

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES
FIRST - PROPOSITION 10 COMMISSION**
(a Component Unit of the
County of Los Angeles, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2008

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES
FIRST - PROPOSITION 10 COMMISSION**
(a Component Unit of the
County of Los Angeles, California)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2008

Anthony Bellanca, CPA

Director of Finance

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
FOR THE YEAR ENDED JUNE 30, 2008**

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Champions For Our Children

October 16, 2008

COMMISSIONERS

Los Angeles County Supervisor
Yvonne Burke

Chair
Board of Commissioners
First 5 LA

Jonathan E. Fielding, M.D., M.P.H.
Vice Chair

750 N. Alameda Street, Suite 300
Los Angeles, CA 90012

Dear Commissioners:

Nancy Au

Jane Boeckmann

Neal Kaufman, M.D., M.P.H.

Marvin J. Southard, D.S.W.

Evangelina R. Stockwell, Ed.D.

Corina Villaraigosa

Carolyn R. Wilder

EX OFFICIO MEMBERS

Jacquelyn McCroskey, D.S.W.

Connie Russell

Deanne Tilton

Harriette F. Williams, Ed.D.

The Comprehensive Annual Financial Report of the Los Angeles County Children and Families First-Proposition 10 Commission (a.k.a. First 5 LA) is hereby submitted. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures rests with the management of First 5 LA. To the best of our knowledge and belief, the enclosed data is accurate in all material aspects and is reported in a manner that presents fairly the financial position and changes to the financial position of First 5 LA. All disclosures necessary to enable the reader to gain an understanding of First 5 LA's financial activities have been included.

Generally Accepted Accounting Principles (GAAP) for local governments requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements. The introduction, overview, and analysis are presented in the form of the Management's Discussion and Analysis (MD&A). The letter of transmittal was designed to complement and to be read in conjunction with the MD&A.

Projects of First 5 LA

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. Our activities have been built on research regarding early brain development and the understanding that the emotional, physical, and environmental surroundings that a child experiences in the first five years of life set the foundation for future development. During the first nine plus years, First 5 LA has made a lasting positive impact in Los Angeles County through its expenditure of more than \$699 million toward grants, programs, and operations that improve the well-being of young children and families in Los Angeles County.

EXECUTIVE DIRECTOR

Evelyn V. Martinez

750 N. Alameda Street
Suite 300

Los Angeles, CA 90012

ph: 213.482.5902

fax: 213.482.5903

www.first5la.org

contact@first5la.org

A public entity.

Planning

Strategic Plan

First 5 LA has adopted a Strategic Plan for fiscal years 2004-2009 detailing our continuing commitment to partnering with the Los Angeles County community to improve the lives of expectant parents, children from the prenatal stage through age 5 and their families through the allocation of \$850 million. This will be the guide by which we will plan, develop, implement, and evaluate our activities through 2009.

In addition to the \$850 million allocation noted above, an allocation of \$42 million was made for the School Readiness Initiative and \$20 million for the Oral Health Community Development Project during fiscal year 2007-2008.

Financial Information

Internal Control

The management of First 5 LA is responsible for establishing and maintaining internal controls designed to ensure that the assets of the public entity are protected from loss, theft, or misuse. Management is also responsible for ensuring that adequate accounting data are compiled to allow for the preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The objective of budgetary control is to ensure that spending is limited to the total amount authorized by the Board of Commissioners. Annually the Board of Commissioners adopts a budget. The budget for fiscal year 2007-2008 was adopted on June 14, 2007. The Executive Director has authority to make budget adjustments between line items, e.g. Airfare and Lodging, not to exceed \$25,000. Monthly financial updates are provided to the Board of Commissioners.

Cash Balance and Fund Balance

The cash balance of First 5 LA increased from \$842,532,565 at June 30, 2007 to \$875,166,311 at June 30, 2008. The increase was primarily attributed to grantees spending less than anticipated.

The fund balance of \$846,499,424 at June 30, 2007 increased to \$882,033,521 at June 30, 2008 primarily due to the increase in cash.

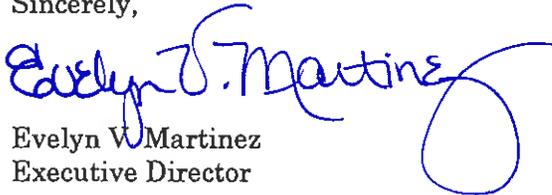
Risk Management

First 5 LA manages its risk exposure in part through the purchase of Workers Compensation, Property, General Liability, Auto, Crime, Directors and Officers, and Umbrella and Excess liability insurance.

Acknowledgements

I would like to express my sincere appreciation to the staff of First 5 LA for all of their efforts.

Sincerely,



Evelyn V. Martinez
Executive Director

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
BOARD OF COMMISSIONERS
FOR THE YEAR ENDED JUNE 30, 2008**

BOARD MEMBERS (9)

Yvonne Burke Chair	Jonathan E. Fielding Vice Chair
Nancy Au	Jane Boeckmann
Neal Kaufman	Marvin J. Southard
Evangelina R. Stockwell	Corina Villaraigosa
Carolyn R. Wilder	

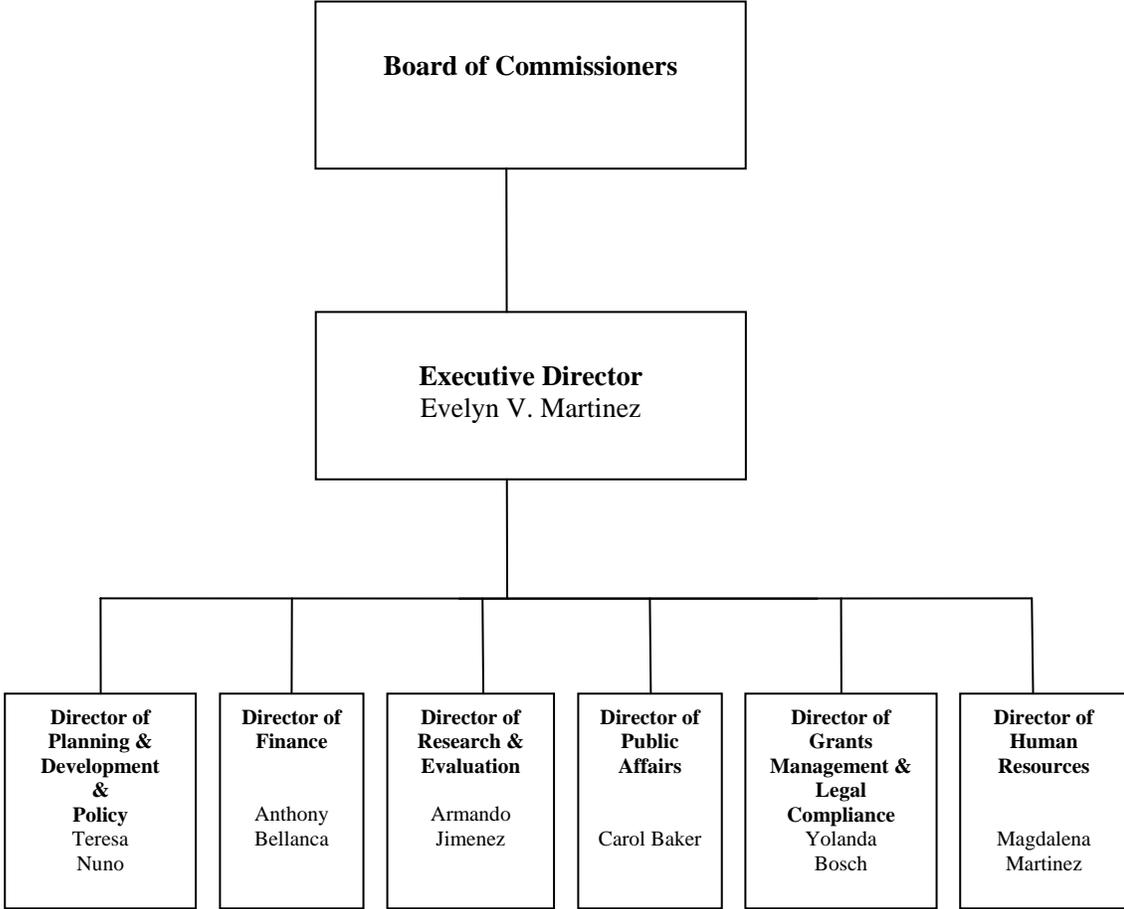
EX-OFFICIO MEMBERS (4)

Jacquelyn McCroskey	Connie Russell
Deanne Tilton	Harriette F. Williams

ALTERNATES (2)

Cynthia Harding	William Arroyo
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**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
ORGANIZATION CHART
FOR THE YEAR ENDED JUNE 30, 2008**





MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

2175 N. California Boulevard, Suite 645
Walnut Creek, CA 94596
925.274.0190

515 S. Figueroa Street, Suite 325
Los Angeles, CA 90071
213.286.6400

402 West Broadway, Suite 400
San Diego, CA 92101
619.573.1112

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying 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, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and general fund of the Commission as of June 30, 2008 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2008, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 8 to 13 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The introductory section, supplemental schedule and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit for the basic financial statements and, accordingly, we express no opinion on them.

Macias Jini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
October 1, 2008

Management's Discussion and Analysis (Unaudited)

This section of the Los Angeles County Children and Families First – Proposition 10 Commission, (aka First 5 LA) comprehensive annual financial report presents management's discussion and analysis of the Commission's financial performance during the year ended June 30, 2008. Please read in conjunction with the Commission's basic financial statements and accompanying notes.

Financial Highlights

- The Commission received \$143,428,264 from the State compared to \$139,465,832 received in the prior fiscal year, an increase of \$3,962,432 or 3 %.
- The Commission had expenses totaling \$139,586,539 in FY 2007-08, which is an increase of \$2,097,774 or 2% compared to \$137,488,765 in FY 2006-07.
- The Commission's assets increased from \$890,161,320 in FY 2006-07 to \$933,676,588 in FY 2007-08 by \$43,515,268 or 5%.
- The Commission's liabilities increased from \$29,674,417 in FY 2006-07 to \$33,884,579 in FY 2007-08 by \$4,210,162 or 14%.

Overview of the Financial Statements

This comprehensive annual 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.

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 assets includes information on all of the Commission's assets and liabilities with the difference between assets and liabilities reported as net assets. Changes in net assets 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 assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, 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 of 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 on 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.

Government-wide Financial Statements Analysis

The following is a summary of the Commission's assets, liabilities and net assets comparing FY 2007-08 with FY 2006-07.

	FY 2007-08	FY 2006-07	Percent Increase (Decrease)
Assets:			
Current and other assets	\$ 919,828,891	\$ 876,609,753	5%
Capital assets	13,847,697	13,551,567	2%
Total assets	<u>933,676,588</u>	<u>890,161,320</u>	5%
Liabilities:			
Long-term liabilities	270,436	230,931	17%
Other liabilities	<u>33,614,143</u>	<u>29,443,486</u>	14%
Total liabilities	<u>33,884,579</u>	<u>29,674,417</u>	14%
Net Assets:			
Restricted	885,944,312	846,935,336	5%
Invested in capital assets	<u>13,847,697</u>	<u>13,551,567</u>	2%
Total net assets	<u>899,792,009</u>	<u>860,486,903</u>	5%
Total liabilities and net assets	<u>\$ 933,676,588</u>	<u>\$ 890,161,320</u>	5%

The Commission's total assets of \$933,676,588 million increased by \$43.5 million, or 5% compared with the prior year. The change in current and other assets of approximately \$43.2 million or 5% is primarily due to revenues exceeding expenses. The key contributing factors are expenses for provider grants and other allocations were less than expected.

Other liabilities increased by 14% due primarily to increased activities by Los Angeles Universal Preschool and new grantees such as Oral Health/Nutrition Expansion.

The following is a summary of the Commission's revenues, expenses and change in net assets comparing FY 2007-08 with 2006-07.

	FY 2007-08	FY 2006-07	Percent Increase (Decrease)
Revenues:			
Program revenues			
Tobacco taxes	\$ 122,655,958	\$ 125,602,050	(2%)
State School Readiness	15,098,348	11,563,470	31%
Other State Commission			
Program Funds	<u>5,673,958</u>	<u>2,300,312</u>	147%
Total program revenues	<u>143,428,264</u>	<u>139,465,832</u>	3%
General revenues			
Investment income	34,996,079	42,823,178	(18%)
Other income	467,302	290,768	61%
Total general revenues	<u>35,463,381</u>	<u>43,113,946</u>	(18%)
Total revenues	<u>178,891,645</u>	<u>182,579,778</u>	(2%)
Expenses:			
Provider grants and other			
allocations	130,894,482	129,614,460	1%
Salaries and benefits	6,638,952	5,841,908	14%
Operating services	693,968	855,192	(19%)
Consultant services	415,736	415,822	0%
Professional services	276,610	204,353	35%
Other expenses	90,880	85,332	7%
Depreciation	575,911	471,698	22%
Total expenses	<u>139,586,539</u>	<u>137,488,765</u>	2%
Change in net assets:	39,305,106	45,091,013	(13%)
Net assets – beginning	<u>860,486,903</u>	<u>815,395,890</u>	6%
Net assets – ending	<u>\$ 899,792,009</u>	<u>\$ 860,486,903</u>	5%

Revenues

The Commission received total revenues of approximately \$178.9 million in FY 2007-08, which was a decrease of \$3.7 million, or (2%) compared with the prior year's total revenues of \$182.6 million. The decrease in First 5 LA revenues is primarily due to the following explanations:

Tobacco Tax Revenues

Tobacco tax revenue decreased from \$125.6 million in FY 2006-07 to \$122.7 million in FY 2007-08, a decrease of \$2.9 million, or (2%). This decrease is mostly due to the decrease in sales of tobacco products and the decrease in birth rate in Los Angeles County as projected by the State.

Tobacco Taxes for State School Readiness Program

Tobacco tax revenue for the State School Readiness program increased from \$11.6 million in FY 2006-07 to \$15.1 million in FY 2007-08, an increase of \$3.5 million, or 31%. A refined analysis of estimated State School Readiness revenue from inception to June 30, 2008 is reflected in the amount of revenue recognized in FY 2007-08 and the deferred revenue booked for FY 2007-08.

Other State Commission Program Funds

State Commission matching funds increased from \$2.3 million in FY 2006-07 to \$5.7 million in FY 2007-08, an increase of \$3.4 million. The increase is due primarily to the Los Angeles Universal Preschool (LAUP) Power of Preschool program revenue which is due to the expanded service areas in FY 2007-08 compared to the service areas in FY 2006-07.

Investment Income

The Commission earned \$34.9 million of investment income in FY 2007-08, which was a decrease (18%) compared to the \$42.8 million earned in the prior year. This decrease is due to lower interest rates.

Other Income

The Commission generated additional revenue of \$467,302 primarily through the lease agreement of the 2nd floor of the building it owns in FY 2007-08, as compared to \$290,768 received in FY 2006-07. The increase is due to the lease agreement which reinstates LAUP lease obligation from the relief LAUP received of lease payments from February 2007 thru June 2007.

Expenses

The current year expenditures were adjusted for prior year over recognition of expenditures due to accounting for advances to LAUP as expenditures rather than as an asset (Advance to Grantee) of \$13.4 million. \$10.4 million was in FY 2005-06 and \$3 million was in FY 2006-07 leaving a balance of \$139.6 million in expenditures for FY 2007-08.

The Commission expended approximately \$153.0 million in FY 2007-08 compared to \$134.5 million in FY 2006-07 as adjusted for the over expenditure recognition noted above resulting in an increase of \$18.5 million or 14%. The \$18.5 million increase is primarily due to the following explanations:

Provider Grants and Other Allocations

The current year expenditures were adjusted for prior year over recognition of expenditures due to accounting for advances to LAUP as expenditures rather than as an asset (Advance to Grantee) of \$13.4 million. \$10.4 million was in FY 2005-06 and \$3 million was in FY 2006-07 leaving a balance of \$130.9 million in expenditures for FY 2007-08.

The Commission expended approximately \$144.3 million in FY 2007-08 compared to \$126.6 million in FY 2006-07 as adjusted for the over expenditure recognition noted above resulting in an increase of \$17.7. The majority of the increase comes from increased expenditures from LAUP of approximately \$19.6 million. The majority of the decrease is due to the sunsetting Community Development Initiative I, II and III.

Grantees	Allocation	FY 2006-07	FY 2007-08
Los Angeles Universal Pre School	\$ 580,000,000	\$ 44,464,340	\$ 64,057,852
Partnership for Families	50,000,000	8,009,083	8,422,807
Community Development Initiative I	30,592,446	3,953,993	1,925,385
Community Development Initiative II	34,388,897	4,120,694	3,524,380
Community Development Initiative III	24,916,405	3,756,188	2,845,498
Community Development Initiative V-Small Grants	1,516,648	2,340	0

Salaries and benefits

The increase in salaries and benefits is primarily due to the increase of staff size from an average of 83 in FY 2006 -07 to 93 in FY 2007-08.

Consultant Services

The cost related to consultants for FY 2007-08 are primarily related to the fourth Strategic Planning process.

Professional Services

The increase in cost is primarily due to the use of external auditors to do grantee audits on behalf of First 5 LA.

Depreciation

Depreciation expense increased from \$471,698 in FY 2006-07 to \$575,911 in FY 2007-08, which is an increase of \$104,213. This is due to the depreciation of the building and additional equipment and furniture purchased in FY 2007-08.

Capital Assets

The \$296,130 increase in capital assets is primarily due to tenant improvements of approximately \$415,830, purchases of Computers & Equipment for \$436,953 and depreciation of \$575,911. Additional information on capital assets can be found in Note 3 of this report.

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 following information provides a summary of the primary factors that caused the variance in the actual revenue compared to the final revenue budget:

Investment Income

The interest rate was higher than projected and cash available to invest was higher than originally projected.

Original Expenditure Budget vs. Final Expenditure Budget

The following provides a brief summary of the primary factors attributable to the increase in the final budget expenditure compared to the original budget expenditures:

Capital Improvement Projects

The Commission approved the renovation of the 1st floor of the administrative office in order to accommodate additional staffing.

Final Expenditure Budget vs. Actual Expenditure Amounts

The following provides a summary of the primary factors causing the significant variances in the actual expenditures as compared to the final budgeted expenditures:

Provider Grants

The positive variance is primarily due to expenses being less than expected.

Personnel Related Expenses

The positive variance is primarily due to a longer period of position vacancies.

Contingency

The positive variance is primarily due to budgeted contingency expenditures which did not materialize.

Other Potentially Significant Matters

The State projects a continuing decrease of State Tax Allocations revenue and decrease in the share allocated to First 5 LA due to a proportionally lower birth rate combining for a projected annual revenue decrease estimated at 4% a year through FY 2011-12.

The State of California continues to experience fiscal difficulties. As a part of the passage of the Fiscal Year 08-09 State Budget, a provision was enacted to allow the State to borrow funds from the California Children and Families Trust Fund. Anticipating that the loans would be short-term loans, we do not believe there will be a lasting impact on our financial condition and that we have a sufficient cash balance to sustain an impact on our cash liquidity needs.

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, you can contact the Commission's Director of Finance at 750 N. Alameda Street Suite 300, Los Angeles, California 90012.

LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET
JUNE 30, 2008

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 4,364,345	\$ -	\$ 4,364,345
Investments	869,742,916	-	869,742,916
Investments - School Readiness	1,059,050	-	1,059,050
State receivable	24,991,120	-	24,991,120
Investment income receivable	3,271,460	-	3,271,460
Advance to grantee	16,400,000	-	16,400,000
Capital assets:			
Not depreciated	-	2,039,000	2,039,000
Depreciable capital assets (net)	-	11,808,697	11,808,697
Total assets	<u>\$ 919,828,891</u>	<u>\$ 13,847,697</u>	<u>\$ 933,676,588</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 32,440,566	\$ -	\$ 32,440,566
Deferred revenue	5,354,804	(4,181,227)	1,173,577
Compensated absences			
Due within one year	-	62,662	62,662
Due in more than one year	-	207,774	207,774
Total liabilities	<u>37,795,370</u>	<u>(3,910,791)</u>	<u>33,884,579</u>
Fund balance/net assets			
Fund balance			
Reserved			
Reserved for encumbrances	504,505,166	(504,505,166)	-
Reserved for obligations	52,670,634	(52,670,634)	-
Reserved for First 5 California initiatives	52,161,039	(52,161,039)	-
Total reserved fund balance	<u>609,336,839</u>	<u>(609,336,839)</u>	<u>-</u>
Unreserved	<u>272,696,682</u>	<u>(272,696,682)</u>	<u>-</u>
Total fund balance	<u>882,033,521</u>	<u>(882,033,521)</u>	<u>-</u>
Net assets			
Invested in capital assets	-	13,847,697	13,847,697
Restricted			
Early childhood development	-	885,944,312	885,944,312
Total net assets	<u>-</u>	<u>899,792,009</u>	<u>899,792,009</u>
Total liabilities and fund balances/net assets	<u>\$ 919,828,891</u>	<u>\$ 13,847,697</u>	<u>\$ 933,676,588</u>

See accompanying notes to the basic financial statements.

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, 2008

	<u>General Fund</u>	<u>Adjustments (Note 1)</u>	<u>Statement of Activities</u>
Revenues			
Program revenues			
Tobacco taxes	\$ 122,655,958	\$ -	\$ 122,655,958
State School Readiness	15,098,348	-	15,098,348
State Commission Program Funds	2,198,287	3,475,671	5,673,958
Total program revenues	<u>139,952,593</u>	<u>3,475,671</u>	<u>143,428,264</u>
General revenues			
Investment income	34,996,079	-	34,996,079
Other revenues	428,588	38,714	467,302
Total general revenues	<u>35,424,667</u>	<u>38,714</u>	<u>35,463,381</u>
Total revenues	<u>175,377,260</u>	<u>3,514,385</u>	<u>178,891,645</u>
Expenditures/expenses			
Provider grants and other allocations	130,894,482	-	130,894,482
Salaries and benefits	6,599,446	39,506	6,638,952
Operating services	693,968	-	693,968
Consultant services	415,736	-	415,736
Professional services	276,610	-	276,610
Other expenses	90,880	-	90,880
Capital outlay	872,041	(872,041)	-
Depreciation	-	575,911	575,911
Total expenditures/expenses	<u>139,843,163</u>	<u>(256,624)</u>	<u>139,586,539</u>
Excess of revenues over expenditures	35,534,097	(35,534,097)	-
Change in net assets	-	39,305,106	39,305,106
Fund balance/net assets			
Beginning of year	846,499,424	13,987,479	860,486,903
End of year	<u>\$ 882,033,521</u>	<u>\$ 17,758,488</u>	<u>\$ 899,792,009</u>

See accompanying notes to the basic financial statements.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

With 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 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. 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 mission statement is “To optimize the development and well-being of all children, from the prenatal stage until their fifth birthday by increasing resources, ensuring access to services, and improving the abilities to families, communities and providers of services.”

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.

Basis of Accounting and Measurement Focus

Government-wide Financial Statements

Government-wide financial statements consist of the statement of net assets 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.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Government-wide Financial Statements (Continued)

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 assets. 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, state school readiness and state school matching funds. General revenues are all revenues that do not qualify as program revenues and include investment income and other income. Net assets represent the resources that the Commission has available for use in providing services. Net assets are composed of invested in capital assets and restricted net assets. At June 30, 2008, the Commission reported restricted net assets of \$885,944,312. California Proposition 10 restricts the Commission to expend tobacco tax revenues on programs focused exclusively on early childhood development for children prenatal up to five years of age.

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. Generally, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance for the governmental fund generally presents increases (revenues) and decreases (expenditures) in net current assets. 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 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

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 \$13,847,697 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 \$872,041 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, 2008 amounted to \$575,911 and is included in the government-wide financial statements.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

**Adjustments Between Fund Financial Statements and Government-Wide Financial Statements
(Continued)**

Deferred 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, the uncollected balance is deferred at year-end in the fund financial statements. Deferred revenue of \$4,181,277 was recognized as revenue in the government-wide financial statements during the year ended June 30, 2008.

The Commission entered into an agreement with a tenant to pay for the cost of improvements and the Commission is to be reimbursed. Revenue will be recognized over the life of the tenant lease. At June 30, 2008, \$114,527 was deferred in the government-wide financial statements and \$38,714 was recognized as revenue. The Commission received State School Readiness funds in excess of allowable expenditures in the amount of \$1,059,050. This amount is deferred in the fund and government-wide financial statements.

Revenues related to prior years that are available in the current year are reported in the general fund. In contrast, revenues that are earned but unavailable in the current year are deferred in the general fund. For government-wide purposes, the change in revenues represents revenues earned but unavailable in the current year in the amount of \$3,475,671.

Long-Term Liabilities

As of June 30, 2008 the Commission estimated its liability for vested compensated absences to be \$270,436. 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 change in compensated absences during the year of \$39,506 is reported in the statement of activities and does not require the use of current financial resources.

Fund Balance and Net Assets

The fund balance of the Commission are reserved funds constrained by state law for use for early childhood development and school readiness programs, and unreserved. As such, in accordance with GASB No. 34, the fund balance has been reclassified to invested in capital assets and restricted on the statement of net assets.

Investments

The Commission participates in the common investment pool of Los Angeles County. Investments are recorded at fair value.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Advance to Grantee

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.

Capital Assets

Capital assets are composed of buildings, building improvements, computer software and accessories, office equipment and furniture and fixtures and are recorded at cost. The Commission capitalizes assets with cost in excess of \$5,000 and a useful life greater than one year. 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.

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.

NOTE 2 – CASH AND INVESTMENTS

Total cash and investments at fair value, as of June 30, 2008 are as follows:

Cash:	
Cash on hand	\$ 500
Cash in bank	4,363,845
Total cash	<u>4,364,345</u>
Investments with County Treasurer:	
Pooled cash and investments	869,742,916
Pooled cash and investments – School Readiness	1,059,050
Total investments with County Treasurer	<u>870,801,966</u>
Total cash and Investments	<u>\$ 875,166,311</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 market value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash in bank (Continued)

secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the Commission. At June 30, 2008, cash held by the financial institutions of \$9,604,477 was entirely insured and collateralized as described above. The book balance at June 30, 2008 was \$4,364,345.

Pooled Cash and Investments

Investments with the Los Angeles County Treasurer at June 30, 2008 are stated at fair value. The fair value of pooled 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 fair value adjustment at June 30, 2008 decreased the Commission's investment income by \$962,738. 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, 2008, the weighted average maturity for the County pool approximated 556 days and is not rated.

NOTE 3 – CAPITAL ASSETS

The capital assets balance at June 30, 2008 consists of the following activity:

	Balance June 30, 2007	Increases	Decreases	Balance June 30, 2008
Capital assets not depreciated:				
Land	\$ 2,039,000	\$ -	\$ -	\$ 2,039,000
Capital assets depreciable:				
Building and improvements	11,505,906	415,830	-	11,921,736
Computer software and accessories	640,846	436,953	-	1,077,799
Office equipment	174,950	-	-	174,950
Furniture and fixtures	396,951	19,258	-	416,209
Total depreciable capital assets	12,718,653	872,041	-	13,590,694
Less accumulated depreciation:				
Building and improvements	(508,554)	(239,133)	-	(747,687)
Computer software and accessories	(442,187)	(218,546)	-	(660,733)
Office equipment	(75,432)	(34,990)	-	(110,422)
Furniture and fixtures	(179,913)	(83,242)	-	(263,155)
Total accumulated depreciation	1,206,086	575,911	-	1,781,997
Total capital assets, depreciable (net)	11,512,567	296,130	-	11,808,697
Capital assets – net	\$ 13,551,567	\$ 296,130	\$ -	\$ 13,847,697

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 4 – CHANGES IN COMPENSATED ABSENCES

Compensated absences liability activities for the year ended June 30, 2008 is as follows:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008	Due Within One Year
Compensated absences	\$ 230,931	\$ 329,490	\$ 289,985	\$ 270,436	\$ 62,662

NOTE 5 – FUND BALANCE

Fund balance represents the value of funds available to the Commission. Fund balance is composed of two categories, reserved and unreserved. Reserved fund balance consists of the following:

Reserved for encumbrances – an encumbrance is a legal obligation of the Commission based on an executed contract.

Reserved for obligations – the Commission has explicitly authorized and directed staff to enter into an agreement with a specific agency, however the contract has not yet been executed.

Reserved for First 5 California initiatives – the total future amount that the County Commission must reserve in order to meet its matching funds.

Unreserved fund balance consists of the following:

Designated for operating sustainability – represents funds designated by the Board to be set-aside for long-term operating sustainability.

Designated for local initiatives – represents funds designated to operate a specific program or project in the current or future fiscal years that have not yet been encumbered or authorized for definite contracts.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 5 – FUND BALANCE (Continued)

Fund balance at June 30, 2008 is as follows:

Reserved for Encumbrances:	
Children’s Planning Council – SP 11	\$ 1,250,000
Community Development Initiatives – Cycle II	195,560
Community Development Initiatives – Cycle III	1,315,400
Family Literacy Expansion Grants	3,235,000
LA Best Babies Network	5,251,955
Healthy Kids	30,639,865
Early Childhood Education	435,122,941
Family, Friends and Neighbors	1,201,809
Cross Cutting Approaches	530,432
Responsive Giving Fund	3,137,160
Oral Health Community Development	1,613,679
Partnership for Families	9,578,562
Best Start LA	2,039,227
Public Education	2,000,000
Research and Evaluation	1,668,477
Research and Evaluation (Early Learning)	3,800,914
ECE Workforce Development	963,057
2-1-1 Line	880,327
MAA – LA County	80,801
Total Reserved for Encumbrances	<u>504,505,166</u>
Reserved for Obligations:	
Children’s Planning Council – SP II	2,337,750
Family Literacy Expansion Grants	5,164,780
LA Best Babies Network	8,550,000
Family, Friends and Neighbors	1,363,562
Cross Cutting Approaches	433,500
La Petite Academy	67,487
Oral Health/Nutrition Expansion	236,500
Partnership for Families	21,260,622
Best Start LA	5,524,301
ECE Workforce Development	2,994,046
2-1-1 Line	4,738,086
Total Reserved for Obligations	<u>52,670,634</u>
Reserved for First 5 California Initiatives	<u>52,161,039</u>
Total Reserved Fund Balance	<u>609,336,839</u>
Unreserved:	
Designated for:	
Operating Sustainability	4,477,061
Local Initiatives	268,219,621
Total Unreserved Fund Balance	<u>272,696,682</u>
Total Fund Balance	<u>\$ 882,033,521</u>

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 5 – FUND BALANCE (Continued)

At its June 12, 2008 meeting, the Board of Commissioners reduced its commitment to the Los Angeles Universal Preschool from \$580 million to \$493 million, a reduction of \$87 million. The \$87 million was reallocated to a special allocation for early learning generally. The original agreement for the \$580 million commitment was still in place at June 30, 2008. A revised agreement is forthcoming.

NOTE 6 – PROGRAM EVALUATION

The Commission spent \$6,954,203 on program evaluation during the year ended June 30, 2008.

NOTE 7 – DEFERRED COMPENSATION PLANS

As of March 31, 2007, employer contributions to the 457(b) Plan ceased, and all contributions were made to the 403(b) Plan. Commission contributions were made to the 403(b) Plan for all benefit eligible employees. For employees hired before March 15, 2007, the Commission's contribution is equal to 100% of the employee's contribution, not to exceed 6% of the employee's annual compensation. For employees hired on or after March 15, 2007, the commission's contribution is equal to 100% of the employee's contribution up to 1% of the employee's annual compensation after the employee's one year employment anniversary increasing 1% each year to 6% after the employee's 6th year employment anniversary.

The Commission's 457(b) Plan was terminated effective October 22, 2007 and Plan assets were either rolled over to the 403(b) Plan or were distributed to Plan Participants as directed by Plan Participants.

The 457(b) Plan assets were in a Trust Account maintained by a Trust company. The 403(b) Plan assets were in a Custodial Account maintained by a Custodian. The Human Resources Director, the Director of Finance and the Director of Grants Management and Legal Compliance are the Plan Fiduciaries. These assets are not included in the Commission's financial statements. At June 30, 2008, the balance in the 403(b) Plan Trust Fund was \$2,282,739. The Commission contributed \$200,307 to the 403(b) Plan in fiscal year ended June 30, 2008.

NOTE 8 – 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.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Operating Lease

The Commission leases equipment from a third party under a lease, which expires in April 2011. The future minimum rental payments due under the lease are as follows:

Fiscal Year Ending June 30	
2009	\$ 38,542
2010	38,542
2011	<u>32,118</u>
Total	<u>\$ 109,202</u>

Future Funding

The Commission has entered into future funding commitments with various entities, which are contingent on State funding.

NOTE 10 – STATE SCHOOL READINESS PROGRAM

The Commission participates in the State School Readiness Program and receives funds to be used to coordinate, develop, implement and sustain a system of collaborative school-based or linked services, programs and informal supports based on research or promising practices to improve “school readiness” for children, families, communities and schools. A local match of the program funds expended each year is required and can be met through a cash match, including Commission funds, new expenditures by school districts and local public agencies in excess of existing local investments that are specifically targeted to an element of the School Readiness Program, or funds from private sources such as foundations and businesses.

The State’s policies and procedures for reporting program costs and requesting program funding have evolved since the program’s inception, and based in current State policies, the Commission is entitled to current year funding based on achieving the matching requirements. In the current fiscal year, the Commission expended approximately \$29.4 million in grantee expenses. Of the \$29.4 million State School Readiness Program expenses, the Commission is eligible to receive funding under the one to one match of \$15.0 million. \$15.1 million in revenue was recognized in the current fiscal year and includes coordination funds and a 50% advance based on the FY 07/08 budgeted amount. The Commission recorded deferred revenue of approximately \$1.05 million at June 30, 2008.

NOTE 11 - RELATED PARTY TRANSACTIONS

The Commission is required to use the County Treasurer for treasury and investment services and paid fees totaling approximately \$427,945 during the year ended June 30, 2008.

The Commission paid approximately \$6,666,856 of provider grants to organization’s which are represented by three members of the Board of Commissioners. In addition, \$25,000 was provided for a conference for an organization which a Board member represents.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 12 - SUBSEQUENT EVENT

As a part of the Fiscal Year 08-09 State of California budget signed by the Governor September 23, 2008, AB 1389 became law. It authorizes the State Controller to use funds from the California Children and Families Trust Fund (CFTF) for loans to the State's General Fund. The loans from the CFTF must be repaid with interest at 110 percent of the State's Pooled Money Investment Account rate. So long as these loans are short-term loans to meet the interim cash flow needs of the State, management does not believe there would be any impact on the current financial statements, nor will there be a lasting impact on the financial condition. Management anticipates having sufficient cash to fund the Commission's existing allocations which are projected to be expended by 2016.

**SUPPLEMENTAL INFORMATION
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, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues				
Tobacco taxes:				
Tobacco taxes	\$ 118,334,715	\$ 118,334,715	\$ 122,655,958	\$ 4,321,243
State School Readiness	13,400,000	13,400,000	15,098,348	1,698,348
State Commission Program Funds	-	-	2,198,287	2,198,287
Investment income	28,000,000	28,000,000	34,996,079	6,996,079
Other revenues	<u>1,884,381</u>	<u>1,884,381</u>	<u>428,588</u>	<u>(1,455,793)</u>
Total revenues	<u>161,619,096</u>	<u>161,619,096</u>	<u>175,377,260</u>	<u>13,758,164</u>
Expenditures				
Provider Grants				
Provider grants and other allocations	219,071,022	219,071,022	130,177,569	88,893,453
Operations & Administration				
Personnel related expenditures				
Salaries and wages	6,879,267	6,879,267	6,022,420	856,847
Fringe Benefits	<u>1,722,067</u>	<u>1,722,067</u>	<u>1,263,863</u>	<u>458,204</u>
Total Personnel Related Expenditures	8,601,334	8,601,334	7,286,283	1,315,051
General Operating Expenditures				
ADP Payroll Charges	11,800	23,800	13,415	10,385
Workers Compensation Insurance	60,000	60,000	44,708	15,292
Corporate Insurance	80,000	68,000	53,693	14,307
Mileage Expense	36,388	31,388	15,481	15,907
Telephones & Modems	53,000	53,000	43,921	9,079
Printing	80,525	55,525	23,531	31,994
Postage & Delivery	8,850	10,100	3,926	6,174
Office Supplies	67,270	67,270	50,114	17,156
Equipment Purchases	118,500	118,500	51,302	67,198
Equipment Rental	65,358	65,358	61,624	3,734
Repair & Maintenance-Furniture & Fixtures	15,000	25,500	25,369	131
Repair & Maintenance-Equipment	91,000	91,000	88,826	2,174
Rents & Lease - Offsite Storage	17,100	19,700	7,952	11,748
Los Angeles County Overhead	230,000	207,900	76,308	131,592
Contingency	311,000	309,517	42,132	267,385
Facilities & Other Supplies	42,600	32,234	23,611	8,623
Utilities	150,000	150,000	135,983	14,017
Educational Supplies	-	1,483	1,483	-
Cell Phones & BlackBerry	24,120	24,120	21,202	2,918
Capital Improvement Projects	-	452,905	416,894	36,011
Total General Operating Expenditures	<u>1,462,511</u>	<u>1,867,300</u>	<u>1,201,475</u>	<u>665,825</u>
Professional Services				
Audit and Accounting Fees	188,000	210,100	125,063	85,037
Legal Fees	90,000	90,000	69,203	20,797
Membership Dues	54,664	58,256	45,220	13,036
Professional Development	13,492	13,492	5,883	7,609
Staff Recruitment	50,000	50,000	12,978	37,022
Commission Stipends	28,800	28,800	18,450	10,350
Total Professional Services	<u>424,956</u>	<u>450,648</u>	<u>276,797</u>	<u>173,851</u>
Consultant Services				
Consultant Fees	692,300	865,784	662,871	202,913
Other Professional Fees	<u>123,800</u>	<u>123,800</u>	<u>120,966</u>	<u>2,834</u>
Total Consultant Services	816,100	989,584	783,837	205,747
Travel and Meetings				
Conferences - Travel & Lodging	54,955	49,367	20,956	28,411
Conference - Registration Fees	62,950	66,967	38,161	28,806
Local Meeting Expenses	42,990	42,990	24,318	18,672
Lodging	46,600	46,221	21,780	24,441
Per Diem	<u>26,624</u>	<u>27,224</u>	<u>11,987</u>	<u>15,237</u>
Total Travel and Meetings	<u>234,119</u>	<u>232,769</u>	<u>117,202</u>	<u>115,567</u>
Total Operating Expenditures	<u>11,539,020</u>	<u>12,141,635</u>	<u>9,665,594</u>	<u>2,476,041</u>
Total Provider Grants and Operating Expenditures	<u>230,610,042</u>	<u>231,212,657</u>	<u>139,843,163</u>	<u>91,369,494</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (68,990,946)</u>	<u>\$ (69,593,561)</u>	<u>\$ 35,534,097</u>	<u>\$ (77,611,330)</u>
Fund balance - Beginning of year			<u>846,499,424</u>	
Fund balance - End of year			<u>\$ 882,033,521</u>	

See accompanying note to supplemental information.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
NOTE TO SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2008**

NOTE 1 – BUDGET ADOPTION

Annually the Board of Commissioners adopts a budget. The Board of Commissioners has given the Executive Director authority to make budget adjustments between line items in the Commission's Annual Operating Budget in an amount not to exceed \$25,000. Any budget adjustment between line items in excess of \$25,000 requires approval of the Operations Committee of the Board of Commissioners.

An annual budget is adopted on a basis that is consistent with generally accepted accounting principles.



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

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

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, 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated October 1, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Commission, in a separate letter dated October 1, 2008.

This report is intended solely for the information and use of the County Board of Supervisors, Board of Commissioners, Commission management, California Children and Families Commission and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Jini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
October 1, 2008



INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

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

We have examined the compliance of the Los Angeles County Children and Families First – Proposition 10 Commission (Commission), a component unit of the County of Los Angeles, California with the State of California's *Standards and Procedures for Audits of California Counties Participating in the California Children and Families Program* for the year ended June 30, 2008. Management is responsible for the Commission's compliance with those requirements. Our responsibility is to express an opinion on the Commission's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Commission's compliance with those requirements and performing the following procedures:

Description

Audit Procedures

Contracting and Procurement
(all 6 of the following procedures
were performed)

1. Obtain the minutes to confirm to that the commission adopted in a public hearing/meeting its contracting and procurement policies, including the applicable amendments to the policies.
2. Obtain the commission's written contracting and procurement policies and gain an understanding of how they are applied.
3. Obtain a representation letter from the commission's legal representative stating whether or not the commission's contracting and procurement policies are consistent with state law.
4. Test a representative sample of contract and procurement transactions to supporting source documentation, as follows:
 - a. Determine whether the transactions are in compliance with the commission's contracting and procurement policies (e.g., test for evidence of contract splitting, which occurs when multiple contracts are awarded to a single contractor in order to avoid monetary limits).
 - b. Determine whether expenditures are consistent with those identified in contracts and other types of agreements (e.g., grants, contracts, and memorandums of understanding).
 - c. Verify that the commission has determined whether grants, contracts, and other types of agreements are consistent with the commission's strategic plan.

Administrative Costs

(all 3 of the following procedures were performed without exception):

1. Review the minutes to confirm that the commission adopted, in a public hearing/meeting, a limit on the percentage of the operating budget that may be spent on administrative functions.
2. Determine whether the administrative costs definition is consistent with the state commission guidelines that define administrative functions.
3. Verify through inquiry and inspection whether the county commission has implemented a system to monitor its administrative costs.

Conflict of Interest

(all 3 of the following procedures were performed without exception):

1. Review the commission's public hearing/meeting minutes to confirm that the county commission has adopted conflict-of-interest policies.
2. Obtain a representation letter from the county commission's legal representative stating whether or not the conflict-of-interest policies are consistent with applicable state and local conflict-of-interest statutes and regulations.
3. Determine whether the commission is complying with the conflict-of-interest policies and procedures.

County Ordinance

(all 4 of the following procedures were performed without exception):

1. Obtain a management representation letter that describes how the commission is complying with each component of the ordinance.
2. Perform the following procedures to verify that the commission followed its written policies and procedures for adherence to the county ordinance:
 - a. Review source documents (e.g., commission by-laws, organization charts, minutes, and accounting records) to verify that the county commission complied with the county ordinance.
 - b. Obtain the commission minutes to confirm that the commission conducted the annual review of the strategic plan.
 - c. If the commission made any revisions to the strategic plan, review the minutes to confirm that it conducted at least one public hearing/meeting before it adopted the revisions to the plan.

Long-Range Financial Plans

(both of the following procedures were performed without exception):

1. Verify that the county commission has a long-range financial plan.
2. Review the minutes to confirm that the county commission formally adopted a long-range financial plan.

Financial Condition of the Commission
(the following procedure was
performed without exception):

1. Verify that the county commission has policies and practices with respect to communicating its financial condition. At a minimum it should include the annual audit required by the state commission guidelines.

Program Evaluation
(all 3 of the following procedures
were performed without exception):

1. Verify that the amount spent on program evaluation is in compliance with the commission's policies and/or practices on evaluation costs (e.g., the adopted budget, commission minutes, funding resolution, or board action). For guidance refer to Section 6.2 of the First 5 Financial Management Guide.
2. Confirm the existence of evaluation data collected and/or reports prepared on program evaluation. Evidence may be in the form of minutes of meetings at which evaluation results were presented, written reports or other data files that documented program evaluation.
3. Include a statement in the notes to the financial statements that identifies the amount spent on program evaluation during the period under audit.

Salaries and Benefit Policies
(both of the following procedures
were performed without exception):

1. Obtain the minutes to confirm that the commission has adopted salaries and benefits policies and procedures.
2. Test a representative sample of payroll and benefit transactions. Verify that the actual salaries and benefits of commission employees are consistent with the salaries and benefit policies adopted by the commission.

We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Commission's compliance with specified requirements.

In our opinion, the Commission complied, in all material respects, with the aforementioned requirements for the year ended June 30, 2008.

This report is intended solely for the information and use of the County Board of Supervisors, Board of Commissioners, Commission management, California Children and Families Commission and the State Controller's Office, and is not intended to be and should not be used by anyone other than these specified parties.

Macias Jini & O'Connell LLP

Certified Public Accountants

Los Angeles, California
October 1, 2008

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS**

07 – 1 Contracting and Procurement

Condition

Per the Commission’s procurement policy, any service or goods with a value in excess of \$5,000 shall be required to adhere to the Commission’s board adopted procurement policy.

During our testing of the Commission’s procurement policy, we noted one vendor payment in the amount of \$19,261, did not contain the required documentation per their procurement policy. For the selected vendor payment, we were provided three bids obtained for the service; however there was no evidence of a Request for Qualification, no documentation on how the selection was made, and there was no contract between the Commission and the vendor.

Recommendation

We recommend that the Commission emphasize the importance of following their board adopted procurement policy to staff.

Management Response

The Commission has established policies and procedures which outline the steps that need to be followed in order to be in compliance with AB 109 and SB 35. In this instance these policies and procedures were not followed. All staff will participate in periodic trainings to ensure compliance.

Status

Implemented

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST – PROPOSITION 10 COMMISSION
STATISTICAL SECTION
(UNAUDITED)**

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

	<u>Pages</u>
<u>Financial Trends</u> These schedules contain trend information to help the reader understand how the Commission’s financial performance and well-being have changed over time.	35-38
<u>Revenue Capacity</u> These schedules contain trend information to help the reader assess the Commission’s most significant revenue base.	39-40
<u>Demographic Information</u> These schedules offer economic and demographic indicators to help the reader understand how the information in the Commission’s financial report relates to the services the Commission provides and the activities it performs.	41-42
<u>Operating Information</u> This schedule contains infrastructure data to help the reader understand how the Information in the Commission’s financial report relates to the services the Commission performs.	43

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	2008	2007	2006	2005	2004
Restricted	\$ 885,944,312	\$ 846,935,336	\$ 801,601,230	\$ 748,426,669	\$ 684,537,664
Invested in capital assets, net of related debt	13,847,697	13,551,567	13,794,660	13,367,162	82,560
Total net assets	<u>\$ 899,792,009</u>	<u>\$ 860,486,903</u>	<u>\$ 815,395,890</u>	<u>\$ 761,793,831</u>	<u>\$ 684,620,224</u>

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	2008	2007	2006	2005	2004
Revenues:					
Tobacco taxes	\$ 122,655,958	\$ 125,602,050	\$ 132,633,446	\$ 138,542,842	\$ 131,232,345
State School Readiness	15,098,348	11,563,470	15,343,412	11,820,145	-
State Commission Matching Grant	5,673,958	2,300,312	1,490,053	1,202,599	-
Investment income	34,996,079	42,823,178	30,799,531	13,158,681	8,520,520
Other revenues	467,302	290,768	314,658	434	-
Total revenues:	<u>178,891,645</u>	<u>182,579,778</u>	<u>180,581,100</u>	<u>164,724,701</u>	<u>139,752,865</u>
Expenses:					
Provider grants and other allocation	130,894,482	129,614,460	119,067,100	92,727,156	79,133,367
Salaries and benefits	6,638,952	5,841,908	5,822,732	5,250,528	4,809,497
Operating services	693,968	855,192	860,634	933,586	951,337
Consultant services	415,736	415,822	531,042	129,320	128,168
Professional services	276,610	204,353	232,044	310,463	431,267
Other expenses	90,880	85,332	191	275,395	66,353
Depreciation	575,911	471,698	465,298	144,934	44,007
Total expenses:	<u>139,586,539</u>	<u>137,488,765</u>	<u>126,979,041</u>	<u>99,771,382</u>	<u>85,563,996</u>
Change in net assets	<u>\$ 39,305,106</u>	<u>\$ 45,091,013</u>	<u>\$ 53,602,059</u>	<u>\$ 64,953,319</u>	<u>\$ 54,188,869</u>

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
FUND BALANCES - GENERAL FUND
LAST FOUR FISCAL YEARS***

	Fiscal Year			
	2008	2007	2006	2005
Reserved:				
Reserved for encumbrances	\$ 504,505,166	\$ 639,223,219	\$ 679,128,690	\$ 699,098,261
Reserved for obligations	52,670,634	13,125,130	39,107,652	714,865
Reserved for First 5 California	52,161,039	31,794,550	60,712,820	43,817,472
Total reserved	<u>609,336,839</u>	<u>684,142,899</u>	<u>778,949,162</u>	<u>743,630,598</u>
Unreserved:				
Designated	272,696,682	162,356,525	1,298,235	-
Unreserved	-	-	18,384,748	-
Total fund balances	<u>\$ 882,033,521</u>	<u>\$ 846,499,424</u>	<u>\$ 798,632,145</u>	<u>\$ 743,630,598</u>

* Fund financial statements were not prepared in fiscal year 2004.

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
CHANGES IN FUND BALANCES - GENERAL FUND
LAST FOUR FISCAL YEARS***

	Fiscal Year			
	2008	2007	2006	2005
Revenues:				
Tobacco taxes	\$ 122,655,958	\$ 127,012,312	\$ 131,223,184	\$ 138,542,842
State School Readiness	15,098,348	13,534,763	17,640,707	7,551,557
State Commission Matching Grant	2,198,287	1,480,228	2,217,327	475,325
Investment income	34,996,079	42,823,178	30,799,531	13,158,681
Other revenues	428,588	252,054	506,613	434
Total revenues:	175,377,260	185,102,535	182,387,362	159,728,839
Expenditures:				
Provider grants and other allocations	130,894,482	129,614,460	119,067,100	92,727,156
Salaries and benefits	6,599,446	5,831,492	5,802,008	5,243,147
Operating services	693,968	855,192	860,634	933,586
Consultant services	415,736	415,822	531,042	129,320
Professional services	276,610	204,353	232,044	310,463
Other expenses	90,880	85,332	191	275,395
Capital lease payments	-	-	-	8,498,702
Capital outlay	872,041	228,605	892,796	4,930,834
Total expenditures:	139,843,163	137,235,256	127,385,815	113,048,603
Excess of revenues over expenditures	\$ 35,534,097	\$ 47,867,279	\$ 55,001,547	\$ 46,680,236

* Fund financial statements were not prepared in fiscal year 2004.

**LOS ANGELES COUNTY CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
 FIRST 5 CALIFORNIA COUNTY TAX REVENUE PROJECTIONS FOR
 FY 2007/2008 - FY 2011/2012**

2005 Projected Births	2005 Projected Birthrate	2007 - 2008 Tax Revenue Projection	2006 Projected Births	2006 Projected Birthrate	2008 - 2009 Tax Revenue Projection	2007 Projected Births	2007 Projected Birthrate	2009 - 2010 Tax Revenue Projection	2008 Projected Birth	2008 Projected Birthrate	2010 - 2011 Tax Revenue Projection	2009 Projected Births	2009 Projected Birthrate	2011 - 2012 Tax Revenue Projection
150,377	27.406%	\$121,954,294	151,837	27.010%	\$120,411,597	151,187	26.798%	\$116,150,751	150,508	26.580%	\$111,915,275	149,840	26.369%	\$107,963,527

*Source:
 First 5 of California Children and Families Commission - 2008
 (Updated 5/20/08 utilizing DOF May Revise Tobacco Tax Projections & DOF 2007 Birth Projections for California State & Counties 1990 - 2016)*

LOS ANGELES COUNTY CHILDREN AND FAMILIES FIRST -PROPOSITION 10 COMMISSION
CIGARETTE TAXES AND OTHER TOBACCO PRODUCTS SURTAX REVENUE, 1959-60 TO 2006-07
(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 (%)
					6	7
1	2	3	4	5	6	7
2006-07	\$998,723	\$8,558	\$1,007,281	\$1,330	\$79,946	46.76
2005-06	1,026,497	8,795	1,035,293	1,707	67,348	46.76
2004-05	1,024,272	8,778	1,033,051	1,653	58,441	46.76
2003-04	1,021,366	8,755	1,030,121	4,721	44,166	46.76
2002-03	1,031,772	8,845	1,040,617	13,248	40,996	48.89
2001-02	1,067,004	9,146	1,076,150	10,774	50,037	52.65 d/
2000-01	1,110,692	9,503	1,120,195	8,741	52,834	54.89
1999-00	1,166,880	9,980	1,176,859	9,413	66,884	66.50
1998-99	841,911 e/	7,206	849,117	6,808	42,137 f/	61.53 f/
1997-98	612,066	5,244	617,309	5,448	39,617	29.37
1996-97	629,579	5,394	634,973	5,060	41,590	30.38
1995-96	639,030	5,469	644,499	6,193	32,788	31.20
1994-95	656,923	5,628	662,551	11,159	28,460	31.20
1993-94	647,993 g/	5,553	653,546	8,353	19,773	23.03
1992-93	667,479	5,715	673,195	9,138	21,480	26.82
1991-92	711,276	6,086	717,362	7,791	22,016	29.35
1990-91	729,612	6,242	735,854	7,904	24,064	34.17
1989-90	770,042 h/	6,581	776,623	11,615	24,956 h/	37.47
1988-89	499,712 h/	4,273	503,984	4,968	9,994 h/	41.67
1987-88	254,869	2,180	257,049	2,970		
1986-87	257,337	2,202	259,539	2,661		
1985-86	260,960	2,231	263,190	2,834		
1984-85	265,070	2,267	267,337	2,390		
1983-84	265,265	2,267	267,532	2,756		
1982-83	273,748	2,336	276,084	2,060		
1981-82	278,667	2,383	281,050	1,843		
1980-81	280,087	2,395	282,482	1,567		
1979-80	272,119	2,327	274,446	1,645		
1978-79	270,658	2,315	272,973	1,408		
1977-78	275,042	2,352	277,394	1,239		
1976-77	270,502	2,315	272,817	832		
1975-76	269,852	2,309	272,161	927		
1974-75	264,182	2,262	266,444	745		
1973-74	259,738	2,222	261,960	632		
1972-73	253,089	2,167	255,256	626		
1971-72	248,398	2,127	250,525	677		
1970-71	240,372	2,058	242,430	552		
1965-70	834,720 i/	9,011	843,731	1,492		
1960-65	351,101 j/	7,489 k/	358,590	334		
1959-60	61,791 l/	767 m/	62,558	67		

- a. Net of refunds for tax indicia on cigarettes that become unfit for use (See column 5).
- 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. 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.
- e. 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.
- f. 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.
- g. 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.
- h. 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.
- i. 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.
- j. 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.
- k. Effective July 1, 1960, a discount was allowed at the time tax indicia were purchased.
- l. 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.
- m. 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.

Source: State Board of Equalization 2006 - 2007 Annual Report

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
DEMOGRAPHIC DATA**

	1999*	2000**	2001**	2002**	2003**	2004**	2005**	2006**	2007**	2008**	2009**
Total Population	9,519,338	9,578,960	9,747,138	9,910,245	10,046,518	10,152,410	10,216,326	10,262,451	10,323,161	10,385,372	10,449,155
White	2,959,614	3,045,819	3,050,717	3,055,097	3,056,381	3,052,367	3,038,609	3,010,955	2,987,008	2,962,811	2,938,369
Hispanic	4,242,213	4,273,914	4,379,277	4,482,535	4,578,294	4,666,225	4,743,483	4,805,246	4,870,855	4,938,416	5,008,069
Asian	1,124,569	1,165,096	1,208,951	1,251,415	1,282,043	1,300,190	1,300,915	1,317,476	1,338,055	1,358,357	1,378,338
Black	901,472	910,077	914,075	917,014	916,627	912,476	904,314	896,702	891,788	886,951	882,167
Other/Multi-Race	291,470	184,054	194,118	204,184	213,173	221,152	229,005	232,072	235,455	238,837	242,212
Female	4,815,233	4,842,169	4,919,557	4,994,678	5,058,261	5,108,508	5,140,037	5,165,895	5,198,625	5,232,179	5,266,592
Male	4,704,105	4,736,791	4,827,581	4,915,567	4,988,257	5,043,902	5,076,289	5,096,556	5,124,536	5,153,193	5,182,563
Under 5 years	737,631	741,504	748,470	755,786	763,337	767,215	764,461	742,770	729,803	720,489	716,228
5-9 years	802,047	811,329	822,059	823,921	813,421	796,245	773,347	758,263	749,949	747,151	744,818
10-14 years	723,652	734,433	771,090	810,282	842,755	864,411	869,466	856,975	832,134	800,590	769,538
15-19 years	683,466	679,674	673,029	672,204	682,149	703,708	736,847	777,709	817,454	849,439	870,100
20-24 years	701,837	691,296	670,967	655,165	648,697	645,782	648,351	661,394	676,027	697,008	725,816
25-29 years	779,031	766,208	730,840	696,898	666,893	646,632	636,522	642,294	652,625	666,494	677,682
30-39 years	1,592,915	1,605,200	1,631,593	1,645,157	1,639,147	1,614,537	1,577,319	1,538,523	1,501,962	1,461,770	1,420,833
40-49 years	1,351,738	1,371,304	1,427,958	1,482,825	1,528,835	1,564,750	1,582,995	1,588,045	1,590,306	1,590,284	1,592,529
50-59 years	913,585	929,629	982,852	1,035,373	1,083,196	1,131,191	1,178,904	1,218,471	1,250,589	1,283,334	1,315,677
60-69 years	564,939	571,462	591,060	616,516	644,826	670,752	692,409	716,567	753,415	790,751	827,207
70-79 years	432,804	436,270	443,246	448,189	451,891	453,684	454,246	454,167	456,043	460,050	466,110
80+ years	235,693	240,651	253,974	267,929	281,371	293,503	301,459	307,273	312,854	318,012	322,617

Source:

* US Census Bureau, 2000 Census, SF1

** California Department of Finance, Demographic Research Unit

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
CHILDREN'S SCORECARD LOS ANGELES COUNTY TRENDS, 2000 - 2004**

	2000	2001	2002	2003	2004	Rate of Change*
Newborns with low birth weight (less than 2,500 grams)	10,080	10,213	10,222	10,794	10,717	6.3%
Percent of Newborns with low birth weight	6.4%	6.7%	6.8%	7.1%	7.1%	10.5%
Women with prenatal care in the first trimester	135,356	132,776	132,493	136,610	136,144	0.6%
Percent of women with prenatal care in the first trimester	86.0%	86.5%	87.6%	89.8%	89.9%	4.5%
Percent of children with Health Insurance***	85.0%		89.7%		91.7%	7.9%
Children adequately immunized at age 2	65.0%	69.7%	72.8%	73.6%	70.0%	7.7%
Infant Deaths	777	828	825	822	757	-2.6%
Infant death rate (per 1,000 live births)	4.9	5.4	5.5	5.4	5.0	1.3%
Child deaths (ages 1-17)	588	586	561	560	540	-8.2%
Child death rate (per 100,000 children ages 1-17)	23.3	23.0	21.7	21.4	20.6	-11.6%
Chlamydial infection cases (ages 15-19)	9,672	9,682	10,335	10,613	11,232	16.1%
Chlamydial infection rate (per 100,000 teens ages 15-19)	1,416.9	1,423.3	1,514.9	1,532.7	1,583.4	11.8%
Birth to teen mothers (ages 10-17)	6,075	5,642	5,329	5,087	4,986	-17.9%
Child abuse and neglect referrals to emergency response (DCFS)	151,108	147,352	161,642	162,362	154,993	2.6%
Substantiated child abuse and neglect referrals to emergency response	28,303	29,076	26,555	23,243	21,924	-22.5%
Percent of children whose parents say they can easily get to a safe place to play***	75.9%		83.1%		83.1%	9.5%
Violent crime incidents	90,037	89,810	89,058	84,670	76,652	-14.9%
Violent crime rate (per 100,000 population)	926.7	921.3	899.3	842.7	753.0	-18.7%
Domestic violence-related calls for assistance	60,960	59,661	56,452	52,790	48,041	-21.2%
Accidental injury deaths	151	153	152	153	140	-7.3%
Hospitalizations from accidental injuries	7,127	6,924	6,878	6,794	6,527	-8.4%
Homicides	124	130	111	101	117	-5.6%
Hospitalizations from assaultive injuries	591	570	613	599	579	-2.0%
Children in out-of-home placement						
Preschoolers participating in library reading groups	n/a	n/a	323,378	n/a	299,210	-7.5%
Percent of children, ages 0-5, who are read to daily by a family member	33.2%	n/a	43.0%	n/a	46.7%	40.7%
Number of children's and young-adult library books checked out	n/a	n/a	18,776,215	n/a	15,455,699	-17.7%
Children who watch television 3 or more hours per day	30.2%	n/a	27.1%	n/a	29.2%	-3.3%
Department of Children and Family Services	30,907	27,767	27,082	24,693	22,153	-28.3%
Department of Mental Health	3,720	3,632	3,859	3,526	3,513	-5.6%
Teen birth rate (per 1,000 females ages 10-17)	1100.0%	990.0%	910.0%	840.0%	810.0%	-26.4%
Repeat births to teens (ages 15-19)	3,537	3,296	2,921	2,679	2,698	-23.7%
Repeat births to teens rate (per 1,000 females ages 15-19)	1070.0%	1000.0%	880.0%	790.0%	780.0%	-27.3%

Source:

Children's scorecard, 2006

LA County Children's Planning Council

* Rate of change between 2000 and 2004 (or earliest year of data).

*** Data reported are from the 1999, 2002, and 2005 L.A. County Health Surveys

n/a Not available

**LOS ANGELES COUNTY
CHILDREN AND FAMILIES FIRST - PROPOSITION 10 COMMISSION
CAPITAL ASSETS STATISTICS**

Capital Assets (Land, Building, Furniture & Equipment) 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.