

ANNUAL FINANCIAL REPORT

CENTRAL VALLEY PROJECT IMPROVEMENT ACT
Public Law 102-575, Title XXXIV

Revenues and Expenditures for the Periods:

October 1, 2003 - September 30, 2004 (Actual)

October 1, 2005 - September 30, 2006 (Projected)

September 2005

Bureau of Reclamation
United States Department of the Interior

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CENTRAL VALLEY PROJECT IMPROVEMENT ACT ANNUAL FINANCIAL REPORT

SUMMARY

Subsection 3407(f) of the Central Valley Project Improvement Act (Title XXXIV of Public Law 102-575) requires an annual financial report to the Senate Committee on Energy and Natural Resources, the Committee on Appropriations of the Senate, the House Committee on Resources, and the Committee on Appropriations of the House of Representatives. The annual financial report describes all Restoration Fund revenues and expenditures during the prior fiscal year and projected Restoration Fund revenues and expenditures during the next upcoming fiscal year.

This report is the twelfth annual financial report prepared pursuant to Subsection 3407(f) of the Central Valley Project Improvement Act (CVPIA) and covers fiscal year 2004 actual revenues and expenditures and fiscal year 2006 projected revenues and expenditures. For purposes of this report revenues are actual collections processed. Schedules 1 through 4 provide summary information on fiscal year 2004 Restoration Fund revenues and expenditures. Schedules 5 through 8 provide summary information on projected fiscal year 2006 Restoration Fund revenues and expenditures.

This report does not include the Water and Related Resources Appropriations Account or State of California cost share information. These two funding sources are in addition to the Restoration Fund, and with the Restoration Fund compose the annual CVPIA program. Each funding source is considered in allocating the Restoration Fund to individual CVPIA activities, and CVPIA funding is in turn coordinated with the CALFED Bay-Delta Program to best ensure compatibility with and to complement CALFED initiatives. Overlapping CVPIA and CALFED areas are integrated as a way of using the strengths of both programs to maximize performance and meet program objectives. It is anticipated that these processes will result in a broad-based ecosystem management strategy wherein all parties join together in a partnership in their efforts toward mitigation and restoration of the environment.

Fiscal Year 2004

Fiscal year 2004 Restoration Fund revenues totaled \$38,281,814. Fiscal year 2004 Restoration Fund expenditures less the decrease in unliquidated obligations totaled \$40,324,221. This caused the balance in the Restoration Fund at the end of fiscal year 2004 to decrease by \$2,042,407 to \$11,826,515 from \$13,868,922 at the end of fiscal year 2003. The balance in the Restoration Fund at the end of fiscal year 2004 was carried over into the fiscal year 2005 program. Schedule 1 summarizes fiscal year 2004 Restoration Fund revenues and expenditures, and change in the Restoration Fund balance carried over from one fiscal year to the next. Schedules 2 and 3 provide detailed information on fiscal year 2004 revenues, including power payments, and water (irrigation, and municipal and industrial) payments by water service area. Schedule 4 lists the fish and wildlife restoration activities funded during fiscal year 2004 and the amounts attributable to each activity.

Fiscal Year 2005

Fiscal year 2005 Restoration Fund revenues are projected to be \$54,695,000. Expenditures for this period are projected to be approximately equal to the revenues received. Detailed fiscal year 2005 information will be in the next annual financial report.

Fiscal Year 2006

For fiscal year 2006, Restoration Fund revenues are projected to be \$52,219,000. Schedule 5 shows the projected revenue sources for fiscal year 2006 by authorizing subsection of the CVPIA.

Revenues:

Friant Division Surcharges	\$ 8,000,000
Tiered Water Revenues	300,000
M&I Surcharges	1,000
Restoration Payments	<u>43,918,000</u>
Total Projected Restoration Fund Revenues for Fiscal Year 2006	<u>\$52,219,000</u>

The Restoration Fund revenues attributable to Project Water are projected by applying the applicable Restoration Fund rate to the projected fiscal year 2006 Project Water deliveries that will be sold. Project Water delivery projections are updated annually under the Project's Irrigation and M&I water ratesetting policies. These projections serve as the primary basis for projecting Restoration Fund revenues.

The Friant Division Surcharge rate for fiscal year 2006 remains at \$7 per acre-foot. Tiered Water rates specified in the contracts for delivered Project Water are based on percentages of contractor's total Project Water entitlements and the difference between full cost and cost of service rates. Congress directed in the CVPIA use of 1992 dollars as the basis for several sources of revenues collected into the Restoration Fund. It was determined that the Consumer Price Index Urban (CPIU), developed and updated monthly by the Bureau of Labor Statistics within the Department of Labor, was appropriate to use when indexing collections to 1992 dollars. The M&I Surcharge rate equates to a 1992 CPIU indexed rate of \$25 per acre-foot of Project Water subject to this charge. The Restoration Payment rates for Project Water equate to a 1992 CPIU indexed rate of \$6 per acre-foot for irrigation water and \$12 per acre-foot for M&I water. These CPIU indexed rates are adjusted annually at the start of each fiscal year. No other Restoration Fund revenues are projected for fiscal year 2006.

The fiscal year 2006 Restoration Fund appropriation of \$52,219,000 is shown in schedule 8. The schedule lists the fish and wildlife restoration activities projected to be funded during the fiscal year and the amounts attributable to each activity.

**Central Valley Project Improvement Act
Restoration Fund Revenues and Expenditures
for Fiscal Year 2004**

Revenues	<u>Fiscal Year 2004</u>
<u>Non-Discretionary Revenues</u>	
Pre-Renewal Charges (Subsection 3404(c)(3))	\$0
Tiered Water Revenues (Subsection 3405(d))	269,411
Transfer Water Revenues (Subsection 3405(a)(1)(B))	(202,427)
Friant Division Surcharges (Subsection 3406(c)(1)) -- See Schedule 2	7,439,253
M&I Surcharges (Subsection 3407(d)(2)(A))	<u>1,577</u>
Subtotal - Non-Discretionary Revenues	\$7,507,814
<u>Discretionary Revenues</u>	
Restoration Payments (Subsection 3407(c) & (d)) -- See Schedule 3	<u>30,774,000</u>
Total Restoration Fund Revenues	\$38,281,814
 Expenditures	
Expenditures (Subsections 3406 & 3408) -- See Schedule 4	42,060,480
Decrease in Unliquidated Obligations (Prior year statements reported monies obligated)	<u>1,736,259</u>
Expenditures less Decrease in Unliquidated Obligations	<u>40,324,221</u>
Excess of Restoration Fund Revenues over Expenditures (less Decrease in Unliquidated Obligations) for Fiscal Year 2004	(\$2,042,407)
 Contributions	
Non-Federal Contributions (Subsection 3407(a))	0
Expenditure of Non-Federal Contributions	0
Restoration Fund Balance at September 30, 2003	<u>13,868,922</u>
Restoration Fund Balance at September 30, 2004 /1	<u><u>\$11,826,515</u></u>

/1 Restoration Fund Balance results from FY 1999 and FY 2000 when Congress directed collections that exceeded appropriations.

**Central Valley Project Improvement Act
Friant Division Surcharges (Subsection 3406(c)(1))
for Fiscal Year 2004**

WATER SALES REVENUES (\$)			
SERVICE AREA	IRRIGATION	M&I	TOTAL
FRIANT-KERN CANAL	\$5,122,740	\$822,758	\$5,945,498
CROSS VALLEY CANAL	5,726	0	5,726
MADERA CANAL	1,346,856	0	1,346,856
FRIANT DAM	139,094	2,079	141,173
MENDOTA POOL	0	0	0
	\$6,614,416	\$824,837	\$7,439,253
Total	\$6,614,416	\$824,837	\$7,439,253

Central Valley Project Improvement Act
Restoration Payments (Subsection 3407(c) & (d))
for Fiscal Year 2004

<u>WATER SALES REVENUES (\$)</u>			
<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&I</u>	<u>TOTAL</u>
FOLSOM			
Folsom Dam & Reservoir	\$65,647	\$698,030	\$763,677
Folsom-South Canal	143,642	96,795	240,437
Sugar Pine Dam & Reservoir	4,490	12,599	17,089
Sly Park Dam & Reservoir	33,911	309,064	342,975
Total Folsom	<u>247,690</u>	<u>1,116,488</u>	<u>1,364,178</u>
TRACY			
Contra Costa Canal	423	1,380,802	1,381,225
Delta-Mendota Canal	1,788,026	191,451	1,979,477
San Luis Canal-Tracy	1,177,871	11,040	1,188,911
New Melones Dam & Reservoir	0	117,991	117,991
San Felipe Unit	480,095	1,704,328	2,184,423
Total Tracy	<u>3,446,415</u>	<u>3,405,612</u>	<u>6,852,027</u>
FRESNO			
San Luis Canal-Fresno	6,667,446	247,753	6,915,199
Friant Dam	155,980	2,349	158,329
Friant-Kern Canal	6,117,020	997,502	7,114,522
Cross Valley Canal	532,961	0	532,961
Madera Canal	1,500,404	0	1,500,404
Delta-Mendota Pool	345,431	0	345,431
Buchanan Unit	187,680	0	187,680
Hidden Unit	279,960	0	279,960
Total Fresno	<u>15,786,882</u>	<u>1,247,604</u>	<u>17,034,486</u>
SHASTA			
Clear Creek Unit	0	33,086	33,086
Shasta Dam & Reservoir	0	49,157	49,157
Spring Creek Conduit	3,999	84,064	88,063
Cow Creek Unit	0	9,820	9,820
Toyon Pipeline	0	46,998	46,998
Sacramento River - Shasta	942	5,097	6,039
Total Shasta	<u>4,941</u>	<u>228,222</u>	<u>233,163</u>

Central Valley Project Improvement Act
Restoration Payments (Subsection 3407(c) & (d))
for Fiscal Year 2004

WATER SALES REVENUES (\$)

<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&I</u>	<u>TOTAL</u>
WILLOWS			
Corning Canal	0	108	108
Tehama-Colusa Canal	0	4,040	4,040
Black Butte Dam & Reservoir	0	564	564
Colusa Basin Drain	5,691	0	5,691
Feather River	22,920	0	22,920
Sacramento River - Willows	1,002,564	72,501	1,075,065
Total Willows	<u>1,031,175</u>	<u>77,213</u>	<u>1,108,388</u>
Restoration Payments Irrigation and M&I	<u>\$20,517,103</u>	<u>\$6,075,139</u>	<u>\$26,592,242</u>
Restoration Payment - Irrigation	\$20,517,103		
Restoration Payment - M&I	6,075,139		
Restoration Payment - Power	4,181,758		
Total	<u>\$30,774,000</u>		

**Central Valley Project Improvement Act
Expenditures for Fiscal Year 2004**

<u>FISH AND WILDLIFE RESTORATION ACTIVITIES</u>	<u>SUBSECTION</u>	<u>AMOUNT (\$)</u>
Habitat Restoration, Improvement, & Acquisition		
Anadromous Fish Program	3406(b)(1)	5,099,997
Other CVP Impacts	3406(b)(1) Other	3,578,874
Dedicated Project Yield	3406(b)(2)	865,401
Water Acquisition	3406(b)(3)	11,650,629
Flow Fluctuation Study	3406(b)(9)	33,171
Trinity River Restoration	3406(b)(23)	389,247
Refuge Water Supply/Conveyance	3406(d)(1)(2)(5)	10,101,523
Private Wetlands Investigation	3406(d)(6)	2,103
Ecosystem/Water Operations Study	3406(g)	3,356,747
Land Retirement	3408(h)	1,953,526
Other Fish and Wildlife Restoration Activities		
Tracy Pumping Plant & Fish Test Facility	3406(b)(4)	35,807
Clear Creek Restoration	3406(b)(12)	551,460
Spawning Gravel	3406(b)(13)	555,612
CVP Project Assessment/Monitoring Program	3406(b)(16)	437,202
Anadromous Fish Screen Program	3406(b)(21)	3,428,243
Flood Agr Lands for Waterfowl/Yld Enhmt	3406(b)(22)	20,938
Total Expenditures Fiscal Year 2004		<u>\$42,060,480</u>

**Central Valley Project Improvement Act
Projected Restoration Fund Revenues and Expenditures
for Fiscal Year 2006**

Revenues	<u>Fiscal Year 2006</u>
Pre-Renewal Charges (Subsection 3404(c)(3))	\$0 /1
Tiered Water Revenues (Subsection 3405(d))	300,000
Transfer Water Revenues (Subsection 3405(a)(1)(B))	0
Friant Division Surcharges (Subsection 3406(c)(1)) -- See Schedule 6	8,000,000
M&I Surcharges (Subsection 3407(d)(2)(A))	1,000 /2
Restoration Payments (Subsection 3407(c) & (d)) -- See Schedule 7	<u>43,918,000</u>
Total Projected Restoration Fund Revenues	\$52,219,000
Expenditures	
Expenditures (Subsections 3406 & 3408) -- See Schedule 8	52,219,000
Contributions	
Non-Federal Contributions (Subsection 3407(a))	<u>0 /3</u>
FY 2006 Projected Revenues over (under) Expenditures	\$0
Restoration Fund Balance projected at September 30, 2005	<u>11,826,515</u>
Restoration Fund Balance Projected at September 30, 2006	<u><u>\$11,826,515</u></u>

/1 Pre-Renewal Charges of less than \$1,000 from one contractor (Elk Creek CSD) are expected.

/2 M&I Surcharges have been about \$1,000 per year from one contractor (U.S. Forest Service).
M&I Surcharges are expected to continue at this rate.

/3 Non-Federal Contributions (Subsection 3407(a)) are not projected until a historic basis for projecting such receipts is available.

Central Valley Project Improvement Act
Projected Friant Division Surcharges (Subsection 3406(c)(1))
for Fiscal Year 2006

<u>SERVICE AREA</u>	<u>WATER SALES REVENUES (\$)</u>		
	<u>IRRIGATION</u>	<u>M&I</u>	<u>TOTAL</u>
FRIANT-KERN CANAL	\$6,619,152	\$429,443	\$7,048,595
MADERA CANAL	949,788	0	949,788
FRIANT DAM	0	1,617	1,617
Total	<u>\$7,568,940</u>	<u>\$431,060</u>	<u>\$8,000,000</u>

Central Valley Project Improvement Act
Projected Restoration Payments (Subsection 3407(c) & (d))
for Fiscal Year 2006

WATER SALES REVENUES (\$)

<u>SERVICE AREA</u>	<u>IRRIGATION</u>	<u>M&I</u>	<u>TOTAL</u>
FOLSOM			
Folsom Dam & Reservoir	\$68,895	\$620,268	\$689,163
Folsom-South Canal	0	323,587	323,587
Sugar Pine Dam & Reservoir	1,468	15,272	16,740
Sly Park Dam & Reservoir	37,448	268,307	305,755
Total Folsom	107,811	1,227,434	1,335,245
TRACY			
Contra Costa Canal	2,650	1,607,165	1,609,815
Delta-Mendota Canal	1,505,130	130,368	1,635,498
San Luis Canal-Tracy	981,955	6,576	988,531
New Melones Dam & Reservoir	0	0	0
San Felipe Unit	201,433	1,656,898	1,858,331
Total Tracy	2,691,168	3,401,007	6,092,175
FRESNO			
San Luis Canal-Fresno	6,140,379	162,169	6,302,548
Friant Dam	0	3,769	3,769
Friant-Kern Canal	4,625,164	1,000,995	5,626,159
Cross Valley Canal	515,103	15,876	530,979
Madera Canal	1,106,259	0	1,106,259
Delta-Mendota Pool	303,307	0	303,307
Buchanan Unit	195,677	0	195,677
Hidden Unit	195,677	0	195,677
Total Fresno	13,081,566	1,182,809	14,264,375
SHASTA			
Clear Creek Unit	0	26,482	26,482
Shasta Dam & Reservoir	0	54,056	54,056
Spring Creek Conduit	0	82,920	82,920
Cow Creek Unit	0	76,377	76,377
Toyon Pipeline	0	38,849	38,849
Sacramento River - Shasta	82,959	172,676	255,635
Total Shasta	82,959	451,360	534,319

Central Valley Project Improvement Act
Projected Restoration Payments (Subsection 3407(c) & (d))
for Fiscal Year 2006

SERVICE AREA	WATER SALES REVENUES (\$)		
	<u>IRRIGATION</u>	<u>M&I</u>	<u>TOTAL</u>
WILLOWS			
Corning Canal	0	0	0
Tehama-Colusa Canal	0	1,844	1,844
Black Butte Dam & Reservoir	162	2,023	2,185
Colusa Basin Drain	8,316	0	8,316
Feather River	81,979	0	81,979
Sacramento River - Willows	1,889,141	0	1,889,141
Total Willows	<u>1,979,598</u>	<u>3,867</u>	<u>1,983,465</u>
Restoration Payments Irrigation and M&I	<u>\$17,943,102</u>	<u>\$6,266,477</u>	<u>\$24,209,579</u>
Restoration Payment - Irrigation	\$17,943,102		
Restoration Payment - M&I	6,266,477		
Restoration Payment - Power	19,708,421		
Total	<u>\$43,918,000</u>		

**Central Valley Project Improvement Act
Projected Expenditures for Fiscal Year 2006**

<u>FISH AND WILDLIFE RESTORATION ACTIVITIES</u>	<u>SUBSECTION</u>	<u>AMOUNT (\$)</u>
Habitat Restoration, Improvement, & Acquisition		
Anadromous Fish Program	3406(b)(1)	\$5,000,000
Other CVP Impacts	3406(b)(1) Other	2,500,000
Dedicated Project Yield	3406(b)(2)	900,000
Water Acquisition	3406(b)(3)	4,800,000
Flow Fluctuation Study	3406(b)(9)	50,000
Trinity River Restoration	3406(b)(23)	2,000,000
Refuge Water Supply/Conveyance	3406(d)(1)(2)(5)	26,835,000
Ecosystem/Water Operations Study (VAMP)	3406(g)	3,634,000
Land Retirement	3408(h)	1,500,000
Other Fish and Wildlife Restoration Activities		
Coleman National Fish Hatchery	3406(b)(11)	200,000
Clear Creek Restoration	3406(b)(12)	300,000
Spawning Gravel / Riparian Habitat	3406(b)(13)	500,000
CVP Project Assessment/Monitoring Program	3406(b)(16)	500,000
Anadromous Fish Screen Program	3406(b)(21)	3,500,000
Total Projected Expenditures Fiscal Year 2006		<u>\$52,219,000</u>