

**SAN JOAQUIN REGIONAL RAIL COMMISSION  
MEASURE B PROGRAM FUND**

Financial Statement

June 30, 2009

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**SAN JOAQUIN REGIONAL RAIL COMMISSION  
MEASURE B PROGRAM FUND  
JUNE 30, 2009**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
San Joaquin Regional Rail Commission  
Stockton, California

We have audited the accompanying financial statements of the Measure B Program Fund of the San Joaquin Regional Rail Commission (Commission), Stockton, California, as of and for the fiscal year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the financial statements present only the Measure B Program Fund and do not purport to, and do not, present fairly the financial position of the Commission, as of June 30, 2009, and the changes in its financial position, or, where applicable, its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Program Fund as of June 30, 2009, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming and opinion on the financial statements of the Measure B Program Fund. The accompanying Supplemental Schedule of Revenues and Expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Pressley & Associates, Inc.*

Accountancy Corporation  
December 22, 2009

**San Joaquin Regional Rail Commission**  
**Measure B Program Fund**  
**Balance Sheet**  
**June 30, 2009**

**ASSETS**

Cash and cash equivalents	\$	2,016,064
Receivable		
Interest		4,510
Intergovernmental		298,311
Total assets	\$	<u><u>2,318,885</u></u>

**LIABILITIES AND FUND BALANCES**

**Liabilities:**

Accounts payable	\$	20,812
Total liabilities		<u>20,812</u>

**Fund Balance:**

Reserved for Altamont Commuter Express - Operations		<u>2,298,073</u>
Total fund balance		<u>2,298,073</u>
Total liabilities and fund balance	\$	<u><u>2,318,885</u></u>

The notes to the financial statements are an integral part of this statement.

**San Joaquin Regional Rail Commission  
Measure B Program Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
For the Year Ended June 30, 2009**

<b>REVENUES</b>	
ACTIA - Measure B	\$ 4,172,381
Investment earnings	<u>60,971</u>
Total revenues	<u>4,233,352</u>
 <b>EXPENDITURES</b>	
Altamont Commuter Express - operations	1,448,390
Altamont Commuter Express - operations (ACCMA)	482,797
Administrative	<u>20,812</u>
Total expenditures	<u>1,951,999</u>
Net change in fund balance	2,281,353
Total fund balance - beginning	<u>16,720</u>
Total fund balance - ending	<u><u>\$ 2,298,073</u></u>

The notes to the financial statements are an integral part of this statement.

**SAN JOAQUIN REGIONAL RAIL COMMISSION**  
**Measure B Program Fund**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *The Reporting Entity***

The San Joaquin Regional Rail Commission (Commission) is a joint powers authority established by the County of San Joaquin (County), and the cities of Lodi, Stockton, Escalon, Ripon, Manteca, Lathrop, and Tracy. The primary mission of the Commission is to address the preservation and improvement of the rail infrastructure for passenger and freight rail service, which will provide regional economic and environmental benefits, as well as, operating the ACE Service. The Commission formally began operations on May 1, 1995.

The Commission does not exercise control over any other governmental agency or authority. The Commission is considered a primary government since it has a separate governing body, is legally separate, and is fiscally independent of other state or local governments.

Effective July 1, 2003, the Commission became the designated owner, operator and policy-making body for the ACE Service in accordance with the Cooperative Services Agreement, which superseded and rescinded the prior Joint Exercise of Powers Agreement of May 15, 1997, which created the Altamont Commuter Express Authority. As a designated owner of the ACE Service the Commission took title to all of the assets and assumption of the liabilities that were previously under ownership of the Altamont Commuter Express Joint Powers Authority, which has been dissolved. The ACE Service is reported as an enterprise fund in the Commission's basic financial statements.

Measure B, approved by voters of Alameda County in the year 2000, authorized the imposition of an additional one-half cent sales tax to be used for transportation-related expenditures. Measure B specifies that revenues generated by the additional sales tax will not displace expenditures previously paid by property taxes, but rather will be used for additional transportation projects and programs. The Alameda County Transportation Improvement Authority (ACTIA) administers the additional sales tax. During the year ended June 30, 2009, Alameda County Congestion Management Agency (the Agency) received a portion of the sales tax proceeds from ACTIA. The Agency used these proceeds to satisfy Alameda County's share of the operating expenses of the Altamont Commuter Express (ACE).

Effective July 1, 2008, the Agency, ACTIA and the San Joaquin Regional Rail Commission (the Commission) entered into an agreement whereby ACTIA will pay Alameda County's share of ACE operating expenses to the Commission beginning effective July 1, 2008. The Agency is required to pay remaining unused Measure B funds to the Commission. The Agency's Measure B Special Revenue Fund will be closed at the time of that final payment.

SAN JOAQUIN REGIONAL RAIL COMMISSION  
Measure B Program Fund  
Notes to the Financial Statements  
June 30, 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. *Basis of Accounting and Financial Statement Presentation*

The accompanying financial statements are presented on a modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues when they are both measurable and available. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures are recorded when the related liability is incurred. A budget for the Measure B Program was not adopted for the year ended June 30, 2009.

The Measure B Program is included as a special revenue fund in the basic financial statements of the Commission. The accompanying financial statements of the Measure B Program present the revenues earned and related expenditures incurred under the Commission's agreement with ACTIA. These financial statements are not intended to present the financial position and results of operations of the Commission, ACE or ACTIA.

C. *Assets, Liabilities and Net Assets or Equity*

Due From Other Governments

These amounts represent receivables with other local governments.

Warrants Payable

Warrants payable represent the amount of warrants issued, but not yet presented to the County of San Joaquin for payment.

Net Assets/Fund Balances

In the financial statements, the special revenue fund reports reservations of fund balance for amounts that are not available for appropriation or are legally restricted for a specific purpose.

As of June 30, 2009, reservations of fund balance are described below:

- *Reserved for Altamont Commuter Express – Operations* - to reflect portion of fund balance related to the sales tax set aside to assist with the ACE operations and is not available for appropriation.

**SAN JOAQUIN REGIONAL RAIL COMMISSION**  
**Measure B Program Fund**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. *Assets, Liabilities and Net Assets or Equity (Continued)***

Local Operating Assistance

Amounts received from ACTIA to fund the operations of the ACE Service.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Cash and investments are reported in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	<u>\$ 2,016,064</u>

Cash and investments as of June 30, 2009 consist of the following:

Cash in banks	\$ -
Cash and investments held in County Pool	<u>2,016,064</u>
Total cash and investments	<u>\$ 2,016,064</u>



**SAN JOAQUIN REGIONAL RAIL COMMISSION**  
**Measure B Program Fund**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

*Investments authorized by the California Government Code*

The table below identifies the investment types that are authorized by the California Government Code:

Authorized investment type	Maximum maturity	Maximum percentage of * portfolio	Maximum investment in one issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Securities	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
State of California Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

- Excluding amounts held by bond trustee that are not subject to California Government Code restrictions

*Custodial credit risk*

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure Commission deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

**SAN JOAQUIN REGIONAL RAIL COMMISSION**  
**Measure B Program Fund**  
**Notes to the Financial Statements**  
**June 30, 2009**

**NOTE 2 - CASH AND CASH EQUIVALENTS (CONTINUED)**

*Investment in San Joaquin County Pool*

The Commission maintains cash balances in the San Joaquin County Treasury Investment Pool. The pool is non-SEC registered, but is invested in accordance with California State Government Code, and the San Joaquin County Treasurer's Investment Policy. California State Government Code requires the formation of an Investment Oversight Committee, which is charged with overseeing activity in the pool for compliance to policy and code requirements. To this end, the oversight committee reviews the monthly investment report prior to presentation to the Board of Supervisors and causes an audit of investments to occur annually.

At year-end, the carrying amount of the County's cash on hand and authorized deposits at various financial institutions was \$89.7 million. Of the total deposits, \$87.8 million was uninsured but secured by the pledging banks and, therefore, was exposed to custodial credit risk. The custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it.

Statutes and County investment policy allow the pool deposits to be covered by federal depository insurance or by a multiple financial institution collateral pool, which is maintained at a minimum of 110% of the uninsured deposits with the pledging institution's agent in the institution's name. The County has made no exception to this requirement during the current year.

The fair value of the Commission's shares in the San Joaquin County Pool is the same as the value of the pool shares. The San Joaquin Regional Rail Commission had a total of \$2,016,064 invested in the San Joaquin County Pool at June 30, 2009.

Investments for the Commission unit are reported at fair value as determined by quoted market prices. Changes in the fair value of investments are included with all other investment income. Cash on deposit with the County Treasurer is invested as authorized by statutes.

**NOTE 3 - TRANSFERS**

Expenditures represent transfers to the ACE Service Enterprise Fund for operations and shuttle services. The Measure B Program transferred \$1,675,413 for operations and \$255,774 for shuttle services.

**San Joaquin Regional Rail Commission**  
**Measure B Program Fund**  
**Supplemental Schedule of Revenues and Expenditures**  
**For the Year Ended June 30, 2009**

**MEASURE B REVENUES FROM ACTIA:**

<u>DATE PAID</u>	<u>FOR MONTH</u>	<u>Amount</u>
October 1, 2008	August 2007	164,951
October 1, 2008	September 2007	219,936
October 1, 2008	October 2007	215,869
October 1, 2008	November 2007	167,290
October 1, 2008	December 2007	223,053
October 1, 2008	January 2008	196,537
October 1, 2008	February 2008	145,510
October 1, 2008	March 2008	194,012
October 1, 2008	April 2008	218,993
October 1, 2008	May 2008	161,196
October 1, 2008	June 2008	214,926
	Total Measure B Revenues from 2007-08	2,122,273
September 30, 2008	July 2008	216,929
November 30, 2008	August 2008	165,779
December 2, 2008	September 2008	221,039
December 31, 2008	October 2008	184,611
January 28, 2009	November 2008	164,023
February 25, 2009	December 2008	179,878
April 6, 2009	January 2009	175,062
April 21, 2009	February 2009	141,172
May 27, 2009	March 2009	147,758
June 29, 2009	April 2009	155,547
May 9, 2009	May 2009	138,924
August 26, 2009	June 2009	159,387
	Total 2008-09 Revenues	2,050,108
	Total Revenues	4,172,381

**EXPENDITURES TO ALTAMONT COMMUTER EXPRESS**

<u>DATE PAID</u>	<u>FOR MONTH</u>	<u>Amount</u>
July 3, 2008	July 2008	160,932
August 5, 2008	August 2008	160,932
September 2, 2008	September 2008	160,932
November 3, 2008	October 2008	160,932
November 3, 2008	November 2008	160,932
December 1, 2008	December 2008	160,932
January 1, 2009	January 2009	160,932
February 28, 2009	February 2009	160,932
March 31, 2009	March 2009	160,932
April 30, 2009	April 2009	160,932
May 31, 2009	May 2009	160,932
June 30, 2009	June 2009	160,932
	Total Expenditures	1,931,187

The notes to the financial statements are an integral part of this statement.

**INDEPENDENT AUDITORS' COMPLIANCE REPORT**

To the Board of Directors  
San Joaquin Regional Rail Commission  
Stockton, California

We have audited the compliance of the Measure B Program Fund of the San Joaquin Regional Rail Commission (Commission), Stockton, California, as of and for the year ended June 30, 2009, with the types of compliance requirements described in the Alameda County Transportation Improvement Authority (ACTIA), Alameda County Congestion Management Agency (ACCMA), and the San Joaquin Regional Rail Commission for Altamont Commuter Express Operating Expenditures (ACTIA AGMT #A08-0046). Compliance with the requirements of laws, regulations, contracts and grants applicable to the Measure B Program Funds is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standard applicable to financial audits contained in Government Audit 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 noncompliance with the types of compliance requirements referred to above could have a direct and material effect on the Measure B Program Funds. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion the Measure B Program Funds allocated to and received by the Commission pursuant to agreement ACTIA AGMT #A08-0046 were expended in conformance with the applicable rules and regulations of the agreement.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, ACTIA and ACCMA, and is not intended to be and should not be used by anyone other than these specified parties.

*Pressley & Associates, Inc.*

Accountancy Corporation  
December 22, 2009