



Annual Financial Statements and  
Single Audit Report  
Year Ended June 30, 2021

# Sacramento Employment and Training Agency (SETA)

# Sacramento Employment and Training Agency (SETA)

Table of Contents

June 30, 2021

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Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	4
Government Wide Financial Statements	
Statement of Net Position .....	11
Statement of Activities.....	12
Government Fund Financial Statements	
Balance Sheet – Governmental Funds .....	13
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	16
Notes to Financial Statements .....	17
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in the Fund Balance Budget to Actual – General Fund .....	36
Schedule of SETA’s Proportionate Share of the Net Pension Liability .....	37
Schedule of SETA’s Pension Contributions .....	38
Schedule of Changes in the Total OBEB Liability .....	39
Note to the Required Supplementary Information .....	40
Supplementary Information	
Federal Award Section	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	41
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	43
Schedule of Expenditures of Federal and State Awards .....	45
Notes to the Schedule of Expenditures of Federal and State Awards.....	48
Schedule of Findings and Questioned Costs .....	50
Summary Schedule of Prior Audit Findings.....	53
Supplementary Schedules	
Combining Statement of Activities .....	54
Schedule of Expenditures by State Categories and Reconciliation to GAAP Expense Reporting .....	55
Schedule of Reimbursable Equipment Expenditures.....	56
Schedule of Reimbursable Expenses for Renovations and Repairs .....	57
Schedule of Reimbursable Administrative Costs .....	58
Schedule of Reimbursable Start-Up Expenses .....	59
Schedule of Reimbursable Budget Impasse Credit Expenses .....	60
Audited Attendance and Fiscal Report, Contract No. CSPP-8501.....	61
Audited Attendance and Fiscal Report, Contract No. CCTR-9500 .....	69
Audited Reserve Account Activity Report.....	77



## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise SETA's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of SETA as of June 30, 2021, and the respective changes in financial position, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *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 contributions, and schedule of changes in the total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

### *Other 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 information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal and State Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from and relate 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* issued by the California Department of Education, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of SETA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SETA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SETA's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California  
December 15, 2021

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

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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, 2021. Please read it in conjunction with the basic financial statements included in this report.

### FINANCIAL HIGHLIGHTS

- As of June 30, 2021, SETA reported a combined fund balance of \$4,043,267, an increase of \$613,408 from last year.
- For the year ended June 30, 2021, SETA reported a net deficit of \$51,751,225 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.
- As of June 30, 2021, SETA's net position decreased by \$9,226,592 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, deferred outflows of resources, liabilities and deferred inflows of resources, with the differences between them 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 Programs, Community Services Block Grant, and CalWORKS Services. SETA does not engage in any business type activities.

Government-wide financial statements are on pages 11 and 12 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, 2021

**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 13-16 of this report.

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and government funds financial statements. The notes are on pages 17-35 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a government's financial position. For the year ended June 30, 2021, SETA reported a net deficit of \$51,751,225 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

	June 30,	
	2021	2020
Assets:		
Current and Other Assets	\$ 12,733,583	\$ 11,822,510
Capital Assets	3,849,404	4,054,918
Total Assets	<u>16,582,987</u>	<u>15,877,428</u>
Deferred Outflows of Resources	<u>27,106,230</u>	<u>20,310,708</u>
Liabilities:		
Current Liabilities	9,020,094	8,419,368
Non-current Liabilities	84,616,158	59,377,935
Total Liabilities	<u>93,636,252</u>	<u>67,797,303</u>
Deferred Inflows of Resources	<u>1,804,190</u>	<u>10,915,466</u>
Net Position:		
Investment in capital assets	3,849,404	4,054,918
Unrestricted	(55,600,629)	(46,579,551)
Total Net Position (Deficit)	<u>\$ (51,751,225)</u>	<u>\$ (42,524,633)</u>

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

**Statement of Activities:** SETA's net position decreased by \$9,226,592 primarily due to the recognition of the effect of the change in the pension liability. The table below indicates the changes in net position:

	Year ended June 30,	
	2021	2020
Program Revenues:		
Operating Grants and Contributions	\$ 103,758,465	\$ 109,425,803
General Revenues:		
Unrestricted Investment Earnings (Loss)	(540,992)	43,278
Total Revenues	<u>103,217,473</u>	<u>109,469,081</u>
Expenses:		
Head Start/Early Head Start	78,608,416	83,312,779
Workforce Development	13,307,594	14,539,456
Other Programs	20,528,055	18,041,414
Total Expenses	<u>112,444,065</u>	<u>115,893,649</u>
Change in net position	<u>(9,226,592)</u>	<u>(6,424,568)</u>
Net Position (Deficit), beginning of year	<u>(42,524,633)</u>	<u>(36,100,065)</u>
Total Net Position (Deficit), end of year	<u>\$ (51,751,225)</u>	<u>\$ (42,524,633)</u>

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 decrease is due to the pension and OPEB expenditures as well as 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, 2021, SETA reported a total fund balance of \$4,043,267, which is an increase of \$613,408 compared to total fund balance of \$3,429,859 at June 30, 2020. 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, 2021

**Revenue Analysis:** Total revenue received for the year ended June 30, 2021, totaled \$103,467,845. The table below presents the amounts of revenue and the percent of total by source for FYE 2021 and FYE 2020.

Revenues by Source	Revenues Classified by Source Governmental Funds					
	FYE 2021 Amount	Percent of Total	FYE 2020 Amount	Percent of Total	Increase/ (Decrease)	Percentage Change
Grant revenue	\$ 86,067,961	83.19%	\$ 84,949,971	77.99%	\$ 1,117,990	1.32%
Child care food revenue	774,359	0.75%	1,112,500	1.02%	(338,141)	-30.39%
Intergovernmental	1,650,071	1.59%	1,510,204	1.39%	139,867	9.26%
Investment income (loss)	20,617	0.02%	53,299	0.05%	(32,682)	-61.32%
Miscellaneous income	334,233	0.32%	458,826	0.42%	(124,593)	-27.15%
In-Kind contributions	14,620,604	14.13%	20,831,737	19.13%	(6,211,133)	-29.82%
Total revenues	<u>\$ 103,467,845</u>	<u>100.00%</u>	<u>\$ 108,916,537</u>	<u>100.00%</u>	<u>\$ (5,448,692)</u>	<u>-5.00%</u>

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

- Childcare food revenue decreased by \$338,141 due to the COVID-19 pandemic. Childcare food revenue is earned through meals served to participants enrolled in the center-based Head Start and California Department of Education (CDE) programs. School site closures from July 2020 through the spring of 2021 resulted in a decrease in earnings for the childcare food program.
- Intergovernmental revenue increased by \$139,867 primarily due to the new funding received from the City of Sacramento and the Golden Sierra Job Training Agency.
- Investment income revenue decreased \$32,682 due to a reduced earnings rate on the County of Sacramento Pooled Investment Fund.
- Miscellaneous income revenue decreased by \$124,593 due to several small one-time grants ending during the 2020 fiscal year.
- Head Start In-Kind contributions decreased by \$6,211,133 due to the COVID-19 pandemic. A large part of In-Kind contributions is derived from volunteers to the program. The Head Start program has been operating under strict COVID-19 protocols which eliminate the ability to maintain volunteers in the classroom.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

**Expense Analysis:** Expenditures for the year ended June 30, 2021, totaled \$102,854,437. The table below presents the expenditures summarized by granting source.

Expenditures Classified by Expenditure Source Governmental Funds						
Expenditures by Source	FYE 2021 Amount	Percent of Total	FYE 2020 Amount	Percent of Total	Increase/ (Decrease)	Percentage Change
Head Start / Early Head Start	\$ 73,002,765	70.97%	\$ 79,643,264	73.15%	\$ (6,640,499)	-8.34%
Workforce Development	11,644,876	11.32%	13,101,032	12.03%	(1,456,156)	-11.11%
Refugee Support Services	4,700,396	4.57%	4,025,119	3.70%	675,277	16.78%
Child Care Food Program	779,452	0.76%	1,110,175	1.02%	(330,723)	-29.79%
California Department of Education	7,157,752	6.96%	6,789,488	6.24%	368,264	5.42%
Community Services Block Grant	2,608,330	2.54%	2,233,692	2.05%	374,638	16.77%
CalWORKS	911,747	0.89%	911,747	0.84%	-	0.00%
Other	2,049,119	1.99%	1,058,870	0.97%	990,249	93.52%
	<u>\$ 102,854,437</u>	<u>100.00%</u>	<u>\$ 108,873,387</u>	<u>100.00%</u>	<u>\$ (6,018,950)</u>	<u>-5.53%</u>

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

- Head Start/Early Head Start program costs decreased due to the impact of COVID-19. The majority of the Head Start sites were closed for the fiscal year, which in turn reduced operating costs along with the offsetting expenditures relating to decreased In-Kind contributions.
- Workforce Development program costs decreased due to various discretionary programs ending during or just prior to the fiscal year.
- Refugee Support Services program costs increased due to increased funding received from Office of Refugee Resettlement (ORR) based on revised allocation methodologies. The majority of RSS expenditures are incurred by subrecipients.
- Childcare food program costs decreased due to the COVID-19 pandemic. School site closures from July 2020 through the spring of 2021 resulted in a decrease in expenditures for the childcare food program.
- California Department of Education program costs increased due to an increased standard reimbursement rate and the expansion of CDE programs to additional classrooms.
- Community Services Block Grant (CSBG) program costs increased due to an increase in need during the fiscal year.
- Other program costs increased due to various new grants received during the fiscal year including the City of Sacramento CARES Act On the Job Training (OJT) program and the High Road Construction Career (HRCC) SB1 program.

# SACRAMENTO EMPLOYMENT AND TRAINING AGENCY

## MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021

The table below presents the expenditures summarized by type.

Expenditures by Type	Expenditures Classified by Type General Fund			
	FYE 2021 Amount	Percent of Total	FYE 2020 Amount	Percent of Total
Salaries	\$ 29,002,678	28.20%	\$ 28,450,473	26.13%
Fringe Benefits	15,275,356	14.85%	14,865,050	13.65%
Space Costs	3,433,998	3.34%	3,336,923	3.06%
Services & Supplies	5,216,031	5.07%	5,341,705	4.91%
Equipment Expense	172,009	0.17%	500,349	0.46%
Subrecipient Costs	35,133,761	34.16%	35,547,150	32.65%
In-Kind Match	14,620,604	14.21%	20,831,737	19.13%
	<u>\$ 102,854,437</u>	<u>100.00%</u>	<u>\$ 108,873,387</u>	<u>100.00%</u>

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 a \$4 increase from the original budget of \$105,745,852 to the final budget of \$105,745,856. The increase was due to a clerical error on the CalWORKS budget line item. The revenues of \$88,847,241 were less than the final budget by \$16,898,615. The expenditures of \$88,233,833 were less than the final budget by \$17,512,023. 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, 2021, amounted to \$3,849,404 (net of accumulated depreciation).

**Debt Administration:** SETA has no long-term debt obligation.

### 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. Additional funding is anticipated due to the COVID-19 pandemic.

# **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2021**

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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, California, 95815.

# Sacramento Employment and Training Agency (SETA)

Statement of Net Position

June 30, 2021

## ASSETS

### Current Assets:

Cash and investments	\$ 1,544,336
Accounts receivable	9,920,276
Prepaid expenses	185,890
Restricted cash and investments	<u>1,083,081</u>
Total current assets	<u>12,733,583</u>

### Non-Current Assets:

Capital assets, not being depreciated	66,308
Capital assets, being depreciated, net	<u>3,783,096</u>
Total assets	<u>16,582,987</u>

## DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	26,928,077
Deferred outflows related to OPEB	<u>178,153</u>
Total deferred outflows of resources	<u>27,106,230</u>

## LIABILITIES

### Current Liabilities:

Accounts payable	5,033,466
Accrued salaries	1,427,741
Accrued liabilities	2,221
Compensated absences - current portion	631,948
Unearned revenue	<u>1,924,718</u>
Total current liabilities	<u>9,020,094</u>

### Non-current Liabilities

Compensated absences, net of current portion	2,521,111
Total OPEB liability	1,559,684
Net pension liability	<u>80,535,363</u>
Total non-current liabilities	<u>84,616,158</u>

Total liabilities	<u>93,636,252</u>
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## DEFERRED INFLOWS OF RESOURCES

Deferred inflows related to pension	900,667
Deferred inflows related to OPEB	<u>903,523</u>
Total deferred inflows of resources	<u>1,804,190</u>

## NET POSITION

Investment in capital assets	3,849,404
Unrestricted	<u>(55,600,629)</u>
Total net position (deficit)	<u>\$ (51,751,225)</u>

# Sacramento Employment and Training Agency (SETA)

Statement of Activities  
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue Operating Grants and Contracts	Net (Expense) Revenue Governmental Activities
Head Start/Early Head Start	\$ 78,608,416	\$ 73,713,634	\$ (4,894,782)
Workforce Development	13,307,594	11,699,002	(1,608,592)
Refugee Support Services	4,883,677	4,708,311	(175,366)
Child Care Food Programs	847,504	774,359	(73,145)
State Department of Education	8,787,756	7,275,231	(1,512,525)
Community Services Block Grant	2,851,387	2,619,735	(231,652)
CalWORKS	911,747	911,747	-
Other	2,245,984	2,056,446	(189,538)
	\$ 112,444,065	\$ 103,758,465	(8,685,600)
General revenue:			
Unrestricted investment earnings (loss)			(540,992)
Change in net position			(9,226,592)
Net position, beginning of year			(42,524,633)
Net position, end of year			\$ (51,751,225)

Sacramento Employment and Training Agency (SETA)

Balance Sheet – Governmental Funds

June 30, 2021

	General Fund
<b>ASSETS</b>	
Cash and investments	\$ 1,544,336
Accounts receivable	9,920,276
Prepaid expenses	185,890
Restricted cash and investments	1,083,081
Total assets	\$ 12,733,583
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	
<b>Liabilities</b>	
Accounts payable	\$ 5,033,466
Accrued salaries	1,427,741
Accrued expenditures	2,221
Unearned revenue	1,924,718
Total liabilities	8,388,146
 <b>Deferred Inflows of Resources</b>	
Unavailable revenue	302,170
 <b>Fund Balance</b>	
Nonspendable	185,890
Assigned	3,153,059
Unassigned	704,318
Total fund balance	4,043,267
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 12,733,583

Sacramento Employment and Training Agency (SETA)  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2021

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

Total Fund Balance, Governmental Fund		\$ 4,043,267
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
<p>Amount by which cost of capital assets exceeds accumulated depreciation:</p>		
Historical cost of Capital Assets:	15,888,667	
Accumulated Depreciation:	<u>(12,039,263)</u>	
		<u>3,849,404</u>
<p>Long-term Liabilities: In governmental funds, only current liabilities are reported. In the statement of net assets, all liabilities, including long-term liabilities, are reported. Long-term liabilities relating to governmental activities consist of:</p>		
Compensation Absenses	(3,153,059)	
OPEB Liability	(1,559,684)	
Net Pension Liability	<u>(80,535,363)</u>	
		<u>(85,248,106)</u>
<p>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.</p>		
Deferred outflows of resources related to pension	26,928,077	
Deferred inflows of resources related to pension	<u>(900,667)</u>	
		<u>26,027,410</u>
<p>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.</p>		
Deferred outflows of resources related to OPEB	178,153	
Deferred inflows of resources related to OPEB	<u>(903,523)</u>	
		<u>(725,370)</u>
<p>Unavailable revenue represents amounts that were not available to fund current expenditures; and therefore, are not reported in governmental funds:</p>		
Unavailable revenues		<u>302,170</u>
Total Net Position (Deficit), Governmental Activities		<u><u>\$ (51,751,225)</u></u>



Sacramento Employment and Training Agency (SETA)  
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds  
Year Ended June 30, 2021

	General Fund
<b>REVENUES</b>	
Grant revenue	\$ 86,067,961
Childcare food reimbursements	774,359
Intergovernmental revenue	1,650,071
Interest income	20,617
Miscellaneous income	334,233
In-kind match	14,620,604
Total revenues	103,467,845
<b>EXPENDITURES</b>	
Head Start/Early Head Start	73,002,765
Workforce development	11,644,876
Refugee support services	4,700,396
Child care food programs	779,452
State department of education	7,157,752
Community services block grant	2,608,330
CalWORKS	911,747
Other	2,049,119
Total expenditures	102,854,437
Net change in fund balance	613,408
Fund Balance - Beginning of Year	3,429,859
Fund Balance - End of Year	\$ 4,043,267

Sacramento Employment and Training Agency (SETA)  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances –  
 Governmental Funds  
 Year Ended June 30, 2021

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

Net change in Fund Balance, Governmental Fund	\$	613,408
<p>Earned but unavailable revenue is not available to liquidated current liabilities and, therefore is reported as deferred inflow of resources in the governmental fund. This amount represents the change in the deferred inflow of resources.</p>		
		(250,374)
<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.</p>		
<p style="padding-left: 20px;">Amount by which depreciation expense exceeds capital outlay:</p>		
Amount of capital related expenditures	\$ 348,689	
Depreciation Expense	(554,203)	
		(205,514)
<p>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.</p>		
		(601,854)
<p>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.</p>		
Change in OPEB Liability	(19,790)	
Change in Net Pension Liability	(8,762,468)	
		(8,782,258)
Change in Net Position of Governmental Activities	\$	(9,226,592)

**Note 1 - Significant Accounting Policies**The Reporting Entity

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

Basis of Presentation

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

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

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

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

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

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

Basis of Accounting

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

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

Cost Allocation Plan

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

Capital Assets

Capital assets are tangible or intangible assets with an acquisition cost of \$5,000 or more, and having a useful life of more than one year. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

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

Asset Class	Years
Buildings	20-30
Machinery and Equipment	5
Computer Software	3-10

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

#### Compensated Absences

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

#### Pensions

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

#### Use of Estimates

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

### Net Position and Fund Balance

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

**Investment in Capital Assets** – This category groups all capital assets into one component of net position. Accumulated depreciation 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 investment in capital assets or restricted.

The governmental fund statements utilize a fund balance presentation. Fund balances are categorized as nonspendable, restricted, 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, 2021, SETA has \$185,890 for prepaid items that are considered not in a spendable form.

**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, 2021, SETA has \$3,153,059 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. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement is effective for reporting periods beginning after December 15, 2019. SETA has determined that this Statement does not have a material impact on the financial statements.

**GASB Statement No. 90** – In June 2018, GASB issued Statement No. 90, *Majority Equity Interests – An amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement is effective for reporting periods beginning after December 15, 2019. SETA has determined that this Statement does not have a material impact on the financial statements.

Future Governmental Accounting Standards Board (GASB) Pronouncements

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases; enhancing the comparability of financial statements between governments; and also enhancing the relevance, reliability (representational faithfulness), and consistency of information about the leasing activities of governments. This Statement is effective for reporting periods beginning after June 15, 2021. SETA has not determined the effect of this Statement.

**GASB Statement No. 89** – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement is effective for reporting periods beginning after December 15, 2020. SETA has not determined the effect of this Statement.

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. Statement 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement is effective for reporting periods beginning after December 15, 2021. SETA has not determined the effect of this Statement.

**GASB Statement No. 92** – In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement is effective for reporting periods beginning after June 15, 2021. SETA has not determined the effect of this Statement.

**GASB Statement No. 93** – In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This Statement is effective for reporting periods beginning after June 15, 2021. SETA has not determined the effect of this Statement.

**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). This Statement is effective for reporting periods beginning after June 15, 2022. SETA has not determined the effect of this Statement.

**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). This Statement is effective for reporting periods beginning after June 15, 2022. SETA has not determined the effect of this Statement.

**GASB Statement No. 97** – In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans— an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement is effective for reporting periods beginning after June 15, 2021. SETA has not determined the effect of this Statement.

**GASB Statement No. 98** – In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to address references in authoritative literature to the term *comprehensive annual financial report*. This Statement is effective for reporting periods ending after December 15, 2021. SETA has not determined the effect of this Statement.

## Note 2 - Cash and Investments

Cash and investments as of June 30, 2021 are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 1,544,336
Restricted cash and investments	1,083,081
Total Cash and Investments	<u>\$ 2,627,417</u>

### Cash in Sacramento County Treasury

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

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



## Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

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

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

### Restricted Cash and Investments

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

### Investments Authorized by SETA's Investment Policy

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

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

### Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the fair values of investments with longer maturities have a greater sensitivity to changes in market interest rates. As of June 30, 2021, the weighted average maturity of the investments contained in the Treasury investment pool is approximately 300 days.

# Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

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## 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, 2021, 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, 2021 of \$2,627,417 is an unclassified input, not defined as a level 1, level 2 or level 3 input.

## **Note 3 - Accounts Receivable**

Accounts receivable consisted of the following as of June 30, 2021:

	<u>General Fund</u>
Due from Federal government	\$ 9,133,737
Due from State government	196,130
Miscellaneous receivables	590,409
Totals	<u>\$ 9,920,276</u>

Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

**Note 4 - Capital Assets**

The change in capital assets (which consists primarily of office and program related equipment) were as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 66,308	\$ -	\$ -	\$ 66,308
Capital assets, being depreciated:				
Building	3,314,707	-	-	3,314,707
Machinery and equipment	12,361,631	348,689	(202,668)	12,507,652
Total Capital Assets, Being Depreciated	15,676,338	348,689	(202,668)	15,822,359
Less accumulated depreciation for:				
Building	(316,013)	(169,270)	-	(485,283)
Machinery and equipment	(11,371,715)	(384,933)	202,668	(11,553,980)
Total Accumulated Depreciation	(11,687,728)	(554,203)	202,668	(12,039,263)
Total Capital Assets, Being Depreciated, Net	3,988,610	(205,514)	-	3,783,096
Governmental Activities Capital Assets, Net	\$ 4,054,918	\$ (205,514)	\$ -	\$ 3,849,404

For the year ended June 30, 2021, depreciation expense was charged to programs/functions as follows:

<u>Governmental activities:</u>	
Workforce Development	\$ 233,690
Head Start/Early Head Start	182,569
Community Services Block Grant	37,125
Child Care Food Program	5,674
State Department of Education	46,564
Refugee Support Services	22,899
Other	25,682
Total Depreciation Expense	\$ 554,203

Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

**Note 5 - Compensated Absences**

Compensated absences liability activity for the year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due Within One Year
Compensated Absences	\$ 2,551,205	\$ 1,909,962	\$ 1,308,108	\$ 3,153,059	\$ 631,948

**Note 6 - Operating Leases**

SETA leases certain office space under noncancellable operating lease agreements. Total lease payments for the year were \$3,128,085. Future minimum lease payments are as follows:

Year Ending June 30,	Total
2022	\$ 3,082,368
2023	3,055,217
2024	3,003,967
2025	2,609,396
2026	2,332,570
2027-2031	2,415,392
Total	\$ 16,498,910

**Note 7 - Employee Retirement Plan**

Plan Description

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

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

SCERS issues a stand-alone financial report, which is available at its office, located in Sacramento, California or from [www.scers.org](http://www.scers.org).

## Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

### Benefits Provided

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

The Plans' provisions and benefits in effect at June 30, 2021, and applicable to members employed at SETA, are summarized as follows:

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

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

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

### Contributions

Pursuant to provisions of the 1937 Act, the Retirement Board recommends the annual contribution rates for adoption by the County Board of Supervisors, based on the recommendations of the SCERS consulting actuary. The actuarially determined contribution rate is determined as a percentage of payroll, and is the estimated amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Changes to contribution rates are effective on July 1st. SETA's contractually required contributions rates for the year ended June 30, 2021, were as follows:

	<u>Tier I</u>	<u>Tier III</u>	<u>Tier V (PEPRA)</u>
Employer	31.67%	33.68%	27.22%
Employee	3.94% of first \$161 of biweekly compensation, plus 5.91% of biweekly compensation over \$161	3.69% of first \$161 of biweekly compensation, plus 5.54% of biweekly compensation over \$161	9.37% of biweekly compensation

Total employer contributions to SCERS from SETA was \$9,151,570 for the year ended June 30, 2021.

# Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

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

As of June 30, 2021, SETA reported a liability of \$80,535,363 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was by an actuarial valuation as of June 30, 2021, with separate calculations for each membership class. A separate net pension liability is calculated for each membership class by reducing the applicable total pension liability by a proportional share of the plan fiduciary net position. SETA's proportion of the net pension liability was based on the ratio of SETA's actual employer contributions in the measurement period to total actual contributions received for Miscellaneous members of SCERS in the measurement period, multiplied by the net pension liability attributed to the Miscellaneous membership class. SETA's proportionate share of the net pension liability for the Miscellaneous membership class was 5.155 percent. At June 30, 2020, SETA's proportionate share of the total SCERS net pension liability (both Safety and Miscellaneous membership classes) was 2.967 percent, which was an increase of 0.137 percent from its proportion measured as of June 30, 2019.

For the fiscal year ended June 30, 2021, SETA recognized pension expense of \$18,096,159. At June 30, 2021, SETA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
SETA contributions subsequent to measurement date	\$ 9,151,570	\$ -
Differences between expected and actual experience	2,308,783	164,258
Changes of assumptions	11,336,947	-
Net differences between projected and actual earnings on pension plan investments	2,512,033	-
Changes in proportion and differences between employer's contributions and proportionate share of contributions	1,618,744	736,409
Total	\$ 26,928,077	\$ 900,667

The \$9,151,570 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Total
2022	\$ 3,984,774
2023	3,463,713
2024	4,864,705
2025	4,562,648
Total	\$ 16,875,840

Actuarial Assumptions

For the measurement period ended June 30, 2020 (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	4.5% to 10.75% (1)
Investment Rate of Return	6.75% (2)
Mortality:	
Healthy	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional scale MP-2016 set forward one year for males and no age adjustment for females
Disabled	Headcount-Weighted RP-2014 Healthy Annuitant Mortality Table projected generationally with the two-dimensional scale MP-2016 set forward seven years for males and set forward eight years for females

(1) Varies by service, including inflation

(2) Net of pension plan investment expenses, including inflation

These and all other actuarial assumptions used in the June 30, 2020 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.

## Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

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.

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

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.

Changes of Assumptions: For the June 30, 2020 measurement period, the discount rate decreased from 7.00 percent to 6.75 percent.



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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
SETA's Proportionate Share of Net Pension Liability	\$ 131,992,702	\$ 80,535,363	\$ 38,411,462

Pension Plan Fiduciary Net Position

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

**Note 8 - Other Postemployment Benefits**

Plan Description

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

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

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

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

# Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

## 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 2021. 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, 2021, the amount of benefits paid was \$72,569.

## Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	98
Inactive employees entitled to but not yet receiving benefit payments	337
Active employees	593
Total participants covered by OPEB Plan	1,028

## Total OPEB Liability

As of June 30, 2021, SETA reported a liability of \$1,559,684 for its total OPEB liability. The total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

## Actuarial Assumptions

For the measurement period ended June 30, 2020, the total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2019
Discount Rate	2.21%
Inflation	2.75%
Salary Increases	3.00%
Mortality, Retirement, Disability, Termination	SCERS 6/30/19 valuation assumptions
Merit Payroll Increases	
Mortality Improvement	Post-retirement mortality projected fully generational with Scale MP-2019
Healthcare Cost Trend Rate	7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076

## Discount Rate

The discount rate used to measure the total OPEB liability was 2.21 percent for the Plan. The discount rate was based on the 20-Year General Obligation Bond Buyer Bond Index.

Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

Changes of Assumptions: For the June 30, 2020 measurement period, the discount rate decreased from 3.50 percent to 2.21 percent.

Changes in the Total OPEB Liability

The changes in the total OPEB liability, measured as of June 30, 2020 is as follows:

	Total OPEB Liability
Balance at July 1, 2020	\$ 1,320,422
Changes for the year:	
Service Cost	119,615
Interest	49,458
Assumption changes	124,107
Benefit payments	(53,918)
Net Changes	239,262
Balance at June 30, 2021	\$ 1,559,684

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

The following presents the total OPEB liability of SETA as of the measurement date, calculated using the discount rate of 2.21 percent, as well as what SETA's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (1.21 percent) or 1 percentage-point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability	\$ 1,662,492	\$ 1,559,684	\$ 1,462,651

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 7.25 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 (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25% decreasing to 3.0% in 2076)	Current Trend (7.25% decreasing to 4.0% in 2076)	1% Increase (8.25% decreasing to 5.0% in 2076)
Total OPEB Liability	\$ 1,407,258	\$ 1,559,684	\$ 1,738,255

Sacramento Employment and Training Agency (SETA)

Notes to Financial Statements (Continued)

June 30, 2021

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

For the fiscal year ended June 30, 2021, SETA recognized OPEB income of \$13,225. At June 30, 2021, 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	\$ 72,569	\$ -
Differences between expected and actual experience	-	127,237
Changes of assumptions	105,584	776,286
Total	\$ 178,153	\$ 903,523

The \$72,569 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending June 30,	Total
2022	\$ (182,298)
2023	(182,298)
2024	(182,298)
2025	(161,300)
2026	(102,714)
Thereafter	12,969
Total	\$ (797,939)

**Note 9 - Commitments and Contingencies**

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

**Note 10 - Related Party Transactions**

During the current year, the County of Sacramento Department of Human Assistance provided funding in the amount of \$911,747 for the operation of SETA's "one-stop" employment centers and other workforce development programs. Through its banking relationship with the County of Sacramento Treasury, substantially all of SETA's cash receipts, payment transactions, and purchasing are processed by the County. During 2021, the County charged fees of \$89,329 for these services.

**Note 11 - Matching Funding and Non-Monetary Exchanges**

SETA operates Head Start programs for the City and County of Sacramento under a grant from the Federal government. Under the terms of that grant, SETA and its delegate agencies are required to provide non-federal match of 20 percent of the total cost of the program. During the current fiscal year, the amount of matching funding provided (in-kind match) was \$14,620,604 which is 20 percent of the total program cost.

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

**Note 12 - Risk Management**

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

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

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



Required Supplementary Information  
June 30, 2021

# Sacramento Employment and Training Agency (SETA)

Sacramento Employment and Training Agency (SETA)  
Schedule of Revenues, Expenditures and Changes in the Fund Balance  
Budget to Actual – General Fund  
Budgetary Basis  
Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Grant revenue	\$ 101,458,048	\$ 101,458,048	\$ 86,067,961	\$ (15,390,087)
Childcare food reimbursements	1,600,000	1,600,000	774,359	(825,641)
Intergovernmental revenue	2,038,900	2,038,904	1,650,071	(388,833)
Interest income	-	-	20,617	20,617
Miscellaneous income	648,904	648,904	334,233	(314,671)
<b>Total Revenues</b>	<u>105,745,852</u>	<u>105,745,856</u>	<u>88,847,241</u>	<u>(16,898,615)</u>
<b>Expenditures:</b>				
Head Start/Early Head Start	69,270,183	69,270,183	58,382,161	10,888,022
Workforce Development	11,978,984	11,978,984	11,644,876	334,108
Refugee Support Services	8,796,035	8,796,035	4,700,396	4,095,639
Child Care Food Programs	1,600,000	1,600,000	779,452	820,548
State Department of Education	7,275,231	7,275,231	7,157,752	117,479
Community Services Block Grant	3,287,747	3,287,747	2,608,330	679,417
CalWORKS	911,743	911,747	911,747	-
Other	2,625,929	2,625,929	2,049,119	576,810
<b>Total Expenditures</b>	<u>105,745,852</u>	<u>105,745,856</u>	<u>88,233,833</u>	<u>17,512,023</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	613,408	<u>\$ 613,408</u>
Fund Balance, Beginning of Year			<u>3,429,859</u>	
Fund Balance, End of Year			<u>\$ 4,043,267</u>	

While SETA reports expenditures on the basis of generally accepted accounting principles (GAAP), SETA's

Head Start/Early Head Start Expenditures - Budgetary Basis	\$ 58,382,161
In-Kind Contributions Expended	<u>14,620,604</u>
Head Start/Early Head Start - GAAP Basis	<u>\$ 73,002,765</u>
Total Revenues - Budgetary Basis	\$ 88,847,241
In-Kind Contributions Received	<u>14,620,604</u>
Head Start/Early Head Start - GAAP Basis	<u>\$ 103,467,845</u>

Sacramento Employment and Training Agency (SETA)  
 Schedule of SETA's Proportionate Share of the Net Pension Liability  
 Last 10 Years\*

	2021	2020	2019	2018	2017	2016	2015
SETA's proportion of the net pension liability	2.967%	2.704%	2.869%	3.047%	2.868%	2.488%	2.303%
SETA's proportionate share of the net pension liability	\$ 80,535,363	\$ 80,535,363	\$ 56,264,540	\$ 59,919,549	\$ 50,343,812	\$ 28,610,225	\$ 17,754,848
SETA's covered payroll	\$ 27,119,498	\$ 23,851,731	\$ 22,960,285	\$ 22,471,328	\$ 22,961,773	\$ 22,681,888	\$ 22,795,179
SETA's proportionate share of the net pension liability as a percentage of their covered payroll	296.96%	337.65%	245.05%	266.65%	219.25%	126.14%	77.89%
Plan fiduciary net position as a percentage of the total pension liability	80.55%	82.57%	82.51%	80.37%	81.40%	87.26%	91.02%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

*Changes of Assumption*

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



Sacramento Employment and Training Agency (SETA)  
 Schedule of SETA's Pension Contributions  
 Last 10 Years\*

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

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

Sacramento Employment and Training Agency (SETA)  
Schedule of Changes in the Total OPEB Liability  
Last 10 Years\*

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

Notes to Schedule:

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

*Changes of Assumption*

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

**Note 1 - Budgetary Information**

SETA's annual expenditure budget is approved by SETA's Governing Board and adopted for SETA through the City and County of Sacramento's executive and legislative process. SETA is not authorized to exceed total budgeted expenditures. Any amendments that increase total budgeted expenditures must be approved by the Governing Board, as well as the City and County of Sacramento. There was no amendment to the original budget presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual – General Fund during the year ended June 30, 2021. SETA had a \$4 increase from the original budget of \$105,745,852 to the final budget of \$105,745,856. The increase was due to a clerical error on the CalWORKS budget line item.



Supplementary Information – Federal Awards Section  
June 30, 2021

## Sacramento Employment and Training Agency (SETA)



CPAs & BUSINESS ADVISORS

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

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

We have audited, in accordance with 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, 2021, and the related notes to the financial statements, which collectively comprise SETA's basic financial statements and have issued our report thereon dated December 15, 2021.

**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 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.

**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, 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 non-compliance or other matters that are required to be reported under *Governmental 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California

December 15, 2021



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

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

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

We have audited the Sacramento Employment and Training Agency’s (SETA) 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, 2021. SETA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

***Management’s Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on compliance for each of SETA’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about SETA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SETA’s compliance.

***Opinion on Each Major Federal Program***

In our opinion, SETA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## **Report on Internal Control over Compliance**

Management of SETA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SETA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SETA's 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.

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

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.



Sacramento, California  
December 15, 2021



Sacramento Employment and Training Agency (SETA)  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2021

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: Child and Adult Care Food Program (CACFP)	10.558	34-1826-1-J	\$ -	\$ 774,359	\$ -	\$ 774,359	\$ -
Total U.S. Department of Agriculture			-	774,359	-	774,359	-
<b>U.S. DEPARTMENT OF LABOR</b>							
Passed-Through California Employment Development Department: WIOA Cluster:							
WIOA Adult Program	17.258	AA111026-201	-	569,971	-	569,971	-
WIOA Adult Program	17.258	AA111026-202	1,700,658	2,844,183	-	2,844,183	-
WIOA Adult Program - Disability Employment Accelerator	17.258	K9110045-1152	79,119	269,615	-	106,389	-
WIOA Adult Program - Regional Plan Implementation 3.0	17.258	AA011026-1168	241,645	428,107	-	373,268	-
WIOA Adult Program - Regional Plan Implementation 4.0	17.258	AA111026-1218	30,605	385,000	-	42,306	-
WIOA Adult Program - Workforce Accelerator Fund	17.258	AA111026-1230	-	250,000	-	6,083	-
WIOA Adult Program - Pre-Apprenticeship Bridge Program	17.258	AA011026-1176	6,412	50,000	-	29,722	-
WIOA Adult Program - VEAP PY 19/20	17.258	AA011026-1184	2,931	500,000	-	117,226	-
Total WIOA Adult Program			2,061,370	5,296,876	-	4,089,148	-
WIOA Youth Activities	17.259	AA111026-301	1,795,313	3,530,244	-	2,964,549	-
WIOA Youth Activities	17.259	AA211026-301	340,097	3,276,030	-	737,579	-
Total WIOA Youth Activities			2,135,410	6,806,274	-	3,702,128	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA111026-540	-	38,927	-	38,927	-
WIOA Dislocated Worker Formula Grants - Rapid Response	17.278	AA111026-541	-	174,241	-	174,241	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA111026-292	-	9,240	-	9,240	-
WIOA Dislocated Worker Formula Grants - Rapid Response Layoff Aversion	17.278	AA111026-293	-	41,359	-	41,359	-
WIOA Dislocated Worker Formula Grants - Title I Dislocated Worker	17.278	AA111026-501	-	535,544	-	535,544	-
WIOA Dislocated Worker Formula Grants - Title I Dislocated Worker	17.278	AA111026-502	465,413	1,215,336	-	1,215,336	-
WIOA Dislocated Worker Formula Grants - Title I Dislocated Worker	17.278	AA111026-500	-	1,181,846	-	1,179,331	-
COVID 19 - WIOA Dislocated Worker Formula Grants - Underserved	17.278	AA011026-1187	-	189,332	-	115,898	-
Total WIOA Dislocated Worker Formula Grants			465,413	3,385,825	-	3,309,876	-
Total WIOA Cluster			4,662,193	15,488,975	-	11,101,152	-

Sacramento Employment and Training Agency (SETA)  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2021

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 LABOR (Continued)</b>							
Passed-Through California Employment Development Department:							
COVID 19 - WIOA National Dislocated Worker Grants / WIA National Emergency Grants - Storm NDWG	17.277	AA011026-1194	\$ -	\$ 300,000	\$ -	\$ 146,464	\$ -
WIOA National Dislocated Worker Grants / WIA National Emergency Grants - TET NDWG	17.277	K9110045-1136	162,659	1,100,000	-	335,333	-
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			162,659	1,400,000	-	481,797	-
Reentry Employment Opportunities - Reentry Projects (RP) - WIOA RETAIN Demonstration Project	17.270	K9110045-1146	15,975	150,000	-	116,052	-
Total U.S. Department of Labor			4,840,827	17,038,975	-	11,699,001	-
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed-Through California Department of Education:							
CCDF Cluster:							
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CSPP-0414	-	-	3,653,900	-	3,653,900
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCTR-0189	-	383,354	3,061,752	383,354	3,061,752
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund			-	383,354	6,715,652	383,354	6,715,652
Child Care and Development Block Grant	93.575	CCTR-0189	-	176,225	-	176,225	-
Total Child Care and Development Block Grant			-	176,225	-	176,225	-
Total CCDF Cluster			-	559,579	6,715,652	559,579	6,715,652
Passed-Through California Department of Social Services:							
Refugee and Entrant Assistance—State-Administered Programs - Refugee Support Services	93.566	RESS1806	580,681	5,916,358	-	813,078	-
Refugee and Entrant Assistance—State-Administered Programs - Refugee Support Services	93.566	RESS1904	2,373,226	6,102,606	-	2,950,485	-
Refugee and Entrant Assistance—State-Administered Programs - Refugee Support Services	93.566	RESS2004	550,590	4,890,943	-	552,882	-
COVID 19 - Refugee and Entrant Assistance—State Administered Programs - Refugee Support Services	93.566	RESS2004	343,391	717,359	-	343,424	-
Refugee and Entrant Assistance—State-Administered Programs - Older Refugee Discretionary	93.566	ORSA2004	8,430	59,117	-	10,790	-
Refugee and Entrant Assistance—State-Administered Programs - Older Refugee Discretionary	93.566	ORSA1904	29,912	53,007	-	37,653	-
Total Refugee and Entrant Assistance— State-Administered Programs			3,886,230	17,739,390	-	4,708,312	-

Sacramento Employment and Training Agency (SETA)  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2021

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 (Continued)</b>							
Passed-Through California Department of Community Services and Development:							
Community Services Block Grant	93.569	21F-4033	\$ 694,916	\$ 1,821,879	\$ -	\$ 843,704	\$ -
Community Services Block Grant	93.569	20F-3033	451,364	1,853,879	-	696,228	-
COVID 19 - Community Services Block Grant	93.569	20F-3672	554,162	2,511,191	-	1,079,803	-
Total Community Services Block Grant			1,700,442	6,186,949	-	2,619,735	-
Direct Program:							
Head Start Cluster:							
Head Start - Early Head Start	93.600	09CH010182-04-04	(425)	57,700,591	-	(425)	-
Head Start - Early Head Start	93.600	09CH010182-05-04	779,592	64,907,524	-	3,820,906	-
Head Start - Early Head Start	93.600	09CH011763-01-01	22,086,758	61,474,505	-	51,322,493	-
Head Start - Early Head Start Child Care Partnership	93.600	09HP000267-01-01	-	1,614,892	-	433,713	-
Head Start - Early Head Start Child Care Partnership	93.600	09HP000267-01-02	-	1,871,245	-	1,537,429	-
		09CH010182-05-04/ 09HP000267-01	1,169,635	4,423,038	-	1,659,961	-
COVID 19 - Head Start - Early Head Start CARES Act	93.600						
COVID 19 - Head Start - Early Head Start Child Care Partnership CARES Act	93.600	09HP000267-01-01	-	70,305	-	3,366	-
COVID 19 - Head Start - Early Head Start/CCP CRRSA and ARPA	93.600	09HE000671-01-01	-	1,537,351	-	13,416	-
Total Head Start Cluster			24,035,560	193,599,451	-	58,790,859	-
Passed-Through Sacramento County Department of Human Assistance							
Temporary Assistance For Needy Families (TANF) - DHA One Stop Shared Costs	93.558	CW-205-21	-	911,747	-	911,747	-
Total TANF			-	911,747	-	911,747	-
Total U.S. Department of Health and Human Services			29,622,232	218,997,116	6,715,652	67,590,232	6,715,652
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 34,463,059</b>	<b>\$ 236,810,450</b>	<b>\$ 6,715,652</b>	<b>\$ 80,063,592</b>	<b>\$ 6,715,652</b>

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal and State Awards (Schedule) includes the federal and state award activity of Sacramento Employment and Training Agency (SETA) under programs of the federal and State of California governments for the year ended June 30, 2021. 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. The Schedule does not include Pension or OPEB expenditures in the amount of \$8,782,258, vacation accrual expenditures in the amount of \$601,854, net depreciation expenditures of (\$205,514), and SETA's in-kind match of \$14,620,604. Because the Schedule presents only a selected portion of the operations of SETA, it is not intended to and does not present the financial position or changes in net position or fund balance of SETA.

**Note 2 - Summary of Significant Accounting Policies**

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

**Note 3 - Pass-Through Entities' Identifying Number**

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

**Note 4 - Indirect Cost Rate**

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

Sacramento Employment and Training Agency (SETA)

Notes to the Schedule of Expenditures of Federal and State Awards

Year Ended June 30, 2021

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

CONTRACT #20F-3033

	<u>1/1/20-6/30/20</u>	<u>7/1/20-5/31/21</u>	<u>Total Audited Costs</u>	<u>Total Reported Expenses</u>	<u>Total Budget</u>
Revenue					
Grant Revenue	\$ 1,157,651	\$ 696,228	\$ 1,853,879	\$ 1,853,879	\$ 1,853,879
Expenditures					
Administrative Costs:					
Salaries & Wages	107,004	41,573	148,577	148,577	135,070
Fringe Benefits	46,436	26,029	72,465	72,465	72,465
Operating Expense	4,188	3,004	7,192	7,192	8,000
Other costs	27,076	17,924	45,000	45,000	45,000
Total Admin Costs:	184,704	88,530	273,234	273,234	260,535
Program Costs:					
Salaries & Wages	286,200	28,620	314,820	314,820	286,200
Fringe Benefits	123,583	6,840	130,423	130,423	123,583
Operating Expense	6,024	2,833	8,857	8,857	12,000
Out of State Travel	-	-	-	-	2,000
Subcontractor Services	480,419	513,215	993,634	993,634	1,036,650
Other costs	76,721	56,190	132,911	132,911	132,911
Total Program Costs:	972,947	607,698	1,580,645	1,580,645	1,593,344
Total Expenditures	\$ 1,157,651	\$ 696,228	\$ 1,853,879	\$ 1,853,879	\$ 1,853,879

Sacramento Employment and Training Agency (SETA)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

**Section I – Summary of Auditor’s Results**

**FINANCIAL STATEMENTS**

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

**FEDERAL AWARDS**

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

**Identification of major programs:**

Name of Federal Program	Assistance Listing Number
Community Services Block Grant	93.569
Head Start Cluster	93.600
Dollar threshold used to distinguish between type A and type B programs:	\$2,401,908
Auditee qualified as low-risk auditee?	Yes

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**Section II – Financial Statement Findings**

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None Reported.

Sacramento Employment and Training Agency (SETA)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

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**Section III – Federal Award Findings and Questioned Costs**

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None Reported.



None noted.

Supplemental Schedules

June 30, 2021

**Sacramento Employment and Training  
Agency (SETA)**

Sacramento Employment and Training Agency (SETA)

Combining Statement of Activities

Year Ended June 30, 2021

	<u>CSPP-0414</u>	<u>CCTR-0189</u>	<u>Total CDE</u>	<u>Non-CDE Programs</u>	<u>Total</u>
Revenue and Support					
Grant Revenue	\$ 3,653,900	\$ 3,621,331	\$ 7,275,231	\$ 78,542,358	\$ 85,817,589
Child Care Food					
Reimbursements	220,137	46,415	266,552	507,807	774,359
Intergovernmental	-	-	-	1,650,071	1,650,071
Investment Income	-	-	-	20,617	20,617
Miscellaneous Income	-	-	-	334,233	334,233
In Kind Contributions	-	-	-	14,620,604	14,620,604
	<u>3,874,037</u>	<u>3,667,746</u>	<u>7,541,783</u>	<u>95,675,690</u>	<u>103,217,473</u>
<b>Total Revenue and Support</b>					
Expenses					
Salaries	2,330,429	2,347,624	4,678,053	24,324,625	29,002,678
Fringe Benefits	1,280,869	1,226,878	2,507,747	13,369,465	15,877,212
Books and Supplies	-	-	-	1,263,712	1,263,712
Services and Other					
Operating Expenses	262,739	93,244	355,983	50,597,664	50,953,647
Equipment Expense	-	-	-	172,009	172,009
Depreciation	-	-	-	554,203	554,203
In kind Contributions					
Expense	-	-	-	14,620,604	14,620,604
	<u>3,874,037</u>	<u>3,667,746</u>	<u>7,541,783</u>	<u>104,902,282</u>	<u>112,444,065</u>
<b>Total Expenses</b>					
Change in Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,226,592)</u>	<u>\$ (9,226,592)</u>

Sacramento Employment and Training Agency (SETA)  
 Schedule of Expenditures by State Categories and Reconciliation to GAAP Expense Reporting  
 Year Ended June 30, 2021

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<u>EXPENSES</u>	<u>CSPP-0414</u>	<u>CCTR-0189</u>	<u>Total CDE Contracts</u>
Direct payments to providers			
1000 Certified Salaries	\$ 2,537,058	\$ 2,389,019	\$ 4,926,077
2000 Classified Salaries	245,737	220,434	466,171
3000 Employee Benefits	1,506,426	1,361,144	2,867,570
5000 Services and other Operating Expenses	<u>327,385</u>	<u>152,629</u>	<u>480,014</u>
<b>Total expenses claimed for reimbursement</b>	<u>4,616,606</u>	<u>4,123,226</u>	<u>8,739,832</u>
Adjustments to Reconcile to GAAP Expense Reporting:			
Restricted Income: Child Nutrition Program	(220,137)	(46,415)	(266,552)
Unrestricted Income: Intra Cost Recovery	<u>(742,569)</u>	<u>(455,480)</u>	<u>(1,198,049)</u>
<b>Statement of Activities (GAAP)</b>	<u>\$ 3,653,900</u>	<u>\$ 3,621,331</u>	<u>\$ 7,275,231</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 (SETA)  
 Schedule of Reimbursable Equipment Expenditures  
 Year Ended June 30, 2021

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	<u>CSPP-0414</u>	<u>CCTR-0189</u>	<u>Total CDE Contracts</u>
Unit Cost Under \$7,500			
Unit Cost Over \$7,500, with prior written CDE approval	\$ -	\$ -	\$ -
Unit Cost Over \$7,500, without prior CDE approval	-	-	-
	<hr/>	<hr/>	<hr/>
Total Equipment Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Sacramento Employment and Training Agency (SETA)  
 Schedule of Reimbursable Expenses for Renovations and Repairs  
 Year Ended June 30, 2021

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	<b>CSPP-0414</b>	<b>CCTR-0189</b>	<b>Total CDE Contracts</b>
Unit Cost Under \$10,000 per Item	\$ -	\$ -	\$ -
Unit Cost of \$10,000 or more per item with prior CDE written approval	-	-	-
Unit Cost of \$10,000 or more per item without prior CDE approval	-	-	-
Total	\$ -	\$ -	\$ -

Sacramento Employment and Training Agency (SETA)

Schedule of Reimbursable Administrative Costs

Year Ended June 30, 2021

<b><u>EXPENSES</u></b>	<b><u>CSPP-0414</u></b>	<b><u>CCTR-0189</u></b>	<b><u>Total CDE Contracts</u></b>
Reimbursable Administrative Costs:			
Classified Salaries	\$ 245,737	\$ 220,434	\$ 466,171
Employee Benefits	123,836	110,482	234,318
Other Operating Expenses	<u>61,081</u>	<u>57,184</u>	<u>118,265</u>
Total	<u>\$ 430,654</u>	<u>\$ 388,100</u>	<u>\$ 818,754</u>

Sacramento Employment and Training Agency (SETA)

Schedule of Reimbursable Start-Up Expenses

Year Ended June 30, 2021

	<u>CSPP-0414</u>	<u>CCTR-0189</u>	<u>Total CDE Contracts</u>
1000 Certified Salaries	\$ -	\$ -	\$ -
2000 Classified Salaries	-	-	-
3000 Employee Benefits	-	-	-
4000 Books and Supplies	-	-	-
5000 Services and other Operating Expenses	-	-	-
	<hr/>	<hr/>	<hr/>
Subtotal	-	-	-
	<hr/>	<hr/>	<hr/>
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment	-	-	-
6500 Replace Equipment	-	-	-
	<hr/>	<hr/>	<hr/>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



Sacramento Employment and Training Agency (SETA)

Schedule of Reimbursable Budget Impasse Credit Expenses

Year Ended June 30, 2021

	<b>CSPP-0414</b>	<b>CCTR-0189</b>	<b>Total CDE Contracts</b>
1000 Certified Salaries	\$ -	\$ -	\$ -
2000 Classified Salaries	-	-	-
3000 Employee Benefits	-	-	-
4000 Books and Supplies	-	-	-
5000 Services and other Operating Expenses	-	-	-
Subtotal	-	-	-
6100/6200 Other Approved Capital Outlay	-	-	-
6400 New Equipment	-	-	-
6500 Replace Equipment	-	-	-
Total	\$ -	\$ -	\$ -

Notes to the Child Care and Development Program Supplemental Information

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

1. Interest expense is only allowable as a reimbursable cost in certain circumstances when it has been preapproved by the administering state department or relates to the lease purchase, acquisition, or repair or renovation of early learning and care facilities owned or leased by the contractor. No interest expense was claimed to a child development contract for the year ended June 30, 2021.
2. All expenses claimed for reimbursement under a related party rent transaction must be supported by a fair market rental estimate from an independent appraiser, licensed by the California Office of Real Estate Appraisers. No related party rent expense was claimed as a reimbursable expense for the year ended June 30, 2021.
3. Bad debt expense is unallowable unless it relates to uncollected family fees where documentation of adequate collection attempts exists. No bad debt expense was claimed to a child development contract for the year ended June 30, 2021.

**California Department of Education  
Audited Attendance and Fiscal Report for  
California State Preschool Programs**

A U D 8501 Page 1 of 8

Fiscal Year Ending **June 30, 2021**

Contract Number **CSPP 0414**

Vendor Code **2173**

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 1 - Days of Enrollment Certified Children**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time	18,277		18,277	1.0000	18,277
Three Years and Older Three-quarters-time	5,355		5,355	0.7500	4,016.25
Three Years and Older One-half-time	26,183		26,183	0.6193	16,215.1319
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 1 - Days of Enrollment Certified Children (continued)**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL DAYS OF ENROLLMENT</b>	<b>49,815</b>		<b>49,815</b>	N/A	<b>38,508.3819</b>
<b>DAYS OF OPERATION</b>	<b>239</b>		<b>239</b>	N/A	N/A
<b>DAYS OF ATTENDANCE</b>	<b>16,457</b>		<b>16,457</b>	N/A	N/A

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

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 2 - Days of Enrollment Non-Certified Children**

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.6193	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.9537	0

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

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

Enrollment Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6193	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6193	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.1952	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>				<b>N/A</b>	<b>0</b>

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 3 - Revenue**

Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	217,295	2,842	220,137
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>217,295</b>	<b>2,842</b>	<b>220,137</b>
Transfer from Reserve - General			
Transfer from Reserve - Professional Development			
<b>Transfer from Reserve Total</b>			
Waived Family Fees for Certified Children (July - August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
<b>Family Fees for Certified Children (September - June) - Subtotal</b>			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other: Intra-Cost Recovery	742,569		742,569
<b>Total Revenue</b>	<b>959,864</b>	<b>2,842</b>	<b>962,706</b>

Comments:

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 4 - Reimbursable Expenses**

Expense Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	2,537,058		2,537,058
2000 Classified Salaries	245,737		245,737
3000 Employee Benefits	1,506,426		1,506,426
4000 Books and Supplies			
5000 Services and Other Operating Expenses	324,543	2,842	327,385
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>4,613,764</b>	<b>2,842</b>	<b>4,616,606</b>
Total Administrative Cost (included in Section 4 above)	430,654		430,654
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

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

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 5 - Supplemental Revenue**

Supplemental Revenue Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Enhancement Funding			
Other:			
Other:			
<b>Total Supplemental Revenue</b>			

**Section 6 - Supplemental Expenses**

Supplemental Expense Category	Column A Cumulative CDNFS 8501	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**

**Section 7 - Summary**

Summary Category	Column A Cumulative CDNFS 8501	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	49,815		49,815
Days of Operation	239		239
Days of Attendance	16,457		16,457
Restricted Program Income	217,295	2,842	220,137
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	4,613,764	2,842	4,616,606
Total Administrative Cost	430,654		430,654
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment

Total Non-Certified Adjusted Days of Enrollment

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 Learning and Care Division:

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

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

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

# California Department of Social Services Audited Attendance and Fiscal Report for Child Development Programs

Fiscal Year Ending **June 30, 2021**

Contract Number **CCTR 0189**

Vendor Code **2173**

A U D 9500 v2 Page 1 of 8

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

## Section 1 - Days of Enrollment Certified Children

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time	16,461		16,461	1.8000	29,629.8
Toddlers (18 up to 36 months) Three-quarters-time	8,303		8,303	1.3500	11,209.05
Toddlers (18 up to 36 months) One-half-time	132		132	0.9900	130.68
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 1 - Days of Enrollment Certified Children (continued)**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL CERTIFIED DAYS OF ENROLLMENT</b>	<b>24,896</b>		<b>24,896</b>	<b>N/A</b>	<b>40,969.53</b>
<b>DAYS OF OPERATION</b>	<b>239</b>		<b>239</b>	<b>N/A</b>	<b>N/A</b>
<b>DAYS OF ATTENDANCE</b>	<b>8,229</b>		<b>8,229</b>	<b>N/A</b>	<b>N/A</b>

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

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 2 - Days of Enrollment Non-Certified Children**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Infants (up to 18 months) Full-time-plus				2.8792	0
Infants (up to 18 months) Full-time				2.4400	0
Infants (up to 18 months) Three-quarters-time				1.8300	0
Infants (up to 18 months) One-half-time				1.3420	0
Toddlers (18 up to 36 months) Full-time-plus				2.1240	0
Toddlers (18 up to 36 months) Full-time				1.8000	0
Toddlers (18 up to 36 months) Three-quarters-time				1.3500	0
Toddlers (18 up to 36 months) One-half-time				0.9900	0
Three Years and Older Full-time-plus				1.1800	0
Three Years and Older Full-time				1.0000	0
Three Years and Older Three-quarters-time				0.7500	0
Three Years and Older One-half-time				0.5500	0
Exceptional Needs Full-time-plus				1.8172	0
Exceptional Needs Full-time				1.5400	0
Exceptional Needs Three-quarters-time				1.1550	0
Exceptional Needs One-half-time				0.8470	0

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

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

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit	Column D Adjustment Factor	Column E Adjusted Days per Audit
Limited and Non-English Proficient Full-time-plus				1.2980	0
Limited and Non-English Proficient Full-time				1.1000	0
Limited and Non-English Proficient Three-quarters-time				0.8250	0
Limited and Non-English Proficient One-half-time				0.6050	0
At Risk of Abuse or Neglect Full-time-plus				1.2980	0
At Risk of Abuse or Neglect Full-time				1.1000	0
At Risk of Abuse or Neglect Three-quarters-time				0.8250	0
At Risk of Abuse or Neglect One-half-time				0.6050	0
Severely Disabled Full-time-plus				2.2774	0
Severely Disabled Full-time				1.9300	0
Severely Disabled Three-quarters-time				1.4475	0
Severely Disabled One-half-time				1.0615	0
<b>TOTAL NON-CERTIFIED DAYS OF ENROLLMENT</b>				<b>N/A</b>	<b>0</b>

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 3 - Revenue**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Restricted Income - Child Nutrition Programs	45,451	964	46,415
Restricted Income - County Maintenance of Effort (EC Section 8279)			
Restricted Income - Other:			
<b>Restricted Income - Subtotal</b>	<b>45,451</b>	<b>964</b>	<b>46,415</b>
Transfer From Reserve			
Waived Family Fees for Certified Children (July and August)			
Family Fees Collected for Certified Children (September - June)			
Waived Family Fees for Certified Children (September - June)			
<b>Family Fees (September - June) - Subtotal</b>			
Interest Earned on Child Development Apportionment Payments			
Unrestricted Income - Fees for Non-Certified Children			
Unrestricted Income - Head Start			
Unrestricted Income - Other: Intra-Cost Recovery	455,480		455,480
<b>Total Revenue</b>	<b>500,931</b>	<b>964</b>	<b>501,895</b>

Comments:

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 4 - Reimbursable Expenses**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Direct Payments to Providers (FCCH only)			
1000 Certificated Salaries	2,389,019		2,389,019
2000 Classified Salaries	220,434		220,434
3000 Employee Benefits	1,361,144		1,361,144
4000 Books and Supplies			
5000 Services and Other Operating Expenses	151,665	964	152,629
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>4,122,262</b>	<b>964</b>	<b>4,123,226</b>
Total Administrative Cost (included in Section 4 above)	388,100		388,100
Total Staff Training Cost (included in Section 4 above)			

Approved Indirect Cost Rate:

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

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 5 - Supplemental Revenue**

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

**Section 6 - Supplemental Expenses**

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



Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

**Section 7 - Summary**

	Column A Cumulative CDNFS 9500	Column B Audit Adjustments	Column C Cumulative per Audit
Total Certified Days of Enrollment	24,896		24,896
Days of Operation	239		239
Days of Attendance	8,229		8,229
Restricted Program Income	45,451	964	46,415
Transfer from Reserve			
Family Fees for Certified Children (September - June)			
Interest Earned on Child Development Apportionment Payments			
Direct Payments to Providers			
Start-up Expenses (service level exemption)			
Total Reimbursable Expenses	4,122,262	964	4,123,226
Total Administrative Cost	388,100		388,100
Total Staff Training Cost			

Total Certified Adjusted Days of Enrollment  Total Non-Certified Adjusted Days of Enrollment

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

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

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

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

# California Department of Education Audited Reserve Account Activity Report

Fiscal Year End

June 30, 2021

Reserve Account Type

Center-Based

Vendor Code

2173

A U D 9530A Page 1 of 1

Full Name of Contractor **SACRAMENTO EMPLOYMENT AND TRAINING AGENCY**

## Section 1 - Prior Year Reserve Account Activity

1. Beginning Balance (2019-20 AUD 9530A Ending Balance)	651,903
2. Plus Transfers to Reserve Account:	Per 2019-20 Post-Audit CDNFS 9530
Contract No.CCTR-9184	426,121
Contract No.	
Contract No.	
Contract No.	
Contract No.	
Contract No.	
<b>Total Transferred from 2019-20 Contracts to Reserve</b>	<b>426,121</b>
3. Less Excess Reserve to be Billed	
<b>4. Ending Balance per 2019-20 Post-Audit CDNFS 9530</b>	<b>1,078,024</b>

## Section 2 - Current Year (2020-21) Reserve Account Activity

	Column A CDNFS 9530A	Column B Audit Adjustments	Column C per Audit
5. Plus Interest Earned This Year on Reserve	5,057		5,057
6. Less Transfers to Contracts from Reserve:			
CSPP General-Contract No.			
CSPP General-Contract No.			
CSPP Professional Development-Contract No.			
CSPP Professional Development-Contract No.			
<b>Subtotal CSPP Transfers</b>			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
Other Contract No.			
<b>Subtotal Other Contract Transfers</b>			
<b>Total Transferred to Contracts from Reserve Account</b>			
<b>7. Ending Balance on June 30, 2021</b>	<b>1,083,081</b>		<b>1,083,081</b>

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