



November 29, 2007

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California State Legislature
Joint Legislative Audit Committee
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Sacramento, CA 95814

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Final Report—Review of Bond Funds as of June 30, 2006

In accordance with our bond fund oversight responsibilities, 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, 2006. The report includes a status of bond projects, a review of project expenditures, findings, recommendations, and a consolidated response from the Resources Agency.

In accordance with the Department of Finance's policy of increased transparency, this report will be published on our 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 Diana Antony, Manager, at (916) 322-2985.

Sincerely,

Original signed by Richard R. Sierra:

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations

Enclosure

cc: Honorable Michael Chrisman, Secretary, Resources Agency
Honorable Linda S. Adams, 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
Department Directors
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State Library, Government Publications Section

A REVIEW OF BOND FUNDS

Propositions 12, 13, 40, and 50 Status of Bond Projects and Expenditures As of June 30, 2006

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

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The Department of Finance, Office of State Audits and Evaluations, performed this review as part of our bond fund oversight responsibilities. 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, 2005 to June 30, 2006. 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, 2005 to June 30, 2006, 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 2005-06, 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, 2005 to June 30, 2006, 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 the fiscal status as of June 30, 2006:

Proposition 12

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,845,230,497.
- Of the original allocation, \$48,235,174 remained unappropriated and uncommitted.
- Of the total appropriation, \$252,220,354 remained unexpended, unencumbered, and uncommitted.

Proposition 13

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,483,001,008.
- Of the original allocation, \$529,619,564 remained unappropriated and uncommitted.
- Of the total appropriation, \$495,106,605 remained unexpended, unencumbered, and uncommitted.

Proposition 40

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,697,903,089.
- Of the original allocation, \$30,890,810 remained unappropriated and uncommitted.
- Of the total appropriation, \$764,568,760 remained unexpended, unencumbered, and uncommitted.

Proposition 50

- Cumulative expenditures, encumbrances, and other commitments totaled \$1,362,234,140.
- Of the original allocation, \$697,381,246 remained unappropriated and uncommitted.

- Of the total appropriation, \$1,429,983,117 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 could be improved. The control issues pertain to accounting, reporting, and project monitoring.

Although, most departments have taken action to address prior findings and strengthen controls we noted certain recurring conditions that have been frequently identified at multiple departments based on the findings from audit periods July 1, 2000 through June 30, 2006. As part of our bond oversight responsibilities, prior audit findings are reviewed during subsequent audits to determine if the issues have been adequately addressed.

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) passed on the March 2000 ballot. Propositions 40 (\$2.6 billion) and 50 (\$3.44 billion) passed on the March and November 2002 ballots, respectively. These Propositions (Bond Acts) 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 funds 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 (Act) 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.

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 Act section are summarized in Appendix A, 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 (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.

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.

A lead agency has not been assigned to oversee and coordinate Proposition 13 activities, but 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 Act section are summarized in Appendix A, Schedules 3 and 4, respectively.

Proposition 40

The California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (Act) 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.

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 Act section are summarized in Appendix A, Schedules 5 and 6, respectively.

Proposition 50

The Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Act) 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, fund the CALFED Bay-Delta Program, establish and facilitate integrated regional water management systems, protect urban communities from drought, and 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.

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 Act section are summarized in Appendix A, 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 accordance with the bond fund oversight responsibilities, the Department of Finance, Office of State Audits and Evaluations, has completed its audit of Proposition 12, 13, 40, and 50 (Bond Acts) expenditures as of June 30, 2006, and presents its sixth annual report. Identified control weaknesses are described in the *Findings and Recommendations* section of this report.

Our scope included an audit of the Proposition 12, 13, 40, and 50 bond controls and transactions for the period July 1, 2005 to June 30, 2006, and a compilation of department-reported project information for the period July 1, 2000 to June 30, 2006, 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:

- **Determined whether administering departments had effective control and accountability for bond funds, and whether they had adequate project monitoring processes.** For this area, administering departments’ fiscal and program staff were interviewed; operations and activities were observed; policies, procedures, contract terms, and project scopes were reviewed; project files were reviewed for evidence of periodic monitoring and submission of required deliverables; and a sample of bond expenditures were tested for proper authorization and compliance with established procedures and contract terms. Where appropriate, the work of other auditors was reviewed and relied upon.
- **Determined whether bond funds were expended and reported in accordance with the Bond Acts and state accounting requirements.** To complete this objective, administering departments’ management and staff were interviewed; the Bond Acts, applicable laws and regulations, policies, procedures, grant agreements, and contracts were reviewed; bond allocations, appropriations, fund transfers, encumbrances, and reserves were reviewed and verified; reconciliations of accounting records with financial reports were verified; and a sample of expenditures (support, local assistance, and capital outlay) were tested to supporting documents. On a limited basis, we inspected acquired land 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, the work of other auditors was reviewed and relied upon. The results of our audit are summarized in Appendix A, Schedules 1 through 8.

During the period March 1, 2002 to December 2006, a sample of 348 Proposition 12, 13, 40, and 50 grant contracts awarded to federal and local agencies, joint powers authorities, and nonprofit organizations were audited. The objective of these audits was to determine the grantees' fiscal compliance with the contracts. Separate reports were issued to grantees and funding departments concerning the audit work performed, and only isolated compliance or control exceptions were identified. These grant audits will continue during fiscal year 2006-07.

- **Compiled administering departments' self-reported project status information.** In accordance with the Governor's directive, all administering departments were requested to report 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, surveys were distributed and department staff was contacted. 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, 2006. 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. Project completion will continue to be reviewed 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.

REVIEW OF BOND EXPENDITURES

The information presented on the schedules in Appendix A 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, revenue is recorded when it becomes 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, 2006.

FINDINGS AND RECOMMENDATIONS

In planning and performing the audit of Proposition 12, 13, 40, and 50 (Bond Acts) expenditures, applicable internal control of administering departments was reviewed to determine areas of risk and to identify where the control and accountability for bond funds could be improved. In general, 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, based on the findings from audit periods July 1, 2000 through June 30, 2006 we noted certain recurring conditions that have been frequently identified at multiple departments.

The following five recurring conditions illustrate the importance of designing controls that enhance the ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. These issues have been previously communicated to departments via separate management letters. Due to materiality factors, some conditions may not have been included in each management letter. Departments should review the following conditions, assess applicability to their bond programs, and take corrective or preventative action as necessary. Between July 1, 2000 and June 30, 2006, the five most frequent recurring statewide issues are as follows:

Compliance and Internal Control Should Be Strengthened: During the review of departments, compliance issues and, in some cases, significant deficiencies were identified in the design or operation of internal control that could adversely affect the department's ability to record, process, summarize, and report financial data. Most notable weaknesses include (1) untimely reconciliations, (2) inadequate audit trails, (3) improper management, monitoring, and authorization of fiscal activities, (4) incorrectly applying estimated costs instead of actual costs for cost allocation plan, and (5) awarding grants or incurring expenditures not in accordance with the Bond Acts. The internal control weaknesses, if left uncorrected, increase the risk that material errors or irregularities could occur and remain undetected. Departments should maintain an adequate system of internal accounting and administrative controls to provide reasonable assurance that assets are safeguarded, accounting data are accurate and reliable, and that methods and procedures address operational efficiency and adherence to management policies.

Accruals and Encumbrances Are Not Accurately Recorded, Reviewed, or Reported: Some departments did not base accruals and encumbrances on valid, documented obligations as required by the State Administrative Manual. Therefore, the financial statements may be misstated, preventing the Departments from identifying funds available for projects in a timely manner. Departments should review accruals and encumbrances at year end for validity and proper classification before the submission of the financial statements to the State Controller's Office.

Inaccurate, Incomplete, and Untimely Reporting of Project Status: This has been a recurring condition each year since the audit periods beginning July 1, 2000. During the most

recent audit of fiscal years 2005-06, 15 of 22 departments, again, submitted incomplete project status reports after the due date. Some departments continue experiencing difficulties reporting the status of their projects. In addition, some departments did not reconcile their project status with their annual 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. Departments must maintain complete, accurate, and reconciled project status information, and timely submit this information when required.

Grant Management and Bond Oversight Could Be Improved: Not all departments consistently awarded grants in accordance with the Bond Acts, nor were grant projects adequately monitored to ensure that bond funds were used only for authorized purposes and in compliance with approved scopes. Some project files contained insufficient evidence that grantees' claimed expenditures were reviewed for compliance with contract budgets and approved for disbursement. There were also some departments that did not reconcile budgeted grant expenditures with actual expenditures. Further, grant contract language remained vague with respect to expenditure terms, project scope, and indirect cost guidelines.

Based on the 348 grant audits performed between March 2002 and December 2006, the following issues were noted as most prevalent and recurring among the grant recipients.

- **Internal Control Could Be Improved:** Issues included insufficient separation of duties and inadequate contracting and accounting procedures. For instance, accounting duties are not adequately separated to reduce risk of loss or theft, and some contracts were inconsistent with the purpose of the Bond Acts.
- **Compliance with Contracts Could Be Improved:** Several audited projects were contradictory to the intent of the Bond Acts, and in some instances, consulting services for third parties were obtained without written agreements.
- **Advances Requested Prior to Immediate Cash Need:** Grantees requested advanced funds for projects prior to immediate cash need and in some cases the grantees did not expend the full amount of the advance.
- **Inadequate Monitoring:** Grantees failed to adequately monitor projects as required by the contract. Inadequate monitoring of grant contracts could result in unauthorized expenditures, uncorrected errors, misstated financial statements, and incomplete projects.

Without adequate oversight of grant expenditures, the potential for material undetected errors and irregularities is high. Departments should monitor grantees more closely to ensure that they comply with all fiscal and performance accountability requirements, and revise the grant contract language to better control the use of bond funds.

Inadequate Recording and Reporting of Fixed Assets: Some departments did not report and record fixed assets and real property transactions, nor did they reconcile property transactions in a timely manner. Departments should reconcile the fixed asset transactions to

the accounting reports on a periodic basis, and should timely and accurately report fixed assets purchases to the Department of General Services for inclusion in the Statewide Real Property Inventory per the State Administrative Manual.

The following condition remains unaddressed since the audit periods beginning July 2000 through June 30, 2006. Although this issue is not noted as a frequent statewide issue in the list above, this issue adversely affects multiple departments.

- *Expenditures are Not Properly Allocated to Applicable Departments and Funds:* Department of Water Resources continues to lack a methodology to distribute Proposition 13 bond issuance and audit costs to the applicable departments, subsidiary funds, and subaccounts. In order to ensure that there are sufficient funds to pay for future audit and bond issuance costs, and to accurately reflect available program funds, the Department of Water Resources should develop and implement an allocation plan to distribute these costs to the applicable departments, funds, accounts, and subaccounts.

As noted above, these recurring issues have been previously communicated to applicable departments via separate management letters and most departments have taken action to address prior findings and strengthen controls. As part of our bond oversight responsibilities, prior audit findings are reviewed to determine if the issues are adequately addressed during subsequent department audits. In those cases where the findings were deemed significant, corrective action plans were requested as part of the department's audit report response.

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.

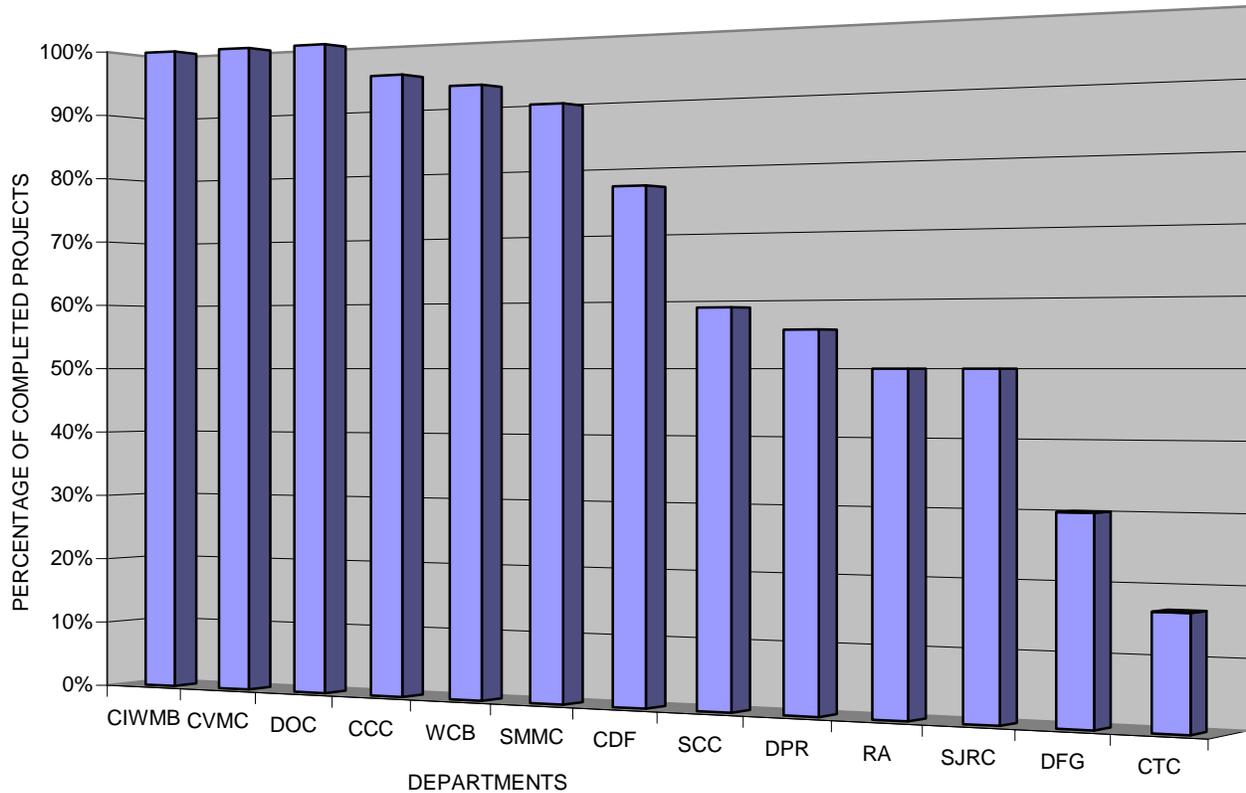
Due to the large volume of individual projects, no attempt has been made to summarize all projects at the grant level. Instead, departments aggregated the projects into the major categories as shown in the Bond Acts, and summarized their status on a consolidated basis. However, for certain major projects, 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 Acts 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 project information as of June 30, 2006. The estimated completion dates of the projects have been updated as of June 30, 2007. Reporting departments are responsible for the accuracy and completeness of the cumulative information contained herein.

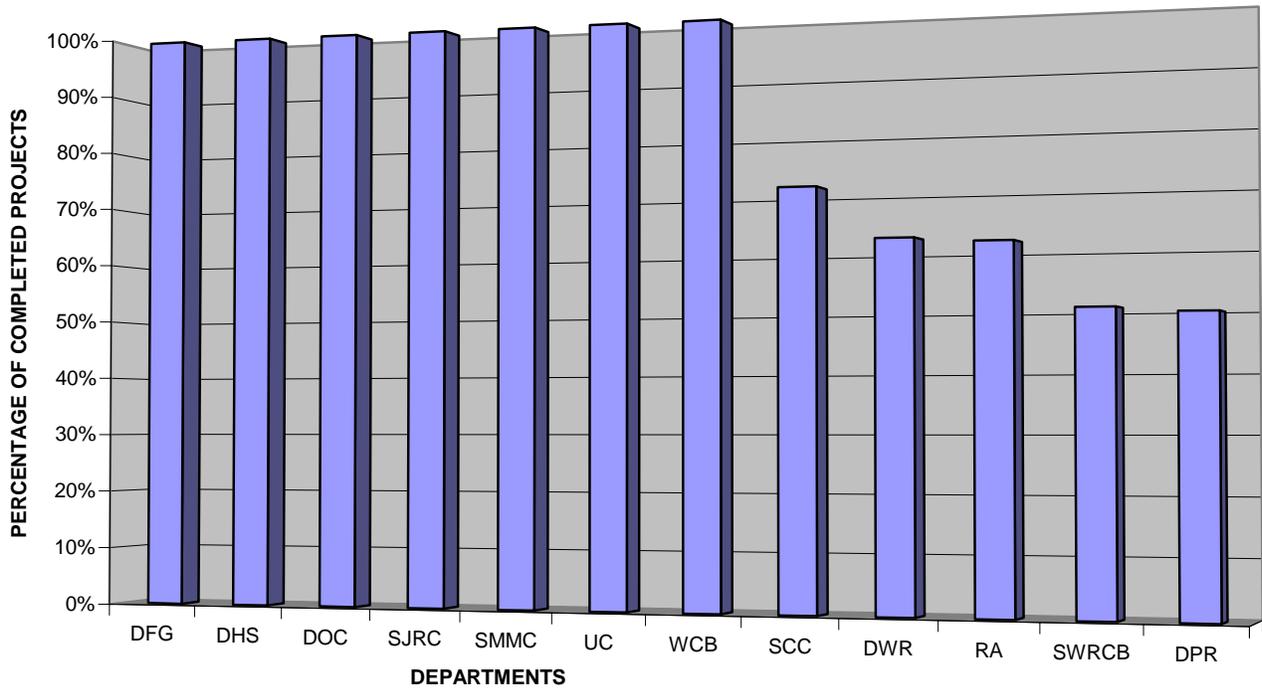
The following graphs and tables for each proposition represents the number of projects open, number of projects completed and percentage of completion. For detailed information, including specific highlighted projects or accomplishments by department and/or program, see Appendix B.

**PROJECT STATUS - PROPOSITION 12
BY DEPARTMENT**



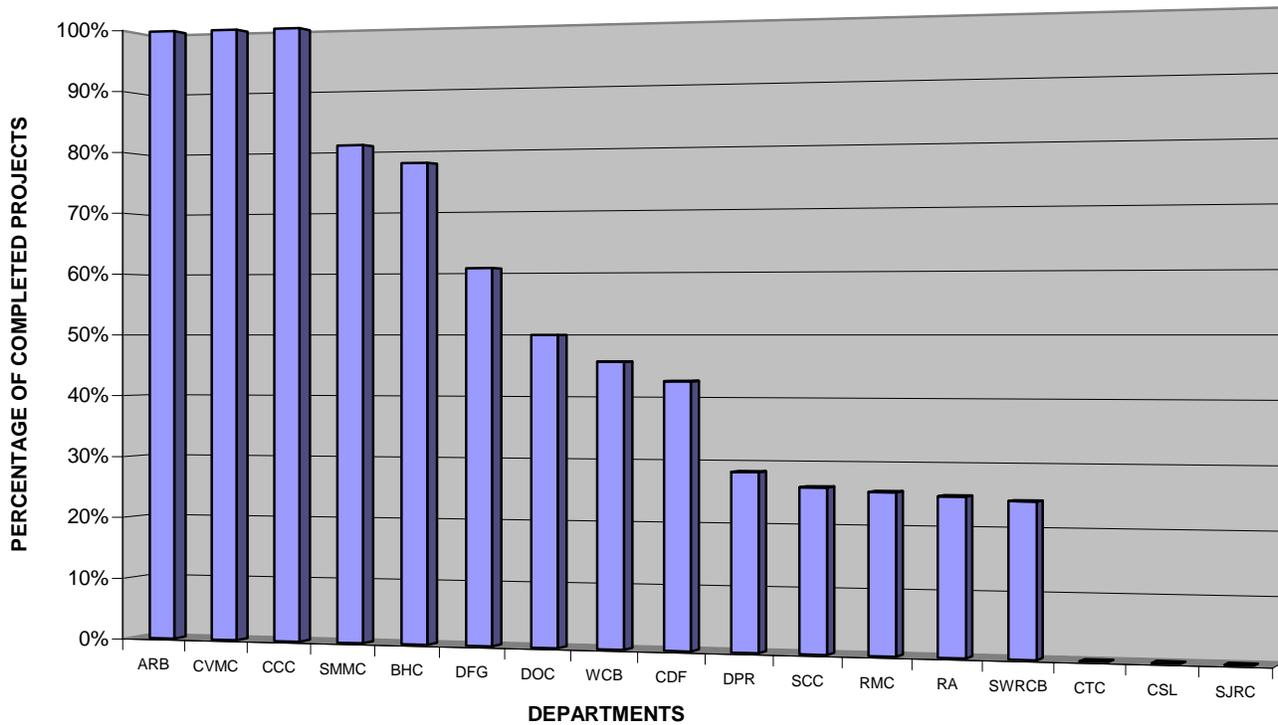
Department	Open Projects	Completed Projects	Total Projects	Percent Completed	Estimated Date of Completion
California Integrated Waste Management Boards (CIWMB)	0	113	113	100%	Completed
Coachella Valley Mountains Conservancy (CVMC)	0	24	24	100%	Completed
Department of Conservation (DOC)	0	38	38	100%	Completed
California Conservation Corps (CCC)	11	200	211	95%	June 2008
Wildlife Conservation Board (WCB)	10	128	138	93%	June 2008
Santa Monica Mountains Conservancy (SMMC)	6	51	57	89%	July 2009
Department of Forestry and Fire Protection (CDF)	47	157	204	77%	March 2008
State Coastal Conservancy (SCC)	246	353	599	59%	August 2027
Department of Parks and Recreation (DPR)	1366	1713	3079	56%	December 2013
Resources Agency (RA)	24	24	48	50%	May 2011
San Joaquin River Conservancy (SJRC)	9	9	18	50%	April 2009
Department of Fish and Game (DFG)	79	34	113	30%	June 2013
California Tahoe Conservancy (CTC)	45	9	54	17%	June 2008

**PROJECT STATUS - PROPOSITION 13
BY DEPARTMENT**



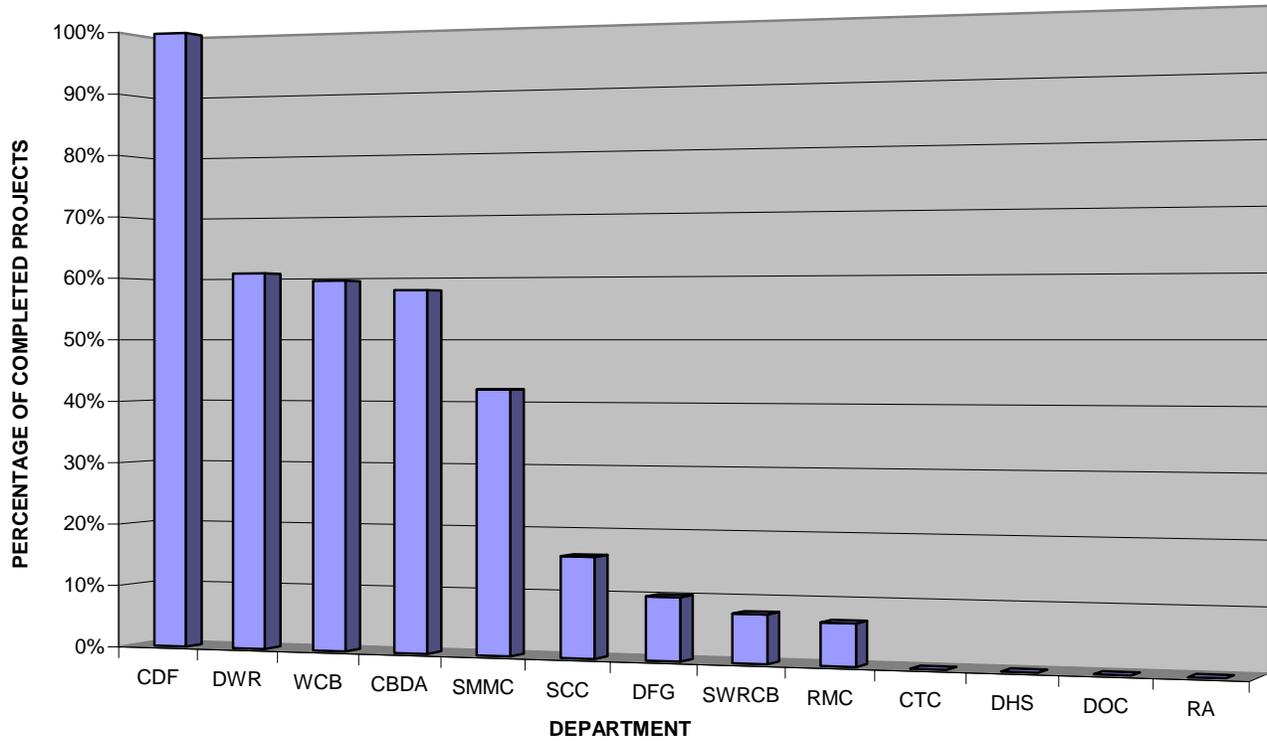
Department	Open Projects	Closed Projects	Total projects	Percent Completed	Latest Project Completion Date
Department of Fish and Game (DFG)	0	78	78	100%	Completed
Department of Health Services (DHS)	0	33	33	100%	Completed
Department of Conservation (DOC)	0	1	1	100%	Completed
San Joaquin River Conservancy (SJRC)	0	5	5	100%	Completed
Santa Monica Mountains Conservancy (SMMC)	0	1	1	100%	Completed
University of California (UC)	0	1	1	100%	Completed
Wildlife Conservation Board (WCB)	0	7	7	100%	Completed
State Coastal Conservancy (SCC)	6	15	21	71%	June 2008
Department of Water Resources (DWR)	188	315	503	63%	December 2013
Resources Agency (RA)	8	13	21	62%	June 2011
State Water Resources Control Board (SWRCB)	238	246	484	51%	June 2009
Department of Parks and Recreation (DPR)	1	1	2	50%	June 2008

**PROJECT STATUS - PROPOSITION 40
BY DEPARTMENT**



Department	Open Projects	Closed Projects	Total Projects	Percent Completed	Estimated Date of Completion
Air Resources Board (ARB)	0	69	69	100%	Completed
Coachella Valley Mountains Conservancy (CVMC)	0	28	28	100%	Completed
California Conservation Corps (CCC)	0	189	189	100%	Completed
Santa Monica Mountains Conservancy (SMMC)	10	42	52	81%	July 2010
Baldwin Hills Conservancy (BHC)	4	14	18	78%	June 2009
Department of Fish and Game (DFG)	55	85	140	61%	March 2009
Department of Conservation (DOC)	9	9	18	50%	December 2007
Wildlife Conservation Board (WCB)	51	43	94	46%	June 2009
Department of Forestry and Fire Protection (CDF)	137	102	239	43%	March 2008
Department of Parks and Recreation (DPR)	1634	649	2283	28%	June 2013
State Coastal Conservancy (SCC)	336	119	455	26%	May 2026
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC)	67	23	90	26%	December 2008
Resources Agency (RA)	36	12	48	25%	May 2011
State Water Resource Control Board (SWRCB)	31	10	41	24%	December 2008
California Tahoe Conservancy (CTC)	16	0	16	0%	June 2010
California State Library (CSL)	16	0	16	0%	June 2008
San Joaquin River Conservancy (SJRC)	0	0	0	0%	Incorporated in WCB figures.

**PROJECT STATUS - PROPOSITION 50
BY DEPARTMENT**



Department	Open Projects	Closed Projects	Total Projects	Percent Completed	Estimated Date of Completion
Department of Forestry and Fire Protection (CDF)	0	3	3	100%	Completed
Department of Water Resources (DWR)	181	280	461	61%	December 2010
Wildlife Conservation Board (WCB)	30	44	74	59%	June 2009
California Bay-Delta Authority (CBDA) ¹	24	33	57	58%	October 2011
Santa Monica Mountains Conservancy (SMMC)	11	8	19	42%	July 2010
State Coastal Conservancy (SCC)	84	16	100	16%	May 2026
Department of Fish and Game (DFG)	9	1	10	10%	January 2010
State Water Resources Control Board (SWRCB)	144	12	156	8%	March 2011
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy (RMC)	28	2	30	7%	December 2008
California Tahoe Conservancy (CTC)	12	0	12	0%	June 2010
Department of Health Services (DHS)	2	0	2	0%	September 2027
Department of Conservation (DOC)	48	0	48	0%	January 2008
Resources Agency (RA)	37	0	37	0%	May 2011

¹The CBDA initially funded 48 Watershed Coordinator Grants, which were administered by DOC under a reimbursement agreement. The DOC will continue funding for the 48 Watershed Coordinator Grants.

We respectfully submit this report on our review of the Proposition 12, 13, 40, and 50 bond funds as of June 30, 2006.

The control and accountability issues reported separately to departments and discussed in the *Findings and Recommendations* section of this report 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 *Generally Accepted Government Auditing Standards*, issued by the Comptroller General of the United States, based on fieldwork performed from October 2, 2006 to March 7, 2007. 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 *Generally Accepted Government Auditing Standards* 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 *Generally Accepted Government Auditing Standards* 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.

Janet I. Rosman, Assistant Chief
Office of State Audits and Evaluations
(916) 322-2985

March 7, 2007

APPENDIX A
SUMMARY OF BOND EXPENDITURES

**Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000 (Proposition 12)
Schedule of Allocation, Appropriation, Expenditures, and Encumbrances by Agency
For the period July 1, 2000 to June 30, 2006**

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E=B-(C+D)	Net Reversion ³ F	Unappropriated Balance G=A-B+F
	5096.310							
Department of Parks and Recreation	a - j, l, y	\$1,301,468,000 ⁴	\$1,355,970,733 ⁴	\$ 851,804,407 ^{4,7}	\$379,857,157 ⁴	\$124,309,168 ⁴	\$ 62,500,778 ⁴	\$ 7,998,045
California Conservation Corps	k, s	14,562,000	16,837,608	13,426,120	654,000	2,757,488	2,727,096	451,488
Wildlife Conservation Board	m	257,748,000	255,309,120	229,740,100 ⁵	1,669,716	23,899,304	12,286,310	14,725,190
California Tahoe Conservancy	n	48,357,000	48,421,174	37,122,055	9,162,363	2,136,756	1,322,306	1,258,132
State Coastal Conservancy	o, w	240,347,000	269,092,514	164,577,567 ⁶	18,814,757	85,700,190	46,007,544	17,262,030
Santa Monica Mountains Conservancy	p	33,978,000	36,683,000	32,311,774	1,242,497	3,128,729	2,705,000	0
Coachella Valley Mountains Conservancy	q	4,854,000	5,540,000	4,850,506	0	689,494	689,494	3,494
San Joaquin River Conservancy (via WCB)	r	14,562,000	14,562,000	11,798,041	1,343,392	1,420,567	0	0
Department of Conservation	t	24,270,000	24,579,752	23,265,485	76,572	1,237,695	1,154,254	844,502
Department of Forestry and Fire Protection	u	8,512,000	9,904,243	4,555,877	1,834,844	3,513,522	3,169,811	1,777,568
Department of Fish and Game	v	11,649,000	9,909,707	7,180,579	438,415	2,290,713	1,575,615	3,314,908
California Integrated Waste Management Board	x	6,201,000	6,201,539	5,653,130	0	548,409	495,131	494,592
Resource Agency	z	44,338,000 ⁴	44,439,462 ⁴	19,508,947 ⁴	24,342,196 ⁴	588,319 ⁴	206,687 ⁴	105,225
Totals		\$2,010,846,000	\$2,097,450,852	\$1,405,794,588	\$439,435,909	\$252,220,354	\$134,840,026	\$48,235,174

- The amounts shown are net of \$89,154,000 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.
- The amounts shown represent cumulative expenditures since program inception. Expenditures for 2005-2006 totaled \$158,243,053.
- Includes reversions and reappropriations through June 30, 2006.
- This item includes statewide costs. See Note 1 for details.
- Amount includes \$5,000,000 transferred from Proposition 12 to the Oak Woodlands Conservation Fund per Chapter 588, Statutes of 2001.
- Amount includes \$2,267,000 transferred from Proposition 12 to the State Coastal Conservancy Fund for support expenditures per Chapter 52, Statutes of 2000.
- 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 Allocation, Appropriation, Expenditures, and Encumbrances by Bond Act
For the period July 1, 2000 to June 30, 2006

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E=B-(C+D)	Net Reversion ³ F	Unappropriated Balance G=A-B+F
5096.310								
a	General state parks programs	\$ 468,531,000	\$ 501,714,915	\$ 386,251,614	\$ 23,144,339	\$ 92,318,962	\$ 38,058,381	\$ 4,874,466
b	Stewardship projects relating to state parks	16,068,000	17,622,193	11,829,405	1,980,386	3,812,401	1,619,300	65,107
c	Volunteer participation in state parks	3,794,000	4,442,615	3,461,890	86,611	894,114	799,124	150,509
d	Grants to local agencies administering units of state park system	19,152,000	19,986,918	7,962,285	11,189,939	834,694	0	(834,918)
e	Competitive grants to local agencies - historical resources	9,322,000	9,548,024	3,616,861	5,541,056	390,107	250,514	24,490
f	Per-capita grants for local parks	369,931,000	379,073,597	202,830,158	166,108,332	10,135,107	9,143,554	957
g	Grants to local agencies pursuant to the Roberti-Z'berg Act	190,686,000	199,055,378	87,538,905	102,858,873	8,657,600	8,369,791	413
h	Grants to local agencies for riparian habitat	9,544,000	9,573,958	3,790,194	5,709,183	74,581	40,690	10,732
i	Grants to local agencies for nonmotorized trails	9,550,000	9,580,011	5,363,866	4,156,734	59,411	43,690	13,679
j	Grants that benefit youth projects	95,451,000	95,751,639	57,371,756	35,885,714	2,494,170	1,191,895	891,256
k	Resource conservation projects	2,427,000	2,519,608	2,413,482	0	106,126	106,126	13,518
l	Grants for urban recreation and regional youth sports	82,690,000	82,829,478	68,102,349	13,513,458	1,213,671	358,115	218,637
m	Resource conservation projects	257,748,000	255,309,120	229,740,099	1,669,716	23,899,305	12,286,310	14,725,190
n	Lake Tahoe conservation programs	48,357,000	48,421,174	37,122,055	9,162,363	2,136,755	1,322,306	1,258,132
o	Acquisition and restoration of coastal lands	211,224,000	239,128,514	137,588,275	18,350,895	83,189,345	43,501,952	15,597,438
p	Capital outlay and grants for SMMC and administration	33,978,000	36,683,000	32,311,774	1,242,497	3,128,729	2,705,000	0
q	Acquisition, development and protection of land (via CVMC)	4,854,000	5,540,000	4,850,506	0	689,494	689,494	3,494
r	Acquisition, development and protection of land (via SJRC)	14,562,000	14,562,000	11,798,041	1,343,392	1,420,567	0	0
s	Grants for local conservation corps	12,135,000	14,318,000	11,012,638	654,000	2,651,362	2,620,970	437,970
t	Grants for the Agricultural Land Stewardship Program	24,270,000	24,579,752	23,265,485	76,572	1,237,695	1,154,254	844,502
u	Grants for purchase and planting of trees	8,512,000	9,904,243	4,555,877	1,834,844	3,513,523	3,169,811	1,777,568
v	Development, restoration and preservation of habitat and wetlands	11,649,000	9,909,707	7,180,579	438,415	2,290,713	1,575,615	3,314,908
w	Projects and grants relating to the S.F. Bay Area conservation	29,123,000	29,964,000	26,989,293	463,862	2,510,845	2,505,592	1,664,592
x	Grants to local agencies for public playgrounds	6,201,000	6,201,539	5,653,130	0	548,409	495,131	494,592
y	Rehabilitation or enhancement to a city park in Northern CA	14,316,000	14,358,916	5,229,929	9,049,471	79,516	58,534	15,618
z	River, watershed, parkway, and recreational projects	43,793,000	43,894,115	19,181,302	24,341,413	371,400	136,950	35,835
	Subtotals	1,997,868,000	2,084,472,414	1,397,011,747	438,802,065	248,658,602	132,203,099	45,598,685
	Appropriated DPR Statewide & Departmental Costs ⁶	12,433,000	12,433,091	8,455,197	633,062	3,344,832	2,567,190	2,567,099
	Appropriated RA Statewide Costs ⁶	545,000	545,347	327,644	782	216,920	69,737	69,390
	Totals	\$2,010,846,000	\$2,097,450,852	\$1,405,794,588	\$439,435,909	\$252,220,354	\$134,840,026	\$48,235,174

1. The amounts shown are net of \$89,154,000 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 2005-2006 totaled \$158,243,053.

3. Includes reversions and reappropriations through June 30, 2006.

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

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

6. 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.

**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, 2006**

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E=B-(C+D)	Net Reversions ³ F	Unappropriated Balance ⁴ 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	\$1,077,972,646	\$ 489,720,184	\$219,911,901	\$368,340,561	\$573,622,316	\$595,574,670
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	709,575,043 ⁶	492,000,903 ⁷	123,695,893	93,878,247	36,273,341	848,298
Department of Conservation Resources Agency	79033.2(a), 79100(a)	2,375,000	2,746,174	1,359,934	31	1,386,209	856,542	485,368
Department of Parks and Recreation	79100(a)		36,498,000 ⁵	25,785,309 ⁵	4,211,604	6,501,087	6,436,924	(30,061,076) ⁵
Wildlife Conservation Board	79100(a)		1,500,000 ⁵	500,000 ⁵	1,000,000	0	0	(1,500,000) ⁵
State Coastal Conservancy	79100(a)		14,000,000 ⁵	13,932,194 ⁵	0	67,806	0	(14,000,000) ⁵
Santa Monica Mountains Conservancy	79100(a)		21,500,000 ⁵	18,962,352 ⁵	1,698,995	838,653	838,653	(20,661,347) ⁵
Department of Fish and Game	79104.200, 79068.14	43,650,000	5,000,000 ⁵	4,985,000 ⁵	0	15,000	0	(5,000,000) ⁵
University of California	79094	3,000,000	36,315,750	23,517,745	11,237,748	1,560,257	99,401	7,433,651
Department of Health Services	79021	66,500,000	3,000,000	3,000,000	0	0	0	0
Totals		\$1,889,600,000	\$1,978,107,613	\$1,120,888,992	\$362,112,016	\$495,106,605	\$618,127,177	\$529,619,564

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 the fiscal year ended June 30, 2006 totaled \$231,690,127.

3. Includes reversions and reappropriations through June 30, 2006.

4. 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.

5. 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.

6. The amount includes Proposition 204 appropriations.

7. The amount includes administrative and/or support costs totaling \$6,670,239 that were paid out of Proposition 204 funds.

**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, 2006**

Bond Act Section	Fund Number	Fund Name	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E=B-(C+D)	Net Reversions ³ F	Unappropriated Balance ⁴ G=A-B+F
79021	0629	Safe Drinking Water State Revolving Fund	\$ 66,500,000	\$ 70,000,000	\$ 47,125,372	\$ 355,844	\$ 22,518,784	\$ 0	\$ (3,500,000)
79033(a)	6003	Floodplain Mapping Subaccount	2,375,000	2,375,000	2,056,563	0	318,437	1,883	1,883
79033.2(a)	6004	Agriculture and Open Space Mapping Subaccount	2,375,000	2,746,174	1,359,934	31	1,386,209	856,542	485,368
79035(a)	6005	Flood Protection Corridor Subaccount	66,500,000	69,805,132	44,695,333	20,766,150	4,343,649	6,605,887	3,300,755
79045	0409	Delta Levee Rehabilitation Subaccount	28,500,000	31,682,000	27,797,835	0	3,884,165	1,002,898	(2,179,102)
79055	6006	Flood Control Subventions Subaccount	42,750,000	46,492,000	41,043,846	1,122,217	4,325,937	0	(3,742,000)
79060	6007	Urban Stream Restoration Subaccount	23,750,000	25,172,191	17,496,254	4,036,551	3,639,386	4,598,652	3,176,461
79065.2(a)	6008	State Capital Protection Subaccount	20,000,000	20,000,000	16,597,157	90,000	3,312,843	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	89,295,525	31,566,748	40,926,799	16,801,978	26,897,364	23,501,839
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	90,262,082	43,588,869	34,747,981	11,925,232	3,526,716	564,634
79090	6014	Water and Watershed Education Subaccount	8,000,000	7,750,000	5,727,405	2,189,928	(167,333)	0	250,000
79100(a)	6015	River Protection Subaccount	92,150,000	96,328,644	79,860,579	8,997,682	7,470,383	7,564,434	3,385,790
79104.100(a)	6017	Lake Elsinore and San Jacinto Watershed Subaccount	14,550,000	14,881,258	12,332,368	1,996,459	552,431	84,526	(246,732)
79104.200	6018	Coastal Watershed Salmon Habitat Subaccount	24,250,000	24,760,714	23,212,171	0	1,548,543	99,401	(411,313)
79104.22(a)	6016	Santa Ana River Watershed Subaccount	227,950,000	227,415,379	219,198,585	1,814,118	6,402,676	5,566,624	6,101,245
79112	6019	Nonpoint Source Pollution Control Subaccount	97,000,000	101,797,750	37,464,981	47,938,146	16,394,623	2,728,977	(2,068,773)
79121(a)	6020	State Revolving Fund Loan Subaccount	29,585,000	6,988,000	24,108,752	0	(17,120,752)	301,479	22,898,479
79121(b)	0418	Small Communities Grant Subaccount	32,980,000	35,507,060	31,300,127	1,248,799	2,958,134	2,015,202	(511,858)
79121(c)	6021	Wastewater Construction Grant Subaccount	34,435,000	49,133,463	32,087,991	664,555	16,380,917	16,827,193	2,128,730
79136	0419	Water Recycling Subaccount	38,800,000	67,859,516	34,087,923	5,402,071	28,369,522	3,410,114	(25,649,402)
79148.4	6022	Coastal Nonpoint Source Control Subaccount	87,300,000	90,614,329	49,330,065	29,677,587	11,606,677	1,695,120	(1,619,209)
79149.2(a)	0424	Seawater Intrusion Control Subaccount	24,250,000	25,116,206	8,501,242	206,177	16,408,787	117,391	(748,815)
79152	6023	Water Conservation Account	147,250,000	191,498,904	57,191,470	35,932,992	98,374,442	197,662,151	153,413,247
79172	6025	Conjunctive Use Subaccount	190,000,000	263,175,877	90,249,823	56,268,177	116,657,877	274,171,165	200,995,288
79194	6026	Bay-Delta Multipurpose Water Management Subaccount	237,500,000	146,618,058	47,041,804	9,944,732	89,631,522	42,684,402	133,566,344
79205.4(a)	6027	Interim Water Supply and Water Quality Infrastructure and Management Subaccount	171,000,000	172,878,351	89,215,795	57,785,020	25,877,536	18,255,261	16,376,910
Totals			\$1,889,600,000	\$1,978,107,613	\$1,120,888,992	\$362,112,016	\$495,106,605	\$618,127,177	\$529,619,564

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 the fiscal year ended June 30, 2006 total \$231,690,127.
 3. Includes reversions and reappropriations through June 30, 2006.
 4. 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.
 5. Appropriations do not require Budget Act authority because cash is moved from sub-account 6020 to the State Water Pollution Control Revolving Fund for expenditures.
 6. Established as a revolving fund with Proposition 204 and Proposition 13 proceeds for the purposes of providing continuous loans from revenues.
 7. The amount includes administrative and/or support costs in the amounts of \$6,633,986 and \$36,253 for funds 0419 and 0424, respectively, which were paid out of Proposition 204 funds.

**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, 2006**

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E = B-(C+D)	Net Reversions ³ F	Unappropriated Balance G = A-B+F
Department of Parks and Recreation	5096.610 a, b/.620(a), b/.620(b), b/.620(c), b/.620(d), d/.652(a), d/.652(b), d/.652 (c)	\$1,122,040,000 ⁴	\$1,134,132,557 ⁴	\$282,971,489 ⁴	\$729,595,169 ⁴	\$121,565,899	\$17,482,228 ⁴	\$ 5,389,671
Wildlife Conservation Board	c/.650(a), c/.650(f)	312,195,000 ⁵	345,122,189 ⁵	123,998,392	17,194,329	203,929,468	19,525,911	(13,401,278) ⁵
State Coastal Conservancy	c/.650(b)(1), c/.650(c)(2), c/.650(b)(8)	276,006,000	272,074,384	135,411,135	73,944,698	62,718,551	0	3,931,616
California Tahoe Conservancy	c/.650(b)(2)	37,849,000	26,542,732	7,526,325	6,667,973	12,348,434	0	11,306,268
Santa Monica Mountains Conservancy	c/.650(b)(3)	37,480,000	37,279,817	27,554,809	1,932,074	7,792,934	31,610	231,793
Coachella Valley Mountains Conservancy	c/.650(b)(4)	19,300,000	19,303,000	18,617,006	0	685,994	111,000	108,000
San Joaquin River Conservancy (partially via WCB)	c/.650(b)(5)	23,880,000	23,880,000	362,170	2,484,149	21,033,681	117,000	117,000
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	c/.650(b)(6)	38,555,000	38,554,258	13,811,889	21,029,402	3,712,967	408,507	409,249
Baldwin Hills Conservancy	c/.650(b)(7)	38,369,000	38,369,000	11,730,109	3,798,442	22,840,450	112,000	112,000
Resources Agency	c/.650(c)(1)	75,290,000 ⁴	75,289,861 ⁴	21,404,907 ⁴	31,160,884 ⁴	22,724,070	937,815 ⁴	937,954
Department of Fish and Game	c/.650(c)(2)	24,019,000	24,019,327	11,814,332	6,156,348	6,048,647	0	(327)
State Water Resources Control Board	c/.650(c)(2)	175,107,000	175,107,000	18,874,701	27,001,324	129,230,975	0	0
Department of Forestry and Fire Protection	c/.650(c)(2), c/.650(g)	26,402,000	17,252,000	5,594,706	9,291,751	2,365,543	0	9,150,000
Air Resources Board	c/.650(d)	48,000,000	48,000,000	47,991,990	0	8,010	8,010	8,010
California Conservation Corps	c/.650(e)	17,855,000	17,854,887	17,279,061	95,776	480,050	304,576	304,689
Department of Conservation	c/.650(f)	38,020,000	38,020,045	10,902,517	2,164,235	24,953,294	0	(45)
California State Library	d.652(a)	126,986,000	131,670,790	5,012,996	4,528,001	122,129,793	4,685,000	210
Unspecified Allocation	c/.650(c)(2), c/.650(f), d/.652(a)	12,286,000 ⁶				0	0	12,286,000 ⁶
Totals		\$2,449,639,000	\$2,462,471,847	\$760,858,534	\$937,044,555	\$764,568,760	\$43,723,657	\$30,890,810

1. The amounts shown are net of \$150,361,000 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 2005-06 totaled \$237,272,101.

3. Includes reversions and reappropriations through June 30, 2006.

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

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 it does not exceed the \$300 million allocation.

6. This amount is the remaining unspecified allocation not appropriated as of June 30, 2006. The unspecified allocation consists of funds not designated to specific departments in the Proposition 40 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, 2006**

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E = B-(C+D)	Net Reversions ³ F	Unappropriated Balance G = A-B+F
5096.610								
a	Acquisition and development of the state park system	\$ 203,801,000	\$ 215,893,557	\$ 95,806,502	\$ 19,977,147	\$100,109,908	\$13,588,922	\$ 1,496,365
b/.620(a)	Per-capita grants for the acquisition and development of local parks	331,296,000	331,296,000	61,238,296	267,415,011	2,642,693	1,224,851	1,224,851
b/.620(b)	Grants to local agencies pursuant to the Roberti-Z'berg-Harris Act	189,309,000	189,309,000	23,122,967	159,037,089	7,148,944	698,201	698,201
b/.620(c)	Specified per-capita grants to specified City and County	21,298,000	21,298,000	1,862,135	19,290,599	145,266	77,997	77,997
b/.620(d)	Murray Hayden grants	47,332,000	47,332,000	6,468,502	40,435,556	427,943	176,550	176,550
b/.620(d)	Specified urban	18,934,000	18,934,000	9,716,576	9,084,632	132,792	70,220	70,220
b/.620(d)	Youth Soccer program and State Urban Parks and Healthy Communities Act	47,319,000	47,320,000	1,337,020	41,827,762	4,155,218	171,550	170,550
b/.620(d)	Urban Parks Act of 2001	132,517,000	132,517,000	20,097,689	111,517,770	901,542	489,541	489,541
c/.650(a)	Acquisition and protection (Wildlife Conservation Board)	288,195,000	321,122,189	111,708,947	12,040,152	197,373,090	19,525,911	(13,401,278)
c/.650(b)(1)	Acquisition and protection (State Coastal Conservancy)	189,006,000	185,274,384	116,544,362	32,795,394	35,934,628	0	3,731,616
c/.650(b)(2)	Acquisition and protection (California Tahoe Conservancy)	37,849,000	26,542,732	7,526,325	6,667,973	12,348,433	0	11,306,268
c/.650(b)(3)	Acquisition and protection (Santa Monica Mountains Conservancy)	37,480,000	37,279,817	27,554,809	1,932,074	7,792,934	31,610	231,793
c/.650(b)(4)	Acquisition and protection (Coachella Valley Mountains Conservancy)	19,300,000	19,303,000	18,617,006	0	685,994	111,000	108,000
c/.650(b)(5)	Acquisition and protection (San Joaquin River Conservancy partially via WCB)	23,880,000	23,880,000	362,170	2,484,149	21,033,681	117,000	117,000
c/.650(b)(6)	Acquisition and protection (San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy)	38,555,000	38,554,258	13,811,889	21,029,402	3,712,967	408,507	409,249
c/.650(b)(7)	Acquisition and protection (Baldwin Hills Conservancy)	38,369,000	38,369,000	11,730,109	3,798,442	22,840,450	112,000	112,000
c/.650(b)(8)	Acquisition and protection (San Francisco Bay Area Conservancy Program via SCC)	36,600,000	36,400,000	12,378,529	11,543,294	12,478,177	0	200,000
c/.650(c)(1)	Acquisition and development of river parkways and protecting urban streams	70,866,000	70,865,899	20,064,807	30,302,469	20,498,623	266,411	266,512
c/.650(c)(2)	Clean beaches, watershed protection, and water quality projects	267,347,000	266,778,327	42,771,982	72,055,433	151,950,912	0	568,673
c/.650(d)	Grants to air districts for projects that reduce air pollution	48,000,000	48,000,000	47,991,990	0	8,010	8,010	8,010
c/.650(e)	Acquisition, development, and restoration of land and water resources	17,855,000	17,854,887	17,279,061	95,776	480,050	304,575	304,688
c/.650(f)	Grants for the preservation of agricultural lands and grazing lands	71,835,000	62,020,045	23,191,962	7,318,412	31,509,670	0	9,814,955
c/.650(g)	Grants for urban forestry programs	9,150,000	0	0	0	0	0	9,150,000
d/.652(a)	Acquisition, development, and preservation of historical and cultural resources	220,531,000	223,313,790	59,827,837	37,561,816	125,924,137	4,685,000	1,902,210
d/.652(b), d/.652(c)	City park in Northern CA and cultural center in Los Angeles County	35,500,000	35,499,000	7,284,168	27,970,722	244,110	132,663	133,663
	Subtotals	2,442,124,000	2,454,956,885	758,295,640	936,181,072	760,480,172	42,200,519	29,367,634
	Appropriated DPR Statewide Costs ⁵	3,091,000	3,091,000	1,222,794	5,068	1,863,139	851,734	851,734
	Appropriated RA Statewide Costs ⁵	4,424,000	4,423,962	1,340,100	858,415	2,225,449	671,404	671,442
	Totals	\$2,449,639,000	\$2,462,471,847	\$760,858,534	\$937,044,555	\$764,568,760	\$43,723,657	\$30,890,810

- The amounts shown are net of \$150,361,000 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.
- The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2005-06 totaled \$237,272,101.
- Includes reversions and reappropriations through June 30, 2006.
- 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 it does not exceed the \$300 million allocation.
- 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, 2006**

Agency	Bond Act Section	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E = B-(C+D)	Net Reversions ³ F	Unappropriated Balance G = A-B+F
Department of Health Services	79520, 79530	\$ 449,531,000	\$ 338,651,525	\$ 3,223,553	\$ 2,720,781	\$ 332,707,191	\$ 116,993,222	227,872,697
Department of Water Resources	79545, 79550, 79560, 79567	710,137,000	592,283,715	182,671,347	165,440,298	244,172,069	46,564,301	164,417,586
State Water Resources Control Board	79540, 79543, 79550, 79560	495,687,000	395,873,261	37,611,345	143,911,078	214,350,838	23,525,915	123,339,654
Resources Agency	79541, 79544	125,241,000	62,589,468	2,182,736	1,014,309	59,392,423	1,268,214	63,919,746
California Tahoe Conservancy	79542	37,340,000	18,740,434	3,419,299	12,254,602	3,066,534	0	18,599,566
Department of Forestry and Fire Protection	79550	634,000	634,000	471,262	102,779	59,959	48,154	48,154
Department of Fish and Game	79550	70,761,000	80,737,025	11,080,100	6,935,694	62,721,230	10,484,896	508,871
State Coastal Conservancy	79570	132,859,000	104,324,134	38,835,676	26,885,495	38,602,964	0	28,534,866
Wildlife Conservation Board	79565, 79568, 79572, 79550	915,181,000	1,030,737,077	589,234,248	79,578,919	361,923,910	27,645,218	(87,910,859)
Santa Monica Mountains Conservancy	79570	37,653,000	29,153,436	15,021,503	6,914,709	7,217,224	887	8,500,451
California Bay Delta Authority	79550	115,406,000	115,405,218	10,136,659	2,991,813	102,276,746	0	782
Department of Conservation	79550	6,473,000	6,456,964	1,848,803	4,349,408	258,752	0	16,036
San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy	79570	18,800,000	15,300,000	928,925	11,965,626	2,405,449	0	3,500,000
Department of Parks and Recreation		1,331,000	1,331,000	501,277	1,896	827,827	276,697	276,697
Unspecified ⁴	79550	145,757,000 ⁵	0	0	0	0	0	145,757,000 ⁶
Totals		\$3,262,791,000	\$2,792,217,257	\$897,166,733	\$465,067,407	\$1,429,983,117	\$226,807,503	\$697,381,246

- The amounts shown are net of \$177,209,000 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 through 2005-06, Resources Agency and the Department of Park and Recreation were appropriated \$4,841,238 and \$1,331,000, respectively, for statewide costs. Program delivery costs are included in each department's support appropriations, expenditures, and encumbrances.
- The amounts shown represent cumulative expenditures since program inception. Expenditures for fiscal year 2005-06 totaled \$181,641,415.
- Includes reversions and reappropriations through June 30, 2006.
- 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, Department of Conservation, and the Wildlife Conservation Board received appropriations from the unspecified Bond Act section 79550. Those funds will go towards the CALFED Bay-Delta Program implementation. In fiscal year 2005-06, these departments received appropriations totaling \$72,422,057.
- This amount reflects the remaining unspecified allocation that has not been appropriated as of June 30, 2006. See note 4 for details.
- 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 it does not exceed the original bond allocation.
- The amount includes transfers from Proposition 50 to the Habitat Conservation Fund for the following: WCB transfers of \$21,000,000 (Ch. 157/2003), \$21,000,000 (Ch. 208/2004), and \$17,100,000 (Ch. 38/39/2005); and SCC transfers of \$1,872,000 (Ch. 157/2003), \$1,348,000 (Ch. 208/2004) and \$4,000,000 (Ch. 38/39/2005).
- The amount includes transfers from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund of \$21,000,000 (Ch. 157/2003), \$17,000,000 (Ch. 208/2004), and \$17,000,000 (Ch. 38/39/2005).

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, 2006

Bond Act Section	Purpose	Remaining Amount Available for Program Expenses ¹ A	Appropriation B	Expenditures ² C	Encumbrances D	Appropriation Balance E = B-(C+D)	Net Reversions ³ F	Unappropriated Balance G = A-B+F
79520	Drinking water systems protection - expenditures or grants	\$ 46,518,000	\$ 35,751,931	\$ 195,898	\$ 0	\$ 35,556,033	\$ 14,872,102	\$ 25,638,171
79530	Safe drinking water standards - infrastructure improvements - grants/loans	403,013,000	302,899,594 ⁷	3,027,655	2,720,781	297,151,158 ⁷	102,121,120	202,234,526
79540	Clean water/water quality - competitive grants	95,389,000	116,066,261	7,442,100	49,330,137	59,294,024	20,677,428	167
79541	River parkways - acquisition, restoration, protection, development	92,490,000	41,490,134	318,928	8,276	41,162,930	0	50,999,866
79542	Lake Tahoe - acquisition, restoration, protection, development	37,340,000	18,740,434	3,419,299	12,254,602	3,066,534	0	18,599,566
79543	Coastal waters, estuaries, bays, near-shore waters, and groundwater - restore/protect water quality	92,997,000	93,348,000	10,927,265	15,327,748	67,092,987	351,607	607
79544	Sierra Nevada-Cascade Mountain region - acquisition grants	27,908,000	16,258,096	207,947	4,589	16,045,560	0	11,649,904
79545	Contaminant and salt removal technologies	93,659,000	70,876,411	1,055,315	46,490,617	23,330,479	328,036	23,110,625
79550	CALFED Bay-Delta Program implementation	788,887,000	668,983,511 ⁴	183,906,918	160,120,880	324,955,713	58,488,408	178,391,897
79560	Integrated regional water management - competitive grants	464,623,000	232,816,000	21,189,711	52,311,688	159,314,601	598,108	232,405,108
79565	Regional water quality/water supply reliability, fish and wildlife habitat - acquisitions and grants	135,100,000	187,626,015 ^{5,6}	72,056,012	11,601,650	103,968,353 ⁶	399,287	(52,126,728) ⁵
79567	Colorado River - canal lining/related projects - grants	19,300,000	19,300,000	19,298,210	150,000	-148,210	179,678	179,678
79568	Colorado River - acquisition, protection, and restoration of land/water resources	46,331,000	46,327,012	23,484,464	8,840,091	14,002,457	142,746	146,734
79570	Coastal watershed/wetlands protection	189,312,000	148,777,570 ⁶	54,786,104	45,765,829	48,225,637 ⁶	888	40,535,318
79572	Coastal wetlands, adjacent upland areas, and coastal watersheds	723,750,000	786,784,050 ⁵	493,693,773	59,137,178	233,953,099	27,103,184	(35,930,866) ⁵
	Subtotals	3,256,617,000	2,786,045,019	895,009,599	464,064,066	1,426,971,355	225,262,592	695,834,573
	Appropriated RA Statewide Costs ⁸	4,843,000	4,841,238	1,655,860	1,001,445	2,183,932	1,268,214	1,269,976
	Appropriated DPR Statewide Costs ⁸	1,331,000	1,331,000	501,274	1,896	827,830	276,697	276,697
	Totals	\$3,262,791,000	\$2,792,217,257	\$897,166,733	\$465,067,407	\$1,429,983,117	\$226,807,503	\$697,381,246

1. The amounts shown are net of \$177,209,000 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 through 2005-06, Resources Agency and the Department of Park and Recreation were appropriated \$4,841,238 and \$1,331,000, 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 2005-06 totaled \$181,641,415.

3. Includes reversions and reappropriations through June 30, 2006.

4. 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, Department of Conservation, and Wildlife Conservation Board received appropriations from the Bond Act section. Those funds will go towards the CALFED Bay-Delta Program implementation. In fiscal year 2005-06, these departments received appropriations totaling \$72,422,057.

5. 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 it does not exceed the original bond allocation.

6. The amount includes transfers from Proposition 50 to the Habitat Conservation Fund for the following: WCB transfers of \$21,000,000 (Ch. 157/2003), \$21,000,000 (Ch. 208/2004), and \$17,100,000 (Ch. 38/39/2005); and SCC transfers of \$1,872,000 (Ch. 157/2003), \$1,348,000 (Ch. 208/2004) and \$4,000,000 (Ch. 38/39/2005).

7. The amount includes transfers from Proposition 50 to the Safe Drinking Water State Revolving Loan Fund of \$21,000,000 (Ch. 157/2003), \$17,000,000 (Ch. 208/2004), and \$17,000,000 (Ch. 38/39/2005).

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

APPENDIX B
PROJECT INFORMATION

Note: The appropriation figures referenced in this Appendix reflect amounts appropriated per the Budget Act since bond inception and do not include funds that reverted and/or were reappropriated. For appropriation balances that include reversions and reappropriations as of June 30, 2006, refer to the schedules in Appendix A.

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 \$1.356 billion has been appropriated to DPR under Proposition 12. A total of \$1.134 billion has been appropriated under Proposition 40, inclusive of \$127 million from an unspecified allocation. Projects include a \$43 million acquisition at Topanga Canyon State Park and a \$36 million acquisition at Kenneth Hahn State Recreation Area.

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 \$17.8 million from Proposition 40.

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 go toward the preservation of habitat for endangered plants and animals. The WCB also uses 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.

A total of \$255.3 million and \$345.1 million were appropriated via Propositions 12 and 40, and \$1,030 billion from Proposition 50. 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. Funded projects include a \$5.6 million award for the McCloud Forest Conservation Area to acquire a conservation easement over 9,200± acres of working forest lands in Shasta and Siskiyou Counties, and \$10.5 million for the acquisition of Oak Grove to protect 4,207± acres of inland coastal range habitat areas and allow compatible public uses in San Diego County.

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.

Appropriations total \$48.40 million from Proposition 12, \$26.5 million from Proposition 40, and \$18.7 million from Proposition 50. Projects include the Meadow Edge acquisition, involving the acquisition of the largest remaining private ownership (311+ acres) in the Upper Truckee Marsh; this sets the stage for future wetland, wildlife habitat and water quality restoration efforts. The Conservancy has also completed the acquisition of over 400 acres at a cost of \$11.1 million.

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 \$645.5 million has been appropriated (\$269.1 million from Proposition 12, \$272.1 million from Proposition 40, and \$104.3 million from Proposition 50). Included in the Proposition 40 appropriation is \$50.4 million from the unspecified allocation. Projects include \$2 million to the Sonoma County Agricultural Preservation and Open Space District for the acquisition of the Tolay Lake property to provide open space and public access in Sonoma County, and \$7.7 million in grants to 10 grantees within the 9 Bay Area Counties for removal of invasive *Spartina* plants along various Bay Area waterways.

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, \$37.3 million from Proposition 40, and \$29.2 million from Proposition 50. Project funds are granted to the Mountains Recreation and Conservation Authority (MRCA). Projects include a \$6 million contribution of Proposition 40 funds and \$4 million of Proposition 50 funds towards the acquisition of King Gillette Ranch Property. A collaboration of park agencies and interests acquired this 588-acre tract in the Spring of 2005. Also, over \$6 million of Proposition 50 funds were used to acquire the 2,983-acre Ahmanson Ranch, now Upper Las Virgenes Canyon Open Space Preserve, a property in the Simi Hills in Ventura County nestled at the western edge of the San Fernando Valley.

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 \$24.8 million was appropriated: \$5.5 million from Proposition 12 and \$19.3 million from Proposition 40. Funded projects include the \$6.3 million acquisition of 1,107.46 acres of Conservation Land in the Coachella Valley area to protect the area's biological, cultural, scenic, scientific, educational, recreational values; and to provide for the public's enjoyment and appreciation of those lands consistent with the protection of the resource values.

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 \$23.9 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.

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 \$24.6 million was appropriated under Proposition 12 and \$38 million via the Proposition 40 unspecified allocation. In addition, \$6.5 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. Funded projects include a \$1.9 million grant for the 4,200-acre Llano Seco agricultural conservation easement and a \$1.6 million grant for the 2,600-acre Orvis Ranch agricultural conservation easement.

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 \$9.9 million was appropriated from Proposition 12 for the Urban Forestry Program. The CDF was also appropriated \$17.3 million and \$634,000 from the unspecified Proposition 40 and 50 allocations, respectively.

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 \$9.9 million was appropriated for 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, \$80.7 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. Projects include an award of \$2.6 million in cost-share towards the purchase of a conservation easement on the Llano Seco Ranch to preserve the economic operation of prime agricultural land while providing a buffer for habitat critical to a multitude of special status species, and \$1.3 million for a comprehensive salmonid monitoring program on Lower Clear Creek.

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 \$38.5 million and \$15.3 million was appropriated from Propositions 40 and 50, respectively. Projects include a \$5 million grant for the Wrigley Heights land acquisition project and a \$3.5 million grant for Pacific Communities land acquisition project.

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 \$38.4 million was appropriated. Projects include an \$11 million grant for the acquisition of 101 acres of open space land for future active recreation and a \$2.9 million capital improvement grant for a 15-acre expansion of visitor facilities in Kenneth Hahn State Recreation Area.

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 \$115.4 million was appropriated via the DWR from an unspecified \$825 million allocation available for the CALFED Bay-Delta program.

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 \$592.3 million was appropriated, including \$380.7 million from the unspecified Proposition 50 allocation for the implementation of the CALFED Bay-Delta Program.

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 \$44.4 million was appropriated under Proposition 12, \$75.3 million under Proposition 40, and \$62.6 million under Proposition 50. Projects include an award of \$1.9 million for the Peck Park Canyon Enhancement project in Los Angeles County, and \$800,000 for the San Dieguito Riverpark project in San Diego County.

Department of Public Health: The Department of Public Health's (previously the Department of Health Services) 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 Department of Public Health was allocated \$485 million in Proposition 50 funds for these efforts.

A total of \$338.7 million was appropriated from Proposition 50. Projects include an award of \$2.6 million to the East Bay Municipal Utility District and \$331,000 to the San Luis Obispo County Flood Control and Water Conservation District.

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 \$6.2 million was appropriated.

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 \$395.9 million was appropriated from Proposition 50. Included in the Proposition 50 appropriation is \$75 million from the unspecified allocation. Projects include a \$5 million grant to the 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 Ozone Treatment Facility.

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 to ARB.

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 \$131.7 million has been appropriated from the unspecified Proposition 40 funds. Projects funded by Proposition 40 are a \$936,000 award to the Autry Center of the American West and \$311,000 to the Bay Area Electric Railroad.

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, 2006, 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 (\$17.3 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, 2006, appropriations had been made to the California State Library (\$131.7 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, 2006, appropriations had been made to the Department of Conservation (\$38 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, 2006, a total of \$669 million has been appropriated to seven departments: Department of Water Resources (\$380.7 million), California Bay Delta Authority (\$115.4 million), State Water Resources Control Board (\$75 million), Department of Forestry and Fire Protection (\$634,000), Department of Conservation (\$6.5 million), Wildlife Conservation Board (\$10 million), and Department of Fish and Game (\$80.7 million, which includes \$10 million that has been reverted).

Proposition 13 (By Fund Number)

Safe Drinking Water Program—Department of Public Health

The Safe Drinking Water State Revolving Fund (Fund 0629) was provided \$70 million for safe drinking water grants and low-interest loans (\$68 million) and technical assistance to disadvantaged communities (\$2 million). The Department of Public Health administers this program. A total of \$70 million was appropriated. The Metropolitan Water District of Southern California received \$20 million for the design and installation of ozonation facilities. In addition, the Sonoma County Water Agency received \$15.9 million for the construction of the Raney Collector well.

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

The Floodplain Mapping Subaccount (6003) was provided \$2.5 million 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. Major projects include a \$1.2 million grant 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.

Also provided was \$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 \$2.7 million was appropriated. 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 DOC will be using the remaining funds to add new soils information to the Farmland Mapping Program in Mendocino, Kern, and Stanislaus Counties and to add detail on rural residential uses impacting agricultural areas.

Flood Protection Corridor Program—Department of Water Resources

The Flood Protection Corridor Subaccount (6005) was provided \$70 million 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 \$69.8 million was appropriated to this program.

Delta Levee Rehabilitation Program—Department of Water Resources

The Delta Levee Rehabilitation Subaccount (0409) was provided \$30 million for local assistance subventions and special flood protection projects on specified Delta islands. A total of \$31.7 million was appropriated to this program.

Flood Control Subventions Program—Department of Water Resources

The Flood Control Subventions Subaccount (6006) received \$45 million to pay the state's share of nonfederal subvention costs on authorized county flood control projects. A total of \$46.5 million was appropriated to this program.

Urban Stream Restoration Program—Department of Water Resources

The Urban Stream Restoration Subaccount (6007) received \$25 million 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 \$25.2 million was appropriated to this program. Projects include a \$1 million grant for the Santa Rosa Creek project and a \$997,000 grant for the Napa River project.

Capital Area Flood Protection Program—Department of Water Resources

The State Capital Area Flood Protection Subaccount (6008) received \$20 million for use by the Sacramento Area Flood Control Agency to pay the state's share of costs for flood management projects authorized by the federal government. A total of \$20 million was appropriated to this program. Of this amount, \$9.9 million was provided for the American River Flood Control Project (Phase 1), and \$2.1 million for the Folsom Dam Modification Project.

San Lorenzo River Flood Control Program—Department of Water Resources

The San Lorenzo River Flood Control Subaccount (6009) received \$2 million 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 for this program. 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 Yuba Feather Flood Protection Subaccount (6010) received \$90 million to be used as follows:

- \$70 million will be used by the DWR to implement flood management projects. A total of \$77.7 million was appropriated. Three Rivers Levee Improvement Authority received \$28 million in implementation grants for improvements to the existing levees along the Yuba and Upper Bear Rivers, as well as a setback levee along the Lower Bear River.
- \$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. A total \$11.5 million was appropriated to DFG.

Arroyo Pasajero Program—Department of Water Resources

The Arroyo Pasajero Subaccount (6011) received \$5 million 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 to this program.

Watershed Program—State Water Resources Control Board

The Watershed Protection Subaccount (6013) received \$90 million 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 \$90.2 million was appropriated to this program. Projects include a \$2 million award to the Pajaro River Watershed Flood Prevention Authority for a watershed study and a \$5 million award to the Redding Redevelopment Agency for the acquisition and renovation of Clover Creek.

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

The Water and Watershed Education Subaccount (6014) was provided \$8 million 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 DWR will use \$2 million to develop the Delta Science Center. The DWR encumbered \$1.9 million for construction of the Delta Science Center.
- 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, 2006, 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 River Parkway Subaccount (6015) was provided \$95 million 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 Resources Agency 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 Resources Agency. Projects include a \$850,000 grant for the San Francisco Avenue acquisition project in Los Angeles County and a \$625,000 grant for the Tuolumne River Parkland acquisition project in Stanislaus County.

The DWR was appropriated \$17.8 million. Grants awarded include \$10 million to the San Joaquin River Parkway and \$5 million for the Hamilton City area land acquisition.

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. A \$4.2 million grant was awarded to the County of San Diego for the acquisition of properties to expand open space and habitat corridor within the Otay River Parkway.

The DPR was appropriated \$1.5 million. Grants awarded include \$1 million for the Guadalupe Parkway, and \$500,000 for the American River Parkway.

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

The WCB was appropriated \$14 million for wildlife land and easement acquisition grants. Projects include \$6.1 million to the County of San Diego for the acquisition of the Santa Ysabel East and West properties and \$4.9 million to the San Dieguito River Park Joint Powers Authority for various acquisitions in the River Valley Corridor.

Southern California Integrated Watershed Program—State Water Resources Control Board

The Santa Ana River Watershed Subaccount (6016) was provided \$235 million to rehabilitate and improve the Santa Ana River watershed. A total of \$227.4 million was appropriated to this program. Projects include \$48 million for the Chino Basin Desalter Authority and \$37 million for the Orange County Water District's Groundwater Replenishment System.

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

The Lake Elsinore and San Jacinto Watershed Subaccount (6017) was provided \$15 million to fund rehabilitation and water quality projects in the Lake Elsinore and San Jacinto Watersheds. A total of \$14.9 million was appropriated for this program. One master service agreement grant was awarded to Lake Elsinore and San Jacinto Watersheds Authority to improve the water quality and habitat of Lake Elsinore and San Jacinto watersheds.

Coastal Watershed Salmon Habitat Program—Department of Fish and Game

The Coastal Watershed Salmon Habitat Subaccount (6018) was provided \$25 million for direct expenditure and grants to protect, restore, acquire, and enhance salmon habitats. A total of \$24.8 million was appropriated.

Nonpoint Source Pollution Control Program—State Water Resources Control Board

The Nonpoint Source Pollution Control Subaccount (6019) was provided \$100 million 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 \$101.8 million was appropriated to this program. Of this amount, \$2.8 million was awarded to Cathedral City for the Cove Area Septic System and \$2.2 million was awarded to the Mission Springs Water District for the Groundwater Quality Protection Plan.

Clean Water Program—State Water Resources Control Board

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

- A continuous appropriation of \$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.

- A continuous appropriation of \$34 million to the Small Communities Grant Subaccount (0418) for water treatment construction grants to small communities.
- The Wastewater Construction Grant Subaccount (6021) received \$35.5 million for water treatment construction grants to specified cities. A total of \$49.1 million was appropriated to this program. Projects include a \$9.7 million grant to the City of Stockton and a \$3.5 million grant to the City of Orange Cove.

Water Recycling Program—State Water Resources Control Board

Provides \$40 million to the Water Recycling Subaccount (0419), for water recycling loans and grants to local agencies. A total of \$67.9 million was appropriated to this program. Major projects include \$5 million each to the Carlsbad Municipal Water District, City of Redlands, and the Orange County Water District; and 27 \$75,000 study grants.

Coastal Nonpoint Source Control Program—State Water Resources Control Board

The Coastal Nonpoint Source Control Subaccount (6022) was provided \$90 million for projects that protect the water quality and environment of coastal waters, estuaries, bays, and groundwater resources. A total of \$90.6 million was appropriated to this program. Funded projects include a \$1.8 million award to the City of Marina Del Ray for circulation improvements and a storm drain diversion at Mothers' Beach, and a \$500,000 award to the City of Pacifica for the wetland treatment system.

Seawater Intrusion Control—State Water Resources Control Board

A continuous appropriation of \$25 million to the Seawater Intrusion Control Subaccount (0424) is for local agency grants and loans to carry out seawater intrusion control projects. A total of \$25.1 million was appropriated to this program. 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 Water Conservation Account (6023) received \$155 million for the following water conservation programs.

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 \$191.5 million was appropriated to these programs.

Groundwater Storage Program—Department of Water Resources

The Conjunctive Use Subaccount (6025) was provided \$200 million for grants to local agencies for feasibility studies, project design, and construction of facilities for conjunctive use projects. A total of \$263.2 million was appropriated to this program.

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

The Bay-Delta Multipurpose Water Management Subaccount (6026) received \$250 million to fund certain projects identified in the CALFED final environmental impact statement/environmental impact report on the Bay-Delta Program. A total of \$146.6 million was appropriated to this program. Contracts and studies funded were for the South Delta Fish Facility Improvements, Clifton Court Forebay Debris Studies, and the Old River and Rock Slough Water Quality Improvement Projects.

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

The Interim Water Reliable Supply and Water Quality Infrastructure and Management Subaccount (6027) received \$180 million to fund grants and loans to local agencies located in the Delta export service areas, for programs or projects that can be completed by 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 \$172.9 million was appropriated to this program.



resources

A G E N C Y

November 2, 2007

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, 2006. We appreciate the efforts of the auditors working with the many departments administering these bond programs and the positive working 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.

As noted in the report, most of our departments have implemented the recommendations to improve fiscal operations included in prior reports. In addition, some departments are implementing suggestions provided in the current management letters. Finally, all Agency departments will use the most recent recommendations in the audit report to further strengthen the internal controls in place that guide the administration of and accounting for \$10.1 billion in bond funds.

We look forward to working with Department of Finance staff on future bond fund audits.

Sincerely,

Original signed by:

Patrick Kemp
 Assistant Secretary
 Finance and Administration

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

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