Annual Financial Statements and
Single Audit Report
Year Ended June 30, 2022

Sacramento Employment and Training Agency (SETA)

Sacramento Employment and Training Agency (SETA)

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Independent Auditor's Report

To the Governing Board
Sacramento Employment and Training Agency
Sacramento, 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 Sacramento Employment and Training Agency (SETA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SETA'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 SETA, as of June 30, 2022, 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 SETA, 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.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 13 to the financial statements, SETA has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities net position as of July 1, 2021, 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 SETA'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 SETA'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 SETA'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, budgetary comparison information, schedule of the proportionate share of the net pension liability, schedule of pension contributions, and schedule of changes in the total OPEB liability, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial

reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SETA's basic financial statements. The supplementary schedules, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are 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 in conformity with the *California Department of Education Audit Guide* and *California Department of Social Services Audit Guide*, issued by the California Department of Education and California Department of Social Services, respectively, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2023 on our consideration of SETA'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 SETA'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 SETA's internal control over financial reporting and compliance.

Eide Bailly LLP

Sacramento, California
January 31, 2023

SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022

This section of the Sacramento Employment and Training Agency's (SETA) financial statements presents a discussion and analysis of SETA's financial performance during the fiscal year ended June 30, 2022. Please read it in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- As of June 30, 2022, SETA's general fund reported a combined fund balance of $3,508,161, a decrease of $535,105 from last year.

- For the year ended June 30, 2022, SETA's governmental activities reported a net deficit of $42,483,170, primarily due to the increase in deferred inflows related to pensions and the recording of a long-term lease liability due to the implementation of GASB 87, *Leases*.

- As of June 30, 2022, SETA's net position increased by $9,286,058 primarily due to a decrease in pension expense because of the decrease in the net pension liability, as well as increases in operating grants and contribution revenues.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to SETA's basic financial statements. SETA's basic financial statements consist of three components 1) **Government-wide** financial statements; 2) **Fund** financial statements and 3) **Notes** to the basic financial statements.

Government-wide Financial Statements provide readers with a broad overview of SETA's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of SETA's assets and liabilities, with the differences between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SETA is improving or deteriorating. The Statement of Activities presents information showing how net position changed during the most recent fiscal year. Changes in Net Position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, some revenues and expenses included in this statement will result in cash flows in future fiscal periods.

Both of these government-wide financial statements distinguish functions of SETA that are 100% supported by grants received and contracts for service. The governmental activities of SETA include Head Start/Early Head Start, Workforce Development, Refugee Support Services, Child Care Food Program, California Department of Education, California Department of Social Services, Community Services Block Grant, and CalWORKS Services. SETA does not engage in any business type activities.

Government-wide financial statements are on pages 12 and 13 of this report.

Fund Financial Statements are groupings of related funding sources that are used to maintain control over resources that have been segregated for specific activities or objectives. SETA uses fund accounting to ensure and demonstrate finance-related legal compliance. SETA maintains one governmental fund, the General Fund.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental funds balance sheet and the governmental funds statement of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds financial statements are on pages 14-16 of this report.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and government funds financial statements. The notes are on pages 18-38 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. For the year ended June 30, 2022, SETA reported a net deficit of $42,483,170 due to the accounting of pension liability in accordance to GASB 68, which requires SETA to report net pension liability for the difference between the present value of projected pension benefits for the past services and restricted resources held in trust for the payment of benefits.

Statement of Net Position

	2022	2021
Assets:		
Current Assets	$ 14,923,727	$ 12,733,582
Non-Current Assets	15,873,741	3,849,404
Total Assets	30,797,468	16,582,986
Deferred Outflows of Resources	19,983,102	27,106,230
Liabilities:		
Current Liabilities	14,311,020	9,020,094
Non-current Liabilities	18,534,487	84,616,158
Total Liabilities	32,845,507	93,636,252
Deferred Inflows of Resources	60,418,233	1,804,190
Net Position:		
Net investment in capital assets	3,268,805	3,849,404
Unrestricted	(45,751,975)	(55,600,629)
Total Net Position (Deficit)	$ (42,483,170)	$ (51,751,225)

- Capital Assets increased by $12,024,337 due to the implementation of GASB 87, *Leases*, which required SETA to record leased (right-to-use) capital assets.

- Non-current Liabilities decreased by $66,081,671 and deferred inflows increased by $58,614,043 primarily due to a decrease in the net pension liability as a result of favorable investment gains realized in 2021.

- Current Liabilities increased by $5,290,926 due to an increase in year end-accounts payable accruals due to increased project activity during the year, including a large accrual for the Northview Renovation Project, as well as the recording of the current portion of lease liabilities due to the implementation of GASB 87, *Leases*.

Statement of Activities: SETA's increased net position of $9,268,058 is primarily due to the change in the net pension liability as a result of the investment gain realized in 2021. The table below indicates the changes in net position:

Statement of Activities

	2022	2021
Program Revenues:		
Operating Grants and Contributions	$ 116,410,192	$ 103,758,465
General Revenues:		
Unrestricted Investment Earnings/(Loss)	8,404	(540,992)
Total Revenues	116,418,596	103,217,473
Expenses:		
Head Start/Early Head Start	78,122,304	78,608,416
Workforce Development	10,396,354	13,307,594
Other Programs	18,631,880	20,528,055
Total Expenses	107,150,538	112,444,065
Change in net position	9,268,058	(9,226,592)
Net deficit, beginning of year	(51,751,228)	(42,524,633)
Total net deficit, end of year	$ (42,483,170)	$ (51,751,225)

SETA receives revenue from federal, state, and local grants and contributions on a cost reimbursement basis therefore expenses are usually equal to revenue. The net position increase is due to 1) a decrease in the pension and OPEB expenditures which are offset by the depreciation and amortization expense and 2) increase in Operating Grants and Contributions related to increased grant revenues received during FY2022.

FINANCIAL ANALYSIS OF SETA'S FUNDS

As noted earlier, SETA uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. SETA is a joint powers agency of the County of Sacramento and the City of Sacramento. The County contractually manages most financial functions for SETA including vendor and employee payments and investment activities.

Governmental funds: SETA maintains one major governmental fund, the General Fund. The General Fund is used to account for the operations of SETA. SETA's unrestricted fund balance includes interest income received for unrestricted funds held at the County. Accordingly, interest income is allocable to a particular funding source based on which fund balance earned the income.

As of June 30, 2022, SETA reported a total fund balance of $3,508,161, which is a decrease of $535,105 compared to total fund balance of $4,043,266 at June 30, 2021. SETA's fund balance equals the authorized amounts in its custodial checking accounts, any prepaid expenses, amounts to cover the compensated absences balance, and amounts that are unassigned and spendable.

Revenue Analysis: Total revenue received for the year ended June 30, 2022 totaled $116,720,763. The table below presents the amounts of revenue and the percent of total by source for FYE 2022 and FYE 2021.

Revenues by Source	FYE 2022 Amount	Percent of Total	FYE 2021 Amount	Percent of Total	Increase/ (Decrease)	Percentage Change
Grant revenue	$ 93,283,502	79.93%	$ 86,067,961	83.19%	$ 7,215,541	8.38%
Child care food revenue	1,581,494	1.35%	774,359	0.75%	807,135	104.23%
Intergovernmental	1,975,839	1.69%	1,650,071	1.59%	325,768	19.74%
Investment income (loss)	23,476	0.02%	20,617	0.02%	2,859	13.87%
Miscellaneous income	553,557	0.47%	334,233	0.32%	219,324	65.62%
In-Kind contributions	19,302,895	16.54%	14,620,604	14.13%	4,682,291	32.03%
Total revenues	$ 116,720,763	100.00%	$ 103,467,845	100.00%	$ 13,252,918	12.81%

The following provides an explanation of revenues by fund that changed significantly over the prior year.

- Childcare food revenue increased by $807,135 due to full in-person classroom services returning for FY 21-22. Childcare food revenue is earned through meals served to participants enrolled in the center-based Head Start and CDE programs. School site closures occurred from July 2020 through the spring of 2021 which resulted in lower earnings for the childcare food program during FY 20-21.

- Intergovernmental revenue increased by $325,768 primarily due to the new funding received from the City of Sacramento and the Golden Sierra Job Training Agency.

- Miscellaneous income revenue increased by $219,324 due to having received additional funding from the STEPS program.

- Head Start In-Kind contributions increased by $4,682,291 due to the return of in-person services. As a result of in-person services returning, enrollment figures in the classroom increased, and brought more opportunities to earn in-kind during the year. A large part of In-Kind contributions are derived from volunteers to the program. The increased enrollment led to the return of the FLIP (Family Literacy Involvement Program) program and increase take-home activity packets helped generate more in-kind during the year, throughout the County.

- Grant revenue increased by $7,182,702 due to increases in Refugee, CSBG, and Head Start funding in FY2022 as well a new Department of Labor grant received in FY2022.

Expense Analysis: Expenditures for the year ended June 30, 2022, totaled $117,889,423. The table below presents the expenditures summarized by granting source.

Expenditures Classified by Contribution Source
Governmental Fund

Expenditures by Source	FYE 2022 Amount	Percent of Total	FYE 2021 Amount	Percent of Total	Increase/ (Decrease)	Percentage Change
Head Start / Early Head Start	$ 81,397,476	69.06%	$ 73,002,765	70.97%	$ 8,394,711	11.50%
Workforce Development	11,292,839	9.58%	11,644,876	11.32%	(352,037)	-3.02%
Refugee Support Services	6,591,852	5.59%	4,700,396	4.57%	1,891,456	40.24%
Child Care Food Program	1,586,945	1.35%	779,452	0.76%	807,493	103.60%
California Department of Education	4,344,141	3.68%	7,157,752	6.96%	(2,813,611)	-39.31%
State Department of Social Services	3,767,988	3.20%	-	0.00%	3,767,988	100.00%
Community Services Block Grant	2,763,192	2.34%	2,608,330	2.54%	154,862	5.94%
CalWORKS	911,747	0.77%	911,747	0.89%	-	0.00%
Other	1,502,637	1.27%	2,049,119	1.99%	(546,482)	-26.67%
Capital outlay and debt service	3,730,606	3.16%	-	0.00%	-	100.00%
	$ 117,889,423	100.00%	$ 102,854,437	100.00%	$ 11,304,380	10.99%

The following provides an explanation of expenses by fund that changed significantly over the prior year.

- Head Start/Early Head Start program costs increased compared to the prior fiscal year due to the reopening of full in-person services during the year and various one-time projects. Along with increased costs of general goods and services, one of the major projects that was completed during the program year was the Northview Head Start major renovation project, which was a full interior makeover of the building.

- Workforce Development program costs decreased due to various discretionary programs ending during or just prior to the fiscal year.

- Refugee Support Services (RSS) program costs increased due to increased funding received from the Office of Refugee Resettlement (ORR) based on revised allocation methodologies. The majority of RSS expenditures are incurred by subrecipients.

- Childcare food program costs increased due to the reopening of full in-person services during the year.

- California Department of Education program costs decreased due to reallocation of the General Child Care and Development (CCTR) grant to the California Department of Social Services.

- California Department of Social Services program costs increased due to this being the first year of the General Child Care and Development (CCTR) grant being allocated to that department. Previously, the CCTR grant was reported along with the California State Preschool Program (CSPP) at the California Department of Education.

- Capital outlay and debt service increased due to the inclusion of lease costs for principal and interest as required by GASB-87.

The table below presents the expenditures summarized by type.

Expenditures Classified by Type
Governmental Fund

Expenditures by Type	FYE 2022 Amount	Percent of Total	FYE 2021 Amount	Percent of Total
Salaries	$ 28,528,964	24.20%	$ 29,002,678	28.20%
Fringe Benefits	16,751,227	14.21%	15,275,356	14.85%
Space Costs	2,116,818	1.80%	3,433,998	3.34%
Services & Supplies	7,378,561	6.26%	5,216,031	5.07%
Equipment Expense	1,130	0.00%	172,009	0.17%
Subrecipient Costs	40,079,222	34.00%	35,133,761	34.16%
In-Kind Match	19,302,895	16.37%	14,620,604	14.21%
Capital outlay and debt service	3,730,606	3.16%	-	0.00%
	$ 117,889,423	100.00%	$ 102,854,437	100.00%

As noted above, SETA's largest expenses are subrecipient costs, staff salaries, and fringe benefits. The Head Start In-Kind match has no financial impact on the agency and serves only as a reporting item.

GENERAL FUND BUDGETARY HIGHLIGHTS

SETA had no change from the original budget of $113,024,423 to the final budget of $113,024,423. The revenues of $97,417,868 were less than the final budget by $15,606,555. The expenditures of $97,952,973 were less than the final budget by $15,071,450 Expenditures and revenues were less than budgeted due to grant funding periods crossing over multiple fiscal years allowing SETA to carry forward the remaining balances of the grant into the next fiscal year.

The Head Start In-Kind match is not included in the agency budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: SETA's investment in capital assets as of June 30, 2022, amounted to $3,268,805 (net of accumulated depreciation/amortization).

Debt Administration: SETA's long-term debt is comprised of lease liabilities, due to the implementation of GASB 87, *Leases*. The balance of the lease liability is $12,604,936 as of June 30, 2022.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

SETA's budget for next year will vary based on final allocated funding by the Department of Labor under the Workforce Innovation and Opportunity Act and the Department of Health and Human Services under the Head Start Act.

REQUESTS FOR INFORMATION

This financial report provides a general overview of SETA's finances for all those with an interest in the agency's finances. Should there be questions regarding this report, or requests for additional financial information, please contact the Sacramento Employment and Training Agency, Fiscal Department, 925 Del Paso Blvd., Suite 100, Sacramento, California 95815.

ASSETS	
Current Assets:	
Cash and Investments	$ 1,383,189
Accounts Receivable	12,295,664
Prepaid Expenses	277,385
Restricted cash and investments (CDE)	967,489
Total Current Assets	14,923,727
Non-Current Assets:	
Capital assets not being depreciated	66,308
Capital assets, net of accumulated depreciation	3,505,405
Right to use leased assets, net of accumulated amortization	12,302,028
Total Assets	30,797,468
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to Pension	19,747,123
Deferred outflows related to OPEB	235,979
Total Deferred Outflows of Resources	19,983,102
LIABILITIES	
Current Liabilities:	
Accounts Payable	6,706,784
Accrued Salaries	1,674,643
Accrued Liabilities	431,637
Compensated Absences, current portion	253,405
Unearned Revenue	2,602,502
Lease Liability, current portion	2,642,049
Total Current Liabilities	14,311,020
Non-Current Liabilities	
Compensated Absences, net of current portion	2,658,316
Total OPEB Liability	1,450,870
Net Pension Liability	4,462,414
Lease Liability, net of current portion	9,962,887
Total Non-Current Liabilities	18,534,487
Total Liabilities	32,845,507
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to Pension	59,446,868
Deferred inflows related to OPEB	971,365
Total Deferred Inflows of Resources	60,418,233
NET POSITION	
Net Investment in Capital Assets	3,268,805
Unrestricted	(45,751,975)
Total Net Position (Deficit)	$ (42,483,170)

Functions/Programs	Expenses	Program Revenue: Operating Grants and Contracts	Net (Expense) Revenue and Change in Net Position: Total Governmental Activities
Head Start/Early Head Start	$ 78,122,304	$ 83,773,980	$ 5,651,676
Workforce Development	10,396,354	11,185,852	789,498
Refugee Support Services	6,398,865	6,599,881	201,016
Child Care Food Programs	1,475,385	1,587,518	112,133
State Department of Education	3,380,683	4,321,776	941,093
State Department of Social Services	2,877,215	3,767,988	890,773
Community Services Block Grant	2,595,883	2,751,325	155,442
CalWORKS	666,552	911,747	245,195
Other	1,237,297	1,510,125	272,828
Total Governmental Activities	$ 107,150,538	$ 116,410,192	9,259,654
General Revenue:			
Unrestricted Investment Earnings			8,404
Change in net position			9,268,058
Net position, beginning of year, restated			(51,751,228)
Net position, end of year			$ (42,483,170)

Sacramento Employment and Training Agency (SETA)

Balance Sheet – Governmental Fund

June 30, 2022

ASSETS	
Cash and Investments	$ 1,383,189
Accounts Receivable	12,295,664
Prepaid items	277,385
Restricted Cash and Investments	967,489
Total Assets	$ 14,923,727
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts Payable	$ 6,706,784
Accrued Salaries	1,674,643
Accrued Expenditures	431,637
Unearned Revenue	2,602,502
Total Liabilities	11,415,566
Fund Balance	
Nonspendable	277,385
Assigned	2,911,721
Unassigned	319,055
Total Fund Balance	3,508,161
Total Liabilities and Fund Balance	$ 14,923,727

Amounts reported for governmental activities in the statement of Net Position are different because:		
Total Fund Balance, Governmental Fund		$ 3,508,161
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Amount by which cost of capital assets exceeds accumulated depreciation:		
Historical cost of Capital Assets:	$ 31,312,313	
Accumulated Amortization and Depreciation:	(15,438,572)	
		15,873,741
Long-term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net position, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:		
Compensated Absences	2,911,721	
Total OPEB Liability	1,450,870	
Lease Liability	12,604,936	
Net Pension Liability	4,462,414	
		(21,429,941)
Deferred outflows and inflows of resources relating to pensions: In governmental funds, deferred outflows and inflows of resources relating to pensions are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to pensions are reported.		
Deferred outflows of resources related to pension	19,747,123	
Deferred inflows of resources related to pension	(59,446,868)	
		(39,699,745)
Deferred outflows and inflows of resources relating to OPEB: In governmental funds, deferred outflows and inflows of resources relating to OPEB are not reported because they are applicable to future periods. In the statement of net position, deferred outflows and inflows of resources relating to OPEB are reported.		
Deferred outflows of resources related to OPEB	235,979	
Deferred inflows of resources related to OPEB	(971,365)	
		(735,386)
Total Net Position (Deficit), Governmental Activities		$ (42,483,170)

Sacramento Employment and Training Agency (SETA)

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Fund

Year Ended June 30, 2022

REVENUES	
Grant Revenue	$ 93,283,502
Childcare Food Reimbursements	1,581,494
Intergovernmental Revenue	1,975,839
Interest Income	23,476
Miscellaneous Income	553,557
In-Kind Match	19,302,895
Total Revenues	116,720,763
EXPENDITURES	
Head Start/Early Head Start	81,397,476
Workforce Development	11,292,839
Refugee Support Services	6,591,852
Child Care Food Programs	1,586,945
State Department of Education	4,344,141
State Department of Social Services	3,767,988
Community Services Block Grant	2,763,192
CalWORKS	911,747
Other	1,502,637
Capital Outlay - Leases	633,555
Debt Service:	
Principal	2,595,501
Interest	501,550
Total Expenditures	117,889,423
Excess (Deficiency) of Revenues over Expenditures	(1,168,660)
OTHER FINANCING SOURCES	
Leases	633,555
Net Change in Fund Balance	(535,105)
Fund Balance - Beginning of Year	4,043,266
Fund Balance - End of Year	$ 3,508,161

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in Fund Balance, Governmental Fund		$ (535,105)
Earned but unavailable revenue is not available to liquidated current liabilities and, therefore is reported as deferred inflow of resources in the governmental fund. This amount represents the change in the deferred inflow of resources related to unavailable revenues.		(302,170)
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.		
Amount by which depreciation expense exceeds capital outlay:		
Amount of Capital Outlay	$ 911,929	
Amortization Expense	(2,898,409)	
Depreciation Expense	(556,065)	
		(2,542,545)
Principal payments on the long term lease liabilities reported in the statement of activities are reported as expenditures in the governmental funds.		2,595,501
The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities.		(633,555)
The change in compensated absences expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		241,338
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in Governmental Funds.		
Change in Total OPEB Liability and related deferred outflows and inflows	98,800	
Change in Net Pension Liability and related deferred outflows and inflows	10,345,794	
		10,444,594
Change in Net Position of Governmental Activities		$ 9,268,058

Note 1 - Significant Accounting Policies

The Reporting Entity

The Sacramento Employment and Training Agency (SETA) was organized in 1978 and operates under a joint powers agreement between the City and County of Sacramento. SETA administers human service programs with financial assistance provided by the Federal and State governments and private sources.

Basis of Presentation

Government-wide financial statements – The statement of net position and the statement of activities display information about SETA as a whole. These statements include the financial activities of the primary government.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of SETA's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Program revenues include grants and contributions that are restricted to meeting the operations of a particular program. Revenues which are not classified as program revenues are presented as general revenues of SETA. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenue of SETA which is unrestricted investment earnings.

Fund financial statements – Fund financial statements report more detailed information about SETA. The focus of governmental fund financial statements is on major funds rather than reporting funds by type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using the current financial resources measurement focus. The financial statements for governmental funds include a Balance Sheet, which generally includes only current assets and current liabilities, and a Statement of Revenues, Expenditures, and Changes in Fund Balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

SETA maintains one major governmental fund, the General Fund. The General Fund is used to account for the operations of SETA. Generally, the proceeds of specific revenue sources are restricted to expenditures for specific purposes.

Basis of Accounting

Basis of accounting refers to when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental fund financial statements use the modified accrual basis of accounting. Under 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 fiscal period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For SETA, "available" means collectible within the current period or within 120 days after year end, depending on revenue source. Expenditures are recognized in the accounting period in which the liability is incurred (when goods are received, or services rendered). Many of SETA's programs are funded by "cost-reimbursement" grants from Federal and State agencies. For those grants, revenue is recognized as earned when the related expenditures are incurred.

When both restricted and unrestricted resources are available for use, it is SETA's policy to use restricted resources first, then unrestricted resources as they are needed. When all types of fund balance resources are available, it is SETA's policy to first use the most restrictive form of fund balance, then use the less restrictive resources.

Cost Allocation Plan

All costs are distributed to programs in accordance with a Cost Allocation Plan. SETA reviews, updates and certifies its cost allocation plan annually, which is on file in the main office. SETA allocates its costs based on the relative benefit received by the programs or activities.

Capital Assets

Capital assets are capitalized and reported at cost, net of accumulated depreciation in the government-wide financial statements. Capital assets are defined by SETA as assets with an initial, individual cost of more than $5,000, and an estimated useful life of more than one year. Contributed assets are reported at acquisition value as of the date received. Right to use leased assets are recognized at the lease commencement date and represent SETA's right to use an underlying asset for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service.

Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Asset Class	Years
Buildings	20-30
Machinery and Equipment	5
Computer Software	3-10
Leases	The shorter of the lease term or useful live of the underlying asset

Deferred Outflows/Deferred Inflows of Resources

In addition to assets, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Conversely, deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Contributions made to SETA's pension plan after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the net pension liability in the next fiscal year.

Additional factors involved in the calculation of SETA's pension expense and net pension liability include the differences between expected and actual experience, changes in assumptions, differences between projected and actual investment earnings, changes in proportion, and differences between SETA's contributions and proportionate share of contributions. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 7 for further details related to these pension-related deferred outflows and inflows.

Benefits provided by SETA's OPEB plan after the measurement date but before the fiscal year end are recorded as a deferred outflow of resources and will reduce the OPEB liability in the next fiscal year.

Additional factors involved in the calculation of SETA's OPEB expense and Total OPEB liability include the changes in assumptions and differences in expected and actual experience. These factors are recorded as deferred outflows and inflows of resources and amortized over various periods. See Note 8 for further details related to these OPEB deferred outflows and inflows.

Compensated Absences

Accumulated unpaid employee vacation benefits are recognized as liabilities of SETA on the government-wide financial statements. SETA employees are granted vacation in varying amounts, depending upon the employee's length of service. These hours are accrued for all employees on the basis of bi-weekly payrolls. Upon separation, employees are paid for accumulated vacation days. All vacation pay is accrued when incurred in the government-wide financial statements as compensated absences. The General Fund is used to liquidate the liability.

Pensions

For purposes of measuring the net pension liability, pension expense, and deferred outflows/inflows of resources related to pensions, information about the fiduciary net position of SETA's portion of Sacramento County Employees' Retirement System (SCERS) and additions to/deductions from SCERS' fiduciary net position have been determined on the same basis as they are reported by SCERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Net Position and Fund Balance

The government-wide financial statements utilize a net position presentation. Net position is categorized as follows:

Net Investment in Capital Assets – This category groups all capital assets into one component of net position. Accumulated depreciation and amortization and the outstanding balances of debt, if any, that are attributable to the acquisition, construction, or improvement of these assets, reduce the balance in this category.

Restricted Net Position – This category represents net position of SETA with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments or (2) laws through constitutional provision or enabling legislation.

Unrestricted Net Position – This category represents net position of SETA that does not meet the definition of net investment in capital assets or restricted.

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as restricted, nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – This category presents amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. At June 30, 2022, SETA has $277,385 for prepaid items that are considered not in a spendable form.

Restricted – This category presents the portion of net fund resources subject to externally enforceable legal restrictions. This includes externally imposed restrictions by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, as well as restrictions imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – This category presents the portion of fund balance that includes amounts that can only be used for specific purposes determined by formal action of the SETA's highest level of decision-making authority (Board of Directors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation is a resolution and needs to occur no later than the close of the reporting period.

Assigned Fund Balance – This category presents those portions of the fund balance that are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. SETA management has the authority to assign portions of fund balance. At June 30, 2022, SETA has $2,911,721 assigned to cover the outstanding compensated absences balance.

Unassigned Fund Balance – This category presents those portions of the fund balance that do not fall into nonspendable, restricted, committed or assigned and are spendable.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 87 – *Leases.* The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The effect of the implementation of this standard on beginning net position is disclosed in Note 13 and the additional disclosures required by this standard is included in Note 6.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period.* This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. SETA has determined that there is no material impact on the financial statements.

GASB Statement No. 92 – *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. SETA has determined that there is no material impact on the financial statements.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates*. The objective of this Statement is to address the accounting and financial reporting implications that result from the replacement of an IBOR. SETA has determined that there is no material impact on the financial statements.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statement No.14 and No.84 and A Supersession of GASB Statement No.32.* The objective of this Statement is (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. SETA has determined that there is no material impact on the financial statements.

Future Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 91 – In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objective of this Statement is to provide a single method of reporting conduit debt obligations by issues and eliminate diversity in practice. The Statement is effective for reporting periods beginning after December 15, 2021. SETA has not determined the effect on the financial statements.

GASB Statement No. 94 – In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The Statement is effective for reporting periods beginning after June 15, 2022. SETA has not determined the effect on the financial statements.

GASB Statement No. 96 – In May 2020, the GASB issued Statement No. 96, *Subscription-based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The Statement is effective for reporting periods beginning after June 15, 2022. SETA has not determined the effect on the financial statements.

GASB Statement No. 99 – In April 2022, the GASB issued Statement No. 99, *Omnibus 2022.* The objectives of this Statement are to enhance comparability in accounting and reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement related to extension of the use of the London Interbank Offered Rate (LIBOR), accounting for Supplemental Nutrition Assistance Program (SNAP) distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement No. 34, as amended, and terminology updates related to Statements No. 53 and No. 63 are effective upon issuance. The requirements of this Statement related to leases, Public-Private and Public-Public Partnerships (PPPs), and Subscription-Based Information Technology Arrangements (SBITAs) are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. SETA has not determined the effect on the financial statements.

GASB Statement No. 100 – In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. SETA has not determined the effect on the financial statements.

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 of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. SETA has not determined the effect on the financial statements.

Note 2 - Cash and Investments

Cash and investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Cash and Investments	$ 1,383,189
Restricted cash and investments	967,489
Total Cash and Investments	$ 2,350,678

Cash in Sacramento County Treasury

The County of Sacramento Treasurer is designated as the treasurer and depository of SETA's cash and investments. Cash receipts are deposited, and warrants are drawn against the balance of SETA's cash on deposit. Under Board resolution, excess cash balances are invested in the County of Sacramento's external investment pool. Interest income is prorated to SETA based on the average cash balance maintained in the pool. Interest earned on grant funds is remitted to the grantors or used for program purposes. The Treasury's investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27134. The value of the pool shares which may be withdrawn is valued at fair value. The Treasury's investment pool is an external investment pool that is not rated, and is not registered with the Securities and Exchange Commission (SEC). For further information regarding the Treasury's investment pool, refer to the County of Sacramento Comprehensive Annual Financial Report.

The Treasurer is authorized to deposit cash and invest excess funds in accordance with California Government Code Section 53648 et seq and the County's investment policy, if more restrictive. The funds maintained by the Treasury are either secured by federal depository insurance or are collateralized.

The Treasury is restricted by Government Code Section 53635, pursuant to Section 53601, to invest in time deposits; U.S. government securities; state registered warrants, notes, or bonds; the State Treasurer's investment pool; bankers' acceptances; commercial paper; negotiable certificates of deposit; and repurchase or reverse repurchase agreements.

The investment policy and a number of reports regarding investment positions and performance of the external investment pool are available at the County of Sacramento webpage.

Restricted Cash and Investments

Restricted cash and investments is the amount of reserves held by SETA in accordance with an agreement with the State.

Investments Authorized by SETA's Investment Policy

By Board resolution, SETA has adopted the investment policy of the County of Sacramento external investment pool. The table below identifies the investment types authorized for SETA by the California Government Code Section 53601 and the County of Sacramento's investment policy. This table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Notes and Agency Obligations	5 years	100%	None
Washington Supranational Obligations	5 years	30%	10%
Municipal Notes	5 years	80%	10%
Registered State Warrants	5 years	80%	10%
Bankers Acceptances	180 days	40%	10%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposit	180 days	30%	10%
CRA Bank Deposits/Certificates of Deposit	1 year	30%	10%
Repurchase Agreements	1 year	30%	10%
Reverse Repurchase Agreements	92 days	20%	10%
Medium-Term Corporate Notes	180 days	30%	10%
Collateralized Mortgage Obligations	180 days	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Local Agency Investment Funds (LAIF)	N/A	$75M/account	N/A

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have a greater sensitivity to changes in market interest rates. As of June 30, 2022, the weighted average maturity of the investments contained in the Treasury investment pool is approximately 300 days.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Treasury investment pool does not have a rating provided by a nationally recognized statistical rating organization.

Custodial Credit Risk

This is the risk that in the event a financial institution or counterparty fails, SETA would not be able to recover the value of its deposits and investments. As of June 30, 2022, SETA has cash deposits with the County of Sacramento Investment Pool in excess of the federal depository insurance limits of $250,000 and remaining cash deposits with the Treasury investment pool were collateralized by the pledging institutions as required by California Government Code Section 53652.

Fair Value Measurements

SETA 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 and 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. SETA's assessment of the significance of particular inputs to these fair value measurements requires judgment and consideration factors specific to each asset or liability.

Deposits and withdrawals are made on the basis of $1 and not fair value, accordingly, SETA's proportionate share of investments in the County of Sacramento Investment Pool at June 30, 2022 of $2,350,678 is an uncategorized input, not defined as a level 1, level 2 or level 3 input.

Note 3 - Accounts Receivable

Accounts receivable consisted of the following as of June 30, 2022:

	General Fund
Due from Federal government	$ 11,638,416
Due from State government	320,840
Miscellaneous receivables	336,408
Totals	$ 12,295,664

Note 4 - Capital Assets

Capital assets activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021 As restated	Additions	Deductions	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	$ 66,308	$ -	$ -	$ 66,308
Capital assets, being depreciated:				
Building	3,314,707	-	-	3,314,707
Machinery and equipment	12,507,652	278,374	(55,165)	12,730,861
Total capital assets, being depreciated	15,822,359	278,374	(55,165)	16,045,568
Less accumulated depreciation for:				
Building	(485,283)	(160,770)	-	(646,053)
Machinery and equipment	(11,553,980)	(395,295)	55,165	(11,894,110)
Total accumulated depreciation	(12,039,263)	(556,065)	55,165	(12,540,163)
Total capital assets, being depreciated, net	3,783,096	(277,691)	-	3,505,405
Right to use leased assets being amortized:				
Land	79,411	-	-	79,411
Buildings	14,487,471	633,555	-	15,121,026
Total right to use leased assets	14,566,882	633,555	-	15,200,437
Less accumulated amortization for:				
Land	-	(23,237)	-	(23,237)
Buildings	-	(2,875,172)	-	(2,875,172)
Total accumulated amortization	-	(2,898,409)	-	(2,898,409)
Total right to use leased asset being amortized, net	14,566,882	(2,264,854)	-	12,302,028
Governmental activities capital assets, net	$ 18,416,286	$ (2,542,545)	$ -	$ 15,873,741

For the year ended June 30, 2022, depreciation and amortization expense was charged to programs/functions as follows:

Governmental activities:	
Workforce Development	$ 715,539
Head Start/Early Head Start	2,570,581
Community Services Block Grant	33,886
Child Care Food Program	5,809
State Department of Education	47,965
Refugee Support Services	32,799
Other	47,895
Total Depreciation Expense	$ 3,454,474

Note 5 - Compensated Absences

Compensated absences liability activity for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Compensated Absences	$ 3,153,059	$ 1,538,541	$ 1,779,879	$ 2,911,721	$ 253,405

Note 6 - Leases

Changes in the lease liability for the fiscal year ended June 30, 2022, are summarized as follows:

	Balance July 1, 2021 as restated	Additions	Deductions	Balance June 30, 2022	Due Within One Year
Lease Liability	$ 14,566,882	$ 633,555	$ (2,595,501)	$ 12,604,936	$ 2,642,049

SETA has entered into lease agreements to lease buildings and land. SETA is required to make principal and interest payments through July 2031. SETA is required to make monthly fixed payments ranging from $242 - $117,839. SETA used a discount rate of 3.71% on each lease based on SETA's estimated incremental borrowing rate. An initial lease liability was recorded in the aggregate amount of $14,566,882. As of June 30, 2022, the value of the lease liability was $12,604,936.

Remaining obligations associated with these leases are as follows:

Year Ending June 30,	Principal	Interest
2023	$ 2,642,049	$ 400,131
2024	2,660,220	309,011
2025	2,378,937	215,078
2026	2,207,968	128,485
2027	1,619,071	56,942
2028 - 2032	1,096,691	74,983
Total	$ 12,604,936	$ 1,184,630

Note 7 - Employee Retirement Plan

Plan Description

SETA participates in Sacramento County Employees Retirement System (SCERS), a cost-sharing multiple-employer defined benefit pension plan governed by the County Employees' Retirement Law of 1937. SCERS has two membership classes: Safety, for those involved in active law enforcement, fire suppression, and certain other classifications; and Miscellaneous, for all others. SETA only participates in the Miscellaneous membership class. The plan covers substantially all of the employees of SETA. SETA, the County of Sacramento, and other participating special districts are in a cost-sharing arrangement in which all risks and costs for the two membership classes are shared proportionately by participating entities.

On September 12, 2012, the California Legislature passed, and the Governor signed the "Public Employees' Pension Reform Act of 2013" (PEPRA). PEPRA contained a number of provisions intended to reduce future pension obligations. PEPRA primarily affects new pension plan members who are enrolled for the first time after December 2012.

SCERS issues a stand-alone financial report, which is available at its office, located in Sacramento, California or from www.scers.org.

Benefits Provided

The plan provides retirement, disability, death, and survivor benefits based on employees' years of service, age and final compensation. Benefit provisions and all other requirements are established and may be amended by State statute and Sacramento County ordinance.

The Plans' provisions and benefits in effect at June 30, 2022, and applicable to members employed at SETA, are summarized as follows:

	Tier I	Tier III	Tier V (PEPRA)
Hire date	Prior to September 27, 1981	September 27, 1981, to December 31, 2012	On or after January 1, 2013
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 and 10+ years of service	50 and 10+ years of service	52 and 5+ years of service

The monthly allowance for Tier I and Tier III members is calculated as follows: 1/90th of the first $350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times the age factor from California Government Code Section 31676.14 (ranging from 0.8850 percent at age 50, to 1.5668 percent at age 62 and older).

The monthly allowance for Tier V (PEPRA) members is calculated as follows: 1/90th of the first $350 of final compensation, plus 1/60th of the excess final compensation times years of accrued retirement service credit times the age factor from California Government Code Section 7720.20(a) (ranging from 1.000 percent at age 52, to 2.500 percent at age 67 and older).

Contributions

Pursuant to provisions of the 1937 Act, the Retirement Board recommends the annual contribution rates for adoption by the County Board of Supervisors, based on the recommendations of the SCERS consulting actuary. The actuarially determined contribution rate is determined as a percentage of payroll, and is the estimated amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Changes to contribution rates are effective on July 1st. SETA's contractually required contributions rates for the year ended June 30, 2022, were as follows:

	Tier I	Tier III	Tier V (PEPRA)
Employer	33.54%	35.58%	29.49%
Employee	3.99% of first $161 of biweekly compensation, plus 5.98% of biweekly compensation over $161	3.68% of first $161 of biweekly compensation, plus 5.51% of biweekly compensation over $161	9.45% of biweekly compensation

Total employer contributions to SCERS from SETA was $9,444,425 for the year ended June 30, 2022.

Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, SETA reported a liability of $4,462,414 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was by an actuarial valuation as of June 30, 2021, with separate calculations for each membership class. A separate net pension liability is calculated for each membership class by reducing the applicable total pension liability by a proportional share of the plan fiduciary net position. SETA's proportion of the net pension liability was based on the ratio of SETA's actual employer contributions in the measurement period to total actual contributions received for Miscellaneous members of SCERS in the measurement period, multiplied by the net pension liability attributed to the Miscellaneous membership class. SETA's proportionate share of the net pension liability for the Miscellaneous membership class was 5.155 percent. At June 30, 2021, SETA's proportionate share of the total SCERS net pension liability (both Safety and Miscellaneous membership classes) was 1.059 percent, which was a decrease of 1.908 percent from its proportion measured as of June 30, 2020.

For the fiscal year ended June 30, 2022, SETA recognized a credit to pension expense of $901,369. At June 30, 2022, SETA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SETA contributions subsequent to measurement date	$ 9,444,425	$ -
Differences between expected and actual experience	3,749,440	-
Changes of assumptions	5,529,187	8,396,406
Net differences between projected and actual earnings on pension plan investments	-	49,443,439
Changes in proportion and differences between employer's contributions and proportionate share of contributions	1,024,071	1,607,023
Total	$ 19,747,123	$ 59,446,868

The $9,444,425 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Total
2023	$ (12,129,584)
2024	(10,762,322)
2025	(11,054,091)
2026	(15,198,173)
Total	$ (49,144,170)

Actuarial Assumptions

For the measurement period ended June 30, 2021 (measurement date), the total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.75%
Salary Increases	4.25% to 8.00% (1)
Investment Rate of Return	6.75% (2)
Mortality:	
Healthy	Pub-2010 General Healthy Retiree Amount-Weighted Above-Median Mortality Table (separate tables for males and females) with rates increased by 10%, projected generationally with the two-dimensional mortality improvement scale MP-2019.
Disabled	Pub-2010 Non-Safety Disabled Retiree Amount-Weighted Mortality Table (separate tables for males and females), projected generationally with the two-dimensional mortality improvement scale MP-2019.

(1) Varies by service, including inflation
(2) Net of pension plan investment expenses, including inflation

These and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2016, through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These returns are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The table below reflects the target allocation and best estimates of arithmetic real rates of return for each major asset class, after deducting inflation, but before deducting investment expenses.

Asset Class	Target Allocation	Long-Term Expected Expected Rate of Return
U.S Large Cap Equity	18.00%	5.42%
U.S. Small Cap Equity	2.00%	6.21%
International Developed Equity	16.00%	6.50%
Emerging Markets Equity	4.00%	8.80%
Core Plus Bonds	10.00%	1.13%
High Yield Bonds	1.00%	3.40%
Global Bonds	3.00%	-0.04%
Bank Loans	1.00%	3.89%
U.S Treasury	5.00%	0.30%
Real Estate	5.00%	4.57%
Cash	1.00%	-0.03%
Liquid Real Return	2.00%	4.47%
Hedge Fund Growth	3.00%	2.40%
Hedge Fund Diversifying	7.00%	2.40%
Value Added Real Estate	2.00%	8.10%
Private Equity	9.00%	9.40%
Private Real Assets	7.00%	8.05%
Private Credit	4.00%	5.60%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent for the Plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of SETA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents SETA's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 6.75 percent, as well as what SETA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
SETA's Proportionate Share of Net Pension Liability/ Asset	$ 23,320,027	$ 4,462,414	$ (10,980,551)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued SCERS financial reports available on their website at http://www.SCERS.org.

Note 8 - Other Postemployment Benefits

Plan Description

SETA's defined benefit OPEB plan is a single-employer defined benefit OPEB plan administered by SETA. The plan provides medical insurance and dental insurance, and subsidy/offset payments as authorized and amended by the SETA Governing Board on an annual basis. The Board must approve the benefit annually or it is terminated. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

All annuitants are eligible to enroll in a retiree medical and/or dental insurance plan in a given calendar year if (1) they began receiving a continuing retirement allowance from SCERS during that calendar year, or (2) they were enrolled in the annual plan previously approved by the County, or (3) they previously waived coverage but elected to enroll during the County authorized enrollment period with a coverage date effective January of the given calendar year.

The amount of any dental subsidy/offset payments made available to annuitants is set by the SETA Governing Board. Neither SETA nor the SCERS guarantees that a subsidy/offset payment will be made available to annuitants for the purchase of medical and/or dental insurance. Subsidy/offset payments are not a vested benefit of SETA employment or SCERS membership.

The amount of subsidy/offset payment, if any, payable on account of enrollment in a sponsored retiree medical and/or dental insurance plan shall be established within the sole discretion of the SETA Governing Board.

Benefits Provided

Annuitants who retired for any reason on or before August 31, 2007 are eligible to receive a SETA-paid medical insurance subsidy/offset payment during calendar year 2022. Annuitants who retired after August 31, 2007 are not entitled to any subsidy/offset payment. The amount of any medical subsidy/offset payments made available to annuitants (who retired on or before August 31, 2007) is calculated based upon the annuitant's SCERS service credits. As of June 30, 2022, the amount of benefits paid was $65,374.

Employees Covered by Benefit Terms

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	53
Inactive employees entitled to but not yet receiving benefit payments	371
Active employees	578
Total participants covered by OPEB Plan	1,002

Total OPEB Liability

As of June 30, 2022, SETA reported a liability of $1,450,870 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

For the measurement period ended June 30, 2021, the total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2021
Discount Rate	2.16%
Inflation	2.50%
Salary Increases	2.75%
Mortality, Retirement, Disability, Termination Merit Payroll Increases	SCERS 6/30/21 valuation assumptions
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Healthcare Cost Trend Rate	6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076

Discount Rate

The discount rate used to measure the total OPEB liability was 2.16 percent for the Plan. The discount rate was based on the 20-Year General Obligation Bond Buyer Bond Index.

Changes of Assumptions: For the June 30, 2021 measurement period, the discount rate decreased from 2.21 percent to 2.16 percent.

Changes in the Total OPEB Liability

The changes in the total OPEB liability, measured as of June 30, 2021 is as follows:

	Total OPEB Liability
Balance at July 1, 2021	$ 1,559,684
Changes for the year:	
Service Cost	145,058
Interest	36,873
Actual versus expected experience	(316,638)
Assumption changes	98,462
Benefit payments	(72,569)
Net Changes	(108,814)
Balance at June 30, 2022	$ 1,450,870

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of SETA as of the measurement date, calculated using the discount rate of 2.16 percent, as well as what SETA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.16 percent) or 1 percentage-point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB Liability	$ 1,547,076	$ 1,450,870	$ 1,360,148

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of SETA as of the measurement date, calculated using the current healthcare trend rate of 6.5 percent, as well as what SETA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.5 percent) or 1 percentage-point higher (7.5 percent) than the current rate:

	1% Decrease (5.5% decreasing to 2.75% in 2076)	Current Trend (6.5% decreasing to 3.75% in 2076)	1% Increase (7.5% decreasing to 4.75% in 2076)
Total OPEB Liability	$ 1,316,604	$ 1,450,870	$ 1,608,069

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2022, SETA recognized a credit to OPEB expense of $33,424. At June 30, 2022, SETA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefits provided subsequent to measurement date	$ 65,374	$ -
Differences between expected and actual experience	-	368,828
Changes of assumptions	170,605	602,537
Total	$ 235,979	$ 971,365

The $65,374 reported as deferred outflows of resources related to benefits provided subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Total
2022	$ (215,355)
2023	(215,355)
2024	(194,357)
2025	(135,771)
2026	(20,088)
Thereafter	(19,834)
Total	$ (800,760)

Note 9 - Commitments and Contingencies

SETA has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements would not be material.

Note 10 - Related Party Transactions

During the current year, the County of Sacramento Department of Human Assistance provided funding in the amount of $911,747 for the operation of SETA's "one-stop" employment centers and other workforce development programs. Through its banking relationship with the County of Sacramento Treasury, substantially all of SETA's cash receipts, payment transactions, and purchasing are processed by the County. During 2022, the County charged fees of $92,498 for these services.

Note 11 - Matching Funding and Non-Monetary Exchanges

SETA operates Head Start programs for the City and County of Sacramento under a grant from the Federal government. Under the terms of that grant, SETA and its delegate agencies are required to provide non-federal match of 20 percent of the total cost of the program. During the current fiscal year, the amount of matching funding provided (in-kind match) was $19,302,895 which is 23 percent of the total program cost.

Some matching funds are provided in the form of non-monetary items such as parent and partner involvement hours. The value of these non-monetary exchanges is determined using market measures of value.

Note 12 - Risk Management

SETA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SETA purchased insurance coverage for commercial property, commercial general liability, commercial auto, fiduciary liability, director's and officer's liability, employment practices liability, umbrella coverage, workers compensation, and employee dishonesty.

The premium cost of SETA's workers compensation insurance coverage is subject to annual adjustment based on SETA's loss experience. At the present time, the amount of this adjustment, if any, is not determinable.

For the last three (3) years, SETA did not experience any loss exceeding insurance coverage.

Note 13 - Adoption of New Standard

As of July 1, 2021, SETA GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Beginning net position was restated to retroactively adopt the provisions of GASB Statement No. 87 as follows:

	Governmental Activities
Net position at June 30, 2021, as previously reported	$ (51,751,225)
Add right-to-use intangible asset, net of amortization, under GASB Statement No. 87 at June 30, 2021	14,566,882
Less lease liability under GASB Statement No. 87 at June 30, 2021	(14,566,882)
Net position at July 1, 2021, as restated	$ (51,751,225)

Required Supplementary Information
June 30, 2022

Sacramento Employment and Training Agency (SETA)

Sacramento Employment and Training Agency (SETA)

Schedule of Revenues, Expenditures and Changes in the Fund Balance
Budget to Actual – General Fund
Budgetary Basis
Year Ended June 30, 2022

	Budgeted Amounts			
	Original	Final	Actual	Variance Positive (Negative)
Revenues:				
Grant revenue	$ 108,382,054	$ 108,382,054	$ 93,283,502	$ (15,098,552)
Childcare food reimbursements	1,600,000	1,600,000	1,581,494	(18,506)
Intergovernmental revenue	911,743	911,747	1,975,839	1,064,092
Interest Income	-	-	23,476	23,476
Miscellaneous Income	2,130,626	2,130,622	553,557	(1,577,065)
Total Revenues	113,024,423	113,024,423	97,417,868	(15,606,555)
Expenditures:				
Head Start/Early Head Start	74,932,784	74,932,784	62,094,581	12,838,203
Workforce Development	11,028,729	11,028,729	11,292,839	(264,110)
Refugee Support Services	11,360,941	11,360,941	6,591,852	4,769,089
Child Care Food Programs	1,600,000	1,600,000	1,586,945	13,055
State Department of Education	3,945,206	3,945,206	4,344,141	(398,935)
State Department of Social Services	3,777,726	3,777,726	3,767,988	9,738
Community Services Block Grant	3,336,668	3,336,668	2,763,192	573,476
CalWORKS	911,743	911,743	911,747	(4)
Other	2,130,626	2,130,626	1,502,637	627,989
Debt Service:				
Principal	-	-	2,595,501	(2,595,501)
Interest	-	-	501,550	(501,550)
Total Expenditures	113,024,423	113,024,423	97,952,973	15,071,450
Change in Fund Balance			(535,105)	
Fund Balance, Beginning of Year			4,043,266	
Fund Balance, End of Year			$ 3,508,161	

While SETA reports expenditures on the basis of generally accepted accounting principles (GAAP), SETA's budgetary basis does not include amounts related to In-Kind Contributions that have been expended. Expenditures above have been presented on this budgetary basis to provide a more meaningful comparison of actual results with the budget. The following is a reconciliation between the budgetary basis and the GAAP basis reflected in the statement of revenues, expenditures and changes in fund balance.

Head Start/Early Head Start Expenditures - Budgetary Basis	$ 62,094,581
In-Kind Contributions Expended	19,302,895
Head Start/Early Head Start - GAAP Basis	$ 81,397,476
Total Revenues - Budgetary Basis	$ 97,417,868
In-Kind Contributions Received	19,302,895
Head Start/Early Head Start - GAAP Basis	$ 116,720,763

See Note to Required Supplementary Information

Sacramento Employment and Training Agency (SETA)

Schedule of SETA's Proportionate Share of the Net Pension Liability

Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
SETA's proportion of the net pension liability	1.059%	2.967%	2.704%	2.869%	3.047%	2.868%	2.488%	2.303%
SETA's proportionate share of the net pension liability	$ 4,462,414	$ 80,535,363	$ 56,085,569	$ 56,264,540	$ 59,919,549	$ 50,343,812	$ 28,610,225	$ 17,754,848
SETA's covered payroll	$ 27,793,282	$ 27,119,498	$ 23,851,731	$ 22,960,285	$ 22,471,328	$ 22,961,773	$ 22,681,888	$ 22,795,179
SETA's proportionate share of the net pension liability as a percentage of their covered payroll	16.06%	296.96%	235.14%	245.05%	266.65%	219.25%	126.14%	77.89%
Plan fiduciary net position as a percentage of the total pension liability	96.76%	80.55%	82.57%	82.51%	80.37%	81.40%	87.26%	91.02%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Changes of Assumption

The discount rate was reduced from 7.00% in fiscal year 2020 to 6.75% in fiscal year 2021.

Sacramento Employment and Training Agency (SETA)

Schedule of SETA's Pension Contributions

Last 10 Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	$ 9,444,425	$ 9,151,570	$ 8,338,463	$ 7,294,346	$ 6,106,067	$ 6,240,331	$ 6,349,323	$ 6,722,946
Contributions in relation to the contractually required contributions	9,444,425	9,151,570	8,338,463	7,294,346	6,106,067	6,240,331	6,349,323	6,722,946
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
SETA's covered payroll	$ 26,542,000	$ 27,793,282	$ 27,119,498	$ 23,851,731	$ 22,960,285	$ 22,471,328	$ 22,961,773	$ 22,681,888
Contributions as a percentage of covered payroll	35.58%	32.93%	30.75%	30.58%	26.59%	27.77%	27.65%	29.64%

*Fiscal year 2015 was the first year of implementation, therefore, only eight years are shown.

Sacramento Employment and Training Agency (SETA)

Schedule of Changes in the Total OBEB Liability

Last 10 Years*

	2022	2021	2020	2019	2018
Total OPEB liability					
Service Cost	$ 145,058	$ 119,615	$ 169,953	$ 171,953	$ 177,000
Interest	36,873	49,458	94,716	84,272	67,000
Actual versus expected experience	(316,638)	-	(181,381)	-	-
Assumption changes	98,462	124,107	(979,020)	(46,391)	(147,000)
Benefit payments	(72,569)	(53,918)	(122,680)	(106,000)	(113,000)
Net change in total OPEB liability	(108,814)	239,262	(1,018,412)	103,834	(16,000)
Total OPEB liability - beginning	1,559,684	1,320,422	2,338,834	2,235,000	2,251,000
Total OPEB liability - ending	$ 1,450,870	$ 1,559,684	$ 1,320,422	$ 2,338,834	$ 2,235,000
Covered-employee payroll	$ 27,793,282	$ 26,837,444	$ 23,851,731	$ 22,960,285	$ 24,315,060
Total OPEB liability as a percentage of their covered-employee payroll	5.22%	5.81%	5.54%	10.19%	9.19%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Notes to Schedule:

*Fiscal year 2018 was the first year of implementation, therefore, only five years are shown.

Changes of Assumption

The discount rate was reduced from 3.50% in fiscal year 2020 to 2.21% in fiscal year 2021.
The discount rates was reduced from 2.21% in fiscal year 2021 to 2.16% in fiscal year 2022.

Note 1 - Budgetary Information

SETA's annual expenditure budget is approved by SETA's Governing Board and adopted for SETA through the City and County of Sacramento's executive and legislative process. SETA is not authorized to exceed total budgeted expenditures. Any amendments that increase total budgeted expenditures must be approved by the Governing Board, as well as the City and County of Sacramento. There was no amendment to the original budget presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund during the year ended June 30, 2022. Amounts for Capital outlay related to leases and other financing sources – leases on the Statement of Revenues, Expenditures, and Changes in Fund Balance is not included in the budgetary schedule as these amounts are not budgeted.

Supplementary Information – Federal Awards Section
June 30, 2022

Sacramento Employment and Training Agency (SETA)

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CPAs & BUSINESS ADVISORS

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*

To the Governing Board
Sacramento Employment and Training Agency
Sacramento, California

We have audited, 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, the financial statements of the governmental activities and the general fund of the Sacramento Employment and Training Agency (SETA), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise SETA's basic financial statements and have issued our report thereon dated January 31, 2023. Our report contained an emphasis of matter regarding the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, effective July 1, 2021.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered SETA'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 SETA's internal control. Accordingly, we do not express an opinion on the effectiveness of SETA's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Sacramento, California
January 31, 2023

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Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Sacramento Employment and Training Agency
Sacramento, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sacramento Employment Training Agency (SETA)'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SETA's major federal programs for the year ended June 30, 2022. SETA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, SETA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SETA and to meet our other ethical responsibilities, in accordance with 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 on compliance for each major federal program. Our audit does not provide a legal determination of SETA'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 SETA's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SETA'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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SETA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, 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 SETA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SETA'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SETA's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program 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 material noncompliance with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Sacramento, California
January 31, 2023

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number / Grant Number	Amounts Passed Through to Subrecipients	Award Amount		Expenditures	
				Federal	State	Federal	State
U.S. DEPARTMENT OF AGRICULTURE							
Passed-Through California Department of Education:							
Child and Adult Care Food Program (CACFP)	10.558	34-1826-1-J	$ -	$ 1,356,086	$ -	$ 1,362,831	$ -
COVID-19 - Child and Adult Care Food Program (CACFP)	10.558	34-1826-1-J	-	224,686	-	224,686	-
Total U.S. Department of Agriculture			-	1,580,772	-	1,587,517	-
U.S. DEPARTMENT OF LABOR							
Passed-Through California Employment Development Department:							
WIOA Cluster:							
WIOA Adult Program	17.258	AA211026-201	-	557,245	-	557,245	-
WIOA Adult Program	17.258	AA211026-202	1,646,974	2,626,361	-	2,626,361	-
WIOA Adult Program - HI Performance	17.258	AA111026-1222	-	3,846	-	3,846	-
WIOA Adult Program - Disability Employment Accelerator	17.258	AA111026-1224	63,158	350,000	-	204,634	-
WIOA Adult Program - Regional Plan Implementation 4.0	17.258	AA111026-1218	201,355	385,000	-	289,669	-
WIOA Adult Program - Workforce Accelerator Fund	17.258	AA111026-1230	21,731	250,000	-	153,061	-
WIOA Adult Program - VEAP PY 19/20	17.258	AA011026-1184	-	500,000	-	100,731	-
WIOA Adult Program - Equity and Special Populations	17.258	AA211026-1245	-	726,835	-	17,359	-
Total WIOA Adult Program			1,933,218	5,399,287	-	3,952,906	-
WIOA Youth Activities	17.259	AA111026-301	-	3,530,244	-	56,599	-
WIOA Youth Activities	17.259	AA211026-301	2,040,754	3,276,030	-	2,538,451	-
WIOA Youth Activities	17.259	AA311026-301	-	3,705,432	-	660,676	-
Total WIOA Youth Activities			2,040,754	10,511,706	-	3,255,726	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA211026-540	17,170	30,423	-	30,423	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA211026-541	-	129,453	-	129,453	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA211026-292	4,164	9,095	-	9,095	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA211026-293	-	38,701	-	38,701	-

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number / Grant Number	Amounts Passed Through to Subrecipients	Award Amount		Expenditures	
				Federal	State	Federal	State
U.S. DEPARTMENT OF LABOR (Continued)							
Passed-Through California Employment Development Department:							
WIOA Cluster (Continued):							
WIOA Dislocated Worker Formula Grants - Title I Worker	17.278	AA111026-502	$ 7,823	$ 1,231,520	$ -	$ 16,184	$ -
WIOA Dislocated Worker Formula Grants - Title I Adult Formula	17.278	AA111026-500	-	1,181,846	-	2,515	-
WIOA Dislocated Worker Formula Grants - Title I Dislocated Worker	17.278	AA211026-501	413,200	594,818	-	594,818	-
WIOA Dislocated Worker Formula Grants - Title I Dislocated Worker	17.278	AA211026-502	-	777,681	-	669,369	-
WIOA Dislocated Worker Formula Grants - Title I Adult Formula	17.278	AA211026-500	-	1,753,292	-	1,730,385	-
COVID 19 - WIOA Dislocated Worker Formula Grants - WIOA Underserved COVID-19	17.278	AA011026-1187	-	189,332	-	513	-
Total WIOA Dislocated Worker Programs			442,357	5,936,161	-	3,221,456	-
Total WIOA Cluster			4,416,329	21,847,154	-	10,430,088	-
Passed-Through California Employment Development Department:							
COVID 19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	AA011026-1194	4,472	300,000	-	153,536	-
WIOA National Dislocated Worker Grants / WIA National Emergency Grants - TET NDWG	17.277	K9110045-1136	-	1,100,000	-	11,317	-
Total COVID 19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants			4,472	1,400,000	-	164,853	-
Direct Department of Labor:							
WIOA National Dislocated Worker Grants / WIA Emergency Grants - CAREER NATIONAL DW GRANT (GC:2067)	17.277	DW-37014-21-60-A-6	-	3,000,000	-	519,213	-
Total WIOA Dislocated Worker Programs			-	4,400,000	-	684,066	-
Total U.S. Department of Labor			4,420,801	26,247,154	-	11,114,154	-

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number / Grant Number	Amounts Passed Through to Subrecipients	Award Amount		Expenditures	
				Federal	State	Federal	State
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES							
Passed-Through California Department of Education:							
CCDF Cluster:							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-1408	$ -	$ -	$ 3,867,475	$ -	$ 3,867,475
Passed-Through California Department of Social Services:							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-1194	-	383,354	3,208,409	383,354	3,208,409
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			-	383,354	7,075,884	383,354	7,075,884
Passed-Through California Department of Education:							
COVID-19 Child Care and Development Block Grant - CRRSA - One-Time Stipend	93.575	CRRSA	-	95,400	-	95,400	-
COVID-19 Child Care and Development Block Grant - ARP CSPP One-Time Stipend	93.575	ARPA	-	204,000	-	204,000	-
COVID-19 Child Care and Development Block Grant - CRRSA - One-Time Stipend	93.575	CRRSA	-	154,901	-	154,901	-
Passed-Through California Department of Social Services:							
Child Care and Development Block Grant	93.575	CCTR-1194	-	176,225	-	176,225	-
Total Child Care and Development Block Grant			-	630,526	-	630,526	-
Total CCDF Cluster			-	1,013,880	7,075,884	1,013,880	7,075,884

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number / Grant Number	Amounts Passed Through to Subrecipients	Award Amount		Expenditures	
				Federal	State	Federal	State
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Passed-Through California Department of Social Services:							
Refugee and Entrant Assistance–State-Administered Programs	93.566	RESS1904	$ 2,114,728	$ 6,102,606	$ -	$ 2,826,931	$ -
Refugee and Entrant Assistance–State-Administered Programs	93.566	RESS2004	1,269,162	4,890,943	-	1,765,190	-
COVID 19 - Refugee and Entrant Assistance–State-Administered Programs	93.566	RESS2004	364,604	717,359	-	371,227	-
Refugee and Entrant Assistance–State-Administered Programs	93.566	RESS2104	1,273,024	6,725,529	-	1,580,405	-
Refugee and Entrant Assistance– State-Administered Programs - Older Refugee Discretionary	93.566	ORSA2004	42,828	59,117	-	48,327	-
Refugee and Entrant Assistance– State-Administered Programs - Older Refugee Discretionary	93.566	ORSA2104	7,748	90,600	-	7,801	-
Total Refugee and Entrant Assistance– State-Administered Programs			5,072,094	18,586,154	-	6,599,881	-
Passed-Through California Department of Community Services and Development:							
Community Service Block Grant							
Community Service Block Grant	93.569	21F-4033	520,090	1,834,233	-	990,529	-
Community Service Block Grant	93.569	22F-5033	299,786	1,815,891	-	402,243	-
Community Service Block Grant	93.569	20F-3033	-	1,853,879	-	(37)	-
Community Service Block Grant	93.569	19F-4033	-	-	-	(36)	-
Community Service Block Grant - Discretionary	93.569	21F-4434	28,250	28,250	-	28,250	-
COVID 19 - Community Service Block Grant	93.569	20F-3672	660,681	2,511,191	-	1,330,377	-
Total Community Service Block Grant			1,508,807	8,043,444	-	2,751,326	-

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal Financial Assistance Listing	Pass-through Entity Identifying Number / Grant Number	Amounts Passed Through to Subrecipients	Award Amount		Expenditures	
				Federal	State	Federal	State
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)							
Direct Program:							
Head Start Cluster:							
Head Start - Early Head Start	93.600	09CH010182-05-04	$ 326,666	$ 64,907,524	$ -	$ 519,305	$ -
Head Start - Early Head Start	93.600	09CH011763-01-01	3,028,451	61,474,505	-	5,596,414	-
Head Start - Early Head Start	93.600	09CH011763-02-01	23,314,938	63,936,857	-	55,408,369	-
Head Start - Early Head Start Child Care Partnership	93.600	09HP000267-01-02	-	1,871,245	-	240,107	-
COVID 19 - Head Start - Early Head Start	93.600	09CH010182-05-03	891,015	4,423,038	-	2,500,881	-
COVID 19 - Head Start - Early Head Start Child Care Partnership	93.600	09HP000267-01-01	-	70,305	-	24,360	-
COVID 19 - Head Start - Early Head Start/CCP ARP	93.600	09HE000671-01-00	487,942	6,111,722	-	650,319	-
COVID 19 - Head Start - Early Head Start/CCP CRRSA	93.600	09HE000671-01-00	132,002	1,537,351	-	135,671	-
Total Head Start Cluster			28,181,014	204,332,547	-	65,075,426	-
Passed-Through California Department of Human Assistance Temporary Assistance For Needy Families (TANF) - DHA One Stop Shared Costs	93.558	CW-205-22	-	911,747	-	911,747	-
Total Temporary Assistance For Needy Families (TANF)			-	911,747	-	911,747	-
Total U.S. Department of Health and Human Services			34,761,915	232,887,772	7,075,884	76,352,260	7,075,884
TOTAL FEDERAL AND STATE FINANCIAL ASSISTANCE			**$ 39,182,716**	**$ 260,715,698**	**$ 7,075,884**	**$ 89,053,931**	**$ 7,075,884**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) includes the federal and state award activity of Sacramento Employment and Training Agency (SETA) under programs of the federal and State of California governments for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Actual expenditures of SETA differ from the amounts presented in this schedule. Because the schedule presents only a selected portion of the operations of SETA, it is not intended to and does not present the financial position or changes in net position or fund balance of SETA.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Pass-Through Entities' Identifying Number

When federal awards were received from a pass-through entity, the schedule of expenditures of federal awards shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, SETA has determined that no identifying number is assigned for the program or SETA was unable to obtain an identifying number from the pass-through entity.

Note 4 - Indirect Cost Rate

SETA has not elected to use the 10-percent de minimis indirect cost rate.

Note 5 - Supplemental Schedule of Revenue and Expenditures as Required by the California Department of Community Services and Development

CONTRACT # 21F-4033

	1/1/21-6/30/21	7/1/21-5/31/22	Total Audited Costs	Total Reported Expenses	Total Budget
Revenue					
Grant Revenue	$ 1,014,804	$ 819,429	$ 1,834,233	$ 1,834,233	$ 1,834,233
Expenditures					
Administrative Costs:					
Salaries & Wages	73,888	74,688	148,576	148,576	135,070
Fringe Benefits	33,718	45,994	79,712	79,712	72,465
Operating Expense	-	154	154	154	8,000
Other costs	25,330	24,016	49,346	49,346	45,000
Total Admin Costs	132,936	144,852	277,788	277,788	260,535
Program Costs:					
Salaries & Wages	147,301	166,217	313,518	313,518	289,840
Fringe Benefits	69,936	68,154	138,090	138,090	125,536
Operating Expense and Equipment	40,557	53,375	93,932	93,932	12,000
Out of State Travel	-	-	-	-	2,000
Subcontractor Services	423,182	510,690	933,872	933,872	999,000
Other costs	29,792	47,241	77,033	77,033	145,322
Total Program Costs	710,768	845,677	1,556,445	1,556,445	1,573,698
Total Expenditures	$ 843,704	$ 990,529	$ 1,834,233	$ 1,834,233	$ 1,834,233

CONTRACT # 21F-4434

	1/1/21-6/30/21	7/1/21-5/31/22	Total Audited Costs	Total Reported Expenses	Total Budget
Revenue					
Grant Revenue	$ -	$ 28,250	$ 28,250	$ 28,250	$ 28,250
Program Costs:					
Subcontractor Services	-	28,250	28,250	28,250	28,250
Total Program Costs	-	28,250	28,250	28,250	28,250
Total Expenditures	$ -	$ 28,250	$ 28,250	$ 28,250	$ 28,250

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Assistance Listing Number
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566
Head Start Cluster	93.600

Dollar threshold used to distinguish between type A and type B programs:	$2,671,618
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None Reported.

Section III – Federal Award Findings and Questioned Costs

None Reported.

None noted.

Supplemental Schedules
June 30, 2022

Sacramento Employment and Training Agency (SETA)

Sacramento Employment and Training Agency (SETA)

Combining Statement of Activities

Year Ended June 30, 2022

	CSPP-1408	CCTR-1194	Total CDE/CDSS	Non-CDE/CDSS Programs	Total
Revenue and Support					
Grant Revenue	$ 3,867,475	$ 3,767,988	$ 7,635,463	$ 85,345,872	$ 92,981,335
Child Care Food Reimbursements	432,766	213,420	646,186	935,308	1,581,494
Intergovernental	-	-	-	1,975,839	1,975,839
Investment Income	-	-	-	23,476	23,476
Miscellaneous Income	-	-	-	553,557	553,557
In Kind Contributions	-	-	-	19,302,895	19,302,895
Total Revenue and Support	4,300,241	3,981,408	8,281,649	108,136,947	116,418,596
Expenses					
Salaries	2,427,228	2,394,361	4,821,589	23,707,375	28,528,964
Fringe Benefits	1,333,825	1,282,033	2,615,858	13,894,031	16,509,889
Books and Supplies	-	-	-	1,405,068	1,405,068
Services and Other Operating Expenses	539,188	305,014	844,202	40,002,325	40,846,527
Equipment Expense	-	-	-	1,130	1,130
Depreciation	-	-	-	556,065	556,065
In kind Contributions Expense	-	-	-	19,302,895	19,302,895
Total Expenses	4,300,241	3,981,408	8,281,649	98,868,889	107,150,538
Change in Net Position	$ -	$ -	$ -	$ 9,268,058	$ 9,268,058

Expenditures	CSPP-1408	CCTR-1194	Total CDE/CDSS Contracts
Direct payments to providers			
1000 Certified Salaries	$ 2,621,402	$ 2,363,755	$ 4,985,157
2000 Classified Salaries	265,632	225,379	491,011
3000 Employee Benefits	1,647,452	1,411,303	3,058,755
4000 Books and Supplies	-	-	-
5000 Services and other Operating Expenses	539,791	305,662	845,453
6500 Replacement Equipment	-	-	-
Total expenses claimed for reimbursement	5,074,277	4,306,099	9,380,376
Adjustments to Reconcile to GAAP Expense Reporting:			
Restricted Income: Child Nutrition Program	(432,766)	(213,420)	(646,186)
Restricted Income: Head Start	(483,490)	(160,934)	(644,424)
Supplemental Income - COVID/ARP Stipends	(290,546)	(163,755)	(454,301)
Statement of Activities (GAAP)	$ 3,867,475	$ 3,767,990	$ 7,635,465

Additional Statement:

We have examined the claims filed for reimbursement and the original records supporting the transactions recorded under the contracts listed above to an extent considered necessary to assure ourselves that the amounts claimed by the contractor were eligible for reimbursement, reasonable, necessary, and adequately supported, according to governing laws, regulations, and contract provisions.

	CSPP-1408	CCTR-1194	Total CDE/CDSS Contracts
Unit Cost Under $7,500			
Unit Cost Over $7,500, with prior written CDE approval	$ -	$ -	$ -
Unit Cost Over $7,500, without prior CDE approval	-	-	-
Total Equipment Expenses	**$ -**	**$ -**	**$ -**

	CSPP-1408	CCTR-1194	Total CDE/CDS Contracts
Unit Cost Under $10,000 per Item	$ -	$ -	$ -
Unit Cost of $10,000 or more per item with prior CDE written approval	-	-	-
Unit Cost of $10,000 or more per item without prior CDE approval	-	-	-
Total	$ -	$ -	$ -

Expenditures	CSPP-1408	CCTR-1194	Total CDE/CDS Contracts
Reimbursable Administrative Costs:			
Classified Salaries	$ 265,632	$ 225,379	$ 491,011
Employee Benefits	142,632	120,689	263,321
Other Operating Expenses	81,898	69,774	151,672
Total	$ 490,163	$ 415,841	$ 906,004

	CSPP-1408	CCTR-1194	Total CDE/CDSS Contracts
1000 Certificated Salaries	$ -	$ -	$ -
2000 Classified Salaries	-	-	-
3000 Employee Benefits	-	-	-
4000 Books and Supplies	-	-	-
5000 Services and other Operating Expenses	-	-	-
Subtotal	-	-	-
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment	-	-	-
6500 Replace Equipment	-	-	-
Total	$ -	$ -	$ -

	CSPP-1408	CCTR-1194	Total CDE/CDSS Contracts
1000 Certificated Salaries	$ -	$ -	$ -
2000 Classified Salaries	-	-	-
3000 Employee Benefits	-	-	-
4000 Books and Supplies	-	-	-
5000 Services and other Operating Expenses	-	-	-
Subtotal	-	-	-
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment	-	-	-
6500 Replace Equipment	-	-	-
Total	$ -	$ -	$ -

Notes to the Child Care and Development Program Supplemental Information

In accordance with the applicable requirements from the Funding Terms & Conditions:

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was was claimed to a child development contract for the year ended June 30, 2022.

2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2022.

3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2022.

Contractor Name: Sacramento Employment and Training Agency

Contract Number: 1408

Fiscal Year Ended: June 30, 2022

Vendor Code: 2173

California Department of Education
Audited Enrollment, Attendance and Fiscal Report for California State Preschool Program

Section 1 – Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form 1): **1**

Number of counties where the agency provided mental health consultation services to certified children (Form 2): **0**

Number of counties where the agency provided services to non-certified children (Form 3): **0**

Number of counties where the agency provided mental health consultation services to non-certified children (Form 4): **0**

Total enrollment and attendance forms to attach: **2**

Note: For each of the above categories, submit one July-December form and one form for each service county for January-June.

Section 2 – Days of Enrollment, Attendance and Operation

Enrollment and Attendance Form Summary	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	92,807	72	92,879	
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	90,537	90	90,627	N/A
Total Non-Certified Days of Enrollment			0	
Total Non-Certified Days of Enrollment with Mental Health Consultation Services			0	

Days of Operation	Column A Cumulative FY per CPARIS	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjusted Days per Audit
Days of Operation	238	4	242	N/A

Section 3 – Revenue

Restricted Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Child Nutrition Programs	432,766		432,766
County Maintenance of Effort (EC Section 8279)			0
Other:			0
Other:			0
TOTAL RESTRICTED INCOME	**432,766**	**0**	**432,766**

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Reserve	123,640	(123,640)	0

Other Income	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Waived Family Fees for Certified Children	79,727	99	79,826
Interest Earned on Child Development Apportionment Payments			0
Fees for Non-Certified Children			0
Unrestricted Income: Head Start	385,243	98,247	483,490
Other:			0
Other:			0

Section 4 - Reimbursable Expenses

Cost Category	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Direct Payments to Providers (FCCH only)			0
1000 Certificated Salaries	2,621,402		2,621,402
2000 Classified Salaries	265,632		265,632
3000 Employee Benefits	1,647,452		1,647,452
4000 Books and Supplies	539,791		539,791
5000 Services and Other Operating Expenses			0
6100/6200 Other Approved Capital Outlay			0
6400 New Equipment (program-related)			0
6500 Equipment Replacement (program-related)			0
Depreciation or Use Allowance			0
Start-up Expenses (service level exemption)			0
Indirect Costs (include in Total Administrative Cost)			0
TOTAL REIMBURSABLE EXPENSES	**5,074,277**	**0**	**5,074,277**

Does the agency have an indirect cost rate approved by its cognizant agency (Select YES or NO)? ☐ Yes ☑ No

Approved Indirect Cost Rate:

Specific Items of Reimbursable Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Administrative Cost (included in Reimbursable Expenses)	490,163		490,163
Total Staff Training Cost (included in Reimbursable Expenses)			0

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 4.

Section 5 - Supplemental Funding

Supplemental Revenue	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Enhancement Funding			0
Other: COVID Stipends	454,301	(163,755)	290,546
Other:			0
TOTAL SUPPLEMENTAL REVENUE	**454,301**	**(163,755)**	**290,546**

Supplemental Expenses	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
1000 Certificated Salaries			0
2000 Classified Salaries			0
3000 Employee Benefits			0
4000 Books and Supplies			0
5000 Services and Other Operating Expenses			0
6000 Equipment / Capital Outlay			0
Depreciation or Use Allowance			0
Indirect Costs			0
Non-Reimbursable Supplemental Expenses			0
TOTAL SUPPLEMENTAL EXPENSES	**0**	**0**	**0**

Section 6 - Summary

Description	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Total Certified Days of Enrollment (including MHCS)	92,807	72	92,879
Days of Operation	238	4	242
Days of Attendance (including MHCS)	90,537	90	90,627
Total Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	432,766	0	432,766
Transfer from Reserve	123,640	(123,640)	0
Interest Earned on Apportionment Payments	0	0	0
Direct Payments to Providers	0	0	0
Start-up Expenses (service level exemption)	0	0	0
Total Reimbursable Expenses	5,074,277	0	5,074,277
Total Administrative Cost	490,163	0	490,163
Total Staff Training Cost	0	0	0
Non-Reimbursable Cost (State Use Only)	N/A	N/A	

Section 7 – Auditor's Assurances

Independent auditor's assurances on agency's compliance with the contract funding terms and conditions and program requirements of the California Department of Education, Early Education Division:

Eligibility, enrollment and attendance records are being maintained as required (Select YES or NO): [X] Yes [ ] No

Reimbursable expenses claimed in Section 4 are eligible for reimbursement, reasonable, necessary, and adequately supported (Select YES or NO): [X] Yes [ ] No

Section 8 – Comments

Include any comments in the comment box. If necessary, attach additional sheets to explain adjustments.

Contractor Name: Sacramento Employment and Training Agency **Contract Number: 1408**

California State Preschool Program – Form 1A
Certified Children Days of Enrollment and Attendance from July 2021 – December 2021

Pilot Program: None

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	13,692		13,692	1.0000	13,692.0000
Three Years and Older Three-quarters-time	7,537		7,537	0.7500	5,652.7500
Three Years and Older One-half-time	20,678	5	20,683	0.6193	12,808.9819
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs Three-quarters-time			0	1.1550	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000
Limited and Non-English Proficient Full-time-plus			0	1.2980	0.0000
Limited and Non-English Proficient Full-time			0	1.1000	0.0000
Limited and Non-English Proficient Three-quarters-time			0	0.8250	0.0000
Limited and Non-English Proficient One-half-time			0	0.6193	0.0000

Contractor Name: Sacramento Employment and Training Agency **Contract Number: 1408**

Enrollment Description	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect Three-quarters-time			0	0.8250	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled Three-quarters-time			0	1.4475	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	**41,907**	**5**	**41,912**	N/A	**32,153.7319**

Attendance	Column A Cumulative FY per CPARIS December Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**40,731**	**30**	**40,761**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

Contractor Name: Sacramento Employment and Training Agency **Contract Number: 1408**

California State Preschool Program – Form 1B
Certified Children Days of Enrollment and Attendance from January 2022 – June 2022

Service County: Sacramento

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus			0	1.1800	0.0000
Three Years and Older Full-time	18,320	21	18,341	1.0000	18,341.0000
Three Years and Older One-half-time	32,580	46	32,626	0.6193	20,205.2818
Exceptional Needs Full-time-plus			0	1.8172	0.0000
Exceptional Needs Full-time			0	1.5400	0.0000
Exceptional Needs One-half-time			0	0.9537	0.0000
Dual Language Learner Full-time-plus			0	1.2980	0.0000
Dual Language Learner Full-time			0	1.1000	0.0000
Dual Language Learner One-half-time			0	0.6193	0.0000
At Risk of Abuse or Neglect Full-time-plus			0	1.2980	0.0000
At Risk of Abuse or Neglect Full-time			0	1.1000	0.0000
At Risk of Abuse or Neglect One-half-time			0	0.6193	0.0000

Contractor Name: Sacramento Employment and Training Agency **Contract Number: 1408**

Enrollment Description	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Severely Disabled Full-time-plus			0	2.2774	0.0000
Severely Disabled Full-time			0	1.9300	0.0000
Severely Disabled One-half-time			0	1.1952	0.0000
TOTAL CERTIFIED DAYS OF ENROLLMENT	**50,900**	**67**	**50,967**	N/A	**38,546.2818**

Attendance	Column A Cumulative FY per CPARIS June Report	Column B Audit Adjustments	Column C Cumulative FY per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
DAYS OF ATTENDANCE	**49,806**	**60**	**49,866**	N/A	N/A

Enter the sum of Total Certified Days of Enrollment from all Form 1s in the Total Certified Days of Enrollment line of AUD 8501, Section 2.

Enter the sum of Days of Attendance from all Form 1s and Form 2s in the Days of Attendance line of AUD 8501, Section 2.

California Health & Human Services Agency

AUDITED ATTENDANCE AND FISCAL REPORT FOR CHILD DEVELOPMENT PROGRAMS

California Department of Social Services

Fiscal Year Ending June 30, 2022

Contract Number 1194

Vendor Code 2173

Full Name of Contractor Sacramento Employment and Training Agency

Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time (July to December 2021)				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time	27,457		27,457	1.8000	49,422.6
Toddlers (18 up to 36 months) Three-quarters-time (July to December 2021)	10,622		10,622	1.3500	14,339.7
Toddlers (18 up to 36 months) One-half-time	10,570		10,570	0.9900	10,464.3
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older Three-quarters-time (July to December 2021)				0.7500	
Three Years and Older One-half-time Total Standard Rate (July 2021 through June 2022)				0.5500	
Three Years and Older One-half-time Total Direct Service Counties (January 2022 through June 2022)*				Direct Service Counties	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time (July to December 2021)				1.1550	
Exceptional Needs One-half-time				0.8470	

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 1 - Days of Enrollment Certified Children (continued)

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time (July to December 2021)				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time (July to December 2021)				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time (July to December 2021)				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL CERTIFIED DAYS OF ENROLLMENT	**48,649**		**48,649**	**N/A**	**74,226.6**
DAYS OF OPERATION	**238**		**238**	**N/A**	**N/A**
DAYS OF ATTENDANCE	**47,838**		**47,838**	**N/A**	**N/A**

*If applicable, must attach AUD9500S days of enrollment supplemental pages for direct service counties

☒ NO NON-CERTIFIED CHILDREN Check this box (omit pages 3-4) and continue to Revenue Section on page 5.

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 2 - Days of Enrollment Non-Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	
Infants (up to 18 months) Full-time				2.4400	
Infants (up to 18 months) Three-quarters-time (July to December 2021)				1.8300	
Infants (up to 18 months) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time				1.8000	
Toddlers (18 up to 36 months) Three-quarters-time (July to December 2021)				1.3500	
Toddlers (18 up to 36 months) One-half-time				0.9900	
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older Three-quarters-time (July to December 2021)				0.7500	
Three Years and Older One-half-time Total Standard Rate (July 2021 through June 2022)				0.5500	
Three Years and Older One-half-time Total Direct Service Counties (January 2022 through June 2022)*				Direct Service Counties	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs Three-quarters-time (July to December 2021)				1.1550	
Exceptional Needs One-half-time				0.8470	

*If applicable, must attach AUD9500S days of enrollment supplemental pages for direct service counties

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 2 - Days of Enrollment Non-Certified Children (continued)

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	
Limited and Non-English Proficient Full-time				1.1000	
Limited and Non-English Proficient Three-quarters-time (July to December 2021)				0.8250	
Limited and Non-English Proficient One-half-time				0.6050	
At Risk of Abuse or Neglect Full-time-plus				1.2980	
At Risk of Abuse or Neglect Full-time				1.1000	
At Risk of Abuse or Neglect Three-quarters-time (July to December 2021)				0.8250	
At Risk of Abuse or Neglect One-half-time				0.6050	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled Three-quarters-time (July to December 2021)				1.4475	
Severely Disabled One-half-time				1.0615	
TOTAL NON-CERTIFIED DAYS OF ENROLLMENT				**N/A**	

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 3 - Revenue

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	213,420		213,420
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
Restricted Income - Subtotal	**213,420**		**213,420**
Transfer From Reserve	122,535		122,535
Waived Family Fees for Certified Children	59,707	2,613	62,320
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start	324,689	-163,755	160,934
Unrestricted Income - Other:			
Total Revenue	**660,644**	**-163,755**	**496,889**

Comments:

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 4 - Reimbursable Expenses

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	2,363,755		2,363,755
2000 Classified Salaries	225,379		225,379
3000 Employee Benefits	1,411,303		1,411,303
4000 Books and Supplies	305,662		305,662
5000 Services and Other Operating Expenses			
6100/6200 Other Approved Capital Outlay			
6400 New Equipment (program-related)			
6500 Equipment Replacement (program-related)			
Depreciation or Use Allowance			
Start-up Expenses (service level exemption)			
Budget Impasse Credit			
Indirect Costs (include in Total Administrative Cost)			
Non-Reimbursable (State use only)			
Total Reimbursable Expenses	**4,306,099**		**4,306,099**
Total Administrative Cost (included in Section 4 above)	415,745	96	415,841
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

☐ NO SUPPLEMENTAL REVENUE / EXPENSES Check this box and omit page 7.

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 5 - Supplemental Revenue

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other: COVID Stipends		163,755	163,755
Other:			
Total Supplemental Revenue		**163,755**	**163,755**

Section 6 - Supplemental Expenses

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
1000 Certificated Salaries			
2000 Classified Salaries			
3000 Employee Benefits			
4000 Books and Supplies			
5000 Services and Other Operating Expenses			
6000 Equipment / Capital Outlay			
Depreciation or Use Allowance			
Indirect Costs			
Non-Reimbursable Supplemental Expenses			
Total Supplemental Expenses			

Audit Report Page

Contract Number 1194

Full Name of Contractor Sacramento Employment and Training Agency

Section 7 - Summary

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	48,649		48,649
Days of Operation	238		238
Days of Attendance	47,838		47,838
Restricted Program Income	213,420		213,420
Transfer from Reserve	122,535		122,535
Waived Family Fees for Certified Children	59,707	2,613	62,320
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	4,306,099		4,306,099
Total Administrative Cost	415,745	96	415,841
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment: 74,226.6

Total Non-Certified Adjusted Days of Enrollment:

Independent auditor's assurances on agency's compliance with contract funding terms and conditions and program requirements for programs that transferred to the California Department of Social Services on July 1, 2021 pursuant to WIC Section 10203(b):

Eligibility, enrollment and attendance records are being maintained as required (select YES or NO from the drop-down box): YES

Reimbursable expenses claimed on page 6 are eligible for reimbursement, reasonable, necessary, and adequately supported (select YES or NO from the drop-down box): YES

Include any comments in the comments box on page 5. If necessary, attach additional sheets to explain adjustments.

Audit Report Page

California Department of Education **Fiscal Year Ending: June 30, 2022**
Audited Preschool Reserve Account Activity Report **Vendor Code: 2173**

Contractor Name: Sacramento Employment and Training Agency

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2020–21 AUD 9530A Ending Balance): 543,965

2. Plus Transfers to Reserve Account:

2020–21 Contract No.	Per 2020–21 Post-Audit CDFS 9530
Total Transferred from 2020–21 Contracts	**0**

3. Less Excess Reserve to be Billed:

4. 2020–21 CDFS 9530 Reserve Balance After Billing: 543,965

Section 2 – Current Year Reserve Account Activity

5. Plus Interest Earned This Year on Reserve:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Interest Earned	3,487		3,487

6. Less Transfers to Contracts from Reserve:

2021–22 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
1408	123,640	(123,640)	0
			0
			0
Total Transferred to Contracts	**123,640**	**(123,640)**	**0**

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2022	423,812	0	547,452

COMMENTS – If necessary, attach additional sheets to explain adjustments.
Originally transfered $123,640 from Reserve. Adjustment of $123,640 to returns funds back to reserve.

AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Fiscal Year End	June 30, 2022
Reserve Account Type	Center-Based
Vendor Code	2173

Full Name of Contractor **Sacramento Employment and Training Agency**

Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2020–21 AUD 9530A Ending Balance)	539,117
2. Plus Transfers to Reserve Account:	Per 2020–21 Post-Audit CDNFS 9530
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Total Transferred from 2020–21 Contracts to Reserve	
3. Less Excess Reserve to be Billed	
4. Ending Balance per 2020–21 Post-Audit CDNFS 9530	**539,117**

Section 2 - Current Year (2021–22) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve:	3,455		3,455
6. Less Transfers to Contracts from Reserve:			
Contract No.1194	122,535		122,535
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Total Transferred to Contracts from Reserve Account	**122,535**		**122,535**
7. Ending Balance on June 30, 2022	**420,037**		**420,037**

COMMENTS - If necessary, attach additional sheets to explain adjustments.

Audit Report Page