

**ANNUAL REPORT FOR THE FISCAL YEAR ENDED June 30, 2015
RELATING TO**

\$157,190,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, REFUNDING SERIES 2009A
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$328,060,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, SERIES 2009B
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$123,075,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
WATER REVENUE BONDS, REFUNDING SERIES 2010A
(Payable Solely From Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP Number 79730C)**

and

\$188,610,000

**PUBLIC FACILITIES FINANCING AUTHORITY OF THE CITY OF SAN DIEGO
SUBORDINATED WATER REVENUE BONDS, REFUNDING SERIES 2012A
(Payable Solely From Subordinated Installment Payments
Secured by Net System Revenues of the Water Utility Fund)
(CUSIP 79730C)**

Introduction

The Public Facilities Financing Authority of the City of San Diego Water Revenue Bonds, Refunding Series 2009A (“2009A Bonds”), the Water Revenue Bonds, Series 2009B (“2009B Bonds”), the Water Revenue Bonds, Refunding Series 2010A (“2010A Bonds”), and the Subordinated Water Revenue Bonds, Refunding Series 2012A (“2012A Bonds”) will collectively be referred to as the “Outstanding Water Bonds.”

This Annual Report is being provided by the City of San Diego (the “City”) on behalf of itself, and the Public Facilities Financing Authority of the City of San Diego (the “Authority”), for the above stated issuances pursuant to Continuing Disclosure Certificates (entered into to allow the respective underwriters to comply with the Securities and Exchange Commission Rule 15c-12) for the Fiscal Year ended June 30, 2015.

The City of San Diego’s Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015 (“CAFR”), which includes the City’s Fiscal Year 2015 audited financial

statements, was filed on the Electronic Municipal Market Access (“EMMA”) System of the Municipal Securities Rulemaking Board (“MSRB”) on February 1, 2016.

This Annual Report, including any amendment or supplement hereto, is electronically transmitted by the City acting as the Dissemination Agent to the EMMA System of the MSRB.

This Annual Report is provided in accordance with the terms of the Continuing Disclosure Certificates, and does not purport to provide full and complete information on the terms of the above stated issuances. The filing of this Annual Report does not constitute or imply any representation that no changes, circumstances or events have occurred since the end of the Fiscal Year to which this Annual Report relates (other than as contained in this Annual Report), or that no other information exists, which may have a bearing on the security for the above stated issuances or an investor’s decision to buy, sell or hold the above-stated issuances. Certain information and data provided herein was obtained from sources other than the City (“Outside Information”), as indicated by the source citations. Although the information contained in this Annual Report has been obtained from sources that are believed to be reliable, the City has not independently verified such Outside Information, and the City cannot guarantee its completeness or accuracy. Certain of the information presented in this Annual Report may contain forward-looking statements. Forward-looking statements may be indicated by forward-looking words such as “may,” “will,” “should,” “expects,” “believes,” “anticipates,” “estimates,” or others. Forward looking statements are subject to a variety of uncertainties that could cause actual results to materially differ from the projected results. No statement in this Annual Report should be construed as a prediction or representation about future financial performance of the City, the Authority, the Water System, or the Outstanding Water Bonds.

The City is acting as the Dissemination Agent for each of the above stated issuances. The City does not have any obligation to update this report other than as expressly provided in the Continuing Disclosure Certificate for each of the above stated issuances.

Any statements regarding the above-referenced issuances, other than a statement made by the City in an official release that is filed with the MSRB’s EMMA system or posted on the City’s investor information webpage, are not intended to be the basis of, nor should they be relied upon, in making an investment decision. The City is not responsible for the accuracy, completeness, or fairness of any statements other than those obtained in the aforementioned locations.

DATED: March 21, 2016

City of San Diego

By: Mary Lewis
Mary Lewis
Chief Financial Officer

Distribution: Municipal Securities Rulemaking Board, Electronic Municipal Market Access System
Wells Fargo Bank, National Association (Trustee)

Financial and Operating Data

As required by the Continuing Disclosure Certificates, below are updates of certain required tabular information from the Official Statements. The tables have been reordered to conform to the order in the latest Official Statement (2012A Bonds) including additional new tables related to pension funding and retiree health contributions. The Tables titled “Raw Water Reservoirs”, “Capacity and Demand of Water System Water Treatment Plants”, “CWA Water Supply Rates”, “MWD and CWA Fixed Water Supply Costs”, “Outstanding Debt”, City of San Diego Schedule of Funding Progress (OPEB)”, and “City and Water System OPEB Contributions” as required only under the continuing disclosure certificate associated with the 2012A Bonds. Additionally, included are updates providing information under the captions “Investment of Funds,” “Labor Relations,” “Pension Plan,” and “Water System Share of Contribution to Pension System,” and “Other Postemployment Healthcare Benefits” for the Outstanding Water Bonds are also contained in this Annual Report.

HISTORICAL NUMBER OF RETAIL CONNECTIONS TO WATER SYSTEM Fiscal Years 2011 through 2015 (Unaudited)

Customer Type	2011	2012	2013	2014	2015
Single Family Residential	221,863	221,949	222,417	223,006	223,629
Multi-Family	29,167	30,159	30,122	30,159	30,202
Commercial ⁽¹⁾	15,631	16,841	16,955	16,985	17,069
Industrial ⁽¹⁾	185	-	-	-	-
Outside City ⁽¹⁾	44	-	-	-	-
Irrigation	7,480	7,497	8,111	8,130	8,262
Temporary Construction	308	347	357	414	463
TOTAL	274,678	276,793	277,962	278,694	279,625
Percent Growth	0.23%	0.77%	0.42%	0.26%	0.33%

⁽¹⁾ Commercial, Industrial and Outside City customers are combined into one customer type as of Fiscal Year 2012.

Source: Public Utilities Department, City of San Diego

**MAJOR NON-GOVERNMENTAL RETAIL CUSTOMERS
AND MAJOR GOVERNMENTAL CUSTOMERS
Fiscal Year 2015
(Unaudited)**

Customers	Millions of Cubic Feet	Billings	% of Total Sales Revenues
MAJOR NON-GOVERNMENTAL RETAIL CUSTOMERS			
The Irvine Co	38.94	\$1,977,439	0.45%
CP Kelco	41.58	\$1,814,194	0.41
San Diego Zoo	27.67	\$1,209,542	0.28
H G Fenton Co	22.18	\$1,133,670	0.26
Sea World	24.91	\$1,083,009	0.25
Qualcomm Inc.	14.51	\$684,318	0.16
Garden Communities	13.16	\$619,926	0.14
Sharp Memorial Hospital	13.62	\$612,998	0.14
Kaiser Permanente	11.85	\$547,338	0.12
Costa Verde Dev LLC	11.02	\$528,564	0.12
Total Top 10 Non-Governmental Retail Customers⁽¹⁾	219.44	\$10,210,998	2.32%
MAJOR GOVERNMENTAL RETAIL CUSTOMERS			
City Of San Diego	447.86	\$19,426,645	4.42%
United States Navy	328.63	\$15,196,946	3.46
University of California at San Diego	86.16	\$3,885,994	0.88
San Diego Unified School District	47.71	\$2,726,536	0.62
California Department of Transportation	43.92	\$2,221,768	0.51
All Federal Agencies ⁽²⁾	45.72	\$2,102,860	0.48
San Diego State University	25.71	\$1,170,874	0.27
San Diego Port District	22.75	\$1,139,457	0.26
County of San Diego	22.03	\$1,049,812	0.24
San Diego Housing Commission	16.61	\$823,848	0.19
Total Top 10 Governmental Retail Customers⁽¹⁾	1,087.10	\$49,744,740	11.31%

⁽¹⁾ Figures may not add to total due to independent rounding.

⁽²⁾ Category includes several federal agencies, including, but not limited to, the United States Postal Service, the United States Marine Corps, and the United States Coast Guard.

Source: Public Utilities Department, City of San Diego

RAW WATER RESERVOIRS
As of June 30, 2015

Reservoir	Storage Capacity Acre Feet (AF)	Storage (AF)⁽¹⁾	Percent Full
Barrett	34,805.50	1,914.55	5.50%
El Capitan	112,806.90	31,623.29	28.03
Lake Hodges	30,632.61	11,053.14	36.08
Lake Murray	4,684.20	4,027.12	85.97
Lower Otay	49,848.90	37,378.22	74.98
Miramar	6,682.40	5,424.20	81.17
Morena	50,694.00	1,574.24	3.11
San Vicente ⁽²⁾	249,358.00	106,400.80	42.67
Sutherland	29,508.11	2,386.29	8.09
TOTAL	569,020.62	201,781.85	35.46%

⁽¹⁾ Includes approximately 2% to 3% of total amount of water in storage that is inaccessible due to abandoned, blind flagged or silted reservoir outlets.

⁽²⁾ The San Vicente Dam Raise was completed in September 2014 and water has been stored by the County Water Authority for emergency and carry over storage.

Source: Public Utilities Department, City of San Diego

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CAPACITY AND DEMAND OF WATER SYSTEM WATER TREATMENT PLANTS
(In Million Gallons Daily (MGD))
As of June 30, 2015

Water Treatment Plant	Original Design Capacity	Current Rated Capacity	Future Rated Capacity⁽¹⁾	Current Average Demand	Current Peak/Max Demand⁽²⁾
Alvarado	66	200	200	75.85	98.20
Miramar	100	144	215	68.19	115.21
Otay	40	34	40	14.24	27.17
TOTAL	206	378	455	158.28	240.58

⁽¹⁾ The Otay and Miramar plants require additional improvements, and/or further studies, followed by approval by the DDW to reach their Future Rated Capacity

⁽²⁾ Total is not intended to reflect the aggregate peak/maximum demand supported by all of the water treatment plants, because the plants do not all reach the peak/maximum demand simultaneously.

Source: Public Utilities Department, City of San Diego

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COUNTY WATER AUTHORITY WATER SUPPLY RATES ⁽¹⁾
Calendar Years 2012 through 2016
(Per Acre Foot)

Calendar Year	Municipal & Industrial Rates		Transportation Rate
	Untreated	Treated	
2012	\$638	\$872	\$85
2013	714	970	93
2014	732	1,006	97
2015	764	1,042	101
2016	780	1,060	105

⁽¹⁾ Rates shown are for volumetric charges only and do not include the additional fixed charges displayed in the following table.

Source: San Diego County Water Authority Board Meeting Documents

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MWD and CWA FIXED WATER SUPPLY COSTS
Calendar Years 2012 through 2016
(Dollars in Thousands)

Calendar Year	2012	2013	2014	2015	2016
MWD Fixed Charges					
Capacity Reservation Charges	\$2,718	\$2,479	\$3,124	\$3,912	\$4,338
Readiness-to-Serve Charge ⁽¹⁾	9,808	10,255	10,657	10,720	9,346
CWA Fixed Charges					
Customer Service	9,645	10,008	10,198	10,170	9,781
Emergency Storage Charge	22,310	25,247	26,758	26,730	25,768
Infrastructure Access Charge	12,153	12,498	12,664	13,131	13,173
Supply Reliability Charge ⁽²⁾	0	0	0	0	10,798
In Lieu Tax Payment ⁽¹⁾	1,642	1,593	1,755	1,898	2,000
Total Fixed Charges	\$58,276	\$62,080	\$65,156	\$66,561	\$75,204

⁽¹⁾ Fiscal Year charge.

⁽²⁾ A new fixed charge approved by the CWA Board and Member Agencies, designed to increase the fixed portion of the CWA's water sales revenues to address their commitments to "Take or Pay" agreements for IID transfers and desalination minimum purchases. This charge acts as a revenue offset to the CWA's volumetric charges, i.e., it mitigates the volumetric charge increases, so that the total CWA revenue collected from rates is revenue neutral.

Sources: San Diego County Water Authority Board Meeting Documents, and Public Utilities Department, City of San Diego

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WATER SUPPLIES FOR THE CITY OF SAN DIEGO
Fiscal Years 2011 through 2015
(In Acre Feet)

Fiscal Year	Local Supplies	CWA Water Supplies	Total
2011	27,841	161,552	189,393
2012	28,408	164,838	193,246
2013	22,371	180,077	202,447
2014 ⁽¹⁾	38,623	171,253	209,876
2015 ⁽²⁾	7,181	184,493	191,674

⁽¹⁾ Roughly 15,000 AF of local supplies was water purchased from CWA and placed into storage resulting in a net of 23,853 AF of local supply being used.

⁽²⁾ The 7,181 AF of local supply was purchased earlier in the year from the CWA, put into storage, then drafted later in the year to satisfy demand.

Source: San Diego County Water Authority Comprehensive Annual Financial Reports

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PROJECTED WATER SUPPLY SOURCES
Fiscal Years 2020 through 2035
Acre Feet/Year

Water Supply Sources	2020	%	2025	%	2030	%	2035	%
San Diego County Water Authority	221,458	85.1	237,622	86.0	249,728	86.6	260,107	87.0
Supplier produced surface water	29,000	11.1	29,000	10.5	29,000	10.0	29,000	9.7
Supplier produced groundwater	500	0.2	500	0.2	500	0.2	500	0.2
Total	250,958	96%	267,122	97%	279,228	97%	289,607	97%

Source: 2010 Urban Water Management Plan, Public Utilities Department, City of San Diego (next update expected in July 2016)

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SUMMARY OF PROJECTED CIP PROJECTS⁽¹⁾⁽²⁾⁽⁴⁾
Fiscal Years 2016 through 2020

Description	Estimated 2016	Projected 2017	Projected 2018	Projected 2019	Projected 2020	Projected Total
Groundwater Projects	\$87,858	\$113,878	\$ 1,506,150	\$ 7,657,276	\$ 1,950,526	\$11,359,689
Miscellaneous	7,474,857	31,324,163	17,543,784	192,524	353,567	56,747,503
Pipeline Projects	32,177,494	39,505,158	38,389,246	35,991,584	36,158,934	182,222,418
Pipeline – Transmissions	18,739,863	23,986,414	34,785,429	34,524,232	36,036,045	148,071,983
Pump Stations	2,874,944	6,007,296	13,503,471	4,679,196	3,998,933	31,063,840
Recycled	1,848,497	848,550	-	-	-	2,687,047
Storage Projects ⁽³⁾	3,765,868	23,657,459	25,107,854	25,343,331	28,838,992	106,713,504
Water Treatment Projects	1,672,601	45,000	-	86,072	474,161	2,277,834
Pure Water Program	23,085,200	60,069,200	29,676,000	14,696,100	226,831,600	354,358,100
Total⁽⁴⁾	<u>\$93,784,932</u>	<u>\$183,499,368</u>	<u>\$160,511,934</u>	<u>\$123,170,315</u>	<u>\$334,642,758</u>	<u>\$895,467,914</u>

(1) Projections as of January 2016.

(2) Amounts reflect the aggregate costs of all CIP projects required to satisfy the DDW Compliance Order as well as projects related thereto or necessary for the operation thereof. It is the Department's expectation that the final awarding of cast iron distribution line replacement will be completed by Fiscal Year 2018, thus fulfilling the requirements of the compliance order. For Fiscal Years 2016 through 2020, approximately 13% of the capital program is mandated by the DDW.

(3) Storage Facilities include treated and untreated water reservoirs.

(4) The amounts in outer years reflect an inflation factor of 2.27% per year based on expected execution of the capital program.

Source: Public Utilities Department, City of San Diego.

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**FIVE-YEAR WATER SERVICE CHARGE HISTORY FOR SINGLE FAMILY RESIDENTIAL,
MULTI-FAMILY, COMMERCIAL, INDUSTRIAL, IRRIGATION, AND
TEMPORARY CONSTRUCTION
Fiscal Years 2012 through 2016**

		Rev Req	Rev Req	Rev Req	Increase in Water Costs from CWA	Increase in Water Costs from CWA	Increase in Water Costs from CWA & Rev Req
Justification for Increase:							
Increase amount⁽²⁾		0%	0%	0%	Varies	Varies	Varies
BASE FEES⁽¹⁾							
		7/1/2011	7/1/2012	7/1/2013	1/1/2014	1/1/2015	1/1/2016
Meter Size:	5/8 inch	\$19.33	\$19.33	\$19.33	\$18.89	\$20.31	\$22.26
	3/4 inch	19.33	19.33	19.33	18.89	20.31	22.26
	1 inch	28.46	28.46	28.46	25.59	27.51	29.50
	1 1/2 inch	49.34	49.34	49.34	40.89	43.96	46.04
	2 inch	75.44	75.44	75.44	60.03	64.53	66.72
	3 inch	136.74	136.74	136.74	104.98	112.86	115.32
	4 inch	224.15	224.15	224.15	169.07	181.75	184.59
	6 inch	440.73	440.73	440.73	327.86	352.44	356.23
	8 inch	701.64	701.64	701.64	519.16	558.10	563.03
	10 inch	1,006.94	1,006.94	1,006.94	742.99	798.72	804.98
	12 inch	1,875.82	1,875.82	1,875.82	1,380.05	1483.55	1,493.60
	16 inch	3,267.86	3,267.86	3,267.86	2,400.67	2,580.72	2,596.85
COMMODITY CHARGE							
Customer							
Type:	Usage⁽³⁾:	7/1/2011	7/1/2012	7/1/2013	1/1/2014	1/1/2015	1/1/2016
Increase amount⁽²⁾		0%	0%	0%	Varies	Varies	Varies
Single Family Residential							
Tier 1	0-7 HCF	\$3.612	\$3.612	\$3.612			
Tier 2	8-14 HCF	\$3.917	\$3.917	\$3.917			
Tier 3	15+ HCF	\$4.398	\$4.398	\$4.398			
Tier 1	0-4 HCF				\$3.639	\$3.896	\$4.240
Tier 2	5-12 HCF				\$4.076	\$4.364	\$4.754
Tier 3	13-18 HCF				\$5.823	\$6.234	\$6.791
Tier 4	19+ HCF				\$8.188	\$8.766	\$9.550
Typical Single Family Monthly Bill Based on 12 HCF/month		\$64.20	\$64.20	\$64.20	\$66.09	\$70.81	\$77.25
Multi-Family	per HCF ⁽⁴⁾	\$3.917	\$3.917	\$3.917	\$4.343	\$4.650	\$5.125
Non Residential	per HCF ^{(4) (5)}	\$3.757	\$3.757	\$3.757	\$4.175	\$4.470	\$5.020
Irrigation	per HCF ⁽⁴⁾	\$4.014	\$4.014	\$4.014	\$4.621	\$4.947	\$5.666
Temporary Construction	per HCF ⁽⁴⁾	\$4.014	\$4.014	\$4.014	\$4.621	\$4.947	\$6.023

⁽¹⁾ The base fee is dependent on the meter size.

⁽²⁾ On a temporary basis, the Public Utilities Department opted to not pass on the January 1, 2012 and January 1, 2013 CWA rate increase on to its retail customers.

⁽³⁾ HCF (Hundred Cubic Feet) = 748 gallons.

⁽⁴⁾ One rate applies for all usage amounts.

⁽⁵⁾ Previously Commercial and Industrial.

Source: Public Utilities Department, City of San Diego

**RECENT RATE HISTORY
FOR WATER CAPACITY CHARGES
Fiscal Years 2011 through 2015
(Unaudited)**

Fiscal Year	Water Capacity Charges (Per EDU)⁽¹⁾	% Increase/ (Decrease)⁽²⁾
2011	\$3,047	0
2012	\$3,047	0
2013	\$3,047	0
2014	\$3,047	0
2015	\$3,047	0

⁽¹⁾ "EDU" means Equivalent Dwelling Units.

⁽²⁾ Figure represents percentage change from prior year.

Source: Public Utilities Department, City of San Diego

**WATER UTILITY FUND
HISTORICAL CAPACITY CHARGE REVENUES
Fiscal Years 2011 through 2015
(Unaudited)**

Fiscal Year	New EDUs	Capacity Charge Revenues⁽¹⁾
2011	2,474	\$7,516,512
2012	2,221 ⁽²⁾	\$8,003,332
2013	4,223 ⁽³⁾	\$11,704,419
2014	4,803	\$14,623,833
2015	5,152	\$15,760,349

⁽¹⁾ Amounts include potable and recycled capacity charge revenues.

⁽²⁾ Revised from 2,573 subsequent to the issue of the Fiscal Year 2013 Annual Report.

⁽³⁾ Revised from 4,218 subsequent to the issue of the Fiscal Year 2013 Annual Report.

Source: Office of the Comptroller, City of San Diego

**WATER CUSTOMER ACCOUNTS RECEIVABLE
AND SHUT-OFFS BY FISCAL YEAR
Fiscal Years 2011 through 2015
(Dollars in Thousands)
(Unaudited, except as otherwise noted)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Water Sales Revenue ⁽¹⁾	\$358,747	\$391,614	\$400,448	\$434,285	\$439,743
Accounts Receivable ⁽²⁾⁽³⁾	58,072	61,403	67,143	76,610	68,630
Accounts Receivable Over 120 Days ⁽²⁾	1,861	4,403	3,534	4,484	4,593
% of Total Water Sales Revenues ⁽⁴⁾	0.52%	1.12%	0.88%	1.03%	1.04%
No. of Shut-Offs ⁽⁵⁾	23,271	23,156 ⁽⁶⁾	19,815 ⁽⁶⁾	20,079 ⁽⁶⁾	19,833

⁽¹⁾ Audited.

⁽²⁾ Amounts are as of June 30 and represent the receivable portion of billed customer accounts as of the end of each Fiscal Year.

⁽³⁾ Revised for Fiscal Years 2011-2014 to include the Accounts Receivable impact of the year-end Unbilled Revenue accrual which has always been included in the Water Sales Revenue figure.

⁽⁴⁾ Percentage of Accounts Receivable over 120 days as compared to Total Water Sales Revenues.

⁽⁵⁾ Shut-Offs for non-payment may include multiple shut-offs associated with the same account throughout the Fiscal Year.

⁽⁶⁾ Revised based on change in methodology.

Sources: Public Utilities Department and Office of the Comptroller, City of San Diego

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HISTORICAL SOURCES OF WATER SALES REVENUES
Fiscal Years 2011 through 2015
(Dollars in Thousands)
(Unaudited, except as otherwise noted)

<u>Sources</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Retail					
Single Family Residential	\$155,675	\$156,995	\$162,352	\$176,886	\$176,841
Multi-Family Residential	73,902	80,749	80,225	83,425	86,096
Non Residential	76,315	87,111	86,547	95,284	102,237
Irrigation	37,100	46,864	51,269	55,975	50,924
Reclaimed	4,130	5,467	5,460	5,660	5,352
Wholesale to Other Retailers					
Treated ⁽¹⁾	9,747	12,184	12,028	14,711	15,375
Untreated	489	332	541	32	125
Reclaimed	1,389	1,912	2,026	2,312	2,793
TOTAL⁽²⁾	\$358,747	\$391,614	\$400,448	\$434,285	\$439,743

⁽¹⁾ Primarily reflects wholesale revenues from California American Water Company.

⁽²⁾ Audited.

Sources: Public Utilities Department and Office of the Comptroller, City of San Diego

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE WATER UTILITY FUND
Fiscal Years 2011 through 2015
(Dollars in Thousands)
(Audited)**

	2011	2012	2013	2014	2015
OPERATING REVENUES⁽¹⁾					
Sales of Water	\$358,747	\$391,614	\$400,448	\$434,285	\$439,744
Charges for Services	3,789	7,822	5,743	4,533	6,432
Revenue from Use of Property	5,540	6,184	5,864	7,007	6,693
Usage Fees	33	34	35	-	-
Other	3,406	2,465	2,418	1,740	2,353
TOTAL OPERATING REVENUES	\$371,515	\$408,119	\$414,508	\$447,565	\$455,222
OPERATING EXPENSES⁽²⁾					
Maintenance and Operations	\$72,027	\$78,108	\$79,188	\$91,357	\$79,732
Cost of Purchased Water Used	143,155	167,104	205,704	207,721	237,274
Taxes ⁽³⁾	1,755	1,826	1,797	1,963	2,117
Administration	65,926	53,619	47,553	54,498	58,599
Depreciation	43,054	46,030	48,334	48,957	51,935
TOTAL OPERATING EXPENSES	\$325,917	\$346,687	\$382,576	\$404,496	\$429,657
OPERATING INCOME (LOSS)	\$45,598	\$61,432	\$31,932	\$43,069	\$25,565
NONOPERATING REVENUES (EXPENSES)					
Earnings on Investments ⁽⁴⁾	\$4,468	\$4,244	\$1,231	\$3,185	\$2,714
Federal Grant Assistance	203	442	1,095	109	-
Other Agency Grant Assistance	7,028	372	261	575	627
Gain (Loss) on Sale/Retirement of Capital Assets	(1,164)	1,270	(106)	(1,630)	(2,431)
Debt Service Interest Expense	(34,490)	(36,496)	(37,280)	(37,100)	(35,771)
Other	3,552	365	570	3,839	2,432
TOTAL NON OPERATING REVENUES (EXPENSES)	(\$20,403)	(\$29,803)	(\$34,229)	(\$31,022)	(\$32,429)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	\$25,195	\$31,629	(\$2,297)	\$12,047	(\$6,864)
Capital Contributions	\$18,011	\$56,640 ⁽⁵⁾	\$64,893	\$37,250	\$358,451 ⁽⁶⁾
Transfers from Other Funds	113	79	51	44	58
Transfers from Governmental Funds	142	--	1,234	3,608	-
Transfers to Other Funds	--	(496)	(579)	(356)	(3,651)
Transfer to Governmental Funds	(222)	(6,312)	(8,168)	(7,094)	(16)
Extraordinary Gain (Loss)	--	686 ⁽⁷⁾	(686) ⁽⁸⁾	--	--
CHANGE IN NET ASSETS	\$43,239	\$82,226	\$54,448	\$45,499	\$347,978
Net Assets at Beginning of Year	1,472,397	1,515,636	1,597,862	1,638,417 ⁽⁹⁾	1,572,384 ⁽¹⁰⁾
NET ASSETS AT END OF YEAR	1,515,636	1,597,862	1,652,310	1,683,916	1,920,362

Source: The City's Comprehensive Annual Financial Reports for Fiscal Years 2011-2015

- (1) Operating Revenues represent charges to customers for sales and services.
- (2) Operating Expenses include cost of sales and services, administrative expenses, and depreciation on capital assets.
- (3) Includes annual property taxes and quarterly payments of taxes in-lieu to the CWA.
- (4) Earnings on investments include interest earned on the bond construction funds for Fiscal Years 2011-2013.
- (5) Includes \$40.7 million in grant revenue in Fiscal Year 2012.
- (6) Pursuant to the Emergency Storage Project Agreement between CWA and the City, CWA built various facilities and infrastructure in order to raise the height of the San Vicente Dam and increase the reservoir's capacity. During Fiscal Year 2015, CWA conveyed the facilities and infrastructure related to the expansion, valued at approximately \$330.4 million, to the City, which was the primary cause of the increase in Capital Contribution.
- (7) Extraordinary Gain resulting from the dissolution of the Redevelopment Agency.
- (8) Extraordinary Loss resulting from prior year loan receivable from the Redevelopment Agency that will not be repaid.
- (9) Beginning balance restated due to the net effects of GASB 65 implementation and reclassification of worker's compensation fund.
- (10) Beginning balance restated due to the net effects of GASB 68 and 71 implementation.

Source of footnotes: Office of the Comptroller, City of San Diego, Unaudited

CALCULATION OF HISTORICAL DEBT SERVICE COVERAGE
Fiscal Years 2011 through 2015
(Dollars in Thousands)
(Unaudited)

Fiscal Year Ended June 30	Total System Revenues ⁽²⁾	Total Maintenance & Operation Costs (Excludes Depreciation) ⁽³⁾	Net System Revenue	Less: Interest Earnings on Reserve fund ⁽⁴⁾	Adjusted Net System Revenues	Senior Obligations				All Obligations ⁽¹⁾	
						Total Sr. Debt Service	Less: Senior Interest Earnings ⁽⁴⁾	Adjusted Debt Service	Adjusted Debt Service Coverage	Total Debt Service	Aggregate Debt Service Coverage
2011	\$397,755	\$285,059	\$112,696	(\$1,436)	\$111,260	\$34,115	(\$1,436)	\$32,679	3.40	\$62,784	1.79
2012	431,188 ⁽⁵⁾	307,465	123,723	(1,919)	121,804	37,518	(1,919)	35,599	3.42	66,191	1.87
2013	444,751 ⁽⁶⁾	342,989	101,762	(363)	101,399	39,707	(363)	39,344	2.58	64,210	1.58
2014	473,908	362,989	110,919	(1,017)	109,902	39,921	(1,017)	38,904	2.82	66,691	1.66
2015	468,274	381,389	86,885	(897)	85,988	40,063	(897)	39,166	2.20	66,835	1.30 ⁽⁷⁾

Source: Statistical Section (Unaudited) of Comprehensive Annual Financial Report for Fiscal Years 2011-2015

- (1) All Obligations reflect Senior and Subordinate obligations.
- (2) System Revenues as defined in the Installment Purchase Agreement, including operating and non-operating receipts (i.e. interest earnings, capacity charges, other income) as well as transfers and the cash-based components of capital contributions.
- (3) Amounts under Total Expenses reflect the Maintenance and Operations Costs of the Water System for such Fiscal Year in accordance with the Installment Purchase Agreement and generally includes maintenance and operations, administration, cost of water purchases, transfers to other funds, pension benefits, and retiree health costs.
- (4) Interest earnings on the Senior Debt Service Reserve Fund are netted out of both System Revenues and total Debt Service to calculate Senior Debt Service Coverage Ratios, but are not netted out for Aggregate Debt Service Coverage Ratios.
- (5) Includes receipt of State of California Prop 50 grants (\$40 million) and transfers to Rate Stabilization Fund (\$29.8 million).
- (6) Includes transfers from Rate Stabilization Fund (\$11.8 million).
- (7) Total System Revenues and affected coverage ratios are net of an approximate \$7.6 million transfer to the Water Rate Stabilization Fund. Aggregate Debt Service Coverage Ratio before the transfer was approximately 1.41.

Source of Footnotes: Office of the Comptroller, Public Utilities Department, City of San Diego, Unaudited

WATER UTILITY FUND CASH AND CASH EQUIVALENTS (INCLUDING RESERVES)
As of June 30, 2015
(Dollars in Thousands)

Cash and Cash Equivalents

Cash and Investments ⁽¹⁾	\$ 241,805
Restricted Cash and Investments	81,106
Less Investments Not Meeting the Definition of Cash Equivalents ⁽²⁾	<u>(72,434)</u>
Total Cash and Cash Equivalents at Year End	\$ 250,477

Reserves

Rate Stabilization Reserve	\$ 46,117
Secondary Purchase Reserve	13,582
Operating Reserve	31,696
Capital Reserve	<u>5,000</u>
Sub- Total	<u>\$ 96,395</u>
SRF Loan Reserve Funds (Trustee held)	\$ 5,611
Debt Service Reserve Funds (Trustee held)	\$ 66,854

⁽¹⁾ Includes Rate Stabilization Reserve, Secondary Purchase Reserve, Operating Reserve, and Capital Reserve.

⁽²⁾ Consists primarily of Debt Service Reserve Funds and certain SRF Loan Reserve Funds.

Source for Cash and Cash Equivalents: The City's Comprehensive Annual Financial Report for Fiscal Year 2015

Source for Reserves: Public Utilities Department and Comptroller's Office, City of San Diego

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OUTSTANDING DEBT
As of June 30, 2015

2009A Bonds	August 1, 2038	\$150,255,000
2009B Bonds	August 1, 2039	300,165,000
2010A Bonds	August 1, 2028	123,075,000
State Revolving Fund Loans (five)	Various	53,994,645
Total Senior Obligations:		\$627,489,645
Subordinated Obligations:		
2012A Bonds	August 1, 2032	153,910,000
State Revolving Fund Loan (one)	July 1, 2025	12,628,952
Total Subordinated Obligations:		\$166,538,952
Total Outstanding Obligations:		\$794,028,597

Source: Debt Management Department, City of San Diego

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Investment of Funds (As of June 30, 2015)

Refer to Note 3, "Cash and Investments," to the Fiscal Year 2015 CAFR for information regarding Investment of Funds as of June 30, 2015.

Investment of Funds (As of December 31, 2015)

Pool Liquidity and Other Characteristics.

The City Pool (including both the "Liquidity" and the "Core" portfolios) is highly liquid. Based on unreconciled and unaudited month-end data as of December 31, 2015, approximately 7% of the City Pool's investments mature within 62 days, 9% within 92 days, 19% within 184 days, 40% within 1 year, 76% within 2 years, 99% within 3 years, and 100% within 5 years (on a cumulative basis). As of December 31, 2015, the City Pool had a weighted average maturity of 1.38 years (504 days) and its weighted average yield was 0.75%. For purposes of calculating weighted average maturity, the City Treasurer treats investments in the State-wide Local Agency Investment Fund (California State Pool) as maturing within one day. The Liquidity portfolio had a duration of 0.37 years and the Core portfolio had a duration of 1.65 years as of December 31, 2015. Duration is a measure of the price volatility of the portfolio and reflects an estimate of the projected increase or decrease in the value of the portfolio based upon a decrease or increase in interest rates. Accordingly, the Liquidity portfolio should decrease in market value by 0.37% for every 1% increase in market interest rates while the Core portfolio should decrease in market value by 1.65% for every 1% increase in market interest rates. The City Pool's composition is designed with a goal of having sufficient liquid funds available to meet disbursement requirements. The composition and value of investments under management in the City Pool will vary from time to time depending on cash flow needs of the City, maturity or sale of investments, purchase of new securities, and fluctuations in interest rates.

CITY OF SAN DIEGO POOLED INVESTMENT FUND

at December 31, 2015
(Dollars in Thousands)
(Unaudited)

Investment Instrument	Book Value	Fair Value	Percent of Total⁽¹⁾
U.S. Treasury Notes	\$ 899,429	\$ 896,789	43.44%
Agency Discount Notes	235,543	235,651	11.38
Agency Notes & Bonds	364,750	364,254	17.62
Supranationals ⁽²⁾	69,927	69,485	3.38
Commercial Paper	49,805	49,838	2.41
Corporate Notes & Bonds	145,636	145,716	7.03
Local Agency Investment Fund	49,958	49,958	2.41
Negotiable Certificates of Deposit	175,001	175,018	8.45
Asset Back Securities	80,327	80,192	3.88
TOTAL INVESTMENTS⁽³⁾	\$2,070,377	\$2,066,902	100.00%

⁽¹⁾ Based on book value.

⁽²⁾ Supranationals are entities formed by two or more central governments through international treaties. Examples are the International Bank for Reconstruction and Development and the Inter-American Development Bank.

⁽³⁾ Approximately 9.4% of the City Pool is allocable to the Water Utility Fund.

Source: Office of the City Treasurer, City of San Diego.

The City Pool is not invested in any structured investment vehicles or mortgage-backed securities. In addition, the City has no outstanding swap arrangements or liquidity facilities.

Labor Relations

Unless otherwise indicated, the information under this heading “Labor Relations” is a discussion of labor relations for all employees of the City.

General. The table below shows the City’s several recognized employee organizations which represent City employees. Certain classified and unclassified City employees are unrepresented.

The City’s Employee Organizations

Organization⁽¹⁾	Represented Employees⁽²⁾
San Diego Municipal Employees’ Association (“MEA”)	4,915
American Federation of State, County, and Municipal Employees, Local 127 (“AFSCME Local 127”)	2,020
San Diego Police Officers Association (“POA”)	2,030
San Diego City Firefighters, International Association of Firefighters, Local 145 (“IAFF Local 145”)	906
California Teamsters Local 911 (“Teamsters Local 911”)	161
Deputy City Attorneys Association (“DCAA”) ⁽³⁾	146

⁽¹⁾ Represents classified employees, except where otherwise noted.

⁽²⁾ As of the City’s Fiscal Year 2016 Adopted Budget.

⁽³⁾ Represents unclassified deputy city attorneys.

Source: Financial Management, City of San Diego

As of July 31, 2015, there were 781.83 regular full-time employees of the Public Utilities Department (Water Branch) of which 427.66 are represented by the MEA and 300.49 are represented by the AFSCME Local 127. The remaining 53.68 employees are unrepresented and unclassified. The two bargaining units represent approximately 93% of the Public Utilities Department (Water Branch employees).

Collective Bargaining Agreements

In 2013, the City entered into a collective bargaining agreement with each of its recognized employee organizations, for a five-year term, from July 1, 2013 through June 30, 2018. Each agreement includes terms consistent with Proposition B, an initiative approved by City voters in June 2012 to reform the City’s retirement system. Under Proposition B, and specifically Charter section 70.2, the City must comply with certain procedural requirements, from July 20, 2012, the effective date of Proposition B through June 30, 2018, if it intends to negotiate increases to pensionable pay. The City Council must obtain an actuarial analysis from its retirement system actuary that discloses the impact of any proposed pay increases and must approve any negotiated increases by a two-thirds vote of the City Council. The City and each recognized employee organization agreed that they would not negotiate any general salary increases, which are pensionable, during the five-year period covered by Charter section 70.2. However, individual employees may still receive merit increases or promotions within the parameters of the Fiscal

Year 2011 salary schedules. In exchange for the agreement to limit pensionable pay of employees during this five-year period, the City agreed to increases in non-pensionable pay. Each of the collective bargaining agreements includes non-pensionable pay increases in Fiscal Year 2016, with reopeners in Fiscal Years 2017 and 2018 to meet and confer solely regarding increases to non-pensionable compensation. Flexible benefit credits are non-pensionable. Each collective bargaining agreement remains in effect through June 30, 2018; however, the City and POA have negotiated modifications to the POA's five-year agreement, which was approved by the City Council to amend the agreement for a term from July 1, 2015 through June 30, 2020. In addition, the City and MEA negotiated a successor collective bargaining agreement, which was approved by City Council on December 8, 2015 and will go into effect for a new term from July 1, 2017 through June 30, 2020.

MEA: In 2015, the City and MEA mutually agreed to reopen negotiations to meet and confer on terms for Fiscal Year 2017 through 2020. The City and MEA have negotiated a successor collective bargaining agreement for a new term from July 1, 2017 through June 30, 2020. MEA-represented employees will receive a 3.3 percent increase in pensionable compensation in Fiscal Years 2019 and a 3.3 percent increase in pensionable compensation in Fiscal Year 2020. In addition, effective in Fiscal Year 2019 there will be special salary adjustments ranging from 5 percent to 7 percent for certain classifications experiencing recruitment and retention issues. The agreement also contains non-pensionable compensation increases in Fiscal Years 2017 through 2020. The non-pensionable compensation includes increases to flexible benefits credits for all MEA-represented employees.

AFSCME Local 127: AFSCME Local 127-represented employees received increased annual flexible benefit credits in Fiscal Year 2016. The employee organization has exercised its option to reopen negotiations solely for the purpose to meet and confer on non-pensionable compensation increases in Fiscal Years 2017 and 2018. The City has begun meeting and conferring with AFSCME Local 127.

POA: In 2014, the City and POA mutually agreed to reopen negotiations to meet and confer on terms for Fiscal Years 2016 through 2020. The City and POA have agreed to amend the collective bargaining agreement for a new term from July 1, 2015 through June 30, 2020. POA-represented employees will receive a 3.3 percent increase in pensionable compensation in Fiscal Years 2019 and a 3.3 percent increase in pensionable compensation in Fiscal Year 2020. The agreement also contains non-pensionable compensation increases in Fiscal Years 2016 through 2020. The non-pensionable compensation includes increases to flexible benefit credits for all POA-represented employees with additional credits for employees with eight or more years of service. Employees with eight or more years of service will also receive increases to annual uniform and equipment allowances, as will new recruits. Employees will also receive up to 40 hours of discretionary leave for full-time employees with proportionally reduced hours for part-time employees.

IAFF Local 145: IAFF Local 145-represented employees received increased annual flexible benefit credits in Fiscal Year 2016. IAFF Local 145 has exercised its option to reopen negotiations solely for the purpose to meet and confer upon non-pensionable compensation increases in Fiscal Years 2017 and 2018. The City has begun meeting and conferring with Local 145.

Teamsters Local 911: Teamsters Local 911-represented employees received increased annual flexible benefit credits in Fiscal Year 2016. The employee organization has exercised its option to reopen negotiations solely for the purpose to meet and confer over further increases to non-pensionable

compensation in Fiscal Years 2017 and 2018. The City has begun meeting and conferring with Teamsters Local 911.

DCAA: DCAA-represented employees received an increase in their annual flexible benefit credit in Fiscal Year 2016. The employee organization has exercised its option to reopen negotiations solely for the purpose to meet and confer upon non-pensionable compensation increases in Fiscal Years 2017 and 2018. The City has begun meeting and conferring with DCAA.

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Pension Plan

The Table below sets forth the City’s portion of San Diego City Employees’ Retirement System historical funding progress for Fiscal Years 2006 through 2015. In addition, refer to Note 11, “Pension Plans,” in the Fiscal Year 2015 CAFR.

**CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS
Fiscal Years 2006 through 2015
(Dollars in Thousands)
(Unaudited)**

Valuation Date (June 30)	Actuarial Value of Assets (A)	Market Value of Assets (B)	AAL (C)	Funded Ratio (Actuarial)	Funded Ratio (Market)	UAAL (Actuarial) (C)-(A)	AAL less Market Value of Assets (C)-(B)	Covered Payroll ⁽¹⁾	UAAL to Covered Payroll
2006 ⁽²⁾	\$3,981,932	\$3,981,932	\$4,982,699	79.9%	79.9%	\$1,000,767	\$1,000,767	\$534,103	187.4%
2007 ⁽³⁾	4,413,411	4,641,341	5,597,653	78.8	82.9	1,184,242	956,312	512,440	231.1
2008 ⁽⁴⁾	4,660,346	4,408,719	5,963,549	78.1	73.9	1,303,203	1,554,830	535,774	243.2
2009	4,175,229	3,479,357	6,281,636	66.5	55.4	2,106,408	2,802,279	536,591	392.6
2010	4,382,047	3,900,537	6,527,224	67.1	59.8	2,145,177	2,626,687	530,238	404.6
2011 ⁽⁴⁾	4,739,399	4,848,054	6,917,175	68.5	70.1	2,177,776	2,069,121	514,265	423.5
2012	4,982,442	4,799,827	7,261,731	68.6	66.1	2,279,289	2,461,904	511,091	446.0
2013 ⁽⁵⁾	5,317,778	5,395,158	7,555,527	70.4	71.4	2,237,749	2,160,369	499,463	448.0
2014	5,828,594	6,292,855	7,858,703	74.2	80.1	2,030,110	1,565,848	480,536	422.5
2015 ⁽⁶⁾	6,204,244	6,387,829	8,205,953	75.6	77.8	2,001,709	1,818,124	480,662	416.4

⁽¹⁾ Covered payroll includes all elements of compensation paid to active City employees (who are in the SDCERS defined benefit plan) on which contributions to the pension plan are based.

⁽²⁾ Reflects revised actuarial methodologies.

⁽³⁾ Reflects revised actuarial assumptions, including the return to EAN actuarial funding method.

⁽⁴⁾ Reflects revised actuarial methodologies and assumptions.

⁽⁵⁾ Reflects revised actuarial assumptions.

⁽⁶⁾ Reflects revised actuarial methodologies and assumptions.

Source: SDCERS FY 2015 CAFR for Actuarial Value of Assets, AAL, Funded Ratio (Actuarial), UAAL (Actuarial), Covered Payroll and UAAL to Covered Payroll (2006-2014); Cheiron Actuarial Valuations for Market Value of Assets (2006-2015), Funded Ratio (Market) and AAL Less Market Value of Assets (2011-2015) and Actuarial Value of Assets, AAL, Funded Ratio (Actuarial), UAAL (Actuarial) and Covered Payroll (2015); City Comptroller for Funded Ratio (Market) (2006-2010), AAL Less Market Value of Assets (2006-2010), and UAAL to Covered Payroll (2015).

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Water System Share of Contribution to Pension System

The Table below sets forth the City’s Actuarially Determined Contribution (“ADC”) and pension payments for Fiscal Years 2012 through 2016, as well as the amounts related specifically to the Water System. Prior to Fiscal Year 2014, in addition to the City contributions set forth in the table below, the City made certain pension contributions on behalf of certain employee groups. As of Fiscal Year 2015, the City no longer pays any portion of employee pension contributions. In addition, refer to Note 11, “Pension Plans,” to the Fiscal Year 2015 CAFR.

**CITY OF SAN DIEGO AND WATER UTILITY FUND
PENSION CONTRIBUTION
Fiscal Years 2012 through 2016
(Dollars in Thousands)
(Unaudited)**

Fiscal Year Ended June 30	Pension Plan ARC/ADC⁽¹⁾	POB Plan ARC	Total Plan ARC/ADC⁽²⁾	Pension Plan Contribution	POB Plan Contribution	Total Pension Contribution⁽³⁾	Water System Contribution	Water System Contribution (% of O&M)
2012	\$231,200	\$1,269	\$232,469	\$231,200	\$1,626 ⁽⁴⁾	\$232,828	\$13,600	3.9%
2013	231,100	1,314	232,414	231,100	1,572	232,672	13,619	3.6
2014	275,400	708	276,108	275,400	1,403	276,803	15,265 ⁽⁴⁾	3.8
2015	263,600	876	264,476	263,600	1,399	264,999	16,907	3.9
2016 ⁽⁵⁾	254,900	842	255,742	254,902	1,500	256,402	13,827	3.2

⁽¹⁾ Actuarially Determined Contribution (“ADC”) has replaced the Annual Required Contribution (“ARC”) starting in Fiscal Year 2015.

⁽²⁾ Includes core pension ARC/ADC and Preservation of Benefits (POB) Plan ARC. See Note 11 in City’s Fiscal Year 2015 CAFR for more information on Pension Plan ARC/ADC and POB Plan ARC. Per IRS guidelines, the City may not pre-fund the POB Plan. Therefore, plan contributions may differ from the Total ARC/ADC in any given year.

⁽³⁾ Comprised of the pension plan contribution and the POB Plan contribution; may not sum due to rounding.

⁽⁴⁾ Corrected.

⁽⁵⁾ Except for Pension Plan ARC/ADC all other amounts are budgeted.

Sources: SDCERS Comprehensive Annual Financial Reports; Cheiron Actuarial Valuations for Pension Plan ARC/ADC; SDCERS for POB Plan ARC; Comptroller’s Office, City of San Diego for Total Plan ARC/ADC, Pension Plan Contribution, POB Plan Contribution, Total Pension Contribution, Water System Contribution (2012-2015); Financial Management, City of San Diego for Water System Contribution (2016)

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Other Postemployment Healthcare Benefits (OPEB)

The tables below set forth the (i) City’s defined benefit OPEB plan funding progress for Fiscal Years 2008 through 2015; and (ii) the City’s OPEB ARC and City’s contributions for Fiscal Years 2012 through 2016, with amounts related specifically to the Water System. In addition, refer to Note 12, “Other Postemployment Benefits,” in the Fiscal Year 2015 CAFR.

As indicated in the footnotes, the OPEB defined benefit plan (“DB OPEB Plan”) has been closed to new employees since July 1, 2005 and certain healthcare-eligible employees and retirees opted out of the defined benefit plan and into a defined contribution retiree healthcare plan in April 2012. The City’s Total Retiree Healthcare Contribution covers the City’s cost for both the defined benefit plan and the defined contribution plan.

CITY OF SAN DIEGO
SCHEDULE OF FUNDING PROGRESS (DEFINED BENEFIT OPEB PLAN)
Fiscal Years 2008 through 2015
(Dollars in Thousands)
(Unaudited)

Fiscal Year Ending June 30	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Liability	Funded Ratio	Covered Payroll⁽¹⁾	UAAL as % of Covered Payroll
2008	\$29,637	\$1,235,707	\$1,206,070	2.40%	\$556,857	216.6%
2009	41,497	1,359,377	1,317,880	3.05	549,012	240.0
2010	72,720	1,200,910	1,128,190	6.06	472,561	238.7
2011	116,608	1,248,151	1,131,543	9.34	455,537	248.4
2012	104,304	553,432	449,128	18.85	124,675	360.2
2013	113,404	557,551	444,147	20.34	112,782	393.8
2014	128,238	607,712	479,474	21.10	98,742	485.6
2015	121,115	658,408	537,293	18.40	87,252	615.8

⁽¹⁾ Represents Defined Benefit OPEB Plan participation only.

Source: Comprehensive Annual Financial Reports, Comptroller’s Office, City of San Diego

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**CITY AND WATER FUND
RETIREE HEALTH CONTRIBUTIONS
Fiscal Years 2012 through 2016
(Dollars in Thousands)**

Fiscal Year	DB OPEB ARC	City DB OPEB Contribution⁽¹⁾	Total City Retiree Health Contribution	Water Fund Retiree Health Contribution⁽²⁾	Water Fund Contribution % of O&M
2012	\$49,061	\$23,857	\$58,281	\$4,609	1.3%
2013	35,348	38,103	57,782	4,348	1.1%
2014	38,097	32,143	57,782	3,979	0.9%
2015	41,740	31,515	57,782	4,667	1.1%
2016 ⁽³⁾	46,976	N/A	59,234	4,196	1.0%

(1) Includes funding of administrative costs for DB OPEB Plan.

(2) Total City Retiree Health Contribution includes contributions to the DB OPEB Plan and the DC Plan.

(3) The DB OPEB Contribution will be available at the end of the Fiscal Year.

Sources: Risk Management, Financial Management, Comptroller's Office, City of San Diego.

The City created a Retiree Medical Trust for certain City employees hired on or after July 1, 2009. The Retiree Medical Trust contributions are separate from and in addition to the Total Retiree Health Contribution noted above, and the City's obligation is limited to an employer match of 0.25% of the salary of eligible employees. Total Retiree Medical Trust City contribution for Fiscal Year 2015 was \$205,755 (whole dollars) (the Water Fund portion of the contribution was \$16,679), and the budgeted contribution for Fiscal Year 2016 is \$303,515 (the Water Fund budgeted portion of the contribution is \$20,848).

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