

# State of the Budget

September 28, 2022



# CCFS – 311 Annual Financial Report



# CCFS – 311 Annual Financial Report

The California Community Colleges Chancellor's Office utilizes the CCFS-311 Financial Report to monitor ongoing fiscal health.

The 311 report provides the Board of Trustees and the public with a full accounting of all revenue, expenditures, assets, liabilities and fund balances of a district .

The annual 311 report also provides data for all fund groups, not just the General Fund.

Due each year on October 10<sup>th</sup> for the previous fiscal year.



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The report consists of multiple sections as follows:

Section I – Current Expense of Education – Analysis of the 50% Law outcome for the District under Ed Code section 84362.

The 50% Law requires districts to allocate no less than 50% of its Unrestricted General Fund expenditures to instructional costs as determined by the account string used to charge the expenses.

Palomar ended FY 2021-22 at 50.96%.



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## Section II – Combined Balance Sheet

Reflects data associated with assets, liabilities and equity (fund balances) for Governmental, Proprietary and Fiduciary Funds.

Accounting basis = Assets = Liabilities + Equity



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## Section III – General Fund Revenue

Reflects detail of Federal, State and Local Revenue plus Other Financing Sources.

All Federal revenues for the district are in the Restricted Fund.

Local revenue can include national grants, and also includes property tax, which is part of apportionment revenue, as well as enrollment fee revenue, both resident and non-resident.



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## Section IV – Expenditures by Instructional and Non-Instructional Activity

All activity is classified as instructional, administrative and support, or non-instructional.

Only reported for General Fund (Unrestricted and Restricted).



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## Section V – GANN Report

The GANN Limit requires districts to compute an annual appropriation limit which is adjusted each year by population, price index and other factors. It establishes a cap on the amount of tax proceeds that can be legally spent each year.

This year, many districts exceeded the limit due to recent changes in legislation and the unusually high tax income received at the state level. The outcome is that in September, the Governing Board approved a resolution to raise the limit for this year per recommendation of the State Chancellor's Office.





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## Section VI – Revenue, Expenditures and Fund Balance Data

Presents FY 2021-22 actuals for revenue, expenditures and fund balance data and estimated budget allocations for FY 2022-23.

Each year, the surplus (positive) or deficit (negative) of revenue over expenses is added to that fiscal year's July 1<sup>st</sup> beginning balance to make up the fiscal year ending balance as of June 30<sup>th</sup>.

Palomar's General Fund Unrestricted ending balance was \$40,266,519, made up of the beginning balance of \$28,575,72 plus a surplus of \$12,046,847.



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## Section VII – Interfund Transfer Report

Reports transfers as follows:

Fund Number In for the fund receiving the transfer (other financing sources)

Fund Number Out for the fund making transfers (other financing uses).

Total transfers for FY 2021-22 = \$9,438,050.



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## Section VIII – Lottery Proceeds

Presents the Lottery funds (Unrestricted and Restricted–Prop 20) actually received in FY 2021-2022 and the anticipated FY 2022-2023 Lottery fund budget.

Proposition 20 restricts the use of a portion of Lottery proceeds for the purchase of instructional materials including textbooks, technology-based materials, and other educational materials.

Typically, the unrestricted portion of the Lottery funds is fully spent while the restricted portion (Prop 20) has a carry forward balance.



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## Section IX – Education Protection Amount

EPA funds can be used for instructional purposes only and not for compensation for administrators or other administrative costs.

Tax revenue generated is deposited into a state Education Protection Account with 11% to be provided to community colleges and 89% to K-12 education. Districts record EPA revenue in a separate General Fund Unrestricted fund.

In FY 2021-2022 the District received \$22,903,612 in EPA funds.



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## Section X – Pension Costs

The Pension Cost section reflects actual STRS and PERS contributions and projects costs out through FY 2026-27.



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The Annual 311 Report will be taken to the Governing Board for approval on Tuesday, October 4th.

After approval, the report will be certified and submitted to the State Chancellor's Office by the due date of October 10<sup>th</sup>.

Once complete, the report will be posted on the district's Fiscal Services financial reporting website.

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