

## *ENCUMBERING STATE FUNDS CERTIFICATION- INTEREST COSTS*

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*The Budget Act requires the Conservancy to make three certifications before encumbering state appropriated funds for the purchase or acquisition of real property that requires the payment of interest costs, late fees or penalties. These certifications are needed whether or not the encumbrance is direct or through a public agency intermediary, including the State Public Works Board.*

*The certifications are:*

- 1. That the purchase is necessary to implement an acquisition identified in the high priority category of the work program submitted annually to the Legislature pursuant to Section 33208 of the Public Resources Code, or amendments made thereto, and*
- 2. That the purchase agreement does not involve interest payments or terms in excess of those that the State Public Works Board may enter into pursuant to Section 15854.1 of the Government Code, and*
- 3. That the purchase agreement does not commit the state to future appropriations.*

*The budget language also includes a reporting requirement should the Conservancy choose to encumber funds as described above. The language requires the Conservancy to report to the Legislature no less frequently than twice yearly, concerning the status of any purchases certified and the amount of state funds thus far encumbered for interest, penalties, or other principal surcharges.*

*During fiscal year 2001-2002, the Conservancy did not encumber any state appropriated funds for the purchase or acquisition of real property directly or through any public agency intermediary that requires the payment of interest costs, or late fees or penalties.*