

---

**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, 2015

---

DRAFT



This Page Intentionally Left Blank

DRAFT

---

**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, 2015**

---

DRAFT

Victor Crandall

Fiscal Manager

This Page Intentionally Left Blank

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2015**

**TABLE OF CONTENTS**

	<u>Page</u>
<b>INTRODUCTION SECTION</b>	
Letter of Transmittal .....	i
Board of Commissioners .....	v
Organization Chart .....	vii
GFOA Certificate of Achievement .....	ix
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report .....	1
Management's Discussion and Analysis .....	5
<b>Basic Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position .....	10
Statement of Activities .....	11
<b>Governmental Fund Financial Statements</b>	
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
<b>Required Supplementary Information Section</b>	
Budgetary Comparison Schedule .....	31
<b>Supplementary Information Section</b>	
<b>Quality Preschool Initiative</b>	
Balance Sheet .....	34
Statement of Revenues, Expenditures and Changes in Fund Balance .....	35

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Child Signature Program**

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

**Race to the Top**

Balance Sheet .....	38
Statement of Revenues, Expenditures and Changes in Fund Balance .....	39

**STATISTICAL SECTION (Unaudited)**

**Financial Trends**

Net Position by Component .....	44
Changes in Net Position .....	45
Fund Balances – General Fund .....	46
Changes in Fund Balances – General Fund .....	47

**Revenue Capacity**

First 5 California County Tax Revenue Projections for Fiscal Years 2015-2019 .....	48
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2013-14 .....	49

**Demographic Information**

California Live Births Data .....	50
Demographic Data .....	51
2008-2012 American Community Survey – Income Data .....	52
2008-2012 American Community Survey – Employment Status .....	53

**Operating Information**

Capital Assets Statistics .....	54
---------------------------------	----

**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> .....	57
Independent Auditor’s Report on State Compliance .....	59

# INTRODUCTION SECTION

DRAFT

This Page Intentionally Left Blank

DRAFT



*COMMISSION MEMBERS*

*DIANNE JACOB – Chairwoman*

*CAROL SKILJAN – Vice Chair*

*SANDRA L. MCBRAYER – Secretary*

*NICK MACCHIONE – Commissioner*

*DR. WILMA J. WOOTEN – Commissioner*

*KIMBERLY GALLO – Executive Director*



September 17, 2015

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, 2015 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, 2015, 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, 2015. The independent auditor's report is located on page 1 of this CAFR.

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.

*PROFILE OF THE COMMISSION*

First 5 San Diego was created by the San Diego County Board of Supervisors on 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 fifteen years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more \$563 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 the South and Los Angeles County and Riverside County to the 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 42,676 new births in 2013.

The County unemployment rate has dropped significantly from a high of 11.1% in July 2010 to 5.0% in June 2015. Total non-farm employment was 1,390,200 as of June 2015. The service industry, including information, professional and business services, education and health services, leisure and hospitality, and other services constitute the largest employment sector with 1,223,600 employed. The general view is that the County's economy will gradually improve reflecting the state and national economic improvement.

#### *MAJOR ACCOMPLISHMENTS*

- Recognizing the financial conditions facing the State, the County of San Diego, and San Diego County families with young children; the Commission allocated \$62,285,165 in contracts for services in the areas of health, education, family, and community programs.
- The Commission awarded contracts to 48 agencies throughout San Diego County for services in the areas of 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.
- The Commission was awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal Year ended June 30, 2014 from the Government Finance Officers Association (GFOA).

#### *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 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;
- Ensure that parents and caregivers are knowledgeable about available community resources and programs; and

#### *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. Also, any increase in the adopted appropriations during the fiscal year must have Commission approval. Periodic financial updates are provided to the Commissioners at the regularly scheduled Commission meetings.

Financial Spending Plan

The Commission adopts a Financial Spending Plan (FSP) annually as part of the budget approval process. The FSP is being used to plan the reduction of the Sustainability Fund (Fund Balance) to zero over the next 5 years leaving an amount for a Management Reserve. Approximately \$13 million is being used from the Sustainability Fund annually over the next 5 years.

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 also thank the Commissioners for their continued support and interest in planning the financial operations of First 5 San Diego in a responsible and comprehensive manner.

Sincerely,



KIMBERLY GALLO  
Executive Director

DRAFT

This Page Intentionally Left Blank

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2015**

**Board of Commissioners**

Dianne Jacob - Chairwoman

Carol Skiljan – Vice Chair

Sandra L. McBrayer - Secretary

Nick Macchione - Commissioner

Dr. Wilma J. Wooten – Commissioner

**Executive Director**

Kimberly Gallo  
(Formerly Kimberly Medeiros)

**Assistant Executive Director**

Gloria Corral-Terrazas

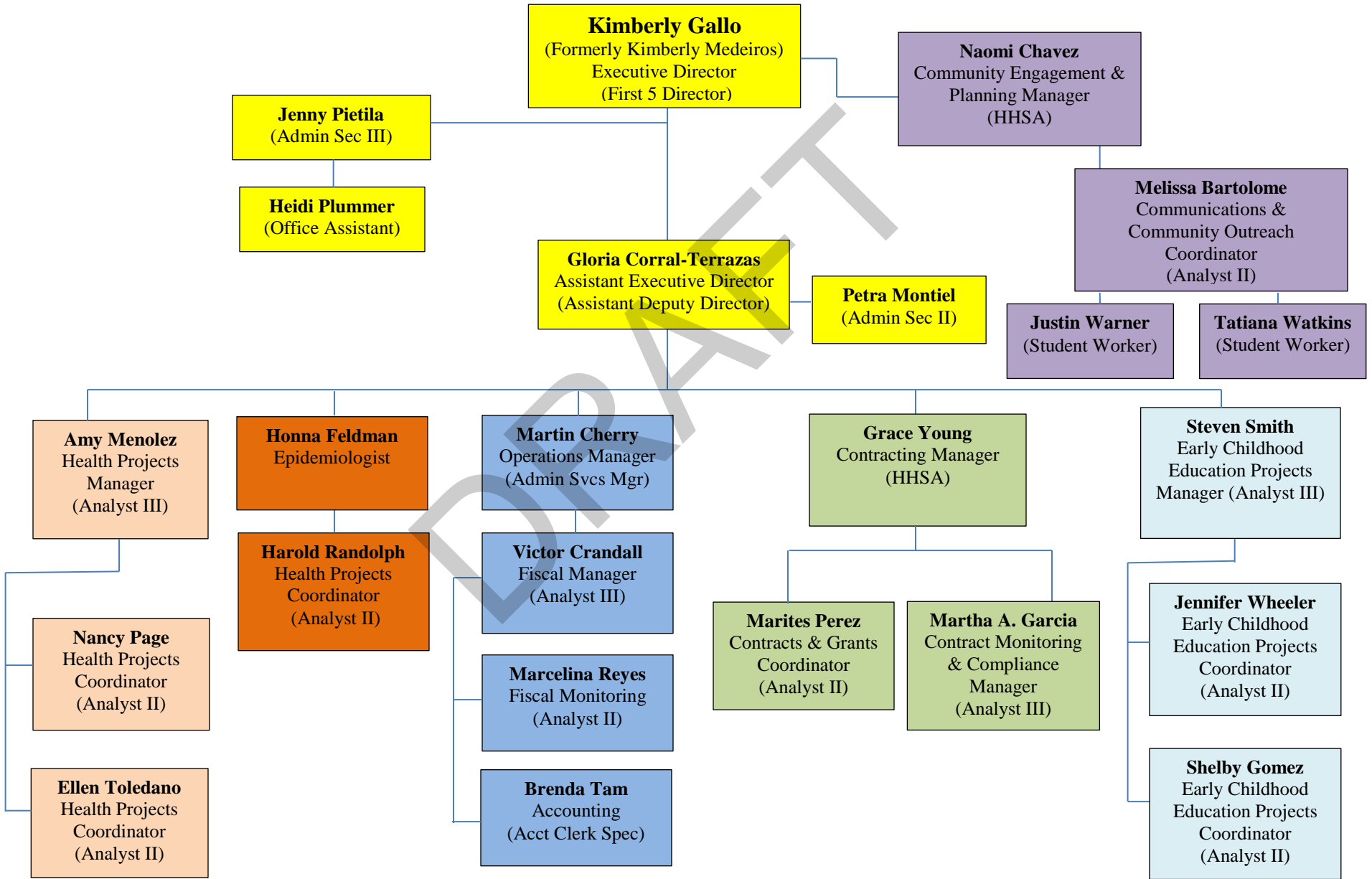
This Page Intentionally Left Blank

DRAFT

# FIRST 5 COMMISSION OF SAN DIEGO

A PROPOSITION 10 COMMISSION

Commission Staff – June 30, 2015



This Page Intentionally Left Blank

DRAFT





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**First 5 Commission of San Diego  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

Executive Director/CEO

This Page Intentionally Left Blank

DRAFT

# FINANCIAL SECTION

DRAFT

DRAFT

This Page Intentionally Left Blank

## INDEPENDENT AUDITOR'S REPORT

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, 2015, 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
San Diego, CA 92103

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, 2015, 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 31 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 34 through 39 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 2, 2015 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, 2015

DRAFT

This Page Intentionally Left Blank

DRAFT



## **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 that ended June 30, 2015. 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 2014/2015)**

This Financial Highlights section is governmental fund information.

Expenditures were \$21,547,146 more than revenues. Overall revenues were \$36,309,055. Expenditures were \$57,856,201.

Expenditures were less than budgeted by \$9,881,114 or 14.6% 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 \$3,656,183 or 6.3% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$53,010,552 or 91.6%; Evaluation expenditures were \$1,189,466 or 2.1% of the expenses. Total expenditures were \$57,856,201.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2014/2015 the administrative rate was 5.40% of the budget. This is based on the Total Administrative Expenditures of \$3,656,183 and the final Total Operating Budget of \$67,737,315.

## 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 (page 31) 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

	<b>FY 2014/2015</b>	<b>FY 2013/2014</b>
Total Assets	\$ 94,880,373	\$ 116,029,469
Total Liabilities	15,549,973	15,131,203
Net Position:		
Restricted	-	-
Unrestricted	79,330,400	100,898,266
Total Net Position	\$ 79,330,400	\$ 100,898,266

The Commission's total net position decreased by \$21,567,866 or 21.4% from the prior year due to planned expenses being higher than revenues.

## Changes in Net Position

Table II: Changes in Net Position

	<b>FY 2014/2015</b>	<b>FY 2013/2014</b>
Program Revenues	\$ 35,868,837	\$ 34,647,262
General Revenues	440,218	583,742
<b>Total Revenues</b>	<b>36,309,055</b>	<b>35,231,004</b>
Administrative Expenses	4,866,369	4,624,665
Program Expenses	53,010,552	57,085,235
<b>Total Expenses</b>	<b>57,876,921</b>	<b>61,709,900</b>
Change in net position	(21,567,866)	(26,478,896)
<b>Net position – Beginning, July 1, 2014</b>	<b>100,898,266</b>	<b>127,377,162</b>
<b>Net position – Ending, June 30, 2015</b>	<b>\$ 79,330,400</b>	<b>\$ 100,898,266</b>

Program Revenues had an increase of \$1,221,575 or 3.5% from the previous year primarily due to higher Prop 10 Tobacco Tax revenue and higher Race to the Top revenue.

General Revenues decreased by \$143,524 or 24.60% from the prior year due to lower yields on investments.

Total expenses decreased \$3,832,979 or 6.2% from the prior year. This was due to a planned decrease in program expenditures.

### BUDGETARY HIGHLIGHTS

- The FY 2014/2015 final budget was \$7.7 million lower than the FY 2013/2014 budget.
- The FY 2014/2015 final budget was \$7.9 million lower for program costs than in FY 2013/2014.
- Prop 10 Tobacco Tax revenue had a favorable increase over budget of \$3.2 million or 21.3% due to an increase in Tobacco Tax revenue over the forecast and a smaller match for Quality Preschool Initiative.
- Prop 10 Quality Preschool Initiative reallocation revenue had an unfavorable variance of \$1,974,692 or 14.4% due to lower expenses requiring a lower match.
- Interest revenue had an unfavorable variance of \$509,132 or 53.5% due to a lower return on investments than was budgeted.
- Labor & Benefits had a favorable variance of \$362,359 or 10.7% due to planned reduction in staffing through attrition.
- Services and Supplies had a favorable variance of \$239,838 or 27.8% primarily due to lower expenditures for specialized services contracts. In addition, expenditures for 20 of the 27 budget accounts were lower than budget.

- Contributions to Community Projects (Program Expenses) had a favorable variance of \$9.3 million or 14.9% mainly due to \$7.0 million in funding that was rolled over for future years. There was also \$2.3 million in lower than expected expenditures in overall contracts.
- Expenditures for evaluation had a favorable variance of \$4,304 or .4%.

### **BEYOND FY 2014/2015**

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, but will maintain a Management Reserve, and will balance its budget with the revenue received.

From FY 2010-11 through FY 2014-15 the Sustainability Fund was reduced on average by \$20.2 million per year. In an effort to slow the reduction so that the Sustainability Fund would last through the new Strategic Plan period, the Sustainability Fund will be used to supplement revenues by \$13.1 million on average over the 2015 – 2020 period. As a result of this lower contribution to current year revenues, the budget for FY 2015-16 will be 32.5% lower than FY 2014-15. This reduced budget will be stable for a 5 year period at roughly \$41 million per year.

The Commission, through formal action, approved the Financial Spending Plan that obligates funding for the period FY 2015-2020 for the following programs:

Healthy Development Services	\$ 64,250,000
KidSTART Center Funding	5,500,000
Oral Health	9,600,000
Quality Preschool Initiative	70,000,000
Mi Escuelita	3,265,800
Targeted Home Visits	25,000,000
Parent Education and Family Engagement	1,375,000
Maternity Shelter	625,000
Information & Referral	1,500,000
Parent & Public Education	2,575,000
Community Projects	825,000
<b>Total</b>	<b>\$ 184,515,800</b>

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 was developed in FY 2014/2015 to align with the new Strategic Plan. This new plan addressed 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.

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
STATEMENT OF NET POSITION  
JUNE 30, 2015**

		<b>GOVERNMENTAL ACTIVITIES</b>
		<u>2015</u>
<b>Assets</b>		
Cash and investments in county treasury		\$ 89,709,752
Imprest cash		250
Accounts receivable		5,049,855
Due from County of San Diego		117,700
Prepaid expenses		2,816
Total assets		<u>94,880,373</u>
<b>Liabilities</b>		
Accounts payable		15,027,131
Due to County of San Diego		215,229
Unearned revenue		196,786
Compensated absences:		
Due within one year		87,299
Due more than one year		23,528
Total liabilities		<u>15,549,973</u>
<b>Net Position</b>		
Restricted		-
Unrestricted		79,330,400
Total net position		<u><u>\$ 79,330,400</u></u>

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, 2015**

<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>2015</u>
Health	\$ 19,462,588	\$ 9,289,640	\$ (10,172,948)
Learning	18,310,440	14,439,843	(3,870,597)
Community	5,723,442	2,731,842	(2,991,600)
Family	9,514,082	4,541,143	(4,972,939)
General administration	4,866,369	4,866,369	-
Total governmental activities	<u>\$ 57,876,921</u>	<u>\$ 35,868,837</u>	<u>(22,008,084)</u>
<b>GENERAL REVENUES:</b>			
Net investment revenue			440,218
Total general revenues			<u>440,218</u>
Change in net position			(21,567,866)
Net position – beginning of fiscal year			<u>100,898,266</u>
Net position – end of fiscal year			<u>\$ 79,330,400</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, 2015**

	<b>2015</b>
<b>Assets</b>	
Cash and investments in county treasury	\$ 89,709,752
Imprest cash	250
Accounts receivable	5,049,855
Due from County of San Diego	117,700
Prepaid expenditures	2,816
Total assets	\$ 94,880,373
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	15,027,131
Due to County of San Diego	215,229
Unearned revenue	196,786
Total liabilities	15,439,146
Fund Balance:	
Nonspendable	2,816
Restricted	-
Committed	79,438,411
Total fund balance	79,441,227
Total liabilities and fund balance	\$ 94,880,373

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, 2015**

	<u>2015</u>
Total governmental fund balance	\$ 79,441,227
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.	<u>(110,827)</u>
Net position of governmental activities	<u>\$ 79,330,400</u>

DRAFT

**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, 2015**

Revenues:	<u>2015</u>
Prop 10 tobacco tax (including SMIF)	\$ 18,440,315
Prop 10 quality preschool initiative	11,728,390
Prop 10 child signature program	3,454,625
Race to the top	2,245,507
Interest revenue	443,268
Net increase (decrease) in FMV of investments	<u>(3,050)</u>
Total revenues	<u>36,309,055</u>
Expenditures:	
Labor and benefits	3,033,480
Services and supplies	622,703
Evaluation	1,189,466
Contributions to community projects	<u>53,010,552</u>
Total expenditures	<u>57,856,201</u>
Net change in fund balance	(21,547,146)
Fund balance, beginning of fiscal year	<u>100,988,373</u>
Fund balance, end of fiscal year	<u><u>\$79,441,227</u></u>

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, 2015**

	<b>2015</b>
Net change in total governmental fund balance	\$ (21,547,146)
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).	(20,720)
Change in net position of governmental activities	\$ (21,567,866)

DRAFT

This Page Intentionally Left Blank

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**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 \$184.5 million (page 8) for fiscal years 2015/2016 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 new plan spends down the fund balance from \$79.4 million at the beginning of FY 2015/2016 to \$8.3 million as a Management Reserve 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, 2015**

**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 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 (page 11) in the categories of 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. Revenues susceptible to accrual include tax revenue, grants, and investment income. 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 \$34.7 million per the Financial Spending Plan that was approved in April 2014. 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, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Account	Approved Budget	Reallocation	Reallocated Budget
Prop 10 Tobacco Tax	\$ 28,900,000	\$ (13,703,082)	\$ 15,196,918
Prop 10 Quality Preschool Initiative	-	13,703,082	13,703,082
Prop 10 Child Signature Program	3,354,625	-	3,354,625
Race To The Top	2,442,293	-	2,442,293
Interest Revenue	952,400	-	952,400
Totals	\$ 35,649,318	-	\$ 35,649,318

**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**

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014.

**GASB Statement No. 69** – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. This Statement is effective for periods beginning after December 31, 2013.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions made subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Aimed to remove the risk of understatement GASB Statement No. 71 will require governments switching to new pension standards to acknowledge the start of deferred outflow of resources for pension contributions made from the measurement date of the beginning net pension liability to the start of the first fiscal year’s implementation. This Statement is effective for periods beginning after June 15, 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, 2015.

---

**NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY**

The Commission’s cash and investments at June 30, 2015 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, 2015, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2015:

Assets Invested through the County Treasurers Office	
Federal Agency Securities	\$ 25,060,550
County Pool	<u>64,649,202</u>
 Total Cash and Investments by County Treasury	 <u><u>\$ 89,709,752</u></u>

**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:



**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

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

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 on March 22, 2005 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	\$ 25,060,550	\$ 25,060,550	\$ -	\$ -
County Pool	64,649,202	64,649,202	-	-
<b>Total</b>	<b>\$ 89,709,752</b>	<b>\$ 89,709,752</b>	<b>\$ -</b>	<b>\$ -</b>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

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

**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	\$ 25,060,550	AAA	AAA
County Pool	<u>64,649,202</u>	VARIOUS	AAAF
Total	<u>\$ 89,709,752</u>		

**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 2014/2015			

**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 counter party (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.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

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

**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.

---

**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 2015 and miscellaneous Surplus Money Investment Fund (SMIF) revenue.

Prop 10 revenue for:	
May 2015	\$ 2,775,987
June 2015	2,264,473
SMIF	<u>9,395</u>
Total	<u>\$ 5,049,855</u>

---

**NOTE 4: ACCOUNTS PAYABLE**

Accounts payable is comprised of \$15,027,131 in funding due to contractors at June 30, 2015.

---

**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 \$117,700 for County investment interest earnings in the operating fund and the sustainability reserve fund.

The Commission owes the County of San Diego \$215,229 for:

- 1) Program costs of \$114,671;
- 2) Labor costs of \$39,620;
- 3) Computing and IT charges of \$7,385;
- 4) County Counsel services \$613;
- 5) Interest receivable year end and portfolio admin fee \$52,836;
- 6) Purchasing & Contracting ISF Surcharge \$104.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**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 represent distributions of interest accrued on statewide Proposition 10 money.

Revenue for the fiscal year 2014/2015 is comprised of:

Proposition 10 revenue (monthly allocations)	\$ 18,430,920
SMIF	9,395
Quality Preschool Initiative	11,728,390
The Child Signature Program	3,454,625
Race to the Top	2,245,507
Interest	443,268
Net increase (decrease) in FMV of investments	<u>(3,050)</u>
Total revenue	<u><u>\$ 36,309,055</u></u>

**NOTE 8: SPECIAL FUNDING**

Special funding for FY 2014/2015 included \$11,728,390 for the First 5 San Diego Quality Preschool Initiative; \$3,454,625 for the First 5 California Child Signature Program; and \$2,245,507 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 2014/2015 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 34 and 35.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

---

**NOTE 8: SPECIAL FUNDING (continued)**

**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. 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.

**Race to the Top:** The purpose of the California Department of Education Race to the Top (RTT) grant 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 38 and 39.

---

**NOTE 9: LEASE OBLIGATION**

The Commission is obligated for the next 4 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:		
2016	\$	343,941
2017		353,894
2018		363,847
2019		<u>374,169</u>
Total lease obligation	\$	<u><u>1,435,851</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

---

**NOTE 10: EVALUATION EXPENSES**

The Commission spent \$1,189,466 on program evaluation during the audit period.

---

**NOTE 11: FUND BALANCES**

As of June 30, 2015, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form (e.g. Prepaid Expense) or because they are legally or contractually required to be maintained intact (e.g. revolving fund or the principal of an endowment).

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. The Commission is the highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Commission removes or changes the specific uses through the same type of formal action taken to establish the commitment.

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 Commission or Executive 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 Commission has provided otherwise in its commitment or assignment actions.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2015**

**NOTE 11: FUND BALANCES (continued)**

The details of the fund balances as of June 30, 2015 are presented below:

**Fund Balance:**

Nonspendable:		
Prepaid items	\$	<u>2,816</u>
Committed To:		
Administration		6,083,871
Evaluation		1,356,626
Healthy Development Servicers		21,295,507
KidStart		1,811,470
Oral Health		3,161,838
Quality Preschool Initiative		23,088,697
Mi Esculita		1,075,618
Targeted Home Visits		8,259,314
Parent Education & Family Engagement		452,867
Maternity Shelter		205,849
Information & Referral		494,037
Parent & Public Education		848,097
Community Projects		271,720
Capital Projects		1,032,900
Management Reserve		10,000,000
Total Committed		<u>79,438,411</u>
Total Fund Balance	\$	<u><u>79,441,227</u></u>

This Page Intentionally Left Blank

DRAFT



**REQUIRED SUPPLEMENTARY INFORMATION SECTION**

DRAFT

This Page Intentionally Left Blank

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
GOVERNMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>BUDGETED AMOUNTS (UNAUDITED)</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>ACTUAL</b>	
Revenues:				
Prop 10 tobacco tax	\$ 15,196,918	\$ 15,196,918	\$ 18,440,315	\$ 3,243,397
Prop 10 Quality Preschool Initiative	13,703,082	13,703,082	11,728,390	(1,974,692)
Prop 10 Child Signature Program	3,354,625	3,354,625	3,454,625	100,000
Race to the Top	2,442,293	2,442,293	2,245,507	(196,786)
Interest revenue	952,400	952,400	443,268	(509,132)
Net increase (decrease) in FMV of investments	-	-	(3,050)	(3,050)
Total revenues	<u>35,649,318</u>	<u>35,649,318</u>	<u>36,309,055</u>	<u>659,737</u>
Expenditures:				
Labor and Benefits	3,395,839	3,395,839	3,033,480	362,359
Services and Supplies	862,541	862,541	622,703	239,838
Evaluation	1,193,770	1,193,770	1,189,466	4,304
Contributions to Community Projects	61,706,642	62,285,165	53,010,552	9,274,613
Total expenditures	<u>67,158,792</u>	<u>67,737,315</u>	<u>57,856,201</u>	<u>9,881,114</u>
Net change in fund balance	(31,509,474)	(32,087,997)	(21,547,146)	10,540,851
Fund balance, beginning of fiscal year	<u>100,988,373</u>	<u>100,988,373</u>	<u>100,988,373</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 69,478,899</u>	<u>\$ 68,900,376</u>	<u>\$ 79,441,227</u>	<u>\$ 10,540,851</u>

**Budget and Budgetary Process**

The commission adopts an annual budget which can be amended throughout the year. The basis used to prepare the budget is in accordance with generally accepted accounting principals (GAAP).

This Page Intentionally Left Blank

DRAFT

**SUPPLEMENTARY INFORMATION SECTION**

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
QUALITY PRESCHOOL INITIATIVE  
JUNE 30, 2015**

	2015
<b>Assets</b>	
Cash and investments in county treasury	\$ -
Total assets	\$ -
<b>Liabilities and Fund Balance</b>	
Fund balance:	
Restricted for Quality Preschool Initiative	\$ -
Total fund balance	-
Total liabilities and fund balance	\$ -

DRAFT

**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, 2015**

	2015
Revenues:	
Quality Preschool Initiative	\$ 11,728,390
Total revenues	11,728,390
 Expenditures:	
Labor and benefits	-
Contributions to community projects	11,728,390
Total expenditures	11,728,390
 Net change in fund balance	-
 Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
CHILD SIGNATURE PROGRAM  
JUNE 30, 2015**

	<b>2015</b>
<b>Assets</b>	
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	\$ -

DRAFT



**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, 2015**

	<b>2015</b>
Revenues:	
Child Signature Program	\$ 3,454,625
Total revenues	3,454,625
Expenditures:	
Labor and benefits	100,000
Contributions to community projects	3,354,625
Total expenditures	3,454,625
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
RACE TO THE TOP  
JUNE 30, 2015**

	<b>2015</b>
<b>Assets</b>	
Cash and investments in county treasury:	\$ 196,786
Total assets	\$ 196,786
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Unearned revenue	\$ 196,786
Total liabilities	\$ 196,786
Fund balance:	
Restricted for Race to the Top	\$ -
Total fund balance	\$ -
Total liabilities and fund balance	\$ 196,786

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
RACE TO THE TOP  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<b>2015</b>
Revenues:	
Race to the Top	\$ 2,245,507
Total revenues	2,245,507
 Expenditures:	
Labor and benefits	-
Contributions to community projects	2,245,507
Total expenditures	2,245,507
 Net change in fund balance	-
 Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

DRAFT

This Page Intentionally Left Blank

DRAFT

# STATISTICAL SECTION

DRAFT

This Page Intentionally Left Blank

DRAFT

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2015**

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.	44 - 47
<u>Revenue Trends</u> These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	48 - 49
<u>Demographic Information</u> 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.	50 - 53
<u>Operating Information</u> 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.	54

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2015**

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

	<u>2015</u>	<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>
Restricted	\$ -	\$ -	\$ -	\$ 557,910	\$ 1,287,217	\$176,650,132	\$194,800,719	\$196,568,447	\$187,663,752	\$188,017,563
Unrestricted	79,330,400	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					
<b>Total net position</b>	<b><u>\$ 79,330,400</u></b>	<b><u>\$100,898,266</u></b>	<b><u>\$127,377,162</u></b>	<b><u>\$144,104,671</u></b>	<b><u>\$ 69,348,441</u></b>	<b><u>\$176,650,132</u></b>	<b><u>\$194,800,719</u></b>	<b><u>\$196,568,447</u></b>	<b><u>\$187,663,752</u></b>	<b><u>\$188,017,563</u></b>

\* 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, 2015**

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

	<u>2015</u>	<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>
<b>Revenues</b>										
Prop 10 tobacco taxes (including SMIF)	\$ 18,440,315	\$ 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
Prop 10 school readiness	-	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526	6,540,197	1,505,311
Prop 10 child care retention	-	-	-	-	-	-	1,833,291	1,967,421	1,684,391	1,108,915
10 special needs demonstration project	-	-	-	-	-	-	562,815	564,295	540,741	761,938
Prop 10 quality preschool initiative	11,728,390	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	3,454,625	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	2,245,507	1,657,897	1,018,700	-	-	-	-	-	-	-
Interest revenue	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652	9,816,995	7,974,030
Other miscellaneous	-	-	-	-	-	-	-	-	3,331	-
Net increase (decrease) in FMV of investments	(3,050)	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518	(888,050)	(767,691)
<b>Total revenues</b>	<b>\$ 36,309,055</b>	<b>\$ 35,231,004</b>	<b>\$ 36,766,939</b>	<b>\$ 36,213,723</b>	<b>\$ 37,247,740</b>	<b>\$ 41,027,298</b>	<b>\$ 48,879,517</b>	<b>\$ 52,281,222</b>	<b>\$ 49,733,743</b>	<b>\$ 48,349,306</b>
<b>Expenses</b>										
Labor and benefits	\$ 3,033,480	\$ 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
Services and supplies	622,703	628,161	619,849	820,809	684,971	654,637	929,752	672,180	472,777	1,315,445
Evaluation	1,189,466	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	53,010,552	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
<b>Total expenses</b>	<b>\$ 57,856,201</b>	<b>\$ 61,731,917</b>	<b>\$ 53,507,126</b>	<b>\$ 49,781,502</b>	<b>\$ 56,199,665</b>	<b>\$ 59,163,850</b>	<b>\$ 48,534,159</b>	<b>\$ 44,256,770</b>	<b>\$ 50,832,425</b>	<b>\$ 37,636,459</b>
<b>Extraordinary Expense-AB99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$(88,374,589)</b>	<b>\$ 88,374,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over expenses</b>	<b>\$ (21,547,146)</b>	<b>\$ (26,500,913)</b>	<b>\$ (16,740,187)</b>	<b>\$ 74,806,810</b>	<b>\$ (107,326,514)</b>	<b>\$ (18,136,552)</b>	<b>\$ 345,358</b>	<b>\$ 8,024,452</b>	<b>\$ (1,098,682)</b>	<b>\$ 10,712,847</b>
Compensated absences	(20,720)	22,017	12,678	(50,580)	24,823	(14,035)	(85,010)	(90,840)	(83,033)	(60,214)
Adjustment for reallocation	-	-	-	-	-	-	(2,028,076)	971,083	827,904	1,419,210
<b>Change in net position</b>	<b>\$ (21,567,866)</b>	<b>\$ (26,478,896)</b>	<b>\$ (16,727,509)</b>	<b>\$ 74,756,230</b>	<b>\$(107,301,691)</b>	<b>\$ (18,150,587)</b>	<b>\$ (1,767,728)</b>	<b>\$ 8,904,695</b>	<b>\$ (414,025)</b>	<b>\$ 12,071,843</b>

\* 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, 2015**

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

	<u>2015*</u>	<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>
<b>Fund Balances</b>										
Nonspendable	\$ 2,816	\$ 1,914	\$ 1,730	\$ 1,671	\$ 1,676					
Committed	79,438,411	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					
<b>Total Fund Balance</b>	<b><u>\$79,441,227</u></b>	<b><u>\$100,988,373</u></b>	<b><u>\$127,489,286</u></b>	<b><u>\$144,229,473</u></b>	<b><u>\$ 69,422,663</u></b>					
<b>Reserved</b>										
Reserved for encumbrances						\$ 40,278,999	\$ 70,847,450	\$ 28,417,471	\$ 44,859,227	\$ 59,948,839
Reserved for obligations						112,697,350	18,419,030	70,195,302	85,498,807	9,216,313
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
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>
<b>Unreserved</b>										
Designated						20,249,464	99,760,212	91,140,176	47,171,925	-
Undesignated						-	-	-	-	55,724,425
<b>Total Fund Balances</b>						<b><u>\$176,749,177</u></b>	<b><u>\$194,885,729</u></b>	<b><u>\$196,659,287</u></b>	<b><u>\$187,746,785</u></b>	<b><u>\$188,077,777</u></b>

\* 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, 2015**

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

	<u>2015</u>	<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>
<b>Revenues</b>										
Prop 10 tobacco taxes (including SMIF)	\$ 18,440,315	\$ 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
Prop 10 school readiness	-	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526	6,540,197	1,505,311
Prop 10 child care retention	-	-	-	-	-	-	1,833,291	1,967,421	1,684,391	1,108,915
Prop 10 special needs demonstration project	-	-	-	-	-	-	562,815	564,295	540,741	761,938
Prop 10 quality preschool initiative	11,728,390	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	3,454,625	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	2,245,507	1,657,897	1,018,700	-	-	-	-	-	-	-
Interest revenue	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652	9,816,995	7,974,030
Other miscellaneous	-	-	-	-	-	-	-	-	3,331	-
Net increase (decrease) in FMV of investments	(3,050)	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518	(888,050)	(767,691)
<b>Total revenues</b>	<b>\$ 36,309,055</b>	<b>\$ 35,231,004</b>	<b>\$ 36,766,939</b>	<b>\$ 36,213,723</b>	<b>\$ 37,247,740</b>	<b>\$ 41,027,298</b>	<b>\$ 48,879,517</b>	<b>\$ 52,281,222</b>	<b>\$ 49,733,743</b>	<b>\$ 48,349,306</b>
<b>Expenditures</b>										
Labor and benefits	\$ 3,033,480	\$ 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
Services and supplies	622,703	628,161	619,849	820,809	684,971	654,637	929,752	672,180	472,777	1,315,445
Evaluation	1,189,466	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	53,010,552	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
<b>Total expenditures</b>	<b>\$ 57,856,201</b>	<b>\$ 61,731,917</b>	<b>\$ 53,507,126</b>	<b>\$ 49,781,502</b>	<b>\$ 56,199,665</b>	<b>\$ 59,163,850</b>	<b>\$ 48,534,159</b>	<b>\$ 44,256,770</b>	<b>\$ 50,832,425</b>	<b>\$ 37,636,459</b>
<b>Extraordinary Expenditure-AB99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$(88,374,589)</b>	<b>\$ 88,374,589</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>\$ (21,547,146)</b>	<b>\$ (26,500,913)</b>	<b>\$ (16,740,187)</b>	<b>\$ 74,806,810</b>	<b>\$ (107,326,514)</b>	<b>\$ (18,136,552)</b>	<b>\$ 345,358</b>	<b>\$ 8,024,452</b>	<b>\$ (1,098,682)</b>	<b>\$ 10,712,847</b>
Adjustments for reallocation	-	-	-	-	-	-	(2,118,916)	888,050	767,690	1,419,210
<b>Change in fund balance</b>	<b>\$ (21,547,146)</b>	<b>\$ (26,500,913)</b>	<b>\$ (16,740,187)</b>	<b>\$ 74,806,810</b>	<b>\$ (107,326,514)</b>	<b>\$ (18,136,552)</b>	<b>\$ (1,773,558)</b>	<b>\$ 8,912,502</b>	<b>\$ (330,992)</b>	<b>\$ 12,132,057</b>

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
 Statistical Section (Unaudited)  
 For the Year Ended June 30, 2015

**Revenue Projections**

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2014-15 THROUGH 2018-19  
 UTILIZING DOF MAY REVISE 2015 TOBACCO TAX PROJECTIONS AND  
 DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1970 – 2023

COUNTY	2012 Births	2012 Birthrate	2014-15 TAX REVENUE PROJECTION	2013 Births	2013 Birthrate	2015-16 TAX REVENUE PROJECTION	2014 Births*	2014 Birthrate	2016-17 TAX REVENUE PROJECTION	2015 Births*	2015 Birthrate	2017-18 TAX REVENUE PROJECTION	2016 Births*	2016 Birthrate	2018-19 TAX REVENUE PROJECTION
1 Alameda	19,550	3.881%	\$12,570,849	19,050	3.853%	\$12,113,971	19,295	3.853%	\$11,655,133	19,433	3.853%	\$11,212,343	19,572	3.853%	\$10,785,040
2 Alpine	8	0.002%	\$5,144	6	0.001%	\$3,590	5	0.001%	\$3,268	5	0.001%	\$2,965	5	0.001%	\$2,680
3 Amador	285	0.057%	\$183,258	269	0.054%	\$170,886	272	0.054%	\$164,469	274	0.054%	\$158,274	276	0.054%	\$152,294
4 Butte	2,397	0.476%	\$1,541,295	2,372	0.480%	\$1,508,173	2,401	0.479%	\$1,540,206	2,417	0.479%	\$1,394,300	2,432	0.479%	\$1,340,383
5 Calaveras	347	0.069%	\$223,125	328	0.066%	\$208,610	330	0.066%	\$199,232	330	0.065%	\$190,244	330	0.065%	\$181,628
6 Colusa	314	0.062%	\$201,905	306	0.062%	\$194,283	309	0.062%	\$186,715	311	0.062%	\$179,422	313	0.062%	\$172,391
7 Costa Costa	12,061	2.394%	\$7,755,345	12,173	2.462%	\$7,740,999	12,441	2.485%	\$7,514,958	12,642	2.507%	\$7,294,065	12,845	2.529%	\$7,078,231
8 Del Norte	302	0.060%	\$194,189	317	0.064%	\$201,711	323	0.064%	\$194,918	326	0.065%	\$188,328	330	0.065%	\$181,934
9 El Dorado	1,513	0.300%	\$972,874	1,561	0.316%	\$992,401	1,591	0.318%	\$960,883	1,612	0.320%	\$930,218	1,634	0.322%	\$900,384
10 Fresno	15,953	3.167%	\$10,257,941	15,939	3.224%	\$10,135,713	16,231	3.241%	\$9,804,057	16,434	3.259%	\$9,484,854	16,639	3.276%	\$9,168,845
11 Glenn	368	0.073%	\$236,628	391	0.079%	\$248,792	401	0.080%	\$242,271	409	0.081%	\$235,859	417	0.082%	\$229,555
12 Humboldt	1,511	0.300%	\$971,588	1,455	0.294%	\$925,170	1,461	0.292%	\$882,439	1,458	0.289%	\$841,518	1,456	0.287%	\$802,334
13 Imperial	3,041	0.604%	\$1,955,394	3,139	0.635%	\$1,996,260	3,236	0.646%	\$1,954,974	3,317	0.658%	\$1,913,723	3,398	0.669%	\$1,872,550
14 Inyo	219	0.043%	\$140,819	219	0.044%	\$139,104	222	0.044%	\$133,991	224	0.044%	\$129,051	226	0.044%	\$124,278
15 Kern	14,558	2.890%	\$9,360,942	14,514	2.936%	\$9,229,688	14,876	2.971%	\$8,986,031	15,159	3.006%	\$8,746,547	15,446	3.041%	\$8,511,230
16 Kings	2,357	0.468%	\$1,515,575	2,417	0.489%	\$1,536,905	2,451	0.489%	\$1,480,441	2,471	0.490%	\$1,425,881	2,492	0.491%	\$1,373,159
17 Lake	739	0.147%	\$475,185	726	0.147%	\$461,382	733	0.146%	\$442,803	736	0.146%	\$424,919	740	0.146%	\$407,704
18 Lassen	298	0.059%	\$191,617	298	0.060%	\$189,356	304	0.061%	\$183,344	308	0.061%	\$177,496	312	0.061%	\$171,806
19 Los Angeles	131,697	26.141%	\$84,682,508	127,194	25.727%	\$80,883,996	128,067	25.575%	\$77,358,240	128,210	25.423%	\$73,974,768	128,355	25.271%	\$70,727,987
20 Madera	2,258	0.448%	\$1,451,917	2,339	0.473%	\$1,487,419	2,390	0.477%	\$1,443,558	2,428	0.481%	\$1,400,719	2,466	0.486%	\$1,358,883
21 Marin	2,306	0.458%	\$1,482,781	2,310	0.467%	\$1,468,647	2,339	0.467%	\$1,412,659	2,355	0.467%	\$1,358,645	2,371	0.467%	\$1,306,533
22 Mariposa	161	0.032%	\$103,525	137	0.028%	\$87,024	137	0.027%	\$82,558	136	0.027%	\$78,297	135	0.027%	\$74,232
23 Mendocino	1,153	0.229%	\$741,391	1,077	0.218%	\$684,799	1,098	0.219%	\$662,952	1,112	0.221%	\$641,700	1,127	0.222%	\$621,029
24 Merced	4,311	0.856%	\$2,772,017	4,279	0.865%	\$2,720,894	4,372	0.873%	\$2,641,088	4,442	0.881%	\$2,563,119	4,513	0.889%	\$2,486,954
25 Modoc	76	0.015%	\$48,869	72	0.015%	\$45,827	72	0.014%	\$43,370	71	0.014%	\$41,028	70	0.014%	\$38,797
26 Mono	131	0.026%	\$84,234	142	0.029%	\$90,397	143	0.029%	\$86,388	143	0.028%	\$82,542	143	0.028%	\$78,855
27 Monterey	6,652	1.320%	\$4,277,304	6,552	1.325%	\$4,166,283	6,614	1.321%	\$3,995,089	6,639	1.316%	\$3,830,432	6,664	1.312%	\$3,672,065
28 Napa	1,431	0.284%	\$920,148	1,501	0.304%	\$954,696	1,538	0.307%	\$929,066	1,567	0.311%	\$903,900	1,596	0.314%	\$879,196
29 Nevada	810	0.161%	\$520,838	812	0.164%	\$516,402	835	0.167%	\$504,567	854	0.169%	\$492,829	873	0.172%	\$481,194
30 Orange	38,186	7.580%	\$24,553,986	37,429	7.571%	\$23,801,860	37,917	7.572%	\$22,903,732	38,193	7.573%	\$22,036,874	38,474	7.575%	\$21,200,199
31 Placer	3,648	0.724%	\$2,345,701	3,806	0.770%	\$2,420,217	3,919	0.783%	\$2,367,237	4,011	0.795%	\$2,314,522	4,105	0.808%	\$2,262,114
32 Plumas	151	0.030%	\$97,095	156	0.031%	\$99,009	158	0.032%	\$95,707	160	0.032%	\$92,502	162	0.032%	\$89,391
33 Riverside	30,316	6.018%	\$19,493,496	30,540	6.177%	\$19,420,542	31,235	6.238%	\$18,867,409	31,762	6.298%	\$18,326,131	32,297	6.359%	\$17,796,536
34 Sacramento	19,618	3.894%	\$12,614,573	19,439	3.932%	\$12,361,248	19,689	3.932%	\$11,893,036	19,829	3.932%	\$11,441,199	19,972	3.932%	\$11,005,166
35 San Benito	701	0.139%	\$450,750	763	0.154%	\$485,215	788	0.157%	\$475,888	809	0.160%	\$466,515	830	0.163%	\$457,111
36 San Bernardino	30,691	6.092%	\$19,734,625	30,265	6.122%	\$19,246,003	30,716	6.134%	\$18,554,081	30,997	6.147%	\$17,884,837	31,282	6.159%	\$17,237,527
37 San Diego	44,391	8.811%	\$28,543,864	42,676	8.632%	\$27,138,406	42,867	8.561%	\$25,893,800	42,812	8.489%	\$24,701,621	42,756	8.418%	\$23,559,744
38 San Francisco	9,070	1.800%	\$5,832,102	8,768	1.774%	\$5,575,693	8,867	1.771%	\$5,355,933	8,916	1.768%	\$5,144,211	8,965	1.765%	\$4,940,234
39 San Joaquin	10,129	2.011%	\$6,513,050	10,179	2.059%	\$6,473,106	10,416	2.080%	\$6,291,776	10,597	2.101%	\$6,114,168	10,780	2.122%	\$5,940,234
40 San Luis Obispo	2,580	0.512%	\$1,658,966	2,580	0.522%	\$1,640,946	2,608	0.521%	\$1,575,442	2,621	0.520%	\$1,512,366	2,634	0.519%	\$1,451,629
41 San Mateo	9,182	1.823%	\$5,904,119	8,815	1.783%	\$5,605,509	8,878	1.773%	\$5,362,830	8,891	1.763%	\$5,129,884	8,904	1.753%	\$4,906,291
42 Santa Barbara	5,584	1.108%	\$3,590,569	5,684	1.150%	\$3,614,782	5,775	1.153%	\$3,488,548	5,834	1.157%	\$3,366,290	5,894	1.160%	\$3,247,884
43 Santa Clara	24,308	4.825%	\$15,630,291	23,224	4.697%	\$14,768,193	23,392	4.671%	\$14,129,743	23,427	4.645%	\$13,516,869	23,462	4.619%	\$12,928,571
44 Santa Cruz	3,084	0.612%	\$1,983,403	3,005	0.608%	\$1,911,063	3,034	0.606%	\$1,832,449	3,045	0.604%	\$1,756,840	3,056	0.602%	\$1,684,123
45 Shasta	2,110	0.419%	\$1,356,571	2,051	0.415%	\$1,304,523	2,070	0.413%	\$1,250,323	2,077	0.412%	\$1,198,216	2,084	0.410%	\$1,148,121
46 Sierra	19	0.004%	\$12,217	19	0.004%	\$11,874	19	0.004%	\$11,497	19	0.004%	\$11,131	20	0.004%	\$10,775
47 Siskiyou	501	0.099%	\$322,148	462	0.094%	\$294,065	466	0.093%	\$281,677	468	0.093%	\$269,773	469	0.092%	\$258,335
48 Solano	5,061	1.005%	\$3,254,274	5,161	1.044%	\$3,282,015	5,258	1.050%	\$3,176,200	5,327	1.056%	\$3,073,327	5,396	1.062%	\$2,973,316
49 Sonoma	5,144	1.021%	\$3,307,644	5,157	1.043%	\$3,279,698	5,286	1.056%	\$3,193,191	5,387	1.068%	\$3,108,161	5,489	1.081%	\$3,024,607
50 Stanislaus	7,592	1.507%	\$4,881,733	7,644	1.546%	\$4,861,110	7,791	1.556%	\$4,705,849	7,894	1.565%	\$4,554,833	7,999	1.575%	\$4,407,951
51 Sutter	1,258	0.250%	\$808,907	1,290	0.261%	\$820,590	1,315	0.263%	\$794,166	1,332	0.264%	\$768,475	1,349	0.266%	\$743,498
52 Tehama	767	0.152%	\$493,189	751	0.152%	\$477,772	766	0.153%	\$462,858	777	0.154%	\$448,336	788	0.155%	\$434,195
53 Trinity	125	0.025%	\$80,376	108	0.022%	\$68,780	106	0.021%	\$64,203	104	0.021%	\$59,867	101	0.020%	\$55,761
54 Tulare	8,000	1.588%	\$5,144,081	7,854	1.589%	\$4,994,313	7,991	1.596%	\$4,826,916	8,084	1.603%	\$4,664,479	8,179	1.610%	\$4,506,858
55 Tuolumne	459	0.091%	\$295,142	444	0.090%	\$282,056	446	0.089%	\$269,504	446	0.088%	\$257,467	446	0.088%	\$245,926
56 Ventura	10,641	2.112%	\$6,842,271	10,565	2.137%	\$6,718,190	10,754	2.148%	\$6,495,834	10,884	2.158%	\$6,279,938	11,016	2.169%	\$6,070,316
57 Yolo	2,452	0.487%	\$1,576,661	2,430	0.491%	\$1,545,051	2,476	0.494%	\$1,495,395	2,508	0.497%	\$1,447,111	2,541	0.500%	\$1,400,164
58 Yuba	1,213	0.241%	\$779,971	1,232	0.249%	\$783,594	1,255	0.251%	\$758,365	1,272	0.252%	\$733,835	1,288	0.254%	\$709,986
<b>TOTALS</b>	<b>503,788</b>	<b>100%</b>	<b>\$323,940,800</b>	<b>494,390</b>	<b>100%</b>	<b>\$314,388,800</b>	<b>500,748</b>	<b>100%</b>	<b>\$302,473,260</b>	<b>504,304</b>	<b>100%</b>	<b>\$290,974,764</b>	<b>507,917</b>	<b>100%</b>	<b>\$279,878,715</b>

Source: "First 5 California County Tax Revenue Projections for FY 2014/15 to 2018/19"

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
 Statistical Section (Unaudited)  
 For the Year Ended June 30, 2015

**Cigarette Tax**

**TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2013-14**

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate
2013-14	\$751,513,000	\$6,443,000	\$757,956,000	\$600,000	\$86,424,000	29.82%
2012-13	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68%
2011-12	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73%
2010-11	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02%
2009-10	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11%
2008-09	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13%
2007-08	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13%
2006-07	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76%
2005-06	1,026,497,000	8,795,000	1,035,293,000	1,707,000	67,348,000	46.76%
2004-05	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76%
2003-04	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76%
2002-03	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89%
2001-02	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65% d/
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000 e/	7,206,000	849,117,000	6,808,000	42,137,000 f/	61.53% f/
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000 g/	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000 h/	6,581,000	776,623,000	11,615,000	24,956,000 h/	37.47%
1988-89	499,712,000 h/	4,273,000	503,984,000	4,968,000	9,994,000 h/	41.67%
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		
1979-80	272,119,000	2,327,000	274,446,000	1,645,000		
1978-79	270,658,000	2,315,000	272,973,000	1,408,000		
1977-78	275,042,000	2,352,000	277,394,000	1,239,000		
1976-77	270,502,000	2,315,000	272,817,000	832,000		
1975-76	269,852,000	2,309,000	272,161,000	927,000		
1974-75	264,182,000	2,262,000	266,444,000	745,000		
1973-74	259,738,000	2,222,000	261,960,000	632,000		
1972-73	253,089,000	2,167,000	255,256,000	626,000		
1971-72	248,398,000	2,127,000	250,525,000	677,000		
1970-71	240,372,000	2,058,000	242,430,000	552,000		
1969-70	237,220,000	2,032,000	239,253,000	455,000		
1968-69	238,836,000	2,046,000	240,882,000	492,000		
1967-68	208,125,000 i/	1,862,000	209,987,000	328,000		
1966-67	75,659,000	1,543,000	77,202,000	129,000		
1965-66	74,880,000	1,528,000	76,407,000	88,000		
1964-65	74,487,000	1,520,000	76,007,000	61,000		
1963-64	71,530,000	1,459,000	72,989,000	71,000		
1962-63	70,829,000	1,445,000	72,274,000	79,000		
1961-62	68,203,000	1,390,000	69,593,000	47,000		
1960-61	66,051,000 j/	1,675,000 k/	67,726,000	76,000		
1959-60	61,791,000 l/	767,000 v	62,558,000	67,000		

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

**Footnotes**

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See Refunds).
- 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 most 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, 2015**

**Live Births**

TABLE: LIVE BIRTHS, CALIFORNIA COUNTIES, 2004-2013 (By Place of Residence)

COUNTY	YEAR									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>CALIFORNIA</b>	<b>544,685</b>	<b>548,700</b>	<b>562,157</b>	<b>566,137</b>	<b>551,567</b>	<b>526,774</b>	<b>509,979</b>	<b>502,023</b>	<b>503,788</b>	<b>494,390</b>
ALAMEDA	20,919	20,902	21,058	21,519	20,972	20,320	19,302	19,002	19,550	19,050
ALPINE	8	15	13	13	13	4	4	6	8	6
AMADOR	262	288	274	294	288	295	272	269	285	269
BUTTE	2,354	2,451	2,633	2,519	2,518	2,439	2,454	2,392	2,397	2,372
CALAVERAS	322	371	393	397	373	338	346	326	347	328
COLUSA	345	381	389	386	367	361	338	302	314	306
CONTRA COSTA	13,279	13,143	13,565	13,485	13,136	12,680	12,352	12,057	12,061	12,173
DEL NORTE	285	327	365	356	312	333	372	337	302	317
EL DORADO	1,897	1,930	2,036	1,881	1,814	1,719	1,618	1,629	1,513	1,561
FRESNO	15,896	15,936	16,876	17,291	16,760	16,273	16,281	16,157	15,953	15,939
GLENN	398	431	455	434	472	424	434	391	368	391
HUMBOLDT	1,509	1,598	1,643	1,599	1,601	1,542	1,551	1,448	1,511	1,455
IMPERIAL	2,861	3,058	3,127	3,148	3,221	3,145	3,072	3,075	3,041	3,139
INYO	214	205	250	212	226	239	192	213	219	219
KERN	13,455	14,022	15,104	15,328	15,315	14,827	14,416	14,287	14,558	14,514
KINGS	2,549	2,554	2,683	2,781	2,710	2,644	2,507	2,565	2,357	2,417
LAKE	686	728	695	742	705	726	721	715	739	726
LASSEN	301	289	259	264	323	325	322	300	298	298
LOS ANGELES	151,504	150,377	151,837	151,813	147,684	139,679	133,160	130,312	131,697	127,194
MADERA	2,346	2,349	2,622	2,611	2,535	2,390	2,434	2,401	2,258	2,339
MARIN	2,792	2,785	2,734	2,819	2,716	2,495	2,368	2,385	2,306	2,310
MARIPOSA	150	122	159	141	147	155	145	132	161	137
MENDOCINO	1,125	1,121	1,106	1,145	1,168	1,100	1,059	1,061	1,153	1,077
MERCED	4,296	4,470	4,742	4,650	4,423	4,407	4,248	4,281	4,311	4,279
MODOC	85	81	80	80	92	85	119	87	76	72
MONO	170	153	192	161	175	139	151	156	131	142
MONTEREY	7,396	7,501	7,474	7,551	7,434	7,068	6,764	6,814	6,652	6,552
NAPA	1,604	1,658	1,754	1,665	1,671	1,653	1,525	1,572	1,431	1,501
NEVADA	818	819	804	844	871	758	793	761	810	812
ORANGE	45,060	44,065	44,231	44,026	42,456	40,431	38,237	38,100	38,186	37,429
PLACER	3,797	3,823	3,892	4,051	4,035	3,804	3,824	3,832	3,648	3,806
PLUMAS	173	176	172	186	175	154	170	165	151	156
RIVERSIDE	29,545	31,509	33,659	34,556	32,866	31,601	30,659	30,610	30,316	30,540
SACRAMENTO	20,836	21,184	21,952	22,110	21,389	20,426	20,055	19,998	19,618	19,439
SAN BENITO	887	892	885	882	816	752	735	772	701	763
SAN BERNARDINO	31,914	33,075	34,675	35,193	33,788	31,984	31,367	30,573	30,691	30,265
<b>SAN DIEGO</b>	<b>45,758</b>	<b>45,897</b>	<b>46,876</b>	<b>47,545</b>	<b>46,742</b>	<b>44,960</b>	<b>44,838</b>	<b>43,621</b>	<b>44,391</b>	<b>42,676</b>
SAN FRANCISCO	8,579	8,403	8,609	9,125	9,104	8,807	8,800	8,813	9,070	8,768
SAN JOAQUIN	11,010	11,495	11,782	11,592	11,030	10,872	10,593	10,328	10,129	10,179
SAN LUIS OBISPO	2,694	2,664	2,727	2,884	2,737	2,614	2,736	2,632	2,580	2,580
SAN MATEO	10,089	9,938	9,808	9,910	9,765	9,452	9,193	9,047	9,182	8,815
SANTA BARBARA	6,209	6,192	6,166	6,289	6,319	6,039	5,819	5,803	5,584	5,664
SANTA CLARA	26,537	26,553	26,942	27,484	26,730	25,200	23,936	23,652	24,308	23,224
SANTA CRUZ	3,399	3,385	3,600	3,571	3,538	3,301	3,190	3,232	3,084	3,005
SHASTA	2,046	2,123	2,191	2,230	2,186	2,069	2,136	2,021	2,110	2,051
SIERRA	18	35	14	24	22	21	23	23	19	19
SISKIYOU	467	470	493	512	498	477	434	472	501	482
SOLANO	5,688	5,737	5,801	5,847	5,607	5,392	5,047	5,158	5,061	5,161
SONOMA	5,964	5,613	5,896	5,742	5,761	5,683	5,391	5,150	5,144	5,157
STANISLAUS	8,061	8,445	8,728	8,826	8,549	7,941	7,804	7,737	7,592	7,644
SUTTER	1,342	1,484	1,577	1,497	1,468	1,433	1,360	1,326	1,258	1,290
TEHAMA	700	872	818	765	790	814	767	728	767	751
TRINITY	110	120	122	117	126	116	107	123	125	108
TULARE	7,957	8,168	8,284	8,505	8,533	8,362	8,155	7,966	8,000	7,854
TUOLUMNE	477	446	495	474	486	425	487	430	459	444
VENTURA	11,954	12,160	12,453	12,194	12,076	11,353	11,147	10,656	10,641	10,565
YOLO	2,404	2,453	2,646	2,522	2,669	2,483	2,426	2,340	2,452	243
YUBA	1,184	1,258	1,341	1,349	1,264	1,245	1,223	1,282	1,213	1,232

Source: State of California, Department of Public Health Open Data, California live births by county, 2013.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2015**

<b>County of San Diego</b>											
<b>Demographic Data</b>											
	Percentage										
Demographic	2013	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Total Population		3,211,252	3,177,063	3,140,069	3,095,313	3,077,633	3,051,262	3,014,165	2,982,816	2,970,135	2,963,390
White	47.05%	1,510,757	1,509,733	1,502,204	1,506,581	1,526,495	1,538,871	1,535,920	1,536,515	1,546,252	1,558,433
Hispanic	32.93%	1,057,428	1,037,685	1,021,896	991,353	965,263	936,723	913,612	892,574	876,865	861,505
Asian	11.10%	356,394	356,437	340,979	330,644	316,468	310,225	302,552	294,937	289,799	286,597
Pacific Islander	0.44%	14,008	15,207	11,802	13,658	13,516	13,408	13,232	13,083	13,008	13,004
Black	4.81%	154,477	153,435	146,766	147,967	152,669	152,793	152,281	152,007	152,933	154,497
American Indian	0.37%	11,962	12,433	12,004	14,239	14,694	14,645	14,561	14,508	14,587	14,794
Multi-race or other race	3.31%	106,226	92,133	104,418	90,871	88,528	84,598	82,008	79,192	76,692	74,561
Female	49.7%	1,595,992	1,579,000	1,563,754	1,541,466	1,532,661	1,516,477	1,501,054	1,482,460	1,449,426	1,446,134
Male	50.3%	1,615,260	1,598,063	1,576,315	1,553,847	1,544,972	1,534,785	1,513,111	1,500,356	1,520,709	1,517,256
Under 5 years	6.5%	208,731	209,686	207,245	203,423	205,195	205,499	204,006	203,456	205,117	205,393
5-17 years	16.1%	517,012	517,861	521,251	520,169	518,592	532,235	531,078	535,418	569,798	525,873
18-24 years	11.4%	366,083	371,716	367,388	368,453	341,587	363,027	352,029	345,916	281,900	351,101
25-34 years	15.9%	510,589	495,622	483,571	470,629	472,011	446,093	440,036	442,171	443,842	456,663
35-44 years	13.2%	423,885	422,549	420,769	417,993	425,431	439,940	446,105	445,179	455,838	444,520
45-54 years	13.2%	423,885	425,726	430,189	430,378	437,853	424,557	418,793	409,083	413,853	387,674
55-64 years	11.3%	362,871	352,654	345,408	331,298	322,955	292,268	282,230	267,709	269,904	259,018
65-74 years	6.8%	218,365	203,332	188,404	182,678	180,110	169,208	163,875	159,422	164,941	165,946
75+ years	5.6%	179,830	174,738	172,704	170,293	173,899	178,437	176,014	174,462	164,941	167,203

Source: US Census Bureau, American Community Survey

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2015**

**Income**

2009-2013 American Community Survey (5-year estimates)

**INCOME (IN 2013 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	\$61,094	\$157	\$85,408	\$204	\$69,661	\$273	\$94,926	\$291	\$29,527	\$87
San Diego County	\$62,962	\$410	\$84,889	\$551	\$73,495	\$671	\$95,914	\$789	\$30,668	\$208

2009-2013 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	12.0	0.1	7.2	0.1	27.4	0.2	15.9	0.1	22.1	0.2
San Diego County	10.5	0.3	6.7	0.3	24.9	0.9	14.4	0.3	18.8	0.6



**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2015**

**Employment Status**

2009-2013 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	29,516,595	18,946,244	64.2	18,804,519	63.7	16,635,854	56.4	2,168,665	7.3	11.5	141,725	0.5	10,570,351	35.8
San Diego County	2,498,726	1,624,831	65.0	1,545,211	61.8	1,390,197	55.6	155,014	6.2	10.0	79,620	3.2	873,895	35.0

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2015**

**Capital Assets**

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

DRAFT

# COMPLIANCE SECTION

DRAFT

This Page Intentionally Left Blank

DRAFT

**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

Heather Rubio

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 2015, 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, 2015.

**Internal Control over Financial Reporting**

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.

*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.

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
San Diego, CA 92103

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

Licensed by the California  
State Board of Accountancy

## 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, 2015

DRAFT

## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

### 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, 2015 and have issued our report thereon dated September 2, 2015. 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, 2015.

### 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.

SAN DIEGO  
LOS ANGELES  
SAN FRANCISCO/BAY AREA

Corporate Office:  
348 Olive Street  
San Diego, CA 92103

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

*Licensed by the California  
State Board of Accountancy*

*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, 2015.

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, 2015