CHAFFEY COMMUNITY COLLEGE DISTRICT

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

CHAFFEY COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS
JUNE 30, 2017

FINANCIAL SECTION

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Chaffey Community College District
Rancho Cucamonga, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of Chaffey Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 2016-2017 *Contracted District Audit Manual*, issued by the California Community Colleges Chancellor's Office. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 2 and 16 to the financial statements, in 2017, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis on pages 5 through 12 and other required supplementary schedules on pages 63 through 68 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 19, 2017

USING THIS ANNUAL REPORT

As required by generally accepted accounting principles, the annual report consists of three basic financial statements that provide information on the Chaffey Community College District's (the District) activities as a whole: the *Statement of Net Position*; the *Statement of Revenues, Expenses, and Changes in Net Position*; and the *Statement of Cash Flows*.

Responsibility for the completeness and accuracy of this information rests with District management.

The California Community Colleges Chancellor's Office has recommended that all State community colleges follow the Business-Type Activity (BTA) model for financial statement reporting purposes.

The focus of the *Statement of Net Position* is designed to be similar to bottom line results for the District. This statement combines and consolidates current financial resources (net short-term spendable resources) with capital assets and long-term obligations. The *Statement of Revenues, Expenses, and Changes in Net Position* focuses on the costs of the District's operational activities, which are supported mainly by property taxes and by State and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public. The *Statement of Cash Flows* provides an analysis of the sources and uses of cash within the operations of the District.

Comparative information is included for the years ended June 30, 2017 and 2016.

FINANCIAL HIGHLIGHTS

- The District's primary funding source is apportionment received from the State of California. The District's apportionment amount is determined by the number and size of colleges and centers in the District and the number of Full-Time Equivalent Students (FTES). Chaffey College has one medium college in Rancho Cucamonga and two large State approved centers in Fontana and Chino. The actual factored FTES per the 2016-2017 annual apportionment attendance report was 16,385.30. This is an increase of 535.98 FTES from the prior year funded FTES. The FTES increase is the result of increased sections to support the District's 3.38 percent growth rate. The District's Cost of Living Adjustment (COLA) was zero percent.

- At the close of the 2016-2017 fiscal year, the unrestricted General Fund reserve met the California Community Colleges Chancellor's Office recommendation to maintain a minimum of a five percent reserve. In addition, the District's Governing Board policy of a seven percent reserve has also been met. By maintaining this reserve, the District will have funds available for unanticipated expenditures and budget uncertainties.

- The District is accredited by the Accrediting Commission for Community and Junior Colleges, Western Association of Schools and Colleges. The last accreditation review was completed in October 2016. The Accrediting Commission reaffirmed the District's accreditation status in January 2017. Reaffirmation indicates that the Commission has determined that the institution is in compliance with accreditation standards. The next accreditation review will be in Fall 2023, with a midterm report due in Fall 2020.

FINANCIAL HIGHLIGHTS, Continued

- Chaffey College continues to operate as a fiscally independent district. The District no longer utilizes the San Bernardino County Superintendent of Schools as a pass-through to process commercial and payroll warrants, but deals directly with the San Bernardino County Treasurer's and Auditor-Controller's Offices. Fiscal independence provides the District with greater internal controls and enables the District to meet their financial obligations by providing timely services to the outside business community, students, and employees.

- During the 2014-2015 fiscal year, the District established a Governmental Accounting Standards Board (GASB) Statement No. 43 irrevocable trust with Futuris Public Entity Investment Trust to fund other postemployment benefit (OPEB) obligations. Through June 30, 2017, the District has contributed $6,738,910 to this trust. The District will budget annual contributions to continue funding the trust in an effort to meet future obligations.

- During the 2016-2017 fiscal year, the District established an irrevocable pension stability trust with California Public Entity Pension Trust to assist in stabilizing the District's funding for increasing future State Teachers' Retirement System (STRS) and Public Employees' Retirement System (PERS) liabilities. Through June 30, 2017, the District has contributed $500,000 to this trust.

- The District implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, by State and Local Governmental Employers, for the year ended June 30, 2015. GASB Statement No. 68 is a change in accounting principles that establishes standards for measuring and recognizing future retirement liabilities. As a result of implementing GASB Statement No. 68, the District's aggregate net pension obligation as of June 30, 2017 was $95.2 million.

- The District was awarded nearly $15 million for advanced manufacturing training from the Trade Adjustment Assistance Community College and Career Training (TAACCCT) competitive grant program, which is administered by the Department of Labor and the Department of Education. These funds were used to establish a Technical Training Center at California Steel Industries (CSI). Classes began at the INTECH center in early 2016.

- Measure L continues to support capital improvements and the District has various construction projects funded by the 2002 $230 million general obligation bond and capital projects funds in progress throughout the District. Some of the major projects in the final pre-bid stages during 2016-2017 fiscal year were:

    - Museum Renovation
    - Theatre Wings Renovation
    - Planetarium Renovation
    - Campus Center Shade Structure
    - Campus Center East Plaza

  Projects not completed in 2016-2017 will be on-going through the 2017-2018 fiscal year and future years until completion.

ECONOMIC FACTORS AFFECTING CURRENT AND FUTURE FINANCES OF CHAFFEY COMMUNITY COLLEGE DISTRICT

The economic position of the District is closely tied to the State of California, as State apportionments and property taxes allocated to the District in 2016-2017 represented approximately 83 percent of the unrestricted General Fund revenues.

The 2016-2017 State budget included additional funding for education with an emphasis on student access and success. California Community Colleges received increases in both on-going and one-time funding. On-going funding increases included approximately $156 million (two percent) in State growth funding to increase student access, a Cost of Living Adjustment (COLA) of zero percent and a base funding increase. The District's 3.38 percent of the State growth funding was used to add class sections to allow for increased student access. District full-time equivalent students (FTES) increased to 16,385 FTES, which is 536 FTES above the prior fiscal year. One-time funds and the base increases are being used to fund institutional costs that support student access.

No State revenue shortfall and no year-end deficit factor were applied to the District's State revenue sources in 2016-2017.

The passage of Proposition 30 by California voters in November 2012 increased State revenues and benefited California community colleges for the immediate future by preventing additional funding reductions, increasing funding for student access and eliminating State cash deferrals. The measure temporarily increases personal income tax on annual earnings over $250,000 for seven years and sales and use tax by ¼ cent for four years. Eleven percent of these temporary tax revenues will be allocated to community colleges and eighty-nine percent to K-12 schools. Funds cannot be spent on administrative salaries, but provides local school governing boards discretion to decide, in open meetings and subject to annual audit, how funds are to be spent.

The Proposition 30 ¼ cent sales and use tax ends in December 2016. However, in November 2016, California voters approved Proposition 55, which extends the increases in personal income tax on annual earnings over $250,000 that were implemented under Proposition 30 until 2030.

Voters also approved Proposition 51, which authorizes $9 billion in general obligation bonds for K-14 public school facilities. The District has one project that is eligible for State bond funding.

There are currently no other known facts, decisions, or conditions that will have a significant effect on the financial position (net position) or results of operations (revenues, expenses, and changes in net position) of the District.

Condensed financial information is as follows:

Net Position
as of June 30,

	2017	2016
Current and Other Assets		
Cash and investments	$ 96,736,017	$ 91,999,261
Other current assets	11,892,946	9,330,013
Total Current Assets	**108,628,963**	**101,329,274**
Noncurrent Assets		
Net other postemployment benefit (OPEB) asset	712,917	-
Capital assets, net of depreciation	283,794,873	287,840,944
Total Noncurrent Assets	**284,507,790**	**287,840,944**
Total Assets	**393,136,753**	**389,170,218**
Deferred Outflow of Resources		
Deferred charge on refunding	12,081,838	13,073,647
Deferred outflows of resources related to pensions	24,191,203	19,216,203
Total Deferred Outflow of Resources	**36,273,041**	**32,289,850**
Current Liabilities		
Accounts payable and accrued liabilities	15,273,446	19,733,564
Unearned revenue	15,063,279	6,797,420
Long-term obligations - current portion	6,626,523	6,345,579
Total Current Liabilities	**36,963,248**	**32,876,563**
Noncurrent Liabilities		
Long-term obligations	268,525,721	257,710,484
Total Liabilities	**305,488,969**	**290,587,047**
Deferred Inflow of Resources		
Deferred inflows of resources related to pensions	3,521,438	15,754,146
Net Position		
Net investment in capital assets	141,678,974	141,701,779
Restricted for expendable purposes	32,064,597	29,080,974
Unrestricted	(53,344,184)	(55,663,878)
Total Net Position	**$ 120,399,387**	**$ 115,118,875**

This schedule has been prepared from the District's *Statement of Net Position*, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Capital assets, net of depreciation, are the historical value (original cost) of land, buildings, construction in progress, and equipment less accumulated depreciation. Gross capital assets increased approximately $4.0 million due to the projects funded by the general obligation bond. Current year depreciation expense was $8.8 million for a net reduction in our capital asset balance of $4.0 million, net of disposals. Note 6 to the financial statements provides additional information on capital assets.

Long-term obligations consist primarily of general obligation bonds, aggregate net pension obligation, and notes payable. At June 30, 2017, the District had $178.3 million in debt outstanding due to the issuance of bonds and notes payable. Note 10 to the financial statements provides additional information on long-term obligations. At June 30, 2017, the District's aggregate net pension obligation was $95.2 million. Note 13 to the financial statements provides additional information on the District's aggregate net pension obligation.

Many of the unrestricted assets have been designated by the Board or by contracts for such purposes as Federal and State grants, outstanding commitments on contracts, bookstore and cafeteria reserves, and general reserves for the ongoing financial health of the District.

Operating Results
for the Years Ended June 30,

	2017	2016
Operating Revenues		
Tuition and fees (net)	$ 11,019,385	$ 10,169,292
Bookstore, net sales	5,731,504	5,897,689
Total Operating Revenues	**16,750,889**	**16,066,981**
Operating Expenses		
Salaries and benefits	101,973,683	93,797,301
Supplies, materials, and other operating expenses	27,851,578	27,722,327
Student financial aid	27,564,811	26,959,377
Depreciation	8,756,068	8,169,487
Total Operating Expenses	**166,146,140**	**156,648,492**
Operating Loss	**(149,395,251)**	**(140,581,511)**
Nonoperating Revenues (Expenses)		
State apportionments	37,355,523	32,380,892
Grants and contracts	67,784,200	66,169,508
Property taxes	50,717,897	49,385,918
State revenues	5,243,799	11,538,357
Net interest and investment income (expense)	(6,062,791)	(5,226,357)
Other nonoperating revenues (expenses)	(900,933)	1,006,371
Total Nonoperating Revenue (Expenses)	**154,137,695**	**155,254,689**
Other Revenues and (Losses)		
State capital income	579,135	416,729
Loss on disposal of capital assets	(41,067)	(198)
Total Other Revenues and (Losses)	538,068	416,531
Change in Net Position	**$ 5,280,512**	**$ 15,089,709**

Grant and contract revenues relate to student financial aid, as well as specific Federal and State grants received for programs serving the students of the District. These grant and program revenues are restricted as to the allowable expenses related to the programs.

In accordance with requirements set forth by the California Community Colleges Chancellor's Office, the District reports operating expenses by object code. Operating expenses by functional classification are as follows:

Statement of Functional Expenses
for the Year Ended June 30, 2017

	Salaries and Benefits	Supplies, Materials, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 52,685,605	$ 1,855,376	$ -	$ -	$ 54,540,981
Academic support	6,512,029	639,116	-	-	7,151,145
Student services	13,943,262	2,802,291	-	-	16,745,553
Plant operations and maintenance	3,349,804	4,020,277	-	-	7,370,081
Instructional support services	1,836,845	160,755	-	-	1,997,600
General institutional support services	13,482,095	4,634,788	-	-	18,116,883
Community services and economic development	2,288,666	4,495,996	-	-	6,784,662
Ancillary services and auxiliary operations	3,662,530	4,135,983	-	-	7,798,513
Student financial aid	-	-	27,564,811	-	27,564,811
Physical property and related acquisitions	159,194	3,173,519	-	-	3,332,713
Planning, policymaking, and coordination	4,053,653	1,933,477	-	-	5,987,130
Unallocated depreciation	-	-	-	8,756,068	8,756,068
Total	**$ 101,973,683**	**$ 27,851,578**	**$ 27,564,811**	**$ 8,756,068**	**$ 166,146,140**

The *Statement of Cash Flows* provides information about cash receipts and payments during the year. This statement also assists users in assessing the District's ability to meet its obligations as they come due and its need for external financing.

Statement of Cash Flows
for the Years Ended June 30,

	2017	2016
Cash From		
Operating activities	$ (134,251,554)	$ (129,975,394)
Noncapital financing activities	142,333,362	147,385,930
Capital financing activities	(2,829,894)	(8,102,323)
Investing activities	2,034,870	5,173,833
Net Change in Cash	7,286,784	14,482,046
Cash, Beginning of Year	65,581,344	51,099,298
Cash, End of Year	**$ 72,868,128**	**$ 65,581,344**

The primary operating receipts are student tuition and fees and auxiliary sales. The primary operating expense of the District is the payment of salaries and benefits to instructional and classified support staff.

While State apportionment and property taxes are the primary source of noncapital related revenue, the GASB accounting standards require that this source of revenue is nonoperating as it comes from the general resources of the State and not from the primary users of the District's programs and services (students). The District depends upon this funding as the primary source of funds to continue the current level of operations.

CONTACTING THE DISTRICT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the District at: Chaffey Community College District, 5885 Haven Avenue, Rancho Cucamonga, California 91737-3002.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF NET POSITION – PRIMARY GOVERNMENT
JUNE 30, 2017

ASSETS	
Current Assets	
Cash and cash equivalents	$ 4,738,089
Investments - unrestricted	68,130,039
Investments - restricted	23,867,889
Accounts receivable	8,259,903
Student receivables, net	1,870,657
Due from fiduciary funds	36,455
Inventories	1,725,931
Total Current Assets	108,628,963
Noncurrent Assets	
Net other postemployment benefit (OPEB) asset	712,917
Nondepreciable capital assets	54,527,360
Depreciable capital assets, net of depreciation	229,267,513
Total Noncurrent Assets	284,507,790
TOTAL ASSETS	393,136,753
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	12,081,838
Deferred outflows of resources related to pensions	24,191,203
TOTAL DEFERRED OUTFLOW OF RESOURCES	36,273,041
LIABILITIES	
Current Liabilities	
Accounts payable	12,811,890
Accrued interest payable	623,383
Due to fiduciary funds	1,838,173
Unearned revenue	15,063,279
Bonds and notes payable - current portion	6,570,000
Energy optimization loan - current portion	56,523
Total Current Liabilities	36,963,248
Noncurrent Liabilities	
Compensated absences payable	1,501,393
Bonds and notes payable	171,691,187
Energy optimization loan	111,594
Aggregate net pension obligation	95,221,547
Total Noncurrent Liabilities	268,525,721
TOTAL LIABILITIES	305,488,969
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	3,521,438
NET POSITION	
Net investment in capital assets	141,678,974
Restricted for:	
Debt service	15,840,491
Capital projects	11,704,352
Educational programs	2,734,024
Other activities	1,785,730
Unrestricted	(53,344,184)
TOTAL NET POSITION	$ 120,399,387

The accompanying notes are an integral part of these financial statements.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PRIMARY GOVERNMENT FOR THE YEAR ENDED JUNE 30, 2017

OPERATING REVENUES	
Student Tuition and Fees	$ 24,031,351
Less: Scholarships discount and allowances	(13,011,966)
Net tuition and fees	11,019,385
Sales	
Bookstore, net	5,731,504
TOTAL OPERATING REVENUES	16,750,889
OPERATING EXPENSES	
Salaries	74,070,306
Employee benefits	27,903,377
Supplies, materials, and other operating expenses and services	27,851,578
Student financial aid	27,564,811
Depreciation	8,756,068
TOTAL OPERATING EXPENSES	166,146,140
OPERATING LOSS	(149,395,251)
NONOPERATING REVENUES (EXPENSES)	
State apportionments, noncapital	37,355,523
Federal grants	32,896,684
State grants	34,887,516
Local property taxes, levied for general purposes	36,455,084
Taxes levied for other specific purposes	14,262,813
State taxes and other revenues	5,243,799
Investment income	1,315,651
Net unrealized loss on investments	(1,378,746)
Interest expense on capital related debt	(6,182,660)
Investment income on capital asset - related debt, net	182,964
Transfer to fiduciary funds	(1,800,000)
Other nonoperating revenue	899,067
TOTAL NONOPERATING REVENUES (EXPENSES)	154,137,695
INCOME BEFORE OTHER REVENUES AND (LOSSES)	4,742,444
OTHER REVENUES AND (LOSSES)	
State revenues, capital	579,135
Loss on disposal of capital assets	(41,067)
TOTAL OTHER REVENUES AND (LOSSES)	538,068
CHANGE IN NET POSITION	5,280,512
NET POSITION, BEGINNING OF YEAR	115,118,875
NET POSITION, END OF YEAR	$ 120,399,387

The accompanying notes are an integral part of these financial statements.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT
FOR THE YEAR ENDED JUNE 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$ 13,433,341
Auxiliary enterprise sales	5,731,504
Payments to or on behalf of employees	(100,391,385)
Payments to vendors for supplies and services	(25,460,203)
Payments to students for scholarships and grants	(27,564,811)
Net Cash Flows From Operating Activities	(134,251,554)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State apportionments	33,958,981
Noncapital grants and contracts	67,784,200
Property taxes - non-debt related	36,455,084
State taxes and other apportionments	5,625,461
Other nonoperating	(1,490,364)
Net Cash Flows From Noncapital Financing Activities	142,333,362
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
State apportionments capital projects	579,135
Property taxes - related to capital debt	14,262,813
Capitalized interest from accreted bonds	650,377
Acquisition and construction of capital assets	(5,181,789)
Deferred charges on refunding	991,809
Principal paid on capital debt and leases	(8,755,926)
Interest paid on capital debt	(5,559,277)
Interest received on capital asset - related debt	182,964
Net Cash Flows From Capital Financing Activities	(2,829,894)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	2,550,028
Investment income	(515,158)
Net Cash Flows From Investing Activities	2,034,870
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,286,784
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	65,581,344
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 72,868,128

The accompanying notes are an integral part of these financial statements.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CASH FLOWS – PRIMARY GOVERNMENT, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	$ (149,395,251)
Adjustments to Reconcile Operating Loss to Net Cash Flows From Operating Activities:	
Depreciation expense	8,756,068
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows	
Receivables, net	(1,272,430)
Inventories	(559,653)
Prepaid expenses	24,007
Accounts payable and accrued liabilities	(1,351,259)
Unearned revenue	8,265,859
Compensated absences payable	145,148
Deferred outflows of resources related to pensions	(4,975,000)
Deferred inflows of resources related to pensions	(12,232,708)
Aggregate net pension obligation	19,662,382
Net other postemployment benefits (OPEB) obligation	(1,318,717)
Total Adjustments	15,143,697
Net Cash Flows From Operating Activities	$ (134,251,554)
CASH AND CASH EQUIVALENTS CONSIST OF THE FOLLOWING:	
Cash in banks	$ 4,738,089
Cash with County Treasury	68,130,039
Total Cash and Cash Equivalents	$ 72,868,128
NON CASH TRANSACTIONS	
Board of governors fee waivers	$ 13,011,966
On behalf payments for benefits	3,017,975
	$ 16,029,941

The accompanying notes are an integral part of these financial statements.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2017

	Retiree OPEB Trust	Other Trust Funds
ASSETS		
Cash and cash equivalents	$ -	$ 822,455
Investments	5,438,910	-
Accounts receivable	-	5,016
Due from primary government	1,300,000	538,173
Total Assets	6,738,910	1,365,644
LIABILITIES		
Accounts payable	-	67,755
Due to primary government	-	36,455
Unearned revenue	-	74,617
Total Liabilities	-	178,827
NET POSITION		
Restricted for postemployment benefits other than pensions	6,738,910	-
Restricted	-	500,000
Unrestricted	-	686,817
Total Net Position	$ 6,738,910	$ 1,186,817

The accompanying notes are an integral part of these financial statements.

CHAFFEY COMMUNITY COLLEGE DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Retiree OPEB Trust	Other Trust Funds
ADDITIONS		
Interest and investment income	$ 159,731	$ -
Net realized and unrealized gain	275,103	-
Local revenues	-	920,314
Total Additions	434,834	920,314
DEDUCTIONS		
Classified salaries	-	19,908
Employee benefits	-	2,613
Books and supplies	-	4,777
Administrative expenses	42,726	-
Services and operating expenditures	-	806,825
Total Deductions	42,726	834,123
OTHER FINANCING SOURCES		
Operating transfers in	1,300,000	500,000
Change in Net Position	1,692,108	586,191
Net Position - Beginning of Year, as Restated (See Note 16)	5,046,802	600,626
Net Position - End of Year	$ 6,738,910	$ 1,186,817

The accompanying notes are an integral part of these financial statements.

NOTE 1 - ORGANIZATION

The Chaffey Community College District (the District) was established in 1916 as a political subdivision of the State of California and is a comprehensive, public, two-year institution offering educational services to residents of San Bernardino County. The District operates under a locally elected five-member Governing Board form of government, which establishes the policies and procedures by which the District operates. The Board must approve the annual budgets for the General Fund, Special Revenue funds, Capital Project funds, and Proprietary funds, but these budgets are managed at the department level. Currently, the District operates one community college located in Rancho Cucamonga, California and two State-approved centers in Fontana and Chino, California, as well as several satellite facilities. While the District is a political subdivision of the State of California, it is not a component unit of the State in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61. The District is classified as a Public Educational Institution under Internal Revenue Code Section 115 and is, therefore, exempt from Federal taxes.

Financial Reporting Entity

The District has adopted GASB Statement No. 61, *Determining Whether Certain Organizations are Component Units*. This Statement amends Statement No. 14, *The Financial Reporting Entity,* to provide additional guidance to determine whether certain organizations, for which the District is not financially accountable, should be reported as component units based on the nature and significance of their relationship with the District. The three components used to determine the presentation are: providing a "direct benefit", the "environment and ability to access/influence reporting", and the "significance" criterion. The District has evaluated the Chaffey Community College Foundation, Inc. and has determined the relationship does not meet the criteria of a component unit and has not included the financial information in this report.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB Statements No. 34 and No. 35 as amended by GASB Statements No. 37, No. 38, and No. 39. This presentation provides a comprehensive entity-wide perspective of the District's assets, liabilities, activities, and cash flows and replaces the fund group perspective previously required. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. The significant accounting policies followed by the District in preparing these financial statements are in accordance with accounting principles generally accepted in the United States of America as prescribed by GASB. Additionally, the District's policies comply with the California Community Colleges Chancellor's Office *Budget and Accounting Manual*. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All material intra-agency and intra-fund transactions have been eliminated.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are classified as operating revenues. These transactions are recorded on the accrual basis when the exchange takes place. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, operating revenues consist primarily of student fees and auxiliary activities through the bookstore and cafeteria.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, certain Federal and State grants, entitlements, and donations. Property tax revenue is recognized in the fiscal year received. State apportionment revenue is earned based upon criteria set forth from the Community Colleges Chancellor's Office and includes reporting of full-time equivalent students (FTES) attendance. The corresponding apportionment revenue is recognized in the period the FTES are generated. Revenue from Federal and State grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Operating expenses are costs incurred to provide instructional services including support costs, auxiliary services, and depreciation of capital assets. All other expenses not meeting this definition are reported as nonoperating. Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

The financial statements are presented in accordance with the reporting model as prescribed in GASB Statement No. 34, *Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussions and Analysis for Public Colleges and Universities*, as amended by GASB Statements No. 37, No. 38, and No. 39. The business-type activities model followed by the District requires the following components of the District's financial statements:

- Management's Discussion and Analysis
- Basic Financial Statements for the District as a whole including:
  - Statement of Net Position - Primary Government
  - Statement of Revenues, Expenses, and Changes in Net Position - Primary Government
  - Statement of Cash Flows - Primary Government
  - Financial Statements for the Fiduciary Funds including:
    - Statement of Fiduciary Net Position
    - Statement of Changes in Fiduciary Net Position
- Notes to the Financial Statements

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term unrestricted investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include unrestricted cash with county treasury balances for purposes of the Statement of Cash Flows. Restricted cash and cash equivalents represent balances restricted by external sources such as grants and contracts specifically restricted for the repayment of capital debt.

Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held at June 30, 2017, are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Short-term investments have an original maturity date greater than three months, but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase.

Restricted Assets

Restricted assets arise when restrictions on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets represent investments required to be set aside by the District for the purpose of satisfying certain requirements.

Accounts Receivable

Accounts receivable include amounts due from the Federal, State, and/or local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. Accounts receivable also consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff, the majority of each residing in the State of California. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. This allowance is based upon management's estimates and analysis. The allowance was estimated at $823,781 for the year ended June 30, 2017.

Prepaid Expenses

Prepaid expenses represent payments made to vendors and others for services that will benefit periods beyond June 30, 2017.

Inventories

Inventories consist primarily of bookstore merchandise and supplies held for resale to the students and faculty of the college. Inventories are stated at cost or market, utilizing the average cost method. The cost is recorded as an expense as the inventory is sold.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, leasehold improvements, and equipment. The District maintains an initial unit cost capitalization threshold of $5,000 for machinery and equipment, and an estimated useful life greater than one year. For buildings and improvements the District uses $150,000 as an initial unit capitalization threshold. Assets are recorded at historical cost, or estimated historical cost, when purchased or constructed. The District does not possess any infrastructure. Donated capital assets are recorded at estimated fair market value at the date of donation.

Improvements are capitalized; the costs of routine maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are charged as an operating expense in the year in which the expense was incurred. Major outlays for capital improvements are capitalized as construction in progress as the projects are constructed.

Depreciation of capital assets is computed and recorded by utilizing the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 20 years; equipment, 2 to 15 years; and vehicles, 5 to 10 years.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the entity-wide financial statements.

Debt Issuance Costs, Premiums, and Discounts

Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs, are amortized over the life of the bonds using the straight-line method.

Deferred Charge on Refunding

Deferred charge on refunding is amortized using the straight-line method over the remaining life of the new debt.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt and for pension related items.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for pension related items.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (the Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Compensated Absences

Accumulated unpaid vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the government-wide financial statements. The amounts have been reported in the fund from which the employees, who have accumulated leave, are paid.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all academic employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

Unearned Revenue

Unearned revenue arises when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period, or when resources are received by the District prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed from the combined balance sheet and revenue is recognized. Unearned revenue includes (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and (2) amounts received from Federal and State grants received before the eligibility requirements are met.

Noncurrent Liabilities

Noncurrent liabilities include bonds and notes payable, compensated absences, loan payable, and aggregate net pension obligation with maturities greater than one year.

Net Position

GASB Statements No. 34 and No. 35 report equity as "Net Position" and represent the difference between assets and liabilities. The net position is classified according to imposed restrictions or availability of assets for satisfaction of District obligations according to the following net asset categories:

Net Investment in Capital Assets consists of capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets. To the extent debt has been incurred, but not yet expended for capital assets, such accounts are not included as a component of net investment in capital assets.

Restricted: Net position is reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the District, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Unrestricted: Net position that is not subject to externally imposed constraints. Unrestricted net position may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first and the unrestricted resources when they are needed. The entity-wide financial statements report $32,064,597 of restricted net assets.

State Apportionments

Certain current year apportionments from the State are based on financial and statistical information of the previous year. Any corrections due to the recalculation of the apportionment are made in February of the subsequent year. When known and measurable, these recalculations and corrections are accrued in the year in which the FTES are generated.

Property Taxes

Secured property taxes attach as an enforceable lien on property as of January 1. The County Assessor is responsible for assessment of all taxable real property. Taxes are payable in two installments on November 1 and February 1 and become delinquent on December 10 and April 10, respectively. Unsecured property taxes are payable in one installment on or before August 31. The County of San Bernardino bills and collects the taxes on behalf of the District. Local property tax revenues are recorded when received.

The voters of the District passed a General Obligation Bond in March 2002 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond, property taxes are assessed on the property within the District specifically for the repayment of the debt incurred. The taxes are assessed, billed, and collected as noted above and remitted to the District when collected.

Scholarships, Discounts, and Allowances

Student tuition and fee revenue is reported net of scholarships, discounts, and allowances. Fee waivers approved by the Board of Governors are included within the scholarships, discounts, and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances represent the difference between stated charges for enrollment fees and the amount that is paid by students or third parties making payments on the students' behalf.

Federal Financial Assistance Programs

The District participates in federally funded Pell Grants, SEOG Grants, and Federal Work-Study programs, as well as other programs funded by the Federal government. Financial aid to students is either reported as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expense represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to students in the form of reduced tuition. These programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Estimates

The preparation of the 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 amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Activity

Interfund transfers and interfund receivables and payables for governmental activities are eliminated during the consolidated process in the Primary Government and Fiduciary Funds' financial statements, respectively.

Change in Accounting Principles

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of State and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in GASB Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, No. 43, and No. 50, *Pension Disclosures*.

The District has implemented the provisions of this Statement as of June 30, 2017.

As a result of implementing GASB Statement No. 74, the District has restated the beginning net position in the fiduciary funds Statement of Net Position, effectively increasing the District's fiduciary Net Position as of July 1, 2016 by $5,046,802. This increase results from accounting for the District's OPEB Trust account within the District's fiduciary funds.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures.* This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements:

- Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients;
- The gross dollar amount of taxes abated during the period;
- Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement.

The District has implemented the provisions of this Statement as of June 30, 2017.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to State or local governmental employers whose employees are provided with such pensions.

Prior to the issuance of this Statement, the requirements of GASB Statement No. 68 applied to the financial statements of all State and local governmental employers whose employees are provided with pensions through pension plans that are administered through trusts that meet the criteria in paragraph 4 of that Statement.

This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of State or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a State or local governmental pension plan; (2) is used to provide defined benefit pensions both to employees of State or local governmental employers and to employees of employers that are not State or local governmental employers; and (3) has no predominant State or local governmental employer (either individually or collectively with other State or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above.

The District has implemented the provisions of this Statement as of June 30, 2017.

In January 2016, the GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment to GASB Statement No. 14.* The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of GASB Statement No. 14, *The Financial Reporting Entity*. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units—an amendment to GASB Statement No. 14*.

The District has implemented the provisions of this Statement as of June 30, 2017.

In March 2016, the GASB issued Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73.* The objective of this Statement is to address certain issues that have been raised with respect to GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment to GASB Statement No. 25*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment to GASB Statement No. 27*, and GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information; (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes; and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

The District has implemented the provisions of this Statement as of June 30, 2017, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

New Accounting Pronouncements

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

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

The requirements of this Statement are effective for financial statements for periods beginning after June 30, 2017. Early implementation is encouraged.

In March 2016, the GASB issued Statement No. 81, *Irrevocable Split-Interest Agreements.* The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period.

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Early implementation is encouraged.

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

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

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

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

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

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

In March 2017, the GASB issued Statement No. 85, *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Specifically, this Statement addresses the following topics:

- Blending a component unit in circumstances in which the primary government is a business-type activity that reports in a single column for financial statement presentation;
- Reporting amounts previously reported as goodwill and "negative" goodwill;
- Classifying real estate held by insurance entities;
- Measuring certain money market investments and participating interest-earning investment contracts at amortized cost;
- Timing of the measurement of pension or OPEB liabilities and expenditures recognized in financial statements prepared using the current financial resources measurement focus;
- Recognizing on-behalf payments for pensions or OPEB in employer financial statements;
- Presenting payroll-related measures in required supplementary information for purposes of reporting by OPEB plans and employers that provide OPEB;
- Classifying employer-paid member contributions for OPEB;
- Simplifying certain aspects of the alternative measurement method for OPEB;
- Accounting and financial reporting for OPEB provided through certain multiple-employer defined benefit OPEB plans.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance.

The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Early implementation is encouraged.

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

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Policies and Practices

The District is authorized under California Government Code to make direct investments in local agency bonds, notes, or warrants within the State; U.S. Treasury instruments; registered State warrants or treasury notes; securities of the U.S. Government, or its agencies; bankers acceptances; commercial paper; certificates of deposit placed with commercial banks and/or savings and loan companies; repurchase or reverse repurchase agreements; medium term corporate notes; shares of beneficial interest issued by diversified management companies, certificates of participation, obligations with first priority security; and collateralized mortgage obligations.

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section (ECS) 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

Other Investments

The District maintains investments outside the San Bernardino County Treasurer as allowed by the District's investment policy. The investments are stated at fair value as determined by quoted market prices.

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

Authorized Investment Type	Maximum Remaining Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer
Local Agency Bonds, Notes, Warrants	5 years	None	None
Registered State Bonds, Notes, Warrants	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptance	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base	None
Medium-Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pools	N/A	None	None

Authorized Under Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements rather than the general provisions of the California Government Code. These provisions allow for the acquisition of investment agreements with maturities of up to 30 years.

Summary of Deposits and Investments

Deposits and investments as of June 30, 2017, consist of the following:

Primary government	$ 96,736,017
Fiduciary funds	6,261,365
Total Deposits and Investments	$ 102,997,382

Cash on hand and in banks	$ 5,505,044
Cash in revolving	55,500
Investments	97,436,838
Total Deposits and Investments	$ 102,997,382

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District manages its exposure to interest rate risk by primarily investing in the San Bernardino County Investment Pool and municipal bonds.

Specific Identification

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation is provided by the following schedule that shows the distribution of the District's investment by maturity:

Investment Type	Book Value	Fair Value	Weighted Average Days to Maturity
San Bernardino County Investment Pool	$ 68,130,039	$ 68,055,372	341
Investment Money Market Funds	5,238,033	5,238,033	N/A
Corporate Obligations	1,848,904	1,848,904	207
Municipal Bonds	16,030,952	16,030,952	1,919
Certificates of Deposit	750,000	755,404	360
Mutual Funds	5,438,910	5,438,910	N/A
Total	$ 97,436,838	$ 97,367,575	

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Bernardino County Investment Pool was rated by Fitch Ratings. The District's Corporate Obligations and Municipal Bonds were rated by Standards & Poor's as of June 30, 2017 as follows:

Investment Type	Fair Value	Rating June 30, 2017
San Bernardino County Investment Pool	$ 68,055,372	AAA/V1
Investment Money Market Funds	5,238,033	N/A
Corporate Obligations	1,848,904	BBB+
Municipal Bonds	16,030,952	AA-
Certificates of Deposit	755,404	N/A
Mutual Funds	5,438,910	N/A
Total	$ 97,367,575	

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance of $5,379,500 was exposed to custodial credit risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

NOTE 4 - FAIR VALUE MEASUREMENTS

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 **-** Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 **-** Observable inputs, other than Level 1 prices, such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 **-** Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

Uncategorized **-** Investments in the San Bernardino County Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at $1.00 net asset value per share.

The District's fair value measurements are as follows at June 30, 2017:

Investment Type	Fair Value	Level 1 Inputs	Uncategorized
San Bernardino County Investment Pool	$ 68,055,372	$ -	$ 68,055,372
Money Market Funds	5,238,033	5,238,033	-
Corporate Obligations	1,848,904	1,848,904	-
Municipal Bonds	16,030,952	16,030,952	-
Certificates of Deposit	755,404	755,404	-
Mutual Funds	5,438,910	5,438,910	-
Total	$ 97,367,575	$ 29,312,203	$ 68,055,372

All assets have been valued using a market approach, with quoted market prices.

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 2,541,037
State Government	
Apportionment	69,468
Categorical aid	1,411,727
Lottery	678,669
Other state sources	997,947
Local Sources	
Property taxes	993,913
Interest	540,170
Other local sources	1,026,972
Total	$ 8,259,903
Student receivables	$ 2,694,438
Less allowance for bad debt	(823,781)
Student receivables, net	$ 1,870,657

	Fiduciary Funds
Other local	$ 5,016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the primary government for the fiscal year ended June 30, 2017, was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Land	$ 51,556,772	$ -	$ -	$ 51,556,772
Construction in progress	655,704	2,815,846	500,962	2,970,588
Total Capital Assets Not Being Depreciated	52,212,476	2,815,846	500,962	54,527,360
Capital Assets Being Depreciated				
Buildings and improvements	306,178,138	500,962	-	306,679,100
Machinery and equipment	19,720,194	1,935,218	784,056	20,871,356
Total Capital Assets Being Depreciated	325,898,332	2,436,180	784,056	327,550,456
Total Capital Assets	378,110,808	5,252,026	1,285,018	382,077,816
Less Accumulated Depreciation				
Buildings and improvements	75,179,932	7,648,667	-	82,828,599
Machinery and equipment	15,089,932	1,107,401	742,989	15,454,344
Total Accumulated Depreciation	90,269,864	8,756,068	742,989	98,282,943
Net Capital Assets	$ 287,840,944	$ (3,504,042)	$ 542,029	$ 283,794,873

Depreciation expense for the year was $8,756,068.

Interest expense related to capital debt for the year ended June 30, 2017, was $6,182,660. None of this amount was capitalized in the current fiscal year.

NOTE 7 - INTERFUND TRANSACTIONS

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund activity within the primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances owing between the primary government and the fiduciary funds are not eliminated in the consolidation process. As of June 30, 2017, the District's primary government owed the fiduciary funds $1,838,173. The fiduciary funds owed the primary government $36,455.

Interfund Operating Transfers

Operating transfers between funds of the District are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use restricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Operating transfers within the funds of the District have been eliminated in the consolidation process. Transfers between the primary government and the fiduciary funds are not eliminated in the consolidation process. During the 2017 fiscal year, the amount transferred to the fiduciary funds from the primary government amounted to $1,800,000.

NOTE 8 - ACCOUNTS PAYABLE

Accounts payable at June 30, 2017, consisted of the following:

	Primary Government
Accrued payroll and benefits	$ 3,183,487
State apportionment	5,265,783
Federal categorical	953,385
State categorical	101,173
Construction	226,556
Other	3,081,506
Total	$ 12,811,890

	Fiduciary Funds
Other liabilities	$ 67,755

NOTE 9 - UNEARNED REVENUE

Unearned revenue at June 30, 2017, consisted of the following:

	Primary Government
Federal categorical aid	$ 42,843
State categorical aid	9,235,763
Other State	376,789
Enrollment fees	4,946,651
Other local	461,233
Total	$ 15,063,279

	Fiduciary Funds
Other local	$ 74,617

NOTE 10 - LONG-TERM OBLIGATIONS

Summary

The changes in the District's long-term obligations during the 2017 fiscal year consisted of the following:

	Balance July 1, 2016	Additions/ Accretion	Deductions	Balance June 30, 2017	Due in One Year
Bonds					
General obligation bonds, Series 2007C	$ 2,166,925	$ 218,075	$ 2,385,000	$ -	$ -
General obligation bonds, Series 2012D	12,130,000	-	-	12,130,000	-
General obligation bonds, Series 2012E	9,305,000	-	1,000,000	8,305,000	1,055,000
General obligation bonds, 2012 Refunding Bonds	44,630,000	-	1,580,000	43,050,000	1,770,000
General obligation bonds, 2014 Refunding Bonds	82,095,000	-	715,000	81,380,000	3,100,000
Lease revenue bonds, Series 2006A	1,920,000	-	195,000	1,725,000	225,000
Lease revenue bonds, Series 2008A	11,954,983	432,302	235,000	12,152,285	280,000
Unamortized bond premium	20,149,250	-	2,410,348	17,738,902	-
Redevelopment agreement payable	1,920,000	-	140,000	1,780,000	140,000
Total Bonds and Notes Payable	186,271,158	650,377	8,660,348	178,261,187	6,570,000
Other Liabilities					
Compensated absences	1,356,245	145,148	-	1,501,393	-
Energy optimization loan	263,695	-	95,578	168,117	56,523
Other postemployment benefits (OPEB)	605,800	522,816	1,128,616	-	-
Aggregate net pension obligation	75,559,165	19,662,382	-	95,221,547	-
Total Other Liabilities	77,784,905	20,330,346	1,224,194	96,891,057	56,523
Total Long-Term Obligations	$ 264,056,063	$ 20,980,723	$ 9,884,542	$ 275,152,244	$ 6,626,523

Description of Debt

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues.

The lease revenue bonds issued in 2006, were to fund various capital improvement projects at the Fontana Center. At June 30, 2017, $1,725,000 was outstanding, with an unamortized premium balance of $8,692. The bonds mature through January 2023, with interest rates ranging from 3.50 percent to 5.81 percent. Payments will be made from the Capital Projects Fund or the unrestricted General Fund.

The lease revenue bonds issued in 2008, were to fund various capital improvement projects at the Fontana Center. At June 30, 2017, $12,152,285 was outstanding, with an unamortized premium balance of $21,011. The bonds mature through January 2038, with interest rates ranging from 3.50 percent to 4.25 percent. Payments will be made from the Capital Projects Fund or the unrestricted General Fund.

During the 2005 fiscal year, the District entered into an agreement with the Fontana Redevelopment Agency to assist in the expansion of the Chaffey College Ralph M. Lewis Fontana Center. The agency purchased the land on behalf of the District, and the District agreed to pay $3,600,000 for the land in annual payments of $140,000. Payments will be made from the Capital Projects Fund. At June 30, 2017, the outstanding balance was $1,780,000.

The compensated absences will be paid by the fund for which the employee worked.

The net OPEB obligation will be paid out of the Self-Insurance Fund.

During the 2013 fiscal year, the District entered into three loan agreements with Southern California Edison that totaled $634,204. These agreements provided the District with various energy efficient equipment. The monthly payments vary by loan and will continue through the 2020 fiscal year. The outstanding balance at June 30, 2017, was $168,117. Payments will be made from the unrestricted General Fund.

The aggregate net pension obligation will be paid by the fund for which the employee worked.

Bonded Debt

2007 General Obligation Bonds, Series C

During June 2007, the District issued the 2007 General Obligation Bonds, Series C, in the amount of $79,999,966. The bonds issued included $9,769,966 of Capital Appreciation Bonds and $70,230,000 of Current Interest Bonds. The Capital Appreciation Bonds have a maturing principal balance of $15,920,000. The bonds mature beginning on June 1, 2009 through June 1, 2017, with interest rates ranging from 3.99 percent to 4.60 percent. At June 30, 2017, the principal balance was paid in full.

2012 General Obligation Bonds, Series D

During August 2012, the District issued the 2012 General Obligation Bonds, Series D, in the amount of $12,130,000. The bonds mature beginning on June 1, 2026 through June 1, 2037, with interest rates ranging from 2.80 percent to 3.63 percent. The unamortized premium balance at June 30, 2017, was $1,148,420. At June 30, 2017, $12,130,000 was outstanding.

2012 General Obligation Bonds, Series E

During August 2012, the District issued the 2012 General Obligation Bonds, Series E, in the amount of $15,305,000. The bonds mature beginning on June 1, 2013 through June 1, 2024, with interest rates ranging from 2.00 percent to 5.00 percent. The unamortized premium balance at June 30, 2017, was $1,172,189. At June 30, 2017, $8,305,000 was outstanding.

2012 General Obligation Refunding Bonds

In August 2012, the District issued $47,020,000 of General Obligation Refunding Bonds. The bonds were issued to advance refund and defease all remaining outstanding 2002 General Obligation Bonds, Series A, and a portion of the 2005 General Obligation Bonds, Series B, and pay the associated costs with the issuance of the bonds. The refunding defeased $48,465,000 of the old debt. The bonds mature beginning on June 1, 2013 through June 1, 2030. Interest rates range from 2.00 percent to 5.00 percent.

The above refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of $6,459,556. The difference reported in the accompanying financial statements as a deferred amount on refunding is being charged to operations through the year 2015 using the straight-line method. The deferred charge on refunding balance at June 30, 2017, was $4,464,196. The unamortized premium balance at June 30, 2017, was $6,045,877. The outstanding principal balance of the bonds at June 30, 2017, was $43,050,000.

2014 General Obligation Refunding Bonds

In September 2014, the District issued $84,675,000 of General Obligation Refunding Bonds. The bonds were issued to advance refund and defease all remaining outstanding 2005 General Obligation Bonds, Series B, and a portion of the 2007 General Obligation Bonds, Series C, and pay the associated costs with the issuance of the bonds. The refunding defeased $86,005,000 of the old debt. The bonds mature beginning on June 1, 2015 through June 1, 2032. Interest rates range from 1.00 percent to 5.00 percent.

Because the transaction qualified as a legal defeasance, the obligation for the defeased bonds has been removed from the District's financial statements. The economic gain calculated as the sum of the project fund proceeds and the net present value savings is approximately $7,600,000.

The above refunding resulted in a difference between the acquisition price and the net carrying amount of the old debt of $9,375,561. The difference reported in the accompanying financial statements as a deferred amount on refunding is being charged to operations through the year 2030 using the straight-line method. The deferred charge on refunding balance at June 30, 2017, was $7,617,642. The unamortized premium balance at June 30, 2017, was $9,342,713. The outstanding principal balance of the bonds at June 30, 2017, was $81,380,000.

The outstanding general obligation bonded debt is as follows:

Issuance	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2016	Accreted Interest Additions	Redeemed	Bonds Outstanding June 30, 2017
2007 Series C	2017	3.99-4.60%	$ 79,999,966	$ 2,166,925	$ 218,075	$ 2,385,000	$ -
2012 Series D	2037	2.80-3.63%	12,130,000	12,130,000	-	-	12,130,000
2012 Series E	2024	2.00-5.00%	15,305,000	9,305,000	-	1,000,000	8,305,000
2012 Refunding	2030	2.00-5.00%	47,020,000	44,630,000	-	1,580,000	43,050,000
2014 Refunding	2032	1.00-5.00%	84,675,000	82,095,000	-	715,000	81,380,000
				$ 150,326,925	$ 218,075	$ 5,680,000	$ 144,865,000

Debt Service Requirements to Maturity

The General Obligation Bonds, Series 2012 D, mature through 2037 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ -	$ 580,550	$ 580,550
2019	-	580,550	580,550
2020	-	580,550	580,550
2021	-	580,550	580,550
2022	-	580,550	580,550
2023-2027	2,200,000	2,796,250	4,996,250
2028-2032	4,400,000	1,995,400	6,395,400
2033-2037	5,530,000	856,500	6,386,500
Total	$ 12,130,000	$ 8,550,900	$ 20,680,900

The General Obligation Bonds, Series 2012 E, mature through 2024 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 1,055,000	$ 340,300	$ 1,395,300
2019	1,100,000	298,100	1,398,100
2020	1,145,000	254,100	1,399,100
2021	1,190,000	208,300	1,398,300
2022	1,220,000	178,550	1,398,550
2023-2024	2,595,000	196,250	2,791,250
Total	$ 8,305,000	$ 1,475,600	$ 9,780,600

The 2012 Refunding General Obligation Bonds mature through 2030 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 1,770,000	$ 2,086,325	$ 3,856,325
2019	1,950,000	2,024,375	3,974,375
2020	2,170,000	1,926,875	4,096,875
2021	2,390,000	1,840,075	4,230,075
2022	2,620,000	1,738,500	4,358,500
2023-2027	17,590,000	6,438,750	24,028,750
2028-2030	14,560,000	1,480,750	16,040,750
Total	$ 43,050,000	$ 17,535,650	$ 60,585,650

The 2014 Refunding General Obligation Bonds mature through 2032 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 3,100,000	$ 3,735,473	$ 6,835,473
2019	3,350,000	3,624,885	6,974,885
2020	3,650,000	3,476,554	7,126,554
2021	3,975,000	3,312,236	7,287,236
2022	4,305,000	3,130,574	7,435,574
2023-2027	27,365,000	12,292,980	39,657,980
2028-2032	35,635,000	5,185,747	40,820,747
Total	$ 81,380,000	$ 34,758,449	$ 116,138,449

Lease Revenue Bonds

The Lease Revenue Bonds, Series 2006 A, mature through 2023 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2018	$ 225,000	$ 70,887	$ 295,887
2019	255,000	61,887	316,887
2020	290,000	51,687	341,687
2021	325,000	39,725	364,725
2022	365,000	26,319	391,319
2023	265,000	11,263	276,263
Total	$ 1,725,000	$ 261,768	$ 1,986,768

The Lease Revenue Bonds, Series 2008 A, mature through 2038 as follows:

Fiscal Year	Principal (Including Accreted Interest to Date)	Accreted Interest	Current Interest to Maturity	Total
2018	$ 280,000	$ -	$ 174,312	$ 454,312
2019	325,000	-	160,312	485,312
2020	375,000	-	147,312	522,312
2021	420,000	-	132,312	552,312
2022	620,000	-	114,988	734,988
2023-2027	4,482,506	1,467,494	251,022	6,201,022
2028-2032	3,950,126	4,179,874	-	8,130,000
2033-2037	1,630,117	2,579,883	-	4,210,000
2038	69,536	160,461	-	229,997
Total	$ 12,152,285	$ 8,387,712	$ 980,258	$ 21,520,255

Redevelopment Agreement Payable

Principal is due through 2030 as follows:

Fiscal Year	Principal
2018	$ 140,000
2019	140,000
2020	140,000
2021	140,000
2022	140,000
2023-2027	700,000
2028-2030	380,000
Total	$ 1,780,000

Loan Payable

The loan payments are due as follows:

Year Ending June 30,	Loan Payment
2018	$ 95,579
2019	56,523
2020	16,015
Total	$ 168,117

Compensated Absences

At June 30, 2017, the liability for compensated absences was $1,501,393.

Other Postemployment Benefits (OPEB) (Asset)/Obligation

The District's annual required contribution for the year ended June 30, 2017, was $945,302, and contributions made by the District during the year were $1,841,533. Interest on the net OPEB obligation, adjustments to the annual required contribution, and net earnings within the irrevocable trust were $39,377, $(27,029), and $(434,834) respectively. As of June 30, 2017, the assets held in the irrevocable OPEB trust exceeded the balance of the amortized portion of the OPEB liability, which resulted in a net OPEB asset of $712,917. See Note 11 for additional information regarding the OPEB asset and the postemployment benefits plan.

Aggregate Net Pension Obligation

At June 30, 2017, the liability for the aggregate net pension obligation amounted to $95,221,547. See Note 13 for additional information.

NOTE 11 - POSTEMPLOYMENT HEALTH CARE PLAN AND OTHER POSTEMPLOYMENT BENEFITS (OPEB) OBLIGATION

Chaffey Community College District Futuris Trust

Chaffey Community College District Futuris Trust (the Trust) is an irrevocable governmental trust pursuant to Section 115 of the IRC for the purpose of funding certain postemployment benefits other than pensions. The Trust is administered by the Chaffey Community College District Retirement Board of Authority as directed by the investment alternative choice selected by the District. The District retains the responsibility to oversee the management of the Trust, including the requirement that investments and assets held within the Trust continually adhere to the requirements of the California Government Code Section 53600.5 which specifies that the trustee's primary role is to preserve capital, to maintain investment liquidity, and to protect investment yield. As such, the District acts as the fiduciary of the Trust. The financial activity of the Trust has been discretely presented. Separate financial statements are not prepared for the Trust.

Plan Description

Plan administration. The District's Governing Board, which consist of five locally elected members, administers the Postemployment Benefits Plan (the Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for the District.

Management of the Plan is vested with the Chaffey Community College Retirement Board of Authority, which consists of Plan members.

Plan membership. At June 30, 2017, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	39
Active Plan members	507
	546

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

Contribution Information

Contributions. The contribution requirements of Plan members and the District are established and may be amended by the District and the Teachers Association (CTA), the local California School Employees Association (CSEA), and unrepresented groups. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Chaffey Community College District Governing Board. For fiscal year 2016-2017, the District contributed $1,841,533 to the Plan, $541,533 of which was used for current premiums and $1,300,000 was transferred to the OPEB irrevocable trust. Plan members are not required to contribute to the Plan.

Investments

Investment policy. The Plan's policy in regard to the allocation of invested assets is established and may be amended by the Chaffey Community College District Retirement Board of Authority by a majority vote of its members. It is the policy of the Retirement Board of Authority to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
Domestic equity	23%
Fixed income	50%
International equity	20%
Real estate	7%
Total	100%

Rate of return. For the year ended June 30, 2017, the annual money-weighted rate of return on investments, net of investment expense, was 10.06 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Liability of the District

The component of the net OPEB liability of the District as of June 30, 2017, was as follows:

Total Actuarial Accrued OPEB liability	$ 9,430,493
Plan fiduciary net position	6,738,910
District's net OPEB liability	2,691,583
Plan fiduciary net position as a percentage of the total OPEB liability	71%

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of March 1, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.75 percent
Investment rate of return	6.50 percent
Health care cost trend rates	4.00 percent

Mortality rates for certificated employees were based on the 2009 CalSTRS Mortality tables. Mortality rates for classified and miscellaneous employees were based on the 2014 CalPERS Active Mortality tables for Miscellaneous Employees.

The actuarial assumptions used in the March 1, 2017, valuation were based on the results of an actuarial experience study as of January 2017.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2017, are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Domestic equity	9.1%
Fixed income	4.8%
International equity	8.7%
Real estate	7.5%
Cash	1.0%

Discount rate. The discount rate used to measure the total OPEB liability was 6.50 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the net OPEB liability to changes in the discount and health care cost trend rates. The OPEB liability is based on the actuarial report that relies on estimates and assumptions that affect the amounts reported. Particularly, changes in the discount and health care cost trend rates used can have a significant impact on the resulting actuarially determined OPEB liability. Actual results may differ from these estimates and assumptions.

NOTE 12 - RISK MANAGEMENT

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year ending June 30, 2017, the District contracted with the Southern California Schools Risk Management (SCSRM) Joint Powers Authority for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

Workers' Compensation

For fiscal year 2017, the District participated in the Southern California Schools Risk Management (SCSRM) Joint Powers Authority (JPA), an insurance purchasing pool. The intent of the JPA is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the JPA. The workers' compensation experience of the participating districts is calculated as one experience, and a common premium rate is applied to all districts in the JPA. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall saving. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the JPA. Participation in the JPA is limited to K-12 and community college districts that can meet the JPA's selection criteria.

Insurance Program / Company Name	Type of Coverage	Limits
CSAC	Workers' Compensation	$ 125,000
Schools' Excess Liability Fund	Excess Workers' Compensation	125,000
Southern California Schools Risk Management	Property and Liability	1,000,000

NOTE 13 - EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2017, the District reported the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 60,538,782	$ 14,122,243	$ 1,476,774	$ 6,713,415
CalPERS	34,682,765	10,068,960	2,044,664	4,099,657
Total	$ 95,221,547	$ 24,191,203	$ 3,521,438	$ 10,813,072

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

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

Benefits Provided

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

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

The District contributes exclusively to the STRP Defined Benefit Program, thus disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2017, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	9.205%
Required employer contribution rate	12.58%	12.58%
Required State contribution rate	8.828%	8.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the District's total contributions were $5,162,779.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:		
District's proportionate share of net pension liability	$	60,538,782
State's proportionate share of net pension liability associated with the District		34,463,649
Total	$	95,002,431

The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.0748 percent and 0.0720 percent, respectively, resulting in a net increase in the proportionate share of 0.0028 percent.

For the year ended June 30, 2017, the District recognized pension expense of $6,713,415. In addition, the District recognized pension expense and revenue of $3,331,274 for support provided by the State. At June 30, 2017, 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	
Pension contributions subsequent to measurement date	$	5,162,779	$	-
Net change in proportionate share of net pension liability		4,146,660		-
Differences between projected and actual earnings on the pension plan investments		4,812,804		-
Differences between expected and actual experience in the measurement of the total pension liability		-		1,476,774
Total	$	14,122,243	$	1,476,774

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

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 105,000
2019	105,000
2020	2,797,700
2021	1,805,104
Total	$ 4,812,804

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ 500,157
2019	500,157
2020	500,157
2021	500,157
2022	500,153
Thereafter	169,105
Total	$ 2,669,886

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 2006 through June 30, 2010
Actuarial cost method	Entry age normal
Discount rate	7.60%
Investment rate of return	7.60%
Consumer price inflation	3.00%
Wage growth	3.75%

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant. Based on the model for CalSTRS consulting actuary's investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that the annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation is based on the Teachers' Retirement Board of the California State Teachers' Retirement System (board) policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.30%
Fixed income	12%	0.30%
Real estate	13%	5.20%
Private equity	13%	9.30%
Absolute Return/Risk Mitigating Strategies	9%	2.90%
Inflation sensitive	4%	3.80%
Cash/liquidity	2%	-1.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.60%)	$ 87,128,961
Current discount rate (7.60%)	60,538,782
1% increase (8.60%)	38,454,525

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under CalPERS, a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2015, annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publically available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2017, are summarized as follows:

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	6.00%
Required employer contribution rate	13.888%	13.888%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017, are presented above, and the total District contributions were $3,195,619.

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $34,682,765. The net pension liability was measured as of June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2016 and June 30, 2015, was 0.1756 percent and 0.1836 percent, respectively, resulting in a net decrease in the proportionate share of 0.0080 percent.

For the year ended June 30, 2017, the District recognized pension expense of $4,099,657. At June 30, 2017, 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
Pension contributions subsequent to measurement date	$ 3,195,619	$ -
Net change in proportionate share of net pension liability	-	1,002,653
Differences between projected and actual earnings on the pension plan investments	5,381,650	-
Differences between expected and actual experience in the measurement of the total pension liability	1,491,691	-
Changes of assumptions	-	1,042,011
Total	$ 10,068,960	$ 2,044,664

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

The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources
2018	$ 754,848
2019	754,849
2020	2,467,391
2021	1,404,562
Total	$ 5,381,650

The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2018	$ (219,906)
2019	(211,430)
2020	(121,637)
Total	$ (552,973)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.65%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and services

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include five years of projected ongoing mortality improvement using Scale AA published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	51%	5.71%
Global debt securities	20%	2.43%
Inflation assets	6%	3.36%
Private equity	10%	6.95%
Real estate	10%	5.13%
Infrastructure and Forestland	2%	5.09%
Liquidity	1%	-1.05%

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.65%)	$ 51,746,879
Current discount rate (7.65%)	34,682,765
1% increase (8.65%)	20,473,533

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2017, which amounted to $3,017,975 (8.828 percent) of salaries subject to CalSTRS. Contributions are no longer appropriated in the annual *Budget Act* for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. No contributions were made for CalPERS for the year ended June 30, 2017. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. These amounts have been reflected in the basic financial statements as a component of nonoperating revenue and employee benefit expense.

Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by Social Security or an alternative plan. The District has elected to use Social Security as its plan. Contributions are made by the District and an employee vest immediately. The District contributes 6.20 percent of an employee's gross earnings. An employee is required to contribute 6.20 percent of his or her gross earnings to the plan.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District receives financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

Construction Commitments

As of June 30, 2017, the District had the following commitment with respect to the unfinished capital projects:

CAPITAL PROJECTS	Remaining Construction Commitment	Expected Date of Completion
Solar Carports	$ 12,108,529	12/31/17

The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

NOTE 15 - PARTICIPATION IN PUBLIC ENTITY RISK POOLS AND JOINT POWERS AUTHORITIES

The District is a member of the Southern California Schools Risk Management (SCSRM) joint powers authority (JPA) public entity risk sharing pools for property/liability and the Southern California Schools Employee Benefits Association (SCSEBA) JPA public entity risk sharing pools for workers' compensation. The District pays annual premiums to both entities for its workers' compensation and property liability coverage. The relationship between the District and both pools is such that it is not a component unit of the District for financial reporting purposes.

These JPAs have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the JPAs and the District are included in these statements. Audited financial statements are available from the respective entities.

The District's share of year-end assets, liabilities, or fund equity has not been calculated.

During the year ended June 30, 2017, the District made payments of $1,679,894 and $756,621 to SCSRM and SCSEBA, respectively.

NOTE 16 - RESTATEMENT OF PRIOR YEAR FIDUCIARY NET POSITION

The District's beginning fiduciary net position has been restated as of July 1, 2016.

The District adopted GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, in the current year. The implementation of the standard required a change in accounting principle and restatement of the beginning net position for the fiduciary funds by $5,046,802.

Fiduciary Funds	
Fiduciary Net Position - Beginning	$ 600,626
Restatement of Retiree OPEB Trust for implementation GASB Statement No. 74	5,046,802
Fiduciary Net Position - Beginning, as Restated	$ 5,647,428

NOTE 17 - SUBSEQUENT EVENTS

On July 27, 2017, the District entered into a Lease-Purchase Agreement in the amount of $18,300,000, for the sale of Clean Renewable Energy Bonds, under the American Recovery and Reinvestment Act of 2009. The proceeds from the sale of the bonds will be used by the District to pay for the capital costs associated with the installation of solar photovoltaic carports. The bonds will be repaid by the District through May 1, 2036 at an interest rate of 4.25 percent. The District expects to receive Federal subsidies in the amount of $5,692,539 over the life of the bonds.

On August 10, 2017, the District entered into a Lease-Purchase Agreement in the amount of $14,470,000 for the refinancing of the District's 2006A and 2008A Lease Revenue bonds. The bonds will be repaid by the District through May 1, 2032 at an interest rate of 2.23 percent for the tax-exempt portion of the agreement and 4.24 percent for the taxable portion. The refinancing of these obligations is estimated to save the District $1,862,215 in interest based on a discount rate of 2.23 percent over the life of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB (ASSET)/LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2017

		2017
Total Net OPEB (Asset)/Liability*		
Annual required contribution	$	945,302
Interest on the net OPEB liability		39,377
OPEB adjustment		(27,029)
Net investment income of Irrevocable Trust		(434,834)
Pay-as-you go contributions		(541,533)
District contributions to Irrevocable Trust		(1,300,000)
Net Changes in Total OPEB (Asset)/Liability		(1,318,717)
Total OPEB (Asset)/Liability - Beginning		605,800
Total OPEB (Asset)/Liability - Ending	**$**	**(712,917)**
Plan Fiduciary Net Position**		
District contributions	$	1,300,000
Net investment income		434,834
Administrative expense		(42,726)
Net Change in Plan Fiduciary Net Position		1,692,108
Plan Fiduciary Net Position - Beginning		5,046,802
Plan Fiduciary Net Position - Ending	**$**	**6,738,910**

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

* The Total Net OPEB (Asset)/Liability was measured in accordance with GASB Statement No. 45.

** The Plan Fiduciary Net Position was measured in accordance with GASB Statement No. 74.

See accompanying note to required supplementary information.

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR OPEB
FOR THE YEAR ENDED JUNE 30, 2017

	2017
Actuarially determined contribution	$ 945,302
Contributions in relations to the actuarially determined contribution	1,841,533
Contribution deficiency (excess)	$ (896,231)
Covered-employee payroll	$ 15,992,243
Contribution as a percentage of covered-employee payroll	11.52%

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

See accompanying note to required supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OPEB INVESTMENT RETURNS
FOR THE YEAR ENDED JUNE 30, 2017

	2017
Annual money-weighted rate of return, net of investment expense	10.06%

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

See accompanying note to required supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB) FUNDING PROGRESS FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age Normal (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ([b - a] / c)
March 1, 2013	$ -	$ 10,541,728	$ 10,541,728	0%	N/A	N/A
March 1, 2015	-	16,839,808	16,839,808	0%	N/A	N/A
March 1, 2017	5,257,732	9,430,493	4,172,761	56%	N/A	N/A

See accompanying note to required supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
District's proportion of the net pension liability	0.0748%	0.0720%	0.0675%
District's proportionate share of the net pension liability	$ 60,538,782	$ 48,490,236	$ 39,441,623
State's proportionate share of the net pension liability associated with the District	34,463,649	25,645,989	23,816,555
Total	$ 95,002,431	$ 74,136,225	$ 63,258,178
District's covered-employee payroll	$ 38,045,116	$ 36,400,980	$ 32,999,679
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	159.12%	133.21%	119.52%
Plan fiduciary net position as a percentage of the total pension liability	70%	74%	77%
CalPERS			
District's proportion of the net pension liability	0.1756%	0.1836%	0.1848%
District's proportionate share of the net pension liability	$ 34,682,765	$ 27,068,929	$ 20,982,604
District's covered-employee payroll	$ 21,036,811	$ 20,268,437	$ 19,485,358
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	164.87%	133.55%	107.68%
Plan fiduciary net position as a percentage of the total pension liability	74%	79%	83%

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

See accompanying note to required supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS FOR PENSIONS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016	2015
CalSTRS			
Contractually required contribution	$ 5,162,779	$ 4,082,241	$ 3,232,407
Contributions in relation to the contractually required contribution	5,162,779	4,082,241	3,232,407
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 41,039,579	$ 38,045,116	$ 36,400,980
Contributions as a percentage of covered-employee payroll	12.58%	10.73%	8.88%
CalPERS			
Contractually required contribution	$ 3,195,619	$ 2,492,231	$ 2,385,595
Contributions in relation to the contractually required contribution	3,195,619	2,492,231	2,385,595
Contribution deficiency (excess)	$ -	$ -	$ -
District's covered-employee payroll	$ 23,009,929	$ 21,036,811	$ 20,268,437
Contributions as a percentage of covered-employee payroll	13.888%	11.847%	11.771%

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

See accompanying note to required supplementary information.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

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

This schedule presents information on the District's changes in the net OPEB (asset)/liability, including beginning and ending balances, the plan's fiduciary net position, and the net OPEB (asset)/liability. In the future, as data becomes available, ten years of information will be presented. There were no changes in benefit terms or assumptions in the current year.

Schedule of District Contributions for OPEB

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

Valuation Date: Actuarially determined contribution rates are calculated as of March 1, 2017, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent for the initial UAAL. Level percent for any residual UAAL.
Amortization period	Closed 30 year amortization period for the initial UAAL Open 23 year amortization for any residual UAAL
Asset Valuation method	Because plan assets are primarily short-term, no smoothing formula was used
Inflation	2.75 percent
Health care cost trend rates	4.00 percent
Salary increases	2.75 percent
Investment rate of return	6.50 percent
Retirement age	Certificated – 2009 CalSTRS Retirement Rates Classified – Hired before 1/1/2013: 2009 CalPERS Retirement Rates for School Employees. Classified – Hired after 12/31/2012: 2009 CalPERS Retirement Rates for Miscellaneous Employees. Two percent @ 60 adjusted to a minimum retirement age of 52.
Mortality	Certificated – 2009 CalSTRS Mortality Classified – 2014 CalPERS Active Mortality for Miscellaneous Employees. Miscellaneous - 2014 CalPERS Active Mortality for Miscellaneous Employees.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

Schedule of OPEB Investment Returns

This schedule presents information on the annual money weighted rate of return on OPEB plan investments. In future years, as data becomes available, ten years of information will be presented.

Schedule of Other Postemployment Benefits (OPEB) Funding Progress

This schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net positions and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

Changes in Benefit Terms – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.

Changes in Assumptions – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Contributions for Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

SUPPLEMENTARY INFORMATION

DISTRICT ORGANIZATION
JUNE 30, 2017

Chaffey Community College was founded as a private college in 1883, and was one of the first colleges to be established in California. Chaffey Community College has been publicly supported since 1916. The College District is comprised of approximately 310 square miles in the western portion of San Bernardino County. The curriculum offered includes lower division courses for students planning to transfer to a four-year college or university. Also offered are general education courses designed to provide continuing educational opportunities to students. The District serves the communities of Rancho Cucamonga, Upland, Ontario, Chino, Chino Hills, Fontana, and Montclair. The College is accredited through the Western Association of Schools and Colleges.

GOVERNING BOARD

MEMBER	OFFICE	TERM EXPIRES
Katie Roberts	President	June 2018
Kathleen R. Brugger	Vice President	June 2018
Gloria Negrete McLeod	Clerk	June 2020
Lee C. McDougal	Member	June 2020
Gary Ovitt	Member	June 2020
Diana Contreras	Student Trustee	May 2018

ADMINISTRATION

Henry D. Shannon, Ph.D.	Superintendent/President
Meridth Randall	Associate Superintendent, Instruction and Institutional Effectiveness
Lisa Bailey	Associate Superintendent, Business Services and Economic Development
Melanie Siddiqi	Vice President, Administrative Affairs
Eric Bishop, Ed.D.	Vice President, Student Services

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through Subrecipients
U.S. DEPARTMENT OF EDUCATION				
Student Financial Assistance Cluster:				
Federal Pell Grant Program	84.063		$ 24,726,443	$ -
Federal Pell Grant Program Administrative Allowance	84.063		43,020	-
Federal Supplemental Educational Opportunity Grants	84.007		529,950	-
Federal Supplemental Educational Opportunity Grants Administrative Allowance	84.007		26,480	-
Federal Work-Study Program	84.033		554,577	-
Federal Work-Study Program Administrative Allowance	84.033		27,729	-
Total Student Financial Assistance Cluster			25,908,199	-
Title III STEM	84.031C		173,460	-
Developing Hispanic Serving Institutions Program (Title V)	84.031S		475,184	-
Upward Bound	84.047A		268,558	-
Child Care Access Means Parents in School (CCAMPIS) Grant	84.335A		235,150	-
Passed through California Community Colleges Chancellor's Office				
Career and Technical Education Transitions	84.048A	16-C01-008	43,748	-
Career and Technical Education Grant	84.048	16-C01-008	677,969	-
Passed through California State Department of Rehabilitation				
State Rehabilitation Services Program Workability III	84.126A	[1]	62,860	-
Total U.S. Department of Education			27,845,128	-
U.S. DEPARTMENT OF LABOR				
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		4,209,124	2,571,163
U.S. DEPARTMENT OF AGRICULTURE				
Forest Reserve	10.665		38,483	-
Passed through California Department of Education				
Child and Adult Care Food Program	10.558	13666	80,000	-
Total U.S. Department of Agriculture			118,483	-
U.S. DEPARTMENT OF VETERAN AFFAIRS				
Vocational Rehabilitation for Disabled Veterans	64.116		2,505	-

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amount Passed Through Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Temporary Assistance for Needy Families (TANF) Cluster:				
Passed through California Community Colleges Chancellor's Office				
Temporary Assistance for Needy Families (TANF)	93.558	[1]	$ 119,856	$ -
Passed through County of San Bernardino Transitional Assistance Department				
Vocational Education and Training	93.558	[1]	90,621	-
Temporary Assistance for Needy Families (TANF)	93.558	[1]	367,930	-
Total Temporary Assistance for Needy Families (TANF) Cluster			578,407	-
Child Care and Development Fund (CCDF) Cluster:				
Passed through California Department of Education				
Child Care and Development Program	93.596	[1]	136,296	-
Passed through Yosemite Community College District				
Child Development Training Consortium	93.575	16-17-3140	6,650	-
Total Child Care and Development Fund (CCDF) Cluster			142,946	-
Total U.S. Department of Health and Human Services			721,353	-
Total Expenditures of Federal Programs			$ 32,896,593	$ 2,571,163

[1] Pass-Through Entity Identifying Number not available.

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues					
Program	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Part-time Faculty Allocation	$ 326,803	$ -	$ -	$ -	$ 326,803	$ 326,803
Lottery	2,507,263	-	-	-	2,507,263	2,507,263
Lottery Restricted	492,373	341,436	2,664	-	831,145	560,667
Campus Child Care Tax Bailout	146,881	-	-	-	146,881	146,881
AB 212	7,087	-	-	-	7,087	7,087
State Meal Reimbursement	4,214	290	-	-	4,504	4,504
General Child Care and Development	181,515	11,391	-	-	192,906	192,206
General-State portion	281,949	-	5,657	-	276,292	276,292
Student Financial Assistance Programs (BFAP)	676,946	-	2,000	-	676,946	674,946
Full-time Student Success Grant	790,184	-	-	246,284	543,900	543,900
Extended Opportunity Program and Services (EOPS)	1,155,794	-	1,537	-	1,154,257	1,154,257
DPS	1,503,240	-	38,937	57,678	1,406,625	1,406,625
Health Services	864,389	-	355	-	864,034	838,602
Adult Education Block Grant	200,000	-	-	200,000	-	-
Physical Plant and Instructional Equipment Block Grant	4,890,036	-	1,204	3,952,834	935,998	935,998
Parking	1,281,593	-	1,377	-	1,280,216	839,015
Student Equity	2,855,852	-	36,906	676,171	2,142,775	2,142,775
Matriculation	5,169,996	-	59	1,664,280	3,505,657	3,505,657
Non-Credit Matriculation	69,892	-	-	40,530	29,362	29,362
IDRC Manufacturing Grant	233,732	-	-	-	233,732	233,732
Strong Workforce	2,172,129	-	-	2,172,129	-	-
CalWORKS	680,143	-	-	-	680,143	680,143
Sector Navigator	149,000	210,239	-	-	359,239	359,239
Deputy Sector Navigator	112,054	191,026	9	-	303,071	303,071
Staff Diversity	73,139	-	-	55,046	18,093	18,093
Alliance for Education	2,160	-	-	-	2,160	2,160
Umoja	192,285	48,247	-	-	240,532	240,532

See accompanying note to supplementary information.

SCHEDULE OF EXPENDITURES OF STATE AWARDS, (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2017

	Program Revenues					
Program	Cash Received	Accounts Receivable	Accounts Payable	Unearned Revenue	Total Revenue	Program Expenditures
Care Program	$ 129,840	$ -	$ -	$ -	$ 129,840	$ 129,840
Renewing Communities Grant	115,000	-	-	12,445	102,555	102,555
Inmate Education Pilot Program Grant	225,652	-	-	-	225,652	225,652
Child and Adult Care Food Program	4,504	-	-	-	4,504	4,504
Basic Skills ESL 15/16	156,415	-	9,607	-	146,808	146,808
Basic Skills 16/17	159,513	-	-	158,366	1,147	1,147
CTE Enhancement Grant	123,588	13,832	-	-	137,420	137,420
Employment Training Grant	-	308,386	621	-	307,765	307,765
Nursing Enrollment Grant 1	194,120	16,880	-	-	211,000	211,000
Nursing Enrollment Grant Year 2	1,407	-	-	-	1,407	1,407
COE Desert	80,000	135,000	120	-	214,880	214,880
COE San Diego	80,000	135,000	120	-	214,880	214,880
Puente Project	4,500	-	-	-	4,500	4,500
Cal Grants	2,304,142	-	-	-	2,304,142	2,304,142
Total State Programs	$ 30,599,330	$ 1,411,727	$ 101,173	$ 9,235,763	$ 22,676,121	$ 21,936,310

CHAFFEY COMMUNITY COLLEGE DISTRICT

SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT ANNUAL (ACTUAL) ATTENDANCE FOR THE YEAR ENDED JUNE 30, 2017

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2016 only)			
1. Noncredit*	57.09	-	57.09
2. Credit	444.67	-	444.67
B. Summer Intersession (Summer 2017 - Prior to July 1, 2017)			
1. Noncredit*	-	-	-
2. Credit	1,590.58	-	1,590.58
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	10,673.73	-	10,673.73
(b) Daily Census Contact Hours	1,803.94	-	1,803.94
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	328.19	-	328.19
(b) Credit	409.34	-	409.34
3. Independent Study/Work Experience			
(a) Weekly Census Contact Hours	825.50	-	825.50
(b) Daily Census Contact Hours	252.26	-	252.26
(c) Noncredit Independent Study/Distance Education Courses	-	-	-
D. Total FTES	16,385.30	-	16,385.30
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
H. Basic Skills Courses and Immigrant Education			
1. Noncredit*	371.45	-	371.45
2. Credit	705.77	-	705.77
Centers FTES			
1. Noncredit*	23.18	-	23.18
2. Credit	3,420.65	-	3,420.65

***** Including Career Development and College Preparation (CDCP) FTES.

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 17,672,345	$ -	$ 17,672,345	$ 17,672,345	$ -	$ 17,672,345
Other	1300	16,007,002	-	16,007,002	16,007,002	-	16,007,002
Total Instructional Salaries		33,679,347	-	33,679,347	33,679,347	-	33,679,347
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	7,566,693	-	7,566,693
Other	1400	-	-	-	609,375	-	609,375
Total Noninstructional Salaries		-	-	-	8,176,068	-	8,176,068
Total Academic Salaries		33,679,347	-	33,679,347	41,855,415	-	41,855,415
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	16,117,909	-	16,117,909
Other	2300	-	-	-	724,965	-	724,965
Total Noninstructional Salaries		-	-	-	16,842,874	-	16,842,874
Instructional Aides							
Regular Status	2200	1,702,865	-	1,702,865	1,702,865	-	1,702,865
Other	2400	1,200,966	-	1,200,966	1,200,966	-	1,200,966
Total Instructional Aides		2,903,831	-	2,903,831	2,903,831	-	2,903,831
Total Classified Salaries		2,903,831	-	2,903,831	19,746,705	-	19,746,705
Employee Benefits	3000	12,103,981	-	12,103,981	23,680,715	-	23,680,715
Supplies and Material	4000	-	-	-	1,382,584	-	1,382,584
Other Operating Expenses	5000	-	-	-	8,353,174	-	8,353,174
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		48,687,159	-	48,687,159	95,018,593	-	95,018,593

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Exclusions							
Activities to Exclude							
Instructional Staff - Retirees' Benefits and Retirement Incentives	5900	$ 166,368	$ -	$ 166,368	$ 166,368	$ -	$ 166,368
Student Health Services Above Amount Collected	6441	-	-	-	(4,464)	-	(4,464)
Student Transportation	6491	-	-	-	611,330	-	611,330
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	222,166	-	222,166
Objects to Exclude							
Rents and Leases	5060	-	-	-	98,936	-	98,936
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines, and Periodicals	4200	-	-	-	-	-	-
Instructional Supplies and Materials	4300	-	-	-	-	-	-
Noninstructional Supplies and Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF *EDUCATION CODE* SECTION 84362 (50 PERCENT LAW) CALCULATION, CONTINUED
FOR THE YEAR ENDED JUNE 30, 2017

		ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110			ECS 84362 B Total CEE AC 0100 - 6799		
	Object/TOP Codes	Reported Data	Audit Adjustments	Audited Data	Reported Data	Audit Adjustments	Audited Data
Other Operating Expenses and Services	5000	$ -	$ -	$ -	$ 800,865	$ -	$ 800,865
Capital Outlay							
Library Books	6000	-	-	-	-	-	-
Equipment	6300	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	2,173,819	-	2,173,819
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	2,173,819	-	2,173,819
Total Capital Outlay		-	-	-	2,173,819	-	2,173,819
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		166,368	-	166,368	4,069,020	-	4,069,020
Total for ECS 84362, 50 Percent Law		$ 48,520,791	$ -	$ 48,520,791	$ 90,949,573	$ -	$ 90,949,573
Percent of CEE (Instructional Salary Cost/Total CEE)		53.35%		53.35%	100.00%		100.00%
50% of Current Expense of Education					$ 45,474,786		$ 45,474,786

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT (CCFS-311) WITH AUDITED FUND BALANCE FOR THE YEAR ENDED JUNE 30, 2017

Summarized below is the fund balance reconciliation between the Annual Financial and Budget Report (CCFS-311) and the fund financial statements.

	Revenue Bond Construction Fund
June 30, 2017, Annual Financial and Budget Report (CCFS-311)	
Reported Fund Balance	$ 22,458,695
Decrease in investments	(1,378,746)
June 30, 2017, Audited Fund Balance	$ 21,079,949

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

PROPOSITION 30 EDUCATION PROTECTION ACT (EPA) EXPENDITURE REPORT FOR THE YEAR ENDED JUNE 30, 2017

Activity Classification	**Object Code**				**Unrestricted**
EPA Revenue:	8630				$ 12,798,639
Activity Classification	**Activity Code**	**Salaries and Benefits (Obj 1000-3000)**	**Operating Expenses (Obj 4000-5000)**	**Capital Outlay (Obj 6000)**	**Total**
Instructional Activities	1000-5900	$ 12,798,639	$ -	$ -	$ 12,798,639
Total Expenditures for EPA		$ 12,798,639	$ -	$ -	$ 12,798,639
Revenues Less Expenditures					$ -

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:		
Total Fund Balance and Retained Earnings		
General Fund	$ 23,441,962	
Special Revenue Funds	4,777,785	
Capital Projects Funds	32,784,301	
Debt Service Funds	16,463,874	
Proprietary Funds	1,447,378	
Fiduciary Funds	7,926,048	
		$ 86,841,348
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is:	382,077,816	
Accumulated depreciation is:	(98,282,943)	
		283,794,873
Amounts held in trust on behalf of others (Trust Funds)		(7,925,727)
Recognizing the OPEB asset resulting from the difference between annual OPEB cost on the accrual basis and the OPEB contributions in the governmental funds.		712,917
In governmental funds, unmatured interest on long-term obligations is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term obligations is recognized when it is incurred.		(623,383)
Deferred charges on refunding (the difference between the reacquisition price and net carrying amount of the refunded debt) are capitalized and amortized over the remaining life of the new or old debt (whichever is shorter) are included with governmental activities.		12,081,838
Deferred outflows of resources related to pensions represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources related to pensions at year-end consist of:		
Pension contributions subsequent to measurement date	8,358,398	
Net change in proportionate share of net pension liability	4,146,660	
Differences between projected and actual earnings on the pension plan investments	10,194,454	
Differences between expected and actual experience in the measurement of the total pension liability	1,491,691	
Total Deferred Outflows of Resources Related to Pensions		24,191,203

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION, (CONTINUED)
JUNE 30, 2017

Deferred inflows of resources related to pensions represent an acquisition of net position that applies to a future period and is not reported in the District's funds. Deferred inflows of resources related to pensions at year-end consist of:		
Net change in proportionate share of net pension liability	$ (1,002,653)	
Differences between expected and actual experience in the measurement of the total pension liability	(1,476,774)	
Changes in assumptions	(1,042,011)	
Total Deferred Inflows of Resources Related to Pensions		$ (3,521,438)
Long-term obligations(assets) at year-end consist of:		
Bonds and notes payable	175,109,569	
Compensated absences (vacations)	1,501,393	
Energy optimization loan	168,117	
Aggregate net pension obligation	95,221,547	
In addition, the District issued "capital appreciation" general obligation bonds and lease revenue bonds. The accretion of interest on those bonds to date is the following:	3,151,618	
		(275,152,244)
Total Net Position		**$ 120,399,387**

See accompanying note to supplementary information.

CHAFFEY COMMUNITY COLLEGE DISTRICT

NOTE TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 - PURPOSE OF SCHEDULES

District Organization

This schedule provides information about the District's governing board members and administration members.

Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (Part 200), *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The District has not elected to use the ten percent de minimis cost rate as covered in Section 200.414 Indirect (F&A) costs of the Uniform Guidance, as they have obtained a negotiated rate of 30 percent through June 30, 2017.

The following schedule provides reconciliation between revenues reported on the Statement of Revenues, Expenses, and Changes in Net Position - Primary Government and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

Description	CFDA Number	Amount
Total Federal Revenues from Statement of Revenues, Expenses, and Changes in Net Position:		$ 32,896,684
Federal Pell Grant Program	84.063	(91)
Total Expenditures of Federal Awards		$ 32,896,593

Schedule of Expenditures of State Awards

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

Schedule of Workload Measures for State General Apportionment Annual (Actual) Attendance

FTES is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds, including restricted categorical funding, are made to community college districts. This schedule provides information regarding the annual attendance measurements of students throughout the District.

Reconciliation of *Education Code* Section 84362 (50 Percent Law) Calculation

ECS 84362 requires the District to expend a minimum of 50 percent of the unrestricted General Fund monies on salaries of classroom instructors. This is reported annually to the State Chancellor's Office. This schedule provides a reconciliation of the amount reported to the State Chancellor's Office and the impact of any audit adjustments and/or corrections noted during the audit.

Reconciliation of Annual Financial and Budget Report (CCFS-311) With Audited Fund Balance

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Form CCFS-311 to the District's internal fund financial statements.

Proposition 30 Education Protection Act (EPA) Expenditure Report

This schedule provides the District's summary of receipts and uses of the monies received through the EPA.

Reconciliation of Governmental Funds to the Statement of Net Position

This schedule provides a reconciliation of the adjustments necessary to bring the District's internal fund financial statements, prepared on a modified accrual basis, to the entity-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

INDEPENDENT AUDITOR'S REPORTS

VAVRINEK, TRINE, DAY & CO., LLP
Certified Public Accountants

VALUE THE difference

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

Board of Trustees
Chaffey Community College District
Rancho Cucamonga, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of Chaffey Community College District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 19, 2017.

Emphasis of Matter - Change in Accounting Principles

As discussed in Notes 2 and 16 to the financial statements, in 2017, the District adopted new accounting guidance, GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

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

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

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

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Compliance and Other Matters

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

Purpose of This Report

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 19, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Chaffey Community College District
Rancho Cucamonga, California

Report on Compliance for Each Major Federal Program

We have audited Chaffey Community College District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2017. The District's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2017.

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Report on Internal Control Over Compliance

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

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

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

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

Vavrinek, Trine, Day & Co. LLP

Rancho Cucamonga, California
December 19, 2017

INDEPENDENT AUDITOR'S REPORT ON STATE COMPLIANCE

Board of Trustees
Chaffey Community College District
Rancho Cucamonga, California

Report on State Compliance

We have audited Chaffey Community College District's (the District) compliance with the types of compliance requirements as identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017 that could have a direct and material effect on each of the District's programs as noted below for the year ended June 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of State laws and regulations, and the terms and conditions identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of each of the District's State programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the standards and procedures identified in the California Community Colleges Chancellor's Office *District Audit Manual* issued in March 2017. These standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the applicable programs noted below. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

Unmodified Opinion for Each of the Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the programs noted below that were audited for the year ended June 30, 2017.

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

Section 421	Salaries of Classroom Instructors (50 Percent Law)
Section 423	Apportionment for Instructional Service Agreements/Contracts
Section 424	State General Apportionment Funding System
Section 425	Residency Determination for Credit Courses
Section 426	Students Actively Enrolled
Section 427	Dual Enrollment of K-12 Students in Community College Credit Courses
Section 428	Student Equity
Section 429	Student Success and Support Program (SSSP)
Section 430	Schedule Maintenance Program
Section 431	Gann Limit Calculation
Section 435	Open Enrollment
Section 439	Proposition 39 Clean Energy
Section 440	Intersession Extension Programs
Section 475	Disabled Student Programs and Services (DSPS)
Section 479	To Be Arranged (TBA) Hours
Section 490	Proposition 1D and 51 State Bond Funded Projects
Section 491	Proposition 55 Education Protection Account Funds

The District reports no Instructional Service Agreements/Contracts for Apportionment Funding; therefore, the compliance tests within this section were not applicable.

The District does not offer any Intersession Extension Programs; therefore, the compliance tests within this section were not applicable.

The District reports no attendance within classes subject to the TBA Hours; therefore, the compliance tests within this section were not applicable.

The District did not receive any funds from Proposition 1D and 51 State Bond Funded Projects; therefore, the compliance tests within this section were not applicable.

Vavrinek, Trine, Day & Co. LLP.

Rancho Cucamonga, California
December 19, 2017

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CHAFFEY COMMUNITY COLLEGE DISTRICT

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2017

FINANCIAL STATEMENTS	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No
FEDERAL AWARDS	
Internal control over major Federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major Federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Section 200.516(a) of the Uniform Guidance?	No

Identification of major Federal programs:

CFDA Numbers	Name of Federal Program or Cluster
84.007, 84.033, 84.063	Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 986,898
Auditee qualified as low-risk auditee?	Yes
STATE AWARDS	
Type of auditor's report issued on compliance for State programs:	Unmodified

FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

STATE AWARDS FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

None reported.

CHAFFEY COMMUNITY COLLEGE DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Except as specified in previous sections of this report, summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

None reported.

Federal Awards Findings

None reported.

State Awards Findings

None reported.