Revision #2

To the Accounting Standards and Procedures for Counties Manual

March 2013 Edition

The changes contained in this revision were ratified by the Controller's Advisory Committee on County Accounting Procedures on April 11, 2014 and accepted by the State Controller's Office thereafter.

Accounting Standards and Procedures for Counties

May 1, 2014 - Revision #2 to the March 2013 Edition

List of Substantive Changes and Additions

Foreword	Page i
Chapter 6 - Maintenance of account titles and descriptions	**Section page(s)**
Add: Account # 9 Property Tax in Lieu of Vehicle License Fee (VLF)	6.02 page 56
Change: Renumber accounts 10-19, 45-46	6.02 pages 56-57
Add: Account definition #9 Property Tax in Lieu of Vehicle License Fee (VLF)	6.03 page 59
***Change*: Renumber accounts 10-19**	6.03 pages 59-62
Chapter 18 - VLF Swap - changes/additions	**Section page(s)**
Add: Section 18.09A to Chapter 18 Table of Contents	18.09A page 293
Change: Section 18.02 "Taxes" subsection "Redemption" item A "Distribution of Collections" paragraph 2: remove reference to VLF Swap	18.02 page 302
Change: Section 18.08 "Supplemental Property Taxes" subsection "Apportionments" • delete item 3b • renumber item 3c to 3b • add "Supplemental Apportionment Factor" calculation illustration with description text	18.08 pages 332-332a
Change: Section 18.10 "Property Tax In Lieu of Motor Vehicle License Fee: • subsection "Background" various text changes and additions • subsection "Method of Allocations" text changes and deletions	18.10 pages 339-340
Chapter 18 - ERAF/Unitary (allocation of unitary/pipeline revenue to taxing jurisdictions)	**Section page(s)**
Add: Section 18.09A "Allocation of Countywide Unitary and Pipeline Rights-of-Way Revenues to Jurisdictions"	18.09A pages 338-338p
Appendix C - Glossary of Accounting Terms	**Section page(s)**
Add terms and definitions: • Ad valorem • Property taxes	Appendix C pages 419 & 470

The changes in Revision #2 affect multiple pages of the manual; the revised pages are provided here.

These pages are designed to be printed back-to-back (i.e. pages 55/56, 57/58, 59/60 etc.) for substitution of the current pages into copies of the March 2013 Edition of the *Accounting Standards and Procedures for Counties* manual.

There are a total of 21 double-sided sheets of paper in this revision:

- Foreword 1 double-sided sheet of paper
- Chapter 6 4 double-sided sheets of paper
- Chapter 18 14 double-sided sheets of paper
- Appendix C 2 double-sided sheets of paper

An updated copy of the manual is posted on the State Controller's website at: http://www.sco.ca.gov/Files-ARD-Local/asp_guide_march_2013_final_apr_2014.pdf.

The electronic copy of the manual offers users the added benefit of navigational hyperlinks and search functionality.

If you would like a hard copy of the manual, please refer to the manual request form at: http://www.sco.ca.gov/Files-ARD-Local/manual_manualrequest.pdf

FOREWORD*

California Government Code section 30200 requires the State Controller to prescribe uniform accounting procedures for counties. In compliance with this section, the Accounting Standards and Procedures for Counties manual was issued in 1961. Since then the manual has been changed as required.

The Governmental Accounting Standards Board (GASB), which was established as an arm of the Financial Accounting Foundation in April 1984, is the successor organization to the National Council on Governmental Accounting (NCGA). GASB was established to promulgate standards of financial accounting and reporting with respect to activities and transactions of state and local governments. Governmental accounting and reporting standards guidance is provided by GASB through the issuance of GASB Statements. These statements have required numerous changes to the Accounting Standards and Procedures for Counties manual.

The task of revising the manual to reflect these changes is a cooperative effort between the State Controller's Office, the State Association of County Auditors' Accounting Standards and Procedures Committee, and representatives of the County Accounting Policy and interpretation Subcommittee. The result of these efforts is a manual that provides current information to counties conforming to generally accepted accounting principles.

The manual details the uniform charts of accounts, fund structure, functions, and activities, and it includes specific accounting procedures for specialized fields. The intent is twofold:

- To ensure conformance to generally accepted accounting principles; and
- To facilitate comparison and analysis of county financial reports on a statewide basis by minimizing differences between counties' philosophies, methods, and terminologies.

The manual serves as a guide to aid counties in the installation of accounting and financial systems, to ensure that the systems as conceived will continue through changes in personnel, to answer questions on procedure, to aid in the audits, and to aid in systems evaluations.

This edition of the manual has been updated with Revisions #1 and #2. Please refer to the following links on the State Controller's Office website for these statements:

- Revision #1 http://sco.ca.gov/Files-ARD-Tax-Info/march_2013_ed_rev_1_stmt.pdf
- Revision #2: http://sco.ca.gov/Files-ARD-Tax-Info/march_2013_ed_rev_2_stmt.pdf

The revision statements consist of: a) a list identifying the substantive changes, and b) updated manual pages to facilitate the revision of your hard copy version(s).

* Revised 4/22/2014

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CHAPTER 6
EXTERNAL FINANCING SOURCES
(Revenues, Other Financing Sources, and Transfers)

6.01 Use of Accounts

The Revenue Chart of Accounts has been designed as a complete instrument for accounting for the revenues of California counties, and it provides all the data necessary for preparation of the Counties Financial Transactions Report to the State Controller.

However, it is recognized that financial statement requirements and local situations or customs may make a further breakdown of certain revenues desirable. In this event, the accounts listed on the chart may be broken down to the desired subaccounts. For example, “Franchises” might be set up in the accounts as:

- Franchises - “X” Gas Company
- Franchises - “Y” Electric Company
- Franchises - “Z” Telephone Company

Used in this manner, the chart allows a county to accumulate all the detail desired to meet local needs, while still facilitating consolidation into the prescribed account form for state reporting purposes.

For interfund transactions between governmental fund types which result in revenues and expenditures, it is recommended that interfund accounts or subaccounts be used to identify and control these transactions. When preparing consolidated statements such as the State Controller’s Annual Report of Financial Transactions of Counties and financial statements in accordance with GAAP, adjustments will be necessary to remove the effects of these transactions. The use of interfund sub-object accounts is acceptable and will aid in making the appropriate adjustment.

For interfund revenues, either of the following methods is acceptable:

- Interfund revenues may be accounted for within account numbers 107, 122, and 132 - Interfund Revenues and Transfers; ***or***
- Interfund revenues may be accounted for within a subaccount of an appropriate existing revenue account. If method b is used, the subaccount must be clearly identified as an interfund account.

For example: Under account number 96, Road and Street Services, a subaccount 96, Road and Street Services - Interfund would be established for work performed by the road fund for the general fund.

6.02 Chart of Accounts

Accounts are numbered in sequence for reference purposes only.

Chart of Accounts	
Taxes	
1	Property Taxes - Current Secured
2	Property Taxes - Current Unsecured
3	Property Taxes - Prior Secured
4	Property Taxes - Prior Unsecured
5	Supplemental Property Taxes - Current
6	Supplemental Property Taxes - Prior
7	Residual Property Taxes
8	Passthrough Property Taxes
9	Property Tax in Lieu of Vehicle License Fee (VLF)
10	Sales and Use Taxes
11	Other Taxes
12	*(Intentionally Left Blank)*
Licenses, Permits, and Franchises	
13	Animal Licenses
14	Business Licenses
15	Construction Permits
16	Road Privileges and Permits
17	Zoning Permits Administration
18	Franchises
19	Other Licenses and Permits
Fines, Forfeitures, and Penalties	
20	Vehicle Code Fines
21	Other Court Fines
22	Forfeitures and Penalties
23	Penalties and Costs on Delinquent Taxes
Revenue From Use of Money and Property	
30	Investment Income
31	*(Intentionally Left Blank)*
32	Rents and Concessions
33	Royalties
Intergovernmental Revenues	
40	State - Aviation
41	State - Highway Users Tax
42	State - Motor Vehicle In Lieu Tax
43	*(Intentionally Left Blank)*

This page revised on 4/22/2014

Chart of Accounts	
Intergovernmental Revenues (continued)	
44	Other State - In Lieu Taxes
45	State - Public Assistance Administration
46	State - Public Assistance Programs
47	State - Health Administration
48	State - California Children Services
49	State - Cerebral Palsy
50	State - Mental Health
51	State - Tuberculosis Control
52	Other State - Health
53	State - Agriculture
54	State - Civil Defense
55	State - Construction
56	State - Corrections
57	State - County Fairs
58	State - Disaster Relief
59	State - Veterans' Affairs
60	State - Homeowners' Property Tax Relief
61	*(Intentionally Left Blank)*
62	State - Proposition 172 Public Safety Funds
63	State - Citizens Option for Public Safety (COPS)
67	State - Other
68	Federal - Public Assistance Administration
69	Federal - Public Assistance Programs
70	Federal - Health Administration
71	Federal - Construction
72	Federal - Disaster Relief
73	Federal - Forest Reserve Revenue
74	Federal - Grazing Fees
75	Federal - In Lieu Taxes
76	Federal - Other
77	Other - In Lieu Revenues
78	Other - Governmental Agencies
Charges For Services	
80	Assessment and Tax Collection Fees
81	Special Assessments
82	Auditing and Accounting Fees
83	Communication Services

This page revised on 4/22/2014

Chart of Accounts	
Charges For Services (continued)	
84	Election Services
85	Legal Services
86	Personnel Services
87	Planning and Engineering Services
88	Purchasing Fees
89	Agricultural Services
90	Civil Process Services
91	*(Intentionally Left Blank)*
92	Estate Fees
93	Humane Services
94	Law Enforcement Services
95	Recording Fees
96	Road and Street Services
97	Health Fees
98	Mental Health Services
99	California Children's Services
100	Sanitation Services
101	Adoption Fees
102	Institutional Care and Services
103	Educational Services
104	Library Services
105	Park and Recreation Services
106	Other
107	Interfund Revenue
Miscellaneous Revenues	
110	*(Intentionally Left Blank)*
111	Other Sales
112	Tobacco Settlement
113	Miscellaneous
Other Financing Sources	
121	Sale of Capital Assets
122	Transfers-In
123	Long-Term Debt Proceeds
124	Other
Special Items	
131	Contributions
132	Specials and Extraordinary Items

This page revised on 4/22/2014

6.03 Explanation of Accounts

Following are the account titles and the recommended usage of each account. Usage is indicated by either explanation, example, or both. In a few cases, the title alone is considered self-explanatory and indicative of usage.

Examples of the two types are grouped as follows:

- Under **Include** are examples of the types of revenue that should be posted to this account.
- Under **Do Not Include** are examples of the types of revenue that should not be posted to this account. This category also notes the type of account to which they should be posted.

Explanation of Accounts	
Taxes	
1	**Property Taxes - Current Secured** Includes all taxes apportioned as a result of levies made against the secured roll of the county for the current fiscal year.
2	**Property Taxes - Current Unsecured** Includes all taxes apportioned as a result of levies made against the unsecured roll of the county for the current fiscal year
3	**Property Taxes - Prior Secured** Includes all taxes and interest apportioned as a result of levies made against the secured rolls of the county in prior fiscal periods; also includes revenues from tax-defaulted land sales.
4	**Property Taxes - Prior Unsecured** Includes all taxes apportioned as a result of levies made against the unsecured rolls of the county in prior fiscal periods.
5	**Supplemental Property Taxes - Current** Includes all taxes apportioned as a result of supplemental levies made against the secured and unsecured property of the county for the current fiscal year.
6	**Supplemental Property Taxes - Prior** Includes all taxes and interest apportioned as a result of supplemental levies made against the secured and unsecured property of the county in prior fiscal periods.
7	**Residual Property Taxes** Includes apportioned taxes which exceed the enforceable obligations, passthrough payments and other costs associated with successor agencies of dissolved redevelopment agencies.
8	**Passthrough Property Taxes** Includes apportioned taxes as a result of passthrough agreements or statutory passthrough revenues associated with successor agencies of dissolved redevelopment agencies.
9	**Property Tax In Lieu of Vehicle License Fee (VLF)** Property tax revenue in lieu of vehicle license fees received from the Vehicle License Fee Property Tax Compensation Fund (VLF Compensation Fund) as allocated by statute.
10	**Sales and Use Taxes** Includes the net amount received from the levy of a sales and use tax under the Bradley-Burns Uniform Sales Tax Law. **Include** • Revenues received under the Transportation Act of 1971.

This page revised on 4/22/2014

Explanation of Accounts	
Taxes (continued)	
11	**Other Taxes** Includes county-levied taxes not included elsewhere. **Include** • Raw material processing taxes • Hotel (transient lodging) taxes • Property transfer taxes • Race horse taxes • Timber yield taxes • Aircraft taxes **Do Not Include** • Revenue from the State, the federal government, or other agencies in lieu of taxes. Post to the appropriate account under "Intergovernmental Revenues"
12	*(Intentionally Left Blank)*
Licenses, Permits, and Franchises	
13	**Animal Licenses** **Include** • Dog licenses **Do Not Include** • Kennel licenses — Post to "Licenses, Permits, and Franchises - Business Licenses" • Impounding fees, placement fees, boarding fees, vaccination fees, and sale of animal carcasses — Post to "Charges For Services - Humane Services"
14	**Business Licenses** Include revenues from the licensing of business, occupations, and amusements. **Include** • Taxicab licenses • Private investigator licenses • Second-hand store licenses • Food market licenses • Carnival licenses • Food processing health permits • Milk and dairy health permits • Kennel licenses • Fire extinguisher serviceman permits • Motion picture operator permits • Pest control business registration • Other business licenses or permits issued primarily for regulation **Do Not Include** • Services provided that are not primarily regulatory — Post to the appropriate account under "Charges For Services"

This page revised on 4/22/2014

Explanation of Accounts	
Licenses, Permits, and Franchises (continued)	
15	**Construction Permits** **Include** • Building permits • Electrical permits • Plumbing permits • Sidewalk, curb and gutter permits • Air pollution construction permits **Do Not Include** • Plan or map checking services when not included above — Post to "Charges For Services - Planning and Engineering Services" • Road excavation permits —Post to "Licenses, Permits, and Franchises - Road Privileges and Permits" • Permit for breaking curb and gutter — Post to "Licenses, Permits, and Franchises- Road Privileges and Permits" • Air pollution variance permits — Post to "Licenses, Permits, and Franchises - Other Licenses and Permits"
16	**Road Privileges and Permits** Includes revenue from the issuance of permits for the special use or obstruction of county roads. **Include** • Transportation permits for movement of unusual loads on county roads • Excavation permits • Permits for mains laid • Road obstruction permits • Permits for breaking curb and gutter
17	**Zoning Permits Administration** Includes revenue from the issuance of permits to use property other than as provided in the zoning ordinance. **Include** • Zone changes • Zone exceptions and special permits • Cemetery permits • Agricultural preserve applications fees **Do Not Include** • Subdivision fees — Post to "Charges For Services - Planning and Engineering Services"

This page revised on 4/22/2014

Explanation of Accounts	
Licenses, Permits, and Franchises (continued)	
18	**Franchises** Includes revenue from persons, firms and corporations for the continuing use of property, usually involving the elements of regulation and monopoly. **Include** • Bids for franchises awarded • Franchises based on gross receipts • Franchises based on number of miles of pipeline, electrical transmission line, street railway, etc. **Do Not Include** • Permits for attaching privately owned pipelines to county bridges — Post to "Licenses, Permits, and Franchises – Other Licenses and Permits"
19	**Other Licenses and Permits** Includes revenue from all licenses and permits not included elsewhere. **Include** • Bicycle licenses • Gun permits • Fire permits • Marriage licenses • Air pollution variance permits • Oil well permits • Burial permits • Other non-business licenses and permits that are primarily regulatory • Permits for attaching privately owned pipelines to bridges • Pleasure-riding permit fees • Mobile home use permit fees • Permit fees for explosives **Do Not Include** • Air pollution construction permits — Post to: "Licenses, Permits, and Franchises– Construction Permits" • Other licenses and permits where the payment is primarily rent or a charge for current service — Post to the appropriate account under "Revenue From Use of Money and Property" or "Charges For Services"

This page revised on 4/22/2014

CHAPTER 18
PROPERTY TAXES

Table of Contents

18.01 Introduction 295
18.02 Taxes 296
- Accounting for Taxes 296
- Unapportioned Tax Fund Accounts 297
- Accounting Basis 297
- Recording the Charge 297
- Roll Changes 298
- Collection of Taxes 299
- Apportionment of Taxes 299
- Fixed Charges for Special Benefit Assessments 299
- Year-End Entries 300
- Opening Entries - Unapportioned Tax Fund 300
- Penalties and Costs 301
- Redemption 302
- Tax-Defaulted Land Sales 305
- Refundable Taxes 306
- Advance Collections 307
- Disputed Taxes 308

18.03 Other Taxes 308
18.04 In Lieu Taxes 309
18.05 AB 8 Allocation 310
18.06 Redevelopment Agencies (RDA) 315
18.07 Alternate Method of Tax Apportionment 318
18.08 Supplemental Property Taxes 331
18.09 State Assessed Property – Unitary, Pipeline Rights-of-Way, Qualified Railroad Property, and Qualified Public Utility Property 333
18.09A Allocation of Countywide Unitary and Pipeline Rights-of-Way Revenues to Jurisdictions* 338
18.10 Property Tax In Lieu of Motor Vehicle License Fee (VLF Swap) 339
18.11 Homeowners Property Tax Reimbursement (HOPTR) 341
18.12 Miscellaneous 341
- Setting Tax Rates 341
- Summary Chart of Tax Apportionments 343
- Mobilehome Tax Exclusion 344

18.13 Schedule of Events - County Auditor Calendar 345
18.14 Glossary of Property Tax Terminology 349

NOTE: Due to the changing nature of Redevelopment Agencies (RDA); this chapter is undergoing review.

* This section added on 4/22/2014

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Example:

The uncollected outstanding balance as of June 30 for current secured taxes is $1,500,000:

Account	Debit	Credit
Unapportioned Tax Fund		
Due to other funds and entities - current secured	1,500,000	
Taxes receivable - current secured		1,500,000
Taxes receivable - prior secured	1,500,000	
Due to other funds and entities - prior secured		1,500,000
(Entry to transfer tax-defaulted amounts from current to prior receivables)		

Penalties and Costs

A. Current Secured and Unsecured Levies

Penalties and costs attach to current property tax bills if not paid on or before specific dates. On a current secured tax bill, a 10% penalty is added to each delinquent installment. In addition, a $10 cost is added to all delinquent second installments. On current unsecured tax bills unpaid as of the delinquent date, only the penalty is imposed.

As penalties and costs are added to the tax rolls, the liability of these amounts may be reflected in the control accounts of the Unapportioned Tax Fund and added to the appropriate receivable and liability account. Penalties and costs are combined with existing balances and not recorded separately in the control accounts. The distinction between tax and penalty amounts are controlled in the tax charge, collection reports received from the tax collector, and the apportionment process.

Example:

Account	Debit	Credit
Unapportioned Tax Fund		
Taxes receivable - current unsecured	50,000	
Due to other funds and entities - current unsecured		50,000
(To record penalties of $50,000 added to delinquent unsecured tax bills as of August 31)		

B. Supplemental Roll

Supplemental property tax bills may be prepared and mailed on a recurring basis (e.g. monthly) throughout the fiscal year. The date the bill is mailed determines the installment and delinquency dates. A 10% penalty is added to each delinquent installment and a $10 cost is added to the final installment. It is permissible to account for penalties and costs in the same manner used in redemption.

C. Redemption

If redemption penalties and costs are regularly added to all tax-defaulted property, they should be posted to the prior secured receivable and due to accounts. However, since redemption penalties accrue on these balances monthly and vary with the year of tax default, the usual practice is to compute the *amount necessary to redeem* upon request or at the time of payment. Prior secured taxes are recognized without regard to the fiscal year levied. Redemption penalties and fees are posted to the liability account when collected.

Example:

A tax-defaulted parcel is redeemed by payment of the following amounts:

Amount of tax and fixed charges	$ 150.00
10% penalty	15.00
Delinquent cost	10.00
Redemption fee	15.00
Redemption penalties (6 months at 1.5% per month)	13.50
Total paid	$ 203.50

Account	Debit	Credit
Unapportioned Tax Fund		
Cash	203.50	
Taxes receivable - prior secured		175.00
Due to other funds and entities-prior secured ($15.00 + $13.50)		28.50
(To record redemption of tax-defaulted parcel)		

It should be noted that penalties are apportioned in the same manner as the property taxes and fixed charges that they are charged against. Costs collected are distributed to the county General Fund.

Redemption

A. Distribution of Collections

After the tax collector publishes the required statutory notice of delinquent secured taxes, secured property becomes tax-defaulted if unpaid as of June 30. This is the beginning of a five-year period at the end of which the property is subject to the tax collector's power of sale and may be sold at public auction, by sealed bid, or by agreement.

The apportionment of redemption collections is made using the prior fiscal year apportionment factors without regard to the fiscal years of the levy. The exception to this is tax-defaulted supplemental taxes, which is apportioned similarly but with certain changes for K-12 schools.*

Example:

At the close of a collection period the following redemption amounts have been deposited and are to be apportioned:

Taxes - prior secured	$ 7,500
Penalties	1,200
Redemption fees	195
Delinquent costs	130
Total	$ 9,025

*This paragraph revised on 4/22/2014

Section S - Transfer of Excess Balance in Tax Losses Reserve Fund

The Tax Losses Reserve Fund receives revenues from payment of delinquent penalties, redemption penalties, and redemption interest. Unclaimed proceeds from the sale of defaulted property are also a revenue to this fund. The fund is charged with the losses from the sale of defaulted property. Each fiscal year, the fund is subject to the provisions of R & T §4703 or §4703.2.

There are two alternatives to determine the maximum balance required in the Tax Losses Reserve Fund:

1. First, Revenue and Taxation Code section 4703 requires the Tax Losses Reserve Fund to have a balance in an amount equivalent to 1% of the total of all taxes and assessments levied on the secured roll for that year on behalf of the entities participating in the Alternate Method of Tax Apportionment before any transfers to the general fund can occur. Amounts in excess of the 1% threshold may, for the remainder of the fiscal year, be credited to the general fund.
2. Second, Revenue and Taxation Code section 4703.2 requires the Tax Losses Reserve Fund to have a balance in an amount equivalent to 25% of the total delinquent secured taxes and assessments of those entities participating in the Alternate Method of Tax Apportionment, as calculated at the end of the fiscal year, before any transfers to the general fund can occur. At the end of the fiscal year, amounts in excess of this threshold may be transferred to the General Fund.

The Tax Losses Reserve Fund requirements of Revenue and Taxation Code section 4703 must be used unless a county adopts a resolution by October 31 of any fiscal year electing to be governed by R & T §4703.2. For FY 1993-94 only, the election to be governed by R & T §4703.2 rather than §4703 could be made no later than January 15, 1994.

18.08 Supplemental Property Taxes

Supplemental property taxation is governed by Revenue and Taxation Code section 75 et seq. A supplemental tax is the result of a reassessment of real property being done at the time property ownership is transferred or new construction is completed. This supplemental reassessment procedure became effective for the 1983-84 fiscal year forward.

Supplemental taxes can be either secured or unsecured. Or, they can be initially secured assessments but changed to unsecured if a change of ownership occurs before the bill or refund from a previous supplemental assessment is mailed.

Since supplemental taxes are just an extended form of secured and unsecured taxes, many of the procedures are similar. This section concentrates on the unique aspects of supplemental taxes.

Supplemental Billings/Refunds/Changes

Supplemental reassessments can result in either an increase or a decrease in taxable value. Usually an increase will produce a bill and a decrease will produce a negative assessment, commonly referred to as a supplemental refund. If supplemental refunds aren't made within 90 days of enrollment of the negative assessment on the supplemental roll, then R & T §5151 interest is computed. Supplemental refunds are made from taxes collected on the supplemental roll.

Supplemental taxes are on a continuous roll. They are processed throughout the fiscal year and initiated when a transfer of ownership occurs or new construction is completed. The date of that transfer or completion is called the date of event. Taxes are calculated by using the date of event and prorating the amount due based on the number of full months remaining through the end of the fiscal year.

If the date of event occurred on or after January 1st and on or before May 31st (R & T §75.41), two supplemental bills (or refunds) are calculated. One is for the remaining portion of the current fiscal year. The other is for the entire following fiscal year, which mandates that a 100% pro-ration factor be used. This occurs because the lien date for the next year's roll is January 1st. Any event occurring after that date will not be included on the regular roll until the year following that.

Delinquent dates are also unique on the secured supplemental roll. They are determined by the date the tax bill is mailed. If the bill is mailed from July 1st through October 31st, the delinquent dates are December 10th and April 10th. For bills mailed from November 1st through June 30th, the first installment delinquent date is the end of the month following the month in which the bill is mailed. The second installment delinquent date is the end of the fourth month following the date the first installment is delinquent.

Example:

Date Mailed	1st Delinquent Date	2nd Delinquent Date
9/90	12/10/90	04/10/91
11/90	12/31/90	04/30/91

Apportionments

For FY 1983-84 supplemental collections, all 1% monies, less an administrative fee, were apportioned to the schools based on their average daily attendance (ADA) figures. In subsequent years, collections are apportioned as secured or unsecured taxes, with the following exceptions:

1. The county keeps an administrative fee off the top of the collections. For FY 1983-84 and FY 1984-85 supplemental assessments, 5% was deducted. For FY 1986-87 on, administrative costs of up to 5% can be deducted. These charges must be substantiated and adopted by the county board of supervisors.
2. All collections made in a Tax Rate Area (TRA) with a redevelopment agency (RDA) are apportioned to that RDA (less the 5% administrative fee). Redevelopment agencies do not receive any taxes levied for bonds approved by the electorate after January 1, 1989.
3. The 1% apportionment factors (percentages) used for supplemental distributions are different from those used in AB 8.*
    a. The apportionment factors for K-12 schools are based on the ADA reported annually by the State Superintendent of Schools.
    b. Since RDAs receive 100%, less the administration fee, of the supplemental taxes collected within their projects, a percentage factor is not calculated.

* This item revised on 4/22/2014

The following schedule illustrates the calculations of the Supplemental Apportionment Factors using the ADA information from the California Department of Education. The Supplemental Apportionment Factors should **not** be adjusted for the VLF Swap.

Redevelopment agencies are not included in the schedule because all tax increment, including growth attributable to supplemental taxes derived within a redevelopment agency's boundaries, must be given entirely to the redevelopment agency.*

Jurisdiction	AB 8 Tax Apportionment	Adjusted AB 8 Factors	School Districts' Factors	Reallocation of School Districts' Factors based on ADA	Supplemental Apportionment Factors
ERAF	$15,576,925	0.14769982			0.14769982
County General	12,523,243	0.11874492			0.11874492
County Library	3,205,372	0.03039322			0.03039322
City of Ebony	8,716,575	0.08265024			0.08265024
City of Ivory	3,137,011	0.02974502			0.02974502
Hematite Fire District	698,958	0.00662749			0.00662749
Topaz Fire District	154,197	0.00146209			0.00146209
Ruby Mosquito District	390,545	0.00370313			0.00370313
Amber Sanitation District	352,332	0.00334080			0.00334080
County Office of Education	4,488,654	0.04256125			0.04256125
Jade Elementary School	25,377,368	0.24062725	0.24062725	0.38042076	0.38042076
Diamond Elementary School [Basic Aid]	2,500,000	0.02370491	0.02370491		
Sapphire High School	20,064,534	0.19025116	0.19025116	0.07435219	0.07435219
Onyx High School [Multi-County]	20,000	0.00018964	0.00018964		
Pearl Community College	8,257,686	0.07829907			0.07829907
TOTALS	$105,463,400	1.00000000	0.45477295	0.45477295	1.00000000

4. Apportionments must be made within 30 calendar days after the close of the preceding month (or 4-week accounting period). This may be done biannually in counties with a population of 500,000 or less.

* Text and chart added on 4/22/2014

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STEP 2:

The relative debt factor for each jurisdiction (X) is factored against the total of all relative debt factors to determine final debt apportionment factors, as follows:

District	Relative Debt Factor (X)	Apportionment Factor
School A Bond	50,000	.250000
School B Bond	40,000	.200000
County GO Bond	80,000	.400000
Sewer Bond	30,000	.150000
	200,000	1.000000

As indicated in step 1, the relative debt factor could be used if unitary debt revenues were always the same as the prior year ($200,000 in this example). Since these revenues will vary, it is necessary to compute the apportionment factors as shown, thus ensuring that unitary debt revenues are proportionally distributed.

When a new debt is issued, it will not have any prior-year unitary or other debt tax revenues. These missing data elements would result in the new debt service fund never receiving unitary debt revenues. Revenue and Taxation Code section 100(d)(3) therefore provides a mechanism for new debt taxing jurisdictions to enter into the above formulas. The relative debt factor (X) is approximated by dividing the total 1% unitary tax received by the jurisdiction in the prior year (R & T §100(c)) by the total property tax revenues received in the prior year.

For example, if a school district issues new debt, the relative debt factor (X) would be calculated as follows:

$$X = A \times \frac{\text{1\% Unitary Revenues Received by the School General Fund}}{\text{Total Property Tax Revenue Received by the School General Fund From All Property}}$$

While the amounts in this formula will probably be much higher than similar amounts for a bond issue only, the resulting factor should be a good proxy for the relative debt factor (X). In future years, the debt issue will have received unitary debt revenues and can be incorporated into the standard formulas in steps 1 and 2.

Pipeline Rights-of-Way:

Allocation is the same as Unitary.

Railroad Qualified Property:

Allocation of the Railroad Qualified Property debt service is the same as Unitary.

Allocation of the 1% general tax is similar to Unitary, but Railroad has its own separate allocation schedule with its own base year of 2007-08. The 2007-08 base year used the 1% general tax revenue from the 2006-07 assessed values from each affected taxing entity's share (including ERAF but excluding RDAs) within the affected local TRAs listed on the BOE's letter dated January 1, 2006.

Beginning 2008-09, any revenues exceeding 102% of prior year are allocated to all taxing entities (note just the affected taxing entity) based upon the prior years secured property taxes (similar to Unitary revenues exceeding 102%).

Public Utility Qualified Property:

Allocation of the debt service is the same as Unitary.

Allocation of the 1% general tax is:

a) The county, school entities, Educational Revenue Augmentation Fund (ERAF), and non-enterprise special districts will receive the same percentage of the unitary property tax revenues they received in the previous year. These entities are held harmless (R & T §100.95(A)(i), §100.95(A)(ii), and §100.95(A)(iii)).

b) After the allocation of county, school entities, ERAF, and non-enterprise special districts, 90% of the remaining property tax revenue is to be allocated to the city (if the qualified property is within the city) or the county in which the qualified property is located (R & T §100.95(a)(3)(B)(i)).

c) The remaining 10% of property tax revenues is to be allocated to the water district(s) or the city that is the water provider and that also receives Unitary revenue. If there is more than one water district providing water, each will receive equal shares of this revenue. If the water provider is a private water company or a district that does not receive Unitary revenue, then the amount will be allocated to either the city or the county (R & T §100.95(a)(3)(B)(ii)). (Note: The law does not specifically provide for situations in which a private water company or public water districts does not exist.)

d) All other entities in the county that would have otherwise received a share of the public utility's property tax revenues under the TRA 000-001 will receive no share of the property tax revenue derived from a qualified property.

If any additional qualified properties are placed in service in future years, the methodology for allocation of the property tax revenues is as follows:

a) The values of qualified facility are allocated in accordance to the Revenue and Taxation Code section 100.95(a)(3).

b) The allocation of revenues derived from the above are to be added to the revenues from the existing qualified property of the affected districts in forming the new allocation factors for the 1% revenues portion of the TRA 000-095.

If the qualified property is decommissioned, the allocation of the 1% revenue portion of the qualified property will be removed from the current revenue base.

18.09A Allocation of Countywide Unitary and Pipeline Rights-of-Way Revenues to Jurisdictions*

Purpose

ERAF is a fund and an accounting vehicle for reallocating tax revenues among local agencies and school districts. ERAF is not a taxing jurisdiction and should not receive an apportionment of unitary or pipeline rights-of-way property tax revenues. This section (18.09A) applies only to allocation of state assessed property tax revenue reported in countywide TRA 000-001 (unitary and nonunitary values) and TRA 000-511 (pipeline rights-of-way).

In counties where these revenues were previously allocated to ERAF, the revenues must be reallocated and distributed for the current year forward proportionately to all taxing jurisdictions that received revenue from unitary/pipeline rights-of-way property tax. For counties that have not removed ERAF from unitary allocation factors prior to fiscal year 2012/13, the current year for this purpose could be either 2012/13 if implementing the ERAF removal in FY 2013/14 or 2013/14 if implementing the ERAF removal in FY 2014-15.

* This section added on 4/22/2014

There are two parts of the methodology for removing the ERAF allocation from the unitary/pipeline revenues allocation and for restating the unitary allocation factors. The first part of the methodology is for unitary/pipeline funds up to 102% of the prior year unitary/pipeline funds. The second part of the methodology is for unitary/pipeline funds in excess of 102% of prior year unitary revenue.

For fiscal years following the restatement, refer to the section labeled "*Distribute Unitary Revenue in Subsequent Years*" beginning on page 338b.

Restatement Sequence of Events

ERAF is to be distributed to the entities that received unitary/pipeline property taxes. The steps below describe the recommended methodologies of removing and redistributing ERAF.

Part I: Restate Prior Year Unitary and Pipeline Rights-of-Way Revenue

The word "unitary" applies to *Unitary* and *Pipeline Rights-of-Way* in the steps. The letters in parentheses, [i.e. (A) and (B)], appear in the illustrations to assist cross-reference.

STEP 1 (A) Determine the individual jurisdiction's unitary ERAF reallocation factor. Divide the jurisdiction's unitary amount by the total unitary revenue amount excluding ERAF. This will result in a calculation factor with which ERAF can be distributed.

STEP 2 (B) Multiply the jurisdiction's unitary ERAF reallocation factor by the ERAF unitary amount. This will distribute ERAF proportionately between taxing jurisdictions.

STEP 3 (C) Determine the restated unitary amount. Add the unitary ERAF reallocation amount to each jurisdiction's unitary amount. This will calculate the total unitary amount with ERAF proportionately distributed.

STEP 4 (D) Determine the restated unitary allocation factor. Divide each jurisdiction's restated unitary amount by the total restated unitary amount. This will calculate a new unitary factor.

a. If the current year unitary revenue is less than 102% of prior year, then this is the unitary allocation factor which will be used in the next fiscal year to distribute unitary revenue up to 102% *(STOP – NO FURTHER STEPS ARE REQUIRED). The unitary allocation factor will remain the same in subsequent years unless the unitary revenue exceeds 102% of prior year unitary revenue.*

b. If the current year unitary revenue is in excess of 102% of prior year total unitary revenue, the excess must be calculated in the following steps *(CONTINUE TO STEPS 5 THROUGH 11).*

Part II: Restate prior year unitary/pipeline revenue for amounts exceeding 102% of prior year

STEP 5 (E) If unitary revenue exceeds 102%, the excess must be distributed by a separate factor—prior year AB 8 factors. To determine this factor first add the RDA tax increment to the total AB 8 revenues net of ERAF. This will give you each taxing jurisdiction's net AB 8 revenues including ERAF.

STEP 6 (F) Determine the AB 8 factor. Divide each taxing jurisdiction's AB 8 revenues by the total AB 8 revenues. This will give you a factor to distribute the unitary revenue in excess of 102%.

STEP 7 (G) Determine the allocated amount. Multiply the excess over 102% by the AB 8 factors. This will give you the amount allocated to each jurisdiction including ERAF.

STEP 8 (H) Determine the ERAF reallocation factors. Divide the amount allocated to each taxing jurisdiction by the total amount less ERAF (amounts from Step 7(G)).

STEP 9 (I) Distribute the excess over 102%. Multiply the excess revenue over 102% by the ERAF reallocation factors. This will proportionately distribute the unitary revenues in excess of 102%, excluding ERAF from the allocation.

STEP 10 (J) Calculate each taxing jurisdiction's total unitary tax revenue up to and in excess of 102%. Add each jurisdiction's restated unitary amount to each taxing jurisdiction's excess amount. This will determine each taxing jurisdiction's unitary tax revenue.

STEP 11 (K) Recalculate a new unitary allocation factor. Because there was unitary revenue in excess of 102%, the overall distribution percentage has changed. Determine each taxing jurisdiction's new unitary allocation factor by dividing each taxing jurisdiction's total unitary tax revenue by the sum of all taxing jurisdiction's unitary tax revenue.

If current year unitary revenue is greater than 102% of prior year, then this is the restated unitary allocation factor which will be used for the next year's unitary revenue up to 102% of previous year.

Distribute Unitary Revenue in Subsequent Years

STEP 1 (A) Determine if the current year unitary revenues are in excess of 102% of the previous year. Multiply the previous year total unitary revenue by 102%. Then determine if the current year unitary revenue is in excess of the product.

STEP 2 (B) Using the restated unitary allocation factor from the previous year, distribute current year unitary revenue up to 102% of previous year.

a. If unitary revenue is equal to or less than 102% of the previous year, then this concludes the distribution. The unitary allocation factor will remain the same for next year until the unitary revenue goes over 102% (STOP – NO FURTHER STEPS ARE REQUIRED).

b. If unitary revenue exceeds 102% of previous year, then the excess must be distributed by a separate factor (CONTINUE TO STEPS 3 THROUGH 9).

STEP 3 (C) To determine total AB 8 revenues, add the RDA tax increment to the total AB 8 revenues exclusive of ERAF. This will give you each taxing jurisdiction's AB 8 revenues including ERAF.

STEP 4 (D) Determine the AB 8 factor. Divide each taxing jurisdiction's AB 8 revenue by the total AB 8 revenue. This will give you a factor to distribute the unitary revenue in excess of 102%.

STEP 5 (E) Determine the allocated amounts. Multiply the AB 8 factor by the excess over 102%; this will distribute the unitary revenue in excess of 102%.

STEP 6 (F) Determine the ERAF reallocation factor. Divide each taxing jurisdiction's allocated amount by the total allocated amount less the ERAF allocated amount.

STEP 7 (G) Multiply the ERAF reallocation factors by the excess over 102% to distribute the excess unitary revenue to the taxing jurisdictions.

STEP 8 (H) Determine the unitary revenue. Add the calculated excess amount to the unitary allocation amount up to 102% to determine each taxing jurisdiction's total current year unitary revenue.

STEP 9 (I) Determine the new unitary allocation factor. Divide each taxing jurisdiction's unitary revenue by the total unitary revenue. This unitary allocation factor is then carried over for next year's unitary amount up to 102%.

Restated Prior Year Unitary Revenue – No Excess of 102%

Example:

- Current year unitary revenue is $25,500,000
- Prior year unitary revenue was $25,500,000
- Jurisdictional unitary amount prior to restatement is given in the implementation chart on page 338d which illustrates the application of the following four steps.

STEP 1 Calculate the unitary ERAF reallocation factor: divide the jurisdiction's unitary amount by the total unitary amount excluding ERAF.

A

Unitary ERAF Reallocation Factor
unitary amount / (total unitary amount - ERAF)
County General
$6,865,172 / ($25,500,000 - $2,951,383) = 0.3044609

STEP 2 Calculate the unitary ERAF reallocation amount: multiply the jurisdiction's unitary reallocation factor by the ERAF unitary amount.

B

Unitary ERAF Reallocation Amount
unitary reallocation factor x ERAF unitary amount
County General
0.3044609 x $2,951,383 = $898,581

STEP 3 Calculate the restated unitary amount: add the unitary ERAF reallocation amount to the unitary amount.

C

Restated Unitary Amount
unitary ERAF reallocation amount + unitary amount
County General
$898,581 + $6,865,172 = $7,763,753

STEP 4 Calculate the restated unitary allocation factor: divide the jurisdiction's restated unitary amount by the total restated unitary amount.

D

New Unitary Factor
restated unitary amount / total restated unitary amount
County General
$7,763,753 / $25,500,000 = 0.3044609

NO FURTHER STEPS ARE REQUIRED *if current year unitary revenue is less than or equal to 102% of prior year.* Step 4 produces the unitary allocation factor to use in distributing unitary revenue up to 102% of the prior fiscal year. The unitary allocation factor will remain the same in subsequent years unless the unitary revenue exceeds 102% of prior year unitary revenue.

CONTINUE TO STEPS 5 THROUGH 11 if the current year unitary revenue exceeds 102% of prior year unitary revenue, then the distribution factors for the excess will be calculated in steps 5 through 11 (see page 338e).

IMPLEMENTATION: Restate Prior Year Unitary Revenue

The redistribution of ERAF is illustrated for the County General jurisdiction for unitary/pipeline rights-of-way revenue up to 102% of prior year unitary/pipeline rights-of-way revenue.

NO EXCESS OF 102%

FY 2012-13 Total unitary revenue	$ 25,500,000
FY 2011-12 up to 102%	$ 25,500,000
Excess Over 102%	

JURISDICTION	UNITARY AMOUNT	RESTATED			
		UNITARY ERAF REALLOCATION		RESTATED UNITARY AMOUNT	NEW UNITARY FACTOR
		FACTOR	AMOUNT		
		A	B	C	D
County General	$ 6,865,172	0.30446089	$ 898,581	$ 7,763,753	0.3044609
Air Pollution Control	19,025	0.0008437	2,490	21,515	0.0008437
Special Roads #3	112,079	0.0049705	14,670	126,749	0.0049705
County Library	514,613	0.0228224	67,358	581,971	0.0228224
Port Emerald	365,505	0.0162096	47,841	413,346	0.0162096
County Flood Control	72,795	0.0032284	9,528	82,323	0.0032284
Turquoise Water District	78,893	0.0034988	10,326	89,219	0.0034988
Redevelopment Agency #1	155,893	0.0069136	20,405	176,298	0.0069136
Jade Unified School District	11,193,273	0.4964062	1,465,085	12,658,358	0.4964062
White Onyx Community College	1,991,267	0.0883099	260,636	2,251,903	0.0883099
County School Service	1,180,102	0.0523359	154,463	1,334,565	0.0523359
ERAF*	2,951,383	0	(2,951,383)	0	0
Total	$ 25,500,000	1.000000**	0	$ 25,500,000	1.0000000

**ERAF is not a taxing jurisdiction*

***rounded*

NOTE: *Letters in columns correspond with the steps in the County General Example.*
The calculations are applicable to all jurisdictions.

Restated Prior Year Unitary Revenue (Continued) - Excess of 102%

If the current year unitary revenue exceeds 102% of prior year unitary revenue, then the distribution factors for the amount exceeding 102% will be calculated using steps 5 through 11 below:

- Current year unitary revenue is $30,000,000
- Prior year unitary revenue was $25,000,000
- 102% of prior year unitary revenue is $25,500,000
- Excess over 102% is $4,500,000
- RDA tax increment, AB 8 revenues net of ERAF, and ERAF allocated amount from implementation chart page 338g.

FOR STEPS 1 through 4 - see page 338c

STEP 5 Calculate prior year AB 8 revenues: add the AB 8 revenues net of ERAF to the RDA tax increment.

E

AB 8 Revenues
AB 8 revenues net of ERAF + RDA tax increment
County General
$57,600,000 + ($840,000) = $56,760,000

STEP 6 Calculate the AB 8 factor: divide the AB 8 revenues by the total AB 8 revenues.

F

AB 8 Factor
AB 8 revenues / total AB 8 revenues
County General
$56,760,000 / $261,880,000 = 0.21674049

STEP 7 Calculate the allocation in dollars: multiply the excess over 102% by the AB 8 factor.

G

Allocated Amount
excess over 102% x AB 8 factor
County General
$4,500,000 x 0.21674049 = $975,332

STEP 8 Calculate the ERAF reallocation factor: divide the allocated amount by the total allocated amount less the ERAF allocated amount.

H

ERAF Reallocation Factor
allocated amount / (total allocated amount - ERAF allocated amount)
County General
$975,332 / ($4,500,000 - $601,077) = 0.2501543

STEP 9 Calculate the excess amount: multiply the ERAF reallocation factor by the excess over 102%.

I

Excess Amount
ERAF reallocation factor x excess over 102%
County General
0.2501543 x $4,500,000 = $1,125,694

STEP 10 Calculate the unitary tax revenue: add excess amount to the restated unitary amount.

J

Unitary Tax Revenue
excess amount + restated unitary amount
County General
$1,125,694 + $7,763,753 = $8,889,447

STEP 11 Calculate the restated unitary factor for next year: divide unitary tax revenue by total unitary tax revenue.

K

Restated Unitary Factor for Next Year
unitary tax revenue / total unitary tax revenue
County General
$8,889,447 / $30,000,000 = 0.29631488

IMPLEMENTATION: Restated Prior Year Unitary Revenue

Columns A through D are the same as in the preceding implementation chart (page 338d); they illustrate the redistribution of ERAF up to 102% of prior year unitary/pipeline rights-of-way revenue. Columns E through K illustrate the steps taken for amounts in excess of 102%.

EXCESS OF 102%

FY 2012-13 total unitary revenue	$	30,000,000
FY 2011-12 up to 102%	$	25,500,000
Excess Over 102%	$	4,500,000

		RESTATED				RESTATED EXCESS OF 102% ALLOCATION							RESTATED	
		Unitary ERAF Reallocation				FY 2011-12 AB 8 FACTORS								
Jurisdiction	Unitary Amount	Factor	Amount	Restated Unitary Amount	Unitary Factor	AB 8 Revenues Net of ERAF	RDA Tax Increment	AB 8 Revenues	AB 8 Factor	Allocated Amount	ERAF Reallocation Factor	Excess Amount	Unitary Tax Revenue	Unitary Factor for next year
		A	B	C	D			E	F	G	H	I	J	K
County General	$6,865,172	0.3044609	$898,581	$7,763,753	0.3044609	$57,600,000	($840,000)	$56,760,000	0.21674049	$975,332	0.2501543	$1,125,694	$8,889,447	0.29631488
Air Pollution Control	19,025	0.0008437	2,490	21,515	0.0008437	200,000		200,000	0.00076371	3,437	0.0008814	3,967	25,481	0.00084938
Special Roads #3	112,079	0.0049705	14,670	126,749	0.0049705	1,200,000		1,200,000	0.00458225	20,620	0.0052887	23,799	150,548	0.00501825
County Library	514,613	0.0228224	67,358	581,971	0.0228224	5,600,000	(300,000)	5,300,000	0.02023828	91,072	0.0233583	105,112	687,083	0.02290278
Port Emerald	365,505	0.0162096	47,841	413,346	0.0162096	4,000,000	(420,000)	3,580,000	0.01367038	61,517	0.0157779	71,001	484,347	0.01614488
County Flood Control	72,795	0.0032284	9,528	82,323	0.0032284	900,000		900,000	0.00343669	15,465	0.0039665	17,849	100,172	0.00333907
Turquoise Water District	78,893	0.0034988	10,326	89,219	0.0034988	1,000,000	(150,000)	850,000	0.00324576	14,606	0.0037461	16,858	106,077	0.00353591
Redevelopment Agency #1	155,893	0.0069136	20,405	176,298	0.0069136	0.0	3,000,000	3,000,000	0.01145563	51,550	0.0132217	59,498	235,795	0.00785984
Jade Unified School District	11,193,273	0.4964062	1,465,085	12,658,358	0.4964062	122,200,000	(900,000)	121,300,000	0.46318925	2,084,352	0.5345967	2,405,685	15,064,044	0.50213479
White Onyx Community College	1,991,267	0.0883099	260,636	2,251,903	0.0883099	21,500,000	(240,000)	21,260,000	0.08118222	365,320	0.0936977	421,639	2,673,543	0.08911810
County School Service	1,180,102	0.0523359	154,463	1,334,565	0.0523359	12,700,000	(150,000)	12,550,000	0.04792271	215,652	0.0553107	248,898	1,583,463	0.05278211
*ERAF**	2,951,383	0.0	(2,951,383)	0.0	0.0	34,980,000	0	34,980,000	0.13357263	601,077	0	0	0	0
Total	$25,500,000	1.0000000	0.0	$25,500,000	1.0000000	$261,880,000	0.0	$261,880,000	1.00000000	$4,500,000	1.0000000	$4,500,000	30,000,000	1.00000000

**ERAF is not a taxing jurisdiction* ***rounded*

LEGEND: *Letters in columns correspond with the steps in the County General example. The calculations are applicable to all jurisdictions.*

Distribute Unitary Revenue in Subsequent Years - No Excess of 102%

In fiscal years subsequent to the fiscal year of restatement, when unitary revenue is less than or equal to 102% of the previous year then unitary revenue is to be allocated using the previous year's allocation factor. When this is true, then only steps 1 and 2 are required.

Example:

- Current year unitary revenue is $30,600,000;
- Prior year unitary revenue was $30,000,000.

STEP 1 Calculate 102% of prior year: multiply prior year total unitary revenue by 102%.

A	Prior Year Revenue up to 102%
	prior year total unitary revenue x 102%
	County General
	$30,000,000 x 102% = $30,600,000

STEP 2 Calculate unitary allocation dollars: multiply current year revenue up to 102% of prior year by the restated unitary factor.

B	Unitary Allocation Amount up to 102%
	restated unitary factor x 102% of prior year
	County General
	0.3044609 x 30,600,000 = $9,316,503

IMPLEMENTATION: Distribute Unitary Revenue in Subsequent Years

NO EXCESS OF 102% IN CURRENT YEAR		
Current year unitary revenue	$ 30,600,000	
Prior year up to 102%	$ 30,600,000	A
Excess Over 102%	$ 00	
JURISDICTION	Prior Year Unitary Factor**	Unitary Allocation Amount Up To 102%
		B
County General	0.3044609	$ 9,316,503
Air Pollution Control	0.0008437	25,818
Special Roads #3	0.0049705	152,098
County Library	0.0228224	698,365
Port Emerald	0.0162096	496,015
County Flood Control	0.0032284	98,788
Turquoise Water District	0.0034988	107,064
Redevelopment Agency #1	0.0069136	211,557
Jade Unified School District	0.4964062	15,190,030
White Onyx Community College	0.0883099	2,702,284
County School Service	0.0523359	1,601,478
**ERAF*	0	0
Total	1.0000000	$ 30,600,000
**ERAF is not a taxing jurisdiction*	***rounded*	
LEGEND:	*Letters in columns correspond with the steps in the County General examples. The calculations are applicable to all jurisdictions.*	

Distribute Unitary Revenue in Subsequent Years - Excess of 102% 1st year

Each year following restatement, any unitary revenue exceeding 102% of prior year must be allocated independently of the amount up to 102%. The allocation factor to be used will depend on whether the prior year's revenue was also in excess of 102% of prior year. This set of steps illustrates the process used when prior year revenue was not in excess of 102%; if the prior year's revenue was in excess of 102%, then refer to page 338l.

Current year in excess of 102%; prior year not in excess of 102%

Example:

- Current year unitary revenue is $31,000,000
- Prior year unitary revenue was $30,000,000

STEP 1 Calculate 102% of prior year: multiply prior year total unitary revenue by 102%.

A

Prior Year Revenue up to 102%
prior year total unitary revenue x 102%
County General
$30,000,000 x 102% = $30,600,000

STEP 2 Calculate unitary allocation dollars for current revenues up to 102%: multiply restated unitary factor—developed in restatement step 1 (page 338c)—by current year revenues up to 102% of prior year.

B

Unitary Allocation Amount up to 102%
restated unitary factor x 102% of prior year
County General
0.3044609 x 30,600,000 = $9,316,503

STEP 3 Calculate AB 8 revenues: add AB 8 revenues net of ERAF to RDA tax increment.

C

AB 8 Revenues
AB 8 revenues net of ERAF + RDA tax increment
County General
($896,000) + $59,600,000 = $58,704,000

STEP 4 Calculate AB 8 factor: divide AB 8 revenue by total AB 8 revenue.

D

AB 8 Factor
AB 8 revenue / total AB 8 revenue
County General
$58,704,000 / $271,000,000 = 0.21661993

STEP 5 Calculate amount to allocate: multiply AB 8 factor by excess over 102%.

E

Allocated Amount
AB 8 factor x excess over 102%
County General
0.21661993 x $400,000 = $86,648

STEP 6 Calculate ERAF reallocation factors: divide allocated amount by total allocated amount less ERAF allocated amount.

F

ERAF Reallocation Factor
allocated amount / (total allocated amount - ERAF allocated amount)
County General
$86,648 / ($400,000 - $55,793*) = 0.2517324
**From ERAF row at bottom of implementation chart page 338k*

STEP 7 Calculate excess over 102% dollar amount: multiply ERAF reallocation factor by excess over 102%.

G

Excess Amount
ERAF reallocation factor x excess over 102%
County General
0.2517324 x $400,000 = $100,693

STEP 8 Calculate unitary tax revenue: add excess amount to unitary allocation amount up to 102%.

H

Unitary Tax Revenue
excess amount + unitary allocation amount up to 102%
County General
$100,693 + $9,316,503 = $9,417,196

STEP 9 Calculate unitary factors: divide unitary tax revenue by total unitary tax revenue.

I

Unitary Factor
unitary tax revenue / total unitary tax revenue
County General
$9,417,196 / $31,000,000 = 0.30378050

IMPLEMENTATION: Distribute Unitary Revenue in Subsequent Years

EXCESS OF 102% IN CURRENT YEAR
NO EXCESS OF 102% IN PRIOR YEAR

Current year total unitary revenue	$ 31,000,000	
Prior year up to 102%	$ 30,600,000	A
Excess over 102%	$ 400,000	

Jurisdiction	Prior Year Unitary Factors**	Unitary Allocation Amount up to 102%	ALLOCATION OF EXCESS 102%							Unitary Tax Revenue**	Unitary Factor**
			FY 2012-13 AB 8 FACTORS								
			AB 8 Revenues Net of ERAF	RDA Tax Increment	AB 8 Revenues	AB 8 Factors**	Allocated Amount**	ERAF Reallocation Factors**	Excess Amount		
		B			C	D	E	F	G	H	I
County General	0.3044609	$9,316,503	$59,600,000	($896,000)	$58,704,000	0.21661993	$86,648	.2517324	$100,693	$9,417,196	0.30378050
Air Pollution Control	0.0008437	25,818	250,000		250,000	0.00092251	369	0.0010720	429	26,247	0.00084667
Special Roads #3	0.0049705	152,098	1,300,000		1,300,000	0.00479705	1,919	0.0055746	2,230	154,328	0.00497833
County Library	0.0228224	698,365	6,000,000	(320,000)	5,680,000	0.02095941	8,384	0.0243568	9,743	708,108	0.02284219
Port Emerald	0.0162096	496,015	4,100,000	(448,000)	3,652,000	0.01347601	5,390	0.0156604	6,264	502,279	0.01620256
County Flood Control	0.0032284	98,788	950,000		950,000	0.00350554	1,402	0.0040738	1,630	100,417	0.00323926
Turquoise Water District	0.0034988	107,064	1,300,000	(160,000)	1,140,000	0.00420664	1,683	0.0048885	1,955	109,019	0.00351675
Redevelopment Agency #1	0.0069136	211,557	0	3,200,000	3,200,000	0.01180812	4,723	0.0137221	5,489	217,046	0.00700149
Jade Unified School District	0.4964062	15,190,030	124,200,000	(960,000)	123,240,000	0.45476015	181,904	0.5284734	211,389	15,401,419	0.49681998
White Onyx Community College	0.0883099	2,702,284	22,500,000	(256,000)	22,244,000	0.08208118	32,832	0.0953859	38,154	2,740,438	0.08840124
County School Service	0.0523359	1,601,478	13,000,000	(160,000)	12,840,000	0.04738007	18,952	0.0550600	22,024	1,623,502	0.05237103
*ERAF	0	0	37,800,000		37,800,000	0.13948339	55,793	0	0	0	0
Total	1.0000000	$30,600,000	$271,000,000	0	$271,000,000	1.00000000	$400,000	1.0000000	$400,000	$31,000,000	1.00000000

**ERAF is not a taxing jurisdiction* ***rounded*

LEGEND: *Letters in columns correspond with the steps in the County General example. The calculations are applicable to all jurisdictions.*

Distribute Unitary Revenue in Subsequent Years – Excess of 102% 2+ years

Each year following restatement, any unitary revenue exceeding 102% of prior year must be allocated independently of the amount up to 102%. The allocation factor to be used will depend on whether the prior year's revenue was also in excess of 102% of prior year. This set of steps illustrates the process used when the two successive prior years' revenue exceeded 102%. If the prior year's revenue was not in excess of 102%, then refer to page 338i.

Current year in excess of 102%; prior year also in excess of 102%

Example:

- Current year unitary revenue is $31,000,000
- Prior year unitary revenue was $30,000,000

STEP 1 Calculate 102% of prior year: multiply prior year total unitary revenue by 102%.

A

Prior Year Unitary Revenue up to 102%
prior year total unitary revenue x 102%
County General
$30,000,000 x 102% = $30,600,000

STEP 2 Calculate unitary allocation dollars for current revenues up to 102%: multiply prior year restated unitary factor for next year (developed in restatement step 11 page 338f) by current year revenue up to 102% of prior year.

B

Unitary Allocation Amount up to 102%
prior year unitary factor x prior year unitary revenue up to 102%
County General
0.2963149 x 30,600,000 = $9,067,235

STEP 3 Calculate AB 8 Revenues: add RDA tax increment net of ERAF to AB 8 revenues.

C

AB 8 Revenues
RDA tax increment + AB 8 revenues net of ERAF
County General
($896,000) + $59,600,000 = $58,704,000

STEP 4 Calculate AB 8 factor: divide AB 8 revenue by total AB 8 revenue.

D

AB 8 Factor
AB 8 revenue / total AB 8 revenue
County General
$58,704,000 / $271,000,000 = 0.21661993

STEP 5 Calculate amount to allocate: multiply AB 8 factor by excess over 102%.

E

Allocated Amount
AB 8 Factor x Excess Over 102%
County General
0.21661993 x $400,000 = $86,648

STEP 6 Calculate ERAF reallocation factors: divide allocated amount by total allocated amount less the ERAF allocated amount.

F

ERAF Reallocation Factor
Allocated Amount / (Total Allocated Amount – ERAF Allocated Amount)
County General
$86,648 / ($400,000 - $55,793) = 0.2517324

STEP 7 Calculate excess over 102% dollar amount: multiply ERAF reallocation factor by excess over 102%.

G

Excess Amount
ERAF reallocation factor x excess over 102%
County General
0.2517324 x $400,000 = $100,693

STEP 8 Calculate unitary tax revenue: add excess amount to unitary allocation amount up to 102%.

H

Unitary Tax Revenue
excess amount + unitary allocation amount up to 102%
County General
$100,693 + $9,067,235 = $9,167,928

STEP 9 Calculate unitary factors: divide unitary tax revenue by total unitary tax revenue.

I

Unitary Factor
unitary tax revenue / total unitary tax revenue
County General
$9,167,928 / $31,000,000 = 0.29573962

IMPLEMENTATION: Distribute Unitary Revenue in Subsequent Years

EXCESS OF 102% IN CURRENT YEAR

EXCESS OF 102% IN PRIOR YEAR

Current year total unitary revenue	$	31,000,000	
Prior Year up to 102%	$	30,600,000	A
Excess Over 102%	$	400,000	

Jurisdiction	Prior Year Unitary Factor** *(column K on page 338g)*	Unitary Allocation Amount up to 102%	Allocation of excess over 102%							Unitary Tax Revenue**	Unitary Factor**
			Prior Year AB 8 Factors								
			AB 8 Revenues net of ERAF	RDA Tax Increment	AB 8 Revenues	AB 8 Factor	Allocated Amount	ERAF Reallocation Factor**	Excess Amount		
		B			C	D	E	F	G	H	I
County General	0.2963149	$9,067,235	$59,600,000	$(896,000)	$58,704,000	0.21661993	$86,648	0.2517324	$100,693	$9,167,928	0.29573962
Air Pollution Control	0.0008494	25,991	250,000	0	250,000	0.00092251	369	0.0010720	429	26,420	0.00085225
Special Roads #3	0.0050183	153,559	1,300,000	0	1,300,000	0.00479705	1,919	0.0055746	2,230	155,788	0.00502543
County Library	0.0229028	700,825	6,000,000	(320,000)	5,680,000	0.02095941	8,384	0.0243568	9,743	710,568	0.02292154
Port Emerald	0.0161449	494,033	4,100,000	(448,000)	3,652,000	0.01347601	5,390	0.0156604	6,264	500,297	0.01613863
County Flood Control	0.0033391	102,176	950,000	0	950,000	0.00350554	1,402	0.0040738	1,630	103,805	0.00334855
Turquoise Water District	0.0035359	108,199	1,300,000	(160,000)	1,140,000	0.00420664	1,683	0.0048885	1,955	110,154	0.00355337
Redevelopment Agency #1	0.0078598	240,511	0	3,200,000	3,200,000	0.01180812	4,723	0.0137221	5,489	246,000	0.00793549
Jade Unified School District	0.5021348	15,365,325	124,200,000	(960,000)	123,240,000	0.45476015	181,904	0.5284734	211,389	15,576,714	0.50247464
White Onyx Community College	0.0891181	2,727,014	22,500,000	(256,000)	22,244,000	0.08208118	32,832	0.0953859	38,154	2,765,168	0.08919897
County School Service	0.0527821	1,615,132	13,000,000	(160,000)	12,840,000	0.04738007	18,952	0.0550600	22,024	1,637,156	0.05281150
**ERAF*	0	0	37,800,000	0	37,800,000	0.13948339	55,793	0	0	0	0
Total	1.0000000	$30,600,000	$271,000,000	0	$271,000,000	1.00000000	$400,000	1.0000000	$400,000	$31,000,000	1.0000000

ERAF is not a taxing jurisdiction* * rounded*

LEGEND: *Letters in columns correspond with the steps in the County General example. The calculations are applicable to all jurisdictions.*

IMPLEMENTATION: Distribute Unitary Revenue in Subsequent Years – New Entity Added

Illustration of unitary revenue distribution for a newly created entity where current year revenue exceeds 102% of prior year.

EXCESS OF 102% IN CURRENT YEAR

EXCESS OF 102% IN PRIOR YEAR

Current year total unitary revenue	$	31,000,000	
Prior year up to 102%	$	30,600,000	A
Excess over 102%	$	400,000	

This chart illustrates the distribution of unitary revenue to the newly created **Blue Oak Fire Protection District**. *AB 8 Revenues* and *RDA Tax Increment* dollars were moved to the new entity from *County General.* The current and prior year total revenue amounts and the *Prior Year Unitary Factors* used here are the same as in the preceding chart (page 338n) to enhance comparability.

JURISDICTION	Prior Year Unitary Factor** *(column K on page 338g)*	Unitary Allocation Amount up to 102%	Allocation of Excess over 102%							Unitary Tax Revenue**	Unitary Factor**
			FY 2012-13 AB 8 Factors								
			AB 8 Revenues Net of ERAF	RDA Tax Increment	AB 8 Revenues	AB 8 Factor**	Allocated Amount**	ERAF Reallocation Factor**	Excess Amount		
		B			C	D	E	F	G	H	I
County General	0.2963148	$9,067,232	$58,600,000	(870,000)	$57,730,000	0.2130258	$85,210	0.2475557	$99,022	$9,166,255	0.2956857
Air Pollution Control	0.0008494	25,992	250,000	0	$250,000	0.0009225	369	0.0010720	429	26,420	0.0008523
Special Roads #3	0.0050183	153,560	1,300,000	0	$1,300,000	0.0047970	1,919	0.0055746	2,230	155,790	0.0050255
County Library	0.0229028	700,826	6,000,000	(320,000)	$5,680,000	0.0209594	8,384	0.0243568	9,743	710,568	0.0229216
Port Emerald	0.0161449	494,034	4,100,000	(448,000)	$3,652,000	0.0134760	5,390	0.0156604	6,264	500,298	0.0161386
County Flood Control	0.0033391	102,176	950,000	0	$950,000	0.0035055	1,402	0.0040738	1,630	103,806	0.0033486
Turquoise Water District	0.0035359	108,199	1,300,000	(160,000)	$1,140,000	0.0042066	1,683	0.0048885	1,955	110,154	0.0035534
Redevelopment Agency #1	0.0078598	240,510	0	3,200,000	$3,200,000	0.0118081	4,723	0.0137221	5,489	245,999	0.0079354
Jade Unified School District	0.5021348	15,365,325	124,200,000	(960,000)	$123,240,000	0.4547601	181,904	0.5284734	211,389	15,576,714	0.5024747
White Onyx Community College	0.0891181	2,727,014	22,500,000	(256,000)	$22,244,000	0.0820812	32,832	0.0953859	38,154	2,765,168	0.0891990
County School Service	0.0527821	1,615,132	13,000,000	(160,000)	$12,840,000	0.0473801	18,952	0.0550600	22,024	1,637,156	0.0528115
**Blue Oak Fire Protection*			1,000,000	(26,000)	$974,000	0.0035941	1,438	0.0041767	1,671	1,671	0.0000539
**ERAF	0.0000000		37,800,000	0	$37,800,000	0.1394834	55,793				0.0000000
Total	1.0000000	$30,600,000	$271,000,000	0	$271,000,000	1.0000000	$400,000	1.0000000	$400,000	$31,000,000	1.0000000

**ERAF is not a taxing jurisdiction* ***rounded*

LEGEND: *Letters in columns correspond with the steps in the County General example. The calculations are applicable to all jurisdictions.*

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18.10 Property Tax In Lieu of Motor Vehicle License Fee (VLF Swap)

Background

Enacted in 2004-05, Revenue and Taxation Code section 97.70 permanently provides additional property tax revenues to cities and counties in lieu of the discretionary Motor Vehicle License Fee (VLF) revenue these entities previously received.

This is commonly referred to as the *VLF Swap*. To ensure that no cities and counties are financially impacted, a dollar for dollar amount of funds will be replaced to each county and city in FY 2004-05 only, including a one-time true-up in 2005-06, as determined by the State Controller's Office. For future years, the growth of the In Lieu VLF will correspond to the annual local growth of each city and county increases in assessed valuation of taxable property, as calculated by the County Auditor (R & T §97.70(c)(1)(B)(i)). If the ERAF in any county is insufficient to satisfy the VLF swap, any additional amounts required will be drawn from the non-basic aid schools share of property tax, which will then be replenished by the State General Fund.

The Vehicle License Fee Adjustment Amount (VLF adjustment), as defined in Revenue and Taxation Code section 97.70(c)(1), will be funded by means of a reduction to the ERAF amount available for allocation to all school districts, community college districts, and county office of education in accordance with Revenue and Taxation Code section 97.70(a)(1)(A).

If the ERAF fund is insufficient to fund the VLF adjustment amount, the County auditor shall reduce the amount of ad valorem property tax revenue that is otherwise required to be allocated to non-basic-aid K-12 districts and community college districts in the county for that fiscal year by an amount equal to the difference between the VLF adjustment amount and the amount of ad valorem property tax revenue that is otherwise required to be allocated to the ERAF in accordance with Revenue and Taxation Code section 97.70(a)(1)(B).

It is recommended that the VLF Swap be done at the jurisdictional level (outside of the AB 8 process) because it is an exchange of discretionary vehicle license fees for Property Tax In Lieu of Vehicle License Fee (VLF). Although these in lieu taxes are classified as property taxes, they are not secured property taxes or unsecured property taxes in the traditional sense, but are originated from each county's ERAF fund.

Each county will establish the Vehicle License Fee Property Tax Compensation Fund (VLF Compensation Fund) to deposit property tax revenues equal to the determined VLF Adjustment amounts (R & T §97.70(a)(2)). In addition, a revenue account called the Property Tax In Lieu of Vehicle License Fee will be created for each county and city to record the allocation of revenues from the VLF Compensation Fund.

Calculations

The FY 2004-05 VLF Adjustment amounts, as determined by the State Controller, were the resulting difference between the estimated total amount of revenue that would have been deposited to the credit of the Motor Vehicle License Fee Account in the Transportation Tax Fund and the estimated total amount of revenue that is required to be distributed from the Motor Vehicle License Fee Account in the Transportation Tax Fund under Revenue and Taxation Code section 11005 [VLF Adjustment Amount R & T §97.70(c)(1)(A)]

FY 2005-06 included a one-time true-up calculated by the State Controller. For the FY 2005-06 and each fiscal year thereafter, the VLF Adjustment amount is calculated as follows (R & T §97.70(c)(1)(B)(i)): (Current year VLF Adjustment amount) = (Prior Year VLF Adjustment amount) multiplied by (1 + percent increase in locally assessed values on taxable properties) with the following notes and exceptions:

- The percent increase in locally assessed values on taxable properties is the percentage change from the prior fiscal year in gross taxable locally assessed valuation within the jurisdiction of the entity, as reflected in the equalized assessment for those fiscal years (R & T §97.70(c)(1)(B)(i)(IIb)).
- Locally assessed rolls includes the Assessors "601" (secured, unsecured, HOPTR - R & T §601 through 623), Boats, Airplanes, and the public utility roll as produced by the State Board of Equalization. However, the Unitary Roll is not to be included.
- An adjustment due to city annexations (R & T §97.70(c)(II)(i)(II)), where for the first fiscal year for which a change in a city's jurisdictional boundaries first applies, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated solely on the basis of the city's previous jurisdictional boundaries, without regard to the change in that city's jurisdictional boundaries. For each following fiscal year, the percentage change in gross taxable assessed valuation from the prior fiscal year to the current fiscal year shall be calculated on the basis of the city's current jurisdictional boundaries.

Method of Allocations

Secured and Unsecured Tax Rolls and Homeowners Exemption: Transfer the 2004-05 VLF Adjustment amounts as determined by the State Controller from the ERAF to the VLF Compensation Fund. Record the allocations from the VLF Compensation Fund to the newly created revenue account Property Tax In Lieu of Vehicle License Fee.

Timing and Entry of Allocations

Distribute the 1st half of the VLF Adjustment amount on or before January 31st and the 2nd half of the VLF Adjustment amount on or before May 31st of each fiscal year R & T §97.70(b)(2))

Account	Debit	Credit
Educational Revenue Augmentation Fund		
Due to ERAF	9,500,000	
Due to VLF Compensation fund		9,500,000
Due to VLF Compensation fund	9,500,000	
Cash		9,500,000
VLF Compensation Fund		
Cash	9,500,000	
Due to City of Zinfandel		50,000
Due to City of Shiraz		1,050,000
Due to City of Merlot		2,400,000
Due to County of Wine		6,000,000
Due to City of Zinfandel	50,000	
Due to City of Shiraz	1,050,000	
Due to City of Merlot	2,400,000	
Due to County of Wine	6,000,000	
Property tax In Lieu of VLF - City of Zinfandel		50,000
Property tax In Lieu of VLF - City of Shiraz		1,050,000
Property tax In Lieu of VLF - City of Merlot		2,400,000
Property tax In Lieu of VLF - County of Wine		6,000,000

Actuarial section. One of five sections of a CAFR of a public employee retirement system. The contents of this section typically include the actuary's certification letter, a summary of actuarial assumptions and methods, a schedule of active member valuation data, a schedule of retirants and beneficiaries added to and removed from rolls, a solvency test, an analysis of financial experience, an independent actuarial review opinion (if available), and a discussion of changes in plan provisions (if the plan has been amended).

Actuarial value of assets. A term used in connection with defined benefit pension plans. The value of cash, investments, and other property belonging to a pension plan, as used by the actuary for the purpose of an actuarial valuation. The *actuarial value of assets*, which may represent an average value over time, normally differs from the amount reported in the financial statements, which is a point-in-time measure (i.e., as of the date of the statement of net assets).

ADA. Average Daily Attendance, as determined by the State Department of Education.

Additions. A term used to describe increases in the net assets of fiduciary funds.

Administration cost. Includes only those direct costs for administration, data processing, collection, and appeal that are incurred by county auditors, assessors, and tax collectors.

Adopted budget. The budget document formally approved by the board of supervisors after the required public hearings and deliberations on the recommended budget. See **Final budget** and **Recommended budget.**

***Ad valorem**.** Value based

Ad valorem property tax. Any assessment imposed on the basis of the value of the real property, including any special *ad valorem* assessment.

Ad valorem property taxation. Any source of revenue derived from applying a property tax rate to the assessed value of property.

Advance From _____ Fund. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **Due From _____ Fund** and **Interfund Receivable/Payable.**

Advance refunding. A transaction in which new debt is issued to provide monies to pay interest on old, outstanding debt as it becomes due, and to pay the principal on the old debt either as it matures or at an earlier call date. An *advance refunding* occurs before the maturity or call date of the old debt, and the proceeds of the new debt are invested until the maturity or call date of the old debt. Most advance refunding results in defeasance of debt. [SGAS 7]

Advance To _____ Fund. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **Due To _____ Fund** and **Interfund Receivable/Payable.**

Adverse opinion. An opinion stating the auditor's view that the financial statements do not present fairly the financial position, results of operations, or changes in financial position, in conformity with generally accepted accounting principles.

Agency funds. One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets = liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. See **Fiduciary funds.**

* This entry added on 4/22/2014

Agent multiple-employer defined benefit pension/OPEB plan. An aggregation of single-employer plans, with pooled administrative and investment functions. Separate accounts are maintained for each employer so that the employer's contributions provide benefits only for the employees of that employer. A separate actuarial valuation is performed for each individual employer's plan to determine the employer's periodic contribution rate and other information for the individual plan, based on the benefit formula selected by the employer and the individual plan's proportionate share of the pooled assets.

Aggregate actuarial cost method. A term used in connection with defined benefit pension plans. A method under which the excess of the actuarial present value of projected benefits of the group included in an actuarial valuation over the actuarial value of assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations. That portion of the actuarial present value allocated to a valuation year is called the normal cost. The actuarial accrued liability is equal to the actuarial value of assets.

Agricultural land. See **Open Space Land**.

Agricultural preserve. An area devoted to either agricultural use, recreational use, open space use, or any combination of such uses, and which is established in accordance with the provisions of the California Land Conservation Act of 1965.

Agricultural use. Use of land for the purpose of producing an agricultural commodity for commercial purposes.

Allocate. To divide a lump-sum appropriation into parts which are classified for expenditure by specific organization units and/or for specific purposes, activities, or objects. See **Allocation.**

Allocated claims adjustment expenses. A term used in connection with risk financing activities. Expenses associated directly with specific claims paid or in the process of settlement, such as legal and adjusters' fees. In the context of risk financing activities, expenses associated directly with specific claims paid or in the process of settlement, such as legal and adjuster's fees.

Allocation. A part of a lump-sum appropriation which is classified for expenditure by specific organization units and/or for special purposes, activities, or objects. See **Allocate.**

Allot. To divide a budgetary appropriation into amounts that may be encumbered or expended during an allotment period (e.g., a government may choose to allot its annual budget to 12 monthly periods). See **Allotment** and **Allotment period.**

Allotment. A part of an appropriation that may be encumbered or expended during a given period. See **Allot** and **Allotment period**.

Allotment ledger. A subsidiary ledger which contains an account for each allotment showing the amount allotted, expenditures for the allotment period, outstanding encumbrances, and net balance. See **Appropriation ledger.**

Allotment period. A period of time during which an allotment is effective. Monthly and quarterly allotments are most common. See **Allot** and **Allotment**.

Allowance For Uncollectibles. A contra-asset valuation account used to indicate the portion of a receivable not expected to be collected.

Alternate method of tax apportionment. Allows counties to allocate secured property taxes to jurisdictions at 100% of the billed amount rather than actual tax collections. The county collects all future delinquent payments, penalties and interest, and distributes them to the appropriate funds.

Prepaid items. Payment in advance of the receipt of goods and services in an exchange transaction. Prepaid items differ from deferred charges in that they are spread over a shorter period of time than deferred charges and are regularly recurring costs of operations. Examples of prepaid items are prepaid rent, prepaid interest, and unexpired insurance premiums. See **Deferred charges.**

Prepayment of taxes. The deposits of money with a government on condition that the amount deposited is to be applied against the tax liability of a designated taxpayer after the taxes have been levied and such liability has been established. See **Taxes collected in advance.**

Present value. The discounted value of a future amount or amounts of cash, assuming a given rate of interest.

Primary government. A term used in connection with defining the financial reporting entity. A state government or general-purpose local government. Also, a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. The primary government is the focus of the financial reporting entity.

Primary users of general-purpose external financial reports. Those groups of financial statement users whose needs guide the development of GAAP. For state and local governments, the primary users of general-purpose external financial reports are (a) those to whom government is primarily accountable (the citizenry), (b) those who directly represent the citizens (legislative and oversight bodies), and (c) those who lend or participate in the lending process (investors and creditors).

Principal. In the context of bonds other than deep-discount debt, the face value or par value of a bond or issue of bonds payable on stated dates of maturity. See **Face value** and **Par value**.

Prior secured roll. See **Redemption roll**.

Prior unsecured roll. Unsecured taxes unpaid as of February 28 of each fiscal year.

Prior years' tax levies. Taxes levied for fiscal periods preceding the current one.

Private-purpose trust fund. A fiduciary trust fund type used to report all trust arrangements, other than those properly reported in pension and other employee benefit trust funds or investment trust funds, under which principal and income benefit individuals, private organizations, or other governments.

Pro forma. *Latin*: "as a matter of form," "an example." Term is used in conjunction with a noun to denote merely a sample form (i.e.pro forma document, statement, certificate, or presentation) the contents of which may be either wholly or partially hypothetical.

Program. Group activities, operations or organizational units directed to attaining specific purposes or objectives.

Program budget. A budget wherein expenditures are based primarily on programs of work and secondarily on character and object classification, on the one hand, and performance on the other. See **Performance budget** and **Traditional budget.**

Program compliance audit. An examination leading to the expression of an opinion on the degree of the audited entity's compliance with requirements imposed by intergovernmental grantors and the audited entity's eligibility for grant monies.

Program loan. A term used in connection with cash flows reporting. A loan made and collected as part of a governmental program that provides a "direct" benefit to "individual" constituents.

Program revenue. A term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself (fees and charges) or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

Projected unit credit actuarial cost method. A method under which the projected benefits of each individual included in an actuarial valuation are allocated by a consistent formula to valuation years. The actuarial present value of benefits allocated to a valuation year is called the *normal cost*. The actuarial present value of benefits allocated to all periods prior to a valuation year is called the *actuarial accrued liability*.

Property. Includes all matters and things, real, personal and mixed, capable of private ownership.

Property taxes*. Ad valorem property taxes plus non-ad valorem direct charges included on a tax bill which are attributable to real property

Proprietary funds. Sometimes referred to as income determination or commercial-type funds, the classification used to account for a government's ongoing organizations and activities that are similar to those often found in the private sector (i.e., enterprise and internal service funds). All assets, liabilities, equities, revenues, expenses and transfers relating to the government's business and quasi-business activities are accounted for through proprietary funds. The GAAP used are generally those applicable to similar businesses in the private sector and the measurement focus is on determination of net income, financial position and changes in financial position. However, where GASB has issued pronouncements applicable to those entities and activities, they should be guided by these pronouncements.

Provisions. In governmental fund types, budgeted amounts to provide for increases or decreases in fund balance classifications.

Public authority. See **Authority**.

Public corporation. See **Municipal corporation** and **Quasi-municipal corporation**.

Public employee retirement system (PERS). A state or local governmental entity entrusted with administering one or more pension plans; it also may administer OPEB plans and deferred compensation plans. A public employee retirement system also may be an employer that provides or participates in a pension plan or other types of employee benefit plans for employees of the system.

Public-entity risk pool. A cooperative group of governmental entities joining together to finance an exposure, liability, or risk. Risk may include property and liability, workers' compensation, or employee health care. A pool may be a stand-alone entity or included as part of a larger governmental entity that acts as the pool's sponsor.

Purchase order. A document authorizing the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

Purchases method. The method under which inventories are recorded as expenditures when acquired. See **Consumption method.**

Pure cash conduit. A term used in connection with pass-through grants. A grantor that merely transmits grantor-supplied moneys without having administrative or direct financial involvement in the program.

Purpose restrictions. A term used in connection with government-mandated and voluntary nonexchange transactions. Legal limitations that specify the purpose or purposed for which resources are required to be used (as distinguished from eligibility requirements).

* This entry added on 4/22/2014