



Quarterly Report on the Status of the Beverage Container Recycling Fund

Department of Resources Recycling and Recovery

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Introduction

This *Quarterly Report on the Status of the Beverage Container Recycling Fund* is a review of the adequacy of resources in the Beverage Container Recycling Fund to make the payments specified in Public Resources Code (PRC) Section 14581 and the processing fee offsets specified in PRC Section 14575. This report provides the updated fund condition statements for all funds in the Beverage Container Recycling Program and the updated cash balance projection of the recycling fund by month. This report also provides projections for sales, recycling volumes (returns), processing payments, processing fees, and processing fee offsets, by material type, and handling fees. Finally, this report provides an explanation of significant changes between the current projections and the projections presented in the April 2014 report.

As of October 1, 2014, CalRecycle projects that the cash balance of the recycling fund will not permanently fall below the prudent reserve until after FY 2017-18, which is the extent of the current forecast horizon, if present trends continue. The April 2014 report projected this event to occur during FY 2015-16. Additionally, the average structural deficits for FYs 2014-15 to 2017-18 are projected to decrease to \$72 million per year as compared to actual structural deficits averaging \$123 million per year for FYs 2008-09 to 2013-14, excluding FY 2009-10 when proportional reduction was implemented.

CalRecycle believes there are two significant reasons for the positive change in the projected status of the recycling fund. The first significant reason is due to the impacts from recently implemented reform measures, most notably the discontinuance of the commingled redemption of beverage containers at recycling centers, lower consumer load limits, and increased monitoring of the importation of out-of-state beverage container material. These three key reform measures were implemented between November 2013 and January 2014. While CalRecycle cannot directly isolate the impacts of the reform measures due to their compacted implementation dates, their presumed effect began to appear in mature volume data covering the first quarter of 2014 in the form of declining volumes of beverage container material returned for recycling. Recycling volumes continued to decline during the second quarter of 2014.

The second significant reason is higher projections of redemption fee revenue. Sales have experienced a seven-month consecutive increase from December 2013 through June 2014.

Additionally, expenditures for Local Conservation Corps Grants from the recycling fund have been reduced by \$7.5 million in FY 2014-15 and \$15 million beginning in FY 2015-16 pursuant to SB 861 (Chapter 35, Statutes of 2014). Total funding for Local Conservation Corps Grants generally remains unchanged, as the remainder of support will come from other CalRecycle funds.

Given the significant change from prior forecasts, CalRecycle has taken additional measures to verify the accuracy of the projections. That includes visits to various program participants in August and September as well as incorporating six months of data in this report, combining what would normally be in separate July 1 and October 1 reports.

The projections in this report are based the following assumptions:

- Projections are based on current appropriations and sunset dates specified in PRC Sections 14581 and 14581.1.
- All outstanding loans made from the recycling fund, currently amounting to \$82.3 million, will be completely repaid by the end of FY 2014-15.
- Proceeds from loan repayments made to the processing fee funds will be used to reduce processing fee offsets paid from the recycling fund.
- Projections for processing fees, processing payments, and processing fee offsets are based on current processing payment rates effective October 1, 2014.

The combined effect of declining returns and increasing sales, and the timing of implementation of key reform measures, is shown in the chart and tables that follow. In Chart 1, sales and returns are shown on an annualized trailing 12-month basis to avoid monthly distortion due to seasonality. Additionally, Table 1 shows the tonnages of beverage container material returned during the six months following the

implementation of reform measures compared with the tonnages for the same period prior to implementation.

Chart 1: Sales Revenue and Returns Expenditure by Reporting Month

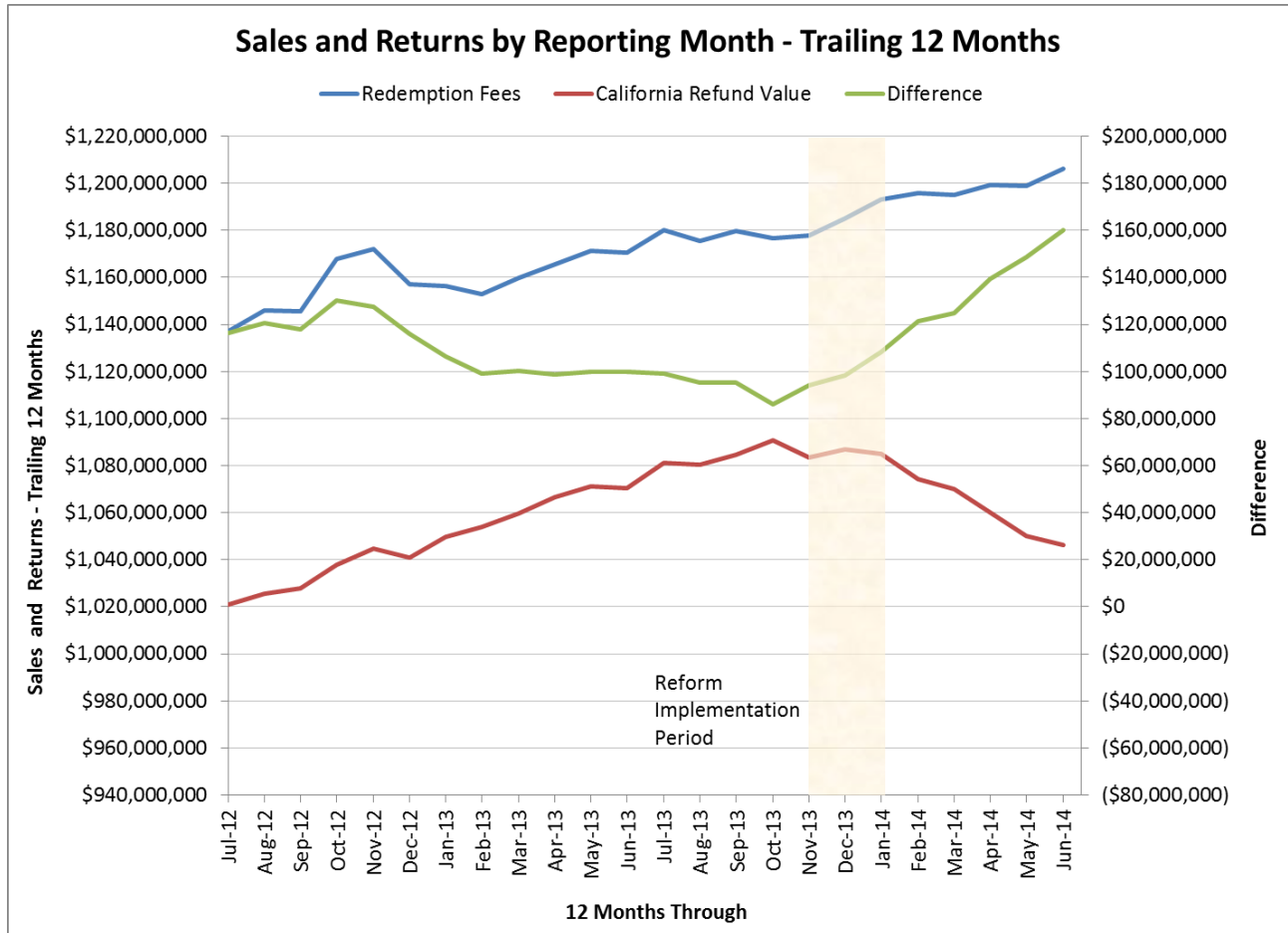


Table 1: Tonnage of Beverage Container Material Returned for Recycling by Reporting Month

	Jan-Jun 2014	Jan-Jun 2013	Change
Aluminum	64,623	68,419	-5.5%
Glass	305,606	338,042	-9.6%
PET	93,240	98,235	-5.1%
HDPE	6,435	11,583	-44.4%

Chart 1 shows that revenues have been rising steadily since December 2013. Expenditures, however, have had a substantial decrease since October 2013. The

legislatively authorized change to pay refund value on the basis of segregated empty beverage containers only, occurred on November 1, 2013, with extensive outreach efforts by CalRecycle to inform stakeholders that buyback centers would no longer be allowed to pay refund value on commingled loads. Table 1 shows the same impact by comparing the periods before and after the key reform measures were implemented based on tonnages of beverage container material recycled by material type.

Tables 2 and 3 show the comparison of the periods before and after the implementation of key reform measures on a cash flow basis.

Table 2: Recycling Fund Cash Flow January Through June

Period	Refund Value Expenditure	Change	Redemption Fee Revenue	Change
Jan - Jun 2011	\$468,691,845		\$527,291,374	
Jan - Jun 2012	\$484,433,848	3.4%	\$530,329,217	0.6%
Jan - Jun 2013	\$516,185,481	6.6%	\$530,626,497	0.1%
Jan - Jun 2014	\$491,799,276	-4.7%	\$544,738,365	2.7%

Table 3: Recycling Fund Cash Flow January Through September

Period	Refund Value Expenditure	Change	Redemption Fee Revenue	Change
Jan - Sep 2011	\$747,791,157		\$801,457,081	
Jan - Sep 2012 [Note 1]	\$783,747,675	4.8%	\$953,599,006	19.0%
Jan - Sep 2013	\$796,410,791	1.6%	\$843,844,618	-11.5%
Jan - Sep 2014	\$748,726,359	-6.0%	\$896,722,067	6.3%

[Note 1] - The change in Redemption Fee revenue is a result of the acceleration of the payment due date from 60 to 30 days occurring in August 2012.

The change in expenditure trends from prior years required a more thorough review of the data extending back to 2011. Concern that the observed trends could be an anomaly due to the number of programmatic changes or other factors is addressed by the data through September, which shows more pronounced change than the data through June. CalRecycle will need to continuously monitor the data for possible trend reversals, including a more thorough examination of what accounts for the growth in

revenue. Prior year's revenue data suggests a great deal of variability, and thus performance in recent months may not be a good indicator of future performance.

Despite the apparent early successes of the recently implemented reform measures, the program is projected to continue operating under a structural deficit indefinitely, resulting in the inevitable implementation of proportional reduction pursuant to PRC Section 14581(d). Under current projections, the timing of proportional reduction is expected to occur outside the current forecasting horizon, after FY 2017-18. Because of this extended outlook, both the timing and the percentage of expenditure reductions needed to maintain the cash balance of the recycling fund above the prudent reserve, currently amounting to approximately \$58 million, cannot be reliably forecasted at this time. See Chart 2 for additional information on the projected recycling fund cash balance.

Furthermore, the current projections are based on conditions observed over a relatively short period of time that are subject to change. The potential changes to current observations that could impact future forecasts include:

- Circumvention of existing fraud prevention measures that reverses the decline in fraudulent expenditures
- Adjustment of consumer behavior in response to segregated-only redemption and lower load limits resulting in higher volumes of beverage containers recycled
- Stagnation or reversal of economic growth encouraging more recycling above current levels

In addition to potential changes in conditions that could counteract the positive effects of the reform measures, the program still faces many challenges. Implementation of the reform measures has occurred within a short period of time, and while the collective impacts have so far been very positive, the impact of each individual measure is not known.

Another challenge is optimizing the limited resources available to engage in fraud prevention. CalRecycle does not have sufficient resources to counteract all known or

suspected fraud. The challenge lies in targeting the effort toward actions having the greatest fiscal impact and the greatest deterrent effect in an environment where CalRecycle will need to anticipate and prevent circumventions. This challenge is compounded by new information gathered from imported material reports revealing that single-stream material, or unsorted loads of recyclables containing empty beverage containers, originating from neighboring states are sorted and processed within various facilities in California.

The third challenge is managing the ongoing structural deficit without relying on significant growth in revenue. In response to stakeholder concerns of the potential of a significant under-collection of redemption fees, CalRecycle conducted an extensive examination of business practices, analyzed third-party point-of-sale data, and conducted retailer shelf surveys. The findings have indicated that there are no significant gaps in the collection of revenues for redemption fees and processing fees.

Nonetheless, CalRecycle remains committed to collecting all revenue owed to the program. CalRecycle has recently reached out to the State of California's Drinking Water Program and the Board of Equalization to identify companies that should be paying redemption fees but do not appear to be registered. In addition, CalRecycle has been contacting Internet-based marketers of beverages to ensure that they and their associated companies are paying redemption fees. While these efforts have not resulted in any significant new revenue sources, CalRecycle continues to explore all feasible sources of uncollected or under-collected revenue.

CalRecycle is also continuing to implement reform measures to improve program integrity, reduce loss, and enhance revenue where possible. The measures intended to improve integrity focus on certified recyclers by promoting higher standards of performance, accountability, and service to the public. The measures intended to reduce loss focus on counteracting fraud. The measures intended to enhance revenue focus on closing possible gaps in the collection of redemption fees and processing fees. Key reform measures include the following:

Table 4: Program Reform Measures

Category	Measure	Rulemaking Authority [Note 1]	Implementation Date
Improve Integrity	Develop a more robust certification application review and probationary process [Note 2]	Emergency	Regulations effective Jan 1, 2014
	Require the completion of pre-certification training and a passing score on an examination in order to promote best practices and improve compliance [Note 2]	Emergency	Regulations effective Jan 1, 2014
	Mandate program participants use the Division of Recycling Integrated Information System (DORIIS) [Note 2]	Regular	Anticipated effective date of regulations Jul 1, 2015 [Note 3]
Reduce Loss	Mandate reporting and inspection of loads of empty beverage containers at Dept. of Food and Agriculture plant quarantine inspection stations upon entry into California [Note 4]	Emergency	Regulations Effective Jan 13, 2014
	Discontinue beverage container redemption of consumer loads based on the commingled rate at certified recycling centers [Note 2]	Regular [Note 5]	Nov 1, 2013
	Reduce the consumer load limit of empty beverage containers redeemed at recycling centers from 500 to 100 lbs. for aluminum and plastic and 2,500 to 1,000 lbs. for glass	Regular	Regulations effective Jan 1, 2014
Enhance Revenue	Conduct retailer self surveys to identify products sold in California where Redemption Fees have not been paid	Implemented under existing statute and regulation	In progress
	Identify previously unknown beverage distributors and manufacturers from CRV labeled containers sampled during rate determination surveys	Implemented under existing statute and regulation	In progress
	Identify previously unknown beverage distributors, manufacturers, and applicable products sold in California using point-of-sale data and industry guidebook sources	Implemented under existing statute and regulation	In progress
	Create a web-based system for registering new distributors and beverage manufacturers to increase participation and expedite the initiation of payments	Implemented under existing statute and regulation	Completed July 2013
	Mandate distributor and beverage manufacturer notification if another company has agreed to make payments on its behalf to improve identification of non-payers	Emergency	Completed Sept 2012
[Note 1] - The authority to adopt emergency regulations, which has a shorter public notice period than the regular process, is generally specified in PRC Sec. 14536			
[Note 2] - Statutory Authority: SB 96 (Chapter 356, Statutes of 2013)			
[Note 3] - To date, approximately 98% of certified recyclers and processors are using DORIIS			
[Note 4] - Statutory Authority: AB 1933 (Chapter 540, Statutes of 2012)			
[Note 5] - Workshops for amending existing regulations in order to clarify the provisions of SB 96 began in March 2014			

Overall, even if the reform measures continue to provide the same level of benefit to the program as has been observed during the recent short period following implementation, CalRecycle believes the combination of all reform measures outlined in Table 4 will not

be sufficient to eliminate the structural deficit. Absent additional measures, proportional reduction still remains inevitable.

Please be advised that all projected monthly cash balances in this report are very sensitive to the timing and amounts of actual receipts and disbursements. The timing of proportional reduction may change based on more current information presented in future reports.

Structural Deficit

The program is unique in that it is designed to use surplus resources to fund policy goals. The program has traditionally had an excess of revenue due to high sales and relatively low recycling rates. Since FY 2008-09, exclusive of proportional reduction in FY 2009-10, the program began operating under a structural deficit averaging \$123 million per year due to excess demands on the recycling fund. Annual structural deficits are projected to decrease to \$72 million from FYs 2014-15 to 2017-18, likely due to the recent implementation of reform measures. More detail on the structural deficits are shown in Table 5 below. Since this table reflects structural deficits for all program funds, the amounts are higher in this table than the structural deficits shown exclusively for the recycling fund, because fund balances in the glass and plastic processing fee funds are being drawn down to reduce the obligation of the recycling fund to pay processing fee offsets and to reduce processing fees for glass and plastic pursuant to PRC Section 14575(j).

Table 5: Historical and Projected Structural Deficits for all Program Funds

Fiscal Year	Revenue [Note 1]	Expenditure [Note 2]	Surplus/(Deficit) [Note 3]
2007-08	\$1,225,962,000	\$1,215,731,000	\$10,231,000
2008-09	\$1,177,316,000	\$1,330,618,000	(\$153,302,000)
2009-10 [Note 4]	\$1,199,887,000	\$1,121,379,000	\$78,508,000
2010-11	\$1,150,101,000	\$1,337,230,000	(\$187,129,000)
2011-12	\$1,154,039,000	\$1,262,965,000	(\$108,926,000)
2012-13	\$1,175,473,000	\$1,285,065,000	(\$109,592,000)
2013-14	\$1,206,122,000	\$1,261,318,000	(\$55,196,000)
2014-15 (projected)	\$1,203,618,000	\$1,283,414,000	(\$79,796,000)
2015-16 (projected)	\$1,203,720,000	\$1,275,984,000	(\$72,264,000)
2016-17 (projected)	\$1,204,720,000	\$1,276,325,000	(\$71,605,000)
2017-18 (projected)	\$1,205,720,000	\$1,271,671,000	(\$65,951,000)
[Note 1] - Redemption Fees and Processing Fees			
[Note 2] - Actuals from Governor's Budget, Detail of Appropriations and Adjustments			
[Note 3] - Reflects ongoing operations only and excludes non-reoccurring revenues and expenditures such as loan repayments and payments for Fi\$cal			
[Note 4] - Surplus due to implementing proportional reduction pursuant to PRC Sec. 14581(d)			

The program has had a history of surpluses followed by a period of deficits, and continues to pay for operational costs based on prior annual surpluses. For the first eight years following the expansion of the program under SB 332 (Chapter 815, Statutes of 1999), the recycling rate ranged from 55 percent to 67 percent, falling short of the legislative policy goal of 80 percent. Program activities have been traditionally funded by unredeemed redemption fees, and with low recycling rates, the program was operating under a significant year-over-year surplus. To meet policy goals following the enactment of SB 332, redemption fees and refund value (CRV, collectively) were twice increased as shown in the table below. Each increase in CRV initially resulted in higher year-over-year surpluses because recycling rates initially did not increase as sharply as anticipated due to increases in sales.

Table 6: CRV per Container Since Enactment of SB 332

Year Enacted	CRV per Container	
	Under 24 Oz.	24 Oz. or More
1992	\$0.025	\$0.05
2004	\$0.04	\$0.08
2007	\$0.05	\$0.10

Based on increased reserves experienced during years of surpluses, inter-fund loans were authorized from the recycling fund in order to meet critical statewide needs by transferring money mostly to the General Fund. Between FY 2002-03 and FY 2009-10, loans made from the recycling fund have totaled \$458.7 million. Additionally, in FY 2003-04, loans totaling \$66 million were made from the processing fee funds to the General Fund.

To further policy goals, the Legislature passed AB 3056 (Chapter 907, Statutes of 2006), which created or supplemented programs to improve the quality of and promote in-state markets for recycled beverage container material. The combination of incentives through higher CRV and the investments made in recycling infrastructure and technologies converged to raise recycling rates above the policy goal of 80 percent and to expand markets for higher volumes of recycled beverage containers. However, the

measures that have contributed to the success of the program have also resulted in unsustainable demands on the recycling fund.

The program began to operate under a structural deficit in FY 2008-09 when the actual recycling rate rose to 78 percent, exceeding the break-even recycling rate of approximately 70 percent. The break-even recycling rate is the estimated recycling rate—the quotient of containers recycled over containers sold—at which redemption fee revenue equals total expenditures. In the years following, the recycling rate has continued a gradual climb reaching 84 percent in FY 2012-13 for all material types, and the break-even recycling rate increased to about 75 percent due to the reduction of fixed expenditures for various incentive programs and a decrease in the plastic processing fee offset. In FY 2013-14, the recycling rate decreased to 82 percent due to the likely effect of recently implemented anti-fraud measures. CalRecycle projects that the recycling rate will remain at the current level at least through FY 2015-16.

Table 7 details the structural deficit based on the actual amounts for FY 2013-14 by showing program payments by stakeholder group. The only payments in this display that are not subject to proportional reduction are California Refund Value (\$993.5 million), administrative fees paid to processors and retained by beverage distributors (\$43 million), and program administration (\$49.3 million), totaling \$1.086 billion. Absent all other expenditures paid in FY 2013-14, there would be an annual surplus of \$138 million (\$1.224 billion–\$1.086 billion). The actual structural deficit for all program funds totaled about \$55.2 million; thus, addressing the structural deficit continues to be a priority for CalRecycle.

Table 7: Program Payments by Stakeholder Group

Type	Stakeholder Group	Number	Payment	Amount (FY 2013-14)
Revenue	Beverage Distributors	1,752	Redemption Fees [Note 1]	\$1,212,200,000
	Beverage Manufacturers	1,588	Processing Fees	\$12,105,000
	Total Revenue			\$1,224,305,000
Expenditures	Beverage Distributors	1,752	Administrative Fees [Note 1]	\$18,183,000
	Certified Processors	225	Administrative Fees	\$17,579,000
	Certified Recycling Centers	2,368	Processing Payments	\$63,095,000
			Administrative Fees	\$6,704,000
	Certified Recycling Centers in Convenience Zones	1,320	Handling Fees	\$46,318,000
	Curbside Programs	597	Curbside Supplemental Payments	\$15,000,000
			California Refund Value	\$83,194,000
			Processing Payments	\$13,977,000
			Administrative Fees	\$554,000
	Dropoff, Collection, and Community Service Programs [Note 2]	343	California Refund Value	\$27,862,000
			Processing Payments	\$3,020,000
	Local Governments	525	City and County Payments	\$10,500,000
	Local Community Conservation Corps	14	Local Conservation Corps Grants	\$20,643,000
	Competitive Grantees	11	Beverage Container Recycling Grants	\$1,500,000
	Glass Color Sorters	65	Quality Incentive Payments	\$9,600,000
	Plastic Processors and Plastic Product Manufacturers	51	Plastics Market Development	\$10,000,000
Consumers Redeeming at Recycling Centers		California Refund Value	\$882,427,000	
CalRecycle		Program Administration [Note 3]	\$49,345,000	
Total Expenditure			\$1,279,501,000	
Net (Structural Deficit)			(\$55,196,000)	

[Note 1] - Beverage distributors receive Administrative Fees by retaining 1.5% of the total Redemption Fee. The net Redemption Fee revenue for FY 2013-14 with the inclusion of the distributor's Administrative Fee amounts to \$1,194,017,000.

[Note 2] - Not eligible to receive Administrative Fees pursuant to PRC Sec 14573.6

[Note 3] - Includes Pro Rata

Table 8 displays the projected structural deficit for FY 2014-15 for the recycling fund, showing a simplified list of expenditures based on projected and break-even scenarios. The projected break-even recycling rate for FY 2014-15 increased to 78 percent because of reduced obligations from the recycling fund to pay processing fee offsets, resulting from General Fund loan repayments to the processing fee funds and reduced expenditures for the Local Conservation Corps, pursuant to PRC Section 14581.1 CalRecycle does not anticipate the actual recycling rate will decrease below the break-even recycling rate in the foreseeable future.

Table 8: Recycling Fund Expenditures Under Projected and Break-Even Scenarios

	FY 2014-15 (Projected)	% of Revenue	FY 2014-15 (Projected) at Breakeven	% of Revenue
Redemption Fee Revenue	\$1,196,938,000	100%	\$1,196,938,000	100%
Program Administration [Note 1]	\$46,556,000	4%	\$46,556,000	4%
14581 Programs - Fixed [Note 2]	\$62,974,000	5%	\$62,974,000	5%
California Refund Value	\$1,025,043,000	86%	\$979,324,000	82%
Processing Fee Offsets [Note 3]	\$59,512,000	5%	\$56,858,000	5%
Handling Fees	\$53,617,000	4%	\$51,226,000	4%
Total Expenditure [Note 4]	\$1,247,702,000	104%	\$1,196,938,000	100%
Structural Deficit	(\$50,764,000)	-4%	\$0	0%
[Note 1] - Includes Pro Rata, Fiscal, and payments to the State Controller				
[Note 2] - Curbside Supplemental Payments, Local Conservation Corps Grants, City/County Payments, Competitive Grants, Quality Incentive Payments, and Plastic Market Development				
[Note 3] - Used for Processing Payments which are paid based on volume recycled				
[Note 4] - Total Expenditure based on projected recycling rate of 82% and breakeven recycling rate of 78%				

The structural deficit has generally been financed by repayments of historical loans made by the recycling fund. To date, loan repayments to the recycling fund have totaled \$376.4 million plus interest with a balance of outstanding loans to date of \$82.3 million. All loans made from the processing fee funds have been paid in full.

Fraud Prevention

Successful fraud deterrence, prevention, and mitigation result in lower expenditures and higher revenues. It is extremely difficult to reliably estimate the fiscal impact of fraud.

Recent measures such as allocating more resources toward fraud prevention, increasing fines and penalties, tightening the barrier to program entry through the requirement of precertification training and passing an examination, and policy changes such as the implementation of lower daily load limits on individuals bringing material to recycling centers and increased monitoring of the movement of out-of-state material, have a high probability of reducing the structural deficit in the future.

The actual data used for projections reflects both the ongoing existence of fraud and the counteracting effort undertaken by CalRecycle and our agency partners to mitigate fraud-related fund losses. No direct modeling of the impact of increased fraud prevention is applied to the projections.

Long-Term Projections

Proportional reduction is implemented when the cash balance of the recycling fund falls below the prudent reserve. Without adequate cash on hand, CalRecycle cannot pay its bills. The current forecasting horizon of the cash balance projection extends to FY 2017-18, after which making reliable estimates is extremely difficult. The assumptions behind the cash balance projection are supported by the recycling fund condition summary statement.

The cash balance tends to lead the fund balance as an indicator of insolvency because of differences in timing and the methods of reporting. The primary differences are:

- Refund value and processing fee offsets, the two largest expenditures from the recycling fund, are paid in advance of the receipt of revenues for the corresponding reporting period, resulting in a lag that is not reflected in the fund balance.
- The cash balance projection reflects the impact of the structural deficit at monthly intervals, whereas the fund balance is reported at one point in time as of the end of the fiscal year.
- The fund balance reflects the completion of all loan repayments scheduled for the entire fiscal year, whereas the cash balance will not reflect the impact of loan repayments until the actual receipt has occurred.

The recycling fund cash balance shown in Chart 2 includes actual and projected month-end cash balances of the recycling fund through the end of FY 2017-18 with loan repayments by month. For comparison, the chart also shows the previous cash balance projections in the April 2014 report and a later projection made on July 1, 2014, to show the progression of higher projected cash balances. Finally, the chart shows the prudent reserve, which functions as the threshold for implementing proportional reduction. More information about the cash balance projection methodology is contained in Appendix 4.

The recycling fund condition summary statement shown in Table 10 that follows is an abbreviated form of the fund condition statement organized by fiscal year displaying actual data for FY 2013-14 and projections for FYs 2014-15 to 2017-18. The recycling

fund condition summary statement shows the relationship among the fund balance, the structural deficit, and the outstanding loans. Because of the continuing structural deficit, the fund balance declines in each of the successive years from a projected \$264 million at the end of FY 2014-15 to \$69 million at the end of FY 2017-18.

While the projected fund balance and cash balance follow similar trends, the fund condition statements include accrued revenues and expenditures, and the fund balance does not equate to cash. For example, the fund condition statements reflect the receivables from the judgment rendered in the Mission Fibers/Burbank Recycling case totaling \$56 million across all program funds. The judgment has been appealed, and CalRecycle at this time has not received payment. CalRecycle will pursue restitution and penalties; however, it is not certain when an ultimate judgment will be rendered and in what amount. For this reason and others, CalRecycle’s cash model continues to be the most reliable basis for forecasting when proportional reduction will be necessary. Until the lasting impact of the recent reform measures is better understood, the status of the recycling fund continues to be precarious.

The recycling fund cash balance chart and the recycling fund condition summary statement reflect loan repayments to the recycling fund as scheduled in the Budget Act, which are detailed in the table below. All loan repayments scheduled for FY 2013-14 have been completed.

Table 9: Recycling Fund Loan Repayments

Fiscal Year	General Fund	Air Pollution Control Fund	Dept. of Conservation	Total
2013-14	\$89,400,000	\$8,000,000	\$5,000,000	\$102,400,000
2014-15	\$82,277,000	\$0	\$0	\$82,277,000
Total	\$171,677,000	\$8,000,000	\$5,000,000	\$184,677,000

In addition, fund condition summary statements for the glass processing fee and the plastic processing fee funds are included in Tables 11 and 12 to show the long-term effect of General Fund loan repayments on fund balances.

For additional information, the full fund condition statements, which contain line-item detail covering FY 2012-13 to FY 2015-16 for all five program funds with accompanying notes, can be found in Appendix 2 of this report.

Chart 2: Recycling Fund Cash Balance Projection

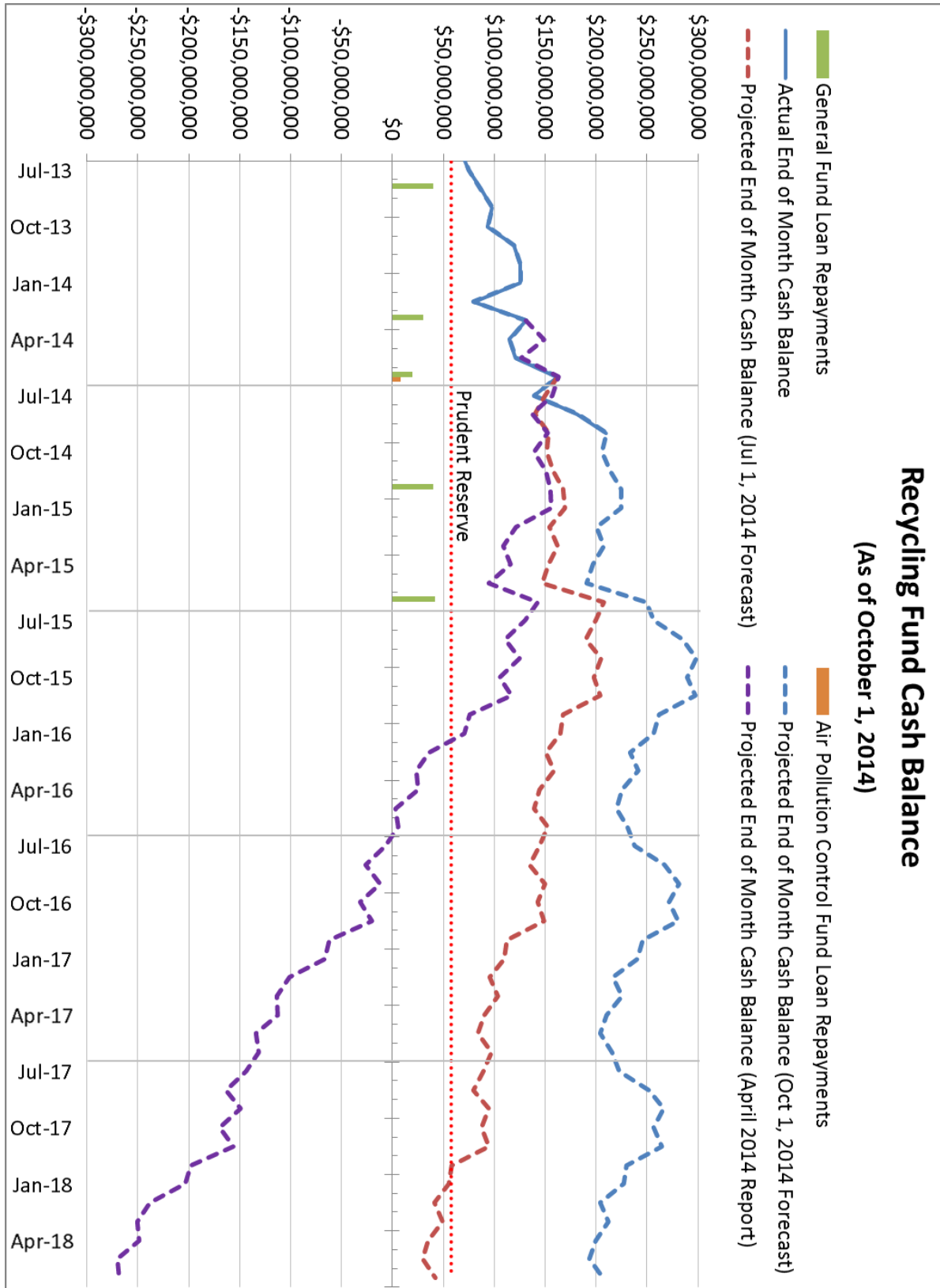


Table 10: Recycling Fund Condition Summary Statement

Recycling Fund Condition Summary Statement [Note 1]						
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	
	Actual	Projected	Projected	Projected	Projected	
BEGINNING OUTSTANDING LOANS (A)	184,677,000	82,277,000	0	0	0	0
RESOURCES						
Adjusted Beginning Balance	119,795,000	219,350,000	263,559,000	197,200,000	130,500,000	130,500,000
Redemption Fees (B)	1,194,017,000	1,196,938,000	1,196,938,000	1,196,938,000	1,196,938,000	1,196,938,000
Loan Repayments to Recycling Fund (C)	102,400,000	82,277,000	227,000	227,000	227,000	227,000
Other Income [Note 2]	4,749,000	12,696,000				
TOTAL RESOURCES (D) [Note 3]	1,420,961,000	1,511,261,000	1,460,724,000	1,394,365,000	1,327,665,000	1,327,665,000
EXPENDITURES						
California Refund Value	1,018,320,000	1,025,043,000	1,025,043,000	1,025,043,000	1,025,043,000	1,025,043,000
Beverage Container Recycling Program Administration [Note 4]	49,345,000	46,515,000	46,248,000	46,248,000	46,248,000	46,248,000
Glass Processing Fee Offsets	14,721,000	57,632,000	57,742,000	57,742,000	57,310,000	57,310,000
Plastic Processing Fee Offsets	336,000	1,880,000	25,064,000	25,064,000	25,064,000	25,064,000
Section 14581 Payments excl. Local Conservation Corps Grants	92,918,000	103,117,000	103,117,000	103,117,000	98,117,000	98,117,000
Local Conservation Corps Grants	20,643,000	13,474,000	6,310,000	6,651,000	6,997,000	6,997,000
Other Expenditures [Note 5]	5,328,000	41,000	0	0	0	0
TOTAL EXPENDITURES (E) [Note 6]	1,201,611,000	1,247,702,000	1,263,524,000	1,263,865,000	1,258,779,000	1,258,779,000
FUND BALANCE (D)-(E) [Note 7]	219,350,000	263,559,000	197,200,000	130,500,000	68,886,000	68,886,000
STRUCTURAL DEFICIT (NET INCOME) (B)-(E) [Note 8]	(7,594,000)	(50,764,000)	(66,586,000)	(66,927,000)	(61,841,000)	(61,841,000)
OUTSTANDING LOANS AT YEAR-END (A)-(C)	82,277,000	0	0	0	0	0

Notes:

[Note 1] - This table does not reflect the impacts of proportional reduction

[Note 2] - Other Income includes interest from loan repayments

[Note 3] - Total Resources does not include Beginning Outstanding Loans

[Note 4] - Includes Pro Rata which is detailed in the Fund Condition Statement in Appendix 2. Pro Rata for fiscal years after FY 2014-15 is estimated to equal FY 2014-15.

[Note 5] - Other Expenditures includes payments for the Financial Information System for California (FISCal)

[Note 6] - Total Expenditures do not match totals in Governor's Budget due to the inclusion of Glass and Plastic Processing Fee Offsets

[Note 7] - Fund Balance includes year-end accruals that are not reflected in the cash balance projection until the receipt or expenditure is projected to occur

[Note 8] - Structural Deficit in FY 2013-14 reflects the reduction in Processing Fee Offsets due to General Fund loan repayments to the Processing Fee funds

Table 11: Glass Processing Fee Fund Condition Summary Statement

Glass Processing Fee Fund Condition Summary Statement						
	FY 2013-14 Actual	FY 2014-15 Projected	FY 2015-16 Projected	FY 2016-17 Projected	FY 2017-18 Projected	
BEGINNING OUTSTANDING LOANS (A)	39,000,000	0	0	0	0	0
RESOURCES						
Adjusted Beginning Balance	3,103,000	8,140,000	6,042,000	4,076,000	3,110,000	
Processing Fees (B)	6,177,000	5,564,000	5,666,000	6,666,000	7,666,000	
Glass Processing Fee Offsets	14,721,000	57,632,000	57,742,000	57,742,000	57,742,000	
Loan Repayments to Glass Processing Fee Fund (C)	39,000,000	0	0	0	0	
Other Income [Note 1]	5,733,000	34,000	34,000	34,000	34,000	
TOTAL RESOURCES (D) [Note 2]	68,734,000	71,370,000	69,484,000	68,518,000	68,552,000	
EXPENDITURES						
Processing Payments	60,346,000	65,284,000	65,408,000	65,408,000	65,408,000	
Other Expenditures [Note 3]	248,000	44,000	0	0	0	
TOTAL EXPENDITURES (E)	60,594,000	65,328,000	65,408,000	65,408,000	65,408,000	
FUND BALANCE (D)-(E)	8,140,000	6,042,000	4,076,000	3,110,000	3,144,000	
OUTSTANDING LOANS AT YEAR-END (A)-(C)	0	0	0	0	0	0
Notes:						
[Note 1] - Other Income includes interest from loan repayments						
[Note 2] - Total Resources does not include Beginning Outstanding Loans						
[Note 3] - Other Expenditures includes payments for the Financial Information System for California (Fiscal)						

Table 12: Plastic Processing Fee Fund Condition Summary Statement

Plastic Processing Fee Fund Condition Summary Statement						
	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	
BEGINNING OUTSTANDING LOANS (A)	27,000,000	0	0	0	0	0
RESOURCES						
Adjusted Beginning Balance	8,412,000	24,841,000	4,469,000	7,404,000	10,339,000	
Processing Fees (B)	4,646,000	7,425,000	7,425,000	7,425,000	7,425,000	
Plastic Processing Fee Offsets	336,000	1,880,000	25,064,000	25,064,000	25,064,000	
Loan Repayments to Plastic Processing Fee Fund (C)	27,000,000	0	0	0	0	
Other Income [Note 1]	3,969,000	21,000	21,000	21,000	21,000	
TOTAL RESOURCES (D) [Note 2]	44,363,000	34,167,000	36,979,000	39,914,000	42,849,000	
EXPENDITURES						
Processing Payments	19,371,000	29,698,000	29,575,000	29,575,000	29,575,000	
Other Expenditures [Note 3]	151,000	0	0	0	0	
TOTAL EXPENDITURES (E)	19,522,000	29,698,000	29,575,000	29,575,000	29,575,000	
FUND BALANCE (D)-(E)	24,841,000	4,469,000	7,404,000	10,339,000	13,274,000	
OUTSTANDING LOANS AT YEAR-END (A)-(C)	0	0	0	0	0	0
Notes:						
[Note 1] - Other Income includes interest from loan repayments						
[Note 2] - Total Resources does not include Beginning Outstanding Loans						
[Note 3] - Other Expenditures includes payments for the Financial Information System for California (Fiscal)						

Chart 2 shows the progression of upward shifts in the projected cash balance over three quarterly forecasts as more actual cash flow data has become available following the implementation of the key anti-fraud measures. Each successive forecast shows an increasingly gradual decline following a cash balance that peaks shortly after the last loan repayment from the General Fund. The declining trend in the most recent forecast is so gradual that the cash balance remains above the prudent reserve through the end the forecast horizon, resulting in an undefined determination of the timing of proportional reduction.

CalRecycle believes the reason for the upward shift in the projected cash balance is lower California Refund Value expenditure primarily due to the implementation of three key reform measures, segregated-only redemption at recycling centers, lower consumer load limits, and increased monitoring of the out-of-state importation of empty beverage containers, which were implemented between November 2013 and January 2014. The secondary reason is a moderately sharp increase in redemption fee revenue. The combined effects are evident in the comparison of pre-implementation and post-implementation cash flow shown in the table below.

Table 13: Redemption Fee and California Refund Value Cash Flow

	Jan-Sep 2014	Jan-Sep 2013	Change
Redemption Fee Revenue	\$896,722,067	\$843,844,618	6.3%
California Refund Value Expenditure	\$748,726,359	\$796,410,791	-6.0%

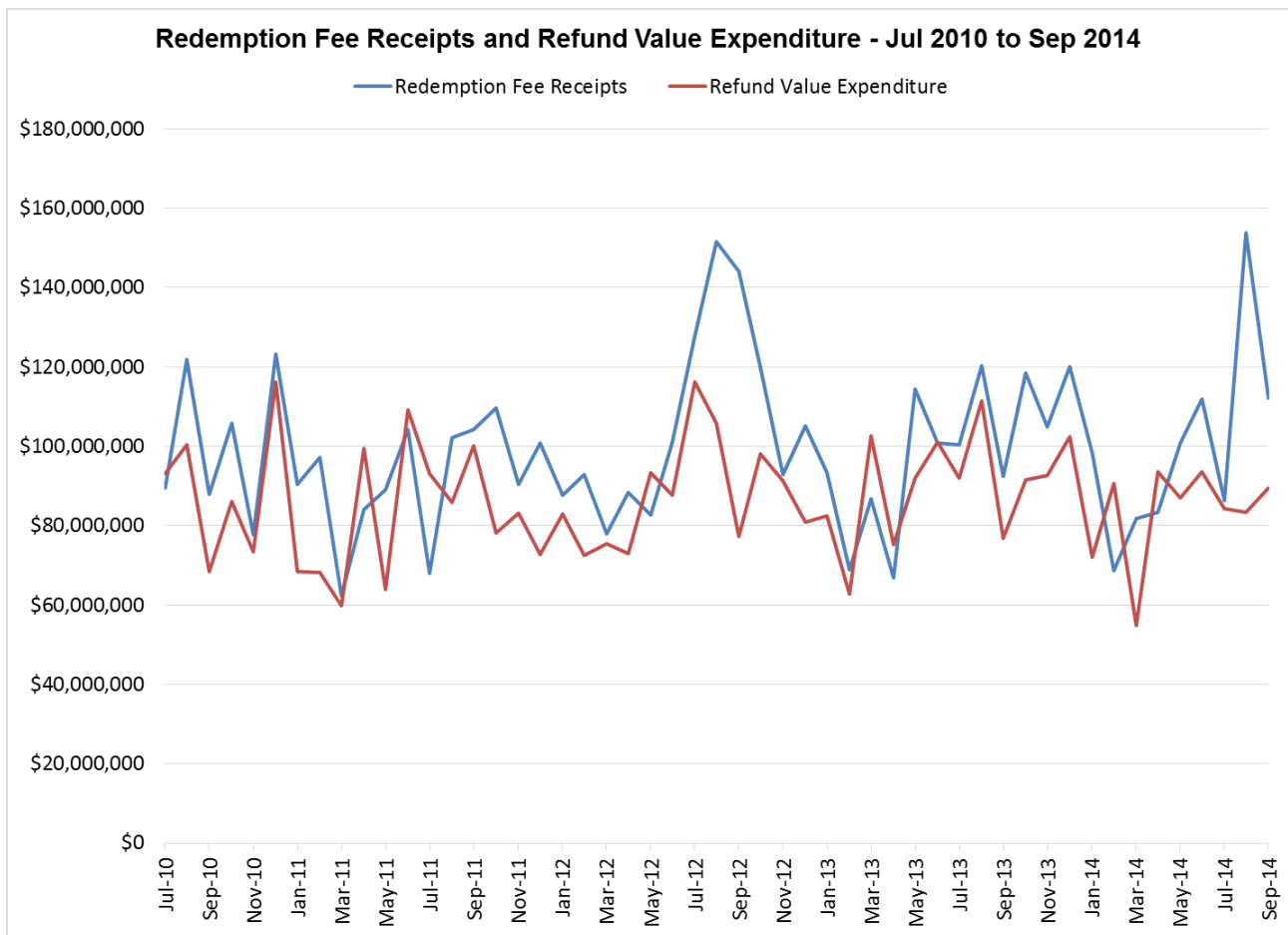
As a cautionary note, the direct measurement of the impacts of the anti-fraud reform measures is extremely difficult. In addition, monthly cash flow reflects payments from multiple reporting periods, so it is difficult to identify if the trends currently observed are long-term or short-term. For example, in August 2014 redemption fee receipts to the recycling fund totaled a record \$154 million, which is higher than the \$152 million received in August 2012 when the redemption fee due date changed from 60 days to 30 days following the reporting month of sale. Furthermore, the cash balance projection covers an extended horizon and is highly variable. All projected monthly cash balances are based on the most recent actual cash balance and are very sensitive to the timing

and amounts of actual receipts and disbursements. Over successive projections, the timing of critical events is subject to significant shifts in either direction.

To illustrate the variability, Chart 3 shows the cash flow variability of redemption fee receipts and refund value expenditure by calendar month from July 2010 to September 2014.

Because of the significant change in the projected date of proportional reduction, CalRecycle will continue to monitor the data to identify possible counterfactuals. The postponement of proportional reduction until after FY 2017-18 will be confirmed in future reports.

Chart 3: Redemption Fee and Refund Value Cash Flow, July 2010 to September 2014



Conclusion

This report is intended to provide updates on the status of all five funds in the Beverage Container Recycling Program and to serve as a guide to formulate and direct policy. The information presented here bears examination. CalRecycle has concluded a series of program reform workshops to modernize the program and ensure its long-term sustainability. The workshops revealed the difficult challenges in addressing stakeholder concerns while working to close what was at that time a \$100 million annual structural deficit. As a result, CalRecycle must increase its emphasis on program fiscal integrity in an environment where Californians are achieving record-high recycling rates.

As noted earlier, while the initial effect of implementing the fraud prevention measures has shown promise, CalRecycle does not anticipate those measures will be sufficient to eliminate the ongoing structural deficit currently amounting to a projected \$72 million per year. As a result of continued deficit spending, CalRecycle believes proportional reduction will be inevitable, and once implemented, proportional reduction is expected to continue indefinitely without additional reforms to the Program.

Furthermore, field visits to recyclers and processors conducted in August and September confirm that large volumes of material once collected through buyback centers is now being collected through curbside programs, resulting in lower-quality material due to increased contamination and breakage. This is problematic with respect to maximizing the amount of material recycled to help achieve the state's greenhouse gas reduction goals and the 75 percent recycling initiative specified in AB 341.

It is clear there are policy as well as financial reasons why CalRecycle must continue to explore reform opportunities that will support a more stable recycling infrastructure in California.

CalRecycle welcomes your feedback concerning this report. Send questions and comments to BeverageContainerReform@calrecycle.ca.gov, or contact the Division of Recycling at (916) 445-8292.

Appendix 1 – Short-Term Projections

The short-term projections provide detail on the actual and projected amounts and beverage container volumes by material type from FY 2012-13 to FY 2014-15. The projections are based on actual volumes through the June 2014 reporting period. This section covers sales, returns, processing fees, processing payments, processing fee offsets, and handling fees.

Several of the line items are notated for further description. Those descriptions immediately follow the volume tables. The volume tables presented here are also available in Excel format at <http://www.calrecycle.ca.gov/BevContainer/RecycleFund/2014/OctCondition.xls> on the CalRecycle webpage.

SALES AND RETURNS ESTIMATES <i>[Note 1]</i>				
FY 2013-2014 (Actual)				
	Containers Sold		Containers Returned	Recycling Rate
	Over 24 oz.	Under 24 oz.		
Aluminum	562,954,149	7,802,107,366	8,120,074,373	97%
Glass	234,117,118	2,853,292,431	2,461,177,763	80%
PET	1,539,953,671	8,281,399,308	6,825,298,860	69%
HDPE	122,968,388	158,623,850	243,464,528	86%
Total	2,459,993,326	19,095,422,955	17,650,015,524	82%
FY 2014-2015 (Projected)				
	Containers Sold		Containers Returned	Recycling Rate
	Over 24 oz.	Under 24 oz.		
Aluminum	568,506,842	7,879,063,379	8,196,466,057	97%
Glass	236,426,330	2,881,435,854	2,484,331,924	80%
PET	1,555,142,990	8,363,082,812	6,889,509,610	69%
HDPE	124,181,286	160,188,435	245,754,983	86%
Total	2,484,257,447	19,283,770,480	17,816,062,574	82%
FY 2015-2016 (Projected)				
	Containers Sold		Containers Returned	Recycling Rate
	Over 24 oz.	Under 24 oz.		
Aluminum	568,506,842	7,879,063,379	8,196,466,057	97%
Glass	236,426,330	2,881,435,854	2,484,331,924	80%
PET	1,555,142,990	8,363,082,812	6,889,509,610	69%
HDPE	124,181,286	160,188,435	245,754,983	86%
Total	2,484,257,447	19,283,770,480	17,816,062,574	82%

PROCESSING FEE/PAYMENT ESTIMATES [Note 2]			
FY 2013-2014 (Actual)			
	Processing Fees	Processing Fee Offsets	Processing Payments
Glass [Note 3]	\$6,177,000	\$14,721,000	\$60,346,000
PET [Note 4]	\$1,434,000	\$256,000	\$14,534,000
HDPE [Note 5]	\$700,000	\$80,000	\$4,469,000
Total	\$8,311,000	\$15,057,000	\$79,349,000
FY 2014-2015 (Projected)			
	Processing Fees	Processing Fee Offsets	Processing Payments
Glass	\$5,564,000	\$57,632,000	\$65,284,000
PET	\$1,485,000	\$1,479,000	\$22,862,000
HDPE	\$668,000	\$401,000	\$6,390,000
Total	\$7,717,000	\$59,512,000	\$94,536,000
FY 2015-2016 (Projected)			
	Processing Fees	Processing Fee Offsets	Processing Payments
Glass	\$5,666,000	\$57,742,000	\$65,408,000
PET	\$1,485,000	\$19,378,000	\$22,862,000
HDPE	\$668,000	\$5,686,000	\$6,267,000
Total	\$7,819,000	\$82,806,000	\$94,537,000

HANDLING FEE ESTIMATES		
Fiscal Year	Handling Fee	Containers
2013-14 (Actual) [Note 6]	\$46,318,000	5,146,444,444
2014-15 (Projected) [Note 7]	\$53,617,000	5,180,386,473
2015-16 (Projected) [Note 7]	\$53,617,000	5,180,386,473

Appendix 1 Notes

[Note 1] – Total volumes exclude bimetal and plastics #3–#7 due to their extremely low sales and returns volumes. In calendar year 2013, their proportion of sales to all material types was 1 percent, and their proportion of returns to all material types was 0.15 percent.

[Note 2] – For processing fees, the processing fee reduction pursuant to PRC Section 14575(j) equals \$2 million per year and applies to glass for calendar years 2014 and 2015 and PET for calendar years 2014-2016. For processing fee offsets, amounts are reduced by loan repayments of \$39 million to the Glass Processing Fee Fund and \$27 million to the Plastic Processing Fee Fund, both of which were completed in FY 2013-14. Glass and HDPE processing payment projections reflect the rates effective October 1, 2014.

[Note 3] – The glass processing fee offset for FY 2013-14 includes a \$1.1 million transfer to cover processing payment expenditure in excess of the processing fee offset and processing fee revenue from January to June 2013.

[Note 4] – The PET processing fee offset for FY 2013-14 includes a \$0.2 million transfer to cover processing payment expenditure in excess of the processing fee offset and processing fee revenue from January to June 2013.

[Note 5] – The HDPE processing fee offset for FY 2013-14 includes a \$0.1 million transfer to cover processing payment expenditure in excess of the processing fee offset and processing fee revenue from January to June 2013.

[Note 6] – The handling fee per container rate was \$0.0089 for the reporting months of July 2012 through February 2013 pursuant to PRC Section 14585(g)(1). For the reporting months of March 2013 through June 2014, the handling fee per container rate was \$0.0090.

[Note 7] – The projected handling fees for FYs 2014-15 and 2015-16 are based on a handling fee per container rate of \$0.01035 derived from the latest cost survey. The

Handling Fee Cost Survey Final Report can be found on the CalRecycle website at
<http://www.calrecycle.ca.gov/Publications/Documents/1494/20141494.pdf>.

Appendix 2 – Fund Condition Statements

This section contains two sets of fund condition statements for all five program funds based on projections completed on July 1, 2014, and October 1, 2014, preceded by a brief description for each fund. Each fund condition statement shows one column per fiscal year.

For the July 1, 2014, fund condition statements, the column for FY 2012-13 contains actual amounts and amounts for FY 2013-14 and FY 2014-15 are projections, and the projections are based on actual volumes through the March 2014 reporting period.

For the October 1, 2014, fund condition statements, the column for FY 2012-13 is removed, and the fiscal years shown shift forward one year. The column for FY 2013-14 contains actual amounts. Amounts for FY 2014-15 and FY 2015-16 are projections, and the projections are based on actual volumes through the June 2014 reporting period.

Several of the line items are notated for further description. Those descriptions immediately follow the fund condition statements. The fund condition statements presented here are also available in Excel format at <http://www.calrecycle.ca.gov/BevContainer/RecycleFund/2014/OctCondition.xls> on the CalRecycle webpage.

Below is a brief description of the each of the program funds:

Beverage Container Recycling Fund, fund 0133 – This fund serves as a depository for redemption fees paid by beverage distributors. The fund is the source for paying refund value for recycling empty beverage containers and funding programs that develop and maintain an infrastructure for beverage container recycling and promote markets for beverage container material.

Glass Processing Fee Fund, fund 0269 – This fund serves as a depository for glass processing fees paid by beverage manufacturers who package their product in glass bottles. The fund is the source for paying processing payments to certified recyclers for handling empty glass beverage containers.

Plastic Processing Fee Fund, fund 0278 – This fund serves as a depository for plastic processing fees paid by beverage manufacturers who package their product in any type of plastic bottle having a scrap value that is less than the cost of recycling. The fund is the source for paying processing payments to certified recyclers for handling empty plastic beverage containers.

Bimetal Processing Fee Fund, fund 0277 – This fund serves as a depository for bi-metal processing fees paid by beverage manufacturers who package their product in bi-metal cans. The fund is the source for paying processing payments to certified recyclers for handling empty bi-metal beverage containers.

Penalty Fund, fund 0276 – The fund serves as a depository for civil penalties and fines. The purpose of the fund is to assist in carrying out the activities specified in the Beverage Container Recycling and Litter Reduction Act as specified in PRC Section 14580(d).

July 1, 2014 Fund Condition Statements

California Department of Resources Recycling and Recovery (CalRecycle)				
Beverage Container Recycling Fund Condition Statement (Fund 0133)				
Projected Revenues and Expenditures as of July 1, 2014				
		FY 2012-13	FY 2013-14	FY 2014-15
		Actual	Projected	Projected
Balance Forward [Note 1]		205,285,000	107,087,000	149,334,000
Prior Year Adjustments [Note 1]		16,482,000		
Balance Adjusted (A)		221,767,000	107,087,000	149,334,000
Revenues and Transfers				
Receipts				
	Redemption Fees [Note 2]	1,162,265,000	1,183,981,000	1,183,981,000
	Other Income [Note 3]	951,000	4,883,000	12,696,000
	Total Receipts (B)	1,163,216,000	1,188,864,000	1,196,677,000
Transfers				
	Repayment of Air Pollution Control Fund Loan	16,400,000	8,000,000	
	Repayment of General Fund Loan [Note 4]		89,400,000	82,277,000
	Repayment of Loan to Department of Conservation [Note 4]		5,000,000	
	Transfers to Glass Processing Fee Fund [Note 5]	(58,972,000)	(14,721,000)	(57,310,000)
	Transfers to Plastic Processing Fee Fund [Note 5]	(8,458,000)	(336,000)	(1,939,000)
	Repayment of Alternative Renewable Fuel & Vehicle Technology Fund Loan [Note 6]	(8,250,000)		
	Total Transfers (C)	(59,280,000)	87,343,000	23,028,000
	Total Transfers and Receipts (B+C)	1,103,936,000	1,276,207,000	1,219,705,000
	Total Resources (D) = (A+B+C)	1,325,703,000	1,383,294,000	1,369,039,000
Expenditures [Note 7]				
Disbursements (CalRecycle)				
	California Refund Value [Note 8]	1,058,096,000	1,068,487,000	1,068,487,000
	Beverage Container Recycling Program Administration	38,855,000	45,748,000	46,515,000
	Handling Fees [Note 9]	40,144,000	41,700,000	47,955,000
	Curbside Supplemental Payments	14,997,000	15,000,000	15,000,000
	Local Conservation Corps Grants [Note 10]	19,457,000	20,643,000	13,474,000
	City/County Payments	10,500,000	10,500,000	10,500,000
	Beverage Container Recycling Grants	1,483,000	1,500,000	1,500,000
	Public Education and Information [Note 11]			2,500,000
	Quality Incentive Payments	9,689,000	10,000,000	10,000,000
	Market Development Grants [Note 12]	(214,000)		
	Plastic Market Development [Note 13]	19,188,000	10,000,000	10,000,000
	Grants Multi-family Housing (low income) [Note 12]	(115,000)		
	Pro Rata	4,215,000	5,053,000	0
	Total Disbursements (CalRecycle) (E)	1,216,295,000	1,228,631,000	1,225,931,000
Disbursements (Other)				
	Interest for Interfund Loan [Note 6]	247,000		
	State Controller	23,000	2,000	
	Financial Information System for California (Fi\$cal)	2,051,000	5,327,000	41,000
	Total Disbursements (Other) (F)	2,321,000	5,329,000	41,000
	Total Expenditures (G) = (E+F)	1,218,616,000	1,233,960,000	1,225,972,000
FUND BALANCE (D-G) [Note 14]		107,087,000	149,334,000	143,067,000

California Department of Resources Recycling and Recovery (CalRecycle)					
Glass Processing Fee Fund Condition Statement (Fund 0269)					
Projected Revenues and Expenditures as of July 1, 2014					
			FY 2012-13	FY 2013-14	FY 2014-15
			Actual	Projected	Projected
Balance Forward			(2,625,000)	4,598,000	8,511,000
Prior Year Adjustments			572,000		
Balance Adjusted (A)			(2,053,000)	4,598,000	8,511,000
Revenues and Transfers					
Receipts					
	Processing Fees		6,459,000	6,231,000	5,542,000
	Other Income <i>[Note 3]</i>		32,000	6,035,000	34,000
	Total Receipts (B)		6,491,000	12,266,000	5,576,000
Transfers					
	Transfers from Beverage Container Recycling Fund <i>[Note 15]</i>		58,972,000	14,721,000	57,310,000
	Repayment of General Fund Loan <i>[Note 16]</i>			39,000,000	
	Total Transfers (C)		58,972,000	53,721,000	57,310,000
	Total Transfers and Receipts (B+C)		65,463,000	65,987,000	62,886,000
	Total Resources (D) = (A+B+C)		63,410,000	70,585,000	71,397,000
Expenditures					
Disbursements (CalRecycle)					
	Processing Payments		58,481,000	61,826,000	64,915,000
	Pro Rata		65,000		
	Total Disbursements (CalRecycle) (E)		58,546,000	61,826,000	64,915,000
Disbursements (Other)					
	Financial Information System for California (Fi\$cal)		266,000	248,000	44,000
	Total Disbursements (Other) (F)		266,000	248,000	44,000
	Total Expenditures (G) = (E+F)		58,812,000	62,074,000	64,959,000
FUND BALANCE (D-G)			4,598,000	8,511,000	6,438,000

California Department of Resources Recycling and Recovery (CalRecycle)					
Plastic Processing Fee Fund Condition Statement (Fund 0278)					
Projected Revenues and Expenditures as of July 1, 2014					
			FY 2012-13	FY 2013-14	FY 2014-15
			Actual	Projected	Projected
Balance Forward			5,290,000	9,211,000	22,886,000
Prior Year Adjustments			276,000		
Balance Adjusted (A)			5,566,000	9,211,000	22,886,000
Revenues and Transfers					
Receipts					
	Processing Fees <i>[Note 17]</i>		5,216,000	6,856,000	7,425,000
	Other Income <i>[Note 3]</i>		12,000	4,121,000	21,000
	Total Receipts (B)		5,228,000	10,977,000	7,446,000
Transfers					
	Transfers from Beverage Container Recycling Fund <i>[Note 15]</i>		8,458,000	336,000	1,939,000
	Repayment of General Fund Loan <i>[Note 18]</i>			27,000,000	
	Total Transfers (C)		8,458,000	27,336,000	1,939,000
	Total Transfers and Receipts (B+C)		13,686,000	38,313,000	9,385,000
	Total Resources (D) = (A+B+C)		19,252,000	47,524,000	32,271,000
Expenditures					
Disbursements (CalRecycle)					
	Processing Payments <i>[Note 19]</i>		9,879,000	24,487,000	30,413,000
	Pro Rata				
	Total Disbursements (CalRecycle) (E)		9,879,000	24,487,000	30,413,000
Disbursements (Other)					
	Financial Information System for California (Fi\$cal)		162,000	151,000	
	Total Disbursements (Other) (F)		162,000	151,000	
	Total Expenditures (G) = (E+F)		10,041,000	24,638,000	30,413,000
FUND BALANCE (D-G)			9,211,000	22,886,000	1,858,000

California Department of Resources Recycling and Recovery (CalRecycle)				
Bimetal Processing Fee Fund Condition Statement (Fund 0277)				
Projected Revenues and Expenditures as of July 1, 2014				
		FY 2012-13	FY 2013-14	
		Actual	Projected	
		FY 2014-15		
		Projected		
Balance Forward		13,984,000	15,306,000	16,194,000
Prior Year Adjustments		93,000		
Balance Adjusted (A)		14,077,000	15,306,000	16,194,000
Revenues and Transfers				
Receipts				
	Processing Fees	1,533,000	1,116,000	1,116,000
	Other Income	43,000	57,000	60,000
	Total Receipts (B)	1,576,000	1,173,000	1,176,000
Transfers				
	Transfers from Beverage Container Recycling Fund	0	0	0
	Total Transfers (C)	0	0	0
	Total Transfers and Receipts (B+C)	1,576,000	1,173,000	1,176,000
	Total Resources (D) = (A+B+C)	15,653,000	16,479,000	17,370,000
Expenditures				
Disbursements (CalRecycle)				
	Processing Payments	345,000	283,000	283,000
	Pro Rata			
	Total Disbursements (CalRecycle) (E)	345,000	283,000	283,000
Disbursements (Other)				
	Financial Information System for California (Fi\$cal)	2,000	2,000	
	Total Disbursements (Other) (F)	2,000	2,000	
	Total Expenditures (G) = (E+F)	347,000	285,000	283,000
FUND BALANCE (D-G)		15,306,000	16,194,000	17,087,000

California Department of Resources Recycling and Recovery (CalRecycle)			
Penalty Account Fund Condition Statement (Fund 0276)			
Projected Revenues and Expenditures as of July 1, 2014			
		FY 2012-13	FY 2013-14
		Actual	Projected
		FY 2014-15	
		Projected	
Balance Forward		5,187,000	5,965,000
			5,192,000
Prior Year Adjustments		47,000	
Balance Adjusted (A)		5,234,000	5,965,000
			5,192,000
Revenues and Transfers			
Receipts			
	Penalty Assessments	716,000	194,000
	Other Income	15,000	21,000
	Total Receipts (B)	731,000	215,000
			230,000
Transfers			
	Transfers	0	0
	Total Transfers (C)	0	0
	Total Transfers and Receipts (B+C)	731,000	215,000
	Total Resources (D) = (A+B+C)	5,965,000	6,180,000
			5,422,000
Expenditures			
Disbursements (CalRecycle)			
	State Operations <i>[Note 20]</i>	0	988,000
	Pro Rata	0	0
	Total Disbursements (CalRecycle) (E)	0	988,000
			990,000
Disbursements (Other)			
	Financial Information System for California (Fi\$cal)		
	Total Disbursements (Other) (F)		
	Total Expenditures (G) = (E+F)	0	988,000
			990,000
FUND BALANCE (D-G)		5,965,000	5,192,000
			4,432,000

Projected Balances for all Program Funds in FY 2016-17 as of July 1, 2014		
	Actual Assets	Projected Assets
	End of FY 2012-13	End of FY 2016-17
Fund Balances		
Beverage Container Recycling Fund (0133)	\$ 107,087,000	\$ (91,944,000)
Glass Processing Fee Fund (0269)	\$ 4,598,000	\$ 5,504,000
Plastic Processing Fee Fund (0278)	\$ 9,211,000	\$ 7,376,000
Bi-Metal Processing Fee Fund (0277)	\$ 15,306,000	\$ 18,882,000
Penalty Account Fund (0276)	\$ 5,965,000	\$ 3,928,000
	\$ 142,167,000	\$ (56,254,000)
Loan Repayment Balances		
Beverage Container Recycling Fund (0133)	\$ 184,677,000	\$ -
Glass Processing Fee Fund (0269)	\$ 39,000,000	\$ -
Plastic Processing Fee Fund (0278)	\$ 27,000,000	\$ -
	\$ 250,677,000	\$ -
Total Assets	\$ 392,844,000	\$ (56,254,000)
Less, Prudent Reserves [Note 22]		
Beverage Container Recycling Fund (0133)	\$ 56,458,000	\$ 58,384,000
Glass Processing Fee Fund (0269)	\$ 2,941,000	\$ 3,246,000
Plastic Processing Fee (0278)	\$ 502,000	\$ 1,521,000
Bimetal Processing Fee Fund (0277)	\$ 17,000	\$ 14,000
Penalty Account Fund (0276)	\$ -	\$ -
Reserve Requirement	\$ 59,918,000	\$ 63,165,000
Assets Available, All Funds	\$ 332,926,000	\$ (119,419,000)

October 1, 2014 Fund Condition Statements

California Department of Resources Recycling and Recovery (CalRecycle)			
Beverage Container Recycling Fund Condition Statement (Fund 0133)			
Projected Revenues and Expenditures as of October 1, 2014			
		FY 2013-14	FY 2014-15
		Actual	Projected
		FY 2015-16	
		Projected	
Balance Forward		107,087,000	219,350,000
			263,559,000
Prior Year Adjustments		12,708,000	
Balance Adjusted (A)		119,795,000	219,350,000
			263,559,000
Revenues and Transfers			
Receipts			
	Redemption Fees <i>[Note 2]</i>	1,194,017,000	1,196,938,000
	Other Income <i>[Note 3]</i>	4,749,000	12,696,000
			227,000
	Total Receipts (B)	1,198,766,000	1,209,634,000
			1,197,165,000
Transfers			
	Repayment of Air Pollution Control Fund Loan	8,000,000	
	Repayment of General Fund Loan <i>[Note 4]</i>	89,400,000	82,277,000
	Repayment of Loan to Department of Conservation <i>[Note 4]</i>	5,000,000	
	Transfers to Glass Processing Fee Fund <i>[Note 5]</i>	(14,721,000)	(57,632,000)
	Transfers to Plastic Processing Fee Fund <i>[Note 5]</i>	(336,000)	(1,880,000)
			(25,064,000)
	Total Transfers (C)	87,343,000	22,765,000
			(82,806,000)
	Total Transfers and Receipts (B+C)	1,286,109,000	1,232,399,000
			1,114,359,000
	Total Resources (D) = (A+B+C)	1,405,904,000	1,451,749,000
			1,377,918,000
Expenditures <i>[Note 7]</i>			
Disbursements (CalRecycle)			
	California Refund Value <i>[Note 8]</i>	1,018,320,000	1,025,043,000
	Beverage Container Recycling Program Administration	44,292,000	46,515,000
	Handling Fees <i>[Note 9]</i>	46,318,000	53,617,000
	Curbside Supplemental Payments	15,000,000	15,000,000
	Local Conservation Corps Grants <i>[Note 10]</i>	20,643,000	13,474,000
	City/County Payments	10,500,000	10,500,000
	Beverage Container Recycling Grants	1,500,000	1,500,000
	Public Education and Information <i>[Note 11]</i>		2,500,000
	Quality Incentive Payments	9,600,000	10,000,000
	Plastic Market Development <i>[Note 13]</i>	10,000,000	10,000,000
	Pro Rata	5,053,000	
	Total Disbursements (CalRecycle) (E)	1,181,226,000	1,188,149,000
			1,180,718,000
Disbursements (Other)			
	State Controller	1,000	
	Financial Information System for California (Fi\$cal) <i>[Note 13.1]</i>	5,327,000	41,000
	Total Disbursements (Other) (F)	5,328,000	41,000
			0
	Total Expenditures (G) = (E+F)	1,186,554,000	1,188,190,000
			1,180,718,000
FUND BALANCE (D-G) <i>[Note 14]</i>		219,350,000	263,559,000
			197,200,000

California Department of Resources Recycling and Recovery (CalRecycle)			
Glass Processing Fee Fund Condition Statement (Fund 0269)			
Projected Revenues and Expenditures as of October 1, 2014			
		FY 2013-14	FY 2014-15
		Actual	Projected
		FY 2015-16	
		Projected	
Balance Forward		4,599,000	8,140,000
			6,042,000
Prior Year Adjustments		(1,496,000)	
Balance Adjusted (A)		3,103,000	8,140,000
			6,042,000
Revenues and Transfers			
Receipts			
	Processing Fees	6,177,000	5,564,000
	Other Income <i>[Note 3]</i>	5,733,000	34,000
	Total Receipts (B)	11,910,000	5,598,000
			5,700,000
Transfers			
	Transfers from Beverage Container Recycling Fund <i>[Note 15]</i>	14,721,000	57,632,000
	Repayment of General Fund Loan <i>[Note 16]</i>	39,000,000	
	Total Transfers (C)	53,721,000	57,632,000
	Total Transfers and Receipts (B+C)	65,631,000	63,230,000
	Total Resources (D) = (A+B+C)	68,734,000	71,370,000
			69,484,000
Expenditures			
Disbursements (CalRecycle)			
	Processing Payments	60,346,000	65,284,000
	Pro Rata		
	Total Disbursements (CalRecycle) (E)	60,346,000	65,284,000
			65,408,000
Disbursements (Other)			
	Financial Information System for California (Fi\$cal) <i>[Note 13.1]</i>	248,000	44,000
	Total Disbursements (Other) (F)	248,000	44,000
	Total Expenditures (G) = (E+F)	60,594,000	65,328,000
			65,408,000
FUND BALANCE (D-G)		8,140,000	6,042,000
			4,076,000

California Department of Resources Recycling and Recovery (CalRecycle)			
Plastic Processing Fee Fund Condition Statement (Fund 0278)			
Projected Revenues and Expenditures as of October 1, 2014			
		FY 2013-14	FY 2014-15
		Actual	Projected
		FY 2015-16	
		Projected	
Balance Forward		9,210,000	24,841,000
	Prior Year Adjustments	(798,000)	
	Balance Adjusted (A)	8,412,000	24,841,000
	Revenues and Transfers		
	Receipts		
	Processing Fees <i>[Note 17]</i>	4,646,000	7,425,000
	Other Income <i>[Note 3]</i>	3,969,000	21,000
	Total Receipts (B)	8,615,000	7,446,000
	Transfers		
	Transfers from Beverage Container Recycling Fund <i>[Note 15]</i>	336,000	1,880,000
	Repayment of General Fund Loan <i>[Note 18]</i>	27,000,000	
	Total Transfers (C)	27,336,000	1,880,000
	Total Transfers and Receipts (B+C)	35,951,000	9,326,000
	Total Resources (D) = (A+B+C)	44,363,000	34,167,000
	Expenditures		
	Disbursements (CalRecycle)		
	Processing Payments <i>[Note 19]</i>	19,371,000	29,698,000
	Pro Rata		
	Total Disbursements (CalRecycle) (E)	19,371,000	29,698,000
	Disbursements (Other)		
	Financial Information System for California (Fi\$cal) <i>[Note 13.1]</i>	151,000	
	Total Disbursements (Other) (F)	151,000	
	Total Expenditures (G) = (E+F)	19,522,000	29,698,000
	FUND BALANCE (D-G)	24,841,000	4,469,000
			7,404,000

California Department of Resources Recycling and Recovery (CalRecycle)					
Bimetal Processing Fee Fund Condition Statement (Fund 0277)					
Projected Revenues and Expenditures as of October 1, 2014					
			FY 2013-14	FY 2014-15	FY 2015-16
			Actual	Projected	Projected
Balance Forward			15,305,000	16,300,000	17,193,000
Prior Year Adjustments			53,000		
Balance Adjusted (A)			15,358,000	16,300,000	17,193,000
Revenues and Transfers					
Receipts					
	Processing Fees		1,282,000	1,116,000	1,116,000
	Other Income		37,000	60,000	60,000
	Total Receipts (B)		1,319,000	1,176,000	1,176,000
Transfers					
	Transfers from Beverage Container Recycling Fund				
	Total Transfers (C)		0	0	0
	Total Transfers and Receipts (B+C)		1,319,000	1,176,000	1,176,000
	Total Resources (D) = (A+B+C)		16,677,000	17,476,000	18,369,000
Expenditures					
Disbursements (CalRecycle)					
	Processing Payments		375,000	283,000	283,000
	Pro Rata				
	Total Disbursements (CalRecycle) (E)		375,000	283,000	283,000
Disbursements (Other)					
	Financial Information System for California (Fiscal) <i>[Note 13.1]</i>		2,000		
	Total Disbursements (Other) (F)		2,000		
	Total Expenditures (G) = (E+F)		377,000	283,000	283,000
FUND BALANCE (D-G)			16,300,000	17,193,000	18,086,000

California Department of Resources Recycling and Recovery (CalRecycle)			
Penalty Account Fund Condition Statement (Fund 0276)			
Projected Revenues and Expenditures as of October 1, 2014			
		FY 2013-14	FY 2014-15
		Actual	Projected
		FY 2013-14	FY 2015-16
		Actual	Projected
Balance Forward		5,965,000	23,885,000
Prior Year Adjustments		(247,000)	
Balance Adjusted (A)		5,718,000	23,885,000
Revenues and Transfers			
Receipts			
Penalty Assessments <i>[Note 20]</i>		19,296,000	212,000
Other Income		13,000	18,000
Total Receipts (B)		19,309,000	230,000
Transfers			
Transfers		0	0
Total Transfers (C)		0	0
Total Transfers and Receipts (B+C)		19,309,000	230,000
Total Resources (D) = (A+B+C)		25,027,000	24,115,000
Expenditures			
Disbursements (CalRecycle)			
State Operations <i>[Note 21]</i>		415,000	957,000
Pro Rata		0	0
Total Disbursements (CalRecycle) (E)		415,000	957,000
Disbursements (Other)			
Financial Information System for California (Fi\$cal) <i>[Note 13.1]</i>			
Total Disbursements (Other) (F)		0	0
Total Expenditures (G) = (E+F)		415,000	957,000
FUND BALANCE (D-G)		24,612,000	23,158,000

Projected Balances for all Program Funds in FY 2017-18 as of October 1, 2014		
	Actual Assets	Projected Assets
	End of FY 2013-14	End of FY 2017-18
Fund Balances		
Beverage Container Recycling Fund (0133)	\$ 219,350,000	\$ 68,886,000
Glass Processing Fee Fund (0269)	\$ 8,140,000	\$ 3,144,000
Plastic Processing Fee Fund (0278)	\$ 24,841,000	\$ 13,274,000
Bi-Metal Processing Fee Fund (0277)	\$ 16,300,000	\$ 19,872,000
Penalty Account Fund (0276)	\$ 24,612,000	\$ 23,618,000
	\$ 293,243,000	\$ 128,794,000
Loan Repayment Balances		
Beverage Container Recycling Fund (0133)	\$ 82,277,000	\$ -
Glass Processing Fee Fund (0269)	\$ -	\$ -
Plastic Processing Fee Fund (0278)	\$ -	\$ -
	\$ 82,277,000	\$ -
Total Assets	\$ 375,520,000	\$ 128,794,000
Less, Prudent Reserves <i>[Note 22]</i>		
Beverage Container Recycling Fund (0133)	\$ 55,089,000	\$ 56,187,000
Glass Processing Fee Fund (0269)	\$ 3,030,000	\$ 3,270,000
Plastic Processing Fee (0278)	\$ 976,000	\$ 1,479,000
Bimetal Processing Fee Fund (0277)	\$ 19,000	\$ 14,000
Penalty Account Fund (0276)	\$ 21,000	\$ -
Reserve Requirement	\$ 59,135,000	\$ 60,950,000
Assets Available, All Funds	\$ 316,385,000	\$ 67,844,000

Appendix 2 Notes

[Note 1] – The FY 2012-13 balance forward and prior year adjustment ties to the Governor’s Budget published in January 2014.

[Note 2] – Redemption fees, detailed in the table below for the October 1, 2014, fund condition statements, exclude the 1.5 percent retention for administrative fees held by beverage distributors.

	FY 2013-14	FY 2014-15	FY 2015-16
Total Redemption Fees	\$1,212,200,000	\$1,215,165,000	\$1,215,165,000
Less 1.5 % Administrative Fee	(\$18,183,000)	(\$18,227,000)	(\$18,227,000)
Net Redemption Fee Revenue	\$1,194,017,000	\$1,196,938,000	\$1,196,938,000

[Note 3] – Other Income includes interest income received from loan repayments.

[Note 4] – General Fund and Department of Conservation loan repayments scheduled for FY 2013-14, totaling \$94.4 million, have been completed. All remaining loans are scheduled to be paid in full in FY 2014-15 with repayments amounting to \$82.3 million.

[Note 5] – Transfers to glass/plastic processing fee funds are the expenditures for the processing fee offsets authorized in PRC Section 14581 and PRC Section 14575.

[Note 6] – Repayment of Alternative Renewable Fuel and Vehicle Technology Fund loan is a repayment for a one-time loan to the recycling fund enacted in the FY 2009-10 budget to provide funding for the Local Conservation Corps. This loan was repaid in FY 2012-13.

[Note 7] – Expenditures section is derived primarily from the list of appropriations found in PRC Sections 14581 and 14581.1.

[Note 8] – California Refund Value, detailed in the table below for the October 1, 2014, fund condition statements, includes the 2.5 percent administrative fee paid to certified processors.

	FY 2013-14	FY 2014-15	FY 2015-16
California Refund Value Paid for Empty Beverage Containers	\$993,483,000	\$1,000,042,000	\$1,000,042,000
Plus 2.5% Administrative Fee	\$24,837,000	\$25,001,000	\$25,001,000
Total California Refund Value Expenditure	\$1,018,320,000	\$1,025,043,000	\$1,025,043,000

[Note 9] – The total annual amount of handling fees authorized is not fixed, and the amount expended every year fluctuates based upon the per-container rate and the number of containers recycled. For FY 2012-13, the per-container handling fee was \$0.0089 for the July 2012 to February 2013 reporting periods pursuant to PRC Section 14585(g)(1). For the March 2013 to June 2014 reporting periods, the per-container handling fee was \$0.0090. For FYs 2014-15 and 2015-16, the projected handling fee is based on a per-container handling fee of \$0.01035.

[Note 10] – Local Conservation Corps grants are annually adjusted for the cost of living from a baseline of \$20,974,000, which begins in FY 2014-15. The source for the adjustment rate is: http://www.dof.ca.gov/html/fs_data/latestEconData/fs_price.htm. The amounts shown are from the recycling fund only. Amounts provided from other CalRecycle funds total \$7.5 million for FY 2014-15 and \$15 million for FYs 2015-16 and beyond.

[Note 11] – CalRecycle anticipates expending \$2.5 million of the \$5 million annual appropriation for public education and information beginning in FY 2014-15 to support program reform outreach.

[Note 12] – Amounts in these lines are negative because they reflect cancellations of previously awarded grants.

[Note 13] – The baseline calendar year appropriation for plastics market development is \$10 million. The higher amount in FY 2012-13 is due to an additional appropriation equal to 50 percent of the year-over-year difference in the plastic processing fee offset between 2011 and 2012 pursuant to PRC Section 14581(a)(9)(B). In 2012, the PET scrap value exceeded the PET cost of recycling, so no processing fee and payment was assessed on PET beverage containers. A portion of this additional appropriation was also paid in FY 2011-12. In addition, payments for the first quarter of 2013 were paid at

the maximum rate of \$150 per ton, which resulted in spending approximately \$9 million out of the annual \$10 million appropriation at the beginning of the calendar year.

[Note 13.1] – Assessments for Fi\$cal are anticipated to continue for the foreseeable future and may not be the zero amounts as shown. The actual assessment amounts are presently unknown.

[Note 14] – Fund balance does not include any prudent reserve calculation. The prudent reserve pursuant to PRC Section 14580(a)(2) would be 5 percent of the total amount paid to processors. For 2014, the prudent reserve amounts to approximately \$58 million.

[Note 15] – Transfers from Beverage Container Recycling Fund are the expenditures for the processing fee offsets authorized in PRC Section 14581 and PRC Section 14575. In FY 2013-14, the processing fee offsets are reduced due to scheduled General Fund loan repayments.

[Note 16] – Repayment of General Fund loan, scheduled in the Budget Act in FY 2013-14, has been completed.

[Note 17] – Processing fees for plastic include amounts for all types of plastic beverage containers: PET (when applicable), HDPE, and plastics #3–#7.

[Note 18] – Repayment of General Fund loan, scheduled in the Budget Act in FY 2013-14, has been completed.

[Note 19] – Processing Payments for plastic include amounts for all types of plastic beverage containers: PET (when applicable), HDPE, and plastics #3–#7.

[Note 20] – Penalty assessment revenue includes the account receivable due to the department's adoption of the decision of the Mission Fibers/Burbank Recycling case.

[Note 21] – Expenditure from fund 0276 used for eight limited-term positions to implement program reform activities specified in SB 96 (Chapter 356, Statutes of 2013).

[Note 22] – Fund 0133 based on PRC Section 14580(a)(2); all other funds based on 5 percent of expenditure.

Appendix 3 – Definition of Terms

Term	Basis of Determination <i>[Note 1]</i>	Description
Breakeven Recycling Rate	Modified Accrual	Recycling rate where total expenditures from the Recycling Fund equals Redemption Fee revenue
Cash Balance	Cash	Cash immediately available to pay current operations measured as of the end of the last business day of the month or the beginning of the first business day of the following month
Fund Balance	Modified Accrual	Resources less total expenditures; resources includes all transfers between funds including loan repayments.
Proportional Reduction	Cash	Expenditure reductions for programs included in PRC Section 14581. Proportional Reduction is expressed as a percentage of full expenditure authority, and the reductions are determined based what is needed to maintain a Cash Balance that does not decrease below the Prudent Reserve. Proportional Reduction is scheduled to begin at the beginning of the fiscal year that the cash balance is forecasted to fall below the Prudent Reserve.
Prudent Reserve	Cash	5% of total cash paid to certified processors for California Refund Value and Processing Payments during the most recently completed calendar year plus the interest earned on that amount
Structural Deficit	Modified Accrual	An indicator of fund solvency calculated using one of two methods. For the Recycling fund, the Structural Deficit equals Redemption Fee revenue less the sum of total expenditures including transfers from the Recycling Fund to the Processing Fee Funds, also known as Processing Fee Offsets. For the combined Recycling Fund and Processing Fee Funds, Structural Deficit equals the sum of revenue from Redemption Fees and Processing Fees less total expenditures excluding non-reoccurring payments for FiŞcal. Structural Deficit does not reflect one-time transfers such as loan repayments

[Note 1] - Modified Accrual is the basis of accounting in which revenues are recognized if the underlying transaction has occurred as of the last day of the fiscal year, and the amount is measurable and available to finance expenditures of the current period (i.e., the actual collection will occur either during the current period or after the end of the current period, to be used to pay current year-end liabilities). Expenditures are recognized when the obligations are created, except for amounts payable from future fiscal year appropriations. This basis is generally used for the General Fund and special funds. Under the cash basis of accounting, revenues and expenditures are recognized only when cash is received or paid.

Appendix 4 – Cash Balance Projection Methodology

The cash balance forecast is based on a combination of forecasting methodologies that are fused together to yield a single projected end-of-month cash balance figure for the recycling fund. Starting with the most recent actual cash balance as of the end of the last business day of the calendar month, the most recent cash balance is reconciled with the previous end-of-month cash balance. In addition, a comparison is performed with program payments that were scheduled versus program payments that were actually completed. The result of the reconciliation and payment comparison is to adjust or carry over payments scheduled but not completed to the next month.

The projection is then completed using the methodologies described in following table:

Item	Methodology
Sales	Multiply latest trailing 12-month growth factor based on reporting months with actual cash flow by reporting month for first 10 forecast months. For forecast months 11 and 12, multiply latest trailing 12-month growth factor based on reporting months with actual cash flow by month. For forecast months 13 and beyond, projection is same as corresponding month in previous year. The 12-month growth factor is increased by the percent difference between revenue received on a cash basis in excess of revenues received on a reporting month basis.
Returns	Multiply latest trailing 12-month growth factor based on reporting months by actual cash flow by month for first 12 forecast months. For forecast months 13 and beyond, projection is same as corresponding month in previous year.
Other revenue, Program Administration, Handling Fees, Pro-rata	Projected monthly distribution based on actual monthly distribution from previous fiscal year multiplied by the fiscal year amount shown on the fund condition statement. Fiscal year amounts beyond FY 2015-16 equal FY 2015-16.
Loan repayments	Transfers generally assumed to occur in June except that transfers from General Fund will be placed in any month within scheduled fiscal year where needed to keep cash balance above prudent reserve, if applicable.
14581 Programs	Monthly distribution is based on the proposed payment schedule provided by program managers and multiplied by annual appropriation.
Processing Fee Offsets	Annual transfer amounts, based on latest rate calculation, are divided by four and projected to occur quarterly in July, October, January, and April.