Antelope Valley Healthcare District

Independent Auditor's Report, Financial Statements, and Supplementary Information

June 30, 2024 and 2023

Antelope Valley Healthcare District
Contents
June 30, 2024 and 2023

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Independent Auditor's Report

Board of Directors
Antelope Valley Healthcare District
Lancaster, California

Opinions

We have audited the financial statements of the business-type activities and the fiduciary activities of Antelope Valley Healthcare District (District) as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District as of June 30, 2024 and 2023 and the respective changes in 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the California Code of Regulations, Title 2, Section 1131.2, State Controller's *Minimum Audit Requirements* for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, 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 GAAS, 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.

Forvis Mazars, LLP

Tulsa, Oklahoma
November 26, 2024

Introduction

This management's discussion and analysis of the financial performance of Antelope Valley Healthcare District (District) provides an overview of the District's financial activities and business-type activities for the years ended June 30, 2024 and 2023. It should be read in conjunction with the accompanying financial statements of the District.

The District is a political subdivision of the State of California, organized and existing under the provisions of the Local Health Care District Law of the State of California. The District is located in Lancaster, California, and is governed by a five-member Board of Directors elected by voters within the District. The District's financial statements include the operations of Antelope Valley Hospital, a designated trauma center; Antelope Valley Outpatient Imaging Center, LLC (AVOIC); and Antelope Valley Medical Center Foundation, a charitable giving organization. AVOIC was sold during fiscal year 2024. Unless otherwise indicated, amounts presented in this management's discussion and analysis are in thousands. All references to years refer to the fiscal years ending June 30.

Using This Annual Report

The District's financial statements consist of three statements—a balance sheet; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. The District's financial statements provide information about the activities of the District, including resources held by the District but restricted for specific purposes by creditors, contributors, grantors, or enabling legislation. The District is accounted for as a business-type activity and presents its financial statements using the economic resources measurement focus and the accrual basis of accounting.

The Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Position

One of the most important questions asked about any district's finances is, "Is the district as a whole better or worse off as a result of the year's activities?" The balance sheet and the statement of revenues, expenses, and changes in net position report information about the District's resources and its activities in a way that helps answer this question. These statements include all restricted and unrestricted assets, all liabilities, and all deferred inflows and outflows of resources using the accrual basis of accounting. Using the accrual basis of accounting means that all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and changes in it. The District's total net position—the difference between assets, liabilities, and deferred inflows and outflows of resources—is one measure of the District's financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. Other nonfinancial factors, such as changes in the District's patient base, changes in legislation and regulations, measures of the quantity and quality of services provided to its patients, and local economic factors, should also be considered to assess the overall financial health of the District.

The Statement of Cash Flows

The statement of cash flows reports cash receipts, cash payments, and net changes in cash and cash equivalents resulting from four defined types of activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

The District's Net Position

The District's net position is the difference between its assets, liabilities, and deferred inflows and outflows of resources reported in the balance sheet. The District's net position increased in 2024 by $15,907 or 9% and increased by $2,975 or 2% in 2023, as shown in Table 1.

Table 1: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

	2024	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
Assets			
Cash and short-term investments	$ 140,822	$ 42,254	$ 61,469
Patient accounts receivable, net	68,963	61,678	63,139
Other current assets	17,364	15,799	16,266
Estimated amounts due from third-party	30,121	26,384	20,334
Long-term investments	41,954	138,951	149,661
Capital assets, net	229,049	215,323	216,836
Lease assets, net	7,493	10,510	15,961
Subscription assets, net	25,180	6,459	-
Lease receivables	15,391	12,800	16,693
Other noncurrent assets	7,519	7,006	10,462
Total Assets	583,856	537,164	570,821
Deferred Outflows of Resources	5,695	21,061	47,395
Total Assets and Deferred Outflows of Resources	$ 589,551	$ 558,225	$ 618,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Liabilities			
Current liabilities	$ 94,916	$ 73,883	$ 111,602
Estimated self-insurance costs, net of current	19,177	18,937	17,178
Pension liability	118,065	154,110	179,623
Lease liabilities, net of current	6,929	8,837	12,094
Long-term debt, net of current	109,351	112,319	115,157
Subscription liabilities, net of current	19,699	1,672	-
Liabilities	368,137	369,758	435,654
Deferred Inflows of Resources	36,229	19,189	16,259
Net Position			
Net investment in capital assets	117,425	107,309	95,463
Restricted	81	67	170
Unrestricted	67,679	61,902	70,670
Total Net Position	185,185	169,278	166,303
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 589,551	$ 558,225	$ 618,216

Changes from 2023 to 2024

Patient accounts receivable, net increased by $7,285 or 12% primarily due to increased patient volumes, as also seen in increases in net patient service revenue.

Capital assets, net increased by $13,726 or 6% due to the ongoing expansion of the emergency department along with other capital projects.

Subscription assets and subscription liabilities increased by $18,721 and $18,027 or 290% and 1078%, respectively, due primarily to an extension of the District's primary electronic medical records system contract during 2024.

Pension liability decreased $36,045 or 23% and deferred outflows of resources decreased $15,366 or 73% due to continued positive market conditions and changes of economic assumptions.

Changes from 2022 to 2023

Cash, short-term investments, and long-term investments decreased $29,925 or 14.2% mainly due to recoupment of Medicare advance funding and purchases of capital assets.

Subscription assets and subscription liabilities increased due to the adoption of GASB 96 during 2023, which has not been restated in the 2022 balance sheet above.

Other noncurrent assets decreased $3,456 or 33% due to impairment on an equity investee.

Pension liability decreased $25,513 or 14% and deferred outflows of resources decreased $26,334 or 56% due to market recovery and changes of economic assumptions.

Operating Results and Changes in the District's Net Position

Table 2: Operating Results and Changes in Net Position

	2024	2023	2022
Operating Revenues			
Net patient service revenue, net of provision for uncollectible accounts	$ 469,506	$ 444,090	$ 438,517
Supplemental funding	60,202	74,005	52,169
Other revenue	5,318	4,699	4,093
Total Operating Revenues	535,026	522,794	494,779
Operating Expenses			
Salaries and wages	243,718	238,413	225,851
Employee benefits	66,497	74,761	74,534
Purchased services and professional fees	80,120	77,770	80,366
Supplies	76,520	74,122	72,381
Depreciation and amortization	28,265	27,352	21,918
Other operating expenses	31,002	26,539	23,453
Total Operating Expenses	526,122	518,957	498,503
Operating Income (Loss)	8,904	3,837	(3,724)
Nonoperating Revenues (Expenses)			
Grant revenue and contributions	4,776	5,667	4,762
Interest expense	(5,934)	(6,307)	(6,520)
Gain (loss) on investments in equity investees	1,215	(4,169)	548
Investment return	6,946	3,947	(6,204)
Total Nonoperating Revenues (Expenses)	7,003	(862)	(7,414)
Increase (Decrease) in Net Position	$ 15,907	$ 2,975	$ (11,138)

Operating Income (Loss)

The first component of the overall change in the District's net position is its operating income or loss—generally, the difference between net patient service and other operating revenues and the expenses incurred to perform those services. The District reported operating income in 2024 and 2023 and operating loss in 2022.

The operating income for 2024 increased from the operating income in 2023 by $5,067 or 132%. The operating income for 2023 increased from the operating loss in 2022 by $7,561 or 203%.

Net Patient Service Revenue

Inpatient Business Activity

	2024	2023	2022
Acute Patient Days by Payor			
Medicare	14,379	15,468	14,420
Medicare Managed Care	21,663	20,135	18,773
Medi-Cal	8,404	6,850	7,641
Medi-Cal Managed Care	27,417	25,903	24,029
Commercial managed care	15,087	15,038	17,102
Other	1,181	1,588	1,351
Self-pay	883	1,020	1,292
	89,014	86,002	84,608

Changes from 2023 to 2024

Net patient service revenue increased $25,416 or 5.7% due to increased patient volumes and improved managed care contracts.

Discharges increased from 18,130 in 2023 to 18,740 in 2024, a change of 3%. Patient days increased by 3,012 days in 2024 or 3.5%, as indicated in the table above. The length of stay increased to 4.75 days from 4.74 days.

The overall case mix index for the District, which is a measure of patient acuity, decreased to 1.53 in 2024 from 1.56 in 2023. The Medicare case mix index decreased from 2.27 in 2023 to 2.21 in 2024.

Surgeries increased by 346 cases or 4.5%, from 7,720 cases in 2023 to 8,066 cases in 2024. Inpatient surgeries decreased by 150 cases or 4.5% from 3,342 cases in 2023 to 3,192 cases in 2024. Outpatient surgeries increased by 395 cases or 11.9%, and inpatient surgeries in the Women & Infants Pavilion increased by 101 cases or 9.5%.

Changes from 2022 to 2023

Net patient service revenue increased $5,573 or 1% due to increased patient volumes.

Discharges increased from 17,950 in 2022 to 18,130 in 2023, a change of 1%. Patient days increased by 1,394 days in 2023 or 1.6%, as indicated in the table above. The length of stay increased to 4.74 days from 4.71 days.

The overall case mix index for the District, which is a measure of patient acuity, decreased to 1.56 in 2023 from 1.60 in 2022. The Medicare case mix index increased from 2.23 in 2022 to 2.27 in 2023.

Surgeries decreased by 267 cases or 3.3%, from 7,987 cases in 2022 to 7,720 cases in 2023. Inpatient surgeries decreased by 86 cases or 2.6%, from 3,428 cases in 2022 to 3,342 cases in 2023. Outpatient surgeries decreased by 32 cases or 1.0%, and inpatient surgeries in the Women & Infants Pavilion decreased by 149 cases or 12.3%.

Supplemental Funding

	2024	2023	2022
California Hospital Quality Assurance Fee (HQAF) program	$ 15,861	$ 14,603	$ 13,121
Assembly Bill 113	6,000	2,197	2,280
Trauma center fund	8,726	8,160	6,988
DSH programs	21,825	44,084	15,704
DHDP program	12,373	-	-
Rate Range	1,466	-	-
QIP program	6,097	4,779	13,707
Cost report settlements and other	2,950	2,666	557
	75,298	76,489	52,357
IGT fees*			
HQAF	2,642	2,798	2,162
Assembly Bill 113	2,640	890	860
DHDP	4,330	-	-
Rate Range	602	-	-
Total IGT	10,214	3,688	3,022
	$ 65,084	$ 72,801	$ 49,335

*Represents IGT fees paid to the respective programs for each year presented, which were recorded in other operating expense.

The District receives disproportionate share hospital (DSH) funding under California State Bill 1100. During 2023, the District determined that the likelihood of recovery on program years prior to and including 2021 was remote and released the prior reserves on these years, causing an increase in DSH revenue recognized of $28,380 or 181% and a related decrease in 2024 of $22,259 or 50%.

As a trauma center, the District receives Los Angeles County Measure B trauma funds. During 2024 and 2023, the District received $8,726 and $8,160, respectively, in trauma funds. During 2024 and 2023, the District treated 1,628 and 1,504 trauma cases, respectively.

Operating Expenses

Operating expenses increased $7,165 or 1.4% in 2024 as compared to 2023 and increased $20,454 or 4.1% in 2023 as compared to 2022. This is due to an increase in overall salaries and supply costs. Employee benefits expense was reduced due to improved Pension investment performance.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses consist primarily of grant revenue and contributions, investment income, and interest expense. The District recognized a gain in 2024 on investments in equity investees of $1,215, which is a change of $5,384 or 129% from the loss recognized in 2023. The District recognized a loss in 2023 on investments in equity investees of $4,169, which is a change of $4,717 or 861% from the gain recognized in 2022. This was primarily due to impairment on an equity investee.

The District's Cash Flows

Net cash provided by operating activities in fiscal year 2024 was $16,314, representing an increase of $12,838 from 2023, primarily due to increases in patient revenue. Cash increased by $101,107 from 2023 to 2024 due to increased patient revenue and disposition of investments.

Net cash provided by operating activities in fiscal year 2023 was $3,477, representing an increase of $6,633 from 2022, primarily due to increases in patient revenue. Cash increased by $11,359 from 2022 to 2023 due to increased patient revenue and disposition of investments.

Capital Assets

At the end of 2024 and 2023, the District had $228,995 and $215,323, respectively, invested in capital assets, net of accumulated depreciation, as detailed in Note 5.

Debt

At June 30, 2024 and 2023, the District had $127,136 and $114,974, respectively, in outstanding debt, comprised of revenue bonds, notes payable and line of credit, as detailed in Note 6 and Note 7. The District's formal debt issuances are subject to limitations imposed by state law. In August 2021, S&P Global Rating assigned its BBB Issuer Credit Rating to the District and its BBB long-term rating to the District's Series 2016A tax-exempt revenue bonds with a stable outlook. In September 2022, Moody's Investors Service decided to withdraw its rating of the District for Moody's own business reasons. Most recently, Moody's had assigned a Ba2 rating to the District.

Economic Factors for Fiscal Year 2024 and Beyond

Strategic Initiatives

The District completed construction and obtained all licenses for the expanded emergency department during the fall of 2024. The expansion added 7,200 square feet and 40 treatment bays. Additionally, the District opened the BiPlane Unit in the Cath Lab.

The District's joint venture with Lifepoint Health is in the advanced predevelopment phase of building a 72-bed behavioral and acute inpatient rehab facility.

The District is actively negotiating with several health plans to improve reimbursement rates from its Managed Care contracts.

The District continues to invest in operational efficiencies and is in the planning stages to construct a replacement medical center. Also, selling the Antelope Valley Outpatient Imaging Center.

Broader Industry Trends

The healthcare industry continues to move toward the use of limited provider networks, the use of additional payment and utilization rules by the insurance companies to lower reimbursements, and the continued shifting of costs to the consumers through the use of high-deductible health plans. These trends require hospitals to improve efficiencies, improve revenue cycle processes, and strive to improve quality outcomes to respond to those increased rules and regulations. The Medicare value-based purchasing program measures the following metrics: processes-of-care, patient experience, patient outcomes, and efficiencies.

New Hospital Project and Seismic Standards

According to California Assembly Bill AB2190, acute care inpatient hospitals must demolish, replace, or retrofit hospital buildings that do not meet current seismic safety regulations and standards. The District has completed all seismic requirements through 2030. Because some of the District's buildings date back to the 1960s, 1970s, and 1980s, the cost to retrofit those buildings along with newer bed towers would be excessive and not cost-effective.

In addition, the Antelope Valley Hospital would lose bed capacity during the retrofit process. As a result, the District plans to build a complete replacement facility on vacant property adjacent to the hospital.

It was planned that the financing for this project would include the combination of publicly supported general obligation bonds and the sale of revenue bonds; however, in March 2020 and June 2022, the District placed on the ballot a general obligation bond issue that did not pass. As a result, the District is looking into financing alternatives to fund this project.

Contacting the District's Financial Management

This financial report is designed to provide the District's patients, suppliers, community members, bond holders, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions about this report and requests for additional financial information should be directed to the District's administration by telephoning 661.949.5533. The District's financial information can also be accessed via the dacbond.com website and the Electronic Municipal Market Access (EMMA) service.

Antelope Valley Healthcare District
Balance Sheets
June 30, 2024 and 2023

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash	$ 37,597,485	$ 37,191,188
Cash held in escrow	100,700,604	-
Short-term investments	703,060	3,155,533
Restricted cash and investments – current	1,820,980	1,907,396
Patient accounts receivable, net of allowance; 2024 – $24,741,000, 2023 – $20,202,000	68,962,523	61,678,179
Other receivables	3,592,407	3,007,677
Estimated amounts due from third-party payors	30,121,010	26,383,616
Supplies	11,382,269	10,518,480
Prepaid expenses and other	2,391,457	2,274,241
Total Current Assets	257,271,795	146,116,310
Noncurrent Cash and Investments		
Held by trustee for debt service	9,229,600	8,803,454
Less amount required to meet current obligations	(1,820,980)	(1,907,396)
	7,408,620	6,896,058
Other long-term investments	41,953,673	138,950,868
Total Noncurrent Cash and Investments	49,362,293	145,846,926
Capital Assets, Net	229,048,795	215,322,631
Lease Assets, Net	7,493,454	10,509,833
Subscription Assets, Net	25,179,826	6,458,752
Lease Receivables	15,390,511	12,799,599
Other Assets	109,976	109,977
Total Noncurrent Assets	326,584,855	391,047,718
Total Assets	583,856,650	537,164,028
Deferred Outflows of Resources		
Pension-related	5,112,767	20,391,782
Deferred loss on debt defeasance	582,328	669,712
Total Deferred Outflows of Resources	5,695,095	21,061,494
Total Assets and Deferred Outflows of Resources	$ 589,551,745	$ 558,225,522

	2024	2023
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities		
Current maturities of long-term debt	$ 2,785,000	$ 2,655,000
Line of credit	15,000,000	-
Current portion of lease liabilities	2,393,115	3,540,901
Current portion of subscription liabilities	5,564,426	3,848,006
Accounts payable and accrued liabilities	25,879,179	21,147,318
Accrued payroll and related expenses	23,409,289	22,776,566
Estimated amounts due to third-party payors	10,140,080	9,919,034
Estimated self-insurance costs – current	7,924,066	8,088,500
Accrued interest payable	1,820,980	1,907,396
Total Current Liabilities	94,916,135	73,882,721
Other Liabilities		
Long-term debt	109,351,148	112,319,196
Estimated self-insurance costs	19,176,684	18,937,343
Lease liabilities	6,928,747	8,836,577
Subscription liabilities	19,698,792	1,672,478
Net pension liability	118,065,429	154,109,928
Total Other Liabilities	273,220,800	295,875,522
Total Liabilities	368,136,935	369,758,243
Deferred Inflows of Resources		
Pension-related	20,032,677	5,687,658
Leases	16,196,667	13,501,038
Total Deferred Inflows of Resources	36,229,344	19,188,696
Net Position		
Net investment in capital assets	117,425,733	107,309,520
Restricted, expendable for specific operating activities	80,934	67,527
Unrestricted	67,678,799	61,901,536
Total Net Position	185,185,466	169,278,583
Total Liabilites, Deferred Inflows of Resources, and Net Position	$ 589,551,745	$ 558,225,522

Antelope Valley Healthcare District
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Operating Revenues		
Net patient service revenue, net of provision for uncollectible accounts; 2024 – $18,112,928, 2023 – $12,406,281	$ 469,506,331	$ 444,090,125
Supplemental funding	60,201,853	74,004,825
Other revenue	5,317,948	4,698,710
Total Operating Revenues	535,026,132	522,793,660
Operating Expenses		
Salaries and wages	243,718,223	238,413,279
Employee benefits	66,496,846	74,761,078
Professional and medical fees	46,938,463	44,734,467
Purchased services	33,181,828	33,035,790
Supplies and other	76,519,870	74,121,855
Depreciation and amortization	28,264,990	27,352,207
Other operating expenses	31,002,336	26,538,473
Total Operating Expenses	526,122,556	518,957,149
Operating Income	8,903,576	3,836,511
Nonoperating Revenues (Expenses)		
Grant revenue and contributions	4,774,965	5,666,525
Interest expense	(5,934,312)	(6,307,179)
Gain/loss on investments in equity investees	1,215,305	(4,168,639)
Investment return	6,946,469	3,947,306
Total Nonoperating Revenues (Expenses)	7,002,427	(861,987)
Excess of Revenues over Expenses Before Capital Grants and Gifts	15,906,003	2,974,524
Capital Grants and Gifts	880	-
Increase in Net Position	15,906,883	2,974,524
Net Position, Beginning of Year	169,278,583	166,304,059
Net Position, End of Year	$ 185,185,466	$ 169,278,583

Antelope Valley Healthcare District
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Receipts from and on behalf of patients	$ 462,433,879	$ 437,077,451
Receipts from supplemental funding	56,719,297	43,456,053
Payments to suppliers and contractors	(193,730,369)	(181,355,502)
Payments to employees	(314,350,298)	(302,194,274)
Other receipts	5,241,976	6,493,045
Net Cash Provided by Operating Activities	16,314,485	3,476,773
Cash Flows from Noncapital Financing Activities		
Noncapital grants and gifts	4,774,965	5,666,525
Net Cash Provided by Noncapital Financing Activities	4,774,965	5,666,525
Cash Flows from Capital and Related Financing Activities		
Proceeds from issuance of line of credit	15,000,000	-
Principal paid on long-term debt	(2,655,000)	(2,530,000)
Interest paid on long-term debt	(5,410,519)	(5,809,219)
Principal payments received on leases receivable	1,841,558	2,131,865
Interest payments received on leases receivable	551,515	532,502
Principal paid on lease liabilities	(4,189,206)	(3,601,642)
Interest paid on lease liabilities	(608,698)	(646,815)
Prepayments for purchase of subscription assets	(334,722)	-
Principal paid on subscription liabilities	(4,219,813)	(4,900,833)
Interest paid on subscription liabilities	(97,175)	(181,832)
Gifts and grants for capital purposes	880	-
Proceeds from sale of capital assets	(7,673)	-
Purchase of capital assets	(26,487,478)	(26,763,858)
Net Cash Used in Capital and Related Financing Activities	(26,616,331)	(41,769,832)
Cash Flows from Investing Activities		
Interest and dividends on investments	9,003,271	4,816,083
Purchase of investments	(21,763,588)	(152,975,297)
Proceeds from disposition of investments	119,394,099	192,036,991
Distributions from equity investees	-	107,800
Net Cash Provided by Investing Activities	106,633,782	43,985,577
Increase in Cash	101,106,901	11,359,043
Cash, Beginning of Year	37,191,188	25,832,145
Cash, End of Year	$ 138,298,089	$ 37,191,188

	2024	2023
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 8,903,576	$ 3,836,511
Depreciation and amortization	28,264,990	27,352,207
Accrued self-insurance costs	74,907	2,529,909
Provision for uncollectible accounts	18,112,928	12,406,281
Loss on disposal of assets	29,076	-
Changes in operating assets and liabilities		
Patient accounts receivable	(25,397,272)	(10,945,476)
Other receivables	(105,048)	1,794,335
Supplies and prepaid expenses and other	(981,005)	(284,636)
Estimated amounts due from and to third-party payors	(33,792)	(1,369,625)
Supplemental funding	(3,482,556)	(30,548,772)
Accounts payable and accrued expenses	(1,067,054)	823,502
Accrued payroll and related expenses	632,723	1,322,439
Net pension liability	(36,044,499)	(25,511,714)
Medicare accelerated payments	-	(7,103,854)
Deferred inflows of resources – pension postemployment benefits	14,345,019	5,687,658
Deferred outflows of resources – pension postemployment benefits	15,279,015	26,246,529
Deferred inflows of resources – leases	(2,216,523)	(2,758,521)
Net Cash Provided by Operating Activities	$ 16,314,485	$ 3,476,773
Noncash Investing, Capital, and Financing Activities		
Amortization of bond premium	$ 183,048	$ 183,048
Amortization of deferred loss on defeasance	$ 87,384	$ 87,384
Capital asset acquisitions included in accounts payable	$ 7,341,853	$ 1,542,939
Lease assets acquired through lease liabilities	$ 1,133,591	$ 119,852
Subscription assets acquired through subscription liabilities	$ 23,962,547	$ 1,990,191

Antelope Valley Healthcare District
Fiduciary Fund – Pension Trust Fund
Statements of Fiduciary Net Position
June 30, 2024 and 2023

	2024	2023
Assets		
Cash	$ 2,493,491	$ 1,802,014
Investments, at fair value		
Mutual funds	263,409,521	217,132,208
Exchange-traded funds	82,293,257	81,356,037
Limited partnerships	42,970,713	27,017,470
Money market funds	-	6,015,236
Total Assets	$ 391,166,982	$ 333,322,965
Liabilities		
Due to broker for securities purchased	$ -	$ 500,000
Fiduciary Net Position Restricted for Pensions	391,166,982	332,822,965
Total Liabilities and Fiduciary Net Position Restricted for Pensions	$ 391,166,982	$ 333,322,965

Antelope Valley Healthcare District
Fiduciary Fund – Pension Trust Fund
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2024 and 2023

	2024	2023
Additions		
Contributions		
Members	$ 3,273,573	$ 2,709,063
Employers	25,579,395	23,846,521
Total contributions	28,852,968	26,555,584
Investment earnings		
Net increase in fair value of investments	40,133,100	22,470,821
Interest, dividends, and other	10,005,031	11,142,143
	50,138,131	33,612,964
Less investment activity costs	908,245	719,018
Net investment earnings	49,229,886	32,893,946
Total Additions	78,082,854	59,449,530
Deductions		
Benefits paid to participants or beneficiaries	19,486,462	15,853,162
Administrative expense	252,375	315,119
Total Deductions	19,738,837	16,168,281
Net Increase in Fiduciary Net Position	58,344,017	43,281,249
Fiduciary Net Position, Beginning of Year	332,822,965	289,541,716
Fiduciary Net Position, End of Year	$ 391,166,982	$ 332,822,965

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Antelope Valley Healthcare District (District) is a healthcare district located in Lancaster, California, and is governed by a five-member Board of Directors elected by voters within the District. The District is also a political subdivision of the State of California, organized and existing under the provisions of the Local Health Care District Law of the State of California.

The District primarily earns revenues by providing inpatient, outpatient, and emergency care services to patients in the Antelope Valley, High Desert, and eastern Sierra areas. It also operates a home health agency in the same geographic area.

Reporting Entity

The accompanying financial statements present the District and its blended component units, entities for which the District is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government and do not issue separate financial statements.

Blended Component Units

These financial statements present the District and the following blended component units:

- Antelope Valley Outpatient Imaging Center, LLC (AVOIC) is a legally separate entity that operates two diagnostic imaging centers located in Lancaster, California, and Palmdale, California. The District owned 100% of AVOIC at June 30, 2023 and can unilaterally make operating decisions, such as establishing a budget or issuing debt. AVOIC is included as a blended component unit of the District in the accompanying financial statements as it is essentially operating as a division of the District's operations. All significant intercompany accounts and transactions between the District and AVOIC have been eliminated in the accompanying financial statements. AVOIC does not issue separate financial statements. The District sold the assets of AVOIC and dissolved the entity during the year ended June 30, 2024.
- The Gift Foundation of the Antelope Valley Healthcare District d/b/a Antelope Valley Medical Center Foundation (AVMCF) is a 501(c)(3) tax-exempt organization and is legally separate from the District. Although the District does not appoint a voting majority of AVMCF's Board of Directors nor is the District financially accountable for AVMCF, AVMCF is included as a blended component unit of the District in the accompanying financial statements as the District's management has operational responsibility for AVMCF. All significant intercompany accounts and transactions between the District and AVMCF have been eliminated in the accompanying financial statements. AVMCF does not issue separate financial statements.

Fiduciary Fund

The Antelope Valley Hospital Medical Center Retirement Plan (Plan) is a single-employer defined benefit pension plan included in the accompanying financial statements as a pension trust fiduciary fund. The board of the District performs the governing duties of the Plan, as the Plan does not have a separate board. The fiduciary fund statements are presented as of June 30, 2024 and 2023, the Plan's fiscal year-end.

Basis of Accounting and Presentation

The accompanying financial statements of the District have been prepared on the accrual basis of accounting using the economic resources measurement focus. Revenues, expenses, gains, losses, assets, liabilities, and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants) are recognized when all applicable eligibility requirements are met. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program-specific, such as investment income and interest on capital asset-related debt, are included in nonoperating revenues and expenses. The District first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Use of 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 that affect the reported amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents

The District considers all liquid investments with original maturities of three months or less to be cash equivalents. The District does not consider money market mutual funds held in investment accounts as cash equivalents. At June 30, 2024 and 2023, the District had no cash equivalents.

Patient Accounts Receivable

The District reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients, and others. The District provides an allowance for uncollectible accounts based upon a review of outstanding receivables, historical collection information, and existing economic conditions.

Supplies

Supply inventories are stated at the lower of cost or market. Costs are determined using the first-in, first-out (FIFO) method.

Investments and Investment Income

Investments in U.S. Treasury, agency, and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in non-negotiable certificates of deposit are carried at amortized cost. The investments in equity investees are reported on the equity method of accounting. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value, and the net change for the year in the fair value of investments carried at fair value.

Capital Assets

Capital assets are recorded at cost at the date of acquisition or acquisition value at the date of donation if acquired by gift. Depreciation is computed using the straight-line method over the estimated useful life of each asset. The following estimated useful lives are being used by the District:

Land improvements	2–25 years
Buildings and leasehold improvements	5–50 years
Equipment	3–30 years

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at or before the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease, and Subscription Asset Impairment

The District evaluates capital, lease, and subscription assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital or lease asset has occurred. If a capital, lease, or subscription asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital, lease, or subscription asset’s historical cost and related accumulated depreciation or amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2024 and 2023.

Deferred Outflows of Resources

The District reports the consumption of net position that is applicable to a future reporting period as deferred outflows of resources in a separate section of its balance sheet.

Compensated Absences

District policies permit most employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, in limited circumstances, as a cash payment. Expense and the related liability are recognized as vacation benefits are earned whether the employee is expected to realize the benefit as time off or in cash.

Compensated absence liabilities are computed using the regular pay and termination pay rates in effect at the balance sheet date plus an additional amount for compensation-related payments, such as Social Security and Medicare taxes, computed using rates in effect at that date.

Risk Management

The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than medical malpractice, employee health, and workers’ compensation claims. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The District is self-insured for a portion of its exposure to risk of loss from medical malpractice; workers’ compensation; and employee health, dental, and accident claims. Annual estimated provisions are accrued for the self-insured portion of these claims and include an estimate of the ultimate costs for both reported claims and claims incurred but not yet reported.

Single-Employer Defined Benefit Pension Plan

The District has a single-employer defined benefit pension plan. 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 Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, 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.

Deferred Inflows of Resources

The District reports an acquisition of net position that is applicable to a future reporting period as deferred inflows of resources in a separate section of its balance sheet.

Net Position

Net position of the District is classified in four components on its balance sheet:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation; lease assets, net of accumulated amortization; and subscription assets, net of accumulated amortization and reduced by the outstanding balances of borrowings, lease liabilities, and subscription liabilities used to finance the purchase or construction of those assets.
- Restricted expendable net position is made up of noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or donors external to the District, including amounts deposited with trustees as required by bond indentures, reduced by the outstanding balances of any related borrowings.
- Restricted nonexpendable net position consists of noncapital assets that are required to be maintained in perpetuity as specified by parties external to the District, such as permanent endowments and other members' interest in component units. There was no restricted nonexpendable net position at June 30, 2024 and 2023.
- Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered and includes estimated retroactive revenue adjustments and a provision for uncollectible accounts. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimated amounts are revised in future periods as adjustments become known.

Charity Care

The District provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy. Because the District does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue.

The cost of charity care provided under the District's charity care policy was approximately $1,819,000 and $1,814,000 for 2024 and 2023, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

Income Taxes

The District is generally exempt from federal and state income taxes under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the District is subject to federal income tax on any unrelated business taxable income.

Operating Revenues and Expenses

The statement of revenues, expenses, and changes in net position distinguishes between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing healthcare services, the District's principal activity. Nonexchange revenues, including grants, contributions, and income (losses) from investments, are reported as nonoperating revenues. Operating expenses include all expenses incurred to provide healthcare services other than financing costs.

Revision

An immaterial revision has been made to the 2023 statements of cash flows to correct for $705,262 of payments to suppliers and contractors that were previously shown in payments to employees. This revision did not have any impact on the accompanying balance sheets or statements of changes in revenues, expenses, and changes in net position.

Note 2. Deposits, Investments, and Investment Income

Deposits

Custodial credit risk is the risk that in the event of a bank failure a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law, which requires collateralization of all deposits with federal depository insurance or other acceptable collateral in specific amounts.

At June 30, 2024 and 2023, approximately $138,181,843 and $37,019,000, respectively, of the District's bank balances were exposed to custodial credit risk as uninsured and uncollateralized.

The above amounts exclude deposits held by the District's blended component units with bank balances of approximately $3,921,000 and $4,371,000 and carrying values of approximately $3,921,000 and $4,103,000 at June 30, 2024 and 2023, respectively. As nongovernmental entities, the blended component units are not subject to collateralization requirements. At June 30, 2024 and 2023, the blended component units' cash accounts exceeded federally insured limits by approximately $2,939,000 and $3,140,000, respectively.

Investments

Under provisions of the California Government Code, the District's investments are limited to certain types of investments. In general, the District may legally invest in direct obligations of and other obligations guaranteed as to principal by the U.S. Treasury, U.S. agencies and instrumentalities, California agencies, negotiable certificates of deposit, and in bank repurchase agreements. It may also invest to a limited extent in commercial paper, corporate and depository institution debt securities, and mortgage-backed securities.

The District had the following investments and maturities at June 30:

Type	Fair Value	Maturities in Years: Less than 1	1–5	6–10
2024				
External investment pool – LAIF	$ 475,144	$ 475,144	$ -	$ -
U.S. instrumentalities	17,127,011	3,112,622	8,798,249	5,216,140
Corporate bonds	18,705,223	3,225,497	11,013,110	4,466,616
U.S. Treasury obligations	6,349,353	2,029,001	4,320,352	-
Held by trustee				
Corporate bonds	534,690	534,690	-	-
U.S. instrumentalities	8,694,912	5,947,215	2,747,697	-
	$ 51,886,333	$ 15,324,169	$ 26,879,408	$ 9,682,756
2023				
External investment pool – LAIF	$ 2,896,652	$ 2,896,652	$ -	$ -
U.S. instrumentalities	13,099,246	2,937,884	7,076,922	3,084,440
Corporate bonds	22,714,722	1,639,797	16,174,637	4,900,288
U.S. Treasury obligations	10,213,343	2,756,781	7,456,562	-
Money market mutual funds	93,182,438	93,182,438	-	-
Held by trustee				
Corporate bonds	496,895	496,895	-	-
U.S. instrumentalities	8,306,559	3,106,461	5,200,098	-
	$ 150,909,855	$ 107,016,908	$ 35,908,219	$ 7,984,728

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy generally limits its investment portfolio to maturities of less than 10 years unless approved by the Board of Directors. The external investment pool is presented as an investment with a maturity of less than one year because such investments are redeemable in full immediately.

Credit Risk

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's policy generally limits its investments to a credit rating of A or the equivalent by a nationally recognized statistical rating organization.

The District's investments not directly guaranteed by the U.S. government were rated as follows as of June 30, 2024 and 2023:

Investments	Moody's	S&P
External investment pool – LAIF	Not Rated	Not Rated
Corporate bonds	Baa2	BBB
U.S. instrumentalities	Aaa	AA+
U.S. Treasury obligations	Not Rated	Not Rated

Custodial Credit Risk

For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The District's investment policy for custodial credit risk requires compliance with the provisions of state law.

Concentration of Credit Risk

The District places no limit on the amount that may be invested in any one issuer. At June 30, 2024, four of the investments exceeded 5% of the total fair value of all investments. No investments exceeded 5% of the total fair value of all investments as of June 30, 2023.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the accompanying balance sheets as follows:

	2024	2023
Carrying value		
Cash on hand	$ 3,740	$ 3,740
Deposits	138,294,349	37,187,448
Investments	51,886,333	150,909,855
	$ 190,184,422	$ 188,101,043
Included in the following balance sheet captions		
Cash	$ 37,597,485	$ 37,191,188
Cash held in escrow	100,700,604	-
Short-term investments	703,060	3,155,533
Restricted cash and investments – current	1,820,980	1,907,396
Noncurrent cash and investments	49,362,293	145,846,926
	$ 190,184,422	$ 188,101,043

Note 3. Patient Accounts Receivable

The District grants credit without collateral to its patients, many of whom are area residents and are insured under third-party payor agreements. Patient accounts receivable at June 30 consisted of:

	2024	2023
Medicare	$ 30,478,896	$ 27,756,704
Medi-Cal	24,046,004	20,273,527
Other third-party payors	26,155,482	25,359,882
Patients	13,023,141	8,490,066
	93,703,523	81,880,179
Less allowance for uncollectible accounts	(24,741,000)	(20,202,000)
	$ 68,962,523	$ 61,678,179

Note 4. Leases Receivable

The District leases a portion of its office space to various third parties, the terms of which expire in 2024 through 2034. For certain leases, payments increase annually based upon the Consumer Price Index (Index). Those leases were measured based upon the Index at lease commencement.

Revenue recognized under lease contracts during the years ended June 30, 2024 and 2023 was approximately $2,288,000 and $3,954,000, respectively, which includes both lease revenue and interest. The District recognized lease revenue of approximately $747,000 and $230,000 for the years ended June 30, 2024 and 2023, respectively, for variable payments not previously included in the measurement of the lease receivable.

Note 5. Capital, Lease, and Subscription Assets

Capital assets activity for the years ended June 30 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2024					
Land	$ 15,057,799	$ -	$ (900,000)	$ -	$ 14,157,799
Land improvements	26,649,381	-	-	11,416,056	38,065,437
Buildings and leasehold improvements	185,944,734	-	(508,999)	246,489	185,682,224
Equipment	274,959,908	5,363,268	(13,572,443)	9,152,526	275,903,259
Construction in progress	67,641,331	28,808,541	-	(20,815,071)	75,634,801
	570,253,153	34,171,809	(14,981,442)	-	589,443,520
Less accumulated depreciation					
Land improvements	17,184,295	1,422,060	-	-	18,606,355
Buildings and leasehold improvements	100,031,056	2,597,066	(436,482)	-	102,191,640
Equipment	237,715,171	15,695,046	(13,813,487)	-	239,596,730
	354,930,522	19,714,172	(14,249,969)	-	360,394,725
Capital assets, net	$ 215,322,631	$ 14,457,637	$ (731,473)	$ -	$ 229,048,795

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2023					
Land	$ 15,022,799	$ 35,000	$ -	$ -	$ 15,057,799
Land improvements	25,169,403	-	-	1,479,978	26,649,381
Buildings and leasehold improvements	181,906,084	-	-	4,038,650	185,944,734
Equipment	267,547,188	2,152,781	(185,519)	5,445,458	274,959,908
Construction in progress	65,343,234	13,399,721	-	(11,101,624)	67,641,331
	554,988,708	15,587,502	(185,519)	(137,538)	570,253,153
Less accumulated depreciation					
Land improvements	16,256,549	927,746	-	-	17,184,295
Buildings and leasehold improvements	97,445,133	2,585,923	-	- -	100,031,056
Equipment	224,450,935	13,436,164	(185,519)	13,591	237,715,171
	338,152,617	16,949,833	(185,519)	13,591	354,930,522
Capital assets, net	$ 216,836,091	$ (1,362,331)	$ -	$ (151,129)	$ 215,322,631

Lease assets activity for the years ended June 30 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2024					
Buildings	$ 13,608,994	$ 1,133,591	$ (1,107,494)	$ -	$ 13,635,091
Equipment	9,228,473	-	(2,532,910)	-	6,695,563
	22,837,467	1,133,591	(3,640,404)	-	20,330,654
Less accumulated amortization					
Buildings	4,439,248	1,907,942	(374,000)	-	5,973,190
Equipment	7,888,386	1,068,792	(2,093,168)	-	6,864,010
	12,327,634	2,976,734	(2,467,168)	-	12,837,200
Lease assets, net	$ 10,509,833	$ (1,843,143)	$ (1,173,236)	$ -	$ 7,493,454

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2023					
Buildings	$ 13,709,265	$ -	$ -	$ (100,271)	$ 13,608,994
Equipment	8,870,812	119,852	-	237,809	9,228,473
	22,580,077	119,852	-	137,538	22,837,467
Less accumulated amortization					
Buildings	2,032,624	2,406,624	-	-	4,439,248
Equipment	4,586,088	3,315,889	-	(13,591)	7,888,386
	6,618,712	5,722,513	-	(13,591)	12,327,634
Lease assets, net	$ 15,961,365	$ (5,602,661)	$ -	$ 151,129	$ 10,509,833

Subscription asset activity for the years ended June 30 was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
2024					
Subscription assets	$ 11,138,613	$ 24,295,158	$ -	$ -	$ 35,433,771
Less accumulated amortization	4,679,861	5,574,084	-	-	10,253,945
Subscription assets, net	$ 6,458,752	$ 18,721,074	$ -	$ -	$ 25,179,826
2023					
Subscription assets	$ 9,148,422	$ 1,990,191	$ -	$ -	$ 11,138,613
Less accumulated amortization	-	4,679,861	-	-	4,679,861
Subscription assets, net	$ 9,148,422	$ (2,689,670)	$ -	$ -	$ 6,458,752

Note 6. Long-Term Obligations

The following is a summary of long-term obligation transactions for the District for the years ended June 30:

	Beginning Balance	Additions	Deductions	Ending Balance	Current Portion
2024					
Long-term debt					
Series 2016A District Revenue Bonds	$ 110,825,000	$ -	$ (2,655,000)	$ 108,170,000	$ 2,785,000
Unamortized bond premium	4,149,196	-	(183,048)	3,966,148	-
Total long-term debt	114,974,196	-	(2,838,048)	112,136,148	2,785,000
Other long-term liabilities					
Estimated self-insurance costs	27,025,843	18,154,772	(18,079,865)	27,100,750	7,924,066
Lease liabilities	12,377,478	1,133,590	(4,189,206)	9,321,862	2,393,115
Subscription liability	5,520,484	23,962,547	(4,219,813)	25,263,218	5,564,426
Total other long-term liabilities	44,923,805	43,250,909	(26,488,884)	61,685,830	15,881,607
Total long-term obligations	$ 159,898,001	$ 43,250,909	$ (29,326,932)	$ 173,821,978	$ 18,666,607
2023					
Long-term debt					
Series 2016A District Revenue Bonds	$ 113,355,000	$ -	$ (2,530,000)	$ 110,825,000	$ 2,655,000
Unamortized bond premium	4,332,244	-	(183,048)	4,149,196	-
Total long-term debt	117,687,244	-	(2,713,048)	114,974,196	2,655,000
Other long-term liabilities					
Estimated self-insurance costs	24,495,934	18,870,653	(16,340,744)	27,025,843	8,088,500
Lease liabilities	15,859,268	119,852	(3,601,642)	12,377,478	3,540,901
Subscription liability	8,431,126	1,990,191	(4,900,833)	5,520,484	3,848,006
Medicare accelerted payments	7,103,854	-	(7,103,854)	-	-
Total other long-term liabilities	55,890,182	20,980,696	(31,947,073)	44,923,805	15,477,407
Total long-term obligations	$ 173,577,426	$ 20,980,696	$ (34,660,121)	$ 159,898,001	$ 18,132,407

Series 2016A District Revenue Bonds

On March 1, 2017, the District issued $126,120,000 of Series 2016A bonds at a premium of approximately $5,492,000. Proceeds of approximately $21,162,000 were used to finance costs associated with seismic improvements to certain District buildings, fund a bond reserve account, and pay the costs of issuance. The Series 2016A bonds are due March 1, 2046 with annual principal payments ranging from $1,815,000 to $7,855,000 due beginning March 1, 2017 plus semiannual interest payments at interest rates from 5.00% to 5.25%. The Series 2016A bonds are secured by pledge of the District's gross revenues and trustee-held assets. The agreement is subject to certain financial covenants, including minimum liquidity and net income to annual debt service ratios. The District recognized approximately $183,000 of amortization related to the bond premium during the years ended June 30, 2024 and 2023.

The advance refunding was undertaken to extend debt service payments over the next 30 years, which increased total debt service payments by approximately $105,235,000 and resulted in an economic loss (difference between present value of debt service payments of old debt and new debt) of approximately $11,137,000. The reacquisition price exceeded the net carrying amount of the old debt by $5,342,000. This accounting loss, net of amortization, is being reported as deferred outflows of resources on the accompanying balance sheets and is amortized over the shorter of the life of the old bonds or the new bonds. During the years ended June 30, 2024 and 2023, the District amortized approximately $87,000, related to the deferred outflows of resources, which is included in interest expense on the accompanying statements of revenues, expenses, and changes in net position.

Debt Service Requirements

Debt service requirements on long-term debt as of June 30, 2024 are as follows:

Year Ending June 30,	Total to be Paid or Amortized	Series 2016A District Revenue Bonds Principal	Series 2016A District Revenue Bonds Interest
2025	$ 8,247,938	$ 2,785,000	$ 5,462,938
2026	8,248,688	2,925,000	5,323,688
2027	8,252,438	3,075,000	5,177,438
2028	8,248,688	3,225,000	5,023,688
2029	8,167,688	3,390,000	4,777,688
2030–2034	40,742,295	19,685,000	21,057,295
2035–2039	40,603,251	25,350,000	15,253,251
2040–2044	40,436,875	32,395,000	8,041,875
2045–2046	16,116,250	15,340,000	776,250
	$ 179,064,111	$ 108,170,000	$ 70,894,111

Note 7. Line of Credit

In May 2023, the District entered into a credit agreement that provided a $25,000,000 revolving bank line of credit. The line is secured by pledge of the District's gross revenues and trustee-held assets. This line of credit was unused during the year ended June 30, 2023 and $15,000,000 was drawn during the year ended June 30, 2024. Interest on the line of credit is due monthly and is payable at the Secured Overnight Financing Rate (SOFR) plus 1.7% (7.0% at June 30, 2024). All amounts drawn on this line of credit are due April 30, 2025. Proceeds were used to fund the completion of the expanded Emergency Department. The District is reviewing financing alternatives for the $15 million outstanding.

Note 8. Lease Liabilities

The District leases equipment and office space, the terms of which expire in various years through 2029. Variable payments of certain leases are based upon the Index. The leases were measured based upon the Index at lease commencement. Variable payments based upon the use of the underlying asset are not included in the lease liability because they are not fixed in substance.

During the years ended June 30, 2024 and 2023, the District recognized approximately $2,658,000 and $2,226,000, respectively, of rental expense for variable payments not previously included in the measurement of the lease liability.

The following is a schedule by year of payments under the leases as of June 30, 2024:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	$ 2,644,849	$ 2,393,115	$ 251,734
2026	2,296,958	2,116,476	180,482
2027	2,047,491	1,932,837	114,654
2028	1,950,403	1,894,369	56,034
2029	990,859	985,065	5,794
	$ 9,930,560	$ 9,321,862	$ 608,698

Note 9. Subscription Liabilities

The District has various SBITAs, the terms of which expire in various years through 2031. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

During the years ended June 30, 2024 and 2023, the District recognized approximately $4,335,000 and $6,461,000 of subscription expense, respectively, related to short-term SBITAs, software maintenance agreements, and variable payments not previously included in the measurement of the subscription liability.

The following is a schedule by year of payments under the District's SBITAs as of June 30, 2024:

Year Ending June 30,	Total to be Paid	Principal	Interest
2025	$ 6,113,261	$ 5,564,426	$ 548,835
2026	4,222,833	3,680,069	542,764
2027	3,674,885	3,312,211	362,674
2028	3,355,958	3,074,442	281,516
2029	3,355,958	3,149,674	206,284
Thereafter	6,661,857	6,482,396	179,461
	$ 27,384,752	$ 25,263,218	$ 2,121,534

Note 10. Self-Insurance Liabilities

Medical Malpractice Claims

The District is self-insured for the first $1,000,000 per occurrence and in the aggregate of medical malpractice risks. The District also maintains excess liability coverage for claims in excess of $20,000,000. Insurance coverage is on a claims-made basis. The District purchases commercial insurance coverage above the self-insurance limits. Losses from asserted and unasserted claims identified under the District's incident reporting system are accrued based on estimates that incorporate the District's past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses will change by a material amount in the near term. Unpaid claim liabilities were discounted using a discount rate of 4.44% and 4.13% in 2024 and 2023, respectively, to account for the time value of money to determine the current estimated liabilities as reflected below.

Activity in the District's accrued medical malpractice claims liability during the years ended June 30 is summarized as follows:

	2024	2023
Balance, beginning of year	$ 12,235,000	$ 9,762,000
Current year claims incurred and changes in estimates for claims incurred in prior years	1,388,762	4,004,094
Claims and expenses paid	(2,993,762)	(1,531,094)
Balance, end of year	$ 10,630,000	$ 12,235,000

Workers' Compensation Claims

The District is self-insured for the first $1,000,000 per occurrence and in the aggregate of workers' compensation risks. The District purchases commercial insurance coverage above the self-insurance limits. Losses from asserted and unasserted claims identified under the District's incident reporting system are actuarially determined based on the District's past experience as well as other considerations, including the nature of each claim or incident and relevant trend factors. It is reasonably possible that the District's estimate of losses will change by a material amount in the near term. Unpaid claim liabilities were discounted using a discount rate of 4.44% and 4.13% in 2024 and 2023, respectively, to account for the time value of money to determine the current estimated liabilities as reflected below.

Activity in the District's accrued workers' compensation claims liability during the years ended June 30 is summarized as follows:

	2024	2023
Balance, beginning of year	$ 12,544,000	$ 12,344,000
Current year claims incurred and changes in estimates for claims incurred in prior years	4,882,103	3,713,411
Claims and expenses paid	(3,658,103)	(3,513,411)
Balance, end of year	$ 13,768,000	$ 12,544,000

Employee Health and Dental Claims

The District provides certain health and dental benefits to enrollees that serve under contract to the hospital. The cost of medical services provided to these enrollees is accrued in the period the services are rendered. A provision is accrued for self-insured employee health claims, including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims, and other economic and social factors. It is reasonably possible that the District's estimate will change by a material amount in the near term.

Activity in the District's accrued employee health claims liability during the years ended June 30 is summarized as follows:

	2024	2023
Balance, beginning of year	$ 2,246,000	$ 2,391,000
Current year claims incurred and changes in estimates for claims incurred in prior years	11,885,000	11,151,239
Claims and expenses paid	(11,428,000)	(11,296,239)
Balance, end of year	$ 2,703,000	$ 2,246,000

Note 11. Net Patient Service Revenue

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. These payment arrangements include:

Medicare – Certain inpatient acute care services are paid at prospectively determined rates per discharge based on clinical, diagnostic, and other factors. Physician services are paid based upon established fee schedules. Outpatient services are paid using prospectively determined rates. The District is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.

Medi-Cal – Reimbursements for Medi-Cal services are generally paid at prospectively determined rates per discharge (APR-DRG). These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed based upon a fee schedule per procedure, test, or service.

Other – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Approximately 70% and 72% of net patient service revenue is from participation in the Medicare and state-sponsored Medi-Cal programs for the years ended June 30, 2024 and 2023, respectively. Laws and regulations governing the Medicare and Medi-Cal programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

During the years ended June 30, 2024 and 2023, net patient service revenue increased by approximately $2,723,000 and $2,485,000, respectively, due to changes in previously estimated amounts as a result of final settlements with third-party payors.

Note 12. Pension and Other Benefit Plans

403(b) Defined Contribution Plan

The Antelope Valley Hospital Medical Center Section 403(b) Retirement Plan (403(b) Plan) is a tax-deferred annuity plan that permits employees to accumulate retirement savings by making deferrals of their salary and permits the District to make nonelective contributions on behalf of eligible employees. Contributions are invested at the direction of the participants. The 403(b) Plan is administered by the District's governing body. The 403(b) Plan provides retirement and death benefits to plan members and their beneficiaries. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's governing body. There were no contributions made by the District during the years ended June 30, 2024 and 2023.

Single-Employer Defined Benefit Pension Plan

Plan Description

The District contributes to the Plan, a single-employer defined benefit pension plan covering substantially all employees. The Plan is administered by an Advisory Committee appointed by the District's Board of Directors. Benefit provisions are contained in the plan document and were established and can be amended by action of the District's Board of Directors. The Plan issues publicly available stand-alone financial statements and required supplementary information for the Plan. The report may be obtained by writing to the Plan at 1600 West Avenue J, Lancaster, California 93534, or by calling 661.949.5533.

The Plan has implemented the requirements of the *California Public Employees' Pension Reform Act of 2013* (PEPRA). In accordance with those provisions, certain members make contributions of 4.25% of their eligible compensation to the Plan each pay period.

Benefits Provided

The Plan provides retirement, death, and disability benefits to plan members and their beneficiaries. Retirement benefits for employees are based on years of credited service, equal to one year of full-time employment. Members with 10 years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost-of-living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of June 30 2024 and 2023, are summarized as follows:

	2024	2023
Benefit formula	1.6%–1.7% at 65	1.6%–1.7% at 65
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	Age 55–65	Age 55–65
Monthly benefits, as a % of eligible compensation	1.6%–1.7% at 65	1.6%–1.7% at 65

Actuarial Assumptions

The total pension liability in the June 30, 2023 and 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	2023		2022	
Inflation	2.50%		2.50%	
Salary increases	3.00%	Average	3.00%	Average
Investment rate of return	6.42%	Net of pension plan investment expense, including inflation	6.42%	Net of pension plan investment expense, including inflation

Mortality rates were based on the Pri-2012 mortality tables. Mortality was generationally projected using the rates specified in the scale MP-2019 for all members.

The actuarial assumptions used in the June 30, 2023 and 2022 valuations were based on the results of the 2009 actuarial experience study.

The employees covered by the Plan at June 30, 2024 and 2023 are:

	2024	2023
Active employees	1,894	1,802
Inactive employees or beneficiaries currently receiving benefits	1,221	1,145
Inactive employees entitled to but not yet receiving benefits	1,536	1,533
Nonvested terminations with account balances	361	120
	5,012	4,600

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following represents the long-term expected real rates of return for each major investment class in the Plan's target asset allocation, as defined by the Plan's investment policy, as of June 30, 2023 and 2022:

Asset Class	Target Allocation	2023 Long-Term Expected Real Rate of Return	2022 Long-Term Expected Real Rate of Return
Domestic equity	45.00%	6.50%	5.90%
International equity	10.00%	8.60%	9.40%
Alternative	15.00%	8.00%	8.30%
Fixed income	30.00%	4.50%	4.20%

Discount Rate

The discount rate used to measure the total pension liability was 6.42% for the years ended June 30, 2024 and 2023, respectively. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that the District's contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Contributions

The District's Board of Directors has the authority to establish and amend the contribution requirements of the District and active employees. The governing body establishes rates based on an actuarially determined rate recommended by an independent actuary. 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. For the years ended June 30, 2024 and 2023, the District contributed approximately $25,579,000 and $23,847,000, respectively, to the Plan.

Net Pension Liability

The District's net pension liability was measured as of June 30, 2024 for the year ended June 30, 2024 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2023, rolled forward to June 30, 2024.

The District's net pension liability was measured as of June 30, 2023 for the year ended June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2022, rolled forward to June 30, 2023.

Changes in the total pension liability, plan fiduciary net position, and the net pension liability are:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
2024			
Balance, beginning of year	$ 486,932,893	$ 332,822,965	$ 154,109,928
Changes for the year			
Service cost	10,879,630	-	10,879,630
Interest	30,984,813	-	30,984,813
Effect of economic/demographic gains or losses	(78,463)	-	(78,463)
Contributions – employer	-	25,579,395	(25,579,395)
Contributions – employee	-	3,273,573	(3,273,573)
Net investment return	-	49,229,886	(49,229,886)
Benefit payments	(19,486,462)	(19,486,462)	-
Administrative expense	-	(252,375)	252,375
Net changes	22,299,518	58,344,017	(36,044,499)
Balance, end of year	$ 509,232,411	$ 391,166,982	$ 118,065,429
2023			
Balance, beginning of year	$ 469,163,358	$ 289,541,716	$ 179,621,642
Changes for the year			
Service cost	11,259,368	-	11,259,368
Interest	29,974,054	-	29,974,054
Effect of economic/demographic gains or losses	(7,648,919)	-	(7,648,919)
Effect of changes in assumptions or inputs	-	-	-
Contributions – employer	-	23,846,521	(23,846,521)
Contributions – employee	-	2,709,063	(2,709,063)
Net investment return	-	32,842,823	(32,842,823)
Benefit payments	(15,814,968)	(15,814,968)	-
Administrative expense	-	(302,190)	302,190
Net changes	17,769,535	43,281,249	(25,511,714)
Balance, end of year	$ 486,932,893	$ 332,822,965	$ 154,109,928

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net liability calculated using a single discount rate of 6.42% as well as what the Plan's net pension liability would be if it were calculated using a single discount rate that is one-percentage-point lower or one-percentage-point higher:

	1% Decrease (5.42%)	Current Discount Rate (6.42%)	1% Increase (7.42%)
District's net pension liability	$ 190,952,682	$ 118,065,429	$ 58,333,392

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

For the years ended June 30, 2024 and 2023, the District recognized pension expense of approximately $19,159,000 and $30,269,000, respectively.

At June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
2024		
Differences between expected and actual experience	$ 89,159	$ (3,784,212)
Changes of assumptions	5,023,608	-
Net difference between projected and actual earnings on pension plan investments	-	(16,248,465)
	$ 5,112,767	$ (20,032,677)
2023		
Differences between expected and actual experience	$ 485,654	$ (5,687,658)
Changes of assumptions	13,384,076	-
Net difference between projected and actual earnings on pension plan investments	6,522,052	-
	$ 20,391,782	$ (5,687,658)

Amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2024 related to pensions will be recognized in pension expense as follows:

2025	$ (3,987,227)
2026	2,895,705
2027	(8,314,372)
2028	(5,514,016)
	$ (14,919,910)

Note 13. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and significant to the fair value of the assets

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2024				
Investments				
External investment pool – LAIF	$ 475,144	$ -	$ -	$ 475,144
U.S. instrumentalities	17,127,011	-	17,127,011	-
Corporate bonds	18,705,223	-	18,705,223	-
U.S. Treasury obligations	6,349,353	-	6,349,353	-
Held by trustee				
Corporate bonds	534,690	-	534,690	-
U.S. instrumentalities	8,694,912	-	8,694,912	-
Total investments	$ 51,886,333	$ -	$ 51,411,189	$ 475,144

	Fair Value	Fair Value Measurements Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
2023				
Investments				
External investment pool – LAIF	$ 2,896,652	$ -	$ -	$ 2,896,652
U.S. instrumentalities	13,099,246	-	13,099,246	-
Corporate bonds	22,714,722	-	22,714,722	-
U.S. Treasury obligations	10,213,343	-	10,213,343	-
Money market mutual funds	93,182,438	93,182,438	-	-
Held by trustee				
Corporate bonds	496,895	-	496,895	-
U.S. instrumentalities	8,306,559	-	8,306,559	-
Total investments	$ 150,909,855	$ 93,182,438	$ 54,830,765	$ 2,896,652

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying balance sheets at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 14. Contingencies

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 10.

General Litigation

The District is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. Some of these allegations are in areas not covered by the District's self-insurance program or by commercial insurance, for example, allegations regarding employment practices or performance of contracts. The District evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management and counsel that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the balance sheet, change in net position, and cash flows of the District. Events could occur that would change this estimate materially in the near term.

Labor Agreements

A substantial percentage of the District's employees are covered by two collective bargaining agreements. The most recent California Nurses Association (CNA) contract was effective May 21, 2021 and expired May 26, 2024; negotiations for an updated CNA contract have been in process since. As of November 2024, a tentative agreement has been reached and will be presented in the November board meeting; after approval, the new contract will be finalized and available for distribution. The most recent Service Employees International Union (SEIU) contract was effective September 1, 2022 and will expire June 30, 2025.

Pension Benefit Obligations

The District has a noncontributory defined benefit pension plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the entry age normal cost method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

Investments

The District invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying balance sheets.

Note 15. Construction and Seismic Standards

According to California Assembly Bill (AB) 2190, acute care inpatient hospitals must demolish, replace, or retrofit hospital buildings that do not meet current seismic safety regulations and standards. The District has received an extension of this law until 2030 due to the COVID-19 pandemic. Because some of the District's buildings date back to the 1960s, 1970s, and 1980s, the cost to retrofit those buildings along with the other bed towers would be excessive and not cost-effective. In addition, the District would lose bed capacity during the retrofit process. As a result, the District's current plan is to build a complete 320-bed replacement facility on vacant property owned by the District that is adjacent to the current hospital. It was planned that the financing for this project would include the combination of publicly supported obligation bonds and the sale of revenue bonds; however, in March 2020 and June 2022, the District placed on the ballot a general obligation bond issue that did not pass. The District is currently assessing other ways to fund this project.

Note 16. Revenue from Governmental Programs

Hospital Fee Program

The California Hospital Fee Program (Program) was signed into law on September 8, 2010 by the governor of California. The Program requires a "hospital fee" or "Quality Assurance Fee" (QA Fee) to be paid by certain hospitals to a state fund established to accumulate the assessed QA Fees and receive matching federal funds. QA Fees and corresponding matching federal funds are then paid to participating hospitals in two supplemental payment methodologies: a fee-for-service methodology and a managed care plan methodology. The District, as a non-designated public hospital in California, is not subject to the QA Fee assessment according to the legislation, but rather receives net supplemental payments. Additional legislation has continued to extend the Program. During 2024 and 2023, the District received supplemental payments through the Program. The Program provides funding for supplemental payments to California hospitals that serve Medi-Cal and uninsured patients.

Under the Program, the District recognized approximately $15,861,000 and $14,603,000 in supplemental funds revenue during the years ended June 30, 2024 and 2023, respectively. The net impact of the Program resulted in an increase in net position of approximately $13,219,000 during the year ended June 30, 2024, including an increase of approximately $999,000 related to settlements of final amounts related to prior years. The impact of the Program resulted in an increase in net position of approximately $11,805,000 for the year ended June 30, 2023.

IGT Program

During 2024 and 2023, the District received supplemental payments through the Non-Designated Public Intergovernmental Transfer Program (IGT Program) created by AB113 to allow non-designated public hospitals to access additional federal funds. Under this legislation, the District recognized approximately $6,000,000 and $2,197,000 in supplemental funds revenue during the years ended June 30, 2024 and 2023, respectively. The net impact of the IGT Program resulted in an increase in net position of approximately $3,360,000 and $1,296,000 during the years ended June 30, 2024 and 2023, including an increase of approximately $1,655,140 and $415,000, respectively, related to settlements of final amounts related to prior years.

Disproportionate Share Program

Additionally, as of June 30, 2024 and 2023, the District has a reserve of approximately $10,000,000 related to the anticipated requests to return SB1100 funds received for the years 2024 and 2023 due to potentially exceeding the statutory upper payment limit. During the year ended June 30, 2023, the District released the reserves related to fiscal years prior to and including 2021 due to its belief the government will not pursue these items further, causing an increase in net position of $28,055,631. The reserve of $10,000,000 is included in estimated third-party payor settlements in the accompanying balance sheets.

District Hospital Direct Payment Program

The District Hospital Direct Payment Program is a supplemental payment program created in 2021. It provides qualifying hospitals with supplemental payments to bridge the gap between the Medicaid rates hospitals are paid to deliver health care to the poor, elderly, and disabled and the actual costs of the care. The Directed Payment Program provides funding for hospitals that provide inpatient and outpatient services to Medicaid managed care enrollees.

Under the program, the District recognized $12,372,726 in supplemental funds revenue during the year ended June 30, 2024 and no revenue for the year ended June 30, 2023. The net impact of the Program resulted in an increase in net position of approximately $8,042,000 during the year ended June 30, 2024.

Note 17. Future Change in Accounting Principle

GASB recently issued Statement No. 101, *Compensated Absences*. GASB 101 provides further clarity and guidance on when and how to record liabilities associated with compensated absences. Additionally, it amends previous disclosure requirements. The District expects to first apply GASB 101 during the year ended June 30, 2025. The impact of applying GASB 101 has not been determined.

Note 18. Condensed Combining Information

The following tables include condensed combining balance sheet information for the District and its blended component units as of June 30:

	2024				
	AVHD	AVMCF	Total	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
Current Assets					
Cash	$ 33,676,925	$ 3,920,560	$ 37,597,485	$ -	$ 37,597,485
Cash held in escrow	100,700,604	-	100,700,604	-	100,700,604
Short-term investments	703,060	-	703,060	-	703,060
Restricted cash and investments – current	1,820,980	-	1,820,980	-	1,820,980
Patient accounts receivable, net	68,962,523	-	68,962,523	-	68,962,523
Other receivables	3,606,928	-	3,606,928	(14,521)	3,592,407
Estimated amounts due from third-party payors	30,121,010	-	30,121,010	-	30,121,010
Supplies	11,382,269	-	11,382,269	-	11,382,269
Prepaid expenses and other	2,391,457	-	2,391,457	-	2,391,457
Total Current Assets	253,365,756	3,920,560	257,286,316	(14,521)	257,271,795
Noncurrent Cash and Investments					
Held by trustee for debt service	9,229,600	-	9,229,600	-	9,229,600
Less amount required to meet current obligations	(1,820,980)	-	(1,820,980)	-	(1,820,980)
	7,408,620	-	7,408,620	-	7,408,620
Other long-term investments	41,953,673	-	41,953,673	-	41,953,673
Total Noncurrent Cash and Investments	49,362,293	-	49,362,293	-	49,362,293
Capital Assets, Net	229,013,795	35,000	229,048,795	-	229,048,795
Lease Assets, Net	7,493,454	-	7,493,454	-	7,493,454
Subscription Assets, Net	25,179,826	-	25,179,826	-	25,179,826
Lease Receivables	15,390,511	-	15,390,511	-	15,390,511
Other Assets	109,976	-	109,976	-	109,976
Total Noncurrent Assets	326,549,855	35,000	326,584,855	-	326,584,855
Total Assets	579,915,611	3,955,560	583,871,171	(14,521)	583,856,650
Deferred Outflows of Resources					
Pension-related	5,112,767		5,112,767	-	5,112,767
Deferred loss on debt defeasance	582,328		582,328	-	582,328
Total Deferred Outflows of Resources	5,695,095	-	5,695,095	-	5,695,095
Total Assets and Deferred Outflows of Resources	$ 585,610,706	$ 3,955,560	$ 589,566,266	$ (14,521)	$ 589,551,745

	2024				
	AVHD	**AVMCF**	**Total**	**Eliminations**	**Combined**
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION					
Current Liabilities					
Current maturities of long-term debt	$ 2,785,000	$ -	$ 2,785,000	$ -	$ 2,785,000
Line of credit	15,000,000	-	15,000,000	-	15,000,000
Current portion of lease liabilities	2,393,115	-	2,393,115	-	2,393,115
Current portion of subscription liabilities	5,564,426	-	5,564,426	-	5,564,426
Accounts payable and accrued liabilities	25,800,691	93,009	25,893,700	(14,521)	25,879,179
Accrued payroll and related expenses	23,409,289	-	23,409,289	-	23,409,289
Estimated amounts due to third-party payors	10,140,080	-	10,140,080	-	10,140,080
Estimated self-insurance costs – current	7,924,066	-	7,924,066	-	7,924,066
Accrued interest payable	1,820,980	-	1,820,980	-	1,820,980
Total Current Liabilities	94,837,647	93,009	94,930,656	(14,521)	94,916,135
Other Liabilities					
Long-term debt	109,351,148	-	109,351,148	-	109,351,148
Estimated self-insurance costs	19,176,684	-	19,176,684	-	19,176,684
Lease liabilities	6,928,747	-	6,928,747	-	6,928,747
Subscription liabilities	19,698,792	-	19,698,792	-	19,698,792
Net pension liability	118,065,429	-	118,065,429	-	118,065,429
Total Other Liabilities	273,220,800	-	273,220,800	-	273,220,800
Total Liabilities	368,058,447	93,009	368,151,456	(14,521)	368,136,935
Deferred Inflows of Resources					
Pension-related	20,032,677	-	20,032,677	-	20,032,677
Leases	16,196,667	-	16,196,667	-	16,196,667
Total Deferred Inflows of Resources	36,229,344	-	36,229,344	-	36,229,344
Net Position					
Net investment in capital assets	117,296,446	35,000	117,331,446	94,287	117,425,733
Restricted, expendable for specific operating activities	-	80,934	80,934	-	80,934
Unrestricted	64,026,469	3,746,617	67,773,086	(94,287)	67,678,799
Total Net Position	181,322,915	3,862,551	185,185,466	-	185,185,466
Total Liabilites, Deferred Inflows of Resources, and Net Position	$ 585,610,706	$ 3,955,560	$ 589,566,266	$ (14,521)	$ 589,551,745

	2023					
	AVHD	AVOIC	AVMCF	Total	Eliminations	Combined
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
Current Assets						
Cash	$ 33,087,526	$ 511,843	$ 3,591,819	$ 37,191,188	$ -	$ 37,191,188
Short-term investments	3,155,533	-	-	3,155,533	-	3,155,533
Restricted cash and investments – current	1,907,396	-	-	1,907,396	-	1,907,396
Patient accounts receivable, net	59,400,310	2,277,869	-	61,678,179	-	61,678,179
Other receivables	6,038,611	29,846	-	6,068,457	(3,060,780)	3,007,677
Estimated amounts due from third-party payors	26,383,616	-	-	26,383,616	-	26,383,616
Supplies	10,428,371	90,109	-	10,518,480	-	10,518,480
Prepaid expenses and other	2,237,140	37,101	-	2,274,241	-	2,274,241
Total Current Assets	142,638,503	2,946,768	3,591,819	149,177,090	(3,060,780)	146,116,310
Noncurrent Cash and Investments						
Held by trustee for debt service	8,803,454	-	-	8,803,454	-	8,803,454
Less amount required to meet current obligations	(1,907,396)	-	-	(1,907,396)	-	(1,907,396)
	6,896,058	-	-	6,896,058	-	6,896,058
Other long-term investments	138,950,868	-	-	138,950,868	-	138,950,868
Total Noncurrent Cash and Investments	145,846,926	-	-	145,846,926	-	145,846,926
Capital Assets, Net	214,747,118	540,513	35,000	215,322,631	-	215,322,631
Lease Assets, Net	9,336,597	3,224,302	-	12,560,899	(2,051,066)	10,509,833
Subscription Assets, Net	6,458,752	-	-	6,458,752	-	6,458,752
Lease Receivables	14,464,282	-	-	14,464,282	(1,664,683)	12,799,599
Other Assets	109,977	-	-	109,977	-	109,977
Total Noncurrent Assets	390,963,652	3,764,815	35,000	394,763,467	(3,715,749)	391,047,718
Total Assets	533,602,155	6,711,583	3,626,819	543,940,557	(6,776,529)	537,164,028
Deferred Outflows of Resources						
Pension-related	20,391,782	-	-	20,391,782	-	20,391,782
Deferred loss on debt defeasance	669,712	-	-	669,712	-	669,712
Total Deferred Outflows of Resources	21,061,494	-	-	21,061,494	-	21,061,494
Total Assets and Deferred Outflows of Resources	$ 554,663,649	$ 6,711,583	$ 3,626,819	$ 565,002,051	$ (6,776,529)	$ 558,225,522

	2023					
	AVHD	AVOIC	AVMCF	Total	Eliminations	Combined
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
Current Liabilities						
Current maturities of long-term debt	$ 2,655,000	$ 31,650	$ -	$ 2,686,650	$ (31,650)	$ 2,655,000
Current portion of lease liabilities	2,862,882	1,158,689	-	4,021,571	(480,670)	3,540,901
Current portion of subscription liabilities	3,848,006	-	-	3,848,006	-	3,848,006
Accounts payable and accrued liabilities	19,693,014	3,893,850	108,919	23,695,783	(2,548,465)	21,147,318
Accrued payroll and related expenses	21,661,384	1,115,182	-	22,776,566	-	22,776,566
Estimated amounts due to third-party payors	9,919,034	-	-	9,919,034	-	9,919,034
Estimated self-insurance costs – current	8,088,500	-	-	8,088,500	-	8,088,500
Accrued interest payable	1,907,396	-	-	1,907,396	-	1,907,396
Total Current Liabilities	70,635,216	6,199,371	108,919	76,943,506	(3,060,785)	73,882,721
Other Liabilities						
Long-term debt	112,319,196	-	-	112,319,196	-	112,319,196
Estimated self-insurance costs	18,937,343	-	-	18,937,343	-	18,937,343
Lease liabilities	8,245,955	2,255,305		10,501,260	(1,664,683)	8,836,577
Subscription liabilities	1,672,478	-	-	1,672,478	-	1,672,478
Net pension liability	154,109,928	-	-	154,109,928	-	154,109,928
Total Other Liabilities	295,284,900	2,255,305	-	297,540,205	(1,664,683)	295,875,522
Total Liabilities	365,920,116	8,454,676	108,919	374,483,711	(4,725,468)	369,758,243
Deferred Inflows of Resources						
Pension-related	5,687,658	-	-	5,687,658	-	5,687,658
Leases	15,552,099	-	-	15,552,099	(2,051,061)	13,501,038
Total Deferred Inflows of Resources	21,239,757	-	-	21,239,757	(2,051,061)	19,188,696
Net Position						
Members' contributed capital	-	1,233,847	-	1,233,847	(1,233,847)	-
Net investment in capital assets	106,896,062	319,171	-	107,215,233	94,287	107,309,520
Restricted, expendable for specific operating activities	-	-	67,527	67,527	-	67,527
Unrestricted	60,607,714	(3,296,111)	3,450,373	60,761,976	1,139,560	61,901,536
Total Net Position	167,503,776	(1,743,093)	3,517,900	169,278,583	-	169,278,583
Total Liabilites, Deferred Inflows of Resources, and Net Position	$ 554,663,649	$ 6,711,583	$ 3,626,819	$ 565,002,051	$ (6,776,529)	$ 558,225,522

The following tables include condensed combining statements of revenues, expenses, and changes in net position information for the District and its blended component units for the years ended June 30:

	2024					
	AVHD	AVOIC	AVMCF	Total	Eliminations	Combined
Operating Revenues						
Net patient service revenue, net	$ 459,895,411	$ 9,610,920	$ -	$ 469,506,331	$ -	$ 469,506,331
Supplemental funding	60,201,853	-	-	60,201,853	-	60,201,853
Other revenue	5,276,564	-	-	5,276,564	41,384	5,317,948
Total Operating Revenues	525,373,828	9,610,920	-	534,984,748	41,384	535,026,132
Operating Expenses						
Salaries and wages	240,717,664	3,000,559	96,369	243,814,592	(96,369)	243,718,223
Employee benefits	66,077,366	419,480	-	66,496,846	-	66,496,846
Professional and medical fees	42,751,692	4,186,771	-	46,938,463	-	46,938,463
Purchased services	31,936,714	1,125,878	119,236	33,181,828	-	33,181,828
Supplies and other	75,851,405	677,777	579	76,529,761	(9,891)	76,519,870
Depreciation and amortization	27,539,294	725,696	-	28,264,990	-	28,264,990
Other operating expenses	30,466,377	528,847	7,112	31,002,336	-	31,002,336
Total Operating Expenses	515,340,512	10,665,008	223,296	526,228,816	(106,260)	526,122,556
Operating Income (Loss)	10,033,316	(1,054,088)	(223,296)	8,755,932	147,644	8,903,576
Nonoperating Revenues (Expenses)						
Grant revenue and contributions	4,187,868	-	752,319	4,940,187	(165,222)	4,774,965
Transfer of funds to the District	-	-	(186,373)	(186,373)	186,373	-
Interest expense	(5,868,005)	(66,307)	-	(5,934,312)	-	(5,934,312)
Gain on investments in equity investees	(1,648,183)	2,863,488	-	1,215,305	-	1,215,305
Investment return	6,985,851	-	2,001	6,987,852	(41,383)	6,946,469
Total Nonoperating Revenues (Expenses)	3,657,531	2,797,181	567,947	7,022,659	(20,232)	7,002,427
Excess of Revenues over Expenses Before Capital Grants and Gifts	13,690,847	1,743,093	344,651	15,778,591	127,412	15,906,003
Capital Grants and Gifts	128,292	-	-	128,292	(127,412)	880
Increase in Net Position	13,819,139	1,743,093	344,651	15,906,883	-	15,906,883
Net Position, Beginning of Year	167,503,776	(1,743,093)	3,517,900	169,278,583	-	169,278,583
Net Position, End of Year	$ 181,322,915	$ -	$ 3,862,551	$ 185,185,466	$ -	$ 185,185,466

	2023					
	AVHD	AVOIC	AVMCHF	Total	Eliminations	Combined
Operating Revenues						
Net patient service revenue, net	$ 427,630,111	$ 16,460,014	$ -	$ 444,090,125	$ -	$ 444,090,125
Supplemental funding	74,004,825	-	-	74,004,825	-	74,004,825
Other revenue	6,848,045	(220,858)	-	6,627,187	(1,928,477)	4,698,710
Total Operating Revenues	508,482,981	16,239,156	-	524,722,137	(1,928,477)	522,793,660
Operating Expenses						
Salaries and wages	233,335,343	5,077,936	90,787	238,504,066	(90,787)	238,413,279
Employee benefits	74,198,915	562,163	-	74,761,078		74,761,078
Professional and medical fees	37,502,498	8,259,740	-	45,762,238	(1,027,771)	44,734,467
Purchased services	31,302,709	1,635,133	97,948	33,035,790		33,035,790
Supplies and other	72,861,516	1,262,184	104	74,123,804	(1,949)	74,121,855
Depreciation and amortization	26,269,793	2,066,918	-	28,336,711	(984,504)	27,352,207
Other operating expenses	25,691,258	841,378	5,837	26,538,473		26,538,473
Total Operating Expenses	501,162,032	19,705,452	194,676	521,062,160	(2,105,011)	518,957,149
Operating Income (Loss)	7,320,949	(3,466,296)	(194,676)	3,659,977	176,534	3,836,511
Nonoperating Revenues (Expenses)						
Grant revenue and contributions	5,228,576	-	542,127	5,770,703	(104,178)	5,666,525
Transfer of funds to Hospital	-	-	(110,697)	(110,697)	110,697	-
Interest expense	(6,016,682)	(290,497)	-	(6,307,179)	-	(6,307,179)
Gain on investments in equity investees	(5,771,399)	-	-	(5,771,399)	1,602,760	(4,168,639)
Investment income	4,029,142	-	1,967	4,031,109	(83,803)	3,947,306
Total Nonoperating Revenues (Expenses)	(2,530,363)	(290,497)	433,397	(2,387,463)	1,525,476	(861,987)
Excess (Deficiency) of Revenues over Expenses Before Capital Grants and Gifts	4,790,586	(3,756,793)	238,721	1,272,514	1,702,010	2,974,524
Capital Grants and Gifts	99,250	-	-	99,250	(99,250)	-
Increase (Decrease) in Net Position	4,889,836	(3,756,793)	238,721	1,371,764	1,602,760	2,974,524
Net Position, Beginning of Year	162,613,940	2,013,700	3,279,179	167,906,819	(1,602,760)	166,304,059
Net Position, End of Year	$ 167,503,776	$ (1,743,093)	$ 3,517,900	$ 169,278,583	$ -	$ 169,278,583

The following tables include condensed combining statements of cash flows information for the District and its blended component units for the years ended June 30:

	2024			
	AVHD	AVOIC	AVMCF	Total
Net Cash Provided by (Used in) Operating Activities	$ 16,497,587	$ (511,843)	$ 328,741	$ 16,314,485
Net Cash Provided by Noncapital Financing Activities	4,774,965	-	-	4,774,965
Net Cash Used in Capital and Related Financing Activities	(26,616,331)	-	-	(26,616,331)
Net Cash Provided by Investing Activities	106,633,782	-	-	106,633,782
Increase (Decrease) in Cash	101,290,003	(511,843)	328,741	101,106,901
Cash, Beginning of Year	33,087,526	511,843	3,591,819	37,191,188
Cash, End of Year	$ 134,377,529	$ -	$ 3,920,560	$ 138,298,089

	2023			
	AVHD	AVOIC	AVMCF	Total
Net Cash Provided by Operating Activities	$ 2,552,480	$ 616,730	$ 307,563	$ 3,476,773
Net Cash Provided by Noncapital Financing Activities	5,666,525	-	-	5,666,525
Net Cash Used in Capital and Related Financing Activities	(40,614,566)	(1,155,266)	-	(41,769,832)
Net Cash Provided by Investing Activities	43,985,577	-	-	43,985,577
Increase (Decrease) in Cash	11,590,016	(538,536)	307,563	11,359,043
Cash, Beginning of Year	21,497,510	1,050,379	3,284,256	25,832,145
Cash, End of Year	$ 33,087,526	$ 511,843	$ 3,591,819	$ 37,191,188

Required Supplementary Information

Antelope Valley Healthcare District
Schedule of Changes in the Net Pension Liability and Related Ratios

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 10,879,630	$ 11,259,368	$ 10,517,270	$ 9,250,029	$ 8,315,033	$ 7,747,623	$ 8,268,096	$ 7,016,415	$ 6,707,130	$ 6,480,319
Interest	30,984,813	29,974,054	28,523,854	26,900,142	24,460,673	23,009,137	22,180,542	20,593,745	19,660,531	18,338,307
Changes of assumptions	-	-	8,976,413	18,283,221	20,724,964	-	129,155	8,609,531	8,835,715	-
Differences between expected and actual experience	(78,463)	(7,648,919)	-	802,447	1,963,557	1,154,492	(8,105,314)	5,281,052	(5,190,447)	-
Benefit payments	(19,486,462)	(15,814,968)	(15,497,141)	(13,341,319)	(11,992,898)	(10,924,570)	(9,825,764)	(8,800,937)	(7,711,728)	(6,893,033)
Net Change in Total Pension Liability	22,299,518	17,769,535	32,520,396	41,894,520	43,471,329	20,986,682	12,646,715	32,699,806	22,301,201	17,925,593
Total Pension Liability – Beginning	486,932,893	469,163,358	436,642,962	394,748,442	351,277,113	330,290,431	317,643,716	284,943,910	262,642,709	244,717,116
Total Pension Liability – Ending (a)	509,232,411	486,932,893	469,163,358	436,642,962	394,748,442	351,277,113	330,290,431	317,643,716	284,943,910	262,642,709
Plan Fiduciary Net Position										
Contributions – employer	25,579,395	23,846,521	24,390,164	18,066,319	20,367,897	19,713,038	18,559,927	14,741,814	18,711,728	13,888,450
Contributions – employee	3,273,573	2,709,063	2,217,854	2,023,504	1,612,787	1,395,539	1,048,104	775,922	660,595	146,786
Net investment income (loss)	49,229,886	32,842,823	(38,696,852)	66,028,811	9,529,079	13,571,598	14,388,612	15,972,545	(1,737,867)	5,222,989
Administrative expense	(252,375)	(302,190)	(385,838)	(267,751)	(31,070)	(395,284)	(27,346)	(25,943)	(47,692)	(74,122)
Benefit payments	(19,486,462)	(15,814,968)	(15,497,141)	(13,341,319)	(11,992,898)	(10,924,570)	(9,825,765)	(8,800,937)	(7,711,728)	(6,893,033)
Net Change in Plan Fiduciary Net Position	58,344,017	43,281,249	(27,971,813)	72,509,564	19,485,795	23,360,321	24,143,532	22,663,401	9,875,036	12,291,070
Plan Fiduciary Net Position – Beginning	332,822,965	289,541,716	317,513,529	245,003,965	225,518,170	202,157,849	178,014,317	155,350,916	145,475,880	133,184,810
Plan Fiduciary Net Position – Ending (b)	391,166,982	332,822,965	289,541,716	317,513,529	245,003,965	225,518,170	202,157,849	178,014,317	155,350,916	145,475,880
Net Pension Liability – Ending (a) – (b)	$ 118,065,429	$ 154,109,928	$ 179,621,642	$ 119,129,433	$ 149,744,477	$ 125,758,943	$ 128,132,582	$ 139,629,399	$ 129,592,994	$ 117,166,829
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.82%	68.35%	61.71%	72.72%	62.07%	64.20%	61.21%	56.04%	54.52%	55.39%
Covered-Employee Payroll	$ 154,615,246	$ 154,615,246	$ 160,280,319	$ 155,611,960	$ 155,267,645	$ 150,222,000	$ 142,333,000	$ 150,657,227	$ 147,694,076	$ 145,363,784
Net Pension Liability as a Percentage of Covered-Employee Payroll	76.36%	99.67%	112.07%	76.56%	96.44%	83.72%	90.02%	92.68%	87.74%	80.60%

Antelope Valley Healthcare District
Schedule of Pension Contributions

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	$ 20,565,690	$ 21,404,672	$ 20,582,910	$ 18,515,980	$ 16,099,900	$ 15,442,859	$ 16,292,095	$ 13,875,355	$ 13,400,105	$ 13,497,568
Contributions in relation to the actuarially determined contribution	25,579,395	23,846,521	24,390,164	18,066,319	20,367,897	19,713,038	18,559,927	14,741,814	18,711,728	13,888,450
Contribution deficiency (excess)	$ (5,013,705)	$ (2,441,849)	$ (3,807,254)	$ 449,661	$ (4,267,997)	$ (4,270,179)	$ (2,267,832)	$ (866,459)	$ (5,311,623)	$ (390,882)
Covered-employee payroll	$ 154,615,246	$ 154,615,246	$ 160,280,319	$ 155,611,960	$ 155,267,645	$ 150,222,000	$ 142,333,000	$ 150,657,227	$ 147,694,076	$ 145,363,784
Contributions as a percentage of covered-employee payroll	16.54%	15.42%	15.22%	11.61%	13.12%	13.12%	13.04%	9.79%	12.67%	9.55%

Notes to Schedule

Valuation date: July 1, 2023

Methods and assumptions used to determine contribution rates:

- Actuarial cost method: Effective July 1, 2014, Initial Entry Age Normal cost method; through July 1, 2013, Projected Unit Credit cost method
- Amortization method: Effective July 1, 2014, Closed 25-year amortization, level percentage of pay; through July 1, 2013, Open 10-year amortization, level dollar amount. Future changes amortized over a closed period based on the source of the change.
- Asset valuation method: Market value gains and losses smoothed over four years, with result within 20% of the market value
- Inflation: Effective July 1, 2015, 2.5% per year
- Salary increases: Effective July 1, 2015, 7.0%–3.0% by duration
- Investment rate of return: Effective July 1, 2021, 6.42%, net of investment expense, including inflation; effective July 1, 2020, 6.57%, net of investment expense, including inflation; effective July 1, 2016, 7.0%, net of investment expense, including inflation; effective July 1, 2015, 7.25%, net of investment expense, including inflation; effective July 1, 2014, 7.5%, net of investment expense, including inflation
- Retirement age: Normal retirement at 65 years old; early retirement at 55 years old and 10 years of service
- Mortality: Effective July 1, 2019, Pri-2012 mortality tables projected using rates specified in scale MP-2019; effective July 1, 2015, Healthy Combined RP-2014 mortality projected to 2029 using scale BB for PEPRA participants; effective July 1, 2009, Healthy Combined RP-2000 mortality projected to 2015 using scale AA (2030 for PEPRA participants)