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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 Fiscal Year Ended June 30, 2020**

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

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2020**

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Marcelina Reyes

Fiscal Manager

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

	<u><b>Page</b></u>
<b>INTRODUCTION SECTION</b>	
Letter of Transmittal.....	i
Board of Commissioners .....	v
Organization Chart .....	vii
GFOA Certificate of Achievement.....	ix
 <b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	5
<b>Basic Financial Statements Government-wide Financial Statements</b>	
Statement of Net Position.....	10
Statement of Activities.....	11
<b>Governmental Fund Financial Statements</b>	
Balance Sheet .....	12
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position .....	13
Statement of Revenues, Expenditures and Changes in Fund Balance .....	14
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities .....	15
Notes to Basic Financial Statements .....	17
<b>Required Supplementary Information Section</b>	
Budgetary Comparison Schedule .....	33
<b>Supplementary Information Section</b>	
<b>QRIS Certification Grant</b>	
Balance Sheet .....	36
Statement of Revenues, Expenditures and Changes in Fund Balance .....	37

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**IMPACT**

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

**IMPACT Hub**

Balance Sheet .....	40
Statement of Revenues, Expenditures and Changes in Fund Balance .....	41

**STATISTICAL SECTION (Unaudited)**

**Financial Trends**

Net Position by Component.....	46
Changes in Net Position.....	47
Fund Balances – General Fund .....	48
Changes in Fund Balances – General Fund.....	49

**Revenue Capacity**

First 5 California County Tax Revenue Projections for Fiscal Years 2018-2025.....	50
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2018-19 .....	51

**Demographic Information**

California Live Births Data .....	52
Demographic Data.....	53
2017 American Community Survey – Income Data.....	54
2017 American Community Survey – Employment Status .....	55

**Operating Information**

Capital Assets Statistics.....	56
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**COMPLIANCE SECTION**

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance with <i>Government Auditing Standards</i> .....	59
Independent Auditor’s Report on State Compliance .....	61

# **INTRODUCTION SECTION**

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## *COMMISSION MEMBERS*

*KRISTIN GASPAR– 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 18, 2020

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 fiscal year ended June 30, 2020 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, 2020, along with additional disclosures and financial information designed to enable the reader to gain an understanding of First 5 San Diego's financial activities.

Moss, Levy & Hartzheim, LLP Certified Public Accountants have issued an unmodified ("clean") opinion on First 5 San Diego's financial statements for the fiscal year ended June 30, 2020. 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 21 years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$784 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 2018 U.S. Census is 3,302,833, with children under 5 years old representing 6.4% of that total with 39,258 new births in 2019 the last year that data was available. The County unemployment rate has risen significantly from a low of 3.6% in June 2019 to 13.9% in June 2020. Total non-farm employment was

1,354,600 as of July 2020 this is approximately 144,000 (9.7%) less than a year ago. 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 666,400 employed. Every job category is lower than a year ago, with leisure and hospitality showing the largest decline at 60.8% lower. The County's economy is worse than the Country's overall and is better than the State of California, which has an unemployment rate of 13.7% compared to San Diego at 12.3%. San Diego County's economy is expected to improve as COVID restrictions are lifted.

### *COVID-19*

During the fiscal year 19/20, First 5 San Diego was disrupted when the COVID-19 pandemic began in March 2020. The pandemic presented some unique challenges of not being able to be physically present with our children and families we serve through our contracted partners. It was a critical priority to ensure our ongoing connection, support and communication to our providers as they were preparing for continuity of services. F5SD activated a system of support to our contracted partners, but also as a lead function within the County's Emergency Operations Center (EOC) leading on behalf of the early care and education / childcare sector countywide. As a result, this pandemic has further elevated the position and awareness of the work that F5SD leads throughout the region. Notable efforts include supporting new policy to support childcare vouchers, funds to support access to PPE and other supplies and a new childcare provider grant. This has led to an allocation of over \$35 million in Federal CAREs Act funds as well as, \$1.1 million in First 5 CA and local First 5 SD funds to support our quality early learning partners. Additionally, there is over \$12 million in philanthropic dollars focused on the early care and education system in response to the pandemic. This event has brought together the many leaders/stakeholders throughout our region to lift up the vision and mission of F5SD.

### *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 \$38,032,693 in contracts for services in the areas of health, education, family and community programs.
- The Commission awarded contracts to 19 agencies throughout San Diego County for services in the areas of health, education, family and community services.
- Government Finance Officers Association of the United States (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to First 5 Commission for the fiscal Year ended June 30, 2019. This was the sixth consecutive year that the Commission has achieved this prestigious award.

### *FUTURE INITIATIVES*

This is the last year of the 2015-2020 current 5-year strategic plan which was approved by the Commission on June 2, 2014 covering fiscal years 2015/2016 through 2019/2020.

A new 5-year Strategic Plan was approved by the Commission on April 18, 2019 covering fiscal years 2020/2021 – 2024/2025. The primary components of this new plan are:

- The accountability and framework designed to measure the success of the plan;
- Increase access, affordability and quality of early care and education;
- Increase access, affordability and utilization for healthcare services for children 0-5;
- Identify and treat children with special health and developmental needs as early as possible;
- Ensure parents utilize age appropriate health and development information in their parenting

- practices;
- Ensure that parents and caregivers are knowledgeable about available community resources and programs.
  - In addition, the new plan further captures four new strategic directions that include the following: Resilient Families, Coordinated Systems of Care, Integrated Leadership and Sustained Funding. A direct service approach will continue in the near-term, now with a greater focus on how these investments may also support systems change and sustainability that goes beyond First 5 San Diego's investments in the long-term.

## *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 an amount of \$4.5 million for a Management Reserve. Approximately \$6.2 million annually on average will be used from the Sustainability Fund over the next 5 years.

## **ACKNOWLEDGEMENTS**

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

Sincerely,



ALETHEA ARGUILEZ  
Executive Director

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Board of Commissioners**

Dianne Jacob - Chairwoman

Sandra L. McBrayer - Vice Chair

Dr. Wilma J. Wooten - Secretary

Nick Macchione - Commissioner

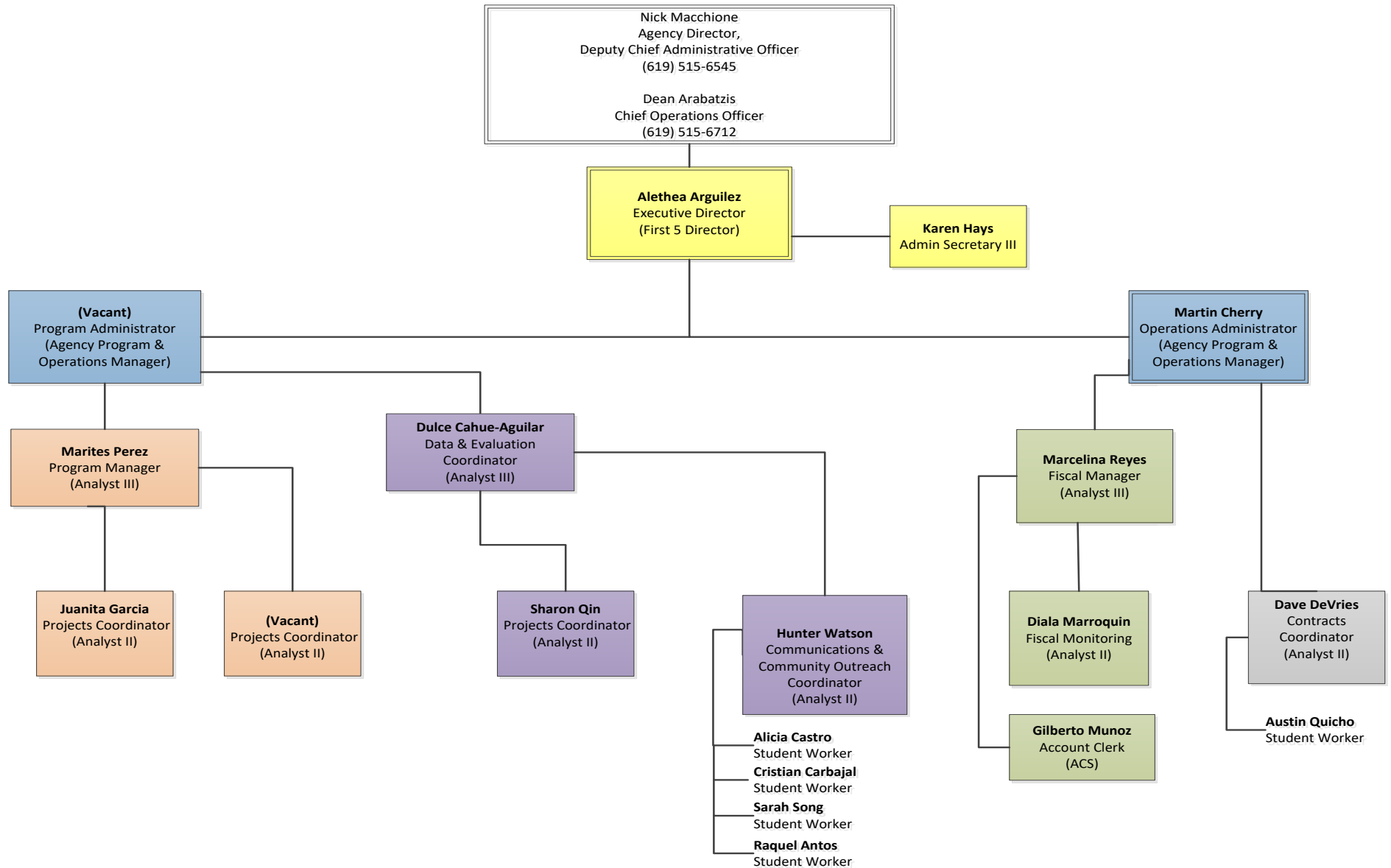
Rick Richardson – Commissioner

**Executive Director**

Alethea Arguilez

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# Health and Human Services Agency – First 5 San Diego



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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, 2019

*Christopher P. Morill*

Executive Director/CEO

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# **FINANCIAL SECTION**

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

**PARTNERS**

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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 fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Commission'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.

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

## *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of First 5 Commission of San Diego as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Emphasis of Matter*

As discussed in Note 13 to the financial statements, in January 2020, the World Health Organization declared COVID-19 to constitute a “Public Health Emergency of International Concern.” Given the uncertainty of the situation, the duration of any business interruption and related financial impact cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

## *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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Commission’s basic financial statements. The introductory section, supplementary information, and the statistical section listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 section is fairly stated, in all material respects, in relation to the 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 provided 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 18, 2020, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 18, 2020

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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, 2020. 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 2019/2020)

This Financial Highlights section is governmental fund information.

Expenditures were \$6,039,529 more than revenues. Overall revenues were \$31,515,923. Expenditures were \$37,555,452. This difference is planned in our Financial Spending Plan to reduce our Sustainability Fund to a \$4.5 million management reserve in FY 2024/2025.

Expenditures fall within three categories: Administrative, Program, and Evaluation. Administrative expenditures were \$2,797,430 or 7.5% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$33,893,728 or 90.2%; Evaluation expenditures were \$864,294 or 2.3% of the expenses. Total expenditures were \$37,555,452.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2019/2020 the administrative rate was 6.66% of the budget. This is based on the Total Administrative Expenditures of \$2,797,430 and the final Total Operating Budget of \$41,970,860.

### 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 2019/2020</b>	<b>FY 2018/2019</b>
Total Assets	\$ 50,667,385	\$ 56,291,077
Total Liabilities	10,217,606	9,767,212
Net Position:		
Restricted	-	-
Unrestricted	40,449,779	46,523,865
Total Net Position	\$ 40,449,779	\$ 46,523,865

The Commission's total net position decreased by (\$6,074,086) or 13.1% from the prior fiscal 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 2019/2020</b>	<b>FY 2018/2019</b>
Program Revenues	\$ 30,560,823	\$ 28,528,972
General Revenues	955,100	1,227,811
<b>Total Revenues</b>	<b>31,515,923</b>	<b>29,756,783</b>
Administrative Expenses	3,696,281	3,529,611
Program Expenses	33,893,728	34,809,655
<b>Total Expenses</b>	<b>37,590,009</b>	<b>38,339,266</b>
Change in net position	(6,074,086)	(8,582,483)
<b>Net position – Beginning, July 1</b>	<b>\$ 46,523,865</b>	<b>\$ 55,106,348</b>
<b>Net position – Ending, June 30</b>	<b>\$ 40,449,779</b>	<b>\$ 46,523,865</b>

Program Revenues had an increase of \$2,031,851 or 7.1% from the previous fiscal year primarily due to having received a back fill from Prop 56.

General Revenues decreased by (\$272,711) or 22.2% from the prior fiscal year due to lower yields on investments.

The change in net position decreased by (\$2,508,379) or 29.2 % due to lower planned expenditures compared to revenue, and an increase in revenue compared to the previous fiscal year.

The Net Position for the Commission has been negative every year since 2013 (see changes in Net Position in the statistical section). In FY 2019-20 the Net Position decreased by \$6,074,086, this is the smallest decrease yet. In 2009, the Commission decided to reduce the Sustainability Fund to zero through systematically spending more every year until the Fund was expended. The funds have been used to maintain funding in the community at a constant level as Prop 10 revenues continued to decline.

## BUDGETARY HIGHLIGHTS

- Expenditures were less than budgeted by \$4,415,408 or 10.5% due to significant savings in labor from vacant positions and programs that did not expend their full budgeted allocation.
- Prop 10 Tobacco Tax revenue had an increase over budget of \$2,744,294 or 11% due to an increase in tobacco tax backfill of Prop 56.
- Revenue from First 5 CA IMPACT and IMPACT Hub together had a favorable variance of \$468,419 due to more work required to provide a more detailed analysis of screening and data collection activities by providers.
- Labor & Benefits expense had a favorable variance of \$297,549 or 12.5% due to position vacancies during the course of the fiscal year.
- Contributions to Community Projects (Program Expenses) had a favorable variance of \$4.1 million or 10.9% due to lower than expected expenditures in contracts.

## **BEYOND FY 2019/2020**

In April 2019, the Commission approved the Strategic Plan that will guide the Commission's community investments for fiscal years 2020-21 to 2024-25. During this period, the Sustainability Fund that allowed the investment in programs well beyond the revenue received will be eliminated. By the end of the Strategic Plan 2020–2025 the Commission will no longer have a Sustainability Fund due to reduction of the fund over the life of the Strategic Plan. The plan is to convert the Sustainability Fund to an adequate Management Reserve, and match expenses to revenues in the future years beyond 2025.

From FY 2014-15 through FY 2019-20 the Sustainability Fund was reduced on average by \$10 million per year. The Sustainability Fund was used to supplement revenues by \$14.8 million on average over the 2015 – 2020 Strategic Plan. The fund is projected to supplement income on average by \$6.2 million per fiscal year and be exhausted at the end of the 2020-2025 Strategic Plan period with only \$4.5 million remaining as a management reserve

The Commission, through formal action, approved the Budget that obligates funding for FY 2020-2021 for the following programs:

Healthy Development Services	\$ 10,000,000
KidSTART Center	800,000
Oral Health Initiative	1,000,000
Childhood Injury Prevention	150,000
Learn Well Initiative	8,416,580
Mi Escuelita Therapeutic Preschool	653,160
First 5 First Steps Home Visiting	8,544,425
Maternity Shelter	125,000
2-1-1 Information & Referral	300,000
Parent & Public Education	400,000
Community Outreach	65,000
<b>Total</b>	<b>\$ 30,454,165</b>

## **CHANGE IN ADMINISTRATIVE RATE COSTS**

Every First 5 Commission throughout California must have an approved maximum admin rate that their Commission has approved. For First 5 San Diego that rate is 10% of the annual Operating Budget. Over the years, the administrative rate has steadily increased due to the overall decrease in the Operating Budget. However, total administrative costs have declined on an annual basis through management efforts including organizational right sizing such as staffing reduction and headquarters relocation, which have resulted in operational savings.

For simplicity purposes all labor costs were considered an administrative cost. Even with all labors cost included the admin rate was in the 5-6% range, but as the Operating Budget continued to decrease the rate approached the 10% maximum. In order to maintain the 10% or less administrative rate, a portion of the labor costs for Program and Evaluation have been allocated to those programs thus reducing the total amount of administrative costs.

## **DECLINING REVENUES**

History has proven that Prop 10 revenues derived from the sales of tobacco products decline as the sales of tobacco products decrease. It is estimated the Commission will receive about \$22 million per year in Proposition 10 revenues after the Sustainability Fund will be completely exhausted at the end of the 2024-2025 fiscal year. Leveraging of additional contracts, grants and new sources of revenues are continuously being explored to support the future sustainability of the services provided to the children and families of San Diego County.

## **EFFECTS OF COVID-19**

The pandemic of COVID-19 has had a devastating impact on San Diego County's economy. Business' had to close or radically change the way that they did business and endure less revenue and increased operating costs. While many survived, many did not. Business' in tourism, hospitality, retail, and childcare were among those hit the hardest:

- Tourism accounts for 28% of employment and was virtually shut down in March when Governor Gavin Newsom issued a stay at home order.
- 54% of childcare centers closed by June 2020.
- Parents were forced to work from home because they could not find childcare.
- The unemployment rate went from 3.3% in March 2020 to 13.9% in June 2020.
- There were 1,540,000 employed in San Diego County before the pandemic, and only 1,363 after it, 175,000 jobs were lost.
- New challenges emerged for those business' that tried to stay open:
  - Keeping up with the strict guidance and regulations
  - Sanitation and social distancing
  - Reduced capacity
  - Lower revenues
  - Greater operating costs

Despite COVID-19, First 5 San Diego's financial numbers do not look much different from a "normal" year. First 5 contractors reacted quickly and adjusted their service delivery models to accommodate the new normal. Budgets were revised accordingly to support continuity of services. Although this year has been very challenging, as an organization First 5 is viable, has adjusted to support our community partners, and will continue to be the advocate for all children 0-5 in San Diego County.

## **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, 9655 Granite Ridge Drive, Suite 120, San Diego, California 92123.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2020**

**GOVERNMENTAL  
ACTIVITIES**

	<u>2020</u>
<b>Assets</b>	
Cash and investments in county treasury	\$ 45,777,261
Imprest cash	250
Accounts receivable	4,690,798
Due from County of San Diego	196,995
Prepaid expenses	<u>2,081</u>
Total assets	<u>50,667,385</u>
<b>Liabilities</b>	
Accounts payable	10,004,051
Due to County of San Diego	76,340
Unearned revenue	47,511
Compensated absences:	
Due within one year	64,416
Due more than one year	<u>25,288</u>
Total liabilities	<u>10,217,606</u>
<b>Net Position</b>	
Restricted	-
Unrestricted	<u>40,449,779</u>
Total net position	<u>\$ 40,449,779</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, 2020**

		<b>PROGRAM REVENUES</b>	<b>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</b>
		<b>PROPOSITION 10 AND SPECIAL FUND</b>	<b>GOVERNMENTAL ACTIVITIES</b>
<b>GOVERNMENTAL ACTIVITIES</b>	<b>EXPENSES</b>		<b>2020</b>
Health	\$ 14,622,113	\$ 10,339,817	\$ (4,282,296)
Learning	13,280,171	12,287,961	(992,210)
Family	4,686,816	3,314,215	(1,372,601)
Community	1,304,628	922,549	(382,079)
General administration	<u>3,696,281</u>	<u>3,696,281</u>	<u>-</u>
Total governmental activities	<u>\$ 37,590,009</u>	<u>\$ 30,560,823</u>	<u>(7,029,186)</u>
<b>GENERAL REVENUES:</b>			
Net investment revenue			<u>955,100</u>
Total general revenues			<u>955,100</u>
Change in net position			(6,074,086)
Net position – beginning of fiscal year			<u>46,523,865</u>
Net position – end of fiscal year			<u>\$ 40,449,779</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, 2020**

	<u>2020</u>
<b>Assets</b>	
Cash and investments in county treasury	\$ 45,777,261
Imprest cash	250
Accounts receivable	4,690,798
Due from County of San Diego	196,995
Prepaid expenditures	<u>2,081</u>
Total assets	<u>\$ 50,667,385</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts payable	\$ 10,004,051
Due to County of San Diego	76,340
Unearned revenue	<u>47,511</u>
Total liabilities	<u>10,127,902</u>
Fund Balance:	
Non-spendable	2,081
Restricted	-
Committed	<u>40,537,402</u>
Total fund balance	<u>40,539,483</u>
Total liabilities and fund balance	<u>\$ 50,667,385</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, 2020**

	<u>2020</u>
Total governmental fund balance	\$ 40,539,483
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.	(89,704)
Net position of governmental activities	<u>\$ 40,449,779</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, 2020**

Revenues:	<u>2020</u>
Prop 10 tobacco tax (including SMIF & Prop 56 back-fill)	\$ 27,663,745
IMPACT	2,173,883
IMPACT Hub	541,277
QRIS Certification Grant	181,918
Interest revenue	955,100
Net increase (decrease) in FMV of investments	-
Total revenues	<u>31,515,923</u>
Expenses:	
Labor and benefits	2,074,074
Services and supplies	723,356
Evaluation	864,294
Contributions to community projects	<u>33,893,728</u>
Total expenses	<u>37,555,452</u>
Net change in fund balance	(6,039,529)
Fund balance, beginning of fiscal year	<u>46,579,012</u>
Fund balance, end of fiscal year	<u>\$ 40,539,483</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, 2020**

	<u>2020</u>
Net change in total governmental fund balance	\$ (6,039,529)
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).	(34,557)
Change in net position of governmental activities	<u>\$ (6,074,086)</u>

See accompanying notes to the basic financial statements.

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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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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. In April 2019, the Commission adopted the Strategic Plan for 2020–2025. The plans focus the Commission's investments toward achieving key results that best promote early childhood development in San Diego County. The Commission's vision is that "All children are healthy, are loved and nurtured, and enter school as active learners." The current plan guides the allocation of up to \$30,454,165 (page 8) for fiscal year 2020/2021 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 \$33.8 million excluding a Management Reserve of \$10 million at the end FY 2019/2020.

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

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

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

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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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 \$27.1 million per the Financial Spending Plan that was approved in April 2019. 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 Statement No. 31) is not included in the budget.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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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. Future Accounting Pronouncements**

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84	"Fiduciary Activities"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 87	"Leases"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 89	"Accounting for Interest Cost Incurred before the End of a Construction Period"	The provisions of this statement are effective for fiscal years beginning after December 15, 2020.
Statement No. 90	"Majority Equity Interests-an Amendment of GASB Statements No. 14 and No. 61"	The provisions of this statement are effective for fiscal years beginning after December 15, 2019.
Statement No. 91	"Conduit Debt Obligations"	The provisions of this statement are effective for fiscal years beginning after December 15, 2021.
Statement No. 92	"Omnibus 2020"	The provisions of this statement are effective for fiscal years beginning after June 15, 2021.
Statement No. 93	"Replacement of Interbank Offered Rates"	The provision of this statement except for paragraphs 11b, 13, and 14 are effective for fiscal years beginning after June 15, 2020. Paragraph 11b is effective for fiscal years beginning after December 31, 2021. Paragraphs 13 and 14 are effective for fiscal years beginning after June 15, 2021.

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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

**F. Future Accounting Pronouncements (continued)**

Statement No. 94	"Public-Private and Public-Public Partnerships and Availability Payment Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 96	"Subscription-Based Information Technology Arrangements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2022.
Statement No. 97	"Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"	The provisions of this statement are effective for fiscal years beginning December 15, 2019.

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

The Commission's cash and investments at June 30, 2020 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, 2020, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2020:

Assets Invested through the County Treasurers Office:

Negotiable Certificates of Deposit	\$ -
Commercial Paper Disc. Amortizing	-
County Pool	<u>45,777,261</u>
Total Cash and Investments by County Treasury	<u>\$ 45,777,261</u>



**FIRST 5 COMMISSION OF SAN  
DIEGO  
A PROPOSITION 10  
COMMISSION NOTES TO BASIC  
FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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>Investment Type</u>	<u>Remaining Maturity in Months</u>			
	<u>Amount</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>
Negotiable Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Commercial Paper Disc.	-	-	-	-
County Pool	<u>45,777,261</u>	<u>45,777,261</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 45,777,261</u>	<u>\$ 45,777,261</u>	<u>\$ -</u>	<u>\$ -</u>

**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, 2020**

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Credit Quality Rating</u>
Negotiable Certificates of Deposit	\$ -	A-1 or equivalent	A-1
Commercial Paper Disc	-	A-1 or equivalent	AAA
County Pool	<u>45,777,261</u>	VARIOUS	AAA
Total	<u>\$ 45,777,261</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 1% or more of total investment are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Amount</u>	<u>% of Total Investments</u>
None for FY 2019/2020			

**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, 2020**

**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, 2020 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	\$ -	\$ -	\$ -	\$ 45,777,261	\$ 45,777,261
Other investments	-	-	-	-	-
<b>Total leveled investments</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,777,261</b>	<b>\$ 45,777,261</b>

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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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 2020, and miscellaneous Surplus Money Investment Fund (SMIF) revenue. Additionally, the First 5 Commission of California owes First 5 San Diego IMPACT and IMPACT Hub for revenue earned in FY 2019/2020.

Prop 10 revenue for:	
May 2020	1,355,360
June 2020	1,925,651
SMIF	95,591
IMPACT revenue	1,030,844
IMPACT Hub revenue	283,352
Total	<u>\$ 4,690,798</u>

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**NOTE 4: ACCOUNTS PAYABLE**

Accounts payable is comprised of \$10,004,051 in funding due to contractors at June 30, 2020.

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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 \$196,995 for investment interest earnings in the operating fund and the sustainability fund.

The Commission owes the County of San Diego \$76,340 for:

- 1) Purchasing & Contracting services of \$47;
- 2) Computing and IT charges of \$7,113;
- 3) Commission labor cost of \$69,180

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

**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, 2020 is as follows:

	Balance <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2020</u>	<u>Due Within One Year</u>	<u>Due More Than One Year</u>
Compensated Absences	<u>\$ 55,147</u>	<u>\$ 35,640</u>	<u>\$ (1,084)</u>	<u>\$ 89,704</u>	<u>\$ 64,416</u>	<u>\$ 25,288</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 2019/2020 is comprised of:

Proposition 10 revenue (monthly allocations)	\$ 21,189,578
SMIF	95,591
Prop 56 (included in Prop 10 in Financial statements)	6,378,576
IMPACT	2,173,883
IMPACT Hub	541,277
QRIS Certification Grant	181,918
Interest	955,100
Net increase (decrease) in FMV of investments	<u>-</u>
Total revenue	<u>\$ 31,515,923</u>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 8: SPECIAL FUNDING**

Special funding for FY 2019/2020 included \$163,052 for the California Department of Education QRIS Certification Program; \$2,226,941, for the IMPACT award; and \$425,649 for the IMPACT Hub award.

**CDE 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.

**First 5 CA 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.

**First 5 CA 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, 2020**

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**NOTE 9: LEASE OBLIGATION**

The Commission is obligated for the next ten 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 is as follows:

Fiscal Year ending June 30:

2021	\$	260,295
2022		268,104
2023		276,147
2024		284,432
2025		292,965
2026		301,754
2027		310,806
2028		320,131
2029		329,735
2030		<u>339,627</u>
Total lease obligation	\$	<u>2,983,996</u>

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**NOTE 10: EVALUATION EXPENSES**

The Commission spent \$864,294 on program evaluation during the audit period.

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**NOTE 11: FUND BALANCES**

As of June 30, 2020, fund balances of the governmental funds are classified as follows:

Non-spendable – amounts that cannot be spent either because they are in non-spendable 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.

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

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

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

Unassigned – all other spendable amounts.

When an expense 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 expense 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, 2020 are presented below:

**Fund Balance:**

Non-spendable:	
Prepaid items	\$ 2,081
Committed To:	
Administration	2,421,803
Evaluation	703,907
Healthy Development Services	9,117,199
KidStart	784,023
Oral Health	1,180,730
Reducing Childhood Injuries	153,507
Quality Preschool Initiative	9,123,184
Mi Escuelita	522,851
YMCA - CRS	80,441
Targeted Home Visits	5,421,122
Parent Education & Family Engagement	110,068
Maternity Shelter	100,062
Information & Referral	240,148
Parent & Public Education	366,226
Community Projects	92,057
Breastfeeding Friendly Environment	120,074
Management Reserve	10,000,000
Total Committed	<u>40,537,402</u>
Total Fund Balance	<u>\$ 40,539,483</u>



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**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2020**

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**NOTE 12: RELATED PARTY**

For FY 2019-20 the First 5 Commission had a contract with The Children’s Initiative for \$233,529 for the Childhood Injury Prevention Program. The Chief Executive Officer of The Children’s Initiative is Sandra McBrayer, one of the five First 5 San Diego Commissioners.

In FY 2019-20 the First 5 Commission had a contract with the San Diego County Office of Education (SDCOE) for \$14,377,277 for the Quality Preschool Initiative program. SDCOE contracted with Child Development Associates (CDA) for a contract on July 1, 2019 for \$3,814,306. That makes CDA a sub-contract to the Commission. In April 2020, the President and CEO of CDA Rick Richardson was sworn in as a San Diego First 5 Commissioner. As a Commissioner, Mr. Richardson’s organization was a sub-contractor for the First 5 Commission for the last 3 months of FY 2019-20

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**NOTE 13: FINANCIAL HEALTH UNCERTAINTY**

The World Health Organization has declared the outbreak of Novel Coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The Coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact. Nonetheless, the outbreak presents uncertainty and risk with respect to the Commission’s performance, and financial results.

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## **REQUIRED SUPPLEMENTARY INFORMATION SECTION**

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
BUDGETARY COMPARISON SCHEDULE GOVERNMENT FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<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	\$ 24,919,451	\$ 24,919,451	\$ 27,663,745	\$ 2,744,294
IMPACT	1,937,914	1,937,914	2,173,883	235,969
IMPACT Hub	308,827	308,827	541,277	232,450
QRIS Certification Grant	-	-	181,918	181,918
Interest revenue	956,000	956,000	955,100	(900)
Net increase (decrease) in FMV of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>28,122,192</u>	<u>28,122,192</u>	<u>31,515,923</u>	<u>3,393,731</u>
Expenditures:				
Labor and Benefits	2,371,623	2,371,623	2,074,074	297,549
Services and Supplies	686,634	676,634	723,356	(46,722)
Evaluation	879,910	889,910	864,294	25,616
Contributions to Community Projects	<u>38,032,693</u>	<u>38,032,693</u>	<u>33,893,728</u>	<u>4,138,965</u>
Total expenditures	<u>41,970,860</u>	<u>41,970,860</u>	<u>37,555,452</u>	<u>4,415,408</u>
Net change in fund balance	(13,848,668)	(13,848,668)	(6,039,529)	7,809,139
Fund balance, beginning of fiscal year	<u>46,579,012</u>	<u>46,579,012</u>	<u>46,579,012</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 32,730,344</u>	<u>\$ 32,730,344</u>	<u>\$ 40,539,483</u>	<u>\$ 7,809,139</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 accounting principles generally accepted in the United States (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, 2020**

	<u>2020</u>
<b>Assets</b>	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<u>\$ -</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Unearned revenue	<u>\$ -</u>
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  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
QRIS CERTIFICATION GRANT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>2020</u>
Revenues:	
QRIS Certification Grant	<u>\$ 181,918</u>
Total revenues	<u>181,918</u>
 Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>181,918</u>
Total expenditures	<u>181,918</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, 2020**

	<u>2020</u>
<b>Assets</b>	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<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>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
IMPACT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>2020</u>
Revenues:	
IMPACT	<u>\$ 2,173,883</u>
Total revenues	<u>2,173,883</u>
 Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>2,173,883</u>
Total expenditures	<u>2,173,883</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, 2020**

	<u>2020</u>
<b>Assets</b>	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<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>

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE  
IMPACT Hub  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>2020</u>
Revenues:	
IMPACT Hub	<u>\$ 541,277</u>
Total revenues	<u>541,277</u>
 Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>541,277</u>
Total expenditures	<u>541,277</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 Fiscal Year Ended June 30, 2020**

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 Fiscal Year Ended June 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,910	\$ 1,287,217
Unrestricted	40,449,779	46,523,865	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**									<u>(88,374,589)</u>	<u>88,374,589</u>
<b>Total net position</b>	<b>\$ 40,449,779</b>	<b>\$ 46,523,865</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>

\* 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 Fiscal Year Ended June 30, 2020**

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Prop 10 tobacco taxes (including SMIF)	\$ 27,663,745	\$ 26,411,158	\$ 25,589,026	\$ 17,887,814	\$ 21,643,265	\$18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623
Prop 10 school readiness	-	-	-	-	-	-	-	-	-	3,602,936
Prop 10 childcare retention	-	-	-	-	-	-	-	-	-	-
10 special needs demonstration project	-	-	-	-	-	-	-	-	-	-
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
Prop 10 child signature program	-	-	-	1,677,313	3,454,625	3,354,625	3,354,625	3,354,625	-	-
QRIS Certification Grant	181,918	179,039	189,959	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	-	-	-	93,553	75,833	92,431	21,166
The California Endowment grant	-	-	-	-	-	-	-	-	426,283	346,874
Race to the top	-	-	-	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-
IMPACT	2,173,883	1,599,578	1,587,196	1,607,269	-	-	-	-	-	-
IMPACT Hub	541,277	339,197	400,661	250,321	-	-	-	-	-	-
Interest revenue	955,100	1,021,281	784,637	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130
Other miscellaneous	-	-	-	-	43,146	-	-	-	-	-
Net increase (decrease) in FMV	-	206,530	248,038	25,604	(79,750)	(3,050)	(74,500)	(347,800)	7,054	(273,736)
<b>Total revenues</b>	<b>\$ 31,515,923</b>	<b>\$ 29,756,783</b>	<b>\$ 28,799,517</b>	<b>\$ 33,046,263</b>	<b>\$ 35,348,466</b>	<b>\$ 6,309,055</b>	<b>\$ 35,231,004</b>	<b>\$ 36,766,939</b>	<b>\$ 36,213,723</b>	<b>\$ 41,027,298</b>
Labor and benefits	\$ 2,074,074	\$ 2,053,585	\$ 2,226,197	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,261,152
Services and supplies	723,356	654,081	632,742	627,523	623,890	622,703	628,161	619,849	820,809	654,637
Evaluation	864,294	824,939	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,512,337
Contributions to community projects	33,893,728	34,809,655	35,183,575	37,461,932	37,512,258	53,010,552	57,085,235	48,634,245	45,435,941	54,735,724
<b>Total expenses</b>	<b>\$ 37,555,452</b>	<b>\$ 38,342,260</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>\$ 59,163,850</b>
<b>Extraordinary Expense-AB99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$(88,374,589)</b>	<b>-</b>
<b>Excess of revenues over expenses</b>	<b>\$ (6,039,529)</b>	<b>\$ (8,585,477)</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>\$ (18,136,552)</b>
Compensated absences	( 34,557)	2,994	(10,403)	2,650	60,438	(20,720)	22,017	12,678	(50,580)	(14,035)
Adjustment for reallocation	-	-	-	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>\$ (6,074,086)</b>	<b>\$ (8,582,483)</b>	<b>\$ (10,126,522)</b>	<b>\$ (8,006,404)</b>	<b>\$ (6,091,126)</b>	<b>\$ (21,567,866)</b>	<b>\$ (26,478,896)</b>	<b>\$ (16,727,509)</b>	<b>\$ 74,756,230</b>	<b>\$ (18,150,587)</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 Fiscal Year Ended June 30, 2020

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

	<u>2020*</u>	<u>2019*</u>	<u>2018*</u>	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>
<b>Fund Balance</b>										
Non-spendable	\$ 2,081	\$ 1,946	\$ 1,895	\$ 1,889	\$ 32,325	\$ 2,816	\$ 1,914	\$ 1,730	\$ 1,671	\$ 1,676
Committed	40,537,402	46,577,066	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>	<u><u>\$ 40,539,483</u></u>	<u><u>\$ 46,579,012</u></u>	<u><u>\$ 55,164,489</u></u>	<u><u>\$ 65,280,608</u></u>	<u><u>\$ 73,289,662</u></u>	<u><u>\$ 79,441,227</u></u>	<u><u>\$ 100,988,373</u></u>	<u><u>\$127,489,286</u></u>	<u><u>\$144,229,473</u></u>	<u><u>\$ 69,422,663</u></u>

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

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Fiscal Year Ended June 30, 2020

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

	<b>2020</b>	<b>2019</b>	<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>Revenues</b>										
Prop 10 tobacco taxes (including SMIF)	\$ 27,663,745	\$ 26,411,158	\$ 25,589,026	\$ 17,887,814	\$ 21,643,265	\$ 18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623
Prop 10 school readiness	-	-	-	-	-	-	-	-	-	3,602,936
Prop 10 childcare retention	-	-	-	-	-	-	-	-	-	-
Prop 10 special needs demonstration project	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	12,223,68
Prop 10 child signature program	-	-	-	1,677,313	3,454,625	3,454,625	3,354,625	3,354,625	-	-
QRIS Certification Grant	181,918	179,039	189,959	-	-	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	-	-	-	93,553	75,833	92,431	21,166
The California Endowment grant	-	-	-	-	-	-	-	-	426,283	346,874
Race to the top	-	-	-	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-
IMPACT	2,173,883	1,599,578	1,587,196	1,607,269	-	-	-	-	-	-
IMPACT Hub	541,277	339,197	400,661	250,321	-	-	-	-	-	-
Interest revenue	955,100	1,021,281	784,637	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130
Other miscellaneous	-	-	-	-	43,146	-	-	-	-	-
Net increase (decrease) in FMV of investments	-	206,530	248,038	25,604	(79,750)	(3,050)	(74,500)	(347,800)	7,054	(904,669)
<b>Total revenues</b>	<b>\$ 31,515,923</b>	<b>\$ 29,756,783</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>Expenditures</b>										
Labor and benefits	\$ 2,074,074	\$ 2,053,585	\$ 2,226,197	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907
Services and supplies	723,356	654,081	632,742	627,523	623,890	622,703	628,161	619,849	820,809	684,971
Evaluation	864,294	824,939	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,409,579
Contributions to community projects	33,893,728	34,809,655	35,183,575	37,461,932	37,512,258	53,010,552	57,085,235	48,634,245	45,435,941	51,849,208
<b>Total expenditures</b>	<b>\$ 37,555,452</b>	<b>\$ 38,342,260</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>Extraordinary Expenditure-AB99</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$(88,374,589)</b>	<b>\$ 88,374,589</b>
<b>Excess of revenues over expenditures</b>	<b>\$ (6,039,529)</b>	<b>\$ (8,585,477)</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>
Adjustments for reallocation	-	-	-	-	-	-	-	-	-	-
<b>Change in fund balance</b>	<b>\$ (6,039,529)</b>	<b>\$ (8,585,477)</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>

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Fiscal Year Ended June 30, 2020

**Revenue Projections**

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2018-19 THROUGH 2024-25  
UTILIZING DOF MAY REVISE 2020 TOBACCO TAX PROJECTIONS AND  
DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1990 – 2040

County	2017 Births <sup>1</sup>	2017 Birthrate	2019-20 TAX REVENUE PROJECTION N	2018 Births <sup>1</sup>	2018 Birthrate	2020-21 TAX REVENUE PROJECTION	2019 Births <sup>1</sup>	2019 Birthrate	2021-22 TAX REVENUE PROJECTION N	2020 Births <sup>1</sup>	2020 Birthrate	2022-23 TAX REVENUE PROJECTION N	2021 Births <sup>1</sup>	2021 Birthrate	2023-24 TAX REVENUE PROJECTION	2022 Births <sup>1</sup>	2022 Birthrate	2024-25 TAX REVENUE PROJECTION
1 Alameda	18,896	4.005%	\$12,437,865	18,225	4.012%	\$11,969,940	18,875	4.065%	\$11,765,441	18,130	3.963%	\$11,161,386	17,796	3.919%	\$10,753,865	17,708	3.918%	\$10,478,538
2 Alpine	9	0.002%	\$5,924	10	0.002%	\$6,568	6	0.001%	\$3,740	4	0.001%	\$2,463	8	0.002%	\$4,834	9	0.002%	\$5,326
3 Amador	304	0.064%	\$200,101	305	0.067%	\$200,320	327	0.070%	\$203,830	325	0.071%	\$200,080	357	0.079%	\$215,730	355	0.079%	\$210,068
4 Butte	2,389	0.506%	\$1,572,505	2,419	0.533%	\$1,588,767	2,394	0.516%	\$1,492,263	2,265	0.495%	\$1,394,404	2,307	0.508%	\$1,394,087	2,385	0.528%	\$1,411,301
5 Calaveras	422	0.089%	\$277,772	375	0.083%	\$246,295	370	0.080%	\$230,634	478	0.104%	\$294,271	439	0.097%	\$265,281	457	0.101%	\$270,425
6 Colusa	293	0.062%	\$192,861	267	0.059%	\$175,362	284	0.061%	\$177,027	305	0.067%	\$187,767	305	0.067%	\$184,307	309	0.068%	\$182,848
7 Contra Costa	12,186	2.583%	\$8,021,159	11,995	2.641%	\$7,878,158	12,567	2.707%	\$7,833,446	12,421	2.715%	\$7,646,750	12,356	2.721%	\$7,466,552	12,609	2.790%	\$7,461,254
8 Del Norte	269	0.057%	\$177,063	269	0.059%	\$176,676	254	0.055%	\$158,327	280	0.061%	\$172,377	288	0.063%	\$174,034	260	0.058%	\$153,852
9 El Dorado	1,572	0.333%	\$1,034,734	1,678	0.369%	\$1,102,088	1,764	0.380%	\$1,099,562	1,856	0.406%	\$1,142,611	1,975	0.435%	\$1,193,464	2,047	0.453%	\$1,211,293
10 Fresno	14,546	3.083%	\$9,574,576	14,413	3.173%	\$9,466,268	14,891	3.207%	\$9,282,076	14,582	3.187%	\$8,977,128	14,558	3.206%	\$8,797,189	14,765	3.267%	\$8,737,046
11 Glenn	378	0.080%	\$248,810	365	0.080%	\$239,727	402	0.087%	\$250,581	421	0.092%	\$259,181	424	0.093%	\$256,217	437	0.097%	\$258,591
12 Humboldt	1,372	0.291%	\$903,088	1,365	0.300%	\$896,514	1,336	0.288%	\$832,775	1,223	0.267%	\$752,916	1,156	0.255%	\$698,554	1,157	0.256%	\$684,644
13 Imperial	2,924	0.620%	\$1,924,657	2,628	0.579%	\$1,726,036	2,958	0.637%	\$1,843,824	2,816	0.616%	\$1,733,616	2,846	0.627%	\$1,719,797	2,903	0.642%	\$1,717,822
14 Inyo	212	0.045%	\$139,544	176	0.039%	\$115,594	199	0.043%	\$124,044	170	0.037%	\$104,657	173	0.038%	\$104,541	195	0.043%	\$115,389
15 Kern	13,330	2.825%	\$8,774,172	12,874	2.834%	\$8,455,473	13,415	2.889%	\$8,362,034	13,054	2.853%	\$8,036,444	13,094	2.883%	\$7,912,515	13,402	2.965%	\$7,930,504
16 Kings	2,375	0.503%	\$1,563,290	2,256	0.497%	\$1,481,711	2,369	0.510%	\$1,476,680	2,392	0.523%	\$1,472,589	2,350	0.518%	\$1,420,071	2,388	0.528%	\$1,413,076
17 Lake	750	0.159%	\$493,671	714	0.157%	\$468,946	697	0.150%	\$434,464	787	0.172%	\$484,501	785	0.173%	\$474,364	800	0.177%	\$473,392
18 Lassen	301	0.064%	\$198,126	307	0.068%	\$201,634	328	0.071%	\$204,454	307	0.067%	\$188,999	332	0.073%	\$200,823	309	0.068%	\$182,848
19 Los Angeles	116,850	24.766%	\$76,913,874	110,167	24.253%	\$72,356,233	111,500	24.015%	\$69,501,811	108,213	23.653%	\$66,619,251	106,422	23.436%	\$64,309,274	103,592	22.921%	\$61,299,567
20 Madera	2,121	0.450%	\$1,396,100	2,076	0.457%	\$1,363,489	2,090	0.450%	\$1,302,769	2,250	0.492%	\$1,385,169	2,125	0.468%	\$1,284,107	2,252	0.498%	\$1,332,599
21 Marin	2,238	0.474%	\$1,473,113	2,122	0.467%	\$1,393,702	1,799	0.387%	\$1,121,379	1,764	0.386%	\$1,085,973	1,846	0.407%	\$1,115,511	1,796	0.397%	\$1,062,766
22 Mariposa	141	0.030%	\$92,810	154	0.034%	\$101,145	155	0.033%	\$96,617	157	0.034%	\$96,654	163	0.036%	\$98,499	170	0.038%	\$100,596
23 Mendocino	992	0.210%	\$652,962	896	0.197%	\$588,481	918	0.198%	\$572,221	976	0.213%	\$600,856	971	0.214%	\$586,761	927	0.205%	\$546,543
24 Merced	4,202	0.891%	\$2,765,872	3,870	0.852%	\$2,541,765	4,305	0.927%	\$2,683,456	4,438	0.970%	\$2,732,169	4,395	0.968%	\$2,655,835	4,585	1.014%	\$2,713,130
25 Modoc	90	0.019%	\$59,240	100	0.022%	\$65,679	105	0.023%	\$65,450	89	0.019%	\$54,791	103	0.023%	\$62,241	98	0.022%	\$57,991
26 Mono	148	0.031%	\$97,418	129	0.028%	\$84,725	137	0.030%	\$85,397	162	0.035%	\$99,732	151	0.033%	\$91,247	159	0.035%	\$94,087
27 Monterey	5,813	1.232%	\$3,826,276	5,887	1.296%	\$3,866,504	5,904	1.272%	\$3,680,168	5,650	1.235%	\$3,478,314	5,696	1.254%	\$3,442,010	5,610	1.241%	\$3,319,663
28 Napa	1,291	0.274%	\$849,772	1,206	0.265%	\$792,085	1,334	0.287%	\$831,528	1,313	0.287%	\$808,323	1,333	0.294%	\$805,513	1,370	0.303%	\$810,684
29 Nevada	797	0.169%	\$524,607	772	0.170%	\$507,039	832	0.179%	\$518,614	864	0.189%	\$531,905	910	0.200%	\$549,900	908	0.201%	\$537,300
30 Orange	37,395	7.926%	\$24,614,415	35,643	7.847%	\$23,409,852	37,250	8.023%	\$23,219,215	36,846	8.054%	\$22,683,531	35,887	7.903%	\$21,685,995	35,522	7.860%	\$21,019,801
31 Placer	3,691	0.782%	\$2,429,517	3,664	0.807%	\$2,406,467	3,792	0.817%	\$2,363,685	3,908	0.854%	\$2,405,885	4,178	0.920%	\$2,524,705	4,215	0.933%	\$2,494,186
32 Plumas	173	0.037%	\$113,873	168	0.037%	\$110,340	185	0.040%	\$115,317	191	0.042%	\$117,585	192	0.042%	\$116,023	216	0.048%	\$127,816
33 Riverside	29,880	6.333%	\$19,667,835	28,684	6.315%	\$18,839,273	30,001	6.462%	\$18,700,662	30,780	6.728%	\$18,949,115	31,036	6.835%	\$18,754,606	31,239	6.912%	\$18,485,377
34 Sacramento	19,206	4.071%	\$12,641,916	19,052	4.194%	\$12,513,102	19,362	4.170%	\$12,069,005	19,234	4.204%	\$11,841,042	19,099	4.206%	\$11,541,249	19,120	4.231%	\$11,314,076
35 San Benito	735	0.156%	\$483,797	772	0.170%	\$507,039	781	0.168%	\$486,824	744	0.163%	\$458,029	855	0.188%	\$516,664	839	0.186%	\$496,470
36 San	29,708	6.297%	\$19,554,620	28,964	6.376%	\$19,023,173	30,354	6.538%	\$18,920,699	30,622	6.693%	\$18,851,845	30,728	6.767%	\$18,568,486	30,981	6.855%	\$18,332,708
37 San Diego	41,251	8.743%	\$27,152,539	40,008	8.808%	\$26,276,727	39,258	8.455%	\$24,470,871	38,469	8.409%	\$23,682,699	38,136	8.398%	\$23,045,033	37,881	8.382%	\$22,415,716
38 San	8,950	1.897%	\$5,891,135	8,690	1.913%	\$5,707,477	8,924	1.922%	\$5,562,638	8,603	1.880%	\$5,296,271	8,222	1.811%	\$4,968,436	7,995	1.769%	\$4,730,964
39 San Joaquin	9,929	2.104%	\$6,535,540	9,811	2.160%	\$6,443,735	10,010	2.156%	\$6,239,580	10,315	2.255%	\$6,350,231	10,471	2.306%	\$6,327,474	10,605	2.347%	\$6,275,406
40 San Luis	2,551	0.541%	\$1,679,138	2,433	0.536%	\$1,597,962	2,419	0.521%	\$1,507,846	2,431	0.531%	\$1,496,598	2,324	0.512%	\$1,404,360	2,472	0.547%	\$1,462,782
41 San Mateo	8,586	1.820%	\$5,651,541	8,326	1.833%	\$5,468,407	8,192	1.764%	\$5,106,357	7,729	1.689%	\$4,758,210	7,614	1.677%	\$4,601,030	7,528	1.666%	\$4,454,621
42 Santa	5,533	1.173%	\$3,641,972	5,256	1.157%	\$3,452,071	5,557	1.197%	\$3,463,871	5,572	1.218%	\$3,430,295	5,668	1.248%	\$3,425,090	5,667	1.254%	\$3,353,393
43 Santa Clara	22,137	4.692%	\$14,571,180	21,267	4.682%	\$13,967,885	20,871	4.495%	\$13,009,617	20,069	4.387%	\$12,355,094	19,483	4.290%	\$11,773,295	19,363	4.284%	\$11,457,868
44 Santa Cruz	2,661	0.564%	\$1,751,543	2,447	0.539%	\$1,607,157	2,480	0.530%	\$1,533,403	2,380	0.520%	\$1,465,201	2,363	0.520%	\$1,427,927	2,352	0.520%	\$1,391,773
45 Shasta	2,008	0.426%	\$1,321,721	1,961	0.432%	\$1,287,959	2,085	0.449%	\$1,299,653	2,044	0.447%	\$1,258,349	2,129	0.469%	\$1,286,524	2,121	0.469%	\$1,255,081
46 Sierra	34	0.007%	\$22,380	26	0.006%	\$17,076	32	0.007%	\$19,947	33	0.007%	\$20,316	33	0.007%	\$19,941	29	0.006%	\$17,160
47 Siskiyou	446	0.095%	\$293,569	438	0.096%	\$287,673	456	0.098%	\$284,241	441	0.096%	\$271,493	424	0.093%	\$256,217	476	0.105%	\$281,668
48 Solano	5,133	1.088%	\$3,378,681	5,039	1.109%	\$3,309,549	5,241	1.129%	\$3,266,897	5,264	1.151%	\$3,240,680	5,329	1.174%	\$3,220,238	5,279	1.168%	\$3,123,797
49 Sonoma	4,645	0.984%	\$3,057,466	4,525	0.986%	\$2,971,960	4,244	0.914%	\$2,645,432	4,121	0.901%	\$2,537,014	4,047	0.891%	\$2,445,544	3,932	0.870%	\$2,326,723
5																		

**FIRST 5 COMMISSION OF SAN DIEGO**  
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For the Fiscal Year Ended June 30, 2020

**Cigarette Tax**

**TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2018-19**

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate
2018-19	1,786,074,000	5,305,000	1,791,379,000	3,659,000	271,772,000	62.78%
2017-18	1,882,025,000	5,590,000	1,887,615,000	1,033,000	211,440,000	65.08%
2016-17	950,676,000	6,091,000	956,769,000	1,185,000	95,330,000	27.30%
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% d/
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000 e/	7,206,000	849,117,000	6,808,000	42,137,000 f/	61.53% f/
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000 g/	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000 h/	6,581,000	776,623,000	11,615,000	24,956,000 h/	37.47%
1988-89	499,712,000 h/	4,273,000	503,984,000	4,968,000	9,994,000 h/	41.67%
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		
1979-80	272,119,000	2,327,000	274,446,000	1,645,000		
1978-79	270,658,000	2,315,000	272,973,000	1,408,000		
1977-78	275,042,000	2,352,000	277,394,000	1,239,000		
1976-77	270,502,000	2,315,000	272,817,000	832,000		
1975-76	269,852,000	2,309,000	272,161,000	927,000		
1974-75	264,182,000	2,262,000	266,444,000	745,000		
1973-74	259,738,000	2,222,000	261,960,000	632,000		
1972-73	253,089,000	2,167,000	255,256,000	626,000		
1971-72	248,398,000	2,127,000	250,525,000	677,000		
1970-71	240,372,000	2,058,000	242,430,000	552,000		
1969-70	237,220,000	2,032,000	239,253,000	455,000		
1968-69	238,836,000	2,046,000	240,882,000	492,000		
1967-68	208,125,000 i/	1,862,000	209,987,000	328,000		
1966-67	75,659,000	1,543,000	77,202,000	129,000		
1965-66	74,880,000	1,528,000	76,407,000	88,000		
1964-65	74,487,000	1,520,000	76,007,000	61,000		
1963-64	71,530,000	1,459,000	72,989,000	71,000		
1962-63	70,829,000	1,445,000	72,274,000	79,000		
1961-62	68,203,000	1,390,000	69,593,000	47,000		
1960-61	66,051,000 j/	1,675,000 k/	67,726,000	76,000		
1959-60	61,791,000 l/	767,000 l/	62,558,000	67,000		

**FIRST 5 COMMISSION OF SAN DIEGO**  
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 Statistical Section (Unaudited)  
 For the Fiscal Year Ended June 30, 2020

**Live Births**

TABLE: LIVE BIRTHS, CALIFORNIA COUNTIES, 2011-2019 (By Place of Residence)

COUNTY	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>CALIFORNIA</b>	<b>464,300</b>	<b>454,244</b>	<b>485,901</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>
ALAMEDA	18,875	18,225	19,551	19,559	19,440	19,657	19,050	19,550	19,002	19,302
ALPINE	6	10	5	4	5	6	6	8	6	4
AMADOR	327	305	309	308	305	291	269	285	269	272
BUTTE	2,394	2,419	2,430	2,493	2,444	2,482	2,372	2,397	2,392	2,454
CALAVERAS	370	375	381	373	379	348	328	347	326	346
COLUSA	284	267	311	315	300	285	306	314	302	338
CONTRA COSTA	12,567	11,995	12,927	12,342	12,600	12,560	12,173	12,061	12,057	12,352
DEL NORTE	254	269	315	308	300	324	317	302	337	372
EL DORADO	1,764	1,678	1,590	1,599	1,598	1,618	1,561	1,513	1,629	1,618
FRESNO	14,891	14,413	15,116	15,098	15,363	15,796	15,939	15,953	16,157	16,281
GLENN	402	365	380	379	374	416	391	368	391	434
HUMBOLDT	1,336	1,365	1,521	1,487	1,446	1,474	1,455	1,511	1,448	1,551
IMPERIAL	2,958	2,628	3,108	2,976	3,216	3,270	3,139	3,041	3,075	3,072
INYO	199	176	199	182	202	226	219	219	213	192
KERN	13,415	12,874	13,732	13,721	13,770	14,199	14,514	14,558	14,287	14,416
KINGS	2,369	2,256	2,216	2,247	2,277	2,342	2,417	2,357	2,565	2,507
LAKE	697	714	726	752	723	748	726	739	715	721
LASSEN	328	307	296	302	295	326	298	298	300	322
LOS ANGELES	111,500	110,167	121,413	122,958	124,442	130,150	127,194	131,697	130,312	133,160
MADERA	2,090	2,076	2,257	2,347	2,223	2,313	2,339	2,258	2,401	2,434
MARIN	1,799	2,122	2,239	2,258	2,287	2,403	2,310	2,306	2,385	2,368
MARIPOSA	155	154	157	148	167	138	137	161	132	145
MENDOCINO	918	896	994	1,023	1,052	1,020	1,077	1,153	1,061	1,059
MERCED	4,305	3,870	4,073	4,109	4,106	4,158	4,279	4,311	4,281	4,248
MODOC	105	100	88	105	79	90	72	76	87	119
MONO	137	129	134	132	152	149	142	131	156	151
MONTEREY	5,904	5,887	6,304	6,213	6,428	6,458	6,552	6,652	6,814	6,764
NAPA	1,334	1,206	1,441	1,408	1,456	1,478	1,501	1,431	1,572	1,525
NEVADA	832	772	823	776	875	817	812	810	761	793
ORANGE	37,250	35,643	36,693	38,107	37,622	38,610	37,429	38,186	38,100	38,237
PLACER	3,792	3,664	3,820	3,734	3,747	3,644	3,806	3,648	3,832	3,824
PLUMAS	185	168	172	172	162	147	156	151	165	170
RIVERSIDE	30,001	28,684	30,596	30,629	30,511	30,271	30,540	30,316	30,610	30,659
SACRAMENTO	19,362	19,052	19,540	19,598	19,431	19,886	19,439	19,618	19,998	20,055
SAN BENITO	781	772	755	780	718	697	763	701	772	735
SAN BERNARDINO	30,354	28,964	30,217	31,120	30,619	31,306	30,265	30,691	30,573	31,367
<b>SAN DIEGO</b>	<b>39,258</b>	<b>40,008</b>	<b>42,574</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>
SAN FRANCISCO	8,924	8,690	9,077	9,065	8,970	9,102	8,768	9,070	8,813	8,800
SAN JOAQUIN	10,010	9,811	10,411	10,234	9,988	10,095	10,179	10,129	10,328	10,593
SAN LUIS OBISPO	2,419	2,433	2,749	2,574	2,670	2,595	2,580	2,580	2,632	2,736
SAN MATEO	8,192	8,326	8,975	8,961	9,039	9,098	8,815	9,182	9,047	9,193
SANTA BARBARA	5,557	5,256	5,396	5,493	5,675	5,829	5,664	5,584	5,803	5,819
SANTA CLARA	20,871	21,267	22,958	23,011	23,394	23,759	23,224	24,308	23,652	23,936
SANTA CRUZ	2,460	2,447	2,688	2,804	2,843	3,047	3,005	3,084	3,232	3,190
SHASTA	2,085	1,961	1,996	2,056	2,075	2,083	2,051	2,110	2,021	2,136
SIERRA	32	26	28	34	30	21	19	19	23	23
SISKIYOU	456	438	458	458	467	451	482	501	472	434
SOLANO	5,241	5,039	5,192	5,253	5,134	5,251	5,161	5,061	5,158	5,047
SONOMA	4,244	4,525	5,101	4,964	5,016	5,075	5,157	5,144	5,150	5,391
STANISLAUS	7,552	7,339	7,790	7,867	7,701	7,521	7,644	7,592	7,737	7,804
SUTTER	1,383	1,266	1,396	1,363	1,303	1,317	1,290	1,258	1,326	1,360
TEHAMA	802	731	840	787	826	787	751	767	728	767
TRINITY	127	113	104	115	103	112	108	125	123	107
TULARE	7,315	6,900	7,380	7,149	7,411	7,618	7,854	8,000	7,966	8,155
TUOLUMNE	473	450	441	456	467	454	444	459	430	487
VENTURA	9,300	9,025	9,975	9,580	10,062	10,471	10,565	10,641	10,656	11,147
YOLO	2,134	2,127	2,372	2,423	2,400	2,395	243	2,452	2,340	2,426
YUBA	1,225	1,099	1,171	1,238	1,156	1,193	1,232	1,213	1,282	1,223



**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
**Statistical Section (Unaudited)**  
**For the Fiscal Year Ended June 30, 2020**

	Percentage										
Demographic		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total Population		3,302,833	3,283,665	3,337,685	3,223,096	3,183,143	3,211,252	3,177,063	3,140,069	3,095,313	3,077,633
White	70.7%	2,335,447	2,324,835	1,395,152	1,518,174	1,510,851	1,510,757	1,509,733	1,502,204	1,506,581	1,526,495
Hispanic	33.5%	1,106,925	1,096,744	1,131,475	1,102,256	1,039,752	1,057,428	1,037,685	1,021,896	991,353	965,263
Asian	11.8%	390,418	384,189	417,211	379,566	351,811	356,394	356,437	340,979	330,644	316,468
Pacific Islander	0.4%	13,903	13,135	20,026	13,579	13,400	14,008	15,207	11,802	13,658	13,516
Black	5.0%	166,412	164,183	183,573	160,385	150,600	154,477	153,435	146,766	147,967	152,669
American Indian	0.6%	20,980	19,702	43,390	10,330	11,620	11,962	12,433	12,004	14,239	14,694
Multi-race or other race	5.2%	170,366	167,467	146,858	106,204	100,430	106,226	92,133	104,418	90,871	88,528
Female	49.7%	1,640,902	1,631,982	1,658,829	1,604,151	1,595,992	1,595,992	1,579,000	1,563,754	1,541,466	1,532,661
Male	50.3%	1,661,931	1,651,683	1,678,856	1,618,151	1,633,360	1,615,260	1,598,063	1,576,315	1,553,847	1,544,972
Under 5 years	6.4%	211,969	213,438	212,336	210,874	206,904	208,731	209,686	207,245	203,423	205,195
5-14 years	12.0%	395,874	397,323	398,130	394,489	703,475	517,012	517,861	521,251	520,169	518,592
15-24 years	14.2%	471,614	476,131	471,120	489,299	371,733	366,083	371,716	367,388	368,453	341,587
25-34 years	16.4%	541,385	535,237	544,111	512,116	525,589	510,589	495,622	483,571	470,629	472,011
35-44 years	13.2%	436,855	433,444	434,625	427,056	425,285	423,885	422,549	420,769	417,993	425,431
45-54 years	12.7%	420,221	423,593	424,672	428,074	425,285	423,885	425,726	430,189	430,378	437,853
55-64 years	11.7%	385,320	380,905	388,177	363,514	370,871	362,871	352,654	345,408	331,298	322,955
65-74 years	7.6%	251,516	239,708	258,784	217,961	416,991	218,365	203,332	188,404	182,678	180,110
75+ years	5.7%	188,079	183,885	185,794	179,713	185,030	179,830	174,738	172,704	170,293	173,899

Source: US Census Bureau, American Community Survey

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Fiscal Year Ended June 30, 2020

**Income**

2018 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	\$75,277	\$317	\$107,384	\$481	\$86,165	\$392	\$119,820	\$592	\$37,124	\$161
San Diego County	\$79,079	\$1,474	\$106,237	\$1,467	\$90,981	\$1,440	\$119,407	\$1,848	\$37,841	\$496

2018 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	8,934,621	9.1	0.2	6,458,423	5.4	0.1	1,685,084	22.1	0.6
San Diego County	761,247	7.5	0.5	561,723	4.3	0.5	136,432	19.3	1.7

**FIRST 5 COMMISSION OF SAN DIEGO**  
**A PROPOSITION 10 COMMISSION**  
Statistical Section (Unaudited)  
For the Fiscal Year Ended June 30, 2020

**Employment Status**

2018 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+	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	
California	31,575,203	20,169,143	63.9	20,038,676	63.5	18,930,012	60	1,108,664	3.5	5.5	130,467	0.4	11,406,060	36.1
San Diego County	2,695,957	1,775,600	65.9	1,697,366	63	1,606,430	59.6	90,936	3.4	5.4	78,234	2.9	920,357	34.1

**FIRST 5 COMMISSION OF SAN DIEGO  
A PROPOSITION 10 COMMISSION  
Statistical Section (Unaudited)  
For the Fiscal Year Ended June 30, 2020**

**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***

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 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 fiscal year ended June 30, 2020, 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 18, 2020.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Commission'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 the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 the Commission'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 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 Commission'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.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, CA  
September 18, 2020





MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE**

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

**Compliance**

We have audited the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, 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 fiscal year ended June 30, 2020.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Commission'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 (First 5)*, 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 requirements referred to above could have a direct and material effect on the statutory requirements listed below. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of the Commission's compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedure 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 Benefit Policies	2	Yes

## Opinion

In our opinion, the First 5 Commission of San Diego complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2020.

*Moss, Levy & Hartzheim*

Moss, Levy & Hartzheim, LLP  
Culver City, California  
September 18, 2020