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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2026

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FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2026

Issued by:

Manyee Cheng

Fiscal Manager

Prepared by: The Finance Department of the 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, 2026

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FIRST 5 COMMISSION OF SAN DIEGO
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INTRODUCTION SECTION

COMMISSION MEMBERS

TERRA LAWSON-REMER – Chair

RICK RICHARDSON - Vice-Chair

MAYRA E. ALVAREZ – Secretary

DR. KELLY MOTADEL - Commissioner

DR. ELIZABETH HERNANDEZ – Commissioner

ALETHEA ARGUILEZ - Executive Director

October 10, 2026

To the Members of the First 5 Commission of San Diego and the Citizens of San Diego County:

The Annual Comprehensive Financial Report (ACFR) of the First 5 Commission of San Diego (First 5 San Diego) for the fiscal year ended June 30, 2026, 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 activities. A complete audit of the report by an independent firm of certified public accountants is also required. Responsibilities for both the 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 ended June 30, 2026, 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, has issued an unmodified ("clean") opinion on First 5 San Diego's financial statements for the fiscal year ended June 30, 2026. The independent auditor's report is located on page 1 of this ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE COMMISSION

First 5 San Diego was established by the San Diego County Board of Supervisors on December 8, 1998, following the approval of Proposition 10. This statewide ballot initiative marked a significant investment by California voters in the area of early childhood development. Since its inception, First 5 San Diego has had a meaningful and lasting impact on the community, directing nearly $950 million towards programs aimed at enhancing the well-being of young children and families across San Diego County.

LOCAL ECONOMY

San Diego County covers an area of 4,211 square miles, making it the 9th largest county in California by total area. The county stretches nearly 160 miles from the Pacific Ocean to Imperial County in the east. It borders Mexico to the south, as well as Orange County and Riverside County to the north. Within the county, there are 18 incorporated cities. According to the 2024 U.S. Census, the total population of San Diego County is 3,298,799. Among this population, children under 5 years old make up 5.4%, with 36,035 new births recorded in 2024, the most recent year for which data is available.

As of June 2026, the unemployment rate in San Diego County is reported to be 4.4%, according to the California Employment Development Department. This represents an increase from the rate of 3.9% observed in May 2026; however, it remains lower than the 4.7% rate recorded in June 2025. In comparison, the unadjusted unemployment rate for the state of California during the same period is 5.2%, while the national unemployment rate is also 4.4%.

Real gross domestic product (GDP) increased at an annual rate of 1.5 percent in the second quarter of 2026, encompassing the months of April, May, and June, according to the advance estimate released by the U.S. Bureau of Economic Analysis (BEA). In the preceding quarter, real GDP had grown by 2.1 percent. The observed deceleration in real GDP during the second quarter can be attributed to a reduction in government spending and slower rates of growth in investment and exports. These declines were partially counterbalanced by an acceleration in consumer spending.

According to the Bureau of Labor Statistics, the annual inflation rate in the United States was 2.6% in 2025 and has risen to 3.5% for the 12-month period ending in June 2026. Inflation is defined as the increase in prices of goods and services over time, which diminishes the purchasing power of the dollar. The inflation rate serves as the percentage that reflects the speed at which these prices are increasing. Additionally, economists from reputable financial publications and institutions have observed that federal tariffs continue to place upward pressure on consumer prices, raising concerns about potential further price increases as the broader supply chain adjusts to these costs.

High inflation has had a significant negative impact on tobacco sales for First 5 San Diego, consequently affecting the revenue generated through Proposition 10. The latest projections from First 5 California's tax revenue estimates for the fiscal years 2026/2027 through 2029/2030 suggest that revenue from Proposition 10 is expected to decline annually. This anticipated decline is largely attributed to several factors, including inflationary pressures, a decrease in birth rates, and the enactment of Proposition 31, which prohibits the sale of flavored cigarettes.

MAJOR ACCOMPLISHMENTS

- The Commission, recognizing the financial challenges associated with Proposition 10 revenue and the needs of families with young children in San Diego County, has allocated a total of $25,953,910 for service contracts. These funds will be utilized to support initiatives in the areas of health, education, family services, and community development.
- The Commission leveraged funding from HHSA to administer the following programs: the CalWORKs Home Visiting, First 5 First Steps Home Visiting program, Mi Escuelita Therapeutic Preschool program, and the Family First Prevention Services Act (FFPSA).

- The Commission received $4,300,000 from the Tobacco Securitization Special Revenue Fund, allocated by the County of San Diego Board of Supervisors, to support the Healthy Development Services program. This funding is intended to enhance capacity under Proposition 10 and to prevent anticipated budget reductions for the Healthy Development Services program in Fiscal Year 2026/2027.
- First 5 California awarded a grant to promote high-quality early learning through the IMPACT Legacy grant. This initiative is being implemented in collaboration with the San Diego County Office of Education, which is instrumental in leading these efforts. The programs supported by this grant are aligned with the Commission's objectives to assist pregnant individuals, children from birth to age five, and their families.
- The Commission awarded contracts to 12 community-based organizations across San Diego County, focusing on health, education, family engagement services, and community outreach.
- Additionally, the Government Finance Officers Association of the United States (GFOA) reviewed the Annual Comprehensive Financial Report (ACFR) for the fiscal year 2024/2025 and granted the Certificate of Achievement for Excellence in Financial Reporting. The Commission has received this prestigious award for twelve consecutive years.

FUTURE INITIATIVES

This was the first year of the 2025/2030 Strategic Plan, which was approved by the Commission on December 17, 2024, covering fiscal years 2025/2026 through 2029/2030.

The primary components of this plan are:

- The new vision and mission of the Commission, with incorporated guiding principles along with the corresponding goals and objectives to guide annual investments.
- This new strategic plan continues with an overarching goal that focuses on equity, system coordination and integration, sustained funding and policy advocacy.
- The new goals focus on the following:
    - Promoting the comprehensive health and well-being of children 0-5
    - Strengthening the early learning system and the quality of early care and education settings.
    - Family strengthening efforts to support families in providing safe, nurturing, and stable environments.
    - Partnering with communities to grow their capacity to support families and children.

OTHER FINANCIAL INFORMATION

Internal Control

Management is fully responsible for the accuracy and completeness of the information contained in this report. This responsibility is based on a comprehensive framework of internal controls that have 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 sufficient accounting data is compiled for preparing the financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in the United States. The objective is to provide reasonable assurance, rather than absolute assurance that the financial statements are free from any material misstatements, while ensuring that the costs of internal controls do not exceed the anticipated benefits.

Budgetary and Accounting Systems

The Commission is required to adopt an operating budget for the upcoming year before the conclusion of each fiscal year. Any increases in the approved appropriations during the fiscal year require the Commission's approval. Additionally, Commissioners receive periodic financial updates during the regularly scheduled Commission meetings from the Finance Committee Chair and Executive Director.

Financial Spending Plan

The Commission annually adopts a 5-year Financial Spending Plan (FSP) as part of the budget approval process. The FSP serves as a guideline for program funding allocations and aims to reduce the Sustainability Fund (Fund Balance) to a total of $5.0 million, designated for a Management Reserve. It is expected that an average of approximately $1.5 million will be utilized from the Sustainability Fund over the next five years.

ACKNOWLEDGEMENTS

The Commission's Annual Comprehensive Financial Report was prepared through the collaborative effort of First 5 San Diego's staff. Special recognition is due to the Fiscal Department staff for their efforts to ensure timely and accurate reporting. I would also like to thank the Commissioners and our Finance Committee members for their continued support and oversight of the financial operations of First 5 San Diego in a responsible and comprehensive manner.

Sincerely,



Alethea Arguilez
Executive Director

Transmitted,



Manyee Cheng
Fiscal Manager

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FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Board of Commissioners

Terra Lawson-Remer - Chair

Rick Richardson - Vice Chair

Mayra E. Alvarez - Secretary

Dr. Kelly Motadel - Commissioner

Dr. Elizabeth Hernandez - Commissioner

Executive Director

Alethea Arguilez

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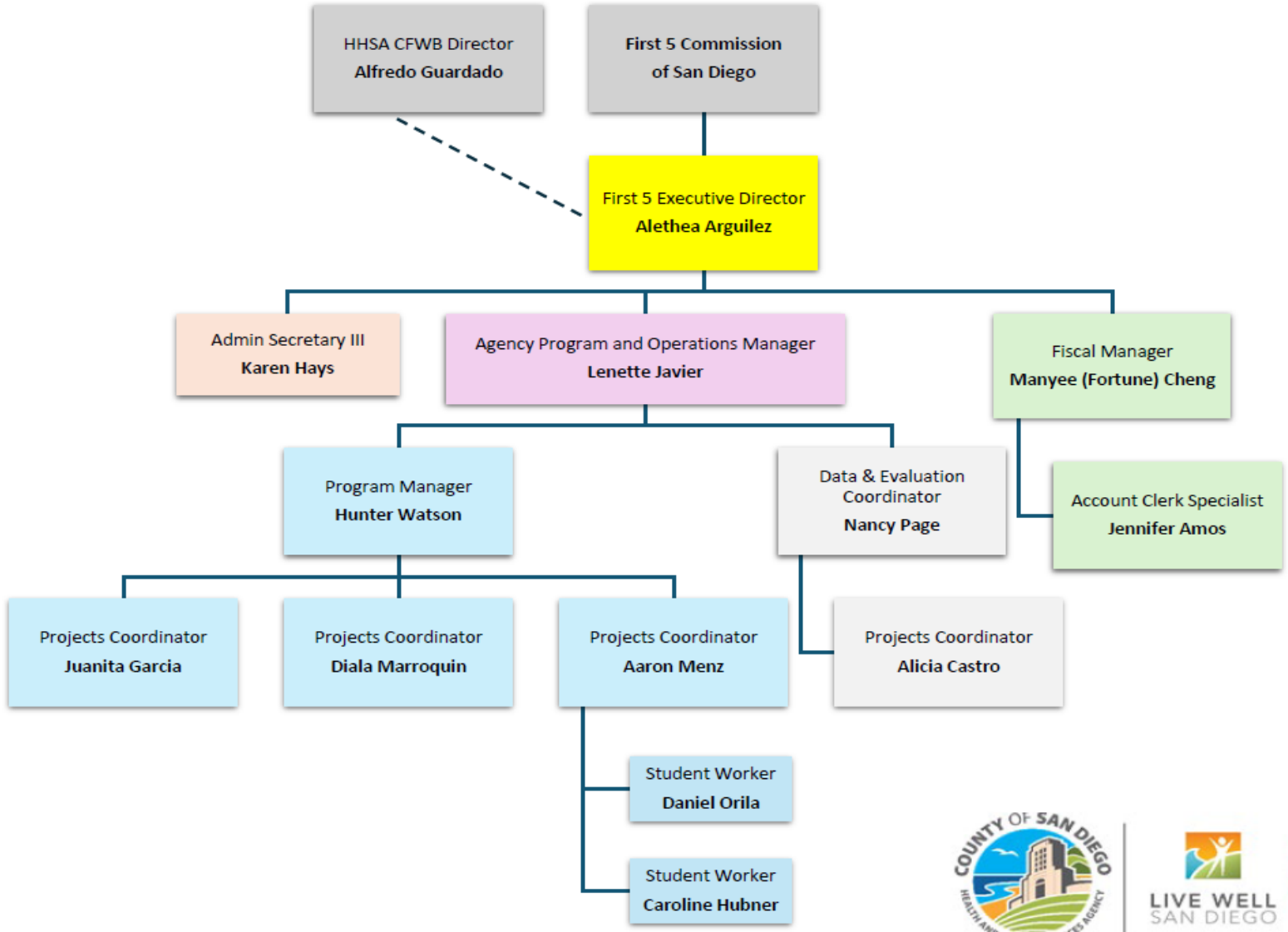
HEALTH AND HUMAN SERVICES AGENCY
FIRST 5 COMMISSION OF SAN DIEGO

June 30, 2026



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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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025



and issued to the public 99 days after the fiscal year end

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2026, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Commission, as of June 30, 2026, 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, during the fiscal year ended June 30, 2026, the Commission adopted new accounting guidance, GASB Statement No. 103, Financial Reporting Model Improvements. Our opinions are not modified with respect to this matter.

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 management's discussion and analysis on pages 5 through 10 and the Budgetary Comparison information on pages 32 through 34, 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, which 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 supplementary information on pages 36 through 47 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is 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. These included 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.

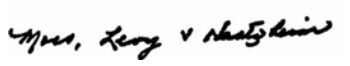
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2026, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control 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
October 10, 2026

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

The Management's Discussion and Analysis (MD&A) provides a comprehensive overview of the First 5 Commission of San Diego's financial activities for the fiscal year ended June 30, 2026. This overview is intended to be considered alongside the financial statements provided by the Commission, ensuring a thorough understanding of its financial performance during the reporting period.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual comprehensive financial report includes management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements comprise government-wide financial statements, fund financial statements, and notes to the basic financial statements. The Commission's financial statements provide key, high-level financial information about its activities.

The financial statements have been prepared in accordance with all applicable *Governmental Accounting Standards Board* (GASB) statements, including the newly implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and its amendments. The MD&A includes required comparative information between the current and prior fiscal years.

Government-Wide Financial Statements

The G*overnment-Wide Financial Statements* provide a broad overview of the Commission's finances using the economic resources measurement focus and the accrual basis of accounting, similar to private-sector businesses.

The *Statement of Net Position* presents a detailed account of all the Commission's assets and liabilities, with the net position calculated as the difference between these two components. Changes in net position are significant indicators of whether the financial condition of the Commission is improving or declining.

The *Statement of Activities* illustrates the variations in net position that occurred throughout the fiscal year. It is imperative to recognize that all changes in net position are accounted for when the underlying events transpire, regardless of the timing of associated cash flows.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

Fund financial statements provide detailed, short-term information about the Commission's segregated resources, focusing on near-term inflows, outflows, and balances of spendable resources. This contrasts with the long-term economic perspective presented in the government-wide financial statements. To ensure legal compliance and regulatory accountability, the Commission's Proposition 10 resources are classified as a Special Revenue Fund within the County of San Diego's ORACLE accounting system. The Commission adopts an annual appropriated budget for this fund; compliance with these legal mandates is demonstrated in the Budgetary Comparison Schedule on page 32.

The fund financial statements can be found on pages 13 through 16 of this report.

Required Supplementary Information

Required supplementary information presents the Budgetary Comparison Schedule for the governmental fund, which compares the original budget, the final budget, and actual results. Explanations of significant variances are included in the accompanying notes. The required supplementary information can be found on pages 32 through 34 of this report.

FINANCIAL SUMMARY

During the reporting period, expenditures surpassed revenues by $64,090, a situation attributed to the planned decrease in the Sustainability Fund. Total revenues for this period amounted to $29,242,688, while total expenditures were $29,306,778. On the government-wide basis, net position decreased by $82,242.

Expenditures are categorized into four areas: **Administrative**, **Program**, **Evaluation**, and **Debt Service**. The details are as follows:

- **Administrative** expenditures totaled $2,070,440, which constitutes 7.06% of the total expenditures.
- **Program** expenditures amounted to $25,953,910, representing 88.6% of the overall total.
- **Evaluation** expenditures were $978,844, or 3.34%.
- **Debt Service** expenditures accounted for $303,584, equivalent to 1.04% of the total expenditures.

Government-Wide Financial Statements

Net Position

Table I: Net Position

	FY 2025/2026	FY 2024/2025	Variance ($)	% Change
Assets:				
Current and other assets	$ 26,710,125	$ 30,538,881	($ 3,828,756)	(12.54%)
Capital assets	1,259,853	1,556,289	(296,436)	(19.05%)
Total assets	27,969,978	32,095,170	(4,125,192)	(12.85%)
Liabilities:				
Long-term liabilities	1,314,853	1,585,165	(270,312)	(17.05%)
Other liabilities	7,883,508	11,656,146	(3,772,638)	(32.37%)
Total liabilities	9,198,361	13,241,311	(4,042,950)	(30.53%)
Net Position:	18,771,617	18,853,859	(82,242)	(0.44%)
Net investment in capital assets	(115,200)	(112,437)	(2,763)	(2.46%)
Restricted	-	-	-	-
Unrestricted	18,886,817	18,966,296	(79,479)	(0.42%)
Total Net Position	**$ 18,771,617**	**$ 18,853,859**	**($ 82,242)**	**(0.44%)**

Changes in Net Position

Table II: Changes in Net Position

	FY 2025/2026	FY 2024/2025	Variance ($)	% Change
Program Revenues	$ 28,517,570	$ 30,024,353	($ 1,506,783)	(5.02%)
General Revenues	725,118	895,469	(170,351)	(19.02%)
Total Revenues	**29,242,688**	**30,919,822**	**(1,677,134)**	**(5.42%)**
Administrative Expenses	3,371,020	3,814,846	(443,826)	(11.63%)
Program Expenses	25,953,910	33,431,737	(7,477,827)	(22.37%)
Total Expenses	**29,324,930**	**37,246,583**	**(7,921,653)**	**(21.27%)**
Change in net position	(82,242)	(6,326,761)	6,244,519	(98.70%)
Net position – Beginning, July 1	**$ 18,853,859**	**$ 25,180,620**	**($ 6,326,761)**	**(25.13%)**
Net position – Ending, June 30	**$ 18,771,617**	**$ 18,853,859**	**($ 82,242)**	**(0.44%)**

DETAILED ANALYSES

In fiscal year 2025/2026, the Commission reported total assets of $27.97 million, down $4.13 million, or 12.85 percent, from the previous fiscal year. This reduction mainly stemmed from a $3.83 million decrease in current assets, primarily cash and investments, as the Commission paid the prior fiscal year's contractor payables. Accounts payable fell from $11.11 million to $7.33 million, or 34 percent, primarily because of lower fiscal year-end accruals, and total other liabilities decreased from $11.66 million to $7.88 million. These results are consistent with the Long-Term Financial Spending Plan. The Commission's net position declined from $18.85 million in 2024/2025 to $18.77 million in 2025/2026, down about 0.44 percent. Total revenue decreased to $29.24 million, and program costs fell by $7.48 million, or 22.37 percent, to $25.95 million, in line with the long-term financial plan.

The following is a summary of the Commission's revenue, expenses, and change in net position comparing FY 2025/2026 with FY 2024/2025:

- The Commission has reported total revenues of approximately $29.24 million for Fiscal Year 2025/2026, reflecting a decrease of $1.68 million, or 5.42%, compared to the previous fiscal year's total revenues of $30.92 million. This decline in revenue is primarily attributable to a reduction in tobacco tax revenue, which decreased from $13.44 million in Fiscal Year 2024/2025 to $12.94 million in FY 2025/2026, representing a decline of approximately $0.5 million, or 3.7%. A significant contributing factor to this revenue decline has been the reduction in funding from Proposition 10, which has been adversely affected by the impacts of Proposition 31, concerning the prohibition of flavored tobacco products. Furthermore, it is important to note that the birth rate in San Diego County has consistently declined over the past decade and has now fallen below its long-term historical average. Moreover, the Proposition 56 backfill consists of the reallocation of new tobacco tax revenues intended to replace diminishing state and local funds resulting from decreased sales of cigarettes and tobacco products. In Fiscal Year 2025/2026, the backfill amount decreased to $4.71 million, down from $5.69 million in the preceding fiscal year, marking a decrease of $0.98 million, or 17.2%.

- New HHSA funding began this fiscal year for the First 5 First Steps Home Visiting Program ($597,064) and the Mi Escuelita Therapeutic Preschool Program ($653,160), and CalWORKs Home Visiting revenue increased $287,110. Family First Prevention Services Act (FFPSA) funding decreased $484,774. FFPSA funding is reimbursed by HHSA based on eligible program costs, and the fiscal year 2025/2026 FFPSA allocation was approved during the fiscal year rather than in the original budget. HHSA also began funding the First 5 First Steps home visiting program through the separate allocation noted above, and the two sources together provided $997,753 compared with $885,463 in the prior fiscal year. In addition, the F5CA IMPACT Legacy Grant decreased $177,243, and one-time funding received in the prior fiscal year ended, including the First 5 California Home Visiting Coordination and Technical Assistance grant ($586,282), which was approved only for fiscal years 2019/2020 through 2024/2025, the HHSA Child Care Program ARPA allocation ($250,000), and the HHSA PHS Doula Pilot Program ($47,101).

- Program expenses decreased by $7.48 million, representing a reduction of 22.37% compared to the previous fiscal year. This decline was primarily due to some contractors delaying the filling of vacancies amid uncertainties surrounding funding levels for 2025/2026, as well as the impending re-procurement process for the home visiting and healthy development services programs. Additionally, the continued decline in revenue was a significant factor in shaping the budget for FY 2025/2026. The funding for the Learn Well Initiative was reduced from $8.25 million in FY 2024/2025 to $4 million in FY 2025/2026. The Oral Health Initiative budget was decreased from $1 million to $500,000, and the KidStart Center program was reduced from $1.1 million in FY 2024/2025 to $975,000 in FY 2025/2026. Furthermore, the $300,000 allocated for the First 5 San Diego Warmline, which provides information and referrals, has been transitioned internally to the HHSA Child and Family Well-Being (CFWB) Department.

- Administrative expenses decreased $443,826, or 11.63%, from the previous fiscal year. Labor and benefits fell $378,806 because one full-time position was eliminated through attrition and a portion of six staff members' labor was cost-allocated to the HHSA Child and Family Well-Being Department. Compensated absences expense decreased $198,788, from $214,177 to $15,389, because the prior fiscal year included the effect of implementing GASB Statement No. 101, which required the Commission to begin accruing sick leave. These decreases were partly offset by a $129,508 increase in data and evaluation costs.

- General revenues decreased by $170,351, or 19.02%, from the previous fiscal year. This reduction can primarily be attributed to a lower fund balance in the investment account during the fiscal year.

- The governmental fund's fund balance decreased $64,090, from $19,322,300 to $19,258,210, as expenditures of $29,306,778 exceeded revenues of $29,242,688. This is a much smaller decrease than the $6,099,201 decline in the prior fiscal year, because contributions to community programs fell $7,477,827 while total revenues fell only $1,677,134. The entire fund balance, other than $3,088 in prepaid items, is committed by the Commission, including $5,000,000 for the Management Reserve and $14,255,122 for program, evaluation, and administrative purposes (Note 13).

- In 2009, the Commission made a strategic decision to eliminate the Sustainability Fund by systematically expending its resources each fiscal year until it is fully depleted. This approach has allowed for the maintenance of consistent funding levels within the community, even as revenues from Proposition 10 have been in decline. Since 2013, the Net Position has consistently decreased each fiscal year, with the only exception being Fiscal Year 2020/2021. During the Strategic Plan period from Fiscal Year 2025 to 2030, the fund is anticipated to be reduced by an average of $1.5 million annually in order to mitigate the potential impact on programs and initiatives when the fund is exhausted.

SIGNIFICANT CAPITAL ASSETS AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The Commission's only capital asset is a right-to-use lease asset for its office space. At June 30, 2026, the lease asset was $1,259,853, net of accumulated amortization of $1,482,180. This is a decrease of $296,436 from $1,556,289 at June 30, 2025, due to current-year amortization. The Commission did not acquire or dispose of any capital assets during the fiscal year and has no outstanding commitments for capital expenditures.

Long-Term Debt

At June 30, 2026, the Commission's long-term liabilities totaled $1,746,446, a decrease of $278,284 from $2,024,730 at June 30, 2025. The lease liability decreased $293,673 to $1,375,053 as a result of scheduled principal payments, and the lease runs through fiscal year 2030/2031. Compensated absences increased $15,389 to $371,393. The Commission did not issue any debt during the fiscal year and has no bonds or other borrowings.

Additional information regarding the Commission's capital assets and long-term liabilities can be found in Notes 4, 7, 8, and 9 to the financial statements.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

On December 17, 2024, the Commission approved a Strategic Plan that will guide its community investments for the fiscal years 2025/2026 to 2029/2030. Following this five-year period, the Commission will discontinue the Sustainability Fund, which has previously facilitated investments in programs exceeding available revenue. This decision results from a gradual reduction of the fund throughout the five-year financial planning cycle. The objective is to convert the Sustainability Fund into a sufficient Management Reserve while ensuring that expenses are aligned with revenues in the fiscal years after 2030.

The Sustainability Fund provided an average of $2.9 million per year in supplemental revenue during the 2025/2030 Strategic Plan. By the end of this period, the fund is expected to be nearly depleted, with approximately $5.0 million remaining as a management reserve.

During the committee meeting held on May 28, 2026, the Commission formally approved the Budget and allocated funding for fiscal year 2026/2027 to the following programs:

Healthy Development Services	$ 12,700,000
Integrated Prevention and Early Intervention Services	2,000,000
First 5 First Steps Home Visiting	6,530,012
Learn Well Initiative	3,000,000
Oral Health Initiative	500,000
F5CA Impact Legacy Grant	1,424,672
Parent & Public Education	485,000
Community Outreach	75,000
Total	**$ 26,714,684**

The revenues generated from Proposition 10, which are derived from tobacco product sales, are anticipated to continue their decline as sales of these products decrease. The Commission estimates that it will receive approximately $15 million per fiscal year in Proposition 10 revenues after the Sustainability Fund is fully exhausted at the conclusion of the 2029/2030 fiscal year. In response to this trend, the Commission is actively seeking additional funding opportunities through partnerships within HHSA, grants, and new revenue sources to ensure the ongoing sustainability of services provided to children and families in San Diego County.

Recent projections from the First 5 CA Commission show that San Diego County revenues are expected to decline by 3% in the upcoming fiscal year. This reduction is largely due to the flavor ban implemented in December 2022. Other contributing factors include cigarette price increases from inflation, which have impacted affordability and consumption, and a nationwide shift in attitudes toward smoking and vaping.

The birth rate in San Diego County has steadily declined over the past decade, falling below its historical average. From 1990 to 2024, the county averaged 43,839 births per year, but recent years have seen consistently lower numbers. In 2024, there were 36,035 births reported.

San Diego County's economy is strong, with real GDP projected at $266.9 billion and 2.1% year-over-year growth, according to the latest BEA data. According to the Bureau of Labor Statistics, the Consumer Price Index for All Urban Consumers rose 3.5% nationally for the 12 months ending June 2026, up from 2.6% in 2025. Inflation reduces purchasing power by increasing prices for goods and services. Economists caution that federal tariffs may continue to push prices higher.

Throughout the years, First 5 San Diego has relied primarily on two key revenue sources: Proposition 10, the State of California Tobacco Tax and grant funding provided by First 5 California for various statewide programs. Across California, there are a total of 58 First 5 Commissions, each with the opportunity to apply for funding tailored to specific programs within their respective counties.

In recent years, First 5 San Diego has experienced a shift in its revenue stream due to declining tobacco tax revenues. In response, we have pursued additional funding and established partnerships with the County of San Diego Health and Human Services Agency (HHSA). We have moved from being the primary funder to a collaborative model that combines multiple funding streams. This approach supports initiatives for children ages 0 to 5 and their families in San Diego County, strengthening collaboration and enhancing community services.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the First 5 Commission of San Diego finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to First 5 Commission of San Diego, 9655 Granite Ridge Drive, Suite 120, San Diego, California 92123.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION

STATEMENT OF NET POSITION

JUNE 30, 2026

	GOVERNMENTAL ACTIVITIES
	2026
Assets	
Cash and investments in county treasury	$ 24,588,657
Imprest cash	250
Accounts receivable	1,636,191
Due from County of San Diego	481,939
Prepaid expenses	3,088
Non-current assets:	
Capital Assets	
Right-to-use lease assets	2,742,033
Less accumulated amortization	(1,482,180)
Total assets	27,969,978
Liabilities	
Accounts payable	7,333,595
Due to County of San Diego	118,320
Long-term liabilities:	
Due within one year	431,593
Due in more than one year	1,314,853
Total liabilities	9,198,361
Net Position	
Net position	
Net investment in capital assets	(115,200)
Unrestricted	18,886,817
Total net position	$ 18,771,617

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, 2026

GOVERNMENTAL ACTIVITIES	EXPENSES	PROGRAM REVENUES OPERATING GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES 2026
Health	$ 13,481,127	$ 12,315,601	$ (1,165,526)
Learning	6,074,476	5,425,959	(648,517)
Family	6,180,853	7,288,090	1,107,237
Community	217,454	119,663	(97,791)
General Administration	3,064,673	3,368,257	303,584
Interest on long-term debt	9,911	-	(9,911)
Amortization	296,436	-	(296,436)
Total governmental activities	$ 29,324,930	$ 28,517,570	$ (807,360)
GENERAL REVENUES:			
Net investment revenue			725,118
Total general revenues			725,118
Change in net position			(82,242)
Net position, beginning of fiscal year			18,853,859
Net position, end of fiscal year			$ 18,771,617

See accompanying notes to the basic financial statements.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION

BALANCE SHEET

GOVERNMENTAL FUND

JUNE 30, 2026

Assets	**2026**
Cash and investments in county treasury	$ 24,588,657
Imprest cash	250
Accounts receivable	1,636,191
Due from the County of San Diego	481,939
Prepaid expenditures	3,088
Total assets	$ 26,710,125
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	$ 7,333,595
Due to the County of San Diego	118,320
Total liabilities	7,451,915
Fund Balance:	
Non-spendable	3,088
Committed	19,255,122
Total fund balance	19,258,210
	$ 26,710,125

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, 2026

		2026
Total governmental fund balance		$ 19,258,210
In governmental funds, only current assets are reported. The statement of net position shows the cost of the right-to-use lease, less accumulated amortization. Long-term assets related to governmental activities consist of:		
Right-to-use lease assets relating to governmental activities		
at historical costs:	$ 2,742,033	
Accumulated amortization	(1,482,180)	
Net		1,259,853
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:		
Compensated absences	$ (371,393)	
Lease payable	(1,375,053)	
Total		(1,746,446)
Net position of governmental activities		$ 18,771,617

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, 2026

Revenues:	2026
Prop 10 tobacco tax (including SMIF, CECET & Prop 56 back-fill)	$ 17,650,449
F5CA IMPACT Legacy Grant	1,430,072
HHSA CalWORKs Home Visiting Program	3,486,136
HHSA First 5 First Steps Home Visiting Program	597,064
HHSA Mi Escuelita Therapeutic Preschool Program	653,160
HHSA Family First Prevention Services Act (FFPSA)	400,689
HHSA Tobacco Settlement Revenue Securitization Trust Fund	4,300,000
Interest revenue	725,118
Total revenues	$29,242,688
Expenditures:	
Labor and benefits (* less: Evaluation Labor)	1,823,261
Services and supplies	247,179
Evaluation (*added: Evaluation Labor)	978,844
Contributions to community programs and initiatives	25,953,910
Debt Service - Principal - Leases	293,673
Debt Service – Interest - Leases	9,911
Total expenditures	29,306,778
Net change in fund balance	(64,090)
Fund balance, beginning of fiscal year	19,322,300
Fund balance, end of fiscal year	$19,258,210

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, 2026

	2026
Net change in total governmental fund balance	$ (64,090)
In governmental funds, the cost of lease assets is reported as expenditures in the period acquired. In the statement of activities, the cost of lease assets is allocated over their lease terms as amortization expense.	(296,436)
In governmental funds, repayments of long-term debt are reported as expenditures. In the government-wide statements, repayment of long-term debt is reported as a reduction of liabilities.	293,673
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).	(15,389)
Change in net position of governmental activities	$(82,242)

See accompanying notes to the basic financial statements.

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) Chair 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.

On December 17, 2024, the Commission approved the Strategic Plan for 2025/2030. This plan strategically directs the Commission's investments to achieve significant outcomes that support 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 specifies the allocation of up to $25,953,910 for the fiscal year 2025/2026, focusing on four strategic goal areas that enhance the critical relationships essential for the healthy development of young children: (1) Health, (2) Learning, (3) Family, and (4) Community. Furthermore, the plan anticipates a reduction in the fund balance from $14.3 million at the beginning of FY 2025/2026 to $6.7 million at the conclusion of FY 2029/2030, excluding a Management Reserve of $5 million.

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.

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.

The net position that is a net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of the 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. The unrestricted net position consists of a 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 $26.6 million per the Financial Spending Plan that was approved in April 2025. 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. Unrealized gains and losses under the Governmental Accounting Standards Board's Statement No. 31 (GASB Statement No. 31) is not included in the budget.

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 results 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 lease assets

The Commission has recorded the right-to-use lease assets as a result of implementing GASB Statement No. 87. The right-to-use lease assets is 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 lease assets will be amortized on a straight-line basis over the term of the lease, which has an estimated useful life of 10 years.

G. Adopted Accounting Pronouncements

During the fiscal year ended June 30, 2026, the Commission implemented the following GASB Pronouncements:

GASB Statement No. 103, *Financial Reporting Model Improvements*: Effective July 1, 2025, the Commission implemented GASB Statement No. 103, Financial Reporting Model Improvements. This Statement updates the requirements for Management's Discussion and Analysis (MD&A), which is now limited to five required sections. It also requires that budgetary comparison information be presented as required supplementary information. That presentation includes variances between the original and final budget and between the final budget and actual amounts, with explanations of significant variances in the notes to required supplementary information. Implementation of this Statement changed the presentation of the Commission's MD&A and budgetary comparison information and had no effect on the Commission's net position or fund balance.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*: Effective July 1, 2025, the Commission implemented GASB Statement No. 104, *Disclosure of Certain Capital Assets*. This Statement requires that lease assets and other intangible capital assets be disclosed separately by major class in the capital asset note disclosures, and requires additional disclosures for capital assets held for sale. The Commission's right-to-use lease asset is presented separately in Note 4, and the Commission has no capital assets held for sale. Implementation of this Statement did not have a material impact on the Commission's financial statements.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Future Accounting Pronouncements

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

Statement No. 105	"Subsequent Events"	The provisions of this statement are effective for fiscal years beginning after June 15, 2026.

NOTE 2: CASH AND INVESTMENTS IN COUNTY TREASURY

The Commission's cash and investments at June 30, 2026 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, 2026, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2026:
Assets Invested through the County Treasurer's Office:

County Pool	$	24,588,657
Total Cash and Investments by County Treasury	$	24,588,657

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 the 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 authorization from the San Diego Board of Supervisors on March 22, 2005 to invest for a maximum of 20 years.

NOTE 2: CASH AND INVESTMENTS IN 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:

		Remaining Maturity in Months		
Investment Type	Amount	12 months or less	13 to 24 months	25 to 60 Months
County Pool	$ 24,588,657	$ 24,588,657	$ -	$ -
Total	$ 24,588,657	$ 24,588,657	$ -	$ -

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.

Investment Type	Amount	Minimum Rating Required	Credit Quality Rating
County Pool	$ 24,588,657	VARIOUS	AAA
Total	$ 24,588,657		

NOTE 2: CASH AND INVESTMENTS IN 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 2025/2026			

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 secured 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.

NOTE 2: CASH AND INVESTMENTS IN 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 reasonably 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, 2026, were as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Uncategorized	Total
Investments in County Treasury	$ -	$ -	$ -	$ 24,588,657	$ 24,588,657
Total leveled investments	$ -	$ -	$ -	**$ 24,588,657**	**$ 24,588,657**

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable is recorded at its full value and represents the amount of Prop 10 revenue that the California Children and Families Commission (First 5 California) owes to the Commission for June 2026, the fourth quarter of the California Electronic Cigarette Excise Tax (CECET), as well as miscellaneous revenue from the Surplus Money Investment Fund (SMIF). Additionally, First 5 California owes First 5 San Diego for the fourth quarter revenues from the CA IMPACT Legacy Grant for the fiscal year 2025/2026.

Prop 10 revenue for:

June 2026	$ 1,066,200
California Electronic Cigarette Excise Tax (CECET)	22,068
Surplus Money Investment Fund (SMIF)	115,329
F5CA IMPACT Legacy Grant	432,594
	$ 1,636,191

NOTE 4: CAPITAL ASSETS - RIGHT-TO-USE LEASE ASSET

The Commission has recorded a right-to-use lease asset. The asset is a right-to-use asset for a leased office space. The related lease is discussed in the lease subsection of the lease payable, Note 9. The right-to-use lease asset is amortized on a straight-line basis over the terms of the related lease.

Right-to-use lease asset activity for the Commission for the fiscal year ended June 30, 2026, was as follows:

Capital Asset

Lease Assets	Beginning Balance	Increases	Decreases	Ending Balance
Right-to-use – office complex	$ 2,742,033	$ -	$ -	$ 2,742,033
Total Lease Assets	2,742,033	-	-	2,742,033
Less accumulated amortization for:				
Right-to-use – office complex	1,185,744	296,436	-	1,482,180
Total accumulated amortization	1,185,744	296,436	-	1,482,180
Lease Assets, Net	$ 1,556,289	$ (296,436)	$ -	$ 1,259,853

NOTE 5: ACCOUNTS PAYABLE

Accounts payable is comprised of $7,333,595 in funding due to contractors at June 30, 2026.

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 $481,939 for:

1) Investment interest earnings of $288,680;
2) HHSA reimbursement of the burden cost of $4,769;
3) Contract reimbursement of $188,490;

The Commission owes the County of San Diego $118,320 for:

4) Purchasing & Contracting services of $11,403;
5) Computing and IT charges of $6,304;
6) Commission labor and burden cost of $100,613;

NOTE 7: LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2026, was as follows:

	Balance at July 1, 2025	Additions	Reductions	Balance at June 30, 2026	Due Within One Year
Governmental Activities:					
Other long-term liabilities:					
Compensated Absences	$ 356,004	$ 69,937	$ (54,548)	$ 371,393	$ 126,967
Lease Liabilities	1,668,726	-	(293,673)	1,375,053	304,626
Total	$ 2,024,730	$ 69,937	$ (348,221)	$ 1,746,446	$ 431,593

NOTE 8: COMPENSATED ABSENCES

The compensated absences liability balance for the fiscal year ended June 30, 2026 is $371,393.

The Commission is currently implementing the provisions outlined in GASB Statement No. 101 regarding Compensated Absences in the financial statements starting from the prior fiscal year. Sick leave has been recognized as a liability due to the fact that it is not disbursed upon termination. The Commission allows employees to accumulate earned but unused vacation and sick leave benefits.

The evaluation of the liability for unused leave is conducted under a unified accrual model. This model acknowledges that leave accumulates, is attributable to services that have already been rendered, and is likely to be utilized or compensated upon an employee's separation or retirement. The calculated liability is based on the employee pay rates effective at the end of the fiscal year, including any additional salary-related employer payroll taxes, such as Medicare and Social Security.

NOTE 9: LEASE PAYABLE

The Commission has entered into an agreement to lease office space. This 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 its inception.

The first agreement was executed on April 5, 2020, to lease office space and requires 125 monthly payments, initially in the amount of $21,060 per month and a 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 lease asset with a net book value of $1,259,853 on June 30, 2026. The right-to-use lease asset is discussed in more detail in Note 1 (F) and Note 4 – Right-to-use lease asset.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2026, were as follows:

Fiscal Year Ending June 30	Principal Payments	Interest Payments	Total
2027	$ 304,626	$ 8,777	$ 313,403
2028	315,923	6,578	322,501
2029	327,575	4,297	331,872
2030	339,592	1,932	341,524
2031	87,337	103	87,440
	$ 1,375,053	$ 21,687	$ 1,396,740

NOTE 10: REVENUE

The Commission receives a proportionate share of Proposition 10, California Electronic Cigarette Excise Tax (CECET), 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 11, 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 2025/2026 is comprised of:

Prop 10 revenue (monthly allocations)	$ 12,648,491
California Electronic Cigarette Excise Tax (quarterly allocations)	172,819
SMIF	115,329
Prop 56 backfill (included in Prop 10 in Financials)	4,713,810
F5CA IMPACT Legacy Grant	1,430,072
HHSA CalWORKs Home Visiting Program	3,486,136
HHSA First 5 First Steps Home Visiting Program	597,064
HHSA Mi Escuelita Therapeutic Preschool Program	653,160
HHSA Family First Prevention Services Act (FFPSA)	400,689
HHSA Tobacco Settlement Revenue Securitization Trust Fund	4,300,000
Interest	725,118
Total Revenue	$ 29,242,688

NOTE 11: SPECIAL FUNDING

Special funding for FY 2025/2026 included $1,430,072 for F5CA IMPACT Legacy Grant; $3,486,136 for HHSA CalWORKs Home Visiting Program; $597,064 for HHSA First 5 First Steps Home Visiting Program; $653,160 for HHSA Mi Escuelita Therapeutic Preschool Program; $400,689 for HHSA Family First Prevention Services Act (FFPSA); and $4.3 million from HHSA Tobacco Securitization Special Revenue Fund for the Healthy Development Services program.

F5CA IMPACT Legacy Grant

The primary purpose of the F5 IMPACT Legacy is to enhance the quality of early learning and care (ELC) environments across California. This grant focuses on improving the quality of ELC program and ensuring that all children experience high-quality learning. The grant is designed to strengthen and advance the ELC system, engage programs and early educators in Quality Counts California (QCC), and leverage other funding sources for future growth. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 36 and 37.

HHSA CalWORKs Home Visiting Program

The California Work Opportunity and Responsibility to Kids (CalWORKs) Home Visiting Program (HVP) is a voluntary program funded 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 schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 38 and 39.

HHSA First 5 First Steps Home Visiting Program

The County of San Diego, in collaboration with the Child and Family Well-Being (CFWB) department, allocated additional funding to support the First 5 First Steps (F5FS) home visiting program. The F5FS program offers home visiting services to targeted populations throughout the county. It specifically focuses on families identified as having key risk factors that can lead to poor child health and well-being outcomes. These risk factors include young, first-time parents, low-income households, parents with low educational attainment, and families residing in isolated areas or lacking access to other sources of social support. The primary goal of the Commission's home visitation strategy is to promote positive parenting, enhance child health and development, and prevent child abuse and neglect. This program is supported by evidence demonstrating its effectiveness in preventing involvement in the formal child welfare system. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 40 and 41.

HHSA Mi Escuelita Therapeutic Preschool Program

The County of San Diego, through the Child and Family Well-Being (CFWB) program and its provider, SBC Corporation, aims to deliver wraparound supportive services for children and families, with the ultimate goal of promoting empowerment and self-sufficiency. The Mi Escuelita Therapeutic Preschool Program includes policies and procedures that assess families for both

NOTE 11: SPECIAL FUNDING (continued)

strengths and barriers, ensuring that children and families are safe, well-connected to community resources, and prepared for the real-life circumstances that exist outside the program. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 42 and 43.

HHSA Family First Prevention Services Act (FFPSA)

Through a collaboration with the County of San Diego Child and Family Well-Being (CFWB) department access to additional funding from the Family First Prevention Services Act (FFPSA) supported the First 5 First Steps (F5FS) home visiting program. F5FS provides home visiting services to targeted populations throughout the county. This includes families known to CFWB, as well as community families who qualify for assistance under FFPSA. The program targets families identified as having key risk factors for poor child health and well-being outcomes. These include young, first-time parents, low-income households, parents with low educational attainment, FFPSA candidates, and families living in isolated areas or lacking access to other sources of social support. The primary goal of the Commission's home visitation strategy is to promote positive parenting, enhance child health and development, and prevent child abuse and neglect. This is achieved using the evidence-based Healthy Families America (HFA) curriculum within the F5FS program. F5FS offers regular one-on-one visits over a designated period, establishing processes for sharing information and resources with parents. This program is backed by evidence demonstrating its effectiveness in preventing entry into the formal child welfare system. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 44 and 45.

HHSA Tobacco Settlement Revenue Securitization Trust Fund

The First 5 Commission of San Diego received $4,300,000 from the Tobacco Settlement Revenue Securitization Trust Fund (Tobacco Settlement Fund) to support the Healthy Development Services program (HDS). HDS is a groundbreaking program that promotes young children's optimal healthy development and learning by identifying and addressing problems early. HDS focuses on children who present mild to moderate developmental and behavioral concerns and do not qualify for services provided by schools or through traditional health insurance. This funding aims to enhance capacity under Proposition 10 and prevent expected budget reductions for the program in Fiscal Year 2026-27. These funds are designated to ensure the continuity of services provided by the HDS Program. This allocation includes the FY 2025/2026 amount of $4,300,000 from the Tobacco Settlement Trust Fund, facilitating an increase in revenue available under Proposition 10. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 46 and 47.

NOTE 12: DATA & EVALUATION EXPENSES

The Commission spent $978,844 on data and evaluation during the fiscal year. This consisted of $771,173 for program data and evaluation, including the CMEDS database used to collect and report program data, and $207,671 for salaries and benefits of Commission staff assigned to data and evaluation. These activities support the Commission's evaluation of program outcomes and its annual reporting to First 5 California.

NOTE 13: FUND BALANCES

As of June 30, 2026, 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 balances are available, the Commission considers restricted funds to have been spent first. When an expense is incurred for which committed, assigned, or unassigned fund balances 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.

NOTE 13: FUND BALANCES (continued)

The details of the fund balances as of June 30, 2026 are presented below:

Fund Balance:

Non-spendable:	
Prepaid items	$ 3,088
Committed To:	
Administration	1,140,045
Evaluation	386,953
Healthy Development Services	5,965,619
KidSTART	228,995
Integrated Prevention and Early Intervention	469,734
Oral Health Initiative	234,867
Learn Well Initiative	2,313,285
Mi Escuelita Therapeutic Preschool Program	153,405
First 5 First Steps Home Visiting	1,300,943
HHSA CalWORKs Home Visiting Program	1,812,316
Parent & Public Education	207,857
Community Outreach	41,103
Management Reserve	5,000,000
Total Committed	19,255,122
Total Fund Balance	$ 19,258,210

NOTE 14: RELATED PARTY TRANSACTIONS

The Commission is a discretely presented component unit of the County of San Diego (the County). The Chair of the Commission is a member of the County Board of Supervisors, and the Director of the County Health and Human Services Agency (HHSA) serves as a Commissioner. Commission staff are County employees. The County provides treasury and investment, purchasing and contracting, information technology, and legal counsel services to the Commission.

During the fiscal year ended June 30, 2026, the Commission reported expenditures of $2,030,932 for County labor and benefits, $76,454 for purchasing, contracting, and information technology services, and $8,630 for County of San Diego counsel services. The Commission also received $9,437,049 in revenue from HHSA to support the programs described in Note 11, and earned $725,118 in interest on its cash and investments held in the County Treasury (Note 2).

At June 30, 2026, the County owed the Commission $481,939, and the Commission owed the County $118,320 (Note 6).

REQUIRED SUPPLEMENTARY INFORMATION SECTION

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
(UNAUDITED)

	Budgeted Original Amounts	Budgeted Final Amounts	Variance With Original Budget Over (under) Final Budget (1)	Actual Amounts	Variance With Final Budget Over (under) Actual Amounts (2)
Revenues:					
Prop 10 Tobacco Tax	$ 20,896,472	$ 16,495,787	($4,400,685)	$ 17,650,449	$ 1,154,662
F5CA IMPACT Legacy Grant	1,432,772	1,430,072	(2,700)	1,430,072	-
HHSA Self-Sufficiency Operations – CalWORKs HV	3,657,344	4,059,012	401,668	3,486,136	(572,876)
HHSA First 5 First Steps Home Visiting Program	-	597,064	597,064	597,064	-
HHSA Mi Escuelita Therapeutic Preschool Program	653,160	653,160	-	653,160	-
HHSA Family First Prevention Services Act (FFPSA)	-	355,915	355,915	400,689	44,774
HHSA Tobacco Settlement Revenue Securitization TF	-	4,300,000	4,300,000	4,300,000	-
Interest revenue	521,355	564,100	42,745	725,118	161,018
Total revenues	$ 27,161,103	$ 28,455,110	$ 1,294,007	$ 29,242,688	$ 787,578
Expenditures:					
Labor & benefits (less Evaluation labor)	2,359,495	2,359,495	-	1,823,261	536,234
Services and Supplies	587,468	589,022	1,554	247,179	341,843
Evaluation (with Evaluation Labor)	1,107,812	1,062,812	(45,000)	978,844	83,968
Contributions to Community Programs	22,589,276	27,879,908	5,290,632	25,953,910	1,925,998
Debt Service - Principal - Leases	-	-	-	293,673	(293,673)
Debt Service – Interest - Leases	-	-	-	9,911	(9,911)
Total expenditures	$ 26,644,051	$ 31,891,237	$ 5,247,186	$ 29,306,778	$ 2,584,459
Net change in fund balance OVER (UNDER) Expenditures	517,052	(3,436,127)	(3,953,179)	(64,090)	3,372,037
Fund balance, beginning of fiscal year	19,322,300	19,322,300	-	19,322,300	-
Fund balance, end of fiscal year	$ 19,839,352	$ 15,886,173	$ (3,953,179)	$ 19,258,210	$ 3,372,037

Budget and Budgetary Process

The Commission adopts an annual budget which can be amended throughout the fiscal year. The budget is prepared in accordance with accounting principles generally accepted in the United States (GAAP). In compliance with the new GASB Statement No. 103 standards, governments are required to disclose (1) the variances between the original and final budget amounts, and (2) the variances between the final budget and the actual amounts incurred.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Based on the information provided in the Budgetary Comparison Schedule – Governmental Fund, the following analysis is presented:

Final Budget vs. Actual Amount

The summary below outlines the primary factors that contributed to the variance between the projected final budget estimates and the actual amount achieved.

- The revenue generated from the Prop 10 Tobacco Tax surpassed budget expectations by $1.15 million, reflecting a 7% increase. This growth is primarily attributed to the projections provided by First 5 California on January 23, 2026. However, following the implementation of Proposition 31, which instituted a ban on flavored tobacco products in December 2022, we anticipate a significant decrease in annual revenue due to its impact on the distribution of cigarettes and other tobacco products.

- The CalWORKs Home Visiting Program's revenue fell short of budgetary expectations by $572,876, representing a 14.1% decrease, primarily due to lower program expenses. Additionally, there is a requirement for the program to maintain an incentive fund, which is reserved for authorized expenditures requested by participants. This fiscal year, the incentive fund was largely underutilized.

- Actual interest income for fiscal year 2025/2026 was $725,118, representing a 28.5% increase and exceeding the final budget by $161,018. The monthly average return of 3.8% was higher than the projected 3.65% in the 5-Year Financial Spending Plan approved by the Commission in May 2025. Investment income continues to play a significant role in the fund balance.
- The labor and benefit expenses, excluding the evaluation labor costs, were $536,234 below the budgeted amount due to several contributing factors. In preparation for a projected funding reduction in fiscal year 2025/2026, one full-time equivalent (FTE) position was reduced through attrition. Additionally, labor costs for six (6) staff members are partially cost allocated to the HHSA CFWB Department, which has contributed to a reduction in labor costs for the FFPSA program. Furthermore, the budgeted benefit rate was established at 73.60%, while the actual benefit rate was recorded at 66.69%. Similarly, the budgeted burden rate for FY 2025/2026 was set at 15.60%, but the actual burden rate was determined to be 10.12%.
- Total Program expenses decreased by $1.93 million, or 6.91%, compared to the final budget. This reduction mainly resulted from contractors postponing hiring due to uncertainty about 2025/2026 funding and the upcoming re-procurement of home visiting and healthy services programs.

- Data and evaluation expenditures, including evaluation labor, were $83,968, or 7.90%, below the final budget. The actual benefit and burden rates for evaluation labor were lower than anticipated for fiscal year 2025/2026, resulting in labor savings of $30,215. In addition, expenditures for the CMEDS database program were lower than initially projected.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BUDGETARY COMPARISON SCHEDULE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2026

Final Budget vs. Original Budget

In May 2026, the Commission approved the revised budget for the fiscal year 2025/2026. Below is a summary of the key factors contributing to the variance between the original and final budget.

- First 5 California's updated forecast, released on January 23, 2026, projects a $4.4 million decrease in the Prop 10 fund. This decline is due to lower birth rate projections for San Diego County and changes in Tobacco Tax Revenue. The estimated Proposition 10 revenue for Fiscal Year 2025/2026 is $20.9 million, down from the September 24, 2024 projection.

- On February 23, 2026, the California Department of Social Services issued All-County Fiscal Letter No. 25/26-55, announcing an increase in the CalWORKs Home Visiting program. This augmentation resulted in an increase in funding from $3.7 million to $4.1 million in FY 2025/2026.

- The Commission authorized new funding allocations from the Health and Human Services Agency (HHSA), in the amount of $597,064 for the First 5 First Steps Home Visiting Program and $355,915 for the Family First Prevention Services Act (FFPSA). These adjustments correspond with increases in program expenditures.

- The Commission approved $4,300,000 from the Tobacco Securitization Special Revenue Fund, as directed by the County of San Diego Board of Supervisors, to support the Healthy Development Services program. This allocation is similarly matched by an increase in program expenditures.

SUPPLEMENTARY INFORMATION SECTION

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

F5CA IMPACT LEGACY GRANT

JUNE 30, 2026

	2026
Assets	
Cash and investments in county treasury	$ -
Total assets	$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	$ -
Total liabilities	-
Fund balance:	
Restricted for F5CA IMPACT Legacy Grant	-
Total fund balance	-
Total liabilities and fund balance	$ -

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

F5CA IMPACT LEGACY GRANT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

	2026
Revenues:	
F5CA IMPACT Legacy Grant	$ 1,430,072
Total revenues	1,430,072
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	1,430,072
Total expenditures	1,430,072
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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

HHSA CalWORKs HOME VISITING PROGRAM

JUNE 30, 2026

	2026
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	$ -

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

HHSA CalWORKs HOME VISITING PROGRAM

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

	2026
Revenues:	
HHSA CalWORKs Home Visiting Program	$ 3,486,136
Total revenues	3,486,136
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	3,486,136
Total expenditures	3,486,136
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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

HHSA FIRST 5 FIRST STEPS HOME VISITING PROGRAM

JUNE 30, 2026

	2026
Assets	
Cash and investments in county treasury	$ -
Total assets	$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA First 5 First Steps Home Visiting Program	-
Total fund balance	-
Total liabilities and fund balance	$ -

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

HHSA FIRST 5 FIRST STEPS HOME VISITING PROGRAM

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

	2026
Revenues:	
HHSA First 5 First Steps Home Visiting Program	$ 597,064
Total revenues	597,064
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	597,064
Total expenditures	597,064
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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

HHSA Mi ESCUELITA THERAPEUTIC PRESCHOOL PROGRAM

JUNE 30, 2026

	2026
Assets	
Cash and investments in county treasury	$ -
Total assets	$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA Mi Escuelita Therapeutic Preschool Program	-
Total fund balance	-
Total liabilities and fund balance	$ -

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

HHSA Mi ESCUELITA THERAPEUTIC PRESCHOOL PROGRAM

FOR THE FISCAL YEAR ENDED

JUNE 30, 2026

	2026
Revenues:	
HHSA Mi Escuelita Therapeutic Preschool Program	$ 653,160
Total revenues	653,160
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	653,160
Total expenditures	653,160
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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

HHSA FAMILY FIRST PREVENTION SERVICES ACT (FFPSA)

JUNE 30, 2026

	2026
Assets	
Cash and investments in county treasury	$ -
Total assets	$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA Family First Prevention Services Act (FFPSA)	-
Total fund balance	-
Total liabilities and fund balance	$ -

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

HHSA FAMILY FIRST PREVENTION SERVICES ACT (FFPSA)

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

	2026
Revenues:	
HHSA Family First Prevention Services Act (FFPSA)	$ 400,689
Total revenues	400,689
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	400,689
Total expenditures	400,689
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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

HHSA TOBACCO SETTLEMENT REVENUE SECURITIZATION TRUST FUND

JUNE 30, 2026

	2026
Assets	
Cash and investments in county treasury	$ -
Total assets	$ -
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	$ -
Total liabilities	-
Fund balance:	
Restricted for HHSA Tobacco Settlement Revenue Securitization Trust Fund	-
Total fund balance	-
Total liabilities and fund balance	$ -

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

HHSA TOBACCO SETTLEMENT REVENUE SECURITIZATION TRUST FUND

FOR THE FISCAL YEAR ENDED
JUNE 30, 2026

	2026
Revenues:	
HHSA Tobacco Settlement Revenue Securitization Trust Fund	$ 4,300,000
Total revenues	4,300,000
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	4,300,000
Total expenditures	4,300,000
Net change in fund balance	-
Fund balance, beginning of fiscal year	-
Fund balance, end of fiscal year	$ -

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STATISTICAL SECTION

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

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 Annual Comprehensive 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.

	Pages
Financial Trends These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	51 - 54
Revenue Capacity These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	55 - 56
Debt Capacity This table presents information to help the reader assess the affordability of the Commission's current levels of outstanding debt and its ability to issue additional debt in the future.	57
Demographic Information 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.	58 - 61
Operating Information This table presents information to help the reader understand the appropriate account for the right-to-use lease assets as Capital assets.	62

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Net Position by Component
Last Ten Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Net Investment in Capital Assets	$ (115,200)	$ (112,437)	$ (99,054)	$ (75,375)	$ (41,715)	$ -	$ -	$ -	$ -	$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	18,886,817	18,966,296	25,279,674	35,208,641	40,313,992	42,119,960	40,449,779	46,523,865	55,106,348	65,232,870
Total net position	**$ 18,771,617**	**$ 18,853,859**	**$ 25,180,620**	**$ 35,133,266**	**$ 40,272,277**	**$ 42,119,960**	**$ 40,449,779**	**$ 46,523,865**	**$55,106,348**	**$65,232,870**

* Governmental Accounting Standards Board (GASB) Statement No. 63 was implemented by the Commission in the fiscal year ended June 30, 2013. Net Position was reported as net assets prior to GASB 63 implementation.

Source: First 5 Commission of San Diego

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Changes in Net Position
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Expenses										
Health	$13,481,127	$14,248,114	$13,509,115	$12,816,661	$12,010,123	$11,627,348	$14,622,113	$15,613,398	$15,804,733	$15,398,149
Learning	6,074,476	10,478,040	10,982,603	8,908,889	8,832,179	7,595,960	13,280,171	12,770,648	13,181,082	13,761,649
Family	6,180,853	7,744,167	9,626,862	7,874,164	7,957,275	7,733,280	4,686,816	5,118,518	5,031,315	5,426,101
Community	217,454	961,416	804,569	839,914	1,217,391	814,546	1,304,628	1,307,091	1,166,445	2,876,033
General Administration	3,064,673	3,506,623	3,797,932	3,626,188	3,352,098	3,484,606	3,696,281	3,529,611	3,742,464	3,590,735
Interest on long-term debt	9,911	11,787	13,596	16,810	17,017	-	-	-	-	-
Amortization	296,436	296,436	296,436	296,436	296,436	-	-	-	-	-
Total expenses	$29,324,930	$37,246,583	$39,031,113	$34,379,062	$33,682,519	$31,255,740	$37,590,009	$38,339,266	$38,926,039	$41,052,667
Program revenues										
Prop 10 Tobacco Taxes (see page 15)	$17,650,449	$19,128,916	$21,959,123	$23,470,990	$26,670,216	$28,636,321	$27,663,745	$26,411,158	$25,589,026	$17,887,814
Prop 10 Quality Preschool Initiative	-	-	-	-	-	-	-	-	-	10,769,855
Prop 10 Child Signature Program	-	-	-	-	-	-	-	-	-	1,677,313
CDE QRIS Certification Grant	-	-	-	-	-	34,396	181,918	179,039	189,959	-
Race to the Top	-	-	-	-	-	-	-	-	-	-
F5CA Shared Services Alliance Pilot Grant	-	-	86,382	151,499	11,232	-	-	-	-	-
F5CA Refugee Family Services Program	-	-	213,404	209,614	-	-	-	-	-	-
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 IMPACT Legacy Grant	1,430,072	1,607,315	1,575,574	-	-	-	-	-	-	-
F5CA Home Visiting Coordination Grant	-	-	-	47,586	80,179	35,153	-	-	-	-
F5CA RTA-Home Visiting Coordination Gt	-	586,282	266,643	-	-	-	-	-	-	-
HHSA Office of Violence Prevention	-	-	-	-	250,000	-	-	-	-	-
HHSA PHS Doula Pilot Program	-	47,101	262,154	120,201	-	-	-	-	-	-
HHSA OSI Drowning Prevention	-	-	-	37,738	208,370	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	3,486,136	3,199,026	3,418,485	3,296,525	2,823,098	2,453,747	-	-	-	-
HHSA Cal-Learn Educational Support Svc	-	-	-	301,980	866,183	717,980				-
HHSA CA Home Visiting Program GF	-	-	-	505,161	599,999	164,941	-	-	-	-
HHSA Child Care Program ARPA	-	250,000	-	-	-	-	-	-	-	-
HHSA First 5 First Steps HV Program	597,064	-	-	-	-	-	-	-	-	-
HHSA Family First Prevention Svc Act	400,689	885,463	-	-	-	-	-	-	-	-
HHSA Mi Escuelita Program	653,160	-	-	-	-	-	-	-	-	-
HHSA Tobacco Settlement Revenue TF	4,300,000	4,300,000	-	-	-	-	-	-	-	-
Other miscellaneous	-	20,250	-	-	-	-	-	-	-	-
Total program revenues	$ 28,517,570	$ 30,024,353	$ 27,781,765	$ 28,141,294	$ 31,509,277	$ 32,586,617	$ 30,560,823	$ 28,528,972	$ 27,766,842	$ 32,192,572
Net (expense) revenue	$ (807,360)	$ (7,222,230)	$ (11,249,348)	$ (6,237,768)	$ (2,173,242)	$ 1,330,877	$ (7,029,186)	$ (9,810,294)	$ (11,159,197)	$ (8,860,095)
General revenues										
Interest revenue	$ 725,118	$ 895,469	$ 1,296,702	$ 1,098,757	$ 325,559	$ 413,747	$ 955,100	$ 1,021,281	$ 784,637	$ 828,087
Net increase (decrease) in FMV	-	-	-	-	-	-	-	206,530	248,038	25,604
Total general revenues	725,118	895,469	1,296,702	1,098,757	325,559	413,747	955,100	1,227,811	1,032,675	853,691
Change in net position	$ (82,242)	$ (6,326,761)	$ (9,952,646)	$ (5,139,011)	$ (1,847,683)	$ 1,744,624	$ (6,074,086)	$ (8,582,483)	$ (10,126,522)	$ (8,006,404)

Source: First 5 Commission of San Diego

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Fund Balance – General Fund
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Fund Balance										
Non-spendable	$3,088	$2,872	$2,613	$2,345	$2,227	$2,196	$2,081	$1,946	$1,895	$1,889
Committed	19,255,122	19,319,428	25,418,888	35,345,844	40,410,520	42,221,595	40,537,402	46,577,066	55,162,594	65,278,719
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	**$19,258,210**	**$19,322,300**	**$25,421,501**	**$35,348,189**	**$40,412,747**	**$42,223,791**	**$40,539,483**	**$46,579,012**	**$55,164,489**	**$65,280,608**

Source: First 5 Commission of San Diego

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026
Changes in Fund Balances – General Fund
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Revenue										
Prop 10 Tobacco Taxes	$17,650,449	$19,128,916	$21,959,123	$23,470,990	$26,670,216	$28,636,321	$27,663,745	$26,411,158	$25,589,026	$17,887,814
Prop 10 Quality Preschool Initiative	-	-	-	-	-	-	-	-	-	10,769,855
Prop 10 Child Signature Program	-	-	-	-	-	-	-	-	-	1,677,313
CDE QRIS Certification Grant	-	-	-	-	-	34,396	181,918	179,039	189,959	-
F5CA Shared Services Alliance Pilot Grant	-	-	86,382	151,499	11,232	-	-	-	-	-
F5CA Refugee Family Services Program	-	-	213,404	209,614	-	-	-	-	-	-
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 IMPACT Legacy Grant	1,430,072	1,607,315	1,575,574	-	-	-	-	-	-	-
F5CA Home Visiting Coordination Grant	-	-	-	47,586	80,179	35,153	-	-	-	-
F5CA RTA-Home Visiting Coordination Grant	-	586,282	266,643	-	-	-	-	-	-	-
HHSA Office of Violence Prevention	-	-	-	-	250,000	-	-	-	-	-
HHSA PHS Doula Pilot Program	-	47,101	262,154	120,201	-	-	-	-	-	-
HHSA OSI Drowning Prevention	-	-	-	37,738	208,370	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	3,486,136	3,199,026	3,418,485	3,296,525	2,823,098	2,453,747	-	-	-	-
HHSA Cal-Learn Educational Support Services	-	-	-	301,980	866,183	717,980	-	-	-	-
HHSA CA Home Visiting Program GF	-	-	-	505,161	599,999	164,941	-	-	-	-
HHSA Child Care Program ARPA	-	250,000	-	-	-	-	-	-	-	-
HHSA First 5 First Steps Home Visiting Program	597,064									
HHSA Family First Prevention Service Act	400,689	885,463	-	-	-	-	-	-	-	-
HHSA Mi Escuelita Program	653,160	-	-	-	-	-	-	-	-	-
HHSA Tobacco Settlement Revenue Trust Fund	4,300,000	4,300,000	-	-	-	-	-	-	-	-
Other miscellaneous	-	20,250	-	-	-	-	-	-	-	-
Total program revenues	28,517,570	30,024,353	27,781,765	28,141,294	31,509,277	32,586,617	30,560,823	28,528,972	27,766,842	32,192,572
Total general revenues	725,118	895,469	1,296,702	1,098,757	325,559	413,747	955,100	1,021,281	784,637	828,087
Net increase (decrease) in FMV	-	-	-	-	-	-	-	206,530	248,038	25,604
Total revenues	**$29,242,688**	**$30,919,822**	**$29,078,467**	**$29,240,051**	**$31,834,836**	**$33,000,364**	**$31,515,923**	**$29,756,783**	**$28,799,517**	**$33,046,263**
Expenditures										
Labor & benefits	$ 1,823,261	$ 2,202,067	$ 2,575,559	$ 2,451,116	$ 2,257,841	$ 2,015,727	$ 2,074,074	$ 2,053,585	$ 2,226,197	$ 2,123,804
Services & Supplies	247,179	241,043	263,844	283,191	223,912	574,392	723,356	654,081	632,742	627,523
Debt Service - Principal - Leases	293,673	283,053	272,757	262,776	254,721	-	-	-	-	-
Debt Service - Interest - Leases	9,911	11,787	13,596	16,810	17,017	-	-	-	-	-
Evaluation	978,844	849,336	956,250	851,088	875,421	880,360	864,294	824,939	873,122	842,058
Contribution to Community Programs & Initiative	25,953,910	33,431,737	34,923,149	30,439,628	30,016,968	27,771,134	33,893,728	34,809,655	35,183,575	37,461,932
Total expenditures	**$29,306,778**	**$37,019,023**	**$39,005,155**	**$34,304,609**	**$33,645,880**	**$31,241,613**	**$37,555,452**	**$38,342,260**	**$38,915,636**	**$41,055,317**
Net change in fund balances	**($64,090)**	**($6,099,201)**	**($9,926,688)**	**($5,064,558)**	**($1,811,044)**	**$1,758,751**	**($6,039,529)**	**($8,585,477)**	**($10,116,119)**	**($8,009,054)**
Debt service as a percentage of noncapital expenditures	**1.04%**	**0.80%**	**0.73%**	**0.82%**	**0.81%**	-	-	-	-	-

Source: First 5 Commission of San Diego

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR 2025-26 THROUGH 2029-30 with Flavor Ban
UTILIZING MAY REVISE UPDATED TOBACCO TAX REVENUE PROJECTIONS AND
DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 2000-2050
UPDATED 6-1-2026

	COUNTY	2024 Births[1]	2024 Birthrate	2025-26 TAX REVENUE PROJECTION	2025 Births[1]	2025 Birthrate	2026-27 TAX REVENUE PROJECTION	2026 Births[1]	2026 Birthrate	2027-28 TAX REVENUE PROJECTION	2027 Births[1]	2027 Birthrate	2028-29 TAX REVENUE PROJECTION	2028 Births[1]	2028 Birthrate	2029-30 TAX REVENUE PROJECTION
1	Alameda	15,679	3.979%	$7,725,279	15,327	3.878%	$7,102,474	14,846	3.786%	$6,653,307	14,322	3.690%	$6,268,353	13,827	3.603%	$5,931,534
2	Alpine	2	0.001%	$985	11	0.003%	$5,097	11	0.003%	$4,930	11	0.003%	$4,814	12	0.003%	$5,148
3	Amador	284	0.072%	$139,931	324	0.082%	$150,140	328	0.084%	$146,995	334	0.086%	$146,183	340	0.089%	$145,854
4	Butte	2,030	0.515%	$1,000,212	1,997	0.505%	$925,402	1,998	0.510%	$895,413	1,991	0.513%	$871,407	1,986	0.518%	$851,958
5	Calaveras	362	0.092%	$178,363	371	0.094%	$171,920	368	0.094%	$164,921	368	0.095%	$161,064	374	0.097%	$160,439
6	Colusa	257	0.065%	$126,628	260	0.066%	$120,483	260	0.066%	$116,520	260	0.067%	$113,795	261	0.068%	$111,964
7	Contra Costa	10,909	2.768%	$5,375,028	10,905	2.759%	$5,053,336	10,857	2.769%	$4,865,617	10,824	2.789%	$4,737,372	10,854	2.828%	$4,656,170
8	Del Norte	231	0.059%	$113,817	272	0.069%	$126,044	281	0.072%	$125,932	291	0.075%	$127,363	300	0.078%	$128,695
9	El Dorado	1,471	0.373%	$724,784	1,452	0.367%	$672,851	1,440	0.367%	$645,343	1,437	0.370%	$628,936	1,448	0.377%	$621,166
10	Fresno	13,013	3.302%	$6,411,701	12,926	3.270%	$5,989,860	12,850	3.277%	$5,758,790	12,719	3.277%	$5,566,763	12,564	3.274%	$5,389,729
11	Glenn	335	0.085%	$165,060	330	0.083%	$152,921	338	0.086%	$151,476	347	0.089%	$151,873	352	0.092%	$151,002
12	Humboldt	1,091	0.277%	$537,552	1,104	0.279%	$511,589	1,110	0.283%	$497,452	1,107	0.285%	$484,504	1,096	0.286%	$470,164
13	Imperial	2,302	0.584%	$1,134,230	2,405	0.608%	$1,114,468	2,440	0.622%	$1,093,496	2,468	0.636%	$1,080,177	2,480	0.646%	$1,063,875
14	Inyo	126	0.032%	$62,082	123	0.031%	$56,998	120	0.031%	$53,779	121	0.031%	$52,958	120	0.031%	$51,478
15	Kern	11,854	3.008%	$5,840,644	11,771	2.978%	$5,454,637	11,759	2.999%	$5,269,853	11,728	3.022%	$5,133,029	11,734	3.058%	$5,033,674
16	Kings	2,077	0.527%	$1,023,369	2,049	0.518%	$949,499	2,056	0.524%	$921,406	2,063	0.532%	$902,919	2,078	0.541%	$891,425
17	Lake	594	0.151%	$292,673	643	0.163%	$297,964	653	0.167%	$292,645	671	0.173%	$293,679	681	0.177%	$292,137
18	Lassen	193	0.049%	$95,094	241	0.061%	$111,678	243	0.062%	$108,902	243	0.063%	$106,355	249	0.065%	$106,817
19	Los Angeles	89,511	22.714%	$44,103,417	88,340	22.351%	$40,936,424	87,735	22.376%	$39,318,865	86,722	22.344%	$37,955,877	85,403	22.254%	$36,636,347
20	Madera	2,164	0.549%	$1,066,235	2,177	0.551%	$1,008,814	2,190	0.559%	$981,459	2,201	0.567%	$963,318	2,207	0.575%	$946,763
21	Marin	1,963	0.498%	$967,200	2,115	0.535%	$980,083	2,061	0.526%	$923,647	2,022	0.521%	$884,975	1,998	0.521%	$857,106
22	Mariposa	135	0.034%	$66,517	157	0.040%	$72,753	157	0.040%	$70,360	158	0.041%	$69,152	159	0.041%	$68,208
23	Mendocino	808	0.205%	$398,114	836	0.212%	$387,399	840	0.214%	$376,450	845	0.218%	$369,834	847	0.221%	$363,348
24	Merced	3,757	0.953%	$1,851,130	3,814	0.965%	$1,767,393	3,849	0.982%	$1,724,948	3,875	0.998%	$1,695,383	3,917	1.021%	$1,680,322
25	Modoc	21	0.005%	$10,347	82	0.021%	$37,998	82	0.021%	$36,749	83	0.021%	$36,327	86	0.022%	$36,892
26	Mono	88	0.022%	$43,359	101	0.026%	$46,803	100	0.026%	$44,815	101	0.026%	$44,205	99	0.026%	$42,469
27	Monterey	5,218	1.324%	$2,570,987	5,172	1.309%	$2,396,685	5,169	1.318%	$2,316,512	5,141	1.325%	$2,250,077	5,123	1.335%	$2,197,675
28	Napa	1,158	0.294%	$570,564	1,188	0.301%	$550,515	1,201	0.306%	$538,234	1,214	0.313%	$531,335	1,222	0.318%	$524,216
29	Nevada	741	0.188%	$365,102	746	0.189%	$345,694	736	0.188%	$329,842	729	0.188%	$319,064	723	0.188%	$310,154
30	Orange	29,909	7.590%	$14,736,614	29,070	7.355%	$13,470,929	28,561	7.284%	$12,799,750	27,982	7.210%	$12,246,966	27,344	7.125%	$11,730,083
31	Placer	3,789	0.961%	$1,866,897	3,823	0.967%	$1,771,564	3,832	0.977%	$1,717,329	3,840	0.989%	$1,680,664	3,870	1.008%	$1,660,160
32	Plumas	102	0.026%	$50,257	137	0.035%	$63,485	137	0.035%	$61,397	137	0.035%	$59,961	139	0.036%	$59,628
33	Riverside	26,747	6.787%	$13,178,649	26,569	6.722%	$12,311,975	26,349	6.720%	$11,808,432	26,138	6.734%	$11,439,897	25,965	6.766%	$11,138,517
34	Sacramento	17,025	4.320%	$8,388,474	16,833	4.259%	$7,800,349	16,626	4.240%	$7,451,022	16,356	4.214%	$7,158,579	16,101	4.196%	$6,907,039
35	San Benito	789	0.200%	$388,752	768	0.194%	$355,888	752	0.192%	$337,012	737	0.190%	$322,565	727	0.189%	$311,870
36	San Bernardino	24,881	6.314%	$12,259,243	24,793	6.273%	$11,488,983	24,507	6.250%	$10,982,931	24,198	6.235%	$10,590,811	23,941	6.236%	$10,270,257
37	San Diego	33,519	8.506%	$16,515,316	36,204	9.165%	$16,823,137	35,735	9.114%	$16,014,813	35,099	9.043%	$15,361,884	34,382	8.959%	$14,745,258
38	San Francisco	6,504	1.650%	$3,204,619	7,238	1.831%	$3,354,062	7,444	1.899%	$3,336,065	7,526	1.939%	$3,293,927	7,478	1.949%	$3,207,927
39	San Joaquin	9,635	2.445%	$4,747,309	9,702	2.455%	$4,495,870	9,771	2.492%	$4,378,921	9,848	2.537%	$4,310,204	9,969	2.598%	$4,276,521
40	San Luis Obispo	2,399	0.609%	$1,182,023	2,363	0.598%	$1,095,005	2,369	0.604%	$1,061,679	2,370	0.611%	$1,037,285	2,359	0.615%	$1,011,968
41	San Mateo	6,934	1.760%	$3,416,486	6,917	1.750%	$3,205,312	6,822	1.740%	$3,057,312	6,704	1.727%	$2,934,160	6,537	1.703%	$2,804,255
42	Santa Barbara	5,368	1.362%	$2,644,894	5,380	1.361%	$2,493,072	5,359	1.367%	$2,401,662	5,347	1.378%	$2,340,237	5,327	1.388%	$2,285,187
43	Santa Clara	17,951	4.555%	$8,844,728	18,156	4.594%	$8,413,422	17,875	4.559%	$8,010,768	17,522	4.515%	$7,668,906	17,072	4.449%	$7,323,580
44	Santa Cruz	2,132	0.541%	$1,050,468	2,126	0.538%	$985,180	2,112	0.539%	$946,503	2,098	0.541%	$918,238	2,091	0.545%	$897,001
45	Shasta	1,792	0.455%	$882,945	1,779	0.450%	$824,382	1,783	0.455%	$799,060	1,783	0.459%	$780,371	1,782	0.464%	$764,446
46	Sierra	10	0.003%	$4,927	17	0.004%	$7,878	18	0.005%	$8,067	19	0.005%	$8,316	21	0.005%	$9,009
47	Siskiyou	271	0.069%	$133,526	380	0.096%	$176,091	388	0.099%	$173,884	395	0.102%	$172,881	403	0.105%	$172,880
48	Solano	4,619	1.172%	$2,275,851	4,548	1.151%	$2,107,526	4,546	1.159%	$2,037,312	4,562	1.175%	$1,996,664	4,556	1.187%	$1,954,442
49	Sonoma	4,333	1.100%	$2,134,934	4,194	1.061%	$1,943,484	4,182	1.067%	$1,874,184	4,176	1.076%	$1,827,722	4,159	1.084%	$1,784,136
50	Stanislaus	6,628	1.682%	$3,265,715	6,549	1.657%	$3,034,782	6,503	1.659%	$2,914,351	6,497	1.674%	$2,843,561	6,512	1.697%	$2,793,531
51	Sutter	1,227	0.311%	$604,561	1,257	0.318%	$582,489	1,269	0.324%	$568,708	1,284	0.331%	$561,972	1,298	0.338%	$556,819
52	Tehama	738	0.187%	$363,624	746	0.189%	$345,694	755	0.193%	$338,357	765	0.197%	$334,820	773	0.201%	$331,603
53	Trinity	93	0.024%	$45,822	94	0.024%	$43,559	95	0.024%	$42,575	98	0.025%	$42,892	101	0.026%	$43,327
54	Tulare	6,598	1.674%	$3,250,934	6,622	1.675%	$3,068,610	6,644	1.694%	$2,977,541	6,677	1.720%	$2,922,343	6,729	1.753%	$2,886,620
55	Tuolumne	432	0.110%	$212,853	443	0.113%	$207,602	444	0.113%	$198,981	444	0.114%	$194,327	447	0.116%	$191,755
56	Ventura	8,313	2.109%	$4,095,940	8,219	2.080%	$3,808,654	8,187	2.088%	$3,669,044	8,166	2.104%	$3,574,038	8,142	2.122%	$3,492,771
57	Yolo	1,852	0.470%	$912,508	1,852	0.469%	$858,210	1,854	0.473%	$830,879	1,876	0.483%	$821,075	1,920	0.500%	$823,645
58	Yuba	1,117	0.283%	$550,363	1,116	0.282%	$517,150	1,102	0.281%	$493,867	1,086	0.280%	$475,313	1,080	0.281%	$463,301
	TOTALS	394,081	100%	$194,169,639	395,239	100%	$183,152,266	392,099	100%	$175,721,066	388,126	100%	$169,872,266	383,765	100%	$164,628,266
	[1] DOF projected births by county.															
	FROM REVENUE BREAKDOWN			$194,169,639			$183,152,266			$175,721,066			$169,872,266			$164,628,266
	Revenue projections are point in time and subject to change.															

Source: First 5 California

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Cigarette Tax

TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1965-66 TO 2024-25

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	CA Electronic Cigarette Excise Tax Revenue
2024	2025	1,061,264,000	3,152,000	1,064,416,000	3,342,000	127,610,000	56.92	36,829,000
2023	2024	1,143,589,000	3,397,000	1,146,986,000	7,803,000	206,728,000	56.32	43,611,000
2022	2023	1,332,672,000	3,959,000	1,336,630,000	1,796,000	218,274,000	61.74	49,219,000
2021	2022	1,552,564,000	4,612,000	1,557,176,000	848,000	288,996,000	63.49	0
2020	2021	1,700,943,000	5,053,000	1,705,996,000	335,000	266,694,000	56.93	0
2019	2020	1,708,597,000	5,075,000	1,713,672,000	1,191,000	258,560,000	59.27	0
2018	2019	1,786,074,000	5,305,000	1,791,379,000	3,659,000	271,772,000	62.78	0
2017	2018	1,882,025,000	5,590,000	1,887,615,000	1,033,000	211,440,000	65.08	0
2016	2017	948,636,000	8,133,000	956,769,000	1,185,000	95,330,000	27.30	0
2015	2016	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13	0
2014	2015	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95	0
2013	2014	751,513,000	6,443,000	757,956,000	600,000	86,424,000	29.82	0
2012	2013	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68	0
2011	2012	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73	0
2010	2011	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02	0
2009	2010	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11	0
2008	2009	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13	0
2007	2008	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13	0
2006	2007	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76	0
2005	2006	1,026,497,000	8,759,000	1,035,293,000	1,707,000	67,348,000	46.76	0
2004	2005	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76	0
2003	2004	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76	0
2002	2003	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89	0
2001	2002	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65	0
2000	2001	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89	0
1999	2000	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50	0
1998	1999	841,911,000	7,206,000	849,117,000	6,808,000	42,137,000	61.53	0
1997	1998	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37	0
1996	1997	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38	0
1995	1996	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20	0
1994	1995	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20	0
1993	1994	647,993,000	5,553,000	653,546,000	8,353,000	19,773,000	23.03	0
1992	1993	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82	0
1991	1992	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35	0
1990	1991	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17	0
1989	1990	770,042,000	6,581,000	776,623,000	11,615,000	24,956,000	37.47	0
1988	1989	499,712,000	4,273,000	503,984,000	4,968,000	9,994,000	41.67	0
1987	1988	254,869,000	2,180,000	257,049,000	2,970,000	0	0	0
1986	1987	257,337,000	2,202,000	259,539,000	2,661,000	0	0	0
1985	1986	260,960,000	2,231,000	263,190,000	2,834,000	0	0	0
1984	1985	265,070,000	2,267,000	267,337,000	2,390,000	0	0	0
1983	1984	265,265,000	2,267,000	267,532,000	2,756,000	0	0	0
1982	1983	273,748,000	2,336,000	276,084,000	2,060,000	0	0	0
1981	1982	278,667,000	2,383,000	281,050,000	1,843,000	0	0	0
1980	1981	280,087,000	2,395,000	282,482,000	1,567,000	0	0	0
1979	1980	272,119,000	2,327,000	274,446,000	1,645,000	0	0	0
1978	1979	270,658,000	2,315,000	272,973,000	1,408,000	0	0	0
1977	1978	275,042,000	2,352,000	277,394,000	1,239,000	0	0	0
1976	1977	270,502,000	2,315,000	272,817,000	832,000	0	0	0
1975	1976	269,852,000	2,309,000	272,161,000	927,000	0	0	0
1974	1975	264,182,000	2,262,000	266,444,000	745,000	0	0	0
1973	1974	259,738,000	2,222,000	261,960,000	632,000	0	0	0
1972	1973	253,089,000	2,167,000	255,256,000	626,000	0	0	0
1971	1972	248,398,000	2,127,000	250,525,000	677,000	0	0	0
1970	1971	240,372,000	2,058,000	242,430,000	552,000	0	0	0
1969	1970	237,220,000	2,032,000	239,253,000	455,000	0	0	0
1968	1969	238,836,000	2,046,000	240,882,000	492,000	0	0	0
1967	1968	208,125,000	1,862,000	209,987,000	328,000	0	0	0
1966	1967	75,659,000	1,543,000	77,202,000	129,000	0	0	0
1965	1966	74,880,000	1,528,000	76,407,000	88,000	0	0	0

Source: California Department of Tax and Fee Administration (CDTFA)

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Outstanding Debt by Type
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Lease Payable	$1,375,053	$ 1,668,726	$ 1,951,779	$ 2,224,536	$ 2,487,312	$ -	$ -	$ -	$ -	$ -

Note: The Commission's only outstanding debt is a lease liability for its office space, recorded beginning in fiscal year 2021-22 under GASB Statement No. 87. The Commission has no bonded debt. Ratios of debt to personal income and per capita are not presented because they are not meaningful given the size of the lease relative to County personal income and population.

Source: First 5 Commission of San Diego

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

California Live Births Data

TABLE: PROVISIONAL LIVE BIRTHS, CALIFORNIA COUNTIES, 2012-2024 (By Place of Residence)

COUNTY													
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
CALIFORNIA	**402,192**	**400,183**	**419,228**	**420,776**	**448,754**	**464,300**	**454,244**	**485,901**	**488,490**	**491,789**	**502,973**	**494,390**	**503,788**
ALAMEDA	16,038	16,195	16,603	16,935	17,302	18,875	18,225	19,551	19,559	19,440	19,657	19,050	19,550
ALPINE	13	0	0	0	14	6	10	5	4	5	6	6	8
AMADOR	283	308	312	352	272	327	305	309	308	305	291	269	285
BUTTE	1,982	2,040	1,936	2,057	1,984	2,394	2,419	2,430	2,493	2,444	2,482	2,372	2,397
CALAVERAS	362	381	367	392	364	370	375	381	373	379	348	328	347
COLUSA	268	239	284	286	292	284	267	311	315	300	285	306	314
CONTRA COSTA	10,876	11,200	11,595	11,934	11,814	12,567	11,995	12,927	12,342	12,600	12,560	12,173	12,061
DEL NORTE	263	242	276	262	258	254	269	315	308	300	324	317	302
EL DORADO	1,520	1,438	1,563	1,595	1,477	1,764	1,678	1,590	1,599	1,598	1,618	1,561	1,513
FRESNO	13,227	13,102	13,946	13,974	13,828	14,891	14,413	15,116	15,098	15,363	15,796	15,939	15,953
GLENN	342	315	367	353	359	402	365	380	379	374	416	391	368
HUMBOLDT	1,059	1,075	1,199	1,264	1,258	1,336	1,365	1,521	1,487	1,446	1,474	1,455	1,511
IMPERIAL	2,285	2,358	2,658	2,444	2,426	2,958	2,628	3,108	2,976	3,216	3,270	3,139	3,041
INYO	119	133	148	166	171	199	176	199	182	202	226	219	219
KERN	11,787	12,064	12,508	12,495	12,349	13,415	12,874	13,732	13,721	13,770	14,199	14,514	14,558
KINGS	2,191	2,027	2,045	2,162	2,235	2,369	2,256	2,216	2,247	2,277	2,342	2,417	2,357
LAKE	660	604	690	660	700	697	714	726	752	723	748	726	739
LASSEN	243	249	273	292	281	328	307	296	302	295	326	298	298
LOS ANGELES	90,259	90,471	95,511	95,908	97,770	111,500	110,167	121,413	122,958	124,442	130,150	127,194	131,697
MADERA	2,143	2,189	2,170	2,043	2,106	2,090	2,076	2,257	2,347	2,223	2,313	2,339	2,258
MARIN	2,056	2,193	2,232	2,336	2,082	1,799	2,122	2,239	2,258	2,287	2,403	2,310	2,306
MARIPOSA	136	154	143	169	124	155	154	157	148	167	138	137	161
MENDOCINO	836	769	883	909	881	918	896	994	1,023	1,052	1,020	1,077	1,153
MERCED	3,801	3,699	3,896	3,905	3,774	4,305	3,870	4,073	4,109	4,106	4,158	4,279	4,311
MODOC	73	84	84	83	77	105	100	88	105	79	90	72	76
MONO	113	118	126	127	124	137	129	134	132	152	149	142	131
MONTEREY	5,159	5,349	5,701	5,432	5,603	5,904	5,887	6,304	6,213	6,428	6,458	6,552	6,652
NAPA	1,098	1,234	1,147	1,205	1,200	1,334	1,206	1,441	1,408	1,456	1,478	1,501	1,431
NEVADA	736	772	782	808	776	832	772	823	776	875	817	812	810
ORANGE	30,808	29,886	30,858	30,706	30,921	37,250	35,643	36,693	38,107	37,622	38,610	37,429	38,186
PLACER	3,964	3,766	3,758	3,854	3,481	3,792	3,664	3,820	3,734	3,747	3,644	3,806	3,648
PLUMAS	132	133	139	166	162	185	168	172	172	162	147	156	151
RIVERSIDE	27,073	26,455	27,936	27,588	27,149	30,001	28,684	30,596	30,629	30,511	30,271	30,540	30,316
SACRAMENTO	17,411	17,380	18,196	18,363	17,995	19,362	19,052	19,540	19,598	19,431	19,886	19,439	19,618
SAN BENITO	798	764	867	835	725	781	772	755	780	718	697	763	701
SAN BERNARDINO	25,379	24,907	26,348	26,805	26,778	30,354	28,964	30,217	31,120	30,619	31,306	30,265	30,691
SAN DIEGO	**36,035**	**35,709**	**37,749**	**37,564**	**37,266**	**39,258**	**40,008**	**42,574**	**42,578**	**43,960**	**44,596**	**42,676**	**44,391**
SAN FRANCISCO	6,917	6,791	7,092	7,482	7,984	8,924	8,690	9,077	9,065	8,970	9,102	8,768	9,070
SAN JOAQUIN	9,690	9,572	10,105	9,764	9,740	10,010	9,811	10,411	10,234	9,988	10,095	10,179	10,129
SAN LUIS OBISPO	2,376	2,440	2,415	2,451	2,353	2,419	2,433	2,749	2,574	2,670	2,595	2,580	2,580
SAN MATEO	7,304	7,157	7,528	7,486	7,757	8,192	8,326	8,975	8,961	9,039	9,098	8,815	9,182
SANTA BARBARA	5,381	5,435	5,667	5,489	5,332	5,557	5,256	5,396	5,493	5,675	5,829	5,664	5,584
SANTA CLARA	18,703	18,303	19,023	19,109	19,509	20,871	21,267	22,958	23,011	23,394	23,759	23,224	24,308
SANTA CRUZ	2,074	2,131	2,323	2,245	2,183	2,460	2,447	2,688	2,804	2,843	3,047	3,005	3,084
SHASTA	1,728	1,824	1,775	1,837	1,839	2,085	1,961	1,996	2,056	2,075	2,083	2,051	2,110
SIERRA	13	0	0	0	25	32	26	28	34	30	21	19	19
SISKIYOU	351	371	398	405	390	456	438	458	458	467	451	482	501
SOLANO	4,631	4,647	4,853	4,969	4,946	5,241	5,039	5,192	5,253	5,134	5,251	5,161	5,061
SONOMA	4,347	4,344	4,442	4,554	4,306	4,244	4,525	5,101	4,964	5,016	5,075	5,157	5,144
STANISLAUS	6,692	6,662	7,028	7,251	7,049	7,552	7,339	7,790	7,867	7,701	7,521	7,644	7,592
SUTTER	1,212	1,231	1,216	1,253	1,256	1,383	1,266	1,396	1,363	1,303	1,317	1,290	1,258
TEHAMA	695	763	789	750	731	802	731	840	787	826	787	751	767
TRINITY	94	94	104	113	102	127	113	104	115	103	112	108	125
TULARE	6,579	6,570	6,836	6,800	6,701	7,315	6,900	7,380	7,149	7,411	7,618	7,854	8,000
TUOLUMNE	422	436	434	458	395	473	450	441	456	467	454	444	459
VENTURA	8,510	8,456	8,746	8,785	8,331	9,300	9,025	9,975	9,580	10,062	10,471	10,565	10,641
YOLO	1,791	1,888	1,919	1,965	1,962	2,134	2,127	2,372	2,423	2,400	2,395	2,431	2,452
YUBA	1,154	1,066	1,239	1,181	1,117	1,225	1,099	1,171	1,238	1,156	1,193	1,232	1,213

Source: California Department of Public Health

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026
San Diego County
Demographic Data

	Percentage										
Demographic		2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Population		3,298,799	3,269,973	3,276,208	3,286,069	3,323,970	3,338,330	3,343,364	3,337,685	3,317,349	3,299,521
White	41.3%	1,362,010	1,368,905	1,382,332	1,399,865	1,492,463	1,495,572	1,504,514	1,511,971	1,522,663	1,517,780
Hispanic	35.2%	1,162,725	1,140,733	1,146,839	1,143,552	1,126,826	1,138,371	1,133,400	1,131,475	1,111,312	1,102,040
Asian	12.6%	414,900	400,282	394,846	387,756	388,904	393,923	394,517	393,847	381,495	379,445
Pacific Islander	0.3%	11,274	10,298	12,934	13,144	13,867	13,903	13,135	13,135	20,026	13,198
Black	4.3%	141,681	142,128	139,175	144,587	152,903	156,902	160,481	153,534	155,915	161,677
American Indian & Alaskan Native	0.2%	7,387	7,717	8,977	6,572	13,296	13,353	13,373	13,351	13,269	9,899
Multi-race or other race	6.0%	198,822	199,910	191,105	190,592	136,283	126,857	123,704	120,157	119,425	115,483
Female	49.5%	1,633,913	1,617,431	1,615,587	1,620,032	1,648,689	1,659,150	1,661,652	1,658,829	1,648,722	1,643,161
Male	50.5%	1,664,886	1,652,542	1,660,621	1,666,037	1,675,281	1,679,180	1,681,712	1,678,856	1,668,627	1,656,360
Under 5 years	5.4%	176,884	179,031	180,516	187,306	206,086	203,638	207,289	213,612	212,310	214,469
5-14 years	11.5%	377,664	378,344	382,401	394,328	392,228	397,261	397,860	400,522	398,082	395,943
15-24 years	13.3%	439,391	435,014	445,165	440,333	455,384	454,013	461,384	460,601	471,064	481,730
25-34 years	15.5%	512,439	514,527	520,961	525,771	551,779	550,824	551,655	547,380	544,045	534,522
35-44 years	14.7%	486,203	473,363	466,531	463,336	445,412	457,351	448,011	443,912	434,573	432,237
45-54 years	11.9%	393,887	392,171	394,053	397,614	408,848	403,938	414,577	420,548	424,621	425,638
55-64 years	11.4%	374,783	377,239	379,550	387,756	392,228	393,923	394,517	397,185	388,130	382,744
65-74 years	9.4%	308,489	301,969	294,006	292,460	272,566	280,420	270,812	263,677	255,436	244,165
75+ years	7.0%	229,059	218,315	213,025	197,164	199,438	196,961	197,258	190,248	189,089	188,073

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, 2026

Income Data

2024 American Community Survey (1-year estimates)
INCOME (IN 2024 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	Mean household income (dollars) - Estimate	Mean household income (dollars) - Margin of Error	Median family income (dollars) - Estimate	Median family income (dollars) - Margin of Error	Mean family income (dollars) - Estimate	Mean family income (dollars) - Margin of Error	Per capita Mean income (dollars) - Estimate	Per capita Mean income (dollars) - Margin of Error
California	$100,149	+/-$381	$140,112	+/-$691	$113,969	+/-$828	$157,192	+/-$881	$49,934	+/-$232
San Diego County	$109,132	+/-$1,813	$145,273	+/-$1,900	$124,106	+/-$2,439	$163,582	+/-$2,716	$53,674	+/-$675

2024 American Community Survey (1-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	8.5%	+/-.2%	5.1%	+/-.1%	19.3%	+/-.5%
San Diego County	6.7%	+/-.6%	4.6%	+/-.6%	14.7%	+/-1.7%

Source: U.S. Census Bureau, Measuring America's People, Places, and Economy

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Employment Status

2024 American Community Survey (1-year estimates)
EMPLOYMENT STATUS
California, Counties, and Places of 65,000 or more

Geography	Population 16 years and over Estimate	In Labor Force Total Estimate	Total Percent (Labor Force Participation Rate)	Total Civilian Labor Force Estimate	Civilian Labor Force Employed Estimate	Civilian Labor Force Employed Percent	Civilian Labor Force Unemployed Estimate	Civilian Labor Force Unemployed Percent	Armed Forces Estimate	Armed Forces Percent	Not in Labor Force Estimate	Not in Labor Force Percent
California	32,089,744	20,603,340	64.2%	20,454,381	19,240,700	60.0%	1,213,681	3.8%	148,959	0.5%	11,486,404	35.8%
San Diego County	2,707,550	1,797,394	66.4%	1,720,024	1,631,851	60.3%	88,173	3.3%	77,370	2.9%	910,156	33.6%

Source: U.S. Census Bureau, Measuring America's People, Places, and Economy

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2026

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
General Administration										
Right-to-use lease assets	$ 1,259,853	$ 1,556,289	$ 1,852,725	$ 2,149,161	$ 2,445,597	$ -	$ -	$ -	$ -	$ -

Source: First 5 Commission of San Diego

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated October 10, 2026.

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) as a basis for designing 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.

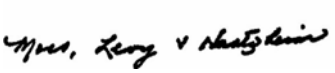
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Moss, Levy & Hartzheim, LLP
Culver City, California
October 10, 2026

MOSS, LEVY & HARTZHEIM LLP
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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER 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 *Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5)*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the fiscal year ended June 30, 2026.

In our opinion, the Commission 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, 2026.

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 Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5), issued by the State Controller's Office. Our responsibilities under those standards 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 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 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 First 5 Program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the 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 *Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5)* 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. 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 California Children and Families Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of California's Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5), 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 *Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5)*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal controls 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:

Description	Audit Guide Procedures	Procedures Performed
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefits Policies	2	Yes

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.

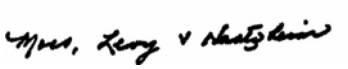
Report on Internal Control Over Compliance

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 *Expanded Audit Guide: Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act (First 5*). Accordingly, this report is not suitable for any other purpose.



Moss, Levy & Hartzheim, LLP
Culver City, California
October 10, 2026