



Expires – Upon Issuance of LPP

Appropriation Year and Budget Authority

I. BACKGROUND

The goals of this Office Bulletin (OB) are to:

- Amend Sections 3.1 and 3.5 of Chapter 3 in the Local Assistance Procedures Manual (LAPM) to demonstrate the life cycle of local assistance project funding.
- These amendments will define and clarify appropriation year and budget authority that are a result of executed project authorizations by the Division of Local Assistance (DLA) and Local Programs Accounting (LPA).
- Provide increased transparency into the assignment of appropriation years to local program encumbrances.
- Document the methodology of assignment of appropriation years between DLA and LPA.
- Demonstrate the benefits of early delivery through longer-lasting budget authority.

II. POLICY

The following Sections in Chapter 3 of the LAPM have been changed effective immediately:

| LAPM Item | Change |
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| Chapter 3 | <p><u>Section 3.1 INTRODUCTION</u></p> <p>New definitions:</p> <p>Appropriation Year – The state budget year (July 1 to June 30) that Legislature has approved for enactment and Local Programs Accounting (LPA) has authority to encumber funds.</p> <p>Appropriation Period – The six years starting on July 1 of the appropriation year through June 30 of the reversion year that an encumbrance is eligible for reimbursement.</p> <p>Encumbrance – The commitment of funds based on an agreement that permits Caltrans to reimburse eligible costs for an approved phase of a project.</p> <p>Reversion Date – The last day that Caltrans may legally reimburse an encumbrance per state statute. Please refer to Chapter 5 of the LAPM and Office Bulletin (OB) 13-08 for deadlines to submit invoices to the District so there is enough time for Caltrans to process reimbursements before the state fiscal year ends on June 30. Upon expiration of OB 13-08, the text will be incorporated into an amendment into Sections 5.6 and 17.5 of the LAPM.</p> |



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| | <p>State Budget Authority – The state budget year and its period of reimbursement that is assigned to a particular state or federal encumbrance. State budget authority must be applied to all state and federal funds that are passed-through Caltrans to be eligible for reimbursement.</p> <p><u>Section 3.5 ALLOCATION, AUTHORIZATION, ENCUMBRANCE, & REIMBURSEMENT</u></p> <p>See Attachment 1 for text that has been changed to Section 3.5.</p> |
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III. PROCEDURE

It is recommended for local agencies to review the amendments to Chapter 3 so they understand the life cycle of having their projects funded and general rules of the assignments of appropriation years and budget authority.

IV. APPLICABILITY/IMPACTS

These procedures and policies apply to all fund types.

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| Recommended: | Original Signed By _____ Daniel Burke, Subvention Manager | 03/09/2015 _____ Date |
| Approved: | Original Signed By _____ Tony Prandini, Chief Office of Resource Management & Business Services | 03/12/2015 _____ Date |

Attachment: Attachment 1 – “Amendments to Section 3.5”

Superseded by LPP 16-04