ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT

LANCASTER, CALIFORNIA

AUDIT REPORT

FOR THE YEAR ENDED
JUNE 30, 2018

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of Antelope Valley Community College District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Antelope Valley Community College District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of Antelope Valley Community College District, as of June 30, 2018, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the District implemented the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 75, "Accounting for Financial Reporting for Postemployment Benefits Other than Pensions". This Statement replaces the requirements of GASB Statements No. 45, "Accounting and Reporting for Employers Post-Employment Benefits Other than Pensions", as amended, and GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." Note disclosures and required supplementary information requirements about OPEB are also discussed. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Antelope Valley Community College District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2018 on our consideration of Antelope Valley Community College District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Antelope Valley Community College District's internal control over financial reporting and compliance.

CWDL, Certified Public Accountants

San Diego, California
December 19, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Antelope Valley College District's annual financial report presents our discussion and analysis of the District's financial performance during the year ended June 30, 2018.

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 $70,497,247 at June 30, 2018. This is a change from the total combined net position as of June 30, 2017, which reflected $62,326,166.
- During the fiscal year, the District's total operating expenses, was $133,548,309. Combined operating, non-operating and capital revenues totaled $150,782,082. This produced an excess of revenues over expenses of $3,927,289.
- The general fund reported a fund balance this year of $12,840,044, which represents an overall 14 percent of total ending balance. The restricted reserve percentage is 17 percent and the unrestricted reserve percentage is 13 percent. Although the Chancellor's Office recommends that the District maintain, at minimum, an unrestricted reserve percentage of approximately 5 percent, recent challenges with California State apportionment have indicated that greater reserve percentages are necessary to ensure that there is adequate cash on hand to pay obligations and to manage the risk associated with funding shortfalls from property taxes or enrollment fees that do not have automatic backfills. The Government Finance Officer's Organization (GFOA) released a recommended best practice on unrestricted reserve levels. http://www.gfoa.org/appropriate-level-unrestricted-fund-balance-general-fund. In summary, GFOA recommends no less than two months of reserves to assist in volatility, risk and cash flow. It is not a one-size fits all and several factors need to be assessed to see if a particular District needs to determine a higher level based on several factors; however, the minimum recommendation is 16.7 percent.

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

The District's financial position, as a whole, remained positive in fiscal year 2018. During the fiscal year ending June 30, 2018, the total net position changed, to include liabilities and deferred inflows related to OPEB. Accounts receivable has decreased by $581,977 or approximately 17 percent. Current liabilities increased by $3,279,011 or by 11 percent mainly due to the current portion of long-term debt, unearned revenues, and vendor warrants outstanding as June 30, 2018. The final paycheck for the fiscal year is booked in the current fiscal year and paid out of the following fiscal year. Unearned revenue mainly occurs with restricted programs and grants or from Summer session. The revenues cannot be "earned" until they are expended.

	2018	2017	Change
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Total assets	$ 461,945,721	$ 480,373,454	$ (18,427,733)
Deferred outflow of resources	33,956,264	26,898,771	7,057,493
Total Assets and Deferred Outflows of Resources	495,901,985	507,272,225	(11,370,240)
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	34,335,306	31,056,295	3,279,011
Non-current liabilities	384,478,931	410,116,328	(25,637,397)
Deferred inflows of resources	6,590,501	3,773,436	2,817,065
Total Liabilities and Deferred Inflows of Resources	425,404,738	444,946,059	(19,541,321)
NET POSITION			
Invested in capital assets, net of related debt	111,056,888	97,867,507	13,189,381
Restricted	17,552,781	16,695,002	857,779
Unrestricted	(58,112,422)	(52,236,343)	(5,876,079)
Total Net Position	$ 70,497,247	$ 62,326,166	$ 8,171,081

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 by the District, both operating and non-operating, and the expenses paid by the District, operating and non-operating, and any other revenues, expenses, gains and losses received or spend by the District. State general apportionment funds, which budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles.

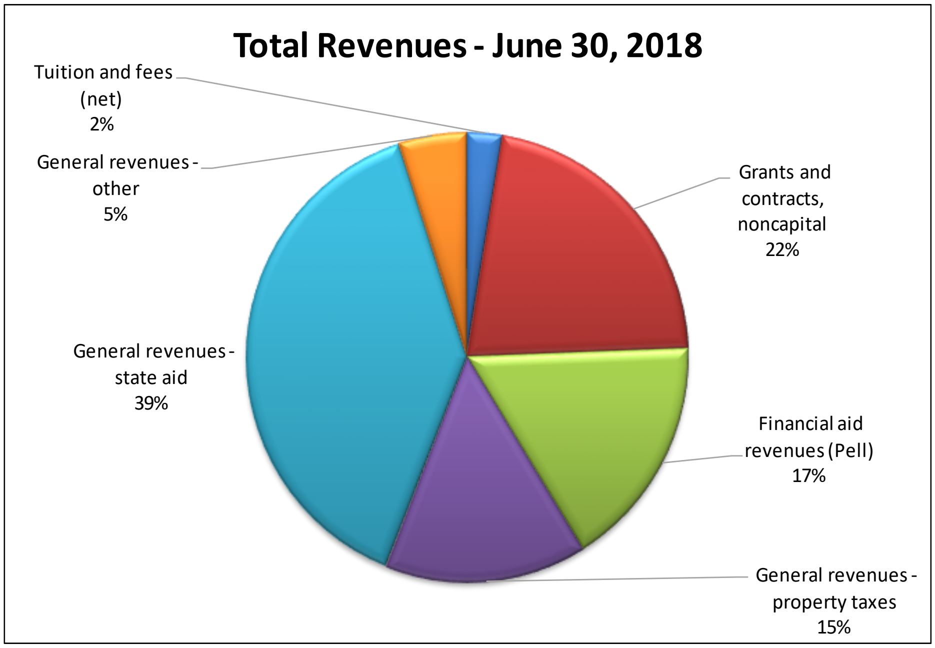
Changes in total net position on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. Generally speaking, operating revenues are received for those expenses paid to acquire or produce the goods and services provided in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

The Statement of Revenues, Expenses, and Changes in Net Position reflects a positive year due to an increase in other revenue and state apportionments. The change in net position at June 30, 2018 has increased at the end of the year by $1,971,460 from change at June 30, 2017. Below is a summary of changes in revenues and expenses for the years ending June 30, 2018 and June 30, 2017:

	2018	2017	Change
REVENUES			
Tuition and fees (net)	$ 3,972,209	$ 4,199,714	$ (227,505)
Grants and contracts, noncapital	32,846,717	33,835,261	(988,544)
Financial aid revenues (Pell)	25,294,558	23,950,641	1,343,917
General revenues - property taxes	22,388,972	23,976,798	(1,587,826)
General revenues - state aid	58,804,643	54,860,997	3,943,646
General revenues - other	7,474,983	8,617,941	(1,142,958)
Total Revenues	150,782,082	149,441,352	1,340,730
EXPENSES			
Operating expenses	133,548,309	142,198,192	(8,649,883)
Interest	13,306,484	5,287,331	8,019,153
Total Expenses	146,854,793	147,485,523	(630,730)
Change in Net Position	$ 3,927,289	$ 1,955,829	$ 1,971,460

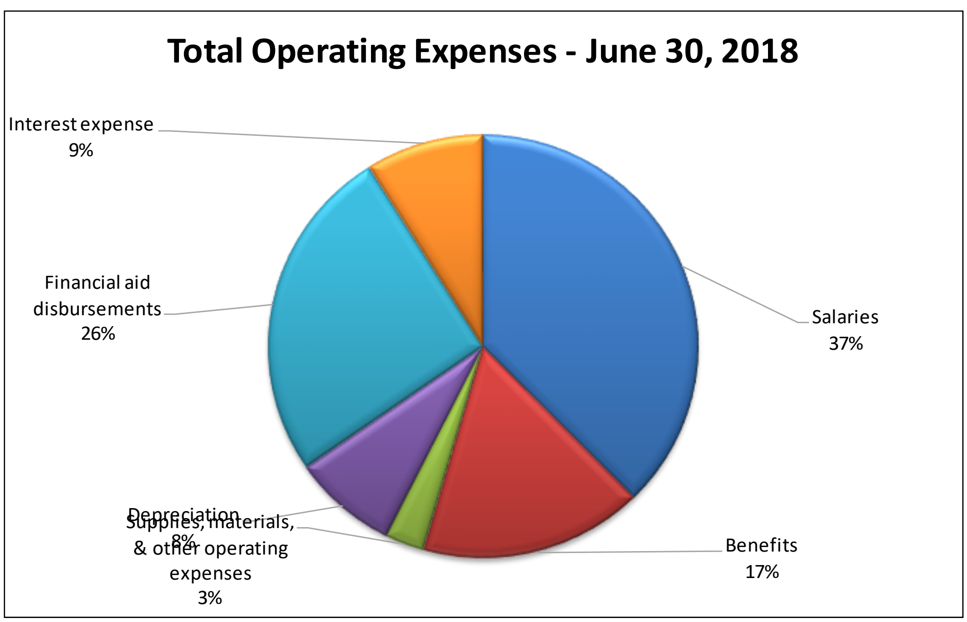
Total Revenue for the Year Ended June 30, 2018

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, 2018

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



Statement of Cash Flows

The statement of cash flows (see page 17 and 18, Basic Financial Statements section) provides additional information about the District's financial results by reporting its major sources and uses of cash. This information assists readers in assessing the District's ability to generate revenue, meet its obligations as they come due, and evaluate its need for external financing. The statement is divided into several parts. The first part deals with operating cash flows and show the net cash used by the operating activities of the institution. The second section reflects cash flows from non-capital financing activities and shows the sources and uses of those funds. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities. This section reflects the cash received and spent for short-term investments and any interest paid or received on those investments. The net cash used by the District for operating activities for period ending June 30, 2018 was $91,318,708.

Capital Assets

The District's capital assets, net of accumulated depreciation at June 30, 2018 totaled $291,117,638. This represented an increase in capital assets of $7,825,401 from the prior year or a 2.7 percent increase from 2017 due to changes in construction in progress and building improvements. The District has continued its capital improvements, utilized redevelopment funding and has received State scheduled maintenance funds. Below is a summary of the District's capital assets.

	2018	2017	Change
Capital Assets not being depreciated	$ 49,887,785	$ 148,036,479	$ (98,148,694)
Capital Assets being depreciated	287,250,664	169,462,542	117,788,122
Accumulated depreciation	(46,020,811)	(34,206,784)	(11,814,027)
Total Capital Assets	$ 291,117,638	$ 283,292,237	$ 7,825,401

Long-Term Liabilities

The District's total liabilities at June 30, 2018 totaled $395,802,746 of which $384,478,931 are long term liabilities as listed below; $11,323,815 of this amount is due in the upcoming fiscal year. Long term liabilities have decreased by $14,043,178 or 3.4 percent mainly due to the lease revenue bond repayment and an increase in net pension liability. Below is a summary of the District's long-term liabilities.

	2018	2017	Change
General obligation and revenue bonds	$ 309,583,455	$ 325,470,987	$ (15,887,532)
Compensated absences	1,848,406	1,748,577	99,829
Net OPEB liability	6,139,627	5,205,930	933,697
Net pension liability	72,726,520	63,960,830	8,765,690
Other long-term liabilities	5,504,738	13,459,600	(7,954,862)
Total Long-term Liabilities	$ 395,802,746	$ 409,845,924	$ (14,043,178)

District's Fiduciary Responsibility

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

UNRESTRICTED GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revises its budget to provide for unanticipated changes in revenues and expenditures. The Board of Trustees adopted the fiscal year 2018-2019 budget on September 10, 2018.

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

The State of California approved its 2018-2019 budget on June 27, 2018. The budget continues to increase the state's Rainy Day Fund and pay down liabilities. Below is the California Community College budget[1] and changes through the legislative process.

Ongoing Funding	
Item	Amount
Student-Centered Funding Formula	$269 M
K-12 Component of Strong Workforce Program	$164 M
Increase in Full-Time Faculty	$50 M
California College Promise Program	$46 M
Student Success Completion Grant Program	$40.6 M
California Online Community College	$20 M
Adult Education Data Systems	$5 M
Financial Aid Technology Systems	$5 M
NextUp Program	$5 M
Course Identification Numbering System (C-ID)	$0.69 M
Academic Senate	$0.23 M
One-Time Funding	
Item	Amount
California Online Community College	$100 M
Online Education Initiative	$35 M
Part-Time Faculty Office Hours	$50 M
Deferred Maintenance and Instructional Support	$28.5 M
Financial Aid Technology Systems	$13.5 M

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

Legal Services for Undocumented Persons	$10 M
Mental Health Services and Training	$10 M
Pathways in STEM Fields	$10 M
Hunger Free Campuses	$10 M
El Camino College Public Safety Training Center	$10 M
Veterans Resource Centers	$8.5 M
Economic and Workforce Development Projects	$8 M
Open Educational Resources	$6 M
Reentry Grant Program	$5 M
Career Readiness Training Program for Refugees	$5 M
Norco College Early Childhood Education Center	$5 M
Certified Nurse Assistant Training Programs	$2 M
Backfill for Fire-Related Property Tax Declines	$1.9 M
Los Angeles Valley College Family Resource Center	$0.8 M
K-12 CTE Pathways Program	$0.68 M

State Initiatives
The notable highlights of the 2018-2019 adopted budget for community colleges is the change in funding formula for the system resulting in an additional $269 million and the online college implementation with $100 million in one-time funding and $20 million in ongoing funding. The increase in base allocation funding is needed to fund STRS & PERS employer pension obligation increases. There is also a significant investment being made in the K-12 integration of strong workforce for an ongoing increase of $164 million.

The new funding formula is as follows with a 3-year implementation:

Year 1 (2018-2019)

70% Base (Enrollment) 3-year average FTES *20%* Supplemental Grant using headcount of Pell recipients, College Promise Grant recipients and AB540 Students *10%* Student Success Initiative Grant based on outcomes of progression and living wage. An additional separate allocation for those outcomes that are Pell recipients or College Promise Grant recipients.

Year 2 (2019-2020)

65% Base (Enrollment) 3-year average FTES *20%* Supplemental Grant using headcount of Pell recipients, College Promise Grant recipients and AB540 Students*15%* Student Success Initiative Grant based on outcomes of progression and living wage. An additional separate allocation for those outcomes that are Pell recipients or College Promise Grant recipients.

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

Year 3 (2020-2021)

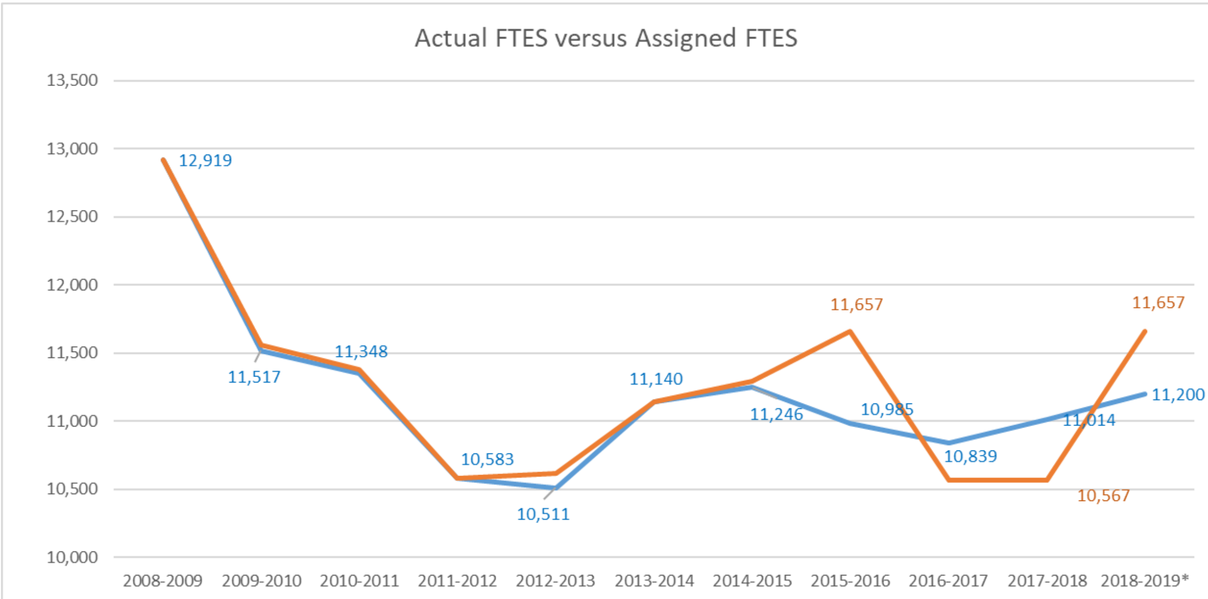
60% Base (Enrollment) 3-year average FTES *20%* Supplemental Grant using headcount of Pell recipients, College Promise Grant recipients and AB540 Students *20%* Student Success Initiative Grant based on outcomes of progression and living wage. An additional separate allocation for those outcomes that are Pell recipients or College Promise Grant recipients.

Local initiatives
The District also put Measure AV on the November 2016 ballot, which was passed by the local voters. Measure AV is for $350 million and will be used to upgrade math, engineering, aerospace/advanced manufacturing classrooms/labs, improve class availability and safety, update technology, repair, construct, acquire facilities, sites/equipment to maintain quality, affordable education for local students/returning veterans, and prepare students for jobs and transfer to four-year universities. $35 million of this measure will be endowed without touching the principle and the interest will be utilized each year to maintain, renovate and invest in capital projects. This will reduce the reliance on volatile State scheduled maintenance funds that sometimes are not provided in times of recession. During this last recession, for 5 years, the District received zero scheduled maintenance dollars from the State, adding pressure to the operating fund which is used to pay for classroom instructors, utilities and support staff.

Proposition 51, Public School Facilities Bond, was also passed in November 2016 by the voters. This will bring in $9 billion to the California's K-12 and community colleges; $2 billion specifically for community colleges. The District plans to leverage as much local Measure AV funds as possible by applying for some of these State bond funds with eligible projects.

District Budget
The District receives approximately *97%* of its unrestricted general funding from State apportionment directly linked to student attendance or FTES. In 2014-2015, the actual FTES was 11,246. Growth funding was available, and a strategic funding decision was made to capture the available growth funding. This was the first available funding for growth that was been made in 8 years due to the recession. The District started to decline the following year and in 2016-2017, FTES was at 10,839. The District had to rebench FTES to a lower level, which led to stability. Several community colleges are in the same situation. At the September 2017 Enrollment Management Committee meeting, a stability plan was presented. The second apportionment attendance report was completed in April 2018 and indicates that FTES is flat.

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



2017-2018 FTES (Year 2 of Stability)	Actuals
FTES Target	
2017-2018 FTES Base	10,567
2016-2017 FTES Needed to make up from reassigning Summer 2017	400
Total FTES Actuals minus Summer 2016 reassigned FTES	**10,967**
2% Enrollment growth target above base	219
2017-2018 Target Base	**11,186**

Multi-Year Budget Assumptions

See above funding formula change for multi-year budget assumptions. On June 28, 2012, the Supreme Court upheld the Patient Protection and Affordable Car Act (ACA) as constitutional. Although it was signed into law in 2010, the majority of the provisions went into effect in January 2015 and the remaining will be phased in by 2018. Most notably, the impact for employers not following the provisions could result in IRS penalties of $2,000 - $3,000 per impacted employee, depending upon the situation. The District has developed a contingency fund to address the financial liabilities associated with potential ACA penalties.

Minimum wage has increasing in California to $10.00 per hour beginning July 1, 2016. California Passed the Fair Wage Act of 2016, which phases in minimum wage by increasing it $1 each year until $15.00 per hour is reached. This has been included in the District's multi-year budget projections.

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

The CA State Legislature adopted a plan to address the unfunded liability for the California State Teachers Retirement System (CalSTRS) and California Public Employees Retirement System (CalPERS) over the next 30 years.

CalSTRS & CalPERS
The CA State Legislature developed a plan to address the unfunded liability for the California State Teachers Retirement System and California Public Employees Retirement System over the next 30 years. The increase in employer obligation is below:

STRS Contribution Rates			
	Employer	**Employee (pre-2013 hire date)**	**Employee (post-2013 hire date)**
2013-2014	8.25%	8%	8%
2014-2015	8.88	8.15	8.15
2015-2016	10.73	9.2	8.56
2016-2017	12.58	10.25	9.205
2017-2018	14.43	10.25	9.205
2018-2019	16.28	10.25	10.205
2019-2020	18.13	10.25	10.205
2020-2021	19.1	10.25	10.205

PERS Contribution Rates			
	Employer	**Employee (pre-2013 hire date)**	**Employee (post-2013 hire date)**
2013-2014	11.44%	7%	6%
2014-2015	11.77	7.00	6.00
2015-2016	11.85	7.00	6.00
2016-2017	13.89	7.00	6.00
2017-2018	15.53	7.00	6.50
2018-2019	18.1	7.00	6.50
2019-2020	20.8	7.00	6.50
2020-2021	23.8	7.00	6.50

Minimum Wage
The Fair Wage Act of 2016 was passed that will increase the minimum wage $1 per year over the next four years starting at $10.50 effective January 1, 2017 to $15 per hour on January 1, 2022.

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

The proposed plan would share the responsibility of the unfunded liability by the state, employers, and the employees themselves. Antelope Valley College has included this information in the multi-year budget projections.

Governmental Accounting Standards Board (GASB) 67/68 revised the accounting requirements for pension liability obligations. The new requirements now mandate that the liability be booked at the District's balance sheet showing the net pension liability (NPL). Pension expenses shall also be recognized on the income statement. The goal is to create transparency at the local level showing the pension liability. The District will be addressing this through the newly created retirement board of authority (RBA) in order to ensure compliance with the GASB standard.

GASB 74 became effective July 1, 2016 & GASB 75 went into effect July 1, 2017. This replaces the Other Post Employment Benefit (OPEB) GASB 43 & 45. It changed the way that the OPEB liability is calculated by considering COLA changes, taxes, Cadillac plan taxes and other penalties. It also requires amortization to be not more than 30 years. The major change is that even though an actuarial study is required every two years, the report must contain the in-between years in the report, which will mean additional scenarios and cost for the study itself.

Contacting the Antelope Valley College's Financial Management

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

FINANCIAL SECTION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS		
Current Assets:		
Cash and cash equivalents	$	26,751,616
Accounts receivable, net		2,916,977
Inventory		686,760
Prepaid expenditures and other assets		1,102,486
Total Current Assets		31,457,839
Noncurrent Assets:		
Restricted cash and cash equivalents		139,370,244
Capital assets, net		291,117,638
Total Noncurrent Assets		430,487,882
TOTAL ASSETS		461,945,721
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding		13,022,008
Deferred outflows - OPEB		387,113
Deferred outflows - pensions		20,547,143
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$	495,901,985
LIABILITIES		
Current Liabilities:		
Accounts payable & accrued expenses	$	15,305,184
Unearned revenue		7,706,307
Long-term debt, current portion		11,323,815
Total Current Liabilities		34,335,306
Noncurrent Liabilities:		
Compensated absences		1,848,406
Net pension liability		72,726,520
Net OPEB Liability		6,139,627
Bank faculty load time		131,815
Long-term debt, non-current portion		303,632,563
Total Noncurrent Liabilities		384,478,931
TOTAL LIABILITIES		418,814,237
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions		6,590,501
NET POSITION		
Net investment in capital assets		111,056,888
Restricted for:		
Debt service		17,496,624
Capital projects		(1,842,270)
Other special purpose		1,898,427
Unrestricted		(58,112,422)
TOTAL NET POSITION		70,497,247
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$	495,901,985

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Tuition and fees (gross)	$ 14,097,163
Less: Scholarship discounts and allowances	(10,124,954)
Net tuition and fees	3,972,209
Grants and contracts, noncapital:	
Federal	11,343,321
State	18,472,939
Local	6,900
Other operating activity	3,023,557
TOTAL OPERATING REVENUES	36,818,926
OPERATING EXPENSES	
Salaries	55,226,160
Employee benefits	24,300,872
Supplies, materials, and other operating expenses and services	4,006,560
Student aid	38,200,690
Depreciation	11,814,027
TOTAL OPERATING EXPENSES	133,548,309
OPERATING INCOME (LOSS)	(96,729,383)
NON-OPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	53,870,551
Local property taxes	7,373,656
State taxes and other revenues	4,934,092
Pell grants	25,294,558
Investment income - noncapital	393,798
Interest expense on capital asset-related debt	(13,306,484)
Other non-operating revenues	7,081,185
TOTAL NON-OPERATING REVENUES (EXPENSES)	85,641,356
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(11,088,027)
Local property taxes and revenues, capital	15,015,316
INCREASE IN NET POSITION	3,927,289
NET POSITION -- BEGINNING OF YEAR	62,326,166
PRIOR YEAR ADJUSTMENT (SEE NOTE 12)	4,243,792
NET POSITION -- END OF YEAR	$ 70,497,247

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 3,972,209
Grants and contracts	29,320,657
Payments to or on behalf of employees	(79,226,323)
Payments to vendors for supplies and services	(50,182,060)
Other operating cash flows	3,023,557
Net Cash Used by Operating Activities	(93,091,960)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State apportionments	53,870,551
Property taxes	7,373,656
State taxes and other revenues	4,934,092
Financial aid revenues	25,294,558
Other nonoperating cash flows	11,324,977
Net Cash Provided by Non-capital Financing Activities	102,797,834
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(19,639,428)
Local property taxes and other revenues, capital purpose	15,015,316
Principal paid on capital debt	(25,519,576)
Interest paid on capital debt	(6,041,969)
Net Cash Used by Capital Financing Activities	(36,185,657)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	393,798
Net Cash Provided/(Used) by Investing Activities	393,798
NET DECREASE IN CASH & CASH EQUIVALENTS	(26,085,985)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	192,207,845
CASH & CASH EQUIVALENTS, END OF YEAR	$ 166,121,860

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	Primary Institution
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating income	$ (96,729,383)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation expense	11,814,027
Changes in Assets and Liabilities:	
Receivables, net	581,977
Inventory	(9,476)
Prepaid items	(405,352)
Deferred outflows - OPEB	(387,113)
Deferred outflows - Pensions	(7,678,954)
Accounts payable and accrued liabilities	(8,141,959)
Deferred revenue	(502,503)
Compensated absences	99,829
Bank faculty load time	(34,101)
Net pension liability	8,765,690
Net OPEB liability	(3,281,707)
Deferred inflows of resources	2,817,065
Total Adjustments	3,637,423
Net Cash Flows From Operating Activities	$ (93,091,960)

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018

	Associated Students Trust Fund	Student Representation Fee Trust Fund	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	District Auxiliary Trust Fund	Total
ASSETS						
Cash and equivalents	$ 538,605	$ 329,313	$ 27,677	$ 1,175,533	$ 516,043	$ 2,587,171
Investments	-	-	-	1,744,883	-	1,744,883
Accounts receivable	-	8,606	(505)	-	-	8,101
Total Assets	538,605	337,919	27,172	2,920,416	516,043	4,340,155
LIABILITIES						
Accounts Payable	-	253	-	139,468	187	139,908
Deferred revenue	-	15,732	-	-	-	15,732
Accrued Expenses	-	-	-	1,033,909	-	1,033,909
Total Liabilities	-	15,985	-	1,173,377	187	1,189,549
NET POSITION						
Net position restricted for OPEB	-	-	-	1,747,039	-	1,747,039
Held in trust for others	538,605	321,934	27,172	-	515,856	1,403,567
Total Net Position	$ 538,605	$ 321,934	$ 27,172	$ 1,747,039	$ 515,856	$ 3,150,606

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

	Associated Students Trust Fund	Student Representation Fee Trust Fund	Scholarship and Loan Agency Fund	OPEB Irrevocable Trust Fund	District Auxiliary Trust Fund	Total
OPERATING REVENUES:						
Other local revenue	$ 172,039	$ 40,056	$ 247,912	$ 92,108	$ 463,861	$ 1,015,976
Other financing sources	-	-	-	387,114	-	387,114
Total Operating Revenues	172,039	40,056	247,912	479,222	463,861	1,015,976
OPERATING EXPENSES:						
Supplies, materials, and other outgo	162,517	16,655	227,109	-	472,147	878,428
Total Operating Expenses	162,517	16,655	227,109	-	472,147	878,428
Net Change in Net Position	9,522	23,401	20,803	479,222	(8,286)	524,662
NET POSITION:						
Beginning of Year	529,083	298,533	6,369	1,267,817	524,142	2,625,944
End of Year	$ 538,605	$ 321,934	$ 27,172	$ 1,747,039	$ 515,856	$ 3,150,606

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Antelope Valley Community College District (the "District") is a political subdivision of the State of California and provides educational services to the local residents of the surrounding area. While the District is a political subdivision of the State, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Codification Section (Cod. Sec.) 2100.101. The District is classified as a state instrumentality under Internal Revenue Code Section 115.

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Restricted Cash

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments

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

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District maintains an allowance for doubtful accounts at an amount which management considers sufficient to fully reserve and provide for the possible uncollectibility of other receivable balances. At June 30, 2018, management determined that no allowance was necessary.

Capital Assets

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

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

The District capitalizes interest paid on obligations related to the acquisition, construction or rehabilitation of District capital assets. Interest cost and interest capitalized totaled $13,306,484and $610,245, respectively, during the year ended June 30, 2018.

Compensated Absences

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Banked Faculty Load

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

Unearned Revenue

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s), and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on refunding reported which reported in the statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shortened life of the refunded or refunding debt. During the year ended June 30, 2018, the District recognized $1,008,574 in amortization of the deferred loss on refunding's. Additionally, the District has recognized a deferred outflow of resources related to the payments made subsequent to the measurement date for the pensions.

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

Pensions

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

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, 2018, there is no balance of nonexpendable restricted net position.

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

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

State Apportionments

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

Classification of Revenue and Expenses

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Classification of Revenue and Expenses, continued

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

Scholarship Discounts and Allowances

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

Estimates

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

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*. The primary objective of this Statement is to improve accounting and financial reporting by State and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. The District has implemented GASB Statement No. 75 as of June 30, 2018.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Early implementation is encouraged.

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Early implementation is encouraged.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

New Accounting Pronouncements, continued

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2019. Early implementation is encouraged.

NOTE 2 - CASH AND INVESTMENTS

District cash and investments at June 30, 2018, consisted of the following:

Governmental Funds:		
County treasurer's investment pool	$	134,664,975
Cash on hand and in banks		7,560,155
Cash with fiscal agents		23,896,730
Total cash and investments - Governmental Funds	$	166,121,860
Fiduciary Funds:		
County treasurer's investment pool	$	1,387,460
Cash on hand and in banks		1,199,711
Cash with fiscal agents		1,744,883
Total cash and investments - Fiduciary Funds	$	4,332,054

Mutual Funds: Investments held within the OPEB trust fund at June 30, 2017, consisted of the following:

Mutual funds - equity	$	965,589
Mutual funds - fixed income		680,819
Mutual funds - real estate		98,475
Total investments	$	1,744,883

Cash in County Treasury

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

Custodial Credit Risk

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

NOTE 2 - CASH AND INVESTMENTS, continued

Custodial Credit Risk, continued

The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. As of June 30, 2018, the District's bank balance was fully collateralized with eligible collateral in accordance with California Government Code Section 53651.

Cash with Fiscal Agent

Cash with Fiscal Agent represents amounts held in the District's name with third party custodians for future construction projects and repayment of long-term liabilities. Funds are held in the County Treasury. The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk

The District investment policies do not limit cash and investment maturities as a means of managing their exposure to fair value losses arising from increasing interest rates. At June 30, 2018, 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, 2018, the District had no concentration of credit risk.

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.

Fair Value Hierarchy, continued

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, 2018:

OPEB Trust Investments	Total	Level 1	Level 2	Level 3
Mutual funds - equity	$ 965,589	$ 965,589	$ -	$ -
Mutual funds - fixed income	680,819	680,819	-	-
Mutual funds - real estate	98,475	98,475	-	-
Total investments	$ 1,744,883	$ 1,744,883	$ -	$ -

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

During the year ended June 30, 2018, 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, 2018.

NOTE 4 - RECEIVABLES

Accounts receivable for the District consisted primarily of intergovernmental grants, entitlements, interest and other local sources. As of June 30, 2018, accounts receivable amounted to $2,916,977. The District believes all receivables accrued at June 30, 2018 are collectable.

NOTE 5 - CAPITAL ASSETS

Capital asset activity consists of the following:

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Capital Assets not being Depreciated				
Land	$ 2,430,691	$ -	$ -	$ 2,430,691
Construction in progress	145,605,788	610,245	98,758,939	47,457,094
Total Capital Assets not being Depreciated	148,036,479	610,245	98,758,939	49,887,785
Capital Assets being Depreciated				
Buildings & improvements	155,737,325	117,788,122	-	273,525,447
Machinery & equipment	13,725,217	-	-	13,725,217
Total Capital Assets being Depreciated	169,462,542	117,788,122	-	287,250,664
Total Capital Assets	317,499,021	118,398,367	98,758,939	337,138,449
Less Accumulated Depreciation				
Buildings & improvements	25,681,679	10,895,425	-	36,577,104
Machinery & equipment	8,525,105	918,602	-	9,443,707
Accumulated Depreciation	34,206,784	11,814,027	-	46,020,811
Net Capital Assets	$ 283,292,237	$ 106,584,340	$ 98,758,939	$ 291,117,638

NOTE 6 - LONG TERM LIABILITIES

General Obligation Bonds

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

In April 2014, the District issued $42,845,000 and $16,465,000 of 2014 General Obligation Refunding Bonds Series A and Series B, respectively. The proceeds from the sale of the bonds were used to advance refund the District's outstanding General Obligation Bonds Series 2004C and 2006 General Obligation Refunding Bonds, and to pay the costs of issuing the 2014 Refunding Bonds. The 2014 Refunding Bonds Series A and Series B mature through August 1, 2027 and August 1, 2022, respectively, with interest rates ranging from 0.5% to 5.0%. At June 30, 2018, $58,036,459 of bonds outstanding are considered defeased.

NOTE 6 - LONG TERM LIABILITIES, continued

The annual payments required to amortize the 2014 General Obligation Refunding Bonds Series A and Series B as of June 30, 2018, are as follows:

Series A:

Fiscal Year	Principal	Interest	Total
2019	$ 1,410,000	$ 2,001,950	$ 3,411,950
2020	1,550,000	1,973,750	3,523,750
2021	1,700,000	1,942,750	3,642,750
2022	1,905,000	1,857,750	3,762,750
2023	2,115,000	1,762,500	3,877,500
2024-2028	33,610,000	5,315,000	38,925,000
	$ 42,290,000	$ 14,853,700	$ 57,143,700

Series B:

Fiscal Year	Principal	Interest	Total
2019	$ 2,345,000	$ 378,550	$ 2,723,550
2020	2,520,000	332,729	2,852,729
2021	2,700,000	272,652	2,972,652
2022	2,910,000	195,918	3,105,918
2023	3,150,000	104,486	3,254,486
	$ 13,625,000	$ 1,284,335	$ 14,909,335

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.

NOTE 6 - LONG TERM LIABILITIES, continued

The annual payments required to amortize the 2015 General Obligation Refunding Bonds as of June 30, 2018, are as follows:

Fiscal Year	Principal	Interest	Accreted Interest	Total
2019	$ -	$ 2,037,250	$ -	$ 2,037,250
2020	-	2,037,250	-	2,037,250
2021	-	2,037,250	-	2,037,250
2022	-	2,037,250	-	2,037,250
2023	-	2,037,250	-	2,037,250
2024-2028	-	10,186,250	-	10,186,250
2029-2033	25,131,157	9,106,250	17,578,843	51,816,250
2034-2038	28,062,525	8,836,250	22,767,475	59,666,250
2039-2040	24,490,000	1,860,750	-	26,350,750
Accretion	5,498,960	-	(5,498,960)	-
	$ 83,182,642	$ 40,175,750	$ 34,847,358	$ 158,205,750

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, 2018, are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ -	$ 5,351,750	$ 5,351,750
2020	-	5,351,750	5,351,750
2021	-	5,351,750	5,351,750
2022	-	5,351,750	5,351,750
2023	-	5,351,750	5,351,750
2024-2028	-	26,758,750	26,758,750
2029-2033	9,990,000	26,136,250	36,126,250
2034-2038	23,945,000	22,121,300	46,066,300
2039-2043	37,230,000	15,263,900	52,493,900
2044-2047	45,220,000	4,705,000	49,925,000
	$ 116,385,000	$ 121,743,950	$ 238,128,950

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%.

NOTE 6 - LONG TERM LIABILITIES, continued

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, 2018, are as follows:

Fiscal Year	Principal	Interest	Total
2019	$ 6,400,000	$ 1,137,681	$ 7,537,681
2020	4,270,000	760,607	5,030,607
2021	2,550,000	689,298	3,239,298
2022	1,500,000	636,869	2,136,869
2023-2027	11,750,000	2,431,347	14,181,347
2028-2029	7,145,000	377,322	7,522,322
	$ 33,615,000	$ 6,033,124	$ 39,648,124

Certificates of Participation:

In June 2010, the District entered into a lease agreement in the amount of $10,000,000 with Los Angeles County Schools Regionalized Business Services Corporation to finance the cost of construction of solar energy projects. The COPs with an interest rate ranging from 3.0% to 5.25% mature in varying amounts through 2035.

Capital Lease

In November 2010, the District entered into a master equipment lease purchase agreement to provide tax-exempt financing for certain energy related projects. These projects consisted of the addition to the North Central utility plant, building lighting retrofits, exterior lighting upgrades, supervisory controls, re-commissioning, computer power management, variable speed pool pump and irrigation system controls upgrade. At June 30, 2018, the assets held under this agreement totaled $15,329,303 and are still in process of completion; as a result, no accumulated depreciation has been recognized.

At June 30, 2018, the future minimum lease payments are as follows:

Fiscal Year	Lease Payments
2019	$ 749,206
2020	805,168
2021	864,438
2022-2026	4,315,639
Total	6,734,451
Less: Amount representing Interest	(1,361,528)
Present Value of Net Minimum Lease Payments	$ 5,372,923

NOTE 6 - LONG TERM LIABILITIES, continued

Change in Long-Term Liabilities:

A schedule of changes in long-term liabilities for the year ended June 30, 2018 is as follows:

	Restated Balance July 1, 2017	Additions	Payments and Reductions	Ending Balance June 30, 2018	Amounts Due Within One Year
General obligation bonds	$ 290,816,359	$ 1,711,283	$ 3,430,000	$ 289,097,642	$ 10,155,000
Bond premium	21,654,628	-	1,168,815	20,485,813	1,168,815
Lease revenue bonds	13,000,000	-	13,000,000	-	-
Certificates of participation	7,545,000	-	7,545,000	-	-
Capital lease	5,748,684	-	375,761	5,372,923	-
Banked faculty load time	165,916	-	34,101	131,815	-
Compensated absences	1,748,577	99,829	-	1,848,406	-
Net pension liability	63,960,830	8,765,690	-	72,726,520	-
Other postemployment benefits	5,205,930	933,697	-	6,139,627	-
Total Long Term Debt	$ 409,845,924	$ 11,510,499	$ 25,553,677	$ 395,802,746	$ 11,323,815

NOTE 7 - PROPERTY TAXES

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

NOTE 8 - NET PENSION LIABILITY

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

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 42,212,558	$ 11,924,404	$ 5,948,453	$ 4,398,450
CalPERS	30,513,962	8,622,739	642,048	6,126,455
Total	$ 72,726,520	$ 20,547,143	$ 6,590,501	$ 10,524,905

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

General Information about the Pension Plan

Plan Description – Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public 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, 2015 annual actuarial valuation report, Schools Pool Actuarial Valuation, 2015. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

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

NOTE 8 - NET PENSION LIABILITY, continued

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

General Information about the Pension Plan, continued

The CalPERS provisions and benefits in effect at June 30, 2018, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.000%	6.000%
Required employer contribution rate	13.89%	13.89%

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, 2018, are presented above and the total District contributions were $2,672,980.

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $30,513,962. The net pension liability was measured as of June 30, 2016. 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, 2018 and June 30, 2017, respectively was 0.1278 percent and 0.1275 percent, resulting in a net increase in the proportionate share of 0.0003 percent.

NOTE 8 - NET PENSION LIABILITY, continued

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

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

For the year ended June 30, 2018, the District recognized pension expense of $6,126,455. At June 30, 2018, 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	$ 425,440	$ -
Differences between expected and actual experience	1,087,013	-
Changes in assumptions	4,418,949	358,138
Net changes in proportionate share of net pension liability	18,357	283,910
District contributions subsequent to the measurement date	2,672,980	-
Total	$ 8,622,739	$ 642,048

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ 2,006,777
2020	2,021,021
2021	1,913,941
2022	(634,028)
	$ 5,307,711

NOTE 8 - NET PENSION LIABILITY, continued

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

Actuarial assumptions. For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and the June 30, 2017 total pension liabilities were based on the following actuarial methods and assumptions:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 1997, through June 30, 2011
Actuarial cost method	Entry Age Normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

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

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

Asset Class	Assumed Asset Allocation	Real Return Years 1 - 10*	Real Return Years 11+**
Global Equity	47%	4.90%	5.38%
Fixed Income	19%	0.80%	2.27%
Inflation Assets	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
	100%		

*An expected inflation of 2.5% used for this period
**An expected inflation of 3.0% used for this period

NOTE 8 - NET PENSION LIABILITY, continued

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

Discount Rate - The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate - The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is in the following table:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Plan's net pension liability	$ 44,895,816	$ 30,513,962	$ 18,583,009

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

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

General Information about the Pension Plan

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

NOTE 8 - NET PENSION LIABILITY, continued

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

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

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

The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans. The STRP provision and benefits in effect as June 30, 2018 are summarized as follows:

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%*
Required employer contribution rate	14.43%	14.43%
Required state contribution rate	9.328%	9.328%

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

Contributions - Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer

contributions into the CalSTRS will be increasing to a total of 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, 2018, are presented above and the District's total contributions were $3,948,124.

NOTE 8 - NET PENSION LIABILITY, continued

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

On-Behalf Payments - The District was the recipient of on-behalf payments made by the State of California to CalSTRS for community college education. These payments consist of state general fund contributions of approximately $1,800,391.

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

At June 30, 2018, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including state share:

District's proportionate share of the net pension liability	$	42,212,558
State's proportionate share of the net pension liability associated with the District		24,972,796
Total	$	67,185,354

The net pension liability was measured as of June 30, 2018. 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, 2018 and June 30, 2017, respectively, was 0.0457 percent and 0.0480 percent, resulting in a net decrease in the proportionate share of 0.0023 percent.

For the year ended June 30, 2018, the District recognized pension expense of $4,398,450. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	$ -	$ 1,929,412
Differences between expected and actual experience	156,106	797,409
Changes in assumptions	7,820,174	-
Net changes in proportionate share of net pension liability	-	3,221,632
District contributions subsequent to the measurement date	3,948,124	-
Total	$ 11,924,404	$ 5,948,453

NOTE 8 - NET PENSION LIABILITY, continued

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

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2019	$ (117,551)
2020	(117,551)
2021	584,198
2022	(572,241)
2023	921,592
Thereafter	1,329,380
	$ 2,027,827

Actuarial Assumptions - The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2016, and rolling forward the total pension liability to June 30, 2017. The financial reporting actuarial valuation as of June 30, 2016, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Experience study	July 1, 2010, through June 30, 2015
Actuarial cost method	Entry Age Normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

NOTE 8 - NET PENSION LIABILITY, continued

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

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

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

Asset Class	Assumed Asset Allocation	Long-term Expected Real Rate of Return*
Global Equity	47%	6.30%
Fixed Income	12%	0.30%
Real Estate	13%	5.20%
Private Equity	13%	9.30%
Cash/Liquidity	2%	-1.00%
Absolute Return/Risk Mitigation Strategies	9%	2.90%
Inflation Sensitive	4%	3.80%
	100%	

*20-year geometric average

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

NOTE 8 - NET PENSION LIABILITY, continued

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	$ 61,981,436	$ 42,212,558	$ 26,168,773

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

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

In addition to the pension benefits described in Note 8, the District provides post-retirement health care benefits to employees and dependents that have reached the age of 55 and served the District at least 10 years. The District pays medical, dental vision and life insurance premiums to maintain the level of coverage enjoyed by the retiree immediately preceding retirement up until the age of 65 or death of the retiree.

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

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

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.

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

Employees Covered by Benefit Term

The following is a table of plan participants at June 30, 2018:

	Number of Participants
Inactive Employees/Dependents Receiving Benefits	33
Active Employees	397
	430

Contributions to Trust - 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. The District has a net OPEB liability of $7,413,366 as of June 30, 2018.

Actuarial Assumptions - The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2017
Measurement date	June 30, 2017
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.75%
Investment rate of return	6.50%
Discount rate	6.50%
Health care cost trend rate	4.00%
Payroll increase	2.75%
Mortality	For certificated employees the 2009 CalSTRS mortality tables were used. For classified employees the 2014 CalPERS active mortality for miscellaneous employees were used.

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

Changes in the Net OPEB Liability

	Increase/(Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Total OPEB Liability (a) - (b)
Balance July 1, 2017	$ 6,856,461	$ 763,905	$ 6,092,556
Changes for the year:			
Service cost	599,942	-	599,942
Interest	448,398	-	448,398
Employer contributions	-	886,626	(886,626)
Net investment income	-	125,965	(125,965)
Administrative expense	-	(11,322)	11,322
Benefit payments	(499,512)	(499,512)	-
Net change	548,828	501,757	47,071
Balance June 30, 2018	$ 7,405,289	$ 1,265,662	$ 6,139,627

Fiduciary Net Position as a percentage of the Total OPEB Liability as June 30, 2018 was 17.09 percent.

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

	Discount Rate 1% Lower (5.50%)	Current Discount Rate (6.50%)	Discount Rate 1% Higher (7.50%)
Net OPEB liability	$ 4,939,939	$ 6,139,627	$ 7,540,843

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

	Trend Rates 1% Lower (3.00%)	Trend Rates Current Rate (4.00%)	Trend Rates 1% Higher (5.00%)
Net OPEB liability	$ 6,593,034	$ 6,139,627	$ 5,728,327

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Contingent Liabilities

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

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

Construction Commitments

As of June 30, 2018, the District has approximately $23 million in outstanding commitments on construction contracts.

NOTE 11 - JOINT POWERS AGREEMENTS

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

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

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

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

NOTE 12 – PRIOR PERIOD ADJUSTMENT

The beginning net position increased by $4,243,792. This was due to adjustments made to bring on the net OPEB liabilities following the District's implementation of GASB Statements No. 75 during the year ended June 30, 2018. The total increase to beginning net position related to OPEB was $4,215,404. See Note 2, Summary of Significant Accounting Policies, Change in Accounting Principles for further details on the implementation of GASB Statements No. 75. The remaining amount of $28,388 related to District identified adjustments.

NOTE 13 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2018 through December 19, 2018, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Total OPEB liability		
Service cost	$	599,942
Interest on Total OPEB Liability		448,398
Benefit payments		(499,512)
Net change in total OPEB liability		548,828
Total OPEB liability, beginning of year		6,856,461
Total OPEB liability, end of year (a)	$	7,405,289
Plan fiduciary net position		
Employer contributions	$	886,626
Net investment income		125,965
Administrative expense		(11,322)
Benefit payments		(499,512)
Change in plan fiduciary net position		501,757
Fiduciary trust net position, beginning of year		763,905
Fiduciary trust net position, end of year (b)	$	1,265,662
Net OPEB liability(asset), ending (a) - (b)	$	6,139,627
Covered payroll	$	28,900,000
Plan fiduciary net position as a percentage of the total OPEB liability(asset)		17.09%
Net OPEB liability(asset) as a percentage of covered payroll		21.24%

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 CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2018

		2018
Actuarially determined contribution	$	519,493
Contributions in relations to the actuarially determined contribution		886,626
Contribution deficiency (excess)	$	(367,133)
Covered-employee payroll	$	28,900,000
Contribution as a percentage of covered-employee payroll		3.07%

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, 2018

CalSTRS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.046%	0.048%	0.051%	0.052%
District's proportionate share of the net pension liability	$ 42,212,558	$ 38,781,724	$ 34,436,000	$ 30,332,000
State's proportionate share of the net pension liability associated with the District	24,972,796	22,080,994	18,213,000	18,316,000
Total	$ 67,185,354	$ 60,862,718	$ 52,649,000	$ 48,648,000
District's covered - employee payroll	$ 27,360,527	$ 27,033,792	$ 23,741,000	$ 23,119,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	154.28%	143.46%	145.05%	131.20%
Plan fiduciary net position as a percentage of the total pension liability	69.00%	70.04%	74.02%	76.52%

CalPERS	**2018**	**2017**	**2016**	**2015**
District's proportion of the net pension liability	0.128%	0.127%	0.127%	0.128%
District's proportionate share of the net pension liability	$ 30,513,962	$ 25,179,106	$ 18,775,000	$ 14,551,000
District's covered - employee payroll	$ 19,243,916	$ 16,126,854	$ 14,101,000	$ 13,456,000
District's proportionate Share of the net pension liability as percentage of covered-employee payroll	158.56%	156.13%	133.15%	108.14%
Plan fiduciary net position as a percentage of the total pension liability	71.90%	73.90%	79.43%	83.38%

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - PENSIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Reporting Fiscal Year			
CalSTRS	2018	2017	2016	2015
Statutorily required contribution	$ 3,948,124	$ 3,400,851	$ 2,655,133	$ 2,108,206
District's contributions in relation to the statutorily required contribution	3,948,124	3,400,851	2,655,133	2,108,206
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 27,360,527	$ 27,033,792	$ 24,745,000	$ 23,741,000
District's contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

	Reporting Fiscal Year			
CalPERS	2018	2017	2016	2015
Statutorily required contribution	$ 2,672,980	$ 2,240,020	$ 1,832,600	$ 1,659,877
District's contributions in relation to the statutorily required contribution	2,672,980	2,240,020	1,832,600	1,659,877
District's contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 19,243,916	$ 16,126,854	$ 15,469,000	$ 14,101,000
District's contributions as a percentage of covered-employee payroll	13.89%	13.89%	11.85%	11.77%

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability and Related Ratios

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

Schedule of Contributions – OPEB

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

Schedule of Proportionate Share of the Net Pension Liability

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

Schedule of Contributions - Pensions

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

Changes of Benefit Terms

There are no changes in benefit terms reported in the Required Supplementary Information.

Changes of Assumptions

The discount rate for CalPERS was 7.65% as of June 30, 2017 and 7.15% as of June 30, 2018. The discount rate for CalSTRS was 7.60% as of June 30, 2017 and 7.10% as of June 30, 2018. The change in discount rate increased the total net pension liability for each plan.

SUPPLEMENTARY INFORMATION

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

The Governing Board and District Administration for the fiscal year ended June 30, 2018 were composed of the following members:

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Lew Stults	President	2022
Laura Herman	Vice President	2020
Steve Buffalo	Clerk	2020
Barbara Gains	Trustee	2022
Michael Adams	Trustee	2022

DISTRICT ADMINISTRATION

Edward Knudson
Superintendent/President

Vacant
Vice President, Academic Affairs

Mark Bryant
Vice President, Human Resources

Dr. Erin Vines
Vice President, Student Services

Diana Keelen
Executive Director of Business Services, Chief Business Official

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass Through/ Grant Number	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Direct Programs			
Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants (FESOG)	*	84.007	$ 400,525
Federal Work Study Program (FWS)	*	84.033	228,630
Federal Direct Student Loans	*	84.268	8,720,105
Federal Pell Grant Program (PELL)	*	84.063	24,615
Federal Pell Grant Program - Administrative Allowance	*	84.063	25,294,558
Total Financial Aid Cluster			34,668,433
TRIO - Student Support Services	*	84.042A	265,105
Higher Education Institutional Aid, Title V Program			
Higher Education Institutional Aid, Title V	*	84.031S	682,945
Higher Education Institutional Aid, Title V, Co-Op	*	84.031C	215,480
Total Higher Educational Aid, Title V Program			898,425
Passed Through California Community College Chancellor's Office			
Career and Technical Education Program			
Career and Technical Education - Basic Grants	*	84.048	537,513
Career and Technical Education - Transitions	*	84.048A	41,593
Total Career and Technical Education Program			579,106
Total U.S. Department of Education			36,411,069
U.S. DEPARTMENT HEALTH AND HUMAN SERVICES			
Passed Through California Community College Chancellor's Office			
Temporary Assistance for Needy Families	*	93.558	89,805
Total U.S. Department of Health and Human Services			89,805
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through California Community College Chancellor's Office			
Forest Reserve - Schools and Roads - Grants to States	*	10.665	20,331
Total U.S. Department of Agriculture			20,331
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Veterans Information and Assistance	*	64.115	2,198
Total U.S. Department of Veterans Affairs			2,198
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 36,433,598

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

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF STATE FINANCIAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

	Program Revenues				
	Cash Received	Accounts Receivable	Unearned Revenue	Total Revenue	Program Expenditures
Antelope Valley Air Quality Mngmnt	$ -	$ 80,000	$ -	$ 80,000	$ -
Baccalaureate Degree Program	-	-	-	-	179,622
Basic Skills	629,216	-	-	629,216	441,291
Cal Grants	2,549,907	-	-	2,549,907	2,532,731
Calif Apprenticeship Initiative	200,000	9,075	-	209,075	209,075
California State Preschool	542,012	-	-	542,012	542,012
CalWorks	1,026,315	9,122	-	1,035,437	1,142,219
Campus Safety & Sexual Assault	22,308	-	-	22,308	-
CARE	280,908	-	-	280,908	280,909
Career Tech AB1802 1X	-	-	1,331,728	1,331,728	1,245,056
Commercial Sexual Exploitation	5,279	1,506	-	6,785	6,785
DHH Deaf & Hard of Hearing	41,116	-	-	41,116	41,116
Disabled Student Progr Svcs	779,372	-	-	779,372	775,982
Dreamer Students One Time 17-18	328,045	-	58,543	269,502	269,502
Dss/Calworks	171,547	16,288	-	187,834	197,830
Employee Training Panel ETP	17,607	-	-	17,607	17,607
Enrollment Fee Financial Asst.	201,751	-	-	201,751	162,677
EOPS	931,102	-	-	931,102	931,104
Foster Parent Training Program	84,163	18,350	-	102,513	102,513
FT Student Success Grant	1,078,781	-	-	1,078,781	983,270
Hunger Free Campus	24,809	-	-	24,809	10,017
Kern CCD Proposition 39	-	(1,981)	-	(1,981)	-
Mandated Cost Reimbursement	331,528	-	-	331,528	188,032
Nursing Grant	61,537	82,218	-	143,755	143,755
Print & Electronic Info	10,864	-	-	10,864	10,864
Quality Improvement STEP	4,000	6,270	-	10,270	10,270
RAMP UP VVC	-	-	257,514	257,514	257,514
SB CCD CTE Enhancement Fund	-	(2,930)	-	(2,930)	-
SSSP Credit	2,657,649	(489,653)	2,888,357	3,009,217	3,137,751
SSSP NonCredit	28,231	-	-	28,231	28,232
Staff Diversity	50,000	-	-	50,000	33,522
State Lottery Proceeds-Prop 20	385,978	225,717	312,767	298,928	371,099
Strong Workforce Program 40%	-	348,015	92,593	440,608	255,606
Strong Workforce Program 60%	-	-	914,923	303,984	303,984
Student Equity	1,688,472	-	2,369,408	2,401,121	2,478,134
Student Financial Aid Admin	594,602	-	-	594,602	594,602
SWP Job Developer	112,500	-	93,268	19,232	-
TANF - State (50%)	66,316	20,942	-	87,257	87,257
Veterans Resource Cntr Ongoing	52,364	-	-	52,364	-
Total State District Funding	$ 14,958,279	$ 322,939	$ 8,319,101	$ 18,356,327	$ 17,971,940

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT – ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2018

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2017 only)			
1. Noncredit	4.23	-	4.23
2. Credit	540.71	-	540.71
B. Summer Intersession (Summer 2018 - Prior to July 1, 2018)			
1. Noncredit	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	7,551.39	-	7,551.39
(b) Daily Census Contact Hours	1,014.12	-	1,014.12
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	80.00	-	80.00
(b) Credit	507.22	-	507.22
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	641.52	-	641.52
(b) Daily Census Contact Hours	173.76	-	173.76
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	10,512.95	-	10,512.95
Supplemental Information (subset of above information)			
E. In-service Training Courses	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Credit	1,234.71	-	1,234.71
2. Noncredit	80.88	-	80.88
Total Basic Skills FTES	1,315.59	-	1,315.59

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

There were no adjustments proposed to any funds of the District.

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF ECS 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
	Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments	Revised Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	13,989,154	-	13,989,154	13,989,154	-	13,989,154
Other	1300	12,437,263	-	12,437,263	12,437,263	-	12,437,263
Total Instructional Salaries		26,426,417	-	26,426,417	26,426,417	-	26,426,417
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	3,915,044	-	3,915,044
Other	1400	-	-	-	837,987	-	837,987
Total Non-Instructional Salaries		-	-	-	4,753,031	-	4,753,031
Total Academic Salaries		26,426,417	-	26,426,417	31,179,448	-	31,179,448
Classified Salaries							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	12,351,906	-	12,351,906
Other	2300	-	-	-	1,589,919	-	1,589,919
Total Non-Instructional Salaries		-	-	-	13,941,825	-	13,941,825
Instructional Aides							
Regular Status	2200	873,441	-	873,441	873,441	-	873,441
Other	2400	181,806	-	181,806	181,806	-	181,806
Total Instructional Aides		1,055,247	-	1,055,247	1,055,247	-	1,055,247
Total Classsified Salaries		1,055,247	-	1,055,247	14,997,072	-	14,997,072
Employee Benefits	3000	6,248,028	-	6,248,028	14,129,915	-	14,129,915
Supplies and Materials	4000	-	-	-	1,263,637	-	1,263,637
Other Operating Expenses	5000	-	-	-	8,395,012	-	8,395,012
Equipment Replacement	6420	-	-	-	1,184,202	-	1,184,202
Total Expenditures Prior to Exclusions		33,729,692	-	33,729,692	71,149,286	-	71,149,286
Exclusions							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	493,358	-	493,358
Std. Health Srvcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst.Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	415,193	-	415,193
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	-	-	-	2,661,929	-	2,661,929
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	166,297	-	166,297
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	99,356	-	99,356
Total Equipment		-	-	-	99,356	-	99,356
Total Capital Outlay		-	-	-	265,653	-	265,653
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		$ -	$ -	$ -	$ 3,836,133	$ -	$ 3,836,133
Total for ECS 84362, 50% Law		$ 33,729,692	$ -	$ 33,729,692	$ 67,313,153	$ -	$ 67,313,153
Percent of CEE (Instructional Salary Cost/Total CEE)		50.11%	0.00%	50.11%	100.00%	0.00%	100.00%
50% of Current Expense of Education					$ 33,656,577	$ -	$ 33,656,577

See accompanying note to supplementary information

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
DETAILS OF THE EDUCATION PROTECTION ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

EPA Revenue	8,801,611

Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	0100-5900	8,801,611	-	-	8,801,611
Total		8,801,611	-	-	8,801,611

ANTELOPE VALLEY COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2018

Total Fund Equity - District Funds Included in the Reporting Entity		$ 152,332,862
Assets recorded within the statements of net position not included in the District fund financial statements:		
Nondepreciable capital assets	$ 49,887,785	
Depreciable capital assets	287,250,664	
Accumulated depreciation	(46,020,811)	291,117,638
Accrued interest		(4,544,658)
Liabilities recorded within the statements of net position not recorded in the District fund financial statements:		
Net pension liability		(72,726,520)
Compensated absences		(1,848,406)
OPEB liability		(6,139,627)
Bank faculty load time		(131,815)
Capital lease		
Other long-term debt		(314,956,378)
Deferred outflows of resources		33,956,264
Deferred inflows of resources		(6,590,501)
Adjustments related to bookstore & cafeteria funds		28,388
Net Position Reported Within the Statements of Net Position		$ 70,497,247

NOTE 1 - PURPOSE OF SCHEDULES

DISTRICT ORGANIZATIONAL STRUCTURE

Schedule of Expenditure of Federal Awards

The Schedule of Expenditure of Federal Awards includes the federal award activity of Antelope Valley Community College District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of State Financial Awards

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

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

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

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

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

Reconciliation of ECS 84362 (50 Percent Law) Calculation

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

Proposition 30 Education Protection Account (EPA) Expenditure Report -Details of the Education Protection Account

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

NOTE 1 - PURPOSE OF SCHEDULES, continued

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

COSSOLIAS | WILSON
DOMINGUEZ | LEAVITT
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Antelope Valley Community College District, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Antelope Valley Community College District's basic financial statements, and have issued our report thereon dated December 19, 2018.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note 1 to the financial statements, in 2018, the Districted adopted new accounting guidance, GASB Statement No. 75, Financial Reporting for Postemployment Benefit Plans Other than Pension Plans. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Antelope Valley Community College District 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 Antelope Valley Community College District internal control. Accordingly, we do not express an opinion on the effectiveness of the Antelope Valley Community College 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

CWDL, Certified Public Accountants

San Diego, California
December 19, 2018

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

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

Report on Compliance for Each Major Federal Program

We have audited Antelope Valley Community College District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Antelope Valley Community College District's major federal programs for the year ended June 30, 2018. Antelope Valley Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, Antelope Valley Community College District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountants

San Diego, California
December 19, 2018

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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE

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

Report on State Compliance

We have audited Antelope Valley Community College District's compliance with the types of compliance requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*, issued by the California Community Colleges Chancellor's Office for the year ended June 30, 2018.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on Antelope Valley Community College District's compliance with the requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below. An audit includes examining, on a test basis, evidence about Antelope Valley Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2018.

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Other Matters

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

Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Instructional Service Agreements/Contracts
Section 424 – State General Apportionment Funding System
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428 – Student Equity
Section 429 – Student Success and Support Program (SSSP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 435 – Open Enrollment
Section 439 – Proposition 39 Clean Energy
Section 440 – Intersession Extension Program
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 479 – To Be Arranged Hours (TBA)
Section 490 – Proposition 1D State Bond Funded Projects
Section 491 – Proposition 55 Education Protection Account Funds

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in the *California Community Colleges Contracted District Audit Manual (CDAM) 2017-18*. Accordingly, this report is not suitable for any other purpose.

CWDL, Certified Public Accountants

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December 19, 2018

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Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

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

CFDA Numbers	Name of Federal Program of Cluster
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster
84.031S, 84.031C	Higher Education Institutional Aid, Title V Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Noted
Type of auditors' report issued on compliance for State programs:	Unmodified

Section II – Financial Statement Findings

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

There were no financial statement findings or questioned costs identified during 2017-18.

Section III – Federal Award Findings and Questioned Costs

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

There were no federal award findings or questioned costs identified during 2017-18.

Section IV – State Award Findings and Questioned Costs

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

There were no state award findings or questioned costs identified during 2017-18.

FINDING #2017-1 – COLLEGE CASHIER'S OFFICE SEGREGATION OF DUTIES

Criteria – District internal control procedures over cash receipts require that only personnel involved with the cash collection process should have access to the cashier's office. All equipment located within the cashier's office should have access codes and updated annually to ensure proper personnel have access.

Condition – In our testing over cash receipts, we noted all current and past employees who worked in the cashier's office had the combination code to the safe. In addition, it was noted that the alarm system only sounds in the room and provides no breach to other departments. Finally, it was noted that there are no security cameras located in the cashier's office to provide an added level of controls over cash.

Fiscal Impact – No direct fiscal impact.

Effect – Non-compliance with District procedures could create an increased risk of fraud/asset misappropriation.

Cause – The District has not updated the access to the cashier's office and has continued to use the same access codes for both the room and safe.

Recommendation - We recommend the District ensure that only personnel who directly work with the cashier's office have access to both the cashier's room and safe. The District should ensure that all security measures in place provide notification to other departments should a breach take place. Finally, we recommend the District install security cameras to help deter any potential security threats in the future.

District Response – The room that houses the safes requires prox card access. When an employee is no longer working in the office, facilities is contacted to remove access to the cashier's office. We have modified the process so that those who have access have their own unique code to access the safe. Once the employee leaves, the fiscal services manager ensures that the unique code on the safe is no longer valid.

Current Status – Implemented

FINDING #2017-2 – ANNUAL CCFS-311 REPORTING

Criteria – The California Community Colleges Chancellor's Office requires that each community college district report the financial activity of the General Fund on a quarterly basis via the CCFS-311Q report and the districts' total revenues and expenditures for the fiscal year via the CCFS-311 by October 10 of each year. This report is also required to include the adopted budget for the subsequent fiscal year.

Condition – In our testing of the District annual CCFS-311 for the fiscal year 2016-17 we noted that the certification and filing did not occur by October 10, 2017.

Questioned Costs – No questioned costs noted.

Effect – Noncompliance with submission requirements for the annual CCFS-311.

Cause – The annual revised CCFS-311 report was certified to the State Chancellor's Office on November 20, 2017.

Recommendation – We recommend that in accordance with the instructions of the State Chancellor's Office for the Annual Financial and Budget Report requirements, the annual activity of all funds of the District be made available to the public on or before September 30 of each year and be submitted to the Chancellor's Office no later than October 10 of each year.

District Response – Due to this being the first reporting year under fiscal independence, the information required validation for accuracy prior to submittal. It was discovered that there were several miscoded positions and so manual work was required to report the information accurately. A week prior to the CCFS311 deadline, the District requested an extension, which was granted. The District has been meeting to resolve the miscoding of positions. Future annual CCFS311 reports are expected to be submitted timely.

Current Status – Implemented