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

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022

Draft



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(A component unit of the County of San Diego, California)

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For the Fiscal Year Ended June 30, 2022

Draft

Marcelina Reyes

Fiscal Manager

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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INTRODUCTION SECTION

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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, 2022

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

The Annual Financial Report (AFR) of the First 5 Commission of San Diego (F5SD) for the fiscal year ended June 30, 2022 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, 2022, 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, 2022. The independent auditor's report is located on page 1 of this AFR.

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. Since its inception, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$800 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 2020 U.S. Census is 3,323,970, with children under 5 years old representing 6.2% of that total with 37,266 new births in 2020, the last year that data was available. The County unemployment rate was 3.1% in July 2022, down from 6.9% a year ago.

In 2021 the economy was the strongest since 1984 (5.7% growth in GDP). In the first 2 quarters of 2022 however, there has been negative growth; down 1.6% in the first quarter and .9% in the second quarter. Most economists' definition of a recession is two consecutive quarters of negative growth, but with the strong jobs market, there is much debate as to if the economy is actually in a recession.

While the jobs market showed 17 months of straight job gains as of May 2022, inflation rates are the highest they have been in 40 years. The CPI was over 8% in March, April and May 2022. To slow this runaway inflation the Federal Reserve Board has aggressively raised interest rates. There have been three rate increases in 2022: March of .25%, May of .50% and the latest rate increase in June 2022 of .75% (biggest since 1994). It is anticipated that more increases are to come.

The economy recovered quickly from the pandemic which stressed supply chains, caused high inflation and saw businesses opening so fast that workers were in great demand. With interest rates rising, and most wages not keeping up with inflation, the purchasing power of the average household is eroding.

Projections for 2023 show that inflation should fall back to the area of 2% by the end of 2023, and economic activity will decrease to the .6% range by December 2023.

COVID-19

During the fiscal year 21/22, First 5 San Diego continued with the impact of the COVID-19 pandemic just as the rest of the nation. The vaccine has been widely distributed with 83.5% of Californians having received at least one dose (it takes 2 doses to be fully vaccinated) and 73.2% are fully vaccinated with both doses. San Diego County is at 78% fully vaccinated, nearly 5% better than the rest of the State. The pandemic is still a public health emergency with the WHO declaring that it is nowhere near over. There is a new subvariant, BA.5 which is more transmissible but less severe. Case rates are down, as well as hospitalizations. All statistics on the pandemic show that things are improving. F5SD supported its contracted partners to ensure that the children of San Diego County were cared for as best as possible during this difficult time. F5SD continued a lead function within the County's Emergency Operations Center (EOC) leading COVID response on behalf of the early care and education / childcare sector county-wide. 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 / childcare sector. This event has brought together cross sector leaders/stakeholders throughout our region to lift up the vision and mission of F5SD.

MONKEYPOX

The Centers for Disease Control (CDC) is currently tracking the spread of Monkeypox throughout the world, including countries where it is not common which includes the United States where the first case was just reported in May 2022. Monkeypox symptoms are similar to Smallpox, but milder, and is rarely

fatal. Currently there are 18,000 cases nationwide. As of August 2022, there are over 3,000 cases in California and over 100 cases in San Diego County. The WHO declared Monkeypox a public emergency in July 2022. We will continue to monitor this situation as it continues to spread across the U.S. and San Diego County.

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 \$30,710,789 in contracts for services in the areas of health, education, family and community.
- The Commission was awarded the Shared Services Alliance (SSA) Grant for \$250,000 from First 5 California. The SSA grant will engage childcare providers to increase business infrastructure capacities and explore the viability and sustainability of a shared services model through a Planning, Pilot and Assessment Cycle.
- The Commission awarded contracts to 15 community-based agencies throughout San Diego County focused in the services areas of health, education, family, and community services.
- Government Finance Officers Association of the United States (GFOA) is reviewing the AFR from fiscal year 2020-2021 for a Certificate of Achievement for Excellence in Financial Reporting. The Commission has received the award for seven consecutive years, and the year currently under review would make it eight, if awarded. We believe that the Commission will receive this prestigious award again.

FUTURE INITIATIVES

This was the second 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 will continue to 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 guide the reduction of the Sustainability Fund (Fund Balance) to an amount of \$7.5 million for a Management Reserve. It is anticipated that approximately \$6.1 million annually, on average, will be used from the Sustainability Fund over the next 4 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 would also like to thank the Commissioners and our Finance Committee members 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, 2022**

Board of Commissioners

Nathan Fletcher - Chair

Sandra L. McBrayer - Vice Chair

Rick Richardson – Secretary

Nick Macchione - Commissioner

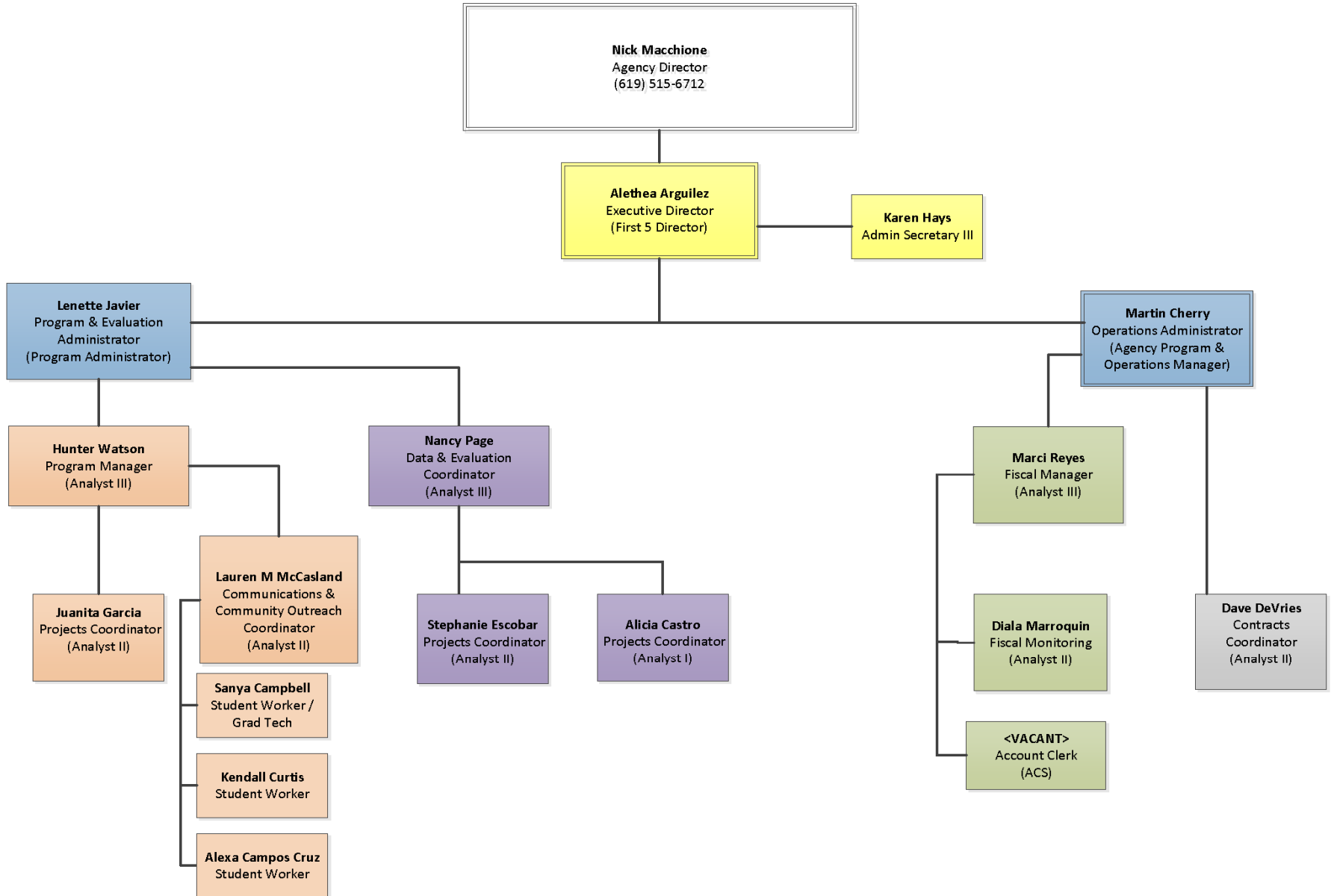
Dr. Wilma J. Wooten - Commissioner

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

This certificate is for FY 2019 – 2020.

The Financial Report for FY 2020 – 2021 is still being evaluated by GFOA and no new certificate is available.

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FINANCIAL SECTION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, 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

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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.

Supplementary Information

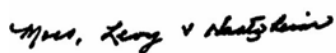
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplementary information section, and statistical section listed in the table of contents are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The supplementary information on pages 36 through 49 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide 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, 2022, 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, LLP
Culver City, California
September 15, 2022

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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, 2022. 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 fiscal year and the prior fiscal year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS (FY 2021/2022)

This Financial Highlights section is governmental fund information.

Expenditures were \$1,811,044 more than revenues. Overall revenues were \$31,834,836. Expenditures were \$33,645,880. This is due to the planned reduction of the Sustainability Fund.

Expenditures fall within four categories: Administrative, Program, and Evaluation, and Debt Service (new for this fiscal year). Administrative expenditures were \$2,481,753 or 7.4 % of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$30,016,968 or 89.2%; Evaluation expenditures were \$875,421 or 2.6%, and Debt Service expenses were \$271,738 or .8% of the expenses. Total expenditures were \$33,645,880.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2021/2022 the administrative rate was 7.2% of the budget. This is based on the Total Administrative Expenditures of \$2,481,753 and the final Total Operating Budget of \$34,467,247.

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 2021/2022	FY 2020/2021
Total Assets	\$ 52,586,596	\$ 51,517,228
Total Liabilities	12,314,319	9,397,268
Net Position:		
Restricted	-	-
Unrestricted	40,272,277	42,119,960
Total Net Position	\$ 40,272,277	\$ 42,119,960

The Commission’s total net position decreased by \$1,847,683 or 4.4% from the prior fiscal year due to the planned reduction of the Sustainability Fund over the next few fiscal years.

Changes in Net Position

Table II: Changes in Net Position

	FY 2021/2022	FY 2020/2021
Program Revenues	\$ 31,509,277	\$ 32,586,617
General Revenues	325,559	413,747
Total Revenues	31,834,836	33,000,364
Administrative Expenses	3,665,551	3,484,606
Program Expenses	30,016,968	27,771,134
Total Expenses	33,682,519	31,255,740
Change in net position	(1,847,683)	1,744,624
Net position – Beginning, July 1	\$42,119,960	\$ 40,449,779
Prior period adjustment	-	(74,443)
Net position – Beginning, July 1, restated	\$42,119,960	\$40,375,336
Net position – Ending, June 30	\$40,272,277	\$ 42,119,960

Program expenses had an increase of \$2,245,834 or 8.1% from the previous fiscal year primarily due to a planned increase in expenses designed to bring down the Financial Spending Plan to a management reserve of \$7.5 million.

General Revenues decreased by \$88,188 or 21.3% from the prior fiscal year due to lower yields from cash in the County Pool as interest rates decreased in the economy and no long-term investments.

The change in Net Position went from positive to negative resulting in a total change of \$3,592,307. The change is due to more program costs that were planned to increase expenses by the end of the 2020 – 2025 Strategic Plan to reduce the balance in the Financial Spending Plan.

In 2009 the Commission decided to reduce the Sustainability Fund to zero through systematically spending more every fiscal 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 fiscal year since 2013, until last fiscal year. In FY 2020 – 2021 the Net Position increased by \$1,744,624. This increase was due to an unexpected increase in revenue likely the result of the pandemic as more of the population was stuck at home. For FY 2015 – 2020 Strategic Plan period the fund was reduced by \$7.8 million per fiscal year on average. For FY 2020 – 2025 Strategic Plan period the rate of reduction has been reduced to a \$6.1 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 last fiscal year was due to a higher than expected Prop 56 backfill. This fiscal year things are back to normal, and the Sustainability Fund is showing its expected decline.

BUDGETARY HIGHLIGHTS

- Prop 10 Tobacco Tax revenue had an increase over budget of \$2,199,345 or 8.99% due to an increase in tobacco tax backfill of Prop 56 over projections.
- Revenue for the CalWORKs Home Visiting Program was less than budget by \$705,840 or 20.0% due to less expenses for the program due to the pandemic.

- Revenue from Cal-Learn Educational Support Services was less than budget by \$306,546 or 26.1% due to less expenses for the program due to the pandemic.
- This is the first fiscal year that the Commission started to account for staff labor that work in the Evaluation section under the Evaluation Expense and not in the Labor and Benefits accounts. By accounting for evaluation labor in the evaluation expense line it increases evaluation expense and lowers general Labor and Benefits. It is not budgeted this way so the differences for Labor show a savings and Evaluation shows an overage. In reality these accounts were very close to budget for both. The amount of labor accounted for in Evaluation expense and not in Labor and Benefits was \$89,169.
- Contributions to Community Outreach Projects (Program Expenses) had a favorable variance of \$693,821 or 2.3% due to lower than expected expenditures in contracts, likely the result of the pandemic.

BEYOND FY 2021/2022

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 fiscal 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 2022-2023 for the following programs:

Healthy Development Services	\$ 10,000,000
First 5 First Steps Home Visiting	8,551,929
Learn Well Initiative	8,000,000
Oral Health Initiative	1,000,000
KidSTART Center	800,000
Mi Escuelita Therapeutic Preschool	653,160
F5CA Home Visiting Coordination Grant	100,000
F5CA Shared Services Alliance Pilot Grant	219,298
HHSA Public Health – Doula Pilot Program	400,000
Parent & Public Education	400,000
2-1-1 Information & Referral	300,000
Childhood Injury Prevention	150,000
Maternity Housing Program	125,000
Community Outreach	100,000
Total	\$ 30,799,387

DECLINING REVENUES

The 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 fiscal 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.

COVID-19 & Monkeypox

The COVID-19 pandemic has not gone away. It is still with us, and according to the CDC it is still a public health emergency and is nowhere near over. The newest subvariant is BA.5 and it is the most transmissible variant yet. There are tons of statistics about COVID, but the latest ones show that cases and hospitalizations are way down. Vaccination rates are up and there seems to be no end to the boosters that are available.

At the time of this report, there is an emerging subvariant, BA.5 that has become the dominant COVID-19 strain with 70% of new cases. It has been noted that this strain is much more infectious than previous variants but is less severe. The impact of this new variant is yet to be determined but it is not anticipated that it will create a significant impact to the organization.

Monkeypox is the newest virus to threaten the world. The first case of Monkeypox was discovered in the U.S. in May 2022. It has spread rapidly to over 18,000 cases in the U.S., and 3,000 cases in California including some in San Diego County. This virus is rarely fatal. It is similar to Smallpox. The Smallpox vaccination is effective against it. A Columbia epidemiologist has said that it is concerning but there is little resemblance to COVID-19 which spreads more quickly and is more severe. There is also no evidence that the virus has changed. It is not anticipated that Monkeypox will be a significant impact to the community.

Economy

A bigger threat to the economy is the current inflation rate. The economy opened so rapidly that supply chains could not keep up. Businesses opened as fast as they could, but labor shortages held them back. Supplies became depleted and ships could not get here fast enough to quell the demand. Inflation took off and has risen rapidly. In June 2022 the inflation rate was 9.1%, a 40-year high. Gasoline prices have also risen to levels not seen before. All energy sectors including Gasoline, Fuel Oil, and Natural Gas have gone way up. Food prices are up 10.9%, the most since May of 1979.

To slow the economy and thus reduce inflation, the Federal Reserve Board has taken quick action to increase interest rates. They have raised rates three times in 2022. In January they increased the rate .25%; in March they increased another .5%; then in June 2022 they did a .75% increase, the biggest since 1994. This increase in rates is the fastest since the 1980's.

The GDP growth for 2021 was the strongest since 1984, but 2022 has shown negative growth in the first quarter of 1.6%, and the second quarter showed negative growth of .9% resulting in 2 consecutive quarters of negative growth. Most economists see two quarters of negative growth as a recession; however, since the jobs rate is so robust it is a matter of debate if the economy is truly in a recession. What is known is that the inflation rate is high, and the interest rates are going up. This is concern for caution for the year ahead. It is projected that inflation will fall back to the 2% range and economic

activity will similarly decrease to normal levels by the end of 2023.

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.

Draft

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2022

**GOVERNMENTAL
ACTIVITIES**

	2022
Assets	
Cash and investments in county treasury	\$ 48,128,076
Imprest cash	250
Accounts receivable	1,782,743
Due from County of San Diego	227,703
Prepaid expenses	2,227
Non-current assets:	
Right to use leased assets	2,742,033
Less accumulated amortization	(296,436)
Total assets	52,586,596
Liabilities	
Accounts payable	9,611,643
Due to County of San Diego	116,609
Long-term liabilities:	
Due within one year	326,880
Due more than one year	2,259,187
Total liabilities	12,314,319
Net Position	
Unrestricted	40,272,277
Total net position	\$ 40,272,277

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, 2022

<u>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>PROPOSITION 10 AND SPECIAL FUND</u>	<u>GOVERNMENTAL ACTIVITIES</u>
			<u>2022</u>
Health	\$ 12,010,123	\$ 9,221,113	\$ (2,789,010)
Learning	8,832,179	10,481,670	1,649,491
Family	7,957,275	6,789,603	(1,167,672)
Community	1,217,391	1,393,056	175,665
General Administration	3,352,098	3,623,835	271,737
Interest on long-term debt	17,017	-	(17,017)
Amortization	296,436	-	(296,436)
Total governmental activities	<u>\$ 33,682,519</u>	<u>\$ 31,509,277</u>	<u>(2,173,242)</u>
 GENERAL REVENUES:			
Net investment revenue			<u>325,559</u>
Total general revenues			<u>325,559</u>
Change in net position			<u>(1,847,683)</u>
Net position, beginning of fiscal year			<u>42,119,960</u>
Net position-end of fiscal year			<u>\$ 40,272,277</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, 2022**

	<u>2022</u>
Assets	
Cash and investments in county treasury	\$ 48,128,076
Imprest cash	250
Accounts receivable	1,782,743
Due from County of San Diego	227,703
Prepaid expenditures	<u>2,227</u>
Total assets	<u>\$ 50,140,999</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 9,611,643
Due to County of San Diego	<u>116,609</u>
Total liabilities	<u>9,728,252</u>
Fund Balance:	
Non-spendable	2,227
Committed	<u>40,410,520</u>
Total fund balance	<u>40,412,747</u>
Total liabilities and fund balance	<u>\$ 50,140,999</u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

JUNE 30, 2022

		2022
Total governmental fund balance		\$ 40,412,747
Right to use leased assets relating to governmental activities		
at historical costs:	\$ 2,742,033	
Accumulated amortization	<u>(296,436)</u>	
Net		2,445,597
<p>In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
Compensated absences	\$ (98,755)	
Lease payable	<u>(2,487,312)</u>	
Total		(2,586,067)
Net position of governmental activities		\$ 40,272,277

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, 2022

Revenues:	<u>2022</u>
Prop 10 tobacco tax (including SMIF & Prop 56 back-fill)	\$ 26,670,216
F5CA Shared Services Alliance Pilot Grant	11,232
F5CA Home Visiting Coordination Grant	80,179
HHSA CalWORKs Home Visiting Program	2,823,098
HHSA Cal-Learn Educational Support Services	866,183
HHSA CA Home Visiting Program State General Fund Expansion	599,999
HHSA OSI Drowning Prevention Awareness Campaign	208,370
HHSA Public Health Services Office of Violence Prevention	250,000
Interest revenue	<u>325,559</u>
Total revenues	<u>31,834,836</u>
Expenditures:	
Labor and benefits (* less: Evaluation Labor)	2,257,841
Services and supplies	223,912
Evaluation (*added: Evaluation Labor)	875,421
Contributions to community outreach projects	30,016,968
Debt Service – Principal – Leases	254,721
Debt Service – Interest - Leases	<u>17,017</u>
Total expenditures	<u>33,645,880</u>
Net change in fund balance	<u>(1,811,044)</u>
Fund balance, beginning of fiscal year	<u>42,223,791</u>
Fund balance, end of fiscal year	<u><u>\$ 40,412,747</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, 2022

	<u>2022</u>
Net change in total governmental fund balance	\$ (1,811,044)
In governmental funds, the cost of lease assets are reported as expenditures in the period when the assets are required. In the statement of activities, cost and lease assets are allocated over their lease terms as amortization expense.	(296,436)
In governmental funds, repayments of long-term debt are reported as expenditures. In the governmental-wide statements, repayment of long-term debt are reported as reduction of liabilities.	254,721
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)	<u>5,076</u>
Change in net position of governmental activities	<u><u>\$(1,847,683)</u></u>

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, 2022

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 \$30,799,387 for fiscal year 2022/2023 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 of 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 outreach 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, 2022**

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 15. 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 \$33.9 million per the Financial Spending Plan that was approved in April 2021. 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, 2022

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. Right to use leased assets

The Commission has recorded right to use leased assets as a result of implementing GASB statement no. 87. The right to use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

G. Future Accounting Pronouncements

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

Statement No. 99	"Omnibus 2022"	The provision of this statement is effective for fiscal years beginning after June 15, 2022.
Statement No. 100	"Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62"	The provision of this statement is effective for fiscal years beginning after June 15, 2023.
Statement No. 101	"Compensated Absences"	The provision of this statement is effective for fiscal years beginning after December 15, 2023.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY

The Commission’s cash and investments at June 30, 2022 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, 2022, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2022:

Assets Invested through the County Treasurers Office:

County Pool	\$ 48,128,076
Total Cash and Investments by County Treasury	<u>\$ 48,128,076</u>

Investments Authorized by the California Government Code

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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>Amount</u>	<u>Remaining Maturity in Months</u>		
		<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>
Negotiable Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Commercial Paper Disc.	-	-	-	-
County Pool	<u>48,128,076</u>	<u>48,128,076</u>	-	-
Total	<u>\$ 48,128,076</u>	<u>\$ 48,128,076</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 fiscal year-end for each investment type.

<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>48,128,076</u>	VARIOUS	AAA
Total	<u>\$ 48,128,076</u>		

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

Concentration of Credit Risk

The California Government Code Section 53601 places limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, negotiable certificates of deposit, and external investment pools) that represent 1% or more of total investment are as follows:

Issuer	Investment Type	Amount	% of Total Investments
None for FY 2021/2022			

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.

Investment in San Diego Investment Pool

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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

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, 2022 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	\$ -	\$ -	\$ -	\$ 48,128,076	\$ 48,128,076
Other investments	-	-	-	-	-
Total leveled investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,128,076</u>	<u>\$ 48,128,076</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

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 2022, 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 2021/2022.

Prop 10 revenue for:	
June 2022	\$ 1,733,493
SMIF	12,694
F5CA Home Visiting Coordination Grant	25,324
F5CA Shared Services Alliance Pilot Grant	11,232
Total	\$ 1,782,743

NOTE 4: RIGHT TO USE LEASED ASSET

The Commission has recorded a right to use leased asset. The asset is right to use asset for a leased office space. The related lease is discussed in the lease subsection of the lease payable section of this note. The right to use leased asset is amortized on a straight-line basis over the terms of the related lease.

Right to use leased asset activity for the Primary Government for the fiscal year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Right to use leased assets				
Leased building	\$2,742,033	\$ -	\$ -	\$2,742,033
Total right to use leased assets	2,742,033	-	-	2,742,033
Less accumulated amortization for:				
Leased building	-	296,436	-	296,436
Total accumulated amortization	-	296,436	-	296,436
Right to use leased assets, net	\$2,742,033	\$(296,436)	\$ -	\$2,445,597

NOTE 5: ACCOUNTS PAYABLE

Accounts payable is comprised of \$9,611,643 in funding due to contractors at June 30, 2022.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6: 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 \$227,703 for:

- 1) Investment interest earning of \$106,287;
- 2) Contract reimbursement of \$121,416;

The Commission owes the County of San Diego \$116,609 for:

- 3) Purchasing & Contracting services of \$865;
- 4) Computing and IT charges of \$4,077;
- 5) Commission labor cost of \$82,125;
- 6) Commission labor burden cost of \$29,542

NOTE 7: 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 fiscal year ended June 30, 2022 is as follows:

	Balance <u>July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>July 1, 2022</u>	<u>Due Within One Year</u>	<u>Due More Than One Year</u>
Compensated Absences	<u>\$ 103,831</u>	<u>\$ 38,503</u>	<u>\$(43,579)</u>	<u>\$ 98,755</u>	<u>\$ 64,104</u>	<u>\$ 34,651</u>

NOTE 8: LEASE PAYABLE

Office Lease

The Commission has entered into agreement to lease an office space. The lease agreement qualifies as other than short-term leases under GASB Statement No. 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on April 5, 2020, to lease an office space and requires 125 monthly payments, initially in the amount of \$21,060 per month and 3% annual escalation. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.71%, which is the estimated incremental borrowing rate of the Commission. As a result of the lease, the Commission has recorded a right to use leased asset with a net book value of \$2,445,597 at June 30, 2022. The right to use leased asset is discussed in more detail in the Note 1 F and Note 4 – Right to use leased asset.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8: LEASE PAYABLE (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Year Ending June 30	Principal Payments	Interest Payments	Total
2023	\$ 262,776	\$ 16,810	\$ 279,586
2024	272,757	14,912	287,669
2025	283,053	12,942	295,995
2026	293,673	10,898	304,571
2027	304,626	8,777	313,403
2028-2032	1,070,427	12,911	1,083,338
	<u>\$ 2,487,312</u>	<u>\$ 77,250</u>	<u>\$ 2,564,562</u>

NOTE 9: 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 10, 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 2021/2022 is comprised of:

Prop 10 revenue (monthly allocations)	\$ 19,962,660
SMIF	12,694
Prop 56 backfill (included in Prop10 in Financials)	6,694,862
F5CA Home Visiting Coordination Grant	80,179
F5CA Shared Services Alliance Pilot Grant	11,232
HHSA CalWORKs Home Visiting Program	2,823,098
HHSA Cal-Learn Educational Support Services	866,183
HHSA CA Home Visiting Program State GF Expansion	599,999
HHSA OSI Drowning Prevention Awareness Campaign	208,370
HHSA PHS Office of Violence Prevention	250,000
Interest	<u>325,559</u>
Total revenue	<u>\$ 31,834,836</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10: SPECIAL FUNDING

Special funding for FY 2021/2022 included \$80,179 for the F5CA Home Visiting Coordination Grant; \$11,232 for F5CA Shared Services Alliance Pilot Grant; \$2,823,098 for HHSa CalWORKs Home Visiting Program; \$866,183 for HHSa Cal-Learn Educational Support Services; \$599,999 for HHSa CA Home Visiting Program State General Fund Expansion; \$208,370 for HHSa OSI Drowning Prevention Awareness Campaign; and \$250,000 for HHSa Public Health Services Office of Violence Prevention.

F5CA 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 36 and 37.

F5CA Shared Services Alliance Pilot Grant (SSA) is an approach to strengthen small early learning and care businesses by providing them the supports to strengthen their business practices. The SSA is aimed at building a sustainable provider-based child care system by providing technology and staff infrastructure that enable sharing of staff, information, and resources. A Shared Services Alliance Network provides business efficiencies to child care providers, the majority of whom are low-income women of color, increasing business sustainability and expanding care for low-to-moderate income communities. 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.

HHSa CalWORKs Home Visiting Program. 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.

HHSa 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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10: SPECIAL FUNDING (continued)

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.

HHSA CA Home Visiting Program State General Fund Expansion (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.

HHSA OSI Drowning Prevention Awareness Campaign

Since 2009, the Prevent Drowning Foundation of San Diego's purpose has been simple; they do everything they can to prevent drowning and save lives of children by targeting under-served communities that need swim lessons and water and ocean safety education. In fiscal year 2021/22 the Board of Supervisors provided the Prevent Drowning Foundation of San Diego a \$500,000 grant to expand water safety programs in the County. This funding includes grants for swimming lessons and drowning prevention skills, as well as other media outreach and education campaign costs, as necessary. First 5 San Diego, in partnership with the County of San Diego, the Prevent Drowning Foundation of San Diego and MIG, Inc. created a multifaceted media campaign to ensure the most vulnerable county residents can participate in the program. The campaign aimed to increase awareness of methods for drowning prevention for families within California Health Places Index 4th Quartile communities (HPI-4Q) with an emphasis on the Black, Indigenous and People of Color (BIPOC) and lower socioeconomic status communities. 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.

HHSA Public Health Services Office of Violence Prevention

The County of San Diego, through the Maternal, Child, and Family Health Services Office of Violence Prevention partnered with First 5 San Diego to expand the current [Talk. Read. Sing.] campaign. The new expansion campaign titled, "Hooray! for Reading" was designed to promote positive childhood experiences and parent/child bonding. The approach, which is a primary prevention approach by the Office of Violence prevention aims to build childhood resiliency through reading and caregiver bonding. MIG, Inc. created a multifaceted media campaign to encourage talking, reading and singing in the household and while out in the community, with a messaging tagline that "words are everywhere".

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 48 and 49.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11: EVALUATION EXPENSES

The Commission spent \$875,421 on program evaluation during the audit period.

NOTE 12: FUND BALANCES

As of June 30, 2022, 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.

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.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12: FUND BALANCES (continued)

The details of the fund balances as of June 30, 2022 are presented below:

Fund Balance:

Non-spendable:	
Prepaid items	\$ <u>2,227</u>
Committed To:	
Administration	2,624,820
Evaluation	724,820
Healthy Development Services	8,798,819
KidStart	703,906
Oral Health Initiative	879,882
Reducing Childhood Injuries	131,982
Public Health – Doula Pilot Program	175,976
Learn Well Initiative	7,039,055
Mi Escuelita	574,704
F5CA Shared Services Alliance Grant	109,984
First 5 First Steps Home Visiting	3,522,739
HHSA Public Health CDPH-Home Visiting	518,514
HHSA CalWorks Home Visiting Program	2,757,787
HHSA Cal-Learn Education Support Services	769,677
HHSA CA Home Visiting Program State GF Expansion	43,994
Parent & Public Education	571,923
Information & Referral	263,965
Maternity Housing Program	109,985
Community Outreach Projects	87,988
Management Reserve	<u>10,000,000</u>
Total Committed	<u>40,410,520</u>
Total Fund Balance	<u>\$40,412,747</u>

NOTE 13: RELATED PARTY

For FY 2021-22 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.

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, 2022**

	BUDGETED AMOUNTS (UNAUDITED)			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
Revenues:				
Prop 10 Tobacco Tax	\$ 24,470,871	\$ 24,470,871	\$ 26,670,216	\$ 2,199,345
HHSA CA Home Visit Coord. Grant	100,000	100,000	80,179	(19,821)
HHSA CalWORKs Home Visiting Program	3,528,938	3,528,938	2,823,098	(705,840)
HHSA Cal-Learn Educational Support Svcs	1,172,729	1,172,729	866,183	(306,546)
HHSA-Drowning Prevention Campaign	-	250,000	208,370	(41,630)
HHSA-PH Office of Violence Prevention	-	250,000	250,000	-
HHSA Home Visiting Pgm State GF F5CA Shared Services Alliance Pilot Grant	600,000	600,000	599,999	(1)
Interest revenue	186,500	186,500	325,559	139,059
Total revenues	<u>\$ 30,059,038</u>	<u>\$ 30,589,738</u>	<u>\$ 31,834,836</u>	<u>\$ 1,245,098</u>
Expenditures:				
Labor and Benefits (less Eval Labor)	2,403,686	2,403,686	2,257,841	145,844
Services and Supplies	529,002	529,002	223,912	305,090
Evaluation (with Evaluation Labor)	823,770	823,770	875,421	(51,651)
Contributions to Community Outreach Projects	30,180,089	30,710,789	30,016,968	693,821
Debt Service – Principal - Leases	-	-	254,721	(254,721)
Debt Service – Principal - Interest	-	-	17,017	(17,017)
Total expenditures	<u>\$ 33,936,547</u>	<u>\$ 34,467,247</u>	<u>\$ 33,645,880</u>	<u>\$ 821,367</u>
Net change in fund balance (OVER (UNDER) Expenditures)	<u>(3,877,509)</u>	<u>(3,877,509)</u>	<u>(1,811,044)</u>	<u>423,731</u>
Fund balance, beginning of fiscal year	42,223,791	42,223,791	42,223,791	-
Fund balance, end of fiscal year	<u>\$ 38,346,282</u>	<u>\$ 38,346,282</u>	<u>\$ 40,412,747</u>	<u>\$ 2,338,203</u>

Budget and Budgetary Process

The Commission adopts an annual budget which can be amended throughout the fiscal 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

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

F5CA HOME VISITING COORDINATION GRANT

JUNE 30, 2022

	2022
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	\$ -

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**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, 2022**

	2022
Revenues:	
F5CA Home Visiting Coordination Grant	\$ 80,179
Total revenues	80,179
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	80,179
Total expenditures	80,179
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

Draft

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

F5CA SHARED SERVICES ALLIANCE PILOT GRANT

JUNE 30, 2022

		<u>2022</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 F5CA Shared Services Alliance Pilot Grant			<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**

F5CA SHARED SERVICES ALLIANCE PILOT GRANT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
F5CA Shared Services Alliance Pilot Grant	\$ 11,232
Total revenues	11,232
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	11,232
Total expenditures	11,232
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

HHSa CalWORKs HOME VISITING PROGRAM

JUNE 30, 2022

	2022
Assets	
Cash and investments in county treasury:	\$ -
Total assets	\$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	-
Fund balance:	
Restricted for HHSa CalWORKs Home Visiting Program	-
Total fund balance	-
Total liabilities and fund balance	\$ -

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

HHSA CalWORKs HOME VISITING PROGRAM

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
HHSA CalWORKs Home Visiting Program	\$ 2,823,098
Total revenues	2,823,098
 Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	2,823,098
Total expenditures	2,823,098
 Net change in fund balance	-
 Fund balance, beginning of fiscal year	-
 Fund balance, end of fiscal year	\$ -

Draft

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

HHSA CAL-LEARN EDUCATIONAL SUPPORT SERVICES

JUNE 30, 2022

	2022
Assets	
Cash and investments in county treasury:	\$ -
Total assets	\$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA Cal-Learn Educational Support Services	-
Total fund balance	-
Total liabilities and fund balance	\$ -

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

HHSA CAL-LEARN EDUCATIONAL SUPPORT SERVICES

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
HHSA Cal-Learn Educational Support Services	\$ 866,183
Total revenues	866,183
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	866,183
Total expenditures	866,183
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

**HHSA CA HOME VISITING PROGRAM STATE GENERAL FUND
EXPANSION**

JUNE 30, 2022

	2022
Assets	
Cash and investments in county treasury:	\$ -
Total assets	\$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA CA Home Visiting Program State GF Expansion	-
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**

**HHSA CA HOME VISITING PROGRAM STATE GENERAL FUND
EXPANSION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
HHSA CA Home Visiting Program State GF Expansion	\$ 599,999
Total revenues	599,999
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	599,999
Total expendituresNet	599,999
change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

Draft

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

HHSА OSІ DROWNING PREVENTION AWARENESS CAMPAIGN

JUNE 30, 2022

	<u>2022</u>
Assets	
Cash and investments in county treasury:	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for HHSА OSІ Drowning Prevention Awareness Campaign	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

HHSA OSI DROWNING PREVENTION AWARENESS CAMPAIGN

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
HHSA OSI Drowning Prevention Awareness Campaign	\$ 208,370
Total revenues	208,370
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	208,370
Total expenditures	208,370
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET**

**HHSa PUBLIC HEALTH SERVICES
OFFICE OF VIOLENCE
PREVENTION**

JUNE 30, 2022

	<u>2022</u>
Assets	
Cash and investments in county treasury:	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for HHSa Public Health Services Office of Violence Prevention	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**

**HHSa PUBLIC HEALTH SERVICES
OFFICE OF VIOLENCE
PREVENTION**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

	2022
Revenues:	
HHSa Public Health Services Office of Violence Prevention	\$ 250,000
Total revenues	250,000
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	250,000
Total expenditures	250,000
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	\$ -

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STATISTICAL SECTION

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FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2022

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.	53 -56
<u>Revenue Trends</u>	
These schedules contain trend information to help the reader assess the Commission’s most significant revenue base.	57 - 58
<u>Demographic Information</u>	59 - 62
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission’s financial report relates to the services the Commission provides and the activities it performs.	
<u>Operating Information</u>	63
This schedule contains infrastructure data to help the reader understand how the information in the Commission’s financial report relates to the services the Commission performs.	

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2022

Net Position by Component
Last Ten Fiscal Years*

	<u>2022</u>	<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>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	40,272,277	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
Total net position	\$ 40,272,277	\$ 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

* 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, 2022

Changes in Net Position
Last Ten Fiscal Years

	<u>2022</u>	<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>
Prop 10 Tobacco Tax (see page 15)	26,670,216	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
Prop 10 Quality Preschool Initiative	-	-	-	-	-	10,769,855	7,877,537	11,728,390	15,962,144	13,426,675
CDE QRIS Certification Federal Grant	-	34,396	181,918	179,039	189,959	-	-	-	-	-
Prop 10 Child Signature Program	-	-	-	-	-	1,677,313	3,454,625	3,354,625	3,354,625	3,354,625
Federal Medi-Cal Administrative	-	-	-	-	-	-	-	-	93,553	75,833
Race to the Top	-	-	-	-	-	-	1,830,888	2,245,507	1,657,897	1,018,700
F5CA Shared Services Alliance Pilot Grant	11,232	-	-	-	-	-	-	-	-	-
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	80,179	35,153	-	-	-	-	-	-	-	-
HHSA OSI Drowning Prevention	208,370	-	-	-	-	-	-	-	-	-
HHSA Office of Violence Prevention	250,000	-	-	-	-	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	2,823,098	2,453,747	-	-	-	-	-	-	-	-
HHSA Cal-Learn Educational Support Svcs	866,183	717,980	-	-	-	-	-	-	-	-
HHSA CA Home Visiting Program GF	599,999	164,941	-	-	-	-	-	-	-	-
Interest revenue	325,559	413,747	955,100	1,021,281	784,637	828,087	578,755	443,268	658,242	777,073
Other miscellaneous	-	-	-	-	-	-	43,146	-	-	-
Net increase (decrease) in FMV	-	-	-	206,530	248,038	25,604	(79,750)	(3,050)	(74,500)	(347,800)
Total revenues	\$ 31,834,836	\$ 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
Labor and benefits	\$ 2,257,841	\$ 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
Services and supplies	223,912	574,392	723,356	654,081	632,742	627,523	623,890	622,703	628,161	619,849
Debt Service – Principal – Leases	254,721	-	-	-	-	-	-	-	-	-
Debt Service – Interest – Leases	17,017	-	-	-	-	-	-	-	-	-
Evaluation	875,421	880,360	864,294	824,939	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937
Contributions to community outreach projects	30,016,968	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
Total expenses	\$ 33,645,880	\$ 31,241,613	\$ 37,555,452	\$ 38,342,260	\$ 38,915,636	\$ 41,055,317	\$ 41,500,030	\$ 57,856,201	\$ 61,731,917	\$ 53,507,126
Excess of revenues over expenses	\$ (1,811,044)	\$ 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)
Compensated absences	5,076	(14,127)	(34,557)	2,994	(10,403)	2,650	60,438	(20,720)	22,017	12,678
Lease assets amortization	(296,436)	-	-	-	-	-	-	-	-	-
Debt repayments	254,721	-	-	-	-	-	-	-	-	-
Change in net position	\$ (1,847,683)	\$ 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)

FIRST 5 COMMISSION OF SAN DIEGO
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Fund Balance – General Fund
Last Ten Fiscal Years

	<u>2022</u>	<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>
Fund Balance										
Non-spendable	\$ 2,227	\$ 2,196	\$ 2,081	\$ 1,946	\$ 1,895	\$ 1,889	\$ 32,325	\$ 2,816	\$ 1,914	\$ 1,730
Committed	40,410,520	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
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	<u>\$ 40,412,747</u>	<u>\$ 42,223,791</u>	<u>\$ 40,539,483</u>	<u>\$ 46,579,012</u>	<u>\$ 55,164,489</u>	<u>\$ 65,280,608</u>	<u>\$ 73,289,662</u>	<u>\$ 79,441,227</u>	<u>\$100,988,373</u>	<u>\$127,489,286</u>

FIRST 5 COMMISSION OF SAN DIEGO
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Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2022
Changes in Fund balances – General Fund Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Prop 10 tobacco taxes	\$26,670,216	\$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
Prop 10 quality preschool initiative	-	-	-	-	-	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	3,454,625	3,354,625	3,354,625
CDE QRIS Certification Grant	-	34,396	181,918	179,039	189,959	-	-	-	-	-
Federal Medi-Cal administrative	-	-	-	-	-	-	-	-	93,553	75,833
Race to the Top	-	-	-	-	-	-	1,830,888	2,245,507	1,657,897	1,018,700
F5CA Shared Services Alliance Pilot Grant	11,232	-	-	-	-	-	-	-	-	-
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	80,179	35,153	-	-	-	-	-	-	-	-
HHSA: Office of Violence Prevention	250,000	-	-	-	-	-	-	-	-	-
HHSA: OSI Drowning Prevention	208,370	-	-	-	-	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	2,823,098	2,453,747	-	-	-	-	-	-	-	-
HHSA Cal-Learn Educational Support Svcs	866,183	717,980	-	-	-	-	-	-	-	-
HHSA CA Home Visiting Program GF	599,999	164,941	-	-	-	-	-	-	-	-
Interest revenue	325,559	413,747	955,100	1,021,281	784,637	828,087	578,755	443,268	658,242	777,073
Other miscellaneous	-	-	-	-	-	-	43,146	-	-	-
Net increase (decrease) in FMV	-	-	-	206,530	248,038	25,604	(79,750)	(3,050)	(74,500)	(347,800)
Total revenues	\$ 31,834,836	\$ 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
Expenditures										
Labor & benefits	\$ 2,257,841	\$ 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
Services & supplies	223,912	547,392	723,356	654,081	632,742	627,523	623,890	622,703	628,161	619,849
Debt Service – Principal - Leases	254,721	-	-	-	-	-	-	-	-	-
Debt Service – Interest - Leases	17,017	-	-	-	-	-	-	-	-	-
Evaluation	875,421	880,360	864,294	824,939	873,122	842,058	821,321	1,189,466	1,283,035	1,416,937
Contributions to community outreach projects	30,016,968	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
Total expenditures	\$ 33,645,880	\$ 31,241,613	\$ 37,555,452	\$ 38,342,260	\$ 38,915,636	\$ 41,055,317	\$ 41,500,030	\$ 57,856,201	\$ 61,731,917	\$ 53,507,126
Excess of revenues over expenditures	\$ (1,811,044)	\$ 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)

FIRST 5 COMMISSION OF SAN DIEGO
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 For the Fiscal Year Ended June 30, 2022

Cigarette Tax

TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2020-21

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
2020	2021	1700943000	5053000	1705996000	335000	266694000	56.93
2019	2020	1708597000	5075000	1713672000	1191000	258560000	59.27
2018	2019	1786074000	5305000	1791379000	3659000	271772000	62.78
2017	2018	1882025000	5590000	1887615000	1033000	211440000	65.08
2016	2017	950676000	6091000	956768000	1185000	95330000	27.3
2015	2016	741937000	6360000	748297000	1262000	101427000	28.13
2014	2015	748022000	6413000	754434000	837000	86949000	28.95
2013	2014	751513000	6443000	757956000	600000	86424000	29.82
2012	2013	782115000	6705000	788820000	498000	82548000	30.68
2011	2012	820322000	7032000	827355000	1017000	80424000	31.73
2010	2011	828831000	7105000	835937000	1308000	77016000	33.02
2009	2010	838709000	7187000	845896000	1583000	84617000	41.11
2008	2009	912724000	7819000	920543000	626000	85506000	45.13
2007	2008	955030000	8185000	963215000	727000	85929000	45.13
2006	2007	998723000	8558000	1007281000	1330000	79946000	46.76
2005	2006	1026497000	8795000	1035293000	1707000	67348000	46.76
2004	2005	1024272000	8778000	1033051000	1653000	58441000	46.76
2003	2004	1021366000	8755000	1030121000	4721000	44166000	46.76
2002	2003	1031772000	8845000	1040617000	13248000	40996000	48.89
2001	2002	1067004000	9146000	1076150000	10774000	50037000	52.65
2000	2001	1110692000	9503000	1120195000	8741000	52834000	54.89
1999	2000	1166880000	9980000	1176859000	9413000	66884000	66.5
1998	1999	841911000	7206000	849117000	6808000	42137000	61.53
1997	1998	612066000	5244000	617309000	5448000	39617000	29.37
1996	1997	629579000	5394000	634973000	5060000	41590000	30.38
1995	1996	639030000	5469000	644499000	6193000	32788000	31.2
1994	1995	656923000	5628000	662551000	11159000	28460000	31.2
1993	1994	647993000	5553000	653546000	8353000	19773000	23.03
1992	1993	667479000	5715000	673195000	9138000	21480000	26.82
1991	1992	711275000	6086000	717362000	7791000	22016000	29.35
1990	1991	729612000	6242000	735854000	7904000	24064000	34.17
1989	1990	770042000	6581000	776623000	11615000	24956000	37.47
1988	1989	499712000	4273000	503984000	4968000	9994000	41.67
1987	1988	254869000	2180000	257049000	2970000	0	0
1986	1987	257337000	2202000	259539000	2661000	0	0
1985	1986	260960000	2231000	263190000	2834000	0	0
1984	1985	265070000	2267000	267337000	2390000	0	0
1983	1984	265265000	2267000	267532000	2756000	0	0
1982	1983	273748000	2336000	276084000	2060000	0	0
1981	1982	278667000	2383000	281050000	1843000	0	0
1980	1981	280087000	2395000	282482000	1567000	0	0
1979	1980	272119000	2327000	274446000	1645000	0	0
1978	1979	270658000	2315000	272973000	1408000	0	0
1977	1978	275042000	2352000	277394000	1239000	0	0
1976	1977	270502000	2315000	272817000	832000	0	0
1975	1976	269852000	2309000	272161000	927000	0	0
1974	1975	264182000	2262000	266444000	745000	0	0
1973	1974	259738000	2222000	261960000	632000	0	0
1972	1973	253089000	2167000	255256000	626000	0	0
1971	1972	248398000	2127000	250525000	677000	0	0
1970	1971	240372000	2058000	242430000	552000	0	0
1969	1970	237220000	2032000	239253000	455000	0	0
1968	1969	238836000	2046000	240882000	492000	0	0
1967	1968	208125000	1862000	209987000	328000	0	0
1966	1967	75659000	1543000	77202000	129000	0	0
1965	1966	74880000	1528000	76407000	88000	0	0
1964	1965	74487000	1520000	76007000	61000	0	0
1963	1964	71530000	1459000	72989000	71000	0	0
1962	1963	70829000	1445000	72274000	79000	0	0
1961	1962	68203000	1390000	69593000	47000	0	0
1960	1961	66051000	1675000	67726000	76000	0	0
1959	1960	61791000	767000	62558000	67000	0	0

FIRST 5 COMMISSION OF SAN DIEGO
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California Live Births Data

TABLE: PROVISIONAL LIVE BIRTHS, CALIFORNIA COUNTIES, 2010-2020 (By Place of Residence)

COUNTY	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CALIFORNIA	448,754	464,300	454,244	485,901	488,490	491,789	502,973	494,390	503,788	502,023	509,979
ALAMEDA	17,302	18,875	18,225	19,551	19,559	19,440	19,657	19,050	19,550	19,002	19,302
ALPINE	14	6	10	5	4	5	6	6	8	6	4
AMADOR	272	327	305	309	308	305	291	269	285	269	272
BUTTE	1,984	2,394	2,419	2,430	2,493	2,444	2,482	2,372	2,397	2,392	2,454
CALAVERAS	364	370	375	381	373	379	348	328	347	326	346
COLUSA	292	284	267	311	315	300	285	306	314	302	338
CONTRA COSTA	11,814	12,567	11,995	12,927	12,342	12,600	12,560	12,173	12,061	12,057	12,352
DEL NORTE	258	254	269	315	308	300	324	317	302	337	372
EL DORADO	1,477	1,764	1,678	1,590	1,599	1,598	1,618	1,561	1,513	1,629	1,618
FRESNO	13,828	14,891	14,413	15,116	15,098	15,363	15,796	15,939	15,953	16,157	16,281
GLENN	359	402	365	380	379	374	416	391	368	391	434
HUMBOLDT	1,258	1,336	1,365	1,521	1,487	1,446	1,474	1,455	1,511	1,448	1,551
IMPERIAL	2,426	2,958	2,628	3,108	2,976	3,216	3,270	3,139	3,041	3,075	3,072
INYO	171	199	176	199	182	202	226	219	219	213	192
KERN	12,349	13,415	12,874	13,732	13,721	13,770	14,199	14,514	14,558	14,287	14,416
KINGS	2,235	2,369	2,256	2,216	2,247	2,277	2,342	2,417	2,357	2,565	2,507
LAKE	700	697	714	726	752	723	748	726	739	715	721
LASSEN	281	328	307	296	302	295	326	298	298	300	322
LOS ANGELES	97,770	111,500	110,167	121,413	122,958	124,442	130,150	127,194	131,697	130,312	133,160
MADERA	2,106	2,090	2,076	2,257	2,347	2,223	2,313	2,339	2,258	2,401	2,434
MARIN	2,082	1,799	2,122	2,239	2,258	2,287	2,403	2,310	2,306	2,385	2,368
MARIPOSA	124	155	154	157	148	167	138	137	161	132	145
MENDOCINO	881	918	896	994	1,023	1,052	1,020	1,077	1,153	1,061	1,059
MERCED	3,774	4,305	3,870	4,073	4,109	4,106	4,158	4,279	4,311	4,281	4,248
MODOC	77	105	100	88	105	79	90	72	76	87	119
MONO	124	137	129	134	132	152	149	142	131	156	151
MONTEREY	5,603	5,904	5,887	6,304	6,213	6,428	6,458	6,552	6,652	6,814	6,764
NAPA	1,200	1,334	1,206	1,441	1,408	1,456	1,478	1,501	1,431	1,572	1,525
NEVADA	776	832	772	823	776	875	817	812	810	761	793
ORANGE	30,921	37,250	35,643	36,693	38,107	37,622	38,610	37,429	38,186	38,100	38,237
PLACER	3,481	3,792	3,664	3,820	3,734	3,747	3,644	3,806	3,648	3,832	3,824
PLUMAS	162	185	168	172	172	162	147	156	151	165	170
RIVERSIDE	27,149	30,001	28,684	30,596	30,629	30,511	30,271	30,540	30,316	30,610	30,659
SACRAMENTO	17,995	19,362	19,052	19,540	19,598	19,431	19,886	19,439	19,618	19,998	20,055
SAN BENITO	725	781	772	755	780	718	697	763	701	772	735
SAN BERNARDINO	26,778	30,354	28,964	30,217	31,120	30,619	31,306	30,265	30,691	30,573	31,367
SAN DIEGO	37,266	39,258	40,008	42,574	42,578	43,960	44,596	42,676	44,391	43,621	44,838
SAN FRANCISCO	7,984	8,924	8,690	9,077	9,065	8,970	9,102	8,768	9,070	8,813	8,800
SAN JOAQUIN	9,740	10,010	9,811	10,411	10,234	9,988	10,095	10,179	10,129	10,328	10,593
SAN LUIS OBISPO	2,353	2,419	2,433	2,749	2,574	2,670	2,595	2,580	2,580	2,632	2,736
SAN MATEO	7,757	8,192	8,326	8,975	8,961	9,039	9,098	8,815	9,182	9,047	9,193
SANTA BARBARA	5,332	5,557	5,256	5,396	5,493	5,675	5,829	5,664	5,584	5,803	5,819
SANTA CLARA	19,509	20,871	21,267	22,958	23,011	23,394	23,759	23,224	24,308	23,652	23,936
SANTA CRUZ	2,183	2,460	2,447	2,688	2,804	2,843	3,047	3,005	3,084	3,232	3,190
SHASTA	1,839	2,085	1,961	1,996	2,056	2,075	2,083	2,051	2,110	2,021	2,136
SIERRA	25	32	26	28	34	30	21	19	19	23	23
SISKIYOU	390	456	438	458	458	467	451	482	501	472	434
SOLANO	4,946	5,241	5,039	5,192	5,253	5,134	5,251	5,161	5,061	5,158	5,047
SONOMA	4,306	4,244	4,525	5,101	4,964	5,016	5,075	5,157	5,144	5,150	5,391
STANISLAUS	7,049	7,552	7,339	7,790	7,867	7,701	7,521	7,644	7,592	7,737	7,804
SUTTER	1,256	1,383	1,266	1,396	1,363	1,303	1,317	1,290	1,258	1,326	1,360
TEHAMA	731	802	731	840	787	826	787	751	767	728	767
TRINITY	102	127	113	104	115	103	112	108	125	123	107
TULARE	6,701	7,315	6,900	7,380	7,149	7,411	7,618	7,854	8,000	7,966	8,155
TUOLUMNE	395	473	450	441	456	467	454	444	459	430	487
VENTURA	8,331	9,300	9,025	9,975	9,580	10,062	10,471	10,565	10,641	10,656	11,147
YOLO	1,962	2,134	2,127	2,372	2,423	2,400	2,395	243	2,452	2,340	2,426
YUBA	1,117	1,225	1,099	1,171	1,238	1,156	1,193	1,232	1,213	1,282	1,223

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
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For the Fiscal Year Ended June 30, 2022**

**San Diego County
Demographic Data**

	Percentage	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Demographic		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total Population		3,323,970	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
White	74.6%	2,479,682	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
Hispanic	34.8%	1,156,742	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
Asian	12.9%	428,792	394,742	390,418	384,189	417,211	379,566	351,811	356,394	356,437	340,979
Pacific Islander	0.6%	19,944	13,867	13,903	13,135	20,026	13,579	13,400	14,008	15,207	11,802
Black	5.6%	186,142	166,750	166,412	164,183	183,573	160,385	150,600	154,477	153,435	146,766
American Indian & Alaskan Native	1.4%	46,536	22,524	20,980	19,702	43,390	10,330	11,620	11,962	12,433	12,004
Multi-race or other race	4.9%	162,875	173,794	170,366	167,467	146,858	106,204	100,430	106,226	92,133	104,418
Female	49.6%	1,649,458	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
Male	50.4%	1,674,512	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
Under 5 years	6.2%	205,754	209,680	211,969	213,438	212,336	210,874	206,904	208,731	209,686	207,245
5-14 years	12.0%	395,999	395,673	395,874	397,323	398,130	394,489	703,475	517,012	517,861	521,251
15-24 years	13.7%	457,310	464,149	471,614	476,131	471,120	489,299	371,733	366,083	371,716	367,388
25-34 years	16.5%	547,916	545,838	541,385	535,237	544,111	512,116	525,589	510,589	495,622	483,571
35-44 years	13.4%	446,592	441,301	436,855	433,444	434,625	427,056	425,285	423,885	422,549	420,769
45-54 years	12.3%	410,434	415,472	420,221	423,593	424,672	428,074	425,285	423,885	425,726	430,189
55-64 years	11.8%	392,228	389,871	385,320	380,905	388,177	363,514	370,871	362,871	352,654	345,408
65-74 years	8.2%	271,158	261,738	251,516	239,708	258,784	217,961	416,991	218,365	203,332	188,404
75+ years	6.0%	196,579	192,351	188,079	183,885	185,794	179,713	185,030	179,830	174,738	172,704

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, 2022**

Income Data

**2020 American Community Survey (5-year estimates)
INCOME (IN 2020 INFLATION-ADJUSTED DOLLARS)
California, Counties, and Places of 65,000 or more**

Geography	Median household income (dollars) - Estimate	Median household income (dollars) - Margin of Error	Median household income (dollars) - Estimate	Median 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 Mean income (dollars) - Estimate	Per capita Mean income (dollars) - Margin of Error
California	\$78,672	+/- \$270	\$111,622	+/- \$320	\$89,798	+/- \$376	\$124,332	+/- \$420	\$38,576.00	+/- \$120
San Diego County	\$82,426	+/- \$734	\$111,241	+/- \$1,050	\$95,623	+/- \$868	\$125,286	+/- \$1,218	\$39,737.00	+/- \$356

**2020 American Community Survey (5-year estimates)
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW POVERTY LEVEL
California, Counties, and Places of 65,000 or more**

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	9.0%	+/- .1%	5.4%	+/- .1%	21.5%	+/- .3%
San Diego County	7.2%	+/- .3%	4.3%	+/- .2%	19.0%	+/- .9%

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
 Statistical Section (Unaudited)
 For the Fiscal Year Ended June 30, 2022

Employment Status

2020 American Community Survey
EMPLOYMENT STATUS
 California, Counties, and Places of 65,000 or more

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 - Employed - Estimate	Civilian labor force - Employed- Percent	Civilian labor- Employed- Estimate	Civilian labor force - Unemployed - Percent	Civilian labor force - Unemployed Rate - Percent	Armed Forces - Estimate	Armed Forces - Percent	Not in labor force - Estimate	Not in labor force - Percent
California	31,403,964	20,016,955	63.7%	19,875,973	18,646,894	59.4%	1,229,079	3.9%	6.2%	140,982	0.4%	11,387,009	36.3%
San Diego County	2,683,211	1,772,201	66.0%	1,693,710	1,589,275	59.2%	104,435	3.9%	6.2%	78,491	2.9%	911,010	34.0%

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2022**

Capital Assets

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

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COMPLIANCE SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information 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, 2022, 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, 2022.

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, 2022



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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance

Opinion

We have audited the First 5 Commission of San Diego's (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, 2022.

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 fiscal year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for our opinion. Our audit does not provide a legal determination of the Commission's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws,

statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Commission’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State of California’s Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Commission’s compliance with the requirements of the federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of California’s Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act, but not for the purpose of expressing an opinion on the effectiveness of the Commission’s internal control over compliance. Accordingly, we express no such opinion; and
- Select and test 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>Procedures Performed</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefit Policies	2	Yes

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the State of California's Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act. Accordingly, this report is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
September 15, 2022