MOTHER LODE JOB TRAINING AGENCY

AUDITED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023

HARSHWAL® & COMPANY LLP

CERTIFIED PUBLIC ACCOUNTANTS

MOTHER LODE JOB TRAINING AGENCY

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HARSHWAL & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mother Lode Job Training Agency
Sonora, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, and the major fund of Mother Lode Job Training Agency (the "Agency"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 major fund of the Agency as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 7 and required supplementary information from pages 30 to 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying schedule of expenditures of federal awards on page 34 - 36 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, 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 schedule of expenditures of federal awards is 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 March 29, 2024, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Harshwal & Company LLP

Oakland California
March 29, 2024

The following discussion and analysis of the financial performance and activity of Mother Lode Job Training Agency (the "Agency"), are to provide an introduction and understanding of the basic financial statements of the Agency. This discussion has been prepared by management and should be read in conjunction with the financial statements and the notes thereto, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Agency's audited financial statements, which are comprised of the basic financial statements.

These statements are supported by notes to the basic financial statements. All sections must be considered together to obtain a complete understanding of the financial picture of the Agency.

The basic financial statements comprise the Government-Wide Financial Statements and the Fund Financial Statements; these two sets of financial statements provide two different views of the Agency's financial activities and financial position.

Government-Wide financial statements - The government-wide financial statements are prepared on a full accrual basis, which means they measure the flow of all economic resources of the Agency as a whole. They provide a longer-term view of the Agency's activities as a whole and comprise the statement of net position and the statement of activities. The statement of net position provides information about the financial position of the Agency as a whole, including all of its capital assets and long-term liabilities on the full accrual basis of accounting, similar to that used by for-profit entities. The statement of activities provides information about all of the Agency's revenues and all of its expenses, also on a full accrual basis, with an emphasis on measuring net revenues or expenses of the Agency's programs. The statement of activities explains in detail the change in net position for the year.

The statement of net position and the statement of activities present information about the following:

Governmental activities - The Agency's basic services are considered to be governmental activities. Its primary purpose as One-Stop Operator in the Local Workforce Development Area (LWDA) is to provide employment and training activities that increase its customers' employment, retention, earnings, and occupational skill levels, and as a result, reduce welfare dependency and enhance local workforce productivity and competitiveness. The Agency is primarily funded through grants from federal, state, and local governments.

Fund financial statements - The fund financial statements report the Agency's operations in more detail than the government-wide financial statements and focus primarily on the short-term activities of the Agency's general fund. The fund financial statements measure only current revenues and expenditures and fund balances.

The fund financial statements provide detailed information about the Agency's only fund, which is the general fund.

Governmental fund financial statements are prepared on a modified accrual basis, which means they measure only current financial resources and uses. Capital assets and other long-lived assets, along with long-term liabilities, are not presented in the governmental fund financial statements.

Comparisons of budget and actual financial information are presented for the general fund in these financial statements.

Statements of Net Position

	FY 2023	FY 2022	Amount Change	Percentage Change
ASSETS				
Cash	$ 5,117	$ 58,014	$ (52,897)	(91.18)%
Grants receivable	386,148	359,378	26,770	7.45 %
Prepaid expenses	33,060	41,551	(8,491)	(20.44)%
Deposits	346	347	(1)	(0.29)%
Capital assets, net	7,368	17,192	(9,824)	(57.14)%
Right-of-use lease assets, net	112,146	187,267	(75,121)	(40.11)%
Total assets	544,185	663,749	(119,564)	(18.01)%
DEFERRED OUTFLOW OF RESOURCES				
Deferred outflows of resources related to pension	1,297,393	521,040	776,353	149.00 %
Deferred outflows of resources OPEB	112,077	113,212	(1,135)	(1.00)%
Total deferred outflows of resources	1,409,470	634,252	775,218	122.23 %
Total assets and deferred outflows of resources	1,953,655	1,298,001	655,654	50.51 %
LIABILITIES AND NET POSITION				
LIABILITIES				
Accounts payable	103,996	42,143	61,853	146.77 %
Accrued salaries and wages payable	47,272	97,966	(50,694)	(51.75)%
Unearned revenue	41,124	65,839	(24,715)	(37.54)%
Compensated absences	145,763	156,648	(10,885)	(6.95)%
Net lease liability	110,062	182,184	(72,122)	(39.59)%
Net pension liability	3,102,497	1,543,283	1,559,214	101.03 %
Total OPEB liability	2,206,024	2,519,675	(313,651)	(12.45)%
Total liabilities	5,756,738	4,607,738	1,149,000	24.94 %
DEFERRED INFLOW OF RESOURCES				
Deferred inflows of resources related to pension	254,837	1,494,134	(1,239,297)	(82.94)%
Deferred inflows of resources related to OPEB	319,635	-	319,635	100.00 %
Total deferred inflows of resources	574,472	1,494,134	(919,662)	(61.55)%
Total liabilities and deferred inflows of resources	6,331,210	6,101,872	229,338	3.76 %
NET POSITION				
Net investment in capital assets	9,452	17,192	(7,740)	(45.02)%
Unrestricted	(4,387,007)	(4,821,063)	434,056	9.00 %
Total net position	(4,377,555)	(4,803,871)	426,316	8.87 %
Total liabilities, deferred inflows of resources and net position	$ 1,953,655	$ 1,298,001	$ 655,654	50.51 %

Analysis of the General Fund

General fund revenues increased $114,764 this fiscal year from last fiscal year, which was primarily from increased billing to County Contracts. Actual revenues were less than the budgeted amounts by $589,656. General fund expenditures were $3,008,035, a decrease of $473,892 from the prior year. Total expenditures were less than budgeted amounts by $522,313. The Agency's governmental net position amounted to $(4,377,555) as of June 30, 2023, an increase of $426,316 from 2022.

The statement of activities presents general revenues and expenses in detail.

Statements of Activities

	FY 2023	FY 2022	Amount Change	Percentage Change
EXPENDITURES				
Program expenses	$ 3,008,035	$ 3,481,927	$ (473,892)	(13.61)%
Total expenditures	3,008,035	3,481,927	(473,892)	(13.61)%
REVENUES				
Grant revenues	3,036,079	2,318,963	717,116	30.92 %
Other revenues	398,272	1,000,624	(602,352)	(60.20)%
Total revenues	3,434,351	3,319,587	114,764	3.46 %
Change in net position	426,316	(162,340)	588,656	362.61 %
Net position, beginning of year	(4,803,871)	(2,188,445)	(2,615,426)	(119.51)%
Restatement	-	(2,453,086)	2,453,086	100.00 %
Net position, end of year	$ (4,377,555)	$ (4,803,871)	$ 426,316	8.87 %

As the table above shows, $3,036,079, or 88.40% of the Agency's fiscal year FY 2023, governmental revenue came from grant funds.

Economic Outlook

The economic condition of the Agency, as it appears in the tables above, reflects adjustments by management to maintain financial stability during a period of fluctuating resources.

The fiscal Year 2024-25 will be the tenth year of funding under the Workforce Innovation and Opportunities Act (WIOA). Based on the current and proposed federal appropriations and the State funding environment, the Agency anticipates a level to a slight decrease in funding for formula-based WIOA Title I funding. Funding for state discretionary WIOA Title I grants normally fluctuate from year to year, as does federal funding for National Emergency Grants and discretionary projects, and from other funding sources such as the county programs.

Short and long-term financial planning and adjustments will be based on all available economic information received from federal, state, and local sources. The Agency will continue to pursue additional mission-appropriate resources, such as the State of California and National U.S. Department of Labor WIOA Title I discretionary funds, and other special project grants to bridge financial gaps created by diminished formula grant funding.

The Agency will continue to make adjustments to program design to maximize efficiencies and the use of resources, and will monitor service delivery and expenditure levels to maintain program compliance and sound fiscal management practice in the delivery of high-quality employment and training services to area residents. This responsibility includes developing partnerships with businesses and the alignment of government services and programs into a system that is better integrated and responsive to the needs of both businesses and job seekers.

Contacting the Agency's Financial Management

This Annual Financial Report is intended to provide granting agencies and the general public with a general overview of the Agency's finances. Questions about this report should be directed to the Agency at: 197 Mono Way, Suite B, Sonora, California 95370.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MOTHER LODE JOB TRAINING AGENCY

STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Cash	$ 5,117
Grant receivable	386,148
Prepaid expense	33,060
Deposits	346
Capital assets, net	7,368
Right-of-use leased assets, net	112,146
Total assets	544,185
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pension	1,297,393
Deferred outflows of resources - OPEB	112,077
Total deferred outflows of resources	1,409,470
Total assets and deferred outflows of resources	1,953,655
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts payable	103,996
Accrued salaries and wages payable	47,272
Unearned revenue	41,124
Compensated absences	145,763
Lease liability	110,062
Net pension liability	3,102,497
Total OPEB liability	2,206,024
Total liabilities	5,756,738
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pension	254,837
Deferred inflows of resources related to OPEB	319,635
Total deferred inflows of resources	574,472
Total liabilities and deferred inflows of resources	6,331,210
NET POSITION	
Net investment in capital assets	9,452
Unrestricted	(4,387,007)
Total net position	(4,377,555)
Total liabilities, deferred inflows of resources, and net position	$ 1,953,655

The accompanying notes are an integral part of these financial statements.

MOTHER LODE JOB TRAINING AGENCY
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PROGRAM EXPENSES	
Salaries, wages, and benefits	$ 1,795,000
Training and work experience	383,777
Rent expenses	41,064
Other program expenses	656,969
Amortization expenses	121,401
Depreciation	9,824
Total program expenses	3,008,035
PROGRAM REVENUES	
Other revenues	398,272
Grant revenues	3,036,079
Total program revenues	3,434,351
Change in net position	426,316
Net position, beginning of year	(4,803,871)
Net position, end of year	$ (4,377,555)

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

MOTHER LODE JOB TRAINING AGENCY
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2023

ASSETS	
Cash	$ 5,117
Grant receivable	386,148
Prepaid expenditures	33,060
Deposits	346
Total assets	424,671
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	103,996
Accrued salaries and wages payable	47,272
Unearned revenue	41,124
Total liabilities	192,392
FUND BALANCE	
Nonspendable	
Prepaid expenditures	33,060
Deposits	346
Unassigned	198,873
Total fund balance	232,279
Total liabilities and fund balance	$ 424,671

The accompanying notes are an integral part of these financial statements.

MOTHER LODE JOB TRAINING AGENCY

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

JUNE 30, 2023

Total governmental fund balance		$ 232,279
Amount reported for governmental activities in the statement of net position is different from those reported in the governmental fund above because of the following:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the general fund.		
Governmental capital assets	49,119	
Less: accumulated depreciation	(41,751)	7,368
Right-of-use leased assets	335,452	
Less: accumulated amortization	(223,306)	112,146
Deferred inflows and outflows of resources related to the net pension liability, and OPEB not reported in the general fund.		
Deferred inflows of resources - pension		(254,837)
Deferred inflows of resources - OPEB		(319,635)
Deferred outflows of resources - pension		1,297,393
Deferred outflows of resources - OPEB		112,077
Liabilities are not due or payable in the current period and, therefore, are not reported in the general fund.		
Net pension liability		(3,102,497)
Total OPEB liability		(2,206,024)
Compensated absence		(145,763)
Lease liability		(110,062)
Net position for governmental activities		$ (4,377,555)

The accompanying notes are an integral part of these financial statements.

MOTHER LODE JOB TRAINING AGENCY

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

REVENUES	
Other revenues	$ 398,272
Grant revenues	3,036,079
Total revenues	3,434,351
EXPENDITURES	
Current:	
Administrative	1,246,260
Intensive	1,185,063
Core	273,355
Training	380,538
Rapid response	370,198
Capital outlay	46,280
Total expenditures	3,501,694
Excess/(deficiency) of revenues over expenditures	(67,343)
OTHER FINANCING SOURCES/(USES)	
Proceeds from leases	46,280
Total other financing sources/(uses)	46,280
Net change in fund balance	(21,063)
Fund balance, beginning of year	253,342
Fund balance, end of year	$ 232,279

The accompanying notes are an integral part of these financial statements.

MOTHER LODE JOB TRAINING AGENCY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net changes in fund balance of governmental fund	$ (21,063)
Amount reported for governmental activities in the statement of activities is different because:	
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Lease liability repayment	118,402
The general fund records capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expenses	(9,824)
Amortization expenses	(121,401)
Some income/(expenses) reported in the statement of activities do not require the use of current resources and, therefore, are not reported as revenues/(expenditures) in governmental funds.	
Change in pension	456,436
Change in OPEB	(7,119)
Change in compensated absence	10,885
Changes in net position of governmental activities	$ 426,316

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mother Lode Job Training Agency (the "Agency"), under the direction of the Workforce Development Board, is a special district joint powers agency created by a Joint Powers Agreement among the following counties: Amador, Calaveras, Mariposa, and Tuolumne. The purpose of the Agency is the development and implementation of public and private employers' job training programs under which local employment needs and goals will be determined, and training and employment programs will be planned, developed, and administered. The Agency is funded through grants from the federal and state government. The Agency's administrative office is in Sonora, California, with a program office in each County to serve participants.

The accounting policies of the Agency conform to accounting principles generally accepted in the United States of America and are applicable to governments. The following is a summary of the significant policies:

A. Basis of presentation

The Agency's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities.

Government-Wide financial statements – The Agency's financial statements reflect only its own activities; it has no component units (other government units overseen by the Agency) or fiduciary funds. The statement of net position and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through intergovernmental revenues and other nonexchange revenues. Program revenues include (a) grants that are restricted to meeting the operational needs of a program, and (b) use allowance of government-owned capital assets recorded as in-kind revenue.

Fund financial statements – Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. The Agency has only one fund, the general fund, a major fund that accounts for all the Agency's activities.

B. Basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. On the accrual basis of accounting, revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when "measurable and available." The Agency considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, pension liabilities, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

B. Basis of accounting - (Cont'd)

The Agency funds programs with a combination of cost-reimbursement grants and categorical block grants. Thus, both restricted and unrestricted net positions may be available to finance program expenditures. The Agency's policy is first to apply restricted grant resources to such programs, followed by unrestricted grant revenues if necessary. Certain indirect costs are included in program expenses reported for individual functions and activities.

C. Budgets and budgetary accounting

Under the Workforce Innovation and Opportunity Act (WIOA), the Agency's governing body approves the local job training plan. A public hearing must be conducted to receive comments prior to adoption. The Agency's governing body satisfied these requirements.

These plans are revised by the Agency's management and presented to the Workforce Development Board during the year to consider unanticipated income and expenditures. It is this original and final revised budget that is presented in the basic financial statements.

D. Cash and cash equivalents

Cash and cash equivalents are considered to be all Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Agency Investment Fund (LAIF Pool), and Passbook Savings Account Demand Deposits.

E. Capital assets

Capital assets used in the Agency's operations are accounted for in the statement of net position. Purchased capital assets are stated at cost. Donated capital assets are valued at their estimated fair value on the date of donation. The Agency follows the County's capitalization threshold of $5,000 for capital asset purchases. Capital equipment is depreciated using the straight-line method over an estimated useful life of five to ten years.

The Authority has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

F. Unearned revenue

Unearned revenue in the Agency's governmental fund arises when potential revenue does not meet the “available” criteria for recognition in the current period. Unearned revenue arises when resources are received by the Agency before it has a legal claim to them (i.e., when grant monies are received prior to the incurrence of qualifying expenditures).

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

G. Net pension liability

The Agency recognizes a net pension liability, which represents the proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees' Retirement System (CalPERS). The net pension liability is measured as of the Agency's prior fiscal year-end. Changes in the net pension liability are recorded in the period incurred, and depending on the nature of the change, are recognized as deferred inflows of resources, deferred outflows of resources, or pension expenses. Changes recorded as deferred inflows of resources or deferred outflows of resources are recognized in pension expense systematically over time.

For purposes of measuring the net pension liability, deferred outflows, and inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to, and deductions from, the fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

H. Postemployment benefits other than pensions

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Agency's Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Deferred outflows/inflows of resources from pensions

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period which will only be recognized as an outflow of resources (expense) in the future. The Agency pension contributions subsequent to the measurement date related to pension plans, are reported as deferred outflows of resources in the government-wide statement of net position. The Agency pension contributions subsequent to the measurement date will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between the Agency's contributions and proportionate share of pension contributions, the Agency's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the Agency's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. Leases

Lessee

At the commencement of a lease, the Agency initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over its useful life.

Key estimates and judgments related to leases include how the Agency determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Agency uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Agency generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Agency is reasonably certain to exercise.

The Agency monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

At the commencement of a lease, the Agency initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Agency determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Agency uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Agency monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. Leases - (Cont'd)

The Agency established a lease policy to ensure compliance with GASB 87 and to provide guidance on the recognition, measurement, presentation, and disclosure of leases in the financial statements of the Agency. The policy sets a threshold of $5,000 for determining lease recognition and measurement. It applies to all leases entered or modified by the Agency that meet the criteria for recognition under GASB 87.

K. Use of estimates

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

L. Risk management

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Agency carries commercial insurance.

M. Net position and fund balance

The government-wide net position consists of the following:

Restricted net position - This amount is restricted by external creditors, grantors, contributors, laws, or regulations of other governments. There were no restricted net position balances as of June 30, 2023.

Invested in capital assets, net - This category groups all capital assets into one component of net position. Accumulated depreciation that is attributable to the acquisition, construction, or improvement of these assets reduces the balance in this category.

Unrestricted net position - This amount is all net assets that do not meet the definition of “invested in capital assets, net” or “restricted net position.”

The governmental fund balance consists of the following:

Fund balance - Due to the implementation of GASB Statement No. 54, the components of the fund balances of governmental funds now reflect the component classifications described below.

In the fund financial statements, governmental fund balances are reported in the following classifications:

Nonspendable fund balance includes amounts that are not in a spendable form, such as prepaid items or supplies inventories, or that are legally or contractually required to remain intact, such as principal endowments.

Restricted fund balance includes amounts that are subject to externally enforceable legal restrictions imposed by outside parties (i.e., creditors, grantors, contributors) or that are imposed by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts whose use is constrained by specific limitations that the government imposes upon itself, as determined by the formal action of the highest-level decision-making agency. The Board serves as the Agency’s highest-level decision-making agency and has the Agency to establish, modify or rescind a fund balance commitment via minute’s action.

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

M. Net position and fund balance - (Cont'd)

Assigned fund balance includes amounts intended to be used by the Agency for specific purposes, subject to change, as established directly by the management officials to whom the assignment agency has been delegated by the Board.

Unassigned fund balance is the residual classification that includes the spendable amounts in the general fund that are available for any purpose.

On June 30, 2023, the Agency has all its fund balances classified as unassigned and nonspendable fund balances.

The Agency reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, and unassigned) amounts are available. The Agency reduced committed first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

The total revenue and expenditures are less than the budgeted appropriations by $(589,656) and $522,313, respectively, resulting in a fund balance decrease of $21,063. The Agency has plans to apply for new grants from other related governmental entities to continue to grow in the future years.

N. Lease liabilities

On July 01, 2022, the Agency adopted GASB 87 - Leases and adopted the changes to conform to the provisions of GASB 87 Implementation Guide. Lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The Agency has lease primarily for office space. The lease liability is measured at the present value of the remaining lease payments, using a discount rate based on the rate implicit in the lease, if readily determinable. Otherwise, the Agency uses its incremental borrowing rate at commencement date to determine the present value of future payments.

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash balances on June 30, 2023, are as follows:

	Carrying Value	Bank Balance
Deposits	$ 4,817	$ 80,350
Petty Cash	300	-
Total	$ 5,117	$ 80,350

The Agency's investment policy and the California Government Code permit investments in Securities of the U.S. Government or its agencies, Certificates of Deposit, Negotiable Certificates of Deposit, Banker's Acceptances, Commercial Paper, the State of California Local Agency Investment Fund (LAIF Pool), and Passbook Savings Account Demand Deposits.

NOTE 2 – CASH AND CASH EQUIVALENT - CONT'D

Custodial credit risk – Custodial risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in possession of another party.

The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code Section 53652 requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secure public deposits.

NOTE 3 – GRANTS RECEIVABLE

Grants receivable on June 30, 2023, amounted to $386,148. The Agency has not accrued an allowance for uncollectible receivables since it is the opinion of management that it is highly probable all receivables will be collected.

NOTE 4 – CAPITAL ASSETS AND RIGHT-OF-USE LEASED ASSETS

Changes in capital assets and right-of-use leased assets for the year were as follows:

	Balance July 01, 2022	Additions	Deletions	Balance June 30, 2023
Depreciable assets:				
Office equipment	$ 49,119	$ -	$ -	$ 49,119
Accumulated depreciation	(31,927)	(9,824)	-	(41,751)
Total capital assets	17,192	(9,824)	-	7,368
Right-of-use leased assets being amortized:				
Office buildings	289,172	46,280	-	335,452
Accumulated amortization	(101,905)	(121,401)	-	(223,306)
Total right-of-use leased assets	$ 187,267	$ (75,121)	$ -	$ 112,146

Depreciation and amortization expenses for the year ended June 30, 2023, were $9,824, and $121,401 respectively.

NOTE 5 – LEASE LIABILITY

For the year ended June 30, 2023, the financial statements include the adoption of Government Accounting Standards Board (GASB) Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about a government's leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-of-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

	Balance July 01, 2022	Additions	Repayments	Balance June 30, 2023	Due within one year
Governmental activities:					
Lease Liability	$ 182,184	$ 46,280	$ 118,402	$ 110,062	$ 80,441
Total	$ 182,184	$ 46,280	$ 118,402	$ 110,062	$ 80,441

Lease Payable

The Agency has entered into various leases agreement for buildings and office equipment, with lease terms in excess of one year. None of these agreements contain purchase options. All the agreements contain a termination clause providing for cancellation after a specified number of days written notice to the lessors, but it is unlikely that the Agency will cancel any of the agreements prior to the expiration date. At June 30, 2023, the lease payable balance was $110,062. The annual discount rate is 3.5 percent.

The Agency entered into a lease agreement with Timothy J. Diestel and Joan C. Diestel for the building located at 197 Mono Way, Suite B, Sonora California 95370. The lease agreement entered into a written dated July 1, 2019, to June 30, 2024.

The Agency entered into a lease agreement with the Jackson Rancheria Band of MIWUK Indians for premises located at 1 Prosperity Court, Sutter Creek, California 95686. The lease agreement was initially dated November 15, 2018, with a written amendment extending the term from September 1, 2021, to April 30, 2023. Subsequently, another written amendment extended the lease from May 01, 2023, to April 30, 2026.

The Agency entered into a lease agreement with Calaveras County Chamber of Commerce and the premises located at 7 Main Street, San Andreas, California 95249. The term of this lease shall be three years, beginning on July 1, 2020, and ending on June 30, 2023.

Minimum future lease payments are as follows:

	Governmental Activities	
Year Ending June 30,	Principal	Interest
2024	$ 80,441	$ 4,165
2025	15,604	1,739
2026	14,017	435
Total	$ 110,062	$ 6,339

NOTE 6 – COMPENSATED ABSENCES

Compensated absences are comprised of unused vacation leave and certain compensated time off, which is accrued as earned. A maximum of 600 hours per employee may be accrued. Temporary employees are generally not eligible. On June 30, 2023, the compensated absence balance was as follows:

	Balance July 01, 2022	Increase/(decrease)	Balance June 30, 2023
Compensated absences	$ 156,648	$ (10,885)	$ 145,763
Total	$ 156,648	$ (10,885)	$ 145,763

NOTE 7 – NET PENSION LIABILITY

For the fiscal year ended June 30, 2023, the Agency reported net pension liability, deferred inflows of resources, deferred outflows of resources, and pension expense for the following plans:

	Net Pension Liability	Deferred Outflows Related to Pension	Deferred Inflows Related to Pension	Pension Expense (Income)
Defined Benefit Pension Plan	$ 3,102,497	$ 1,297,393	$ (254,837)	$ (456,436)
Total	$ 3,102,497	$ 1,297,393	$ (254,837)	$ (456,436)

The details of plan are as follows:

A. Plan description

The Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan or PERF C) is administered by the California Public Employees' Retirement System (the System or CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. Each individual employer rate plan generally has less than 100 active members.

The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. The benefit provisions for PERF C employees are established by statute. A full description regarding the number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information for the respective rate plan is listed in the respective rate plan's June 30, 2021 Annual Valuation Report (funding valuation). Details of the benefits provided can be obtained in Appendix B of the funding valuation report. This report and CalPERS' audited financial statements are publicly available reports that can be found on CalPERS' website at https://www.calpers.ca.gov/page/forms-publications.

NOTE 7 – NET PENSION LIABILITY - CONT'D

B. Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

On June 30, 2023, the Agency reported a liability of $3,102,497 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The total pension liability was rolled-forward from the valuation date to the plan year ending June 30, 2022, using generally accepted actuarial principles. There were no other significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2022; therefore, the employer's portion was established as of the measurement date of June 30, 2022.

The total pension liability on June 30, 2021, actuarial valuation was based on the following actuarial methods and assumptions:

Actuarial cost method:	Entry Age Normal Cost Method in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality rate table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational mortality improvements using Scale 80% of Scale MP 2020 published by the Society of Actuaries.
Post retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

These assumptions are from the CalPERS report:
https://www.calpers.ca.gov/docs/forms-publications/gasb-68-public-agency-schedules-2022.pdf

C. Change of assumptions

CalPERS has implemented a new actuarial valuation software system for the June 30, 2019, measurement date.

D. Long-term expected rate of return

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 pension plan investment expense, and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. Using the expected nominal returns for long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using long-term returns.

NOTE 7 – NET PENSION LIABILITY - CONT'D

D. Long-term expected rate of return - (Cont'd)

The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return* Years 1-10 (a)
Global equity - cap-weighted	30.00%	4.45%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00)%	(0.59)%

(*) Figures are based on the 2021-22 Asset Liability Management Study.
(a) An expected inflation rate of 2.30% used for this period.

E. Discount rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Sensitivity of the employer's proportionate share of the net pension liability to changes in the discount rate

The following presents the Agency's net pension liability as of June 30, 2023, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability	$ 4,644,034	$ 3,102,497	$ 1,834,195

The Agency's proportion of the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan was 0.02686% on June 30, 2023.

NOTE 7 – NET PENSION LIABILITY - CONT'D

G. Deferred outflows/inflows

For the year ended June 30, 2023, the Agency recognized pension income of $456,436. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

For the year ended June 30, 2023, the Agency had $1,297,393 of deferred outflows of resources and $(254,837) of deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred inflows of Resources
Differences between expected and actual experience	$ 62,304	$ (41,729)
Changes of assumptions	317,916	-
Net difference between projected and actual earnings on plan investments	568,295	-
Change in employer's proportion	15,638	(53,887)
Differences between employer's contributions and the employer's proportionate share of contributions	-	(159,221)
Pension contributions subsequent to measurement date	333,240	-
Total	$ 1,297,393	$ (254,837)

The Agency reported June 30, 2023 as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

Year Ending June 30,	Amount
2024	$ 148,874
2025	135,218
2026	77,636
2027	347,588
Total	$ 709,316

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

For the fiscal year ended June 30, 2023, the Agency reported total OPEB liability, deferred inflows of resources, deferred outflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense (Income)
Single employer plan	$ 2,206,024	$ 112,077	$ 319,635	$ 7,119
Total	$ 2,206,024	$ 112,077	$ 319,635	$ 7,119

The details of plan are as follows:

A. Plan Description

Mother Lode Job Training Agency's Retiree Benefit OPEB plan, is a single-employer defined benefit plan administered by the Agency. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

B. Covered Participants

At June 30, 2022, the measurement date, the following numbers of participants were covered by the benefit terms:

	Number of covered participants
Inactives currently receiving benefits	15
Inactives entitled to but not yet receiving benefits	11
Active employees	20
Total number of participant*	46

*As reported by the Agency

C. Changes in Total OPEB Liability and Related Ratios

	June 30, 2023
Total OPEB liability:	
Service cost	$ 102,905
Interest	55,567
Assumption changes	(372,034)
Benefits payments	(100,089)
Net change in total OPEB liability	(313,651)
Total OPEB liability - beginning	2,519,675
Total OPEB liability - ending	$ 2,206,024
Covered-employee payroll	$ 1,357,680
Total OPEB liability as a percentage of	162.48 %

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONT'D

D. Total OPEB Liability

The Agency's total OPEB liability of $2,206,024 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2022.

E. Significant Actuarial Assumption Used for Total OPEB Liability

The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

Actuarial assumptions:	**June 30, 2022 Measurement date**
Actuarial valuation date	June 30, 2022
Contribution policy	No pre-funding
Discount rate	3.54% at June 30, 2022 (Bond buyer 20-bond index)
	2.16% at June 30, 2021 (Bond buyer 20-bond index)
General inflation	2.50% annually
Mortality, retirement, disability, termination	CalPERS 2000-2019 experience study
Mortality improvement	Mortality projected fully generational with scale MP-2021
Salary increases	Aggregate - 2.75% annually
	Merit - CalPERS 2000-2019 experience study
Medical trend	Non-Medicare - 8.50% for 2023, decreasing to an ultimate rate of 3.45% in 2076.
	Medicare - 7.50% for 2023, decreasing to an ultimate rate of 3.45% in 2076
Cap	$720, $760 and $800 in 2022, 2023 and 2024+ respectively. No increase after 2024
PEMHCA minimum increase	3.50% annually
Healthcare participation at retirement	Actives - 80% Retirees - 100% if covered
Spouse coverage at retirement	Actives - 50% Retirees - 100% if covered

The actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience through June 30, 2022.

The discount rate was based on the Bond Buyer 20 Bond Index. The actuary assumed contributions would be sufficient to fully fund the obligation over a period not to exceed twenty years.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - CONT'D

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

The following presents the total OPEB liability of Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB liability	$ 2,466,518	$ 2,206,024	$ 1,985,988

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

The following presents the total OPEB liability of Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	$ 2,122,252	$ 2,206,024	$ 2,283,052

H. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2023, the Agency recognized OPEB expense/(income) of $7,119. At June 30, 2023, the Agency reported deferred outflows (inflows) of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	10,753	(319,635)
Employer contributions made subsequent to the measurement date	101,324	-
Total	$ 112,077	$ (319,635)

The reported as deferred outflows of resources related to OPEB resulting from Agency contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2023. The balances as of June 30, 2023 of the deferred outflows/(inflows) of resources will be recognized in OPEB expense for the year ending June 30, as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ (50,291)
2025	(50,291)
2026	(50,291)
2027	(50,291)
2028	(50,291)
Thereafter	(57,427)
Total	$ (308,882)

NOTE 9 – CONTINGENCIES AND CONCENTRATIONS

Federal and state grants – The Agency participates in federal grants, the principal of which is the U.S. Department of Labor. Disbursement of funds received under these grants requires compliance with terms and a condition specified in the grant agreement and is subject to audit by the grantor agency. Any disallowed costs resulting from such an audit could become a liability of the general fund or other applicable funds.

Economic dependency – The Agency receives a substantial amount of revenue for its programs funded by the U.S. Department of Labor, U.S. Department of Housing and Urban Development, and U.S. Department of Health and Human Services. During the fiscal year that ended June 30, 2023, the Agency received $3,036,079. This amounts to approximately 88% of the total revenue for the year.

NOTE 10 - SUBSEQUENT EVENTS

The Agency has evaluated subsequent events through March 29, 2024 the date at which the financial statements were available to be issued and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements, nor have any subsequent events occurred, the nature of which would require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

MOTHER LODE JOB TRAINING AGENCY

GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive/ (Negative)
REVENUES				
Other revenues	$ -	$ -	$ 398,272	$ 398,272
Grant revenues	4,024,007	4,024,007	3,036,079	(987,928)
Total revenues	4,024,007	4,024,007	3,434,351	(589,656)
EXPENDITURES				
Current:				
Administrative	1,315,068	1,315,068	1,246,260	68,808
Intensive	1,596,380	1,596,380	1,185,063	411,317
Core	315,377	315,377	273,355	42,022
Training	426,984	426,984	380,538	46,446
Rapid response	370,198	370,198	370,198	-
Capital outlay	-	-	46,280	(46,280)
Total expenditures	4,024,007	4,024,007	3,501,694	522,313
Excess/(deficiency) of revenues over expenditures	-	-	(67,343)	(67,343)
OTHER FINANCING SOURCES/(USES)				
Proceeds from leases	-	-	46,280	46,280
Total other financing sources/(uses)	-	-	46,280	46,280
Net change in fund balance	-	-	(21,063)	(21,063)
Fund balance, beginning of year	253,342	253,342	253,342	-
Fund balance, end of year	$ 253,342	$ 253,342	$ 232,279	$ (21,063)

MOTHER LODE JOB TRAINING AGENCY
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement period	2021-2022	2020-2021	2019-2020	2018-2019
Proportion of the net pension liability	0.02686 %	0.02854 %	0.02415 %	0.02359 %
Proportionate share of the net pension liability	$ 3,102,497	$ 1,543,283	$ 2,628,040	$ 2,417,245
Covered-employee payroll*	$ 1,182,286	$ 1,111,304	$ 1,145,514	$ 1,020,604
Proportionate Share of the net pension liability as percentage of covered-employee payroll	262.42%	138.87%	229.42%	236.84%
Proportionate share of the plan's fiduciary net position as a percentage of the total pension liability	76.68 %	88.29 %	75.10 %	75.26 %

	June 30, 2019	June 30, 2018	June 30, 2017
Measurement period	2017-2018	2016-2017	2012-2016
Proportion of the net pension liability	0.02284 %	0.02261 %	0.02220 %
Proportionate share of the net pension liability	$ 2,201,142	$ 2,242,699	$ 1,920,717
Covered-employee payroll*	$ 913,410	$ 768,809	$ 701,833
Proportionate Share of the net pension liability as percentage of covered-employee payroll	240.98%	291.71%	273.67%
Proportionate share of the plan's fiduciary net position as a percentage of the total pension liability	75.26 %	73.31 %	74.06 %

* For the year ending on the measurement date.

**2017 was the first year of implementation; therefore, only seven years are shown.

MOTHER LODE JOB TRAINING AGENCY

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST TEN YEARS**

__Changes in Total OPEB Liability__

	June 30, 2023	June 30, 2022
Changes in total OPEB Liability:		
Service cost	$ 102,905	$ 99,105
Interest	55,567	55,268
Changes of benefit terms	-	-
Actual vs. expected experience	-	-
Assumption changes	(372,034)	14,969
Benefits payments	(100,089)	(102,753)
Net changes	(313,651)	66,589
Total OPEB liability - beginning	2,519,675	2,453,086
Total OPEB liability - ending	$ 2,206,024	$ 2,519,675
Covered-employee payroll*	$ 1,357,680	$ 1,176,779
Total OPEB liability as a percentage of	162.48 %	214.12 %

* For the 12-month period ended on June 30, 2022 (Measurement date).
as reported by the Agency

**In the future, as data become available, ten years of information will be presented.

MOTHER LODE JOB TRAINING AGENCY
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN YEARS*

	2023	2022	2021	2020	2019
Actuarially determined contribution	$ 333,240	$ 299,454	$ 264,306	$ 236,714	$ 196,794
Contributions in relation to the actuarially determined contribution*	333,240	299,454	264,306	236,714	196,794
Contribution deficiency/(excess)	$ -	$ -	$ -	$ -	$ -
Agency's covered employee payroll	$ 1,182,286	$ 1,111,304	$ 1,145,514	$ 1,020,604	$ 913,410
Contributions as a percentage of covered employee payroll	28.19 %	26.95 %	23.07 %	23.19 %	21.54 %

* For the year ending on the measurement date.

SUPPLEMENTARY INFORMATION

MOTHER LODE JOB TRAINING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Labor			
Passed through the State of California Employment Development Department:			
WIOA Cluster			
Workforce Innovation and Opportunity Act - Youth	17.259	AA211016	$ 29,915
Workforce Innovation and Opportunity Act - Youth	17.259	AA311016	139,244
Workforce Innovation and Opportunity Act - Adult	17.258	AA211016	3,895
Workforce Innovation and Opportunity Act - Adult	17.258	AA311016	395,573
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	AA211016	9,187
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	AA311016	261,985
Workforce Innovation and Opportunity Act - Rapid Response	17.278	AA311016	286,046
Rapid Response Layoff Aversion	17.278	AA311016	84,152
Workforce Accelerator Fund (WAF 10.0)	17.258	AA211016	168,681
Regional Plan Implementation 4.0	17.258	AA111016	64,182
Regional Plan Implementation 5.0	17.258	AA311016	83,077
Disability Employment Accelerator	17.258	AA111016	64,293
Central Valley Forestry Corps – Reedley & Mother Lode	17.258	Agreement 630	26,350
High Roads Construction Consortium-CCI Valley Build	17.258	8GA22001	11,764
Total WIOA Cluster			1,628,344
Sever Winter Storms DR NDWG	17.277	AA311016	26,173
QUEST Disaster Recovery NDWG - Temporary Jobs	17.277	AA311016	15,388
QUEST Disaster Recovery NDWG - WorkForce Development	17.277	AA311016	197,463
Summer Training and Employment Program	84.126A	H126A220005	40,722
Total U.S. Department of Labor			1,908,090
U.S. Department of Housing and Urban Development			
Passed through the Housing and Community Development			
CDBG - Disaster Recovery Grants – Pub. L. No. 113-2 Cluster			
Rural Community Assistance Corporation BioMass Utilization Fund	14.272	BUF/M301, No.2	8,289
Total U.S. Department of Housing and Urban Development			$ 8,289

See accompanying notes to schedule of expenditures of federal awards.

MOTHER LODE JOB TRAINING AGENCY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Passed through the County of Mariposa			
CalWorks	93.558		$ 36,590
CalWorks ESEP	93.558		51,725
Passed through the County of Tuolumne			
CalWorks	93.558		62,010
CalFresh	93.558		3,611
Tuolumne County Infrastruction Support Services	93.558		36,265
Passed through the County of Calaveras			
CalWorks ESEP	93.558		47,058
Total U.S. Department of Health and Human Services			237,259
Total Expenditures of Federal Awards			$ 2,153,638

See accompanying notes to schedule of expenditures of federal awards.

MOTHER LODE JOB TRAINING AGENCY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation **-** The accompanying schedule of expenditures of federal awards (the "Schedule"), includes the federal grant activity of Mother Lode Job Training Agency (the "Agency"), under programs of the federal government for the year ended June 30, 2023. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. 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).

Relationship to financial reports **-** Information included in the accompanying Schedule is in substantial agreement with the information reported in the related financial reports for major programs.

Program costs **-** The Agency accounts for and reports on the costs of program activities covered under the federal grant awards on an accrual 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 reimbursement.

Subrecipients **-** The Agency does not pass through funds to subrecipients.

WIOA Cluster **-** 2 CFR 200.17 defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. The OMB Compliance Supplement lists specific programs to be included in the WIOA Cluster; however, due to State government guidance, an additional program was required to be included in this cluster. The programs in the WIOA Cluster include the following federal assistance listing numbers:

Federal Grantor, Program Title	Federal Assistance Listing Number
U.S. Department of Labor	
WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278

NOTE 2 – INDIRECT COSTS

The Agency has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance as described in 2 CFR 200.414.

COMPLIANCE SECTION

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

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 Board of Directors
Mother Lode Job Training Agency
Sonora, 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 major fund of Mother Lode Job Training Agency (the "Agency"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Harshwal & Company LLP

Oakland California
March 29, 2024

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Mother Lode Job Training Agency
Sonora, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mother Lode Job Training Agency (the "Agency") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2023. The Agency's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards,* and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Harshwal & Company LLP

Oakland, California
March 29, 2024

MOTHER LODE JOB TRAINING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
• Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major programs	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness?	None reported
Type of auditor's report issued on compliance in accordance with major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with *Uniform Guidance 2 CFR 200.516(a)?*	No

Identification of major programs:

Federal Assistance Listing Number	*Name of Federal Program or Cluster*
Various	WIOA Cluster

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee	No

SECTION II - AUDIT FINDINGS IN RELATION TO FINANCIAL STATEMENTS

There were no findings related to the financial statements.

MOTHER LODE JOB TRAINING AGENCY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs related to federal awards for the fiscal year ended June 30, 2023.

MOTHER LODE JOB TRAINING AGENCY

STATUS OF PRIOR YEAR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

There were no findings reported in prior year.