

San Bernardino Associated Governments	Policy	34103
Adopted by the Board of Directors November 25, 1991	Revised	New 11/25/91
Special Accounting Requirements	Revision No.	0
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I. THE SPECIAL MEASURE I TRANSPORTATION SALES TAX FUND

This chapter serves as a guide for accounting and financial systems to insure that systems will continue through changes in personnel, to answer procedural inquiries, and to aid in the audit process in systems evaluation.

Each local jurisdiction shall establish a Special Measure I Transportation Sales Tax Fund. This fund is a special revenue fund utilized to account for proceeds of specific revenue sources that are legally restricted to expenditures for street purposes. Jurisdictions should use the modified accrual basis of accounting.

II. SPECIFIC REQUIREMENTS

The following requirements are to provide guidance on the specific accounting treatment as it relates to the Special Measure I Transportation Sales Tax Fund.

1. All apportionments shall be deposited directly into the Special Measure I Transportation Sales Tax Fund.
2. Interest received by a jurisdiction from the investment of money in its Special Measure I Sales Tax Fund shall be deposited in the fund and shall be used for street purposes.
3. Segregation must be maintained within the Special Measure I Transportation Sales Tax Fund to show separate balances for each subarea (County only). Mountain/Desert jurisdictions must also show separate balances for each funding category; i.e., elderly and handicapped transit, regional/arterial, and local funds.
4. If other revenues are commingled in the Special Measure I Transportation Sales Tax Fund, it is the responsibility of the jurisdiction to provide accurate and adequate documentation to support revenue and expenditure allocation, as well as segregated balances.
5. It is allowable to fund prior year expenditures with current year revenues and/or fund balance as long as funded projects are included in the adopted Five-Year Capital Improvement Program and accounting clearly identifies the project and other pertinent data to establish a clear audit trail.

III. INTEREST REQUIREMENTS

Any interest earned on investment of Measure I Transportation Sales Tax Funds must be deposited in the Special Measure I Transportation Sales Tax Fund. Any jurisdiction not electing to invest its Measure I funds but at the same time investing most of its other available funds should deposit the Measure I funds in a separate account to clearly indicate that no such monies were invested.

If Measure I Transportation Sales Tax funds are invested, they must receive their equitable pro-ration of interest earned on the total funds invested. Several methods are available to determine an equitable distribution of interest earned. Whatever method is employed, it will be analyzed

during audit to determine reasonableness and confirm distribution to the Special Measure I Transportation Sales Tax Fund. It is recommended that a distribution based on average month-end cash balances be employed.

In addition, if the interest distribution methodology allows for negative distributions, they will be disallowed. No interest charges based on negative cash and fund balances will be allowed.

IV. REIMBURSEMENTS

Reimbursements of Measure I Transportation Sales Tax Funds previously expended for street and road construction or right-of-way purposes, from whatever source, must be deposited in the Special Measure I Transportation Sales Tax Fund.

This includes but is not limited to:

- ◆ Federal Aid Urban projects
- ◆ Redevelopment agencies
- ◆ Cooperative agreements
- ◆ Right-of-way dispositions
- ◆ Federal and safety projects

V. RECORDS

1. Source Documentation - On construction or purchase of right-of-way, all expenditures charged to the Measure I Transportation Sales Tax Fund must be supported by a warrant or other source document (invoice, requisition, time sheet, equipment rental charge, engineering plans, specifications and other pertinent data) clearly identifying the project and other pertinent data to establish a clear audit trail.

2. Retention Period - All source documents, together with the accounting records, are deemed to be the official records of the jurisdiction and must be retained by the jurisdiction for five (5) years.

VI. REVISION HISTORY

Revision No.	Revisions	Adopted
0	Adopted.	11/25/91
