

**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, 2019



Certified  
Public  
Accountants

**CIVIC SAN DIEGO**  
For the Year Ended June 30, 2019

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## **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, 2019, 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, 2019, 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.

### ***Emphasis of Matter***

As discussed in Note 12 to the basic financial statements, effective July 29, 2019, the City of San Diego withdrew its membership in the Corporation pursuant to a settlement agreement resolving two lawsuits brought against the Corporation. As a result of the City's withdrawal, as of July 29, 2019, the Corporation is no longer a component unit of the City for financial reporting purposes.

### ***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 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, 2019, 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, 2019

**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, 2019. 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), which 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, 2019. 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 the 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  
(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  
(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, 2019 and 2018, respectively, the Corporation had the following assets, liabilities and net position:

**CIVIC SAN DIEGO**  
**Comparative Statements of Net Position**  
**June 30, 2019 and 2018**

	<b>FY2019</b>	<b>FY2018</b>
<b><u>ASSETS</u></b>		
Cash	\$ 2,941,554	\$ 1,549,966
Restricted cash	7,336,633	5,458,775
Receivables for reimbursable expenses		
from the City of San Diego	1,364,811	2,590,832
Accounts receivable	1,281,136	984,994
Prepaid expenses	2,200	3,225
Capital assets, construction in progress	322,327	310,369
Capital assets, depreciable, net	1,354,832	1,531,566
Long-term notes receivable	660,096	535,000
Long-term investments	12,485	10,590
	<hr/>	<hr/>
Total assets	15,276,074	12,975,317
	<hr/>	<hr/>
<b><u>LIABILITIES</u></b>		
Accrued liabilities	1,012,250	953,958
Loans payable	600,000	-
Deposits held for others	150,000	240,000
Compensated absences - due in one year	118,223	116,029
Compensated absences - due after one year	130,370	104,034
Unearned revenues	325,375	2,094,370
Advances from the City of San Diego	732,530	732,530
Total liabilities	3,068,748	4,240,921
	<hr/>	<hr/>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	1,677,159	1,841,935
Restricted for parking and		
community investment	8,840,946	5,564,147
Unrestricted	1,689,221	1,328,314
Total net position	\$ 12,207,326	\$ 8,734,396
	<hr/>	<hr/>

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

The Corporation's net position increased in FY2019 by \$3,472,930. The ending net position of the Corporation as of June 30, 2019 was \$12,207,326. The increase is primarily attributable to revenues from the FAR Bonus program, New Markets Tax Credit (NMTC) program and Civic San Diego Economic Growth and Neighborhood Investment Fund (Growth Fund). In FY2019, the FAR Bonus program recognized \$2,355,959 of revenues related to payments received in the current year; the NMTC program closed three projects, which resulted in one-time placement fees for each project totaling \$879,750; and the Growth Fund issued community impact loans, which generated origination fees and interest income, recognized loan servicing fees and incentive management fees, grants and contributions totaling \$152,116.

**CIVIC SAN DIEGO**  
**Comparative Statements of Activities**  
**For the Year Ended June 30, 2019 and 2018**

	<u><b>FY2019</b></u>	<u><b>FY2018</b></u>	<u><b>Difference</b></u>
<u><b>Program Revenues</b></u>			
Charges for Services	\$ 6,900,622	\$ 2,276,168	\$ 4,624,454
Operating Grants and Contributions	5,709,967	6,923,210	(1,213,243)
Capital Grants and Contributions	252,419	617,128	(364,709)
<u><b>General Revenues:</b></u>			
Interest	59,494	9,406	50,088
Miscellaneous	70,100	2,780	67,320
Total Revenues	<u>12,992,602</u>	<u>9,828,692</u>	<u>3,163,910</u>
<u><b>Program Expenses</b></u>			
General Government and Support and Successor Agency	4,010,939	4,289,835	(278,896)
Planning	982,295	1,046,458	(64,163)
Parking District	3,224,796	3,276,487	(51,691)
Community Investment	643,477	735,233	(91,756)
New Markets Tax Credit Program	658,165	693,318	(35,153)
Total expenses	<u>9,519,672</u>	<u>10,041,331</u>	<u>(521,659)</u>
<b>Change in net position</b>	<u>3,472,930</u>	<u>(212,639)</u>	<u>3,685,569</u>
Net position - beginning of the year	<u>8,734,396</u>	<u>8,947,035</u>	<u>(212,639)</u>
Net position - end of the year	<u>\$ 12,207,326</u>	<u>\$ 8,734,396</u>	<u>\$ 3,472,930</u>



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

The Corporation's net position increased by \$3,472,930 due to revenues recognized during FY2019, which exceeded the expenses of the Corporation. During FY2019, the Corporation collected various one-time revenues, which resulted in revenues exceeding the expenses. Those one-time revenues recognized during FY2019 were FAR Bonus payments, NMTC closing fees and interest and closing fees earned from loans issued by the Growth Fund. The FAR Bonus program recognized prior year unearned revenues as earned as well as the recognition of current year FAR Bonus funds totaling \$2,355,959. The NMTC program closed three transactions earning one-time placement fees totaling \$879,750 as well as generated annual asset management fees and compliance revenues for eleven projects. The Growth Fund recognized interest income and origination fees for loans disbursed to other non-profit organizations that support low-income, underserved areas, as well as collected grants and contributions totaling \$152,116. The \$1.2 million decrease in operating grants and contributions from the City are directly related to services provided to the City, which were significantly less than FY2018. Additionally, in FY2018 the Corporation recognized an additional \$349,177 in contributions from the City to offset the expenses incurred in the Planning department. The \$364,709 decrease in capital grants and contributions is directly related to project expenses for SANDAG and California Natural Resources Agency grants, which were less than in FY2018.

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, 2019 and 2018, respectively.

**CIVIC SAN DIEGO**  
**Comparative Balance Sheets**  
**General Fund**  
**June 30, 2019 and 2018**

	<u><b>FY 2019</b></u>	<u><b>FY2018</b></u>	<u><b>Difference</b></u>
<u><b>Assets:</b></u>			
Cash	\$ 2,055,883	\$ 617,948	\$ 1,437,935
Restricted cash	4,602,906	2,933,820	1,669,086
Receivables for reimbursable expenditures from the City of San Diego	247,009	1,316,494	(1,069,485)
Accounts receivable	379,266	543,446	(164,180)
Prepaid items	2,200	3,225	(1,025)
Total assets	<u>\$ 7,287,264</u>	<u>\$ 5,414,933</u>	<u>\$ 1,872,331</u>
<u><b>Liabilities:</b></u>			
Accrued liabilities	\$ 340,733	\$ 202,012	\$ 138,721
Deposits held for others	150,000	150,000	-
Unearned revenues	325,375	2,094,370	(1,768,995)
Total liabilities	<u>816,108</u>	<u>2,446,382</u>	<u>(1,630,274)</u>
<u><b>Fund Balance:</b></u>			
Nonspendable	2,200	3,225	(1,025)
Restricted	5,616,355	2,936,007	2,680,348
Unassigned	852,601	29,319	823,282
Total fund balance	<u>6,471,156</u>	<u>2,968,551</u>	<u>3,502,605</u>
Total liabilities and fund balance	<u>\$ 7,287,264</u>	<u>\$ 5,414,933</u>	<u>\$ 1,872,331</u>

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

The Corporation is comprised of the General Fund and two major special revenue funds; the Economic Growth and Neighborhood Investment Fund (Growth Fund) and the Downtown Community Parking Program (DCPP) Fund. The Growth 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 primarily made up of FAR Bonus funds collected in the current year, as well as prior years, to be used on projects that are eligible to utilize FAR Bonus funds. In FY2019, approximately \$2.4 million in FAR bonus fees were collected and approximately \$800,000 was expended for the 14<sup>th</sup> Street Pedestrian Promenade Demonstration Block project, 14<sup>th</sup> Street Block II Pilot project, Fault Line Dog Park, and Children's Park. Additionally the 14<sup>th</sup> Street Pedestrian Promenade Demonstration Block project is supported by a grant received from SANDAG and the 14<sup>th</sup> Street Block II Pilot project is supported by a grant received from California Natural Resource Agency. The significant increases in cash is due to the timely collection of accounts receivable, primarily from the City of San Diego, which offsets the significant decrease in accounts receivable compared to FY2018. The Growth Fund also collected interest and fees for loans disbursed to other non-profit organizations, which resulted in an increase in cash.

**CIVIC SAN DIEGO**  
**Comparative Statements of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**For the Years Ended June 30, 2019 and 2018**

	<u><b>FY 2019</b></u>	<u><b>FY 2018</b></u>	<u><b>Difference</b></u>
<u><b>Revenues:</b></u>			
Contributions from the City of San Diego	\$ 3,172,622	\$ 4,524,721	\$ (1,352,099)
Charges for services	1,726,218	1,545,805	180,413
Contributions from the Growth Fund	608,477	707,557	(99,080)
Other Grants/Contributions	168,561	520,007	(351,446)
FAR Bonus program income	4,119,105	-	4,119,105
Interest	17,153	3,481	13,672
Miscellaneous	70,100	80	70,020
Total revenues	<u>9,882,236</u>	<u>7,301,651</u>	<u>2,580,585</u>
<u><b>Expenditures:</b></u>			
General government and support and Successor Agency	3,959,715	4,371,399	(411,684)
Planning	982,295	1,046,458	(64,163)
Parking district	317,251	531,115	(213,864)
Community investment	608,477	725,233	(116,756)
New Markets Tax Credit program	511,893	641,980	(130,087)
Total expenditures	<u>6,379,631</u>	<u>7,316,185</u>	<u>(936,554)</u>
Net change in fund balance	<u>3,502,605</u>	<u>(14,534)</u>	<u>3,517,139</u>
Fund balance - beginning of year	<u>2,968,551</u>	<u>2,983,085</u>	<u>(14,534)</u>
Fund balance - end of year	<u>\$ 6,471,156</u>	<u>\$ 2,968,551</u>	<u>\$ 3,502,605</u>

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

For comparative purposes, the table below represents expenditures incurred for the years ended June 30, 2019 and 2018, as reported in the General Fund.

<b><u>Expenditures</u></b>	<b><u>FY 2019</u></b>	<b><u>FY 2018</u></b>	<b><u>Difference</u></b>
Salaries and Benefits	\$ 3,889,689	\$ 4,791,553	\$ (901,864)
Legal, Computer, Auditing and Consulting Services	757,828	1,387,522	(629,694)
Rent and Leasehold Improvements	532,999	483,545	49,454
Community Investment	30,932	200,178	(169,246)
Insurance	157,969	151,427	6,542
Marketing, Printing and Reproduction	86,509	93,765	(7,256)
Furniture and Equipment	43,631	67,020	(23,389)
Office Supplies	72,838	46,869	25,969
Communication and Utilities	24,230	26,404	(2,174)
Dues and Seminars	30,181	23,529	6,652
Auto and Business	17,056	20,982	(3,926)
Repairs and Maintenance	4,975	6,451	(1,476)
Recruitment	109	6,297	(6,188)
Directors Expenses	5,565	5,323	242
Travel	15,020	5,320	9,700
Project and Capital Outlay - Construction	710,100	-	710,100
	<b><u>\$ 6,379,631</u></b>	<b><u>\$ 7,316,185</u></b>	<b><u>\$ (936,554)</u></b>

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. The expenditures for the years ended June 30, 2019 and 2018 were \$6,379,631 and \$7,316,185, respectively. In FY2019, expenditures decreased by \$936,554, or 12.8%, as compared to FY2018.

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

- Salaries and Benefits decreased by \$901,864, or 18.82%, as compared to FY2018. The full time equivalents decreased from 40 in FY2018 to 30 in FY2019 due to attrition. In FY2018, one-time payments were made to terminated personnel in the form of accrued vacation payouts and severance payments causing higher expenditures to the salaries and benefits line item as compared to FY2019.
- Legal, Computer, Auditing and Consulting Services line item decreased by \$629,694, or 45.38% in FY2019 as compared to FY2018. The decrease is primarily in the legal and other consultant line items. The legal expenses decreased in FY2019 as compared to FY2018 as legal services concluded due to the settlement of claims. The consultants' expenses were significantly higher in FY2018 because the South Crest Trails Park project was in the construction phase and was the largest expense for the consultants' line item. In FY2019, the South Crest project entered into the maintenance phase and had minimal expenses related to consultants, although various other projects used consultants for the design phase in FY2019 and now are anticipated to move forward into the construction phase in FY2020.
- Community Investment expenditures decreased by \$169,246, or 84.55% in FY2019. The expenditures 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  
(Unaudited)

General Fund Budget Comparison

The Budgetary Comparison Schedule for the General Fund by category can be found on page 31 of this report. The FY2019 overall expenditures were under budget by \$3,106,369, or 32.75% primarily due to savings in the projects and capital outlay – construction, salaries and benefits, legal, computer, auditing and consulting services, and community investment line items mentioned previously. 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 FY2019, the Corporation did not have any budget amendments.

Capital Assets

Changes in the Corporation's capital assets are for capital outlay in the Downtown Community Parking Program fund of \$11,958, related to the East Village Green Funding (formerly Cedar Gateway & Future) project, offset by \$176,734 in current year depreciation expense.

Long-Term Liabilities

Changes to the Corporation's long-term liabilities during FY2019 was reduced by \$1,740,465. The change in long-term liabilities is due to the FAR Bonus unearned revenues accumulated from prior years, being recognized as earned revenue in FY2019 offset by the accumulation of vacation hours.

Next Year's Budget

The Corporation and City of San Diego have adopted the FY2020 Budget. The FY2020 operating budget for the Corporation is \$27,204,000 representing an increase of \$17,718,000 or 186.8% as compared to the Corporation's FY2019 Budget. The Corporation separated the budget into two categories: Administrative and Programs and Projects. The increase reflects the following:

- The Personnel administrative expense portion decreased by \$660,000, or 14.3% for FY2020 compared to FY2019. The Personnel Expense line item is comprised of 26.8 Full-Time Equivalents (FTEs) with \$2.8 million budgeted for Salaries and \$1.2 million budgeted for taxes and benefits.
- The FY2020 Non-Personnel administrative expense budget increased by \$63,000, or 3.2% compared to the FY2019 budget.
- The Corporation included a separate category for Programs and Projects, which is the most significant increase of the FY2020 budget by \$ 18.3 million, or 629.4%. The significant increase in this category will be funded from several revenue sources consisting of FAR Bonus funds, grant revenue, Successor Agency bonds, Downtown Parking District meter revenue and developer impact fees. The projects include East Village Green Park and Parking Garage, 14<sup>th</sup> Street Promenade, 14<sup>th</sup> Street Block II (Pilot), Downtown Wayfinding Cycle Track, Fault Line Park, Children's Park and E Street Greenway Master Plan.

The FY2020 Budget is categorized by function and each function's respective revenue source(s). The functions include (1) 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; (2) Housing Successor administration and project management fees for which the Corporation will seek reimbursement from the Housing Successor entity; and (3) 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 (4) the Corporation will seek reimbursements for projects assigned by the City from developer impact fees (DIF), FAR Bonus funds or other City funds made available to the Corporation.

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

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 \$133,000,000 in NMTC allocations and has disbursed \$126,175,000 through June 30, 2019.

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.

However, effective July 29, 2019, the City of San Diego withdrew its membership in the Corporation pursuant to a settlement agreement resolving two lawsuits brought against the Corporation (see Note 12 for further information.) As a result of the City's withdrawal, as of July 29, 2019, the Corporation is no longer a component unit of the City for financial reporting purposes. Also, the Corporation will not be performing any new permitting, planning, and downtown parking functions on behalf of the City.

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.

**CIVIC SAN DIEGO**  
Statement of Net Position  
June 30, 2019

**ASSETS**

Current assets:

Cash	\$ 2,941,554
Restricted cash	7,336,633
Receivables for reimbursable expenses from the City of San Diego	1,364,811
Accounts receivable	1,281,136
Prepaid expenses	2,200

Noncurrent assets:

Long-term investments	12,485
Notes receivable	660,096
Capital assets, nondepreciable	322,327
Capital assets, depreciable, net	<u>1,354,832</u>

Total assets	<u>15,276,074</u>
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**LIABILITIES**

Current liabilities:

Accrued liabilities	1,012,250
Loans payable	600,000
Deposits held for others	150,000
Compensated absences - due in one year	118,223

Long-term liabilities:

Compensated absences - due after one year	130,370
Unearned revenues	325,375
Advances from the City of San Diego	<u>732,530</u>

Total liabilities	<u>3,068,748</u>
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**NET POSITION**

Net investment in capital assets	1,677,159
Restricted for parking and community investment	8,840,946
Unrestricted	<u>1,689,221</u>

Total net position	<u><u>\$ 12,207,326</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, 2019

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	\$ 1,206,722	\$ 4,299,832	\$ -	\$ 108,858	\$ 3,201,968
Successor agency	2,804,217	-	2,746,513	143,561	85,857
Planning	982,295	1,033,598	-	-	51,303
Parking district	3,224,796	-	2,908,454	-	(316,342)
Community investment	643,477	-	55,000	-	(588,477)
New markets tax credit program	658,165	1,567,192	-	-	909,027
Total governmental activities	\$ 9,519,672	\$ 6,900,622	\$ 5,709,967	\$ 252,419	3,343,336
General Revenues:					
Interest					59,494
Miscellaneous					70,100
Total general revenues					129,594
Change in net position					3,472,930
Net position - beginning of year					8,734,396
Net position - end of year					\$ 12,207,326

See Accompanying Notes to the Basic Financial Statements.

**CIVIC SAN DIEGO**

Balance Sheet  
Governmental Funds  
June 30, 2019

	General Fund	Special Revenue Funds		
	Civic San Diego	Economic Growth and Neighborhood Investment Fund	Downtown Community Parking Program	Total Governmental Funds
<b>ASSETS</b>				
Cash	\$ 2,055,883	\$ 885,671	\$ -	\$ 2,941,554
Restricted cash	4,602,906	-	2,733,727	7,336,633
Receivables for reimbursable expenditures from the City of San Diego	247,009	-	1,117,802	1,364,811
Accounts receivable	379,266	901,870	-	1,281,136
Prepaid items	2,200	-	-	2,200
Long-term investments	-	12,485	-	12,485
Total assets	<u>\$ 7,287,264</u>	<u>\$ 1,800,026</u>	<u>\$ 3,851,529</u>	<u>\$ 12,938,819</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accrued liabilities	\$ 340,733	\$ 165,981	\$ 505,536	\$ 1,012,250
Loans payable	-	600,000	-	600,000
Deposits held for others	150,000	-	-	150,000
Unearned revenues	325,375	-	-	325,375
Total liabilities	<u>816,108</u>	<u>765,981</u>	<u>505,536</u>	<u>2,087,625</u>
Fund Balances:				
Nonspendable	2,200	12,485	-	14,685
Restricted	5,616,355	-	3,345,993	8,962,348
Assigned	-	1,021,560	-	1,021,560
Unassigned	852,601	-	-	852,601
Total fund balances	<u>6,471,156</u>	<u>1,034,045</u>	<u>3,345,993</u>	<u>10,851,194</u>
Total liabilities and fund balances	<u>\$ 7,287,264</u>	<u>\$ 1,800,026</u>	<u>\$ 3,851,529</u>	<u>\$ 12,938,819</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, 2019

Total fund balances - Governmental Funds	\$ 10,851,194
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.	1,677,159
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.	660,096
Compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(248,593)
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>\$ 12,207,326</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, 2019

	<u>General Fund</u>	<u>Special Revenue Funds</u>			
		Economic Growth and Neighborhood Investment Fund	Downtown Community Parking Program		Total Governmental Funds
	<u>Civic San Diego</u>			<u>Eliminations</u>	
<b>REVENUES:</b>					
Contributions from the City of San Diego:					
Successor agency	\$ 2,746,513	\$ -	\$ -	\$ -	\$ 2,746,513
Parking meters	317,251	-	2,908,454	(317,251)	2,908,454
Developer impact fees	108,858	-	-	-	108,858
Charges for services:					
Placement and servicing fees	-	910,356	-	-	910,356
Management fees - new markets tax credit program	511,893	656,836	-	(511,893)	656,836
Permit fees	1,033,598	-	-	-	1,033,598
Earned developer deposits	180,727	-	-	-	180,727
Contributions from Growth Fund	608,477	-	-	(608,477)	-
FAR Bonus Program income	4,119,105	-	-	-	4,119,105
Intergovernmental grants	143,561	-	-	-	143,561
Other grants and contributions	25,000	30,000	-	-	55,000
Loan repayments	-	100,000	-	-	100,000
Interest	17,153	42,341	-	-	59,494
Miscellaneous	70,100	-	-	-	70,100
Total revenues	<u>9,882,236</u>	<u>1,739,533</u>	<u>2,908,454</u>	<u>(1,437,621)</u>	<u>13,092,602</u>
<b>EXPENDITURES:</b>					
Current:					
General government and support	1,155,498	-	-	-	1,155,498
Successor agency	2,804,217	-	-	-	2,804,217
Planning	982,295	-	-	-	982,295
Parking district	317,251	-	3,082,714	(317,251)	3,082,714
Community investment	608,477	868,573	-	(608,477)	868,573
New markets tax credit program	511,893	658,165	-	(511,893)	658,165
Total expenditures	<u>6,379,631</u>	<u>1,526,738</u>	<u>3,082,714</u>	<u>(1,437,621)</u>	<u>9,551,462</u>
Net change in fund balances	3,502,605	212,795	(174,260)	-	3,541,140
<b>FUND BALANCES:</b>					
Beginning of year	2,968,551	821,250	3,520,253	-	7,310,054
End of year	<u>\$ 6,471,156</u>	<u>\$ 1,034,045</u>	<u>\$ 3,345,993</u>	<u>\$ -</u>	<u>\$ 10,851,194</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, 2019

Net change in fund balances - total Governmental Funds	\$ 3,541,140
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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	11,958
Depreciation expense	(176,734)

Governmental funds report long-term notes receivable as expenditures when the loan proceeds are paid and recognizes revenue upon repayment of principal. However, in the Statement of Net Position the loan proceeds paid is reported as an asset and repayment of the principal reduces the long-term notes receivable. Any amount which is not repaid will be reported as an expense at the point in time it is determined to be uncollectible. The amounts below represent current year loan expenditures and repayments of principal amounts.

Loan expenditures	225,096
Loan repayments	(100,000)

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 2019, vacation and sick leave earned was less than the amount used.

(28,530)

Change in net position of Governmental Activities	<u><u>\$ 3,472,930</u></u>
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See Accompanying Notes to the Basic Financial Statements.

**CIVIC SAN DIEGO**  
Notes to the Basic Financial Statements  
For the year Ended June 30, 2019

**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 Successor Agency of the Redevelopment Agency of the City of San Diego (Successor Agency). The Corporation, pursuant to a Memorandum of Understanding (MOU) with the City of San Diego (City), 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. The Corporation is governed by a nine member board of directors who are appointed by the mayor of the City 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. The Corporation is authorized to enter into contracts for and on behalf of the City and the Successor Agency pursuant to its Operating Agreement and/or other applicable agreements, if any, with the City. The Corporation, on behalf of the Successor 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.

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, 2019

**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 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, 2019

**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 of resources or deferred 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), operating grants and contributions, and capital 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 and capital grants and contributions primarily represent contributions received from the City of San Diego and private financial institutions to carry out various activities, such as planning, property and project management, parking garage and Downtown parking district management, programs for small business attraction and retention and to support efforts to revitalize and stabilize low-income communities.

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, 2019

**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) Parking District; 5) Community Investment; 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 Community 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:

Asset	Years
Wayfinding signs	10
Vehicles	5
Office Equipment	5-7
Computer Equipment	3

**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 employees. The Corporation’s policy permits employees to earn between 144 hours to 224 hours annually based on length of service. 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, 2019

**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 associated with the Corporation's activities related to the FAR Bonus funds, the Growth Fund and the DCPD Program. Restricted balances of the DCPD Program 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. FAR Bonus funds can only be used for the acquisition, design and development of public parks and enhanced public right-of-way improvements within the Centre City Planned District (District).

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 originally advanced from the City 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 is primarily associated with the Corporation's activities related to the DCPD Program and projects using FAR Bonus funds. Restricted balances of the DCPD Program 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. FAR Bonus funds can only be used for the acquisition, design and development of public parks and enhanced public right-of-way improvements within the Centre City Planned District (District).

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, 2019.

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 Growth Fund or its affiliated entities, and to receiving, investing and utilizing (i) gross receipts from activities related to the Growth Fund's exempt functions, and (ii) funds and property acquired through solicitation of contributions, donations, gifts, grants, bequests, and the like.



**CIVIC SAN DIEGO**  
Notes to the Basic Financial Statements (Continued)  
For the year Ended June 30, 2019

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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 New Markets Tax Credit 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 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.

**New Governmental Accounting Standard**

Effective, July 1, 2018, the Corporation implemented the following new accounting standard:

In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This statement requires that additional essential information related to debt be disclosed in the notes to the financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specific in debt agreements related to significant events of default with finance-related consequences, significant termination events of finance-related consequences, and significant acceleration clauses. This statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. Refer to Note 7 for additional information.

**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, 2019:

Petty cash	\$	500
Cash - checking		4,641,164
Cash - savings		5,636,523
	\$	<u>10,278,187</u>

**CIVIC SAN DIEGO**  
Notes to the Basic Financial Statements (Continued)  
For the year Ended June 30, 2019

**NOTE 3 – CASH (Continued)**

As of June 30, 2019, the bank balance totals were \$ 10,470,608. 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.

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2019 was as follows:

	July 1, 2018	Additions	Deletions	June 30, 2019
Nondepreciable capital assets:				
Construction in progress	\$ 310,369	\$ 11,958	\$ -	\$ 322,327
Depreciable capital assets:				
Wayfinding signs	1,711,560	-	-	1,711,560
Vehicles	19,560	-	-	19,560
Office equipment	254,694	-	-	254,694
Computer equipment	227,517	-	-	227,517
Total capital assets	2,213,331	-	-	2,213,331
Less accumulated depreciation:				
Wayfinding signs	(308,080)	(154,040)	-	(462,120)
Vehicles	(17,605)	-	-	(17,605)
Office equipment	(227,138)	(11,521)	-	(238,659)
Computer equipment	(128,942)	(11,173)	-	(140,115)
Total accumulated depreciation	(681,765)	(176,734)	-	(858,499)
Total depreciable capital assets	1,531,566	(176,734)	-	1,354,832
Total capital assets, net	\$ 1,841,935	\$ (164,776)	\$ -	\$ 1,677,159

Depreciation expense of \$176,734 for the year ended June 30, 2019 is reported in the general government and support and downtown parking program functions in the statement of activities.

**CIVIC SAN DIEGO**  
Notes to the Basic Financial Statements (Continued)  
For the year Ended June 30, 2019

**NOTE 5 – LONG-TERM NOTE RECEIVABLES**

The Corporation entered into a five year loan agreement, in the amount of \$440,000, with Accion San Diego, a California nonprofit corporation, for the purpose of providing loans and financial assistance to low-and moderate-income and micro-entrepreneurs who lack access to traditional financing. During FY2018 the Growth Fund Board approved the assignment of the Loan Agreement with Accion San Diego from the Corporation to the Growth Fund.

During FY2019, the Growth Fund entered into a \$200,000 five year loan with MDF Fund I, LP (MDF). The MDF loan pays interest quarterly at 3% per annum. This loan was collateral for the Access Youth Academy (AYA) transaction referenced in Note 7 as well as to provide capital in the form of loans to small businesses.

At the end of FY2018, Casa Familiar revolving line of credit balance was \$75,000. The revolving line of credit and security agreement was entered into on March 28, 2018. During FY2019 Casa Familiar requested an additional \$25,000, bringing the total balance to \$100,000, accruing interest 2% annually. In May 2019, Casa Familiar paid in the note in full.

San Diego Community Land Trust and the Growth Fund agreed to amend the original note to extend the maturity date and the interest only period. Per the note, the deferred interest of \$96 was added to the principal balance bringing the note balance to \$20,096.

**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, 2019, the Corporation's net investments in the Sub-CDE's were as follows:

Economic Growth and Neighborhood Investment Fund						
Sub-CDE Entity	Balance as of July 1, 2018	New Investments	Distributions	Earnings	Balance as of June 30, 2019	
SUB-CDE I, LLC	\$ 2,253	\$ -	\$ (17)	\$ 7	\$ 2,243	
SUB-CDE II, LLC	1,621	-	(16)	9	1,615	
SUB-CDE III, LLC	706	-	(17)	15	704	
SUB-CDE IV, LLC	802	-	(11)	11	803	
SUB-CDE V, LLC	2,280	-	(22)	14	2,272	
SUB-CDE VI, LLC	-	933	(21)	20	932	
SUB-CDE VII, LLC	669	-	(26)	25	668	
SUB-CDE VIII, LLC	500	-	(4)	2	498	
SUB-CDE IX, LLC	500	-	(4)	2	498	
SUB-CDE X, LLC	1,258	-	(9)	5	1,254	
SUB-CDE XI, LLC	-	1,000	(10)	10	1,000	
Total	\$ 10,590	\$ 1,933	\$ 157	\$ 120	\$ 12,485	

**CIVIC SAN DIEGO**  
Notes to the Basic Financial Statements (Continued)  
For the year Ended June 30, 2019

**NOTE 7 – SHORT-TERM LIABILITIES**

***Line of Credit***

The Corporation entered into revolving credit agreement with U.S. Bank National Association (U.S. Bank) on June 24, 2019. The unpaid principal balance will accrue interest at an annual rate equal to the prime rate announced by U.S. Bank and will be adjusted each time the prime rate changes. The collateral is the availability of \$300,000 liquid assets from other U.S. Bank accounts held by the Corporation. This agreement matures on June 30, 2020. As of June 30, 2019, there was no outstanding balance due.

***Short-term Loans Payable***

The Growth Fund entered into two loans on December 21, 2018 with Alliance Healthcare Foundation (AHF) and MDF. The AHF loan of \$200,000 matures March 2020. Interest of 8% per annum is paid monthly. In the event payments are not made within ten days of the due date, the interest rate shall increase to 13% annually. This note is secured by a senior pledge of and security interest in Access Youth Academy (AYA) deed of trust for the benefit of the Growth Fund. In the event AYA pays their obligation to the Growth Fund prior to the maturity date, the Growth Fund shall pay in full the outstanding principal and interest to AHF.

The MDF loan of \$400,000 matures March 2020. Interest of 6% per annum is paid monthly. In the event any payments are not made within ten days of the due date, the interest rate shall increase to 11% annually. This note is secured by a subordinate pledge of and security interest in AYA deed of trust for the benefit of the Growth Fund. Additionally, the Growth Fund provided \$200,000 collateral in the form of a note receivable to MDF, referenced in Note 5. In the event AYA pays their obligation to the Growth Fund prior to the maturity date, the Growth Fund shall pay in full the outstanding principal and interest to AHF. The \$200,000 note receivable mentioned in Note 5 remains for the balance of the five-year term.

**NOTE 8 – 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 (1/12<sup>th</sup>) 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, 2019, the outstanding advance from the City was \$674,302.

Planning and Downtown Community Parking District

Pursuant to the Operating Agreement by and between the City of San Diego and Civic San Diego for Administration of Certain Planned Districts and the Downtown Community Parking District, 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 (1/12<sup>th</sup>) 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, 2019, 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, 2019

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

A summary of changes in the Corporation's long-term liabilities for the year ended June 30, 2019 is as follows:

	July 1, 2018	Additions	Deletions	June 30, 2019	Due Within One Year
Advances from the City of San Diego	\$ 732,530	\$ -	\$ -	\$ 732,530	\$ -
Compensated absences	220,063	243,155	(214,625)	248,593	118,223
Total	<u>\$ 952,593</u>	<u>\$ 243,155</u>	<u>\$ (214,625)</u>	<u>\$ 981,123</u>	<u>\$ 118,223</u>

**NOTE 9 – 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 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 regular employees are eligible to participate on their first day of employment, and receive an employer amount equal to 7.5% of their bi-weekly compensation.

Effective on the first payroll following three months of employment, the Corporation contributes an amount equal to 12% of the total bi-weekly compensation for all regular employees. The Corporation's contributions for each employee are fully vested at the time of contribution. The Corporation's contributions were calculated based on the Plan's total defined eligible compensation amounts for all eligible employees, which totaled \$2,688,915. The Corporation made its required contribution amounting to \$321,152 for FY2019.

The Corporation defines that an eligible participant is a regular 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.

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.

**NOTE 10 – 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 \$50,000. 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, 2019

**NOTE 10 – 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 FY2019 of \$518,159.

As of June 30, 2019, the future minimum payments for the office lease are as follows:

<b>Year Ending June 30,</b>	
<u>2020</u>	\$ 483,408

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); and maintenance, monitoring of and supplies (including toner) for Corporation-owned desktop printers.

As of June 30, 2019, the future minimum lease payments for the copier lease is as follows:

<b>Year Ending June 30,</b>	
<u>2020</u>	\$ 32,202
2021	32,202
2022	<u>32,202</u>
	<u><u>\$ 96,606</u></u>

Total costs associated with all leases amounted to \$548,200 for the year ended June 30, 2019.

**NOTE 11 – 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, 2019

**NOTE 11 – 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.

**NOTE 12 – SUBSEQUENT EVENTS**

Effective July 29, 2019, the City of San Diego withdrew its membership in the Corporation pursuant to a settlement agreement resolving two lawsuits brought against the Corporation in April 2015. In addition to the City's withdrawal, the Corporation has agreed to return the Permitting and Planning function and the Downtown Parking function to the City. The Corporation will continue to perform already existing redevelopment wind-down services for the City pursuant to a new operating agreement between the City and the Corporation. As a result of the City withdrawing its membership in the Corporation, as of July 29, 2019, the Corporation is no longer considered a component unit of the City of San Diego for financial reporting purposes.

On July 23, 2019, the U.S. Department of Treasury's Community Development Financial Institutions Fund (CDFI Fund) approved the removal of the City of San Diego as the designated Controlling Entity of the Civic San Diego Economic Growth and Neighborhood Investment Fund (the NMTC Allocatee). Pursuant to the NMTC Allocation Agreements with the CDFI Fund, the NMTC Allocatee was required to maintain the same Controlling Entity as identified in each NMTC Allocation Applications during the duration of each NMTC Allocation Agreement. Due to the above mentioned settlement agreement, withdrawing the City as the sole member of the Corporation, the Corporation requested and the CDFI approved, the removal of the City of San Diego as the Controlling Entity of the NMTC Allocatee.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

**CIVIC SAN DIEGO**  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget to Actual - General Fund By Function  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>REVENUES:</b>				
Contributions from the City of San Diego:				
Successor agency	\$ 3,239,622	\$ 3,239,622	\$ 2,746,513	\$ (493,109)
Parking meters	485,682	485,682	317,251	(168,431)
Developer impact fees	100,000	100,000	108,858	8,858
Charges for service:				
Management fees - new markets tax credit program	614,509	614,509	511,893	(102,616)
Permit fees	921,266	921,266	1,033,598	112,332
Earned developer deposits	140,000	140,000	180,727	40,727
Contributions from Growth Fund	666,549	666,549	608,477	(58,072)
FAR Bonus Program income	1,425,000	1,425,000	4,119,105	2,694,105
Intergovernmental grants	1,700,000	1,700,000	143,561	(1,556,439)
Other grants and contributions	192,472	192,472	25,000	(167,472)
Interest	900	900	17,153	16,253
Miscellaneous and other grants	-	-	70,100	70,100
Total revenues	<u>9,486,000</u>	<u>9,486,000</u>	<u>9,882,236</u>	<u>396,236</u>
<b>EXPENDITURES:</b>				
Current:				
General government and support	3,458,372	3,458,372	1,155,498	2,302,874
Successor agency	3,239,622	3,239,622	2,804,217	435,405
Planning	921,266	921,266	982,295	(61,029)
Parking district	485,682	485,682	317,251	168,431
Community investment	766,549	766,549	608,477	158,072
New markets tax credit program	614,509	614,509	511,893	102,616
Total expenditures	<u>9,486,000</u>	<u>9,486,000</u>	<u>6,379,631</u>	<u>3,106,369</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,502,605</u>	<u>\$ 3,502,605</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,968,551</u>	
End of year			<u>\$ 6,471,156</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, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Parking meters	\$ 18,909,448	\$ 18,909,448	\$ 2,908,454	\$ (16,000,994)
EXPENDITURES:				
Current:				
Parking district:				
Administration	366,649	366,649	317,251	49,398
New technology	100,000	100,000	-	100,000
Downtown parking and circulation plans/environmental impact report	-	-	59,192	(59,192)
Bicycle mobility/rack purchase and installation	50,000	50,000	22,213	27,787
Downtown parking app/website update/maintenance	20,000	20,000	4,500	15,500
Wayfinding systems	55,000	55,000	-	55,000
East Village Green Funding (formerly Cedar Gateway & Future) garage operations	9,753,146	9,753,146	11,958	9,741,188
Neighborhood programs (formerly Little Italy Parking Program)	2,109,265	2,109,265	1,467,600	641,665
Downtown shuttle program	1,200,000	1,200,000	1,200,000	-
Reconfigure existing on-street parking	100,000	100,000	-	100,000
Off street shared parking pilot	100,000	100,000	-	100,000
Operating contingency	24,742	24,742	-	24,742
Debt service	2,158,792	2,158,792	-	2,158,792
Total expenditures	16,037,594	16,037,594	3,082,714	12,954,880
Net change in fund balance	\$ 2,871,854	\$ 2,871,854	(174,260)	\$ (3,046,114)
FUND BALANCE:				
Beginning of year			3,520,253	
End of year			\$ 3,345,993	

See Accompanying Note to Required Supplementary Information.

**CIVIC SAN DIEGO**  
Note to Required Supplementary Information  
For the Year June 30, 2019

**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 Council of 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.

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## **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, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>REVENUES:</b>				
Contributions from the City of San Diego:				
Successor agency	\$ 3,239,622	\$ 3,239,622	\$ 2,746,513	\$ (493,109)
Parking meters	485,682	485,682	317,251	(168,431)
Developer impact fees	100,000	100,000	108,858	8,858
Charges for service:				
Management Fees - new markets tax credit program	614,509	614,509	511,893	(102,616)
Permit fees	921,266	921,266	1,033,598	112,332
Earned developer deposits	140,000	140,000	180,727	40,727
Contributions from Growth Fund	666,549	666,549	608,477	(58,072)
FAR Bonus Program income	1,425,000	1,425,000	4,119,105	2,694,105
Intergovernmental grants	1,700,000	1,700,000	143,561	(1,556,439)
Other grants and contributions	192,472	192,472	25,000	(167,472)
Interest	900	900	17,153	16,253
Miscellaneous	-	-	70,100	70,100
Total revenues	<u>9,486,000</u>	<u>9,486,000</u>	<u>9,882,236</u>	<u>396,236</u>
<b>EXPENDITURES:</b>				
Current:				
Salaries and benefits	4,625,000	4,625,000	3,889,689	735,311
Rent and leasehold improvements	549,998	540,998	532,999	7,999
Legal, computer, auditing and consulting services	792,000	1,427,000	757,828	669,172
Marketing, printing and reproduction	79,000	79,000	86,509	(7,509)
Office supplies	96,000	71,000	72,838	(1,838)
Furniture and equipment	49,001	89,001	43,631	45,370
Repairs and maintenance	9,998	9,998	4,975	5,023
Auto and business	33,999	33,999	17,056	16,943
Communication and utilities	35,001	35,000	24,230	10,770
Insurance	178,001	158,001	157,969	32
Dues and seminars	39,501	39,503	30,181	9,322
Directors expenses	6,000	6,001	5,565	436
Recruitment	48,001	33,001	109	32,892
Travel	34,500	34,498	15,020	19,478
Community investment	255,000	255,000	30,932	224,068
Projects and capital outlay-construction	2,655,000	2,049,000	710,100	1,338,900
Total expenditures	<u>9,486,000</u>	<u>9,486,000</u>	<u>6,379,631</u>	<u>3,106,369</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,502,605</u>	<u>\$ (3,502,605)</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>2,968,551</u>	
End of year			<u>\$ 6,471,156</u>	

**CIVIC SAN DIEGO**  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget to Actual - General Government and Support  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>REVENUES:</b>				
Contributions from the City of San Diego:				
Developer impact fees	\$ 100,000	\$ 100,000	\$ 108,858	\$ 8,858
Charges for service:				
Earned developer deposits	140,000	140,000	180,727	40,727
FAR Bonus Program income	1,425,000	1,425,000	4,119,105	2,694,105
Intergovernmental grants	1,700,000	1,700,000	85,857	(1,614,143)
Other grants and contributions	92,472	92,472	-	(92,472)
Interest	900	900	17,153	16,253
Miscellaneous	-	-	70,100	70,100
Total revenues	<u>3,458,372</u>	<u>3,458,372</u>	<u>4,581,800</u>	<u>1,123,428</u>
<b>EXPENDITURES:</b>				
Current:				
Salaries and benefits	524,855	524,855	227,302	297,553
Rent and leasehold improvements	59,050	59,050	24,989	34,061
Legal, computer, auditing and consulting services	158,241	158,241	167,230	(8,989)
Marketing, printing and reproduction	7,045	7,045	4,906	2,139
Office supplies	10,567	10,567	4,425	6,142
Furniture and equipment	5,393	5,393	2,745	2,648
Repairs and maintenance	1,101	1,101	289	812
Auto and business	3,742	3,742	1,304	2,438
Communication and utilities	3,325	3,325	1,406	1,919
Insurance	19,620	19,620	8,675	10,945
Dues and seminars	3,043	3,043	1,233	1,810
Directors expenses	660	660	333	327
Recruitment	4,513	4,513	7	4,506
Travel	2,217	2,217	554	1,663
Projects and capital outlay-construction	<u>2,655,000</u>	<u>2,655,000</u>	<u>710,100</u>	<u>1,944,900</u>
Total expenditures	<u>3,458,372</u>	<u>3,458,372</u>	<u>1,155,498</u>	<u>2,302,874</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>3,426,302</u>	<u>\$ 3,426,302</u>
<b>FUND BALANCE:</b>				
Beginning of year			<u>1,952,501</u>	
End of year			<u>\$ 5,378,803</u>	



**CIVIC SAN DIEGO**  
Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget to Actual - Successor Agency  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
<b>REVENUES:</b>				
Contributions from the City of San Diego:				
Successor agency	\$ 3,239,622	\$ 3,239,622	\$ 2,746,513	\$ (493,109)
Intergovernmental grants	-	-	57,704	57,704
	<u>3,239,622</u>	<u>3,239,622</u>	<u>2,804,217</u>	<u>(435,405)</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
Salaries and benefits	2,307,659	2,307,659	1,949,848	357,811
Rent and leasehold improvements	276,770	276,770	294,793	(18,023)
Legal, computer, auditing and consulting services	349,969	349,969	329,102	20,867
Marketing, printing and reproduction	31,403	31,403	43,403	(12,000)
Office supplies	47,105	47,105	37,972	9,133
Furniture and equipment	24,044	24,044	22,585	1,459
Repairs and maintenance	4,907	4,907	2,676	2,231
Auto and business	16,683	16,683	8,079	8,604
Communication and utilities	14,376	14,376	12,265	2,111
Insurance	87,340	87,340	81,298	6,042
Dues and seminars	15,062	15,062	13,651	1,411
Directors expenses	2,944	2,944	2,884	60
Recruitment	20,118	20,118	55	20,063
Travel	11,242	11,242	5,606	5,636
Community investment	30,000	30,000	-	30,000
	<u>3,239,622</u>	<u>3,239,622</u>	<u>2,804,217</u>	<u>435,405</u>
Total expenditures				
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>FUND BALANCE:</b>				
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 - Planning For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Charges for service:				
Permit fees	\$ 921,266	\$ 921,266	\$ 1,033,598	\$ 112,332
EXPENDITURES:				
Current:				
Salaries and benefits	613,286	613,286	733,600	(120,314)
Rent and leasehold improvements	82,069	82,069	108,455	(26,386)
Legal, computer, auditing and consulting services	108,742	108,742	61,085	47,657
Marketing, printing and reproduction	24,791	24,791	16,740	8,051
Office supplies	14,687	14,687	12,038	2,649
Furniture and equipment	7,496	7,496	7,667	(171)
Repairs and maintenance	1,530	1,530	782	748
Auto and business	5,202	5,202	2,863	2,339
Communication and utilities	6,192	6,192	3,799	2,393
Insurance	27,231	27,231	25,615	1,616
Dues and seminars	7,769	7,769	7,223	546
Directors expenses	918	918	897	21
Recruitment	13,272	13,272	16	13,256
Travel	8,081	8,081	1,515	6,566
Total expenditures	921,266	921,266	982,295	(61,029)
Net change in fund balance	\$ -	\$ -	51,303	\$ 51,303
FUND BALANCE:				
Beginning of year			67,805	
End of year			\$ 119,108	

# CIVIC SAN DIEGO

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Community Investment For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from Growth Fund	\$ 666,549	\$ 666,549	\$ 608,477	\$ (58,072)
Other grants and contributions	100,000	100,000	25,000	(75,000)
Total revenues	<u>766,549</u>	<u>766,549</u>	<u>633,477</u>	<u>(133,072)</u>
EXPENDITURES:				
Current:				
Salaries and benefits	395,227	395,227	371,327	23,900
Rent and leasehold improvements	40,033	40,033	37,528	2,505
Legal, computer, auditing and consulting services	53,045	53,045	117,832	(64,787)
Marketing, printing and reproduction	4,776	4,776	8,275	(3,499)
Office supplies	7,164	7,164	7,174	(10)
Furniture and equipment	3,657	3,657	4,286	(629)
Repairs and maintenance	745	745	474	271
Auto and business	2,537	2,537	2,158	379
Communication and utilities	2,187	2,187	2,934	(747)
Insurance	13,284	13,284	14,675	(1,391)
Dues and seminars	5,883	5,883	4,542	1,341
Directors expenses	448	448	549	(101)
Recruitment	3,060	3,060	13	3,047
Travel	9,503	9,503	5,778	3,725
Community investment	<u>225,000</u>	<u>225,000</u>	<u>30,932</u>	<u>194,068</u>
Total expenditures	<u>766,549</u>	<u>766,549</u>	<u>608,477</u>	<u>158,072</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>25,000</u>	<u>\$ (25,000)</u>
FUND BALANCE:				
Beginning of year			<u>25,853</u>	
End of year			<u>\$ 50,853</u>	

**CIVIC SAN DIEGO**  
Schedule of Revenues, Expenditures and Changes in Fund  
Balance - Budget to Actual - New Markets Tax Credit Program  
For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Management fees - new markets tax credit program	\$ 614,509	\$ 614,509	\$ 511,893	\$ (102,616)
EXPENDITURES:				
Current:				
Salaries and benefits	436,683	436,683	370,867	65,816
Rent and leasehold improvements	52,043	52,043	39,766	12,277
Legal, computer, auditing and consulting services	68,958	68,958	58,446	10,512
Marketing, printing and reproduction	6,209	6,209	8,057	(1,848)
Office supplies	9,313	9,313	6,746	2,567
Furniture and equipment	4,754	4,754	3,809	945
Repairs and maintenance	970	970	466	504
Auto and business	3,298	3,298	1,754	1,544
Communication and utilities	2,844	2,844	2,319	525
Insurance	17,242	17,242	15,981	1,261
Dues and seminars	5,681	5,681	2,183	3,498
Directors expenses	582	582	548	34
Recruitment	3,978	3,978	10	3,968
Travel	1,954	1,954	941	1,013
Total expenditures	614,509	614,509	511,893	102,616
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			13,361	
End of year			\$ 13,361	

# CIVIC SAN DIEGO

## Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Parking District For the Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amount	Variance with Final Budget
REVENUES:				
Contributions from the City of San Diego:				
Parking meters	\$ 485,682	\$ 485,682	\$ 317,251	\$ (168,431)
EXPENDITURES:				
Current:				
Salaries and benefits	347,290	347,290	236,745	110,545
Rent and leasehold improvements	40,033	40,033	27,468	12,565
Legal, computer, auditing and consulting services	53,045	53,045	24,133	28,912
Marketing, printing and reproduction	4,776	4,776	5,128	(352)
Office supplies	7,164	7,164	4,483	2,681
Furniture and equipment	3,657	3,657	2,539	1,118
Repairs and maintenance	745	745	288	457
Auto and business	2,537	2,537	898	1,639
Communication and utilities	6,077	6,077	1,507	4,570
Insurance	13,284	13,284	11,725	1,559
Dues and seminars	2,063	2,063	1,349	714
Directors expenses	448	448	354	94
Recruitment	3,060	3,060	8	3,052
Travel	1,503	1,503	626	877
Total expenditures	485,682	485,682	317,251	168,431
Net change in fund balance	\$ -	\$ -	-	\$ -
FUND BALANCE:				
Beginning of year			(1,644)	
End of year			\$ (1,644)	

## **OTHER INFORMATION**

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**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, 2019, 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, 2019.

**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, 2019