

April 21, 2006

Assembly Member Nicole Parra, Chair
California State Legislature
Joint Legislative Audit Committee
1020 N Street, Room 107
Sacramento, CA 95814

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California State Senate
Budget and Fiscal Review Committee
State Capitol, Room 5035
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California State Assembly
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State Capitol, Room 6026
Sacramento, CA 95814

Final Report—Review of Bond Funds as of June 30, 2005

In accordance with the Governor's directive, we respectfully submit the final report on our review of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds, as of June 30, 2005. The report includes a status of open bond projects, a review of project expenditures, findings, recommendations, and a consolidated response from the Resources Agency. We plan to publish this report on the Department of Finance's website.

We appreciate the cooperation and assistance of all of the participating departments and agencies with our review. If you have any questions, please contact me or Richard R. Sierra, Manager, at (916) 322-2985.

Sincerely,

Original Signed By:

Diana L. Ducay, Chief
Office of State Audits and Evaluations

Enclosure

cc: Honorable Michael Chrisman, Secretary, Resources Agency
Honorable Alan C. Lloyd, Ph.D, Secretary, California Environmental Protection Agency
Honorable Kimberly Belshé, Secretary, California Health and Human Services Agency
Mr. Patrick Kemp, Assistant Secretary, Resources Agency
Mr. Bryan Cash, Deputy Assistant Secretary, Resources Agency
Mr. Stan Bajorin, Deputy Assistant Secretary, Resources Agency
Department Directors
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A REVIEW OF BOND FUNDS

Propositions 12, 13, 40, and 50 Status of Bond Projects and Expenditures As of June 30, 2005

Prepared By:
Office of State Audits and Evaluations
Department of Finance

TABLE OF CONTENTS

Preface.....	iii
Executive Summary	iv
Introduction	1
Scope and Methodology	4
Auditee Section—Project Overview and Status.....	6
Propositions 12, 40, and 50	6
Proposition 13	14
Review of Bond Expenditures	22
Proposition 12 (Schedules 1 and 2)	23
Proposition 13 (Schedules 3 and 4)	25
Proposition 40 (Schedules 5 and 6)	27
Proposition 50 (Schedules 7 and 8)	29
Findings and Recommendations	31
Conclusion	33
Response.....	34

PREFACE

The Department of Finance, Office of State Audits and Evaluations, performed this review at the Governor's direction. The review's purpose was to determine the project status of the 2000 Parks Bond (Proposition 12), 2000 Water Bond (Proposition 13), 2002 Resources Bond (Proposition 40), and 2002 Water Bond (Proposition 50) funds, and to audit the expenditures of those funds, for the period July 1, 2004 to June 30, 2005. Specifically, our objectives were to:

- Obtain from departments administering Proposition 12, 13, 40, and 50 bond funds, information on the status of their bond projects, including projects approved, expenditures incurred, and remaining appropriation balances.
- Review the applicable internal control of administering departments to determine areas of risk and to identify where the control and accountability for bond funds could be improved.
- Audit a sample of bond program expenditures/disbursements for the period July 1, 2004 to June 30, 2005, for accuracy and fiscal compliance with statutory or contractual requirements. Expenditures include state operations, capital outlay, and local assistance.

This report includes audit results for fiscal year 2004-05, and also summarizes cumulative information since program inception.

We did not conduct a performance review to assess the effectiveness and efficiency of the bond programs' operations or program compliance. The scope of our review was limited to fiscal compliance.

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EXECUTIVE SUMMARY

For the period July 1, 2004 to June 30, 2005, the Proposition 12, 13, 40, and 50 bond funds and bond-acquired assets were, except as noted, accurately accounted and reported in compliance with the bond acts, and in conformity with the accounting practices as prescribed by the State of California. The following is a summary of findings as of June 30, 2005:

Proposition 12

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,799,487,626.
- \$50,792,004 of the original allocation remained unappropriated and uncommitted.
- \$261,401,884 of the total appropriation remained unexpended, unencumbered, and uncommitted.

Proposition 13

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,455,310,535.
- \$342,143,851 of the original allocation remained unappropriated and uncommitted.
- \$434,745,042 of the total appropriation remained unexpended, unencumbered, and uncommitted.

Proposition 40

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,439,265,216.
- \$62,715,442 of the original allocation remained unappropriated and uncommitted.
- \$917,476,057 of the total appropriation remained unexpended, unencumbered, and uncommitted.

Proposition 50

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,049,976,395.
- \$1,070,359,403 of the original allocation remained unappropriated and uncommitted.

- \$1,203,754,882 of the total appropriation remained unexpended, unencumbered, and uncommitted.

Internal Control Issues

As discussed in the *Findings and Recommendations* section of this report, the control and accountability for bond funds could be strengthened and fiscal operations improved. The control issues pertain to accounting, reporting, and project monitoring.

Background

Between March 2000 and November 2002, California voters passed four bond measures totaling \$10.1 billion. Propositions 12 (\$2.1 billion) and 13 (\$1.97 billion), which passed on the March 2000 ballot, were followed by Propositions 40 (\$2.6 billion) and 50 (\$3.44 billion), which passed on the March and November 2002 ballots, respectively. These Propositions authorized the sale of bonds to finance a variety of resource programs. Administered by a number of state departments, agencies, boards, and conservancies (collectively referred to as *departments*), the proceeds from these bonds support a broad range of programs that protect, preserve, and improve California's water and air quality, open space, public parks, wildlife habitats, and historical and cultural resources. Bond proceeds are expended directly by the administering departments on various capital outlay projects, and are also disbursed to federal, state, local, and non-profit entities in the form of grants, contracts, and loans.

The bond programs provide for the issuance and sale of general obligation bonds of the State of California, and the establishment of special funds and accounts for depositing the proceeds and carrying out the purposes specified in each of the bond acts. Operating cash is provided by short-term loans from the State's Pooled Money Investment Account (PMIA). The PMIA loans are repaid upon sale of the bonds.

Program funds from Propositions 12 and 13 were appropriated beginning with fiscal year 1999-00. Propositions 40 and 50 were appropriated beginning with fiscal years 2001-02 and 2002-03, respectively. Departments anticipate that most projects will be completed by 2012-13, with a few projects extending beyond this period.

The details for each bond program are discussed below.

Proposition 12

Responding to the recreational and open-space needs of a growing population and expanding urban communities, the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 renews state stewardship of natural resources by investing, through the issuance and sale of \$2.1 billion in general obligation bonds, in neighborhood and state parks, clean water protection, coastal beaches, and scenic areas. Implemented by Chapter 461, Statutes of 1999 (Assembly Bill 18, Villaraigosa and Keeley), as amended by Chapter 638, Statutes of 1999 (Senate Bill 1147, Leslie), the act finances a comprehensive program for the acquisition, development, improvement, rehabilitation, restoration, enhancement, and protection of park, recreational, cultural, historical, fish and wildlife, lake riparian, reservoir, and coastal resources. *[Source: Assembly Bill 18]*

To manage program implementation, Proposition 12 funding was allocated to 13 departments for support, local assistance, and capital outlay. The capital outlay projects consist primarily of land acquisition and restoration for the state park system, coastal areas, and protection of fish and wildlife. A portion of the Proposition 12 funding is also allocated to local agencies and non-profit organizations for urban parks, recreational facilities, cultural centers, restoration projects, and land acquisitions. The Proposition 12 funds allocated to each department and bond act section are summarized on Schedules 1 and 2, respectively.

The act also created the Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Fund (0005) for purposes of depositing the proceeds from the sale of bonds, and for funding the programs specified in the act. Appropriations are made from this fund.

The Resources Agency was assigned the overall lead responsibility for the Propositions 12, 40, and 50 programs, and the Department of Parks and Recreation was assigned the responsibility to track participating departments' cash needs, loans, and allocation balances. Departments are responsible for managing their individual projects and for maintaining project accounting records.

Proposition 13

The Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act provides funding to enhance water supply reliability, improve water quality and safety, improve flood protection, and increase the beneficial use of existing water supplies in California. The act also provides loan and grant funding for urban and agricultural water conservation, infrastructure rehabilitation, and groundwater recharge and storage projects or feasibility studies. To finance the act's programs, the state is authorized to sell \$1.97 billion in general obligation bonds. *[Source: Assembly Bill 1584]*

Implemented by Chapter 725, Statutes of 1999 (Assembly Bill 1584, Machado and Costa), and administered by 11 departments, the act's funding comprises support, local assistance, and capital outlay. More than half of the funding is designated for grants and loans to local agencies and non-profit organizations.

The act also created the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Bond Fund (6001) for purposes of depositing the proceeds from the sale of bonds, and for funding the programs specified in the act. This main fund serves as a clearing account for 28 related sub-funds and sub-accounts, each of which receive specific appropriations.

Although a lead agency has not been assigned to oversee and coordinate Proposition 13 activities, the administering departments are responsible for managing their cash needs and for maintaining records in support of project activities and expenditures.

The Proposition 13 funds allocated to each department and bond act section are summarized on Schedules 3 and 4, respectively.

Proposition 40

The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 provides funding for clean air, clean water, clean beaches, and healthy natural ecosystems that can support both human communities and the state's native fish and wildlife. The act also provides funding for the protection, restoration, and interpretation of the diverse

cultural influences and extraordinary human achievements that have contributed to the unique development of California. To finance these programs, Proposition 40 authorizes the sale of \$2.6 billion in general obligation bonds. *[Source: Assembly Bill 1602]*

Implemented by Chapter 875, Statutes of 2001 (Assembly Bill 1602, Keeley), as codified in Division 5, Chapter 1.696 (commencing with Section 5096.600) of the Public Resources Code, and administered by 17 departments, the act's funding comprises support, local assistance, and capital outlay.

The act created the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Fund (6029) for purposes of depositing the proceeds from the sale of bonds and for funding the programs specified in the act. Appropriations are made from this fund.

The Proposition 40 funds allocated to each department and bond act section are summarized on Schedules 5 and 6, respectively.

Proposition 50

The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 provides funding to secure a safe, clean, affordable, and sufficient water supply to meet the needs of California residents, farms, and businesses. The act also provides funding to safeguard the integrity of the state's water supply, the CALFED Bay-Delta Program, establish and facilitate integrated regional water management systems, protect urban communities from drought, and to protect, restore, and acquire beaches, wetlands, and watershed lands along the coast. To finance these programs, the state is authorized to sell \$3.44 billion in general obligation bonds. *[Source: Division 26.5 of the Water Code]*

Implemented by Section 1, Division 26.5 (commencing with Section 79500) of the Water Code, and administered by 14 departments, the act's funding comprises support, local assistance, and capital outlay.

The act also created the Water Security, Clean Drinking Water, Coastal and Beach Protection Fund (6031) for purposes of depositing the proceeds from the sale of bonds and for funding the programs specified in the act. Appropriations are made from this fund.

The Proposition 50 funds allocated to each department and bond act section are summarized on Schedules 7 and 8, respectively.

SCOPE AND METHODOLOGY

On November 9, 1999, the Governor directed each department allocated Proposition 12 and 13 funds “to annually report to the Department of Finance: a list of projects approved, the progress of the project or actual expenditures made, and the amount of funds remaining in each account.” The Governor also directed the Department of Finance to annually audit and report on the expenditure of these funds. Subsequent bond language required the Secretary for Resources to provide for an annual audit of Proposition 40 expenditures. Upon passage of Propositions 40 and 50, the Resources Agency requested the Department of Finance to annually audit Propositions 40 and 50 in conjunction with, and using the same requirements as, the audits of Propositions 12 and 13.

In response to the Governor’s directive, the Department of Finance, Office of State Audits and Evaluations, has completed its audit of Proposition 12, 13, 40, and 50 expenditures, as of June 30, 2005, and presents its fifth annual report.

Our scope included an audit of the Proposition 12, 13, 40, and 50 bond controls and transactions for the period July 1, 2004 to June 30, 2005, and a compilation of department-reported project information for the period July 1, 2000 to June 30, 2005, with the objective of determining whether the bond expenditures and encumbrances were accurately reported. The methods used and procedures performed by scope area are as follows:

- **We determined whether administering departments had effective control and accountability for bond funds, and whether they had adequate project monitoring processes.** For this area, we interviewed administering departments’ fiscal and program staff, observed operations and activities, reviewed policies and procedures, reviewed contract terms and project scopes, reviewed project files for evidence of periodic monitoring and submission of required deliverables, and tested a sample of bond expenditures for proper authorization and compliance with established procedures and contract terms. Where appropriate, we reviewed and relied on the work of other auditors. Except as noted, bond funds and bond-acquired assets were safeguarded against loss from unauthorized use or disposition, bond transactions were executed in accordance with management’s authorization and recorded properly to permit the preparation of reliable financial reports, and fiscal/monitoring activities followed sound business practices and were conducted in accordance with the bond acts and with policies and procedures established in the State Administrative Manual (SAM). Identified control weaknesses are described in the *Findings and Recommendations* section of this report.
- **We determined whether bond funds were expended and reported in accordance with the bond acts and state accounting requirements.** To complete this objective, we reviewed the bond acts and applicable laws and regulations, reviewed policies and procedures, interviewed administering

departments' management and staff, reviewed and verified bond allocations and appropriations, verified fund transfers, reconciled accounting records with financial reports, tested a sample of expenditures (support, local assistance, and capital outlay) to supporting documents, reviewed grant agreements and contracts, and verified the validity of encumbrances and reserves. We inspected acquired land (on a limited basis) and reviewed appraisals, escrow/closing statements, deeds of trust, and the recording of state-owned land in departmental funds/accounts and statewide real property inventories. Where appropriate, we reviewed and relied on the work of other auditors. Bond expenditures for the period July 1, 2004 to June 30, 2005 were accurately accounted and reported in compliance with the bond acts, and in conformity with the accounting practices as prescribed by the State of California. The results of our audit are summarized on Schedules 1 through 8.

During the period March 1, 2002 to September 15, 2005, we audited 286 Proposition 12, 13, 40, and 50 grant contracts awarded to federal and local agencies, joint powers authorities, and nonprofit organizations. The objective of these audits was to determine the grantees' fiscal compliance with the contracts. We issued separate reports to grantees and funding departments concerning the audit work performed, and identified only isolated compliance or control exceptions. We will continue these grant audits during fiscal year 2005-06.

- **We compiled administering departments' self-reported project status information.** In accordance with the Governor's directive, we requested all administering departments to report to us the status of their projects (by bond act section). Specific projects are designated as completed when activities, as funded by the bond propositions, have been fulfilled. For example, land acquisition projects are deemed completed when escrow closes and title is transferred; and construction projects are considered completed when the project is available for its designated use, and the department/grantee has complied with the required administrative actions (i.e. certificate of completion, final progress report, final inspection, etc.). To obtain project information, we distributed surveys and corresponded with department staff. The results are summarized in the *Project Overview and Status* section of this report.

The project status information was reported to us through June 30, 2005. Because this information is estimated and self-reported, our auditing procedures did not extend to a verification of the reported project information, and we make no representations about its accuracy. However, we did review the information for consistency of presentation among departments, and made inquiries to clarify and specify details. We will continue reviewing project completion during subsequent field audits of grantees.

Our review did not include an assessment of the bond authorization, issuance, and sale processes, or an examination of the efficiency or effectiveness of program operations. Further, we did not assess the reasonableness of the land acquisition costs, or the conservation value of the land acquired or projects completed.

AUDITEE SECTION

PROJECT OVERVIEW AND STATUS

Since July 1, 2000, most administering departments developed processes to review applications, identify and prioritize projects and grantees, and administer the bond programs. In addition to directly-managed projects, administering departments issued grant contracts for land acquisitions, construction projects, and studies with various completion dates.

Due to the large volume of individual projects, no attempt has been made to summarize all projects at the grant level. Instead, departments aggregated the projects into the major categories as shown in the bond acts, and summarized their status on a consolidated basis. However, for certain major projects, departments provided more detailed information. In the bond acts, Proposition 12 and most of the Proposition 40 and 50 funds were allocated by *department*, while Proposition 13 funds were allocated by *specific program* (with one or more participating departments). Further, some departments may have reported the total number of grants/contracts, while others reported the total number of projects (where one or more grants/contracts comprise a single project). Consequently, there may be differences in presentation among the four propositions and departments. For Proposition 13, project status is reported by department where possible. Completed projects represent projects where activities, as funded by the bond propositions, have been fulfilled. The reported project costs are the maximum amount of bond funds allowed by the project, contract, grant, or encumbrance.

The departments provided to us the following project status information as of June 30, 2005. The number of projects and allocations/appropriations are for the period July 1, 2000 to June 30, 2005. Reporting departments are responsible for the accuracy and completeness of the information contained herein.

Propositions 12, 40, and 50

Department of Parks and Recreation: The Department of Parks and Recreation (DPR) administers the largest and most complex state park system in the world, including hundreds of units, from mountain and desert wilderness to historic structures and urban districts. The DPR serves several roles under Propositions 12 and 40. It operates the State Park System and receives funding to acquire new parks, restore existing park resources and volunteer facilities, and improve visitor facilities. Additionally, per capita and competitive grants/contracts are made to local agencies. Some of the grants are for urban recreation programs, historic preservation, zoos, museums, aquariums, and youth facilities. The DPR has been allocated \$1.364 billion from Proposition 12 and \$1.095 billion from Proposition 40 for these purposes.

A total of \$1.340 billion has been appropriated to DPR under Proposition 12. The DPR approved and funded 2,865 projects (including grant-funded projects). Major projects include acquisitions at Topanga Canyon (\$43 million), Kenneth Hahn (\$36 million), Los Angeles Cornfields (\$33 million), Taylor Yards (\$25 million and \$11 million), Irish Hills (\$13 million), Chino Hills (\$10 million and \$4 million), and Mill Creek (\$10 million, with additional bond funds from the State Coastal Conservancy and Wildlife Conservation Board); and

development/rehabilitation projects at Angel Island (\$14 million), Bolsa Chica (\$9 million), Mt. Diablo (\$5 million), and Hearst San Simeon (\$5 million). The DPR completed 1,261 projects. For the remaining projects, estimated completion dates range from fiscal years 2005-06 to 2009-10.

A total of \$1.093 billion has been appropriated under Proposition 40, inclusive of \$127 million from an unspecified allocation. The DPR approved and funded 1,925 projects. Major projects include improvements for the Kenneth Hahn State Recreation Area (\$10 million), Chino Hills State Park Entrance Road project (\$13 million), Leland Stanford Mansion grounds project (\$3 million), Calaveras Big Trees Visitor Center (\$3 million), and acquisitions at Harmony Coast/Sea West Ranch (\$15 million), Cottle Ranch (\$5 million), and John B. Dewitt State Reserve (\$2 million). The DPR completed 365 projects. For the remaining projects, estimated completion dates range from fiscal years 2004-05 through 2011-12.

California Conservation Corps: The California Conservation Corps (CCC) provides assistance to local agencies that participate in a variety of conservation projects, including stream and wetlands restoration and other resource projects. Project funds are disbursed to the CCC's 14 Centers and 5 Districts for support projects, and as grants to local conservation corps. The CCC was allocated \$15 million from Proposition 12 and \$20 million from Proposition 40.

A total of \$16.8 million was appropriated from Proposition 12 and \$14.5 million from Proposition 40. The CCC awarded 200 contracts under Proposition 12 and 119 contracts under Proposition 40. One Proposition 12 project and one Proposition 40 project remain open with expected completion dates of August 2005.

Wildlife Conservation Board: The Wildlife Conservation Board (WCB) acquires wildlife habitats, primarily for later management by the Department of Fish and Game. Most of the allocated funds will go toward the preservation of habitat for endangered plants and animals. The WCB will also use funds for the acquisition and restoration of wetlands, waterfowl habitat, ancient redwoods and oak woodlands, the preservation of the Salton Sea, as well as other wildlife projects. The WCB was allocated \$265.5 million, \$300 million, and \$940 million under Propositions 12, 40, and 50, respectively.

As of June 30, 2005, \$255.3 million and \$344.5 million have been appropriated via Propositions 12 and 40, and \$1.010 billion from Proposition 50. Included in the Proposition 40 appropriation is \$24 million from the unspecified allocation. The bond act continuously appropriated the WCB's Proposition 40 and 50 allocations, while the budget act appropriated additional funds for estimated statewide costs and future obligations, resulting in over-appropriations. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the original allocations. Project funds are disbursed in the form of grants to government agencies, non-profit organizations, or directly to vendors/contractors. The WCB awarded 142 contracts under Proposition 12 (including 14 on behalf of the San Joaquin River Conservancy), 61 contracts under Proposition 40, and 57 contracts under Proposition 50. The WCB provided \$77 million for the acquisition/expansion at Bolsa Chica in Orange County and \$34 million for the Hearst Ranch conservation easement in San Luis Obispo County. In addition, the WCB provided \$3.7 million for the preservation of agricultural lands and grazing lands, including oak woodlands and grasslands, and for conservation easements at the Pleasant Valley Conservation Area in Solano County, El Chorro Ranch Conservation Area in Santa Barbara County, and Long Ranch Conservation Area in Mariposa County. Of the 260 projects, 106 Proposition 12, 23 Proposition 40, and 14 Proposition 50

projects have been completed. The remaining Proposition 12 projects are scheduled for completion by July 2007, and Proposition 40 and 50 projects by June 2008.

California Tahoe Conservancy: The California Tahoe Conservancy (CTC) was established to develop and implement programs to improve Lake Tahoe's water quality, preserve the region's scenic beauty and recreational opportunities, provide public access, preserve wildlife habitat, and manage and restore lands to protect the natural environment. The CTC was allocated \$50 million, \$40 million, and \$40 million through Propositions 12, 40, and 50, respectively.

A total of \$48.3 million was appropriated under Proposition 12, \$15.8 million under Proposition 40, and \$9.4 million under Proposition 50. Project funds are for the acquisition of lands and for installation of site improvements. Project activities will support the Conservancy and the State of California in meeting its commitments in implementing the Environmental Improvement Program (EIP) for the Tahoe Basin. The CTC awarded 81 contracts under Proposition 12, 8 contracts under Proposition 40, and 5 contracts under Proposition 50. Significant projects include the Meadow Edge acquisition of more than 311 acres, representing the largest remaining private ownership in the Upper Truckee Marsh. Proposition 12 funds were also granted to the Tahoe City Public Utility District for improvement and enhancement of public access at Commons Beach. A total of 26 Proposition 12 contracts have been completed, with the remaining scheduled for completion by June 2008. All Proposition 40 and Proposition 50 contracts remain open and are scheduled for completion by June 2008 and June 2009, respectively.

California State Coastal Conservancy: The California State Coastal Conservancy (SCC) was created to purchase, protect, restore, and enhance coastal resources and access. The SCC finances a variety of coastal programs and projects, including projects to protect San Francisco Bay, Santa Monica Bay, Newport Bay, Ballona Wetlands, and the Laguna Coast. Additional programs include coastal protection, salmon protection and restoration, creation of trails along the coast and Guadalupe River, and extension of the San Francisco Bay Ridge Trail. The SCC has been allocated \$250.4 million, \$240 million, and \$140 million via Propositions 12, 40, and 50, respectively.

A total of \$588.3 million has been appropriated (\$252.9 million from Proposition 12, \$267.2 million from Proposition 40, and \$68.2 million from Proposition 50). Included in the Proposition 40 appropriation is \$50.4 million from the unspecified allocation. Project funds are disbursed in the form of grants to local or non-profit agencies, or directly to vendors/contractors. The SCC awarded 564 contracts under Proposition 12, 359 contracts under Proposition 40, and 57 contracts under Proposition 50. Contracts include a \$2.5 million award to the Mountains Recreation and Conservation Authority for the Malibu Creek watershed/water quality project, \$2.1 million to the Point Cabrillo Light Keepers Association for restoration of the historic lighthouse in Mendocino County, and \$13 million for the Hearst Ranch acquisition. A total of 541 contracts have been completed under Proposition 12, 103 contracts under Proposition 40, and 8 contracts under Proposition 50. The remaining Proposition 12 contracts have estimated completion dates through August 2026, and Proposition 40 and 50 contracts have estimated completion dates through May 2025.

Santa Monica Mountains Conservancy: The Santa Monica Mountains Conservancy (SMMC) was established to preserve land in the Santa Monica Mountains region of western Los Angeles and eastern Ventura counties. The SMMC works closely with the National Park Service and DPR in protecting wildlife habitat and recreation areas. Additionally, the SMMC has established partnerships with a variety of local agencies to protect unique resources in Los Angeles County,

such as the Los Angeles River, Whittier Hills, and parklands in Ventura County. SMMC was allocated \$35 million, \$40 million, and \$40 million in Proposition 12, 40, and 50 funds, respectively, to continue these programs.

A total of \$36.7 million was appropriated from Proposition 12, \$37 million from Proposition 40, and \$19.4 million from Proposition 50. Project funds are granted to the Mountains Recreation and Conservation Authority (MRCA). The SMMC awarded 142 contracts to the MRCA: 73 contracts from Proposition 12, 56 from Proposition 40, and 13 from Proposition 50. Major projects include the \$9.5 million Avatar acquisition in the City of Los Angeles (Proposition 12), and the \$2 million Oakmont acquisition in the County of Los Angeles (Proposition 40). A total of 65 Proposition 12 projects, 40 Proposition 40 projects, and 6 Proposition 50 projects have been completed. The remaining Proposition 12 projects are due for completion by July 2007, and Propositions 40 and 50 projects by September 2007.

Coachella Valley Mountains Conservancy: The Mountains surrounding the Coachella Valley are unique biological, historical, cultural, and recreational resources. They are heavily used by visitors from around the world, and are of great importance to the area's Native Americans. The Coachella Valley Mountains Conservancy (CVMC) was established to acquire the most important lands threatened by development. Proposition 12 provides \$5 million and Proposition 40 provides \$20 million to continue this program.

A total of \$24.6 million was appropriated: \$5.5 million from Proposition 12 and \$19.1 million from Proposition 40. Project funds are disbursed either for direct acquisitions by the CVMC or as grants to local agencies and nonprofit organizations. The CVMC awarded 51 contracts: 23 under Proposition 12 and 28 under Proposition 40. Contracts included \$9.5 million for acquisition of the 8,881-acre Cathton property, which protects a critical wildlife linkage between the Coachella Valley Fringe-toed Lizard Preserve and Joshua Tree National Park. All contracts have been completed.

San Joaquin River Conservancy: Undeveloped land surrounding the San Joaquin River, between Friant Dam and Highway 99 in Fresno and Madera counties, is a unique resource to the fast growing San Joaquin Valley, which suffers from a dearth of protected natural lands. The San Joaquin River Conservancy (SJRC) has been allocated \$15 million from Proposition 12 and \$25 million from Proposition 40 to promote land acquisition, habitat preservation and enhancement, and public access and recreation programs.

A total of \$14.6 million was appropriated under Proposition 12 and \$22.2 million under Proposition 40. These funds have been appropriated to the Wildlife Conservation Board on behalf of the SJRC. Public access and recreation project funds are disbursed in the form of grants to local government and nonprofit agencies, or directly to contractors. The SJRC awarded 14 Proposition 12 contracts, including a \$1.7 million expansion to the San Joaquin River Parkway. Three contracts have been completed, with the remaining contracts scheduled for completion by June 2007. As of June 30, 2005, no Proposition 40 contracts had been awarded.

Department of Conservation: The Department of Conservation (DOC) manages a number of resource programs, including an agricultural conservation easement program to prevent the non-agricultural development of farmland. Conservation easements are acquired from willing sellers, who can continue to farm without restriction of agricultural activity. Upon sale of the easement, non-agricultural development is prevented. The DOC was allocated \$25 million from Proposition 12 for easement grants.

A total of \$24.1 million was appropriated under Proposition 12 and \$22.5 million via the Proposition 40 unspecified allocation. In addition, \$3.2 million from the unspecified Proposition 50 allocation went to the DOC for implementation of the CALFED Bay-Delta Program and to continue the Watershed Coordinator Grant Program. The DOC awarded 38 contracts under Proposition 12 and 5 contracts under Proposition 40. The DOC also awarded 48 Watershed Coordinator Grants originally funded by CBDA and administered by the DOC under a reimbursement agreement. As of June 2005, DOC had extended funding for the same 48 grants. Projects include \$2.2 million for the McConeghy agricultural easement and \$2 million for preservation of the 154-acre Sand Hill Bluff property. A total of 25 Proposition 12 contracts have been completed, with the remaining contracts scheduled for completion by May 2006. One Proposition 40 contract has been completed with the remaining scheduled for completion by October 2006. All Proposition 50 contracts are scheduled for completion by May 2007.

Department of Forestry and Fire Protection: The Department of Forestry and Fire Protection's (CDF) Urban Forestry Program provides grants to urban communities to plant and maintain trees. This program improves air quality, makes neighborhoods more attractive, improves property values, and provides wildlife habitats. To continue these efforts, the CDF was allocated \$10 million from Proposition 12 and \$10 million from Proposition 40.

A total of \$8.5 million was appropriated from Proposition 12 for the Urban Forestry Program. The CDF was also appropriated \$9.5 million and \$480,000 from the unspecified Proposition 40 and 50 allocations, respectively. Project funds are disbursed in the form of grants/contracts. The CDF awarded 185 Proposition 12 contracts, of which 90 have been completed. The CDF also awarded 220 Proposition 40 contracts, of which 121 have been completed. Two Proposition 50 contracts have been awarded. All open contracts have an expected completion date of March 2008.

Department of Fish and Game: The Department of Fish and Game (DFG) was allocated \$12 million in Proposition 12 funds. The DFG is mandated under Proposition 12 to implement waterfowl habitat improvement projects, and to remove non-native vegetation. The DFG will also administer lands acquired with these funds.

A total of \$8.4 million was appropriated from Proposition 12. A specific allocation was not identified for DFG in the Proposition 40 and 50 bond acts; however, \$24 million from an unspecified Proposition 40 allocation went to the DFG for projects that protect beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. In addition, \$76.5 million from an unspecified Proposition 50 allocation went to DFG for implementation of the CALFED Bay-Delta Program. Project funds are for the development, restoration, and preservation of habitats and wetlands. The DFG awarded 286 contracts: 118 contracts under Proposition 12, 139 under Proposition 40, and 29 under Proposition 50. Proposition 12 contracts include \$458,158 for construction of the Gray Lodge Wildlife Area office complex in Butte County, and \$1.2 million to Trinity County for bridge replacement. The DFG completed 35 Proposition 12 contracts; the remaining 83 contracts have expected completion dates ranging from 2007 to 2013. The DFG completed 54 Proposition 40 contracts, with the remaining contracts scheduled for completion by March 2009. The Proposition 50 contracts are scheduled for completion by June 2009.

San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy: The San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy's (RMC) mission is to preserve urban open space and habitats. To fulfill that mission, the RMC undertakes projects that provide low-impact recreation, education, wildlife and habitat restoration, and watershed improvements. The RMC was allocated \$40 million and \$20 million in Proposition 40 and 50 funds, respectively.

A total of \$38.4 million and \$10.7 million was appropriated from Propositions 40 and 50, respectively. The RMC awarded 88 Proposition 40 contracts and 17 Proposition 50 contracts. Contracts include the \$5 million Wrigley Heights acquisition project, \$2.5 million Glendora land acquisition project, and \$1.3 million Duck Farm acquisition project. The RMC completed 13 Proposition 40 contracts and 1 Proposition 50 contract. The remaining contracts are to be completed by August 2007.

Baldwin Hills Conservancy: The Baldwin Hills Conservancy's (BHC) mission is to acquire open space and manage public lands within the Baldwin Hills area and to provide recreation, restoration, and protection of wildlife habitat for the public's enjoyment and education. The BHC was allocated \$40 million from Proposition 40.

A total of \$29.6 million was appropriated. The BHC awarded 11 contracts, including a \$200,000 interagency reimbursement agreement with the State Lands Commission for studies, appraisals, and evaluations of potential land acquisitions; a \$2.9 million capital improvement grant for a 15-acre expansion of visitor facilities in Kenneth Hahn State Recreation Area; and multiple local assistance grants for trail access and habitat interpretation projects. Four contracts have been completed with the remaining to be completed by June 2007.

California Bay-Delta Authority: The California Bay-Delta Authority (CBDA) was established by enactment of SB 1653 (Costa, 2002) to formally assume responsibility for overseeing implementation of the CALFED Bay-Delta Program. The program was created to develop a long-term comprehensive plan that will restore ecological health and improve water management for beneficial uses of the Bay-Delta System. Proposition 50 allocated \$825 million for surface water storage, water conveyance facilities, Delta Levee restoration, water supply reliability projects, ecosystem restoration, watershed programs, water conservation, and recycling.

A total of \$109.3 million was appropriated via the DWR from an unspecified \$825 million allocation available for the CALFED Bay-Delta program. The CBDA awarded 19 contracts. The CBDA also funded 48 DOC Watershed Coordinator Grants, which were administered by DOC under a reimbursement agreement. Five of the nineteen contracts have been completed, with the remaining to be completed by October 2011. The DOC will continue funding for the 48 Watershed Coordinator Grants, which are expected to be completed by June 2007.

Department of Water Resources: The Department of Water Resources (DWR) manages California's water resources in cooperation with other agencies to benefit the state's citizens, and to protect, restore, and enhance natural and human environments. The DWR was allocated \$370 million from Proposition 50 for contaminant and salt removal technologies, and for canal lining projects related to the Colorado River. The DWR will also administer funds for water management projects, such as groundwater recharge, water conservation, storm water management, and water quality improvement.

A total of \$461.3 million was appropriated, including \$332.5 million from the unspecified Proposition 50 allocation for the implementation of the CALFED Bay-Delta Program. The DWR awarded 237 contracts, including \$9.6 million each for the Coachella Canal Lining Project and the All American Canal Lining Project, and \$8.6 million for the Kern County Water Agency. As of June 30, 2005, 26 contracts had been completed, with the remaining contracts to be completed by December 2010.

Resources Agency: The California Resources Agency (RA) is an integral part of the Governor's cabinet. The RA oversees a wide variety of departments, boards, and commissions, including all of those listed above, and is also the lead agency for the state's Proposition 12, 40, and 50 programs. Although the individual departments manage most programs, the RA directly manages a few. These programs include the acquisition, restoration, protection, and development of river parkways; and funding grants to local public agencies, local water districts, and nonprofit organizations for the acquisition of land and water resources to protect water quality in lakes, reservoirs, rivers, streams and wetlands in the Sierra Nevada-Cascade Mountain Region. The RA was allocated \$45.9 million from Proposition 12, \$75 million from Proposition 40, and \$130 million from Proposition 50 to accomplish its missions.

A total of \$44.2 million was appropriated under Proposition 12, \$65.6 million under Proposition 40, and \$17.9 million under Proposition 50. Project funds are disbursed in the form of grants to local agencies. The RA awarded 95 contracts: 49 contracts under Proposition 12 and 46 contracts under Proposition 40. Contracts include \$2 million for the Azusa Wilderness Park acquisition in Los Angeles County and \$1.9 million for the San Lorenzo River Development project in Santa Cruz County. The RA completed 19 projects: 14 under Proposition 12 and 5 under Proposition 40. The remaining projects are scheduled for completion by May 2007. As of June 30, 2005, no Proposition 50 contracts had been awarded.

Department of Health Services: The Department of Health Services' (DHS) Drinking Water Program provides grants and loans to local communities for infrastructure improvements, water contamination removal and treatment, and protection of drinking water systems from deliberate acts of destruction. The DHS was allocated \$485 million in Proposition 50 funds for these efforts.

A total of \$227.4 million was appropriated. As of June 30, 2005, no contracts had been awarded or loans made.

California Integrated Waste Management Board: The California Integrated Waste Management Board's (CIWMB) Proposition 12 program includes grants to local agencies to assist them in meeting state and federal accessibility standards at public playgrounds. The local agency guarantees that 50 percent of the grant will be used for the improvement or replacement of playground equipment or facilities through the use of recycled materials. Proposition 12 provides \$7 million for this program.

A total of \$6.1 million was appropriated, from which the CIWMB awarded 113 contracts. All contracts have been completed.

State Water Resources Control Board: The State Water Resources Control Board (SWRCB) has a primary mission of preserving, enhancing, and restoring the quality of California's water resources and to ensure their proper allocation and efficient use for the benefit of present and future generations. A specific SWRCB allocation was not identified in the Proposition 40 bond act. However, \$175.1 million from the unspecified allocation went to the SWRCB to protect

beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. The SWRCB was also allocated \$450 million in Proposition 50 funds to continue these programs.

A total of \$175.1 million was appropriated from the Proposition 40 unspecified allocation and \$238.9 million was appropriated from Proposition 50. Included in the Proposition 50 appropriation is \$74.5 million from the unspecified allocation. The SWRCB awarded 85 contracts: 29 contracts from Proposition 40 and 56 contracts from Proposition 50. Contracts include a \$5 million grant to Inland Empire Utilities for water pump construction and a \$4 million grant to the City of Dana Point for construction of the Salt Creek Storm Drain. Two Proposition 50 contracts and one Proposition 40 contract are closed. Completion of the remaining Proposition 40 contracts is expected by September 2008, and the remaining Proposition 50 contracts by March 2009.

Air Resources Board: The Air Resources Board (ARB) works with the public, the business sector, and local governments to protect the public's health, the economy, and the state's ecological resources. The ARB seeks to achieve these goals through the cost-effective reduction of air pollution. The ARB was allocated \$50 million from Proposition 40 for grants to air districts that reduce air pollution in state and local parks and recreation areas.

A total of \$48 million has been appropriated. The ARB awarded 60 Carl Moyer Program Grants totaling \$38 million, and 9 Lower-Emission School Bus Program grants totaling \$10 million. Twelve of these grants remain open, with completion expected by June 2006.

California State Library: The California State Library, California Culture and Historical Endowment (CCHE), provides grants and loans to public agencies and nonprofit organizations to protect and preserve California's cultural and historic resources.

In addition to preserving historic resources commonly associated with California, such as the Missions and artifacts from the Gold Rush, CCHE also funds projects that tell the stories of California as a unified society and of the many groups of people that together comprise historic and modern California.

A total of \$130 million has been appropriated from the unspecified Proposition 40 funds. As of June 30, 2005, no contracts had been awarded.

Proposition 40 Allocation Made To An Unspecified State Department

An unspecified \$300 million allocation was designated for the purposes of protecting beaches, coastal waters, rivers, lakes, and streams from contaminants, pollution, and other environmental threats. As of June 30, 2005, appropriations had been made to the State Coastal Conservancy (\$50.4 million), Department of Fish and Game (\$24 million), State Water Resources Control Board (\$175.1 million), and Department of Forestry and Fire Protection (\$9.5 million).

An unspecified \$267.5 million allocation was designated for the acquisition, development, preservation, and interpretation of buildings, structures, sites, places, and artifacts that preserve and demonstrate culturally significant aspects of California's history. A total of \$35 million is designated for the development, rehabilitation, preservation, restoration, and interpretation of resources at Golden Gate Park in San Francisco. In addition, \$2.5 million is allocated to the County of Los Angeles for the El Pueblo Cultural and Performing Arts Center. As of June 30, 2005, appropriations had been made to the California State Library (\$130 million) and the Department of Parks and Recreation (\$127 million).

An unspecified \$75 million allocation was designated for grants that preserve agricultural and grazing lands, including oak woodlands and grasslands. As of June 30, 2005, appropriations had been made to the Department of Conservation (\$22.5 million) and the Wildlife Conservation Board (\$24 million).

Proposition 50 Allocation Made To An Unspecified State Department

An unspecified \$825 million allocation was designated for implementation of the CALFED Bay-Delta Program. As of June 30, 2005, a total of \$596.5 million has been appropriated to six departments: Department of Water Resources (\$332.5 million), California Bay Delta Authority (\$109.3 million), State Water Resources Control Board (\$74.5 million), Department of Fish and Game (\$76.5 million), Department of Forestry and Fire Protection (\$480,000), and Department of Conservation (\$3.2 million).

Proposition 13

Safe Drinking Water Program—Department of Health Services

The act provides \$70 million to the Safe Drinking Water State Revolving Fund (Fund 0629), for safe drinking water grants and low-interest loans (\$68 million) and technical assistance to disadvantaged communities (\$2 million). The DHS administers this program.

A total of \$70 million was appropriated. The DHS awarded 33 contracts/loans. The City of Santa Barbara received \$8.4 million for improvements and upgrades to the Cater Water Treatment Plant, and the City of Los Angeles received \$4.5 million to construct trunk lines, storage tanks, and a filtration plant. In addition, the Contra Costa Water District received \$15.1 million to refinance its existing loan. All funded loan projects have been completed and are in the loan repayment process. The loans are expected to be fully repaid by January 2023 through January 2027.

Floodplain Mapping/Agriculture and Open Space Mapping Programs—Department of Water Resources and Department of Conservation

The act provides \$2.5 million to the Floodplain Mapping Subaccount (6003), for floodplain mapping, land use planning, and mitigation of flood risks and damages. The DWR administers this program.

A total of \$2.4 million was appropriated to the DWR. The DWR awarded three contracts: \$1.2 million to the URS Group, \$180,000 for the Natural Resources Conservation Program, and a \$750,000 cost-share agreement with the Army Corps of Engineers. The URS contract has been completed, and the remaining contracts are scheduled for completion by March 2007.

The act also provides \$2.5 million to the Agriculture and Open Space Mapping Subaccount (6004), for farmland mapping, open space programs, and protection of agricultural resources. The DOC administers this program.

A total of \$2.3 million was appropriated to the DOC. Of this amount, \$750,000 was provided to the USDA Natural Resources Conservation Service under a memorandum of understanding, to complete soil mapping in Butte County and publish soil surveys. The project has been completed. The DOC will use the remaining funds to add new soils information to the Farmland Mapping Program and initiate mapping of long-term agricultural easements.

Flood Protection Corridor Program—Department of Water Resources

The act provides \$70 million to the Flood Protection Corridor Subaccount (6005), for direct expenditure projects and competitive grants to local agencies and nonprofit organizations to establish and manage flood protection corridors, acquire easements, preserve agricultural land, and protect wildlife habitats.

A total of \$68.9 million was appropriated. The DWR awarded 21 contracts, including \$17.6 million to The Nature Conservancy for the Staten Island acquisition, \$5.2 million to Lake County for acquisition and relocation of flood-prone homes and wildlife habitat restoration, and \$5 million to the Wildlife Conservation Board (WCB) for the Mystic Lake acquisition. Three projects have been completed, with completion of the remaining projects expected by June 2007.

Delta Levee Rehabilitation Program—Department of Water Resources

The act provides \$30 million to the Delta Levee Rehabilitation Subaccount (0409), for local assistance subventions and special flood protection projects on specified Delta islands.

A total of \$31.7 million was appropriated. On behalf of the Reclamation Board, the DWR awarded 136 Delta Levees subventions contracts, all of which have been completed. The DWR also awarded 49 other contracts. Seven of these contracts have been completed, and the remaining contracts have estimated completion dates from May 2006 to December 2006.

Flood Control Subventions Program—Department of Water Resources

The act provides \$45 million to the Flood Control Subventions Subaccount (6006), to pay the state's share of nonfederal subvention costs on authorized county flood control projects.

A total of \$46.5 million was appropriated. The DWR awarded 15 contracts, including \$11 million for the Santa Ana River Mainstem project and \$5 million for the Napa River project. Thirteen of the contracts have been completed, with completion of the remaining two contracts expected by June 2007.

Urban Stream Restoration Program—Department of Water Resources

The act provides \$25 million to the Urban Stream Restoration Subaccount (6007), for grants to local agencies and community conservation corps for stream clearance, flood mitigation, clean-up, and other activities to restore the natural value of streams and prevent flood damage.

A total of \$24.5 million was appropriated. The DWR awarded 60 contracts, including \$1 million for the Santa Rosa Creek project and \$997,000 for the Napa River project. Thirty-seven projects have been completed, with the remaining projects to be completed by May 2007.

Capital Area Flood Protection Program—Department of Water Resources

The act provides \$20 million to the State Capital Area Flood Protection Subaccount (6008), for use by the Sacramento Area Flood Control Agency (SAFCA), to pay the state's share of costs for flood management projects authorized by the federal government.

A total of \$20 million was appropriated. The DWR awarded nine contracts, which included \$9.9 million for the American River Flood Control Project (Phase 1), \$2.1 million for the Folsom Dam Modification Project, and \$2.8 million to reimburse SAFCA for the state's share of the American River Natomas Project. One project has been completed. The estimated completion dates for the remaining projects range from October 2009 through December 2013.

San Lorenzo River Flood Control Program—Department of Water Resources

The act provides \$2 million to the San Lorenzo River Flood Control Subaccount (6009), for use by the City of Santa Cruz to pay the state's share of the San Lorenzo River flood management project.

A total of \$1.9 million was appropriated. The DWR awarded one contract for the full amount of \$1.9 million for the San Lorenzo River project in Santa Cruz. The project has been completed.

Yuba Feather Flood Protection Program—Department of Water Resources, State Reclamation Board, and Department of Fish and Game

The act provides \$90 million to the Yuba Feather Flood Protection Subaccount (6010), to be used as follows:

- \$70 million will be used by the DWR to implement flood management projects.

A total of \$42.8 million was appropriated. The DWR awarded 26 grant contracts, which are expected to be completed by June 2009.

- \$20 million was allocated to the DFG, which may be used to determine if any flood control project undertaken pursuant to this article would result in a reduction of, or damage to, fish, wildlife, or riparian habitat; and to protect, improve, restore, create, or enhance fish, wildlife, and riparian habitat of a comparable type to that which was reduced or damaged.

As of June 30, 2005, no funds were appropriated.

Arroyo Pasajero Program—Department of Water Resources

The act provides \$5 million to the Arroyo Pasajero Subaccount (6011), to finance projects that improve flood protection for state Highway 269 north of Huron, or to improve flood control for the California Aqueduct around the Arroyo Pasajero crossing.

A total of \$6.1 million was appropriated. One contract was awarded and completed for construction under the Arroyo Pasajero program.

Watershed Program—State Water Resources Control Board

The act provides \$90 million to the Watershed Protection Subaccount (6013), for grants to local agencies and nonprofit organizations to implement watershed plans, reduce flooding, control erosion, improve water quality, improve aquatic and terrestrial habitats, restore groundwater recharge, protect native vegetation and water flows, and to provide matching funds for federal grant programs.

A total of \$87.3 million was appropriated. The SWRCB awarded 119 contracts. The Pajaro River Watershed Flood Prevention Authority received \$2 million for a watershed study, the Lake County Sanitation District received \$2 million for construction of the Northwest Regional Wastewater Treatment Plant, and the Redding Redevelopment Agency received \$5 million for the acquisition and renovation of Clover Creek. Eight contracts have been completed. Estimated completion dates for the remaining contracts range from March 2007 to June 2008.

Water and Watershed Education Program—Department of Water Resources and University of California

The act provides \$8 million to the Water and Watershed Education Subaccount (6014), to be used as follows:

- California State University (CSU), Fresno, will use \$3 million to establish the California Water Institute.

During fiscal year 2000-01, funds were appropriated to the DWR and disbursed via a \$2.9 million contract with CSU Fresno. The expected completion date is June 2008.

- The DWR will use \$2 million to develop the Delta Science Center.

The DWR encumbered \$1.9 million for construction of the Delta Science Center. As of June 30, 2005, \$64,000 had been expended, and the estimated completion date is March 2008.

- The University of California (UC) will use \$3 million for a Watershed Science Laboratory.

During fiscal year 2002-03, a total of \$3 million was appropriated. As of June 30, 2005, the UC had expended \$3 million for the planning, design, and construction phases.

River Protection Program—Resources Agency, Department of Water Resources, State Coastal Conservancy, Department of Parks and Recreation, Santa Monica Mountains Conservancy, and Wildlife Conservation Board

The act provides \$95 million to the River Parkway Subaccount (6015), for the acquisition and restoration of riparian habitat, aquatic habitat, and other lands in close proximity to rivers and streams, and for river and stream trail projects. The RA will administer most of these funds; however, the DWR is responsible for distributing the San Joaquin River Conservancy's \$10 million for the San Joaquin River Parkway project.

A total of \$36.5 million was appropriated to the RA. Project funds are disbursed in the form of grants to local agencies. The RA awarded 21 contracts, including \$3 million for the Woodland Duck Farm acquisition in Los Angeles County and \$2 million for the CalMat acquisition along the San Diego River. Eleven contracts have been completed, and the estimated completion date for the remaining contracts is May 2007.

The DWR was appropriated \$17.8 million. The DWR awarded three contracts to local agencies and nonprofit organizations, including \$2.5 million for the Kern River Parkway Project, \$5 million for the Hamilton City area land acquisition, and \$10 million for the San Joaquin River Parkway. The Kern River Parkway project has been completed and the Hamilton City area acquisition will be completed by June 2007. The San Joaquin River Parkway agreement was extended to March 2006. There were no new projects awarded during the fiscal year 2004-05.

The SCC was appropriated \$21.5 million. The funds will be used for land acquisition and habitat restoration grants to local agencies and nonprofit organizations. The SCC awarded 21 contracts. The Nature Conservancy received \$4.8 million for the Santa Clara River Parkway Camp and \$4.7 million for the Otay River Parkway acquisitions. Six contracts have been completed, with the remaining scheduled for completion by March 2006.

The DPR was appropriated \$1.5 million and awarded two contracts: \$500,000 for the American River Parkway and \$1 million for the Guadalupe Parkway. The American River project has been completed, and the Guadalupe project is scheduled for completion by June 2006.

The SMMC was appropriated \$5 million and awarded this amount to the MRCA for acquisition of the Elysian Valley-Marsh Street property. The estimated completion date is June 2007.

The WCB was appropriated \$14 million for wildlife land and easement acquisition grants to government entities and nonprofit organizations. The WCB awarded 12 projects. The County of San Diego received \$6.1 million for acquisition of the Santa Ysabel East and West properties, and the San Dieguito River Park Joint Powers Authority received \$4.9 million for various acquisitions in the river valley corridor. Ten projects have been completed, with the remaining projects scheduled for completion by June 2007.

Southern California Integrated Watershed Program—State Water Resources Control Board

The act provides \$235 million to the Santa Ana River Watershed Subaccount (6016), to rehabilitate and improve the Santa Ana River watershed.

A total of \$226.4 million was appropriated. The SWRCB awarded 24 contracts to the Santa Ana Watershed Project Authority (SAWPA). The SAWPA re-awarded 22 of these contracts to other entities. Major projects include \$20 million for the Arundo Removal Program, \$37 million for the Orange County Water District's Groundwater Replenishment System, \$14 million for the San Bernardino Valley Municipal Water District's Baseline Feeder Project, and \$48 million for the Chino Basin Desalter Authority. Five contracts have been completed, with the remaining contracts scheduled for completion by March 2006.

Lake Elsinore and San Jacinto Watershed Program—State Water Resources Control Board

The act provides \$15 million to the Lake Elsinore and San Jacinto Watershed Subaccount (6017), to fund rehabilitation and water quality projects in the Lake Elsinore and San Jacinto Watersheds.

A total of \$14.8 million was appropriated. The SWRCB awarded five contracts to the Lake Elsinore and San Jacinto Watershed Authority. Four projects are complete, with the remaining project scheduled for completion by March 2006.

Coastal Watershed Salmon Habitat Program—Department of Fish and Game

The act provides \$25 million to the Coastal Watershed Salmon Habitat Subaccount (6018), for direct expenditure and grants to protect, restore, acquire, and enhance salmon habitats.

A total of \$24.8 million was appropriated. The DFG awarded 78 contracts, including \$12.5 million to the Save-the-Redwoods League for the Mill Creek acquisition. Sixty-five contracts are complete, with the remaining contracts due for completion by March 2007.

Nonpoint Source Pollution Control Program—State Water Resources Control Board

The act provides \$100 million to the Nonpoint Source Pollution Control Subaccount (6019), for grants and low interest loans that protect the beneficial use of water throughout the state, through the control of nonpoint source pollution.

A total of \$96.7 million was appropriated, from which the SWRCB awarded 113 grants. Cathedral City received \$2.8 million for the Cove Area Septic System, the Mission Springs Water District received \$2.2 million for the Groundwater Quality Protection Plan, and the Los Osos Community Services District received \$2 million for the acquisition of land for a wastewater disposal and habitat mitigation project. Fifteen projects have been completed, with the remaining projects due for completion by March 2008.

Clean Water Program—State Water Resources Control Board

The Clean Water Program is funded from three subaccounts, as follows:

- The act provides and continuously appropriates \$30.5 million to the State Revolving Fund Loan Subaccount (6020), for loans pursuant to the Clean Water Act, of which \$7 million is for the Department of Toxic Substances Control (DTSC) to implement local groundwater remediation projects.

The State Revolving Fund Loan Subaccount is funded by various sources, and except as noted, no one contract is attributable solely to Proposition 13 funds. There was one \$81,000 interagency agreement between the SWRCB and the DTSC for the above-mentioned groundwater project that was attributable to Proposition 13 funds, as well as one loan of \$6.4 million to the San Gabriel Basin Water Quality Authority to develop a new groundwater treatment facility. The groundwater remediation project is complete, and the treatment facility is scheduled for completion by August 2024.

- The act provides and continuously appropriates \$34 million to the Small Communities Grant Subaccount (0418), for water treatment construction grants to small communities.

The SWRCB awarded 40 contracts, of which 27 projects have been completed. The expected completion date for the remaining contracts is March 2006.

- The act provides \$35.5 million to the Wastewater Construction Grant Subaccount (6021), for water treatment construction grants to specified cities.

A total of \$49.1 million was appropriated. The SWRCB awarded seven grants, including \$9.7 million to the City of Stockton, \$1.3 million and \$3.5 million to the City of Orange Cove, and \$3.3 million to the City of Manteca. Five contracts have been completed. The remaining contracts are scheduled for completion by June 2008.

Water Recycling Program—State Water Resources Control Board

The act provides \$40 million to the Water Recycling Subaccount (0419), for water recycling loans and grants to local agencies.

A total of \$67.7 million was appropriated. The SWRCB awarded 24 contracts, including \$5 million each to the Carlsbad Municipal Water District, City of Redlands, and the Orange County Water District; and 27 \$75,000 study grants. Six projects have been completed, with the remaining projects scheduled for completion by February 2008.

Coastal Nonpoint Source Control Program—State Water Resources Control Board

The act provides \$90 million to the Coastal Nonpoint Source Control Subaccount (6022), for projects that protect the water quality and environment of coastal waters, estuaries, bays, and groundwater resources. Funds are disbursed in the form of grants and loans.

A total of \$89.2 million was appropriated. The SWRCB awarded 122 contracts, of which 49 have been completed. The remaining projects are scheduled for completion by June 2009.

Seawater Intrusion Control—State Water Resources Control Board

The act provides and continuously appropriates \$25 million to the Seawater Intrusion Control Subaccount (0424), for local agency grants and loans to carry out seawater intrusion control projects.

A total of \$25.1 million was appropriated. The SWRCB awarded two contracts/loans to the Pajaro Valley Water Management Agency for \$11.7 million and \$6.4 million. The loans are to be repaid by August 2022.

Water Conservation Programs—Department of Water Resources

The act provides \$155 million to the Water Conservation Account (6023), for the following uses:

- *Agricultural Water Conservation Program*—\$35 million for loans to local agencies for the acquisition and construction of agricultural water conservation projects, and for financing feasibility studies.
- *Groundwater Recharge Facilities Program*—\$30 million for grants and loans to fund projects in over-drafted groundwater basins, projects of critical need, projects with demonstrated feasibility, and projects in areas with groundwater management plans.

- *Infrastructure Rehabilitation Program*—\$60 million for grants to local agencies in economically disadvantaged areas, with service connections that exceed 200 but are not greater than 16,000.
- *Urban Water Conservation Program*—\$30 million for grants and loans to local agencies for urban water conservation projects.

A total of \$183.2 million was appropriated. The DWR awarded 145 contracts, of which 27 are completed. The estimated completion dates for the remaining contracts range from 2005-06 through 2010-11.

Groundwater Storage Program—Department of Water Resources

The act provides \$200 million to the Conjunctive Use Subaccount (6025), for grants to local agencies for feasibility studies, project design, and construction of facilities for conjunctive use projects.

A total of \$261.9 million was appropriated, from which the DWR awarded 41 contracts. Thirty-five projects remain open, with completion dates ranging from 2005-06 through 2010-11.

Bay-Delta Multipurpose Water Management Program—Department of Water Resources

The act provides \$250 million to the Bay-Delta Multipurpose Water Management Subaccount (6026), to fund certain projects identified in the CALFED final environmental impact statement/environmental impact report on the Bay-Delta Program.

A total of \$128 million was appropriated. The DWR awarded 23 contracts. The expected completion dates for all contracts is December 2009.

Interim Water Reliable Supply and Water Quality Infrastructure and Management Program—Department of Water Resources

The act provides \$180 million to the Interim Water Reliable Supply and Water Quality Infrastructure and Management Subaccount (6027), to fund grants and loans to local agencies located in the Delta export service areas, for programs or projects that can be completed not later than March 8, 2009. This program is aimed at avoiding urgent water supply and water quality problems in the interim, before the CALFED program is finalized and implemented.

A total of \$172.4 million was appropriated. The DWR awarded 13 contracts, of which 5 have been completed. The remaining contracts have an estimated completion date of June 2008.

REVIEW OF BOND EXPENDITURES

The information presented on the accompanying schedules was prepared from the accounts and financial transactions of the administering state departments, and in accordance with the modified accrual basis of accounting. This method follows the statutory accounting guidelines prescribed by the State of California, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this method, revenues are recorded when they become measurable and available, and expenditures are recorded at the time the corresponding liability is incurred. We audited the actual financial information for accuracy, reasonableness, classification, and presentation; and found no material errors, exceptions, or misstatements. The information presented is for the period July 1, 2000 to June 30, 2005.

Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency
For the Period July 1, 2000 to June 30, 2005

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E=B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance G=A-B+F
	5096.310							
Department of Parks and Recreation	a - j, l, y	\$ 1,307,143,091 ⁵	\$ 1,339,565,733 ⁵	\$ 732,118,629 ^{5,8}	\$ 473,761,734 ⁵	\$ 133,685,370	\$ 46,285,470 ⁵	\$ 13,862,828
California Conservation Corps	k, s	14,562,000	16,768,608	13,356,937	41,244	3,370,427	2,275,033	68,425
Wildlife Conservation Board	m	257,748,000	255,309,120	229,219,362 ⁶	1,022,213	25,067,545	12,186,310	14,625,190
California Tahoe Conservancy	n	48,272,000	48,272,489	28,603,776	14,186,901	5,481,812	1,246,739	1,246,250
State Coastal Conservancy	o, w	242,904,000	252,904,669	148,015,851 ⁷	24,901,811	79,987,007	23,479,924	13,479,255
Santa Monica Mountains Conservancy	p	33,978,000	36,683,000	30,878,471	1,752,475	4,052,054	2,705,070	70
Coachella Valley Mountains Conservancy	q	4,854,000	5,540,000	4,166,525	0	1,373,475	687,475	1,475
San Joaquin River Conservancy (via WCB)	r	14,562,000	14,562,000	10,872,391	2,451,567	1,238,042	0	0
Department of Conservation	t	24,270,000	24,146,656	18,832,699	4,109,007	1,204,950	979,143	1,102,487
Department of Forestry and Fire Protection	u	6,882,000	8,476,417	3,360,457	1,979,768	3,136,192	2,848,313	1,253,896
Department of Fish and Game	v	11,650,000	8,373,679	6,274,199	314,757	1,784,723	1,336,258	4,612,579
California Integrated Waste Management Board	x	6,060,000	6,060,066	5,538,745	0	521,321	436,545	436,479
Resources Agency	z	44,226,347 ⁵	44,227,073 ⁵	16,313,494 ⁵	27,414,613 ⁵	498,966	103,796 ⁵	103,070
Totals		\$ 2,017,111,438	\$ 2,060,889,510	\$ 1,247,551,536	\$ 551,936,090	\$ 261,401,884	\$ 94,570,076	\$ 50,792,004

1. The amounts shown are net of \$82,888,562 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 13 departments receiving Proposition 12 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and the Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$220,133,774.

3. Encumbrances shown are net of any adjustments.

4. Includes items reverted in fiscal years 2002-03 through 2004-05 net of reappropriations.

5. This item includes statewide costs. See Note 1 for details.

6. Amount includes \$5,000,000 transferred from Proposition 12 to the Oak Woodlands Conservation Fund per Chapter 588, Statutes of 2001.

7. Amount includes \$2,267,000 transferred from Proposition 12 to the State Coastal Conservancy Fund for support expenditures per Chapter 52, Statutes of 2000.

8. Amount includes \$282,253 transferred from Proposition 12 to the California Victim Compensation and Government Claims Board per Chapter 475, Statutes of 2003.

Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section
For the Period July 1, 2000 to June 30, 2005

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E=B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance G=A-B+F
5096.310								
a	General state parks programs	\$ 478,347,000	\$ 493,877,915	\$ 362,759,371	\$ 28,221,367	\$ 102,897,177	\$ 27,645,775	\$ 12,114,860
b	Stewardship projects relating to state parks	13,920,000	13,962,193	9,680,260	1,348,752	2,933,181	920,151	877,958
c	Volunteer participation in state parks	3,761,000	4,409,615	3,289,348	229,915	890,352	789,049	140,434
d	Grants to local agencies administering units of state park system	19,112,000	19,111,918	6,268,770	12,008,454	834,694	0	82
e	Competitive grants to local agencies - historical resources	9,330,000	9,405,024	2,393,578	6,669,693	341,753	244,818	169,794
f	Per-capita grants for local parks	370,283,000	378,322,597	156,294,614	212,245,192	9,782,791	7,170,248	(869,349)
g	Grants to local agencies pursuant to the Roberti-Z'berg Act	190,891,000	198,669,378	65,170,609	124,918,882	8,579,887	6,601,973	(1,176,405)
h	Grants to local agencies for riparian habitat	9,541,000	9,554,958	2,725,486	6,778,700	50,772	29,749	15,791
i	Grants to local agencies for nonmotorized trails	9,546,000	9,560,011	2,303,693	7,201,493	54,825	31,749	17,738
j	Grants that benefit youth projects	95,419,000	95,557,639	48,122,446 ⁸	45,763,884	1,671,309	300,486	161,847
k	Resource conservation projects	2,427,000	2,514,608	2,408,482	0	106,126	86,750	(858)
l	Grants for urban recreation and regional youth sports	82,541,000	82,661,478	60,914,165	19,178,443	2,568,870	263,075	142,597
m	Resource conservation projects	257,748,000	255,309,120	229,219,362 ⁵	1,022,213	25,067,545	12,186,310	14,625,190
n	Lake Tahoe conservation programs	48,272,000	48,272,489	28,603,776	14,186,901	5,481,812	1,246,739	1,246,250
o	Acquisition and restoration of coastal lands	213,781,000	222,940,669	123,461,073 ⁶	21,692,411	77,787,185	22,239,201	13,079,532
p	Capital outlay and grants for SMMC and administration	33,978,000	36,683,000	30,878,471	1,752,475	4,052,054	2,705,070	70
q	Acquisition, development and protection of land (via CVMC)	4,854,000	5,540,000	4,166,525	0	1,373,475	687,475	1,475
r	Acquisition, development and protection of land (via SJRC)	14,562,000	14,562,000	10,872,391	2,451,567	1,238,042	0	0
s	Grants for local conservation corps	12,135,000	14,254,000	10,948,455	41,244	3,264,301	2,188,284	69,284
t	Grants for the Agricultural Land Stewardship Program	24,270,000	24,146,656	18,832,699	4,109,007	1,204,950	979,143	1,102,487
u	Grants for purchase and planting of trees	6,882,000	8,476,417	3,360,457	1,979,768	3,136,192	2,848,313	1,253,896
v	Development, restoration and preservation of habitat and wetlands	11,650,000	8,373,679	6,274,199	314,757	1,784,723	1,336,258	4,612,579
w	Projects and grants relating to S.F. Bay Area conservation program	29,123,000	29,964,000	24,554,778 ⁶	3,209,400	2,199,822	1,240,723	399,723
x	Grants to local agencies for public playgrounds	6,060,000	6,060,066	5,538,745	0	521,321	436,545	436,479
y	Rehabilitation or enhancement to a city park in Northern CA	14,309,000	14,329,916	5,207,940	9,048,339	73,637	43,123	22,207
z	River, watershed, parkway, and recreational projects	43,781,000	43,781,726	16,022,755	27,414,504	344,467	102,796	102,070
	Subtotals	2,006,523,000	2,050,301,072	1,240,272,448	551,787,361	258,241,263	92,323,803	48,545,731
	Appropriated DPR Statewide & Departmental Costs ⁷	10,143,091	10,143,091	6,988,349	148,620	3,006,122	2,245,273	2,245,273
	Appropriated RA Statewide Costs ⁷	445,347	445,347	290,739	109	154,499	1,000	1,000
	Totals	\$ 2,017,111,438	\$ 2,060,889,510	\$ 1,247,551,536	\$ 551,936,090	\$ 261,401,884	\$ 94,570,076	\$ 50,792,004

1. The amounts shown are net of \$82,888,562 in unappropriated, estimated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 13 departments receiving Proposition 12 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and the Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$220,133,774.

3. Encumbrances shown are net of any adjustments.

4. Includes items reverted in fiscal year 2002-03 through 2004-05 net of reappropriations.

5. Amount includes \$5,000,000 transferred from Proposition 12 to the Oak Woodlands Conservation Fund per Chapter 588, Statutes of 2001.

6. Amount includes \$2,267,000 transferred from Proposition 12 to the State Coastal Conservancy Fund for support expenditures per Chapter 52, Statutes of 2000. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1.

7. Amount includes \$282,253 transferred from Proposition 12 to the California Victim Compensation and Government Claims Board per Chapter 475, Statutes of 2003.

9. The amounts do not reflect the effects of subsequent reversions.

Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency
For the Period July 1, 2000 to June 30, 2005

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E=B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance ⁵ G=A-B+F
Department of Water Resources	79045, 79033(a), 79035(a), 79055, 79060, 79065.2(a), 79067(a), 79068.2, 79069.6, 79090, 79100(a), 79152, 79172, 79194, 79205.4(a)	\$ 1,099,925,000	\$ 1,012,845,646	\$ 367,317,439	\$ 371,434,052	\$ 274,094,155	\$ 312,757,467	\$ 399,836,821
State Water Resources Control Board	79121(b), 79136, 79149.2(a), 79075, 79104.22(a), 79112, 79104.100(a), 79121(a), 79121(c), 79148.4	674,150,000	698,635,043 ⁷	383,979,675	188,393,145	126,262,223 ⁷	22,189,533	(2,295,510)
Department of Conservation	79033.2(a)	2,375,000	2,316,174	1,240,464	100,648	975,062	692,617	751,443
Resources Agency	79100(a)	⁶	36,498,000 ⁶	24,997,662	4,442,755	7,057,583	6,436,075	(30,061,925) ⁶
Department of Parks and Recreation	79100(a)	⁶	1,500,000 ⁶	500,000	1,000,000	0	0	(1,500,000) ⁶
Wildlife Conservation Board	79100(a)	⁶	14,000,000 ⁶	13,932,194	0	67,806	0	(14,000,000) ⁶
State Coastal Conservancy	79100(a)	⁶	21,500,000 ⁶	14,322,208	6,339,139	838,653	424,335	(21,075,665) ⁶
Santa Monica Mountains Conservancy	79100(a)	⁶	5,000,000 ⁶	4,985,000	0	15,000	0	(5,000,000) ⁶
Department of Fish and Game	79104.200, 79068.14	43,650,000	24,760,714	22,225,501	167,582	2,367,631	99,401	18,988,687
University of California	79094	3,000,000	3,000,000	3,000,000	0	0	0	0
Department of Health Services	79021	66,500,000	70,000,000	46,933,071	0	23,066,929	0	(3,500,000)
Totals		\$ 1,889,600,000	\$ 1,890,055,577	\$ 883,433,214	\$ 571,877,321	\$ 434,745,042	\$ 342,599,428	\$ 342,143,851

1. The amounts shown are net of \$80,400,000 in estimated bond issuance and auditing costs over the life of the bond.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$304,503,786.

3. Encumbrances shown are net of any adjustments.

4. Includes items reverted in fiscal years 2002-03 through 2004-05 net of reappropriations.

5. Departments may display negative unappropriated allocation balances because funds were appropriated regardless of set aside amounts. Departments are internally monitoring the funds available for program expenses.

6. Specific allocation amounts were not identified for these departments. The amounts are contained in DWR's allocation, and those departments' appropriations totaling \$78,498,000 are deducted from DWR's unappropriated allocation balance.

7. The amount includes Proposition 204 appropriations.

Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act (Proposition 13)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section
For the Period July 1, 2000 to June 30, 2005

Bond Act Section	Fund Number	Fund Name	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E=B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance ⁵ G=A-B+F
79021	0629	Safe Drinking Water State Revolving Fund	\$ 66,500,000	\$ 70,000,000	\$ 46,933,071		\$ 23,066,929		\$ (3,500,000)
79033(a)	6003	Floodplain Mapping Subaccount	2,375,000	2,375,000	2,056,563	\$ 62,500	255,937		0
79033.2(a)	6004	Agriculture and Open Space Mapping Subaccount	2,375,000	2,316,174	1,240,464	100,648	975,062	\$ 692,617	751,443
79035(a)	6005	Flood Protection Corridor Subaccount	66,500,000	68,939,132	40,079,523	25,021,409	3,838,200	1,281,221	(1,157,911)
79045	0409	Delta Levee Rehabilitation Subaccount	28,500,000	31,682,000	27,797,835	99,304	3,784,861	1,002,898	(2,179,102)
79055	6006	Flood Control Subventions Subaccount	42,750,000	46,492,000	39,008,280	3,742,000	3,741,720	0	(3,742,000)
79060	6007	Urban Stream Restoration Subaccount	23,750,000	24,471,191	15,835,771	11,210,829	(2,575,409) ⁷	1,900,776	1,179,585
79065.2(a)	6008	State Capital Protection Subaccount	20,000,000	20,000,000	10,929,872	251,306	8,818,822	149,795	149,795
79067(a)	6009	San Lorenzo River Flood Control Subaccount	1,900,000	1,900,000	1,900,000	0	0	0	0
79068.2	6010	Yuba Feather Flood Protection Subaccount	85,900,000	42,830,489	9,872,822	17,374,293	15,583,374	15,298,965	58,368,476
79069.6	6011	Arroyo Pasajero Watershed Subaccount	4,750,000	6,054,000	4,750,000	0	1,304,000	1,304,000	0
79075	6013	Watershed Protection Subaccount	87,300,000	87,273,082	26,552,616	50,131,869	10,588,597	446,827	473,745
79090	6014	Water and Watershed Education Subaccount	8,000,000	7,750,000	5,194,742	2,555,258	0	0	250,000
79100(a)	6015	River Protection Subaccount	92,150,000	96,328,644	69,129,038	19,172,728	8,026,878	7,116,433	2,937,789
79104.100(a)	6017	Lake Elsinore and San Jacinto Watershed Subaccount	14,550,000	14,834,258	10,601,487	3,698,245	534,526	76,638	(207,620)
79104.200	6018	Coastal Watershed Salmon Habitat Subaccount	24,250,000	24,760,714	22,225,501	167,582	2,367,631	99,401	(411,313)
79104.22(a)	6016	Santa Ana River Watershed Subaccount	227,950,000	226,353,379	206,404,290	3,319,582	16,629,507	1,089,315	2,685,936
79112	6019	Nonpoint Source Pollution Control Subaccount	97,000,000	96,712,750	18,993,365	66,582,825	11,136,560	577,363	864,613
79121(a)	6020	State Revolving Fund Loan Subaccount	29,585,000	6,907,000	18,342,986	189	(11,436,175) ⁷	224,016	22,902,016
79121(b)	0418	Small Communities Grant Subaccount	32,980,000	35,507,060 ⁶	31,165,360	1,383,566	2,958,134 ⁶	1,325,166	(1,201,894) ⁶
79121(c)	6021	Wastewater Construction Grant Subaccount	34,435,000	49,110,463	19,375,426	13,389,086	16,345,951	16,827,005	2,151,542
79136	0419	Water Recycling Subaccount	38,800,000	67,706,516 ⁶	11,370,882	1,856,532	54,479,102 ⁶	1,357,643	(27,548,873) ⁶
79148.4	6022	Coastal Nonpoint Source Control Subaccount	87,300,000	89,153,329	34,894,181	45,640,333	8,618,815	215,482	(1,637,847)
79149.2(a)	0424	Seawater Intrusion Control Subaccount	24,250,000	25,077,206 ⁶	6,279,082	2,390,918	16,407,206 ⁶	50,079	(777,127) ⁶
79152	6023	Water Conservation Account	147,250,000	183,201,904	36,641,993	77,214,323	69,345,588	109,334,786	73,382,882
79172	6025	Conjunctive Use Subaccount	190,000,000	261,859,877	54,483,434	130,285,272	77,091,171	159,306,497	87,446,620
79194	6026	Bay-Delta Multipurpose Water Management Subaccount	237,500,000	128,014,058	34,604,576	22,864,300	70,545,182	17,024,773	126,510,715
79205.4(a)	6027	Interim Water Supply and Water Quality Infrastructure and Management Subaccount	171,000,000	172,445,351	76,770,054	73,362,424	22,312,873	5,897,732	4,452,381
Totals			\$ 1,889,600,000	\$ 1,890,055,577	\$ 883,433,214	\$ 571,877,321	\$ 434,745,042	\$ 342,599,428	\$ 342,143,851

1. The amounts shown are net of \$80,400,000 in estimated bond issuance and auditing costs over the life of the bond.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$304,503,786.

3. Encumbrances shown are net of any adjustments.

4. Includes items reverted in fiscal years 2002-03 through 2004-05 net of reappropriations.

5. Departments may display negative unappropriated allocation balances because funds were appropriated regardless of set aside amounts. Departments are internally monitoring the funds available for program expenses.

6. The amount includes Proposition 204 appropriations.

7. The overappropriations do not reflect the effects of subsequent reversions.

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency
For the Period July 1, 2002 to June 30, 2005

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E = B-(C+D)	Reversions ⁴ F	Unappropriated Balance G = A-B+F
5096.610								
Department of Parks and Recreation	a, b/.620(a), b/.620(b), b/.620(c), b/.620(d), d/.652(a), d/.652(b), d/.652(c)	\$ 1,095,729,000 ⁵	\$ 1,093,491,915 ⁵	\$ 166,411,925 ⁵	\$ 695,765,417 ⁵	\$ 231,314,573	\$ 12,888,486 ⁵	\$ 15,125,571
Wildlife Conservation Board	c/.650(a), c/.650(f)	299,810,000 ⁶	344,474,189 ⁶	103,727,747	7,233,200	233,513,242	19,319,925	(25,344,264) ⁶
State Coastal Conservancy	c/.650(b)(1), c/.650(c)(2), c/.650(b)(8)	275,389,000	267,189,363	109,441,710	82,267,244	75,480,409		8,199,637
California Tahoe Conservancy	c/.650(b)(2)	37,220,000	15,791,000	2,685,805	2,058,811	11,046,384		21,429,000
Santa Monica Mountains Conservancy	c/.650(b)(3)	37,250,000	37,049,768	26,137,158	2,476,486	8,436,124	30,710	230,942
Coachella Valley Mountains Conservancy	c/.650(b)(4)	19,085,000	19,085,000	14,884,842	11,800	4,188,358		0
San Joaquin River Conservancy (partially via WCB)	c/.650(b)(5)	23,771,000	22,226,000	112,932	226	22,112,842		1,545,000
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	c/.650(b)(6)	38,423,000	38,422,258	6,867,117	26,265,186	5,289,955	222,836	223,578
Baldwin Hills Conservancy	c/.650(b)(7)	38,264,000	29,616,000	710,201	14,562,637	14,343,162		8,648,000
Resources Agency	c/.650(c)(1)	73,491,962 ⁵	65,641,861 ⁵	16,428,117 ⁵	38,592,890 ⁵	10,620,854	873,285 ⁵	8,723,386
Department of Fish and Game	c/.650(c)(2)	24,019,327	24,019,327	7,761,625	11,723,299	4,534,403		0
State Water Resources Control Board	c/.650(c)(2)	175,107,000	175,107,000	8,549,349	21,864,509	144,693,142		0
Department of Forestry and Fire Protection	c/.650(c)(2), c/.650(g)	18,692,000	9,542,000	1,878,560	6,176,775	1,486,665		9,150,000
Air Resources Board	c/.650(d)	48,000,000	48,000,000	42,356,167	5,643,833	0		0
California Conservation Corps	c/.650(e)	14,526,000	14,525,887	12,269,537	0	2,256,350	40,511	40,624
Department of Conservation	c/.650(f)	22,536,045	22,536,045	2,149,120	935,647	19,451,278		0
California State Library	d.652(a)	130,023,660	130,023,660	1,202,710	112,634	128,708,316	4,685,000	4,685,000
Unspecified Allocation	c/.650(c)(2), c/.650(f), d/.652(a)	10,058,968 ⁷	0	0	0	0		10,058,968
Totals		\$ 2,381,395,962	\$ 2,356,741,273	\$ 523,574,622	\$ 915,690,594	\$ 917,476,057	\$ 38,060,753	\$ 62,715,442

1. The amounts shown are net of \$218,604,038 in estimated unappropriated statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 17 departments receiving Proposition 40 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are allocated proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and the Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$205,811,145.

3. Encumbrances are shown net of any adjustments.

4. Represents items reverted in fiscal year 2004-05.

5. This item includes statewide costs. See Note 1 for details.

6. The bond act continuously appropriated the Wildlife Conservation Board's \$300 million allocation, while subsequent budget acts appropriated additional funds for program delivery and statewide costs. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the \$300 million allocation.

7. This amount is the remaining unspecified allocation not appropriated as of June 30, 2005. The unspecified allocation consists of funds not designated to specific departments in the bond act. The Department of Parks and Recreation, Wildlife Conservation Board, State Coastal Conservancy, Department of Forestry and Fire Protection, State Water Resources Control Board, Department of Fish and Game, Department of Conservation and California State Library received appropriations from the unspecified allocation.

California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Proposition 40)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section
For the Period July 1, 2002 to June 30, 2005

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances ³ D	Appropriation Balance E = B-(C+D)	Reversions ⁴ F	Unappropriated Balance G = A-B+F
5096.610								
a	Acquisition and development of the state park system	\$ 181,549,000	\$ 179,311,915	\$ 73,031,371	\$ 18,851,187	\$ 87,429,357	\$ 10,782,422	\$ 13,019,507
b/.620(a)	Per-capita grants for the acquisition and development of local parks	330,043,000	330,043,000	30,395,526	268,410,927	31,236,547	688,057	688,057
b/.620(b)	Grants to local agencies pursuant to the Roberti-Z'berg-Harris Act	188,592,000	188,592,000	6,171,128	135,576,786	46,844,086	392,890	392,890
b/.620(c)	Per-capita grants to specified City and County	21,216,000	21,216,000	1,340,802	17,585,774	2,289,424	44,575	44,575
b/.620(d)	Murray Hayden grants	47,152,000	47,152,000	1,241,749	45,615,290	294,961	98,722	98,722
b/.620(d)	Specified urban grants	18,861,000	18,861,000	4,746,080	4,670,321	9,444,599	39,289	39,289
b/.620(d)	Youth Soccer program and State Urban Parks and Healthy Communities Act	47,140,000	47,140,000	196,449	7,053	46,936,498	97,722	97,722
b/.620(d)	Urban Parks Act of 2001	132,016,000	132,016,000	7,272,234	123,987,574	756,192	275,023	275,023
c/.650(a)	Acquisition and protection (Wildlife Conservation Board)	275,810,000 ⁵	320,474,189 ⁵	98,381,244	5,901,523	216,191,422 ⁵	19,319,925	(25,344,264) ⁵
c/.650(b)(1)	Acquisition and protection (State Coastal Conservancy)	188,389,000	184,389,363	99,605,448	39,489,975	45,293,940		3,999,637
c/.650(b)(2)	Acquisition and protection (California Tahoe Conservancy)	37,220,000	15,791,000	2,685,805	2,058,811	11,046,384		21,429,000
c/.650(b)(3)	Acquisition and protection (Santa Monica Mountains Conservancy)	37,250,000	37,049,768	26,137,158	2,476,486	8,436,124	30,710	230,942
c/.650(b)(4)	Acquisition and protection (Coachella Valley Mountains Conservancy)	19,085,000	19,085,000	14,884,842	11,800	4,188,358		0
c/.650(b)(5)	Acquisition and protection (San Joaquin River Conservancy partially via WCB)	23,771,000	22,226,000	112,932	226	22,112,842		1,545,000
c/.650(b)(6)	Acquisition and protection (San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy)	38,423,000	38,422,258	6,867,117	26,265,186	5,289,955	222,836	223,578
c/.650(b)(7)	Acquisition and protection (Baldwin Hills Conservancy)	38,264,000	29,616,000	710,201	14,562,637	14,343,162		8,648,000
c/.650(b)(8)	Acquisition and protection (San Francisco Bay Area Conservancy Program via SCC)	36,600,000	32,400,000	6,582,871	14,306,648	11,510,481		4,200,000
c/.650(c)(1)	Acquisition and development of river parkways and protection of urban streams	70,250,000	62,399,899	15,563,837	37,628,631	9,207,431	266,411	8,116,512
c/.650(c)(2)	Clean beaches, watershed protection, and water quality projects	259,433,000	259,068,327	21,442,925	68,235,204	169,390,198		364,673
c/.650(d)	Grants to air districts for projects that reduce air pollution	48,000,000	48,000,000	42,356,167	5,643,833	0		0
c/.650(e)	Acquisition, development, and restoration of land and water resources	14,526,000	14,525,887	12,269,537	0	2,256,350	40,511	40,624
c/.650(f)	Grants for the preservation of agricultural and grazing lands	55,898,000	46,536,045	7,495,623	2,267,324	36,773,098		9,361,955
c/.650(g)	Grants for urban forestry programs	9,150,000	0	0	0	0		9,150,000
d/.652(a)	Acquisition, development, and preservation of historical and cultural resources	221,946,000	221,613,660	41,399,427	46,962,772	133,251,461	4,685,000	5,017,340
d/.652(b), d/.652(c)	City park in Northern CA and cultural center in Los Angeles County	35,365,000	35,365,000	951,626	34,208,001	205,373	74,292	74,292
	Subtotals	2,375,949,000	2,351,294,311	521,842,099	914,723,969	914,728,243	37,058,385	61,713,074
	Appropriated DPR Statewide Costs ⁶	2,205,000	2,205,000	868,243	2,366	1,334,391	395,494	395,494
	Appropriated RA Statewide Costs ⁶	3,241,962	3,241,962	864,280	964,259	1,413,423	606,874	606,874
	Totals	\$ 2,381,395,962	\$ 2,356,741,273	\$ 523,574,622	\$ 915,690,594	\$ 917,476,057	\$ 38,060,753	\$ 62,715,442

1. The amounts shown are net of \$218,604,038 in unappropriated, estimated, statewide costs and future year obligations over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for the 17 departments receiving Proposition 40 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are distributed proportionately to each bond allocation, and will be included in the respective Department of Parks and Recreation and the Resources Agency totals for appropriations, expenditures, and encumbrances. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$205,811,145.

3. Encumbrances are shown net of any adjustments.

4. Represents items reverted in fiscal year 2004-05.

5. The bond act continuously appropriated the Wildlife Conservation Board's \$300 million allocation, while subsequent budget acts appropriated additional funds for program delivery and statewide costs. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the \$300 million allocation.

6. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1.

Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Agency
For the Period July 1, 2002 to June 30, 2005

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances and Reserve for Commitments ³ D	Appropriation Balance E = B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance G = A-B+F
Department of Health Services	79520, 79530	\$ 464,079,000	\$ 227,441,553 ⁹	\$ 1,354,888	\$ 85,102	\$ 226,001,563		\$ 236,637,447
Department of Water Resources	79545, 79550, 79560, 79567	679,696,304	461,335,715 ⁵	111,816,008	149,668,191	199,851,516	\$ 26,329,121	244,689,710
State Water Resources Control Board	79540, 79543, 79550, 79560	491,803,000	238,891,261 ⁵	21,612,808	39,392,759	177,885,694	109,321	253,021,060
Resources Agency	79541, 79544	122,669,238	17,869,468 ¹	980,366 ¹	1,083,326 ¹	15,805,776		104,799,770
California Tahoe Conservancy	79542	36,968,000	9,368,000	419,603	2,863,214	6,085,183		27,600,000
Department of Forestry and Fire Protection	79550	480,000	480,000 ⁵	177,492	258,505	44,003		0
Department of Fish and Game	79550	76,506,010	76,506,010 ⁵	3,937,547	560,394	72,008,069	10,000,000	10,000,000
State Coastal Conservancy	79570	132,586,000	68,155,629 ⁸	30,941,831	14,693,774	22,520,024		64,430,371
Wildlife Conservation Board	79565, 79568, 79572	903,873,000	1,010,136,077 ^{7,8}	525,727,210	103,975,862	380,433,005	24,965,000	(81,298,077) ⁷
Santa Monica Mountains Conservancy	79570	37,431,000	19,431,424	13,090,653	3,669,279	2,671,492		17,999,576
California Bay Delta Authority	79550	109,325,636	109,325,636 ⁵	4,733,427	11,816,115	92,776,094		0
Department of Conservation	79550	3,230,504	3,230,504 ⁵	193,384	460,757	2,576,363		0
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	79570	18,600,000	10,700,000	160,000	5,922,000	4,618,000		7,900,000
Department of Parks and Recreation		860,000	860,000 ¹	380,102 ¹	1,798 ¹	478,100		0
Unspecified ⁵	79550	184,579,546 ⁶	0	0	0	0		184,579,546
Totals		\$ 3,262,687,238	\$ 2,253,731,277	\$ 715,525,319	\$ 334,451,076	\$ 1,203,754,882	\$ 61,403,442	\$ 1,070,359,403

1. The amounts shown are net of \$177,312,762 in unappropriated estimated statewide and program delivery costs over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for all departments receiving Proposition 50 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are allocated proportionately to each bond allocation, and will be included in the respective Resources Agency and Department of Parks and Recreation totals for appropriations, expenditures, and encumbrances. For fiscal years 2003-04 and 2004-05, the Resources Agency and the Department of Parks and Recreation were appropriated \$3,062,238 and \$860,000, respectively, for statewide costs. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$222,331,152.

3. Encumbrances are shown net of any adjustments. Reserve for commitments includes funds set aside for particular projects, where contracts have been initiated but not yet executed.

4. Includes items reverted in fiscal years 2002-03 through 2004-05 net of reappropriations.

5. The Department of Water Resources, California Bay Delta Authority, Department of Fish and Game, State Water Resources Control Board, Department of Forestry and Fire Protection, and Department of Conservation received appropriations from the unspecified bond act section 79550. Those funds will go towards the CALFED Bay-Delta Program implementation. In fiscal year 2004-05, these departments received appropriations totaling \$200,358,508.

6. This amount reflects the remaining unspecified allocation that has not been appropriated as of June 30, 2005. See note 5 for details.

7. The bond act continuously appropriated the Wildlife Conservation Board (WCB) \$140,000,000 (bond act section 79565) and \$750,000,000 (bond act section 79572), while the budget act appropriated additional funds for estimated statewide and program delivery costs. The WCB is internally monitoring program expenditures and encumbrances to ensure that they do not exceed the original bond allocations.

8. The amount includes transfers of \$21,000,000 (WCB) and \$1,872,000 (SCC) from Proposition 50 to the Habitat Conservation Fund per Chapter 157, Statutes of 2003.

9. The amount includes a \$21,000,000 transfer from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund per Chapter 157 Statutes of 2003.

Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50)
Schedule of Allocations, Appropriations, Expenditures, and Encumbrances by Bond Act Section
For the Period July 1, 2002 to June 30, 2005

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances and Reserve for Commitments ³ D	Appropriation Balance E = B-(C+D)	Net Reversions ⁴ F	Unappropriated Balance G = A-B+F
79520	Drinking water systems protection	\$ 47,781,000	\$ 25,452,934	\$ 195,950	\$ 2,634	\$ 25,254,350		\$ 22,328,066
79530	Safe drinking water standards - infrastructure improvements	416,298,000	201,988,619 ⁸	1,158,938	82,468	200,747,213 ⁸		214,309,381
79540	Clean water/water quality	94,068,000	93,906,261	2,232,710	19,294,508	72,379,043		161,739
79541	River parkways - acquisition, restoration, protection, development	91,953,000	10,453,134	96,038	1,272	10,355,824		81,499,866
79542	Lake Tahoe - acquisition, restoration, protection	36,968,000	9,368,000	419,603	2,863,214	6,085,183		27,600,000
79543	Coastal waters, estuaries, bays, near-shore waters, and groundwater - restore/protect water quality	92,421,000	25,921,000	7,554,724	10,806	18,355,470		66,500,000
79544	Sierra Nevada-Cascade Mountain region - acquisitions	27,654,000	4,354,096	60,628	396	4,293,072		23,299,904
79545	Contaminant and salt removal technologies	93,152,000	37,368,411	679,720	25,000,000	11,688,691		55,783,589
79550	CALFED Bay-Delta Program implementation	781,141,000	596,561,454 ⁵	111,158,286	122,376,026	363,027,142	\$ 36,438,442	221,017,988
79560	Integrated regional water management	465,539,000	116,712,000	9,994,332	27,027,504	79,690,164		348,827,000
79565	Regional water quality/water supply reliability, fish and wildlife habitat - acquisitions	134,877,000	183,105,015 ^{6,7}	59,244,235	14,034,033	109,826,747 ⁷		(48,228,015) ⁶
79567	Colorado River - canal lining and related projects	19,300,000	19,300,000	10,850,894	8,447,877	1,229		0
79568	Colorado River - acquisition, protection, and restoration of land/water resources	46,143,000	46,143,012	15,971,624	16,345,592	13,825,796		(12)
79570	Coastal watershed/wetlands protection	188,617,000	98,287,053 ⁷	44,192,484	24,285,053	29,809,516 ⁷		90,329,947
79572	Coastal wetlands, adjacent upland areas, and coastal watersheds	722,853,000	780,888,050 ⁶	450,511,351	73,596,237	256,780,462	24,965,000	(33,070,050) ⁶
	Subtotals	3,258,765,000	2,249,809,039	714,321,517	333,367,620	1,202,119,902	61,403,442	1,070,359,403
	Appropriated RA Statewide Costs ⁹	3,062,238	3,062,238	823,700	1,081,658	1,156,880		-
	Appropriated DPR Statewide Costs ⁹	860,000	860,000	380,102	1,798	478,100		-
	Totals	\$ 3,262,687,238	\$ 2,253,731,277	\$ 715,525,319	\$ 334,451,076	\$ 1,203,754,882	\$ 61,403,442	\$ 1,070,359,403

1. The amounts shown are net of \$177,312,762 in unappropriated estimated statewide and program delivery costs over the life of the bond. This item includes estimated costs associated with bond issuance, interest payments, public website, legal support, auditing, coordination of fiscal oversight including budgeting and accounting, and program delivery for all departments receiving Proposition 50 funds. Funds have been set aside from the allocation of each bond act section to share in these costs. Statewide costs are allocated proportionately to each bond allocation, and will be included in the respective Resources Agency and Department of Parks and Recreation totals for appropriations, expenditures, and encumbrances. For fiscal years 2003-04 and 2004-05, the Resources Agency and the Department of Parks and Recreation were appropriated \$3,062,238 and \$860,000, respectively, for statewide costs. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.

2. The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2004-05 totaled \$222,331,152.

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5. The Department of Water Resources, California Bay Delta Authority, Department of Fish and Game, State Water Resources Control Board, and Department of Forestry and Fire Protection, and Department of Conservation received appropriations from the bond act section. Those funds will go towards the CALFED Bay-Delta Program implementation. In fiscal year 2004-05, these departments received appropriations totaling \$200,358,508.

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7. The amount includes transfers of \$21,000,000 (WCB) and \$1,872,000 (SCC) from Proposition 50 to the Habitat Conservation Fund per Chapter 157 Statutes of 2003.

8. The amount includes a \$21,000,000 transfer from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund per Chapter 157 Statutes of 2003.

9. This item includes transactions related to the appropriated portion of the statewide costs described in Note 1.

FINDINGS AND RECOMMENDATIONS

In planning and performing our audit of Proposition 12, 13, 40, and 50 expenditures, we reviewed the applicable internal control of administering departments to determine areas of risk and to identify where the control and accountability for bond funds could be improved. In general, we found that bond funds and bond-acquired assets were adequately accounted, safeguarded, and reported in compliance with the bond acts and state fiscal requirements. Most departments have taken action to address prior findings and strengthen controls. However, we noted certain recurring conditions that still require corrective action to improve fiscal operations. The following conditions illustrate the importance of designing controls that enhance departments' ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We also communicated these issues to departments via separate management letters. While most of these conditions were noted at more than one department, due to materiality factors, some conditions may not have been included in each department's management letter. Departments not separately issued these findings should review the following conditions, assess applicability to their bond programs, and take corrective action as necessary.

Grant Monitoring Could Be Improved: Not all departments consistently monitor grant awards and projects to ensure that bond funds are used only for authorized purposes, and that projects are progressing in accordance with approved scopes. Some project files contained insufficient documentation of project progress and status, or evidence that grantees' claimed expenditures were reviewed for compliance with contract budgets and approved for disbursement. There was also a lack of documentation of site visits to validate project progress, performance, and costs. Further, grant contract language remained vague with respect to project scopes and completion dates, expenditure budgets, indirect cost guidelines, and advance funding policies.

As a result of inadequate monitoring, a number of grantees lacked supporting documentation for expenditures, claimed unallowable costs, did not track interest earned on advanced funds, exceeded contract budgets, and incurred expenditures before or after approved contract periods. Without adequate oversight of grant expenditures, the potential for material undetected errors and irregularities is high. We recommend that departments monitor grantees more closely to ensure that they comply with all fiscal and performance accountability requirements, and revise grant contract language to better control the use of bond funds.

Loan Repayments are Not Returned to Bond Funds: In some departments, loan repayments and related interest are remitted to the General Fund or other funds, instead of to the bond fund that made the loan. Although there may be statutory requirements to remit collections to certain non-bond funds, departments should maintain separate accountability for these repayments; and absent any statutory requirements, should return all loan repayments to the originating bond fund. These procedures would ensure that bond repayments are separately tracked for future use, reappropriation, or other disposition by the Legislature.

Expenditures are Not Properly Allocated to Applicable Departments and Funds: One department continues to lack a methodology to distribute Proposition 13 bond issuance and audit costs to the applicable departments, subsidiary funds, and subaccounts. As a result, the department has absorbed more than its equitable share of these costs, which may contribute to future deficits in its bond accounts. Additionally, some departments improperly allocate Proposition 12, 13, 40, and 50 costs to the bond programs based on estimated or budgeted cost percentages, which may not represent the actual costs incurred in operating the respective programs. In order to ensure that there are sufficient funds to pay for future program costs and to accurately reflect available program funds, we recommend that departments develop and implement allocation plans that equitably distribute these costs to the applicable departments, funds, accounts, and subaccounts.

Inaccurate, Incomplete, and Untimely Reporting of Project Status: In addition to incomplete and untimely submission of project status, some departments were unable to reconcile their project status with the June 30, 2005 financial statements. Without complete and timely reconciliation between program and fiscal data, departments may lose control and accountability of bond funds, and material errors may remain undetected. Consequently, there is reduced assurance about the accuracy and completeness of the project status information contained in this report. We recommend that departments maintain complete, accurate, and reconciled project status information, and timely submit this information when required.

CONCLUSION

We respectfully submit this report on our review of the Proposition 12, 13, 40, and 50 bond funds, as of June 30, 2005.

The control and accountability issues reported separately to departments and discussed in the *Findings and Recommendations* section present opportunities to correct identified weaknesses and improve operations. We believe the internal control would be strengthened if departments implement our recommendations. The internal control weaknesses, if left uncorrected, increase the risk that material errors or irregularities could occur and remain undetected.

Except as discussed in the following paragraph, we conducted our review in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States, based on fieldwork performed from October 12, 2005 to February 28, 2006. We limited our review to those areas specified in the scope section of this report.

In connection with our review, there are certain disclosures required by GAS Statement No. 3. Both the administering departments and the Department of Finance, of which the Office of State Audits and Evaluations is a unit, are part of the Executive Branch, which GAS considers an impairment to independence. Also, as required by various statutes within the California Government Code, the Department of Finance's other units are mandated to perform certain management and accounting functions. These activities impair independence. Although the Department of Finance is statutorily obligated to perform these specific activities, we believe that sufficient safeguards and divisions of responsibility exist that would enable the reader of this report to rely on the information contained herein.

Original Signed By:

Diana L. Ducay, Chief
Office of State Audits and Evaluations
(916) 322-2985

February 28, 2006



A G E N C Y

April 14, 2006

Ms. Diane L. Ducay, Chief
Department of Finance
300 Capitol Mall, Suite 801
Sacramento, CA 95814

Dear Ms. Ducay:

Thank you for the opportunity to respond to the draft audit report of Propositions 12, 13, 40 and 50 bond funds as of June 30, 2005. We appreciate the efforts of the auditors working with the many departments administering these bond programs, and the cooperation and responsive relationships that have developed. We are pleased that the audit concluded that bond funds and bond-acquired assets were accurately accounted and reported in compliance with the bond act, and in conformity with the accounting practices as prescribed by the State of California.

We are implementing recommendations suggested in the audit report and accompanying management letters and will continue to improve administration and accounting for \$10 billion in bond funds. In addition, departments will review their current practices to minimize any future audit issues.

We look forward to our continued working relationship with Department of Finance staff.

Sincerely,

Original Signed By:

Patrick Kemp
Assistant Secretary
Finance and Administration

cc: All Department Directors, Propositions 12, 40 and 50

