

Quarterly Report on the Status of the Beverage Container Recycling Fund

(FY 2015–16 – 3rd Quarter)



California Department of Resources Recycling and Recovery

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STATE OF CALIFORNIA

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Executive Summary

Consistent with statutory requirements, and the Department of Resources Recycling and Recovery's (CalRecycle's) commitment to transparency and accountability to stakeholders, the Department presents the following Beverage Container Recycling Fund (Fund) Quarterly Status Report (Quarterly Report). The Quarterly Report reviews the Fund's adequacy to make program payments.

This edition reports on Quarter 3 for Fiscal Year 2015–16 (i.e., January through March 2016), and reflects:

- Actual and projected program expenditures and payments, including transfers
- Actual and projected revenues
- An assessment of the Fund's structural deficit
- A fund adequacy determination necessary to support program expenditures, and
- A projection of when program expenditures would face reductions because of insufficient financial resources.

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, the report provides an explanation of significant changes between the current projections and those presented in the combined [Q1 and Q2 FY 2015–16 Quarterly Report](#) (published June 2016).

In brief, this Quarterly Report projects the structural deficit, over the course of 2016–17, at \$54.2 million. This is a \$25.2 million change in the deficit for the same period reflected in the June 2016 Quarterly Report. The primary reason for this change from the previous Quarterly Report is attributable to: 1) late distributor amendments (i.e., sales reporting), and 2) revised sales projections of 2.5 percent above previous projections.

Based on this structural deficit, and considering the current cash balance, the Department estimates that in late Fiscal Year 2017–18, there will be insufficient funds to fully support program payments and maintain a minimal reserve for operations. Should this occur, the Department will be compelled to enter into proportional reductions to best manage remaining financial resources. The Department will notify program participants and the Legislature in advance.

The Department continues to analyze how best to temper the reductions over a period of time, consistent with available funding, to mitigate sudden and severe reductions in program payments.

While this Quarterly Report reflects positive changes to the Fund's condition, and recent programmatic changes such as increased processor oversight and industry matters

such as recycling center closures may result in reduced expenditures, the absence of policy changes to eliminate the structural deficit and secure the Fund's financial future means proportional reductions remain the program's only remedy to address funding shortfalls.

Given the current challenges facing the recycling industry, in particular low commodity prices, proportional reductions could have serious and negative short-term and long-term effects on the program. CalRecycle is committed to exploring efforts and opportunities to support a stable recycling infrastructure in California.

CalRecycle is examining the appropriateness of basing the proportional reduction determination solely on a statutorily defined prudent reserve. The Quarterly Report's authorizing statute requires the Department to determine "if adequate funds exist" to pay disbursements. Historically, the Department has used a statutorily defined "prudent reserve" (i.e., Public Resources Code Section 14580(a)(2)) as the threshold for "adequate funds." The "prudent reserve" is \$59 million. However, the Department's ongoing analysis suggests this threshold may not be an operationally appropriate reserve, given historic revenue and expenditure volatility. In other words, the potential risk for interrupted cash flow grows as the projected cash balance falls, and the Department's ability to fund program payments may be compromised before the reserve reaches \$59 million.

For purposes of this report, and until we can fully analyze and define a more appropriate level of adequate funds, we will continue to define an appropriate reserve as the previously referenced \$59 million.

CalRecycle welcomes your feedback. Please send questions and comments to opa@calrecycle.ca.gov or contact the Division of Recycling at (916) 323-3836.

I. Fund Condition Statement

Pursuant to Public Resources Code (PRC) Section 14556(a)(1), this section provides an updated fund condition statement¹ including revenues, transfers, and expenditures into and out of the Beverage Container Recycling Fund (the Fund or Fund 0133). The Fund is the Program's primary financial account because it is the depository of California Redemption Value (CRV). As a result, the primary revenues and expenditures from the Fund is CRV paid into the program and CRV refunds paid out to consumers for redeeming their beverage containers.

¹ The updated fund condition statement may differ from the Governor's Budget fund condition statement. See Appendix I for an explanation of differences between Governor's Budget and Quarterly Reports.

The fund condition statements in this report include accrued revenues (revenue is recognized before cash is received) and accrued expenses (expense is recognized before cash is paid out) at the end of each fiscal year.

The table below shows the fund condition statements for FY 2014–15 and projections for FY 2015–2016 and for current FY 2016–17. For more information and fund condition statements for the processing fee accounts and penalty accounts, see Appendix I.

Table 1: Beverage Container Recycling Fund 0133 – Fund Condition Statement FY 2014-2015 and FY 2015-2016 and Projections for FY 2016-2017 (Dollars in Thousands)

CA BEVERAGE CONTAINER RECYCLING FUND (0133)
FUND CONDITION REPORT

	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$219,354,000	\$296,562,000	\$246,264,000	\$219,354,000	\$298,034,000	\$238,273,753
Prior Year Adjustments	\$25,121,000			\$25,113,000		
Balance, Adjusted	\$244,475,000	\$296,562,000	\$246,264,000	\$244,467,000	\$298,034,000	\$238,273,753
REVENUES AND TRANSFERS						
Revenues:						
125100 Beverage Container Redemption Fees	\$1,247,968,000	\$1,247,968,000	\$1,247,968,000	\$1,247,968,000	\$1,272,003,161	\$1,299,732,830
150500 Interest income from GF Loans	\$12,472,000	\$0	\$0	\$12,472,000	\$0	\$0
150300 Income from surplus money investments	\$224,000	\$224,000	\$224,000	\$224,000	\$321,000	\$321,000
161000 Escheat of unclaimed checks & warrants	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
161400 Miscellaneous Revenue	\$4,000	\$4,000	\$4,000	\$4,000	\$1,335,307	\$1,335,307
161300 Settlements/Judgements	\$87,000	\$0	\$0	\$87,000	\$10,240	\$10,240
164300 Penalty Assessment	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000
Total Revenues	\$1,261,061,000	\$1,248,502,000	\$1,248,502,000	\$1,261,061,000	\$1,273,975,708	\$1,301,705,377
Transfers From Other Funds:						
FO0001 GF Loan Repayment item 3480-011-0001, BA 2003	\$72,277,000	\$0	\$0	\$72,277,000		
FO0269 Operating Transfer from Glass (0269) to CBCRF (0133)				\$1,601,000		
FO0001 GF Loan Repayment per item 3480-001-0011, BA 2009	\$10,000,000	\$0	\$0	\$10,000,000		
GF Loan Repayment from DOC						
Total Transfers From	\$82,277,000	\$0	\$0	\$83,878,000	\$0	\$0
Transfers to Other Funds:						
TO0269 To Glass Processing Fee Account (Glass) (0269), PRC 14581 (a)	-\$54,700,000	-\$55,293,000	-\$55,293,000	-\$56,809,000	-\$54,422,095	-\$56,594,094
TO0278 To PET Processing Fee Account (PET) (0278), PRC 14581 (a)	-\$4,945,000	-\$20,154,000	-\$25,064,000	-\$4,945,000	-\$34,828,677	-\$38,655,356
TO0269 To Glass (0269), 3 Yr Reconciliation Payback						-\$7,333,333
TO0278 To PET (0278), 3 Yr Reconciliation Payback						-\$666,667
Total Transfers To	-\$59,645,000	-\$75,447,000	-\$80,357,000	-\$61,754,000	-\$89,250,772	-\$103,249,450
Totals, Revenues and Transfers	\$1,283,693,000	\$1,173,055,000	\$1,168,145,000	\$1,283,185,000	\$1,184,724,936	\$1,198,455,927
Total Resources	\$1,528,168,000	\$1,469,617,000	\$1,414,409,000	\$1,527,652,000	\$1,482,758,936	\$1,436,729,680
EXPENDITURES						
Disbursements:						
8880 Financial Information System for CA (FI\$Cal)	\$41,000	\$84,000	\$62,000	\$41,000	\$84,000	\$62,000
3970 CalRecycle						
State Operations	\$43,247,000	\$49,653,000	\$50,763,000	\$41,259,000	\$49,653,000	\$50,763,000
(3970-001-0133) Departmental Support				\$41,259,000	\$49,653,000	\$50,763,000
Local Assistance	\$1,188,318,000	\$1,173,616,000	\$1,168,959,000	\$1,188,318,000	\$1,194,748,183	\$1,207,866,005
(3970-601-0133) Handling Fees, PRC 14581 (a)(1)				\$45,631,000	\$52,308,713	\$48,353,025
(3970-603-0133) CRV Out, PRC 14580				\$1,088,933,000	\$1,086,525,470	\$1,108,255,980
(3970-604-0133) Curbside, PRC 14581 (a)(2)				\$15,000,000	\$15,000,000	\$15,000,000
(3970-605-0133) Plastic Mkt Development, PRC 14581 (a)(10)				\$5,000,000	\$10,000,000	\$5,000,000
(3970-606-0133) Grants - Local CCCs, PRC 14581 (a)(3)(A)				\$13,526,000	\$6,414,000	\$6,757,000
(3970-608-0133) Pmts to Cities and Counties, PRC 14581 (a)(4)				\$10,500,000	\$10,500,000	\$10,500,000
(3970-609-0133) Grants - other, PRC 14581 (a)(5)				\$1,348,000	\$1,500,000	\$1,500,000
(3970-610-0133) Public Education, PRC 14581 (a)(7)				\$0	\$2,500,000	\$2,500,000
(3970-611-0133) Quality Incentive Payment				\$8,380,000	\$10,000,000	\$10,000,000
Total Expenditures	\$1,231,606,000	\$1,223,353,000	\$1,219,784,000	\$1,229,618,000	\$1,244,485,183	\$1,258,691,005
FUND BALANCE	\$296,562,000	\$246,264,000	\$194,625,000	\$298,034,000	\$238,273,753	\$178,038,675

values in red font, identify those values that are different than those displayed in the 2016-17 Governor's Budget

More detailed information regarding the status of this particular quarter is presented in Table 2. However, it is important for readers to understand the Department collects and pays expenditures in arrears and practices the accrual method of accounting. As such, receipt and expenditure activities in the first two months of the new fiscal year (i.e., within Quarter 1) are low because these transactions are generally applicable to the previous fiscal year.

Accordingly, Quarter 4 activity is high because the period it includes projected (or assumed) expenditures and accruals. In other words, our projections here show transactions we expect to be processed before June 30 and transactions we expect to be realized after June 30.

Table 2: 2015-16 Fund Condition Breakout by Quarter to Which Activity is Attributed

CA BEVERAGE CONTAINER RECYCLING FUND (0133) FUND CONDITION REPORT		Actual Expenditures for 15-16 Quarter 1, 2 and 3			Proj Expenditures Q4		
	FY 2015/16 Fund Condition	Q1 (July-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-March) (Actual)	Q4 (Apr-June) (Projected)	Total Quarterly Activity	
REVENUES AND TRANSFERS							
Revenues:							
125100	Beverage Container Redemption Fees	\$1,272,003,161	\$151,716,119	\$307,147,046	\$302,169,015	\$510,970,981	\$1,272,003,161
150500	Interest income from GF Loans	\$0	\$0	\$0	\$0	\$0	\$0
150300	Income from surplus money investments	\$321,000	\$0	\$169,469	\$68,743	\$82,788	\$321,000
161000	Escheat of unclaimed checks & warrants	\$17,000	\$6,628	\$0	\$4,531	\$5,841	\$17,000
161400	Miscellaneous Revenue*	\$1,335,307	\$234,046	\$381,191	\$462,272	\$257,798	\$1,335,307
161300	Settlements/Judgements	\$10,240	\$7,200	\$0	\$3,040	\$0	\$10,240
164300	Penalty Assessment	\$289,000	\$21,477	\$30,945	\$8,528	\$228,050	\$289,000
	Total Revenues	\$1,273,975,708	\$151,985,470	\$307,728,651	\$302,716,129	\$511,545,458	\$1,273,975,708
Transfers From Other Funds:							
FO0001	GF Loan Repayment item 3480-011-0001, BA 2003	\$0	\$0	\$0	\$0	\$0	\$0
FO0269	Operating Transfer from Glass (0269) to CBCRF (0133)	\$0	\$0	\$0	\$0	\$0	\$0
FO0001	GF Loan Repayment per item 3480-001-0011, BA 2009	\$0	\$0	\$0	\$0	\$0	\$0
	GF Loan Repayment from DOC	\$0	\$0	\$0	\$0	\$0	\$0
	Total Transfers From	\$0	\$0	\$0	\$0	\$0	\$0
Transfers to Other Funds:							
TO0269	To Glass Processing Fee Account (Glass) (0269), PRC 14581 (a)	-\$54,422,095	-\$19,826,145	\$0	-\$14,769,805	-\$54,422,095	-\$54,422,095
TO0278	To PET Processing Fee Account (PET) (0278), PRC 14581 (a)	-\$34,828,677	\$0	\$0	-\$34,828,677	-\$34,828,677	-\$34,828,677
TO0269	To Glass (0269), 3 Yr Reconciliation Payback	\$0	\$0	\$0	\$0	\$0	\$0
TO0278	To PET (0278), 3 Yr Reconciliation Payback	\$0	\$0	\$0	\$0	\$0	\$0
	Total Transfers To	-\$89,250,772	-\$19,826,145	\$0	-\$49,598,482	-\$89,250,772	-\$89,250,772
	Totals, Revenues and Transfers From	\$1,184,724,936	\$132,159,325	\$287,902,506	\$302,716,129	\$461,946,976	\$1,184,724,936
EXPENDITURES							
Disbursements:							
	8880 Financial Information System for CA (FISCal)	\$84,000	\$0	\$0	\$84,000	\$0	\$84,000
	3970 CalRecycle						
	State Operations	\$49,653,000					
	(3970-001-0133) Departmental Support	\$49,653,000	\$12,314,760	\$12,492,342	\$9,885,063	\$14,960,835	\$49,653,000
	Local Assistance	\$1,194,748,183	\$263,503,133	\$291,536,383	\$244,003,308	\$395,705,359	\$1,194,748,183
	(3970-601-0133) Handling Fees, PRC 14581 (a)(1)	\$52,308,713	\$4,869,904	\$13,991,745	\$11,520,622	\$21,926,442	\$52,308,713
	(3970-603-0133) CRV Out, PRC 14580	\$1,086,525,470	\$252,608,882	\$277,129,237	\$230,943,344	\$325,844,007	\$1,086,525,470
	(3970-604-0133) Curbside, PRC 14581 (a)(2)	\$15,000,000	\$0	\$0	\$0	\$15,000,000	\$15,000,000
	(3970-605-0133) Plastic Mkt Development, PRC 14581 (a)(10)	\$10,000,000	\$0	\$0	\$2,499,599	\$7,500,401	\$10,000,000
	(3970-606-0133) Grants - Local CCCs, PRC 14581 (a)(3)(A)	\$6,414,000	\$4,670,300	\$415,401	-\$960,257	\$2,288,556	\$6,414,000
	(3970-608-0133) Pmts to Cities and Counties, PRC 14581 (a)(4)	\$10,500,000	\$0	\$0	\$0	\$10,500,000	\$10,500,000
	(3970-609-0133) Grants - other, PRC 14581 (a)(5)	\$1,500,000	\$1,354,047	\$0	\$0	\$145,953	\$1,500,000
	(3970-610-0133) Public Education, PRC 14581 (a)(7)	\$2,500,000	\$0	\$0	\$0	\$2,500,000	\$2,500,000
	(3970-611-0133) Quality Incentive Payment	\$10,000,000	\$0	\$0	\$0	\$10,000,000	\$10,000,000
	Total Expenditures	\$1,244,485,183	\$275,817,893	\$304,028,725	\$253,888,371	\$410,666,194	\$1,244,401,183

Structural Deficit

Program operations are traditionally funded by unclaimed CRV from the same period. As the recycling rate increases, there is less funding available to cover planned expenditures to make all of the budgeted payments prescribed in the Act, including, CRV-out, administration of the program, Local Conservation Corp grants, and finally, PRC 14581 payments and

transfers. The amount by which program expenditures exceed program revenues in the same period is the structural deficit.

Calculation of the structural deficit is a formulaic approach. It is detailed below, based on the current budget plan.

Table 3: Structural Deficit

CA BEVERAGE CONTAINER RECYCLING FUND (0133) STRUCTURAL DEFICIT			
<u>Base Revenue/Expenditures</u>	FY 2015/16	FY 2016/17	FY 2017/18
(Source 125100) CRV-In	\$1,272,003,161	\$1,299,732,830	\$1,299,732,830
(3970-603-0133) CRV-Out	(\$1,086,525,470)	(\$1,108,255,980)	(\$1,108,255,980)
(3970-001-0133) Program Administration	(\$49,653,000)	(\$50,763,000)	(\$50,763,000)
(3970-606-0133) Grants - Local CCCs	(\$6,414,000)	(\$6,757,000)	(\$7,094,850)
Total Available for 14581 Programs	\$129,410,691	\$133,956,850	\$133,619,000
<u>14581 Programs</u>			
(3970-615-0133) Proc Fee Offset - Glass	(\$54,422,095)	(\$56,594,094)	(\$56,594,094)
(3970-616-0133) Proc Fee Offset - PET	(\$34,828,677)	(\$38,655,356)	(\$38,655,356)
(3970-601-0133) Handling Fees	(\$52,309,000)	(\$48,353,000)	(\$48,353,000)
(3970-604-0133) Curbside	(\$15,000,000)	(\$15,000,000)	(\$15,000,000)
(3970-605-0133) Plastic Mkt Development	(\$10,000,000)	(\$5,000,000)	\$0
(3970-608-0133) Payments to Cities and Counties	(\$10,500,000)	(\$10,500,000)	(\$10,500,000)
(3970-609-0133) Grants - NPO	(\$1,500,000)	(\$1,500,000)	(\$1,500,000)
(3970-610-0133) Public Education	(\$2,500,000)	(\$2,500,000)	(\$2,500,000)
(3970-611-0133) Quality Incentive Payment	(\$10,000,000)	(\$10,000,000)	(\$10,000,000)
Total 14581 Programs	(\$191,059,772)	(\$188,102,450)	(\$183,102,450)
Total Structural Deficit	(\$61,649,081)	(\$54,145,600)	(\$49,483,450)

II. Adequate Funds Determination

In accordance with PRC Section 14556(c), this section helps determine whether there are sufficient funds to make all program payments. If CalRecycle determines there are insufficient funds, the Department shall proportionally reduce² specified program expenditures to ensure the program is able to provide consumers their California Redemption Value refunds and to continue to operate the program.

Given that the program is currently experiencing a structural deficit, it is critical to evaluate the timing of actual revenue and disbursements to determine at what point cash flow will be insufficient to maintain uninterrupted programmatic and administrative operations. A careful analysis of cash flow and cash balances ultimately indicate at what point the Department will need to invoke measures to ensure cash solvency.

² PRC Section 14581(c).

The cash forecast is used for cash flow management and revenue and expenditures tracking. The cash flow forecast is used to estimate the date when the cash balance will be below the required minimum reserve. Proportional reduction measures would need to be implemented with enough time so the schedule of payments can be adjusted accordingly.

Currently, CalRecycle is projecting that there will be insufficient funds to make program payments sometime in late FY 2017–18. This is consistent with the previous two Quarterly Reports (FY 2014–15 Q4 Report and the combined Q1 and Q2 FY 2015–16 Quarterly Report), which anticipated the Fund experiencing insufficient funds at some point in FY 2017–18. This report does anticipate insufficient funds in late FY 2017–18 as opposed to early FY 2017–18 as reported in the FY 2015–16 Q1 and Q2 Report. The delay is partially due to higher-than-projected revenues.

As of March 31, 2016, the cash balance of Fund 0133 is \$157,047,574.

Table 4: Cash Balance Summary (As of March 31, 2016)

CA BEVERAGE CONTAINER RECYCLING FUND (0133) ENDING CASH BALANCES												
	1st Qtr			2nd Qtr			3rd Qtr			4th Qtr		
	Jul (Actual)	Aug (Actual)	Sept (Actual)	Oct (Actual)	Nov (Actual)	Dec (Actual)	Jan (Actual)	Feb (Actual)	Mar (Actual)	April (Actual)	May (Actual)	June (Actual)
2015-16 (Actual)	\$191,993,197.68	\$208,576,336.31	\$194,199,727.29	\$181,113,976.38	\$174,691,155.38	\$157,778,428.03	\$187,949,073.89	\$164,052,965.63	\$157,047,574.73	\$127,848,549.05	\$145,848,897.72	\$156,995,325.46
2016-17 (Projected)	\$137,569,838.55	\$136,417,521.40	\$140,553,092.50	\$113,880,554.46	\$127,991,346.67	\$140,970,688.82	\$102,421,719.97	\$114,932,668.38	\$120,175,443.54	\$72,549,646.49	\$83,704,551.75	\$88,507,832.46
2017-18 (Projected)	\$78,382,136.63	\$84,891,236.25	\$91,445,698.03	\$64,579,570.68	\$78,609,253.57	\$94,007,486.41	\$44,877,408.24	\$57,307,247.33	\$62,468,913.18	\$17,262,006.81	\$28,335,802.76	\$35,557,974.15

The Fund is required to advance funds due to the different timing of receipts and payments for any given month. Receipts into the Fund made by distributors shall be made not later than the last day of the month following the sale of the beverage container.³ Payments out of the Fund for refunds, administration fees, and processing payments are paid typically within the month of the transaction or, on average, two weeks after the end of the month.⁴ Other expenditures and payments under Section 14581 are paid according to a specific schedule. Handling fee payments, for example, are paid on a monthly basis.⁵

³ Section 14574(a)(2) of California Public Resources Code.

⁴ Section 14573 requires the Department to pay the processor upon presentation of a completed processor invoice accompanied by a shipping report from the supplier of the material.

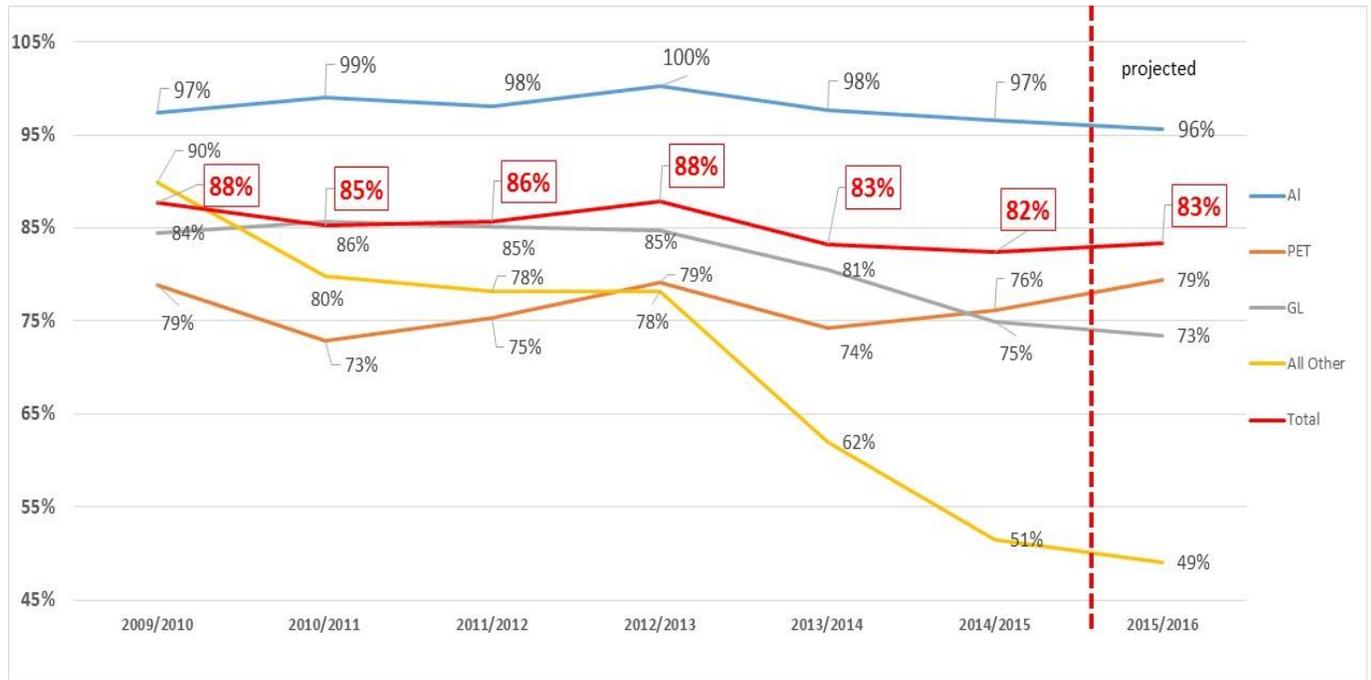
⁵ Section 14585(a)(1) of California Public Resources Code.

III. Recycling Rates

In accordance with PRC Section 14556(a)(2), this section provides information regarding the recycling rate inferred from revenues.⁶ The projected recycling rate for all beverage container material types combined for FY 2015–16 is 83.3 percent. The projections show a slight decrease in the total recycling rate from 83.5 percent estimated in the last report.

Projections related to the recycling rate displayed here, and container sales and returns shown below, are based on data reported to CalRecycle in the Division of Recycling Integrated Information System (DORIIS). The data reported in DORIIS contains records of the most recent transactions processed by CalRecycle and available for forecasting purposes. These projections will eventually translate into financial actuals reflected in the fund condition statement.

Table 5: Historical Recycling Rate Trends, Inferred Using Revenues, and FY 2015-2016 Projections



⁶ Statute requires the Quarterly Report to include a recycling rate inferred from revenues. This rate is calculated by dividing CRV-out by CRV-in. The recycling rates displayed in CalRecycle’s Biannual Report of Beverage Container Sales, Returns, Redemption, and Recycling Rates (Biannual Report) is based on a formula dictated in PRC 14551 that is used to estimate the actual percent of containers that are recycled.

Between FY 2014–15 and FY 2015–16, the projected annual rate of growth for beverage container sales is almost 1.1 percent while the projected annual rate of growth for returns is 2.1 percent.

Projections are estimated by material type based on sales data from the most recent five years. Projections include adjustments for seasonality on a monthly basis. In estimating the rates of growth for projections, other factors such as population growth, demographics, economic activity, temperature, precipitation, etc., are also taken into consideration. The rates of growth vary by material type and by quarter.

IV. Projections and Estimates

Pursuant to PRC 14556(a)(4) *et seq.*, this section provides information for projected sales and returns, handling fee payments, and processing payments for FY 2015–16.

Actual and Projected Sales and Returns by Material Type

Similar to the recycling rate displayed above, projected sales and returns rely on specific records reported in DORIIS. These records reflect the data most recently available for forecasting purposes.

Sold container counts are derived from reports received by CalRecycle directly from beverage distributors, whereas recycled container counts are derived from the redemption weight, from shipping reports, multiplied by the current container per pound rate, which is regularly adjusted to reflect changes in beverage containers. While the number of containers sold directly correlates with the amount of CRV-in, the number of containers returned must be calculated. The nature of recycling (e.g., container breakage) requires container returns to be calculated based on weight and the container per pound rate. Container per pound rates are adjusted regularly to reflect market changes such as the light-weighting of plastic bottles. For example, based on the recently released rates, a single pound of returned PET contains on average 20.8 containers, whereas in 2014 the rate was 17.1 bottles per pound.

As such, the calculated number of returns will not align perfectly with the recycling rate noted above, which is inferred solely on CRV-in and CRV-out as reported in DORIIS.

Please see “Section V: Significant Changes” for an explanation of larger-than-normal differences between Q2 actuals in this report and Q2 projections from the combined Q1 and Q2 FY 2015–16 Quarterly Report. While those changes are notable, the FY 2015–16 recycling rate projections below remain within 1 and 2 percent of the projections reported in the combined Q1 and Q2 FY 2015–16 Quarterly Report (yellow column).

Table 6: Aluminum Containers Sold and Returned

Aluminum	Q1 (Jul-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-Mar) (Actual)	Q4 (Apr-Jun) (Projected)	FY 2015-2016 (Projected)	Previous Projection for FY 2015-2016
Units Sold	2,180,819,103	2,079,073,644	1,752,022,579	2,146,899,087	8,158,814,413	8,079,523,442
Under 24 oz.	2,008,357,346	1,927,897,785	1,609,651,420	1,975,762,385	7,521,668,936	7,458,968,694
Over 24 oz.	172,461,757	151,175,859	142,371,159	171,136,702	637,145,477	620,554,748
Units Returned	2,086,665,536	1,839,638,641	1,720,163,187	1,933,999,573	7,580,466,937	7,642,064,075
Units Not Returned	94,153,567	239,435,003	31,859,392	212,899,514	578,347,476	437,459,367
Return Rate	95.68%	88.48%	98.18%	90.08%	92.91%	94.59%

Table 7: PET Containers Sold and Returned

PET (Plastic #1)	Q1 (Jul-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-Mar) (Actual)	Q4 (Apr-Jun) (Projected)	FY 2015-2016 (Projected)	Previous Projection for FY 2015-2016
Units Sold	3,114,242,660	2,652,731,429	2,547,262,909	2,851,811,353	11,166,048,351	10,950,943,619
Under 24 oz.	2,676,834,395	2,243,546,411	2,199,839,931	2,452,250,174	9,572,470,911	9,374,159,297
Over 24 oz.	437,408,265	409,185,018	347,422,978	399,561,178	1,593,577,439	1,576,784,322
Units Returned	2,458,641,042	2,152,047,607	2,027,489,513	2,292,789,690	8,930,967,853	8,852,543,861
Units Not Returned	655,601,618	500,683,822	519,773,396	559,021,662	2,235,080,498	2,098,399,758
Return Rate	78.95%	81.13%	79.59%	80.40%	79.98%	80.84%

Table 8: Glass Containers Sold and Returned

Glass	Q1 (Jul-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-Mar) (Actual)	Q4 (Apr-Jun) (Projected)	FY 2015-2016 (Projected)	Previous Projection for FY 2015-2016
Units Sold	877,263,651	832,407,566	687,718,167	943,115,133	3,340,504,517	3,312,939,866
Under 24 oz.	822,103,450	771,038,251	642,925,456	884,166,690	3,120,233,847	3,078,864,672
Over 24 oz.	55,160,201	61,369,315	44,792,711	58,948,443	220,270,670	234,075,194
Units Returned	648,603,639	573,360,563	549,000,204	590,677,605	2,361,642,011	2,368,627,392
Units Not Returned	228,660,012	259,047,003	138,717,963	352,437,528	978,862,506	944,312,474
Return Rate	73.93%	68.88%	79.83%	62.63%	70.70%	71.50%

Table 9: Bimetal Containers Sold and Projections by Quarter. FY 2015-16

Bimetal	Q1 (Jul-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-Mar) (Actual)	Q4 (Apr-Jun) (Projected)	FY 2015- 2016 (Projected)
Units Sold	19,665,550	16,012,167	12,450,443	8,611,058	56,739,218
<i>Under 24 oz.</i>	19,524,336	15,224,325	10,888,465	8,475,078.29	54,112,204
<i>Over 24 oz.</i>	141,214	787,842	1,561,978	135,980.20	2,627,014
Units Returned	1,662,330	1,378,642	1,145,527	1,326,023.34	5,512,522
<i>Units Not Returned</i>	18,003,220	14,633,525	11,304,916	7,285,035	51,226,696
<i>Return Rate</i>	8.45%	8.61%	9.20%	15.40%	9.72%

Table 10: All Plastic Material (except PET) Containers Sold and Projections by Quarter. FY 2015-16

All Plastics (except PET)	Q1 (Jul-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-Mar) (Actual)	Q4 (Apr-Jun) (Projected)	FY 2015- 2016 (Projected)
Units Sold	129,291,248	108,768,350	100,726,485	134,783,860	473,569,943
<i>Under 24 oz.</i>	81,126,675	72,367,730	64,417,881	89,345,158	307,257,444
<i>Over 24 oz.</i>	48,164,573	36,400,620	36,308,604	45,438,702	166,312,499
Units Returned	61,418,051	59,639,749	50,131,600	55,808,958	226,998,358
<i>Units Not Returned</i>	67,873,197	49,128,601	50,594,885	78,974,902	246,571,585
<i>Return Rate</i>	47.50%	54.83%	49.77%	41.41%	47.93%

A. Projected Handling Fee Payments

This section includes handling fee payments, the per-beverage container handling fee amount, and the number of beverage containers projected to be eligible for a handling fee payment in FY 2015-16.

Table 11: Handling Fee Payments and Containers Eligible by Quarter. FY 2015-16

	Q1 (July-Sept) (Actual)	Q2 (Oct-Dec) (Actual)	Q3 (Jan-March) (Actual)	Q4 (Apr-June) (Projected)	Current Projection Total FY 2015-2016	Previous Projection for FY 2015-2016
Handling Fees	\$14,471,799	\$12,469,776	\$11,996,397	\$13,370,741	\$52,308,713	\$52,529,535
Per Beverage Container Handling Fee Amount	\$0.01046	\$0.01046	\$0.01046	\$0.01046	\$0.01046	\$0.01046
Containers Eligible for Handling Fee Payment	1,383,537,194	1,192,139,163	1,146,883,081	1,278,273,518	5,000,832,956	5,021,944,103

The total annual amount of handling fees authorized is not fixed: The amount fluctuates annually based upon the per-container rate and the number of containers recycled.

The projected handling fees for FY 2015–16 are calculated based on a handling fee per-container rate of \$0.01046 derived from the latest cost survey.⁷

Handling fee projections are based on the previous year’s ratio of handling fees to returns of beverage containers and increased by the projected rate of growth by material type, combined with the 1 percent rate of growth of the handling fee per container. The result is a projected annual rate of growth of 3.4 percent for handling fees between FY 2014–15 and FY 2015–16. Values for FY 2016–17 and 2017–18 are assumed to remain at the same level as FY 2015–16 until better information is available to refine the projections.

⁷ The Handling Fee Cost Survey Final Report can be found on the CalRecycle website at <http://www.calrecycle.ca.gov/BevContainer/Notices/#HandlingFees>.

B. Projected Processing Payments

This section includes all processing payments⁸ by type and beverage container material type since the last reporting period and projections for processing fee offsets, processing fees, and processing payments by beverage container material type for the current fiscal year.

Table 12: Processing Fees, Processing Payments, and Processing Offsets by Material Type by Quarter of FY 2015-16

Fund		Q1 (July-Sept) Actual	Q2 (Oct-Dec) Actual	Q3 (Jan-March) Actual	Q4 (Apr-June) Projected	FY 2015-2016 (Projected)
0269	Processing Fees	\$1,688,739	\$1,786,165	\$1,707,972	\$1,748,061	\$6,930,937
Glass	Processing Payments	\$16,322,433	\$14,530,161	\$14,608,973	\$15,891,465	\$61,353,032
	Processing Fee Offset (from Fund 0133)	(\$14,633,694)	(\$12,743,996)	(\$12,901,002)	(\$14,143,404)	(\$54,422,095)
0277	Processing Fees	\$322,358	\$438,303	\$294,725	\$317,241	\$1,372,627
Bi-Metal	Processing Payments	\$80,453	\$66,708	\$53,211	\$85,000	\$285,372
	Processing Fee Offset (from Fund 0133)	\$0	\$0	\$0	\$0	\$0
0278	Processing Fees	\$1,430,401	\$1,253,181	\$1,475,068	\$1,568,575	\$5,727,225
Plastic	Processing Payments	\$9,521,414	\$10,328,310	\$8,526,253	\$12,179,925	\$40,555,902
	Processing Fee Offset (from Fund 0133)	(\$8,091,014)	(\$9,075,129)	(\$7,051,184)	(\$10,611,350)	(\$34,828,677)
Total	Processing Fees	\$3,441,498	\$3,477,648	\$3,477,766	\$3,633,877	\$14,030,789
	Processing Payments	\$25,924,301	\$24,925,179	\$23,188,437	\$28,156,390	\$102,194,306
	Processing Fee Offset (from Fund 0133)	(\$22,482,803)	(\$21,447,530)	(\$19,710,671)	(\$24,522,513)	(\$88,163,517)

Projections for processing fees, processing payments, and processing fee offsets for this report are based on processing payment rates effective April 1, 2016. Projections for the Q4 report will be based on processing payment rates effective July 1, 2016.

⁸ Processing payments are adjusted based on the average scrap value for each beverage container material type. Processing payment information is available at: <http://www.calrecycle.ca.gov/BevContainer/Notices/#Processing>

V. Significant Changes

Pursuant to PRC 14556(a) and (c), this section explains changes to the methodology used for forecasting the fund condition statement and any other significant changes to the fund condition statement from the previous Quarterly Report.

Change in Methodology

Consistent with the combined Q1 and Q2 FY 2015–16 Quarterly Report released in June, CalRecycle has incorporated stakeholder concerns regarding different factors involved in preparing the Quarterly Report and the Governor’s Budget into this report, and will be presenting data from a financial standpoint per the financial book of record and the Governor’s Budget. Additionally, this report focuses on the Fund 0133, as it is the resources in this fund alone that constitutes what is available for expenditure on all the items subject to proportional reduction.

Financial data from prior Quarterly Reports was derived from container counts reported in the Division of Recycling Integrated Information System and did not correlate exactly to the financial reports contained in CalRecycle’s financial book of record due to timing differences, rate changes, and the variability in containers per ton. The financial elements displayed in this report, as well as projections on the future sustainability of the program, are based on the financial reports and final statements. However, as noted above, projections related to the recycling rate, container sales, and container returns continue to rely on DORIIS records, which are more frequently updated.

To summarize:

- Financial data are derived from actuals as reported in official financial reports and from DORIIS records for projections related to the recycling rate, container sales, and container returns.
- Fund 0133 is the focus of this report and is no longer combined with other funds that do not support 14581 payments.
- Proportional reduction is based on the availability of adequate cash in the Fund to support operations.
- The structural deficit is now a set number based on the annual governor’s budget as updated with most recent data.

Container Recycling Rates FY 2015–16 Quarter 2

After the close of the Q2 reporting period, CalRecycle received late distributor amendments to sales reports that significantly increased the number of aluminum and PET container sales attributable to Q2 of FY 2015–16. Since returns remained consistent with projections, the increase in sales negatively impacted the recycling rate as measured by the number of containers returned. While the differences are notable, it is important to note that the difference in the single quarter did not dramatically impact

projected FY 2015–16 recycling rates. The updated 2015–16 recycling rates are within 1 and 2 percent of the projections reported in the combined Q1 and Q2 FY 2015–16 Quarterly Report.

Aluminum: The number of projected aluminum containers sold in Q2 of FY 2015–16 was reported as **1,950,991,249** containers in the combined Q1 and Q2 FY 2015–16 Quarterly Report . The actual number of containers sold in Q2 as noted in this report is **2,079,073,644**, an increase of nearly 130 million containers. Since the actual number of aluminum containers returned in Q2 was within the normal margin of difference from the Q2 projections (a slight decrease in aluminum actual returns), the actual aluminum container recycling rate for Q2 was 8 percent lower than projected in the FY 2015–16 – 1st and 2nd Quarters Report.

PET: The number of projected PET containers sold in Q2 of FY 2015–16 was reported as **2,488,258,218** containers in the combined Q1 and Q2 FY 2015–16 Quarterly Report. The actual number of containers sold in Q2 as noted in this report is **2,652,731,429**, an increase of nearly 165 million containers. Since the actual number of PET containers returned in Q2 was within the normal margin of difference from the Q2 projections (a slight increase in PET actual returns), the actual PET container recycling rate for Q2 was 2 percent lower than projected in the FY 2015–16 – 1st and 2nd Quarters Report.

Transfers from Fund 0133 to Processing Fee Accounts

Between FYs 2002 and 2009, Fund 0133 and the Processing Fee Accounts loaned more than \$500 million to the General Fund and the Air Pollution Control Fund. The repaid loans were deposited back to the fund or account of origin. The final repayment installment was completed in the first quarter of FY 2015–16.

The loan repayment resulted in substantial balances accrued in the Processing Fee Accounts. CalRecycle determined that there were sufficient funds in these accounts to continue full payment of processing payments. Thus, the Department decided transfers from Fund 0133 to support processing payments were unnecessary and would accelerate the timeline for proportional reduction. This decision to not make the transfer was articulated in several Quarterly Reports, from the report published March 1, 2013, through the report published April 9, 2015, and was reflected in the 2014–15 and 2015–16 Governor’s Budgets.

At this time, the Department intends to make these transfers into the Processing Fee Accounts. While this will be an additional \$24 million transfer out of Fund 0133, making transfers over a three-year fiscal year period does not significantly accelerate the point at which Fund 0133 would experience insufficient funds. The fund condition statement earlier in this report includes completion of the transfers to the Processing Fee Accounts over a period of three fiscal years starting in FY 2016–17.

Appendix I. Updated Fund Condition Report 2016–2017 Governor’s Budget

This section contains Governor’s Budget fund condition statements for all five program funds based on current projections and the fund balance at the end of FY 2014–15. Each fund condition statement shows one column per fiscal year. Amounts for FY 2015–16 and FY 2016–17 are projections.

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

Beverage Container Recycling Fund, Fund 0133 – This fund serves as a depository for redemption payments by beverage distributors. The fund is the source for paying California Refund Value for recycling empty beverage containers and funding programs that (1) develop and maintain an infrastructure for beverage container recycling and (2) promote markets for recycled beverage container material.

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

Plastic Processing Fee Account, Fund 0278 – This fund serves as a depository for plastic processing fees paid by beverage manufacturers who package products 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 Account, Fund 0277 – This fund serves as a depository for bimetal processing fees paid by beverage manufacturers who package products in bimetal cans. The fund is the source for paying processing payments to certified recyclers for handling empty bimetal beverage containers.

Penalty Account, Fund 0276 – This 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).

Table 13: Beverage Container Recycling Fund Condition Statement (Fund 0133)

CA BEVERAGE CONTAINER RECYCLING FUND (0133)						
FUND CONDITION REPORT						
	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$219,354,000	\$296,562,000	\$246,264,000	\$219,354,000	\$298,034,000	\$238,273,753
Prior Year Adjustments	\$25,121,000			\$25,113,000		
Balance, Adjusted	\$244,475,000	\$296,562,000	\$246,264,000	\$244,467,000	\$298,034,000	\$238,273,753
REVENUES AND TRANSFERS						
Revenues:						
125100 Beverage Container Redemption Fees	\$1,247,968,000	\$1,247,968,000	\$1,247,968,000	\$1,247,968,000	\$1,272,003,161	\$1,299,732,830
150500 Interest income from GF Loans	\$12,472,000	\$0	\$0	\$12,472,000	\$0	\$0
150300 Income from surplus money investments	\$224,000	\$224,000	\$224,000	\$224,000	\$321,000	\$321,000
161000 Escheat of unclaimed checks & warrants	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000	\$17,000
161400 Miscellaneous Revenue	\$4,000	\$4,000	\$4,000	\$4,000	\$1,335,307	\$1,335,307
161300 Settlements/Judgements	\$87,000	\$0	\$0	\$87,000	\$10,240	\$10,240
164300 Penalty Assessment	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000	\$289,000
Total Revenues	\$1,261,061,000	\$1,248,502,000	\$1,248,502,000	\$1,261,061,000	\$1,273,975,708	\$1,301,705,377
Transfers From Other Funds:						
FO0001 GF Loan Repayment item 3480-011-0001, BA 2003	\$72,277,000	\$0	\$0	\$72,277,000		
FO0269 Operating Transfer from Glass (0269) to CBCRF (0133)				\$1,601,000		
FO0001 GF Loan Repayment per item 3480-001-0011, BA 2009	\$10,000,000	\$0	\$0	\$10,000,000		
GF Loan Repayment from DOC						
Total Transfers From	\$82,277,000	\$0	\$0	\$83,878,000	\$0	\$0
Transfers to Other Funds:						
TO0269 To Glass Processing Fee Account (Glass) (0269), PRC 14581 (a)	-\$54,700,000	-\$55,293,000	-\$55,293,000	-\$56,809,000	-\$54,422,095	-\$56,594,094
TO0278 To PET Processing Fee Account (PET) (0278), PRC 14581 (a)	-\$4,945,000	-\$20,154,000	-\$25,064,000	-\$4,945,000	-\$34,828,677	-\$38,655,356
TO0269 To Glass (0269), 3 Yr Reconciliation Payback						-\$7,333,333
TO0278 To PET (0278), 3 Yr Reconciliation Payback						-\$666,667
Total Transfers To	-\$59,645,000	-\$75,447,000	-\$80,357,000	-\$61,754,000	-\$89,250,772	-\$103,249,450
Totals, Revenues and Transfers	\$1,283,693,000	\$1,173,055,000	\$1,168,145,000	\$1,283,185,000	\$1,184,724,936	\$1,198,455,927
Total Resources	\$1,528,168,000	\$1,469,617,000	\$1,414,409,000	\$1,527,652,000	\$1,482,758,936	\$1,436,729,680
EXPENDITURES						
Disbursements:						
8880 Financial Information System for CA (FISCAL)	\$41,000	\$84,000	\$62,000	\$41,000	\$84,000	\$62,000
3970 CalRecycle						
State Operations	\$43,247,000	\$49,653,000	\$50,763,000	\$41,259,000	\$49,653,000	\$50,763,000
(3970-001-0133) Departmental Support				\$41,259,000	\$49,653,000	\$50,763,000
Local Assistance	\$1,188,318,000	\$1,173,616,000	\$1,168,959,000	\$1,188,318,000	\$1,194,748,183	\$1,207,866,005
(3970-601-0133) Handling Fees, PRC 14581 (a)(1)				\$45,631,000	\$52,308,713	\$48,353,025
(3970-603-0133) CRV Out, PRC 14580				\$1,088,933,000	\$1,086,525,470	\$1,108,255,980
(3970-604-0133) Curbside, PRC 14581 (a)(2)				\$15,000,000	\$15,000,000	\$15,000,000
(3970-605-0133) Plastic Mkt Development, PRC 14581 (a)(10)				\$5,000,000	\$10,000,000	\$5,000,000
(3970-606-0133) Grants - Local CCCs, PRC 14581 (a)(3)(A)				\$13,526,000	\$6,414,000	\$6,757,000
(3970-608-0133) Prmts to Cities and Counties, PRC 14581 (a)(4)				\$10,500,000	\$10,500,000	\$10,500,000
(3970-609-0133) Grants - other, PRC 14581 (a)(5)				\$1,348,000	\$1,500,000	\$1,500,000
(3970-610-0133) Public Education, PRC 14581 (a)(7)				\$0	\$2,500,000	\$2,500,000
(3970-611-0133) Quality Incentive Payment				\$8,380,000	\$10,000,000	\$10,000,000
Total Expenditures	\$1,231,606,000	\$1,223,353,000	\$1,219,784,000	\$1,229,618,000	\$1,244,485,183	\$1,258,691,005
FUND BALANCE	\$296,562,000	\$246,264,000	\$194,625,000	\$298,034,000	\$238,273,753	\$178,038,675

values in red font, identify those values that are different than those displayed in the 2016-17 Governor's Budget

Table 14: Glass Processing Fee Fund Condition Statement (Fund 0269)

GLASS PROCESSING FEE ACCOUNT (0269) FUND CONDITION REPORT						
	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$ 8,139,000	\$ 10,231,000	\$ 8,265,000	\$ 8,139,000	\$ 10,231,000	\$ 10,265,000
Prior Year Adjustment	\$ 1,035,000			\$ 1,035,000		
Balance, Adjusted	\$ 9,174,000	\$ 10,231,000	\$ 8,265,000	\$ 9,174,000	\$ 10,231,000	\$ 10,265,000
REVENUES AND TRANSFERS						
Revenues:						
125100 Beverage Container Redemption Fees	\$ 6,660,000	\$ 5,935,000	\$ 7,464,000	\$ 6,660,000	\$ 6,931,000	\$ 7,070,000
150300 Income from Surplus Money Investments	\$ 34,000	\$ 34,000	\$ 33,000	\$ 34,000	\$ 34,000	\$ 33,000
150500 Interest Income from Inter-fund loans						
161000 Escheat of Unclaimed Checks, Warrants, Bonds and Coupon						
Total Revenues	\$ 6,694,000	\$ 5,969,000	\$ 7,497,000	\$ 6,694,000	\$ 6,965,000	\$ 7,103,000
Transfers:						
FO0133 From CA Beverage Container Fund (CBCRF), PRC 14581 (a)	\$ 54,700,000	\$ 55,293,000	\$ 55,293,000	\$ 54,700,000	\$ 54,422,000	\$ 56,594,000
FO0133 From CBCRF, 3 Yr Reconciliation Payback						\$ 7,333,333
Total Transfers From	\$ 54,700,000	\$ 55,293,000	\$ 55,293,000	\$ 54,700,000	\$ 54,422,000	\$ 63,927,333
Total Revenues and Transfers	\$ 61,394,000	\$ 61,262,000	\$ 62,790,000	\$ 61,394,000	\$ 61,387,000	\$ 71,030,333
Total Resources	\$ 70,568,000	\$ 71,493,000	\$ 71,055,000	\$ 70,568,000	\$ 71,618,000	\$ 81,295,333
EXPENDITURES						
Disbursements:						
8880 Financial Information System for CA (FI\$Cal)	\$ 44,000			\$ 44,000		
3970 CalRecycle - Local Assistance (3970-601-0269) Processing Payments	\$ 60,293,000	\$ 63,228,000	\$ 63,228,000	\$ 60,293,000	\$ 61,353,000	\$ 63,664,000
Total Expenditures	\$ 60,337,000	\$ 63,228,000	\$ 63,228,000	\$ 60,337,000	\$ 61,353,000	\$ 63,664,000
FUND BALANCE	\$ 10,231,000	\$ 8,265,000	\$ 7,827,000	\$ 10,231,000	\$ 10,265,000	\$ 17,631,333

values in red font, identify those values that are different than those displayed in the 2016-17 Governor's Budget

Table 15: Plastic Processing Fee Fund Condition Statement (Fund 0278)

PET PROCESSING FEE ACCOUNT (0278) FUND CONDITION REPORT						
	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$ 24,841,000	\$ 2,211,000	\$ 5,250,000	\$ 24,841,000	\$ 2,259,000	\$ 2,280,000
Prior Year Adjustment	\$ 80,000			\$ 128,000		
Balance, Adjusted	\$ 24,921,000	\$ 2,211,000	\$ 5,250,000	\$ 24,969,000	\$ 2,259,000	\$ 2,280,000
REVENUES AND TRANSFERS						
Revenues:						
125100 Beverage Container Redemption Fees	\$ 4,660,000	\$ 7,095,000	\$ 7,095,000	\$ 4,660,000	\$ 5,727,000	\$ 5,842,000
150300 Income from Surplus Money Investments	\$ 31,000	\$ 21,000	\$ 15,000	\$ 31,000	\$ 21,000	\$ 15,000
Total Revenues	\$ 4,691,000	\$ 7,116,000	\$ 7,110,000	\$ 4,691,000	\$ 5,748,000	\$ 5,857,000
Transfers:						
FO0133 From CBCRF, PRC 14581 (a)	\$ 4,945,000	\$ 20,154,000	\$ 25,064,000	\$ 4,945,000	\$ 34,829,000	\$ 38,655,000
FO0133 From CBCRF, 3 Yr Reconciliation Payback						\$ 666,667
Total Transfers From	\$ 4,945,000	\$ 20,154,000	\$ 25,064,000	\$ 4,945,000	\$ 34,829,000	\$ 39,321,667
Total Revenues and Transfers	\$ 9,636,000	\$ 27,270,000	\$ 32,174,000	\$ 9,636,000	\$ 40,577,000	\$ 45,178,667
Total Resources	\$ 34,557,000	\$ 29,481,000	\$ 37,424,000	\$ 34,605,000	\$ 42,836,000	\$ 47,458,667
EXPENDITURES						
Disbursements:						
3970 CalRecycle - Local Assistance (3970-601-0278) Processing Payments	\$ 32,346,000	\$ 24,231,000	\$ 24,231,000	\$ 32,346,000	\$ 40,556,000	\$ 44,497,000
Total Expenditures	\$ 32,346,000	\$ 24,231,000	\$ 24,231,000	\$ 32,346,000	\$ 40,556,000	\$ 44,497,000
FUND BALANCE	\$ 2,211,000	\$ 5,250,000	\$ 13,193,000	\$ 2,259,000	\$ 2,280,000	\$ 2,961,667

values in red font, identify those values that are different than those displayed in the 2016-17 Governor's Budget

Table 16: Bimetal Processing Fee Fund Condition Statement (Fund 0277)

BIMETAL PROCESSING FEE ACCOUNT (0277)						
FUND CONDITION REPORT						
	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$ 16,301,000	\$ 17,487,000	\$ 18,380,000	\$ 16,301,000	\$ 17,487,000	\$ 18,635,000
Prior Year Adjustment	\$ 153,000			\$ 153,000		
Balance, Adjusted	\$ 16,454,000	\$ 17,487,000	\$ 18,380,000	\$ 16,454,000	\$ 17,487,000	\$ 18,635,000
REVENUES AND TRANSFERS						
Revenues:						
125100 Beverage Container Redemption Fees	\$ 1,490,000	\$ 1,116,000	\$ 1,116,000	\$ 1,490,000	\$ 1,373,000	\$ 1,400,000
150300 Income from Surplus Money Investments	\$ 43,000	\$ 60,000	\$ 60,000	\$ 43,000	\$ 60,000	\$ 60,000
Total Revenues	\$ 1,533,000	\$ 1,176,000	\$ 1,176,000	\$ 1,533,000	\$ 1,433,000	\$ 1,460,000
Total Revenues and Transfers	\$ 1,533,000	\$ 1,176,000	\$ 1,176,000	\$ 1,533,000	\$ 1,433,000	\$ 1,460,000
Total Resources	\$ 17,987,000	\$ 18,663,000	\$ 19,556,000	\$ 17,987,000	\$ 18,920,000	\$ 20,095,000
EXPENDITURES						
Disbursements:						
3970 CalRecycle - Local Assistance						
(3970-601-0277) Processing Payments	\$ 500,000	\$ 283,000	\$ 283,000	\$ 500,000	\$ 285,000	\$ 291,000
Total Expenditures	\$ 500,000	\$ 283,000	\$ 283,000	\$ 500,000	\$ 285,000	\$ 291,000
FUND BALANCE	\$ 17,487,000	\$ 18,380,000	\$ 19,273,000	\$ 17,487,000	\$ 18,635,000	\$ 19,804,000

values in red font, identify those values that are different than those displayed in the 2016-17 Governor's Budget

Table 17: Penalty Account Fund Condition Statement (Fund 0276)

PENALTY ACCOUNT (0276)						
FUND CONDITION REPORT						
	2016-17 GOVERNOR'S BUDGET			UPDATED - FORECASTED VALUES		
	FY 2014/15	FY 2015/16	FY 2016/17	FY 2014/15	FY 2015/16	FY 2016/17
BEGINNING BALANCE	\$ 24,613,000	\$ 5,732,000	\$ 4,195,000	\$ 24,613,000	\$ 5,732,000	\$ 4,195,000
Prior Year Adjustment	\$(18,765,000)			\$(18,765,000)		
Balance, Adjusted	\$ 5,848,000	\$ 5,732,000	\$ 4,195,000	\$ 5,848,000	\$ 5,732,000	\$ 4,195,000
REVENUES AND TRANSFERS						
Revenues:						
150300 Income from Surplus Money Investments	\$ 14,000	\$ 18,000	\$ 18,000	\$ 14,000	\$ 18,000	\$ 18,000
164300 Penalty Assessments	\$ 479,000	\$ 212,000	\$ 212,000	\$ 479,000	\$ 212,000	\$ 212,000
Total Revenues	\$ 493,000	\$ 230,000	\$ 230,000	\$ 493,000	\$ 230,000	\$ 230,000
Total Revenues and Transfers	\$ 493,000	\$ 230,000	\$ 230,000	\$ 493,000	\$ 230,000	\$ 230,000
Total Resources	\$ 6,341,000	\$ 5,962,000	\$ 4,425,000	\$ 6,341,000	\$ 5,962,000	\$ 4,425,000
EXPENDITURES						
Disbursements:						
8880 Financial Information System for CA (FISCal)			\$ 3,000			\$ 3,000
3970 CalRecycle - State Operations	\$ 609,000	\$ 1,767,000	\$ 802,000	\$ 609,000	\$ 1,767,000	\$ 802,000
Total Expenditures	\$ 609,000	\$ 1,767,000	\$ 805,000	\$ 609,000	\$ 1,767,000	\$ 805,000
FUND BALANCE	\$ 5,732,000	\$ 4,195,000	\$ 3,620,000	\$ 5,732,000	\$ 4,195,000	\$ 3,620,000