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## Carl Moyer Program Advisory 08-002

### Carl Moyer Program Progress Tracking: Funding Years for Which the New Definition of “Expend” and the Option of Using Cumulative Progress Tracking Apply

*June 25, 2008*

This Program Advisory clarifies the applicable funding years for two administrative provisions regarding tracking program milestones under the 2008 Carl Moyer Program Guidelines.

1. The new definition of “expend” applies to funds awarded by the Air Resources Board (ARB) in the 2006/2007 fiscal year (Year 9) and subsequent years.
2. The option of cumulatively tracking program milestones (e.g., fund commitment, expenditure, and liquidation) applies to funds received during all past and future funding years.

These provisions are discussed further below.

Background. While the 2008 Guidelines apply to all projects that use funds awarded during the 2008/2009 fiscal year (Year 11) and subsequent years, there is room to allow some provisions to apply earlier. For example, after March 27, 2008 (the date of Board approval of the Guidelines), a district may apply the provisions of the 2008 Guidelines to funds awarded in Year 10. Also, a district may apply the retrofit flexibility option in the 2008 Guidelines to off-road projects that use funds awarded in Year 9 and subsequent years (if such projects’ contracts are fully executed after March 27, 2008).

Discussion of the new definition of “expend.” Under the 2008 Guidelines, the definition of expended funds has been narrowed such that only funds included in contracts that are currently achieving emission reductions are counted. Under the new definition, funds associated with a contract are considered expended if a district has paid for an invoice that covers the incremental cost of equipment that is currently operational (with an allowance for some electrical agricultural pumps). Even if only part of the contract is paid, if the district has paid an invoice for operational equipment the whole contracted amount is considered expended. (See sections 2 and 18 of the program administration chapter of the 2008 Guidelines.) From the date of this advisory, districts have

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approximately one year before the Year 9 expenditure milestone (i.e., June 30, 2009) within which to make any necessary accounting adjustments to accommodate this change.

Discussion of cumulative tracking. To aid in such accounting adjustments and to generally provide more flexibility to districts to account for program milestones, the 2008 Guidelines allow milestones to be tracked cumulatively. Cumulative tracking is performed at the program level - in contrast to the individual project level. Funds received during a given fiscal year must be fully accounted for, but individual projects need not be tied to a given fiscal year for tracking on a cumulative basis. (See section 20 of the program administration chapter of the 2008 Guidelines.)

Because the focus of the ARB is on ensuring that State funds are effectively achieving emission reductions regardless of the fiscal year in which they were awarded, it has been ARB's practice during audits to review past and current district expenditures on a cumulative basis. This advisory formalizes that practice and clarifies that districts may use cumulative tracking in their accounting for program milestones for past fiscal years as well as future fiscal years. Of special note for past fiscal years - section 21 of the program administration chapter of the 2008 Guidelines provides for closing-out funding years for which every dollar has been liquidated. Providing for the cumulative tracking of fund liquidation for past fiscal years will assist in such close-outs.