Financial Statements
June 30, 2022

Chaffey Community College District

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Independent Auditor's Report

Board of Trustees
Chaffey Community College District
Rancho Cucamonga, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the remaining fund information of the Chaffey Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and other required supplementary schedules on pages 58 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the Schedule of Expenditures of Federal Awards, as required by the audit requirements of 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 listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of content are 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 29, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 29, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

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 liabilities. 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, 2022 and 2021.

FINANCIAL HIGHLIGHTS

The economic position of the District is closely tied to the State of California, as State apportionments allocated to the District in 2021-2022 represented approximately 50% of the Unrestricted General Fund revenues.

To maximize student success and stabilize funding, in 2018-2019 the California Community Colleges' Chancellor's Office implemented a new Student Centered Funding Formula (SCFF) that will not only support access (FTES enrollment), but also supports student equity and student success through additional allocations. The implementation of the SCFF resulted in more earned District revenue since the District has a stable FTES base, a high number of students that qualify for financial aid (student equity) and good outcomes for the student success factors. In 2019-2020, the SCFF rates were memorialized in statute. The statute specifies that rates will increase by the cost-of-living adjustments (COLA) as appropriated in subsequent budget acts. The District's Cost of Living Adjustment (COLA), which is applied to all the funding rates, was 5.07%.

- There are three components to the SCFF. The Base Allocation (70% of funding) is driven by enrollment and the size of colleges and number of centers. The actual factored FTES per the 2021-2022 apportionment attendance report was 12,876.78. This is an increase of 2,138.42 FTES from the prior year actual FTES of 10,738.36. The Supplemental Allocation (20% of funding) includes AB540 Students, Pell Grant recipients and Promise Grant recipient metrics. Lastly, the Success Allocation (10% of funding) includes metrics for Associate Degrees for Transfers, Associate Degrees, Baccalaureate Degrees, Credit Certificates, Transfer Level Math and English, Transfer to a Four-Year University, Nine or More CTE Units, and Regional Living Wage.

- The COVID-19 pandemic and resulting workforce disruption continue to challenge the California Community Colleges in 2021-22. Section 58146 provides criteria for funding allowances due to emergency conditions. This allowance permits districts to request that FTES from a period prior to the onset of the emergency condition be used for apportionment funding purposes. The District applied for that allowance for 2020-2021 and is in place for 2021-2022.

- At the close of the 2021-2022 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.

- To assist with COVID-19 related costs to convert to on-line classes and to continue operations, the District expensed $48,947,228 in restricted federal Higher Education Emergency Relief (HEERF/CARES) funds, $469,530 in Federal SFRF-Emergency Financial Aid Assistance Grants and $531,458 in state COVID-19 related funds in 2021-2022. These funds can be used for student financial aid and other COVID-19 related institutional costs.

- 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. 74 irrevocable trust with Futuris Public Entity Investment Trust to fund other postemployment benefit (OPEB) obligations. The investment balance in this trust as of June 30, 2022, was $12.8 million. The District will budget annual contributions to continue funding the trust in an effort to meet future obligations.

- 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 liability as of June 30, 2022 was $73.4 million.

- 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. The investment balance in this trust as of June 30, 2022 was $10.6 million.

- 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.

- In addition, on November 6, 2018, the residents of Chaffey Community College District passed Measure P, a general obligation bond providing the college with $700 million for site acquisition, renovation and new construction of facilities throughout the college district. The first issuance of $200 million occurred in September 2019 to fund the first phase of projects over the next 36-48 months. Funds from the first issuance of Measure P are also now contributing to projects as described in the Vision 2025 Facilities Master Plan. Consistent with the Measure P projects plan, the purchase of approximately 19 acres of land in the city of Ontario was completed during the fiscal year for the development of an Ontario Campus. For the period of 2021-2022, only Measure P has started construction phase of one instructional building on the Chino campus, but other project plans are in the development stages for both bond funds.

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:

	2022	2021	Change
Assets			
Cash and investments	$ 355,970,925	$ 315,497,638	$ 40,473,287
Receivables	29,495,275	40,628,820	(11,133,545)
Other current assets	584,839	642,563	(57,724)
Net OPEB asset	1,553,766	-	1,553,766
Capital assets, net	325,009,581	325,085,626	(76,045)
Total assets	712,614,386	681,854,647	30,759,739
Deferred Outflows of Resources	48,303,396	56,900,206	(8,596,810)
Liabilities			
Accounts payable and accrued liabilities	66,596,117	45,838,673	20,757,444
Current portion of long-term liabilities	14,900,000	13,960,000	940,000
Noncurrent portion of long-term liabilities	414,744,491	499,680,505	(84,936,014)
Total liabilities	496,240,608	559,479,178	(63,238,570)
Deferred Inflows of Resources	54,350,390	3,397,671	50,952,719
Net Position			
Net investment in capital assets	156,718,828	149,214,103	7,504,725
Restricted	103,124,985	86,243,555	16,881,430
Unrestricted deficit	(49,517,029)	(59,579,654)	10,062,625
Total net position	$ 210,326,784	$ 175,878,004	$ 34,448,780

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 $9.7 million due to the projects funded by the general obligation bond. Current year depreciation expense was $9.9 million for a net decrease in our capital asset balance of $76.0 thousand, net of disposals. Note 6 to the financial statements provides additional information on capital assets.

Long-term liabilities consist primarily of general obligation and lease revenue bonds, net OPEB liability – MPP Program, and the aggregate net pension liability. At June 30, 2022, the District had $353.5 million in debt outstanding due to the issuance of bonds and notes payable. Note 7 to the financial statements provides additional information on long-term liabilities. At June 30, 2022, the District's aggregate net pension liability was $73.4 million. Note 10 to the financial statements provides additional information on the District's aggregate net pension liability.

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.

	2022	2021	Change
Operating Revenues			
Tuition and fees, net	$ 4,887,114	$ 9,064,008	$ (4,176,894)
Grants and contracts, noncapital	78,731,516	45,509,237	33,222,279
Auxiliary sales and charges	4,812,091	2,513,000	2,299,091
Total operating revenues	88,430,721	57,086,245	31,344,476
Operating Expenses			
Salaries and benefits	111,836,715	126,980,217	(15,143,502)
Supplies, services, equipment, and maintenance	31,319,996	25,921,513	5,398,483
Student financial aid	61,712,052	35,407,446	26,304,606
Depreciation	9,880,508	9,735,615	144,893
Total operating expenses	214,749,271	198,044,791	16,704,480
Operating loss	(126,318,550)	(140,958,546)	14,639,996
Nonoperating Revenues (Expenses)			
State apportionments, noncapital	64,369,581	61,639,325	2,730,256
Property taxes	72,736,341	60,866,257	11,870,084
Student financial aid grants	26,527,054	27,395,036	(867,982)
State revenues	5,548,868	4,852,729	696,139
Net interest expense	(14,441,256)	(2,842,936)	(11,598,320)
Other nonoperating revenues	1,872,803	26,116,608	(24,243,805)
Total nonoperating revenue (expenses)	156,613,391	178,027,019	(21,413,628)
Other Revenues			
State and local capital income	4,153,939	3,565,746	588,193
Change in net position	$ 34,448,780	$ 40,634,219	$ (6,185,439)

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:

	Salaries and Employee Benefits	Supplies, Materials, and Other Expenses and Services	Student Financial Aid	Depreciation	Total
Instructional activities	$ 54,298,038	$ 4,025,378	$ -	$ -	$ 58,323,416
Academic support	6,392,847	744,083	-	-	7,136,930
Student services	15,112,807	1,679,689	-	-	16,792,496
Plant operations and maintenance	3,510,019	1,648,038	-	-	5,158,057
Instructional support services	27,558,181	13,943,674	-	-	41,501,855
Community services and economic development	1,450,656	707,058	-	-	2,157,714
Ancillary services and auxiliary operations	3,277,624	3,506,006	-	-	6,783,630
Student aid	-	-	61,712,052	-	61,712,052
Physical property and related acquisitions	236,543	5,066,070	-	-	5,302,613
Unallocated depreciation	-	-	-	9,880,508	9,880,508
Total	$ 111,836,715	$ 31,319,996	$ 61,712,052	$ 9,880,508	$ 214,749,271

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.

	2022	2021	Change
Net Cash Flows from			
Operating activities	$ (115,712,993)	$ (130,442,996)	$ 14,730,003
Noncapital financing activities	169,601,025	162,785,656	6,815,369
Capital financing activities	(6,538,533)	(36,607,523)	30,068,990
Investing activities	(12,847,235)	4,166,301	(17,013,536)
Net Increase (Decrease) in Cash	34,502,264	(98,562)	34,600,826
Cash, Beginning of Year	310,827,125	310,925,687	(98,562)
Cash, End of Year	$ 345,329,389	$ 310,827,125	$ 34,502,264

The primary operating receipts are student tuition and fees, federal and state grant, 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.

Assets	
Cash and cash equivalents	$ 31,352,770
Investments	324,618,155
Accounts receivable	26,691,281
Student receivables, net	2,803,994
Inventories	584,839
Net other postemployment benefits (OPEB) asset	1,553,766
Capital assets	
Nondepreciable capital assets	97,362,030
Depreciable capital assets, net of accumulated depreciation	227,647,551
Total capital assets, net	325,009,581
Total assets	712,614,386
Deferred Outflows of Resources	
Deferred outflows of resources related to debt refunding	18,280,876
Deferred outflows of resources related to OPEB	5,445,095
Deferred outflows of resources related to pensions	24,577,425
Total deferred outflows of resources	48,303,396
Liabilities	
Accounts payable	34,625,766
Accrued interest payable	967,067
Due to fiduciary funds	2,000,000
Unearned revenue	29,003,284
Long-term liabilities	
Long-term liabilities other than OPEB and pensions, due within one year	14,900,000
Long-term liabilities other than OPEB and pensions, due in more than one year	340,920,129
Net other postemployment benefits (OPEB) liability - MPP Program	435,689
Aggregate net pension liability	73,388,673
Total liabilities	496,240,608
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	4,050,867
Deferred inflows of resources related to pensions	50,299,523
Total deferred inflows of resources	54,350,390
Net Position	
Net investment in capital assets	156,718,828
Restricted for	
Debt service	24,990,236
Capital projects	13,431,927
Educational programs	6,448,539
Other activities	58,254,283
Unrestricted deficit	(49,517,029)
Total net position	$ 210,326,784

Operating Revenues	
Tuition and fees	$ 15,012,433
Less: Scholarship discounts and allowances	(10,125,319)
Net tuition and fees	4,887,114
Grants and contracts, noncapital	
Federal	51,342,541
State	26,395,815
Local	993,160
Total grants and contracts, noncapital	78,731,516
Auxiliary enterprise sales and charges	
Bookstore	4,812,091
Total operating revenues	88,430,721
Operating Expenses	
Salaries	85,969,304
Employee benefits	25,867,411
Supplies, materials, and other operating expenses and services	28,595,579
Student financial aid	61,712,052
Equipment, maintenance, and repairs	2,724,417
Depreciation	9,880,508
Total operating expenses	214,749,271
Operating Loss	(126,318,550)
Nonoperating Revenues (Expenses)	
State apportionments, noncapital	64,369,581
Local property taxes, levied for general purposes	50,320,221
Taxes levied for other specific purposes	22,416,120
Federal and State financial aid grants	26,527,054
State taxes and other revenues	5,548,868
Investment income (loss)	(6,314,737)
Interest expense on capital related debt	(7,798,028)
Investment income (loss) on capital asset-related debt, net	(328,491)
Other nonoperating revenue	1,872,803
Total nonoperating revenues (expenses)	156,613,391
Income Before Other Revenues	30,294,841
Other Revenues	
State revenues, capital	549,711
Local revenues, capital	3,604,228
Total other revenues	4,153,939
Change In Net Position	34,448,780
Net Position, Beginning of Year	175,878,004
Net Position, End of Year	$ 210,326,784

Operating Activities	
Tuition and fees	$ 5,969,491
Federal, state, and local grants and contracts, noncapital	85,749,365
Auxiliary sales	4,812,091
Payments to or on behalf of employees	(121,411,682)
Payments to vendors for supplies and services	(29,120,206)
Payments to students for scholarships and grants	(61,712,052)
Net Cash Flows From Operating Activities	(115,712,993)
Noncapital Financing Activities	
State apportionments	84,456,371
Federal and state financial aid grants	26,527,054
Property taxes - nondebt related	49,975,512
State taxes and other apportionments	5,521,242
Other nonoperating	3,120,846
Net Cash Flows From Noncapital Financing Activities	169,601,025
Capital Financing Activities	
Purchase of capital assets	(8,565,158)
Local revenue, capital	3,604,228
Property taxes - related to capital debt	22,416,120
Principal paid on capital debt	(13,960,000)
Interest paid on capital debt	(10,273,103)
Interest received on capital asset-related debt	239,380
Net Cash Flows From Capital Financing Activities	(6,538,533)
Investing Activities	
Purchase of investments	(8,121,585)
Change in fair value of cash in county treasury	(6,841,151)
Interest received from investments	2,115,501
Net Cash Flows From Investing Activities	(12,847,235)
Change In Cash and Cash Equivalents	34,502,264
Cash and Cash Equivalents, Beginning of Year	310,827,125
Cash and Cash Equivalents, End of Year	$ 345,329,389

Reconciliation of Net Operating Loss to Net Cash Flows from Operating Activities	
Operating Loss	$ (126,318,550)
Adjustments to reconcile operating loss to net cash flows from operating activities	
Depreciation expense	9,880,508
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources	
Accounts receivable	(4,112,641)
Student receivables, net	2,316,319
Inventories	57,724
Net OPEB asset	(1,553,766)
Deferred outflows of resources related to OPEB	(647,209)
Deferred outflows of resources related to pensions	7,275,054
Accounts payable	2,176,643
Unearned revenue	9,896,548
Compensated absences	(65,781)
Net OPEB liability	(3,493,470)
Aggregate net pension liability	(62,077,091)
Deferred inflows of resources related to OPEB	3,810,684
Deferred inflows of resources related to pensions	47,142,035
Total adjustments	10,605,557
Net Cash Flows From Operating Activities	$ (115,712,993)
Cash and Cash Equivalents Consist of the Following:	
Cash in banks	$ 31,352,770
Cash in county treasury	313,976,619
Total cash and cash equivalents	$ 345,329,389
Noncash Transactions	
Amortization of deferred outflows of resources related to debt refunding	$ 1,968,965
Amortization of debt premiums	$ 4,399,672

	Retiree OPEB Trust
Assets	
Investments	$ 12,766,820
Due from primary government	2,000,000
Total assets	14,766,820
Net Position	
Restricted for postemployment benefits other than pensions	$ 14,766,820

	Retiree OPEB Trust
Additions	
District contributions	$ 2,705,134
Interest and investment income	887,815
Net realized and unrealized loss	(3,741,122)
Total additions	(148,173)
Deductions	
Employee benefits	705,134
Administrative expenses	105,166
Total deductions	810,300
Change in Net Position	(958,473)
Net Position - Beginning of Year	15,725,293
Net Position - End of Year	$ 14,766,820

Note 1 - Organization

Financial Reporting Entity

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.

Note 2 - Summary of Significant Accounting Policies

Financial Reporting Entity

The District has adopted accounting policies 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, as defined by accounting principles generally accepted in the United States of America and established by the Governmental Accounting Standards Board (GASB). 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.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined by GASB. This presentation provides a comprehensive government-wide perspective of the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, activities, and cash flows and replaces the fund group perspective previously required. Fiduciary activities are excluded from the primary government financial statements. 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 promulgated 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 recorded on the accrual basis when the exchange takes place. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include State apportionments, property taxes, Federal and State financial aid grants, entitlements, and donations, are classified as nonoperating revenue. 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 financial aid grants are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements may include time and/or purpose requirements.

Expenses are recorded on the accrual basis as they are incurred, when goods are received, or services are rendered.

Cash and Cash Equivalents

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

Investments

Investments are stated at fair value. Fair value is estimated based on quoted market prices at year-end. All investments not required to be reported at fair value, including money market investments and participating interest-earning investment contracts with original maturities greater than one year, are stated at cost or amortized cost.

The District’s investment in the County treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool is not required to be categorized within the fair value hierarchy.

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 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 $723,246 for the year ended June 30, 2022.

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 consumed rather than when purchased.

Capital Assets and Depreciation

Capital assets are long-lived assets of the District as a whole and include land, construction in progress, buildings, building and land 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 acquisition 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.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2022.

Compensated Absences

Accumulated unpaid employee 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 current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year end that have not yet been paid within the fund from which the employees who have accumulated the 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 0.004 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.

Debt Premiums

Debt premiums are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. All other bond issuance costs are expensed when incurred.

Deferred Outflows of Resources and Deferred 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, for OPEB related items, 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 OPEB and pension related items.

Pensions

For purposes of measuring the net pension liability, 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 (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. Payments for the aggregate net pension liability will be paid by the fund for which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB asset and liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and the CalSTRS Medicare Premium Payment (MPP) Program and additions to/deductions from the District Plan and the MPP's fiduciary net position have been determined on the same basis as they are reported by the District Plan and the MPP. For this purpose, the District Plan and the MPP recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability will be paid primarily by the General Fund.

Unearned Revenue

Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized. Unearned revenue is primarily composed of (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 redevelopment agreement payable, compensated absences, net OPEB liability, and aggregate net pension liability with maturities greater than one year.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position related to net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the 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 net position is available. The government-wide financial statements report $103,124,985 of restricted net position, and the fiduciary fund financial statements report $14,766,820 of restricted net position.

Operating and Nonoperating Revenues and Expenses

Classification of Revenues - The District has classified its revenues as either operating or nonoperating. Certain significant revenue streams relied upon for operation are classified as nonoperating as defined by GASB. Classifications are as follows:

- **Operating revenues -** Operating revenues include activities that have the characteristics of exchange transactions such as tuition and fees, net of scholarship discounts and allowances, Federal, State, and local grants and contracts, and sales and services of auxiliary enterprises.

- **Nonoperating revenues -** Nonoperating revenues include activities that have the characteristics of nonexchange transactions such as State apportionments, property taxes, investment income, and other revenue sources defined by GASB.

Classification of Expenses - Nearly all of the District's expenses are from exchange transactions and are classified as either operating or nonoperating according to the following criteria:

- **Operating expenses** - Operating expenses are necessary costs to provide the services of the District and include employee salaries and benefits, supplies, operating expenses, and student financial aid.

- **Nonoperating expenses** - Nonoperating expenses include interest expense and other expenses not directly related to the services of the District.

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 available.

The voters of the District passed General Obligation Bond Measures in March 2002 and November 2018 for the acquisition, construction, and remodeling of certain District property. As a result of the passage of the Bond Measures, 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.

Scholarship Discounts and Allowances

Tuition and fee revenue is reported net of scholarship discounts and allowances. Fee waivers approved by the California Community College Board of Governors are included within the scholarship 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.

Financial Assistance Programs

The District participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work-Study programs, as well as other programs funded by the Federal government and State of California. Financial aid provided to the student in the form of cash is reported as an operating expense in the Statement of Revenues, Expenses and Changes in Net Position. Federal financial assistance 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, and those difference could be material.

Interfund Activity

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.

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 primary government and fiduciary funds has been eliminated respectively in the consolidation process of the basic financial statements. Balances transferred between the primary government and the fiduciary funds are not eliminated in the consolidation process.

Change in Accounting Principles

Implementation of GASB Statement No. 87

As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The implementation of this standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The standard requires 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.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 92

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reporting
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

The provisions of this Statement have been implemented as of June 30, 2022.

Implementation of GASB Statement No. 93

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2022.

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 - In accordance with the *Budget and Accounting Manual*, the District maintains substantially all of its cash in the County Treasury as part of the common investment pool. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the 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 Investment Pool 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
Local Agency Investment Fund (LAIF)	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, 2022, consist of the following:

	Primary Government	Fiduciary Fund
Cash on hand and in banks	$ 31,297,270	$ -
Cash in revolving	55,500	-
Investments	324,618,155	12,766,820
Total deposits and investments	$ 355,970,925	$ 12,766,820

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 mutual funds.

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 as of June 30, 2022.

Investment Type	Fair Value	Weighted Average Maturity in Days	Credit Rating
Mutual funds	$ 23,408,356	No maturity	Not rated
San Bernardino County Investment Pool	313,976,619	495	AAAf/S1
Total	$ 337,384,975		

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% of the total amount deposited by the public agency. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the District's bank balance of approximately $31.1 million was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the name of the District.

Investments

This is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. As of June 30, 2022, the District's investment balance of approximately $22.4 million was exposed to custodial credit risk because it was uninsured, unregistered and held by the brokerage firm which is also the counterparty for these securities. The District does not have a policy limiting the amount of securities that can be held by counterparties.

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.

The District's fair value measurements are as follows at June 30, 2022:

Investment Type	Fair Value	Fair Value Measurements Using Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds	$ 23,408,356	$ 23,408,356	$ -	$ -

All assets have been valued using a market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets or group of assets.

Note 5 - Accounts Receivable

Accounts receivable at June 30, 2022, consisted primarily of intergovernmental grants, entitlements, interest, and other local sources. The accounts receivable are as follows:

	Primary Government
Federal Government	
Categorical aid	$ 19,130,781
State Government	
Apportionment	67,621
Categorical aid	1,794,822
Lottery	1,180,294
Local Sources	
Interest	685,546
Property taxes	2,177,328
Other local sources	1,654,889
Total	$ 26,691,281
Student Receivables	$ 3,527,240
Less: allowance for bad debt	(723,246)
Student receivables, net	$ 2,803,994

Note 6 - Capital Assets

Capital asset activity for the District for the year ended June 30, 2022, was as follows:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ 86,047,634	$ -	$ -	$ 86,047,634
Construction in progress	5,598,255	7,632,471	(1,916,330)	11,314,396
Total capital assets not being depreciated	91,645,889	7,632,471	(1,916,330)	97,362,030
Capital Assets Being Depreciated				
Buildings and improvements	322,412,167	1,916,330	-	324,328,497
Machinery and equipment	47,152,999	2,171,992	(101,561)	49,223,430
Total capital assets being depreciated	369,565,166	4,088,322	(101,561)	373,551,927
Total capital assets	461,211,055	11,720,793	(2,017,891)	470,913,957
Less Accumulated Depreciation				
Buildings and improvements	(113,629,646)	(7,324,850)	-	(120,954,496)
Machinery and equipment	(22,495,783)	(2,555,658)	101,561	(24,949,880)
Total accumulated depreciation	(136,125,429)	(9,880,508)	101,561	(145,904,376)
Total capital assets, net	$ 325,085,626	$ 1,840,285	$ (1,916,330)	$ 325,009,581

Note 7 - Long-Term Liabilities other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year ended June 30, 2022 consisted of the following:

	Balance, July 1, 2021	Additions	Deductions	Balance, June 30, 2022	Due in One Year
General obligation bonds	$ 315,490,000	$ -	$ (12,560,000)	$ 302,930,000	$ 12,900,000
Bond premium	26,167,648	-	(4,399,672)	21,767,976	-
Lease revenue refunding bonds, 2017	13,670,000	-	(475,000)	13,195,000	1,045,000
Lease revenue bonds, Series 2017	15,265,000	-	(785,000)	14,480,000	815,000
Redevelopment agreement payable	1,220,000	-	(140,000)	1,080,000	140,000
Compensated absences	2,432,934	-	(65,781)	2,367,153	-
Total	$ 374,245,582	$ -	$ (18,425,453)	$ 355,820,129	$ 14,900,000

Description of Long-Term Liabilities

Payments on the general obligation bonds are made by the Bond Interest and Redemption Fund with local property tax revenues. Payments on the lease revenue bonds are made from the Capital Outlay Projects Fund and the General Fund. The redevelopment agreement payable payments are made by the General Fund. Compensated absences will be paid from the fund for which the employee worked.

General Obligation Bonds

2012 General Obligation Bonds, Series D

In 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, 2030, with interest rates ranging from 2.80% to 3.63%. The unamortized premium balance at June 30, 2022, was $751,692. At June 30, 2022, $1,730,000 was outstanding.

2012 General Obligation Bonds, Series E

In 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, 2022, with interest rates ranging from 2.00% to 5.00%. At June 30, 2022, the principal balance was paid in full.

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, 2022. Interest rates range from 2.00% to 5.00%. At June 30, 2022, the principal balance was paid in full.

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, 2026. Interest rates range from 1.00% to 5.00%. The unamortized premium balance at June 30, 2022, was $3,238,808. The outstanding principal balance of the bonds at June 30, 2022, was $12,150,000.

2019 General Obligation Bonds, Series A

In September 2019, the District issued the 2019 General Obligation Bonds, Series A, in the amount of $200,000,000. The bonds mature beginning on June 1, 2020 through June 1, 2048, with interest rates ranging from 1.61% to 5.00%. The unamortized premium balance at June 30, 2022, was $17,777,476. At June 30, 2022, $185,000,000 was outstanding.

2019 General Obligation Refunding Bonds

In September 2019, the District issued $50,425,000 of General Obligation Refunding Bonds. The bonds were issued to advance refund and defease portions of the 2012 General Obligation Bonds, Series D; 2012 General Obligation Bonds, Series E; and 2012 General Obligation Refunding Bonds; and pay the associated costs with the issuance of the bonds. The refunding defeased $45,145,000 of the old debt. The bonds mature beginning on June 1, 2020 through June 1, 2036. Interest rates range from 1.62% to 2.90%. The outstanding principal balance of the bonds at June 30, 2022, was $47,655,000.

2020 General Obligation Refunding Bonds

In April 2020, the District issued $59,955,000 of General Obligation Refunding Bonds. The bonds were issued to advance refund and defease portions of the 2014 General Obligation Refunding Bonds and pay the associated costs with the issuance of the bonds. The refunding defeased $50,850,000 of the old debt. The bonds mature beginning on June 1, 2020 through June 1, 2032. Interest rates range from 0.90% to 2.02%. The outstanding principal balance of the bonds at June 30, 2022, was $56,395,000.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding Beginning of Year	Issued	Redeemed	Bonds Outstanding End of Year
2012 Series D	2030	2.80-3.63%	$ 12,130,000	$ 1,730,000	$ -	$ -	$ 1,730,000
2012 Series E	2022	2.00-5.00%	15,305,000	1,220,000	-	(1,220,000)	-
2012 Refunding	2022	2.00-5.00%	47,020,000	2,620,000	-	(2,620,000)	-
2014 Refunding	2026	1.00-5.00%	84,675,000	16,455,000	-	(4,305,000)	12,150,000
2019 Series A	2048	1.61-5.00%	200,000,000	188,300,000	-	(3,300,000)	185,000,000
2019 Refunding	2036	1.62-2.90%	50,425,000	47,655,000	-	-	47,655,000
2020 Refunding	2032	0.90-2.02%	59,955,000	57,510,000	-	(1,115,000)	56,395,000
				$ 315,490,000	$ -	$ (12,560,000)	$ 302,930,000

Debt Service Requirements to Maturity

General Obligation Bonds

The general obligation bonds mature through 2048 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 12,900,000	$ 9,277,386	$ 22,177,386
2024	11,870,000	8,862,334	20,732,334
2025	11,810,000	8,515,392	20,325,392
2026	12,345,000	8,307,303	20,652,303
2027	12,940,000	8,070,971	21,010,971
2028-2032	62,075,000	36,414,799	98,489,799
2033-2037	33,825,000	30,770,878	64,595,878
2038-2042	49,655,000	24,719,550	74,374,550
2043-2047	76,255,000	13,915,400	90,170,400
2048	19,255,000	962,750	20,217,750
Total	$302,930,000	$149,816,763	$452,746,763

Lease Revenue Bonds

During the 2018 fiscal year, the District issued the 2017 Lease Revenue Refunding Bonds. The District received proceeds in the amount of $14,470,000 to refund the remaining outstanding balances of the 2006 and 2008 Series Lease Revenue Bonds. The bonds mature beginning on May 1, 2018 through May 1, 2032, with interest rates of 2.23 and 4.24%. At June 30, 2022, $13,195,000 was outstanding.

During the 2018 fiscal year, the District issued the 2017 Lease Revenue Bonds. The District received proceeds in the amount of $18,300,000 to fund the construction of a solar panel covered parking lot. The bonds mature beginning on May 1, 2018 through May 1, 2036, with an interest rate of 4.25%. At June 30, 2022, $14,480,000 was outstanding.

The lease revenue bonds mature through 2036 as follows:

Fiscal Year	Principal	Current Interest to Maturity	Total
2023	$ 1,860,000	$ 1,147,108	$ 3,007,108
2024	1,980,000	1,075,020	3,055,020
2025	2,065,000	990,028	3,055,028
2026	2,145,000	901,536	3,046,536
2027	2,230,000	809,754	3,039,754
2028-2032	12,570,000	2,528,802	15,098,802
2033-2036	4,825,000	466,119	5,291,119
Total	$27,675,000	$7,918,367	$35,593,367

Redevelopment Agreement Payable

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 Unrestricted General Fund. At June 30, 2022, the outstanding balance was $1,080,000.

Principal is due through 2030 as follows:

Fiscal Year	Principal
2023	$ 140,000
2024	140,000
2025	140,000
2026	140,000
2027	140,000
2028-2030	380,000
Total	$ 1,080,000

Note 8 - Aggregate Net Other Postemployment Benefits (OPEB) Asset (Liability)

For the fiscal year ended June 30, 2022, the District reported an aggregate net OPEB asset (liability), deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Aggregate Net OPEB Asset (Liability)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 1,553,766	$ 5,445,095	$ 4,050,867	$ (1,744,078)
Medicare Premium Payment (MPP) Program	(435,689)	-	-	(139,683)
Total	$ 1,118,077	$ 5,445,095	$ 4,050,867	$ (1,883,761)

The details of each plan are as follows:

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses.

Management of the plan is vested in the District management. Management of the trustee assets is vested with the Chaffey Community College District Retirement Board of Authority.

Plan Membership

At June 30, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	38
Active employees	547
Total	585

Retiree Health Benefit OPEB Trust

The District's Futuris OPEB 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.

Benefits Provided

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

Contributions

The contribution requirements of Plan members and the District are established and may be amended by the District and the District's bargaining units. Voluntary contributions are based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by management and the District's governing board. For the measurement period ending June 30, 2021, the District contributed $1,892,251 to the Plan, $697,402 was used for current premiums, $1,000,000 was transferred to the OPEB irrevocable trust, and $194,849 reflected the impact of the implicit rate subsidy.

Investment

Investment Policy

The Plan's policy in regard to the allocation of invested assets is established and may be amended by the governing board by a majority vote of its members. It is the policy of the District to pursue an investment strategy that reduces risks through the prudent diversification for the portfolio across a broad selection of distinct asset classes. The following was the District’s adopted asset allocation policy as of June 30, 2022:

Asset Class	Target Allocation
Fixed income	50%
Equities	50%

Rate of Return

For the year ended June 30, 2021, the annual money-weighed rate of return on investments, net of investment expense, was 22.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net OPEB Asset of the District

The District's net OPEB asset of $1,553,766 was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The components of the net OPEB asset of the District at June 30, 2021, were as follows:

Total OPEB liability	$ 14,171,527
Plan fiduciary net position	(15,725,293)
Net OPEB asset	$ (1,553,766)
Plan fiduciary net position as a percentage of the total OPEB liability	110.96%

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%
Investment rate of return	5.75%
Healthcare cost trend rates	4.00%

The discount rate was based on the long-term expected return on plan assets assuming 100% funding through the Trust, using the building block method.

Mortality rates were based on the 2020 CalSTRS Mortality Table for certificated employees and the 2017 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actual experience study as of November 2021.

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, 2021, (see the discussion of the Plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Fixed income	4.25%
Equities	7.25%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.75%. The projection of cash flows used to determine the discount rate assumed that the 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 OPEB payments for current active and inactive employees. 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.

Changes in the Net OPEB Asset

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance, July 1, 2020	$ 15,554,773	$ 12,200,986	$ 3,353,787
Service cost	1,114,366	-	1,114,366
Interest	908,618	-	908,618
Difference between expected and actual experience	(2,032,532)	-	(2,032,532)
Contributions - employer	-	1,892,251	(1,892,251)
Expected investment income	-	617,931	(617,931)
Differences between projected and actual earnings on OPEB plan investments	-	2,000,383	(2,000,383)
Changes of assumptions	(481,447)	-	(481,447)
Benefit payments	(892,251)	(892,251)	-
Administrative expense	-	(94,007)	94,007
Net change in total OPEB liability	(1,383,246)	3,524,307	(4,907,553)
Balance, June 30, 2021	$ 14,171,527	$ 15,725,293	$ (1,553,766)

Changes of assumptions reflect a change in the inflation rate from 2.63% to 2.50% and a change in the investment rate of return from 5.80% to 5.75% since the previous valuation. There were no changes in benefit terms since the previous valuation.

Sensitivity of the Net OPEB Asset/(Liability) to Changes in the Discount Rate

The following presents the net OPEB asset/(liability) of the District, as well as what the District's net OPEB asset/(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 OPEB Asset
1% decrease (4.75%)	$ 381,711
Current discount rate (5.75%)	1,553,766
1% increase (6.75%)	2,629,911

Sensitivity of the Net OPEB Asset/(Liability) to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB asset/(liability) of the District, as well as what the District's net OPEB asset/(liability) would be if it were calculated using healthcare cost trend rate that are one percent lower or higher than the current healthcare costs trend rate:

Healthcare Cost Trend Rate	Net OPEB Asset/(Liability)
1% decrease (3.00%)	$ 3,111,551
Current healthcare cost trend rate (4.00%)	1,553,766
1% increase (5.00%)	(280,098)

Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 2,705,134	$ -
Differences between expected and actual experience	2,223,858	2,083,000
Changes of assumptions	516,103	440,989
Net difference between projected and actual earnings on OPEB plan investments	-	1,526,878
Total	$ 5,445,095	$ 4,050,867

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

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (369,056)
2024	(369,141)
2025	(388,606)
2026	(400,075)
Total	$ (1,526,878)

The deferred outflows/(inflows) of resources related to differences between expected and actual experience in the measurement of the total OPEB liability and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits as of the beginning of the measurement period. The EARSL for the measurement period is 11.9 years and will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 25,900
2024	25,900
2025	25,900
2026	25,900
2027	25,900
Thereafter	86,472
Total	$ 215,972

Medicare Premium Payment (MPP) Program

Plan Description

The Medicare Premium Payment (MPP) Program is administered by the California State Teachers' Retirement System (CalSTRS). The MPP Program is a cost-sharing multiple-employer other postemployment benefit plan (OPEB) established pursuant to Chapter 1032, Statutes 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefits Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2020 annual actuarial valuation report, Medicare Premium Payment Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the State Teachers Retirement Plan (STRP) Defined Benefit (DB) Program who were retired or began receiving a disability allowance prior to July 1, 2012 and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services (CMS) on a monthly basis.

The MPP Program is closed to new entrants as members who retire after July 1, 2012, are not eligible for coverage under the MPP Program.

The MPP Program is funded on a pay-as-you go basis from a portion of monthly District benefit payments. In accordance with California *Education Code* Section 25930, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Net OPEB Liability and OPEB Expense

At June 30, 2022, the District reported a liability of $435,689 for its proportionate share of the net OPEB liability for the MPP Program. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB Plan relative to the projected contributions of all participating districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.1092% and 0.1358%, respectively, resulting in a net decrease in the proportionate share of 0.0266%.

For the year ended June 30, 2022, the District recognized OPEB expense of $(139,683).

Actuarial Methods and Assumptions

The June 30, 2021 total OPEB liability was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total OPEB liability to June 30, 2021, using the assumptions listed in the following table:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2020
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	2.16%
Medicare Part A Premium Cost Trend Rate	4.50%
Medicare Part B Premium Cost Trend Rate	5.40%

For the valuation as of June 30, 2020, CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

Assumptions were made about future participation (enrollment) into the MPP Program because CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' age increases. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility and are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 245 or an average of 0.16% of the potentially eligible population (152,062).

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2021, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund, which is a pooled investment program administered by the State Treasurer.

Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2021, is 2.16%. As the MPP Program is funded on a pay-as-you-go basis as previously noted, the OPEB Plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, a discount rate of 2.16%, which is the Bond Buyer 20-Bond GO Index from Bondbuyer.com as of June 30, 2021, was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate decreased 0.05% from 2.21% as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the current discount rate, as well as what the net OPEB 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 OPEB Liability
1% decrease (1.16%)	$ 480,249
Current discount rate (2.16%)	435,689
1% increase (3.16%)	397,617

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

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

Medicare Costs Trend Rate	Net OPEB Liability
1% decrease (3.5% Part A and 4.4% Part B)	$ 396,208
Current Medicare costs trend rate (4.5% Part A and 5.4% Part B)	435,689
1% increase (5.5% Part A and 6.4% Part B)	480,952

Note 9 - Risk Management

Property and Liability Insurance Coverages

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended June 30, 2022, 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 the year ended June 30, 2022, 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	$ 2,500,000
Schools' Excess Liability Fund	Excess Workers’ Compensation	$ 2,500,000
Southern California Schools Risk Management	Property and Liability	$ 2,000,000

Note 10 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2022, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Aggregate Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 33,069,975	$ 15,348,961	$ 34,305,704	$ 2,218,792
CalPERS	40,318,698	9,228,464	15,993,819	4,817,194
Total	$ 73,388,673	$ 24,577,425	$ 50,299,523	$ 7,035,986

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

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% 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 Defined Benefit Program provisions and benefits in effect at June 30, 2022, are summarized as follows:

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%	10.205%
Required employer contribution rate	16.92%	16.92%
Required State contribution rate	10.828%	10.828%

Contributions

Required member, District, and State of California contribution rates are set by the California Legislature and Governor and are 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 California Assembly Bill 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2022, are presented above, and the District's total contributions were $7,917,127.

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

At June 30, 2022, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share:	
District's proportionate share of net pension liability	$ 33,069,975
State's proportionate share of net pension liability associated with the District	16,639,529
Total	$ 49,709,504

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.0727% and 0.0779%, respectively, resulting in a net decrease in the proportionate share of 0.0052%.

For the year ended June 30, 2022, the District recognized pension expense of $2,218,792. In addition, the District recognized pension expense and revenue of $569,301 for support provided by the State. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 7,917,127	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,663,328	4,627,166
Differences between projected and actual earnings on pension plan investments	-	26,159,202
Differences between expected and actual experience in the measurement of the total pension liability	82,842	3,519,336
Changes of assumptions	4,685,664	-
Total	$ 15,348,961	$ 34,305,704

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

The deferred outflows/(inflows) of resources related to 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/(Inflows) of Resources
2023	$ (6,642,868)
2024	(6,076,054)
2025	(6,226,842)
2026	(7,213,438)
Total	$ (26,159,202)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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
2023	$ 1,505,019
2024	1,330,996
2025	(652,989)
2026	(787,638)
2027	(1,033,491)
Thereafter	(1,076,565)
Total	$ (714,668)

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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 as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Private equity	13%	6.3%
Real estate	15%	3.6%
Inflation sensitive	6%	3.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. 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 of 7.10% and assume 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 (6.10%)	$ 67,318,632
Current discount rate (7.10%)	33,069,975
1% increase (8.10%)	4,644,243

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 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 School Employer Pool provisions and benefits in effect at June 30, 2022, are summarized as follows:

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%	7.00%
Required employer contribution rate	22.91%	22.91%

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, 2022, are presented above, and the total District contributions were $6,778,861.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $40,318,698. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2021 and June 30, 2020, was 0.1983% and 0.1954%, respectively, resulting in a net increase in the proportionate share of 0.0029%.

For the year ended June 30, 2022, the District recognized pension expense of $4,817,194. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,778,861	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	1,245,986	425,654
Differences between projected and actual earnings on pension plan investments	-	15,473,117
Differences between expected and actual experience in the measurement of the total pension liability	1,203,617	95,048
Total	$ 9,228,464	$ 15,993,819

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

The deferred outflows/(inflows) of resources related to 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/(Inflows) of Resources
2023	$ (3,880,644)
2024	(3,568,600)
2025	(3,720,498)
2026	(4,303,375)
Total	$ (15,473,117)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 1,152,422
2024	420,050
2025	324,172
2026	32,257
Total	$ 1,928,901

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020 and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. 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	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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 (6.15%)	$ 67,982,986
Current discount rate (7.15%)	40,318,698
1% increase (8.15%)	17,351,403

CalSTRS/CalPERS Irrevocable Trust

The District has established an irrevocable trust for the purpose of funding future employer contributions associated with the CalSTRS and CalPERS pension plans. Funds deposited into this trust are not considered "plan assets" for GASB Statement No. 68 reporting; therefore, the balance of the irrevocable trust is not netted against the aggregate net pension liability shown on the Statement of Net Position. For the year ended June 30, 2022, contributions made to the trust were $16,000,000, which was due to the irrevocable trust from the Unrestricted General Fund at June 30, 2022. As of June 30, 2022, the balance of the trust investments was $10,641,536.

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ended June 30, 2022, which amounted to $4,673,491 (10.828%) 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. 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 operating 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% of an employee's gross earnings. An employee is required to contribute 6.20% of his or her gross earnings to the plan.

Note 11 - 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, 2022.

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, 2022.

Construction Commitments

As of June 30, 2022, the District had approximately $79.3 million in commitments with respect to unfinished capital projects. The projects are funded through a combination of general obligation bonds and capital project apportionments from the California State Chancellor's Office.

Note 12 - 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, 2022, the District made payments of $1,243,376 and $1,462,006 to SCSRM and SCSEBA, respectively.

Required Supplementary Information
June 30, 2022

Chaffey Community College District

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 1,114,366	$ 1,155,317	$ 716,512	$ 750,237	$ 718,091
Interest	908,618	846,366	663,371	611,467	562,860
Difference between expected and actual experience	(2,032,532)	(259,096)	2,847,372	-	-
Changes of assumptions	(481,447)	-	660,808	-	-
Benefit payments	(892,251)	(664,445)	(517,860)	(574,676)	(541,533)
Net change in total OPEB liability	(1,383,246)	1,078,142	4,370,203	787,028	739,418
Total OPEB Liability - Beginning	15,554,773	14,476,631	10,106,428	9,319,400	8,579,982
Total OPEB Liability - Ending (a)	$ 14,171,527	$ 15,554,773	$ 14,476,631	$ 10,106,428	$ 9,319,400
Plan Fiduciary Net Position					
Contributions - employer	$ 1,892,251	$ 3,664,445	$ 2,017,860	$ 1,874,676	$ 3,385,533
Expected investment income	617,931	468,517	457,469	393,342	434,835
Differences between projected and actual earnings on OPEB plan investments	2,000,383	(57,367)	(97,318)	-	-
Benefit payments	(892,251)	(664,445)	(517,860)	(574,676)	(541,533)
Administrative expense	(94,007)	(76,080)	(64,396)	(62,088)	(42,729)
Net change in plan fiduciary net position	3,524,307	3,335,070	1,795,755	1,631,254	3,236,106
Plan Fiduciary Net Position - Beginning	12,200,986	8,865,916	7,070,161	5,438,907	2,202,801
Plan Fiduciary Net Position - Ending (b)	$ 15,725,293	$ 12,200,986	$ 8,865,916	$ 7,070,161	$ 5,438,907
Net OPEB Liability/(Asset) - Ending (a) - (b)	$ (1,553,766)	$ 3,353,787	$ 5,610,715	$ 3,036,267	$ 3,880,493
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	110.96%	78.44%	61.24%	69.96%	58.36%
Covered Employee Payroll	$ 74,670,633	$ 73,448,608	$ 68,949,008	$ 68,241,447	$ 64,049,508
Net OPEB Liability/(Asset) as a Percentage of Covered Employee Payroll	-2.08%	4.57%	8.14%	4.45%	6.06%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	22.50%	4.62%	5.12%	6.05%	9.74%

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

Year ended June 30,	2022	2021	2020	2019	2018
Proportion of the net OPEB liability	0.1092%	0.1358%	0.1380%	0.1345%	0.1333%
Proportionate share of the net OPEB liability	$ 435,689	$ 575,372	$ 513,794	$ 514,661	$ 560,803
Covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Proportionate share of the net OPEB liability as a percentage of it's covered payroll	N/A[1]	N/A[1]	N/A[1]	N/A[1]	N/A[1]
Plan fiduciary net position as a percentage of the total OPEB liability	-0.80%	-0.71%	-0.81%	-0.40%	0.01%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

[1] As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0727%	0.0779%	0.0780%	0.0749%	0.0736%	0.0748%	0.0720%	0.0675%
Proportionate share of the net pension liability	$ 33,069,975	$ 75,510,210	$ 70,439,495	$ 68,848,355	$ 68,092,086	$ 60,538,782	$ 48,490,236	$ 39,441,623
State's proportionate share of the net pension liability associated with the District	16,639,529	38,925,522	38,429,447	39,418,903	40,282,703	34,463,649	25,645,989	23,816,555
Total	$ 49,709,504	$ 114,435,732	$ 108,868,942	$ 108,267,258	$ 108,374,789	$ 95,002,431	$ 74,136,225	$ 63,258,178
Covered payroll	$ 43,174,068	$ 46,448,684	$ 45,171,658	$ 42,885,752	$ 41,039,579	$ 38,045,116	$ 36,400,980	$ 32,999,679
Proportionate share of the net pension liability as a percentage of its covered payroll	76.60%	162.57%	155.94%	160.54%	165.92%	159.12%	133.21%	119.52%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	0.1983%	0.1954%	0.1909%	0.1862%	0.1801%	0.1756%	0.1836%	0.1848%
Proportionate share of the net pension liability	$ 40,318,698	$ 59,955,554	$ 55,642,058	$ 49,641,169	$ 42,994,529	$ 34,682,765	$ 27,068,929	$ 20,982,604
Covered payroll	$ 31,496,565	$ 26,999,924	$ 23,777,350	$ 25,355,695	$ 23,009,929	$ 21,036,811	$ 20,268,437	$ 19,485,358
Proportionate share of the net pension liability as a percentage of its covered payroll	128.01%	222.06%	234.01%	195.78%	186.85%	164.87%	133.55%	107.68%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 7,917,127	$ 6,972,612	$ 7,942,725	$ 7,353,946	$ 6,188,414	$ 5,162,779	$ 4,082,241	$ 3,232,407
Contributions in relation to the contractually required contribution	7,917,127	6,972,612	7,942,725	7,353,946	6,188,414	5,162,779	4,082,241	3,232,407
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 46,791,531	$ 43,174,068	$ 46,448,684	$ 45,171,658	$ 42,885,752	$ 41,039,579	$ 38,045,116	$ 36,400,980
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 6,778,861	$ 6,519,789	$ 5,324,655	$ 4,294,665	$ 3,937,993	$ 3,195,619	$ 2,492,231	$ 2,385,595
Contributions in relation to the contractually required contribution	6,778,861	6,519,789	5,324,655	4,294,665	3,937,993	3,195,619	2,492,231	2,385,595
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 29,589,092	$ 31,496,565	$ 26,999,924	$ 23,777,350	$ 25,355,695	$ 23,009,929	$ 21,036,811	$ 20,268,437
Contributions as a percentage of covered payroll	22.910%	20.700%	19.721%	18.062%	15.531%	13.888%	11.847%	11.771%

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

Note 1 - Purpose of Schedules

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

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the Plan's fiduciary net position, and the net OPEB liability/(asset). In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes of Assumptions* - The inflation rate assumption was changed from 2.63% to 2.50% and the investment rate of return assumption was changed from 5.80% to 5.75% since the previous valuation.

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 the District's Proportionate Share of the Net OPEB Liability - MPP Program

- *Changes in Benefit Terms* - There were no changes in the benefit terms since the previous valuation.
- *Changes in Assumptions* - The plan rate of investment return assumption was changed from 2.21% to 2.16% since the previous valuation.

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 either CalSTRS or CalPERS.
- *Changes in Assumptions* - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of the District’s 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
June 30, 2022

Chaffey Community College District

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.

Board of Trustees as of June 30, 2022

Member	Office	Term Expires
Lee C. McDougal	President	2024
Kathleen R. Brugger	Vice President	2026
Deana Olivares-Lambert	Clerk	2026
Gary C. Ovitt	Immediate Past President	2024
Gloria Negrete McLeod	Member	2024
Rousselle Douge	Student Trustee	2023

Administration as of June 30, 2022

Henry D. Shannon, Ph.D.	Superintendent/President
Laura Hope	Associate Superintendent, Instruction and Institutional Effectiveness
Lisa Bailey	Associate Superintendent, Business Services and Economic Development
Troy Ament	Associate Superintendent, Administrative Services and Emergency Operations
Alisha Rosas	Associate Superintendent, Student Services and Strategic Communications

Auxiliary Organizations in Good Standing

Chaffey College Foundation, established 1987
Master Agreement established June 17, 1993
Heather Parsons, Interim Executive Director

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063		$ 20,977,132
Federal Pell Grant Program Administrative Allowance	84.063		36,575
Federal Direct Student Loans	84.268		457,382
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		1,450,100
FSEOG Administrative Allowance	84.007		96,268
Federal Work-Study Program	84.033		51,575
Federal Work-Study Program Administrative Allowance	84.033		2,197
Subtotal Student Financial Assistance Cluster			23,071,229
TRIO Cluster			
Upward Bound	84.047A		324,607
Subtotal TRIO Cluster			324,607
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E		25,159,440
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F		20,132,284
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L		3,655,504
Subtotal			48,947,228
Title III STEM	84.031C		631,185
Developing Hispanic Serving Institutions Program (Title V)	84.031S		490,223
Subtotal			1,121,408
Passed through California Community Colleges Chancellor's Office			
Career and Technical Education Act (CTEA), Title I, Part C	84.048A	21-C01-920	571,416
Total U.S. Department of Education			74,035,888
U.S. Department of Agriculture			
Forest Service Schools and Roads Cluster			
Forest Reserve	10.665		35,964
Subtotal Forest Service Schools and Roads Cluster			35,964

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of the Treasury			
Passed through California Community Colleges Chancellor's Office			
COVID-19: Coronavirus State and Local Fiscal Recovery Funds	21.027	[1]	$ 469,530
U.S. Department of Veterans Affairs			
Veterans Education	64.116		250
U.S. Department of Health and Human Services			
Passed through California Community Colleges Chancellor's Office			
Temporary Assistance for Needy Families (TANF)	93.558	[1]	106,306
Child Care and Development Fund (CCDF) Cluster			
Passed through California Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	13609	13,643
Subotal Child Care and Development Fund (CCDF) Cluster			13,643
Total U.S. Department of Health and Human Services			119,949
Total Federal Financial Assistance			$ 74,661,581

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

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
Adult Education Block Grant	$ 494,295	$ 78,038	$ 289,526	$ -	$ 282,807	$ 282,807
Basic Needs Center	374,546	-	339,314	-	35,232	35,232
Basic Skills	1,484,003	-	732,791	-	751,212	751,212
BHJIS Project	-	17,495	-	-	17,495	17,495
CAFYES Next Up	899,184	-	140,642	-	758,542	758,542
CAI Mechatronics Apprenticeship Program	159,186	95,998	-	-	255,184	255,184
Cal Grants	3,162,250	-	-	-	3,162,250	3,162,250
California Apprenticeship Initiative	221,916	-	-	-	221,916	221,916
California College Promise	991,780	63,653	-	-	1,055,433	1,055,433
CalWORKS	1,007,598	-	458,072	-	549,526	549,526
Campus Child Care Tax Bailout	148,344	12,899	-	-	161,243	-
CARE Program	272,653	-	26,256	-	246,397	246,397
COE Technical Assistance Desert	36,297	156,030	-	-	192,327	192,327
CORE Academy	1,000,000	-	996,893	-	3,107	3,107
COVID-19 Response Block Grant	531,458	-	-	-	531,458	531,458
Credit Student Success & Support Program Matriculation	4,758,009	-	945,874	-	3,812,135	3,812,135
Currently & Formerly Incarcerated Students Reentry Grant	97,237	-	-	-	97,237	97,237
Culturally Competent Faculty Professional Development	50,434	-	50,434	-	-	-
Disaster Relier Emergency Student Financial Aid	58,971	-	58,971	-	-	-
Disability Programs and Services	2,291,985	-	889,982	-	1,402,003	1,402,003
DREAM Resource Liaison Support	208,501	-	208,501	-	-	-
EEO Best Practices	208,333	-	208,333	-	-	-
Employment Training Grant	-	402,530	-	-	402,530	402,530
Extended Opportunity Program and Services (EOPS)	1,814,941	-	111,041	-	1,703,900	1,703,900
Financial Aid Technology	120,714	-	13,529	-	107,185	107,185
Guided Pathways	576,228	-	238,274	-	337,954	337,954
IAB - CalFresh Outreach	50,570	-	8,130	-	42,440	42,440
IAB - Student Retention & Outreach	2,199,164	-	2,057,680	-	141,484	141,484
Innovation in Higher Education	273,441	-	39,808	-	233,633	233,633
InTech Welding Lab Foundation	3,000,000	-	3,000,000	-	-	-
Invention & Inclusive Innovation (I3) Program Grant	83,767	27,088	-	-	110,855	110,855

Program	Program Revenues: Cash Received	Accounts Receivable	Unearned Revenue	Accounts Payable	Total Revenue	Program Expenditures
LGBTQ+	$ 108,868	$ -	$ 108,868	$ -	$ -	$ -
Lottery - Restricted	904,325	573,951	-	-	1,478,276	391,350
Mandated Costs	514,158	-	-	-	514,158	514,158
Mental Health Support	642,484	-	480,484	-	162,000	162,000
Non-Credit Student Success & Support Program Matriculation	73,998	-	2,573	-	71,425	71,425
Nursing Enrollment Grant	199,958	-	-	12,313	187,645	187,645
Part-time Faculty Allocation	2,286,352	-	-	-	2,286,352	2,286,352
Physical Plant & Instruction Equipment Block Grant	6,051,051	-	5,311,874	-	739,177	739,177
Propositions 1D and 51 State Bond Funded Projects	-	549,711	-	-	549,711	549,711
Puente Project	1,500	-	-	510	990	990
Staff Development	58,686	-	58,686	-	-	-
Staff Diversity	70,163	-	2,132	-	68,031	68,031
Statewide Director, Advanced MFG	129,069	-	-	-	129,069	129,069
Strong Workforce	3,146,595	-	105,298	581,724	2,459,573	2,459,573
Strong Workforce Regional	484,065	331,402	-	-	815,467	815,467
Strong Workforce Regional Reallocation	412,739	59,978	-	-	472,717	472,717
Strong Workforce State	2,556,365	-	2,459,911	-	96,454	96,454
Student Equity	2,722,175	-	1,048,627	-	1,673,548	1,673,548
Student Financial Assistance Programs (BFAP)	841,080	-	117,469	-	723,611	723,611
Student Food & Housing Support	357,173	-	357,173	-	-	-
Student Success Completion Grant	2,739,225	-	929,683	-	1,809,542	1,809,542
Transfer Pathways Mapper Project	500	-	-	500	-	-
Veteran's Program	45,380	-	45,380	-	-	-
Veteran's Resource Center	267,399	-	179,478	-	87,921	87,921
Total state programs	$ 51,189,113	$ 2,368,773	$ 22,021,687	$ 595,047	$ 30,941,152	$ 29,692,983

CATEGORIES	Reported Data	Audit Adjustments	Audited Data
A. Summer Intersession (Summer 2021 only)			
1. Noncredit*	15.31	-	15.31
2. Credit	1,929.44	-	1,929.44
B. Summer Intersession (Summer 2022 - Prior to July 1, 2022)			
1. Noncredit*	-	-	-
2. Credit	-	-	-
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	397.10	-	397.10
(b) Daily Census Contact Hours	188.62	-	188.62
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit*	92.47	-	92.47
(b) Credit	350.58	-	350.58
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Procedure Courses	4,158.89	-	4,158.89
(b) Daily Census Procedure Courses	5,589.77	-	5,589.77
(c) Noncredit Independent Study/Distance Education Courses	154.60	-	154.60
D. Total FTES	12,876.78	-	12,876.78
SUPPLEMENTAL INFORMATION (Subset of Above Information)			
E. In-Service Training Courses (FTES)	-	-	-
F. Basic Skills Courses and Immigrant Education			
1. Noncredit*	269.85	-	269.85
2. Credit	39.54	-	39.54
CCFS-320 Addendum			
CDCP Noncredit FTES	169.57	-	169.57
Centers FTES			
1. Noncredit*	216.30	-	216.30
2. Credit	2,495.88	-	2,495.88

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

	Object/TOP Codes	ECS 84362 A Instructional Salary Cost AC 0100 - 5900 and AC 6110 Reported Data	Audit Adjustments	Audited Data	ECS 84362 B Total CEE AC 0100 - 6799 Reported Data	Audit Adjustments	Audited Data
Academic Salaries							
Instructional Salaries							
Contract or Regular	1100	$ 19,502,228	$ -	$ 19,502,228	$ 19,502,228	$ -	$ 19,502,228
Other	1300	17,385,549	-	17,385,549	17,385,549	-	17,385,549
Total Instructional Salaries		36,887,777	-	36,887,777	36,887,777	-	36,887,777
Noninstructional Salaries							
Contract or Regular	1200	-	-	-	8,964,954	-	8,964,954
Other	1400	-	-	-	956,313	-	956,313
Total Noninstructional Salaries		-	-	-	9,921,267	-	9,921,267
Total Academic Salaries		36,887,777	-	36,887,777	46,809,044	-	46,809,044
Classified Salaries							
Noninstructional Salaries							
Regular Status	2100	-	-	-	19,189,484	-	19,189,484
Other	2300	-	-	-	460,998	-	460,998
Total Noninstructional Salaries		-	-	-	19,650,482	-	19,650,482
Instructional Aides							
Regular Status	2200	2,242,236	-	2,242,236	2,242,236	-	2,242,236
Other	2400	758,152	-	758,152	758,152	-	758,152
Total Instructional Aides		3,000,388	-	3,000,388	3,000,388	-	3,000,388
Total Classified Salaries		3,000,388	-	3,000,388	22,650,870	-	22,650,870
Employee Benefits	3000	21,843,227	-	21,843,227	47,518,383	-	47,518,383
Supplies and Material	4000	-	-	-	1,048,694	-	1,048,694
Other Operating Expenses	5000	323,321	-	323,321	9,664,691	-	9,664,691
Equipment Replacement	6420	-	-	-	2,159	-	2,159
Total Expenditures Prior to Exclusions		62,054,713	-	62,054,713	127,693,841	-	127,693,841

		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	$ 13,597	$ -	$ 13,597	$ 13,597	$ -	$ 13,597
Student Health Services Above Amount Collected	6441	-	-	-	(4,423)	-	(4,423)
Student Transportation	6491	-	-	-	567,117	-	567,117
Noninstructional Staff - Retirees' Benefits and Retirement Incentives	6740	-	-	-	184,573	-	184,573
Objects to Exclude							
Rents and Leases	5060	-	-	-	-	-	-
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		-	-	-	-	-	-

		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	$ -	$ -	$ -	$ 3,110,960	$ -	$ 3,110,960
Capital Outlay	6000						
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay							
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		13,597	-	13,597	3,871,824	-	3,871,824
Total for ECS 84362, 50% Law		$ 62,041,116	$ -	$ 62,041,116	$ 123,822,017	$ -	$ 123,822,017
Percent of CEE (Instructional Salary Cost/Total CEE)		50.11%		50.11%	100.00%		100.00%
50% of Current Expense of Education					$ 61,911,008		$ 61,911,008

See Notes to Supplementary Information

Activity Classification	Object Code				Unrestricted
EPA Proceeds:	8630				$ 33,597,835
Activity Classification	Activity Code	Salaries and Benefits (Obj 1000-3000)	Operating Expenses (Obj 4000-5000)	Capital Outlay (Obj 6000)	Total
Instructional Activities	1000-5900	$ 33,597,835	$ -	$ -	$ 33,597,835
Total Expenditures for EPA		$ 33,597,835	$ -	$ -	$ 33,597,835
Revenues Less Expenditures					$ -

Amounts reported for governmental activities in the Statement of Net Position are different because		
Total fund balance		
General Funds	$ 54,037,546	
Special Revenue Funds	59,173,226	
Capital Project Funds	180,313,274	
Debt Service Funds	25,957,303	
Internal Service Funds	940,640	
Fiduciary Funds	14,766,820	
Total fund balance - all District funds		$ 335,188,809
Amounts held in trust on behalf of others (OPEB Trust)		(14,766,820)
The net other postemployment benefits (OPEB) asset results from the difference between annual OPEB cost on the accrual basis and OPEB contributions.		1,553,766
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	470,913,957	
Accumulated depreciation is	(145,904,376)	
Total capital assets, net		325,009,581
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the District's funds. Deferred outflows of resources at year-end consist of		
Deferred outflows of resources related to debt refunding	18,280,876	
Deferred outflows of resources related to OPEB	5,445,095	
Deferred outflows of resources related to pensions	24,577,425	
Total deferred outflows of resources		48,303,396
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(967,067)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of		
General obligation bonds, including premiums	$ (324,697,976)	
Lease revenue bonds	(27,675,000)	
Redevelopment agreement payable	(1,080,000)	
Compensated absences	(2,367,153)	
Net other postemployment benefits (OPEB) liability - MPP Program	(435,689)	
Aggregate net pension liability	(73,388,673)	
Total long-term liabilities		$ (429,644,491)
Deferred inflows of resources represent an acquisition of net position in a future period and is not reported in the District's funds. Deferred inflows of resources amount to and related to		
Deferred inflows of resources related to OPEB	(4,050,867)	
Deferred inflows of resources related to pensions	(50,299,523)	
Total deferred inflows of resources		(54,350,390)
Total net position		$ 210,326,784

Note 1 - Purpose of Schedules

District Organization

This schedule provides information about the District's governing board members, administration members, and auxiliary organizations in good standing as of June 30, 2022.

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation
The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

Summary of Significant Accounting Policies
Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate
The District has not elected to use the 10% de minimis cost rate.

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 students attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis for making apportionments of State funds to community college districts. This schedule provides information regarding the attendance of students based on various methods of accumulating attendance data.

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

ECS 84362 requires the District to expend a minimum of 50% 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.

Proposition 30 Education Protection Account (EPA) Expenditure Report

This schedule provides information about the District's EPA proceeds and summarizes the expenditures of EPA proceeds.

Reconciliation of Government 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 government-wide full accrual basis financial statements required under GASB Statements No. 34 and No. 35 business-type activities reporting model.

Independent Auditor's Reports
June 30, 2022

Chaffey Community College District

CPAs & BUSINESS ADVISORS

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 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 remaining fund information of Chaffey Community College District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Eide Bailly LLP

Rancho Cucamonga, California
December 29, 2022

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report 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

Opinion on Each Major Federal Program

We have audited Chaffey Community College District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Rancho Cucamonga, California
December 29, 2022

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 described in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

Opinion

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

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the standards and procedures identified in the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Compliance Requirements Tested

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

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

The District reports no Apportionment for Activities Funded From Other Sources; therefore, the compliance tests within this section were not applicable.

The District reports no Apprenticeship Related and Supplemental Instruction (RSI) Funds; therefore, the compliance tests within this section were not applicable.

The purpose of this report on state compliance is solely to describe the scope of our testing based on the requirements of the 2021-2022 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Rancho Cucamonga, California
December 29, 2022

Schedule of Findings and Questioned Costs
June 30, 2022

Chaffey Community College District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
COVID-19: Higher Education Emergency Relief Funds, Student Aid Portion	84.425E
COVID-19: Higher Education Emergency Relief Funds, Institutional Portion	84.425F
COVID-19: Higher Education Emergency Relief Funds, Minority Serving Institutions	84.425L

Dollar threshold used to distinguish between type A and type B programs	$2,239,847
Auditee qualified as low-risk auditee?	Yes

State Compliance

Type of auditor's report issued on compliance for state programs	Unmodified

None reported.

None reported.

None reported.

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

2021-001 Special Tests and Provisions

Program Name: Student Financial Assistance Cluster
Federal Financial Assistance Listing Numbers: 84.007, 84.033, 84.063, and 84.268
Direct funded by the U.S. Department of Education (ED)
Federal Agency: U.S. Department of Education (ED)

Recommendation
It is recommended the District should establish effective controls to ensure the Return to Title IV funds occurs within 45 days from the date the institution determines the student withdrew from all classes.

Current Status
Implemented.

2021-002 Reporting

Program Name: COVID-19: Higher Education Emergency Relief Funds (HEERF), Institutional Portion
Federal Financial Assistance Listing Numbers: 84.425F
Direct funded by the U.S. Department of Education (ED)
Federal Agency: U.S. Department of Education (ED)

Recommendation
The District should ensure that reporting requirements and deadlines are clearly communicated to all staff, and procedures in place to ensure requirements and deadlines are met. The District should also ensure all documentation to support amounts reported is maintained in accordance with document retention guidelines.

Current Status
Implemented.

State Compliance Findings

None reported.