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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



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Manyee Cheng

Fiscal Manager

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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

<u>INTRODUCTION SECTION</u>	<u>Page</u>
Letter of Transmittal	i
Board of Commissioners	v
Organization Chart	vii
GFOA Certificate of Achievement	ix
 <u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis	5
Basic Financial Statements Government-wide Financial Statements	
Statement of Net Position	11
Statement of Activities.....	12
Governmental Fund Financial Statements	
Balance Sheet	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Changes in Fund Balance.....	15
Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities.....	16
Notes to Basic Financial Statements.....	17
Required Supplementary Information Section	
Budgetary Comparison Schedule Government Fund	33
 <u>SUPPLEMENTARY INFORMATION SECTION</u>	
F5CA Regional Technical Assistance for Home Visiting Coordination and Integration Grant	
Balance Sheet.....	36
Schedule of Revenues, Expenditures, and Changes in Fund Balance	37

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

F5CA IMPACT Legacy Grant

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

F5CA Shared Services Alliance Pilot Grant

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

F5CA Refugee Family Services Grant

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

HHSA CalWORKs Home Visiting Program

Balance Sheet	44
Schedule of Revenues, Expenditures, and Changes in Fund Balance	45

HHSA Public Health Services Doula Pilot Program

Balance Sheet.....	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance.....	47

STATISTICAL SECTION (Unaudited)

Financial Trends

Net Position by Component.....	51
Changes in Net Position	52
Fund Balances – General Fund	53
Changes in Fund Balances – General Fund	54

Revenue Capacity

First 5 California County Tax Revenue Projections for Fiscal Years 2024-2029	55
Cigarette Taxes and Other Tobacco Products Surtax Revenue, 1960-61 to 2022-23	56

Debt Capacity

Ratio of Outstanding Debt by Type	57
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Demographic Information

California Live Births Data	58
Demographic Data	59
2022 American Community Survey – Income Data.....	60
2022 American Community Survey – Employment Status	61

Operating Information

Capital Assets Statistics	62
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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in accordance with
Government Auditing Standards 65

Independent Auditor’s Report on State Compliance..... 67

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INTRODUCTION SECTION

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COMMISSION MEMBERS

MONICA MONTGOMERY STEPPE – Chair

SANDRA L. McBRAYER - Vice Chair

RICK RICHARDSON – Secretary

CAROLINE SMITH – Commissioner

DR. KELLY MOTADEL- Commissioner

ALETHEA ARGUILEZ – Executive Director

September 15, 2024

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

The Annual Comprehensive Financial Report (ACFR) of the First 5 Commission of San Diego (First 5 San Diego) for the fiscal year ended June 30, 2024 is hereby submitted as mandated by applicable statutes. These statutes require First 5 San Diego to annually issue a report of its financial position and activities. A complete audit of the report by an independent firm of certified public accountants is also required. Responsibilities for both 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, 2024, along with additional disclosures and financial information designed to enable the reader to gain an understanding of First 5 San Diego's financial activities.

Moss, Levy & Hartzheim, LLP Certified Public Accountants have issued an unmodified ("clean") opinion on First 5 San Diego's financial statements for the fiscal year ended June 30, 2024. The independent auditor's report is located on page 1 of this ACFR.

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

PROFILE OF THE COMMISSION

First 5 San Diego was created by the San Diego County Board of Supervisors on December 8, 1998, following the passage of Proposition 10, through which the California voters made an unprecedented investment in early childhood development. Since its inception, First 5 San Diego has made a lasting positive impact in San Diego County through its allocation of more than \$900 million towards programs that aim to improve the well-being of young children and families throughout 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. The total county population per the 2022 U.S. Census is 3,276,208, with children under 5 years old representing 5.5% of that total with 39,948 new births in 2022, the last year that data was available.

As of March 2024, the unemployment rate in San Diego County was 5.3% - a significant increase compared to last year's low of 3.7% in July 2023. The State of California is at 5.5%, while nationally it is 4.6%.

Statistics from the U.S. Bureau of Economic Analysis indicate that real gross domestic product (GDP) increased by 2.8% in the second quarter of 2024. This is double from the first quarter rate of 1.4%. The U.S. labor market has remained strong with the addition of 206,000 jobs in June 2024 alone per the Bureau of Labor Statistics.

Overall, the economy is almost back to levels that are consistent with pre-pandemic numbers. Inflation is the most stubborn economic indicator. It has slowly decreased from the high of 9% in June 2022, to just under 3% at the time of this writing. Because of high inflation, the Federal Reserve Board (FRB) has kept interest rates high. They aggressively increased rates 11 times between March 2022 and January 2024. Current rates are at 5.5%. It is believed by most economists that in September 2024 the FRB will cut the rate at least a quarter point.

For First 5 San Diego, high inflation does have an impact on tobacco sales, and thus the amount of revenue received through Prop 10. For Fiscal Year 2023/24, revenue was lower than budgeted by nearly \$1.2 million. We believe that this is due primarily to inflation and the recently enacted Proposition 31, flavor ban on cigarettes.

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 \$41,062,060 in contracts for services in the areas of health, education, family, and community.
- The Commission leveraged funding from HHSA to administer the following programs: CalWORKs Home Visiting and the Doula pilot program.
- Additionally, First 5 California awarded three (3) grants that focused on supporting Regional Technical Assistance and Home Visiting coordination and integration; supporting quality early learning through the IMPACT Legacy grant and Refugee Family Support services in our region. The home visiting coordination grant was led by our partner, the American Academy of Pediatrics and the IMPACT Legacy grant and quality early learning was led by our partner the San Diego County Office of Education. And the refugee family support services was led in collaboration with HHSA's Office of Refugee and Immigrant Affairs. All of these programs support the Commission's focus on supporting pregnant individuals, our children ages birth to five years and their families.
- The Commission awarded contracts to 15 community-based agencies throughout San Diego County focused in the services areas of health, education, family, and community outreach.

- Government Finance Officers Association of the United States (GFOA) reviewed the ACFR from fiscal year 2022-2023 and has awarded the Certificate of Achievement for Excellence in Financial Reporting. The Commission has received this award for ten consecutive years.

FUTURE INITIATIVES

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

The primary components of this plan are:

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

In addition, the existing plan further captures four systems-level strategic directions that are as follows: Resilient Families, Equity Centered Coordinated Systems of Care, Integrated Leadership, and Policy Advocacy & Sustained Funding. A direct service approach will continue in the near term, now with a greater focus on how these investments will continue to support systems change and sustainability that goes beyond First 5 San Diego's investments in the long term.

OTHER FINANCIAL INFORMATION

Internal Control

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that has been established for this purpose. The internal control structure is designed to protect the Commission's assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled for the preparation of the financial statements in conformity with Generally Accepted Accounting Principles in the United States. 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 5-year Financial Spending Plan (FSP) annually as part of the budget approval process. The FSP is used to guide program funding allocations and the reduction of the Sustainability Fund (Fund Balance) to an amount of \$5.0 million for a Management Reserve. It is anticipated that an average of approximately \$4.2 million will be used from the Sustainability Fund over the next 6 years.

ACKNOWLEDGEMENTS

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

Sincerely,



Alethea Arguilez
Executive Director

Transmitted,



Manyee Cheng
Fiscal Manager

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSTION 10 COMMISSION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Board of Commissioners

Monica Montgomery Steppe - Chair

Sandra L. McBrayer - Vice Chair

Rick Richardson – Secretary

Caroline Smith - Commissioner

Dr. Kelly Motadel - Commissioner

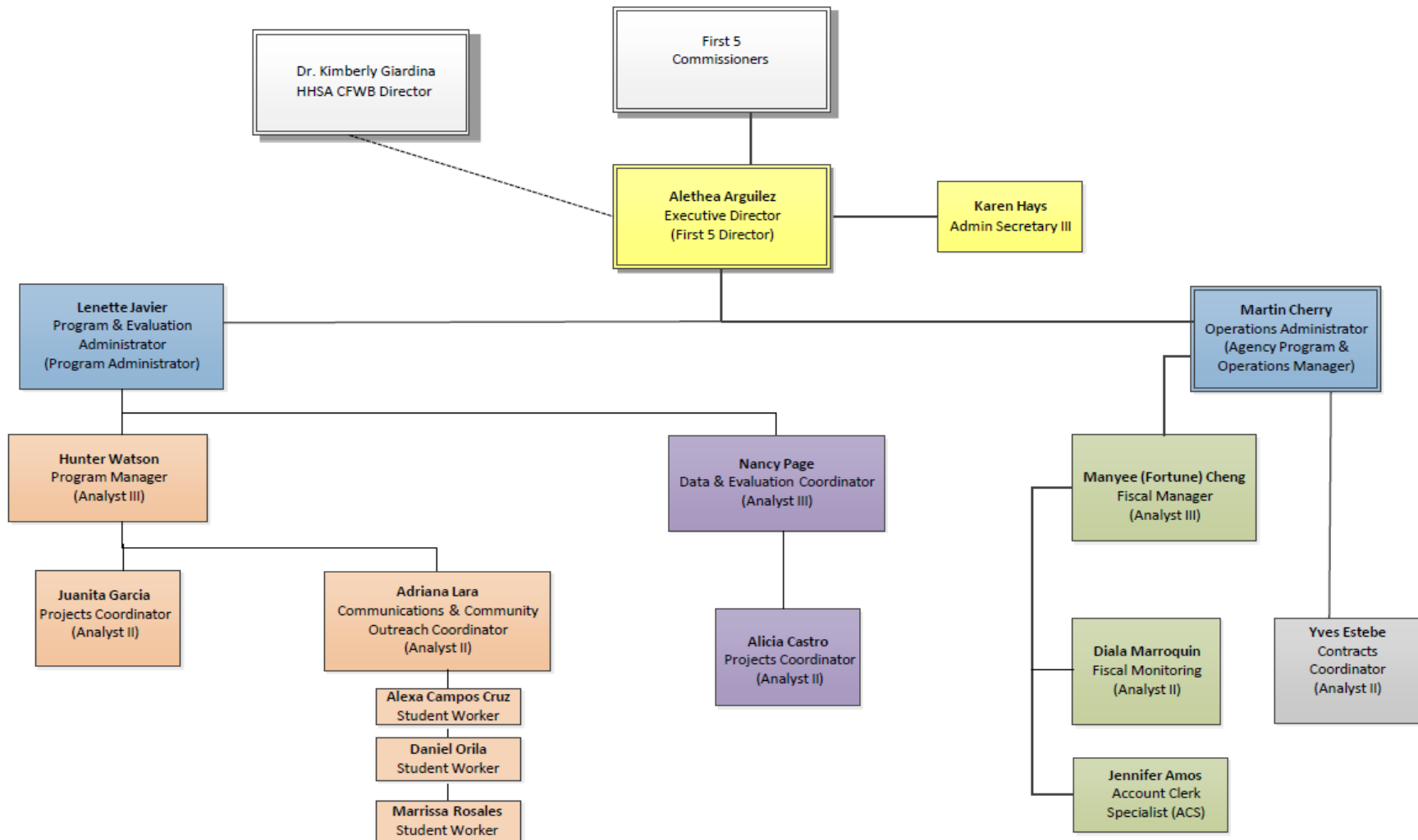
Executive Director

Alethea Arguilez

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HEALTH AND HUMAN SERVICES AGENCY – FIRST 5 SAN DIEGO

June 30, 2024



COUNTY OF SAN DIEGO
HEALTH AND HUMAN SERVICES AGENCY



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SAN DIEGO

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**First 5 Commission of San Diego
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

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FINANCIAL SECTION

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission as of June 30, 2024, and the respective changes in financial position for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Commission and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, such as management's discussion and analysis on pages 5 through 10 and the Budgetary Comparison Government Fund information on page 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information


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

The supplementary information on pages 36 through 47 are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Section, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Commission's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
September 19, 2024

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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, 2024. It should be read in conjunction with the Commission's financial statements.

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

FINANCIAL HIGHLIGHTS (FY 2023/2024)

The Financial Highlights section is based on governmental fund information.

Expenditures were \$9,926,688 more than revenues. This is due to the planned reduction of the Sustainability Fund. Overall revenues were \$29,078,467. Expenditures were \$39,005,155.

Expenditures fall within four categories **Administrative, Program, Evaluation, and Debt Service**.

- **Administrative** expenditures were \$2,839,403, or 7.3% of the total expenditures;
- **Program** expenditures were \$34,923,149 or 89.5%.
- **Evaluation** expenditures were \$956,250 or 2.5%, and
- **Debt Service** expenditures were \$286,353 or 0.7%.

Total expenditures were \$39,005,155.

The Commission's Administrative Rate is set by policy to be no more than 10% of the Total Operating Budget. For FY 2023/2024 the administrative rate was 6.8% of the budget. This is based on the Total Administrative Expenditures of \$2,839,403 and the final Total Operating Budget of \$41,634,444.

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 statements* are designed to provide readers with a broad overview of the Commission's finances in a manner similar to a private sector business.

The *Statement of Activities* presents information showing how the Commission's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave). The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commission, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the government-wide financial statements. However, unlike the government-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. In the County of San Diego's ORACLE accounting system, Proposition 10 funds are designated as a Special Revenue Fund.

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

The fund financial statements can be found on pages 13 and 15 of this report.

Government-Wide Financial Analysis

Net Position

Table I: Net Position

	FY 2023/2024	FY 2022/2023
Assets:		
Current and other assets	\$ 37,374,432	\$ 45,239,373
Capital assets	1,852,725	2,149,161
Total assets	39,227,157	47,388,534
Liabilities:		
Long-term liabilities	1,715,420	2,364,084
Other liabilities	12,331,117	9,891,184
Total liabilities	14,046,537	12,255,268
Net Position:	25,180,620	35,133,266
Net investment in capital assets	(99,054)	(75,375)
Restricted	-	-
Unrestricted	25,279,674	35,208,641
Total Net Position	\$ 25,180,620	\$ 35,133,266

The Commission's total net position decreased by \$9,952,646 or 28.33%. This is significant when compared to the decrease of \$5,139,011 for the previous fiscal year. This is a 48% increase from the previous fiscal year. There were several factors that led to this increase:

- Proposition 10 actual revenue was \$2,360,789 less than budgeted due to the impact of the flavor ban on tobacco and the ongoing decline in revenue.
- Grants that have been leveraged to off-set costs for some contractors that result in a lower cost to First 5 San Diego (FD) were not available, leaving F5SD to incur the costs.

Changes in Net Position

Table II: Changes in Net Position

	FY 2023/2024	FY 2022/2023
Program Revenues	\$ 27,781,765	\$ 28,141,294
General Revenues	1,296,702	1,098,757
Total Revenues	29,078,467	29,240,051
Administrative Expenses	4,107,964	3,939,434
Program Expenses	34,923,149	30,439,628
Total Expenses	39,031,113	34,379,062
Change in net position	(9,952,646)	(5,139,011)
Net position – Beginning, July 1	\$ 35,133,266	\$ 40,272,277
Net position – Ending, June 30	\$ 25,180,620	\$ 35,133,266

Program expenses had an increase of \$4,483,521 or 14.7% from the previous fiscal year primarily due to a planned increase in expenses designed to bring down the Financial Spending Plan to a management reserve of \$5.0 million. In addition, overhead and labor costs were up for some contractors and with a reduction in grant funding that normally goes directly to the contractors to help off-set costs were not available.

General Revenues increased by \$197,945 or 18% from the prior fiscal year due to higher yields from cash in the County Pool as interest rates increased in the economy.

In 2009, the Commission decided to reduce the Sustainability Fund to zero through systematically spending more every fiscal year until the Fund was expended. The funds have been used to maintain funding in the community at a constant level as Prop 10 revenues continued to decline. The Net Position has decreased every fiscal year since 2013, with the exception of FY 2020-2021. For the Fiscal Years 2015 – 2020 Strategic Plan period, the fund was reduced by \$7.8 million per fiscal year on average. For the FY 2020 – 2025 Strategic Plan period, the rate of reduction has been reduced to \$6.2 million per fiscal year on average to change the slope so that when the fund does run out it will have less of an impact on the community. The FY 2025 – 2030 Strategic Plan is currently in development and is expected to be approved by the First 5 Commission in the coming months.

BUDGETARY HIGHLIGHTS

- Prop 10 Tobacco Tax revenue was under budget by \$2,360,789 or 9.7% due to a decrease in Prop 10 tobacco tax mainly due to the enactment of a flavor ban on cigarettes.

- Revenue for the CalWORKs Home Visiting Program was less than budget by \$593,688 or 14.8% due to fewer expenses for the program. This particular program has a requirement to have an incentive fund that is held in reserve until program participants request these funds for authorized expenses; this year that fund was largely unused.
- Interest revenue had a favorable variance of \$122,616 compared to budget or 10.4% due to interest earned being higher than budget because of increased interest rates of invested dollars. The next fiscal year is expected to have multiple interest rate cuts by the Federal Reserve Board that will eliminate any increase in funds beyond what is expected in the Financial Spending Plan.
- Two First 5 California grants, the F5CA Home Visiting Coordination Grant and the F5CA IMPACT Legacy Grant were both budgeted for the full amount of these grants but each is a two-year grant. Revenue from each grant was about half the budgeted amount which is in line with what was expected.
- Contributions to Community Programs and Initiatives had a favorable variance of \$2,671,035 or 7.1% due to lower than expected expenditures in contracts. There were two contracts that got a late start resulting in low expenditures.
- The expenses for labor were \$365,948 lower than budgeted for several reasons. In anticipation of the funding reduction in FY25/26, through attrition one FTE was not filled. Additionally, the Executive Director is now cost allocated to the new Child and Family Development Department (CFWB) to oversee the new Office of Child and Family Strengthening that includes oversight of the First 5 Commissions operations. This resulted in over \$60,000 of labor costs being charged to CFWB, thus providing a savings to the First 5 Commission.

BEYOND FY 2023/2024

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

The Sustainability Fund was used to supplement revenues by \$7.8 million on average over the 2015 – 2020 Strategic Plan. The fund is projected to supplement revenue on average by \$6.2 million per fiscal year and be nearly exhausted at the end of the 2020-2025 Strategic Plan period with \$5.0 million remaining as a management reserve.

The Commission, through formal action, approved the Budget that obligates funding for FY 2024-2025 for the following programs:

Healthy Development Services	\$ 12,700,000
First 5 First Steps Home Visiting	8,528,655
Learn Well Initiative	8,000,000
Oral Health Initiative	1,000,000
KidSTART Center	1,100,000
Mi Escuelita Therapeutic Preschool	653,160
Childhood Injury Prevention	150,000
Parent & Public Education	400,000
2-1-1 Information & Referral	300,000
Maternity Housing Program	125,000
Community Outreach	100,000
Total	\$ 33,056,815

DECLINING REVENUES

The Prop 10 revenues derived from the sales of tobacco products decline as the sales of tobacco products decrease. It is estimated the Commission will receive about \$19 million per fiscal year in Proposition 10 revenues after the Sustainability Fund will be completely exhausted at the end of the 2024-2025 fiscal year. Leveraging of additional contracts, grants, and new sources of revenues are continuously being explored to support the future sustainability of the services provided to the children and families of San Diego County.

The latest projections from the First 5 CA Commission are estimated to decline by 4.2% for San Diego County in the next fiscal year. It is anticipated that this rate of decline will continue for at least the next 5 years due to the recently enacted flavor ban on cigarettes and the overall California economy.

ECONOMY

California remains ranked as the 5th largest economy in the world. Surveys show consumer confidence is on the rise. It is expected that the California population will stabilize in the next year. Inflation is half what it was a year ago (3% compared to 7%). Overall, the economy is almost back to levels that are consistent with pre-pandemic numbers.

Inflation is the most stubborn economic indicator. It has slowly decreased from the high of 9% in June 2022, to just under 3% at the time of this writing. Because of high inflation, the Federal Reserve Board (Fed) has kept interest rates high. They aggressively increased rates 11 times between March 2022 and January 2024. In September 2024, the Fed lowered interest rates by 50 basis points, current rates are at 5%. This is a positive indicator that the economy is turning around.

As of March 2024, the unemployment rate in San Diego County was 5.3% - a significant increase compared to last year's low of 3.7% in July 2023. The State of California is at 5.5%, while nationally it is 4.6%. The next fiscal year looks to be better than this fiscal year. The economy is stable and is projected to start slowly getting better. Interest rates should start coming down as economic indicators start to show improvement.

First 5 San Diego's revenue is from tobacco sales tax. As the economy stabilizes, tobacco sales should increase leading to greater revenues.

FIRST 5 SAN DIEGO REVENUE CHANGES

First 5 San Diego over the years has had mainly two revenue sources, that being the State of California Tobacco Tax, and First 5 California grant funding for programs that they make available statewide. Each First 5 Commission in the State of California, one per County (there are 58 of them), may apply for the funding if their respective County desired to have that program in their area.

Over the last few years, the First 5 San Diego revenue has begun to shift as regular tobacco tax continues to decline. We have participated in more funding opportunities offered by First 5 California. What was traditionally one or two programs, now it has resulted in three to four programs. Additionally, funding opportunities have been taken advantage of from the County of San Diego Health and Human Services Agency (HHSA). Where we were the funder of programs

for HHSA in the past, we are now partnered with them to share our joint efforts towards children 0 – 5 in San Diego County. This is a shift for the better that will benefit both organizations.

REQUESTS FOR INFORMATION

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

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

STATEMENT OF NET POSITION

JUNE 30, 2024

**GOVERNMENTAL
ACTIVITIES**

	<u>2024</u>
Assets	
Cash and investments in county treasury	\$ 32,051,724
Imprest cash	250
Accounts receivable	4,834,207
Due from County of San Diego	485,638
Prepaid expenses	2,613
Non-current assets:	
Capital Assets	
Right of use lease assets	2,742,033
Less accumulated amortization	<u>(889,308)</u>
 Total assets	 <u>39,227,157</u>
Liabilities	
Accounts payable	11,724,368
Due to County of San Diego	228,563
Long-term liabilities:	
Due within one year	378,186
Due more than one year	<u>1,715,420</u>
 Total liabilities	 <u>14,046,537</u>
Net Position	
Net position	
Net investment in capital assets	(99,054)
Unrestricted	<u>25,279,674</u>
 Total net position	 <u>\$ 25,180,620</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, 2024**

		<u>PROGRAM REVENUES</u>	<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION</u>
		<u>PROPOSITION 10 AND SPECIAL FUND</u>	<u>GOVERNMENTAL ACTIVITIES</u>
<u>GOVERNMENTAL ACTIVITIES</u>	<u>EXPENSES</u>		<u>2024</u>
Health	\$ 13,509,115	\$ 7,389,976	\$ (6,119,139)
Learning	10,982,603	7,283,220	(3,699,383)
Family	9,626,862	8,612,479	(1,014,383)
Community	804,569	411,805	(392,764)
General Administration	3,797,932	4,084,285	286,353
Interest on long-term debt	13,596	-	(13,596)
Amortization	<u>296,436</u>	<u>-</u>	<u>(296,436)</u>
Total governmental activities	<u><u>\$39,031,113</u></u>	<u><u>\$ 27,781,765</u></u>	<u><u>(11,249,348)</u></u>
GENERAL REVENUES:			
Net investment revenue			<u>1,296,702</u>
Total general revenues			<u>1,296,702</u>
Change in net position			(9,952,646)
Net position, beginning of fiscal year			<u>35,133,266</u>
Net position-end of fiscal year			<u><u>\$ 25,180,620</u></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, 2024

	<u>2024</u>
Assets	
Cash and investments in county treasury	\$ 32,051,724
Imprest cash	250
Accounts receivable	4,834,207
Due from the County of San Diego	485,638
Prepaid expenditures	<u>2,613</u>
Total assets	<u><u>\$ 37,374,432</u></u>
 Liabilities and Fund Balance	
Liabilities:	
Accounts payable	\$ 11,724,368
Due to the County of San Diego	<u>228,563</u>
Total liabilities	<u>11,952,931</u>
 Fund Balance:	
Non-spendable	2,613
Committed	<u>25,418,888</u>
Total fund balance	<u>25,421,501</u>
Total liabilities and fund balance	<u><u>\$ 37,374,432</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, 2024

		<u>2024</u>
Total governmental fund balance		25,421,501
Right of use lease assets relating to governmental activities		
at historical costs:	\$ 2,742,033	
Accumulated amortization	<u>(889,308)</u>	
Net		1,852,725
In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated absences	\$ (141,827)	
Lease payable	<u>(1,951,779)</u>	
Total		(2,093,606)
Net position of governmental activities		<u><u>\$ 25,180,620</u></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, 2024

Revenues:	<u>2024</u>
Prop 10 tobacco tax (including SMIF, CECET & Prop 56 back-fill)	\$ 21,959,123
F5CA Regional Technical Assistance for Home Visiting Coordination Grant	266,643
F5CA IMPACT Legacy Grant	1,575,574
F5CA Shared Services Alliance Pilot Grant	86,382
F5CA Refugee Family Services Grant	213,404
HHSA CalWORKs Home Visiting Program	3,418,485
HHSA Public Health Services Doula Pilot Program	262,154
Interest revenue	<u>1,296,702</u>
Total revenues	<u><u>29,078,467</u></u>
Expenditures:	
Labor and benefits (* less: Evaluation Labor)	2,575,559
Services and supplies	263,844
Evaluation (*added: Evaluation Labor)	956,250
Contributions to community programs and initiatives	34,923,149
Debt Service – Principal – Leases	272,757
Debt Service – Interest - Leases	<u>13,596</u>
Total expenditures	<u>39,005,155</u>
Net change in fund balance	(9,926,688)
Fund balance, beginning of fiscal year	<u>35,348,189</u>
Fund balance, end of fiscal year	<u><u>\$25,421,501</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, 2024

	<u>2024</u>
Net change in total governmental fund balance	\$ (9,926,688)
In governmental funds, the cost of lease assets is reported as expenditures in the period when the assets are required. In the statement of activities, the cost of lease assets is allocated over their lease terms as amortization expense.	(296,436)
In governmental funds, repayments of long-term debt are reported as expenditures. In the governmental-wide statements, repayment of long-term debt is reported as a reduction of liabilities.	272,757
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>(2,279)</u>
Change in net position of governmental activities	<u><u>\$(9,952,646)</u></u>

See accompanying notes to the basic financial statements.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

In April 2019, the Commission adopted the Strategic Plan for 2020–2025. The plans focus the Commission's investments toward achieving key results that best promote early childhood development in San Diego County. The Commission's vision is that "All children are healthy, are loved and nurtured, and enter school as active learners." The current plan guides the allocation of up to \$37,594,184 for the fiscal year 2023/2024 to support four strategic goal areas that strengthen the relationships essential for the healthy development of young children: (1) Health, (2) Learning, (3) Family, and (4) Community. The plan spends down the fund balance from \$40.5 million at the beginning of FY 2020/2021 to \$8.3 million excluding a Management Reserve of \$7.5 million at the end of FY 2024/2025.

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

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

The government-wide financial statements (i.e. *The Statement of Net Position* and *The Statement of Activities* on pages 11 and 12 are reported using the *economic resources measurement focus* and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Contributions to community outreach projects through local contractors are recognized as expenditures when criteria for contract payments are met by the contractors.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Net Position

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

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

The Statement of Activities reports the change in net position in a net program cost format to demonstrate the degree to which the expense of the Commission is offset by its program revenues (page 12) in the categories of 1) Health, 2) Learning, 3) Family, and 4) Community.

Governmental fund financial statements, presented after the government-wide financial statements are reported using the *current financial resources measurement focus* and the *modified accrual* basis of accounting on pages 13 and 15. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenues are considered to be *available* when they are collectible within 90 days of the end of the current fiscal period. Revenues susceptible to accrual include tax revenue, grants, and investment income. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

C. Budgets, Budgetary Process and Encumbrances

The Commission adopts an annual budget, which can be amended by the Commission throughout the fiscal year. Revenue (not including interest revenue) was budgeted at \$29.23 million per the Financial Spending Plan that was approved in April 2023. 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 the Governmental Accounting Standards Board's Statement No. 31 (GASB Statement No. 31) is not included in the budget.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Use of Estimates

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

E. Cash and Investments

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

F. Right of use lease assets

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

G. Future Accounting Pronouncements

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

Statement No. 101	"Compensated Absences"	The provisions of this statement are effective for fiscal years beginning after December 15, 2023.
Statement No. 102	"Certain Risk Disclosures"	The provisions of this statement are effective for fiscal years beginning after June 15, 2024.
Statement No. 103	"Financial Reporting Model Improvements"	The provisions of this statement are effective for fiscal years beginning after June 15, 2025.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2: CASH AND INVESTMENTS IN COUNTY TREASURY

The Commission's cash and investments at June 30, 2024 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, 2024, are stated at fair value.

Cash and Investments in County Treasury consisted of the following at June 30, 2024:

Assets Invested through the County Treasurer's Office:

County Pool	\$ 32,501,724
Total Cash and Investments by County Treasury	<u>\$ 32,501,724</u>

Investments Authorized by the California Government Code

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

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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

Interest Rate Risk

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

<u>Investment Type</u>	<u>Remaining Maturity in Months</u>			
	<u>Amount</u>	<u>12 months or less</u>	<u>13 to 24 months</u>	<u>25 to 60 months</u>
Negotiable Certificates of Deposit	\$ -	\$ -	\$ -	\$ -
Commercial Paper Disc.	-	-	-	-
County Pool	<u>32,051,724</u>	<u>32,051,724</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,051,724</u>	<u>\$ 32,051,724</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

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

<u>Investment Type</u>	<u>Amount</u>	<u>Minimum Rating Required</u>	<u>Credit Quality Rating</u>
Negotiable Certificates of Deposit	\$ -	A-1 or equivalent	A-1
Commercial Paper Disc	-	A-1 or equivalent	AAA
County Pool	<u>32,051,724</u>	VARIOUS	AAA
Total	<u>\$ 32,051,724</u>		

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Concentration of Credit Risk

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

Issuer	Investment Type	Amount	% of Total Investments
None for FY 2023/2024			

Custodial Credit Risk

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

Investment in San Diego Investment Pool

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Fair Value

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

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

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

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Commission's own data. The Commission should adjust that data if 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, 2024 were as follows:

	Quoted Prices <u>Level 1</u>	Observable Inputs <u>Level 2</u>	Unobservable Inputs <u>Level 3</u>	<u>Uncategorized</u>	<u>Total</u>
Investments in county treasury	\$ -	\$ -	\$ -	\$ 32,051,724	\$ 32,051,724
Other investments	-	-	-	-	-
Total leveled investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,051,724</u>	<u>\$ 32,051,724</u>

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable is recorded at full value and represents the amount of Prop 10 revenue the California Children and Families Commission (First 5 California) owes the Commission for the month of April, May, and June 2024, California Electronic Cigarette Excise Tax (CECET), and miscellaneous Surplus Money Investment Fund (SMIF) revenue. Additionally, the First 5 Commission of California owes First 5 San Diego CA Regional Technical Assistance for Home Visiting Coordination and Integration Grant, CA Shared Services Alliance Pilot Grant, CA IMPACT Legacy Grant, and CA Refugee Family Services Grant for revenue earned in FY 2023/2024.

Prop 10 revenue for:

April 2024	\$ 1,350,681
May 2024	1,202,384
June 2024	1,200,608
CECET	100,974
SMIF	149,709
F5CA RTA-Home Visiting Coordination Grant	225,409
F5CA Shared Services Alliance Pilot Grant	26,964
F5CA IMPACT Legacy Grant	544,618
F5CA Refugee Family Services Grant	32,860
	\$ 4,834,207

NOTE 4: CAPITAL ASSETS - RIGHT OF USE LEASE ASSET

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

Right of use lease asset activity for the Primary Government for the fiscal year ended June 30, 2024, was as follows:

<u>Capital Asset</u>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right of use lease asset	\$ 2,742,033	\$ -	\$ -	\$ 2,742,033
Lease asset	2,742,033	-	-	2,742,033
Total right-to-use lease assets				
Less accumulated amortization for:				
Lease asset	592,872	296,436	-	889,308
Total accumulated amortization	592,872	296,436	-	889,308
Right to use lease asset, net	\$ 2,149,161	\$ (296,436)	\$ -	\$ 1,852,725

NOTE 5: ACCOUNTS PAYABLE

Accounts payable is comprised of \$11,724,368 in funding due to contractors at June 30, 2024.

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6: DUE TO/DUE FROM COUNTY OF SAN DIEGO

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

The County of San Diego owes the Commission \$485,638 for:

- 1) Investment interest earning of \$414,871;
- 2) HHSA reimbursement of the burden cost of \$18,580;
- 3) Contract reimbursement of \$52,187;

The Commission owes the County of San Diego \$228,563 for:

- 4) Purchasing & Contracting services of \$88;
- 5) Computing and IT charges of \$4,843;
- 6) County Counsel services of \$675;
- 7) Commission labor and burden cost of \$115,940;
- 8) HHSA Office of Immigrant and Refugee Affairs charges of \$107,017

NOTE 7: LONG-TERM LIABILITIES

Long-term liability activity for the fiscal year ended June 30, 2024, was as follows:

	Balance at July 1, 2023	Additions	Reductions	Balance at June 30, 2024	Due Within One Year
Governmental Activities:					
Other long-term liabilities					
Compensated Absences	\$ 139,548	\$ 29,623	\$ (27,344)	\$ 141,827	\$ 95,133
Direct borrowings and placements					
Lease Liabilities	2,224,536		(272,757)	1,951,779	283,053
Total	<u>\$ 2,364,084</u>	<u>\$ 29,623</u>	<u>\$ (300,101)</u>	<u>\$ 2,093,606</u>	<u>\$ 378,186</u>

NOTE 8: 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 balance for the fiscal year ended June 30, 2024 is \$141,827.

NOTE 9: LEASE PAYABLE

Office Lease

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9: LEASE PAYABLE (Continued)

The first agreement was executed on April 5, 2020, to lease an office space and requires 125 monthly payments, initially in the amount of \$21,060 per month and a 3% annual escalation. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 0.71%, which is the estimated incremental borrowing rate of the Commission. As a result of the lease, the Commission has recorded a right of use lease asset with a net book value of \$1,852,725 on June 30, 2024. The right of use lease asset is discussed in more detail in Note 1 (F) and Note 4 – Right of use lease asset.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024, were as follows:

Fiscal Year Ending <u>June 30</u>	Principal <u>Payments</u>	Interest <u>Payments</u>	<u>Total</u>
2025	\$ 283,053	\$ 11,787	\$ 294,840
2026	293,673	9,911	303,584
2027	304,626	7,964	312,590
2028	315,923	5,945	321,868
2029	327,575	3,851	331,426
2030-2032	426,929	1,732	428,661
	<u>\$ 1,951,779</u>	<u>\$ 41,190</u>	<u>\$ 1,992,969</u>

NOTE 10: REVENUE

The Commission receives a proportionate share of Proposition 10, California Electronic Cigarette Excise Tax (CECET), and Proposition 56 money from First 5 California based on the number of live births in the county in comparison to the number of live births statewide. This fund is identified in the County of San Diego's accounting records as the First 5 Commission Operating Fund (Fund Number 49217). The Commission also receives Special Funding, as explained in Note 10, and Surplus Money Investment Fund (SMIF) allocations from First 5 California. The SMIF allocations represent distributions of interest accrued on statewide Proposition 10 money.

Revenue for the fiscal year 2023/2024 is comprised of:

Prop 10 revenue (monthly allocations)	\$ 15,386,466
California Electronic Cigarette Excise Tax (quarterly allocations)	370,520
SMIF	149,709
Prop 56 backfill (included in Prop10 in Financials)	6,052,428
F5CA Regional Technical Assistance for Home Visiting Coordination and Integration Grant	266,643
F5CA IMPACT Legacy Grant	1,575,574
F5CA Shared Services Alliance Pilot Grant	86,382
F5CA Refugee Family Service Grant	213,404
HHSA CalWORKs Home Visiting Program	3,418,485
HHSA Public Health Services Doula Program	262,154
Interest	<u>1,296,702</u>
Total revenue	<u>\$ 29,078,467</u>

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11: SPECIAL FUNDING

Special funding for FY 2023/2024 included \$266,643 for the F5CA Regional Technical Assistance for Home Visiting Coordination and Integration Grant; \$1,575,574 for F5CA IMPACT Legacy Grant; \$86,382 Shared Services Alliance Pilot Grant; \$213,404 for F5CA Refugee Family Services Grant; \$3,418,485 for HHSA CalWORKs Home Visiting Program; and \$262,154 for HHSA Public Health Services Doula Pilot Program.

F5CA Regional Technical Assistance for Home Visiting Coordination and Integration Grant (HVC-RTA) The primary purpose of the HVC-RTA is to empower counties in their work towards creating a sustainable, unified system that supports families with the home visiting services to support family well-being and maximize available funding to serve more families. The HVC-RTA also works to promote group, individual, and peer-to-peer technical assistance to help counties continue strengthening a range of systems coordination and integration activities, highlighting lived-experience in policies and program decisions, and address inequities. The Grantee must serve all local counties within the region interested in carrying out HVC activities during the term of the grant. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 36 and 37.

F5CA IMPACT Legacy Grant The primary purpose of the F5 IMPACT Legacy is to expand access to the Quality Counts California (QCC) quality rating and improvement system (QRIS) and resources for center and home-based early learning and care educators serving high-need communities and populations not already receiving quality support. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 38 and 39.

F5CA Shared Services Alliance Pilot Grant (SSA) is an approach to strengthen small early learning and care businesses by providing them the supports to strengthen their business practices. The SSA is aimed at building a sustainable provider-based childcare system by providing technology and staff infrastructure that enable sharing of staff, information, and resources. A Shared Services Alliance Network provides business efficiencies to childcare providers, the majority of whom are low-income women of color, increasing business sustainability and expanding care for low-to-moderate income communities. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 40 and 41.

F5CA Refugee Family Services Grant (RFS) is an approach to provide support services to refugee families with children birth through age five resettling in counties throughout California. The goal of the RFS Program is to provide support for refugee families in the areas of socio-cultural adjustment and systems navigation support that include the following priority areas: language assistance, healthcare and care coordination (including behavioral health), transportation, and social capital. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 42 and 43.

HHSA CalWORKs Home Visiting Program The California Work Opportunity and Responsibility to Kids (CalWORKs) Home Visiting Program (HVP) is a voluntary program funded by the California Department of Social Services (CDSS) and administered by participating California counties. The HVP aims

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11: SPECIAL FUNDING (continued)

to support positive health development and well-being outcomes for pregnant and parenting people, families, and infants born into poverty, expand their future educational, economic, and financial capability opportunities and improve the likelihood that they will exit poverty. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 44 and 45.

HHSA Public Health Doula Pilot Program The County of San Diego, through the Maternal, Child, and Family Health Services Doula Pilot Program with First 5 San Diego aims to help bring greater doula access to BIPOC birthing people. The Doula Pilot Program seeks to overcome barriers by contracting with a community-based doula business with demonstrated experience providing services to birthing people who are BIPOC during pregnancy, for birth and delivery, and for postpartum care. This program will serve more individuals at no cost to the program participants, train more doulas to sustainably serve communities, and promote better BIPOC maternal and infant health outcomes. The balance sheet and schedule of revenue, expenditures, and changes in fund balance for this special funding program are presented as supplementary information in this report on pages 46 and 47.

NOTE 12: DATA & EVALUATION EXPENSES

The Commission spent \$956,250 on program data and evaluation during the audit period.

NOTE 13: FUND BALANCES

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

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

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

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 13: FUND BALANCES (continued)

Unassigned – all other spendable amounts.

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

The details of the fund balances as of June 30, 2024 are presented below:

Fund Balance:

Non-spendable:

Prepaid items	\$ 2,613
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Committed To:

Administration	1,422,691
Evaluation	353,878
Healthy Development Services	5,173,125
KidStart	448,066
Oral Health Initiative	407,333
Reducing Childhood Injuries	61,100
Public Health – Doula Pilot Program	81,467
Learn Well Initiative	3,258,661
Mi Escuelita	266,053
First 5 First Steps Home Visiting	1,844,678
HHSA CalWORKs Home Visiting Program	1,629,330
HHSA CA Home Visiting Program	95,723
Parent & Public Education	162,933
Information & Referral	122,200
Maternity Housing Program	50,917
Community Outreach Projects	40,733
Management Reserve	<u>10,000,000</u>

Total Committed	<u>25,418,888</u>
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Total Fund Balance	<u>\$25,421,501</u>
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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 14: RELATED PARTY

For FY 2023-24 the First 5 Commission had a contract with The Children's Initiative for \$150,000 for the Childhood Injury Prevention Program. The Chief Executive Officer of The Children's Initiative is Sandra McBrayer, one of the five First 5 San Diego Commissioners.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

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**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
BUDGETARY COMPARISON SCHEDULE GOVERNMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**BUDGETED AMOUNTS
(UNAUDITED)**

	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
Revenues:				
Prop 10 Tobacco Tax	\$ 24,319,912	\$ 24,319,912	\$ 21,959,123	\$ (2,360,789)
HHSA CalWORKs Home Visiting Program	4,000,000	4,012,173	3,418,485	(593,688)
HHSA-PHS Doula Pilot Program	445,000	445,000	262,154	(182,846)
F5CA Shared Services Alliance Pilot	-	-	86,382	86,382
F5CA Refugee Family Support Program	-	-	213,404	213,404
F5CA Home Visiting Coordination Grant	470,000	941,258	266,643	(674,615)
F5CA IMPACT Legacy Grant	-	3,183,938	1,575,574	(1,608,364)
Interest revenue	<u>1,174,086</u>	<u>1,174,086</u>	<u>1,296,702</u>	<u>122,616</u>
Total revenues	<u>\$ 30,408,998</u>	<u>\$ 34,076,367</u>	<u>\$ 29,078,467</u>	<u>\$ (4,997,900)</u>
Expenditures:				
Labor & benefits (less Evaluation labor)	2,941,507	2,941,507	2,575,559	365,948
Services and Supplies	563,987	583,987	263,844	320,143
Evaluation (with Evaluation Labor)	974,455	974,455	956,250	18,205
Contributions to Community Programs	33,926,815	37,594,184	34,923,149	2,671,035
Debt Service - Principal - Leases	-	-	272,757	(272,757)
Debt Service – Interest - Leases	<u>-</u>	<u>-</u>	<u>13,956</u>	<u>(13,596)</u>
Total expenditures	<u>\$ 38,406,764</u>	<u>\$ 42,094,133</u>	<u>\$ 39,005,155</u>	<u>\$ 3,088,978</u>
Net change in fund balance OVER (UNDER) Expenditures	(7,997,766)	(8,017,766)	(9,926,688)	(1,908,922)
Fund balance, beginning of fiscal year	<u>35,348,189</u>	<u>35,348,189</u>	<u>35,348,189</u>	<u>-</u>
Fund balance, end of fiscal year	<u>\$ 27,350,423</u>	<u>\$ 27,330,423</u>	<u>\$ 25,421,501</u>	<u>\$ (1,908,922)</u>

Budget and Budgetary Process

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

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SUPPLEMENTARY INFORMATION SECTION

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

**F5CA REGIONAL TECHNICAL ASSISTANCE FOR
HOME VISITING COORDINATION AND INTEGRATION GRANT**

JUNE 30, 2024

	<u>2024</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 F5CA Regional Technical Assistance for Home Visting Coordination and Integration Grant	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

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

**F5CA REGIONAL TECHNICAL ASSISTANCE FOR
HOME VISITING COORDINATION AND INTEGRATION GRANT**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
Coordination and Integration Grant	<u>\$ 266,643</u>
Total revenues	<u>266,643</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>266,643</u>
Total expenditures	<u>266,643</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**

F5CA IMPACT LEGACY GRANT

JUNE 30, 2024

	<u>2024</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 F5CA IMPACT Legacy Grant	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

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

F5CA IMPACT LEGACY GRANT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
F5CA IMPACT Legacy Grant	<u>\$ 1,575,574</u>
Total revenues	<u>1,575,574</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>1,575,574</u>
Total expenditures	<u>1,575,574</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**

F5CA SHARED SERVICES ALLIANCE PILOT GRANT

JUNE 30, 2024

	<u>2024</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 F5CA Shared Services Alliance Pilot Grant	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

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

F5CA SHARED SERVICES ALLIANCE PILOT GRANT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
F5CA Shared Services Alliance Pilot Grant	<u>\$ 86,382</u>
Total revenues	<u>86,382</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>86,382</u>
Total expenditures	<u>86,382</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**

F5CA REFUGEE FAMILY SERVICES GRANT

JUNE 30, 2024

	<u>2024</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 F5CA Refugee Family Services Grant	<u>-</u>
Total fund balance	<u>-</u>
Total liabilities and fund balance	<u>\$ -</u>

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

F5CA REFUGEE FAMILY SERVICES GRANT

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
F5CA Refugee Family Services Grant	<u>\$ 213,404</u>
Total revenues	<u>213,404</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>213,404</u>
Total expenditures	<u>213,404</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**

HHSA CalWORKs HOME VISITING PROGRAM CENTER

JUNE 30, 2024

	<u>2024</u>
Assets	
Cash and investments in county treasury	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for HHSA CalWORKs Home Visiting Program	<u>-</u>
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**

HHSA CalWORKs HOME VISITING PROGRAM

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
HHSA CalWORKs Home Visiting Program	<u>\$ 3,418,485</u>
Total revenues	<u>3,418,485</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>3,418,485</u>
Total expenditures	<u>3,418,485</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**

**HHSA PUBLIC HEALTH SERVICES
DOULA PILOT PROGRAM**

JUNE 30, 2024

	<u>2024</u>
Assets	
Cash and investments in county treasury	\$ -
Total assets	<u>\$ -</u>
Liabilities and Fund Balance	
Liabilities:	
Unearned revenue	\$ -
Total liabilities	<u>-</u>
Fund balance:	
Restricted for HHSA Public Health Services Doula Pilot Program	<u>-</u>
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**

**HHSA PUBLIC HEALTH SERVICES
DOULA PILOT PROGRAM**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2024**

	<u>2024</u>
Revenues:	
HHSA Public Health Services Doula Pilot Program	<u>\$ 262,154</u>
Total revenues	<u>262,154</u>
Expenditures:	
Labor and benefits	-
Contributions to community outreach projects	<u>262,154</u>
Total expenditures	<u>262,154</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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

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

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

Net Position by Component
Last Ten Fiscal Years*

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Restricted	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	25,180,620	35,133,266	40,272,277	42,119,960	40,449,779	46,523,865	55,106,348	65,232,870	73,239,274	79,330,440
Total net position	<u>\$ 25,180,620</u>	<u>\$ 35,133,266</u>	<u>\$ 40,272,277</u>	<u>\$ 42,119,960</u>	<u>\$ 40,449,779</u>	<u>\$ 46,523,865</u>	<u>\$ 55,106,348</u>	<u>\$ 65,232,870</u>	<u>\$ 73,239,274</u>	<u>\$ 79,330,440</u>

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

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

Changes in Net Position
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Prop 10 Tobacco Taxes (see page 15)	\$21,959,123	\$23,470,990	\$ 26,670,216	\$ 28,636,321	\$ 27,663,745	\$ 26,411,158	\$ 25,589,026	\$ 17,887,814	\$ 21,643,265	\$ 18,440,315
Prop 10 Quality Preschool Initiative	-	-	-	-	-	-	-	10,769,855	7,877,537	11,728,390
Prop 10 Child Signature Program	-	-	-	-	-	-	-	1,677,313	3,454,625	3,454,625
CDE QRIS Certification Grant	-	-	-	34,396	181,918	179,039	189,959	-	-	-
Race to the Top	-	-	-	-	-	-	-	-	1,830,888	2,245,507
F5CA Shared Services Alliance Pilot Grant	86,382	151,499	11,232	-	-	-	-	-	-	-
F5CA Refugee Family Services Program	213,404	209,614	-	-	-	-	-	-	-	-
F5CA IMPACT Grant	-	-	-	-	2,173,883	1,599,578	1,587,196	1,607,269	-	-
F5CA IMPACT Hub Grant	-	-	-	544,079	541,277	339,197	400,661	250,321	-	-
F5CA IMPACT Legacy Grant	1,575,574	-	-	-	-	-	-	-	-	-
F5CA Home Visiting Coordination Grant	-	47,586	80,179	35,153	-	-	-	-	-	-
F5CA RTA-Home Visiting Coordination Gt	266,643	-	-	-	-	-	-	-	-	-
HHSA Office of Violence Prevention	-	-	250,000	-	-	-	-	-	-	-
HHSA PHS Doula Pilot Program	262,154	120,201	-	-	-	-	-	-	-	-
HHSA OSI Drowning Prevention	-	37,738	208,370	-	-	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	3,418,485	3,296,525	2,823,098	2,453,747	-	-	-	-	-	-
HHSA Cal-Learn Educational Support Svc	-	301,980	866,183	717,980	-	-	-	-	-	-
HHSA CA Home Visiting Program GF	-	505,161	599,999	164,941	-	-	-	-	-	-
Interest revenue	1,296,702	1,098,757	325,559	413,747	955,100	1,021,281	784,637	828,087	578,755	443,268
Other miscellaneous	-	-	-	-	-	-	-	-	43,146	-
Net increase (decrease) in FMV	-	-	-	-	-	206,530	248,038	25,604	(79,750)	(3,050)
Total revenues	\$ 29,078,467	\$ 29,240,051	\$ 31,834,836	\$ 33,000,364	\$ 31,515,923	\$ 29,756,783	\$ 28,799,517	\$33,046,263	\$ 35,348,466	\$ 36,309,055
Health	\$ 13,509,115	\$ 12,816,661	\$ 12,010,123	\$ 11,627,348	\$ 14,622,113	\$ 15,613,398	\$ 15,804,733	\$ 15,398,149	\$ 15,592,246	\$ 19,462,588
Learning	10,982,603	8,908,889	8,832,179	7,595,960	13,280,171	12,770,648	13,181,082	13,761,649	14,158,039	18,310,440
Family	9,626,862	7,874,164	7,957,275	7,733,280	4,686,816	5,118,518	5,031,315	5,426,101	5,221,359	9,514,082
Community	804,569	839,914	1,217,391	814,546	1,304,628	1,307,091	1,166,445	2,876,033	2,540,614	5,723,442
General Administration	3,797,932	3,626,188	3,352,098	3,484,606	3,696,281	3,529,611	3,742,464	3,590,735	3,927,334	4,866,369
Interest on long-term debt	13,596	16,810	17,017	-	-	-	-	-	-	-
Amortization	296,436	296,436	296,436	-	-	-	-	-	-	-
Change in net position	\$ (9,952,646)	\$ (5,139,011)	\$ (1,847,683)	\$ 1,744,624	\$ (6,074,086)	\$ (8,582,483)	\$ (10,126,522)	\$ (8,006,404)	\$ (6,091,126)	\$(21,567,866)

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

Fund Balance – General Fund
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Fund Balance										
Non-spendable	\$2,613	\$2,345	\$2,227	\$2,196	\$2,081	\$1,946	\$1,895	\$1,889	\$32,325	\$2,816
Committed	25,418,888	35,345,844	40,410,520	42,221,595	40,537,402	46,577,066	55,162,594	65,278,719	73,257,337	79,438,411
Restricted	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total Fund Balance	<u>\$25,421,501</u>	<u>\$35,348,189</u>	<u>\$40,412,747</u>	<u>\$42,223,791</u>	<u>\$40,539,483</u>	<u>\$46,579,012</u>	<u>\$55,164,489</u>	<u>\$65,280,608</u>	<u>\$73,289,662</u>	<u>\$79,441,227</u>

FIRST 5 COMMISSION OF SAN DIEGO
PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024
Changes in Fund Balances – General Fund
Last Ten Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenue										
Prop 10 Tobacco Taxes	\$21,959,123	\$23,470,990	\$26,670,216	\$28,636,321	\$27,663,745	\$26,411,158	\$25,589,026	\$17,887,814	\$21,643,265	\$18,440,315
Prop 10 Quality Preschool Initiative	-	-	-	-	-	-	-	10,769,855	7,877,537	11,728,390
Prop 10 Child Signature Program	-	-	-	-	-	-	-	1,677,313	3,454,625	3,454,625
CDE QRIS Certification Grant	-	-	-	34,396	181,918	179,039	189,959	-	-	-
Race to the Top	-	-	-	-	-	-	-	-	1,830,888	2,245,507
F5CA Shared Services Alliance Pilot Grant	86,382	151,499	11,232	-	-	-	-	-	-	-
F5CA Refugee Family Services Program	213,404	209,614	-	-	-	-	-	-	-	-
F5CA IMPACT Grant	-	-	-	-	2,173,883	1,599,578	1,587,196	1,607,269	-	-
F5CA IMPACT Hub Grant	-	-	-	544,079	541,277	339,197	400,661	250,321	-	-
F5CA IMPACT Legacy Grant	1,575,574	-	-	-	-	-	-	-	-	-
F5CA Home Visiting Coordination Grant	-	47,586	80,179	35,153	-	-	-	-	-	-
F5CA RTA-Home Visiting Coordination Grant	266,643	-	-	-	-	-	-	-	-	-
HHSA Office of Violence Prevention	-	-	250,000	-	-	-	-	-	-	-
HHSA PHS Doula Pilot Program	262,154	120,201	-	-	-	-	-	-	-	-
HHSA OSI Drowning Prevention	-	37,738	208,370	-	-	-	-	-	-	-
HHSA CalWORKs Home Visiting Program	3,418,485	3,296,525	2,823,098	2,453,747	-	-	-	-	-	-
HHSA Cal-Learn Educational Support Services	-	301,980	866,183	717,980	-	-	-	-	-	-
HHSA CA Home Visiting Program GF	-	505,161	599,999	164,941	-	-	-	-	-	-
Interest revenue	1,296,702	1,098,757	325,559	413,747	955,100	1,021,281	784,637	828,087	578,755	443,268
Other miscellaneous	-	-	-	-	-	-	-	-	43,146	-
Net increase (decrease) in FMV	-	-	-	-	-	206,530	248,038	25,604	(79,750)	(3,050)
Total revenues	\$29,078,467	\$29,240,051	\$31,834,836	\$33,000,364	\$31,515,923	\$29,756,783	\$28,799,517	\$33,046,263	\$35,348,466	\$36,309,055
Expenditures										
Labor & benefits	\$ 2,575,559	\$ 2,451,116	\$ 2,257,841	\$ 2,015,727	\$ 2,074,074	\$ 2,053,585	\$ 2,226,197	\$ 2,123,804	\$ 2,542,561	\$ 3,033,480
Services & Supplies	263,844	283,191	223,912	574,392	723,356	654,081	632,742	627,523	623,890	622,703
Debt Services - Principal - Leases	272,757	262,776	254,721	-	-	-	-	-	-	-
Debt Services - Interest - Leases	13,596	16,810	17,017	-	-	-	-	-	-	-
Evaluation	956,250	851,088	875,421	880,360	864,294	824,939	873,122	842,058	821,321	1,189,466
Contribution to Community Programs & Initiative	34,923,149	30,439,628	30,016,968	27,771,134	33,893,728	34,809,655	35,183,575	37,461,932	37,512,258	53,010,552
Total expenditures	\$39,005,155	\$34,304,609	\$33,645,880	\$31,241,613	\$37,555,452	\$38,342,260	\$38,915,636	\$41,055,317	\$41,500,030	\$57,856,201
Net change in fund balances	(\$9,926,688)	(\$5,064,558)	(\$1,811,044)	\$1,758,751	(\$6,039,529)	(\$8,585,477)	(\$10,116,119)	(\$8,009,054)	(\$6,151,564)	(\$21,547,146)
Debt's service as a percentage of noncapital expenditures	0.73%	0.82%	0.81%	-	-	-	-	-	-	-

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
 Statistical Section (Unaudited)
 For the Fiscal Year Ended June 30, 2024

FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR 2024-25 THROUGH 2028-29 with Flavor Ban
 UTILIZING May 2024 UPDATED TOBACCO TAX REVENUE PROJECTIONS AND
 DOF BIRTH PROJECTIONS FOR CALIFORNIA STATE AND COUNTIES 1990-2040
 UPDATED 6-17-2024

COUNTY	2022 Births ¹	2022 Birthrate	2024-25 TAX REVENUE PROJECTION	2023 Births ¹	2023 Birthrate	2025-26 TAX REVENUE PROJECTION	2024 Births ¹	2024 Birthrate	2026-27 TAX REVENUE PROJECTION	2025 Births ¹	2025 Birthrate	2027-28 TAX REVENUE PROJECTION	2026 Births ¹	2026 Birthrate	2028-29 TAX REVENUE PROJECTION
1 Alameda	16,935	4.034%	\$9,676,143	14,970	3.677%	\$8,562,275	13,812	3.381%	\$7,643,922	13,462	3.283%	\$7,236,034	13,422	3.270%	\$6,993,688
2 Alpine	66	0.016%	\$37,710	5	0.001%	\$2,860	6	0.001%	\$3,321	12	0.003%	\$6,450	9	0.002%	\$4,690
3 Amador	355	0.085%	\$202,836	346	0.085%	\$197,899	341	0.083%	\$188,718	361	0.088%	\$194,043	374	0.091%	\$194,877
4 Butte	2,065	0.492%	\$1,179,878	1,986	0.488%	\$1,135,917	1,956	0.476%	\$1,082,502	2,021	0.494%	\$1,086,319	1,936	0.472%	\$1,008,775
5 Calaveras	387	0.092%	\$221,120	376	0.092%	\$215,058	454	0.111%	\$251,255	426	0.104%	\$228,982	425	0.104%	\$221,451
6 Colusa	295	0.070%	\$168,554	279	0.069%	\$159,577	264	0.065%	\$146,105	313	0.077%	\$168,242	312	0.076%	\$162,571
7 Contra Costa	11,950	2.847%	\$6,827,866	11,303	2.776%	\$6,464,889	11,567	2.831%	\$6,401,480	11,455	2.802%	\$6,157,241	11,499	2.802%	\$5,991,686
8 Del Norte	219	0.052%	\$125,130	218	0.054%	\$124,688	234	0.057%	\$129,502	229	0.056%	\$123,091	247	0.060%	\$128,702
9 El Dorado	1,554	0.370%	\$887,908	1,647	0.405%	\$942,022	1,637	0.401%	\$905,959	1,629	0.398%	\$875,613	1,659	0.404%	\$864,441
10 Fresno	13,884	3.307%	\$7,932,895	13,588	3.337%	\$7,771,823	13,005	3.404%	\$7,695,391	13,685	3.421%	\$7,517,155	14,097	3.435%	\$7,345,404
11 Glenn	347	0.083%	\$198,265	395	0.097%	\$225,925	403	0.099%	\$223,031	383	0.094%	\$205,868	427	0.104%	\$222,493
12 Humboldt	1,275	0.304%	\$728,496	1,187	0.292%	\$678,919	1,178	0.288%	\$651,936	1,165	0.285%	\$626,206	1,121	0.273%	\$584,110
13 Imperial	2,395	0.571%	\$1,368,430	2,408	0.591%	\$1,377,285	2,499	0.604%	\$1,366,409	2,536	0.620%	\$1,363,139	2,725	0.664%	\$1,419,893
14 Inyo	165	0.039%	\$94,276	174	0.043%	\$99,521	182	0.045%	\$100,724	193	0.047%	\$103,741	192	0.047%	\$100,044
15 Kern	12,480	2.973%	\$7,130,692	12,068	2.964%	\$6,902,440	12,381	3.031%	\$6,851,969	12,360	3.023%	\$6,643,692	12,364	3.013%	\$6,442,405
16 Kings	2,164	0.515%	\$1,236,444	2,007	0.493%	\$1,147,928	2,112	0.517%	\$1,168,836	2,071	0.507%	\$1,113,195	2,050	0.500%	\$1,068,176
17 Lake	656	0.156%	\$374,818	781	0.192%	\$446,703	769	0.188%	\$425,585	786	0.192%	\$422,487	829	0.202%	\$431,960
18 Lassen	252	0.060%	\$143,985	250	0.061%	\$142,991	229	0.056%	\$126,735	184	0.046%	\$98,903	210	0.051%	\$109,423
19 Los Angeles	95,478	22.744%	\$54,553,223	93,528	22.971%	\$53,494,485	94,338	23.092%	\$52,209,117	94,040	23.002%	\$50,547,962	93,232	22.718%	\$48,579,607
20 Madera	2,056	0.460%	\$1,174,736	2,079	0.511%	\$1,189,110	2,080	0.509%	\$1,151,126	2,114	0.517%	\$1,136,308	2,107	0.513%	\$1,097,877
21 Marin	2,390	0.569%	\$1,385,573	2,053	0.504%	\$1,174,238	1,865	0.457%	\$1,032,140	1,876	0.459%	\$1,008,379	1,716	0.418%	\$894,142
22 Mariposa	171	0.041%	\$97,704	134	0.033%	\$76,643	145	0.035%	\$80,247	153	0.037%	\$82,240	174	0.045%	\$95,875
23 Mendocino	900	0.214%	\$514,233	871	0.214%	\$498,179	980	0.235%	\$531,289	974	0.238%	\$523,540	951	0.232%	\$495,530
24 Merced	3,922	0.934%	\$2,240,911	3,898	0.954%	\$2,222,645	4,228	1.035%	\$2,339,886	4,430	1.084%	\$2,361,194	4,520	1.101%	\$2,355,198
25 Modoc	21	0.005%	\$11,999	33	0.008%	\$18,875	51	0.012%	\$28,225	83	0.020%	\$44,614	96	0.023%	\$50,022
26 Mono	103	0.025%	\$58,581	94	0.023%	\$53,764	108	0.026%	\$58,663	95	0.023%	\$51,064	98	0.024%	\$51,064
27 Monterey	5,420	1.291%	\$3,096,823	5,452	1.339%	\$3,118,338	5,280	1.288%	\$2,911,022	5,136	1.256%	\$2,760,680	5,141	1.253%	\$2,678,777
28 Napa	1,196	0.285%	\$683,358	1,135	0.279%	\$649,177	1,232	0.302%	\$681,821	1,224	0.299%	\$657,919	1,264	0.308%	\$658,622
29 Nevada	789	0.188%	\$450,811	773	0.190%	\$442,127	807	0.198%	\$446,615	885	0.212%	\$464,951	859	0.209%	\$447,592
30 Orange	30,588	7.286%	\$17,477,052	31,035	7.623%	\$17,750,848	31,930	7.816%	\$17,670,897	32,045	7.838%	\$17,224,686	32,300	7.870%	\$16,830,287
31 Placer	3,826	0.911%	\$2,186,060	3,837	0.942%	\$2,194,619	4,079	0.998%	\$2,257,425	4,131	1.010%	\$2,220,477	4,253	1.036%	\$2,216,075
32 Plumas	141	0.034%	\$80,563	144	0.035%	\$82,363	139	0.034%	\$76,926	180	0.044%	\$96,753	157	0.038%	\$81,807
33 Riverside	27,780	6.617%	\$15,872,646	27,530	6.762%	\$15,746,121	28,675	7.019%	\$15,869,495	28,664	7.011%	\$15,407,346	28,724	6.999%	\$14,966,971
34 Sacramento	18,232	4.343%	\$10,417,210	17,600	4.345%	\$10,118,012	17,830	4.364%	\$9,867,588	17,380	4.251%	\$9,342,020	17,361	4.230%	\$9,046,149
35 San Benito	819	0.195%	\$467,952	850	0.209%	\$486,168	802	0.196%	\$443,848	845	0.207%	\$454,201	804	0.196%	\$418,933
36 San Bernardino	26,751	6.372%	\$15,284,707	25,491	6.281%	\$14,579,890	25,912	6.343%	\$14,340,379	27,680	6.766%	\$14,867,680	29,490	7.186%	\$15,366,104
37 San Diego	37,567	8.949%	\$21,464,640	35,951	8.830%	\$20,562,615	35,152	8.605%	\$19,454,036	34,699	8.487%	\$18,651,252	34,103	8.310%	\$17,769,761
38 San Francisco	7,455	1.776%	\$4,259,560	6,581	1.616%	\$3,764,084	5,684	1.391%	\$3,145,674	5,927	1.450%	\$3,185,855	6,046	1.473%	\$3,150,338
39 San Joaquin	9,818	2.339%	\$5,609,706	9,809	2.409%	\$5,610,378	10,105	2.474%	\$5,592,371	10,252	2.508%	\$5,510,609	10,160	2.476%	\$5,293,985
40 San Luis Obispo	2,435	0.580%	\$1,391,285	2,480	0.604%	\$1,407,027	2,470	0.605%	\$1,366,963	2,509	0.614%	\$1,348,627	2,486	0.601%	\$1,284,938
41 San Mateo	7,566	1.802%	\$4,322,982	6,925	1.701%	\$3,960,839	6,268	1.534%	\$3,468,875	6,247	1.528%	\$3,357,860	6,183	1.507%	\$3,221,723
42 Santa Barbara	5,520	1.315%	\$3,153,960	5,390	1.324%	\$3,082,876	5,045	1.235%	\$2,792,035	4,994	1.222%	\$2,684,353	4,901	1.194%	\$2,553,722
43 Santa Clara	18,805	4.479%	\$10,744,605	18,421	4.524%	\$10,536,116	17,415	4.263%	\$9,637,917	17,050	4.170%	\$9,164,640	17,623	4.294%	\$9,182,667
44 Santa Cruz	2,229	0.531%	\$1,273,583	2,219	0.545%	\$1,269,184	2,236	0.547%	\$1,237,461	2,300	0.563%	\$1,236,286	2,183	0.532%	\$1,137,477
45 Shasta	1,836	0.437%	\$1,048,463	1,829	0.449%	\$1,046,119	1,951	0.478%	\$1,079,734	1,979	0.484%	\$1,063,743	1,980	0.478%	\$1,021,281
46 Sierra	21	0.005%	\$11,999	17	0.004%	\$9,723	23	0.006%	\$12,729	19	0.005%	\$10,213	24	0.006%	\$12,505
47 Siskiyou	311	0.074%	\$177,696	364	0.089%	\$208,194	423	0.104%	\$234,099	422	0.103%	\$226,832	457	0.111%	\$238,125
48 Solano	4,968	1.183%	\$2,838,564	4,764	1.170%	\$2,724,828	4,736	1.159%	\$2,621,026	4,667	1.142%	\$2,508,585	4,711	1.148%	\$2,454,721
49 Sonoma	4,555	1.085%	\$2,602,588	4,287	1.053%	\$2,452,002	4,239	1.038%	\$2,345,973	3,894	0.977%	\$2,146,837	3,988	0.972%	\$2,077,993
50 Stanislaus	7,263	1.737%	\$4,166,998	6,931	1.702%	\$3,964,270	7,247	1.774%	\$4,010,679	7,220	1.766%	\$3,880,862	7,254	1.768%	\$3,779,780
51 Sutter	1,323	0.315%	\$755,922	1,275	0.313%	\$729,252	1,316	0.322%	\$728,305	1,366	0.334%	\$734,246	1,407	0.343%	\$733,134
52 Tehama	750	0.179%	\$428,527	809	0.185%	\$469,145	842	0.209%	\$465,965	812	0.189%	\$436,463	822	0.200%	\$428,313
53 Trinity	110	0.026%	\$62,851	137	0.034%	\$76,359	128	0.031%	\$70,839	178	0.044%	\$95,678	161	0.039%	\$83,991
54 Tulare	6,819	1.624%	\$3,896,169	6,534	1.605%	\$3,737,201	6,802	1.688%	\$3,819,747	6,818	1.688%	\$3,664,781	6,796	1.655%	\$3,541,134
55 Tuolumne	452	0.108%	\$258,259	425	0.104%	\$243,084	419	0.103%	\$231,586	410	0.100%	\$220,381	404	0.098%	\$210,509
56 Ventura	8,771	2.089%	\$5,011,482	8,338	2.048%	\$4,769,021	8,504	2.082%	\$4,706,336	8,487	2.076%	\$4,561,894	8,424	2.063%	\$4,389,422
57 Yolo	1,958	0.466%	\$1,118,742	1,879	0.462%	\$1,074,717	1,904	0.468%	\$1,053,723	1,856	0.454%	\$997,629	1,977	0.482%	\$1,030,139
58 Yuba	1,214	0.289%	\$693,643	1,201	0.295%	\$686,927	1,181	0.289%	\$653,596	1,158	0.283%	\$622,443	1,192	0.290%	\$621,105
TOTALS	419,802	100%	\$239,862,083	407,148	100%	\$232,873,283	408,528	100%	\$226,090,083	408,830	100%	\$219,752,483	410,397	100%	\$213,842,083
¹ DOF projected births by county.															
FROM REVENUE BREAKDOWN			\$239,862,083			\$232,873,283			\$226,090,083			\$219,752,483			\$213,842,083

2019 Baseline - Interim Update

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024
Cigarette Tax

TABLE 30A—CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1960-61 TO 2022-23

Fiscal Year From	Fiscal Year To	Cigarette Tax Revenue	Cigarette Tax Distributors' Discount	Gross Value Of Cigarette Tax Indicia	Cigarette Tax Refunds	Other Tobacco Products Surtax Revenue	Other Tobacco Products Surtax Rate	CA Electronic Cigarette Excise Tax Revenue
2022	2023	1,332,671,515	3,958,661	1,336,630,176	1,796,055	267,493,586	61.74	49,219,000
2021	2022	1,552,563,789	4,611,767	1,557,175,556	847,881	288,996,313	63.49	0
2020	2021	1,700,943,162	5,052,570	1,705,995,732	335,175	266,693,552	56.93	0
2019	2020	1,708,597,186	5,075,163	1,713,672,349	1,191,474	258,560,053	59.27	0
2018	2019	1,786,073,587	5,305,265	1,791,378,852	3,659,213	271,771,587	62.78	0
2017	2018	1,882,025,123	5,589,979	1,887,615,102	1,032,957	211,440,480	65.08	0
2016	2017	948,636,000	8,133,000	956,769,000	1,185,000	95,330,000	27.30	0
2015	2016	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13	0
2014	2015	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95	0
2013	2014	751,513,000	6,443,000	757,956,000	600,000	86,424,000	29.82	0
2012	2013	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68	0
2011	2012	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73	0
2010	2011	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02	0
2009	2010	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11	0
2008	2009	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13	0
2007	2008	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13	0
2006	2007	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76	0
2005	2006	1,026,497,000	8,759,000	1,035,293,000	1,707,000	67,348,000	46.76	0
2004	2005	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76	0
2003	2004	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76	0
2002	2003	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89	0
2001	2002	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65	0
2000	2001	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89	0
1999	2000	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50	0
1998	1999	841,911,000	7,206,000	849,117,000	6,808,000	42,137,000	61.53	0
1997	1998	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37	0
1996	1997	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38	0
1995	1996	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20	0
1994	1995	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20	0
1993	1994	647,993,000	5,553,000	653,546,000	8,353,000	19,773,000	23.03	0
1992	1993	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82	0
1991	1992	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35	0
1990	1991	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17	0
1989	1990	770,042,000	6,581,000	776,623,000	11,615,000	24,956,000	37.47	0
1988	1989	499,712,000	4,273,000	503,984,000	4,968,000	9,994,000	41.67	0
1987	1988	254,869,000	2,180,000	257,049,000	2,970,000	0	0	0
1986	1987	257,337,000	2,202,000	259,539,000	2,661,000	0	0	0
1985	1986	260,960,000	2,231,000	263,190,000	2,834,000	0	0	0
1984	1985	265,070,000	2,267,000	267,337,000	2,390,000	0	0	0
1983	1984	265,265,000	2,267,000	267,532,000	2,756,000	0	0	0
1982	1983	273,748,000	2,336,000	276,084,000	2,060,000	0	0	0
1981	1982	278,667,000	2,383,000	281,050,000	1,843,000	0	0	0
1980	1981	280,087,000	2,395,000	282,482,000	1,567,000	0	0	0
1979	1980	272,119,000	2,327,000	274,446,000	1,645,000	0	0	0
1978	1979	270,658,000	2,315,000	272,973,000	1,408,000	0	0	0
1977	1978	275,042,000	2,352,000	277,394,000	1,239,000	0	0	0
1976	1977	270,502,000	2,315,000	272,817,000	832,000	0	0	0
1975	1976	269,852,000	2,309,000	272,161,000	927,000	0	0	0
1974	1975	264,182,000	2,262,000	266,444,000	745,000	0	0	0
1973	1974	259,738,000	2,222,000	261,960,000	632,000	0	0	0
1972	1973	253,089,000	2,167,000	255,256,000	626,000	0	0	0
1971	1972	248,398,000	2,127,000	250,525,000	677,000	0	0	0
1970	1971	240,372,000	2,058,000	242,430,000	552,000	0	0	0
1969	1970	237,220,000	2,032,000	239,253,000	455,000	0	0	0
1968	1969	238,836,000	2,046,000	240,882,000	492,000	0	0	0
1967	1968	208,125,000	1,862,000	209,987,000	328,000	0	0	0
1966	1967	75,659,000	1,543,000	77,202,000	129,000	0	0	0
1965	1966	74,880,000	1,528,000	76,407,000	88,000	0	0	0
1964	1965	74,487,000	1,520,000	76,007,000	61,000	0	0	0
1963	1964	71,530,000	1,459,000	72,989,000	71,000	0	0	0
1962	1963	70,829,000	1,445,000	72,274,000	79,000	0	0	0
1961	1962	68,203,000	1,390,000	69,593,000	47,000	0	0	0
1960	1961	66,051,000	1,675,000	67,726,000	76,000	0	0	0

**FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024**

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Year**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Lease Payable	\$ 1,951,779	\$ 2,224,536	\$ 2,487,312	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Personal Income Per Capita	*	*	-	-	-	-	-	-	-	-

* 2023 and 2024 personal income and County population data are not available at the time ACFR issued.

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSTION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

California Live Births Data

TABLE: PROVISIONAL LIVE BIRTHS, CALIFORNIA COUNTIES, 2010-2022 (By Place of Residence)

COUNTY	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CALIFORNIA	420,362	419,355	448,754	464,300	454,244	485,901	488,490	491,789	502,973	494,390	503,788	502,023	509,979
ALAMEDA	16,475	16,935	17,302	18,875	18,225	19,551	19,559	19,440	19,657	19,050	19,550	19,002	19,302
ALPINE	0	0	14	6	10	5	4	5	6	6	8	6	4
AMADOR	233	341	272	327	305	309	308	305	291	269	285	269	272
BUTTE	2,428	2,012	1,984	2,394	2,419	2,430	2,493	2,444	2,482	2,372	2,397	2,392	2,454
CALAVERAS	12	373	364	370	375	381	373	379	348	328	347	326	346
COLUSA	0	0	292	284	267	311	315	300	285	306	314	302	338
CONTRA COSTA	10,527	11,934	11,814	12,567	11,995	12,927	12,342	12,600	12,560	12,173	12,061	12,057	12,352
DEL NORTE	250	251	258	254	269	315	308	300	324	317	302	337	372
EL DORADO	704	1,595	1,477	1,764	1,678	1,590	1,599	1,598	1,618	1,561	1,513	1,629	1,618
FRESNO	15,736	13,939	13,828	14,891	14,413	15,116	15,098	15,363	15,796	15,939	15,953	16,157	16,281
GLENN	0	349	359	402	365	380	379	374	416	391	368	391	434
HUMBOLDT	1,208	1,217	1,258	1,336	1,365	1,521	1,487	1,446	1,474	1,455	1,511	1,448	1,551
IMPERIAL	2,548	2,436	2,426	2,958	2,628	3,108	2,976	3,216	3,270	3,139	3,041	3,075	3,072
INYO	210	0	171	199	176	199	182	202	226	219	219	213	192
KERN	11,736	12,495	12,349	13,415	12,874	13,732	13,721	13,770	14,199	14,514	14,558	14,287	14,416
KINGS	2,265	2,148	2,235	2,369	2,256	2,216	2,247	2,277	2,342	2,417	2,357	2,565	2,507
LAKE	414	644	700	697	714	726	752	723	748	726	739	715	721
LASSEN	216	292	281	328	307	296	302	295	326	298	298	300	322
LOS ANGELES	100,050	95,908	97,770	111,500	110,167	121,413	122,958	124,442	130,150	127,194	131,697	130,312	133,160
MADERA	739	2,027	2,106	2,090	2,076	2,257	2,347	2,223	2,313	2,339	2,258	2,401	2,434
MARIN	1,552	2,330	2,082	1,799	2,122	2,239	2,258	2,287	2,403	2,310	2,306	2,385	2,368
MARIPOSA	0	159	124	155	154	157	148	167	138	137	161	132	145
MENDOCINO	830	887	881	918	896	994	1,023	1,052	1,020	1,077	1,153	1,061	1,059
MERCED	2,891	3,881	3,774	4,305	3,870	4,073	4,109	4,106	4,158	4,279	4,311	4,281	4,248
MODOC	0	80	77	105	100	88	105	79	90	72	76	87	119
MONO	0	124	124	137	129	134	132	152	149	142	131	156	151
MONTEREY	5,174	5,396	5,603	5,904	5,887	6,304	6,213	6,428	6,458	6,552	6,652	6,814	6,764
NAPA	733	1,200	1,200	1,334	1,206	1,441	1,408	1,456	1,478	1,501	1,431	1,572	1,525
NEVADA	808	782	776	832	772	823	776	875	817	812	810	761	793
ORANGE	34,014	30,706	30,921	37,250	35,643	36,693	38,107	37,622	38,610	37,429	38,186	38,100	38,237
PLACER	9,584	3,788	3,481	3,792	3,664	3,820	3,734	3,747	3,644	3,806	3,648	3,832	3,824
PLUMAS	25	0	162	185	168	172	172	162	147	156	151	165	170
RIVERSIDE	22,537	27,588	27,149	30,001	28,684	30,596	30,629	30,511	30,271	30,540	30,316	30,610	30,659
SACRAMENTO	15,238	18,363	17,995	19,362	19,052	19,540	19,598	19,431	19,886	19,439	19,618	19,998	20,055
SAN BENITO	446	828	725	781	772	755	780	718	697	763	701	772	735
SAN BERNARDINO	24,744	26,805	26,778	30,354	28,964	30,217	31,120	30,619	31,306	30,265	30,691	30,573	31,367
SAN DIEGO	39,948	37,564	37,266	39,258	40,008	42,574	42,578	43,960	44,596	42,676	44,391	43,621	44,838
SAN FRANCISCO	9,913	7,472	7,984	8,924	8,690	9,077	9,065	8,970	9,102	8,768	9,070	8,813	8,800
SAN JOAQUIN	7,029	9,742	9,740	10,010	9,811	10,411	10,234	9,988	10,095	10,179	10,129	10,328	10,593
SAN LUIS OBISPO	2,434	2,432	2,353	2,419	2,433	2,749	2,574	2,670	2,595	2,580	2,580	2,632	2,736
SAN MATEO	4,842	7,468	7,757	8,192	8,326	8,975	8,961	9,039	9,098	8,815	9,182	9,047	9,193
SANTA BARBARA	5,685	5,445	5,332	5,557	5,256	5,396	5,493	5,675	5,829	5,664	5,584	5,803	5,819
SANTA CLARA	23,074	19,109	19,509	20,871	21,267	22,958	23,011	23,394	23,759	23,224	24,308	23,652	23,936
SANTA CRUZ	2,518	2,227	2,183	2,460	2,447	2,688	2,804	2,843	3,047	3,005	3,084	3,232	3,190
SHASTA	1,832	1,814	1,839	2,085	1,961	1,996	2,056	2,075	2,083	2,051	2,110	2,021	2,136
SIERRA	0	0	25	32	26	28	34	30	21	19	19	23	23
SISKIYOU	316	401	390	456	438	458	458	467	451	482	501	472	434
SOLANO	4,729	4,945	4,946	5,241	5,039	5,192	5,253	5,134	5,251	5,161	5,061	5,158	5,047
SONOMA	4,598	4,479	4,306	4,244	4,525	5,101	4,964	5,016	5,075	5,157	5,144	5,150	5,391
STANISLAUS	10,175	7,237	7,049	7,552	7,339	7,790	7,867	7,701	7,521	7,644	7,592	7,737	7,804
SUTTER	0	1,235	1,256	1,383	1,266	1,396	1,363	1,303	1,317	1,290	1,258	1,326	1,360
TEHAMA	573	737	731	802	731	840	787	826	787	751	767	728	767
TRINITY	0	99	102	127	113	104	115	103	112	108	125	123	107
TULARE	6,145	6,790	6,701	7,315	6,900	7,380	7,149	7,411	7,618	7,854	8,000	7,966	8,155
TUOLUMNE	555	437	395	473	450	441	456	467	454	444	459	430	487
VENTURA	8,174	8,785	8,331	9,300	9,025	9,975	9,580	10,062	10,471	10,565	10,641	10,656	11,147
YOLO	1,680	1,957	1,962	2,134	2,127	2,372	2,423	2,400	2,395	243	2,452	2,340	2,426
YUBA	1,815	1,167	1,117	1,225	1,099	1,171	1,238	1,156	1,193	1,232	1,213	1,282	1,223

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

San Diego County

Demographic Data

	Percentage										
Demographic		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total Population		3,276,208	3,286,069	3,323,970	3,338,330	3,343,364	3,337,685	3,317,349	3,299,521	3,263,431	3,211,252
White	42.2%	1,382,332	1,399,865	1,492,463	1,495,572	1,504,514	1,511,971	1,522,663	1,517,780	1,524,022	1,510,757
Hispanic	35.0%	1,146,839	1,143,552	1,126,826	1,138,371	1,133,400	1,131,475	1,111,312	1,102,040	1,083,459	1,057,428
Asian	12.1%	394,846	387,756	388,904	393,923	394,517	393,847	381,495	379,445	372,031	356,394
Pacific Islander	0.4%	12,934	13,144	13,296	13,353	13,373	13,351	13,269	13,198	13,054	14,008
Black	4.2%	139,175	144,587	152,903	156,902	160,481	153,534	155,915	161,677	150,118	154,477
American Indian & Alaskan Native	0.3%	8,977	6,572	13,296	13,353	13,373	13,351	13,269	9,899	9,790	11,962
Multi-race or other race	5.8%	191,105	190,592	136,283	126,857	123,704	120,157	119,425	115,483	110,957	106,226
Female	49.3%	1,615,587	1,620,032	1,648,689	1,659,150	1,661,652	1,658,829	1,648,722	1,643,161	1,621,925	1,595,992
Male	50.7%	1,660,621	1,666,037	1,675,281	1,679,180	1,681,712	1,678,856	1,668,627	1,656,360	1,641,506	1,615,260
Under 5 years	5.5%	180,516	187,306	206,086	203,638	207,289	213,612	212,310	214,469	215,386	208,731
5-14 years	11.7%	382,401	394,328	392,228	397,261	397,860	400,522	398,082	395,943	394,875	517,012
15-24 years	13.6%	445,165	440,333	455,384	454,013	461,384	460,601	471,064	481,730	482,988	366,083
25-34 years	15.9%	520,961	525,771	551,779	550,824	551,655	547,380	544,045	534,522	525,412	510,589
35-44 years	14.2%	466,531	463,336	445,412	457,351	448,011	443,912	434,573	432,237	430,773	423,795
45-54 years	12.0%	394,053	397,614	408,848	403,938	414,577	420,548	424,621	425,638	427,509	423,885
55-64 years	11.6%	379,550	387,756	392,228	393,923	394,517	397,185	388,130	382,744	372,031	362,871
65-74 years	9.0%	294,006	292,460	272,566	280,420	270,812	263,677	255,436	244,165	231,704	218,365
75+ years	6.5%	213,025	197,164	199,438	196,961	197,258	190,248	189,089	188,073	182,752	179,830

Source: US Census Bureau, American Community Survey

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

Income Data

2022 American Community Survey (1-year estimates)
INCOME (IN 2022 INFLATION-ADJUSTED DOLLARS)
California, Counties, and Places of 65,000 or more

Geography	Median household income (dollars) - Estimate	Median household income (dollars) - Margin of Error	Mean household income (dollars) - Estimate	Mean household income (dollars) - Margin of Error	Median family income (dollars) - Estimate	Median family income (dollars) - Margin of Error	Mean family income (dollars) - Estimate	Mean family income (dollars) - Margin of Error	Per capita Mean income (dollars) - Estimate	Per capita Mean income (dollars) - Margin of Error
California	\$91,551	+/- \$471	\$131,504	+/- \$672	\$104,823	+/- \$683	\$147,628	+/- \$866	\$46,661	+/- \$225
San Diego County	\$98,928	+/- \$2,263	\$129,976	+/- \$1,774	\$112,574	+/- \$1,837	\$146,399	+/- \$2,282	\$48,258	+/- \$719

2022 American Community Survey (1-year estimates)
PERCENTAGE OF FAMILIES AND PEOPLE WHOSE INCOME IN THE PAST 12 MONTHS IS BELOW POVERTY LEVEL
California, Counties, and Places of 65,000 or more

Geography	All families - Percent	All families - Percent Margin of Error	Married couple families - Percent	Married couple families - Percent Margin of Error	Families with female householder, no spouse present - Percent	Families with female householder, no spouse present Percent Margin of Error
California	8.6%	+/- .2%	5.2%	+/- .2%	19.9%	+/- .7%
San Diego County	7.3%	+/- .7%	4.4%	+/- .6%	18.1%	+/- 2.4%

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
Statistical Section (Unaudited)
For the Fiscal Year Ended June 30, 2024

Employment Status

2022 American Community Survey (1-year estimates)

EMPLOYMENT STATUS

California, Counties, and Places of 65,000 or more

Geography	Population 16 years and over Estimate	In Labor Force Total Estimate	Total Percent (Labor Force Participation Rate)	Total Civilian Labor Force Estimate	Civilian Labor Force Employed Estimate	Civilian Labor Force Employed Percent	Civilian Labor Force Unemployed Estimate	Civilian Labor Force Unemployed Percent	Armed Forces Estimate	Armed Forces Percent	Not in Labor Force Estimate	Not in Labor Force Percent
California	31,552,708	20,174,168	63.9%	20,003,799	18,942,977	60.0%	1,060,822	3.4%	170,369	0.5%	11,378,540	36.1%
San Diego County	2,674,198	1,773,929	66.3%	1,681,735	1,601,561	59.9%	80,174	3.0%	92,194	3.4%	900,269	33.7%

FIRST 5 COMMISSION OF SAN DIEGO
A PROPOSITION 10 COMMISSION
 Statistical Section (Unaudited)
 For the Fiscal Year Ended June 30, 2024

Capital Asset Statistics by Function
Last Ten Fiscal Year

Function	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Administration										
Right of use lease assets	\$ 1,852,725	\$ 2,149,161	\$ 2,445,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the First 5 Commission of San Diego (the Commission), a discretely presented component unit of the County of San Diego, California, as of and for the fiscal year ended June 30, 2024, 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 19, 2024.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
September 19, 2024



MOSS, LEVY & HARTZHEIM LLP

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INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

Report on Compliance

Opinion

We have audited the First 5 Commission of San Diego's (the Commission), a discretely presented component unit of the County of San Diego, California, compliance with the requirements specified in the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, issued by the State Controller's Office, applicable to the Commission's statutory requirements identified below for the fiscal year ended June 30, 2024.

In our opinion, the First 5 Commission of San Diego complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the fiscal year ended June 30, 2024.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the California Children and Families Program.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Commission's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Commission's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State of California's *Standards and Procedures for Audits of Local Entities Administering the California Children and Families Act*, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Commission's compliance with the state laws and regulations applicable to the following items:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, CA
September 19, 2024