

**SAN DIEGO GEOGRAPHIC  
INFORMATION SOURCE**

**AUDIT REPORT**

**For the Fiscal Year Ended  
June 30, 2010**

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE  
AUDIT REPORT  
For the Fiscal Year Ended June 30, 2010  
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Board of Directors  
San Diego Geographic Information Source  
San Diego, California

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the San Diego Geographic Information Source (the "Agency"), a Joint Powers Agency formed by the City and County of San Diego, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Agency's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the Agency's June 30, 2009 financial statements, which were audited by another auditor, and whose report dated April 21, 2010 expressed an unqualified opinion on the Agency's basic financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standard Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2011, on our consideration of the Agency'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Chintalate Accountancy Corporation*

San Diego, California

April 1, 2011

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*Management's Discussion and Analysis*

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**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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As management of the San Diego Geographic Information Source (SanGIS) Joint Powers Agency (JPA), we offer the readers of SanGIS this narrative and analysis of the SanGIS financial activities for the fiscal year ended June 30, 2010.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to SanGIS's basic financial statements. The basic financial statements include:

- 1) Statement of Net Assets
- 2) Statement of Revenues, Expenses, and Changes in Net Assets
- 3) Statement of Cash Flows
- 4) Notes to the Financial Statements

The financial statements are designed to provide the readers with a broad overview of SanGIS's government and managed finances. These finances are predominantly sourced from the City of San Diego and the County of San Diego. Historically, some of SanGIS's business functions operated like a private sector business operation until the California Attorney General opined on the nature of GIS data and public records access, thus SanGIS was advised to discontinue that sale of digital records. As a result, revenues are now limited to monies received from the SanGIS JPA grantors and limited to third party contracts for services rendered by SanGIS.

**THE FINANCIAL STATEMENTS**

- The Statement of Net Assets presents information on all SanGIS's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of SanGIS is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Assets presents information showing changes in SanGIS's net assets during the most recent fiscal year. All changes in net assets are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement reflects the results for SanGIS operations for the fiscal year identified and can be used to determine SanGIS's credit worthiness and its ability to successfully cover all of its costs through revenue received from its JPA grantors. Revenues continue to be predominantly sourced from the JPA grantors and have remained constant, allowing a contingency reserve to be accrued by reducing overhead costs. As inferred above, fiscal year costs were reduced by outsourcing services and staffing without causing a reduction in service levels.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**THE FINANCIAL STATEMENTS (continued)**

- The Statement of Cash Flows presents information about SanGIS's cash receipts and cash payments during the most recent fiscal year. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations and/or investing in financing activities. The financial and legal conditions that first were presented in 2006 are still present in this fiscal year. This situation is where the California Attorney General opined that GIS data is a public record and cannot be charged for beyond what the limits of the California public records act allows.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements are found on pages 11-17 of this report.

**OTHER INFORMATION**

In addition to the basic financial statements and accompanying notes, the "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" can be found on page 18 of this report.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**THE AGENCY AS A WHOLE**

**Financial Highlights Of The Past Year**

- Revenues decreased by \$225,855 over prior year to a total of \$1,342,643. Total expenses exceeded revenues by \$1,607.
- Total assets increased by \$78,892 to \$382,933, while total liabilities increased by \$80,499 to \$234,225.
- Total net assets decreased by \$1,607 to \$148,708 as of June 30, 2010.

**Net Assets**

The Agency's assets exceeded liabilities by \$148,708 for the fiscal year ended June 30, 2010. The unrestricted portion of Net Assets represents resources that are available to finance SanGIS's services and obligations to JPA member agencies and its creditors. However, this sum is not profit. Since SanGIS does not generate a significant portion of its own revenue, this sum and trend is indicative of SanGIS management's efforts to continually seek improvement, savings, and efficiencies in the organization. For example, this year has a \$1,607 decrease in net assets total over the last year. Our analysis below focuses on the net assets (Table A-1) and changes in net assets (Table A-2) of the Agency.

**Table A-1**

	<u>2010</u>	<u>2009</u>	Dollar Increase (Decrease)	Percent Increase (Decrease)
<b>ASSETS</b>				
Current and other assets	\$ 362,877	\$ 275,922	\$ 86,955	32%
Capital assets	20,056	28,119	(8,063)	-29%
<b>Total Assets</b>	<b>382,933</b>	<b>304,041</b>	<b>78,892</b>	<b>26%</b>
<b>LIABILITIES</b>				
Current and other liabilities	213,333	137,245	76,088	55%
Non current liabilities	20,892	16,481	4,411	27%
<b>Total Liabilities</b>	<b>234,225</b>	<b>153,726</b>	<b>80,499</b>	<b>52%</b>
<b>NET ASSETS</b>				
Invested in capital assets	20,056	28,119	(8,063)	-29%
Unrestricted	128,652	122,196	6,456	5%
<b>Total Net Assets</b>	<b>\$ 148,708</b>	<b>\$ 150,315</b>	<b>(1,607)</b>	<b>-1%</b>

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**Changes in Net Assets**

The results of this year's operations for the Agency as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Assets on page 9. Table A-2 takes the information from the Statement, and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

**Table A-2**

	<u>2010</u>	<u>2009</u>	Dollar Increase <u>(Decrease)</u>	Percent Increase <u>(Decrease)</u>
Operating revenues:				
City	\$ 643,643	\$ 752,830	\$ (109,187)	-15%
County	643,643	752,830	(109,187)	-15%
Product sales	35,047	36,767	(1,720)	-5%
Other revenues	16,000	16,000	-	0%
Non-operating revenues:				
Interest revenue	4,310	10,071	(5,761)	-57%
Total operating and non-operating revenues	<u>\$ 1,342,643</u>	<u>\$ 1,568,498</u>	<u>\$ (225,855)</u>	-14%
Expenses:				
General administrative	1,085,863	1,092,230	(6,367)	-1%
Technical services	250,324	524,042	(273,718)	-52%
Depreciation expense	8,063	18,195	(10,132)	-56%
Total expenses	<u>1,344,250</u>	<u>1,634,467</u>	<u>(290,217)</u>	-18%
Change in net assets	(1,607)	(65,969)	64,362	-98%
Beginning net assets	150,315	216,284	(65,969)	-31%
Ending net assets	<u>\$ 148,708</u>	<u>\$ 150,315</u>	<u>\$ (1,607)</u>	-1%

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Fiscal Year Ended June 30, 2010**

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**CAPITAL ASSETS**

At June 30, 2010, as shown in the table below, the Agency had \$20,056 invested in capital assets. This amount represents a decrease of \$8,063 or 29% from last year.

	June 30,		Dollar Increase (Decrease)	Percent Increase (Decrease)
	2010	2009		
Equipment	\$ 599,715	\$ 599,715	\$ -	0%
Less accumulated depreciation	579,659	571,596	8,063	1%
Total capital assets, net	\$ 20,056	\$ 28,119	\$ (8,063)	-29%

**CONTACTING THE AGENCY'S FINANCIAL MANAGEMENT**

This financial report will provide a general overview of SanGIS's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report, or request for additional information, should be addressed to either of the following offices:

Office of Audits and Advisory Services  
 County of San Diego  
 5555 Overland Drive, Building 2, Suite 282  
 San Diego, CA 92123

SanGIS Management Committee  
 San Diego Geographic Information Source  
 5201 Ruffin Road, Suite E MS 16  
 San Diego, CA 92123

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*Financial Section*

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**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Statement of Net Assets**

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	June 30,	
	2010	2009
<b>ASSETS</b>		
Cash and investments	\$ 361,787	\$ 265,565
Interest receivable	1,090	1,251
Prepaid expenses	-	9,106
Capital assets - net of accumulated depreciation	20,056	28,119
	<hr/>	<hr/>
Total Assets	382,933	304,041
	<hr/>	<hr/>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accrued expenses	112,200	80,823
Due to County of San Diego	101,133	56,422
Total current liabilities	<hr/> 213,333	<hr/> 137,245
Noncurrent:		
Compensated absences, due in more than one year	20,892	16,481
	<hr/>	<hr/>
Total Liabilities	234,225	153,726
	<hr/>	<hr/>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	20,056	28,119
Unrestricted	128,652	122,196
	<hr/>	<hr/>
Total Net Assets	\$ 148,708	\$ 150,315
	<hr/> <hr/>	<hr/> <hr/>

The notes to financial statements are an integral part of this statement.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Statement of Revenues, Expenses, and Changes in Net Assets**

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	Fiscal Year ended June 30,	
	2010	2009
<b>OPERATING REVENUES</b>		
City	\$ 643,643	\$ 752,830
County	643,643	752,830
Product sales	35,047	36,767
Other revenues	16,000	16,000
Total operating revenues	<u>1,338,333</u>	<u>1,558,427</u>
<b>OPERATING EXPENSES</b>		
General administrative	1,085,863	1,092,230
Technical services	250,324	524,042
Depreciation expense	8,063	18,195
Total operating expenses	<u>1,344,250</u>	<u>1,634,467</u>
Operating loss	(5,917)	(76,040)
<b>NON-OPERATING REVENUES:</b>		
Interest revenue	<u>4,310</u>	<u>10,071</u>
Change in net assets	(1,607)	(65,969)
Fund balances, July 1, 2009	<u>150,315</u>	<u>216,284</u>
Fund balances, June 30, 2010	<u>\$ 148,708</u>	<u>\$ 150,315</u>

The notes to financial statements are an integral part of this statement.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Statement of Cash Flows**

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	<b>Fiscal Year Ended June 30,</b>	
	<u>2010</u>	<u>2009</u>
<b>Cash Flows from Operating Activities:</b>		
Receipts from customers and users	\$ 1,338,333	\$ 1,558,427
Payments to suppliers for goods and services	(236,534)	(755,884)
Payments to employees	(1,010,048)	(1,073,446)
Net cash provided by (used in) operating activities	<u>91,751</u>	<u>(270,903)</u>
<b>Cash Flows from Investing Activities:</b>		
Interest received	<u>4,471</u>	<u>14,418</u>
Net increase (decrease) in cash and cash equivalents	96,222	(256,485)
Cash and Cash Equivalents at beginning of fiscal year	<u>265,565</u>	<u>522,050</u>
Cash and Cash Equivalents at end of fiscal year	<u>\$ 361,787</u>	<u>\$ 265,565</u>
Reconciliation of Operating Loss to Net Cash provided by (used in) Operating Activities:		
Operating loss	<u>\$ (5,917)</u>	<u>\$ (76,040)</u>
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation expense	8,063	18,195
(Increase) decrease in prepaid expenses	9,106	(9,106)
Increase (decrease) in accounts payable and accrued liabilities	31,377	(159,426)
Increase (decrease) in Due to County of San Diego	44,711	(26,490)
Increase (decrease) in compensated absences	4,411	(18,036)
Total adjustments	<u>97,668</u>	<u>(194,863)</u>
Net cash provided by (used in) operating activities	<u>\$ 91,751</u>	<u>\$ (270,903)</u>

The notes to financial statements are an integral part of this statement.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

A. Reporting Entity

The San Diego Geographic Information Source (the "Agency"), located in San Diego County, was created in July 1997 by a Joint Powers Agreement between the City of San Diego (City) and the County of San Diego (County) and commenced operations in September 1997. The Agency was created to assist member agencies by providing and/or continuing the operations, maintenance, enhancement, and implementation of a geographic information system. The computerized mapping system permits the City and the County to provide compiled digital geographic data to themselves, other public agencies, and to the private sector.

Since neither the City nor the County appoint a voting majority of the Agency's governing board, it is not considered a component unit of the City or the County.

B. Basis of Presentation

The Agency operates as an Enterprise Fund. Enterprise fund financial statements are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability is incurred. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets present increases (revenues) and decreases (expenses) in total net assets.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

The Agency applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (FASB), the Accounting Principles Board, or any Accounting Research Bulletins issued before November 30, 1989. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental users.

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

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

C. Capital Assets

Capital assets are recorded at cost by the Agency. It is the policy of the Agency to capitalize all capital assets with a cost of \$5,000 or greater. Depreciation is computed on the straight-line method over the estimated useful lives of 4 to 10 years.

Servers/Workstations/Network Equipment	4 years
Printers	5 years
Furniture and fixtures	10 years

D. Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Assets. Bond premiums and discounts, deferred loss on refunding, and issuance costs, are deferred and amortized over the life of the bonds. These items are reported as deferred charges and amortized over the term of the related debt.

E. Estimates

The preparation of financial statements in conformity with generally accepted in the United States of America accounting principles requires management to make estimates and assumptions that affect the reported amount of certain assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the related reported amounts of revenues and expenditures during the reporting period, such as depreciation expense and the net book value of capital assets. Accordingly, actual results could differ from those estimates. Management believes that the estimates are reasonable.

F. Related Party Transactions

The Agency has entered into agreements with the City and County. Under the agreements, the City and County provide auditor, treasurer, legal management, administrative and other necessary services until the Board appoints others to fulfill those functions. The Agency reimburses the City and the County at intervals based on the City's and County's accounting periods in an amount equal to the actual cost of salaries, and fringe benefits (computed at the City's and the County's then prevailing rate) and other necessary expenses.

G. Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash of so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have an original maturity date of three months or less.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)**

H. Net Assets

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt – This amount consists of capital net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets”.

I. Budgetary Accounting

Budget Policies – An operating budget is adopted each fiscal year for the Agency by unanimous consent of its members. Budgetary control is achieved at the appropriate level.

Reserve for Encumbrances – For purposes of a budgetary presentation in the financial statements, actual expenditures are adjusted to include any encumbrances outstanding at fiscal year-end. Outstanding encumbrances at fiscal year-end are fully reserved thereby assuring a continued expenditure authorization in subsequent fiscal year. There was no encumbrance reserve at the end of the fiscal year.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 2 – CASH AND CASH EQUIVALENTS**

Cash and investments as of June 30, 2010 consist of the following:

Equity in County pool	<u>\$ 361,787</u>
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*Cash in County Treasury* – The Agency is a voluntary participant in an external investment pool. The fair value of the Agency’s investment in the pool is reported in the financial statements at amounts based upon the Agency’s pro-rata share of the fair value provided by the County Treasurer for the entire portfolio in relation to the amortized cost of that portfolio. The balance available for withdrawal is recorded on the amortized cost basis and is based on the accounting records maintained by the County Treasurer.

County Investment Policy

The County may transact business only with banks, savings and loans, and the investment security dealers regularly reporting to the New York Federal Reserve Bank. Exceptions to this rule can be made only upon written authorization of the County Treasurer. Authorized cash deposits and investments are governed by state law, as well as by the County’s own written investment policy. Within the context of these limitations, permissible investments include: (1) obligations of the U.S. government and federal agencies with a maximum maturity of five years, (2) commercial paper rated A-1 by Standard & Poor’s, P-1 by Moody’s Commercial Paper Record or F-1 by Fitch, (3) Bankers acceptances, (4) negotiable certificates of deposit issued by a nationally or state repurchase agreements, (6) the local Agency investment fund established by the State Treasurer, (7) financial futures contracts in any of the other authorized investments which are used to offset an existing financial position and not for outright speculation, (8) government Agency mortgage securities with a maximum maturity of five years, (9) medium-term corporate notes of maximum of three years maturity issued by corporations operating as defined in Section 23701(m) of the Revenue and Taxation Code, and (10) non-negotiable time deposits collateralized in accordance with the California Government Code.

# SAN DIEGO GEOGRAPHIC INFORMATION SOURCE

## Notes to Financial Statements

June 30, 2010

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### NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

#### General Authorizations

Except for investments by trustees of debt proceeds, the authority to invest Agency funds deposited with the county treasury is delegated to the County Treasurer and Tax Collector. Additional information about the investment policy of the County Treasurer and Tax Collector may be obtained from its website. The table below identifies examples of the investment types permitted in the investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Remaining Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

#### Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**  
**Notes to Financial Statements**  
**June 30, 2010**

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**NOTE 2 – CASH AND CASH EQUIVALENTS (continued)**

Information about the sensitivity of the fair values of the Agency’s investments to market interest rate fluctuations is provided by the following tables that show the distribution of the Agency’s investments by maturity at June 30, 2010:

Investment Type	Remaining Maturity (in Months)						More than 60 Months
	Totals	12 Months Or Less	13 to 24 Months	25-36 Months	37-48 Months	49-60 Months	
Equity in County Pool	\$ 361,787	\$ 361,787	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 361,787	\$ 361,787	\$ -	\$ -	\$ -	\$ -	\$ -

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency’s investment policy, or debt agreements, and the actual rating as of each investment type as of June 30, 2010:

Investment Type	Amount	Legal Rating	From Disclosure	Ratings as of Fiscal Year End			
				AAA	AA	A	Not Rated
Equity in County Pool	\$ 361,787	N/A	\$ -	\$ 361,787	\$ -	\$ -	\$ -

## SAN DIEGO GEOGRAPHIC INFORMATION SOURCE

### Notes to Financial Statements

June 30, 2010

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#### NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

##### Cash in Bank

Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a policy for custodial credit risk for deposits. The FDIC insures up to \$250,000 per depositor per insured bank. As of June 30, 2010, the Agency's bank balance was not exposed to custodial credit risk as there were no deposits over \$250,000 at any one insured bank.

#### NOTE 3 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2010, consists of the following:

	Beginning Balance July 1, 2009	Additions	Deletions	Ending Balance June 30, 2010
Equipment	\$ 599,715	\$ -	\$ -	\$ 599,715
Total at historical cost	599,715	-	-	599,715
Less accumulated depreciation:				
Equipment	571,596	8,063		579,659
Total accumulated depreciation	571,596	8,063	-	579,659
Total capital assets, net	\$ 28,119	\$ (8,063)	\$ -	\$ 20,056

Depreciation expense was \$8,063 for the fiscal year ended June 30, 2010.

#### NOTE 4 – LONG TERM DEBT

##### Compensated Absences

The Agency recognized the accumulated and vested unpaid employee vacation benefits as a liability, and it is recorded as compensated absences payable. The liability, at June 30, 2010, was \$20,892.

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*Other Independent Auditor's Reports*

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Board of Directors  
San Diego Geographic Information Source  
San Diego, California

**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**

Independent Auditor's Report

We have audited the financial statements of San Diego Geographic Information Source (Agency) a Joint Powers Agency formed by the City and County of San Diego, as of and for the year ended June 30, 2010, and have issued our report thereon dated April 1, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered San Diego Geographic Information Source's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of San Diego Geographic Information Source's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the San Diego Geographic Information Source's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether San Diego Geographic Information Source's financial statements are free of 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*.

This report is intended solely for the information and use of the Board, management, others within San Diego Geographic Information Source, and the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Christie White Accountancy Corporation*

San Diego, California  
April 1, 2011