

DISTRIBUTION AND REPORTING OF LOCAL PROPERTY TAX REVENUE

Review Report

PROPERTY TAX ALLOCATION PROGRAM



JOHN CHIANG
California State Controller

November 2007



JOHN CHIANG
California State Controller

November 6, 2007

The Honorable Arnold Schwarzenegger
Governor of California
State Capitol Building
Sacramento, CA 95814

The Honorable Don Perata
Senate President Pro Tempore
State Capitol Building, Room 205
Sacramento, CA 95814

The Honorable Fabian Núñez
Speaker of the Assembly
State Capitol Building, Room 219
Sacramento, CA 95814

Re: Property Tax Audit Report

Dear: Governor Schwarzenegger, President Pro Tempore Perata, and Speaker Núñez:

I am pleased to submit to you the report of the State Controller's Office review of the practices employed by K-12 school districts, community colleges, and redevelopment agencies related to the distribution and reporting of local property tax revenues. In the 2007-08 Budget Act, the Legislature included a provision directing the State Controller's Office to conduct a review of this matter.

Should you have any questions, please contact Jeffrey V. Brownfield, Chief, Division of Audits, at (916) 324-1696.

Sincerely,

Original signed by

JOHN CHIANG
California State Controller

cc: Members of the State Board of Equalization
The Honorable Jack O'Connell, State Superintendent of Public Instruction
Mark Drummond, Chancellor, California Community Colleges System Office
Elizabeth Hill, Legislative Analyst
Michael C. Genest, Director, Department of Finance
Ramon Hirsig, Executive Director, Board of Equalization

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Review Report

Executive Summary

This report presents the results of the State Controller's Office's (SCO) review of the practices employed by K-12 school districts, community colleges, and redevelopment agencies related to the distribution and reporting of local property tax revenues. The review stemmed from concerns about an apparent discrepancy between the property assessed value growth rates reported to the State Board of Equalization and the property tax revenue amounts reported by K-12 school districts and community colleges that did not reflect that growth. The Department of Finance estimated that, based on the reported assessed value growth rates, the amount of property tax revenues reported by K-12 school districts and community colleges should be approximately \$300 million higher. Under current laws, the State is mandated to "backfill," or make up, from the General Fund any deficiency in the funds available to the schools below the minimum annual funding level provided under voter-approved Proposition 98. In the 2007-08 Budget Act, the Legislature included a provision directing the SCO to conduct a review of this matter and issue a report by November 1, 2007.

Our review included a sample of 27 of the 58 California counties (see listing in Attachment 1). The 27 counties' population represents approximately 93% of California's total population. We examined records and reports of reporting entities within each sampled county, including those of K-12 school districts, community colleges, and redevelopment agencies. The 27 sample counties include 670 of California's 978 K-12 school districts, 63 of the 72 state community college districts, and 358 of the 422 redevelopment agencies in California.

Our review identified the following issues for consideration by the administration and the Legislature:

- With the exception of redevelopment agency pass-through funds, California K-12 school districts and community colleges generally reported properly their property tax allocations. The apparent discrepancy in reported property tax revenues may have resulted from the fact that there were insufficient funds in some of the counties' Educational Revenue Augmentation Funds (ERAFs) to offset the counties' loss of sales tax under the so-called "Triple Flip" and reduction in vehicle license fee (VLF) revenues under the so-called "VLF Swap." When funds in the ERAF are insufficient, under current statutes, counties are to divert "regular" AB 8 property tax revenues from the allocation to K-12 school districts and community colleges to fund the shortage. Therefore, the actual amount of property tax revenues the schools received was less than the amount allocated under AB 8, resulting in an apparent discrepancy in the reported property tax growth rate. For the fiscal year (FY) 2005-06, 11 of the 27 counties in our sample diverted approximately \$326 million (see Appendix C) from the AB 8 property tax allocation to schools to fund shortfalls in their ERAFs. Based on estimates provided by the 27 sample counties, 18 counties incurred shortfalls in their ERAFs, totaling approximately \$900 million for FY 2006-07 (see

Appendix C) requiring the shift of a like amount from the school's and community college's AB 8 property tax revenues. The fiscal impact of the \$900 million shortfall on the state's General Fund is indeterminable at this time, as the scope of our review did not include a review of the methodologies for estimating total school district and community college property tax revenues for budget purposes used by the Department of Finance (DOF). If the DOF accurately projected the school district and community college property tax revenues for FY 2006-07 by taking into consideration all relevant items such as the effect of the Triple Flip, the VLF Swap, and the expiration of ERAF III, the fiscal impact of the \$900 million ERAF shortfall should be minimal.

- The schools apparently understated the “pass-through” payments received from the redevelopment agencies (RDAs), resulting in excess state General Fund contributions to fund education. RDAs are required to return a portion of their tax revenues to affected taxing jurisdictions, including schools, in the form of pass-through payments. For redevelopment projects that were adopted or amended on or after January 1, 1994, the State's obligation to the schools is to be reduced by a portion of the pass-through payment. Evidence suggests that the schools significantly understated pass-through payments. Based on the reports submitted to the California Department of Education (CDE), California's K-12 school districts collectively reported \$1.8 million in redevelopment agency pass-through payments for FY 2005-06. Our review found that the RDAs in San Diego County alone made more than \$1.8 million in pass-through payments to K-12 school districts during FY 2005-06. Moreover, according to the SCO's Community Redevelopment Agencies Annual Report, which was compiled based on data submitted by the RDAs, the RDAs made \$162 million in pass-through payments to K-12 school districts during FY 2005-06. While the accuracy and reliability of the data submitted by the RDAs is questionable, as discussed under Finding 3 of this report, the magnitude of the variance suggests that the K-12 school districts' amount is understated. We believe the RDA pass-through payments to community colleges are also understated, even though such payments are not readily identifiable in the community colleges' reports to the California Community Colleges Chancellor's Office.
- The RDAs did not accurately compute pass-through payments or report financial transaction and fiscal data to the SCO. We found various errors and inconsistencies in the RDAs' computation of pass-through payments. In addition, the RDAs are required, under Health and Safety Code section 33080, to submit financial transaction and fiscal data to the SCO for compilation of the Community Redevelopment Agencies Annual Report. We found errors and inaccuracies in the data submitted by the RDAs. The data in the reports to the SCO were used by the Department of Finance (DOF) and the SCO in calculating the RDAs' share of contribution to ERAF. The use of inaccurate data in the DOF and SCO's calculations resulted in some RDAs contributing too little into ERAF, while other RDAs contributed too much.

- Under current statutes, ERAF funds in excess of the amount that causes the county's K-12 school districts and community colleges to become basic aid districts is considered "excess ERAF" and must be returned to the contributing entities (except for redevelopment agencies), regardless of the need to fund the Triple Flip and the VLF Swap. A basic aid school district is a district that is not entitled to any state funding other than a small fixed per-pupil amount because its guaranteed minimum funding is fully met with local property tax revenue. In FY 2005-06, three counties collectively returned \$137 million in excess ERAF funds to the contributing entities. At the same time, they shifted \$104 million in property tax apportionments from the schools to fund the Triple Flip and the VLF Swap. This increased the State's obligation to schools by \$104 million, despite the return of excess ERAF funds. In addition, under current laws, counties cannot use ERAF funds for the Triple Flip and the VLF Swap if all K-12 school districts and community colleges in the county become basic aid school districts. In Napa County, four of the five K-12 districts are already basic aid school districts. If the fifth K-12 school district and Napa County's only community college district become basic aid districts, Napa County's ERAF funds could no longer be used to fund the Triple Flip and VLF Swap. Two counties besides Napa County could potentially have only basic aid school districts in the future.
- Some counties and redevelopment agencies made computation or reporting errors. As the issues do not appear to be widespread, we discussed them with the affected agencies and will follow up with written notices to ensure that the matters are appropriately addressed.

We are unable to quantify the fiscal impact of the understatement of RDA pass-through payments or of the inaccurate reporting by the RDAs within the legislatively prescribed timeframe to issue a report by November 1, 2007. If we were to rely on the data reported to the SCO by the RDAs, we estimate that the understatement resulted in excess General Fund contributions to education ranging between \$20 million and \$30 million for FY 2005-06 (only a portion of RDA pass-through payments of projects adopted or amended on or after January 1, 1994, can be used to reduce the State's obligation to the schools). However, as noted in Finding 3 of this report, the accuracy and reliability of the RDA data reported to the SCO is questionable. Therefore, we will conduct additional reviews, to the extent feasible, to quantify the fiscal impact of the RDA reporting problems noted above. The Budget Act provision directing the SCO to conduct the review specifies that the SCO can, if necessary, issue a supplemental report.

Introduction

This report presents the results of the State Controller's Office (SCO) review of the practices employed by K-12 school districts, community colleges, and redevelopment agencies related to the distribution and reporting of local property tax revenues. The review stems from concerns about an apparent discrepancy between the property tax assessed value growth rates reported to the State Board of Equalization and the property tax revenue amounts reported by K-12 school districts and community colleges that did not reflect that growth. The Department of Finance estimated that, based on reported assessed value growth rates, the amount of property tax revenues reported by K-12 school districts and community colleges for FY 2005-06 should be approximately \$300 million higher. Under current laws, the State is mandated to "backfill," or make up, any deficiency in the funds available to the school districts below the minimum annual funding level provided under voter-approved Proposition 98.

In the 2007-08 Budget Act, the Legislature included a provision directing the SCO to conduct a review "to determine how much property tax is received at the district level, how those revenues are allocated, and how those revenues are reported for purposes of offsetting the State's Proposition 98 General Fund obligation." The Budget Act stipulates that, prior to initiating the review, the SCO shall work with the Legislature, the Department of Education, the Department of Finance, and the Board of Equalization to ensure that the scope adequately addresses the intent of the review. The Budget Act further specifies that the SCO shall provide an initial report on the review findings to the Legislature, the Department of Education, the Department of Finance, and the Board of Equalization on or before November 1, 2007.

Background of the State's Property Tax Allocation Program

California's current system for allocating property tax revenues originated from the State's effort to cope with the effects of Proposition 13, the voter-approved initiative passed in 1978. Proposition 13 limited the tax rate for each individual parcel of property to 1%, exclusive of voter-approved bonded indebtedness and non-ad valorem assessments. Property is valued for taxing purposes as of the 1975 lien date, as of the date of an ownership change, or as newly constructed after the 1975 lien date. For FY 1977-78, statewide property tax revenues totaled \$10.3 billion and represented 57% of combined city and county general-purpose revenues. Proposition 13 reduced property taxes by \$7 billion in the first year of its implementation.

Immediately after the passage of Proposition 13, the State enacted numerous statutes to implement it and to provide state relief to mitigate the impact of the reduction in property tax revenues on local governments. Over the years, additional measures were adopted to refine the system and to address State budget shortfalls through various fund shifts. Approved by the voters of Proposition 98 in 1988, which set a minimum annual funding level for K-12 school districts and community colleges, also significantly affected the way property tax revenues are allocated among the local entities. Following is a brief chronology of the events that are significant or relevant to the issues identified in this report.

SB 154 (Chapter 292, Statutes of 1978)

SB 154 was enacted immediately after Proposition 13's passage to provide direction over how the 1% property tax revenue was to be allocated among all local governments and provide for the distribution of State assistance to make up, in part, for local property tax losses.

AB 8 (Chapter 282, Statutes of 1979)

AB 8 prescribed the methodology for a one-time adjustment that would permanently establish the property tax base for each local agency for distribution of State assistance and growth in assessed valuation. The statute also prescribed the methodology for redistributing property tax revenues resulting from changes in jurisdictional boundaries and/or services.

Proposition 98

Proposition 98 establishes a minimum annual funding level for K-12 school districts and community colleges. The goal of Proposition 98 is to provide schools with a guaranteed funding level that grows each year with the economy and the number of students. The guaranteed funding is provided through a combination of state General Fund and local property tax revenues. For K-12 school districts, if available property tax revenues are insufficient to meet the minimum annual funding level, State law provides for a continuous appropriation from the General Fund to backfill any shortfall. For the community colleges, legislative action is needed to appropriate funding for any shortfall.

Proposition 98 originally mandated funding at the greater of two calculations, or tests (Test 1 or Test 2). In 1990, Proposition 111 was adopted to allow for a third funding test in low-revenue years (Test 3). Test 3 was designed so that education is treated no worse in low-revenue years than other segments of the State budget. In years following a Test 3 year, the State is required to return school funding to the long-term Test 1 or Test 2 level, using a mechanism referred to as the "maintenance factor."

**Creation of the Educational Revenue Augmentation Fund (ERAF)
(Chapters 699, 700, and 1369, Statutes of 1992, and Chapters 68,
904, 905, 906, and 1279, Statutes of 1993)**

In FY 1992-93 and FY 1993-94, the State permanently shifted \$3.6 billion of property tax revenues from counties, cities, and special districts to the newly created Education Revenue Augmentation Fund (ERAF) to fund the schools. The shifts are commonly referred to as ERAF I and ERAF II. The ERAF also receives its share of each year's annual tax increment growth based on growth in assessed value. The state General Fund benefits from this funding shift because California schools are guaranteed a minimum amount of funding under Proposition 98. To the extent that property tax revenues do not meet the minimum requirement, the State must fund the difference from its General Fund revenues. Therefore, when property tax revenues are redirected from counties, cities, and special districts to fund schools, the State's obligation to schools is generally reduced.

AB 1290 (Chapter 942, Statutes of 1993)

The State enacted the Community Redevelopment Law Reform Act of 1993 (AB 1290), which requires redevelopment agencies to return a portion of their tax revenues to affected taxing jurisdictions in the form of a mandatory “pass-through” funds for redevelopment projects adopted or amended on or after January 1, 1994. Prior to January 1, 1994, taxing jurisdictions could either negotiate pass-through payments with a redevelopment agency or elect to receive the annual inflationary increases in assessed valuation (up to 2%) before a project is adopted. For redevelopment projects adopted before January 1, 1994, the pass-through funds have no effect on the State’s obligation to schools. An Attorney General opinion, dated October 25, 1990, states that pass-through agreement payments do not constitute an allocation of property tax revenue because the redevelopment agency revenues are collected under the Health and Safety Code rather than the Revenue and Taxation Code. For projects adopted or amended on or after January 1, 1994, the amount of pass-through funds redirected from the redevelopment agencies to the schools counts in satisfaction of the State’s funding obligation to schools. This is because of a provision of AB 1290 that specifies that a portion of such funds are to be used for calculation of the schools’ revenue limits.

State-Local Agreements in FY 2003-04 and FY 2004-05

In FY 2003-04 and FY 2004-05, the State reached agreements with the local governments in a series of financial arrangements, some of which involved complex fund shifts or fund transfers. Following are the state-local financial arrangements that are relevant to the issues identified in this report.

Triple Flip (Chapters 211 and 610, Statutes of 2004)

The Triple Flip was a funding mechanism devised to free up an existing revenue stream and establish a dedicated funding source to pay for the deficit-financing, or economic recovery, bonds authorized by the voters in 2004. The Triple Flip allowed the State to provide a funding stream for repayment of the loans without raising the overall level of taxes. Ultimately, the state General Fund pays for the bond repayments. The Triple Flip entailed the following financial transactions:

1. Flip 1: A ¼-cent reduction in the city and county share of the local sales tax with the simultaneous establishment of a new ¼-cent state sales tax dedicated to deficit-bond repayments.
2. Flip 2: A shift of property taxes from the support of schools to cities and counties to offset their sales tax loss.
3. Flip 3: The state General Fund is to backfill the property tax revenues diverted from K-12 school districts and community colleges.

Vehicle License Fee (VLF) Swap (Chapters 211 and 610, Statutes of 2004)

The Budget Act of 2004 prescribed a “swap” of city and county Vehicle License Fee (VLF) revenues for property tax revenues, effective for FY 2004-05. Beginning in 1999, the VLF rate for taxpayers was reduced from 2% to 0.65%. The Legislature authorized appropriations from the General Fund to make up for the reduction in VLF revenues to the local governments. During budget negotiations on the 2004-05 Budget, the State and local governments agreed to the VLF Swap, which consisted of the following:

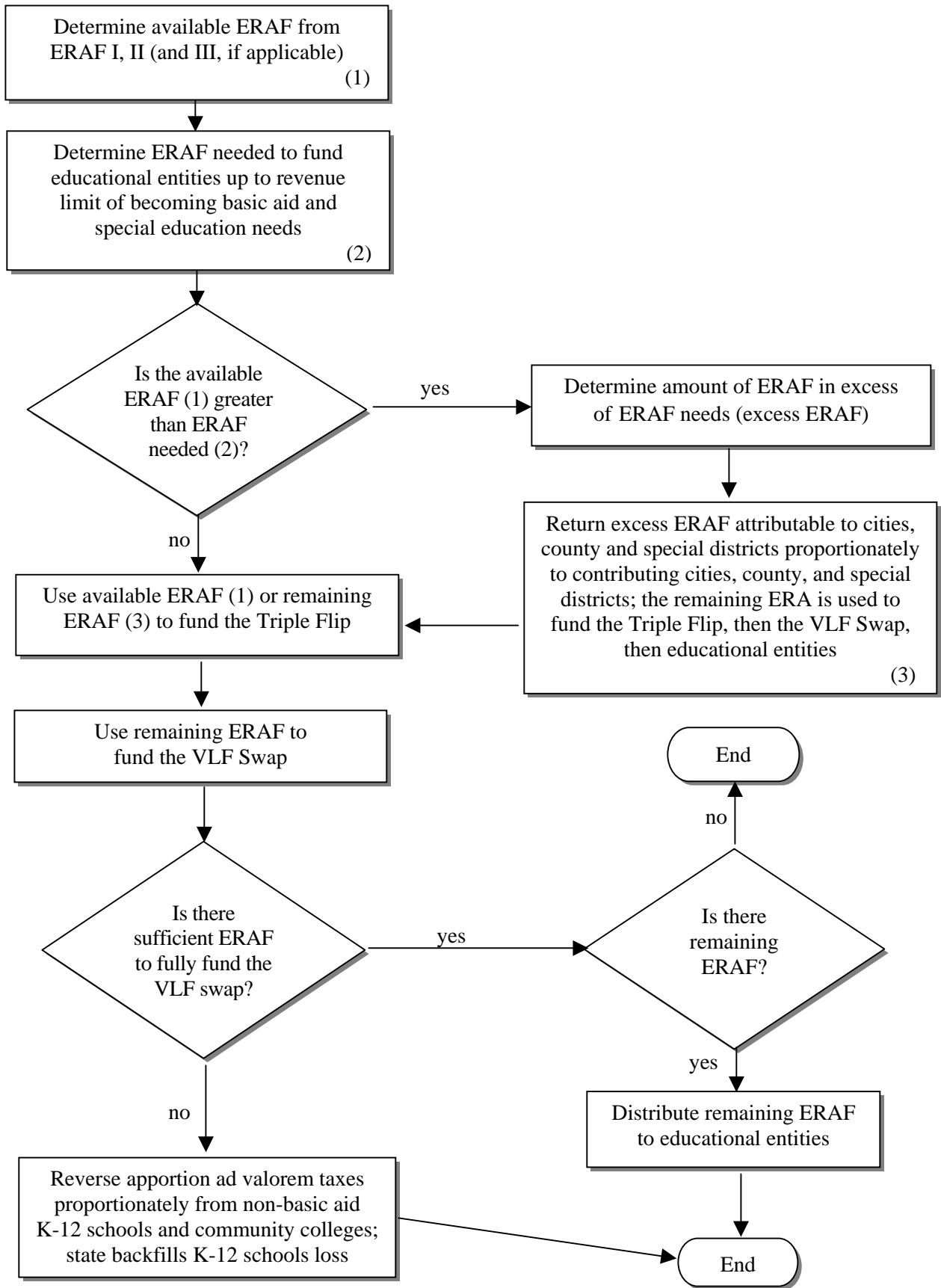
1. Reduction of the VLF rate from 2% to 0.65%.
2. Replacement of reduced VLF revenues by a shift of school district and community college property tax revenues beginning with each county’s ERAF, thus providing the local governments with a stable funding source.
3. If the ERAF contains insufficient funds, a shift of the AB 8 allocation of property tax revenues from non-basic aid K-12 school districts and community colleges to local governments. A “non-basic aid” school district receives State funding when its property tax revenue is insufficient to meet the guaranteed minimum funding level. A “basic aid” school district is a district that is not entitled to any State funding because its guaranteed minimum funding is fully met with local property tax revenues.
4. Backfill by the state General Fund of the property tax revenues diverted from K-12 school districts and community colleges.

The State enacted SB 1096 (Chapter 211, Statutes of 2004) to accomplish the objectives listed above. In the November 2004 election, voters approved Proposition 1A, which set the VLF rate at 0.65% as a revenue source for counties and cities.

ERAF III (Chapters 211 and 610, Statutes of 2004)

In 2004, the State reached an agreement with counties, cities, redevelopment agencies, and special districts in which the local governments agreed to contribute an additional \$1.3 billion per year in FY 2004-05 and FY 2005-06 into the ERAF, an agreement commonly referred to as ERAF III. In exchange, Proposition 1A was placed on the November 2004 ballot by the Legislature to protect local revenues from additional reallocations. The voters approved the proposition.

On the following page is a flowchart of the process for calculating ERAF funding limits and distribution of ERAF funds. In essence, any excess ERAF funds must be returned to the contributing entities regardless of the need to fund the Triple Flip, the VLF Swap, or shortfall in the schools’ property tax allocations.



Review Scope

On July 23, 2007, SCO staff, in accordance with the Budget Act requirement, held a meeting with the staff from the Legislature, the Legislative Analyst's Office (LAO), the Department of Finance (DOF), and the California Department of Education (CDE) to discuss the scope of the review to ensure the legislative intent is adequately addressed. During the meeting, it was agreed that:

1. The review sample will encompass K-12 school and community college districts in approximately 26 California counties. The sample will include the 10 counties with the largest population.
2. The review will cover reported amounts for July 1, 2005, through June 30, 2006.
3. The review will include, but will not be limited to, an examination of:
 - How property tax revenues (including ERAF monies) are disbursed to K-12 school and community college districts by county auditor-controllers, and how those disbursements are recorded.
 - How county auditor-controllers account for reduced ERAF apportionments stemming from the VLF Swap and the Triple Flip, and how apportionments are computed when the ERAF has insufficient revenue to fully fund the Triple Flip.
 - How K-12 school and community college districts account for the receipt of property tax revenue, and how they report that data to county auditor-controllers, the Department of Education, and the California Community Colleges Chancellor's Office.
 - How the amount of property tax revenue reported as received to by the Department of Education and the Community Colleges Chancellor's Office by K-12 school and community college districts compares to the records maintained by the county auditor-controller.
 - Whether the year-to-year growth in the amount of property tax received by K-14 school districts is proportionate to the year-to-year growth in the amount of property tax received by cities, counties, and special districts, and, if it is not, what is the reason.
 - Whether pass-through payments associated with post-AB 1290 redevelopment project areas are accurately (1) transferred from redevelopment agencies to K-12 school and community college districts; (2) reported by these districts to the Department of Education and the Community Colleges Chancellor's Office; and (3) reported by the redevelopment agencies to the SCO.

Review Methodology

To accomplish the objectives and scope of the review, we performed the following procedures.

1. Selected a sample of 27 of the 58 California counties (see listing in Attachment 1). The 27 counties' population represents approximately 93% of California's total population, as we selected the 25 counties with the largest populations. In addition, we selected Napa County based on our knowledge through past audits that Napa County has chronically had excess funds in its ERAF account. We also selected Kings County because we were aware that in FY 2004-05, the county had a negative balance in its ERAF. Our review included examination of reports of all of the reporting entities within the 27 sample counties, which included:
 - 358 of the 422 redevelopment agencies in California (see Attachment 2)
 - 670 of the 978 K-12 school districts in California (see Attachment 3)
 - 63 of the 72 community college districts in California (see Attachment 4)
2. Reviewed pertinent voter-approved initiatives, law, regulations, and other documents or publications (e.g., LAO policy briefs) relevant to the local governments' property tax allocation systems and school funding requirements.
3. Interviewed officials at the California Department of Education (CDE) and the Community College Chancellor's Office (CCCO), and staff members from the SCO's Division of Accounting and Reporting, to gain an understanding of the State's reporting requirements, forms, and procedures.
4. Reviewed available reporting guidelines, written instructions, and pertinent correspondence from the DOF, SCO, CDE, and CCCO.
5. Obtained from the CDE Taxes/ERAF Report spreadsheet for K-12 schools (formerly known as the J-29 Report) and reports files filed using the Standardized Account Code Structure. Reviewed and analyzed the data obtained.
6. Obtained from the CCCO the California Community Colleges Local Property Tax Revenue Reports (329 report) spreadsheet and Annual Financial and Budget Report (CCFS-311) for California Community Colleges. Reviewed and analyzed the data obtained.
7. Obtained certified copies of J-29 and 329 reports from the county auditor-controllers.
8. Conducted field visits of the 27 sample counties and appropriate local reporting entities (school districts, redevelopment agencies, county offices of education) to obtain, review, and examine accounts, worksheets, and related documents which included, but was not limited to, the following:

- Property tax allocation worksheets
 - Educational Revenue Augmentation Fund (ERAF), Sales and Use Tax Compensation Fund, and Vehicle License Fee Property Tax Compensation Fund activity ledgers
 - County K-12 schools and community college revenue activity ledgers
 - County equalized roll
 - County computations for excess ERAF refunds or insufficient ERAF (negative ERAF) take-away from K-12 schools and community colleges
 - County journal entries
 - K-12 and community college revenue ledgers from the county offices of education or fiscally independent districts
 - AB 8 allocation factor spreadsheets
 - Redevelopment agency pass-through computations made by the county or the redevelopment agency
9. Compiled relevant data from the 27 counties and additional comparison and analyses.

In addition, although the scope of the review is intended to cover the reported amounts for FY 2005-06, we obtained from the counties the estimated deficits in their ERAF accounts for FY 2006-07 because we believe such data is relevant and useful for consideration during State policy deliberations.

Conclusion

We have concluded that, with the exception of the redevelopment agency pass-through funds, California's K-12 school districts and community colleges generally reported their property tax allocations accurately. The apparent discrepancy in reported property tax growth may have resulted from the fact that there were insufficient funds in some of the counties' ERAFs to fully fund the property tax shift called for under the Triple Flip (offset the sales tax loss) and Vehicle License Fee Swap (reduction in VLF revenues). When there are insufficient funds in an ERAF, property tax revenues are diverted from the "regular" AB 8 property tax allocation to K-12 school districts and community colleges. Therefore, the schools actually received less property tax revenue from their property tax allocation than they would have been entitled to under the AB 8 allocation due to the need to fully fund the Triple Flip and VLF Swap. This reduction in schools' AB 8 allocation must be backfilled by the state's General Fund. For FY 2005-06, 11 of the 27 sampled counties diverted AB 8 property tax revenues totaling approximately \$326 million from the schools to fund the Triple Flip and the VLF Swap. For FY 2006-07, it is estimated that 18 of the 27 sample counties incurred a shortfall in their ERAF totaling approximately \$900 million, requiring the shift of a like amount from schools' AB 8 property tax revenues. The fiscal impact of the \$900 million shortfall on the state's General Fund is indeterminable at this time, as the scope of our review did not include a review of the methodologies for estimating total school district and

community college property tax revenues for budget purposes used by the Department of Finance (DOF). If the DOF accurately projected the school district and community college property tax revenues for FY 2006-07 by taking into consideration all relevant items such as the effect of the Triple Flip, the VLF Swap, and the expiration of ERAF III, the fiscal impact of the \$900 million ERAF shortfall should be minimal.

We also concluded that the redevelopment agencies, K-12 school districts, and community colleges do not accurately report pass-through funds or other relevant fiscal information to the California Department of Education, the Community Colleges Chancellor's Office, and the State Controller's Office. In general, we found that the reported pass-through funds are significantly understated, resulting in excess state General Fund contributions to fund education. In addition, inaccurate reporting by the redevelopment agencies to the SCO resulted in improper computation of the redevelopment agencies' share of contributions to the ERAF. We were unable to quantify the fiscal impact of the reporting problems to the State within the legislatively prescribed timeframe of issuing a report by November 1, 2007. If we were to rely on the data reported to the SCO by the RDAs, we estimate that the understatement resulted in excess General Fund contributions to education ranging between \$20 million and \$30 million for FY 2005-06 (only a portion of RDA pass-through payments of projects adopted or amended on or after January 1, 1994, can be used to reduce the State's obligation to the schools). However, as noted in Finding 3 of this report, the accuracy and reliability of the RDA data reported to the SCO is questionable. Therefore, we will conduct additional reviews, to the extent feasible, to quantify the fiscal impact of the RDA reporting problems noted above. The Budget Act provision directing the SCO to conduct the review specifies that the SCO can, if necessary, issue a supplemental report.

We also identified other matters for consideration by the administration and Legislature.

Views of Responsible Officials

As Finding 2 of this report contains recommendations requiring action by the California Department of Education (CDE) and the Community Colleges Chancellor's Office (CCCO), we provided a draft version of Finding 2 to the CDE and the CCCO for review and comment. The CDE concurred with our recommendations, but disagreed with a statement in the finding that the data submitted by the K-12 school districts are not useful for calculating revenue limits. In addition to agreeing with our recommendations, the CCCO suggested adding another recommendation requiring the redevelopment agencies (RDAs) to report directly to the CCCO RDA pass-through payments. As previously noted, we will perform additional procedures about RDA pass-through payments. We will consider the issues raised by the CDE and the CCCO during the follow-up review.

Findings and Recommendations

FINDING 1—

The apparent discrepancy in reported property tax revenues may have been caused by insufficient funds in some of the counties' ERAFs to offset the counties' loss of sales tax under the Triple Flip and reduction in vehicle license fee (VLF) revenues under the VLF Swap.

Our review found that, with the exception of the redevelopment agency pass-through funds (discussed under Finding 2 below), California's K-12 schools and community colleges generally reported their property tax allocations accurately. We found that the counties' property tax revenue growth rate for schools reflects the growth rate in assessed valuation as reported by the county assessors. However, for 11 of the 27 counties in our sample, the counties' ERAF did not have sufficient funds to offset the counties' loss of sales tax under the Triple Flip and reduction in VLF fees under the VLF Swap during fiscal year (FY) 2005-06.

As noted previously, when there were insufficient funds in ERAF, property tax revenues were diverted from the allocation to K-12 schools and community colleges, in essence creating a situation wherein the schools' AB 8 property tax apportionments were reversed. For the counties where reverse apportionment occurred, the actual amount of property tax revenues the schools received was less than the amount initially allocated, resulting in an apparent discrepancy in the reported property tax growth rate.

Using information supplied by the 27 sampled counties, we calculated and compared the growth rates in assessed valuation, county revenue growth, ERAF revenue growth, K-12 schools' revenue growth, and community colleges' revenue growth for FY 2005-06 (see Appendix A). We found the differences in growth rates to be negligible. For example, when comparing the counties' property revenue growth rate and the K-12 school districts' revenue growth rate, we found that only four of the 27 sampled counties had a variance in excess of 1%. Moreover, for three of the four counties with a variance in excess of 1%, the K-12 school districts' property revenue growth rates were higher than the counties' property tax revenue growth rate.

We made another calculation of the K-12 school districts' and community colleges' revenue growth rates, taking into consideration the effect of reverse apportionment at the 11 counties. Appendix B provides a comparison of the K-12 school districts' and community colleges' growth rates before and after the effect of reverse apportionments. The change is quite dramatic for some of the counties. For example, one county's K-12 school district revenue growth rate changed from an increase of 8.8% to a decline of 14.43%. Another county's community college revenue growth rate went from an increase of 10.24% to a decline of 17.88%. Therefore, we concluded that the apparent discrepancy in reported property tax revenues may have been caused by the shift in funds from the schools when counties' ERAFs were exhausted.

For the 11 counties where reverse apportionment occurred during FY 2005-06, total property tax revenues diverted from schools was approximately \$326 million (see Appendix C). For FY 2006-07, the number of reverse apportionment counties in our sample has increased from 11 to 18. ERAF III required the counties to make \$1.3 billion in additional annual contributions to their ERAF for FY 2004-05 and FY

2005-06. As ERAF III expired, the available funds in the counties' ERAF to fund the Triple Flip and the VLF Swap declined accordingly. Based on the estimates provided by the 27 sampled counties, 18 counties incurred shortfalls in their ERAFs, totaling approximately \$900 million during FY 2006-07 (see Appendix C). The fiscal impact of the \$900 million shortfall on the state's General Fund is indeterminable at this time, as the scope of our review did not include a review of the methodologies for estimating total school district and community college property tax revenues for budget purposes used by the Department of Finance (DOF). If the DOF accurately projected the school district and community college property tax revenues for FY 2006-07 by taking into consideration all relevant items such as the effect of the Triple Flip, the VLF Swap, and the expiration of ERAF III, the fiscal impact of the \$900 million ERAF shortfall should be minimal.

Appendix D provides a schedule showing the amount of tax revenues diverted from K-12 school districts, county superintendents of schools, and community college at each of the 11 counties that experienced reverse apportionment during FY 2005-06. Appendices D-1 to D-11 provide a schedule of the amount of tax revenues diverted from each K-12 school and each community college at each of the 11 counties.

Recommendation

The action of the K-12 school districts, community colleges, and related local governments were consistent with the statutory provisions enacted to implement the Triple Flip and the VLF Swap. However, in light of the estimated \$900 million shortfall in ERAF for FY 2006-07, and the prospect that the amount of shortfall could grow in subsequent years, the DOF should review its projection for property tax revenues for schools and, if appropriate, make adjustments.

**FINDING 2—
The schools apparently understated the “pass-through” payments received from the redevelopment agencies (RDAs), resulting in excess State General Fund contributions to fund education.**

The Community Redevelopment Law Reform Act of 1993 (AB 1290) requires the RDAs to return a portion of their tax revenues to affected taxing jurisdictions, including schools, in the form of a mandatory pass-through payment for redevelopment projects adopted or amended on or after January 1, 1994. For projects prior to January 1, 1994, RDA pass-through payments have no effect on the State's obligation to schools because of an Attorney General opinion stating that pass-through payments do not constitute an allocation of property tax revenue. AB 1290 legislatively determined that a portion (43.3% for K-12 school districts and 47.5% for community colleges) of such funds would be considered property taxes received for purposes of computing revenue limits. By including a portion of the pass-through payments received by the schools in the revenue limit computation, the State's obligation to schools is reduced. The California Department of Education (CDE) and the California Community Colleges Chancellors Office (CCOC) respectively calculate the revenue limit for K-12 schools and community colleges.

Our review found the following conditions.

- Evidence suggests that the K-12 school districts significantly understated the amount of RDA pass-through payments. We requested from the CDE the amount of RDA pass-through funds that had been reported by the school districts. Based on the information provided, we believe K-12 schools from only five counties reported pass-through funds totaling \$1.8 million during FY 2005-06. The data by itself is not useful for calculating revenue limits because there is no distinction between pass-through payments for redevelopment projects before and after January 1, 1994. This raises questions about how the CDE used the data for revenue limit calculation. In addition, we believe the amount is significantly understated because:
- We identified more than \$1.8 million in RDA pass-through payments during FY 2005-06 in one (San Diego County) of the 27 sampled counties alone.
- According to the SCO's Community Redevelopment Agencies Annual Report, compiled based on data submitted by the RDAs, the RDAs collectively made \$162 million in pass-through payments to K-12 school districts during FY 2005-06. The accuracy and reliability of the data submitted by the RDAs is questionable, as discussed in Finding 3 of this report. In addition, only a relatively minor portion of the total RDA pass-through payments is subject to revenue limit calculation. However, the magnitude of the variance suggests that the K-12 schools are not properly reporting RDAs' pass-through payments.
- RDAs' pass-through payments to community colleges are not readily identifiable in the report of financial data to the CCCO. An official from the CCCO advised us that funding decisions for community colleges are based on data in the Annual Financial and Budget Report (CCFS-311 Report). While the Community College Budget and Accounting Manual contains provisions about reporting RDA property tax revenues, the CCFS-311 Report instructions and form do not provide for separate reporting of RDA pass-through payments. This again raises the question of how the CCCO determined the amount of RDA pass-through payments in the revenue limit calculation. According to the SCO's Community Redevelopment Agencies Annual Report, the RDAs collectively made \$26 million in pass-through payments to the community colleges. Again, as noted previously, the accuracy and reliability of the RDA data is questionable and only a relatively minor portion of the total pass-through payment is subject to revenue limit calculation.

We were unable to quantify the fiscal impact of the understatement of RDA pass-through payments within the legislatively prescribed timeframe of November 1, 2007. If we were to rely on the data reported to the SCO by the RDAs, we estimate that the understatement resulted in excess General Fund contributions to education ranging between \$20 million and \$30 million for FY 2005-06 (only a portion of RDA pass-through payments of projects adopted or amended on or after January 1, 1994, can be used to reduce the State's obligation to the schools). However, as noted in Finding 3 of this report, the accuracy and

reliability of the RDA data reported to the SCO is questionable. Therefore, we will conduct additional reviews, to the extent feasible, to quantify the fiscal impact of the RDA reporting problems noted above. The Budget Act provision directing the SCO to conduct the review specifies that the SCO can, if necessary, issue a supplemental report.

Recommendation

The California Department of Education and the California Community Colleges Chancellor's Office should take the following measures:

- Review and, if appropriate, revise procedures, forms, and instructions governing reporting of RDA pass-through payments by the K-12 school districts and the community colleges.
- Clearly communicate State report requirements for RDA pass-through payments to the K-12 school districts and the community colleges.
- Review current methodology for inclusion of RDA pass-through payments in the calculation of revenue limit of K-12 school districts and community colleges.
- Develop procedures to compare the RDA pass-through payment data submitted by the schools with data from other sources such as the SCO's Community Redevelopment Agencies Annual Report. Follow-up and resolve any significant discrepancies.

FINDING 3—
Information submitted by the RDAs to the SCO concerning pass-through payments or other relevant fiscal data were neither accurate nor reliable. In addition, we found errors and inconsistencies in pass-through payment computations.

Under Health and Safety Code section 33080, the RDAs are required to submit financial transaction and fiscal data to the SCO for compilation of the Community Redevelopment Agencies Annual Report. Information from the report is used for consideration during policy and fiscal deliberations. Information from the report was also used by the SCO in determining each RDA's share of \$250 million in one-time contribution into ERAF under ERAF III. Similarly, according to a Department of Finance (DOF) staff member, information from the report was used in the calculation of each RDA's share of \$200 million in one-time contribution to ERAF under ERAF I. Our review identified numerous instances wherein the RDAs' erroneously reported fiscal data to the SCO. In addition, we found errors and inconsistencies in RDA pass-through payment computations among the counties and the RDAs. Specifically, we identified the following:

- One RDA acknowledged that it has not computed or made RDA pass-through payments to the affected entities, including schools. Based on preliminary information gathered in our review, we believe other RDAs also have not computed or made pass-through payments.
- Evidence suggests that some RDAs do not understand the pass-through requirements or computations. For example, when requesting pass-through information from one RDA, we were given gross data and asked if we could "figure out this mess."

- Data submitted by the RDAs did not agree with the information maintained by the county, which prepared the pass-through payments calculations. For example, an RDA reported a project as a pre-AB 1290 project (adopted before January 1, 1994), whereas the county's record reflected it as a post-AB 1290 project (adopted or amended after January 1, 1994). In another example, one county made pass-through payments calculations for three RDAs within its jurisdiction. One of the RDAs reported to the SCO the amount computed by the county, one did not report any pass-through payment, and the third reported a different amount to which we could not reconcile. Another county computed pass-through payment for an RDA and provided the RDA with a schedule showing the amount of payment to each affected entity within the county. When submitting the data to the SCO, the RDA reported the entire amount as pass-through payment to the county under the belief that, as the amount came from the county, it should be reported as a payment to the county. Reporting all pass-through as going to a single entity (county or other agency) appears to be a common reporting error.
- Lack of consistency among the counties and the RDAs when calculating pass-through payments. Currently, no state guideline or requirement exists governing the computation of RDA pass-through payments. Some counties use a tax increment amount net of administrative charges; others may use the amount before administrative charges. Some counties use an amount generated by multiplying the assessed valuation by 1% and performing computations from the amount. Other counties multiply the assessed valuation by 1%, generate allocation factors, and apportion tax increments based on those factors using actual property taxes collected. The amount of pass-through payments could vary materially, depending on the method chosen.

Based on the conditions noted above, we believe the RDAs have not been properly computing pass-through payments or reporting the amounts to the SCO. In all likelihood, the pass-through payments reported in the Community Redevelopment Agencies Annual Report is understated. The inaccurate data in the SCO report were used by the SCO and the DOF in calculating the RDAs' share of contribution to ERAF, resulting in some RDAs contributing too little into ERAF, while other RDAs contributed too much.

Recommendation

- The Legislature should consider enacting legislation to clarify or prescribe State requirements for RDA pass-through payments to promote uniformity and consistency in the calculation of such payments.
- The State Controller's Office should take the following measures:
 - Review and, if appropriate, revise procedures, forms, and instructions governing submission of data by the RDAs for compilation of the Community Redevelopment Agencies Annual Report.

- Clearly communicate the reporting requirements to the RDAs.
- Incorporate procedures for audit of pass-through funds in the Guidelines for Audit of Redevelopment Agencies published by the State Controller's Office. This publication prescribes guidelines for audit of RDAs by independent public accountants retained by the RDAs.
- Conduct quality control reviews, on a sample basis, to ensure the audits performed by independent public accountants meet state audit requirements.
- Perform more comprehensive review of the data submitted by the RDA's and compare such data with information in the RDA's audited financial statements. Follow up on and resolve any significant discrepancies.

FINDING 4—
State statutes enacted to implement the Triple Flip and the VLF Swap contain provisions that could have significant fiscal implications.

To implement the Triple Flip and the VLF Swap, the State enacted statutes that would delineate parameters, guidelines, and procedures governing allocation and distribution of ERAF funds and describe how to fund shortages in the ERAF. Based on our review, we identified the following provisions that could have considerable fiscal implication and merit consideration.

- Revenue and Taxation (R&T) Code sections 97.2 and 97.3, specifying that the counties shall return to the contributing entities (except for redevelopment agencies) any ERAF funds that would otherwise cause a school district or community college district to become a basic aid district. According to R&T Code sections 97.2(d) and 97.3(d), funds from the ERAF are allocated to K-12 school districts and community colleges up to the point at which they would become basic aid districts. For example, if a district needs \$1 million to become a basic aid district and has \$600,000 in property tax support, the ERAF's funding limit for the district is \$399,999 (\$400,000 – \$1). If the county's ERAF has excess funds (excess ERAF), the excess must be returned to the contributing entities (except for redevelopment agencies).
- R&T Code sections 97.68(f)(1) and 97.70(f)(1), stating that regardless of the need to fund the Triple Flip and the VLF Swap, the excess ERAF is to be returned to the contributing entities.
- R&T Code section 97.70(a)(1)(B), stating any shortfalls in an ERAF's ability to fully fund the Triple Flip and VLF Swap are to be taken proportionally from the property tax allocation of non-basic aid K-12 schools and community colleges.

Our review has found that the above provisions resulted in the following situations:

- Three counties (Marin, Napa, and San Mateo) collectively returned \$137 million in excess ERAF funds to the contributing entities, while diverting \$104 million in property tax apportionments (reverse apportionment) from the schools to fund the Triple Flip and the VLF Swap (see Appendix E). This increased the State's obligation to

schools by \$104 million. The State must backfill approximately \$87.5 million diverted from the three counties non-basic aid K-12 school districts. An appropriation by the Legislature is needed to backfill the community colleges portion of \$16.9 million.

- Counties will not be able to use ERAF funds for the Triple Flip and the VLF Swap if all K-12 school districts and community colleges in the county become basic aid school districts. As previously noted, ERAF funds are allocated to the K-12 school districts and community colleges up to the funding limit at which they would become basic aid districts. If all schools in the county become basic aid districts, the ERAF funding limit is zero and any funds in the ERAF would have to be returned to the contributing entities, regardless of the need to fund the Triple Flip and the VLF Swap. In Napa County, four of the five K-12 school districts are already basic aid districts. If the fifth school district and Napa County's only community college district become basic aid districts, Napa County's ERAF could no longer be used to fund the Triple Flip and VLF Swap. In addition, R&T Code section 97.70(a)(1)(B) does not allow ad valorem property taxes to be taken from basic aid schools to fund the Triple Flip and the VLF Swap. The county would simply have no means to fund the Triple Flip and the VLF Swap. Two counties besides Napa County could potentially have only basic aid school districts in the future. Moreover, we understand that in Plumas County—not one of the 27 counties in our sample—all districts in the county have already become basic aid districts.
- Counties will not be able to allocate supplemental property tax revenues to K-12 schools if all the school districts are basic aid districts. Supplemental property taxes result from the reassessment of real property effective when there is a change of ownership or completion of new construction. Supplemental property taxes are allocated to K-12 schools proportionately based upon average daily attendance (ADA). Basic aid schools are presumed to have zero ADA. Therefore, there is no basis for making the allocation. The available property taxes cannot be allocated to K-12 schools and presumably must remain in the county treasury. In Plumas County, we understand that there is approximately \$850,000 in a county treasury trust account that cannot be distributed to the schools because there is no basis for making the allocation.

Recommendation

The Legislature may wish to consider reviewing the current statutory provisions regarding the Triple Flip and the VLF Swap and, if deemed appropriate and constitutional, make legislative changes. The issue involving the inability of counties with all basic aid schools to use its ERAF funds to fund the Triple Flip and the VLF Swap appears to be a matter that merits immediate attention.

FINDING 5—
Some counties or local jurisdictions made computation or reporting errors.

We identified several errors that were limited to one county or a small number of counties. While they do not generally have a significant impact on the state funding of K-12 schools and community colleges, these errors should be addressed and remedied. During our review, we discussed the issues with the affected counties. We will follow up with written notices to the counties to ensure that the matters are appropriately addressed.

- One county did not allocate supplemental property taxes to redevelopment agencies. Supplemental property taxes are considered tax increments and are to be allocated to redevelopment agencies before any other apportionments of supplemental taxes are made. If supplemental property taxes are not allocated to redevelopment agencies, errors will occur in the computation of pass-through amounts for all agencies, including K-12 schools and community colleges that may require additional State contributions.
- One city redevelopment agency does not compute pass-through amounts on supplemental property taxes received. The agency asserts that there is no legal requirement for the computation of pass-through amounts on supplemental taxes. We believe that R&T Code section 75.70(c)(1) and the Health and Safety Code referenced therein requires such a computation.
- More than one county did not fund the deficiency in the ERAF from all non-basic aid K-12 schools and community colleges receiving ad valorem property taxes in the county. Instead, the counties funded the deficiency from the K-12 schools and community colleges receiving ERAF funds in the county. The R&T Code specifies that the additional funds are to be taken proportionately from the property taxes received by non-basic aid K-12 schools and community colleges. In addition, some counties diverted funds allocated to the County Board of Education to fund the deficiency, which is prohibited by statute.
- One county does not allocate supplemental taxes to its ERAF, which has the net effect of diverting a portion of funds earmarked for the ERAF to other county taxing entities. This, in turn, understates the amount available in ERAF to fund the Triple Flip, VLF Swap, or funding for the K-12 schools and community colleges. As the county experienced reverse apportionment during FY 2005-06 and FY 2006-07, the understatement in the amount available in the ERAF requires additional State contributions to backfill the amount improperly diverted from the ERAF.
- Several redevelopment agencies are giving pass-through payments to the county ERAF instead of the affected taxing agencies. By statute, pass-through payments must be made to affected taxing agencies in the county. The ERAF is a fund (an accounting entity), not a taxing agency.

- One county office of education official told the SCO auditors that she believes the K-12 schools in that county were not reporting redevelopment agency pass-through payments. She believes that the schools intend to report such payments in the future.
- One county office of education official told the SCO auditors that he asked the districts in his county, and was not told of any districts receiving any AB 1290 pass-through funds. From information provided to us, there are five post-AB 1290 redevelopment projects in the county.

Recommendation

The State Controller's Office will follow up with each of the affected counties or local entities to ensure that the issues raised are appropriately addressed.

Appendix A— Comparison of Revenue Growth Percentages Before Reverse Apportionments Fiscal Year 2005-06

County	Assessed Valuation Growth as Reported to the SCO by County Assessors ¹	County Revenue Growth ²	ERAF Revenue Growth ²	K-12 Schools Revenue Growth ²	Community College Revenue Growth ²
Alameda	9.16%	8.71%	9.20%	9.24%	9.04%
Contra Costa	10.65%	10.23%	10.48%	10.78%	10.66%
Fresno	10.78%	10.17%	9.94%	10.29%	10.31%
Kern	15.44%	15.97%	15.26%	14.15%	16.63%
Kings	10.14%	10.06%	10.68%	10.14%	10.24%
Los Angeles	9.79%	8.49%	8.90%	8.68%	8.77%
Marin	8.88%	8.81%	8.81%	8.80%	8.82%
Monterey	10.80%	10.54%	10.72%	10.84%	11.15%
Napa	11.21%	10.07%	10.32%	11.12%	10.88%
Orange	10.01%	9.12%	9.10%	9.11%	10.08%
Placer	14.73%	13.60%	12.19%	15.78%	14.57%
Riverside	19.78%	19.28%	20.09%	19.32%	18.68%
Sacramento	14.84%	14.22%	14.50%	14.58%	14.75%
San Bernardino	14.40%	12.07%	12.07%	12.29%	12.31%
San Diego	13.25%	14.34%	12.01%	13.66%	13.41%
San Francisco	6.87%	6.77%	6.77%	6.77%	6.77%
San Joaquin	15.01%	13.48%	13.55%	13.33%	13.73%
San Luis Obispo	10.92%	11.36%	10.94%	11.58%	11.60%
San Mateo	7.40%	7.28%	7.50%	7.27%	7.29%
Santa Barbara	10.47%	10.26%	10.23%	10.49%	10.44%
Santa Clara	8.01%	8.01%	8.01%	8.30%	7.85%
Santa Cruz	9.84%	9.35%	9.74%	9.13%	9.07%
Solano	12.85%	12.75%	12.78%	13.35%	10.43%
Sonoma	9.58%	9.03%	9.18%	9.55%	9.54%
Stanislaus	14.97%	13.05%	13.02%	14.91%	14.99%
Tulare	9.82%	9.40%	9.26%	9.70%	9.61%
Ventura	10.52%	10.85%	9.96%	10.37%	10.48%

¹ From the State Controller's 2005-06 Assessed Valuation Annual Report

² Percentages computed by SCO staff based upon information supplied by the sampled counties. Property tax revenue growth percentages are not directly related to assessed valuation growth percentages due to many factors including redevelopment agencies and differing growth patterns within the county.

**Appendix B—
Comparison of Revenue Growth Percentages
After Reverse Apportionments
K-12 Schools and Community Colleges
Fiscal Years 2005-06**

<u>County</u>	<u>K-12 Schools Revenue Growth Before Reverse Apportionments</u>	<u>K-12 Schools Revenue Growth After Reverse Apportionment</u>	<u>Community College Revenue Growth Before Reverse Apportionments</u>	<u>Community College Revenue Growth After Reverse Apportionments</u>
Fresno	10.29%	-4.76%	10.31%	-5.01%
Kern ¹	14.15%	3.36%	16.63%	4.84%
Kings ²	10.14%	-0.96%	10.24%	-17.88%
Marin	8.80%	-14.43%	8.82%	8.82%
Riverside ¹	19.32%	17.25%	18.68%	16.63%
San Bernardino	12.29%	-9.68%	12.31%	-9.67%
San Diego	13.66%	10.41%	13.41%	9.86%
San Mateo	7.27%	-5.22%	7.29%	-15.87%
Stanislaus	14.91%	-1.57%	14.99%	0.00%
Tulare	9.70%	-4.96%	9.61%	-1.54%
Ventura ¹	10.37%	6.14%	10.48%	6.24%

Percentages computed by SCO staff based upon information supplied by the sampled counties.

¹ The county also erroneously charged the County Office of Education for a portion of the reverse apportionment. If charged to K-12 schools and community colleges as required by statute, the change for K-12 schools and community colleges would have been as detailed below:

<u>County</u>	<u>K-12 Schools Revenue Growth Before Reverse Apportionments</u>	<u>K-12 Schools Revenue Growth After Reverse Apportionments</u>	<u>Community College Revenue Growth Before Reverse Apportionments</u>	<u>Community College Revenue Growth After Reverse Apportionments</u>
Kern	14.15%	2.82%	16.63%	4.28%
Riverside	19.32%	17.07%	18.68%	16.44%
Ventura	10.37%	5.94%	10.48%	6.04%

² Includes a correction of the reverse apportionment charged to the County Office of Education in FY 2004-05.

Appendix C— Reverse Apportionments by County Fiscal Years 2005-06 and 2006-07

County	FY 2005-06 School Reverse Apportionment	FY 2006-07 Estimated School Reverse Apportionment	FY 2006-07 Percent Change from FY 2005-06
Alameda	\$ —	\$ —	—
Contra Costa	—	—	—
Fresno	23,670,724	45,283,007	191.30%
Kern	22,620,820	37,382,277	165.26%
Kings	6,296,877	9,506,172	150.97%
Los Angeles	—	163,339,912	¹
Marin	34,385,882	35,931,810	104.50%
Monterey	—	8,427,189	¹
Napa	—	—	—
Orange	—	—	—
Placer	—	—	—
Riverside	9,859,642	136,306,099	1382.46%
Sacramento	—	—	—
San Bernardino	65,444,555	158,118,494	241.61%
San Diego	45,712,481	132,234,329	289.27%
San Francisco	—	—	—
San Joaquin	—	—	—
San Luis Obispo	—	420,222	¹
San Mateo	69,900,367	72,565,660	103.81%
Santa Barbara	—	2,117,918	¹
Santa Clara	—	—	—
Santa Cruz	—	878,279	¹
Solano	—	3,910,593	¹
Sonoma	—	3,690,517	¹
Stanislaus	24,718,027	41,413,547	167.54%
Tulare	10,686,797	18,248,331	170.76%
Ventura	13,124,976	33,137,679	252.48%
Total	<u>\$ 326,421,148</u>	<u>\$ 902,912,035</u>	

Source: Compiled from information provided by the sampled counties.

¹ FY 2006-07 is the first year for the reverse apportionment.

**Appendix D—
Summary of Reverse Apportionments
By Education Entity
Fiscal Year 2005-06**

County	K-12 Schools	County Office of Education	Community College	Total	Reference
Fresno	\$ (20,303,056)	\$ —	\$ (3,367,668)	\$ (23,670,724)	Appendix D-1
Kern	(18,055,959)	(1,128,664)	(3,436,197)	(22,620,820)	Appendix D-2
Kings	(5,795,157)	249,831	(751,551)	(6,296,877)	Appendix D-3
Marin	(34,385,882)	—	—	(34,385,882)	Appendix D-4
Riverside	(7,920,163)	(820,965)	(1,118,513)	(9,859,642)	Appendix D-5
San Bernardino	(56,285,692)	—	(9,158,864)	(65,444,555)	Appendix D-6
San Diego	(38,599,775)	—	(7,112,706)	(45,712,481)	Appendix D-7
San Mateo	(53,083,625)	—	(16,816,742)	(69,900,367)	Appendix D-8
Stanislaus	(21,047,825)	—	(3,670,202)	(24,718,027)	Appendix D-9
Tulare	(9,474,721)	—	(1,212,075)	(10,686,797)	Appendix D-10
Ventura	(10,755,209)	(591,963)	(1,777,804)	(13,124,976)	Appendix D-11
Total	<u>\$(275,707,064)</u>	<u>\$ (2,291,761)</u>	<u>\$ (48,422,322)</u>	<u>\$(326,421,147)</u>	

Source: Compiled from information provided by the sampled counties.

Appendix D-1— Fresno County Property Tax Reverse Apportionment by School District Fiscal Year 2005-06

K-12 School Districts:

Alvina Elementary	\$ (17,636)	
American Union Elementary	(50,799)	
Big Creek Elementary	Basic Aid	
Burrel Union Elementary	(26,608)	
Caruthers Unified	(198,866)	
Central Unified	(1,288,859)	
Chawanakee Unified	(3,352)	
Clay Joint Elementary	(9,254)	
Clovis Unified	(5,903,796)	
Coalinga-Huron Joint Unified	(378,310)	
Cutler-Orosi Joint Unified	(14,650)	
Dinuba Unified	(1,701)	
Dos Palos Oro Loma Joint Unified	(159,849)	
Firebaugh-Las Deltas Joint Unified	(118,853)	
Fowler Unified	(352,256)	
Fresno Unified	(6,773,167)	
Golden Plains Unified	(327,443)	
Kerman Unified	(339,814)	
Kings Canyon Joint Unified	(754,766)	
Kingsburg Elementary Charter	(213,813)	
Kingsburg Joint Union High	(217,685)	
Laton Joint Unified	(96,269)	
Mendota Unified	(175,123)	
Minarets Joint Union High	(170,139)	
Monroe Elementary	(15,112)	
Monson-Sultana Joint Union Elementary	(2,107)	
Orange Center Elementary	(26,094)	
Pacific Union Elementary	(35,152)	
Parlier Unified	(76,665)	
Pine Ridge Elementary	Basic Aid	
Raisin City Elementary	(49,962)	
Riverdale Joint Unified	(281,980)	
Sanger Unified	(868,062)	
Selma Unified	(466,172)	
Sierra Unified	(595,745)	
Washington Colony Elementary	(27,820)	
Washington Union High	(139,481)	
West Fresno Elementary	(46,768)	
West Park Elementary	(24,683)	
Westside Elementary	(54,245)	\$ (20,303,056)

Appendix D-1 (continued)

Community Colleges:		
Merced Community College	(7,748)	
Sequoias Community College	(2,636)	
State Center Community College	(3,051,612)	
West Hills Community College	<u>(305,672)</u>	<u>(3,367,668)</u>
Total		<u><u>\$ (23,670,724)</u></u>

**Appendix D-2—
Kern County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:

Antelope Valley Union High	\$ —
Bakersfield City	(3,541,473)
Beardsley Elementary	(195,339)
Belridge Elementary	Basic Aid
Blake Elementary	(939)
Buttonwillow Union Elementary	(29,059)
Caliente Union Elementary	(10,798)
Delano Joint Union High	(513,292)
Delano Union Elementary	(992,265)
Di Giorgio Elementary	(28,755)
Edison Elementary	(122,368)
El Tejon Unified	(122,849)
Elk Hills Elementary	Basic Aid
Fairfax Elementary	(213,717)
Fruitvale Elementary	(395,861)
General Shafter Elementary	(21,185)
Gorman Elementary	—
Greenfield Union Elementary	(1,052,592)
Kern Union High	(2,748,163)
Kernville Union Elementary	(103,888)
Lakeside Union	(171,545)
Lamont Elementary	(379,649)
Linns Valley-Poso Flat Union	(4,173)
Lost Hills Union Elementary	(42,428)
Maple Elementary	(32,603)
Maricopa Unified	(25,312)
McFarland Unified	(360,306)
McKittrick Elementary	Basic Aid
Midway Elementary	Basic Aid
Mojave Unified	(305,716)
Muroc Joint Unified	(287,258)
Norris Elementary	(298,732)
Panama-Buena Vista Union	(1,838,630)
Pond Union Elementary	(25,314)
Richland Union Elementary	(378,556)
Rio-Bravo-Greeley Union Elementary	(87,647)
Rosedale Union Elementary	(539,283)
Semitropic Elementary	(31,311)
Sierra Sands Unified	(728,094)

Appendix D-2 (continued)

K-12 School Districts (continued):		
South Fork Union Elementary	(47,226)	
Southern Kern Unified	(378,689)	
Standard Elementary	(260,661)	
Taft City Elementary	(201,243)	
Taft Union High	Basic Aid	
Tehachapi Unified	(536,937)	
Vineland Elementary	(117,663)	
Wasco Union Elementary	(404,427)	
Wasco Union High	<u>(100,102)</u>	\$ (18,055,959)
County Office of Education:		
Kern County Office of Education	<u>(1,128,664)</u>	(1,128,664)
Community Colleges:		
Antelope Valley Community College	—	
Kern Community College	(3,436,197)	
West Kern Community College	<u>—</u>	<u>(3,436,197)</u>
Total		<u>\$ (22,620,820)</u>

**Appendix D-3—
Kings County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:		
Armona Union Elementary	\$ (237,861)	
Central Union Elementary	(137,004)	
Corcoran Joint Unified	(621,560)	
Delta View Joint Union Elementary	(62,723)	
Hanford Elementary	(945,076)	
Hanford Joint Union High	(1,471,317)	
Island Union Elementary	(62,545)	
Kings River-Hardwick Union Elementary	(175,578)	
Kingsburg Elementary Charter	—	
Kingsburg Joint Union High	—	
Kit Carson Union Elementary	(90,485)	
Lakeside Union Elementary	(121,032)	
Laton Unified	0	
Lemoore Union Elementary	(476,885)	
Lemoore Union High	(551,388)	
Pioneer Union Elementary	(368,356)	
Reef-Sunset Unified	(473,346)	
Riverdale Unified	—	
Traver Joint Elementary	—	
Tulare Joint Union High	—	
Waukena Joint Union Elementary	—	\$ (5,795,157)
County Office of Education:		
Kings County Office of Education	249,831	249,831
Community Colleges:		
College of Sequoias	(751,551)	
State Center Community College	—	
West Hills Community College	—	(751,551)
Total		<u>\$ (6,296,877)</u>

Appendix D-4— Marin County Property Tax Reverse Apportionment by School District Fiscal Year 2005-06

K-12 School Districts:		
Bolinas-Stinson Elementary	Basic Aid	
Dixie Elementary	Basic Aid	
Kentfield Elementary	Basic Aid	
Laguna Joint Elementary	\$ (28,869)	
Lagunitas Elementary	Basic Aid	
Larkspur Elementary	Basic Aid	
Lincoln Elementary	(22,925)	
Mill Valley Elementary	Basic Aid	
Nicasio Elementary	Basic Aid	
Novato Unified	(19,014,619)	
Petaluma Joint Union High	—	
Reed Union Elementary	Basic Aid	
Ross Elementary	Basic Aid	
Ross Valley Elementary	(4,982,215)	
San Rafael City Elementary	(10,296,796)	
San Rafael City High	Basic Aid	
Sausalito Marin Cty	Basic Aid	
Shoreline Unified	Basic Aid	
Tamalpais Union High	Basic Aid	
Union Joint Elementary	(40,458)	\$ (34,385,882)
Community Colleges:		
Marin Community College	Basic Aid	
Sonoma County Junior College	Basic Aid	—
Total		\$ (34,385,882)

**Appendix D-5—
Riverside County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:		
Alvord Unified	\$ (310,980)	
Banning Unified	(73,177)	
Beaumont Unified	(160,281)	
Coachella Valley Unified	(157,405)	
Colton Joint Unified	(4,765)	
Corona Norco Unified	(1,157,946)	
Desert Center Unified	Basic Aid	
Desert Sands Unified	(728,896)	
Elsinort Area Elementary School Fund	(320,599)	
Hemet Unified	(406,584)	
Jurupa Unified	(232,712)	
Lake Elsinore Unified	(338,218)	
Menifee Union Elementary	(28,947)	
Moreno Valley Unified	(343,458)	
Murrieta Valley Unified	(548,916)	
Nuview Union Elementary	(12,286)	
Palm Springs Unified	(503,168)	
Palo Verde Unified	(64,426)	
Perris Area Elementary School Fund	(188,807)	
Perris Elementary	(14,119)	
Perris Junior High Area Fund	(125,710)	
Perris Union High	(240,136)	
Riverside Unified	(929,637)	
Romoland Elementary	(5,460)	
San Jacinto Unified	(104,781)	
Temecula Valley Unified	(745,743)	
Val Verde Unified	(147,982)	
Yucaipa Unified	<u>(25,024)</u>	\$ (7,920,163)
County Office of Education:		
Riverside County Office of Education	<u>(820,965)</u>	(820,965)
Community Colleges:		
Desert Community College	(320,505)	
Mt. San Jacinto Junior College	(328,760)	
Palo Verde Community College	(11,267)	
Riverside City Community College	(453,392)	
San Bernardino Community College	<u>(4,589)</u>	<u>(1,118,513)</u>
Total		<u>\$ (9,859,642)</u>

**Appendix D-6—
San Bernardino County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts		
Adelanto Elementary	\$ (561,189)	
Alta Loma Elementary	(1,194,522)	
Apple Valley Unified	(2,358,171)	
Baker Valley Unified	(66,928)	
Barstow Unified	(625,168)	
Bear Valley Unified	(1,632,927)	
Beaumont Unified	—	
Central Elementary	(426,871)	
Chaffey Joint Union High	(6,284,670)	
Chino Valley Unified	(7,715,078)	
Colton Joint Unified	(1,716,560)	
Cucamonga Elementary	(1,057,122)	
Etiwanda Elementary	(880,746)	
Fontana Unified	(2,268,217)	
Heledale Elementary	(163,703)	
Hesperia Unified	(1,538,070)	
Jurupa Unified	—	
Lucerne Valley Unified	(451,377)	
Morongo Unified	(1,190,655)	
Mountain View Elementary	(799,999)	
Mt. Baldy Joint Elementary	(11,870)	
Needles Unified	(277,268)	
Ontario-Montclair Elementary	(2,549,193)	
Oro Grande Elementary	(33,856)	
Redlands Unified	(4,261,988)	
Rialto Unified	(2,430,249)	
Rim of the World Unified	(2,203,547)	
San Bernardino City Unified	(4,253,134)	
Sierra Sands Unified	—	
Silver Valley Unified	(114,610)	
Snowline Joint Unified	(1,052,754)	
Trona Joint Unified	(16,521)	
Upland Unified	(3,136,558)	
Victor Elementary	(1,480,179)	
Victor Valley Union High	(1,978,817)	
Yucaipa-Calimesa Joint Unified	(1,553,177)	\$ (56,285,692)

Appendix D-6 (continued)

Community Colleges:

Barstow Community College	(287,858)	
Chaffey Community College	(3,569,609)	
Copper Mt. Community College	(245,000)	
Kern Joint Community College	—	
Palo Verde Community College	—	
Riverside City College	—	
San Bernardino Community College	(3,147,196)	
Victor Valley Community College	<u>(1,909,201)</u>	<u>(9,158,864)</u>
Total		<u>\$ (65,444,555)</u>

**Appendix D-7—
San Diego County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:

Alpine Union Elementary	\$ (116,853)	
Bonsall Union Elementary	(125,417)	
Borrego Springs Unified	(52,419)	
Cajon Valley Union Elementary	(781,396)	
Cardiff Elementary	Basic Aid	
Carlsbad Unified	(1,542,383)	
Chula Vista Elementary	(2,159,122)	
Coronado Unified	(107,261)	
Dehesa Elementary	(20,726)	
Del Mar Union Elementary	Basic Aid	
Encinitas Union Elementary	Basic Aid	
Escondido Union Elementary	(1,008,780)	
Escondido Union High	(800,661)	
Fallbrook Union Elementary	(248,345)	
Fallbrook Union High	(236,139)	
Grossmont Union High	(2,365,243)	
Jamul-Dulzura Union Elementary	(76,957)	
Julian Union Elementary	(42,605)	
Julian Union High	(36,241)	
La Mesa-Spring Valley	(678,839)	
Lakeside Union Elementary	(215,310)	
Lemon Grove Elementary	(136,124)	
Mountain Empire Unified	(136,651)	
National Elementary	(121,311)	
Oceanside Unified	(1,278,169)	
Poway Unified	(3,000,798)	
Ramona City Unified	(530,871)	
Rancho Santa Fe Elementary	Basic Aid	
San Diego Unified	(14,904,357)	
San Dieguito Union High	(2,094,602)	
San Marcos Unified	(928,987)	
San Pasqual Union Elementary	(33,944)	
Santee Elementary	(308,445)	
San Ysidro Elementary	(347,381)	
Solana Beach Elementary	Basic Aid	
South Bay Union Elementary	(258,809)	
Spencer Valley Elementary	(4,745)	
Sweetwater Union High	(1,798,571)	
Vallecitos Elementary	(19,517)	
Valley Center-Pauma Unified	(446,320)	
Vista Unified	(1,608,145)	
Warner Unified	(27,331)	\$ (38,599,775)

Appendix D-7 (continued)

Community Colleges:		
Grossmont College	(927,541)	
Mira Costa College	(1,982,465)	
Palomar College	(1,484,866)	
San Diego City College	(2,149,134)	
Southwestern College	<u>(568,700)</u>	<u>(7,112,706)</u>
Total		<u>\$ (45,712,481)</u>

**Appendix D-8—
San Mateo County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:		
Bayshore Elementary	\$ (349,262)	
Belmont-Redwood Shores Elementary	Basic Aid	
Brisbane Elementary	Basic Aid	
Burlingame Elementary	(2,109,647)	
Cabrillo Unified	(3,204,092)	
Hillsborough City Elementary	Basic Aid	
Jefferson Elementary	(3,577,003)	
Jefferson Union High	(5,544,846)	
La Honda-Pescad Unified	Basic Aid	
Las Lomas Elementary	Basic Aid	
Menlo Park City Elementary	Basic Aid	
Millbrae Elementary	(1,843,039)	
Pacifica	(2,036,241)	
Portola Valley Elementary	Basic Aid	
Ravenswood City Elementary	(2,026,197)	
Redwood City Elementary	(6,707,600)	
San Bruno Park Elementary	(2,596,951)	
San Carlos Elementary	(2,291,483)	
San Mateo Union High	Basic Aid	
San Mateo-Foster Elementary	(10,069,599)	
Sequoia Union High	Basic Aid	
South San Francisco Unified	(10,727,665)	
Woodside Elementary	Basic Aid	\$ (53,083,625)
Community Colleges:		
San Mateo Community College	(16,816,742)	(16,816,742)
Total		<u>\$ (69,900,367)</u>

**Appendix D-9—
Stanislaus County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:		
Ceres Unified	\$ (2,218,682)	
Chatom Elementary	(197,042)	
Denair Unified	(1,086,671)	
Empire Elementary	(764,726)	
Gratton Elementary	(304,857)	
Hart-Ransom Union Elementary	(111,266)	
Hickman Community Charter	(22,799)	
Hughson Unified	(456,748)	
Keyes Elementary	(98,957)	
Knights Ferry Elementary	(922,711)	
La Grange Elementary	(21,636)	
Modesto Elementary	(2,281,375)	
Modesto High	(5,050,435)	
Newman-Crows Landing Unified	(236,461)	
Oakdale Unified	(961,406)	
Paradise Elementary	(34,282)	
Patterson Unified	(411,388)	
Riverbank Unified	(741,915)	
Roberts Ferry Union Elementary	(11,796)	
Salida Elementary	(528,882)	
Shiloh Elementary	(28,196)	
Stanislaus Elementary	(1,035,743)	
Sylvan Elementary	(1,811,841)	
Turlock Joint Unified	(1,385,759)	
Valley Home Joint Elementary	(33,023)	
Waterford Unified	<u>(289,228)</u>	\$ (21,047,825)
Community Colleges:		
Yosemite Community College	<u>(3,670,202)</u>	<u>(3,670,202)</u>
Total		<u>\$ (24,718,027)</u>

Appendix D-10— Tulare County Property Tax Reverse Apportionment by School District Fiscal Year 2005-06

K-12 School Districts:	
Allenworth Elementary	\$ (2,052)
Alpaugh Unified	(14,726)
Alta Vista Elementary	(20,219)
Buena Vista Elementary	(11,499)
Burton Elementary	(189,327)
Citrus South Tule Elementary	(6,679)
Clay Joint Elementary	—
Columbine Elementary	(21,042)
Corcoran Joint Unified	—
Cutler-Orosi Joint Unified	(198,710)
Delano Joint Union High	—
Delta View Joint Union Elementary	—
Dinuba Unified	(274,512)
Ducor Union Elementary	(24,783)
Earlimart Elementary	(79,841)
Exeter Union Elementary	(204,342)
Exeter Union High	(257,937)
Farmersville Unified	(111,859)
Hanford Joint Union High	—
Hope Elementary	(17,302)
Hot Springs Elementary	(11,136)
Kings Canyon Joint Unified	—
Kings River Union Elementary	(33,343)
Kingsburg Elementary Charter	—
Kingsburg Joint Union High	—
Liberty Elementary	(36,934)
Lindsay Unified	(204,834)
Linns Valley-Poso Flat Union	—
Monson-Sultana Joint Union Elementary	(24,206)
Oak Valley Union Elementary	(23,019)
Outside Creek Elementary	(14,000)
Palo Verde Union Elementary	(59,162)
Pixley Union Elementary	(76,443)
Pleasant View Elementary	(22,025)
Porterville Unified	(1,369,417)
Richgrove Elementary	(39,766)
Rockford Elementary	(19,076)
Saucelito Elementary	(6,401)
Sequoia Union Elementary	(51,040)
Springville Union Elementary	(109,347)
Stone Corral Elementary	(16,020)

Appendix D-10 (continued)

K-12 School Districts (continued):		
Strathmore Union Elementary	(61,406)	
Sundale Union Elementary	(62,347)	
Sunnyside Union Elementary	(36,175)	
Terra Bella Union Elementary	(83,827)	
Three Rivers Union Elementary	(75,695)	
Tipton Elementary	(73,696)	
Traver Joint Elementary	(20,818)	
Tulare City Elementary	(606,080)	
Tulare Joint Union High	(965,210)	
Visalia Unified	(3,623,797)	
Waukena Joint Union Elementary	(28,085)	
Woodlake Union Elementary	(112,190)	
Woodlake Union High	(151,090)	
Woodville Union Elementary	<u>(23,308)</u>	\$ (9,474,721)
Community Colleges		
Kern Community College:	—	
Sequoias Community College	(1,212,075)	
State Center Community College	<u>—</u>	<u>(1,212,075)</u>
Total		<u>\$ (10,686,797)</u>

**Appendix D-11—
Ventura County
Property Tax Reverse Apportionment by School District
Fiscal Year 2005-06**

K-12 School Districts:		
Briggs Elementary	\$ (40,472)	
Conejo Valley Unified	(1,245,744)	
Cuyuma Joint Unified	—	
El Tejon Unified	—	
Fillmore Unified	(369,291)	
Hueneme Elementary	(838,186)	
Mesa Union Elementary	(31,341)	
Moorpark Unified	(623,598)	
Mupu Elementary	(13,444)	
Oak Park Unified	(253,285)	
Ocean View Elementary	(239,325)	
Ojai Unified	(260,566)	
Oxnard Elementary	(1,524,798)	
Oxnard Union High	(1,025,703)	
Pleasant Valley	(484,856)	
Rio Elementary	(328,658)	
Santa Barbara School Districts	—	
Santa Clara Elementary	(4,173)	
Santa Paula Elementary	(394,211)	
Santa Paula Union High	(144,023)	
Simi Valley Unified	(1,706,002)	
Somis Union	(34,804)	
Ventura Unified	<u>(1,192,731)</u>	\$ (10,755,209)
County Office of Education:		
Ventura County Office of Education	<u>(591,963)</u>	(591,963)
Community Colleges:		
Allan Hancock College	—	
Ventura Community College	<u>(1,777,804)</u>	<u>(1,777,804)</u>
Total		<u>\$ (13,124,976)</u>

**Appendix E—
Summary of Excess ERAF Counties
Fiscal Year 2005-06**

<u>County</u>	<u>FY 2005-06 Excess ERAF Refund</u>	<u>FY 2005-06 School Reverse Apportionment</u>	<u>FY 2006-07 Estimated School Reverse Apportionment</u>
Marin	\$ 54,743,325	\$ 34,385,882	\$ 35,931,810
Napa	1,918,154	—	—
San Mateo	<u>80,734,698</u>	<u>69,900,367</u>	<u>72,565,660</u>
Total	<u>\$ 137,396,176</u>	<u>\$ 104,286,249</u>	<u>\$ 108,497,470</u>

Attachment 1— Listing of Sampled Counties

Alameda County
Contra Costa County
Fresno County
Kern County
Kings County
Los Angeles County
Marin County
Monterey County
Napa County
Orange County
Placer County
Riverside County
Sacramento County
San Bernardino County
San Diego County
San Francisco County
San Joaquin County
San Luis Obispo County
San Mateo County
Santa Barbara County
Santa Clara County
Santa Cruz County
Solano County
Sonoma County
Stanislaus County
Tulare County
Ventura County

Attachment 2— Redevelopment Agencies and Projects For Sampled Counties

County	Redevelopment Agencies	Redevelopment Projects
Alameda County	12	27
Contra Costa County	17	28
Fresno County	16	27
Kern County	10	12
Kings County	4	5
Los Angeles County	74	188
Marin County	6	6
Monterey County	11	19
Napa County	1	1
Orange County	25	39
Placer County	6	8
Riverside County	26	60
Sacramento County	7	19
San Bernardino County	27	65
San Diego County	17	40
San Francisco County	1	10
San Joaquin County	5	10
San Luis Obispo County	5	6
San Mateo County	16	24
Santa Barbara County	7	7
Santa Clara County	11	11
Santa Cruz County	5	6
Solano County	7	15
Sonoma County	10	16
Stanislaus County	11	11
Tulare County	9	24
Ventura County	12	20
Total Included in Counties Sampled	<u>358</u>	<u>704</u>
Total Redevelopment Agencies and Projects	<u>422</u>	<u>759</u>
Percentage of Total in Counties Sampled	84.83%	92.75%

Information from the State Controller's Redevelopment Agency Report for FY 2005-06.

Attachment 3— School Districts by Type For Sampled Counties

County	Elementary School Districts	High School Districts	Unified School Districts	Total School Districts
Alameda County	1	—	17	18
Contra Costa County	9	2	7	18
Fresno County	15	2	17	34
Kern County	35	4	8	47
Kings County	10	2	2	14
Los Angeles County	28	5	47	80
Marin County	15	2	2	19
Monterey County	15	2	7	24
Napa County	2	—	3	5
Orange County	12	3	12	27
Placer County	12	2	3	17
Riverside County	4	1	18	23
Sacramento County	7	2	7	16
San Bernardino County	11	2	20	33
San Diego County	24	6	12	42
San Francisco County	—	—	1	1
San Joaquin County	7	—	8	15
San Luis Obispo County	3	—	7	10
San Mateo County	17	3	3	23
Santa Barbara County	17	3	3	23
Santa Clara County	21	5	6	32
Santa Cruz County	7	1	3	11
Solano County	—	—	6	6
Sonoma County	31	3	6	40
Stanislaus County	16	1	9	26
Tulare County	36	3	7	46
Ventura County	11	2	7	20
Total included in counties sampled	<u>366</u>	<u>56</u>	<u>248</u>	<u>670</u>
Total school districts	<u>561</u>	<u>88</u>	<u>329</u>	<u>978</u>
Percentage of total in counties sampled	65.24%	63.64%	75.38%	68.51%

Information from the Department of Education Web site for FY 2005-06 and does not include county offices of education, charter schools, CYA schools, or special schools.

Attachment 4— Community Colleges and Counties Served

Community College	Service Provided in	Community College	Service Provided in
Allan Hancock	San Luis Obispo County	Kern	Inyo County ¹
Allan Hancock	Santa Barbara County	Kern	Kern County
Allan Hancock	Ventura County	Kern	San Bernardino County
		Kern	Tulare County
Antelope Valley	Kern County		
Antelope Valley	Los Angeles County	Long Beach	Los Angeles County
Barstow	San Bernardino County	Los Angeles	Los Angeles County
Cabrillo	Monterey County	Los Rios	El Dorado County ¹
Cabrillo	San Benito County	Los Rios	Placer County
Cabrillo	Santa Cruz County	Los Rios	Sacramento County
		Los Rios	Solano County
Cerritos	Los Angeles County	Los Rios	Yolo County ¹
Chabot-Las Positas	Alameda County	Marin	Marin County
Chabot-Las Positas	Contra Costa County		
		Merced	Fresno County
Chaffey	San Bernardino County	Merced	Madera County ¹
		Merced	Merced County ¹
Citrus	Los Angeles County		
		Mira Costa	San Diego County
Coast	Orange County		
		Monterey Peninsula	Monterey County
Compton	Los Angeles County		
		Mt. San Antonio	Los Angeles County
Contra Costa	Contra Costa County		
		Mt. San Jacinto	Riverside County
Copper Mountain	San Bernardino County		
		Napa Valley	Napa County
Desert	Imperial County ¹	Napa Valley	Sonoma County
Desert	Riverside County		
		North Orange	Los Angeles County
El Camino	Los Angeles County	North Orange	Orange County
Foothill-Deanza	Santa Clara County		
		Ohlone	Alameda County
Gavilan	San Benito County ¹		
Gavilan	Santa Clara County	Palo Verde	Riverside County
		Palo Verde	San Bernardino County
Glendale	Los Angeles County		
		Palomar	San Diego County
Grossmont-Cuyamaca	San Diego County		
		Pasadena	Los Angeles County
Hartnell	Monterey County		
Hartnell	San Benito County ¹	Peralta	Alameda County

¹ County not included in counties surveyed.

Attachment 4 (continued)

<u>Community College</u>	<u>Service Provided in</u>	<u>Community College</u>	<u>Service Provided in</u>
Rancho Santiago	Orange County	Sonoma	Sonoma County
Rio Hondo	Los Angeles County	Sonoma	Marin County
Riverside	Riverside County	Sonoma	Mendocino County ¹
Riverside	Riverside County	South Orange County	Orange County
San Bernardino	Riverside County	Southwestern	San Diego County
San Bernardino	San Bernardino County	State Center	Fresno County
San Diego	San Diego County	State Center	Kings County
San Diego	San Diego County	State Center	Madera County ¹
San Francisco	San Francisco County	State Center	Tulare County
San Joaquin Delta	Alameda County	Ventura	Ventura County
San Joaquin Delta	Calaveras County ¹		
San Joaquin Delta	Sacramento County	Victor Valley	Los Angeles County
San Joaquin Delta	San Joaquin County	Victor Valley	San Bernardino County
San Joaquin Delta	Solano County		
San Jose	Santa Clara County	West Hills	Fresno County
San Jose	Santa Clara County	West Hills	Kings County
San Jose	Santa Clara County	West Hills	Madera County ¹
San Luis Obispo	Monterey County	West Hills	Monterey County
San Luis Obispo	San Luis Obispo County	West Hills	San Benito County ¹
San Mateo	San Mateo County	West Kern	Kern County
Santa Barbara	Santa Barbara County	West Valley	Santa Clara County
Santa Barbara	Santa Barbara County	West Valley	Santa Cruz County
Santa Clarita	Los Angeles County		
Santa Clarita	Los Angeles County	Yosemite	Calaveras County ¹
Santa Monica	Los Angeles County	Yosemite	Merced County ¹
Santa Monica	Los Angeles County	Yosemite	San Joaquin County
Sequoias	Fresno County	Yosemite	Santa Clara County
Sequoias	Kings County	Yosemite	Stanislaus County
Sequoias	Tulare County	Yosemite	Tuolumne County
Sierra	El Dorado County ¹	Yuba	Butte County ¹
Sierra	Nevada County ¹	Yuba	Colusa County ¹
Sierra	Placer County	Yuba	Glenn County ¹
Sierra	Sacramento County	Yuba	Lake County ¹
Sierra	Sacramento County	Yuba	Placer County
Solano	Solano County	Yuba	Sutter County ¹
Solano	Yolo County ¹	Yuba	Yolo County ¹
Solano	Yolo County ¹	Yuba	Yuba County ¹

Of the 72 total community colleges, 63 were in the counties surveyed.

¹ County not included in counties surveyed.

Attachment 5— Glossary of Terms

Ad Valorem Tax: “According to value,” e.g., the property tax is an ad valorem tax

Average Daily Attendance (ADA): The total number of days of student attendance divided by the total number of days in the regular school year; school district revenue limit income is based upon ADA

Basic Aid School District: An educational agency for which the amount of the state funding entitlement determined under Section 2558, 42238, 84750, or 84751 of the Education Code, as appropriate, is zero; school districts in which local property tax revenues equal or exceed their revenue limits

Excess ERAF: Amount of ERAF funds remaining after funding school districts, community college districts, and county offices of education up to their respective revenue limits

Excess Tax School Entity: See “basic aid school district”

Jurisdiction: A local agency, school district, community college district, or county superintendent of schools

Local Agency: A city, county, or special district

Negative ERAF: See “reverse apportionment”

Propositions 98 and 111: Voter approved initiatives in 1988 and 1990 that amended the Constitution to guarantee a minimum for K-14 schools each year including formulas for calculating the guarantee under various economic conditions

Revenue Limit: The specific amount of state aid and/or local property taxes a school district may receive per pupil for its general education program and does not include categorical aid which is granted in addition to revenue limit income

Reverse Apportionment: Also known as negative ERAF—a diversion of regular property tax allocations to K-12 school districts and community college districts when there are insufficient funds in the ERAF to meet Triple Flip and VLF Swap funding obligations—property tax apportionments are “reversed”

School Entity: School districts, community college districts, the ERAF, and county superintendent of schools

Standardized Account Code Structure: A uniform, comprehensive, and minimum chart of accounts for classifying the financial of local school districts and county offices of education

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