
**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION**
(A component unit of the County of San Diego, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014



This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION**
(A component unit of the County of San Diego, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2014

Victor Crandall

Fiscal Manager

This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014**

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION SECTION	
Letter of Transmittal	i
Board of Commissioners	v
Organization Chart	vii
 FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	10
Statement of Activities	11
Governmental Fund Financial Statements	
Balance Sheet	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance	14
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	15
Notes to Basic Financial Statements	17
Required Supplementary Information Section	
Budgetary Comparison Schedule	29
Supplementary Information Section	
Quality Preschool Initiative	
Balance Sheet	32
Statement of Revenues, Expenditures and Changes in Fund Balance	33

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014**

Child Signature Program

Balance Sheet	34
Statement of Revenues, Expenditures and Changes in Fund Balance	35

Race to the Top

Balance Sheet	36
Statement of Revenues, Expenditures and Changes in Fund Balance	37

STATISTICAL SECTION (Unaudited)

Financial Trends

Net Position by Component	42
Changes in Net Position	43
Fund Balances – General Fund	44
Changes in Fund Balances – General Fund	45

Revenue Capacity

First 5 California County Tax Revenue Projections for Fiscal Years 2013-2017	46
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2011-12	47

Demographic Information

California Live Births Data	48
Demographic Data	49
2008-2012 American Community Survey – Income Data	50
2008-2012 American Community Survey – Employment Status	51

Operating Information

Capital Assets Statistics	52
---------------------------------	----

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	55
Independent Auditor’s Report on State Compliance	57

INTRODUCTION SECTION

This Page Intentionally Left Blank



COMMISSION MEMBERS

GREG COX – Chairman

CAROL SKILJAN – Vice Chair

SANDRA L. MCBRAYER – Secretary

NICK MACCHIONE – Commissioner

DR. WILMA J. WOOTEN – Commissioner

KIMBERLY MEDEIROS – Executive Director

September 17, 2014

To the Members of the Commission and the Citizens of the County of San Diego:

The Comprehensive Annual Financial Report (CAFR) of the First 5 Commission of San Diego for the year ended June 30, 2014 is hereby submitted as mandated by applicable statutes. These statutes require First 5 San Diego to annually issue a report of its financial position and activity. A complete audit of the report by an independent firm of certified public accountants is also required. Responsibilities for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with the Commission's management. The information in this report is intended to present the reader with a comprehensive view of the Commission's financial position and the results of its operations for the fiscal year ending June 30, 2014, along with additional disclosures and financial information designed to enable the reader to gain an understanding of First 5 San Diego's financial activities.

Christy White Associates Certified Public Accountants have issued an unmodified ("clean") opinion on First 5 San Diego's financial statements for the year ended June 30, 2014. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The Comprehensive Annual Financial report is organized into four sections:

1. **Introductory Section** – The introductory section includes the table of contents, letter of transmittal, a list of First 5 San Diego's Commissioners and an organizational chart.
2. **Financial Section** – The financial section includes the independent auditors' opinion, management's discussion and analysis, the basic financial statements, notes to the financial statements and required supplemental information.
3. **Statistical Section** – The statistical section is presented in compliance with GASB 44 and provides schedules designed to reflect tax revenue trends, demographic data and economic statistics, unemployment rates and statistics related to the children in San Diego County.
4. **Compliance Section** – The compliance section contains the Independent Auditor's Reports concerning their audit of First 5 San Diego with regards to internal controls, financial reporting, and state compliance.

PROFILE OF THE COMMISSION

First 5 San Diego was created by the San Diego County Board of Supervisors in December 8, 1998 following the passage of Proposition 10, through which the California voters made an unprecedented investment in early childhood development. During the last fourteen years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more \$513 million towards programs and operations that improve the well-being of young children and families in San Diego County.

LOCAL ECONOMY

San Diego County encompasses 4,206 square miles and extends nearly 160 miles from the Pacific Ocean to Imperial County to the East. It borders Mexico to its South. Orange and Imperial Counties border its North. There are 18 incorporated cities within the county. Total county population per the 2010 U.S. Census is 3,095,313, with children under 5 years old representing 6.5% of that total with 43,621 new births in 2011.

MAJOR ACCOMPLISHMENTS

- Recognizing the financial conditions facing the State, San Diego County, and San Diego County families with young children, the Commission allocated \$70,140,740 in contracts for services in health, education, family, and community programs.
- The Commission awarded contracts to 48 agencies throughout San Diego County for health, education, family, and community services.
- The Commission applied for, and was awarded, the Child Signature Program Grant from First 5 California.
- The Commission applied for, and was awarded, the Race to the Top Grant from the California Department of Education.

FUTURE INITIATIVES

In FY 2013/2014 a new 5 year Strategic Plan was approved by the Commission covering the period 2015/2016 - 2019/2020. The primary components of the plan are:

- The accountability and framework designed to measure the success of the plan;
- Increase access, affordability and quality of family and center based early care and education;
- Increase access, affordability and utilization for healthcare services for children 0-5;
- Ensure parents utilize age appropriate health and development information in their parenting practices;
- Identify and treat children with special health and developmental needs as early as possible; and
- Ensure that parents and caregivers are knowledgeable about available community resources and programs.

OTHER FINANCIAL INFORMATION

Internal Control

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. The internal control structure is designed to protect the Commission's assets from, loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of the financial statements in conformity with General Accepted Accounting Principles. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Budgetary and Accounting Systems

The Commission is required to adopt an operating budget for the following year before the end of each fiscal year as a county agency. Any increase in the adopted appropriations during the fiscal year must have Commission approval. Periodic financial updates are provided to the Commissioners.

Cash Management

The Commission is authorized under the California Government Code to make direct investments and has adopted the San Diego County Investment Policy and any amendments, therein. The Commission maintains policies for exposure of interest risk, credit risk, and concentration of the credit risk, as stated in the policy.

Risk Management

The Commission has its own Special Liability Insurance Policy, Special Property Insurance Policy, and participates in a Master Crime Policy. Auto liability is covered by the County of San Diego's self-insurance. The employees at the Commission are employees of the County of San Diego and are covered by the County's workers' compensation program. The County's workers' compensation program is a combination of self-insurance and excess insurance providing statutory limits of coverage as required by the State of California.

ACKNOWLEDGEMENTS

The Commission's Comprehensive Annual Financial Report was prepared through the combined effort of all First 5 San Diego's staff. Special recognition is due to the Fiscal Department staff for their effort to ensure timely and accurate reporting. I would also like to thank the Commissioners for their continued support and interest in planning the financial operations of First 5 San Diego in a responsible and progressive manner.

Sincerely,



Kimberly Medeiros
Executive Director

This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSTION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2014**

Board of Commissioners

Greg Cox - Chairman

Carol Skiljan – Vice Chair

Sandra L. McBrayer - Secretary

Nick Macchione - Commissioner

Dr. Wilma J. Wooten – Commissioner

Executive Director

Kimberly Medeiros

Assistant Executive Director

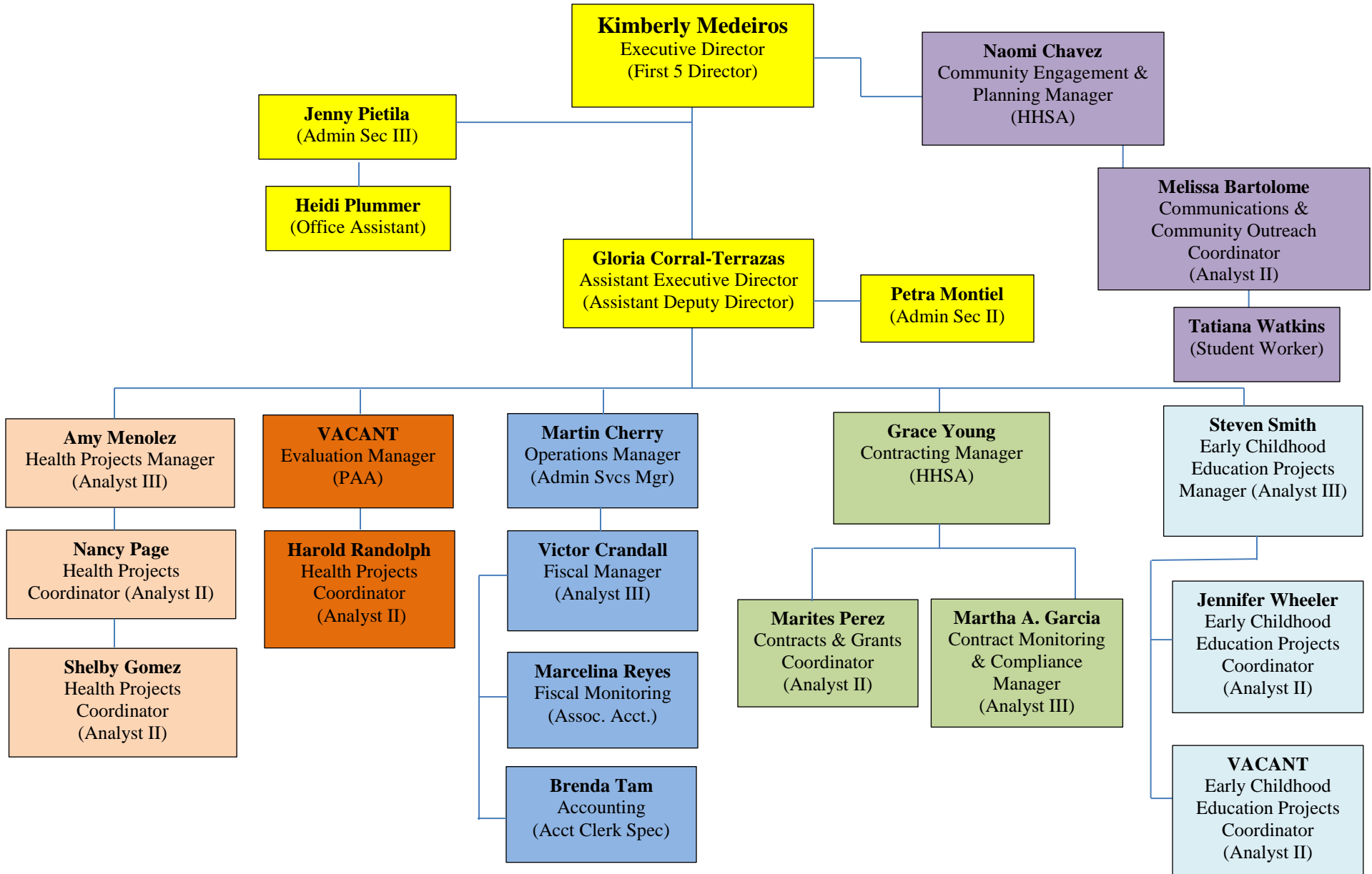
Gloria Corral-Terrazas

This Page Intentionally Left Blank

FIRST 5 COMMISSION OF SAN DIEGO

A PROPOSITION 10 COMMISSION

Commission Staff – June 30, 2014



This Page Intentionally Left Blank

FINANCIAL SECTION

This Page Intentionally Left Blank

INDEPENDENT AUDITOR'S REPORT

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

Heather Daud

Board of Commissioners
First 5 Commission of San Diego
San Diego, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

*Licensed by the California
State Board of Accountancy*

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of First 5 Commission of San Diego, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 9 and the budgetary comparison information on page 29 be presented to supplement the basic financial statements. Such information, although not 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the First 5 Commission of San Diego's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The program financial statements on pages 32 through 37 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include all of the information required to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Commission's financial statements for the year ended June 30, 2013, from which such partial information was derived.

The financial statements of the Commission as of June 30, 2013 were audited by other auditors whose report dated August 30, 2013, expressed an unmodified opinion on those basic financial statements

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2014 on our consideration of First 5 Commission of San Diego'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* in considering First 5 Commission of San Diego's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
September 2, 2014

This Page Intentionally Left Blank

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Our discussion and analysis of the First 5 Commission of San Diego's (The Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year ended June 30, 2014. It should be read in conjunction with the Commission's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001 and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS (FY 2013/2014)

Expenditures were \$26,500,913 more than revenues. Overall revenues were \$35,231,004.

Expenditures were less than budgeted by \$13,747,405 or 18.2% primarily due to the partial expenditure of capital projects and roll over funds for future years. Additionally, there were programs that did not expend their full budgeted allocation resulting in savings in overall program expenditures.

Expenditures fall within three categories: Administrative, Program, and Evaluation. Administrative expenditures were \$3,363,647 or 5.4% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$57,085,235 or 92.5%; Evaluation expenditures were \$1,283,035 or 2.1% of the expenses. Total expenditures were \$61,731,917.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2013/2014 the administrative rate was 4.46% of the budget. This is based on the Total Administrative Expenditures of \$3,363,647 and the final Total Operating Budget of \$75,479,322.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-Wide Financial Statements

The *government-wide financial statement* is designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector's business.

The *Statement of Net Position* presents information showing how the Commission’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Commission adopts an annual appropriated budget for its special revenue fund. A budgetary comparison statement has been provided for the special revenue fund to demonstrate compliance with this budget.

The fund financial statements can be found on pages 12 and 14 of this report.

Government-Wide Financial Analysis

Net Position

Table I: Net Position

	FY 2013/2014	FY 2012/2013
Total Assets	\$ 116,029,469	\$ 142,101,662
Total Liabilities	15,131,203	14,724,500
Net Position:		
Restricted	-	-
Unrestricted	100,898,266	127,377,162
Total Net Position	\$ 100,898,266	\$ 127,377,162

The Commission’s total net position decreased by \$26,478,896 or 20.8% from the prior year due to planned expenditures being higher than revenues. The FY 2013/2014 final budget was \$13,550,481 higher for program costs than in FY 2012/2013.

Changes in Net Position

Table II: Changes in Net Position

	FY 2013/2014	FY 2012/2013
Program Revenues	\$ 34,647,262	\$ 36,337,666
General Revenues	583,742	429,273
Total Revenues	35,231,004	36,766,939
Administrative Expenses	4,624,665	4,860,203
Program Expenses	57,085,235	48,634,245
Total Expenses	61,709,900	53,494,448
Change in net position	(26,478,896)	(16,727,509)
Net position – Beginning, July 1, 2013	127,377,162	144,104,671
Net position – Ending, June 30, 2014	\$ 100,898,266	\$ 127,377,162

Program Revenues had a decrease of \$1,690,404 or 4.7% from the previous year primarily due to lower Prop 10 Tobacco Tax revenue.

General Revenues increased by \$154,469 or 36.0% from the prior year due to lower decrease in the fair market value of cash invested outside the County Pool from the previous fiscal year.

Total expenses increased \$8,215,452 or 15.4% from the prior year. This was due to a planned increase in program expenditures.

BUDGETARY HIGHLIGHTS

- The FY 2013/2014 final budget was \$13.6 million higher for program costs than in FY 2012/2013.
- Prop 10 Tobacco Tax revenue had a favorable increase over budget of \$1.4 million or 11.1% due to a small increase in Tobacco Tax revenue from forecast.
- Prop 10 Quality Preschool Initiative reallocation revenue had an unfavorable variance of \$577,731 or 3.5% due to lower revenues matched for the program. This was offset by the \$552,397 higher revenues than budgeted for the Race to the Top program.
- Revenue from Medi-Cal Administrative Activities had a favorable variance of \$93,553 or 100% due to this category of revenue not being budgeted.
- Interest revenue had an unfavorable variance of \$106,458 or 13.9% due to a lower return on investments than was budgeted.
- Services and Supplies had a favorable variance of \$291,065 or 31.7% due to lower expenditures for professional services and specialized services contracts. In addition, expenditures for 20 of the 29 budget accounts were lower than budget.

- Contributions to Community Projects (Program Expenses) had a favorable variance of \$13.1 million or 18.6% mainly due to a \$5 million capital project with the U.S. Navy that was held up for environmental issues. There was also \$2.6 million in lower than expected expenditures in some other contracts in addition to \$5.5 million in funding that was rolled over for future years.
- Expenditures for evaluation had a favorable variance of \$35,985 or 2.7% due to a change in evaluation parameters.

BEYOND FY 2013/2014

The Commission, through formal action, approved the Financial Spending Plan that obligates funding in FY 2014/2015 for the following programs:

Healthy Development Services	\$ 15,259,000
KidSTART Center Funding	1,800,000
Oral Health	2,900,000
Quality Preschool Initiative	19,500,000
Information & Referral	600,000
Parent & Public Education	515,000
Special Projects	165,000
Obesity Prevention	130,000
Water Fluoridation	1,874,800
Kit for New Parents	398,000
Targeted Home Visits	5,000,000
Parent Education and Family Engagement	275,000
Emerging Critical Needs	8,308,800
Capital Projects	4,981,000
Total	\$ 61,706,600

In August 2009, the Commission adopted a Strategic Plan for 2010 – 2015 that will guide the Commission for FY 2014/2015. Many community members, including parents, service providers and other key stakeholders contributed to the development of the plan. The Commission is steadily moving toward funding more focused initiatives with specific targets that have deeper impacts. The plan continues this trend by concentrating funding on fewer initiatives.

In June 2014, the Commission adopted a new Strategic Plan that will guide the Commission's community investments for 2015 to 2020. During this period, the Sustainability Fund that allowed the investment in programs well beyond the revenue received, will be depleted. By the end of the Strategic Plan 2015 – 2020 the Commission will not have a Sustainability Fund and will balance its budget with only the revenue received.

The funds needed to achieve the results in the Strategic Plan for 2010 – 2015 are committed in the Commission's Financial Spending Plan for 2014/2015. In April 2014 the Commission revised the funding plan for the near future to move \$8.8 million in funding from FY 2013/2014 to FY 2014/2015.

It is anticipated that Proposition 10 revenues derived from the sales of tobacco products will decline in future years as the sales of tobacco products decrease. In anticipation of this decline, the Commission has a financial spending plan that projects an annual decrease in program funding over the life of the plan and prevents a drastic reduction at plan's end. Although the Financial Spending Plan projects nearly a zero balance of the Commission's sustainability fund (not counting the management reserve) at the end of FY 2019/2020, it is estimated the Commission will receive more than \$20 million per year in Proposition 10 revenues thereafter.

The Financial Spending Plan is reviewed annually and revised accordingly as part of the annual budget process. In April 2014, the Commission approved a Financial Spending Plan for the final year of the 2010 - 2015 Strategic Plan. In June 2014 the Commission adopted a new Strategic Plan for 2015 – 2020. A new Financial Spending Plan will be developed in FY 2014/2015 to align with the new Strategic Plan. This new plan will address the issue of decreased Proposition 10 revenues and the reduction of the Sustainability Fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the First 5 Commission of San Diego finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: First 5 Commission of San Diego, 2750 Womble Rd. Suite 201, San Diego, California 92106.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)

	GOVERNMENTAL ACTIVITIES	
	2014	2013
Assets		
Cash and investments in county treasury	\$ 110,398,068	\$ 135,353,328
Imprest cash	250	250
Accounts receivable	5,526,281	6,555,455
Due from County of San Diego	102,956	190,899
Prepaid expenses	1,914	1,730
Total assets	116,029,469	142,101,662
Liabilities		
Accounts payable	14,726,570	14,266,801
Due to County of San Diego	314,526	345,575
Compensated absences:		
Due within one year	69,174	84,890
Due more than one year	20,933	27,234
Total liabilities	15,131,203	14,724,500
Net Position		
Restricted	-	-
Unrestricted	100,898,266	127,377,162
Total net position	\$ 100,898,266	\$ 127,377,162

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

<u>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>	
		<u>PROPOSITION 10 AND SPECIAL FUND</u>	<u>GOVERNMENTAL ACTIVITIES</u>	
			<u>2014</u>	<u>2013</u>
Health	\$ 22,368,743	\$ 10,169,491	\$ (12,199,252)	\$ (12,886,260)
Learning	21,384,302	13,847,657	(7,536,645)	(555,513)
Community	3,531,080	1,590,565	(1,940,515)	(707,955)
Family	9,801,110	4,414,884	(5,386,226)	(3,007,054)
General administration	<u>4,624,665</u>	<u>4,624,665</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 61,709,900</u>	<u>\$ 34,647,262</u>	<u>(27,062,638)</u>	<u>(17,156,782)</u>
GENERAL REVENUES:				
Net investment revenue			<u>583,742</u>	<u>429,273</u>
Total general revenues			<u>583,742</u>	<u>429,273</u>
Change in net position			(26,478,896)	(16,727,509)
Net position – beginning of fiscal year			<u>127,377,162</u>	<u>144,104,671</u>
Net position – end of fiscal year			<u>\$ 100,898,266</u>	<u>\$ 127,377,162</u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Assets		
Cash and investments in county treasury	\$ 110,398,068	\$ 135,353,328
Imprest cash	250	250
Accounts receivable	5,526,281	6,555,455
Due from County of San Diego	102,956	190,899
Prepaid expenditures	1,914	1,730
Total assets	\$ 116,029,469	\$ 142,101,662
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	14,726,570	14,266,801
Due to County of San Diego	314,526	345,575
Total liabilities	15,041,096	14,612,376
Fund Balance:		
Nonspendable	1,914	1,730
Restricted	-	-
Committed	100,986,459	127,487,556
Total fund balance	100,988,373	127,489,286
Total liabilities and fund balance	\$ 116,029,469	\$ 142,101,662

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Total governmental fund balance	\$ 100,988,373	\$ 127,489,286
Compensated absences are not due and payable in the current period and accordingly are not reported as fund liabilities. All compensated absences, both current and long-term, are reported in the Statement of Net Position.	(90,107)	(112,124)
Net position of governmental activities	\$ 100,898,266	\$ 127,377,162

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

Revenues:	2014	2013
Prop 10 tobacco tax (including SMIF)	\$ 13,579,043	\$ 18,461,833
Prop 10 quality preschool initiative	15,962,144	13,426,675
Prop 10 child signature program	3,354,625	3,354,625
Race to the top	1,657,897	1,018,700
Federal Medi-Cal administrative activities	93,553	75,833
Interest revenue	658,242	777,073
Net increase (decrease) in FMV of investments	(74,500)	(347,800)
Total revenues	35,231,004	36,766,939
Expenditures:		
Labor and benefits	2,735,486	2,836,095
Services and supplies	628,161	619,849
Evaluation	1,283,035	1,416,937
Contributions to community projects	57,085,235	48,634,245
Total expenditures	61,731,917	53,507,126
Net change in fund balance	(26,500,913)	(16,740,187)
Fund balance, beginning of fiscal year	127,489,286	144,229,473
Fund balance, end of fiscal year	\$100,988,373	\$127,489,286

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Net change in total governmental fund balance	\$ (26,500,913)	\$ (16,740,187)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid).	22,017	12,678
Change in net position of governmental activities	\$ (26,478,896)	\$ (16,727,509)

See accompanying notes to the basic financial statements.

This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Diego County Board of Supervisors established the First 5 Commission of San Diego, formerly the San Diego County Children and Families Commission (The Commission) on December 8, 1998 under the provisions of the California Children and Families Act of 1998 (Act). The Commission is discretely presented as a component unit of the County of San Diego, California. The Commission provides leadership for a network of support for all children from the prenatal stage through age five and their families; develops and operates in partnerships with communities and families; and is accountable for improving outcomes in children's health, safety and learning. The Commission is funded through tobacco tax revenue generated as a result of the California approval of the Proposition 10 Act (Prop 10) in November 1998. The Commission is made up of five members: one (1) member of the Board of Supervisors, two (2) members-at-large appointed by the Board of Supervisors, one (1) member is the Director of the Health and Human Services Agency and one (1) member is nominated by the Director of the Health and Human Services Agency from among the County health officer and persons responsible for management of the following County functions: children's services, public health services, social services, behavioral health services, and tobacco and other substance abuse prevention and treatment services.

In August 2009, the Commission adopted a Strategic Plan for 2010 – 2015, and in June 2014 they adopted a new Strategic Plan for 2015 – 2020. These plans focus the Commission's investments toward achieving key results that best promote early childhood development in San Diego County. The Commission's vision is that "All children are healthy, are loved and nurtured, and enter school as active learners." The plans guide the allocation of up to \$291.6 million for fiscal years 2013/2014 through 2019/2020 to support four strategic goal areas that strengthen the relationships essential for the healthy development of young children: (1) Health, (2) Learning, (3) Family, and (4) Community. The revised plan spends down the fund balance from \$127.5 million at the beginning of FY 2013/2014 to \$10.3 million at the end FY 2019/2020.

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Commission's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission's more significant accounting policies are described below.

The government-wide financial statements (i.e. *The Statement of Net Position* and *The Statement of Activities* on pages 10 and 11) are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Contributions to community projects through local contractors are recognized as expenditures when criteria for contract payments are met by the contractors.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Statement of Net Position presents the Commission's financial position in a *net position approach*.

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.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

The Statement of Activities reports the change in net position in a net program cost format to demonstrate the degree to which the expense of the Commission is offset by its program revenues (prior year categories are shown for comparative purposes) – 1) Health, 2) Learning, 3) Community, and 4) Family.

Governmental fund financial statements, presented after the government-wide financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting on pages 12 and 14. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be *available* when they are collectible within 90 days of the end of the current fiscal period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

C. Budgets, Budgetary Process and Encumbrances

The Commission adopts an annual budget, which can be amended by the Commission throughout the fiscal year. Revenue (not including interest revenue) was budgeted at \$33.2 million per the Financial Spending Plan that was approved in April 2013. The Financial Spending Plan is reviewed annually and, if necessary, is revised to account for updated projections of birth rates, taxable sales of tobacco products and changes in interest rates. Budgeted revenues were established to balance revenues with projected expenditures. Liability for unrealized gains and losses under Governmental Accounting Standards Board's Statement No. 31 (GASB 31) is not included in the budget.

The budget for revenues presented in this audit has been modified from the Approved Budget by the Commission to match the budget amounts to the actual allocation of revenues received. The following table illustrates this re-allocation of budgeted revenues:

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Account	Approved Budget	Reallocation	Reallocated Budget
Prop 10 Tobacco Tax	\$ 28,764,700	\$ (16,539,875)	\$ 12,224,825
Prop 10 Quality Preschool Initiative	-	16,539,875	16,539,875
Prop 10 Child Signature Program	3,354,625	-	3,354,625
Race To The Top	1,105,500	-	1,105,500
Federal Medi-Cal Administrative Activities	-	-	-
Interest Revenue	764,700	-	764,700
Totals	\$ 33,989,525	-	\$ 33,989,525

D. Use of 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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual reports could differ from those estimates.

E. Cash and Investments

Investments are valued at fair value. Fair value is defined as the amount that the Commission could reasonably expect to receive for an investment as a current sale between a willing buyer and seller and is generally measured by quoted market prices.

F. New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 65

In March 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The Statement is effective for periods beginning after December 15, 2012. The commission has implemented GASB Statement No. 65 for the year ended June 30, 2014.

G. Reclassifications

Certain accounts have been reclassified to conform to current fiscal year presentation.

H. Management's Review

Management has evaluated subsequent events through the date the financial statements were available for issuance which is September 2, 2014.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY

The Commission’s cash and investments at June 30, 2014 are included in the County’s balance sheet as “Cash and Investments in County Treasury”. The Commission has two dedicated portfolios with the County Treasurer’s Office, and a segment of these portfolios are positions in the County Investment Pool. The County Treasurer maintains an investment pool for all funds of the County and other agencies for which the County treasury is the depository. Interest earned on the pooled funds is allocated and credited to these funds quarterly. Interest on investments that are outside the County pool are recognized when earned (i.e. coupon payments on bonds). Interest from the County pool is apportioned to the Commission based on the average daily balances on deposit with the Treasurer of those funds. All cash and investments at June 30, 2014, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2014:

Assets Invested through the County Treasurers Office	
Federal Agency Securities	\$ 9,946,200
County Pool	100,451,868
Total Cash and Investments by County Treasury	\$ 110,398,068

Investments Authorized by the California Government Code

The California Government Code Section 53601 governs the investments of the Commission. The Commission adopted an investment policy on October 4, 2004 but it does not contain policies for exposure to interest rate risk, credit risk and concentration of credit risk. However, under California Government Code Section 53601 the Commission is authorized to make investments in the following:

Authorized Investment Type	Maximum Maturity	Maximum % of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
		20% of base	
Reverse Repurchase Agreements	92 days	value	None
Medium-Term 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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY (continued)

California Government Code 53601 provides that the County Board of Supervisors is empowered to authorize the Commission to hold investments with maturities that exceed five years. The Commission has received such an authorization from the San Diego Board of Supervisors to invest for a maximum of 20 years.

Interest Rate Risk

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

Information about the sensitivity of the fair values of the Commission’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission’s investments by maturity:

Investment Type	Amount	<u>Remaining Maturity in Months</u>		
		12 months or less	13 to 24 months	25 to 60 Months
Federal Agency Securities	\$ 9,946,200	\$ 9,946,200	\$ -	\$ -
County Pool	100,451,868	100,451,868	-	-
Total	\$ 110,398,068	\$ 110,398,068	\$ -	\$ -

Credit Risk

Generally, credit risk is the risk that the 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 the California Government Code Section 53601 (where applicable) and the actual rating as of year end for each investment type.

Investment Type	Amount	Minimum Rating Required	Credit Quality Rating
<u>First 5 Commission Investments</u>			
Federal Agency Securities	\$ 9,946,200	AAA	AAA
County Pool	100,451,868	VARIOUS	AAAF
Total	\$ 110,398,068		

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY (continued)

Concentration of Credit Risk

The California Government Code Section 53601 places limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total investment are as follows:

Issuer	Investment Type	Amount	% of Total Investments
None for FY 2013/2014			

Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code Section 53652 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secure public deposits.

Investment in San Diego Investment Pool

The Commission is a voluntary participant in the pool regulated by the California Government Code Sections 53601 and 53635, under the oversight of the Treasurer of the County of San Diego. The fair value of the Commission's investment in this pool is reported in the accompanying financial statements at amounts based upon the Commission's pro-rata share of the fair value provided by the County of San Diego for the entire pool portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the pool, which are recorded on a cash basis.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable is recorded at full value and represents the amount of Prop 10 revenue the California Children and Families Commission (First 5 California) owes the Commission for the months of May and June 2014 and miscellaneous Surplus Money Investment Fund (SMIF) revenue.

Prop 10 revenue for:	
May 2014	\$ 2,719,169
June 2014	2,799,016
SMIF	<u>8,096</u>
Total	<u>\$ 5,526,281</u>

NOTE 4: ACCOUNTS PAYABLE

Accounts payable is comprised of \$14,726,570 in funding due to grantees at June 30, 2014.

NOTE 5: DUE TO/DUE FROM COUNTY OF SAN DIEGO

These are funds that are due to or due from the County of San Diego's general fund.

The County of San Diego owes the Commission \$102,956 for County investment interest earnings and interest accrued in the operating fund and the sustainability reserve fund.

The Commission owes the County of San Diego \$314,526 for:

- 1) Program costs of \$303,505;
- 2) Computing and Telephone costs of \$9,779;
- 3) Interest receivable year end portfolio admin fee \$991;
- 4) Purchasing & Contracting ISF Surcharge \$251.

NOTE 6: COMPENSATED ABSENCES

Compensated absences represent the liability for unpaid vacation leave, holidays and other compensated absences with similar characteristics, except sick leave.

NOTE 7: REVENUE

The Commission receives a proportionate share of Proposition 10 money from First 5 California based on the number of live births in the county in comparison to the number of live births statewide. This fund is identified in the County of San Diego's accounting records as the First 5 Commission Operating Fund (Fund Number 49217). The Commission also receives Special Funding, as explained in Note 8, and Surplus Money Investment Fund (SMIF) allocations from First 5 California. The SMIF allocations

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 7: REVENUE (continued)

represent distributions of interest accrued on statewide Proposition 10 money.

Additional revenue consists of reimbursements from the Federal government for participation in Medical Administrative Activities (MAA) for FY 2012/2013.

Revenue for the fiscal year 2013/2014 is comprised of:

Proposition 10 revenue (monthly allocations)	\$ 13,570,947
SMIF	8,096
Quality Preschool Initiative	15,962,144
The Child Signature Program	3,354,625
Race to the Top	1,657,897
MAA	93,553
Interest	658,242
Net increase (decrease) in FMV of investments	<u>(74,500)</u>
Total revenue	<u><u>\$ 35,231,004</u></u>

NOTE 8: SPECIAL FUNDING

Special funding for FY 2013/2014 included \$15,962,144 for the First 5 San Diego Quality Preschool Initiative; \$3,354,625 for the First 5 California Child Signature Program; and \$1,657,897 for the California Department of Education Race to the Top program.

Quality Preschool Initiative: The purpose of the First 5 San Diego Quality Preschool Initiative (QPI) is to use a multi-tiered service delivery model to implement high quality preschool programs in high needs areas of San Diego County. The goal of the QPI program is to reduce the school readiness gap and improve school achievement in San Diego County. During the Fiscal Year 2013/2014 the QPI program served more than 13,000 children in quality enhanced preschool classrooms, and provided parent education classes to more than 2,400 caregivers/parents.

The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 32 and 33.

Child Signature Program: The primary purposes of the First 5 California Child Signature Program (CSP) are: 1) To enhance the quality of current preschool programs by implementing research based program elements. 2) To increase the quality in early learning programs for children ages 0 to 5 in identified Early Child Education (ECE) centers where the education divide is the greatest. Key goals include: (1) At risk children will enter school with skills to be successful. (2) Optimize teacher effectiveness. (3) Increase children’s access to quality early learning programs. (4) Increase parent knowledge of age appropriate cognitive and behavioral development.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8: SPECIAL FUNDING (continued)

The special funding money for this program can only be used for purposes specified under the funding agreement. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 34 and 35.

Race to the Top: The purpose of the California Department of Education Race to the Top (RTT) program is to improve early learning and development programs for children 0 to 5. The program goals include: 1) Increase the number and percentage of low-income and disadvantaged children enrolled in high quality early learning programs. 2) Design and implement an integrated system of high quality early learning programs and services. 3) Ensure that the use of assessments conforms with the recommendations of the National Research Council's reports on early childhood education.

The special funding money for this program can only be used for purposes specified under the funding agreement. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 36 and 37.

NOTE 9: LEASE OBLIGATION

The Commission is obligated for the next 5 years under a space rental lease which is accounted for as an operating lease. An operating lease does not give rise to property rights and therefore, the results of the lease agreement are reflected in the Commission's basic financial statements.

The future rental payments required under the operating lease are as follows:

Year ending June 30:

2015	\$	334,725
2016		343,941
2017		353,894
2018		363,847
2019		<u>374,169</u>
Total lease obligation	\$	<u><u>1,770,576</u></u>

NOTE 10: EVALUATION EXPENSES

The Commission spent \$1,283,035 on program evaluation during the audit period.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 11: FUND BALANCES

As of June 30, 2014, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Commission.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the Commission’s adopted policy, only the governing board or director may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

NOTE 12: COMPARATIVE FINANCIAL DATA

The amounts shown for 2013 in the accompanying financial statements are included only to provide a basis for comparison with 2014 and are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	BUDGETED AMOUNTS (UNAUDITED)			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Prop 10 tobacco tax	\$ 14,724,825	\$ 12,224,825	\$ 13,579,043	\$ 1,354,218
Prop 10 Quality Preschool Initiative	14,039,875	16,539,875	15,962,144	(577,731)
Prop 10 Child Signature Program	3,354,625	3,354,625	3,354,625	-
Race to the Top	1,105,500	1,105,500	1,657,897	552,397
Federal Medi-Cal administrative activities	-	-	93,553	93,553
Interest revenue	764,700	764,700	658,242	(106,458)
Net increase (decrease) in FMV of investments	-	-	(74,500)	(74,500)
Total revenues	<u>33,989,525</u>	<u>33,989,525</u>	<u>35,231,004</u>	<u>1,241,479</u>
Expenditures:				
Labor and benefits	3,100,336	3,100,336	2,735,486	364,850
Services and supplies	959,226	919,226	628,161	291,065
Evaluation	1,319,020	1,319,020	1,283,035	35,985
Contributions to community projects	66,029,735	70,140,740	57,085,235	13,055,505
Total expenditures	<u>71,408,317</u>	<u>75,479,322</u>	<u>61,731,917</u>	<u>13,747,405</u>
Net change in fund balance	(37,418,792)	(41,489,797)	(26,500,913)	14,988,884
Fund balance, beginning of fiscal year	<u>127,489,286</u>	<u>127,489,286</u>	<u>127,489,286</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 90,070,494</u>	<u>\$ 85,999,489</u>	<u>\$ 100,988,373</u>	<u>\$ 14,988,884</u>

This Page Intentionally Left Blank

SUPPLEMENTARY INFORMATION SECTION

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
QUALITY PRESCHOOL INITIATIVE
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Assets		
Cash and investments in county treasury	\$ -	\$ -
Total assets	\$ -	\$ -
 Liabilities and Fund Balance		
Fund balance:		
Restricted for Quality Preschool Initiative	\$ -	\$ -
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ -

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
QUALITY PRESCHOOL INITIATIVE
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	<u>2014</u>	<u>2013</u>
Revenues:		
Quality Preschool Initiative	<u>\$ 15,962,144</u>	<u>\$ 13,426,675</u>
Total revenues	<u>15,962,144</u>	<u>13,426,675</u>
 Expenditures:		
Labor and benefits	-	-
Contributions to community projects	<u>15,962,144</u>	<u>13,426,675</u>
Total expenditures	<u>15,962,144</u>	<u>13,426,675</u>
 Net change in fund balance	-	-
 Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>
 Fund balance, end of fiscal year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CHILD SIGNATURE PROGRAM
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Assets		
Cash and investments in county treasury	\$ -	\$ -
Total assets	\$ -	\$ -
Liabilities and Fund Balance		
Fund balance:		
Restricted for Child Signature Program	\$ -	\$ -
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ -

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CHILD SIGNATURE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Revenues:		
Child Signature Program	\$ 3,354,625	\$ 3,354,625
Total revenues	3,354,625	3,354,625
Expenditures:		
Labor and benefits	100,000	100,000
Contributions to community projects	3,254,625	3,254,625
Total expenditures	3,354,625	3,354,625
Net change in fund balance	-	-
Fund balance, beginning of fiscal year	-	-
Fund balance, end of fiscal year	\$ -	\$ -

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
RACE TO THE TOP
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	2014	2013
Assets		
Cash and investments in county treasury	\$ -	\$ -
Total assets	\$ -	\$ -
 Liabilities and Fund Balance		
Fund balance:		
Restricted for Race to the Top	\$ -	\$ -
Total fund balance	-	-
Total liabilities and fund balance	\$ -	\$ -

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
RACE TO THE TOP
JUNE 30, 2014
(WITH COMPARATIVE TOTALS FOR 2013)**

	<u>2014</u>	<u>2013</u>
Revenues:		
Race to the Top	\$ 1,657,897	\$ 1,018,700
Total revenues	<u>1,657,897</u>	<u>1,018,700</u>
 Expenditures:		
Labor and benefits	9,773	104,260
Contributions to community projects	1,648,124	914,440
Total expenditures	<u>1,657,897</u>	<u>1,018,700</u>
 Net change in fund balance	-	-
 Fund balance, beginning of fiscal year	<u>-</u>	<u>-</u>
 Fund balance, end of fiscal year	<u>\$ -</u>	<u>\$ -</u>

This Page Intentionally Left Blank

STATISTICAL SECTION

This Page Intentionally Left Blank

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

The information in this section is not covered by the Independent Auditor's Report, but it is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of the statistical section information are to provide financial statement users with additional statements, notes to financial statements and required supplemental information to understand and assess the Commission's economic condition.

	<u>Pages</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	42 - 45
<u>Revenue Trends</u>	
These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	46 - 47
<u>Demographic Information</u>	48 - 51
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	
<u>Operating Information</u>	52
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs.	

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

**Net Position by Component
Last Ten Fiscal Years***

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Restricted	\$ -	\$ -	\$ 557,910	\$ 1,287,217	\$176,650,132	\$194,800,719	\$196,568,447	\$187,663,752	\$188,017,563	\$175,945,720
Unrestricted	100,898,266	127,377,162	143,546,761	68,061,224	-	-	-	-	-	-
Net invested in capital assets	-	-	-	-	-	-	-	-	-	-
Extraordinary Expense – AB99**			(88,374,589)	88,374,589						
Total net position	<u>\$100,898,266</u>	<u>\$127,377,162</u>	<u>\$144,104,671</u>	<u>\$ 69,348,441</u>	<u>\$176,650,132</u>	<u>\$194,800,719</u>	<u>\$196,568,447</u>	<u>\$187,663,752</u>	<u>\$188,017,563</u>	<u>\$175,945,720</u>

* Governmental Accounting Standards Board (GASB) Statement 63 was implemented by the Commission in fiscal year ended June 30, 2013. Net Position was reported as net assets prior to GASB 63 implementation.

** This line was added to show the effect of Assembly Bill No. AB99 on Net Position.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

**Changes in Net Position
Last Ten Fiscal Years***

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues										
Prop 10 tobacco taxes (including SMIF)	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100	\$ 27,372,233	\$ 28,589,770	\$ 37,666,803	\$ 36,543,965
Prop 10 school readiness	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526	6,540,197	1,505,311	3,140,971
Prop 10 child care retention	-	-	-	-	-	1,833,291	1,967,421	1,684,391	1,108,915	2,966,632
10 special needs demonstration project	-	-	-	-	-	562,815	564,295	540,741	761,938	-
Prop 10 quality preschool initiative	15,962,144	13,426,675	-	-	-	-	-	-	-	-
Prop 10 power of preschool – bridge	-	-	12,290,550	-	-	-	-	-	-	-
Prop 10 preschool for all/power of preschool	-	-	-	12,223,680	9,091,695	6,448,780	4,987,577	3,446,368	100,000	-
Prop 10 child signature program	3,354,625	3,354,625	-	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	93,553	75,833	92,431	21,166	-	-	-	-	-	-
The California Endowment grant	-	-	426,283	346,874	253,124	-	-	-	-	-
Race to the top	1,657,897	1,018,700	-	-	-	-	-	-	-	-
Interest revenue	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652	9,816,995	7,974,030	3,883,119
Other miscellaneous	-	-	-	-	-	-	-	3,331	-	-
Net increase (decrease) in FMV of investments	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518	(888,050)	(767,691)	(1,307,174)
Total revenues	\$ 35,231,004	\$ 36,766,939	\$ 36,213,723	\$ 37,247,740	\$ 41,027,298	\$ 48,879,517	\$ 52,281,222	\$ 49,733,743	\$ 48,349,306	\$ 45,227,513
Expenses										
Labor and benefits	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829	\$ 2,244,971	\$ 1,740,035	\$ 1,448,887	\$ 1,422,961
Services and supplies	628,161	619,849	820,809	684,971	654,637	929,752	672,180	472,777	1,315,445	1,241,381
Evaluation	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286	1,049,579	779,531	-	-
Contributions to community projects	57,085,235	48,634,245	45,435,941	51,849,208	54,735,724	43,876,292	40,290,040	47,840,082	34,872,127	37,416,400
Total expenses	\$ 61,731,917	\$ 53,507,126	\$ 49,781,502	\$ 56,199,665	\$ 59,163,850	\$ 48,534,159	\$ 44,256,770	\$ 50,832,425	\$ 37,636,459	\$ 40,080,742
Extraordinary Expense-AB99	-	-	\$(88,374,589)	\$ 88,374,589	-	-	-	-	-	-
Excess of revenues over expenses	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ 345,358	\$ 8,024,452	\$ (1,098,682)	\$ 10,712,847	\$ 5,146,771
Compensated absences	22,017	12,678	(50,580)	24,823	(14,035)	(85,010)	(90,840)	(83,033)	(60,214)	(56,018)
Adjustment for reallocation	-	-	-	-	-	(2,028,076)	971,083	827,904	1,419,210	1,332,489
Change in net position	\$ (26,478,896)	\$ (16,727,509)	\$ 74,756,230	\$(107,301,691)	\$ (18,150,587)	\$ (1,767,728)	\$ 8,904,695	\$ (414,025)	\$ 12,071,843	\$ 6,423,242

* Governmental Accounting Standards Board (GASB) Statement 63 was implemented by the Commission in fiscal year ended June 30, 2013. Net Position was reported as net assets prior to GASB 63 implementation.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

**Fund Balance – General Fund
Last Ten Fiscal Years***

	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Fund Balances										
Nonspendable	\$ 1,914	\$ 1,730	\$ 1,671	\$ 1,676						
Committed	100,986,459	127,487,556	143,669,892	68,133,770						
Restricted	-	-	557,910	1,287,217						
Unassigned	-	-	-	-						
Extraordinary Expense – AB99			(88,374,589)	88,374,589						
Total Fund Balance	<u>\$100,988,373</u>	<u>\$127,489,286</u>	<u>\$144,229,473</u>	<u>\$ 69,422,663</u>						
Reserved										
Reserved for encumbrances					\$ 40,278,999	\$ 70,847,450	\$ 28,417,471	\$ 44,859,227	\$ 59,948,839	\$ 50,011,717
Reserved for obligations					112,697,350	18,419,030	70,195,302	85,498,807	9,216,313	38,249,549
Reserved for funds not yet obligated					-	652,712	302,601	98,190	921,083	-
Reserved for First 5 California initiatives					3,523,364	5,206,325	6,603,737	10,118,636	13,383,186	11,117,320
Reserved for local initiatives and sustainability					-	-	-	-	48,883,931	-
Total Reserved					<u>\$156,499,713</u>	<u>\$ 95,125,517</u>	<u>\$105,519,111</u>	<u>\$140,574,860</u>	<u>\$132,353,352</u>	<u>\$ 99,378,586</u>
Unreserved										
Designated					20,249,464	99,760,212	91,140,176	47,171,925	-	-
Undesignated					-	-	-	-	55,724,425	76,567,134
Total Fund Balances					<u>\$176,749,177</u>	<u>\$194,885,729</u>	<u>\$196,659,287</u>	<u>\$187,746,785</u>	<u>\$188,077,777</u>	<u>\$175,945,720</u>

* Fund balance presentation changed in fiscal year 2010-2011 due to the implementation of GASB 54.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

**Changes in Fund Balances – General Fund
Last Ten Fiscal Years**

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Revenues										
Prop 10 tobacco taxes (including SMIF)	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100	\$ 27,372,233	\$ 28,589,770	\$ 37,666,803	\$ 36,543,965
Prop 10 school readiness	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526	6,540,197	1,505,311	3,140,971
Prop 10 child care retention	-	-	-	-	-	1,833,291	1,967,421	1,684,391	1,108,915	2,966,632
Prop 10 special needs demonstration project	-	-	-	-	-	562,815	564,295	540,741	761,938	-
Prop 10 quality preschool initiative	15,962,144	13,426,675	-	-	-	-	-	-	-	-
Prop 10 power of preschool – bridge	-	-	12,290,550	-	-	-	-	-	-	-
Prop 10 preschool for all/power of preschool	-	-	-	12,223,680	9,091,695	6,448,780	4,987,577	3,446,368	100,000	-
Prop 10 child signature program	3,354,625	3,354,625	-	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	93,553	75,833	92,431	21,166	-	-	-	-	-	-
The California Endowment grant	-	-	426,283	346,874	253,124	-	-	-	-	-
Race to the top	1,657,897	1,018,700	-	-	-	-	-	-	-	-
Interest revenue	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652	9,816,995	7,974,030	3,883,119
Other miscellaneous	-	-	-	-	-	-	-	3,331	-	-
Net increase (decrease) in FMV of investments	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518	(888,050)	(767,691)	(1,307,174)
Total revenues	\$ 35,231,004	\$ 36,766,939	\$ 36,213,723	\$ 37,247,740	\$ 41,027,298	\$ 48,879,517	\$ 52,281,222	\$ 49,733,743	\$ 48,349,306	\$ 45,227,513
Expenses										
Labor and benefits	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829	\$ 2,244,971	\$ 1,740,035	\$ 1,448,887	\$ 1,422,961
Services and supplies	628,161	619,849	820,809	684,971	654,637	929,752	672,180	472,777	1,315,445	1,241,381
Evaluation	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286	1,049,579	779,531	-	-
Contributions to community projects	57,085,235	48,634,245	45,435,941	51,849,208	54,735,724	43,876,292	40,290,040	47,840,082	34,872,127	37,416,400
Total expenses	\$ 61,731,917	\$ 53,507,126	\$ 49,781,502	\$ 56,199,665	\$ 59,163,850	\$ 48,534,159	\$ 44,256,770	\$ 50,832,425	\$ 37,636,459	\$ 40,080,742
Extraordinary Expense-AB99	-	-	\$(88,374,589)	\$ 88,374,589	-	-	-	-	-	-
Excess of revenues over expenses	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ 345,358	\$ 8,024,452	\$ (1,098,682)	\$ 10,712,847	\$ 5,146,771
Adjustments for reallocation	-	-	-	-	-	(2,118,916)	888,050	767,690	1,419,210	1,280,587
Change in fund balance	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ (1,773,558)	\$ 8,912,502	\$ (330,992)	\$ 12,132,057	\$ 6,427,358

FIRST 5 COMMISSION OF SAN DIEGO A PROPOSITION 10 COMMISSION Statistical Section (Unaudited) For the Year Ended June 30, 2014

Revenue Projections

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2012-13 TO 2016-17
Updated 5/28/13 UTILIZING DOF MAY REVISE 2013 TOBACCO TAX PROJECTIONS AND
DOF 2011 BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1970-2021

COUNTY	2010 births	2010 birthrate	2012/13 TAX REVENUE PROJECTION	2011 births	2011 birthrate	2013/14 TAX REVENUE PROJECTION	2012 projected births*	2012 projected birthrate	2014/15 TAX REVENUE PROJECTION	2013 projected births*	2013 projected birthrate	2015/16 TAX REVENUE PROJECTION	2014 projected births*	2014 projected birthrate	2016/17 TAX REVENUE PROJECTION
1 Alameda	19,302	3.785%	\$13,593,074	19,002	3.785%	\$13,126,344	19,010	3.764%	\$12,632,400	19,387	3.764%	\$12,331,263	19,573	3.764%	\$11,849,442
2 Alpine	4	0.001%	\$2,817	6	0.001%	\$4,145	5	0.001%	\$3,024	5	0.001%	\$2,952	6	0.001%	\$2,836
3 Amador	272	0.053%	\$191,551	269	0.054%	\$185,822	274	0.054%	\$182,070	279	0.054%	\$177,730	282	0.054%	\$170,785
4 Butte	2,454	0.481%	\$1,728,184	2,392	0.476%	\$1,652,364	2,408	0.477%	\$1,600,367	2,456	0.477%	\$1,562,217	2,480	0.477%	\$1,501,176
5 Calaveras	346	0.068%	\$243,664	326	0.065%	\$225,197	334	0.066%	\$222,157	341	0.066%	\$216,861	344	0.066%	\$208,387
6 Colusa	338	0.066%	\$238,030	302	0.060%	\$208,618	331	0.065%	\$219,691	337	0.065%	\$214,454	340	0.065%	\$206,074
7 Costa Costa	12,352	2.422%	\$8,698,866	12,057	2.402%	\$8,328,825	12,272	2.430%	\$8,154,941	12,515	2.430%	\$7,960,539	12,635	2.430%	\$7,649,497
8 Del Norte	372	0.073%	\$261,974	337	0.067%	\$232,795	339	0.067%	\$225,123	345	0.067%	\$219,757	349	0.067%	\$211,170
9 El Dorado	1,618	0.317%	\$1,139,446	1,629	0.324%	\$1,125,293	1,646	0.325%	\$1,093,985	1,679	0.325%	\$1,067,906	1,695	0.325%	\$1,026,180
10 Fresno	16,281	3.192%	\$11,465,591	16,157	3.218%	\$11,181,053	16,001	3.168%	\$10,632,705	16,318	3.168%	\$10,379,237	16,474	3.168%	\$9,973,688
11 Glenn	434	0.085%	\$305,636	391	0.078%	\$270,098	410	0.081%	\$272,285	418	0.081%	\$265,794	422	0.081%	\$255,409
12 Humboldt	1,651	0.304%	\$1,092,263	1,448	0.288%	\$1,000,260	1,471	0.291%	\$977,377	1,500	0.291%	\$954,078	1,514	0.291%	\$916,799
13 Imperial	3,072	0.602%	\$2,163,399	3,075	0.613%	\$2,124,171	3,048	0.604%	\$2,025,558	3,109	0.604%	\$1,977,272	3,138	0.604%	\$1,900,014
14 Inyo	192	0.038%	\$135,212	213	0.042%	\$147,138	213	0.042%	\$141,684	217	0.042%	\$138,307	220	0.042%	\$132,903
15 Kern	14,416	2.827%	\$10,152,199	14,287	2.846%	\$9,889,281	14,326	2.837%	\$9,519,850	14,610	2.837%	\$9,292,911	14,750	2.837%	\$8,929,808
16 Kings	2,507	0.492%	\$1,765,508	2,565	0.511%	\$1,771,870	2,545	0.504%	\$1,690,911	2,595	0.504%	\$1,650,602	2,620	0.504%	\$1,586,108
17 Lake	721	0.141%	\$507,751	715	0.142%	\$493,913	701	0.139%	\$465,815	715	0.139%	\$454,515	721	0.139%	\$436,756
18 Lassen	322	0.063%	\$226,762	300	0.060%	\$207,236	310	0.061%	\$205,819	316	0.061%	\$200,913	319	0.061%	\$193,069
19 Los Angeles	133,160	26.111%	\$93,775,447	130,312	25.957%	\$90,017,897	132,642	26.244%	\$88,074,231	135,167	26.244%	\$86,974,671	136,643	26.244%	\$82,615,375
20 Madera	2,434	0.477%	\$1,714,099	2,401	0.478%	\$1,658,581	2,384	0.472%	\$1,584,127	2,431	0.472%	\$1,546,364	2,454	0.472%	\$1,485,942
21 Marin	2,368	0.464%	\$1,667,620	2,365	0.475%	\$1,647,528	2,432	0.482%	\$1,616,333	2,481	0.482%	\$1,577,802	2,504	0.482%	\$1,516,152
22 Mariposa	145	0.028%	\$102,114	132	0.026%	\$91,184	139	0.028%	\$92,399	142	0.028%	\$90,196	143	0.028%	\$86,672
23 Mendocino	1,059	0.208%	\$745,781	1,061	0.211%	\$732,926	1,051	0.208%	\$698,273	1,072	0.208%	\$681,627	1,082	0.208%	\$654,994
24 Merced	4,248	0.833%	\$2,991,575	4,281	0.853%	\$2,957,261	4,268	0.845%	\$2,836,014	4,352	0.845%	\$2,768,408	4,394	0.845%	\$2,660,238
25 Modoc	119	0.023%	\$83,804	87	0.017%	\$60,099	96	0.019%	\$63,703	98	0.019%	\$62,184	99	0.019%	\$59,754
26 Mono	151	0.030%	\$106,339	156	0.031%	\$107,763	151	0.030%	\$100,013	153	0.030%	\$97,628	155	0.030%	\$93,814
27 Monterey	6,764	1.326%	\$4,783,421	6,814	1.357%	\$4,707,026	6,751	1.337%	\$4,485,946	6,885	1.337%	\$4,379,008	6,951	1.337%	\$4,207,906
28 Napa	1,525	0.299%	\$1,073,953	1,572	0.313%	\$1,085,918	1,587	0.314%	\$1,054,885	1,619	0.314%	\$1,029,738	1,634	0.314%	\$989,503
29 Nevada	793	0.155%	\$558,455	761	0.152%	\$525,689	761	0.151%	\$505,966	777	0.151%	\$493,905	784	0.151%	\$474,607
30 Orange	38,237	7.498%	\$26,927,694	38,100	7.589%	\$26,319,003	38,138	7.552%	\$25,342,828	38,893	7.552%	\$24,738,693	39,266	7.552%	\$23,772,076
31 Placer	3,824	0.750%	\$2,692,981	3,832	0.763%	\$2,647,098	3,870	0.766%	\$2,571,410	3,946	0.766%	\$2,510,111	3,984	0.766%	\$2,412,033
32 Plumas	170	0.033%	\$119,719	165	0.033%	\$113,980	160	0.032%	\$106,287	163	0.032%	\$103,754	165	0.032%	\$99,700
33 Riverside	30,659	6.012%	\$21,591,029	30,610	6.097%	\$21,145,005	30,769	6.093%	\$20,446,082	31,378	6.093%	\$19,958,678	31,679	6.093%	\$19,178,831
34 Sacramento	20,055	3.933%	\$14,123,360	19,998	3.983%	\$13,814,368	19,773	3.915%	\$13,139,284	20,165	3.915%	\$12,826,063	20,358	3.915%	\$12,324,909
35 San Benito	735	0.144%	\$517,610	772	0.154%	\$533,288	758	0.150%	\$504,014	774	0.150%	\$491,999	781	0.150%	\$472,775
36 San Bernardino	44,838	8.792%	\$31,576,325	43,621	8.689%	\$30,132,840	43,491	8.612%	\$28,900,019	44,353	8.612%	\$28,211,085	44,778	8.612%	\$27,108,790
37 San Diego	5,888	1.155%	\$4,380,652	5,948	1.188%	\$4,398,623	5,926	1.184%	\$4,233,695	5,995	1.184%	\$4,155,965	6,026	1.184%	\$3,985,884
38 San Joaquin	10,593	2.077%	\$7,459,923	10,328	2.057%	\$7,134,453	10,655	2.110%	\$7,080,482	10,866	2.110%	\$6,911,694	10,971	2.110%	\$6,641,632
39 San Luis Obispo	2,736	0.536%	\$1,926,777	2,632	0.524%	\$1,818,153	2,622	0.519%	\$1,742,560	2,674	0.519%	\$1,701,200	2,700	0.519%	\$1,634,556
40 San Mateo	9,193	1.803%	\$6,473,999	9,047	1.802%	\$6,249,554	8,950	1.772%	\$5,947,074	9,127	1.772%	\$5,805,305	9,214	1.772%	\$5,578,474
41 Santa Barbara	5,819	1.141%	\$4,097,922	5,803	1.156%	\$4,008,640	5,743	1.137%	\$3,816,512	5,857	1.137%	\$3,725,532	5,913	1.137%	\$3,579,964
42 Santa Clara	23,936	4.694%	\$16,856,482	23,652	4.711%	\$16,338,505	23,852	4.723%	\$15,849,539	24,324	4.723%	\$15,471,709	24,557	4.723%	\$14,867,182
44 Santa Cruz	3,190	0.626%	\$2,246,498	3,232	0.644%	\$2,232,625	3,160	0.626%	\$2,099,600	3,222	0.626%	\$2,049,549	3,253	0.626%	\$1,969,467
45 Shasta	2,136	0.419%	\$1,504,238	2,021	0.403%	\$1,396,081	2,045	0.405%	\$1,358,985	2,086	0.405%	\$1,326,589	2,106	0.405%	\$1,274,755
46 Sierra	23	0.005%	\$16,197	23	0.005%	\$15,888	22	0.004%	\$14,670	23	0.004%	\$14,320	23	0.004%	\$13,760
47 Siskiyou	434	0.085%	\$305,636	472	0.094%	\$326,052	450	0.089%	\$299,295	459	0.089%	\$292,160	464	0.089%	\$280,744
48 Solano	5,047	0.990%	\$3,554,256	5,158	1.027%	\$3,563,082	5,121	1.014%	\$3,403,223	5,223	1.014%	\$3,232,095	5,273	1.014%	\$3,192,290
49 Sonoma	5,391	1.057%	\$3,796,511	5,150	1.026%	\$3,557,555	5,371	1.064%	\$3,569,121	5,477	1.064%	\$3,484,039	5,530	1.064%	\$3,347,907
50 Stanislaus	7,804	1.530%	\$5,495,821	7,737	1.541%	\$5,344,623	7,824	1.549%	\$5,198,816	7,979	1.549%	\$5,074,884	8,055	1.549%	\$4,876,593
51 Sutter	1,360	0.267%	\$957,755	1,326	0.264%	\$915,984	1,392	0.276%	\$925,131	1,420	0.276%	\$903,077	1,433	0.276%	\$867,791
52 Tehama	767	0.150%	\$540,145	728	0.145%	\$502,893	758	0.150%	\$503,882	773	0.150%	\$491,870	781	0.150%	\$472,651
53 Trinity	107	0.021%	\$75,353	123	0.025%	\$84,967	115	0.023%	\$76,644	118	0.023%	\$74,817	119	0.023%	\$71,894
54 Tulare	8,155	1.599%	\$5,743,067	7,966	1.587%	\$5,602,813	8,081	1.600%	\$5,069,819	8,241	1.600%	\$4,841,827	8,320	1.600%	\$4,607,012
55 Tuolumne	487	0.095%	\$342,961	430	0.086%	\$297,039	434	0.086%	\$288,539	443	0.086%	\$281,660	447	0.086%	\$270,655
56 Ventura	11,147	2.186%	\$7,850,067	10,656	2.123%	\$7,361,031	10,876	2.153%	\$7,226,856	11,091	2.153%	\$7,054,578	11,197	2.153%	\$6,778,934
57 Yolo	2,426	0.476%	\$1,708,465	2,340	0.466%	\$1,616,443	2,374	0.470%	\$1,577,225	2,421	0.470%	\$1,539,627	2,444	0.470%	\$1,479,469
58 Yuba	1,223	0.240%	\$861,275	1,282	0.255%	\$885,590	1,246	0.247%	\$828,149	1,271	0.247%	\$808,407	1,283	0.247%	\$776,820
TOTALS	509,979	100%	\$359,143,200	502,023	100%	\$346,791,200	505,027	100%	\$335,591,200	515,029	100%	\$327,591,200	519,969	100%	\$314,791,200

Source:

"First 5 California County Tax Revenue Projections for FY 2012/13 to 2016/17"
(Updated 5/28/13 Utilizing DOF May Revise 2013 Tobacco Tax Projections and DOF 2011 Birth Projections for California State and Counties 1970-2021)

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

Cigarette Tax

**TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2011-12
(In thousands of dollars)**

Fiscal year 1	Cigarette tax				Other tobacco products surtax	
	Revenue ^a 2	Distributors' discounts ^b 3	Gross value of tax indicia ^c 4	Refunds 5	Revenue 6	Rate (%) 7
2011-12	\$820,322	\$7,032	\$827,355	\$1,017	\$80,424	31.73
2010-11	828,831	7,105	835,937	1,308	77,016	33.02
2009-10	838,709	7,187	845,896	1,583	84,617	41.11
2008-09	912,724	7,819	920,543	626	85,506	45.13
2007-08	955,030	8,185	963,215	727	85,929	45.13
2006-07	998,723	8,558	1,007,281	1,330	79,946	46.76
2005-06	1,026,497	8,795	1,035,293	1,707	67,348	46.76
2004-05	1,024,272	8,778	1,033,051	1,653	58,441	46.76
2003-04	1,021,366	8,755	1,030,121	4,721	44,166	46.76
2002-03	1,031,772	8,845	1,040,617	13,248	40,996	48.89
2001-02	1,067,004	9,146	1,076,150	10,774	50,037	52.65 ^d
2000-01	1,110,692	9,503	1,120,195	8,741	52,834	54.89
1999-00	1,166,880	9,980	1,176,859	9,413	66,884	66.50
1998-99	841,911 ^e	7,206	849,117	6,808	42,137 ^f	61.53 ^f
1997-98	612,066	5,244	617,309	5,448	39,617	29.37
1996-97	629,579	5,394	634,973	5,060	41,590	30.38
1995-96	639,030	5,469	644,499	6,193	32,788	31.20
1994-95	656,923	5,628	662,551	11,159	28,460	31.20
1993-94	647,993 ^g	5,553	653,546	8,353	19,773	23.03
1992-93	667,479	5,715	673,195	9,138	21,480	26.82
1991-92	711,275	6,086	717,362	7,791	22,016	29.35
1990-91	729,612	6,242	735,854	7,904	24,064	34.17
1989-90	770,042 ^h	6,581	776,623	11,615	24,956 ^h	37.47
1988-89	499,712 ^h	4,273	503,984	4,968	9,994 ^h	41.67
1987-88	254,869	2,180	257,049	2,970		
1986-87	257,337	2,202	259,539	2,661		
1985-86	260,960	2,231	263,190	2,834		
1984-85	265,070	2,267	267,337	2,390		
1983-84	265,265	2,267	267,532	2,756		
1982-83	273,748	2,336	276,084	2,060		
1981-82	278,667	2,383	281,050	1,843		
1980-81	280,087	2,395	282,482	1,567		
1979-80	272,119	2,327	274,446	1,645		
1978-79	270,658	2,315	272,973	1,408		
1977-78	275,042	2,352	277,394	1,239		
1976-77	270,502	2,315	272,817	832		
1975-76	269,852	2,309	272,161	927		
1974-75	264,182	2,262	266,444	745		
1973-74	259,738	2,222	261,960	632		
1972-73	253,089	2,167	255,256	626		
1971-72	248,398	2,127	250,525	677		
1970-71	240,372	2,058	242,430	552		
1969-70	237,220	2,032	239,253	455		
1968-69	238,836	2,046	240,882	492		
1967-68	208,125 ⁱ	1,862	209,987	328		
1966-67	75,659	1,543	77,202	129		
1965-66	74,880	1,528	76,407	88		
1964-65	74,487	1,520	76,007	61		
1963-64	71,530	1,459	72,989	71		
1962-63	70,829	1,445	72,274	79		
1961-62	68,203	1,390	69,593	47		
1960-61	66,051 ^j	1,675 ^k	67,726	76		
1959-60	61,791 ^l	767 ^l	62,558	67		

NOTE: Detail may not compute to total due to rounding.

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (see column 5).
- b. A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960, until August 1, 1967, the discount rate was 2 percent.
- c. Includes sales of indicia purchased on credit. Effective July 16, 1961, distributors have been able to purchase tax indicia on credit.
- d. From July 1, 2001, through September 9, 2001, the surtax rate on smokeless tobacco ranged from 131 percent for moist snuff to 490 percent for chewing tobacco. Effective September 10, 2001, the surtax rate on smokeless tobacco was lowered to 52.65 percent.
- e. Effective January 1, 1999, the overall tax rate on cigarettes was increased from 37 cents to 87 cents per pack under voter-approved Proposition 10. The additional 50-cent-per-pack tax was imposed to raise funds for early childhood development programs. Excludes \$87,978,766 in 1998-99 from the floor stocks taxes for both cigarettes and other tobacco products levied on January 1, 1999.
- f. From July 1, 1998, through December 31, 1998, the surtax rate was 26.17 percent for other tobacco products. Effective January 1, 1999, the new surtax imposed under Proposition 10 raised the combined surtax rate to 61.53 percent for other tobacco products. The new surtax is equivalent (in terms of the wholesale costs of other tobacco products) to a 50-cent-per-pack tax on cigarettes.
- g. Effective January 1, 1994, the overall tax rate on cigarettes was increased from 35 cents to 37 cents per pack. The additional 2-cent-per-pack tax was imposed to raise funds for breast cancer research and education.
- h. Effective January 1, 1989, an additional 25-cent-per-pack surtax was imposed on cigarettes and a new 41.67 percent surtax was imposed on other tobacco products. Excludes \$57,927,856 in 1988-89 and \$595,000 in 1989-90 from the floor stocks tax levied on January 1, 1989.
- i. Effective August 1, 1967, the tax rate was increased from 3 cents to 7 cents per pack. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties. Includes \$6,515,209 from the 4-cent-per-pack floor stocks tax levied on August 1, 1967; and \$4,889,485 from the 3-cent-per-pack floor stocks tax imposed October 1, 1967.
- j. Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. These refunds amounted to \$324,000.
- k. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- l. Includes \$2,673,048 from the 3-cent-per-pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia. During July and August of 1959, the tax was collected by invoice and no discount was allowed on these collections of \$8,123,700, nor on the \$2,673,048 tax on floor stocks.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014

Live Births

TABLE 2-18. LIVE BIRTHS, CALIFORNIA COUNTIES, 2002-2011 (By Place of Residence)

COUNTY	YEAR									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
CALIFORNIA	529,245	540,827	544,685	548,700	562,157	566,137	551,567	526,774	509,979	502,023
ALAMEDA	21,802	21,574	20,919	20,902	21,058	21,519	20,972	20,320	19,302	19,002
ALPINE	11	14	8	15	13	13	13	4	4	6
AMADOR	260	299	262	288	274	294	288	295	272	269
BUTTE	2,268	2,382	2,354	2,451	2,633	2,519	2,518	2,439	2,454	2,392
CALAVERAS	338	323	322	371	393	397	373	338	346	326
COLUSA	307	330	345	381	389	386	367	361	338	302
CONTRA COSTA	13,315	13,210	13,279	13,143	13,565	13,485	13,136	12,680	12,352	12,057
DEL NORTE	288	299	285	327	365	356	312	333	372	337
EL DORADO	1,765	1,751	1,897	1,930	2,036	1,881	1,814	1,719	1,618	1,629
FRESNO	14,766	15,401	15,896	15,936	16,876	17,291	16,760	16,273	16,281	16,157
GLENN	408	431	398	431	455	434	472	424	434	391
HUMBOLDT	1,420	1,444	1,509	1,598	1,643	1,599	1,601	1,542	1,551	1,448
IMPERIAL	2,662	2,908	2,861	3,058	3,127	3,148	3,221	3,145	3,072	3,075
INYO	173	198	214	205	250	212	226	239	192	213
KERN	12,211	12,888	13,455	14,022	15,104	15,328	15,315	14,827	14,416	14,287
KINGS	2,311	2,365	2,549	2,554	2,683	2,781	2,710	2,644	2,507	2,565
LAKE	636	684	686	728	695	742	705	726	721	715
LASSEN	301	300	301	289	259	264	323	329	322	300
LOS ANGELES	151,167	152,192	151,504	150,377	151,837	151,813	147,684	139,675	133,160	130,312
MADERA	2,147	2,291	2,346	2,349	2,622	2,611	2,535	2,390	2,434	2,401
MARIN	2,772	2,830	2,792	2,785	2,734	2,819	2,716	2,495	2,368	2,385
MARIPOSA	130	135	150	122	159	141	147	155	145	132
MENDOCINO	1,078	1,102	1,125	1,121	1,106	1,145	1,168	1,100	1,059	1,061
MERCED	4,030	4,278	4,296	4,470	4,742	4,650	4,423	4,407	4,248	4,281
MODOC	67	89	85	81	80	80	92	85	119	87
MONO	138	139	170	153	192	161	175	139	151	156
MONTEREY	7,119	7,423	7,396	7,501	7,474	7,551	7,434	7,068	6,764	6,814
NAPA	1,571	1,676	1,604	1,658	1,754	1,665	1,671	1,653	1,525	1,572
NEVADA	823	821	818	819	804	844	871	758	793	761
ORANGE	44,796	45,366	45,060	44,065	44,231	44,026	42,456	40,431	38,237	38,100
PLACER	3,484	3,639	3,797	3,823	3,892	4,051	4,035	3,804	3,824	3,832
PLUMAS	183	180	173	176	172	186	175	154	170	165
RIVERSIDE	26,691	28,028	29,545	31,509	33,659	34,556	32,866	31,601	30,659	30,610
SACRAMENTO	19,243	20,424	20,836	21,184	21,952	22,110	21,389	20,426	20,055	19,998
SAN BENITO	920	869	887	892	885	882	816	752	735	772
SAN BERNARDINO	29,696	30,824	31,914	33,075	34,675	35,193	33,788	31,984	31,367	30,573
SAN DIEGO	43,951	45,368	45,758	45,897	46,876	47,545	46,742	44,960	44,838	43,621
SAN FRANCISCO	8,361	8,659	8,579	8,403	8,609	9,125	9,104	8,807	8,800	8,813
SAN JOAQUIN	10,162	10,455	11,010	11,495	11,782	11,592	11,030	10,872	10,593	10,328
SAN LUIS OBISPO	2,368	2,620	2,694	2,664	2,727	2,884	2,737	2,614	2,736	2,632
SAN MATEO	10,091	10,179	10,089	9,938	9,808	9,910	9,765	9,452	9,193	9,047
SANTA BARBARA	5,698	5,800	6,209	6,192	6,166	6,289	6,319	6,039	5,819	5,803
SANTA CLARA	27,060	26,997	26,537	26,553	26,942	27,484	26,730	25,200	23,936	23,652
SANTA CRUZ	3,334	3,453	3,399	3,385	3,600	3,571	3,538	3,301	3,190	3,232
SHASTA	1,963	2,060	2,046	2,123	2,191	2,230	2,186	2,069	2,136	2,021
SIERRA	30	30	18	35	14	24	22	21	23	23
SISKIYOU	411	493	467	470	493	512	498	477	434	472
SOLANO	5,851	5,818	5,688	5,737	5,801	5,847	5,607	5,392	5,047	5,158
SONOMA	5,679	5,843	5,964	5,613	5,896	5,742	5,761	5,683	5,391	5,150
STANISLAUS	7,929	8,022	8,061	8,445	8,728	8,826	8,549	7,941	7,804	7,737
SUTTER	1,263	1,352	1,342	1,484	1,577	1,497	1,468	1,433	1,360	1,326
TEHAMA	711	758	700	872	818	765	790	814	767	728
TRINITY	106	105	110	120	122	117	126	116	107	123
TULARE	7,419	7,602	7,957	8,168	8,284	8,505	8,533	8,362	8,155	7,966
TUOLUMNE	442	468	477	446	495	474	486	425	487	430
VENTURA	11,606	12,008	11,954	12,160	12,453	12,194	12,076	11,353	11,147	10,656
YOLO	2,384	2,434	2,404	2,453	2,646	2,522	2,669	2,483	2,426	2,340
YUBA	1,129	1,196	1,184	1,258	1,341	1,349	1,264	1,245	1,223	1,282

Source: State of California, Department of Public Health, Birth Records.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

**County of San Diego
Demographic Data**

Demographic	Percentage											
	2010	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Total Population		3,095,313	3,077,633	3,051,262	3,014,165	2,982,816	2,970,135	2,963,390	2,943,961	2,910,445	2,870,096	2,828,374
White	48.67%	1,506,581	1,526,495	1,538,871	1,535,920	1,536,515	1,546,252	1,558,433	1,563,913	1,562,600	1,558,243	1,552,498
Hispanic	32.03%	991,353	965,263	936,723	913,612	892,574	876,865	861,505	842,488	819,485	794,742	769,760
Asian	10.68%	330,644	316,468	310,225	302,552	294,937	289,799	286,597	282,248	276,314	269,503	263,143
Pacific Islander	0.44%	13,658	13,516	13,408	13,232	13,083	13,008	13,004	12,943	12,826	12,724	12,593
Black	4.78%	147,967	152,669	152,793	152,281	152,007	152,933	154,497	155,374	155,325	154,814	154,128
American Indian	0.46%	14,239	14,694	14,645	14,561	14,508	14,587	14,794	14,953	15,076	15,151	15,274
Multirace or other race	2.94%	90,871	88,528	84,598	82,008	79,192	76,692	74,561	72,042	68,819	64,919	60,978
Female	49.81%	1,541,634										
Male	50.19%	1,553,679										
Under 5 years	6.57%	203,423	205,195	205,499	204,006	203,456	205,117	205,393	204,051	200,724	197,195	193,739
5-9 years	6.27%	194,029	192,870	195,600	195,826	195,864	196,978	200,569	203,787	206,443	207,956	207,885
10-14 years	6.42%	198,716	187,810	195,786	198,872	203,207	210,997	218,018	221,162	218,564	211,779	202,354
15-19 years	7.27%	225,095	220,242	237,711	236,933	230,874	222,586	214,571	205,855	198,610	195,947	201,886
20-24 years	8.75%	270,750	271,798	261,241	252,035	244,989	242,536	243,815	246,462	250,252	250,782	245,104
25-29 years	8.10%	250,737	249,910	241,788	238,424	235,757	234,620	235,043	234,096	231,287	229,155	230,318
30-39 years	13.93%	431,197	436,340	436,461	434,198	433,639	437,053	443,240	448,654	452,415	454,391	454,192
40-49 years	13.87%	429,346	434,470	440,746	442,335	444,443	446,516	445,800	441,320	433,466	423,560	412,134
50-59 years	12.64%	391,284	386,784	371,717	362,483	352,038	341,298	329,548	317,362	304,906	291,740	278,163
60-69 years	8.16%	252,552	243,916	221,355	208,528	199,344	193,466	188,488	182,994	177,564	173,788	171,678
70-79 years	4.58%	141,660	142,366	140,646	139,796	140,094	141,510	143,403	145,250	146,661	148,158	148,849
80+ years	3.44%	106,524	105,934	102,712	100,731	99,110	97,458	95,501	92,967	89,554	85,645	82,074

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

Income

2008-2012 American Community Survey (5-year estimates)
INCOME (IN 2012 INFLATION-ADJUSTED DOLLARS)

California, Counties, Incorporated Cities, and Census Designated Places

Geography	Median household income (dollars)		Mean household income (dollars)		Median family income (dollars)		Mean family income (dollars)		Per capita income (dollars)	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
California	\$61,400	\$154	\$85,265	\$198	\$69,883	\$252	\$94,829	\$299	\$29,551	\$90
San Diego County	\$63,373	\$437	\$84,653	\$556	\$73,969	\$742	\$95,806	\$721	\$30,683	\$195

2008-2012 American Community Survey (5-year estimates)

PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL

California, Counties, Incorporated Cities, and Census Designated Places

Geography	All families		Married couple families		Families with female householder, no husband present		All people		Persons under 18 years	
	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error
California	11.5	0.1	6.9	0.1	26.6	0.2	15.3	0.1	21.3	0.2
San Diego County	10.0	0.3	6.2	0.3	24.3	0.9	13.9	0.3	18.2	0.6

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

Employment Status

2008-2012 American Community Survey (5-year estimates)

EMPLOYMENT STATUS

California, Counties, Incorporated Cities, and Census Designated Places

Geography	Population 16 years and over Estimate	In labor force										Not in labor force		
		Total		Civilian labor force						Armed Forces				
				Total Civilian labor force		Employed		Unemployed						Unemployment Rate
Estimate	Estimate	Percent (Labor Force Participation Rate)	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Estimate	Percent	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+
California	29,163,075	18,821,426	64.5	18,673,806	64.0	16,614,362	57.0	2,059,444	7.1	11.0	147,620	0.5	10,341,649	35.5
San Diego County	2,463,609	1,614,267	65.5	1,534,664	62.3	1,386,825	56.3	147,839	6.0	9.6	79,603	3.2	849,342	34.5

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2014**

Capital Assets

The First 5 Commission of San Diego has no capital assets.

COMPLIANCE SECTION

This Page Intentionally Left Blank

**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**

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

Heather Daud

Board of Commissioners
First 5 Commission of San Diego
San Diego, California

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of First 5 Commission of San Diego, as of and for the year ended June 30 2014, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements, and have issued our report thereon dated September 2, 2014.

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Internal Control over Financial Reporting

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

In planning and performing our audit of the financial statements, we considered First 5 Commission of San Diego's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Commission of San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness First 5 Commission of San Diego's internal control.

*Licensed by the California
State Board of Accountancy*

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether First 5 Commission of San Diego'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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christy White Associates

San Diego, California
September 2, 2014

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Christy White, CPA

Michael Ash, CPA

Tanya M. Rogers, CPA, CFE

Heather Daud

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

Corporate Office:
2727 Camino Del Rio South
Suite 219
San Diego, CA 92108

toll-free: 877.220.7229
tel: 619.270.8222
fax: 619.260.9085
www.christywhite.com

Licensed by the California
State Board of Accountancy

Board of Commissioners
First 5 Commission of San Diego
San Diego, California

Compliance

We have audited the basic financial statements of First 5 Commission of San Diego (the Commission) as of and for the year ended June 30, 2014 and have issued our report thereon dated September 2, 2014. 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. We have also audited the Commission's compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2014.

Management's Responsibility

Compliance with the requirements referred to above is the responsibility of the Commission's management.

Auditor's Responsibility

Our responsibility is to express an opinion on First 5 Commission of San Diego's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the statutory requirements listed below occurred. An audit includes examining, on a test basis, evidence about First 5 Commission of San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of First 5 Commission of San Diego's compliance with those requirements.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine First 5 Commission of San Diego's compliance with the state laws and regulations applicable to the following items:

<u>DESCRIPTION</u>	<u>AUDIT GUIDE PROCEDURES</u>	<u>PROCEDURES PERFORMED</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefits Policies	2	Yes

Opinion

In our opinion, First 5 Commission of San Diego complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs listed above for the year ended June 30, 2014.

This report is intended solely for the information of the County Board of Supervisors, the County Commission, the State Commission, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Christy White Associates

San Diego, California
September 2, 2014