

**DIVISION OF LOCAL ASSISTANCE-PROJECT IMPLEMENTATION
FEDERAL APPORTIONMENT EXCHANGE AND STATE MATCH PROGRAM
FACT SHEET**

1. County Match Funds must be used to match Federal Funds first, but if in excess, may be used for any transportation purpose authorized by Article XIX of the State Constitution.
2. Agencies must establish separate accounts for State Exchange and Match Payments. Using separate/special accounts for these funds facilitates the audit process and provides a mechanism to track and identify these funds and any remaining balances.
3. Further discussion on the need to keep these funds separate: Attorney General Opinions show that the funds may **not** be transferred, even temporarily, into a treasury with comingled funds or to a County general fund.
4. Why do we reference the 48 CFR and 49 CFR for Federal Administrative Procedures? Basically there are few to no other viable alternatives; guidelines for local agency administrative procedures are rare. As an example, our State-Only Master Agreements even reference these CFR's as guidelines for administrative procedures, again due to the lack of alternatives.
5. These funds are **not** subject to the Single Audit Reporting; therefore, future versions of the Match/Exchange Agreements will have references to Single Audits removed.
6. Currently, there are no statutes that dictate when money exchanged or received under this program must be spent.
7. Each year there is the possibility that initial payments for exchange and match may be lower than the total amount requested by an eligible agency due to a budgetary shortfall within Caltrans. Payment will be based on:
 - The local agency's balance of remaining unobligated eligible Federal apportionments.
 - The total statewide exchange and match payment requested from RTPA's and counties.
 - Available State budget capacity.

RECOMMENDATIONS BASED ON RECENT AUDITS:

- A. RTPA's should establish written policies and procedures for how they will distribute Exchange Funds.
- B. RTPA's should establish written agreements (similar to our Match/Exchange Agreements) with any recipient agencies to outline appropriate expenditures, tracking, and reporting necessary to ensure compliance.

NOTE:

Chapter 18 of the LAPG provides information about the program that may be helpful. Although somewhat outdated, this information is still used in our current process and procedures.

Information can be found at: http://www.dot.ca.gov/hq/LocalPrograms/lam/prog_g/g18xchng.pdf