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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2017

Victor Crandall

Fiscal Manager

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2017**

TABLE OF CONTENTS

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2017**

Child Signature Program

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

IMPACT

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

IMPACT Hub

Balance Sheet	42
Statement of Revenues, Expenditures and Changes in Fund Balance	43

STATISTICAL SECTION (Unaudited)

Financial Trends

Net Position by Component	48
Changes in Net Position	49
Fund Balances – General Fund	50
Changes in Fund Balances – General Fund	51

Revenue Capacity

First 5 California County Tax Revenue Projections for Fiscal Years 2016-2020	52
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1959-60 to 2015-16	53

Demographic Information

California Live Births Data	54
Demographic Data	55
2015 American Community Survey – Income Data	56
2011-2015 American Community Survey – Employment Status	57

Operating Information

Capital Assets Statistics	58
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COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in accordance <i>Government Auditing Standards</i>	61
Independent Auditor’s Report on State Compliance	63

INTRODUCTION SECTION

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COMMISSION MEMBERS

RON ROBERTS – Chairman

CAROL SKILJAN – Vice Chair

SANDRA L. MCBRAYER – Secretary

NICK MACCHIONE – Commissioner

DR. WILMA J. WOOTEN – Commissioner

KIMBERLY GALLO – Executive Director

September 8, 2017

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

The Comprehensive Annual Financial Report (CAFR) of the First 5 Commission of San Diego for the year ended June 30, 2017 is hereby submitted as mandated by applicable statutes. These statutes require First 5 San Diego to annually issue a report of its financial position and activity. A complete audit of the report by an independent firm of certified public accountants is also required. Responsibilities for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rest with the Commission's management. The information in this report is intended to present the reader with a comprehensive view of the Commission's financial position and the results of its operations for the fiscal year ending June 30, 2017, along with additional disclosures and financial information designed to enable the reader to gain an understanding of First 5 San Diego's financial activities.

Christy White Associates Certified Public Accountants have issued an unmodified ("clean") opinion on First 5 San Diego's financial statements for the year ended June 30, 2017. The independent auditor's report is located on page 1 of this CAFR.

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

PROFILE OF THE COMMISSION

First 5 San Diego was created by the San Diego County Board of Supervisors on December 8, 1998 following the passage of Proposition 10, through which the California voters made an unprecedented investment in early childhood development. During the last 18 years, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$680 million towards programs and operations that improve the well-being of young children and families in San Diego County.

LOCAL ECONOMY

San Diego County encompasses 4,206 square miles and extends nearly 160 miles from the Pacific Ocean to Imperial County to the East. It borders Mexico to the South and Orange County and Riverside County to the North. There are 18 incorporated cities within the county. Total county population per the 2010 U.S. Census is 3,095,313, with children under 5 years old representing 6.5% of that total with 43,960 new births in 2015 the last year that data was available.

The County unemployment rate has dropped significantly from a high of 11.1% in July 2010 to 4.7% in June 2017. Total non-farm employment was 1,462,130 as of June 2017. The service industry, including information, professional and business services, education and health services, leisure and hospitality, and other services constitute the largest employment sector with 1,226,147 employed. The County's economy is comparable to the Country's overall and is better than the State of California, which has an unemployment rate of 5.4%. San Diego County's economy is expected to stay strong as the State's economy gradually improves.

MAJOR ACCOMPLISHMENTS

- Recognizing the financial conditions facing the State, the County of San Diego and San Diego County families with young children; the Commission allocated \$40,268,228 in contracts for services in the areas of health, education, family and community programs.
- The Commission awarded contracts to 20 agencies throughout San Diego County for services in the areas of health, education, family and community services.
- The Commission applied for, and was awarded, the IMPACT Hub Grant from First 5 California. This grant awards \$1,527,426 in funding over the next 5 years.
- The Commission applied for, and was awarded, the Quality Rating and Improvement System Certification Grant from the California Department of Education. This grant awards \$211,066 in FY 17-18.
- The Commission was awarded a Certificate of Achievement for Excellence in Financial Reporting for the fiscal Year ended June 30, 2016 from the Government Finance Officers Association (GFOA). This is the third year in a row that the Commission has applied for and received this award.

FUTURE INITIATIVES

The current 5 year Strategic Plan was approved by the Commission on June 2, 2014 covering fiscal years 2015/2016 - 2019/2020. The primary components of the plan are:

- The accountability and framework designed to measure the success of the plan;
- Increase access, affordability and quality of center based early care and education;
- Increase access, affordability and utilization for healthcare services for children 0-5;
- Ensure parents utilize age appropriate health and development information in their parenting practices;
- Identify and treat children with special health and developmental needs as early as possible; and
- Ensure that parents and caregivers are knowledgeable about available community resources and programs.

OTHER FINANCIAL INFORMATION

Internal Control

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. The internal control structure is designed to protect the Commission's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of the financial statements in conformity with General Accepted Accounting Principles. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute assurance that the financial statements are free of any material misstatements.

Budgetary and Accounting Systems

The Commission is required to adopt an operating budget for the following year before the end of each fiscal year. Any increase in the adopted appropriations during the fiscal year must have Commission approval. Periodic financial updates are provided to the Commissioners at the regularly scheduled Commission meetings.

Financial Spending Plan

The Commission adopts a Financial Spending Plan (FSP) annually as part of the budget approval process. The FSP is being used to plan the reduction of the Sustainability Fund (Fund Balance) to \$16 million over the next 3 years including an amount of \$10 million for a Management Reserve. Approximately \$12 million annually will be used from the Sustainability Fund over the next 3 years.

ACKNOWLEDGEMENTS

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

Sincerely,

A handwritten signature in black ink that reads "Kimberly Gallo". The signature is written in a cursive, flowing style.

KIMBERLY GALLO
Executive Director

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2017**

Board of Commissioners

Ron Roberts - Chairman

Carol Skiljan – Vice Chair

Sandra L. McBrayer - Secretary

Nick Macchione - Commissioner

Dr. Wilma J. Wooten – Commissioner

Executive Director

Kimberly Gallo

Assistant Executive Director

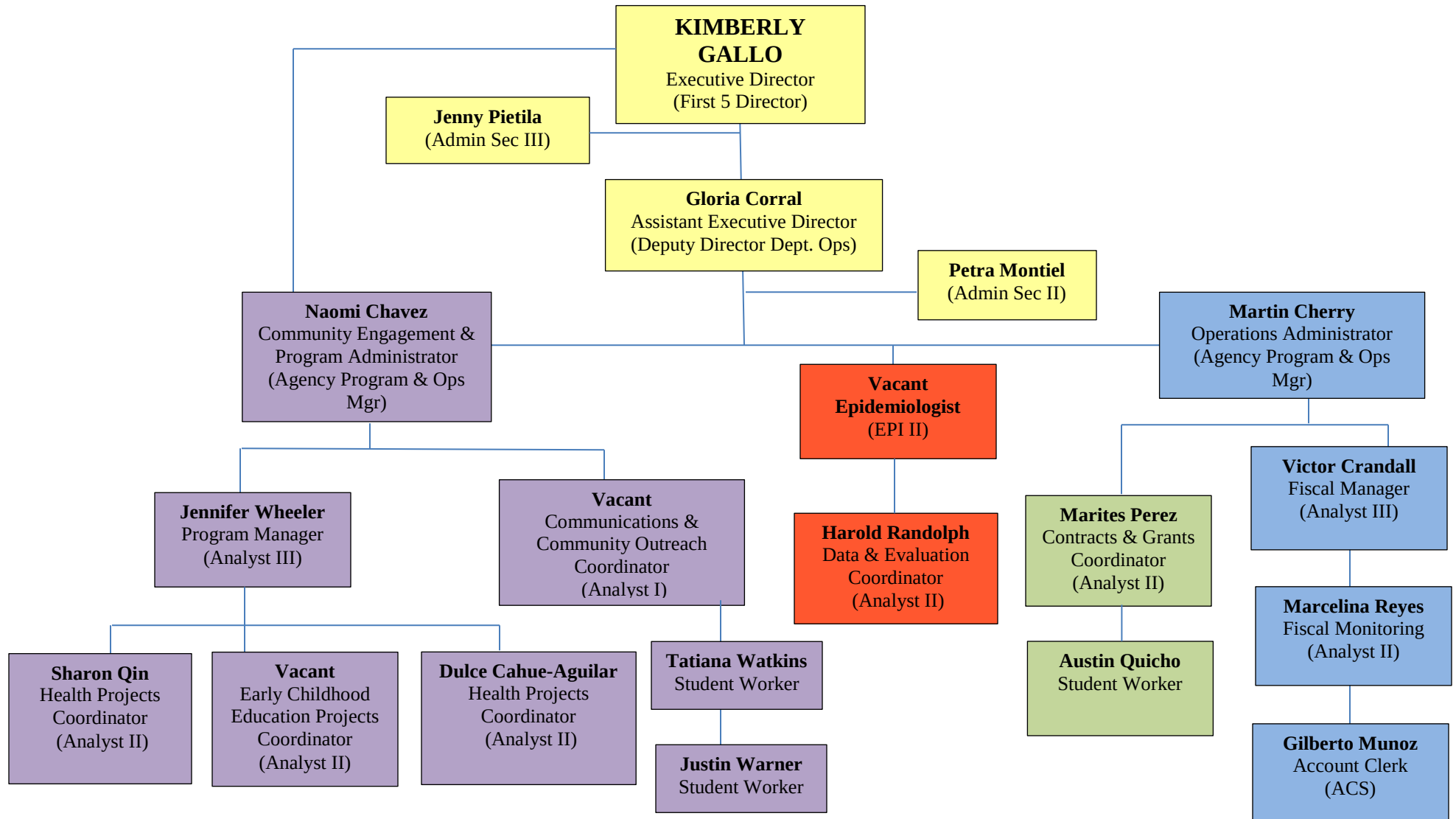
Gloria Corral-Terrazas

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FIRST 5 COMMISSION OF SAN DIEGO

A PROPOSITION 10 COMMISSION

Commission Staff – June 30, 2017



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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**First 5 Commission of San Diego
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

SAN DIEGO
LOS ANGELES
SAN FRANCISCO/BAY AREA

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*Licensed by the California
State Board of Accountancy*

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of First 5 Commission of San Diego, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 9 and the budgetary comparison information on page 33 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the First 5 Commission of San Diego's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The program financial statements on pages 36 through 43 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introduction and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2017 on our consideration of First 5 Commission of San Diego's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering First 5 Commission of San Diego's internal control over financial reporting and compliance.

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

San Diego, California
September 8, 2017

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MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Our discussion and analysis of the First 5 Commission of San Diego's (The Commission) financial performance provides an overview of the Commission's financial activities for the fiscal year that ended June 30, 2017. It should be read in conjunction with the Commission's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, issued June 1999; GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus*, an amendment to GASB Statements No. 21 and No. 34, issued in June 2001 and; GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, issued in 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS (FY 2016/2017)

This Financial Highlights section is governmental fund information.

Expenditures were \$8,009,054 more than revenues. Overall revenues were \$33,046,263. Expenditures were \$41,055,317.

Expenditures fall within three categories: Administrative, Program, and Evaluation. Administrative expenditures were \$2,751,327 or 6.7% of the total expenditures (not to be confused with the Administrative Rate, which is calculated on the final Operating Budget); Program expenditures were \$37,461,932 or 91.3%; Evaluation expenditures were \$842,058 or 2.0% of the expenses. Total expenditures were \$41,055,317.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2016/2017 the administrative rate was 6.17% of the budget. This is based on the Total Administrative Expenditures of \$2,751,327 and the final Total Operating Budget of \$44,615,798.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Commission's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

Government-Wide Financial Statements

The *government-wide financial statement* is designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector's business.

The *Statement of Net Position* presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave).

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The Commission adopts an annual appropriated budget for its special revenue fund. A budgetary comparison statement (page 33) has been provided for the special revenue fund to demonstrate compliance with this budget.

The fund financial statements can be found on pages 12 and 14 of this report.

Government-Wide Financial Analysis

Net Position

Table I: Net Position

	FY 2016/2017	FY 2015/2016
Total Assets	\$ 75,265,819	\$ 84,071,368
Total Liabilities	10,032,949	10,832,094
Net Position:		
Restricted	-	-
Unrestricted	65,232,870	73,239,274
Total Net Position	\$ 65,232,870	\$ 73,239,274

The Commission's total net position decreased by \$8,006,404 or 11% from the prior year due to planned expenses being higher than revenues.

Changes in Net Position

Table II: Changes in Net Position

	FY 2016/2017	FY 2015/2016
Program Revenues	\$ 32,192,572	\$ 34,849,461
General Revenues	853,691	499,005
Total Revenues	33,046,263	35,348,466
Administrative Expenses	3,590,735	3,927,334
Program Expenses	37,461,932	37,512,258
Total Expenses	41,052,667	41,439,592
Change in net position	(8,006,404)	(6,091,126)
Net position – Beginning, July 1, 2016	73,239,274	79,330,400
Net position – Ending, June 30, 2017	\$ 65,232,870	\$ 73,239,274

Program Revenues had a decrease of \$2,656,889 or 7.6% from the previous year primarily due to lower anticipated Prop 10 Tobacco Tax revenue. Child Signature Program revenue was \$1,777,312 or 51.5 % lower than previous year due to the planned disbursement of the award.

General Revenues increased by \$354,686 or 71.1% from the prior year due to higher yields on investments.

The change in net position increased by \$1,915,278 or 31.4 % due to higher planned expenditures compared to revenue.

BUDGETARY HIGHLIGHTS

- The FY 2016/2017 final budget was \$5.2 million or 10.5% lower than the FY 2015/2016 budget.
- The FY 2016/2017 final program budget was \$5,253,946 or 10.5% lower than in FY 2015/2016.
- Expenditures were less than budgeted by \$3,560,481 or 8.0% due to the programs that did not expend their full budgeted allocation. Additionally, there were roll over funds to future years resulting in savings in overall program expenditures.
- Prop 10 Tobacco Tax revenue had a favorable increase over budget of \$437,680 or 2.5% due to an increase in Tobacco Tax revenue over the forecast.
- Prop 10 Quality Preschool Initiative reallocation revenue had an unfavorable variance of \$171,711 or 1.6% due to a lower revenues matched for the program due to lower expenditures.
- Revenues realized from the IMPACT award were \$226,135 or 16.4% higher than budgeted due to receiving a higher award than was anticipated.
- Interest revenue had a favorable variance of \$343,787 or 71% due to a higher return on investments than was budgeted.

- Labor & Benefits expense had a favorable variance of \$639,404 or 23% due to position vacancies during the course of the fiscal year.
- Services and Supplies expense had a favorable variance of \$78,069 or 11% primarily due to expenditures for 22 of the 27 budget accounts being lower than budget.
- Evaluation services expense had a favorable variance of \$36,712 or 4.2% primarily due to roll over of funds to FY 17-18.
- Contributions to Community Projects (Program Expenses) had a favorable variance of \$2.8 million or 7% due to \$1.1 million in lower than expected expenditures in overall contracts. There was also \$1.2 million in funding that was rolled over to FY 17-18 for planned expenditures.

BEYOND FY 2016/2017

In June 2014, the Commission adopted the Strategic Plan that will guide the Commission's community investments for 2015 to 2020. During this period, the Sustainability Fund that allowed the investment in programs well beyond the revenue received will be greatly reduced. By the end of the Strategic Plan 2015 – 2020 the Commission will have a significantly reduced Sustainability Fund due to the thoughtful reduction of the fund over the life of the Strategic Plan. The plan is to reduce the Sustainability Fund to an adequate Management Reserve and match expenses to revenues in future years.

From FY 2010-11 through FY 2014-15 the Sustainability Fund was reduced on average by \$20.2 million per year. In an effort to slow the reduction so that the Sustainability Fund would last through the new Strategic Plan period, the Sustainability Fund will be used to supplement revenues by \$12.2 million on average over the 2016 – 2020 time period. Future budgets will be stable for a 3 year period at roughly \$42 million per year.

The Commission, through formal action, approved the Financial Spending Plan that obligates funding for the period FY 2017-2020 for the following programs:

Healthy Development Services	\$ 38,336,700
KidSTART Center Funding	3,467,700
Oral Health	5,850,000
Reducing Childhood Injuries	700,800
Quality Preschool Initiative	43,131,600
Mi Escuelita	1,959,480
YMCA – CRS	513,000
Targeted Home Visits	15,000,000
Parent Education and Family Engagement	825,000
Maternity Shelter	375,000
Information & Referral	900,000
Parent & Public Education	1,545,000
Community Projects	495,000
Total	\$ 113,099,280

DECLINING REVENUES

It is anticipated that Prop 10 revenues derived from the sales of tobacco products will decline in future years as the sales of tobacco products decrease. In anticipation of this decline, the Commission has a Financial Spending Plan that projects an annual decrease in program funding over the life of the plan and prevents a drastic reduction at plan's end. Although the Financial Spending Plan projects a greatly reduced balance of the Commission's sustainability fund (not counting the Management Reserve) at the end of FY 2019/2020, it is estimated the Commission will receive about \$20 million per year in Proposition 10 revenues thereafter.

To help compensate for the revenue decline the Commission has applied for, and received grants that will help the communities in San Diego County. The latest grant is called IMPACT Hub. This grant is from First 5 California and will bring in \$1.5 million over 5 years to First 5 San Diego. The Commission also received the Quality Rating and Improvement System Certification Grant from the California Department of Education. This grant will award \$211,066 in FY 17-18.

PROPOSITIONS

During the last 14 months, California has enacted an unprecedented number of propositions that affect future Prop 10 revenues.

First was SBx 27; this increased the smoking age from 18 to 21 in the State of California effective June 9, 2016.

Next was the voter approved Proposition 56 that increased the tobacco tax by \$2 per pack going from \$.87 to \$2.87 in the State of California, effective April 1, 2017. Additionally, this proposition designated e-cigarettes as a tobacco product and thus is taxable under all tobacco taxes, even Prop 10.

These propositions had positive and negative effects on Proposition 10 Commissions like the San Diego County First 5 Commission (Commission). The effects of SBx 27 enacted in June 2016 increased the smoking age and thus had a negative impact on the Commission's revenues. However, Prop 56 added e-cigarettes as a tobacco product resulting in a positive impact on revenue. Prop 56 also added \$2.00 per pack causing tobacco sales to decline, however, the bill included a back-fill provision for Prop 10 which means that some of the proceeds of Prop 56 will go to Prop 10 to compensate for a loss in revenue. The full effects are not yet known as effects on revenues have only begun to happen. Since there are both positive and negative effects it is anticipated that overall, revenues should approximate prior revenue projections.

One known impact of Prop 56 is the timing of the reimbursement (back-fill) to Prop 10. The entire annual reduction of revenue will be calculated after the end of each fiscal year. For the fiscal year that ends June 30, 2018, revenues are projected to be lower by \$5 million for San Diego.

REQUESTS FOR INFORMATION

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2017**

**GOVERNMENTAL
ACTIVITIES**

	<u>2017</u>
Assets	
Cash and investments in county treasury	\$ 71,209,655
Imprest cash	250
Accounts receivable	3,770,188
Due from County of San Diego	283,837
Prepaid expenses	1,889
Total assets	<u>75,265,819</u>
Liabilities	
Accounts payable	9,915,963
Due to County of San Diego	69,248
Compensated absences:	
Due within one year	41,446
Due more than one year	6,292
Total liabilities	<u>10,032,949</u>
Net Position	
Restricted	-
Unrestricted	<u>65,232,870</u>
Total net position	<u><u>\$ 65,232,870</u></u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

		PROGRAM REVENUES	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		PROPOSITION 10 AND SPECIAL FUND	GOVERNMENTAL ACTIVITIES
GOVERNMENTAL ACTIVITIES	EXPENSES		2016
Health	\$ 15,398,149	\$ 10,303,376	\$ (5,094,772)
Learning	13,761,649	12,743,247	(1,018,402)
Community	2,876,033	1,924,442	(951,591)
Family	5,426,101	3,630,772	(1,795,329)
General administration	3,590,735	3,590,735	-
Total governmental activities	<u>\$ 41,052,667</u>	<u>\$ 32,192,572</u>	<u>(8,860,095)</u>
GENERAL REVENUES:			
Net investment revenue			<u>853,691</u>
Total general revenues			<u>853,691</u>
Change in net position			(8,006,404)
Net position – beginning of fiscal year			<u>73,239,274</u>
Net position – end of fiscal year			<u>\$ 65,232,870</u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2017**

	<u>2017</u>
Assets	
Cash and investments in county treasury	\$ 71,209,655
Imprest cash	250
Accounts receivable	3,770,188
Due from County of San Diego	283,837
Prepaid expenditures	<u>1,889</u>
Total assets	<u><u>\$ 75,265,819</u></u>
Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 9,915,963
Due to County of San Diego	69,248
Unearned revenue	<u>-</u>
Total liabilities	<u>9,985,211</u>
Fund Balance:	
Nonspendable	1,889
Restricted	-
Committed	<u>65,278,719</u>
Total fund balance	<u>65,280,608</u>
Total liabilities and fund balance	<u><u>\$ 75,265,819</u></u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>2017</u>
Total governmental fund balance	\$ 65,280,608
Compensated absences are not due and payable in the current period and accordingly are not reported as fund liabilities. All compensated absences, both current and long-term, are reported in the Statement of Net Position.	<u>(47,738)</u>
Net position of governmental activities	<u>\$ 65,232,870</u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Revenues:	<u>2017</u>
Prop 10 tobacco tax (including SMIF)	\$ 17,887,814
Prop 10 quality preschool initiative	10,769,855
Prop 10 child signature program	1,677,313
IMPACT	1,607,269
IMPACT Hub	250,321
Interest revenue	828,087
Net increase (decrease) in FMV of investments	<u>25,604</u>
Total revenues	<u>33,046,263</u>
Expenditures:	
Labor and benefits	2,123,804
Services and supplies	627,523
Evaluation	842,058
Contributions to community projects	<u>37,461,932</u>
Total expenditures	<u>41,055,317</u>
Net change in fund balance	(8,009,054)
Fund balance, beginning of fiscal year	<u>73,289,662</u>
Fund balance, end of fiscal year	<u><u>\$65,280,608</u></u>

See accompanying notes to the basic financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Net change in total governmental fund balance	\$ (8,009,054)
In the statement of activities, compensated absences are measured by the amounts earned during the fiscal year. In the governmental fund, however, expenditures for these items are measured by the amount of financial resources used (essentially the amount paid).	<u>2,650</u>
Change in net position of governmental activities	<u><u>\$ (8,006,404)</u></u>

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The San Diego County Board of Supervisors established the First 5 Commission of San Diego, formerly the San Diego County Children and Families Commission (The Commission) on December 8, 1998 under the provisions of the California Children and Families Act of 1998 (Act). The Commission is discretely presented as a component unit of the County of San Diego, California. The Commission provides leadership for a network of support for all children from the prenatal stage through age five and their families; develops and operates in partnerships with communities and families; and is accountable for improving outcomes in children's health, safety and learning. The Commission is funded through tobacco tax revenue generated as a result of the California approval of the Proposition 10 Act (Prop 10) in November 1998. The Commission is made up of five members: one (1) member of the Board of Supervisors, two (2) members-at-large appointed by the Board of Supervisors, one (1) member is the Director of the Health and Human Services Agency and one (1) member is nominated by the Director of the Health and Human Services Agency from among the County health officer and persons responsible for management of the following County functions: children's services, public health services, social services, behavioral health services, and tobacco and other substance abuse prevention and treatment services.

In June 2014 the Commission adopted a new Strategic Plan for 2015 – 2020. The plan focuses the Commission's investments toward achieving key results that best promote early childhood development in San Diego County. The Commission's vision is that "All children are healthy, are loved and nurtured, and enter school as active learners." The plan guides the allocation of up to \$113.1 million (page 8) for fiscal years 2017/2018 through 2019/2020 to support four strategic goal areas that strengthen the relationships essential for the healthy development of young children: (1) Health, (2) Learning, (3) Family, and (4) Community. The plan spends down the fund balance from \$79.4 million at the beginning of FY 2015/2016 to \$18.3 million as a Management Reserve at the end FY 2019/2020.

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

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

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position

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

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

The Statement of Activities reports the change in net position in a net program cost format to demonstrate the degree to which the expense of the Commission is offset by its program revenues (page 11) in the categories of 1) Health, 2) Learning, 3) Community, and 4) Family.

Governmental fund financial statements, presented after the government-wide financial Statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting on pages 12 and 14. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be *available* when they are collectible within 90 days of the end of the current fiscal period. Revenues susceptible to accrual include tax revenue, grants, and investment income. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

C. Budgets, Budgetary Process and Encumbrances

The Commission adopts an annual budget, which can be amended by the Commission throughout the fiscal year. Revenue (not including interest revenue) was budgeted at \$31.4 million per the Financial Spending Plan that was approved in April 2016. The Financial Spending Plan is reviewed annually and, if necessary, is revised to account for updated projections of birth rates, taxable sales of tobacco products and changes in interest rates. Budgeted revenues were established to balance revenues with projected expenditures. Liability for unrealized gains and losses under Governmental Accounting Standards Board's Statement No. 31 (GASB 31) is not included in the budget.

The budget for revenues presented in this audit has been modified from the Approved Budget by the Commission to match the budget amounts to the actual allocation of revenues received. The following table illustrates this re-allocation of budgeted revenues:

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Account	Approved Budget	Reallocation	Reallocated Budget
Prop 10 Tobacco Tax	\$ 28,391,700	\$ (10,941,566)	\$ 17,450,134
Prop 10 Quality Preschool Initiative	-	10,941,566	10,941,566
Prop 10 Child Signature Program	1,677,300	-	1,677,300
IMPACT	1,381,134	-	1,381,134
IMPACT Hub	377,277		377,277
Interest Revenue	484,300	-	484,300
Totals	\$32,311,711	-	\$ 32,311,711

D. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual reports could differ from those estimates.

E. Cash and Investments

Investments are valued at fair value. Fair value is defined as the amount that the Commission could reasonably expect to receive for an investment as a current sale between a willing buyer and seller and is generally measured by quoted market prices.

F. New Accounting Pronouncements

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 74 – In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pensions*. This standard improves the usefulness of information about postemployment benefits other than pensions (OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The Statement is effective for periods beginning after June 15, 2016. The Commission has implemented GASB Statement No. 74 for the year ended June 30, 2017.

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The Commission has not yet determined the impact on the financial statements.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This standard's primary objective is to require governments that enter into tax abatement agreements to disclose certain information to assist users of the financial statements in evaluating the financial health of governments, making decisions, and assessing accountability. The Statement is effective for periods beginning after December 15, 2015. The Commission has implemented GASB Statement No. 77 for the year ended June 30, 2017.

GASB Statement No. 78 – In December 2015, GASB issued Statement No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*. This standard's primary objective is to address a practice issue regarding the scope and applicability of GASB Statement No. 68. The Statement is effective for periods beginning after December 15, 2015. The Commission has implemented GASB Statement No. 78 for the year ended June 30, 2017.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard's primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The Commission has implemented GASB Statement No. 80 for the year ended June 30, 2017.

GASB Statement No. 81 – In March 2016, GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements*. This standard's primary objective is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The Statement is effective for periods beginning after December 15, 2016. The Commission has not yet determined the impact on the financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This standard's primary objective is to address certain issues that have been raised with respect to GASB Statements No. 67, No. 68, and No. 73. The majority of the Statement is effective for periods beginning after June 15, 2016. The Commission has implemented GASB Statement No. 82 for the year ended June 30, 2017.

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

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

GASB Statement No. 86 – In May 2017, GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. This standard’s primary objective is to improve consistency in accounting and financial reporting for in-substance defeasance of debt. The Statement is effective for periods beginning after June 15, 2017. The Commission has not yet determined the impact on the financial statements.

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

G. Reclassifications

Certain accounts have been reclassified to conform to the current fiscal year presentation.

H. Management’s Review

Management has evaluated subsequent events through the date the financial statements were available for issuance which is September 8, 2017.

NOTE 2: CASH AND INVESTMENTS BY COUNTY TREASURY

The Commission’s cash and investments at June 30, 2017 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, 2017, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2017:

Assets Invested through the County Treasurers Office:

Negotiable Certificates of Deposit	\$ 24,836,875
County Pool	<u>46,372,780</u>
Total Cash and Investments by County Treasury	<u><u>\$ 71,209,655</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Investments Authorized by the California Government Code

The California Government Code Section 53601 governs the investments of the Commission. The Commission adopted an investment policy on October 4, 2004 but it does not contain policies for exposure to interest rate risk, credit risk and concentration of credit risk. Portfolios will invest primarily in the County Investment Pool ("County Pool"), Commercial Paper, Negotiable CD, Medium Term Notes, US Agencies and Treasuries. The portfolio maturity structure will be driven by the cash flow needs of First 5, as provided by staff members and accommodations for appropriate levels of liquidity.

California Government Code 53601 provides that the County Board of Supervisors is empowered to authorize the Commission to hold investments with maturities that exceed five years. The Commission has received such an authorization from the San Diego Board of Supervisors on March 22, 2005 to invest for a maximum of 20 years.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In general, the longer the maturity of an investment, the greater the sensitivity of its fair value to the changes in market interest rates. Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Commission's investments by maturity:

Investment Type	<u>Remaining Maturity in Months</u>			
	Amount	12 months or less	13 to 24 months	25 to 60 Months
Negotiable Certificates of Deposit	\$ 24,836,875	\$ 24,836,875	\$ -	\$ -
County Pool	46,372,780	46,372,780	-	-
Total	\$ 71,209,655	\$ 71,209,655	\$ -	\$ -

Credit Risk

Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code Section 53601 (where applicable) and the actual rating as of year-end for each investment type.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Investment Type	Amount	Minimum Rating Required	Credit Quality Rating
<u>First 5 Commission Investments</u>			
Negotiable Certificates of Deposit	\$ 24,836,875	AAA	A-1
County Pool	46,372,780	VARIOUS	AAAF
Total	<u>\$ 71,209,655</u>		

Concentration of Credit Risk

The California Government Code Section 53601 places limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, negotiable certificates of deposit, and external investment pools) that represent 5% or more of total investment are as follows:

Issuer	Investment Type	Amount	% of Total Investments
None for FY 2016/2017			

Custodial Credit Risk

Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counter party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code Section 53652 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secure public deposits.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

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

Investment in San Diego Investment Pool

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

Fair Value

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

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

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

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

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

The Commission's fair value measurements at June 30, 2017 were as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Uncategorized	Total
Investments in county treasury	\$ -	\$ -	\$ -	\$ 71,209,655	\$ 71,209,655
Other investments	-	-	-	-	-
Total leveled investments	\$ -	\$ -	\$ -	\$ 71,209,655	\$ 71,209,655

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: ACCOUNTS RECEIVABLE

The accounts receivable is recorded at full value and represents the amount of Prop 10 revenue the California Children and Families Commission (First 5 California) owes the Commission for the months of May and June 2017 and miscellaneous Surplus Money Investment Fund (SMIF) revenue. Additionally, the First 5 Commission of California owes First 5 San Diego IMPACT and IMPACT Hub revenue earned in FY 16/17.

Prop 10 revenue for:

May 2017	\$ 1,015,801
June 2017	1,785,761
SMIF	23,323
IMPACT revenue	861,594
IMPACT Hub revenue	83,709
Total	<u>\$ 3,770,188</u>

NOTE 4: ACCOUNTS PAYABLE

Accounts payable is comprised of \$9,915,963 in funding due to contractors at June 30, 2017.

NOTE 5: DUE TO/DUE FROM COUNTY OF SAN DIEGO

These are funds that are “due to” or “due from” the County of San Diego’s general fund.

The County of San Diego owes the Commission \$283,837 for:

- 1) Investment interest earnings in the operating fund and the sustainability fund of \$138,719;
- 2) Burden rate adjustment of \$145,118.

The Commission owes the County of San Diego \$69,248 for:

- 1) County Counsel services of \$362;
- 2) Computing and IT charges of \$6,590;
- 3) Portfolio Admin Fee of \$2,484
- 4) Public Health contract services of \$59,812

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: COMPENSATED ABSENCES

Compensated absences represent the liability for unpaid vacation leave, holidays and other compensated absences with similar characteristics, except sick leave. Compensated absences liability activities for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Due Within One Year
Compensated Absences	\$ 50,388	\$ 11,554	\$ (14,204)	\$ 47,738	\$ 6,292

NOTE 7: REVENUE

The Commission receives a proportionate share of Proposition 10 money from First 5 California based on the number of live births in the county in comparison to the number of live births statewide. This fund is identified in the County of San Diego's accounting records as the First 5 Commission Operating Fund (Fund Number 49217). The Commission also receives Special Funding, as explained in Note 8, and Surplus Money Investment Fund (SMIF) allocations from First 5 California. The SMIF allocations represent distributions of interest accrued on statewide Proposition 10 money.

Revenue for the fiscal year 2016/2017 is comprised of:

Proposition 10 revenue (monthly allocations)	\$ 17,864,491
SMIF	23,323
Quality Preschool Initiative	10,769,855
The Child Signature Program	1,677,313
IMPACT	1,607,269
IMPACT Hub	250,321
Interest	828,087
Net increase (decrease) in FMV of investments	25,604
Total revenue	<u>\$ 33,046,263</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 8: SPECIAL FUNDING

Special funding for FY 2016/2017 included \$10,769,855 for the First 5 San Diego Quality Preschool Initiative; \$1,677,313 for the First 5 California Child Signature Program; \$1,607,269 for the IMPACT award; and \$250,321 for the IMPACT Hub award.

Quality Preschool Initiative: The purpose of the First 5 San Diego Quality Preschool Initiative (QPI) is to use a multi-tiered service delivery model to implement high quality preschool programs in high needs areas of San Diego County. The goal of the QPI program is to reduce the school readiness gap and improve school achievement in San Diego County. During the Fiscal Year 2016/2017 the QPI program served more than 14,000 children in quality enhanced preschool classrooms, and provided parent education classes to more than 3,400 caregivers/parents. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 36 and 37.

Child Signature Program: The primary purposes of the First 5 California Child Signature Program (CSP) are: 1) To enhance the quality of current preschool programs by implementing research based program elements. 2) To increase the quality in early learning programs for children ages 0 to 5 in identified Early Child Education (ECE) centers where the education divide is the greatest. Key goals include: (1) At risk children will enter school with skills to be successful. (2) Optimize teacher effectiveness. (3) Increase children's access to quality early learning programs. (4) Increase parent knowledge of age appropriate cognitive and behavioral development. The special funding money for this program can only be used for purposes specified under the funding agreement. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 38 and 39.

IMPACT (Improve and Maximize Programs so All Children Thrive): The purpose of First 5 IMPACT is to support a network of local quality improvement systems to better coordinate, assess, and improve the quality of early learning settings. First 5 IMPACT is an innovative approach that forges partnership between First 5 California and counties to achieve the goal of helping children ages 0 to 5 and their families thrive by increasing the number of high-quality early learning settings, including supporting and engaging families in the early learning process. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 40 and 41.

IMPACT Regional Coordination and Training and Technical Assistance Hubs (Hubs): The purpose of First 5 IMPACT Hubs is to provide a mechanism for coordination and specialized support to consortia within a region to create economies of scale while building a local early learning system. The Hubs goals include: 1) coordinate local and regional CA-QRIS implementation across multiple systems, 2) leverage local and state resources to help consortia integrate county, state, and national research and promising practices into First 5 IMPACT work, 3) create regional efficiencies for quality improvement, staffing, data collection, and systems development, and 4) increase local capacity to build on existing strengths, increase efficiency, and meet local needs. The balance sheet and statement of revenue, expenditures and changes in fund balance for this special funding program is presented as supplementary information in this report on pages 42 and 43.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9: LEASE OBLIGATION

The Commission is obligated for the next two years under a space rental lease which is accounted for as an operating lease. An operating lease does not give rise to property rights and therefore, the results of the lease agreement are reflected in the Commission's basic financial statements.

The future rental payments required under the operating lease are as follows:

Year ending June 30:

2018	\$ 363,847
2019	<u>374,169</u>
Total lease obligation	<u><u>\$ 738,016</u></u>

NOTE 10: EVALUATION EXPENSES

The Commission spent \$842,058 on program evaluation during the audit period.

NOTE 11: FUND BALANCES

As of June 30, 2017, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form (e.g. Prepaid Expense) or because they are legally or contractually required to be maintained intact (e.g. revolving fund or the principal of an endowment).

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal "Action Item" of the Commission. This formal "Action Item" is the approval by the Commission of a meeting agenda action item, if approved resulting in a final resolution to be implemented. The Commission is the highest level of decision making authority. These committed amounts cannot be used for any other purpose unless the Commission removes or changes the specific uses through the same type of formal action taken to establish the commitment.

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

Unassigned – all other spendable amounts.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 11: FUND BALANCES (continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the commission considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the Commission considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Commission has provided otherwise in its commitment or assignment actions.

The details of the fund balances as of June 30, 2017 are presented below:

Fund Balance:

Nonspendable:	
Prepaid items	\$ 1,889
Committed To:	
Administration	4,726,264
Evaluation	1,152,968
Healthy Development Services	16,744,698
KidStart	1,514,622
Oral Health	2,555,162
Reducing Childhood Injuries	306,095
Quality Preschool Initiative	18,839,014
Mi Esculita	855,861
YMCA - CRS	224,068
Targeted Home Visits	6,551,698
Parent Education & Family Engagement	360,343
Maternity Shelter	163,793
Information & Referral	393,102
Parent & Public Education	674,825
Community Projects	216,206
Management Reserve	10,000,000
Total Committed	65,278,719
Total Fund Balance	\$ 65,280,608

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BUDGETARY COMPARISON SCHEDULE
GOVERNMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	BUDGETED AMOUNTS (UNAUDITED)			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
Revenues:				
Prop 10 tobacco tax	\$ 17,450,134	\$ 17,450,134	\$ 17,887,814	\$ 437,680
Prop 10 Quality Preschool Initiative	10,941,566	10,941,566	10,769,855	(171,711)
Prop 10 Child Signature Program	1,677,300	1,677,300	1,677,313	13
IMPACT	1,381,134	1,381,134	1,607,269	226,135
IMPACT Hub		377,277	250,321	(126,956)
Interest revenue	484,300	484,300	828,087	343,787
Net increase (decrease) in FMV of investments	-	-	25,604	25,604
Total revenues	<u>31,934,434</u>	<u>32,311,711</u>	<u>33,046,263</u>	<u>734,552</u>
Expenditures:				
Labor and Benefits	2,763,208	2,763,208	2,123,804	639,404
Services and Supplies	705,592	705,592	627,523	78,069
Evaluation	878,770	878,770	842,058	36,712
Contributions to Community Projects	<u>39,577,107</u>	<u>40,268,228</u>	<u>37,461,932</u>	<u>2,806,296</u>
Total expenditures	<u>43,924,677</u>	<u>44,615,798</u>	<u>41,055,317</u>	<u>3,560,481</u>
Net change in fund balance	(11,990,243)	(12,304,087)	(8,009,054)	4,259,033
Fund balance, beginning of fiscal year	<u>73,289,662</u>	<u>73,289,662</u>	<u>73,289,662</u>	-
Fund balance, end of fiscal year	<u>\$ 61,299,419</u>	<u>\$ 60,985,575</u>	<u>\$ 65,280,608</u>	<u>\$ 4,259,033</u>

Budget and Budgetary Process

The commission adopts an annual budget which can be amended throughout the year. The basis used to prepare the budget is in accordance with generally accepted accounting principles (GAAP).

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SUPPLEMENTARY INFORMATION SECTION

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
QUALITY PRESCHOOL INITIATIVE
JUNE 30, 2017**

	<u>2017</u>
Assets	
Cash and investments in county treasury	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>
Liabilities and Fund Balance	
Fund balance:	
Restricted for Quality Preschool Initiative	<u>\$ -</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
QUALITY PRESCHOOL INITIATIVE
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Revenues:	
Quality Preschool Initiative	<u>\$ 10,769,855</u>
Total revenues	<u>10,769,855</u>
Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>10,769,855</u>
Total expenditures	<u>10,769,855</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
CHILD SIGNATURE PROGRAM
JUNE 30, 201**

	<u>2017</u>
Assets	
Cash and investments in county treasury	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Fund balance:	
Restricted for Child Signature Program	\$ -
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
CHILD SIGNATURE PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Revenues:	
Child Signature Program	<u>\$ 1,677,313</u>
Total revenues	<u>1,677,313</u>
Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>1,677,313</u>
Total expenditures	<u>1,677,313</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
IMPACT
JUNE 30, 2017**

	<u>2017</u>
Assets	
Cash and investments in county treasury:	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for IMPACT	-
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
IMPACT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Revenues:	
IMPACT	<u>\$ 1,607,269</u>
Total revenues	<u>1,607,269</u>
 Expenditures:	
Labor and benefits	-
Contributions to community projects	<u>1,607,269</u>
Total expenditures	<u>1,607,269</u>
 Net change in fund balance	-
 Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BALANCE SHEET
IMPACT Hub
JUNE 30, 2017

	<u>2017</u>
Assets	
Cash and investments in county treasury:	<u>\$ -</u>
Total assets	<u><u>\$ -</u></u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	<u>\$ -</u>
Total liabilities	<u>-</u>
Fund balance:	
Restricted for IMPACT Hub	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u><u>\$ -</u></u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
IMPACT Hub
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
Revenues:	
IMPACT Hub	\$ 250,321
Total revenues	<u>250,321</u>
Expenditures:	
Labor and benefits	-
Contributions to community projects	250,321
Total expenditures	<u>250,321</u>
Net change in fund balance	-
Fund balance, beginning of fiscal year	<u>-</u>
Fund balance, end of fiscal year	<u>\$ -</u>

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STATISTICAL SECTION

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FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

The information in this section is not covered by the Independent Auditor's Report, but it is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of the statistical section information are to provide financial statement users with additional statements, notes to financial statements and required supplemental information to understand and assess the Commission's economic condition.

	<u>Pages</u>
<u>Financial Trends</u>	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	48 - 51
<u>Revenue Trends</u>	
These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	52 - 53
<u>Demographic Information</u>	
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	54 - 57
<u>Operating Information</u>	
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs.	58

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Net Position by Component
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,910	\$ 1,287,217	\$176,650,132	\$194,800,719	\$196,568,447
Unrestricted	65,232,870	73,239,274	79,330,400	100,898,266	127,377,162	143,546,761	68,061,224	-	-	-
Extraordinary Expense – AB99**						(88,374,589)	88,374,589			
Total net position	<u><u>\$ 65,232,870</u></u>	<u><u>\$ 73,239,274</u></u>	<u><u>\$ 79,330,400</u></u>	<u><u>\$100,898,266</u></u>	<u><u>\$127,377,162</u></u>	<u><u>\$144,104,671</u></u>	<u><u>\$ 69,348,441</u></u>	<u><u>\$176,650,132</u></u>	<u><u>\$194,800,719</u></u>	<u><u>\$196,568,447</u></u>

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

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Changes in Net Position
Last Ten Fiscal Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues										
Prop 10 tobacco taxes (including SMIF)	\$ 17,887,814	\$ 21,643,265	\$ 18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100	\$ 27,372,233
Prop 10 school readiness	-	-	-	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526
Prop 10 child care retention	-	-	-	-	-	-	-	-	1,833,291	1,967,421
10 special needs demonstration project	-	-	-	-	-	-	-	-	562,815	564,295
Prop 10 quality preschool initiative	10,769,855	7,877,537	11,728,390	15,962,144	13,426,675	-	-	-	-	-
Prop 10 power of preschool – bridge	-	-	-	-	-	12,290,550	-	-	-	-
Prop 10 preschool for all/power of	-	-	-	-	-	-	12,223,680	9,091,695	6,448,780	4,987,577
Prop 10 child signature program	1,677,313	3,454,625	3,454,625	3,354,625	3,354,625	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	93,553	75,833	92,431	21,166	-	-	-
The California Endowment grant	-	-	-	-	-	426,283	346,874	253,124	-	-
Race to the top	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-	-	-	-
IMPACT	1,607,269	-	-	-	-	-	-	-	-	-
IMPACT Hub	250,321	-	-	-	-	-	-	-	-	-
Interest revenue	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652
Other miscellaneous	-	43,146	-	-	-	-	-	-	-	-
Net increase (decrease) in FMV of	25,604	(79,750)	(3,050)	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518
Total revenues	\$ 33,046,263	\$ 35,348,466	\$ 36,309,055	\$ 35,231,004	\$ 36,766,939	\$ 36,213,723	\$ 37,247,740	\$ 41,027,298	\$ 48,879,517	\$ 52,281,222
Expenses										
Labor and benefits	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829	\$ 2,244,971
Services and supplies	627,523	623,890	622,703	628,161	619,849	820,809	684,971	654,637	929,752	672,180
Evaluation	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286	1,049,579
Contributions to community projects	37,461,932	37,512,258	53,010,552	57,085,235	48,634,245	45,435,941	51,849,208	54,735,724	43,876,292	40,290,040
Total expenses	\$ 41,055,317	\$ 41,500,030	\$ 57,856,201	\$ 61,731,917	\$ 53,507,126	\$ 49,781,502	\$ 56,199,665	\$ 59,163,850	\$ 48,534,159	\$ 44,256,770
Extraordinary Expense-AB99	-	-	-	-	-	\$(88,374,589)	\$ 88,374,589	-	-	-
Excess of revenues over expenses	\$ (8,009,054)	\$ (6,151,564)	\$ (21,547,146)	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ 345,358	\$ 8,024,452
Compensated absences	2,650	60,438	(20,720)	22,017	12,678	(50,580)	24,823	(14,035)	(85,010)	(90,840)
Adjustment for reallocation	-	-	-	-	-	-	-	-	(2,028,076)	971,083
Change in net position	\$ 8,006,404)	\$ (6,091,126)	\$ (21,567,866)	\$ 26,478,896)	\$ 16,727,509)	\$ 74,756,230	\$(107,301,691)	\$ (18,150,587)	\$ (1,767,728)	\$ 8,904,695

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Fund Balance – General Fund
Last Ten Fiscal Years*

	<u>2017*</u>	<u>2016*</u>	<u>2015*</u>	<u>2014*</u>	<u>2013*</u>	<u>2012*</u>	<u>2011*</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Fund Balances										
Nonspendable	\$ 1,889	\$ 32,325	\$ 2,816	\$ 1,914	\$ 1,730	\$ 1,671	\$ 1,676			
Committed	65,278,719	73,257,337	79,438,411	100,986,459	127,487,556	143,669,892	68,133,770			
Restricted	-	-	-	-	-	557,910	1,287,217			
Unassigned	-	-	-	-	-	-	-			
Extraordinary Expense – AB99	-	-	-	-	-	(88,374,589)	88,374,589			
Total Fund Balance	<u>\$ 65,280,608</u>	<u>\$ 73,289,662</u>	<u>\$79,441,227</u>	<u>\$100,988,373</u>	<u>\$127,489,286</u>	<u>\$144,229,473</u>	<u>\$ 69,422,663</u>			
Reserved										
Reserved for encumbrances								\$ 40,278,999	\$ 70,847,450	\$ 28,417,471
Reserved for obligations								112,697,350	18,419,030	70,195,302
Reserved for funds not yet obligated								-	652,712	302,601
Reserved for First 5 California initiatives								3,523,364	5,206,325	6,603,737
Reserved for local initiatives and sustainability								-	-	-
Total Reserved								<u>\$156,499,713</u>	<u>\$ 95,125,517</u>	<u>\$105,519,111</u>
Unreserved										
Designated								20,249,464	99,760,212	91,140,176
Undesignated								-	-	-
Total Fund Balances								<u>\$176,749,177</u>	<u>\$194,885,729</u>	<u>\$196,659,287</u>

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Changes in Fund Balances – General Fund
Last Ten Fiscal Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Revenues										
Prop 10 tobacco taxes (including SMIF)	\$ 17,887,814	\$ 21,643,265	\$ 18,440,315	\$ 13,579,043	\$ 18,461,833	\$ 22,614,591	\$ 19,094,623	\$ 24,029,700	\$ 25,274,100	\$ 27,372,233
Prop 10 school readiness	-	-	-	-	-	-	3,602,936	3,687,667	6,108,807	7,045,526
Prop 10 child care retention	-	-	-	-	-	-	-	-	1,833,291	1,967,421
Prop 10 special needs demonstration project	-	-	-	-	-	-	-	-	562,815	564,295
Prop 10 quality preschool initiative	10,769,855	7,877,537	11,728,390	15,962,144	13,426,675	-	-	-	-	-
Prop 10 power of preschool – bridge	-	-	-	-	-	12,290,550	-	-	-	-
Prop 10 preschool for all/power of preschool	-	-	-	-	-	-	12,223,680	9,091,695	6,448,780	4,987,577
Prop 10 child signature program	1,677,313	3,454,625	3,454,625	3,354,625	3,354,625	-	-	-	-	-
Federal Medi-Cal administrative activities	-	-	-	93,553	75,833	92,431	21,166	-	-	-
The California Endowment grant	-	-	-	-	-	426,283	346,874	253,124	-	-
Race to the top	-	1,830,888	2,245,507	1,657,897	1,018,700	-	-	-	-	-
IMPACT	1,607,269	-	-	-	-	-	-	-	-	-
IMPACT Hub	250,321	-	-	-	-	-	-	-	-	-
Interest revenue	828,087	578,755	443,268	658,242	777,073	782,814	2,863,130	4,238,848	7,615,274	8,222,652
Other miscellaneous	-	43,146	-	-	-	-	-	-	-	-
Net increase (decrease) in FMV of investments	25,604	(79,750)	(3,050)	(74,500)	(347,800)	7,054	(904,669)	(273,736)	1,036,450	2,121,518
Total revenues	\$ 33,046,263	\$ 35,348,466	\$ 36,309,055	\$ 35,231,004	\$ 36,766,939	\$ 36,213,723	\$ 37,247,740	\$ 41,027,298	\$ 48,879,517	\$ 52,281,222
Expenditures										
Labor and benefits	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480	\$ 2,735,486	\$ 2,836,095	\$ 2,234,344	\$ 2,255,907	\$ 2,261,152	\$ 2,425,829	\$ 2,244,971
Services and supplies	627,523	623,890	622,703	628,161	619,849	820,809	684,971	654,637	929,752	672,180
Evaluation	842,058	821,321	1,189,466	1,283,035	1,416,937	1,290,408	1,409,579	1,512,337	1,302,286	1,049,579
Contributions to community projects	37,461,932	37,512,258	53,010,552	57,085,235	48,634,245	45,435,941	51,849,208	54,735,724	43,876,292	40,290,040
Total expenditures	\$ 41,055,317	\$ 41,500,030	\$ 57,856,201	\$ 61,731,917	\$ 53,507,126	\$ 49,781,502	\$ 56,199,665	\$ 59,163,850	\$ 48,534,159	\$ 44,256,770
Extraordinary Expenditure-AB99	-	-	-	-	-	\$(88,374,589)	\$ 88,374,589	-	-	-
Excess of revenues over expenditures	\$ (8,009,054)	\$ (6,151,564)	\$ (21,547,146)	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ 345,358	\$ 8,024,452
Adjustments for reallocation	-	-	-	-	-	-	-	-	(2,118,916)	888,050
Change in fund balance	\$ (8,009,054)	\$ (6,151,564)	\$ (21,547,146)	\$ (26,500,913)	\$ (16,740,187)	\$ 74,806,810	\$ (107,326,514)	\$ (18,136,552)	\$ (1,773,558)	\$ 8,912,502

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Revenue Projections

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR FY 2016-17 THROUGH 2021-22
 UTILIZING DOF MAY REVISE 2015 TOBACCO TAX PROJECTIONS AND
 DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1970 – 2023

COUNTY	2014 Births	2014 Birthrate	2016-17 TAX REVENUE PROJECTION	2015 Birthrate	2017-18 TAX REVENUE PROJECTION	2016 Births	2016 Birthrate	2018-19 TAX REVENUE PROJECTION	2017 Births	2017 Birthrate	2019-20 TAX REVENUE PROJECTION	2018 Births	2018 Birthrate	2020-21 TAX REVENUE PROJECTION	2019 Births	2019 Birthrate	2021-22 TAX REVENUE PROJECTION
1 Alameda	19,657	3.906%	\$13,442,818	3.953%	\$10,947,168	19,656	4.025%	\$19,033,439	19,445	4.021%	\$22,659,071	19,374	4.025%	\$12,312,451	19,917	3.854%	\$11,525,538
2 Alpine	6	0.001%	\$4,012	0.001%	\$1,689	5	0.001%	\$3,316	5	0.001%	\$3,255	5	0.001%	\$3,178	4	0.001%	\$2,318
3 Amador	291	0.058%	\$194,562	0.062%	\$171,736	305	0.062%	\$202,238	312	0.065%	\$203,118	315	0.065%	\$200,187	282	0.054%	\$162,915
4 Butte	2,482	0.493%	\$1,659,459	0.497%	\$1,375,011	2,444	0.501%	\$1,620,560	2,415	0.499%	\$1,572,212	2,461	0.511%	\$1,564,000	2,471	0.478%	\$1,429,913
5 Calaveras	348	0.069%	\$232,672	0.077%	\$213,965	378	0.077%	\$250,843	383	0.079%	\$249,340	392	0.081%	\$249,122	328	0.063%	\$189,720
6 Colusa	285	0.057%	\$190,550	0.061%	\$167,794	316	0.065%	\$209,532	305	0.063%	\$198,561	314	0.065%	\$199,551	317	0.061%	\$183,609
7 Contra Costa	12,560	2.497%	\$8,397,562	2.562%	\$7,094,087	12,846	2.631%	\$8,517,686	13,007	2.690%	\$8,467,808	13,165	2.739%	\$8,379,254	13,416	2.596%	\$7,763,429
8 Del Norte	324	0.064%	\$216,626	0.061%	\$168,920	318	0.064%	\$207,543	317	0.062%	\$206,373	318	0.060%	\$202,094	340	0.060%	\$196,939
9 El Dorado	1,618	0.322%	\$1,081,790	0.325%	\$898,656	1,571	0.322%	\$1,041,094	1,608	0.333%	\$1,046,839	1,698	0.332%	\$1,015,552	1,694	0.328%	\$980,212
10 Fresno	15,796	3.141%	\$10,581,163	3.124%	\$8,850,406	15,128	3.098%	\$10,031,027	15,104	3.123%	\$9,832,995	16,088	3.131%	\$9,575,927	17,200	3.328%	\$9,953,355
11 Glenn	418	0.083%	\$278,106	0.078%	\$211,713	373	0.078%	\$247,328	387	0.080%	\$251,944	389	0.081%	\$247,216	439	0.085%	\$253,924
12 Humboldt	1,474	0.293%	\$985,512	0.294%	\$814,196	1,524	0.312%	\$1,010,529	1,517	0.314%	\$987,596	1,391	0.289%	\$884,000	1,442	0.275%	\$834,617
13 Imperial	3,270	0.650%	\$2,166,313	0.654%	\$1,811,388	3,058	0.626%	\$2,027,689	3,168	0.653%	\$2,055,919	3,039	0.631%	\$1,931,328	3,634	0.703%	\$2,102,931
14 Inyo	228	0.045%	\$161,103	0.041%	\$114,303	198	0.041%	\$131,289	200	0.041%	\$130,204	200	0.042%	\$127,103	230	0.045%	\$133,274
15 Kern	14,199	2.823%	\$9,493,413	2.800%	\$7,752,876	13,799	2.826%	\$9,149,798	13,664	2.825%	\$8,895,528	13,991	2.907%	\$8,891,479	16,261	3.146%	\$9,409,813
16 Kings	2,342	0.466%	\$1,555,855	0.463%	\$1,280,979	2,225	0.456%	\$1,475,346	2,207	0.456%	\$1,436,800	2,223	0.462%	\$1,412,748	2,545	0.492%	\$1,472,828
17 Lake	748	0.149%	\$500,111	0.147%	\$407,661	723	0.148%	\$479,405	729	0.151%	\$474,593	749	0.155%	\$473,458	747	0.145%	\$432,424
18 Lassen	326	0.065%	\$217,963	0.060%	\$165,542	297	0.061%	\$196,934	294	0.061%	\$191,400	295	0.062%	\$190,019	323	0.063%	\$187,045
19 Los Angeles	130,150	25.876%	\$87,017,941	25.304%	\$70,068,119	122,766	25.142%	\$81,403,298	120,059	24.826%	\$78,160,730	118,013	24.644%	\$75,380,241	128,245	24.815%	\$74,213,438
20 Madera	2,313	0.460%	\$1,546,466	0.452%	\$1,252,825	2,293	0.470%	\$1,520,435	2,221	0.459%	\$1,445,914	2,217	0.461%	\$1,408,935	2,573	0.486%	\$1,489,194
21 Marin	2,403	0.478%	\$1,606,639	0.465%	\$1,288,298	2,327	0.477%	\$1,542,980	2,160	0.445%	\$1,399,892	2,168	0.457%	\$1,396,880	2,411	0.466%	\$1,395,171
22 Mariposa	138	0.027%	\$92,266	0.034%	\$93,469	169	0.033%	\$105,429	165	0.032%	\$100,908	168	0.033%	\$100,411	131	0.025%	\$75,861
23 Mendocino	1,020	0.203%	\$681,969	0.211%	\$592,347	996	0.204%	\$660,425	992	0.205%	\$645,811	993	0.206%	\$631,066	1,168	0.228%	\$875,800
24 Merced	4,168	0.827%	\$2,780,028	0.835%	\$2,311,392	4,105	0.841%	\$2,721,931	4,040	0.835%	\$2,630,118	4,101	0.865%	\$2,644,374	4,712	0.912%	\$2,726,677
25 Modoc	90	0.018%	\$60,174	0.016%	\$45,045	89	0.018%	\$59,014	87	0.018%	\$56,839	89	0.018%	\$56,561	68	0.016%	\$39,321
26 Mono	149	0.030%	\$99,621	0.031%	\$85,586	135	0.028%	\$89,516	133	0.028%	\$86,586	136	0.028%	\$86,430	143	0.028%	\$82,532
27 Monterey	6,458	1.284%	\$4,317,801	1.307%	\$3,618,272	6,303	1.291%	\$4,179,374	6,305	1.304%	\$4,104,677	6,258	1.300%	\$3,977,408	6,713	1.299%	\$3,884,476
28 Napa	1,478	0.294%	\$988,167	0.296%	\$819,826	1,400	0.287%	\$928,308	1,482	0.306%	\$944,811	1,488	0.309%	\$944,374	1,678	0.325%	\$970,797
29 Nevada	817	0.162%	\$546,244	0.178%	\$493,247	819	0.168%	\$543,060	826	0.171%	\$537,742	843	0.175%	\$535,738	928	0.180%	\$537,144
30 Orange	38,610	7.676%	\$25,814,543	7.650%	\$21,183,162	38,943	7.566%	\$24,496,050	38,443	7.538%	\$23,725,098	38,166	7.512%	\$22,977,650	39,168	7.579%	\$22,665,907
31 Placer	3,644	0.724%	\$2,436,369	0.762%	\$2,110,377	3,801	0.778%	\$2,520,355	3,838	0.794%	\$2,498,612	3,924	0.816%	\$2,493,758	4,378	0.847%	\$2,532,188
32 Plumas	147	0.033%	\$98,284	0.033%	\$91,780	166	0.034%	\$110,071	178	0.037%	\$115,881	174	0.036%	\$110,579	167	0.032%	\$96,857
33 Riverside	30,271	6.016%	\$20,239,109	6.204%	\$17,178,626	30,810	6.269%	\$20,296,784	30,582	6.324%	\$19,909,473	30,633	6.366%	\$19,467,705	33,800	6.540%	\$19,559,608
34 Sacramento	18,886	3.954%	\$12,295,726	3.951%	\$10,340,401	19,516	3.997%	\$12,939,946	19,564	4.045%	\$12,736,642	19,393	4.029%	\$12,324,526	20,323	3.932%	\$11,760,752
35 San Benito	697	0.139%	\$466,012	0.146%	\$405,409	780	0.156%	\$503,938	749	0.155%	\$487,613	767	0.159%	\$487,439	891	0.172%	\$515,343
36 San Bernardino	31,306	6.224%	\$20,931,108	6.226%	\$17,240,564	30,434	6.233%	\$20,180,082	29,999	6.203%	\$19,529,929	30,168	6.268%	\$19,172,191	32,022	6.196%	\$18,530,954
37 San Diego	44,596	8.866%	\$29,816,766	8.939%	\$24,752,447	43,026	8.812%	\$28,529,547	42,122	8.710%	\$27,422,236	41,747	8.674%	\$26,530,810	42,397	8.204%	\$24,534,632
38 San Francisco	9,102	1.810%	\$6,085,573	1.824%	\$5,051,842	9,051	1.854%	\$6,001,509	9,103	1.882%	\$5,926,229	9,168	1.903%	\$5,820,039	9,079	1.757%	\$5,254,007
39 San Joaquin	10,095	2.007%	\$6,749,490	2.031%	\$5,622,792	10,347	2.119%	\$6,880,857	10,474	2.166%	\$6,818,778	10,594	2.210%	\$6,732,637	11,297	2.186%	\$6,537,474
40 San Luis Obispo	2,595	0.516%	\$1,735,010	0.543%	\$1,502,264	2,736	0.560%	\$1,814,178	2,782	0.571%	\$1,798,115	2,547	0.529%	\$1,618,655	2,664	0.516%	\$1,541,360
41 San Mateo	9,098	1.809%	\$6,082,898	1.838%	\$5,090,130	9,019	1.847%	\$5,980,291	8,931	1.847%	\$5,814,254	8,740	1.816%	\$5,554,394	8,905	1.723%	\$5,163,102
42 Santa Barbara	5,829	1.169%	\$3,897,254	1.164%	\$3,194,282	5,317	1.089%	\$3,525,580	5,476	1.132%	\$3,564,331	5,449	1.132%	\$3,462,917	6,053	1.171%	\$3,502,568
43 Santa Clara	23,759	4.724%	\$16,885,204	4.757%	\$13,171,838	23,078	4.726%	\$16,302,489	22,837	4.722%	\$16,087,328	22,587	4.693%	\$15,354,358	23,470	4.544%	\$13,581,690
44 Santa Cruz	3,047	0.606%	\$2,037,216	0.578%	\$1,598,675	2,728	0.559%	\$1,808,874	2,648	0.548%	\$1,728,899	2,767	0.575%	\$1,758,468	3,078	0.596%	\$1,781,279
45 Shasta	2,083	0.414%	\$1,392,688	0.422%	\$1,167,802	2,007	0.411%	\$1,130,795	1,984	0.410%	\$1,121,622	1,963	0.408%	\$1,124,714	2,096	0.406%	\$1,121,748
46 Sierra	21	0.004%	\$14,041	0.006%	\$17,455	28	0.006%	\$18,568	27	0.006%	\$17,678	27	0.006%	\$17,169	20	0.004%	\$11,732
47 Siskiyou	461	0.090%	\$301,537	0.095%	\$262,389	463	0.093%	\$300,374	462	0.096%	\$300,771	459	0.096%	\$291,701	471	0.091%	\$272,365
48 Solano	5,251	1.044%	\$3,510,805	1.044%	\$2,889,662	5,112	1.047%	\$3,389,649	5,212	1.090%	\$3,432,174	5,292	1.101%	\$3,383,141	5,586	1.081%	\$3,232,326
49 Sonoma	5,075	1.039%	\$3,393,131	1.020%	\$2,824,347	5,120	1.049%	\$3,394,954	5,082	1.051%	\$3,308,480	5,077	1.055%	\$3,226,505	5,779	1.116%	\$3,344,148
50 Stanislaus	7,521	1.495%	\$5,026,520	1.566%	\$4,235,620	7,698	1.577%	\$5,104,366	7,881	1.630%	\$5,130,683	7,898	1.641%	\$5,019,291	7,898	1.604%	\$4,796,205
51 Sutter	1,317	0.262%	\$850,543	0.266%	\$733,114	1,396	0.288%	\$924,992	1,398	0.289%	\$908,923	1,400	0.291%	\$889,720	1,397	0.270%	\$868,360
52 Tehama	787	0.155%	\$526,166	0.161%	\$466,220	835	0.171%	\$553,669	845	0.175%	\$550,111	870	0.181%	\$552,897	816	0.157%	\$473,447
53 Trinity	112	0.022%	\$74,883	0.021%	\$57,433	104	0.021%	\$68,960	104	0.022%	\$67,706	106	0.022%	\$66,729	93	0.018%	\$53,742
54 Tulare	7,618	1.516%	\$5,093,374	1.507%	\$4,173,456	7,413	1.518%	\$4,915,389	7,347	1.519%	\$4,783,039	7,316	1.520%	\$4,649,422	8,434	1.632%	\$4,880,871
55 Tuolumne	454	0.090%	\$303,543	0.090%	\$262,389	448	0.090%	\$290,428	443	0.092%	\$288,402	452	0.094%	\$287,257	445	0.086%	\$257,268
56 Ventura	10,471	2.082%	\$7,000,883	2.048%	\$5,865,585	9,989	2.048%	\$6,823,475	9,960	2.060%	\$6,684,161	9,867	2.069%	\$6,143,516	11,375	2.210%	\$6,582,336
57 Yolo	2,395	0.478%	\$1,601,291	0.488%	\$1,352,488	2,326	0.476%	\$1,542,317	2,418	0.500%	\$1,574,165	2,444	0.497%	\$1,489,645	2,831	0.509%	\$1,622,593
58 Yuba	1,193	0.237%	\$797,637	0.235%	\$650,343	1,288	0.264%	\$854,351	1,168	0.242%	\$780,391	1,168	0.243%	\$742,281	1,334	0.258%	\$771,933
TOTALS	502,973	1.000%	\$336,286,400	1.000%	\$276,910,400	488,288	1.000%	\$323,772,800	483,601	1.000%	\$314,833,600	481,301	1.000%	\$305,873,600	516,814	1.000%	\$299,072,800

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Cigarette Tax

TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2015-16

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue	Distributors' discounts	Gross value of tax indicia	Refunds	Revenue	Rate
2015-16	741,937.000	6,360.000	748,297.000	1,262.000	101,427.000	28.13%
2014-15	748,022.000	6,413.000	754,434.000	837.000	86,949.000	28.95%
2013-14	751,513.000	6,443.000	757,956.000	600.000	86,424.000	29.82%
2012-13	782,115.000	6,705.000	788,820.000	498.000	82,548.000	30.68%
2011-12	820,322.000	7,032.000	827,355.000	1,117.000	80,424.000	31.73%
2010-11	828,831.000	7,105.000	835,937.000	1,308.000	77,016.000	33.02%
2009-10	838,709.000	7,187.000	845,896.000	1,583.000	84,617.000	41.11%
2008-09	912,724.000	7,819.000	920,543.000	626.000	85,506.000	45.13%
2007-08	955,030.000	8,185.000	963,215.000	727.000	85,929.000	45.13%
2006-07	998,723.000	8,558.000	1,007,281.000	1,330.000	79,946.000	46.76%
2005-06	1,026,497.000	8,795.000	1,035,293.000	1,707.000	67,348.000	46.76%
2004-05	1,024,272.000	8,778.000	1,033,051.000	1,653.000	58,441.000	46.76%
2003-04	1,021,366.000	8,755.000	1,030,121.000	4,721.000	44,166.000	46.76%
2002-03	1,031,772.000	8,845.000	1,040,617.000	13,248.000	40,996.000	48.89%
2001-02	1,067,004.000	9,146.000	1,076,150.000	10,774.000	50,037.000	52.65%
2000-01	1,110,692.000	9,503.000	1,120,195.000	8,741.000	52,834.000	54.89%
1999-00	1,166,880.000	9,980.000	1,176,859.000	9,413.000	66,884.000	66.50%
1998-99	841,911.000	7,206.000	849,117.000	6,808.000	42,137.000	61.53%
1997-98	612,066.000	5,244.000	617,309.000	5,448.000	39,617.000	29.37%
1996-97	629,579.000	5,394.000	634,973.000	5,060.000	41,590.000	30.38%
1995-96	639,030.000	5,469.000	644,499.000	6,193.000	32,788.000	31.20%
1994-95	656,923.000	5,628.000	662,551.000	11,159.000	28,460.000	31.20%
1993-94	647,993.000	5,553.000	653,546.000	8,353.000	19,773.000	23.03%
1992-93	667,479.000	5,715.000	673,195.000	9,138.000	21,480.000	26.82%
1991-92	711,275.000	6,086.000	717,362.000	7,791.000	22,016.000	29.35%
1990-91	729,612.000	6,242.000	735,854.000	7,904.000	24,064.000	34.17%
1989-90	770,042.000	6,581.000	776,623.000	11,615.000	24,956.000	37.47%
1988-89	499,712.000	4,273.000	503,984.000	4,968.000	9,994.000	41.67%
1987-88	254,869.000	2,180.000	257,049.000	2,970.000		
1986-87	257,337.000	2,202.000	259,539.000	2,661.000		
1985-86	260,960.000	2,231.000	263,190.000	2,834.000		
1984-85	265,070.000	2,267.000	267,337.000	2,390.000		
1983-84	265,265.000	2,267.000	267,532.000	2,756.000		
1982-83	273,748.000	2,336.000	276,084.000	2,060.000		
1981-82	278,667.000	2,383.000	281,050.000	1,843.000		
1980-81	280,087.000	2,395.000	282,482.000	1,567.000		
1979-80	272,119.000	2,327.000	274,446.000	1,645.000		
1978-79	270,658.000	2,315.000	272,973.000	1,408.000		
1977-78	275,042.000	2,352.000	277,394.000	1,239.000		
1976-77	270,502.000	2,315.000	272,817.000	832.000		
1975-76	269,852.000	2,309.000	272,161.000	927.000		
1974-75	264,182.000	2,262.000	266,444.000	745.000		
1973-74	259,738.000	2,222.000	261,960.000	632.000		
1972-73	253,089.000	2,167.000	255,256.000	626.000		
1971-72	248,398.000	2,127.000	250,525.000	677.000		
1970-71	240,372.000	2,058.000	242,430.000	552.000		
1969-70	237,220.000	2,032.000	239,253.000	455.000		
1968-69	238,836.000	2,046.000	240,882.000	492.000		
1967-68	208,125.000	1,862.000	209,987.000	328.000		
1966-67	75,659.000	1,543.000	77,202.000	129.000		
1965-66	74,880.000	1,528.000	76,407.000	88.000		
1964-65	74,487.000	1,520.000	76,007.000	61.000		
1963-64	71,530.000	1,459.000	72,989.000	71.000		
1962-63	70,829.000	1,445.000	72,274.000	79.000		
1961-62	68,203.000	1,390.000	69,593.000	47.000		
1960-61	66,051.000	1,675.000	67,726.000	76.000		
1959-60	61,791.000	767.000	62,558.000	67.000		

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Live Births

TABLE: LIVE BIRTHS, CALIFORNIA COUNTIES, 2006-2015 (By Place of Residence)

COUNTY	YEAR									
	2015*	2014	2013	2012	2011	2010	2009	2008	2007	2006
CALIFORNIA	491,789	502,973	494,390	503,788	502,023	509,979	526,774	551,567	566,137	562,157
ALAMEDA	19,440	19,657	19,050	19,550	19,002	19,302	20,320	20,972	21,519	21,058
ALPINE	5	6	6	8	6	4	4	13	13	13
AMADOR	305	291	269	285	269	272	295	288	294	274
BUTTE	2,444	2,482	2,372	2,397	2,392	2,454	2,439	2,518	2,519	2,633
CALAVERAS	379	348	328	347	326	346	338	373	397	393
COLUSA	300	285	306	314	302	338	361	367	386	389
CONTRA COSTA	12,600	12,560	12,173	12,061	12,057	12,352	12,680	13,136	13,485	13,565
DEL NORTE	300	324	317	302	337	372	333	312	356	365
EL DORADO	1,598	1,618	1,561	1,513	1,629	1,618	1,719	1,814	1,881	2,036
FRESNO	15,363	15,796	15,939	15,953	16,157	16,281	16,273	16,760	17,291	16,876
GLENN	374	416	391	368	391	434	424	472	434	455
HUMBOLDT	1,446	1,474	1,455	1,511	1,448	1,551	1,542	1,601	1,599	1,643
IMPERIAL	3,216	3,270	3,139	3,041	3,075	3,072	3,145	3,221	3,148	3,127
INYO	202	226	219	219	213	192	239	226	212	250
KERN	13,770	14,199	14,514	14,558	14,287	14,416	14,827	15,315	15,328	15,104
KINGS	2,277	2,342	2,417	2,357	2,565	2,507	2,644	2,710	2,781	2,683
LAKE	723	748	726	739	715	721	726	705	742	695
LASSEN	295	326	298	298	300	322	325	323	264	259
LOS ANGELES	124,442	130,150	127,194	131,697	130,312	133,160	139,679	147,684	151,813	151,837
MADERA	2,223	2,313	2,339	2,258	2,401	2,434	2,390	2,535	2,611	2,622
MARIN	2,287	2,403	2,310	2,306	2,385	2,368	2,495	2,716	2,819	2,734
MARIPOSA	167	138	137	161	132	145	155	147	141	159
MENDOCINO	1,052	1,020	1,077	1,153	1,061	1,059	1,100	1,168	1,145	1,106
MERCED	4,106	4,158	4,279	4,311	4,281	4,248	4,407	4,423	4,650	4,742
MODOC	79	90	72	76	87	119	85	92	80	80
MONO	152	149	142	131	156	151	139	175	161	192
MONTEREY	6,428	6,458	6,552	6,652	6,814	6,764	7,068	7,434	7,551	7,474
NAPA	1,456	1,478	1,501	1,431	1,572	1,525	1,653	1,671	1,665	1,754
NEVADA	875	817	812	810	761	793	758	871	844	804
ORANGE	37,622	38,610	37,429	38,186	38,100	38,237	40,431	42,456	44,026	44,231
PLACER	3,747	3,644	3,806	3,648	3,832	3,824	3,804	4,035	4,051	3,892
PLUMAS	162	147	156	151	165	170	154	175	186	172
RIVERSIDE	30,511	30,271	30,540	30,316	30,610	30,659	31,601	32,866	34,556	33,659
SACRAMENTO	19,431	19,886	19,439	19,618	19,998	20,055	20,426	21,389	22,110	21,952
SAN BENITO	718	697	763	701	772	735	752	816	882	885
SAN BERNARDINO	30,619	31,306	30,265	30,691	30,573	31,367	31,984	33,788	35,193	34,675
SAN DIEGO	43,960	44,596	42,676	44,391	43,621	44,838	44,960	46,742	47,545	46,876
SAN FRANCISCO	8,970	9,102	8,768	9,070	8,813	8,800	8,807	9,104	9,125	8,609
SAN JOAQUIN	9,988	10,095	10,179	10,129	10,328	10,593	10,872	11,030	11,592	11,782
SAN LUIS OBISPO	2,670	2,595	2,580	2,580	2,632	2,736	2,614	2,737	2,884	2,727
SAN MATEO	9,039	9,098	8,815	9,182	9,047	9,193	9,452	9,765	9,910	9,808
SANTA BARBARA	5,675	5,829	5,664	5,584	5,803	5,819	6,039	6,319	6,289	6,166
SANTA CLARA	23,394	23,759	23,224	24,308	23,652	23,936	25,200	26,730	27,484	26,942
SANTA CRUZ	2,843	3,047	3,005	3,084	3,232	3,190	3,301	3,538	3,571	3,600
SHASTA	2,075	2,083	2,051	2,110	2,021	2,136	2,069	2,186	2,230	2,191
SIERRA	30	21	19	19	23	23	21	22	24	14
SISKIYOU	467	451	482	501	472	434	477	498	512	493
SOLANO	5,134	5,251	5,161	5,061	5,158	5,047	5,392	5,607	5,847	5,801
SONOMA	5,016	5,075	5,157	5,144	5,150	5,391	5,683	5,761	5,742	5,896
STANISLAUS	7,701	7,521	7,644	7,592	7,737	7,804	7,941	8,549	8,826	8,728
SUTTER	1,303	1,317	1,290	1,258	1,326	1,360	1,433	1,468	1,497	1,577
TEHAMA	826	787	751	767	728	767	814	790	765	818
TRINITY	103	112	108	125	123	107	116	126	117	122
TULARE	7,411	7,618	7,854	8,000	7,966	8,155	8,362	8,533	8,505	8,284
TUOLUMNE	467	454	444	459	430	487	425	486	474	495
VENTURA	10,062	10,471	10,565	10,641	10,656	11,147	11,353	12,076	12,194	12,453
YOLO	2,400	2,395	243	2,452	2,340	2,426	2,483	2,669	2,522	2,646
YUBA	1,156	1,193	1,232	1,213	1,282	1,223	1,245	1,264	1,349	1,341

*Source: 2015 births calculated using data provided by First 5 California.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

	Percentage										
Demographic	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Population		3,223,096	3,183,143	3,211,252	3,177,063	3,140,069	3,095,313	3,077,633	3,051,262	3,014,165	2,982,816
White	46.1%	1,518,174	1,510,851	1,510,757	1,509,733	1,502,204	1,506,581	1,526,495	1,538,871	1,535,920	1,536,515
Hispanic	33.4%	1,102,256	1,039,752	1,057,428	1,037,685	1,021,896	991,353	965,263	936,723	913,612	892,574
Asian	11.5%	379,566	351,811	356,394	356,437	340,979	330,644	316,468	310,225	302,552	294,937
Pacific Islander	0.4%	13,579	13,400	14,008	15,207	11,802	13,658	13,516	13,408	13,232	13,083
Black	4.8%	160,385	150,600	154,477	153,435	146,766	147,967	152,669	152,793	152,281	152,007
American Indian	0.3%	10,330	11,620	11,962	12,433	12,004	14,239	14,694	14,645	14,561	14,508
Multi-race or other race	3.2%	106,204	100,430	106,226	92,133	104,418	90,871	88,528	84,598	82,008	79,192
Female	49.7%	1,604,151	1,595,992	1,595,992	1,579,000	1,563,754	1,541,466	1,532,661	1,516,477	1,501,054	1,482,460
Male	51.31%	1,618,151	1,633,360	1,615,260	1,598,063	1,576,315	1,553,847	1,544,972	1,534,785	1,513,111	1,500,356
Under 5 years	6.5%	210,874	206,904	208,731	209,686	207,245	203,423	205,195	205,499	204,006	203,456
5-14 years	22.1%	394,489	703,475	517,012	517,861	521,251	520,169	518,592	532,235	531,078	535,418
15-24 years	11.67%	489,299	371,733	366,083	371,716	367,388	368,453	341,587	363,027	352,029	345,916
25-34 years	16.51%	512,116	525,589	510,589	495,622	483,571	470,629	472,011	446,093	440,036	442,171
35-44 years	13.36%	427,056	425,285	423,885	422,549	420,769	417,993	425,431	439,940	446,105	445,179
45-54 years	13.36%	428,074	425,285	423,885	425,726	430,189	430,378	437,853	424,557	418,793	409,083
55-64 years	11.65%	363,514	370,871	362,871	352,654	345,408	331,298	322,955	292,268	282,230	267,709
65-74 years	13.1%	217,961	416,991	218,365	203,332	188,404	182,678	180,110	169,208	163,875	159,422
75+ years	5.81%	179,713	185,030	179,830	174,738	172,704	170,293	173,899	178,437	176,014	174,462

Source: US Census Bureau, American Community Survey

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Income

2015 American Community Survey (1-year estimate)

INCOME (IN 2015 INFLATION-ADJUSTED DOLLARS)

California, Counties, Incorporated Cities, and Census Designated Places

Geography	Median household income (dollars)		Mean household income (dollars)		Median family income (dollars)		Mean family income (dollars)		Per capita income (dollars)	
	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error	Estimate	Margin of Error
California	\$64,500	\$395	\$91,757	\$393	\$73,581	\$579	\$101,886	\$512	\$31,587	\$129
San Diego County	\$67,320	\$1,448	\$89,137	\$1,431	\$77,653	\$1,385	\$100,723	\$1,499	\$32,227	\$438

2015 American Community Survey (1-year estimate)

PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW THE POVERTY LEVEL

California, Counties, Incorporated Cities, and Census Designated Places

Geography	All families		Married couple families		Families with female householder, no husband present		All people		Persons under 18 years	
	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error	Percent	Percent Margin of Error
California	11.3	0.2	6.7	0.2	26.6	0.6	15.3	0.2	27.8	0.4
San Diego County	9.8	0.6	5.9	0.5	25.0	2.3	13.8	0.6	17.7	1.2

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017

Employment Status

2011-2015 American Community Survey (5-year estimates)

EMPLOYMENT STATUS

California, Counties, Incorporated Cities, and Census Designated Places

Geography	Population 16 years and over	In labor force											Not in labor force	
		Total		Civilian labor force							Armed Forces			
				Total Civilian labor force		Employed		Unemployed		Unemployment Rate				
				Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Estimate	Percent of Population 16+	Percent			Estimate	Percent of Population 16+
California	30,312,439	19,269,449	63.6	19,137,441	63.1	17,246,360	56.9	1,891,081	6.2	9.9	132,008	0.4	11,042,980	36.4
San Diego County	2,579,342	1,677,097	65.0	1,601,432	62.1	1,462,130	56.7	139,302	5.4	8.7	75,665	2.9	902,245	35.0

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Year Ended June 30, 2017**

Capital Assets

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

COMPLIANCE SECTION

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

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of First 5 Commission of San Diego, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the First 5 Commission of San Diego's basic financial statements, and have issued our report thereon dated September 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered First 5 Commission of San Diego's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of First 5 Commission of San Diego's internal control. Accordingly, we do not express an opinion on the effectiveness First 5 Commission of San Diego's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether First 5 Commission of San Diego's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

San Diego, California
September 8, 2017

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Compliance

We have audited the basic financial statements of First 5 Commission of San Diego (the Commission) as of and for the year ended June 30, 2017 and have issued our report thereon dated September 8, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have also audited the Commission's compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the year ended June 30, 2017.

Management's Responsibility

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

Auditor's Responsibility

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office. Those standards and the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the statutory requirements listed below occurred. An audit includes examining, on a test basis, evidence about First 5 Commission of San Diego's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance. However, our audit does not provide a legal determination of First 5 Commission of San Diego's compliance with those requirements. In connection with the audit referred to above, we selected and tested transactions and records to determine First 5 Commission of San Diego's compliance with the state laws and regulations applicable to the following items:

<u>DESCRIPTION</u>	<u>AUDIT GUIDE PROCEDURES</u>	<u>PROCEDURES PERFORMED</u>
Contracting and Procurement	6	Yes
Administrative Costs	3	Yes
Conflict-of-Interest	3	Yes
County Ordinance	4	Yes
Long-range Financial Plans	2	Yes
Financial Condition of the Commission	1	Yes
Program Evaluation	3	Yes
Salaries and Benefits Policies	2	Yes

Opinion

In our opinion, First 5 Commission of San Diego complied, in all material respects, with the compliance requirements referred to above that are applicable to the state programs listed above for the year ended June 30, 2017.

This report is intended solely for the information of the County Board of Supervisors, the County Commission, the State Commission, and the State Controller's Office and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Christy White Associates

San Diego, California
September 8, 2017