



Supplemental Material for Agenda No. 8

General Policy Committee

August 13, 2014

Location
SANBAG

Super Chief Conference Room
1170 W. 3rd Street, 2nd Floor
San Bernardino, CA

DISCUSSION CALENDAR

Administrative Matters

8. Debt Management Policy

That the General Policy Committee recommend the Board, acting as the San Bernardino Transportation Authority approve:

A. Debt Management Policy No. 20300 and

B. Amend Financial Policies, Policy No. 20000 Section VIII (A) Debt Policies referencing Debt Management Policy No. 20300. **William Stawarski**

Attached is the amendment to Policy No. 20000.

San Bernardino Associated Governments	Policy No.	20000
Adopted by the Board of Directors	July 2, 1997	Revised
		8/6/089/3/14
Financial Policies	Revision No.	32

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I. PURPOSE

The purpose of this policy is to set the basic framework for the overall fiscal management of the organization.

II. DEFINITIONS

None

III. POLICY

Operating independently of changing circumstances and conditions, the following policies shall assist the decision-making process of the SANBAG Board of Directors.

IV. OPERATING BUDGET POLICIES

SANBAG bylaws direct the Board of Directors to adopt an annual fiscal year budget. The following principles shall apply to the SANBAG operating budget:

- A. SANBAG shall utilize a decentralized operating budget process, whereby all task managers participate.
- B. The budget shall be balanced with total anticipated revenues plus beginning undesignated/unreserved fund balances and available bond proceeds.
- C. SANBAG shall utilize encumbrance accounting as an element of control in the formal budgetary integration. Estimated encumbrances shall be included to provide an overall perspective of total expenditures for the upcoming fiscal year. Encumbrances shall be finalized by the end of the first quarter of the fiscal year. These encumbrances shall be presented to the Board for review and formal incorporation into the adopted budget.
- D. SANBAG shall support investments which reduce future operating costs.
- E. No new or expanded contracts shall be authorized without implementing trade-offs of expenses or revenues at the same time.

V. BUDGET AMENDMENT POLICY

When it becomes necessary to modify the adopted budget, the amendment procedure shall be determined by the type of change that is needed.

A. Administrative Budget Amendment

An administrative budget amendment shall not affect the net proceeds for a program. These changes (mainly transfers from one line-item to another within a program operating budget or changes between projects within a program) shall be effected by the written request of the task manager. In addition, SANBAG staff may handle the reallocation of budgeted salary costs and revenues from one program to another administratively.

B. Board Approved Amendment

A Board approved budget amendment shall be necessary to address changes in the total expenditures for a program. These changes shall include, but are not limited to:

1. The acceptance of additional grant monies.
2. The inclusion of expenditures that are projected to exceed budgeted amounts.
3. The re-appropriation of monies/expenditures (excluding SANBAG staff salary costs) from one program to another.

These changes shall require a budget authorization request and a formal agenda item to be reviewed by the appropriate SANBAG Policy Committee and forwarded to the Board of Directors for final approval. In recognition of time constraints and extenuating circumstances, the Board of Directors acknowledges the need to submit budget amendment agenda items which have not had Policy Committee review.

The agenda items requesting budget amendment shall define the expected funding source and shall adhere to the balanced budget requirements.

VI. REVENUE POLICIES

The SANBAG Joint Powers Agreement authorizes General Assessment Dues for all member jurisdictions based on population and net assessed value. In addition, the following principles shall apply to other sources of revenue:

- A. SANBAG shall aggressively seek additional funding/grants.
- B. SANBAG shall review and monitor changes in Measure I Sales Tax receipts.
- C. SANBAG shall review budget to actual for revenues on a monthly basis and shall revise anticipated revenue sources semi-annually.

VII. CASH MANAGEMENT POLICIES

- A. SANBAG shall deposit all funds on the same day the funds are received.
- B. Measure I funds shall be electronically transferred to SANBAG's accounts to reduce any delays in depositing the funds. When possible, additional sources of revenue shall also be electronically transferred.
- C. SANBAG shall review schedules of anticipated disbursements for major sources of revenue. Other revenues shall be collected in accordance with contractual requirements.

VIII. DEBT POLICIES

- A. SANBAG shall judiciously issue bonds for capital improvements after careful study and analysis of revenue and expenditure projections and accumulated debt burden (See Debt Management Policy, Policy No. 20300).
- B. All bond or note issues shall be in accordance with the strategic plan and approved by the Board of Directors.
- C. SANBAG shall publish and distribute an official statement for each bond issue.
- D. SANBAG shall meet all disclosure requirements.

IX. INVESTMENT POLICIES

- A. SANBAG shall instruct financial institutions to make investments in accordance with the original indenture and investment policy (See Investment Policy, Policy No. 20100).
 - B. SANBAG shall engage the services of an investment advisor who shall provide on-going advice on portfolio performances, advice on current investment strategies, cash management and cash flow projections.
 - C. SANBAG shall present a monthly investment status report to the Board of Directors.
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X. AUDITING POLICIES

SANBAG bylaws direct that an independent audit, by a recognized CPA firm, be conducted annually. In addition, the following principles shall apply:

- A. SANBAG shall produce annual financial statements in accordance with Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board.
 - B. The financial statements are the responsibility of SANBAG's management.
 - C. Completeness and reliability of the information contained in the financial statements is based upon a comprehensive framework of internal controls that is established for this purpose.
 - D. The costs of internal controls should not exceed the anticipated benefits.
 - E. The objective of internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.
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XI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted.	08/07/91
1	Modified Section 20000.5.1 - adopted April 1, 1998)	04/01/98
2	Revised Par. X: AUDITING POLICIES to clarify the SANBAG internal control standards	08/06/08
3	Revise Section VIII (A), See Debt Management Policy, Policy No. 20300	09/03/14