

AGENDA

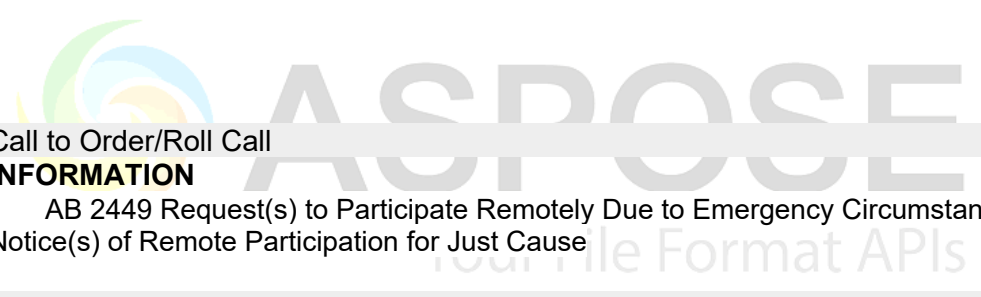
SPECIAL JOINT MEETING OF THE BOARD OF COMMISSIONERS AND PROGRAM & PLANNING COMMITTEE

Chair: Carol Sigala

Thursday, September 25, 2025
1:30 PM – 4:30 PM

Meeting Location:

First 5 LA, 750 N.
Alameda Street, Los
Angeles, CA 90012

- 
1. Call to Order/Roll Call
 2. **INFORMATION**
AB 2449 Request(s) to Participate Remotely Due to Emergency Circumstances and Notice(s) of Remote Participation for Just Cause
 3. **INFORMATION**
Review Program and Planning Committee Meeting Notes from April 24, 2025 Meeting
 4. **INFORMATION**
President & CEO Remarks
 5. **INFORMATION**
Review of First 5 LA Annual Report to First 5 CA

Presenters: Kimberly Hall, Director of Impact & Accountability and Laura Covarrubias, Senior Data Strategist
 6. **INFORMATION**
Annual Comprehensive Financial Report for the Year Ended June 30, 2025

COMMISSIONERS

Los Angeles County Supervisor Holly J. Mitchell <i>Chair</i>	Robert Byrd, Psy.D Alma Cortes, Ed.D Barbara Ferrer Ph.D., M.P.H., M.Ed.	Abigail Marquez Brandon Nichols Carol Sigala, Ph.D
Summer McBride <i>Vice Chair</i>	Astrid Heger, M.D	

EX OFFICIO MEMBERS

Deanne Tilton Durfee
Jacquelyn McCroskey, DSW
Alejandra Albarran Moses
Maricela Ramirez, Ed. D.

PRESIDENT & CEO

Karla Pleitez Howell

EXECUTIVE VICE PRESIDENT

John A. Wagner

A PUBLIC ENTITY

Presenters: Raoul Ortega, Director of Finance; Raj Kumar, Accounting Manager; Kyle Bartle, Senior Manager, Eide Baille, LLP

7. Break

8. **INFORMATION**

Vibrant Environments: First 5 LA's Role and Approach for Access to Healthy Foods and Welcoming Outdoor Spaces for Play

Presenters: Aurea Montes-Rodriguez, Vice President of Community Engagement and Policy; John Guevarra, Senior Program Officer; Paula Daniels, Executive Director, LA County Office of Food Systems; Tori Kjer, Executive Director, LA Neighborhood Land Trust

9. Public Comment (for items not on the agenda)

10. Adjournment



ASPOSE

Your File Format APIs

FIRST 5 LA
SUMMARY MEETING NOTES
Special Meeting of the Board/Program & Planning Committee
April 24, 2025
1:30 pm – 4:30 pm

COMMITTEE MEMBERS PRESENT:

Alejandra Albarran Moses
Astrid Heger
Jacquelyn McCroskey (Vice-Chair)
Carol Sigala (Chair)
Deanne Tilton Durfee

OTHER MEMBERS PRESENT:

Priya Batra (Alternate)
Summer McBride
Julie Taren (Alternate)
Maricela Ramirez
Robert Byrd

STAFF PRESENT:

Karla Pleitez Howell, President & CEO
JR Nino, VP, Operations and Sustainability
Linda Vo, Board Relations Manager
John Wagner, Executive Vice President

LEGAL COUNSEL:

Serita Young, Attorney-at-Law

OPEN SESSION

1. Call to Order/Roll Call

The Special Meeting of the Board/Program & Planning Committee was called to order by Committee Chair Sigala at 1:34 pm. Roll call completed.

2. AB 2449 Request(s) to Participate Remotely Due to Emergency Circumstances and Notice(s) of Remote Participation for Just Cause

No Commissioners joined the meeting under AB 2449.

3. Review Meeting Minutes from Special Meeting of the Board/Program & Planning Committee on September 26, 2024

Notes were received and filed without any deletions, additions, or changes.

4. Establish a Strategic Partnership with Catalyst California in the Amount of \$900,000 to Support the Development and Implementation of the Equity Index for a Period of Four (4) Years through June 30, 2029 (Written Only)

Ms. Hall provided a written informational update regarding the establishment of a strategic partnership with Catalyst California in the amount of \$900,000 over four years (through June 30, 2029) to support the development and implementation of the Equity Index.

This item was received for information only. No discussion or action was taken.

5. Early Identification and Intervention: Learnings and Approach for FY 25-26

Presenters:

- John Wagner, EVP of Family Supports & Human Resources, First 5 LA
- Tara Ficek, Director, Health Systems, First 5 LA

- Ann Isbell, Program Officer, Health Systems, First 5 LA
- Cathy Mechsner, Manager of Practice Transformation Programs, L.A. Care Health Plan
- Crystal Smith, FRC Program Manager, South Central LA Regional Center
- Katy Nagy, Director of Systems Design & Impact Measurement, VIVA Social Impact Partners

The panel presented an in-depth review of First 5 LA's Early Identification and Intervention (EII) strategy, highlighting lessons learned from implementation to date and recommendations for the FY 2025–26 program year.

- **Context & Goals:**
The EII initiative aims to strengthen systems of care so children with developmental delays or behavioral concerns are identified early and connected to appropriate supports. The effort aligns with the 2024–2029 Strategic Plan, emphasizing equity, systems integration, and measurable outcomes.
- **Learnings from Implementation:**
 - **Access & Equity:** While screening rates have improved, gaps remain for low-income families, families of color, and those with limited English proficiency.
 - **Provider Capacity:** Primary care and early education providers continue to face challenges with training, staffing, and time to conduct screenings consistently.
 - **Cross-System Coordination:** Communication across pediatric, regional center, and family resource networks is uneven, leading to delays in referrals and follow-up.
 - **Data Use:** Shared metrics are in development but adoption varies; there is strong recognition of the need for consistent, integrated data systems.
- **Community Partnerships:**
 - Collaboration with L.A. Care Health Plan has strengthened provider training and data collection.
 - Regional Center partnerships have improved parent engagement and follow-through on referrals.
 - Family Resource Centers continue to be trusted points of entry, helping reduce stigma and improve cultural responsiveness.
- **Success Stories:** Presenters highlighted specific examples where children screened in primary care settings were quickly linked to services via coordinated follow-up, demonstrating the potential of integrated systems when functioning effectively.
- **Challenges Raised by Presenters:**
 - Ensuring sustainability beyond pilot phases.
 - Addressing workforce shortages in speech therapy, occupational therapy, and behavioral health.
 - Funding constraints and the need for multi-year commitments.
- **Next Steps for FY 2025–26:**

- Refine and scale practices that have shown measurable improvements in referral completion and family satisfaction.
- Develop and implement shared metrics across health and early education systems to enable ongoing evaluation.
- Increase investment in provider training and technical assistance.
- Expand equity strategies, particularly for linguistically diverse and historically underserved communities.
- Continue collaboration with health plans, regional centers, and community partners to align resources.

Board Discussion:

- Commissioners expressed appreciation for the collaborative approach and emphasized the importance of data transparency and tracking longitudinal outcomes.
- Questions were raised about how to ensure sustainability given long-term revenue declines. Staff noted the importance of embedding EII practices into partner systems so they can continue beyond First 5 LA funding.
- Several Commissioners emphasized the need to focus on early ages (0–3), when interventions have the greatest impact.

A 5-minute break was observed during this item.

This was an informational item; no action was taken.

There is no further discussion on this item.

6. Public Comments (for items not on the agenda)

Members of the public addressed the board. No action was taken.

ADJOURNMENT:

Meeting adjourned at 4:15 pm

NEXT MEETING:

The next Special Meeting of the Board/Program & Planning Committee will take place on Thursday, September 25, 2025, at 1:30 pm.

Meeting details will be posted per Brown Act Requirements

Meeting minutes were recorded by Linda Vo, Board Relations Manager

FIRST 5 LA

SUBJECT:

Fiscal Year 2024-2025 Annual Report to First 5 California (State Commission)

RECOMMENDATION:

This memo is provided as preliminary information of the Annual Report for the Board's consideration at the September 25, 2025, Special Meeting of the Board of Commissioners, Program & Planning Committee, Budget And Finance and Executive Committees. First 5 LA recommends that at the next Commission Meeting on October 9, 2025, the Board approve the final Annual Report for submission to the State Commission.

BACKGROUND:

Each year First 5 LA staff prepares an Annual Report to the State Commission that provides financial and programmatic information following a State Commission-designated template. Staff will be seeking approval of the First 5 LA Annual Report for Fiscal Year 2024-2025 (July 1, 2024 – June 30, 2025), which is due to the State Commission by October 31, 2025. First 5 LA staff will submit the report via the web-based platform provided by the State Commission. This request is brought as information at the September 25, 2025, Special Meeting of the Board of Commissioners Program & Planning Committee, (per the Bylaws) and will be brought for a Public Hearing and action at the October 9, 2025, Board of Commissioners meeting.

The Annual Report consists of the following three sections:

- **Section 1: Revenue and Expenditure Summary:** This section includes information on First 5 LA's revenue and expenditures aligned with the financial audit data, including programmatic expenditures across the State Commission's four Result Areas.
- **Section 2: Demographic Worksheet:** This section includes information on the populations reached through First 5 LA's direct service investments overall and by demographics such as age, race and ethnicity.
- **Section 3: Evaluation Summary/County Highlights:** This section provides a summary of First 5 LA's evaluations that focused on improving child health, child development, family support, or systems of care. This section also includes county highlights that describe First 5 LA's accomplishments in the last fiscal year.

As part of the submission, staff must categorize First 5 LA's programmatic efforts into the four Result Areas established by the State Commission outlined below, with their corresponding investments:

- **Improved Child Health:** includes general health education and promotion programs, perinatal and early childhood home visiting services, prenatal and infant/toddler pediatric supports, and early intervention services.
- **Improved Child Development:** includes quality early learning supports and early learning program direct costs.
- **Improved Family Support:** includes short-term non-intensive general family support programs, targeted intensive family support services, and family literacy and book programs.
- **Improved Systems of Care:** includes policy and public advocacy as well as program and systems improvement efforts.

DISCUSSION:

The preliminary findings summarize First 5 LA's FY 2024-25 investments and the populations reached through these investments. Key findings include the following:

1. **Systems Change Focus**
 - About half (51%) of First 5 LA's investments focused on advancing systems change and were categorized under the Improved Systems of Care Result Area.

2. Children and Caregivers Reached

- About 59,000 children under five and 75,000 primary caregivers were reached through First 5 LA's investments in total.
- Most children (70%) and slightly over half of all primary caregivers (55%) were reached through investments categorized under the Improved Family Support Result Area.
- Due to a decrease in First 5 LA's programmatic budget, the total number of children reached declined by 14% and the number of primary caregivers reached declined by 11% compared to the prior fiscal year.

3. Age Distribution

- The majority of children (71%) reached through First 5 LA investments were under 3 years old.
- **Racial and Ethnic Distribution**
- Over 90% of children reached by First 5 LA investments were children of color. The demographic breakdown of children reached by First 5 LA investments (and L.A. County's 0-5 population) was as follows:
 - Latino children accounted for 79% of all children served by First 5 LA investments. 50% of the county's 0-5 population is Latino.
 - Black/African American children accounted for 7% of all children served. 7% of the county's 0-5 population is Black/African American.
 - Asian children accounted for 4% of all children served. 12% of the county's 0-5 population is Asian.
 - White children also accounted for 4% of all children served. 26% of the county's 0-5 population is White.

4. Language

- Although First 5 LA investments reached diverse children, the majority (71%) were from households where English was identified as the primary language.

NEXT STEP:

First 5 LA staff will incorporate expenditure data and add details on county highlights and evaluation summary for the final Annual Report.

A public hearing will be held at the October 9, 2025 Board meeting to present the final Annual Report and request Board approval to submit to the State Commission.



First 5 LA Annual Report to the State, FY 24-25: Preliminary Results

September 25, 2025

Laura Covarrubias, Impact and Accountability Department

Objectives

1. Share background on the Annual Report
2. Review preliminary results for First 5 LA's Annual Report
3. Summarize key takeaways from today's presentation
4. Provide an overview of next steps for State Annual Reporting



Background on the Annual Report

Background: Annual Report

- Requirement of Prop 10 Funding
- First 5 CA collects data from all First 5 county commissions to summarize the past fiscal year's work
- Each counties' report includes the following :
 - Section 1: Revenue and Expenditure Summary
 - Section 2: Demographic Worksheet
 - Section 3: Evaluation Summary & County Highlights

Background: Where do we get the information?

Sections	Grantee Survey	Financial Audit Data	F5LA Staff
Section 1: Revenue and Expenditure Summary	✓	✓	
Section 2: Demographic Worksheet	✓		
Section 3: Evaluation Summary & County Highlights	✓		✓

Background: First 5 CA Result Areas

Child Health

- Welcome Baby
- Select Home Visiting

Child Development

- Quality Start Los Angeles

Family Support

- Little by Little

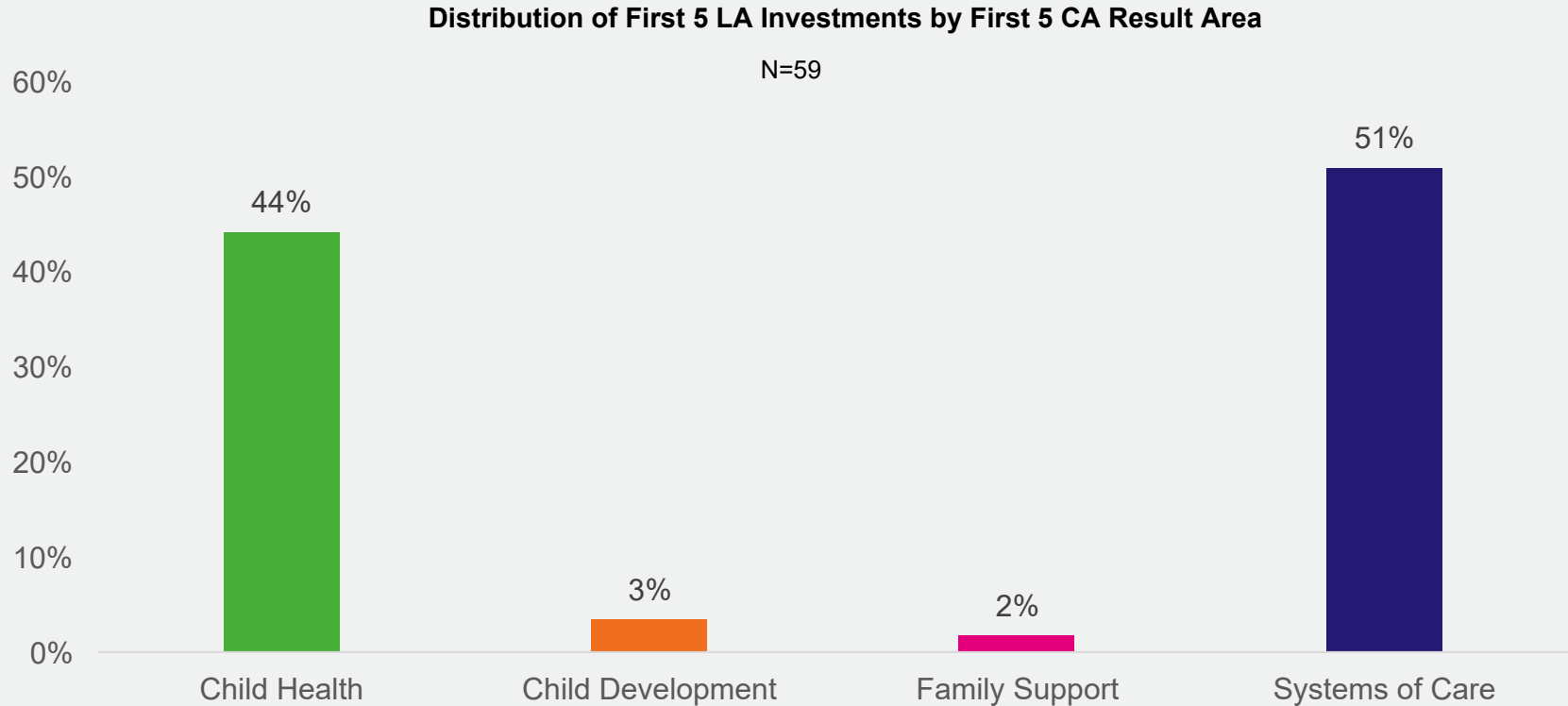
Systems of Care

- Best Start Regional Network Grantees
- EC Policy Advocacy Funds
- Help Me Grow LA

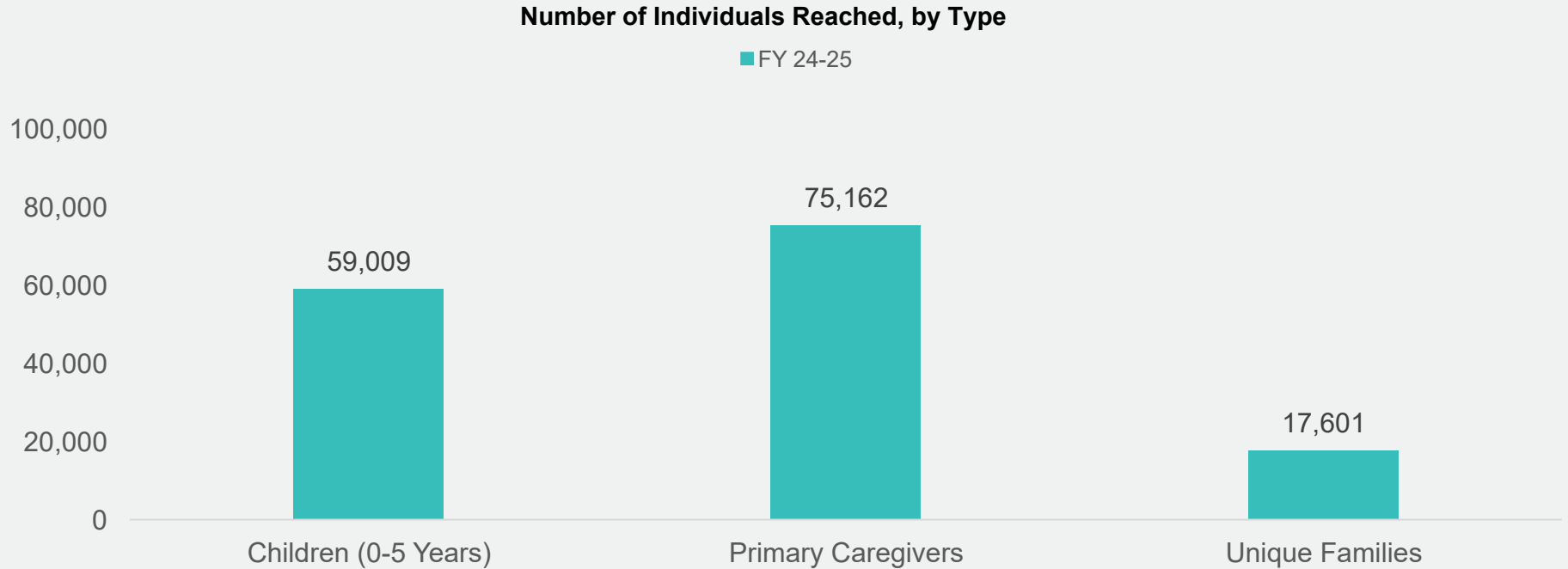


Preliminary Results

In FY 24-25, over half of First 5 LA's investments were categorized as systems of care.

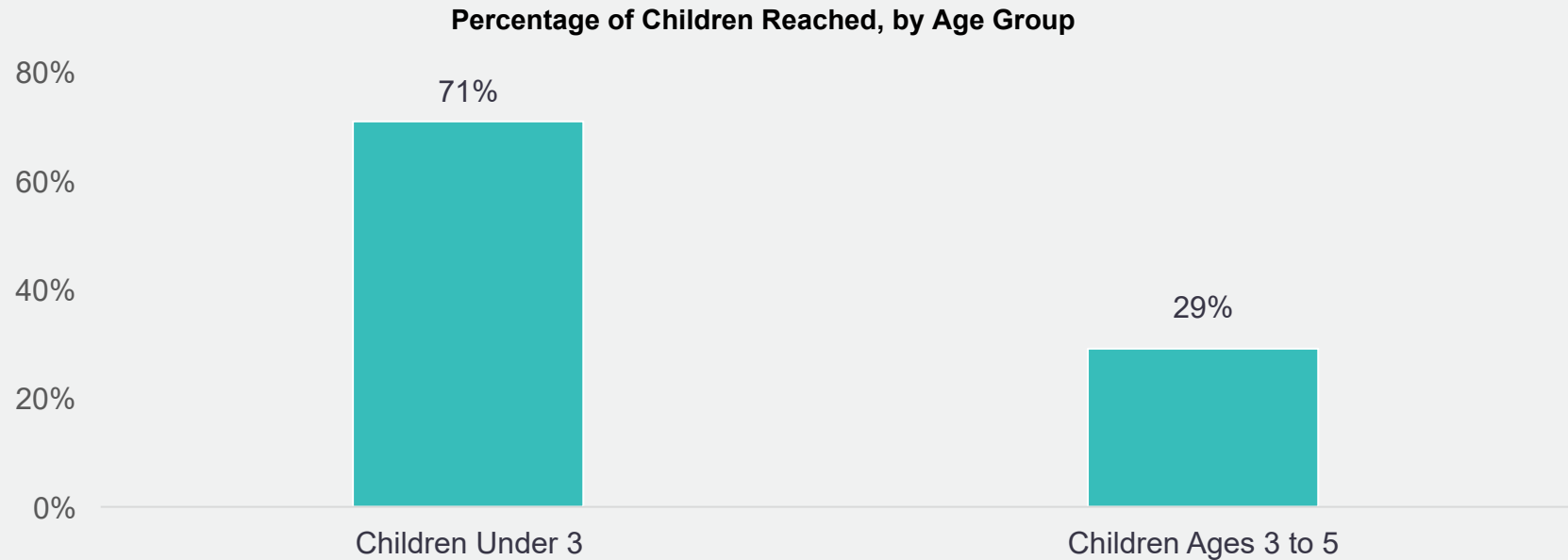


Caregivers Represent the Largest Group Reached by First 5 LA Investments.



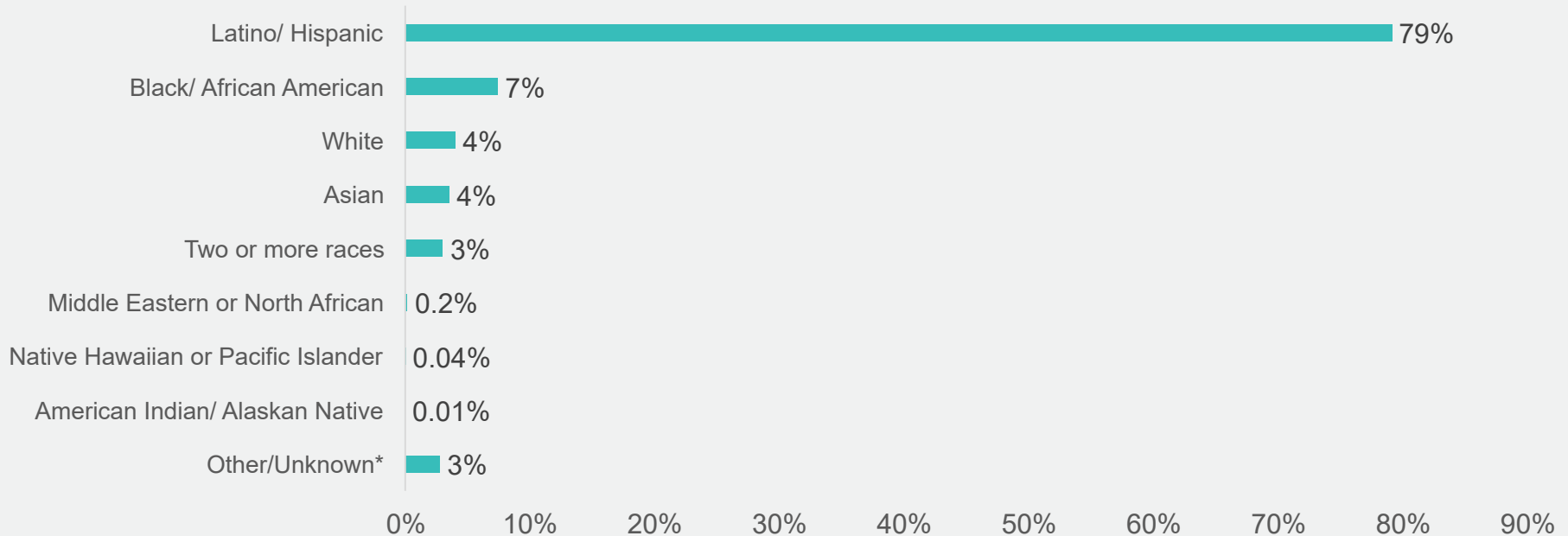
Note: Based on First 5 CA guidelines, Primary Caregivers include other family members, which includes older siblings more than 5 years old.

Most Children Reached in FY 24-25 Were Under Age 3.



Most of the 59,009 Children Reached in FY 24-25 Were Children of Color, with Latino Children Being the Largest Group.

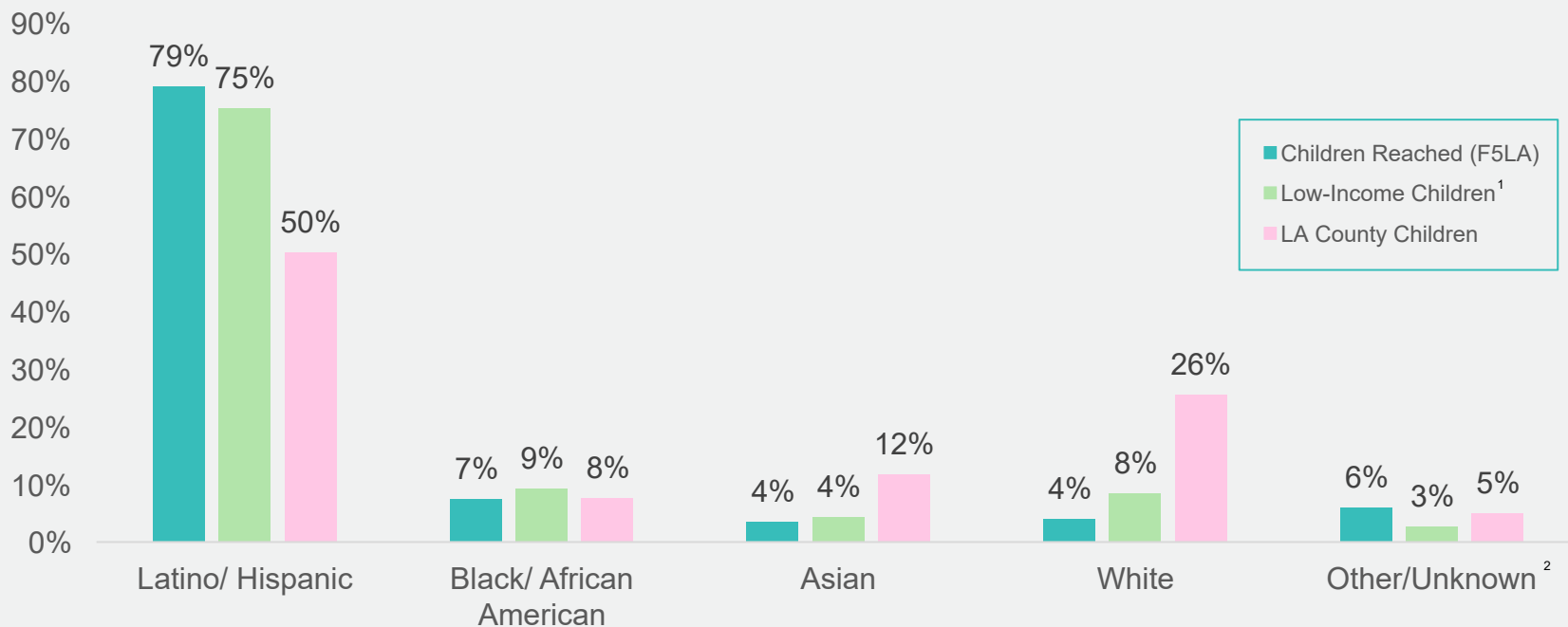
Percentage of Children Reached, by Race/Ethnicity



* Other/ Unknown: 35 Other; and 1,593 Unknown

Children Reached in FY 24-25 More Closely Aligns Low-Income Population than the County Overall.

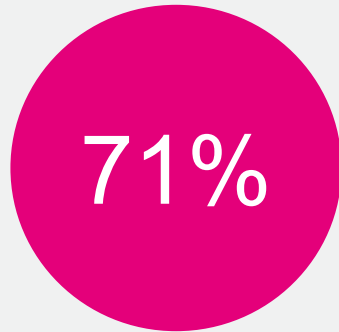
Percentage of Children 0 through 5 Years, by Race/Ethnicity



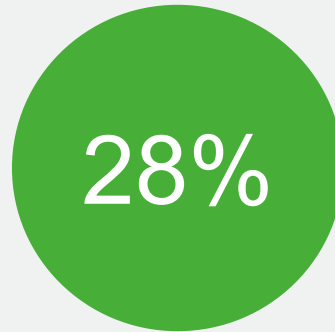
1, 2: See Appendix

Most Children Reached in FY 24-25 Came from English-Speaking Households.

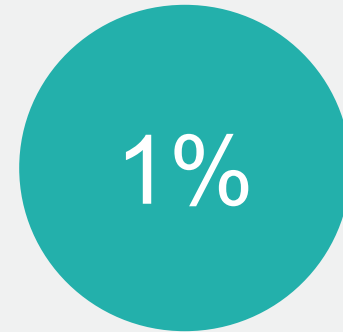
Percentage of Children Reached, by Primary Language Spoken in the Home



English



Spanish



Other or
Unknown



Summary of Findings & Next Steps

Key Takeaways on FY 24-25 Investments & Populations Reached

1. Over 50% of investments focused on advancing systems change.
2. Caregivers were the largest group reached by direct service investments.
3. Most children reached were under age 3.
4. Over 90% of children reached were children of color, more than three-quarters were Latino/Hispanic.
5. Most children reached came from English-speaking households.

Next Steps





Questions?

Appendix

1. 2018-2023 birth records of infants with a public birth payment record (Medi-Cal) in LA County is used as a proxy for children 0-5 from low-income families.
2. First 5 LA investments data includes: Middle Eastern or North African, Native Hawaiian or Pacific Islander, American Indian/ Alaskan Native, Two or more races, Other, and Unknown. Low-income families data includes: Native Hawaiian or Pacific Islander, American Indian/ Alaskan Native, Other, and Unknown. LA County data include: American Indian/ Alaska Native, Native Hawaiian or Pacific Islander, and Two or more races.

Source for low-income children: 2023 Analysis of Birth, Children's Data Network

Source for LA County: California Department of Finance. Demographic Research Unit. Report P-3: Population Projections, California, 2020-2070 (Baseline 2023 Population Projections; Vintage 2025 Release). Sacramento: California. April 2025.

Annual Comprehensive Financial Report
For the Year Ended June 30, 2025

**Los Angeles County Children and
Families First – Proposition 10
Commission**

(a Component Unit of the County of Los Angeles, California)

Los Angeles County Children and Families First – Proposition 10 Commission

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Los Angeles County Children and Families First – Proposition 10 Commission

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October 9, 2025

To the Board of Commissioners and
 Citizens of County of Los Angeles
 750 North Alameda Street, Suite 300
 Los Angeles, CA 90012

Dear Commissioners and Citizens of County of Los Angeles:

The Annual Comprehensive Financial Report of the Los Angeles County Children and Families First – Proposition 10 Commission (First 5 LA) for the year ending June 30, 2025, is hereby submitted, as mandated by applicable statutes. These statutes require First 5 LA to annually issue a report of its financial position and activity.

A complete audit of the report by an independent firm of certified public accountants is also required. Responsibility for both accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Commission’s management team. 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, along with additional disclosures and financial information designed to provide an understanding of First 5 LA’s financial activities.

Eide Bailly LLP, Certified Public Accountants, has issued an unmodified (“clean”) opinion on First 5 LA’s financial statements for the year ending June 30, 2025. The independent auditor’s report is located at the beginning of the financial section of this report. Management also provides a narrative introduction, overview, and analysis of the basic financial statements in the form of the Management’s Discussion and Analysis (MD&A).

PROFILE OF THE COMMISSION

First 5 LA was created by the Los Angeles County Board of Supervisors in December 1998 following the passage of Proposition 10, through which California voters made an unprecedented investment in early childhood development.

Over the last 25 years, First 5 LA has made a lasting positive impact in Los Angeles County through its allocation of more than \$2.5 billion to advocate for children and their families, amplify community voice and partner for collective impact so that every child in Los Angeles County reaches their full developmental potential throughout the critical years of prenatal to age 5.

COMMISSIONERS

Los Angeles County Supervisor Holly J. Mitchell <i>Chair</i>	Robert Byrd, Psy.D Alma Cortes, Ed. D Barbara Ferrer Ph.D., M.P.H., M.Ed.	Abigail Marquez Brandon Nichols Carol Sigala, Ph.D
Summer McBride <i>Vice Chair</i>	Astrid Heger, M.D.	

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PRESIDENT & CEO

Karla Pleitéz Howell

EXECUTIVE VICE PRESIDENT

John A. Wagner

A PUBLIC ENTITY

STRATEGIC DIRECTION

First 5 LA has evolved from primarily funding direct services to partnering across systems and communities to drive system change and improve outcomes for young children and families. In FY 2023–24, the Board of Commissioners approved the 2024–2029 Strategic Plan.

The 2024–2029 Strategic Plan outlines three goals each with measurable objectives that focus on ensuring children’s needs are met across a continuum of basic (physiological and safety), psychological (esteem and love and belonging) and self-fulfillment (self-actualization) needs:

- Goal One: Children prenatal to age 5 and their families have their basic needs met.
- Goal Two: Children prenatal to age 5 have nurturing relationships and environments.
- Goal Three: Children prenatal to age 5 have a solid foundation for well-being, lifelong learning and success.

To translate the goals and objectives of the 2024-2029 Strategic Plan into meaningful action for children age 5 and younger across L.A. County, the work will be organized through the lens of four key initiatives:

- Prevention First: Centering Community Strengths to address root causes and keep families thriving together.
- Vibrant Environments: Ensuring access to healthy foods and welcoming outdoor spaces for play.
- Maternal & Child Well-Being: Ensuring holistic care for mothers and children age 5 and younger.
- Whole-Child, Bright Futures: Universal quality early care and education that meets every family’s needs.

To drive each initiative forward, a combination of the following ten tactics will be used to create the targeted impact needed to ensure every child can thrive in partnership with the community:

- | | |
|----------------------|-----------------------------|
| 1. Advocacy | 6. Curriculum Innovation in |
| 2. Access | Early Education Instruction |
| 3. Capacity Building | 7. Data |
| 4. Communications | 8. Engagement |
| 5. Coordination | 9. Research |
| | 10. Workforce |

This overall strategic approach reflects First 5 LA’s vision of a future where every child is born healthy and thrives in a nurturing, safe and loving community.

ORGANIZATIONAL HIGHLIGHTS

First 5 LA’s primary funding source—Proposition 10 Tobacco Tax revenue—continues to decline due to reduced smoking rates and birthrates in Los Angeles County. The passage of Proposition 31 in November 2022, which banned the sale of flavored tobacco products, has further accelerated this decline, leading to a steeper-than-anticipated drop in revenues for FY 2024–25. Additionally, an

evolving policy landscape at the local, state, and federal levels has introduced new risks and uncertainties.

In response, First 5 LA remains steadfast in implementing its 2024–2029 Strategic Plan, aligning resources to support its priorities, and sustaining its work through a multi-year financial plan to benefit children and families across Los Angeles County.

- **Implementation of the 2024-2029 Strategic Plan.** First 5 LA is making significant progress in implementing the 2024-2029 Strategic Plan, approved by the Commission in November 2023. As a trusted thought partner, convener, connector, and advocate, First 5 LA is advancing the Strategic Plan goals and objectives through its four initiatives utilizing the ten tactics which will guide First LA's work throughout the strategic plan period. First 5 LA has structured an implementation planning process with teams of staff to build plans that utilize the tactics to move the initiatives forward into meaningful action.
- **Fiscal Year 2025-26 Budget.** The FY 2025–26 Budget reflects a strategic realignment of program and operational costs to First 5 LA's 2024–2029 Strategic Plan. While the overall budgeting process has remained stable, it continues to be refined annually through cross-departmental collaboration and informed by prior experience. Among this year's refinements are two key changes:
 - First, beginning in FY 2025–26, internal operations will no longer be reported as a single total. Instead, program support (i.e. program operational costs) and administrative costs (i.e. administrative operational costs) will be reported separately. This distinction is intended to more accurately capture the true cost of program delivery.
 - Second, the methodology for calculating administrative costs has been reassessed. The administrative cost allocation for program Vice Presidents, Directors, and Administrative Assistants—previously calculated at 100% of Salary & Benefits—has been adjusted to 65% for FY 2025–26. This adjustment is based on data from the high-level Staff Time Allocation survey conducted in August 2024. The remaining 35% will be captured under program support costs.

This year's budget also responds to the ongoing decline in tobacco tax revenue and the continued impact of legislative changes, including the 2022 ban on flavored tobacco sales. Although program expenditures have been reduced, these adjustments are accompanied by sustainability measures, including enhanced partnerships with the Medi-Cal managed care plan and the Los Angeles County Department of Mental Health, to maximize alternative available funding streams. Overall, the budget demonstrates a commitment to fiscal responsibility by aligning estimates with realistic expenditures, ensuring alignment with strategic priorities, and promoting long-term sustainability. As First 5 LA advances its mission, the organization remains focused on building resilient, sustainable systems that effectively serve families and children across Los Angeles County.

- **Long term financial planning.** On October 10, 2024, the Board of Commissioners approved a 12-year LTFP that aligns with the 2024–2029 Strategic Plan and sets spending limits through FY 2034–35. These limits are based on current resources and projected fund balances with an eventual stabilized annual budget of \$60 million beginning in FY 2027–28. This plan's financial

trajectory ensures the sustainability of First 5 LA's work and enables continued investment in partners serving communities across Los Angeles County.

OTHER FINANCIAL INFORMATION

Internal Controls

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. 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 System

Although it is not required to adopt a budget before each fiscal year, the Commission has historically done so to ensure controlled spending. Any increase to previously adopted appropriations during the fiscal year requires Commission approval. The President & CEO has the authority to adjust the operating budget in an amount not to exceed \$25,000, and any adjustments to the adopted fiscal year budget for programs must be approved by the Commission. Monthly financial updates are also provided to the Board of Commissioners. The Commission has not adopted or revised any financial policies that may have a significant impact on the current period's financial statements.

First 5 LA's budgeting approach continues to evolve, informed by experience, with a focus on precision, transparency, and strategic alignment. The FY 2025–26 Budget builds upon the prior year's framework, reinforcing fiscal responsibility by aligning spending estimates with projected resources and priorities.

CERTIFICATE OF ACHIEVEMENT

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to First 5 LA for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 17th consecutive year that First 5 LA has achieved this prestigious award. To be awarded a Certificate of Achievement, First 5 LA must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. First 5 LA believes that its current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and First 5 LA is submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The Commission's Annual Comprehensive Financial Report was prepared through the combined efforts of all First 5 LA staff. Special recognition is due to the Finance Department staff for their effort

to ensure timely and accurate reporting. I would also like to thank the Board of Commissioners for your responsible and thoughtful fiscal stewardship of First 5 LA's financial operations.

Sincerely,

Karla Pleitéz Howell

Karla Pleitéz Howell
President & CEO

FIRST 5 LA

Commissioners

Holly J. Mitchell, Los Angeles County Supervisor, Chair
Summer McBride, Vice Chair
Robert Byrd, Psy.D.
Alma Cortes, Ed.D.
Barbara Ferrer, Ph.D., M.P.H., M.Ed.
Astrid Heger, M.D.
Abigail Marquez
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Priya Batra
Luis Bautista
Victor Manalo, Ph.D.
Lisa Fletcher-Whitecrow
Kristin McGuire
Sylvia S. Swilley, M.D.
Julie Taren
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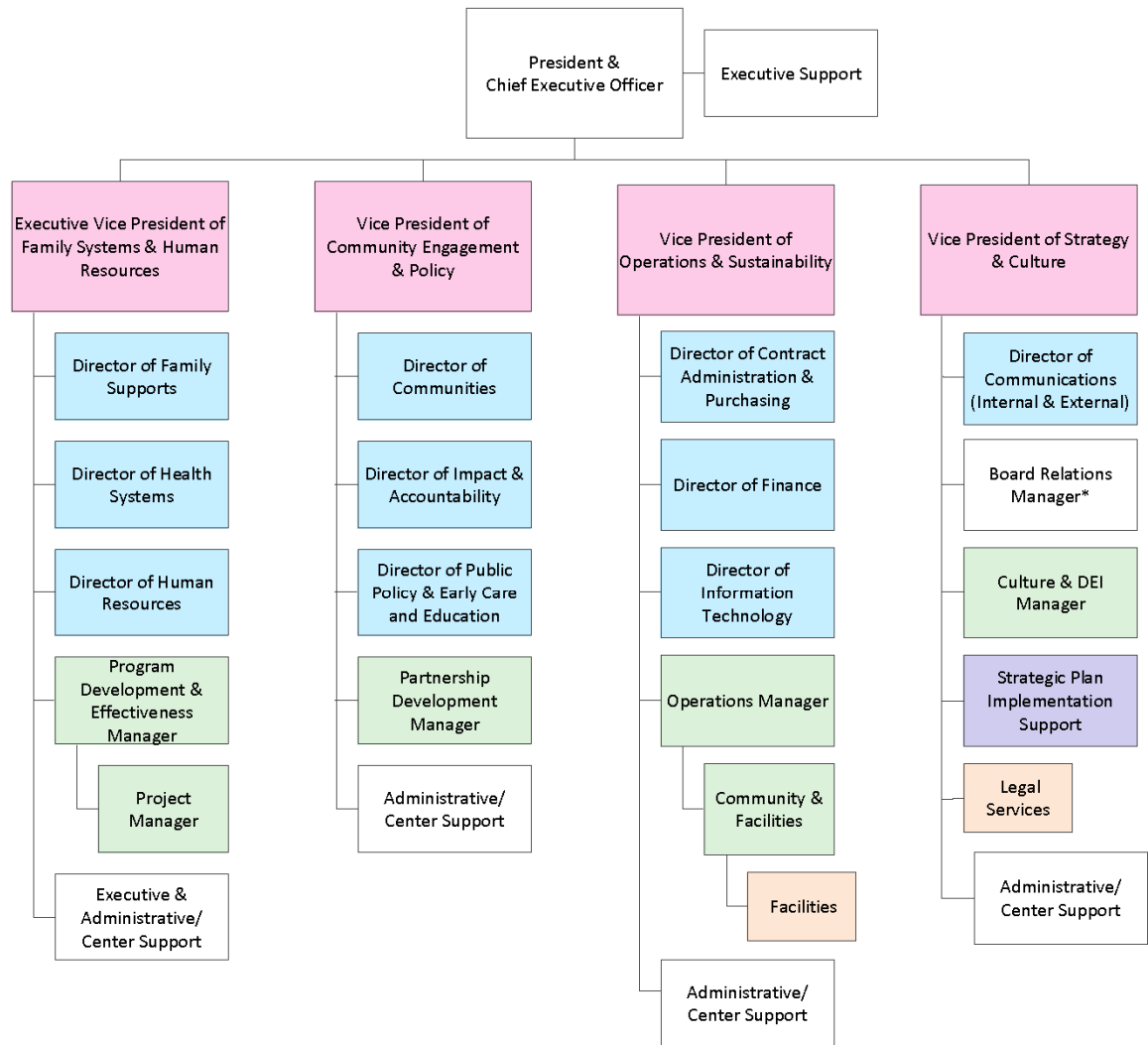
Vice President

Aurea Montes-Rodriguez
Teofilo "JR" Nino

Team/Department Directors

Diana Careaga, Family Supports
Galina Collins, Human Resources & Talent Management
Jennifer L. Eckhart, Contract Administration & Purchasing
Tara Ficek, Health Systems
Jasmine Frost, Information Technology
Kim Hall, Impact & Accountability
Raoul Ortega, Finance

Organization Structure First 5 LA





Government Finance Officers Association

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**First 5 LA
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO

Independent Auditor’s Report

Board of Commissioners
Los Angeles County Children and Families
First – Proposition 10 Commission
Los Angeles, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2025 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 and the general fund of the Commission, as of June 30, 2025, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Commission has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2024, to restate beginning net position. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as listed in the table of contents, 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 GAAS, 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 Schedule of First 5 California Funding is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, 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 GAAS. In our opinion, the Schedule of First 5 California Funding is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **October __, 2025**, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control 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.

Rancho Cucamonga, California
October __, 2025

**Los Angeles County Children and Families First – Proposition 10 Commission
Management’s Discussion and Analysis
(Unaudited)**

This Management’s Discussion and Analysis (MD&A) provides an overview of the financial activities of the Los Angeles County Children and Families First – Proposition 10 Commission (the “Commission”) for the fiscal year ended June 30, 2025. It should be read in conjunction with the Commission’s basic financial statements and accompanying notes.

Financial Highlights

- Effective for the fiscal year ended June 30, 2025, the government implemented the provisions of GASB Statement No. 101, *Compensated Absences*. As a result, the beginning net position was restated to reflect the cumulative effect of this accounting change. The restatement resulted in a decrease of \$290,322 in the beginning net position and an increase to the compensated absences liability. Additional details regarding this restatement are provided in Note 12 to the financial statements.
- The Commission recognized a total of \$57.3 million in program revenues which include tobacco taxes, Proposition 56 backfill, IMPACT/Hubs funds, Local Entity Program Funding and pass-through funds. Revenues through First 5 California (the State) totaled \$52.9 million, reflecting a 9.8% decrease of \$5.8 million from \$58.7 million in FY 2023-24.
- Commission expenses totaled \$81.4 million in FY 2024-25, representing a 6.2% decrease of \$5.4 million from \$86.8 million in FY 2023-24.
- The Commission’s liabilities decreased from \$15.4 million in FY 2023-24 to \$13.9 million in FY 2024-25, reflecting a total decrease of close to \$1.5 million or 9.8%.
- The Commission’s total net position decreased from \$287.7 million in FY 2023-24, as restated, to 273.5 million in FY 2024-25, a decline of approximately \$14.2 million, or 4.9%.

Overview of the Financial Statements

The annual comprehensive financial report consists of two parts, this management’s discussion and analysis and the basic financial statements, including: government-wide financial statements, fund financial statements, and notes to the basic financial statements. The Commission’s financial statements offer key, high-level financial information about its activities.

The financial statements have been prepared in accordance with all applicable Governmental Accounting Standards Board (GASB) statements, including the newly implemented GASB Statement No. 101 related to *Compensated Absences*. This implementation required a restatement of the beginning Net Position, as described in Note 12 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. These statements provide both long-term and short-term information about the Commission’s overall financial status.

The Statement of Net Position includes information on all the Commission’s assets and liabilities, with the difference between assets and liabilities reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Activities presents information showing how the Commission’s net position changed during the fiscal year. All changes in net positions are recognized when the underlying events occur, regardless of the timing of related cash flows.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. All the Commission’s activities are accounted for in the general fund.

Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and balances of spendable resources available at the end of the year.

While a nine-member Board of Commissioners governs the Commission, the Commission was created by, and ultimately is, under the authority of the Los Angeles County Board of Supervisors, in accordance with California State Law, through its appointment of the Board of Commissioners and its ability to remove the Commissioners at will. Consequently, the County of Los Angeles Auditor-Controller’s Office has designated the Commission as a “discretely presented component unit” of the County of Los Angeles and includes a summary of the Commission’s basic financial statements in the County’s basic financial statements.

	FY 2024-25	FY 2023-24	Percent Increase (Decrease)	Increase (Decrease)
Assets:				
Current and other assets	\$273,989,205	\$289,830,097	-5.5%	(\$15,840,892)
Capital assets	13,387,541	13,272,466	0.9%	115,075
Total assets	\$287,376,746	\$303,102,563	-5.2%	(\$15,725,817)
Liabilities:				
Long-term liabilities	\$1,984,149	\$826,211	140.2%	\$1,157,938
Other liabilities	11,886,461	14,553,337	-18.3%	(2,666,876)
Total liabilities	\$13,870,610	\$15,379,548	-9.8%	(\$1,508,938)
Net Position:				
Unrestricted	\$260,118,595	\$274,450,549	-5.2%	(\$14,331,954)
Investment in capital assets	13,387,541	13,272,466	0.9%	115,075
Total net position	\$273,506,136	\$287,723,015	-4.9%	(\$14,216,879)
Total liabilities and net position	\$287,376,746	\$303,102,563	-5.2%	(\$15,725,817)

Government-wide Financial Statements Analysis

The following is a summary of the Commission’s assets, liabilities and net position comparing FY 2024-25 with FY 2023-24:

The Commission’s FY 2024-25 total assets of \$287.4 million represent a decrease of \$15.7 million, or a 5.2% decline, compared with the prior year. Of this total, the decrease in current and other assets is approximately \$15.8 million. A key factor contributing to this reduction in total assets is that total expenses, including program expenses (such as provider grants and contractors), were higher than the total revenue by \$13.9 million, as anticipated, and align with projections under the Long-Term Financial Plan. Total liabilities decreased by \$1.5 million or 9.8% because of year-end grantee accruals being slightly lower than in the prior year.

The \$115,075 net increase in capital assets is a result of the organization’s significant progress to complete Phase 2 of its Capital Improvement Project to provide additional physical improvements to the 750 N. Alameda Street building, which will formally end in early FY 2025-26. The depreciation expense for FY 2024-25 was \$451,523. Additional information on capital assets can be found in Note 3 of this report.

The following is a summary of the Commission’s revenues; expenses and change in net position comparing FY 2024-25 with FY 2023-24:

	FY 2024-25	FY 2023-24	Percent Increase (Decrease)	Increase (Decrease)
Revenues:				
Program revenues				
Tobacco taxes	\$33,182,663	\$39,331,539	-15.6%	(\$6,148,876)
Proposition 56	14,494,959	15,382,483	-5.8%	(887,524)
CA Electronic Cigarette Excise Tax	804,762	900,231	-10.6%	(95,469)
State Commission Program Funds	4,423,787	3,083,396	43.5%	1,340,391
Local Entity Program Funding	4,377,831	6,948,184	-37.0%	(2,570,353)
Total program revenues	\$57,284,002	\$65,645,833	-12.7%	(\$8,361,831)
General revenues				
Investment income	\$11,157,945	\$12,965,425	-13.9%	(\$1,807,480)
Net increase/decrease in fair value of investments	(921,348)	3,805,000	-124.2%	(4,726,348)
Other general income	2,239	75	2885.3%	2,164
Total general revenues	10,238,836	16,770,500	-38.9%	(6,531,664)
Total revenues	\$67,522,838	\$82,416,333	-18.1%	(\$14,893,495)
Expenses:				
Provider grants and other allocations	\$64,466,252	\$69,291,109	-7.0%	(\$4,824,857)
Salaries and benefits	14,033,321	14,128,762	-0.7%	(95,441)
Operating services	1,200,732	1,227,536	-2.2%	(26,804)
Consultant services	790,004	1,231,750	-35.9%	(441,746)
Professional services	365,522	329,402	11.0%	36,120
Professional development	80,350	79,753	0.7%	597
Other expenses	61,691	74,718	-17.4%	(13,027)
Depreciation	451,523	437,195	3.3%	14,328
Total expenses	\$81,449,395	\$86,800,225	-6.2%	(\$5,350,830)
Change in net position:	(13,926,557)	(4,383,892)	217.68%	(9,542,665)
Net position – beginning, as previously stated	287,723,015	292,106,907	-1.50%	(4,383,892)
Adjustments (Note 12)	(290,322)			
Net position – beginning, as restated	287,432,693	292,106,907	-1.60%	(4,674,214)
Net position – ending	\$273,506,136	\$287,723,015	-4.94%	(\$14,216,879)

Revenues

The Commission received a total of roughly \$67.5 million in revenues for FY 2024-25, reflecting a decrease of \$14.9 million, or 18.1% compared with the prior year's total revenues of \$82.4 million. The overall changes in revenue are due to the following:

Tobacco Tax

Tobacco tax revenue decreased from \$39.3 million in FY 2023-24 to \$33.2 million in FY 2024-25, a decrease of roughly \$6.1 million, or 15.6%. Revenue decreased due to an accelerated decline in overall tobacco sales and the enactment of Proposition 31 (SB 793) in November 2022, which prohibits in-person stores and vending machines from selling flavored tobacco products or tobacco product flavor enhancers.

Proposition 56

Proposition 56 backfill (or "hold harmless") amounts are calculated in arrears, which considered in FY 2016-17 actual revenue loss was attributable to Proposition 56. The backfill amount decreased in FY 2024-25 to \$14.5 million compared to \$15.4 million in the prior fiscal year, a decrease of \$887,524 or 5.8%. The backfill is received the following fiscal year and the actual amount represented here is for FY 2023-24.

State Commission Program Funds

State Commission program funds increased from \$3.1 million in FY 2023-24 to \$4.4 million in FY 2024-25, an increase of \$1.3 million or 43.5%. This source of revenue was from First 5 CA related programs including IMPACT/Hubs and the Home Visitation Coordination Project.

Local Entity Program Funding

Local Entity program funding decreased from \$6.9 million in FY 2023-24 to \$4.4 million in FY 2024-25. This is a year-to-year decrease of \$2.5 million. This revenue decline is due to the discontinuation of grants from Los Angeles County Office of Education and Los Angeles County – Department of Public Health for FY 2024-25.

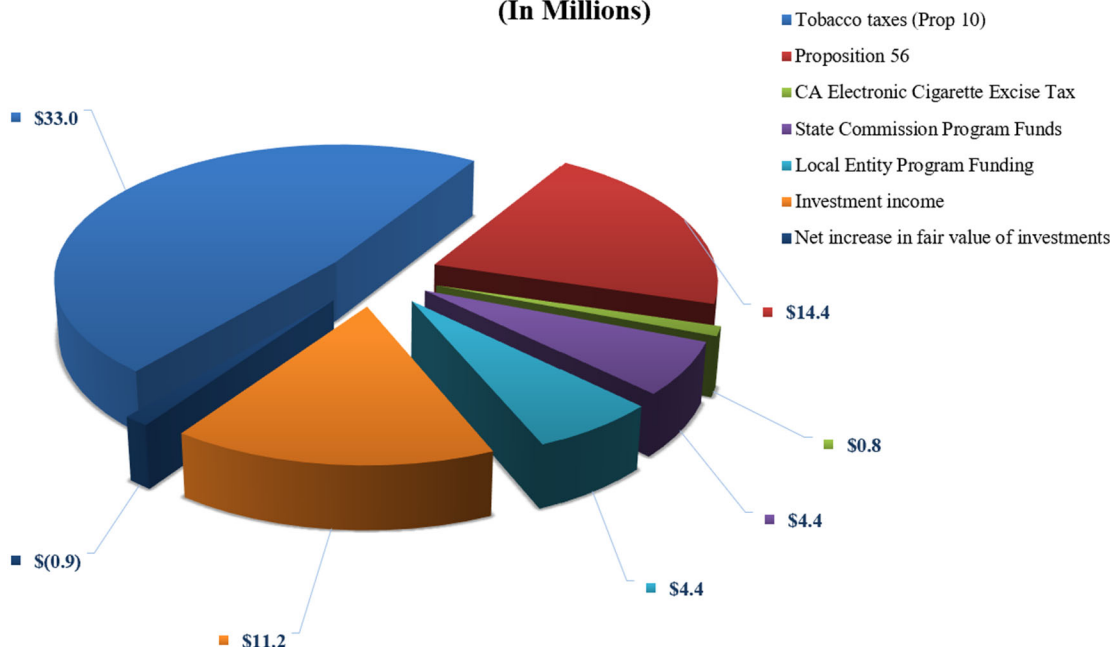
Investment Income

The Commission earned roughly \$11.2 million of investment income in FY 2024-25, which was a decrease of \$1.8 million, or approximately 13.9%, compared with the roughly \$13 million earned in the prior year. The overall rate of return for FY 2024-25 was 3.74%, a decrease of .28% over the prior year. This was due to a slight decline in interest rates over the course of the fiscal year and the conclusion of the high-yield three-year specific investment with the County of Los Angeles in November 2024.

Fair Value Adjustment

The commission separates the fair value adjustment under investment income from the Statement of Activities to more accurately reflect true interest earned. In FY 2024-25, the fair value of First 5 LA's investment portfolio adjustment decrease was \$921,348, compared to the \$3.8 million adjustment in FY 2024-25. This reflects lower interest rates and broader macroeconomic factors.

**Revenues
June 30, 2025
(In Millions)**



Expenses

The Commission recognized expenses of \$81.4 million in FY 2024-25 compared with \$86.8 million in FY 2023-24, a decrease of \$5.4 million, or 6.2%. The \$5.4 million net decrease in overall expenses encompasses the following in FY 2024-25:

Provider Grants and Other Allocations

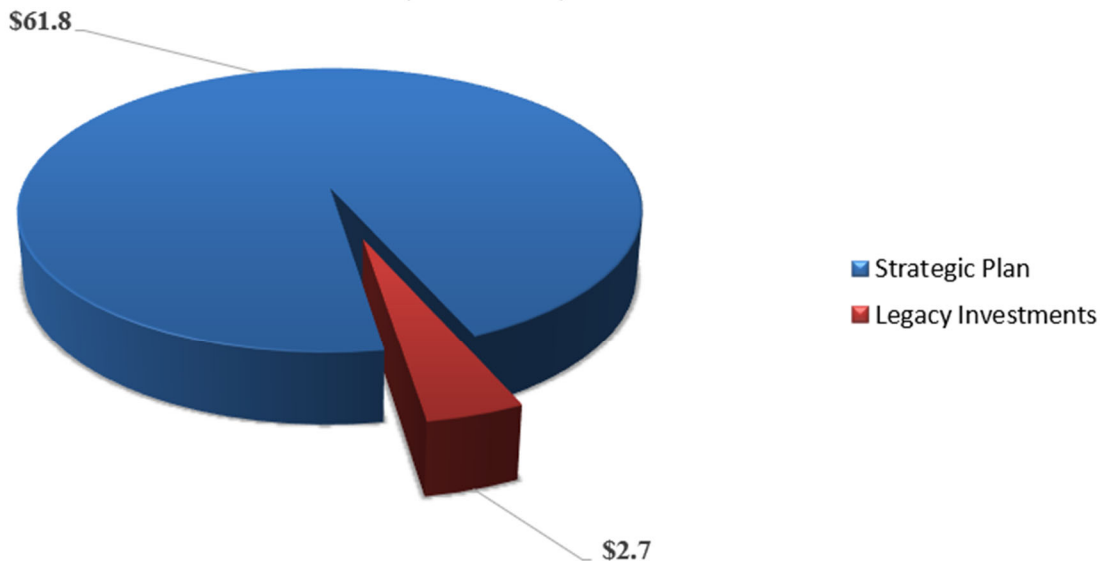
The Commission experienced a decrease of \$4.8 million, or roughly 7.0% in support of “Provider grants and other allocations,” spending approximately \$64.5 million in FY 2024-25 compared to \$69.3 million in FY 2023-24. The net decrease is the result of the continued learning and refinement to the work and proposed spending in alignment to the Long-Term Financial Plan spending limits and downward revenue trajectory, as well as adjusted activity timelines and ending or ramped down projects. The following details are activity-based on the Commission’s investment categories, during the fiscal year:

- 2024-2029 Strategic Plan: Fiscal Year 2024-25 marked the first year of the newly enacted 2024-2029 Strategic Plan. In FY 2024-25, almost \$61.8 million was spent, reflecting a decrease of about \$6.1 million or 9.1% compared to FY 2023-24. A key focus of the strategic plan is long-term sustainability, particularly considering Proposition 31’s passage in November 2022, which banned flavored tobacco sales in California. This policy change has had a significant adverse effect on our revenues.

The continued revenue decline was a major factor in shaping the FY 2024-25 budget, which saw a \$10.7 million or 13.7% reduction in Strategic Plan expenditures compared to the prior year. This situation prompted a reassessment of the Long-Term Financial Plan (LTFP), driving the organization to re-evaluate its priorities and spending through FY 2034-35 to ensure long-term sustainability. The reduction in FY 2024-25 spending was anticipated and aligns with the organization’s planned spending trajectory.

- Legacy Investments: This category includes existing multi-year funding representing ongoing work of the Commission that is expected to end according to the terms of the project approval. The last remaining legacy investment – Little by Little – utilized roughly \$2.7 million in FY 2024-25, thereby fully exhausting their allocated funds. This project is now concluded.

**First 5 LA Funded Provider Grants and Other Allocations Expenses
Fiscal Year Ended June 30, 2025
(In Millions)**



Salaries and Benefits

Salaries and Benefits decreased from FY 2023-24 by \$95,441 or 0.7%. This was primarily due to less staff turnover over the course of the fiscal year and ongoing staff vacancies for budgeted positions.

Operating Services

Operating Services decreased by \$26,804 or 2.2% from the prior year due to stabilization of pricing and weekly usage affecting general operating costs, particularly in facilities, maintenance, and utilities.

Consultant Services

The Commission recorded \$790,004 in expenses for consultant services in FY 2024-25, a 35.9% decrease from FY 2023-24. The decrease is primarily due to the reduced engagement of firms and individuals for assistance in ongoing strategic plan related work, temporary labor support and building management services.

Professional Services

Professional services increased from FY 2023-24 by \$36,120 or 11.0%. The increase is largely due to slight increases in expenses for legal and audit services.

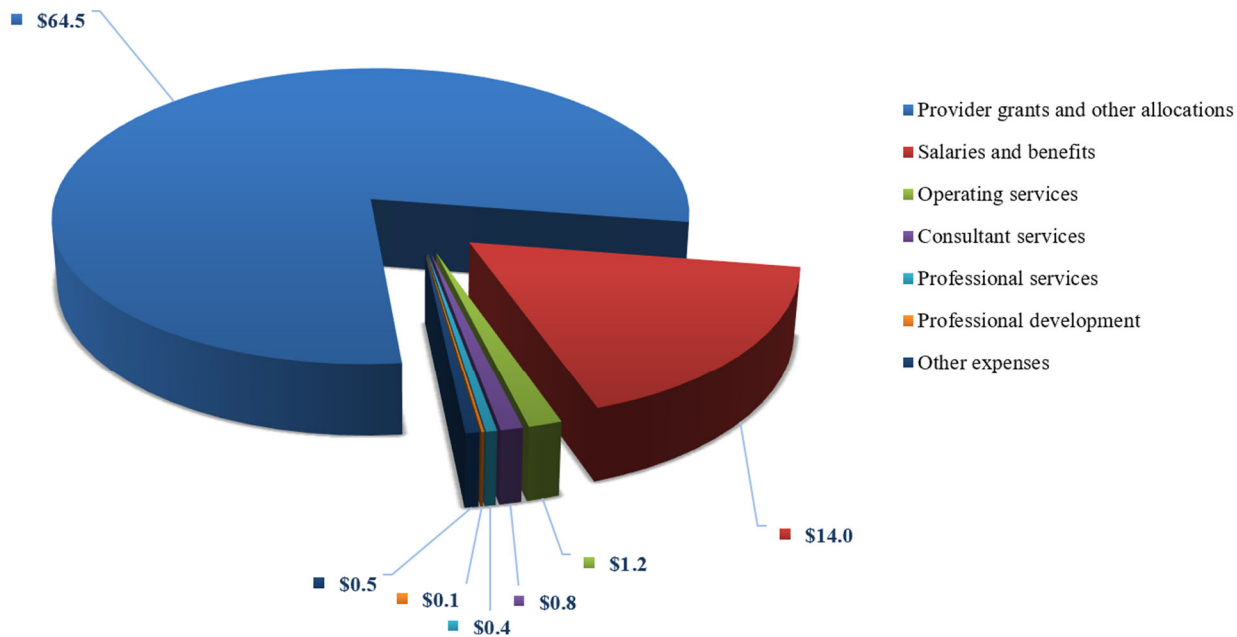
Professional Development

Professional development increased marginally in FY 2024-25 by \$597 or 0.1% from FY 2023-24. Over the course of the fiscal year, expenses remained stable, primarily with consistent costs for registration for in-person conferences and development opportunities across the State.

Other Expenses

Other expenses decreased from FY 2023-24 by \$13,027 or 17.4%. The decrease is due to an overall decline in organization-wide travel needs due to less out-of-state travel as well as local meetings.

**Program and Operating Expenses
Fiscal Year Ended June 30, 2025
(In Millions)**



Analysis of the Governmental Fund

The activities are contained in the general fund of the Commission. The focus of the Commission’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Commission’s financing requirements. In particular, fund balance may serve as a useful measure of the Commission’s net resources, both committed and available for future operation needs.

At the end of FY 2024-25, the Commission’s general fund reported a total ending fund balance of \$256.1 million, a decrease of \$12.6 million, or 4.7% in comparison with the prior fiscal year balance of \$268.7 million.

Total fund balance decreased due to an ongoing decline between annual incoming revenue and the expenditures that are required to advance the activities and strategies outlined in the 2024-2029 Strategic Plan, including the ongoing responsibility to new multi-year commitments for specific initiatives.

Budgetary Highlights

Based on the information provided in the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, the following analysis is presented:

Final Revenue Budget vs. Actual Revenue

The information below provides a summary of the primary factors that caused the variance between revenue estimates and actual revenue.

Tobacco Taxes, Prop 56, and CA Electronic Cigarette Excise Tax (CECET)

Tobacco tax revenue recorded for FY 2024-25 was \$33.4 million of tobacco tax revenue, \$14.5 million of Proposition 56 backfill, and \$819,762 in CECET revenue. The total combined amount of \$48.7 million was approximately \$5.2 million or 9.6% lower than the anticipated amount of \$53.9 million reflected in the Long-Term Financial Plan approved by the Commission in June of 2025. The original estimate of \$54.2 million was based on data provided by the California Department of Tax and Fee Administration, updated September 2024. However, it should be noted that revised projections were received by First 5 LA in April 2025 reflecting revised projected revenues for tobacco taxes, Proposition 56 backfill, and CECET of \$53.9 million for FY 2024-25.

Other Program Revenue

Other program revenue, including Local Entity Program Funding and State Commission Program Funds, recorded for FY 2024-25 was just over \$9.0 million which is roughly \$264,000 or 2.9% lower than the \$9.3 million estimated in the Long-Term Financial Plan approved by the Commission in June of 2025. The other revenue category includes funding from First 5 California, the Los Angeles County Department of Mental Health (DMH), and a Medi-Cal Managed Care Plan.

Investment Income

Investment income totaled \$11.4 million in FY 2024–25. The monthly average return of 3.74% exceeded the 3.0% projected in the Long-Term Financial Projection approved by the Commission in June 2025. Additionally, in November 2022, the Commission made a 3-year specific investment that generated approximately \$2.9 million in interest in its second year, between July and November 2024, in addition to ongoing earnings from the County Treasurer’s Surplus Investment Pool. Although the investment was initially set for three years and offered a rate above the prevailing market rate, the bank exercised its contractual right to recall the investment after two years, in November 2024. The agreement permitted the bank to recall the investment after one year.

Original Expenditure Budget vs. Final Expenditure Budget

In March 2025, the Commission approved the proposed cost-neutral mid-year adjustments to the FY 2024-25 budget, shifting resources between cost categories while holding steady at a total budget of \$91.7 million. The following provides a brief summary of the cost-neutral shifts that resulted in the final budgeted expenditures compared with the original budgeted expenditures:

Provider Grants and Other Allocations

During the year, the overall Program Budget (Provider Grants and Other Allocations) was adjusted downward during the year by approximately \$146,000 or -0.2%. In March 2025 the Commission approved a mid-year budget revision adjusting Early Care & Education (ECE) budget downward by \$70,000, Center Support by roughly \$145,000, and the Office of Government Affairs & Public Policy by \$86,000. The downward adjustments to Early Care & Education Systems, Center Support, and the Office of Government Affairs & Public Policy budgets were adjusted to reflect the lower than anticipated spending in the fiscal year. In addition to the downward budget adjustments, we also had cost-neutral adjustments within the Communities budget, redirecting resources from Communities of Practice to the Expand Regional Influence and Impact with Data budget to support the equity index, as

well as an increase in the Legacy Investments Little by Little project, to capture the remaining allocation balance.

Operating Services

This cost category reflects a total net decrease of \$20,125. This includes reductions grounded in savings during the first half of the fiscal year as well as reduced spending anticipated for the second half of the fiscal year due to a reduction in staffing and corresponding costs (mobile phone reimbursement and supplies).

Consulting Services

Adjustments across multiple teams resulted in a net increase of \$170,268. The increase is primarily due to the need for additional Consultant time to support the ongoing Strategic Plan work, increasing the Strategic Plan work spending by an additional \$146,393. Contract Administration & Purchasing increased their consultant budget at mid-year by an additional \$4,500 to cover costs associated with insurance tracking services through the end of the fiscal year. These increases were offset by a \$50,000 reduction in the Family Systems & Human Resources department budget, and \$1,200 reduction in the Family Supports budget, to align with the cost savings in the first half of the fiscal year and anticipated need for the second half of the fiscal year.

Professional Services

There was a decrease of \$250 in the Professional Services category to capture cost savings in the first half of the fiscal year.

Travel Expenses

The \$4,000 net decrease to the Travel cost category is reflective of the projected lower-than-anticipated resource need in a couple of departments, as well as an increase in Contract Administration & Purchasing's budget to cover anticipated travel costs for staff conferences in the second half of the fiscal year.

Professional Development

This category includes Training Materials & Supplies, Internal/Inhouse Training, Leadership Programs, Conference Registrations and External Education/Training. There was a net increase of \$500 to the Professional Development cost category, with downward adjustments in the Family Systems & Human Resources department and the Office of Government Affairs and Public Policy, and an increase proposed in Health Systems to attend additional online/local conferences and trainings.

Final Expenditure Budget vs. Actual Expenditure Amounts

Below is a summary of the key factors contributing to the variance between actual expenditures and the final budgeted amounts:

Provider Grants and Other Allocations

The variance in Provider Grants and Other Allocations for FY 2024-25 was approximately \$5.6 million lower than anticipated. This discrepancy was largely due to incremental reductions in spending across various projects, caused by timing conflicts or scaling back activities. For example, funding for Help Me Grow L.A. is being phased out as direct funding concludes, with the program expected to end in FY 2025-26. Consequently, related partnership activities decreased in FY 2024-25. Additionally, planned initiatives, such as exploring new partnerships—including pooled funding and advertising services—were postponed as the organization focused on its strategic planning and tactic development process. Further contributing to the underspending were staffing shortages in several departments during the strategic plan transition period, which led to delayed objectives and extended timelines for some activities. While no costs were attributed to the Impact Framework in FY 2024-25, a Request for Qualifications was prepared and shared, with an award expected in October 2025. Finally, the receipt of external funds helped offset some of the budgeted costs.

Salaries and Benefits

Salary and Benefit costs were significantly less than budgeted, with a difference of \$3,908,629. This is due to a combination of regular employee attrition during this fiscal year and vacant positions that were budgeted for FY 2024-25 but not filled.

Total Operating Services expenditure was \$281,961 below budget. Below is an analysis of the significant activities comprising this variance:

Utilities

Utilities expenses were lower than budgeted, with a variance of \$23,916. This is due to macroeconomic factors including lower energy prices and a second full year of working hybrid schedules in the office building, which all yielded some lower overall costs.

Mileage and Parking

Mileage and parking costs were lower than budgeted, with a variance of \$14,349. This is informed by staff turnover and vacant positions, and varying staff travel trends, particularly local travel.

Telephones and Modems

Telephones, modems and related expenses were lower, with a savings of \$14,639. Existing technology and equipment, as well as reduction in land lines, were able to support much of the needs in this category, resulting in an overall decrease in expenses.

Cell Phones and Mobile Devices

Cell phone and mobile device costs came in lower than budgeted, with a variance of \$23,025. This is due to overall lower cellular reimbursements than expected due to staff vacancies and absences.

Office Supplies

Office Supplies were lower than budgeted, with a variance of \$21,875. This is due to hybrid work and lower utilization of the building and offices for meetings, as well as the increased utilization of digital applications and platforms to bypass traditional means for documentation and storage.

Building Repairs and Maintenance

Building repairs and maintenance expenses exceeded the final budget by \$31,485. Additional maintenance and repair costs to support the renovation and upgrades of the third floor offices as well the relocation of staff during the CIP Phase 2 contributed to higher actual expenses.

Hardware & Software Maintenance

Hardware & Software Maintenance was lower than budgeted with a variance of \$75,092. This is primarily due to fewer software subscriptions and applications that were not utilized in FY 2024-25 which resulted in cost savings.

Internal Meetings

Internal Meeting expenses were lower than budgeted, with a variance of \$67,662. This is primarily due to hybrid work promoting fewer in-person meetings.

Division Capacity Building

Division Capacity Building spending was \$17,200 below budget. Hybrid work schedules and lack of in-person meetings with internal staff and contractor/external partner meetings have created ongoing delays in spending within this expense category.

Consultant Services

Consultant services costs came in under budget by \$1,050,274. The variance is primarily the result of a lower anticipated need for consultants. In particular, consultants related to Information Technology services and work related to the 2024-2029 Strategic Plan decreased significantly from the prior year.

Professional Services

Professional services costs came in under budget for total savings of \$103,378. Decreases in legal services and web-based services led to cost savings for the organization.

Travel

Travel and travel-related expenses were considerably lower than budgeted. The \$205,718 in cost savings coincides with the ongoing use of virtual meetings, in addition to lower levels of travel for a variety of uses, including professional development, in-person conferences and offsite meetings.

Professional Development

Professional Development expenditure was \$302,600 less than the final budget. This is a result of continuing to leverage virtual opportunities for professional development at a fraction of the price of in-person trainings, as well as training opportunities whose limited schedule conflicted with organizational-wide priorities.

Capital Outlay

Capital Outlay expenditures total \$566,598, including around \$512,203 for capital improvement plan costs and roughly \$54,395 for computer software and accessories. The costs associated with Phase 2 of the capital improvement project include, but are not limited to: painting and re-carpeting of the first and third floors, as needed, new cubicles and conference room furnishings for the third floor, a renovation of the third floor kitchen, and demolition and reconfiguration of certain first floor conference areas. The \$54,395 in computer and software expenses covers equipment needed to support the enhancement of the office space. This includes televisions, smartboards, additional laptops, and associated software and accessories. Expenditures for capital outlay exceeded final budget by 436,598 due to the inclusion of CIP Phase-II for design and consulting fees.

Other Potentially Significant Matters

Over the past several years, State projections for Proposition 10 funding have assumed an annual revenue decline of 3–5%. However, the approval of Proposition 31—a ballot measure prohibiting the sale of certain flavored tobacco products—resulted in an immediate and accelerated decline in First 5 LA’s Proposition 10 tobacco tax revenue for fiscal years 2022–23 and 2023–24. The measure also continues to have lasting financial implications.

First 5 LA continues to receive backfill “hold harmless” payments from the State to keep Proposition 10 revenue whole for participating counties following the passage and implementation of SBx2 and Proposition 56.

In response to the long-term impact on our primary source of funding, as well as the evolving landscape of the tobacco tax legislation, First 5 LA revised its Long-Term Financial Plan (LTFP) and established spending limits through FY 2034–35. These long-term spending limits were informed by both the effects of Proposition 31 and the implementation process of the 2024–2029 Strategic Plan. Revenue projections assumed a 4.25% annual rate of decline beginning in FY 2025–26 and continuing through FY 2034–35, based on historical trends, external market conditions, and the current economic and regulatory environment. The projected revenue for FY 2024–25 was based on estimates from the Department of Finance (DOF) and the California Department of Tax and Fee Administration (CDTFA), issued in September 2024. The revised LTFP was approved by the First 5 LA Commission in October 2024.

The first update to the revised LTFP—incorporating final audited expenditures for FY 2023–24, the mid-year revised budget for FY 2024–25, and the proposed budget for FY 2025–26, along with updates to other revenue projections—was approved by the Board of Commissioners in June 2025. However, in April 2025, First 5 LA received an updated forecast from the DOF and CDTFA, which reflected a \$4.7 million, or 8.6%,

decrease in projected revenues for FY 2024–25, from \$54.4 million in the September 2024 forecast to \$49.8 million in the April 2025 forecast. Due to the timing of the revised forecast and the preparation of materials for board review and approval, the FY 2024-25 revenue estimate included in the LTFP update approved in June 2025 reflected the earlier September 2024 estimate of \$54.4 million. If this trend of significant revenue decline continues, it will have a substantial impact on the fund balance.

First 5 LA will continue to monitor the legislative landscape and consumption trends and use the Long-Term Financial Plan as a critical tool to align long-term spending with the 2024–2029 Strategic Plan and adapt to evolving fiscal realities.

Contacting the Commission’s Financial Management

This financial report is designed to provide the public with an overview of the Commission’s financial operations and condition. If you have questions about this report or need additional information, please contact the Commission’s Director of Finance at (213) 482-7545 or 750 N. Alameda Street, Suite 300, Los Angeles, California 90012.

Los Angeles County Children and Families First – Proposition 10 Commission
Statement of Net Position and Governmental Fund Balance Sheet
June 30, 2025

	General Fund	Adjustments (Note 1)	Statement of Net Position
Assets			
Cash and investments	\$ 263,967,346	\$ -	\$ 263,967,346
State receivable	8,878,741	-	8,878,741
Interest receivable	825,815	-	825,815
Advances to grantees	266,775	-	266,775
Prepays	50,528	-	50,528
Capital assets			
Not depreciated	-	2,551,203	2,551,203
Depreciable capital assets (net)	-	10,836,338	10,836,338
Total assets	\$ 273,989,205	\$ 13,387,541	\$ 287,376,746
Liabilities			
Accounts payable and accrued liabilities	\$ 11,774,909	\$ -	\$ 11,774,909
Compensated absences			
Due within one year	-	111,552	111,552
Due in more than one year	-	1,984,149	1,984,149
Total liabilities	11,774,909	2,095,701	13,870,610
Deferred Inflows of Resources			
Unavailable revenue	6,101,732	(6,101,732)	-
Total deferred inflows of resources	6,101,732	(6,101,732)	-
Fund Balance/Net Position			
Fund balance			
Nonspendable	266,775	(266,775)	-
Committed	61,332,507	(61,332,507)	-
Assigned	134,126,717	(134,126,717)	-
Unassigned	60,386,565	(60,386,565)	-
Total fund balance	256,112,564	(256,112,564)	-
Net position			
Investment in capital assets	-	13,387,541	13,387,541
Unrestricted	-	260,118,595	260,118,595
Total net position	-	273,506,136	273,506,136
Total liabilities, deferred inflows of resources and fund balance/net position	\$ 273,989,205	\$ 13,387,541	\$ 287,376,746

Los Angeles County Children and Families First – Proposition 10 Commission
Statement of Activities and Governmental Fund Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2025

	General Fund	Adjustments (Note 1)	Statement of Activities
Revenues			
Program revenues			
Operating grants and contributions			
Tobacco taxes	\$ 33,382,392	\$ (199,729)	\$ 33,182,663
Proposition 56	14,494,959	-	14,494,959
CA Electronic Cigarette Excise Tax	819,762	(15,000)	804,762
State Commission Program Funds	4,313,090	110,697	4,423,787
Local Entity Program Funding	4,695,332	(317,501)	4,377,831
Total program revenues	<u>57,705,535</u>	<u>(421,533)</u>	<u>57,284,002</u>
General revenues			
Investment income	11,389,028	(231,083)	11,157,945
Net decrease in fair value of investments	(921,348)	-	(921,348)
Other general income	2,239	-	2,239
Total general revenues	<u>10,469,919</u>	<u>(231,083)</u>	<u>10,238,836</u>
Total revenues	<u>68,175,454</u>	<u>(652,616)</u>	<u>67,522,838</u>
Expenditures/expenses			
Provider grants and other allocations	64,466,252	-	64,466,252
Salaries and benefits	13,202,001	831,320	14,033,321
Operating services	1,200,732	-	1,200,732
Consultant services	790,004	-	790,004
Professional services	365,522	-	365,522
Professional development	80,350	-	80,350
Travel	61,691	-	61,691
Capital outlay	566,598	(566,598)	-
Depreciation	-	451,523	451,523
Total expenditures/expenses	<u>80,733,150</u>	<u>716,245</u>	<u>81,449,395</u>
Net change in fund balance	(12,557,696)	12,557,696	-
Change in Net Position	-	(13,926,557)	(13,926,557)
Fund Balance/Net Position			
Beginning, as previously reported	268,670,260	19,052,755	287,723,015
Adjustments (Note 12)	-	(290,322)	(290,322)
Net Position - Beginning, as restated	<u>268,670,260</u>	<u>18,762,433</u>	<u>287,432,693</u>
End of Year	<u>\$ 256,112,564</u>	<u>\$ 17,393,572</u>	<u>\$ 273,506,136</u>

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Note 1 - Organization and Summary of Significant Accounting Policies**Reporting Entity**

With the passage of a ballot initiative in November 1998, California (the “State”) voters approved the establishment of the Los Angeles County Children and Families First – Proposition 10 Commission (the “Commission”), a component unit of Los Angeles County. A thirteen-member Board of Commissioners governs the Commission. The Commission was created by and ultimately is under the authority of the Los Angeles County Board of Supervisors, in accordance with California State Law, through its appointment of the Board of Commissioners and its ability to remove the Commissioners at will. The Commission is a public entity legally separate and apart from the County. The initiative, Proposition 10, mandated an additional 50-cent-per-pack tax on cigarettes and a comparable increase in the tax of other tobacco products and required that the new funds be used on programs focused exclusively on early childhood development for children prenatal up to five years of age.

Following the directive of Proposition 10 to fund programs at the community level, each of the State’s 58 counties created a Proposition 10 Commission as well as a trust fund to receive Proposition 10 revenues. In Los Angeles County, the Board of Supervisors passed an ordinance in December 1998 to establish the Los Angeles County Children and Families First – Proposition 10 Commission, and in May 1999, the Commission held its first meeting, elected officers and established a number of ad hoc committees to address organizational and planning issues. The Commissioners and others who were involved in the effort regarded Proposition 10 as an extraordinary and unprecedented opportunity to begin making a difference in the lives of pregnant women, young children, and their families, and to do so at a point in their lives when it can make the most difference. In August 2002, the Commission introduced a new branding identity, First 5 LA, to signify the importance of the first five years of life.

The Commission’s vision statement is that all children throughout Los Angeles’ diverse communities, “are born healthy and raised in a safe, loving and nurturing environment so that they grow up healthy in mind, body, and spirit, are eager to learn with opportunities to reach their full potential.” The Commission’s mission, in partnership with others, is to “strengthen families, communities, and systems of services and support so all children in LA County enter kindergarten ready to succeed in school and life.”

Upon termination of the Commission, all assets of the Commission shall be returned to the State of California. The liabilities of the Commission shall not become liabilities of the County upon either termination of the Commission or the liquidation or disposition of the Commission’s remaining assets.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Basis of Accounting and Measurement Focus**Government-Wide Financial Statements**

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements are presented on an economic resources measurement focus. All economic resources and obligations of the reporting government are reported in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with operation of the Commission's fund are included on the statement of net position. The statement of activities presents a comparison of the direct expenses and program revenues for the Commission's governmental activities. Program revenues include grants and contributions restricted for the operational requirements of a particular program. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Program revenues include tobacco taxes, proposition 56 taxes, CA Electronic Cigarette Excise taxes and grants and contributions that are restricted to meeting the operational requirements of a particular program. General revenues are all revenues that do not qualify as program revenues and include investment income and other income. Net position represents the resources that the Commission has available for use in providing services. Net position is composed of investment in capital assets and unrestricted funds. At June 30, 2025, the Commission reported unrestricted net position of \$260,118,595.

Fund Financial Statements

The fund financial statements consist of the balance sheet and the statement of revenues, expenditures and changes in fund balance of the Commission's general fund. These statements are presented on a current-financial resources measurement focus. The fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at the end of the fiscal year. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current resources. All operations of the Commission are accounted for in the general fund.

The fund financial statements have been prepared on the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are considered available if they are received within 60 days after year-end. Revenues susceptible to accrual include tax revenues, grants, and investment income. Expenditures are recognized in the accounting period in which the fund liability is incurred except for compensated absences which are recorded only when payment is due.

Adjustments Between Fund Financial Statements and Government-Wide Financial Statements

a. Capital Assets

Capital assets are not considered to be financial resources and therefore, are not reported as an asset in the fund financial statements. Capital assets in the amount of \$13,387,541 are capitalized and reported at cost, net of accumulated depreciation, in the government-wide financial statements. Capital assets purchased during the year in the amount of \$566,598 are reported as expenditures on the fund financial statements and capitalized on the government-wide financial statements. Depreciation expense for the year ended June 30, 2025 amounted to \$451,523 and is included in the statement of net position.

b. Long-Term Liabilities

As of June 30, 2025, the Commission estimated its liability for compensated absences to be \$2,095,701. Compensated absence obligations are considered long-term in nature and are reported in the fund financial statements as expenditures in the period paid or when due and payable at year-end under the modified accrual basis of accounting. The compensated absences have been accrued in the government-wide financial statements and are included in long-term liabilities. The increase in compensated absences during the year of \$831,320 is reported in the statement of activities.

c. Unavailable Revenue

Under the modified accrual basis of accounting, revenue is recognized in the fund financial statements if it has been collected after year-end within the Commission’s established availability period of 60 days. All other accrued revenues due to the Commission are recognized as unavailable revenue at year-end in the fund financial statements. Governmental funds recognized unavailable revenue where receivables are not available to liquidate liabilities of the current period. As of June 30, 2025, the Commission has unavailable revenues of \$6,101,732. The change in unavailable revenue during the year of \$652,616 is reported in the statement of activities.

Net Position

In the government-wide financial statements, net position represents the difference between assets less liabilities and is classified into two components:

- Investment in capital assets – This balance reflects the net position of the Commission that are invested in capital assets. This amount is generally not accessible for other purposes.
- Unrestricted net position – This balance represents the net amount of the assets and liabilities that are available for general use.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Fund Balance

Fund balance classifications comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Commission established the following classifications and definitions of fund balance for the year ended June 30, 2025:

a. Nonspendable

Portion of net resources that cannot be spent because they are not in an expendable form (e.g., Advances to Grantees) or the portion of net resources that cannot be spent because they must be maintained intact (e.g., revolving fund or the principal of an endowment).

b. Restricted (externally enforceable limitations on use)

Amounts constrained to specific purposes by their providers (such as creditors, grantors, contributors, or laws and regulations of other governments: e.g., funds advanced by First 5 CA under specific agreements for services such as matching funds for specific initiatives). Amounts constrained by limitations imposed by law through constitutional provisions or enabling legislation (e.g., funds legally restricted by County, state, or federal legislature, or a government’s charter or constitution; or amounts collected from non-spendable items such as long-term portion of loan outstanding if those amounts are subject to legal constraint).

c. Committed (self-imposed limitations in place prior to end of the period)

Amounts constrained by limitations imposed at the highest level of decision making authority that requires the same formal action at the same level to remove or modify. The formal action required by the Board of Commissioners for funds to be committed is action by way of resolution allocating funding for a specific program or initiative.

d. Assigned (limitation resulting from intended use)

Amounts or limitations that are constrained by the Commission’s intent to be used for a specific purpose (the purpose of the assignment must be narrower than the general fund itself) and are not either restricted or committed. Adoption of a Strategic Plan or Long-Term Financial Plan with general spending parameters would be examples of the Commission’s intent and would constitute an assignment. Accordingly, modification to the Commission’s intent would not require formal action. Further, the Commission may designate a body/committee or an official who can specify such purposes. However, as of June 30, 2025, the Commission had not made such a designation.

e. Unassigned (residual net resources)

Resources in the fund balance that cannot be reported in any other classification including a minimum fund balance reserve based on 50% of the operating and programmatic budget. It also includes the negative residual fund balance that cannot be eliminated by offsetting assigned fund balance amounts.

When both restricted and unrestricted resources are available for use, it is the Commission’s policy to use restricted resources first and then unrestricted resources as needed. The spending priority of fund balance is restricted, committed, assigned, and then unassigned.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

Effective in Current Fiscal Year

GASB Statement No. 101 – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. As of July 1, 2024, the Commission adopted GASB Statement No. 101, *Compensated Absences*. The effect of the implementation of this standard on beginning net position is disclosed in Notes 4 and 12.

GASB Statement No. 102 – In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Commission has determined that there was no material impact on the Commission’s financial statements.

Effective in Future Fiscal Years

The GASB has issued the following pronouncements that have effective dates which may impact future financial statement presentation. The Commission has not determined the effect of the following Statements:

GASB Statement No. 103 – *Financial Reporting Model Improvements*

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*

Investments

The Commission participates in the common investment pool of Los Angeles County. Investments are reported at fair value which is the amount at which financial instruments could be exchanged in a current transaction between willing parties. The Commission categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Los Angeles County Treasurer is responsible for establishing and consistently applying a policy for identifying those events that might affect fair value measurements.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Advances to Grantees

The Commission may provide advances to grantees/contractors that are repayable by the end of the fiscal year unless otherwise stipulated by contract or agreement. During fiscal year 2024-25, the Commission entered into agreements with various grantees to support the Commission’s 2024-2029 Strategic Plan. The Commission has the following outstanding advances to grantees as of June 30, 2025.

Advances to Grantees	
Para Los Ninos	\$ 125,125
The Nonprofit Partnership	37,667
El Nido Family Centers	32,983
Community Health Councils	<u>71,000</u>
 Total advances to grantees	 <u><u>\$ 266,775</u></u>

Capital Assets

Capital assets are composed of land, buildings, building improvements, computer software and accessories, office equipment and furniture and fixtures and are recorded at cost. Donated capital assets are recorded at acquisition value at the date of donation. The Commission capitalizes assets with a cost in excess of \$5,000 and with a useful life greater than one year. Subscription-Based Information Technology Arrangements (SBITAs) with a cost in excess of \$10,000 and with a period equal to one year or greater are capitalized. The Commission depreciates capital assets using a straight-line method over the estimated useful life of fifty years for buildings, four years for computers and five years for office equipment and furniture and fixtures. Building improvements are depreciated over the remaining useful life of the building. SBITAs are amortized over the term of the agreement.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission has one type of deferred inflow, unavailable revenue, which occurs only under the modified accrual basis of accounting. Accordingly, the item is reported only in the governmental fund balance sheet. This amount is deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Los Angeles County Children and Families First – Proposition 10 Commission
 Notes to Financial Statements
 For the Year Ended June 30, 2025

Note 2 - Cash and Investments

Total cash and investments at fair value, as of June 30, 2025 are as follows:

Cash		
Cash in bank		<u>\$ 3,021,346</u>
Investments		
Investments with County Treasurer		
Pooled cash and investments		<u>260,946,000</u>
Total investments		<u>260,946,000</u>
Total cash and investments		<u><u>\$ 263,967,346</u></u>

Cash in Bank

The California Government Code requires California banks and savings and loan associations to secure the Commission's deposits by pledging government securities as collateral. The fair value of pledged securities must equal 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits and collateral is considered to be held in the name of the Commission. At June 30, 2025, cash held by financial institutions of \$3,691,675 was entirely insured and collateralized as described above. The book balance at June 30, 2025 was \$3,021,346.

Investments

Investments with the Los Angeles County Treasurer at June 30, 2025 are stated at fair value.

The fair value of investments is determined annually and is based on current market prices. The fair value of each participant's position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals. The Los Angeles County Treasury is sponsored and administered by the County of Los Angeles and oversight is conducted by the County Treasury Oversight Committee. At June 30, 2025, the remaining maturity for the County pool approximated 556 days and the County pool is not rated.

For further information regarding the Los Angeles County Investment Pool, refer to the County of Los Angeles Annual Comprehensive Financial Report.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

The Commission had the following investments and maturities at June 30, 2025:

Investment Type	Investment Maturities (in Months)			Total
	12 Months or Less	13 to 24 Months	25 to 36 Months	
Investments with County Treasurer Pooled Cash and Investments	\$ 260,946,000	\$ -	\$ -	\$ 260,946,000
Total investments	<u>\$ 260,946,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,946,000</u>

Fair Value Measurements

The Commission categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Commission’s assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Deposits and withdrawals are made on the basis of \$1 and not fair value. Accordingly, the Commission’s proportionate share of investments in the Los Angeles County Investment Pool and investments in money market mutual funds at June 30, 2025, are uncategorized and not defined as a Level 1, Level 2, or Level 3 input.

Authorized Investments

The Commission has adopted an investment policy that identifies the authorized investment types consistent with the California Government Code, where more restrictive. The investments authorized in the policy include Certificates of Deposits (CD’s), Commercial Paper (CP), Corporate Notes, Federal Agencies, U.S. Treasuries, Los Angeles County Investment Pool, and Money Market Mutual Funds.

The County Treasurer's Investment Policy diversifies investments among issues and issuers with a minimum credit rating to mitigate credit risk. For an issuer of short-term debt, the rating must be no less than P-1/A (Moody's) or A-1/A (S&P) while an issuer of long-term debt shall be rated no less than A.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Custodial Credit Risk

Custodial credit 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 collateral securities that are in the possession of an outside party.

Deposits that potentially subject the Commission to custodial credit risk consist of demand deposits. The Commission had no deposits at June 30, 2025, which were not covered by the FDIC insurance. However, these amounts are secured in accordance with the California Government Code, which requires that financial institutions secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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. Collateral is considered held in the Commission's name.

Note 3 - Capital Assets

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets, not depreciated				
Land	\$ 2,039,000	\$ -	\$ -	\$ 2,039,000
Construction in progress	-	512,203	-	512,203
Total capital assets, not being depreciated	<u>2,039,000</u>	<u>512,203</u>	<u>-</u>	<u>2,551,203</u>
Capital assets, depreciable				
Building and improvements	15,970,799	-	-	15,970,799
Computer software and accessories	2,359,549	54,395	(133,839)	2,280,105
Office equipment	346,046	-	-	346,046
Furniture and fixtures	627,670	-	-	627,670
Total depreciable capital assets	<u>19,304,064</u>	<u>54,395</u>	<u>-</u>	<u>19,224,620</u>
Less accumulated depreciation				
Building and improvements	(4,928,954)	(358,145)	-	(5,287,099)
Computer software and accessories	(2,178,440)	(90,375)	133,839	(2,134,976)
Office equipment	(335,535)	(3,002)	-	(338,537)
Furniture and fixtures	(627,669)	(1)	-	(627,670)
Total accumulated depreciation	<u>(8,070,598)</u>	<u>(451,523)</u>	<u>-</u>	<u>(8,388,282)</u>
Total capital assets, depreciable (Net)	<u>11,233,466</u>	<u>(397,128)</u>	<u>-</u>	<u>10,836,338</u>
Capital assets, net	<u>\$ 13,272,466</u>	<u>\$ (397,128)</u>	<u>\$ -</u>	<u>\$ 13,387,541</u>

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements

For the Year Ended June 30, 2025

Note 4 - Changes in Compensated Absences

Compensated absences liability activities for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024 As Restated	Net Change	Balance June 30, 2025	Due Within One Year
Compensated absences	\$ 1,264,381	\$ 831,320	\$ 2,095,701	\$ 111,552

Note 5 - Fund Balance

Fund balance is classified using a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance at June 30, 2025 consists of the following:

<u>Initiative/Program Allocation</u>	<u>Nonspendable</u>
Advances	
Para Los Ninos	\$ 125,125
The Nonprofit Partnership	37,667
El Nido Family Centers	32,983
Community Health Councils	71,000
Total nonspendable	<u>266,775</u>
	<u>Committed</u>
Annual Reporting	41,000
Capital Project Fund	1,719,074
Center Support	175,000
Children's Data Network (CDN)	530,000
Communities	10,189,050
Data Requests	5,000
Early Care & Education	4,375,000
Early Childhood Policy and Advocacy Fund	3,610,000
Equity Index	300,000
Family Supports	30,699,413
Health Systems	1,156,000
Impact Framework	272,000
Organizational Memberships	170,000
Organization-Wide Partnerships	140,000
Organization-Wide Sponsorships	240,000

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements

For the Year Ended June 30, 2025

Initiative/Program Allocation

	<u>Committed</u>
Policy Advocacy Fund Technical Assistance Provider	\$ 525,000
Policy Advocacy Stakeholder Engagement	125,000
State Policy and Sustainability Advocate	205,000
Strategic Communications	557,500
Strategic Communications Partnerships	150,000
Strategic Initiatives Development Fund	4,751,470
Strategic Marketing	756,000
Strategic Plan Advocacy Strategies	375,000
WIC Data Mining Research Partnership	266,000
Total committed	<u>61,332,507</u>
	<u>Assigned</u>
Total assigned	<u>134,126,717</u>
	<u>Unassigned</u>
Total unassigned	<u>60,386,565</u>
Total fund balance	<u>\$ 256,112,564</u>

Note 6 - Program Evaluation

In accordance with the *Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program*, issued by the California State Controller, the Commission is required to disclose the amounts expended during the fiscal year on program evaluation. Program evaluation costs pertain to those activities undertaken to support the collection, production, analysis, and presentation of evaluation information for Commission management, Commissioners, and other interested parties.

The Commission spent \$725,696 on program evaluation during the year ended June 30, 2025.

Note 7 - Deferred Compensation Plans

All regular and limited-term employees of the Commission participate in the 403(b) Savings and Investment Plan, a defined contribution plan administered by The Standard. Benefit provisions under the plan are established by the California Government Code Section 31694(a) and other applicable statutes. The 403(b) Savings and Investment Plan provides for service retirement, death, and disability benefits to plan members. The plan can be amended by executive management of the Commission.

Los Angeles County Children and Families First – Proposition 10 Commission

Notes to Financial Statements
For the Year Ended June 30, 2025

Regular and limited-term employees are eligible to receive both an elective and a non-elective contribution based on years of completed service with the organization. The elective contribution requires employee participation in order to receive the employer match and is between 1% and 3% depending on the employee’s contribution and the years of service the employee has completed with the organization: 1% for less than one year, 2% after one year and 3% for after two years or more of completed service. The Commission also makes a separate, non-elective contribution into the retirement plan regardless of employee participation. This non-elective employer contribution is between 3% and 7.5% based on years of completed service with the organization: 3% for less than 5 years, 4.5% for 5 to 9 years, 6% for 10 to 14 years, and 7.5% after 15 years or more of completed service. Employer contributions are not 100% vested until an employee has completed three years of service with the organization, with a graded vesting schedule for employees who complete at least one year of service. The Commission contributed a total of \$738,494, comprised of \$267,352 in elective contributions, and \$471,142 in non-elective contributions for the fiscal year ended June 30, 2025.

Note 8 - Unavailable Revenue

The general fund reports unavailable revenue on the governmental fund balance sheet in connection with resources that have been earned but are not yet available to finance expenditures of the current fiscal period. This type of deferred inflow of resources occurs only under the modified accrual basis of accounting. Accordingly, unavailable revenue is reported only in the general fund balance sheet. At the end of the current fiscal year, the components of unavailable revenue resulting from funds not received within the 60-day period of availability were as follows:

Unavailable Revenue	
Tobacco Taxes	\$ 3,077,899
CA Electronic Cigarette Excise Tax	225,000
LACOE IMPACT	1,110,389
Home Visiting Coordination Program	1,338,444
Investment Income	<u>350,000</u>
Total unavailable revenue	<u><u>\$ 6,101,732</u></u>

Note 9 - Risk Management

The Commission is exposed to various risks of loss related to general liability, property liability, health benefits, workers’ compensation and auto. These risks are addressed through commercial insurance policies.

The Commission’s property and liability insurance is provided by insurance companies that are “non-Admitted” insurance companies in the State of California. If such a company becomes insolvent, the California Insurance Guarantee Association will not settle unpaid claims.

No claims or suits are pending against the Commission arising out of proposed claim settlements covered by insurance. No settlements exceeded insurance coverage during the last three years.

Note 10 - Related Party Transactions

The Commission incurred expenditures totaling \$9,397 for County of Los Angeles services provided during the year ended June 30, 2025.

In the fiscal year, the Commission incurred \$54,066,167 of expenditures for provider grants, operating services, consultant services, and professional services to organizations which are represented by 12 members of the Board of Commissioners. As of June 30, 2025, amounts of \$4,337,443 are included in accounts payable to these organizations.

Note 11 - First 5 California Signature Programs

Improve and Maximize Programs so All Children Thrive (IMPACT) Regional Coordination and Training and Technical Assistance Hubs (Hubs) Program

The purpose of IMPACT is to support a network of local quality improvement systems to better coordinate, assesses, and improve the quality of early learning settings to achieve the goal of helping children ages 0 to 5 and their families thrive by increasing the number of high-quality early learning settings, including supporting and engaging families in the early learning process. Funding is to center around continuous quality improvement, including a network of local Quality Rating and Improving System (QRIS). All IMPACT funds require a local match based on county size. For the Commission, a one-to-one match ratio or a dollar of local funding match with a dollar of IMPACT fund is required. The Commission claimed \$2,997,846 in IMPACT Regional Coordination and Training reimbursable expenditures for the year ended June 30, 2025.

For IMPACT Hubs, the primary focus is to provide coordination and specialized support to consortia within a region or with similar technical assistance needs to create economies of scale while building a local early learning system. The Commission claimed \$652,090 in IMPACT Technical Assistance Hubs reimbursable expenditures for the year ended June 30, 2025.

Los Angeles County Children and Families First – Proposition 10 Commission
 Notes to Financial Statements
 For the Year Ended June 30, 2025

Note 12 - Restatement

Change in Accounting Principle

As of June 30, 2025, the Commission adopted GASB Statement No. 101, *Compensated Absences*. The provisions of this standard modernize the types of leave that are considered a compensated absence and provides guidance for a consistent recognition and measurement of the compensated absence liability. Therefore, compensated absences were increased by \$290,322 and beginning net position was decreased by \$290,322 as of July 1, 2024. The effect of this change in accounting principle is described in the table below.

	July 1, 2024 As Previously Reported	Change in Accounting Principle	July 1, 2024 As Restated
Governmental Activities Net Position	<u>\$ 287,723,015</u>	<u>\$ (290,322)</u>	<u>\$ 287,432,693</u>
Compensated Absences Liability	<u>\$ 974,059</u>	<u>\$ 290,322</u>	<u>\$ 1,264,381</u>

Required Supplementary Information
June 30, 2025

**Los Angeles County Children and
Families First – Proposition 10
Commission**

Los Angeles County Children and Families First – Proposition 10 Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Increase (Decrease)</u>
Revenues				
Tobacco Taxes	\$ 54,233,802	\$ 53,869,822	\$ 33,382,392	\$ (20,487,430)
Proposition 56	-	-	14,494,959	14,494,959
CA Electronic Cigarette Excise Tax	-	-	819,762	819,762
State Commission Program Funds	4,395,000	4,395,000	4,313,090	(81,910)
Local Entity Program Funding	4,880,000	4,880,000	4,695,332	(184,668)
Investment Income	4,904,720	9,075,016	11,389,028	2,314,012
Net Increase in Fair Value of Investments	-	-	(921,348)	(921,348)
Other General Income	-	-	2,239	2,239
Total revenues	68,413,522	72,219,838	68,175,454	(4,044,384)
Expenditures				
Program Costs				
Provider Grants and Other Allocations	70,184,925	70,038,532	64,466,252	5,572,280
Total program costs	70,184,925	70,038,532	64,466,252	5,572,280
Operations & Administration				
Salaries and Benefits				
Salaries and Wages	12,552,062	12,552,062	9,595,524	2,956,538
Fringe Benefits	4,558,568	4,558,568	3,606,477	952,091
Total salaries and benefits	17,110,630	17,110,630	13,202,001	3,908,629
Operating Services				
ADP Payroll Charges	42,000	42,000	31,436	10,564
Workers' Compensation Insurance	70,000	70,000	49,771	20,229
Utilities	185,000	185,000	161,084	23,916
Corporate Insurance	140,800	140,800	133,850	6,950
Mileage and Parking	21,463	22,263	7,914	14,349
Telephones and Modems	70,300	70,300	55,661	14,639
Cell Phones and Mobile Devices	115,400	114,000	90,975	23,025
Outside Printing	2,450	2,450	-	2,450
Other Supplies	6,000	6,000	1,120	4,880
Postage and Delivery	4,000	4,000	2,010	1,990
Educational Supplies	5,200	5,150	212	4,938
Office Supplies	47,260	46,785	24,910	21,875
Subscriptions and Publications	27,065	27,065	24,479	2,586
Equipment Rental	16,000	16,000	18,520	(2,520)
Building Repairs and Maintenance	172,580	172,580	204,065	(31,485)
Equipment Repairs and Maintenance	5,500	5,500	74	5,426
Offsite Storage	5,200	5,200	2,741	2,459
Hardware and Software Maintenance	374,000	374,000	298,908	75,092
Miscellaneous/Contingency	60,000	60,000	63,042	(3,042)
Stipend/Honorarium	-	-	102	(102)
Internal Meetings	102,600	93,600	25,938	67,662
Division Capacity Building	30,000	20,000	2,800	17,200
Capital Outlay	-	-	1,120	(1,120)
Total operating services	1,502,818	1,482,693	1,200,732	281,961

Los Angeles County Children and Families First – Proposition 10 Commission
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Increase (Decrease)</u>
Consultant Services				
Consultant Fees	\$ 1,369,750	\$ 1,540,018	\$ 502,818	\$ 1,037,200
Other Professional Fees	<u>300,260</u>	<u>300,260</u>	<u>287,186</u>	<u>13,074</u>
Total consultant services	<u>1,670,010</u>	<u>1,840,278</u>	<u>790,004</u>	<u>1,050,274</u>
Professional Services				
Audit	72,000	72,000	103,013	(31,013)
Legal	200,000	200,000	144,830	55,170
Professional Dues	59,150	58,900	50,729	8,171
Staff Recruitment	12,000	12,000	404	11,596
Commission Stipends	20,000	20,000	8,400	11,600
Web-Based Services	93,000	93,000	22,957	70,043
Bank & Other Service Charges	<u>13,000</u>	<u>13,000</u>	<u>35,189</u>	<u>(22,189)</u>
Total professional services	<u>469,150</u>	<u>468,900</u>	<u>365,522</u>	<u>103,378</u>
Travel				
Airfare	105,700	104,700	21,339	83,361
Lodging	102,746	101,746	23,116	78,630
Per Diem	47,488	45,488	9,533	35,955
Other Travel Expense	<u>15,475</u>	<u>15,475</u>	<u>7,703</u>	<u>7,772</u>
Total travel and meetings	<u>271,409</u>	<u>267,409</u>	<u>61,691</u>	<u>205,718</u>
Professional Development				
Training Materials & Supplies	14,600	14,350	-	14,350
In-house Training	77,200	77,200	-	77,200
Leadership Programs	129,700	129,700	17,350	112,350
Conference Registrations	98,600	100,100	59,975	40,125
Outside Education	<u>62,350</u>	<u>61,600</u>	<u>3,025</u>	<u>58,575</u>
Total professional development	<u>382,450</u>	<u>382,950</u>	<u>80,350</u>	<u>302,600</u>
Capital Outlay	<u>130,000</u>	<u>130,000</u>	<u>566,598</u>	<u>(436,598)</u>
Total operating expenditures	<u>21,536,467</u>	<u>21,682,860</u>	<u>16,266,898</u>	<u>5,415,962</u>
Total program costs and operating expenditures	<u>91,721,392</u>	<u>91,721,392</u>	<u>80,733,150</u>	<u>10,988,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (23,307,870)</u>	<u>\$ (19,501,554)</u>	(12,557,696)	<u>\$ 6,943,858</u>
Fund balance - Beginning of year			<u>268,670,260</u>	
Fund balance - End of year			<u>\$ 256,112,564</u>	

Los Angeles County Children and Families First – Proposition 10 Commission

Note to the Required Supplementary Information

For the Year Ended June 30, 2025

Note 1 – Budget Adoption

The Commission adopts a budget annually in accordance with generally accepted accounting principles based on estimates of revenue and anticipated expenditures. The Board of Commissioners has given the Executive Director authority to make budget adjustments between line items in the Commission’s annual budget for Operating and Administrative costs in an amount not to exceed \$25,000. Any budget adjustment between line items in excess of \$25,000 requires approval of the Board of Commissioners.

The accompanying Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund includes the budgeted expenditures for the year, along with management’s estimate of revenues for the year. The legal level of budgetary control is at the total fund level. The total final budget for fiscal year 2024-25 was \$91.7 million, which included \$70 million for Program costs and \$21.7 million for Operating and Administrative costs.

Other Supplementary Information
June 30, 2025

**Los Angeles County Children and
Families First – Proposition 10
Commission**

Los Angeles County Children and Families First – Proposition 10 Commission
Schedule of First 5 California Funding
For the Year Ended June 30, 2025

<u>Program</u>	<u>Source</u>	<u>Revenue Funds</u>	<u>Expenditures</u>
IMPACT Regional Coordination and Training	First 5 California	\$ 2,997,846	\$ 2,997,846
Technical Assistance Hubs (Hubs)	First 5 California	652,090	652,090

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 statistical section information are to provide financial statement users with additional information to understand and assess the Commission's economic condition.

	Page
Financial Trends	
These schedules contain trend information to help the reader understand how the Commission's financial performance and well-being have changed over time.	38-41
Revenue Capacity	
These schedules contain trend information to help the reader assess the Commission's most significant revenue base.	42-44
Demographic Information	
These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission's financial report relates to the services the Commission provides and the activities it performs.	45-47
Operating Information	
This schedule contains infrastructure data to help the reader understand how the information in the Commission's financial report relates to the services the Commission performs.	48-49

Sources:

Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.

Los Angeles County Children and Families First – Proposition 10 Commission
 Net Position by Component
 Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Unrestricted	260,118,595	274,450,549	278,642,272	287,686,543	315,694,716	338,630,916	364,338,314	379,018,838	422,015,244	461,512,770
Investment in capital asset	13,387,541	13,272,466	13,464,635	12,880,231	10,394,423	10,628,033	10,841,379	11,046,294	11,310,273	11,593,026
Total net position	\$ 273,506,136	\$ 287,723,015	\$ 292,106,907	\$ 300,566,774	\$ 326,089,139	\$ 349,258,949	\$ 375,179,693	\$ 390,065,132	\$ 433,325,517	\$ 473,105,796

**Los Angeles County Children and Families First – Proposition 10 Commission
Changes in Net Position
Last Ten Fiscal Years**

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018*	2017	2016
Revenues										
Tobacco taxes*	\$ 33,182,663	\$ 39,331,539	\$ 47,253,504	\$ 55,265,755	\$ 60,590,413	\$ 60,022,841	\$ 68,580,443	\$ 72,330,836	\$ 83,567,141	\$ 87,942,700
Prop. 56	14,494,959	15,382,483	16,236,701	18,534,434	18,215,617	18,068,329	7,482,310	-	-	-
CA Electronic Cigarette Excise Tax	804,762	900,231	1,114,427	-	-	-	-	-	-	-
State Commission Program Funds	4,423,787	3,083,396	5,109,088	3,574,885	2,469,410	922,472	13,986,085	896,040	556,665	5,796,252
Medi-Cal Administrative Activities	-	-	132,945	189,125	80,319	133,955	350,924	181,859	137,599	159,549
Partnership for Families Fund**	-	-	-	-	-	-	-	-	4,334,967	9,001,152
California Department of Education	-	-	-	-	32,830	328,658	376,551	298,700	-	-
Local Entity Program Funding	4,377,831	6,948,184	550,017	811,368	522,406	584,118	123,793	1,016,683	401,956	115,000
Investment income	11,157,945	12,965,425	9,440,982	1,629,048	1,987,840	6,938,051	8,183,532	6,830,856	4,003,489	3,759,751
Net increase (decrease) in FMV of investments	(921,348)	3,805,000	3,649,787	(11,173,321)	(2,861,364)	1,354,275	4,898,141	(2,742,856)	(3,026,254)	1,064,007
Other revenues	2,239	75	2,500	18,000	121,894	110,899	133,321	148,135	122,208	119,100
Total revenues:	\$ 67,522,838	\$ 82,416,333	\$ 83,489,951	\$ 68,849,294	\$ 81,159,365	\$ 88,463,598	\$ 104,115,100	\$ 78,960,253	\$ 90,097,771	\$ 107,957,511
Expenses										
Provider grants and other allocations	\$ 64,466,252	\$ 69,291,109	\$ 73,000,450	\$ 75,838,658	\$ 84,700,927	\$ 93,379,930	\$ 97,979,838	\$ 101,364,209	\$ 106,777,128	\$ 159,337,913
Pass-through grants	-	-	-	-	-	65,042	273,294	136,877	4,150,975	13,519,735
Salaries and benefits	14,033,321	14,128,762	15,672,576	15,131,025	16,838,090	17,393,319	17,532,230	17,382,747	15,763,620	14,357,480
Operating services	1,200,732	1,227,536	1,136,076	1,217,057	1,087,787	1,212,116	1,122,911	1,232,687	1,172,319	1,157,290
Consultant services	790,004	1,231,750	1,274,116	1,343,030	905,278	1,308,527	881,090	850,154	999,806	990,724
Professional services	365,522	329,402	293,063	327,245	426,218	323,816	382,450	500,050	346,529	323,336
Professional development	80,350	79,753	68,743	113,106	61,235	176,217	186,902	166,975	-	-
Other expenses	61,691	74,718	66,365	2,087	86	224,934	339,524	273,951	358,346	255,453
Depreciation	451,523	437,195	438,429	399,451	309,554	300,441	302,300	312,988	309,327	316,567
Total expenses:	\$ 81,449,395	\$ 86,800,225	\$ 91,949,818	\$ 94,371,659	\$ 104,329,175	\$ 114,384,342	\$ 119,000,539	\$ 122,220,638	\$ 129,878,050	\$ 190,258,498
Change in net position	\$ (13,926,557)	\$ (4,383,892)	\$ (8,459,867)	\$ (25,522,365)	\$ (23,169,810)	\$ (25,920,744)	\$ (14,885,439)	\$ (43,260,385)	\$ (39,780,279)	\$ (82,300,987)

* For FY 2018, tobacco taxes include \$3,212,942 of Prop. 56 backfill.

**Partnership for Families initiative was funded by the LA County Department of Children and Family Services (DCFS), with First 5 LA acted as a pass-through entity and received reimbursement from DCFS. This initiative ended December 2016.

Los Angeles County Children and Families First – Proposition 10 Commission
 Fund Balances – General Fund
 Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Fund Balance										
Nonspendable	\$ 266,775	\$ 365,973	\$ 484,581	\$ 884,546	\$ 2,239,303	\$ 2,193,116	\$ 50,000	\$ 1,044,000	\$ 19,760,505	\$ 34,279,475
Committed	61,332,507	72,416,202	80,749,917	91,366,959	175,100,818	138,338,530	154,580,859	195,282,039	216,214,576	249,515,814
Assigned	134,126,717	128,490,922	124,149,006	120,353,448	59,941,864	113,226,421	141,221,211	125,245,775	128,331,556	114,665,689
Unassigned	60,386,565	67,397,163	70,304,954	75,241,629	79,140,252	84,925,739	56,257,698	57,847,860	57,832,380	61,615,198
Total Fund Balance	<u>\$ 256,112,564</u>	<u>\$ 268,670,260</u>	<u>\$ 275,688,458</u>	<u>\$ 287,846,582</u>	<u>\$ 316,422,237</u>	<u>\$ 338,683,806</u>	<u>\$ 352,109,768</u>	<u>\$ 379,419,674</u>	<u>\$ 422,139,017</u>	<u>\$ 460,076,176</u>

Los Angeles County Children and Families First – Proposition 10 Commission
Changes in Fund Balances – General Fund
Last Ten Fiscal Years

	Fiscal Year									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Revenues										
Tobacco taxes*	\$ 33,382,392	\$ 36,053,911	\$ 47,253,504	\$ 55,265,755	\$ 60,590,413	\$ 71,477,179	\$ 68,580,443	\$ 72,330,836	\$ 83,567,141	\$ 87,942,700
Prop. 56	14,494,959	15,382,483	16,236,701	18,534,434	18,215,617	18,068,329	7,482,310	-	-	-
State School Readiness	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
CA Electronic Cigarette Excise Tax	819,762	906,273	868,385	-	-	-	-	-	-	-
State Commission Program Funds	4,313,090	4,550,388	2,510,249	2,901,648	2,952,210	1,450,823	13,986,085	896,040	556,665	5,796,252
Medi-Cal Administrative Activities	-	-	132,945	189,125	80,319	133,955	350,924	181,859	137,599	159,549
Partnership for Families Funds**	-	-	-	-	-	-	-	-	4,334,967	9,001,152
California Department of Education	-	-	-	-	32,830	328,658	376,551	298,700	-	-
Local Entity Program Funding	4,695,332	5,718,128	1,153,255	861,659	531,868	320,982	123,793	1,016,683	401,956	115,000
Investment income	11,389,028	13,204,033	8,621,291	1,629,048	1,987,840	6,938,051	8,183,532	6,830,856	4,003,489	3,759,751
Net increase (decrease) in FMV of investments	(921,348)	3,805,000	3,649,787	(11,173,321)	(2,861,364)	1,354,275	4,898,141	(2,742,856)	(3,026,254)	1,064,007
Other income	2,239	75	2,500	18,000	105,414	110,899	133,321	148,135	122,208	119,100
Total revenues:	\$ 68,175,454	\$ 79,620,291	\$ 80,428,617	\$ 68,226,348	\$ 81,635,147	\$ 100,183,151	\$ 104,115,100	\$ 78,960,253	\$ 90,097,771	\$ 107,957,511
Expenditures:										
Provider grants and other allocations	\$ 64,466,252	\$ 69,291,109	\$ 73,000,450	\$ 75,838,658	\$ 84,700,927	\$ 93,379,930	\$ 97,979,838	\$ 101,364,209	\$ 106,777,128	\$ 159,337,913
Pass-through grants	-	-	-	-	-	65,042	273,294	136,877	4,150,975	13,519,735
Salaries and benefits	13,202,001	14,159,195	15,725,095	15,075,561	16,639,241	17,281,687	17,532,230	17,382,747	15,763,620	14,357,480
Operating services	1,200,732	1,227,536	1,136,076	1,217,057	1,087,787	1,212,116	1,122,911	1,232,687	1,172,319	1,157,290
Consultant services	790,004	1,231,750	1,274,116	1,343,030	905,278	1,308,527	881,090	850,154	999,806	990,724
Professional services	365,522	329,402	293,063	327,245	426,218	323,816	382,450	500,050	346,529	323,336
Professional development	80,350	79,753	68,743	113,106	61,235	176,217	186,902	166,975	-	-
Other expenses	61,691	74,718	66,365	2,087	86	224,934	339,524	273,951	358,346	255,453
Capital outlay	566,598	245,026	1,022,833	2,885,259	75,944	87,095	302,300	312,988	309,327	316,567
Total expenditures:	\$ 80,733,150	\$ 86,638,489	\$ 92,586,741	\$ 96,802,003	\$ 103,896,716	\$ 114,059,364	\$ 119,000,539	\$ 122,220,638	\$ 129,878,050	\$ 190,258,498
Excess of revenues over expenditures	\$ (12,557,696)	\$ (7,018,198)	\$ (12,158,124)	\$ (28,575,655)	\$ (22,261,569)	\$ (13,876,213)	\$ (14,885,439)	\$ (43,260,385)	\$ (39,780,279)	\$ (82,300,987)

*For FY 2018, tobacco taxes include \$3,212,942 of Prop. 56 backfill.

**Partnership for Families initiative was funded by the LA County Department of Children and Family Services (DCFS), with First 5 LA acted as a pass-through entity and received reimbursement from DCFS. This initiative ended December 2016.

Los Angeles County Children and Families First – Proposition 10 Commission
 First 5 California County Tax Revenue Projections
 for FY 2024-2025 – FY 2028-2029

<u>2023 Projected Births</u>	<u>2023 Projected Birthrate</u>	<u>2024-2025 Tax Revenue Projection</u>	<u>2024 Projected Births</u>	<u>2024 Projected Birthrate</u>	<u>2025-2026 Tax Revenue Projection</u>	<u>2025 Projected Births</u>	<u>2025 Projected Birthrate</u>	<u>2026-2027 Tax Revenue Projection</u>	<u>2026 Projected Births</u>	<u>2026 Projected Birthrate</u>	<u>2027-2028 Tax Revenue Projection</u>	<u>2027 Projected Births</u>	<u>2027 Projected Birthrate</u>	<u>2028-2029 Tax Revenue Projection</u>
90,466	22.686%	\$ 49,749,093	91,011	22.695%	\$ 47,939,078	90,290	22.772%	\$ 46,816,830	89,102	22.654%	\$ 45,381,574	87,567	22.529%	\$ 44,012,528

Source:
 "First 5 California County Tax Revenue Projections for FY 2024-25 through 2028-29"
 (Last Updated 4/15/25 Utilizing DOF January 2025 Updated Tobacco Tax Revenue Projections and DOF Birth Projections for California State and Counties 2000-2050)

Los Angeles County Children and Families First – Proposition 10 Commission
Cigarette Taxes and Other Tobacco Products Surtax Revenue
by Fiscal Year, 1959-60 to 2023-2024
(In thousands of dollars)

Fiscal year	Cigarette tax				Other tobacco products surtax	
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate
2023-24	1,143,589,000	3,397,000	1,146,986,000	7,803,000	206,728,000	56.32%
2022-23	1,332,672,000	3,959,000	1,336,630,000	1,796,000	267,494,000	61.74%
2021-22	1,552,563,789	4,611,767	1,557,175,556	847,881	288,966,313	63.49%
2020-21	1,700,943,000	5,053,000	1,705,996,000	335,000	266,694,000	56.93%
2019-20	1,708,597,000	5,075,000	1,713,672,000	1,191,000	258,560,000	59.27%
2018-19	1,786,074,000	5,305,000	1,791,379,000	3,659,000	271,772,000	62.78%
2017-18	1,852,854,000	15,884,000	1,868,738,000	1,033,000	169,244,000	65.08%
2016-17	948,636,000 d/	8,133,000 d/	956,769,000 d/	1,185,000	95,330,000	27.30%
2015-16	741,937,000	6,360,000	748,297,000	1,262,000	101,427,000	28.13%
2014-15	748,022,000	6,413,000	754,434,000	837,000	86,949,000	28.95%
2013-14	751,513,000	6,443,000	757,956,000	600,000	86,424,000	29.82%
2012-13	782,115,000	6,705,000	788,820,000	498,000	82,548,000	30.68%
2011-12	820,322,000	7,032,000	827,355,000	1,017,000	80,424,000	31.73%
2010-11	828,831,000	7,105,000	835,937,000	1,308,000	77,016,000	33.02%
2009-10	838,709,000	7,187,000	845,896,000	1,583,000	84,617,000	41.11%
2008-09	912,724,000	7,819,000	920,543,000	626,000	85,506,000	45.13%
2007-08	955,030,000	8,185,000	963,215,000	727,000	85,929,000	45.13%
2006-07	998,723,000	8,558,000	1,007,281,000	1,330,000	79,946,000	46.76%
2005-06	1,026,497,000	8,795,000	1,035,293,000	1,707,000	67,348,000	46.76%
2004-05	1,024,272,000	8,778,000	1,033,051,000	1,653,000	58,441,000	46.76%
2003-04	1,021,366,000	8,755,000	1,030,121,000	4,721,000	44,166,000	46.76%
2002-03	1,031,772,000	8,845,000	1,040,617,000	13,248,000	40,996,000	48.89%
2001-02	1,067,004,000	9,146,000	1,076,150,000	10,774,000	50,037,000	52.65% e/
2000-01	1,110,692,000	9,503,000	1,120,195,000	8,741,000	52,834,000	54.89%
1999-00	1,166,880,000	9,980,000	1,176,859,000	9,413,000	66,884,000	66.50%
1998-99	841,911,000 f/	7,206,000	849,117,000	6,808,000	42,137,000 g/	61.53% g/
1997-98	612,066,000	5,244,000	617,309,000	5,448,000	39,617,000	29.37%
1996-97	629,579,000	5,394,000	634,973,000	5,060,000	41,590,000	30.38%
1995-96	639,030,000	5,469,000	644,499,000	6,193,000	32,788,000	31.20%
1994-95	656,923,000	5,628,000	662,551,000	11,159,000	28,460,000	31.20%
1993-94	647,993,000 h/	5,553,000	653,546,000	8,353,000	19,773,000	23.03%
1992-93	667,479,000	5,715,000	673,195,000	9,138,000	21,480,000	26.82%
1991-92	711,275,000	6,086,000	717,362,000	7,791,000	22,016,000	29.35%
1990-91	729,612,000	6,242,000	735,854,000	7,904,000	24,064,000	34.17%
1989-90	770,042,000 i/	6,581,000	776,623,000	11,615,000	24,956,000 h/	37.47%
1988-89	499,712,000 i/	4,273,000	503,984,000	4,968,000	9,994,000 h/	41.67%
1987-88	254,869,000	2,180,000	257,049,000	2,970,000		
1986-87	257,337,000	2,202,000	259,539,000	2,661,000		
1985-86	260,960,000	2,231,000	263,190,000	2,834,000		
1984-85	265,070,000	2,267,000	267,337,000	2,390,000		
1983-84	265,265,000	2,267,000	267,532,000	2,756,000		
1982-83	273,748,000	2,336,000	276,084,000	2,060,000		
1981-82	278,667,000	2,383,000	281,050,000	1,843,000		
1980-81	280,087,000	2,395,000	282,482,000	1,567,000		
1979-80	272,119,000	2,327,000	274,446,000	1,645,000		
1978-79	270,658,000	2,315,000	272,973,000	1,408,000		
1977-78	275,042,000	2,352,000	277,394,000	1,239,000		
1976-77	270,502,000	2,315,000	272,817,000	832,000		
1975-76	269,852,000	2,309,000	272,161,000	927,000		
1974-75	264,182,000	2,262,000	266,444,000	745,000		
1973-74	259,738,000	2,222,000	261,960,000	632,000		
1972-73	253,089,000	2,167,000	255,256,000	626,000		
1971-72	248,398,000	2,127,000	250,525,000	677,000		
1970-71	240,372,000	2,058,000	242,430,000	552,000		

Los Angeles County Children and Families First – Proposition 10 Commission
Cigarette Taxes and Other Tobacco Products Surtax Revenue
by Fiscal Year, 1959-60 to 2023-2024
(In thousands of dollars)

Fiscal year	Cigarette tax			Other tobacco products surtax		
	Revenue a/	Distributors' discounts b/	Gross value of tax indicia c/	Refunds	Revenue	Rate
1969-70	237,220,000	2,032,000	239,253,000	455,000		
1968-69	238,836,000	2,046,000	240,882,000	492,000		
1967-68	208,125,000 /j	1,862,000	209,987,000	328,000		
1966-67	75,659,000	1,543,000	77,202,000	129,000		
1965-66	74,880,000	1,528,000	76,407,000	88,000		
1964-65	74,487,000	1,520,000	76,007,000	61,000		
1963-64	71,530,000	1,459,000	72,989,000	71,000		
1962-63	70,829,000	1,445,000	72,274,000	79,000		
1961-62	68,203,000	1,390,000	69,593,000	47,000		
1960-61	66,051,000 /k	1,675,000 /l	67,726,000	76,000		
1959-60	61,791,000 /m	767,000 /m	62,558,000	67,000		

Source:

<https://www.cdfa.ca.gov/DataPortal/dataset.htm?url=CigTaxSurTaxRev>

Note 1: Detail may not compute to total due to rounding. Note 2: The 2025 data was not yet available.

Note 2: The 2025 data was not yet available.

Footnotes

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See Refunds).
- b. A discount of .85 percent of gross value of tax indicia is granted to distributors for affixing the stamps. From July 1, 1960, until August 1, 1967, the discount rate was 2 percent.
- c. Includes sales of indicia purchased on credit. Effective July 16, 1961, distributors have been able to purchase tax indicia on credit.
- d. Effective April 1, 2017, the overall tax rate on cigarettes was increased from 87 cents to \$2.87 per pack.
- e. From July 1, 2001, through September 9, 2001, the surtax rate on smokeless tobacco ranged from 131 percent for moist snuff to 490 percent for chewing tobacco. Effective September 10, 2001, the surtax rate on smokeless tobacco was lowered to 52.65 percent.
- f. Effective January 1, 1999, the overall tax rate on cigarettes was increased from 37 cents to 87 cents per pack under voter-approved Proposition 10. The additional 50-cent-per-pack tax was imposed to raise funds for early childhood development programs. Excludes \$87,978,766 in 1998-99 from the floor stocks taxes for both cigarettes and other tobacco products levied on January 1, 1999.
- g. From July 1, 1998, through December 31, 1998, the surtax rate was 26.17 percent for other tobacco products. Effective January 1, 1999, the new surtax imposed under Proposition 10 raised the combined surtax rate to 61.53 percent for other tobacco products. The new surtax is equivalent (in terms of the wholesale costs of other tobacco products) to a 50-cent-per-pack tax on cigarettes.
- h. Effective January 1, 1994, the overall tax rate on cigarettes was increased from 35 cents to 37 cents per pack. The additional 2-cent-per-pack tax was imposed to raise funds for breast cancer research and education.
- i. Effective January 1, 1989, an additional 25-cent-per-pack surtax was imposed on cigarettes and a new 41.67 percent surtax was imposed on other tobacco products. Excludes \$57,927,856 in 1988-89 and \$595,000 in 1989-90 from the floor stocks tax levied on January 1, 1989.
- j. Effective August 1, 1967, the tax rate was increased from 3 cents to 7 cents per pack. On October 1, 1967, the rate was further increased to 10 cents per pack, with the stipulation that 30 percent of the tax be allocated to cities and counties. Includes \$6,515,209 from the 4-cent-per-pack floor stocks tax levied on August 1, 1967; and \$4,889,485 from the 3-cent-per-pack floor stocks tax imposed October 1, 1967.
- k. Refunds made for distributors' discounts in the 1960-61 fiscal year on purchases made in the 1959-60 fiscal year have been deducted. These refunds amounted to \$324,000.
- l. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- m. Includes \$2,673,048 from the 3-cent-per-pack floor stocks tax imposed July 1, 1959; and also includes the amount of distributors' discounts which were refunded after purchase of indicia. During July and August of 1959, the tax was collected by invoice and no discount was allowed on these collections of \$8,123,700, nor on the \$2,673,048 tax on floor stocks.

Los Angeles County Children and Families First – Proposition 10 Commission
Demographic Data and Economic Statistic
2015-2024

Demographic Data

	2015 (1)	2016 (1)	2017 (1)	2018 (1)	2019 (1)	2020 (1)*	2021 (1)	2022 (1)	2023 (1)	2024 (1)
Total Population	10,181,066	10,215,207	10,261,736	10,278,836	10,324,698	10,257,557	9,905,214	9,792,167	9,750,065	9,822,800
White	2,742,057	2,734,611	2,732,047	2,722,365	2,724,168	2,637,825	2,522,938	2,494,151	2,483,423	2,846,712
Black	833,564	831,614	831,069	828,565	832,355	833,261	786,999	778,033	774,678	815,871
American Indian	20,027	20,093	20,175	20,229	20,410	29,994	18,587	18,372	18,288	20,870
Asian	1,381,892	1,385,913	1,393,055	1,395,155	1,395,377	1,646,804	1,489,534	1,472,534	1,466,206	1,726,361
Native Hawaiian & Other Pacific Islander	24,189	24,289	24,403	24,476	24,597	23,806	21,810	21,565	21,481	25,499
Hispanic or Latino	4,979,470	5,015,652	5,054,516	5,078,483	5,114,541	4,877,565	4,840,349	4,785,108	4,764,535	4,045,154
Other	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Multi-race	199,867	203,035	206,471	209,563	209,563	208,302	224,997	222,404	221,454	342,333
Female	5,155,652	5,175,095	5,201,009	5,210,549	5,232,284	5,194,651	5,005,021	4,948,330	4,922,159	5,044,769
Male	5,025,414	5,040,112	5,060,727	5,068,287	5,092,414	5,062,906	4,900,193	4,843,837	4,827,906	4,778,031
Under 5 years	645,034	634,158	624,988	607,092	587,690	568,989	524,909	497,458	478,251	472,670
5-9 years	643,497	644,771	640,576	636,547	637,200	634,122	625,597	611,410	587,750	551,591
10-14 years	632,422	629,523	634,291	637,463	638,667	632,785	645,660	636,085	629,368	573,184
15-19 years	727,556	713,861	697,383	692,400	691,590	682,645	631,074	619,013	616,541	671,257
20-24 years	807,553	810,493	802,622	786,678	773,665	771,182	756,783	732,494	758,465	603,166
25-29 years	668,489	666,490	676,732	691,365	706,231	705,970	769,883	764,486	740,388	562,329
30-39 years	1,447,331	1,440,568	1,431,051	1,413,067	1,397,968	1,423,634	1,301,748	1,294,719	1,307,866	1,580,471
40-49 years	1,419,677	1,414,860	1,413,542	1,406,380	1,400,493	1,351,616	1,216,875	1,200,619	1,189,077	1,330,802
50-59 years	1,343,517	1,348,247	1,354,647	1,355,259	1,362,848	1,333,654	1,196,497	1,177,315	1,159,178	1,261,946
60-69 years	979,320	1,016,812	1,048,181	1,075,050	1,104,938	1,100,157	1,116,402	1,106,062	1,096,186	1,117,275
70-79 years	525,638	546,827	579,910	611,339	643,520	657,221	702,462	725,234	748,560	708,382
80+ years	341,032	348,597	357,813	366,196	379,888	395,582	417,324	427,272	438,435	389,727

Source:
 (1) State of California, Department of Finance, Population Projections for California and Its Counties 2020-2070. Sacramento, CA, April 2025.

Economic Data

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024*
LA County Personal Income	549,073,019	563,907,868	593,741,110	628,808,732	653,482,910	678,829,092	728,772,915	720,740,528	756,659,481	-
LA County Per Capita Personal Income	54,298	55,624	58,419	62,224	65,094	68,272	74,141	74,142	78,302	-
California Personal Income	2,133,664,158	2,212,691,221	2,303,870,496	2,475,727,500	2,632,279,800	2,814,010,800	2,997,205,600	3,018,471,000	3,133,678,900	3,372,090,500
California Per Capita Personal Income	54,664	56,374	58,272	62,586	66,745	71,480	76,386	77,339	80,423	85,518
United States Personal Income	15,547,661,000	15,913,777,000	16,413,550,863	17,572,929,100	18,551,503,000	19,690,964,000	21,056,621,900	21,777,200,000	22,952,028,300	24,669,308,000
United States Per Capita Personal Income	48,429	49,204	50,392	53,712	49,763	52,992	63,444	76,326	68,531	63,589

Source:
 Bureau of Economic Analysis: <http://www.bea.gov/ITable>
 Personal income data are shown in thousands of dollars; per capita income data are shown in dollars.
 *2024 economic data is not yet available for Los Angeles County

Note:
 The 2025 data was not yet available.

Los Angeles County Children and Families First – Proposition 10 Commission
 Unemployment Rate
 2015 - 2024

**LOS ANGELES COUNTY
 CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
 UNEMPLOYMENT RATE
 2015 - 2024**

Area	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
United States	4.1%	3.6%	3.6%	5.3%	8.1%	3.7%	3.7%	4.4%	4.3%	5.3%
California	5.3%	4.8%	4.2%	7.3%	10.1%	4.0%	4.2%	4.8%	4.7%	6.2%
Los Angeles County	5.4%	5.0%	4.5%	8.2%	12.8%	4.0%	4.6%	4.7%	4.6%	6.7%

Source:

Bureau of Labor Statistics (<http://www.bls.gov/>; annual averages)

Note:

The 2025 data was not yet available.

Los Angeles County Children and Families First – Proposition 10 Commission
 Ten Largest Industries
 Last Year and Ten Years Ago (1)

Industry	June 30, 2024			June 30, 2015		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	947,400	1	20.62%	729,600	2	17.06%
Trade, Transportation & Utilities	823,100	2	17.92%	812,000	1	18.99%
Professional & Business Services	639,500	3	13.92%	591,400	3	13.83%
Government	600,600	4	13.07%	576,700	4	13.49%
Leisure & Hospitality	550,200	5	11.98%	489,400	5	11.44%
Manufacturing	315,900	6	6.88%	370,800	6	8.67%
Information	211,200	7	4.60%	215,400	8	5.04%
Financial Activities	185,500	8	4.04%	206,000	7	4.82%
Other Services	161,700	9	3.52%	151,100	9	3.53%
Construction	152,000	10	3.31%	125,800	10	2.94%
Sub-total Ten Largest Industries	4,587,100		99.86%	4,268,200		99.81%
All Other Industries	6,700		0.14%	8,100		0.19%
Total Industries	4,593,800		100.00%	4,276,300		100.00%

Note:

(1) Employment by industry is presented because employment data for individual employers was unavailable.

Source:

County of Los Angeles Annual Comprehensive Financial Report for the year ended June 30, 2024:
[Annual-Comprehensive-Financial-Report-FY-2023-2024.pdf](#)

Los Angeles County Children and Families First – Proposition 10 Commission
Capital Assets Statistics

Capital Assets (Land, Building, Furniture & Equipment, and Software) are used by the Commission for general operating and administrative function. The Commission has only one (1) centrally located building supported by other capital assets.

Los Angeles County Children and Families First – Proposition 10 Commission
 Authorized Positions by Function
 2016 - 2025

Functional Area	2025 (10)	2024 (9)	2023 (8)	2022 (7)	Fiscal Year 2021 (6)	2020 (5)	2019 (4)	2018 (3)	2017 (2)	2016 (1)
Executive	2	6	6	7	6	8	8	7	8	5
Administration	25	33	34	34	34	32	32	30	38	37.5
Programs	78	78	79	79	80	108	108	111	107	106
Total	105	117	120	120	120	148	148	148	153	148.5

Source:
 (1) First 5 LA Approved FY 2015-16 Operating Budget
 (2) First 5 LA Approved FY 2016-17 Operating Budget
 (3) First 5 LA Approved FY 2017-18 Operating Budget
 (4) First 5 LA Approved FY 2018-19 Operating Budget
 (5) First 5 LA Approved FY 2019-20 Operating Budget
 (6) First 5 LA Approved FY 2020-21 Operating Budget
 (7) First 5 LA Approved FY 2021-22 Operating Budget
 (8) First 5 LA Approved FY 2022-23 Operating Budget
 (9) First 5 LA Approved FY 2023-24 Operating Budget
 (10) First 5 LA Approved FY 2024-25 Operating Budget

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
Los Angeles County Children and Families
First – Proposition 10 Commission
Los Angeles, 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 (*Government Auditing Standards*), the financial statements of the governmental activities and the general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Commission’s basic financial statements and have issued our report thereon dated **October __, 2025**.

Report on 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 Commission'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a significant deficiency.

Report on 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 auditing procedures disclosed an instance of noncompliance, which are described in the accompanying Schedule of Findings and Responses as item 2025-001.

The Commission’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Commission’s response to the findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Commission’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Rancho Cucamonga, California

October __, 2025

Los Angeles County Children and Families First – Proposition 10 Commission
Schedule of Findings and Responses
Year Ended June 30, 2025

2025-001 Salaries and Benefit Policies and Procedures

Type of Finding: Instance of Noncompliance, Significant Deficiency in Internal Control over Compliance

Criteria:

The Standards and Procedures for Audits of Local Entities Administering the California Children and Families Action (First 5 California) dated July 2025, section V. State Compliance Requirements, item H. Salaries and Benefits Policies state that the county commission must adopt, in a public hearing, policies and procedures for establishing salaries and benefits for its employees. The employees' salaries and benefits policies must comply with those set forth in the commission policies or the county government policies (Health and Safety Code sections 130151[b][8] and 130140[d][6]).

The Commission's policy and guidelines for salaries, wages, merit increases and cost of living adjustments prior to November 14, 2024, required Board of Commissioner's approval of salary rates. Beginning November 14, 2024, the Board delegated this authority to the Executive Director.

Condition:

We identified two instances where the salary of the employee was not included in the Commission's salary rate schedule. As such, current the salary rate for these employees were not approved by the Board of Commissioners or the Executive Director. These employees were paid \$140,000 and \$100, respectively, for the fiscal year 2024/25.

Cause:

The employees are classified as consultant employees by management, and the Commission's salary and benefit rate schedule does not address consultant positions. The Commission's policies and procedures do not include the salary and benefit rates of employees classified as consultants.

Effect:

The salary for these employees did not comply with the salaries and benefits policies and procedures adopted by the Commission.

Recommendation:

We recommend the Commission revise its policies and procedures to ensure all employees, including those classified as consultants, are addressed, and to include approval by the appropriate level of authority for the salary of these employees.

Los Angeles County Children and Families First – Proposition 10 Commission
Schedule of Findings and Responses
Year Ended June 30, 2025

Views of Responsible Officials and Planned Corrective Action:

The organization maintains a board-approved and Executive Director–approved salary structure that establishes salary guidelines for regular full-time employees who work 40 hours per week and receive a comprehensive benefits package.

We acknowledge that the current policy does not address the classification of one current part-time, non-benefited employee and recognize the need to update the policy to address this category of employee. To resolve this, the policy will be reviewed and updated accordingly and submitted for approval to the President & CEO, who has been delegated authority by the Board to make changes to salary and benefits policies. In addition, the salary structure document will indicate that the salary ranges are for full-time benefited employees.

Independent Auditor’s Report on State Compliance and on Internal Control Over Compliance

To the Board of Commissioners
Los Angeles County Children and Families
First – Proposition 10 Commission
Los Angeles, California

Report on Compliance Opinion

We have audited the Los Angeles County Children and Families First – Proposition 10 Commission’s (Commission), a component unit of the County of Los Angeles, 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 year ended June 30, 2025.

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the California Children and Families Program for the year ended June 30, 2025.

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 the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the Commission’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State of California’s *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 consider 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 controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the Commission’s compliance with the state laws and regulations applicable to the following items:

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which are described in the accompanying Schedule of Findings and Responses as item 2025-001. Our opinion on California Children and Families Program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Commission's response to the noncompliance findings identified in our audit and described in the accompanying Schedule of Findings and Responses. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as item 2025-001 that we consider to be a significant deficiency.

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.

Rancho Cucamonga, California

October __, 2025

October __, 2025

To the Board of Commissioners
Los Angeles County Children and Families First – Proposition 10 Commission
Los Angeles, California

We have audited the financial statements of the governmental activities and general fund of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2025, and have issued our report thereon dated October __, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards*

As communicated in our discussion on May 7, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Commission solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding a significant control deficiency and an instance of noncompliance during our audit in our 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* dated October __, 2025 and our Independent Auditor’s Report on State Compliance and Internal Control Over Compliance dated October __, 2025.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” We have identified the following as significant risks:

- Management override of internal controls
- Revenue recognition related to grant revenue

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Commission is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the fiscal year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments. No such sensitive accounting estimates were identified.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgment.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit. There were no corrected misstatements identified as a result of our audit procedures.

The attached schedule of uncorrected misstatements summarizes financial statement misstatements whose effects in the current period, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The effect of these uncorrected misstatements, as of and for the year ended June 30, 2025, is summarized in the attached schedule of uncorrected misstatements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Commission’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor’s Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. We did not identify any circumstances that affect the form and content of the auditor’s report.

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor’s report. As described in Note 12 to the financial statements, due to the adoption of GASB Statement No. 101, *Compensated Absences*, the Commission restated beginning net position as of July 1, 2024. The purpose of the paragraph is to draw attention to the disclosures for the adoption of the standards update. We have included an emphasis of matter in our report regarding this restatement. We did not modify our opinion related to this matter.

Representations Requested from Management

We have requested certain written representations from management which are included in the management representation letter dated **October __, 2025**.

Management’s Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Commission, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Commission's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Commission's annual reports, does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the Board of Commissioners, and management of the Commission and is not intended to be, and should not be, used by anyone other than these specified parties.

Rancho Cucamonga, California

Los Angeles County Children and Families First – Proposition 10 Commission
 Schedule of Uncorrected Misstatements
 June 30, 2025

Number	Opinion Unit(s)	Account	Debit	Credit
1	Governmental Activities	Beginning net position Tobacco taxes	\$ 220,492 \$ 220,492	\$ 220,492
<i>To adjust for the difference between the estimated June 2024 Proposition 10 allocation and actual allocation caused by the timing of the availability of information from the State of California.</i>				
2	Governmental Activities	Accounts Receivable Tobacco taxes	237,949 237,949	237,949
	General Fund	Accounts Receivable Unavailable Revenue	237,949	237,949
<i>To adjust for the difference between the estimated June 2025 Proposition 10 allocation and actual allocation caused by the timing of the availability of information from the State of California.</i>				
3	General Fund	Capital outlay Accounts payable	548,253	548,253
	Governmental Activities	Capital assets - Nondepreciable Accounts payable	548,253	548,253
<i>To accrue a fiscal year 2024/25 invoice.</i>				
4	General Fund & Governmental Activities	Provider Grants and Allocations Accounts payable	311,570 311,570	311,570
<i>To adjust for the difference between the estimated fiscal year 2024/25 expenditures and actual expenditures caused by the timing of the availability of information from vendors.</i>				
5	Governmental Activities	Salaries expense Compensated absences	724,119	724,119

To adjust the compensated absences liabilities at June 30, 2025.

Management Letter

For Fiscal Year Ended June 30, 2025

**Los Angeles County Children and
Families First – Proposition 10
Commission**

(a Component Unit of the County of Los Angeles, California)

To the Management of the
Los Angeles County Children and Families First – Proposition 10 Commission
Los Angeles, California

In planning and performing our audit of the financial statements of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Commission’s internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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.

During our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses that are opportunities for strengthening internal controls and operating efficiency. The observations and recommendations are summarized below. This letter does not affect our report dated **October __, 2025**, on the financial statements of the Commission.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Commission personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

CURRENT YEAR OBSERVATIONS AND RECOMMENDATIONS

Inactive Employees

Observation:

We observed that there are inactive employees within the Commission’s payroll system whose status is active, despite not being paid for an extended period of time. We identified one employee whose status is active, but this employee has not been paid since July 12, 2024. The Commission does not have a policy or procedure in place to deactivate inactive employees.

Maintaining inaccurate employee records can lead to several problems, including inflated employee counts and potential financial or other costs associated with unnecessary benefits or payroll processing for individuals no longer employed. Additionally, inactive user accounts pose hidden risks to security, increasing vulnerability to threats and making breach detection difficult.

Recommendation:

We recommend that the Commission establish policies and procedures to deactivate inactive employees in its payroll system.

Management’s Response:

We acknowledge we don’t have established policies and procedures to deactivate inactive employees in the payroll system and management will consider implementing such policies and procedures within the next fiscal year.

PRIOR YEAR MANAGEMENT LETTER COMMENTS

Approval of Salary Ranges

Status: Implemented.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore, may not bring to light all weaknesses in policies or procedures that may exist. We aim, however, to use our knowledge of the Commission gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of management of the Commission, and others within the Commission and is not intended to be and should not be used by anyone other than these specified parties.

Rancho Cucamonga, California

October __, 2025



**Item 6 - Los Angeles County
Proposition 10 Commission
Annual Comprehensive
Financial Report for the Year
Ended June 30, 2025.**

**Special Budget & Finance
and Program and Planning
Committee Meeting.**

Presented by: Raoul Ortega & Rajinder Kumar
September 25, 2025.

Presentation Overview

- Fiscal Year 2023-24 GFOA Award.
- Annual Comprehensive Financial Report Overview.
- Independent Auditor's Report.
- Fiscal Year 2024-25 highlights.
- 3 Year Comparisons.
- Next steps.

Government Finance Officers Association Award

- Our annual report for fiscal year 2023-24 was awarded a Certificate of Achievement for Excellence in Financial Reporting.
- 17th Consecutive Year for this award.

Annual Financial Report Overview

- Annual Comprehensive Financial Report.
 - Detailed view of the Commission's financial position as of June 30, 2025.
 - Represents the activities and end results of operations for the fiscal year 2024-25.
 - Presentation the Commission's overall financial condition.

Annual Financial Report Timeline

- Audit process: May 2025 through October 2025.
 - Entrance interview/planning May – 2025.
 - Fieldwork – June through August 2025.
 - Reporting – August through October 2025.
- Meetings:
 - Special Program and Planning Committee meeting–9/25/2025.
 - Board of Commission meeting – 10/09/2025.

Independent Auditor's Report

- Clean audit:
 - The CPA firm of Eide Bailly LLP, noted that the financial statements are presented fairly.
 - Unmodified opinion.
 - Findings/Adjustments.

Independent Auditor's Report

- Prior Year Findings Addressed.

2024-001: Bank Reconciliations and Fair Value Adjustment.

Type of Finding: Significant Deficiency in Internal Control over
Financial Reporting.

Result 2024-25: Addressed and corrected.


Independent Auditor's Report

- Current Year Findings 2024-25:
2025-001: Salaries and Benefit Policies and Procedures.
- **Type of Finding**: Instance of Noncompliance, Significant Deficiency in Internal Control over Compliance.
- **Planned Corrective Action**: Salary and Benefit Policy will be reviewed and updated accordingly.

Independent Auditor's Report

- **Adjustments 2024-25:** There are five adjustments in the Governance letter.
 - Three are associated with governmental activities.
 - Two are associated with the general fund.

Constraint for adjustments: All the adjustments occurred timing gap between the closing of books and the incident that happened.




FY 2024-25 Budget Highlights

June 2024: Board approved FY 2024-25 total budget of \$91.7 million:

- Program Budget = \$70.1 million
- Operating Budget = \$21.6 million

March 2025: Board approved a revised budget of \$91.7 million:

- Program Budget = \$70 million
- Admin and Program Support Budget = \$21.7 million



FY 2024-25 Revenue Highlights

June 2025: Total revenues of \$67.5 million (Statement of Activities):

- Tobacco Taxes = \$33.2 million
- Prop 56 backfill = \$14.5 million
- CA Electronic Cigarette = \$805 thousand
- Other Revenues = \$20.0 million
- Fair Value Adjustment
Unrealized Loss= \$921 thousand.

(Other revenues include State Commission Program funds (F5CA), Local Entity Program funds, and Other General Income)

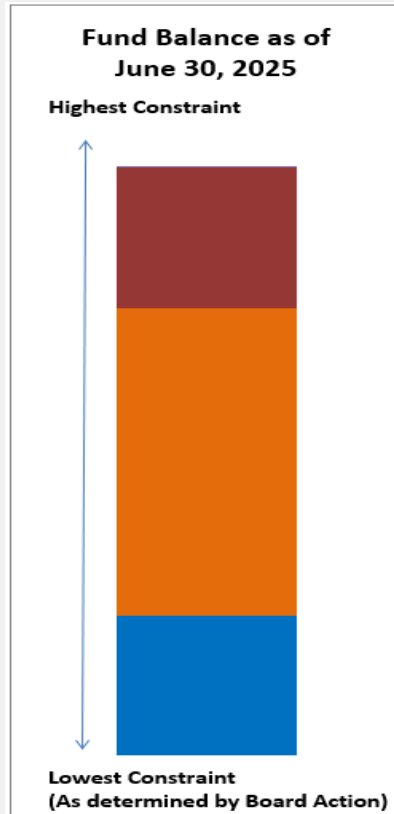


Expenditures Highlights

June 2025: Total expenditures of \$81.4 (Statement of Activities)

- Program Expenditures = \$64.5 M
- Program Operating Expenditures = \$5.6 million
- Administrative Expenditures = \$11.3 million

F5LA Fund Balance Constraints:



First 5 LA Fund Balances are 100% Dedicated through Board Action with the following Constraints:

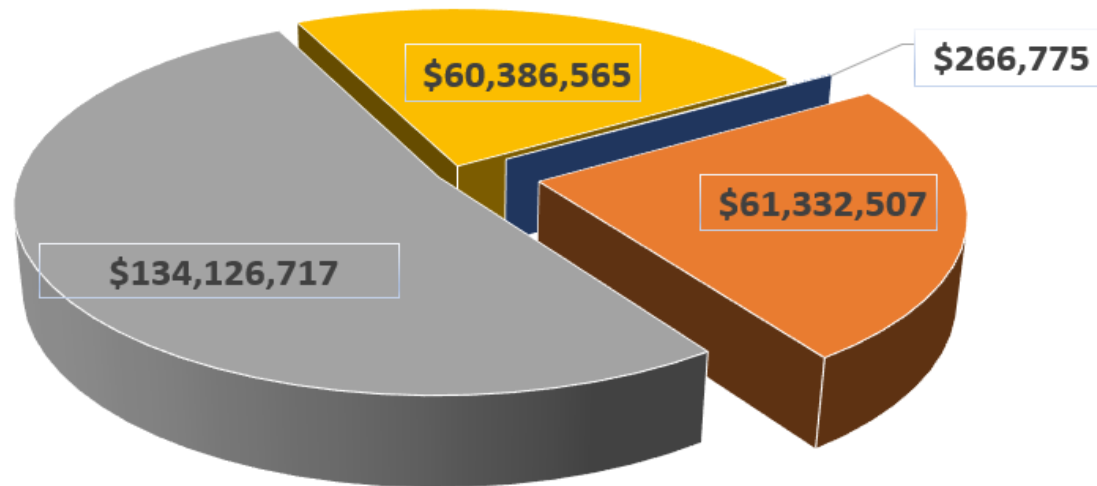
Level of Constraints:

- **Nonspendable (\$266,775)**: Includes all levels of constraints below Funds that have been advanced to a contractor or grantee for services to be provided in the future and are considered to be an asset of the Commission. *Board Action through Contract Consent & Audit (Fund Balance)*
- **Committed (\$61,332,507)**: Includes all levels of constraints below Funds allocated for a specified purpose and directed by the Commission via Resolution. The Commission must adopt another Resolution to reappropriate these funds for other purposes. *Board Action through the Budget & Audit (Fund Balance)*
- **Assigned (\$134,126,717)**: Includes the constraint below. Funds are reserved for Commission use consistent with the 2024-2029 Strategic Plan. *Board Approved through Audit (Fund Balance)*
- **Unassigned (\$60,386,565)**: Funds designated for the Operating Budget and Reserve. *Board Approved through Audit (Fund Balance)*

Total Fund Balance as of June 30, 2025 = \$256,112,564

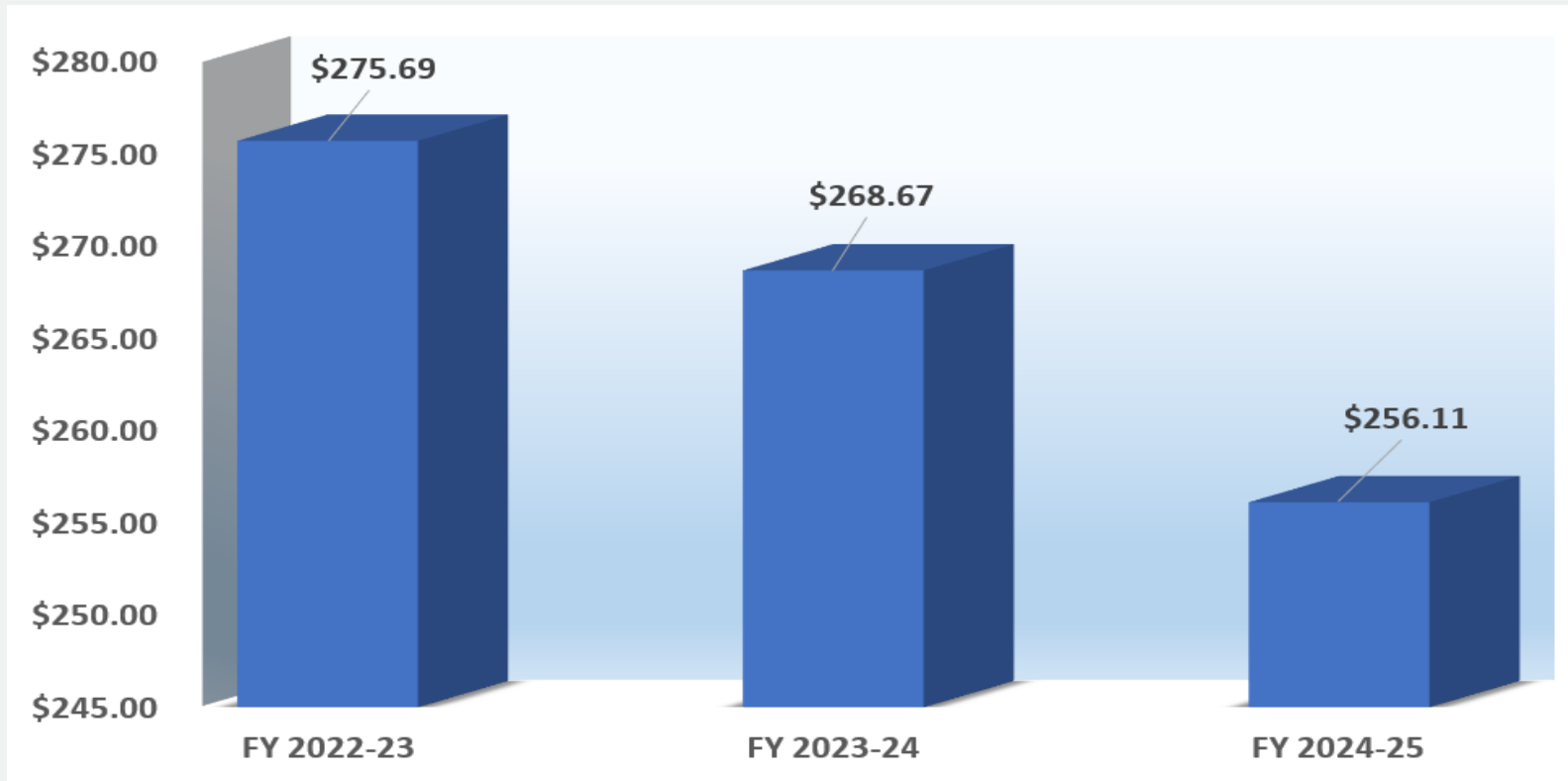
F5LA Fund Balance:

Total Fund Balance: \$256,112,564

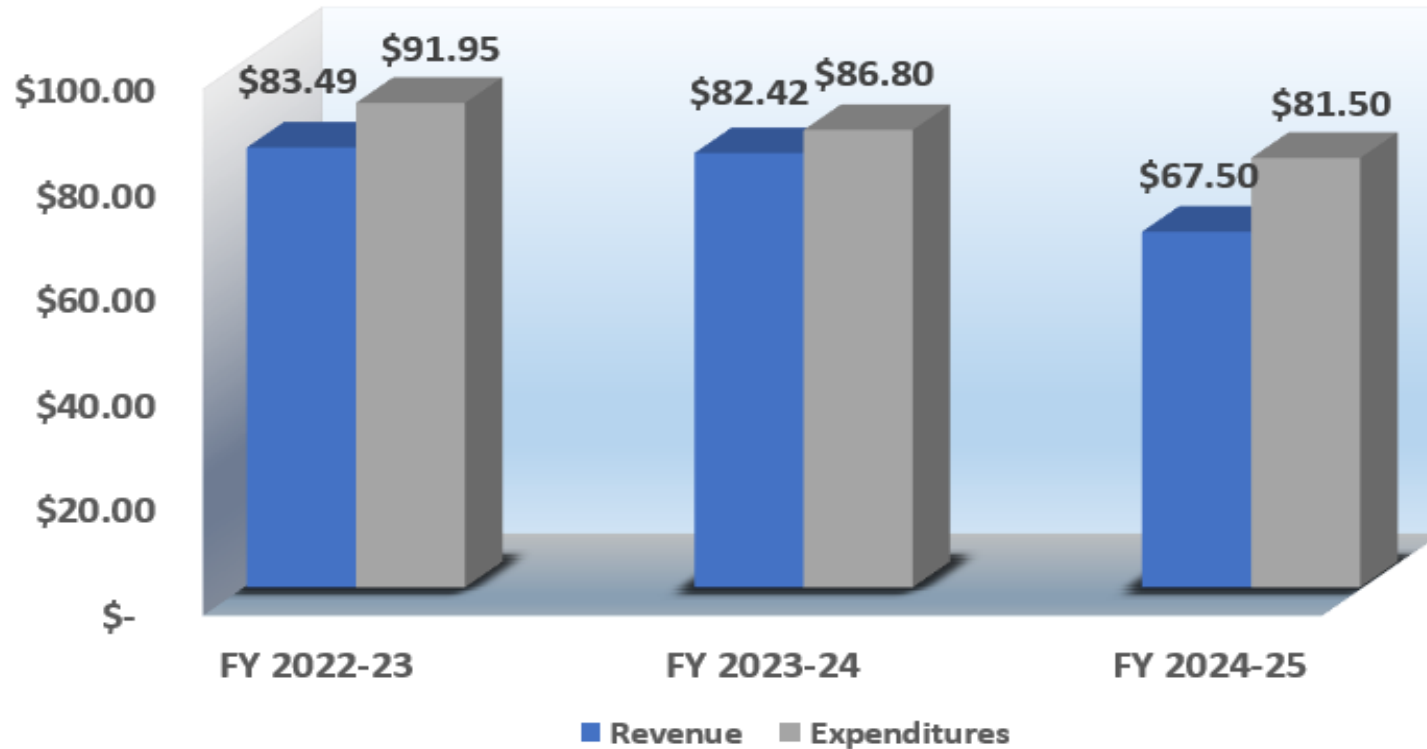


■ Nonspendable ■ Committed ■ Assigned ■ Unassigned

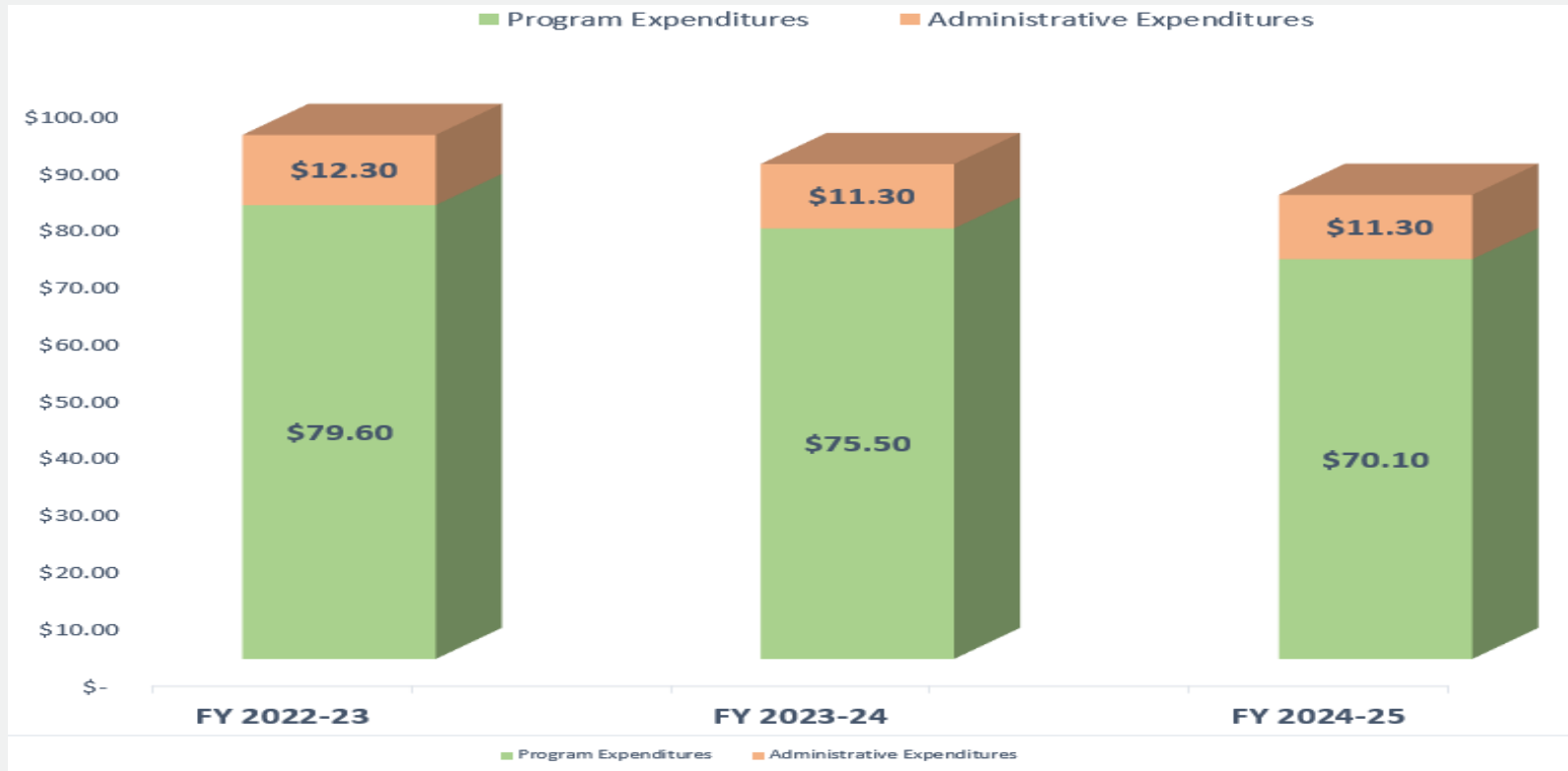
3 Year Comparison: Fund Balance



3 Year Comparison: Revenues vs. Expenditures



3 Year Comparison: Program and Administrative Expenditures



Audit Partner Overview

Kyle Bartle, Partner, Eide Bailly, LLP

Next Steps

- Board of Commission Meeting October 9th, 2025 – Action
- Submit Final Draft Annual Comprehensive Annual Report by November 1, 2025:
 - State Controller's Office
 - First 5 California
 - Los Angeles County Auditor-Controller Office



Vibrant Environments:

First 5 LA's Role and Approach for Access
to Healthy Foods and Welcoming
Outdoor Spaces for Play

Aurea Montes-Rodriguez, Vice President of Community
Engagement and Policy

John Guevarra, Senior Program Officer

Guest Speakers:

- Paula Daniels, Executive Director, LA County Office of Food Systems
- Tori Kjer, Executive Director, LA Neighborhood Land Trust



Purpose and Agenda

Today, we will:

- Review First 5 LA's Vibrant Environments Initiative and why this matters for early childhood development
- Connect with experts and guest speakers in Healthy Foods and Parks and Open Spaces
- Discuss First 5 LA's roles and opportunities to accelerate systems change and center family and community voice

A photograph of a pregnant woman wearing a bright yellow dress with a white floral pattern. A young girl with dark, curly hair and a pink bow is smiling and touching the woman's belly. The background is a soft-focus green outdoor setting.

**First 5 LA's
Vibrant Environments Initiative**

Initiatives that Advance First 5 LA Strategic Plan Objectives

First 5 LA's 2024-2029 Strategic Plan includes objectives that articulate a measurable level of desired change and are a starting point based on existing measurements. These objectives serve as clear markers of progress, ensuring that children grow up healthier and better supported. The strategic plan objectives demonstrate we have much to do to address poverty, structural racism and historic and present-day oppression. First 5 LA is committed to the progress of our youngest children and their families by tracking these objectives.

PREVENTION FIRST: Centering Community Strengths to Address Root Causes and Keep Families Thriving Together

- OBJECTIVE 1.2** Reduce the annual percent of households with children prenatal through age 5 in Los Angeles County living in poverty.
- OBJECTIVE 1.3** Reduce the annual percent of households with children prenatal through age 5 in Los Angeles County who experience housing insecurity.

VIBRANT ENVIRONMENTS: Ensuring Access to Healthy Foods and Welcoming Outdoor Spaces for Play

- OBJECTIVE 2.2** Increase the annual percent of children prenatal to age 5 in Los Angeles County with access to sufficient choices for healthy foods.
- OBJECTIVE 2.3** Increase the annual percent of children prenatal to age 5 in Los Angeles County who have access to parks and open spaces.

MATERNAL & CHILD WELL-BEING: Ensuring Holistic Care for Mothers and Children Age 5 and Younger

- OBJECTIVE 1.1** Reduce the rate of infant mortality per live births.
- OBJECTIVE 2.1** Increase access to mental health services for pregnant and postpartum individuals identified as at-risk for maternal depression.
- OBJECTIVE 3.2** Ensure more children with developmental delays receive early intervention services.

WHOLE CHILD, BRIGHT FUTURES: Universal Quality Early Care and Education that Meets Every Family's Needs

- OBJECTIVE 3.1** Increase the annual percent of children prenatal to age 5 in Los Angeles County receiving publicly funded early care and education in a mixed-delivery system.
- OBJECTIVE 3.3** Increase annual percent of households with children prenatal to age 5 in Los Angeles County receiving culturally affirming services and supports.



Vibrant Environments: Why this Matters for Young Children

- **Healthy Foods:**
 - Food insecurity in early childhood can lead to higher risk for developmental delays, poorer health, increased hospitalizations and impact academic achievement
- **Parks and Open Spaces:**
 - During pregnancy, access to green space has been associated with decreased risk of low birthweight
 - Access to parks and open spaces can reduce parental stress and support mental health



Vibrant Environments: Grounded in Community Voice

- **Lessons Learned from collaborating with community:** Best Start, "Fresh Ideas for CalFresh" Report, Built Environment Policy Advocacy Fund (BEPAF), Link program
- In 2024, we hosted Community Input and Listening Sessions on all 9 Strategic Plan Objectives

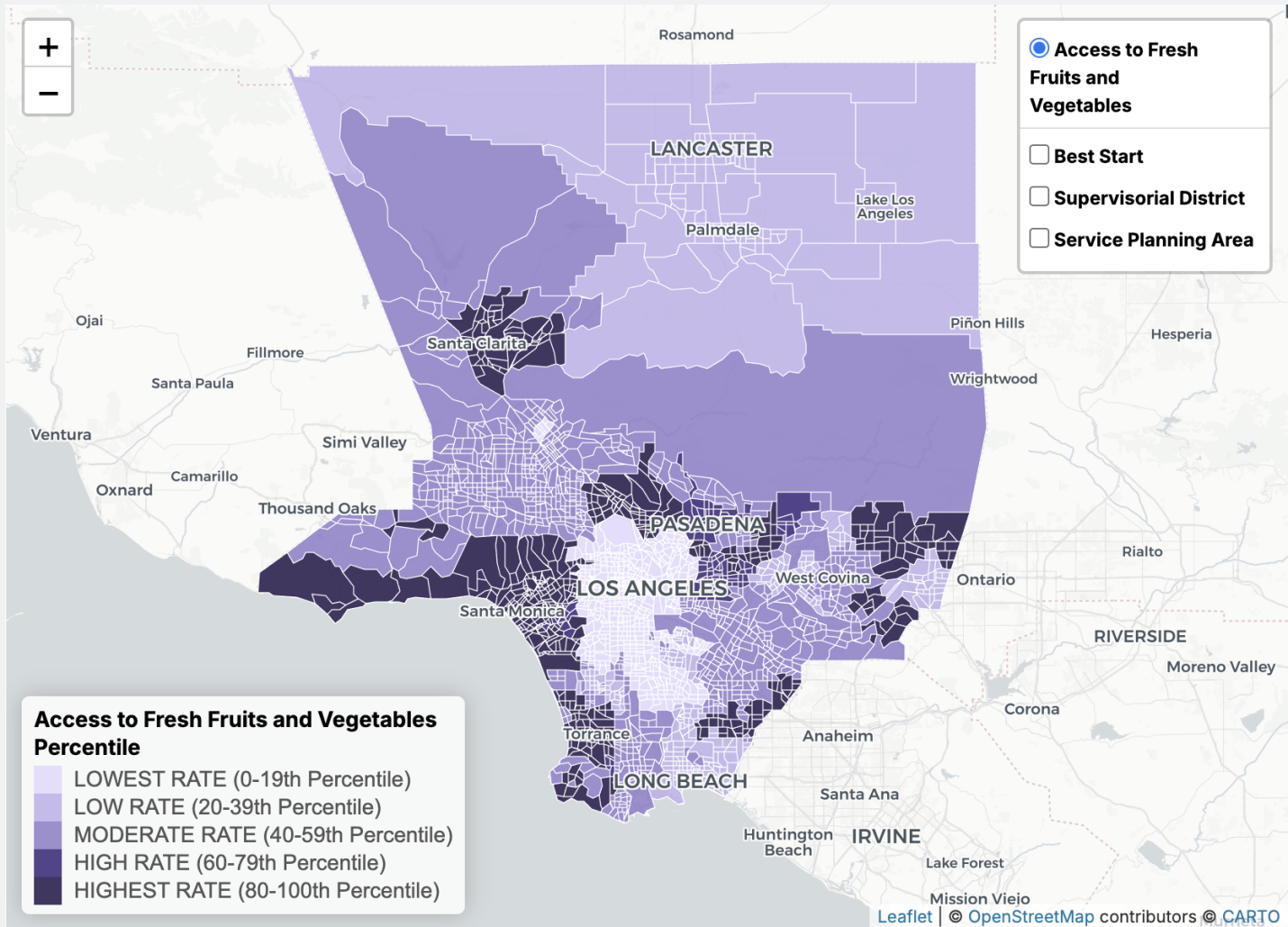


How We Define Equity

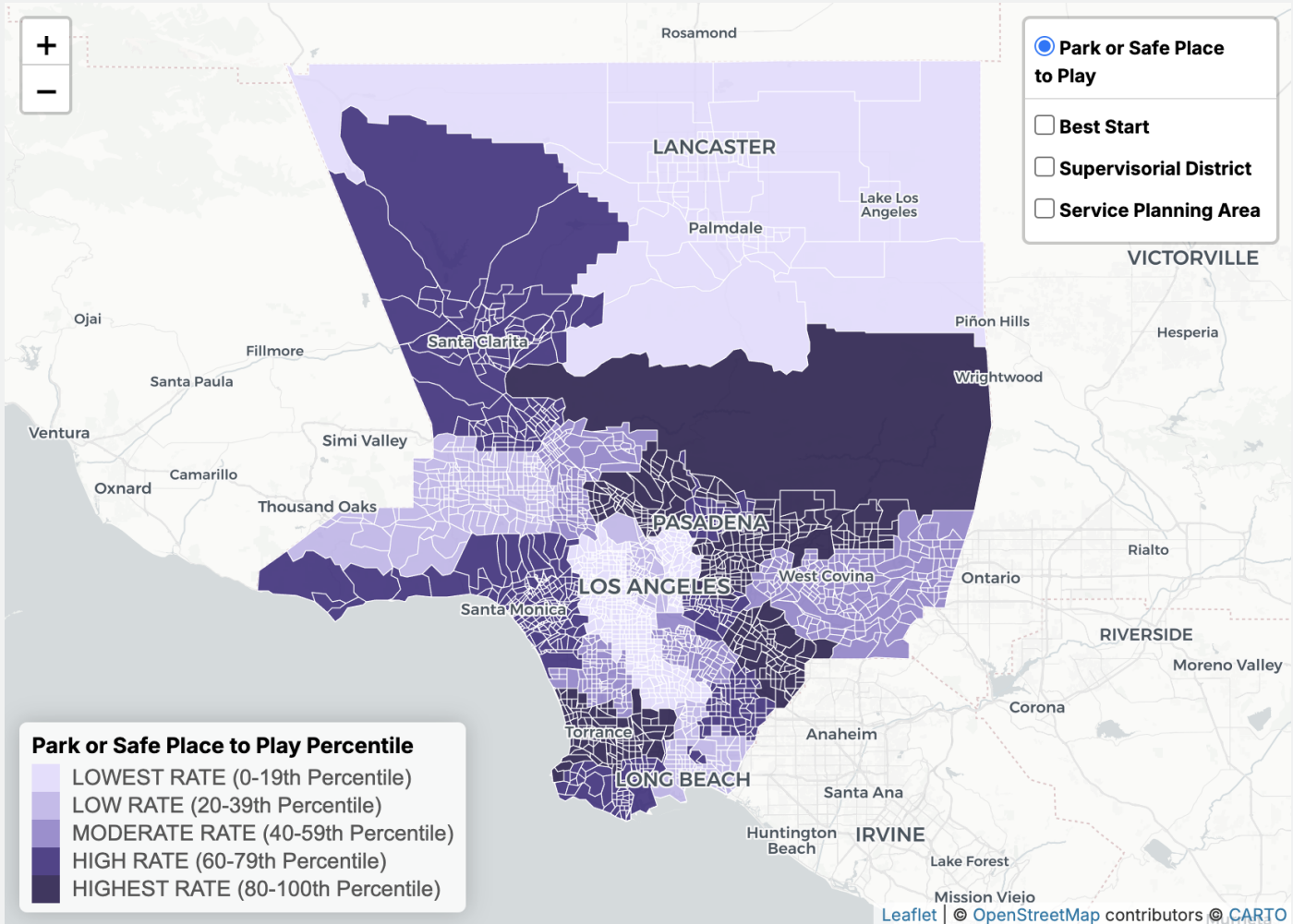
"We honor the wisdom of our communities, recognizing that their assets hold the key to dismantling systemic barriers and forging a path to racial justice, as we champion opportunity for all. First 5 LA defines equity as ensuring we address disparities around race, poverty and region."

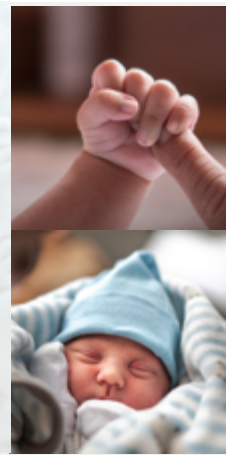
*First 5 LA 2024-2029
Strategic Plan*

Equity Index: Access to Fresh Fruits and Vegetables



Equity Index: Access to Safe Parks





Changing Federal and State Landscape For Food Security:

- HR1 is expected to reduce federal funding for SNAP in California by at least \$1.7 to \$3.7 billion annually. Up to 395,000 people in California could lose benefits
- In LA County, SNAP/CalFresh currently serves nearly 1.6 million residents, more than 500,000 of them children
- If federal cuts persist, LA County would have to cut CalFresh program by 1/3, equivalent of 1,089 eligibility workers. An estimated 113,000 recipients could lose food benefits due to new work requirements

A close-up photograph of a woman with dark skin and curly hair kissing a young child with curly hair on the cheek. The child is wearing a colorful, patterned sleeveless top and has a joyful expression with an open mouth. The background is a solid, warm orange color.

**Vibrant Environments:
First 5 LA's Priorities**



Access to Healthy Foods

Priorities:

1. Grounding our advocacy and investments in data through the Equity Index
2. Increase utilization of food safety net programs in communities
3. Partner and support childcare providers on a policy and advocacy agenda focused on Child and Adult Care Food Program reform



Parks and Open Spaces

Priorities:

1. Grounding our advocacy and investments in data through the Equity Index
2. Connecting with key partners in high needs areas to advance community input on park development/upgrades
3. Focusing on a 2028 Olympics Plan inclusive for families with young children

A close-up photograph of a young child with dark hair, smiling broadly and showing their teeth. The child is holding a large, brown plush teddy bear with a white chest and a pink collar. The background is a blurred wooden crib with blue and white bedding.

Guest speaker:

Paula Daniels,
Executive Director,
LA County Office of Food
Systems



LA COUNTY OFFICE OF FOOD SYSTEMS

HEALTHY • AFFORDABLE • FAIR • SUSTAINABLE • RESILIENT

HEALTH & NUTRITION

\$1.8 trillion/yr = Health care costs spent on preventable, chronic metabolic diseases in the U.S.

Low-income communities and communities of color are disproportionately impacted.

ENVIRONMENTAL IMPACTS

Agriculture is a leading source of air and water pollution and greenhouse gas emissions.

The food system employs 21.5 million people in U.S., 1/3 of the nation's workforce.

Yet 5 of 8 of the worst paying U.S. jobs are in the food system.

WORKER HEALTH & WELL-BEING

Exit of small and mid-sized farmers drains local economies, contributes to sprawl and threatens prime ag lands.

LOCAL ECONOMIES

70-80% of antibiotics in U.S. used on livestock on factory farms. CDC reports that antibiotic resistance is one of the leading human health threats of our time.

FACTORY FARMS

THE PROBLEM IS THE SYSTEM

THE NEED in LA County

Cheap food comes
at a high price

x2

**DOUBLE the Obesity AND
Diabetes Rate in America
Compared to Other Countries**

(in LA County: 37% of teens, 22% of
adults)



1 in 4 are Food Insecure

(2x for Black and Latino populations)



1 in 10 jobs in the County are in the Food System

(employs around 1.2 million people)



**5 of 8 Food System Jobs Are Low
Paying**



**50% of Farmland Lost in LA County in
the Last 20 Years**

(93% loss since 1955)



2 ft per year of sinking land in the Central Valley
due to overpumping of groundwater for industrial agriculture



LOS ANGELES COUNTY

OFFICE OF FOOD SYSTEMS

“There comes a point where we need to stop just pulling people out of the river. We need to go upstream and find out why they’re falling in.”

- Archbishop Desmond Tutu



Food and Agriculture
Organization of the
United Nations

TRANSFORMING
FOOD AND
AGRICULTURE
THROUGH A
**SYSTEMS
APPROACH**

“...a systems approach is essential for transforming agrifood systems. **Business-as-usual is not solving interconnected problems like food insecurity, malnutrition and environmental harm.** Working in a more connected way offers the pathway forward to achieving better production, better nutrition, a better environment and a better life, while leaving no one behind.”

NEEDED: A FOOD SYSTEM PARADIGM SHIFT



NATIONAL ACADEMY OF MEDICINE

HOME ABOUT ▾ PROGRAMS ▾ PUBLICATIONS ▾ NEWS EVENTS ▾ MEMBER HOME

A Food System Paradigm Shift: From Cheap Food at Any Cost to Food within a One Health Framework

By Jonathan Rushton, Barry J. McMahon, Mary E. Wilson, Jonna A. K. Mazet, and Bhavani Shankar

November 22, 2021 | Commentary

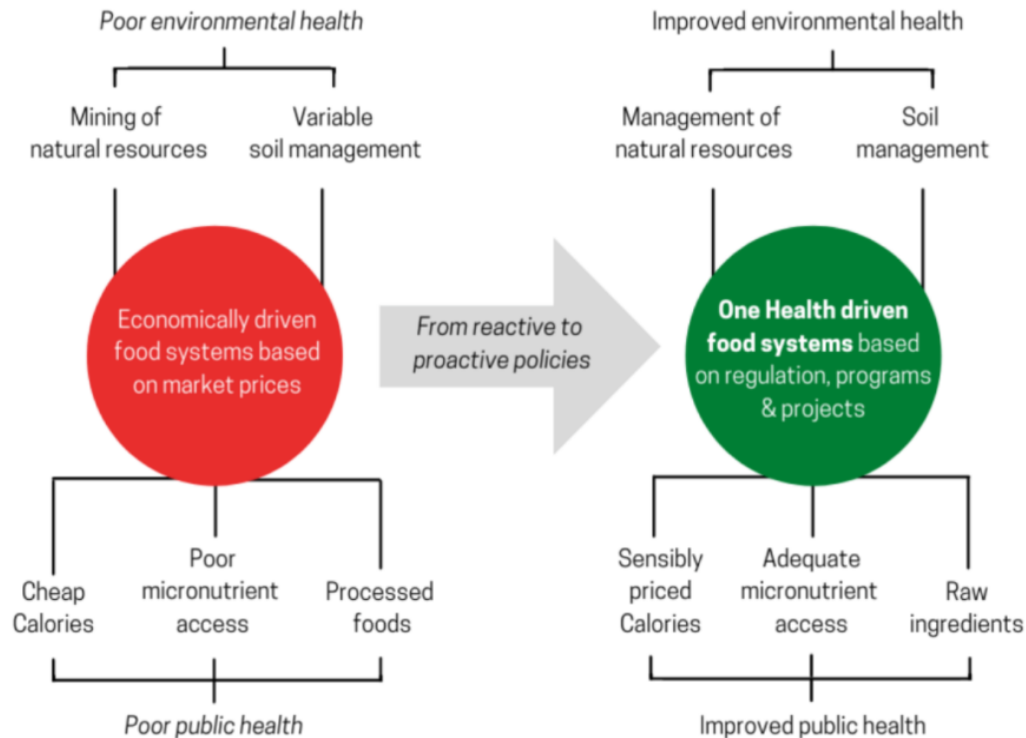


FIGURE 3 | Paradigm Shift from Economically Driven to One-Health Driven Food Systems
SOURCE: Developed by authors.

WE ARE:

A PUBLIC- PRIVATE PARTNERSHIP

Established through a
partnership between LA
County and philanthropy to
address food systems issues



A County R&D Team

Dedicated to innovative solutions
throughout the food system
to serve all residents with
healthy, affordable, and
sustainably produced food.

THE PARTNERS



WE AIM FOR:



30%

A GOOD FOOD SYSTEM

Creates good jobs

Provides healthy, affordable food

From local sources that respect the land

**Reflected in almost a third of our food –
at least one of our three daily meals**

HOW DO WE CREATE A FOOD SYSTEM THAT:

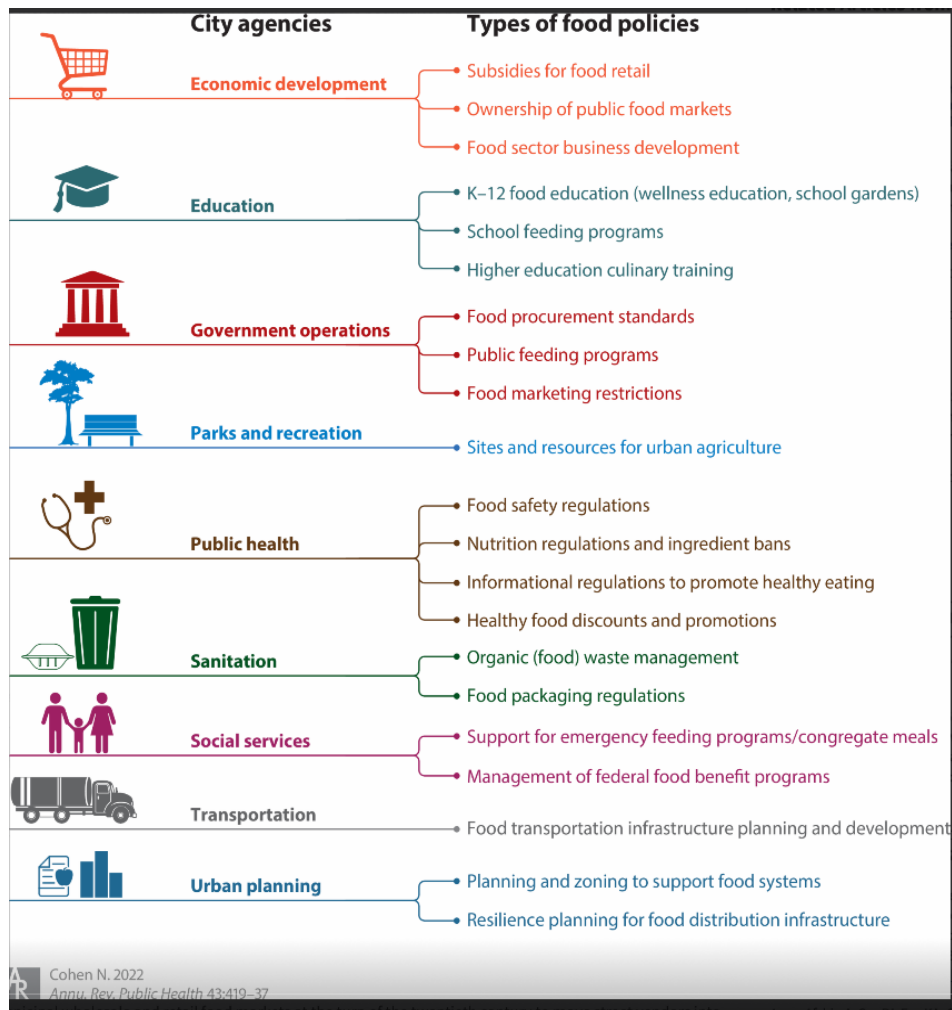
- consistently provides reliable access to affordable, healthy food in communities of need
- respects food system worker well-being
- fosters a regenerative food production ecosystem
- supports local businesses along the food chain

**WE CONNECT
ALL THE DOTS**

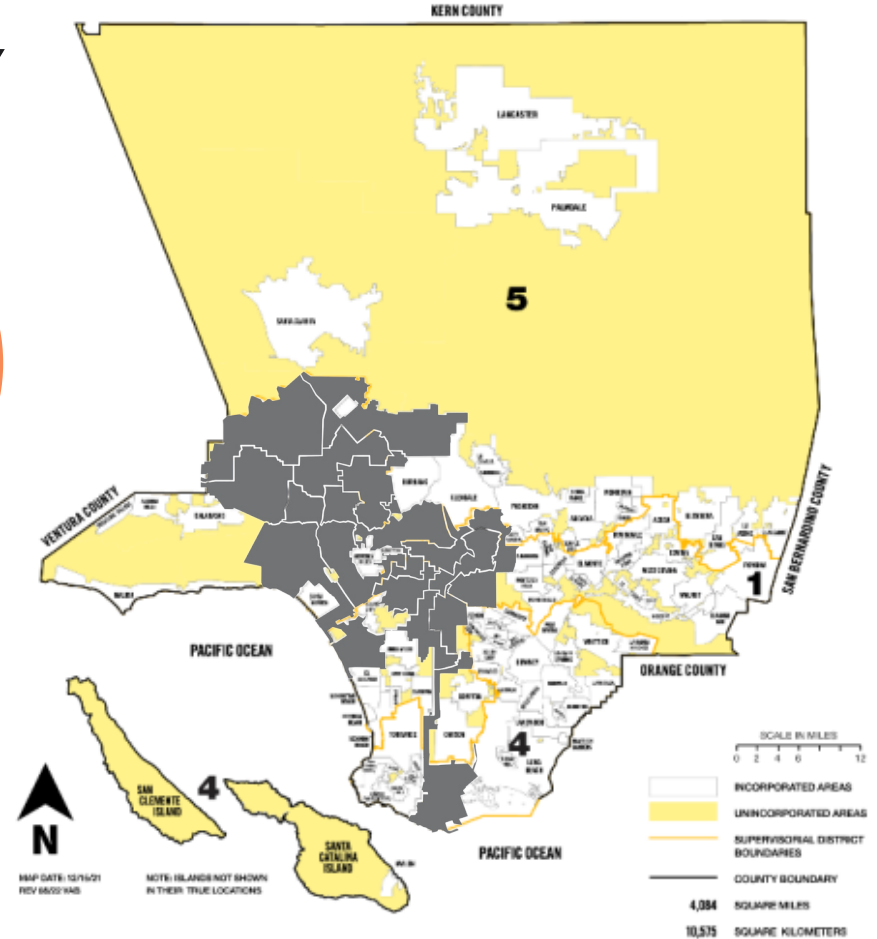
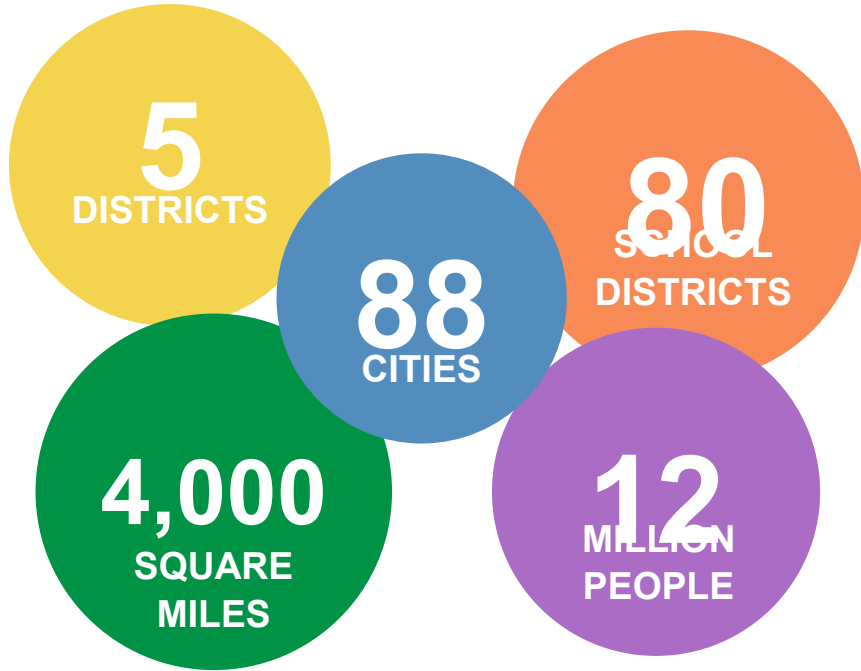




COORDINATE ACROSS MUNICIPAL DEPARTMENTS



ALIGN ALL OF LA COUNTY



IMPACT GOALS AND STRATEGIC PRIORITIES

Use data storytelling to elevate issues, and inform public policy proposals

- (e.g.) Develop a metric based impact tracker

1

Aggregate and analyze data from community-based organizations, public health departments, and other agencies

- Hosting a public-facing dashboard to visualize access gaps, service patterns, and system capacity
- Highlight food system strengths and inequities by neighborhood, geography, and demographic

2

Align all 88 cities with LA County policy goals

- Support County and City partners in designing policy and programmatic pathways to pilot

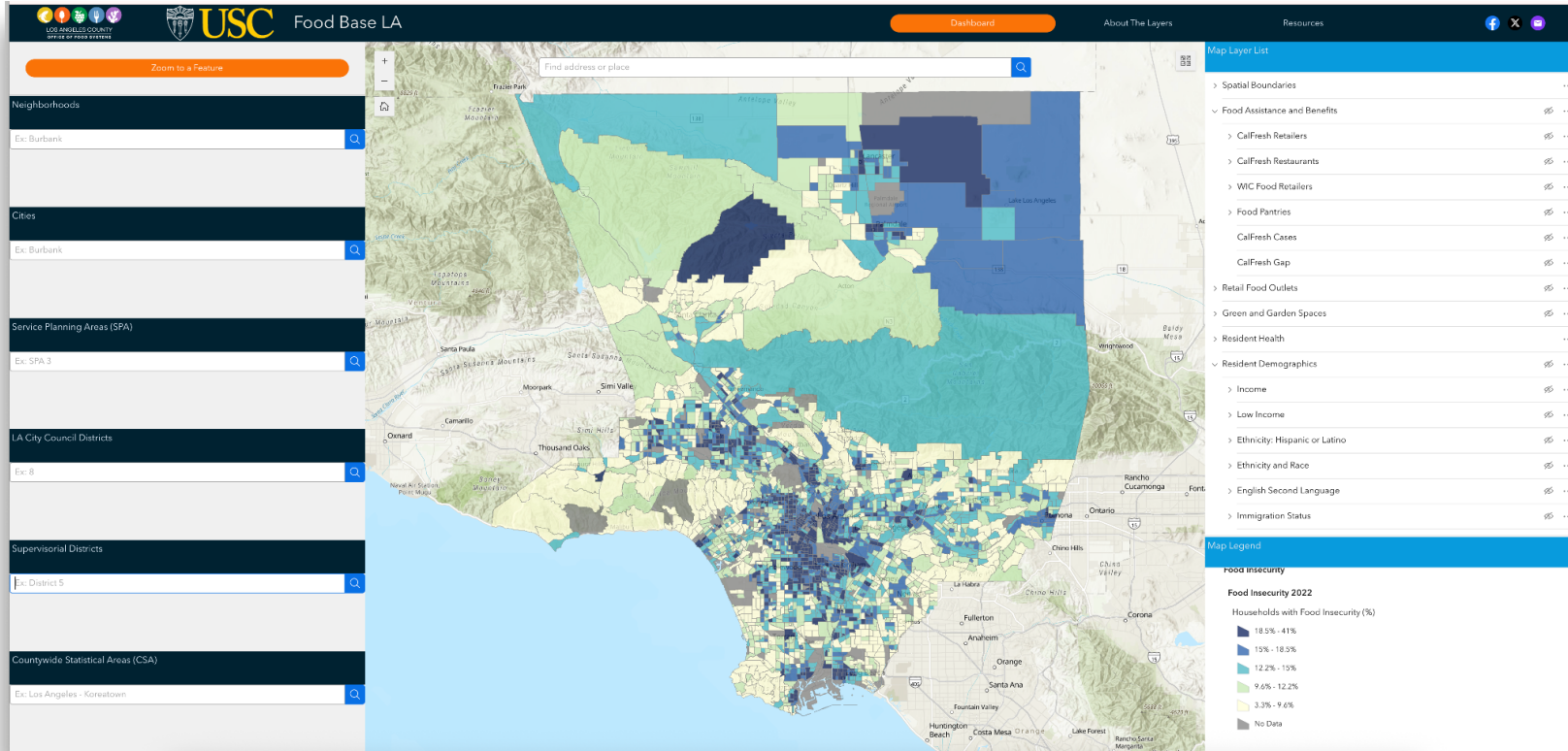
3

Institutionalize Food Systems Work At the County

- Work with departments and agencies to identify and implement catalytic food system strategies
- Align food systems planning with climate, health, poverty alleviation, and economic development goals
- Develop long term county-wide finance strategy

4

DATA AND ANALYTICS

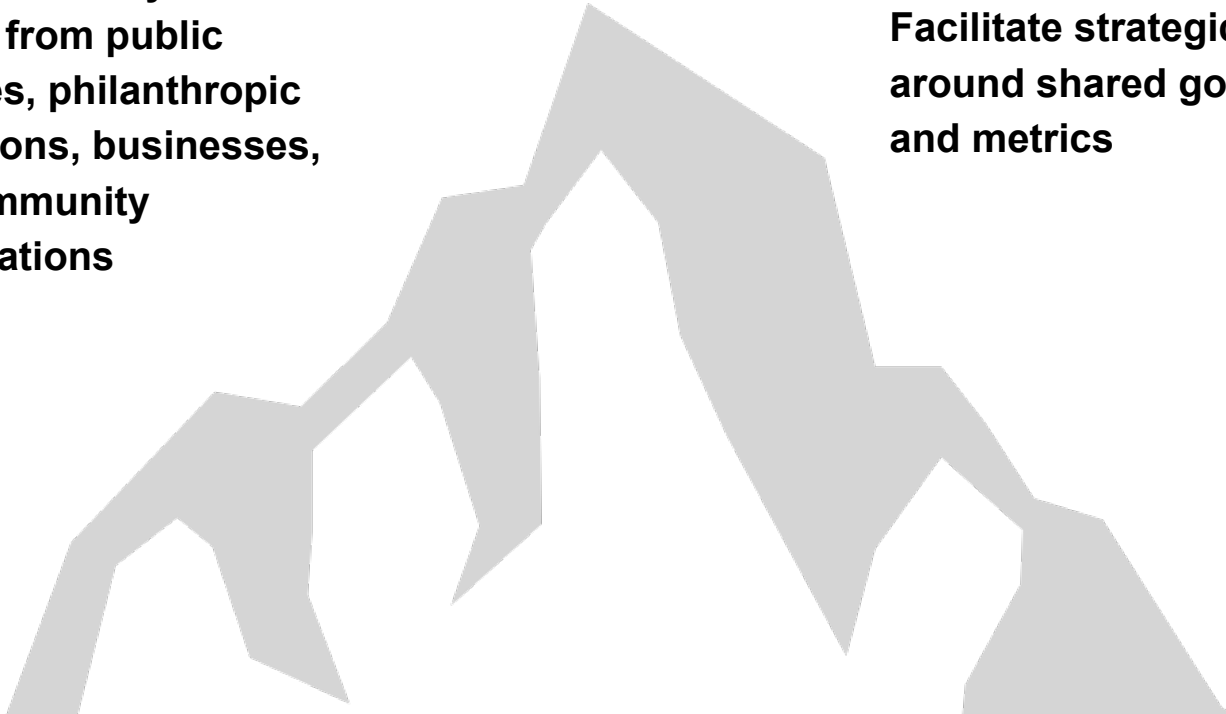


MAPPING THE LANDSCAPE OF NEED
to locate opportunities for better food access

ALIGN CROSS-SECTOR STAKEHOLDERS

**Connect food system
leaders from public
agencies, philanthropic
institutions, businesses,
and community
organizations**

**Facilitate strategic alignment
around shared goals, values,
and metrics**





Example Initiatives



LOS ANGELES COUNTY

OFFICE OF FOOD SYSTEMS

URBAN FARMING



Fostering food security and community resilience by expanding access to land for urban farming, including:

- **aquatic food and workforce pipeline (partners: LAEDC, Alta Sea, UC Davis, Seafood Watch);**
- **community gardens in affordable housing + garden maintenance (partner: The Milken Institute)**



FOOD AS MEDICINE



Regenerative sourcing for Food as Medicine

MAXIMIZING THE IMPACT OF NUTRITION INTERVENTIONS WITH LOCAL FOOD PROCUREMENT

Envisioning a Food is Medicine marketplace that integrates America's local producers to build thriving local economies and food systems



PUBLIC PROCUREMENT

(+ FOOD AND FISH HUBS)



Goal: stable affordability of healthy food for low income communities

Public markets can help address food insecurity by providing access to fresh, healthy foods in communities that lack sufficient healthy food retail options. They can also increase economic benefit to a region by contracting with local farmers.

Food hubs are crucial infrastructure as a mission driven intermediaries, offering aggregation and distribution services.



Why we know it can be done: Brazil

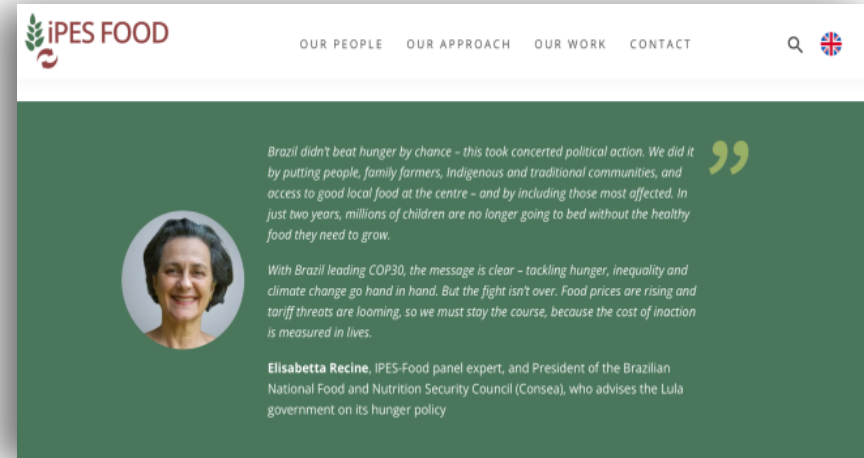
Brazil lifted 40 million people out of food insecurity in two years – one of the fastest recorded improvements in the world

IPES-Food panel experts say the achievement offers a blueprint for the **bold government action** needed to end global hunger and proof that a future free from hunger is within reach.

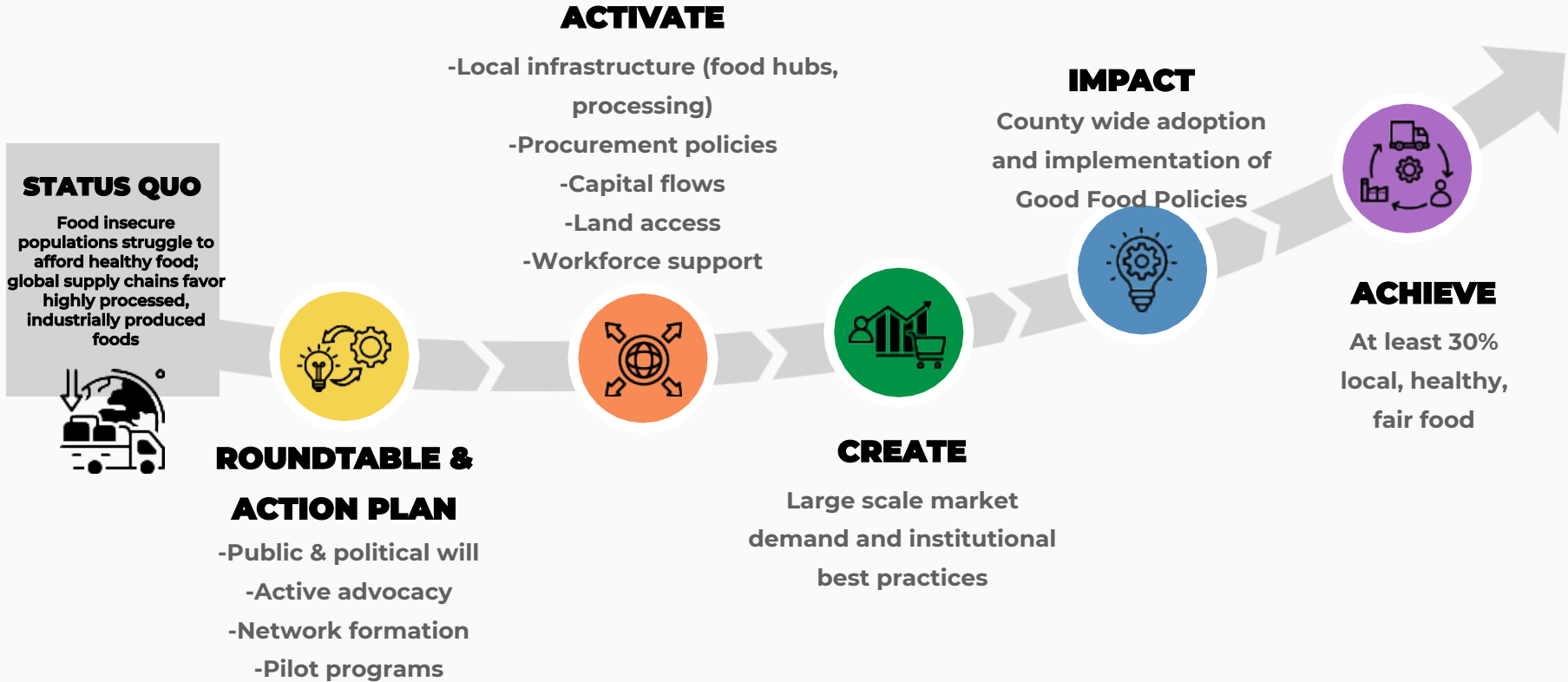
Policies include :

- school meals sourced from local and agroecological producers
- higher minimum wages
- support for smallholder and Indigenous farmers
- expanded food banks
- unprecedented cross-government coordination – involving all ministries, all levels of government, and civil society

(As reported in Food Tank, source report from IPES-Food)



ROADMAP



STATUS QUO

Food insecure populations struggle to afford healthy food; global supply chains favor highly processed, industrially produced foods



ROUNDTABLE & ACTION PLAN

- Public & political will
- Active advocacy
- Network formation
- Pilot programs

ACTIVATE

- Local infrastructure (food hubs, processing)
- Procurement policies
- Capital flows
- Land access
- Workforce support



CREATE

Large scale market demand and institutional best practices



IMPACT

County wide adoption and implementation of Good Food Policies



ACHIEVE

At least 30% local, healthy, fair food



CAPTAIN PLANT IT®

A lyrical and inspiring coloring

book by the founder of Crop Swap LA



WRITTEN BY JAMIAH E. HARGINS & ILLUSTRATED BY ASHLIE A. GONZALES





LOS ANGELES COUNTY
OFFICE OF FOOD SYSTEMS

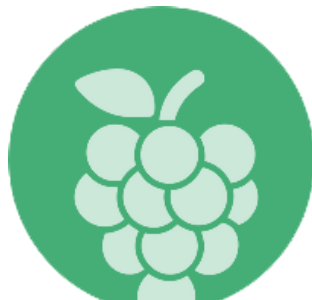
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Guest speaker:

Tori Kjer,
Executive Director,
LA Neighborhood Land
Trust



MISSION + VISION

- ▶ We contribute to the equity and well-being of our neighborhoods through the development of parks, gardens, and community-driven organizing.
- ▶ We work exclusively in lower-resourced communities of color.
- ▶ We envision a world where health and justice is rooted in community parks and gardens.



First 5 LA: Strategic Role in Nature Access



Partnerships Supporting Parks and Open Space Access

- Tot Parks and Trails
- BEPAF Grant Funding
- Link Program
- LANLT ECPAF Grant for school greening
- And More!

Measurable Impact

- **\$10+ Million in leveraged public funding**
- Transformed initial seed funding into substantial community infrastructure
- *First 5 LA is connecting early childhood development with community infrastructure and policy changes*

Investments to Improve the Built Environment



How Link Project Investments Transform Communities

- Community Engagement
- Cross-Sector Partnerships
- Capacity Building

Resource Multiplication

- Initial investments position communities for larger funding opportunities
- Improved park planning leads to higher-quality, more sustainable projects

Long-term Benefits

- Stronger advocacy capabilities
- Increased civic engagement and community ownership
- Better-designed parks that serve community needs

SELA Success Stories: Maywood and Cudahy

Transforming Dense, Park-Poor Communities

High Density: Limited open space in both Maywood and Cudahy

Park Poor: Significant gaps in recreational infrastructure

Resource Constraints: Limited city capacity for large-scale park development

Link Project Outcomes: \$12,000,000 investments to-date

\$7,500,000 and counting of public grant funds for renovated Maywood Riverfront Park

\$4,500,000 and counting of public grant funds for renovated Clara Park in Cudahy

Momentum Building: Established coalitions of support for parks and open spaces in SELA.

Maywood Riverfront Park





First 5 LA's Unique Position

Parks are Critical Infrastructure!

Policy + Projects: Supporting both systemic change and concrete improvements

Limited Partnership Landscape: Few public/private partners understand and invest in parks benefits

Strategic Niche: Connecting early childhood development with community infrastructure needs

Measurable Impact: Investments directly resulted in capital project development and long-term community capacity

Looking Forward...



LA County Park Priorities

- **Increase collaborative projects** to implement multi-benefit parks and open spaces that build on planning efforts like Link projects
- **Secure consistent funding** for City of LA parks to ensure sustainable operations and maintenance
- **Open and green school campuses** to increase equitable park access across underserved communities using existing public infrastructure



Discussion:

How do you see First 5 LA's role in shaping a long-term vision where every child under five has equitable access to safe, joyful outdoor spaces and nutritious foods?

What would success look like in 2028 from your perspective?