

**OTAY MESA ENHANCED INFRASTRUCTURE
FINANCING DISTRICT**

Report to the Otay Mesa Enhanced Infrastructure Financing
District Public Financing Authority

For the Year Ended June 30, 2023



Certified
Public
Accountants



Certified
Public
Accountants

February 15, 2024

To the Members of the Governing Board
Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority
City of San Diego, California

We are pleased to present this report related to our audit of the governmental activities and each major fund of the Otay Mesa Enhanced Infrastructure Financing District (the District), a component unit of the Otay Mesa Enhanced Infrastructure Financing District Public Financing Authority (the Authority), which is a component unit of the City of San Diego, California (City), as of and for the year ended June 30, 2023. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the District's financial reporting process.

This report is intended solely for the information and use of the members of governing board of the Authority, and management of the District and the City, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the District.

Macias Gini & O'Connell LLP
San Diego, California

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Required Communications
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Auditing standards generally accepted in the United States of America (AU-C 260, The Auditor's Communication with Those Charged with Governance) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities with Regard to the Financial Statement Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*) is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the basic financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We conducted our audit consistent with the planned scope and timing that was previously communicated in the consultant service agreement dated on February 17, 2022.

Accounting Policies and Practices

Preferability of Accounting Policies and Practices

Under accounting principles generally accepted in the United States of America, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.

Adoption of Accounting Policies

Management has the ultimate responsibility for the appropriateness of the accounting policies used by the District. The following is a description of significant accounting policies or their application that were implemented during the year:

- **Governmental Accounting Standard Board (GASB) No. Statement No. 91, *Conduit Debt Obligations*.** There was no material impact to the District.
- **Governmental Accounting Standard Board (GASB) Statement No. 94, *Public-Public and Public-Private Partnerships and Availability Payment Arrangements*.** There was no material impact to the District.
- **GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*.** There was no material impact to the District.

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- **GASB Statement No. 99, Omnibus 2022.** related to clarification of provisions in Statement No. 87, Leases; clarification of provisions in GASB Statement No. 94, Public- Private and Public-Public Partnerships and Availability Payment Arrangements; and clarification of provisions in GASB Statement No. 96, Subscription-Based Information Technology Arrangements There was no material impact to the District.

Significant Accounting Policies

We did not identify any significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Unusual Transactions

We did not identify any significant unusual transactions.

Management's Judgments and Accounting Estimates

We did not identify any significant and sensitive accounting estimates used by the management.

Audit Adjustments and Uncorrected Misstatements

There were no audit adjustments made to the original trial balance presented to us to begin our audit. We are not aware of any uncorrected misstatements other than misstatements that are immaterial or clearly trivial.

Other Information Included in District's Financial Statements

Our responsibility for other information included in annual reports is to read the information and consider whether its content or the manner of its presentation is materially inconsistent with the financial information covered by our auditor's report, whether it contains a material misstatement of fact or whether the other information is otherwise misleading.

Required Supplementary Information

We have applied certain limited procedures to the budgetary information section within the District's basic financial statements, which is required supplementary information (RSI) that supplements the basic financial statements. Our procedures 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 on the RSI.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the basic financial statements.

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Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit or significant disclosures to be included in the basic financial statements.

Representations Requested from Management

We have requested certain written representations from management dated February 15, 2024.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

No significant issues arising from the audit were discussed or were the subject of correspondence with management.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Difficult or Contentious Matters That Required Consultation

We did not encounter any significant and difficult or contentious matters that required consultation outside the engagement team.

Shared Responsibilities for Independence

Independence is a joint responsibility and is managed most effectively when management, audit committees, and audit firms work together in considering compliance with American Institute of Certified Public Accountants (AICPA) and *Government Accountability Office* (GAO) independence rules. For Macias Gini & O’Connell LLP (MGO) to fulfill its professional responsibility to maintain and monitor independence, management, members of the District’s Audit Committee, and MGO each play an important role.

Our Responsibilities

- AICPA and GAO rules require independence both of mind and in appearance when providing audit and other attestation services. MGO is to ensure that the AICPA and GAO’s General Requirements for performing non-attest services, if any, are adhered to and included in all letters of engagement.
- Maintain a system of quality management over compliance with independence rules and firm policies.

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The District's Responsibilities

- Timely inform MGO, before the effective date of transactions or other business changes, of the following:
 - New executive directors, or officers, as well as termination.
 - Changes in the organizational structure or the reporting entity impacting affiliates such as partnerships, related entities, investments, joint ventures, component units, jointly governed organizations.
- Provide necessary affiliate information such as new or updated organization charts, as well as financial information required to perform materiality calculations needed for making affiliate determinations.
- Understand and conclude on the permissibility, prior to the District and its affiliates, officers, directors, or persons in a decision-making capacity, engaging in business relationships with MGO.
- Not entering into arrangements of nonaudit services resulting in MGO being involved in making management decisions on behalf of the District.
- Not entering into relationships resulting in close family members of MGO covered persons, temporarily or permanently acting as an officer, director, or person in an accounting, financial reporting or compliance oversight role at the District.

Internal Control and Compliance Matters

We have separately communicated our considerations of internal control and compliance over financial reporting as required by *Government Auditing Standards*.

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 Recent Accounting Pronouncements
 For the Year Ended June 30, 2023

The following accounting pronouncements have been issued as of the date of this communication by the Governmental Accounting Standard Board (GASB) but are not yet effective and may affect the future financial reporting by the District.

Pronouncement	Summary	Effective Fiscal Year
GASB Statement No. 99, <i>Omnibus 2022</i>	The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB statements and (2) accounting and financial reporting for financial guarantees.	FY2024 – The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of GASB Statement No. 53.
GASB Statement No 100, <i>Accounting Changes and Error Corrections</i>	The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.	FY2024
GASB Statement No. 101, <i>Compensated Absences</i>	The objective of this Statement is to better meet the informational needs of financial statement users by updating the recognition, and measurement guidance for compensated absences.	FY2025
GASB Statement No. 102, <i>Certain Risk Disclosures</i>	The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.	FY2025