
**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, 2021



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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, 2021

Christina Bagic

Fiscal Manager

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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INTRODUCTION SECTION



COMMISSION MEMBERS

NATHAN FLETCHER – Chair

SANDRA L. McBRAYER - Vice Chair

RICK RICHARDSON – Secretary

NICK MACCHIONE – Commissioner

DR. WILMA J. WOOTEN- Commissioner

ALETHEA ARGUILEZ – Executive Director

September 15, 2021

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 (F5SD) for the fiscal year ended June 30, 2021 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, 2021, 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, 2021. 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 22 years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$818 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 fallen slowly from a high of 13.9% in June 2020 to 7.6% in June 2021. Total non-farm employment increased by 60,800 from the previous year, up 4.5%. Notable increases include:

- Leisure and Hospitality led the increases adding 27,800 jobs
- Education and Health Services increased 7,600 jobs
- Professional and Business Services increased by 7,600 jobs
- Other services are up 6,800 jobs
- Construction up 6,000 jobs

The economy has gotten much better in the last year. The unemployment rate for the United States (US) was 5.4% in July 2021. The State of California (CA) was 7.6%, and San Diego (SD) was at 6.9%. These compare to a US rate of 10.2%, CA rate of 13.7%, and SD rate of 12.3% in July 2020. Looking forward, San Diego County's economy is expected to improve as COVID restrictions are lifted.

COVID-19

During the fiscal year 20/21, First 5 San Diego continued with the impact of the COVID-19 pandemic just as the rest of the nation was. The pandemic presented the challenge 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 strived to maintain continuity of services. F5SD supported our contracted partners to ensure that the children of San Diego County were as safe and cared for as possible during this difficult time. F5SD continued a lead function within the County's Emergency Operations Center (EOC) leading on behalf of the early care and education / childcare sector county-wide. Notable efforts include supporting new policy to support childcare vouchers, funds to support access to PPE and other supplies and a childcare provider grant. Additionally, F5SD engaged in an advisory role for the appropriation of Federal CAREs Act and ARPA funds that have been prioritized for the early care and education / child care sector. This event has brought together cross sector 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 \$30,180,089 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, 2020. This was the seventh consecutive year that the Commission has achieved this prestigious award.

FUTURE INITIATIVES

This was the first year of the 2020-2025 Strategic Plan which was approved by the Commission on April 18, 2019, covering fiscal years 2020/2021 through 2024/2025.

The primary components of this 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 \$7.5 million for a Management Reserve. Approximately \$6.1 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
First 5 Commission of San Diego

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Board of Commissioners

Nathan Fletcher - Chair

Sandra L. McBrayer - Vice Chair

Rick Richardson – Secretary

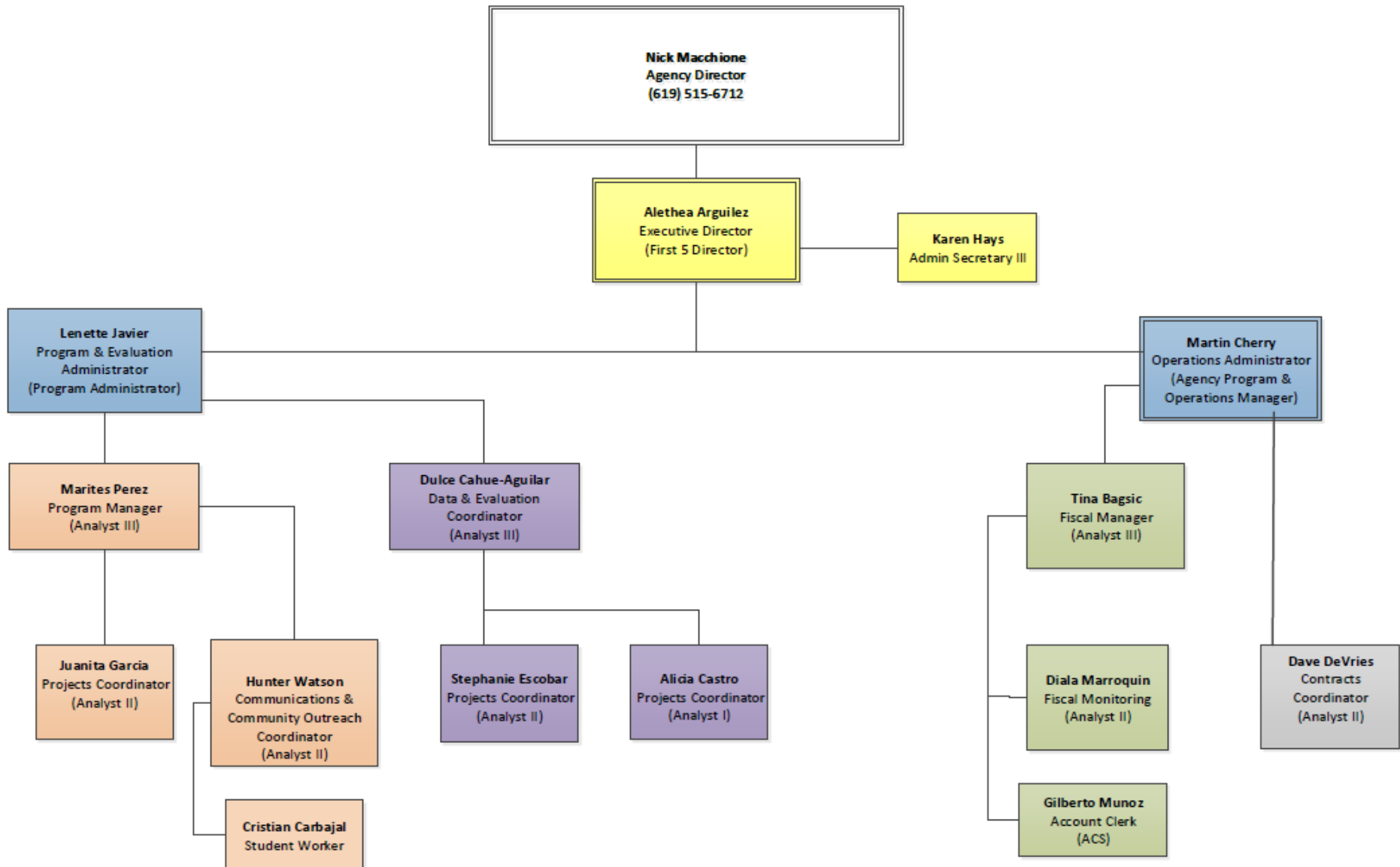
Nick Macchione - Commissioner

Dr. Wilma J. Wooten - Commissioner

Executive Director

Alethea Arguilez

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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, 2020

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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ALEXANDER C HOM, CPA
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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, 2021, 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, 2021, 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.

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 10 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 47 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 15, 2021, 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 15, 2021

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Our discussion and analysis of the First 5 Commission of San Diego's (The Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year that ended June 30, 2021. 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 2020/2021)

This Financial Highlights section is governmental fund information.

Expenditures were \$1,758,751 less than revenues. Overall revenues were \$33,000,364. Expenditures were \$31,241,613. This is the first time since 2013 that revenues have been greater than expenditures. This is due to the revenues from the Prop 56 backfill being about \$2 million higher than expected.

Expenditures fall within three categories: Administrative, Program, and Evaluation. Administrative expenditures were \$2,590,119 or 8.3% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$27,771,134 or 88.9%; Evaluation expenditures were \$880,360 or 2.8% of the expenses. Total expenditures were \$31,241,613.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2020/2021 the administrative rate was 7.47% of the budget. This is based on the Total Administrative Expenditures of \$2,590,119 and the final Total Operating Budget of \$34,653,746.

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 11 and 12 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 13 and 15 of this report.

Government-Wide Financial Analysis

Net Position

Table I: Net Position

| | FY 2020/2021 | FY 2019/2020 |
|--------------------|---------------------|---------------------|
| Total Assets | \$ 51,517,228 | \$ 50,667,385 |
| Total Liabilities | 9,397,268 | 10,217,606 |
| Net Position: | | |
| Restricted | - | - |
| Unrestricted | 42,119,960 | 40,449,779 |
| Total Net Position | \$ 42,119,960 | \$ 40,449,779 |

The Commission’s total net position increased by \$1,670,181 or 4.1% from the prior fiscal year due to revenues from the Prop 56 backfill being higher than expected by nearly \$2 million.

Changes in Net Position

Table II: Changes in Net Position

| | FY 2020/2021 | FY 2019/2020 |
|---|----------------------|----------------------|
| Program Revenues | \$ 32,586,617 | \$ 30,560,823 |
| General Revenues | 413,747 | 955,100 |
| Total Revenues | 33,000,364 | 31,515,923 |
| | | |
| Administrative Expenses | 3,484,606 | 3,696,281 |
| Program Expenses | 27,771,134 | 33,893,728 |
| Total Expenses | 31,255,740 | 37,590,009 |
| | | |
| Change in net position | 1,744,624 | (6,074,086) |
| | | |
| Net position – Beginning, July 1 | \$ 40,449,779 | \$ 46,523,865 |
| Prior period adjustment | (74,443) | - |
| Net position – Beginning, July 1, restated | \$40,375,336 | - |
| Net position – Ending, June 30 | \$ 42,119,960 | \$ 40,449,779 |

Program Revenues had an increase of \$2,025,794 or 6.6% from the previous fiscal year primarily due to having received a higher than expected backfill from Prop 56.

General Revenues decreased by (\$541,353) or 56.7% from the prior fiscal year due to lower yields from all cash being in the County Pool with no long-term investments.

The change in Net Position went from negative to positive resulting in a total change of \$7,818,710. The change is due to less program costs that were planned to lower expenses to match revenues by the end of the 2020 – 2025 Strategic Plan and higher than expected revenues.

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. The Net Position has decreased every year since 2013, until this year. In FY 2020 – 2021 the Net Position increased by \$1,744,624. This increase is due to a change in the strategy of reducing the Sustainability Fund. For the 2015 – 2020 Strategic Plan period the fund was reduced by \$7.8 million per year on average. For the 2020 – 2025 Strategic Plan period the rate of reduction has been reduced to a \$6.2 million average to change the slope so when the fund does run out it will be less of an impact on the community. The increase in Net Position this year is due to the planned slowing of the Sustainability Fund reduction and a higher than expected Prop 56 backfill.

BUDGETARY HIGHLIGHTS

- Expenditures were less than budgeted by \$3,412,133 or 9.8% 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 \$4,294,192 or 17.6% due to an increase in tobacco tax backfill of Prop 56.
- Revenue from the County of San Diego Health and Human Services Agency for the Home Visiting program were less than budgeted by \$1,976,061 or 36% due to this being the first year of

the program. The program got off to a slow start do to COVID-19 and was managed very conservatively. Additionally, difficulties hiring qualified staffing compounded the problem.

- Labor & Benefits expense had a favorable variance of \$440,439 or 17.9% due to position vacancies during the fiscal year.
- Contributions to Community Projects (Program Expenses) had a favorable variance of \$3,046,335 or 9.9% due to lower than expected expenditures in contracts.

BEYOND FY 2020/2021

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.

The Sustainability Fund was used to supplement revenues by \$7.8 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 nearly exhausted at the end of the 2020-2025 Strategic Plan period with \$7.5 million remaining as a management reserve

The Commission, through formal action, approved the Budget that obligates funding for FY 2021-2022 for the following programs:

| | |
|------------------------------------|----------------------|
| Healthy Development Services | \$ 10,000,000 |
| First 5 First Steps Home Visiting | 8,651,929 |
| Learn Well Initiative | 8,000,000 |
| Oral Health Initiative | 1,000,000 |
| KidSTART Center | 800,000 |
| Mi Escuelita Therapeutic Preschool | 653,160 |
| Parent & Public Education | 400,000 |
| 2-1-1 Information & Referral | 300,000 |
| Childhood Injury Prevention | 150,000 |
| Maternity Shelter | 125,000 |
| Community Outreach | 100,000 |
| Total | \$ 30,180,089 |

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 COVID-19 pandemic continues to be the single greatest threat to our economy in many years. At the beginning of this reporting period, California was just beginning to emerge from a stay-at-home order issued by the Governor. Some businesses were allowed to start re-opening to just be ordered to close again as the number of COVID-19 cases in hospitals nearly doubled.

Throughout this fiscal year there have been ongoing attempts to limit the COVID-19 exposure to lessen the public impact. Data shows that the period from December 2020 through March 2021 as having the highest levels of confirmed COVID-19 cases.

In mid-December 2020 a COVID-19 vaccine became publicly available. It was given at first to the high-risk population and eventually to the general public.

By the end of the fiscal year in June 2021 the economy continued to reopen with few restrictions. Positive signs of changes from the previous year include the following:

- The leisure and hospitality sector is up 17.5%.
- The category of “other services” as reported by the U.S. Bureau of Labor Statistics is up 19.1%.
- Overall, the “non-farm” sectors are up 5.2%.
- California’s unemployment rate was 10.1% for 2020, it is now down to 7.6% at the end of the fiscal year mid-way through the 2021 calendar year.

At the time of this report, there is an emerging Delta Variant becoming the dominant COVID-19 strain. It has been noted that this strain is much more infectious than the original strain and leading to increased transmissibility. The impact of this new variant is yet to be determined and time will tell if this creates a significant impact to the organization.

Amidst the continued pandemic, we see the economy is recovering:

- More than 75% of the eligible population are vaccinated with at least one dose (2 doses is fully vaccinated).
- The average hourly wage is up 4%.
- The U.S. Gross Domestic Product is projected to grow 7% in 2021.
- Business is opening so rapidly that there are work-force shortages in all sectors.

The pandemic is far from over, but the economy is showing significant signs of recovery and return to pre-pandemic levels of activity. Some reports project the economy to not fully recover until 2024. It appears that the worse seems to be behind us and economic statistics are showing signs of recovery. First 5 San Diego shares in the optimism that all aspects of the economy are improving, and strides are being made as it relates to controlling the spread of COVID-19. The pandemic may subside, but the effects on our way of life will continue to shape future priorities of First 5 San Diego and the world we all live in.

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, 2021**

**GOVERNMENTAL
ACTIVITIES**

| | 2021 |
|---|---------------|
| Assets | |
| Cash and investments in county treasury | \$ 49,324,834 |
| Imprest cash | 250 |
| Accounts receivable | 2,108,006 |
| Due from County of San Diego | 81,942 |
| Prepaid expenses | 2,196 |
| Total assets | 51,517,228 |
| Liabilities | |
| Accounts payable | 9,204,958 |
| Due to County of San Diego | 88,479 |
| Compensated absences: | |
| Due within one year | 73,418 |
| Due more than one year | 30,413 |
| Total liabilities | 9,397,268 |
| Net Position | |
| Restricted | - |
| Unrestricted | 42,119,960 |
| Total net position | \$ 42,119,960 |

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, 2021**

| | | <u>PROGRAM REVENUES</u> | <u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u> |
|--|----------------------|--|--|
| <u>GOVERNMENTAL ACTIVITIES</u> | <u>EXPENSES</u> | <u>PROPOSITION 10 AND SPECIAL FUND</u> | <u>GOVERNMENTAL ACTIVITIES</u> |
| | | | <u>2021</u> |
| Health | \$ 11,627,348 | \$ 10,530,637 | \$ (1,096,711) |
| Learning | 7,595,960 | 7,457,971 | (137,989) |
| Family | 7,733,280 | 10,375,686 | 2,642,406 |
| Community | 814,546 | 737,717 | (76,829) |
| General administration | <u>3,484,606</u> | <u>3,484,606</u> | <u>-</u> |
| Total governmental activities | <u>\$ 31,255,740</u> | <u>\$ 32,586,617</u> | <u>\$ 1,330,877</u> |
| GENERAL REVENUES: | | | |
| Net investment revenue | | | <u>413,747</u> |
| Total general revenues | | | 413,747 |
| Change in net position | | | <u>1,744,624</u> |
| Net position, beginning of fiscal year | | | 40,449,779 |
| Prior period adjustments | | | <u>(74,443)</u> |
| Net position, beginning of fiscal year, restated | | | <u>40,375,336</u> |
| Net position – end of fiscal year | | | <u>\$ 42,119,960</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, 2021**

| | 2021 |
|---|---------------|
| Assets | |
| Cash and investments in county treasury | \$ 49,324,834 |
| Imprest cash | 250 |
| Accounts receivable | 2,108,006 |
| Due from County of San Diego | 81,942 |
| Prepaid expenditures | 2,196 |
| Total assets | \$ 51,517,228 |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Accounts payable | \$ 9,204,958 |
| Due to County of San Diego | 88,479 |
| Total liabilities | 9,293,437 |
| Fund Balance: | |
| Non-spendable | 2,196 |
| Restricted | - |
| Committed | 42,221,595 |
| Total fund balance | 42,223,791 |
| Total liabilities and fund balance | \$ 51,517,228 |

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, 2021**

| | <u>2021</u> |
|---|----------------------|
| Total governmental fund balance | \$ 42,223,791 |
| 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. | (103,831) |
| Net position of governmental activities | <u>\$ 42,119,960</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, 2021**

| Revenues: | <u>2021</u> |
|---|-----------------------------|
| Prop 10 tobacco tax (including SMIF & Prop 56 back-fill) | \$ 28,636,321 |
| F5CA IMPACT Hub | 544,079 |
| F5CA Home Visiting Coordination | 35,153 |
| CalWORKs Home Visiting Program Services | 2,453,747 |
| Cal-Learn Educational Support Services | 717,980 |
| CA Home Visiting Program State General Fund Expansion Program | 164,941 |
| CDE QRIS Certification Grant | 34,396 |
| Interest revenue | 413,747 |
| Total revenues | <u>33,000,364</u> |
| | |
| Expenditures: | |
| Labor and benefits (* less: Evaluation Labor) | 2,015,727 |
| Services and supplies | 574,392 |
| Evaluation (*add: Evaluation Labor) | 880,360 |
| Contributions to community projects | <u>27,771,134</u> |
| Total expenditures | <u>31,241,613</u> |
| | |
| Net change in fund balance | <u>1,758,751</u> |
| Fund balance, beginning of fiscal year | 40,539,483 |
| | |
| Prior period adjustments | <u>(74,443)</u> |
| Fund balance, beginning of fiscal year, restated | 40,465,040 |
| | |
| Fund balance, end of fiscal year | <u><u>\$ 42,223,791</u></u> |

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | 2021 |
|---|---------------------|
| Net change in total governmental fund balance | \$ 1,758,751 |
| 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). | (14,127) |
| Change in net position of governmental activities | \$ 1,744,624 |

See accompanying notes to the basic financial statements.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021

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 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 \$30,180,089 (page 8) for fiscal year 2021/2022 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 \$40.5 million at the beginning of FY 2020/2021 to \$5.9 million excluding a Management Reserve of \$7.5 million at the end FY 2024/2025.

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 11 and 12 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, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position

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

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

The Statement of Activities reports the change in net position in a net program cost format to demonstrate the degree to which the expense of the Commission is offset by its program revenues (page 12) 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 13 and 14. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be *available* when they are collectible within 90 days of the end of the current fiscal period. Revenues susceptible to accrual include tax revenue, grants, and investment income. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

C. Budgets, Budgetary Process and Encumbrances

The Commission adopts an annual budget, which can be amended by the Commission throughout the fiscal year. Revenue (not including interest revenue) was budgeted at \$34.3 million per the Financial Spending Plan that was approved in April 2020. 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, 2021**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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. 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, 2021**

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. |

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY

The Commission's cash and investments at June 30, 2021 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, 2021, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2021:
Assets Invested through the County Treasurers Office:

| | |
|---|----------------------|
| Negotiable Certificates of Deposit | \$ - |
| Commercial Paper Disc. Amortizing | - |
| County Pool | <u>49,324,834</u> |
| Total Cash and Investments by County Treasury | <u>\$ 49,324,834</u> |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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> | 12 months <u>or less</u> | 13 to 24 <u>months</u> | 25 to 60 <u>months</u> |
| Negotiable Certificates of Deposit | \$ - | \$ - | \$ - | \$ - |
| Commercial Paper Disc. | - | - | - | - |
| County Pool | <u>49,324,834</u> | <u>49,324,834</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 49,324,834</u> | <u>\$ 49,324,834</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, 2021**

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>49,324,834</u> | VARIOUS | AAA |
| Total | <u>\$ 49,324,834</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 2020/2021 | | | |

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, 2021**

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, 2021 were as follows:

| | Quoted Prices <u>Level 1</u> | Observable Inputs <u>Level 2</u> | Unobservable Inputs <u>Level 3</u> | <u>Uncategorized</u> | <u>Total</u> |
|----------------------------------|---|---|---|-----------------------------|-----------------------------|
| Investments in county treasury | \$ - | \$ - | \$ - | \$ 49,324,834 | \$ 49,324,834 |
| Other investments | - | - | - | - | - |
| Total leveled investments | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 49,324,834</u> | <u>\$ 49,324,834</u> |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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 month of June 2021, and miscellaneous Surplus Money Investment Fund (SMIF) revenue. Additionally, the First 5 Commission of California owes First 5 San Diego IMPACT Hub and CA Home Visiting Coordination for revenue earned in FY 2020/2021.

| | |
|---------------------------------------|--------------|
| Prop 10 revenue for: | |
| June 2021 | \$ 1,752,863 |
| SMIF | 17,300 |
| F5CA IMPACT Hub Grant | 302,690 |
| F5CA Home Visiting Coordination Grant | 35,153 |
| Total | \$ 2,108,006 |

NOTE 4: ACCOUNTS PAYABLE

Accounts payable is comprised of \$9,204,958 in funding due to contractors at June 30, 2021.

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 \$81,942 for investment interest earnings in the operating fund and the sustainability fund.

The Commission owes the County of San Diego \$88,479 for:

- 1) Purchasing & Contracting services of \$28;
- 2) Computing and IT charges of \$7,291;
- 3) Commission labor cost of \$81,160

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021 is as follows:

| | <u>Balance</u> <u>July 1, 2020</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>June 30, 2021</u> | <u>Due Within</u> <u>One Year</u> | <u>Due More Than</u> <u>One Year</u> |
|----------------------|---------------------------------------|------------------|--------------------|--|--------------------------------------|---|
| Compensated Absences | <u>\$ 89,703</u> | <u>\$ 36,026</u> | <u>\$ (21,898)</u> | <u>\$ 103,831</u> | <u>\$ 73,418</u> | <u>\$ 30,413</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 2020/2021 is comprised of:

| | |
|---|----------------------|
| Prop 10 revenue (monthly allocations) | \$ 22,003,878 |
| SMIF | 17,300 |
| Prop 56 backfill (included in Prop10 in Financials) | 6,615,143 |
| F5CA IMPACT Hub Grant | 544,079 |
| F5CA Home Visiting Coordination Grant | 35,153 |
| CalWORKs Home Visiting Program Services Cal- | 2,453,747 |
| Learn Educational Support Services | 717,980 |
| CA Home Visiting Program State GF Expansion | 164,941 |
| CDE QRIS Certification Grant | 34,396 |
| Interest | 413,747 |
| Net increase (decrease) in FMV of investments | <u>-</u> |
| Total revenue | <u>\$ 33,000,364</u> |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 8: SPECIAL FUNDING

Special funding for FY 2020/2021 included \$544,079, for the IMPACT Hub award; \$35,153 for the F5CA Home Visiting Coordination; \$2,453,747 for CalWORKs Home Visiting Program Services; \$717,980 for Cal-Learn Educational Support Services; \$164,941 for CA Home Visiting Program State General Fund Expansion; and \$34,396 for the California Department of Education QRIS Certification Program.

First 5 CA IMPACT Coordination and Training and Technical Assistance Hub Grant (Hub).

The purpose of First 5 CA IMPACT Hub Grant 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 36 and 37.

First 5 CA Home Visiting Coordination Grant (F5 CA HVC). The primary purpose of the F5 CA HVC is to facilitate activities that improve cross-program service coordination and integration into a system of supports that enables families to be served during their greatest need, with the most appropriate program and services to recover from the effects of the COVID-19 pandemic. The HVC goals include: 1) increase cross-agency understanding of local population needs relative to the impacts of COVID-19 on families and services; 2) ensure families are served through efficient, coordinated, and sustainable evidence-based home visiting programs that meet their critical recovery needs; 3) embed home visiting into early childhood systems to promote strong family outcomes; and 4) Promote cross-county, shared learning and capacity-building, resource sharing, and expertise to strengthen local systems change efforts, and rebuild early childhood and family support systems following the pandemic. 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.

CalWORKs Home Visiting Program Services. The California Work Opportunity and Responsibility to Kids (CalWORKs) Home Visiting Program (HVP) is a voluntary program supervised by the California Department of Social Services (CDSS) and administered by participating California counties. The HVP aims to support positive health development and well-being outcomes for pregnant and parenting people, families, and infants born into poverty, expand their future educational, economic, and financial capability opportunities, and improve the likelihood that they will exit poverty. 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, 2021

NOTE 8: SPECIAL FUNDING (continued)

Cal-Learn Educational Support Services. The Cal-Learn Program began in 1995 as part of a five-year California Work Pays Demonstration Project. It became a permanent program as of January 1, 1999, as part of California Work Opportunity and Responsibility to Kids (CalWORKs). The program is designed to prevent long-term dependence among pregnant and parenting teens receiving CalWORKs cash aid. The program's primary goal is to help teens achieve self-sufficiency through school participation leading to a high school diploma or its equivalent. Intensive case management and supportive services, including childcare and transportation assistance, as well as financial sanctions and incentive payments are used to encourage teens to stay in, or return to, high school. 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 42 and 43.

The California Home Visiting Program (CHVP) is designed for overburdened families who are at risk for Adverse Childhood Experiences (ACEs), including child maltreatment, domestic violence, substance abuse and mental illness. Home visiting gives parents the tools and know-how to independently raise their children. It's a preventive intervention focused on promoting positive parenting and child development. Decades of research on home visiting shows that home visits by a trained professional during pregnancy and in the first few years of life improves the lives of children and families by preventing child abuse and neglect, supporting positive parenting, improving maternal and child health, and promoting child development and school readiness. Contractor shall be responsible for the start-up, implementation, and on-going service delivery of the California Home visiting Program in South Region. Countywide Coordinator shall work with contractor and other partners to ensure that services are provided with fidelity to the home visiting model and curriculums. Core areas of responsibilities include: home visiting service delivery, staff hiring, training, and certification, data collection and program evaluation, and inter-agency coordination. 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 44 and 45.

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 46 and 47.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

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:

| | |
|------------------------|---------------------|
| 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>\$ 2,723,701</u> |

NOTE 10: EVALUATION EXPENSES

The Commission spent \$880,360 on program evaluation during the audit period.

NOTE 11: FUND BALANCES

As of June 30, 2021, 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, 2021**

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, 2021 are presented below:

Fund Balance:

| | |
|------------------------------|----------------------|
| Non-spendable: | |
| Prepaid items | <u>\$ 2,196</u> |
| Committed To: | |
| Administration | 2,542,893 |
| Evaluation | 795,289 |
| Healthy Development Services | 9,910,290 |
| KidStart | 792,731 |
| Oral Health | 993,287 |
| Reducing Childhood Injuries | 123,126 |
| Learn Well Initiative | 7,420,779 |
| Mi Escuelita | 653,136 |
| Targeted Home Visits | 8,079,955 |
| Parent & Public Education | 397,312 |
| Maternity Shelter | 118,231 |
| Information & Referral | 295,500 |
| Community Projects | 99,066 |
| Management Reserve | <u>10,000,000</u> |
| Total Committed | <u>42,221,595</u> |
| Total Fund Balance | <u>\$ 42,223,791</u> |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2021**

NOTE 12: RELATED PARTY

For FY 2020-21 the First 5 Commission had a contract with The Children’s Initiative for \$150,000 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.

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.

NOTE 14: PRIOR PERIOD ADJUSTMENTS

The accompanying financial statements include adjustments that resulted in the restatements of beginning net position. The following summarizes the effect of the prior period adjustments to beginning net position as of July 1, 2020:

| Reason for adjustments | Governmental Activities |
|--|----------------------------|
| (Overstatement) of Accounts Receivable | <u>\$ (74,443)</u> |
| | <u><u>\$ (74,443)</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BUDGETARY COMPARISON SCHEDULE GOVERNMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | BUDGETED AMOUNTS (UNAUDITED) | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|-----------------------------|----------------------|---|
| | ORIGINAL | FINAL | ACTUAL | |
| Revenues: | | | | |
| Prop 10 tobacco tax (see page 14) | \$ 24,342,129 | \$ 24,342,129 | \$ 28,636,321 | \$ 4,294,192 |
| F5CA IMPACT Hub Grant | 416,580 | 416,580 | 544,079 | 127,499 |
| F5CA Home Visiting Coordination Grant | - | 100,000 | 35,153 | (64,847) |
| CalWORKs Home Visiting Program | 3,540,000 | 3,540,000 | 2,453,747 | (1,086,253) |
| Cal-Learn Educational Support Services | 944,425 | 1,172,729 | 717,980 | (454,749) |
| CA Home Visiting Program State GFEP | 600,000 | 600,000 | 164,941 | (435,059) |
| CDE QRIS Certification Grant | - | - | 34,396 | 34,396 |
| Interest revenue | 591,805 | 591,805 | 413,747 | (178,058) |
| Total revenues | <u>30,434,939</u> | <u>30,763,243</u> | <u>33,000,364</u> | <u>2,237,121</u> |
| Expenditures: | | | | |
| Labor and Benefits | 2,456,166 | 2,456,166 | 2,015,727 | 440,439 |
| Services and Supplies | 536,341 | 501,341 | 574,392 | (73,051) |
| Evaluation | 878,770 | 878,770 | 880,360 | (1,590) |
| Contributions to Community Projects | <u>30,454,165</u> | <u>30,817,469</u> | <u>27,771,134</u> | <u>3,046,335</u> |
| Total expenditures | <u>34,325,442</u> | <u>34,653,746</u> | <u>31,241,613</u> | <u>3,412,133</u> |
| Net change in fund balance | (3,890,503) | (3,890,503) | 1,758,751 | 5,649,254 |
| Fund balance, beginning of fiscal year | 40,539,483 | 40,539,483 | 40,539,483 | - |
| Prior period adjustments | <u> </u> | <u> </u> | <u>(74,443)</u> | <u>(74,443)</u> |
| Fund balance, beginning of fiscal year, restated | 40,539,483 | 40,539,483 | 40,465,040 | (74,443) |
| Fund balance, end of fiscal year | <u>\$ 36,648,980</u> | <u>\$ 36,648,980</u> | <u>\$ 42,223,791</u> | <u>\$ 5,574,811</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
F5CA IMPACT Hub GRANT
JUNE 30, 2021**

| | 2021 |
|--|------|
| Assets | |
| Cash and investments in county treasury: | \$ - |
| Total assets | \$ - |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Unearned revenue | \$ - |
| Total liabilities | - |
| Fund balance: | |
| Restricted for F5CA IMPACT Hub Grant | - |
| Total fund balance | - |
| Total liabilities and fund balance | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
F5CA IMPACT Hub GRANT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

| | 2021 |
|--|-------------|
| Revenues: | |
| F5CA IMPACT Hub Grant | \$ 544,079 |
| Total revenues | 544,079 |
| | |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 544,079 |
| Total expenditures | 544,079 |
| | |
| Net change in fund balance | - |
| | |
| Fund balance, beginning of fiscal year | - |
| | |
| Fund balance, end of fiscal year | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
F5CA HOME VISITING COORDINATION GRANT
JUNE 30, 2021**

| | 2021 |
|--|-------------|
| Assets | |
| Cash and investments in county treasury: | \$ - |
| Total assets | \$ - |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Unearned revenue | \$ - |
| Total liabilities | - |
| Fund balance: | |
| Restricted for F5CA Home Visiting Coordination Grant | - |
| Total fund balance | - |
| Total liabilities and fund balance | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
F5CA HOME VISITING COORDINATION GRANT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

| | 2021 |
|--|-------------|
| Revenues: | |
| F5CA Home Visiting Coordination Grant | \$ 35,153 |
| Total revenues | 35,153 |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 35,153 |
| Total expenditures | 35,153 |
| Net change in fund balance | - |
| Fund balance, beginning of fiscal year | - |
| Fund balance, end of fiscal year | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CALWORKS HOME VISITING PROGRAM SERVICES
JUNE 30, 2021**

| | 2021 |
|--|-------------|
| Assets | |
| Cash and investments in county treasury: | \$ - |
| Total assets | \$ - |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Unearned revenue | \$ - |
| Total liabilities | - |
| Fund balance: | |
| Restricted for CalWORKs Home Visiting Program Services | - |
| Total fund balance | - |
| Total liabilities and fund balance | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CALWORKS HOME VISITING PROGRAM SERVICES
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

| | 2021 |
|--|--------------|
| Revenues: | |
| CalWORKs Home Visiting Program Services | \$ 2,453,747 |
| Total revenues | 2,453,747 |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 2,453,747 |
| Total expenditures | 2,453,747 |
| Net change in fund balance | - |
| Fund balance, beginning of fiscal year | - |
| Fund balance, end of fiscal year | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CAL-LEARN EDUCATIONAL SUPPORT SERVICES
JUNE 30, 2021**

| | 2021 |
|---|-------------|
| Assets | |
| Cash and investments in county treasury: | \$ - |
| Total assets | \$ - |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Unearned revenue | \$ - |
| Total liabilities | - |
| Fund balance: | |
| Restricted for Cal-Learn Educational Support Services | - |
| Total fund balance | - |
| Total liabilities and fund balance | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CAL-LEARN EDUCATIONAL SUPPORT SERVICES
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021**

| | 2021 |
|--|-------------|
| Revenues: | |
| Cal-Learn Educational Support Services | \$ 717,980 |
| Total revenues | 717,980 |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 717,980 |
| Total expenditures | 717,980 |
| Net change in fund balance | - |
| Fund balance, beginning of fiscal year | - |
| Fund balance, end of fiscal year | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CA HOME VISITING PROGRAM STATE GENERAL FUND
EXPANSION PROGRAM
JUNE 30, 2021**

| | | <u>2021</u> | |
|--|--|-------------|----------|
| Assets | | | |
| Cash and investments in county treasury: | | \$ | - |
| Total assets | | <u>\$</u> | <u>-</u> |
| Liabilities and Fund Balance | | | |
| Liabilities: | | | |
| Unearned revenue | | \$ | - |
| Total liabilities | | | <u>-</u> |
| Fund balance: | | | |
| Restricted for CA Home Visiting Program State General Fund Expansion | | | <u>-</u> |
| Total fund balance | | | <u>-</u> |
| Total liabilities and fund balance | | <u>\$</u> | <u>-</u> |

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CA HOME VISITING PROGRAM STATE GENERAL FUND
EXPANSION PROGRAM
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

| | 2021 |
|---|-------------|
| Revenues: | |
| CA Home Visiting Program State General Fund Expansion Program | \$ 164,941 |
| Total revenues | 164,941 |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 164,941 |
| Total expenditures | 164,941 |
| Net change in fund balance | - |
| Fund balance, beginning of fiscal year | - |
| Fund balance, end of fiscal year | \$ - |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CDE QRIS CERTIFICATION GRANT
JUNE 30, 2021**

| | 2021 |
|---|-------------|
| Assets | |
| Cash and investments in county treasury: | \$ - |
| Total assets | \$ - |
| Liabilities and Fund Balance | |
| Liabilities: | |
| Unearned revenue | \$ - |
| Total liabilities | - |
| Fund balance: | |
| Restricted for CDE QRIS Certification Grant | - |
| Total fund balance | - |
| Total liabilities and fund balance | \$ - |

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CDE QRIS CERTIFICATION GRANT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

| | 2021 |
|--|-------------|
| Revenues: | |
| CDE QRIS Certification Grant | \$ 34,396 |
| Total revenues | 34,396 |
| Expenditures: | |
| Labor and benefits | - |
| Contributions to community projects | 34,396 |
| Total expenditures | 34,396 |
| Net change in fund balance | - |
| Fund balance, beginning of fiscal year | - |
| Fund balance, end of fiscal year | \$ - |

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STATISTICAL SECTION

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2021

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. | 51 -54 |
| <u>Revenue Trends</u> | |
| These schedules contain trend information to help the reader assess the Commission’s most significant revenue base. | 55 - 56 |
| <u>Demographic Information</u> | |
| These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission’s financial report relates to the services the Commission provides and the activities it performs. | 57 - 60 |
| <u>Operating Information</u> | |
| This schedule contains infrastructure data to help the reader understand how the information in the Commission’s financial report relates to the services the Commission performs. | 61 |

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2021

Net Position by Component
Last Ten Fiscal Years*

| | <u>2021</u> | <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> |
|--------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Restricted | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 557,910 |
| Unrestricted | 42,119,960 | 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 |
| Extraordinary Expense – AB99** | | | | | | | | | | <u>(88,374,589)</u> |
| Total net position | <u>\$ 42,119,960</u> | <u>\$ 40,449,779</u> | <u>\$ 46,523,865</u> | <u>\$ 55,106,348</u> | <u>\$ 65,232,870</u> | <u>\$ 73,239,274</u> | <u>\$ 79,330,400</u> | <u>\$ 100,898,266</u> | <u>\$ 127,377,162</u> | <u>\$ 144,104,671</u> |

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

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2021

Changes in Net Position
Last Ten Fiscal Years*

| | <u>2021</u> | <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> |
|---|-----------------------|-----------------------|-----------------------|------------------------|-----------------------|-----------------------|------------------------|------------------------|------------------------|-----------------------|
| Prop 10 tobacco taxes (see page 15) Prop 10 school readiness | \$ 28,636,321 | \$ 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 |
| 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 | - |
| power of preschool – bridge preschool for all/power | - | - | - | - | - | - | - | - | - | 12,290,550 |
| Prop 10 child signature program | - | - | - | - | 1,677,313 | 3,454,625 | 3,354,625 | 3,354,625 | 3,354,625 | - |
| CDE QRIS Certification Grant Federal | 34,396 | 181,918 | 179,039 | 189,959 | - | - | - | - | - | - |
| Medi-Cal administrative activities The California Endowment grant | - | - | - | - | - | - | - | 93,553 | 75,833 | 92,431 |
| Race to the Top | - | - | - | - | - | 1,830,888 | 2,245,507 | 1,657,897 | 1,018,700 | - |
| F5CA IMPACT Grant | - | 2,173,883 | 1,599,578 | 1,587,196 | 1,607,269 | - | - | - | - | - |
| F5CA IMPACT Hub Grant | 544,079 | 541,277 | 339,197 | 400,661 | 250,321 | - | - | - | - | - |
| F5CA Home Visiting Coordination Grant | 35,153 | - | - | - | - | - | - | - | - | - |
| CalWORKs Home Visiting Program | 2,453,747 | - | - | - | - | - | - | - | - | - |
| Cal-Learn Educational Support Services | 717,980 | - | - | - | - | - | - | - | - | - |
| CA Home Visiting Program | 164,941 | - | - | - | - | - | - | - | - | - |
| Interest revenue | 413,747 | 955,100 | 1,021,281 | 784,637 | 828,087 | 578,755 | 443,268 | 658,242 | 777,073 | 782,814 |
| 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 |
| Total revenues | \$ 33,000,364 | \$ 31,515,923 | \$ 29,756,783 | \$ 28,799,517 | \$ 33,046,263 | \$ 35,348,466 | \$ 36,309,055 | \$ 35,231,004 | \$ 36,766,939 | \$ 36,213,723 |
| Labor and benefits | \$ 2,015,727 | \$ 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 |
| Services and supplies | 574,392 | 723,356 | 654,081 | 632,742 | 627,523 | 623,890 | 622,703 | 628,161 | 619,849 | 820,809 |
| Evaluation | 880,360 | 864,294 | 824,939 | 873,122 | 842,058 | 821,321 | 1,189,466 | 1,283,035 | 1,416,937 | 1,290,408 |
| Contributions to community projects | 27,771,134 | 33,893,728 | 34,809,655 | 35,183,575 | 37,461,932 | 7,512,258 | 53,010,552 | 57,085,235 | 48,634,245 | 45,435,941 |
| Total expenses | \$ 1,241,613 | \$ 37,555,452 | \$ 38,342,260 | \$ 38,915,636 | \$ 41,055,317 | \$ 41,500,030 | \$ 57,856,201 | \$ 61,731,917 | \$ 53,507,126 | \$ 49,781,502 |
| Extraordinary Expense-AB99 | - | - | - | - | - | - | - | - | - | \$(88,374,589) |
| Excess of revenues over expenses | \$ (1,758,751) | \$ (6,039,529) | \$ (8,585,477) | \$ (10,116,119) | \$ (8,009,054) | \$ (6,151,564) | \$ (21,547,146) | \$ (26,500,913) | \$ (16,740,187) | \$ 74,806,810 |
| Compensated absences | (14,127) | (34,557) | 2,994 | (10,403) | 2,650 | 60,438 | (20,720) | 22,017 | 12,678 | (50,580) |
| Adjustment for reallocation | - | - | - | - | - | - | - | - | - | - |
| Change in net position | \$ (1,744,624) | \$ (6,074,086) | \$ (8,582,483) | \$ (10,126,522) | \$ (8,006,404) | \$ (6,091,126) | \$ (21,567,866) | \$ (26,478,896) | \$(16,727,509) | \$ 74,756,230 |

* 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, 2021

Fund Balance – General Fund
Last Ten Fiscal Years*

| | <u>2021*</u> | <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> |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|------------------------------|------------------------------|------------------------------|
| Fund Balance | | | | | | | | | | |
| Non-spendable | \$ 2,196 | \$ 2,081 | \$ 1,946 | \$ 1,895 | \$ 1,889 | \$ 32,325 | \$ 2,816 | \$ 1,914 | \$ 1,730 | \$ 1,671 |
| Committed | 42,221,595 | 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 |
| Restricted | - | - | - | - | - | - | - | - | - | 557,910 |
| Unassigned | | | | | | | | | | |
| Extraordinary Expense – AB99 | | | | | | | | | | (88,374,589) |
| Total Fund Balance | <u><u>\$ 42,223,791</u></u> | <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> |

* 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
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Changes in Fund Balances – General Fund Last 10 Fiscal Years

| | <u>2021</u> | <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> |
|--|-----------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| Revenues | | | | | | | | | | |
| Prop 10 tobacco taxes (including SMIF) Prop 10 school readiness | \$ 28,636,321 | \$ 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 |
| Prop 10 childcare retention | - | - | - | - | - | - | - | - | - | - |
| 10 special needs demonstration project Prop 10 quality preschool initiative Prop 10 power of preschool – bridge Prop 10 preschool for all/ power | - | - | - | - | 10,769,855 | 7,877,537 | 11,728,390 | 15,962,144 | 13,426,675 | - |
| Prop 10 child signature program | - | - | - | - | 1,677,313 | 3,454,625 | 3,354,625 | 3,354,625 | 3,354,625 | - |
| CDE QRIS Certification Grant | 34,396 | 181,918 | 179,039 | 189,959 | - | - | - | - | - | - |
| Federal Medi-Cal administrative activities | - | - | - | - | - | - | - | 93,553 | 75,833 | 92,431 |
| The California Endowment grant | - | - | - | - | - | - | - | - | - | 426,283 |
| Race to the Top | - | - | - | - | - | 1,830,888 | 2,245,507 | 1,657,897 | 1,018,700 | - |
| F5CA IMPACT Grant | - | 2,173,883 | 1,599,578 | 1,587,196 | 1,607,269 | - | - | - | - | - |
| F5CA IMPACT Hub Grant | 544,079 | 541,277 | 339,197 | 400,661 | 250,321 | - | - | - | - | - |
| F5CA Home Visiting Coordination Grant | 35,153 | - | - | - | - | - | - | - | - | - |
| CalWORKs Home Visiting Program | 2,453,747 | - | - | - | - | - | - | - | - | - |
| Cal-Learn Educational Support Services | 717,980 | - | - | - | - | - | - | - | - | - |
| CA Home Visiting Program | 164,941 | - | - | - | - | - | - | - | - | - |
| Interest revenue | 413,747 | 955,100 | 1,021,281 | 784,637 | 828,087 | 578,755 | 443,268 | 658,242 | 777,073 | 782,814 |
| 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 |
| Total revenues | <u>\$ 33,000,364</u> | <u>\$ 31,515,923</u> | <u>\$ 29,756,783</u> | <u>\$ 28,799,517</u> | <u>\$ 33,046,263</u> | <u>\$ 35,348,466</u> | <u>\$ 36,309,055</u> | <u>\$ 35,231,004</u> | <u>\$ 36,766,939</u> | <u>\$ 36,213,723</u> |
| Labor and benefits | \$ 2,015,727 | \$ 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 |
| Services and supplies | 574,392 | 723,356 | 654,081 | 632,742 | 627,523 | 623,890 | 622,703 | 628,161 | 619,849 | 820,809 |
| Evaluation | 880,360 | 864,294 | 824,939 | 873,122 | 842,058 | 821,321 | 1,189,466 | 1,283,035 | 1,416,937 | 1,290,408 |
| Contributions to community projects | 27,771,134 | 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 |
| Total expenditures | <u>\$ 31,241,613</u> | <u>\$ 37,555,452</u> | <u>\$ 38,342,260</u> | <u>\$ 38,915,636</u> | <u>\$ 41,055,317</u> | <u>\$ 41,500,030</u> | <u>\$ 57,856,201</u> | <u>\$ 61,731,917</u> | <u>\$ 53,507,126</u> | <u>\$ 49,781,502</u> |
| Extraordinary Expense-AB99 | - | - | - | - | - | - | - | - | - | \$(88,374,589) |
| Excess of revenues over expenditures | <u>\$ 1,758,751</u> | <u>\$ (6,039,529)</u> | <u>\$ (8,585,477)</u> | <u>\$ (10,116,119)</u> | <u>\$ (8,009,054)</u> | <u>\$ (6,151,564)</u> | <u>\$ (21,547,146)</u> | <u>\$ (26,500,913)</u> | <u>\$ (16,740,187)</u> | <u>\$ 74,806,810</u> |
| Adjustments for reallocation | - | - | - | - | - | - | - | - | - | - |
| Change in fund balance | <u>\$ 1,758,751</u> | <u>\$ (6,039,529)</u> | <u>\$ (8,585,477)</u> | <u>\$ (10,116,119)</u> | <u>\$ (8,009,054)</u> | <u>\$ (6,151,564)</u> | <u>\$ (21,547,146)</u> | <u>\$ (26,500,913)</u> | <u>\$ (16,740,187)</u> | <u>\$ 74,806,810</u> |

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Cigarette Tax

TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2019-20

| Fiscal Year From | Fiscal Year To | Cigarette Tax Revenue | Cigarette Tax Distributors' Discount | Gross Value Of Cigarette Tax Indicia | Cigarette Tax Refunds | Other Tobacco Products Surtax Revenue | Other Tobacco Products Surtax Rate |
|------------------|----------------|-----------------------|--------------------------------------|--------------------------------------|-----------------------|---------------------------------------|------------------------------------|
| 2019 | 2020 | 1,708,597,000 | 5,075,000 | 1,713,672,000 | 1,191,000 | 258,560,000 | 59.27% |
| 2018 | 2019 | 1,786,074,000 | 5,305,000 | 1,791,379,000 | 3,659,000 | 271,772,000 | 62.78% |
| 2017 | 2018 | 1,882,025,000 | 5,590,000 | 1,887,615,000 | 1,033,000 | 211,440,000 | 65.08% |
| 2016 | 2017 | 950,676,000 | 6,091,000 | 956,768,000 | 1,185,000 | 95,330,000 | 27.30% |
| 2015 | 2016 | 741,937,000 | 6,360,000 | 748,297,000 | 1,262,000 | 101,427,000 | 28.13% |
| 2014 | 2015 | 748,022,000 | 6,413,000 | 754,434,000 | 837,000 | 86,949,000 | 28.95% |
| 2013 | 2014 | 751,513,000 | 6,443,000 | 757,956,000 | 600,000 | 86,424,000 | 29.82% |
| 2012 | 2013 | 782,115,000 | 6,705,000 | 788,820,000 | 498,000 | 82,548,000 | 30.68% |
| 2011 | 2012 | 820,322,000 | 7,032,000 | 827,355,000 | 1,017,000 | 80,424,000 | 31.73% |
| 2010 | 2011 | 828,831,000 | 7,105,000 | 835,937,000 | 1,308,000 | 77,016,000 | 33.02% |
| 2009 | 2010 | 838,709,000 | 7,187,000 | 845,896,000 | 1,583,000 | 84,617,000 | 41.11% |
| 2008 | 2009 | 912,724,000 | 7,819,000 | 920,543,000 | 626,000 | 85,506,000 | 45.13% |
| 2007 | 2008 | 955,030,000 | 8,185,000 | 963,215,000 | 727,000 | 85,929,000 | 45.13% |
| 2006 | 2007 | 998,723,000 | 8,558,000 | 1,007,281,000 | 1,330,000 | 79,946,000 | 46.76% |
| 2005 | 2006 | 1,026,497,000 | 8,795,000 | 1,035,293,000 | 1,707,000 | 67,348,000 | 46.76% |
| 2004 | 2005 | 1,024,272,000 | 8,778,000 | 1,033,051,000 | 1,653,000 | 58,441,000 | 46.76% |
| 2003 | 2004 | 1,021,366,000 | 8,755,000 | 1,030,121,000 | 4,721,000 | 44,166,000 | 46.76% |
| 2002 | 2003 | 1,031,772,000 | 8,845,000 | 1,040,617,000 | 13,248,000 | 40,996,000 | 48.89% |
| 2001 | 2002 | 1,067,004,000 | 9,146,000 | 1,076,150,000 | 10,774,000 | 50,037,000 | 52.65% |
| 2000 | 2001 | 1,110,692,000 | 9,503,000 | 1,120,195,000 | 8,741,000 | 52,834,000 | 54.89% |
| 1999 | 2000 | 1,166,880,000 | 9,980,000 | 1,176,859,000 | 9,413,000 | 66,884,000 | 66.50% |
| 1998 | 1999 | 841,911,000 | 7,206,000 | 849,117,000 | 6,808,000 | 42,137,000 | 61.53% |
| 1997 | 1998 | 612,066,000 | 5,244,000 | 617,309,000 | 5,448,000 | 39,617,000 | 29.37% |
| 1996 | 1997 | 629,579,000 | 5,394,000 | 634,973,000 | 5,060,000 | 41,590,000 | 30.38% |
| 1995 | 1996 | 639,030,000 | 5,469,000 | 644,499,000 | 6,193,000 | 32,788,000 | 31.20% |
| 1994 | 1995 | 656,923,000 | 5,628,000 | 662,551,000 | 11,159,000 | 28,460,000 | 31.20% |
| 1993 | 1994 | 647,993,000 | 5,553,000 | 653,546,000 | 8,353,000 | 19,773,000 | 23.03% |
| 1992 | 1993 | 667,479,000 | 5,715,000 | 673,195,000 | 9,138,000 | 21,480,000 | 26.82% |
| 1991 | 1992 | 711,275,000 | 6,086,000 | 717,362,000 | 7,791,000 | 22,016,000 | 29.35% |
| 1990 | 1991 | 729,612,000 | 6,242,000 | 735,854,000 | 7,904,000 | 24,064,000 | 34.17% |
| 1989 | 1990 | 770,042,000 | 6,581,000 | 776,623,000 | 11,615,000 | 24,956,000 | 37.47% |
| 1988 | 1989 | 499,712,000 | 4,273,000 | 503,984,000 | 4,968,000 | 9,994,000 | 41.67% |
| 1987 | 1988 | 254,869,000 | 2,180,000 | 257,049,000 | 2,970,000 | - | 0 |
| 1986 | 1987 | 257,337,000 | 2,202,000 | 259,539,000 | 2,661,000 | - | 0 |
| 1985 | 1986 | 260,960,000 | 2,231,000 | 263,190,000 | 2,834,000 | - | 0 |
| 1984 | 1985 | 265,070,000 | 2,267,000 | 267,337,000 | 2,390,000 | - | 0 |
| 1983 | 1984 | 265,265,000 | 2,267,000 | 267,532,000 | 2,756,000 | - | 0 |
| 1982 | 1983 | 273,748,000 | 2,336,000 | 276,084,000 | 2,060,000 | - | 0 |
| 1981 | 1982 | 278,667,000 | 2,383,000 | 281,050,000 | 1,843,000 | - | 0 |
| 1980 | 1981 | 280,087,000 | 2,395,000 | 282,482,000 | 1,567,000 | - | 0 |
| 1979 | 1980 | 272,119,000 | 2,327,000 | 274,446,000 | 1,645,000 | - | 0 |
| 1978 | 1979 | 270,658,000 | 2,315,000 | 272,973,000 | 1,408,000 | - | 0 |
| 1977 | 1978 | 275,042,000 | 2,352,000 | 277,394,000 | 1,239,000 | - | 0 |
| 1976 | 1977 | 270,502,000 | 2,315,000 | 272,817,000 | 832,000 | - | 0 |
| 1975 | 1976 | 269,852,000 | 2,309,000 | 272,161,000 | 927,000 | - | 0 |
| 1974 | 1975 | 264,182,000 | 2,262,000 | 266,444,000 | 745,000 | - | 0 |
| 1973 | 1974 | 259,738,000 | 2,222,000 | 261,960,000 | 632,000 | - | 0 |
| 1972 | 1973 | 253,089,000 | 2,167,000 | 255,256,000 | 626,000 | - | 0 |
| 1971 | 1972 | 248,398,000 | 2,127,000 | 250,525,000 | 677,000 | - | 0 |
| 1970 | 1971 | 240,372,000 | 2,058,000 | 242,430,000 | 552,000 | - | 0 |
| 1969 | 1970 | 237,220,000 | 2,032,000 | 239,253,000 | 455,000 | - | 0 |
| 1968 | 1969 | 238,836,000 | 2,046,000 | 240,882,000 | 492,000 | - | 0 |
| 1967 | 1968 | 208,125,000 | 1,862,000 | 209,987,000 | 328,000 | - | 0 |
| 1966 | 1967 | 75,659,000 | 1,543,000 | 77,202,000 | 129,000 | - | 0 |
| 1965 | 1966 | 74,880,000 | 1,528,000 | 76,407,000 | 88,000 | - | 0 |
| 1964 | 1965 | 74,487,000 | 1,520,000 | 76,007,000 | 61,000 | - | 0 |
| 1963 | 1964 | 71,530,000 | 1,459,000 | 72,989,000 | 71,000 | - | 0 |
| 1962 | 1963 | 70,829,000 | 1,445,000 | 72,274,000 | 79,000 | - | 0 |
| 1961 | 1962 | 68,203,000 | 1,390,000 | 69,593,000 | 47,000 | - | 0 |
| 1960 | 1961 | 66,051,000 | 1,675,000 | 67,726,000 | 76,000 | - | 0 |
| 1959 | 1960 | 61,791,000 | 767,000 | 62,558,000 | 67,000 | - | 0 |

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California Live Births Data

TABLE: LIVE BIRTHS, CALIFORNIA COUNTIES, 2010-2019 (By Place of Residence)

| COUNTY | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| CALIFORNIA | 464,300 | 454,244 | 485,901 | 488,490 | 491,789 | 502,973 | 494,390 | 503,788 | 502,023 | 509,979 |
| 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 |
| SAN DIEGO | 39,258 | 40,008 | 42,574 | 42,578 | 43,960 | 44,596 | 42,676 | 44,391 | 43,621 | 44,838 |
| 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 |

*latest data available

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Demographic Data

| | Percentage | | | | | | | | | | |
|----------------------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Demographic | | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
| Total Population | | 3,316,073 | 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 |
| White | 70.7% | 2,345,667 | 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 |
| Hispanic | 33.7% | 1,117,517 | 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 |
| Asian | 11.9% | 394,742 | 390,418 | 384,189 | 417,211 | 379,566 | 351,811 | 356,394 | 356,437 | 340,979 | 330,644 |
| Pacific Islander | 0.4% | 13,867 | 13,903 | 13,135 | 20,026 | 13,579 | 13,400 | 14,008 | 15,207 | 11,802 | 13,658 |
| Black | 5.0% | 166,750 | 166,412 | 164,183 | 183,573 | 160,385 | 150,600 | 154,477 | 153,435 | 146,766 | 147,967 |
| American Indian & Alaskan Native | 0.7% | 22,524 | 20,980 | 19,702 | 43,390 | 10,330 | 11,620 | 11,962 | 12,433 | 12,004 | 14,239 |
| Multi-race or other race | 5.2% | 173,794 | 170,366 | 167,467 | 146,858 | 106,204 | 100,430 | 106,226 | 92,133 | 104,418 | 90,871 |
| Female | 49.7% | 1,646,558 | 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 |
| Male | 50.3% | 1,669,515 | 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 |
| Under 5 years | 6.3% | 209,680 | 211,969 | 213,438 | 212,336 | 210,874 | 206,904 | 208,731 | 209,686 | 207,245 | 203,423 |
| 5-14 years | 11.9% | 395,673 | 395,874 | 397,323 | 398,130 | 394,489 | 703,475 | 517,012 | 517,861 | 521,251 | 520,169 |
| 15-24 years | 14% | 464,149 | 471,614 | 476,131 | 471,120 | 489,299 | 371,733 | 366,083 | 371,716 | 367,388 | 368,453 |
| 25-34 years | 16.5% | 545,838 | 541,385 | 535,237 | 544,111 | 512,116 | 525,589 | 510,589 | 495,622 | 483,571 | 470,629 |
| 35-44 years | 13.3% | 441,301 | 436,855 | 433,444 | 434,625 | 427,056 | 425,285 | 423,885 | 422,549 | 420,769 | 417,993 |
| 45-54 years | 12.5% | 415,472 | 420,221 | 423,593 | 424,672 | 428,074 | 425,285 | 423,885 | 425,726 | 430,189 | 430,378 |
| 55-64 years | 11.7% | 389,871 | 385,320 | 380,905 | 388,177 | 363,514 | 370,871 | 362,871 | 352,654 | 345,408 | 331,298 |
| 65-74 years | 7.9% | 261,738 | 251,516 | 239,708 | 258,784 | 217,961 | 416,991 | 218,365 | 203,332 | 188,404 | 182,678 |
| 75+ years | 5.8% | 192,351 | 188,079 | 183,885 | 185,794 | 179,713 | 185,030 | 179,830 | 174,738 | 172,704 | 170,293 |

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, 2021

Income Data

2019 American Community Survey (1-year estimates)
INCOME (IN 2019 INFLATION-ADJUSTED DOLLARS)
 California, Counties, and Places of 65,000+ population

| Geography | Median household income (dollars) - Estimate | Median household income (dollars) - Margin of Error | Mean household income (dollars) - Estimate | Mean household income (dollars) - Margin of Error | Median family income (dollars) - Estimate | Median family income (dollars) - Margin of Error | Mean family income (dollars) - Estimate | Mean family income (dollars) - Margin of Error | Per capita income (dollars) - Estimate | Per capita income (dollars) - Margin of Error |
|------------------|--|---|--|---|---|--|---|--|--|---|
| California | \$80,440 | +/- \$313 | \$113,563 | +/- \$505 | \$91,377 | +/- \$376 | \$126,354 | +/- \$636 | \$39,393 | +/- \$176 |
| San Diego County | \$83,985 | +/- \$1,908 | \$112,786 | +/- \$1,727 | \$96,164 | +/- \$1,431 | \$126,563 | +/- \$2,053 | \$40,389 | +/- \$608 |

2019 American Community Survey (1-year estimates)
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL
 California, Counties, and Places of 65,000+ population

| Geography | All families - Percent | All families - Percent Margin of Error | Married couple families - Percent | Married couple families - Percent Margin of Error | Families with female householder, no spouse present - Percent | Families with female householder, no spouse present - Percent Margin of Error |
|------------------|------------------------|--|-----------------------------------|---|---|---|
| California | 8.2 | +/- 0.2 | 4.9 | +/- 0.1 | 20.2 | +/- 0.6 |
| San Diego County | 6.8 | +/- 0.6 | 4.3 | +/- 0.5 | 17.6 | +/- 2.3 |

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
 Statistical Section (Unaudited)
 For the Fiscal Year Ended June 30, 2021

Employment Status

2019 American Community Survey (1-year estimates)
 EMPLOYMENT
 STATUS
 California, Counties, and Places of 65,000+ population

| Geography | Population 16 years and over - Estimate | Total - Estimate | Total - Percent (Labor Force Participation Rate) | Civilian labor force - Total Civilian labor force - Estimate | Civilian labor force - Total Civilian labor force - Percent | Civilian labor force - Employed - Estimate | Civilian labor force - Employed - Percent | Civilian labor force - Unemployed - Estimate | Civilian labor force - Unemployed - Percent | Civilian labor force - Unemployment Rate - Percent | Armed Forces - Estimate | Armed Forces - Percent | Not in labor force - Estimate | Not in labor force - Percent |
|------------------|---|------------------|--|--|---|--|---|--|---|--|-------------------------|------------------------|-------------------------------|------------------------------|
| California | 31,617,786 | 20,246,507 | 64.0 | 20,095,761 | 63.6 | 19,078,101 | 60.3 | 1,017,660 | 3.2 | 5.1 | 150,746 | 0.5 | 11,371,279 | 36.0 |
| San Diego County | 2,702,171 | 1,802,924 | 66.7 | 1,721,606 | 63.7 | 1,624,854 | 60.1 | 96,752 | 3.6 | 5.6 | 81,318 | 3.0 | 899,247 | 33.3 |

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2021**

Capital Assets

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

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COMPLIANCE SECTION



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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 15, 2021.

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 15, 2021



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021.

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, 2021.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
 Culver City, California
 September 15, 2021