



See what's possible.

ANTELOPE VALLEY  
COMMUNITY COLLEGE DISTRICT  
LANCASTER, CALIFORNIA

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**AUDIT REPORT**

Fiscal Year Ended June 30, 2022

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
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**JUNE 30, 2022**

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## INDEPENDENT AUDITORS' REPORT

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

### **Report on Audit of Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities, and the fiduciary activities of Antelope Valley Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the fiduciary activities of the District as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter Regarding Change in Accounting Principle***

During the year ended June 30, 2022, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 87, *Leases*. Our opinion was not modified with respect to this matter.

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

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information section, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Information**

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 2022

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# **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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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, 2022.

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 \$110,285,640 at June 30, 2022. This is a change from the total combined net position as of June 30, 2021, which reflected \$93,100,946.
- During the fiscal year, the District's total operating expenses, were \$153,130,404. There was an excess of revenues over expenses of \$18,036,816.



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Statement of Net Position**

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

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

The District’s financial position remained positive in fiscal year 2022. Current assets increased by \$6,520,953 or 9.54 percent. Current liabilities increased by \$12,232,711 or by 27.7 percent mainly due to the current portion of long-term debt and implementation of GASB 87. 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.

	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>			
Total assets	\$ 606,190,509	\$ 584,645,342	\$ 21,545,167
Deferred outflows of resources	55,546,293	38,948,446	16,597,847
<b>Total Assets and Deferred Outflows of Resources</b>	<b>661,736,802</b>	<b>623,593,788</b>	<b>38,143,014</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Current liabilities	56,367,485	44,134,774	12,232,711
Non-current liabilities	461,242,378	480,461,506	(19,219,128)
Deferred inflows of resources	33,841,299	5,896,562	27,944,737
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>551,451,162</b>	<b>530,492,842</b>	<b>20,958,320</b>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	130,854,902	118,983,340	11,871,562
Restricted	15,413,422	17,332,236	(1,918,814)
Unrestricted	(35,982,684)	(43,214,630)	7,231,946
<b>Total Net Position</b>	<b>\$ 110,285,640</b>	<b>\$ 93,100,946</b>	<b>\$ 17,184,694</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Statement of Revenues, Expenses and Changes in Net Position**

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

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

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in state apportionment, grants and contracts, and state aid. The change in net position at June 30, 2022 has increased at the end of the year by \$11,082,193 from June 30, 2021. Because of an adjustment to the prior period, the District reports an increase in its Net Position of \$17.2 million for this fiscal year. Below is a summary of changes in revenues and expenses for the years ending June 30, 2022 and June 30, 2021:

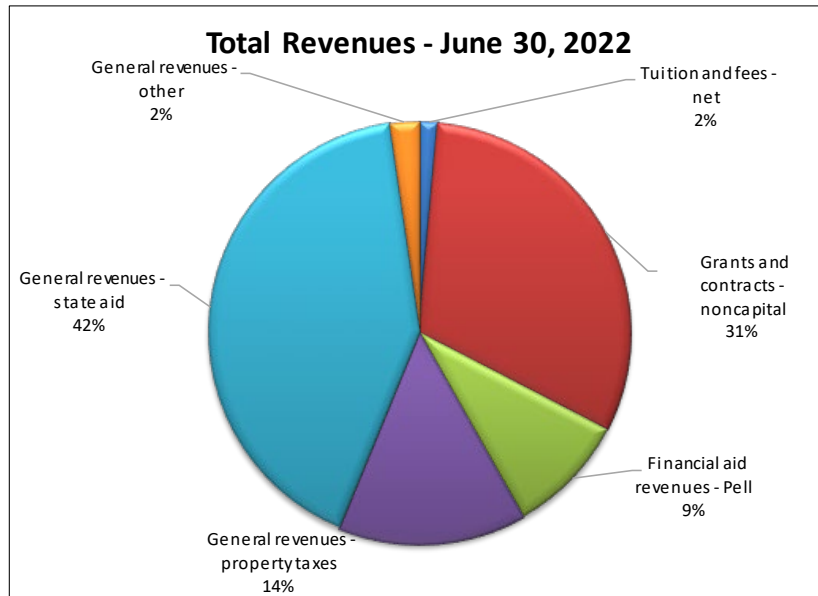
	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>REVENUES</b>			
Tuition and fees - net	\$ 2,654,345	\$ 3,206,231	\$ (551,886)
Grants and contracts - noncapital	57,883,375	47,098,210	10,785,165
Financial aid revenues - Pell	17,074,980	20,801,170	(3,726,190)
General revenues - property taxes	26,770,913	12,011,707	14,759,206
General revenues - state aid	76,902,342	76,698,352	203,990
General revenues - other	4,218,089	21,041,944	(16,823,855)
<b>Total Revenues</b>	<b>185,504,044</b>	<b>180,857,614</b>	<b>4,646,430</b>
<b>EXPENSES</b>			
Operating expenses	153,130,404	158,401,643	(5,271,239)
Interest and other	14,336,824	15,501,348	(1,164,524)
<b>Total Expenses</b>	<b>167,467,228</b>	<b>173,902,991</b>	<b>(6,435,763)</b>
Change in Net Position	18,036,816	6,954,623	11,082,193
Prior Period Adjustment	(852,122)	(29,937,390)	29,085,268
<b>Change in Net Postion</b>	<b>\$ 17,184,694</b>	<b>\$ (22,982,767)</b>	<b>\$ 40,167,461</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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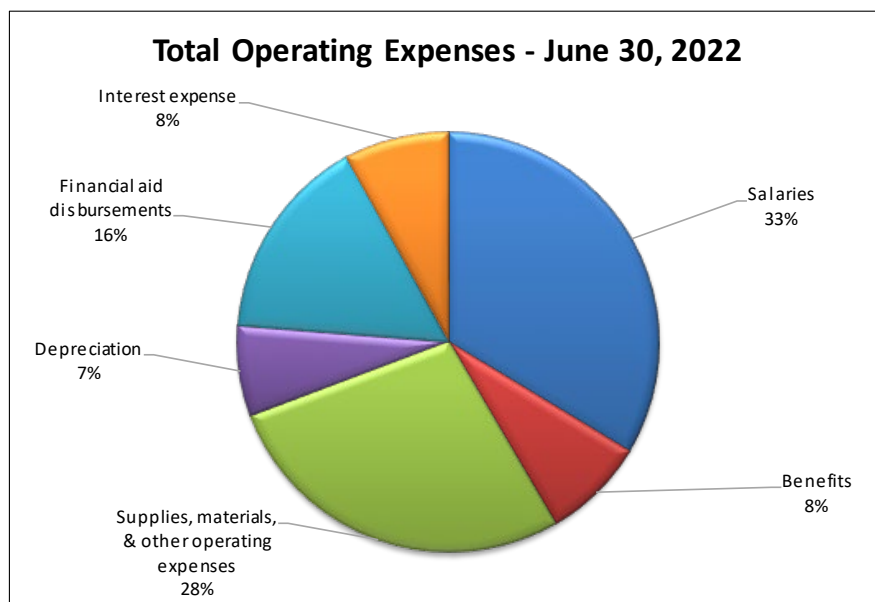
**Total Revenues for the Year Ended June 30, 2022**

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, 2022**

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, 2022**

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**Statement of Cash Flows**

The statement of cash flows (see pages 15 and 16, Basic Financial Statements section) provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and show the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. 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, 2022 was \$68,591,788.

**Capital Assets**

The District's capital assets, net of accumulated depreciation at June 30, 2022 totaled \$427,107,297. This represented an increase in capital assets of \$39,010,545 from the prior year or a 10.1 percent increase from 2021 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.

	<b>2022</b>	<b>2021</b>	<b>Change</b>
Capital Assets not being depreciated	\$ 79,383,577	\$ 84,612,892	\$ (5,229,315)
Capital Assets being depreciated	433,258,932	379,299,750	53,959,182
Accumulated depreciation	(85,535,212)	(75,815,890)	(9,719,322)
<b>Total Capital Assets</b>	<b>\$ 427,107,297</b>	<b>\$ 388,096,752</b>	<b>\$ 39,010,545</b>

**Long-Term Liabilities**

The District's total liabilities at June 30, 2022 totaled \$473,679,988. Of this amount, \$12,437,610 is due in the upcoming fiscal year. Long term liabilities have decreased by \$15,969,498 or 3.3 percent. Below is a summary of the District's long-term liabilities.

	<b>2022</b>	<b>2021</b>	<b>Change</b>
General obligation and revenue bonds	\$ 399,607,575	\$ 397,219,252	\$ 2,388,323
Compensated absences	2,191,473	2,360,288	(168,815)
Net OPEB liability	5,046,018	4,962,564	83,454
Net pension liability	53,362,358	84,647,061	(31,284,703)
Other long-term liabilities	503,321	460,321	43,000
Lease liability	12,969,243	-	12,969,243
<b>Total Long-term Liabilities</b>	<b>\$ 473,679,988</b>	<b>\$ 489,649,486</b>	<b>\$ (15,969,498)</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

**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**

**2022-2023 Adopted Budget<sup>1</sup> for Community Colleges (In Millions)**

The State of California approved its 2022-23 budget on June 27, 2022. Below is the California Community College budget (in millions) and changes made through the legislative process.

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$7,927.00	\$8,734.00	\$807.00	10.2%	COLA, growth, Basic Allocation increase, base increase, and other base adjustments (includes property tax, enrollment fee, and EPA adjustments)
Deferred maintenance (one-time)	\$511.00	\$840.70	N/A	N/A	Additional one-time funding for 2022-23
CCC COVID-19 Recovery Block Grant (one-time)	\$0.00	\$650.00	N/A	N/A	\$650 million one-time for block grants to address issues related to the pandemic
Adult Education Program – Main	\$566.40	\$603.10	\$36.70	6.5%	6.56% COLA
Student Equity and Achievement Program	\$499.00	\$524.00	\$25.00	5.0%	Augmentation
Student Success Completion Grant	\$162.60	\$412.60	\$250.00	153.8%	Augmentation and adjust for revised estimates of recipients
Strong Workforce Program	\$290.40	\$290.40	\$0.00	0.0%	
Part-time faculty health insurance	\$0.50	\$200.50	\$200.00	40818.3%	Add \$200M ongoing funds
College-specific allocations (one-time)	\$67.90	\$171.50	N/A	N/A	
Extended Opportunity Programs and Services (EOPS)	\$135.30	\$169.20	\$33.90	25.0%	Augmentation and 6.56% COLA
Disabled Students Programs and Services (DSPS)	\$126.40	\$159.70	\$33.30	26.3%	Augmentation and 6.56% COLA
Full-time faculty hiring	\$150.00	\$150.00	\$0.00	0.0%	
Retention and enrollment strategies (one-time)	\$100.00	\$150.00	N/A	N/A	Additional one-time funding for 2022-23
Adult Education Program - Health care Vocational Education (one-time)	\$0.00	\$130.00	N/A	N/A	One-time funding spread across 3 years.
Common course numbering (one-time)	\$10.00	\$105.00	N/A	N/A	Additional one-time funding for 2022-23
California College Promise (AB19)	\$72.50	\$91.20	\$18.70	25.8%	Augmentation and adjustment for revised estimates of first-time, full-time students
Integrated technology	\$65.50	\$89.50	\$24.00	36.6%	Includes \$25M ongoing for Data Modernization and Protection. Removes \$1M in one-time funding.
Program Mapping Software	\$0.00	\$25.00	N/A	N/A	Add one-time funding
Data System Modernization and Sensitive Data Protection	\$0.00	\$75.00	N/A	N/A	Add one-time funding
Financial aid administration	\$74.30	\$81.60	\$7.30	9.8%	Increase of \$10 million and adjustments for revised estimates of fee waivers
Apprenticeship (community college districts)	\$60.10	\$69.20	\$9.10	15%	Participation and rate adjustments and 6.56% COLA for a portion of the program
Transfer Reforms (one-time)	\$0.00	\$65.00	N/A	N/A	Add one-time funding for AB 928 transfer reform implementation
Establish Equitable Placement and Completion Support Block Grant	\$0.00	\$64.00	N/A	N/A	Add one-time funding
CalWORKs student services	\$47.70	\$50.90	\$3.20	6.6%	6.56% COLA

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

Program	2021-22 Enacted	2022-23 Enacted	Change Amount	Percent Change	Explanation of Change
NextUp (fosteryouth program)	\$20.00	\$50.00	\$30.00	150.0%	Add \$30M ongoing funding
California Healthy Meals Pathway Program	\$0.00	\$45.00	N/A	N/A	Add one-time funding
Basic needs centers	\$30.00	\$40.00	\$10.00	33.3%	
Mathematics, Engineering, Science Achievement (MESA)	\$10.70	\$36.40	\$25.70	240%	Augmentation to add ongoing funding
Mandates Block Grant and reimbursements	\$33.70	\$36.10	\$2.40	7.3%	Revised enrollment estimates and 6.56% COLA
Cooperative Agencies Resources for Education (CARE)	\$19.60	\$30.90	\$11.30	57.5%	Augmentation and 6.56% COLA
Student mental health services	\$30.00	\$30.00	\$0.00	0	
Establish Hire Up Program	\$0.00	\$30.00	N/A	N/A	Add one-time funding
Native American Student Support and Success Program	\$0.00	\$30.00	N/A	N/A	Add one-time funding
Institutional effectiveness initiative	\$27.50	\$27.50	\$0.00	0.0%	
Part-time faculty compensation	\$24.90	\$26.50	\$1.60	6.6%	6.56% COLA
Rising Scholars Network	\$10.00	\$25.00	\$15.00	150.0%	Augmentation to add ongoing funding
Part-time faculty office hours	\$22.20	\$23.60	\$1.40	6%	6.56% COLA
Reappropriation for Prior Year SCFF Deficits (one-time)	\$0.00	\$23.30	N/A	N/A	Add one-time reappropriated funding
Economic and Workforce Development	\$22.90	\$22.90	\$0.00	0.0%	
California Virtual Campus	\$20.00	\$20.00	\$0.00	0.0%	
Emergency financial assistance grants (one-time)	\$250.00	\$20.00	N/A	N/A	Additional one-time funding for 2022-23 (specific to AB 540 students)
Student Housing Program 'Rapid Rehousing'	\$9.00	\$19.00	\$10.00	111.1%	
California Online Community College (Calbright College)	\$15.00	\$15.00	\$0.00	0.0%	
Nursing grants	\$13.40	\$13.40	\$0.00	0.0%	
Lease revenue bond payments	\$12.80	\$12.80	\$0.00	0.0%	
Equal Employment Opportunity Program	\$2.80	\$12.80	\$10.00	361.4%	Augmentation to add ongoing funding
Puente Project	\$9.30	\$12.30	\$3.00	32.2%	Augmentation to add ongoing funding
Dreamer Resource Liaisons	\$11.60	\$11.60	\$0.00	0.0%	
Classified Employee Summer Assistance Program	\$0.00	\$10.00	N/A	N/A	Add ongoing funding
Immigrant legal services through CDSS	\$10.00	\$10.00	\$0.00	0.0%	
Veterans Resource Centers	\$10.00	\$10.00	\$0.00	0.0%	
Umoja	\$7.50	\$8.50	\$1.00	13%	Augmentation
Asian American and Native Hawaiian and Pacific Islander Student Achievement Program (AANHPI)	\$0.00	\$8.00	N/A	N/A	Add ongoing funding
Foster Care Education Program	\$5.70	\$6.20	\$0.50	8.8%	Provide backfill for FKCE
Childcare tax bailout	\$3.70	\$4.00	\$0.20	6.6%	6.56% COLA
Digital Course Content for Inmates	\$3.00	\$3.00	\$0.00	0.0%	
Middle College High School Program	\$1.80	\$1.80	\$0.00	0.0%	
Academic Senate	\$1.70	\$1.80	\$0.10	6.6%	6.56% COLA
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	\$1.40	\$1.40	\$0.00	0.0%	
African American Male Education Network and Development (A2MEND)	\$0.00	\$1.10	N/A	N/A	Add ongoing funding
Transfer education and articulation (excluding HBCU Transfer Pathway project)	\$0.70	\$0.70	\$0.00	0.0%	
FCMAT	\$0.60	\$0.60	\$0.00	0.0%	
Deferrals-- Student Centered Funding Formula	\$1,453.00	\$0.00	N/A	N/A	Remove one-time funding used to pay off 2020-21 deferrals.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**Pension**

CalPERS employer contribution rate increased from 22.91% in 2021-22 to 25.37% in 2022-23. CalSTRS employer contribution rate increased from 16.92% in 2021-22 to 19.10% in 2022-23.

**OTHER ECONOMIC FACTORS**

**Higher Education Emergency Relief Funds (HEERF)**

Antelope Valley College was awarded the following in HEER funds:

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

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

Institutional Aid: \$5,122,845

Minority Serving Institution: \$641,845

Student Aid: \$5,122,846

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

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

Institutional Aid: \$16,457,850

Minority Serving Institution: \$1,149,264

Student Aid: \$5,122,846

HEERF III -American Rescue Plan Act (ARP)

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

Institutional Aid: \$18,840,730

Minority Serving Institution: \$1,956,889

Student Aid: \$19,118,368

**District Budget**

The Board of Trustees adopted the fiscal year 2022-23 budget on September 12, 2022. Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. Antelope Valley College's 2022-23 budget includes an estimated Total Computation Revenue (TCR) reduction of 1.5%. The District's Attendance Full Time Equivalent Students (FTES) for FY2021-2022 was down 926 when compared to FY2020-2021.

**Long-term Capital Outlay Funding**

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

**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 \$15.50 per hour on January 1, 2023. Effective January 1, 2022, the rate is \$15 per hour.

**Other Post-Employment Benefits**

The District has established a trust for Other Post-Employment Benefits (OPEB) for retiree health and welfare benefits. The trust was fully funded in FY2021-22 with deposits totaling \$5.4 million.

**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.

<sup>1</sup> Association of California Community College Administrators, the Association of Chief Business Officials, and the Community College League of California Joint Analysis of the Enacted 2022-2023 Budget, July 1, 2022.



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## **FINANCIAL SECTION**

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**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2022**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 65,648,162
Accounts receivable, net	8,352,224
Inventory	153,316
Prepaid expenditures and other assets	716,947
Total Current Assets	<u>74,870,649</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	91,786,155
Lease receivable	294,142
Intangible right of use assets	12,132,266
Capital assets, net	427,107,297
Total Noncurrent Assets	<u>531,319,860</u>
<b>TOTAL ASSETS</b>	<u><b>606,190,509</b></u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on refunding	30,220,723
Deferred outflows - OPEB	5,445,245
Deferred outflows - pensions	19,880,325
Total Deferred Outflows of Resources	<u>55,546,293</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 661,736,802</b></u>

**LIABILITIES**

Current Liabilities:	
Accounts payable & accrued expenses	\$ 19,769,751
Unearned revenue	24,105,483
Lease liability, current portion	1,063,709
Due to other funds	54,641
Long-term debt, current portion	11,373,901
Total Current Liabilities	<u>56,367,485</u>
Noncurrent Liabilities:	
Compensated absences	2,191,473
Lease liability	11,905,534
Net pension liability	53,362,358
Net OPEB Liability	5,046,018
Banked faculty load time	503,321
Long-term debt, non-current portion	388,233,674
Total Noncurrent Liabilities	<u>461,242,378</u>
<b>TOTAL LIABILITIES</b>	<u><b>517,609,863</b></u>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows - OPEB	(1,601,325)
Deferred inflows - pensions	35,227,526
Deferred inflows - leases	215,098
Total Deferred Inflows of Resources	<u>33,841,299</u>

**NET POSITION**

Net investment in capital assets	130,854,902
Restricted for:	
Debt service	18,651,698
Capital projects	(4,840,491)
Other special purpose	1,602,215
Unrestricted	<u>(35,982,684)</u>
<b>TOTAL NET POSITION</b>	<u><b>110,285,640</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><b>\$ 661,736,802</b></u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022**

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**OPERATING REVENUES**

Tuition and fees (gross)	\$ 9,655,130
Less: Scholarship discounts and allowances	<u>(7,000,785)</u>
Net tuition and fees	2,654,345
Grants and contracts, noncapital:	
Federal	35,197,977
State	<u>22,685,398</u>
<b>TOTAL OPERATING REVENUES</b>	<u><u>60,537,720</u></u>

**OPERATING EXPENSES**

Salaries	56,274,219
Employee benefits	12,562,405
Supplies, materials, and other operating expenses and services	46,387,519
Student aid	26,749,963
Depreciation	<u>11,156,298</u>
<b>TOTAL OPERATING EXPENSES</b>	<u><u>153,130,404</u></u>

**OPERATING (LOSS)** (92,592,684)

**NON-OPERATING REVENUES (EXPENSES)**

State apportionments, noncapital	76,604,727
Local property taxes	8,439,034
State taxes and other revenues	297,615
Pell grants	17,074,980
Investment income - noncapital	(5,262,625)
Interest expense on capital asset-related debt	(13,533,502)
Transfer to trust fund	(803,322)
Other non-operating revenues	<u>5,382,874</u>
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<u><u>88,199,781</u></u>

**INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES** (4,392,903)

**OTHER REVENUES AND EXPENSES**

State apportionments, capital	4,097,840
Local property taxes and revenues, capital	<u>18,331,879</u>
<b>TOTAL OTHER REVENUES AND (EXPENSES)</b>	<u><u>22,429,719</u></u>

**INCREASE IN NET POSITION** 18,036,816

**NET POSITION -- BEGINNING OF YEAR** 93,100,946

**PRIOR YEAR ADJUSTMENT (SEE NOTE 14)** (852,122)

**NET POSITION -- END OF YEAR** \$ 110,285,640

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Tuition and fees	\$ 2,654,345
Grants and contracts	62,999,934
Payments to or on behalf of employees	(78,986,372)
Payments to vendors for supplies and services	(60,305,713)
Net Cash Used by Operating Activities	<u>(73,637,806)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State apportionments	76,604,727
Property taxes	8,439,034
State taxes and other revenues	297,615
Financial aid revenues	17,074,980
Transfer to trust fund	(803,322)
Other nonoperating cash flows	5,387,259
Net Cash Provided by Non-capital Financing Activities	<u>107,000,293</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>	
Acquisition and construction of capital assets	(50,047,110)
Local property taxes and other revenues, capital purpose	22,295,931
Principal paid on capital debt	2,184,867
Interest paid on capital debt	(16,900,875)
Net Cash Used by Capital Financing Activities	<u>(42,467,187)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment income	(5,262,625)
Net Cash Used by Investing Activities	<u>(5,262,625)</u>
<b>NET DECREASE IN CASH &amp; CASH EQUIVALENTS</b>	<u>(14,367,325)</u>
<b>CASH &amp; CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>171,801,642</u>
<b>CASH &amp; CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 157,434,317</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

Operating income (loss)	<u>\$ (92,592,684)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	10,038,916
Changes in Assets and Liabilities:	
Receivables, net	15,574,988
Inventory	184,338
Prepaid items	(61,287)
Deferred outflows of resources	(6,552,323)
Accounts payable and accrued liabilities	(2,866,270)
Deferred revenue	5,116,559
Compensated absences	(168,815)
Bank faculty load time	43,000
Leases	1,117,382
Net pension liability	(31,284,703)
Net OPEB liability	83,454
Deferred inflows of resources	<u>27,729,639</u>
Total Adjustments	<u>18,954,878</u>
<b>Net Cash Flows From Operating Activities</b>	<u><b>\$ (73,637,806)</b></u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2022**

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	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Total
<b>ASSETS</b>			
Cash and equivalents	\$ 50,037	\$ -	\$ 50,037
Investments	-	8,124,477	8,124,477
Accounts receivable	-	-	-
<b>Total Assets</b>	<b>50,037</b>	<b>8,124,477</b>	<b>8,174,514</b>
<b>LIABILITIES</b>			
Accounts Payable	872	-	872
Deferred revenue	12,042	-	12,042
<b>Total Liabilities</b>	<b>12,914</b>	<b>-</b>	<b>136,895</b>
<b>NET POSITION</b>			
Net position restricted for OPEB	-	8,124,477	8,124,477
Held in trust for others	37,123	-	37,123
<b>Total Net Position</b>	<b>\$ 37,123</b>	<b>\$ 8,124,477</b>	<b>\$ 8,161,600</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2022**

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	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	Total
<b>OPERATING REVENUES</b>			
Contributions	\$ -	\$ 5,433,131	\$ 5,433,131
Investment income	4	-	4
Other local revenue	326,193	-	326,193
<b>Total Operating Revenues</b>	<b>326,197</b>	<b>5,433,131</b>	<b>5,759,328</b>
<b>OPERATING EXPENSES</b>			
Supplies, materials, and other outgo	322,155	1,166,198	1,488,353
<b>Total Operating Expenses</b>	<b>322,155</b>	<b>1,166,198</b>	<b>1,488,353</b>
<b>Net Change in Net Position</b>	<b>4,042</b>	<b>4,266,933</b>	<b>4,270,975</b>
<b>NET POSITION</b>			
<b>Beginning of Year</b>	<b>33,081</b>	<b>3,857,544</b>	<b>3,890,625</b>
<b>End of Year</b>	<b>\$ 37,123</b>	<b>\$ 8,124,477</b>	<b>\$ 8,161,600</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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**  
**JUNE 30, 2022**

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**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, 2022, 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**  
**JUNE 30, 2022**

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**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, 2022, the District recognized \$1,544,306 in amortization of the deferred loss on refunding. Additionally, the District has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the pensions and OPEB.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized a deferred inflow of resources related to the recognition of the pension liability reported which is in the statement of net position.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**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, 2022, 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**  
**JUNE 30, 2022**

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**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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued**

New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that may impact future financial presentations. 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. 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, 2022. The District has implemented GASB Statement No. 87 for the year ending June 30, 2022.

*GASB Statement No. 88* – In April 2018, GASB issued Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. This standard’s primary objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The statement is effective for periods beginning after June 15, 2020. The District has implemented GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements for the year ended June 30, 2022.

*GASB Statement No. 96* – Subscription-Based Information Technology Arrangements. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements (SBITAs) for government end users (governments). Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The statement is effective for fiscal year 2022-23.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022**

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**NOTE 2 – CASH AND INVESTMENTS**

District cash and investments at June 30, 2022, consisted of the following:

**Governmental Funds:**

County treasurer's investment pool	\$ 148,181,396
Cash on hand and in banks	9,252,921
Total cash and investments - Governmental Funds	<u>\$ 157,434,317</u>

**Fiduciary Funds:**

County treasurer's investment pool	\$ 768
Cash on hand and in banks	61,199
Cash with fiscal agents	8,124,477
Total cash and investments - Fiduciary Funds	<u>\$ 8,186,444</u>

Mutual funds held within the OPEB trust fund at June 30, 2022, consisted of the following:

Mutual funds - equity	\$ 757,956
Mutual funds - fixed income	7,190,004
Mutual funds - real estate	176,517
Total investments	<u>\$ 8,124,477</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**  
**JUNE 30, 2022**

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**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, 2022, 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, 2022, 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, 2022, the District had no concentration of credit risk.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**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, 2022:

OPEB Trust Investments	Total	Level 1	Level 2	Level 3
Mutual funds - equity	\$ 757,956	\$ 757,956	\$ -	\$ -
Mutual funds - fixed income	7,190,004	7,190,004	-	-
Mutual funds - real estate	176,517	176,517	-	-
Total investments	<u>\$ 8,124,477</u>	<u>\$ 8,124,477</u>	<u>\$ -</u>	<u>\$ -</u>

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

During the year ended June 30, 2022, 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, 2022.

**NOTE 4 – RECEIVABLES**

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2022, accounts receivable amounted to \$8,352,224. The District believes all receivables accrued at June 30, 2022 were collectable.



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 5 – LEASE RECEIVABLES AND ARRANGEMENTS**

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

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

Future deferred inflows on noncancellable leases at June 30, 2022 are as follows:

Fiscal year	Principal	Interest	Total
2023	\$ 34,665	\$ 10,983	\$ 45,648
2024	36,078	4,642	40,720
2025	37,548	3,969	41,517
2026	39,077	6,571	45,648
2027	40,669	4,979	45,648
2028-2032	106,105	5,135	111,240
Total	\$ 294,142	\$ 36,279	\$ 330,421

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

During the year ended June 30, 2022, the District recognized revenues related to these lease agreements totaling \$44,982. During the year ended June 30, 2022, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Cell Towers	2	4.00%	3/17/05-3/17/2025	\$ 45,648

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 – RIGHT OF USE ASSETS**

The amount of lease assets by major class of underlying assets as of June 30, 2022, was as follows:

	Adjusted Balance			Balance
	July 1, 2021	Additions	Deductions	June 30, 2022
Intangible Right of Use Assets:				
Leased equipment	\$ 138,249	\$ 203,456	\$ -	\$ 341,705
Leased buildings	17,679,185	-	-	17,679,185
Total Intangible Right of Use Assets	17,817,434	203,456	-	18,020,890
Less Accumulated Amortization				
Leased equipment	73,122	32,841	-	105,963
Leased buildings	4,698,120	1,084,541	-	5,782,661
Total Accumulated Amortization	4,771,242	1,117,382	-	5,888,624
Intangible Right of Use Assets, net	\$ 13,046,192	\$ (913,926)	\$ -	\$ 12,132,266

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity consists of the following:

	Balance			Balance
	July 1, 2021	Additions	Deductions	June 30, 2022
Capital Assets not being Depreciated				
Land	\$ 2,497,037	\$ 9,343,749	\$ -	\$ 11,840,786
Construction in progress	82,115,855	37,549,039	52,122,103	67,542,791
Total Capital Assets not being Depreciated	84,612,892	46,892,788	52,122,103	79,383,577
Capital Assets being Depreciated				
Buildings & improvements	354,732,675	52,122,102	44,803	406,809,974
Machinery & equipment	24,567,075	2,210,707	328,824	26,448,958
Total Capital Assets being Depreciated	379,299,750	54,332,809	373,627	433,258,932
Total Capital Assets	463,912,642	101,225,597	52,495,730	512,642,509
Less Accumulated Depreciation				
Buildings & improvements	63,185,642	8,078,066	-	71,263,708
Machinery & equipment	12,630,248	1,960,850	319,594	14,271,504
Accumulated Depreciation	75,815,890	10,038,916	319,594	85,535,212
Net Capital Assets	\$ 388,096,752	\$ 91,186,681	\$ 52,176,136	\$ 427,107,297

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 8 – 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.

The annual payments required to amortize the 2014 General Obligation Refunding Bonds Series A and Series B as of June 30, 2022, are as follows:

*Series A:*

Fiscal Year	Principal	Interest	Total
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
Total	\$ 13,795,000	\$ 4,487,750	\$ 18,282,750

*Series B:*

Fiscal Year	Principal	Interest	Total
2023	\$ 3,150,000	\$ 104,486	\$ 3,254,486
Total	\$ 3,150,000	\$ 104,486	\$ 3,254,486

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 8 – LONG TERM LIABILITIES, continued**

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

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

The 2016 Series A Bonds mature through August 1, 2046. The annual payments required to amortize the 2016 Series A Bonds as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
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	-	5,351,750	5,351,750
2028-2032	1,000,000	12,994,085	13,994,085
2033-2037	-	-	-
2038-2042	-	-	-
2043-2047	45,220,000	2,191,000	47,411,000
Total	\$ 46,220,000	\$ 41,943,835	\$ 88,163,835

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 8 – LONG TERM LIABILITIES, continued**

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

The 2016 Series A-1 Bonds mature through August 1, 2028. The annual payments required to amortize the 2016 Series A-1 Bonds as of June 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
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	2,995,000	294,695	3,289,695
2028-2029	7,145,000	254,743	7,399,743
Total	\$ 18,895,000	\$ 2,507,919	\$ 21,402,919

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
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	-	3,054,000	3,054,000
2028-2032	2,625,000	15,170,000	17,795,000
2033-2037	6,375,000	14,224,000	20,599,000
2038-2042	9,085,000	12,862,400	21,947,400
2043-2047	15,265,000	10,403,200	25,668,200
2048-2051	58,000,000	4,320,000	62,320,000
Total	\$ 93,400,000	\$ 72,339,600	\$ 165,739,600

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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**NOTE 8 – LONG TERM LIABILITIES, continued**

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, 2022, are as follows:

Fiscal Year	Principal	Interest	Total
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	7,000,000	2,917,279	9,917,279
2028-2032	37,995,000	12,375,817	50,370,817
2033-2037	49,545,000	7,440,728	56,985,728
2038-2039	24,145,000	1,024,396	25,169,396
Total	\$ 125,295,000	\$ 35,894,532	\$ 161,189,532

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

The annual requirements to amortize the 2021 refunding bonds payable outstanding at June 30, 2022 are summarized below:

Fiscal Year	Principal	Interest	Total
2023	\$ 1,695,000	\$ 1,806,841	\$ 3,501,841
2024	1,220,000	1,961,720	3,181,720
2025	1,220,000	1,958,280	3,178,280
2026	1,230,000	1,951,631	3,181,631
2027	1,515,000	1,940,979	3,455,979
2028-2032	13,570,000	9,314,784	22,884,784
2033-2037	28,220,000	7,341,685	35,561,685
2038-2042	37,545,000	3,336,700	40,881,700
Total	\$ 86,215,000	\$ 29,612,620	\$ 115,827,620

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 8 – LONG TERM LIABILITIES, continued**

Leases

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

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Lease Payment
Equipment	8	4.00%	11/14/2018 - 1/19/2027	\$ 9,174
Buildings	4	4.00%	2/8/16 - 11/14/2048	\$ 271,137

Future minimum lease payments on noncancellable leases at June 30, 2022 are as follows:

Fiscal year	Principal	Interest	Total
2023	\$ 1,063,709	\$ 399,023	\$ 1,462,733
2024	1,088,468	385,242	1,473,710
2025	1,123,236	371,372	1,494,609
2026	895,178	357,256	1,252,435
2027	366,800	342,664	709,464
2028-2032	1,386,896	1,396,453	2,783,350
2033-2037	1,612,003	1,245,557	2,857,560
2038-2041	1,542,550	743,498	2,286,048
2042-2046	1,813,487	476,331	2,289,818
2046-2050	2,076,916	164,623	2,241,539
Total	\$ 12,969,243	\$ 5,882,019	\$ 18,851,266

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Payments and Reductions	Balance June 30, 2022	Amounts Due Within One Year
General obligation bonds	\$ 378,835,000	\$ 86,215,000	\$ 78,080,000	\$ 386,970,000	\$ 10,515,000
Bond premium	18,384,252	-	5,746,677	12,637,575	858,901
Banked faculty load time	460,321	43,000	-	503,321	-
Leases	-	13,961,653	992,410	12,969,243	1,063,709
Compensated absences	2,360,288	-	168,815	2,191,473	-
Net pension liability	84,647,061	-	31,284,703	53,362,358	-
Other postemployment benefits	4,962,564	83,454	-	5,046,018	-
Total Long Term Debt	\$ 489,649,486	\$ 100,303,107	\$ 116,272,605	\$ 473,679,988	\$ 12,437,610

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 9 – PROPERTY TAXES**

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

**NOTE 10 – 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	\$ 24,496,464	\$ 12,978,308	\$ 24,042,862	\$ 3,300,123
CalPERS	28,865,894	6,902,017	11,184,664	3,777,198
Total	\$ 53,362,358	\$ 19,880,325	\$ 35,227,526	\$ 7,077,321

**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, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2020. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022**

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**NOTE 10 – NET PENSION LIABILITY, continued**

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

**General Information about the Pension Plan, continued**

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

The CalPERS provisions and benefits in effect at June 30, 2022, 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%	7.000%
Required employer contribution rate	22.910%	22.910%

**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, 2022, are presented above and the total District contributions were \$4,563,978.

**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.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – 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***

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$28,865,894. The net pension liability was measured as of June 30, 2021. 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, 2022 and June 30, 2021, respectively was 0.142 percent and 0.137 percent, resulting in a net increase in the proportionate share of 0.005 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$3,777,198. At June 30, 2022, 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	\$ -	\$ 11,077,870
Differences between expected and actual experience	861,721	68,049
Net changes in proportionate share of net pension liability	1,476,318	38,745
District contributions subsequent to the measurement date	4,563,978	-
Total	<u>\$ 6,902,017</u>	<u>\$ 11,184,664</u>

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
2023	\$ (1,676,851)
2024	(1,895,315)
2025	(2,193,488)
2026	(3,080,971)
	<u>\$ (8,846,625)</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 10 – NET PENSION LIABILITY, continued**

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

**Actuarial assumptions.** For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 and the June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
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:

<b>Asset Class*</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 - 10**</b>	<b>Real Return Years 11+***</b>
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%		

\*In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

\*\*An expected inflation of 2.0% used for this period

\*\*\*An expected inflation of 2.92% used for this period

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – 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	\$ 48,671,952	\$ 28,865,894	\$ 12,422,618

**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, 2020, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <http://www.calstrs.com/member-publications>.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – NET PENSION LIABILITY, continued**

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

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

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

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2022 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.92%	16.92%
Required state contribution rate	10.828%	10.828%

\*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 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were \$4,362,890.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – 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 \$3,106,577.

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

At June 30, 2022, 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	\$ 24,496,464
State's proportionate share of the net pension liability associated with the District	<u>12,325,927</u>
Total	<u>\$ 36,822,391</u>

The net pension liability was measured as of June 30, 2021. 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, 2022 and June 30, 2021, respectively, was 0.054 percent and 0.044 percent, resulting in a net increase in the proportionate share of 0.010 percent.

For the year ended June 30, 2022, the District recognized pension expense of \$3,300,123. At June 30, 2022, 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	\$ -	\$ 19,378,733
Differences between expected and actual experience	61,364	2,607,473
Changes in assumptions	3,469,737	-
Net changes in proportionate share of net pension liability	5,084,317	2,056,656
District contributions subsequent to the measurement date	4,362,890	-
Total	<u>\$ 9,871,731</u>	<u>\$ 24,042,862</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – 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
2023	\$ (2,722,146)
2024	(2,291,035)
2025	(4,161,789)
2026	(5,739,408)
2027	(253,995)
Thereafter	(259,071)
	<u>\$ (15,427,444)</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, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 10 – 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:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-term Expected Real Rate of Return*</b>
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  
 JUNE 30, 2022**

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**NOTE 10 – NET PENSION LIABILITY, continued**

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

**Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate**

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 49,866,033	\$ 24,496,464	\$ 3,440,206

**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 11 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

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

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

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

**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  
 JUNE 30, 2022**

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**NOTE 11 – 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, 2021 measurement date:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	39
Participating Active Employees	425
	<u>464</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 2021-22, the District contributed \$982,770 to the Trust.

**Actuarial Assumptions** - The District’s total OPEB liability of \$8,903,562 was measured as of June 30, 2021. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2021
Measurement date	June 30, 2021
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return	4.75%
Discount rate	4.75%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2017 CalPERS active mortality for miscellaneous employees were used.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 – 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, 2020	\$ 7,649,696	\$ 2,687,132	\$ 4,962,564
Changes for the year:			
Service cost	517,314	-	517,314
Interest on TOL	496,121	816,879	(320,758)
Employer contributions	-	982,770	(982,770)
Assumption changes	1,014,453	-	1,014,453
Experience (gains)/losses	(178,365)	-	(178,365)
Administrative expense	-	(33,580)	33,580
Benefit payments	(595,657)	(595,657)	-
Net change	1,253,866	1,170,412	83,454
Balance June 30, 2021	\$ 8,903,562	\$ 3,857,544	\$ 5,046,018

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2021 measurement date was 43 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 (3.75%)	Current Discount Rate (4.75%)	Discount Rate 1% Higher (5.75%)
Net OPEB liability	\$ 5,435,631	\$ 5,046,018	\$ 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	\$ 5,046,018	\$ 5,733,839

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

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**NOTE 11 – 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, 2022, the District recognized OPEB benefit of \$3,128,368. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 399,227	\$ -
Investment gains and losses	-	(457,299)
Experience gains and losses	-	(1,144,026)
District contributions subsequent to the measurement date	5,046,018	-
	<u>\$ 5,445,245</u>	<u>\$ (1,601,325)</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
2023	\$ (190,919)
2024	(187,939)
2025	(192,959)
2026	(206,362)
2027	(80,220)
Thereafter	(343,699)
	<u>\$ (1,202,098)</u>

**NOTE 12 – 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**  
**JUNE 30, 2022**

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**NOTE 12 – COMMITMENTS AND CONTINGENCIES, continued**

Construction Commitments

As of June 30, 2022, the District has approximately \$24,032,232 in outstanding commitments on construction contracts.

**NOTE 13 – 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 14 – PRIOR PERIOD ADJUSTMENT**

Beginning net position decreased by \$(852,122) The adjustment was due to implementation of GASB 87 and other minor beginning balance adjustments.

**NOTE 15 – SUBSEQUENT EVENTS**

The District evaluated subsequent events from June 30, 2022 through December 15, 2022, the date the financial statements were issued. On November 17, 2022, the District issued a Certificates of Participation in the amount of \$9,920,000 and on November 30, 2022, the District issued General Obligation Bonds in the amount of \$54,995,916.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - OPEB  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

*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, 2022**

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

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>CalSTRS</b>	<b>Reporting Fiscal Year</b>			
	2022	2021	2020	2019
Statutorily required contribution	\$ 4,362,890	\$ 3,969,237	\$ 4,664,461	\$ 4,527,444
District's contributions in relation to the statutorily required contribution	4,362,890	3,969,237	4,664,461	4,527,444
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 25,785,402	\$ 24,577,319	\$ 27,277,550	\$ 27,809,855
District's contributions as a percentage of covered-employee payroll	16.92%	16.15%	17.10%	16.28%

<b>CalPERS</b>	<b>Reporting Fiscal Year</b>			
	2022	2021	2020	2019
Statutorily required contribution	\$ 4,563,978	\$ 4,211,963	\$ 3,922,162	\$ 3,272,914
District's contributions in relation to the statutorily required contribution	4,563,978	4,211,963	3,922,162	3,272,914
District's contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 19,921,336	\$ 20,347,647	\$ 19,888,251	\$ 18,120,443
District's contributions as a percentage of covered-employee payroll	22.91%	20.70%	19.72%	18.06%

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF CONTRIBUTIONS - PENSIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

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

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2022**

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**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.

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## **SUPPLEMENTARY INFORMATION**

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**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
DISTRICT ORGANIZATIONAL STRUCTURE  
JUNE 30, 2022**

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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, 2022:

**GOVERNING BOARD**

<b>NAME</b>	<b>OFFICE</b>	<b>TERM EXPIRES</b>
Steve Buffalo	President	2026
Barbara Gains	Vice President	2026
Michelle Harvey	Clerk	2024
Michael Rives	Trustee	2024
Michael Adams	Trustee	2026
Cory Barnes	Student Trustee	2023

**DISTRICT ADMINISTRATION**

Dr. Jennifer Zellet  
*Superintendent/President*  
Howard Davis\*  
*Interim Vice President, Academic Affairs*  
Victoria Simmons\*\*  
*Interim Vice President, Human Resources*  
Shaminder Brar  
*Vice President, Administrative Services*  
Jose Rivera\*\*\*  
*Vice President, Student Services*  
Sarah Johnston  
*Executive Director, Financial and Fiscal Services*

**AUXILIARY ORGANIZATIONS IN GOOD STANDING**

<b>Auxiliary Name</b>	<b>Director's Name/Title</b>	<b>Establishment and Master Agreement Date</b>
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

\*Isabelle Saber, Vice President, Academic Affairs, termed on 2/28/2022. Howard Davis, Interim Vice President, Academic Affairs, was hired on 2/1/2022.

\*\*Jennifer Burchett, Vice President, Human Resources, termed on 3/31/2021. The district hired a consultant, Laura Benson, on 4/12/2021 and her assignment ended in March of 2022. Her contract was through 4/1/2022. Victoria Simmons, Interim Vice President, Human Resources, was hired on 12/1/2022 and her current contract is through 4/28/2023.

\*\*\*Erin Vines, Vice President, Student Services, termed on 6/30/2022. The district hired a consultant, Jose Rivera, on 5/15/2022 and his current contract is through 1/31/2023.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Pass Through/ Grant Number</b>	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Direct Programs</i>			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants (FESOG)	*	84.007	\$ 608,743
Federal Work Study Program (FWS)	*	84.033	387,022
Federal Direct Student Loans	*	84.268	2,489,936
Federal Pell Grant Program (PELL)	*	84.063	17,116,429
Federal Pell Grant Program - Administrative Allowance	*	84.063	90,075
Total Financial Aid Cluster			<u>20,692,205</u>
Higher Education Institutional Aid, Title V Program			
Higher Education Institutional Aid, Title V, 2nd Year Experience	*	84.031S	592,217
Higher Education Institutional Aid, Title V, Co-Op	*	84.031S	947,315
Teacher Preparation Program - Fed	*	84.031S	232,870
Total Higher Educational Aid, Title V Program			<u>1,772,402</u>
TRIO - Student Support Services	*	84.042A	252,753
<i>Passed Through California Community College Chancellor's Office</i>			
Career and Technical Education Program			
Career and Technical Education - Basic Grants	*	84.048A	493,690
Total Career and Technical Education Program			<u>493,690</u>
Coronavirus Response and Relief Supplemental Appropriations			
Coronavirus Response and Relief Supplemental Appropriations Act	*	84.425	19,425
Coronavirus Response and Relief Supplemental Appropriations Act Adn	*	84.425	853
Total Coronavirus Response and Relief Supplemental Appropriations			<u>20,278</u>
Higher Education Emergency Relief Funds			
COVID-19 HEERF III Cares Act - MSI	*	84.425L	1,535,380
COVID-19 HEERF III Cares Act - Student Aid	*	84.425E	19,118,368
COVID-19 HEERF II Cares Act - Institutional	*	84.425F	7,997,139
COVID-19 HEERF III Cares Act - Institutional	*	84.425F	179,137
Total Higher Education Emergency Relief Funds			<u>28,830,024</u>
American Rescue Plan Act	*	84.425	1,047
National Science Foundation - Bridge Ecology and Evolution	*	47.074	12,392
<b>Total U.S. Department of Education</b>			<u>52,074,791</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through California Community College Chancellor's Office</i>			
Temporary Assistance for Needy Families	*	93.558	77,959
<i>Passed Through California Department of Education</i>			
Foster Parent Training Program, Title IV-E	*	93.658	45,756
Child Development Training Consortium	*	93.575	(6,045)
<b>Total U.S. Department of Health and Human Services</b>			<u>117,670</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through California Community College Chancellor's Office</i>			
Forest Reserve - Schools and Roads - Grants to States	*	10.665	17,140
<b>Total U.S. Department of Agriculture</b>			<u>17,140</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
Air Force Research Laboratory	*	12.800	155,757
<b>Total U.S. Department of Defense</b>			<u>155,757</u>
<b>U.S. DEPARTMENT OF VETERANS AFFAIRS</b>			
Veterans Information and Assistance	*	64.115	2,752
<b>Total U.S. Department of Veterans Affairs</b>			<u>2,752</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 52,368,110</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, 2022**

	Program Revenues				Program Expenditures
	Accounts		Unearned	Total Revenue	
	Cash Received	Receivable	Revenue		
Basic Needs Centers	\$ 319,238	\$ -	\$ 319,238	\$ -	\$ -
Basic Skills	1,519,215	222	923,043	596,394	596,394
Block Grant - Scheduled Maintenance	3,730,840	-	-	3,730,840	110,676
Block Grant-Instructional	1,093,293	-	916,881	176,413	176,413
CAI-Home Visitor Apprenticeship	(18,693)	216,355	-	197,662	197,662
CAL Grants	3,409,908	4,648	-	3,414,556	3,427,759
Cal OES State - Supplied PPE	174,730	-	153,316	21,414	21,414
CalFresh Outreach	43,966	-	34,536	9,431	9,431
California Campus Catalyst Fund	1,046	159	-	1,205	1,205
California College Promise	985,433	-	534,232	451,201	451,201
California Prison Incarcerated Students	-	19,007	-	19,007	19,007
California State Preschool	585,430	-	-	585,430	760,311
CalWorks	1,339,985	751	328,653	1,012,083	1,012,083
CARE	324,408	313	110,802	213,919	213,919
CDC-COVID19	104	-	104	-	-
CDSS Stipend	5,000	-	-	5,000	5,000
Classified Professional Development	50,763	-	50,763	-	-
College & Career Access Pathways	1,006	-	1,006	-	-
Commercial Sexual Exploitation	1,194	-	1,194	-	-
COVID-19 Response Block Grant-State	648,975	-	-	648,975	648,975
Culturally Competent Faculty PD	50,434	-	50,434	-	-
DHH Deaf & Hard of Hearing	50,526	-	-	50,526	50,526
Disabled Student Program Services	951,504	5	-	951,509	951,509
Disaster Relief Emergency SFA	8,470	-	-	8,470	8,470
DSS/CalWorks	184,877	4,193	-	189,070	189,070
Economic & Workforce Development	-	69,964	69,964	-	-
EEO Best Practices	208,333	-	208,333	-	-
Emergency SFA SB 85	1,458,888	-	16,653	1,442,235	1,442,235
Enrollment Fee Financial Assistance	195,796	-	-	195,796	197,635
EOPS	1,181,317	2,359	348,886	834,790	834,790
Equal Employment Opportunity	183,969	-	168,543	15,426	15,426
Financial Aid Technology	203,174	-	68,742	134,431	134,431
Foster Parent Training Program	72,204	-	-	72,204	72,204
Full-Time Student Success Grant	2,335,370	-	678,979	1,656,391	1,656,391
Guided Pathways	1,328,235	341	614,661	713,915	713,915
Hunger Free Campus	27,918	-	5,995	21,923	21,923
LGBTQ+	119,412	-	119,412	-	-
Library Services Platform	11,743	-	11,743	-	-
Mandated Cost Reimbursement	339,230	-	-	339,230	339,230
Mental Health Support	365,763	3	365,750	17	17
Nursing Education	279,037	207	164,030	115,215	115,215
Print & Electronic Info	10,825	-	-	10,825	10,825
Puente Program	39,641	65	15,928	23,777	23,777
Quality Improvement Grant STEP	8,954	-	-	8,954	8,954
Rapid Rehousing Fund	1,992,349	-	1,908,822	83,527	83,527
Retention and Enrollment Outreach	1,145,329	-	746,656	398,673	398,673
SSSP Credit	4,281,220	49,869	681,565	3,649,524	3,649,524
State Capital Outlay Projects	367,000	-	-	367,000	367,000
State Lottery Proceeds - Prop 20	2,107,445	332,834	1,941,828	498,452	498,452
Strong Workforce Program - Local	4,262,083	4,417	2,104,882	2,161,618	2,161,618
Strong Workforce Program - Regional	782,504	1,128,616	1,728,720	182,400	182,400
Student Equity	4,269,576	-	3,314,091	955,485	955,485
Student Financial Aid Admin	591,596	-	-	591,596	473,907
Student Food and Housing Support	310,318	-	310,318	-	-
SWP Job Developer	233,687	112,500	181,892	164,295	164,295
TANF - State	43,107	34,852	-	77,959	77,959
Teacher Preparation Program	3,399	163	-	3,563	3,628
Undocumented Resources Liasons	162,219	-	62,145	100,074	100,074
Veterans One-Time Funding	40,671	-	40,671	-	-
Veterans Resource Center	260,527	-	253,157	7,370	7,370
<b>Total State District Funding</b>	<b>\$ 44,684,491</b>	<b>\$ 1,981,843</b>	<b>\$ 19,556,568</b>	<b>\$ 27,109,770</b>	<b>\$ 23,561,905</b>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –  
ANNUAL/ACTUAL ATTENDANCE  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>CATEGORIES</b>	Reported Data	Audit Adjustment	Audited Data
<b>A. Summer Intersession (Summer 2021 only)</b>			
1. Noncredit	0.83	-	0.83
2. Credit	1,063.18	-	1,063.18
<b>B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)</b>			
1. Noncredit	-	-	-
2. Credit	-	-	-
<b>C. Primary Terms (Exclusive of Summer Intersession)</b>			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	4,458.68	-	4,458.68
(b) Daily Census Contact Hours	118.93	-	118.93
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	40.59	-	40.59
(b) Credit	350.51	-	350.51
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,870.67	-	1,870.67
(b) Daily Census Contact Hours	303.88	-	303.88
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
<b>D. Total FTES</b>	<b>8,207.27</b>	<b>-</b>	<b>8,207.27</b>
<b>Supplemental Information (subset of above information)</b>			
<b>E. In-service Training Courses</b>	-	-	-
<b>F. Basic Skills Courses and Immigrant Education</b>			
1. Credit	26.50	-	26.50
2. Noncredit	33.40	-	33.40
Total Basic Skills FTES	59.90	-	59.90

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2022.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2022**

	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	\$ 14,469,358	\$ -	\$ 14,469,358	\$ 14,469,358	\$ -	\$ 14,469,358
Other	1300	10,662,796	-	10,662,796	10,662,796	-	10,662,796
Total Instructional Salaries		25,132,154	-	25,132,154	25,132,154	-	25,132,154
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,279,472	-	4,279,472
Other	1400	-	-	-	379,801	-	379,801
Total Non-Instructional Salaries		-	-	-	4,659,273	-	4,659,273
Total Academic Salaries		25,132,154	-	25,132,154	29,791,427	-	29,791,427
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	12,111,275	-	12,111,275
Other	2300	-	-	-	1,142,592	-	1,142,592
Total Non-Instructional Salaries		-	-	-	13,253,867	-	13,253,867
Instructional Aides							
Regular Status	2200	1,030,441	-	1,030,441	1,030,441	-	1,030,441
Other	2400	104,705	-	104,705	104,705	-	104,705
Total Instructional Aides		1,135,146	-	1,135,146	1,135,146	-	1,135,146
Total Classified Salaries		1,135,146	-	1,135,146	14,389,013	-	14,389,013
Employee Benefits	3000	7,171,376	-	7,171,376	15,858,662	-	15,858,662
Supplies and Materials	4000	-	-	-	921,114	-	921,114
Other Operating Expenses	5000	-	-	-	8,294,376	-	8,294,376
Equipment Replacement	6420	-	-	-	150,000	-	150,000
Total Expenditures Prior to Exclusions		33,438,676	-	33,438,676	69,404,592	-	69,404,592
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	602,518	-	602,518
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	263,549	-	263,549
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	267,427	-	267,427
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	1,961,871	-	1,961,871
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 3,095,365	\$ -	\$ 3,095,365
Total for ECS 84362, 50% Law		\$ 33,438,676	\$ -	\$ 33,438,676	\$ 66,309,227	\$ -	\$ 66,309,227
Percent of CEE (Instructional Salary Cost/Total CEE)		50.43%	0.00%	50.43%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 33,154,614	\$ -	\$ 33,154,614

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT  
 FOR THE YEAR ENDED JUNE 30, 2022**

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EPA Revenue	\$ 22,177,340
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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	\$ 22,177,340	\$ -	\$ -	\$ 22,177,340
Total		\$ 22,177,340	\$ -	\$ -	\$ 22,177,340

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022**

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

General Fund	\$ 43,138,778	
Debt Service Fund	18,651,698	
Child Development Fund	386,048	
Capital Project Funds	68,293,966	
Associated Students Body	510,235	
Student Rep Fee	405,959	
Districts Auxilliary	3,297,265	
Student Financial Aid Fund	<u>1,119,542</u>	\$ 135,803,491

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

Nondepreciable capital assets	\$ 79,383,577	
Depreciable capital assets	433,258,932	
Accumulated depreciation	(85,535,212)	
Accumulated ammortizaton	(5,888,624)	
Intangible right of use assets	18,020,890	
Lease receivable	294,142	
Fair Market Value - Cash in County Investments	<u>(6,398,411)</u>	433,135,294

Accrued interest (6,678,151)

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

Net pension liability	(53,362,358)
Compensated absences	(2,191,473)
OPEB liability	(5,046,018)
Banked faculty load time	(503,321)
Lease liability	(12,969,243)
Other long-term debt	(399,607,575)

Deferred loss on refunding	30,220,723
Deferred inflows - leases	(215,098)
Deferred outflows - pensions	19,880,325
Deferred outflows - OPEB	5,445,245
Deferred inflows - OPEB	1,601,325
Deferred inflows - pensions	<u>(35,227,526)</u>

**Net Position Reported Within the Statement of Net Position** \$ 110,285,640

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT**  
**NOTE TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2022**

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**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, 2022**

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**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.



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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Antelope Valley Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2022.

**Adoption of New Accounting Standard**

As discussed in Note 5 and Note 8 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, Leases, for the year ending June 30, 2022. Our opinions are not modified with respect to this matter.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 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**  
**Opinion on Each Major Federal Program**

We have audited Antelope Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2022. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2022.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Antelope Valley Community College District's compliance based on our audit

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 2022



## INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

### **Report on State Compliance**

#### **Opinion on State Compliance**

We have audited Antelope Valley Community College District's (the District) compliance with the types of compliance requirements as identified in the *California Community Colleges Contracted District Audit Manual 2021-22*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2022. The applicable state compliance requirements are identified in the table below.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2022.

#### ***Basis for Opinion***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the compliance requirements described in the 2021-22 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on state compliance with the compliance requirements subject to audit in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

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



## **Procedures Performed**

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

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2021-22 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

*CWDL, Certified Public Accountants*

San Diego, California  
December 15, 2022

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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: Higher Education Emergency Relief Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,571,043</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

**STATE AWARDS**

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section II – Financial Statement Findings**

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

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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 2021-22.***

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section IV – State Award Findings and Questioned Costs**

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

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

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**Section V – Prior Year Audit Findings Summary**

**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.

**Status:** Implemented in 2021-22.