

CIVIC SAN DIEGO

(A Component Unit of the City of San Diego, California)

Independent Auditor's Reports, Basic Financial
Statements, Required Supplementary Information,
and Supplementary Information

For the Year Ended June 30, 2018



Certified
Public
Accountants

CIVIC SAN DIEGO
For the Year Ended June 30, 2018

Table of Contents

	<i>Page(s)</i>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis (Required Supplementary Information – Unaudited).....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Governmental Funds Financial Statements:	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	17
Notes to the Basic Financial Statements	18
Required Supplementary Information (Unaudited):	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – General Fund.....	29
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual – Downtown Community Parking Program Special Revenue Fund.....	30
Note to Required Supplementary Information	31
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget to Actual – General Fund by Category	32
Schedules of Revenues, Expenditures and Changes in Fund Balances Budget to Actual by Function:	
General Government and Support	33
Successor Agency.....	34
Planning	35
Parking District.....	36
Community Investments	37
New Markets Tax Credit Program.....	38
Other Report:	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39



Independent Auditor's Report

To the Board of Directors of
Civic San Diego

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Civic San Diego (Corporation), a component unit of the City of San Diego, California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation'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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Corporation as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2018, on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.



San Diego, California
October 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

CIVIC SAN DIEGO
Management's Discussion and Analysis
(Unaudited)

As management of Civic San Diego (Corporation), a component unit of the City of San Diego (City), we offer readers of the Corporation's financial statements this narrative overview and analysis of the financial activities of the Corporation for the year ended June 30, 2018. On behalf of the City, the Corporation carries out certain municipal functions such as planning and design review within the Centre City area. The City Council created the Corporation originally to administer redevelopment, but subsequently has added the administration of the design review process and planning functions, consistent with the community plan and planned district ordinances, within the Centre City area. Additionally, the City has designated the Corporation as the Downtown Community Parking District Advisory Board (Downtown CPD), whose boundaries are concurrent with those of the Centre City area, to oversee, implement and manage parking within the Centre City area.

The information contained in the Management's Discussion and Analysis (MD&A) is unaudited and represents management's analysis for the year ended June 30, 2018. The audited financial statements can be found beginning on page 12. The purpose of MD&A is to inform the reader on management's insights about the reporting entity and to increase the readers' understanding, and the usefulness of the financial reports as well as providing accessible information about the Corporation and its operation, successes, challenges, and future. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Corporation's basic financial statements. The Corporation's basic financial statements are comprised of three components: (1) Government-Wide Financial Statements, (2) Governmental Funds Financial Statements, and (3) Notes to the Basic Financial Statements. The basic financial statements are also accompanied by required supplementary information, which includes this Management's Discussion and Analysis, the Budgetary Comparison Schedules for the General Fund and the Downtown Community Parking Program Special Revenue Fund.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Corporation's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information of all the Corporation's assets and liabilities, with the difference between the two 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 Corporation is improving or deteriorating.

The Statement of Activities presents information showing changes in the Corporation's net position during the most recent 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. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused compensated absences).

The Government-Wide Financial Statements can be found on pages 12 and 13 of this report.

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

Governmental Funds 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 Corporation uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Corporation uses a general fund and special revenue funds for recording its activities.

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 fund 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 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 the Corporation's 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 Corporation's near-term financial decisions. Both the governmental funds balance sheet and statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The governmental funds financial statements can be found on pages 14 through 17 of this report.

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

Government-Wide Financial Analysis

The Corporation is financially reliant on the Successor Agency to the former Redevelopment Agency of the City of San Diego (Successor Agency). As of June 30, 2018 and 2017, respectively, the Corporation had the following assets, liabilities and net position:

CIVIC SAN DIEGO
Comparative Statements of Net Position
June 30, 2018 and 2017

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>
Cash	\$ 1,549,966	\$ 2,517,452	\$ (967,486)
Restricted cash	5,458,775	5,914,799	(456,024)
Receivables for reimbursable expenses from the City of San Diego	2,590,832	1,577,078	1,013,754
Accounts receivable	984,994	1,021,492	(36,498)
Prepaid expenses	3,225	2,200	1,025
Long-term investment	10,590	7,690	2,900
Long-term notes receivable	535,000	240,000	295,000
Capital assets - nondepreciable	310,369	75,975	234,394
Capital assets - depreciable (net)	1,531,566	1,630,326	(98,760)
Total assets	<u>12,975,317</u>	<u>12,987,012</u>	<u>(11,695)</u>
<u>Liabilities:</u>			
Accrued liabilities	953,958	847,664	106,294
Deposits held for others	240,000	230,000	10,000
Compensated absences (current)	116,029	115,531	498
Compensated absences (noncurrent)	104,034	130,816	(26,782)
Unearned revenues	2,094,370	1,925,259	169,111
Advances from the City of San Diego	732,530	781,707	(49,177)
Total liabilities	<u>4,240,921</u>	<u>4,030,977</u>	<u>209,944</u>
<u>Net Position:</u>			
Net investment in capital assets	1,841,935	1,706,301	135,634
Restricted	5,564,147	5,728,710	(164,563)
Unrestricted	1,328,314	1,512,024	(183,710)
Total net position	<u>\$ 8,734,396</u>	<u>\$ 8,947,035</u>	<u>\$ (212,639)</u>

The Corporation's net position decreased in FY2018 by \$212,639. The ending net position of the Corporation as of June 30, 2018 was \$8,734,396. This decrease is primarily attributable to a reduction in cash balances resulting from expenses associated with Community Investments and New Markets Tax Credit (NMTC) programs which exceeded revenues collected for those programs. As such, the cash reserves from prior fiscal years were utilized to offset the shortfalls. In addition, net position decreased because of accrued vacation and depreciation of capital assets.

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

CIVIC SAN DIEGO
Comparative Statements of Activities
For the Years Ended June 30, 2018 and 2017

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>
<u>Program Revenues:</u>			
Charges for Services	\$ 2,276,168	\$ 1,494,201	\$ 781,967
Operating Grants and Contributions	6,923,210	5,920,609	1,002,601
Capital Grants and Contributions	617,128	443,102	174,026
<u>General Revenues:</u>			
Interest and unrealized gain on investments	9,406	2,001	7,405
Miscellaneous	2,780	3,954	(1,174)
Total revenues	<u>9,828,692</u>	<u>7,863,867</u>	<u>1,964,825</u>
<u>Program Expenses:</u>			
General Government and Support and Successor Agency	4,289,835	3,918,069	371,766
Planning	1,046,458	1,101,855	(55,397)
Parking District	3,276,487	4,306,476	(1,029,989)
Community Investment	735,233	691,907	43,326
New Market Tax Credit Program	693,318	372,389	320,929
Total expenses	<u>10,041,331</u>	<u>10,390,696</u>	<u>(349,365)</u>
Change in net position	(212,639)	(2,526,829)	2,314,190
Net position - beginning of year	<u>8,947,035</u>	<u>11,473,864</u>	<u>(2,526,829)</u>
Net position - end of year	<u>\$ 8,734,396</u>	<u>\$ 8,947,035</u>	<u>\$ (212,639)</u>

The Corporation's net position decreased by \$212,639 due to depreciation and changes in accrued vacation. In addition, the decrease is also attributable to the Community Investments and NMTC programs operating costs exceeding revenues collected for these programs during the fiscal year. The NMTC program closed two projects which generated one time placement fees plus the annual asset management fees collected from the ten projects. The one time placement fees and annual asset management fees collected during the year did not cover the costs of operating the NMTC and Community Investments programs.

Additionally, the Corporation's decrease in net position was significantly less than FY2017 because in FY2017 DPCD completed the Island Avenue Pop-Outs which was fully expensed and the Wayfinding Signage project which recognized depreciation expense. These two projects alone totaled over \$1.5 million in expenses. The permit and planning function and the NMTC program operating expenses exceeded revenues collected which were offset by using prior year cash balances to offset the expenses.

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

General Fund Financial Analysis

The Corporation's General Fund financial statements include only the current inflows and outflows of spendable resources and related balances at the end of the fiscal year ended June 30, 2018 and 2017, respectively.

CIVIC SAN DIEGO
Comparative Balance Sheets
General Fund
June 30, 2018 and 2017

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>
<u>Assets:</u>			
Cash	\$ 617,948	\$ 982,279	\$ (364,331)
Restricted cash	2,933,820	3,235,871	(302,051)
Receivables from reimbursable expenses from the City of San Diego	1,316,494	547,464	769,030
Accounts receivable	543,446	777,073	(233,627)
Prepaid items	3,225	2,200	1,025
Total assets	<u>\$ 5,414,933</u>	<u>\$ 5,544,887</u>	<u>\$ (129,954)</u>
<u>Liabilities:</u>			
Accrued expenses	\$ 202,012	\$ 426,543	\$ (224,531)
Deposits held for others	150,000	210,000	(60,000)
Unearned revenues	2,094,370	1,925,259	169,111
Total liabilities	<u>2,446,382</u>	<u>2,561,802</u>	<u>(115,420)</u>
<u>Fund Balance:</u>			
Nonspendable	3,225	2,200	1,025
Restricted	2,936,007	2,922,213	13,794
Unassigned	29,319	58,672	(29,353)
Total fund balance	<u>2,968,551</u>	<u>2,983,085</u>	<u>(14,534)</u>
Total fund balance and liabilities	<u>\$ 5,414,933</u>	<u>\$ 5,544,887</u>	<u>\$ (129,954)</u>

In FY2018, the Corporation is comprised of the General Fund and two major special revenue funds; the Economic Growth and Neighborhood Investment Fund (Growth Fund), or the New Markets Tax Credit (NMTC) Fund and the Downtown Community Parking Program (DCPP) Fund. The NMTC fund is a blended component unit of the Corporation.

The General Fund excludes the liability associated with compensated absences and long-term advances payable to the City, whereas the government-wide statement of net position includes such liabilities. The Corporation restricted cash is made up of FAR Bonus funds collected throughout the years to be used on projects that qualify for usage of FAR Bonus funds. In FY2018 funds were expended from the FAR Bonus program for the 6th Avenue Bridge Feasibility and Conceptual Design project and 14th Street Pedestrian Promenade Demonstration Block project. These projects were also supported by grants received from SANDAG. Additionally, decreases in cash is a result of (1) daily operating expenditures that are offset by the larger accounts receivable balances due from the City of San Diego, DCPD, Growth Fund and grantors

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

(SANDAG and California Natural Resource Agency) and (2) decrease in cash associated with developer deposits, third party deposits, projects that will compensate for staff time and consultant expenses, as well as good faith refundable developer deposits from prior years.

CIVIC SAN DIEGO
Comparative Statements of Revenues, Expenditures and Changes in Fund Balances
General Fund
For the Years Ended June 30, 2018 and 2017

	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>
<u>Revenues:</u>			
Contributions from the City of San Diego	\$ 4,524,721	\$ 3,963,081	\$ 561,640
Charges for services	1,545,805	1,251,360	294,445
Contributions from the Growth Fund	707,557	714,336	(6,779)
Intergovernmental grants	520,007	327,629	192,378
Interest and unrealized gains	3,481	1,950	1,531
Miscellaneous	80	3,954	(3,874)
Total revenues	<u>7,301,651</u>	<u>6,262,310</u>	<u>1,039,341</u>
<u>Expenditures:</u>			
General government and support and successor agency	4,371,399	3,913,841	457,558
Planning	1,046,458	1,101,855	(55,397)
Parking district	531,115	403,331	127,784
Community investment	725,233	931,907	(206,674)
New Market Tax Credit Program	641,980	340,184	301,796
Total expenditures	<u>7,316,185</u>	<u>6,691,118</u>	<u>625,067</u>
Net change in fund balance	<u>(14,534)</u>	<u>(428,808)</u>	<u>414,274</u>
Fund balance - beginning of year	<u>2,983,085</u>	<u>3,411,893</u>	<u>(428,808)</u>
Fund balance - end of year	<u>\$ 2,968,551</u>	<u>\$ 2,983,085</u>	<u>\$ (14,534)</u>

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

For comparative purposes, the table below represents expenditures incurred for the years ended June 30, 2018 and 2017, as reported in the General Fund.

<u>EXPENDITURES</u>	<u>FY 2018</u>	<u>FY 2017</u>	<u>Difference</u>
Salaries and Benefits	\$ 4,791,553	\$ 4,366,447	\$ 425,106
Legal, Computer and Auditing Services	1,387,522	941,732	445,790
Rent and Leasehold Improvements	483,545	456,390	27,155
Economic Development and Outreach	200,178	423,269	(223,091)
Insurance	151,427	148,852	2,575
Marketing, Printing and Reproduction	93,765	82,407	11,358
Furniture and Equipment	67,020	79,872	(12,852)
Office Supplies	46,869	73,707	(26,838)
Communications and Utilities	26,404	31,162	(4,758)
Dues and Seminars	23,529	28,965	(5,436)
Auto and Business	20,982	33,411	(12,429)
Repairs and Maintenance	6,451	6,350	101
Recruitment	6,297	7,223	(926)
Directors Fees	5,323	5,868	(545)
Travel	5,320	5,462	(142)
	<u><u>\$ 7,316,185</u></u>	<u><u>\$ 6,691,117</u></u>	<u><u>\$ 625,068</u></u>

The Comparative Statements of Revenues, Expenditures and Changes in Fund Balance for the General Fund provide a “look back” for the two most recent years comparing the various expenditures of the Corporation. Overall, expenditures for the years ended June 30, 2018 and 2017 were \$7,316,185 and \$6,691,117, respectively. In FY2018, expenditures increased by 9.34% or \$625,068 from 2017.

The most significant changes within the Corporation’s expenditures are as follows:

- Salaries and Benefits increased by \$425,106, or 9.74%. This increase is due to the budgeted annual salary increases and adjustments to salaries associated with turnover and attrition, promotions and retention.
- Legal, Computer Auditing & Consulting Services line item increased by \$445,790 or 47.34%. The increase was largely due to legal and other consultant expenses in the amount of 487,516 with a decrease to computer services consultant of \$44,977. The Corporation has several items in litigation. The Corporation worked on the South Crest Trails Park project which utilized the services of other consultants which was not budgeted.
- Economic Development and Outreach expenditures decreased by \$223,091, or 52.71% in 2018. The expenses that the Corporation assumed in past years for the pursuit of projects that will benefit underserved areas in San Diego County are now being assumed by the Growth Fund directly. The Growth Fund will continue to pursue projects that will assist in the growth and development of underserved communities.

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

General Fund Budget Comparison

The Budgetary Comparison Schedules can be found on pages 29 through 30 of this report. The FY2018 overall expenditures were under budget by \$666,815, or 8.4%, primarily due to savings in the Economic and Development Outreach line item by \$190,422 or 48.7%.

The Corporation may from time-to-time make budgetary line item adjustments to accommodate the Corporation's administrative operating activities. Budget adjustments are presented to the Corporation's Board for review and approval. In FY2018, the Corporation presented amendments to the budget and they were approved unanimously by the Board.

Capital Assets

Changes in the Corporation's capital assets are for purchases of computer equipment, primarily the phone system upgrade, capital outlay in the Downtown Community Parking Program fund of \$243,394 for the East Village Green Funding (formerly Cedar Gateway & Future) project, offset by \$165,576 in current year depreciation expense.

Long-Term Liabilities

Changes to the Corporation's long-term liabilities during FY2018 was a reduction of \$75,461. The change in long-term liabilities resulted from both decreases in compensated absences due to more accumulated employee sick and vacation leave hours being used/liquidated versus being earned, as well as, long-term advances due to the City of San Diego decreasing by \$49,177.

Next Year's Budget

The Corporation and City of San Diego have adopted the FY2019 Budget. The FY2019 administrative portion of the budget for the Corporation is \$9,486,000, representing an increase of \$1,503,000 or 18.8% as compared to the Corporation's FY2018 Budget. The increase reflects the following:

- The Personnel Expense line item decreased by \$304,000, or 6.2% for FY2019 compared to FY2018. The Personnel Expense line item is comprised of 34 Full-Time Equivalents (FTE's) with \$3.3 million budgeted for Salaries and \$1.3 million budgeted for taxes and benefits.
- The FY2019 Non-Personnel administrative expense budget increased by \$93,600, or 5.0% compared to the FY2018 budget.
- The Corporation included a separate category for Programs and Projects which is the most significant increase of the FY2019 budget by \$1.7 million, or 143.2%. The significant increase in this category will be funded from several revenue sources consisting of FAR Bonus funds, grant revenue and developer impact fees. The projects include East Village Green Design, 14th Street Promenade - G to Market, 14th Street Block II (Pilot), St Joseph's Park general development plan, City Heights Sidewalk & Streetlight Improvements, E Street Greenway Master Plan, and Children's Park Improvements.

The FY2019 Budget is categorized by function and each function's respective revenue source(s). The functions include (1) permit processing for which the Corporation will collect permit application fees; (2) Downtown Community Parking District activities for which the Corporation will seek reimbursement for costs from the City from parking meter revenues; (3) Successor Agency Administration and Project Management for which the Corporation will seek reimbursement from the Successor Agency to the Redevelopment Agency of the City of San Diego for the wind-down process underway pursuant to AB X1 26; (4) Housing Successor administration and project management fees for which the Corporation will seek

CIVIC SAN DIEGO
Management's Discussion and Analysis (Continued)
(Unaudited)

reimbursement from the Housing Successor entity; (5) Community Investments and other activities for which the Corporation will offset the cost by seeking grants and contributions from financial institutions or private contributions; and (6) the Corporation will seek reimbursement for projects assigned by the City from developer impact fees (DIF), FAR Bonus funds or other City funds made available to the Corporation.

In addition, the Corporation is a registered Community Development Entity (CDE) with the U.S. Treasury Department through the Community Development Financial Institution Fund (CDFI) and is eligible to apply for and be allocated NMTC's. The CDFI's mission is to increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States. The Corporation has received \$133 million in NMTC allocations and has disbursed \$96,850,000 through June 30, 2018.

Risks and Uncertainties

The Successor Agency is the primary funding source for the Corporation; therefore, any reduction in the Successor Agency's funding could substantially alter the services provided by the Corporation.

On behalf of the City, the Corporation carries out certain municipal functions such as planning and design review within the Centre City area. The City Council created the Corporation originally to administer redevelopment, but subsequently added the administration of and the review and planning functions, consistent with the community plan and planned district ordinances within the Centre City area. Additionally, the City has designated the Corporation as the Downtown Community Parking District Advisory Board (Downtown CPD), which boundaries are concurrent with those of the Centre City area, to oversee, implement, and manage parking within the Centre City area.

Forward Looking Statements

This MD&A may contain "forward looking" information. Forward looking statements can be identified by use of such words as "plans", "anticipates", "expects", "is expected", "in the event", "approximately" "scheduled", "estimates", "forecasts", "intends", or "believes" or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. These forward looking statements relate to, among other things, the Corporation's assumptions regarding future results of operations. These forward looking statements are based on current expectations, various assumptions, and analyses made by us in light of our experience and our perceptions of historical trends, current conditions and expected future developments and other factors that we believe are appropriate in the circumstances. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in our forward looking statements.

Request for Information

This financial report is designed to provide a general overview of the Corporation's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to the Chief Financial Officer at Civic San Diego, 401 B Street, Suite 400, San Diego, CA 92101.

BASIC FINANCIAL STATEMENTS

CIVIC SAN DIEGO
Statement of Net Position
June 30, 2018

ASSETS

Current assets:

Cash	\$	1,549,966
Restricted cash		5,458,775
Receivables for reimbursable expenses from the City of San Diego		2,590,832
Accounts receivable		984,994
Prepaid expenses		3,225

Noncurrent assets:

Long-term investment		10,590
Notes receivable		535,000
Capital assets, nondepreciable		310,369
Capital assets, depreciable, net		<u>1,531,566</u>

Total assets		<u>12,975,317</u>
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LIABILITIES

Current liabilities:

Accrued liabilities		953,958
Deposits held for others		240,000
Compensated absences - due in one year		116,029

Long-term liabilities:

Compensated absences - due after one year		104,034
Unearned revenues		2,094,370
Advances from the City of San Diego		<u>732,530</u>

Total liabilities		<u>4,240,921</u>
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NET POSITION

Net investment in capital assets		1,841,935
Restricted		5,564,147
Unrestricted		<u>1,328,314</u>

Total net position	\$	<u><u>8,734,396</u></u>
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See Accompanying Notes to the Basic Financial Statements.

CIVIC SAN DIEGO
Statement of Activities
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Governmental Activities:					
General government and support	\$ 394,431	\$ 206,544	\$ 73,049	\$ 207,670	\$ 92,832
Successor agency	3,895,404	-	3,485,946	409,458	-
Planning	1,046,458	697,281	349,177	-	-
Parking district	3,276,487	311,342	2,977,538	-	12,393
Community investment	735,233	-	37,500	-	(697,733)
New markets tax credit program	693,318	1,061,001	-	-	367,683
Total governmental activities	<u>\$ 10,041,331</u>	<u>\$ 2,276,168</u>	<u>\$ 6,923,210</u>	<u>\$ 617,128</u>	<u>(224,825)</u>
General Revenues:					
Interest					9,406
Miscellaneous					2,780
Total general revenues					<u>12,186</u>
Change in net position					(212,639)
Net position - beginning of year					<u>8,947,035</u>
Net position - end of year					<u>\$ 8,734,396</u>

See Accompanying Notes to the Basic Financial Statements.

CIVIC SAN DIEGO
Balance Sheet
Governmental Funds
June 30, 2018

	General Fund	Special Revenue Funds		Total Governmental Funds
	Civic San Diego	Economic Growth and Neighborhood Investment Fund	Downtown Community Parking Program	
ASSETS				
Cash	\$ 617,948	\$ 932,018	\$ -	\$ 1,549,966
Restricted cash	2,933,820	-	2,524,955	5,458,775
Receivables for reimbursable expenditures from the City of San Diego	1,316,494	-	1,274,338	2,590,832
Accounts receivable	543,446	296,978	144,570	984,994
Prepaid items	3,225	-	-	3,225
Long-term investment	-	10,590	-	10,590
Total assets	<u>\$ 5,414,933</u>	<u>\$ 1,239,586</u>	<u>\$ 3,943,863</u>	<u>\$ 10,598,382</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accrued liabilities	\$ 202,012	\$ 328,336	\$ 423,610	\$ 953,958
Deposits held for others	150,000	90,000	-	240,000
Unearned revenues	2,094,370	-	-	2,094,370
Total liabilities	<u>2,446,382</u>	<u>418,336</u>	<u>423,610</u>	<u>3,288,328</u>
Fund Balances:				
Nonspendable	3,225	10,590	-	13,815
Restricted	2,936,007	-	3,520,253	6,456,260
Assigned	-	810,660	-	810,660
Unassigned	29,319	-	-	29,319
Total fund balances	<u>2,968,551</u>	<u>821,250</u>	<u>3,520,253</u>	<u>7,310,054</u>
Total liabilities and fund balances	<u>\$ 5,414,933</u>	<u>\$ 1,239,586</u>	<u>\$ 3,943,863</u>	<u>\$ 10,598,382</u>

See Accompanying Notes to the Basic Financial Statements.

CIVIC SAN DIEGO
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
June 30, 2018

Total fund balances - Governmental Funds	\$ 7,310,054
Amounts reported for governmental activities in the Statement of Net Position were different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	1,841,935
Long-term notes receivable due from third parties which are not due and payable in the current period and, therefore are not reported in the governmental funds.	535,000
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(220,063)
Long-term advances from the City of San Diego are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(732,530)</u>
Net position of Governmental Activities	<u><u>\$ 8,734,396</u></u>

See Accompanying Notes to the Basic Financial Statements.

CIVIC SAN DIEGO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	General Fund		Special Revenue Funds		Eliminations	Total Governmental Funds
	Civic San Diego		Economic Growth and Neighborhood Investment Fund	Downtown Community Parking Program		
REVENUES:						
Contributions from the City of San Diego:						
Successor agency	\$ 3,485,946	\$ -	\$ -	\$ -	\$ -	\$ 3,485,946
Parking meters	531,105	-	2,977,538	-	(531,105)	2,977,538
Planning	300,000	-	-	-	-	300,000
Developer impact fees	207,670	-	-	-	-	207,670
Charges for services:						
Placement and servicing fees	-	579,000	-	-	-	579,000
Management fees - new market tax credit program	641,980	482,001	-	-	(641,980)	482,001
Permit fees	697,281	-	-	-	-	697,281
Earned developer deposits	206,544	-	-	-	-	206,544
Parking - Little Italy Association	-	-	311,342	-	-	311,342
Contributions from Growth Fund	707,557	-	-	-	(707,557)	-
Intergovernmental grants	482,507	-	-	-	-	482,507
Other grants and contributions	37,500	-	-	-	-	37,500
Interest	3,481	5,925	-	-	-	9,406
Miscellaneous	80	2,700	-	-	-	2,780
Total revenues	<u>7,301,651</u>	<u>1,069,626</u>	<u>3,288,880</u>	<u>(1,880,642)</u>	<u>9,779,515</u>	
EXPENDITURES:						
Current:						
General government and support	475,995	-	-	-	-	475,995
Successor agency	3,895,404	-	-	-	-	3,895,404
Planning	1,046,458	-	-	-	-	1,046,458
Parking district	531,115	-	3,356,831	-	(531,105)	3,356,841
Community investment	725,233	1,012,557	-	-	(707,557)	1,030,233
New market tax credit program	641,980	693,318	-	-	(641,980)	693,318
Total expenditures	<u>7,316,185</u>	<u>1,705,875</u>	<u>3,356,831</u>	<u>(1,880,642)</u>	<u>10,498,249</u>	
Net change in fund balances	(14,534)	(636,249)	(67,951)	-	(718,734)	
FUND BALANCES:						
Beginning of year	<u>2,983,085</u>	<u>1,457,499</u>	<u>3,588,204</u>	<u>-</u>	<u>8,028,788</u>	
End of year	<u>\$ 2,968,551</u>	<u>\$ 821,250</u>	<u>\$ 3,520,253</u>	<u>\$ -</u>	<u>\$ 7,310,054</u>	

See Accompanying Notes to the Basic Financial Statements.

CIVIC SAN DIEGO

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures
and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2018**

Net change in fund balances - total Governmental Funds \$ (718,734)

Amounts reported for governmental activities in the Statement of Activities were different because:

Governmental funds report the acquisition and/or construction of capital assets as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. The amounts below represent the depreciation expense on capital assets and capital asset acquisitions.

Capital outlay	301,210
Depreciation expense	(165,576)

Government funds report long-term note receivable as expenditures, however, in the Statement of Net Position the loan is reported as an asset. Any amount which is not repaid will be reported as an expense at the point in time it is determined to be uncollectible.

295,000

In the Statement of Activities, compensated absences (vacation and sick leave) are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (the amounts actually paid) and any amounts due and payable at year-end. During fiscal year 2018, vacation and sick leave earned was less than the amount used.

26,284

Revenues recognized in the Statement of Activities for services rendered related to proceeds received on advances from the City of San Diego in a previous year.

49,177

Change in net position of Governmental Activities \$ (212,639)

See Accompanying Notes to the Basic Financial Statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

CIVIC SAN DIEGO
Notes to the Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1 – ORGANIZATION AND OPERATIONS

Financial Reporting Entity

Civic San Diego (Corporation) is a nonprofit public benefit corporation originally incorporated on March 31, 1975 as Centre City Development Corporation, Inc. The Corporation was established to administer certain redevelopment projects in downtown San Diego and to provide redevelopment advisory services to the former Redevelopment Agency of the City of San Diego (Redevelopment Agency), now the City of San Diego (City) as the Successor Agency. The Corporation, pursuant to a Memorandum of Understanding (MOU) with the City of San Diego, acting as the Downtown Community Parking District Advisory Board, also administers the Downtown Community Parking District Program (DCPD Program). The Corporation is primarily funded by contributions from the City of San Diego. The Corporation is governed by a nine member board of directors who are appointed by the mayor of the City of San Diego and the San Diego City Council.

The Corporation is a blended component unit of the City, as the City is financially accountable for the Corporation. The Corporation's annual budget and governing board are approved by the City Council of the City of San Diego. The Corporation provides services to the Successor Agency and the City. The City Council's function is to appoint the Board of Directors of the Corporation and to act as the Successor Agency. The Corporation, on behalf of the former Redevelopment Agency, also carries out the wind-down functions of the former project areas administered by the Corporation and the former Southeastern Economic Development Corporation (SEDC), including other planning, parking, and economic development functions on behalf of the City of San Diego.

On June 25, 2012, the City, as the designated Successor Agency to the former Redevelopment of the City of San Diego (Successor Agency), and the sole member of the Corporation, amended both the Corporation's and SEDC's Articles of Incorporation and Bylaws, restructuring and reorganizing the two nonprofit corporations into a single corporation named Civic San Diego, a California nonprofit public benefit corporation.

As required by accounting principles generally accepted in the United States of America (GAAP), the Corporation's financial statements present the primary government and its component units. The Corporation represents the primary government while entities for which the Corporation is considered to be financially accountable represent its component units. Collectively, the primary government and component units comprise the reporting entity.

Blended component units represent separate legal entities, which are so intertwined with the primary government that they are, in substance, the same as the primary government. Included within the Corporation's reporting entity is the Civic San Diego Economic Growth and Neighborhood Investment Fund.

Civic San Diego Economic Growth and Neighborhood Investment Fund (Growth Fund) is a nonprofit public benefit corporation organized to make qualified low income community investments in the County of San Diego or other activities, which qualify for New Markets Tax Credit (NMTC). The Growth Fund's purpose is also to engage in other activities, such as (1) raising equity for the investment by the Growth Fund or its affiliated entities; (2) form subsidiary limited liability companies, which the Growth Fund serves as manager or managing member, or subsidiary limited partnerships in which the Growth Fund serves as general partner; (3) apply on behalf of such subsidiaries for certification as a qualified community development entity (CDE) as defined in Section 45D of the Internal Revenue Code; (4) transfer any allocations of NMTCs that it receives to subsidiary CDEs; and (5) raise equity for investment in the subsidiary CDEs.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 1 – ORGANIZATION AND OPERATIONS (Continued)

In December 2012, the Community Development Financial Institutions Fund (CDFI Fund) of the United States Department of Treasury certified the Growth Fund as a qualified CDE. Subsequently, in March 2013, the Growth Fund initially established the following subsidiary limited liability companies:

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE I, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE II, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE III, LLC

In September 2014, three additional subsidiary limited liability companies were established:

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE IV, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE V, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE VI, LLC

In June 2016, three additional subsidiary limited liability companies were established:

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE VII, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE VIII, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE IX, LLC

In June 2017, three additional subsidiary limited liability companies were established:

Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE X, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XI, LLC
Civic San Diego Economic Growth and Neighborhood Investment Fund Sub-CDE XII, LLC

In October 2017, three additional subsidiary limited liability companies were established:

CSD EGNIF SUB-CDE XIII, LLC
CSD EGNIF SUB-CDE XIV, LLC
CSD EGNIF SUB-CDE XV, LLC

The Growth Fund is governed by a nine member board of directors, which consists of the Corporation's board of directors. As such, the Corporation can exercise control of the Growth Fund.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting / Measurement Focus

The accounts of the Corporation are organized on the basis of fund accounting, in which each fund is considered to be a separate accounting entity. Each fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. Generally, governmental resources are allocated to and accounted for in individual funds, based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The Corporation's government-wide financial statements include a statement of net position and a statement of activities. These financial statements are presented using the "economic resources" measurement focus and the accrual basis of accounting and summarize the Corporation's governmental activities. Accordingly, all of the Corporation's assets and liabilities, including long-term assets and liabilities, are included in the accompanying statement of net position. The Corporation does not currently have any deferred outflows or inflows of resources. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned and expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Certain types of transactions are reported as program revenues for the Corporation, such as charges to customers or applicants who use or directly benefit from services or privileges provided by a particular function (charges for services) and operating grants and contributions. Charges for services revenue consists of placement and servicing fees, management fees, permit application fees, and earned developer deposits for providing development review services. Operating grants and contributions primarily represent contributions received from the City of San Diego and other intergovernmental grants, such as SANDAG and the State of California, to carry out various activities, such as planning, property and project management, parking garage and Downtown parking district management.

When both restricted and unrestricted resources are available for use, it is the Corporation's policy to use restricted resources first, then unrestricted resources as they are needed.

Governmental Funds Financial Statements

Governmental funds financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for each of the Corporation's funds. An accompanying schedule is presented to reconcile and explain the differences between total fund balances of the Corporation's governmental funds and the net change in total fund balances as presented in these statements to the net position and change in net position presented in the government-wide financial statements. The reconciliation of the governmental funds financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach of Governmental Accounting Standards Board (GASB) Statement No. 34.

Governmental funds are accounted for on a "current financial resources" measurement focus and the modified accrual basis of accounting. The statement of revenues, expenditures and changes in fund balances present increases (revenues) and decreases (expenditures) in fund balance.

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. For this purpose, the Corporation considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded in the accounting period in which the related fund liability is incurred. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due at year-end.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation reports the following major governmental funds:

General Fund (Civic San Diego) – represents the primary operating fund of the Corporation, which accounts for the financial resources and activities of the Corporation not required to be accounted for in another fund. For internal purposes the General Fund is further segregated into sub funds to account for the unique activities of the Corporation, which include: 1) General Government and Support; 2) Successor Agency; 3) Planning; 4) Downtown Community Parking District; 5) Community Investments; and 6) New Markets Tax Credit Program.

Economic Growth and Neighborhood Investment Fund Special Revenue Fund – accounts for the activities of the Corporation’s blended component unit, the Growth Fund.

Downtown Parking Program Special Revenue Fund – accounts for the activities of the Corporation associated with administering the Downtown Community Parking District Program.

Capital Assets

Capital assets are reported in the statement of net position. Capital assets are defined as assets with an initial cost of more than \$5,000 and a useful life of greater than one year. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Vehicles	5
Office Equipment	5-7
Computer Equipment	3
Wayfinding Signs	10

Compensated Absences

Accumulated leave benefits (accrued vacation and sick leave) are accrued when incurred in the government-wide financial statements. The Corporation provides personal time off (PTO) leave to cover both vacation and sick leave for regular full-time employees. The Corporation’s policy permits full-time regular employees to earn between 144 hours to 224 hours annually based on length of service. Regular part-time employees working 20 or more hours per week shall accrue PTO on a prorated basis. PTO leave may be accumulated up to a maximum of twice the number of hours accrued annually based on the employee’s length of service.

Net Position

In the government-wide financial statements, net position consists of the following categories:

Net investment in capital assets consists of capital assets net of accumulated depreciation and reduced by any outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted consists of restricted assets reduced by liabilities related to those assets. Resources that are restricted typically arise from external creditors, grantors, contributors, or laws and regulations of other governments. Restricted amounts are primarily associated with the Corporation's activities related to the Parking District. Restricted balances of the Parking District are limited to activities associated with the management of the Downtown Community Parking District, including addressing the supply of parking and mobility issues within the district. Such activities may include increasing the supply of parking or promoting the use of alternative forms of transportation, as well as other parking related programs.

Unrestricted represents resources that do not meet the definition of "net investment in capital assets" or "restricted net position".

Fund Balances

Fund balances presented in the governmental fund financial statements represent the difference between assets and liabilities and are classified into the following categories based upon the type of restrictions imposed on the use of funds:

Nonspendable – This classification includes 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 – This classification includes amounts that have constraints placed on the use of resources 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. Restricted fund balance in the General Fund primarily represents proceeds from funds advanced from the City of San Diego that can only be used for the purposes for which the advances were provided, such as the construction of capital assets or maintenance of assets. Restricted amounts are primarily associated with the Corporation's activities related to the Parking District. Restricted balances of the Parking District are limited to activities associated with the management of the Downtown Community Parking District program including addressing the supply of parking and mobility issues within the district. Such activities may include increasing the supply of parking or promoting the use of alternative forms of transportation, as well as, other parking related programs.

Committed – This classification includes amounts that can be used only for the specific purposes determined by a formal action by the entity's highest level of decision-making authority. The Corporation did not have any committed fund balance as of June 30, 2018.

Assigned – This classification includes amounts intended to be used by the entity for specific purposes but do not meet the criteria to be classified as restricted or committed. The assigned amounts are related to the Growth Fund which are limited to activities associated with investment in Low Income Communities, or other activities in furtherance of the purpose of the Growth Fund such as raising capital or equity for investment by the Corporation or its affiliated entities, and to receiving, investing and utilizing (i) gross receipts from activities related to the Corporation's exempt functions, and (ii) funds and property acquired through solicitation of contributions, donations, gifts, grants, bequests, and the like.

Unassigned – This classification is the residual amount for the Corporation's General Fund that includes all spendable amounts not contained in the other classifications.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Corporation reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The Corporation reduces committed amounts first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Eliminations

Amounts reported in the elimination column in the Statement of Revenues, Expenditures and Changes in Fund Balances represent revenue recognized by the Corporation’s General Fund for expenditures incurred for performing services related to activities of the NMTC Growth Fund and Parking District programs. The amounts are being eliminated for purposes of properly reporting revenues and expenses, thereby not double counting the same amounts already being recognized in the NMTC Growth Fund and Downtown Community Parking Program Special Revenue Funds.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures during the reporting period. Accordingly, actual results could differ from those estimates. Management believes that the estimates made are reasonable.

NOTE 3 – CASH

The Corporation’s cash consists of cash on hand and cash on deposit with financial institutions. The carrying amount of the Corporation’s cash consisted of the following at June 30, 2018:

Petty cash	\$	500
Cash – checking		3,617,635
Cash – savings		<u>3,390,606</u>
Total Cash	\$	<u><u>7,008,741</u></u>

As of June 30, 2018 the bank balance was \$7,286,987. The difference between the carrying value of the Corporation’s cash balances and the bank balances were due to deposits in transit and outstanding checks. Of the bank balances \$500,000 was covered by federal depository insurance (FDIC). The remaining balances were collateralized by securities held by the financial institution and are considered to be held in the name of the Corporation.

Restricted Cash

Restricted cash reported in the Civic San Diego General Fund represents funds specifically for the Floor Area Ratio (FAR) Bonus Payment Program (Program) within the Centre City Planned District (District). FAR Bonus Payments collected through the Program, must be used for the acquisition, design and development of public parks and enhanced public right-of-way improvements.

Restricted cash reported in the Downtown Community Parking Program special revenue fund are limited to activities associated with the management of the Downtown Community Parking District including addressing the supply of parking and mobility issues within the District.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

	July 1, 2017	Additions	Deletions	June 30, 2018
Nondepreciable capital assets:				
Construction in progress	\$ 75,975	\$ 234,394	\$ -	\$ 310,369
Depreciable capital assets:				
Wayfinding signs	1,711,560	-	-	1,711,560
Vehicles	19,560	-	-	19,560
Office equipment	299,271	-	(44,577)	254,694
Computer equipment	160,701	66,816	-	227,517
Total capital assets	<u>2,191,092</u>	<u>66,816</u>	<u>(44,577)</u>	<u>2,213,331</u>
Less accumulated depreciation:				
Wayfinding signs	(154,040)	(154,040)	-	(308,080)
Vehicles	(17,605)	-	-	(17,605)
Office equipment	(270,867)	(848)	44,577	(227,138)
Computer equipment	(118,254)	(10,688)	-	(128,942)
Total accumulated depreciation	<u>(560,766)</u>	<u>(165,576)</u>	<u>44,577</u>	<u>(681,765)</u>
Total depreciable capital assets	<u>1,630,326</u>	<u>(98,760)</u>	<u>-</u>	<u>1,531,566</u>
Total capital assets, net	<u>\$ 1,706,301</u>	<u>\$ 135,634</u>	<u>\$ -</u>	<u>\$ 1,841,935</u>

Depreciation expense of \$165,576 for the year ended June 30, 2018 is reported in the general government and support and downtown parking program functions in the statement of activities.

NOTE 5 – LONG-TERM NOTE RECEIVABLES

On January 10, 2017, the Corporation entered into a five year loan agreement with Accion San Diego, a California non-profit corporation, for the purpose of providing loans and financial assistance to low- and moderate-income and mirco-entrepreneurs who lack access to traditional financing. The agreement provided for up to \$400,000 of loan proceeds, \$40,000 for a loan loss reserve and \$10,000 as an operating grant. As of June 30, 2017, the Corporation disbursed the initial \$200,000 of loan proceeds, \$40,000 loan loss reserve and \$10,000 operating grant. As of June 30, 2018 the Corporation had disbursed the remaining \$200,000 of the loan proceeds. On April 25, 2018 the Growth Fund Board approved the assignment of the Loan Agreement with Accion San Diego from the Corporation to the Growth Fund. The assignment of the loan will allow for efficient management of this and other loans that the Growth Fund holds. The Growth Fund has applied with the federal Department of the Treasury to become a Community Development Financial Institution (CDFI). The assignment of the Accion San Diego loan from the Corporation to the Growth Fund will demonstrate successful management of loans, given it is one of several criteria to becoming CDFI certified. During FY2018 the Growth Fund made 3 additional loans to third parties and disbursed the following amounts: Access Youth Academy for \$25,000; Casa Familiar for \$50,000; and San Diego Community Land Trust for \$20,000.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 6 – LONG-TERM INVESTMENTS

The Corporation through the Growth Fund makes certain long-term investments by virtue of its activities in the NMTC Program. With each NMTC transaction, the Growth Fund invests funds into a special-purpose entity to carry out the allocation of NMTCs. As of June 30, 2018, the Corporation’s net investments in the Sub-CDE’s were as follows:

Economic Growth and Neighborhood Investment Fund					
Sub-CDE Entity	July 1, 2017	New Investments	Distributions	Earnings	June 30, 2018
Sub-CDE I, LLC	\$ 2,262	\$ -	\$ (17)	\$ 7	\$ 2,252
Sub-CDE II, LLC	1,628	-	(16)	9	1,621
Sub-CDE III, LLC	709	-	(17)	15	707
Sub-CDE IV, LLC	802	-	(11)	11	802
Sub-CDE V, LLC	2,289	-	(22)	14	2,281
Sub-CDE VII, LLC	-	670	(20)	19	669
Sub-CDE VIII, LLC	-	500	-	-	500
Sub-CDE IX, LLC	-	500	-	-	500
Sub-CDE X, LLC	-	1,260	(5)	3	1,258
Total	\$ 7,690	\$ 2,930	\$ (108)	\$ 78	\$ 10,590

NOTE 7 – LONG-TERM LIABILITIES

Advances from the City of San Diego

Successor Agency and Housing Successor Agency

Pursuant to the Operating Agreement by and between the City of San Diego and Civic San Diego for Successor Agency and Housing Successor Agency, the City is to provide working capital to the Corporation to pay its operating costs and expenses while the Corporation waits to receive its monthly reimbursement of expenditures. The total amount of the working capital advance shall not be less than One Twelfth (1/12th) of the Approved Budget for the cost to perform services under the agreement. Any unused funds from the working capital advance are to be returned to the City upon termination of the agreement. As of June 30, 2018, the outstanding advance from the City was \$674,302.

Planning, Downtown Community Parking District and Economic Development Services

Pursuant to the Operating Agreement by and between the City of San Diego and Civic San Diego for Administration of Certain Planned Districts, the Downtown Community Parking District and Economic Development Services (Exhibit B, Section B.1), the City is to provide working capital to the Corporation to pay its operating costs and expenses while the Corporation waits to receive its monthly reimbursement of expenses. The total amount of the working capital advance shall not be less than One Twelfth (1/12th) of the Approved Budget for the cost to perform services under the agreement. Any unused funds from the working capital advance shall be returned to the City upon termination of the agreement. As of June 30, 2018, the outstanding advance from the City totaled \$58,228.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 7 – LONG-TERM LIABILITIES (Continued)

A summary of changes in the Corporation’s long-term liabilities for the year ended June 30, 2018 is as follows:

	July 1, 2017	Additions	Deletions	June 30, 2018	Due Within One Year
Advances from the City of San Diego	\$ 781,707	\$ -	\$ (49,177)	\$ 732,530	\$ -
Compensated Absences	246,347	261,537	(287,821)	220,063	116,029
Total	<u>\$ 1,028,054</u>	<u>\$ 261,537</u>	<u>\$ (336,998)</u>	<u>\$ 952,593</u>	<u>\$ 116,029</u>

NOTE 8 – RETIREMENT PLAN

The Corporation sponsors a 403(b) tax deferred retirement plan (Plan) of the Internal Revenue Code of 1986, which is provided to all full-time regular employees. The Plan is a defined contribution plan under which benefits depend solely on amounts contributed to the Plan by the employer and the employees, plus investment earnings. All full-time regular employees are eligible to participate on their first day of employment with an employer contribution amount equal to 7.5% of their eligible bi-weekly compensation.

Effective on the first payroll following three months of employment, the Corporation contributes an amount equal to 12% of the total eligible bi-weekly compensation for all full-time regular employees. The Corporation’s contributions for each employee are fully vested at the time of contribution. The Corporation’s total payroll (excluding benefits) for fiscal year 2018 was \$3,525,467. The Corporation’s contributions were calculated based on the Plan’s total defined compensation amounts for all eligible employees, which totaled \$2,960,244. The Corporation made its required contribution amounting to \$352,061 for fiscal year 2018.

The fiduciary responsibilities of the Corporation consist of making timely contributions and remitting deposits collected. The Plan is not a component unit of the Corporation and is therefore not reported in the basic financial statements.

The Corporation defines that an eligible participant is a permanent and full-time employee that normally works at least 30 hours per week. An employee is considered to work at least 30 hours per week, if for the 12-month period beginning on the date the employee’s employment commenced, the Corporation reasonably expects the employee to work at least 1,500 service hours and, for each Plan year ending after the close of that 12-month period, the employee has worked at least 1,500 service hours.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The Corporation is presently involved in certain matters of litigation that have arisen in the normal course of conducting the Corporation’s business. Corporation management believes, based upon consultation with the Corporation’s attorneys, that these cases, in the aggregate, are not expected to result in a material adverse financial impact on the Corporation. The Corporation is covered by various insurance policies for property, liability, workers’ compensation and errors and omissions, with deductibles that vary from \$1,000 to \$25,000. The Corporation’s management believes that the insurance programs should be sufficient to cover any potential losses should an unfavorable outcome materialize.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

There were no claim settlements that exceeded insurance coverage during the past three fiscal years.

Civic San Diego as Lessee

The Corporation leases its office facilities under a non-cancelable operating lease, which has been extended and terms renegotiated through June 30, 2020. The lease agreement began July 1, 2015, with lease payments for FY2018 of \$465,075.

As of June 30, 2018, the future minimum payments for the office lease are as follows:

<u>Year Ending June 30,</u>	
2019	\$ 463,596
2020	<u>483,408</u>
Total	<u><u>\$ 947,004</u></u>

In addition, the Corporation opted to not renew the copier lease with Xerox. The Corporation entered into a contract on November 30, 2017, with Sharp Electronics Corporation, dba Sharp Business System for a 60 month lease for three copiers. Monthly payments include the following: maintenance, servicing of and supplies (including toner) for the new lease photocopiers; and the maintenance, servicing of and supplies (including toner) for Corporation-owned desktop printers.

As of June 30, 2018, the future minimum lease payments for the copier lease is as follows:

<u>Year Ending June 30,</u>	
2019	\$ 32,202
2020	32,202
2021	32,202
2022	<u>32,202</u>
Total	<u><u>\$ 128,808</u></u>

Total costs associated with all leases amounted to \$505,880 for the year ended June 30, 2018.

NOTE 10 – ECONOMIC DEPENDENCY AND UNCERTAINTIES

The Successor Agency to the former Redevelopment Agency of the City of San Diego is the primary funding source for the Corporation; therefore, any reduction in the Successor Agency’s funding could substantially alter the services provided by the Corporation.

On behalf of the City, the Corporation carries out certain municipal functions such as planning and design review within the Centre City area. The City Council created the Corporation originally to administer redevelopment, but subsequently has added the administration of the design review process and planning functions, consistent with the community plan and planned district ordinances, within the Centre City area. Additionally, the City has designated the Corporation as the Downtown Community Parking District Advisory Board (Downtown CPD), whose boundaries are concurrent with those of the Centre City area, to oversee, implement, and manage parking within the Centre City area.

CIVIC SAN DIEGO
Notes to the Basic Financial Statements (Continued)
For the Year Ended June 30, 2018

NOTE 10 – ECONOMIC DEPENDENCY AND UNCERTAINTIES (Continued)

The Corporation instituted permit processing fees for applicants in connection with the Corporation's activities, as it relates to the design review and planning, similar to fees that other jurisdictions assess. Additionally, the Corporation, acting as the Downtown CPD, oversees and implements a budget of approximately \$2.5 million to \$4 million annually (excluding carryover amounts available to the Corporation) to carry out the functions of the Downtown CPD.

REQUIRED SUPPLEMENTARY INFORMATION

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual - General Fund
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Successor agency	\$ 3,760,736	\$ 3,829,820	\$ 3,485,946	\$ (343,874)
Parking meters	364,198	372,470	531,105	158,635
Planning	-	-	300,000	300,000
Developer impact fees	200,000	200,000	207,670	7,670
Charges for services:				
Management fees - new market tax credit program	1,101,021	829,051	641,980	(187,071)
Permit fees	1,116,145	1,142,896	697,281	(445,615)
Earned developer deposits	340,000	340,000	206,544	(133,456)
Contributions from Growth Fund	-	-	707,557	707,557
Intergovernmental grants	750,000	913,541	482,507	(431,034)
Other grants and contributions	350,000	354,322	37,500	(316,822)
Interest	900	900	3,481	2,581
Miscellaneous	-	-	80	80
Total revenues	<u>7,983,000</u>	<u>7,983,000</u>	<u>7,301,651</u>	<u>(681,349)</u>
EXPENDITURES:				
Current:				
General government and support	1,290,900	985,714	475,995	509,719
Successor agency	3,760,736	4,298,545	3,895,404	403,141
Planning	1,116,145	1,142,896	1,046,458	96,438
Parking district	364,198	372,470	531,115	(158,645)
Community investments	350,000	354,324	725,233	(370,909)
New markets tax credit program	1,101,021	829,051	641,980	187,071
Total expenditures	<u>7,983,000</u>	<u>7,983,000</u>	<u>7,316,185</u>	<u>666,815</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(14,534)</u>	<u>\$ (14,534)</u>
FUND BALANCE:				
Beginning of year			<u>2,983,085</u>	
End of year			<u>\$ 2,968,551</u>	

See Accompanying Note to Required Supplementary Information.

CIVIC SAN DIEGO

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Downtown Community Parking Program Special Revenue Fund
For the Year Ended June 30, 2018
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES:				
Contributions from the City of San Diego:				
Parking meters	\$ 18,822,129	\$ 18,822,129	\$ 2,977,538	\$ (15,844,591)
Charges for services:				
Parking - Little Italy Association	-	-	311,342	311,342
Total revenues	<u>18,822,129</u>	<u>18,822,129</u>	<u>3,288,880</u>	<u>(15,533,249)</u>
EXPENDITURES:				
Current:				
Parking district:				
Administration	366,649	366,649	531,105	(164,456)
Parking meter GIS system	6,000	6,000	-	6,000
New technology parking meters	80,000	80,000	-	80,000
Bicycle mobility/rack purchase and installation	50,000	50,000	22,213	27,787
Downtown Parking App/Website Update/Maintenance	20,000	20,000	-	20,000
Way finding systems	50,000	50,000	-	50,000
Electronic parking information system	-	-	18,000	(18,000)
East Village Green Funding (formerly Cedar Gateway & Future) garage operations	13,000,000	13,000,000	234,394	12,765,606
Neighborhood Programs (formerly Little Italy Parking Program)	1,824,115	1,824,115	1,333,311	490,804
Downtown shuttle program	1,200,000	1,200,000	1,100,000	100,000
Reconfigure existing on-street parking	180,000	180,000	117,808	62,192
Park Boulevard sidewalk modifications	500,000	500,000	-	500,000
Operating contingency	1,509,876	1,509,876	-	1,509,876
Total expenditures	<u>18,786,640</u>	<u>18,786,640</u>	<u>3,356,831</u>	<u>15,429,809</u>
Net change in fund balance	<u>\$ 35,489</u>	<u>\$ 35,489</u>	<u>(67,951)</u>	<u>\$ (103,440)</u>
FUND BALANCE:				
Beginning of year			<u>3,588,204</u>	
End of year			<u>\$ 3,520,253</u>	

See Accompanying Note to Required Supplementary Information.

CIVIC SAN DIEGO
Note to Required Supplementary Information
For the Year June 30, 2018

NOTE 1 – BUDGETARY INFORMATION

The Corporation prepares its annual budget on the modified accrual basis of accounting in a format required by the City of San Diego (City). The budget is approved by the Corporation's Board of Directors (Board) and the City. The Corporation's expenditures are controlled at the functional activity line item level with transfers between line items requiring Board approval, and transfers between salaries and benefits and all other line items requiring both Board approval, as well as approval from the City. The Corporation has a legally adopted budget for the General Fund and the Downtown Community Parking Program Special Revenue Fund. The Economic Growth and Neighborhood Investment Fund does not have an annual adopted budget.

SUPPLEMENTARY INFORMATION

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget to Actual - General Fund by Category
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Successor agency	\$ 3,760,736	\$ 3,829,820	\$ 3,485,946	\$ (343,874)
Parking meters	364,198	372,470	531,105	158,635
Planning	-	-	300,000	300,000
Developer impact fees	200,000	200,000	207,670	7,670
Charges for services:				
Management fees - new market tax credit program	1,101,021	829,051	641,980	(187,071)
Permit fees	1,116,145	1,142,896	697,281	(445,615)
Earned developer deposits	340,000	340,000	206,544	(133,456)
Contributions from Growth Fund	-	-	707,557	707,557
Intergovernmental grants	750,000	913,541	482,507	(431,034)
Other grants and contributions	350,000	354,322	37,500	(316,822)
Interest	900	900	3,481	2,581
Miscellaneous	-	-	80	80
Total revenues	<u>7,983,000</u>	<u>7,983,000</u>	<u>7,301,651</u>	<u>(681,349)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	4,929,000	4,929,000	4,791,553	137,447
Rent and leasehold improvements	503,500	494,500	483,545	10,955
Legal, computer and auditing services	938,400	1,573,400	1,387,522	185,878
Marketing, printing and reproduction	99,500	99,500	93,765	5,735
Office supplies	96,000	71,000	46,869	24,131
Furniture and equipment	41,000	81,000	67,020	13,980
Repairs and maintenance	20,000	20,000	6,451	13,549
Auto and business	36,000	36,000	20,982	15,018
Communication and utilities	34,000	34,000	26,404	7,596
Insurance	172,000	152,000	151,427	573
Dues and seminars	36,000	36,000	23,529	12,471
Directors fees	7,000	7,000	5,323	1,677
Recruitment	48,000	33,000	6,297	26,703
Travel	26,000	26,000	5,320	20,680
Economic development and outreach	996,600	390,600	200,178	190,422
Total expenditures	<u>7,983,000</u>	<u>7,983,000</u>	<u>7,316,185</u>	<u>666,815</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(14,534)</u>	<u>\$ (14,534)</u>
FUND BALANCE:				
Beginning of year			<u>2,983,085</u>	
End of year			<u>\$ 2,968,551</u>	

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - General Government and Support
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Developer impact fees	\$ 200,000	\$ 200,000	\$ 207,670	\$ 7,670
Charges for service:				
Earned developer deposits	140,000	140,000	206,544	66,544
Intergovernmental grants	750,000	444,814	73,049	(371,765)
FAR Bonus funds	200,000	200,000	-	(200,000)
Interest	900	900	3,481	2,581
Miscellaneous	-	-	70	70
Total revenues	<u>1,290,900</u>	<u>985,714</u>	<u>490,814</u>	<u>(494,900)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	515,431	515,431	218,153	297,278
Rent and leasehold improvements	48,606	47,713	22,628	25,085
Legal, computer and auditing services	318,111	336,399	211,329	125,070
Marketing, printing and reproduction	9,955	9,807	4,516	5,291
Office supplies	9,510	7,033	2,283	4,750
Furniture and equipment	4,062	8,024	3,362	4,662
Repairs and maintenance	1,981	1,981	232	1,749
Auto and business	3,566	3,566	691	2,875
Communication and utilities	2,765	2,765	1,257	1,508
Insurance	17,065	15,084	9,246	5,838
Dues and seminars	3,565	3,565	743	2,822
Directors fees	693	693	253	440
Recruitment	1,981	644	283	361
Travel	2,009	2,009	145	1,864
Economic development and outreach	351,600	31,000	874	30,126
Total expenditures	<u>1,290,900</u>	<u>985,714</u>	<u>475,995</u>	<u>509,719</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	14,819	<u>\$ 14,819</u>
FUND BALANCE:				
Beginning of year			<u>1,937,682</u>	
End of year			<u>\$ 1,952,501</u>	

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - Successor Agency
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Successor agency	\$ 3,760,736	\$ 3,829,819	\$ 3,485,946	\$ (343,873)
Intergovernmental grants	-	468,726	409,458	(59,268)
Total revenues	<u>3,760,736</u>	<u>4,298,545</u>	<u>3,895,404</u>	<u>(403,141)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	2,737,341	2,737,341	2,517,455	219,886
Rent and leasehold improvements	282,495	277,550	266,978	10,572
Legal, computer and auditing services	376,797	930,543	878,951	51,592
Marketing, printing and reproduction	55,233	54,409	45,349	9,060
Office supplies	52,760	39,020	23,406	15,614
Furniture and equipment	22,533	44,516	34,274	10,242
Repairs and maintenance	10,992	10,992	4,044	6,948
Auto and business	19,785	19,785	9,408	10,377
Communication and utilities	14,784	14,784	12,929	1,855
Insurance	94,527	83,536	76,666	6,870
Dues and seminars	19,784	19,784	8,918	10,866
Directors fees	3,847	3,847	2,690	1,157
Recruitment	10,992	3,572	2,890	682
Travel	13,866	13,866	1,404	12,462
Economic development and outreach	45,000	45,000	10,042	34,958
Total expenditures	<u>3,760,736</u>	<u>4,298,545</u>	<u>3,895,404</u>	<u>403,141</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>910,675</u>	
End of year			<u>\$ 910,675</u>	

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - Planning
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Planning	\$ -	\$ -	\$ 300,000	\$ 300,000
Charges for service:				
Permit fees	1,116,145	1,142,896	697,281	(445,615)
Total revenues	<u>1,116,145</u>	<u>1,142,896</u>	<u>997,281</u>	<u>(145,615)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	782,822	782,822	778,606	4,216
Rent and leasehold improvements	84,814	83,258	98,444	(15,186)
Legal, computer and auditing services	118,999	150,764	85,124	65,640
Marketing, printing and reproduction	44,372	44,113	17,215	26,898
Office supplies	16,594	12,273	8,196	4,077
Furniture and equipment	7,087	14,001	11,656	2,345
Repairs and maintenance	3,457	3,457	837	2,620
Auto and business	6,223	6,223	2,579	3,644
Telephone	4,650	4,650	4,431	219
Communication and utilities	29,731	26,272	25,345	927
Dues and seminars	6,223	6,223	6,547	(324)
Directors fees	1,210	1,210	921	289
Recruitment	3,457	1,124	1,550	(426)
Travel	6,506	6,506	1,686	4,820
Economic development and outreach	-	-	3,321	(3,321)
Total expenditures	<u>1,116,145</u>	<u>1,142,896</u>	<u>1,046,458</u>	<u>96,438</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(49,177)	<u>\$ (49,177)</u>
FUND BALANCE:				
Beginning of year			<u>116,982</u>	
End of year			<u>\$ 67,805</u>	

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - Parking District
For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Parking meters	\$ 364,198	\$ 372,470	\$ 531,105	\$ 158,635
Miscellaneous	-	-	10	10
Total revenues	<u>364,198</u>	<u>372,470</u>	<u>531,115</u>	<u>158,645</u>
EXPENDITURES:				
Current:				
Salaries and benefits	263,910	263,910	403,833	(139,923)
Rent and leasehold improvements	26,096	25,618	25,258	360
Legal, computer and auditing services	36,574	46,389	67,521	(21,132)
Marketing, printing and reproduction	5,345	5,265	6,662	(1,397)
Office supplies	5,106	3,776	3,861	(85)
Furniture and equipment	2,181	4,308	5,556	(1,248)
Repairs and maintenance	1,064	1,064	378	686
Auto and business	1,915	1,915	1,116	799
Communication and utilities	8,431	8,431	2,007	6,424
Insurance	9,148	8,084	11,251	(3,167)
Dues and seminars	1,914	1,914	1,189	725
Directors fees	372	372	419	(47)
Recruitment	1,064	346	435	(89)
Travel	1,078	1,078	203	875
Economic development and outreach	-	-	1,426	(1,426)
Total expenditures	<u>364,198</u>	<u>372,470</u>	<u>531,115</u>	<u>(158,645)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>(1,644)</u>	
End of year			<u>\$ (1,644)</u>	

CIVIC SAN DIEGO
Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - Community
Investments For the Year Ended June 30, 2018
(Unaudited)

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from Growth Fund	\$ -	\$ -	\$ 707,557	\$ 707,557
Other grants and contributions	350,000	354,324	37,500	(316,824)
Total revenues	<u>350,000</u>	<u>354,324</u>	<u>745,057</u>	<u>390,733</u>
EXPENDITURES:				
Current:				
Salaries and benefits	259,109	259,109	398,915	(139,806)
Rent and leasehold improvements	24,465	24,019	34,040	(10,021)
Legal, computer and auditing services	37,722	43,490	62,463	(18,973)
Marketing, printing and reproduction	5,011	4,936	10,655	(5,719)
Office supplies	4,787	3,540	3,873	(333)
Furniture and equipment	2,044	4,039	5,051	(1,012)
Repairs and maintenance	997	997	459	538
Auto and business	1,795	1,795	4,975	(3,180)
Communication and utilities	1,341	1,341	3,135	(1,794)
Insurance	8,576	7,578	15,941	(8,363)
Dues and seminars	1,795	1,795	2,140	(345)
Directors fees	349	349	491	(142)
Recruitment	997	324	499	(175)
Travel	1,012	1,012	1,631	(619)
Economic development and outreach	-	-	180,965	(180,965)
Total expenditures	<u>350,000</u>	<u>354,324</u>	<u>725,233</u>	<u>(370,909)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	19,824	<u>\$ 19,824</u>
FUND BALANCE:				
Beginning of year			<u>6,029</u>	
End of year			<u>\$ 25,853</u>	

CIVIC SAN DIEGO

Schedule of Revenues, Expenditures and Changes in Fund
Balance - Budget to Actual by Function - New Markets Tax Credit Program For
the Year Ended June 30, 2018
(Unaudited)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amount</u>	<u>Variance with Final Budget</u>
REVENUES:				
Management fees - new market tax credit program	\$ 1,101,021	\$ 829,051	\$ 641,980	\$ (187,071)
EXPENDITURES:				
Current:				
Salaries and benefits	370,388	370,388	474,591	(104,203)
Rent and leasehold improvements	37,024	36,345	36,197	148
Legal, computer and auditing services	50,196	65,814	82,134	(16,320)
Marketing, printing and reproduction	7,585	7,470	9,368	(1,898)
Office supplies	7,244	5,358	5,250	108
Furniture and equipment	3,092	6,112	7,121	(1,009)
Repairs and maintenance	1,509	1,509	501	1,008
Auto and business	2,716	2,716	2,213	503
Communication and utilities	2,030	2,030	2,645	(615)
Insurance	12,952	11,443	12,978	(1,535)
Dues and seminars	2,717	2,717	3,992	(1,275)
Directors fees	528	528	549	(21)
Recruitment	1,509	490	640	(150)
Travel	1,531	1,531	251	1,280
Economic development and outreach	600,000	314,600	3,550	311,050
Total expenditures	<u>1,101,021</u>	<u>829,051</u>	<u>641,980</u>	<u>187,071</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE:				
Beginning of year			<u>13,361</u>	
End of year			<u>\$ 13,361</u>	

OTHER REPORT



**Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors of
Civic San Diego

We have audited, in accordance with the 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, the financial statements of the governmental activities and each major fund of Civic San Diego (Corporation), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Corporation’s basic financial statements, and have issued our report thereon dated October 18, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

San Diego, California
October 18, 2018