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ANTELOPE VALLEY
COMMUNITY COLLEGE DISTRICT
LANCASTER, CALIFORNIA

AUDIT REPORT

Fiscal Year Ended June 30, 2021

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Antelope Valley Community College District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Antelope Valley Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Antelope Valley Community College District, as of June 30, 2021, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 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 Antelope Valley Community College District's basic financial statements. The accompanying schedule of expenditure 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 Award and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organizational Structure, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Organizational Structure, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Organizational Structure has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022 on our consideration of Antelope Valley Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Antelope Valley Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
January 14, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

This section of Antelope Valley College District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2021.

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 \$93,100,946 at June 30, 2021. This is a change from the total combined net position as of June 30, 2020, which reflected \$116,083,713.
- During the fiscal year, the District's total operating expenses, were \$158,401,643. There was an excess of revenues over expenses of \$6,954,623.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Statement of Net Position

The Statement of Net Position (see page 15, 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 2021. Accounts receivable increased by \$15,553,842 or approximately 198 percent. Current liabilities increased by \$3,995,879 or by 10 percent mainly due to the current portion of long-term debt. 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.

	2021	2020	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	\$ 584,645,342	\$ 606,887,463	\$ (22,242,121)
Deferred outflows of resources	38,948,446	41,817,738	(2,869,292)
Total Assets and Deferred Outflows of Resources	623,593,788	648,705,201	(25,111,413)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	44,134,774	40,138,895	3,995,879
Non-current liabilities	480,461,506	488,654,806	(8,193,300)
Deferred inflows of resources	5,896,562	3,827,787	2,068,775
Total Liabilities and Deferred Inflows of Resources	530,492,842	532,621,488	(2,128,646)
NET POSITION			
Invested in capital assets, net of related debt	118,983,340	151,001,066	(32,017,726)
Restricted	17,332,236	19,903,311	(2,571,075)
Unrestricted	(43,214,630)	(54,820,664)	11,606,034
Total Net Position	\$ 93,100,946	\$ 116,083,713	\$ (22,982,767)

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position (see page 16, 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.

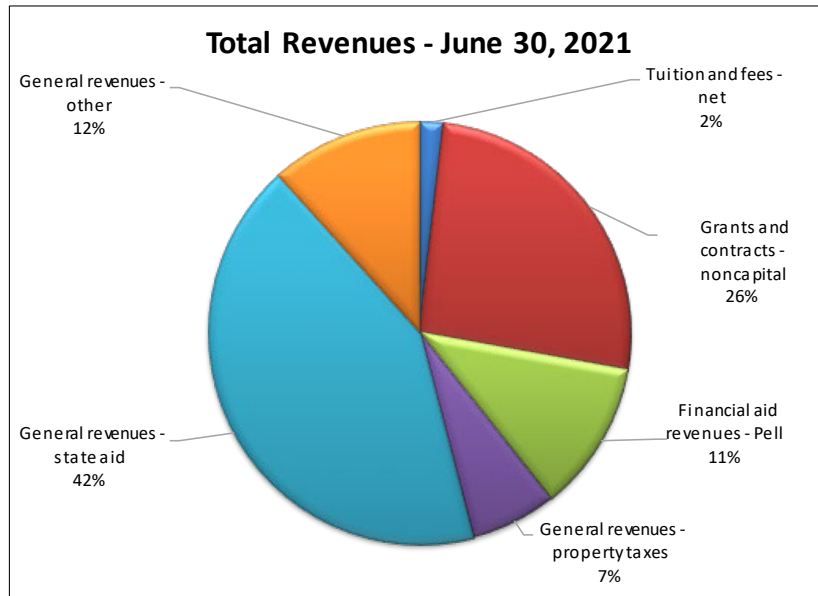
The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in state apportionment, grants and contracts, and state aid. The change in net position at June 30, 2021 has decreased at the end of the year by \$2,064,508 from June 30, 2020. Because of an adjustment to the prior period, the District reports a decrease in its Net Position of \$23.0 million for this fiscal year. Below is a summary of changes in revenues and expenses for the years ending June 30, 2021 and June 30, 2020:

	2021	2020	Change
REVENUES			
Tuition and fees - net	\$ 3,206,231	\$ 3,890,090	\$ (683,859)
Grants and contracts - noncapital	47,098,210	34,007,763	13,090,447
Financial aid revenues - Pell	20,801,170	25,541,619	(4,740,449)
General revenues - property taxes	12,011,707	26,565,845	(14,554,138)
General revenues - state aid	76,698,352	79,393,253	(2,694,901)
General revenues - other	21,041,944	8,102,331	12,939,613
Total Revenues	180,857,614	177,500,901	3,356,713
EXPENSES			
Operating expenses	158,401,643	155,745,248	2,656,395
Interest and other	15,501,348	12,736,522	2,764,826
Total Expenses	173,902,991	168,481,770	5,421,221
Change in Net Position	6,954,623	9,019,131	(2,064,508)
Prior Period Adjustment	(29,937,390)	(12,549,165)	(17,388,225)
Change in Net Postion	\$ (22,982,767)	\$ (3,530,034)	\$ (19,452,733)

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

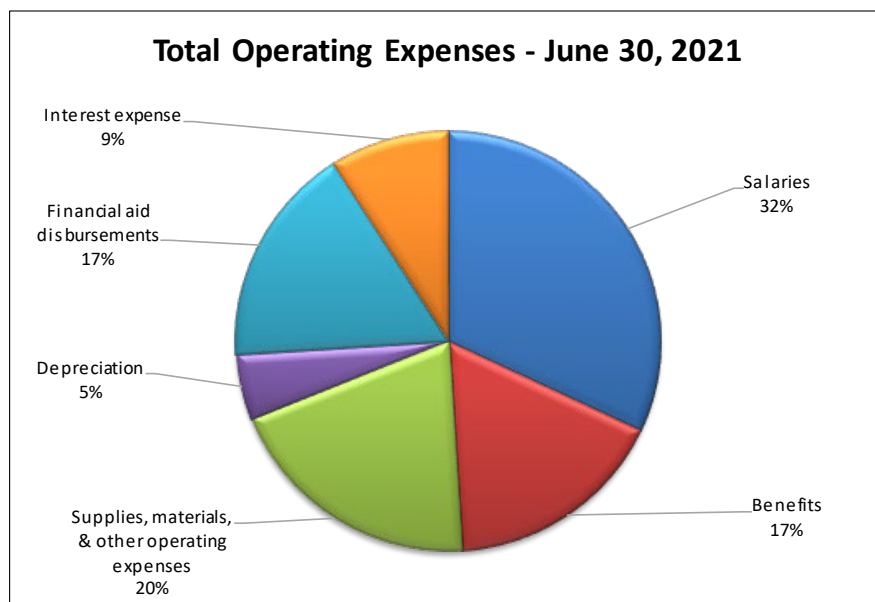
Total Revenues for the Year Ended June 30, 2021

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, 2021

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, 2021**

Statement of Cash Flows

The statement of cash flows (see pages 17 and 18, 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. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments. The net cash used by the District for operating activities for period ending June 30, 2021 was \$109,322,419.

Capital Assets

The District's capital assets, net of accumulated depreciation at June 30, 2021 totaled \$388,096,752. This represented an increase in capital assets of \$8,888,029 from the prior year or a 2.3 percent increase from 2020 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.

	2021	2020	Change
Capital Assets not being depreciated	\$ 84,612,892	\$ 56,073,438	\$ 28,539,454
Capital Assets being depreciated	379,299,750	369,482,661	9,817,089
Accumulated depreciation	(75,815,890)	(46,347,376)	(29,468,514)
Total Capital Assets	\$ 388,096,752	\$ 379,208,723	\$ 8,888,029

Long-Term Liabilities

The District's total liabilities at June 30, 2021 totaled \$489,649,486. Of this amount, \$9,187,980 is due in the upcoming fiscal year. Long term liabilities have decreased by \$7,925,310 or 1.61 percent. Below is a summary of the District's long-term liabilities.

	2021	2020	Change
General obligation and revenue bonds	\$ 397,219,252	\$ 405,832,232	\$ (8,612,980)
Compensated absences	2,360,288	2,179,183	181,105
Net OPEB liability	4,962,564	6,374,372	(1,411,808)
Net pension liability	84,647,061	82,739,688	1,907,373
Other long-term liabilities	460,321	449,321	11,000
Total Long-term Liabilities	\$ 489,649,486	\$ 497,574,796	\$ (7,925,310)

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

2021-2022 Adopted Budget¹ for Community Colleges (In Millions)

The State of California approved its 2020-21 budget on June 30, 2021. Below is the California Community College budget (in millions) and changes made through the legislative process.

Program	2020-21 Revised	2021-22 Enacted	Change from 2020-21	Percent Change	Explanation of Change
Student Centered Funding Formula	\$7,502.5	\$7,927.0	\$424.5	5.7%	COLA, growth, and base adjustments
Deferrals--Student Centered Funding Formula and Student Equity and Achievement	-1,453.2	1,453.2	1,453.2	100.0%	Pay off the 2020-21 deferral
Deferred maintenance (one-time)	0.0	511.0	511.0	-	Adds one-time funding
Student Equity and Achievement Program	475.2	499.0	23.8	5.0%	Base adjustment
Strong Workforce Program	248.0	290.4	42.4	17.1%	Base adjustment
Student Success Completion Grant	159.0	162.6	3.6	2.3%	Adjust for revised estimate of recipients
Emergency financial assistance grants (one-time) ^b	100.0	150.0	50.0	50.0%	Adds one-time funding (from federal ARP funds)
Full-time faculty hiring	50.0	150.0	100.0	200.0%	Adds ongoing funding
Extended Opportunity Programs and Services (EOPS)	115.9	135.9	20.0	17.3%	Adds ongoing funding and 1.7% COLA
Disabled Students Programs and Services (DSPS)	124.3	126.4	2.1	1.7%	1.7% COLA
Support zero-textbook-cost degrees (one-time)	0.0	115.0	115.0	-	Adds one-time funding
Part-time faculty office hours	12.2	112.2	100.0	819.7%	Adds ongoing funding of \$10 million (and \$90 million one-time in 2021-22)
Retention and enrollment (one-time) ^b	20.0	100.0	80.0	400.0%	Adds one-time funding
Basic needs for food insecurity (one-time)	0.0	100.0	100.0	-	Adds one-time funding

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Program	2020-21 Revised	2021-22 Enacted	Change from 2020-21	Percent Change	Explanation of Change
Financial aid administration ^b	78.7	74.3	-4.4	-5.6%	Adjust for revised estimates of fee waivers and removal of one-time funding. Includes \$3.1 million one-time to support <u>CalFresh</u> application that was part of SB 85 Immediate Action Budget
California College Promise (AB 19)	81.4	72.5	-8.9	-10.9%	Adjust for revised estimates of first-time, full-time students
College-specific allocations ^e	0.0	67.9	67.9	-	Adds one-time funding
Integrated technology	41.9	65.5	23.6	56.3%	Augmentation for CENIC, online education infrastructure, CCC Registry, and library services platform
Adult Education Program – Community College Districts ^c	62.0	65.0	3.0	4.8%	COLA
Apprenticeship (community college districts)	43.6	60.1	16.5	37.8%	Adjusts for revised estimate of related supplemental instruction hours and adds ongoing funding
Guided Pathways implementation (one-time)	0.0	50.0	50.0	-	Adds one-time funding
CalWORKs student services	46.9	47.7	0.8	1.7%	1.7% COLA
Mandates Block Grant and reimbursements	33.4	33.7	0.3	0.9%	Revised enrollment estimates and 1.7% COLA; funded at \$30.67
Student mental health services	0.0	30.0	30.0	-	Adds ongoing funding
Basic needs centers	0.0	30.0	30.0	-	Adds ongoing funding
Institutional effectiveness initiative	27.5	27.5	0.0	-	
Part-time faculty compensation	24.9	24.9	0.0	-	
Online education initiative	23.0	23.0	0.0	-	
Economic and Workforce Development	22.9	22.9	0.0	-	
<u>NextUp</u> (foster youth program)	20.0	20.0	0.0	-	
EEO best practices (one-time)	0.0	20.0	20.0	-	Adds one-time funding
Workforce investment initiatives with CWDB (one-time)	0.0	20.0	20.0	-	Adds one-time funding

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Program	2020-21 Revised	2021-22 Enacted	Change from 2020-21	Percent Change	Explanation of Change
Culturally competent professional development (one-time)	0.0	20.0	20.0	-	Adds one-time funding
Cooperative Agencies Resources for Education (CARE)	16.8	19.0	2.2	13.2%	Adds ongoing funding and 1.7% COLA
California Online Community College (Calbright College) ^d	15.0	15.0	0.0	-	
Nursing grants	13.4	13.4	0.0	-	
Lease revenue bond payments	12.8	12.8	0.0	-	
Dreamer Resource Liaisons	5.8	11.6	5.8	100.0%	Adds ongoing funding
Mathematics, Engineering, Science Achievement (MESA)	2.5	10.7	8.2	323.0%	Adds ongoing funding
Rising Scholars Network	0.0	10.0	10.0	-	Adds ongoing funding
Competency-based education (one-time)	0.0	10.0	10.0	-	Adds one-time funding
LGBTQ+ support (one-time)	0.0	10.0	10.0	-	Adds one-time funding
Common course numbering (one-time)	0.0	10.0	10.0	-	Adds one-time funding
Immigrant legal services through CDSS	10.0	10.0	0.0	-	
Veterans Resource Centers	10.0	10.0	0.0	-	
Puente Project	2.0	9.3	7.3	369.0%	Adds ongoing funding
Student Housing Program	9.0	9.0	0.0	-	
Umoja	2.6	7.5	4.9	190.0%	Adds ongoing funding
Foster Parent Education Program	5.7	5.7	0.0	-	
AB 1460 implementation (one-time)	0.0	5.6	5.6	-	Adds one-time funding
Community college law school initiative	0.0	5.0	5.0	-	Adds one-time funding
Childcare tax bailout	3.6	3.7	0.1	1.7%	1.7% COLA
Equal Employment Opportunity Program	2.8	2.8	0.0	-	
Instructional Materials for Dual Enrollment (one-time)	0.0	2.5	2.5	-	Adds one-time funding
Middle College High School Program	1.8	1.8	0.0	-	
Academic Senate for Community Colleges	1.7	1.7	0.0	-	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	0.1	1.4	1.3	1300.0%	Adds ongoing funding
Transfer education & articulation projects	0.7	0.7	0.0	-	

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Program	2020-21 Revised	2021-22 Enacted	Change from 2020-21	Percent Change	Explanation of Change
Fiscal Crisis and Management Assistance Team (FCMAT)	0.6	0.6	0.0	-	
Part-time faculty health insurance	0.5	0.5	0.0	-	
COVID-19 Response Block Grant (one-time)	120.0	0.0	-120.0	-100.0%	Removes one-time funding
Total	\$8,097.5	\$12,808.0	\$4,710.5	58.2%	

a Table reflects total programmatic funding for the system, including amounts from prior years available for use in the years displayed.

b The Immediate Action Package implemented in February 2021 through SB 85 included \$100 million for emergency financial grants for students, \$20 million to support retention and enrollment strategies, and \$3 million for financial aid administration to support student applications for CalFresh. The funding for emergency financial assistance grants was allocated from federal ARP funds, while the funds for retention and financial aid administration were state Proposition 98 funds. The same sources of funds apply for the 2021-22 allocations.

c Amounts represent share ultimately received by California Community College districts. For the overall adult education districts and K-12 agencies, and \$128 million (23%) is distributed by community college district fiscal agents or funded directly to community college districts.

d Budget Act continued funding for Calbright College, but includes language stating that any legislation that eliminates the college will be binding (such as AB 1432; this bill was passed by the Assembly in May 2021 but the Senate canceled a scheduled hearing of the bill; it could still come up for a hearing in the next legislative cycle).

e Includes 15 college-specific allocations as prescribed in statute.

Pension

CalPERS is increased from 20.7% in 2020-21 to 22.91% in 2021-22. CalSTRS is increased from 16.15% in 2020-21 to 16.92% in 2021-22.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

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

Student Aid: \$19,118,368

Minority Serving Institution: \$1,956,889

District Budget

The Board of Trustees adopted the fiscal year 2021-22 budget on September 13, 2021. Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. Antelope Valley College's 2021-22 budget includes an estimated Total Computation Revenue (TCR) reduction of 1.03%. The District's Attendance Full Time Equivalent Students (FTES) for FY2020- 2021 was down 1,819 when compared to FY2019-2020.

Long-term Capital Outlay Funding

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

Minimum Wage

The Fair Wage Act of 2016 was passed increasing the minimum wage per hour over four years starting at \$10.50 effective January 1, 2017 and then increasing to \$15 per hour on January 1, 2022. Effective January 1, 2021, the rate is \$14 per hour.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021**

OTHER ECONOMIC FACTORS, continued

Other Post-Employment Benefits

The District has established a trust for Other Post-Employment Benefits (OPEB) for retiree health and welfare benefits. On September 13, 2021, the Board of Trustees approved to fully fund the OPEB trust.

Pension Stabilization

The District is committed to addressing its long-term liabilities. In accordance with revised BP 6250 Budget Management, approved on November 9, 2020, which states revenues accruing to the District in excess of amounts budgeted shall be added to a pension stabilization trust fund, so long as it can be supported in the multi-year budget projections and within the Board goal of 15% reserve levels. The intent of the pension stabilization fund is to ensure that the District can meet its current and future employer-funded pension obligations. Additionally, half of all new one-time funding will be directed to the pension stabilization fund until that fund is self-supporting. Any additional revenues above expenditures shall be added to the District's reserves for contingency. These funds are available for appropriation only upon a resolution of the Board of Trustees that sets forth the need according to major budget classifications in accordance with applicable law.

Reserves

The Board of Trustees had established a minimum reserve of the unrestricted fund of 12% in BP 6200 Budget Preparation. Additionally, AP 6305 Reserves, approved on May 11, 2020, establishes a budgeted reserve goal of 15% with an additional goal of 3% for contingency reserves.

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*Association of California Community College Administrators, the Association of Chief Business Officials, and the Community College League of California Update on Enacted 2021-2022 Budget, July 13, 2021.

FINANCIAL SECTION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

Current Assets:

Cash and cash equivalents	\$ 43,602,748
Accounts receivable, net	23,427,463
Inventory	337,654
Due from other funds	326,171
Prepaid expenditures and other assets	655,660
Total Current Assets	68,349,696

Noncurrent Assets:

Restricted cash and cash equivalents	128,198,894
Capital assets, net	388,096,752
Total Noncurrent Assets	516,295,646

TOTAL ASSETS

584,645,342

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	20,175,199
Deferred outflows - OPEB	594,362
Deferred outflows - pensions	18,178,885
	18,178,885

TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES

\$ 623,593,788

LIABILITIES

Current Liabilities:

Accounts payable & accrued expenses	\$ 15,957,870
Unearned revenue	18,988,924
Long-term debt, current portion	9,187,980
Total Current Liabilities	44,134,774

Noncurrent Liabilities:

Compensated absences	2,360,288
Net pension liability	84,647,061
Net OPEB Liability	4,962,564
Banked faculty load time	460,321
Long-term debt, non-current portion	388,031,272
Total Noncurrent Liabilities	480,461,506

TOTAL LIABILITIES

524,596,280

DEFERRED INFLOWS OF RESOURCES

Deferred inflows - OPEB	1,805,632
Deferred inflows - pensions	4,090,930

NET POSITION

Net investment in capital assets 118,983,340

Restricted for:

Debt service	20,268,253
Capital projects	(4,434,648)
Other special purpose	1,498,631

Unrestricted (43,214,630)

TOTAL NET POSITION

93,100,946

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

\$ 623,593,788

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

OPERATING REVENUES	
Tuition and fees (gross)	\$ 11,366,129
Less: Scholarship discounts and allowances	(8,159,898)
Net tuition and fees	<u>3,206,231</u>
Grants and contracts, noncapital:	
Federal	25,668,512
State	21,429,698
TOTAL OPERATING REVENUES	<u>50,304,441</u>
OPERATING EXPENSES	
Salaries	56,055,894
Employee benefits	29,309,785
Supplies, materials, and other operating expenses and services	34,533,237
Student aid	29,553,494
Depreciation	8,949,233
TOTAL OPERATING EXPENSES	<u>158,401,643</u>
OPERATING (LOSS)	<u>(108,097,202)</u>
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	70,479,469
Local property taxes	8,165,381
State taxes and other revenues	6,218,883
Pell grants	20,801,170
Investment income - noncapital	1,436,155
Interest expense on capital asset-related debt	(15,066,443)
Transfer to trust fund	(434,905)
Other non-operating revenues	19,102,789
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>110,702,499</u>
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	<u>2,605,297</u>
State apportionments, capital	503,000
Local property taxes and revenues, capital	3,846,326
INCREASE IN NET POSITION	<u>6,954,623</u>
NET POSITION -- BEGINNING OF YEAR	<u>116,083,713</u>
PRIOR YEAR ADJUSTMENT (SEE NOTE 12)	<u>(29,937,390)</u>
NET POSITION -- END OF YEAR	<u>\$ 93,100,946</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 3,206,231
Grants and contracts	51,500,292
Payments to or on behalf of employees	(80,748,516)
Payments to vendors for supplies and services	<u>(83,280,426)</u>
Net Cash Used by Operating Activities	<u>(109,322,419)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	70,479,469
Property taxes	8,165,381
State taxes and other revenues	6,218,883
Financial aid revenues	20,801,170
Transfer to trust fund	(434,905)
Other nonoperating cash flows	<u>19,102,789</u>
Net Cash Provided by Non-capital Financing Activities	<u>124,332,787</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(50,041,342)
Local property taxes and other revenues, capital purpose	4,349,326
Principal paid on capital debt	(8,612,980)
Interest paid on capital debt	<u>(7,260,530)</u>
Net Cash Used by Capital Financing Activities	<u>(61,565,526)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>1,436,155</u>
Net Cash Provided by Investing Activities	<u>1,436,155</u>
NET DECREASE IN CASH & CASH EQUIVALENTS	(45,119,003)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	<u>216,920,645</u>
CASH & CASH EQUIVALENTS, END OF YEAR	<u>\$ 171,801,642</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

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

Operating income (loss)	\$ (108,097,202)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	8,949,233
Changes in Assets and Liabilities:	
Receivables, net	(13,211,298)
Inventory	216,385
Prepaid items	1,272,750
Deferred outflows of resources	1,860,718
Accounts payable and accrued liabilities	(7,471,532)
Deferred revenue	4,402,082
Compensated absences	181,105
Bank faculty load time	11,000
Net pension liability	1,907,373
Net OPEB liability	(1,411,808)
Deferred inflows of resources	2,068,775
Total Adjustments	<u>(1,225,217)</u>
Net Cash Flows From Operating Activities	<u>\$ (109,322,419)</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2021

	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Total
ASSETS			
Cash and equivalents	\$ 36,697	\$ 110,394	\$ 147,091
Investments	-	3,857,544	3,857,544
Accounts receivable	-	190	190
Total Assets	36,697	3,968,128	4,004,825
LIABILITIES			
Accounts Payable	872	108,430	109,302
Deferred revenue	3,476	-	3,476
Total Liabilities	4,348	108,430	112,778
NET POSITION			
Net position restricted for OPEB	-	3,859,698	3,859,698
Held in trust for others	33,081	-	33,081
Total Net Position	\$ 33,081	\$ 3,859,698	\$ 3,892,779

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Total
OPERATING REVENUES			
Contributions	\$ -	\$ 387,113	\$ 387,113
Investment income	5	783,298	783,303
Other local revenue	379,548	-	379,548
Total Operating Revenues	379,553	1,170,411	1,549,964
OPERATING EXPENSES			
Supplies, materials, and other outgo	379,553	-	379,553
Total Operating Expenses	379,553	-	379,553
Net Change in Net Position	-	1,170,411	1,170,411
NET POSITION			
Beginning of Year	33,081	2,689,287	2,722,368
End of Year	\$ 33,081	\$ 3,859,698	\$ 3,892,779

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 115.

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 Change 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

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

Investments held by the OPEB Irrevocable Trust Fund 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.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables 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 other receivable balances. At June 30, 2021, management determined that no allowance was necessary.

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 STRS and PERS employees, when the employee retires.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Banked Faculty Load

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, 2021, the District recognized \$1,008,574 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
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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, 2021, 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.

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expenses, continued

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.

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, Fiduciary Activities. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement is effective for periods beginning after December 15, 2020. The District has not yet determined the impact on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, Leases. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement is effective for periods beginning after June 15, 2021. The District has not determined the impact on the financial statements.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2021, consisted of the following:

Governmental Funds:

County treasurer's investment pool	\$ 164,906,554
Cash on hand and in banks	6,895,088
Total cash and investments - Governmental Funds	<u>\$ 171,801,642</u>

Fiduciary Funds:

County treasurer's investment pool	\$ 99,228
Cash on hand and in banks	47,863
Cash with fiscal agents	3,857,544
Total cash and investments - Fiduciary Funds	<u>\$ 4,004,635</u>

Mutual funds held within the OPEB trust fund at June 30, 2021, consisted of the following:

Mutual funds - equity	\$ 2,064,692
Mutual funds - fixed income	1,482,429
Mutual funds - real estate	310,423
Total investments	<u>\$ 3,857,544</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.

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 2 - CASH AND INVESTMENTS, continued

Custodial Credit Risk, continued

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. As of June 30, 2021, 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 construction projects and repayment of long-term liabilities. Funds are held in the County Treasury. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

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, 2021, 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, 2021, the District had no concentration of credit risk.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, 2021:

OPEB Trust Investments	Total	Level 1	Level 2	Level 3
Mutual funds - equity	\$ 2,064,692	\$ 2,064,692	\$ -	\$ -
Mutual funds - fixed income	1,482,429	1,482,429	-	-
Mutual funds - real estate	310,423	310,423	-	-
Total investments	\$ 3,857,544	\$ 3,857,544	\$ -	\$ -

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

During the year ended June 30, 2021, 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, 2021.

NOTE 4 - RECEIVABLES

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2021, accounts receivable amounted to \$23,427,463. The District believes all receivables accrued at June 30, 2021 were collectable.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 5 - CAPITAL ASSETS

Capital asset activity consists of the following

	Balance July 1, 2020	Adjustment for Restatement	Additions	Deductions	Balance June 30, 2021
Capital Assets not being Depreciated					
Land	\$ 2,432,991	\$ 64,046	\$ -	\$ -	\$ 2,497,037
Construction in progress	53,640,447	(5,134)	50,260,646	21,780,104	82,115,855
Total Capital Assets not being Depreciated	56,073,438	58,912	50,260,646	21,780,104	84,612,892
Capital Assets being Depreciated					
Buildings & improvements	349,410,286	(16,457,715)	21,780,104	-	354,732,675
Machinery & equipment	20,072,375	3,679,361	1,307,099	491,760	24,567,075
Total Capital Assets being Depreciated	369,482,661	(12,778,354)	23,087,203	491,760	379,299,750
Total Capital Assets	425,556,099	(12,719,442)	73,347,849	22,271,864	463,912,642
Less Accumulated Depreciation					
Buildings & improvements	35,057,857	21,089,496	7,038,289	-	63,185,642
Machinery & equipment	11,289,519	(91,178)	1,910,944	479,037	12,630,248
Accumulated Depreciation	46,347,376	20,998,318	8,949,233	479,037	75,815,890
Net Capital Assets	\$379,208,723	\$ (33,717,760)	\$64,398,616	\$21,792,827	\$388,096,752

NOTE 6 - 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 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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG TERM LIABILITIES, continued

The annual payments required to amortize the 2014 General Obligation Refunding Bonds Series A and Series B as of June 30, 2021, are as follows:

Series A:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,905,000	\$ 1,810,125	\$ 3,715,125
2023	2,115,000	1,709,625	3,824,625
2024	5,580,000	1,529,125	7,109,125
2025	6,100,000	1,249,000	7,349,000
	<u>\$ 15,700,000</u>	<u>\$ 6,297,875</u>	<u>\$ 21,997,875</u>

Series B:

Fiscal Year	Principal	Interest	Total
2022	\$ 2,910,000	\$ 195,918	\$ 3,105,918
2023	3,150,000	104,486	3,254,486
	<u>\$ 6,060,000</u>	<u>\$ 300,404</u>	<u>\$ 6,360,404</u>

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG TERM LIABILITIES, continued

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, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 5,351,750	\$ 5,351,750
2023	-	5,351,750	5,351,750
2024	-	5,351,750	5,351,750
2025	-	5,351,750	5,351,750
2026	-	5,351,750	5,351,750
2027-2031	4,190,000	26,565,500	30,755,500
2032-2036	19,555,000	23,670,625	43,225,625
2037-2041	30,200,000	17,673,125	47,873,125
2042-2046	49,735,000	8,090,725	57,825,725
2047	12,705,000	254,100	12,959,100
	<u>\$ 116,385,000</u>	<u>\$ 103,012,825</u>	<u>\$ 219,397,825</u>

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, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,500,000	\$ 619,185	\$ 2,119,185
2023	1,705,000	579,266	2,284,266
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
2027-2029	10,140,000	549,438	10,689,438
	<u>\$ 20,395,000</u>	<u>\$ 3,127,104</u>	<u>\$ 23,522,104</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG TERM LIABILITIES, continued

In February 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, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 1,600,000	\$ 3,200,000	\$ 4,800,000
2023	1,850,000	3,136,000	4,986,000
2024	200,000	3,062,000	3,262,000
2025	-	3,054,000	3,054,000
2026	-	3,054,000	3,054,000
2027-2031	1,700,000	15,238,000	16,938,000
2032-2036	6,300,000	14,476,000	20,776,000
2037-2041	7,655,000	13,168,600	20,823,600
2042-2046	15,695,000	11,031,000	26,726,000
2047-2051	60,000,000	6,120,000	66,120,000
	<u>\$ 95,000,000</u>	<u>\$ 75,539,600</u>	<u>\$ 170,539,600</u>

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

The 2020 Refunding mature through August 1, 2038. The annual payments required to the 2020 Refunding June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ -	\$ 3,034,078	\$ 3,034,078
2023	-	3,034,078	3,034,078
2024	-	3,034,078	3,034,078
2025	-	3,034,078	3,034,078
2026	6,610,000	3,034,078	9,644,078
2027-2031	36,690,000	13,142,736	49,832,736
2032-2036	46,775,000	8,613,314	55,388,314
2037-2039	35,220,000	2,002,170	37,222,170
	<u>\$ 125,295,000</u>	<u>\$ 38,928,607</u>	<u>\$ 164,223,607</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 6 - LONG TERM LIABILITIES, continued

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Payments and Reductions	Balance June 30, 2021	Amounts Due Within One Year
General obligation bonds	\$ 386,175,000	\$ -	\$ 7,340,000	\$ 378,835,000	\$ 7,915,000
Bond premium	19,657,232	-	1,272,980	18,384,252	1,272,980
Banked faculty load time	449,321	11,000	-	460,321	-
Compensated absences	2,179,183	181,105	-	2,360,288	-
Net pension liability	82,739,688	1,907,373	-	84,647,061	-
Other postemployment benefits	6,374,372	-	1,411,808	4,962,564	-
Total Long Term Debt	\$ 497,574,796	\$ 2,099,478	\$ 10,024,788	\$ 489,649,486	\$ 9,187,980

NOTE 7 - 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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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	\$ 42,570,343	\$ 9,944,566	\$ 3,998,008	\$ 5,008,814
CalPERS	42,076,718	8,234,319	92,922	7,491,255
Total	\$ 84,647,061	\$ 18,178,885	\$ 4,090,930	\$ 12,500,069

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

General Information about the Pension Plan

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, 2015 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2015. 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>.

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - NET PENSION LIABILITY, continued

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

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	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	7.000%	6.500%
Required employer contribution rate	20.700%	20.700%

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, 2021, are presented above and the total District contributions were \$4,211,963.

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, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$42,076,718. The net pension liability was measured as of June 30, 2020. 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, 2021 and June 30, 2020, respectively was 0.137 percent and 0.133 percent, resulting in a net increase in the proportionate share of 0.004 percent.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - NET PENSION LIABILITY, continued

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

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

For the year ended June 30, 2021, the District recognized pension expense of \$7,491,255. At June 30, 2021, 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	\$ 875,904	\$ -
Differences between expected and actual experience	2,086,877	-
Changes in assumptions	154,297	-
Net changes in proportionate share of net pension liability	905,278	92,922
District contributions subsequent to the measurement date	4,211,963	-
Total	\$ 8,234,319	\$ 92,922

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
2022	\$ 1,275,456
2023	1,121,505
2024	910,258
2025	622,215
	\$ 3,929,434

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - NET PENSION LIABILITY, continued

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

Actuarial assumptions. For the measurement period ended June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 and the June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
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.

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**	Real Return Years 11+***
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Assets	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Assets	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	100%		

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - NET PENSION LIABILITY, continued

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15 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.

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 7.15 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 (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	\$ 60,492,956	\$ 42,076,718	\$ 26,792,166

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)

General Information about the Pension Plan

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, 2015, 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
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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 nonemployer 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, 2021 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%	9.205%*
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

*The rate imposed on CalSTRS 2% at 62 members assuming no change in the normal cost of benefits.

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 16.15 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the District's total contributions were \$3,969,237.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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 \$3,940,139.

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

At June 30, 2021, 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	\$ 42,570,343
State's proportionate share of the net pension liability associated with the District	<u>21,944,840</u>
Total	<u>\$ 64,515,183</u>

The net pension liability was measured as of June 30, 2020. 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, 2021 and June 30, 2020, respectively, was 0.04393 percent and 0.0486 percent, resulting in a net decrease in the proportionate share of 0.00467 percent.

For the year ended June 30, 2021, the District recognized pension expense of \$5,008,814. At June 30, 2021, 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	\$ 1,010,963	\$ -
Differences between expected and actual experience	75,117	1,199,803
Changes in assumptions	4,150,458	-
Net changes in proportionate share of net pension liability	738,791	2,798,205
District contributions subsequent to the measurement date	<u>3,969,237</u>	<u>-</u>
Total	<u>\$ 9,944,566</u>	<u>\$ 3,998,008</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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
2022	\$ (81,319)
2023	1,018,248
2024	1,354,953
2025	(206,936)
2026	(111,766)
Thereafter	4,141
	<u>\$ 1,977,321</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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - NET PENSION LIABILITY, continued

Pension Plans – California State Teachers’ Retirement System (CalSTRS), 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%
	100%	

*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
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 8 - 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	\$ 64,317,859	\$ 42,570,343	\$ 24,614,707

Pension plan fiduciary net position - Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annual-financial-report>.

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

In addition to the pension benefits described in Note 8, 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.

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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Employees Covered by Benefit Term

The following is a table of plan participants as of the June 30, 2020 measurement date:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	36
Participating Active Employees	418
	<u>454</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. For fiscal year 2020-21, the District contributed \$910,409 to the Trust.

Actuarial Assumptions - The District’s total OPEB liability of \$7,649,696 was measured as of June 30, 2020. The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.50%
Discount rate	6.50%
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 2017 CalPERS active mortality for miscellaneous employees were used.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a) - (b)
Balance July 1, 2019	\$ 8,585,152	\$ 2,210,780	\$ 6,374,372
Changes for the year:			
Service cost	718,967	-	718,967
Interest	564,394	89,239	475,155
Employer contributions	-	910,409	(910,409)
Experience gains/losses	(1,103,802)	-	(1,103,802)
Changes of assumptions	(591,719)	-	(591,719)
Expected benefit payments	(523,296)	(523,296)	-
Net change	(935,456)	476,352	(1,411,808)
Balance June 30, 2020	\$ 7,649,696	\$ 2,687,132	\$ 4,962,564

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2020 measurement date was 26 percent.

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 (5.50%)	Current Discount Rate (6.50%)	Discount Rate 1% Higher (7.50%)
Net OPEB liability	\$ 5,435,631	\$ 4,962,564	\$ 4,521,875

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	\$ 4,292,597	\$ 4,962,564	\$ 5,733,839

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$466,302. At June 30, 2021, 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
Differences between projected and actual earnings on plan investments	\$ 68,688	\$ 5,964
Differences between expected and actual experience	-	1,082,203
Change in assumptions	138,561	717,465
District contributions subsequent to the measurement date	387,113	-
	<u>\$ 594,362</u>	<u>\$ 1,805,632</u>

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
2022	\$ (137,481)
2023	(137,477)
2024	(134,497)
2025	(139,517)
2026	(152,924)
Thereafter	(896,487)
	<u>\$ (1,598,383)</u>

NOTE 10 - 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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE 10 - COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2021, the District has approximately \$53.3 million in outstanding commitments on construction contracts.

NOTE 11 - 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 Self Insurance Risk Management Authority II (SIRMA). 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. SIRMA 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 12 – PRIOR PERIOD ADJUSTMENT

Beginning net position decreased by \$29,937,390. The majority of the adjustment was due to a restatement of Capital Assets. The District completed a capital asset analysis with Asset Max. The end result was a decrease to capital assets of \$33,717,760 million. During fiscal year 2020-21 there was an implementation of GASB Statement No. 84, *Fiduciary Activities*; this resulted in a beginning balance increase of \$1,513,680. The remainder of the adjustment consisted of District identified adjustments amounting to \$2,266,690.

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2021 through January 14, 2022, the date the financial statements were issued. The District obtained a new long term debt liability during the auditing period of 2021 due to the issuance of the GO refunding Bond of \$86,215,000.

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, 2021**

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 718,967	\$ 734,818	\$ 633,392	\$ 599,942
Interest	564,394	499,172	485,046	448,398
Changes of assumptions	(591,719)	(212,029)	186,897	-
Experience gains/losses	(1,103,802)	-	(95,983)	-
Benefit payments	(523,296)	(531,957)	(519,493)	(499,512)
Net change in total OPEB liability	(935,456)	490,004	689,859	548,828
Total OPEB liability, beginning of year	8,585,152	8,095,148	7,405,289	6,856,461
Total OPEB liability, end of year (a)	\$ 7,649,696	\$ 8,585,152	\$ 8,095,148	\$ 7,405,289
Plan fiduciary net position				
Employer contributions	\$ 910,409	\$ 919,070	\$ 906,606	\$ 886,626
Expected investment income	-	125,302	94,293	125,965
Investment gains/losses	89,239	(25,090)	14,916	-
Administrative expense	-	(21,429)	(17,100)	(11,322)
Expected benefit payments	(523,296)	(531,957)	(519,493)	(499,512)
Change in plan fiduciary net position	476,352	465,896	479,222	501,757
Fiduciary trust net position, beginning of year	2,210,780	1,744,884	1,265,662	763,905
Fiduciary trust net position, end of year (b)	\$ 2,687,132	\$ 2,210,780	\$ 1,744,884	\$ 1,265,662
Net OPEB liability (asset), ending (a) - (b)	\$ 4,962,564	\$ 6,374,372	\$ 6,350,264	\$ 6,139,627
Covered payroll	\$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)	35%	26%	22%	17%
Net OPEB liability (asset) as a percentage of covered payroll	11%	16%	21%	21%

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 CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2021**

	2021	2020	2019	2018
Actuarially determined contribution	\$ 348,502	\$ 523,296	\$ 531,957	\$ 519,493
Contributions in relation to the actuarially determined contribution	982,770	919,070	906,606	886,626
Contribution deficiency (excess)	\$ (634,268)	\$ (395,774)	\$ (374,649)	\$ (367,133)
Covered-employee payroll	\$45,508,781	\$ 38,990,890	\$ 30,618,236	\$ 28,900,000
Contribution as a percentage of covered-employee payroll	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, 2021**

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS							
District's proportion of the net pension liability	0.044%	0.049%	0.048%	0.046%	0.048%	0.051%	0.052%
District's proportionate share of the net pension liability	\$ 42,570,343	\$ 43,890,350	\$ 43,901,240	\$ 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	21,944,840	23,945,309	25,136,722	24,972,796	22,080,994	18,213,000	18,316,000
Total	\$ 64,515,183	\$ 67,835,659	\$ 69,037,962	\$ 67,185,354	\$ 60,862,718	\$ 52,649,000	\$ 48,648,000
District's covered - employee payroll	\$ 24,577,319	\$ 27,809,855	\$ 27,360,527	\$ 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	173%	158%	158%	154%	143%	145%	131%
Plan fiduciary net position as a percentage of the total pension liability	72%	73%	71%	69%	70%	74%	77%

	Reporting Fiscal Year (Measurement Date)						
	2021 (2020)	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS							
District's proportion of the net pension liability	0.137%	0.133%	0.134%	0.128%	0.127%	0.127%	0.128%
District's proportionate share of the net pension liability	\$ 42,076,718	\$ 38,849,338	\$ 35,701,482	\$ 30,513,962	\$ 25,179,106	\$ 18,775,000	\$ 14,551,000
District's covered - employee payroll	\$ 20,347,647	\$ 18,120,443	\$ 19,243,916	\$ 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	207%	214%	197%	159%	156%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	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, 2021**

CaSTRS	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 3,969,237	\$ 4,664,461	\$ 4,527,444	\$ 3,948,124	\$ 3,400,851	\$ 2,655,133	\$ 2,108,206
District's contributions in relation to the statutorily required contribution	3,969,237	4,664,461	4,527,444	3,948,124	3,400,851	2,655,133	2,108,206
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 24,577,319	\$ 27,277,550	\$ 27,809,855	\$ 27,360,527	\$ 27,033,792	\$ 24,745,000	\$ 23,741,000
District's contributions as a percentage of covered-employee payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
	Reporting Fiscal Year						
	2021	2020	2019	2018	2017	2016	2015
CaPERS							
Statutorily required contribution	\$ 4,211,963	\$ 3,922,162	\$ 3,272,914	\$ 2,672,980	\$ 2,240,020	\$ 1,832,600	\$ 1,659,877
District's contributions in relation to the statutorily required contribution	4,211,963	3,922,162	3,272,914	2,672,980	2,240,020	1,832,600	1,659,877
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 20,347,647	\$ 19,888,251	\$ 18,120,443	\$ 19,243,916	\$ 16,126,854	\$ 15,469,000	\$ 14,101,000
District's contributions as a percentage of covered-employee payroll	20.70%	19.72%	18.06%	13.89%	13.89%	11.85%	11.77%

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
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021**

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

There are no changes of assumptions since the previous valuations for both CalSTRS and CalPERS.

SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2021**

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, 2021:

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Michael Adams	President	2022
Steve Buffalo	Vice President	2022
Barbara Gains	Clerk	2022
Michelle Harvey	Trustee	2024
Michael Rives	Trustee	2024
Rocio Rivera	Student Trustee	2022

DISTRICT ADMINISTRATION

Edward Knudson
Superintendent/President

Isabelle Saber
Vice President, Academic Affairs

Vacant*
Vice President, Human Resources

Dr. Erin Vines
Vice President, Student Services

Sarah Miller
Executive Director, Financial and Fiscal Services, Chief Business Official

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	Organized as an auxiliary organization in 2019 and has a signed master agreement dated August 13, 2018

* Jennifer Burchett termed on 3/2/2021. The District hired a consultant with a start date of 4/12/2021, to assist until a VP of HR is hired.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

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	\$ 804,606
Federal Work Study Program (FWS)	*	84.033	234,408
Federal Direct Student Loans	*	84.268	2,558,919
Federal Pell Grant Program (PELL)	*	84.063	20,842,364
Federal Pell Grant Program - Administrative Allowance	*	84.063	92,697
Total Financial Aid Cluster			<u>24,532,994</u>
TRIO - Student Support Services	*	84.042A	263,335
<i>Higher Education Institutional Aid, Title V Program</i>			
Higher Education Institutional Aid, Title V, 2nd Year Experience	*	84.031S	382,941
Higher Education Institutional Aid, Title V	*	84.031S	382,941
Higher Education Institutional Aid, Title V, Co-Op	*	84.031S	789,420
Teacher Preparation Program - Fed	*	84.031S	148,371
Total Higher Educational Aid, Title V Program			<u>1,703,673</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	591,497
Total Career and Technical Education Program			<u>591,497</u>
<i>Higher Education Emergency Relief Funds</i>			
COVID-19 HEERF Cares Act - MSI	*	84.425L	1,325,996
COVID-19 HEERF Cares Act - Student Aid	*	84.425E	7,252,311
COVID-19 HEERF Cares Act - Institutional	*	84.425F	10,517,806
Total Higher Education Emergency Relief Funds			<u>19,096,113</u>
Total U.S. Department of Education			<u>46,187,612</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	78,535
<i>Passed Through California Department of Education</i>			
Foster Parent Training Program, Title IV-E	*	93.658	41,513
Total U.S. Department of Health and Human Services			<u>120,048</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through California Community College Chancellor's Office</i>			
Total U.S. Department of Agriculture			<u>29,751</u>
U.S. DEPARTMENT OF TREASURY			
COVID-19 Response - Coronavirus Relief Fund - Block Grant	*	21.019	196,682
Total U.S. Department of Treasury			<u>196,682</u>
U.S. DEPARTMENT OF DEFENSE			
Air Force Research Laboratory	*	12.800	367,603
Total U.S. Department of Defense			<u>367,603</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Information and Assistance	*	64.115	3,712
Total U.S. Department of Veterans Affairs			<u>3,712</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 46,905,408</u>

*Pass-Through number is either not available or not applicable

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Program Revenues				Program Expenditures
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	
Basic Skills	\$ 475,853	\$ 578,220	\$ 859,121	\$ 194,952	\$ 194,952
Block Grant - Instructional	323,268	-	220,712	102,556	102,556
Block Grant - Scheduled Maintenance	-	-	-	-	16,811
Cal Grants	3,305,368	-	-	3,305,368	3,287,728
California Campus Catalyst Fund	129,897	43	1,205	128,736	128,736
California College Promise	1,087,452	-	530,445	557,007	557,007
California State Preschool	557,467	14,262	-	571,729	704,450
California Prison Incarcerated Students	27,981	-	-	27,981	27,981
Calworks	1,229,180	-	331,816	897,364	897,364
Care	287,496	314	12,670	275,140	275,140
CDC-COVID19	3,953	-	104	3,849	3,849
Classified Professional Development	50,763	-	50,763	-	-
Commercial Sexual Exploitation	224	971	1,194	-	-
DHH Deaf & Hard of Hearing	55,490	-	-	55,490	55,490
Disabled Student Program Services	931,792	30	-	931,822	931,836
DSS/Calworks	204,982	6,518	-	211,500	211,500
Enrollment Fee Financial Assistance	195,751	-	-	195,751	195,751
EOPS	1,027,270	2,545	64,226	965,588	974,462
Financial Aid Technology	184,156	-	151,864	32,292	32,292
Foster Parent Training Program	107,130	-	-	107,130	107,130
Full-Time Student Success Grant	2,028,955	-	-	2,028,955	1,950,376
Guided Pathways	1,552,275	-	1,150,473	401,802	401,552
Hunger Free Campus	77,241	-	27,918	49,323	49,323
Mandated Cost Reimbursement	327,080	-	-	327,080	-
Mental Health Support	33,327	22	33,199	150	150
Nursing Grant	279,546	105	125,748	153,902	154,939
Print & Electronic Info	10,840	-	-	10,840	10,840
Quality Improvement STEP	9,000	-	-	9,000	9,000
Rapid Rehousing Fund	1,368,454	-	1,292,349	76,105	76,105
SSSP Credit	1,350,991	3,093,160	844,045	3,600,106	3,600,106
SSSP NonCredit	(410)	410	-	-	-
Staff Diversity	150,000	-	133,969	16,031	49,040
State Lottery Proceeds-Prop 20	1,386,811	378,454	1,529,946	235,319	235,319
Strong Workforce Program 40%	450,009	1,148,722	813,063	785,667	785,667
Strong Workforce Program 60%	3,908,381	2,614	2,225,038	1,685,957	1,683,545
Student Equity	963,943	1,816,615	2,193,403	587,155	587,887
Student Financial Aid Admin	588,051	-	-	588,051	588,051
SWP Job Developer	233,734	112,500	233,687	112,547	112,547
TANF - State	14,073	64,462	-	78,535	78,535
Teacher Preparation Program	8,916	6,084	3,563	11,437	11,437
Veterans Resource Center	179,367	-	178,264	1,103	1,103
COVID-19 Response Block Grant-State	660,723	-	648,975	11,748	11,748
Cal OES State - Supplied PPE	178,252	-	169,009	9,244	9,244
CAI-Home Visitor Appernticeship	-	18,693	-	18,693	18,693
Puente Program	30,000	-	24,705	5,295	5,295
Disaster Relief Emergency SFA	117,970	-	8,470	109,500	109,500
CalFresh Outreach	43,966	-	43,966	-	-
Retention and Enrollment Outreach	160,003	-	160,003	-	-
Emergency SFA SB 85	1,458,888	-	1,458,888	-	-
Veterans One-Time Funding	40,671	-	40,671	-	-
Undocumented Resources Liasions	54,386	-	54,386	-	-
Total State District Funding	\$ 27,850,916	\$ 7,244,744	\$ 15,617,858	\$ 19,477,800	\$ 19,245,037

See accompanying note to supplementary information 55

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2021**

CATEGORIES	Reported Data	Audit Adjustment	Audited Data
A. Summer Intersession (Summer 2020 only)			
1. Noncredit	2.08	-	2.08
2. Credit	1,039.12	-	1,039.12
B. Summer Intersession (Summer 2021 - Prior to July 1, 2021)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	6,492.17	-	6,492.17
(b) Daily Census Contact Hours	227.79	-	227.79
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	39.50	-	39.50
(b) Credit	374.47	-	374.47
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	830.85	-	830.85
(b) Daily Census Contact Hours	153.50	-	153.50
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	9,159.48	-	9,159.48
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	44.70	-	44.70
2. Noncredit	36.59	-	36.59
Total Basic Skills FTES	81.29	-	81.29

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2021.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2021**

	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	\$ 14,258,681	\$ -	\$ 14,258,681	\$ 14,258,681	\$ -	\$ 14,258,681
Other	1300	11,327,924	-	11,327,924	11,327,924	-	11,327,924
Total Instructional Salaries		25,586,605	-	25,586,605	25,586,605	-	25,586,605
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,047,453	-	4,047,453
Other	1400	-	-	-	343,428	-	343,428
Total Non-Instructional Salaries		-	-	-	4,390,881	-	4,390,881
Total Academic Salaries		25,586,605	-	25,586,605	29,977,486	-	29,977,486
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	14,467,717	-	14,467,717
Other	2300	-	-	-	743,718	-	743,718
Total Non-Instructional Salaries		-	-	-	15,211,435	-	15,211,435
Instructional Aides							
Regular Status	2200	1,026,850	-	1,026,850	1,026,850	-	1,026,850
Other	2400	23,286	-	23,286	23,286	-	23,286
Total Instructional Aides		1,050,136	-	1,050,136	1,050,136	-	1,050,136
Total Classified Salaries		1,050,136	-	1,050,136	16,261,571	-	16,261,571
Employee Benefits	3000	6,715,410	-	6,715,410	15,561,907	-	15,561,907
Supplies and Materials	4000	-	-	-	801,632	-	801,632
Other Operating Expenses	5000	-	-	-	6,985,234	-	6,985,234
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		33,352,151	-	33,352,151	69,587,830	-	69,587,830
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	595,657	-	595,657
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	162,792	-	162,792
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	1,885,511	-	1,885,511
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	-	-	-	-	-	-
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	140,173	-	140,173
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	104,115	-	104,115
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	104,115	-	104,115
Total Capital Outlay		-	-	-	244,288	-	244,288
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 2,888,248	\$ -	\$ 2,888,248
Total for ECS 84362, 50% Law		\$ 33,352,151	\$ -	\$ 33,352,151	\$ 66,699,582	\$ -	\$ 66,699,582
Percent of CEE (Instructional Salary Cost/Total CEE)		50.00%	0.00%	50.00%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 33,349,791	\$ -	\$ 33,349,791

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2021**

EPA Revenue	17,875,868
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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	17,875,868	-	-	17,875,868
Total		17,875,868	-	-	17,875,868

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2021**

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

General Fund	\$ 40,427,464	
Debt Service Fund	20,268,253	
Child Development Fund	292,018	
Capital Project Funds	103,495,993	
Bookstore Fund	1,163,607	
Associated Students Body	546,495	
Student Rep Fee	429,334	
Districts Auxilliary	615,189	
Student Financial Aid Fund	<u>1,160,782</u>	\$ 168,399,135

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

Nondepreciable capital assets	\$ 84,612,892	
Depreciable capital assets	379,299,750	
Accumulated depreciation	<u>(75,815,890)</u>	388,096,752

Accrued interest (6,797,339)

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

Net pension liability		(84,647,061)
Compensated absences		(2,360,288)
OPEB liability		(4,962,564)
Banked faculty load time		(460,321)
Other long-term debt		(397,219,252)
Deferred loss on refunding		20,175,199
Deferred outflows - pensions		18,178,885
Deferred outflows - OPEB		594,362
Deferred inflows - OPEB		(1,805,632)
Deferred inflows - pensions		<u>(4,090,930)</u>

Net Position Reported Within the Statement of Net Position \$ 93,100,946

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2021

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, 2021**

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 Antelope Valley Community College District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Antelope Valley Community College District's basic financial statements, and have issued our report thereon dated January 14, 2022.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Antelope Valley Community College District's financial statements are free of 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CWDL, Certified Public Accountants

San Diego, California
January 14, 2022



**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

We have audited Antelope Valley Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Antelope Valley Community College District's major federal programs for the year ended June 30, 2021. Antelope Valley Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Antelope Valley Community College District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Antelope Valley Community College District compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Antelope Valley Community College District compliance.

Opinion on Each Major Federal Program

In our opinion, Antelope Valley Community College 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, 2021.

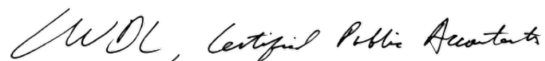
Report on Internal Control Over Compliance

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

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

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

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



San Diego, California
January 14, 2022



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Antelope Valley Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-2021*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on Antelope Valley Community College District's compliance with the requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Antelope Valley Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the requirements referred to above. However, our audit does not provide a legal determination of Antelope Valley Community College District's compliance with those requirements.

Opinion

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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*, and which are described in the accompanying schedule of findings and questioned costs as Finding #2021-001.


Procedures Performed

In connection with the audit referred to above, we selected and tested transactions and records to determine Antelope Valley Community College District's compliance with the state laws and regulations applicable to the following items:

- 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 and Non-CCAP)
- Section 430 – Scheduled Maintenance Program
- Section 431 – Gann Limit Calculation
- Section 435 – Open Enrollment
- Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
- Section 475 – Disabled Student Programs and Services (DSPS)
- Section 479 – To Be Arranged Hours (TBA)
- Section 490 – Propositions 1D and 51 State Bond Funded Projects
- Section 491 – Education Protection Account Funds
- 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 the *California Community Colleges Contracted District Audit Manual (CDAM) 2020-21*. Accordingly, this report is not suitable for any other purpose.



San Diego, California
January 14, 2022

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021**

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</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: High Education Emergency Relief Fund</u>
<u>21.019</u>	<u>COVID 19: CARES - Coronavirus Relief Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,407,162</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>Yes</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, 2021**

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 or questioned costs identified during 2020-21.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

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 2020-21.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021**

Section IV – State Award Findings and Questioned Costs

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

FINDING #2021-001 – STATE COMPLIANCE (STUDENT CENTERED FUNDING FORMULA BASE ALLOCATION: FTES)

Criteria

The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition

During our testing of the state centered funding formula base allocation: FTES reporting, we noted that 7 out of 40 courses tested did not properly total the number of hours of attendance. Therefore, the hours certified by the instructor did not agree to the roster. The identified courses were actual-hours-of-attendance census-type courses where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs

We identified seven (7) courses with variances totaling -147.50 contact hours. As the hours in question do not equate to 1 FTES, no questioned costs need to be calculated.

Cause

Clerical error related to both the input of actual hours and conversion of clock hours to decimal hours for reporting.

Effect

Non-compliance with state general apportionment funding requirements.

Recommendation

We recommend that the District implement procedures to ensure that the hours input to the 320 reporting system by staff are properly entered and converted accurately based on clock hours reported by the instructors.

District Response

Positive attendance spreadsheets were developed and placed in use beginning in Summer 2021 and further updated in Fall 2021 to include To Be Arranged classes. Training was provided to faculty and continues to be available in person and through a Canvas training module. Instructors remain responsible for entering student contact hours in Banner. To ensure accuracy, A&R reconciles the student contact hours tallied and entered into Banner by the faculty.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Section V – Prior Year Audit Findings Summary

Finding #2020-001: CAPITAL ASSETS – Material Weakness

Criteria: A current and complete listing of capital assets should be maintained by the District in order to derive depreciation expense and maintain accountability for capital assets. This listing should reconcile with the capital assets schedule prepared by the District.

Condition: The District has a detailed capital asset listing to support balances reported for land and construction in progress. However, the detailed listing does not support the balances and related depreciation figures associated with buildings and improvements and machinery and equipment.

Cause: The District was unable to reconcile the detailed capital asset listing with reported asset balances for the depreciable asset categories including buildings and improvements and machinery and equipment.

Perspective: Examination of the District’s capital asset records.

Effect: The depreciable asset categories could not be tested, due to there being no complete detail listing to sample from. Estimates for current year depreciation expense are best estimates based off of prior year schedules and purchase order records; and these estimates would be more accurate based on a current and detailed capital asset listing.

Recommendation: We recommend that the District reconcile the capital asset detail listing and the capital assets roll forward schedule to maintain accountability for capital assets.

District Response: The District will confirm the value of the depreciable capital assets and will maintain and reconcile a listing of those assets.

Status: Implemented in 2020-21

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021**

Section V – Prior Year Audit Findings Summary, continued

FINDING #2020-002 – STATE COMPLIANCE (STUDENT CENTERED FUNDING FORMULA BASE ALLOCATION: FTES)

Criteria

The total student contact hours reported for each class under the actual hours of attendance procedure should be the sum of the individual attendance hours total for each student in the class as reported by the instructor (5 CCR 58003.1(d) and 5 CCR 58003.1(g)).

Condition

During our testing of the state centered funding formula base allocation: FTES reporting, we noted that 4 out of 40 courses tested did not properly total the number of hours of attendance. Therefore, the hours certified by the instructor did not agree to the roster. The identified course was an actual-hours-of-attendance census-type course where the District relies upon instructor certified rosters as the basis for supporting hours claimed.

Questioned Costs

We identified four (4) courses with variances totaling 171.30 contact hours. As the hours in question do not equate to 1 FTES, no questioned costs need to be calculated.

Cause

Clerical error related to both the input of actual hours and conversion of clock hours to decimal hours for reporting.

Effect

Non-compliance with state general apportionment funding requirements.

Recommendation

We recommend that the District implement procedures to ensure that the hours inputted by staff to the 320 reporting system are properly entered and converted accurately based on clock hours reported by the instructors.

District Response

The District began the process of developing an integrated positive attendance system for instructors and A&R in spring 2020. The instructors will be responsible for properly entering the hours (ITS is providing the necessary coding to accurately capture clock hours) and A&R will review the total hours prior to placing them into the system (Banner) used to provide the 320 attendance data. Instructors and staff will be trained prior to implementation.

Status: Not implemented, see finding 2021-001.