

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Independent Auditor's Report and Financial Statements

For the Fiscal Year Ended
June 30, 2022

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
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For the Fiscal Year Ended June 30, 2022

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the San Diego Geographic Information Source (SanGIS), as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the SanGIS's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the San Diego Geographic Information Source, as of June 30, 2022, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SanGIS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

SanGIS's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SanGIS's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SanGIS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SanGIS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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.

Report on Summarized Comparative Information

We have previously audited SanGIS's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2023 on our consideration of SanGIS'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 solely 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 the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SanGIS's internal control over financial reporting and compliance.

DavisFarrLLP

Irvine, California
February 24, 2023

Management's Discussion and Analysis

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022**

As management of the San Diego Geographic Information Source (the Agency) Joint Powers Agency (JPA), we offer the readers of the Agency this narrative and analysis of the Agency's financial activities for the fiscal year ended June 30, 2022.

OVERVIEW OF FINANCIAL STATEMENTS

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

- (1) Statement of Net Position
- (2) Statement of Revenues, Expenses, and Changes in Net Position
- (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 the Agency'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 the Agency'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 the Agency was advised to discontinue the sale of digital records. As a result, revenues are now limited to monies received from the Agency JPA grantors and limited to third party contracts for services rendered by the Agency.

THE FINANCIAL STATEMENTS

- The Statement of Net Position presents information on all the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- The Statement of Revenues, Expenses, and Changes in Net Position present information showing changes in the Agency's net position during the most recent fiscal year. All changes in net position 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 the Agency operations for the fiscal year identified and can be used to determine the Agency'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.
- The Statement of Cash Flows presents information about the Agency'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 13 - 20 of this report.

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

THE AGENCY AS A WHOLE

Financial Highlights of the Past Year

- Revenues decreased by \$52,570 over prior fiscal year to a total of \$1,770,345. Total expenses exceeded revenues by \$29,775.
- Total assets decreased by \$94,252 to \$905,316, while total liabilities decreased by \$64,477 to \$211,491.
- Total net position decreased by \$29,775 to \$693,825 as of June 30, 2022.

Net Position

The Agency's assets exceeded liabilities by \$693,825 for the fiscal year ended June 30, 2022. The unrestricted portion of Net Position 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 service revenue, this sum and trend is indicative of SanGIS management's efforts to continually seek improvement, savings, and efficiencies in the organization. The fiscal year ended with a \$29,775 decrease in net position total over the prior fiscal year. Our analysis below focuses on the net position (Table A-1) and changes in net position (Table A-2) of the Agency.

Table A-1

	<u>2022</u>	<u>2021</u>	<u>Dollar Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
ASSETS				
Current and Other Assets	\$ 897,052	\$ 985,471	\$ (88,419)	(9)%
Capital Assets	<u>8,264</u>	<u>14,097</u>	<u>(5,833)</u>	<u>(41)%</u>
Total Assets	<u>905,316</u>	<u>999,568</u>	<u>(94,252)</u>	<u>(9)%</u>
LIABILITIES				
Current and Other Liabilities	204,934	269,246	(64,312)	(24)%
Non Current Liabilities	<u>6,557</u>	<u>6,722</u>	<u>(165)</u>	<u>(2)%</u>
Total Liabilities	<u>211,491</u>	<u>275,968</u>	<u>(64,477)</u>	<u>(23)%</u>
NET POSITION				
Investment in Capital Assets	8,264	14,097	(5,833)	(41)%
Unrestricted	<u>685,561</u>	<u>709,503</u>	<u>(23,942)</u>	<u>(3)%</u>
Total Net Position	<u>\$ 693,825</u>	<u>\$ 723,600</u>	<u>\$ (29,775)</u>	<u>(4)%</u>

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022

Changes in Net Position

The results of this fiscal year's operations for the Agency as a whole are reported in the Statement of Revenues, Expenses, and Changes in Net Position on page 11. The table below takes the information from the Statement, and rearranges them slightly, so you can see total revenues and expenses for the fiscal year.

Table A-2

	<u>2022</u>	<u>2021</u>	<u>Dollar Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Operating Revenues:				
City	\$ 750,450	\$ 737,486	\$ 12,964	2 %
County	750,450	737,886	12,564	2 %
Product sales	270,188	276,122	(5,934)	(2)%
Other revenues	15,713	70,635	(54,922)	(78)%
Non-operating Revenues:				
Interest revenue	4,650	8,275	(3,625)	(44)%
Net increase (decrease) in fair value of investments	<u>(21,106)</u>	<u>(7,489)</u>	<u>(13,617)</u>	(182)%
Total Operating and Non-operating Revenues	<u>1,770,345</u>	<u>1,822,915</u>	<u>(52,570)</u>	(3)%
Operating Expenses:				
General administrative	1,012,844	1,020,120	(7,276)	(1)%
Technical services	781,443	726,921	54,522	8 %
Depreciation expense	<u>5,833</u>	<u>7,676</u>	<u>(1,843)</u>	(24)%
Total Operating Expenses	<u>1,800,120</u>	<u>1,754,717</u>	<u>45,403</u>	3 %
Change in net position	(29,775)	68,198	(97,973)	(144)%
Beginning net position	<u>723,600</u>	<u>655,402</u>	<u>68,198</u>	10 %
Ending net position	<u>\$ 693,825</u>	<u>\$ 723,600</u>	<u>\$ (29,775)</u>	(4)%

**SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2022**

CAPITAL ASSETS

At June 30, 2022, as shown in the table below, the Agency had \$8,264 invested in capital assets.

	2022	2021	Dollar Increase (Decrease)	Percent Increase (Decrease)
Equipment	\$ 40,973	\$ 40,973	\$ -	0%
Less accumulated depreciation	32,709	26,876	5,833	22%
Total capital assets, net	<u>\$ 8,264</u>	<u>\$ 14,097</u>	<u>\$ (5,833)</u>	(41)%

OUTLOOK PARAGRAPH

The JPA, The Agency's appointed officials, considered many factors when setting the fiscal-year 2022 budget and fees that will be charged for the business-type activities.

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
5530 Overland Ave, Suite 330
San Diego, CA 92123

SanGIS Management Committee
San Diego Geographic Information Source
5510 Overland Ave, Suite 230
San Diego, CA 92123

Financial Section

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Statement of Net Position
June 30, 2022 (with summarized financial information at June 30, 2021)

	2022	2021
ASSETS		
Current:		
Cash and investments	\$ 725,331	\$ 820,149
Accounts receivable	35,789	31,014
Interest receivable	1,517	1,468
Prepaid expenses	<u>134,415</u>	<u>132,840</u>
Total current assets	897,052	985,471
Noncurrent:		
Capital assets, net of accumulated depreciation	<u>8,264</u>	<u>14,097</u>
Total Assets	905,316	999,568
 LIABILITIES		
Current:		
Accounts payable and accrued expenses	138,593	133,078
Due to County of San Diego	51,042	52,660
Unearned revenues	-	61,212
Compensated absences, due in less than one year	<u>15,299</u>	<u>22,296</u>
Total current liabilities	204,934	269,246
Noncurrent:		
Compensated absences, due in more than one year	<u>6,557</u>	<u>6,722</u>
Total Liabilities	<u>211,491</u>	<u>275,968</u>
 NET POSITION		
Investment in capital assets	8,264	14,097
Unrestricted	<u>685,561</u>	<u>709,503</u>
Total Net Position	<u>\$ 693,825</u>	<u>\$ 723,600</u>

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022 (with summarized financial information for the fiscal year ended June 30, 2021)

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
City	\$ 750,450	\$ 737,486
County	750,450	737,886
Product sales	270,188	276,122
Other revenues	<u>15,713</u>	<u>70,635</u>
Total operating revenues	<u>1,786,801</u>	<u>1,822,129</u>
OPERATING EXPENSES:		
General administrative	1,012,844	1,020,120
Technical services	781,443	726,921
Depreciation expense	<u>5,833</u>	<u>7,676</u>
Total operating expenses	<u>1,800,120</u>	<u>1,754,717</u>
Operating income (loss)	<u>(13,319)</u>	<u>67,412</u>
NON-OPERATING REVENUES (EXPENSES):		
Net decrease in fair value of investments	(21,106)	(7,489)
Interest revenue	<u>4,650</u>	<u>8,275</u>
Total non-operating revenues (expenses)	<u>(16,456)</u>	<u>786</u>
Change in net position	(29,775)	68,198
Net position, July 1	<u>723,600</u>	<u>655,402</u>
Net position, June 30	<u><u>\$ 693,825</u></u>	<u><u>\$ 723,600</u></u>

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

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE**Statement of Cash Flows****For the Fiscal Year Ended June 30, 2022 (with summarized financial information for the fiscal year ended June 30, 2021)**

	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Receipts from customers and users	\$ 1,720,206	\$ 1,799,473
Payments to suppliers for goods and services	(937,162)	(817,288)
Payments to employees	(861,357)	(872,100)
Net cash (used in) received by operating activities	<u>(78,313)</u>	<u>110,085</u>
Cash Flows from Investing Activities:		
Interest received	4,601	10,297
Net decrease in fair value of investment	(21,106)	(7,489)
Net cash received by investing activities	<u>(16,505)</u>	<u>2,808</u>
Net (decrease) increase in cash and cash equivalents	(94,818)	112,893
Cash and cash equivalents at beginning of fiscal year	<u>820,149</u>	<u>707,256</u>
Cash and cash equivalents at end of fiscal year	<u><u>\$ 725,331</u></u>	<u><u>\$ 820,149</u></u>
Reconciliation of operating income (loss) to net cash used by operating activities:		
Operating income (loss)	\$ (13,319)	\$ 67,412
Adjustments to reconcile operating income (loss) to net cash used by operating activities:		
Depreciation and amortization expense	5,833	7,676
(Increase) in accounts receivable	(4,775)	(4,146)
(Increase) Decrease in prepaid expenses	(1,575)	1,164
Increase in accounts payable and accrued expenses	5,515	61,285
(Decrease) Increase in due to County of San Diego	(1,618)	1,178
(Decrease) Increase in compensated absences	(7,162)	5,539
Decrease in unearned revenues	(61,212)	(30,023)
Total adjustments	<u>(64,994)</u>	<u>42,673</u>
Net cash (used in) received by operating activities	<u><u>\$ (78,313)</u></u>	<u><u>\$ 110,085</u></u>

There were no noncash financing, capital, or investing activities for the fiscal years ended June 30, 2022 and 2021.

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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.

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 the liability is incurred. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position.

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.

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.

Capital Assets

Capital assets are recorded at cost by the Agency. It is the policy of the Agency to capitalize all capital assets, except for software, with a cost of \$5,000 or greater. Software is capitalized when the cost is \$50,000 or greater. Depreciation is computed on the straight-line method over the estimated useful lives of 3 to 10 years.

Software	3 years
Servers/ Workstations/ Network Equipment	4 years
Printers	5 years
Furniture and fixtures	10 years

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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. For the period ending June 30, 2022 the Agency paid the County \$531,838. As of June 30, 2022, the amount owed to and owed from the County is \$51,042 and \$21,600 respectively.

Cash and Cash Equivalents

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or 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.

Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Investment in Capital Assets - This amount consists of capital assets net of accumulated depreciation amortization.

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

Unrestricted - This amount is the portion of net position that does not meet the definition of "net investment in capital assets" or "restricted net position".

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.

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Data

Comparative total data for the prior fiscal year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the Agency's financial position, operations, and cash flows.

Accrued Compensated Absences

The Agency recognizes a liability for accrued compensated absences earned by employees of the City of San Diego and the County of San Diego. Accrued compensated absences are recorded as current and noncurrent liabilities on the Statement of Net Position.

Future Accounting Pronouncements

The following GASB Statements will be implemented in future financial statements, if applicable:

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, is effective for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, is effective for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 99, Omnibus 2022. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Subscription-Based Information Technology Arrangements, is effective for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 100, Accounting Changes and Error Corrections - An Amendment to GASB Statement 62, is effective for periods beginning after June 15, 2022. Earlier application is encouraged.

GASB Statement No. 101, Compensated Absences, is effective for periods beginning after December 15, 2023. Earlier application is encouraged.

SAN DIEGO GEOGRAPHIC INFORMATION SOURCE
Notes to the Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 consist of the following:

Description	<u>Amount</u>
Equity in County Pool of San Diego	\$ 724,831
Petty Cash	<u>500</u>
Total	<u>\$ 725,331</u>

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 of San Diego may transact business only with banks, savings and loans, and 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 chartered bank or a state or federal savings and loan association, (5) repurchase and reverse 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 the Financial Statements
For The Fiscal Year Ended June 30, 2022

NOTE 2. CASH AND INVESTMENTS (CONTINUED)

County Investment Policy (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 following identifies examples of the investment types permitted in the investment policy:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	35%
Local Agency and State Obligations	5 years	30%	10%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	40%	10%
Medium Term Notes	5 years	30%	10%
Negotiable Certificates of Deposit	5 years	30%	10%
Repurchase Agreements	1 year	40%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Securities Lending	92 days	20%	10%
Collateralized Certificate of Deposit	N/A	5%	5%
FDIC & NCUA Insured Deposit Accounts	N/A	5%	5%
Covered Call Option/Put Option	N/A	10%	None
Money Market Mutual Funds	N/A	20%	10%
Local Government Investment Pools (LGIPs)	N/A	5%	5%
Local Agency Investment Fund (LAIF)	N/A	5%	None
Pass-Through Mortgage Securities	5 years	20%	10%
Supranationals	5 years	30%	10%

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.

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NOTE 2. CASH AND INVESTMENTS (CONTINUED)

Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity at June 30, 2022:

Investment Type	<u>Totals</u>	<u>Remaining Maturity, 12 Months Or Less</u>
Equity in County Pool	<u>\$ 724,831</u>	<u>\$ 724,831</u>

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 for each investment type as of June 30, 2022.

Investment Type	<u>Amount</u>	<u>Minimum Legal Rating</u>	<u>Ratings as of Fiscal Year End</u>
Equity in County Pool	<u>\$ 724,831</u>	<u>N/A</u>	<u>AAA</u>

The Agency categorizes its fair value measurements within the fair value hierarchy established by the generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. These principles recognize a three-tiered fair value hierarchy. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are similar other observable inputs; Level 3 inputs are significant unobservable inputs. The Agency had an investment in the San Diego County Investment pooled cash, however, this external pool is exempt from being measured under Level, 1, 2, or 3.

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, 2022, the Agency's bank balance was not exposed to custodial credit risk as there were no deposits in any bank.

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NOTE 3. CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the fiscal year ended June 30, 2022, consists of the following:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Equipment, at historical cost	\$ 40,973	\$ -	\$ -	\$ 40,973
Less accumulated depreciation	<u>(26,876)</u>	<u>(5,833)</u>	<u>-</u>	<u>(32,709)</u>
	<u>\$ 14,097</u>	<u>\$ (5,833)</u>	<u>\$ -</u>	<u>\$ 8,264</u>

Depreciation expense was \$5,833 for the fiscal year ended June 30, 2022.

NOTE 4. LONG TERM LIABILITIES

Compensated Absences

The Agency recognized the accumulated and vested unpaid employee vacation leave benefits as a liability, and it is recorded as compensated absences payable. The total liability, including short and long term, at June 30, 2022 was \$21,856.

The following is a summary of changes in compensated absences for the year ended June 30, 2022.

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within one year
Compensated Absences	\$ 29,018	\$ 21,856	\$ 29,018	\$ 21,856	\$ 15,299

NOTE 5. LEASE COMMITMENT

On February 20, 2015, the County of San Diego's Department of Planning and Development Services (DPDS) and the Agency entered into a 72 month lease agreement allowing the Agency staff to occupy approximately 3,286 square feet of office space and 108 square feet of shared common areas, totaling 3,394 square feet within the DPDS Office Space and to use the conference rooms and break rooms in the DPDS Office Space located at 5510 Overland Avenue. The lease rate is \$2.88 per square foot per year, plus prorated utility and service contract charges (occupancy costs). No later than fifteen working days after DPDS presents the Agency copies of monthly invoices showing DPDS occupancy costs, as billed by General Services, the Agency shall reimburse DPDS 5.01% of all occupancy costs. The annual rate is subject to annual cost adjustments as determined by the County of San Diego's Department of General Services. Either party can terminate the lease agreement by providing sixty (60) days prior written notice to the other party. On March 1, 2021, the County of San Diego amended the lease to extend it for another 4 years. The lease is now set to terminate on February 19, 2025.

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NOTE 5. LEASE COMMITMENT (CONTINUED)

The future minimum lease payments are as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2023	\$ 9,608	\$ 644	\$ 10,252
2024	9,150	313	9,463
2025	6,254	55	6,309
	<u>\$ 25,012</u>	<u>\$ 1,012</u>	<u>\$ 26,024</u>