

REPORT NO: 20-01

**OTAY MESA ENHANCED INFRASTRUCTURE FINANCING DISTRICT
PUBLIC FINANCING AUTHORITY**
Meeting of March 9, 2020

DATE ISSUED: March 9, 2020

SUBJECT:

Authorization to enter into a contract for annual independent financial audit and to amend the Otay Mesa Enhanced Infrastructure Financing District (District) Fiscal Year 2020 Adopted Budget.

CONTACT/PHONE NUMBER:

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DESCRIPTIVE SUMMARY OF ITEM:

1. Request for authorization to enter into contract with Macias, Gini and O'Connell for an annual independent financial audit of District funds.
2. Amend the Operating District Budget (Fund 200803) for Fiscal Year 2020.

STAFF RECOMMENDATION:

Approve the proposed resolution.

EXECUTIVE SUMMARY OF ITEM:

Effective January 1, 2020, State Enhanced Infrastructure Financing District law (AB-116 Section 53398) was amended to establish new requirements for the production of an annual independent financial audit. The audit of prior year financials must be conducted before the fiscal year end date of June 30th of each year, to be paid for from District revenues. The PFA must also adopt an annual financial report on or before June 30th of each year, after holding a noticed public hearing. Notice of draft availability must be mailed by first-class mail to all landowners and residents of the District.

Request for Authorization to Contract with Independent Auditor

As per new Government Code requirements adopted with AB-116, it is necessary to obtain an auditing firm to perform an independent financial audit of District funds. This action requests authorization to contract with Macias, Gini and O'Connell for the purpose of performing the annual independent financial audit of Fiscal Year 2019 District funds.

Fiscal Year 2020 Budget Amendment:

Pursuant to the new financial audit and reporting requirements, an amendment to the Fiscal Year 2020 budget is necessary to appropriate an amount not to exceed \$19,500 for the auditing firm Macias, Gini and O'Connell to perform the independent financial audit. An additional \$5,000 is needed for printing and mailing costs associated with the noticing requirements of the annual report. The proposed action is for the Authority to amend the Fiscal Year 2020 Adopted Budget by authorizing an appropriation of \$24,500 from operating fund balance to cover the additional costs. This increases the total operating budget from \$773,000 to \$797,500. The operating fund balance is a carry forward of unexpended Fiscal Year 2019 funds in the amount of \$62,000 as of the beginning of Fiscal Year 2020.

CONCLUSION:

It is recommended that the Authority approve the request to enter into contract with Macias, Gini and O'Connell to fulfill the independent financial audit requirement for Fiscal Year 2019 EIFD funds, and adopt the resolution approving the amendment to the District's Fiscal Year 2020 operating budget.

Respectfully submitted,

Tom Tomlinson

Assistant Planning Director

City of San Diego

Attachments:

Attachment 1: Amendment to Fiscal Year 2020 Operating Budget

Attachment 2: Consultant Services Agreement – Macias, Gini and O'Connell