

# **Sacramento Employment and Training Agency**

Sacramento,  
California

*Annual Financial Statements and Single  
Audit Report*

*For the year ended June 30, 2023*

Prepared by:  
Administrative Services



**Sacramento Employment and Training Agency**  
**For the Year Ended June 30, 2023**

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**Sacramento Employment and Training Agency  
For the Year Ended June 30, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Governing Board  
of the 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, 2023, 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 present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of SETA, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows 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. 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.

#### *Responsibilities of Management for the Financial Statements*

SETA's 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 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, 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 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 the changes in the total OPEB liability on pages 5-12 and 43-50 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***

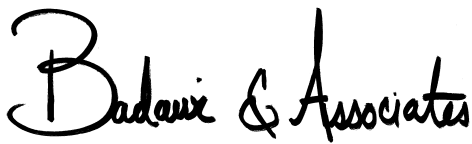
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SETA's basic financial statements. The supplementary schedules, as listed in the table of contents, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of 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. Such 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.

To the Governing Board  
of the Sacramento Employment and Training Agency  
Sacramento, California  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2024 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 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Berkeley, California  
January 15, 2024



# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

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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, 2023. Please read it in conjunction with the basic financial statements included in this report.

### FINANCIAL HIGHLIGHTS

- As of June 30, 2023, SETA reported a combined fund balance of \$4,296,120, an increase of \$787,959 from last year.
- For the year ended June 30, 2023, SETA reported a net deficit of \$32,440,972 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. The GASB rules only redefine pension liability and expense for financial reporting purposes, and do not apply to contribution amounts for pension funding purposes.
- As of June 30, 2023, SETA's net position increased by \$10,542,013, primarily due to the accounting of pension expense in accordance to GASB 68.

### 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 13 and 14 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.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

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**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 15-18 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 19-39 of this report.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

### 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, 2023, SETA reported a net deficit of \$32,440,972 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

	2023	2022 (Original)	2022 (Restated)
Assets:			
Current and Other Assets	\$ 20,620,759	\$ 14,923,727	\$ 14,923,727
Capital Assets	33,313,295	15,873,741	33,071,654*
Total Assets	<u>\$ 53,934,054</u>	<u>\$ 30,797,468</u>	<u>\$ 47,995,381</u>
Deferred Outflows of Resources	\$ 18,290,801	\$ 19,983,102	\$ 19,983,102
Liabilities:			
Current Liabilities	\$ 18,498,454	\$ 14,311,020	\$ 14,311,020
Non-current Liabilities	75,246,955	18,534,487	36,232,215*
Total Liabilities	<u>\$ 93,745,409</u>	<u>\$ 32,845,507</u>	<u>\$ 50,543,235*</u>
Deferred Inflows of Resources	\$ 10,920,419	60,418,233	60,418,233
Net Position:			
Invested in capital assets	\$ 3,895,215	\$ 3,268,805	\$ 3,268,805
Unrestricted	(36,336,187)	(45,751,975)	(46,251,790)*
Total Net Position (Deficit)	<u>\$ (32,440,972)</u>	<u>\$ (42,483,170)</u>	<u>\$ (42,982,985)*</u>

\*The right to use assets and corresponding lease liabilities on the 2022 Financial Statements has been restated, resulting in a net adjustment of \$499,815.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

**Statement of Activities:** SETA's increased net position of \$10,542,013 is primarily due to pension liability. The table below indicates the changes in net position:

Statement of Activities			
	2023	2022 (Original)	2022 (Restated)
<b>Program Revenues:</b>			
Operating Grants and Contributions	\$ 127,753,891	\$ 116,410,192	\$ 116,410,192
<b>General Revenues:</b>			
Unrestricted Investment Earnings/(Loss)	372,884	8,404	8,404
Total Revenues	\$ 128,126,775	\$ 116,418,596	\$ 116,418,596
<b>Expenses:</b>			
Head Start/Early Head Start	\$ 83,290,729	\$ 78,122,304	\$ 78,122,304
Workforce Development	11,154,491	10,396,354	10,396,354
Other Programs	23,139,542	18,631,880	19,131,695*
Total Expenses	\$ 117,584,762	\$ 107,150,538	\$ 107,650,353*
Change in net position	\$ 10,542,013	\$ 9,286,058	\$ 8,768,243*
Net deficit, beginning of year	(42,483,170)	(51,751,228)	(51,751,228)
Total net deficit, end of year	\$ (32,440,972)	\$ (42,483,170)	\$ (42,982,985)*

\*The amortization expense and interest expense relating to the right to use assets and corresponding lease liabilities on the 2022 Financial Statements has been restated, resulting in a net adjustment of \$499,815.

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 the pension and OPEB expenditures which are offset by the depreciation expense.

### 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 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, 2023, SETA reported a total fund balance of \$4,296,120, which is an increase of \$787,959 compared to total fund balance of \$3,508,161 at June 30, 2022. 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.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

**Revenue Analysis:** Total revenue received for the year ended June 30, 2023, totaled \$128,126,775. The table below presents the amounts of revenue and the percent of total by source for FYE 2023 and FYE 2022.

Revenues Classified by Source Governmental Funds						
Revenues by Source	FYE 2023 <u>Amount</u>	Percent <u>of Total</u>	FYE 2022 <u>Amount</u>	Percent <u>of Total</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
Grant revenue	\$ 102,432,152	79.95%	\$ 93,283,502	79.93%	\$ 9,148,650	9.81%
Childcare food revenue	1,687,077	1.32%	1,581,494	1.35%	105,583	6.68%
Intergovernmental	1,341,935	1.05%	1,975,839	1.69%	(633,904)	-32.08%
Investment income (loss)	282,494	0.22%	23,476	0.02%	259,018	1103.33%
Miscellaneous income	659,248	0.51%	553,557	0.47%	105,691	19.09%
In-Kind contributions	<u>21,723,869</u>	<u>16.95%</u>	<u>19,302,895</u>	<u>16.54%</u>	<u>2,420,974</u>	<u>12.54%</u>
Total revenues	<u>\$ 128,126,775</u>	<u>100.00%</u>	<u>\$ 116,720,763</u>	<u>100.00%</u>	<u>\$ 11,406,012</u>	<u>9.77%</u>

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

- Intergovernmental revenue decreased by \$633,904 primarily due to the expiration of one-time funding received from the City of Sacramento and the Golden Sierra Job Training Agency.
- Investment income increased by \$259,018 due to an increase in interest rates during the fiscal year.
- Head Start In-Kind contributions increased by \$2,420,974 due to the continued 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 is derived from volunteers to the program.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

**Expense Analysis:** Expenditures for the year ended June 30, 2023, totaled \$128,510,553. The table below presents the expenditures summarized by granting source.

Expenditures by Source	Expenditures Classified by Contribution Source Governmental Fund					
	FYE 2023 <u>Amount</u>	Percent <u>of Total</u>	FYE 2022 <u>Amount</u>	Percent <u>of Total</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
Head Start/Early Head Start	\$ 86,937,699	67.64%	\$ 81,397,476	69.06%	\$ 5,540,223	6.81%
Workforce Development	11,670,895	9.08%	11,292,839	9.58%	378,056	3.35%
Refugee Support Services	9,660,237	7.52%	6,591,852	5.59%	3,068,385	46.55%
Child Care Food Program	1,681,704	1.31%	1,586,945	1.35%	94,759	5.97%
California Department of Education	5,468,284	4.26%	4,344,141	3.68%	1,124,143	25.88%
California Department of Social Services	4,774,752	3.72%	3,767,988	3.20%	1,006,764	26.72%
Community Services Block Grant	2,341,300	1.82%	2,763,192	2.34%	(421,892)	-15.27%
CalWORKS	911,747	0.71%	911,747	0.77%	-	0.00%
Other	727,489	0.57%	1,502,637	1.27%	(775,148)	-51.59%
Capital outlay and debt service	4,336,446	3.37%	3,730,606	3.16%	605,840	16.24%
Total expenditures	\$ 128,510,553	100.00%	\$ 117,889,423	100.00%	\$ 14,401,431	11.69%

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

- The majority of the increase in Head Start / Early Head Start is accounted for by a Cost-of-Living Adjustment (COLA) of 5.6% and Quality Improvement (QI) funds, as well as the carryover for deferred maintenance projects.
- Refugee Support Services program costs increased due to increased funding received from ORR based on revised allocation methodologies. The majority of RSS expenditures are incurred by subrecipients.
- California Department of Education program costs increased due to an increase of the Standard Reimbursement Rate and expanded services.
- California Department of Social Services program costs increased due to an increase of the Standard Reimbursement Rate and expanded services.
- Capital Outlay increased due to the inclusion of lease costs for principal and interest as required by GASB-87.
- Other program costs increased due to the expiration of one-time funding.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

The table below presents the expenditures summarized by type.

Expenditures by Type	Expenditures Classified by Type Governmental Fund			
	FYE 2023 <u>Amount</u>	Percent <u>of Total</u>	FYE 2022 <u>Amount</u>	Percent <u>of Total</u>
Salaries	\$ 31,065,615	25.02%	\$ 28,528,964	24.99%
Fringe Benefits	17,379,843	14.00%	16,751,227	14.67%
Space Costs	412,824	0.33%	2,116,818	1.85%
Services & Supplies	10,113,092	8.14%	7,378,559	6.46%
Equipment Expense	937,722	0.76%	1,130	0.01%
Subrecipient Costs	42,541,142	34.26%	40,079,222	35.11%
In Kind Match	21,723,869	17.49%	19,302,895	16.91%
Total Expenses	\$ 124,174,106	100.00%	\$ 114,158,816	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 \$115,702,750 to the final budget of \$115,702,750. The revenues of \$106,402,906 were less than the final budget by \$9,299,844. The expenditures of \$105,614,947 were less than the final budget by \$13,252,513. 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, 2023, amounted to \$3,895,215 (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 \$29,418,080 as of June 30, 2023.

### 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.

# **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023**

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### **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, CA 95815.



# Sacramento Employment and Training Agency

## Statement of Net Position

June 30, 2023

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### ASSETS

#### Current assets:

Cash and investments	\$ 3,340,993
Accounts receivable	15,676,923
Leases receivable	8,854
Prepaid expenses	536,569
Restricted cash and investments (CDE)	967,488
Total current assets	<u>20,530,827</u>

#### Non-current assets:

Leases receivable	89,932
Capital assets not being depreciated	66,308
Capital assets, net of depreciation/amortization	5,290,946
Right to use leased assets, net of accumulated amortization	27,956,041
Total assets	<u>53,934,054</u>

### DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	18,082,494
Deferred outflows related to OPEB	208,307
Total deferred outflows of resources	<u>18,290,801</u>

### LIABILITIES

#### Current liabilities:

Accounts payable	11,603,104
Accrued salaries and liabilities	1,331,564
Compensated absences - current portion	127,519
Unearned revenue	3,294,248
Lease liability, current portion	2,142,019
Total current liabilities	<u>18,498,454</u>

#### Non-current liabilities

Compensated absences, net of current portion	2,917,584
Total OPEB liability	1,424,917
Net pension liability	43,628,393
Lease liability, net of current portion	27,276,061
Total non-current liabilities	<u>75,246,955</u>

Total Liabilities	<u>93,745,409</u>
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### DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	9,992,569
Deferred inflows related to OPEB	832,127
Related to leases	95,723
Total deferred inflows of resources	<u>10,920,419</u>

### NET POSITION

Net investment in capital assets	3,895,215
Unrestricted	(36,336,188)
Total net position (deficit)	<u>\$ (32,440,973)</u>

The notes to financial statements are an integral part of this statement.

**Sacramento Employment and Training Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>	Net (Expense)
		<u>Operating Grants and Contracts</u>	Revenue and Change in Net Position Total Governmental Activities
Head Start/Early Head Start	\$ 83,290,730	\$ 90,187,326	\$ 6,896,596
Workforce Development	11,154,491	11,661,105	506,614
Refugee Support Services	9,468,009	9,664,999	196,990
Child Care Food Programs	1,517,466	1,687,077	169,611
State Department of Education	4,586,191	5,498,558	912,367
State Department of Social Services	3,950,026	4,774,752	824,726
Community Services Block Grant	2,209,973	2,349,584	139,611
CalWORKS	887,601	911,747	24,146
Other	520,276	1,018,743	498,467
Total Governmental Activities	<u>\$ 117,584,763</u>	<u>\$ 127,753,891</u>	<u>10,169,128</u>
General revenue:			
Unrestricted investment earnings/(loss)			372,884
Change in net position			10,542,012
Net position, beginning of year, as restated			(42,982,985)
Net position, end of year			<u>\$ (32,440,973)</u>

The notes to financial statements are an integral part of this statement.

# Sacramento Employment and Training Agency

## Balance Sheet - Governmental Fund

June 30, 2023

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### ASSETS

Cash and investments	\$	3,340,993
Accounts receivable		15,676,923
Leases receivable		98,786
Prepaid expenses		536,569
Restricted cash and investments		967,488
Total assets	\$	<u>20,620,759</u>

### LIABILITIES AND FUND BALANCE

#### Liabilities

Accounts payable		11,603,104
Accrued salaries and expenditures		1,331,564
Unearned revenue		3,294,248
Total liabilities		<u>16,228,916</u>

#### Deferred Inflows of Resources

Related to leases		<u>95,723</u>
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#### Fund Balance

Nonspendable		536,569
Assigned		3,045,103
Unassigned		714,448
Total fund balance		<u>4,296,120</u>
Total liabilities and fund balance	\$	<u>20,620,759</u>

The notes to financial statements are an integral part of this statement.

**Sacramento Employment and Training Agency**  
**Reconciliation of the Governmental Fund Balance Sheet to the**  
**Statement of Net Position**  
**June 30, 2023**

Amounts reported for governmental activities in the statement of Net Position are different because:

Total fund balance, governmental fund	\$	4,296,120
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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:	51,845,462	
Accumulated amortization and depreciation:	<u>(18,532,166)</u>	
		<u>33,313,296</u>

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:

Compensation absences	3,045,103	
OPEB liability	1,424,917	
Lease liability	29,418,080	
Net pension liability	<u>43,628,393</u>	
		<u>(77,516,493)</u>

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	18,082,494	
Deferred inflows of resources related to pension	<u>(9,992,569)</u>	
		<u>8,089,925</u>

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	208,307	
Deferred inflows of resources related to OPEB	<u>(832,127)</u>	
		<u>(623,820)</u>

Total net position (deficit), governmental activities	\$	<u><u>(32,440,972)</u></u>
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The notes to financial statements are an integral part of this statement.

**Sacramento Employment and Training Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund**  
**For the Year Ended June 30, 2023**

**REVENUES**

Grant revenue	\$ 102,432,152
Childcare food reimbursements	1,687,077
Intergovernmental revenue	1,341,935
Interest income	282,494
Miscellaneous income	659,248
In-kind match	21,723,869
	<hr/>
Total Revenues	128,126,775
	<hr/>

**EXPENDITURES**

Head Start/Early Head Start	86,937,699
Workforce Development	11,670,895
Refugee support services	9,660,237
Child care food programs	1,681,704
State Department of Education	5,468,284
State Department of Social Services	4,774,752
Community Services Block Grant	2,341,300
CalWORKS	911,747
Other	727,489
Capital outlay - leases	1,171,736
Debt service:	
Principal	2,056,322
Interest	1,108,389
	<hr/>
Total expenditures	128,510,553
	<hr/>

Excess (deficiency) of revenues over expenditures	<hr/> (383,778) <hr/>
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**OTHER FINANCING SOURCES**

Leases	<hr/> 1,171,737 <hr/>
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Net change in fund balance	787,959
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Fund balance - beginning of year	<hr/> 3,508,161 <hr/>
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Fund balance - end of year	<hr/> \$ 4,296,120 <hr/> <hr/>
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The notes to financial statements are an integral part of this statement.

**Sacramento Employment and Training Agency**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in**  
**Fund Balance - Governmental Funds**  
**For the Year Ended June 30, 2023**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance, governmental fund		\$	787,959
<p>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 expense. Amount by which depreciation expense exceeds capital outlay:</p>			
Amount of capital outlay	\$	3,612,992	
Amortization expense		(2,715,638)	
Depreciation expense		(655,714)	
		<u>241,640</u>	
Principal payments on the long term lease liability reported in the statement of activities are reported as expenditures in the governmental funds			2,056,322
The issuance of long-term debt provides current financial resources to governmental funds, but are not reported as revenues in the statement of activities.			(1,171,737)
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.			(133,381)
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 OPEB liability		137,519	
Change in net pension liability		8,623,691	
		<u>8,761,210</u>	
Change in net position of governmental activities		\$	<u>10,542,013</u>

The notes to financial statements are an integral part of this statement.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF 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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 incentive 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:

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



**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 governmental-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 pension, 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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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, 2023, SETA has \$536,569 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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Net Position and Fund Balance, Continued**

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, 2023, SETA has \$3,045,103 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. 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 had no 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 had no 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 had no 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 had no effect on the financial statements.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Future Governmental Accounting Standards Board (GASB) Pronouncements**

**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.

**2. CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Cash and investments	\$ 3,340,993.00
Restricted cash and investments	967,488.00
	<hr/>
Total cash and investments	\$ 4,308,481.00
	<hr/> <hr/>

**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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**Cash in Sacramento County Treasury, Continued**

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 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

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**2. CASH AND INVESTMENTS, Continued**

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have a greater sensitivity to changes in market interest rates. As of June 30, 2023, the weighted average maturity of the investments contained in the Treasury investment pool is approximately 267 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, 2023, 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, 2023 of \$4,308,481 is an uncatagorized input, not defined as a level 1, level 2 or level 3 input.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following as of June 30, 2023:

	General Fund
Due from Federal government	\$ 13,656,516
Due from State government	1,303,244
Miscellaneous receivables	717,163
Totals	<u>\$ 15,676,923</u>

**4. CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Adjustments	Additions	Deductions	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 66,308	\$ -	\$ -	\$ -	\$ 66,308
Capital assets, being depreciated:					
Building	3,314,707	-	-	-	3,314,707
Machinery and equipment	12,730,861	-	2,441,256	(116,697)	15,055,420
Total capital assets, being depreciated	16,045,568	-	2,441,256	(116,697)	18,370,127
Less accumulated depreciation for:					
Building	(646,053)		(218,734)	-	(864,787)
Machinery and equipment	(11,894,110)		(436,981)	116,697	(12,214,394)
Total accumulated depreciation	(12,540,163)	-	(655,715)	116,697	(13,079,181)
Total capital assets, being depreciated, net	3,505,405	-	1,785,541	-	5,290,946
Right to use leased assets being amortized:					
Leased assets	15,200,437	17,036,853	1,171,737	-	33,409,027
Less accumulated amortization	(2,898,409)	161,061	(2,715,638)		(5,452,986)
Total right to use leased asset being amortized, net	12,302,028	17,197,914	(1,543,901)	-	27,956,041
Governmental activities capital assets, net	<u>\$ 15,873,741</u>	<u>\$ 17,197,914</u>	<u>\$ 241,640</u>	<u>\$ -</u>	<u>\$ 33,313,295</u>

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**4. CAPITAL ASSETS, Continued**

For the year ended June 30, 2023, depreciation and amortization expense was charged to programs/functions as follows:

<u>Governmental activities:</u>		
Workforce Development		\$ 255,980
Head Start/Early Head Start		273,569
Community Services Block Grant		21,652
Child Care Food Program		6,312
State Department of Education		24,166
State Department of Social Services		20,396
Refugee Support Services		31,538
Other		22,102
		<u>                    </u>
Total depreciation expense		<u>\$ 655,715</u>
Workforce Development		\$ 2,226,823
Head Start/Early Head Start		488,815
		<u>                    </u>
Total amortization expense		<u>\$ 2,715,638</u>

**5. COMPENSATED ABSENCES**

Compensated absences liability activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u>		<u>Deductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2022</u>	<u>Additions</u>		<u>June 30, 2023</u>	<u>One Year</u>
Compensated Absences	<u>\$ 2,911,721</u>	<u>\$ 2,190,079</u>	<u>\$ (2,068,632)</u>	<u>\$ 3,033,168</u>	<u>\$ 127,519</u>

**6. LEASES**

Changes in the lease liability for the fiscal year ended June 30, 2023, are summarized as follows:

	<u>Balance</u>		<u>Additions</u>	<u>Deductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>July 1, 2022</u>	<u>Adjustments</u>			<u>June 30, 2023</u>	<u>One Year</u>
Lease Liability	<u>\$ 12,604,936</u>	<u>\$ 17,697,729</u>	<u>\$ 1,171,737</u>	<u>\$ (2,056,322)</u>	<u>\$ 29,418,080</u>	<u>\$ 2,142,019</u>

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 \$240 - \$148,210. SETA used a discount rate of 3.71% on each lease based on SETA's estimated incremental borrowing rate.



**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**6. LEASES, Continued**

Remaining obligations associated with these leases are as follows:

Year Ending June 30,	Principal	Interest
2024	\$ 2,142,019	\$ 1,055,237
2025	2,059,788	977,243
2026	2,091,874	899,834
2027	2,181,761	822,900
2028	2,198,052	741,974
2029 - 2030	18,744,586	3,187,301
Total	<u>\$ 29,418,080</u>	<u>\$ 7,684,489</u>

**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](http://www.scers.org).

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. EMPLOYEE RETIREMENT PLAN, Continued**

**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 Plan's provisions and benefits in effect at June 30, 2023, and applicable to members employed at SETA, are summarized as follows:

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

The monthly allowance for Tier III members is calculated as follows: 1/90<sup>th</sup> of the first \$350 of final compensation, plus 1/60<sup>th</sup> 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: 1/90<sup>th</sup> of the first \$350 of final compensation, plus 1/60<sup>th</sup> 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 1<sup>st</sup>. SETA's contractually required contributions rates for the year ended June 30, 2023, were as follows:

	Tier III	Tier V (PEPRA)
Employer	38.07%	31.54%
Employee	3.68% of first \$161 of biweekly compensation, plus 5.51% of biweekly compensation over \$161	9.45% of biweekly compensation

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. EMPLOYEE RETIREMENT PLAN, Continued**

Total employer contributions to SCERS from SETA was \$10,278,1999 for the year ended June 30, 2023.

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

As of June 30, 2023, SETA reported a liability of \$43,628,393 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was by an actuarial valuation as of June 30, 2022, 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 4.655 percent. At June 30, 2022 SETA's proportionate share of the total SCERS net pension liability (both Safety and Miscellaneous membership classes) was 2.495 percent, which was a increase of 1.436 percent from its proportion measured as of June 30, 2021.

For the fiscal year ended June 30, 2023, SETA recognized a pension expense of \$1,300,755. At June 30, 2023, 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	\$ 10,278,199	\$ -
Differences between expected and actual experience	3,678,701	-
Changes of assumptions	3,288,410	5,728,402
Net differences between projected and actual earnings on Pension plan investments	283,074	-
Changes in proportion and differences between employer's contributions and proportionate share of contributions	554,110	4,264,167
Total	<u>\$ 18,082,494</u>	<u>\$ 9,992,569</u>

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. EMPLOYEE RETIREMENT PLAN, Continued**

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

The \$10,278,199 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:

<u>Year Ending June 30</u>	<u>Total</u>
2024	\$ (1,977,355)
2025	(2,234,094)
2026	(6,075,588)
2027	8,098,763
Total	<u>\$ (2,188,274)</u>

**Actuarial Assumptions**

For the measurement period ended June 30, 2022 (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%
Investment Rate of Return	6.75%
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

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**7. EMPLOYEE RETIREMENT PLAN, Continued**

**Actuarial Assumptions, Continued**

These and all other actuarial assumptions used in the June 30, 2022 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%	5.40%
U.S. Small Cap Equity	2.00%	6.20%
International Developed Equity	16.00%	6.50%
Emerging Markets Equity	4.00%	8.80%
Core Plus Bonds	10.00%	1.10%
High Yield Bonds	1.00%	3.40%
Global Bonds	3.00%	-
Bank Loans	1.00%	3.90%
U.S. Treasury	5.00%	0.30%
Real Assets	7.00%	8.10%
Liquid Real Return	2.00%	4.50%
Real Estate	5.00%	4.60%
Value Added Real Estate	2.00%	8.10%
Diversifying Absolute Return	7.00%	2.40%
Growth Oriented Absolute Return	3.00%	2.40%
Private Credit	4.00%	5.60%
Private Equity	9.00%	9.40%
Cash	1.00%	-
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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**7. EMPLOYEE RETIREMENT PLAN, Continued**

**Sensitivity of SETA’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate, Continued**

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	\$ 89,772,997	\$ 43,628,393	\$ 5,841,965

**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>.

**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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. OTHER POSTEMPLOYMENT BENEFITS, Continued**

**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, 2023, the amount of benefits paid was \$71,143.

**Employees Covered by Benefit Terms**

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	60
Inactive employees entitled to but not yet receiving benefit payments	385
Active employees	587
	1,032
Total participants covered by OPEB Plan	1,032

**Total OPEB Liability**

As of June 30, 2023, SETA reported a liability of \$1,424,917 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

**Actuarial Assumptions**

For the measurement period ended June 30, 2022, 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	6/30/2021
Discount Rate	3.54%
Inflation	2.50%
Salary Increases	2.75%
Mortality, Retirement, Disability, Termination, Merit Payroll Increases	6/30/21 SCERS valuation assumptions
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Healthcare Cost Trend Rate	Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**8. OTHER POSTEMPLOYMENT BENEFITS, Continued**

**Discount Rate**

The discount rate used to measure the total OPEB liability was 3.54 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, 2022 measurement period, the discount rate increased from 2.16 percent to 3.54 percent.

**Changes in the Total OPEB Liability**

The changes in the total OPEB liability, measured as of June 30, 2022 is as follows:

	Total OPEB Liability
Balance at July 1, 2022	\$ 1,450,870
Changes for the year:	
Service Cost	135,343
Interest	33,556
Actual versus expected experience	-
Assumption changes	(129,478)
Benefit payments	(65,374)
Net Changes	(25,953)
Balance at June 30, 2023	\$ 1,424,917

**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 3.54 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 (2.54 percent) or 1 percentage-point higher (4.54 percent) than the current rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 1,517,737	\$ 1,424,917	\$ 1,337,453



**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

**8. OTHER POSTEMPLOYMENT BENEFITS, Continued**

**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	\$ 1,289,528	\$ 1,424,917	\$ 1,583,392

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

For the fiscal year ended June 30, 2023, SETA recognized a credit to OPEB expense of \$66,376. At June 30, 2023, 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	\$ 71,143	\$ -
Differences between expected and actual experience	-	293,781
Changes of assumptions	137,164	538,346
Total	<u>\$ 208,307</u>	<u>\$ 832,127</u>

The \$71,143 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, 20234. 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
2024	\$ (235,275)
2025	(214,277)
2026	(155,691)
2027	(40,008)
2028	(39,754)
Thereafter	(9,958)
Total	<u>\$ (694,963)</u>

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**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 reimbursement would not be material.

**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 2023, the County charged fees of \$91,162 for these services.

**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 \$21,723,869 which is 25 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.

**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.

**Sacramento Employment and Training Agency**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2023**

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**13. RESTATEMENT OF PREVIOUSLY ISSUED FINANCIALS**

SETA has restated its previously issued financial statements to correct right to use assets and lease liability to account for extension periods likely to be exercised but not previously included in the right to use asset and lease liability.

	Governmental Activities
Net position at June 30, 2022, as previously reported	\$ (42,483,170)
Add right-to-use intangible asset, net of amortization, under GASB Statement No. 87	17,197,914
Less lease liability under GASB Statement No. 87	<u>(17,697,729)</u>
Net position at July 1, 2022, as restated	<u>\$ (42,982,985)</u>

**14. NUTRITION PROGRAM**

The contractor had two nutrition agreements with the CDE and CDSS for Child and Adult Care Food Programs, as reported in the Schedule of Expenditures of Federal and State Awards. However, no nutrition audit report schedules are included in the audit because: (1) the audit disclosed no nutrition overpayments, underpayments, or program findings; (2) the contractor did not request reimbursement of audit costs; and (3) the audit is not a program-specific nutrition audit.

**15. RESERVE ACCOUNT**

The reserve account was established and maintained as specified by the California Department of Education and California Department of Social Services. The reserve account is used to account for unspent contract funds (reserves) which can be carried forward to expenditures in future periods.

The Program maintains a reserve account for Center Based contract, and funds are invested and pooled with the County Treasurer. The reserve account balance at June 30, 2023 was \$1,147,055, which is recorded as an asset in the cash account. Also, upon termination of all child development center-based contracts with CDE/CDSS, the Program would have to return the reserve funds to CDE/CDSS, so the reserve account is recorded as a liability (unearned revenue) in the amount of \$1,147,055. The reserve account balance of \$1,147,055 includes interest of \$57,031 that the County allocated to the account balances during the year ended June 30, 2023.

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**REQUIRED  
SUPPLEMENTARY INFORMATION**

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**Sacramento Employment and Training Agency**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget to Actual - General Fund**  
**Budgetary Basis**  
**For the Year Ended June 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grant revenue	\$ 111,836,270	\$ 111,836,270	\$ 102,432,152	\$ (9,404,118)
Childcare food reimbursements	1,600,000	1,600,000	1,687,077	87,077
Intergovernmental revenue	911,743	911,743	1,341,935	430,192
Interest income	-	-	282,494	282,494
Miscellaneous income	1,354,737	1,354,737	659,248	(695,489)
Total revenues	<u>115,702,750</u>	<u>115,702,750</u>	<u>106,402,906</u>	<u>(9,299,844)</u>
Expenditures:				
Head Start/Early Head Start	74,555,958	74,555,958	65,213,830	9,342,128
Workforce Development	12,544,663	12,544,663	11,670,895	873,768
Refugee Support Services	11,550,943	11,550,943	9,660,237	1,890,706
Child Care Food Programs	1,600,000	1,600,000	1,681,704	(81,704)
State Department of Education	3,801,967	3,801,967	5,468,284	(1,666,317)
State Department of Social Services	3,767,988	3,767,988	4,774,752	(1,006,764)
Community Services Block Grant	2,653,836	2,653,836	2,341,300	312,536
CalWORKS	911,743	911,743	911,747	(4)
Other	4,315,652	4,315,652	727,488	3,588,164
Debt service:				
Principal	-	-	2,056,322	(2,056,322)
Interest	-	-	1,108,389	(1,108,389)
Total Expenditures	<u>115,702,750</u>	<u>115,702,750</u>	<u>105,614,947</u>	<u>13,252,513</u>
Change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>787,959</u>	<u>\$ 3,952,669</u>
Fund balance, beginning of year			<u>3,508,161</u>	
Fund balance, end of year			<u>\$ 4,296,120</u>	
Head Start/Early Head Start Expenditures - Budgetary Basis				\$ 65,213,830
In-Kind contributions expended				<u>21,723,869</u>
Head Start/Early Head Start - GAAP Basis				<u>\$ 86,937,699</u>
Total revenues - Budgetary Basis				\$ 106,402,906
In-Kind contributions received				<u>21,723,869</u>
Head Start/Early Head Start - GAAP Basis				<u>\$ 128,126,775</u>

See Note to required Supplementary Information

**Sacramento Employment and Training Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Schedule of SETA's Proportionate Share of the Net Pension Liability - Last 10 Years\**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>
SETA's proportion of the net pension liability	2.495%	1.059%	2.967%	2.704%
SETA's proportionate share of the net pension liability	\$ 43,628,393	\$ 4,462,414	\$ 80,535,363	\$ 56,085,569
SETA's covered payroll	\$ 27,696,000	\$ 27,793,282	\$ 27,119,498	\$ 23,851,731
SETA's Proportionate share of the net pension liability as a percentage of covered payroll	157.53%	16.06%	296.96%	235.14%
Plan fiduciary net position as a percentage of the total pension liability	89.09%	96.76%	80.55%	82.57%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

\*Fiscal year 2015 was the first year of implementation, therefore only nine 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.



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<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
2.869%	3.047%	2.868%	2.488%	2.303%
\$ 56,264,540	\$ 59,919,549	\$ 50,343,812	\$ 28,610,225	\$ 17,754,848
\$ 22,960,285	\$ 22,471,328	\$ 22,961,773	\$ 22,681,888	\$ 22,795,179
245.05%	266.65%	219.25%	126.14%	77.89%
82.51%	80.37%	81.40%	87.26%	91.02%
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

**Sacramento Employment and Training Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Schedule of SETA's Pension Contributions - Last 10 Years\**

	2023	2022	2021	2020
Contractually required contribution (actuarially determined)	\$ 10,278,199	\$ 9,444,425	\$ 9,151,570	\$ 8,338,463
Contributions in relation to the contractually required contributions	10,278,199	9,444,425	9,151,570	8,338,463
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
SETA's covered payroll	\$ 29,376,841	\$ 27,696,000	\$ 27,793,282	\$ 27,119,498
Contributions as a percentage of covered payroll	34.99%	34.10%	32.93%	30.75%

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

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<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 7,294,346	\$ 6,106,067	\$ 6,240,331	\$ 6,349,323	\$ 6,722,946
7,294,346	6,106,067	6,240,331	6,349,323	6,722,946
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 23,851,731	\$ 22,960,285	\$ 22,471,328	\$ 22,961,773	\$ 22,681,888
30.58%	26.59%	27.77%	27.65%	29.64%

**Sacramento Employment and Training Agency**  
**Required Supplementary Information**  
**For the year ended June 30, 2023**

*Schedule of Changes in the Total OPEB Liability - Last 10 Years\**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 135,343	\$ 145,058	\$ 119,615	\$ 169,953
Interest	33,556	36,873	49,458	94,716
Actual versus expected experience	-	(316,638)	-	(181,381)
Assumption changes	(129,478)	98,462	124,107	(979,020)
Benefit payments	(65,374)	(72,569)	(53,918)	(122,680)
<b>Net change in the total OPEB liability</b>	<b>(25,953)</b>	<b>(108,814)</b>	<b>239,262</b>	<b>(1,018,412)</b>
<b>Total OPEB liability - beginning</b>	<b>1,450,870</b>	<b>1,559,684</b>	<b>1,320,422</b>	<b>2,338,834</b>
<b>Total OPEB liability - ending</b>	<b>\$ 1,424,917</b>	<b>\$ 1,450,870</b>	<b>\$ 1,559,684</b>	<b>\$ 1,320,422</b>
Covered-employee payroll	\$ 29,376,841	\$ 27,793,282	\$ 26,837,444	\$ 23,851,731
Net OPEB liability as a percentage of covered employee payroll	4.85%	5.22%	5.81%	5.54%
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019

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<u>2019</u>	<u>2018</u>
\$ 171,953	\$ 177,000
84,272	67,000
-	-
(46,391)	(147,000)
(106,000)	(113,000)
<hr/>	
103,834	(16,000)
<hr/>	
2,235,000	2,251,000
<hr/>	
<u>\$ 2,338,834</u>	<u>\$ 2,235,000</u>
<hr/>	
\$ 22,960,285	\$ 24,315,060
10.19%	9.19%
June 30, 2018	June 30, 2017

**Sacramento Employment and Training Agency**  
**Notes to the Required Supplementary Information**  
**For the year ended June 30, 2023**

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**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, 2023. Amounts for In-Kind contributions, 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.

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# SUPPLEMENTARY INFORMATION

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**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**

**Independent Auditor's Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the general fund of the Sacramento Employment and Training Agency (SETA), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise SETA's basic financial statements and have issued our report thereon dated January 15, 2024.

**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 may exist that have not been identified.

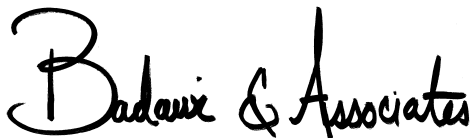
To the Governing Board  
of the Sacramento Employment and Training Agency  
Sacramento, California  
Page 2

### **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.



Badawi & Associates, CPAs  
Berkeley, California  
January 15, 2024



**REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AND ON THE SCHEDULE OF FEDERAL EXPENDITURES OF FEDERAL AWARDS**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Compliance for Each Major Federal Program***

We have audited the Sacramento Employment and Training Agency (SETA)'s compliance with the types of compliance requirements described 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, 2023.

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 major federal program for the year ended June 30, 2023.

***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 each of SETA's major 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.

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**

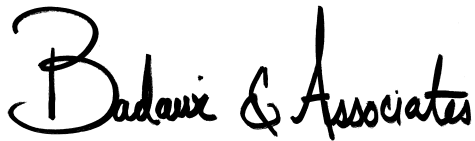
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

To the Governing Board  
of the Sacramento Employment and Training Agency  
Sacramento, California  
Page 5

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 below. 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.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs  
Berkeley, California  
January 15, 2024

**Sacramento Employment and Training Agency**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 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
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Passed-Through California Department of Education:							
Program Name:							
Child Care Food Program	10.558	34-1826-1-J	\$ -	\$ 1,356,086	\$ -	\$ (6,745)	\$ -
Child Care Food Program	10.558	34-1826-1-J	-	-	-	-	-
Child Care Food Program	10.558	34-1826-1-J	-	1,693,823	-	1,693,823	-
Total U.S. Department of Agriculture			-	3,049,909	-	1,687,077	-
<b>U.S. DEPARTMENT OF LABOR</b>							
Passed-Through California Employment Development Department:							
Workforce Investment Act (WIO)/Workforce Innovation and Opportunity Act (WIOA) Cluster							
Program Name:							
WIOA Title I Adult Formula	17.258	AA311026-201	-	656,088	-	656,088	-
WIOA Title I Adult Formula	17.258	AA311026-202	1,926,119	2,931,947	-	2,931,947	-
WIOA Disability Employment Accelerator	17.258	AA111026-1224	67,012	322,982	-	118,348	-
WIOA Regional Plan Implementation 4.0	17.258	AA111026-1218	78,034	385,000	-	53,025	-
WIOA Workforce Accelerator Fund	17.258	AA111026-1230	57,142	208,858	-	49,714	-
WIOA Workforce Accelerator Fund	17.258	AA211026-1253	-	250,000	-	35,176	-
WIOA Equity and Special Populations	17.258	AA211026-1245	208,257	726,835	-	344,575	-
WIOA Regional Plan Implementation 5.0	17.258	AA311026-1266	-	200,000	-	25,078	-
WIOA Equity Target Ppopulation	17.258	AA311026-1269	-	355,000	-	10,390	-
Total WIOA Adult Programs			2,336,564	6,036,711	-	4,224,341	-
Program Name:							
WIOA Title I Youth Formula	17.259	AA311026-301	2,152,142	3,705,432	-	3,044,756	-
WIOA Title I Youth Formula	17.259	AA411026-301	-	3,951,456	-	213,829	-
Total WIOA Youth Programs			2,152,142	7,656,888	-	3,258,585	-

See notes to the schedule of expenditures of federal awards

**Sacramento Employment and Training Agency**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 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
Program Name:							
WIOA Rapid Response	17.278	AA311026-540	-	52,277	-	52,277	-
WIOA Rapid Response	17.278	AA311026-541	30,143	207,687	-	207,687	-
WIOA Rapid Response Layoff Aversion	17.278	AA311026-292	-	15,379	-	15,379	-
WIOA Rapid Response Layoff Aversion	17.278	AA311026-293	-	61,100	-	61,100	-
WIOA Title I Dislocated Worker	17.278	AA211026-502	-	777,936	-	108,567	-
WIOA Title I Adult Formula	17.278	AA211026-500	-	1,753,292	-	22,907	-
WIOA Title I Dislocated Worker	17.278	AA311026-501	485,566	710,803	-	710,803	-
WIOA Title I Dislocated Worker	17.278	AA311026-502	-	269,679	-	238,646	-
WIOA Title I Adult Formula	17.278	AA311026-500	-	2,554,198	-	1,910,038	-
Total WIOA Dislocated Worker Programs			515,709	6,402,351	-	3,327,403	-
Total WIOA Cluster			5,004,415	20,095,950	-	10,810,330	-
National Emergency Grants:							
Passed-Through California Employment Development Department:							
COVID 19 - WIOA Employment Recovery NDWG COVID-19	17.277	AA011026-1194	-	279,186	-	(20,814)	-
WIOA 2023 Severe Winter Storms DR NDWG	17.277	AA311026-1271	-	450,000	-	18,387	-
Total National Emergency Grants			-	729,186	-	(2,427)	-
Direct Department of Labor:							
CAREER NATIONAL DW GRANT (GC:2067)	17.277	DW-37014-21-60-A-6	-	3,000,000	-	850,612	-
Total Direct Department of Labor			-	3,000,000	-	850,612	-
Total U.S. Department of Labor			5,004,415	23,825,135	-	11,658,515	-

See notes to the schedule of expenditures of federal awards

**Sacramento Employment and Training Agency**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 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
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed-Through California Department of Education:							
Program Name:							
Child Care and Development Fund	93.596	CSPP-2395	-	-	5,498,558	-	5,498,558
Passed-Through California Department of Social Services:							
Program Name:							
Child Care and Development Fund	93.596	CCTR-2194	-	383,354	4,155,466	383,354	4,155,466
Total Child Care and Development Block Fund			-	383,354	9,654,024	383,354	9,654,024
Passed-Through California Department of Social Services:							
Program Name:							
Child Care and Development Block Fund	93.575	CCTR-2194	-	235,932	-	235,932	-
Total Child Care and Development Block Grant			-	235,932	-	235,932	-
Total CCDF Cluster			-	619,286	9,654,024	619,286	9,654,024
Passed-Through California Department of Social Services:							
Program Name:							
Refugee Support Services	93.566	RESS2004	2,387,100	5,289,418	-	2,971,347	-
COVID 19 - Refugee Support Services CARES Act	93.566	RESS2004	9,858	717,359	-	2,708	-
Refugee Support Services	93.566	RESS2104	5,057,625	7,952,697	-	5,829,514	-
Refugee Support Services	93.566	RESS2204	636,402	8,179,364	-	761,489	-
Older Refugee Discretionary	93.566	ORSA2104	71,035	90,600	-	82,799	-
Older Refugee Discretionary	93.566	ORSA2204	17,142	168,871	-	17,142	-
Total Refugee Support Services			8,179,162	22,398,309	-	9,664,999	-
Total Passed-Through California Department of Social Services			8,179,162	22,398,309	-	9,664,999	-

See notes to the schedule of expenditures of federal awards



**Sacramento Employment and Training Agency**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 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
Passed-Through California Department of Community Services and Development:							
Program Name:							
Community Service Block Grant	93.569	22F-5033	605,167	1,889,512	-	1,487,269	-
Community Service Block Grant	93.569	23F-4033	-	2,089,669	-	761,231	-
COVID 19 - Community Service Block Grant CARES Act	93.569	20F-3672	(2,242)	2,511,191	-	101,011	-
Total Community Service Block Grant Cluster			602,924	6,490,372	-	2,349,511	-
Total Passed-Through California Department of Community Services and Development:			602,924	6,490,372	-	2,349,511	-
Direct Program through Office of Head Start:							
Program Name:							
Head Start/Early Head Start	93.600	09CH010182-05-04	-	64,907,524	-	576,303	-
Head Start/Early Head Start	93.600	09CH010182-04-04	-	57,700,591	-	-	-
Head Start/Early Head Start	93.600	09CH011763-02-01	1,259,621	65,558,190	-	4,799,014	-
Head Start/Early Head Start	93.600	09CH011763-03-03	23,842,825	73,759,086	-	59,056,879	-
COVID 19 - Head Start/Early Head Start CARES Act	93.600	09CH010182-05-03	152,503	4,423,038	-	262,197	-
COVID 19 - Early Head Start Child Care Partnership CARES Act	93.600	09HP000267-01-01	-	70,305	-	42,579	-
COVID 19 - Head Start/Early Head Start/CCP ARP	93.600	09HE000671-01-00	703,271	6,111,722	-	2,446,024	-
COVID 19 - Head Start/Early Head Start/CCP CRRSA	93.600	09HE000671-01-00	463,908	1,537,351	-	1,280,462	-
Total Head Start Cluster			26,422,128	274,067,807	-	68,463,458	-
Passed-Through California Department of Human Assistance							
Program Name:							
DHA One Stop Shared Costs	93.558	CW-205-23	-	911,747	-	911,747	-
Total Cal-Works			-	911,747	-	911,747	-
Total U.S. Department of Health and Human Services			35,204,214	304,487,521	9,654,024	82,009,000	9,654,024
<b>TOTAL OF ALL FEDERAL EXPENDITURES AWARDS</b>			<b>\$ 40,208,629</b>	<b>\$ 331,362,565</b>	<b>\$ 9,654,024</b>	<b>\$ 95,354,593</b>	<b>\$ 9,654,024</b>

See notes to the schedule of expenditures of federal awards

**Sacramento Employment and Training Agency**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

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**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, 2023. 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.

**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.

**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.

**4. Indirect Cost Rate**

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

**Sacramento Employment and Training Agency**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

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

CONTRACT # 22F-5033

	<u>1/1/22 - 6/30/22</u>	<u>7/1/22 - 5/31/23</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
<b>Revenue</b>					
Grant revenue	\$ 337,522	\$ 1,551,990	\$ 1,889,512	\$ -	\$ 1,834,233
Total revenue	<u>337,522</u>	<u>1,551,990</u>	<u>1,889,512</u>	<u>-</u>	<u>1,834,233</u>
<b>Expenditures</b>					
<b>Administrative costs:</b>					
Salaries & wages	20,555	128,429	148,984	148,984	135,070
Fringe benefits	4,295	73,262	77,557	77,557	72,465
Operating expense	-	-	-	-	8,000
Out of state travel	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	9,338	45,662	55,000	55,000	45,000
Total admin costs	<u>34,188</u>	<u>247,353</u>	<u>281,541</u>	<u>281,541</u>	<u>260,535</u>
<b>Program costs:</b>					
Salaries & wages	14,780	304,044	318,824	318,824	289,840
Fringe benefits	3,171	134,012	137,183	137,183	125,536
Operating expense and equipment	559	4,160	4,719	4,719	12,000
Out of state travel	-	825	825	825	2,000
Subcontractor services	332,260	605,167	937,427	937,427	999,000
Other costs	17,285	191,709	208,994	208,994	145,322
Total program costs	<u>368,055</u>	<u>1,239,916</u>	<u>1,607,971</u>	<u>1,607,971</u>	<u>1,573,698</u>
Total expenditures	<u>\$ 402,243</u>	<u>\$ 1,487,269</u>	<u>\$ 1,889,512</u>	<u>\$ 1,889,512</u>	<u>\$ 1,834,233</u>

**Sacramento Employment and Training Agency**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended June 30, 2023**

**5. Supplemental Schedule of Revenue and Expenditures as Required by the California Department of Community Services and Development, Continued**

CONTRACT # 20F-3672

	<u>3/27/20- 6/30/22</u>	<u>7/1/22- 8/31/22</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
<b>Revenue</b>					
Grant revenue	\$ 2,350,793	\$ 160,398	\$ 2,511,191		\$ 2,511,191
Total revenue	<u>2,350,793</u>	<u>160,398</u>	<u>2,511,191</u>	<u>-</u>	<u>2,511,191</u>
<b>Expenditures</b>					
Administrative costs:					
Salaries & wages	222,062	13,079	235,141	235,141	254,552
Fringe benefits	101,410	7,975	109,384	109,384	109,065
Operating expense	55,441	4,456	59,896	59,896	63,473
Out of state travel	-	-	-	-	-
Subcontractor services	-	-	-	-	-
Other costs	-	-	-	-	-
Total admin costs	<u>378,913</u>	<u>25,510</u>	<u>404,422</u>	<u>404,422</u>	<u>427,090</u>
Program costs:					
Salaries & wages	429,756	24,227	453,983	453,983	465,217
Fringe benefits	247,424	16,207	263,631	263,631	263,422
Operating expense and equipment	2,348	-	2,348	2,348	2,349
Out of state travel	-	-	-	-	-
Subcontractor services	1,135,437	(2,242)	1,133,195	1,133,195	1,060,796
Other costs	216,301	37,311	253,612	253,612	292,317
Total program costs	<u>2,031,267</u>	<u>75,502</u>	<u>2,106,769</u>	<u>2,106,769</u>	<u>2,084,101</u>
Total expenditures	<u>\$ 2,410,180</u>	<u>\$ 101,011</u>	<u>\$ 2,511,191</u>	<u>\$ 2,511,191</u>	<u>\$ 2,511,191</u>

**Sacramento Employment and Training Agency**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Types of auditors' report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None noted

Any noncompliance material to the financial statements noted No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None noted

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 section 200.516(a) No

Identification of major programs:

<b>Assistance Listing</b>			<b>Expenditures</b>
<b>Number</b>	<b>Name of Federal Program or Cluster</b>		
17.258	WIOA Adult Programs	\$	4,224,341
17.259	WIOA Youth Programs		3,258,585
17.278	WIOA Dislocated Worker Programs		3,327,403
	WIOA Cluster		<u>10,810,329</u>
93.600	HeadStart Cluster		<u>68,463,458</u>
	<b>Total Expenditures of All Major Federal Programs</b>	<b>\$</b>	<b><u>79,273,787</u></b>
	<b>Total Expenditures of Federal Awards</b>	<b>\$</b>	<b>95,354,593</b>
	<b>Percentage of Total Expenditures of Federal Awards</b>		<b><u>83.1%</u></b>

Dollar threshold used to distinguish between type A and type B program \$2,860,638

Auditee qualified as low-risk auditee under section 200.520? Yes

**Sacramento Employment and Training Agency**  
**Schedule of Findings and Questioned Costs**  
**For the year ended June 30, 2023**

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**Section II - Current Year Findings**

**A. Financial Statement Audit**

No current year financial statement audit findings.

**B. Federal Award Program Audit**

No current year federal award program audit findings.

**Section II - Prior Year Findings**

**A. Financial Statement Audit**

No prior year financial statement audit findings.

**B. Federal Award Program Audit**

No prior year federal award program audit findings.

**Sacramento Employment and Training Agency**  
**Combining Statement of Activities**  
**For the Year Ended June 30, 2023**

	<b>CSPP-2395</b>	<b>CCTR-2194</b>	<b>Total CDE</b>	<b>Non-CDE Programs</b>	<b>Total</b>
<b>Revenue and Support</b>					
Grant revenue	\$ 5,498,558	\$ 4,774,752	\$ 10,273,310	\$ 92,158,842	\$ 102,432,152
Child care food reimbursements	499,282	276,475	775,757	911,320	1,687,077
Intergovernmental	-	-	-	1,341,935	1,341,935
Investment income	-	-	-	282,494	282,494
Miscellaneous income	-	-	-	659,247	659,247
In Kind contributions	-	-	-	21,723,869	21,723,869
Total Revenue and Support	<u>5,997,840</u>	<u>5,051,227</u>	<u>11,049,067</u>	<u>117,077,708</u>	<u>128,126,775</u>
<b>Expenses</b>					
Salaries	3,111,544	2,851,620	5,963,164	25,102,451	31,065,615
Fringe benefits	1,686,219	1,521,619	3,207,838	14,305,386	17,513,224
Books and supplies	-	-	-	2,873,138	2,873,138
Services and other					
Operating expenses	1,200,077	677,988	1,878,065	40,937,415	42,815,480
Equipment expense	-	-	-	937,723	937,723
Depreciation	-	-	-	655,714	655,714
In kind contributions expense	-	-	-	21,723,869	21,723,869
Total Expenses	<u>5,997,840</u>	<u>5,051,227</u>	<u>11,049,067</u>	<u>106,535,696</u>	<u>117,584,763</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,542,012</u>	<u>\$ 10,542,012</u>

**Sacramento Employment and Training Agency**  
**Schedule of Expenditures by State Categories and**  
**Reconciliation to GAAP Expense Reporting**  
**For the Year Ended June 30, 2023**

<u>Expenditures</u>	<u>CSPP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
Direct payments to providers			
1000 Certified salaries	\$ 2,831,217	\$ 2,632,115	\$ 5,463,332
2000 Classified salaries	296,306	246,906	543,212
3000 Employee benefits	1,808,639	1,629,328	3,437,967
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	1,230,809	693,434	1,924,243
6500 Replacement equipment	-	-	-
<b>Total expenses claimed for reimbursement</b>	<u>6,166,971</u>	<u>5,201,783</u>	<u>11,368,754</u>
Adjustments to reconcile to GAAP expense reporting:			
Restricted income: Child Nutrition Program	(499,282)	(276,475)	(775,757)
Restricted income: Head Start	(169,131)	(150,556)	(319,687)
Supplemental income	-	-	-
<b>Statement of Activities (GAAP)</b>	<u>\$ 5,498,558</u>	<u>\$ 4,774,752</u>	<u>\$ 10,273,310</u>

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.



**Sacramento Employment and Training Agency**  
**Schedule of Claimed Equipment Expenditures**  
**For the Year Ended June 30, 2023**

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	<u>CSPP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
Capitalized equipment expensed on the AUD with prior written approval	\$ -	\$ -	\$ -
Capitalized equipment expensed on the AUD without prior written approval	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total equipment expenses</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Sacramento Employment and Training Agency**  
**Schedule of Claimed Expenditures for Renovations and Repairs**  
**For the Year Ended June 30, 2023**

	<u>CSPP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
<u>Unit Cost Under \$10,000 per Item</u>			
Other	\$ -	\$ -	\$ -
Subtotal	-	-	-
<u>Unit Cost of \$10,000 or more per item with prior CDE written approval</u>			
Other	-	-	-
Subtotal	-	-	-
<u>Unit Cost of \$10,000 or more per item without prior CDE approval</u>			
Other	-	-	-
Subtotal	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Sacramento Employment and Training Agency**  
**Schedule of Reimbursable Administrative Costs**  
**For the Year Ended June 30, 2023**

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<u>Expenditures</u>	<u>CSPP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
Reimbursable administrative costs:			
Classified salaries	\$ 294,099	\$ 244,953	\$ 539,052
Employee benefits	158,840	131,572	290,412
Other operating expenses	<u>108,813</u>	<u>90,404</u>	<u>199,217</u>
<b>Total</b>	<u>\$ 561,752</u>	<u>\$ 466,929</u>	<u>\$ 1,028,681</u>

**Sacramento Employment and Training Agency**  
**Schedule of Reimbursable Start-up Expenses**  
**For the Year Ended June 30, 2023**

	<u>CSPP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
1000 Certificated salaries	\$ -	\$ -	\$ -
2000 Classified salaries	-	-	-
3000 Employee benefits	-	-	-
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replace equipment	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**Sacramento Employment and Training Agency**  
**Schedule of Reimbursable Budget Impasse Credit Expenses**  
**For the Year Ended June 30, 2023**

	<u>CSP-2395</u>	<u>CCTR-2194</u>	<u>Total CDE Contracts</u>
1000 Certificated salaries	\$ -	\$ -	\$ -
2000 Classified salaries	-	-	-
3000 Employee benefits	-	-	-
4000 Books and supplies	-	-	-
5000 Services and other operating expenses	-	-	-
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>
6100/6200 Other approved capital outlay	-	-	-
6400 New equipment	-	-	-
6500 Replace equipment	-	-	-
<b>Total</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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Contractor Name: **Sacramento Employment and Training Agency**

Contract Number: **2395**

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

Fiscal Year Ended: **June 30, 2023**

Vendor Code: **2173**

**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: **1**

Note: For each of the above categories, submit one form for each service county.

**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	101,370		101,370	116,200.2874
Total Certified Days of Enrollment with Mental Health Consultation Services			0	
Days of Attendance (including MHCS)	98,644		98,644	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	242		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	499,282		499,282
County Maintenance of Effort (EC Section 8260)			0
Other:			0
Other:			0
<b>TOTAL RESTRICTED INCOME</b>	<b>499,282</b>	<b>0</b>	<b>499,282</b>

Transfer from Reserve	Column A – Cumulative FY per CPARIS	Column B – Audit Adjustments	Column C – Cumulative FY per Audit
Transfer from Preschool Reserve Account			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	135,862		135,862
Interest Earned on Child Development Apportionment Payments			0
Unrestricted Income: Fees for Non-Certified Children			0
Unrestricted Income: Head Start	49,905	119,226	169,131
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	2,831,006	211	2,831,217
2000 Classified Salaries	293,974	2,332	296,306
3000 Employee Benefits	1,702,782	105,857	1,808,639
4000 Books and Supplies			0
5000 Services and Other Operating Expenses	1,219,983	10,826	1,230,809
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
<b>TOTAL REIMBURSABLE EXPENSES</b>	<b>6,047,745</b>	<b>119,226</b>	<b>6,166,971</b>

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)	563,022	(1,270)	561,752
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:			0
Other:			0
<b>TOTAL SUPPLEMENTAL REVENUE</b>	<b>0</b>	<b>0</b>	<b>0</b>

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
<b>TOTAL SUPPLEMENTAL EXPENSES</b>	<b>0</b>	<b>0</b>	<b>0</b>

**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)	101,370	0	101,370
Days of Operation	242	0	242
Days of Attendance (including MHCS)	98,644	0	98,644
Total Certified Adjusted Days of Enrollment	N/A	N/A	116,200.2874
Total Non-Certified Adjusted Days of Enrollment	N/A	N/A	0.0000
Restricted Program Income	499,282	0	499,282
Transfer from Preschool Reserve Account	0	0	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	6,047,745	119,226	6,166,971
Total Administrative Cost	563,022	(1,270)	561,752
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):  Yes  No

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

**Section 8 – Comments**

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

**California State Preschool Program – Form 1  
 Certified Children Days of Enrollment and Attendance**

**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 Old Full-time-plus			0	2.1240	0.0000
Three Years Old Full-time	20,472		20,472	1.8000	36,849.6000
Three Years Old Part-time	28,933		28,933	1.1147	32,251.6151
Four Years and Older Full-time-plus			0	1.1800	0.0000
Four Years and Older Full-time	17,674		17,674	1.0000	17,674.0000
Four Years and Older Part-time	27,660		27,660	0.6193	17,129.8380
Exceptional Needs Full-time-plus			0	2.8320	0.0000
Exceptional Needs Full-time	2,670		2,670	2.4000	6,408.0000
Exceptional Needs Part-time	3,961		3,961	1.4863	5,887.2343
Dual Language Learner Full-time-plus			0	1.4160	0.0000
Dual Language Learner Full-time			0	1.2000	0.0000
Dual Language Learner Part-time			0	0.6193	0.0000

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
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 Part-time			0	0.6193	0.0000
Severely Disabled Full-time-plus			0	2.8320	0.0000
Severely Disabled Full-time			0	2.4000	0.0000
Severely Disabled Part-time			0	1.4863	0.0000
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>101,370</b>	<b>0</b>	<b>101,370</b>	N/A	<b>116,200.2874</b>

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
<b>DAYS OF ATTENDANCE</b>	<b>98,644</b>		<b>98,644</b>	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.

# AUDITED ENROLLMENT, ATTENDANCE AND FISCAL REPORT FOR CHILD CARE AND DEVELOPMENT PROGRAMS

Fiscal Year Ending	June 30, 2023
Contract Number	2194
Vendor Code	2173

Full Name of Contractor

## Section 1 - Number of Counties Where Services are Provided

Number of counties where the agency provided services to certified children (Form AUD 9500.1):

Number of counties where the agency provided mental health consultation services to certified children (Form AUD 9500.2):

Number of counties where the agency provided services to non-certified children (Form AUD 9500.3):

Number of counties where the agency provided mental health consultation services to non-certified children (Form AUD 9500.4):

Total enrollment and attendance forms to attach:

Note: For each of the above categories, submit one form for each service county for the fiscal year.

## Section 2 - Days of Enrollment, Attendance and Operation

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjusted Days per Audit
Total Certified Days of Enrollment	55,293		55293	84,154.4100
Total Certified Days of Enrollment with Mental Health Consultation Services				
Days of Attendance (including MHCS)	54,698		54698	N/A
Total Non-Certified Days of Enrollment				
Total Non-Certified Days of Enrollment with Mental Health Consultation Services				
Days of Operation	242		242	N/A

Full Name of Contractor **Sacramento Employment and Training Agency** Contract Number **2194**

**Section 3 - Revenue**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	276,475		276475
Restricted Income - County Maintenance of Effort (WIC Section 10308.5)			
Restricted Income - American Rescue Plan Act (ARPA)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>276475</b>		<b>276475</b>
Transfer From Reserve			
Waived Family Fees for Certified Children*	78,968		78968
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start	39,544	111,012	150556
Unrestricted Income - Other:			
<b>Total Revenue (*Waived Family Fees Not Included)</b>	<b>316019</b>	<b>111012</b>	<b>427031</b>

Comments:



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

Contract Number **2194**

**Section 4 - Reimbursable Expenses**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	2,633,350	-1,235	2632115
2000 Classified Salaries	244,765	2,141	246906
3000 Employee Benefits	1,516,838	112,490	1629328
4000 Books and Supplies			
5000 Services and Other Operating Expenses	695,818	-2,384	693434
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)			
<b>Total Reimbursable Expenses</b>	<b>5090771</b>	<b>111012</b>	<b>5201783</b>
Total Administrative Cost (included in Section 4 above)	467,807	-878	466929
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

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

Audit Report Page

Full Name of Contractor **Sacramento Employment and Training Agency** Contract Number **2194**

**Section 5 - Supplemental Revenue**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
<b>Total Supplemental Revenue</b>			

**Section 6 - Supplemental Expenses**

	Column A Cumulative FY 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			
<b>Total Supplemental Expenses</b>			

Full Name of Contractor **Sacramento Employment and Training Agency** Contract Number **2194**

**Section 7 - Summary**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment (including MHCS)	55293		55293
Days of Operation	242		242
Days of Attendance (including MHCS)	54698		54698
Restricted Program Income	276475		276475
Transfer from Reserve			
Waived Family Fees for Certified Children	78968		78968
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	5090771	111012	5201783
Total Administrative Cost	467807	-878	466929
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment (including MHCS) **84,154.4100**

Total Non-Certified Adjusted Days of Enrollment (including MHCS)

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 3 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 2. If necessary, attach additional sheets to explain adjustments.

Audit Report Page

**CHILD CARE AND DEVELOPMENT PROGRAMS  
CERTIFIED CHILDREN DAYS OF ENROLLMENT AND  
ATTENDANCE**

Fiscal Year Ending **June 30, 2023**

Contract Number **2194**

Vendor Code **2173**

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

Service County: **Sacramento**

	Column A Cumulative FY 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) One-half-time				1.3420	
Toddlers (18 up to 36 months) Full-time-plus				2.1240	
Toddlers (18 up to 36 months) Full-time	36,314		36314	1.8000	65365.2000
Toddlers (18 up to 36 months) One-half-time	18,979		18979	0.9900	18789.2100
Three Years and Older Full-time-plus				1.1800	
Three Years and Older Full-time				1.0000	
Three Years and Older One-half-time				0.5500	
Exceptional Needs Full-time-plus				1.8172	
Exceptional Needs Full-time				1.5400	
Exceptional Needs One-half-time				0.8470	

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

Contract Number **2194**

	Column A Cumulative FY CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Dual Language Learner Full-time-plus				1.2980	
Dual Language Learner Full-time				1.1000	
Dual Language Learner One-half-time				0.5500	
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 One-half-time				0.5500	
Severely Disabled Full-time-plus				2.2774	
Severely Disabled Full-time				1.9300	
Severely Disabled One-half-time				1.0615	
<b>Total Certified Days of Enrollment</b>	<b>55293</b>		<b>55293</b>	<b>N/A</b>	<b>84154.4100</b>
<b>Days of Attendance</b>	<b>54,698</b>		<b>54698</b>	<b>N/A</b>	<b>N/A</b>

Enter the sum of Total Certified Days of Enrollment from Form AUD9500.1(s) in the Total Certified Days of Enrollment line of AUD 9500, Section 2.

Enter the sum of Days of Attendance from all Form AUD9500.1(s) and Form AUD9500.2(s) in the Days of Attendance line of AUD 9500, Section 2.

California Department of Education  
 Audited Preschool Reserve Account Activity Report

Fiscal Year Ending: June 30, 2023

Vendor Code: 2173

Contractor Name: Sacramento Employment and Training Agency

Section 1 – Prior Year Reserve Account Activity

1. Beginning Balance (2021–22 AUD 9530A Ending Balance): 547,452

2. Plus Transfers to Reserve Account:

2021–22 Contract No.	Per 2021–22 Post-Audit EENFS 9530
<b>Total Transferred from 2021–22 Contracts</b>	<b>0</b>

3. Less Excess Reserve to be Billed:

4. 2021–22 EENFS 9530 Reserve Balance After Billing: 547,452

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	32,271		32,271

6. Less Transfers to Contracts from Reserve:

2022–23 Contract No.	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
			0
			0
			0
<b>Total Transferred to Contracts</b>	<b>0</b>	<b>0</b>	<b>0</b>

7. Ending Balance:

Description	Column A per CPARIS	Column B Audit Adjustments	Column C Total per Audit
Ending Balance on June 30, 2023	579,723	0	579,723

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

# AUDITED RESERVE ACCOUNT ACTIVITY REPORT

Fiscal Year End	June 30, 2023
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 (2021–22 AUD 9530A Ending Balance)	542,572
2. Plus Transfers to Reserve Account:	Per 2021–22 Post-Audit CDNFS 9530
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
<b>Total Transferred from 2021–22 Contracts to Reserve</b>	
3. Less Excess Reserve to be Billed	
<b>4. Ending Balance per 2021-22 Post-Audit CDNFS 9530</b>	<b>542,572</b>

## Section 2 - Current Year (2022–23) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve:	24,760		24,760
6. Less Transfers to Contracts from Reserve:			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
Contract No.			
<b>Total Transferred to Contracts from Reserve Account</b>			
<b>7. Ending Balance on June 30, 2023</b>	<b>567,332</b>		<b>567,332</b>

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