Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2025

This audit is conducted annually in accordance with the requirements of City of San Diego Charter Section 55.2

Why OCA Did This Study

The City Charter requires that the City Auditor report annually the extent and nature of the Mission Bay and the San Diego Regional Parks Improvement Funds' revenues, expenses, and improvements and compliance with the requirements of Section 55.2. To comply with the Charter, and in accordance with the City Auditor's Fiscal Year 2026 Annual Audit Work Plan, we have performed an audit of the Mission Bay and the San Diego Regional Parks Improvement Funds' financial activity in Fiscal Year 2025.

What OCA Found

We found that the City of San Diego is in compliance with the requirements of Charter Section 55.2.

Fiscal Year 2025 Financial Activity:

We found that $10,059,656 in Mission Bay lease revenue was transferred to the San Diego Regional Parks Improvement Fund (SDRPIF) and $18,682,219 was transferred to the Mission Bay Improvement Fund (MBIF).



Source: Image of Mission Bay Park obtained from City of San Diego Parks for All of Us website.

Exhibit 5: FY2025 Mission Bay Lease Revenue Allocation to the MBIF and SDRPIF Increased Compared to FY2024 Allocations

Mission Bay Lease Revenue Allocation to Fund	Allocation Breakdown in Excess of Threshold	FY2025 Allocation Amounts	FY2024 Allocation Amounts
San Diego Regional Parks Improvement Fund	35% or 3.5 million, whichever is greater, of the amount in excess of the $20 million threshold	**$10,059,656**	**$5,944,964**
Mission Bay Park Improvement Fund	65% of the excess over the $20 million threshold, if less than the 65%, then the remainder after the San Diego Regional Parks allocation	**$18,682,219**	**$11,040,647**

Source: OCA generated based on San Diego City Charter, Article V, Section 55.2(b) and SAP financial data.

Overall, Mission Bay lease revenue increased in FY2025 compared to FY2024. Adjusted Mission Bay lease revenue increased in FY2025 primarily because of payments received in FY2025 that were associated with invoices from previous fiscal years, including the $8.5 million SeaWorld settlement payment for past due rent.

We also found that compared to FY2024, MBIF expenditures increased by $1.6 million, or approximately 16 percent. SDRPIF expenditures increased by $173,269, or approximately 3 percent.

Exhibit 3: The City Expended More MBIF and SDRPIF in FY2025 Than in FY2024

	Mission Bay Improvement Fund	San Diego Regional Parks Improvement Fund
FY2025 Expenditures	$ 11,091,729	$ 6,546,989
FY2024 Expenditures	$ 9,526,261	$ 6,373,720
FY2025 Dollar Increase	**$ 1,565,468**	**$ 173,269**
FY2025 Percent Increase	**16.4%**	**2.7%**

Source: OCA generated based on SAP financial data.

Audit Results and Recommendation Follow-Up

In our Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024, we reported several findings that impacted our review of Mission Bay FY2024 revenue. In this year's annual audit, we found that City departments worked towards resolving these identified issues, although additional work is needed to fully resolve them and prevent them from reoccurring.

- The moratorium on the Office of the City Treasurer's (Treasurer) lease revenue audits ended in April 2025, and the Economic Development Department (EDD) granted the Treasurer access to its lease management system in the beginning of FY2026.
- However, the audit moratorium impeded the progress of more than half of the Treasurer's planned audits of Mission Bay leases and postponed several audits to the Treasurer's FY2027 audit workplan.
- As it pertains to Mission Bay revenue, the previous backlog of unresolved lease payments was largely resolved in FY2025. The total amount of Mission Bay payments on the credit list peaked in December 2024 at $554,410 and decreased to $13,189 in June 2025.
- Of the $933,834 FY2024 deferred revenue owed to the City, at the start of FY2027, $796,334 had not yet been received.
- The pause on assessing late fees ended and EDD assessed $866,091 in late fees in FY2025.
- Of 33 active Mission Bay leases, permits, licenses, and agreements, 11 are still in holdover. However, EDD provided status on the progress of lease requests for proposal, updates to lease agreement terms, and new license and permit agreements.

What OCA Recommends

There were no additional recommendations made in this year's annual Mission Bay report.

One recommendation from the prior year's Performance Audit of the Mission Bay and San Diego Regional Parks Improvement Funds, Fiscal Year 2024 issued November 2025 was implemented in April 2026. Management continues to work towards implementation of the four remaining recommendations.

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