



Financial Statements
June 30, 2021

**San Bernardino County, California
Measure I Funds**

San Bernardino County, California
Measure I Funds
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Independent Auditor's Report

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Measure I 1990-2010 and the Measure I 2010-2040 Funds (Measure I Funds), of the San Bernardino County, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure I Funds of the County as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the Measure I Funds and do not purport to, and do not, present fairly the financial position of the County as of June 30, 2021, and the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the management's discussion and analysis for the Measure I Fund that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of the Measure I Funds of the County. The program status (other information) as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022, on our consideration of the County's internal control over financial reporting of the Measure I Funds and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance, as it relates to the Measure I Funds.

A handwritten signature in black ink that reads "Eddie Bailey LLP". The signature is fluid and cursive, with "Eddie" and "Bailey" connected at the top, and "LLP" written below "Bailey".

Rancho Cucamonga, California

January 4, 2022

San Bernardino County, California
 Measure I Funds
 Balance Sheet
 June 30, 2021

	Measure I 1990-2010	Measure I 2010-2040
Assets		
Cash and investments	\$ 1,448,768	\$ 30,021,369
Receivables		
Taxes	-	2,153,153
Due from other County funds	<u>1,362</u>	<u>160,873</u>
Total assets	<u>\$ 1,450,130</u>	<u>\$ 32,335,395</u>
Liabilities and Fund Balance		
Liabilities		
Accounts payable	\$ -	\$ 210,145
Due to other County funds	<u>2,271</u>	<u>157,482</u>
Total liabilities	<u>2,271</u>	<u>367,627</u>
Fund Balance		
Restricted	<u>1,447,859</u>	<u>31,967,768</u>
Total fund balance	<u>1,447,859</u>	<u>31,967,768</u>
Total liabilities and fund balance	<u>\$ 1,450,130</u>	<u>\$ 32,335,395</u>

San Bernardino County, California

Measure I Funds

Statement of Revenues, Expenditures and Change in Fund Balance

Year Ended June 30, 2021

	Measure I 1990-2010	Measure I 2010-2040
Revenues		
Measure I sales tax	\$ -	\$ 7,846,772
Interest income	(3,639)	14,560
Other revenue	92,681	-
 Total revenues	 89,042	 7,861,332
 Expenditures		
Current		
General government	115,265	657,152
Capital		
Construction, maintenance and engineering	28,804	2,039,713
 Total expenditures	 144,069	 2,696,865
 Net Change in Fund Balance	 (55,027)	 5,164,467
 Fund Balance, Beginning of Year	 1,502,886	 26,803,301
 Fund Balance, End of Year	 <u>\$ 1,447,859</u>	 <u>\$ 31,967,768</u>

San Bernardino County, California
Measure I Funds
Notes to Financial Statements
June 30, 2021

Note 1 - General Information

Reporting Entity

The financial statements are intended to reflect the financial position and changes in financial position of the Measure I 1990-2010 and the Measure I 2010-2040 Funds (Measure I Funds) of the San Bernardino County, California (County) only. Accordingly, the financial statements do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2021, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Measure I

Measure I is the half-cent sales tax collected throughout San Bernardino County for transportation improvements. In 2004, San Bernardino County voters approved the extension of the Measure I sales tax through 2040. See Note 4 for a detailed description of the Measure.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Measure I Funds of the County conform to accounting policies generally accepted in the United States of America. The following is a summary of significant accounting policies.

A. Basis of Accounting

Governmental Fund Financial Statements

Fund Accounting

The accounts of the County are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity wherein operations of each fund are accounted for in a separate set of self-balancing accounts that record resources, related benefits, and equity, segregated for the purpose of carrying out specific activities. The County accounts for the Measure I activities within its Measure I 1990-2010 Fund and Measure I 2010-2040 Fund special revenue funds.

Special revenue funds are used to account for the proceeds of revenue sources that are restricted or committed to expenditure for specified purposes.

San Bernardino County, California

Measure I Funds

Notes to Financial Statements

June 30, 2021

Measurement Focus and Basis of Accounting

The special revenue funds of the County are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, revenues are available if they are collected within 270 days of the end of the fiscal period. Expenditures generally are recorded when a liability is incurred. Operating statements of governmental funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current resources.

B. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

C. Fund Balances

Fund balance is reported according to the following classifications: nonspendable, restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

Restricted fund balance represents amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first.

D. Cash and Investments

Cash and investments are pooled by the County to facilitate cash management and maximize investment opportunities and yields. Investment income resulting from this pooling is allocated to the respective funds including the Measure I Funds based upon the average cash balance. The investment policies and the risks related to cash and investments, applicable to the Measure I Funds, are those of the County and are disclosed in the County's basic financial statements. The County's basic financial statements can be obtained at the Auditor-Controller/Treasurer/Tax Collector's office or website.

San Bernardino County, California
Measure I Funds
Notes to Financial Statements
June 30, 2021

The Measure I Funds' cash and investments are reported at fair value. The fair value measurements are based on the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Measure I Funds' deposits and withdrawals in the County Investment Pool are made on the basis of \$1 and not fair value. Accordingly, the Measure I Funds' investment in the County Investment Pool is measured based on uncategorized inputs not defined as Level 1, Level 2, or Level 3.

E. Maintenance of Effort

In accordance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the San Bernardino County Transportation Authority (SBCTA), Local Street Program funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes. The maintenance of effort (MOE) base year level was determined based upon the discretionary General Fund expenditures for transportation-related construction and maintenance activities in fiscal year 2008/2009. The MOE base year level as approved by the SBCTA Board of Directors shall remain in effect until the expiration of Measure I 2010-2040. General Fund expenditures in excess of the MOE base year level will carry over to subsequent fiscal years and can be applied in a future year to offset the amount the local agency may need to meet the MOE requirement. The County's determined MOE base level is \$0.

Note 3 - Taxes Receivable

Taxes receivable represents the Measure I sales tax revenues for the fiscal year received from SBCTA after June 30, 2021.

Note 4 - Measure I Fund

The California State Legislature authorized county transportation authorities to enact local option sales tax measures for transportation improvements in the late 1980s, under provisions of Division 19 (commencing with Section 180000) of the Public Utilities Code. In November 1989, San Bernardino County voters approved passage of Measure I, authorizing SBCTA to impose half-cent retail transactions and use tax applicable in the incorporated and unincorporated areas of the San Bernardino County for the 20-year period between April 1, 1990 and March 31, 2010. SBCTA is authorized to administer the programs described in the Measure.

Early in the second decade of Measure I, it became apparent that continuation of the half cent sales tax would be critical to maintaining funding for transportation in San Bernardino County. SBCTA member jurisdictions and transportation stakeholders worked to identify transportation needs, and an expenditure plan was developed to serve as a basis for the renewal of Measure I. Ordinance No. 04-01 was placed before voters in November 2004, and Measure I was renewed. The new Measure I extends the half cent sales tax for 30 years, from April 1, 2010 through March 31, 2040. The new Measure is referred to as Measure I 2010-2040 to distinguish it from the first Measure I. The County accounted for the funding sources in separate Funds which are referred to a Measure I 1990-2010 and Measure I 2010-2040 Funds in these Financial Statements.

San Bernardino County, California

Measure I Funds

Notes to Financial Statements

June 30, 2021

Revenue from the tax can only be used for transportation improvement and traffic management programs authorized in the Expenditure Plan.

Measure I 2010-2040 has a return-to-source provision that states that funds shall be allocated to subareas in accordance with the actual revenue collected in each subarea. After deduction of required Board of Equalization fees and authorized administrative costs, revenues generated in each subarea are to be expended on projects of direct benefit to that subarea. Revenues are accounted for separately for each subarea and then allocated to specified project categories in each subarea. These project categories are termed “programs” in the Strategic Plan. Decisions on how revenues are expended within the subareas are made by the SBCTA Board of Directors based upon recommendations of local subarea representatives. Other than the projects identified in the Cajon Pass Expenditure Plan, revenues generated within a subarea can be expended outside of that subarea only upon approval of two-thirds (2/3) of the jurisdictions within the affected subarea. A proportional share of projected state and federal transportation funds is to be reserved for use solely within the Valley subarea and individual Mountain/Desert (Colorado River, Morongo Basin, Mountains, North Desert and Victor Valley) subareas. In the San Bernardino Valley subarea, Measure I 2010-2040 contains the following programs:

- Freeway Program
- Freeway Interchange Program
- Major Street Program
- Local Street Program
- Metrolink/Rail Program
- Express Bus/Bus Rapid Transit Program
- Senior and Disabled Transit Program
- Traffic Management Systems Program

In each of the Mountain/Desert subareas, Measure I 2010-2040 contains the following programs:

- Local Street Program
- Major Local Highway Program
- Senior and Disabled Transit Program

Note 5 – Due to/from Other County Funds

Several of the County’s transportation related projects are funded by Prop 1B, TDA allocations and Department of Transportation grants in addition to Measure I and other funding sources. These various funding sources are tracked in separate funds and transferred into the fund where the project costs are being recorded, resulting in monies due to/from other funds within the County as projects progress.

Note 6 - Other Revenue

Several of the County’s Measure I projects are funded with multiple funding sources. When these resources are received in the Measure I Fund, the receipts are recorded as other revenue. This segregates the Measure I sales tax revenues from the other revenue sources utilized in the funding of the projects.



Required Supplementary Information
June 30, 2021

**San Bernardino County, California
Measure I Funds**

San Bernardino County, California

Measure I Funds

Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual –

Measure I 1990-2010 Fund

Year Ended June 30, 2021

	Budget			Variance From Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Interest income	\$ -	\$ -	\$ (3,639)	\$ (3,639)
Other revenue	-	-	92,681	92,681
Total revenues	-	-	89,042	89,042
Expenditures				
Current:				
General government	1,456,650	1,456,650	115,265	1,341,385
Capital				
Construction, maintenance and engineering	-	-	28,804	(28,804)
Total expenditures	1,456,650	1,456,650	144,069	1,312,581
Net Change in Fund Balance	(1,456,650)	(1,456,650)	(55,027)	1,401,623
Fund Balance, Beginning of Year	1,502,886	1,502,886	1,502,886	-
Fund Balance, End of Year	<u>\$ 46,236</u>	<u>\$ 46,236</u>	<u>\$ 1,447,859</u>	<u>\$ 1,401,623</u>

San Bernardino County, California

Measure I Funds

Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual –

Measure I 2010-2040 Fund

Year Ended June 30, 2021

	Budget			Variance From Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Measure I sales tax	\$ 5,226,567	\$ 5,226,567	\$ 7,846,772	\$ 2,620,205
Interest income	-	-	14,560	14,560
Total revenues	<u>5,226,567</u>	<u>5,226,567</u>	<u>7,861,332</u>	<u>2,634,765</u>
Expenditures				
Current				
General government	14,533,500	14,533,500	657,152	13,876,348
Capital				
Construction, maintenance and engineering	-	-	2,039,713	(2,039,713)
Total expenditures	<u>14,533,500</u>	<u>14,533,500</u>	<u>2,696,865</u>	<u>11,836,635</u>
Net Change in Fund Balance	(9,306,933)	(9,306,933)	5,164,467	14,471,400
Fund Balance, Beginning of Year	<u>26,803,301</u>	<u>26,803,301</u>	<u>26,803,301</u>	<u>-</u>
Fund Balance, End of Year	<u>\$17,496,368</u>	<u>\$17,496,368</u>	<u>\$31,967,768</u>	<u>\$ 14,471,400</u>

San Bernardino County, California

Measure I Funds

Note to Required Supplementary Information

Year Ended June 30, 2021

Note 1 - Budgetary Data

The County adopts an annual budget on a basis consistent with accounting principles generally accepted in the United States of America. Administration expenditures in the Measure I Funds are budgeted as transfers to other County Funds to cover for costs incurred for Measure I related projects. The transfers are classified as expenditures in the Measure I report.



Other Information

June 30, 2021

San Bernardino County, California Measure I Funds

San Bernardino County, California
Measure I Funds

Program Status: Comparison of 5 Year Plan Project Budget to Current Year Expenditures
Year Ended June 30, 2021

The Measure I Five Year Capital Improvement Plan for local streets was adopted by the County Board of Supervisors through Resolution No.2021-150. Of the funds allocated under the Measure I Five Year Capital Improvement Plan, the following programs were affected during the current fiscal year:

Local Projects:	5-Year Plan Project Estimate	Current Fiscal Year Expenditures	Under/(Over) Estimate
Measure I Funded Projects			
Ludlow Road and Other Roads chip seal and leveling course	\$ 3,325,000	\$ 356,594	\$ 2,968,406
Baker Blvd and Park Avenue, Contract Overlay	2,836,000	54,766	2,781,234
Barstow Skyline North ADA Ramps	703,250	48,920	654,330
Barstow Irwin Estates ADA Ramps	500,000	42,855	457,145
Bernard Dr and Other Roads Chip Seal	2,931,000	115,562	2,815,438
Valley of the Falls Dr and Others Prep (including overlay where needed) and Chip	1,569,000	1,176,156	392,844
Riverside Drive - .04M W of Towne Ave to .002 M W of Reservoir Mill and Overlay	1,939,000	1,069	1,937,931
Bloomington Ave - Cedar Ave to 0.11 miles NE of Larch Ave, Pavement Reconstruction and Storm Drain Replacement	1,950,000	171,370	1,778,630
Cajon Blvd Overlay - Kenwood Ave to Cleghorn Ave	770,000	39,524	730,476
Linden Ave and Other Roads Rehab and Reconstruction	2,526,000	280,662	2,245,338
Wabash Ave and Other Roads Slurry Seal	2,330,000	88,433	2,241,567
Redwood Ave and Other Roads Mill and Overlay	4,600,000	28,991	4,571,009
Tennessee St. Maintenance Overlay, .02 W, Marbeth Rd E .14M	30,000	7,056	22,944
Ranchero Road, .30M E, Mariposa E/1M E, Escondido Ave - Widening ROW	1,456,650	144,069	1,312,581
Crystal Creek Road and Other Roads Chip Seal	730,500	284,639	445,861
Baldy Mesa and Other Roads	1,370,000	268	1,369,732
		<hr/> <u>\$ 2,840,934</u>	
Measure I 1990-2010 Fund expenditures	\$ 144,069		
Measure I 2010-2040 Fund expenditures	<u>2,696,865</u>		
Total expenditures for the year ending June 30, 2021	<hr/> <u>\$ 2,840,934</u>		



**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards and *Measure I Compliance Requirements***

To the Board of Directors
San Bernardino County Transportation Authority
San Bernardino, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Measure I 1990-2010 and the Measure I 2010-2040 Funds (Measure I Funds), of the San Bernardino County, California (County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Measure I Funds' basic financial statements and have issued our report thereon dated January 4, 2022. Our report included an emphasis of matter stating that the financial statements of the Measure I Funds do not purport to, and do not, present fairly the financial position of the County as of June 30, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting of the Measure I Funds (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Measure I Funds of the County are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including requirements of Measure I as specified in the agreement between the County and San Bernardino County Transportation Authority (SBCTA), noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, including the requirements of the Measure I as specified in the agreement between the County and SBCTA.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is fluid and cursive, with "Eide" and "Baily" connected by a single stroke, and "LLP" written in a smaller, separate script.

Rancho Cucamonga, California

January 4, 2022