	(34,133)

CITY OF SAN DIEGO FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands) (Modified Accrual Basis of Accounting)

			 Fisca	l Year		
		2011	2012		2013	2014
General Fund:						
Nonspendable	\$	—	\$ 22,140	\$	_	\$ 1,248
Spendable:						
Restricted		145,880	102,104		60,507	104,885
Committed		1,183	44,831		40,953	147,053
Assigned		38,153	_		8,717	5,575
Unassigned		60,532	109,475		112,321	91,353
Total General Fund	\$	245,748	\$ 278,550	\$	222,498	\$ 350,114
Nonmajor Governmental Funds:						
Nonspendable	\$	21,093	\$ 19,502	\$	115,806	\$ 24,326
Spendable:						
Restricted		1,378,184	876,460		866,750	1,011,875
Committed		92,783	114,722		87,655	140,268
Unassigned	_	(29,569)	 (43,841)		(22,578)	 (15,156)
Total Nonmajor Governmental Funds	\$	1,462,491	\$ 966,843	\$	1,047,633	\$ 1,161,313

Source: Comprehensive Annual Financial Reports

Table 3

	Fiscal Year													
2015	2016	2017	2018	2019	2020									
\$ 849	\$ 2,502	\$ 783	\$ 863	\$ 1,154	\$ —									
140,358	146,228	116,253	132,307	160,400	195,085									
130,891	109,474	116,497	100,483	92,189	88,665									
6,162	11,189	28,869	24,717	42,842	2,133									
99,555	106,508	111,057	95,434	115,582	124,583									
\$ 377,815	\$ 375,901	\$ 373,459	\$ 353,804	\$ 412,167	\$ 410,466									
\$ 21,427	\$ 19,917	\$ 20,299	\$ 18,042	\$ 18,451	\$ 18,286									
1,288,739	1,573,516	1,617,147	1,582,579	1,618,657	1,564,819									
108,239	106,851	114,692	97,911	87,428	63,338									
(11,287)	(27,289)	(33,843)	(43,514)	(65,721)	(89,319)									
\$1,407,118	\$1,672,995	\$1,718,295	\$1,655,018	\$1,658,815	\$1,557,124									

CITY OF SAN DIEGO CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands) (Modified Accrual Basis of Accounting)

		Fiscal Year		
	2011	2012	2013	
Revenues				
Property Taxes		. ,	\$ 422,617	
Special Assessments	,	,	50,510	
Sales Taxes - Shared State Revenue			269,929	
Transient Occupancy Taxes		148,795	159,494	
Franchises	······			
Other Local Taxes		173,954	166,548	
Licenses and Permits	42,668	41,906	51,662	
Fines, Forfeitures and Penalties	,	64,816	31,261	
Revenue from Use of Money and Property		77,654	80,994	
Revenue from Federal Agencies		70,132	59,863	
Revenue from Other Agencies		46,604	57,770	
Revenue from Private Sources		38,451	71,280	
Charges for Current Services	204,782	215,914	189,551	
Other Revenue		41,446	20,829	
Total Revenues		1,743,871	1,632,308	
Expenditures				
Current:				
General Government and Support		279,663	265,489	
Public Safety - Police	402,328	396,098	406,599	
Public Safety - Fire and Life Safety and Homeland Security		226,623	228,128	
Parks, Recreation, Culture and Leisure		228,255	225,411	
Transportation		149,344	120,594	
Sanitation and Health		72,980	65,969	
Neighborhood Services		218,724	81,559	
Capital Outlay		193,727	158,460	
Debt Service:	,	,	,	
Principal Retirement		70,614	46,323	
Cost of Issuance	,		814	
Interest			37,399	
Payment to Refunded Bond Escrow Agent			1,572	
Total Expenditures		1,893,603	1,638,317	
Excess (Deficiency) of Revenues Over Expenditures	(51,240) (149,732)	(6,009	
Other Financing Sources (Uses)				
Transfers In		274,458	302,999	
Transfers Out) (286,274)	(294,922	
Payment to Refunded Bond Escrow Agent		(152,936)		
Contracts, Notes, and Loans Issued		· · · · ·	(·,· ·	
Bonds Issued			94,808	
Other Sources	10.001		7,477	
Total Other Financing Sources (Uses)	-		91,389	
Special Items and Extraordinary Gain (Loss)		(317,084)	(60,642	
Net Change in Fund Balances	\$ 68,899	\$ (462,846)	\$ 24,738	

Source: Comprehensive Annual Financial Reports

Table 4

Fiscal Year													
2014		2015	2016	2017	2018	2019	2020						
470,9	960	\$ 460,515	\$ 489,664	\$ 519,386	\$ 548,870	\$ 585,391	\$ 624,834						
50,7		57,343	54,304	61,736	63,870	70,590	56,705						
278,		293,929	333,821	319,343	314,023	355,383	329,981						
170,4		186,690	204,559	222,228	231,863	250,883	181,181						
	_	_	_	141,942	160,185	167,025	157,052						
186,	747	208,907	204,450	36,304	52,608	66,375	68,026						
53,3	329	57,388	78,595	125,087	108,516	115,968	100,378						
31,3	363	33,832	41,465	32,480	32,157	30,060	31,676						
87,2	212	92,452	103,307	97,902	103,746	143,014	129,210						
52,	504	45,217	44,529	35,149	54,336	96,372	161,152						
39,8	804	87,364	35,748	56,267	35,670	34,387	56,881						
78,8	875	71,581	87,739	13,286	9,348	30,162	6,673						
207,	101	238,516	260,933	267,708	289,731	320,560	314,440						
33,8		49,200	39,718	37,846	16,304	17,359	19,350						
1,741,6		1,882,934	1,978,832	1,966,664	2,021,227	2,283,529	2,237,539						
299,7	739	305,594	334,883	335,344	363,126	392,779	438,157						
431,	531	430,411	445,027	441,999	473,969	501,731	557,815						
245,6	650	254,603	252,608	255,451	285,567	293,267	299,525						
216,6	635	228,157	276,730	293,083	322,467	347,127	312,948						
108,8	836	120,102	144,145	147,397	175,931	180,758	218,467						
83,	128	92,907	94,982	99,012	95,366	99,947	105,551						
63,8	846	82,812	79,745	90,673	97,978	146,370	142,315						
118,	187	185,018	194,957	290,550	253,249	227,042	231,457						
66,	534	42,812	37,077	36,428	40,961	44,435	48,189						
Į	518	1,140	712	28	1,500	469	_						
36,0	070	34,135	40,330	39,108	54,994	35,090	35,142						
	_	_	3,811	_	13,125	_	_						
1,670,6	674	1,777,691	1,905,007	2,029,073	2,178,233	2,269,015	2,389,566						
70,9	946	105,243	73,825	(62,409)	(157,006)	14,514	(152,027						
192,0	049	253,570	173,710	138,412	143,061	128,577	122,912						
(173,2		(253,139)	(174,166)	(140,795)	(146,077)	(120,496)	(120,006						
(16,0	,	_	(122,186)	_	(183,745)	_							
	761	1,512	_	_	_	_	26,167						
51,7	713	121,200	123,294	_	226,971	_	_						
29,		45,120	24,104	107,650	33,864	39,565	29,679						
84,9		168,263	24,756	105,267	74,074	47,646	58,752						
(21,0	067)		165,382				(10,117						
134,8	875	\$ 273,506	\$ 263,963	\$ 42,858	\$ (82,932)	\$ 62,160	\$ (103,392						
	6.6%	4.8%	4.5%	4.3%	5.0%	3.9%	3.9						

283

CITY OF SAN DIEGO ASSESSED VALUE AND ESTIMATED VALUE OF TAXABLE PROPERTY (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

Table 5

		C	ity			Su	ccessor Agency 1		
Fiscal Year Ended June 30	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2011	\$ 158,803,280	\$ 7,873,095	\$ (7,411,231)	\$ 159,265,144	\$ 17,676,415	\$ 953,539	\$ (1,465,748)	\$ 17,164,206	0.172%
2012	160,568,111	7,614,792	(7,713,035)	160,469,868	17,354,546	967,108	(1,610,637)	16,711,017	0.172%
2013	159,731,138	7,784,851	(7,883,818)	159,632,171	17,571,696	977,717	(1,683,396)	16,866,017	0.172%
2014	166,492,182	8,229,813	(8,321,763)	166,400,232	18,265,071	984,082	(1,712,162)	17,536,991	0.172%
2015	176,702,157	8,671,311	(8,592,636)	176,780,832	19,634,360	1,015,145	(1,694,855)	18,954,650	0.172%
2016	187,297,981	8,906,099	(9,002,912)	187,201,168	21,169,427	1,032,849	(1,795,081)	20,407,195	0.172%
2017	197,932,308	8,861,982	(9,478,879)	197,315,411	22,939,735	1,078,149	(1,814,669)	22,203,215	0.172%
2018	210,056,793	9,316,411	(9,765,866)	209,607,338	24,856,106	1,127,636	(2,011,257)	23,972,485	0.172%
2019	223,287,219	9,594,809	(10,907,691)	221,974,337	27,179,889	1,165,784	(2,170,961)	26,174,712	0.172%
2020	235,623,512	10,360,876	(11,645,531)	234,338,857	29,706,476	1,190,951	(2,227,755)	28,669,672	0.172%

¹ Pursuant to ABX1 26, the former Redevelopment Agency (RDA) dissolved as of February 1, 2012, at which time the City, as Successor Agency, received the former RDA's assets and assumed the responsibility for winding down the former RDA's operations.

Sources: Avenu Insights and Analytics, LLC and San Diego County Assessor Data

Page Intentionally Left Blank

CITY OF SAN DIEGO ASSESSED VALUE OF PROPERTY BY USE CODE / ASSESSED VALUE BY MAJOR COMPONENT (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

		Fisca	l Yea	r	
Category	 2011	 2012		2013	 2014
Residential	\$ 119,784,031	\$ 122,014,996	\$	121,392,331	\$ 126,493,049
Commercial	22,994,996	22,615,974		23,337,037	24,553,545
Industrial	11,628,925	11,578,295		11,564,607	11,753,860
Institution	1,629,550	1,618,090		1,626,508	1,688,359
Recreation	1,287,482	1,341,813		1,346,278	1,383,655
Government	_	_		_	_
Agriculture	12,882	14,116		14,853	15,155
Rural	260,106	243,543		239,073	199,226
Vacant	2,947,884	2,892,284		2,622,931	2,588,138
Unknown	 15,933,839	 15,603,546		15,159,216	 16,082,265
Gross Secured Value	176,479,695	177,922,657		177,302,834	184,757,252
Unsecured	8,826,634	8,581,900		8,762,568	9,213,896
Less Exemptions	(8,876,979)	 (9,323,672)		(9,567,214)	 (10,033,925)
Net Taxable Value	\$ 176,429,350	\$ 177,180,885	\$	176,498,188	\$ 183,937,223

Use code categories are based on San Diego County Assessor's data.

Source: Avenu Insights and Analytics, LLC

 Fiscal Year											
 2015		2016		2017		2018		2019		2020	
\$ 135,781,072	\$	144,566,532	\$	153,836,389	\$	163,783,938	\$	174,763,775	\$	185,410,856	
25,423,193		26,788,688		42,781,822		45,175,379		47,995,505		50,635,658	
12,258,818		12,786,249		13,716,011		14,580,784		16,009,633		17,065,994	
1,733,140		1,738,339		4,177,303		4,455,194		4,742,848		4,878,576	
1,344,234		1,384,431		1,657,970		1,659,558		1,741,950		1,782,059	
_		_		1,198,602		1,308,936		1,385,959		1,438,338	
16,607		17,989		472,200		530,505		551,261		593,440	
205,324		239,901		202,834		198,630		175,835		184,651	
2,611,582		3,023,596		2,826,026		3,219,104		3,099,378		3,339,367	
 16,962,545		17,921,683		2,886		871		964		1,049	
196,336,515		208,467,408		220,872,043		234,912,899		250,467,108		265,329,988	
9,686,457		9,938,948		9,940,131		10,444,047		10,760,593		11,551,827	
 (10,287,491)		(10,797,993)		(11,293,548)		(11,777,123)		(13,078,652)		(13,873,286)	
\$ 195,735,481	\$	207,608,363	\$	219,518,626	\$	233,579,823	\$	248,149,049	\$	263,008,529	

CITY OF SAN DIEGO DIRECT AND OVERLAPPING PROPERTY TAX RATES (UNAUDITED) Last Ten Fiscal Years (\$1 Per \$100 of Assessed Value)

Basic City and County Direct Rates	2011	2012	2013	2014
County of San Diego	0.15731%	0.15731%	0.15731%	0.15731%
City of San Diego	0.17213%	0.17213%	0.17213%	0.17213%
San Diego Unified School District	0.44679%	0.44679%	0.44679%	0.44679%
San Diego Community College District	0.06463%	0.06463%	0.06463%	0.06463%
County School Service	0.00748%	0.00748%	0.00748%	0.00748%
County School Service - Capital Outlay	0.00189%	0.00189%	0.00189%	0.00189%
Childrens Institution Tuition	0.00160%	0.00160%	0.00160%	0.00160%
Regional Occupational Center	0.00477%	0.00477%	0.00477%	0.00477%
Carlsbad Project	0.00010%	0.00010%	0.00010%	0.00010%
Educational Revenue Augmentation Fund (ERAF)	0.14330%	0.14330%	0.14330%	0.14330%
Total Basic City and County Direct Rates 1	1.00000%	1.00000%	1.00000%	1.00000%
Overlapping Rates				
City of San Diego	0.00986%	0.00870%	0.00850%	0.00850%
Education	0.09164%	0.10410%	0.10303%	0.17427%
Total Overlapping	0.10150%	0.11280%	0.11153%	0.18277%
Total Direct and Overlapping Tax Rates	1.10150%	1.11280%	1.11153 %	1.18277%

¹ Property tax rates in California do not utilize millage rates. Proposition 13, enacted by the voters in 1978-79, held property tax to a maximum of 1% of the assessed value. Rates over 1% are allowable only for voter approved bond indebtedness.

Sources: Avenu Insights and Analytics, LLC and San Diego County Auditor/Controller Data

Fiscal Year												
2015	2016	2017	2018	2019	2020							
0.15731%	0.15731%	0.15731%	0.15731%	0.15731%	0.15731%							
0.17213%	0.17213%	0.17213%	0.17213%	0.17213%	0.17213%							
0.44679%	0.44679%	0.44679%	0.44679%	0.44679%	0.44679%							
0.06463%	0.06463%	0.06463%	0.06463%	0.06463%	0.06463%							
0.00748%	0.00748%	0.00748%	0.00748%	0.00748%	0.00748%							
0.00189%	0.00189%	0.00189%	0.00189%	0.00189%	0.00189%							
0.00160%	0.00160%	0.00160%	0.00160%	0.00160%	0.00160%							
0.00477%	0.00477%	0.00477%	0.00477%	0.00477%	0.00477%							
0.00010%	0.00010%	0.00010%	0.00010%	0.00010%	0.00010%							
0.14330%	0.14330%	0.14330%	0.14330%	0.14330%	0.14330%							
1.00000%	1.00000%	1.00000%	1.00000%	1.00000%	1.00000%							
0.00850%	0.00850%	0.00850%	0.00850%	0.00850%	0.00850%							
0.17051%	0.16609%	0.16582%	0.16117%	0.16611%	0.22349%							
0.17901%	0.17459%	0.17432%	0.16967%	0.17461%	0.23199%							
1.17901%	1.17459%	1.17432%	1.16967%	1.17461%	1.23199%							

CITY OF SAN DIEGO PRINCIPAL PROPERTY TAX PAYERS (UNAUDITED) Current Year and Nine Years Ago (Dollars in Thousands)

Property Tax Payer	Ass	Taxable essed Value	Percent of Total City Taxable Assessed Value
For the Fiscal Year Ended June 30, 2020			
Qualcomm, Inc.	\$	2,138,154	0.81%
Irvine Co., LLC		1,490,959	0.57%
Host Hotels Resorts, LP		1,101,990	0.42%
Kilroy Realty, LP		929,844	0.35%
UTC Venture, LLC		818,067	0.31%
One Park Boulevard, LLC		505,922	0.19%
Fashion Valley Mall, LLC		496,812	0.19%
La Jolla Crossroads, LLC		488,173	0.18%
BEX Portfolio, LLC		483,448	0.18%
Bosa Development California II, Inc.		430,983	0.16%
For the Fiscal Year Ended June 30, 2011			
Irvine Company, LLC		1,617,533	0.92%
Kilroy Realty, LP		1,388,039	0.79%
Qualcomm, Inc.		1,246,601	0.71%
Arden Realty, LP		757,906	0.43%
San Diego Family Housing, LLC		684,612	0.39%
Pfizer, Inc.		475,277	0.27%
Fashion Valley Mall, LLC		453,886	0.26%
One Park Boulevard, LLC		433,790	0.25%
OC SD Holdings, LLC		411,561	0.23%
Manchester Resorts LP		362,554	0.21%

Sources: Avenu Insights and Analytics, LLC and San Diego County Assessor Data

CITY OF SAN DIEGO PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

			Collected wi Fiscal Year			Total Collectio	ns to Date	
Fiscal Year Ended June 30	 Taxes Levied for the Fiscal Year ^{1, 2}		Amount ollected ²	Percent of Levy	Delinquent Collections ³		Amount	Percent of Levy
2011	\$ 293,624	\$	285,913	97.37%	\$	4,796	\$ 290,709	99.01%
2012	296,007		289,530	97.81%		4,038	293,568	99.18%
2013	299,332		293,577	98.08%		2,849	296,426	99.03%
2014	315,060		308,606	97.95%		2,615	311,221	98.78%
2015	331,187		325,794	98.37%		2,773	328,567	99.21%
2016	330,483		327,903	99.22%		2,352	330,255	99.93%
2017	349,650		346,510	99.10%		2,676	349,186	99.87%
2018	370,127		367,047	99.17%		2,315	369,362	99.79%
2019	391,665		388,224	99.12%		2,209	390,433	99.69%
2020	432,393		422,798	97.78%		_	422,798	97.78%

¹ Property tax levies and collections for the General Fund and Zoological Exhibits Fund.

² Taxes levied and collected for the year include local assessment only.

³ Delinquent Collections amounts do not include penalties and interest.

Source: County of San Diego

-

CITY OF SAN DIEGO RATIOS OF OUTSTANDING DEBT BY TYPE (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

	 Governmental Activities											
Fiscal Year Ended June 30	Capital Lease ligations		Qualified Energy Conservation Bonds Lease Obligation		Notes Payable		Loans Payable	Com	mercial Paper Notes			
2011	\$ 68,018	\$	13,142	\$	_	\$	52,963	\$	_			
2012	69,638		12,392		_		38,748		_			
2013	65,369		11,637		_		27,268		_			
2014	58,094		10,864		_		17,633		_			
2015	92,539		10,071		_		9,568		_			
2016	86,500		9,259		_		8,480		_			
2017	165,626		8,429		_		7,341		_			
2018	197,649		7,578		_		6,383		_			
2019	219,147		6,708		_		5,388		15,889			
2020	207,010		5,816		_		30,737		38,575			

	Business-Type Activities										
Fiscal Year Ended June 30	Capital Lease Obligations	Contracts Payable	Notes Payable	Loans Payable	Commercial Paper Notes						
2011	\$ —	\$ —	\$ —	\$ 91,025	\$ —						
2012	_	_	_	125,406	_						
2013	_	_	_	145,330	_						
2014	2,590	_	_	161,360	_						
2015	2,250	_	-	158,241	_						
2016	7,588	3,606	-	162,194	_						
2017	6,091	2,888	13	191,658	_						
2018	4,624	2,194	11	203,273	168,213						
2019	3,123	1,481	8	223,896	53,597						
2020	12,374	750	6	238,034	18,724						

¹ Personal income is disclosed in Table 16.

² Debt per Capita is calculated using population data, which is disclosed in Table 16.

Source: Comprehensive Annual Financial Reports

 General Obligation Bonds	Pooled Financing Bond	s	Lease Revenue Bonds Net		Tax Allocation Bonds		Tobacco Settlement-Asset Backed Bonds		Total Government Activities	
\$ 2,240	\$ 31,9	38	\$	529,536	\$	637,247	\$	89,600	\$	1,424,684
_		_		492,532		_		86,195		699,505
_		_		546,884		_		81,635		732,793
_		_		572,008		_		77,785		736,384
_		_		670,977		_		73,705		856,860
_		_		641,832		_		69,440		815,511
_		_		615,280		_		64,570		861,246
_		_		583,508		_		89,195		884,313
_		_		554,380		_		81,170		882,682
_		_		524,158		_		73,330		879,626

Bonds Payable Net	Total Business-Type Activities		Pr	Total rimary ernment	0	ercentage f Personal Income ¹	 Debt Per Capita ²		
\$ 2,060,529	\$2,	151,554	\$	3,576,238		8.87%	\$	2.73	
1,989,104	2,	114,510		2,814,015		6.58%		2.13	
1,915,775	2,	061,105		2,793,898		6.42%		2.11	
1,851,771	2,	015,721		2,752,105		6.00%		2.04	
1,771,085	1,	931,576		2,788,436		6.02%		2.04	
1,843,259	2,	016,647		2,832,158		5.94%		2.04	
1,735,166	1,	935,816		2,797,062		5.53%		1.99	
1,630,758	2,	009,073		2,893,386		5.33%		2.04	
1,804,916	2,	087,021		2,969,703		5.18%		2.09	
1,930,160	2,	200,047		3,079,673		5.38%		2.15	

Fiscal Year Ended June 30	Obligat	eneral tion Bonds usands)	(Assessed Valuation Thousands)	Percentage of Assessed Value ¹	Population	 Debt Per Capita ²
2011	\$	2,240	\$	159,265,144	0.001%	1,311,882	\$ 1.71
2012		_		160,469,868	_	1,321,315	_
2013		_		159,632,171	_	1,326,238	_
2014		_		166,400,232	_	1,345,895	_
2015		_		176,780,832	_	1,368,061	_
2016		_		187,201,168	_	1,391,676	_
2017		_		197,315,411	—	1,406,318	_
2018		_		209,607,338	_	1,419,845	_
2019		_		221,974,337	_	1,420,572	_
2020		_		234,338,857	_	1,430,489	_

CITY OF SAN DIEGO RATIOS OF GENERAL BONDED DEBT OUTSTANDING (UNAUDITED) Last Ten Fiscal Years

Details regarding the City's outstanding debt can be found in the notes to the basic financial statements.

¹ Percentage is calculated using assessed property values.

² Ratio is calculated using population data.

Sources: Avenu Insights and Analytics, LLC, California Department of Finance, and Comprehensive Annual Financial Reports



295

CITY OF SAN DIEGO DIRECT AND OVERLAPPING DEBT (UNAUDITED) June 30, 2020 (Dollars in Thousands)

	otal Debt ne 30, 2020	% Applicable 1	ity's Share of Debt ne 30, 2020
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	\$ 37,300	8.551%	\$ 3,189
Palomar Community College District	610,658	23.574%	143,956
San Diego Community College District	1,321,653	99.937%	1,320,821
Poway Unified School District School Facilities Improvement District No. 2002-1 & 2007-1	301,541	55.418, 56.124%	168,317
San Diego Unified School District	3,827,677	99.94%	3,825,380
San Dieguito Union High School District	347,365	34.038%	118,236
San Ysidro School District	115,873	84.712%	98,158
Other School, High School and Community College Districts	2,556,759	Various	292,371
Grossmont Healthcare District	254,648	8.016%	20,413
Palomar Pomerado Health System	422,024	27.999%	118,163
City of San Diego Special Assessment/Special Tax Bonds ²	74,815	100%	74,815
Del Mar Unified School District Community Facilities District No. 99-1 & 95-1	52,615	100%	52,615
North City West School District Community Facilities District	40,268	100%	40,268
Poway Unified School District Community Facilities Districts	311,791	100%	311,791
San Dieguito Union High School District Community Facilities Districts	66,470	81.063-100%	61,031
Sweetwater Union High School District Community Facilities Districts	9,216	8.935-100%	6,875
Solana Beach School District Community Facilities Districts	29,475	100%	29,475
Other Special District 1915 Act Bonds	51,229	Various	 42,615
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 6,728,489
DIRECT AND OVERLAPPING DEBT:			
San Diego County General Fund Obligations	\$ 231,350	47.554%	\$ 110,016
San Diego County Pension Obligations	456,040	47.554%	216,865
San Diego Superintendent of Schools Certificates of Participation	9,350	47.554%	4,446
Poway Unified School District Certificates of Participation	55,650	65.002%	36,174
Sweetwater Union High School District Certificates of Participation	38,060	19.586%	7,454
Chula Vista School District General Fund Obligations	152,895	5.118%	7,825
San Ysidro School District Certificates of Participation	51,844	84.712%	43,919
Other School, High School and Community College District Certificates of Participation	122,068	Various	5,147
City of San Diego Obligations ³	879,626	100%	 879,626
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 1,311,472
TOTAL OVERLAPPING TAX INCREMENT DEBT	\$ 363,422	0.816-100%	\$ 334,431
TOTAL DIRECT DEBT			879,626
TOTAL OVERLAPPING DEBT			7,494,766
COMBINED TOTAL DEBT 4			8,374,392

Ratios to 2019-20 Assessed Valuations (\$264,495,511):	
Total Overlapping Tax and Assessment Debt	2.54%
Total Direct Debt (\$879,626)	0.33%
Combined Total Debt	3.17%
Ratios to Successor Agency Incremental Valuation (\$28,796,766)	
Total Overlapping Tax Increment Debt	1.16%

¹ The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the City divided by the district's total taxable assessed value.

² Amounts reconcile to Note 19, Total Special Assessment / Special Tax Bonds.

³ Amounts for Total Debt reconcile to Note 5, Total Lease Revenue Bonds, Total QECB Obligations, Total Loans Payable, Section 108 Loans Payable, EVFP Capital Lease Obligations, Tobacco Settlement Asset Backed Bonds, and Other Capital Lease Obligations.

⁴ Excludes Tax and Revenue Anticipation Notes, Enterprise Revenue, Mortgage Revenue and Non-Bonded Capital Lease Obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Sources: Avenu Insights and Analytics, LLC and Comprehensive Annual Financial Reports

CITY OF SAN DIEGO LEGAL DEBT MARGIN SCHEDULE (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

		Fisca	l Yea	r	
	 2011	 2012		2013	 2014
Assessed valuation	\$ 159,265,144	\$ 160,469,868	\$	159,632,171	\$ 166,400,232
Debt limit percentage 1,2	25%	25%		25%	25%
Debt limit	39,816,286	40,117,467		39,908,043	41,600,058
Total net debt applicable to limit:					
General Obligation Bonds	2,240	_		_	_
Legal debt margin	39,814,046	40,117,467		39,908,043	41,600,058
Total debt applicable to the limit as a percentage of the debt limit	0.01%	_		_	_

¹ The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation.

² For fiscal years 2010-2016, Section 90 of the City Charter provided that the bonded indebtedness for the development, conservation, and furnishings of water shall not exceed 15% of the last preceding assessed valuation of all real and personal property of the City subject to direct taxation, and that the bonded indebtedness for other municipal improvements shall not exceed 10% of such valuation. These limitations were removed from the City Charter effective in fiscal year 2017.

Sources: Avenu Insights and Analytics, LLC and Comprehensive Annual Financial Reports

 		Fisca	al Ye	ar			
 2015	 2016	 2017		2018		2019	 2020
\$ 176,780,832	\$ 187,201,168	\$ 197,315,411	\$	209,607,338	\$	221,974,337	\$ 234,338,857
25%	25%	15%	,	15%	1	15%	15%
44,195,208	46,800,292	29,597,312		31,441,101		33,296,151	35,150,829
_	_	_		_		_	_
44,195,208	46,800,292	29,597,312		31,441,101		33,296,151	35,150,829
_	_	_		_		_	_

CITY OF SAN DIEGO PLEDGED-REVENUE COVERAGE - WATER OBLIGATIONS (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

	r 	Total Iaintenance and Operation Costs		Net System Revenues ²	R	Earnings on eserve Fund- Senior		Adjusted Net System Revenues ³
\$ 397,755	\$	285,059	\$	112,696	\$	(1,436)	\$	111,260
431,188		307,465		123,723		(1,919)		121,804
444,751		342,989		101,762		(363)		101,399
473,908		362,989		110,919		(1,017)		109,902
468,274		381,389		86,885		(897)		85,988
455,055		370,064		84,991		(4,474)		80,517
498,520		402,475		96,045		(4)		96,041
589,608		435,673		153,935		(35)		153,900
558,349		428,932		129,417		(73)		129,344
573,989		436,668		137,321		(40)		137,281
Re	431,188 444,751 473,908 468,274 455,055 498,520 589,608 558,349	Total System Revenues1 \$ 397,755 \$ 431,188 444,751 473,908 468,274 465,055 498,520 589,608 558,349 558,349	Maintenance and Operation Costs \$ 397,755 \$ 285,059 431,188 307,465 444,751 342,989 473,908 362,989 468,274 381,389 455,055 370,064 498,520 402,475 589,608 435,673 558,349 428,932	Maintenance and Operation Costs S 397,755 285,059 \$ \$ 397,755 \$ 285,059 \$ 431,188 307,465 \$ 431,188 307,465 444,751 342,989 \$ 436,274 381,389 \$ 468,274 381,389 \$ 402,475 \$ \$ 498,520 402,475 \$ \$ \$ \$ 589,608 435,673 \$ <t< td=""><td>Maintenance and Operation Costs Net System Revenues 2 \$ 397,755 \$ 285,059 \$ 112,696 431,188 307,465 123,723 444,751 342,989 101,762 473,908 362,989 110,919 468,274 381,389 86,885 455,055 370,064 84,991 498,520 402,475 96,045 589,608 435,673 153,935 558,349 428,932 129,417</td><td>Maintenance and Operation Costs Net System Revenues¹ Ref Revenues² \$ 397,755 \$ 285,059 \$ 112,696 \$ 431,188 \$ 431,188 \$ 307,465 123,723 444,751 342,989 101,762 \$ 473,908 \$ 362,989 110,919 468,274 381,389 86,885 \$ 455,055 \$ 370,064 \$ 84,991 498,520 402,475 96,045 \$ 589,608 \$ 435,673 \$ 153,935 558,349 428,932 129,417 \$</td><td>Maintenance and Operation Costs Net System Revenues¹ Earnings on Reserve Fund- Senior Obligations \$ 397,755 \$ 285,059 \$ 112,696 \$ (1,436) 431,188 307,465 123,723 (1,919) 444,751 342,989 101,762 (363) 473,908 362,989 110,919 (1,017) 468,274 381,389 86,885 (897) 455,055 370,064 84,991 (4,474) 498,520 402,475 96,045 (4) 589,608 435,673 153,935 (35) 558,349 428,932 129,417 (73)</td><td>Maintenance and Operation Costs Net System Revenues² Earnings on Reserve Fund- Senior Obligations \$ 397,755 \$ 285,059 \$ 112,696 \$ (1,436) \$ 431,188 431,188 307,465 123,723 (1,919) 444,751 342,989 101,762 (363) 473,908 362,989 110,919 (1,017) 468,274 381,389 86,885 (897) 455,055 370,064 84,991 (4,474) 498,520 402,475 96,045 (4) 589,608 435,673 153,935 (35) 558,349 428,932 129,417 (73)</td></t<>	Maintenance and Operation Costs Net System Revenues 2 \$ 397,755 \$ 285,059 \$ 112,696 431,188 307,465 123,723 444,751 342,989 101,762 473,908 362,989 110,919 468,274 381,389 86,885 455,055 370,064 84,991 498,520 402,475 96,045 589,608 435,673 153,935 558,349 428,932 129,417	Maintenance and Operation Costs Net System Revenues ¹ Ref Revenues ² \$ 397,755 \$ 285,059 \$ 112,696 \$ 431,188 \$ 431,188 \$ 307,465 123,723 444,751 342,989 101,762 \$ 473,908 \$ 362,989 110,919 468,274 381,389 86,885 \$ 455,055 \$ 370,064 \$ 84,991 498,520 402,475 96,045 \$ 589,608 \$ 435,673 \$ 153,935 558,349 428,932 129,417 \$	Maintenance and Operation Costs Net System Revenues ¹ Earnings on Reserve Fund- Senior Obligations \$ 397,755 \$ 285,059 \$ 112,696 \$ (1,436) 431,188 307,465 123,723 (1,919) 444,751 342,989 101,762 (363) 473,908 362,989 110,919 (1,017) 468,274 381,389 86,885 (897) 455,055 370,064 84,991 (4,474) 498,520 402,475 96,045 (4) 589,608 435,673 153,935 (35) 558,349 428,932 129,417 (73)	Maintenance and Operation Costs Net System Revenues ² Earnings on Reserve Fund- Senior Obligations \$ 397,755 \$ 285,059 \$ 112,696 \$ (1,436) \$ 431,188 431,188 307,465 123,723 (1,919) 444,751 342,989 101,762 (363) 473,908 362,989 110,919 (1,017) 468,274 381,389 86,885 (897) 455,055 370,064 84,991 (4,474) 498,520 402,475 96,045 (4) 589,608 435,673 153,935 (35) 558,349 428,932 129,417 (73)

¹ Total System Revenues and affected coverage ratios are net of transfers to the Water Rate Stabilization and Secondary Purchase reserves.

² Pursuant to the Amended and Restated Master Installment Purchase Agreement (MIPA), Net System Revenues are defined as "System Revenues" less "Maintenance and Operation Costs" of the Water System for the fiscal year.

³ As defined in the MIPA, Adjusted Net System Revenues are the "Net System Revenues" less "an amount equal to earnings from investments in any Reserve Fund or Reserve Account" for the fiscal year.

⁴ Includes Senior Bonds and Senior State Revolving Fund (SRF) Loans. Utilizes definitions in accordance with the MIPA. Significant decrease in Adjusted Debt Service and increase in Adjusted Debt Service Coverage in FY 2017 because all outstanding Senior Bonds were refunded on a Subordinate lien in June 2016.

⁵ All Obligations consist of Senior and Subordinate Bonds and State Revolving Fund (SRF) Loans. Utilizes definitions in accordance with the MIPA. Effective FY 2017, All Obligations includes debt service paid on Subordinate Water Revenue Commercial Paper Notes program. See Note 6 and 8.

⁶ The coverage calculation as presented in Table 14 is pursuant to the MIPA coverage requirements such as maintaining minimum debt service coverage equal to at least 1.20 for Senior Obligations and 1.00 for All Obligations. Additionally, there are various outstanding State Revolving Loans (SRF Loans) agreements pursuant to which the City has covenanted to maintain other coverage requirements such as maintaining minimum debt service coverage equal to at least 1.10 times the maximum annual debt service for all obligations each Fiscal Year. City verifies loan covenants, including the rate covenant annually.

⁷ Total System Revenues and affected coverage ratios are net of an approximate \$10,000 transfer to the Water Rate Stabilization Fund. Aggregate Debt Service coverage before the transfer was approximately 1.77.

Source: City of San Diego, Department of Finance

		Senio	or Obligations ⁴	 	 			All Obliga	tions ⁵
 Principal	 Interest		Total	 Less: Senior Interest Earnings	 Adjusted Debt Service	Adjusted Debt Service Coverage ⁶	[Total Debt Service	Aggregate Debt Service Coverage ⁶
\$ 6,355	\$ 27,760	\$	34,115	\$ (1,436)	\$ 32,679	3.40	\$	62,784	1.79
7,164	30,354		37,518	(1,919)	35,599	3.42		66,191	1.87
8,719	30,988		39,707	(363)	39,344	2.58		64,210	1.58
8,986	30,935		39,921	(1,017)	38,904	2.82		66,691	1.66
9,330	30,733		40,063	(897)	39,166	2.20		66,835	1.30
10,580	30,413		40,993	(4,474)	36,519	2.20		67,389	1.26
2,703	1,302		4,005	(4)	4,001	24.00		61,842	1.55
2,820	1,439		4,259	(35)	4,224	36.43		65,613	2.35
2,887	1,600		4,487	(73)	4,414	29.30		68,136	1.90
3,925	1,701		5,626	(40)	5,586	24.58		83,199	1.65

301

CITY OF SAN DIEGO PLEDGED-REVENUE COVERAGE - SEWER OBLIGATIONS (UNAUDITED) Last Ten Fiscal Years (Dollars in Thousands)

Total Maintenance Senior Obligations ³ All Obligations 4 and Fiscal Operation Senior Aggregate Debt Service Total Costs Net Year Debt Ended System System Total (Excludes Service Revenues¹ Revenues 2 Principal Interest Total **Debt Service** Coverage ⁵ June 30 Depreciation) Coverage 5 2011 \$ 380,575 \$ 198,773 \$ 181,802 42,620 \$ 59,868 \$ 102,488 1.77 \$ \$ 108,547 1.67 2012 391,587 202,132 44,230 108,542 1.75 189,455 58,253 102,483 1.85 2013 385,211 205,215 102,488 179,996 46,120 56,368 1.76 108,547 1.66 2014 396,042 210,981 48,821 54,473 103,294 1.79 109,353 1.69 185,061 2015 382,164 195,358 186,806 51,576 52,461 104,037 1.80 110,096 1.70 2016 368,195 192,185 176,010 66,187 34,633 100,820 106,879 1.65 1.75 2017 382,599 218,336 164,263 58,455 43,974 102,429 108,489 1.51 1.60 2018 388,395 223,013 165,382 61,751 41,376 1.60 109,185 1.51 103,127 2019 404,377 239,556 164,821 64,635 38,487 103,122 1.60 109,181 1.51 2020 6 405,301 244,894 160,407 65,080 35,115 100,195 1.60 106.254 1.51

¹ Total System Revenues and affected coverage ratios are net of transfers to the Sewer Rate Stabilization reserve.

² As defined in the Master Installment Purchase Agreement (MIPA), Net System Revenues are defined as "System Revenues" less "Maintenance and Operation Costs" of the Wastewater System for the fiscal year.

³ Includes all Senior Bonds and Senior State Revolving Fund (SRF) Loans and utilizes the definitions in accordance with the MIPA.

⁴ All Obligations consist of Senior Bonds, Senior State Revolving Fund (SRF) Loans and Subordinate SRF Loans. Utilizes definitions in accordance with the MIPA.

⁵ The coverage calculation as presented in Table 15 is pursuant to the MIPA, which requires a minimum debt service coverage should be at least equal to 1.20 for Senior Obligations and 1.00 for All Obligations. Additionally, there are various outstanding State Revolving Fund Loans (SRF Loans) agreements pursuant to which the City has covenanted to maintain other coverage requirements such as maintaining minimum debt service coverage equal to at least 1.20 times the maximum annual debt service for senior obligations and 1.10 times the maximum annual debt service for all obligations in each Fiscal Year. City verifies loan covenants, including the rate covenant annually.

⁶ Total System Revenues and affected coverage ratios are net of an approximate \$5,500 transfer to the Sewer Rate Stabilization Fund. Aggregate Debt Service coverage before the transfer was approximately 1.56.

Source: City of San Diego, Department of Finance

CITY OF SAN DIEGO DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED) Last Ten Fiscal Years

Fiscal Year Ended June 30	Population ¹	 Personal Income (Thousands)	Pe	Per Capita rsonal Income ²	City Unemployment Rate ³
2011	1,311,882	\$ 40,336,436	\$	30,747	10.2%
2012	1,321,315	42,754,529		32,358	9.5%
2013	1,326,238	43,540,765		32,830	8.9%
2014	1,345,895	45,869,488		34,081	6.1%
2015	1,368,061	46,297,920		33,842	4.6%
2016	1,391,676	47,718,552		34,289	4.9%
2017	1,406,318	50,542,056		35,939	4.4%
2018	1,419,845	54,274,285		38,225	3.1%
2019	1,420,572	57,277,776		40,320	3.2%
2020	1,430,489	59,988,300		41,936	14.7%

¹ Population projections are provided by the California Department of Finance Projections.

² Income data is provided by the United States Census Bureau.

³ Unemployment Data is provided by the California Employment Development Department's Bureau of Labor Statistics Department.

Sources: Avenu Insights and Analytics, LLC and California Department of Finance

CITY OF SAN DIEGO PRINCIPAL EMPLOYERS (UNAUDITED) Current Year and Nine Years Ago

Percentage Number of of Total Employer Employees Employment 1 For the Fiscal Year Ended June 30, 2020 Naval Base San Diego 2 41,111 5.85% University of California, San Diego ³ 40,088 5.71% Sharp Health Care 4 19,148 2.73% County of San Diego 17,929 2.55% San Diego Unified School District 14,020 2.00% Scripps Health 5 13,254 1.89% City of San Diego 6 11,598 1.42% Qualcomm Inc 7 11,050 1.57% San Diego Community College District ⁸ 6,804 0.97% Kaiser Permanente 9 9,653 1.37% Total Top Employers 184,655 26.06% For the Fiscal Year Ended June 30, 2011 Naval Base San Diego² 54,000 7.71% University of California, San Diego 3 27,406 3.91% San Diego Unified School District 16,158 2.31% County of San Diego 15,063 2.15% Sharp Health Care 4 14,924 2.13% Qualcomm, Inc. 7 11,500 1.64% City of San Diego 6 10,051 1.43% Kaiser Permanente 9 7,101 1.01% University of California San Diego Medical Center 5,799 0.83% San Diego Gas & Electric Co. 4,643 0.66% Total Top Employers 166,645 23.78%

¹Percentage based on total employment of 702,300 and 700,600 for fiscal years 2020 and 2011, respectively.

² Includes Active Duty Navy and Marine, and Civil Services employees.

³ Includes full and part-time, academic and support, and UCSD Medical Center, School of Medicine.

⁴ Employee count is countywide.

⁵ Scripps Health employees within city limits, not including Mercy Hospital in Chula Vista.

⁶ As of the last pay-period of the fiscal year.

⁷ Excludes temps and interns.

⁸ Excludes out of state military instructors.

9 Count includes physicians.

Sources: Avenu Insights and Analytics, LLC and City of San Diego, Department of Finance - Payroll Division

CITY OF SAN DIEGO FULL-TIME AND PART-TIME CITY EMPLOYEES BY FUNCTION (UNAUDITED) ¹ Last Ten Fiscal Years

Table 18

					Fiscal	Year				
Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Government and Support	2,143	2,101	2,058	2,134	2,283	2,433	2,569	2,611	2,690	2,702
Public Safety - Police	2,409	2,402	2,427	2,489	2,519	2,577	2,540	2,564	2,595	2,614
Public Safety - Fire and Life Safety and Homeland Security	1,265	1,208	1,235	1,283	1,397	1,428	1,433	1,450	1,481	1,515
Parks, Recreation, Culture and Leisure	1,556	1,525	1,646	1,720	1,871	1,908	1,976	1,896	1,880	1,848
Transportation	280	276	298	325	337	376	409	403	409	378
Sanitation and Health	153	132	121	135	139	144	128	127	132	136
Neighborhood Services	137	127	141	152	162	172	169	185	174	178
Airports	17	17	18	16	18	21	19	17	22	21
Development Services	259	268	293	332	367	408	415	426	412	441
Environmental Services	160	157	153	145	154	145	139	103	163	160
Golf Course	89	100	98	106	106	108	102	114	107	110
Recycling	87	94	97	104	93	85	83	126	91	93
Sewer Utility	762	731	721	775	693	694	660	653	614	613
Water Utility	734	703	720	695	829	888	841	863	828	789
Total Employees	10,051	9,841	10,026	10,411	10,968	11,387	11,483	11,538	11,598	11,598

¹ As of the last pay-period of the fiscal year.

Source: City of San Diego, Department of Finance - Payroll Division

CITY OF SAN DIEGO OPERATING INDICATORS BY FUNCTION (UNAUDITED) Last Ten Fiscal Years

		Fiscal Y	/ear	
Function	2011	2012	2013	2014
Public Safety - Police				
Calls for Police Services Dispatched	633,328	583,629	570,628	583,556
Calls for 9-1-1 Emergencies	542,010	572,808	605,015	583,391 ¹
Public Safety - Fire and Life Safety and Homeland Security				
Fire Department:				
Emergency Calls - Fire	2,559	2,557	3,659	3,184
Emergency Calls - Medical/Rescue	100,460	104,086	112,864	113,858
Emergency Calls - Other	15,245	16,478	12,698	12,838
Lifeguard:				
Water Rescues	4,187	6,011	5,482	5,299
Other Rescues	5,574	6,094	6,714	5,486
Beach Attendance	22,186,170	24,558,435	23,403,527	23,414,313
Parks, Recreation, Culture and Leisure				
Parks and Recreation:				
Number of Aquatic Users	299,145	304,900	308,025	296,000
Number of Youth Served in After School Program Sites	92,035	78,500	81,889	109,670
Library:				
Circulation	7,129,443	6,973,727	6,956,000	6,877,913
Total Attendance - All Libraries	5,771,767	5,602,380	5,818,941	6,170,931
Sewer Utility				
Average Daily Sewage Flow (millions of gallons)	170	164	160	155
Average Daily Peak - Maximum Sewage Flow (millions of gallons)	410	226	207	196
System Daily Capacity (millions of gallons)	255	255	255	255
Water Utility				
Average Daily Production (millions of gallons)	171	172	181	188
Maximum Daily Production (millions of gallons)	239	247	249	267
Total Water Consumption (millions of gallons)	56,760	60,944	62,501	65,552
Total Water Production (millions of gallons)	62,511	63,240	66,167	68,457

¹ Number of Calls for 9-1-1 emergencies is missing calls received during June 4th through June 30th, 2014.

² Number of calls for police dispatch are preliminary for FY18 and FY19 due to implementation of a new computer aided dispatch system.

Source: City Departments

Fiscal Year											
2015	2016	2017	2018	2019	2020						
562,360	529,564	515,351	499,309 ²	507,338 ²	523,472						
626,694	615,158	595,309	622,696	655,155	655,097						
5,591	5,639	5,845	6,288	6,005	/ 77						
5,591 124,189	5,639 136,750	5,645 138,632	6,200 140,704	6,005 140,371	4,772 139,067						
124,109	11,875	12,024	11,531	12,338	13,134						
6,673	7,835	8,611	8,830	5,929	5,277						
6,281	5,584	5,265	4,829	6,257	5,083						
24,928,079	17,939,665	16,266,398	17,723,916	17,490,806	16,055,73						
311,788	304,125	321,751	315,315	286,617	175,34						
107,515	108,160	128,774	147,516	143,108	81,75						
6,923,853	6,840,359	6,322,664	7,743,970	8,047,378	6,201,50						
6,654,351	6,940,237	6,591,169	6,772,535	6,996,143	5,377,80						
149	146	156	146	157	16						
187	220	298	196	240	19						
255	255	255	255	255	25						
171	150	158	166	155	15						
243	215	220	218	229	22						
60,474	54,702	49,209	52,015	47,263	45,65						
62,289	54,875	57,709	60,532	56,435	55,35						

CITY OF SAN DIEGO CAPITAL ASSET STATISTICS BY FUNCTION (UNAUDITED) Last Ten Fiscal Years

		Fiscal Y	′ear	
Function	2011	2012	2013	2014
Public Safety - Police				
Stations ¹	10	10	10	11
Public Safety - Fire and Life Safety and Homeland Security				
Fire Stations	47	47	47	47
Parks, Recreation, Culture and Leisure				
Parks and Recreation Sites	385	387	387	387
Transportation				
Miles of Streets - Concrete and Asphalt ²	2,774	2,774	2,777	2,777
Airports				
Municipal Airports	2	2	2	2
Golf Course				
Municipal Golf Courses ³	10	10	10	10
Sewer Utility				
Miles of Sewers	3,146	3,017	3,021	3,020
Sewer Service Laterals	274,464	274,788	275,404	261,632
Water Utility				
Miles of Water Mains	3,190	3,277	3,294	3,376
Water Meters in Service	274,310	276,478	276,998	278,241
Fire Hydrants	25,060	25,098	25,157	25,195

¹ Includes Headquarters and Traffic.

² Numbers for 2016 - 2019 includes alleys.

³ Includes City operated as well as leased golf courses.

⁴ Excludes recycled water mains.

Sources: Comprehensive Annual Financial Reports and City Departments

	Fiscal Year											
2015	2016	2017	2018	2019	2020							
11	11	11	11	11	11							
47	48	48	49	49	49							
387	387	390	395	397	400							
2,778	2,981	2,964	2,996	2,996	3,000							
2	2	2	2	2	2							
10	10	10	10	10	10							
3,026 261,837	3,031 264,652	3,031 262,275	3,032 262,252	3,036 262,268	3,039 262,447							
3,384 279,625 25,364	3,295 280,631 25,492	3,294 283,751 25,533	3,295 284,202 25,534	3,297 284,724 25,545	3,316 285,237 25,610							