

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE

FINANCIAL STATEMENTS

JUNE 30, 2006

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Financial Statements
June 30, 2006

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**Report on Internal Control Over Financial Reporting and on
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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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To the Board of Directors
San Diego Geographic Information Source
San Diego, CA

We have audited the accompanying basic financial statements of the San Diego Geographic Information Source (Agency), a Joint Powers Agency formed by the City and County of San Diego, as of and for the fiscal year ended June 30, 2006, 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 basic financial statements of the Agency as of and for the fiscal year ended June 30, 2005 were audited by other auditors, whose report dated April 13, 2007 expressed an unqualified opinion on those 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 as to 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 respective financial position of the San Diego Geographic Source as of June 30, 2006, and the respective changes in financial position, and cash flows, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 of the Notes to Basic Financial Statements, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation*, effective July 1, 2005.

The Agency has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement although not required to be part of the basic financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2008, 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

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reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Beverly Hills, California
January 5, 2008

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
STATEMENT OF NET ASSETS
June 30, 2006
(Comparative totals as of June 30, 2005)

	<u>Business- type Activities</u>	
	<u>2006</u>	<u>2005</u>
ASSETS		
Cash and investments	\$ 327,547	\$ 169,762
Accounts receivable	150,745	144,506
Prepaid expenses		7,308
Interest receivable	204	80
Capital assets, net of accumulated depreciation	<u>122,657</u>	<u>193,263</u>
 Total Assets	 <u>601,153</u>	 <u>514,919</u>
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	488,031	28,867
Due to County of San Diego	<u>10,383</u>	
Total current liabilities	<u>498,414</u>	<u>28,867</u>
Non-current:		
Due in more than one year	<u>68,246</u>	
Total non-current liabilities	<u>68,246</u>	
 Total Liabilities	 <u>566,660</u>	 <u>28,867</u>
NET ASSETS		
Invested in capital assets, net of related debt	122,657	193,263
Unrestricted	<u>(88,164)</u>	<u>292,789</u>
 Total Net Assets	 <u>\$ 34,493</u>	 <u>\$ 486,052</u>

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
For the Fiscal Year Ended June 30, 2006
(Comparative totals for the fiscal year ended June 30, 2005)

	Business-type Activities	
	2006	2005
OPERATING REVENUES:		
City	\$ 477,525	\$ 480,284
County	380,211	480,284
Licenses	129,000	362,149
Product sales	353,208	187,967
Other revenue	111,387	8,887
	<u>1,451,331</u>	<u>1,519,571</u>
OPERATING EXPENSES:		
General administrative	1,328,576	1,118,088
Technical services	432,044	359,758
Depreciation expense	92,281	86,404
Total operating expenses	<u>1,852,901</u>	<u>1,564,250</u>
Operating income (loss)	<u>(401,570)</u>	<u>(44,679)</u>
NON-OPERATING REVENUES (EXPENSES):		
Interest revenue	<u>5,761</u>	<u>1,395</u>
Total non-operating revenues (expenses)	<u>5,761</u>	<u>1,395</u>
Changes in net assets	<u>(395,809)</u>	<u>(43,284)</u>
Net assets at beginning of fiscal year	486,052	580,899
Prior period adjustments	<u>(55,750)</u>	<u>(51,563)</u>
Net assets at beginning of fiscal year, restated	<u>430,302</u>	<u>529,336</u>
Net assets at end of fiscal year	<u>\$ 34,493</u>	<u>\$ 486,052</u>

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2006
(Comparative totals for the fiscal year ended June 30, 2005)

	<u>Business-type Activities</u>	
	<u>2006</u>	<u>2005</u>
Cash Flows from Operating Activities:		
Cash received from customers and users	\$ 1,312,036	\$ 1,666,693
Cash paid to suppliers for goods and services	(354,232)	(644,085)
Cash paid to employees	<u>(786,656)</u>	<u>(858,682)</u>
Net cash provided (used) by operating activities	<u>171,148</u>	<u>163,926</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of capital assets	<u>(19,000)</u>	<u>(67,960)</u>
Net cash provided (used) by capital and related financing activities	<u>(19,000)</u>	<u>(67,960)</u>
Cash Flows from Investing Activities:		
Interest received	<u>5,637</u>	<u>1,819</u>
Net cash provided (used) by investing activities	<u>5,637</u>	<u>1,819</u>
Net increase (decrease) in cash and cash equivalents	157,785	97,785
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>169,762</u>	<u>71,977</u>
Cash and Cash Equivalents at End of Fiscal Year	<u>\$ 327,547</u>	<u>\$ 169,762</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	<u>\$ (401,570)</u>	<u>\$ (44,679)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	92,281	86,404
Decrease (increase) in prepaid expenses	7,308	(24)
Increase (decrease) in accounts payable and accrued liabilities	479,368	(24,897)
Decrease (increase) in accounts receivable	(6,239)	32,315
Decrease (increase) in due from County of San Diego	<u>114,807</u>	<u>114,807</u>
Total adjustments	<u>572,718</u>	<u>208,605</u>
Net cash provided (used) by operating activities	<u>\$ 171,148</u>	<u>\$ 163,926</u>

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the San Diego Geographic Information Source (Agency) conform to accounting principles generally accepted in the United States of America (USGAAP) applicable to governmental units. The following is a summary of the more significant of such policies:

a. Organization and Purpose

The San Diego Geographic Information Source (Agency) 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 other public agencies and also to the private sector.

b. The Reporting Entity

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.

c. Basis of Presentation

The *Statement of Net Assets* presents government-wide information of the Agency's assets, liabilities, and net assets. It measures not only the current assets and liabilities but also the long-term assets and liabilities of the Agency.

Business-type activities and proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. 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 presents increases (revenues) and decreases (expenses) in total net assets. 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.

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 nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

