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ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Antelope Valley Community College District
Lancaster, California

Opinions

We have audited the accompanying financial statements of the business-type activities, and the fiduciary activities of Antelope Valley Community College District (the "District") as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District'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 business-type activities, and the fiduciary activities of the District as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Antelope Valley Community College District 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.

Emphasis of Matter Regarding Adoption of New Accounting Standard

As discussed in Note 1 to financial statements, the District has adopted the provisions that were effective upon issuance of Government Accounting Standards Board (GASB) Statement No. 99, *Omnibus 2022*, for the year ended June 30, 2023. Our opinion was not modified with respect to this matter.

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; 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 misstatements, 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 District's ability to continue as a going concern for one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 District'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 District'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, 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), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, 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 accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Management's Discussion and Analysis section and unaudited supplementary information section, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on other work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2023, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



San Diego, California
December 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

This section of Antelope Valley Community College District’s annual financial report presents our discussion and analysis of the District’s financial performance during the year ended June 30, 2023.

The California Community College Chancellor’s Office has recommended that all State community college Districts follow the new standards under the Business Type Activity (“BTA”) model. The District has adopted the BTA reporting model for these financial statements to comply with the recommendation of the Chancellor’s Office and to report in a manner consistent and comparable with other community college Districts.

The following discussion and analysis provides an overview of the District’s financial activities with emphasis on current year data. As required by accounting principles, the annual report consists of three basic financial statements that provide information on the District as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

Some of the changes in the financial statements that have resulted under the BTA model from the implementation of these standards are:

- Revenues and expenses are categorized as either operating or non-operating
- Pledges from donors (excluding permanent endowments) are recorded, as receivable and non-operating revenues at the date of the pledge
- Capital assets are included in the statement presentations

FINANCIAL HIGHLIGHTS

- The District’s total combined net position was \$134,758,172 at June 30, 2023. This is a change from the total combined net position as of June 30, 2022, which reflected \$110,285,640.
- During the fiscal year, the District’s total operating expenses, were \$185,216,861. There was an excess of revenues over expenses of \$24,474,197.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Statement of Net Position

The Statement of Net Position (see page 13, Basic Financial Statements section) presents the assets, deferred outflows of resources, liabilities, deferred inflows and outflows of resources and net position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net position—the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure the financial health of the District. The data allows readers to determine the assets available to continue the operations of the District. The net position of the District consists of three major categories.

- Net investment in capital assets – The District’s equity in property, plant and equipment.
- Restricted net position (either expendable or nonexpendable) – The District is restricted by use constraints placed on them by outside parties such as through agreements, laws, or regulations of creditors or other governments or imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position – The District can use them for any lawful purpose. Although unrestricted, the District’s governing board may place internal restrictions on net position, but it retains the power to change, remove, or modify these restrictions.

The District’s financial position remained positive in fiscal year 2023. Current assets increased by \$32,625,345 or 43.58 percent. Current liabilities increased by \$20,833,151 or by 36.96 percent mainly due to unearned revenues and accounts payable & accrued expenses. The final paycheck for the fiscal year is accrued in the current fiscal year and paid out of the following fiscal year. Unearned revenue mainly occurs with restricted programs and grants or from the summer session. The revenues cannot be “earned” until they are expended.

	2023	2022	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	\$ 707,093,431	\$ 606,190,509	\$ 100,902,922
Deferred outflows of resources	57,026,257	55,546,293	1,479,964
Total Assets and Deferred Outflows of Resources	764,119,688	661,736,802	102,382,886
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	77,200,636	56,367,485	20,833,151
Non-current liabilities	533,274,226	461,242,378	72,031,848
Deferred inflows of resources	18,886,654	33,841,299	(14,954,645)
Total Liabilities and Deferred Inflows of Resources	629,361,516	551,451,162	77,910,354
NET POSITION			
Invested in capital assets, net of related debt	146,815,831	130,854,902	15,960,929
Restricted	10,589,111	15,413,422	(4,824,311)
Unrestricted	(22,646,770)	(35,982,684)	13,335,914
Total Net Position	\$ 134,758,172	\$ 110,285,640	\$ 24,472,532

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (see page 14, Basic Financial Statements section) presents the operating results of the District. The purpose of the statement is to present the revenues received and expensed paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spend by the District. State general apportionment funds, budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

Changes in total net position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Operating revenues are received for those expenses paid to acquire or produce the goods and services provided in the course of carrying out the mission of the District.

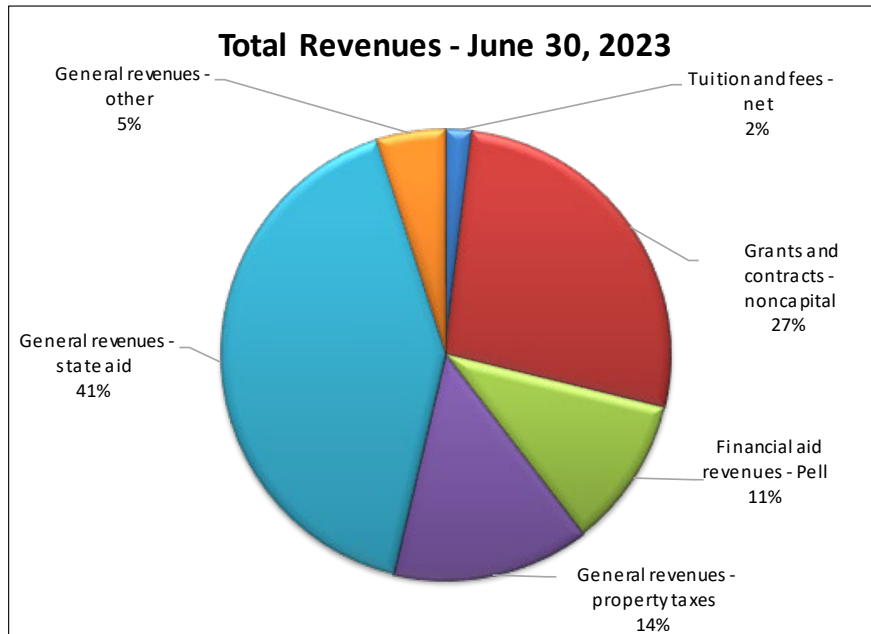
The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in tuition and fees, state apportionment, grants and contracts, and state aid. The change in net position at June 30, 2023 has increased at the end of the year by \$6,437,437 from June 30, 2022. Including an adjustment to the prior period, the District reports an increase in its Net Position of \$24,472,532 million for this fiscal year. Below is a summary of changes in revenues and expenses for the years ended June 30, 2023 and June 30, 2022:

	2023	2022	Change
REVENUES			
Tuition and fees - net	\$ 3,956,313	\$ 2,654,345	\$ 1,301,968
Grants and contracts - noncapital	56,487,039	57,883,375	(1,396,336)
Financial aid revenues - Pell	22,642,605	17,074,980	5,567,625
General revenues - property taxes	29,529,578	26,770,913	2,758,665
General revenues - state aid	86,740,801	76,902,342	9,838,459
General revenues - other	10,334,722	4,218,089	6,116,633
Total Revenues	209,691,058	185,504,044	24,187,014
EXPENSES			
Operating expenses	190,422,418	153,130,404	37,292,014
Interest and other	(5,205,557)	14,336,824	(19,542,381)
Total Expenses	185,216,861	167,467,228	17,749,633
Change in Net Position	24,474,197	18,036,816	6,437,381
Prior Period Adjustment	(1,665)	(852,122)	850,457
Change in Net Postion	\$ 24,472,532	\$ 17,184,694	\$ 7,287,838

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

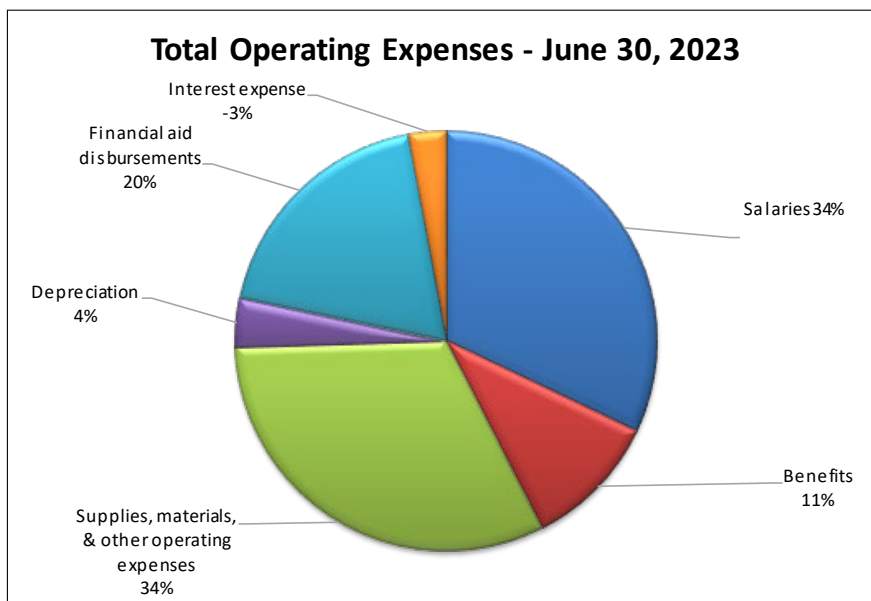
Total Revenues for the Year Ended June 30, 2023

The following chart graphically shows the various components of revenue for the District as a whole:



Total Operating Expenses for the Year Ended June 30, 2023

The following chart graphically shows the various components of operating expenses for the District as a whole:



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Statement of Cash Flows

The statement of cash flows (see pages 15 and 16, Basic Financial Statements section) provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and show the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. The net cash used by the District for operating activities for the period ended June 30, 2023 was \$113,104,975.

Capital Assets

The District's capital assets, net of accumulated depreciation at June 30, 2023 totaled \$448,907,392. This represented an increase in capital assets of \$21,800,095 from the prior year or a 5.10 percent increase from 2022 due to changes in construction in progress, building improvements and restatement to buildings and improvements. The District construction and improvements were primarily funded by utilized redevelopment funding and has received State scheduled maintenance funds. Below is a summary of the District's capital assets.

	2023	2022	Change
Capital Assets not being depreciated	\$ 59,480,929	\$ 79,383,577	\$ (19,902,648)
Capital Assets being depreciated	481,187,855	433,258,932	47,928,923
Accumulated depreciation	(91,761,392)	(85,535,212)	(6,226,180)
Total Capital Assets	\$ 448,907,392	\$ 427,107,297	\$ 21,800,095

Long-Term Liabilities

The District's total long-term liabilities at June 30, 2023 totaled \$544,729,708. Of this amount, \$12,825,114 is due in the upcoming fiscal year. Long-term liabilities have increased by \$71,049,720 or 15.00 percent. Below is a summary of the District's long-term liabilities.

	2023	2022	Change
General obligation and revenue bonds	\$ 444,595,605	\$ 399,607,575	\$ 44,988,030
Compensated absences	2,520,252	2,191,473	328,779
Net OPEB liability	1,027,635	5,046,018	(4,018,383)
Net pension liability	73,599,220	53,362,358	20,236,862
Other long-term liabilities	11,081,528	503,321	10,578,207
Lease liability	11,905,532	12,969,243	(1,063,711)
Total Long-term Liabilities	\$ 544,729,772	\$ 473,679,988	\$ 71,049,784

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

District’s Fiduciary Responsibility

The District is the trustee, or fiduciary, for certain amounts held on behalf of the students, clubs and donors for student loans and scholarships. The District’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the District’s other financial statements because we cannot use these assets to finance operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

2023-2024 Enacted Budget for Community Colleges (In Millions)

The State of California approved its 2023-2024 budget on July 10, 2023. Below is the California Community College enacted budget for on-going programs (in millions) and changes made through the legislative process.

Program	2022-23 Revised	2023-24 Proposed	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$8,734.00	\$9,421.10	\$687.10	7.9%	COLA, growth, and other base adjustments
Adult Education Program – Main	603.1	652.2	49.1	8.1%	COLA
Student Equity and Achievement Program	524.0	524.0	0.0	0.0%	
Student Success Completion Grant	412.6	362.6	-50.0	-12.1%	Adjust for revised estimates of recipients
Strong Workforce Program	290.4	290.4	0.0	0.0%	
Part-time Faculty Health Insurance	200.5	200.5	0.0	0.0%	
Extended Opportunity Programs and Services (EOPS)	169.2	183.1	13.9	8.20%	COLA
Disabled Students Programs and Services (DSPS)	159.7	172.8	13.1	8.20%	COLA
Full-time Faculty Hiring	150.0	150.0	0.0	0.0%	
California College Promise (AB 19)	91.2	91.2	0.0	0.0%	
Integrated Technology	89.5	89.5	0.0	0.0%	
Financial Aid Administration	81.6	78.5	-3.1	-3.8%	Workload adjustment
Apprenticeship (community college districts)	69.2	64.3	-4.9	-7.1%	COLA and program reduction
CalWORKs student services	50.9	55.1	4.2	8.30%	COLA
NextUp (foster youth program)	50.0	54.1	4.1	8.2%	COLA
Basic Needs Centers	40.0	43.3	3.3	8.2%	COLA
Mandates Block Grant and Reimbursements	36.1	38.3	2.2	6.1%	COLA and enrollment-based adjustment
Mathematics, Engineering, Science Achievement (MESA)	36.4	39.4	3.0	8.20%	COLA
Cooperative Agencies Resources for Education (CARE)	30.9	33.5	2.5	8.20%	COLA
Student Mental Health Services	30.0	32.5	2.5	8.2%	COLA
Institutional Effectiveness Initiative	27.5	27.5	0.0	0.0%	
Part-time Faculty Compensation	26.5	26.5	0.0	0.0%	
Rising Scholars Network	25.0	25.0	0.0	0.0%	
Part-time Faculty Office Hours	23.6	23.6	0.0	0.0%	
Economic and Workforce Development	22.9	22.9	0.0	0.0%	
California Virtual Campus	20.0	20.0	0.0	0.0%	
Homeless and Housing Insecurity Program 'Rapid Rehousing'	19.0	20.6	1.6	8.2%	COLA
Calbright College	15.0	15.0	0.0	0.0%	
Nursing Grants	13.4	13.4	0.0	0.0%	
Lease Revenue Bond Payments	12.8	12.8	0.0	0.0%	
Equal Employment Opportunity Program	12.8	17.0	4.2	32.8%	Add one-time funding
Puente Project	12.3	13.3	1.0	8.2%	COLA

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT, continued

Program	2022-23 Revised	2023-24 Proposed	Change Amount	Percent Change	Explanation of Change
Dreamer Resource Liaisons	11.6	11.6	0.0	0.0%	
Classified Employee Summer Assistance Program	10.0	10.0	0.0	0.0%	
Immigrant Legal Services through CDSS	10.0	10.0	0.0	0	
Veterans Resource Centers	10.0	10.8	0.8	8.2%	COLA
Umoja	8.5	9.2	0.7	8.2%	COLA
AANHPI Student Achievement Program	8.0	8.0	0.0	0.0%	
Foster Care Education Program	6.2	6.2	0.0	0.0%	
Childcare Tax Bailout	4.0	4.3	0.3	8.2%	COLA
Middle College High School Program	1.8	1.8	0.0	0.00%	
Academic Senate	1.7	1.8	0.1	6.6%	6.56% COLA
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	1.4	1.4	0.0	0.0%	
African American Male Education Network and Development (A2MEND)	1.1	1.1	0.0	0.0%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	0.7	0.7	0.0	0.0%	
FCMAT	0.6	0.8	0.2	35.1%	Increase for FCMAT Professional Learning Opportunities
Total	\$12,155.70	\$12,891.58	\$735.88	6.1%	

Below is the California Community College enacted budget for one-time programs (in millions) and changes made through the legislative process.

Program	2022-23 Revised	2023-24 Enacted	Explanation of Change
Retention and enrollment strategies (one-time)	94.6	50.0	Reduces prior year funding by \$55.4 million (from \$150) and adds one-time funds for 2023-24
Workforce Training Grants	0.0	14.0	One-time funds added
LGBTQ+ Pilot Program	0.0	10.3	One-time funds added
College-specific allocations	171.5	2.5	One-time funds added for East Los Angeles College Entrepreneurship and Innovation Center
FCMAT Professional Learning Opportunities	0.0	0.1	One-time funds added
Deferred maintenance	340.7	5.7	Reduce prior year funding by \$500 million (from \$840.7) and adds one-time funds for 2023-24
Study online course and program offerings	0.0	0.5	One-time funds added

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT, continued

Pension

CalPERS increased from 25.37% in 2022-23 to 26.68% in 2023-24. No increase to CalSTRS.

OTHER ECONOMIC FACTORS

Higher Education Emergency Relief Funds (HEERF)

Antelope Valley College was awarded the following in HEER funds:

HEERF I -The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)

Antelope Valley College Allocation: \$10,887,536

Institutional Aid: \$5,122,845

Minority Serving Institution: \$641,845

Student Aid: \$5,122,846

HEERF II -Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA)

Antelope Valley College Allocation: \$22,729,960

Institutional Aid: \$16,457,850

Minority Serving Institution: \$1,149,264

Student Aid: \$5,122,846

HEERF III -American Rescue Plan Act (ARP)

Antelope Valley College Allocation: \$39,915,987

Institutional Aid: \$18,840,730

Minority Serving Institution: \$1,956,889

Student Aid: \$19,118,368

A no cost extension through 6/30/2024 was approved for all remaining funds not spent.

District Budget

On September 11, 2023, the Board of Trustees officially approved the fiscal year 2023-24 budget. Throughout the year, the District routinely revises the budget to accommodate unforeseen changes in both revenues and expenditures. The budget for Antelope Valley College in 2023-24 encompasses various elements, including an estimated reduction of 2.2926% in Total Computation Revenue (TCR), Student Center Funding Formula (SCFF) stability funding, an 8.22% SCFF COLA (Cost of Living Adjustment), the absence of a COVID-19 Emergency Conditions Allowance (sunset), a Student Center Funding Formula Full-Time Equivalent Students (SCFF FTES) figure of 9,002, negotiated schedule increases, step and column increases, pension rate hikes, and proposed resource allocation funding.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

OTHER ECONOMIC FACTORS, continued

Long-term Capital Outlay Funding

On February 12, 2018, the Board of Trustees approved Resolution 17-18/10 to commit up to \$35 million in proceeds from Measure AV into an endowment account maintained through the Los Angeles County Treasurer and Tax Collector's Office for future district small capital repair, instructional equipment and technology projects. The endowed funds will continue to be maintained upon the completion of Measure AV, with the interest earnings used annually.

Minimum Wage

California's minimum wage will increase to \$16 per hour for all employers on January 1, 2024. In 2023, the minimum wage is \$15.50.

Other Post-Employment Benefits

The District has established a trust for Other Post-Employment Benefits (OPEB) for retiree health and welfare benefits.

Pension Stabilization

The District is dedicated to managing its long-term liabilities responsibly. Pursuant to BP 6250, Budget Management, the establishment of a pension stabilization trust fund has been approved, contingent upon its feasibility within the multi-year budget projections. The purpose of the pension stabilization fund is to safeguard the District's ability to fulfill both current and future employer-funded pension obligations.

Reserves

As outlined in BP 6200 Budget Preparation, the Board of Trustees has set a minimum reserve requirement at 17% of the prior fiscal year's actual unrestricted general fund expenditures for the unrestricted reserve.

Contacting the Antelope Valley College's Financial Management

This financial report is designed to provide our citizens and taxpayers an overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of Administrative Services.

¹ Joint Analysis Enacted 2023-24 Budget July 10, 2023, prepared by the California Community Colleges Chancellor's Office (Chancellor's Office) with review support from the Association of California Community College Administrators (ACCCA), Association of Chief Business Officials (ACBO) and the Community College League of California (League).

FINANCIAL SECTION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 85,781,388
Accounts receivable, net	20,761,673
Specific purpose investment	1,200,000
Inventory	151,106
Due from other funds	2,899
Prepaid expenses	798,928
Total Current Assets	<u>108,695,994</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	113,019,642
Specific purpose investment	25,230,000
Lease receivable	259,477
Right of use assets	10,980,926
Capital assets, net	448,907,392
Total Noncurrent Assets	<u>598,397,437</u>
TOTAL ASSETS	<u>707,093,431</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	30,220,723
Deferred outflows - OPEB	2,056,888
Deferred outflows - pensions	24,748,646
Total Deferred Outflows of Resources	<u>57,026,257</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 764,119,688</u>
LIABILITIES	
Current Liabilities:	
Accounts payable & accrued expenses	\$ 26,974,013
Unearned revenue	38,771,077
Lease liability, current portion	1,088,468
Long-term debt, current portion	10,367,078
Total Current Liabilities	<u>77,200,636</u>
Noncurrent Liabilities:	
Compensated absences	2,520,252
Lease liability	10,817,064
Net pension liability	73,599,220
Net OPEB Liability	1,027,635
Banked faculty load time	536,889
Long-term debt, non-current portion	444,773,166
Total Noncurrent Liabilities	<u>533,274,226</u>
TOTAL LIABILITIES	<u>610,474,862</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	1,975,002
Deferred inflows - pensions	16,725,477
Deferred inflows - leases	186,175
Total Deferred Inflows of Resources	<u>18,886,654</u>
NET POSITION	
Net investment in capital assets	146,815,831
Restricted for:	
Debt service	16,621,682
Capital projects	(8,348,518)
Other special purpose	2,315,947
Unrestricted	<u>(22,646,770)</u>
TOTAL NET POSITION	<u>134,758,172</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 764,119,688</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

OPERATING REVENUES	
Tuition and fees, gross	\$ 11,853,037
Less: Scholarship discounts and allowances	(7,896,724)
Net tuition and fees	<u>3,956,313</u>
Grants and contracts, noncapital:	
Federal	24,691,351
State	<u>31,795,688</u>
TOTAL OPERATING REVENUES	<u>60,443,352</u>
OPERATING EXPENSES	
Salaries	62,979,765
Employee benefits	20,859,853
Supplies, materials, and other operating expenses and services	62,897,630
Student aid	36,307,650
Depreciation	<u>7,377,520</u>
TOTAL OPERATING EXPENSES	<u>190,422,418</u>
OPERATING LOSS	<u>(129,979,066)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	82,660,544
Local property taxes	9,844,393
State taxes and other revenues	4,080,257
Pell grants	22,642,605
Investment expense - noncapital	(444,813)
Interest expense on capital asset-related debt	5,205,557
Other non-operating revenues	<u>7,139,115</u>
TOTAL NON-OPERATING REVENUES	<u>131,127,658</u>
INCOME BEFORE OTHER REVENUES (EXPENSES)	<u>1,148,592</u>
OTHER REVENUES (EXPENSES)	
State apportionments, capital	3,640,420
Local property taxes and revenues, capital	<u>19,685,185</u>
TOTAL OTHER REVENUES	<u>23,325,605</u>
INCREASE IN NET POSITION	24,474,197
NET POSITION -- BEGINNING OF YEAR	110,285,640
PRIOR YEAR ADJUSTMENT (SEE NOTE 14)	<u>(1,665)</u>
NET POSITION -- END OF YEAR	<u>\$ 134,758,172</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 3,956,313
Grants and contracts	71,152,633
Payments to or on behalf of employees	(83,664,478)
Payments to vendors for supplies and services	<u>(104,549,443)</u>
Net Cash Used In Operating Activities	<u>(113,104,975)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	82,660,544
Property taxes	9,844,393
State taxes and other revenues	4,080,257
Financial aid revenues	22,642,605
Other nonoperating cash flows	<u>7,144,857</u>
Net Cash Provided by Non-capital Financing Activities	<u>126,372,656</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(29,089,986)
Local property taxes and other revenues, capital purpose	23,325,605
Proceeds from long-term debt	54,060,075
Interest paid on long-term debt	<u>6,678,151</u>
Net Cash Provided by Capital Financing Activities	<u>54,973,845</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment expense	(444,813)
Purchase of investment	<u>(26,430,000)</u>
Net Cash Used In Investing Activities	<u>(26,874,813)</u>
NET INCREASE IN CASH & CASH EQUIVALENTS	41,366,713
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>157,434,317</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 198,801,030</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023**

**RECONCILIATION OF OPERATING LOSS TO NET CASH
USED IN OPERATING ACTIVITIES**

Operating loss	<u>\$ (129,979,066)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation expense	6,226,180
Changes in Assets and Liabilities:	
Receivables, net	(12,468,654)
Inventory	2,210
Prepaid items	(81,981)
Deferred outflows of resources	(1,479,964)
Accounts payable and accrued liabilities	7,204,262
Deferred revenue	14,665,594
Compensated absences	328,779
Leases	1,151,340
Net pension liability	20,236,862
Net OPEB liability	(4,018,383)
Deferred inflows of resources	<u>(14,925,722)</u>
Total Adjustments	<u>16,874,091</u>
Net Cash Used In Operating Activities	<u>\$ (113,104,975)</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2023

	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Payroll Clearing Account	Total
ASSETS				
Cash and cash equivalents	\$ 43,067	\$ -	\$ 2,423,140	\$ 2,466,207
Investments	-	8,706,721	-	8,706,721
Total Assets	43,067	8,706,721	2,423,140	11,172,928
LIABILITIES				
Accounts payable & accrued expenses	1,375	-	2,411,835	2,413,210
Unearned revenue	4,551	-	-	4,551
Total Liabilities	5,926	-	2,411,835	2,417,761
NET POSITION				
Net position restricted for OPEB	-	8,706,721	-	8,706,721
Held in trust for others	37,141	-	11,305	48,446
Total Net Position	\$ 37,141	\$ 8,706,721	\$ 11,305	\$ 8,755,167

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2023**

	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Payroll Clearing Account	Total
OPERATING REVENUES				
Contributions	\$ -	\$ 387,113	\$ -	\$ 387,113
Investment income	18	696,014	-	696,032
Other local revenue	364,812	-	-	364,812
Total Operating Revenues	364,830	1,083,127	-	1,447,957
OPERATING EXPENSES				
Supplies, materials, and other outgo	364,812	500,883	-	865,695
Total Operating Expenses	364,812	500,883	-	865,695
Net Change in Net Position	18	582,244	-	582,262
NET POSITION				
Beginning of Year	37,123	8,124,477	11,305	8,172,905
End of Year	\$ 37,141	\$ 8,706,721	\$ 11,305	\$ 8,755,167

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Antelope Valley Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section s115.

The decision to include potential component units in the reporting entity was made by applying the criteria set forth in accounting principles generally accepted in the United States of America and GASB Cod. Sec. 2100. The three criteria for requiring a legally separate, tax-exempt organization to be presented as a component unit are the "direct benefit" criterion, the "entitlement/ability to access" criterion, and the "significance" criterion. The District has no component units.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Under this model, the District's financial statements provide a comprehensive entity-wide perspective look at the District's financial position and activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenditures are recorded when the obligation has been incurred. All significant intra-agency transactions have been eliminated. The budgetary and financial accounts of the District are recorded and maintained in accordance with the Chancellor's Office's *Budget and Accounting Manual*.

Fiduciary funds for which the District acts only as an agent are not included in the business-type activities of the District. These funds are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Cash and Cash Equivalents

For the purposes of the financial statements, cash equivalents are defined as financial instruments with an original maturity of three months or less. Funds invested in the Los Angeles County Treasury are considered cash equivalents.

Restricted Cash and Cash Equivalents

Cash that is externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, is classified as noncurrent assets in the Statement of Net Position.

Investments

Investments are reported at fair value using quoted market prices and unrealized and realized gains and losses are included in the Statement of Change in Fiduciary Net Position.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Receivable

Accounts Receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts Receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District maintains an allowance for doubtful accounts at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of accounts receivable balance. At June 30, 2023, management determined that no allowance was necessary.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30.

Right of Use Assets

The District has recorded intangible right of use assets as a result of implementing GASB 87 and 96. 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.

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or acquisition value at the date of donation in the case of gifts. For equipment, the District's capitalization policy included all items with a unit cost of \$5,000 or higher and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 5 - 50 years depending on asset type.

Compensated Absences

Compensated absence costs are accrued when earned by employees. Accumulated unpaid employee vacation benefits are recognized at year end as liabilities of the District.

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain State Teachers' Retirement System and Public Employees' Retirement System employees, when the employee retires.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Banked Faculty Load Time

A regular teaching load is considered by a schedule which yields one Full Time Equivalent (FTE). An overload is defined as a schedule which yields more than one FTE. The excess load is recorded as a liability in the Statement of Net Position.

Unearned Revenue

Revenue from Federal, State and local special projects and programs is recognized when qualified expenditures have been incurred. Tuition, fees and other support received but not earned are recorded as unearned revenue until earned.

Deferred Outflows/Inflows of Resources

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(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. During the year ended June 30, 2023, the District recognized \$2,123,798 in amortization of the deferred loss on refunding. Additionally, the District has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the pensions and OPEB.

In addition to liabilities, the statement of net position reports 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(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. 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.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

On-Behalf Payments

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires that direct on-behalf payments for fringe benefits and salaries made by one entity to a third-party recipient for the employees of another legally separate entity be recognized as revenue and expenditures by the employer government. The State of California makes direct on-behalf payments for retirement benefits to the STRS and PERS on behalf of all Community Colleges in California. This amount has been reflected in the basic financial statements as a component of other state revenue and employee benefit expense.

Postemployment Benefits Other Than Pensions (OPEB)

For purpose of measuring the net OPEB liability, information about the fiduciary net position of the Other Postemployment Benefit Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and interest-earning investment contracts that are reported at cost. The Plan is included in the District's financial report and separately presented as a fiduciary fund. Separate financial statements are also prepared for the Plan and may be obtained by contacting the Antelope Valley Community College District.

Net Position

The District's net position are classified as follows:

Net investment in capital assets: This represents the District's total investment in capital assets, net of associated outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position: Restricted expendable net position includes resources in which the District is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. Nonexpendable restricted net position consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal. At June 30, 2023, there is no balance of nonexpendable restricted net position.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, State apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then towards unrestricted resources.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

State Apportionments

Certain current year apportionments from the State are based on various financial and statistical information of the previous year. Any prior year corrections due to a recalculation will be recorded in the year computed by the State.

Classification of Revenue and Expenses

The District has classified its revenues as either operating or nonoperating revenues. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Cod. Sec. Co5.101 including State appropriations, local property taxes, and investment income. Nearly all the District's expenses are from exchange transactions. Revenues and expenses are classified according to the following criteria:

Operating revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and local grants and contracts and Federal appropriations. All expenses are considered operating expenses except for interest expense on capital related debt.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as Pell grants, gifts and contributions, and other revenue sources described in GASB Cod. Sec. Co5.101, such as State appropriations and investment income. Interest expense on capital related debt is the only non-operating expense.

Scholarship Discounts and Allowances

Student tuition and fee revenues are reported net of the Board of Governors fee waivers and allowances in the statement of revenues, expenses and change in net position. Certain governmental grants, and other federal, state and nongovernmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

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. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, Conduit Debt Obligations. This standard’s primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

GASB Statement No. 96 – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23. The District has not yet determined the impact on the financial statements.

GASB Statement No. 99 – In April 2022, GASB issued Statement No. 99, Omnibus 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The statement addresses various practice issues, including: (a) clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives, (b) disclosures related to nonmonetary transactions; clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements, (c) terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, and (d) terminology used in Statement 53 to refer to resource flows statements. A portion of this statement was effective upon issuance, while the remaining portions of this statement were effective for periods beginning after June 15, 2022 and for periods beginning after June 15, 2023. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023. The District has not yet determined the impact on the financial statements.

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, Compensated Absences. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023. The District has not yet determined the impact on the financial statements.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 – CASH AND CASH EQUIVALENTS

District cash and investments at June 30, 2023, consisted of the following:

Governmental Funds:	
County treasurer's investment pool	\$ 187,614,179
Cash on hand and in banks	11,186,851
Total cash and investments - Governmental Funds	<u>\$ 198,801,030</u>
Fiduciary Funds:	
County treasurer's investment pool	\$ 2,411,257
Cash on hand and in banks	54,950
Cash with fiscal agents	8,706,721
Total cash and investments - Fiduciary Funds	<u>\$ 11,172,928</u>

Mutual funds held within the OPEB trust fund at June 30, 2023, consisted of the following:

Cash with fiscal agents:	
Mutual funds - equity	\$ 1,240,000
Mutual funds - fixed income	7,264,500
Mutual funds - real estate	202,221
Total investments in OPEB Trust Fund	<u>\$ 8,706,721</u>

Cash in County Treasury

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the County Treasurer's Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 2 – CASH AND CASH EQUIVALENTS, continued

Custodial Credit Risk

The California Government Code requires California banks and savings and loan associations to secure the District's deposits by pledging government securities as collateral. The fair value of pledged securities must equal 110 percent of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an agency's total deposits and collateral is considered to be held in the name of the District. All cash held by financial institutions is entirely insured or collateralized.

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. As of June 30, 2023, the District's bank balance was fully collateralized with eligible collateral in accordance with California Government Code Section 53651.

Cash with Fiscal Agent

Cash with Fiscal Agent represents amounts held in the District's name with third party custodians for future repayment of long-term liabilities.

Interest Rate Risk

The District investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2023, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

Under provision of the District's policies and in accordance with Sections 53601 and 53602 of the California Government code, the District may invest in the following types of investments:

- Local agency bonds, notes or warrants within the state
- Securities of the U.S. Government or its agencies
- Certificates of Deposit with commercial banks
- Commercial paper
- Repurchase Agreements

Concentration of Credit Risk

The District does not place limits on the amount they may invest in any one issuer. At June 30, 2023, the District had no concentration of credit risk.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a company's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

Assets Recorded at Fair Value

The following table presents information about the District's assets measured at fair value on a recurring basis as of June 30, 2023:

OPEB Trust Fund Investments	Total	Level 1	Level 2	Level 3
Mutual funds - equity	\$ 1,240,000	\$ 1,240,000	\$ -	\$ -
Mutual funds - fixed income	7,264,500	7,264,500	-	-
Mutual funds - real estate	202,221	202,221	-	-
Total investments in OPEB Trust Fund	<u>\$ 8,706,721</u>	<u>\$ 8,706,721</u>	<u>\$ -</u>	<u>\$ -</u>

Mutual funds were valued at closing prices from securities exchanges and are classified as Level 1 investments.

During the year ended June 30, 2023, there were no significant transfers in or out of Level 1.

There were no assets or liabilities measured at fair value on a non-recurring basis at June 30, 2023.

NOTE 4 – SPECIFIC PURPOSE INVESTMENT

Specific purpose investment for the District consists of two investments. The \$26,430,000 balance of June 30, 2023, has a respective maturity date of November 15, 2023, of \$1,200,000 and July 27, 2040, of \$25,230,000.

NOTE 5 – RECEIVABLES

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2023, accounts receivable amounted to \$20,761,673. The District believes all receivables accrued at June 30, 2023 were collectable.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 – LEASE RECEIVABLES AND ARRANGEMENTS

The District’s lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee’s revenue. Any variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Future lease receivable on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 36,078	\$ 9,570	\$ 45,648
2025	37,548	3,969	41,517
2026	39,077	3,270	42,347
2027	40,669	4,979	45,648
2028	42,326	3,322	45,648
2029-2033	63,779	1,813	65,592
Total	\$ 259,477	\$ 26,923	\$ 286,400

The District leases space on its campuses to cellular companies. In accordance with GASB 87, the District records lease receivables and deferred inflows of resources based on the present value of expected receipts over the term of the respective lease. The expected receipts are discounted using the District’s incremental borrowing rate. Any variable payments are excluded unless fixed in substance.

During the year ended June 30, 2023, the District recognized revenues related to these lease agreements totaling \$48,355. During the year ended June 30, 2023, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Cell Towers	2	4.00%	3/17/05-3/17/2033	\$ 17,333

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 – RIGHT OF USE ASSETS

The amount of right of use assets by major class of underlying lease assets as of June 30, 2023, was as follows:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Right of Use Assets:				
Leased equipment	\$ 341,705	\$ -	\$ -	\$ 341,705
Leased buildings	17,679,185	-	-	17,679,185
Total Right of Use Assets	<u>18,020,890</u>	-	-	<u>18,020,890</u>
Less Accumulated Amortization				
Leased equipment	105,963	66,787	-	172,750
Leased buildings	5,782,661	1,084,553	-	6,867,214
Total Accumulated Amortization	<u>5,888,624</u>	<u>1,151,340</u>	-	<u>7,039,964</u>
Right of Use Assets, net	<u>\$ 12,132,266</u>	<u>\$ (1,151,340)</u>	<u>\$ -</u>	<u>\$ 10,980,926</u>

NOTE 8 – CAPITAL ASSETS

Capital asset activity as of June 30, 2023 consists of the following:

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Capital Assets not being Depreciated				
Land	\$ 11,840,786	\$ -	\$ -	\$ 11,840,786
Construction in progress	67,542,791	27,546,448	47,449,096	47,640,143
Total Capital Assets not being Depreciated	<u>79,383,577</u>	<u>27,546,448</u>	<u>47,449,096</u>	<u>59,480,929</u>
Capital Assets being Depreciated				
Buildings & improvements	406,809,974	47,449,096	3,262,952	450,996,118
Machinery & equipment	26,448,958	5,990,236	2,247,457	30,191,737
Total Capital Assets being Depreciated	<u>433,258,932</u>	<u>53,439,332</u>	<u>5,510,409</u>	<u>481,187,855</u>
Total Capital Assets	<u>512,642,509</u>	<u>80,985,780</u>	<u>52,959,505</u>	<u>540,668,784</u>
Less Accumulated Depreciation				
Buildings & improvements	71,263,708	8,823,402	2,435,977	77,651,133
Machinery & equipment	14,271,504	2,007,269	2,168,514	14,110,259
Accumulated Depreciation	<u>85,535,212</u>	<u>10,830,671</u>	<u>4,604,491</u>	<u>91,761,392</u>
Capital Assets, Net	<u>\$ 427,107,297</u>	<u>\$ 70,155,109</u>	<u>\$ 48,355,014</u>	<u>\$ 448,907,392</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – LONG TERM LIABILITIES

General Obligation Bonds

In August 2007, the District issued the General Obligation Bonds Series 2004B and Series 2004C in the amounts of \$52,536,256 and \$56,460,276, respectively. The Series 2004B bonds consisted of capital appreciation bonds totaling \$12,231,256 and current interest bonds totaling \$40,305,000. The Series 2004B bonds were refunded during the year ended June 30, 2015. The Series 2004C bonds consisted of Capital Appreciation bonds of \$14,375,276 and Current Interest bonds of \$42,085,000. The Series 2004C bonds were partially refunded during the years ended June 30, 2014 and June 30, 2015. The remaining Series C 2004C bonds mature through August 2017 with an interest rate of 5.0%. The final payment of \$1,080,000 was paid during the 2017-18 year.

In April 2014, the District issued \$42,845,000 and \$16,465,000 of 2014 General Obligation Refunding Bonds Series A and Series B, respectively. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004C and 2006 General Obligation Refunding Bonds, and to pay the costs of issuing the 2014 Refunding Bonds. The 2014 General Obligation Refunding Bonds Series A and Series B mature through August 1, 2024 and August 1, 2022, respectively, with interest rates ranging from 0.5% to 5.0%. At June 30, 2019, \$58,036,459 of bonds outstanding were considered defeased.

The annual payments required to amortize the 2014 General Obligation Refunding Bonds Series A as of June 30, 2023, is as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 5,580,000	\$ 1,529,125	\$ 7,109,125
2025	6,100,000	1,249,000	7,349,000
Total	\$ 11,680,000	\$ 2,778,125	\$ 14,458,125

The 2014 General Obligation Refunding Bonds Series B was fully refunded as of June 30, 2023.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – LONG TERM LIABILITIES, continued

In January 2015, the District issued \$77,818,682 of 2015 General Obligation Refunding Bonds. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004B and Series 2004C, and to pay the costs of issuing the 2015 Refunding Bonds. The 2015 Refunding Bonds were issued as \$40,880,000 in current interest bonds with interest rates ranging from 2.0% to 5.0% and \$36,938,682 in Capital Appreciation bonds with interest accreting at rates ranging from 3.9% to 4.1%. The 2015 Refunding Bonds mature through August 1, 2039. The 2015 GO Refunding bond was refinanced during fiscal year 20-21 and final payment was made.

In March 2017, the District issued \$116,385,000 of 2016 Series A General Obligation Bonds. The 2016 Series A Bonds were issued as \$23,745,000 of Serial Bonds with interest rates from 3.75% to 5.00% and \$92,640,000 of Term Bonds with interest rates from 4.0% to 5.25%.

The 2016 Series A Bonds mature through August 1, 2046. The annual payments required to amortize the 2016 Series A Bonds as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 5,351,750	\$ 5,351,750
2025	-	5,351,750	5,351,750
2026	-	5,351,750	5,351,750
2027	-	5,351,750	5,351,750
2028	-	5,351,750	5,351,750
2029-2033	1,000,000	7,642,335	8,642,335
2034-2038	-	-	-
2039-2043	-	-	-
2044-2047	45,220,000	2,191,000	47,411,000
Total	\$ 46,220,000	\$ 36,592,085	\$ 82,812,085

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – LONG TERM LIABILITIES, continued

In March 2017, the District issued \$33,615,000 of 2016 Series A-1 General Obligation Bonds. The 2016 Series A-1 Bonds were issued as Serial Bonds with interest rates from 1.42% to 3.48%.

The 2016 Series A-1 Bonds mature through August 1, 2028. The annual payments required to amortize the 2016 Series A-1 Bonds as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 2,045,000	\$ 528,137	\$ 2,573,137
2025	2,310,000	464,291	2,774,291
2026	2,695,000	386,787	3,081,787
2027	2,995,000	294,695	3,289,695
2028	3,345,000	188,661	3,533,661
2029	3,800,000	66,082	3,866,082
Total	\$ 17,190,000	\$ 1,928,653	\$ 19,118,653

In March 2020, the District issued \$95,000,000 of 2020 Series B General Obligation Bond. The 2020 Series B Bonds were issued as \$95,000,000 of Serial Bond with interest rates from 4.00%.

The 2020 Series B Bonds mature through August 1, 2050. The annual payments required to amortize the 2020 Series B Bonds as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 200,000	\$ 3,062,000	\$ 3,262,000
2025	-	3,054,000	3,054,000
2026	-	3,054,000	3,054,000
2027	-	3,054,000	3,054,000
2028	-	3,054,000	3,054,000
2029-2033	3,825,000	15,065,000	18,890,000
2034-2038	6,475,000	13,969,000	20,444,000
2039-2043	10,540,000	12,499,000	23,039,000
2044-2048	28,510,000	9,812,600	38,322,600
2048-2051	42,000,000	2,580,000	44,580,000
Total	\$ 91,550,000	\$ 69,203,600	\$ 160,753,600

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – LONG TERM LIABILITIES, continued

In March 2020, the District issued \$125,295,000 of 2020 General Obligation Refunding Bonds. The 2020 General Obligation Refunding were issued as Refunding Bonds with interest rates from 1.492% to 2.818%.

The 2020 Refunding Bonds mature through August 1, 2038. The annual payments required to the 2020 Refunding Bonds as of June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 3,034,078	\$ 3,034,078
2025	-	3,034,078	3,034,078
2026	6,610,000	3,034,078	9,644,078
2027	7,000,000	2,917,279	9,917,279
2028	7,425,000	2,783,159	10,208,159
2029-2033	39,370,000	11,548,848	50,918,848
2034-2038	52,475,000	6,159,079	58,634,079
2039	12,415,000	349,855	12,764,855
Total	\$ 125,295,000	\$ 32,860,454	\$ 158,155,454

In August 2021, the District issued \$86,215,000 of 2021 General Obligation Refunding Bonds. The 2021 General Obligation Refunding Bonds are being issued to advance refund a portion of the District's outstanding Election of 2016 General Obligation Bonds, Series A and pay the costs of issuing the Bonds. The 2021 Refunding Bonds were issued as current interest bonds with interest rates ranging from 0.20% to 2.92%. The 2021 Refunding Bonds mature through August 1, 2041.

The annual requirements to amortize the 2021 refunding bonds payable outstanding at June 30, 2023 are summarized below:

Fiscal Year	Principal	Interest	Total
2024	\$ 1,220,000	\$ 1,961,720	\$ 3,181,720
2025	1,220,000	1,958,280	3,178,280
2026	1,230,000	1,951,631	3,181,631
2027	1,515,000	1,940,979	3,455,979
2028	1,530,000	1,925,587	3,455,587
2029-2033	16,625,000	9,086,448	25,711,448
2034-2038	30,070,000	6,688,541	36,758,541
2039-2042	31,110,000	2,292,593	33,402,593
Total	\$ 84,520,000	\$ 27,805,779	\$ 112,325,779

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 – LONG TERM LIABILITIES, continued

In November 2022, the District issued \$54,995,916 of 2016 Series C General Obligation Bonds. The 2016 Series C issued with interest rates ranging from 4.03% to 5.53%. The 2016 Series C Bonds mature through August 1, 2047.

The annual requirements to amortize the 2016 Series C bonds payable outstanding at June 30, 2023 are summarized below:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2024	\$ -	\$ 315,000	\$ -	\$ 315,000
2025	-	315,000	-	315,000
2026	-	315,000	-	315,000
2027	-	315,000	-	315,000
2028	211,653	315,000	43,347	570,000
2029-2033	7,960,629	1,575,000	3,339,371	12,875,000
2034-2038	11,284,546	1,575,000	10,075,454	22,935,000
2039-2043	20,960,745	1,417,500	23,276,755	45,655,000
2044-2048	14,578,344	-	35,666,656	50,245,000
Accretion	1,472,594	-	(1,472,594)	-
Total	\$ 56,468,511	\$ 6,142,500	\$ 70,928,989	\$ 133,540,000

In November 2022, the District issued \$9,920,000 of Series 2022 Certificates of Participation. The series 2022 issued with interest rates ranging from 5.00% to 5.50%. The series 2022 mature through August 1, 2042.

The annual requirements to amortize the series 2022 certificates of participation payable outstanding at June 30, 2023 are summarized below:

Fiscal Year	Principal	Interest	Total
2024	\$ -	\$ 517,625	\$ 517,625
2025	-	517,625	517,625
2026	350,000	508,875	858,875
2027	370,000	490,875	860,875
2028	385,000	472,000	857,000
2029-2033	2,240,000	2,043,125	4,283,125
2034-2038	2,865,000	1,404,463	4,269,463
2039-2043	3,710,000	532,125	4,242,125
Total	\$ 9,920,000	\$ 6,486,713	\$ 16,406,713

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 – LONG TERM LIABILITIES, continued

Leases

The District has entered into agreements to lease certain equipment and buildings. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	8	4.00%	11/14/2018 - 1/19/2027	\$ 8,315
Buildings	4	4.00%	2/8/16 - 11/14/2048	\$ 249,597

Future minimum lease payments on noncancellable leases at June 30, 2023 are as follows:

Fiscal year	Principal	Interest	Total
2024	\$ 1,088,468	\$ 385,242	\$ 1,473,710
2025	1,123,236	371,372	1,494,609
2026	895,178	357,256	1,252,435
2027	366,800	342,664	709,464
2028	304,759	334,193	638,952
2029-2033	1,374,024	1,483,536	2,857,560
2034-2038	1,677,678	1,179,882	2,857,560
2039-2043	1,605,396	680,652	2,286,048
2044-2047	1,887,218	402,600	2,289,818
2048-2052	1,582,775	97,833	1,680,608
Total	\$ 11,905,532	\$ 5,635,230	\$ 17,540,764

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Payments and Reductions	Balance June 30, 2023	Amounts Due Within One Year
General obligation bonds	\$ 386,970,000	\$ 56,468,511	\$ 10,515,000	\$ 432,923,511	\$ 9,045,000
Bond premium	12,637,575	446,640	1,412,121	11,672,094	1,290,846
Certificates of participation	-	9,920,000	-	9,920,000	-
COP premium	-	655,871	31,232	624,639	31,232
Banked faculty load time	503,321	33,568	-	536,889	-
Leases	12,969,243	-	1,063,711	11,905,532	1,088,468
Compensated absences	2,191,473	328,779	-	2,520,252	-
Net pension liability	53,362,358	20,236,862	-	73,599,220	-
Other postemployment benefits	5,046,018	-	4,018,383	1,027,635	-
Total Long Term Debt	\$ 473,679,988	\$ 88,090,231	\$ 17,040,447	\$ 544,729,772	\$ 11,455,546

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 – PROPERTY TAXES

All property taxes are levied and collected by the Tax Assessor of the County of Los Angeles and paid upon collection to the various taxing entities including the District. Secured taxes are levied on July 1 and are due in two installments on November 1 and February 1, and become delinquent on December 10 and April 10, respectively. The lien date for secured and unsecured property taxes is March 1 of the preceding fiscal year.

NOTE 11 – NET PENSION LIABILITY

Qualified employees are covered under multiple-employer contributory retirement plans maintained by agencies of the State of California. Certificated employees are member of the California State Teachers’ Retirement System (CalSTRS), and Classified employees are members of the California Public Employees’ Retirement System (CalPERS). The District reported its proportionate share of the net pension liabilities, pension expense, deferred outflow of resources, and deferred inflow of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	\$ 28,933,088	\$ 9,857,080	\$ 12,938,937	\$ 1,582,530
CalPERS	44,666,132	14,891,566	3,786,540	5,569,877
Total	\$ 73,599,220	\$ 24,748,646	\$ 16,725,477	\$ 7,152,407

Pension Plans – California Public Employees’ Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employee’ Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2021. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>School Employer Pool (CalPERS)</u>	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the total District contributions were \$5,157,312.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalPERS for community college education. Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$44,666,132. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.130 percent and 0.142 percent, resulting in a net decrease in the proportionate share of 0.012 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$5,569,877. At June 30, 2023, the District 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
Difference between projected and actual earnings on plan investments	\$ 5,273,855	\$ -
Differences between expected and actual experience	201,864	1,111,352
Net changes in proportionate share of net pension liability	954,388	2,675,188
District contributions subsequent to the measurement date	5,157,312	-
Total	\$ 14,891,566	\$ 3,786,540

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 1,625,146
2025	1,352,487
2026	423,067
2027	2,547,014
	\$ 5,947,714

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and the June 30, 2022 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

Actuarial Assumptions, continued

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses:

Asset Class*	Assumed Asset Allocation	Real Return Years 1 - 10**
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate

The discount rate used to measure the total pension liability was 6.9 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. 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 for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California Public Employees’ Retirement System (CalPERS), continued

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.90 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan’s net pension liability	\$ 64,522,490	\$ 44,666,132	\$ 28,255,582

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov>.

Pension Plans – California State Teachers’ Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service.

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2023 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$5,128,603.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately \$4,478,559.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	\$ 28,933,088
State's proportionate share of the net pension liability associated with the District	<u>14,489,774</u>
Total	<u>\$ 43,422,862</u>

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively, was 0.042 percent and 0.054 percent, resulting in a net decrease in the proportionate share of 0.012 percent.

For the year ended June 30, 2023, the District recognized pension expense of \$1,582,530. At June 30, 2023, the District 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
Difference between projected and actual earnings on plan investments	\$ -	\$ 1,415,799
Differences between expected and actual experience	23,734	2,169,022
Changes in assumptions	1,433,800	-
Net changes in proportionate share of net pension liability	3,270,943	9,354,116
District contributions subsequent to the measurement date	5,128,603	-
Total	<u>\$ 9,857,080</u>	<u>\$ 12,938,937</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to CalSTRS, continued

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to pensions will be recognized as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (1,188,808)
2025	(2,679,274)
2026	(4,093,060)
2027	150,117
2028	(299,918)
Thereafter	(99,517)
	<u>\$ (8,210,460)</u>

Actuarial Assumptions

The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary’s investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns.

The assumed asset allocation is based on Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	42%	4.8%
Real Estate	15%	3.6%
Private Equity	13%	6.3%
Fixed Income	12%	1.3%
Risk Mitigating Strategies	10%	1.8%
Inflation Sensitive	6%	3.3%
Cash/Liquidity	2%	-0.4%
	<u>100%</u>	

*20-year average

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per Assembly Bill 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 11 – NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), continued

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.10% percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan’s net pension liability	\$ 49,139,114	\$ 28,933,088	\$ 12,156,011

Pension plan fiduciary net position

Detailed information about the STRP’s plan fiduciary net position is available in a separate annual comprehensive financial report for CalSTRS. Copies of the CalSTRS annual financial report may be obtained from CalSTRS.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

In addition to the pension benefits described in Note 10, the District provides post-retirement health care benefits to employees and dependents that have reached the age of 55 and served the District at least 10 years. The District pays medical, dental vision and life insurance premiums to maintain the level of coverage enjoyed by the retiree immediately preceding retirement up until the age of 65 or death of the retiree.

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Cod. Sec. P50.108-.109. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Plan Description

The single-employer OPEB plan is currently operated as a pay-as-you-go-plan. The District makes discretionary, periodic contributions to the plan through an irrevocable trust. The OPEB trust is included in the District's financial report and separately presented as a fiduciary fund. Separate audited financial statements are prepared for the Plan and may be obtained by contacting the District.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Funding Policy

The District’s agreement with employees is for monthly contributions for members who meet the eligibility criteria of their collective bargaining agreement and who retire during the term of the contract. The contribution requirements of the District and plan members are established and may be amended by the District’s Board of Trustees through the collective bargaining process. The members receiving benefit contributions vary depending on the level of coverage selected.

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2023 measurement date:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	30
Participating Active Employees	<u>417</u>
	<u>447</u>

Contributions

Eligible employees are not permitted to make contributions to the Trust. The Plan administrator (CalPERS) shall, on behalf of the employer (District), make all contribution to the Trustee. All contributions shall be paid to the Trustee for investment and reinvestment pursuant to the terms of the trust agreement. The District does not have contractually required contributions rates but contributes in an amount sufficient to fully fund the total OPEB obligation over a period not to exceed 30 years.

Actuarial Assumptions

The District’s total OPEB liability of \$9,734,356 was measured as of June 30, 2023. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Actuarial Assumptions, continued

Valuation date	June 30, 2023
Measurement date	June 30, 2023
Actuarial cost methods	Entry-age actuarial cost method
Inflation rate	2.50%
Investment rate of return	4.75%
Discount rate	4.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous employees were used.

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2022	\$ 8,903,562	\$ 3,857,544	\$ 5,046,018
Changes for the year:			
Service cost	1,185,015	-	1,185,015
Interest on TOL	873,812	-	873,812
Employer contributions	-	5,820,244	(5,820,244)
Employer contributions as benefit payments	-	1,035,777	(1,035,777)
Assumption changes	(152,384)	-	(152,384)
Expected investment income	-	704,342	(704,342)
Experience (gains)/losses	(39,872)	-	(39,872)
Investment (gains)/losses	-	(1,547,650)	1,547,650
Administrative expense	-	(127,759)	127,759
Benefit payments	(1,035,777)	(1,035,777)	-
Net change	830,794	4,849,177	(4,018,383)
Balance June 30, 2023	\$ 9,734,356	\$ 8,706,721	\$ 1,027,635

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2023 measurement date was 89 percent.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Sensitivity of the net pension liability to assumptions

The following presents the net OPEB liability calculated using the discount rate of 6.50 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a discount rate that is 1 percent lower (5.50 percent) and 1 percent higher (7.50 percent):

	Discount Rate 1% Lower 3.75%	Current Discount Rate 4.75%	Discount Rate 1% Higher 5.75%
Net OPEB liability	\$ 1,752,166	\$ 1,027,635	\$ 353,434

The following table presents the net OPEB liability calculated using the health care cost trend rate of 4.00 percent. The schedule also shows what the net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percent lower (3.00 percent) and 1 percent higher (5.00 percent):

	Trend Rate 1% Lower 3.00%	Current Trend Rate 4.00%	Trend Rate 1% Higher 5.00%
Net OPEB liability	\$ 12,273	\$ 1,027,635	\$ 2,214,367

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

For the year ended June 30, 2023, the District recognized OPEB benefit of \$2,886,579. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 549,698	\$ -
Investment gains and losses	-	1,975,002
Experience gains and losses	1,507,190	-
	<u>\$ 2,056,888</u>	<u>\$ 1,975,002</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

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

The deferred outflow of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred inflows of resources resulting from a change in assumption will be amortized to OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ 197,594
2025	179,171
2026	291,909
2027	133,196
2028	(176,330)
Thereafter	(543,654)
	<u>\$ 81,886</u>

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

There are various claims and legal actions pending against the District for which no provision has been made in the general-purpose financial statements. In the opinion of the District, any liabilities arising from these claims and legal actions are not considered significant.

The District has received Federal and State funds for specific purposes that are subject to review or audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect.

Construction Commitments

As of June 30, 2023, the District has approximately \$53,863,318 in outstanding commitments on construction contracts.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 14 – JOINT POWERS AGREEMENTS

Antelope Valley Community College District participates in Joint Power Agreements (JPAs), with Protected Insurance Program for Schools Joint Power Authority (PIPS), and The Statewide Association of Community Colleges (SWACC). Settled claims have not exceeded commercial insurance coverage in any of the past three years. The relationship between Antelope Valley Community College District and the JPAs is such that the JPAs are not component units of Antelope Valley Community College District for financial reporting purposes.

The JPAs are governed by boards consisting of a representative from each member district. The boards control the operations of the JPAs, including the selection of management and approval of operating budgets, independent of any influence by the member district beyond their representation on the governing board. PIPS provides workers' compensation insurance for its members. SWACC provides property and liability insurance for its members. Antelope Valley Community College District pays a premium commensurate with the level of coverage requested.

Member districts share surpluses and deficits proportionate to their participation in the JPAs. The JPAs are independently accountable for their fiscal matters and maintain their own accounting records. Budgets are not subject to any approval other than that of the governing board.

Condensed financial information of the JPAs for the most current year for which audited information is available, is available by contacting each of the respective entities directly.

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Beginning net position decreased by \$(1,665) The adjustment was due to minor beginning balance adjustments.

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2023 through December 30, 2023, the date the financial statements were issued. There were no significant events noted that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 1,185,015	\$ 517,314	\$ 718,967	\$ 734,818	\$ 633,392	\$ 599,942
Interest	873,812	496,121	564,394	499,172	485,046	448,398
Changes of assumptions	(152,384)	1,014,453	(591,719)	(212,029)	186,897	-
Experience gains/losses	(39,872)	(178,365)	(1,103,802)	-	(95,983)	-
Benefit payments	(1,035,777)	(595,657)	(523,296)	(531,957)	(519,493)	(499,512)
Net change in total OPEB liability	830,794	1,253,866	(935,456)	490,004	689,859	548,828
Total OPEB liability, beginning of year	8,903,562	7,649,696	8,585,152	8,095,148	7,405,289	6,856,461
Total OPEB liability, end of year (a)	\$ 9,734,356	\$ 8,903,562	\$ 7,649,696	\$ 8,585,152	\$ 8,095,148	\$ 7,405,289
Plan fiduciary net position						
Employer contributions	\$ 6,856,021	\$ 982,770	\$ 910,409	\$ 919,070	\$ 906,606	\$ 886,626
Expected investment income	704,342	-	-	125,302	94,293	125,965
Investment gains/losses	(1,547,650)	816,879	89,239	(25,090)	14,916	-
Administrative expense	(127,759)	(33,580)	-	(21,429)	(17,100)	(11,322)
Expected benefit payments	(1,035,777)	(595,657)	(523,296)	(531,957)	(519,493)	(499,512)
Change in plan Fiduciary net position	4,849,177	1,170,412	476,352	465,896	479,222	501,757
Fiduciary trust net position, beginning of year	3,857,544	2,687,132	2,210,780	1,744,884	1,265,662	763,905
Fiduciary trust net position, end of year (b)	\$ 8,706,721	\$ 3,857,544	\$ 2,687,132	\$ 2,210,780	\$ 1,744,884	\$ 1,265,662
Net OPEB liability (asset), ending (a) - (b)	\$ 1,027,635	\$ 5,046,018	\$ 4,962,564	\$ 6,374,372	\$ 6,350,264	\$ 6,139,627
Covered payroll	\$50,560,266	\$45,516,169	\$45,508,781	\$38,990,890	\$30,618,236	\$28,900,000
Plan fiduciary net position as a percentage of the total OPEB liability (asset)	89%	43%	35%	26%	22%	17%
Net OPEB liability (asset) as a percentage of covered payroll	2%	11%	11%	16%	21%	21%

Note: In the future, as data becomes available, ten years of information will be presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 2,886,579	\$ 502,596	\$ 348,502	\$ 523,296	\$ 531,957	\$ 519,493
Contributions in relation to the actuarially determined contribution	-	982,700	982,770	919,070	906,606	886,626
Contribution deficiency (excess)	\$ 2,886,579	\$ (480,174)	\$ (634,268)	\$ (395,774)	\$ (374,649)	\$ (367,133)
Covered-employee payroll	\$ 50,560,266	\$ 45,516,169	\$ 45,508,781	\$ 38,990,890	\$ 30,618,236	\$28,900,000
Contribution as a percentage of covered-employee payroll	4.93%	2.16%	2.16%	2.36%	2.96%	3.07%

Note: In the future, as data becomes available, ten years of information will be presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalSTRS					
District's proportion of the net pension liability	0.0416%	0.054%	0.044%	0.049%	0.048%
District's proportionate share of the net pension liability	\$ 28,933,088	\$ 24,496,464	\$ 42,570,343	\$ 43,890,350	\$ 43,901,240
State's proportionate share of the net pension liability associated with the District	14,489,774	12,325,927	21,944,840	23,945,309	25,136,722
Total	\$ 43,422,863	\$ 36,822,391	\$ 64,515,183	\$ 67,835,659	\$ 69,037,962
District's covered - employee payroll	\$ 30,310,892	\$ 25,785,402	\$ 24,577,319	\$ 27,809,855	\$ 27,360,527
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	112%	95%	173%	158%	158%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	Reporting Fiscal Year (Measurement Date)				
	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)	2019 (2018)
CalPERS					
District's proportion of the net pension liability	0.1298%	0.142%	0.137%	0.133%	0.134%
District's proportionate share of the net pension liability	\$ 44,666,132	\$ 28,865,894	\$ 42,076,718	\$ 38,849,338	\$ 35,701,482
District's covered - employee payroll	\$ 22,511,183	\$ 19,921,336	\$ 20,347,647	\$ 18,120,443	\$ 19,243,916
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	224%	145%	207%	214%	197%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%

Note: In the future, as data becomes available, ten years of information will be presented.

See accompanying note to required supplementary information.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2023**

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS				
District's proportion of the net pension liability	0.046%	0.048%	0.051%	0.052%
District's proportionate share of the net pension liability	\$ 42,212,558	\$ 38,781,724	\$ 34,436,000	\$ 30,332,000
State's proportionate share of the net pension liability associated with the District	24,972,796	22,080,994	18,213,000	18,316,000
Total	<u>\$ 67,185,354</u>	<u>\$ 60,862,718</u>	<u>\$ 52,649,000</u>	<u>\$ 48,648,000</u>
District's covered - employee payroll	\$ 27,033,792	\$ 24,745,000	\$ 23,741,000	\$ 23,119,042
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	154%	143%	145%	131%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS				
District's proportion of the net pension liability	0.128%	0.127%	0.127%	0.128%
District's proportionate share of the net pension liability	\$ 30,513,962	\$ 25,179,106	\$ 18,775,000	\$ 14,551,000
District's covered - employee payroll	\$ 16,126,854	\$ 15,469,000	\$ 14,101,000	\$ 13,456,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	159%	156%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

Note: In the future, as data becomes available, ten years of information will be presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023**

CaISTRS	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 5,128,603	\$ 4,362,890	\$ 3,969,237	\$ 4,664,461	\$ 4,527,444
District's contributions in relation to the statutorily required contribution	5,128,603	4,362,890	3,969,237	4,664,461	4,527,444
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 30,310,892	\$ 25,785,402	\$ 24,577,319	\$ 27,277,550	\$ 27,809,855
District's contributions as a percentage of covered-employee payroll	16.92%	16.92%	16.15%	17.10%	16.28%
	Reporting Fiscal Year				
	2023	2022	2021	2020	2019
CaIPERS					
Statutorily required contribution	\$ 5,157,312	\$ 4,563,978	\$ 4,211,963	\$ 3,922,162	\$ 3,272,914
District's contributions in relation to the statutorily required contribution	5,157,312	4,563,978	4,211,963	3,922,162	3,272,914
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 22,511,183	\$ 19,921,336	\$ 20,347,647	\$ 19,888,251	\$ 18,120,443
District's contributions as a percentage of covered-employee payroll	22.91%	22.91%	20.70%	19.72%	18.06%

Note: In the future, as data becomes available, ten years of information will be presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2023**

CalSTRS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 3,948,124	\$ 3,400,851	\$ 2,655,133	\$ 2,108,206
District's contributions in relation to the statutorily required contribution	3,948,124	3,400,851	2,655,133	2,108,206
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 27,360,527	\$ 27,033,792	\$ 24,745,000	\$ 23,741,000
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%
CalPERS	Reporting Fiscal Year			
	2018	2017	2016	2015
Statutorily required contribution	\$ 2,672,980	\$ 2,240,020	\$ 1,832,600	\$ 1,659,877
District's contributions in relation to the statutorily required contribution	2,672,980	2,240,020	1,832,600	1,659,877
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,243,916	\$ 16,126,854	\$ 15,469,000	\$ 14,101,000
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.85%	11.77%

Note: In the future, as data becomes available, ten years of information will be presented.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

The Schedule of Changes in Net OPEB liability is presented to illustrate the elements of the District's Net OPEB liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of Proportionate Share of the Net Pension Liability

The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Schedule of Contributions - Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Changes of Benefit Terms

There are no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes of Assumptions

The discount rate decreased from 7.15% to 6.90% since the previous valuation for CalPERS. There were no changes since the previous valuation for CalSTRS.

SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2023**

Antelope Valley Community College District was established in 1929 and is comprised of one college located in Lancaster and one center in Palmdale. There were no changes in the boundaries of the District during the current year.

The Governing Board and District Administration were composed of the members below, as of June 30, 2023:

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Barbara Gaines	President	2026
Michelle Harvey	Vice President	2024
Michael Adams	Clerk	2026
Michael Rives	Trustee	2024
Steve Buffalo	Trustee	2026
Anthony Rivera	Student Trustee	2024

DISTRICT ADMINISTRATION

Dr. Jennifer Zellet
Superintendent/President
Howard Davis
Interim Vice President, Academic Affairs
Lauren Elan Helsper*
Vice President, Human Resources
Shaminder Brar
Vice President, Administrative Services
Idania Padron Reyes*
Vice President, Student Services
Sarah Johnston
Executive Director, Financial and Fiscal Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

Auxiliary Name	Director's Name/Title	Establishment and Master Agreement Date
Antelope Valley College Foundation	Dianne M. Knippel, Executive Director	Recognized as an auxiliary organization in 2019. The August 13, 2018 master agreement was revised April, 14, 2021.

*On April 21, 2023, Victoria Simmons, who served as the Interim Vice President of Human Resources, concluded her employment, and Lauren Elan Helsper succeeded her, assuming the role on June 13, 2023. Furthermore, on February 28, 2023, Jose Riveria, the Interim Vice President of Student Services, concluded his employment, and Idania Padron Reyes assumed the position on April 1, 2023.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/Grant Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Programs</i>			
<i>Financial Aid Cluster</i>			
Federal Supplemental Education Opportunity Grants (FESOG)	*	84.007	\$ 294,250
Federal Work Study Program (FWS)	*	84.033	333,092
Federal Direct Student Loans	*	84.268	3,085,307
Federal Pell Grant Program (PELL)	*	84.063	22,515,114
Federal Pell Grant Program - Administrative Allowance	*	84.063	16,979
Total Financial Aid Cluster			<u>26,244,742</u>
<i>Higher Education Institutional Aid, Title V Program</i>			
Higher Education Institutional Aid, Title V, 2nd Year Experience	*	84.031S	951,495
Higher Education Institutional Aid, Title V, Co-Op	*	84.031S	856,976
Higher Education Institutional Aid, Title V, Data Science	*	84.031S	14,276
Teacher Preparation Program	*	84.031S	319,659
Total Higher Educational Aid, Title V Program			<u>2,142,406</u>
<i>TRIO Cluster</i>			
TRIO - Student Support Services	*	84.042A	275,090
<i>Higher Education Emergency Relief Funds</i>			
COVID-19 HEERF III ARPA - Student Aid (SFRF)	*	84.425E	1,827,102
COVID-19 HEERF II Cares Act - Institutional	*	84.425F	2,805,451
COVID-19 HEERF III ARPA - Institutional	*	84.425F	14,907,189
Total Higher Education Emergency Relief Funds			<u>19,539,742</u>
American Rescue Plan Act	*	84.425	12,274
<i>Coronavirus Response and Relief Supplemental Appropriations</i>			
Coronavirus Response and Relief Supplemental Appropriations Act Administration	*	84.425	118
Total Coronavirus Response and Relief Supplemental Appropriations			<u>118</u>
<i>Passed Through California Community College Chancellor's Office</i>			
<i>Career and Technical Education Program</i>			
Career and Technical Education - Basic Grants	*	84.048A	653,329
Total Career and Technical Education Program			<u>653,329</u>
Total U.S. Department of Education			<u>48,855,309</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through California Community College Chancellor's Office</i>			
Temporary Assistance for Needy Families	*	93.558	131,569
<i>Passed Through California Department of Education</i>			
Foster Parent Training Program, Title IV-E	*	93.658	43,786
Total U.S. Department of Health and Human Services			<u>175,355</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through California Community College Chancellor's Office</i>			
Forest Reserve - Schools and Roads - Grants to States	*	10.665	9,351
Total U.S. Department of Agriculture			<u>9,351</u>
NATIONAL SCIENCE FOUNDATION			
<i>Direct Program</i>			
Bridge Ecology and Evolution	*	47.074	2,605
Total National Science Foundation			<u>2,605</u>
U.S. DEPARTMENT OF DEFENSE			
Air Force Research Laboratory	*	12.800	38,794
Total U.S. Department of Defense			<u>38,794</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Information and Assistance	*	64.115	3,296
Total U.S. Department of Veterans Affairs			<u>3,296</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 49,097,102</u>

See accompanying note to supplementary information

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues				Program Expenditures
	Accounts		Unearned	Total Revenue	
	Cash Received	Receivable	Revenue		
Access to Print and Electronic Info	\$ 10,882	\$ -	\$ -	\$ 10,882	\$ 10,882
Basic Needs Centers	724,565	-	642,586	81,979	81,979
CA Prison Incarcerated Students	18,101	12,266	-	30,367	30,367
CAI-Home Visitor Apprenticeship	(216,355)	260,012	-	43,657	43,657
Cal Grants	3,696,729	5,768	-	3,702,497	3,703,327
Cal KIDS	47,299	-	3,501	43,798	43,798
Cal OES State - Supplied PPE	153,316	-	151,106	2,210	2,210
CalFresh Outreach	34,536	-	25,413	9,123	9,123
California College Promise	1,174,261	-	763,525	410,736	410,736
CalWORKS	1,290,121	5,486	283,380	1,012,227	1,012,227
Campus Safety & Sexual Assault	-	-	-	-	3,800
CARE	641,659	320	293,291	348,688	348,688
CDC-COVID19	104	-	104	-	-
Chafee	16,220	-	-	16,220	16,220
Classified Professional Development	50,763	-	50,763	-	-
College & Career Access Pathways	1,006	-	1,006	-	-
College Promise Grants (BOG Fee Waivers Admin)	159,072	-	-	159,072	213,473
College Rapid Rehousing Funds	2,714,844	127,311	2,374,223	467,932	467,932
Commercial Sexual Exploitation	1,194	-	1,194	-	-
COVID-19 Recovery Block Grant	5,861,918	-	3,248,510	2,613,408	2,613,408
Culturally Competent Faculty PD	50,434	-	50,434	-	-
Deaf and Hard of Hearing	53,880	-	-	53,880	53,880
DSPS	1,237,217	162	186,843	1,050,536	1,050,536
DSS/CalWorks	186,725	2,345	-	189,070	189,070
Economic & Workforce Development	69,964	139,928	202,587	7,305	7,305
EEO Best Practices	208,333	-	197,990	10,343	10,343
Emergency Financial Assistance Supplemental	167,561	-	167,561	-	-
EOPS	1,822,856	2,242	829,397	995,701	995,701
Equal Employment Opportunity	307,431	-	218,590	88,841	88,841
Financial Aid Technology	120,052	-	67,603	52,450	52,450
Foster Care Education	85,819	-	-	85,819	85,819
Guided Pathways	1,227,978	-	946,444	281,533	281,533
Hunger Free Campus	5,995	-	-	5,995	5,995
Learning-Aligned Employment Program	4,487,016	-	4,487,016	-	-
Learning-Aligned Employment Program (ACA)	230,997	-	230,997	-	-

See accompanying note to supplementary information

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Program Revenues			Total Revenue	Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue		
LGBTQ+	119,412	-	100,850	18,562	18,562
Library Services Platform	11,743	-	11,743	-	-
Local and Systemwide Technology and Data Security	250,000	-	250,000	-	-
Math, Engineering, & Science Achievement	432,039	-	432,039	-	-
Mental Health Support	634,867	-	634,864	3	3
NextUp	1,565,158	-	1,565,158	-	-
Nursing Education	317,466	60	99,384	218,141	218,141
Physical Plant & INST'L Support - Instructional Block Grant	916,881	-	596,957	319,924	319,924
Physical Plant & INST'L Support - Scheduled Maintenance	3,640,420	-	-	3,640,420	-
Puente Program	55,822	106	47,089	8,839	8,839
Quality Improvement Grant STEP	6,000	5,430	5,430	6,000	6,000
Retention and Enrollment Outreach	1,589,123	-	1,332,859	256,264	256,264
Rising Scholars Network	-	124,000	123,387	613	613
Scheduled Maintenance 21-22	-	-	-	-	892,214
SFAA	644,536	-	-	644,536	644,536
State Lottery Proceeds - Prop 20	2,845,652	337,050	2,376,418	806,283	806,283
State Preschool Program CDC	828,665	92	-	828,757	875,330
Strong Workforce Program - Local	4,333,787	1,497	2,579,862	1,755,422	1,755,422
Strong Workforce Program - Regional	1,585,105	1,055,638	1,315,800	1,324,943	1,324,943
Student Equity	11,366,265	87,780	2,849,565	8,604,479	8,604,479
Student Food and Housing Support	600,346	99	481,763	118,682	118,682
Student Housing Planning Grant	200,000	-	64,649	135,351	135,351
Student Success Completion Grant	6,924,383	-	2,058,051	4,866,332	4,866,332
SWP Job Developer	294,949	281,767	352,427	224,288	224,288
Systemwide Tech. & Data Security	50,000	-	50,000	-	-
Undocumented Resources Liasions	169,731	247	36,591	133,387	133,387
Veterans One-Time Funding	40,671	-	40,671	-	-
Veterans Resource Cntr Ongoing	335,112	-	276,310	58,802	58,802
Zero Textbook Cost Program (includes one-time funding)	200,000	-	200,000	-	-
Total State District Funding	\$ 66,600,626	\$ 2,449,606	\$ 33,305,931	\$ 35,744,297	\$ 33,101,695

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2023**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2022-23 only)			
1. Noncredit	3.43	-	3.43
2. Credit	1,032.45	-	1,032.45
B. Summer Intersession (Summer 2023 - Prior to July 1, 2023)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,005.06	-	5,005.06
(b) Daily Census Contact Hours	274.62	-	274.62
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	49.24	-	49.24
(b) Credit	321.92	-	321.92
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,606.99	-	1,606.99
(b) Daily Census Contact Hours	638.67	-	638.67
(c) Noncredit Independent Study/Distance Education Courses	3.74	-	3.74
D. Total FTES	8,936.12	-	8,936.12
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	14.78	-	14.78
2. Noncredit	46.18	-	46.18
Total Basic Skills FTES	60.96	-	60.96

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2023.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

	Object/ TOP Codes	Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 15,879,693	\$ -	\$ 15,879,693	\$ 15,879,693	\$ -	\$ 15,879,693
Other	1300	11,854,201	-	11,854,201	11,854,201	-	11,854,201
Total Instructional Salaries		27,733,894	-	27,733,894	27,733,894	-	27,733,894
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,800,323	-	3,800,323
Other	1400	-	-	-	643,127	-	643,127
Total Non-Instructional Salaries		-	-	-	4,443,450	-	4,443,450
Total Academic Salaries		27,733,894	-	27,733,894	32,177,344	-	32,177,344
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	15,134,880	-	15,134,880
Other	2300	-	-	-	1,132,165	-	1,132,165
Total Non-Instructional Salaries		-	-	-	16,267,045	-	16,267,045
Instructional Aides							
Regular Status	2200	1,118,164	-	1,118,164	1,118,164	-	1,118,164
Other	2400	96,268	-	96,268	96,268	-	96,268
Total Instructional Aides		1,214,432	-	1,214,432	1,214,432	-	1,214,432
Total Classified Salaries		1,214,432	-	1,214,432	17,481,477	-	17,481,477
Employee Benefits	3000	8,322,981	-	8,322,981	17,749,923	-	17,749,923
Supplies and Materials	4000	-	-	-	861,338	-	861,338
Other Operating Expenses	5000	-	-	-	8,942,278	-	8,942,278
Equipment Replacement	6420	-	-	-	7,434	-	7,434
Total Expenditures Prior to Exclusions		37,271,307	-	37,271,307	77,219,794	-	77,219,794
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	528,109	-	528,109
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	264,157	-	264,157
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	230,117	-	230,117
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	2,489,079	-	2,489,079
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 3,511,462	\$ -	\$ 3,511,462
Total for ECS 84362, 50% Law		\$ 37,271,307	\$ -	\$ 37,271,307	\$ 73,708,332	\$ -	\$ 73,708,332
Percent of CEE (Instructional Salary Cost/Total CEE)		50.57%	0.00%	50.57%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 36,854,166	\$ -	\$ 36,854,166

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2023**

EPA Revenue	\$ 5,488,560
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Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 5,488,560	\$ -	\$ -	\$ 5,488,560
Total		\$ 5,488,560	\$ -	\$ -	\$ 5,488,560

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Equity - District Funds Included in the Reporting Entity:

General Fund	\$ 55,104,479	
Debt Service Fund	16,621,682	
Child Development Fund	389,274	
Capital Project Funds	114,479,442	
Cafeteria Fund	141,879	
Associated Students Body	564,656	
Student Rep Fee	397,005	
Districts Auxiliary	3,247,107	
Student Financial Aid Fund	<u>1,363,740</u>	\$ 192,309,264

Assets recorded within the statements of net position not included in the fund financial statements:

Nondepreciable capital assets	\$ 59,480,929	
Depreciable capital assets	481,187,855	
Accumulated depreciation	(91,761,392)	
Accumulated amortization	(7,039,964)	
Intangible right of use assets	18,020,890	
Lease receivable	259,477	
Fair Market Value - Cash in County Investments	<u>(11,108,718)</u>	449,039,077

Liabilities recorded within the statements of net position not recorded in the fund financial statements:

Net pension liability		(73,599,220)
Compensated absences		(2,520,252)
OPEB liability		(1,027,635)
Banked faculty load time		(536,889)
Lease liability		(11,905,532)
Other long-term debt		(455,140,244)
Deferred loss on refunding		30,220,723
Deferred inflows - leases		(186,175)
Deferred outflows - pensions		24,748,646
Deferred outflows - OPEB		2,056,888
Deferred inflows - OPEB		(1,975,002)
Deferred inflows - pensions		<u>(16,725,477)</u>
Net Position Reported Within the Statement of Net Position		\$ 134,758,172

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023

NOTE 1 - PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Antelope Valley Community College District, and is presented on the 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)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of State Financial Awards

The accompanying Schedule of State Financial Awards includes State grant activity of the District and is presented on the accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The information in this schedule is presented to comply with reporting requirements of the California Community College Chancellor's System's Office.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

Full-time equivalent students is a measurement of the number of students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

Reconciliation of Annual Financial and Budget Report (CCFS-311) with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the CCFS-311 to the audited basic financial statements.

Reconciliation of ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50 Percent Law Calculation reported on the CCFS-311 to the audited data.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

This schedule provides information about the District's EPA proceeds and summarizes how the EPA proceeds were spent.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides the information necessary to reconcile the fund balances to the audited financial statements.

OTHER INDEPENDENT AUDITORS' REPORTS



INDEPENDENT AUDITORS' 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

The Board of Trustees
Antelope Valley Community College District
Lancaster, 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 business-type activities and the fiduciary activities of Antelope Valley Community College District (the "District") as of and for the year ended June 30, 2023, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 to financial statements, the District has adopted the provisions that were effective upon issuance of Government Accounting Standards Board (GASB) Statement No. 99, *Omnibus 2022*, for the year ended June 30, 2023. Our opinion was not modified with respect to this matter.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
December 30, 2023



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

The Board of Trustees
Antelope Valley Community College District
Lancaster, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Antelope Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2023. The District'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 District 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 Antelope Valley Community College District 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 Antelope Valley Community College District'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 Antelope Valley Community College District's federal programs.

Auditors' 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 Antelope Valley Community College District's compliance based on our audit.

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Antelope Valley Community College District'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 Antelope Valley Community College District'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Antelope Valley Community College District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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.

CWDL, Certified Public Accountants

San Diego, California
December 30, 2023



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

The Board of Trustees
Antelope Valley Community College District
Lancaster, California

Report on State Compliance

Opinion on State Compliance

We have audited Antelope Valley Community College District's (the District) compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual 2022-23*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2023. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2023.

Basis for Opinion

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 compliance requirements described in the 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements 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 District 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 state compliance with the compliance requirements subject to audit in the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District'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 District's compliance with the requirements listed in the table below.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual* 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 District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2022-2023 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, 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 District'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 District's internal control over compliance 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 District'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 material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine the District's compliance with State laws and regulations applicable to the following:

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 499 – COVID-19 Response Block Grant Expenditures

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2022-23 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
December 30, 2023

FINDINGS AND QUESTIONED COSTS SECTION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditor's report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Noted</u>
Non-compliance material to financial statements noted?	<u>No</u>

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards	<u>No</u>
Identification of major programs:	

<u>CFDA Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Student Financial Aid Cluster</u>
<u>84.425E, 84.425F, 84.425L</u>	<u>CARES Act: Higher Education Emergency Relief Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,472,913</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>No</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2022-23.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section III – Federal Award Findings and Questioned Costs

This section identifies the audit findings required to be reported by the *OMB Compliance Supplement* (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2022-23.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section IV – State Award Findings and Questioned Costs

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2022-23.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023**

Section V – Prior Year Audit Findings Summary

This section identifies the audit findings and questioned costs from prior year.

There were no findings or questioned costs identified during 2021-22.