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**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, 2018

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A PROPOSITION 10 COMMISSION**  
(A component unit of the County of San Diego, California)

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended June 30, 2018**

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Victor Crandall

Fiscal Manager

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2018**

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A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2018**

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# **INTRODUCTION SECTION**

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## *COMMISSION MEMBERS*

*DIANNE JACOB – Chairwoman*

*CAROL SKILJAN - Vice Chair*

*SANDRA L. MCBRAYER- Secretary*

*NICK MACCHIONE - Commissioner*

*DR. WILMA J. WOOTEN - Commissioner*

*ALETHEA ARGUILEZ – Executive Director*

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September 10, 2018

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, 2018 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, 2018, 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, 2018. 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.

### *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 19 years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$716 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 Orange 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 42,578 new births in 2016 (the most recent data available).

The County unemployment rate has dropped significantly from a high of 11.1% in July 2010 to 3.7% in June 2018. Total non-farm employment was 1,486,100 as of June 2018. 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 1,260,600 employed. The County's economy is comparable to the Country's overall and is better than the State of California, which has an unemployment rate of 4.4%. San Diego County's economy is expected to stay strong as the State's economy continues to improve.

#### *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 \$35,183,575 in contracts for program services in the areas of health, education, family, and community.
- The Commission awarded contracts to 19 agencies throughout San Diego County for services in the areas of health, education, family and community.
- The Commission applied for, and was awarded, the Quality Rating and Improvement System Certification Grant from the California Department of Education. This grant awards \$157,481 in FY 2018/2019.
- The Commission was awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal Year ended June 30, 2017 from the Government Finance Officers Association (GFOA). This is the fourth year in a row that the Commission has applied for and received this award.

#### *FUTURE INITIATIVES*

The current Strategic Plan was approved by the Commission on June 2, 2014 covering the 5 fiscal years 2015/2016 through 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; and
- Ensure that parents and caregivers are knowledgeable about available community resources and programs.
- The Strategic Plan covering 2020 – 2025 is currently being developed by First 5 Commission management with the help of MIG, Inc. In addition, an Ad Hoc Technical & Professional Advisory Committee is advising on the plan development.

#### *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. 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.

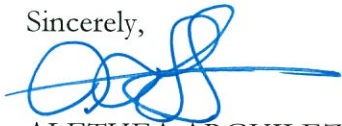
*Financial Spending Plan*

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 \$10 million over the next 4 years for a Management Reserve. Approximately \$14 million annually will be used from the Sustainability Fund for Fiscal Years 2018/2019 & 2019/2020 then drops to about \$7 million for Fiscal Years 2020/2021 & 2021/2022. At that point only \$10 million Management Reserve will remain in the fund.

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,



ALETHEA ARGUILEZ  
Executive Director

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE YEAR ENDED JUNE 30, 2018**

**Board of Commissioners**

Dianne Jacob - Chairwoman

Carol Skiljan – Vice Chair

Sandra L. McBrayer - Secretary

Nick Macchione - Commissioner

Dr. Wilma J. Wooten – Commissioner

**Executive Director**

Alethea Arguilez

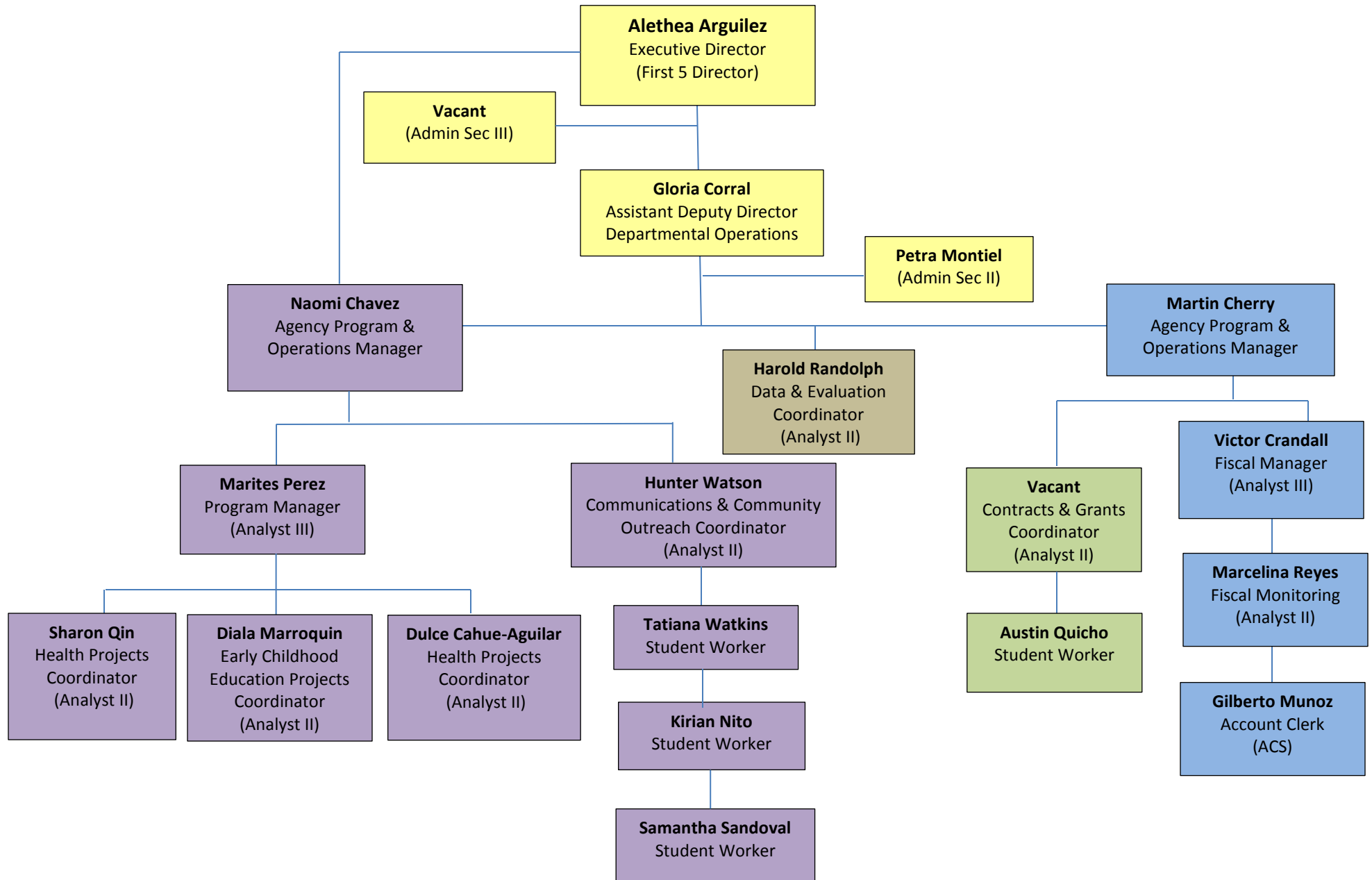
**Assistant Executive Director**

Gloria Corral-Terrazas

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# First 5 Commission of San Diego

Commission Staff – June 30, 2018



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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, 2017**

*Christopher P. Morill*

Executive Director/CEO

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# **FINANCIAL SECTION**

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## 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, 2018, 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 D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO

LOS ANGELES

SAN FRANCISCO/BAY AREA

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*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.

### ***Opinion***

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, 2018, 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 33 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 36 through 41 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 10, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of First 5 Commission of San Diego's 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.

A handwritten signature in cursive script that reads "Chisdy White Associates".

San Diego, California  
September 10, 2018

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## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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### 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, 2018. 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 2017/2018)

This Financial Highlights section is governmental fund information.

Expenditures were \$10,116,119 more than revenues. Overall revenues were \$28,799,517. Expenditures were \$38,915,636. This difference is planned in our Financial Spending Plan to reduce our Sustainability Fund to a \$10 million management reserve in FY 2021/2022.

Expenditures fall within three categories: Administrative, Program, and Evaluation. Administrative expenditures were \$2,858,939 or 7.4% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$35,183,575 or 90.4%; Evaluation expenditures were \$873,122 or 2.2% of the expenses. Total expenditures were \$38,915,636.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2017/2018 the administrative rate was 6.55% of the budget. This is based on the Total Administrative Expenditures of \$2,858,939 and the final Total Operating Budget of \$43,624,757.

### 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 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. In the County of San Diego's ORACLE accounting system Proposition 10 funds are designated as a Special Revenue Fund.

The Commission adopts an annual appropriated budget for its special revenue fund. A budgetary comparison statement (page 33) 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 2017/2018</b>	<b>FY 2016/2017</b>
Total Assets	\$ 63,462,213	\$ 75,265,819
Total Liabilities	8,355,865	10,032,949
Net Position:		
Restricted	-	-
Unrestricted	55,106,348	65,232,870
Total Net Position	\$ 55,106,348	\$ 65,232,870

The Commission's total net position decreased by \$10,126,522 or 15.5% from the prior year due to planned expenses being higher than revenues as the Commission's Sustainability Fund is drawn down to include only a management reserve.

## Changes in Net Position

Table II: Changes in Net Position

	<b>FY 2017/2018</b>	<b>FY 2016/2017</b>
Program Revenues	\$ 27,766,842	\$ 32,192,572
General Revenues	1,032,675	853,691
<b>Total Revenues</b>	<b>28,799,517</b>	<b>33,046,263</b>
Administrative Expenses	3,742,464	3,590,735
Program Expenses	35,183,575	37,461,932
<b>Total Expenses</b>	<b>38,926,039</b>	<b>41,052,667</b>
Change in net position	(10,126,522)	(8,006,404)
<b>Net position – Beginning, July 1, 2017</b>	<b>65,232,870</b>	<b>73,239,274</b>
<b>Net position – Ending, June 30, 2018</b>	<b>\$ 55,106,348</b>	<b>\$ 65,232,870</b>

Program Revenues had a decrease of \$4,425,730 or 13.7% from the previous year primarily due to lower Prop 10 tobacco tax caused by the passage of Prop 56 which added \$2 per pack to the tobacco taxes of California. Prop 10 does receive a back-fill from Prop 56 but the payment to Prop 10 is not received until the next fiscal year.

General Revenues increased by \$178,984 or 21% from the prior year due to higher yields on investments and an increase in Fair Market Value (FMV) of the investments.

The change in net position decreased by \$2,120,118 or 26.5 % due to higher planned expenditures compared to revenue.

## BUDGETARY HIGHLIGHTS

- The FY 2017/2018 final operating budget was (\$991,041) or 2.2% lower than the FY 2016/2017 budget.
- The FY 2017/2018 final program budget was (\$1,185,277) or 2.9% lower than in FY 2016/2017.
- Expenditures were less than budgeted by \$4,709,121 or 10.8% due to significant saving in labor and programs that did not expend their full budgeted allocation.
- Prop 10 Tobacco Tax revenue had a decrease over budget of \$478,598 or 1.9% due to a decrease in Tobacco product sales because of the increase in tobacco tax as the result of the passing of Prop 56. Prop 56 increased the tobacco tax in the state of California by \$2 per pack; this caused sales to decline affecting Prop 10. Prop 56 includes language to reimburse Prop 10 for any loss of revenue. In FY 2017-18 Prop 10's revenue was \$1.6 million lower than projected. Revenue from Prop 56 was \$1.1 million resulting in a net loss in revenue of \$478,598.
- Interest revenue had an unfavorable variance of \$154,363 or 16.4 % due to interest earned being rolled into the principal at maturity for a couple of investments resulting in an increase in the Fair Market Value of the investment.

- Labor & Benefits expense had a favorable variance of \$702,377 or 24% due to position vacancies during the course of the fiscal year and a reduction of the burden rate charged by the Health and Human services Agency for labor from 26.4% to 11.8%.
- Services and Supplies expense had a favorable variance of \$80,580 or 11.3% primarily due to expenditures for 20 of the 27 budget accounts being lower than budget.
- Contributions to Community Projects (Program Expenses) had a favorable variance of \$3.9 million or 10% due to lower than expected expenditures in contracts.

### **BEYOND FY 2017/2018**

In June 2014, the Commission adopted the 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 greatly reduced. By the end of the Strategic Plan 2015 – 2020 the Commission will have a significantly reduced Sustainability Fund due to the thoughtful reduction of the fund over the life of the Strategic Plan. The plan is to reduce the Sustainability Fund to an adequate Management Reserve and match expenses to revenues in future years.

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 current Strategic Plan period, the Sustainability Fund will be used to supplement revenues by \$12.2 million on average over the 2016 – 2020 time period. Future budgets will be stable for the next 2 years at roughly \$42.5 million per year.

The Strategic Plan for 2020 – 2025 is currently being developed. Once the plan is approved by the First 5 Commission in April of 2019 (the current planned approval date), this plan will direct the expenditures for programs for the 5 year period. The Sustainability Fund will be only be able to augment each year's budget by a few million per year resulting in a budget that is almost equal to the revenues received.

The Commission, through formal action, approved the Financial Spending Plan that obligates funding for the period FY 2018-2020 (2 Fiscal Years) for the following programs:

Healthy Development Services	\$ 25,557,800
KidSTART Center Funding	2,317,800
Oral Health	3,900,000
Reducing Childhood Injuries	467,200
Quality Preschool Initiative	28,754,400
Mi Escuelita	1,306,320
YMCA – CRS	372,000
Targeted Home Visits	10,000,000
Parent Education and Family Engagement	550,000
Maternity Shelter	250,000
Information & Referral	600,000
Parent & Public Education	1,030,000
Community Projects	330,000
Breastfeeding Friendly Environment	600,000
<b>Total</b>	<b>\$ 76,035,520</b>

## **DECLINING REVENUES**

It is anticipated that Prop 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 a greatly reduced 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 about \$23 million per year in Proposition 10 revenues thereafter.

To help compensate for the revenue decline, the Commission has applied for and received grants that will help support the communities in San Diego County. The latest grant is called IMPACT Hub. This grant is from First 5 California and will bring in \$1.5 million over 5 years to First 5 San Diego. The Commission also received the Quality Rating and Improvement System Certification Grant from the California Department of Education. This grant will award \$157,481 in FY 18-19.

## **PROPOSITION 56**

The passing of Prop 56 added \$2 per pack to the tobacco tax. As a result, sales have declined resulting in lower revenues to the Commission. This loss of revenue was planned resulting in the budget revenue being projected at about \$5 million less for FY 2017/2018 (after the back-fill from Prop 56). The actual revenue received was \$478,598 lower than anticipated.

## **REQUESTS FOR INFORMATION**

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

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

**GOVERNMENTAL  
ACTIVITIES**

	<u>2018</u>
<b>Assets</b>	
Cash and investments in county treasury	\$ 56,955,979
Imprest cash	250
Accounts receivable	6,323,129
Due from County of San Diego	180,960
Prepaid expenses	<u>1,895</u>
Total assets	<u>63,462,213</u>
<b>Liabilities</b>	
Accounts payable	8,231,636
Due to County of San Diego	66,088
Compensated absences:	
Due within one year	53,299
Due more than one year	<u>4,842</u>
Total liabilities	<u>8,355,865</u>
<b>Net Position</b>	
Restricted	-
Unrestricted	<u>55,106,348</u>
Total net position	<u>\$ 55,106,348</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, 2018**

		<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>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>		<u>2018</u>
Health	\$ 15,804,733	\$ 9,813,643	\$ (5,991,090)
Learning	13,181,082	10,362,356	(2,818,726)
Family	5,031,315	3,124,098	(1,907,217)
Community	1,166,445	724,281	(442,164)
General administration	<u>3,742,464</u>	<u>3,742,464</u>	<u>-</u>
Total governmental activities	<u>\$ 38,926,039</u>	<u>\$ 27,766,842</u>	<u>(11,159,197)</u>
<b>GENERAL REVENUES:</b>			
Net investment revenue			<u>1,032,675</u>
Total general revenues			<u>1,032,675</u>
Change in net position			(10,126,522)
Net position – beginning of fiscal year			<u>65,232,870</u>
Net position – end of fiscal year			<u>\$ 55,106,348</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, 2018**

	<u>2018</u>
<b>Assets</b>	
Cash and investments in county treasury	\$ 56,955,979
Imprest cash	250
Accounts receivable	6,323,129
Due from County of San Diego	180,960
Prepaid expenditures	<u>1,895</u>
Total assets	<u>\$ 63,462,213</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ 8,231,636
Due to County of San Diego	66,088
Unearned revenue	<u>-</u>
Total liabilities	<u>8,297,724</u>
Fund Balance:	
Nonspendable	1,895
Restricted	-
Committed	<u>55,162,594</u>
Total fund balance	<u>55,164,489</u>
Total liabilities and fund balance	<u>\$ 63,462,213</u>

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, 2018**

	<u>2018</u>
Total governmental fund balance	\$ 55,164,489
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>(58,141)</u>
Net position of governmental activities	<u>\$ 55,106,348</u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

Revenues:	<u>2018</u>
Prop 10 tobacco tax (including SMIF & Prop 56 back-fill)	\$ 25,589,026
IMPACT	1,587,196
IMPACT Hub	400,661
QRIS Certification Grant	189,959
Interest revenue	784,637
Net increase (decrease) in FMV of investments	248,038
Total revenues	<u>28,799,517</u>
Expenditures:	
Labor and benefits	2,226,197
Services and supplies	632,742
Evaluation	873,122
Contributions to community projects	<u>35,183,575</u>
Total expenditures	<u>38,915,636</u>
Net change in fund balance	(10,116,119)
Fund balance, beginning of fiscal year	<u>65,280,608</u>
Fund balance, end of fiscal year	<u>\$55,164,489</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, 2018**

	<u>2018</u>
Net change in total governmental fund balance	\$ (10,116,119)
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).	(10,403)
Change in net position of governmental activities	<u>\$ (10,126,522)</u>

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**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 June 2014 the Commission adopted the Strategic Plan for 2015 – 2020. The plan focuses 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 plan guides the allocation of up to \$76,035,520 (page 8) for fiscal years 2018/2019 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 plan spends down the fund balance from \$79.4 million at the beginning of FY 2015/2016 to \$18.3 million including 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, 2018**

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

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*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) Family, and 4) Community.

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 \$31.4 million per the Financial Spending Plan that was approved in April 2016. 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.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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**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. 75** – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The Commission has implemented GASB Statement No. 75 for the year ended June 30, 2018.

**GASB Statement No. 81** – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This standard's primary objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for periods beginning after December 15, 2016. The Commission has implemented GASB Statement No. 81 for the year ended June 30, 2018.

**GASB Statement No. 83** – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This standard's primary objective is to address accounting and financial reporting for certain asset retirement obligations. The Statement is effective for periods beginning after June 15, 2018. The Commission has not yet determined the impact on the financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement is effective for periods beginning after December 15, 2018. The Commission has not yet determined the impact on the financial statements.

**GASB Statement No. 85** – In March 2017, GASB issued Statement No. 85, *Omnibus 2017*. This standard's primary objective is to address practice issues that have been identified during implementation and application of certain GASB statements. The Statement is effective for periods beginning after June 15, 2017. The Commission has implemented GASB Statement No. 85 for the year ended June 30, 2018.

**GASB Statement No. 86** – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This standard's primary objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Statement is effective for periods beginning after June 15, 2017. The Commission has implemented GASB Statement No. 86 for the year ended June 30, 2018.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The Statement is effective for periods beginning after December 15, 2019. The Commission has not yet determined the impact on the financial statements.

**GASB Statement No. 88** – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This standard's primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. The Statement is effective for periods beginning after June 15, 2018. The Commission has not yet determined the impact on the financial statements.

**GASB Statement No. 89** – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This standard's objectives are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. The Statement is effective for periods beginning after December 15, 2019. The Commission has not yet determined the impact on the financial statements.



**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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

**G. Reclassifications**

Certain accounts have been reclassified to conform to the 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 10, 2018.

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

The Commission's cash and investments at June 30, 2018 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, 2018, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2018:

Assets Invested through the County Treasurers Office:

Negotiable Certificates of Deposit	\$ 10,000,000
Commercial Paper Disc. Amortizing	9,971,879
County Pool	<u>36,984,100</u>
Total Cash and Investments by County Treasury	<u>\$ 56,955,979</u>

FIRST 5 COMMISSION OF SAN DIEGO

A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018

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

**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. Portfolios will invest primarily in the County Investment Pool ("County Pool"), Commercial Paper, Negotiable CD, Medium Term Notes, US Agencies and Treasuries. The portfolio maturity structure will be driven by the cash flow needs of First 5, as provided by staff members and accommodations for appropriate levels of liquidity.

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:

<u>Remaining Maturity in Months</u>				
Investment Type	Amount	12 months or less	13 to 24 months	25 to 60 Months
Negotiable Certificates of Deposit	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -
Commercial Paper Disc.	9,971,879	9,971,879	-	-
County Pool	36,984,100	36,984,100	-	-
Total	\$ 56,955,979	\$ 56,955,979	\$ -	\$ -

**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.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

Investment Type	Amount	Minimum Rating Required	Credit Quality Rating
<u>First 5 Commission Investments</u>			
Negotiable Certificates of Deposit	\$ 10,000,000	A-1 or equivalent	A-1
Commercial Paper Disc	9,971,879	A-1 or equivalent	A-1
County Pool	<u>36,984,100</u>	VARIOUS	AAA
Total	<u>\$ 56,955,979</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, negotiable certificates of deposit, 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 2017/2018			

**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, 2018**

**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.

**Fair Value**

The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, either directly or indirectly.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data. The Commission should adjust that data if reasonable available information indicates that other market participants would use different data or certain circumstances specific to the Commission are not available to other market participants.

Uncategorized - Investments in the San Diego County Treasury Investment Pool and/or Local Agency Investment Funds/State Investment Pools are not measured using the input levels above because the Commission's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share.

The Commission's fair value measurements at June 30, 2018 were as follows:

	<b>Quoted Prices Level 1</b>	<b>Observable Inputs Level 2</b>	<b>Unobservable Inputs Level 3</b>	<b>Uncategorized</b>	<b>Total</b>
Investments in county treasury	\$ -	\$ -	\$ -	\$ 36,984,100	\$ 36,984,100
Other investments	-	-	-	19,971,879	19,971,879
<b>Total leveled investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 56,955,979</b>	<b>\$ 56,955,979</b>

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 3: ACCOUNTS RECEIVABLE**

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 2018, Prop 56 back-fill for Prop 10, and miscellaneous Surplus Money Investment Fund (SMIF) revenue. Additionally, the First 5 Commission of California owes First 5 San Diego IMPACT and IMPACT Hub revenue earned in FY 2017/2018.

Prop 10 revenue for:

May 2018	2,287,613
June 2018	1,571,874
Prop 56 back-fill	1,135,012
SMIF	37,245
IMPACT revenue	1,100,505
IMPACT Hub revenue	190,880
Total	\$ 6,323,129

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**NOTE 4: ACCOUNTS PAYABLE**

Accounts payable is comprised of \$8,231,636 in funding due to contractors at June 30, 2018.

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**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 \$180,960 for investment interest earnings in the operating fund and the sustainability fund.

The Commission owes the County of San Diego \$66,088 for:

- 1) Purchasing & Contracting services of \$22;
- 2) Computing and IT charges of \$5,461;
- 3) Portfolio Admin Fee of \$3,762
- 4) Public Health contract services of \$56,843

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**NOTE 6: COMPENSATED ABSENCES**

Compensated absences represent the liability for unpaid vacation leave, holidays and other compensated absences with similar characteristics, except sick leave. Compensated absences liability activities for the year ended June 30, 2018 is as follows:

	Balance			Balance	Due Within	Due More Than
	July 1, 2017	Increases	Decreases	June 30, 2018	One Year	One Year
Compensated Absences	<u>\$ 47,738</u>	<u>\$ 19,771</u>	<u>\$ (9,368)</u>	<u>\$ 58,141</u>	<u>\$ 53,299</u>	<u>\$ 4,842</u>

**NOTE 7: REVENUE**

The Commission receives a proportionate share of Proposition 10 and Proposition 56 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 2017/2018 is comprised of:

Proposition 10 revenue (monthly allocations)	\$ 24,416,769
SMIF	37,245
Prop 56 (included in Prop 10 in Financial statements)	1,135,012
IMPACT	1,587,196
IMPACT Hub	400,661
QRIS Certification Grant	189,959
Interest	784,637
Net increase (decrease) in FMV of investments	<u>248,038</u>
Total revenue	<u>\$ 28,799,517</u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2018**

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**NOTE 8: SPECIAL FUNDING**

Special funding for FY 2017/2018 included \$189,959 for the California Department of Education QRIS Certification Program; \$1,587,196 for the IMPACT award; and \$400,661 for the IMPACT Hub award.

**Quality Rating and Improvement System (QRIS) Certification Grant:** The primary purposes of the California Department of Education (CDE) QRIS Certification Grant is to support the CDE QRIS system by building capacity for certified trainers, observers, assessors, and coaches. Funds are used to build regional and local capacity to implement the QRIS Rating Matrix and the Continuous Quality Improvement Pathways Certifications. 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.

**IMPACT (Improve and Maximize Programs so All Children Thrive):** The purpose of First 5 IMPACT is to support a network of local quality improvement systems to better coordinate, assess, and improve the quality of early learning settings. First 5 IMPACT is an innovative approach that forges partnership between First 5 California and counties to achieve the goal of helping children ages 0 to 5 and their families thrive by increasing the number of high-quality early learning settings, including supporting and engaging families in the early learning process. 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.

**IMPACT Regional Coordination and Training and Technical Assistance Hubs (Hubs):** The purpose of First 5 IMPACT Hubs is to provide a mechanism for coordination and specialized support to consortia within a region to create economies of scale while building a local early learning system. The Hubs goals include: 1) coordinate local and regional CA-QRIS implementation across multiple systems, 2) leverage local and state resources to help consortia integrate county, state, and national research and promising practices into First 5 IMPACT work, 3) create regional efficiencies for quality improvement, staffing, data collection, and systems development, and 4) increase local capacity to build on existing strengths, increase efficiency, and meet local needs. 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 40 and 41.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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**NOTE 9: LEASE OBLIGATION**

The Commission is obligated for the next two 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:

2019	\$ 374,169
2020 (6 months)	<u>195,748</u>
Total lease obligation	<u>\$ 569,917</u>

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**NOTE 10: EVALUATION EXPENSES**

The Commission spent \$873,122 on program evaluation during the audit period.

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**NOTE 11: FUND BALANCES**

As of June 30, 2018, 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 Item" of the Commission. This formal "Action Item" is the approval by the Commission of a meeting agenda action item, if approved resulting in a final resolution to be implemented. 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.



**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

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.

The details of the fund balances as of June 30, 2018 are presented below:

**Fund Balance:**

Nonspendable:	
Prepaid items	\$ 1,895
Committed To:	
Administration	3,733,234
Evaluation	937,169
Healthy Development Services	13,610,630
KidStart	1,234,328
Oral Health	2,076,918
Reducing Childhood Injuries	248,804
Quality Preschool Initiative	15,312,957
Mi Esculita	695,672
YMCA - CRS	198,106
Targeted Home Visits	5,325,431
Parent Education & Family Engagement	292,899
Maternity Shelter	133,136
Information & Referral	319,526
Parent & Public Education	548,519
Community Projects	175,739
Breastfeeding Friendly Environment	319,526
Management Reserve	10,000,000
Total Committed	55,162,594
Total Fund Balance	\$ 55,164,489

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## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BUDGETARY COMPARISON SCHEDULE  
GOVERNMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<b>BUDGETED AMOUNTS (UNAUDITED)</b>			<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b><u>ORIGINAL</u></b>	<b><u>FINAL</u></b>	<b><u>ACTUAL</u></b>	<b><u>(NEGATIVE)</u></b>
Revenues:				
Prop 10 tobacco tax	\$ 24,932,612	\$ 24,932,612	\$ 24,454,014	\$ (478,598)
IMPACT	1,670,600	1,670,600	1,587,196	(83,404)
IMPACT Hub	382,300	382,300	400,661	18,361
Prop 56 back-fill	-	-	1,135,012	1,135,012
QRIS Certification Grant	-	-	189,959	189,959
Interest revenue	939,000	939,000	784,637	(154,363)
Net increase (decrease) in FMV of investments	<u>-</u>	<u>-</u>	<u>248,038</u>	<u>248,038</u>
Total revenues	<u>27,924,512</u>	<u>27,924,512</u>	<u>28,799,517</u>	<u>875,005</u>
Expenditures:				
Labor and Benefits	2,928,574	2,928,574	2,226,197	702,377
Services and Supplies	678,322	713,322	632,742	80,580
Evaluation	879,910	899,910	873,122	26,788
Contributions to Community Projects	<u>37,469,164</u>	<u>39,082,951</u>	<u>35,183,575</u>	<u>3,899,376</u>
Total expenditures	<u>41,955,970</u>	<u>43,624,757</u>	<u>38,915,636</u>	<u>4,709,121</u>
Net change in fund balance	(14,031,458)	(15,700,245)	(10,116,119)	5,584,126
Fund balance, beginning of fiscal year	<u>65,280,608</u>	<u>65,280,608</u>	<u>65,280,608</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 51,249,150</u>	<u>\$ 49,580,363</u>	<u>\$ 55,164,489</u>	<u>\$ 5,584,126</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 principles (GAAP).

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## **SUPPLEMENTARY INFORMATION SECTION**

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
QRIS CERTIFICATION GRANT  
JUNE 30, 2018**

	<u>2018</u>
<b>Assets</b>	
Cash and investments in county treasury:	\$ -
Total assets	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for QRIS Certification Grant	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>



**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
QRIS CERTIFICATION GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Revenues:	
QRIS Certification Grant	<u>\$ 189,959</u>
Total revenues	<u>189,959</u>
 Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>189,959</u>
Total expenditures	<u>189,959</u>
 Net change in fund balance	-
 Fund balance, beginning of fiscal year	<u>-</u>
 Fund balance, end of fiscal year	<u>\$ -</u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
IMPACT  
JUNE 30, 2018**

	<u>2018</u>
<b>Assets</b>	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Unearned revenue	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund balance:	
Restricted for IMPACT	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
IMPACT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Revenues:	
IMPACT	<u>\$ 1,587,196</u>
Total revenues	<u>1,587,196</u>
Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>1,587,196</u>
Total expenditures	<u>1,587,196</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BALANCE SHEET  
IMPACT Hub  
JUNE 30, 2018**

	<u>2018</u>
<b>Assets</b>	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>
 <b>Liabilities and Fund Balance</b>	
Liabilities:	
Unearned revenue	<u>\$ -</u>
Total liabilities	<u>-</u>
 Fund balance:	
Restricted for IMPACT Hub	<u>-</u>
Total fund balance	<u>-</u>
 Total liabilities and fund balance	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
IMPACT Hub  
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>2018</u>
Revenues:	
IMPACT Hub	<u>\$ 400,661</u>
Total revenues	<u>400,661</u>
Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>400,661</u>
Total expenditures	<u>400,661</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>

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# **STATISTICAL SECTION**

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**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2018**

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.	46 - 49
<u>Revenue Trends</u>	
These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	50 - 51
<u>Demographic Information</u>	52 - 55
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	
<u>Operating Information</u>	56
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs.	

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,910	\$ 1,287,217	\$176,650,132	\$194,800,719
Unrestricted	55,106,348	65,232,870	73,239,274	79,330,400	100,898,266	127,377,162	143,546,761	68,061,224	-	-
Extraordinary Expense – AB99**							(88,374,589)	88,374,589		
<b>Total net position</b>	<b>\$ 55,106,348</b>	<b>\$ 65,232,870</b>	<b>\$ 73,239,274</b>	<b>\$ 79,330,400</b>	<b>\$100,898,266</b>	<b>\$127,377,162</b>	<b>\$144,104,671</b>	<b>\$ 69,348,441</b>	<b>\$176,650,132</b>	<b>\$194,800,719</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, 2018

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Revenues</b>										
Prop 10 tobacco taxes (including SMIF)	\$ 25,589,026	\$ 17,887,814	\$ 21,643,265	\$18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100
Prop 10 school readiness	-	-	-	-	-	-	-	3,602,936	3,687,667	6,108,807
Prop 10 child care retention	-	-	-	-	-	-	-	-	-	1,833,291
10 special needs demonstration project	-	-	-	-	-	-	-	-	-	562,815
Prop 10 quality preschool initiative	-	10,769,855	7,877,537	11,728,390	15,962,144	13,426,675	-	-	-	-
Prop 10 power of preschool – bridge	-	-	-	-	-	-	12,290,550	-	-	-
Prop 10 preschool for all/power	-	-	-	-	-	-	-	12,223,680	9,091,695	6,448,780
Prop 10 child signature program	-	1,677,313	3,454,625	3,454,625	3,354,625	3,354,625	-	-	-	-
QRIS Certification Grant	189,959	-	-	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	-	93,553	75,833	92,431	21,166	-	-
The California Endowment grant	-	-	-	-	-	-	426,283	346,874	253,124	-
Race to the top	-	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-	-	-
IMPACT	1,587,196	1,607,269	-	-	-	-	-	-	-	-
IMPACT Hub	400,661	250,321	-	-	-	-	-	-	-	-
Interest revenue	784,637	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274
Other miscellaneous	-	-	43,146	-	-	-	-	-	-	-
Net increase (decrease) in FMV	<u>248,038</u>	<u>25,604</u>	<u>(79,750)</u>	<u>(3,050)</u>	<u>(74,500)</u>	<u>(347,800)</u>	<u>7,054</u>	<u>(904,669)</u>	<u>(273,736)</u>	<u>1,036,450</u>
<b>Total revenues</b>	<b><u>\$ 28,799,517</u></b>	<b><u>\$ 33,046,263</u></b>	<b><u>\$ 35,348,466</u></b>	<b><u>\$ 36,309,055</u></b>	<b><u>\$ 35,231,004</u></b>	<b><u>\$ 36,766,939</u></b>	<b><u>\$ 36,213,723</u></b>	<b><u>\$ 37,247,740</u></b>	<b><u>\$ 41,027,298</u></b>	<b><u>\$ 48,879,517</u></b>
<b>Expenses</b>										
Labor and benefits	\$ 2,226,197	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829
Services and supplies	632,742	627,523	623,890	622,703	628,161	619,849	820,809	684,971	654,637	929,752
Evaluation	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286
Contributions to community projects	<u>35,183,575</u>	<u>37,461,932</u>	<u>37,512,258</u>	<u>53,010,552</u>	<u>57,085,235</u>	<u>48,634,245</u>	<u>45,435,941</u>	<u>51,849,208</u>	<u>54,735,724</u>	<u>43,876,292</u>
<b>Total expenses</b>	<b><u>\$ 38,915,636</u></b>	<b><u>\$ 41,055,317</u></b>	<b><u>\$ 41,500,030</u></b>	<b><u>\$ 57,856,201</u></b>	<b><u>\$ 61,731,917</u></b>	<b><u>\$ 53,507,126</u></b>	<b><u>\$ 49,781,502</u></b>	<b><u>\$ 56,199,665</u></b>	<b><u>\$ 59,163,850</u></b>	<b><u>\$ 48,534,159</u></b>
<b>Extraordinary Expense-AB99</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>\$(88,374,589)</u></b>	<b><u>\$ 88,374,589</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Excess of revenues over expenses</b>	<b><u>\$ (10,116,119)</u></b>	<b><u>\$ (8,009,054)</u></b>	<b><u>\$ (6,151,564)</u></b>	<b><u>\$ (21,547,146)</u></b>	<b><u>\$ (26,500,913)</u></b>	<b><u>\$ (16,740,187)</u></b>	<b><u>\$ 74,806,810</u></b>	<b><u>\$ (107,326,514)</u></b>	<b><u>\$ (18,136,552)</u></b>	<b><u>\$ 345,358</u></b>
Compensated absences	(10,403)	2,650	60,438	(20,720)	22,017	12,678	(50,580)	24,823	(14,035)	(85,010)
Adjustment for reallocation	-	-	-	-	-	-	-	-	-	<u>(2,028,076)</u>
<b>Change in net position</b>	<b><u>\$ (10,126,522)</u></b>	<b><u>\$ (8,006,404)</u></b>	<b><u>\$ (6,091,126)</u></b>	<b><u>\$ (21,567,866)</u></b>	<b><u>\$ (26,478,896)</u></b>	<b><u>\$(16,727,509)</u></b>	<b><u>\$ 74,756,230</u></b>	<b><u>\$(107,301,691)</u></b>	<b><u>\$ (18,150,587)</u></b>	<b><u>\$ (1,767,728)</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.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2018

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

	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>
<b>Fund Balances</b>										
Nonspendable	\$ 1,895	\$ 1889	\$ 32,325	\$ 2,816	\$ 1,914	\$ 1,730	\$ 1,671	\$ 1,676		
Committed	55,162,594	65,278,719	73,257,337	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>\$ 55,164,489</u></b>	<b><u>\$ 65,280,608</u></b>	<b><u>\$ 73,289,662</u></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
Reserved for obligations									112,697,350	18,419,030
Reserved for funds not yet obligated									-	652,712
Reserved for First 5 California initiatives									3,523,364	5,206,325
Reserved for local initiatives and sustainability									-	-
Total Reserved									<u>\$ 156,499,713</u>	<u>\$ 95,125,517</u>
<b>Unreserved</b>										
Designated									20,249,464	99,760,212
Undesignated									-	-
<b>Total Fund Balances</b>									<b><u>\$176,749,177</u></b>	<b><u>\$ 194,885,729</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, 2018

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Revenues</b>										
Prop 10 tobacco taxes (including SMIF)	\$ 25,589,026	\$ 17,887,814	\$ 21,643,265	\$ 18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100
Prop 10 school readiness	-	-	-	-	-	-	-	3,602,936	3,687,667	6,108,807
Prop 10 child care retention	-	-	-	-	-	-	-	-	-	1,833,291
Prop 10 special needs demonstration project	-	-	-	-	-	-	-	-	-	562,815
Prop 10 quality preschool initiative	-	10,769,855	7,877,537	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
Prop 10 child signature program	-	1,677,313	3,454,625	3,454,625	3,354,625	3,354,625	-	-	-	-
QRIS Certification Grant	189,959	-	-	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	-	93,553	75,833	92,431	21,166	-	-
The California Endowment grant	-	-	-	-	-	-	426,283	346,874	253,124	-
Race to the top	-	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-	-	-
IMPACT	1,587,196	1,607,269	-	-	-	-	-	-	-	-
IMPACT Hub	400,661	250,321	-	-	-	-	-	-	-	-
Interest revenue	784,637	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274
Other miscellaneous	-	-	43,146	-	-	-	-	-	-	-
Net increase (decrease) in FMV of investments	248,038	25,604	(79,750)	(3,050)	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450
<b>Total revenues</b>	<b>\$ 28,799,517</b>	<b>\$ 33,046,263</b>	<b>\$ 35,348,466</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>Expenditures</b>										
Labor and benefits	\$ 2,226,197	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829
Services and supplies	632,742	627,523	623,890	622,703	628,161	619,849	820,809	684,971	654,637	929,752
Evaluation	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286
Contributions to community projects	35,183,575	37,461,932	37,512,258	53,010,552	57,085,235	48,634,245	45,435,941	51,849,208	54,735,724	43,876,292
<b>Total expenditures</b>	<b>\$ 38,915,636</b>	<b>\$ 41,055,317</b>	<b>\$ 41,500,030</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>Extraordinary Expenditure-AB99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$(88,374,589)</b>	<b>\$ 88,374,589</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>\$ (10,116,119)</b>	<b>\$ (8,009,054)</b>	<b>\$ (6,151,564)</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>
Adjustments for reallocation	-	-	-	-	-	-	-	-	-	(2,118,916)
<b>Change in fund balance</b>	<b>\$ (10,116,119)</b>	<b>\$ (8,009,054)</b>	<b>\$ (6,151,564)</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>

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2018**

**Revenue Projections**

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2017-18 THROUGH 2022-23  
 UTILIZING DOF MAY REVISE 2015 TOBACCO TAX PROJECTIONS AND  
 DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1970 – 2023

COUNTY	2015 Births	2015 Birthrate	2017-18 TAX REVENUE PROJECTION	2018 Births1	2018 Birthrate	2018-19 TAX REVENUE PROJECTION	2019 Births1	2019 Birthrate	2019-20 TAX REVENUE PROJECTION	2020 Births1	2020 Birthrate	2020-21 TAX REVENUE PROJECTION	2021 Births1	2021 Birthrate	2021-22 TAX REVENUE PROJECTION	2022 Births1	2022 Birthrate	2022-23 TAX REVENUE PROJECTION
1 Alameda	19,442	3.96%	11085034.28	19,559	4.00%	12823138.98	19,551	4.02%	\$12,112,582.06	19,410.00	4.02%	\$11,794,885.89	19,320	4.03%	\$11,500,700.24	19,321	4.08%	\$11,276,694.99
2 Alpine	3	0.00%	1710,477.481	4	0.00%	2581,550.588	5	0.00%	\$3,087.69	5.00	0.00%	\$3,038.36	5	0.00%	\$2,978.37	6	0.00%	\$3,501.90
3 Amador	305	0.08%	173898,5419	308	0.08%	198779,3951	309	0.08%	\$191,437.16	314.00	0.07%	\$190,808.96	320	0.07%	\$190,487.79	329	0.07%	\$192,020.74
4 Butte	2,442	0.50%	1382328,653	2,493	0.51%	1608951,403	2,430	0.50%	\$1,505,476.87	2,438.00	0.51%	\$1,481,500.87	2,428	0.51%	\$1,445,921.37	2,407	0.51%	\$1,404,844.72
5 Calaveras	380	0.08%	218680,4794	373	0.08%	240729,5921	381	0.08%	\$236,043.87	388.00	0.08%	\$235,776.18	394	0.08%	\$234,538.09	401	0.08%	\$234,943.51
6 Colusa	298	0.08%	169907,4278	315	0.08%	203297,1088	311	0.08%	\$192,878.23	310.00	0.08%	\$188,377.88	314	0.07%	\$188,918.14	314	0.07%	\$183,285.99
7 Contra Costa	12,899	2.58%	7183436,178	12,342	2.53%	7965374,333	12,927	2.66%	\$8,008,784.17	13,098.00	2.71%	\$7,968,063.87	13,183	2.76%	\$7,847,501.62	13,194	2.77%	\$7,700,873.55
8 Del Norte	300	0.08%	171047,7481	308	0.08%	198779,3951	315	0.08%	\$195,154.38	318.00	0.07%	\$193,239.24	318	0.07%	\$189,297.24	319	0.07%	\$186,184.24
9 El Dorado	1,598	0.32%	908974,0092	1,599	0.33%	1031974,847	1,580	0.33%	\$885,084.98	1,603.00	0.33%	\$880,418.84	1,647	0.34%	\$880,418.84	1,679	0.35%	\$879,947.77
10 Fresno	15,363	3.12%	8759356,077	15,098	3.09%	9744082,887	15,118	3.11%	\$9,384,932.25	15,098.00	3.13%	\$9,167,318.32	15,198	3.17%	\$9,047,574.68	15,370	3.23%	\$8,970,895.20
11 Glenn	378	0.08%	214379,8418	379	0.08%	244801,918	380	0.08%	\$235,424.34	388.00	0.08%	\$235,776.18	391	0.08%	\$232,752.27	399	0.08%	\$232,878.21
12 Humboldt	1,448	0.25%	824450,1381	1,487	0.30%	959691,4303	1,521	0.31%	\$842,316.88	1,454.00	0.30%	\$833,553.02	1,383	0.29%	\$823,264.41	1,390	0.29%	\$811,273.02
13 Imperial	3,217	0.86%	1834201,997	2,978	0.61%	1920873,524	3,108	0.84%	\$1,925,523.25	3,099.00	0.84%	\$1,883,444.97	3,080	0.84%	\$1,833,444.97	3,120	0.86%	\$1,820,889.52
14 Inyo	203	0.04%	115742,3082	182	0.04%	117480,5517	199	0.04%	\$123,288.01	200.00	0.04%	\$121,534.12	200	0.04%	\$119,054.87	200	0.04%	\$116,729.93
15 Kern	13,789	2.80%	7860521,386	13,721	2.81%	8856983,897	13,732	2.83%	\$8,507,492.04	13,828.00	2.87%	\$8,402,888.73	14,018	2.92%	\$8,343,385.14	14,188	2.96%	\$8,279,854.01
16 Kings	2,275	0.48%	12971,0724	2,247	0.48%	1480188,042	2,218	0.48%	\$1,372,895.80	2,215.00	0.48%	\$1,345,990.33	2,210	0.48%	\$1,315,556.29	2,248	0.47%	\$1,310,877.13
17 Lake	724	0.15%	412795,2272	752	0.15%	485331,5102	726	0.15%	\$449,784.39	737.00	0.15%	\$447,853.21	743	0.15%	\$442,388.83	741	0.16%	\$432,494.39
18 Lassen	294	0.08%	167628,7912	302	0.08%	194807,0692	296	0.08%	\$183,383.17	297.00	0.08%	\$180,478.18	297	0.08%	\$178,798.48	295	0.08%	\$172,178.65
19 Los Angeles	124,440	25.30%	70950805,36	122,958	25.17%	7936574,333	121,413	24.95%	\$75,219,933.78	119,338.00	24.73%	\$72,518,975.91	117,752	24.55%	\$70,094,744.01	115,759	24.30%	\$67,562,116.79
20 Madera	2,225	0.48%	128804,117	2,347	0.48%	1514724,808	2,257	0.46%	\$1,388,298.84	2,219.00	0.46%	\$1,348,421.01	2,228	0.46%	\$1,328,886.50	2,284	0.48%	\$1,333,955.81
21 Marin	2,283	0.47%	130424,143	2,258	0.48%	1457285,308	2,239	0.46%	\$1,387,444.97	2,174.00	0.45%	\$1,321,075.83	2,183	0.46%	\$1,299,453.88	2,207	0.46%	\$1,288,114.79
22 Merced	166	0.03%	94648,4196	148	0.03%	95517,3188	157	0.03%	\$87,287.42	157.00	0.03%	\$85,404.28	157	0.03%	\$83,459.07	156	0.03%	\$81,049.35
23 Mendocino	1,052	0.21%	598907,4296	1,023	0.21%	688231,5824	994	0.20%	\$815,820.50	993.00	0.21%	\$803,416.88	1,000	0.21%	\$795,274.34	1,004	0.21%	\$785,894.25
24 Merced	4,105	0.83%	234050,326	4,109	0.84%	2591897,839	4,073	0.84%	\$2,523,277.15	4,101.00	0.86%	\$2,482,057.03	4,226	0.88%	\$2,515,629.38	4,305	0.90%	\$2,512,811.77
25 Modoc	80	0.02%	45812,73229	105	0.02%	67785,70288	88	0.02%	\$54,519.32	88.00	0.02%	\$53,475.91	89	0.02%	\$52,979.42	90	0.02%	\$52,528.47
26 Mono	162	0.03%	89864,19135	132	0.03%	85191,18934	134	0.03%	\$83,018.06	135.00	0.03%	\$80,055.53	135	0.03%	\$80,352.04	134	0.03%	\$78,209.05
27 Monterey	6,426	1.31%	3683842,721	6,213	1.27%	4089793,448	6,304	1.30%	\$3,505,555.62	6,282.00	1.30%	\$3,817,388.35	6,247	1.30%	\$3,718,878.80	6,229	1.31%	\$3,635,553.70
28 Napa	1,468	0.30%	830151,7277	1,408	0.29%	908705,6083	1,441	0.30%	\$852,753.89	1,484.00	0.31%	\$901,783.14	1,483	0.31%	\$870,886.38	1,485	0.31%	\$855,046.74
29 Nevada	876	0.18%	498459,4186	776	0.16%	508620,8137	823	0.17%	\$509,879.55	835.00	0.17%	\$507,404.98	848	0.18%	\$504,792.64	868	0.18%	\$508,807.90
30 Orange	37,621	7.66%	21449507,52	38,107	7.80%	24593787,04	38,693	7.85%	\$22,732,897.73	38,300.00	7.82%	\$22,058,441.92	38,744	7.48%	\$21,277,485.99	38,070	7.38%	\$20,458,593.41
31 Placer	3,748	0.78%	2139598,508	3,734	0.78%	2409877,472	3,820	0.79%	\$2,368,834.11	3,881.00	0.80%	\$2,368,389.51	3,938	0.82%	\$2,344,190.35	3,972	0.83%	\$2,318,298.43
32 Plumas	163	0.03%	92935,94204	172	0.04%	111008,6752	172	0.04%	\$108,560.49	178.00	0.04%	\$108,950.02	177	0.04%	\$105,383.58	180	0.04%	\$105,055.94
33 Riverside	30,309	6.20%	17394985,02	30,629	6.27%	19787578,22	30,596	6.30%	\$18,955,378.23	30,808.00	6.34%	\$18,599,581.00	30,505	6.38%	\$18,158,843.72	30,550	6.41%	\$17,830,498.97
34 Sacramento	19,430	3.96%	11078192,35	19,598	4.01%	12848307,11	19,540	4.02%	\$12,105,787.14	19,479.00	4.04%	\$11,838,815.16	19,291	4.02%	\$11,483,437.28	19,293	4.05%	\$11,280,352.80
35 San Benito	720	0.15%	410514,5908	780	0.18%	503402,3843	758	0.16%	\$467,750.98	758.00	0.16%	\$460,814.30	769	0.16%	\$457,765.97	775	0.16%	\$452,328.45
36 San Bernardino	30,819	6.23%	17457703,12	31,120	6.37%	20884463,58	30,217	6.22%	\$18,720,571.43	30,084.00	6.24%	\$18,281,181.02	30,027	6.28%	\$17,874,302.59	29,890	6.28%	\$17,445,288.20
37 San Diego	43,960	8.94%	23064196,39	42,578	8.72%	27479315,21	42,574	8.76%	\$26,375,199.09	41,935.00	8.69%	\$25,482,685.62	41,462	8.65%	\$24,881,264.66	40,772	8.56%	\$23,796,563.74
38 San Francisco	8,372	1.82%	5115487,925	9,085	1.88%	5850439,015	9,077	1.87%	\$5,623,543.93	9,131.00	1.88%	\$5,548,840.03	9,115	1.90%	\$5,425,925.60	9,085	1.91%	\$5,302,457.12
39 San Joaquin	9,368	2.03%	5893609,308	10,234	2.09%	6804897,174	10,411	2.14%	\$6,450,007.25	10,534.00	2.18%	\$6,401,201.85	10,514	2.19%	\$6,258,714.40	10,449	2.19%	\$6,098,555.25
40 San Luis Obispo	2,868	0.54%	1521184,622	2,574	0.53%	1681227,802	2,749	0.57%	\$1,703,109.21	2,855.00	0.58%	\$1,613,385.38	2,894	0.54%	\$1,544,141.64	2,829	0.55%	\$1,534,414.94
41 San Mateo	9,040	1.94%	5154238,749	8,991	1.83%	5783318,7	8,975	1.85%	\$5,580,351.08	8,838.00	1.83%	\$5,359,377.21	8,764	1.83%	\$5,218,984.31	8,658	1.82%	\$5,053,238.72
42 Santa Barbara	5,673	1.15%	3234512,878	5,493	1.12%	3546114,342	5,399	1.11%	\$3,343,025.56	5,462.00	1.13%	\$3,319,098.09	5,448	1.14%	\$3,241,884.05	5,399	1.13%	\$3,151,124.49
43 Santa Clara	23,383	4.78%	13337733,08	23,011	4.71%	14861015,13	22,958	4.72%	\$14,223,347.09	22,712.00	4.71%	\$13,801,414.13	22,524	4.70%	\$13,407,959.22	22,259	4.67%	\$12,991,457.88
44 Santa Cruz	2,841	0.58%	1619822,155	2,804	0.57%	1809966,981	2,888	0.58%	\$1,865,317.40	2,708.00	0.56%	\$1,645,571.92	2,694	0.56%	\$1,603,889.07	2,684	0.56%	\$1,554,842.88
45 Shasta	2,074	0.42%	1182510,085	2,056	0.42%	1329517,001	1,998	0.41%	\$1,236,597.30	1,974.00	0.41%	\$1,199,541.72	2,017	0.42%	\$1,200,688.34	1,983	0.42%	\$1,157,377.27
46 Sierra	31	0.01%	17674,93378	34	0.01%	21943,17988	28	0.01%	\$17,347.06	27.00	0.01%	\$16,407.11	28					

**FIRST 5 COMMISSION OF SAN DIEGO**  
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**Cigarette Tax**

**TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2016-17**

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate
2016-17	948,636,000 d/	8,133,000 d/	956,769,000 d/	1,185,000	95,330,000	65.08%
2015-16	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13%
2014-15	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95%
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% e/
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 f/	7,206,000	849,117,000	6,808,000	42,137,000 g/	61.53% g/
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 h/	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 i/	6,581,000	776,623,000	11,615,000	24,956,000 h/	37.47%
1988-89	499,712,000 i/	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 j/	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 k/	1,675,000 l/	67,726,000	76,000		
1959-60	61,791,000 m/	767,000 m/	62,558,000	67,000		

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**Live Births**

TABLE: LIVE BIRTHS, CALIFORNIA COUNTIES, 2007-2016 (By Place of Residence)

COUNTY	YEAR									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
<b>CALIFORNIA</b>	<b>488,490</b>	<b>491,789</b>	<b>502,973</b>	<b>494,390</b>	<b>503,788</b>	<b>502,023</b>	<b>509,979</b>	<b>526,774</b>	<b>551,567</b>	<b>566,137</b>
ALAMEDA	19,559	19,440	19,657	19,050	19,550	19,002	19,302	20,320	20,972	21,519
ALPINE	4	5	6	6	8	6	4	4	13	13
AMADOR	308	305	291	269	285	269	272	295	288	294
BUTTE	2,493	2,444	2,482	2,372	2,397	2,392	2,454	2,439	2,518	2,519
CALAVERAS	373	379	348	328	347	326	346	338	373	397
COLUSA	315	300	285	306	314	302	338	361	367	386
CONTRA COSTA	12,342	12,600	12,560	12,173	12,061	12,057	12,352	12,680	13,136	13,485
DEL NORTE	308	300	324	317	302	337	372	333	312	356
EL DORADO	1,599	1,598	1,618	1,561	1,513	1,629	1,618	1,719	1,814	1,881
FRESNO	15,098	15,363	15,796	15,939	15,953	16,157	16,281	16,273	16,760	17,291
GLENN	379	374	416	391	368	391	434	424	472	434
HUMBOLDT	1,487	1,446	1,474	1,455	1,511	1,448	1,551	1,542	1,601	1,599
IMPERIAL	2,976	3,216	3,270	3,139	3,041	3,075	3,072	3,145	3,221	3,148
INYO	182	202	226	219	219	213	192	239	226	212
KERN	13,721	13,770	14,199	14,514	14,558	14,287	14,416	14,827	15,315	15,328
KINGS	2,247	2,277	2,342	2,417	2,357	2,565	2,507	2,644	2,710	2,781
LAKE	752	723	748	726	739	715	721	726	705	742
LASSEN	302	295	326	298	298	300	322	325	323	264
LOS ANGELES	122,958	124,442	130,150	127,194	131,697	130,312	133,160	139,679	147,684	151,813
MADERA	2,347	2,223	2,313	2,339	2,258	2,401	2,434	2,390	2,535	2,611
MARIN	2,258	2,287	2,403	2,310	2,306	2,385	2,368	2,495	2,716	2,819
MARIPOSA	148	167	138	137	161	132	145	155	147	141
MENDOCINO	1,023	1,052	1,020	1,077	1,153	1,061	1,059	1,100	1,168	1,145
MERCED	4,109	4,106	4,158	4,279	4,311	4,281	4,248	4,407	4,423	4,650
MODOC	105	79	90	72	76	87	119	85	92	80
MONO	132	152	149	142	131	156	151	139	175	161
MONTEREY	6,213	6,428	6,458	6,552	6,652	6,814	6,764	7,068	7,434	7,551
NAPA	1,408	1,456	1,478	1,501	1,431	1,572	1,525	1,653	1,671	1,665
NEVADA	776	875	817	812	810	761	793	758	871	844
ORANGE	38,107	37,622	38,610	37,429	38,186	38,100	38,237	40,431	42,456	44,026
PLACER	3,734	3,747	3,644	3,806	3,648	3,832	3,824	3,804	4,035	4,051
PLUMAS	172	162	147	156	151	165	170	154	175	186
RIVERSIDE	30,629	30,511	30,271	30,540	30,316	30,610	30,659	31,601	32,866	34,556
SACRAMENTO	19,598	19,431	19,886	19,439	19,618	19,998	20,055	20,426	21,389	22,110
SAN BENITO	780	718	697	763	701	772	735	752	816	882
SAN BERNARDINO	31,120	30,619	31,306	30,265	30,691	30,573	31,367	31,984	33,788	35,193
<b>SAN DIEGO</b>	<b>42,578</b>	<b>43,960</b>	<b>44,596</b>	<b>42,676</b>	<b>44,391</b>	<b>43,621</b>	<b>44,838</b>	<b>44,960</b>	<b>46,742</b>	<b>47,545</b>
SAN FRANCISCO	9,065	8,970	9,102	8,768	9,070	8,813	8,800	8,807	9,104	9,125
SAN JOAQUIN	10,234	9,988	10,095	10,179	10,129	10,328	10,593	10,872	11,030	11,592
SAN LUIS OBISPO	2,574	2,670	2,595	2,580	2,580	2,632	2,736	2,614	2,737	2,884
SAN MATEO	8,961	9,039	9,098	8,815	9,182	9,047	9,193	9,452	9,765	9,910
SANTA BARBARA	5,493	5,675	5,829	5,664	5,584	5,803	5,819	6,039	6,319	6,289
SANTA CLARA	23,011	23,394	23,759	23,224	24,308	23,652	23,936	25,200	26,730	27,484
SANTA CRUZ	2,804	2,843	3,047	3,005	3,084	3,232	3,190	3,301	3,538	3,571
SHASTA	2,056	2,075	2,083	2,051	2,110	2,021	2,136	2,069	2,186	2,230
SIERRA	34	30	21	19	19	23	23	21	22	24
SISKIYOU	458	467	451	482	501	472	434	477	498	512
SOLANO	5,253	5,134	5,251	5,161	5,061	5,158	5,047	5,392	5,607	5,847
SONOMA	4,964	5,016	5,075	5,157	5,144	5,150	5,391	5,683	5,761	5,742
STANISLAUS	7,867	7,701	7,521	7,644	7,592	7,737	7,804	7,941	8,549	8,826
SUTTER	1,363	1,303	1,317	1,290	1,258	1,326	1,360	1,433	1,468	1,497
TEHAMA	787	826	787	751	767	728	767	814	790	765
TRINITY	115	103	112	108	125	123	107	116	126	117
TULARE	7,149	7,411	7,618	7,854	8,000	7,966	8,155	8,362	8,533	8,505
TUOLUMNE	456	467	454	444	459	430	487	425	486	474
VENTURA	9,580	10,062	10,471	10,565	10,641	10,656	11,147	11,353	12,076	12,194
YOLO	2,423	2,400	2,395	243	2,452	2,340	2,426	2,483	2,669	2,522
YUBA	1,238	1,156	1,193	1,232	1,213	1,282	1,223	1,245	1,264	1,349



**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Year Ended June 30, 2018**

	Percentage										
Demographic		2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Population		3,337,685	3,223,096	3,183,143	3,211,252	3,177,063	3,140,069	3,095,313	3,077,633	3,051,262	3,014,165
White	41.8%	1,395,152	1,518,174	1,510,851	1,510,757	1,509,733	1,502,204	1,506,581	1,526,495	1,538,871	1,535,920
Hispanic	33.9%	1,131,475	1,102,256	1,039,752	1,057,428	1,037,685	1,021,896	991,353	965,263	936,723	913,612
Asian	12.5%	417,211	379,566	351,811	356,394	356,437	340,979	330,644	316,468	310,225	302,552
Pacific Islander	0.6%	20,026	13,579	13,400	14,008	15,207	11,802	13,658	13,516	13,408	13,232
Black	5.5%	183,573	160,385	150,600	154,477	153,435	146,766	147,967	152,669	152,793	152,281
American Indian	1.3%	43,390	10,330	11,620	11,962	12,433	12,004	14,239	14,694	14,645	14,561
Multi-race or other race	4.4%	146,858	106,204	100,430	106,226	92,133	104,418	90,871	88,528	84,598	82,008
Female	49.7%	1,658,829	1,604,151	1,595,992	1,595,992	1,579,000	1,563,754	1,541,466	1,532,661	1,516,477	1,501,054
Male	50.3%	1,678,856	1,618,151	1,633,360	1,615,260	1,598,063	1,576,315	1,553,847	1,544,972	1,534,785	1,513,111
Under 5 years	6.4%	212,336	210,874	206,904	208,731	209,686	207,245	203,423	205,195	205,499	204,006
5-14 years	12.0%	398,130	394,489	703,475	517,012	517,861	521,251	520,169	518,592	532,235	531,078
15-24 years	14.2%	471,120	489,299	371,733	366,083	371,716	367,388	368,453	341,587	363,027	352,029
25-34 years	16.4%	544,111	512,116	525,589	510,589	495,622	483,571	470,629	472,011	446,093	440,036
35-44 years	13.1%	434,625	427,056	425,285	423,885	422,549	420,769	417,993	425,431	439,940	446,105
45-54 years	12.8%	424,672	428,074	425,285	423,885	425,726	430,189	430,378	437,853	424,557	418,793
55-64 years	11.7%	388,177	363,514	370,871	362,871	352,654	345,408	331,298	322,955	292,268	282,230
65-74 years	7.8%	258,784	217,961	416,991	218,365	203,332	188,404	182,678	180,110	169,208	163,875
75+ years	5.6%	185,794	179,713	185,030	179,830	174,738	172,704	170,293	173,899	178,437	176,014

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, 2018

**Income**

2016 American Community Survey (1-year estimate)

**INCOME**

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	\$67,739	\$356	\$96,961	\$419	\$73,581	\$579	\$108,073	\$571	\$33,389	\$138
San Diego County	\$70,824	\$995	\$96,692	\$1,397	\$81,222	\$1,355	\$108,721	\$1,898	\$34,328	\$492

2016 American Community Survey (1-year estimate)

**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		
	Estimate	Percent	Percent Margin of Error	Estimate	Percent	Percent Margin of Error	Estimate	Percent	Percent Margin of Error
California	8,887,761	10.5	0.2	6,406,893	6.3	0.2	1,703,615	24.5	0.5
San Diego County	745,752	8.4	0.6	556,722	5.0	0.5	134,497	20.8	1.9

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2018

## Employment Status

2016 American Community Survey

**EMPLOYMENT STATUS**

California, Counties, Incorporated Cities, and Census Designated Places

Geography	Population 16 years and over	In labor force											Not in labor force	
		Total		Civilian labor force							Armed Forces			
				Total Civilian labor force		Employed		Unemployed		Unemployment Rate				
		Estimate	Percent (Labor Force Participation Rate)	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Percent	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+
California	31,191,530	19,744,389	63.3	19,620,589	62.9	18,343,258	58.8	1,277,331	4.1	4.2	123,800	0.4	11,447,141	3674
San Diego County	2,668,897	1,747,695	65.5	1,678,100	62.9	1,573,399	58.9	104,701	3.9	3.7	69,595	2.6	921,202	34.5

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
Statistical Section (Unaudited)  
For the Year Ended June 30, 2018**

**Capital Assets**

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

## **COMPLIANCE SECTION**

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**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 D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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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, 2018, 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 10, 2018.

**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.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether First 5 Commission of San Diego's financial statements are free from 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.

A handwritten signature in cursive script that reads "Christy White Associates".

San Diego, California  
September 10, 2018



## INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

### Compliance

We have audited the basic financial statements of First 5 Commission of San Diego (the Commission) as of and for the year ended June 30, 2018 and have issued our report thereon dated September 10, 2018. 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, 2018.

### Management's Responsibility

Management is responsible for compliance with the requirements of the laws and regulations applicable to the California Children and Families Act.

### Auditor's Responsibility

Our responsibility is to express an opinion on First 5 Commission of San Diego's compliance with the requirements referred to above 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.

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*Auditor's Responsibility (continued)*

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of First 5 Commission of San Diego's compliance with those requirements. 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, 2018.

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 10, 2018