

AGENDA
Independent Taxpayer Oversight Committee Meeting

April 5, 2023

*****Start Time: 12:30 PM*****

Location

San Bernardino County Transportation Authority
First Floor Lobby Board Room
1170 W. 3rd Street, San Bernardino, CA 92410

Independent Taxpayer Oversight Committee Membership

Cole Jackson
Committee Member

Vacant
Committee Member

Patrick Morris
Committee Member

Vacant
Committee Member (Chair)

Gerry Newcombe
Committee Member

Art Bishop
Board President/Ex-Officio

Raymond Wolfe
Executive Director/Ex-Officio

Items listed on the agenda are intended to give notice to members of the public of a general description of matters to be discussed or acted upon. The posting of the recommended actions does not indicate what action will be taken. The Board may take any action that it deems to be appropriate on the agenda item and is not limited in any way by the notice of the recommended action.

To obtain additional information on any items, please contact the staff person listed under each item. You are encouraged to obtain any clarifying information prior to the meeting to allow the Board to move expeditiously in its deliberations. Additional ***“Meeting Procedures”*** and agenda explanations are attached to the end of this agenda.

CALL TO ORDER

1. Attendance

SELECTION OF COMMITTEE CHAIR

2. Selection of Committee Chair

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Conduct elections for a member to serve as the Chair of the Independent Taxpayer Oversight Committee.

Presenter: Carrie Schindler

This item is not scheduled for review by any other policy committee or technical advisory committee.

MEASURE I AUDITS

3. Measure I Local Pass-Through Compliance Audits for Fiscal Year 2021/2022

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Review and make a finding that the Measure I expenditures for Fiscal Year 2021/2022 are consistent with the provisions of the Measure I Expenditure Plan and Ordinance No. 04-01.

Presenter: Hilda Flores

This item is scheduled for review by the General Policy Committee on April 12, 2023.

PUBLIC COMMENTS

Brief Comments from the General Public

ADJOURNMENT

Meeting Procedures and Rules of Conduct

Meeting Procedures - The Ralph M. Brown Act is the state law which guarantees the public's right to attend and participate in meetings of local legislative bodies. These rules have been adopted by the Board of Directors in accordance with the Brown Act, Government Code 54950 et seq., and shall apply at all meetings of the Board of Directors and Policy Committees.

Accessibility - The meeting facility is accessible to persons with disabilities. If assistive listening devices or other auxiliary aids or services are needed in order to participate in the public meeting, requests should be made through the Clerk of the Board at least three (3) business days prior to the Board meeting. The Clerk can be reached by phone at (909) 884-8276 or via email at clerkoftheboard@gosbcta.com and office is located at 1170 W. 3rd Street, 2nd Floor, San Bernardino, CA.

Agendas – All agendas are posted at www.gosbcta.com/board/meetings-agendas/ at least 72 hours in advance of the meeting. Staff reports related to agenda items may be reviewed online at that web address. Agendas are also posted at 1170 W. 3rd Street, 1st Floor, San Bernardino at least 72 hours in advance of the meeting.

Agenda Actions – Items listed on both the “Consent Calendar” and “Discussion” contain recommended actions. The Board of Directors will generally consider items in the order listed on the agenda. However, items may be considered in any order. New agenda items can be added and action taken by two-thirds vote of the Board of Directors or unanimous vote of members present as provided in the Ralph M. Brown Act Government Code Sec. 54954.2(b).

Closed Session Agenda Items – Consideration of closed session items excludes members of the public. These items include issues related to personnel, pending litigation, labor negotiations and real estate negotiations. Prior to each closed session, the Chair will announce the subject matter of the closed session. If action is taken in closed session, the Chair may report the action to the public at the conclusion of the closed session.

Public Testimony on an Item – Members of the public are afforded an opportunity to speak on any listed item. Individuals wishing to address the Board of Directors or Policy Committee Members should complete a “Request to Speak” form, provided at the rear of the meeting room, and present it to the Clerk prior to the Board's consideration of the item. A "Request to Speak" form must be completed for each item an individual wishes to speak on. When recognized by the Chair, speakers should be prepared to step forward and announce their name and address for the record. In the interest of facilitating the business of the Board, speakers are limited to three (3) minutes on each item. Additionally, a twelve (12) minute limitation is established for the total amount of time any one individual may address the Board at any one meeting. The Chair or a majority of the Board may establish a different time limit as appropriate, and parties to agenda items shall not be subject to the time limitations. Members of the public requesting information be distributed to the Board of Directors must provide 40 copies of such information in advance of the meeting, except for noticed public hearings. Information provided as public testimony is not read into the record by the Clerk.

The Consent Calendar is considered a single item, thus the three (3) minute rule applies. Consent Calendar items can be pulled at Board member request and will be brought up individually at the specified time in the agenda allowing further public comment on those items.

Agenda Times – The Board is concerned that discussion take place in a timely and efficient manner. Agendas may be prepared with estimated times for categorical areas and certain topics to be discussed. These times may vary according to the length of presentation and amount of resulting discussion on agenda items.

Public Comment – At the end of the agenda, an opportunity is also provided for members of the public to speak on any subject within the Board’s authority. Matters raised under “Public Comment” may not be acted upon at that meeting. “Public Testimony on any Item” still applies.

Disruptive or Prohibited Conduct – If any meeting of the Board is willfully disrupted by a person or by a group of persons so as to render the orderly conduct of the meeting impossible, the Chair may recess the meeting or order the person, group or groups of person willfully disrupting the meeting to leave the meeting or to be removed from the meeting. Disruptive or prohibited conduct includes without limitation addressing the Board without first being recognized, not addressing the subject before the Board, repetitiously addressing the same subject, failing to relinquish the podium when requested to do so, bringing into the meeting any type of object that could be used as a weapon, including without limitation sticks affixed to signs, or otherwise preventing the Board from conducting its meeting in an orderly manner. Your cooperation is appreciated!

General Practices for Conducting Meetings of Board of Directors and Policy Committees

Attendance.

- The Chair of the Board or a Policy Committee (Chair) has the option of taking attendance by Roll Call or Self-Introductions. If attendance is taken by Roll Call, the Clerk of the Board will call out by jurisdiction or supervisorial district. The Member or Alternate will respond by stating his/her name. If attendance is by Self-Introduction, the Member or Alternate will state his/her name and jurisdiction or supervisorial district.
- A Member/Alternate, who arrives after attendance is taken, shall announce his/her name prior to voting on any item.
- A Member/Alternate, who wishes to leave the meeting after attendance is taken but before remaining items are voted on, shall announce his/her name and that he/she is leaving the meeting.

Basic Agenda Item Discussion.

- The Chair announces the agenda item number and states the subject.
- The Chair calls upon the appropriate staff member or Board Member to report on the item.
- The Chair asks members of the Board/Committee if they have any questions or comments on the item. General discussion ensues.
- The Chair calls for public comment based on “Request to Speak” forms which may be submitted.
- Following public comment, the Chair announces that public comment is closed and asks if there is any further discussion by members of the Board/Committee.
- The Chair calls for a motion from members of the Board/Committee.
- Upon a motion, the Chair announces the name of the member who makes the motion. Motions require a second by a member of the Board/Committee. Upon a second, the Chair announces the name of the Member who made the second, and the vote is taken.
- The “aye” votes in favor of the motion shall be made collectively. Any Member who wishes to oppose or abstain from voting on the motion, shall individually and orally state the Member’s “nay” vote or abstention. Members present who do not individually and orally state their “nay” vote or abstention shall be deemed, and reported to the public, to have voted “aye” on the motion.

The Vote as specified in the SANBAG Bylaws.

- Each Member of the Board of Directors shall have one vote. In the absence of the official representative, the alternate shall be entitled to vote. (Board of Directors only.)
- Voting may be either by voice or roll call vote. A roll call vote shall be conducted upon the demand of five official representatives present, or at the discretion of the presiding officer.

Amendment or Substitute Motion.

- Occasionally a Board Member offers a substitute motion before the vote on a previous motion. In instances where there is a motion and a second, the maker of the original motion is asked if he or she would like to amend his or her motion to include the substitution or withdraw the motion on the floor. If the maker of the original motion does not want to amend or withdraw, the substitute motion is voted upon first, and if it fails, then the original motion is considered.
- Occasionally, a motion dies for lack of a second.

Call for the Question.

- At times, a Member of the Board/Committee may “Call for the Question.”
- Upon a “Call for the Question,” the Chair may order that the debate stop or may allow for limited further comment to provide clarity on the proceedings.
- Alternatively and at the Chair’s discretion, the Chair may call for a vote of the Board/Committee to determine whether or not debate is stopped.
- The Chair re-states the motion before the Board/Committee and calls for the vote on the item.

The Chair.

- At all times, meetings are conducted in accordance with the Chair’s direction.
- These general practices provide guidelines for orderly conduct.
- From time-to-time circumstances require deviation from general practice.
- Deviation from general practice is at the discretion of the Chair.

Courtesy and Decorum.

- These general practices provide for business of the Board/Committee to be conducted efficiently, fairly and with full participation.
- It is the responsibility of the Chair and Members to maintain common courtesy and decorum.

*Adopted By SANBAG Board of Directors January 2008
Revised March 2014
Revised May 4, 2016*

Minute Action

AGENDA ITEM: 2

Date: April 5, 2023

Subject:

Selection of Committee Chair

Recommendation:

Conduct elections for a member to serve as the Chair of the Independent Taxpayer Oversight Committee.

Background:

This item provides for an election to be conducted, which will identify the Chair of the Committee.

Financial Impact:

This item has no financial impact on the Fiscal Year 2022/2023 Budget.

Reviewed By:

This item is not scheduled for review by any other policy committee or technical advisory committee.

Responsible Staff:

Carrie Schindler, Deputy Executive Director

Approved
Independent Taxpayer Oversight Committee Meeting
Date: April 5, 2023

Witnessed By:

Entity: San Bernardino Council of Governments, San Bernardino County Transportation Authority

Minute Action

AGENDA ITEM: 3

Date: April 5, 2023

Subject:

Measure I Local Pass-Through Compliance Audits for Fiscal Year 2021/2022

Recommendation:

Review and make a finding that the Measure I expenditures for Fiscal Year 2021/2022 are consistent with the provisions of the Measure I Expenditure Plan and Ordinance No. 04-01.

Background:

Each year San Bernardino County Transportation Authority (SBCTA) provides for audits of all local jurisdictions receiving Measure I Local Pass-Through Funds, which are dedicated for transportation planning, design, construction, operation and maintenance.

A financial examination is completed by an independent audit firm for activities during the previous fiscal year (FY), including internal control systems of checks and balances. The examination must encompass both project expenditures and projects for which funds were received but not expended. A listing of all projects comparing actual revenues and expenses to the Measure I Five Year Capital Improvement Plan (CIP) adopted by the local governing board and reported annually to SBCTA, must be included with any interest earned. The report shall also contain an examination of expenditures, statement of revenue and expenses, and balance sheet for each Measure I Special Revenue fund.

Eide Bailly (Eide) formally Vavrinek, Trine, Day & Co., LLP, was selected in January 2017, to conduct Compliance Audits of the Measure I 2010-2040 pass-through funds for a five-year period, with two one-year extensions. Eide verified compliance with California Public Utilities Code 190300 and Ordinance No. 04-01 of the SBCTA Local Street Program that funds shall not be used to supplant existing local discretionary funds being used for street and highway purposes, also known as Maintenance of Effort (MOE). The MOE base year level was determined based upon the discretionary General Fund expenditures for transportation-related construction and maintenance activities in FY 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.

Measure I Local Pass-Through Audit reports for FY 2021/2022 and the SBCTA Annual Comprehensive Financial Report were provided to the Independent Taxpayer Oversight Committee (ITOC). The ITOC will make a finding that Measure I expenditures for FY 2021/2022 are consistent with the provisions of Measure I Expenditure Plan and Ordinance No. 04-01.

The Measure I Local Pass-Through audits for the Cities of Fontana, Rialto, San Bernardino, and Victorville are expected to be completed on or before March 31, 2023. These audits were not finalized by the end of the extension period of February 28, 2023, thus Measure I withholding will commence in March 2023, until the FY 2021/2022 audit is completed. The audit for the City of Adelanto for FY 2020/2021 and FY 2021/2022 are not complete, thus they are currently subject to withholding.

Entity: San Bernardino County Transportation Authority

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The audits for FY 2021/2022 resulted in the following findings:

Town of Apple Valley (Town)

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Expenditures should be identified and recognized during the period incurred, and accruals posted to general ledger when applicable. During procedures over accounts payable and related disbursements, auditors noted a disbursement in the amount of \$104,925, which related to May and June 2022, but was not recorded within the general ledger. As a result, Town staff proposed an adjustment to increase expenditures and related accounts payable, to include this disbursement in the activity of the fund. The adjustment was proposed and posted to the Town's fund financial statements to include the \$104,925 accrual. Auditors recommend that the Town enhance its closing process to ensure that expenditures and related accruals are recorded in the proper FY.

Corrective Action: The Town agreed with the proposed adjustment of \$104,925, and have posted the accrual to the Town's general ledger.

- Bank reconciliations should be performed monthly, and reviewed and approved in a timely manner. During procedures over cash and investments, auditors noted the Town's bank reconciliation for June 2022 was not prepared until December 2022. Further, the interest allocation to funds was not performed until December 2022. The audit was delayed. Auditors recommend that the Town review the timing of its reconciliation procedures.

Corrective Action: The Town agreed that bank reconciliation must occur on a more timely basis and have taken steps to properly train applicable personnel.

- Management is responsible for ensuring financial activity is recorded accurately and on a timely basis. Each year, the beginning fund balance (equity) should be reconciled to the previous audit reports, as well as underlying accounting records of the Town, to ensure accuracy of the financial activity reported within the Measure I fund each year. During procedures over beginning fund balance, auditors noted that the beginning fund balance did not equal to the previous year Measure I audit fund balance by \$99,056. Going back multiple years, the Measure I Fund had reported a receivable balance of \$99,948. During FY 2020/2021, the Town recorded an allowance for these receivables of \$99,948; however, a deferred inflow of resources – unavailable revenue of \$99,056 was erroneously included in the report as of June 30, 2021. Subsequent to the prior year Measure I Fund report date, the Town removed the receivables and reversed the allowance of \$99,948. As a result of the erroneous unavailable revenue of \$99,056 included in the report, a restatement was necessary to correct the understatement of fund balance due to reporting the unavailable revenues in the June 30, 2021 Measure I Fund financial statements. Internal control allowed for the identification and correction of the error described in the condition above during the June 30, 2022 FY. However, it was not corrected during the prior audit of the June 30, 2021 Measure I fund, resulting in a restatement to the fund as of July 1, 2021. The Measure I fund financial statements were restated to fairly reflect fund balances as of July 1, 2021. Auditors recommend that the Town review its Measure I fund financial statement closing procedures. While the Town did identify and correct the condition described above, procedures should be developed to allow for errors to be identified prior to issuing the reports each year.

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Corrective Action: The Town agrees that restatement was necessary in this financial statement but was not necessary in the Town's financial statement because the Town did not include such a transaction in the trial balance nor in the Town's audited financial statements. We recognize the serious responsibility of identifying and correcting errors prior to issuance of financial statements as demonstrated in the prior year's audit wherein staff indicated to the auditors that the item was incorrectly presented. Town staff have broadened the financial statement review processes to include adequate communication with the audit engagement staff to ensure the Town's position is clearly expressed when presented with issues such as the condition described above.

City of Twentynine Palms (City)

- Investments are required to be reported at Fair Market Value (FMV) in accordance with Generally Accepted Accounting Principles. The Local Agency Investment Fund (LAIF) investment balance, which is tracked based on amortized cost, was not reported at fair value. As of June 30, 2022, the LAIF allocation was 0.987125414, resulting in a loss as of year-end. As a result, an adjustment was proposed for \$16,512 to reduce the value of the LAIF investment and related interest income (loss). The City considered fair value of LAIF immaterial City-wide, and initially did not record or allocate an adjustment to the Measure I Fund at fiscal year-end. As a result, Measure I Fund cash and investments were overstated by \$16,512. It was recommended the City incorporate procedures to consider and post a FMV adjustment for LAIF to the cash and investment balances held in the Measure I Fund.

Corrective Action: The City considered FMV adjustments at both the City-wide and Fund Level and does not typically post FMV adjustments if the adjustment is not considered significant, based on management's judgment. The \$16,512 adjustment is only 1.4% of the fund's cash and investment balance of \$1,217,083, which management does not consider to be significant; however, management has agreed to record the proposed LAIF adjustment for FY 2021/2022.

Financial Impact:

This item has no financial impact on the Fiscal Year 2022/2023 Budget.

Reviewed By:

This item is scheduled for review by the General Policy Committee on April 12, 2023.

Responsible Staff:

Hilda Flores, Chief Financial Officer

Approved
Independent Taxpayer Oversight Committee Meeting
Date: April 5, 2023

Witnessed By: