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ANTELOPE VALLEY
COMMUNITY COLLEGE DISTRICT
LANCASTER, CALIFORNIA

AUDIT REPORT

June 30, 2024

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities, and the fiduciary activities of Antelope Valley Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the fiduciary activities of the District as of June 30, 2024, 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 (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

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 GAAS 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 GAAS and *Government Auditing Standards*, we:

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

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

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, 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 23, 2024

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This section of Antelope Valley Community College District’s (the “District”) annual financial report presents our discussion and analysis of the District’s financial performance during the year ended June 30, 2024.

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 \$155,173,589 at June 30, 2024. This is a change from the total combined net position as of June 30, 2023, which reflected \$134,758,172.
- During the fiscal year, the District’s total expenses, were \$200,151,036. There was an excess of revenues over expenses of \$20,384,883.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Net Position

The Statement of Net Position (see page 15, Basic Financial Statements section) presents the assets, deferred outflows of resources, liabilities, deferred inflows and outflows of resources and net position of the District as of the end of the fiscal year using the accrual basis of accounting, which is comparable to the accounting basis used by most private-sector institutions. Net position – the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources, is one way to measure the financial health of the District. The data allows readers to determine the assets available to continue the operations of the District. The net position of the District consists of three major categories.

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

The District’s net position remained positive in fiscal year 2024. Current assets increased by \$18,775,361 or 17.27 percent. Current liabilities decreased by \$4,038,285 or by 5.23 percent mainly due to accounts payable and accrued expenses. The final paycheck for the fiscal year is accrued in the current fiscal year and paid out of the following fiscal year. Unearned revenue mainly occurs with restricted programs and grants or from the summer session. The revenues cannot be “earned” until they are expended.

	2024	2023	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Current assets	\$ 127,471,355	\$ 108,695,994	\$ 18,775,361
Non-current assets	590,822,275	598,397,437	(7,575,162)
Deferred outflows of resources	49,039,674	57,026,257	(7,986,583)
Total Assets and Deferred Outflows of Resources	767,333,304	764,119,688	3,213,616
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	73,162,351	77,200,636	(4,038,285)
Non-current liabilities	523,362,769	533,274,226	(9,911,457)
Deferred inflows of resources	15,634,595	18,886,654	(3,252,059)
Total Liabilities and Deferred Inflows of Resources	612,159,715	629,361,516	(17,201,801)
NET POSITION			
Net investment in capital assets	143,881,612	146,815,831	(2,934,219)
Restricted	16,792,764	10,589,111	6,203,653
Unrestricted (deficit)	(5,500,787)	(22,646,770)	17,145,983
Total Net Position	\$ 155,173,589	\$ 134,758,172	\$ 20,415,417

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position (see page 16, Basic Financial Statements section) presents the operating results of the District. The purpose of the statement is to present the revenues received and expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the District. State general apportionment funds, budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

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

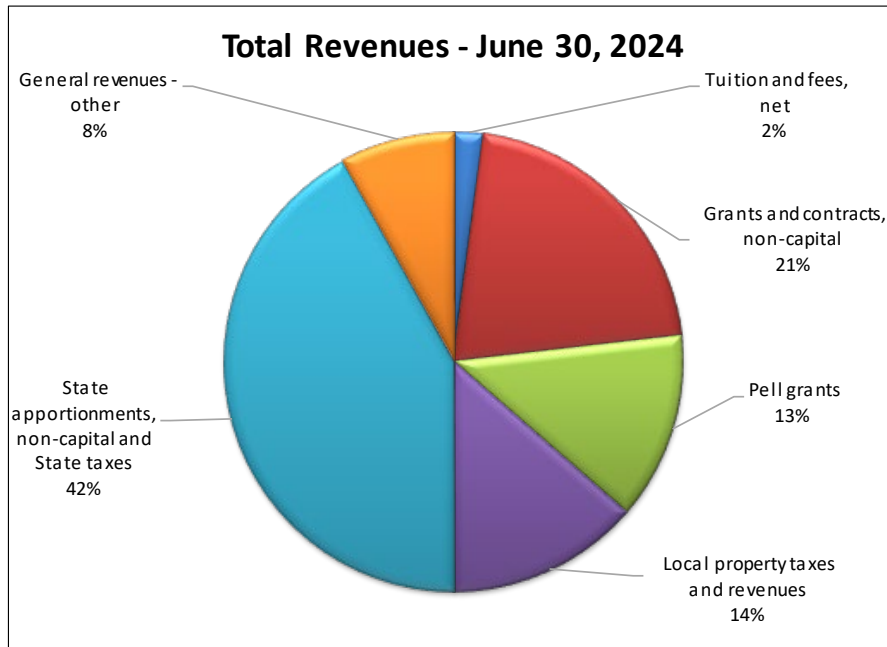
The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in tuition and fees, state apportionment, and state aid. The change in net position at June 30, 2024 has decreased at the end of the year by \$4,057,115 from June 30, 2023. Including an adjustment to the prior period, the District reports an increase in its total net position of \$27,563,546 for this fiscal year. Below is a summary of changes in revenues and expenses for the years ended June 30, 2024 and June 30, 2023:

	2024	2023	Change
REVENUES			
Tuition and fees, net	\$ 4,576,030	\$ 3,956,313	\$ 619,717
Grants and contracts, non-capital	46,459,619	56,487,039	(10,027,420)
Pell grants	29,051,477	22,642,605	6,408,872
Local property taxes and revenues	30,043,838	29,529,578	514,260
State apportionments, non-capital and State taxes and other revenues	92,833,200	86,740,801	6,092,399
General revenues - other	17,571,755	10,334,722	7,237,033
Total Revenues	220,535,919	209,691,058	10,844,861
EXPENSES			
Operating expenses	190,817,710	190,422,418	395,292
Interest expense on capital asset-related debt	9,333,326	(5,205,557)	14,538,883
Total Expenses	200,151,036	185,216,861	14,934,175
Changes in Net Position	20,384,883	24,474,197	(4,089,314)
Prior Period Adjustment (see note 15)	30,534	(1,665)	32,199
Changes in Net Position	\$ 20,415,417	\$ 24,472,532	\$ (4,057,115)

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

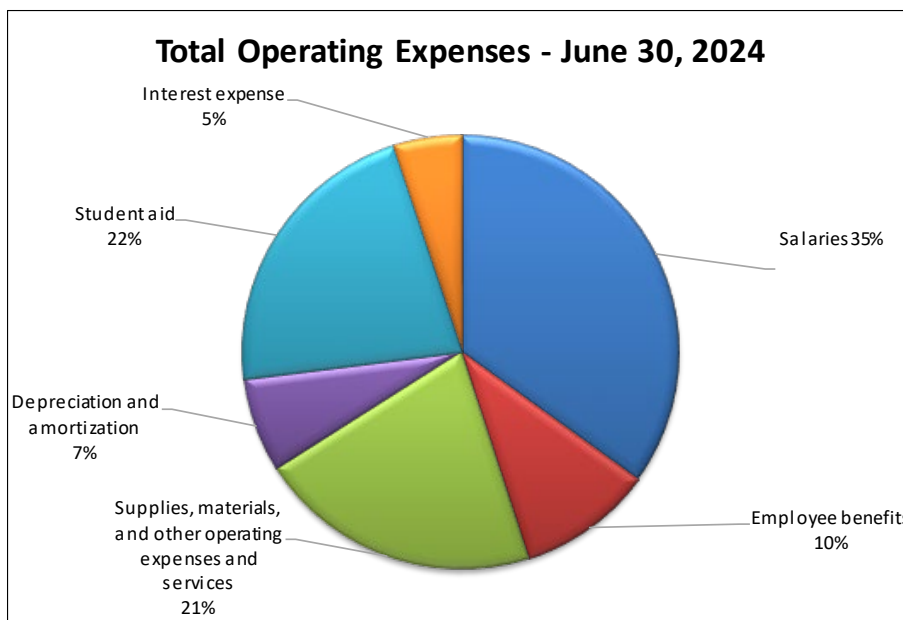
Total Revenues for the Year Ended June 30, 2024

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, 2024

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
JUNE 30, 2024**

Statement of Cash Flows

The statement of cash flows (see pages 16 and 17, 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 in the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. The net cash used by the District for operating activities for the period ended June 30, 2024 was \$133,655,084.

Capital Assets

The District's capital assets, net of accumulated depreciation at June 30, 2024 totaled \$468,729,486. This represented an increase in capital assets of \$19,822,093 from the prior year or a 4.42 percent increase from 2023 due to changes in construction in progress and machinery equipment. The District's constructions are funded by utilizing redevelopment funding, State scheduled maintenance funds, and approved bond measures. Below is a summary of the District's capital assets.

	2024	2023	Change
Capital Assets not being depreciated	\$ 76,519,643	\$ 59,480,929	\$ 17,038,714
Capital Assets being depreciated	496,201,102	481,187,855	15,013,247
Accumulated depreciation	(103,991,259)	(91,761,391)	(12,229,868)
Total Capital Assets, net	\$ 468,729,486	\$ 448,907,393	\$ 19,822,093

Long-Term Liabilities

The District's total long-term liabilities at June 30, 2024 totaled \$534,951,045. Of this amount, \$11,588,276 is due in the upcoming fiscal year. Long-term liabilities have decreased by \$9,778,727 or 1.80 percent. Below is a summary of the District's long-term liabilities.

	2024	2023	Change
General obligation, accreted interest and bond premium	\$ 436,871,638	\$ 444,595,605	\$ (7,723,967)
Compensated absences	2,123,715	2,520,252	(396,537)
Net OPEB liability	177,406	1,027,635	(850,229)
Net pension liability	73,206,536	73,599,220	(392,684)
Other long-term liabilities	11,073,358	11,081,528	(8,170)
Lease liability	11,498,392	11,905,532	(407,140)
Total Long-term Liabilities	\$ 534,951,045	\$ 544,729,772	\$ (9,778,727)

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

District’s Fiduciary Responsibility

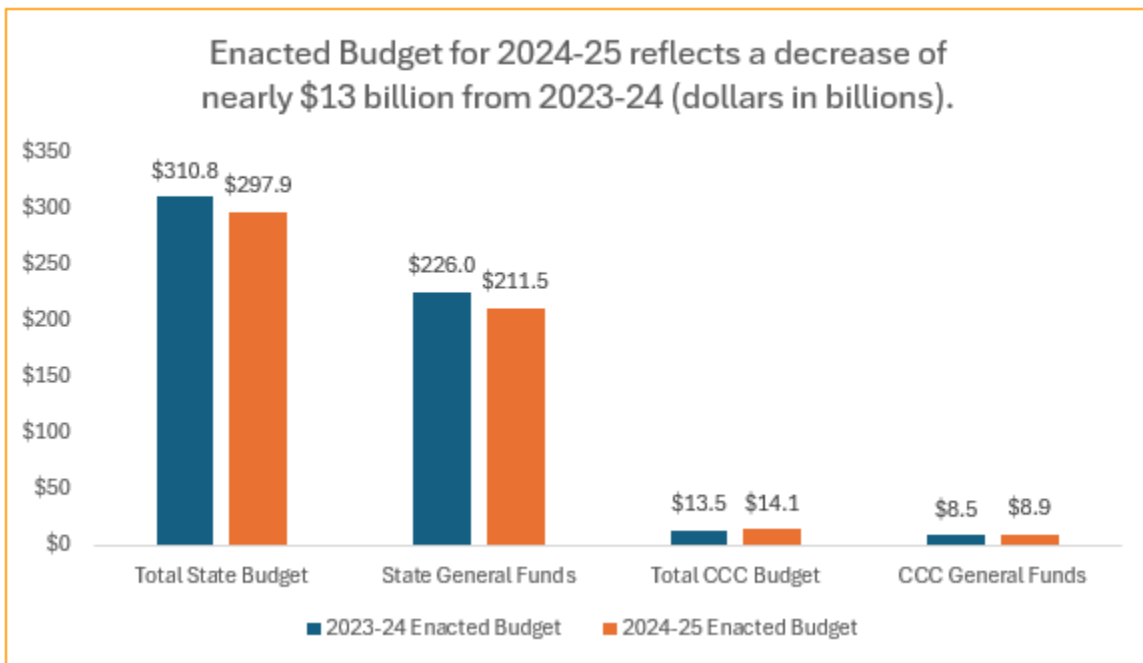
The District is the trustee, or fiduciary, for certain amounts held on behalf of the students and donors for student loans and scholarships. The District’s fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded 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 DISTRICT

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

The enacted budget focuses on stability in the context of a multi-year project budget deficit caused by significant revenue shortfalls related to declines in the technology sector and a delay in tax payments. The projected state budget deficit is \$45 billion in 2024-25 and \$30 billion in 2025-26.

To help mitigate the deficit impact, the 2024-25 enacted budget strategy includes drawing on reserves, delays and reductions to prior year funding, cuts to some state programs, and elimination of 10,000 vacant positions. The 2024-25 enacted budget reflects a decline of approximately 6.4% in overall state General Fund spending from the 2023-24 enacted budget.



**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT, continued

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

Program	2023-24 Enacted	2024-25 Enacted	Change Amount	Percent Change	Explanation of Change
Student Centered Funding Formula	\$9,421.11	\$9,571.33	\$150.22	1.59%	Adjusted for COLA, growth and other base adjustments
Adult Education Program - Main	\$652.22	\$659.14	\$6.91	1.06%	COLA
Student Equity and Achievement Program	\$523.98	\$523.98	\$0.00	0.00%	
Student Success Completion Grant	\$362.60	\$412.60	\$50.00	13.79%	Adjust for revised estimates of recipients
Strong Workforce Program	\$290.40	\$290.40	\$0.00	0.00%	Of the total funding, one-time \$5 million allocated to Pathways for Low-Income Workers Demonstration Project and \$60 million to Rebuilding Nursing Infrastructure Grant Program annually for 5 years through 2028-29.
Part-time faculty health insurance	\$200.49	\$200.49	\$0.00	0.00%	
Extended Opportunity Programs and Services (EOPS)	\$183.08	\$185.04	\$1.96	1.07%	COLA
Disabled Students Programs and Services (DSPS)	\$172.82	\$174.67	\$1.85	1.07%	COLA
Full-time faculty hiring	\$150.00	\$150.00	\$0.00	0.00%	
California College Promise (AB19)	\$91.21	\$91.21	\$0.00	0.00%	
Integrated technology	\$89.50	\$89.50	\$0.00	0.00%	
Financial aid administration	\$78.50	\$80.42	\$1.92	2.44%	Waived fees and per unit adjustment
Apprenticeship (community college districts)	\$64.34	\$64.69	\$0.35	0.54%	COLA
CalWORKS student services	\$55.05	\$55.64	\$0.59	1.07%	COLA
NextUp (foster youth program)	\$54.11	\$54.11	\$0.00	0.00%	
Basic needs centers	\$43.29	\$43.29	\$0.00	0.00%	
Mathematics, Engineering, Science Achievement (MESA)	\$39.42	\$39.42	\$0.00	0.00%	
Mandated Costs Block Grant and reimbursements	\$38.28	\$38.80	\$0.52	1.36%	COLA and enrollment-based adjustment

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT, continued

Program	2023-24 Enacted	2024-25 Enacted	Change Amount	Percent Change	Explanation of Change
Cooperative Agencies Resources for Education (CARE)	\$33.48	\$33.84	\$0.36	1.07%	COLA
Student mental health services	\$32.47	\$32.47	\$0.00	0.00%	
Institutional effectiveness initiative	\$27.50	\$27.50	\$0.00	0.00%	
Part-time faculty compensation	\$26.54	\$26.54	\$0.00	0.00%	
Rising Scholars Network	\$25.00	\$25.00	\$0.00	0.00%	
Part-time faculty office hours	\$23.63	\$23.63	\$0.00	0.00%	
Economic and Workforce Development	\$22.93	\$22.93	\$0.00	0.00%	
Homeless and Housing Insecurity Program 'Rapid Rehousing'	\$20.56	\$20.56	\$0.00	0.00%	
California Virtual Campus	\$20.00	\$20.00	\$0.00	0.00%	
California Online Community College (Calbright College)	\$15.00	\$15.00	\$0.00	0.00%	
Equal Employment Opportunity Program	\$17.00	\$13.88	-\$3.12	-18.38%	Decrease in available Equal Opportunity Fund
Nursing Program Support	\$13.38	\$13.38	\$0.00	0.00%	
Puente Project	\$13.33	\$13.33	\$0.00	0.00%	
Lease revenue bond payment	\$12.80	\$12.79	-\$0.01	-0.07%	Lease revenue debt service adjustments
Dreamer Resource Liaisons	\$11.60	\$11.60	\$0.00	0.00%	
Veterans Resource Centers	\$10.82	\$10.82	\$0.00	0.00%	
Classified Employee Summer Assistance Program	\$10.00	\$10.00	\$0.00	0.00%	
Immigrant legal services through CDSS	\$10.00	\$10.00	\$0.00	0.00%	
Umoja	\$9.18	\$9.18	\$0.00	0.00%	
AANHPI Student Achievement Program	\$8.00	\$8.00	\$0.00	0.00%	
Foster Care Education Program	\$6.15	\$6.15	\$0.00	0.00%	
Childcare tax bailout	\$4.28	\$4.32	\$0.05	1.08%	COLA
Digital Course Content	\$3.00	\$3.00	\$0.00	0.00%	
Middle College High School Program	\$1.84	\$1.84	\$0.00	0.00%	

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT, continued

Program	2023-24 Enacted	2024-25 Enacted	Change Amount	Percent Change	Explanation of Change
Academic Senate	\$1.80	\$1.80	\$0.00	0.00%	
Historically Black Colleges and Universities (HBCU) Transfer Pathway project	\$1.38	\$1.38	\$0.00	0.00%	
African American Male Education Network and Development (A2MEND)	\$1.10	\$1.10	\$0.00	0.00%	
Transfer education and articulation (excluding HBCU Transfer Pathway project)	\$0.70	\$0.70	\$0.00	0.00%	
FCMAT	\$0.80	\$0.77	-\$0.03	-3.75%	Removal of one-time funds
TOTAL	\$12,894.66	\$13,106.21	\$211.55	1.64%	

Due to the state budget deficit, community colleges were allocated limited one-time funding. Below is the enacted budget for one-time programs (in millions) and changes made through the legislative process.

Program	2023-24 Enacted	2024-25 Enacted	Explanation of Change
FASFSa delay assistance	\$0.0	\$20.0	One-time funds added
Expend e-Transcript California	\$0.0	\$12.0	
LGBTQ+ Pilot Program	\$10.0	\$10.0	Second year of one-time funds allocated in 2023-24
Mapping Articulated Pathways for Credit for Prior Learning	\$0.0	\$6.0	One-time funds added
TOTAL	\$10.00	\$48.00	

OTHER ECONOMIC FACTORS

Pension

CalPERS increased from 26.88% in 2023-24 to 27.05% in 2024-25 while CalSTRS remains at 19.10% for 2024-25.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

ECONOMIC FACTORS AFFECTING THE FUTURE OF THE DISTRICT, continued

OTHER ECONOMIC FACTORS, continued

District Budget

On September 9, 2024, the Board of Trustees officially approved the fiscal year 2024-25 budget. Throughout the year, the District routinely revises the budget to accommodate changes in expected revenues and expenditures. The budget for Antelope Valley College in 2024-25 encompasses various elements, including a 3.5% Total Computation Revenue (TCR) deficit, Student Center Funding Formula (SCFF) stability funding, an 1.07% SCFF COLA (Cost of Living Adjustment), the 2022-23 discontinuation of the COVID-19 Emergency Conditions Allowance, a Student Center Funding Formula Full-Time Equivalent Students (SCFF FTES) figure of 9,926, negotiated schedule increases, step and column increases, pension rate increases, and proposed resource allocation funding.

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.

Minimum Wage

California's minimum wage will increase to \$16.50 per hour for all employers on January 1, 2025, an increase from \$16.00 in 2024.

Other Post-Employment Benefits

The District has established a trust for Other Post-Employment Benefits (OPEB) for retiree health and welfare benefits. The OPEB liability is expected to be fully funded in the 2024-25 fiscal year.

Pension Stabilization

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

Reserves

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

FINANCIAL SECTION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

ASSETS	
Current Assets:	
Cash and cash equivalents	\$ 108,808,535
Accounts receivable, net	18,236,007
Lease receivable, current portion	37,548
Inventory	147,216
Prepaid expenses	242,049
Total Current Assets	<u>127,471,355</u>
Non-Current Assets:	
Restricted cash and cash equivalents	85,984,993
Specific purpose investment	25,230,000
Lease receivable, non-current portion	184,381
Right-of-use assets, net	10,693,415
Capital assets, net	468,729,486
Total Non-Current Assets	<u>590,822,275</u>
TOTAL ASSETS	<u>718,293,630</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding	23,499,276
Deferred outflows - OPEB	970,654
Deferred outflows - pensions	24,569,744
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>49,039,674</u>
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 767,333,304</u>
LIABILITIES	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 18,995,663
Unearned revenue	42,578,412
Lease liability, current portion	1,121,298
Long-term debt, current portion	10,466,978
Total Current Liabilities	<u>73,162,351</u>
Non-Current Liabilities:	
Compensated absences	2,123,715
Lease liability	9,530,082
Leased software	847,012
Net pension liability	73,206,536
Net OPEB Liability	177,406
Banked faculty load time	559,951
Long-term debt, non-current portion	436,918,067
Total Non-Current Liabilities	<u>523,362,769</u>
TOTAL LIABILITIES	<u>596,525,120</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - OPEB	1,333,861
Deferred inflows - pensions	14,143,482
Deferred inflows - leases	157,252
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>15,634,595</u>
NET POSITION	
Net investment in capital assets	143,881,612
Restricted for:	
Debt service	16,261,571
Capital projects	(3,286,809)
Other special purpose	3,818,002
Unrestricted	<u>(5,500,787)</u>
TOTAL NET POSITION	<u>155,173,589</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 767,333,304</u>

See accompanying notes to financial statements

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES	
Tuition and fees, gross	\$ 13,079,118
Less: Scholarship discounts and allowances	(8,503,088)
Tuition and fees, net	<u>4,576,030</u>
Grants and contracts, non-capital:	
Federal	12,810,638
State	<u>33,648,981</u>
TOTAL OPERATING REVENUES	<u>51,035,649</u>
OPERATING EXPENSES	
Salaries	69,553,499
Employee benefits	21,003,782
Supplies, materials, and other operating expenses and services	42,929,951
Student aid	43,702,795
Depreciation and amortization	<u>13,627,683</u>
TOTAL OPERATING EXPENSES	<u>190,817,710</u>
OPERATING LOSS	<u>(139,782,061)</u>
NON-OPERATING REVENUES/(EXPENSES)	
State apportionments, non-capital	90,486,101
Local property taxes	10,209,823
State taxes and other revenues	2,347,099
Pell grants	29,051,477
Investment expense, non-capital	11,297,008
Interest expense on capital asset-related debt	(9,333,326)
Other non-operating revenues	<u>6,225,741</u>
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>140,283,923</u>
INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)	<u>501,862</u>
OTHER REVENUES/(EXPENSES)	
State apportionments, capital	49,006
Local property taxes and revenues, capital	<u>19,834,015</u>
TOTAL OTHER REVENUES/(EXPENSES)	<u>19,883,021</u>
INCREASE/(DECREASE) IN NET POSITION	20,384,883
NET POSITION -- BEGINNING OF YEAR	134,758,172
PRIOR YEAR ADJUSTMENT (SEE NOTE 15)	<u>30,534</u>
NET POSITION -- END OF YEAR	<u>\$ 155,173,589</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees, net	\$ 4,576,030
Grants and contracts	50,266,954
Payments to or on behalf of employees	(94,131,669)
Payments to vendors for supplies and services	(94,103,107)
Other operating cash flows	<u>(263,292)</u>
Net Cash Used in Operating Activities	<u>(133,655,084)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	90,486,101
Local property taxes	10,209,823
State taxes and other revenues	2,347,099
Pell grants	29,051,477
Other non-operating cash flows	<u>6,234,366</u>
Net Cash Provided by/(Used in) Non-Capital Financing Activities	<u>138,328,866</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(33,306,114)
State apportionments and local property taxes and revenues, capital	19,883,021
Proceeds from long-term debt	<u>(7,755,199)</u>
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(21,178,292)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment expense	11,297,008
Released from investment	<u>1,200,000</u>
Net Cash Provided by/(Used in) Investing Activities	<u>12,497,008</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(4,007,502)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>198,801,030</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 194,793,528</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

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

Operating loss	<u>\$ (139,782,061)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation and amortization	12,229,868
Changes in Assets and Liabilities:	
Accounts receivables, net	2,559,099
Inventory	3,890
Prepaid expenses	556,879
Deferred outflows - OPEB and pensions	1,265,136
Accounts payable and accrued expenses	(10,590,229)
Unearned revenue	3,807,335
Compensated absences	(396,537)
Bank faculty load time	23,062
Leases	1,134,523
Net pension liability	(392,684)
Net OPEB liability	(850,229)
Deferred inflows - OPEB and pensions	<u>(3,223,136)</u>
Total Adjustments	<u>6,126,977</u>
Net Cash Used In Operating Activities	<u>\$ (133,655,084)</u>

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2024

	Scholarship and Loan Agency Fund	Payroll & OPEB Irrevocable Trust Funds	Total
ASSETS			
Cash and cash equivalents	\$ 38,538	\$ 571,649	\$ 610,187
Investments	-	9,556,047	9,556,047
Accounts receivable	-	626	626
Total Assets	38,538	10,128,322	10,166,860
LIABILITIES			
Accounts payable and accrued expenses	872	560,970	561,842
Unearned revenue	500	-	500
Total Liabilities	1,372	560,970	562,342
NET POSITION			
Net position restricted for OPEB	-	9,556,047	9,556,047
Held in trust for others	37,166	11,305	48,471
Total Net Position	\$ 37,166	\$ 9,567,352	\$ 9,604,518

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	Scholarship and Loan Agency Fund	Payroll & OPEB Irrevocable Trust Funds	Total
OPERATING REVENUES			
Contributions	\$ -	\$ 387,113	\$ 387,113
Investment income	25	1,318,698	1,318,723
Other local revenue	398,511	-	398,511
Total Operating Revenues	398,536	1,705,811	2,104,347
OPERATING EXPENSES			
Supplies, materials, and other outgo	398,511	856,483	1,254,994
Total Operating Expenses	398,511	856,483	1,254,994
Net Change in Net Position	25	849,328	849,353
NET POSITION			
Beginning of Year	37,141	8,718,024	8,755,165
End of Year	\$ 37,166	\$ 9,567,352	\$ 9,604,518

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Basis of Accounting

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

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

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash in county treasury balances and cash with fiscal agents for purposes of the Statement of Cash Flows. Fair values of cash in county treasury are determined by the program sponsor.

Restricted Cash and Cash Equivalents

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

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

Accounts Receivable

Accounts Receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts Receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District maintains an allowance for doubtful accounts at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of accounts receivable balance. At June 30, 2024, management determined that no allowance was necessary.

Inventory

Inventory consists of expendable supplies held for consumption. Inventories are stated at cost, on the weighted average basis. The costs of inventory is recorded as expenditure in the governmental when consumed rather than when purchased.

Prepaid Expenses

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

Lease Receivable

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Right-of-Use Assets and Lease Liabilities

The District recognizes a right-of-use leased assets as a result of implementing GASB Statement No. 87 and right-of-use subscription-based IT assets (SBITA) under GASB Statement No. 96. The right-of-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. The right-of-use subscription-based IT assets (leased software) are measured at the amount of the initial measurement of the subscription liability (lease software), plus any payments made to the SBITA vendor at the commencement of the subscription term and any capitalizable initial implementation costs. The right-of-use leased assets and leased software are amortized on a straight-line basis over the life of the related lease or subscription. Subsequently, the right-of-use leased assets and leased software are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The District recognizes a lease liability at the commencement of a lease and initially measures them at the present value of payments expected to be made during the lease term. The lease liability is reduced by the principal portion of lease payments made.

The District estimates its incremental borrowing rate as the discount rate for expected lease payments and the noncancelable period for its leases. Additionally, the District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease liability if certain changes occur that are expected to significantly affect their lease liability.

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.

Accounts Payable and Accrued Expenses

In general accounts payable and accrued expenses once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Compensated Absences

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

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

Banked Faculty Load Time

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

Unearned Revenue

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

Long-Term Debt

Long-term debt includes general obligation bonds, accreted interest, bond premium, certificates of participation and related premium. The portion of the long-term debt that is due within a year is reported as current liabilities, while portion of long-term debt that is scheduled to mature or is payable beyond one year is reported as non-current liabilities.

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, 2024, the District recognized \$2,123,798 in amortization of the deferred loss on refunding. Additionally, the District has recognized a deferred outflows of resources related to the payments made subsequent to the measurement date for the pensions and OPEB.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources, continued

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 inflows of resources for leases, pension related items and for OPEB related items, which are reported in 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.

On-Behalf Payments

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

Postemployment Benefits Other Than Pensions (OPEB)

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, there is no balance of non-expendable 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, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expenses, continued

Non-operating revenues and expenses: Non-operating revenues include activities that have the characteristics of non-exchange 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 non-governmental programs are recorded as operating revenues, while Federal Pell Grants are classified as non-operating revenues in the District's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the District has recorded a scholarship discount and allowance.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

New Accounting Pronouncements

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

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2024:

GASB Statement No. 100 – In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections* – an amendment of GASB Statement No. 62. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for periods beginning after June 15, 2023.

Management has determined that the adoption of the foregoing accounting standard did not have a material impact on the financial statements of the District.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Upcoming GASB 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.

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

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This statement is effective for periods beginning after December 15, 2023.

GASB Statement No. 102 - In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government’s vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. This statement is effective for periods beginning after June 15, 2024.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This Statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

District cash and cash equivalents at June 30, 2024, consisted of the following:

Governmental Funds:

Cash in county treasury	\$ 179,481,141
Cash on hand and in banks	14,529,419
Cash with fiscal agents	782,968
Total Cash and Cash Equivalents - Governmental Funds	\$ 194,793,528

Fiduciary Funds:

County treasurer's investment pool	\$ 559,790
Cash on hand and in banks	50,397
Cash with fiscal agents	9,556,047
Total Cash and Cash Equivalents - Fiduciary Funds	\$ 10,166,234

Mutual funds held within the OPEB trust fund at June 30, 2024, consisted of the following:

Cash with Fiscal Agents:

Mutual funds - equity	\$ 1,387,339
Mutual funds - fixed income	8,014,318
Mutual funds - real estate	154,390
Total Investments in OPEB Trust Fund	\$ 9,556,047

Cash in County Treasury

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS, continued

Custodial Credit Risk

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

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. As of June 30, 2024, the District's bank balance was fully collateralized with eligible collateral in accordance with *California Government Code Section 53651*.

Cash with Fiscal Agent

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

Interest Rate Risk

The District investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2024, 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, 2024, the District had no concentration of credit risk.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024:

OPEB Trust Fund Investments	Total	Level 1	Level 2	Level 3
Mutual funds - equity	\$1,387,339	\$1,387,339	\$ -	\$ -
Mutual funds - fixed income	8,014,318	8,014,318	-	-
Mutual funds - real estate	154,390	154,390	-	-
Total Investments in OPEB Trust Fund	<u>\$9,556,047</u>	<u>\$9,556,047</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, 2024, 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, 2024.

NOTE 4 – SPECIFIC PURPOSE INVESTMENT

Specific purpose investment for the District consists of one investment. The balance of the District's specific purpose investment is \$25,230,000 at June 30, 2024 with a maturity date of July 27, 2040.

NOTE 5 – ACCOUNTS RECEIVABLE

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2024, accounts receivable amounted to \$18,236,007. The District believes all receivables accrued at June 30, 2024 were collectable.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6 – LEASE RECEIVABLE

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 inflows of resources is amortized on a straight-line basis over the term of the lease.

Future lease receivable on non-cancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 37,548	\$ 8,100	\$ 45,648
2026	39,077	3,270	42,347
2027	40,669	2,541	43,210
2028	42,326	3,322	45,648
2029	44,051	1,597	45,648
2030-2033	18,258	216	18,474
Total	\$ 221,929	\$ 19,046	\$ 240,975

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, 2024, the District recognized revenues related to these lease agreements totaling \$47,746. During the year ended June 30, 2024, the District does not have any lease revenue related to variable receipts that were not previously included in the measurement of the lease receivable.

The general terms of the lease agreements are as follows:

Lease Type	Number of Contracts	Average Rate	Lease Terms	Average Annual Rental Income
Cell Towers	2	4.00%	3/17/05-3/17/2033	\$ 70,484

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 7 – RIGHT-OF-USE ASSETS

The amount of right-of-use assets by major class of underlying lease assets as of June 30, 2024, was as follows:

	Balance			Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
Right-Of-Use Assets:				
Leased equipment	\$ 341,705	\$ -	\$ -	\$ 341,705
Leased buildings	17,679,185	-	-	17,679,185
Leased software	-	1,110,304	-	1,110,304
Total Right-Of-Use Assets	18,020,890	1,110,304	-	19,131,194
Less: Accumulated Amortization				
Leased equipment	172,750	49,976	-	222,726
Leased buildings	6,867,214	1,084,547	-	7,951,761
Leased software	-	263,292	-	263,292
Total Accumulated Amortization	7,039,964	1,397,815	-	8,437,779
Right-Of-Use Assets, Net	\$ 10,980,926	\$ (287,511)	\$ -	\$ 10,693,415

NOTE 8 – CAPITAL ASSETS

Capital asset activity as of June 30, 2024 consists of the following:

	Balance			Balance
	July 1, 2023	Additions	Deductions	June 30, 2024
Capital Assets not being Depreciated				
Land	\$ 11,840,786	\$ -	\$ -	\$ 11,840,786
Construction in progress	47,640,143	26,241,094	9,202,380	64,678,857
Total Capital Assets not being Depreciated	59,480,929	26,241,094	9,202,380	76,519,643
Capital Assets being Depreciated				
Buildings & improvements	450,996,118	9,202,380	-	460,198,498
Machinery & equipment	30,191,737	5,951,258	140,391	36,002,604
Total Capital Assets being Depreciated	481,187,855	15,153,638	140,391	496,201,102
Total Capital Assets	540,668,784	41,394,732	9,342,771	572,720,745
Less: Accumulated Depreciation				
Buildings & improvements	77,651,132	9,853,795	88,598	87,416,329
Machinery & equipment	14,110,259	2,464,671	-	16,574,930
Accumulated Depreciation	91,761,391	12,318,466	88,598	103,991,259
Capital Assets, Net	\$ 448,907,393	\$ 29,076,266	\$ 9,254,173	\$ 468,729,486

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG TERM LIABILITIES

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2024 is as follows:

	Balance July 1, 2023	Additions	Payments and Reductions	Balance June 30, 2024	Amounts Due Within One Year
General obligation bonds	\$ 431,450,917	\$ -	\$ 9,045,000	\$ 422,405,917	\$ 9,630,000
Accreted interest	1,472,594	2,611,879	-	4,084,473	-
Bond premium	11,672,094	-	1,290,846	10,381,248	805,746
Certificates of participation	9,920,000	-	-	9,920,000	-
COP premium	624,639	-	31,232	593,407	31,232
Banked faculty load time	536,889	23,062	-	559,951	-
Leases	11,905,532	847,012	1,254,152	11,498,392	1,121,298
Compensated absences	2,520,252	-	396,537	2,123,715	-
Net pension liability	73,599,220	-	392,684	73,206,536	-
Net OPEB liability	1,027,635	-	850,229	177,406	-
Total Long Term Liabilities	\$ 544,729,772	\$ 3,481,953	\$ 13,260,680	\$ 534,951,045	\$ 11,588,276

General Obligation Bonds

A schedule of changes in general obligation bonds for the year ended June 30, 2024 is shown below:

	Issuance Date	Yield Rate	Maturity Date	Amount of Original Issue	Balance July 1, 2023	Additions	Redeemed/Refunded Current Year	Balance June 30, 2024	Due Within One Year
2014 Refunding Series A	4/17/2014	0.19-3.25%	2028	\$ 42,845,000	\$ 11,680,000	\$ -	\$ 5,580,000	\$ 6,100,000	\$ 6,100,000
2014 Refunding Series B	4/17/2014	0.50-3.32%	2023	16,465,000	-	-	-	-	-
2016 Series A	3/30/2017	2.92-3.91%	2047	116,385,000	46,220,000	-	-	46,220,000	-
2016 Series A-1	3/30/2017	1.42-3.48%	2029	33,615,000	17,190,000	-	2,045,000	15,145,000	2,310,000
2020 B	2/13/2020	0.74-1.87%	2041	95,000,000	91,550,000	-	200,000	91,350,000	-
2020 Refunding	2/13/2020	1.49-2.818%	2039	125,685,000	125,295,000	-	-	125,295,000	-
2021 Refunding	8/31/2021	0.202-2.919%	2042	86,215,000	84,520,000	-	1,220,000	83,300,000	1,220,000
2016 Series C	11/30/2022	4.03-5.53%	2048	54,995,916	54,995,917	-	-	54,995,917	-
2016 Series C Accretion					1,472,594	2,611,879	-	4,084,473	-
Total				\$ 571,205,916	\$ 432,923,511	\$ 2,611,879	\$ 9,045,000	\$ 426,490,390	\$ 9,630,000

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.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

In April 2014, the District issued \$42,845,000 and \$16,465,000 of 2014 General Obligation Refunding Bonds Series A and Series B, respectively. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004C and 2006 General Obligation Refunding Bonds, and to pay the costs of issuing the 2014 Refunding Bonds. The 2014 General Obligation Refunding Bonds Series A and Series B matured through August 1, 2027 and August 1, 2022, respectively, with interest rates ranging from 0.5% to 3.32%. At June 30, 2019, \$58,036,459 of bonds outstanding were considered defeased.

The annual payments required to amortize the 2014 General Obligation Refunding Bonds Series A as of June 30, 2024, is as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 6,100,000	\$ 1,249,000	\$ 7,349,000

The 2014 General Obligation Refunding Bonds Series B was fully refunded as of June 30, 2024.

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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 5,351,750	\$ 5,351,750
2026	-	5,351,750	5,351,750
2027	-	5,351,750	5,351,750
2028	-	5,351,750	5,351,750
2029	-	5,351,750	5,351,750
2030-2034	1,000,000	2,290,585	3,290,585
2035-2039	-	-	-
2040-2044	9,960,000	-	9,960,000
2045-2047	35,260,000	2,191,000	37,451,000
Total	\$ 46,220,000	\$ 31,240,335	\$ 77,460,335

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 – LONG TERM LIABILITIES, continued

General Obligation Bonds, 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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 2,310,000	\$ 464,291	\$ 2,774,291
2026	2,695,000	386,787	3,081,787
2027	2,995,000	294,695	3,289,695
2028	3,345,000	188,661	3,533,661
2029	3,800,000	66,082	3,866,082
Total	<u>\$ 15,145,000</u>	<u>\$ 1,400,516</u>	<u>\$ 16,545,516</u>

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 0.74% to 1.87%.

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, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 3,054,000	\$ 3,054,000
2026	-	3,054,000	3,054,000
2027	-	3,054,000	3,054,000
2028	-	3,054,000	3,054,000
2029	-	3,054,000	3,054,000
2030-2034	5,350,000	14,912,000	20,262,000
2035-2039	6,350,000	13,710,000	20,060,000
2040-2044	12,250,000	12,077,400	24,327,400
2045-2049	38,400,000	8,852,200	47,252,200
2050-2051	29,000,000	1,320,000	30,320,000
Total	<u>\$ 91,350,000</u>	<u>\$ 66,141,600</u>	<u>\$ 157,491,600</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

In February 2020, the District issued \$125,685,000 of 2020 General Obligation Refunding Bonds. The 2020 General Obligation Refunding were issued as Refunding Bonds with interest rates from 1.492% to 2.818%.

The 2020 Refunding Bonds mature through August 1, 2038. The annual payments required to the 2020 Refunding Bonds as of June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 3,034,078	\$ 3,034,078
2026	6,610,000	3,034,078	9,644,078
2027	7,000,000	2,917,279	9,917,279
2028	7,425,000	2,783,159	10,208,159
2029	7,030,000	2,633,471	9,663,471
2030-2034	41,665,000	10,658,783	52,323,783
2035-2039	55,565,000	4,765,528	60,330,528
Total	\$ 125,295,000	\$ 29,826,376	\$ 155,121,376

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, 2024 are summarized below:

Fiscal Year	Principal	Interest	Total
2025	\$ 1,220,000	\$ 1,958,280	\$ 3,178,280
2026	1,230,000	1,951,631	3,181,631
2027	1,515,000	1,940,979	3,455,979
2028	1,530,000	1,925,587	3,455,587
2029	1,545,000	1,905,834	3,450,834
2030-2034	20,085,000	8,785,203	28,870,203
2035-2039	32,035,000	5,959,397	37,994,397
2040-2042	24,140,000	1,417,148	25,557,148
Total	\$ 83,300,000	\$ 25,844,059	\$ 109,144,059

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG TERM LIABILITIES, continued

General Obligation Bonds, continued

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

The annual requirements to amortize the 2016 Series C bonds payable outstanding at June 30, 2024 are summarized below:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2025	\$ -	\$ 315,000	\$ -	\$ 315,000
2026	-	315,000	-	315,000
2027	-	315,000	-	315,000
2028	211,653	315,000	43,347	570,000
2029	385,308	315,000	99,692	800,000
2030-2034	9,494,081	1,575,000	4,460,919	15,530,000
2035-2039	12,199,316	1,575,000	12,325,684	26,100,000
2040-2044	20,841,615	1,102,500	25,148,385	47,092,500
2045-2048	11,863,944	-	30,166,057	42,030,001
Accretion	4,084,473	-	(4,084,473)	-
Total	\$ 59,080,390	\$ 5,827,500	\$ 68,159,611	\$ 133,067,501

Certificates of Participation

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

The annual requirements to amortize the series 2022 certificates of participation payable outstanding at June 30, 2024 are summarized below:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 517,625	\$ 517,625
2026	350,000	508,875	858,875
2027	370,000	490,875	860,875
2028	385,000	472,000	857,000
2029	405,000	452,250	857,250
2030-2034	2,355,000	1,928,250	4,283,250
2035-2039	3,010,000	1,252,850	4,262,850
2040-2043	3,045,000	346,363	3,391,363
Total	\$ 9,920,000	\$ 5,969,088	\$ 15,889,088

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 – LONG TERM LIABILITIES, continued

Leases

The District has entered into agreements to lease certain equipment, buildings, and software. The lease agreements qualify as other than short-term leases under GASB 87 and GASB 96, 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 - 11/14/2054	\$ 271,137
Software	3	2.36%	03/01/23 - 5/31/26	\$ 23,841

Future minimum lease payments on non-cancellable leases at June 30, 2024 are as follows:

Fiscal year	Principal	Interest	Total
2025	\$ 1,121,298	\$ 387,895	\$ 1,509,193
2026	1,109,175	368,076	1,477,251
2027	546,378	348,942	895,320
2028	493,914	330,894	824,808
2029	247,799	323,713	571,512
2030-2035	1,430,003	1,427,557	2,857,560
2036-2040	1,746,029	1,111,531	2,857,560
2041-2045	1,670,802	615,246	2,286,048
2046-2050	1,963,953	325,865	2,289,818
2051-2055	1,169,041	35,300	1,204,341
Total	\$ 11,498,392	\$ 5,275,019	\$ 16,773,411

Bank Faculty Load Time

At June 30, 2024, the liability for bank faculty load time amounted to \$559,951.

Compensated Absences

Total unpaid employee compensated absences as of June 30, 2024 amounted to \$2,123,715.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 – PROPERTY TAXES

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

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers’ Retirement System (CalSTRS) and classified employees are members of the California Public Employees’ Retirement System (CalPERS).

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense 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	\$ 31,236,223	\$ 9,881,127	\$ 8,383,157	\$ 3,296,868
CalPERS	41,970,313	14,688,617	5,760,325	5,744,135
Total	\$ 73,206,536	\$ 24,569,744	\$ 14,143,482	\$ 9,041,003

The details of each plan are as follows:

California State Teachers’ Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, 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, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

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 provisions and benefits in effect at June 30, 2024, 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	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

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, 2024, are presented above and the District’s total contributions were \$5,573,560.

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

At June 30, 2024, 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:

District's proportionate share of the net pension liability	\$ 31,236,223
State's proportionate share of the net pension liability associated with the District	<u>14,966,423</u>
Total	<u>\$ 46,202,646</u>

The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0410 percent and 0.0416 percent, resulting in a decrease of 0.0006 percent in the proportionate share.

For the year ended June 30, 2024, the District recognized pension expense of \$3,296,868. In addition, the District recognized pension expense and revenue of \$3,296,868 for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between projected and actual earnings on plan investments	\$ 132,144	\$ -
Differences between expected and actual experience	2,454,828	1,670,886
Changes in assumptions	180,870	-
Net changes in proportionate share of net pension liability	1,539,725	6,712,271
District contributions subsequent to the measurement date	5,573,560	-
Total	<u>\$ 9,881,127</u>	<u>\$ 8,383,157</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (2,131,326)
2026	(3,536,707)
2027	642,747
2028	229,442
2029	311,116
Thereafter	409,138
Total	<u>\$ (4,075,590)</u>

Actuarial Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015, through June 30, 2018
Actuarial cost method	Entry Age Normal
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers’ Retirement System (CalSTRS), continued

Actuarial Assumptions, continued

The long-term investment rate of return assumption 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 investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS’ independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Public Equity	38%	5.25%
Real Estate	15%	4.05%
Private Equity	14%	6.75%
Fixed Income	14%	2.45%
Risk Mitigating Strategies	10%	2.25%
Inflation Sensitive	7%	3.65%
Cash/Liquidity	2%	0.05%
Total	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 the contributions from plan members and employers will be made at statutory contribution rates. 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 occurred midyear. Based on these 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 total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 52,396,271	\$ 31,236,223	\$ 13,660,336

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ 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, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/forms-publications>.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member’s final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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 55 (or 62 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, 2024, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.68%	26.68%

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

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, 2024, are presented above and the total District contributions were \$6,263,220.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$ 41,970,313. The net pension liability was measured as of June 30, 2023. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District’s proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.1160 percent and 0.1298 percent, resulting in a net decrease in the proportionate share of 0.0138 percent.

For the year ended June 30, 2024, the District recognized pension expense of \$5,744,135. At June 30, 2024, 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	\$ 4,483,031	\$ -
Differences between expected and actual experience	1,531,616	644,602
Changes in assumptions	1,933,556	-
Net changes in proportionate share of net pension liability	477,194	5,115,723
District contributions subsequent to the measurement date	6,263,220	-
Total	\$ 14,688,617	\$ 5,760,325

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions, 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. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 1,092,176
2026	211,061
2027	1,999,652
2028	(637,817)
Total	<u>\$ 2,665,072</u>

Actuarial Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997, through June 30, 2015
Actuarial cost method	Entry Age Normal
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Actuarial Assumptions, continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 total pension liability.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 11 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees Retirement System (CalPERS), continued

Discount Rate, continued

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 60,678,224	\$ 41,970,313	\$ 26,508,650

On-Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of \$958,773. 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. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements.

Pension Plan Fiduciary Net Position

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

Detailed information about the pension plans’ fiduciary net position is available in the separately issued CalPERS CAFR at <https://www.calpers.ca.gov> and CalSTRS CAFR at <http://www.calstrs.com/comprehensive-annualfinancial-report>.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

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

In addition to the pension benefits described in Note 11, 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.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

	Faculty	Classified	Management
Benefit types provided	Medical, dental, vision and life	Medical, dental, vision and life	Medical, dental, vision and life
Duration of Benefits	To age 65	To age 65	To age 65
Required Service	10 years*	10 years*	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%
District Cap	Active cap	Active cap	Active cap

*8 years with District, last five in regular employment

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2024**

NOTE 12 – 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, 2024 measurement date:

	<u>Number of Participants</u>
Inactive Employees/Dependents Receiving Benefits	34
Participating Active Employees	<u>431</u>
Total	<u>465</u>

Contributions

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

Actuarial Assumptions

The District’s net OPEB liability/(asset) of \$177,406 was measured as of June 30, 2024. The net OPEB liability/(asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2024
Measurement date	June 30, 2024
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%
Salary Increase	2.75%
Healthcare cost trend rate	4.00%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous employees were used.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Changes in the Net OPEB Liability/(Asset)

	Increase/(Decrease)		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023	\$ 9,734,356	\$ 8,706,721	\$ 1,027,635
Changes for the year:			
Service cost	591,749	-	591,749
Interest on TOL	465,829	-	465,829
Employer contributions	-	889,784	(889,784)
Employer contributions as benefit payments	(502,671)	(502,671)	-
Investments income/(losses)	-	542,261	(542,261)
Experience (gains)/losses	(555,807)	-	(555,807)
Administrative expense	-	(80,045)	80,045
Net change	(900)	849,329	(850,229)
Balance June 30, 2024	\$ 9,733,456	\$ 9,556,050	\$ 177,406

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2024 measurement date was 98 percent.

Sensitivity of the Net OPEB Liability/(Asset) to Assumptions

The following presents the net OPEB liability/(asset) calculated using the discount rate of 4.75 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1 percent lower (3.75 percent) and 1 percent higher (5.75 percent):

	Discount Rate 1% Lower (3.75%)	Current Discount Rate (4.75%)	Discount Rate 1% Higher (5.75%)
Net OPEB liability/(asset)	\$ 898,171	\$ 177,406	\$ (494,115)

The following table presents the net OPEB liability/(asset) calculated using the healthcare cost trend rate of 4.00 percent. The schedule also shows what the net OPEB liability/(asset) would be if it were calculated using a healthcare 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/(asset)	\$ (835,447)	\$ 177,406	\$ 1,361,794

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

OPEB Expense/(Benefit) and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense(benefit) of \$889,784. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on plan investments	\$ 420,476	\$ -
Differences between expected and actual experience	-	1,333,861
Change in assumptions	163,065	-
District contributions subsequent to the measurement date	387,113	-
Total	\$ 970,654	\$ 1,333,861

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

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 400,486
2026	139,514
2027	(145,340)
2028	(170,015)
2029	(148,866)
Thereafter	(438,986)
Total	\$ (363,207)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

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

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13 – COMMITMENTS AND CONTINGENCIES, continued

Construction Commitments

As of June 30, 2024, the District has approximately \$26,802,286 in outstanding commitments on construction contracts.

NOTE 14 – JOINT POWERS AGREEMENTS

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

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

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

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

NOTE 15 – PRIOR PERIOD ADJUSTMENT

Beginning net position decreased by \$30,534 The adjustment was due to minor beginning balance adjustments.

NOTE 16 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2024 through December 23, 2024, the date the financial statements were issued. There were no significant events noted that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023	2022	2021
Total OPEB liability				
Service cost	\$ 591,749	\$ 1,185,015	\$ 517,314	\$ 718,967
Interest	465,829	873,812	496,121	564,394
Assumption changes	-	(152,384)	1,014,453	(591,719)
Experience gains/(losses)	(555,807)	(39,872)	(178,365)	(1,103,802)
Benefit payments	(502,671)	(1,035,777)	(595,657)	(523,296)
Net change in total OPEB liability	(900)	830,794	1,253,866	(935,456)
Total OPEB liability, beginning of year	9,734,356	8,903,562	7,649,696	8,585,152
Total OPEB liability, end of year (a)	\$ 9,733,456	\$ 9,734,356	\$ 8,903,562	\$ 7,649,696
Plan fiduciary net position				
Employer contributions	\$ 889,784	\$ 6,856,021	\$ 982,770	\$ 910,409
Expected investment income	420,862	704,342	-	-
Investment gains/(losses)	121,399	(1,547,650)	816,879	89,239
Administrative expense	(80,045)	(127,759)	(33,580)	-
Expected benefit payments	(502,671)	(1,035,777)	(595,657)	(523,296)
Change in plan fiduciary net position	849,329	4,849,177	1,170,412	476,352
Fiduciary trust net position, beginning of year	8,706,721	3,857,544	2,687,132	2,210,780
Fiduciary trust net position, end of year (b)	\$ 9,556,050	\$ 8,706,721	\$ 3,857,544	\$ 2,687,132
Net OPEB liability/(asset), ending (a) - (b)	\$ 177,406	\$ 1,027,635	\$ 5,046,018	\$ 4,962,564
Covered payroll	\$ 55,272,132	\$ 50,560,266	\$ 45,516,169	\$ 45,508,781
Plan fiduciary net position as a percentage of the total OPEB liability	98%	89%	43%	35%
Net OPEB liability/(asset) as a percentage of covered payroll	0.32%	2%	11%	11%

See accompanying note to required supplementary information.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2024**

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 734,818	\$ 633,392	\$ 599,942
Interest	499,172	485,046	448,398
Assumption changes	(212,029)	186,897	-
Experience gains/(losses)	-	(95,983)	-
Benefit payments	(531,957)	(519,493)	(499,512)
Net change in total OPEB liability	490,004	689,859	548,828
Total OPEB liability, beginning of year	8,095,148	7,405,289	6,856,461
Total OPEB liability, end of year (a)	\$ 8,585,152	\$ 8,095,148	\$ 7,405,289
Plan fiduciary net position			
Employer contributions	\$ 919,070	\$ 906,606	\$ 886,626
Interest on TOL	-	-	-
Expected investment income	125,302	94,293	125,965
Investment gains/losses	(25,090)	14,916	-
Administrative expense	(21,429)	(17,100)	(11,322)
Expected benefit payments	(531,957)	(519,493)	(499,512)
Change in plan fiduciary net position	465,896	479,222	501,757
Fiduciary trust net position, beginning of year	1,744,884	1,265,662	763,905
Fiduciary trust net position, end of year (b)	\$ 2,210,780	\$ 1,744,884	\$ 1,265,662
Net OPEB liability/(asset), ending (a) - (b)	\$ 6,374,372	\$ 6,350,264	\$ 6,139,627
Covered payroll	\$38,990,890	\$30,618,236	\$28,900,000
Plan fiduciary net position as a percentage of the total OPEB liability	26%	22%	17%
Net OPEB liability/(asset) as a percentage of covered payroll	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, 2024**

	2024	2023	2022	2021
Actuarially determined contribution	\$ 919,070	\$ 446,602	\$ 507,668	\$ 551,448
Contributions in relations to the actuarially determined contribution	889,784	6,856,021	982,770	910,409
Contribution deficiency (excess)	\$ 29,286	\$ (6,409,419)	\$ (475,102)	\$ (358,961)
Covered-employee payroll	\$ 55,272,132	\$ 50,560,266	\$ 45,516,169	\$ 45,508,781
Contribution as a percentage of covered-employee payroll	1.61%	13.56%	2.16%	2.00%
	2020	2019	2018	2017
Actuarially determined contribution	\$ 523,296	\$ 519,493	\$ 519,493	\$ 499,512
Contributions in relations to the actuarially determined contribution	919,070	906,606	886,626	886,626
Contribution deficiency (excess)	\$ (395,774)	\$ (374,649)	\$ (367,133)	\$ (387,114)
Covered-employee payroll	\$ 38,990,890	\$ 30,618,236	\$ 28,900,000	\$ 333,520,000
Contribution as a percentage of covered-employee payroll	2.36%	2.96%	3.07%	2.66%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

CalSTRS	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.041%	0.0416%	0.054%	0.044%	0.049%
District's proportionate share of the net pension liability	\$ 31,236,223	\$ 28,933,088	\$ 24,496,464	\$ 42,570,343	\$ 43,890,350
State's proportionate share of the net pension liability associated with the District	14,966,423	14,489,775	12,325,927	21,944,840	23,945,309
Total	<u>\$ 46,202,646</u>	<u>\$ 43,422,863</u>	<u>\$ 36,822,391</u>	<u>\$ 64,515,183</u>	<u>\$ 67,835,659</u>
District's covered-employee payroll	\$ 30,310,892	\$ 30,310,892	\$ 25,785,402	\$ 24,577,319	\$ 27,809,855
District's proportionate share of the net pension liability as percentage of covered-employee payroll	103%	112%	95%	173%	158%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%

CalPERS	Reporting Fiscal Year (Measurement Date)				
	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)	2020 (2019)
District's proportion of the net pension liability	0.116%	0.1298%	0.142%	0.137%	0.133%
District's proportionate share of the net pension liability	\$ 41,970,313	\$ 44,666,132	\$ 28,865,894	\$ 42,076,718	\$ 38,849,338
District's covered-employee payroll	\$ 22,511,183	\$ 22,511,183	\$ 19,921,336	\$ 20,347,647	\$ 18,120,443
District's proportionate share of the net pension liability as percentage of covered-employee payroll	186%	224%	145%	207%	214%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%

See accompanying note to required supplementary information.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalSTRS					
District's proportion of the net pension liability	0.048%	0.046%	0.048%	0.051%	0.052%
District's proportionate share of the net pension liability	\$ 43,901,240	\$ 42,212,558	\$ 38,781,724	\$ 34,436,000	\$ 30,332,000
State's proportionate share of the net pension liability associated with the District	25,136,722	24,972,796	22,080,994	18,213,000	18,316,000
Total	<u>\$ 69,037,962</u>	<u>\$ 67,185,354</u>	<u>\$ 60,862,718</u>	<u>\$ 52,649,000</u>	<u>\$ 48,648,000</u>
District's covered-employee payroll	\$ 27,360,527	\$ 27,033,792	\$ 24,745,000	\$ 23,741,000	\$ 23,119,042
District's proportionate share of the net pension liability as percentage of covered-employee payroll	160%	154%	143%	145%	131%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%
	Reporting Fiscal Year (Measurement Date)				
	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
CalPERS					
District's proportion of the net pension liability	0.134%	0.128%	0.127%	0.127%	0.128%
District's proportionate share of the net pension liability	\$ 35,701,482	\$ 30,513,962	\$ 25,179,106	\$ 18,775,000	\$ 14,551,000
District's covered-employee payroll	\$ 19,243,916	\$ 16,126,854	\$ 15,469,000	\$ 14,101,000	\$ 13,456,000
District's proportionate share of the net pension liability as percentage of covered-employee payroll	186%	189%	163%	133%	108%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

See accompanying note to required supplementary information.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024

	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
CalSTRS					
Statutorily required contribution	\$ 5,573,560	\$ 5,128,603	\$ 4,362,890	\$ 3,969,237	\$ 4,664,461
District's contributions in relation to the statutorily required contribution	5,573,560	5,128,603	4,362,890	3,969,237	4,664,461
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 29,180,942	\$ 30,310,892	\$ 25,785,402	\$ 24,577,319	\$ 27,277,550
District's contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.92%	16.15%	17.10%
	Reporting Fiscal Year				
	2024	2023	2022	2021	2020
CalPERS					
Statutorily required contribution	\$ 6,263,220	\$ 5,157,312	\$ 4,563,978	\$ 4,211,963	\$ 3,922,162
District's contributions in relation to the statutorily required contribution	6,263,220	5,157,312	4,563,978	4,211,963	3,922,162
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 23,475,337	\$ 22,511,183	\$ 19,921,336	\$ 20,347,647	\$ 19,888,251
District's contributions as a percentage of covered-employee payroll	26.68%	22.91%	22.91%	20.70%	19.72%

See accompanying note to required supplementary information.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2024**

	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
CalSTRS					
Statutorily required contribution	\$ 4,527,444	\$ 3,948,124	\$ 3,400,851	\$ 2,655,133	\$ 2,108,206
District's contributions in relation to the statutorily required contribution	4,527,444	3,948,124	3,400,851	2,655,133	2,108,206
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 27,809,855	\$ 27,360,527	\$ 27,033,792	\$ 24,745,000	\$ 23,741,000
District's contributions as a percentage of covered-employee payroll	16.28%	14.43%	12.58%	10.73%	8.88%
	Reporting Fiscal Year				
	2019	2018	2017	2016	2015
CalPERS					
Statutorily required contribution	\$ 3,272,914	\$ 2,672,980	\$ 2,240,020	\$ 1,832,600	\$ 1,659,877
District's contributions in relation to the statutorily required contribution	3,272,914	2,672,980	2,240,020	1,832,600	1,659,877
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 18,120,443	\$ 19,243,916	\$ 16,126,854	\$ 15,469,000	\$ 14,101,000
District's contributions as a percentage of covered-employee payroll	18.06%	13.89%	13.89%	11.85%	11.77%

See accompanying note to required supplementary information.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024**

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

The Schedule of Changes in Net OPEB liability/(asset) is presented to illustrate the elements of the District's Net OPEB liability/(asset). 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 were no changes in benefit terms since the previous valuation.

Changes of Assumptions

There were no changes in assumptions since the previous valuation.

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.

Schedule of Contributions - Pensions

The Schedule of the District's Contributions is presented to illustrate the District's required contributions relating to the pensions.

Changes of Benefit Terms

The required employer contributions rate changed from 25.37% to 26.68% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuation for CalSTRS..

Changes of Assumptions

The consumer price inflation rate changed from 2.50% to 2.30% since the previous valuation for CalPERS. There were no changes in assumptions since the previous valuation for CalSTRS.

SUPPLEMENTARY INFORMATION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
DISTRICT ORGANIZATIONAL STRUCTURE
JUNE 30, 2024**

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, 2024:

GOVERNING BOARD

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

DISTRICT ADMINISTRATION

Dr. Jennifer Zellet
Superintendent/President
Dr. Kathy Bahkit
Vice President, Academic Affairs
Dr. Lauren Elan Helsper
Vice President, Human Resources
Shaminder Brar
Vice President, Administrative Services
Idania Padron
Vice President, Student Services

AUXILIARY ORGANIZATIONS IN GOOD STANDING

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

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/Grant Number	Assistance Listing Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<i>Direct Programs</i>			
<i>Financial Aid Cluster</i>			
Federal Supplemental Education Opportunity Grants (FESOG)	*	84.007	\$ 586,750
Federal Work Study Program (FWS)	*	84.033	497,035
Federal Direct Student Loans	*	84.268	4,334,471
Federal Pell Grant Program (PELL)	*	84.063	29,227,477
Federal Pell Grant Program - Administrative Allowance	*	84.063	1,564
Total Financial Aid Cluster			<u>34,647,297</u>
<i>Higher Education Institutional Aid, Title V Program</i>			
Higher Education Institutional Aid, Title V, 2nd Year Experience	*	84.031S	688,727
Higher Education Institutional Aid, Title V, Co-Op	*	84.031S	166,809
Higher Education Institutional Aid, Title V, Data Science	*	84.031S	368,389
Teacher Preparation Program	*	84.031S	602,435
Total Higher Educational Aid, Title V Program			<u>1,826,360</u>
<i>TRIO Cluster</i>			
TRIO - Student Support Services	*	84.042A	398,542
<i>Higher Education Emergency Relief Funds</i>			
COVID-19 HEERF III ARPA - Student Aid (SFRF)	*	84.425E	2,484,708
COVID-19 HEERF III ARPA - Institutional	*	84.425F	1,677,217
Total Higher Education Emergency Relief Funds			<u>4,161,925</u>
American Rescue Plan Act	*	84.425	2,827
<i>Passed Through California Community College Chancellor's Office</i>			
<i>Career and Technical Education Program</i>			
Career and Technical Education - Basic Grants	*	84.048A	809,691
Total Career and Technical Education Program			<u>809,691</u>
Total U.S. Department of Education			<u>41,846,642</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through California Community College Chancellor's Office</i>			
Temporary Assistance for Needy Families	*	93.558	60,860
<i>Passed Through California Department of Education</i>			
Foster Parent Training Program, Title IV-E	*	93.658	38,311
Total U.S. Department of Health and Human Services			<u>99,171</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through California Community College Chancellor's Office</i>			
Forest Reserve - Schools and Roads - Grants to States	*	10.665	3,680
Total U.S. Department of Agriculture			<u>3,680</u>
U.S. DEPARTMENT OF DEFENSE			
Air Force Research Laboratory	*	12.800	67,084
Total U.S. Department of Defense			<u>67,084</u>
POP THE CAP			
<i>Passed Through CSU Bakersfield</i>			
Pathways of Possibilities for Transforming Higher Education Curriculum Alignment Proc	*	10.055	26,040
Total National Science Foundation			<u>26,040</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Information and Assistance	*	64.115	23,268
Total U.S. Department of Veterans Affairs			<u>23,268</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 42,065,885</u>

*Pass-through entity identifying number not applicable

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues				Program Expenditures
	Accounts		Unearned	Total Revenue	
	Cash Received	Receivable	Revenue		
Access to Print and Electronic Info	\$ 10,958.00	\$ -	\$ -	\$ 10,958.00	\$ 10,958.00
Basic Needs Centers	1,081,115	-	877,440	203,675	203,675
Board Financial Aid Program	142,125	-	-	142,125	142,125
CA Prison Incarcerated Students	-	13,779	-	13,779	13,779
CAI-Home Visitor Apprenticeship	-	61,247	-	-	-
Cal Grants	4,274,156	(1,870)	-	4,272,286	4,272,904
Cal KIDS	26,102	-	-	26,102	26,102
Cal OES State - Supplied PPE	151,106	-	147,216	3,890	3,890
CalFresh Outreach	25,413	-	6,516	18,897	18,897
California College Promise	1,402,533	-	966,492	436,041	436,041
CalWORKS	1,209,093	7,041	-	1,216,134	942,180
Campus Safety & Sexual Assault	-	-	-	-	3,800
CARE	918,185	-	222,221	695,964	713,388
CDC-COVID19	104	-	104	-	-
Chafee	378,334	-	-	378,334	378,334
Classified Professional Development	50,763	-	50,763	-	-
College & Career Access Pathways	1,006	-	1,006	-	-
Commercial Sexual Exploitation	224	971	1,195	-	-
COVID-19 Recovery Block Grant	3,248,510	-	2,581,691	666,819	666,819
Culturally Competent Faculty PD	50,434	-	50,434	-	-
Deaf and Hard of Hearing	55,417	-	-	55,417	55,417
DSPS	1,648,545	203	665,140	983,608	983,608
DSS/CalWorks	183,228	5,842	-	189,070	189,070
Economic & Workforce Development	258,559	41,978	189,045	111,492	111,492
EEO Best Practices	197,990	-	195,392	2,598	2,598
Emergency Financial Assistance Supplemental	167,561	-	167,561	-	-
Emergency SFA SB 85	440,724	-	-	440,724	440,724
EOPS	2,351,938	-	1,209,835	1,142,103	1,142,103
Equal Employment Opportunity	357,478	-	214,295	143,183	143,183
Equitable Placement & Completion	751,351	-	748,987	2,364	2,364
Ethnic Studies	48,695	-	6,576	42,119	42,119
Financial Aid Technology	118,173	-	53,558	64,615	64,615
Foster Care Education	85,149	2,874	-	88,023	88,023
Guided Pathways	946,444	-	585,989	360,455	360,455
Hunger Free Campus	200,000	-	200,000	-	-
Learning-Aligned Employment Program	4,910,103	-	4,910,103	-	-
Balance Forward	25,691,516	132,065	14,051,559	11,710,775	11,458,663

See accompanying note to supplementary information

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Revenues				Program Expenditures
	Accounts		Unearned	Total Revenue	
	Cash Received	Receivable	Revenue		
Balance Brought Forward	\$ 25,691,516	\$ 132,065	\$ 14,051,559	\$ 11,710,775	\$ 11,458,663
LGBTQ+	190,885	-	168,054	22,831	22,831
Library Services Platform	11,743	-	11,743	-	-
Local and Systemwide Technology and Data Security	425,000	-	425,000	-	-
Math, Engineering, & Science Achievement	865,258	-	806,189	59,069	59,069
Mental Health Support	925,029	-	671,005	254,024	254,024
NextUp	3,153,048	-	3,042,910	110,138	110,138
Nursing Education	195,985	63	20,382	175,666	175,666
Physical Plant & INST'L Support - Instructional Block Grant	609,209	-	60,655	548,554	548,554
Physical Plant & INST'L Support - Scheduled Maintenance	49,006	-	-	49,006	-
Puente Program	192,089	-	136,075	56,014	56,014
Quality Improvement Grant STEP	16,317	-	4,617	11,700	11,700
Rapid Rehousing Fund	3,074,223	-	3,014,945	59,278	59,278
Retention and Enrollment Outreach	1,861,761	-	1,701,040	160,721	160,721
Rising Scholars Network	272,572	-	216,529	56,043	56,043
Song-Brown Nursing Grant HCAI	236,250	-	118,604	117,646	117,646
State Lottery Proceeds - Prop 20	3,286,553	356,864	2,330,118	1,313,299	1,313,299
State Preschool Program CDC	748,491	19,832	65,586	702,737	702,737
Strong Workforce Program - Local	4,706,039	-	1,682,573	3,023,466	3,023,466
Strong Workforce Program - Regional	1,732,997	751,972	1,309,334	1,175,635	1,175,635
SEA Program	9,351,004	33,906	1,649,096	7,735,814	7,735,814
Student Financial Aid Assistance	633,301	-	-	633,301	633,301
Student Food and Housing Support	876,513	-	591,255	285,258	285,258
Student Housing Planning Grant	64,649	-	64,649	-	-
Student Success Completion Grant	5,214,906	905,425	1,658,195	4,462,136	4,462,136
Student Transfer Achievement Reform	565,217	-	565,217	-	-
SWP Job Developer	439,928	37,500	143,010	334,418	334,418
Systemwide Tech. & Data Security	650,000	-	650,000	-	-
TANF - State	49,840	11,208	-	61,048	61,048
Umoja	207,013	-	178,951	28,062	28,062
Undocumented Resources Liasons	128,393	-	38,547	89,846	89,846
Veterans One-Time Funding	40,671	-	-	40,671	40,671
Veterans Resource Cntr Ongoing	365,002	-	320,357	44,645	44,645
Zero Textbook Cost Program (includes one-time funding)	200,000	-	200,000	-	-
Total State District Funding	\$ 67,030,408	\$ 2,248,835	\$ 35,896,195	\$ 33,321,801	\$ 33,020,683

See accompanying note to supplementary information

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2024**

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2023 only)			
1. Noncredit	2.81	-	2.81
2. Credit	1,214.60	-	1,214.60
B. Summer Intersession (Summer 2024 - Prior to July 1, 2024)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	5,076.68	-	5,076.68
(b) Daily Census Contact Hours	306.10	-	306.10
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	59.21	-	59.21
(b) Credit	345.27	-	345.27
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,798.95	-	1,798.95
(b) Daily Census Contact Hours	1,039.76	-	1,039.76
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	9,843.38	-	9,843.38
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	22.14	-	22.14
2. Noncredit	56.65	-	56.65
Total Basic Skills FTES	78.79	-	78.79

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

There were no adjustments to the Annual Financial and Budget Report (CCFS-311) which required reconciliation to the audited financial statements at June 30, 2024.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2024**

	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	\$ 17,088,068	\$ -	\$ 17,088,068	\$ 17,088,068	\$ -	\$ 17,088,068
Other	1300	14,101,401	-	14,101,401	14,127,895	-	14,127,895
Total Instructional Salaries		31,189,469	-	31,189,469	31,215,963	-	31,215,963
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	4,524,761	-	4,524,761
Other	1400	-	-	-	957,124	-	957,124
Total Non-Instructional Salaries		-	-	-	5,481,885	-	5,481,885
Total Academic Salaries		31,189,469	-	31,189,469	36,697,848	-	36,697,848
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	16,214,713	-	16,214,713
Other	2300	-	-	-	1,327,254	-	1,327,254
Total Non-Instructional Salaries		-	-	-	17,541,967	-	17,541,967
Instructional Aides							
Regular Status	2200	1,267,456	-	1,267,456	1,283,468	-	1,283,468
Other	2400	124,125	-	124,125	124,125	-	124,125
Total Instructional Aides		1,391,581	-	1,391,581	1,407,593	-	1,407,593
Total Classified Salaries		1,391,581	-	1,391,581	18,949,560	-	18,949,560
Employee Benefits	3000	9,062,707	-	9,062,707	19,867,148	-	19,867,148
Supplies and Materials	4000	-	-	-	901,898	-	901,898
Other Operating Expenses	5000	-	-	-	8,733,389	-	8,733,389
Equipment Replacement	6420	-	-	-	9,663	-	9,663
Total Expenditures Prior to Exclusions		41,643,757	-	41,643,757	85,159,506	-	85,159,506
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	502,671	-	502,671
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	280,982	-	280,982
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	198,748	-	198,748
Lottery Expenditures		-	-	-	-	-	-
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	2,434,649	-	2,434,649
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 3,417,050	\$ -	\$ 3,417,050
Total for ECS 84362, 50% Law		\$ 41,643,757	\$ -	\$ 41,643,757	\$ 81,742,456	\$ -	\$ 81,742,456
Percent of CEE (Instructional Salary Cost/Total CEE)		50.95%	0.00%	50.95%	100.00%	0.00%	100.00%
50% of Current Expense of Education					\$ 40,871,228	\$ -	\$ 40,871,228

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
 DETAILS OF THE EDUCATION PROTECTION ACCOUNT
 FOR THE YEAR ENDED JUNE 30, 2024**

EPA Revenue	\$ 9,307,927
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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	\$ 9,307,927	\$ -	\$ -	\$ 9,307,927
Total		\$ 9,307,927	\$ -	\$ -	\$ 9,307,927

See accompanying note to supplementary information

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

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

General Fund	\$ 73,317,365	
Debt Service Fund	16,261,571	
Child Development Fund	299,566	
Capital Project Funds	91,666,613	
Cafeteria Fund	61,756	
Associated Students Body	522,854	
Student Rep Fee	374,245	
Districts Auxiliary	2,956,428	
Student Financial Aid Fund	<u>1,374,532</u>	\$ 186,834,930

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

Capital assets not being depreciated	\$ 76,519,643	
Capital assets being depreciated	496,201,102	
Accumulated depreciation	(103,991,259)	
Accumulated amortization	(8,437,779)	
Right-of-use assets	19,131,194	
Lease receivable	221,929	
Fair Market Value - Cash in County Investments	<u>(7,148,326)</u>	472,496,504

Accrued interest (2,611,879)

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

Net pension liability		(73,206,536)
Compensated absences		(2,123,715)
Net OPEB liability		(177,406)
Banked faculty load time		(559,951)
Lease liability		(10,651,380)
Software lease		(847,012)
Long-term debt		(447,385,045)
Deferred loss on refunding		23,499,276
Deferred inflows - leases		(157,252)
Deferred outflows - pensions		24,569,744
Deferred outflows - OPEB		970,654
Deferred inflows - OPEB		(1,333,861)
Deferred inflows - pensions		<u>(14,143,482)</u>

Net Position Reported Within the Statement of Net Position \$ 155,173,589

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2024

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 Expenditure of State Awards

The accompanying Schedule of Expenditures of State 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, 2024**

NOTE 1 - PURPOSE OF SCHEDULES, continued

Details of the Education Protection Account

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

Reconciliation of Governmental Funds to the Statement of Net Position

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

OTHER INDEPENDENT AUDITORS' REPORTS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the fiduciary activities of Antelope Valley Community College District (the "District") as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2024.

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 or significant deficiencies.

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.



San Diego, California
December 23, 2024



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, 2024. The District's major Federal programs are identified in the Schedule of Audit Findings and Questioned Costs of the accompanying Findings and Questioned Costs section.

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, 2024.

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 (GAAS); 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 Auditors' 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 compliance for each major federal program. 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 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 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate it would influence the judgment made by a reasonable user of the report on compliance about the 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 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 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 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 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 Auditors' 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 consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item #2024-001.

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 23, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

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 *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*, published by the California Community Colleges Chancellor's Office, for the year ended June 30, 2024. 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, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' 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 *2023-24 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 described in the *2023-24 California Community Colleges Chancellor's Office Contracted District Audit Manual*.

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 2023-24 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 2023-24 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.

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

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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 or significant deficiencies, 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.

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 2023-24 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 23, 2024

FINDINGS AND QUESTIONED COSTS SECTION

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENTS FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

FINANCIAL STATEMENTS

Type of auditors' report issued:	<u>Unmodified</u>
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	<u>No</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses?	<u>None Reported</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>Yes</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, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	<u>No</u>
Identification of major programs:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
<u>84.007, 84.033, 84.063, 84.268</u>	<u>Financial Aid Cluster</u>
<u>84.031S</u>	<u>Higher Education Institutional Aid, Title V Program</u>
<u>84.425E, 84.425F</u>	<u>Higher Education Emergency Relief Funds</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,261,977</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>None Reported</u>
Type of auditors' report issued on compliance for State programs:	<u>Unmodified</u>

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

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 2023-24.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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).

FINDING #2024-001 – OUTSTANDING STUDENT REFUND CHECKS

Federal Agency: U.S. Department of Education

Federal Program Title: Student Financial Assistance Cluster

Assistance Listing Number: 84.007, 84.033, 84.063 and 84.268

Award Period: July 1, 2023 to June 30, 2024

Type of Finding: Significant Deficiency in Internal Control over Compliance and Noncompliance

Criteria or Specific Requirement: In accordance with 34 CFR 668.164(l), an institution must return to ED (notwithstanding any state law, such as a law that allows funds to escheat to the state) any Title IV funds, except Federal Work Study (FWS) program funds, that it attempts to disburse directly to a student or parent but they do not receive or negotiate those funds. For FWS program funds, the institution is required to return only the federal portion of the payroll disbursements. If the institution attempted to disburse the funds by check and the check is not cashed, the funds must be returned no later than 240 days after the date it issued the check. If a check is returned, or an EFT is rejected, the institution may make additional attempts to disburse the funds, provided that the attempts are made no later than 45 days after the funds were returned or rejected. If the institution does not make an additional attempt to disburse the funds, the funds must be returned before the end of the 45-day period and no later than 240 days from the date of the initial attempt to disburse the funds.

Condition / Context: Twenty-five (25) of the 25 outstanding refund checks tested were not timely returned to the U.S. Department of Education.

Questioned Costs: \$12,134.

Cause: The Districts' internal controls and Financial Aid Office vacancies in crucial positions led to the failure to remit refund payments in a manner to ensure compliance with the criteria mentioned above.

Effect: The District is not in compliance with the applicable Title IV regulations stating that all student refund checks be returned to the U.S. Department of Education (DOE) within 240 days of the original disbursement. Any additional attempts to disburse funds must be made no later than 45 days after the funds were returned or rejected.

Recommendation: We recommend that the District review its procedures related to outstanding student refund checks to ensure they are being returned to the Department of Education or disbursed to students as stated in the criteria mentioned above.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section III – Federal Award Findings and Questioned Costs

FINDING #2024-001 – OUTSTANDING STUDENT REFUND CHECKS, continued

Management's Response and Corrective Action Plan: The District is reviewing and updating its processes related to the remittance of outstanding student refund checks. The District has hired an administrator to lead the Financial Aid Office and to train staff on proper procedures for returning funds to the DOE or disbursing funds to students in a timely manner as required by law. These trainings are currently taking place and include the creation of procedural documentation to ensure that reference material is accessible to Financial Aid staff.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

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 2023-24.

**ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

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

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